

Transaction Update:

The Mortgage Society of Finland (Mortgage Covered Bond Program)

May 28, 2026

Reference rating level	a-	Jurisdiction-supported rating level	aa-	Maximum achievable CB rating	aaa	Covered bond rating	
Resolution regime uplift	+2	Assigned jurisdictional support uplift	+3	Assigned collateral support uplift	+3	AAA/Stable	
Systemic importance	Very Strong	Jurisdictional support assessment	Very Strong	Over-collateralization adjustment	0	Rating constraints	aaa
Resolution counterparty rating	N/A			Liquidity adjustment	0	Sovereign risk	aaa
Issuer credit rating	BBB			Potential collateral-based uplift	+4	Counterparty risk	aaa

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Number of unused notches: 1

Credit Highlights

Overview

Key strengths

The cover pool comprises well-seasoned Finnish mortgage loans with lower current loan-to-value (LTV) ratios than other specialized mortgage lenders in the Nordics.

The program benefits from one unused notch that would protect the covered bond rating if we were to lower the long-term issuer credit rating (ICR) on the issuer.

The bond's soft-bullet repayment profile mitigates liquidity risk. Furthermore, the issuer is committed to maintain an overcollateralization level consistent with the 'AAA' ratings.

Key risks

About 74% of the pool comprises loans to housing companies, posing a higher risk to the program's creditworthiness than residential mortgages.

Obligor concentration within the sub portion of housing company loans, with the largest 10 borrowers representing 10.2% of the covered bond's balance (1.8% after considering excess spread).

The application of our updated covered bonds criteria allows the program to achieve 'AAA' ratings based on the coverage of 'AAA' credit risk and 50% refinancing costs. In our previous

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analysis, apart from credit risk, the program required a 75% coverage of refinancing costs to attain 'AAA' ratings (see "[Methodology For Rating Covered Bonds](#)," July 25, 2025).

Our assessment of 'AAA' credit risk and target credit enhancement (TCE) improved under our updated covered bonds criteria. As of March 2026, the amount of cover pool assets considerably decreased, following the redemption of two out of the three covered bonds outstanding in the program in our previous analysis. The credit quality of the mortgages in the portfolio, comprising loans to housing associations and retail clients, slightly deteriorated mainly due to the cover pool's concentration in higher LTV ratios. However, the excess spread in the program increased and the application of our updated criteria resulted in the removal of spread compression and basis risk stresses from our analysis. Furthermore, the application of lower target and base-case asset spreads also positively affected the program's cash flow results. As a result, 'AAA' credit risk decreased to 1.81% from 3.6% previously and the TCE decreased to 2.5% from 26% previously. We define TCE as the overcollateralization commensurate with the maximum collateral-based uplift.

Our counterparty risk assessment does not constrain the rating on the covered bond.

Considering the issuer's reference rating level (RRL) is 'bbb', we rely on the issuer's ability to manage the counterparty risk associated with its bank account providers.

The program benefits from one unused notch of ratings uplift. We could lower the ICR on the Mortgage Society of Finland by one notch without lowering the rating on the covered bond.

The banking sector shows resilience to economic risk. We view Finland as an innovative, wealthy, small, and open economy with mature political and institutional structures. Still, it remains vulnerable to external shocks and the high-interest-rate environment combined with inflation has pushed the economy to stagnation. Despite the economic challenges and heightened unemployment, we consider the risks Finnish banks face will be manageable over the next two years. We expect credit losses to remain contained because of Finnish banks' prudent underwriting standards, their focus on collateralized lending, the private sector's sound financial buffers, and Finland's strong social security system. Owing to robust capitalization, banks' resilience is unlikely to wane.

Banking industry risk is stable. In our view, regulatory standards and bank supervision in Finland are in line with those of European peers. The banking sector is dominated by two major banking groups, OP Pohjola and Nordea Bank Abp, and underpinned by intense competition and low lending margins. Even if policy rates have declined, overall sector profitability will likely remain strong and banks' risk appetites restrained. In our view, the risk of technology disruption to the Finnish banking system is moderate given banks' advanced digital customer offerings, high automation usage, and ongoing innovation investment. Despite the sector's reliance on external wholesale funding, which can be sensitive to market confidence, good access to capital markets and the increasing share of covered bond funding are likely to partly mitigate this risk. Moreover, the deposit base has been largely stable and continues to be the most important funding source for the wider banking sector (see "[Mortgage Society of Finland \(The\)](#)," Nov. 24, 2025 and "[Banking Industry Country Risk Assessment: Finland](#)," Dec. 16, 2025).

Outlook

The stable outlook on the 'AAA' ratings on Hypo's Covered Bond Act (CBA) mortgage covered bond program and related issuance reflects that we would not automatically lower the ratings if we were to lower our long-term ICR on Hypo by one notch, all else being equal.

Program Description

Table 1

Program overview*

Jurisdiction	Finland
Legal framework	Finnish Act on Mortgage Credit Bank Activities
Redemption profile	Soft-bullet
Underlying assets	Finnish Residential mortgages and housing company loans
Outstanding covered bonds (mil. €)	300
Available credit enhancement (Cover pool,%)	14.0
Credit enhancement commensurate with rating (%)	2.5
Legal overcollateralization (%)	2.0
Number of unused notches	1

*Based on data as of March 31, 2026.

Founded in 1860, Hypo is the oldest private credit institution in Finland. It is a licensed bank and a mutual company operating under Finland's Act on Mortgage Societies and is governed by its members. With total assets of €3.6 billion and a loan portfolio of €2.8 billion as of end 2025, Hypo is a small player in Finland's banking sector (market share of about 1% of total lending in Finland). Its focus is purely on low-risk residential mortgage lending to Finnish households and housing companies. Hypo is active in urban areas in Finland--Helsinki, southern Finland, and other growth centers--benefiting from ongoing urbanization trends.

This is Hypo's first covered bond program. It was set up in November 2016 to issue covered bonds under the Finnish Act on Mortgage Credit Bank Activities (688/2010, as amended) (the "MCBA Covered Bond Program"). The bank established in late 2022 a second program to issue covered bonds under Finland's Covered Bond Act (CBA), which we analyze separately (see "[The Mortgage Society Of Finland CBA Covered Bond Program](#)," Dec. 22, 2025).

Covered bonds are Hypo's main financing source, together with deposits, each making up about half of its total funding. The covered bonds constitute direct unconditional and unsubordinated debt obligations of Hypo and are secured by a cover pool of eligible assets including residential mortgage loans and loans to housing companies registered in the cover pool.

The covered bonds issued under the MCBA Covered Bond Program rank pari passu among themselves and do not relate to the CBA Covered Bond Program. Accordingly, they have a priority claim only on the assets registered in the MCBA Covered Bond Program.

The mortgage borrowers pay their loan installments into external bank accounts in Hypo's name or in the name of its wholly owned subsidiary. Hypo is committed to replace these accounts within 90 calendar days if the long-term ICRs on these external banks fall below 'BBB'.

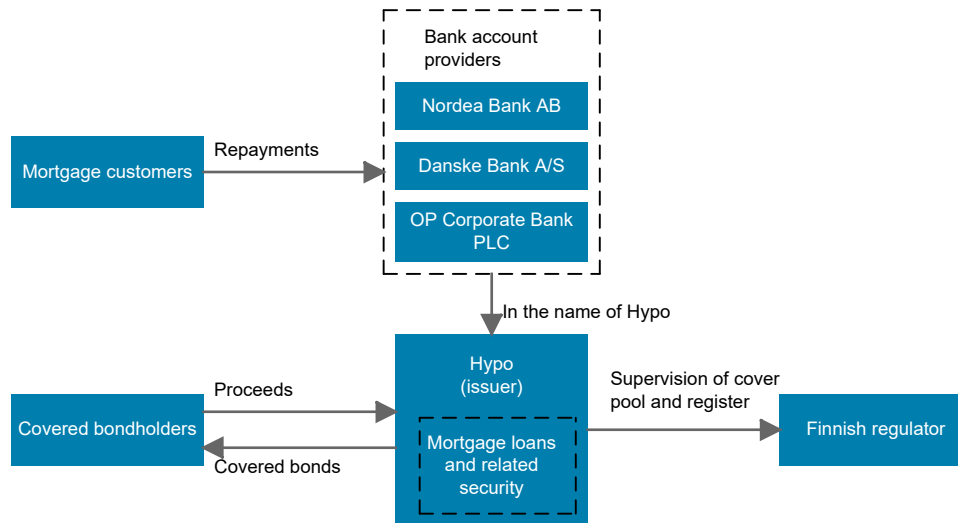
Mortgage loans are predominantly floating-rate paying, while the remaining outstanding covered bond pays a fixed interest rate. In our previous analysis, 40% of the covered bonds' balance was swapped into a floating interest rate through a derivative with Swedbank AB. However, the derivative agreement got terminated in March 2026, following the redemption of the covered bond it was tied to.

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The covered bond is subject to a 12-month maturity extension and benefit from Hypo's commitment to maintain overcollateralization sufficient to support a 'AAA' rating on the covered bond.

Our quarterly surveillance reports for this cover pool can be found [here](#).

Program structure



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Table 2

Program participants

Role	Name	Rating	Rating dependency
Issuer	The Mortgage Society of Finland	BBB/Stable/A-2	Yes
Originator	The Mortgage Society of Finland	BBB/Stable/A-2	No
Bank account provider	Nordea Bank Abp	AA-/Stable/A-1+	No
Bank account provider	Danske Bank A/S	A+/Stable/A-1	No
Bank account provider	OP Corporate Bank PLC	AA-/Stable/A-1+	No

Rating Analysis

Legal and regulatory risks

Finland implemented the Covered Bond Directive into national legislation via the CBA (151/2022). The CBA entered into force on March 11, 2022, and applies from July 8, 2022. It replaced the

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Finnish Act on MCBA (688/2010) (see "[A Closer Look At Finland's Covered Bond Framework](#)," Sept. 27, 2023).

Under this program, Hypo's outstanding covered bond was issued prior to July 8, 2022, and therefore continues to be governed by the MCBA. In our opinion, the MCBA sufficiently addresses the relevant legal aspects of our updated covered bonds criteria and our legal criteria (see "[Asset Isolation And Special-Purpose Entity Methodology](#)," May 29, 2025). This enables us to rate the covered bonds above the long-term ICR on the issuer.

Under the covered bond legislation, the issuer's bankruptcy would not automatically trigger the covered bonds' early redemption or the suspension of payments to bondholders. Accordingly, we rate the covered bonds based on their legal final maturity.

The MCBA requires issuers to have a license from the Finnish Financial Supervisory Authority (FIN-FSA) to issue covered bonds. Further, they must maintain a register for the covered bonds and the collateral forming the cover pool. The FIN-FSA monitors the register's management, including the recording of assets, and the issuer must quarterly report the information in the register to the FIN-FSA.

The law sets out eligibility criteria for cover pool assets, comprising residential mortgage loans, commercial mortgage loans, public sector loans, and substitute assets to facilitate liquidity management. Derivatives are allowed for risk hedging purposes and must be registered in the cover register. Also, derivatives should remain in force despite the issuer's bankruptcy, liquidation, or resolution.

Under the MCBA, issuers must have 2% overcollateralization on a net present value basis. Additionally, pursuant to the MCBA, the total interest accrued on the cover pool assets during any successive 12-month period must suffice to cover interest due on the covered bonds and payments due to derivative counterparties.

Covered bonds with a 12-month maturity extension are allowed under the MCBA.

If the issuer were to become insolvent, the FIN-FSA would appoint a supervisor to supervise the cover pool's management, including its conversion into cash and the contractual payments due to covered bondholders and derivative counterparties. While a bankruptcy administrator (appointed by a court) manages both the issuer's insolvency estate and the cover pool, the supervisor's role is to protect covered bondholders' interests. If necessary, the administrator can--upon the demand or with the consent of the supervisor--sell assets to make payments on the covered bonds, enter into derivative transactions, and secure liquidity to fulfil the obligations relating to the covered bonds. Under the MCBA, the administrator, upon the demand or consent of the supervisor, could accelerate the payment of the covered bonds if the cover tests cannot be fulfilled. We consider this scenario to be ratings remote, as our credit and cash flow analysis accounts for the ability of the cover pool to service the payments on the covered bonds.

Upon issuer insolvency, covered bondholders and derivative counterparties (including termination fees) have a preferential claim to the assets in the cover pool, which would be isolated from the issuer's other assets.

Under the MCBA, covered bondholders and derivative counterparties have recourse to 70% of the residential properties' market value and 60% of commercial estate properties' market value.

The Finnish covered bond law excludes set-off against cover pool assets and claw-back risk.

Resolution regime analysis

Our analysis considers whether the applicable resolution regime in Finland enhances the likelihood that the issuer will continue servicing its covered bonds, even following a default on its senior unsecured obligations.

Hypo is domiciled in Finland, which is subject to the EU's Bank Recovery and Resolution Directive. We assess the systemic importance for Finnish mortgage programs as very strong. Under our covered bonds criteria, we determine the reference rating level (RRL) as the higher of (i) two notches above the long-term ICR; and (ii) the resolution counterparty rating (RCR) on the issuing bank, where applicable. As we do not assign a RCR to Hypo, the RRL is 'a-', two notches above the ICR.

Jurisdictional support analysis

Our jurisdictional support analysis assesses the likelihood that a covered bond program facing stress would receive support from a government-sponsored initiative instead of from the liquidation of collateral assets in the open market. For banks in countries that are member of a monetary union, we also consider support from supranational entities such as the European Central Bank in the eurozone. Our assessment of the expected jurisdictional support for Finnish mortgage covered bonds is very strong, resulting in a jurisdictional support uplift from the RRL of three notches leading to a jurisdiction-supported rating level (JRL) of 'aa-'.

Operational and administrative risks

Our analysis of these risks assesses whether key transaction parties would be capable of managing a covered bond program while any bonds remain outstanding. We reviewed Hypo's origination, underwriting, collection, default management, and cover pool management and administration. No operational or administrative risks were identified affecting our assessment of the program.

We believe that a replacement cover pool manager would be available to manage the cover pool if the issuer were to become insolvent. In our view, Finland is an established covered bond market, and the mortgage loans in Hypo's cover pool do not comprise product features that would materially limit the range of available replacement cover pool managers.

Hypo focuses on low-risk mortgage lending to households (about 30% of the total portfolio at bank level as of June 2025) and housing companies (70% of total portfolio), secured by residential property collateral. Mortgage loans are euro-denominated and mainly have a floating rate. As of end 2025, Hypo's reported average LTV ratio for residential property collateral stood at 31.1%, well below that of most specialized mortgage lenders in the Nordics. Furthermore, mortgage loans are almost entirely amortizing.

Hypo is active only in Helsinki, southern Finland, and specified growth centers in the rest of the country. Its sole physical branch is in Helsinki, with services complemented through online and telephone banking.

Hypo's underwriting policy comprises three main pillars:

- General terms (approved by the supervisory board), which lay down the core principles applicable to all lending activities such as requirements for collateral and overall collateral evaluation, and customer creditworthiness and cash flow sufficiency;
- Principles of credit risk management (approved by the board of directors), which include specific lending rules and principles such as acceptable collateral, collateral evaluation and

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haircuts, customer selection, minimum criteria for cash flow evaluation, LTV limits, the credit granting process, and reporting and auditing requirements; and

- Employee authorization (approved by Hypo's management group).

Hypo assesses the creditworthiness of potential retail customers through an internal grading system, which includes stress testing based on a 6%/25-year stress calculation, borrower solvency analysis, prior payment behavior analysis, and public credit default register checks. The borrower's solvency is assessed on monthly net income and housing costs, as well as mandatory costs of living, based on the household size. When calculating the collateral value, Hypo applies a haircut of 30-50%, depending on the collateral type.

We understand that Hypo has not experienced credit losses from housing companies, housing companies with properties under construction, or housing investors since the Finnish banking crisis in the 1990s. This demonstrates the bank's prudent risk approach. Its nonperforming loan ratio stood at 0.26% as year-end 2025, well below that of its peers.

The Finnish Financial Supervisory Authority currently applies a 90% cap on loan-to-collateral ratios on residential mortgage loans and a 95% cap for first-time homebuyers.

Overall, we assess Hypo's lending and underwriting standards as conservative. Its exclusive focus on residential mortgage lending and loans to housing companies in growth centers in Finland, with low LTV ratios, translates into higher asset quality compared with domestic peers.

Collateral support analysis

Mortgage market outlook: House prices in Finland have substantially declined since their mid-2022 peak, as market activity came to a standstill following rapidly rising interest rates and inflation. Over 2024, national residential house prices fell a further 4.8% in real terms, as households maintained a prudent investment stance. Following strong construction activity in residential real estate over 2020-2023, oversupply persists in certain urban areas, particularly Greater Helsinki, which also weighs on price developments. As a result, transaction volumes have been relatively low for three years. By early 2025, market conditions started improving, with easing interest rates, moderating inflation, and consumer confidence gradually improving. Additionally, residential construction in larger cities stabilized, supporting a gradual housing market recovery. As a result, the decline in house prices slowed down in 2025, and we expect them to stabilize in the coming quarters, pointing to a recovery over 2026-2027.

Household debt-servicing capacity remains sound, and declining market rates have eased their financial position. Finnish mortgages are generally linked to floating rates, and mortgages that are fixed for less than one year account for more than 95% of new mortgages. As a result, debt-servicing costs have declined, with interest expenses relative to disposable income falling to 3.8% in autumn 2025 from a 5.4% peak in 2023. That said, about one-third of mortgage loans hold interest rate hedges, which somewhat mitigated the negative effects of rising market rates. Households with higher incomes generally bear the largest interest expenses, further supporting our view of sound debt-servicing capacity (see "[Banking Industry Country Risk Assessment: Finland](#)," Dec. 16, 2025).

We assess a typical residential mortgage cover pool's credit quality by estimating the credit risk associated with each loan in the pool. We base this loan-level analysis on the specific adjustments defined for Finland under our global RMBS criteria (see "[Global Methodology And Assumptions: Assessing Pools Of Residential Loans](#)," Jan. 25, 2019). Our analysis of the housing company loans is based under our commercial real estate (CRE) criteria (see "[Methodology And](#)

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[Assumptions: Analyzing European Commercial Real Estate Collateral In European Covered Bonds,](#) March 31, 2015).

We based our credit and cash flow analysis on loan-level data and assets and liabilities cash flow projections as of March 2026.

Following Hypo's redemption of two covered bonds since our previous analysis, totaling €520 million, the cover pool's notional amount decreased significantly, reaching €341 million in Q1 2026 (compared to €1,108 million one year before). As of March 2026, the portion of loans granted to housing companies increased to 74.5% from 60.8%, with a corresponding decrease in the share of residential mortgages, currently accounting for 25.5% of the portfolio.

At a 'AAA' stress level, our weighted-average foreclosure frequency (WAFF) is 7.36% (up from 5.98% previously) and the weighted-average loss severity (WALS) is 8.33% (up from 8.22% previously). The combination of the WAFF and WALS, as the measure of the cover pool's overall credit quality (credit coverage: WAFF x WALS), increased to 0.61% from 0.49%. Both credit metrics increased primarily due to the mortgage loans' concentration in relatively higher LTV ratio buckets, partially reflecting some further correction in Finnish residential house prices during 2025.

Table 3

Cover pool composition

Asset type	As of March 2026		As of March 2025	
	Cover pool balance (mil. €)	% of cover pool	Cover pool balance (mil. €)	% of cover pool
Residential mortgage loans (housing loans)	87.3	25.5	434.3	39.2
Housing company loans	254.7	74.5	673.3	60.8
Total	342.0	100.0	1,107.6	100.0

Table 4

Key credit metrics

	As of March 31, 2026		As of March 31, 2025	
	Residential mortgages (housing loans)	Commercial mortgages (housing company loans)	Residential mortgages (housing loans)	Commercial mortgages (housing company loans)
Weighted-average effective LTV ratio (%)*	47.7	N/A	45.9	N/A
Weighted-average cover pool LTV ratio (%)	42.0	20.9	42.6	18.8
Weighted-average loan seasoning (months)†	68.6	74.6	71.3	52.3
Buy-to-let loans (%)	9.9	N/A	5.1	N/A
Self-employed borrowers (%)	10.2	N/A	8.3	N/A
Credit analysis results:				
WAFF (%)	7.4	17.7	6.0	17.5
WALS (%)	8.3	12.3	8.2	8.3

Key credit metrics

	As of March 31, 2026		As of March 31, 2025	
	Residential mortgages (housing loans)	Commercial mortgages (housing company loans)	Residential mortgages (housing loans)	Commercial mortgages (housing company loans)
Combined credit analysis results:	As of March 31, 2026	As of March 31, 2025		
WAFF (%)	14.9	13.0		
WALS (%)	11.2	8.3		
AAA' credit risk (%)‡	1.8	3.6		

*The effective LTV corresponds to 100% of current indexed whole loan LTVs for the WAFF calculation. †Seasoning refers to the elapsed loan term. ‡Floored by the largest obligor default test result applicable under our CRE criteria. LTV--Loan to value. WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity. N/A--Not applicable.

Table 5

Loan-to-value ratios

Residential mortgages (housing loans, %)	As of March 2026		As of March 2025	
	Effective whole loan LTV (%)*	Cover pool LTV (%)	Effective whole loan LTV (%)*	Cover pool LTV (%)
0-70	82.1	92.2	83.0	89.1
70-80	5.0	7.3	9.6	10.5
80-90	6.0	0.2	4.6	0.1
90-100	3.4	0.0	2.0	0.0
Above 100	3.5	0.3	0.8	0.3
Weighted-average LTV ratio	47.7	42.0	45.9	42.6
Commercial mortgages (housing company loans, %)				
0-40	N/A	86.0	N/A	91.0
40-50	N/A	6.3	N/A	5.5
50-60	N/A	0.8	N/A	3.3
60-70	N/A	3.0	N/A	0.2
Above 70	N/A	3.9	N/A	0.0
Weighted-average LTV ratio	N/A	20.9	N/A	18.8

*100% of current indexed whole-loan LTV ratio. LTV--Loan-to-value. N/A--Not applicable.

Table 6

Loan seasoning distribution*

	As of March 2026		As of March 2025	
	Residential mortgage loans' seasoning	Commercial mortgage loans' seasoning	Residential mortgage loans' seasoning	Commercial mortgage loans' seasoning
0-5	53.5	42.6	40.4	62.6
5-6	5.5	6.2	15.5	4.1
6-7	1.8	3.2	14.6	2.6
7-8	4.7	8.9	9.9	12.9

Loan seasoning distribution*

	As of March 2026		As of March 2025	
	Residential mortgage loans' seasoning	Commercial mortgage loans' seasoning	Residential mortgage loans' seasoning	Commercial mortgage loans' seasoning
8-9	1.7	12.1	7.7	9.6
9-10	2.6	10.3	4.1	6.4
More than 10	30.3	16.7	7.7	2.0
Weighted-average loan seasoning (months)	68.6	74.6	71.3	52.3

*Seasoning refers to the elapsed loan term.

Table 7

Regional distribution of loan assets

	As of March 2026		As of March 2025	
	% of residential loan balance	% of commercial loan balance (housing company loans)	% of residential loan balance	% of commercial loan balance (housing company loans)
Southern Finland	86.6	66.6	92.3	77.7
Western Finland	9.5	24.5	6.8	18.1
Oulu	0.8	6.4	0.5	2.0
Eastern Finland	2.2	0.9	0.4	1.4
Lapland	0.0	0.0	0.0	0.8
Aaland	0.9	1.6	0.0	0.0
Total	100.0	100.0	100.0	100.0

By applying our credit and cash flow stresses, we calculated a TCE of 2.50% (down from 26% previously) and 'AAA' credit risk of 1.81% (down from 3.6% previously). Under our updated covered bonds criteria, we did not apply spread compression and basis risk stresses, given their limited impact on our cash flow analysis. The lower 'AAA' credit risk is mainly due to the removal of these stresses and an increase in excess spread in the program. The result is driven by our largest obligor default test applicable under our CRE criteria. Also, the TCE decreased primarily due to our lower target asset spread assumptions, and the application of our base-case asset spread when modelling refinancing costs under our updated criteria. Furthermore, the asset-liability maturity mismatch risk in the program improved following the various covered bonds' redemptions. The improvement in these metrics is partially offset by the higher credit coverage of mortgage assets.

With available credit enhancement of 14% exceeding the TCE, the maximum potential collateral-based uplift above the JRL is four notches. No deductions apply to these four notches owing to Hypo's overcollateralization commitment and because we consider the covered bond's soft-bullet maturity mitigates short-term liquidity risk. Therefore, the achieved collateral support uplift is four notches above the JRL. With a JRL of 'aa-', three notches are used to achieve 'AAA' ratings with an overcollateralization requirement of 2.5%, equivalent to the minimum level of hard credit enhancement commensurate with 'AAA' ratings that rely on collateral-based uplift under our covered bonds criteria. As a result, there is one unused notch of collateral-based uplift.

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Table 8

Collateral uplift metrics

	As of March 2026	As of March 2025
Asset WAM (years)	8.4	9.5
Liability WAM (years)	6.0	3.8
Available credit enhancement	14.0	24.7
AAA credit risk (%)	1.8	3.6
Required credit enhancement for first notch of collateral uplift (%)	2.0	6.5
Required credit enhancement for second notch of collateral uplift (%)	2.0	13.0
Required credit enhancement for third notch of collateral uplift (%)	2.5	19.5
Target credit enhancement for maximum uplift (%)	2.5	26.0
Credit enhancement commensurate with the rating (%)	2.5	19.5
Potential collateral-based uplift (notches)	4	3
Adjustment for liquidity (Y/N)	N	N
Adjustment for committed overcollateralization (Y/N)	N	N
Collateral support uplift (notches)	4	3

WAM--Weighted-average maturity.

Table 9

Hypo CB program versus other Finnish covered bond programs

Program name	The Mortgage Society of Finland	The Mortgage Society of Finland CBA	POP Mortgage Bank	SP Mortgage Bank CBA	SP Mortgage Bank MCBA	OP Mortgage Bank	S-Bank
Overview							
Jurisdiction	Finland	Finland	Finland	Finland	Finland	Finland	Finland
Covered bond type	LCB	LCB	LCB	LCB	LCB	LCB	LCB
Outstanding assets (mil. EUR)	342.0	1,767.0	625.9	2,833.6	1,656.7	8,229.0	3,125.0
Outstanding covered bonds (mil. EUR)	300	1500	500	1750	1300	7550	1000
Cover pool composition	Residential: 25.54% Housing companies: 74.46%	Residential: 10% Housing companies: 90%	Residential: 100%	Residential: 100%	Residential: 100%	Residential: 100%	Residential: 100%
Rating details							
Issuer credit rating*	BBB	BBB	BBB	A-	A-	AA-	A-
Reference rating level	a-	a-	a-	a+	a+	aa+	a+
Jurisdiction-supported rating level	aa-	aa-	aa-	aa+	aa+	aaa	aa+
Covered bonds rating	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable
Total unused notches	1	1	1	3	3	6	3
Credit analysis							
Mortgage WAFF (%)	14.9	16.5	18.4	15.4	8.9	11.4	17.4
Mortgage WALs (%)	11.2	8.2	28.7	22.6	14.8	12.7	23.6

Hypo CB program versus other Finnish covered bond programs

Program name	The Mortgage Society of Finland	The Mortgage Society of Finland CBA	POP Mortgage Bank	SP Mortgage Bank CBA	SP Mortgage Bank MCBA	OP Mortgage Bank	S-Bank
Overcollateralization (OC)							
Available OC (%)	14.0	17.8	25.2	61.9	27.4	9.0	212.5
Asset default risk (%)	1.8	3.9	6.9	6.4	2.5	2.5	6.9
Target credit enhancement (%)	2.5	10.2	11.7	10.1	8.7	4.0	13.6
OC consistent with current rating (%)	2.5	7.1	9.3	6.4	2.5	2.0	6.9
Cash flow analysis as of	March 2026	February 2026	December 2025	September 2025	March 2025	December 2025	October 2025

*As a starting point of the analysis, we may use the issuer credit rating on the relevant parent or guarantor when the issuer is not rated but belongs to a group with a rated parent or payments under the covered bonds are guaranteed by another rated entity. LCB--Legislation-enabled covered bonds. WAFF--Weighted-average foreclosure frequency. WALs--Weighted-average loss severity. OC--Overcollateralization.

Counterparty risk

We analyze counterparty risk under our updated covered bonds criteria. It does not constrain the ratings on the program and related issuances.

Bank account provider

Borrowers make mortgage payments into external bank accounts, which are either in Hypo's name or in the name of its wholly owned subsidiary. Given Hypo's RRL of 'a-', we rely on the bank's ability to manage counterparty risk associated with its bank account providers. Furthermore, Hypo is committed to replace the account bank providers within 90 calendar days if they are downgraded below 'BBB'.

As part of our analysis of operational and administrative risks, we apply a forward-looking assessment of the issuer's maintenance of credit support. We expect Hypo to continue maintaining credit support for its covered bonds and therefore currently do not stress commingling risk in our cash flow analysis.

Sovereign risk

We analyze sovereign risk using our structured finance ratings above the sovereign criteria (see "[Methodology For Rating Structured Finance Securities Above The Sovereign](#)," April 12, 2026). Under these criteria, covered bonds backed by mortgages--issued in a jurisdiction within a monetary union that include structural coverage of refinancing needs over a 12-month period (provided by the 12-month extendible maturity profile of the soft-bullet bond covered bond in this instance)--exhibit low sensitivity to country risk. As a result, we can rate the covered bond up to six notches above the sovereign rating. Given our 'AA+' long-term rating on Finland, sovereign risk does not constrain our rating on the covered bond.

Environmental, Social, And Governance

Environmental, social, and governance considerations have no material influence on our credit rating analysis of Hypo's mortgage covered bond. The issuer currently does not offer specific mortgage products focused on environment or social factors, which could affect the credit results. The Finnish government guarantees part of the loan on certain residential mortgages but as we do not consider the guarantee timely, it does not affect the credit analysis. Hypo commits

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to maintain an overcollateralization level for the program sufficient to maintain the rating on the covered bond.

Furthermore, the bond's soft-bullet repayment structure mitigates liquidity risk. Both governance initiatives support the current rating and the credit enhancement required to maintain it.

Related Criteria

- [Methodology For Rating Structured Finance Securities Above The Sovereign](#), April 10, 2026
- [Methodology For Rating Covered Bonds](#), July 25, 2025
- [Counterparty Risk Methodology](#), July 25, 2025
- [Asset Isolation And Special-Purpose Entity Methodology](#), May 29, 2025
- [Global Methodology And Assumptions: Assessing Pools Of Residential Loans--Europe Supplement](#), April 4, 2024
- [Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities](#), Dec. 22, 2020
- [Assessing Pools Of Residential Loans](#), Jan. 25, 2019
- [Methodology And Assumptions: Analyzing European Commercial Real Estate Collateral In European Covered Bonds](#), March 31, 2015
- [Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Finland Outlook Revised To Negative From Stable On Fiscal And Economic Risks; 'AA+/A-1+' Ratings Affirmed](#), April 24, 2026
- [Global Covered Bond Insights Q2 2026](#), March 25, 2026
- [The Mortgage Society Of Finland CBA Covered Bond Program](#), Dec. 22, 2025
- [Banking Industry Country Risk Assessment: Finland](#) Dec. 16, 2025
- [S&P Global Ratings Definitions](#), Dec. 16, 2025
- [Covered Bonds Outlook 2026](#), Dec. 2, 2025
- [Mortgage Society of Finland \(The\)](#), Nov. 24, 2025
- [Finland](#), Oct. 27, 2025
- [How Our Updated Methodology For Rating Covered Bonds Affects Overcollateralization Requirements](#), Sept. 4, 2025
- [Covered Bonds Primer](#), Sept. 2, 2025
- [A Closer Look At Finland's Covered Bond Framework](#), Sept. 27, 2023
- [Glossary Of Covered Bond Terms](#), April 27, 2018

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