Transaction Update:

S-Bank PLC (Covered Bonds)

September 15, 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	+1	**AAA/Stable**	
Systemic importance	Very Strong	Jurisdictional support assessment	Very Strong	Over-collateralization adjustment	0	Rating constraints	aaa
Resolution counterparty rating	A			Liquidity adjustment	0	Sovereign risk	aaa
Issuer credit rating	A-			Potential collateral-based uplift	+4	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 issuer's overcollateralization commitment, the soft-bullet maturity structure of the covered bonds and an available overcollateralization above the target credit enhancement allow for four notches of collateral uplift.	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.	

Under our 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 March 31, 2026, the required overcollateralization of 'AAA' credit risk is 6.34% (see "Methodology For Rating Covered Bonds," July 25, 2025), slightly below the 6.99% required in our previous analysis. The cover pool comprises Finnish residential mortgage loans, originated by S-Bank PLC (S-Pankki Oyj). As of March 2026, 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 has slightly improved, with 3.58% credit coverage (4.11% previously).

Our 'AAA' credit risk and target credit enhancement (TCE) assessments have improved. We calculated a TCE of 10.69% (down from 13.5% previously) and 'AAA' credit risk of 6.34% (down from 6.99% previously). The lower metrics are driven mainly by the improvement in collateral pool's credit quality. The TCE determines the overcollateralization commensurate with the maximum collateral-based uplift of four notches above the JRL.

Our counterparty risk assessment is aligned with our previous review. Accordingly, we apply a forward-looking assessment of the issuer's maintenance of credit support and therefore do not size for commingling risk stress in our cash flow analysis. In addition, derivatives are aligned with our counterparty risk assessment in our covered bonds criteria and we consider that there is an effective replacement framework.

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. We view Finland as a wealthy economy, with an innovative and highly educated labor force. Despite muted consumer confidence and an oversupply of houses continuing to weigh on the housing market, house prices have stabilized. We expect a rebound, 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. Finland's consensus-based policymaking remains proactive and transparent, in our view. The country is equipped with stable and mature institutions and benefits from eurozone membership. We expect the current government to maintain its focus on fiscal consolidation and pro-growth reforms. Given the country's track record, we expect broad policies will continue after the next parliamentary elections in April 2027. (see "Banking Industry Country Risk Assessment: Finland," Dec. 16, 2025).

Banking industry risk is also stable. The banking sector is large, concentrated, and characterized by high competition. We expect the banking sector to demonstrate solid profitability, supported by stabilization of interest rates and increased revenue diversification from asset management and insurance operations. As digital frontrunners the banks benefit from sound operating efficiency and continue to invest in new technologies, including AI. Despite the economic slump and stress in certain sectors, the asset quality remains broadly intact and credit losses low. In our view, the banking sector has strong buffers to absorb credit losses, even beyond our base-case scenario, given its solid operating profitability and high capitalization (see "Finland Outlook Revised To Negative From Stable On Fiscal And Economic Risks; 'AA+/A-1+' Ratings Affirmed, April 24, 2026"

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 (%)	218.68
Credit enhancement commensurate with rating (%)	6.34
Legal overcollateralization (%)	2
Number of unused notches	3

*Based on anaysis for March 2026 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 2,000 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 €13.7 billion as of June 30, 2026, and about 896,000 active customers, S-Bank is the fourth-largest credit institution in Finland in terms of mortgage loans, with around 6 % market share, and around 5.2 % of market share in terms of deposits, according to the Bank of Finland.

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.

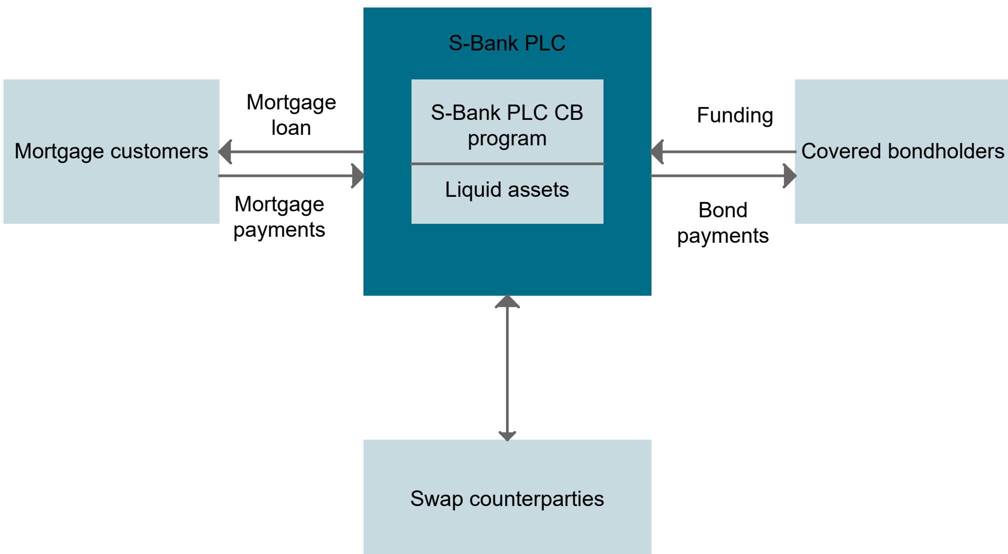
The covered bonds benefit from S-Bank's commitment to maintain overcollateralization sufficient to support 'AAA' ratings.

On July 9, 2026, S-Bank announced a voluntary tender offer to acquire all the shares in Oma Savings Bank PLC (OmaSp). If successful, OmaSp will become a subsidiary of S-Bank and will be delisted from the Nasdaq Helsinki stock exchange. We consider the impact on S-Bank's financial position will be manageable due to its robust capitalization, supported by a planned capital injection from owners, although the bank's asset quality metrics are likely to weaken through OmaSp (see "Oma Savings Bank Ratings Put On CreditWatch Positive On S-Bank's Tender Offer; S-Bank Ratings Affirmed; Outlook Stable," July 14, 2026).

The purchase of OmaSp would support S-Bank's ambitious goals to expand its customer base to one million customers and increase its share of high-value customers by offering banking and wealth management services.

The transaction, which is subject to a 90% acceptance threshold and regulatory approvals, is expected to close in the last quarter of 2026.

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/A-1+	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 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 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 performs a detailed analysis of the lender's creditworthiness, financial situation, and payment capacity. 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.

Currently we don't expect that the acquisition of OmaSp will affect S-Bank's covered bond program or cover pool.

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.

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 March 31, 2026.

The cover pool comprises prime residential mortgage loans originated by S-Bank and located in Finland. The total current balance is €3.19 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, 67.38% of the property's current value. In our view, Finnish property prices are undervalued compared to historical house price to income statistics.

The residential portfolio's weighted-average seasoning is about five 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 includes neither loans in arrears nor loans to borrowers with a negative credit history. Of the total pool, 10.46% of the loans are fixed-rate amortization loans with a potential extendible maturity date if interest rates rise. We believe this mitigates any potential risk of a payment shock at the end of the loan's life.

Table 3

Cover pool composition

	As of March 31, 2026		As of June 30, 2025	
Asset type	**Value current balance (mil. €)**	**% of cover pool**	**Value current balance (mil. €)**	**% of cover pool**
Residential mortgage loans (housing loans)	3,187	100	3,179	100
Substitute assets	0	0	0	0
Total	3,187	100	3,179	100

Table 4

Key credit metrics

	As of March 31, 2026	As of June 30, 2025
	Residential mortgage loans	**Residential mortgage loans**
Average loan size (€)	105,599	109,018
Weighted-average effective LTV ratio (%)*	70.49	75.03
Weighted-average original LTV ratio (%)	71.27	77.14
Weighted-average current LTV ratio (%)§	67.38	66.55
Weighted-average loan seasoning (years)†	4.50	4.77
Balance of loans in arrears (%)	0.41	0.25
Buy-to-let loans (%)	9.31	8.52
Interest-only loans to maturity	0.29	0.25
Equal installment mortgages (%)	10.46	9.44
Jumbo valuations (%)	10.42	11.16
Credit analysis results:		
WAFF (%)	14.70	17.43
WALS (%)	24.34	23.59
Expected losses (WAFF*WALS)(%)	3.58	4.11
AAA Credit Risk (%)	6.34	6.99

*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 March 31, 2026	As of June 30, 2025
In arrears	0.41	0.25
Less than 2 years	26.88	21.37
2 to 4	22.45	26.98
4 to 5	13.5	13.9
5 to 6	10.64	10
6 to 7	7.7	8.14
7 to 8	5.68	4.19
8 to 9	2.92	4.31
9 to 10	3.2	2.79
More than 10 years	6.62	8.06
Weighted-average loan seasoning (years)	4.50	4.77

*Seasoning refers to the elapsed loan term.

Table 6

Loan-to-value distribution

	As of March 31, 2026			As of June 30, 2025		
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	10.93	10.67	15.33	8.37	7.55	15.67
40-50	8.35	8.28	9.35	6.81	6.41	9.51
50-60	10.6	10.47	11.32	8.78	8.16	11.72
60-70	13.68	13.51	13.18	11.41	10.63	13.54
70-80	14.93	14.35	14.66	14.12	13.10	15.64
80-90	19.98	21.25	16.47	18.75	18.41	16.53
90-100	19.07	21.47	14.41	27.31	35.73	12.71
Above 100	2.47	0	5.29	4.45	0.00	4.68
Weighted-average LTV ratio	70.49	71.27	67.38	75.03	77.14	66.55

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

Table 7

Geographic distribution

	% of pool balance	
	As of March 31, 2026	As of June 30, 2025
Southern Finland	54.81	55.17
Eastern Finland	6.81	7.13

Geographic distribution

	% of pool balance	
	As of March 31, 2026	As of June 30, 2025
Western Finland	29.14	28.29
Oulu	6.95	6.87
Lapland	2.28	2.53
Aland	0.01	0.01
Total	100	100

Table 8

Collateral uplift metrics

	As of March 31, 2026	As of June 30, 2025
Asset WAM (years)	9.12	8.84
Liability WAM (years)	4.38	5.12
Asset WAM - liability WAM	4.74	3.72
Available credit enhancement (%)	218.68	217.91
'AAA' credit risk	6.34	6.99
Credit enhancement for current rating (%)	6.34	6.99
Required credit enhancement for first notch of collateral uplift (%)	6.34	6.99
Required credit enhancement for second notch of collateral uplift (%)	6.34	6.99
Required credit enhancement for third notch collateral uplift (%)	8.52	10.24
Target credit enhancement for maximum uplift (%)	10.69	13.48
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	The Mortgage Society of Finland	The Mortgage Society of Finland CBA	POP Mortgage Bank	OP Mortgage Bank
Overview							
Jurisdiction	Finland	Finland	Finland	Finland	Finland	Finland	Finland
Covered bond type	LCB	LCB	LCB	LCB	LCB	LCB	LCB
Outstanding assets (bil. EUR)	3125.02	3161.48	784.17	341.98	1770.37	669.89	8240.55
Outstanding covered bonds (bil. EUR)	1000	2250	500	300	1500	500	7550
Cover pool composition	Residential: 100%	Residential: 100%	Residential: 100%	Residential: 25.54%	Residential: 10%	Residential: 100%	Residential: 100%
				Commercial: 74.46%	Commercial: 90%		

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

Program name	S-Bank	SP Mortgage Bank CBA	SP Mortgage Bank MCBA	The Mortgage Society of Finland	The Mortgage Society of Finland CBA	POP Mortgage Bank	OP Mortgage Bank
Overview							
Rating details							
Issuer credit rating*	A-	A-	A-	BBB	BBB	BBB	AA-
Reference rating level	a+	a+	a+	a-	a-	a-	aa+
Jurisdictional-supported rating level	aa+	aa+	aa+	aa-	aa-	aa-	aaa
Covered bonds rating	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable
Total unused notches	3	3	3	1	1	1	6
Credit analysis							
Mortgage WAFF (%)	17.43	15.37	8.97	14.93	16.45	18.37	11.43
Mortgage WALS (%)	23.59	22.55	15.53	11.23	8.17	28.7	12.7
Overcollateralization (OC)							
Available OC (%)	217.91	61.92	56.83	14	17.8	35.03	9
Asset default risk (%)	6.99	6.42	2.52	1.81	3.9	6.86	2.5
Target credit enhancement (%)	13.48	10.05	5.3	2.5	10.22	11.73	3.95
OC consistent with current rating (%)	6.99	6.42	2.52	2.5	7.06	9.3	2
Cash-flow analysis as of	30/06/2025	Sept. 30, 2025	June 30, 2026	March 31, 2026	Feb. 12, 2026	Dec. 31, 2025	Dec. 31, 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 March 31, 2026, our weighted-average foreclosure frequency (WAFF) assumption is 14.70% (down from 17.43% previously) and weighted-average loss severity (WALS) assumption is 24.34% (up from 23.59% 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 10.69% (down from 13.48% previously) and 'AAA' credit risk of 6.34% (down from 6.99% previously). The improvement is driven mainly by the slightly improved credit results, partially offset by the higher asset-liability maturity mismatch for the TCE. The target asset spread and the base-case asset spread to model refinancing costs do not affect our TCE results as the program does not require the need to sell assets in our cash flow analysis scenarios.

With an available credit enhancement (218.68%) 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 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 covered bonds criteria, this is equivalent to 'AAA' credit risk of 6.34% (compared to 6.99% in our last review). 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 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 an internal bank account held with S-Bank. 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, 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 do not stress commingling risk in our cash flow analysis.

Derivatives

To derive the maximum potential rating on the covered bonds, under our 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 entered an interest rate hedge swap with Nordea Bank Abp for its first issuance in September 2023, and with Swedbank Ab for its second issuance in April 2024.

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.

Under our covered bonds criteria, we consider if the counterparty is related or unrelated to the issuer, the ratings on the issuer and counterparties, the seniority of any potential swap termination payments, and if the effective replacement framework is in place. The fact that S-Bank's derivative agreements have an effective replacement framework, 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 covered bonds criteria does not constrain the ratings on the covered bonds.

Sovereign Default Risk

We analyze sovereign default risk under our "Methodology For Rating Structured Finance Securities Above The Sovereign," April 10, 2026. 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 sovereign default risk. Therefore, we can rate the covered bonds up to six 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 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
- 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
- Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan 25, 2019
- Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- S&P Global Ratings Definitions, Sept. 1, 2026
- Oma Savings Bank Ratings Put On CreditWatch Positive On S-Bank's Tender Offer; S-Bank Ratings Affirmed; Outlook Stable, July 14, 2026
- Covered Bonds Outlook 2026 Midyear Update, July 14, 2026
- Global Covered Bond Insights Q3 2026, June 17, 2026
- Rating On Eight Finnish Banks Affirmed Amid Weak Economy; Bonum Bank Outlook Revised, June 10, 2026

- Finland Outlook Revised To Negative From Stable On Fiscal And Economic Risks; 'AA+/A-1+' Ratings Affirmed, April 24, 2026
- Norwegian And Finnish Covered Bond Market Insights 2026, March 19, 2026
- S-Bank PLC, Dec. 18, 2025
- Banking Industry Country Risk Assessment: Finland, Dec. 16, 2025
- Finland-Based S-Bank PLC Upgraded To 'A-' On Additional Loss-Absorbing Capacity; Outlook Stable, Dec. 9, 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