Landkreditt Boligkreditt AS
Norwegian Covered Bonds – Performance Update

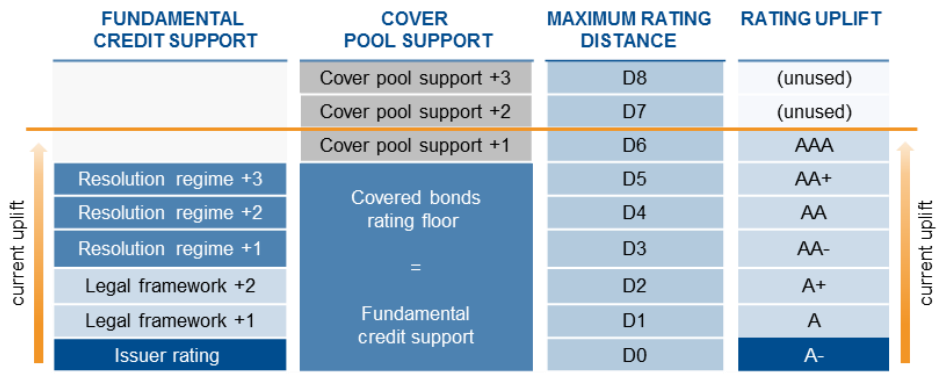
The AAA rating with a Stable Outlook assigned to the Norwegian mortgage-covered bonds issued by Landkreditt Boligkreditt AS (LKBol) is based on the bank's A- issuer rating enhanced by six notches of cover pool support. Five notches thereof reflect our assessment of the strong fundamental credit support provided by the Norwegian legal covered bond and resolution framework.

Cut-off date	Cover pool	Cover asset type	Covered bonds	Rating/Outlook
31 Dec 2021	NOK 4.66bn	Residential mortgage loans	NOK 4.00bn	AAA/Stable

LKBol is a wholly owned, specialised credit institution dedicated to providing secured covered bond funding for its parent, Landkreditt Bank AS (LKB). The issuer rating on LKBol reflects its full ownership by LKB (both banks rated A-/Stable) and LKBol's ability to refinance residential mortgage loans using covered bonds.

Fundamental credit support factors from the Norwegian legal and resolution framework provide a five-notch uplift above the bank's rating. This effectively forms a rating floor at AA+. Cover pool support enables the programme to be rated AAA, with another one notch of uplift reflecting the credit strength of the covered bond programme.

The interplay between complexity and transparency is classified with a cover pool complexity (CPC) score of '1', allowing the maximum uplift of up to three notches on top of the fundamental uplift. This gives the programme an additional two-notch buffer against an issuer downgrade as the maximum theoretical uplift constitutes eight notches, as opposed to the six notches needed to achieve the highest rating.



Stable Outlook

The Stable Outlook on the covered bond rating reflects our expectations that: i) the credit performance of LKB, LKBol and its mortgage borrowers will continue to be stable; ii) the issuer will maintain the prudent risk profile of its covered bond programme; and iii) both the parent and direct issuer will remain willing and able to provide sufficient overcollateralisation (OC) to support the covered bonds' very strong credit quality.

Changes since the last performance update

Since December 2020, the cover pool has decreased to NOK 4.66bn (-6%). At the same time, the Scope-calculated loan-to-value (LTV) ratio decreased by 1.4pp to 42.6%. However, the stressed recovery rate declined by 2.8pp, driven by more conservative market value declines that reflect above-average value increases during the pandemic. At the same time, the lifetime mean default rate dropped by 3.5pp as we revised amortisation in our cash flow modelling. Fundamentally, credit risk remains stable.

Ratings & Outlook

Issuer rating	**A-**
Outlook	Stable
Last rating action	Affirmation
Last rating action	22 Mar 2021
Covered bond	**AAA**
Outlook	Stable
Rating action	Affirmation
Last rating action	25 Jan 2022

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Related Research

Scope affirms Landkreditt Boligkreditt AS's mortgage-covered bonds at AAA/Stable
January 2022

Scope affirms A- rating of Landkreditt Bank AS with Stable Outlook
March 2021

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The issuer

LKBol's ratings reflect those of its parent bank, LKB. LKB is a leader in financial services provided to agricultural customers in Norway. The bank also focuses on retail customers in order to expand its scale and business diversification. LKB's customer base is balanced equally between the agricultural and retail sectors. As an online bank, LKB has an efficient structure and continues to invest in digitalisation and improving customer service. LKB is opening more branches in Norway to strengthen visibility but will maintain its digital focus.

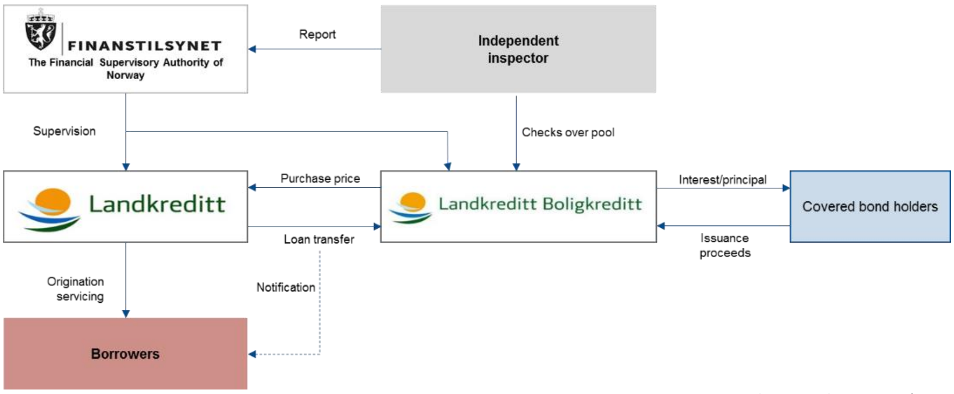
For further details on our bank credit analysis see the full bank rating report available on www.scoperatings.com.

Programme structure

Specialised mortgage bank issuing covered bonds

The Norwegian legal covered bond framework is mainly based on the relevant section on covered bonds in the country's Financial Institutions Act and a related regulation on mortgage credit institutions, both introduced in 2007. Under this framework, issuance is permitted only through specialist covered bond issuers. Like LKBol, most issuers of covered bonds (generally called Boligkreditt, or specialised residential mortgage institutions) are subsidiaries that rely on loans originated by their respective parent banks. The parent banks generally also provide most of the services for these subsidiaries, allowing the latter to keep staff numbers low.

Issuance structure



Source: Scope Ratings

Fundamental credit support analysis

Fundamental credit support factors enhance the covered bond rating by five notches above LKBol's issuer rating. This is based on our view of: i) Norway's covered bond legal framework; and ii) the resolution regime and systemic importance of LKBol's covered bonds.

Legal framework analysis

Two notches of uplift based on legal framework analysis

We consider the Norwegian covered bond framework to be one of Europe's strongest, meeting our criteria for protecting investors. Therefore, we assign the highest credit differentiation of two notches.

On 17 December 2021, the Norwegian government proposed legislation that would incorporate the EU Covered Bond Directive into its legal covered bond framework. The Directive is yet to be incorporated into the Agreement on the European Economic Area, which applies to Norway. Norway's Ministry of Finance plans to incorporate the new legislation before the Directive applies in the EU on 8 July 2022.

No impact from proposed legislation

The proposed Directive has the same principles as the current Norwegian covered bond framework. Therefore, the new legislation has no negative impact on our assessment, also because some changes may even improve the bonds' credit profile, such as the minimum required overcollateralisation of 5%, higher than the 2% for residential and commercial mortgage loans in the current legislation. Our assessment as detailed below is based on the active Norwegian covered bond legislation.

Segregation of cover pool upon insolvency

The legislation gives the bondholders a preferential claim over the cover pool if the issuer is placed under public administration. The term 'covered bonds', (in Norwegian: obligasjoner med fortrinnsrett or OMF) is protected by law. The assets in the pool would remain with the estate if the issuer is placed under public administration, but bondholders and derivative counterparties have an exclusive, equal and proportionate preferential claim over the cover pool and the administrator must assure timely payment, provided the pool gives full cover to the said claims.

Ability to continue payments after issuer insolvency

Under the legislation, covered bond issuers facing solvency or liquidity problems cannot be declared bankrupt and would instead be placed under public administration. This gives authorities more flexibility to deal with covered bond companies while maintaining the rights of covered bond holders. The liquidator shall ensure proper management of the cover pool and ensure covered bond holders and derivative counterparties receive agreed and timely payments. Public administration or insolvency does not in itself give covered bond holders or derivative counterparties a right to accelerate their claims. If contractual payments cannot be made when claims fall due and this situation is unlikely to change imminently, the liquidator shall put a halt to payments.

Programme enhancements remain available

Norwegian covered bonds have a mandatory minimum OC of 2% (nominal). All voluntary OC is part of the cover pool.

Liquidity and other risk management guidelines

The issuer has to adopt strict internal regulations with respect to liquidity risk, interest rate risk and currency risk. However, liquidity measures are weak as only a general guidance applies. Issuers do not provide liquid assets but rely on the maturity extension only. This may soon change as the Norwegian FSA has proposed a 180-day liquidity buffer, also for soft-bullet covered bonds, as part of the transposition of the EU Covered Bond Directive into national law.

Regarding liquidity risk, the credit institution shall ensure that payment flows from the cover pool are always sufficient to honour payment obligations towards covered bond holders and derivative counterparties. This involves the establishment of a liquidity reserve consisting of substitute assets in the cover pool as well as periodic stress tests to ensure satisfactory liquidity management.

In terms of interest rate risk, a covered bond issuer shall maintain a prudent risk level. The issuer must limit interest rate risk on its own funds and potential losses, with the limit based on a parallel shift of one percentage point in all interest rate curves as well as non-parallel shifts in the same curves. The interest rate curves shall be divided into time intervals, and value changes for each time interval shall be limited to a prudent portion of the overall limit on interest rate risk that is set for the institution.

The foreign exchange risk of a covered bond issuer must remain appropriate, and the issuer is thus obliged to establish risk limits. For the largest issuers, issuances are often denominated in euro with a fixed rate, whereas the mortgages are typically in Norwegian krone with a floating rate.

Derivatives may be used to remove foreign exchange and interest rate risks and to satisfy regulatory requirements. If a derivative agreement has a positive mark-to-market value, the amount will be a part of the cover pool. If the value is negative, the counterparties in the derivative agreement will have a preferential claim in the pool and rank pari passu with covered bond holders. As a corollary to this, derivative counterparties will have the same restrictions as bondholders with respect to declaration of default.

Covered bond oversight

Norwegian issuers are subject to a supervisory regime involving both an independent inspector (called the cover pool monitor) and the public supervisor (FSA). No limits are imposed on issuance. An exception is an institution being prevented by the FSA from issuing covered bonds if its financial strength weakens.

The mortgage institution shall maintain a register of issued covered bonds and of the respectively assigned cover assets, including derivative agreements. An independent inspector appointed by the FSA will oversee the register's correct maintenance. The inspector shall also regularly review compliance with the requirements concerning the balance principle and report its findings to the FSA.

Resolution regime analysis

Three notches of additional uplift reflecting resolution regime

LKBol's covered bonds benefit from an additional three-notch uplift that reflects their exemption from bail-in and the support from a strong stakeholder community. This is based on: i) a moderate to high likelihood that the covered bond issuer will be maintained in a resolution scenario; and ii) the high systemic importance of covered bonds in Norway. However, we also recognise the low visibility and importance of LKBol as a covered bond issuer. Generally, we provide four additional notches of support for Norwegian covered bonds issued by resolvable and very visible entities. For more information, see our related research.

Exemption from bail-in

Norwegian covered bonds are exempt from bail-in under the EU's Bank Recovery and Resolution Directive (2014/58/EU), which also applies to Norway as a country in the European Economic Area.

We consider that the current capital structure would allow regulators to restructure the bank using available resolution tools should the need arise.

Resolution

Given LKB's core focus on agriculture, regulators may view residential mortgage lending as non-critical for the group. Therefore, in a resolution scenario, that business will likely be subject to an orderly wind-down or transferred to another bank. This may result in the issuer's current structure no longer being maintained as a going concern.

Systemic relevance of covered bonds

We generally classify Norwegian covered bonds as a systemic refinancing product, particularly for residential mortgages. The combined outstanding volume of covered bonds has averaged more than 30% of GDP since 2011 and was more than 40% at the end of 2020. Annual issuance hovers around EUR 25bn, reaching EUR 30bn in 2020. In Norway, 24 specialised covered bond issuers are active, issuing residential, commercial and public sector-backed covered bonds. Norway was the seventh largest issuer globally in 2020 and is the eighth largest by total outstanding size.

Relevance and importance of covered bond funding for Landkreditt

LKBol's covered bond activities and market share suggest a low to moderate systemic importance. LKBol only issues in the domestic market, which is likely to limit negative repercussions on other issuers should it fail. However, the bank's systemic importance also reflects that most of the 24 covered bond issuers in Norway are subsidiaries of small to midsize banks. Therefore, a failure of a covered bond issuer with the size and set-up of LKBol could still result in a contagion to other issuers that rely on covered bonds to refinance residential mortgage lending.

Proactive stakeholder community

The country's covered bond issuers cooperate under the umbrella of the Norwegian Covered Bond Council to promote the product and initiate any changes to the framework. An example of a change is the March 2017 increase in minimum OC to 2% to avoid potential challenges for cover pool derivatives due to the European Market Infrastructure Regulation. Domestic covered bond investors such as banks and insurers actively use covered bonds not only as a substitute for long-dated, NOK-denominated government debt, but also to manage liquidity. Moreover, Norway's central bank has demonstrated its support for covered bonds, using them in its repo operations and running a programme during 2008-14 that offered to exchange covered bonds with government debt. Norway's FSA also has an active interest given the bond's widespread use to refinance residential mortgage lending.

Norway was also the first to start aligning its covered bond framework with the EU Covered Bond Directive and is planning to meet the deadline to transpose the Directive into national law. These are further signs of the high systemic importance of the product and the pro-active nature of local stakeholders.

Cover pool characteristics

Reporting date	Dec 2021	Dec 2020
Balance (NOK bn)	4.7	5.0
Residential (%)	100.0	100.0
Substitute (%)	0.0	0.0

Property type (%)

Reporting date	Dec 2021	Dec 2020
Single-family house	69.1	69.9
Apartment	24.7	24.3
Others	6.2	5.8

General information

Reporting date	Dec 2021	Dec 2020
No. of loans	2,999	3,094
No. of obligors	2,937	3,018
Avg. size (NOK m)*	1.5	1.6
Top 10 (%)	2.4	2.2
Remaining life (y)	16.0**	11.1
LTV (%)	42.6	44.0

*per Scope aggregated borrower
** driven by amended assumptions on the tenor of flexible loans

Interest rate type (%)

Reporting date	Dec 2021	Dec 2020
Floating	100.0	100.0
Fixed	0.0	0.0

Repayment type (%)

Reporting date	Dec 2021	Dec 2020
Annuity	57.1	54.2
Flexible loan	24.7	25.4
Interest-only	18.2	20.4

Cover pool analysis

LKBol's mortgage-covered bond ratings are cover pool-supported, providing six of the eight notches of uplift needed to achieve the highest rating. Fundamental credit support provides for a five-notch rating uplift and an effective floor against a deterioration in cover pool credit quality. Our assessment of the interplay between complexity and transparency translates into a CPC score of '1', which allows for the maximum three-notch uplift on top of the fundamental uplift.

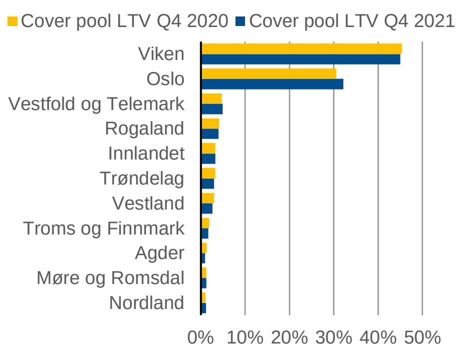
The minimum OC needed to achieve the highest rating remains at 5%, supported by the sound credit metrics of the cover pool and low (unchanged) market risks. The latter arise from maturity mismatches that benefit from the bonds' soft-bullet structure.

Cover pool composition

The cover pool comprises granular, first-lien Norwegian residential mortgage loans denominated in Norwegian krone. As of December 2021, the loans were granted to 2,937 (down from 3,018) obligor groups. The average loan size remains small at NOK 1.5m. The top 10 largest obligors account for 2.4% (up from 2.2%).

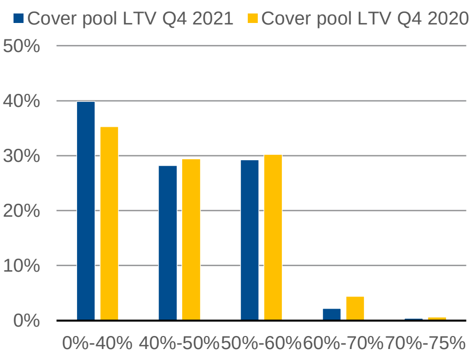
The weighted average whole LTV is 42.6% (down from 44.0%). The calculation assumes the maximum drawable amount on flexible loans, which have an embedded credit line that can be redrawn without new credit approval and make up 25% of the cover pool. Flexible loans can only be granted when the loan's LTV does not exceed 60%. Existing flexible loans may only be drawn up to 60%. Another 18% of the loans have an interest-only period. The remaining loans are normal amortising loans.

Figure 1: Regional distribution



Source: Scope Ratings, LKBol.

Figure 2: LTV distribution



Source: Scope Ratings, LKBol.

The collateral is primarily located in the Oslo and Viken regions, together accounting for around 77%. The rest of the portfolio is spread across Norway, supported by LKB's online distribution channel. Norway's oil regions (Rogaland and Agder) are less represented.

Around two-thirds of the portfolio is made up of single-family houses and another quarter of flats. Holiday homes account for only 0.1% and agricultural property for another 0.4%.

Asset risk analysis

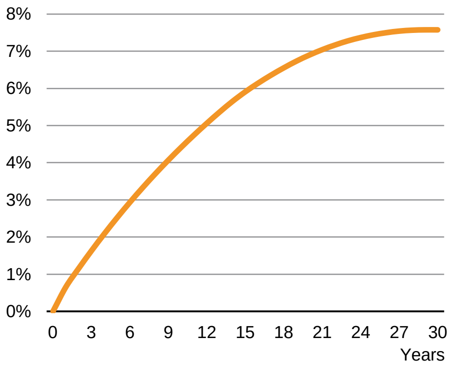
Strong credit quality translates into low credit risk

The cover pool's credit quality remains strong. We assume an annual average default probability of 71bps, which provides a comfortable cushion against defaults observed in the previous benign economic situation. This assumption takes into account the issuer's risk scoring and our probability-of-default mapping benchmarked to that of other Norwegian residential mortgage lenders. The average borrower probability of default is commensurate with a BB+ rating.

These assumptions translate into a cumulative term default rate of 7.6% (down from 10%). The lower term default rate does not reflect a fundamental improvement in the credit quality of the underlying assets but resulted from the model being calibrated to account for the loans' legal amortisation. The legal amortisation profile was calculated assuming all flexible loans have an initial loan term of 30 years and do not amortise throughout their remaining life. Further, we assumed the loans to be fully drawn.

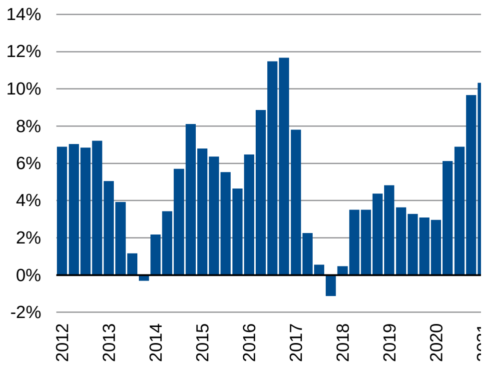
Our projection of default on mortgage loans uses an inverse Gaussian distribution, based on available credit performance data. We have further maintained our assumption of a coefficient of variation of 50% for the mortgage assets.

Figure 3: Expected term defaults, cumulative



Source: Scope Ratings, LKBol

Figure 4: House price growth Norway, annualised



Source: Scope Ratings, statOECD

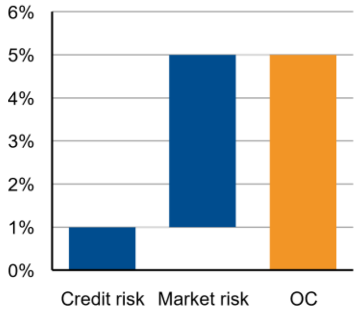
Stressed recovery rates have dropped to 85.7% from the 88.5% assessed one year ago despite a decrease in the portfolio LTV. Our base recovery expectation remains very strong at 99.9%. The lower stressed recovery is driven by more conservative value haircuts reflecting extraordinary property value growth during the pandemic. We see price growth in Norway of well above 3% as unsustainable and have accordingly increased our stressed market value haircuts by 2.5%.

Figure 5: Norwegian security value haircuts

Region	Base market value decline	Stressed market value decline	Fire-sale discount	Stressed security value haircut
Oslo	0%	55.0%	20%	62.5%
South-Western Norway	0%	35.0%	20%	45.0%
Rest of Norway	0%	42.5%	20%	52.5%

We keep the fire-sale discount unchanged at 20%, supported by benchmarking and no losses observed from any of LKB's residential mortgage loans since 2016. In our recovery analysis, we further size for 2.5% of variable costs and NOK 70,000 of fixed costs.

Supporting OC breakdown



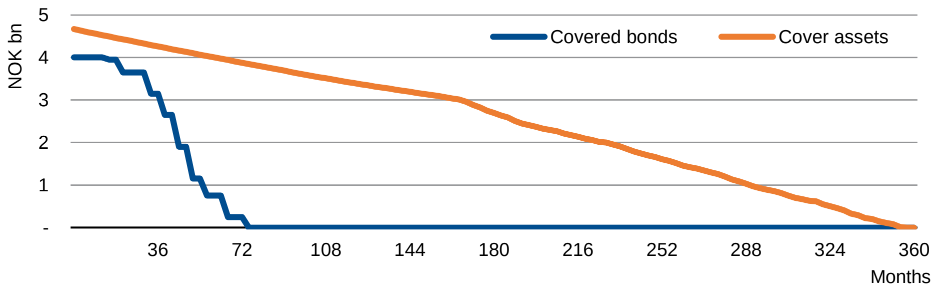
Source: Scope Ratings

Cash flow risk analysis

The unchanged rating-supporting OC of 5.0% mainly reflects the programme's asset-liability maturity mismatch risk from the slow scheduled amortisation of the cover assets against the faster redemption of the covered bonds, which creates a sensitivity to low prepayments. Market risk accounts for 4.0pp (up from 3.5pp) of the 5% rating-supporting OC.

As of Q4 2021, the weighted average life of the outstanding covered bonds is 3.7 years when accounting for their soft-bullet structure, down from 4.2 years in the previous analysis. In comparison, the (scheduled) weighted average life of the cover pool is 16 years, which assumes a 30-year tenor on flexible loans, compared with 11 years in our previous analysis, which assumed a 15-year tenor.

Figure 6: Amortisation profile



Source: Scope Ratings, Landkreditt

We have calculated asset margins based on loan-by-loan data, taking into consideration three-month Nibor as at 12 January 2022. This resulted in a weighted average margin of 68bps, compared with 40bps for the covered bonds.

In the event of recourse to the cover pool, we assume the Norwegian residential mortgage assets will be sold at a discount of up to 150bps if cash accumulated from cover pool amortisation is insufficient to pay timely interest and principal on the covered bonds. We acknowledge, that flexible loans might be less liquid compared to normal amortizing loans. Accordingly, we tested the programmes sensitivity towards higher discounts as well. The programme's liquidity provision does not benefit from any short-term substitute assets.

Asset-liability mismatches

	Assets	Liabilities
NOK	100%	100%
Fixed	0.0%	0.0%
Floating	100%	100%
WAL (years)	16.0	3.7

Other market risks are limited as cover assets and covered bonds are both floating rate. Also, there is no foreign exchange risk as both assets and liabilities are denominated in Norwegian krone. At this stage, we do not expect foreign currency-denominated issuances.

Credit risk only accounts for 1.0pp (down from 1.5pp) of the rating-supporting OC. This is low, reflecting the lifetime mean default rate of 7.6% (down from 10%), a coefficient of variation of 50% (unchanged) and a stressed recovery rate of 85.7% (down from 88.5%).

We further assume a recovery lag of 18 months, reflecting Norway's lean and digital sale procedures as well as the portfolio's concentration in Oslo and Viken, two of Norway's most liquid areas. Since 2017, the average time on the market for Norwegian residential housing has been around five weeks, comparable with the maximum of three weeks in Oslo.

We conservatively established the asset's amortisation profile assuming that all flexible lines were fully drawn. The bond's amortisation profile was calculated assuming the execution of one-year maturity extensions.

We have tested the programme's resilience against high (15%) and low (1%) prepayments as well as a set of rising and declining interest rate scenarios. The covered bonds are most exposed to a low prepayment scenario in combination with low interest rates. As a consequence, we assume assets will need to be sold at a discount to meet bond payment obligations.

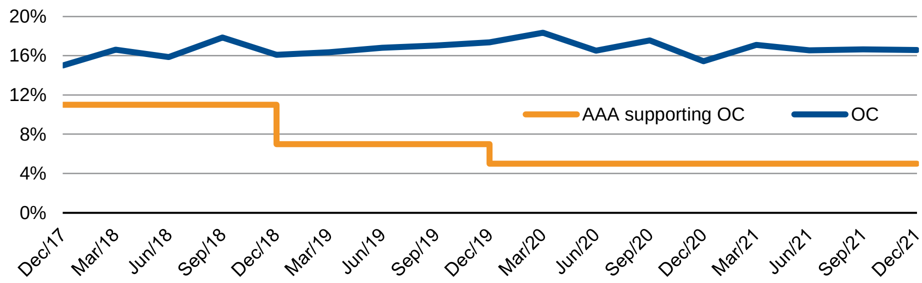
Further, we tested sensitivities towards a 50% margin compression, frontloaded defaults, 25% prepayments and a liquidity premium of up to 200bps.

Availability of overcollateralisation

OC fully taken into account

The current rating of LKBol allows us to fully account for the provided OC of 16.6%, which is above the level supporting the AAA rating. We are not aware of plans that would significantly change the risk profile or reduce available OC to levels that would no longer support the current rating uplift.

Figure 7: Available OC versus rating-supporting level



Source: Scope Ratings, Landkreditt

Other risk considerations

Counterparty risk mitigated by alignment of interests

The rated covered bonds have counterparty exposures to the issuer, as well as to the issuer's parent in its roles as loan originator, servicer, bank account provider and paying agent. However, if a regulator were to intervene, we believe the strong alignment of interests between the bank and the covered bond holders would prevent any negative impact. We also view positively the fact that collections are generally made via direct debit, allowing for a relatively swift redirection of payments if necessary.

Sovereign risk does not affect the ratings

Sovereign risk does not limit the covered bond rating. We believe the risks of an institutional framework meltdown, legal insecurity or currency-convertibility problems are remote.

No impact from ESG

We have not directly included ESG aspects into the covered bond rating. The issuer has introduced a 'Green Mortgage' product that offers favourable interest rates for the purchase of energy-efficient homes. These loans have a limited share in the cover pool.

Environmental aspects, particularly Norwegian energy efficiency standards, are often not recorded in the bank's main underwriting databases – which is typical among banks. We were therefore unable to perform a specific analysis of environmental or social factors, or their impact on the cover assets' probability of default or recovery proceeds. At the same time, we have indirectly included environmental aspects because collateral valuations reflect the condition of the collateral.

Sensitivity analysis

Two-notch buffer against potential change in issuer rating

LKBol's mortgage-covered bond ratings benefit from a buffer against an issuer downgrade of up to two notches. Assuming the issuer's willingness to support the highest ratings as well as a stable covered bond programme risk profile, a one-notch downgrade would increase the rating-supporting OC to 6.0%.

Summary of covered bond characteristics

Reporting date	31 Dec 2021	31 Dec 2020	31 Dec 2019
Issuer name	Landkreditt Boligkreditt		
Country	Norway		
Covered bond name	Obligasjoner med fortrinnsrett (Norwegian mortgage-covered bonds)		
Covered bond legal framework	Norwegian legal covered bond framework		
Cover pool type	Residential mortgage loans		
Composition	Residential = 100%	Residential = 100%	Residential = 100%
	Substitute = 0%	Substitute = 0%	Substitute = 0%
Issuer rating	A-/Stable	A-/Stable	A-/Stable
Current covered bond rating	AAA/Stable	AAA/Stable	AAA/Stable
Covered bond maturity type	Soft bullet	Soft bullet	Soft bullet
Cover pool currencies	NOK (100%)	NOK (100%)	NOK (100%)
Covered bond currencies	NOK (100%)	NOK (100%)	NOK (100%)
Fundamental cover pool support	5	5	5
Maximum additional uplift from CPC score	3	n/a	n/a
Maximum achievable covered bond uplift	8	8	8
Potential covered bond rating buffer	2	2	2
Cover pool (NOK bn)	4.7	5.0	4.4
thereof, substitute assets (NOK bn)	0.0	0.0	0.0
Covered bonds (NOK bn)	4.0	4.3	3.7
Overcollateralisation: current / legal minimum	16.6% / 2.0%	15.4% / 2.0%	17.4% / 2.0%
Overcollateralisation to support current rating	5.0%	5.0%	5.0%
Overcollateralisation upon a one-notch issuer downgrade	6.0%	6.0%	6.0%
Weighted average life of assets	16.0 years	11.1 years	11.0 years
Weighted average life of liabilities [1]	3.7 years	4.2 years	4.0 years
Number of loans	2,999	3,020	2,803
Average loan size (NOK m)	1.6	1.6	1.6
Top 10 residential	2.4%	2.2%	2.2%
Interest rate type – assets	Floating 100%	Floating 100%	Floating 100%
	Fixed 0%	Fixed 0%	Fixed 0%
Interest rate type – liabilities	Floating 100%	Floating 100%	Floating 100%
	Fixed 0%	Fixed 0%	Fixed 0%
Weighted average LTV (indexed)	42.6%	44.0%	44.6%
Geographic split (top 3)	Viken = 45.0%	Viken = 45.3%	Akershus = 33.4%
	Oslo = 32.1%	Oslo = 30.6%	Oslo = 29.2%
	Vestfold og Telemark = 4.9%	Vestfold og Telemark = 4.8%	Buskerud = 6.1%
Default measure	Inverse Gaussian	Inverse Gaussian	Inverse Gaussian
Weighted average default rate (mortgage/substitute)	71bps / 7.6%	61bps / 10%	60bps / 10%
Weighted average coefficient of variation (mortgage/substitute)	50%	50%	50%
Weighted average recovery assumption (D0/D8)[2]	99.9% / 85.7%	99.9% / 88.5%	100% / 88.5%
Share of loans > three months in arrears (NPL)	0.0%	0.0%	0.0%
Interest rate stresses (max./min.; currency-dependent)	-1% to 10%	-1% to 10%	-1% to 10%
FX stresses (max./min.; currency-dependent)	n/a	n/a	n/a
Maximum liquidity premium	150bps	150bps	150bps
Average servicing fee	25bps	25bps	25bps

[1] Including the 12-month extension
[2] D0 and D8 denote the stresses commensurate with the rating distance between our credit view on the issuer and the covered bond ratings.

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