

The Mortgage Society Of Finland Covered Bonds Outlook Revised To Stable; 'AAA' Ratings Affirmed

January 29, 2021

Overview

- On Jan. 22, 2021, we revised the outlook on The Mortgage Society of Finland ("Suomen Hypoteekkiyhdistys") to stable from negative, and affirmed our 'BBB/A-2' long- and short-term issuer credit ratings.
- The ratings on the covered bonds issued by The Mortgage Society of Finland have no unused notches of ratings uplift.
- We are therefore revising the outlook on The Mortgage Society of Finland's covered bond program and related issuances to stable from negative.
- The stable outlook on The Mortgage Society of Finland's covered bonds reflects the stable outlook on its long-term issuer credit rating.
- At the same time, we have affirmed our 'AAA' ratings on the covered bond program and related issuances.

PRIMARY CREDIT ANALYST

Natalie Swiderek
Madrid
+ 34 91 788 7223
natalie.swiderek
@spglobal.com

MADRID (S&P Global Ratings) Jan. 29, 2021--S&P Global Ratings today revised its outlook on The Mortgage Society of Finland's ("Suomen Hypoteekkiyhdistys") covered bonds to stable from negative. At the same time, we have affirmed our 'AAA' ratings on the covered bond program and related issuances.

Today's rating actions follow the Jan. 22, 2021, revision to stable from negative of the outlook on The Mortgage Society of Finland (see "Outlooks On Seven Finnish Banks Revised Due To Their Resilience In The COVID-19-Induced Downturn").

Under our covered bonds criteria, the issuer credit rating on The Mortgage Society of Finland is the starting point from which we determine any potential notches of uplift to arrive at the ratings on the covered bonds. Accordingly, the 'AAA' ratings reflect our rating reference level (RRL) of 'a-', the jurisdiction-supported rating level (JRL) of 'aa-', and the available overcollateralization, which together with the covered bonds' soft-bullet maturity and The Mortgage Society of Finland's publicly stated commitment to maintain overcollateralization consistent with the current rating, allows for four notches of collateral-based uplift above the JRL. The covered bonds make use of three notches of uplift to achieve a 'AAA' rating. There are no unused notches of ratings uplift in this program as a one-notch downgrade of The Mortgage Society of Finland would trigger a downgrade of its covered bonds by application of our counterparty risk criteria, all else being equal.

The Mortgage Society Of Finland Covered Bonds Outlook Revised To Stable; 'AAA' Ratings Affirmed

Therefore, following the outlook revision to stable from negative on The Mortgage Society of Finland's long-term issuer credit rating, we are revising the outlook on its covered bond program and related issuances to stable from negative.

The ratings on the covered bonds are not constrained by counterparty, sovereign, legal, and operational risks, in our view.

As vaccine rollouts in several countries continue, S&P Global Ratings believes there remains a high degree of uncertainty about the evolution of the coronavirus pandemic and its economic effects. Widespread immunization, which certain countries might achieve by midyear, will help pave the way for a return to more normal levels of social and economic activity. We use this assumption about vaccine timing in assessing the economic and credit implications associated with the pandemic (see our research here: www.spglobal.com/ratings). As the situation evolves, we will update our assumptions and estimates accordingly.

Related Criteria

- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- 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
- Criteria | Structured Finance | General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Outlooks On Seven Finnish Banks Revised Due To Their Resilience In The COVID-19-Induced Downturn, Jan. 22, 2021
- S&P Global Ratings Definitions, Jan. 5, 2021
- Global Covered Bond Insights Q4 2020, Dec. 17, 2020
- Global Covered Bond Characteristics And Rating Summary Q4 2020, Dec. 17, 2020
- Assessments For Jurisdictional Support According To Our Covered Bonds Criteria, Nov. 27, 2020

The Mortgage Society Of Finland Covered Bonds Outlook Revised To Stable; 'AAA' Ratings Affirmed

- Assessments For Target Asset Spreads According To Our Covered Bonds Criteria, Nov. 27, 2020
- Global Outlook Report Says Policy Intervention Will Reshape The Role Of Covered Bonds In 2021, Nov. 25, 2020
- Transaction Update: The Mortgage Society of Finland (Mortgage Covered Bond Program), May 7, 2020
- S&P Global Ratings' Covered Bonds Primer, June 20, 2019
- Glossary Of Covered Bond Terms, April 27, 2018

Copyright © 2021 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. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

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 acknowledgment 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 acknowledgment 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 non-public 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 (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.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.