Scope Ratings Covered Bond Outlook 2018 As Good as it Gets?

Scope Ratings' base case scenario for covered bonds predicts 2018 will provide more of the same – but better. Ratings will benefit from a sustained upswing across all major euro area economies with GDP growth rates of 2%, resilient bank credit metrics are supported by new banking regulations, and cover pool metrics will benefit from sound affordability for mortgage lending and house prices having bottomed out. Longer-dated issuances reduce maturity mismatch risk, and 2018 will become a growth year for the covered bond market. In Q1 2018, Europe's principle-based covered bond harmonisation will finally be unveiled and will likely introduce minimum standards that are higher, better and, of course, more harmonised.

The ECB, the largest single investor and de facto regulator, will remain a very important factor shaping the market, and we are likely to see more ESG covered bonds, which will help banks further diversify their investor base.

These trends in themselves appear too good to be true. Investors should remain selective as complacency, combined with idiosyncratic, political and geopolitical event risk, could prompt unpleasant wake-up calls.

Strong economic fundamentals…

Developments in European economies in 2018 promise another supportive year for credit. The disruptive effects of the sovereign crisis have helped to address structural reforms, led to fiscal consolidation and facilitated rebalancing among European economies. In addition, the European economic governance framework supports structural reform programmes, bolsters financial stability and strengthens financial discipline, thus increasing the ability of individual sovereigns to stem macroeconomic imbalances.

We see a strong and sustained recovery in 2018 in Ireland, Italy, Portugal and Spain, the countries that were hit hardest during the crisis. Unemployment is falling and economic sentiment indices are climbing at the moment towards pre-crisis peaks, demonstrating recovering business and consumer confidence. While global risks are building, we expect the European recovery to be resilient to these risks over 2018, providing continued support to sovereign ratings in the region.

This scenario assumes that no idiosyncratic events disrupt the growth path. However, there are uncertainties that could challenge this new normal. Brexit negotiations threaten downside risks, monetary tightening could accelerate an adjustment in financial prices and international risks could crystallise. The containment of these risks will be important if economies are to follow their projected paths (for more details, see our 2018 Public Finance Outlook).

..help banks get in better shape

Our 2018 outlook for the European banking sector expects continued balance-sheet strength, high liquidity, reassuring levels of capital, gradual improvement in the remaining pockets of asset-quality legacies, and risk-averse business models and strategies to take an upper hand.

We also expect a continuation of historically low interest rates in 2018. These will not benefit margins. However, stronger business and consumer confidence will support a higher volume of bank lending as a catalyst for revenue growth. Heightened regulations and supervision will remain a *sine qua non* for strengthening the sector and restoring market confidence.

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Today European banks have, on balance, already adopted more risk-averse business models and strategies and show increased efforts towards improving transparency and reducing complexity. Much talked-about non-performing loan (NPL) levels, instead of being a Europe-wide systemic weakness, are largely a legacy from the past. We do not consider NPLs to represent a systemic burden nor would they prevent banks from engaging in new lending. In other words, 2018 will provide a reassuring landscape for investors in bank credit (for more details, see our 2018 European Bank Outlook).

In 2017 we have seen only a very limited number of rating actions on banks issuing covered bonds, and no covered bond rating was impacted as a result of the issuer rating changes (see Figure 1). Our forward-looking ratings position most covered bond issuers in the single A or low AA range, reflecting those credit-positive fundamentals (See Appendix 1). Nevertheless, they also reflect modest profitability indicators, for the most part with single-digit returns on equity (ROE), lingering asset-quality legacies in several cases, and sometimes business-model challenges.

Figure 1: 2017 bank rating changes among covered bond issuers

Country	Issuer	Date	To	Rating development	From
Denmark	Danske Bank	08.06.2017	A+/ Stable		A/ Stable
Germany	Deutsche Bank AG	17.11.2017	BBB+/ Stable		A-/ Negative
Spain	Banco Bilbao Vizcaya Argentaria SA	29.06.2017	A+/ Stable		A/ Stable

Source: Scope

Most of our covered bonds are 'fundamental support'-based

Most of our covered bonds ratings are based on 'fundamental support' that is, a bank rating in the single A range, combined with fundamental-credit analysis based rating uplift, can support covered bond ratings without recourse to the cover pool. Four of the 26 covered bond programmes we publicly rate[1] rely on cover pool recourse to achieve and maintain current ratings.

Covered bond credit quality: as good as it gets?

Scope's covered bond ratings are exclusively in highest rating categories (AAA and AA+) and all have Stable Outlooks. On the back of supportive economic and bank fundamentals, credit quality in the covered bond market is not likely to change, and we have seen another year of meagre, or even negative, spreads. Even more so, continued supply-demand imbalances have almost fully taken out spread differentiations within and, more importantly, across countries, and most covered bonds currently trade at five-year lows (see Figure 2).

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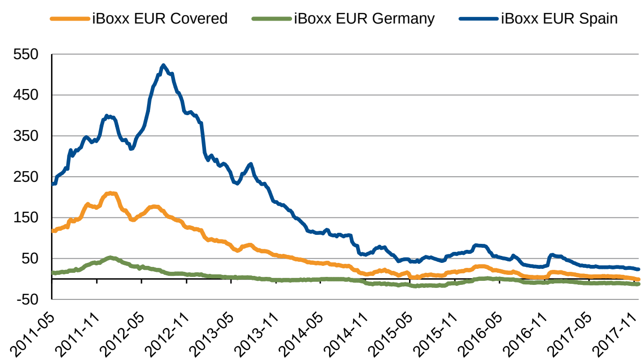
Figure 2: Covered bond credit spreads

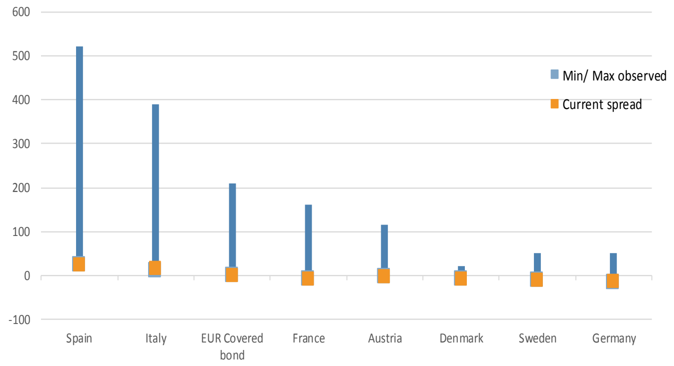
[1] Bankia SA's Cedulas Hipotecarias, AAA/Stable, Bausparkasse Wüstenrot AG (Austria), AA+/ Stable, Dexia Kommunalbank Deutschland AG's Öffentliche Pfandbriefe, AA-/Stable and Hypo Bank Burgenland AG's Hypothekenpfandbriefe, AA+/ Stable

Ongoing spread compression between countries



Source: Markit, Scope

Current spreads at all-time lows



Source: Markit, Scope

Cover pool credit risk declining in importance...

Credit quality of the ultimate recourse, the cover pool, has seldom been a reason for concern. With current developments it seems investors now need to put even less emphasis on the credit quality of the cover pool. With solid bank ratings and a fully phased-in BRRD, the risk of sole recourse to the cover pool has become less likely than ever. Most covered bonds we rate do not need recourse to additional cover-pool support to achieve the highest ratings.

Economic fundamentals supportive to credit risk assessment

We see that credit metrics which focus on the propensity for default are well supported. Affordability for residential mortgages, the main collateral type in covered bonds, is supported by low interest rates. Even in countries with a preference for floating-rate mortgages, such as Spain, Scope sees the share of fixed-rate mortgage loans increasing (i.e. whereas until 2006 new mortgage loan production, at about 90%, was almost fully referenced to floating indices, the share of fixed-rate mortgages has increased to about 60% in Q3 2017[2]). In our view, this is credit-positive as it reduces the risk of payment shocks in the event of a rising interest rate environment (currently not expected). With unemployment falling every quarter, another one of the main delinquency drivers does not currently introduce a significant risk for cover pool credit risks either. Current benign credit performance predominantly reflects these positive factors, with noise solely reflecting idiosyncratic events experienced by borrowers (such as death, divorce, unemployment).

Even in the event of a borrower default, cover pools seem better protected against loss given defaults. House prices in most European countries have bottomed out, and in those countries where they appear to be 'warm', regulators are ramping up efforts to address problems early on (i.e. by introducing maximum debt-to-income leverage, minimum amortisation guidelines, or even LTV caps). The risk of credit losses in a base case scenario has therefore become more contained.

….and maturity mismatch to become better addressed

2017 issuance tenors reduce maturity mismatch risk…

An additional credit-positive development is that maturity mismatch risk has become muted in 2017. Overcollateralisation as compensation for risks in a cover pool is predominantly driven by market risk – in particular, the risk of maturity mismatches. Borrowers have started to extend their fixing periods, but the length of mortgage loans, and thus the average maturity of the cover pool, has barely moved. At the same time, we observe a stronger issuance of longer-dated covered bonds, which extend the weighted average maturity of covered bond liabilities.

[2] Source: ECB https://sdw.ecb.europa.eu/quickview.do?SERIES_KEY=304.RAI.M.ES.SVLHPHH.EUR.MIR.Z

This changed behaviour was driven in 2017 by the shape or slope of the interest rate curve. Longer maturities avoid negative absolute interest rates for investors. Almost a third of all benchmark issuances had maturities of 10 or more years, and not even a handful of issuers opted for tenors below five years.

...and structural solutions such as CPT formats gain momentum

In addition, the trend to structurally address the maturity mismatch has further gained pace. New covered bond programmes have been set up as conditional pass-throughs (CPTs) and have even become the new normal for some markets. Dutch NN Bank in 2017 provided its inaugural covered bond programme with a CPT extension feature, increasing the number of Dutch CPT issuers to four. All major Dutch issuers now have programmes that structurally address the maturity mismatch[3] except for ING Bank, which still has a legacy programme that also allows for hard bullet issuances. Also, Greek issuers that re-entered the market in 2017 exclusively issued in the CPT format. Investor acceptance of such structural features is finally increasing, and as such reducing exposure to mismatch risk[4].

Covered bond market will switch back to growth

Positive net supply expected

The road is paved for further volume growth in the covered bond market. Following years of net negative supply in the benchmark segment[5], positive fundamentals will likely prompt the market to grow again. This reflects normalised gross issuance in the range of EUR 100bn – EUR 120bn against scheduled 2018 redemptions of approximately EUR 90bn.

Furthermore, the already highlighted positive sentiment among borrowers, paired with good affordability, will likely spur mortgage lending across Europe – which can be financed with covered bonds most cost-efficiently. Lastly, we expect hibernating CEE markets to revive, further contributing to growth – mostly in the sub-benchmark segment.

Sub-benchmark segment to further increase

Small issuances sizes will not allow those covered bonds to get the most favourable regulatory treatment for LCR purposes, for example. However, issuance in this segment in general is set to grow, driven by matched funding regulations such as the NSFR.

Smaller, often deposit-rich banks, have started adding the ability to issue covered bonds to their funding toolkit. In Germany, we already have seen smaller savings banks entering the market. It therefore should not come as a surprise that banks in the cooperative sector are also starting to consider this funding tool – despite the sector's existing covered bond funding platforms[6]. Given that regulatory matching requirements apply to all banks, we expect the number of smaller institutions coming into the market to further increase – across all of Europe.

Outside of Europe, the covered bond market also seems to be regaining traction. We see preparatory works across the Mediterranean rim (Morocco and Egypt), more Asian countries (Hong Kong, Thailand, Malaysia, India) will continue to investigate the feasibility of the product for their financial system. Finally, Brazil will likely see its first issuance in 2018.

Covered bond issuance likely impacted by MREL and TLTRO

Against these supportive factors there are still some big question marks. Banks need to start filling up their MREL/TLAC requirements with issuance of senior non-preferred debt, and by 2019 banks will have to fully phase in regulatory capital requirements. Both will provide additional funding capacity, which might be used for the expected loan growth.

[3] Dutch issuers with CPT programmes: NIBC; Aegon, van Lanshot, NN Bank; Issuers with soft-bullet covered bond programmes: ABN Amro, Rabobank, de Volksbank, ING Bank NV (two programmes: one exclusively with soft bullets and one that allows both hard and soft bullets).
[4] At the end of 2017 already 20 covered bond programmes had CPT extension features
[5] Generally defined by a single issuance size exceeding EUR 500m.
[6] Such as Münchner Hypothekenbank-DG Hyp, which will merge with WL-Bank in 2018, and probably the sector's building savings bank, Bausparkasse Schwäbisch Hall.

Furthermore, with over EUR 430bn of TLTRO funding maturing in September 2018, a likely rolling might not be supportive to new covered bond issuance activity – also assuming the ECB maintains its competitive pricing. Conversely, reduced TLTRO liquidity might further contribute to growth in the covered bond segment.

2018 European covered bond harmonisation raises the bar and might reduce barriers for pan-European investments going forward

2018 to provide blueprint for European framework harmonisation…

Europe's covered bond harmonisation is in the home stretch. Publication of the European Commission's principle-based harmonisation proposal is expected for Q1 2018. This does not mean that investors will be able to benefit from the raised bar next year, however. We only expect tangible results from 2019 onwards, half a decade after the process started in 2014[7].

Once the proposal is published, we expect a relative speedy process from Brussels, but this will likely mean the directive will be finalised just before the next European Parliament election in 2019 and will only come into force in the same year.

...but only from 2019 onwards can investors benefit

Only then will the process to adapt national covered bond legislations gain traction, reflecting the typical two-year transition period. This means that only by the end of 2020 will investors benefit from an aligned pan-European covered bond framework.

Slovakian legislators have not waited for an amendment of their outdated covered bond framework[8]. However, other planned amendments already announced, such as Spanish and Austrian legislators' intent to improve their covered bond frameworks, will in our view remain side-lined. Most legislators are likely to avoid touching laws twice, so only from late 2018 and 2019 on will we see a wave of covered bond consultations introducing the harmonisation into national, legally valid amendments.

We remain credit-positive on the harmonisation, and expect a fall in diversity and complexity in European regulations despite the principles-based approach and the ability to maintain national discretion.

Clear guidance on a smooth transition needed…

Transition process must be carefully managed…

Clear direction within the directive on how the new frameworks are to be established should be provided upfront to avoid uncertainty and credit-negative implications, however. In Spain, for example, the transition to a clearer definition of a cover pool coupled with more prescriptive risk management guidelines and a reduction in minimum overcollateralisation will present a challenge. Ringfencing of parts of the mortgage book in favour of a new cover pool will reduce available collateral for existing covered bonds. Also, some investors might favour the very high overcollateralistion of the old rules, versus tighter protection but likely lower overcollateralisation for the harmonised covered bonds. Also, the liquidity of legacy covered bonds might be impacted in the event that existing issuances receive a different regulatory (i.e. LCR) or central bank repo treatment.

Implementing harmonisation will require maintenance of two programmes (one winding down and the new one ramping up), which requires more management attention, creating higher costs without adding successive direct savings, and, of course, significant new legal and documentation efforts. In addition, regulators and investors might face challenges in the event that existing programmes have to comply with a different set of rules than the new ones.

[7] In 2014 the EBA published their best practices, and most of their recommendations will likely make it into the expected directive.
[8] On 17 October 2017 the Slovakian parliament passed an amendment to the covered bond framework that addresses several weaknesses in the existing framework and will come into force on 1 January 2018.

…to ensure that good intent is able to provide its benefits

..and also can reduce complexity

We are looking forward to the directive in the hope that clear guidance on expected definitions will be provided. The commission should push hard for such harmonisation to facilitate cross-country and cross-issuer investments – one of the main goals of the EUs Capital Markets Union. The directive should provide clarity on expected trigger events for both soft bullets and CPTs. Similarly, the directive should provide a boilerplate for CPT mechanisms in order to reduce complexity. Currently, investors not only need to know whether a given instrument is a CPT but also whether, upon the breach of a relevant trigger, only one bond switches to pass through, all bonds switch, or something in between.

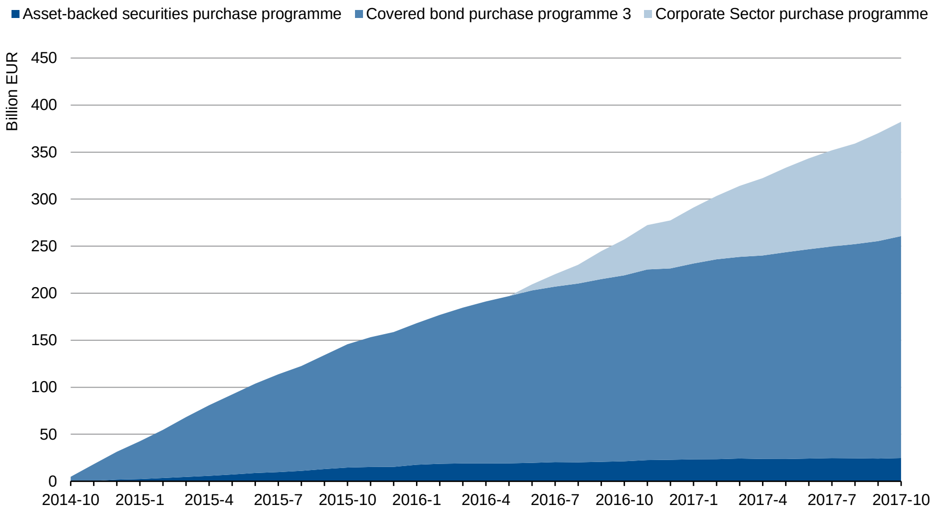
The directive could also provide a blueprint for clearly defined interaction between the ECB and local regulators. G-SIBs or SIFIs are supervised by the ECB, whereas their covered bonds are supervised locally. Given that there could be a conflict of interest between the bank and the covered bond regulator (i.e. use of 'excess' overcollateralisation for the benefit of unsecured investors), clarity on whose supervisory powers prevail during resolution will benefit the product. Similarly, we see challenges in the event of a failed issuer with covered bond-issuing subsidiaries in multiple countries.

The ECB, the largest covered bond investor, shapes the market…

ECB is a serious activist investor…

With the start of CBPP3 in 2014 at the latest, the European Central Bank became the most important covered bond investor. At the same time, its investment mandate makes it the most important driver for supply-demand imbalances in the covered bond market. Even if the ECB eventually starts to taper its quantitative easing, its influence is here to stay. At the end of November 2017 the ECB already held EUR 239bn of covered bonds, translating to almost one third of covered bonds that make up the corresponding iboxx index.

Figure 3: Development of private sector purchase programme volumes



Source: ECB, Scope

Despite the announced reduction of new purchase volumes until purchase programmes end in September 2018, the ECB will remain the single most important market participant for covered bonds.

To avoid credit-negative implications for its holdings, the ECB has become a more active investor than expected – even becoming a de facto regulator for this segment.

To maintain eligibility for monetary market operations, the ECB has, for example, imposed more timely cover pool reporting deadlines for issuers. Issuers now must provide their rating agencies with sufficient cover pool information in a timely manner so that they can publish the most current quarterly cover pool information.

This development is positive as it enhances transparency in the market. However, fluid communication between the ECB and market participants would support a more smooth implementation of their guidelines.

…which can surprise the market…

In summer 2017, for example, the ECB surprised the market when it announced that wind-down entities would see their access to the ECB's repo facility curtailed – and even more so when it announced that entities providing liquidity support for such entities could see their repo access restricted. Up until that time, the understanding was that, even for a cover pool in wind down, central bank access could eventually be granted in the event that high-quality assets collateralise such short-term liquidity.

This is important from a credit perspective as liquidity support could allow a cover pool administrator to wait until the generally high credit-quality cover pool assets have been repaid. Going forward and without access to direct or indirect bridge financing, the cover pool administrator will have to sell cover pool assets, possibly at distressed prices, which ultimately could trigger a default in the covered bond structure.

…and shape it as a de facto regulator

Similarly, on 20 November the ECB adopted new requirements for CPT programmes, effectively making them only 'sunshine' collateral. The ECB will no longer accept such CPT covered bonds for CBPP3 once a bank has become non-investment grade.

While CPTs can mitigate the mismatch risk and are, in our view, a credit-positive, the ECB actively discourages their use. When mismatch risk is more likely to crystallise, the ECB's guidelines might amplify a bank's credit and liquidity deterioration. When liquidity becomes a more scarce and expensive resource for an issuer, these covered bonds will decline in value and can no longer provide their liquidity benefits.

To some extent we see this as an inconsistent development. The ECB itself would still accept pass-through securitisations (which a CPT effectively becomes upon a borrower default and where the issuer is not rated in the first place) and even a hard- or soft-bullet covered bond – for which the issuer would have to more significantly encumber its balance sheet.

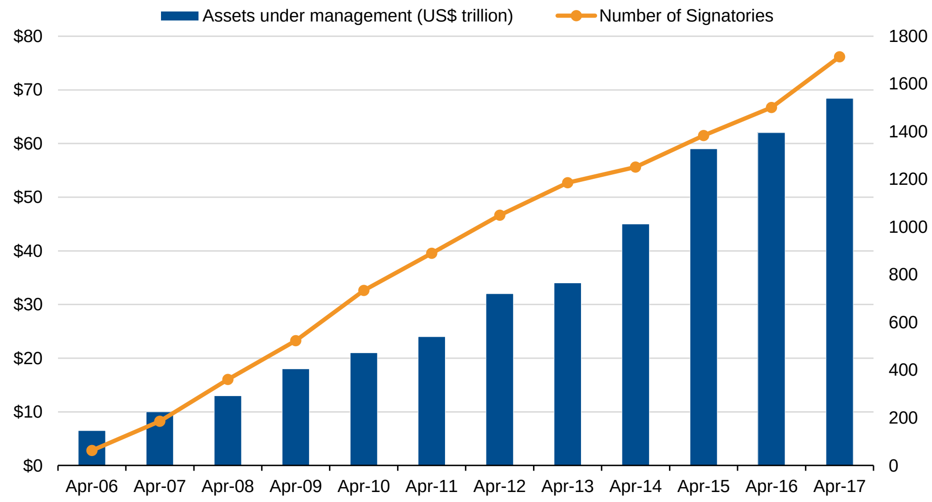
…while other investors wait to get more ESG or 'green' covereds

ESG covered bonds are in high demand …

Increasingly, investors not only focus on credit considerations but also want to implement environmental, social and/or governance (ESG) aspects in their investment guidelines. Since being launched in 2006, the UN's Principles of Responsible Investment (UNPRI[9]) have gained significant traction among investors, and Scope is among the eight rating agencies that have committed to support this growing segment.

[9] https://www.unpri.org/

Figure 4: AuM committed to sustainable investing



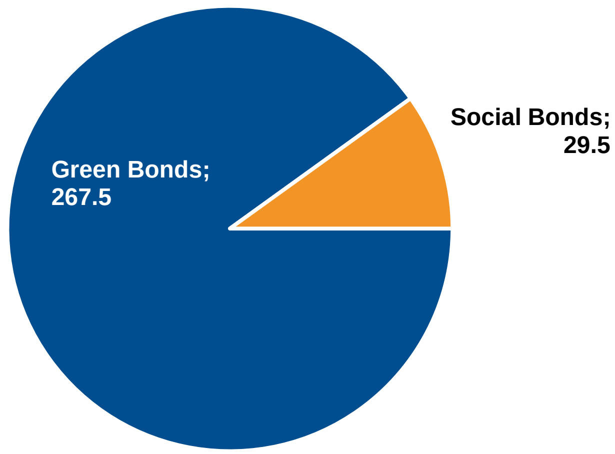
Source: UNPRI, Scope

…as ESG disclosure requirements increase

From being a faithful, non-binding commitment, we see the ESG market slowly migrating to a more formal, and even mandatory, feature of the market. Today French institutional investors are already obliged[10] to disclose how they integrate ESG criteria in their investment policy. Preparatory works to foster disclosure on a European-wide basis – possibly coupled with minimum investments levels – is gathering pace[11].

Given the size of the covered bond market, it would not be surprising to see ESG factors gaining traction for ratings and covered bonds as well. However, given the documentation burden, ESG-labelled issuance remains scare. At present we are not aware of any fully ESG-compliant programme but only of single issuances carrying either a green, sustainable or similar label.

Figure 5: ESG bonds in USD bn as of Oct 2017



Source: BBVA, Scope

[10] Article 173 of the French Energy and Ecological Transition Act
[11] Following the July 2017 report by the High Level Expert Group on sustainable finance, the European Commission started a consultation on sustainability factors. It aims to understand, and later impose, duties on institutional investors regarding the integration of ESG and sustainability factors in the investment process.

Currently only six issuers are actively promoting ESG

Only six covered bond issuers are currently active in the ESG segment. In 2015, Germany's Münchner Hyp issued the first-ever ESG-labelled covered bond, followed by Spanish Kuxtabank and a 'social/SRI'-labelled covered bond in the same year. German Berlin Hyp introduced 'green' covered bonds to the market (2015) followed by Spanish Caja Rural Navarra (2016) whose covered bonds comply with both Green Bond Principles and Social Bond Guidance. The newest entrants in 2017 were Austrian Kommunalbank with a 'social' public sector covered bond, and Deutsche Hyp, which issued the second ever pure 'green' mortgage covered bond.

Strong ESG growth to be replicated in the covered bond segment?

The outstanding volume of ESG covered bonds now amounts to just EUR 3.1bn, which should be seen against an outstanding volume of approx. EUR 250bn for the ESG segment and about EUR 2,500bn for the whole covered bond market. Growth in the ESG segment has significantly increased, and most of the above ESG bonds have been issued within the last two years.

We expect the number of covered bonds in this market segment to also increase. Commercial and residential real estate are both prime segments in which borrowers already put a strong emphasis on eco-friendliness. The EU targets energy savings of 20% by 2020, and buildings are responsible for 40% of total energy consumption and 36% of CO_2 emissions in Europe. By improving the energy efficiency of buildings alone, the EU's total energy consumption could be reduced by 5-6% and CO_2 emissions by 5%.[12]

Scope actively monitors credit relevant developments…

From a ratings perspective, we observe that such 'green' real estate often allows for higher valuations[13]. Rental proceeds can be higher given that tenants often need to pay less for utilities, which are sometimes called the 'second rent', due to lower energy costs. In addition, reletting times tend to be shorter – both of which are credit-positive elements.

Having said this, reliable data on whether such collateral allows for consistently higher valuations and whether green collateral is more resilient in stressed environments is not yet available across property types and countries.

... to eventually incorporate in its credit analysis

We see the mortgage industry's efforts (e.g. the European Commission's and EMF/ ECBC's EeMAP[14]) and the aim to collect and provide such information (EeDaPP[15]) going forward as an important foundation that will be needed to more prominently incorporate this new information in credit analysis going forward.

[12] https://hypo.org/emf/market-initiative/emf-ecbc-energy-mortgages-initiative/
[13] See Holtermans and Kok: 'On the Value of Environmental Certification in the Commercial Real Estate Market', Oct. 2017
[14] EeMAP - Energy Efficient Mortgages Action Plan
[15] EeDaPP - Energy efficiency Data Portal & Protocol

I. Appendix. Covered bond ratings

Figure 6: Scope's issuer and covered bond ratings as of 30 November 2017

Country	Covered bond issuer (or parent)	Issuer rating (long term/ Outlook/ Short term)	Covered bond programme/ Covered bond type	Primary collateral type	CB Rating (long term/ Outlook)
Austria	Bausparkasse Wüstenrot AG	N/D	Hypothekenpfandbriefe	Mortgages	AA+/ Stable
	Hypo-Bank Burgenland AG	N/D	Hypothekenpfandbriefe	Mortgages	AA+/ Stable
Denmark	Danske Bank A/S	A+/ Stable/ S-1	Pool C – SDO	Mortgages	AAA/ Stable
			Pool D – SDO		AAA/ Stable
			Pool I – SDO		AAA/ Stable
France	BNP Paribas SA	AA-/ Stable/ S-1	BNP Paribas Home Loan SFH (Obligation d'habitat)	Mortgages	AAA/ Stable
			BNP Paribas Public Sector SCF (Obligation foncières)	Public Sector	AAA/ Stable
	BPCE SA	AA-/ Stable/ S-1	BPCE SFH (Obligation d'habitat)	Mortgages	AAA/ Stable
	Crédit Foncier de France	AA-/ Stable/ S-1	Compagnie de Financement Foncier SA (Obligation foncières)	Mixed	AAA/ Stable
	Credit Agricole SA	AA-/ Stable/ S-1	Credit Agricole Home Loan SFH (Obligation d'habitat)	Mortgages	AAA/ Stable
			Credit Agricole Public Sector SCF (Obligation foncières)	Public Sector	AAA/ Stable
	Societe Generale SA	A+/ Stable/ S-1	Société Générale SFH (Obligation d'habitat)	Mortgages	AAA/ Stable
			Société Générale SCF (Obligation foncières)	Public Sector	AAA/ Stable
Germany	Commerzbank AG	A/ Stable/ S-1	Öffentliche Pfandbriefe	Public Sector	AAA/ Stable
			Hypothekenpfandbriefe	Mortgages	AAA/ Stable
	Deutsche Bank AG	BBB+/ Stable/ S-1	Hypothekenpfandbriefe	Mortgages	AAA/ Stable
	Dexia Kommunalbank Deutschland AG	N/D	Öffentliche Pfandbriefe	Public Sector	AA-/ Stable
Spain	Banco Santander SA	AA-/ Stable/ S-1	Cédulas Hipotecarias	Mortgages	AAA/ Stable
			Cédulas Territoriales	Public Sector	AAA/ Stable
	Bankia SA	N/D	Cédulas Hipotecarias	Mortgages	AAA/ Stable
	BBVA SA	A+/ Stable/ S-1	Cédulas Hipotecarias	Mortgages	AAA/ Stable
			Cédulas Territoriales	Public Sector	AAA/ Stable
Sweden	Nordea Bank AB	AA-/ Stable/ S-1	Nordea Hypotek AB/ Säkerställda obligationer	Swedish Mortgages	AAA/ Stable
	Svenska Handelsbanken AB	A+/ Stable/ S-1	Stadshypotek AB/ Säkerställda obligationer	Swedish Mortgages	AAA/ Stable
			Stadshypotek AB/ Säkerställda obligationer	Norwegian Mortgages	AAA/ Stable
	Swedbank AB	A/ Stable/ S-1	Swedbank Mortgage AB/ Säkerställda obligationer	Swedish Mortgages	AAA/ Stable

Source: Scope Ratings

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