Transaction Update:

Sp Mortgage Bank PLC CBA Mortgage Covered Bond Program

November 18, 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
ICR Or parent bank rating or guarantor rating	A-			Potential collateral-based uplift	+4	Counterparty risk	aaa

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.

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Credit Highlights

Overview

Key strengths	Key risks
Three unused notches of collateral uplift protect the 'AAA' ratings against a potential downgrade of the issuer credit rating (ICR) on The Central Bank of Savings Banks Finland PLC (Sp Central Bank).	About 45% of the cover pool consists of constant annuity loans, potentially delaying repayment under high interest rates, in our view.
The bond's soft-bullet repayment profile mitigates liquidity risk. Furthermore, the issuer is committed to maintaining an overcollateralization level consistent with the 'AAA' ratings.	Mortgage concentration in Western Finland exceeds our regional concentration limit, leading to a higher foreclosure frequency assumption.
The cover pool is granular and comprises seasoned prime Finnish residential mortgage loans secured predominantly by owner-occupied properties.	
Interest rate swaps hedge risks arising from variable-rate paying assets and fixed-rate paying covered bonds.	

SP Mortgage Bank's (SPMB) covered bond program maintains sufficient collateral to support the 'AAA' ratings on the covered bonds. The program achieves five notches of uplift above the

long-term ICR on Sp Central Bank (parent), on the back of the protection afforded to covered bonds under the applicable bank resolution framework and the potential for wider jurisdictional support--such as direct state intervention, indirectly from a government's use of private-sector mechanisms, or from supranational entities--if the issuer were unable to meet its obligations. Furthermore, the protection granted to covered bondholders from the cover pool supports four additional notches of uplift, where only one is needed to achieve 'AAA' ratings. As a result, the program benefits from three unused notches of uplift should the ICR on Sp Central Bank be lowered.

Compared to our prior review, the credit enhancement commensurate with the rating ('AAA' credit risk) has improved to 5.6% (6.4% previously). As of September 2026, outstanding covered bonds have increased by about 28.6% following a €500 million issuance in April 2026, while the cover pool notional increase by approximately 9.7%. The credit quality of Finnish residential mortgage cover pool improved, driven primarily by a reduced concentration of high loan-to-value (LTV) ratios (>80%), increased loan seasoning, and a reduction in constant annuity loans, together benefiting the program's cash flow results. At the same time, the TCE--the level of enhancement commensurate with the maximum collateral-based uplift--remained stable at 10.1% as the positive effect of the cover pool´s improved credit quality was offset by the program´s higher asset-liability maturity mismatch (ALMM) risk.

Our counterparty risk assessment does not constrain the rating on the covered bonds. Considering the issuer's reference rating level (RRL) is 'a+', we rely on the issuer's ability to manage the counterparty risk associated with its bank account providers. Furthermore, the derivative counterparty is appropriately rated and an effective replacement framework is in place, which supports the rating on the covered bonds.

The banking sector shows resilience to economic risk. Finland's near-term economic growth prospects have improved, driven by robust investment in digital infrastructure and strong export performance. We forecast real output will expand by 1.6% for 2026, up from our expectation of full year growth of 0.8% in April 2026, underpinned by investments in data center development and AI-related technology infrastructure, which has also bolstered exports. Over 2027-2029, we forecast average GDP growth of 1.5%. Heightened economic activity is beginning to strengthen the labor market and we forecast unemployment will edge below 8.5% by 2029, from 10% in 2026. However, external risks--specifically elevated energy prices and potentially higher interest rates--may dampen investment and economic momentum (see "Finland," Oct. 26, 2026). We expect the banking sector's asset quality to remain intact, with domestic nonperforming loans at 2.0%-2.2% and credit losses contained at 15 basis points (bps)-20 bps, thanks to Finnish banks' prudent underwriting standards focused on collateralized lending, the private sector's sound financial buffers, and Finland's strong social security system (see "Rating On Eight Finnish Banks Affirmed Amid Weak Economy; Bonum Bank Outlook Revised", June 10, 2026, and "Banking Industry Country Risk Assessment: Finland," Dec. 16, 2025).

The Banking industry risk trend is stable. Finnish banks are positioned for a broader-based rebound in growth as Finland's macroeconomic momentum strengthens. We anticipate loan growth to accelerate to 3%-4% over 2027-2028 in tandem with economic growth. Alongside moderately rising margins and banks' ambitions to grow fee income, we project this will support profitability, with weighted-average return on equity projected at 12.0%-13.0% (from 12.2% in 2025) over the next two years. Finnish banks have maintained a strong capacity to absorb credit losses, despite recent sectoral pressures. While high unemployment and elevated bankruptcies have previously affected asset quality, credit loss projections for 2026-2028 remain moderate at 15-20 basis points as domestic nonperforming loans trend down toward 2.0%. The sector's

resilience is underpinned by sound risk-adjusted profitability and robust capitalization. Potential external risks could dampen the current investment and growth trajectory. Elevated energy prices and the possibility of higher interest rates pose specific threats to the recovery of household consumption. However, if the housing market and mortgage loan demand eventually recover, the banking sector could see significant upside to its credit demand and overall performance (see "Finnish Banks Poised To Benefit From Improved Economic Growth," Oct. 29, 2026).

Outlook

The stable outlook on the 'AAA' ratings on Sp Mortgage Bank PLC 's (SPMB) covered bond program and related issuances reflects our view that we would not automatically lower the ratings if we were to lower our long-term ICR on Sp Central Bank by up to three notches, 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 mortgages
Outstanding covered bonds (mil. €)	2,250
Available credit enhancement (%)	38.11
Credit enhancement commensurate with rating	5.64
Legal OC	2.00§
Unused notches	3

*Based on data as of Sept. 30, 2026. §5% Net present value if requirements of article 129 (3)(a) subparagraph 3 of the Capital Requirements Regulation are not fulfilled.

SPMB is a part of the Savings Banks Group Finland with joint and several liability between the amalgamation members. The Group comprises Savings Banks' Union Coop, Sp Central Bank, 14 independent savings banks, SPMB, and product companies (not covered by joint and several liability). SPMB was established in March 2016 to provide competitive funding to the savings banks in the form of covered bonds, which represent the main source of wholesale funding for the group. The mortgage covered bonds are issued under SPMB's €4 billion program for the issuance of covered bonds.

The CBA covered bond program, which is subject to this review, was established in late-2022 to issue covered bonds under Finland's Covered Bond Act, (CBA, 151/2022 (see "Sp Mortgage Bank Finnish CBA Covered Bond Program And First Issuance Assigned 'AAA' Rating; Outlook Stable," Nov. 1, 2022). SPMB also manages another cover pool containing covered bonds issued before the implementation of the EU Covered Bond Directive on July 8, 2022, under the Finnish Act on Mortgage Credit Bank Activities (688/2010) (the "MCBA Covered Bond Program"), which we analyze separately.

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

The covered bonds constitute SPMB's direct unconditional and unsubordinated debt obligations and are secured by a cover pool of Finnish residential mortgage loans. The covered bonds benefit from a 12-month maturity extension, and SPMB 's commitment to maintain overcollateralization sufficient to support 'AAA' ratings.

The Finnish covered bond law enables SPMB to grant intermediary loans to member banks of the Savings Banks Group Finland. 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. SPMB must record these collateral assets in the cover register together with the intermediary loans. SPMB's cover pool comprises residential mortgages 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, to hedge the interest rate risk arising from the floating-rate paying mortgage loans and the fixed-rate covered bonds.

Our quarterly surveillance reports for this cover pool can be found here.

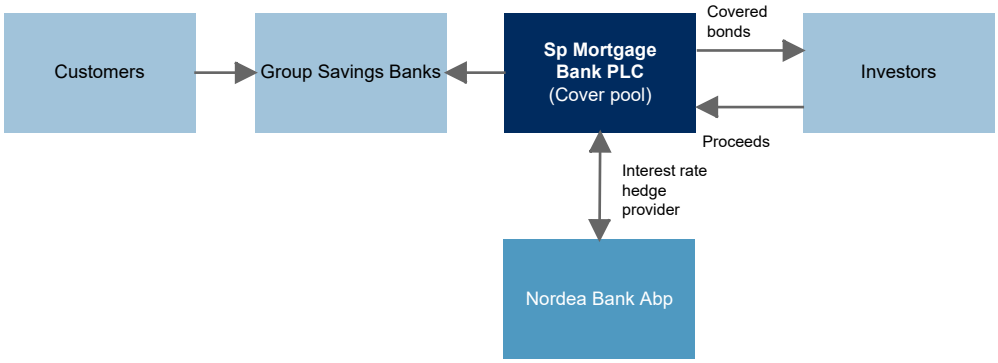
Table 2

Program participants

Role	Name	Rating	Rating dependency
Issuer	Sp Mortgage Bank PLC	NR*	Yes
Originator	Savings Banks Group Finland	NR	No
Account Bank	Central Bank of Savings Banks Finland PLC	A-/Stable/A-2	No
Interest rate hedge provider	Nordea Bank Abp	AA-/Stable/A-1+	Yes

*We apply the notches of uplift to the long-term rating on Central Bank of Savings Banks Finland PLC to derive the ratings on the covered bonds. NR--Not rated.

Sp Mortgage Bank CBA Mortgage Covered Bond Program



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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.

SPMB'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 Activities (688/2010; MCBA).

In our opinion, the CBA satisfies the relevant legal aspects we assess under our covered bonds 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. This allows us to rate the covered bond program above the ICR on Sp Central 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 bondholders. 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.

SPMB 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 assess 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 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 'A-' long-term ICR and the 'A' RCR on Sp Central 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 Jurisdictional supported rating level (JRL) of 'aa+'.

Operational and administrative risks

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

We believe that a replacement servicer would be appointed if the issuer were to become insolvent. In our view, Finland is an established covered bond market, and the mortgage assets in SPMB's cover pool do not have product features that would materially limit the range of available replacement cover pool managers or servicers.

SPMB is a part of the Savings Banks Group Finland with joint and several liability between the amalgamation members. The Group comprises Savings Banks' Union Coop, Sp Central Bank, 14 independent savings banks, SPMB, and product companies (not covered by joint and several liability). As the fourth-largest retail bank in Finland, Savings Banks Group held total assets of €13.3 billion as of June 30, 2026. Its presence in highly competitive domestic growth centers is weaker than that of larger banks, but the group is targeting expansion in these areas and has seen strong lending growth in the southwestern region near Turku. The group has a strong regional retail franchise across Finland, with a business model concentrated on residential mortgage lending and small and midsize enterprise financing. The group held a market share of 5.7% in mortgage lending and 3.6% in customer deposits in Finland as of June 2026. Although the

group is one of Finland's oldest banking entities, it has operated as a cohesive mutual since 2014, with ongoing efforts toward member integration and synergies.

SPMB does not originate loans but depends on the savings banks' branch network. Only savings banks that are part of the amalgamation can distribute mortgage loans on behalf of SPMB. The savings banks' credit decisions and management of customer relationships follow the guidelines issued by SPMB. The savings banks are also bound to repurchase any loans that do not comply with SPMB´s lending guidelines.

SPMB started to use the intermediate loan model in November 2022 whereby the mortgage loans stay on the savings banks' balance sheets and an intermediate loan is granted by SPMB to the corresponding savings bank. Since January 2026, new loans in the cover pool will only consist of intermediary loans. Loan transfers from savings banks´ balance sheet to Sp Mortgage Bank are possible but need separate approvals.

We think Savings Banks Group pursues sound underwriting in its mortgage lending. As of June 30, 2026, the group's lending to private customers represents about 64% of the portfolio. The maturity profile is mostly 15-25 years, and only 5% of mortgage loans are above 25 years. We consider the lending book's average LTV ratio of approximately 60% broadly in line with the overall market. The retail mortgage loan book being spread across the country, including nonurban areas.

The Finnish government, through legislation proposed by the ministry of finance and effective from June 2026, implemented a broad reform of housing-finance regulation aimed at increasing flexibility in mortgage lending, supporting housing demand, facilitating home ownership, and stimulating construction activity. The legislative changes increased the maximum maturity of new residential mortgages from 30 to 40 years, granted the Finnish Financial Supervisory Authority to raise the maximum loan-to-collateral limit for housing loans to 95%, and introduced greater flexibility around housing-company financing parameters such as debt caps, repayment holidays, and loan tenors. While these reforms may be slightly negative for the credit quality of new mortgage cohorts, we are not expecting them to have a material impact on the credit quality of the mortgage loans included in the cover pool, also considering the Group's member banks prudent underwriting standards. Furthermore, the overcollateralization available in the program--currently 6.8 times--above the level required for the rating mitigates potential collateral performance risk.

SPMB has been issuing covered since inception of its MCBA covered bonds program in 2016 (in wind down) and its CBA program (established in late 2022). In June 2026, covered bonds of 2.75 billion represented close to 24% of the Savings Banks Group's funding base and were the main source of wholesale funding. We think the group has the capacity to increase Sp Mortgage Bank's covered bond issuance to fund its mortgage book if needed (see "Central Bank of Savings Banks Finland PLC," Oct. 27, 2026).

Collateral support analysis

Mortgage market overview

House prices in Finland substantially declined since their mid-2022 peak, as market activity came to a standstill following rapidly rising interest rates and inflation. Over 2024, national residential house prices fell a further 4.8% in real terms, as households maintained a prudent investment stance. Following strong construction activity in residential real estate over 2020-2023, oversupply persists in certain urban areas, particularly Greater Helsinki, which also weighs on price developments. As a result, transaction volumes have been relatively low for three years.

During 2025 and 2026, consumer confidence has remained weak and sensitive to external factors. While real wage increases have improved households' financial positions, this has been allocated to higher savings rather than investment spending. The savings rate increased to over 12% of households' disposable income in 2025. While these growing buffers will support borrowers' repayment capacity, it will dampen recovery expectations. Finnish households' consumption and investment decisions remain sensitive to general factors, such as Finland's economic situation, inflation expectations, and the unemployment situation, while expectations on households' own finances has somewhat improved. We consider the level of private-sector debt manageable at 127% of GDP and well below the levels of peer Nordic countries (see "Finland Outlook Revised To Negative From Stable On Fiscal And Economic Risks; 'AA+/A-1+' Ratings Affirmed," April 24, 2026, and "Banking Industry Country Risk Assessment: Finland," Dec. 16, 2025).

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

For our credit and cash flow analysis we used loan-by-loan data and asset and liability cash flow projections as of Sept. 30, 2026. With outstanding covered bonds of €2.25 billion and a cover pool current balance of €3.12 billion, the available overcollateralization is 38.11% (based on current loan balances). The cover pool of euro-denominated Finnish residential mortgage loans remains granular and well-seasoned.

At a 'AAA' stress level, we estimate the proportion of cover pool assets that will default (weighted-average foreclosure frequency; WAFF) at 13.8% (down from 15.4% previously) and the proportion of losses on these defaults (weighted-average loss severity; WALS), based on current loan balances at 21.6% (down from 22.6% 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 decreased to 3% from 3.5% previously. The reduction in the WAFF is mainly driven by a reduction in the share of loans with higher effective LTV ratios (based on 100% whole loan current LTV ratios; >80%), higher overall portfolio seasoning, and a lower share of constant annuity loans which attract a higher foreclosure frequency to reflect a potential payment shock. We apply multiples to the base foreclosure frequency (13% in this case) based on the effective LTV ratios. We determined a weighted-average cover pool effective LTV ratio of 67% (down from 69% previously). This is based on current whole-loan LTV ratios. The lower WALS reflects a reduction in current loan value ratios. This positive effect on the WALS was slightly offset by a higher share of loans subject to a jumbo valuation adjustment.

While both the WAFF and the WALS are based on updated valuations, the loss severity does not incorporate exposure to subordinated claims which account for about 13% of cover pool balance. Therefore, the current LTV ratio (62%) used for our loss calculation is lower than the effective LTV ratio that we base our default probability on (67%).

By applying our credit and cash flow stresses, we calculate a TCE of 10.1%, stable compared to our last review and 'AAA' credit risk of 5.6% (previously 6.4%). The improvement in 'AAA' credit risk primarily reflects the improvement in the cover pool´s credit quality, while for TCE this positive effect was mostly offset by the higher ALMM.

With an available credit enhancement exceeding the TCE, the maximum potential collateral-based uplift above the JRL is four notches. No deductions apply to the maximum potential collateral-based uplift owing to SPMB's overcollateralization commitment and because we consider the liabilities' soft-bullet structure mitigates short-term liquidity risk. The achieved

collateral support uplift is therefore four notches above the JRL, of which one notch is used to attain a 'AAA' rating. The required credit enhancement for the 'AAA' rating is 5.6% equivalent to 'AAA' credit risk. As a result, there are three unused notches of collateral-based uplift.

Table 3

Pool composition

	Sept. 30, 2026		Sept. 30, 2025	
Asset type	**Value (mil. €)**	**% of cover pool**	**Value (mil. €)**	**% of cover pool**
Residential	3,107.42	100	2,833.56	100
Substitute assets and cash	0	0	0	0
Total	3,107.42	100	2,833.56	100

Table 4

Key credit metrics

	Sept. 30, 2026	Sept. 30, 2025
Average loan size (€)	95,542	93,988
Weighted-average effective LTV ratio (%)*	67.09	68.97
Weighted-average cover pool current LTV ratio (%)§	61.9	63.03
Weighted-average loan seasoning (years)†	5.85	5.44
Balance of loans in arrears (%)	0	0
Buy-to-let loans (%)	8.65	8.06
Self-employed borrowers (%)	22.09	19.18
Constant annuity loans (%)	45.26	50.63
Credit analysis results:		
WAFF (%)	13.76	15.37
WALS (%)	21.58	22.55
'AAA' credit risk (%)	5.64	6.42

*Effective LTV based on 100% of current indexed whole loan LTV. §Weighted-average current indexed LTV based on 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

Current loan-to-value distribution

	As of Sept. 30, 2026		As of Sept. 30, 2025	
(%)	**Effective whole loan LTV (%)***	**Cover pool current LTV (%)§**	**Effective whole loan LTV (%)***	**Cover pool current LTV (%)§**
0-40	13.43	16.27	12.66	15.53
40-50	10.38	11.8	10.08	11.17
50-60	14.82	15.85	13.73	15.03
60-70	19.35	20.09	18.52	19.21
70-80	16.67	15.54	16.45	15.9
80-90	11.2	10.3	12.4	11.71

Current loan-to-value distribution

	As of Sept. 30, 2026		As of Sept. 30, 2025	
(%)	Effective whole loan LTV (%)*	Cover pool current LTV (%)§	Effective whole loan LTV (%)*	Cover pool current LTV (%)§
90-100	8.96	8.72	9.78	10.16
Above 100	5.2	1.43	6.37	1.28
Weighted-average loan-to-value (%)	67.09	61.9	68.97	63.03

*100% of current indexed whole loan LTV. §Current LTV based on current balance excluding subordinated claims.
LTV--Loan-to-value.

Table 6

Loan seasoning distribution

	As of Sept. 30, 2026	As of Sept. 30, 2025
	Current pool balance (%)	
>0 and <=2years	20.2	22.25
>2 and <=4 years	17.23	19.73
>4 and <=5 years	9.47	12.31
>5 and <=6 years	10.72	8.52
>6 and <=7 years	7.97	7.46
>7 and <=8 years	7.41	6.57
>8 and <=9 years	6.76	5.3
>9 and <=10 years	4.98	4.2
>10 years	15.26	13.66
Weighted-average loan seasoning (years)	5.85	5.44

*Seasoning refers to the elapsed loan term.

Table 7

Geographic distribution of residential assets

	As of Sept 30, 2026	As of Sept 30, 2025
	Current pool balance (%)	
Southern Finland (including Helsinki)	34.6	32.21
Eastern Finland	10.21	11.72
Western Finland	43.37	42.26
Oulu	8.62	10.13
Lapland	3.14	3.61
Aland	0.06	0.07
Total	100	100

Table 8

Collateral uplift metrics

	As of Sept. 30, 2026	As of Sept. 30, 2025
Asset WAM (years)	9.71	9.34
Liability WAM (years)	4.08	5.04
Target asset spread (bps)	200	200
Base case asset spread (bps)	50	50
Available credit enhancement (current balance, %)	38.11	61.92
'AAA' credit risk (%)	5.64	6.42
Required credit enhancement for first notch of collateral uplift (%)	5.64	6.42
Required credit enhancement for second notch of collateral uplift (%)	5.64	6.42
Required credit enhancement for third notch collateral uplift (%)	7.88	8.24
Target credit enhancement for maximum uplift (%)	10.13	10.05
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

Table 9

Sp Mortgage Bank CBA vs other Finnish covered bond programs

Program name	Sp Mortgage Bank CBA	Sp Mortgage Bank MCBA	POP Mortgage Bank	OP Mortgage Bank	"S-Bank
Overview					
Jurisdiction	Finland	Finland	Finland	Finland	"Finland
Covered bond type	LCB	LCB	LCB	LCB	"LCB
Outstanding assets (mil. EUR)	3,107.4	831.39	668	8,236.25	3186.8
Outstanding covered bonds (mil. EUR)	2250	500	500	7550	1000
Cover pool composition	Residential: 100%	Residential: 100%	Residential: 100%	Residential: 100%	"Residential: 100%
Rating details					
Issuer credit rating*	A-	A-	BBB	AA-	A-
Reference rating level	a+	a+	a-	aa+	"a+
Jurisdictional-supported rating level	aa+	aa+	aa-	aaa	"aa+
Covered bonds rating	AAA/Stable	AAA/Stable	AAA/Stable	AAA/Stable	"AAA/Stable
Total unused notches	3	3	1	6	3
Credit analysis					
Mortgage WAFF (%)	13.8	9	15.6	11.4	14.7
Mortgage WALS (%)	21.6	15.5	24.7	12.7	24.3
Overcollateralization (OC)					
Available OC (%)	38.1	56.8	33.7	9	218.7
Asset default risk (%)	5.6	2.5	5.3	2.5	6.3
Target credit enhancement (%)	10.1	5.3	8.9	4	10.7
OC consistent with current rating (%)	5.64	2.5	7.1	2	6.3

Sp Mortgage Bank CBA vs other Finnish covered bond programs

Program name	Sp Mortgage Bank CBA	Sp Mortgage Bank MCBA	POP Mortgage Bank	OP Mortgage Bank	"S-Bank
Cash-flow analysis as of	Sept. 30, 2026	June 30, 2026	June 30, 2026	Dec. 31, 2025	March 31, 2026

*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.

Counterparty risk

We analyze counterparty risk under our updated covered bonds criteria. The ratings on the program and related issuances are not constrained by counterparty risk.

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 to the extent such funds are not reinvested into cover pool assets or used for covered bond payments. This is because these collections are not segregated in the cover pool.

We apply a forward-looking assessment of the issuer's maintenance of credit support. Since rating inception, SPMB has maintained overcollateralization levels for its covered bonds above the level required for the 'AAA' rating, alongside an overcollateralization commitment commensurate with this rating. Furthermore, covered bonds are a vital source of wholesale funding for the bank. We therefore expect SPMB will continue to maintain credit support for its covered bonds and therefore currently do not stress commingling risk in our cash flow analysis.

Swaps

SPMB has executed liability swaps with Nordea to hedge the interest rate risk arising from the variable interest paying assets and the fixed interest rate paying covered bonds. Under the swap terms, Nordea pays a fixed rate to SPMB on the coupon date, while SPMB receives a floating rate of six months Euribor monthly to match the interest base of the mortgage loans.

We consider these hedges in our cash flow analysis and model the covered bonds as floating rate-paying, corresponding to the floating rate payments due by SPMB to Nordea under the swaps using the cover pool cash flow projections provided to us by SPMB.

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. Nordea is an unrelated counterparty, and we consider its RCR ('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 "Methodology For Rating Structured Finance Securities Above The Sovereign," April 10, 2026. Under these criteria, we derive the maximum notches that covered bonds can be rated above the sovereign as a function of the cover pool assets'

sensitivity to sovereign default risk and the structure's exposure to refinancing risk. SPMB's covered bond program is backed by residential mortgages, which exhibit low sensitivity to sovereign default risk. Furthermore, the covered bonds are-issued in Finland, which is part of the European monetary union, and include structural coverage of refinancing needs over a 12-month period.

As a result, we can rate the covered bonds up to six notches above the sovereign rating. Given our 'AA+' long-term rating on Finland, sovereign risk does not constrain our covered bond ratings.

Environmental, Social, And Governance

Environmental, social, and governance considerations have no material influence on our credit rating analysis of SPMB'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. SPMB commits to maintain an overcollateralization level in the program to sustain the rating on the covered bonds. Further, the bonds' soft-bullet repayment structure mitigates liquidity risk.

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
- Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Bulletin: Finnish Banks Poised To Benefit From Improved Economic Growth, Oct. 29, 2026
- Central Bank of Savings Banks Finland PLC, Oct. 27, 2026
- Finland, Oct. 26, 2026
- S&P Global Ratings Definitions, Oct. 12, 2026
- Global Covered Bond Insights Q4 2026, Sept. 16, 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

- Banking Industry Country Risk Assessment: Finland, Dec. 16, 2025
- Covered Bonds Primer, Sept. 2, 2025
- A Closer Look At Finland's Covered Bond Framework, Sept. 27, 2023
- Glossary Of Covered Bond Terms, April 27, 2018

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