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Basellandschaftliche Kantonalbank

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Basellandschaftliche Kantonalbank

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	Adequate	0
Funding	Adequate	0
Liquidity	Strong	
CRA adjustment		0

Support: +3

ALAC support	0
GRE support	+3
Group support	0
Sovereign support	0

Additional factors: 0

Issuer credit rating
AA+/Stable/A-1+

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview	
Key strengths	**Key risks**
Extremely high likelihood of support from the Swiss Canton of Basel-Land.	Concentration risk in residential mortgage lending in its home canton.
Strong local retail banking franchise.	Limited earnings diversification and muted growth prospects.
Very strong capitalization.	

We expect that Basellandschaftliche Kantonalbank (BLKB) would, if ever needed, receive extraordinary support from its cantonal owner. Our rating on BLKB benefits from its high 'a+' stand-alone credit profile (SACP) in conjunction with the full ownership by, and extremely high likelihood of, timely and sufficient support from the Canton of Basel-Land (AAA/Stable/A-1+) if ever needed. We anticipate that BLKB's integral link with, and very important role for, the canton, as well as the canton's guarantee on its unsubordinated obligations, will remain for the foreseeable future. These factors lead us to apply three notches of uplift to our SACP on BLKB to arrive at our 'AA+' long-term issuer credit rating on the bank.

We anticipate that BLKB's capitalization will remain a key rating strength. We expect BLKB to uphold its superior capitalization, as indicated by our forecast that its risk-adjusted capital ratio (RAC) will improve to 26.0%-26.5% over the next two years, which is among the highest globally. Our projection is underpinned by stable profitability; we project a 5%-6% return on equity (RoE) for BLKB until 2025. BLKB's RoE appears low in international comparison mainly due to the bank's very high capitalization, but we regard it sufficient in the context of stability and the bank's low risk profile.

We project BLKB will maintain its low non-performing loan (NPL) and risk cost levels. In our view, BLKB will maintain its healthy risk profile, indicated by our forecast of NPLs between 1.2% and 1.3% and new loan loss provisioning at marginal levels relative to customer loans until 2025. Although we remain mindful of BLKB's concentration risk in residential mortgage lending in its home canton, we take into account our projected robust Swiss and Canton of Basel-Land economy, resilient Swiss housing markets, and BLKB's sound risk management and prudent underwriting policies coupled with very high collateralization.

Outlook

The stable outlook on BLKB mirrors that on Basel-Land and reflects our view that the likelihood of support from the canton will not change in the next two years. Our rating on BLKB remains sensitive to our assessment of the cantonal owners' ability and willingness to support the bank. We consider that there is an extremely high likelihood Basel-Country would provide timely and sufficient extraordinary support to BLKB in the event of financial distress for the foreseeable future.

Any indication of a weakening in the canton's support could weigh on BLKB's creditworthiness, for example if the cantonal guarantee were removed or the bank were privatized in the context of Basel-Land's undertaking to reduce potential financial liabilities stemming from the cantonal guarantee in case of distress

Upside scenario

We are unlikely to raise our rating based on an improvement of BLKB's 'a+' stand-alone credit profile (SACP), due to the bank's comparatively concentrated business operations.

Downside scenario

A weakening in BLKB's role for or link with the canton, or detrimental changes in the statutory guarantee, could lead us to revise downward our support assessment of the bank's status as a government-related entity (GRE). At the same time, a deterioration of the SACP would not immediately affect the overall rating, because we expect that the owner's support would compensate for the stand-alone weakness.

Key Metrics

Basellandschaftliche Kantonalbank--Key ratios and forecasts

	--Fiscal year ended Dec. 31--				
(%)	**2021a**	**2022a**	**2023f**	**2024f**	**2025f**
Growth in operating revenue	4.3	4.0	11.1-13.6	1.8-2.2	1.8-2.1
Growth in customer loans	8.1	4.2	3.5-4.3	3.9-4.7	4.0-4.9
Growth in total assets	10.4	5.9	3.5-4.3	3.8-4.7	4.0-4.9

Basellandschaftliche Kantonalbank--Key ratios and forecasts (cont.)					
	--Fiscal year ended Dec. 31--				
(%)	**2021a**	**2022a**	**2023f**	**2024f**	**2025f**
Net interest income/average earning assets (NIM)	1.1	1.1	1.1-1.2	1.1-1.2	1.1-1.2
Cost to income ratio	53.3	56.9	50.8-53.4	52.2-54.9	53.6-56.4
Return on average common equity	5.4	5.3	5.8-6.4	5.3-5.9	4.9-5.4
New loan loss provisions/average customer loans	0.0	(0.0)	0.0-0.0	0.0-0.0	0.0-0.0
Gross nonperforming assets/customer loans	1.6	1.4	1.4-1.5	1.2-1.3	1.2-1.3
Risk-adjusted capital ratio	24.2	24.9	25.4-25.9	25.7-26.2	25.8-26.3

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'a-' For Banks Solely Operating In Switzerland

Our anchor for banks operating mainly in Switzerland, like Basellandschaftliche Kantonalbank, is 'a-'. We consider the trend for economic and industry risk in Switzerland to be stable.

The Swiss private sector has proven its resilience against multiple external stress scenarios. We expect Swiss households and corporates to maintain their credit strength amid a difficult economic outlook in 2024. Banks' strong asset quality reflects the superior financial strength of Swiss households and corporations, and prudent underwriting standards (which focus on collateralized lending, mainly residential mortgages or Lombard loans).

Overall, we see limited risks to Swiss banks' mortgage exposures from households' debt servicing capacity against higher interest rates. This is because banks' existing stock of mortgage loans are predominately fixed-rate and underwriting standards already integrate much higher interest rates into affordability assessments. In any case, we believe that a strong Swiss labor market, tight and inelastic supply in housing, and ongoing high demand due to persistently high immigration support house prices.

Our view of industry risk in Switzerland encompasses the stability of the domestic banking sector, despite the failure of Credit Suisse. In general, we did not observe a loss in customer confidence in Swiss banking, as many domestic banks profited from inflows of assets under management and deposits from Credit Suisse after outflows escalated in 2023.

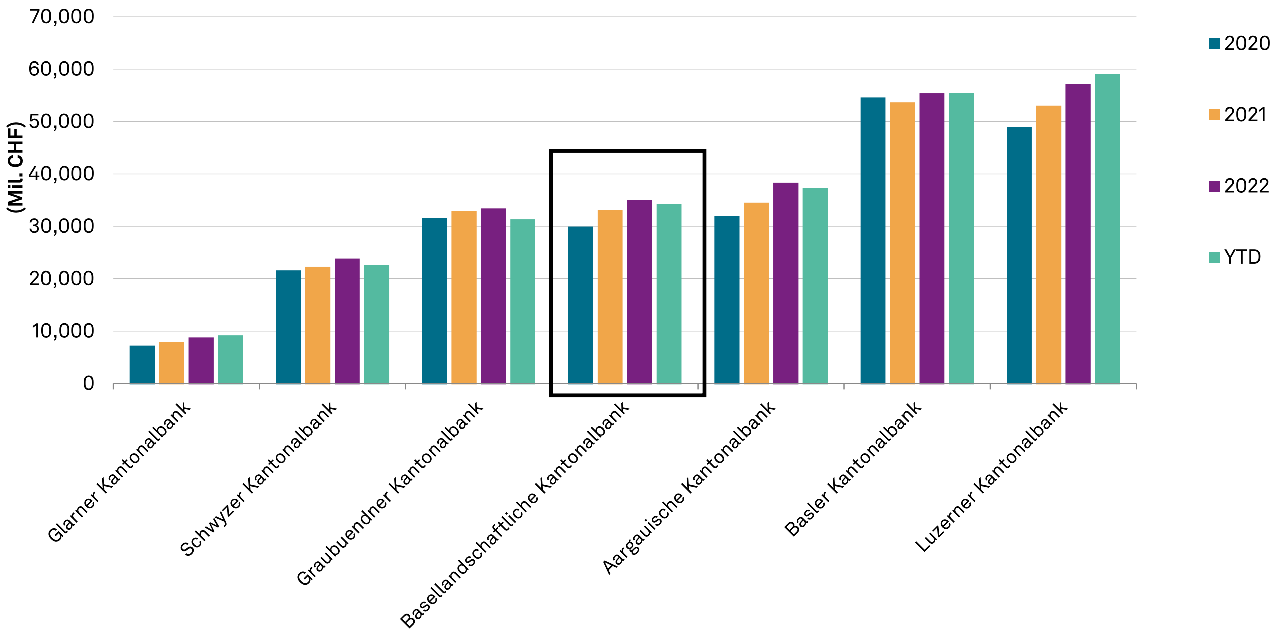
Business Position: Well-Established Franchise In Canton Of Basel-Land

We expect BLKB to further cement its strong retail franchise in Basel-Land and its surroundings like Basel-Stadt, Solothurn, and Aargau. While business outside its former home business area is expanding and now accounts for about 20% of total volumes, we don't expect a further material shift in the medium term. In our view, national expansion has upsides and downsides: it adds to geographical revenue diversification but may result in a more fragile franchise, with an increasing share of customers demonstrating weaker ties to the bank. We consider BLKB to be medium sized compared to its cantonal bank peers, represented by Swiss franc (CHF) 34.1 billion total assets as of June 30, 2023.

Chart 1

BLKB with continuous asset growth over recent years

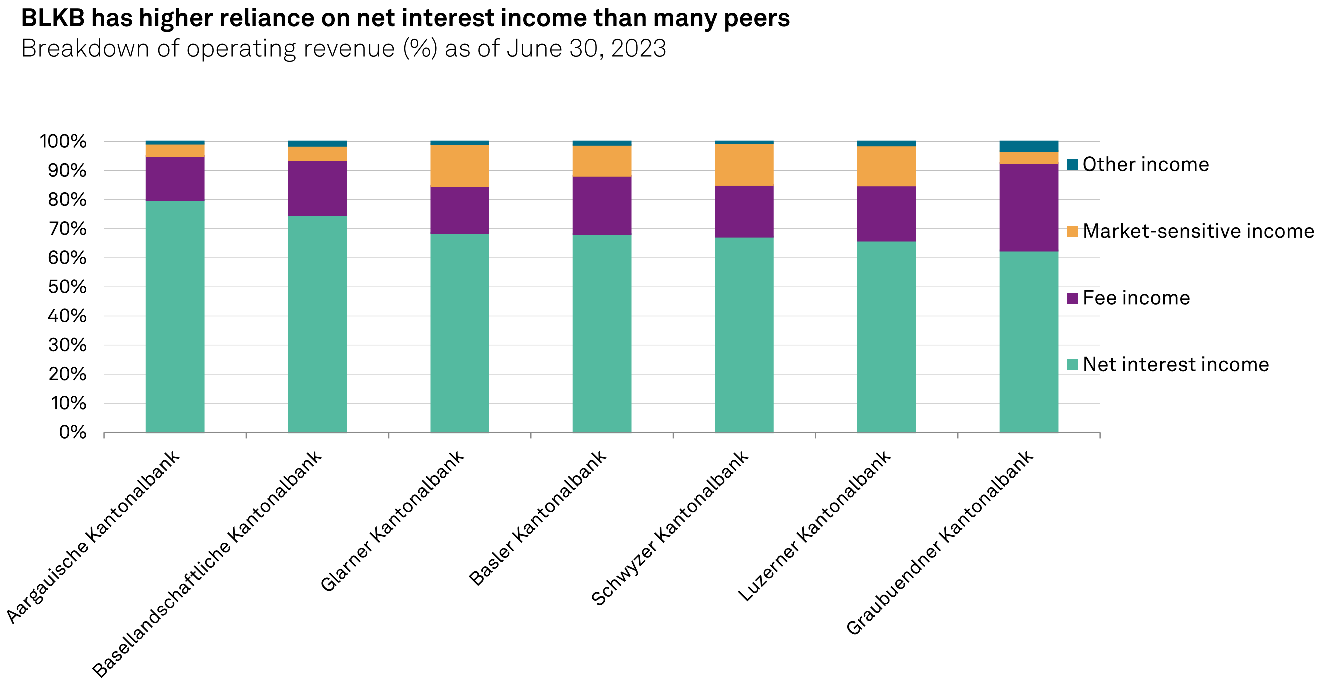
Total assets



CHF--Swiss franc. YTD--Year to date. YTD data as of Jun. 2023. Source: Company filings.

We believe that BLKB's franchise strength is balanced by risks stemming from the bank's geographic concentrations, similar to other Swiss cantonal banks. With roughly 81% of loans, BLKB's business is driven by highly collateralized lower risk residential mortgage lending, 8% loans to small and midsize enterprises, and supplemented by asset management and private banking operations and, to a smaller extent, client-initiated trading activities. Accordingly, non-lending operations only contribute modestly to earnings diversification, and BLKB's net interest income dependence is higher than most peers at about 75% of total revenue (see chart 2).

Chart 2



Source: S&P Global Ratings.

BLKB's digital subsidiary, Radicant AG, offering Swiss-wide personalized and sustainable financial advisory to wealthier clients, received its banking license in mid-May 2022 and started its operational activities at the end of the first quarter of 2023. While we view its potential contribution to BLKB's future revenue diversification as positive, Radicant might lack sufficient economies of scale, at least in its initial phase.

In our view, BLKB proactively executes strategic initiatives to adapt to the changing banking industry landscape, resulting from ongoing trends, such as digitalization and more sustainable banking, reflecting in its "Strategy 2023-2027". BLKB has also built up its own strategic funds focusing on assets that meet sustainability criteria.

Capital And Earnings: A Key Rating Strength

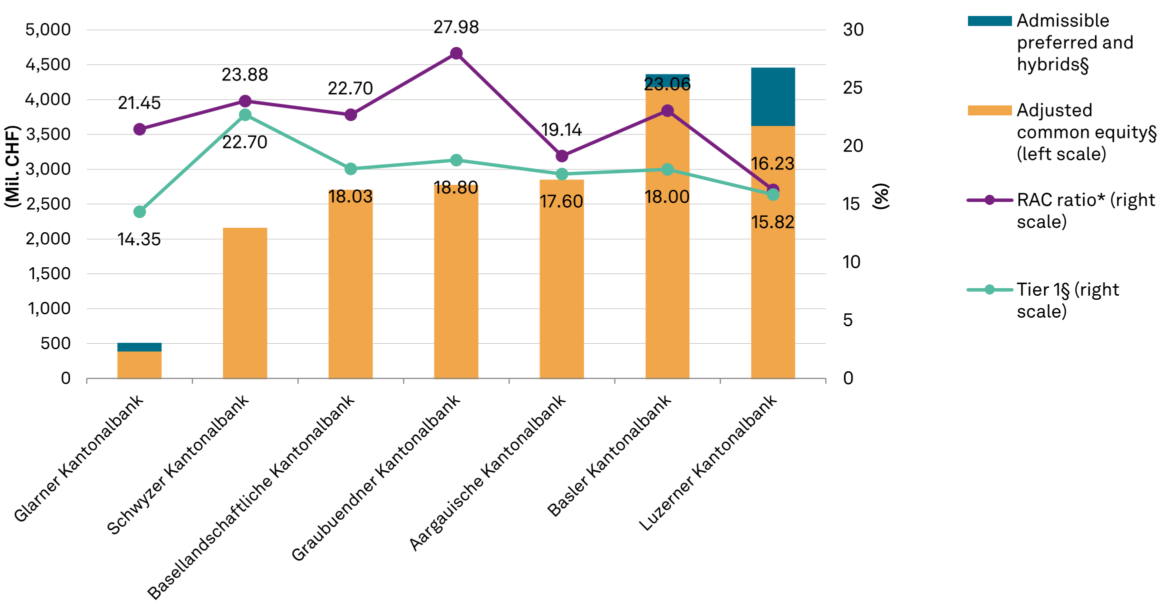
We anticipate that BLKB will maintain its very high capitalization, mainly indicated by our projected RAC ratio of 25.8%-26.3% by 2025. Such robust ratios place BLKB among the highest capitalized banks globally, and at the higher range of rated Swiss cantonal banks (see chart 3). We expect a moderate increase in lending volumes as well as risk-weighted assets of about 4%, in line with the market average.

We view BLKB's earnings capacity as sound and predictable. BLKB's dividend policies are expected to remain stable with around CHF80 million paid in dividends on certificate capital and profit distribution to the canton, in line with the historical trend. BLKB's return figures are slightly below domestic peers', but we do not consider this a decisive factor, also considering its very strong capital buffer, which gives the bank room to maneuver in adverse scenarios.

Chart 3

BLKB's risk-adjusted capitalization is among the highest of rated cantonal banks

S&P Global Ratings risk-adjusted capital versus Tier 1 ratios

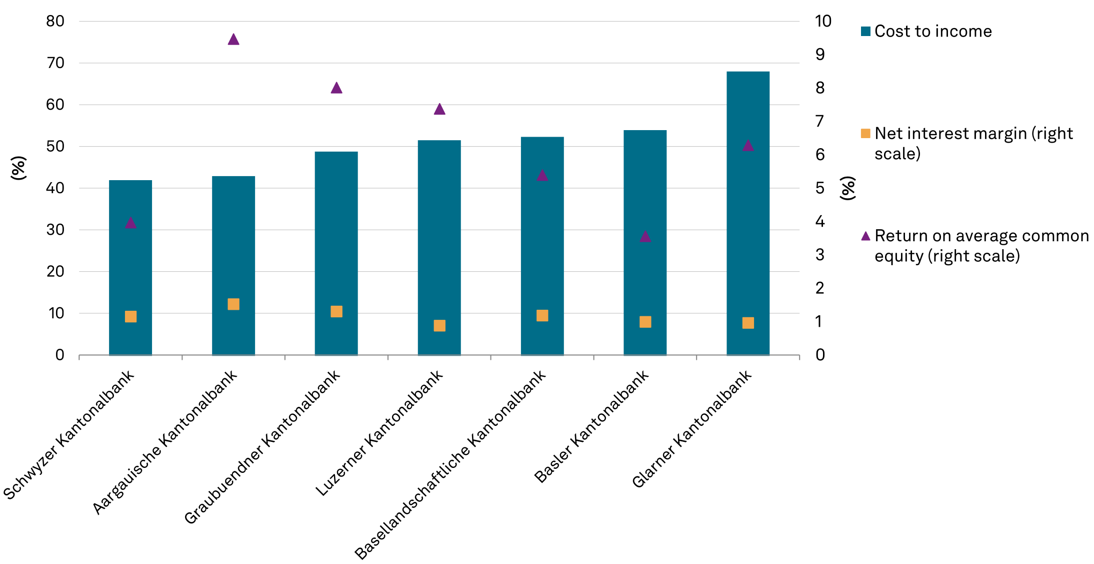


*As of Dec. 2022. §as of Jun. 30, 2023. Tier 1 ratio as of June 30, 2023 for Glarner Kantonalbank is not available, hence value from Dec 31, 2022 has been considered. RAC--Risk-adjusted capital. CHF--Swiss franc. Source: S&P Global Ratings.

Despite some progress in diversifying its revenue sources toward fees and commissions, BLKB exhibits one of the highest interest income dependencies among its cantonal bank peers, which further increased with risen interest rates (around 74.7% as of June 30, 2023). We estimate BLKB's earnings buffer rose to a solid level of about 1.2% of our risk-weighted assets by year-end 2023 and thereafter stabilized around 1.1% by year-end 2024 (an earnings buffer of 1.0% indicates adequate earnings to cover normalized losses). BLKB also benefits from sound efficiency, with about 52.1% cost-to-income ratio as of June 30, 2023 (see chart 4). This will support further capital buildup. BLKB's regulatory core equity tier 1 ratio stood at 18% as of June 2023, which is high in a global comparison but lower than our RAC ratio since we apply lower risk weights to Swiss retail loans than the Swiss regulator.

Chart 4

BLKB with sound efficiency, good margins, slightly lower returns as compared to peers
Cost to income, net interest margin and returns on average common equity as of June 30, 2023



Note: Net interest income to average earning assets. Source: S&P Global Ratings.

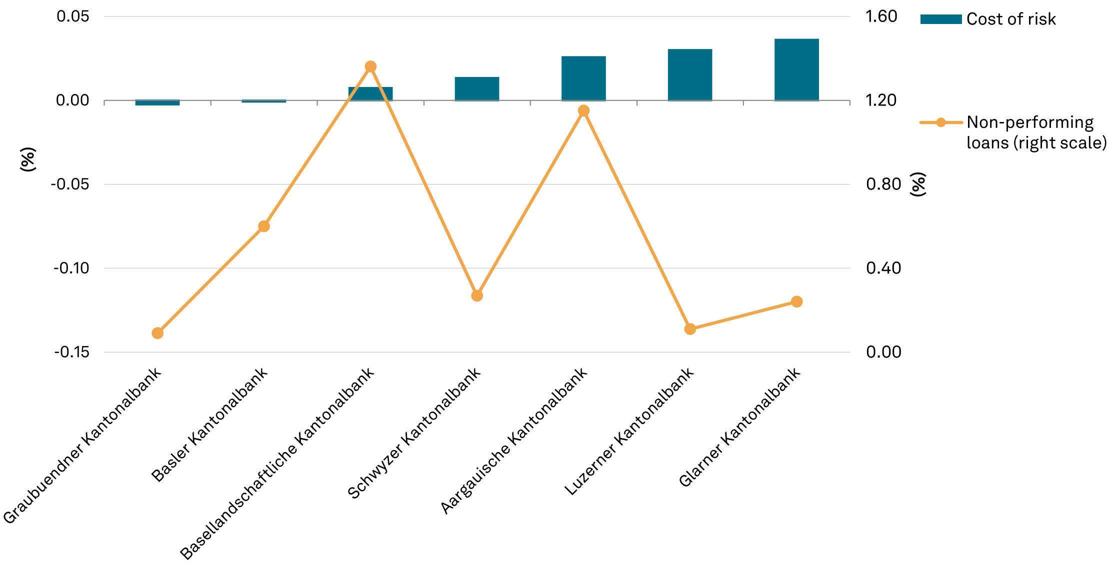
Risk Position: Concentrated Risk In Swiss Retail Mortgages Mitigated By Robust Economy and Highly Collateralized Loan Portfolio

We expect BLKB's asset quality to remain sound helped by its prudent risk management and cautious lending policies, and the robust Swiss economy with stable Swiss housing markets. We believe BKLB's regional concentration risk are also mitigated by its focus on low-risk and well-collateralized lending categories, such as mortgages, small and midsize enterprises, and corporates, with only a small exposure to market-sensitive business. Accordingly we forecast that BLKB's nonperforming loans will remain at a low 1.2%-1.3% of total customer loans in 2024-2025, followed by an estimated 1.4% in 2023.

Chart 5

BLKB with low provisioning needs and adequate risk costs but higher than most peers

Cost of risk (%) and non-performing loans (%) as of June 30, 2023



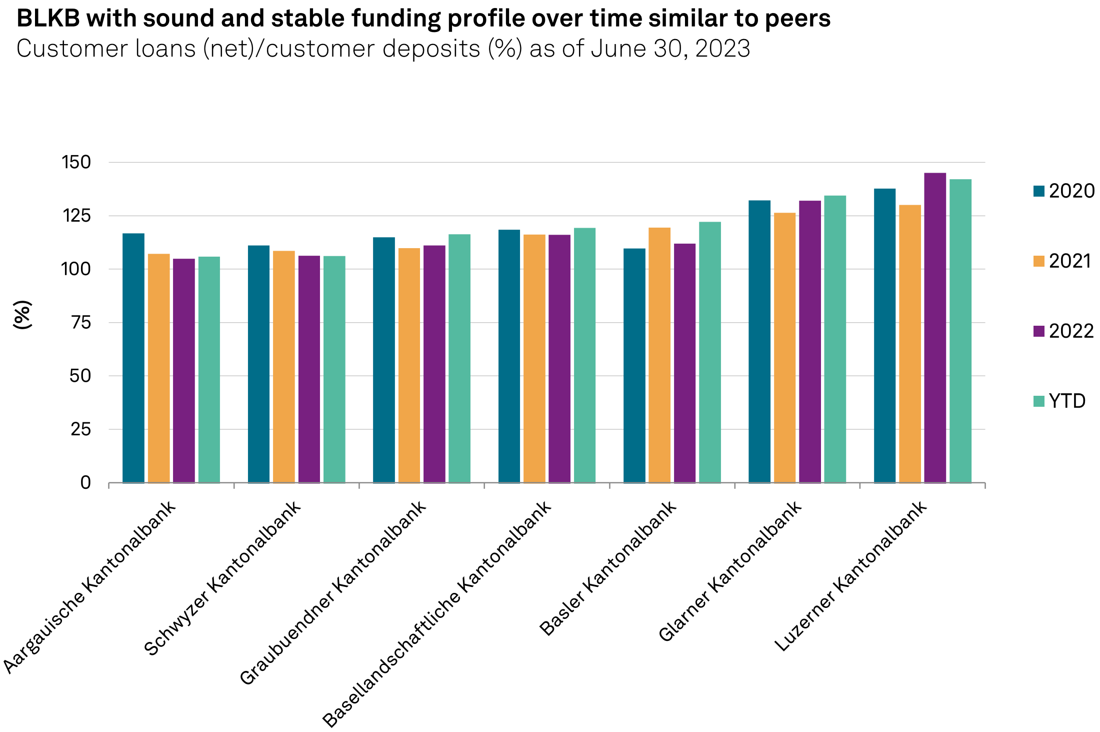
Cost of Risk(%)= New loan loss provisions/average customer loans; Non-Performing Loans(%)=Gross nonperforming assets/customer loans + other real estate owned. NPL ratio for Basler and Glarner is as of Dec. 2022, due to unavailability of latest data. Source: S&P Global Ratings.

Funding And Liquidity: Strong Retail Deposit Franchise And High Liquidity Buffers Benefiting From Cantonal Guarantee

We expect the bank's prudent management and an explicit guarantee by the Canton of Basel-Land, which reinforces customer confidence, will continue to support our neutral assessment of BLKB's liquidity and funding position.

We anticipate that BLKB's stable funding ratio will remain at favorable levels over the next two years (117% as of June 30, 2023) and see bank's funding profile staying in line with domestic peers. The bank's funding benefits from a stable customer base and a high level of core customer deposits, which constituted 69% of the total funding base as of June 30, 2023.

Chart 6



YTD--Year to date. Source: S&P Global Ratings

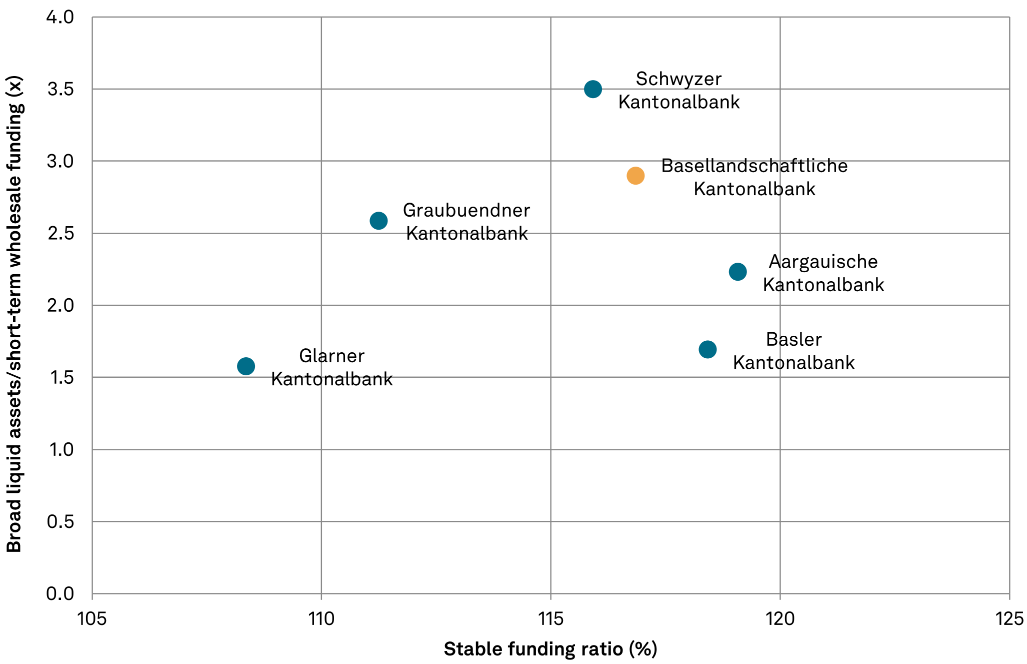
At the same time, its loan portfolio continues to exceed the deposit base, as demonstrated by BLKB's customer loan-to-deposit ratio of 119% as of June 30, 2023. Consequently, BLKB takes advantage of wholesale funding, mainly covered bonds and unsecured bonds.

Our assessment of BLKB's liquidity as strong mainly reflects our estimate of the bank's one-year liquidity ratio (broad liquid assets to total assets) of 22% on June 30, 2023. We consider the bank's liquidity coverage--consisting mainly of securities eligible for repurchase at the Swiss central bank--a rating strength, indicating the availability of sufficient liquid assets to withstand a lack of access to wholesale funding for more than 12 months in an adverse scenario.

In our view BLKB has proper governance in place to prevent any funding concentrations and conducts appropriate liquidity stress testing. In addition, BLKB's loyal customer base, superior capitalization, and GRE status will likely help it weather potential capital market stress, in our opinion.

Chart 7

Funding and liquidity metrics are in line with domestic peers
Funding and liquidity profile as of June 30, 2023



Source: S&P Global Ratings.

Support: Three Notches Of Uplift Due To Extremely High Likelihood Of Extraordinary Support

We expect BLKB will remain a GRE and would receive timely and sufficient extraordinary support from the Canton of Basel-Land in the event of financial distress. We base our assessment on the bank's integral link with Basel-Land as well as its very important role for the local economy, which leads to an extremely high likelihood of support. Our assessment is underpinned by the owner's full control of the bank (100% of the voting rights) and its provision of a statutory guarantee for the bank's liabilities as once again stated approved in its ownership strategy. In our view, if BLKB defaulted, this would significantly weaken the regional economy. Therefore, we apply a three-notch uplift to its 'a+' SACP to derive the long-term rating.

We expect the existing cantonal guarantees will remain in the medium term. Beyond our outlook horizon, we see a potential risk that future agreements between Switzerland and the EU regarding preferential Swiss market access might include the removal of the remaining guarantees for all cantonal banks.

Environmental, Social, And Governance

ESG factors are overall neutral to our credit rating analysis of BLKB. The cantonal bank's franchise and mandate are focused on providing basic services to the canton's population and supporting the economic development in the region of North-Western Switzerland. BLKB is committed to operate carbon-neutral and considers ESG standards for its lending operations. Also, the bank supports local businesses by fostering innovation and promotes financial literacy initiatives, in line with its mandate.

Key Statistics

Table 1

Basellandschaftliche Kantonalbank--Key figures

(Mil. CHF)	2023*	2022	2021	2020	2019
Adjusted assets	34,083.7	34,795.1	32,857.4	29,759.6	27,272.1
Customer loans (gross)	25,616.0	25,194.8	24,173.9	22,353.6	21,207.9
Adjusted common equity	2,693.4	2,668.3	2,566.5	2,471.8	2,423.1
Operating revenues	221.0	406.6	390.9	374.6	368.1
Noninterest expenses	115.0	231.3	208.5	197.6	195.2
Core earnings		180.4	175.4	160.8	169.5

*Data as of June 30, 2023. CHF--Swiss franc.

Table 2

Basellandschaftliche Kantonalbank--Business position

	2023*	2022	2021	2020	2019
Loan market share in country of domicile	N/A	1.9	1.8	1.8	1.7
Deposit market share in country of domicile	N/A	1.6	1.5	1.4	1.4
Total revenues from business line (currency in millions)	221.1	407.4	391.2	376.0	370.9
Commercial and retail banking/total revenues from business line	100.0	100.0	100.0	100.0	100.0
Return on average common equity	5.4	5.3	5.4	5.4	5.6

*Data as of June 30, 2023. N/A--Not applicable.

Table 3

Basellandschaftliche Kantonalbank--Capital and earnings

	2023*	2022	2021	2020	2019
Tier 1 capital ratio	18.0	18.3	18.7	20.2	20.4
S&P Global Ratings’ RAC ratio before diversification	N/A	22.7	24.2	25.5	27.3
S&P Global Ratings’ RAC ratio after diversification	N/A	15.7	16.6	18.1	18.5
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	74.7	71.6	71.6	73.6	73.1
Fee income/operating revenues	19.0	20.3	21.7	19.6	18.4
Market-sensitive income/operating revenues	4.8	7.0	5.7	5.7	7.1
Cost to income ratio	52.1	56.9	53.3	52.7	53.0
Preprovision operating income/average assets	0.6	0.5	0.6	0.6	0.7

Table 3

Basellandschaftliche Kantonalbank--Capital and earnings (cont.)

	2023*	2022	2021	2020	2019
Core earnings/average managed assets	0.6	0.5	0.6	0.6	0.6

*Data as of June 30, 2023. RAC--Risk-adjusted capital. N/A--Not applicable.

Table 4

Basellandschaftliche Kantonalbank--Risk-adjusted capital framework data

	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings' RWA	Average S&P Global Ratings' RW (%)
Credit risk					
Government and central banks	8,597,201,360.0	420,225,596.6	4.9	54,104,720.3	0.6
Of which regional governments and local authorities	0.0	0.0	0.0	0.0	0.0
Institutions and CCPs	2,225,204,257.4	700,440,592.8	31.5	343,557,535.4	15.4
Corporate	2,484,775,492.8	1,757,226,379.4	70.7	1,801,185,041.3	72.5
Retail	24,202,069,492.3	10,335,793,839.1	42.7	7,712,448,587.0	31.9
Of which mortgage	19,312,116,044.0	7,263,047,267.6	37.6	4,489,744,868.1	23.2
Securitization§	0.0	0.0	0.0	0.0	0.0
Other assets†	0.0	0.0	0.0	0.0	0.0
Total credit risk	37,509,250,602.5	13,213,686,407.9	35.2	9,911,295,884.0	26.4
Credit valuation adjustment					
Total credit valuation adjustment	--	25,069,310.6	--	32,590,103.8	--
Market risk					
Equity in the banking book	109,396,809.0	256,085,207.2	234.1	722,078,476.3	660.1
Trading book market risk	--	113,887,500.0	--	170,831,250.0	--
Total market risk	--	369,972,707.2	--	892,909,726.3	--
Operational risk					
Total operational risk	--	723,287,908.7	--	917,600,159.7	--

	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings' RWA	% of S&P Global Ratings' RWA
Diversification adjustments					
RWA before diversification	--	14,598,550,791.9	--	11,754,395,873.8	100.0
Total diversification/ Concentration adjustments	--	--	--	5,189,647,979.0	44.2
RWA after diversification	--	14,598,550,791.9	--	16,944,043,852.9	144.2

	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings' RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	2,676,898,272.3	18.3	2,668,340,000.0	22.7

Table 4

Basellandschaftliche Kantonalbank--Risk-adjusted capital framework data (cont.)				
Capital ratio after adjustments‡	2,676,898,272.3	18.3	2,668,340,000.0	15.7

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to tier 1 ratio are additional regulatory requirements (e.g. transitional floor or pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. CHF--Swiss franc. Sources: Company data as of Dec. 31, 2022, S&P Global Ratings.

Table 5

Basellandschaftliche Kantonalbank--Risk position

	2023*	2022	2021	2020	2019
Growth in customer loans	3.3	4.2	8.1	5.4	4.5
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	44.2	46.0	40.9	47.6
Total managed assets/adjusted common equity (x)	12.7	13.0	12.8	12.0	11.3
New loan loss provisions/average customer loans	0.0	0.0	0.0	0.1	0.0
Gross nonperforming assets/customer loans + other real estate owned	1.4	1.4	1.6	2.0	0.0
Loan loss reserves/gross nonperforming assets	44.6	44.6	41.3	36.4	N.M.

*Data as of June 30, 2023. RWA--Risk-weighted asset. N/A--Not applicable. N.M.--Not meaningful.

Table 6

Basellandschaftliche Kantonalbank--Funding and liquidity

	2023*	2022	2021	2020	2019
Core deposits/funding base	69.0	67.9	69.1	69.6	71.1
Customer loans (net)/customer deposits	118.9	115.6	115.8	118.0	120.4
Long-term funding ratio	92.4	90.5	90.8	91.6	92.3
Stable funding ratio	116.9	119.6	118.6	117.4	114.2
Short-term wholesale funding/funding base	8.3	10.3	10.0	9.1	8.4
Regulatory net stable funding ratio	150.0	150.4	145.7	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	2.9	2.7	2.6	2.7	2.6
Broad liquid assets/total assets	21.9	25.0	24.1	22.7	19.8
Broad liquid assets/customer deposits	34.9	40.2	38.2	35.9	30.9
Net broad liquid assets/short-term customer deposits	22.9	25.2	23.8	23.0	19.3
Regulatory liquidity coverage ratio (LCR) (x)	147.1	135.9	118.9	N/A	N/A
Short-term wholesale funding/total wholesale funding	26.9	32.2	32.4	30.1	29.2
Narrow liquid assets/3-month wholesale funding (x)	3.1	2.8	3.0	3.0	4.3

*Data as of June 30, 2023. N/A--Not applicable.

Basellandschaftliche Kantonalbank--Rating component scores

Issuer credit rating	**AA+/Stable/A-1+**
SACP	a+
Anchor	a-
Economic risk	1
Industry risk	3
Business position	Adequate
Capital and earnings	Very strong

Basellandschaftliche Kantonalbank--Rating component scores (cont.)	
Issuer credit rating	**AA+/Stable/A-1+**
Risk position	Adequate
Funding	Adequate
Liquidity	Strong
Comparable ratings analysis	0
Support	+3
ALAC support	0
GRE support	+3
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- European Housing Markets: Forecast Brightens Amid Ongoing Correction, Jan. 25, 2024
- Banking Industry Country Risk Assessment: Switzerland, Aug. 18, 2023
- Basellandschaftliche Kantonalbank, Feb. 17, 2023

Ratings Detail (As Of February 28, 2024)*	
Basellandschaftliche Kantonalbank	
Issuer Credit Rating	AA+/Stable/A-1+
Senior Unsecured	AA+
Issuer Credit Ratings History	
09-Nov-2022	AA+/Stable/A-1+
09-Nov-2021	AA/Positive/A-1+
01-Dec-2014	AA/Stable/A-1+

Ratings Detail (As Of February 28, 2024)*(cont.)	
Sovereign Rating	
Switzerland	AAA/Stable/A-1+
Related Entities	
Basel-Country (Canton of)	
Issuer Credit Rating	AAA/Stable/A-1+
Senior Unsecured	AAA

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.