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The Mortgage Society of Finland

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The Mortgage Society of Finland

SACP	bbb	+	Support	0	+	Additional Factors	0

Anchor	a-	
Business Position	Weak	-2
Capital and Earnings	Very Strong	+2
Risk Position	Moderate	-1
Funding	Below Average	-1
Liquidity	Adequate	

ALAC Support	0
GRE Support	0
Group Support	0
Sovereign Support	0

Issuer Credit Rating
BBB/Stable/A-2

Credit Highlights

Overview

Key strengths	Key risks
Very strong risk-adjusted capitalization (RAC).	Monoline business model as pure residential mortgage financer.
Strong asset quality and exceptional loan-loss track record in the past decades.	Concentration and cyclical risk in the lending book.
Very conservative lending and underwriting standards with a focus on urban areas.	Less stable deposit base than domestic peers.

We expect The Mortgage Society of Finland (Hypo) will continue to demonstrate superior asset quality and an exceptional loan-loss track record also following the COVID-19-induced downturn. The company's conservative underwriting and pure focus on residential mortgage lending in growth centers in Finland, with low loan-to-value ratios of 33.9%, continues to translate into superior asset quality compared with domestic peers. This is underpinned by a nonperforming loan (NPL) ratio of only 0.10% as of March 31, 2021. We do not expect the installment-free periods offered amid COVID-19 will lead to any meaningful weakening of asset quality and project marginal loan loss provisions through 2023.

We continue to see Hypo's robust capitalization as a key rating strength. Hypo's very strong capitalization, with a RAC ratio of 18.3% as of year-end 2020, and its highly collateralized loan book, will in our view provide a robust buffer against unexpected asset quality risks stemming from the pandemic. We observe that Hypo's loan production slowed in 2020 due to selective underwriting and the ongoing overhaul of its core banking platform, but we expect the company will resume loan growth over the next two years.

Although Hypo has gradually diversified its funding profile the deposit base remains less stable than that of domestic universal bank peers. This reflects Hypo's predominantly wholesale funding profile, with covered bonds representing 42% of total funds on March 31, 2021. Core customer deposits constitute about half of the funding base and are mainly from housing companies and institutional clients, which we consider in general to be less stable than retail deposits in times of stress. That said, we expect Hypo will maintain a sound liquidity management.

Outlook: Stable

The outlook reflects our view that Hypo will remain resilient following the COVID-19 downturn, supported by the bank's conservative underwriting standards, stable high asset quality, and very strong capitalization. It also reflects our view that noteworthy changes to the bank's capital management are unlikely over the next two years.

Downside scenario

We could lower the rating on Hypo in the next 12-24 months if it unexpectedly changes its current conservative lending policies or if it fails to maintain its very strong capital, for example, via more ambitious business growth without corresponding earning improvements.

Upside scenario

We could raise the rating if the bank's funding profile improves, demonstrated by a more diversified funding mix and funding metrics in line with domestic peers. Furthermore, a reassessment of the combined capital and earnings and risk position could be warranted if the bank continues to demonstrate better resilience amid this COVID-19-induced downturn compared with peers.

Key Metrics

Mortgage Society of Finland (The) Key Ratios And Forecasts

	--Fiscal year ended Dec. 31 --				
(%)	**2019a**	**2020a**	**2021f**	**2022f**	**2023f**
Growth in operating revenue	13.6	8.6	3.0-3.6	5.1-6.0	5.1-6.0
Growth in customer loans	(0.1)	(2.9)	3.6-4.2	7.2-8.4	3.6-4.2
Growth in total assets	3.8	(0.5)	3.2-3.8	5.9-6.9	3.1-3.6
Net interest income/average earning assets (NIM)	0.5	0.5	0.5-0.6	0.5-0.6	0.5-0.6
Cost to income ratio	59.6	63.9	62.1-65.3	60.5-63.6	59.0-62.0
Return on average common equity	5.5	4.9	4.5-4.9	4.8-5.3	5.0-5.5
Return on assets	0.2	0.2	0.2-0.3	0.2-0.3	0.2-0.3
New loan loss provisions/average customer loans	N.M.	0.0	0.0-0.0	0.0-0.0	0.0-0.0
Gross nonperforming assets/customer loans	0.1	0.1	0.1-0.1	0.1-0.1	0.1-0.1
Risk-adjusted capital ratio	16.9	18.3	17.2-18.1	16.8-17.6	17.2-18.1

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast. N.M.--Not meaningful.

Anchor: 'a'- For Banks Operating Purely In Finland

Under our bank criteria, we use our Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores to determine the anchor, the starting point for our bank rating. The anchor for Hypo is 'a-', in line with that for commercial banks based in Finland. We classify Finland's banking sector in group '2' under our BICRA, alongside Sweden, Norway, Belgium, and Switzerland. Our assessment of the economic and industry risk trends for Finland's BICRA are stable.

We view Finland as an innovative, wealthy, and small open economy, with mature political and institutional structures. In our view, the Finnish economy has fared better than expected during the COVID-19 pandemic. Finland experienced a moderate GDP contraction of 2.9% in 2020, and we project a rebound of 2% in 2021, settling at about 1.5% growth thereafter. This owes to the government's firm management of the pandemic, strong social welfare, effective and wide-ranging policy responses, and society's advanced digital preparedness. The economy adapted quickly to remote working, owing to advanced digitalization; and manufacturing production and construction continued throughout national lockdowns. At the same time, temporary furloughs took the burden off companies and the decline in investments was lower than we anticipated. We expect private consumption--which has quickly bounced back after lockdowns--and the expansionary fiscal policy to be the backbones of recovery in 2021. Therefore, the economic challenges from COVID-19, and the associated risks for the banking sector, have abated in our view.

We do not see material economic imbalances in the Finnish economy because housing market activity normalized after the lockdowns and nationwide house prices remain stable. However, increasing private sector debt--in particular at households--could lead to higher credit losses for banks. Still, in our base-case scenario, we forecast moderate credit losses despite increased bankruptcies, active use of loan installment-free periods, and more muted credit demand.

In our view, regulatory standards and bank supervision in Finland are in line with those of European peers. The banking sector is dominated by the two major banking groups, OP Financial Group and Nordea, and underpinned by intense competition and low lending margins, but we believe the overall profitability and capitalization will remain resilient even after the COVID-19-related dip in profitability in 2020. We also expect banks will maintain their restrained risk appetite. We therefore view the Finnish banking sector as well prepared to weather the current shock. We believe that the risk of technology disruption remains moderate given the banks' digital customer offerings and ongoing investment in innovation.

In our view, the dependence on external funding makes Finnish banks vulnerable to changes in confidence sensitivity, but they continue to demonstrate good access to capital markets. Also, the Nordic banking system remains highly interconnected, which results in potential spillover risks from external events.

Business Position: Monoline Profile As Residential Mortgage Financer In Finland

Our assessment of Hypo's business position reflects our view of the bank as a small monoline player with a concentrated niche market position focused purely on residential mortgage lending to households and housing companies. Our expectation of continued business stability from Hypo's operations partly offsets its concentrated business profile, and we expect the bank will produce resilient core earnings through 2023.

Hypo, with total assets of €3.5 billion and a loan portfolio of €2.6 billion as of March 31, 2021, is a licensed bank and a mutual company operating under Finland's Act on Mortgage Societies and is governed by its members. The bank has a marginal market share of roughly 0.7% in Finnish home mortgages and 1% in the total lending market in 2020. Hypo grants long-term loans to Finnish households (31% of portfolio) and housing companies (67% of portfolio) solely against a mortgage or other safeguarding collateral. The remaining portfolio are loans to housing investors. The bank is active only in Helsinki, southern Finland, and specified growth centers in the rest of the country and hereby well positioned to benefit from the ongoing urbanization trend. Hypo operates solely from its headquarters in Helsinki, and had 55 employees in March 2021.

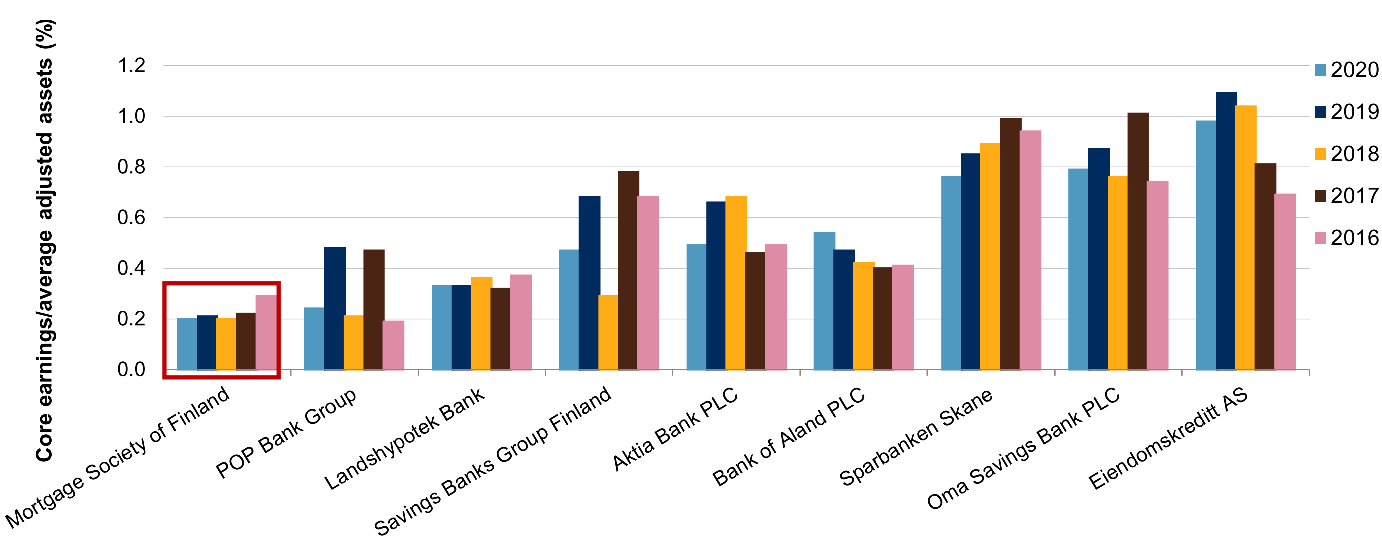
We view Hypo's narrow product focus on residential mortgage lending as the main constraint of its business model, which may expose the bank to potential volatility in the real estate market in Finland. Notwithstanding the concentrations in Hypo's business profile, we consider management to have a conservative approach to managing risks and overall a very low risk appetite. The bank's conservative culture is also underpinned by its mutual legal structure, which subordinates short-term financial profitability targets. We do not anticipate any changes to Hypo's strategy, which is clearly defined by the Act of Mortgage Societies.

We expect Hypo's revenue split will remain fairly unchanged in the foreseeable future. At first-quarter 2021, lending operations on Finnish residential mortgages and to housing companies accounted for 72% of total operating revenue and fee and commission income from residential property trustee services amounted to 6%. In addition, income from treasury operations contributed 8% and income from investments in housing and land property owned by Hypo continued to form 12% of the income.

Despite the simple operating structure the bank's cost-to-income ratio of 63.9% in 2020 (82.4% at first-quarter 2021, including resolution fund contribution) is weaker than the domestic average. We expect the ongoing information technology investments in core-banking systems renewal will inflate the operating costs over the next two years, weighing on Hypo's cost-to-income ratio through 2023.

Chart 1

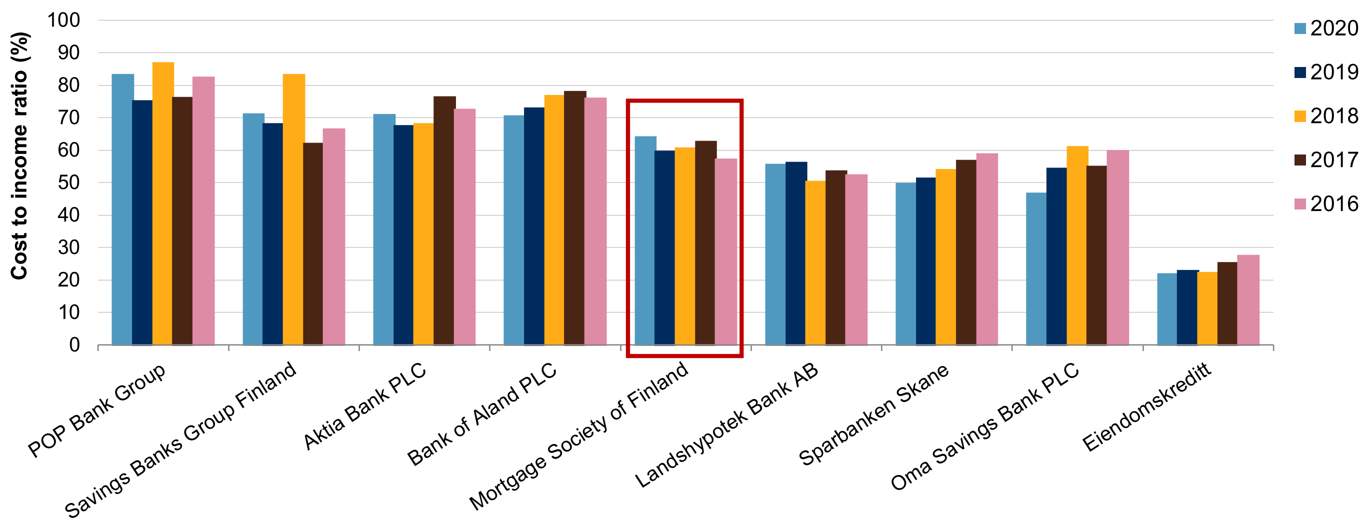
Hypo's Low-Risk Lending Translates Into Low Core Profitability Compared With Peers



*Latest available data as of Q12021. Source: S&P Global Ratings.

Chart 2

Hypo's Overhaul Of Its Banking Platform Is Weighing On Operating Efficiency



*Latest available data as of Q12021. Source: S&P Global Ratings.

Capital And Earnings: Robust Capitalization Supported By Profit Retention As A Mutual Company

We project Hypo's capital and earnings will remain very strong over the next two years. This is mainly based on our expectation that our projected RAC ratio for the bank will be in the 17.0%-17.5% range throughout 2023. As of Dec. 31, 2020, the bank's RAC ratio increased to 18.3% on the back of the lower loan book and similar decrease in S&P Global Ratings' risk-weighted assets.

We expect Hypo's lending growth will amount to 4%-6% through 2023 coupled with Hypo's focus on maintaining relatively stable but low margins. The loan growth will be fairly balanced between retail and housing company loans, confirming Hypo's low risk appetite. We anticipate that Hypo's margins will continue to benefit from declining funding costs; the net interest margin equaled 0.58% as of first-quarter 2021.

Net interest income and net fee and commission income constitute a major part of the bank's revenue, while stable income from property holdings constitutes a minor part. Although Hypo's income stream from property holdings---mainly buy-to-let residences and parking spaces--is unusual compared with domestic bank, we think Hypo holds high-quality assets, and does not display an opportunistic approach to achieving quick market value gains.

As a mutual company, Hypo does not pay dividends. Consequently, the retained profits are solely used for capital build-up which we project to be relatively stable over 2023. Furthermore, we expect the return on average equity will be about 5.00%-5.25% by 2023 once operating costs stabilize (4.9% in 2020 and 2.3% in first-quarter 2021), and thereby remains lower than those of domestic peer banks.

Although Hypo's capital base consists solely of core capital, we consider its quality of capital to be somewhat weaker than rated peers because of the small absolute size of its capital base and its somewhat limited financial flexibility to raise additional core capital in the market. We consider this weakness to be captured in our combined view of Hypo's capital and risk position.

We consider that Hypo's regulatory capital position reflects our views. Hypo comfortably met its current regulatory capital requirements with a common equity tier 1 ratio of 13.5% as of March 31, 2021, calculated under standardized method.

Risk Position: Exceptional Asset Quality And Loan-Loss Track Record, But Some Concentration Risk

We view positively Hypo's focus on very low risk lending--consisting of mortgage loans to domestic retail customers and housing companies--and the high granularity in its loan portfolio book. However, we still believe that the regionally focused mortgage loan book will expose the bank to concentration risk and makes it vulnerable to real estate price developments in some areas of Finland.

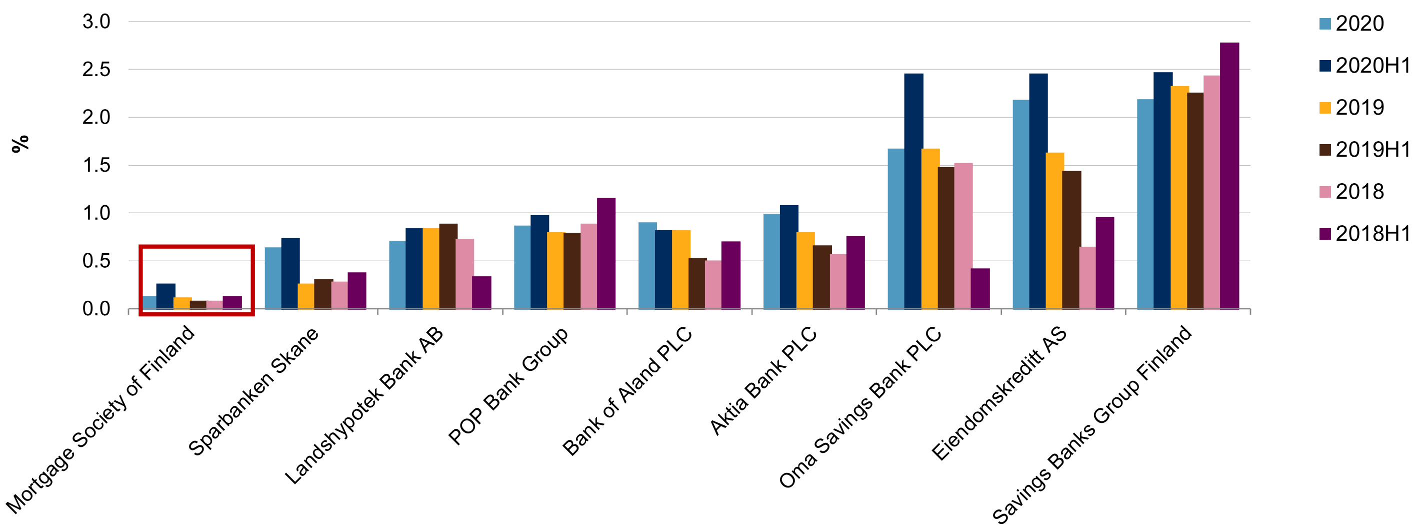
This concentration risk is partly mitigated by Hypo's conservative underwriting standards, which we do not expect the bank to compromise. The bank's loan book of €2.6 billion on March 31, 2021, demonstrates strong asset quality underpinned by high collateralization. The average loan-to-value ratio stood at 33.9% on March 31, 2021, which we assess to be very low and more conservative than many specialized mortgage lenders in the Nordics. Furthermore, Hypo's loans are almost entirely amortizing.

We understand that since the Finnish Banking Crisis in the 1990s, Hypo has not experienced credit losses from housing companies, housing companies with properties under construction, or housing investors, which demonstrates the bank's risk approach. Hypo's loan-loss track record in recent decades and amid the COVID-19-induced downturn is outstanding compared with peers', in our view.

Chart 3

Hypo Demonstrates Superior Asset Quality, Despite COVID-19 Stress

Gross nonperforming assets to customer loans + other real estate owned



Source: S&P Global Ratings.

We do not expect the bank will abandon its conservative lending policies and high collateralization for targeted loan growth. Furthermore, the bank offered only selectively installment-free periods and the impact on its forborne loans is small so far. We therefore anticipate that Hypo will continue demonstrating an exceptional loan-loss track record through 2023 with no meaningful repercussions from COVID-19. We anticipate that total nonperforming loans will remain close to the current levels of €2.5 million or 0.10% of the loan portfolio as of March 31, 2021--well below the average of peer banks.

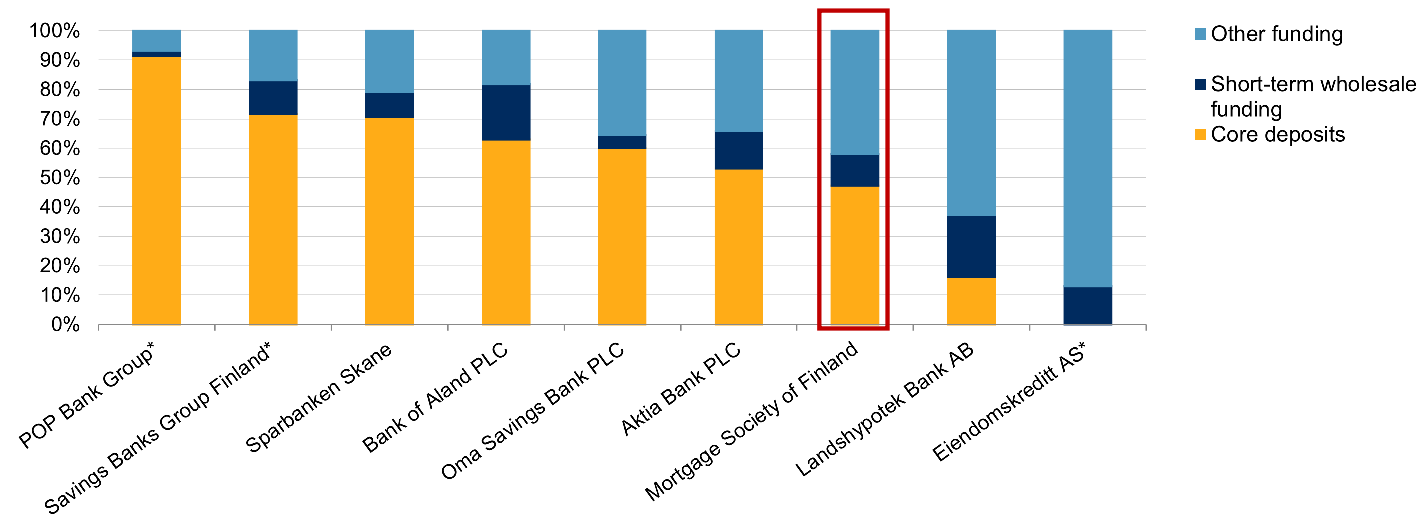
Funding And Liquidity: Matched Funding Profile But Elevated Dependence On Wholesale Funding

In our view, Hypo's funding profile remains more confidence-sensitive and prone to volatility during adverse market and economic conditions than domestic peers'. This reflects Hypo's predominantly wholesale funding profile, with covered bonds representing 42% of total funds on March 31, 2021. Hypo issued a €300 million covered bond in March increasing the total volume to €1,750 million. Through the issuance of covered bonds, Hypo continues to improve its funding maturity, resulting in a well-matched funding profile.

Core customer deposits constituted about 47% of the funding base as of March 31, 2021, and are mainly from housing companies and institutional clients, which we consider in general to be less stable than retail deposits in times of stress. Hypo's customer loans to customer deposits at 165% is weaker than for the Finnish banking system and its peer banks.

Chart 4

Hypo Continues To Diversify Its Funding Base While Core Deposits Remain Below Peers'



Source: S&P Global Ratings. Data as of Q12021. *Data as of Dec. 31, 2020.

Overall, we expect Hypo to demonstrate a sound stable funding ratio, which was 115% as of March 31, 2021. Asset encumbrance has increased somewhat during the past years because of covered bond issuances, but we believe Hypo will have the appetite and capacity for further issuances.

We consider Hypo's liquidity adequate. On March 31, 2021, Hypo had a liquidity position of about €807 million (23% of total assets), consisting mainly of cash at the Finnish Central Bank and European Central Bank-eligible debt securities with a credit rating of at least 'AA-'. We believe that under stressful conditions involving the closure of capital markets, Hypo could survive for more than six months without dependence on central bank operations. Moreover, Hypo's broad liquid assets to short-term wholesale funding multiple equaled a comfortable 2.3x on March 31, 2021. Hypo's adequate liquidity profile is also demonstrated by its liquidity coverage ratio of 213.7% as of March 31, 2021, satisfying the regulatory minimum of 100% by a large margin.

That said, we note that Hypo's monoline business model, small size, and relatively high share of wholesale funding may require stronger liquidity buffers in a stress event than larger, more diversified peers. We could therefore negatively assess Hypo's liquidity profile if the bank manages its liquidity buffers more aggressively, leading to a substantial weakening of its liquidity ratios.

Support: No Uplift For External Support And No Resolution Counterparty Ratings

In our view, Finland has had a fully fledged resolution regime in place since January 2016. Since Hypo has low systemic importance, we believe it is unlikely to be subject to a well-defined bail-in process. Therefore, we do not consider the additional loss-absorbing criteria to be applicable, nor do we think that Hypo is eligible for our resolution counterparty rating (RCR). RCRs recognize the default risk of certain bank liabilities that rank senior to other liabilities in a resolution. In our view, the response to a non-viability of Hypo will not be a bail-in resolution.

Environmental, Social, And Governance

We consider ESG factors for Hypo as broadly in line with those of industry and domestic peers, and expect the company will formalize its ESG framework over the next two years

We believe that Hypo's focus on providing purely residential mortgages and housing company loans, in particular for renovation purposes, will aid extending the life of buildings and thereby be supportive of general environmental goals.

Social factors remain neutral for our credit assessment of Hypo. We see the maintenance of a sound and reliable corporate governance as critical for Hypo. As a mutual company operating under the Act of Mortgage Societies, it remains governed by its member customers and provides financing and other services for the benefit of its owners. Overall, we consider the bank to have a stable senior management team and business strategy, and exhibits effective execution and internal control.

Key Statistics

Table 1

The Mortgage Society of Finland--Key Figures

		--Year-ended Dec. 31--			
(Mil. €)	**2021***	**2020**	**2019**	**2018**	**2017**
Adjusted assets	3,495.9	3,206.2	3,227.0	3,111.0	2,789.7
Customer loans (gross)	2,586.5	2,511.2	2,586.4	2,589.3	2,212.9
Adjusted common equity	129.3	129.2	125.4	118.7	113.1
Operating revenues	6.2	22.5	20.7	18.2	17.7
Noninterest expenses	5.1	14.4	12.3	11.0	11.1
Core earnings	0.8	6.6	6.8	5.9	5.5

*Data as of March 31.

Table 2

The Mortgage Society of Finland--Business Position

		--Year-ended Dec. 31--			
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Loan market share in country of domicile	N/A	1.0	1.0	1.1	1.0
Deposit market share in country of domicile	N/A	0.8	1.0	1.1	1.0
Total revenues from business line (mil. €)	6.2	22.5	20.7	18.2	17.8
Commercial & retail banking/total revenues from business line	100.0	100.0	100.0	99.3	97.8
Other revenues/total revenues from business line	N/A	N/A	N/A	0.7	2.2

Table 2

The Mortgage Society of Finland--Business Position (cont.)

		--Year-ended Dec. 31--			
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Return on average common equity	2.3	4.9	5.5	5.0	4.9

*Data as of March 31. N/A--Not applicable.

Table 3

The Mortgage Society of Finland--Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Tier 1 capital ratio	13.5	13.9	13.4	12.1	12.7
S&P Global Ratings' RAC ratio before diversification	N/A	18.3	16.9	15.9	17.1
S&P Global Ratings' RAC ratio after diversification	N/A	10.2	10.0	9.0	9.7
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	65.3	64.8	69.8	67.7	50.8
Fee income/operating revenues	14.1	16.4	17.2	20.8	19.9
Market-sensitive income/operating revenues	8.4	4.1	(0.5)	(4.5)	12.1
Cost to income ratio	82.4	63.9	59.6	60.6	62.5
Preprovision operating income/average assets	0.1	0.3	0.3	0.2	0.3
Core earnings/average managed assets	0.1	0.2	0.2	0.2	0.2

*Data as of March 31. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

The Mortgage Society of Finland--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 & central banks	572,414,700	0	0	7,110,340	1
Of which regional governments and local authorities	118,733,143	0	0	4,274,393	4
Institutions and CCPs	63,318,823	23,702,048	37	10,502,681	17
Corporate	54,513,578	20,866,444	38	10,510,115	19
Retail	2,519,950,312	735,429,731	29	583,110,191	23
Of which mortgage	2,467,135,958	725,808,150	29	572,128,829	23
Securitization§	0	0	0	0	0
Other assets†	61,977,739	60,579,597	98	61,313,692	99
Total credit risk	3,272,175,152	840,577,820	26	672,547,019	21
Credit valuation adjustment					
Total credit valuation adjustment	--	6,867,975	--	0	--
Market risk					
Equity in the banking book	132,375	132,375	100	1,323,748	1,000
Trading book market risk	--	0	--	0	--
Total market risk	--	132,375	--	1,323,748	--

Table 4

The Mortgage Society of Finland--Risk-Adjusted Capital Framework Data (cont.)

Operational risk					
Total operational risk	--	39,900,763	--	33,332,223	--

	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings' RWA**	**% of S&P Global Ratings' RWA**
Diversification adjustments					
RWA before diversification	--	887,478,932	--	707,202,991	100
Total diversification/concentration adjustments	--	--	--	556,165,768	79
RWA after diversification	--	887,478,932	--	1,263,368,759	179

	Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings' RAC ratio (%)**
Capital ratio				
Capital ratio before adjustments	123,771,332	13.9	129,238,400	18.3
Capital ratio after adjustments‡	123,771,332	13.9	129,238,400	10.2

*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. Sources: Company data as of Dec. 31 2020, S&P Global Ratings.

Table 5

The Mortgage Society of Finland--Risk Position

		--Year-ended Dec. 31--			
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Growth in customer loans	12.0	(2.9)	(0.1)	17.0	22.5
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	78.6	68.2	77.1	76.5
Total managed assets/adjusted common equity (x)	27.1	24.9	25.8	26.2	24.7
New loan loss provisions/average customer loans	(0.0)	0.0	0.0	0.0	(0.0)
Gross nonperforming assets/customer loans + other real estate owned	0.1	0.1	0.1	0.1	0.1
Loan loss reserves/gross nonperforming assets	8.2	11.3	9.1	20.1	9.7

*Data as of March 31. N/A--Not applicable. RWA--Risk-weighted assets.

Table 6

The Mortgage Society of Finland--Funding And Liquidity

		--Year-ended Dec. 31--			
(%)	**2021***	**2020**	**2019**	**2018**	**2017**
Core deposits/funding base	47.3	51.9	53.6	58.2	58.2
Customer loans (net)/customer deposits	165.4	160.7	158.8	150.7	143.6
Long-term funding ratio	89.7	88.7	96.2	94.4	87.7
Stable funding ratio	115.1	107.3	110.2	108.0	104.1
Short-term wholesale funding/funding base	10.7	11.8	3.9	5.8	12.8
Broad liquid assets/short-term wholesale funding (x)	2.3	1.7	3.7	2.5	1.4
Net broad liquid assets/short-term customer deposits	49.4	14.9	20.1	15.2	9.1
Short-term wholesale funding/total wholesale funding	20.3	24.5	8.5	13.9	30.7

Table 6

The Mortgage Society of Finland--Funding And Liquidity (cont.)

		--Year-ended Dec. 31--			
(%)	2021*	2020	2019	2018	2017
Narrow liquid assets/3-month wholesale funding (x)	2.4	21.1	77.7	5.3	12.0

*Data as of March 31.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- Risk-Adjusted Capital Framework Methodology, July 20, 2017
- Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Bank Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- EMEA Financial Institutions Monitor 3Q2021: Resilience Amid The Search For Stronger Profitability, July 16, 2021
- Banking Industry Country Risk Assessment: July 2021, July 29, 2021
- Transaction Update: The Mortgage Society of Finland (Mortgage Covered Bond Program), May 27, 2021
- SLIDES: Nordic Banks: Strong Fundamentals And Digital Preparedness Shield Against COVID-19 Stress, Feb. 18, 2021
- Banking Industry Country Risk Assessment: Finland, Feb. 9, 2021
- The Mortgage Society Of Finland Covered Bonds Outlook Revised To Stable; 'AAA' Ratings Affirmed, Jan. 29, 2021
- Outlooks On Seven Finnish Banks Revised Due To Their Resilience In The COVID-19-Induced Downturn, Jan. 22, 2021

Anchor Matrix

Industry Risk	Economic Risk									
	1	**2**	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	**a-**	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of July 30, 2021)*

Mortgage Society of Finland (The)	
Issuer Credit Rating	BBB/Stable/A-2
Senior Secured	AAA/Stable
Issuer Credit Ratings History	
22-Jan-2021	BBB/Stable/A-2
19-May-2020	BBB/Negative/A-2
26-Apr-2017	BBB/Stable/A-2
17-Nov-2016	BBB/Stable/A-3
Sovereign Rating	
Finland	AA+/Stable/A-1+

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