

Transaction Update:

POP Mortgage Bank PLC Covered Bond Program

December 10, 2025

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	BBB+			Liquidity adjustment	0	Sovereign risk	aaa
ICR Or parent bank rating or guarantor rating	BBB			Potential collateral-based uplift	+4	Counterparty risk	aaa

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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.

Credit Highlights

Overview

Key strengths

The issuer's overcollateralization commitment, the soft-bullet maturity structure, and an available overcollateralization above the target credit enhancement (TCE; the level of enhancement commensurate with the maximum collateral-based uplift.) allow for four notches of collateral uplift.

One unused notch of collateral uplift would protect the covered bonds' 'AAA' rating if we were to lower the long-term issuer credit rating (ICR) on Bonum Bank PLC (parent) by one notch.

Granular and seasoned cover pool of prime Finnish residential mortgage loans secured predominantly by owner-occupied properties.

Interest rate swaps are in place to hedge the risk arising from the variable interest rate paying assets and the fixed rate paying covered bonds.

Key risks

Concentration of mortgages in the West of Finland exceeding our regional concentration limit, leading to a higher foreclosure frequency assumption.

The relatively high mismatch between the assets' weighted-average maturity and the covered bonds increases refinancing risk as is reflected in the TCE.

Under our updated covered bonds criteria, the covered bonds achieve a 'AAA' rating with three notches of collateral support uplift above the jurisdiction-supported rating level (JRL) and a required overcollateralization of 'AAA' credit risk plus 50% of refinancing costs). Based on loan-level data as of June 30, 2025, and asset and liability cash flow projections as of Sept. 30,

2025, the required overcollateralization for the 'AAA' rating is 9.8% (see "[Methodology For Rating Covered Bonds](#)," July 25, 2025). In our previous review, the required overcollateralization was 18.8% and equated to 'AAA' credit risk plus 75% of refinancing costs. The cover pool comprises Finnish residential mortgage loans, originated by the cooperative banks in the POP Banking Group. As of Sept. 30, 2025, outstanding covered bonds were €500 million and the cover pool's balance was €679.7 million resulting in an available overcollateralization of 35.9%. Overall, the cover pool's composition has remained stable since our last review.

'AAA' credit risk and the TCE are lower under our updated criteria. As of Sept. 30, 2025, we calculated a 'AAA' credit risk of 7.2% (previously 9.6%) and a TCE of 12.5% (21.8% previously). The TCE determines the overcollateralization commensurate with the maximum collateral-based uplift of four notches above the JRL and considers the asset liability maturity mismatch in the program. The reduction of the 'AAA' credit risk and the TCE is driven by the removal of spread compression and basis risk given their limited materiality to the required credit enhancement level for the 'AAA' rating. Additionally, the TCE decreased predominantly due to our lower asset spread assumptions when modelling refinancing risk under our updated criteria. Accordingly, in our cash flow modelling, we applied a target asset spread of 200 basis points (bps) for the first three years and a base case asset spread of 50 bps thereafter (compared to 425 bps until the covered bond's maturity previously).

We have updated our counterparty risk assessment. Accordingly, we apply a forward-looking assessment of the issuer's maintenance of credit support and therefore removed the commingling risk stress in our cash flow analysis. Additionally, the application of our counterparty risk criteria no longer constrains the number of unused notches in the program.

The covered bonds benefit from one unused notch of collateral support uplift. The unused notch protects the covered bonds' 'AAA' rating in the event of a one notch downgrade of Bonum Bank's ICR (BBB/Positive/A-2) all else being equal. The ICR on Bonum Bank reflects the franchise and the creditworthiness of the wider POP Bank Group.

The banking sector shows resilience to economic risk. Finland's economic recovery from a two-year recession has been fragile. After the economy expanded 0.4% in 2024, real GDP growth stagnated in first-half 2025. Nevertheless, we expect economic recovery to gather pace in 2026. The Finnish banking sector remains resilient amid the muted economic conditions, and gradual economic recovery should support the sector's growth prospects. In our view, the correction in house prices after the rapid increase in interest rates and muted consumer confidence is virtually over. By mid-2025, prices began to rise again, supported by falling interest rates, easing inflation, and improving household incomes. Although credit losses will likely exceed the cyclical lows of 2024-2025, they will remain manageable and small, compared with other European banks. This is 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 (see "[Banking Industry Country Risk Assessment: Finland](#)," Nov. 7, 2024 and "[Finland](#)," Oct.27, 2025).

Banking industry risk is stable. We expect the banking sector to demonstrate sound operating efficiency and profitability, even if the latter declines modestly due to lower interest rates. In our view, the banking sector has sound buffers to absorb credit losses, even beyond our base-case scenario, given its solid operating profitability and capitalization. Issues from weak economic growth and distress in specific sectors have led to some asset quality weakening and higher credit impairments, but are unlikely to disrupt the banks' resilience.

Outlook

The stable outlook on the 'AAA' ratings on [POP Mortgage Bank PLC](#) 's (POPMB) covered bond program and related issuances reflects that an upgrade of Bonum Bank (BBB/Positive/A-2) would not result in an upgrade of the covered bonds, which are already at the highest rating level.

The covered bonds benefit from one unused notch of ratings uplift, which protects the 'AAA' ratings if our ICR on Bonum Bank is lowered by one notch, all else being equal.

Program Description

Table 1

Program overview*

Jurisdiction	Finland
Legal framework	Finnish Covered Bond Act
Redemption profile	Soft-bullet
Underlying assets	Residential mortgage loans
Outstanding covered bonds (mil. €)	500
Available credit enhancement (current balance, %)	35.94
Credit enhancement commensurate with rating (%)	9.82
Legal overcollateralization (%)	2**
Number of unused notches	1

*Based on data as of Sept. 30, 2025. **5% Net present value if requirements of article 129 (3)(a) subparagraph 3 of the Capital Requirements Regulation are not fulfilled

POPMB is part of the POP Banking Group, a statutory amalgamation of Finnish cooperative banks, which brings together 18 independent member cooperative banks, plus POP Bank Center Coop (central institution), Bonum Bank PLC (the central credit institution of the amalgamation), and POP Mortgage Bank, to operate as a single entity for regulatory purposes under a joint-liability scheme (operating under the Act on Amalgamations of Deposit Banks). POP Bank Group established POPMB in 2022 to diversify its funding profile and provide competitive long-term funding to the member banks. POPMB issues covered bonds under its €1.5 billion program for the issuance of covered bonds. Bonum Bank steers the issuance activities of POPMB based on the funding plan of the amalgamation.

The Finnish Act on Mortgage Banks and Covered Bonds (Laki kiinnitysluottopankeista ja katetuista joukkolainoista, 151/2022) "Covered Bond Act"; CBA) provides the framework for the covered bond issuances (see "[A Closer Look At Finland's Covered Bond Framework](#)," Sept. 27, 2023). The covered bonds are direct, unconditional, and unsubordinated obligations of POPMB and rank pari passu among themselves and with related derivative contracts and management costs connected to the cover pool. Creditors of these receivables have dual recourse to receive payments (i) from the issuer while solvent, and (ii) from the cover pool assets in the issuer's insolvency. The covered bonds benefit from a 12-month maturity extension, and POPMB 's

POP Mortgage Bank PLC Covered Bond Program

commitment to maintain overcollateralization sufficient to support 'AAA' ratings on the covered bonds.

The CBA enables POPMB to grant intermediary loans to member banks of the POP Bank Group. In return for the intermediary loans, the group members must pledge eligible cover pool assets from their balance sheets to the cover pool as security for the covered bonds. POPMB must record these collateral assets in the cover pool register together with the intermediary loans. POPMB's cover pool comprises Finnish residential mortgage loans pledged by its group members to the cover pool as security for the covered bonds.

The cover pool includes interest rate swaps with Nordea Bank Abp (Nordea), Danske Bank A/S (Danske) and Skandinaviska Enskilda Banken AB (SEB), to hedge the risk arising from the interest received on the floating-rate paying mortgage loans and the fixed-interest paying covered bonds.

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

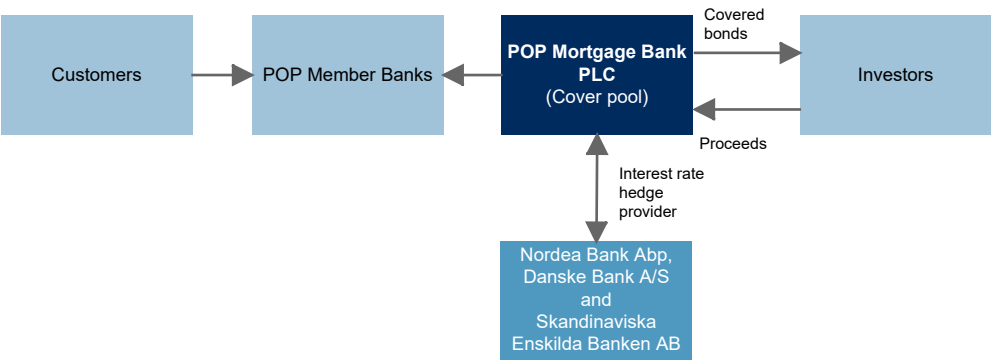
Table 2

Program participants

Role	Name	Rating	Rating dependency
Issuer	POP Mortgage Bank PLC	NR*	Yes
Originator	POP Mortgage Bank PLC§	NR*	Yes
Interest rate hedge provider	Nordea Bank Abp	AA-/Stable/A-1+	Yes
Interest rate hedge provider	Danske Bank A/S	A+/Stable/A-1	Yes
Interest rate hedge provider	Skandinaviska Enskilda Banken AB (publ)	AA-/Stable/A-1+	Yes

*We apply the notches of uplift to the long-term rating on Bonum Bank (BBB/Positive/A-2) to derive the ratings on the covered bonds. §Mortgage loan origination by member banks of the POP Bank Group. NR--Not rated.

Program Structure



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Rating Analysis

Legal and regulatory risks

We base our legal analysis on our "[Asset Isolation And Special-Purpose Entity Methodology](#)," May 29, 2025.

POPMB's covered bonds are governed by the CBA, which entered into force on July 8, 2022, and implemented the EU Covered Bonds Directive into national legislation. The CBA repealed the Finnish Act on Mortgage Credit Bank Activity (688/2010; MCBA).

In our opinion, the CBA satisfies the relevant legal aspects we assess under our covered bond criteria, specifically the cover pool assets' isolation from the risk of an issuer's bankruptcy or insolvency, so that covered bond payments continue on their scheduled dates (see "[Methodology For Rating Covered Bonds](#)," July 25, 2025). This allows us to rate the covered bond program above the ICR on Bonum Bank.

The cover pool can comprise 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. They must also, according to their terms, remain in force despite the issuer's bankruptcy, liquidation, or resolution. Derivative counterparties benefit from the same statutory priority right as covered bondholders.

The CBA allows a specialized mortgage credit bank to grant intermediary loans to a credit institution belonging to the same consolidated group or amalgamation of deposit banks as the mortgage credit bank. Intermediate loans must be covered with eligible cover assets and be recorded in the cover register. Once registered, they serve as collateral for the covered bonds for the benefit of the covered bond holders. We perform our analysis based on the underlying loans that are pledged as collateral for the covered bonds and form the cover pool.

Upon issuer insolvency, covered bondholders and derivative counterparties have a preferential claim to the assets in the cover pool, which would be isolated from the issuer's other assets. Under the CBA, bondholders and derivative counterparties have a priority of payment right to 100% of the properties' value, although only 80% of the market value of residential properties and 60% of the market value of commercial estate properties can be included in the determination of overcollateralization.

For more details on our legal framework analysis see "[A Closer Look At Finland's Covered Bond Framework](#)," Sept. 27, 2023.

Resolution regime analysis

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

POPMB 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 greater of (i) two notches above the long-term ICR; and (ii) the resolution counterparty rating (RCR) on the issuing bank, where applicable. Where the issuer is not rated but belongs to a group with a rated parent, we may use the ICR on the parent as a starting point of the analysis. Given the 'BBB' long-term ICR and the 'BBB+' RCR on Bonum Bank, the RRL is 'a-'.

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 JRL of 'aa-'.

Operational and administrative risks

Our analysis of operational and administrative risks follows the guidelines in our covered bonds criteria. In our opinion, operational risk does not constrain the rating on the covered bonds to the same level as our rating on Bonum Bank.

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 assets in POPMB's cover pool do not comprise product features that would materially limit the range of available replacement cover pool managers or servicers.

POP Banking Group combines 18 independent member cooperative banks--plus POP Bank Center Coop (POPC), Bonum Bank, and POPMB--to operate as a single entity for regulatory purposes under a joint-liability scheme. POPC handles the group's steering and supervision in accordance with the Act on Amalgamations of Deposit Banks. It issues binding instructions on risk and capital adequacy management, corporate governance and internal control and sets business risk limits for the member banks.

POP Banking Group established POPMB to diversify the group's funding profile through covered bond issuances to support growth in its mortgage loan book whereby issuance activities are steered by Bonum Bank based on the funding plan of the amalgamation.

With total assets of €6.4 billion as of June 30, 2025, the group is a small regional player in the Finnish banking sector with a market share of approximately 2.3% in housing loans and deposits. Lending is concentrated on retail and small businesses with customers distributed across Finland, mainly in smaller cities and less urbanized areas. Following the strong urbanization trend in Finland, and like domestic peers, POP Bank Group has over recent years shifted its focus toward cities and growth areas.

The typical loan granted to borrowers by POP Group's member banks is a EURIBOR-linked floating rate mortgage, with a loan-to-value (LTV) ratio of about 70% and a repayment period of less than 25 years. POP member banks originate the mortgage loans directly using online applications and branch channels. The mortgages are granted following the group's lending instructions, which are set by the POPC risk control department. As an internal rule, a maximum LTV of 80% applies. Customers income is verified through pay slips and/or taxation information. Affordability calculations are made for all customers, including stress testing at 6% interest and a maximum maturity of 25 years.

The FIN-FSA currently applies a 90% cap on loan-to-collateral ratios on residential mortgage loans other than first-home loans, and a 95% cap for first-time buyers.

As part of our analysis of operational and administrative risks, we apply a forward-looking assessment of the issuer's maintenance of credit support. Since rating inception, POPMB has maintained overcollateralization levels well above the level required for the 'AAA' rating and the TCE. Furthermore, an overcollateralization commitment commensurate with a 'AAA' rating remains in place. Covered bonds are a vital source of wholesale funding for the group to expand its mortgage loan book. We therefore expect POPMB will continue to manage overcollateralization to support the rating on the covered bonds.

Overall, we believe sufficient prudent underwriting and servicing procedures are in place to support our ratings on the covered bonds. We therefore did not apply any analytical adjustments to account for operational and administrative risks.

Collateral support analysis

Mortgage market overview: The mortgage market in Finland is recovering after the sharp correction in 2022–2024. Borrowers remain resilient, interest rates are easing, and banks are well-capitalized. Over the next two years, mortgage demand will strengthen modestly, though risks from household debt and real estate exposures mean the recovery will be cautious rather than rapid. We think urbanization will continue over the medium to long term, leading to stronger upside potential for house prices in Helsinki and other growth cities.

Despite the recent sharp rise in interest rates, households' debt servicing capacity remains sound. 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 increased since mid-2022, with interest expenses exceeding 3.0% of disposable income in mid-2024, up from 1.8% in 2022. That said, about one-third of mortgage loans hold interest rate hedges--either a cap or a collar--which somewhat mitigated the negative effects of rising rates. On another positive note, the highest interest expenses tend to fall on average for high-income households, which supports our view of sound debt servicing capacity (see "[Banking Industry Country Risk Assessment: Finland](#)," Nov. 7, 2024).

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).

For our credit and cash flow analysis, we used loan-level data as of June 30, 2025, and asset and liabilities cash flow projections as of Sept. 30, 2025, respectively. As of June 30, 2025, the cover pool contained about 50% of equal installment mortgage loans. However, we understand that the maturity on most of these loans can extend (from origination) if the interest rate is sufficient to cover the entire installment. We believe this maturity extension mitigates an immediate payment shock for borrowers.

At a 'AAA' stress level, we estimate a weighted-average foreclosure frequency (WAFF) of 18.4% (up from 16.7% previously) and a weighted-average loss severity (WALS), based on the reported current loan balances of 28.70% (up from 26.7% previously). The combination of the WAFF and WALS as the measure of the cover pool's overall credit quality (credit coverage: WAFF x WALS) has increased to 5.3% from 4.5% previously. The higher WAFF is mainly due to higher effective LTV ratios. Under our global RMBS criteria, we apply multiples to the base foreclosure frequency based on the effective LTV ratio. We determined a weighted-average cover pool effective LTV ratio of 71.1% (up from 68% previously). This is based on current whole-loan LTV ratios. The increase in WALS reflects higher current LTV ratios after house price indexation. The negative effect of higher current LTV ratios on the WALS was partially offset by a lower repossession market value decline assumption driven by our updated house price undervaluation assessment in Finland, and a lower share of loans subject to a jumbo valuation adjustment. Our analysis currently considers Finnish residential properties as 10% undervalued (2% undervalued previously).

By applying our credit and cash flow stresses, as of Sept. 30, 2025, we calculate a 'AAA' credit risk of 7.2% and a TCE of 12.5%. Under our updated covered bonds criteria, we removed the spread compression stress previously applied to the interest rate on the mortgage loans

considering that the underlying portfolio of residential mortgage loans is granular in line with POP Bank Group's risk focus on conventional low-complexity lending to private customers. Additionally, we removed the basis risk stress, which together with the removal of spread compression, had limited materiality to the required enhancement level for the 'AAA' rating. These factors have lowered the 'AAA' credit risk and TCE. The lower TCE is mainly due to our updated asset spread assumptions when modelling refinancing risk under our updated criteria, and a decrease in the program's asset liability maturity mismatch since our last review. At the same time, all the above positive effects on the 'AAA' credit risk and TCE are partially offset by our increased WAFF and WALs and lower excess spread in the program.

With an available credit enhancement exceeding the TCE, the maximum potential collateral-based uplift above the JRL is four notches. No deductions apply to these four notches owing to POPMB's overcollateralization commitment and because we consider the covered bonds' 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 a 'AAA' rating with an overcollateralization requirement of 9.8%, equivalent to 'AAA' credit risk plus 50% refinancing costs. As a result, there is one unused notch of collateral-based uplift.

Table 3

Cover pool composition

Asset type	As of June 30, 2025		As of June 30, 2024	
	Cover pool balance (mil. €)	Cover pool (%)	Cover pool balance (mil. €)	Cover pool (%)
Finnish residential mortgage loans	1,023.21	100	678.01	100
Substitute assets	0	0	0	0
Total	1,023.21	100	678.01	100

Table 4

Key credit metrics

	As of June 30, 2025	As of June 30, 2024
Average loan size (€)	87,648	84,361
Weighted-average effective LTV ratio (%)*	71.06	68.02
Weighted-average cover pool current LTV ratio (current balance, %)	72.48	68.29
Weighted-average loan seasoning (years)§	5.47	5.62
Balance of loans in arrears (%)	0.41	0.75
Buy-to-let loans (%)	8.18	8.81
Self-employed borrowers (%)	14.57	14.5
Credit analysis results:		
WAFF (%)	18.37	16.69
WALS (%)	28.70	26.7
AAA' credit risk (%)	7.15**	9.64

*Effective LTV based on 100% current indexed whole loan LTV for the WAFF calculation. **As of Sept. 30, 2025.

§Seasoning refers to the elapsed loan term. LTV--Loan to value. WAFF--Weighted-average foreclosure frequency.

WALS--Weighted-average loss severity.

Table 5

Loan-to-value distributions

(%)	As of June 30, 2025		As of June 30, 2024	
	Effective whole-loan LTV ratio (%)*	Cover pool current LTV ratio (based on current balance, %)	Effective whole-loan LTV ratio (%)*	Cover pool current LTV ratio (based on current balance, %)
0-40	9.91	9.55	12.16	12.05
40-50	7.19	6.72	8.36	8.28
50-60	11.55	10.6	12.39	12.27
60-70	14.61	14.12	15.79	15.76
70-80	18.55	17.4	18.76	18.65
80-90	17.05	17.74	16.26	16.31
90-100	13.56	14.23	11.36	11.42
Above 100	7.57	9.65	4.91	5.25
Weighted-average LTV ratios	71.06	72.48	68.02	68.29

*100% of current indexed whole-loan LTV ratio. LTV--Loan-to-value.

Table 6

Seasoning*

	As of June 30, 2025	As of June 30, 2024
	Current pool balance (%)	Current pool balance (%)
>0 and <=2years	20.69	17.26
>2 and <=4 years	25.10	30.4
>4 and <=5 years	13.04	8.76
>5 and <=6 years	7.16	7.65
>6 and <=7 years	6.12	6.26
>7 and <=8 years	5.32	5.36
>8 and <=9 years	4.67	4.78
>9 and <=10 years	3.75	2.79
>10 years	13.73	16
Weighted-average loan seasoning (years)	5.47	5.62

*Seasoning refers to the elapsed loan term.

Table 7

Geographical distribution

	As of June 30, 2025	As of June 30, 2024
	Current pool balance (%)	Current pool balance (%)
South Finland (including Helsinki)	12.37	11.65
West Finland	58.87	61.14
Oulu	16.08	18.01
East Finland	7.70	6.3

Geographical distribution

	As of June 30, 2025	As of June 30, 2024
	Current pool balance (%)	Current pool balance (%)
Lapland	4.97	2.86
Aaland	0.01	0.03
Total	100	100

Table 8

Collateral uplift metrics

	As of Sept. 30, 2025	As of June 30, 2024
Asset WAM (years)	9.38	10.52
Liability WAM (extended maturity date; years)	4.50	3.62
Target asset spread (bps)	200.00	425.00
Base case asset spread (bps)	50.00	N/A
Available credit enhancement (current balance)	35.94	35.6
Required credit enhancement for coverage of 'AAA' credit risk (%)	7.15	9.64
Required credit enhancement for first notch of collateral uplift (%)	7.15	12.69
Required credit enhancement for second notch of collateral uplift (%)	7.15	15.74
Required credit enhancement for third notch collateral uplift (%)	9.82	18.78
Target credit enhancement for maximum uplift (%)	12.49	21.83
Potential collateral-based uplift (notches)	4	4
Adjustment for liquidity (Y/N)	N	N
Adjustment for committed overcollateralization (Y/N)	N	N
Achievable collateral support uplift (notches)	4	4

WAM--Weighted-average maturity.

N/A--Not applicable

Table 9

POP Mortgage Bank Covered Bond Program vs other Finnish covered bond programs

Program name	POP Mortgage Bank	SP Mortgage Bank CBA	SP Mortgage Bank MCBA	OP Mortgage Bank	S-Bank
Overview					
Jurisdiction	Finland	Finland	Finland	Finland	Finland
Covered bond type	LCB	LCB	LCB	LCB	LCB
Outstanding assets (bil. EUR)	679.7	2,833.6	1,318.9	8,245.3	3,125.0
Outstanding covered bonds (bil. EUR)	500.00	1,750.0	1,000.0	7,550.0	1,000.0
Cover pool composition	Residential: 100%	Residential: 100%	Residential: 100%	Residential: 100%	Residential: 100%
Rating details					
Issuer credit rating*	BBB	A-	A-	AA-	BBB+
Reference rating level	a-	a+	a+	aa+	a
Jurisdictional-supported rating level	aa-	aa+	aa+	aaa	aa

POP Mortgage Bank Covered Bond Program vs other Finnish covered bond programs

Program name	POP Mortgage Bank	SP Mortgage Bank CBA	SP Mortgage Bank MCBA	OP Mortgage Bank	S-Bank
Overview					
Covered bonds rating	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable
Total unused notches	1	3	3	6	2
Credit analysis					
Mortgage WAFF (%)	18.37	15.37	8.85	12.57	17.43
Mortgage WALs (%)	28.70	22.55	14.78	11.71	23.59
Overcollateralization (OC)					
Available OC (%)	35.94	61.92	27.44	10.74	217.91
Asset default risk (%)	7.15	6.42	2.50	2.50	6.99
Target credit enhancement (%)	12.49	10.05	8.65	4.58	13.48
OC consistent with current rating (%)	9.82	6.42	2.50	2.00	6.99
Cash-flow analysis as of	30-Sep-25	30-Sep-25	31-Mar-25	31-Mar-25	30-Jun-25

*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 to the bank account of the member bank that originated the loans. These payments are only registered as part of the cover pool after the issuer's insolvency. While this mechanism protects mortgage payments post issuer default, funds standing or paid in the collection accounts pre issuer insolvency could be exposed to commingling risk. This is because these collections are not segregated in the cover pool.

As part of our analysis of operational and administrative risks, we apply a forward-looking assessment of the issuer's maintenance of credit support. Since rating inception, POPMB has maintained overcollateralization levels well above the level required for the 'AAA' rating. Furthermore, an overcollateralization commitment commensurate with a 'AAA' rating remains in place. We expect POPMB to continue maintaining credit support for its covered bonds and therefore currently do not stress commingling risk in our cash flow analysis (previously stressed as two weeks of lost cash collections).

Swaps

POPMB has executed liability swaps with Nordea, Danske, and SEB to hedge the interest rate risk arising from the variable interest rate paying assets and the fixed interest paying covered bonds. We consider these hedges in our cash flow analysis and model the covered bonds as floating rate-paying, corresponding to the floating rate of interest payable by POPMB to the counterparties under the swaps using the cover pool cash flow projections provided to us by POPMB.

To derive the maximum potential rating on the covered bonds, under our updated criteria, we consider whether the counterparties are related to the issuer, the seniority of termination payments, and the presence of an effective replacement framework. The three counterparties are unrelated to POPMB, and we use their corresponding RCR (Nordea: 'AA-', Danske 'AA-', and SEB 'AA-') as the applicable counterparty rating when assessing counterparty risk. We also consider that the documented replacement framework meets the conditions of effectiveness as outlined in our covered bonds criteria.

Sovereign risk

We analyze sovereign risk under our "[Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions](#)," Jan. 30, 2019. Under these criteria, covered bonds backed by residential 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 bonds in this instance) --exhibit low sensitivity to country risk. As a result, we can rate the covered bonds up to five notches above the sovereign rating. Given our 'AA+' long-term rating on Finland, sovereign risk does not constrain our ratings on the covered bonds.

Environmental, Social, And Governance

Environmental, social, and governance factors have no material influence on our credit rating analysis of POPMB's mortgage covered bonds. 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. POPMB commits to maintain an overcollateralization level in the program to maintain the 'AAA' ratings on the covered bonds. Furthermore, the bonds' soft-bullet repayment structure mitigates liquidity risk.

Related Criteria

- [Methodology For Rating Covered Bonds](#), July 25, 2025
- [Counterparty Risk Methodology](#), July 25, 2025
- [Asset Isolation And Special-Purpose Entity Methodology](#), May 29, 2025
- [Assessing Pools Of Residential Loans--Europe Supplement](#), April 4, 2024
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