



Danske Mortgage Bank Plc

# Annual Report 2025

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Danske Mortgage Bank Plc is a Finnish bank, which is part of the Danske Bank Group. Danske Bank Group is one of the largest financial enterprises in the Nordic region. This Financial Statement and Board of Directors' report covers Danske Mortgage Bank Plc. This Board of Directors' report and Financial Statements in pdf format is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation. Danske Mortgage Bank Plc's ESEF Financial Statements is available at:

[www.danskebank.com/investorrelations/debt/danskemortgagebank](http://www.danskebank.com/investorrelations/debt/danskemortgagebank)

This document is an English translation of the official Finnish Annual Report.



# Board of Directors' Report 2025

## Danske Mortgage Bank Plc in brief

Danske Mortgage Bank Plc is a wholly-owned subsidiary of Danske Bank A/S, the parent company of Danske Bank Group. The Group is headquartered in Copenhagen and Danske Bank's share is quoted on the Nasdaq OMX Copenhagen.

Danske Mortgage Bank Plc is operating as an issuer of covered bonds. Bonds issued by the Bank are covered by a pool of loans consisting of Finnish household mortgages. The Bank does not act as the originator of housing loans as it purchases loans from Danske Bank A/S, Finland Branch. The purchased loans are long term loans for Finnish households having a residential real estate or shares of a housing company as collateral. Loan servicing process as many other processes are outsourced to Danske Bank A/S. This way loan purchases are not having an effect on the service received by the customers.

Act on Mortgage Credit Banks and Covered Bonds (151/2022) became effective on 8 July, 2022 repealing the earlier act on mortgage banking activities. Using transitional rule in the new act, we have converted the bonds originally issued under the previous act to fully conform to new act, and our activities are solely under the new act 151/2022.

Danske Mortgage Bank Plc's operations continued stable during 2025 in all aspects. The quality of the loan portfolio has remained at good level. The Bank's profit has decreased compared to previous year as expected driven by lower interest rate level.

In 2025 the Bank issued in total three new covered bonds. In June a EUR 500 million covered bond was issued with long 4 year maturity. In November two covered bonds were issued; a short three-year EUR 500 million and a seven-year EUR 750 million covered bond. One EUR 1.25 billion bond matured in September. The Bank bought housing loans with 932.2 million euros and sold housing loans back to Danske Bank A/S, Finland Branch

with 36.4 million euros. Customers were paying back their housing loans with EUR 933.0 million. Considering the loan portfolio in Danske Bank A/S, Finland Branch, the Bank has access to enough loans for a new issuance. Hedging and short-term funding were executed normally through Danske Bank A/S. The amount of cover pool eligible loans in the Danske Bank Group's Finnish operations has been stable with positive momentum due to positive market share and balance development.

Throughout this Annual Report the term "Bank" refers to Danske Mortgage Bank Plc. The Danske Bank Group is referred to as "Group".

Danske Mortgage Bank Plc is domiciled in Helsinki and its business identity code is 2825892-7.

## Operating environment

Finland's economic growth remained sluggish in 2025, similar to previous years. The unemployment rate reached its highest level since 2009, although a significant part of the increase was explained by the labour force participation rate of the working-age population rising to its highest level in over 30 years. Weak labour market kept consumer confidence low, which was reflected in an increase in the savings rate and a decline in domestic consumer demand. New orders in the industrial sector and the volume of exports grew slightly compared to the previous year, despite trade policy uncertainties and the United States' increased import tariffs. Total investments increased, although investments in residential construction continued to decline. Finland's public sector debt level rose more than expected, despite spending cuts.

The European Central Bank continued easing monetary policy and reduced its key interest rates four times from January to June, from three to two percent. Household mortgage and corporate interest expenses decreased by approximately one percentage point during the year, further alleviating the debt servicing burden of mortgage holders and businesses.

In the housing market, the number of transactions of old apartments and the volume of mortgage drawdowns increased approaching the average levels preceding the peak years in housing transactions. On the other hand, the prices of old dwellings in

housing companies continued to decline, falling by 2% year-on-year in October 2025.

## Financial review

The comparison figures in parentheses refer to 2024 figures.

The Bank's profit before taxes was EUR 28.3 million (37.0 million). The result was EUR 22.7 million (29.6 million).

Return on equity amounted to 6.5 per cent for 2025 (8.0 per cent). Return on equity has decreased mainly due to lower interest rate level driving down the net interest income. The Bank distributed profits by EUR 59.6 million in 2025 in total including EUR 30 million extraordinary dividends. The extraordinary dividends related to accumulated net profit during covid-19 pandemic, which have not been previously paid out.

Total operating income for 2025 amounted to EUR 40.8 million (50.4 million). The net interest income for the financial year was EUR 36.3 million (45.9 million) reduced by lower interest rates. The Bank's net fee income totalled EUR 2.5 million (2.5 million). Net trading income was EUR 1.8 million (1.8 million).

The Bank's cost to income ratio was 26.0 per cent (22.2 per cent) and the Bank's operating expenses totalled EUR 10.6 million (11.2 million).

Impairment charges and final write-offs totalled to EUR 1.9 million (2.2 million) of which final write-offs were 2.7 million euros (1.6 million). Despite uncertain economic outlooks, impairment charges on receivables remain moderate.

Rating categories and corresponding probability of default ranges can be found in the Risk Management Disclosure, from page 10. Non-performing loans are sold regularly to Danske Bank A/S, Finland Branch and final write offs realize from these loan sales.

## Balance sheet and funding

The Bank's total balance sheet for 2025 was EUR 5,937.5 million (5,918.1 million). Loans and receivables from customers amounted to EUR 5,657.2 million (5,694.8 million).

The Bank's other investment securities portfolio consists of liquidity coverage ratio (LCR) eligible bonds. Other investment securities amounted to EUR 68,6 million at the end of 2025 (46.0 million).

The funding and liquidity situation was good. All short-term funding was received from the Group. The Bank's liquidity buffer was EUR 167.0 million at the end of 2025 (93.6 million) and it consisted of deposits in the central bank and central bank eligible high quality liquid bonds.

With a liquidity coverage ratio (LCR) of 1,129 per cent end of 2025 (433 per cent), the Bank was compliant with the regulatory minimum requirement of 100 per cent at the end of reporting period. According to the Capital Requirements Regulation (EU) No 575/2013 banks must have a LCR of at least 100 per cent.

Net Stable Funding Ratio (NSFR) presents the ratio of available stable funding to required stable funding. The Bank's NSFR was 116 per cent end of December 2025 (118 per cent) which complies with the 100 per cent requirement. Available stable funding totalled to EUR 5,284.8 million end of December 2025 (5,106.0 million), which is EUR 737.9 million (795.3 million) above the required stable funding. Intra group funding totalled to EUR 600.0 million, having average residual maturity of 12 months (18 months).

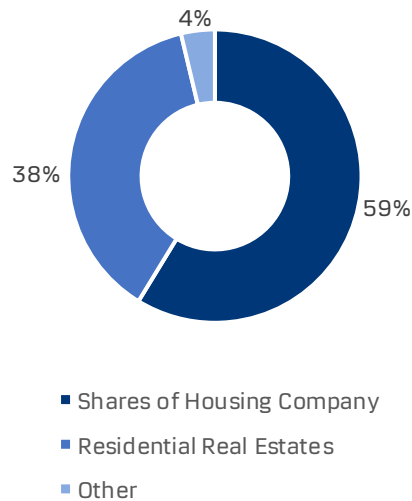
In the end of 2025 the Bank's equity totalled EUR 331.9 million (368.8 million). During 2025 the Bank paid EUR 59.6 million in dividends to Danske Bank A/S. The result for 2025 was EUR 22.7 million.

## Prime quality Finnish housing loans

The Bank's loan portfolio consists of prime quality Finnish housing loans. Customers are concentrated into the best rating classes on the rating scale. Impairment balance is 0.1 per cent of the loan portfolio and on low level. The balance of non-performing loans is low as they are sold back to Danske Bank A/S, Finland Branch.

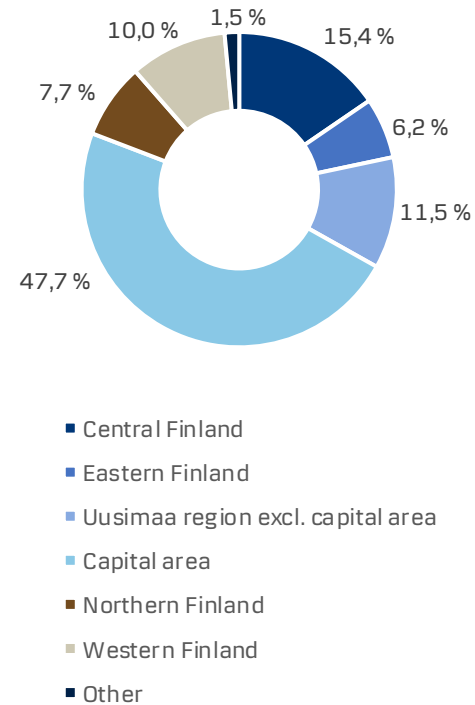
Collateral types include shares of housing companies and single properties. Other collateral types include typically deposits or securities that are not counted as eligible collateral for cover pool purposes. In September 2025, new property valuation model was implemented.

### Number of collateral types



Loan exposures are concentrated to customers in Helsinki capital area. In general loans have a high collateral degree and they are predominantly located in the growth areas.

## Exposure distribution by area



## Capital and solvency

The objective of the Bank's capital and solvency management is to have an adequate amount of capital to support its business strategy and to fulfil the regulatory capital requirements. The Bank also needs to ensure that it is sufficiently capitalized to withstand severe macroeconomic downturns.

The Bank is using the internal rating based (IRB) approach for calculation of capital requirements for credit risk for retail exposures. Otherwise, standard method is applied for credit risk. For operational risk standard method is applied in calculating capital requirement. Updated capital requirement regulation (CRR3) was implemented in the beginning of the year 2025.

## Solvency

### Own Funds

EURm	31.12.2025	31.12.2024
<b>Common Equity Tier 1 capital before deductions</b>	<b>331.9</b>	<b>368.82</b>
Share capital	70.0	70.00
Reserves for invested unrestricted equity	215.0	215.00
Retained earnings	24.2	54.23
Total comprehensive income for the period	22.7	29.59
<b>Deductions from CET1 capital</b>	<b>-28.0</b>	<b>-34.81</b>
Proposed/paid dividends /part of profit not included in CET1	-22.7	-29.59
Value adjustments due to the requirements for prudent valuation	0.0	-0.25
IRB shortfall of credit risk adjustments to expected losses	-5.3	-4.97
<b>Common Equity Tier 1 (CET1)</b>	<b>303.9</b>	<b>334.02</b>
Additional Tier 1 capital (AT1)	-	-
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>303.9</b>	<b>334.02</b>
Tier 2 capital (T2)	-	-
<b>Total capital (TC = T1 + T2)</b>	<b>303.9</b>	<b>334.02</b>
Total risk exposure amount (REA) *)	798.9	789.97
Unfloored total risk exposure amount (U-TREA)	782.4	789.97
<b>Capital requirement (8% of risk exposure amount)</b>	<b>63.9</b>	<b>63.20</b>
Credit and counterparty risk	56.9	58.71
Operational risk	5.7	4.48
<b>Common equity tier 1 capital ratio (%)</b>	<b>38.0 %</b>	<b>42.3 %</b>
<b>Tier 1 capital ratio (%)</b>	<b>38.0 %</b>	<b>42.3 %</b>
<b>Total capital ratio (%)</b>	<b>38.0 %</b>	<b>42.3 %</b>

\*) Output floor was implemented as part of CRR3 in 2025

Company's capital adequacy ratio has been calculated both in accordance with Credit Institutions Act Sect 9-10 and EU Capital Requirement Regulation (CRR).

Capital management and practices are based on an internal capital and liquidity adequacy assessment process (ICLAAP). In this process, the Bank identifies its risks and determines its solvency need.

Total capital consists of tier 1 capital that is common equity tier 1 capital after deductions. On 31 December 2025, the total capital amounted to EUR 303.9 million (334.0 million), and the total capital ratio was 38.0 (42.3) per cent. The common equity tier 1 capital ratio was 38.0 (42.3) per cent. Total capital ratio has decreased mainly due to decreased total capital and implementing CRR3, which lead to output floor impacting the Bank's risk exposure amount (REA). Total REA resulted to EUR 798.9 million (790.0 million).

Profit after taxes is not included in Tier 1 distributable capital.

Leverage ratio

According to the Capital Requirements Directive (CRD IV) credit institutions must have a well-established practice to identify, manage and monitor risks to avoid excessive leverage. Indicators for excessive leverage shall include the leverage ratio and shall be monitored under the Pillar 2 process. Credit institutions must also be able to withstand a range of different stress events with respect to the risk of excessive leverage.

The CRR/CRD IV requires credit institutions to calculate, report and monitor their leverage ratios. The leverage ratio is defined as ratio of tier 1 capital from the total exposure. In order to count in the leverage ratio, the tier 1 capital must be eligible under the CRR. The total exposure measure is the sum of the exposure values of all assets and off-balance sheet items not deducted from tier 1 capital. Specific adjustments apply to derivatives.

The Bank has processes in place for the identification, management and of the risk of excessive leverage. The leverage ratio is also part of the Bank's risk appetite framework.

Credit institutions are subject to a 3 per cent leverage ratio requirement, which is a binding constraint. The Bank's leverage ratio was 5.1 (5.7) per cent on 31 December 2025. The leverage ratio is calculated monitoring based on the fourth quarter end figures whereby the tier 1 capital was EUR 303.9 million (334.0 million) and leverage ratio exposure EUR 5,902.1 million (5,857.5 million). Leverage ratio table is presented below as per 31 December 2025.

Capital buffers

In March 2023 the FIN-FSA decided to impose the systemic risk buffer for the credit institutions amounting to 1per cent to

strengthen the banking sector's risk resilience. Decision on systemic risk buffer came to force on 1 April 2024.

On December 2025 the FIN-FSA decided not to increase the countercyclical capital buffer requirement (variable capital add-on) applicable to banks. The requirement will remain at zero until further notice.

The Pillar 2 requirement for the interest rate risk of banking book has remained unchanged compared to previous year.

The minimum own funds requirements and capital buffers as well as the Pillar 2 requirement for the Bank are listed in the table below.

Minimum own funds requirements and capital buffers

Minimum requirements (% of total risk exposure amount):	31.12.2025	31.12.2024
Common Equity Tier (CET) 1 capital ratio	4.5 %	4.5 %
Tier 1 capital ratio	6.0 %	6.0 %
Total capital ratio	8.0 %	8.0 %
Capital buffers (% of total risk exposure amount):		
Capital conservation buffer <sup>1)</sup>	2.5 %	2.5 %
Institution-specific countercyclical capital buffer	0.0 %	0.0 %
Countercyclical buffer <sup>2)</sup>	-	-
Systemic risk buffer <sup>3)</sup>	1.0 %	1.0 %
Minimum requirement including capital buffers (% of total risk exposure amount):		
Common Equity Tier (CET) 1 capital ratio	8.0 %	8.0 %
Pillar 2 add-ons (EUR million)		
Interest rate risk in the banking book (IRRBB)	10.0	10.0
Leverage ratio requirement: <sup>4)</sup>	3.0 %	3.0 %

- 1) Valid from 1 January 2015 onwards.
- 2) On 17 December 2025, the FIN-FSA decided not to set any countercyclical buffer.
- 3) On 29 March 2023, the FIN-FSA decided to set 1 percent Systemic risk buffer requirement, which came to force on 1 April 2024.
- 4) Valid from 28 June 2021 onwards.

Leverage ratio

EURm	31.12.2025	31.12.2024
Total assets	5,937.5	5,918.1
Derivatives accounting asset value	-75.1	-94.8
Derivatives exposure to counterparty risk ex. collateral	45.0	39.2
Adjustment to CET1 due to prudential filters	-5.3	-5.0
Total exposure for leverage ratio calculation	5,902.1	5,857.5
Reported tier 1 capital (transitional rules)	303.9	334.0
Tier 1 capital (fully phased-in rules)	303.9	334.0
Leverage ratio (transitional rules)	5.1 %	5.7 %
Leverage ratio (fully phased-in rules)	5.1 %	5.7 %

Content	Board of Directors' report	IFRS Financial Statements	Notes to the Financial Statements	Other Notes	Proposal of Distribution of Profits	The Auditors' note	Accounting material
<div><div><div><div><div><div><h3>Minimum requirement for own funds and eligible liabilities (MREL)</h3><p>The Finnish Financial Stability Authority has determined the minimum requirement for own funds and eligible liabilities for the Bank. The internal MREL consists of requirement based on the total risk exposure amount (TREA) and a requirement based on the leverage ratio exposure measure (LRE). The Bank has EUR 160 million of MREL eligible loan to ensure that these requirements are met. On 31 December 2025, MREL TREA was 58.1 (51.1) per cent and LRE 7.9 (6.9) per cent. More information on MREL can be found from Risk Management Disclosure, starting from page 10.</p><h3>Credit ratings</h3><p>Issued covered bonds are rated ‘Aaa’ by Moody’s Investors Service and, ‘AAA’ by Scope Ratings. In addition, Danske Mortgage Bank has A+/Stable Issuer rating from Scope Ratings.</p><h3>Employees and organization</h3><p>The Bank had 5 (5) employees at the end of the financial year. The average during financial period was 5 (5).</p><h3>Danske Mortgage Plc’s Board of Directors and auditors</h3><p>Annual general meeting was held on 18 March 2025. As members of the Bank’s Board of Directors remained Jens Wiklund (Chairman), Robert Wagner (Deputy Chairman), Terese Dissing, Tomi Dahlberg and Marjo Tomminen.</p><p>During the year, the composition of the Board of Directors changed. Marjo Tomminen resigned from the Board on 27.4.2025. Rauni Haaranen was appointed on the Board of Directors on 23.9.2025.</p><p>As such, at the end of the financial year the members of the Board of Directors were Jens Wiklund (Chairman), Robert Wagner, Terese Dissing, Tomi Dahlberg and Rauni Haaranen. Tomi Dahlberg and Rauni Haaranen are independent of the Danske Bank Group.</p><p>During financial year 2025 the CEO of the Bank was Janne Lassila (b. 1977) and the Deputy CEO Jari Raassina (b. 1965).</p></div></div><div><div><div><div><div><div><h3>On 18 March 2025, the annual general meeting of the Bank elected Deloitte Ltd Audit Firm, as auditor of Danske Mortgage Bank Plc, with Sonja Suosalo, APA, as the Key audit partner.</h3><p>Related party loans and receivables are listed in note 19 and corporate governance principles are found on page 8.</p><h3>Danske Mortgage Bank Plc’s shares, ownership and group structure</h3><p>Danske Mortgage Bank Plc is part of the Danske Bank Group. The parent company of the Danske Bank Group is Danske Bank A/S.</p><p>Danske Mortgage Bank Plc's share capital is EUR 70.0 million, divided into 106,000 shares. Danske Bank A/S holds the entire stock of Danske Mortgage Bank Plc.</p><h3>Risk management</h3><p>The Bank's principles for risk management are based on legislation for mortgage banks. The main objective of risk management is to ensure that the capital base is adequate in relation to the risks arising from the business activities. The Board of Directors of the Bank establishes the principles of risk management, risk limits and other general guidelines according to which risk management is organized at the Bank.</p><p>To ensure that the Bank’s risk management organization meets both the external and internal requirements, the Board of Directors has also set up a Risk Council composed of the operative management members. The Risk Council's main objective is to ensure that the Bank is compliant with the risk management guidelines issued by the Board of Directors and that the Bank monitors all types of risk and provides reports to concerned parties.</p><p>The main risks associated with the Bank’s activities are credit risk, interest rate and liquidity risks of banking book, non-financial risks and various business risks. The credit risk exposure has the largest impact on capital requirement. The majority of the non-financial risks are related to outsourced services and processes.</p><p>In 2025 the Bank’s risk position has remained low and the Bank has been within all risk limits set by the Board of Directors. The main risks associate with the development in the general economic environment and investment market and future changes in financial regulations.</p></div></div><div><div><div><div><div><div><h3>In relation to the loan portfolio, non-performing loans were at a low level. Non-performing loans that are delayed for over 90 days amounted to EUR 0.6 million (2.0 million). Impairment charges and final write-offs for 2025 totalled EUR 1.9 million (2.2 million). Allowance account on 31 December 2025 amounted to EUR 7.6 million (31 December 2024 EUR 7.3 million).</h3><p>More detailed information of risks and risk management can be found in the Risk Management Disclosure on page 10.</p><h3>Sustainability</h3><p>The Parent Company, Danske Bank A/S, with its registered office in Denmark, prepares a sustainability statement for the Group of which Danske Mortgage Bank Plc is part of. The Group's sustainability statement is part of its' Annual Report due to Corporate Sustainability Reporting Directive (CSRD) coming into force.</p><p>In November 2025, the Finnish Parliament accepted the Stop the clock -directive into legislation based on EU’s Omnibus 1 package. The law postpones CSRD reporting commitments for second wave companies with two years. The law came into force on 1 December 2025 and can be applied already from financial year starting after 1 January 2025. As such, the Bank does not prepare sustainability report from period starting from 1 January 2025. The Bank continues preparing for the upcoming entity level sustainability statement as required by regulation.</p><h3>Events after the reporting period</h3><p>There are no material events after the reporting period.</p><h3>Outlook for 2026</h3><p>There are cautious signs of a turnaround in the Finnish economy. Households continue to benefit from rising real incomes. Confidence is expected to recover and domestic consumption to strengthen as the labour market improves. Inflation remains moderate, and the ECB's key interest rate stays at two percent.</p><p>The development of the Bank's business volume is dependent on the development of Danske Bank A/S, Finland Branch’s stock of housing loans and the Group's funding demand. In the future, the</p></div></div><div><div><div><div><div><div><h3>Bank seeks to issue at least one benchmark-size covered bond per year.</h3><p>The Bank is rather well protected against changes in the level of interest rates and the impact of interest rate risk to net profit is limited. The development of the Finnish economy affects mostly through credit losses and level of new sales loan margins. The refinancing cost of the Bank is dependent on the credit rating of Danske Bank A/S and the development of the global and the Finnish economy.</p><p>In the credit granting process, the customer's ability to manage their total debt has been assessed with a much higher interest rate than the prevailing market rate. Customers can obtain temporary concessions for their loans, such as interest only periods. If the customer's ability to pay is still insufficient, the value of the collateral protects the Bank from credit risk. The Bank's housing loans are concentrated in the capital region and other growth centres.</p><p>The balance sheet is expected to be close to the end of 2025 level in 2026 or to slightly increase. The Bank’s operations are expected to remain stable with the number of employees staying the same. The net profit is expected to decrease somewhat in 2026 as the housing loans gradually roll over to lower interest rate level.</p><p>This guidance is generally subject to uncertainty related to future macroeconomic and business development.</p></div></div><div><div><div><div><div><div><h3>Helsinki, 5 February 2026</h3><p>Danske Mortgage Bank Plc</p><p>Board of Directors</p></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div></div> </							

# Financial highlights

EURm	2025	2024	2023
Revenue	202.3	274.0	199.5
Net interest income	36.3	45.9	48.0
% of revenue	17.9	16.8	24.1
Profit before taxes	28.3	37.0	34.6
% of revenue	14.0	13.5	17.3
Total income <sup>1)</sup>	40.8	50.4	47.5
Total operating expenses <sup>2)</sup>	10.6	11.2	10.2
Cost to income ratio	26.0	22.2	21.5
Total assets	5,937.5	5,918.1	6,011.8
Equity	331.9	368.8	366.9
Return on assets, %	0.4	0.5	0.5
Return on equity, %	6.5	8.0	7.7
Equity/assets ratio, %	5.6	6.2	6.1
Solvency ratio, % <sup>3)</sup>	38.0	42.3	39.2
Impairment on loans and receivables <sup>4)</sup>	1.9	2.2	2.7
Average number of staff	5	5	5
FTE at end of period	5	5	4

The financial highlights have been calculated as referred to in the regulations of the Finnish Financial Supervision Authority, taking into account renamed income statement and balance sheet items due to changes in the accounting practice.

- 1) Total income comprises the income in the formula for the cost to income ratio.
- 2) Total operating expenses comprise the cost in the formula for the cost to income ratio.
- 3) Capital adequacy ratio has been calculated both in accordance with Credit Institutions Act Sect 9-10 and EU Capital Requirement Regulation (CRR). For calculation of credit risk exposure amount in Retail, the Bank applies internal model (IRB) and otherwise standard method. For calculation of risk exposure amount in operational risk, it applies standard method.
- 4) Impairment on loans and receivables includes impairment losses, reversals of them, write-offs and recoveries. (-) net loss positive.

## Definition of Alternative Performance Measures

The Bank's management believes that the alternative performance measures (APMs) used in the Board of Directors' report provide valuable information to readers of the financial statements. The APMs provide more consistent basis for assessing the performance of the Bank. They are also important aspect of the way in which the Bank's management monitor's performance.

The Annual report contains a number of key performance indicators (so-called alternative performance measures - APMs), which provide further information about the Bank. There are no adjusting items, which means that net profit is the same in the financial highlights and in the IFRS income statement. The differences between the financial highlights and the IFRS financial statements relate only to additional figures being presented in Board of Directors' disclosure which are not required by the IFRS -standards.

Definitions of additional performance measures presented in Financial Highlights:

	Definition
Revenues	Interest income, fee income, net result from items at fair value and other operating income
Cost/income ratio, (%)	The numeration is staff costs + other operation expenses + depreciations and impairments. The denominator is net interest income + net result from items at fair value + net fee income + other operating income
Return on equity, (%)	The numeration is profit before taxes - taxes. The denominator is equity (average) + non-controlling interest (average).
Return on assets, (%)	The numeration is profit before taxes - taxes. The denominator is total assets (average).
Equity/assets ratio, (%)	The numeration is equity + non-controlling interests. The denominator is total assets.



# Corporate governance

The Bank's corporate governance complies with the general requirements laid down in Chapters 7, 8 and 9 of the Act on Credit Institutions. Further information on the Bank's corporate governance is available on the web: <https://danskebank.com/investor-relations/debt/danske-mortgage-bank>

## General meeting

The supreme decision-making power in the Bank is exercised by its shareholders at a General Meeting of shareholders.

## Board of Directors

The Board of Directors shall consist of at least three and not more than seven ordinary members. The term of office of a member of the Board of Directors ends at the end of the first Annual General Meeting following the election.

Annual General Meeting has elected a Chairperson and a Vice Chairperson for the Board of Directors for a term of office that ends at the end of the first Annual General Meeting following the election.

The Board of Directors is responsible for the Bank's administration and for organizing operations, and for ensuring that the supervision of the Bank's accounting and asset management has been arranged properly. The Board handles all important and significant issues of general scope relevant to the operation of the Bank. The Board takes decisions on matters such as the Bank's business strategy. It approves the budget and the principles for arranging the Bank's risk management and internal control. The Board also decides the basis for the Bank's remuneration system and other far-reaching matters that concern the personnel. In accordance with the principles of good governance, the Board also ensures that the Bank, in its operations, endorses the corporate values set out for compliance.

The Board of Directors has approved written rules of procedure defining the Board's duties and its meeting arrangements. The Board of Directors and the chief executive officer (CEO) shall manage the Bank in a professional manner and in accordance with sound and prudent business principles.

The Board of Directors of the Bank convened 16 times during 2025. The fee resulting from 2025 was EUR 24.0 thousand for the Bank's Board members who are not within the Group.

## Chief Executive Officer and Management team

The Bank's Board of Directors appoints the CEO and Deputy CEO. The CEO is responsible for the Bank's day-to-day management in accordance with the Limited Liability Companies Act and the instructions and orders issued by the Board of Directors.

The CEO's duties include managing and overseeing the Bank's business operations, preparing matters for consideration by the Board of Directors and executing the decisions of the Board.

In 2025 the CEO and Deputy CEO were paid a salary and fringe benefits of EUR 318.6 thousand.

CEO's period of notice is six (6) months and the severance compensation to the CEO in addition to the salary paid for the period of notice equals to six (6) months' salary.

The Management Team assists the CEO. It convenes at the invitation of its chairman once a month. The Management team is responsible for supporting the CEO in the preparation and implementation of the Bank's strategy, coordination of the Bank's operations, preparation and implementation of significant or fundamental matters, and ensuring internal cooperation and communication.

In its operations the Bank has high moral and ethical standards. The Bank constantly ensures that its operations comply with all applicable laws and regulations. The responsibility for supervising compliance with laws and regulations lies with the operating management and the Board of Directors. Various rules and guidelines have been issued to support operations and ensure that applicable laws and regulations are respected throughout the organisation.

## Remuneration

Preparation of the Bank's remuneration policy is based on the remuneration policy of the Group taking into account the Finnish regulations. The remuneration policy is subject to the approval of the Bank's Board of Directors, which also monitors the implementation and functioning of the policy each year.

The Bank has a remuneration scheme covering the entire personnel. The aim of the remuneration scheme is to support the implementation of the Bank's strategy and to achieve the targets set for the business areas.

More information regarding remuneration can be found in the Bank's remuneration policy [www.danskebank.com/investor-relations/debt/danske-mortgage-bank](https://www.danskebank.com/investor-relations/debt/danske-mortgage-bank) under section Remuneration.

## Auditors

The Bank has one auditor, which must be a firm of authorised public accountants approved by the Finnish Patent and Registration Office. The term of the auditor lasts until the next Annual General Meeting following the auditor's appointment.

The Bank's auditor is Deloitte Ltd Audit Firm with Sonja Suosalo, Authorized Public Accountant as the Key audit partner. The primary function of the statutory audit is to verify that the Bank's financial statements provide a true and fair view of the Bank's performance and financial position for each accounting period.

## Description of the main features of the internal control and risk management systems related to the financial reporting process

The Bank is a wholly owned subsidiary of Danske Bank A/S. Danske Bank A/S is a listed company and is the parent company of the Group. The governance of the Danske Bank A/S Group accords with the legislative requirements concerning Danish listed companies and especially with the legislative requirements concerning companies in the financial sector. The Bank complies in all essential respects with the good governance recommendations issued by Denmark's Committee on Corporate Governance. Further information on the principles

concerning corporate governance in the Group is available on: [www.danskebank.com](https://www.danskebank.com).

The Bank is a bond issuer and therefore publishes the following description of the main features of the internal control and risk management systems related to its financial reporting process. Further information on the principles concerning corporate governance in the Bank is available on [www.danskebank.com/investor-relations/debt/danske-mortgage-bank](https://www.danskebank.com/investor-relations/debt/danske-mortgage-bank).

The Bank uses internal control to ensure

- the correctness of financial reporting and of other information used in management decision-making
- compliance with laws and regulations and with the decisions of administrative organs and other internal rules and procedures.

The Bank's management operates the system of control and supervision in order to reduce the financial reporting risks and to oversee compliance with reporting rules and regulations. With the controls imposed the aim is to prevent, detect and rectify any errors and distortions in financial reporting, though this cannot guarantee the complete absence of errors.

The Bank's Board of Directors regularly assesses whether the company's internal control and risk management systems are appropriately organised. The Board's assessment is based on e.g. reports prepared by the Group's Internal Audit unit. The Board and the CEO regularly receive information on the Bank's financial position, changes in rules and regulations and compliance with these within the Group.

The work of Internal Audit is subject to the Group's Term of Reference. This guidance states that the internal auditing tasks include ensuring the adequacy and efficiency of internal control and of the controls on administrative, accounting and risk management procedures.

Internal Audit also ensures that reporting is reliable and that laws and regulations are complied with appropriately. In the auditing process Internal audit complies with the international internal auditing standards and ethical principles and audit also uses auditing procedures approved by the Group that are based



on examining and testing the functioning of the control arrangements.

Local internal auditing is undertaken in cooperation with the Group's Internal Audit. The Bank's Board of Directors approves the yearly plan of internal audit. Internal audit reports its auditing work to the Board of Directors and monitors the measures taken in order to reduce the risks detected.

Good control environment practice is based on carefully specified authorisations within the Group, appropriate division of work tasks, regular reporting and the transparency of activities. In management's internal reporting the same principles are observed as in external reporting, and the principles are the same throughout the Group. The Group's common IT system creates the basis for reliable documentation of accounting data and reduces the financial reporting risks.

Management Reporting supports the Banks's senior management by producing monitoring and analysis of the performance. The indicators monitored vary from monitoring of the quantity and quality of activities and operations to reporting of risk-adjusted profitability. Most of the indicators are monitored monthly, but selected indicators are monitored weekly or even daily. Internal Accounting also monitors the Bank's market share and developments among competitors and in the operating environment.

Besides the parties referred to above, supervision at the Bank is also undertaken by the Company's Risk Council. The Council's chair is the Company's CEO. The purpose of the Risk Council is to oversee the Bank's compliance with all guidance on risk management set by the Board.

More information on the Bank's risk management can be read on page 10.

# Risk Management disclosure

## Risk management general principles and governance

The main objectives of the risk management process are to ensure that risks are properly identified, risk measurement is independent and the capital base is adequate in relation to the risks. The risks related to the Bank's activities and the sufficiency of the Bank's capitalisation in relation to these risks are regularly evaluated. Clearly defined strategies and responsibilities, together with strong commitment to the risk management process, are our tools to manage risks.

The Board of Directors of the Bank is responsible for ensuring that the Bank's risks are properly managed and controlled. The Board sets the principles of risk management and provides guidance on the organisation of risk management and internal controls. To ensure that the risk governance structure is adequate both in terms of internal and external needs, the Board has established the Risk Council, which is composed of members of the executive management and nominated the Bank's CEO as Chair of the Council.

The Risk Council's main tasks are:

- to ensure that the Bank is compliant with the risk instructions issued by the Board of Directors
- to ensure that all risk types in the Bank are monitored and reported to relevant parties including the Board of Directors
- to ensure that the Bank's risk position is aligned with the Group's risk strategy
- to ensure that the Group's risk policies are implemented in the Bank
- to ensure that the Bank fulfils all regulatory requirements.

The Bank's day-to-day risk management practices are organised in three lines of defence. This organization ensures a segregation of duties between (1) units that enter business transactions with customers or otherwise expose the Bank to risk, (2) units in

charge of risk oversight and control and (3) the internal audit function.

The first line of defence is represented by the operations and service organisations and their support functions. Each unit operates in accordance with the risk policies and delegated mandates. The units are responsible for having adequate skills, operating procedures, systems and controls in place to comply with the policies and mandates to exercise sound risk management.

The second line of defence is represented by functions that monitor whether the operations and service organisations adhere to the general policies and mandates. These functions are located in Risk Management and Compliance units.

The third line of defence is represented by Internal Audit.

The Bank's Risk Management, which is an independent unit, monitors the Bank's risk position according to the principles and limits set by the Board of Directors of the Bank. The Chief Risk Officer (CRO) is responsible for adequate and sound oversight of the Bank's risk management, providing an overview of the Bank's risks and creating an overall risk picture.

The principles and practices of risk management in the Bank are carried out consistently with the risk policies of the Group and supported by the corresponding Group functions. Additional information on the Group level risks and risk approaches can be

found in the Group's Annual Report and Risk Management Report for 2025.

## Minimum regulatory capital

Banking is a highly regulated business. There are formal rules for minimum capital and capital structure in capital adequacy regulation. Also, bank's largest exposures are limited based on the own funds of the bank.

The Credit Institutions Act gives multiple options for methods institutions may use in capital adequacy calculation. In December 2017 the Bank got approval from its supervisors to use the Internal Rating Based methodology (IRB) for retail exposures. Hence, the Bank uses IRB approach to its retail portfolio and standard

**Risk table 1. Pillar 1 regulatory capital requirements by portfolio**

	Capital requirement		Risk exposure amount	
(EURm)	2025	2024	2025	2024
<b>Credit and counterparty credit risk:</b>				
Standardised approach:				
Institutions	0.9	1.8	11.5	23.1
Corporates	0.5	0.3	6.4	3.9
Covered bonds	0.2	0.2	1.9	2.6
<b>Standardised approach, total</b>	<b>1.6</b>	<b>2.4</b>	<b>19.8</b>	<b>29.6</b>
<b>IRB approach:</b>				
Retail	55.3	56.3	691.1	704.3
Other non-credit obligation	0.0	0.0	0.0	0.0
<b>IRB approach, total</b>	<b>55.3</b>	<b>56.3</b>	<b>691.1</b>	<b>704.3</b>
<b>Credit and counterparty credit risk, total</b>	<b>56.9</b>	<b>58.7</b>	<b>711.0</b>	<b>733.9</b>
<b>Operational risk - standardised, total</b>	<b>5.7</b>	<b>4.5</b>	<b>71.4</b>	<b>56.1</b>
<b>Unflooded risk exposure amount (U-TREA)</b>			<b>782.4</b>	<b>790.0</b>
<b>Total risk exposure amount</b>			<b>798.9</b>	<b>790.0</b>
<b>Total minimum capital requirement</b>	<b>63.9</b>	<b>63.2</b>		

method to other credit risk portfolios. Standard method is used for operational risks.

Capital adequacy is reported quarterly to Finnish Financial Supervisory Authority (FIN-FSA). The Bank fulfilled the regulatory minimum capital requirements in 2025.

The Finnish Financial Stability Authority has determined the minimum requirement for own funds and eligible liabilities for the Bank. The internal MREL consists of requirement based on the total risk exposure amount (TREA), and a requirement based on the leverage ratio exposure measure (LRE). During 2025, requirement based on TREA was 18.19 per cent, and a requirement of 5.91 per cent based on LRE was in force. The Bank has retained EUR 160 million of MREL eligible loan from Danske Bank A/S to ensure that these requirements are met. On 31 December 2025, MREL TREA was 58.1 (51.1) per cent and LRE 7.9 (6.9) per cent.

Minimum capital requirements set by capital adequacy regulation are presented in the Risk Table 1 below. Due to implementing the updated Capital Requirements Regulation (CRR3) in January 2025, the output floor impacts to Bank's Risk Exposure amount (REA). Total capital requirement was EUR 63.9 million at end of 2025 (63.2 million). In addition to this Pillar 2 requirement from the interest risk is EUR 10 million (10 million). Credit institutions are subject to a binding requirement of a minimum 3 per cent leverage ratio, which the bank adheres to.

### Capital management process

The Bank follows the capital management practices defined in the regulatory framework in the Capital Requirements Directive (CRD) and guidelines for the Internal Capital Adequacy Assessment Process (ICAAP) for Pillar 2.

The Bank's ICAAP consists of evaluating all relevant risks that the Bank is exposed to. Besides the Pillar I risk types, credit and operational risks, the Bank sets capital aside for interest rate risk of the banking book, business risk and, if required by stress tests, for business cycle volatility buffer. Liquidity risk is taken into account through stress testing.

The Bank's ICLAAP (Internal Capital and Liquidity Adequacy Assessment Process) 2024 report has been approved by the

Board of Directors and delivered to supervisors. The ICLAAP 2025 report will be prepared during Q1 2026 as requested by supervisors.

### Main risk types

The primary risk associated with the Bank's activities is the credit risk arising from the loans. Interest rate risk arising from loan portfolio and its refinancing is hedged by derivatives. Liquidity risk is not significant. Non-financial and business risks are inherent in all business areas.

The mortgage banking result mainly depends on loan margins, business volumes, the size and structure of the balance sheet, impairment losses and cost efficiency. The net interest income with a hedged interest rate and liquidity risk profile changes slowly. Possible sources of result fluctuations are unexpected losses in the credit and non-financial risk areas. In addition to these risks sustainability and conduct risks are recognised as cross risk taxonomy risks.

### Credit risk

Credit risk is the risk of losses arising because counterparties or debtors fail to meet their payment obligations to the Bank. Credit risk includes lending and counterparty credit risk.

The Bank's loan portfolio consists of Finnish mortgages that have been granted based on the Group's credit policy, and in addition the loans bought to the Bank need to be cover pool eligible. The Bank buys loans when needed from Danske Bank A/S, Finland Branch. The Group's guidelines lay down uniform principles for credit risk taking, with the aim of ensuring high quality in the credit process. Loans that are not cover pool eligible are sold to Danske Bank A/S, Finland Branch on regular basis.

Credit decision authority in the Bank is delegated to the management of the Danske Bank A/S, Finland Branch Credit department and further to decision models and to authorised employees in the business units. The amount of the authorisation varies mainly according to customer rating, total exposure, collateral level and customer payment ability. All credit applications are initiated and prepared in the business units. Credit decisions are primarily based on rating, loan repayment ability, collateral and other risk mitigates offered.

### Customer classification

All customers of the Group are assigned a credit grade describing the creditworthiness of the customer prior to granting of credit facilities in order to ensure good credit quality and provide credit to the customers in the most capital efficient manner. The main objective of the risk classification is to rank customer base according to default risk by estimating the probability of default (PD) of each customer. This credit grade consists of 11 main rating grades and 26 subgrades. The Bank assigns credit scores to retail customers. The Bank has developed statistical models based on the information it possesses about customers to predict the likelihood that a customer will default. These scoring models utilise public and internal information on the borrower's payment behaviour. The important variables in scoring are e.g. education, employment and other relevant factors in forecasting customer credit worthiness.

On top of the statistical calculation, the score can be downgraded to another classification if a risk event is registered on the customer. Risk events are registered both automatically and manually by an advisor. The credit scores are updated monthly through an automated process. For more information about the Bank's classification models, including changes and improvements to the models, see Group's Risk Management 2025 report.

### Credit risks of customers

As part of the loan granting process, the debt servicing capacity is assessed and stressed by using materially higher interest rates compared to current levels. Loans are collateralised by housing company shares or residential real estate. Delinquencies are followed daily.

### Credit exposure

The figures in Risk Tables 2 and 3 show the Bank's credit exposure. At the end of 2025 the Bank's lending related credit exposure activities amounted to EUR 5.8 billion (5.8 billion). Exposures to the Danske Bank Group were EUR 5.3 million (16.3 million) and they are excluded from the tables.

The Bank's credit exposure by credit classification is presented in Risk Table 3

Risk table 2. Credit exposure relating to lending activities by segments, EURm

	2025	2024
Public Institutions	124.6	57.1
Personal Customers	5,657.2	5,694.7
Total	5,781.8	5,751.8



Risk table 3. Credit portfolio broken down by rating category and stages in IFRS 9, EURm

2025	PD level		Gross exposure			Expected Credit Loss			Net exposure			Net exposure, ex collateral		
	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	0.00	0.01	-	-	-	-	-	-	-	-	-	-	-	-
2	0.01	0.03	195.1	0.7	-	0.0	0.0	-	195.1	0.7	-	124.6	0.0	-
3	0.03	0.06	595.3	0.0	-	0.0	0.0	-	595.3	0.0	-	3.1	0.0	-
4	0.06	0.14	1,792.5	1.0	-	0.2	0.0	-	1,792.4	1.0	-	52.0	0.1	-
5	0.14	0.31	1,584.0	3.8	-	0.4	0.0	-	1,583.6	3.8	-	53.6	0.1	-
6	0.31	0.63	990.3	50.0	-	0.7	0.2	-	989.6	49.8	-	51.1	2.6	-
7	0.63	1.90	244.6	134.8	-	0.4	0.8	-	244.2	134.0	-	17.0	5.0	-
8	1.90	7.98	10.6	21.3	-	0.1	0.3	-	10.6	21.1	-	0.4	0.7	-
9	7.98	25.70	29.4	30.7	-	0.0	0.5	-	29.3	30.2	-	1.0	0.8	-
10	25.70	99.99	12.5	85.0	-	0.0	3.5	-	12.4	81.5	0.0	0.3	-0.2	-
11 *)	100.00	100.00	1.0	2.7	4.0	0.0	0.1	0.4	1.0	2.7	3.6	0.1	0.0	0.1
Total			5,455.3	330.1	4.0	1.8	5.4	0.4	5,453.5	324.6	3.6	303.3	9.2	0.1

2024	PD level		Gross exposure			Expected Credit Loss			Net exposure			Net exposure, ex collateral		
	Upper	Lower	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	0.00	0.01	-	-	-	-	-	-	-	-	-	-	-	-
2	0.01	0.03	134.4	-	-	0.0	-	-	134.4	-	-	57.1	-	-
3	0.03	0.06	647.1	0.1	-	0.0	0.0	-	647.1	0.1	-	1.8	0.0	-
4	0.06	0.14	1,770.3	6.0	-	0.2	0.0	-	1,770.1	6.0	-	25.3	0.2	-
5	0.14	0.31	1,535.5	34.9	-	0.4	0.1	-	1,535.2	34.8	-	27.1	0.6	-
6	0.31	0.63	890.5	132.0	-	0.5	0.3	-	890.0	131.8	-	23.7	4.6	-
7	0.63	1.90	270.9	163.1	-	0.5	0.9	-	270.4	162.1	-	22.1	3.7	-
8	1.90	7.98	22.1	25.3	-	0.2	0.3	-	21.9	25.1	-	0.3	0.6	-
9	7.98	25.70	16.0	15.6	-	0.0	0.3	-	16.0	15.3	-	0.4	0.1	-
10	25.70	99.99	12.6	73.0	1.1	0.2	2.9	-	12.3	70.0	1.1	0.1	-1.1	-
11*)	100.00	100.00	3.4	1.9	3.3	0.2	0.1	0.3	3.2	1.8	3.0	0.1	0.0	-0.1
Total			5,302.8	451.9	4.4	2.2	4.8	0.3	5,300.6	447.1	4.1	158.0	8.7	-0.1

\*) default

The rating distribution is very good. At the end of 2025, the share of exposure to customers classified into the seven best rating classes was 97 per cent of the total exposure [97 per cent]. Exposures are concentrated to the capital area and to the largest cities.

In relation to loan portfolio, non-performing loans were at low level. Non-performing loans that are delayed for over 90 days amounted to EUR 0.6 million at the end of 2025 (2.0 million). Impairment charges and final write-offs totalled to EUR 1.9 million (2.2 million) of which final write-offs were 2.7 million euros (1.6 million). Non-performing loans are sold regularly to Danske Bank A/S, Finland Branch.

### Credit risk mitigation and collateral management

In order to mitigate credit risk, the Bank applies a number of credit risk mitigation measures. The most important ones are collaterals and guarantees. Loans in the Bank have shares of housing company or residential real estates as collateral. All collaterals are located in Finland. Collateral is also a key component in the Group's calculation of economic capital and risk exposure amount.

Collaterals are valued in accordance with the Group's written collateral valuation instructions, the requirement in the EU regulation and EBA Guidelines on loan origination and monitoring. All collaterals are valued at the time they are pledged and regularly thereafter.

Residential properties, shares of housing companies and shares of real estate companies in residential use must be assessed by a valuer who is independent of the credit decision process. An independent valuer refers to a person who has sufficient qualifications for and experience in valuation. Valuations are made within the Group by an independent valuator or in some cases, external independent valutors are used.

The latest housing price information is followed regularly and monitored at least quarterly. In 2025 new property valuation model has been implemented

The risk of changes in fair value is covered by a similar haircut process throughout the Group. Risk Table 4 presents the amount of collateral allocated to agreements after haircuts, thus possible over collateralisation is not visible.

### Non-performing assets and forbearance

The Bank applied the same principles as the Group in non-performing asset and forbearance loan management.

The Group's definition of default for accounting aligns with the regulatory purposes. All exposures in stage 3 are considered default. This includes all non-performing loans. A small amount of credit exposure in stage 3 can be found outside default. This is due to impairment staging being updated monthly (after each month-end), whereas default is updated daily. For the same reason, some credit exposure in default is outside stage 3.

The Bank can make use of forbearance measures to assist the customers in financial difficulties and to minimize credit losses. Concessions granted to customers include interest-only schedules, temporary payment holidays, term extensions, cancellation of outstanding fees and in exceptional cases temporary interest-reduction schedules. Because of the length of the workout processes, the Group is likely to maintain impairments for forbearance customers in stage 3 for several years even though customer starts to pay back loan normally.

Forbearance plans must comply with the Group's Credit Policy. They are used as an instrument to maintain long-term customer relationships during economic downturn if there is a realistic possibility that the customer will be able to meet obligations again. The purpose of the plans is therefore to minimise loss in the event of default.

If it proves impossible to improve a customer's financial situation by forbearance measures, the Group will consider whether to subject the customer's assets to a forced sale or whether the assets could be realised later at higher net proceeds. In 2025 the number of concessions has been on the normal level.

### Market risk

Market risk is defined as the risk of losses caused by changes in the market value of financial assets, liabilities and off-balance sheet items resulting from changes in market prices or rates.

Market risk in the Bank consists of the EUR interest rate risk and credit spread risk in the banking book. Interest rate risk is composed of yield curve risk, basis risk, and option risk arising from reference rate floors on floating rate loans.

The Bank measures the effects of interest rate risk on valuation changes based on net present value and earnings at risk. Net interest income (NII) risk is measured as the projected loss of earnings over a 12-month period upon a change in yields corresponding to a risk scenario while the balance sheet structure remains unchanged. The most central interest rate risk scenarios tested by the Bank are the 1 percentage point parallel shift scenarios up/down, which are used in position management and the so-called Supervisory Outlier Test scenarios by the European Banking Authority, which are used in regulatory contexts.

### Governance and limit structure

The Bank's Board of Directors approves the market risk policy and overall limits for market risk. The Board also decides on the framework and strategy for managing interest rate risk and credit spread risk in the banking book. In addition, the Board decides on the general principles for managing and monitoring market risks based on the market risk policy and delegated market risk limits provided by the Group. The Bank actively manages market risks within the limits approved by the Board of Directors. Trades related to position management are executed in the Treasury and Trading function of the Group.

Measurement, monitoring and management reporting on market risks are carried out in Risk Management. Market risk exposure is calculated in a limit control system that is linked to the trading systems. Limits are monitored systematically, and in case of limit violations, follow-up procedures have been established. In addition, Risk Management monitors risk levels intraday.

### Market risk position

The Bank's banking book interest rate risk arises primarily from issued covered bonds, mortgages and derivatives hedging both of these items. Also, the liquidity buffer bonds and short-term funding have an impact on the interest rate risk. Positions in scope for hedge accounting are detailed in Note 12. Derivatives. The goal is to hedge the balance sheet in a way that interest rate risk changes do not have essential impact on the Banks profitability. During 2025 the Bank had only EUR denominated business activities.

The bank's sensitivity to interest rates was at the year-end of 2025 as follows: net present value based interest rate risk of the Bank in the scenario of parallel downward shift of one percent

Risk table 4. Types of collateral, EURm		
	2025	2024
Real estate property	5,347.5	5,473.0
Bank accounts	2.7	2.6
Custody accounts/securities	1.4	1.1
Guarantees	117.6	108.4
Other assets	0.0	0.0
Total	5,469.1	5,585.1

across the yield curve is EUR -1.5 million (EUR -1.1 million). Correspondingly, earnings based risk of the Bank in the scenario of parallel shift of one percent across the yield curve is EUR -2.5 million (EUR -2.4 million).

Liquidity risk

Liquidity risk means the risk that the costs to obtain funds become excessive, lack of financing prevents the Bank from maintaining its current business model, or the Bank ultimately cannot fulfil its payment obligations due to lack of funds. The Board of Directors has approved a liquidity policy for the Bank. The policy specifies the objectives, limits, calculation and responsibilities of all parts of the Bank's liquidity risk control and management.

The Bank minimises the short term liquidity risk. The Bank conforms to the Liquidity Coverage Ratio (LCR) defined in Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR).

Structural liquidity risk is an inherent part of the Bank's business strategy, and it is managed in support of a cautious and conservative risk profile. When planning the funding structure, the Bank anticipates and measures the funding concentration risk and complies with requirements of net stable funding ratio (NSFR). The Bank's Treasury is responsible for the practical and day-to-day liquidity management and execution of the Policy. Risk Management is responsible for day-to-day monitoring, controlling and reporting the liquidity risk limits. The Bank has a liquidity line from Danske Bank A/S for short and medium term funding needs.

Liquidity management is based on monitoring and management of short- and long-term liquidity risks. The management of operational liquidity risk aims primarily at ensuring that the Bank always has a liquidity buffer that is able, in the short term, to absorb the net effects of current transactions and expected changes in liquidity, under both normal and stressed conditions.

The Bank's liquidity buffer consists of deposits in the central bank and central bank eligible high quality liquidity bonds.

Risk Table 5 presents the Bank's financial liabilities at the end of 2025 divided by maturity profile. The liabilities, which have no contractual maturities, are included in section "< 3 months".

Non-financial risk

Non-financial risk is the risk of losses resulting from inadequate or failed internal processes or systems, staff or from external events.

In the Bank reputational risk is assessed and managed in line with the non-financial risk management approach and can be seen as a consequence of non-financial risk events or a failure to comply with the laws and rules, or self-regulatory organisation standards and code of conduct applicable to the Bank.

Non-financial risks are divided into the following categories:

- Operational risks
- Information Technology (IT) and Security risks
- Data risks
- Financial Crime risks
- Regulatory Compliance risks

The Bank defines non-financial risk events as non-financial risks, which have occurred and have resulted in financial losses/gains or could have resulted in financial losses/gains (a near miss event). Non-financial risk event may also have a reputational impact, customer impact, regulatory impact or market impact. The management of non-financial risks enhances the efficiency of the Bank's internal processes and decreases fluctuations in returns.

The Bank's Board of Directors approves proper and effective non- financial risk policy, which creates a framework for managing non-financial risks. Risk Management is responsible for the independent oversight of non-financial risk management and governance, and it performs a consulting and review role to the Bank's approach to non-financial risk management. Internal audit assesses the adequacy and efficiency of internal control and risk management. The compliance function assists management in ensuring that the Bank and its employees comply

with applicable laws and regulations as well as ethical standards in order to mitigate the Bank's compliance risk.

The Bank applies the Group's approach for identification, assessment and management of non-financial risks. The Bank conducts on ongoing basis the non-financial risk identification and assessment process to identify all material internal and external non- financial risks facing the organisation. In addition, likelihood, monetary, customer, regulatory, market and reputational impacts of the identified risks are assessed. The process also includes monitoring of the identified risks. Local key controls and possible key risk indicators are identified for the material risks, so that the status of the risks can be monitored over time. Action plans for material risks where the level of internal control has been assessed to be ineffective are established. General mitigation strategies for key risks are developed and implemented by the Group and local mitigation strategies are developed and implemented by the Bank. The Bank's Management Team, Risk Council and the Board of Directors are regularly informed about the Bank's material non-financial risks.

The Bank operates under a culture of open disclosure of risks in which staff should report errors and weaknesses within the Bank so future losses may be minimised by taking preventative measures. Each employee within the Bank is responsible for the day-to-day management of non-financial risks and reporting of actual events within their respective area. It is the responsibility of persons in charge of the outsourced services in resource areas to identify and manage the risks for which they are accountable and disclose information on non-financial risk events. Non-financial risk events are regularly reported to the Bank's Risk Council and Board of Directors.

Sustainability risk

The Parent Company, Danske Bank A/S, with its registered office in Denmark, prepares a sustainability statement for the Group of which Danske Mortgage Bank Plc is part of. The Group's sustainability statement is part of its' Annual Report due to Corporate Sustainability Reporting Directive (CSRD) coming into force.

In November 2025, the Finnish Parliament accepted the Stop the clock -directive into legislation based on EU's Omnibus 1 package. The law postpones CSRD reporting commitments for second wave companies with two years. The law came into force on 1

Risk table 5. Maturity profile of financial liabilities based on contractual maturities, EURm

2025	Total	< 3 months	3-12 months	1-5 years	> 5 years
Due to credit institutions and central banks	617.8	17.8	200.0	400.1	-
Debt securities in issue	4,700.0	49.4	518.2	3,360.1	772.2
Senior non-preferred debt	160.0	-	-	160.0	-
Financial liabilities total	5,317.8	67.2	718.2	3,760.2	772.2
Undrawn loans, overdraft facilities and other	-	-	-	-	-
2024	Total	< 3 months	3-12 months	1-5 years	> 5 years
Due to credit institutions and central banks	1,115.7	0.7	-	1,115.0	-
Debt securities in issue	4,200.5	50.6	1,256.2	2,893.6	-
Senior non-preferred debt	70.0	-	-	70.0	-
Financial liabilities total	5,316.1	51.3	1,256.2	4,008.6	0.0
Undrawn loans, overdraft facilities and other	-	-	-	-	-



December 2025 and can be applied already from financial year starting after 1 January 2025. As such, the Bank does not prepare sustainability report from period starting from 1 January 2025.

The Bank is preparing to make an assessment of the materiality of climate and environmental risks and to develop a plan to develop risk management of these risks. In addition, any impact on the bank's business model, strategy and governance will be assessed. The Bank is preparing for the upcoming entity level sustainability reporting as required by regulation.

In the Bank's business model collaterals are an important part of the sustainability risk assessment. The Bank has taken measures to improve the coverage of the available information, including the energy performance certificates (EPC), on the collaterals.

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## Statement of comprehensive income

MEUR	Note	1-12/2025	1-12/2024
Interest income calculated using the effective interest method	1	190.5	261.0
Other interest income	1	8.6	8.6
Interest expense	1	162.8	223.6
Net interest income	1	36.3	45.9
Fee income	2	2.5	2.5
Fee expenses	2	0.0	0.0
Net result from items at fair value	3	1.8	1.8
Other income		0.2	0.2
<b>Total operating income</b>		<b>40.8</b>	<b>50.4</b>
Staff costs	4	0.7	0.8
Other operating expenses	5	9.9	10.4
<b>Total operating expenses</b>		<b>10.6</b>	<b>11.2</b>
Loan impairment charges	6	1.9	2.2
<b>Profit before taxes</b>		<b>28.3</b>	<b>37.0</b>
Taxes	7	5.7	7.4
<b>Net profit after tax</b>		<b>22.7</b>	<b>29.6</b>
<b>Total comprehensive income for the financial year</b>		<b>22.7</b>	<b>29.6</b>

## Balance sheet

MEUR	Note	12/2025	12/2024
<b>Assets</b>			
Cash and balances with central banks	11	124.6	57.1
Loans and receivables to credit institutions	11	5.3	16.3
Derivatives	12	75.1	94.8
Loans and receivables to customers	6	5,657.2	5,694.8
Tax assets	13	-	-
Other investment securities	10	68.6	46.0
Other assets	14	6.8	9.2
<b>Total assets</b>		<b>5,937.5</b>	<b>5,918.1</b>
<b>Liabilities</b>			
Due to credit institutions and central banks	15	617.8	1,115.7
Derivatives	12	71.8	106.6
Debt securities in issue	16	4,700.0	4,200.5
Non-preferred senior securities	16	160.0	70.0
Tax liabilities	13	0.1	0.3
Other liabilities	17	55.9	56.2
<b>Total liabilities</b>		<b>5,605.6</b>	<b>5,549.3</b>
<b>Equity</b>			
Share capital		70.0	70.0
Reserves		215.0	215.0
Retained earnings		46.9	83.8
<b>Total equity</b>		<b>331.9</b>	<b>368.8</b>
<b>Total equity and liabilities</b>		<b>5,937.5</b>	<b>5,918.1</b>



## Statement of changes in equity

EURm	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Equity at 1 January 2025	70.0	215.0	83.8	368.8
Total comprehensive income			22.7	22.7
Dividend distribution			-59.6	-59.6
Equity at 31 December 2025	70.0	215.0	46.9	331.9

EURm	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Equity at 1 January 2024	70.0	215.0	81.9	366.9
Total comprehensive income			29.6	29.6
Dividend distribution			-27.7	-27.7
Equity at 31 December 2024	70.0	215.0	83.8	368.8

## Cash flow statement

The Bank has prepared its cash flow statement according to the indirect method. The statement is based on the pre-tax profit for the year and shows the cash flows from operating activities and the increase or decrease in cash and cash equivalents during the financial year.

Cash and cash equivalent consists of cash in hand and demand deposits with central banks and amounts due from credit institutions and central banks with original maturities shorter than three months.

EURm	1-12/2025	1-12/2024
<b>Cash flow from operations</b>		
Profit before tax	28.3	37.0
Adjustment for non-cash operating items		
Loan impairment charges	1.9	2.2
Tax paid	-5.8	-7.7
Other non-cash operating items	2.1	27.2
<b>Total</b>	<b>26.5</b>	<b>58.7</b>
<b>Changes in operating capital</b>		
Due to credit institutions	-497.8	-134.4
Derivatives	-15.2	-76.4
Other financial instruments	-22.6	11.9
Loans and receivables	35.7	-60.7
Debt securities in issue net <sup>1)</sup>	499.5	62.6
Other assets/liabilities	0.0	5.7
<b>Cash flow from operations</b>	<b>26.1</b>	<b>-132.7</b>
<b>Cash flow from financing activities</b>		
Non-preferred senior securities	90.0	0.0
Dividends	-59.6	-27.7
<b>Cash flow from financing activities</b>	<b>30.4</b>	<b>-27.7</b>
Cash and cash equivalents, beginning of period	73.4	233.7
Change in cash and cash equivalents	56.5	-160.3
<b>Cash and cash equivalents, end of period</b>	<b>129.8</b>	<b>73.4</b>
Cash in hand and demand deposits with central banks	124.6	57.1
Amounts due from credit institutions and central banks within 3 months	5.3	16.3
<b>Total</b>	<b>129.8</b>	<b>73.4</b>

- 1) Debt securities in issue are presented separately including both debt securities issued and matured during the financial year.

### Reconciliation of liabilities arising from financing activities

Changes in liabilities arising from financing activities can be found on note 16.

# Danske Mortgage Bank Plc notes to the financial statements

## Accounting principles

### Summary of Significant Accounting Policies and Estimates

#### General

The Bank prepares its financial statements in accordance with the International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations issued by the IFRS Interpretations Committee, as endorsed by the EU. In addition, certain requirements in accordance with the Finnish Accounting Act, the Finnish Act on Credit Institutions, the Finnish Financial Supervisory Authority's regulations and guidelines and the decision of the Ministry of Finance on financial statements and consolidated statements of credit institutions have also been applied.

The financial statements are presented in euro (EUR), in million euros with one decimal, unless otherwise stated. The Risk management Disclosure is presented in euro (EUR), in million euros with one decimal. The figures in notes are rounded so combined individual figures might differ from the presented total amount.

For the purpose of clarity, the primary financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that the line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the primary financial statements. Similarly, information not considered material is not presented in the notes.

Danske Mortgage Bank Plc has only one business segment and therefore separate segment report outlined in IFRS 8 is not presented.

Significant accounting policies have been incorporated into the notes to which they relate. Except the changes presented below, the Bank has not changed its significant accounting policies from those applied in the Annual Report 2024.

Financial statements is adopted by the Annual General Meeting on 18 March 2026.

#### Changes to significant accounting policies and presentation during the year

Amendments to IAS 21 became effective on 1 January 2025 and have no impact on the financial statements.

#### Standards and interpretations not yet in force

The International Accounting Standards Board (IASB) has issued two new standards (IFRS 18; IFRS 19) and amendments to existing international accounting standards (IFRS 7, IFRS 9) that are not yet in force.

IFRS 18, Presentation and disclosure in financial statements, aims to improve reporting of financial performance by introducing new requirements for the Income statement and disclosures for management-defined performance measures. IFRS 18 will replace IAS 1 and is effective for periods beginning on or after 1 January 2027. IFRS 18 is not yet endorsed by the EU.

IFRS 18 introduces specific categories for the classification of income and expenses in the Income statement (Operating, Investing, Financing, Income taxes and Discontinued operations), which is determined by main business activities. DMB continues to assess how IFRS 18 will impact the presentation of the Income statement.

IFRS 18 also introduces management-defined performance measures (MPMs), which are subtotals of income and expenses that are used in public communication. A note is required showing a reconciliation between MPMs and the most directly comparable subtotals in the Income statement. The Group is currently in the process of identifying MPMs.

IFRS 18 will have no impact on the Bank's net profit or equity on implementation.

IFRS 19, Subsidiaries without Public Accountability: Disclosures, and other amendments issued by IASB are not expected to materially impact the Bank's financial statements.

#### Critical judgements and estimation uncertainty

Management's judgement, estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the financial statements. The estimates and assumptions that are deemed critical to the financial statements are regarding the measurement of loans and receivables. The estimates and assumptions are based on premises that management finds reasonable but are inherently uncertain and unpredictable. The premises may be incomplete, unexpected future events or situations may occur, and other parties may arrive at other estimated values.

#### Measurement of expected credit losses on loans, financial guarantees and loan commitments and bonds measured at amortised cost

The three-stage expected credit loss impairment model in IFRS 9 depends on whether the credit risk has increased significantly since initial recognition. The impairment charge for expected credit losses depends on whether the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly, the impairment charge equals the expected credit losses resulting from default events that are possible within the next 12 months (stage 1). If the credit risk has increased significantly, the loan is more than 30 days past due, or the loan is in default or otherwise impaired, the impairment charge equals the lifetime expected credit losses (stages 2 and 3). The allowance account is relatively stable in terms of changes to the definition of significant increase in credit risk. Non-performing loans are sold back to Danske Bank A/S, Finland Branch.

The expected credit loss is calculated for all individual facilities as a function of probability of default (PD), exposure at default (EAD) and loss given default (LGD) and it incorporates forward-looking information. The estimation of expected credit losses involves forecasting future economic conditions over a number of years. Such forecasts are subject to management judgement and those judgements may be sources of measurement uncertainty that have a significant risk of resulting in a material adjustment to a carrying amount in future periods. The incorporation of forward-looking elements reflects the expectations of the Group's senior management and involves the creation of scenarios, including an assessment of the probability for each scenario. The purpose of using multiple scenarios is to model the non-linear impact of assumptions about macroeconomic factors on the expected credit losses.

During 2025, a new downside scenario was introduced to address the ongoing uncertainty, in addition to the existing three scenarios. Therefore the four scenarios as at 31 December 2025 are: base case, upside, downside and severe downside.

The forward-looking information is based on a three-year forecast period converging to steady state in year seven. That is, after the forecast period, the macroeconomic scenarios revert slowly towards a steady state.



The scenarios applied in the expected credit loss calculation in the fourth quarter of 2025 have been updated with the latest macroeconomic data. For the Nordic markets overall, compared to the end of 2024, the base case and upside scenarios have been revised to reflect ongoing expectations of normalised inflation levels and improved house prices.

The base case is an extension of the Group's official view of the Nordic economies, as outlined in the Nordic Outlook report. At 31 December 2025, the base case scenario expects the Nordic economic recovery to continue, albeit at different rates across the region. Most interest rate reductions are anticipated to have been completed and inflation has returned to normal levels. The Nordic property markets remain generally robust, with house prices stable or increasing.

The upside scenario presents a slightly more positive outlook than the base case, with global economic conditions improving, increased demand, and marginally higher GDP growth. This scenario also sees further support for housing markets, accompanied by a modest rise in interest rates.

A second downside scenario was introduced in the second quarter of 2025 to address the ongoing uncertainty. This scenario, which is called the downside scenario, envisions escalating trade tensions leading to an economic slowdown with a weaker foreign demand and declining equity markets.

The severe downside scenario reflect a severe global recession. A global trade war and supply chain issues trigger a deep economic downturn similar to the financial crisis, characterised by declining demand, negative growth rates, and higher, more persistent unemployment in the economies where the Group is represented. Rising import costs lead to price increases and inflation, prompting interest rates to be hiked in response, as current interest levels have decreased. Property prices decline for an extended period due to increased interests and market uncertainty. The scenario is applied in the Group's ICAAP processes, which is similar in nature to regulatory stress tests, capturing the risk of a recession.

The scenario weightings have been updated to incorporate the new downside scenario and reflect a more balanced risk picture. The weight on the base case scenario is 50% (31 December 2024: 60%), the upside scenario is weighted 25% (31 December 2024: 20%), the new downside scenario is weighted 5% and the severe downside scenario is weighted 20% (31 December 2024: 20%). Based on these assessments, the allowance account at 31 December 2025 amounted to EUR 7.6 million (31 December 2024: EUR 7.3 million). Loans accounted at 31 December 2025 for about 95.3 % of total assets (31 December 2024: 96.2 %).

Except as described above, all other policies and principles remain in place.

More information regarding expected credit losses, nature and extent of risks arising from financial instruments can be found in Risk Management Disclosure starting from page 10.

**Translation of transactions in foreign currency.**

The presentation currency of the financial statement is euro, which is also the functional currency. Transactions in foreign currency are translated at the exchange rate of the transaction date. Gains and losses on exchange rate differences between the transaction date and the settlement date are recognised in the income statement.

Non-monetary assets and liabilities in foreign currency that are subsequently revalued at fair value are translated at the exchange rates at the date of revaluation. Exchange rate adjustments are included in the fair value adjustment of an asset or liability. Other non-monetary items in foreign currency are translated at the exchange rates at the transaction date.

# Other Notes

## 1. Net interest income

Interest income and expenses arising from interest-bearing financial instruments measured at amortised cost are recognised in the income statement according to the effective interest method on the basis of the cost of the individual financial instrument. Interest includes amortised amounts of fees that are an integral part of the effective yield on a financial instrument, such as origination fees and amortised differences between cost and redemption price, if any.

Interest income and expenses also include interest on financial instruments measured at fair value through profit or loss, but not interest on assets and deposits under pooled schemes and unit-linked investment contracts; the latter is recognised under Net result from items at fair value.

EURm	1-12/2025	1-12/2024
<b>Interest income calculated using effective interest method</b>		
Loans and receivables to credit institutions	6.0	7.3
Loans and receivables to customers	184.4	253.6
<b>Total</b>	<b>190.5</b>	<b>261.0</b>
<b>Interest income</b>		
Derivatives	8.6	8.6
<b>Total</b>	<b>8.6</b>	<b>8.6</b>
<b>Interest expenses</b>		
Amounts owed to credit institutions	31.0	50.6
Debt securities in issue	88.3	84.8
Derivatives	43.1	88.2
Other interest expenses	0.4	0.0
<b>Total</b>	<b>162.8</b>	<b>223.6</b>
<b>Net interest income</b>	<b>36.3</b>	<b>45.9</b>
<b>Of which entities of the same group</b>		
Interest income	8.8	9.0
Interest expenses	74.1	140.7

## 2. Fee income and expenses

Fee income and expenses are presented on a net fee income basis as presented to key management for decision making purposes. Net fee income is broken down by fee type, on the basis of the underlying activity. Fee income consists mainly of loan invoicing fees and loan change fees. Fees that form an integral part of the effective rates of interest loans, advances and deposits are carried under Interest income or Interest expense.

Fee income is recognised to reflect the transfer of services to customers at an amount that reflects the consideration that is expected to be received in exchange for such services. The Bank identifies the performance obligation agreed with the customer, and recognises consideration and income in line with the transfer of services.

EURm	1-12/2025	1-12/2024
<b>Net fee income by fee type</b>		
Loan fees and Guarantees	2.5	2.5
Other	0.0	0.0
<b>Total, fee income</b>	<b>2.5</b>	<b>2.5</b>
Fee expenses	0.0	0.0
<b>Total</b>	<b>2.5</b>	<b>2.5</b>

### 3. Net result from items at fair value

Net result from items at fair value includes realised and unrealised capital gains and losses on financial assets and financial liabilities recognised at fair value through profit or loss as well as exchange rate adjustments.

For financial assets and liabilities subject to fair value hedge accounting, the fair value adjustments of the hedged financial instrument and the hedging instruments are recognised in Net result from items at fair value. Therefore, any hedge ineffectiveness is presented in Net result from items at fair value.

EURm	1-12/2025	1-12/2024
<b>Net result from items at fair value</b>	<b>1.8</b>	<b>1.8</b>
<b>Net result from categories of financial instruments</b>		
Loans and deposits	-10.9	8.4
Bonds (investment securities)	0.5	0.7
Issued bonds	-3.5	-58.8
Trading portfolio assets and liabilities (Derivatives)	15.7	51.4
<b>Total</b>	<b>1.8</b>	<b>1.8</b>

### 4. Staff costs

Salaries and other remuneration that the Bank expects to pay for work carried out during the year are expensed under Staff costs and administrative expenses. This item includes salaries, holiday allowances, pension costs and other remuneration. Performance-based pay is expensed as it is earned. Part of the performance-based pay for the year is paid in the form of conditional shares to Management and other material risk takers. More about remuneration can be read in the Bank's remuneration policy on Internet: [www.danskebank.com/investor-relations/debt/danske-mortgage-bank](http://www.danskebank.com/investor-relations/debt/danske-mortgage-bank) under section Remuneration.

The Bank's pension obligations consist of defined contribution pension plan for its personnel under the Employees' Pensions Act (TyEL) in Finland and no voluntary supplementary pension benefits has been granted. Under defined contribution pension plans, the Bank pays regular contributions to insurance company and has no legal or constructive obligations to pay future contribution. Such payments are expensed as they are earned by the staff, and the obligations under the plans are taken over by the insurance companies and other institutions. The retirement age of the Managing Director and Deputy Managing Director is statutory.

The Group is required to identify all employees whose professional activities could have a material impact on the risk profile of the Bank in accordance with current legislation. In Danske Mortgage Bank Plc, there are five Risk Takers including managing Director and Deputy managing Director.

EURm	1-12/2025	1-12/2024
<b>Staff costs</b>		
Wages and salaries	0.6	0.6
of which variable remuneration	0.0	0.0
Pension costs - defined contribution plans	0.1	0.1
Other social security costs	0.0	0.0
Other	0.0	0.0
<b>Staff costs, total</b>	<b>0.7</b>	<b>0.7</b>

Compensation paid by the Bank for termination of employment contracts is determined in accordance with legislation in force. During the accounting period the Bank has not paid any signing bonuses for new employees or granted severance packages.

#### Average staff numbers

	1-12/2025	1-12/2024
Full-time staff	5	5
<b>Total</b>	<b>5</b>	<b>5</b>

### Key management personnel

The key management personnel in Danske Mortgage Bank Plc consists of the members of the Board of Directors of the Bank, Managing Director and Deputy Managing Director.

### Management’s and Board of Directors’ remuneration

EUR 1,000	1-12/2025	1-12/2024
Remuneration for Managing Director, Deputy Managing Director	318.6	302.4
Remuneration for the members of Board of Directors	24.0	26.0

The members of the Board of Directors of the Bank, who are employees of the Group, receive no remuneration for the membership of the Bank's Board of Directors .

### Loans and receivables from management

EURm	2025	2024
At January 1	0.5	0.2
Additions	0.2	0.3
Repayments	-0.1	-0.1
At December 31	0.6	0.5

Comparison period's total amount has been changed

Management includes key management personnel with close family members and entities that are controlled or significantly influenced by these.

The interest on loans to the key management personnel is as required in the staff loans. Also other terms of the loans equal to the terms of the staff loans confirmed in the Danske Bank Group. The loans are secured. The terms of the loans to the entities controlled or significantly influenced by the above mentioned persons equal to those granted to other corporate customers.

### Share-based payments

Effective from 2018, Danske Mortgage Bank Plc has granted rights to conditional shares to the management and senior management as part of the variable remuneration. Incentive payments reflected individual performance and also depended on financial results and other measures of value creation for a given year. Rights were granted in the first quarter of the year following the year in which they were earned. The fair value of share-based payments at the grant date is expensed over the service period that unconditionally entitles the employee to the payment.

#### Conditional shares – programme

Rights to the Danske Bank A/S shares under the conditional share programme vest up to four years after being granted provided that the employee, with the exception of retirement, has not resigned from the Group. In addition to this requirement, rights to shares vest only if the Group as a whole and the employee’s department meet certain performance targets within the next three years. Rights to buy the Danske Bank A/S shares under the conditional share programme are granted as a portion of the annual bonus earned.

The fair value of the conditional shares is calculated as the share price less the payment made by the employee. Intrinsic value is expensed in the year in which rights to conditional shares are earned, while the time value is accrued over the remaining service period, which is the vesting period of up to three years.

### Conditional shares

	Number of shares		Employee payment price (EUR)	Fair value (1000 EUR)	
	Top Management	Total		At issue	End of year 2025
Granted 2025					
2025, beg.					
Granted 2025	531	531		16.4	22.7
Exercised 2025	-319	-319			
Forfeited 2025	-	-			
Other changes 2025	-	-			
2025, end	212	212	-	6.6	9.0

During 2024, no conditional shares were added, nor exercised. At the end of 2024, there were no conditional shares.

### Calculation of the fair value of conditional shares as of 31 December 2025

	Share price at grant date (DKK)	Share price at year end (DKK)	EUR : DKK	Share price at grant date (EUR)	Share price at year end (EUR)
Granted in 2025	231.22	318.60	7.4687	30.96	42.66

## 5. Other operating expenses, audit fees and Financial Stability Authority contributions

### Other operating expenses

EURm	1-12/2025	1-12/2024
Financial stability fund expenses*)	0.1	0.1
Other services **)	9.8	10.4
<b>Other operating expenses, total</b>	<b>9.9</b>	<b>10.5</b>

\*) The Single Resolution Fund reached set target level by 31 December 2023. Therefore, the Financial Stability Authority has collected only administrative fees in 2025 and 2024. In the future, stability contributions will be collected if the target levels increase or the assets of the SRF are used.

\*\*) Other operating expenses are mainly from the costs from service bought from the Group.

### Audit fees

1000 EUR	1-12/2025	1-12/2024
Audit	82.5	72.1
Audit-related services	37.4	41.8
<b>Audit fees, total (incl. VAT)</b>	<b>119.9</b>	<b>113.9</b>



## 6. Loan impairment charges and loans and receivables from customers

The Bank buys the loans from Danske Bank A/S, Finland Branch. Loans and receivables consists of loans and receivables that have been granted to customers by Danske Bank A/S, Finland Branch and have been acquired after disbursement. Loans and receivables includes conventional bank loans, except for transactions with credit institutions and central banks.

At initial recognition, loans and receivables are measured at fair value plus transaction costs. Subsequently, they are measured at amortised cost, according to the effective interest method, less impairment charges for expected credit losses. The difference between the value at initial recognition and the redemption value is amortised over the term to maturity and recognised under Interest income. If fixed-rate loans and receivables and amounts due are accounted for under hedge accounting that is determined effective, the fair value of the hedged interest rate risk is added to the amortised cost of the assets.

EURm				2025
Loans and receivables from customers	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 1 January 2025	5,245.7	451.9	4.4	5,702.0
Transferred to Stage 1	255.7	-255.6	-0.2	-
Transferred to Stage 2	-179.1	179.1	-	-
Transferred to Stage 3	-1.5	-2.2	3.7	-
New assets	835.9	34.8	0.3	871.0
Assets derecognised	-472.6	-57.3	-4.4	-534.4
Other	-353.4	-20.6	0.2	-373.9
<b>Gross carrying amount 31 December 2025</b>	<b>5,330.7</b>	<b>330.1</b>	<b>4.0</b>	<b>5,664.8</b>

\*) includes loan repayments

EURm				2024
Loans and receivables from customers	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 1 January 2024	5,415.2	225.2	1.7	5,642.1
Transferred to Stage 1	90.4	-90.4	-	-
Transferred to Stage 2	-265.9	265.9	-	-
Transferred to Stage 3	-3.0	-1.1	4.2	-
New assets	833.8	95.5	0.2	929.5
Assets derecognised	-491.6	-33.8	-1.7	-527.2
Other	-333.1	-9.3	0.0	-342.4
<b>Gross carrying amount 31 December 2024</b>	<b>5,245.7</b>	<b>451.9</b>	<b>4.4</b>	<b>5,702.0</b>

\*) includes loan repayments

### Impairment for expected credit losses

The impairment charge for expected credit losses depends on whether the credit risk has increased significantly since initial recognition and follows a three stage model:

- Stage 1: If the credit risk has not increased significantly, the impairment charge equals the expected credit losses result ing from default events that are possible within the next 12 months.
- Stage 2: If the credit risk has increased significantly, the loan is transferred to stage 2 and an impairment charge equal to the lifetime expected credit losses is recognised.
- Stage 3: If the loan is in default, it is transferred to stage 3, for which the impairment charge continues to equal the lifetime expected credit losses but with interest income being recognised on the net carrying amount,

The expected credit loss is calculated for all individual facilities as a function of the probability of default (PD), the exposure at default (EaD) and the loss given default (LGD) and incorporates forward looking elements. For facilities in stages 2 and 3, the lifetime expected credit losses cover the expected remaining lifetime of a facility.

Expected credit loss impairment charges are booked in an allowance account and allocated to individual exposures. The Bank sells non-performing loan agreements back to Danske Bank A/S, Finland Branch.

### Loans impairments charges

1000 EUR	1-12/2025	1-12/2024
Impact of net remeasurement of ECL (incl. changes in models)	2,600.8	2,892.8
ECL on assets derecognised	-706.3	-669.4
Decrease of provisions to cover realised loan losses	-2,730.8	-1,562.9
Final write-offs	2,730.8	1,562.9
Interest income, effective interest method	-0.5	-2.4
<b>Total</b>	<b>1,893.9</b>	<b>2,221.1</b>

1000 EUR	2025			
Reconciliation of total allowance account	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of period	2,164.4	4,787.2	341.8	7,293.5
Transferred to Stage 1 during the period	2,242.7	-2,218.9	-23.8	-
Transferred to Stage 2 during the period	-299.8	325.5	-25.7	-
Transferred to Stage 3 during the period	-239.7	-538.7	778.4	-
ECL on new assets	-99.8	62.8	3.5	-33.5
ECL on assets derecognised	-289.6	-427.2	10.5	-706.3
Impact of net remeasurement of ECL (incl. changes in models)	-2,725.9	3,454.5	1,872.2	2,600.8
Write-offs debited to the allowance account	-37.1	-93.9	-2,609.9	-2,740.9
Foreign exchange adjustments	3.2	4.5	1.0	8.8
Other changes	1,066.5	108.2	15.3	1,190.0
Balance at end of period	1,785.0	5,464.0	363.2	7,612.2

1000 EUR	2024			
Reconciliation of total allowance account	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of period	2,107.2	3,622.7	154.5	5,884.4
Transferred to Stage 1 during the period	1,395.5	-1,387.8	-7.7	-
Transferred to Stage 2 during the period	-221.3	266.4	-45.1	-
Transferred to Stage 3 during the period	-22.3	-322.1	344.3	-
ECL on new assets	-198.1	76.4	0.0	-121.6
ECL on assets derecognised	-362.6	-390.9	84.1	-669.4
Impact of net remeasurement of ECL (incl. changes in models)	-1,527.7	2,889.7	1,530.8	2,892.8
Write-offs debited to the allowance account	-318.3	-83.0	-1,161.6	-1,562.9
Foreign exchange adjustments	2.8	2.6	0.6	6.0
Other changes	1,309.2	113.0	-558.1	864.1
Balance at end of period	2,164.4	4,787.2	341.8	7,293.5

In 2023, there was a management decision to make EUR 0.9 million post-model adjustment. The adjustment has remained unchanged in 2024 and 2025. The decision was based on the uncertainties observed in monitoring the credit portfolio, in particular in the context of the current economic environment. Despite the uncertainty in economic developments, the impairments are still moderate.

### Significant increase in credit risk (transfer from stage 1 to stage 2)

The classification of facilities between stages 1 and 2 for the purpose of calculating expected credit losses depends on whether the credit risk has increased significantly since initial recognition. The assessment of whether credit risk has increased significantly since initial recognition is performed by considering the change in the risk of default occurring over the remaining life time of the facility and incorporating forward-looking information. A facility is transferred from stage 1 to stage 2 based on observed increases in the probability of default:

- For facilities originated below 1% in PD: An increase in the facility's 12-month PD of at least 0.5 percentage points and a doubling up of the facility's lifetime PD since origination.
- For facilities originated above 1% in PD: An increase in the facility's 12 month PD of 2 percentage points or a doubling of the facility's lifetime PD since origination.

In addition, facilities that are more than 30 days past due are moved to stage 2. Finally, customers subject to forbearance measures are placed in stage 2, if the Bank, in the most likely outcome, expects no loss, or if the customers are subject to the two-year probation period for performing forborne exposures.

### Stage 3 (credit-impaired facilities)

A facility is transferred from stage 2 to stage 3 when it becomes credit-impaired. A facility becomes credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. This includes observable data about

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the borrower, for financial or contractual reasons relating to the borrower's financial difficulty, having been granted a concession that would not otherwise have been considered;
- (d) it is becoming probable that the borrower will enter into bankruptcy or other financial restructuring; and
- (e) the purchase or origination of a financial asset at a high rate of discount that reflects the incurred credit loss.

### Definition of default

The definition of default is used in the measurement of expected credit losses and the assessment to determine movements between stages. The definition of default is also used for internal credit risk management and capital adequacy purposes.

To support a more harmonised approach regarding the application of the definition of default, the European Banking Authority (EBA) issued the Guidelines on the application of the definition of default, EBA/GL/2016/07, and the Regulatory Technical Standards (RTS) on the materiality threshold for credit obligations past due, EBA/RTS/2016/06.

The Bank's definition of default for accounting aligns with the regulatory purposes as outlined in the Guidelines and the RTS. All exposures that are considered default are also considered Stage 3 exposures. This is applicable for exposures that are default due to either the 90 days past due default trigger or the unlikelihood to pay default triggers. A small amount of credit exposure in stage 3 can be found outside default. This is due to impairment staging being updated monthly (after each month end), whereas default is updated daily.

### Calculation of expected credit losses

The expected credit loss is calculated for all individual facilities as a function of the probability of default (PD), the exposure at default (EaD) and the loss given default (LGD). In general, the Bank's IFRS 9 impairment models and parameters draw on the Group's internal models in order to ensure alignment of models across the Group. New models and calculations have been developed especially for IFRS 9 purposes, including models for lifetime PD, prepayment and forward-looking LGD. All expected credit loss impairment charges are allocated to individual exposures.

### Expected remaining lifetime

For most facilities, the expected lifetime is limited to the remaining contractual maturity and is adjusted for expected prepayment. For exposures with weak credit quality, the likelihood of prepayment is not included. For exposures that include both a loan and an undrawn commitment and where a contractual ability to demand prepayment and cancellation of the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period, the expected lifetime is the period during which the Bank expects to be exposed to credit losses. This period is estimated on the basis of the normal credit risk management actions.

### Incorporation of forward-looking information

The forward-looking elements of the calculation reflect the current unbiased expectations of the Bank's senior management. The process consists of the creation of macroeconomic scenarios (base case, upside, downside and severe downside), including an assessment of the probability of each scenario, by the Group's independent macroeconomic research unit, the review and sign-off of the scenarios (through the organization) and a process for adjusting scenarios given new information during the quarter.

The purpose of using multiple scenarios is to model the non-linear impact of assumptions about macroeconomic factors on the expected credit losses. Management's approval of scenarios can include adjustments to the scenarios, probability weighting and management overlays to cover the outlook for particular high-risk portfolios, which are not provided by the Group's macroeconomists. The approved scenarios are used to calculate the impairment levels. Technically, the forward-looking information is used directly in the PDs through an estimate of general changes to the PDs and the LGDs in the expected credit loss calculation.

The forward-looking information is based on a three year forecast period converging to steady state in year seven. The base case is based on the macroeconomic outlook as disclosed in the Group's Nordic Outlook reports.

### Modification

When a loan is replaced by a new loan or the original loan contract is modified it is assessed whether this should be accounted for as derecognition of the loan and recognition of a new loan, or as a modification of the old loan. This depends on whether the changes to the contractual cash flows or other contractual terms are significant or not. If the change is significant, it is accounted for as derecognition of the old loan and recognition of the new loan. If the change is not significant, the modification is accounted for as a modification of the old loan. In general, if the modification results in a new loan contract and loan identification, the modification is considered significant and leads to derecognition of the old loan and recognition of a new loan. If this is not the case, the modification does not lead to derecognition of the original loan.

If the old financial asset is not derecognised, the original effective interest rate remains unchanged, and the net present value of the changed contractual cash flows represents the carrying amount of the financial asset after the modification. The difference between the net present value of the original contractual cash flows and the modified contractual cash flows are recognised in P/L as a modification gain or loss. If the modification loss relates to modifications on loans subject to forbearance measures the modification loss is presented in the income statement under Loan impairment charges.

In terms of stage allocation, it is important whether a modification leads to derecognition of the old loan and recognition of a new loan or not. If the replacing loan is considered to be a new loan, the loan will (unless the new loan is credit-impaired at initial recognition) be

recognised in stage 1 at initial recognition, i.e. the initial credit risk is reset. If the replacing loan is considered an amendment to the old loan, the initial credit risk is not reset.

The Bank buys new loans from Danske Bank A/S, Finland Branch. However, there might be modifications to the loans that are in the Bank's balance sheet if the modifications do not result in derecognition of the old loan and recognition of the new loan.

7. Taxes

Calculated current and deferred tax on the profit for the year are recognised in the income statement. Current tax is calculated based on the valid tax rate.

EURm	1-12/2025	1-12/2024
Taxes on taxable income for the year	5.7	7.4
Taxes arising from previous years	-	0.0
Taxes for the financial year total	5.7	7.4
Effective tax rate	20.0 %	20.0 %
Reconciliation between income taxes in income statement and taxes calculated at domestic tax rate 20% (20%)		
Profit before taxes	28.3	37.0
Taxes calculated at domestic tax rate	5.7	7.4
Taxes arising from previous years	-	0.0
Taxes in Income statement	5.7	7.4

8. Classification of financial instruments and non-financial assets

The purchase and sale of financial assets and liabilities at fair value through profit or loss are recognised in the balance sheet on the settlement date, or the date on which the Bank agrees to buy or sell the asset or liability in question. Loans are recognised as financial assets on the settlement date mentioned in the loan purchase contract between Danske Mortgage Bank Plc and Danske Bank A/S, Finland Branch. Derivative instruments and quoted securities are recognised on and derecognised from the balance sheet on the settlement date.

Financial assets are derecognised when the contractual right to receive cash flows from the financial assets has expired or all risks and rewards of ownership have been transferred. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged, cancels or expires.

Financial assets and liabilities are offset and the net amount reported in balance sheet only if there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis. Transaction costs are included in the initial carrying amount, unless the item is measured at fair value through the profit and loss. The Bank uses the option in IFRS 9 to continue to apply the hedge accounting provisions in IAS 39.

**Classification and measurement of financial assets and financial liabilities under IFRS 9 - general**  
Under IFRS 9, financial assets are classified on the basis of the business model adopted for managing the assets and on their contractual cash flow characteristics (including embedded derivatives, if any) into one of the following measurement categories:

- Amortised cost (AMC)
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

Financial assets are measured at AMC if they are held within a business model for the purpose of collecting contractual cash flows (held to collect) and if cash flows are solely payments of principal and interest on the principal amount outstanding. In general, this is the case for the Bank's loan portfolio.

The Bank does not have financial assets that are measured at FVOCI.

All other financial assets are mandatorily measured at FVPL including financial assets within other business models such as financial assets managed at fair value or held for trading and financial assets with contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding.

Generally, financial liabilities are measured at amortised cost with bifurcation of embedded derivatives not closely related to the host contract. Derivatives are measured at fair value.

### The SPPI test (solely payment of principal and interest on the principal amount outstanding)

The second step in the classification of the financial assets in portfolios being “held to collect” and “held to collect and sell” relates to the assessment of whether the contractual cash flows are consistent with the SPPI test. The principal amount reflects the fair value at initial recognition less any subsequent changes, e.g. due to repayment. The interest must represent only consideration for the time value of money, credit risk, other basic lending risks and a profit margin consistent with basic lending features. If the cash flows introduce more than de minimis exposure to risk or volatility that is not consistent with basic lending features, the financial asset is mandatorily recognised at FVPL.

In general, the Bank's portfolios of financial assets that are “held to collect” (loans) have contractual cash flows that are consistent with the SPPI test, i.e. they have basic lending features.

The table below shows the classification of the Bank's financial instruments.

EURm	Amortised cost		Fair value through profit or loss			
	Held to collect financial assets	Liabilities	Managed at fair value	Hedge	Other assets or liabilities	Total
<b>ASSETS</b>						
Cash and balances with central banks	124.6					124.6
Loans and receivables to credit institutions	5.3					5.3
Trading portfolio assets						
Derivatives				75.1		75.1
Investment securities, bonds			68.6			68.6
Loans and receivables to customers	5,653.4			3.8		5,657.2
Other assets					6.8	6.8
<b>Total 31.12.2025</b>	<b>5,783.2</b>	<b>-</b>	<b>68.6</b>	<b>78.9</b>	<b>6.8</b>	<b>5,937.5</b>

EURm						
<b>LIABILITIES</b>						
Due to credit institutions and central banks		617.8				617.8
Trading portfolio liabilities				71.8		71.8
Debt securities in issue						
-> Bonds		4,662.5		37.5		4,700.0
Non-preferred senior securities		160.0				160.0
Tax liabilities					0.1	0.1
Other liabilities					55.9	55.9
<b>Total 31.12.2025</b>	<b>-</b>	<b>5,440.3</b>	<b>-</b>	<b>109.3</b>	<b>56.0</b>	<b>5,605.6</b>

EURm	Amortised cost		Fair value through profit or loss			
	Held to collect financial assets	Liabilities	Managed at fair value	Hedge	Other assets or liabilities	Total
<b>ASSETS</b>						
Cash and balances with central banks	57.1					57.1
Loans and receivables to credit institutions	16.3					16.3
Trading portfolio assets						
Derivatives				94.8		94.8
Investment securities, bonds			46.0			46.0
Loans and receivables to customers	5,680.1			14.6		5,694.8
Other assets					9.2	9.2
<b>Total 31.12.2024</b>	<b>5,753.5</b>	<b>-</b>	<b>46.0</b>	<b>109.4</b>	<b>9.2</b>	<b>5,918.1</b>

EURm						
<b>LIABILITIES</b>						
Due to credit institutions and central banks		1,115.7				1,115.7
Trading portfolio liabilities				106.6		106.6
Debt securities in issue						
-> Bonds		4,159.4		41.0		4,200.5
Non-preferred senior securities		70.0				70.0
Tax liabilities					0.3	0.3
Other liabilities					56.2	56.2
<b>Total 31.12.2024</b>	<b>-</b>	<b>5,345.1</b>	<b>-</b>	<b>147.7</b>	<b>56.5</b>	<b>5,549.3</b>



## 9. Balance sheet items broken down by expected due date

The balance sheet items are presented in order of liquidity. The table below shows the balance sheet items expected to mature within one year and after more than one year.

EURm	2025		
	Total	< 1 year	> 1 year
<b>Assets</b>			
Cash and balances with central banks	124.6	124.6	-
Loans and receivables to credit institutions	5.3	5.3	-
Derivatives	75.1	16.3	58.8
Other investment securities	68.6	44.3	24.3
Loans and receivables to customers	5,657.2	384.5	5,272.7
Other assets	6.8	6.8	-
<b>Total</b>	<b>5,937.5</b>	<b>581.7</b>	<b>5,355.8</b>
<b>Liabilities</b>	Total	< 1 year	> 1 year
Due to credit institutions and central banks	617.8	217.8	400.1
Derivatives	71.8	34.4	37.4
Debt securities in issue	4,700.0	567.6	4,132.3
Non-preferred senior securities	160.0	-	160.0
Tax liabilities	0.1	0.1	-
Other liabilities	55.9	55.9	-
<b>Total</b>	<b>5,605.6</b>	<b>875.9</b>	<b>4,729.8</b>

EURm	2024		
	Total	< 1 year	> 1 year
<b>Assets</b>			
Cash and balances with central banks	57.1	57.1	-
Loans and receivables to credit institutions	16.3	16.3	-
Derivatives	94.8	13.7	81.0
Other investment securities	46.0	41.2	4.8
Loans and receivables to customers	5,694.8	371.0	5,323.8
Other assets	9.2	9.2	-
<b>Total</b>	<b>5,918.1</b>	<b>508.5</b>	<b>5,409.6</b>
<b>Liabilities</b>	Total	< 1 year	> 1 year
Due to credit institutions and central banks	1,115.7	0.7	1,115.0
Derivatives	106.6	51.0	55.7
Debt securities in issue	4,200.5	1,306.9	2,893.6
Non-preferred senior securities	70.0	-	70.0
Tax liabilities	0.3	0.3	-
Other liabilities	56.2	56.2	-
<b>Total</b>	<b>5,549.3</b>	<b>1,415.0</b>	<b>4,134.3</b>

### Maturity analysis of past due financial assets, net

EURm	2025	2024
Assets past due 30-90 days	9.5	17.5
Unlikely to pay	6.7	6.0
Nonperforming assets past due at least 90 days but no more than 180 days	0.5	1.6
Nonperforming assets past due at least 180 days - 1 year	0.1	0.4
Nonperforming assets more than 1 year	-	-
Receivables with forbearance measures, gross carrying amount	75.1	66.3
Maturity analysis for derivatives is included in note 12.		

## 10. Fair value information

Fair value

Financial instruments are carried on the balance sheet at fair value or amortised cost. The fair value of financial assets and liabilities is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, fair value is based on the most recently observed market price on the balance sheet date.

If a financial instrument is quoted in a market that is not active, the valuation is based on the most recent transaction price. It adjusts the price for subsequent changes in market conditions, for instance by including transactions in similar financial instruments that are motivated by normal business considerations.

If an active market does not exist, the fair value of standard and simple financial instruments, such as interest rate and currency swaps and unlisted bonds, is measured according to generally accepted measurement methods. Market-based parameters are used to measure fair value. The fair value of more complex financial instruments, such as swaptions, interest rate caps and floors, and other OTC products, is measured on the basis of internal models, many of which are based on valuation techniques generally accepted within the industry.

The results of calculations made on the basis of valuation techniques are often estimates, because exact values cannot be determined from market observations. Consequently, additional parameters, such as liquidity and counterparty risk, are sometimes used to measure fair value.

If, at the time of acquisition, a difference arises between the value of a financial instrument calculated on the basis of non-observable inputs and actual cost [day-one profit and loss] and the difference is not the result of transaction costs, the Bank calibrates the model parameters to the actual cost.

### Financial instruments measured at fair value

Generally, the Bank applies valuation techniques to OTC derivatives and unlisted trading portfolio assets and liabilities. The most frequently used valuation and estimation techniques include the pricing of transactions with future settlement and swap models that apply present value calculations, credit pricing models and options models, such as Black & Scholes models. In most cases, valuation is based substantially on observable input.

Financial instruments valued on the basis of quoted prices in an active market are recognised in the Quoted prices category (level 1). Financial instruments valued substantially on the basis of other observable input are recognised in the Observable input category (level 2). Other financial instruments are recognised in the Non-observable input category (level 3).

During the reporting period ending 31 December 2024, there were no transfers between Level 1 (Quoted prices) and Level 2 (Observable input) fair value measurements, and no transfers into and out of Level 3 (Non-observable input) fair value measurements.

EURm	2025			
	Quoted prices	Observable input	Non-observable input	Total
<b>Financial assets</b>				
Investment securities, bonds	68.6	-	-	68.6
Derivative financial instruments	0.0	75.1	-	75.1
<b>Total</b>	<b>68.6</b>	<b>75.1</b>	<b>-</b>	<b>143.7</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	71.8	-	71.8
<b>Total</b>	<b>-</b>	<b>71.8</b>	<b>-</b>	<b>71.8</b>

EURm	2024			
	Quoted prices	Observable input	Non-observable input	Total
<b>Financial assets</b>				
Investment securities, bonds	24.7	21.4	-	46.0
Derivative financial instruments	-	94.8	-	94.8
<b>Total</b>	<b>24.7</b>	<b>116.1</b>	<b>-</b>	<b>140.8</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	106.6	-	106.6
<b>Total</b>	<b>-</b>	<b>106.6</b>	<b>-</b>	<b>106.6</b>

### Financial instruments at amortised cost

For the vast majority of amounts due to the Bank, such as loans and receivables, active market does not exist. Consequently, the Bank bases its fair value estimates on data showing changes in market conditions after the initial recognition of the individual instrument and affecting the price that would have been fixed if the terms had been agreed at the balance sheet date. Other parties may make other estimates. The maturity of the items included in cash and balances at central bank is so short, that carrying amount represents also fair value.

The fair value of Debt securities in issue amounted to EUR 4,758.0 million (2024: EUR 4,234.9) compared to the carrying amount of EUR 4,700.0 million (2024: EUR 4,200.5). For the majority of the debt securities issued the fair value reflects the quoted price, i.e. a level 1 measurement. For other financial instruments, no significant difference between the estimated fair value and amortised cost exists.

## 11. Cash and balances at Central banks and loans and receivables from credit institutions

Amounts due from credit institutions and central banks comprise amounts due from other credit institutions and term deposits with central banks. Amounts due from credit institutions and central banks are measured at amortised cost as described under Loans and receivables at amortised cost.

EURm	2025	2024
Balances with central banks	124.6	57.1
Loans and receivables from credit institutions		
Other loans	5.3	16.3
Allowances	0.0	0.0
<b>Total</b>	<b>129.8</b>	<b>73.4</b>

Balances with central banks are on stage 1 in the stage division according to IFRS 9 -standard.

## 12. Derivative financial instruments

The Bank uses derivative instruments for hedging purposes. The derivatives used are interest rate derivatives. Derivatives held for hedging purposes are used for hedging loans and issued bonds. Interest rate swaps are designated as fair value hedges. Hedges protect the Bank against fair value changes caused by the changes in market interest rates.

The Bank measures all loans and issued bonds at amortised cost. Majority of the loans in the Bank are floating rate loans. When a floating rate loan has a fixing to a fixed rate, the interest rate risk against market rates arises on the current period of the floating rate loan. The Bank uses derivatives to hedge the interest rate risk of the fixed interest rate period of the fixed rate loans, floating rate loans and fixed rate issued bonds.

If the hedge criteria cease to be met, the accumulated value adjustments of the hedged items are amortised over the term to maturity.

EURm	2025			2024		
	Fair value			Fair value		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Derivatives held for hedging						
Fair value hedges	75.1	71.4	9,447.0	94.8	106.0	9,058.6
Interest rate						
OTC derivatives	75.1	71.4	9,447.0	94.8	106.0	9,058.6
<b>Total derivatives held for hedging</b>	<b>75.1</b>	<b>71.4</b>	<b>9,447.0</b>	<b>94.8</b>	<b>106.0</b>	<b>9,058.6</b>
with Group companies:	75.1	71.4	9,447.0	94.8	106.0	9,058.6
Nominal value of the underlying instrument						
Remaining maturity	Less than 1 year	1-5 years	Over 5 years	Less than 1 year	1-5 years	Over 5 years
<b>with Group companies:</b>	<b>796.0</b>	<b>7,901.0</b>	<b>750.0</b>	<b>1,250.0</b>	<b>7,803.7</b>	<b>5.0</b>

Notional amount of all derivatives at 31.12.2025 totalled to EUR 10,425.8 million [31.12.2024 EUR 9,954.5 million].

Explanation of hedge accounting

The interest rate risk arising on the fixed-rate periods of assets and liabilities is hedged by derivatives. Hedges are executed when it is required to match the risk arising from assets and liabilities to minimize the total interest rate risk.

For hedged assets and liabilities to which a fixed rate of interest applies for a specified period of time starting at the commencement date of the agreement, future interest payments are divided into basic interest and a customer margin and into periods of time. By entering into swaps or forwards with matching payment profiles in the same currencies and for the same periods, the Bank hedges the risk at a portfolio level from the commencement date of the hedged items. The fair values of the hedged interest rate risk and the hedging derivatives are measured at frequent intervals to ensure that changes in the fair value of hedged interest rate risk lie within a band of 80-125% of the changes in the fair value of the hedging derivatives. Portfolios of hedging derivatives are adjusted if necessary.

Hedge ineffectiveness relates to the fact that the fair value changes to the hedged items are measured based on the interest rate curve relevant for each hedged item while the fair value of the fixed legs of the hedging derivatives are measured based on a swap curve. Further, the adjustment of the portfolios of hedging derivatives to changes in hedged positions is not done instantly, and some hedge ineffectiveness can therefore exist.

The Bank uses the option in IFRS 9 to continue to use the fair value hedge accounting provisions in IAS 39. With effective hedging, the hedged interest rate risk on hedged assets and liabilities is measured at fair value and recognised as a value adjustment of the hedged items. Value adjustments are carried in the income statement under Net result from items at fair value. Any ineffective portion of a hedge that lies within the range for effective hedging is therefore also included under Net result from items at fair value.

At the end of 2025, the carrying amounts of effectively hedged financial assets and liabilities were EUR 4,700.8 million (4,823.3 million) and EUR 4,712.5 million (4,209.0 million), respectively. The table below shows the value adjustments of these assets and liabilities and the hedging derivatives. The value adjustments have been recognised in the income statement as Net result from items at fair value.

At the end of 2025, the Bank has no derivatives that are yet to transition to alternate benchmark rates..

EURm		
Effect of interest rate hedging on profit	2025	2024
Effect of fixed-rate assets hedging on profit		
Hedged loans	-10.9	8.4
Hedging derivatives	10.3	-6.0
Total	-0.6	2.4
Effect of fixed-rate liability hedging on profit		
Hedged issues	-3.5	-58.8
Hedging derivatives	4.4	56.8
Total	0.8	-2.1

The tables below shows the hedging derivatives and the hedged fixed interest rate financial instruments.

	Nominal amount of hedging derivatives	Carrying amount of hedging derivatives		Changes in fair value used for calculating hedge ineffectiveness
		Assets	Liabilities	
Interest rate risk (interest rate swaps). 2025	9,447.0	75.1	71.4	14.7
Interest rate risk (interest rate swaps). 2024	9,058.6	94.9	106.0	50.7

Fixed interest rate risk on	Carrying amount of hedged items		Accumulated amount of fair value hedge adjustments on the hedged item included in		Change in value used for calculating hedge ineffectiveness
	Assets	Liabilities	Assets	Liabilities	
2025					
Loans	4,700.8		3.8		-10.9
Issued bonds		4,712.5		-37.5	-3.5
Total, 2025	4,700.8	4,712.5	3.8	-37.5	-14.4
2024					
Loans	4,823.3		14.6		8.4
Issued bonds		4,209.0		-41.0	-58.8
Total, 2024	4,823.3	4,209.0	14.6	-41.0	-50.4
Hedge ineffectiveness recognised in the income statement, 2025			0.3		
Hedge ineffectiveness recognised in the income statement, 2024			0.4		

**Offsetting of financial assets and liabilities**

Assets and liabilities are netted when the Bank and the counterparty have a legally enforceable right to set off recognised amounts and intend either to settle the balance on a net basis or to realise the asset and settle the liability simultaneously.

**Derivatives with positive fair value**

EURm	12/2025	12/2024
Carrying amount presented in financial statements	75.1	94.8
Netting (under capital adequacy rules)	71.8	106.6
Net current exposure	3.3	-11.9
Collateral	17.8	0.6
<b>Net amount</b>	<b>21.1</b>	<b>-11.3</b>

## 13. Tax assets and liabilities

Current tax assets and liabilities are recognised on the balance sheet as the estimated tax payable on the profit for the year adjusted for prepaid tax and possible tax payments for previous years. Tax assets and liabilities are netted if permitted by law and provided that the items are expected to be subject to net or simultaneous settlement.

Deferred tax on all temporary differences between the tax base of assets and liabilities and their carrying amounts is accounted for in accordance with the balance sheet liability method. Deferred tax is not recognised on temporary differences of items if the temporary differences arose at the time of acquisition without effect on net profit or taxable income. Deferred tax is recognised under Deferred tax assets and Deferred tax liabilities.

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, are applicable at the time the deferred tax is expected to crystallise as current tax. Adopted changes in deferred tax as a result of changes in tax rates applied to expected cash flows are recognised in the income statement.

Tax assets arising from unused tax losses are recognised to the extent that such unused tax losses and unused tax credits can be used.

EURm	2025	2024
Income tax liabilities	0.1	0.3
<b>Total tax liabilities</b>	<b>0.1</b>	<b>0.3</b>



## 14. Other assets

Other assets includes interest and commission due and other receivables.

EURm	2025	2024
<b>Other assets</b>		
Accrued interest	6.8	9.2
Other	0.0	0.0
<b>Total</b>	<b>6.8</b>	<b>9.2</b>

## 15. Amounts owed to credit institutions

Amounts due to credit institutions are measured at amortised cost.

EURm	2025	2024
Amounts owed to credit institutions		
Other	617.8	1,115.7
<b>Total</b>	<b>617.8</b>	<b>1,115.7</b>

## 16. Debt securities in issue and financial liabilities at fair value through P/L

Other issued bonds comprise bonds issued by the Bank. Other issued bonds are measured at amortised cost plus the fair value of the hedged interest rate risk.

### Debt securities in issue

EURm	2025	2024
Finnish covered bonds	4,700.0	4,200.5

### Debt securities in issue nominal value

EURm	1 January 2025	Issued	Redeemed	31 December 2025
Covered bonds	4,250.0	1,750.0	1,250.0	4,750.0

	1 January 2024	Issued	Redeemed	31 December 2024
Covered bonds	4,250.0	-	-	4,250.0

### Non-preferred senior securities

EURm	2025	2024
1 January	70.0	70.0
Issuance during the year	90.0	-
<b>31 December</b>	<b>160.0</b>	<b>70.0</b>

The Bank has three Senior non-preferred loans from Danske Bank A/S, which are eligible for fulfilling the MREL (Minimum Requirement for Own Funds and Eligible Liabilities) requirements set by the Financial Stability Authority. The first 50 MEUR loan was withdrawn on 16 August 2023, the second 20 MEUR loan on 14 December 2023 and the third 90 MEUR loan on 12 March 2025. The interest basis for the loans are 3-month EURIBOR + 1.30%, 3-month EURIBOR + 1.25% and 3-month EURIBOR + 0.825%, respectively. Loans mature on 23 September 2027, 23 September 2027 and 23 March 2029, respectively. Early prepayment of the loans are subject to regulatory approval.

## 17. Other Debts

Other liabilities includes accrued interest, fees and commissions that do not form part of the amortised cost of a financial instrument.

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

EURm	2025	2024
Provisions	-	0.0
<b>Other liabilities</b>		
Accruals and deferred income		
Deferred interest	55.3	55.7
Other accruals	0.5	0.5
Other	0.0	0.0
Total other liabilities	55.9	56.2

## 18. Contingent liabilities and commitments

Off-balance sheet items consist mainly of commitments to extend credit. Commitments to extend credit are irrevocable commitments and comprise undrawn loans. The commitments are stated to the amount that can be required to be paid on the basis of the commitment. Provisions for irrevocable loan commitments are recognised under Other liabilities if it is probable that drawings will be made under a loan commitment. Off-balance sheet items are mainly at the stage 1.

Danske Mortgage Bank did not have any material off-balance sheet items at 31 December 2024 and 31 December 2025.

### Asset encumbrance

EURm	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered as- sets
<b>Assets December 31, 2025</b>	<b>4,617.6</b>	<b>-</b>	<b>253.3</b>	<b>68.9</b>
Equity instruments	-	-	-	-
Debt securities	-	-	68.9	68.9
Other assets	4,617.6	-	184.4	-
<b>Assets December 31, 2024</b>	<b>4,437.5</b>	<b>-</b>	<b>261.5</b>	<b>50.9</b>
Equity instruments	-	-	-	-
Debt securities	-	-	50.9	50.9
Other assets	4,437.5	-	210.7	-

### Collateral received

Danske Mortgage Bank didn't have any received collaterals at 31 December 2025.

### Encumbered assets/collateral received and associated liabilities

EURm	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities 31.12.2025	4,527.0	4,617.6
Carrying amount of selected financial liabilities 31.12.2024	4,226.1	4,437.5

Loans and securities serving as collateral for covered bond issuance is the main category of encumbered assets. Covered bond issuance is a strategic long-term funding measure that entails ringfencing assets according to statutory regulation. Encumbered assets and associated liabilities are disclosed based on median values of quarterly data.

## 19. Related party transactions with Group companies and other related parties

	Parties with control interest		Key management personnel	
EURm	2025	2024	2025	2024
Loans and receivables *)	5.3	16.3	0.6	0.5
Securities	75.1	94.8	-	-
Liabilities	777.8	1,185.7	-	-
Derivatives	71.8	106.6	-	-
Interest income	8.8	9.0	0.0	0.0
Interest expenses	74.1	140.7	-	-
Purchases from group companies	9.3	9.8		
Sales to group companies	0.2	0.2		

\*) Comparative figure for Key management personnel changed

No relevant expected credit losses have been booked for receivables from related parties. Interest income from related parties are negative interests due to hedging.

Related party comprises the parent company, key management personnel and other related-party companies. Parties with significant influence include the parent company and its branches. Key management personnel comprises Board of Directors and executive management, including close family members and companies, in which key management personnel or their close family members have considerable influence.

Information regarding management's related party transactions is presented in Note 4.

# Board of Directors’ proposal to the Annual General Meeting and signing of the Annual Report 2025

The company's distributable assets in the financial statements are EUR 261,878,292.85 of which profit for the financial year totals EUR 22,650,277.31.

The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 22,650,277.31 will be paid, corresponding 100 percent of the year-end profits, whereafter EUR 239,228,015.54 will be left in shareholders' equity.

No material changes have taken place in the financial position of the Bank since the end of the financial period and the proposed dividend does not compromise the Bank's solvency

To the best knowledge of the members of the Board of Directors and the CEO:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of Danske Mortgage Bank Plc.
- The Board of Directors' report includes a fair review of the development and performance of the business and the position of Danske Mortgage Bank Plc, together with a description of the principal risks and uncertainties the Bank faces.

Helsinki, 5 February 2026

Jens Wiklund  
Chairman

Terese Dissing

Robert Wagner

Rauni Haaranen

Tomi Dahlberg

Janne Lassila  
CEO

# The auditor's note

A report on the audit performed has been issued today.

Helsinki, 5th February 2026

Deloitte Ltd

Audit Firm

Sonja Suosalo

Authorized Public Accountant



# Accounting material 2025

The Bank uses the accounting system of Danske Bank A/S which is administered by the Group headquarters in Denmark. In the year end this accounting material is filed electronically and stored in Finland as two copies.

Financial statement and Board of Directors' report as bound versions are stored in Danske Bank A/S, Finland Branch's Accounting department.

Financial statement specifications are mainly included in the financial statement material gathered and stored by Accounting department.

General ledger accounting reports are stored electronically:

- Daily journals
- General ledger
- Income statements and balance sheets
- Charts of accounts
- Vouchers for notes to the financial statements



Danske Mortgage Bank Plc

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