S&P Global Ratings

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Transaction Update:

S-Bank PLC CBA Covered Bond Program

January 19, 2026

Reference rating level	a+
Resolution regime uplift	+2
Systemic importance	Very Strong
Resolution counterparty rating	A
Issuer credit rating	A-

Jurisdiction-supported rating level	aa+
Assigned jurisdictional support uplift	+3
Jurisdictional support assessment	Very Strong

Maximum achievable CB rating	aaa
Assigned collateral support uplift	+1
Over-collateralization adjustment	0
Liquidity adjustment	0
Potential collateral-based uplift	+4

Covered bond rating	
AAA/Stable	
Rating constraints	aaa
Sovereign risk	aaa
Counterparty risk	aaa

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Credit Highlights

Overview

Key strengths	Key risks
The cover pool backing the covered bonds comprises prime Finnish residential loans.	The cover pool has a current loan-to-value (CLTV) ratio that is, on average, relatively higher than CLTV ratios for other Finnish programs we rate. We address this risk in our determination of default frequency and loss severity.
The covered bonds soft-bullet repayment profile mitigates short-term liquidity risk.	The pool is less seasoned than other Nordic programs we rate, which we considered while determining default frequency.
The program benefits from three unused notches of uplift that would protect the ratings if we were to downgrade the issuer.	The pool is concentrated in Southern Finland, slightly above the thresholds set in our criteria.
The issuer's commitment to maintain overcollateralization consistent with 'AAA' ratings.	

Under our updated covered bonds criteria, the covered bonds achieve 'AAA' ratings with one notch of collateral support uplift above the jurisdiction-supported rating level (JRL) and required overcollateralization commensurate with 'AAA' credit risk. Based on cover pool information as of June 30, 2025, the required overcollateralization of 'AAA' credit risk is 6.99% (see

"Methodology For Rating Covered Bonds," July 25, 2025). In our previous analysis, the program required overcollateralization of 13.30%, which included the coverage of 'AAA' credit plus 50% refinancing risk to achieve 'AAA' ratings. The cover pool comprises Finnish residential mortgage loans, originated by S-Bank PLC (S-Pankki Oyj). As of June 2025, the amount of cover pool assets and outstanding bonds remained stable, compared to our previous analysis. Overall, the cover pool's composition and credit quality have remained stable with 4.11% credit coverage (4.13% previously).

Our 'AAA' credit risk and target credit enhancement (TCE) assessments have improved. We calculated a TCE of 13.5% (down from 15.6% previously) and 'AAA' credit risk of 6.99% (down from 11.01% previously). The lower metrics are driven the application of our updated covered bonds criteria and by the application of lower target asset spreads. The TCE, which determines the overcollateralization commensurate with the maximum collateral-based uplift of four notches above the JRL, primarily decreased due to the removal of our spread compression and basis risk stresses. We have removed these stresses given their limited materiality to the required credit enhancement for 'AAA' ratings.

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. In addition, counterparty risk does not constrain the number of unused notches of uplift (previously limited to one under our counterparty risk criteria).

The program benefits from three unused notches of ratings uplift. Unused notches could protect the ratings on the covered bonds if we lowered the issuer credit rating (ICR) on S-Bank by up to three notches, all else being equal.

Economic risk for Finnish banks is stable. Despite muted consumer confidence and an oversupply of houses continuing to weigh on the housing market, house prices have stabilized. We expect a rebound in 2026, supported by easing debt service costs and improving real wages. Most importantly, we do not consider house prices to be disconnected from economic fundamentals, and affordability remains strong. Even though nonperforming loans and expected credit losses remain above the cyclical lows, we consider them manageable for Finnish banks, given the private sector's sound financial buffers and the strong Finnish social security system. That said, persistent high unemployment and delayed, weaker economic recovery could increase credit losses and weaken our assessment of economic risks (see: "Banking Industry Country Risk Assessment: Finland," Dec. 16, 2025).

Banking industry risk is also stable. Higher interest rates have boosted earnings, and despite some moderation in 2025 due to declining interest rates, we expect returns to remain solid over the next two years, enabling banks to sustain efficiency-enhancing investments. Thanks to robust capitalization, economic challenges are unlikely to shake banks' resilience. Despite the sector's reliance on external wholesale funding, which can create confidence sensitivity issues, good access to capital markets will continue. Moreover, the deposit base has remained largely stable due to households' increased savings rate, remaining the most important source of funding for the wider banking sector.

Outlook

The stable outlook on the 'AAA' ratings on S-Bank's PLC 's (S-Pankki Oyj), Covered Bond Act (CBA), mortgage covered bond program and related issuances reflects that we would not automatically lower the ratings if we were to lower the long-term ICR on S-Bank by up to three notches, all else remaining equal.

Program Description

Table 1

Program overview*

Jurisdiction	Finland
Legal framework	Finnish Covered Bond Act
Redemption profile	Soft-bullet
Underlying assets	Finnish residential mortgage loans
Outstanding covered bonds (mil. €)	1000
Available credit enhancement (%)	217.91
Credit enhancement commensurate with rating (%)	6.99
Legal overcollateralization (%)	2
Number of unused notches	3

*Based on anaysis for June 2025 pool and outstanding liabilities.

S-Bank is fully owned by S-Group, a leading retail group in Finland, and focuses on offering banking and wealth management services to retail customers. S-Group is a customer-owned Finnish network of companies in the retail and service sectors, with over 21,000 outlets in Finland. Established in 2007, S-Bank primarily focuses on providing free daily banking services to cooperative members, consumer loans, and mortgages to retail customers, as well as loans to housing companies, credit cards, and wealth management products.

With total assets of €13 billion as of Sept. 30, 2025, and about 839,000 active customers, S-Bank is the fourth-largest credit institution in Finland in terms of mortgage loans, with around 6 % market share, and around 5 % of market share in terms of deposits, according to the Bank of Finland.

On Dec. 9, 2025, we upgraded S-Bank on additional loss-absorbing capacity after considering the issuance of €150 million senior nonpreferred notes (see "Finland-Based S-Bank PLC Upgraded To 'A-' On Additional Loss-Absorbing Capacity; Outlook Stable," Dec. 9, 2025). This resulted in a further unused notch of uplift for the covered bond program, as the JRL is now 'aa+' compared with 'aa' previously.

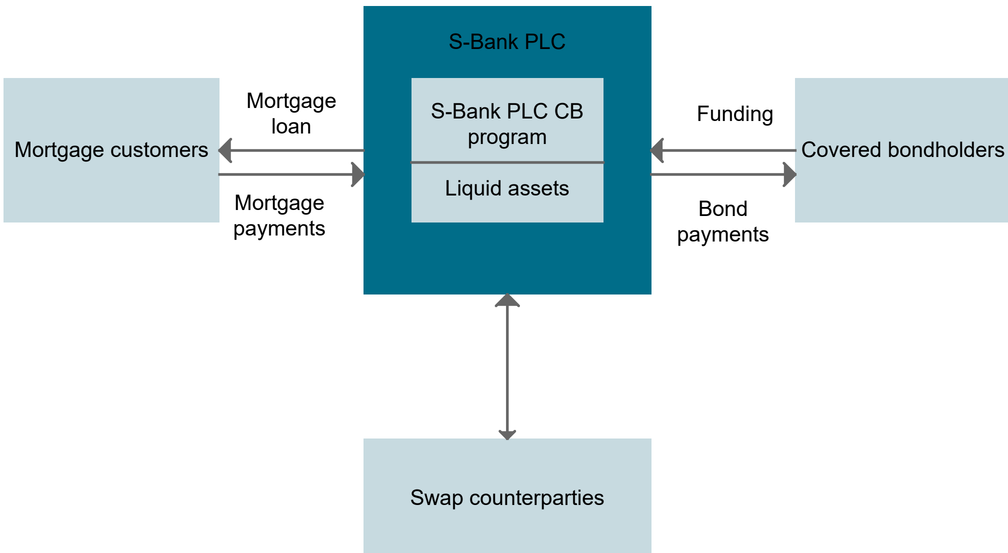
S-Bank's first covered bond program was set up to issue covered bonds under Finland's Covered Bond Act (CBA, 151/2022), effective since July 8, 2022. The mortgage covered bonds are issued under S-Bank's €3.0 billion program for the issuance of senior preferred notes, covered bonds, and additional tier 1 capital notes.

Covered bondholders and derivative counterparties related to the covered bond program have a priority claim only on the assets registered in the program.

The covered bonds constitute direct unconditional and unsubordinated debt obligations of S-Bank and are secured by a cover pool of eligible residential mortgage loans registered in the cover pool, in line with the CBA.

The covered bonds benefit from S-Bank's commitment to maintain overcollateralization sufficient to support 'AAA' ratings.

Program Structure



Our quarterly surveillance reports for S-Bank can be found here.

Table 2

Program participants

Role	Name	Rating	Rating dependency
Issuer	S-Bank PLC	A-/Stable/A-2	Yes
Originator	S-Bank PLC	A-/Stable/A-2	No
Bank account provider	S-Bank PLC	A-/Stable/A-2	No
Interest rate hedge provider	Nordea Bank Abp	AA-/Stable/A1+	Yes
Interest rate hedge provider	Swedbank AB (publ)	AA-/Stable/A-1+	Yes

Rating Analysis

Legal and regulatory risks

The Finnish CBA, which implemented the Covered Bond Directive into Finnish legislation provides the legal framework for the issuance of Finnish covered bonds.

In our opinion, the CBA satisfies the relevant legal aspects of our covered bonds criteria and our legal criteria (see "Asset Isolation And Special-Purpose Entity Methodology," May 29, 2025). We concluded that the assets in the cover pool are effectively isolated for the benefit of covered bondholders. The protection of the assets and the continued management of the cover pool allow us to rate the covered bond program above the long-term ICR on S-Bank.

Under the CBA, issuers must have 2% overcollateralization on a net present value (NPV) basis. This increases to 5% if certain requirements of article 129 of the Capital Requirements Regulation are not fulfilled.

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

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.

S-Bank is domiciled in Finland, which is subject to the EU's Bank Recovery and Resolution Directive. We consider mortgage covered bonds to have a very strong systemic importance to Finland. Under our covered bonds criteria, we assess the reference rating level (RRL) as the higher of (i) two notches above the long-term ICR; and (ii) the RCR. Given the RCR on S-Bank is 'A', the RRL is 'a+', which reflects the two-notch uplift from the 'A-' ICR on S-Bank.

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, before resorting to a market-driven solution such as liquidating the cover pool 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 bond programs 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 updated covered bonds criteria. In our view, operational risk does not constrain the ratings on the covered bonds to the same level as our rating on long-term ICR on S-Bank.

S-Bank originates its loans through its distribution channels and origination process. Loan origination must comply with the origination criteria. The original LTV (OLTV) ratio follows FIN-FSA regulation and is limited to 90%, or 95% for first-time buyers. The bank's current policy limits the OLTV ratio to 90%. To assess credit risk at origination, the bank follows a detailed analysis of the lender's creditworthiness, financial situation, and payment capacity. A strict valuation process applies at the time of origination. In most cases, the original valuation is based on the purchase price, which is validated against a statistical model and assessed by the presenter and underwriter.

The FIN-FSA continues to focus strongly on ensuring strict household lending underwriting criteria. It applies an 85% cap on loan-to-collateral ratios on new mortgage loans and a 95% cap for first-time buyers. The borrower's ability to pay the loan and handle regular living costs is stress-tested with a 6% interest rate.

Our analysis of operational and administrative risks assesses whether key transaction parties would be capable of managing a covered bond program while any bonds remain outstanding. We reviewed S-Bank'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. In our opinion, the bank follows a prudent approach in its mortgage loan underwriting, demonstrated in its good asset quality and very low arrears levels to date.

We believe a replacement cover pool manager would be available if the issuer were to become insolvent. We consider Finland is an established covered bond market and the mortgage assets in the cover pool do not comprise product features that would materially limit the range of available replacement cover pool managers.

Collateral support analysis

Mortgage market outlook: Finland's housing market is showing very early signs of recovery. House prices have declined substantially 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, house sales 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, specifically in personal finance. Additionally, residential construction in larger cities stabilized, supporting a gradual housing market recovery. Overall, we expect regional house prices rising modestly in 2026 as supply constraints ease and demand strengthens.

We project house prices to increase by about 2%-3% over 2026-2027 but with regional differences. In our view, urbanization will continue over the medium to long term, leading to stronger upside potential for house prices in Helsinki and other growth cities such as Tampere and Turku. We expect the four-year rolling average of house prices in real terms to remain negative through 2027 ((see "Banking Industry Country Risk Assessment: Finland, Dec. 16, 2025").

Our analysis of the residential mortgage loans is based on the specific adjustments defined for Finland under our RMBS criteria (see "Global Methodology And Assumptions: Assessing Pools Of Residential Loans," Jan. 25, 2019 and "Global Methodology And Assumptions: Assessing Pools Of Residential Loans--Europe Supplement," April 4, 2024).

We based our credit and cash flow analysis on loan- level data and asset and liabilities cash flow projections, both provided by S-Bank as of June 30, 2025.

The cover pool comprises prime residential mortgage loans originated by S-Bank and located in Finland. The total current balance is €3.18 billion (deducting 1.5% of loans granted to S-Bank's employees, due to the risk of these loans being set off upon issuer insolvency), with a CLTV ratio representing, on average, 66.55% of the property's current value. Since 1996, Finnish property prices have increased but have stabilized since 2012 and, in our opinion, are undervalued compared to historical house price to income statistics.

The residential portfolio's weighted-average seasoning is about 5 years and the interest rate on 97% of the loans is floating rate (most linked to 12-month Euro Interbank Offer Rate). Most of the loans are on owner-occupied properties. The cover pool neither includes loans in arrears nor loans to borrowers with a negative credit history. Of the total pool, 5% of the loans are fixed-rate amortization loans; however, we would not expect a payment shock at the end of the loan's life, given the loan's maturity can be extended if interest rates rise.

Table 3

Cover pool composition

	As of June 30, 2025.		As of June 30, 2024	
Asset type	**Value current balance (mil. €)**	**% of cover pool**	**Value current balance (mil. €)**	**% of cover pool**
Residential mortgage loans (housing loans)	3,179	100	3,257	100
Substitute assets	0	0	0	0
Total	3,179	100	3,257	100

Table 4

Key credit metrics

	As of June 30, 2025	As of June 30, 2024
	Residential mortgage loans	**Residential mortgage loans**
Average loan size (€)	109,018	112,474
Weighted-average effective LTV ratio (%)*	75.03	72.77
Weighted-average original LTV ratio (%)	77.14	74.77
Weighted-average current LTV ratio (%)§	66.55	64.55
Weighted-average loan seasoning (years)†	4.77	4.49
Balance of loans in arrears (%)	0.25	0.38
Buy-to-let loans (%)	8.52	7.80
Interest-only loans to maturity	0.25	0.15
Equal installment mortgages (%)	5.83	8.13
Jumbo valuations (%)	11.16	12.48
Credit analysis results:		
WAFF (%)	17.43	17.68
WALS (%)	23.59	23.38
AAA credit risk (%)	6.99	11.01

*The effective LTV ratio corresponds to 80% of the original LTV ratio and 20% of the current indexed whole loan LTV ratios for the WAFF calculation. §Weighted-average current indexed LTV ratio based on the current balance. †Seasoning refers to the elapsed loan term. LTV--Loan-to-value. WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

Table 5

Seasoning distribution*

	% of pool balance	
	As of June 30, 2025	**As of June 30, 2024**
In arrears	0.25	0.38
Less than 2 years	21.37	24.15

Seasoning distribution*

	% of pool balance	
	As of June 30, 2025	As of June 30, 2024
2 to 4	26.98	31.32
4 to 5	13.9	11.62
5 to 6	10	9.8
6 to 7	8.14	5.03
7 to 8	4.19	5.16
8 to 9	4.31	3.11
9 to 10	2.79	1.81
More than 10 years	8.06	7.61
Weighted-average loan seasoning (years)	4.77	4.49

*Seasoning refers to the elapsed loan term.

Table 6

Loan-to-value distribution

	As of June 30, 2025			As of June 30, 2024		
Residential mortgages (housing loans, %)	Effective whole loan LTV (%)	Original LTV (%)	Current balance LTV (based on current balance, %)*	Effective whole loan LTV (%)	Original LTV (%)	Current balance LTV (based on current balance, %)*
0-40	8.37	7.55	15.67	9.17	8.59	16.40
40-50	6.81	6.41	9.51	7.90	7.41	10.01
50-60	8.78	8.16	11.72	10.45	10.03	12.43
60-70	11.41	10.63	13.54	13.94	13.37	14.53
70-80	14.12	13.10	15.64	15.28	14.23	17.27
80-90	18.75	18.41	16.53	20.83	21.76	16.65
90-100	27.31	35.73	12.71	18.83	17.39	12.11
Above 100	4.45	0.00	4.68	3.61	7.22	0.60
Weighted-average LTV ratio	75.03	77.14	66.55	72.77	74.77	64.55

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

Table 7

Geographic distribution

	% of pool balance	
	As of June 30, 2025	As of June 30, 2024
Southern Finland	55.17	55.03
Eastern Finland	7.13	7.28
Western Finland	28.29	28.23
Oulu	6.87	6.83
Lapland	2.53	2.62
Aland	0.01	0.01

Geographic distribution

	% of pool balance	
	As of June 30, 2025	As of June 30, 2024
Total	100	100

Table 8

Collateral uplift metrics

	As of June 30, 2025	As of June 30, 2024
Asset WAM (years)	8.84	8.42
Liability WAM (years)	5.12	6.12
Asset WAM - liability WAM	3.72	2.3
Available credit enhancement (%)	217.91	225.71
'AAA' credit risk	6.99	11.01
Credit enhancement for current rating (%)	6.99	13.3
Required credit enhancement for first notch of collateral uplift (%)	6.99	12.15
Required credit enhancement for second notch of collateral uplift (%)	6.99	13.3
Required credit enhancement for third notch collateral uplift (%)	10.24	14.55
Target credit enhancement for maximum uplift (%)	13.48	15.58
Potential collateral-based uplift (notches)	4	4
Adjustment for liquidity (Y/N)	N	N
Adjustment for committed overcollateralization (Y/N)	N	N
Collateral support uplift (notches)	4	4

WAM--Weighted-average maturity.

Table 9

S-Bank CBA Covered Bond Program vs. other Finnish covered bond programs

Program name	S-Bank	SP Mortgage Bank CBA	SP Mortgage Bank MCBA	POP Mortgage Bank	OP Mortgage Bank
Overview					
Jurisdiction	Finland	Finland	Finland	Finland	Finland
Covered bond type	LCB	LCB	LCB	LCB	LCB
Outstanding assets (bil. EUR)	3125.02	2833.6	1318.91	679.7	8245.25
Outstanding covered bonds (bil. EUR)	1000	1750	1000	500	7550
Cover pool composition	Residential: 100%	Residential: 100%	Residential: 100%	Residential: 100%	Residential: 100%
Rating details					
Issuer credit rating*	A-	A-	A-	BBB	AA-
Reference rating level	a+	a+	a+	a-	aa+
Jurisdictional-supported rating level	aa+	aa+	aa+	aa-	aaa
Covered bonds rating	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable
Total unused notches	3	3	3	1	6

S-Bank CBA Covered Bond Program vs. other Finnish covered bond programs

Program name	S-Bank	SP Mortgage Bank CBA	SP Mortgage Bank MCBA	POP Mortgage Bank	OP Mortgage Bank
Overview					
Credit analysis					
Mortgage WAFF (%)	17.43	15.37	8.85	18.37	12.57
Mortgage WALS (%)	23.59	22.55	14.78	28.7	11.71
Overcollateralization (OC)					
Available OC (%)	217.91	61.92	27.44	35.94	10.74
Asset default risk (%)	6.99	6.42	2.5	7.15	2.5
Target credit enhancement (%)	13.48	10.05	8.65	12.49	4.58
OC consistent with current rating (%)	6.99	6.42	2.5	9.82	2
Cash-flow analysis as of	30/06/2025	30/09/2025	31/3/2025	30/09/2025	31/3/2025

*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.WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity. OC--Overcollateralization. LCB--Legislation-enabled covered bonds.

As of June 30, 2025, our weighted-average foreclosure frequency (WAFF) assumption is 17.43% (down from 17.68% previously) and weighted-average loss severity (WALS) assumption is 23.59% (up from 23.38% previously) for the residential mortgage loans. Both these assumptions have remained stable since our previous analysis.

By applying our credit and cash flow stresses, we calculate a TCE of 13.48% (down from 15.58% previously) and 'AAA' credit risk of 6.99% (down from 11.01% previously). Under our updated covered bonds criteria, we removed the spread compression and basis risk stresses, given their limited impact on our cash flow analysis. Additionally, we removed the commingling stress because we expect the issuer to maintain the current credit support. The removal of these stresses, combined with slightly improved credit results, lowered the 'AAA' credit risk and TCE metrics, partially offset by the higher asset-liability maturity mismatch for the TCE. The lower target asset spread and the application of a base-case asset spread to model refinancing costs under our updated criteria did not affect our TCE results as the program does not require the need to sale assets in our cashflow analysis scenarios.

With an available credit enhancement (217.91%) exceeding the TCE, the maximum potential collateral-based uplift above the JRL is four notches. No deductions apply to these four notches because the covered bonds' soft-bullet maturities satisfy the liquidity coverage requirement under our updated covered bonds criteria. In addition, the issuer has published a commitment to hold overcollateralization commensurate with the current rating. Therefore, the maximum collateral uplift remains four notches above the JRL.

As the JRL is ‘aa+’, the program only needs one notch of collateral-based uplift to achieve ‘AAA’ ratings. According to our updated covered bonds criteria, this is equivalent to 'AAA' credit risk of 6.99%. Compared to our last review, the required credit enhancement for the rating was 13.30%, equivalent to 'AAA' credit risk and 50% of refinancing costs. Moreover, in our previous analysis, the program required two notches of collateral-based uplift. As the program uses only one out of four notches, three unused notches of collateral-based uplift remain to protect the ‘AAA’ ratings if S-Bank is downgraded by up to three notches, all else being equal.

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 and commingling risk

Borrowers will make mortgage payments into internal bank accounts. This means the cover pool is potentially exposed to commingling risk if the issuer becomes insolvent. Pre-insolvency of the issuer payments received from the cover pool assets are not separated from the issuer's other cash flows. Hence, funds collected before the issuer’s insolvency are potentially unavailable to service the claims for the covered bonds. The cover pool will have a normal claim in line with all other creditors of the bank on any cash commingled in the bank and money may be lost.

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, S-Bank has maintained overcollateralization levels well above the level required for the ‘AAA’ ratings. Furthermore, S-Bank maintains an overcollateralization commitment for its covered bonds to retain their ‘AAA’ ratings, and we expect it to continue maintaining this credit support. Therefore, we currently do not stress commingling risk in our cash flow analysis (previously stressed as two weeks of lost cash collections).

Following the issuer's insolvency based on the relevant sections of the CBA, we are comfortable that post-insolvency funds are secured by the administrator for the benefit of the covered bonds and do not risk being commingled, only being available to pay the covered bonds creditors.

Derivatives

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.

To hedge the interest rate mismatch arising from the floating interest rate earned on the assets and the fixed interest rate payable to the covered bonds, the issuer has entered an interest rate hedge swap with Nordea Bank Abp for its first issuance done in September 2023 and with Swedbank Ab for its second issuance in April 2024.

In this case, the counterparties are unrelated to the issuer and are entitled to termination payments that rank pari passu with payments on the covered bonds.

According to the swap documentation, the counterparties have committed to either replace themselves or procure an eligible guarantee for their obligations under the swap, if their applicable RCR falls below 'A-'. Failure to do so within the specified period is an additional termination event, allowing the issuer to terminate the derivative agreement. Furthermore, if we lower our RCR on the swap counterparty below 'A-', both counterparties commit to post collateral sufficient to cover the issuer's exposure to that counterparty, plus certain volatility risks in the swap value.

The collateral framework assessments, combined with the current 'a' RRL on S-Bank and the counterparties replacement triggers, support a maximum potential rating of 'AAA' under our counterparty risk assessment. As a result, our counterparty risk analysis under our updated covered bonds criteria does not constrain the number of unused notches of uplift.

Sovereign Default Risk

We analyze sovereign default risk under our "Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions," Jan. 30, 2019. Under these criteria, covered bonds backed by mortgages--issued in a jurisdiction within a monetary union and that include structural refinancing coverage needs over a 12-month period (provided by the 12-month extendible maturity profile of the soft-bullet covered bonds in this instance) --exhibit low sensitivity to country risk. Therefore, we can rate the covered bonds up to five notches above the sovereign rating. Given our 'AA+' long-term sovereign rating on Finland, sovereign risk does not constrain our ratings on the covered bonds and the program.

Environmental, Social, And Governance

Environmental, social, and governance factors have no material influence on our credit rating analysis of S-Bank's CBA mortgage covered bonds. The issuer currently does not offer specific mortgage products focused on environmental or social factors, which could affect the credit results. S-Bank commits to maintain a minimum overcollateralization level in the program commensurate with 'AAA' ratings. Furthermore, the bonds' soft-bullet repayment structure partially mitigates refinancing risk. These features allow the program to achieve four notches of potential collateral-based uplift.

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
- 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
- Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan 25, 2019
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment: Finland, Dec. 16, 2025
- S&P Global Ratings Definitions, Dec. 16, 2025
- Global Covered Bond Insights Q1 2026, Dec. 11, 2025
- Finland-Based S-Bank PLC Upgraded To 'A-' On Additional Loss-Absorbing Capacity; Outlook Stable, Dec. 9, 2025
- Covered Bonds Outlook 2026: Rating Trends Broadly Balanced, Dec. 2, 2025
- Norwegian And Finnish Covered Bond Market Insights 2025, March 21, 2025
- S-Bank PLC, Aug. 23, 2024
- A Closer Look At Finland's Covered Bond Framework, Sept. 27, 2023
- Glossary Of Covered Bond Terms, April 27, 2018