

# S-Bank

## S-BANK PLC

*(incorporated with limited liability in the Republic of Finland)*

**EUR 1,500,000,000**

### **Programme for the Issuance of Senior Preferred MREL Eligible Notes and Covered Bonds**

This supplement (the “**Supplement**”) is supplemental to, forms part of and must be read and construed in conjunction with, the Base Prospectus dated 21 December 2020 (the “**Base Prospectus**”) prepared by S-Bank Plc (the “**Issuer**”) in connection with its euro 1,500,000,000 notes issuance programme (the “**Programme**”). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

The purpose of this Supplement is to incorporate new information, including the half-year report for the period 1 January – 30 June 2021 of S-Bank Plc, into the Base Prospectus.

#### *1. Credit rating to stable*

On 22 January 2021, S&P Global Ratings (S&P) changed the Issuer’s outlook from negative to stable. The outlook was upgraded for seven banks operating in Finland. On 25 August 2021, S&P affirmed the credit rating of the Issuer.

Due to this change, the second paragraph under the title “Credit rating” on page 6 is replaced as follows:

“At the date of this Base Prospectus, the Issuer has long- and short-term counterparty credit ratings BBB/A-2 by S&P. The outlook is stable.”

The fourth paragraph under the title “The Group may be exposed to increased credit risk due to the Coronavirus pandemic” on page 8 is replaced as follows:

“In August 2021, S&P affirmed its ‘BBB/A-2’ long- and short-term issuer credit ratings to the Issuer. S&P estimates the outlook as stable. It is possible that the Issuer’s credit risk is higher than anticipated.”

The first paragraph under the title “Credit Rating of the Issuer and the Notes” on page 67 is replaced as follows:

“At the date of this Base Prospectus, the Issuer has long- and short-term issuer credit ratings ‘BBB/A-2’ by S&P. The outlook is stable.”

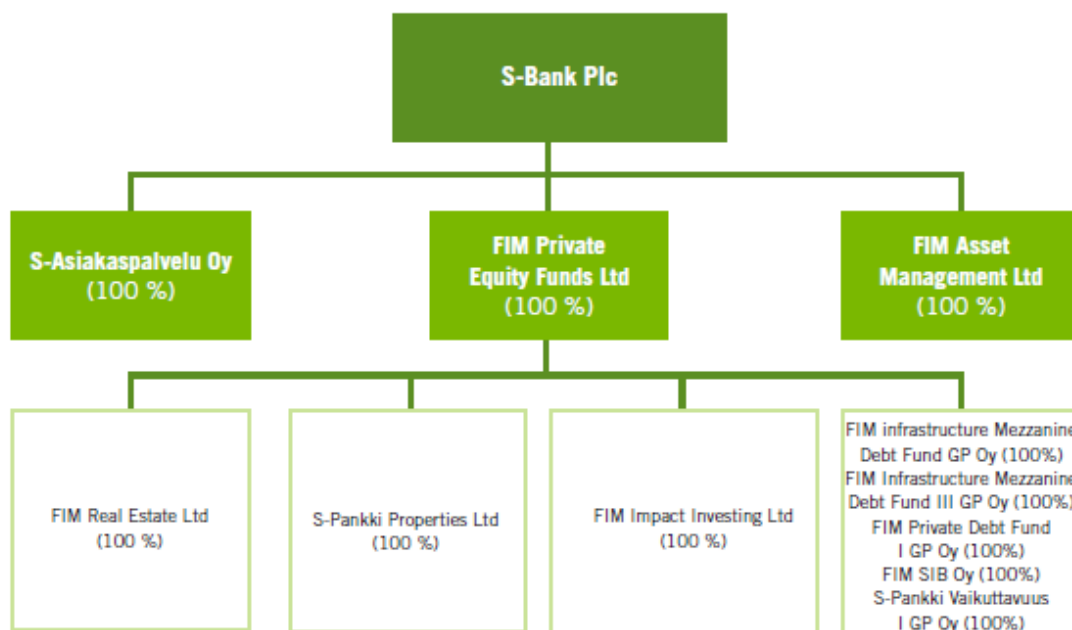
#### *2. Fennia Properties Ltd renamed as S-Bank Properties Ltd and merger of Fennia Asset Management Ltd*

Fennia Asset Management Ltd, which was acquired by S-Bank in August 2020, assigned the management of the non-UCITS funds under its management and its asset management services to FIM Asset Management Ltd as a business transfer in January 2021. At the same time, the name of Fennia Properties Ltd, a subsidiary of Fennia Asset Management Ltd, was changed to S-Bank Properties Ltd. In addition, on 31 March 2021, Fennia Asset Management Ltd was merged into FIM Private Equity Funds Ltd.

Due to this change, the last paragraph under the title “Investment products and services” on page 61 is replaced as follows:

“S-Bank Properties Ltd provides property portfolio management, property development and administration of real estate joint ventures to institutional customers. These services are not regulated by the FIN-FSA.”

The group chart under the title “Organisational structure” on page 61 is replaced as follows:



The last paragraph under the title “Organisational structure” on page 62 is replaced as follows:

“S-Bank Properties Ltd is, following the intra-group merger of Fennia Asset Management Ltd into FIM Private Equity Funds Ltd, a wholly owned subsidiary of FIM Private Equity Funds Ltd. It specialises in property portfolio management, property development and administration of joint ventures in the field real estate. S-Bank Properties Ltd (previously Fennia Properties Ltd) was acquired on 31 July 2020 and was consolidated into the Group’s consolidated financial statement from 1 August 2020.”

### 3. Appointment of Deputy CEO and other changes in the Management Group

Hanna Porkka, a member of the Management Group of S-Bank, has been appointed Deputy CEO of S-Bank as of 2 February 2021, to replace Aki Gynther. In addition, Markus Lahtinen has been appointed to the Management Group as of 1 May 2021.

Due to these changes, the second paragraph under the title “CEO of the Issuer” on page 65 is replaced as follows:

“The Issuer’s CEO is Pekka Ylihurula and Deputy CEO is Hanna Porkka.”

The table under the title “Management Group of the Issuer” on page 65 is replaced as follows:

“

Name	Position	Appointed
Pekka Ylihurula	Chief Executive Officer	2007
Erkka Viljakainen	SVP, Group Services	2016
Hanna Porkka	Deputy Chief Executive Officer, EVP, Wealth Management	2018
Iikka Kuosa	SVP, Products & IT	2019
Merja Reinilä	SVP, Human Resources	2014
Jussi Sokka	SVP, Legal & Governance	2014
Mika Heikkilä	Chief Financial Officer, Group Finance, Treasury & Corporate customers	2017
Petri Viertiö	CRO, Risk & Compliance	2019
Markus Lahtinen	SVP, Sales	2021

”

The third paragraph under the title “Management Group of the Issuer” concerning Aki Gynther on page 66 is removed.

The fifth paragraph under the title “Management Group of the Issuer” concerning Hanna Porkka on page 66 is replaced as follows:

“**Hanna Porkka** (born 1970) has been a member of the Management Group of S-Bank since 2018. She has served as the Deputy Chief Executive Officer of the Issuer since 2021 and as EVP of Wealth Management of the Issuer and FIM since 2018. Ms. Porkka is a Finnish citizen and holds a Master of Science in Economics and a CEFA.”

A new paragraph is added as the last paragraph under the title “Management Group of the Issuer” on page 66 as follows:

“**Markus Lahtinen** (born 1976) has been a member of the Management Group of S-Bank since 2021. He has served as SVP of Sales of the Issuer since 2021. Mr. Lahtinen is a Finnish citizen and holds a Bachelor of Engineering.”

#### 4. *Date of registration*

The first two sentences of the first paragraph under the title “Overview” on page 57 are replaced as follows:

“S-Bank’s business operations were established in 2007 in Helsinki. The Issuer was registered in the trade register on 1 May 2014 and the corporate form of the Issuer was changed from a limited liability company to a public limited company on 19 November 2020.”

#### 5. *Information Incorporated by Reference*

The following information is added on page 76 under the title “Information Incorporated by Reference”:

<b>Document</b>	<b>Referred information</b>
<a href="#">Half-Year Report 1 January – 30 June 2021</a>	Unaudited consolidated half-year report for the six-months period ended on 30 June 2021.
<a href="#">Annual Report 2020</a>	Financial statements including audited consolidated and parent company’s financial statements 1 January – 31 December 2020, pages 34 – 154.
<a href="#">Annual Report 2020</a>	Auditor’s report 2020, pages 155 – 158.
<a href="#">Capital and Risk Management Report 2020</a>	Capital and Risk Management Report 2020.

#### 6. *No significant change*

The first paragraph under the title “No significant changes” on page 67 is replaced as follows:

“There has been no significant change in the financial performance or the financial position of the Group since 30 June 2021 other than as described in “*Legal Proceedings*” and no material adverse change in the prospects of the Group since 31 December 2020.”

The second paragraph under the title “No significant changes” on page 67 is removed.

#### 7. *Recent Events*

The first and second paragraph under the title “Recent Events” on page 67 are replaced as follows:

“On 2 September 2021, S-Bank announced that it commences a brand renewal project to use the S-Bank brand also in the operations of its Wealth Management business and discard the FIM brand in connection therewith. In addition, S-Bank has informed its customers of an intra-group business transfer in relation to the discretionary asset management business from FIM Asset Management Ltd to the Issuer as of 1 October 2021.”

#### *8. Legal Proceedings*

The paragraph under the title “Legal Proceedings” on page 66 is replaced as follows:

“As a regulated entity, the Issuer is subject to continuous supervision by the FIN-FSA and other authorities and this includes correspondence with the authorities on various subjects. As described in “*Risk factors - D. Risks associated with legal and regulatory environment - Risks associated with abuse of the financial system*”, in December 2019, the FIN-FSA imposed a penalty payment on S-Bank and issued a public warning to FIM Asset Management Ltd for omissions in customer due diligence. In addition, on 13 September 2021, the FIN-FSA imposed a penalty payment of EUR 1.65 million on S-Bank for omissions in the processes of detection of suspicious transactions under Article 16(2) of MAR and reporting the same to the FIN-FSA in relation to S-Bank’s past brokerage business between July 2016 and November 2018. The referred brokerage business was under a closing up procedure prior to initiation of the FIN-FSA’s related inquiry in September 2018, has since been closed up, and S-Bank does not conduct brokerage business on the date of the Supplement. The Issuer considers that there are no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the previous 12 months which may have, or have had in the recent past, significant effects on the Group’s financial position or profitability.”

#### *9. MREL Requirement*

The second paragraph under the title “Minimum requirement for own funds and eligible liabilities” on page 18 is replaced as follows:

“The Stability Authority issued a new decision on the Group’s MREL requirement on 28 April 2021. According to the new decision, the requirement based on total risk exposure amount is 20.04 per cent and the requirement based on the total amount of exposures used in the calculation of the leverage ratio is 5.91 per cent. The requirement based on total risk exposure amount must be met gradually so that the 17.23 per cent requirement will enter into force on 1 January 2022 and the full requirement on 1 January 2024. The requirement based on the total amount of exposures used in the calculation of the leverage ratio will enter into force in full on 1 January 2022. The new MREL requirement set under the updated MREL policy is based on the Banking Reform Package, which amended the provisions of the BRRD and the SRM Regulation. The new MREL requirement of the Issuer on the MREL eligible liabilities may increase the Issuer’s dependence on market-based funding. If the Group were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other business operations. The applicable regulations in respect of the MREL requirement may be revised or the Stability Authority may revise its interpretations of the applicable regulations or its decision on the Group’s MREL requirement so that senior preferred notes, such as the Senior Preferred MREL Eligible Notes, do not count towards the MREL requirement of the Group. This could possibly also constitute an MREL Disqualification Event under the General Terms and Conditions (see “*The Senior Preferred MREL Eligible Notes may be redeemed prior to maturity due to an MREL Disqualification Event, Tax Event or Tax Withholding Event*”) requiring the Issuer to utilise other instruments, such as senior non-preferred notes, to fulfil its MREL requirement.”

#### *10. Changes in Ownership of the Issuer*

A fourth, fifth and sixth paragraph is included under the title “Share Capital and Ownership” on page 71 as follows:

“On 30 June 2021, S-Bank announced that SOK Group and S Group’s regional cooperatives are purchasing all of LocalTapiola Group’s and Elo Mutual Pension Insurance Company’s shares in the Issuer subject to the authorities’ approval (the “**Share Purchase**”). The sellers in the Share Purchase hold 25 per cent of all of the shares in the Issuer. The agreement in respect of the Share Purchase also gives a right, subject to the transaction closing and certain other conditions, to the Issuer to call subscriptions from certain LocalTapiola Group entities (including qualifying funds managed by such entities) for a debenture in the minimum amount of approximately EUR 57.5 million to be issued by the Issuer. The Issuer intends to make the call and corresponding changes to the Issuer’s debenture programme during 2021, subject to realization of the

conditions. To the Issuer's knowledge, the completion of the Share Purchase does not result in a change of control of the Issuer.

In connection with the Share Purchase and subject to the approval of the authorities, S-Bank and LocalTapiola Group will also end their current cooperation on funds. It is expected that in the second half of 2021, the management of 28 LocalTapiola funds amounting to approximately EUR 4 billion in assets under management will be transferred from FIM Asset Management Ltd which is part of the S-Bank, to Seligson & Co Fund Management Company Plc which is owned by LocalTapiola Group. There will be no changes in the operations of S-Bank's own funds.

The authorities' approvals have not been received on the date of the Supplement."

#### *11. Changes in capital requirements*

On 31 March 2021, the FIN-FSA set a discretionary Pillar 2 requirement of 1.5 per cent for S-Bank.

Due to this change, the fifth paragraph under the title "Capital requirements and standards" on page 47 is replaced as follows:

"The FIN-FSA has established buffer requirements related to Pillar 2 capital adequacy regulations totalling 1.50 per cent of the Group's risk exposure amount starting in 30 September 2021. This requirement comprises credit risk and large exposures. Three fourth of the requirement must be covered by Tier 1 Capital, of which three fourth by common equity Tier 1 Capital. Any updates to the Pillar 2 capital requirement by the FIN-FSA could affect the Group's capital position negatively."

On 28 June 2021, the FIN-FSA announced a macro prudential supervisory decision to keep the countercyclical capital buffer (CCyB) requirement, as referred to in Chapter 10, Section 4 of the Credit Institutions Act, at the level of 0.0 per cent.

The national laws implementing the Banking Reform Package came into force on 1 April 2021 and within these changes section 6a of chapter 10 of the Credit Institutions Act was repealed.

Due to these changes, the sixth paragraph under the title "Capital requirements and standards" on page 47 is replaced as follows:

"On 28 June 2021, the FIN-FSA announced that the board of the FIN-FSA decided to keep the countercyclical capital buffer (CCyB) requirement, referred to in Chapter 10, Section 4 of the Credit Institutions Act, at the level of 0.0 per cent. The aim of the FIN-FSA's decision is to continue to mitigate the negative effects of the Coronavirus pandemic on the stability of financial markets and on credit institutions' ability to finance the economy."

#### *12. Risks associated with abuse of the financial system*

The first paragraph under the title "Risks associated with abuse of the financial system" on page 16 is replaced as follows:

"In global terms, the risk that banks may become the subject of or be exploited for the purposes of money laundering or the financing of terrorism has increased. The risk of future incidents involving money laundering or financing of terrorism is always in the background for financial institutions. In addition, financial institutions, such as the Group, are subject to various legal regimes and requirements that concern trade regulation and sanctions adherence. On the date of the Supplement, the Group observes the sanctions regimes of Finland, the European Union, the United Nations and the Office of Foreign Assets Control (OFAC) of the United States. Any breach of trade regulations or sanctions regimes, or rules that aim to prevent the illegal exploitation of the financial system, or even the suspicion of such infringements could have grave legal consequences for the Group and/or its reputation, or result in significant penalty payments, or jeopardize the Group's access to capital markets or international payment systems which, in turn, could have a significant adverse effect on the Issuer's business operations, its performance or its financial position."

#### *13. Important Notices*

The first paragraph under the title "Important Notices" on page 2 is replaced with the following two paragraphs:

**“IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point e) of Article 2 of Regulation (EU) 2017/1129 (as amended) (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.”

#### *14. Form of Final Terms*

The first paragraph under the title “Terms and Conditions” on page 40 is replaced with the following two paragraphs:

**“PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point e) of Article 2 of Regulation (EU) 2017/1129 (as amended) (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.”

#### *15. Public Offer Selling Restriction Under the Prospectus Regulation*

The last paragraph under the title “Public Offer Selling Restriction Under the Prospectus Regulation” on page 72 is removed.

#### *16. Notice to Prospective Investors in the United Kingdom*

The paragraph under the title “Notice to Prospective Investors in the United Kingdom” on page 73 is replaced with the following paragraph and the title is replaced with “Prohibition of Sales to UK Retail Investors”:

“Each Lead Manager appointed for each issuance will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus, as completed by the Final Terms in relation thereto, to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.”

#### *17. Wealth Management*

The first paragraph under the title “Investment products and services” on page 60 is replaced with the following paragraph:

“Wealth Management provides a comprehensive range of equity, fixed income, and alternative investment funds and products to all customer segments. On 30 June 2021, there were approximately 309,000 unit holders in S-Bank and FIM-funds. Open-ended funds include UCITS and non-UCITS funds in a wide range of equity and fixed income markets. Furthermore, open-ended funds include a wide range of real estate funds. S-Bank pays special attention to ESG in all investment funds, including passive and real estate funds.”