

Ratings Affirmed At 'AAA' On The Mortgage Society of Finland's Mortgage Covered Bonds Following Review; Outlook Stable

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OVERVIEW

- As part of our ongoing surveillance, we have reviewed our ratings on The Mortgage Society of Finland's mortgage covered bond program and related issuances.
- The program's available credit enhancement and features remain commensurate with the currently assigned ratings.
- We are therefore affirming our 'AAA' ratings on the covered bond program and related issuances.
- The stable outlook reflects that the ratings incorporate one unused notch of uplift.

MADRID (S&P Global Ratings) May 30, 2017--S&P Global Ratings today affirmed its 'AAA' ratings on the mortgage covered bonds issued by The Mortgage Society of Finland. The outlook on the ratings is stable.

We have conducted a credit and cash flow analysis based on our criteria for analyzing residential mortgage collateral in Finnish covered bonds, our commercial real estate criteria, and our criteria for rating covered bonds (see "Related Criteria").

Based on our credit and cash flow results, we consider the overcollateralization available to support The Mortgage Society of Finland's

mortgage covered bond program to be commensurate with our 'AAA' ratings on the program and its related issuances.

There are no rating constraints related to counterparty, legal, country, or administrative and operational risks.

The stable outlook on the mortgage covered bonds reflects that we would not automatically lower our ratings on the covered bonds following a downgrade of the issuer. This is because the program benefits from one unused notch of uplift.

POTENTIAL EFFECTS OF PROPOSED CRITERIA CHANGES

Our ratings are based on our applicable criteria, including our "Covered Bonds Criteria," published on Dec. 9, 2014.

However, the resolution regime analysis section of these criteria is under review (see "Request For Comment: Methodology For Incorporating The Effect Of Resolution Regimes Into Covered Bond Ratings," and "Request for Comment: Methodology For Assigning Financial Institution Resolution Counterparty Ratings," both published on Jan. 31, 2017).

As a result of this review, we may amend certain paragraphs of our covered bonds criteria. This change may affect the ratings on the outstanding covered bonds issued under this covered bond program. Until this time, we will continue to rate and surveil these covered bonds using our existing criteria (see "Related Criteria").

RELATED CRITERIA

- Criteria - Structured Finance - General: Methodology And Assumptions: Assessing Pools Of European Residential Loans, Dec. 23, 2016
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016
- Criteria - Structured Finance - Covered Bonds: Counterparty Risk Analysis In Covered Bonds, Dec. 21, 2015
- Criteria - Structured Finance - Covered Bonds: Covered Bond Ratings Framework: Methodology And Assumptions, June 30, 2015
- Criteria - Structured Finance - Covered Bonds: Methodology And Assumptions: Analyzing European Commercial Real Estate Collateral In European Covered Bonds, March 31, 2015
- Criteria - Structured Finance - Covered Bonds: Covered Bonds Criteria, Dec. 9, 2014
- Legal Criteria: Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010

- General Criteria: Understanding Standard & Poor's Rating Definitions, June 3, 2009

RELATED RESEARCH

- Global Covered Bond Characteristics And Rating Summary Q1 2017, April 20, 2017
- Request For Comment: Methodology For Incorporating The Effect Of Resolution Regimes Into Covered Bond Ratings, Jan. 31, 2017
- Request For Comment: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, Jan. 31, 2017
- Banking Industry Country Risk Assessment: Finland, Jan. 30, 2017
- The Mortgage Society of Finland, Sept. 19, 2016
- Assessments For Target Asset Spreads According To Our Covered Bonds Criteria, Aug. 15, 2016
- Assessments For Jurisdictional Support According To Our Covered Bonds Criteria, July 20, 2016

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