

RatingsDirect®

Research Update:

Swiss Financial Services Provider PostFinance AG Assigned 'AA+/A-1+' Ratings; Outlook Stable

Primary Credit Analyst:

Salla von Steinaecker, Frankfurt (49) 69-33-999-164; salla.vonsteinaecker@standardandpoors.com

Secondary Contact:

Dirk Heise, Frankfurt (49) 69-33-999-163; dirk.heise@standardandpoors.com

Table Of Contents

Overview

Rating Action

Rationale

Outlook

Ratings Score Snapshot

Related Criteria And Research

Ratings List

Research Update:

Swiss Financial Services Provider PostFinance AG Assigned 'AA+/A-1+' Ratings; Outlook Stable

Overview

- Swiss financial services provider PostFinance AG was legally separated from its parent, Die Schweizerische Post AG (DSP), on June 26, 2013, and obtained a bank license.
- We consider PostFinance a government-related entity with an "extremely high" likelihood of potential extraordinary government support.
- Furthermore, we consider PostFinance a core member of the Swiss Post group because it provides the basic payment transaction infrastructure in Switzerland.
- We are therefore assigning our 'AA+/A-1+' long- and short-term ratings to PostFinance, which is in line with the Swiss Post group's group credit profile, including government support.
- The stable outlook reflects that on the Swiss Federation and our assumption that PostFinance's ownership, integral role in DSP's strategy, and GRE status will not change over the next two years.

Rating Action

On June 28, 2013, Standard & Poor's Ratings Services assigned its 'AA+' long-term and 'A-1+' short-term counterparty credit ratings to Swiss financial services provider PostFinance AG. The outlook is stable.

Rationale

We consider PostFinance to be a government-related entity (GRE) with an "extremely high" likelihood of extraordinary government support, giving it three-notches of support above its stand-alone credit profile (SACP). This is based on our assessment that PostFinance will remain among the most important GREs in Switzerland, with a central role in meeting the government's political objectives. By providing basic payment transaction infrastructure and banking services in Switzerland, PostFinance fulfills the legal mandate for public services assigned by law to its parent company, Die Schweizerische Post (DSP). We therefore assess PostFinance's role in Switzerland as "critical." As PostFinance is party to two-thirds of the country's payment transactions and holds a substantial market share of customer deposits, we view it as systemically important to Switzerland. We consider that a disruption of PostFinance's services would have a major negative effect on the banking system.

Furthermore, we assess PostFinance's link to Switzerland as "very strong." The

Swiss government is PostFinance's ultimate owner. PostFinance's strategy is confirmed by the Swiss Federal Council for periods of four years, and PostFinance reports at least quarterly to the government. We believe that PostFinance will remain a core member of the Swiss Post group in the foreseeable future. We consider the possibility of a full or even partial privatization of PostFinance as very remote over the medium term, even though Swiss Postal Law does allow minority shareholding by a third-party investor.

Although we consider PostFinance to be a GRE with an "extremely high" likelihood of extraordinary government support if needed, we expect that potential government support would be provided to PostFinance indirectly through the group's nonoperating holding company, DSP, if ever needed, in line with the legal framework in place.

Our ratings on PostFinance reflect the 'a-' anchor reflecting a blended economic risk score of '2' for exposures in its investment portfolio and industry risk score of '2' for Switzerland, its "adequate" business position, "very strong" capital and earnings, "moderate" risk position, "above-average" funding, and "strong" liquidity, as our criteria define these terms. The stand-alone credit profile SACP is 'a+'.

PostFinance was legally separated from DSP on June 26, 2013, although DSP will remain its full owner. PostFinance was granted a conditional banking license to operate as a bank and securities dealer by the Swiss regulator FINMA in December 2012. Following the fulfillment of the conditions set by FINMA, the license came into force concurrently with the legal separation.

Outlook

The stable outlook on PostFinance reflects that on the Swiss Confederation. It also reflects our assumption that PostFinance's ownership, its GRE status, and "extremely high" likelihood of extraordinary government support will not change over the next two years, and that the company will maintain sound stand-alone characteristics.

In the unlikely event of a change in PostFinance's role for and link with the Swiss government, we may review our assessment of PostFinance as a GRE.

We could lower the SACP if PostFinance's management and strategy were adversely affected by a departure from its prudent capital and investment policies, leading to higher risks in its investment portfolio.

Ratings upside is remote at this stage, in our view, because we do not expect that the company will adjust its comparatively concentrated business model over the medium term.

Ratings Score Snapshot

Issuer Credit Rating	AA+/Stable/A-1+
SACP	a+
Anchor	a-
Business Position	Adequate (0)
Capital and Earnings	Very Strong (+2)
Risk Position	Moderate (-1)
Funding and Liquidity	Above Average and Strong (+1)
Support	+3
GRE Support	+3
Group Support	0
Sovereign Support	0
Additional Factors	0

Related Criteria And Research

- Group Rating Methodology, May 7, 2013
- Swiss Financial Services Provider PostFinance AG Assigned 'AA/A-1+' Preliminary Ratings; Outlook Stable, March 21, 2013
- Swiss Confederation, Feb. 20, 2013
- Banking Industry Country Risk Assessment: Switzerland, April 11, 2012
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Rating Government-Related Entities: Methodology And Assumptions, Dec. 9, 2010

Ratings List

New Rating

PostFinance AG

Counterparty Credit Rating AA+/Stable/A-1+

Additional Contact:

Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at spcapitaliq.com. All ratings affected by

this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

Copyright © 2013 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.