

BANKS' CRISIS MANAGEMENT CAPABILITIES 2025

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Summary

According to the Financial Stability Authority's (FFSA) assessment, banks did not have significant shortcomings in their resolution capabilities at the end of 2025. The FFSA considers banks' resolution capabilities to be particularly strong in the areas of loss-absorbing capacity and recapitalisation, as well as governance.

However, there is still room for improvement in certain areas of banks' capabilities. In particular, continuity plans related to financial market infrastructures require development work from banks. The identified shortcomings can generally be addressed by refining descriptions of processes and operating procedures. In addition, banks must continue to develop the information required for the implementation of the bail-in tool in accordance with the new data framework. Testing of the delivery of the information required in a crisis situation as part of resolution planning must also continue.

According to the FFSA's assessment, banks had no shortcomings that would prevent the implementation of resolution measures. In a case where there were shortcomings, the FFSA would need to consider applying its special powers to remove the identified impediments. On the other hand, no bank's capabilities are at such a high level that a reduction in the MREL requirement set for the bank would be possible.

According to the FFSA's assessment, deposit

banks are well prepared to provide the FFSA with the depositor and account information required in a deposit guarantee compensation event, so that the FFSA can, if necessary, pay deposit guarantee compensation to depositors within seven working days.

The FFSA's assessment of which banks would require resolution measures if the bank were failing or likely to fail has not changed. Eight Finnish banks are within the remit of the FFSA. Five banks are assessed to have functions whose continuity must be ensured through resolution measures to avoid widespread disruptions in bank services. The cessation of operations of these banks would also have a negative impact on financial stability.

Therefore, the FFSA plans for resolution for five of the banks within its remit: Aktia Bank, Oma Savings Bank, the POP Bank Group, S-Bank, and the Savings Banks Group. In the resolution of these banks, the FFSA considers the application of the bail-in tool as the primary solution. In such cases, losses are absorbed, and the bank is recapitalised through a fast-track debt restructuring implemented by the FFSA, while ensuring that the bank's operations continue without disruption.

Correspondingly, the assessment that the failure of Alisa Bank, the Mortgage Society of Finland, and the Bank of Åland would not jeopardise the continuity of critical functions or financial stability has not

changed during 2025. For these banks, it is assessed that, in an economic crisis situation, their operations could be wound down through liquidation proceedings or they could be placed into bankruptcy. In such cases, deposits covered by the deposit guarantee would be compensated to depositors within seven working days from the Deposit Guarantee Fund administered by the FFSA.

Legislation requires that banks and authorities draw up plans in advance for managing various crisis situations. Proactive preparedness work by banks plays a significant role in ensuring that a potential crisis management situation – i.e., either resolution or a deposit guarantee compensation event – can be handled effectively and in an orderly manner.

FFSA first published the report on banks' crisis management capabilities in 2025¹. This year's report has been expanded to also include an assessment of banks' preparedness for deposit guarantee compensation situations.

¹Resolution capabilities of banks 2024 (see FFSA web page: rvv.fi/en/resolution-capabilities-of-banks-)



Bank resolution system

1. Introduction

Banks provide services to citizens, businesses, and the economy, which are essential for the functioning of society. They play a crucial role, among other things, as providers of payment services and intermediaries of financing. For this reason, financial difficulties faced by banks must be resolved in an orderly, rapid, and efficient manner.

Historically, the central role of banks in the economy and society has often meant that banks with financial difficulties could not be allowed to go into bankruptcy. Instead, it was deemed necessary to rescue them with public funds in order to safeguard their critical functions and financial stability.

The granting of public support to crisis banks has led to a negative spiral. Risk-taking has become excessive, as bank management, owners and creditors investing in banks, and other financial market participants have begun to rely on the assumption that troubled banks will always be rescued. Excessive risk-taking and the growth in bank size have further increased the costs of rescuing banks to such an extent that even the solvency of states has been at risk.

Banking crises have often been linked to problems in the real economy. The large-scale commitment of state funds to rescuing banks during recessions has weakened states' fiscal policy room for manoeuvre and thereby exacerbated economic crises.

Shortcomings in deposit guarantee arrangements have frequently deepened banking crises and contributed to increased pressure to save banks with public funds. Such shortcomings may have been related to a low level of deposit guarantee coverage, unconvincing funding arrangements, or inadequate practical capacity to pay deposit guarantee compensations to depositors within a reasonable time.

Following the global financial crisis that began in 2008, the costs of banking crises were deemed to have grown so large that it was necessary to create an entirely new regulatory framework for crisis management, along with effective authority powers for its implementation. The objective of the new resolution framework was, and still is, not only to protect public funds but also to prevent banking crises. A credible system increases incentives for banks, investors, and other stakeholders to curb unhealthy risk-taking. It also encourages banks to prevent problems from escalating.

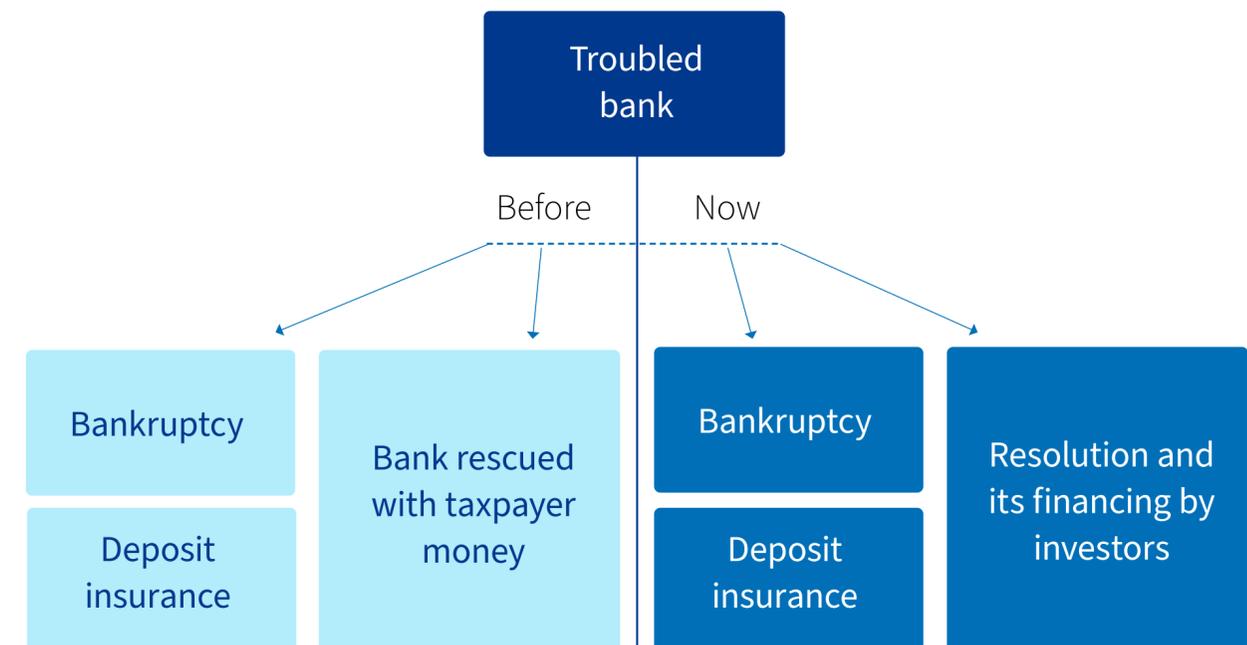
The reformed regulation was implemented in the EU in 2014 with the Bank Recovery and Resolution Directive and through the establishment of the Banking Union, where the decision-making powers concerning the supervision and resolution of the largest banks were vested with EU-level authorities. The countries currently participating in the Banking

Union comprise the euro area Member States and Romania. As a result of the regulatory reform, a new resolution authority was established in Finland and in many other countries.

In the same context, regulation concerning deposit guarantee was tightened and harmonised across the EU. For example, the maximum deposit guarantee compensation amount was raised to EUR 100,000 per depositor, and the payout timeline was gradually shortened to seven working days from the previous three months.

Under the new regulation, the resolution authority places a bank that has fallen into serious financial difficulties under resolution and applies resolution

tools when necessary to ensure the continuity of critical banking services and to preserve financial stability. In such situations, resolution measures are financed by persons, companies, funds, and public entities that have invested in the bank's shares and liabilities – unlike in previous banking crises, where the state financed the necessary measures with funds collected from taxpayers. In cases where a bank's failure is not considered to endanger financial stability or critical banking services, the bank's operations could be discontinued through ordinary insolvency proceedings, and depositors' position protected through the deposit guarantee system.



The credibility of the resolution framework requires that both authorities and banks are well prepared for highly challenging and rapidly evolving crisis situations. Legislation requires that banks and authorities draw up plans in advance for managing crisis situations.

Each bank must prepare its own recovery plan, which is reviewed and approved by the banking supervisory authority. In the recovery plan, the bank must outline measures it can take to ensure the continuity of its operations.

The resolution authority, in turn, is responsible for planning resolution measures that can be taken if a bank is failing or likely to fail and its viability cannot be restored through its own measures or the means of banking supervision.

For the purpose of preparing bank-specific resolution plans, the resolution authority makes an ex-ante assessment of whether allowing the bank to go into bankruptcy would cause instability to the financial system. In addition, the resolution authority describes in the resolution plans which resolution tools would be most suitable if the bank were to encounter serious financial difficulties. The resolution authority also assesses banks' resolution capabilities and identifies and seeks to remove any possible impediments that could hinder the successful implementation of resolution measures.

Authorities responsible for deposit guarantee must ensure that the conditions for paying deposit

guarantee compensations are continuously in place. This means, for example:

- Maintaining the Deposit Guarantee Fund, financed by contributions collected from banks, and additional funding processes to ensure that funding for compensation payments is rapidly available.
- Ensuring that deposit banks maintain ongoing capabilities to produce the depositor and account information required in a compensation event, on the basis of which compensation is paid.
- Maintaining the necessary IT systems that enable an automated process for making compensation payments within seven working days in a compensation event.
- Maintaining cooperation processes with deposit guarantee schemes in other countries so that the compensation process runs smoothly even if the bank in a compensation event operates in multiple countries.

Banks' preparedness is of paramount importance to ensure the protection of depositors, financial stability, and taxpayers, regardless of the type of banking crisis that may arise.

Protecting depositors

Covered deposits are always protected up until 100 000 euros, either as the bank is resolved or through the deposit guarantee system.

Protecting financial stability

The bank is resolved if it is assessed that its failure would have significant adverse effects on other banks and on the functioning of the financial markets.

Protecting taxpayers

Resolution tools are used to restructure the bank. Authorities cannot in the planning phase assume that public funds would be used to support a bank in trouble.

2. The FFSA's tasks

The Financial Stability Authority (FFSA), established in 2015, is an independent authority operating as Finland's national authority for resolution and deposit guarantee. In addition, the FFSA maintains the National Emergency Account System, which safeguards the continuity of daily payments. This report focuses on the FFSA's work related to bank resolution and the deposit guarantee.

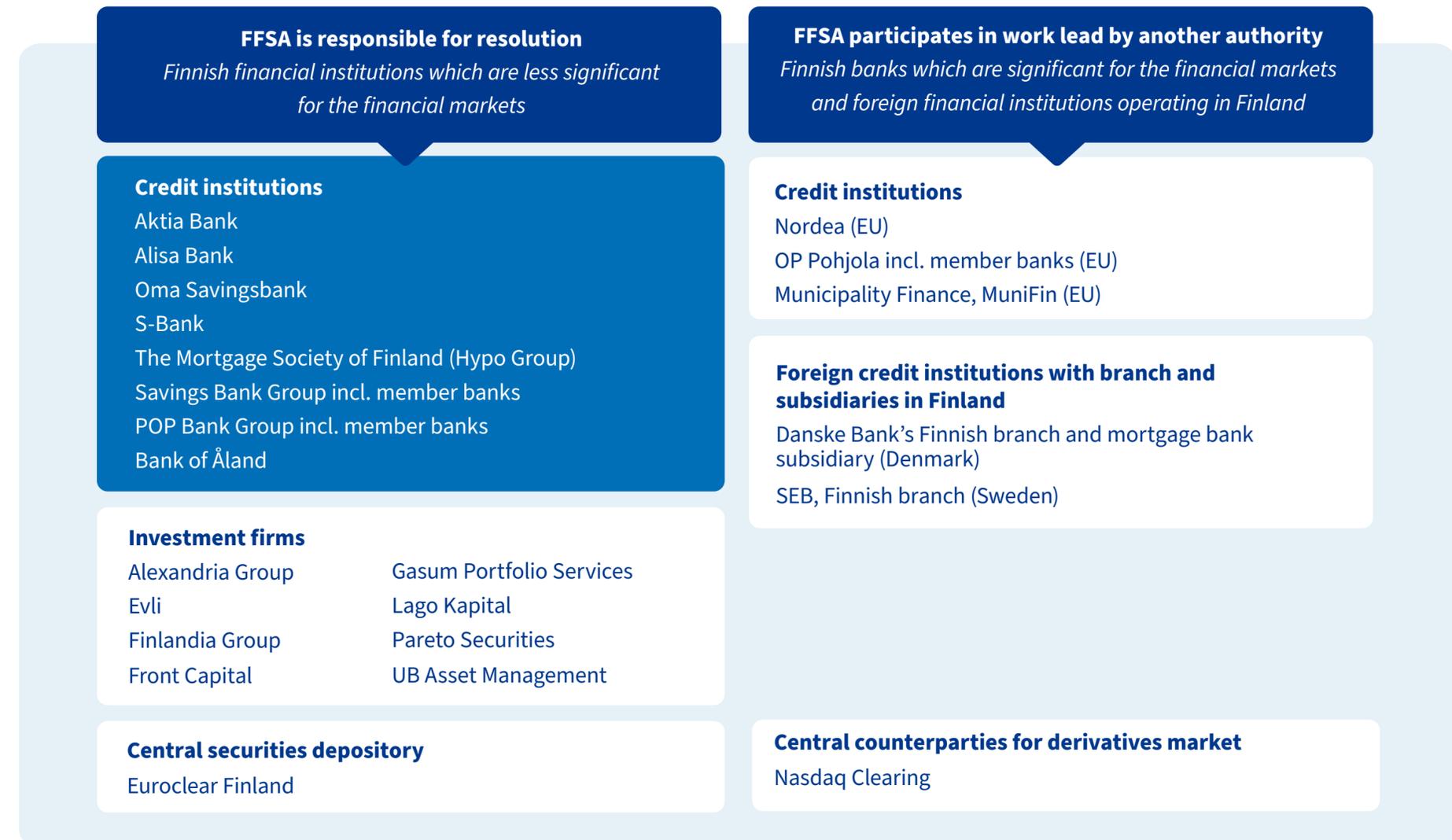
In the European banking union, the Single Resolution Board (SRB) is responsible for resolution involving the largest banks, i.e. Significant Institutions (SI), in the financial system. This work is carried out by bank-specific teams led by the SRB, with members from both the SRB and the FFSA.

The FFSA is responsible for resolution-related work in smaller banks that are less significant from the perspective of the financial system, i.e. Less Significant Institutions (LSI).

The FFSA also participates in resolution planning for banks from Nordic countries outside the banking union, in cross-border resolution colleges led by the banks' home country resolution authorities.

FFSA's role in the resolution of different type of financial institutions

Institutions covered in the report



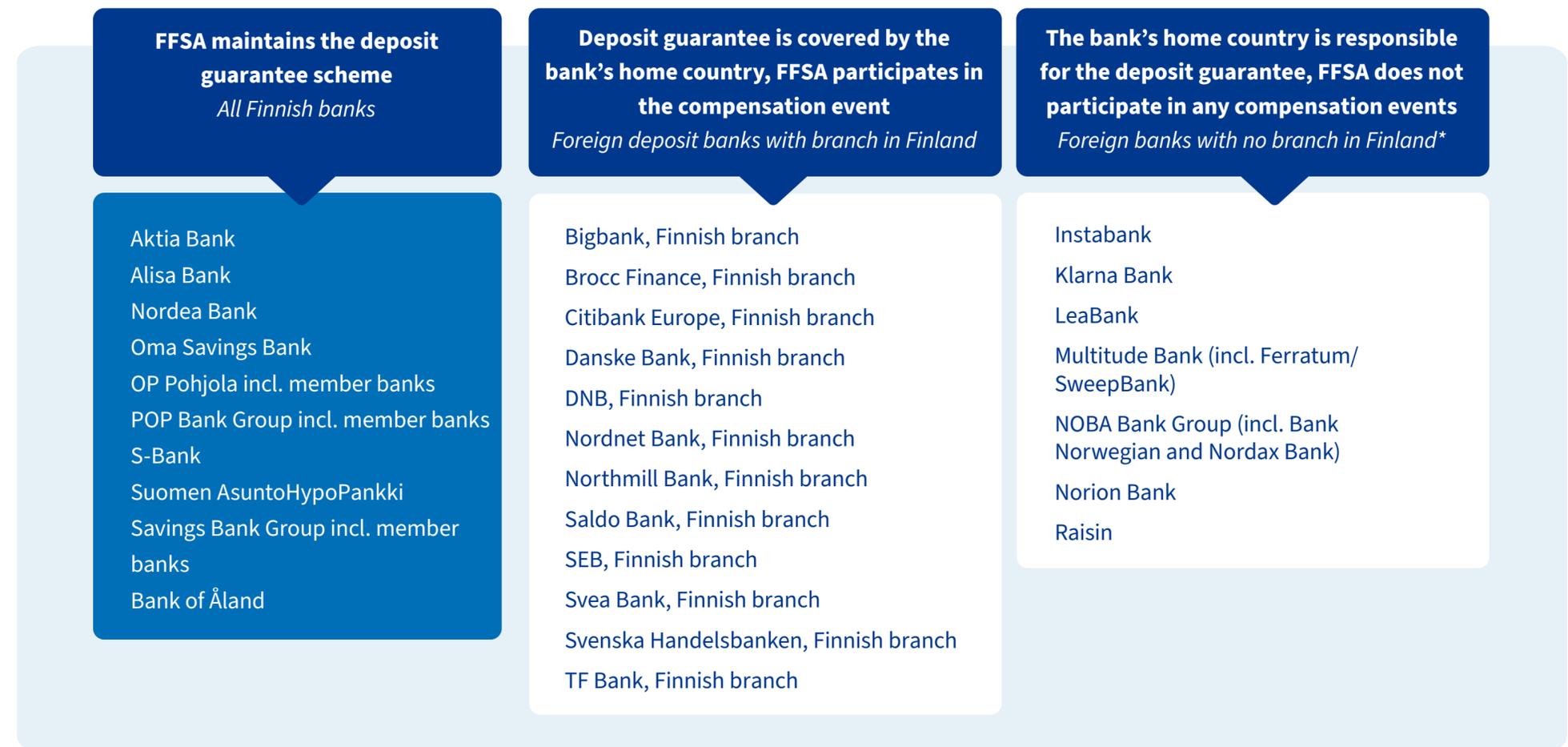
Deposit guarantee arrangements in the EU are organised on a national basis. All Finnish deposit banks fall under the Finnish deposit guarantee scheme for which the FFSA is responsible. The FFSA is in charge of the deposit guarantee for these banks, i.e. ensuring that conditions to pay deposit guarantee compensations and protect deposits in connection with resolution measures are continuously in place.

The responsibility for a bank's deposit guarantee always lies with the deposit guarantee scheme of the bank's home country. When a foreign bank has a branch in Finland that accepts deposits, the FFSA has a statutory duty to assist the foreign deposit guarantee scheme in a compensation event by making deposit guarantee compensation payments to depositors of the Finnish branch. In such cases, the funds and instructions for the payments come from the deposit guarantee scheme of the deposit bank's home country.

In situations where a foreign bank provides deposit services to Finland from abroad without having a branch in Finland, the FFSA is not involved in making compensation payments, but the compensation event is handled entirely by the deposit guarantee scheme of the bank's home country.

FFSA's different roles in the deposit guarantee of deposit banks operating in Finland

 Institutions covered in the report



* The list includes foreign banks which, according to the FFSA's current information, offer services in Finnish from abroad, for example through a Finnish-language website. The list is not exhaustive, i.e all foreign banks are not necessarily included, as banks are not required to notify the FFSA about accepting deposits.

3. How the FFSA operates if a bank fails

In the event of serious deterioration in a bank’s financial position, the FFSA must assess whether the three conditions for resolution laid down in legislation are met:

1. The Financial Supervisory Authority (FIN-FSA) or the FFSA has assessed that the bank is failing or likely to fail, i.e. it is deemed no longer viable.
2. It is not possible to find a private sector solution to the bank’s problems within a reasonable time-frame; for example, there is no credible buyer willing to acquire the bank at the price asked by the owners.
3. The bank’s resolution is in the public interest, i.e. resolution measures are considered necessary to achieve the resolution objectives. Further information on when resolution measures are necessary is provided in section 3.1.

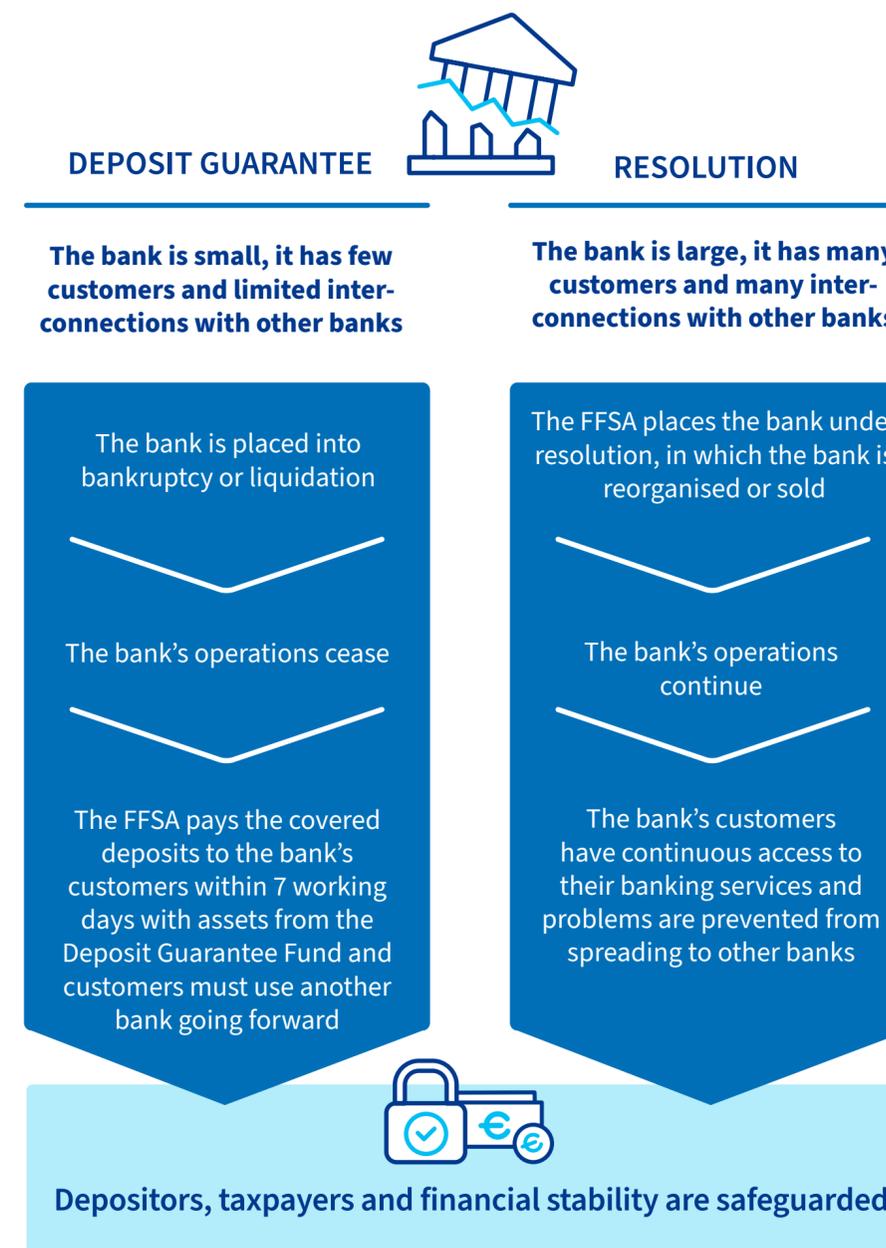
If a bank has few customers and limited inter-connections with other banks and financial market participants, resolution measures are not necessary to achieve the resolution objectives. In such cases, the bank is placed into bankruptcy or wound down through liquidation proceedings, as is normally done for insolvent companies. The bank’s deposit customers’ funds are always protected up to EUR 100,000. The FFSA compensates these covered deposits using the

funds of the Deposit Guarantee Fund administered by it. Depositors then receive their money back within seven working days. The process of handling a deposit guarantee compensation situation is described in section 3.3.

If a bank has many customers and extensive interconnections with other banks and financial market participants, the effects of its failure could be significant. In such cases, resolution is necessary, and the bank’s operations will be reorganised through resolution measures. The resolution tools available are described in section 3.2.

The application of resolution measures does not, in principle, affect the bank’s normal operations, and therefore the basic banking services provided by the bank to its customers – such as deposit and payment services – will continue uninterrupted even during reorganisation. Also in this case, deposit customers’ funds are protected up to EUR 100,000.

What happens if a bank fails?



3.1 When is resolution necessary

Resolution is deemed necessary when any one of the following resolution objectives would be jeopardised in case of bankruptcy – i.e., when resolution measures are essential to ensure that:

1. the bank's critical functions continue
2. disruption to financial system stability is avoided
3. the use of public funds is minimised
4. protected depositors and protected investors are safeguarded in accordance with legislation or
5. client funds held in the bank are protected.

The following describes in more detail how the FFSA assesses the impact of bankruptcy on three of the resolution objectives above – the first, second, and fourth.

How the FFSA assesses the criticality of functions

A bank typically has many different functions, such as household deposits, mortgage lending, payment services, trading in capital instruments or derivatives, and the issuance of covered bonds.

The FFSA assesses a bank's function as critical if a disruption in it would affect a large number of households or businesses, other banks or market participants, and if those parties do not have the possibility to obtain equivalent services from another provider rapidly enough.

In assessing the criticality of functions, the FFSA utilises data reported annually by banks, such as funds held in accounts, the number of transactions, and the number of customers. In addition, a few years ago the FFSA carried out a survey to examine the level of basic banking service users' activity and dependence on one bank, as well as banks' capacity to take on new household and corporate customers. From 2026 onwards, banks will report the data investigated with the help of the survey in standardised form as part of annual resolution reporting.

The more customers use a bank's services recurrently, the greater the impact of any disruption. The longer it takes other banks to take on new customers, the more difficult it is to replace the function. If a bank has more so-called recurring customers than other banks are estimated to be able to take on within seven working days, its deposit and payment service functions are deemed critical. This assessment is made separately for household, SME, and large corporate customers.

How the FFSA assesses financial stability impacts

A bank's bankruptcy can threaten financial stability in many ways. The bank may be significant for the real economy or financial markets. A bank's bankruptcy can spread to other banks and financial market participants directly or indirectly.

The FFSA assesses banks' significance using indicators employed by the FIN-FSA to determine which banks are significant for the national financial system (Other Systemically Important Institution, O-SII). In the FFSA's significance assessment, particular attention is paid to the bank's size and its importance for basic banking functions.

The FFSA assesses direct contagion effects by examining the possible impact of bankruptcy on shareholders and investors who have invested in the bank's issued debt instruments. For example, it is examined whether other banks are among the identified owners or investors, and whether the bankruptcy of the bank under review could affect their claims to such an extent that their financial position would deteriorate worryingly.

In addition, the FFSA assesses possible contagion channels through financial market infrastructures. For example, if the bank under review provides another bank with access to a payment system, the bankruptcy of the bank under review could cause problems for the other bank as well.

Indirect contagion effects from a bank's bankruptcy may arise, for example, if other banks use covered bonds issued by the troubled bank as collateral in their funding. Indirect contagion effects may also arise when covered deposits are paid from the Deposit Guarantee Fund administered by the FFSA in connection with bankruptcy. If the Fund's assets

are insufficient to cover the bank's covered deposits, the FFSA will levy additional deposit guarantee contributions from other banks. The FFSA assesses the impact of these contributions on the financial position of other banks. Indirect contagion effects may also arise if customers and investors assess that other banks have similar problems to those of the troubled bank. The likelihood of such suspicion increases if the bank's business model is similar to that of the troubled bank.

How the FFSA assesses the adequacy of deposit guarantee funding sources

A deposit guarantee compensation event is financed primarily from the assets of the Deposit Guarantee Fund administered by the FFSA. At the end of 2025, the Deposit Guarantee Fund held assets of EUR 1.29 billion. In a compensation event where the amount of covered deposits exceeds the assets in the Deposit Guarantee Fund, the FFSA would collect additional deposit guarantee contributions from other Finnish banks.

In addition to additional deposit guarantee contributions, the FFSA has the possibility to oblige banks to lend to the Deposit Guarantee Fund the missing funds needed for deposit guarantee compensation payments. Borrowing by the Deposit Guarantee Fund always requires the permission of the Government and the consent of Parliament. Parliament has authorised the Government to

approve borrowing by the Fund up to a maximum of EUR 2 billion.

The FFSA considers that the objective of resolution legislation to protect covered depositors is jeopardised if the estimated funding need for compensating the bank's deposits is significantly greater than the total amount obtainable through the aforementioned funding sources. In such circumstances, resolution measures are deemed necessary.

The FFSA has a statutory obligation to regularly test both its financial and operational capacity to carry out the deposit guarantee compensation process within the statutory seven working days.

The FFSA has tested financial capacity in a situation where deposit guarantee compensation would have to be paid simultaneously to all the depositors in the three Finnish deposit banks which the FFSA is not planning to place under resolution if they become insolvent. The stress tests conducted have shown that the Deposit Guarantee Fund's financial capacity is sufficient even in such an extreme situation.

Operational capacity relates crucially to deposit banks' ability to provide the FFSA with the required depositor and account information. This is discussed further in sections 4.2 and 6 of this report.

How a possible broader financial market crisis affects the FFSA's assessment

A bank's fall into serious difficulties may also occur as part of a broader financial market crisis. A possible broader financial market crisis may lead to wider effects on customers and more severe impacts on financial stability from the bank's bankruptcy.

During the resolution planning cycle, the FFSA prepares for more challenging conditions by making assessments of the criticality of functions and financial stability impacts in two different scenarios. In the first scenario, the FFSA assumes that the bank's bankruptcy occurs under current conditions. In the second scenario, the FFSA assumes that a broader banking crisis or financial market crisis (systemic crisis) prevails in the banking sector and financial markets.

As the systemic crisis scenario, the FFSA uses the adverse scenario from the most recent stress tests by the European Banking Authority (EBA) and the FIN-FSA.

In addition to macroeconomic factors, the calculations take into account banks' weakened capital adequacy. In such cases, the conclusion of the assessment is more likely to be that resolution is necessary instead of bankruptcy proceedings.

When the systemic crisis scenario is taken into account in the assessment of the necessity of resolution measures, it is less likely that the conclusions of

the assessment would have to be changed even if economic conditions in the crisis situation were much weaker than at present.

Which banks would be subject to resolution measures

Based on the analysis of the criticality of functions and financial stability impacts conducted during the 2025 resolution planning cycle, the FFSA plans for resolution for five banks within its remit: Aktia Bank, Oma Savings Bank, the POP Bank Group, S-Bank, and the Savings Bank Group. Section 3.2 describes which tools the FFSA plans to apply in a resolution situation.

The conclusion that resolution is necessary if these mentioned banks were failing or likely to fail is based on the fact that these banks' household and/or SME deposit functions as well as payment service functions are critical, and that their bankruptcy would threaten financial stability, particularly in a broader financial market crisis situation.

Based on the analyses conducted, the FFSA has also been able to conclude that for three banks within its remit, bankruptcy would not threaten the aforementioned resolution objectives. As regards Alisa Bank, the Mortgage Society of Finland, and the Bank of Åland, it is therefore assessed that in a crisis situation, their operations could be wound down through liquidation proceedings, or they could be placed into

bankruptcy. In such cases, depositors' positions are protected by paying deposit guarantee compensation. Section 3.3 describes how compensation payments to depositors are handled in practice.

However, it should be noted that the conclusion on the necessity of resolution may change in a crisis situation. Conditions may differ significantly from those taken into account by the FFSA in its assessment during planning. In addition, the scope of the bank's operations may have changed considerably even in a short time after the FFSA's previous assessment. For example, if the bank's customer base has contracted significantly, it is possible that its deposit and payment service functions are no longer critical. In such cases, resolution measures would not be needed to ensure the continuity of these functions.

3.2 What tools can the FFSA apply in resolution

In connection with resolution, the FFSA can use four tools: the bail-in tool, the sale of business tool, the bridge institution tool, and the asset separation tool.

The resolution tools that the FFSA can use

Bail-in

The nominal value of the institution's liabilities is written down, in whole or in part, and converted into equity.

Sale of business

The shares or assets and liabilities of the institution are transferred, in whole or in part, to another institution or other party.

Bridge institution

The assets and liabilities of the institution are transferred to a temporary institution established and managed by a resolution authority. Alternatively, the ownership of the institution can be temporarily consolidated into an entity established by the authority.

Asset management vehicle

Some of the assets and liabilities of the institution are transferred to a separate asset management vehicle.

If the bail-in tool is applied, the bank continues to operate independently, and its liabilities will be restructured by the FFSA. In connection with resolution, the owners' shares and capital instruments are always written down. Debt instruments can also be converted into new equity. This ensures the bank's creditors, and prior to them, its shareholders, bear the costs of the crisis. This procedure avoids the need to use public funds to restore the bank's capital adequacy.

If the sale of business tool, bridge institution tool, or asset separation tool is applied, the bank does not continue to operate independently; instead, the continuity of critical functions is ensured by transferring the bank's assets and liabilities to another party. If a buyer cannot be found quickly enough, operations that could be sold later are transferred to a bridge institution.

The attractiveness of the bank from a buyer's perspective can be improved by writing down and converting liabilities using the bail-in tool.

The asset separation tool can only be applied in conjunction with another resolution tool. For example, part of the non-performing loans can be transferred to an asset separation tool (so-called bad bank), while the rest of the assets are sold to another bank. This ensures the continuity of critical functions.

The FFSA considers the application of the bail-in-tool as the primary resolution strategy in the resolution of banks under its remit. FFSA also prepares in its planning for the possibility that stabilising a bank's situation could require additional measures. For this reason, FFSA's planning work also includes preparations for the use of sale of business tool – particularly a share sale – in resolution.

3.3 How is a deposit guarantee compensation event handled

If a deposit bank becomes insolvent, the deposit guarantee scheme of the bank's home country has a statutory obligation to compensate depositors for deposits covered by the deposit guarantee within seven working days from the start of the bank's insolvency. In Finland, the FFSA is responsible for the deposit guarantee of all Finnish banks.

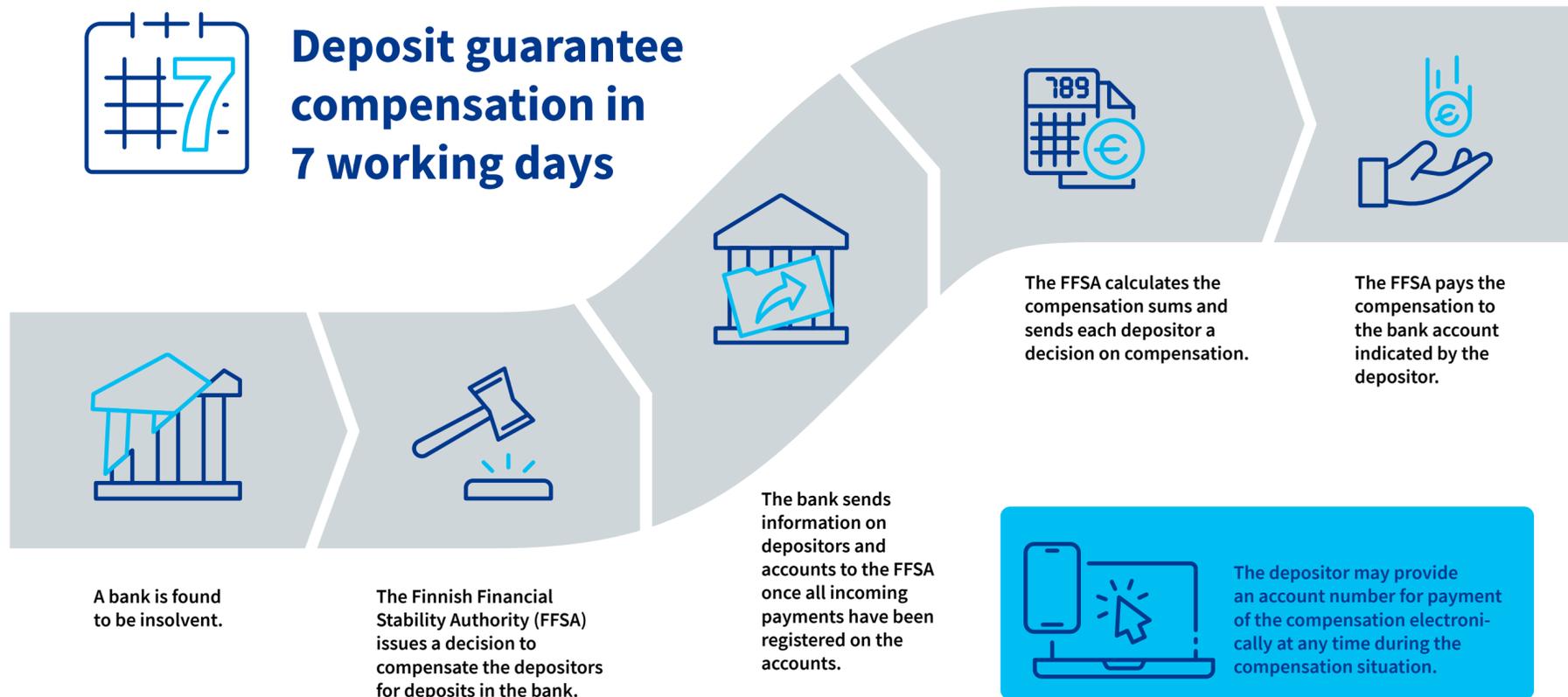
Preparations for the rapid compensation process have been made by developing processes and building necessary IT systems on the part of both deposit banks and deposit guarantee schemes in Finland and other EU countries. The FFSA's own deposit guarantee payout system, enabling compensation within seven working days, was completed in 2019.

In a possible compensation event, the depositor does not need to submit a separate compensation application, as the FFSA receives the necessary depositor and account information directly from the bank. Based on this information, the FFSA contacts the bank's depositors. In a compensation event, the FFSA issues an individual compensation decision for each depositor of the bank, containing details of the depositor's accounts in the insolvent bank, the decision and grounds for deposit guarantee compensation, and instructions for receiving the compensation. Deposit guarantee compensation is paid in Finland by bank transfer. The depositor only needs to notify the FFSA of the account number to which they wish to receive the deposit guarantee

compensation. The depositor can provide this account number in a compensation event either electronically or by paper form.

If the bank subject to deposit guarantee compensation payments has operations in multiple countries through branches, the deposit guarantee scheme of the branch host country assists the bank's home country deposit guarantee scheme in

Deposit guarantee compensation in 7 working days



depositguarantee.fi

the practical measures for making payments. The seven-working-day compensation timeline is also applied to branches.

At the end of 2025, three Finnish deposit banks had a branch in another EU or EEA country. The FFSA is also responsible for deposit guarantee matters for the foreign branches of these Finnish banks.

For branches of foreign banks located in Finland,

the FFSA has a duty to assist the deposit guarantee scheme of the bank's home country in a possible compensation event. At the end of 2025, there were a total of 12 such branches in Finland that accept deposits. A list of these banks can be found in section 2.

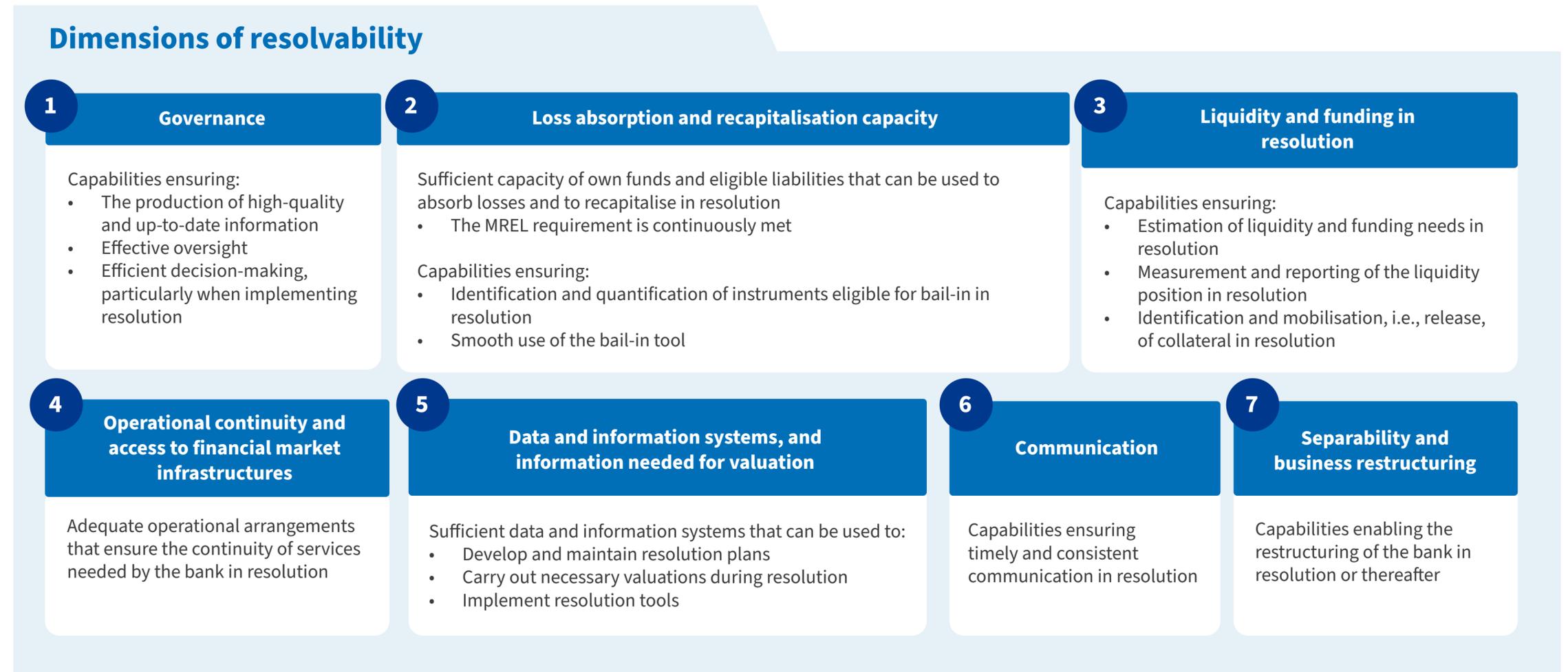
4. How must banks prepare for crisis management situations

Proactive preparedness efforts by banks play a significant role in ensuring that a potential crisis management situation – i.e., either resolution or a deposit guarantee compensation event – can be handled effectively and in an orderly manner.

4.1 Preparing for a resolution situation

Expectations regarding banks' resolution capabilities cover seven areas. First, banks were required to meet the minimum requirement of own funds and eligible liabilities (Minimum Requirement for own funds and Eligible Liabilities, MREL), which can be used to absorb losses and recapitalize the bank in a resolution situation. Subsequently, expectations related to other dimensions of resolution capabilities have been added in stages, and they now apply to banks in full.

Based on the FFSA's guidance, banks must also test their capabilities to demonstrate that the bank's processes, operating procedures, and IT systems function as intended in a possible resolution situation.



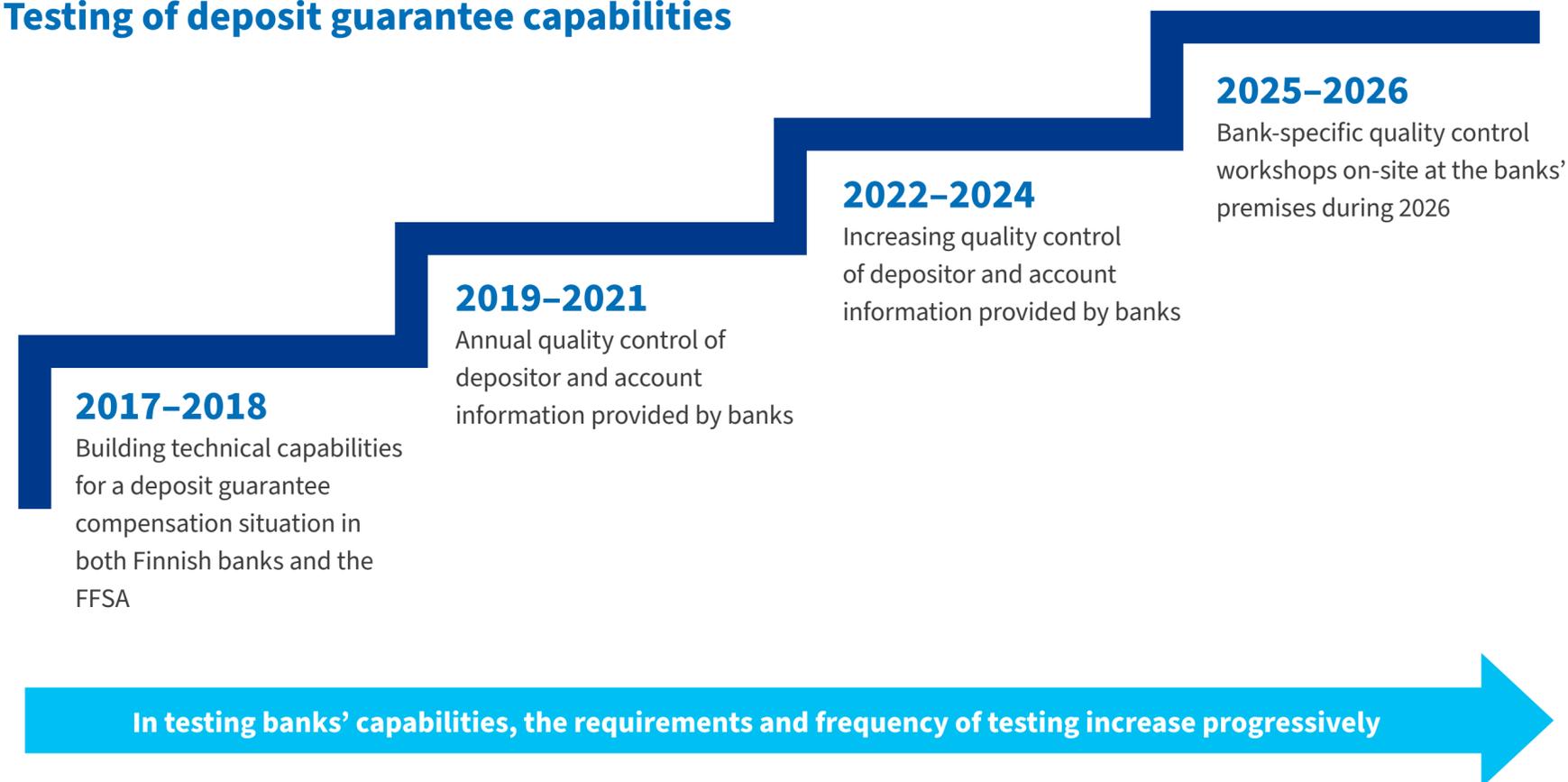
4.2 Preparing for a deposit guarantee compensation event

Deposit banks must maintain ongoing capabilities to provide depositor and account information to the FFSA quickly and reliably. Providing this information is a statutory obligation of banks. In a possible deposit guarantee compensation event, the FFSA needs up-to-date information on depositors and accounts from the insolvent bank in order to compensate deposits to depositors within seven working days.

The FFSA has tested and assessed the capability of deposit banks within its remit to produce and provide the information required for deposit guarantee purposes since 2017. Banks have therefore long been developing their capabilities related to deposit guarantee compensation situations in accordance with the requirements set by the FFSA. Continuous testing ensures that the information provided by banks is of such quality and technical standards that the FFSA can pay compensation within seven working days.

In addition to their critical role in a deposit guarantee compensation event, depositor and account information are also important in a resolution situation. Up-to-date information enables monitoring of deposit outflows and thus provides a picture of the bank's liquidity position. The information is also required to ensure that deposits covered by the deposit guarantee are always protected in connection with resolution measures.

Testing of deposit guarantee capabilities





Banks' crisis management capabilities 2025

5. The FFSA's assessment of banks' resolution capabilities 2025

According to the FFSA's assessment, banks did not have significant shortcomings in their resolution capabilities at the end of 2025. The FFSA considers banks' resolution capabilities to be particularly strong in the areas of loss-absorbing capacity and recapitalisation, as well as governance.

Compared to the assessment made at the end of 2024, the banks have improved particularly their capabilities related to the production of information required for the valuation and the use of resolution tools.

However, there is still room for improvement in certain areas of banks' preparedness. In particular, continuity plans related to financial market infrastructures require development work from banks. The identified shortcomings can generally be addressed by refining descriptions of processes and operating procedures. In addition, banks must continue to develop the information required for the implementation of the bail-in tool in accordance with the new data framework. Testing of the delivery of the information required in a crisis situation as part of resolution planning must also continue.

According to the FFSA's assessment, the banks had no shortcomings that would prevent the implementation of resolution measures. In a case where there were shortcomings, the FFSA would need to consider applying its special powers to remove the identified impediments. On the other hand, no bank's

capabilities are at such a high level that a reduction in the MREL requirement set for the bank would be possible.

The assessment covers four banks: Aktia Bank, the POP Bank Group, S-Bank, and the Savings Bank Group. These banks have been developing their resolution capabilities for several years in accordance with the requirements set by the FFSA.

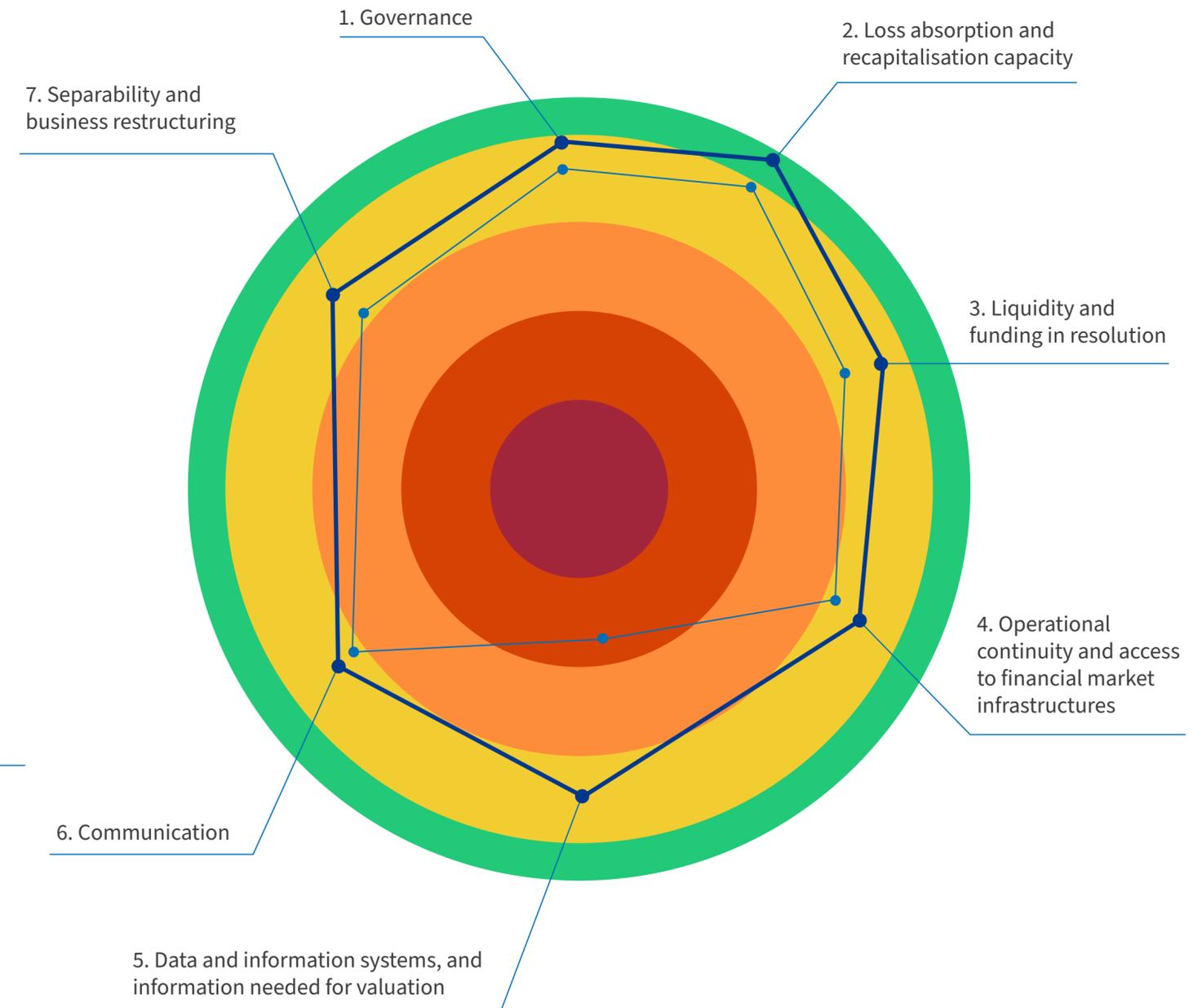
Oma Savings Bank will be included in the assessment published after the transition period in 2028. In the case of Oma Savings Bank, the FFSA's assessment of whether resolution would be necessary changed in 2023 due to the significant growth in the bank's size and customer numbers in previous years. As a result, the resolution capabilities required of Oma Savings Bank have also changed significantly.

The methodology used in the assessment is described in section 7.1.

FFSA's assessment

- 2025
 - 2024
-
- Best practices
 - Minor deficiencies
 - Deficiencies
 - Eventual significant deficiencies
 - Significant deficiencies

Banks' resolution capabilities in the end of 2025



5.1 Governance

What is expected from banks

Decision-making related to a bank’s resolution situation must be efficient. Governance arrangements and related processes support the production of high-quality and up-to-date information, both in resolution planning and implementation of resolution measures.

Why this is important in a resolution situation

If a bank’s governance systems do not support the preparation and implementation of resolution measures, the allocation of responsibilities in a resolution situation becomes unclear and, in the worst case, the execution is chaotic, slow, and does not facilitate the handling of the resolution situation.

Where banks have progressed particularly well

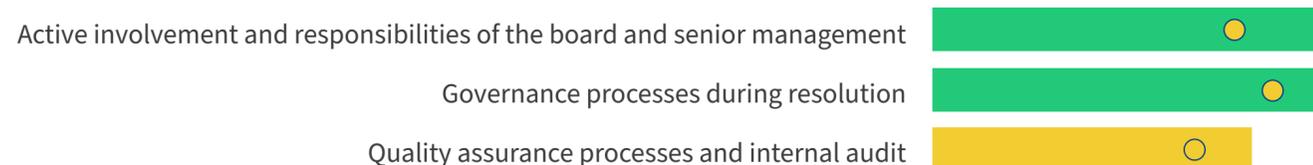
In 2025, banks tested decision-making, quality assurance, and other governance arrangements

in accordance with the FFSA’s guidance. Banks have further improved their descriptions of governance arrangements and refined in particular the responsibilities of the board of directors and management in relation to resolution. In addition, banks now respond better to requirements concerning the quality assurance of information related to resolution.

What are banks’ main challenges

The most significant challenges related to governance arrangements have been overcome, and the majority of banks have already met the FFSA’s expectations for governance. The remaining shortcomings relate to quality assurance processes and their up-to-dateness now and in the future, particularly with regard to regular reporting related to resolution.

At what level are the resolution capabilities



5.2 Loss-absorbing and recapitalisation capacity

What is expected from banks

Banks must ensure that their balance sheets contain a sufficient amount of own funds and eligible liabilities to absorb losses and carry out recapitalisation in resolution. Banks must continuously meet the MREL requirement set for them. Banks must also ensure that debt instruments issued in third countries can be written down or converted. Banks must describe in their playbooks how they would operate in a situation where the FFSA applies the bail-in tool.

Why this is important in a resolution situation

If a bank’s balance sheet does not contain sufficient own funds and liabilities that can be written down or converted into own funds using the bail-in tool, resolution measures would have to be financed

in another way. If no alternatives exist, the bank’s capital adequacy after the resolution situation would remain too low, jeopardising the bank’s viability and attractiveness in the eyes of investors.

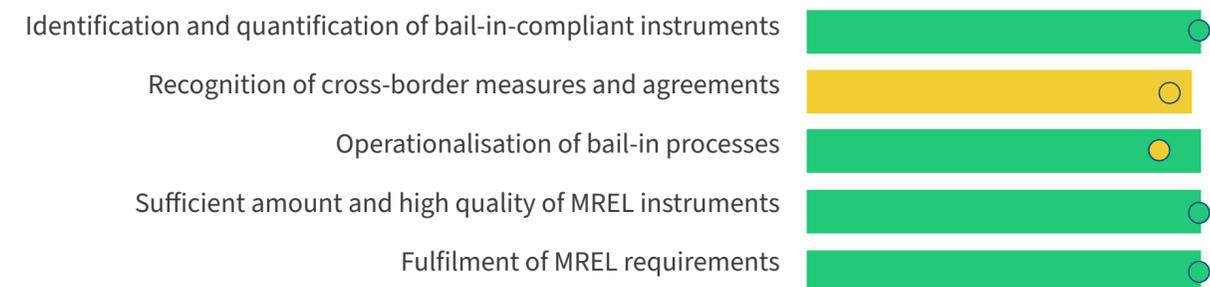
Where banks have progressed particularly well

During 2025, banks tested selected parts of the bail-in playbook as well as how governance arrangements and crisis communication would function in a situation where the FFSA decides to apply the bail-in tool. In addition, the banks have assessed the MREL eligibility of their debt instruments.

What are banks’ main challenges

The banks have no major challenges.

At what level are the resolution capabilities



5.3 Liquidity and funding in resolution

What is expected from banks

Banks must have the capability to forecast their own liquidity needs even in a situation where the crisis escalates. Banks must have the capability and processes to identify assets that can be used as collateral when obtaining liquidity in a resolution situation. In addition, banks must have the readiness to report their liquidity position and the amount of available collateral to the authorities.

Why this is important in a resolution situation

If the authorities do not have an up-to-date and accurate picture of the bank’s liquidity position and the projected development of liquidity, decisions on necessary measures may be delayed or incorrect. If the authorities do not have an up-to-date and accurate

picture of assets that could be used as collateral in a resolution situation, potential funding sources may remain unused, which would complicate the implementation of resolution measures.

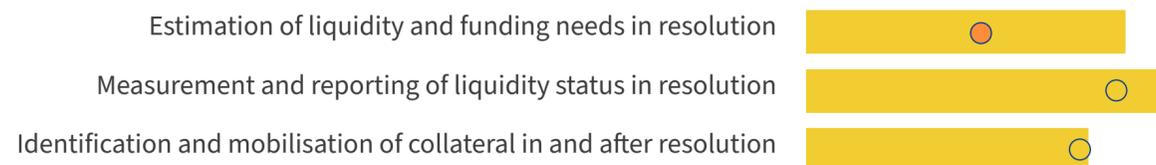
Where banks have progressed particularly well

During 2025, the banks have refined their liquidity forecasting methods and tools as well as the scenarios used in them.

What are banks’ main challenges

Banks must continue to improve descriptions of their capabilities to mobilise – i.e., release – collateral for funding purposes in connection with resolution.

At what level are the resolution capabilities



5.4 Operational continuity and access to financial market infrastructures

What is expected from banks

Banks must define processes, risk management, and governance arrangements related to operational continuity. Banks must maintain a list of contracts that are material to operational continuity and ensure that they are not terminated on the basis of resolution measures.

Banks must have the capability to identify and report their direct and indirect linkages to Financial Market Infrastructures (FMI), such as payment systems. In their continuity plans, banks must describe the requirements for the continued availability of material FMI services and the measures to secure access to those services.

Why this is important in a resolution situation

If matters related to operational continuity have not been clarified in advance or it has not been ensured that the bank’s contracts with external service providers continue in a resolution situation, the bank’s operations may be interrupted when resolution measures are applied.

Where banks have progressed particularly well

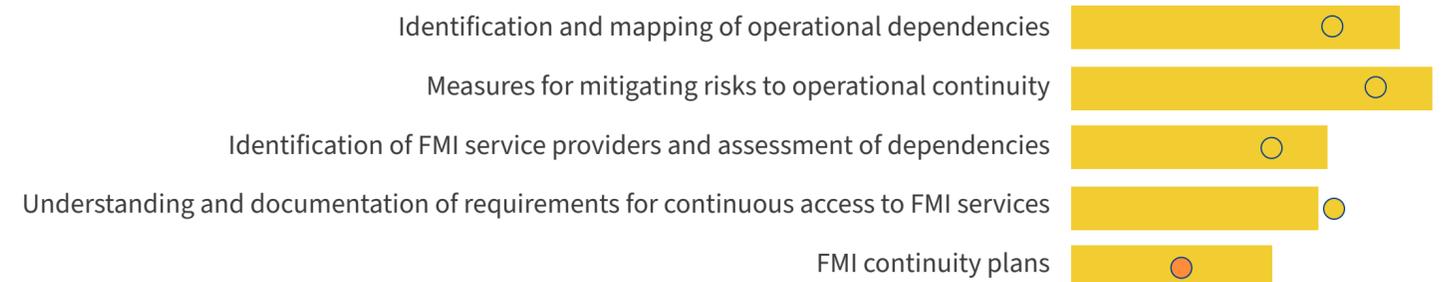
During 2025, banks have further refined both their contract registers and service catalogues, in which, for example, services necessary to ensure the continuity of critical functions are described. Banks have added clauses to their contracts outside the EU that ensure the contracts are not terminated on the basis of resolution measures.

Banks have developed their continuity plans related to FMI services with regard to reporting, liquidity management, and the substitutability of FMI services.

What are banks’ main challenges

Banks must continue to improve their continuity plans related to FMI services. Some banks must in particular improve their documentation of how continuous access to FMI services is ensured. The overall assessment of this area has weakened compared to the previous year as a result of refinements to the assessment methodology.

At what level are the resolution capabilities



5.5 Data and information systems, and information needed for valuation

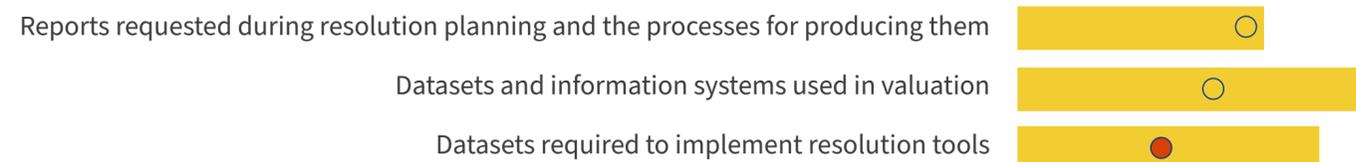
What is expected from banks

Banks must be able to provide the information that enables the FFSA to develop and maintain resolution plans, perform the valuations required in resolution, and apply resolution measures. In addition, banks are requested to describe the processes for producing, compiling, and delivering the information, as well as the related quality assurance controls and continuity arrangements. Banks must also have the capability to produce material for a virtual data room for potential buyers.

Why this is important in a resolution situation

If a bank is unable to provide the required information for the preparation and implementation of resolution measures, the FFSA has to make decisions based on incomplete and, in the worst case, incorrect information.

At what level are the resolution capabilities



Where banks have progressed particularly well

During 2025, banks developed their capabilities to set up a virtual data room that would be required in a possible sale of the bank situation. The delivery of information for valuation purposes has been tested.

What are banks' main challenges

Banks must continue to develop the information required for the implementation of the bail-in tool in accordance with the new data framework. Testing of information required in a crisis situation as part of resolution planning must also continue.

5.6 Communications

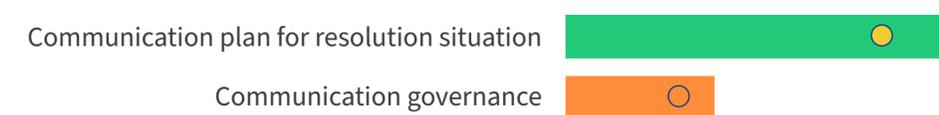
What is expected from banks

Banks are expected to describe the governance arrangements and processes aimed at ensuring timely and consistent communication in resolution. Banks must prepare operational documents for communication purposes in resolution, such as templates for press releases to be published in a resolution situation and ready-made lists of frequently asked questions for a resolution situation.

Why this is important in a resolution situation

If a bank has not prepared for communication to be carried out in connection with resolution, its comments to the media or other communication could undermine the credibility of the FFSA's resolution measures and, in the worst case, fuel distrust in the banking sector more broadly.

At what level are the resolution capabilities



Where banks have progressed particularly well

During 2025, banks tested communication in a resolution situation in accordance with the FFSA's guidance. The communication processes defined by banks have been tested and further developed to meet the needs of resolution.

What are banks' main challenges

In the 2025 assessment, a targeted need was identified to further develop governance arrangements and processes for communication in a resolution situation. Identified shortcomings have been addressed in the documents that banks submitted to the FFSA after the 2025 assessment.

5.7 Separability and operational restructuring

What is expected from banks

Banks must have the capability to assess the separability of the bank's parts for a sale and to evaluate market interest in purchasing those parts.

Banks must have the readiness to prepare a business reorganisation plan in connection with the use of the bail-in tool.

Why this is important in a resolution situation

If a bank does not provide the necessary information on the separability of different parts and their marketability, the FFSA will not have sufficient information to assess the separability of business lines or assets from the whole or market interest in purchasing those entities. This limits the possibility to use the sale of the bank or its parts in a resolution situation.

If a bank has not demonstrated its ability to prepare a business reorganisation plan in connection with the use of the bail-in tool, uncertainty may arise in a possible resolution situation regarding its ability to prepare such a plan in a reliable manner.

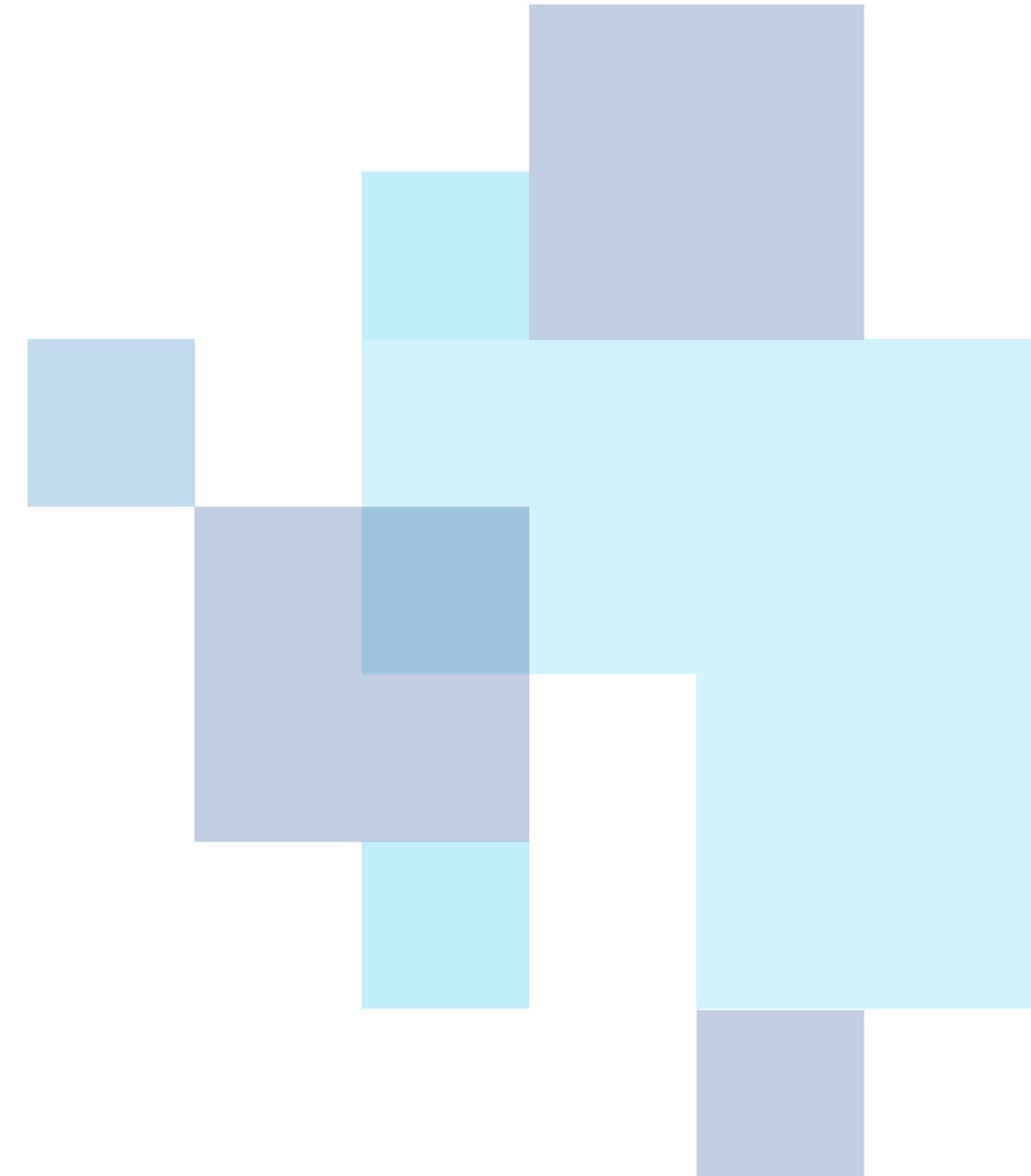
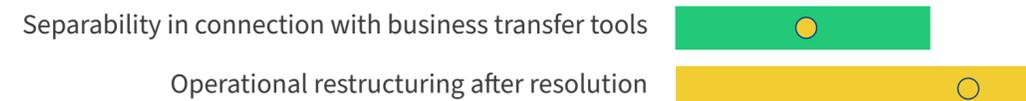
Where banks have progressed particularly well

Banks have refined their separability analyses in accordance with the FFSA's guidance.

What are banks' main challenges

Banks' separability analyses are currently sufficient, considering that the sale of the bank could be used as an alternative resolution tool.

At what level are the resolution capabilities



● Best practices
 ● Minor deficiencies
 ● Deficiencies
 ● Eventual significant deficiencies
 ● Significant deficiencies

FFSA's assessment 2025
 FFSA's assessment 2024

The length of the bar corresponds to FFSA's assessment of the banks' resolvability capabilities. This, as well as the importance of the dimension from a resolution perspective, affect the color of the bar.

6. The FFSA's assessment of banks' deposit guarantee capabilities 2025

According to the FFSA's assessment, deposit banks had good capabilities at the end of 2025 to provide the FFSA with the depositor and account information required in a deposit guarantee compensation event, so that the FFSA can, if necessary, pay deposit guarantee compensation to depositors within seven working days.

The FFSA has tested Finnish banks' ability to provide the information required for deposit guarantee compensation payments already for several years. Based on the broader content tests carried out in 2022–2024, it can be concluded that banks have largely met well the requirements set by the FFSA for depositor and account information. According to the FFSA's assessment, deposit guarantee compensation capabilities – i.e., the ability to provide depositor

and account information and the quality of the data content – meet the FFSA's requirements on a bank-by-bank basis either “well” (80%) or “excellently” (20%). The assessment methodology used in the testing is described in more detail in section 7.2.

One of the banks included in the review met the requirements only partially at the end of 2022. The bank rectified the shortcomings on the basis of the FFSA's requirement, and the deficiency did not reappear in subsequent tests.

Through testing of the depositor and account information provided by banks, the FFSA has been able to verify that in a compensation situation, compensation could be paid to the majority of depositors (on average over 90%) through a fully automated process. This enables the payment of

deposit guarantee compensation to depositors within the seven-working-day deadline in a compensation situation.

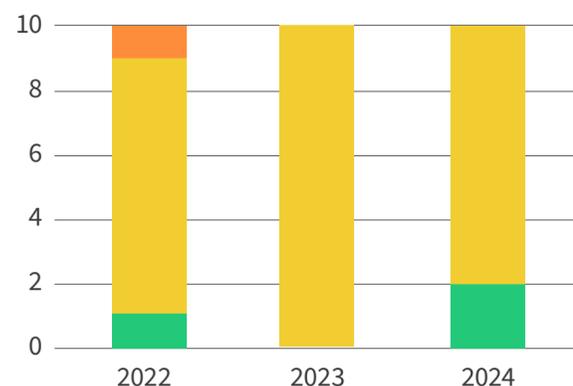
Although compensation can be paid fully automatically to the majority of depositors, each bank has a small number of depositors (on average less than 10% per bank) for whom fully automated processing is not possible. Such cases include, for example, deposits held in the name of estates of deceased persons and pledged deposit accounts, such as rental security accounts, for which the FFSA requires additional clarifications from the deposit owner to make the compensation decision. The number of cases falling outside the automated processing process is therefore not related in any way to the bank's ability to provide depositor and account information.

In 2026, the FFSA will test banks' readiness to provide the information required for deposit guarantee compensation payments in workshops organised under the FFSA's leadership with each Finnish bank at the bank's own premises. The workshops will delve into the bank's information systems and processes required for reporting depositor and account information, particularly the quality assurance of data production. The workshops will expand the coverage of the FFSA's testing, as previous years have mainly focused on testing the content of data sets delivered by banks to the FFSA.

In 2025, no separate broader content testing was carried out in addition to preparations for these upcoming workshops and ongoing testing. In connection with continuous testing, the FFSA has monitored the progress of the corrective measures required from banks on the basis of the results of the broader content testing carried out in 2024. No new observations requiring corrections emerged during 2025.

Banks' grades from the broader content tests on depositor and account information

- A. The bank meets the requirements excellently
- B. The bank meets the requirements well
- C. The bank meets the requirements only partially
- D. The bank did not meet the requirements



6.1 Banks included in the assessment

The assessment presented in this report of banks' capabilities to provide the FFSA with the depositor and account information required for deposit guarantee compensation payments covers all ten Finnish deposit banks and deposit bank groups: Aktia Bank, Alisa Bank, Nordea, Oma Savings Bank, OP Pohjola, POP Bank Group, S-Bank, Suomen AsuntoHypoPankki, the Savings Banks Group, and the Bank of Åland.

The assessment therefore also includes those banks for which the FFSA has assessed that resolution measures would be necessary, because the resolution objectives cannot be achieved in bankruptcy proceedings. These banks also have an obligation to report depositor and account information to the FFSA, even though the deposit guarantee compensation process is not the primary approach in financial crisis situations affecting these banks. Up-to-date depositor and account information is also required when a bank is placed under resolution and its operations continue. Deposits are protected in both alternatives – bankruptcy and resolution – up to EUR 100,000 per depositor per bank.

6.2 The assessment is based on testing

The FFSA tests regularly that Finnish banks are able to provide the FFSA with the required depositor and account information in the required format, scope, and timeframe. In continuous testing, the FFSA utilises automatic checks in its information systems, which compare the information provided by banks against the requirements set by the FFSA.

In addition to continuous testing, the FFSA conducts broader content tests on the information provided by banks. Most recently, this type of a broader testing round was carried out at the end of 2024. In broader tests, in addition to automatic checks, FFSA experts perform manual checks on randomly selected samples of the data set.

After testing, banks receive a feedback report on the test results. The bank-specific feedback report contains an overall grade formed on the basis of the test results and the observations raised during the testing. In addition, the bank must implement the corrective measures required in the feedback report, with follow-up ending once the correction has been verified through testing.

The most recent content testing round is from 2024, so the grades given on that basis remain valid.



7. Assessment methodology

7.1 Resolution capabilities

The FFSA assesses banks' resolution capabilities using the SRB's methodology. The starting point is the detailed list of expectations for banks drawn up by the SRB, which the FFSA applies to Finnish LSIs taking into account the principle of proportionality.

The SRB has developed a tool to support the assessment of resolution capabilities. In the 2025 planning cycle, banks' resolution capabilities were assessed in each area at three levels. The first level contains very fundamental expectations, and the level of challenge increases progressively from level to level.

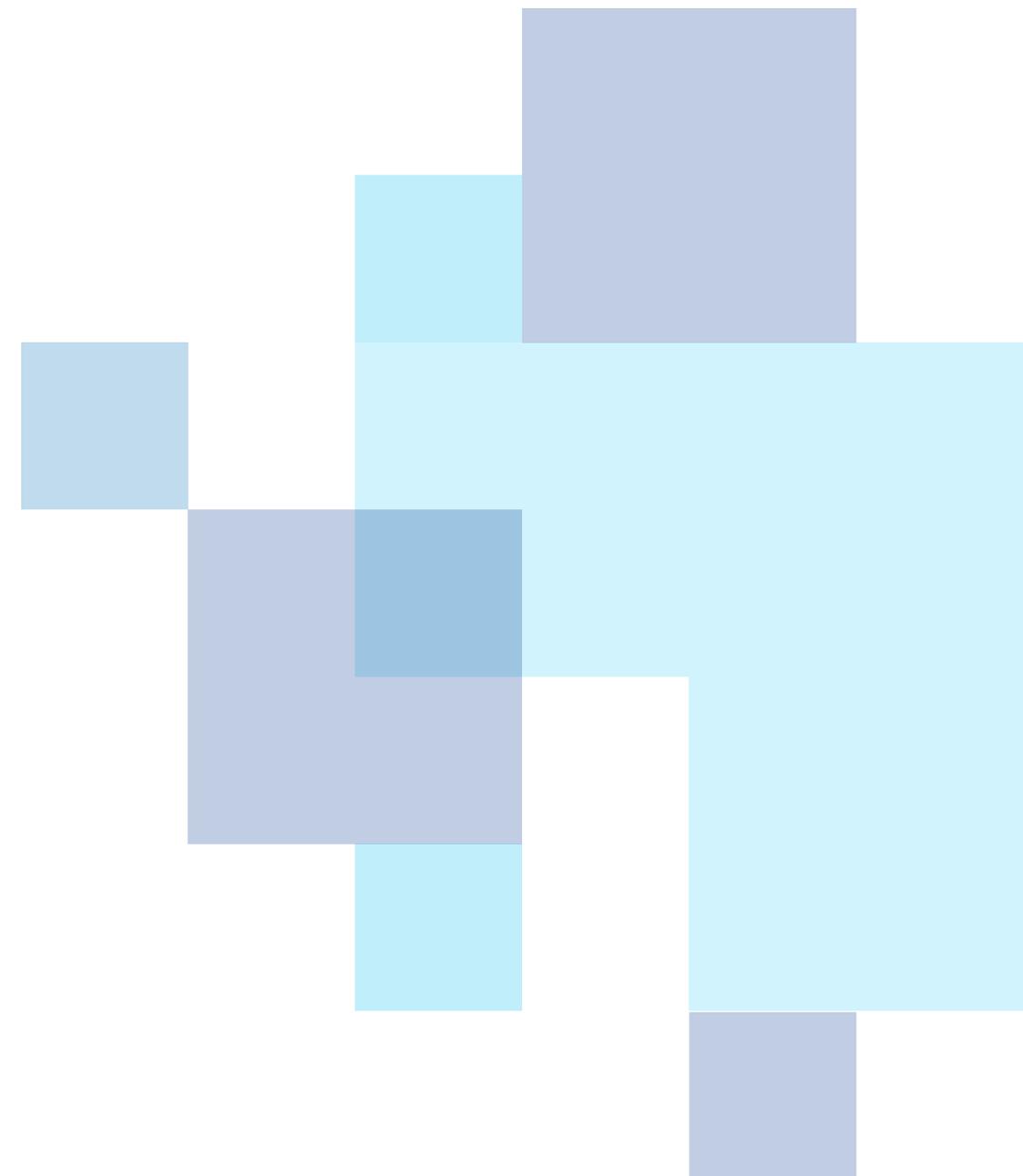
The FFSA makes its own assessment based on the documentation and test results submitted by banks. Once the documentation reaches a level consistent with the FFSA's expectations, banks are requested to update the documentation only if significant changes occur in the bank, the operating environment, or the FFSA's guidance that need to be taken into account in the documentation. Going forward, the results of tests carried out by banks themselves will carry more weight in the assessment of resolution capabilities.

In addition to the FFSA's assessment of banks' resolution capabilities, banks also carry out their own self-assessments. In connection with the self-assessment, banks prepare, where necessary,

a development plan setting out how they intend to ensure that the FFSA's expectations are met within the given timeframe.

In addition, banks must carry out tests in accordance with the multi-year testing plans prepared by the FFSA for them. The development plans must be refined on the basis of test results. The extensive self-assessment carried out by the bank, as well as the planning of development work and testing, increases awareness of expectations related to resolution and ensures that the improvement of resolution capabilities becomes a natural part of the bank's development work.

If the development work to ensure resolution capabilities is not at the desired level and the bank has not prepared a credible development plan to rectify the situation, the FFSA may exercise its powers. In such cases, the FFSA can require the bank to remove an impediment that would significantly complicate the implementation of resolution measures.



7.2 Deposit guarantee capabilities

Testing of banks' deposit guarantee capabilities – i.e., banks' ability to provide depositor and account information and the quality of the data content – is a statutory obligation of the FFSA. Testing must be carried out regularly or without delay after a new deposit bank joins the Finnish deposit guarantee scheme or after significant changes have been made to deposit banks' or the FFSA's information systems.

In testing, the FFSA utilises automatic checks in its information systems, which compare the information provided by banks against the definitions in the FFSA's reporting instructions. In addition to this continuous monitoring and testing, the FFSA regularly performs broader content tests on the depositor and account information provided by banks. In such cases, in addition to automatic checks, FFSA experts conduct manual checks on randomly selected samples of the data set.

Following broader content tests, the FFSA gives a feedback report to each bank at the end of the testing. The feedback report contains an overall grade for the bank's performance on a grading scale of A–D, formed on the basis of the test results.

Assessment scale:

A. The test result is approved. The deposit bank meets the requirements set for reporting depositor and account information for deposit

guarantee purposes excellently. Based on the test, the data set meets the format and content requirements. No shortcomings requiring correction were identified in the quality of the data or delivery readiness that would complicate the performance of the FFSA's statutory tasks.

B. The test result is approved. The deposit bank meets the requirements set for reporting depositor and account information for deposit guarantee purposes well. Based on the test, the data set meets the format requirements, but shortcomings requiring correction or verification were identified in the content or delivery readiness that may complicate the performance of the FFSA's statutory tasks. The bank must carry out the necessary verifications and any corrective measures without undue delay to rectify the shortcomings.

C. The test result is rejected. The deposit bank meets the requirements set for reporting depositor and account information for deposit guarantee purposes only partially. Based on the test, the data set meets the format requirements, but shortcomings requiring correction were identified in the content or delivery readiness that may prevent the performance of the FFSA's statutory tasks. The bank must carry out the

necessary corrections without delay and perform re-testing so that depositor-specific reporting reaches an accepted level.

D. The test result is rejected. The deposit bank does not meet the requirements set for reporting depositor and account information for deposit guarantee purposes. Based on the test, the data set does not meet the format and/or content requirements set for it. Shortcomings were found in the data set that prevent the performance of the FFSA's statutory tasks. Based on the data set, it is not possible to determine depositors' eligible and covered deposits, as the data set is not processable. The bank must carry out the necessary corrections without delay and perform re-testing so that the data set reaches an accepted level.

Because testing has been carried out for several years and the quality level of the data set to be provided has become established, the FFSA has observed that it is necessary to develop the assessment scale. In its current form, banks are generally placed in the same category on the assessment scale: “meets the requirements well”.

The readiness of deposit banks for reporting and the content and criteria of the data set delivered to the FFSA are developed in close cooperation with

the banks bilaterally and in the deposit guarantee reporting cooperation group led by the FFSA. The cooperation group includes representatives from all Finnish deposit banks.



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