11 February 2026 at 2.00 pm (EET)

Municipality Finance Group Financial Statements Bulletin

1 January–31 December 2025

MuniFin

In brief: MuniFin Group in 2025

- The Group's net operating profit excluding unrealised fair value changes* decreased by 1.5% (+2.9%) in January–December and amounted to EUR 178 million (EUR 181 million). Net interest income* was at the same level as in the year before and totalled EUR 260 million (EUR 260 million). Higher expenses compared to the comparison period weakened the net operating profit excluding unrealised fair value changes.

- Net operating profit* amounted to EUR 193 million (EUR 166 million). Unrealised fair value changes amounted to EUR 14 million (EUR -16 million) in the financial year. Unrealised fair value changes were influenced in particular by changes in market rates and credit risk spreads in the Group's main funding markets.

- Costs* in the financial year amounted to EUR 86 million (EUR 81 million). Expenses increased mainly due to the rise in HR and administrative costs as well as in commission fee expenses.

- The Group's leverage ratio remained at a strong level, standing at 13.1% (12.3%) at the end of December.

- At the end of December, the Group's CET1 capital ratio was very strong at 94.0% (107.7%). The ratio was pulled down by the new CRR III regulation that was applied on 1 January 2025, resulting in a decline in the capital ratio approximately by 10 percentage points, mainly due to the increase in credit valuation adjustment risk (*CVA VaR*). The Group's CET1 capital ratio was nevertheless over six times the required minimum of 15.1% (15.0%), taking capital buffers into account.

- Long-term customer financing (long-term loans and leased assets) excluding fair value changes* totalled EUR 38,510 million (EUR 35,787 million) at the end of December and saw an increase of 7.6% (8.6%). New long-term customer financing* increased by 0.6% (17.1%) in January–December 2025 and amounted to EUR 5,088 million (EUR 5,056 million). Short-term customer financing* totalled EUR 1,895 million (EUR 1,825 million).

- Of all long-term customer financing, the amount of green finance* aimed at environmentally sustainable investments totalled EUR 9,111 million (EUR 6,817 million) and the amount of social finance* aimed at investments promoting equality and communality totalled EUR 2,775 million (EUR 2,536 million) at the end of December. The amount of the newly introduced sustainability-linked loan totalled EUR 710 million (EUR 38 million). The total amount of sustainable finance increased by 34.1% (33.6%) from the previous year. The ratio of sustainable finance to long-term customer financing excluding unrealised fair value changes* grew by 6.5 percentage points to 32.7% (26.2%).

- In 2025, new long-term funding* reached EUR 10,019 million (EUR 8,922 million). At the end of December, the total funding* was EUR 49,117 million (EUR 46,737 million), of which long-term funding* made up EUR 45,042 million (EUR 43,328 million).

- The Group's total liquidity* is very strong, standing at EUR 11,636 million (EUR 11,912 million) at the end of the financial year. The Liquidity Coverage Ratio (*LCR*) stood at 225% (339%) and the Net Stable Funding Ratio (*NSFR*) at 121% (124%) at the end of the year.

- The Board of Directors proposes to the Annual General Meeting to be held in spring 2026 a dividend of EUR 1.83 per share, totalling EUR 71.5 million. The total dividend payment in 2025 was EUR 1.86 per share, totalling EUR 72.7 million.

Comparison figures deriving from the income statement and figures describing the change during the financial year are based on figures reported for the corresponding period in 2024. Comparison figures deriving from the balance sheet and other cross-sectional items are based on the figures of 31 December 2024 unless otherwise stated.

** Alternative performance measure.*

The calculation formulas for all key figures can be found on pages 41–49. All figures presented in the Financial Statements Bulletin are those of MuniFin Group, unless otherwise stated.

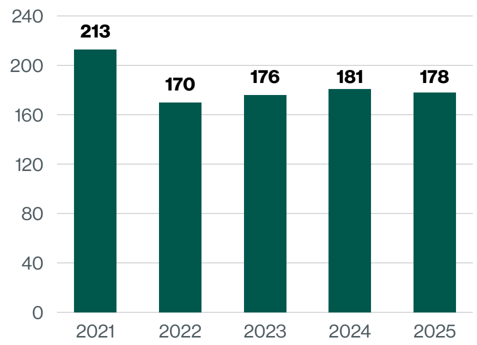
Key figures (Group)

	Jan–Dec 2025	Jan–Dec 2024	Change, %
Net operating profit excluding unrealised fair value changes (EUR million)*	178	181	-1.5
Net operating profit (EUR million)*	193	166	16.3
Net interest income (EUR million)*	260	260	0.0
New long-term customer financing (EUR million)*	5,088	5,056	0.6
New long-term funding (EUR million)*	10,019	8,922	12.3
Cost-to-income ratio, %*	25.9	27.7	-6.5**
Return on equity (*ROE*), %*	7.9	7.2	10.3**
	31 Dec 2025	**31 Dec 2024**	**Change, %**
Long-term customer financing (EUR million)*	37,909	35,173	7.8
Sustainable finance (EUR million)*	12,595	9,391	34.1
Balance sheet total (EUR million)	55,634	53,092	4.8
CET1 capital (EUR million)	1,706	1,646	3.6
Tier 1 capital (EUR million)	1,706	1,646	3.6
Total own funds (EUR million)	1,706	1,646	3.6
CET1 capital ratio, %***	94.0	107.7	-12.7**
Tier 1 capital ratio, %***	94.0	107.7	-12.7**
Total capital ratio, %***	94.0	107.7	-12.7**
Leverage ratio, %	13.1	12.3	6.0**
Personnel	185	178	3.9

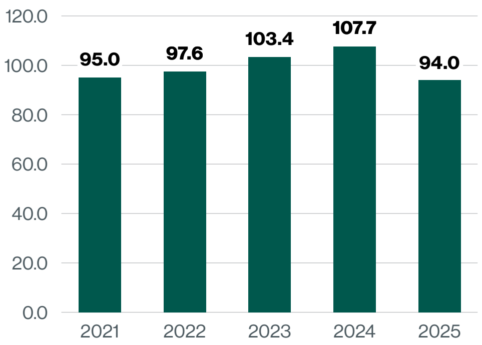
** Alternative performance measure.*
*** Change in ratio.*
**** The capital ratios at 31 December 2025 have been calculated in accordance with the CRR III regulation. The figures for the comparative periods have not been adjusted.*

The calculation formulas for all key figures can be found on pages 41–49. All figures presented in the Financial Statements Bulletin are those of MuniFin Group, unless otherwise stated.

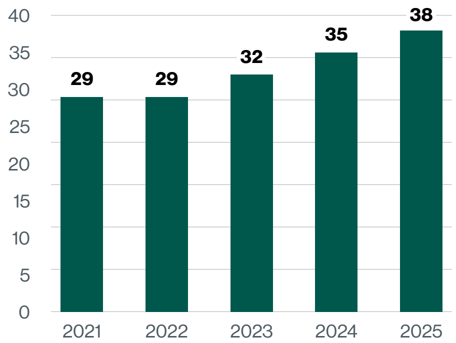
Net operating profit excluding unrealised fair value changes, EUR million*



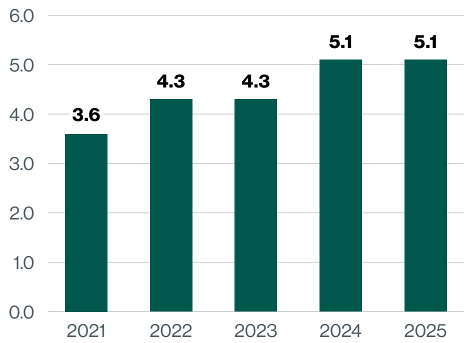
CET1 capital ratio, %**



Long-term customer financing, EUR billion*



New long-term customer financing, EUR billion*



** Alternative performance measure.*
*** The capital ratios at 31 December 2025 have been calculated in accordance with the CRR III regulation. The figures for the comparative periods have not been adjusted.*
The calculation formulas for all key figures can be found on pages 41–49. All figures presented in the Financial Statements Bulletin are those of MuniFin Group, unless otherwise stated.

CEO's review

Building Finnish wellbeing and happiness together

At MuniFin, we have a distinct mission: ensuring that our customers are able to make investments that sustain and develop Finnish society under any market conditions. In 2025, we continued to consistently carry out this mission.

Our business operations progressed very much in line with expectations in 2025. In funding, the year was even better than expected. Despite the uncertain market sentiment, investor demand remained strong and our benchmark bonds and other funding arrangements were highly successful. As a result, the costs of funding came down by the end of the year from the elevated level of the beginning of 2025.

Our customers' demand for financing remained largely unchanged from the previous year. The year was difficult for municipal finances as Finland's anticipated economic growth stalled and the employment service costs transferred from the government to municipalities proved higher than expected. Nevertheless, municipalities' adjustment measures were effective and kept their financing needs steady despite extensive investment programmes. Sustaining growth in large cities, however, will require continued investment.

In affordable social housing, the demand for financing exceeded our expectations, although government interest subsidy loan authorisations were cut by half a billion euros from 2024. The government has proposed sizeable cuts to the loan authorisations also in the coming years. The Finnish system for affordable social housing is an internationally renowned success story. Undermining it is short-sighted; instead of running it down, we should be ramping it up and sharpening it. Housing construction also has a significant impact on Finland's economic development through its employment effects and the spillover and multiplier effects rippling over to other sectors.

> The Finnish system for affordable social housing is an internationally renowned success story.

One of the highlights of our year was the establishment of our Happiness Grant. For eight years in a row, Finland has ranked first in the UN's World Happiness Report. What makes Finns happy is often simple: a stable society and the comfort of knowing that life's basics are in order. Our customers strengthen these pillars of happiness every day through their work and our financing. The Happiness Grant is our way of shining a spotlight on their efforts and inspiring dialogue on how society can maintain and strengthen the structures on which we can build an even better and more equal Finland where everyone is safe and future growth is possible.

MuniFin is a close-knit work community where the social significance of our work gives real meaning to what we do. Our employee experience has improved steadily year by year, and in 2025, we were again ranked among Finland's most inspiring workplaces. The dedication and motivation of our staff are also evident in our customer service, which earns outstanding feedback year after year.

At MuniFin, we place great importance on developing Finnish society and its structures. By driving climate-positive and socially impactful solutions, our work also has international relevance. In times of uncertainty, we want to ensure that our customers can focus on their important work without having to worry about access to financing. To our customers, staff and collaboration partners: thank you for working with us towards our shared goal.

> Our customers strengthen these pillars of happiness every day through their work and our financing.

Esa Kallio
President and CEO
Municipality Finance Plc

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1 January–31 December 2025

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Operating environment in 2025

MuniFin Group raises the funds required to finance its customers from the international capital markets. For this reason, developments in global politics and their impacts on the markets can also have a material effect on MuniFin's funding. In addition, MuniFin's funding is critically dependent on investors' confidence in the Finnish economy and, by extension, in the public sector's ability to service its debt. Changes in interest rates have a direct impact on MuniFin's funding costs and consequently also on the price of customer financing. The Group therefore actively monitor all these factors that have a material effect on its operating environment.

In the first half of the year, economic confidence began to waver globally as the import tariffs pursued by Donald Trump following his return to the US presidency proved higher than expected. Other aspects of US politics also saw greater changes than initially anticipated. As the year progressed, sentiment in the economy and the markets nevertheless stabilised, as the immediate impacts of Trump's tariff policy appeared to remain relatively moderate. In Europe, economic growth forecasts were even revised upwards in the latter half of the year. Towards the end of the year, the main economic concerns shifted away from trade policy tensions to the economic outlook in the US and the potential overheating of artificial intelligence investments and equity markets.

The recovery of the Finnish economy started promisingly in 2024 but came to a halt in 2025. Investments began to increase also in Finland, but subdued domestic consumer demand and a weakening in public demand weighed on GDP growth, leaving it clearly below forecasts. The economic outlook was further darkened by rising unemployment. The trend of the unemployment rate rose to above ten per cent in the latter half of the year.

The lack of growth undermined tax revenues and kept benefit expenditures high. Public sector indebtedness continued to rise sharply, with Finland's debt-to-GDP ratio approaching 90%. Despite the challenges in the operating environment, municipal finances proved more resilient than expected in 2025. Municipalities made fiscal adjustment efforts and prioritised investments, which helped curb the growth of their funding deficit. The finances of wellbeing services counties also balanced out more than expected. Affordable social housing production contracted slightly from the previous year due to cuts to government interest subsidy loan authorisations.

Central banks continued to ease monetary policy in 2025. The European Central Bank (*ECB*) lowered its deposit facility rate by a total of one percentage point. At the end of the year, the deposit facility rate stood at 2.00%. In the US, rate cuts by the central bank were restrained by inflation remaining above the target level, even though employment figures weakened significantly, which would have supported faster rate reductions. In the end, the US Federal Reserve lowered its key interest rate by only 0.75 percentage points in 2025, bringing it to a targeted range of 3.50–3.75%.

Due to the ECB's rate cuts, euro area money market rates came down in 2025. The 12-month Euribor rate fell from 2.46% to 2.24% and the 3-month Euribor rate from 2.71% to 2.03%. The interest rate curve steepened as Europe's large investment needs increased the demand for capital, putting upward pressure on long-term borrowing rates. Germany's 10-year bond yield went up from 2.36% in January to 2.85% in December, while Finland's corresponding rate rose from 2.82% to 3.16%. Trump's protectionist trade policies were expected to strengthen the dollar, but the euro unexpectedly appreciated by over 13% over the year, rising from 1.04 to 1.18 against the dollar.

Information on the Group results

Consolidated income statement (EUR million)	Jan–Dec 2025	Jan–Dec 2024	Change, %	Jul–Dec 2025	Jul–Dec 2024	Change, %
Net interest income	260	260	0.0	136	132	3.5
Other income	5	2	>100	6	1	>100
Income excluding unrealised fair value changes	**265**	**262**	**1.2**	**142**	**132**	**7.4**
Commission expenses	-18	-17	7.4	-9	-9	4.1
HR expenses	-23	-21	10.5	-12	-10	18.9
Other items in administrative expenses	-26	-23	15.8	-13	-12	10.5
Depreciation on tangible and intangible assets	-4	-6	-34.1	-2	-3	-43.5
Other operating expenses	-14	-14	2.6	-7	-7	3.3
Costs	**-86**	**-81**	**6.6**	**-42**	**-40**	**6.0**
Credit loss and impairments on financial assets	-1	0	>100	0	-1	-83.2
Net operating profit excluding unrealised fair value changes	**178**	**181**	**-1.5**	**100**	**92**	**8.6**
Unrealised fair value changes	14	-16	>100	15	-31	>100
Net operating profit	**193**	**166**	**16.3**	**115**	**61**	**89.4**
Income tax expense	-39	-33	17.2	-23	-12	89.5
Profit for the period	**154**	**133**	**16.1**	**92**	**48**	**89.4**

The sum of individual results may differ from the displayed total due to rounding.
Changes of more than 100% are shown as >100.

The Group's net operating profit excluding unrealised fair value changes

MuniFin Group's core business operations continued to be stable in 2025. New long-term customer financing remained on the previous year's level. The Group's financial standing remained strong.

The Group's net operating profit excluding unrealised fair value changes decreased by 1.5% (+2.9%) and amounted to EUR 178 million (EUR 181 million). The decrease was caused by increased expenses.

The Group's income excluding unrealised fair value changes was EUR 265 million (EUR 262 million) and grew by 1.2% (1.1%). Net interest income remained on the previous year's level, totalling EUR 260 million (EUR 260 million).

Other income totalled EUR 5.3 million (EUR 2.0 million). It consisted mainly of income from MuniFin's digital services, net result from FX differences and net result on unwinding derivatives in hedge accounting. Net result from FX differences was EUR -1.5 million (EUR +0.5 million) in the reporting period. Realised income from derivative contracts amounted to EUR 4.8 million. There were none in the comparison period. At 2.0% (0.8%), other income relative to income excluding unrealised fair value changes forms only a minor part of the Group's income.

The Group's expenses totalled EUR 86 million (EUR 81 million), up by 6.6% (-1.9%) from the year before. Expenses increased mainly due to the rise in HR and administrative costs as well as in commission fee expenses.

Commission expenses increased by 7.4% (8.2%) and totalled EUR 18 million (EUR 17 million), of which EUR 16 million (EUR 14 million) consisted of the guarantee commission collected by the Municipal Guarantee Board for guaranteeing MuniFin's funding.

MuniFin Group's commission fee expenses may increase significantly in 2026 based on the decision made in 2025 by the Municipal Guarantee Board to raise the guarantee fee payable to the Board. The guarantee fee is paid on MuniFin's funding that is guaranteed by the Board. The Municipal Guarantee Board has decided to increase the guarantee fee to more than three times its previous level, calculated on the amount of guaranteed funding. MuniFin does not consider the increase reasonable, and the matter requires further clarification. The risks related to MuniFin's operations have not changed; the Group's risk position remains stable, and it has excellent financial buffers to withstand potential disruptions in the operating environment. There have also been no changes in the credit rating agencies' assessments of the company.

HR and administrative expenses grew by 13.2% (7.2%) and reached EUR 49 million (EUR 44 million) Of this, personnel expenses comprised EUR 23 million (EUR 21 million) and other administrative expenses EUR 26 million (EUR 23 million). The average number of employees in the Group was 185 (187) during the financial year. Other items in administrative expenses grew by 15.8% (12.4%), mainly due to the increased costs of maintaining and developing information systems.

During the financial year, depreciation on tangible and intangible assets totalled EUR 4.0 million (EUR 6.0 million) and they decreased by 34.1% (-7.8%).

Other operating expenses increased by 2.6% (-27.0%) and were EUR 14 million (EUR 14 million). Other operating expenses excluding fees collected by authorities were EUR 11 million (EUR 11 million).

Credit losses and impairments on financial assets were EUR 0.9 million (EUR 0.3 million) in the income statement. This item consists of expected credit losses *(ECL)*. The Group updated its forward-looking macro scenarios during the financial year. At the end of June 2025, the Group's management assessed the need for an ECL management overlay, as some housing sector customers were still experiencing cash flow issues due to the oversupply and regional underutilisation of premises.

The management decided to recognise an EUR 0.1 million additional discretionary provision based on the group-specific assessment. At the end of 2025, the management reassessed the situation and decided to release the previous provision and recognised a new additional discretionary provision of EUR 0.2 million based on the group-specific assessment, grounded in the evaluation of customers' cash flow sufficiency in 2026.

The Group's overall credit risk position in customer financing has remained low. The amount of forborne loans was EUR 658 million (EUR 561 million), while non-performing exposures amounted to EUR 454 million (EUR 292 million) at the end of the year. These non-performing exposures represented 1.1% (0.8%) of total customer exposures. At the end of December, the Group had EUR 133 million (EUR 13 million) in receivables due to the insolvency of customers, for which the collateral realisation process is ongoing, or the credit receivable is due for payment by the guarantor. Individual housing sector customers have encountered serious financial difficulties. However, due to the collateral and guarantee arrangements securing MuniFin's receivables, no credit losses are expected from these exposures.

All the Group's customer financing receivables are from Finnish municipalities, joint municipal authorities, wellbeing services counties or joint county authorities, or accompanied by a securing municipal, joint municipal authority, wellbeing services county or joint county authority guarantee or a state deficiency guarantee supplementing real estate collateral, and therefore no final credit losses will arise. According to the management's assessment, all receivables from customers will be fully recovered. During the Group's history of over 35 years, it has never recognised any final credit losses in its customer financing.

The credit risk of the Group's liquidity portfolio has likewise remained at a low level, and the average credit rating of debt securities in the portfolio is AA+ (AA+). More information on the credit risks of financial assets and other commitments is available in Note *11* to the Financial Statements Bulletin.

The Group's profit and unrealised fair value changes

The Group's net operating profit was EUR 193 million (EUR 166 million). Unrealised fair value changes increased the Group's net operating profit by EUR 14 million (in 2024: decreased by EUR 16 million). In January–December, unrealised fair value changes in hedge accounting amounted EUR -5.6 million to (EUR -12 million) and unrealised net result on financial assets and liabilities through profit or loss to EUR 20 million (EUR -3.8 million).

The Group's effective tax rate in the financial year was 20.0% (19.9%). Taxes in the consolidated income statement amounted to EUR 39 million (EUR 33 million). After taxes, the Group's profit for the financial year was EUR 154 million (EUR 133 million).

The Group's full-year return on equity *(ROE)* was 7.9% (7.2%). Excluding unrealised fair value changes, the ROE was 7.4% (7.9%).

The Group's other comprehensive income includes unrealised fair value changes of EUR -113 million (EUR 169 million). During the financial year, the most significant item affecting the other comprehensive income was net change in fair value due to changes in own credit risk of financial liabilities designated at fair value through profit or loss totalling EUR -78 million (EUR 137 million). The cost-of-hedging amounted to EUR -34 million (EUR 30 million). Net change in fair value of financial assets at fair value through other comprehensive income was EUR -1.2 million (EUR 1.7 million).

On the whole, unrealised fair value changes net of deferred tax affected the Group's equity by EUR -79 million (EUR 122 million) and CET1 capital net of deferred tax in capital adequacy by EUR -18 million (EUR 13 million). The cumulative effect of unrealised fair value changes on the Group's own funds in capital adequacy calculations was EUR 40 million (EUR 58 million).

Unrealised fair value changes reflect the temporary impact of market conditions on the valuation levels of financial instruments at the time of reporting. The value changes may vary significantly from one reporting period to another, causing volatility in profit, equity and own funds in capital adequacy calculations. The effect on individual contracts will be removed by the end of the contract period. In the financial year, unrealised fair value changes were influenced in particular by changes in interest rates and credit risk spreads in the Group's main funding markets.

In accordance with its risk management principles, the Group uses derivatives to financially hedge against interest rate, exchange rate and other market and price risks. Cash flows under agreements are hedged, but due to the generally used valuation methods, changes in fair value differ between the financial instrument and the respective hedging derivative. Changes in the shape of the interest rate curve and credit risk spreads in different currencies affect the valuations, which cause the fair values of hedged assets and liabilities and hedging instruments to behave in different ways. In practice, the changes in valuations are not realised on a cash basis because the Group holds financial instruments and their hedging derivatives almost always until the maturity date. The counterparty credit risk related to derivatives is comprehensively covered by collateral management. Changes in credit risk spreads are not expected to be materialised as credit losses for the Group, because the Group's liquidity reserve has been invested in instruments with low credit risk.

The Parent Company and subsidiary company's results

In 2025, MuniFin's net interest income amounted to EUR 260 million (EUR 260 million) and net operating profit to EUR 193 million (EUR 166 million).

The turnover of MuniFin's subsidiary company, Kuntarahoituksen digitaaliset palvelut Oy, was EUR 0.3 million (EUR 0.4 million), and its net operating result amounted to EUR 0.0 million (EUR -0.5 million). The subsidiary was formerly called Financial Advisory Services Inspira Plc and used to offer advisory services to MuniFin's customers. The Group discontinued these services in 2024, and the subsidiary company now provides some of the digital added value services MuniFin offers to its customers.

The Group's financial performance in July–December

In the second half of 2025, the Group's net operating profit excluding unrealised fair value changes amounted to EUR 100 million (Jul–Dec 2024: EUR 92 million), increased by 8.6% compared to the year before. Net interest income totalled EUR 136 million (Jul–Dec 2024: EUR 132 million) and costs EUR 42 million (Jul–Dec 2024: EUR 40 million). Unrealised fair value changes increased the net operating profit by EUR 15 million (in Jul–Dec 2024: weakened by EUR 31 million). The Group's net operating profit amounted to EUR 115 million in July–December (Jul–Dec 2024: EUR 61 million).

In the second half of the year, the Group's net operating profit excluding unrealised fair value changes increased by 27.1% from the first half. Net interest income went up by 10.0% from the first half of the year. Costs amounted to EUR 42 million in July–December and to EUR 44 million in January–June. The Group's net operating profit totalled EUR 115 million in July–December, increasing by 47.0% from January–June. In the second half of the year, unrealised fair value changes affected the net operating profit by EUR 15 million, while in the first half of the year their effect was EUR -0.6 million.

Information on the consolidated statement of financial position

Consolidated statement of financial position (EUR million)	31 Dec 2025	Adjusted 31 Dec 2024	Change, %
Cash and balances with central banks	5,169	7,777	-33.5
Loans and advances to credit institutions	1,990	790	>100
Loans and advances to the public and public sector entities	38,083	35,377	7.6
Debt securities	8,061	5,879	37.1
Derivative contracts	1,487	2,324	-36.0
Other items included in the assets	844	946	-10.7
Total assets	**55,634**	**53,092**	**4.8**
Liabilities to credit institutions	196	884	-77.8
Liabilities to the public and public sector entities	2,315	2,464	-6.1
Debt securities issued	47,127	44,534	5.8
Derivative contracts	3,368	2,562	31.5
Other items included in the liabilities	692	703	-1.5
Total equity	1,936	1,945	-0.5
Total liabilities and equity	**55,634**	**53,092**	**4.8**

The sum of individual results may differ from the displayed total due to rounding. Changes of more than 100% are shown as >100.

The Group has updated the presentation of the balances with central banks. The balances with central banks are now presented in Cash and balances with central banks instead of in Loans and advances to credit institutions. The minimum reserve deposit in the central bank has been recorded under Loans and advances to credit institutions. Comparative information has been adjusted accordingly.

MuniFin Group's consolidated statement of financial position exceeded EUR 55 billion in the financial year and totalled EUR 55,634 million (EUR 53,092 million) at the end of December. The Group's consolidated statement of financial position saw 4.8% (6.7%) of growth from year-end 2024. The growth in assets was mainly due to the increase in the long-term loan portfolio in loans and advances to the public and public sector entities, in debt securities and in cash collateral for derivatives. In liabilities, the largest change was in new issuances in debt securities issued.

At the end of the financial year, the Group's equity stood at EUR 1,936 million (EUR 1,945 million). The Group's equity was increased by the financial year's profit of EUR 154 million (EUR 133 million) and decreased by the changes in own credit revaluation reserve and cost-of-hedging reserve totalling EUR 91 million (in 2024: increased by EUR 134 million). In the consolidated accounts, dividends of EUR 73 million (EUR 66 million) for the financial year 2024, paid to MuniFin's shareholders in April 2025, were deducted from the equity.

The Parent Company's balance sheet at the end of the year was EUR 55,635 million (EUR 53,092 million).

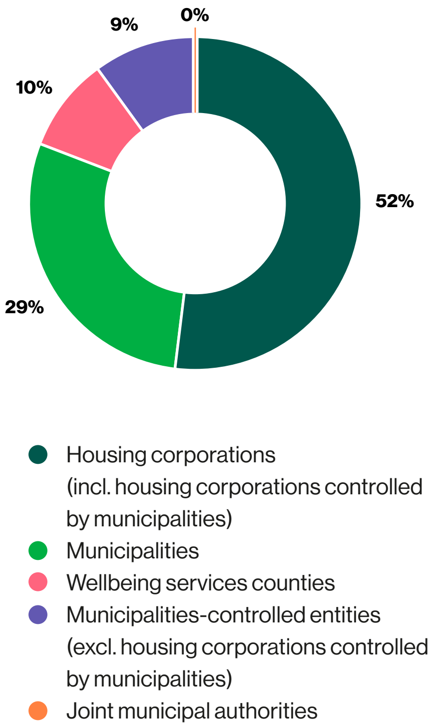
Financing and other services for customers

MuniFin Group's customers include municipalities, joint municipal authorities, wellbeing services counties, corporate entities under their control, and non-profit organisations and projects nominated by the Centre for State-Subsidised Housing Construction.

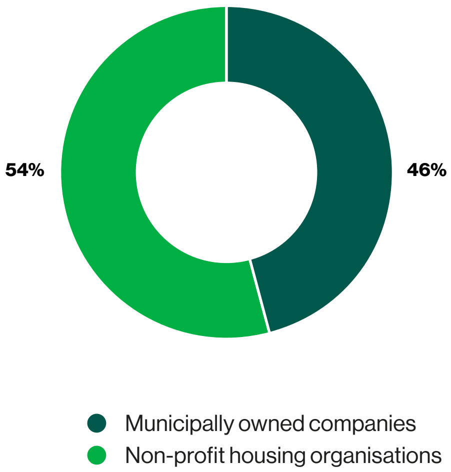
In 2025, the Group's new long-term customer financing totalled EUR 5,088 million (EUR 5,056 million), of which EUR 4,929 million (EUR 4,839 million) consisted of loans and EUR 159 million (EUR 217 million) of leased assets.

The Group's total long-term customer financing amounted to EUR 37,909 million (EUR 35,173 million) at year-end, of which loans totalled EUR 36,284 million (EUR 33,610 million) and leased assets EUR 1,635 million (EUR 1,563 million). Of the long-term loan portfolio, 52% (49%) is held by housing corporations, 39% (42%) by municipalities, joint municipal authorities and corporate entities under their control, and 9% (9%) by wellbeing services counties. Of the loan portfolio to housing corporations, 46 % consists of municipally owned companies and 54% of non-profit housing organisations. Long-term customer financing excluding unrealised fair value changes amounted to EUR 38,510 million (EUR 35,787 million) at the end of December, growing by 7.6% (8.6%).

Long-term loan portfolio by customer type 31 Dec 2025, %



Long-term loan portfolio of housing corporations 31 Dec 2025, %



Short-term customer financing in commercial papers totalled EUR 1,895 million (EUR 1,825 million) at the end of the year.

In 2025, MuniFin Group continued to devote significant resources to making its customer financing processes even more effective and convenient. The Group has expanded its digital services rapidly in recent years, and the majority of financing applications are now submitted digitally. Consistent improvements in the quality of digital services aim to ensure an even more seamless customer experience and communication.

Financing encourages sustainable investments

MuniFin Group offers its customers green and social finance for their sustainable investments. In 2025, MuniFin introduced more broadly a new sustainability-linked loan to its range of sustainable finance products. This loan is offered for municipalities that have a climate plan demonstrating their commitment to reducing greenhouse gas emissions. Municipalities receive a margin discount on their loan every year they achieve the emission reduction targets set for them.

MuniFin Group is committed to systemically reducing the carbon footprint of the projects it finances, offering customers support with emission reductions and better managing the climate and environmental risks associated with the Group's operations. The goal of the Group's sustainability agenda is to increase the proportion of sustainable finance and thus also reduce financed emissions from buildings. In 2025, MuniFin Group prepared a new and even more ambitious sustainability agenda, which was approved in December and published in January 2026. According to the new agenda, the goal is for sustainable finance to account for 50% of the Group's long-term customer financing by 2035 (at the end of 2025, the realised figure was 32.7%).

In 2025, the Group revised its green and social finance frameworks, which set the parameters for granting sustainable finance, project assessment and reporting. Of the two, the green finance framework underwent a more significant overhaul, with tighter eligibility criteria reflecting anticipated legislative changes and the addition of new project categories supporting biodiversity and climate change adaptation.

At the end of 2025, green finance accounted for 23.7% (19.0%), social finance for 7.2% (7.1%) and the sustainability-linked loan launched in 2025 for 1.8% (0,1%) of long-term customer financing excluding unrealised fair value changes.

Under the new sustainability agenda, the goal is to reduce the emission intensity of municipal budget loans by 50% from the 2023 level by 2035. With financed emissions from buildings, the goal is to decrease the emission intensity of the portfolio by more than 70% by 2035, bringing it to a maximum of 4.3 kg CO_2e/m^2 for residential buildings and of 8.4 kg CO_2e/m^2 for other buildings. Based on 2024 data, the portfolio's emission intensity was 14.2 kg CO_2e/m^2 (2023: 14.7 kg CO_2e/m^2).

At the end of the year, the Group had financed 712 (576) green finance projects, and the outstanding amount of green finance was EUR 9,111 million (EUR 6,817 million). The number of social finance projects was 174 (152), and the outstanding amount of social finance was EUR 2,775 million (EUR 2,536 million). The outstanding amount of the new sustainability-linked loan was EUR 710 million (EUR 38 million).

Funding and liquidity management

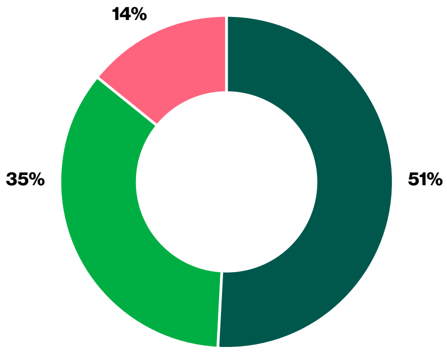
MuniFin Group acquires its funding mainly from the international capital markets as standardised issuances under debt programmes. The funding strategy relies on wide diversification into multiple currencies, maturities, geographical areas and investor groups to secure access to funding under all market conditions.

The Group's strategy has proved highly successful against the backdrop of recent years' turmoil in monetary and security policy, which continued in 2025. From the perspective of MuniFin's funding, the year was highly successful: investor demand was even stronger than expected and benchmark bonds and other funding arrangements proved successful, which resulted in the cost of funding decreasing by the end of the year from the elevated level of the year beginning.

The year once again included a number of successful benchmark bond issuances. The five-year EUR 1.25 billion benchmark bond broke previous records with an order book of EUR 7.1 billion, and the seven-year EUR 1.0 billion green bond was nearly five times oversubscribed. MuniFin Group aims to issue new green and social bonds on a regular basis.

In 2025, the Group's new long-term funding totalled EUR 10,019 million (EUR 8,922 million). A total of 101 (70) long-term funding arrangements were made in 10 (9) different currencies. In 2025, the Group's funding activities extended beyond the euro and US dollar markets, with a large portion of new funding raised in British pounds, Norwegian kroner and Swedish kronor. The Group uses derivatives to hedge against market risks in funding.

New long-term funding Jan–Dec 2025 by funding class, %



At the end of 2025, the Group's total funding amounted to EUR 49,117 million (EUR 46,737 million), of which the Euro Commercial Papers *(ECP)* totalled EUR 4,075 million (EUR 3,409 million). Of total funding, 50.4% (50.5%) was denominated in euros and 49.6% (49.5%) in foreign currencies.

MuniFin's debt programmes

Medium Term Note *(MTN)* programme	EUR 50,000 million
Euro Commercial paper *(ECP)* programme	EUR 10,000 million
AUD debt programme *(Kangaroo)*	AUD 2,000 million

MuniFin's funding is guaranteed by the Municipal Guarantee Board *(MGB)*, a public law institution whose members consist of all the municipalities in mainland Finland. The members are responsible for the liabilities of the MGB in proportion to their population. The MGB has granted guarantees for both the debt programmes and funding arrangements outside the programmes. Based on this, debt instruments issued by MuniFin are classified as zero-risk when calculating the capital adequacy of credit institutions and solvency of insurance companies, and as Level 1 liquid assets in liquidity calculation in the EU.

MuniFin Group's long-term risk appetite framework specifies that total liquidity must cover uninterrupted business for a survival horizon of at least 12 months. With the amount held at the end of the year, the Group could uphold all its commitments with no additional funding for over 12 months (15 months).

In 2025, the Group increased its allocation to bonds. The focus remained on low-risk investments that support operational stability, while also seeking improved returns. Tighter margins also supported an increase in the market values of the investment portfolio. At the end of the year, the Group's total liquidity stood at EUR 11,636 million (EUR 11,912 million). Of this, central bank deposits totalled EUR 5,207 million (EUR 7,809 million) and investments in liquid, low-risk securities EUR 6,099 million (EUR 4,016 million), with the average credit rating of AA+ (AA+) and average maturity of 3.6 years (3.2 years). In addition to this, the Group's money market deposits in credit institutions totalled EUR 330 million (EUR 88 million). The Group's liquidity investments are hedged with interest rate swaps. Changes in interest rates therefore do not have a direct impact on profit and loss.

The Group's liquidity investments are steered by the goal of low credit risk, high liquidity and sustainability. The Group monitors the sustainability of its investments through their ESG *(Environmental, Social and Governance)* score.

At the end of the year, the Group's liquidity investments had an average ESG score of 7.56 (7.70), above the benchmark index of 7.51 (7.51). The Group held a total of EUR 1,349 million (EUR 870 million) in direct socially responsible investments *(SRIs)*, which is 22.0% (21.5%) of all the Group's investments in securities. The ratio of SRIs to the Group's own green and social funding was 19.2% (14.9%).

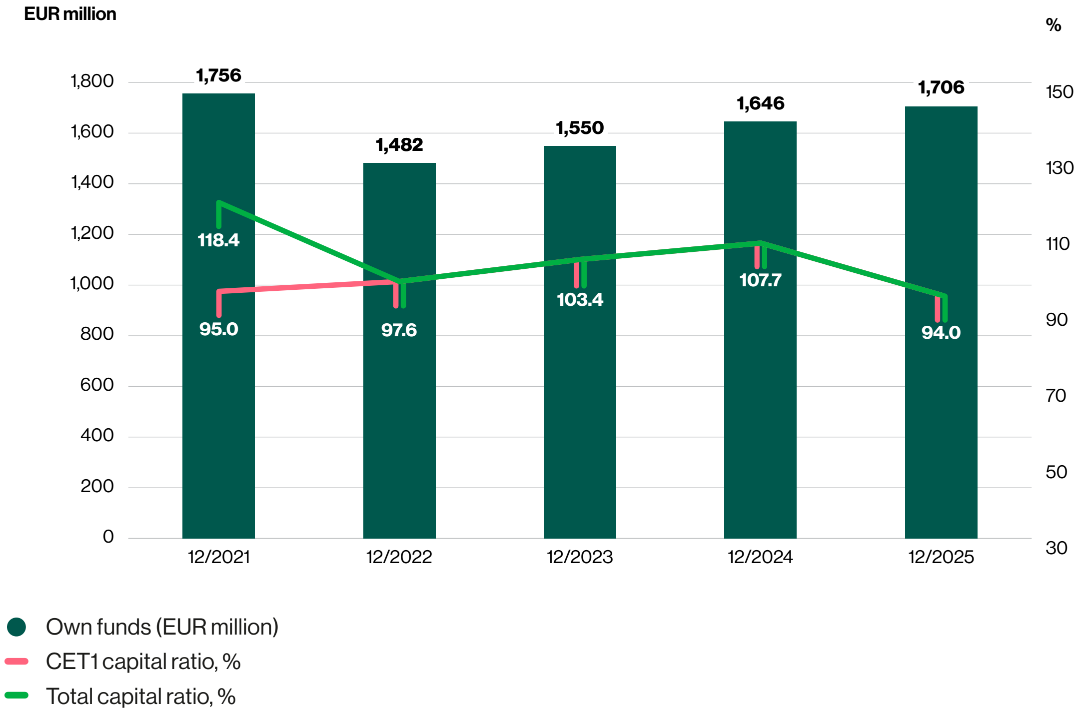
MuniFin's credit ratings

Rating agency	Long-term funding	Outlook	Short-term funding
Moody's Investors Service	Aa1	Stable	P-1
Standard & Poor's	AA+	Stable	A-1+

MuniFin's credit ratings correspond to those of the Government of Finland. The credit ratings did not change during the financial year. The Municipal Guarantee Board, which guarantees MuniFin Group's funding, also has the corresponding ratings.

Capital adequacy

MuniFin Group's own funds and capital adequacy



MuniFin Group's own funds and capital adequacy

The amendments to the EU Capital Requirements Regulation *(CRR III)* applicable to credit institutions entered into force at the beginning of 2025. MuniFin Group's capital adequacy remains very strong also under the new regulation. The Group's Common Equity Tier 1 *(CET1)* capital ratio was 94.0% (107.7%), which corresponds to both its Tier 1 capital ratio and total capital ratio at the end of 2025 because the Group only had CET1 capital at the time. The decline in capital adequacy ratios was influenced by the implementation of CRR III regulation, as well as by the Group's allocation changes in liquidity portfolio. The impact of CRR III regulation on capital adequacy ratios was approximately -10 percentage points, mainly due to the adoption of the basic method for credit valuation adjustment risk. Due to the Group's small amount of risk-weighted assets and strong capital adequacy, the impact of regulatory changes on capital ratios can be significant without having a material impact on the Group's capital position. The Group's CET1 capital ratio was over six times the required minimum of 15.1% (15.0%), taking capital buffers into account.

Consolidated own funds (EUR million)	31 Dec 2025	31 Dec 2024
Common Equity Tier 1 before regulatory adjustments	1,865	1,873
Regulatory adjustments to Common Equity Tier 1	-159	-227
Common Equity Tier 1 *(CET1)*	**1,706**	**1,646**
Additional Tier 1 capital before regulatory adjustments	-	-
Regulatory adjustments to Additional Tier 1 capital	-	-
Additional Tier 1 capital (*AT1*)	**-**	**-**
Tier 1 capital (*T1*)	**1,706**	**1,646**
Tier 2 capital before regulatory adjustments	-	-
Regulatory adjustments to Tier 2 capital	-	-
Tier 2 capital (*T2*)	**-**	**-**
Total own funds	**1,706**	**1,646**

At the end of the year, the Group's CET1 capital totalled EUR 1,706 million (EUR 1,646 million). The Group had no Additional Tier 1 instruments or Tier 2 capital at the end of the financial year, so its CET1 capital was therefore equal to its Tier 1 capital and total own funds.

The CET1 capital includes profit for the financial year. This profit has been subject to a financial review by auditors and can therefore be included in CET1 capital based on the permission granted by the ECB in accordance with the CRR. The Board's 2025 dividend proposal of EUR 71.5 million (EUR 72.7 million) has been deducted from the Group's own funds.

Consolidated minimum requirement for own funds EUR million	31 Dec 2025 Capital requirement	31 Dec 2025 Risk exposure amount	31 Dec 2024* Capital requirement	31 Dec 2024* Risk exposure amount
Credit and counterparty credit risk, standardised approach	**63**	**788**	**50**	**625**
Exposures to central governments or central banks	0	0	0	0
Exposures to regional governments or local authorities	0.5	6	0.3	3
Exposures to public sector entities	1	10	0.5	6
Exposures to multilateral development banks	0	0	0	0
Exposures to international organisations	0	0	0	0
Exposures to institutions	40	502	32	397
Exposures to corporates	4	54	2	27
Exposures secured by mortgages on immovable property and ADC exposures	0	0	0	0
Exposures in default	0	0	0	0
Exposures in the form of covered bonds	14	174	12	155
Other items	3	42	3	37
Market risk	**-**	**-**	**-**	**-**
Credit valuation adjustment risk *(CVA VaR)*, basic method	**46**	**573**	**36**	**453**
Operational risk	**36**	**454**	**36**	**450**
Total	**145**	**1,815**	**122**	**1,528**

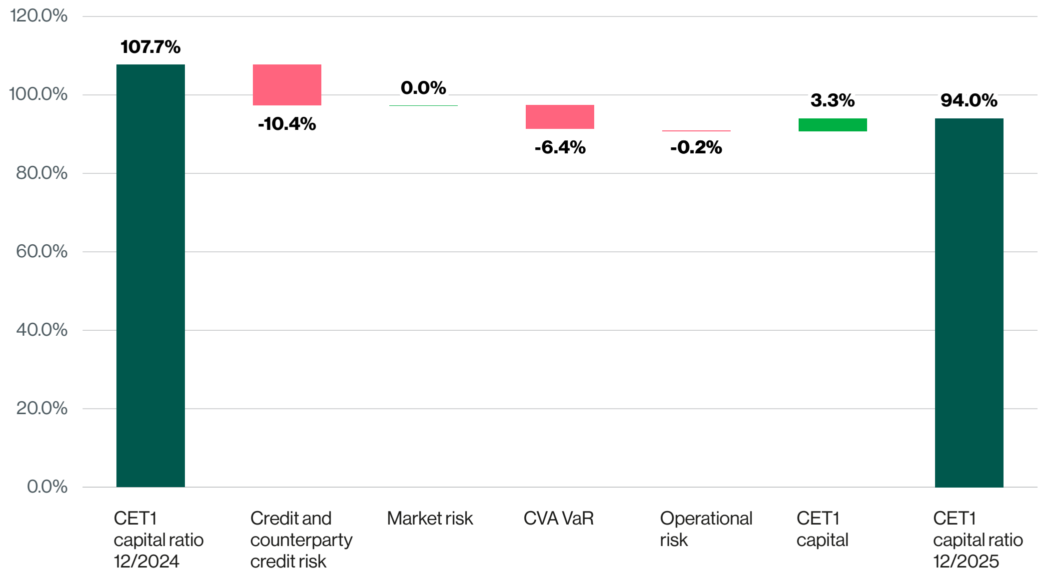
The capital requirement for counterparty credit risk is EUR 3.5 million (EUR 3.7 million).

** The comparative figures are calculated based on the regulation in force in 2024.*

The Group's total risk exposure amount increased by 18.8% from the end of 2024, totalling EUR 1,815 million (EUR 1,528 million) at the end of the financial year. The risk exposure amount for credit and counterparty credit risk increased by EUR 163 million from the end of 2024 to EUR 788 million (EUR 625 million). Due to the changes in the interest rate environment, the Group has continued to gradually allocate liquidity to low-risk long-term securities during the year, which has increased the amount of credit risk. Counterparty credit risk remained at the same level as at the end of 2024.

There was no capital requirement for market risk at the end of the financial year or in the comparison year, because the currency position was less than 2% of the Group's own funds, and, based on Article 351 of the CRR, the own funds requirement for market risk has therefore not been calculated. The CRR III regulation changed the calculation of the credit valuation adjustment *(CVA VaR)*, increasing the total risk exposure amount by 26.4% to EUR 573 million (EUR 453 million).

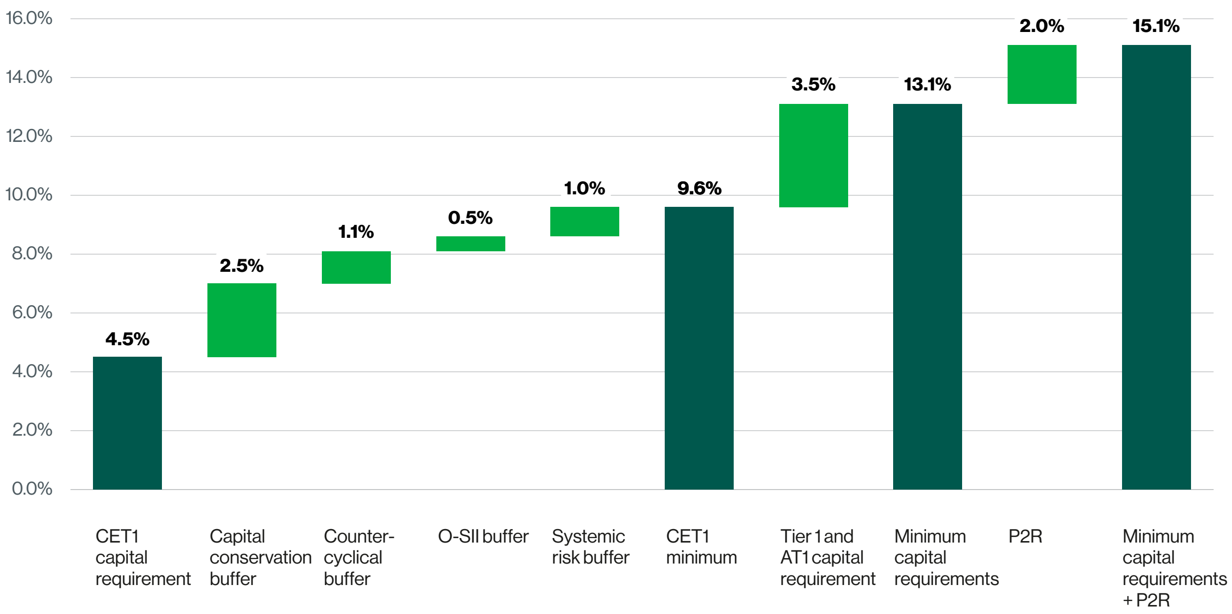
CET1 capital ratio changes, %



The risk exposure amount of operational risk was EUR 454 million (EUR 450 million). MuniFin Group has utilised the so-called Prudential Boundary Approach *(PBA)* for the financial component in the calculation of operational risk, based on the European Banking Authority's no-action letter (dated 12 Aug 2024) related to the postponement of the implementation of the Fundamental Review of the Trading Book *(FRTB)* regulation.

The postponement of the FRTB regulation's implementation has created a situation where derivative contracts that hedge market risks in banking operations would be classified in the trading book without their impact being netted with the hedged item in the calculation of operational risk requirement. According to MuniFin Group's assessment, the Group does not have trading activities, so it has decided to utilise the PBA method in the capital adequacy calculation for 2025. The Group believes that after the removal of the temporal differences related to the regulation, the approach can be applied in 2027, and applying the approach already in 2025 provides an accurate picture of MuniFin Group's capital adequacy. The impact of the PBA method is estimated to be approximately 21 percentage points. Without the PBA method, the Group's CET1 capital ratio was almost five times the required minimum capital, taking capital buffers into account.

The Group's minimum capital requirements and capital buffers, %



The Group's minimum capital requirements and capital buffers

The minimum capital requirement is 8.0% for total capital adequacy and 4.5% for CET1 capital adequacy. Under the Act on Credit Institutions, the capital conservation buffer is 2.5%. An additional capital requirement for other systemically important credit institutions *(O-SII buffer)* is 0.5% for MuniFin Group. At the end of June 2025, the Finnish Financial Supervisory Authority *(FIN-FSA)* gave its yearly decision on O-SII buffers and kept MuniFin Group's buffer unchanged at 0.5%.

The FIN-FSA has imposed a requirement to maintain a systemic risk buffer *(SyRB)* covered by CET1 capital and amounting to 1.0% on MuniFin. This requirement also applies to other Finnish credit institutions at the same level. In its June 2025 decision, the FIN-FSA decided to keep the SyRB requirement unchanged at 1.0% (effective from 1 July 2026).

In December 2025, the FIN-FSA also decided to keep the countercyclical capital buffer requirement unchanged at the baseline level of 0%. For MuniFin Group, the credit institution-specific countercyclical capital buffer requirement that is imposed based on the geographical distribution of exposures is 1.1% (1.0%). The Group therefore has a minimum requirement of 9.6% (9.5%) for its CET1 capital ratio and 13.1% (13.0%) for its total capital ratio.

In addition to the abovementioned requirements, the ECB has imposed a bank-specific Pillar 2 requirement *(P2R)* of 2.0% on MuniFin Group as part of the annual Supervisory Review and Evaluation Process *(SREP)*. The total SREP capital requirement ratio *(TSCR)* was 10.0% (10.0%) at the end of December 2025.

The minimum level of total capital ratio was 15.1% (15.0%), including P2R and other additional capital requirements.

Leverage ratio, liquidity coverage ratio and net stable funding ratio

At the end of December, MuniFin Group's leverage ratio was 13.1% (12.3%). MuniFin fulfils the CRR definition of a public development credit institution and may therefore deduct all credit receivables from municipalities, wellbeing services counties and the central government in the calculation of its leverage ratio. The amount of these credit receivables was EUR 41,610 million (EUR 38,604 million) at the end of the financial year. Overall, the Group's leverage ratio exposures totalled EUR 13,043 million (EUR 13,340 million).

The CRR III regulation that became applicable on 1 January 2025 did not introduce significant changes to MuniFin Group's leverage ratio calculation. The minimum required leverage ratio is 3.0%.

At the end of December, MuniFin Group's Liquidity Coverage Ratio *(LCR)* was 224.6% (338.8%) and its Net Stable Funding Ratio *(NSFR)* was 121.4% (123.7%). Both have a minimum requirement of 100.0%.

Liabilities under the Act on the Resolution of Credit Institutions and Investment Firms

MuniFin's resolution authorities are the EU's Single Resolution Board *(SRB)* and the Finnish Financial Stability Authority *(FFSA)*. In November 2024, the SRB and the FFSA removed MuniFin's binding minimum requirement for own funds and eligible liabilities *(MREL)* as a result of changes to the European Bank Recovery and Resolution Directive *(BRRD)* and corresponding national legislation.

Under the revised framework, the MREL requirement no longer applies to credit institutions subject to simplified obligations. Before the MREL requirement was lifted, MuniFin's own funds and eligible liabilities exceeded it multiple times, so this change will not have a significant effect on the Group's operations.

Changes in banking regulation

The European Commission published its proposal for the implementation of the final Basel III banking regulatory standards in the EU *(CRR III/CRD IV)* at the end of October 2021, and the majority of the new CRR rules took effect on 1 January 2025. This reform has affected banks' capital adequacy calculation, especially in the context of credit, market and operational risks, credit valuation adjustment *(CVA VaR)* and leverage ratio. It also introduced a new output floor. MuniFin Group's business model is based on zero-risk-weighted customer financing, which did not change with the implementation of the CRR III. The reform has, however, affected MuniFin's capital adequacy calculations and reporting methods. During the financial year, MuniFin has undertaken a project to implement the changes introduced by the CRR III regulation. The effects of the changes are explained in more detail in the section *MuniFin Group's own funds and capital adequacy*.

During the early part of the year, the Group continued to prepare for the Corporate Sustainability Reporting Directive *(CSRD)*, approved by the European Parliament in November 2022, and the corresponding national legislation. In February 2025, the European Commission published the Omnibus I simplification package with the aim of reducing administrative burden for businesses by streamlining sustainability reporting requirements. The package included proposals to postpone the application of the CSRD and to reduce the scope of reporting companies. The postponement was approved by the European Parliament and Council in April 2025, and the related national legislation entered into force on 1 December 2025. The law may also be applied to financial years beginning on 1 January 2025 or thereafter. Consequently, MuniFin Group's sustainability reporting obligation was postponed by two years, until the end of 2027.

In December 2025, the amendment directive proposal was also approved by the European Parliament. As a result, once the directive enters into force, the sustainability reporting obligation will apply only to companies with more than EUR 450 million in net turnover and more than 1,000 employees. Therefore, MuniFin Group would be entirely excluded from the sustainability reporting obligation. The national implementation of the amendment directive is still ongoing, and MuniFin is monitoring the progress of the national legislative process.

The Group has also continued to incorporate its ESG risk reporting into its Pillar III Disclosure Report in accordance with CRR Article 449a. In the first half of 2025, the Group disclosed its phase 3 information on the Banking Book Taxonomy Alignment Ratio *(BTAR)* as of the end of 2024.

The EBA Guidelines on the management of ESG risks (*EBA/GL/2025/01*) were published in January 2025 and entered into force in January 2026. The guidelines complement the requirements of the CRD VI Directive for identifying, measuring, managing, and monitoring ESG risks, for example through ESG data and materialityanalysis requirements. MuniFin Group has prepared for the entry into force of the guidelines during the 2025 financial year.

The financial sector's Digital Operational Resilience Act *(DORA)* took effect from January 2025. The Group has carried out a project to prepare for and comply with DORA. As part of the project, the Group has updated its ICT agreements, the processes of maintaining information systems and the comprehensive risk management of information systems and information security both internally in the Group and with its IT vendors. The regulation contains requirements aimed at improving the resilience of the financial sector to withstand failures and disruptions in information systems.

The Group has also prepared for the new European Market Infrastructure Regulation *(EMIR 3.0)*. The EMIR 3.0 framework introduced new requirements for EU market participants operating in the derivatives market. EMIR 3.0 requires market participants to maintain an active account with an EU central counterparty and clear a representative number of their euro-denominated interest rate swaps through that EU central counterparty. In the financial year, MuniFin prepared for clearing interest rate swaps denominated in euro in the EU central counterparty EUREX Clearing AG. The first swaps were cleared successfully in June.

MuniFin Group is also carrying out a multiyear RDARR implementation program in relation to the ECB's guidance on risk data aggregation and risk reporting for credit institutions (*ECB Guide on effective risk data aggregation and risk reporting*), published in May 2024.

MuniFin Group's financial objectives

MuniFin Group's strategy emphasises the Group's core mandate: ensuring that its limited customer base, which is assigned to carry out public duties, has access to affordable financing under all market conditions. This core mandate necessitates keeping MuniFin's capital quantity and quality and liquidity at levels that exceed even the strictest regulatory requirements at all times, thus enabling the continuation of normal business operations even during financially difficult times. MuniFin has conservative risk management policies and maintains a strong risk-bearing capacity in both quantity and quality.

Due to its specialised business model, the Group's strictest regulatory capital requirement is the leverage ratio, unlike in most credit institutions. The leverage ratio requirement is a prudential tool defined under the Capital Requirements Regulation (*CRR*) that complements minimum capital adequacy requirements. Its purpose is to prevent credit institutions from building up excessive leverage. The leverage ratio is calculated as a ratio between the institution's Tier 1 capital and total exposure calculated based on the assets and off-balance sheet items as described in the regulatory framework. MuniFin fulfils the CRR definition of a public development credit institution and may therefore deduct all credit receivables from municipalities, wellbeing services counties and the central government in the calculation of its leverage ratio. After the deduction, the most significant factor affecting MuniFin's leverage ratio is the size of its liquidity portfolio, which safeguards the Group's liquidity.

MuniFin's aim is for the Group's Common Equity Tier 1 (*CET1*) capital to always surpass 7%, which is the sum of the minimum requirement set in CRR regulation (3%) and the capital buffers set by the management (4%). The Group uses these capital buffers to prepare for events and changes that have an adverse effect on its capital position. These can include realised business risks or regulatory changes. The capital requirement for business risk is based on a strict stress test, and it mostly results from unrealised fair value changes, which are temporary in nature.

Capital exceeding the Group's minimum target covers fluctuation in capital requirements caused by changes in the total liquidity amount and safeguards the Group's continuity of operations and ability to pay dividends. The Group's long-term target is a leverage ratio of 7–10%, which enables the Group to carry out its core mandate and ensure sufficient liquidity in all market conditions. At the end of December 2025, the Group's leverage ratio calculated with CET1 capital was 13.1% (12.3%).

Because MuniFin's objective as a public development credit institution under the CRR is not to maximise profits, the Group aims at a result that will ensure the Group's ability to carry out its core mandate in the long term. The Group's objective is to achieve at least a result that is sufficient to cover any increases in capital requirements arising from increased business operations and satisfy the shareholders' expected yield in the long term. MuniFin uses long-term pricing strategies and other measures to maximise its customer benefits while also ensuring the continuity of its operations and the yield expectation of its shareholders.

The net operating profit excluding unrealised fair value changes generated from MuniFin's core business has remained relatively stable in recent years, totalling about EUR 170–210 million. However, relative to the volume of core business, i.e. customer financing, the net operating profit excluding unrealised fair value changes has dropped significantly in recent years, which has been in line with the Group's plans as a credit institution that does not seek to maximise profits. Between 2018 and 2024, profitability relative to the volume of customer financing decreased from 0.83% to 0.50%. In 2025, the comparable ratio continued to decrease and was 0.46%. In the coming years, MuniFin's goal is to maintain a level of total profit that guarantees the continuity of the Group's operations.

MuniFin aims to constantly improve the efficiency of its operations, generating growing added value to its customers and shareholders. MuniFin's long-term goal is to gradually decrease the ratio of the costs and development investments over which the Group has influence to its customer business.

According to MuniFin's dividend policy, MuniFin's strong capital position allows it to aim to pay 30–60% of the Group's financial year's profit in dividends, as long as it does not jeopardise the Parent Company's solvency, liquidity or ability to meet its commitments. When drafting the annual dividend proposal and deciding on the distribution of profits, the following factors influencing the Group's capital position are taken into account on a broad spectrum:

- Uncertainties and changes in the operating environment and regulation
- Assessments of the Group's financial situation in the future
- The Group's funding position and liquidity
- Changes to the Group's risk position
- Unrealised fair value changes affecting the Group's own funds
- Assessments of the Group's liquidity development
- Views of supervisory authorities and credit rating agencies
- Accruals of possible AT1 capital instruments not recognised in profit and loss.

Risk management

MuniFin Group's operations require adequate risk management mechanisms to ensure that its risk position remains within the limits set by the Parent Company's Board of Directors. The Group applies conservative risk management principles. The aim is to keep the Group's overall risk profile at such a low level that the MuniFin's credit rating remains the best possible in relation to the credit rating of the Government of Finland.

The relevant risk types associated with the Group's operations include credit and counterparty risk, market risk, liquidity risk and operational risks, including IT and compliance risks. All business operations also involve strategic risks and ESG risks, such as environmental and climate risks.

The Group's risk position

There were no material changes in MuniFin Group's risk position in 2025, and risks remained within the risk appetite limits set by the Board of Directors. The continued geopolitical tensions and market volatility did not affect the Group's performance during the financial year. Credit risk spreads remained at a high level due to an unusually high degree of market uncertainty in the SSA (*Sovereigns, Supranationals, Agencies*) sector. Despite the market volatility, the Group retained uninterrupted access to capital markets and continued its funding operations in the usual manner during the financial year. Because of the uncertainties in the operating environment, the Group has nevertheless maintained strong liquidity buffers as a precaution. The geopolitical instability mainly affects the Group indirectly through market conditions. Despite the changes in the operating environment, the Group's risk position remained stable and at a moderate level during the financial year.

In 2025, the Group participated in the Single Supervisory Mechanism (*SSM*) stress test carried out by the ECB, covering the years 2025–2027. Its results were published in the beginning of August. The Group's capital adequacy clearly exceeds the level required under the stress test scenario.

Credit risks

The Group is exposed to credit risks as part of its business, but due to the nature of its customer base, these risks are low. The Group's credit risks emerge almost exclusively from its customer financing, liquidity portfolio investments and derivatives portfolio. The Group also offers derivative products for its customers for hedging their interest rate positions. These products are covered with offsetting contracts from the market. The Group uses derivatives only for hedging against market risks.

In view of its credit risk mitigation techniques (mortgage collateral and guarantees received) and the exemptions set out in CRR Article 400 related to the calculation of large exposures, MuniFin Group is not exposed to the customer risk referred to in the regulation in its customer financing, and thus the customer risk of any individual customer does not exceed 10% of the Group's own funds. Credit loss and impairments on financial assets in the income statement were EUR 0.9 million (EUR 0.3 million). This item consists of expected credit losses (*ECL*). The amount of forborne loans was EUR 658 million (EUR 561 million), while non-performing exposures amounted to EUR 454 million (EUR 292 million) at the end of the year. For these non-performing exposures, MuniFin has absolute guarantees by municipalities or by wellbeing services counties, or real estate collateral and state deficiency guarantee, and these exposures are therefore not expected to carry the risk of a final credit loss. Non-performing exposures represented 1.1% (0.8%) of total customer exposures.

MuniFin's credit risk position remained stable and at a low level during the year. It is expected to remain stable and in line with the Group's credit risk strategy also in the future.

Market risks

Market risks include interest rate risk, exchange rate risk and other market and price risks. The Group uses derivatives to hedge against market risks. Derivatives can only be used for hedging purposes as the Group does not engage in trading activities. Interest rate risk mainly arises from the differences in reference rates applicable to the assets and liabilities in the balance sheet. In addition, the Group may create a strategic mismatch portfolio, i.e. leave fixed-rate exposures unhedged, to achieve its objective of earnings stabilisation. The strategic mismatch portfolio can include both fixed- and revisable-rate loans as well as fixed-rate investments in the liquidity portfolio. Derivatives are not used in the creation of the strategic mismatch.

The Group actively monitors and hedges its interest rate risk. Ten scenarios are used in the calculation of the net interest income (*NII*) risk, of which the least favourable outcome is considered. At the end of December, one-year NII risk was EUR -38 million, and the least favourable scenario was a short rate shock up (at the end of 2024, the least favourable scenario was a short rate shock up, EUR -44 million). Several scenarios are also used in the calculation of the economic value of equity (*EVE*), of which the least favourable outcome is considered. At the end of December, the least favourable scenario was a parallel shock of +200 basis points, resulting in EVE of EUR -134 million (at the end of 2024, the least favourable scenario was a parallel shock of +200 basis points, EUR -120 million).

The Group mitigates its foreign exchange (*FX*) risk by using derivative contracts to swap all funding and investments denominated in foreign currency into euros. The Group's customer financing is denominated in euros, and the Group has no significant open FX positions. In practice, a small temporary exchange rate risk may occasionally arise due to cash collateral management (*USD*) in the clearing of derivatives by central counterparties, but this risk is actively monitored and hedged. Derivatives are also used to hedge against other market and price risks.

The Group has also determined valuation risk as a significant risk for its business. During the financial year, unrealised fair value changes of financial instruments increased the Group's earnings volatility. The unrealised fair value changes were influenced in particular by changes in interest rate expectations and credit risk spreads in the Group's main funding markets. The Group continuously monitors and analyses the volatility arising from valuations and prepares for any impacts this may have on its profit and capital adequacy.

The Group's market risk has remained stable despite the market changes.

Liquidity risks
MuniFin Group manages its refinancing risk by limiting the average maturity between financial assets and liabilities. In addition, the Group manages its liquidity risk by setting a limit for the minimum adequacy of the available short-term and long-term liquidity. The Group's survival horizon was 12 months (15 months) at the end of the year. The Group's liquidity remained good.

The Group's liquidity coverage ratio (*LCR*) was 224.6% (338.8%) at the end of the financial year. The availability of long-term funding is monitored via the net stable funding ratio (*NSFR*), which stood at 121.4% (123.7%). The availability of funding remained good throughout the year, and the Group issued EUR 10,019 million (EUR 8,922 million) in long-term funding.

The following table details the Group's high-quality liquid assets (*HQLA*) as defined in the LCR regulation.

Liquid assets, HQLA (EUR million)	31 Dec 2025	%	31 Dec 2024	%
Level 1	9,480	72%	10,413	77%
Level 2a	1,433	11%	1,040	7%
Level N*	2,202	17%	2,133	16%
Total	**13,115**	**100%**	**13,586**	**100%**

** Includes short-term customer financing granted as money market investments amounting to EUR 1,895 million (EUR 1,825 million).*

Operational risks
At the beginning of 2025, monitoring and reporting methods related to ICT risk management were adopted as part of the DORA regulation that entered into force. The Group carried out a broad reform of supplier management, in which the Risk Management and Compliance function supports the identification of risks related to suppliers, systems, and services, and objectively assess the suppliers' risk levels. In addition, the role of risk management in overseeing development and projects has been formalised.

MuniFin Group's operational risks are estimated to be at a moderate level, and there were no material losses from operational risks in 2025.

ESG risks
ESG risks include environmental, social and governance risks. As part of the Group's ESG risk management, the Group's emissions reduction targets and related indicators are set out in MuniFin's sustainability programme and transition plan.

There have been no material changes in ESG risks during the financial year. According to the Group's assessment, its exposure to climate and environmental risks is low. As per the Group's business model, customer receivables originate from the Finnish municipal and wellbeing services counties sectors or from the State of Finland after credit mitigation (*state deficiency guarantee*).

MuniFin Group recognises that its customers may be exposed to both physical risk caused by climate change and transition risk related to climate change mitigation. The Group can also be exposed to these risks through its customers. Identified risks are related to real estate collateral, but given the existing guarantee arrangements, even the materialisation of a climate or environmental risk is not expected to cause final credit losses.

The Group's investment counterparties are governments, central banks, SSA sector entities and credit institutions. According to the Group's assessment, the impact of climate and environmental risks on these operators for the Group is minor. MuniFin Group only invests in counterparties whose risks it considers to be low. This also applies to the Group's derivative counterparties.

According to the Group's assessment, environmental and climate risks are unlikely to manifest substantially in the short term, but they may have an adverse economic effect on the Group's customers in the medium and long term. Although the Group assesses its climate and environmental risks to be low, it recognises that as climate change progresses, the risks and uncertainty associated with it will increase. For this reason, MuniFin Group assesses its exposure to climate and environmental risks at least once a year.

In addition to climate and environmental risks, the Group acknowledges that it may be exposed also to social and governance risks through its own or its customers' activities. The probability of these risks materialising is nevertheless considered low.

The Group monitors the governance of its customers and investment counterparties through an ESG scoring model, which it uses to evaluate their reported governance and other ESG factors. The Group also monitors that its service providers meet the minimum ESG requirements set for all partners.

Governance

In addition to corporate legislation, MuniFin complies with the governance requirements of the Finnish Act on Credit Institutions and supervisory guidelines. The governance policy is described in more detail on MuniFin's website, which also includes information on how MuniFin complies with the Finnish Corporate Governance Code for listed companies published by the Finnish Securities Market Association. This code applies to Finnish listed companies, i.e. companies whose shares are listed on Nasdaq Helsinki Ltd (Helsinki Stock Exchange). Since MuniFin is exclusively an issuer of listed bonds, and its shares are not subject to public trading, this code does not apply directly to MuniFin.

No material changes to MuniFin Group's governance took place during the financial year.

Group structure

Municipality Finance Group (MuniFin Group or the Group) consists of Municipality Finance Plc (MuniFin or the Parent Company) and Kuntarahoituksen digitaaliset palvelut Oy. The change of name of the subsidiary company Financial Advisory Services Inspira Plc to Kuntarahoituksen digitaaliset palvelut Oy was registered in early 2025. Kuntarahoituksen digitaaliset palvelut Oy is fully owned by MuniFin. No changes to the Group or ownership structure took place in the reporting period.

General meeting

The Annual General Meeting (*AGM*) of MuniFin was held on 25 March 2025. The AGM confirmed the Financial Statements for 2024 and discharged the members of the Board of Directors, the CEO and the Deputy CEO from liability for the financial year 2024. In addition, in accordance with the proposal of the Board of Directors, the AGM authorised a dividend of EUR 1.86 per share to be paid, totalling EUR 72.7 million. The amount of distributable funds on the Group's balance sheet on 31 December 2024 was EUR 373 million.

Based on the proposal of the Shareholders' Nomination Committee, the AGM decided to appoint nine Board members for the 2025–2026 term, lasting from the 2025 AGM to the end of the subsequent AGM. The AGM also confirmed the Shareholders' Nomination Committee's proposal on the remuneration of Board members.

In accordance with the Board's proposal, the AGM elected PricewaterhouseCoopers Oy as MuniFin's auditor, with APA Jukka Paunonen as the principal auditor. The AGM also elected PricewaterhouseCoopers Oy as MuniFin's sustainability reporting auditor, with Tiina Puukkoniemi as the principal sustainability reporting auditor. However, the AGM also noted that the European Commission proposed changes to sustainability reporting requirements at the end of February 2025. If MuniFin is no longer required to report under the amended legislation, MuniFin will also no longer be subject to the sustainability reporting auditing requirement.

The AGM's resolutions are published on MuniFin's website.

Board of Directors

The Shareholder's Nomination Committee made a proposal to the AGM held on 25 March 2025 regarding the members to be elected for the term that began at the end of the 2025 AGM and will conclude at the end of the subsequent AGM.

The AGM elected the following members to the Board of Directors: Maaria Kettunen (formerly Eriksson), Liisa Harjula, Kari Laukkanen, Juho Malmberg, Tuomo Mäkinen, Henrik Raunio, Elina Ståhlman, Leena Vainiomäki and Arto Vuojolainen. As per the Committee's proposal, the MuniFin Board nominated Kari Laukkanen as the Chair of the Board and Maaria Kettunen as the Vice Chair.

From the 2024 AGM to the 2025 AGM, the members of the Board of Directors were Kari Laukkanen (Chair), Maaria Kettunen (Vice Chair), Markku Koponen, Tuomo Mäkinen, Elina Stråhlman, Denis Strandell, Leena Vainiomäki and Arto Vuojolainen. Markku Koponen and Denis Strandell were no longer available for the Board's 2025–2026 term.

MuniFin has statutory audit, risk and remuneration committees established by the Board of Directors. The committees act as assisting and preparatory bodies to the Board of Directors. The MuniFin Board selected Elina Stråhlman (Chair), Liisa Harjula, Kari Laukkanen and Henrik Rainio as the members of the Audit Committee. In the Risk Committee, the Board selected Leena Vainiomäki (Chair), Maaria Kettunen, Juho Malmberg and Arto Vuojolainen. In the Remuneration Committee, the Board selected Kari Laukkanen (Chair), Maaria Kettunen, Tuomo Mäkinen and Leena Vainiomäki.

The operations of the MuniFin Board of Directors and its committees are described in more detail on MuniFin's website.

Personnel, salaries and remuneration

At the end of December 2025, MuniFin Group had 185 (178) employees. The President and CEO of MuniFin is Esa Kallio, with Mari Tyster, Executive Vice President, acting as deputy to the President and CEO. At the end of the year, the MuniFin Executive Management Team also included Executive Vice Presidents Aku Dunderfelt, Erika Fredman, Toni Heikkilä, Joakim Holmström, Minna Piitulainen and Juha Volotinen.

During the financial year, Executive Vice President of Finance and Executive Management Team member Harri Luhtala left MuniFin. Luhtala's position was filled by Erika Fredman, who started as the Executive Vice President of Finance on 1 November 2025. Fredman is also a member of the Executive Management Team.

The remuneration paid to MuniFin Group's management and employees consists of fixed remuneration (base salary and fringe benefits) and a variable element based on the conditions of the remuneration scheme. The principles of the remuneration scheme are confirmed by the Parent Company's Board of Directors, and they are reviewed on an annual basis. The Remuneration Committee advises the Board of Directors on remuneration-related matters. Salaries and remuneration paid across the Group amounted to EUR 19 million (EUR 17 million).

Internal audit

The purpose of MuniFin Group's internal audit is to monitor the reliability and accuracy of the Group's information on finances and other management. It also ensures that MuniFin Group has sufficient and appropriately organised manual operations and IT systems and that the risks associated with the operations are adequately managed.

Events after the reporting period

The MuniFin Board of Directors is not aware of any events having taken place after the end of the financial year that would have a material effect on the Group's financial standing.

Outlook for 2026

The euro area economic outlook for 2026 has strengthened over the past six months. Despite uncertainties in global trade and geopolitics, strong momentum in the service sectors has kept unemployment low and private consumption on the rise. The ECB's interest rate cuts have also given investments a tailwind, with activity turning towards an upward trend.

Even so, Europe's economy is facing a multitude of risks. The geopolitical environment remains unstable, and the ultimate effects of Donald Trump's trade policy are still highly uncertain. The US economy is at something of a crossroads, where a normal slowdown in growth could turn into a deeper-than-expected downturn. China, in turn, is grappling with increasingly severe structural challenges in its economy. In addition to challenges in the external operating environment, Europe is burdened by mounting public debt, a weak competitive position in technological transitions and security risks that are driving a much higher share of resources into defence than before.

Euro area monetary policy is not expected to undergo any major changes next year. Economic recovery is continuing at a moderate – if uncertain – pace, with inflation returning close to the ECB's target. Markets are expecting the ECB's key interest rates to remain stable in 2026. Public projects aimed at strengthening defence, security of supply and infrastructure are increasing governments' borrowing needs, which may continue to exert some upward pressure on long-term interest rates. A potential start to the reconstruction of Ukraine would have a similar effect. As the cyclical recovery continues, monetary policy may tighten moderately from 2027 onwards, a development that market interest rates may begin to anticipate in 2026.

Finland's economic turnaround has been slower than expected, but 2026 is expected to bring more growth-supporting factors. The decline in employment is expected to halt and domestic consumption to pick up gradually. A further growth boost is coming from green transition investment projects and major cruise ship and icebreaker deals. At the same time, public deficit is slowly coming down.

Despite municipalities' determined fiscal adjustment measures, their funding deficit is likely to grow considerably in 2026. Municipal finances are strained by central government transfer cuts resulting from the balancing of health and social services reform transfers, personnel costs increased by rises in wages and the sizeable investment needs of larger cities. High unemployment is also driving up employment-related costs and putting a strain on tax revenues.

The housing market and construction sector remain weak spots in the economy, likely to offer little lift in 2026. Privately financed new construction is unlikely to pick up substantially, as the number of vacant rentals and unsold homes remains exceptionally high. State-subsidised housing production is set to decline sharply due to a significant reduction in interest subsidy loan authorisations.

MuniFin Group's commission expenses may increase significantly in 2026 based on the decision made in 2025 by the Municipal Guarantee Board (*MGB*) to raise the guarantee fee payable to the MGB. The guarantee fee is paid for MuniFin's funding that is guaranteed by the MGB. The MGB has decided to increase the guarantee fee more than three times calculated from the guaranteed funding.

The Group's risk position is expected to remain stable. Also, the Group expects its capital adequacy ratio and leverage ratio to remain strong. The valuation principles set in the IFRS framework may cause significant but temporary unrealised fair value changes, some of which increase the volatility of net operating profit and make it more difficult to estimate.

These estimates are based on a current assessment of the development of MuniFin Group's operations and the operating environment.

The Board's proposal concerning the use of the profit shown in the balance sheet and the distribution of dividends

Municipality Finance Plc has distributable funds of EUR 374 million, of which the profit for the financial year totalled EUR 73 million.

In accordance with the dividend policy ratified by the Annual General Meeting (*AGM*) in March 2023, MuniFin aims to pay 30–60% of the Group's financial year's profit in dividends. The Board of Directors proposes to the AGM that based on the confirmed balance sheet, EUR 1.83 per share be paid in dividend, totalling EUR 71.5 million. This is 46.4% of the Group's financial year's profit. The total dividend payment for the financial year 2024 was EUR 72.7 million.

MuniFin's result for the financial year was strong. The Board of Directors considers the payment of the proposed dividend to be justified. MuniFin clearly exceeds all the prudential requirements set for it. The company's financial position has remained strong after the end of the financial year. According to the Board's assessment, the proposed distribution of profits does not place the fulfilment of the capital requirements or the company's liquidity in jeopardy or conflict with binding legislation.

MuniFin's 2026 AGM is scheduled to be held on 26 March 2026. Dividends will be paid to shareholders who are recorded in the company's list of shareholders on 30 March 2026. The Board of Directors proposes that the dividends be paid on 9 April 2026 at the earliest.

Helsinki, 11 February 2026
Municipality Finance Plc
Board of Directors

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Development of the Group's key figures in 2021–2025

	Jan–Dec 2025	Jan–Dec 2024	Jan–Dec 2023	Jan–Dec 2022	Jan–Dec 2021
Turnover (EUR million)	1,713	2,239	1,862	759	535
Net interest income (EUR million)*	260	260	259	241	280
% of turnover	15.2	11.6	13.9	31.8	52.4
Net operating profit (EUR million)*	193	166	139	215	240
% of turnover	11.2	7.4	7.4	28.3	44.8
Unrealised fair value changes (EUR million)*	14	-16	-37	45	27
Net operating profit excluding unrealised fair value changes (EUR million)*	178	181	176	170	213
Cost-to-income ratio, %*	25.9	27.7	32.2	23.9	21.7
Cost-to-income ratio excluding unrealised fair value changes, %*	27.4	26.0	27.3	28.4	23.8
Return on equity *(ROE)*, %*	7.9	7.2	6.6	9.9	10.7
Return on equity *(ROE)* excluding unrealised fair value changes, %*	7.4	7.9	8.4	7.8	9.6
Return on assets *(ROA)*, %*	0.3	0.3	0.2	0.4	0.4
Return on assets *(ROA)* excluding unrealised fair value changes, %*	0.3	0.3	0.3	0.3	0.4
New long-term customer financing (EUR million)*	5,088	5,056	4,319	4,317	3,594
New long-term funding (EUR million)*	10,019	8,922	10,087	8,827	9,395

	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021
Long-term customer financing (EUR million)*	37,909	35,173	32,022	29,144	29,214
Green finance (EUR million)*	9,111	6,817	4,795	3,251	2,328
Social finance (EUR million)*	2,775	2,536	2,234	1,734	1,161
Sustainability-linked loans (EUR million)*	710	38	-	-	-
Total funding (EUR million)*	49,117	46,737	43,320	40,210	40,712
Equity (EUR million)	1,936	1,945	1,744	1,614	1,862
Total balance sheet (EUR million)	55,634	53,092	49,736	47,736	46,360
Total liquidity (EUR million)*	11,636	11,912	11,633	11,505	12,222
Liquidity Coverage Ratio *(LCR)*, %	224.6	338.8	409.1	256.7	334.9
Net Stable Funding Ratio *(NSFR)*, %	121.4	123.7	124.1	120.3	123.6
Equity ratio, %*	3.5	3.7	3.5	3.4	4.0
CET1 capital (EUR million)	1,706	1,646	1,550	1,482	1,408
Tier 1 capital (EUR million)	1,706	1,646	1,550	1,482	1,756
Total own funds (EUR million)	1,706	1,646	1,550	1,482	1,756
CET1 capital ratio, %***	94.0	107.7	103.4	97.6	95.0
Tier 1 capital ratio, %***	94.0	107.7	103.4	97.6	118.4
Total capital ratio, %***	94.0	107.7	103.4	97.6	118.4
Leverage ratio, %**	13.1	12.3	12.0	11.6	12.8
Personnel	185	178	185	175	164

* *Alternative performance measure.*

** *MuniFin fulfils the CRR definition of a public development credit institution and may therefore deduct all the credit receivables from municipalities, wellbeing services counties and the central government in the calculation of its leverage ratio.*

*** *The capital ratios at 31 December 2025 have been calculated in accordance with the CRR III regulation. The figures for the comparative periods have not been adjusted.*

The calculation formulas for all key figures can be found on pages 41–49. All figures presented in the Financial Statements Bulletin are those of MuniFin Group, unless otherwise stated.

Key figures

MuniFin Group defines the Alternative Performance Measures (*APMs*) to be financial measures that have not been defined in the IFRS standards or the capital requirements regulation (*CRD/CRR*). The APMs improve comparability between companies in the same sector and between reporting periods and provide valuable information to the readers of the financial reports. The APMs provide a more consistent basis for comparing the results of financial periods and for assessing MuniFin Group's performance. They are also an important aspect of the way in which the Group's management defines operating targets and monitors performance.

The APMs are presented in MuniFin Group's financial reports in accordance with the guidelines for Alternative Performance Measures issued by the European Securities and Markets Authority (*ESMA*).

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Dec 2025	Jan–Dec 2024
Net interest income	Interest income and expense from financial assets and liabilities are recognised in net interest income. A significant part of the Group's revenues consists of net interest income.	Interest income at effective interest rate method	1,387	1933
		Other interest income	307	319
		Interest expense at effective interest rate method	-975	-1420
		Other interest expense	-459	-572
		Net interest income	**260**	**260**
Unrealised fair value changes	According to IFRS 9 standard, part of the Group's financial instruments are measured at fair value through profit and loss which increases PnL volatility. To enhance comparability of business performance between periods and companies, it is often necessary to exclude the PnL effect of the unrealised fair value changes. Items in the calculation formula are from Consolidated income statement's line item *Net result on financial instruments at fair value through profit or loss*.	Net result on financial assets and liabilities through profit or loss, unrealised fair value changes	20	-4
		Net result on hedge accounting, unrealised fair value changes	-6	-12
		Unrealised fair value changes	**14**	**-16**
Net operating profit	Net operating profit describes the Group's operating profit before taxes.	**Net operating profit**	**193**	**166**
Net operating profit excluding unrealised fair value changes	Net operating profit excluding unrealised fair value changes as an APM is of interest for showing MuniFin Group's underlying earnings capacity.	Net operating profit	193	166
		- Unrealised fair value changes	-14	16
		Net operating profit excluding unrealised fair value changes	**178**	**181**
Income	Income, which describes the Group's total income including net interest income, is used e.g. as a denominator (excl. Commission expenses) in Cost-to-income ratio.	Net interest income	260	260
		Commission income	1	1
		Net result on financial instruments at fair value through profit or loss	17	-15
		Net result on financial assets at fair value through other comprehensive income	1	0
		Other operating income	0	0
		Income	**280**	**247**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Dec 2025	Jan–Dec 2024
Income excluding unrealised fair value changes	Income excluding unrealised fair value changes reflects the Group's operating income, of which the most significant is net interest income.	Income	280	247
		- Unrealised fair value changes	-14	16
		Income excluding unrealised fair value changes	**265**	**262**
Other income	Other income includes all other income of the Group except net interest income and unrealised fair value changes.	Commission income	1	1
		Net result from hedge accounting, realised	5	0
		Net result on financial assets and liabilities through profit or loss, realised	0	0
		Net result on FX differences	-1	0
		Net result on financial assets at fair value through other comprehensive income	1	0
		Other operating income	0	0
		Other income	**5**	**2**
Costs	Costs, which describe the Group's total costs, is used e.g. as a numerator (excl. Commission expenses) in Cost-to-income ratio.	Commission expenses	18	17
		HR and administrative expenses	49	44
		Depreciation on tangible and intangible assets	4	6
		Other operating expenses	14	14
		Costs	**86**	**81**
Cost-to-income ratio	Cost-to-income ratio is an established key ratio in the banking sector for assessing the relationship between expenses and income. The ratio gives investors a comparative view of MuniFin Group's cost-effectiveness.	Costs (excl. Commission expenses)	68	64
		÷ Income (incl. Net commission income)	261	230
		Cost-to-income ratio, %	**25.9%**	**27.7%**
Cost-to-income ratio excluding unrealised fair value changes	Cost-to income ratio excluding unrealised fair value changes gives a more precise picture of MuniFin Group's operative effectiveness as it excludes the income volatility of unrealised fair value changes. It improves comparability of operative effectiveness between companies and reporting periods.	Costs (excl. Commission expenses)	68	64
		÷ (Income (incl. Net commission income)	261	230
		- Unrealised fair value changes)	-14	16
		Cost-to-income ratio excluding unrealised fair value changes, %	**27.4%**	**26.0%**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Dec 2025	Jan–Dec 2024
The effect of unrealised fair value changes on other comprehensive income and equity net of tax	Key indicator used in management reporting to describe the effect of unrealised fair value changes during the reporting period on the Group's comprehensive income and equity net of tax.	Unrealised fair value changes through PnL	14	-16
		Taxes related to the unrealised fair value changes through PnL	-3	3
		Change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss, net of tax	-62	110
		Change in Cost-of-Hedging, net of tax	-27	24
		Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-1	1
		Change in expected credit loss of financial assets at fair value through other comprehensive income, net of tax	-1	0
		The effect of unrealised fair value changes on other comprehensive income and equity net of tax	**-79**	**122**
New long-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume during the reporting period. The indicator includes the amount of new loans excluding unrealised fair value changes and new leased assets excluding unrealised fair value changes.	New lending	4,929	4,839
		New leased assets	159	217
		New long-term customer financing	**5,088**	**5,056**
Ratio of net operating profit excluding unrealised fair value changes to volume of long-term and short-term customer financing, %	Key indicator used in management reporting to describe MuniFin Group's profit earnings.	(Net operating profit excluding unrealised fair value changes	178	181
		÷ Long-term customer financing excluding unrealised fair value changes and short-term customer financing (average of values at the beginning and end of the period)) x100	39,009	36,067
		Ratio of net operating profit excluding unrealised fair value changes to volume of long-term and short-term customer financing, %	**0.46%**	**0.50%**
New long-term funding	Key indicator used in management reporting to describe MuniFin Group's funding activity during the reporting period. The indicator includes the amount of new funding (over 1 year) issued excluding unrealised fair values changes.	**New long-term funding**	**10,019**	**8,922**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	Jan–Dec 2025	Jan–Dec 2024
Return on Equity (*ROE*), %	ROE measures the efficiency of MuniFin Group's capital usage. It is a commonly used performance measure and as an APM improves comparability between companies.	((Net operating profit	193	166
		- Taxes)	-39	-33
		÷ Equity and non-controlling interest (average of values at the beginning and end of the period)) x100	1,941	1,845
		Return on Equity (ROE), %	**7.9%**	**7.2%**
Return on Equity (*ROE*) excluding unrealised fair value changes, %	MuniFin Group's strategy indicator. Excluding the unrealised changes in fair values increases comparability between reporting periods.	((Net operating profit excluding unrealised fair value changes	178	181
		- Taxes)	-36	-36
		÷ Equity and non-controlling interest (average of values at the beginning and end of the period)) x100	1,941	1,845
		Return on Equity (ROE) excluding unrealised fair value changes, %	**7.4%**	**7.9%**
Return on Assets (*ROA*), %	ROA measures the efficiency of MuniFin Group's investments. It is a commonly used performance measure and as an APM improves comparability between companies.	((Net operating profit	193	166
		- Taxes)	-39	-33
		÷ Average balance sheet total (average of values at the beginning and end of the period)) x100	54,363	51,414
		Return on Assets *(ROA)*, %	**0.3%**	**0.3%**
Return on Assets *(ROA)* excluding unrealised fair value changes, %	Excluding the unrealised changes in fair values increases comparability of ROA between reporting periods.	((Net operating profit excluding unrealised fair value changes	178	181
		- Taxes)	-36	-36
		÷ Average balance sheet total (average of values at the beginning and end of the period)) x100	54,363	51,414
		Return on Assets *(ROA)* excluding unrealised fair value changes, %	**0.3%**	**0.3%**
Turnover	Turnover is not presented as a separate item in the Consolidated income statement, which is why the Group presents the calculation formula and reconciliation in the key figures table.	Interest income at effective interest rate method	1,387	1,933
		Other interest income	307	319
		Commission income	1	1
		Net result on financial instruments at fair value through profit or loss	17	-15
		Net result on financial assets at fair value through other comprehensive income	1	0
		Other operating income	0	0
		Turnover	**1,713**	**2,239**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	31 Dec 2025	31 Dec 2024
Equity ratio, %	Equity ratio is an investment leverage and solvency ratio that measures the amount of assets that are financed by equity. It is a commonly used performance measure and as an APM improves comparability between companies.	(Equity and non-controlling interest	1,936	1,945
		÷ Balance sheet total) x100	55,634	53,092
		Equity ratio, %	**3.5%**	**3.7%**
Long-term loan portfolio	Key indicator used in management reporting to describe MuniFin Group's business volume. The loan portfolio consists of long-term loans with an original maturity of at least 1 year. The key indicator does not take into account interest accrued on long-term loan portfolio.	Loans and advances to the public and public sector entities	38,083	35,377
		- Interest accrued on long-term loan portfolio	-174	-204
		- Leased assets	-1,625	-1,563
		Long-term loan portfolio	**36,284**	**33,610**
Long-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume. Long-term customer financing consists of long-term loan portfolio and leased assets. The key indicator does not take into account interest accrued on long-term loan portfolio.	Loans and advances to the public and public sector entities	38,083	35,377
		- Interest accrued on long-term loan portfolio	-174	-204
		Long-term customer financing	**37,909**	**35,173**
Long-term customer financing excluding unrealised fair value changes	Key indicator used in management reporting to describe MuniFin Group's business volume. In this indicator the unrealised fair value changes have been excluded to enhance comparability of business performance between periods. The key indicator does not take into account interest accrued on long-term loan portfolio.	Loans and advances to the public and public sector entities	38,083	35,377
		- Interest accrued on long-term loan portfolio	-174	-204
		- Unrealised fair value changes	601	614
		Long-term customer financing excluding unrealised fair value changes	**38,510**	**35,787**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	31 Dec 2025	31 Dec 2024
Ratio of sustainable finance to long-term customer financing excluding unrealised fair value changes, %	Key indicator used in management reporting to describe MuniFin Group's business volume.	Green finance	9,111	6,817
		Social finance	2,775	2,536
		Sustainability-linked loan	710	38
		(Total of sustainable finance	**12,595**	**9,391**
		÷ Long-term customer financing excluding unrealised fair value changes) x100	38,510	35,787
		Ratio of sustainable finance to long-term customer financing excluding unrealised fair value changes	**32.7%**	**26.2%**
Short-term customer financing	Key indicator used in management reporting to describe MuniFin Group's business volume. Short-term customer financing consists of money market papers bought from customers, which have original maturity of 1 year or less.	Debt securities, commercial papers from customers	1,895	1,825
		Short-term customer financing	**1,895**	**1,825**
Total funding	Key indicator used in management reporting to describe MuniFin Group's funding volume. Total funding consists of long-term and short-term funding. The key indicator does not take into account interest payable on long-term funding.	Liabilities to credit institutions	196	884
		Liabilities to the public and public sector entities	2,315	2,464
		Debt securities issued	47,127	44,534
		Total	**49,638**	**47,882**
		- Interest payable on long-term funding	-498	-429
		- Cash collateral received *(CSA)*	-22	-716
		- Liabilities to credit institutions, payable on demand	-	-
		Total funding	**49,117**	**46,737**
Long-term funding	Key indicator used in management reporting to describe MuniFin Group's funding volume.	Total funding	49,117	46,737
		- Short-term issued funding *(ECP)*	-4,075	-3,409
		Long-term funding	**45,042**	**43,328**

Alternative Performance Measure EUR million	Definition / Explanation	Reconciliation	31 Dec 2025	31 Dec 2024
Total liquidity	Key indicator used in management reporting to describe MuniFin Group's liquidity position. The key indicator does not take into account accrued interest.	Debt securities	8,061	5,879
		- Interest accrued on investment bonds	-67	-38
		- Short-term customer financing	-1,895	-1,825
		Investments in securities total	**6,099**	**4,016**
		Cash and balances with central banks	5,169	7,777
		Deposits	368	120
		Other investments total	**5,538**	**7,896**
		Total liquidity	**11,636**	**11,912**
Ratio of socially responsible investments to all investments, %	Key indicator used in management reporting for social responsibility area. The ratio is calculated based on the nominal values of securities investments.	(Socially responsible investments *(SRI)*, nominal	1,349	870
		÷ Investment CPs and bonds, nominal) x100	6,122	4,038
		Ratio of SRI securities to all investment bonds, %	**22.0%**	**21.5%**
Ratio of socially responsible investments to MuniFin Group's own green and social funding, %	Key indicator used in management reporting for social responsibility area.	(Socially responsible investments	1,349	870
		÷Green and social funding) x100	7,035	5,824
		Ratio of socially responsible investments to MuniFin Group's own green and social funding, %	**19.2%**	**14.9%**

Other measures EUR million	Definition	Reconciliation	31 Dec 2025	31 Dec 2024
Liquidity Coverage Ratio (*LCR*), %	Defined in CRR.	(Liquid assets	10,552	11,170
		÷ (Liquidity outflows - liquidity inflows in a stress situation)) x100	4,699	3,297
		Liquidity Coverage Ratio *(LCR)*, %	**224.6%**	**338.8%**
Net Stable Funding Ratio (*NSFR*), %	Defined in CRR.	(Available Stable Funding *(ASF)*	41,450	39,298
		÷ Required Stable Funding *(RSF)*) x100	34,154	31,757
		Net Stable Funding Ratio *(NSFR)*, %	**121.4%**	**123.7%**
CET1 capital ratio, %	Defined in CRR.	(Common Equity Tier 1 *(CET1)* capital	1,706	1,646
		÷ Risk exposure amount) x100	1,815	1,528
		CET1 capital ratio, %	**94.0%**	**107.7%**
Tier 1 capital ratio, %	Defined in CRR.	(Tier 1 capital	1,706	1,646
		÷ Risk exposure amount) x100	1,815	1,528
		Tier 1 capital ratio, %	**94.0%**	**107.7%**
Total capital ratio, %	Defined in CRR.	(Total own funds	1,706	1,646
		÷ Risk exposure amount) x100	1,815	1,528
		Total capital ratio, %	**94.0%**	**107.7%**
Leverage ratio, %	Defined in CRR.	(Tier 1 capital	1,706	1,646
		÷ Total exposure) x100	13,043	13,340
		Leverage ratio, %	**13.1%**	**12.3%**

MuniFin Group’s Financial Statements Bulletin tables

MuniFin

Consolidated income statement

(EUR 1,000)	Note	Jan–Dec 2025	Jan–Dec 2024	Jul–Dec 2025	Jul–Dec 2024
Interest income at effective interest rate method	(2)	1,387,135	1,933,354	646,694	950,709
Other interest income	(2)	306,823	319,120	161,765	159,635
Interest expense at effective interest rate method	(2)	-975,160	-1,420,222	-440,673	-693,967
Other interest expense	(2)	-458,674	-572,096	-231,535	-284,779
Net interest income		**260,124**	**260,156**	**136,251**	**131,597**
Commission income		1,166	1,465	587	533
Commission expense		-18,175	-16,917	-9,146	-8,790
Net result on financial instruments at fair value through profit and loss	(3)	17,367	-15,086	19,322	-31,157
Net result on financial assets at fair value through other comprehensive income		811	3	811	-
Other operating income		86	31	5	6
HR and administrative expenses		-49,403	-43,624	-24,560	-21,485
Depreciation on tangible and intangible assets	(10)	-3,975	-6,031	-1,648	-2,919
Other operating expenses		-14,430	-14,064	-6,889	-6,669
Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income	(11)	-941	-326	-101	-604
Net operating profit		**192,630**	**165,606**	**114,632**	**60,513**
Income tax expense		-38,572	-32,913	-22,940	-12,104
Profit for the period		**154,058**	**132,693**	**91,692**	**48,409**

The accompanying notes are an integral part of the Financial Statements Bulletin.

Consolidated statement of comprehensive income

(EUR 1,000)	Note	Jan–Dec 2025	Jan–Dec 2024	Jul–Dec 2025	Jul–Dec 2024
Profit for the period		154,058	132,693	91,692	48,409
Components of other comprehensive income					
Items not to be reclassified to income statement in subsequent periods					
Change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	(3)	-77,669	137,202	-45,302	76,414
Tax on change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss		15,534	-27,440	9,060	-15,283
Change in Cost-of-Hedging	(4)	-33,794	29,866	-8,387	31,273
Tax on change in Cost-of-Hedging		6,759	-5,973	1,677	-6,255
Items to be reclassified to income statement in subsequent periods					
Change in fair value of financial assets at fair value through other comprehensive income		-1,160	1,732	-2,328	4,615
Change in expected credit loss of financial assets at fair value through other comprehensive income		9	2	-18	0
Tax on change in fair value of financial assets at fair value through other comprehensive income		230	-347	469	-923
Amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income	(11)	-728	-124	-728	-
Tax on amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income		146	25	146	-
Total components of other comprehensive income		-90,674	134,942	-45,410	89,841
Total comprehensive income for the period		**63,384**	**267,635**	**46,282**	**138,251**

The accompanying notes are an integral part of the Financial Statements Bulletin.

Consolidated statement of financial position

(EUR 1,000)	Note	31 Dec 2025	Adjusted 31 Dec 2024	Adjusted 1 Jan 2024
Assets				
Cash and balances with central banks	(8)	5,169,257	7,776,888	7,953,642
Loans and advances to credit institutions		1,989,943	789,725	1,239,307
Loans and advances to the public and public sector entities		38,082,843	35,376,909	32,225,422
Debt securities		8,061,264	5,878,912	5,170,005
Derivative contracts	(9)	1,486,616	2,323,708	2,036,212
Intangible assets	(10)	836	2,720	6,311
Tangible assets	(10)	8,941	8,236	9,648
Other assets		831,484	915,913	1,075,207
Accrued income and prepayments		3,077	2,220	2,499
Current tax assets		37	16,577	18,095
Deferred tax assets		29	10	9
Total assets	**(5, 6, 7)**	**55,634,327**	**53,091,818**	**49,736,359**

(EUR 1,000)	Note	31 Dec 2025	Adjusted 31 Dec 2024	Adjusted 1 Jan 2024
Liabilities and equity				
Liabilities				
Liabilities to credit institutions	(12)	196,077	883,694	215,552
Liabilities to the public and public sector entities		2,314,539	2,463,874	2,622,551
Debt securities issued	(13)	47,127,029	44,534,306	40,872,798
Derivative contracts	(9)	3,368,357	2,561,718	3,496,553
Other liabilities	(14)	275,161	285,181	418,445
Accrued expenses and deferred income		47,312	45,485	43,128
Deferred tax liabilities		369,693	372,126	323,517
Total liabilities	**(5, 6, 7)**	**53,698,168**	**51,146,383**	**47,992,542**
Equity				
Share capital		42,583	42,583	42,583
Reserve fund		277	277	277
Fair value reserve of investments		1,837	3,340	2,052
Own credit revaluation reserve		107,864	169,999	60,238
Cost-of-Hedging reserve	(4)	18,679	45,714	21,821
Reserve for invested non-restricted equity		40,366	40,366	40,366
Retained earnings		1,724,554	1,643,155	1,576,480
Total equity attributable to Parent Company equity holders		**1,936,160**	**1,945,435**	**1,743,817**
Total equity		**1,936,160**	**1,945,435**	**1,743,817**
Total liabilities and equity		**55,634,327**	**53,091,818**	**49,736,359**

The Group has updated the presentation of balances with central banks and the presentation of current tax assets. Comparative information has been adjusted accordingly.

The accompanying notes are an integral part of the Financial Statements Bulletin.

Consolidated statement of changes in equity

(EUR 1,000)	Total equity attributable to Parent Company equity holders								
	Share capital	Reserve fund	Fair value reserve of investments	Own credit revaluation reserve	Cost-of-hedging reserve	Reserve for invested non-restricted equity	Retained earnings	Total	Total equity
Equity at 31 December 2023	**42,583**	**277**	**2,052**	**60,238**	**21,821**	**40,366**	**1,576,480**	**1,743,817**	**1,743,817**
Dividends paid for 2023	-	-	-	-	-	-	-66,018	-66,018	-66,018
Profit for the financial year	-	-	-	-	-	-	132,693	132,693	132,693
Components of other comprehensive income net of tax									
Items not to be reclassified to income statement in subsequent periods									
Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	109,762	-	-	-	109,762	109,762
Net change in Cost-of-Hedging	-	-	-	-	23,892	-	-	23,892	23,892
Items to be reclassified to income statement in subsequent periods									
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	1,386	-	-	-	-	1,386	1,386
Net amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income	-	-	-100	-	-	-	-	-100	-100
Net change in expected credit loss of financial assets at fair value through other comprehensive income	-	-	2	-	-	-	-	2	2
Equity at 31 December 2024	**42,583**	**277**	**3,340**	**169,999**	**45,714**	**40,366**	**1,643,155**	**1,945,435**	**1,945,435**

	Total equity attributable to Parent Company equity holders								
(EUR 1,000)	**Share capital**	**Reserve fund**	**Fair value reserve of investments**	**Own credit revaluation reserve**	**Cost-of-hedging reserve**	**Reserve for invested non-restricted equity**	**Retained earnings**	**Total**	**Total equity**
Dividends paid for 2024	-	-	-	-	-	-	-72,659	-72,659	-72,659
Profit for the financial year	-	-	-	-	-	-	154,058	154,058	154,058
Components of other comprehensive income net of tax									
Items not to be reclassified to income statement in subsequent periods									
Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss	-	-	-	-62,135	-	-	-	-62,135	-62,135
Net change in Cost-of-Hedging	-	-	-	-	-27,035	-	-	-27,035	-27,035
Items to be reclassified to income statement in subsequent periods									
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	-928	-	-	-	-	-928	-928
Net amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income	-	-	-582	-	-	-	-	-582	-582
Net change in expected credit loss of financial assets at fair value through other comprehensive income	-	-	7	-	-	-	-	7	7
Equity at 31 December 2025	**42,583**	**277**	**1,837**	**107,864**	**18,679**	**40,366**	**1,724,554**	**1,936,160**	**1,936,160**

The accompanying notes are an integral part of the Financial Statements Bulletin.

Consolidated statement of cash flows

(EUR 1,000)	Note	Jan–Dec 2025	Adjusted Jan–Dec 2024
Cash flow from operating activities		**-2,549,264**	**-110,222**
Net change in long-term funding		3,229,283	2,848,288
Net change in short-term funding		841,068	-796,013
Net change in long-term loans		-2,811,703	-2,930,342
Net change in short-term loans		-75,033	-249,895
Net change in investments		-2,314,164	-381,070
Net change in collaterals		-1,584,031	1,115,556
Interest on assets		1,501,813	2,097,968
Interest on liabilities		-1,337,771	-1,814,572
Other income		80,234	88,312
Payments of operating expenses		-77,143	-71,584
Taxes paid		-1,819	-16,871
Cash flow from investing activities		**-2,453**	**-590**
Acquisition of tangible assets		-2,350	-386
Proceeds from sale of tangible assets		-	19
Acquisition of intangible assets		-103	-223
Proceeds from sale of intangible assets		0	-
Cash flow from financing activities		**-73,993**	**-67,660**
Dividend paid		-72,659	-66,018
Amortisation of lease liability		-1,334	-1,642
Change in cash and cash equivalents		**-2,625,710**	**-178,472**
Cash and cash equivalents at 1 Jan	(8)	**7,838,383**	**8,016,855**
Cash and cash equivalents at 31.12.	(8)	**5,212,673**	**7,838,383**

Cash flow statement has been prepared in accordance with the direct method. *Cash flow from operating activities* includes cash flows which are MuniFin Group's principal revenue-producing activies such as cash flows from funding and customer finance related transactions. In addition, Cash flow from operating activities includes cash flows from liquidity investments and cash collaterals related to derivative contracts. Cash flow from operating activities include interest payment received and interest expenses paid in the aforementioned items. Cash flows from operating activities includes also other income and payments of MuniFin Group's operating activities.

Cash flow from investing activities includes expenses incurred from the acquisition of tangible and intangible assets and the income from the disposal of these items. *Cash flow from financing activities* includes dividends paid to shareholders during the period and lease liability repayments and related interest payments.

Cash and cash equivalents includes line items *Cash and balances with central banks* and *Loans and advances to credit institutions payable on demand*.

During the reporting period, the Group has corrected its presentation of *Cash and cash equivalents* and *Amortisation of lease liability*. In addition, the presentation of *Net change in long-term loans, Other income* and *Payments of operating expenses* have been revised. Comparative period has been adjusted accordingly.

The accompanying notes are an integral part of the Financial Statements Bulletin.

Notes to the Financial Statements Bulletin

Note 1. Accounting policies and corrections to previous Financial Statements

MuniFin Group's Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB (*IFRS accounting standards*). The Financial Statements Bulletin complies with IAS 34 *Interim Financial Reporting* standard and the accounting policies presented in the Consolidated Financial Statements 2024 (Note *1*). No significant changes have been made to the accounting policies compared to the Consolidated Financial Statements 2024 but there are some changes done to the presentation which are presented in section *Changes in accounting policies and presentation*.

The Financial Statements Bulletin is based on the audited 2025 Financial Statements. The Auditor's Report has been issued on 11 February 2026.

The figures in the Notes to the Financial Statements Bulletin are presented in thousand euro. All figures in the Financial Statements Bulletin have been rounded, so the total of individual figures may differ from the total figure presented. The Financial Statements Bulletin is available in Finnish and English. The Finnish version is official and will be used if there is any discrepancy between the language versions.

Changes in accounting policies and presentation

Change in the presentation of the Consolidated statement of financial position

During the financial year 2025, the Group has changed the presentation of the Consolidated statement of financial position. The management has concluded that by combining cash together with central banks balances in their own line in the balance sheet gives more useful information to the user of the financial statements. In addition, current tax assets are shown separately in the Consolidated statement of financial position. The changes have been made retrospectively to the opening balance sheet for comparative year 2024 and for the year end of 2024.

The changes made in the presentation of Consolidated statement of financial position for 1 January 2024 are as follows:

Consolidated statement of financial position (EUR 1,000)	Reference	1 Jan 2024	Adjustment	Adjusted 1 Jan 2024
Assets				
Cash and balances with central banks	i.	2	7,953,640	7,953,642
Loans and advances to credit institutions	ii.	9,192,948	-7,953,640	1,239,307
Accrued income and prepayments	iii.	20,595	-18,095	2,499
Current tax assets	iv.	-	18,095	18,095
Total assets		**49,736,359**	**0**	**49,736,359**
Liabilities and equity				
Total liabilities		**47,992,542**	**-**	**47,992,542**
Total equity		**1,743,817**	**-**	**1,743,817**
Total liabilities and equity		**49,736,359**	**-**	**49,736,359**

i.–ii. Overnight deposits with central bank were previously presented on the balance sheet line item *Loans and advances to credit institutions*. EUR 7,953,640 thousand was reclassified to the balance sheet line item *Cash and balances with central banks*.

iii.–iv. Current tax assets were previously presented on the balance sheet line item *Accrued income and prepayments*. EUR 18,095 thousand was reclassified to the balance sheet line item *Current tax assets*.

The changes made in the presentation of Consolidated statement of financial position for 31 December 2024 are as follows:

Consolidated statement of financial position (EUR 1,000)	Reference	31 Dec 2024	Adjustment	Adjusted 31 Dec 2024
Assets				
Cash and balances with central banks	i.	2	7,776,886	7,776,888
Loans and advances to credit institutions	ii.	8,566,611	-7,776,886	789,725
Accrued income and prepayments	iii.	18,797	-16,577	2,220
Current tax assets	iv.	-	16,577	16,577
Total assets		**53,091,818**	**0**	**53,091,818**
Liabilities and equity				
Total liabilities		**51,146,383**	**-**	**51,146,383**
Total equity		**1,945,435**	**-**	**1,945,435**
Total liabilities and equity		**53,091,818**	**-**	**53,091,818**

i.–ii. Overnight deposits with central bank were previously presented on the balance sheet line item *Loans and advances to credit institutions*. EUR 7,776,886 thousand was reclassified to the balance sheet line item *Cash and balances with central banks*.

iii.–iv. Current tax assets were previously presented on the balance sheet line item *Accrued income and prepayments*. EUR 16,577 thousand was reclassified to the balance sheet line item *Current tax assets*.

Change in the presentation of the Consolidated statement of cash flows

During the reporting period, the Group has changed the presentation of Cash and cash equivalents. The Group's management has revisited the definition of cash and cash equivalents and concluded that balances with central banks should be included in cash and cash equivalents, as they are overnight deposits which are used for the purpose of meeting short-term cash commitments. Also, the interest proportions of lease liabilities have been reclassified and will be presented in line item *Interest on liabilities*. In addition, the presentation of *Net change in long-term loans, Other income* and *Payments of operating expenses* in *Cash flow from operating activities* have been revised. The impact of changes is shown in the adjacent table.

Consolidated statement of cash flows (EUR 1,000)	Reference	Jan–Dec 2024	Adjustment	Adjusted Jan–Dec 2024
Cash flow from operating activities		**66,648**	**-176,870**	**-110,222**
Net change in long-term loans	vi.	-2,880,469	-49,873	-2,930,342
Net change in investments	i.	-204,315	-176,754	-381,070
Interest on liabilities	iv.	-1,814,456	-116	-1,814,572
Other income	vii.	46,480	41,832	88,312
Payments of operating expenses	viii.	-79,625	8,041	-71,584
Cash flow from financing activities		**-67,775**	**116**	**-67,660**
Total cash flow from leases*	v.	-1,757	116	-1,642
Change in cash and cash equivalents		**-1,717**	**-176,754**	**-178,472**
Cash and cash equivalents at 1 Jan	ii.	**63,214**	**7,953,641**	**8,016,855**
Cash and cash equivalents at 31 Dec	iii.	**61,496**	**7,776,887**	**7,838,383**

* As of 30 June 2025, line item has been renamed as *Amortisation of lease liability.*

i. –iii. Overnight deposits with central banks are presented as part of Cash and cash equivalents. Correction is presented in rows *Cash and cash equivalents at 1 Jan* and *Cash and cash equivalents at 31 Dec* and in row *Net change in investments* EUR -176,754 thousand.

iv. –v. Interest proportions of lease liability have been reclassified from row *Total cash flow from leases* to row *Interest on liabilities* EUR 116 thousand.

vi. –viii. The presentation of cash flow from disposal of leased assets has been improved. As a result of the change, EUR 49,873 thousand was transferred from *Net change in long-term loans* to *Other income*. In addition, EUR 8,041 thousand has been transferred from line *Other income* to line *Payments for operating expenses*, as the presentation of operating payments has been improved.

Change in the presentation of the Consolidated income statement and disclosures

The change in the presentation of central bank balances is reflected to Note *2 Net interest income and expense* where interest income from overnight deposits is now presented in row *Cash and balances with Central banks* instead of row *Loans and advances to credit institutions*. Interest income of EUR 319,073 thousand in the comparison period has been adjusted correspondingly. The change didn't have an impact on the Consolidated income statement.

During the financial year, the Group corrected the method used to determine fair values of property lease receivables that are not designated under hedge accounting. Fair values are presented in Note *5 Financial assets and liabilities* and Note *7 Fair values of financial assets and liabilities*. Comparative figures were adjusted by EUR 39,481 thousand. The change did not have an impact on the Consolidated financial statement or on the Consolidated income statement.

During the financial year, MuniFin Group has changed the presentation of lease liabilities so that lease liabilities will no longer be presented in the Notes on financial liabilities. Lease liabilities are treated in Note *14 Other liabilities*, which provides further information on the corresponding balance sheet line item. The Notes to the comparison period have been amended correspondingly, EUR 7,599 thousand EUR has been removed from the Notes that give information on financial liabilities. In the future, the interest expense recognised on the lease liability will be presented in the income statement on row *Other interest expenses* instead of line item *Interest expense at effective interest rate method*. In Note *2 Net interest income and expense,* this change is illustrated between lines *Other liabilities* and *Interest on non-financial other liabilities*. Interest expense of EUR 116 thousand on lease liability in the comparison period has been adjusted correspondingly.

Accounting policies requiring management judgement and key uncertainty factors related to estimates

In preparing the Financial Statements under IFRS accounting standards, the Group management is required to make certain estimates and use judgement in the application of the accounting policies that affect the revenue, expenses, assets and liabilities presented in the Financial Statements.

The key assumptions made by the Group concern key uncertainty factors pertaining to the future and the estimates at the financial statement date. These relate to, among other things, the determination of fair value and the expected credit losses and impairment of financial assets.

Determination of fair value

The level of management judgement required in establishing fair value of financial instruments for which there is a quoted price in an active market is usually minimal. For the valuation of financial instruments where prices quoted in active markets are not available, the Group uses valuation techniques to establish fair value. These valuation techniques involve some level of management judgement, the degree of which will depend on the observability of the input parameters and the instrument's complexity. The level of subjectivity and degree of management judgement required is more significant for those instruments valued using sophisticated models and where some or all of the inputs are less liquid or unobservable.

Management judgement	Estimates
• The choice of valuation parameters and modelling techniques in order to derive the fair value of financial instruments.	• Judgement on which market parameters are observable.
• Determing the hierarchy level to which a financial instrument should be classified, when the valuation is determined by a number of inputs, of which some are observable, and others are unobservable.	• Applying the input data, assumptions and modelling techniques in particular, where data is obtained from infrequent market transactions.
	• The fair value adjustments incorporating relevant risk factors.

The valuation methods and controls and quantitative disclosures with respect to the determination of fair value as well as the fair value hierarchy levels are disclosed in Note *7 Fair values of financial assets and liabilities*. In addition, in the same Note in section *Sensitivity analysis of unobservable inputs* has been described the sensitivity analysis of significant unobservable inputs by instrument type in addition to the effect that changing one or more assumptions in the unobservable input could have on the valuation by products at the reporting date.

The changes in the fair values of financial instruments impact the income statement line items *Net result on financial instruments at fair value through profit or loss* as well as the other comprehensive income line items *Net change in fair value of financial assets at fair value through other comprehensive income, Net change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss* and *Net change in Cost-of-Hedging.*

Expected credit losses

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement with the estimation of amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes which can result in different levels of allowances. Expected credit losses are disclosed in Note *11 Credit risks of financial assets and other commitments.* The changes in the expected credit losses are recognised under the income statement line *Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income.*

The calculation of expected credit losses under IFRS 9 requires management judgement and estimates. The most significant are:

Management judgement	Estimates
• The Group's criteria for assessing if there has been a significant increase in credit risk.	• Estimates on macroeconomic variables and the results on sensitivity analysis are disclosed on Note *11 Credit risks of financial assets and other commitments*, in section *Forward-looking information.*
• The Group's internal credit scoring model, which assigns probabilities of default (*PD*) to the individual grades.	
• Development of ECL models, including the various formulas and the choice of inputs.	
• Determination of relationships between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values and their effect on PDs, EADs (*Exposures at Default*) and LGDs (*Loss Given Default*).	

At the end of December 2024, the Group management reassessed the need for an additional discretionary provision based on a group-specific assessment and decided to release the additional provision. It is assessed that the update to the model used in estimating the probability of default — and the resulting increase in expected credit losses and stage transfers — already captures the need previously covered by the additional provision for receivables with significant increase in credit risk. However, the Group also assessed at that time that some customers may continue to face challenges with cashflow sufficiency during 2025, which may see as increased payment delays and loan forbearance measures for MuniFin Group.

In June 2025, while the annual credit rating process was still ongoing, the Group management assessed that despite the decline in interest rates, some customers in the housing sector were still experiencing difficulties with cashflow sufficiency due to factors such as oversupply and higher vacancy rates of the premises. The Group management decided to make an additional discretionary provision of EUR 130 thousand based on a group-specific assessment.

At the end of December 2025, the Group management reassessed the need for an additional discretionary provision and decided to release the earlier group-specific provision and record a new additional discretionary provision of EUR 242 thousand. The decision was based on the completion of the 2025 credit rating updates and the assessment formed regarding customers' cashflow sufficiency for 2026. The change in the additional discretionary provision was also influenced by the update to the probabilityofdefault matrices used in estimating default risk.

The additional discretionary provision relates to the balance sheet item *Loans and advances to the public and public sector entities*. The additional discretionary provision has not been allocated to the contract level.

Note 2. Interest income and expense

(EUR 1,000)	Jan–Dec 2025 Interest income	Jan–Dec 2025 Interest expense	Jan–Dec 2025 Net	Adjusted Jan–Dec 2024 Interest income	Adjusted Jan–Dec 2024 Interest expense	Adjusted Jan–Dec 2024 Net
Assets						
Amortised cost						
Cash and balances with central banks	179,420	-	179,420	319,073	-	319,073
Loans and advances to credit institutions	33,126	-240	32,886	38,913	-133	38,781
Loans and advances to the public and public sector entities	920,595	-	920,595	1,078,554	-	1,078,554
, of which loan receivables	*874,921*	-	*874,921*	*1,036,790*	-	*1,036,790*
, of which property lease receivables	*45,674*	-	*45,674*	*41,764*	-	*41,764*
Debt securities	35,782	-	35,782	55,143	-	55,143
Other assets	17,313	-	17,313	40,375	-	40,375
Fair value through other comprehensive income						
Debt securities	17,402	-	17,402	11,326	-	11,326
Designated at fair value through profit or loss						
Loans and advances to the public and public sector entities	348	-	348	261	-	261
Debt securities	89,538	-	89,538	52,616	-	52,616
Mandatorily at fair value through profit or loss						
Loans and advances to the public and public sector entities	1,322	-	1,322	1,320	-	1,320
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	55,323	-34,923	20,400	124,346	-38,258	86,088
Derivative contracts in hedge accounting	183,498	-	183,498	389,970	-	389,970
Finance lease agreements	6,071	-	6,071	9,359	-	9,359
Interest on non-financial other assets	4	-	4	4	-	4
Interest on assets	**1,539,740**	**-35,162**	**1,504,578**	**2,121,260**	**-38,391**	**2,082,870**
, of which interest income/expense according to the effective interest rate method	*1,387,135*	*-240*		*1,933,354*	*-133*	
, of which other interest income/expense	*152,605*	*-34,923*		*187,906*	*-38,258*	

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(EUR 1,000)	Jan–Dec 2025			Adjusted Jan–Dec 2024		
	Interest income	Interest expense	Net	Interest income	Interest expense	Net
Liabilities						
Amortised cost						
Liabilities to credit institutions	-	-7,453	-7,453	-	-10,578	-10,578
Liabilities to the public and public sector entities	-	-33,111	-33,111	-	-35,540	-35,540
Debt securities issued	-	-914,597	-914,597	-	-736,334	-736,334
Other liabilities	-	-5,427	-5,427	-	-13,157	-13,157
Designated at fair value through profit or loss						
Liabilities to credit institutions	-	-2,467	-2,467	-	-1,696	-1,696
Liabilities to the public and public sector entities	-	-37,529	-37,529	-	-38,283	-38,283
Debt securities issued	38	-296,983	-296,945	-	-400,207	-400,207
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	154,180	-86,519	67,661	131,213	-93,536	37,677
Derivative contracts in hedge accounting	-	-14,333	-14,333	-	-624,479	-624,479
Interest on non-financial other liabilities	-	-254	-254	-	-116	-116
Interest on liabilities	**154,218**	**-1,398,672**	**-1,244,454**	**131,213**	**-1,953,927**	**-1,822,714**
, of which interest income/expense according to the effective interest rate method	*-*	*-974,920*		*-*	*-1,420,089*	
, of which other interest income/expense	*154,218*	*-423,752*		*131,213*	*-533,838*	
Total interest income and expense	**1,693,958**	**-1,433,834**	**260,124**	**2,252,474**	**-1,992,317**	**260,156**

During the financial year, the Group has corrected the presentation of balances with central banks and the presentation of lease liabilities. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements*.

In the above table, interest expenses on financial assets at amortised cost consisted of interest paid on cash collateral receivables. The derivative contracts under hedge accounting presented under assets are hedging line items *Loans and advances to the public and public sector entities* and *Finance lease receivables*. Interest income and expense, presented under assets, on derivative contracts at fair value through profit or loss consist of interest on derivative contracts that are not included in hedge accounting. The derivative contracts contained in this line item hedge financial assets which are designated at fair value through profit or loss, derivative contracts with municipalities and derivative contracts hedging derivatives with municipalities, in addition to derivative contracts used for hedging interest rate risk of the balance sheet, for which no hedged item has been specified. In addition, this line item includes derivative contracts that are made to hedge currency risk arising from currency denominated cash collateral.

Interest income on stage 3 financial assets in the expected credit loss (*ECL*) calculations totalled EUR 10,728 thousand (EUR 3,758 thousand) during the financial year. These are included in the line items *Loans and advances to the public and public sector entities*.

Derivative contracts in hedge accounting that are presented under liabilities, are used as hedges for line items *Liabilities to credit institutions*, *Liabilities to the public and public sector entities* and *Debt securities issued*. Interest income on derivative contracts at fair value through profit or loss that are presented under liabilities, consists of interest on derivatives that are not included in hedge accounting. Derivative contracts contained in this line item hedge financial liabilities which are designated at fair value through profit or loss.

Interest on non-financial other liabilities includes EUR 254 thousand (EUR 116 thousand) of interest on lease liabilities recognised in accordance with IFRS 16 *Leases* standard.

(EUR 1,000)	Jul–Dec 2025 Interest income	Jul–Dec 2025 Interest expense	Jul–Dec 2025 Net	Adjusted Jul–Dec 2024 Interest income	Adjusted Jul–Dec 2024 Interest expense	Adjusted Jul–Dec 2024 Net
Assets						
Amortised cost						
Cash and balances with central banks	74,057	-	74,057	161,191	-	161,191
Loans and advances to credit institutions	19,382	-191	19,191	16,820	-87	16,733
Loans and advances to the public and public sector entities	447,477	-	447,477	543,715	-	543,715
, of which loan receivables	*421,523*	-	*421,523*	*521,119*	-	*521,119*
, of which property lease receivables	*25,954*	-	*25,954*	*22,596*	-	*22,596*
Debt securities	17,220	-	17,220	27,872	-	27,872
Other assets	6,828	-	6,828	16,333	-	16,333
Fair value through other comprehensive income						
Debt securities	9,268	-	9,268	5,701	-	5,701
Designated at fair value through profit or loss						
Loans and advances to the public and public sector entities	174	-	174	87	-	87
Debt securities	52,777	-	52,777	29,156	-	29,156
Mandatorily at fair value through profit or loss						
Loans and advances to the public and public sector entities	644	-	644	696	-	696
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	23,232	-19,981	3,251	54,758	-15,505	39,253
Derivative contracts in hedge accounting	72,462	-	72,462	179,077	-	179,077
Finance lease agreements	2,758	-	2,758	4,442	-	4,442
Interest on non-financial other assets	3	-	3	2	-	2
Interest on assets	**726,281**	**-20,172**	**706,109**	**1,039,850**	**-15,592**	**1,024,257**
, of which interest income/expense according to the effective interest rate method	*646,694*	*-191*		*950,709*	*-87*	
, of which other interest income/expense	*79,587*	*-19,981*		*89,141*	*-15,505*	

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(EUR 1,000)	Jul–Dec 2025 Interest income	Jul–Dec 2025 Interest expense	Jul–Dec 2025 Net	Adjusted Jul–Dec 2024 Interest income	Adjusted Jul–Dec 2024 Interest expense	Adjusted Jul–Dec 2024 Net
Liabilities						
Amortised cost						
Liabilities to credit institutions	-	-1,981	-1,981	-	-6,390	-6,390
Liabilities to the public and public sector entities	-	-16,588	-16,588	-	-17,586	-17,586
Debt securities issued	-	-479,629	-479,629	-	-395,577	-395,577
Other liabilities	-	-2,512	-2,512	-	-5,270	-5,270
Designated at fair value through profit or loss						
Liabilities to credit institutions	-	-1,292	-1,292	-	-1,122	-1,122
Liabilities to the public and public sector entities	-	-18,889	-18,889	-	-19,305	-19,305
Debt securities issued	38	-179,136	-179,098	-	-206,948	-206,948
Fair value through profit or loss						
Derivative contracts at fair value through profit or loss	82,141	-12,115	70,026	70,494	-41,800	28,693
Derivative contracts in hedge accounting	-	60,227	60,227	-	-269,057	-269,057
Interest on non-financial other liabilities	-	-122	-122	-	-98	-98
Interest on liabilities	**82,178**	**-652,036**	**-569,858**	**70,494**	**-963,154**	**-892,660**
, of which interest income/expense at effective interest rate method	*-*	*-440,483*		*-*	*-693,880*	
, of which other interest income/expense	*82,178*	*-211,554*		*70,494*	*-269,274*	
Total interest income and expense	**808,459**	**-672,208**	**136,251**	**1,110,343**	**-978,746**	**131,597**

During the financial year, the Group has corrected the presentation of balances with central banks and the presentation of lease liabilities. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements*.

Note 3. Net result on financial instruments at fair value through profit or loss

Item *Net result on financial instruments at fair value through profit or loss* includes fair value changes of financial assets and liabilities measured at fair value through profit or loss except interest income and expense from financial instruments which are recorded in item *Net interest income*. Item *Net result on financial instruments at fair value through profit or loss* consists of fair value changes of financial assets and liabilities measured at fair value through profit or loss, fair value changes of derivative contracts at fair value through profit or loss (not included in hedge accounting) as well as capital gains and losses related to these items. Furthermore, item *Net result on financial instruments at fair value through profit or loss* consists of the net result from hedge accounting, which includes the net result from recognising financial assets and liabilities for the hedged risk and derivative contracts hedging them. Item *Net result on financial instruments at fair value through profit or loss* also consists of unrealised and realised translation differences for all items denominated in foreign currencies.

The breakdown of line item *Net result from hedge accounting* is presented in Note *4 Hedge accounting*. The reconciliation for Day 1 gain or loss is presented in Note *7 Fair values of financial assets and liabilities*.

(EUR 1,000)	Jan–Dec 2025 Capital gains	Capital losses	Unrealised fair value changes	Total	Jul–Dec 2025 Capital gains	Capital losses	Unrealised fair value changes	Total
Financial assets								
Designated at fair value through profit or loss								
Loans and advances to the public and public sector entities	-	-	-770	-770	-	-	-455	-455
Debt securities	34	-	8,004	8,038	34	-	-21,459	-21,425
Mandatorily at fair value through profit or loss								
Loans and advances to the public and public sector entities	-	-	-894	-894	-	-	-475	-475
Financial liabilities								
Designated at fair value through profit or loss								
Liabilities to credit institutions	-	-	2,836	2,836	-	-	2,605	2,605
Liabilities to the public and public sector entities	-	-	117,629	117,629	-	-	58,633	58,633
Debt securities issued: commercial papers	-	-	1,228	1,228	-	-	335	335
Debt securities issued: bonds	-	-	151,584	151,584	-	-	97,160	97,160
Derivative contracts at fair value through profit or loss	175	-340	-259,918	-260,083	175	-340	-121,291	-121,456
Day 1 gain or loss	-	-	41	41	-	-	21	21
Net result on financial assets and liabilities through profit or loss	**209**	**-340**	**19,740**	**19,609**	**209**	**-340**	**15,073**	**14,942**
Net result from FX differences	**30,549**	**-32,583**	**583**	**-1,451**	**7,360**	**-6,472**	**-961**	**-72**
Net result from hedge accounting	**4,770**	**-**	**-5,561**	**-790**	**4,770**	**-**	**-318**	**4,452**
Total	**35,528**	**-32,924**	**14,763**	**17,367**	**12,340**	**-6,812**	**13,794**	**19,322**

(EUR 1,000)	Jan–Dec 2024				Jul–Dec 2024			
	Capital gains	Capital losses	Unrealised fair value changes	Total	Capital gains	Capital losses	Unrealised fair value changes	Total
Financial assets								
Designated at fair value through profit or loss								
Loans and advances to the public and public sector entities	-	-	1,142	1,142	-	-	1,601	1,601
Debt securities	377	-	65,637	66,013	337	-	73,572	73,908
Mandatorily at fair value through profit or loss								
Loans and advances to the public and public sector entities	-	-	145	145	-	-	-126	-126
Financial liabilities								
Designated at fair value through profit or loss								
Liabilities to credit institutions	-	-	-1,147	-1,147	-	-	-2,016	-2,016
Liabilities to the public and public sector entities	-	-	-38,572	-38,572	-	-	-66,619	-66,619
Debt securities issued: commercial papers	-	-	-1,841	-1,841	-	-	-1,267	-1,267
Debt securities issued: bonds	-	-	-26,040	-26,040	-	-	-97,608	-97,608
Derivative contracts at fair value through profit or loss	557	-913	-3,163	-3,519	557	-894	78,562	78,225
Day 1 gain or loss	-	-	41	41	-	-	21	21
Net result on financial assets and liabilities through profit or loss	**933**	**-913**	**-3,798**	**-3,777**	**893**	**-894**	**-13,881**	**-13,881**
Net result from FX differences	**49,511**	**-45,509**	**-3,548**	**455**	**20,711**	**-21,680**	**1,286**	**316**
Net result from hedge accounting	**-**	**-**	**-11,763**	**-11,763**	**-**	**-**	**-17,591**	**-17,591**
Total	**50,445**	**-46,422**	**-19,109**	**-15,086**	**21,604**	**-22,574**	**-30,187**	**-31,157**

The following tables present carrying amounts of financial assets and liabilities designated at fair value through profit or loss and their fair value changes recognised during the reporting period in the income statement under *Net result on financial instruments at fair value through profit or loss* and in the other comprehensive income under C*hange in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss*.

Financial assets and liabilities designated at fair value through profit or loss (EUR 1,000)	Nominal value 31 Dec 2025	Carrying amount 31 Dec 2025	Nominal value 31 Dec 2024	Carrying amount 31 Dec 2024
Financial assets				
Loans and advances to the public and public sector entities	30,000	29,473	30,000	30,940
Debt securities	5,558,325	5,592,956	3,670,119	3,676,021
Total financial assets*	**5,588,325**	**5,622,429**	**3,700,119**	**3,706,961**
Financial liabilities				
Liabilities to credit institutions	79,000	77,400	79,000	79,315
Liabilities to the public and public sector entitities	1,483,405	1,238,790	1,456,192	1,334,136
Debt securities issued	11,519,951	11,084,432	9,546,266	9,198,104
Total financial liabilities	**13,082,356**	**12,400,622**	**11,081,458**	**10,611,555**

* Financial assets designated at fair value through profit or loss are exposed to credit risk up to the carrying amounts of those securities at 31 Dec 2025 and 31 Dec 2024.

Change in fair value of financial assets designated at fair value through profit or loss (EUR 1,000)	31 Dec 2025	1 Jan 2025	Fair value change recognised in the income statement Jan–Dec 2025	, of which due to credit risk	, of which due to market risk	Fair value change recognised in the income statement Jul–Dec 2025	, of which due to credit risk	, of which due to market risk
Financial assets								
Loans and advances to the public and public sector entities	-7,616	-6,847	-770	37	-807	-455	-1,199	744
Debt securities	-21,149	-29,152	8,004	26,068	-18,064	-21,459	15,083	-36,542
Total financial assets	**-28,765**	**-35,999**	**7,234**	**26,105**	**-18,871**	**-21,914**	**13,884**	**-35,798**

During the financial year 2025, the fair value change of debt securities was EUR 8,004 thousand (EUR 65,637 thousand). This was affected by the general decline in credit spreads in the markets, which improved valuations. Although the rise in long-term euro market interest rates pushed valuations downwards, the positive impact of the decline in credit spreads was greater. Therefore, the change in the value of debt securities remained positive in the financial year 2025.

Change in fair value of financial assets designated at fair value through profit or loss (EUR 1,000)	31 Dec 2024	1 Jan 2024	Fair value change recognised in the income statement Jan–Dec 2024	, of which due to credit risk	, of which due to market risk	Fair value change recognised in the income statement Jul–Dec 2024	, of which due to credit risk	, of which due to market risk
Financial assets								
Loans and advances to the public and public sector entities	-6,847	-7,988	1,142	96	1,046	1,601	50	1,551
Debt securities	-29,152	-94,789	65,637	-12,116	77,753	73,572	-14,616	88,188
Total financial assets	**-35,999**	**-102,777**	**66,778**	**-12,020**	**78,799**	**75,172**	**-14,566**	**89,739**

Change in fair value of financial liabilities designated at fair value through profit or loss (EUR 1,000)	31 Dec 2025	1 Jan 2025	Fair value change recognised in the income statement Jan–Dec 2025	Change in own credit risk recognised in the other comprehensive income Jan–Dec 2025	Total fair value change in Jan–Dec 2025	Fair value change recognised in the income statement Jul–Dec 2025	Change in own credit risk recognised in the other comprehensive income Jul–Dec 2025	Total fair value change in Jul–Dec 2025
Financial liabilities								
Liabilities to credit institutions	2,184	-652	2,836	-697	2,139	2,605	-452	2,153
Liabilities to the public and public sector entitities	248,156	130,527	117,629	-20,634	96,995	58,633	-12,945	45,688
Debt securities issued	550,519	397,708	152,812	-56,338	96,474	97,495	-31,905	65,590
Total financial liabilities	**800,860**	**527,583**	**273,277**	**-77,669**	**195,608**	**158,732**	**-45,302**	**113,430**

During the financial year 2025, the change in fair value of financial liabilities designated at fair value through profit or loss of EUR 273,277 thousand (EUR -67,600 thousand) was particularly affected by increase in EUR market interest rates. The change in own credit risk amounted to EUR -77,669 thousand (EUR 137,202 thousand) during the financial year. The change was affected by decrease in the Group's funding costs due to a general decrease in market credit spreads.

Change in fair value of financial liabilities designated at fair value through profit or loss (EUR 1,000)	31 Dec 2024	1 Jan 2024	Fair value change recognised in the income statement Jan–Dec 2024	Change in own credit risk recognised in the other comprehensive income Jan–Dec 2024	Total fair value change in Jan–Dec 2024	Fair value change recognised in the income statement Jul–Dec 2024	Change in own credit risk recognised in the other comprehensive income Jul–Dec 2024	Total fair value change in Jul–Dec 2024
Financial liabilities								
Liabilities to credit institutions	-652	495	-1,147	1,099	-48	-2,016	927	-1,090
Liabilities to the public and public sector entitities	130,527	169,099	-38,572	52,862	14,290	-66,619	27,000	-39,618
Debt securities issued	397,708	425,589	-27,881	83,240	55,360	-98,875	48,486	-50,389
Total financial liabilities	**527,583**	**595,183**	**-67,600**	**137,202**	**69,602**	**-167,510**	**76,414**	**-91,097**

Net change in fair value in line item Net result on financial assets and liabilities through profit or loss (EUR 1,000)	Cumulative change in fair value 31 Dec 2025	Fair value change recognised in the income statement Jan–Dec 2025	Fair value change recognised in the income statement Jul–Dec 2025
Financial liabilities designated at fair value through profit or loss	800,860	273,277	158,732
Derivative contracts at fair value through profit or loss hedging financial liabilities	-800,821	-286,596	-164,514
Net change in fair value	**38**	**-13,320**	**-5,782**

The fair value changes of the financial liabilities impact the income statement, but as they have been hedged, the expected profit or loss is restricted to interest. The table above describes the net impact of these financial liabilities and their hedges on the income statement. Financial liabilities designated at fair value through profit or loss are not traded.

Net change in fair value in line item Net result on financial assets and liabilities through profit or loss (EUR 1,000)	Cumulative change in fair value 31 Dec 2024	Fair value change recognised in the income statement Jan–Dec 2024	Fair value change recognised in the income statement Jul–Dec 2024
Financial liabilities designated at fair value through profit or loss	527,583	-67,600	-167,510
Derivative contracts at fair value through profit or loss hedging financial liabilities	-514,225	77,900	174,818
Net change in fair value	**13,358**	**10,300**	**7,307**

Note 4. Hedge accounting

The interest rate and foreign exchange rate risks of the Group are managed by entering into derivative transactions. According to the Market Risk Policy, the Group's hedging strategy is mainly to hedge all material foreign exchange and interest rate risks of financial assets and liabilities with maturities exceeding one year. As a result, foreign currency denominated items are translated into euros, and fixed rates and long-term reference rates are swapped to floating interest rates with shorter terms. The risk management principles related to the Group' s hedging of market risk are described in more detail in the Consolidated Financial Statements 2024 in Note *2 Risk Management principles and the Group's risk position.*

The Group applies both fair value hedge accounting according to IFRS 9 and fair value portfolio hedge accounting according to IAS 39. The Group does not apply cash flow hedge accounting. Accounting policies related to hedge accounting are described in the accounting polices of the Consolidated Financial Statements 2024 (Note *1*) in Section *10. Hedge Accounting*. Net result on hedge accounting is recognised in PnL in *Net result on financial instruments at fair value through profit or loss.*

Hedge accounting 31 Dec 2025 (EUR 1,000)	Nominal value	Fair value hedge accounting total	Hedged item: lending receivables	Hedged item: lease and lending receivables and euro denominated debt	Hedged item: currency denominated debt
Assets					
Loans and advances to the public and public sector entities – Loans	10,506,527	9,957,100	9,901,678	55,422	-
Loans and advances to the public and public sector entities – Property lease receivables	383,862	377,923	-	377,923	-
Loans and advances to the public and public sector entities – Finance lease receivables	31,819	33,385	-	33,385	-
Total assets	**10,922,208**	**10,368,407**	**9,901,678**	**466,729**	**-**
Liabilities					
Liabilities to credit institutions	109,000	96,347	-	96,347	-
Liabilities to the public and public sector entities	1,099,710	1,075,749	-	1,075,749	-
Debt securities issued	35,679,523	35,110,255	-	18,419,609	16,690,646
Total liabilities	**36,888,233**	**36,282,351**	**-**	**19,591,704**	**16,690,646**

Hedge accounting 31 Dec 2024 (EUR 1,000)	Nominal value	Fair value hedge accounting total	Hedged item: lending receivables	Hedged item: lease and lending receivables and euro denominated debt	Hedged item: currency denominated debt
Assets					
Loans and advances to the public and public sector entities – Loans	11,209,584	10,633,372	10,573,458	59,914	-
Loans and advances to the public and public sector entities – Property lease receivables	380,946	380,863	-	380,863	-
Loans and advances to the public and public sector entities – Finance lease receivables	41,013	42,930	-	42,930	-
Total assets	**11,631,544**	**11,057,166**	**10,573,458**	**483,708**	**-**
Liabilities					
Liabilities to credit institutions	95,000	88,243	-	88,243	-
Liabilities to the public and public sector entities	1,107,710	1,129,737	-	1,129,737	-
Debt securities issued	35,414,736	34,570,729	-	17,595,169	16,975,560
Total liabilities	**36,617,446**	**35,788,709**	**-**	**18,813,149**	**16,975,560**

The figures presented in the following table contain the cumulative fair value change at the beginning and end of the reporting period, in addition to the fair value change of the hedged risk and the hedging instrument during the reporting period. These figures presented in the table do not include the changes in fair value due to foreign exchange differences of hedging instruments and the hedged items. The fair value changes of the hedged risk of the hedged items and all other fair value changes of the hedging instruments are recognised in the income statement under *Net result on financial instruments at fair value through profit or loss*. The ineffective portion of the hedging relationship is thus shown on this line in the income statement. Net result on financial instruments at fair value through profit or loss is specified in Note *3*.

In accordance with the market practice and IFRS 13 standard, the Group discounts hedged items with the swap curve and the hedging derivatives with the OIS curve, which causes a significant part of the Group's hedge ineffectiveness. In addition, ineffectiveness may also arise to some extent from differences in notional, day count methods or timing of the cash flows. The Group performs regularly the assessment of the economic relationship of the hedged item and hedging instrument. The purpose of the assessment is to ensure the prerequisites for the continuation of the hedging relationship. If the hedging relationship does not meet the hedge accounting requirements, hedge accounting is discontinued. Change in the fair value of the hedged item, up to the point when hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

Net result from hedge accounting from the financial year was EUR -790 thousand (EUR -11,763 thousand). Change in net result from hedge accounting was mainly due to changes in EUR interest rate curves.

Value of hedged risk (EUR 1,000)	**31 Dec 2025**	**1 Jan 2025**	**Recognised in the income statement Jan–Dec 2025**	**Recognised in the income statement Jul–Dec 2025**
Assets				
IAS 39 portfolio hedge accounting				
Loans and advances to the public and public sector entities	-576,717	-604,957	28,241	-29,081
Derivative contracts in hedge accounting	615,184	658,479	-43,296	24,903
Accumulated fair value accrual from the termination of hedge accounting	-6,107	-1,411	-4,696	-4,795
IAS 39 portfolio hedge accounting, net	**32,360**	**52,111**	**-19,751**	**-8,973**
IFRS 9 fair value hedge accounting				
Loans and advances to the public and public sector entities	-11,358	-2,213	-9,145	-6,347
, of which loans	*-1,093*	*2,214*	*-3,306*	*-1,734*
, of which property- and finance lease receivables	*-10,265*	*-4,427*	*-5,839*	*-4,612*
Derivative contracts in hedge accounting	9,312	828	8,484	6,227
IFRS 9 fair value hedge accounting, net	**-2,046**	**-1,385**	**-661**	**-120**
Liabilities				
IFRS 9 fair value hedge accounting				
Liabilities to credit institutions	13,555	7,357	6,198	3,014
Liabilities to the public and public sector entities	39,688	-7,263	46,951	26,619
Debt securities issued	761,349	901,690	-140,341	143,132
Derivative contracts in hedge accounting	-825,392	-927,435	102,043	-163,989
IFRS 9 fair value hedge accounting, net	**-10,800**	**-25,651**	**14,851**	**8,775**
Realised income	**4,770**	**-**	**4,770**	**4,770**
Total hedge accounting	**24,284**	**25,075**	**-790**	**4,452**

Value of hedged risk (EUR 1,000)	31 Dec 2024	1 Jan 2024	Recognised in the income statement Jan–Dec 2024	Recognised in the income statement Jul–Dec 2024
Assets				
IAS 39 portfolio hedge accounting				
Loans and advances to the public and public sector entities	-604,957	-907,319	302,362	347,030
Derivative contracts in hedge accounting	658,479	969,754	-311,275	-353,952
Accumulated fair value accrual from the termination of hedge accounting	-1,411	-1,652	240	120
IAS 39 portfolio hedge accounting, net	**52,111**	**60,783**	**-8,672**	**-6,802**
IFRS 9 fair value hedge accounting				
Loans and advances to the public and public sector entities	-2,213	-10,422	8,209	13,372
, of which loans	*2,214*	*1,829*	*385*	*1,947*
, of which property- and finance lease receivables	*-4,427*	*-12,251*	*7,825*	*11,425*
Derivative contracts in hedge accounting	828	9,060	-8,232	-13,193
IFRS 9 Fair value hedge accounting, net	**-1,385**	**-1,362**	**-23**	**179**
Liabilities				
IFRS 9 fair value hedge accounting				
Liabilities to credit institutions	7,357	8,111	-754	-2,834
Liabilities to the public and public sector entities	-7,263	4,425	-11,688	-38,201
Debt securities issued	901,690	1,407,537	-505,847	-687,370
Derivative contracts in hedge accounting	-927,435	-1,442,656	515,221	717,436
IFRS 9 fair value hedge accounting, net	**-25,651**	**-22,583**	**-3,068**	**-10,969**
Total hedge accounting	**25,075**	**36,838**	**-11,763**	**-17,591**

The following table presents the impact of Cost-of-Hedging of cross currency derivatives on equity in the *Cost-of-Hedging reserve*. For all foreign currency hedge relationships, the Group has elected to utilise Cost-of-Hedging. For each hedge relationship, when the cross currency swap is designated as a hedging instrument, the cross currency basis spread is separated and excluded from the designation and accounted for as Cost-of-Hedging.

The difference between the changes in fair value of the actual derivative and the designated portion of the derivative are recorded in other comprehensive income as Cost-of-Hedging to the *Cost-of-Hedging reserve*. Thus, changes in cross currency basis spreads will impact other comprehensive income and do not create ineffectiveness in the hedge relationship.

Hedging impact on equity after taxes (EUR 1,000)	31 Dec 2025	1 Jan 2025	Impact on Cost-of-Hedging reserve
Cost-of-Hedging			
Derivative contracts in hedge accounting	18,679	45,714	-27,035
Total	**18,679**	**45,714**	**-27,035**

Hedging impact on equity after taxes (EUR 1,000)	31 Dec 2024	1 Jan 2024	Impact on Cost-of-Hedging reserve
Cost-of-Hedging			
Derivative contracts in hedge accounting	45,714	21,821	23,892
Total	**45,714**	**21,821**	**23,892**

The following table presents the cumulative effectiveness of hedge accounting by hedged items. In addition, the table shows the hedging instruments used.

Effectiveness of hedge accounting 31 Dec 2025 (EUR 1,000)

		Gains/losses attributable to the hedged risk		
Hedged item	**Hedging instruments**	**Hedged items**	**Hedging instruments**	**Hedge ineffectiveness**
Assets				
IAS 39 portfolio hedge accounting				
Fixed rate and revisable rate loans	Interest rate derivatives	-576,717	615,184	38,467
IFRS 9 fair value hedge accounting				
Structured lending	Interest rate derivatives	-1,093	941	-152
Fixed rate and revisable rate leased assets	Interest rate derivatives	-10,265	8,371	-1,894
Assets total		**-588,075**	**624,496**	**36,421**
Liabilities				
IFRS 9 fair value hedge accounting				
Financial liabilities denominated in EUR	Interest rate derivatives	849,410	-859,589	-10,179
Financial liabilities denominated in foreign currencies	Currency derivatives (Cross currency interest rate swaps) Interest rate derivatives	-34,818	34,197	-621
Liabilities total		**814,592**	**-825,392**	**-10,800**

Effectiveness of hedge accounting
31 Dec 2024 (EUR 1,000)

Hedged item	Hedging instruments	Gains/losses attributable to the hedged risk: Hedged items	Gains/losses attributable to the hedged risk: Hedging instruments	Hedge ineffectiveness
Assets				
IAS 39 portfolio hedge accounting				
Fixed rate and revisable rate loans	Interest rate derivatives	-604,957	658,479	53,522
IFRS 9 fair value hedge accounting				
Structured lending	Interest rate derivatives	2,214	-2,132	82
Fixed rate and revisable rate leased assets	Interest rate derivatives	-4,427	2,960	-1,467
Assets total		**-607,170**	**659,307**	**52,137**
Liabilities				
IFRS 9 fair value hedge accounting				
Financial liabilities denominated in EUR	Interest rate derivatives	653,000	-685,882	-32,882
Financial liabilities denominated in foreign currencies	Currency derivatives (Cross currency interest rate swaps) Interest rate derivatives	248,784	-241,553	7,231
Liabilities total		**901,784**	**-927,435**	**-25,651**

Note 5. Financial assets and liabilities

Financial assets 31 Dec 2025 (EUR 1,000)	**Amortised cost**	**Fair value through other comprehensive income**	**Designated at fair value through profit or loss**	**Mandatorily at fair value through profit or loss**	**Fair value through profit or loss**	**Total**	**Fair value**
Cash and balances with central banks	5,169,257	-	-	-	-	5,169,257	5,169,257
Loans and advances to credit institutions	1,989,943	-	-	-	-	1,989,943	1,989,943
Loans and advances to the public and public sector entities*	37,807,443	-	29,473	21,335	-	37,858,251	39,882,583
, of which loan receivables	*36,407,260*	-	*29,473*	*21,335*	-	*36,458,068*	*38,424,391*
*, of which property lease receivables**	*1,400,183*	-	-	-	-	*1,400,183*	*1,458,192*
Debt securities	1,895,434	572,874	5,592,956	-	-	8,061,264	8,061,646
Derivative contracts at fair value through profit or loss	-	-	-	-	283,343	283,343	283,343
Derivative contracts in hedge accounting	-	-	-	-	1,203,273	1,203,273	1,203,273
Other assets	803,833	-	-	-	-	803,833	803,833
Total	**47,665,910**	**572,874**	**5,622,429**	**21,335**	**1,486,616**	**55,369,164**	**57,393,877**

* Line item includes property lease receivables that the Group has granted to customers and which are classified as financial assets in the Consolidated Financial Statements. Property lease receivables and equipment lease receivables for which the Group applies fair value hedge accounting are presented in Note *4 Hedge accounting*.

Financial liabilities 31 Dec 2025 (EUR 1,000)	Amortised cost	Designated at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Liabilities to credit institutions	118,677	77,400	-	196,077	196,557
Liabilities to the public and public sector entities	1,075,749	1,238,790	-	2,314,539	2,324,328
Debt securities issued	36,042,597	11,084,432	-	47,127,029	47,134,838
Derivative contracts at fair value through profit or loss	-	-	1,359,406	1,359,406	1,359,406
Derivative contracts in hedge accounting	-	-	2,008,951	2,008,951	2,008,951
Other liabilities	256,330	-	-	256,330	256,330
Total	**37,493,353**	**12,400,622**	**3,368,357**	**53,262,331**	**53,280,410**

Adjusted Financial assets 31 Dec 2024 (EUR 1,000)	Amortised cost	Fair value through other comprehensive income	Designated at fair value through profit or loss	Mandatorily at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Cash and balances with central banks	7,776,888	-	-	-	-	7,776,888	7,776,888
Loans and advances to credit institutions	789,725	-	-	-	-	789,725	789,725
Loans and advances to the public and public sector entities*	35,077,804	-	30,940	25,036	-	35,133,780	37,208,670
, of which loan receivables	*33,757,873*	-	*30,940*	*25,036*	-	*33,813,849*	*35,826,784*
*, of which property lease receivables**	*1,319,931*	-	-	-	-	*1,319,931*	*1,381,886*
Debt securities	1,825,411	377,480	3,676,021	-	-	5,878,912	5,879,660
Derivative contracts at fair value through profit or loss	-	-	-	-	451,480	451,480	451,480
Derivative contracts in hedge accounting	-	-	-	-	1,872,228	1,872,228	1,872,228
Other assets	889,682	-	-	-	-	889,682	889,682
Total	**46,359,510**	**377,480**	**3,706,961**	**25,036**	**2,323,708**	**52,792,695**	**54,868,333**

During the financial year, the Group has corrected the presentation of balances with central banks. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements*.

* Line item includes property lease receivables that the Group has granted to customers and which are classified as financial assets in the Consolidated Financial Statements. Property lease receivables and equipment lease receivables for which the Group applies fair value hedge accounting are presented in the Note *4 Hedge accounting*.

Adjusted Financial liabilities 31 Dec 2024 (EUR 1,000)	Amortised cost	Designated at fair value through profit or loss	Fair value through profit or loss	Total	Fair value
Liabilities to credit institutions	804,380	79,315	-	883,694	883,627
Liabilities to the public and public sector entities	1,129,737	1,334,136	-	2,463,874	2,475,335
Debt securities issued	35,336,202	9,198,104	-	44,534,306	44,345,120
Derivative contracts at fair value through profit or loss	-	-	1,073,936	1,073,936	1,073,936
Derivative contracts in hedge accounting	-	-	1,487,782	1,487,782	1,487,782
Other liabilities	259,850	-	-	259,850	259,850
Total	**37,530,169**	**10,611,555**	**2,561,718**	**50,703,442**	**50,525,650**

During the financial year, the Group has corrected the presentation of lease liability. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements*.

Note 6. Breakdown of the Group's assets and liabilities between current and non-current items

	31 Dec 2025			31 Dec 2024		
(EUR 1,000)	Current items	Non-current items	Total	Current items	Non-current items	Total
Cash and balances with central banks	5,169,257	-	5,169,257	7,776,888	-	7,776,888
Loans and advances to credit institutions	1,972,887	17,056	1,989,943	775,218	14,507	789,725
Loans and advances to the public and public sector entities	2,642,273	35,440,570	38,082,843	2,507,710	32,869,198	35,376,909
Debt securities	2,715,320	5,345,944	8,061,264	2,518,618	3,360,294	5,878,912
Derivative contracts	165,940	1,320,676	1,486,616	210,064	2,113,644	2,323,708
Intangible assets	612	224	836	1,989	731	2,720
Tangible assets	2,058	6,882	8,941	1,516	6,720	8,236
Other assets	831,484	-	831,484	915,913	-	915,913
Accrued income and prepayments	2,883	194	3,077	2,196	25	2,220
Current tax assets	37	-	37	16,577	-	16,577
Deferred tax assets	-	29	29	-	10	10
Total assets	**13,502,752**	**42,131,576**	**55,634,327**	**14,726,689**	**38,365,129**	**53,091,818**

In the table, the Group presents a breakdown by maturity for the balance sheet items between current and non-current items based on the maturity date of the item or when the item is expected to be used in the Group's business operations. Current items include items expected to realise during the following 12 months. In the non-current items, the Group presents items that are expected to be realised after 12 months.

(EUR 1,000)	31 Dec 2025 Current items	31 Dec 2025 Non-current items	31 Dec 2025 Total	31 Dec 2024 Current items	31 Dec 2024 Non-current items	31 Dec 2024 Total
Liabilities to credit institutions	27,505	168,572	196,077	719,623	164,072	883,694
Liabilities to the public and public sector entities	406,975	1,907,564	2,314,539	271,328	2,192,546	2,463,874
Debt securities issued	11,281,147	35,845,882	47,127,029	10,867,907	33,666,399	44,534,306
Derivative contracts	351,736	3,016,620	3,368,357	355,222	2,206,496	2,561,718
Other liabilities	273,880	1,281	275,161	278,873	6,309	285,181
Accrued expenses and deferred income	46,824	488	47,312	44,852	633	45,485
Deferred tax liabilities	-	369,693	369,693	-	372,126	372,126
Total liabilities	**12,388,067**	**41,310,101**	**53,698,168**	**12,537,804**	**38,608,579**	**51,146,383**
Total equity			**1,936,160**			**1,945,435**
Total liabilities and equity			**55,634,327**			**53,091,818**

Liabilities and hedging derivative contracts that may be called before maturity have been classified in the class corresponding to the first possible call date. The Group estimates it will call 10–30% of its callable liabilities in 2026. In 2025, the Group called 42% of its callable liabilities.

Note 7. Fair values of financial assets and liabilities

Valuation framework

MuniFin Group has implemented a framework for the arrangements, activities and procedures related to the Group's model risk management. The purpose of the model risk management framework is to ensure effective management of model risk and mitigation of fair value uncertainty, as well as to ensure compliance with external and internal requirements. The Group ensures that all aspects of the lifecycle of valuation models (i.e. approval, design and development, testing and maintenance, monitoring and execution) are subject to effective governance, clear roles and responsibilities and effective internal control.

The Group manages and maintains a model inventory which provides a holistic view of all valuation models, their business purpose and characteristics as well as their applications and conditions for use. All approved valuation models within the model inventory are subject to annual review and re-approval by the Risk Management and Compliance Management Team.

The Finance Management Team acts as a valuation control group for MuniFin Group's fair values and is responsible for the final approval of the Group's fair values for financial reporting. The Finance Management Team monitors and controls MuniFin Group's valuation process and the performance of valuation models, decides on the necessary measures and reports to the Executive Management Team (*EMT*). The Finance Management Team assesses whether the valuation models and valuation process provide sufficiently accurate information to be used in financial reporting and, based on the information received, decides on possible adjustments to the values generated by the valuation process.

The Group has implemented an efficient control and performance monitoring framework with regards to its valuation models, which aims to ensure the accuracy and appropriateness of model output. Model performance monitoring consists of four main controls:
- Counterparty valuation control (*CVC*)
- Fair value explanation
- Independent price verification (*IPV*)
- Independent model validation.

Counterparty valuation control is performed daily by Risk Management with the purpose to assess any deviations in valuation model output compared to MuniFin Group's own earlier valuations and to counterparty valuations. The results of the assessment are reported monthly to the CFO and quarterly to the Finance Management Team. Fair value explanation process consists of a daily analysis and explanation of the changes in fair values by Risk Management and a monthly fair value explanation report to the CFO and quarterly to the Finance Management Team. The independent price verification is performed monthly as a part of MuniFin Group's IPV process by a third party service provider. The results of the control activities are reported monthly to the CFO and quarterly to the Finance Management Team. The independent model validation is performed annually for a subset of MuniFin Group's valuation models by a third-party service provider. The results of the model validation are reported to the Finance Management Team.

Determination of fair value

The fair values of financial instruments are determined on the basis of either price quotations obtained from functioning markets or, if such markets do not exist, by applying valuation methods. A market is deemed to be functioning if price quotations are readily and consistently available, and they reflect real market transactions executed in a consistent manner between independent parties. If a quoted price in an active market is not available for a financial instrument, the Group uses valuation techniques standard across the industry and for which sufficient information is available to determine the fair value. The chosen valuation technique should include all factors that market participants would consider in pricing the financial instrument. The valuation technique maximises the use of observable inputs and as few as possible unobservable inputs are used.

IFRS 13 classifies valuation models and techniques into three different categories: market approach, income approach and cost approach. The Group applies the market-based approach when the instrument has a functioning market and public price quotations are available.

Income approach is applied when valuation is based, for example, on determining the present value of future cash flows (*discounting*). Valuation methods take into account an assessment of the credit risk, discount rates used, the possibility of early repayment and other factors that influence the fair value of a financial instrument reliably. The Group does not use the cost approach for the valuation of any of its financial instruments.

The Group measures fair values using the fair value hierarchy by dividing fair value into level 1, 2 and 3 inputs, which reflects the significance of the inputs used in making the measurements.

Level 1
Inputs that are quoted market prices unadjusted for identical instruments in active markets that the Group can access at the measurement date. The market is considered to be active if trading is frequent and price data is regularly available. These quotes (mid) represent the price for an orderly transaction between parties in the market on the valuation date.

Level 2
Inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes instruments valued using quoted prices for identical instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3
Level 3 includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. Unobservable inputs are used only to the extent that no relevant observable inputs are available. If the valuation input is illiquid, extrapolated or based on historical prices, it will be defined as a level 3 valuation input as these types of inputs are per definition unobservable.

The Group applies the market-based approach when the instrument has a functioning market and public price quotations are available. The Group uses the market approach for the valuation of investment bonds of the liquidity portfolio. For all level 1 assets, the Group uses market prices of the identical asset. The Group does not use prices of comparable assets.

MuniFin Group applies different models in order to derive the fair values of certain types of instruments. The choice of base models and model calibration depends on the complexity of the financial instrument and the observability of the relevant inputs. In line with market practice, the primary choice of base model is contingent on the underlying instrument classes. Additionally, instruments are broken down into different categories granular enough to capture the most important risk drivers and different kinds of calibration techniques. The specific combination of base models and the different assumptions and calibration techniques are documented. The Group's fair value instruments that are subject to mark-to-model valuation techniques consist of four asset classes:

- Interest rate instruments
- FX instruments
- Equity-linked instruments
- Hybrid instruments.

All valuation models, both complex and simple models, use market prices and other inputs. These market prices and inputs comprise for example interest rates, FX rates, volatilities, correlations. The Group applies different types of valuation inputs depending on the type and complexity of the instruments and the related risk factors and payoff structures. The Group's defined categorisation to the fair value hierarchy levels is based on the analysis performed with regards to the valuation input, stress testing (*reasonably possible alternative assumption*) and model complexity. If the inputs used to measure fair value are categorised into different levels on the fair value hierarchy, the fair value measurement is categorised in its entirety on the level of the lowest level input that is significant to the entire measurement. The approach has decribed more detailed in section *Sensitivity analysis of unobservable inputs*.

The Group uses the income approach for many of its financial instruments. Level 2 instruments comprise mainly OTC derivatives, the Group's issued plain-vanilla financial liabilities and the Group's lending agreements. Level 3 includes financial instruments with equity and FX structures due to the impact of the utilisation of inputs such as dividend yield on the fair value measurement. In addition, level 3 contains some interest rate structures with long maturities (exceeding e.g. 35 years) or in currencies where the interest rate curve is not considered liquid for all maturities. Due to the nature of MuniFin Group's funding portfolio (i.e. issued bonds are hedged back-to-back), if a swap that is hedging an issued bond is designated as a level 3 instrument, then the issued bond will also be designated as a level 3 instrument.

Separation of fair value changes related to changes in own credit risk

For the separation of fair value changes related to changes in own credit risk, the Group applies income approach. For the majority of financial liabilities designated at fair value through profit or loss, no market price is available as there is no active secondary market.

The methodology for separation of own credit risk utilises:

- MuniFin's benchmark curves
- cross currency basis spreads
- credit spreads of MuniFin's issued debt securities on the primary market as input.

Based on the aforementioned inputs, valuation curves can be constructed for various reporting periods for valuing financial liabilities designated at fair value through profit or loss. By comparing fair values calculated using the trade date and reporting date, the impact of change in own credit risk on the fair value of the financial liability can be determined.

Credit valuation adjustments

Fair value of financial instruments is generally calculated as the net present value of the individual instruments. This calculation is supplemented by counterparty level adjustments. The Group incorporates credit valuation adjustments (*CVA*) and debit valuation adjustments (*DVA*) into derivative valuations. CVA reflects the impact of the counterparty's credit risk on fair value and DVA MuniFin Group's own credit quality. The Credit Valuation Adjustment that measures counterparty credit risk and MuniFin Group's own Debt Valuation Adjustment are both taken into account when calculating credit risk exposures arising from derivative counterparties. The CVA is estimated for each derivative counterparty by calculating the Group's expected positive exposure throughout the maturity of the derivative portfolio, taking into account the probability of default and the estimated amount of loss in the possible event of default. Input data for the calculation is based on the terms of CSA agreements, generally accepted assumptions in the markets on the loss given default and expected probabilities calculated based on credit default swaps (*CDS*). Similarly, the DVA is determined on the basis of MuniFin Group's expected negative exposures, taking into account the probability of MuniFin's own default and the loss given defaultIn addition, the Group calculates Funding Valuation Adjustment (*FVA*) for those derivative contracts that do not hold cash collateral arrangements (derivatives with MuniFin Group's customers).

Initial recognisition

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price. If the fair value on initial recognition differs from the transaction price and the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability, nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value and adjusted to defer the difference between the fair value on initial recognition and the transaction price (*Day 1 gain or loss*). The difference is amortised on a straight-line basis throughout the lifetime of the contract. Day 1 gain or loss for MuniFin Group is presented in the table below.

Day 1 gain or loss (EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024	Jul–Dec 2025	Jul–Dec 2024
Opening balance in the beginning of the reporting period	-309	-350	-288	-329
Recognised in the income statement during the year	41	41	21	20
Deferred gain or loss on new transactions	-	-	-	-
Total at the end of the reporting period	**-268**	**-309**	**-268**	**-309**

The Group recognises these gains and losses within the line item *Net result on financial instruments at fair value through profit or loss*. The fair value change due to changes in own credit risk of financial liabilities designated at fair value through profit or loss is recognised in the other comprehensive income.

The following table presents financial instruments by the level of the fair value hierarchy into which the fair value measurement is categorised.

Financial assets 31 Dec 2025 (EUR 1,000)	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
At fair value					
Fair value through other comprehensive income					
Debt securities	572,874	487,309	85,566	-	572,874
Designated at fair value through profit or loss					
Loans and advances to the public and public sector entities	29,473	-	29,473	-	29,473
Debt securities	5,592,956	5,540,476	52,479	-	5,592,956
Mandatorily at fair value through profit or loss					
Loans and advances to the public and public sector entities	21,335	-	-	21,335	21,335
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	283,343	-	282,834	509	283,343
Derivative contracts in hedge accounting	1,203,273	-	1,203,273	-	1,203,273
Total at fair value	**7,703,254**	**6,027,785**	**1,653,625**	**21,844**	**7,703,254**
In fair value hedge accounting					
Amortised cost					
Loans and advances to the public and public sector entities	10,335,023	-	10,760,883	-	10,760,883
, of which loan receivables	*9,957,100*	-	*10,365,154*	-	*10,365,154*
, of which property lease receivables	*377,923*	-	*395,729*	-	*395,729*
Total in fair value hedge accounting	**10,335,023**	**-**	**10,760,883**	**-**	**10,760,883**
At amortised cost					
Cash and balances with central banks	5,169,257	5,169,257	-	-	5,169,257
Loans and advances to credit institutions	1,989,943	412,885	1,577,058	-	1,989,943
Loans and advances to the public and public sector entities	27,472,420	-	29,070,891	-	29,070,891
, of which loan receivables	*26,450,159*	-	*28,008,428*	-	*28,008,428*
, of which property lease receivables	*1,022,261*	-	*1,062,463*	-	*1,062,463*
Debt securities	1,895,434	-	1,895,815	-	1,895,815
Other assets	803,833	-	803,833	-	803,833
Total at amortised cost	**37,330,887**	**5,582,142**	**33,347,598**	**-**	**38,929,740**
Total financial assets	**55,369,164**	**11,609,927**	**45,762,106**	**21,844**	**57,393,877**

Financial liabilities 31 Dec 2025 (EUR 1,000)		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
At fair value					
Designated at fair value through profit or loss					
Liabilities to credit institutions	77,400	-	77,400	-	77,400
Liabilities to the public and public sector entities	1,238,790	-	1,203,983	34,808	1,238,790
Debt securities issued	11,084,432	-	10,955,634	128,798	11,084,432
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	1,359,406	-	1,265,710	93,695	1,359,406
Derivative contracts in hedge accounting	2,008,951	-	1,976,470	32,481	2,008,951
Total at fair value	**15,768,979**	**-**	**15,479,197**	**289,782**	**15,768,979**
In fair value hedge accounting					
Amortised cost					
Liabilities to credit institutions	96,347	-	96,827	-	96,827
Liabilities to the public and public sector entities	1,075,749	-	1,085,538	-	1,085,538
Debt securities issued*	35,110,255	-	34,928,918	189,147	35,118,064
Total in fair value hedge accounting	**36,282,351**	**-**	**36,111,283**	**189,147**	**36,300,429**
At amortised cost					
Liabilities to credit institutions	22,330	-	22,330	-	22,330
Debt securities issued	932,342	-	932,342	-	932,342
Other liabilities	256,330	-	256,330	-	256,330
Total at amortised cost	**1,211,002**	**-**	**1,211,002**	**-**	**1,211,002**
Total financial liabilities	**53,262,331**	**-**	**52,801,481**	**478,929**	**53,280,410**

* MuniFin Group's fixed-rate benchmark bond issuances are presented on level 2 as these bonds are in fair value hedge accounting with respect to the hedged risk. Valuation of the hedged risk is based on the level 2 inputs. In the Notes of the Financial Statements Bulletin, the Group's fixed-rate benchmark bonds' fair values are adjusted to reflect fair value based on the quoted prices from Bloomberg. The market price is a level 1 input.

Adjusted Financial assets 31 Dec 2024 (EUR 1,000)	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
At fair value					
Fair value through other comprehensive income					
Debt securities	377,480	357,349	20,131	-	377,480
Designated at fair value through profit or loss					
Loans and advances to the public and public sector entities	30,940	-	30,940	-	30,940
Debt securities	3,676,021	3,666,033	9,988	-	3,676,021
Mandatorily at fair value through profit or loss					
Loans and advances to the public and public sector entities	25,036	-	-	25,036	25,036
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	451,480	-	445,149	6,331	451,480
Derivative contracts in hedge accounting	1,872,228	-	1,871,295	934	1,872,228
Total at fair value	**6,433,185**	**4,023,383**	**2,377,502**	**32,301**	**6,433,185**
In fair value hedge accounting					
Amortised cost					
Loans and advances to the public and public sector entities	11,014,235	-	11,529,258	-	11,529,258
, of which loan receivables	*10,633,372*	-	*11,128,949*	-	*11,128,949*
, of which property lease receivables	*380,863*	-	*400,309*	-	*400,309*
Total in fair value hedge accounting	**11,014,235**	**-**	**11,529,258**	**-**	**11,529,258**
At amortised cost					
Cash and balances with central banks	7,776,888	7,776,888	-	-	7,776,888
Loans and advances to credit institutions	789,725	181,317	608,408	-	789,725
Loans and advances to the public and public sector entities	24,063,569	-	25,662,917	-	25,662,917
, of which loan receivables	*23,124,500*	-	*24,641,859*	-	*24,641,859*
, of which property lease receivables	*939,068*	-	*981,577*	-	*981,577*
Debt securities	1,825,411	-	1,826,159	-	1,826,159
Other assets	889,682	-	889,682	-	889,682
Total at amortised cost	**35,345,275**	**7,958,205**	**28,987,166**	**-**	**36,945,371**
Total financial assets	**52,792,695**	**11,981,588**	**42,893,925**	**32,301**	**54,907,814**

During the financial year, the Group has corrected the presentation of balances with central banks and fair values for property lease receivables. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements*.

Adjusted Financial liabilities 31 Dec 2024 (EUR 1,000)	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
At fair value					
Designated at fair value through profit or loss					
Liabilities to credit institutions	79,315	-	79,315	-	79,315
Liabilities to the public and public sector entities	1,334,136	-	1,293,774	40,363	1,334,136
Debt securities issued	9,198,104	-	9,002,575	195,529	9,198,104
Fair value through profit or loss					
Derivative contracts at fair value through profit or loss	1,073,936	-	987,489	86,447	1,073,936
Derivative contracts in hedge accounting	1,487,782	-	1,481,145	6,636	1,487,782
Total at fair value	**13,173,273**	**-**	**12,844,298**	**328,974**	**13,173,273**
In fair value hedge accounting					
Amortised cost					
Liabilities to credit institutions	88,243	-	88,175	-	88,175
Liabilities to the public and public sector entities	1,129,737	-	1,141,199	-	1,141,199
Debt securities issued	34,570,729	-	34,092,128	289,415	34,381,544
Total in fair value hedge accounting	**35,788,709**	**-**	**35,321,502**	**289,415**	**35,610,917**
At amortised cost					
Liabilities to credit institutions	716,137	-	716,137	-	716,137
Debt securities issued	765,473	-	765,473	-	765,473
Other liabilities	259,850	-	259,850	-	259,850
Total at amortised cost	**1,741,459**	**-**	**1,741,459**	**-**	**1,741,459**
Total financial liabilities	**50,703,442**	**-**	**49,907,260**	**618,390**	**50,525,650**

During the financial year, the Group has corrected the presentation of lease liability. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

Sensitivity analysis of unobservable inputs

Sensitivity analysis illustrates the impact of the reasonably possible assumptions on the fair value of financial instruments for which valuation is dependent on unobservable inputs. In order to assess the 'significance' of the level 3 valuation inputs to the fair value of an instrument, MuniFin has defined a materiality (*significance*) threshold to the fair value of an instrument and pre-defined stress levels that is assessed to be 'reasonably possible alternative assumption' to the valuation input. In addition, in order to assess the significance, the Group uses materiality threshold by comparing the impact of the unobservable input (level 3) to the notional. If the impact is below threshold, the financial instrument is classified as a level 2 instrument. The assessment of the fair value hierarchy classification will be performed using a "Waterfall" principle meaning that the input which is assumed to be the most material valuation input, in combination with the complexity of the model, will be assessed first. As a result of the assessment, the Group has identified level 3 instruments for which the impact of unobservable inputs on the fair value is material.

The unobservable inputs used by the Group

The unobservable inputs are used only to the extent that no relevant observable inputs are available.

Correlation parameters

If the fair value of a financial instrument is impacted by more than one unobservable input, correlations describe the relationship between these different underlyings. For example for equity-linked instruments, correlation has a significant impact on fair value, if the underlying is dependent on more than one equity. For FX-linked cross currency and interest rate derivatives, correlations exist between FX rates of currencies, which impact the fair value of the financial instrument. If a high correlation exists between the unobservable inputs, it will lead to an increase in fair value. A low correlation between the unobservable inputs will lead to a decrease in fair value. MuniFin Group has financial instruments, in which correlation is a significant unobservable input, mainly in funding products and their hedging instruments.

Volatility (extrapolated or illiquid)

A financial instrument whose value is based on a stochastic model will typically require the volatility of the underlying instrument as an input. The Group uses Dupire local volatility model as its stochastic valuation model. For interest rate volatilities at-the-money implied volatility is used. For FX and equity components (both equity indices and single stock prices), a full volatility surface is used that includes quotes for different strikes and maturities. The Group uses implied volatility for the majority of the equity-linked structures. In some cases no liquid volatility surface exists. In these cases, a proxy volatility is typically used instead. The majority of the financial instruments, which use volatility as a significant unobservable input, are the Group's funding products and their hedging instruments.

Dividend yield

The main drivers influencing the fair value of equity-linked instruments are dividend yield and volatility of the underlying equities. Equity-linked instruments require a dividend parameter as an input to the fair value. The equity component is modelled using the Dupire local volatility model where the underlying equity prices are assumed to follow a random walk. During the comparison period, MuniFin Group had equity-linked financial instruments in which dividend yield as a significant unobservable input, within its funding portfolio and their hedging instruments.

Interest rates (extrapolated or illiquid)

The Group uses unobservable inputs in defining fair value of complex interest rate structures. The future cash flows and their fair value is determined by using forward rates and volatilities of the underlying interest rates using Hull-White stochastic model. Financial instruments whose payoffs are dependent on the value of complex interest rate structures are categorised on level 3. The majority of these instruments requiring extrapolated or illiquid interest rates as input are the Group's funding products and their hedging instruments.

The behaviour of the fair value of the unobservable inputs on level 3 is not necessarily independent, and dynamic relationships often exist between the unobservable inputs and the observable inputs. Such relationships, where material to the fair value of a given instrument, are controlled via pricing models or valuation techniques. MuniFin Group uses stochastic models to generate a distribution of future cash flows of each financial instrument. The future cash flows are then discounted back to present to get the fair value of each financial instrument. The stochastic models used by the Group are Hull-White model and Dupire volatility model.

The following table illustrates the impact that changing one or more of the assumptions in the unobservable input (*reasonably possible alternative assumptions*) could have on the valuations at the financial statement date. However, it is unlikely in practice that all unobservable inputs would simultaneously move to extremes of reasonably possible alternatives used in the sensitivity analysis. Hence, the impact of the sensitivity analysis disclosed in this Note is likely to be greater than the true uncertainty in the fair values at the financial statement date. Furthermore, the disclosure is neither predictive nor indicative of future movements in the fair value of financial instruments.

Estimates of fair value are appropriate and applied according to the Group's valuation policy but the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements on level 3, changing one or more of the assumptions to the reasonably possible alternative assumptions would have the following effects: as of 31 December 2025, these assumptions could have increased fair values by EUR 6.4 million (EUR 13.6 million) or decreased fair values by EUR 6.4 million (EUR -13.4 million).

Sensitivity analysis of unobservable inputs 31 Dec 2025 (EUR 1,000)	Fair value	Valuation technique	Unobservable input	Positive range of fair value	Negative range of fair value
Loans and advances to the public and public sector entities					
Loans	21,335	Stochastic model	Volatility – Extrapolated or Illiquid	0	0
Derivative contracts					
Equity-linked derivatives	-	Stochastic model	Correlation parameters	-	-
			Volatility – Extrapolated or Illiquid	-	-
			Dividend yield	-	-
FX-linked cross currency and interest rate derivatives	-9,715	Stochastic model	Correlation parameters	71	-67
			Volatility – Extrapolated or Illiquid	658	-576
			Interest rates – Extrapolated or Illiquid	-	-
Other interest rate derivatives	-115,953	Stochastic model	Correlation parameters	1	0
			Volatility – Extrapolated or Illiquid	2,485	-2,871
			Interest rates – Extrapolated or Illiquid	525	-525
Debt securities issued and Liabilities to the public and public sector entities					
Equity-linked liabilities	-	Stochastic model	Correlation parameters	-	-
			Volatility – Extrapolated or Illiquid	-	-
			Dividend yield	-	-
FX-linked liabilities	58,589	Stochastic model	Correlation parameters	38	-32
			Volatility – Extrapolated or Illiquid	446	-577
			Interest rates – Extrapolated or Illiquid	-	-
Other liabilities	294,163	Stochastic model	Correlation parameters	0	0
			Volatility – Extrapolated or Illiquid	2,170	-1,775
			Interest rates – Extrapolated or Illiquid	-	-
Total	**248,420**			**6,393**	**-6,423**

Sensitivity analysis of unobservable inputs 31 Dec 2024 (EUR 1,000)	Fair value	Valuation technique	Unobservable input	Positive range of fair value	Negative range of fair value
Loans and advances to the public and public sector entities					
Loans	25,036	Stochastic model	Volatility – Extrapolated or Illiquid	24	-19
Derivative contracts					
Equity-linked derivatives	-6,715	Stochastic model	Correlation parameters	2	-7
			Volatility – Extrapolated or Illiquid	26	-52
			Dividend yield	2	-1
FX-linked cross currency and interest rate derivatives	-836	Stochastic model	Correlation parameters	116	-87
			Volatility – Extrapolated or Illiquid	703	-761
			Interest rates – Extrapolated or Illiquid	0	0
Other interest rate derivatives	-78,268	Stochastic model	Correlation parameters	0	-1
			Volatility – Extrapolated or Illiquid	6,056	-6,097
			Interest rates – Extrapolated or Illiquid	969	-969
Debt securities issued and Liabilities to the public and public sector entities					
Equity-linked liabilities	9,373	Stochastic model	Correlation parameters	2	0
			Volatility – Extrapolated or Illiquid	51	-34
			Dividend yield	1	-1
FX-linked liabilities	82,047	Stochastic model	Correlation parameters	54	-44
			Volatility – Extrapolated or Illiquid	624	-608
			Interest rates – Extrapolated or Illiquid	0	0
Other liabilities	433,887	Stochastic model	Correlation parameters	1	-1
			Volatility – Extrapolated or Illiquid	4,969	-4,737
			Interest rates – Extrapolated or Illiquid	21	-21
Total	**464,524**			**13,619**	**-13,440**

Transfers in the fair value hierarchy

MuniFin Group assesses the appropriateness and correctness of the categorisation with regards to the fair value hierarchy classification at initial recognition and at the end of each reporting period. This is to determine the initial classification of a level 1, 2 and 3 instrument and the subsequent potential transfers between levels within the fair value hierarchy. A transfer between the fair value hierarchies can occur for example when a previously assumed observed input requires an adjustment using an unobservable input. The procedure is the same for transfers into and out of the fair value levels. Transfers between the levels are considered to take place at the end of the quarter during which an event causes such a transfer or when circumstances change.

During 2025, transfers totalling EUR 352,290 thousand from level 2 to level 1 in the line item *Debt securities*. During 2025, there were no transfers from level 2 to level 3.

Level 3 transfers 2025 (EUR 1,000)	1 Jan 2025	Realised gains and losses in the income statement	Unrealised change in fair value in the income statement	Unrealised change in fair value in the other comprehensive income	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers out of level 3	31 Dec 2025
Financial assets									
At fair value									
Mandatorily at fair value through profit or loss									
Loans and advances to the public and public sector entities	25,036	-	-3,701	-	-	-	-	-	21,335
Fair value through profit or loss									
Derivative contracts at fair value through profit or loss	6,331	-14	-4,510	-	-	-1,312	14	-	509
Derivative contracts in hedge accounting	934	-	-739	-	-	-	-	-195	0
Financial assets in total	**32,301**	**-14**	**-8,950**	**-**	**-**	**-1,312**	**14**	**-195**	**21,844**
Financial liabilities									
At fair value									
Designated at fair value through profit or loss									
Liabilities to the public and public sector entities	40,363	-901	-6,704	1,149	-	-	901	-	34,808
Debt securities issued	195,529	-3,374	-27,501	4,071	-	-23,400	3,374	-19,901	128,798
Fair value through profit or loss									
Derivative contracts at fair value through profit or loss	86,447	-1,075	29,234	-	-	-9,664	1,075	-12,321	93,695
Derivative contracts in hedge accounting	6,636	3,765	29,317	-58	-	-	-3,765	-3,414	32,481
In fair value hedge accounting									
Amortised cost									
Debt securities issued	289,415	-9,642	-23,819	-	-	-	9,642	-76,450	189,147
Financial liabilities in total	**618,390**	**-11,226**	**528**	**5,162**	**-**	**-33,065**	**11,226**	**-112,086**	**478,929**
Level 3 financial assets and liabilities in total	**650,691**	**-11,240**	**-8,423**	**5,162**	**-**	**-34,376**	**11,240**	**-112,086**	**500,773**

During 2024, transfers totalling EUR 9,988 thousand have been made from level 1 to level 2 and EUR 31,470 thousand from level 2 to level 1 in the line item *Debt securities*. During 2024, there were no transfers from level 2 to level 3.

Level 3 transfers 2024 (EUR 1,000)	1 Jan 2024	Realised gains and losses in the income statement	Unrealised change in fair value in the income statement	Unrealised change in fair value in the other comprehensive income	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers out of level 3	31 Dec 2024
Financial assets									
At fair value									
Mandatorily at fair value through profit or loss									
Loans and advances to the public and public sector entities	27,663	-	-2,627	-	-	-	-	-	25,036
Fair value through profit or loss									
Derivative contracts at fair value through profit or loss	9,036	-202	-2,444	-	-	-261	202	-	6,331
Derivative contracts in hedge accounting	-	680	706	-	228	-	-680	-	934
Financial assets in total	**36,699**	**478**	**-4,365**	**-**	**228**	**-261**	**-478**	**-**	**32,301**
Financial liabilities									
At fair value									
Designated at fair value through profit or loss									
Liabilities to the public and public sector entities	99,266	-901	1,611	-2,579	-	-	901	-57,935	40,363
Debt securities issued	296,110	-3,997	-1,351	-9,594	-	-89,637	3,997	-	195,529
Fair value through profit or loss									
Derivative contracts at fair value through profit or loss	117,469	-6,811	-4,836	-	-	-18,480	6,811	-7,706	86,447
Derivative contracts in hedge accounting	11,719	2,900	-6,357	309	1,703	-	-2,900	-738	6,636
In fair value hedge accounting									
Amortised cost									
Debt securities issued	187,193	-11,498	12,213	-	101,052	-	11,498	-11,042	289,415
Financial liabilities in total	**711,757**	**-20,305**	**1,279**	**-11,863**	**102,754**	**-108,116**	**20,305**	**-77,421**	**618,390**
Level 3 financial assets and liabilities in total	**748,456**	**-19,827**	**-3,085**	**-11,863**	**102,982**	**-108,377**	**19,827**	**-77,421**	**650,691**

Note 8. Cash and cash equivalents

31 Dec 2025 (EUR 1,000)	Total	Cash and cash equivalents	Expected credit losses
Cash	2	2	-
Deposits with central banks	5,169,255	5,169,255	0
Cash and balances with central banks	**5,169,257**	**5,169,257**	**0**
Loans and advances to credit institutions payable on demand	43,415	43,415	0
Total cash and cash equivalents	**5,212,672**	**5,212,673**	**0**

Adjusted 31 Dec 2024 (EUR 1,000)	Total	Cash and cash equivalents	Expected credit losses
Cash	2	2	-
Deposits with central banks	7,776,886	7,776,887	0
Cash and balances with central banks	**7,776,888**	**7,776,889**	**0**
Loans and advances to credit institutions payable on demand	61,494	61,494	0
Total cash and cash equivalents	**7,838,382**	**7,838,383**	**0**

During the financial year, the Group has corrected the presentation of balances with central banks. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements*.

Note 9. Derivative contracts

31 Dec 2025 (EUR 1,000)	Nominal value of underlying instrument	Fair value Positive	Fair value Negative
Derivative contracts in hedge accounting			
Interest rate derivatives			
Interest rate swaps	38,058,880	883,575	-1,166,959
, of which cleared by the central counterparty	*37,374,118*	*854,731*	*-1,143,740*
Currency derivatives			
Cross currency interest rate swaps	16,440,067	319,697	-841,992
Total derivative contracts in hedge accounting	**54,498,947**	**1,203,273**	**-2,008,951**
Derivative contracts at fair value through profit or loss			
Interest rate derivatives			
Interest rate swaps	27,475,091	231,688	-1,050,133
, of which cleared by the central counterparty	*19,907,159*	*139,170*	*-82,217*
Currency derivatives			
Cross currency interest rate swaps	4,537,365	47,598	-290,276
Forward exchange contracts	3,337,001	4,056	-18,997
Equity derivatives	-	-	-
Total derivative contracts at fair value through profit or loss	**35,349,458**	**283,343**	**-1,359,406**
Total derivative contracts	**89,848,405**	**1,486,616**	**-3,368,357**

Line item *Derivative contracts at fair value through profit or loss* contains all derivatives of the Group which are not included in hedge accounting, even if they are entered into for risk management purposes. The category contains derivative contracts used for hedging financial assets and liabilities designated at fair value through profit or loss, all derivative contracts with municipal sector and all derivative contracts hedging derivatives with municipal sector. In addition to these, the category contains derivative contracts used for hedging interest rate risk of the balance sheet, for which no hedged item has been specified. In addition, this line item includes derivative contracts that are made to hedge currency risk arising from currency denominated cash collateral.

31 Dec 2024 (EUR 1,000)	Nominal value of underlying instrument	Fair value Positive	Fair value Negative
Derivative contracts in hedge accounting			
Interest rate derivatives			
Interest rate swaps	36,286,482	987,920	-1,262,963
, of which cleared by the central counterparty	*35,457,197*	*963,973*	*-1,250,839*
Currency derivatives			
Cross currency interest rate swaps	17,098,903	884,308	-224,818
Total derivative contracts in hedge accounting	**53,385,385**	**1,872,228**	**-1,487,782**
Derivative contracts at fair value through profit or loss			
Interest rate derivatives			
Interest rate swaps	22,504,004	224,609	-800,655
, of which cleared by the central counterparty	*15,300,387*	*119,869*	*-122,927*
Currency derivatives			
Cross currency interest rate swaps	3,663,059	95,498	-265,805
Forward exchange contracts	2,840,260	131,373	-761
Equity derivatives	12,572	-	-6,715
Total derivative contracts at fair value through profit or loss	**29,019,895**	**451,480**	**-1,073,936**
Total derivative contracts	**82,405,280**	**2,323,708**	**-2,561,718**

Note 10. Changes in intangible and tangible assets

	Intangible assets	Tangible assets		
Jan–Dec 2025 (EUR 1,000)	**Total IT systems**	**Other tangible assets**	**Right-of-use assets**	**Total**
Acquisition cost 1 Jan	29,253	7,134	8,532	15,665
+ Additions	106	2,350	369	2,719
- Disposals	-2,048	-3,945	-368	-4,314
Acquisition cost 31 Dec	27,311	5,538	8,532	14,071
Accumulated depreciation and impairment charges 1 Jan	26,533	6,445	984	7,429
- Accumulated depreciation on disposals	-2,048	-3,945	-340	-4,285
+ Depreciation according to plan	1,989	570	1,416	1,986
Accumulated depreciation and impairment charges 31 Dec	26,474	3,070	2,060	5,130
Carrying amount 31 Dec	**836**	**2,468**	**6,472**	**8,941**

	Intangible assets	Tangible assets		
Jan–Dec 2024 (EUR 1,000)	**Total IT systems**	**Other tangible assets**	**Right-of-use assets**	**Total**
Acquisition cost 1 Jan	29,014	6,777	15,406	22,183
+ Additions	239	386	656	1,042
- Disposals	-	-29	-7,530	-7,560
Acquisition cost 31 Dec	29,253	7,134	8,532	15,665
Accumulated depreciation and impairment charges 1 Jan	22,703	5,920	6,614	12,535
- Accumulated depreciation on disposals	-	-29	-7,277	-7,306
+ Depreciation according to plan	3,830	554	1,646	2,201
Accumulated depreciation and impairment charges 31 Dec	26,533	6,445	984	7,429
Carrying amount 31 Dec	**2,720**	**688**	**7,548**	**8,236**

Note 11. Credit risks of financial assets and other commitments

The following table presents exposures under expected credit loss calculations by asset groups and impairment stages.

Exposures by asset groups and impairment stages 31 Dec 2025 (EUR 1,000)	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3*			
	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Expected credit losses
Cash and balances with central banks	5,169,257	0	-	-	-	-	5,169,257	0
Loans and advances to credit institutions at amortised cost	1,990,039	-96	-	-	-	-	1,990,039	-96
Loans and advances to the public and public sector entities at amortised cost	33,772,455	-153	2,184,392	-2,648	453,869	-655	36,410,716	-3,456
Leased assets in Loans and advances to the public and public sector entities at amortised cost	1,613,040	-10	11,577	-1	168	0	1,624,785	-10
Debt securities at amortised cost	1,892,658	-2	2,778	0	-	-	1,895,436	-2
Debt securities at fair value through other comprehensive income	572,874	-54	-	-	-	-	572,874	-54
Cash collateral to CCPs in Other assets at amortised cost	803,838	-5	-	-	-	-	803,838	-5
Credit commitments *(off-balance sheet)*	2,333,463	-13	97,195	-5	-	-	2,430,658	-19
Total	**48,147,625**	**-333**	**2,295,941**	**-2,654**	**454,036**	**-655**	**50,897,602**	**-3,642**

* The Group has collateral and guarantee arrangements that fully cover the stage 3 receivables as described in the Consolidated Financial Statements 2024 Note *2 Risk management principles and the Group's risk position* in Section *6. Credit risk*. The Group's management expects that all stage 3 receivables will be recovered and no final credit loss will emerge. Stage 3 receivables include EUR 2,286 thousand (EUR 1,926 thousand) of originated credit impaired receivables (*Purchased or Originated Credit Impaired, POCI*). Expected credit losses for the POCI receivables amount to EUR 2 thousand (EUR 3 thousand).

The increase in stage 3 receivables during the financial year was mainly due to the transition of one medium-sized entity to stage 3.

Adjusted Exposures by asset groups and impairment stages 31 Dec 2024 (EUR 1,000)	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Expected credit losses
Cash and balances with central banks	7,776,889	0	-	-	-	-	7,776,889	0
Loans and advances to credit institutions at amortised cost	789,785	-61	-	-	-	-	789,785	-61
Loans and advances to the public and public sector entities at amortised cost	31,381,806	-142	2,086,923	-2,103	291,705	-316	33,760,434	-2,561
Leased assets in Loans and advances to the public and public sector entities at amortised cost	1,561,931	-9	1,139	0	-	-	1,563,069	-9
Debt securities at amortised cost	1,824,426	-1	986	0	-	-	1,825,412	-1
Debt securities at fair value through other comprehensive income	377,480	-45	-	-	-	-	377,480	-45
Cash collateral to CCPs in Other assets at amortised cost	889,687	-5	-	-	-	-	889,687	-5
Credit commitments (off-balance sheet)	2,864,012	-16	71,219	-2	-	-	2,935,231	-18
Total	**47,466,014**	**-280**	**2,160,266**	**-2,105**	**291,705**	**-316**	**49,917,986**	**-2,701**

During the financial year, the Group has corrected the presentation of balances with central banks. More detailed information about the change in presentation can be found in Note *1 Accounting policies and corrections to previous Financial Statements.*

The following table presents a summary of total changes and reconciliation of expected credit losses by impairment stages during the financial year.

Total expected credit losses by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2025	**-280**	**-2,105**	**-316**	**-2,701**
New assets originated or purchased	-136	-445	-173	-754
Assets derecognised or repaid (excluding write-offs)	87	487	93	667
Transfers to Stage 1	-1	133	-	132
Transfers to Stage 2	2	-548	-	-546
Transfers to Stage 3	0	73	-257	-184
Additional provision *(Management overlay)*	-	-242	-	-242
Changes to models and inputs* used for ECL calculations	-5	-7	-1	-14
Total 31 Dec 2025	**-333**	**-2,654**	**-655**	**-3,642**
Expected credit losses, net change Jul–Dec 2025	**34**	**-41**	**-95**	**-102**

* Represents changes to model parameters (e.g. GDP rates, unemployment rates)

MuniFin Group updated the macroeconomic scenarios quarterly to take into account forward-looking information. The amount of expected credit losses increased by EUR 14 thousand due to changes made in the parameters.

The Group has assessed the impact of general macroeconomic situation to customer financing receivables and credit risk. At the end of December 2024, the Group's management assessed again the need of additional discretionary provision and decided to release additional provision in full. It is assessed that the update to the model used in estimating the probability of default — and the resulting increase in expected credit losses and stage transfers — already captures the need previously covered by the additional provision for receivables with significant increase in credit risk.

In June 2025, while the annual credit rating process was still ongoing, the Group management assessed that despite the decline in interest rates, some customers in the housing sector were still experiencing difficulties with cash flow sufficiency due to factors such as oversupply and higher vacancy rates of the premises. The Group management decided to make an additional discretionary provision of EUR 130 thousand based on a group-specific assessment.

At the end of December 2025, the Group management reassessed the need for an additional discretionary provision and decided to release the earlier group-specific provision and record a new additional discretionary provision of EUR 242 thousand. The decision was based on the completion of the 2025 credit rating updates and the assessment formed regarding customers' cash flow sufficiency for 2026. The change in the additional discretionary provision was also influenced by the update to the probability of default matrices used in estimating default risk.

The additional discretionary provision relates to the balance sheet item *Loans and advances to the public and public sector entities*. The additional discretionary provision has not been allocated to the contract level.

The total credit risk of MuniFin Group has remained low and the amount of expected credit losses is still at low level. Despite the decline in interest rates, some customers in the housing sector continue to have difficulties in the sufficiency of cash flow due to oversupply and a regional underutilisation of the premises, among other things. MuniFin Group's customer exposures have zero risk weight in the capital adequacy calculation as they are from Finnish municipalities, joint municipal authorities, wellbeing services counties, or involve a municipality, joint municipal authority, wellbeing services county's guarantee or a state deficiency guarantee supplementing the real estate collateral. The Group's management estimates that all receivables will be recovered in full and therefore no final credit loss will arise. On 31 December 2025, the Group had EUR 132,620 thousand (EUR 13,449 thousand) in receivables due to the insolvency of customers, for which the collateral realisation process is ongoing or where credit receivables are due for payment by the guarantor. Credit risk of the liquidity portfolio has remained on a good quality level and the average rating of debt securities in the portfolio was AA+ (AA+).

Total expected credit losses by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-267**	**-1,894**	**-214**	**-2,375**
New assets originated or purchased	-92	-92	-69	-253
Assets derecognised or repaid (excluding write-offs)	93	121	67	282
Transfers to Stage 1	-2	361	-	359
Transfers to Stage 2	4	-158	-	-154
Transfers to Stage 3	0	1	-65	-64
Additional provision *(Management overlay)*	-	625	-	625
Changes to models and inputs used for ECL calculations	-16	-1,070	-35	-1,122
Total 31 Dec 2024	**-280**	**-2,105**	**-316**	**-2,701**
Expected credit losses, net change Jul–Dec 2024	**-7**	**-530**	**-68**	**-604**

The following table presents the reconciliation of the expected credit losses by impairment stages from the opening balance sheet to the end of financial year for the asset group that forms the most substantial part of the expected credit losses on the balance sheet date. For the other asset groups, expected credit losses have not changed significantly during the reporting period and have been at an immaterial level throughout the period.

Expected credit losses on Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2025	**-142**	**-2,103**	**-316**	**-2,561**
New assets originated or purchased	-20	-440	-173	-633
Assets derecognised or repaid (excluding write-offs)	13	485	93	591
Transfers to Stage 1	-1	133	-	132
Transfers to Stage 2	2	-547	-	-545
Transfers to Stage 3	0	73	-257	-184
Additional provision *(Management overlay)*	-	-242	-	-242
Changes to models and inputs used for ECL calculations	-4	-7	-1	-13
Total 31 Dec 2025	**-153**	**-2,648**	**-655**	**-3,456**
Expected credit losses, net change Jul–Dec 2025	**-1**	**-40**	**-95**	**-136**

Expected credit losses on Loans and advances to the public and public sector entities at amortised cost by impairment stages	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
(EUR 1,000)	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
Opening balance 1 Jan 2024	**-122**	**-1,872**	**-214**	**-2,207**
New assets originated or purchased	-16	-90	-69	-175
Assets derecognised or repaid (excluding write-offs)	6	121	67	194
Transfers to Stage 1	-2	340	-	338
Transfers to Stage 2	4	-157	-	-154
Transfers to Stage 3	0	1	-65	-64
Additional provision (*Management overlay*)	-	625	-	625
Changes to models and inputs used for ECL calculations	-13	-1,070	-35	-1,119
Total 31 Dec 2024	**-142**	**-2,103**	**-316**	**-2,561**
Expected credit losses, net change Jul–Dec 2024	**-15**	**-542**	**-68**	**-625**

Forward-looking information

In the assessment of whether the credit risk of an instrument has significantly increased (*SICR*) and in the measurement of expected credit losses, forward-looking information and macroeconomic scenarios are included in the model. These macroeconomic projections cover a period of 3 years and as no reliable macroeconomic projections exceeding a three-year time horizon are available, forward-looking adjustment will be limited to a three-year period. Mainly three scenarios are used; base, optimistic and adverse. Scenarios include probability weights. The scenario probability weightings are as described in the adjacent table.

	31 Dec 2025			31 Dec 2024		
Scenario	**2026**	**2027**	**2028**	**2025**	**2026**	**2027**
Adverse	30%	30%	30%	40%	40%	40%
Base	50%	50%	50%	50%	50%	50%
Optimistic	20%	20%	20%	10%	10%	10%

MuniFin Group has identified key drivers of credit losses for each portfolio that share similar kinds of credit risk characteristics and estimated the relationship between macroeconomic variables and credit losses. The ECL model consists of the following macroeconomic variables for Finnish counterparties of financial assets: Finnish government long-term interest rates, the development of residential housing prices and unemployment rate. For non-Finnish financial assets, stress test scenarios published by the European Central Bank are employed in the model and scenario parameters. Each variable covers an estimate over a period of three years. The following table presents the macroeconomic variables and their forecasts over the three-year forecast period.

		31 Dec 2025			31 Dec 2024		
Macroeconomic variables	**Scenario**	**2026**	**2027**	**2028**	**2025**	**2026**	**2027**
Government of Finland long-term interest rates, %	Adverse	5.0	4.5	4.3	5.0	4.2	3.5
	Base	3.2	3.2	3.3	2.8	2.8	2.8
	Optimistic	3.3	3.3	3.4	3.2	3.2	3.1
Residential Real Estate (selling price, YoY change), %	Adverse	-10.0	0.0	2.5	-10.0	0.0	4.0
	Base	1.5	3.0	2.0	4.0	3.0	2.0
	Optimistic	4.5	3.5	2.0	4.0	2.5	2.5
Unemployment rate, %	Adverse	11.5	11.0	10.0	10.8	10.2	9.2
	Base	8.8	8.0	7.7	8.3	7.5	6.9
	Optimistic	8.2	7.0	6.5	6.5	6.0	5.7

Scenario descriptions

Base scenario
Growth forecasts for the global economy have been slightly revised upwards, as the impact of trade tensions is more moderate than previously anticipated. The cyclical recovery and the stability of the inflation outlook support the view that the European Central Bank (*ECB*) has already reached the bottom of its rate-cutting cycle ie. where ECB deposit facility rate is at 2.0%. Germany's infrastructure investments, along with significant euro area-wide efforts in defense and security, are expected to strengthen economic growth as the forecast period progresses. Moderate monetary tightening is anticipated to begin in 2027.

Large investment needs are increasing the demand for capital and keeping government borrowing requirements high, which is putting upward pressure on long-term interest rates. The yield curve is expected to steepen in 2026. However, due to monetary tightening and rising short-term rates, the yield curve is expected to begin flattening again from 2027 onwards.

The recovery of Finland's economy has been delayed, which is reflected in weaker GDP growth in 2025, slower inflation, higher unemployment, and faster public sector indebtedness compared to earlier estimates. However, the significant recovery in exports and investments is already supporting growth, and the expected rebound in private consumption has improved Finland's growth outlook for 2026–2028. Cyclical recovery along with investments in the green transition are seen to accelerate GDP growth to 2% in 2026–2027, after which the economy converges to its long-term growth trajectory. Average yearly unemployment rate is expected to peak at 9.4% in 2025 and remain elevated above 8% in 2026–2027.

The ratio of the public sector deficit to GDP will gradually decline, but it will remain above 3% throughout the forecast period. The government's fiscal balance goals are complicated by increasing defense spending and rising interest expenses. Finland's public debt ratio is expected to reach 90% already at the end of the forecast period. In the municipal sector, adjustment measures have taken effect faster than anticipated, resulting in a smaller deficit than previously estimated for 2025–2026. High personnel costs, rising employment-related expenses, and weak revenue growth are expected to slightly increase the deficit towards the end of the forecast period. The forecast for wellbeing services counties' indebtedness has improved, likely reducing their need for additional financing.

In the housing market, transaction volumes have already increased, but prices have not yet begun to rise. Private-sector new construction is unlikely to recover before 2027. State-supported housing production will be constrained in 2026–2027 by substantial cuts to interest subsidy loan authorisations.

Optimistic scenario
In the optimistic scenario, the economy is expected to recover faster than in the baseline scenario. The Finnish GDP is projected to grow 3.0% in 2026 and 2.8% in 2027. Unemployment will start to decline in 2026 and fall to 7% in 2027. Consumer price inflation remains close to 2% over the forecast period. Home price inflation is anticipated to accelerate to 4.5% in 2026, followed by a 3.5% annual gain in 2027. Due to the faster-than-expected recovery in aggregate demand, the ECB is anticipated to start raising interest rates already in 2026.

Adverse scenario
In the adverse scenario, Europe's security situation remains uncertain, weakening consumers confidence and investments. Geopolitical tensions in the Baltic Sea region intensify, causing disruptions in land, sea, and air transport, which in turn increases Finland's country risk.

The ECB is forced to raise short-term interest rates as inflation accelerates, driven by the end of Russian fossil energy imports and increased European's investments in defense and border security. In nearly energy self-sufficient Finland, inflation turns negative due to weak consumer demand and government spending cuts.

Short-term interest rates rise due to inflation expectations. Long-term rates increase as investors are concerned about country risk and reduce their positions, but the direction of rates reverses quickly as the outlook improves. The euro weakens when markets focus on country risk and a potential energy crisis and strengthens when the discussion shifts to inflation and interest rate expectations.

The following table presents the sensitivity of the expected credit losses to the forward-looking information assuming 100% weight for adverse scenario until 2026 (2025).

Sensitivity analysis (EUR 1,000)	31 Dec 2025 Weighted scenario	31 Dec 2025 Adverse scenario (100%)	31 Dec 2025 Excluding weighted scenario	31 Dec 2024 Weighted scenario	31 Dec 2024 Adverse scenario (100%)	31 Dec 2024 Excluding weighted scenario
ECL	3,642	5,307	3,217	2,701	4,765	2,578
Proportion of the exposure in Stage 2 and 3	5.65%	11.23%	5.50%	5.21%	11.26%	5.17%

The sensitivity analysis does not include the additional discretionary provisions (*management overlay*).

Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans or other receivables as a response to the borrower's financial difficulties, rather than enforcing the collection of collateral. Forbearance measures are concessions to original contractual payment terms agreed at the customers' initiative to help the customer through temporary payment difficulties. Performing forborne exposures include forborne exposures reclassified as performing during their probation period or forbearance measures made into a performing loan;all performing forborne exposures are classified as stage 2. Loan modifications due to reasons other than the customer's financial difficulties are not classified as forborne exposures; such receivables are classified as stage 1. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties, and the Group would not have agreed to them if the borrower had been financially healthy; all such receivables are classified as stage 3.

Once a loan or other receivable has been classified as forborne, it will remain forborne for a minimum 24-month probation period. In order for the loan or other receivable to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its loan facilities and other receivables have to be considered performing.
- The probation period of two years has passed from the date the forborne contract was considered performing.
- The Group has received regular payments of more than an insignificant amount of principal or interest during at least half of the probation period.
- The customer does not have any contract that is more than 30 days past due.

Forborne loans and payment delays are regularly reported to the Group's management as an indicator of anticipated client payment ability/solvency.

Non-performing and forborne exposures

Non-performing and forborne exposures refer to receivables that are more than 90 days past due, other receivables classified as risky and forborne exposures due to the customer's financial difficulties.

Non-performing and forborne exposures 31 Dec 2025 (EUR 1,000)	Performing exposures (gross)	Non-performing exposures (gross)	Total exposures (gross)	Total expected credit losses	Total exposures (net)
Over 90 days past due	-	9,372	9,372	-17	9,356
Unlikely to be paid	-	194,519	194,519	-287	194,232
Forborne exposures	407,413	250,147	657,560	-551	657,009
Total	**407,413**	**454,038**	**861,451**	**-854**	**860,597**

Non-performing and forborne exposures 31 Dec 2024 (EUR 1,000)	Performing exposures (gross)	Non-performing exposures (gross)	Total exposures (gross)	Total expected credit losses	Total exposures (net)
Over 90 days past due	-	8,535	8,535	-85	8,451
Unlikely to be paid	-	152,231	152,231	-137	152,094
Forborne exposures	430,479	130,939	561,418	-352	561,066
Total	**430,479**	**291,705**	**722,184**	**-573**	**721,610**

In 2025, loan forbearance measures were granted particularly to customers in the housing sector, whose underutilisation has increased because of intensified competition for tenants. Payment delays were also observed in the same sectors. As a result of the granted repayment deferrals, the unpaid installments have mostly been deferred to the end of the loan maturity, to be paid with the final installment, or to the current 5-year period if the loan is a state deficiency guaranteed interest subsidised loan.

Forbearance measures were not applied to leasing receivables.

Geopolitical uncertainties or ESG related risks have had no direct impact on MuniFin's customers or receivables.

Realised credit losses

The Group has not had any final realised credit losses during the financial year or the comparison year.

Note 12. Liabilities to credit institutions

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Bilateral loans to credit institutions	173,747	167,558
Received collateral on derivatives	22,330	716,137
Total	**196,077**	**883,694**

Note 13. Debt securities issued

	31 Dec 2025		31 Dec 2024	
(EUR 1,000)	Carrying amount	Nominal value	Carrying amount	Nominal value
Bonds	43,051,906	44,046,472	41,125,457	42,306,455
Other*	4,075,123	4,086,001	3,408,849	3,421,647
Total	**47,127,029**	**48,132,474**	**44,534,306**	**45,728,102**

* Line item contains short-term funding issued by MuniFin.

Benchmark issuances during the year 2025 based on their settlement date	Value date	Maturity date	Interest-%	Nominal value (1,000)	Currency
Fixed rate bechmark bond, issued under the MTN programme	28 Jan 2025	14 Dec 2029	2.625	1,250,000	EUR
Fixed rate bechmark bond, issued under the MTN programme	31 Mar 2025	01 Apr 2030	4.250	1,000,000	USD
Fixed rate bechmark bond, issued under the MTN programme	10 Jun 2025	14 Jun 2032	2.625	1,000,000	EUR
Fixed rate bechmark bond, issued under the MTN programme	30 Sep 2025	06 Oct 2028	3.625	1,500,000	USD

Note 14. Other liabilities

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Other liabilities		
Lease liabilities	6,618	7,599
Cash collateral taken from CCPs	256,330	259,850
Other	12,213	17,732
Total	**275,161**	**285,181**

Note 15. Contingent assets and liabilities

The Group has no contingent assets or liabilities at 31 Dec 2025 or at the comparison date 31 December 2024.

Note 16. Collateral given

Collateral given is presented at the carrying amounts of the financial statement date.

Line item *Loans and advances to credit institutions* includes given cash collateral to the counterparties of derivative contracts based on the CSA agreements of the derivative contracts (*ISDA/Credit Support Annex*) as well as minimum reserve requirement in the central bank. Line item *Other assets* includes cash collateral based on derivative contracts and that is given to the central counterparties. Line item *Debt securities* includes debt securities that are pledged to the central counterparty.

MuniFin is a monetary policy counterparty approved by the central bank and for this purpose, loans have been pledged to the central bank for possible operations related to this counterparty position. MuniFin Group has pledged loans to the Municipal Guarantee Board. Pledged loans are presented in line item *Loans and advances to the public and public sector entities*.

The Municipal Guarantee Board guarantees MuniFin's funding and MuniFin places collateral for the Municipal Guarantee Board's guarantees as defined in the Act on the Municipal Guarantee Board.

Given collaterals on behalf of own liabilities and commitments (EUR 1,000)	31 Dec 2025	31 Dec 2024
Loans and advances to credit institutions to the counterparties of derivative contracts	1,577,058	608,408
Loans and advances to credit institutions to the central bank	38,207	31,980
Loans and advances to the public and public sector entities to the central bank	4,538,521	4,814,713
Loans and advances to the public and public sector entities to the Municipal Guarantee Board	14,553,681	13,705,743
Debt securities to the CCP (*LCH Limited*)	154,172	101,703
Other assets to the central counterparties of derivative contracts (*LCH Limited* and *Eurex Clearing AG*)	803,833	889,682
Total	**21,665,471**	**20,152,229**

Note 17. Off-balance-sheet commitments

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Credit commitments	2,430,658	2,935,231
Total	**2,430,658**	**2,935,231**

Note 18. Related-party transactions

MuniFin Group's related parties include:

- MuniFin's shareholders whose ownership and corresponding voting rights in the Company exceed 20%. The shareholder with more than 20% of the voting rights is Keva.
- The key management personnel including the CEO, the Deputy to the CEO, other members of the Executive Management Team, members of the Board of Directors, the spouses, children and dependents of these persons and the children and dependents of these persons' spouses.
- Entities, which are directly or indirectly controlled or jointly controlled by the above-mentioned persons or where these persons have significant influence.

The Group's operations are restricted by the Act on the Municipal Guarantee Board and the framework agreement concluded between MuniFin and the Municipal Guarantee Board, pursuant to which MuniFin may only grant loans to parties stipulated by law (municipalities, joint municipal authorities, corporations that are wholly owned by municipalities or under their control, wellbeing services counties and joint county authorities for wellbeing services, other units of wellbeing services counties that are wholly owned or under control of wellbeing services county administration and wellbeing services enterprises, and corporations designated by government authorities and engaged in the renting or production and maintenance of housing on social grounds).

The Group has carried out only employment-based remuneration transactions with the related party persons. The Group does not have loan or financial receivables from these related parties.

Note 19. Events after the reporting period

The MuniFin's Board of Directors is not aware of any events having taken place after the end of the reporting period that would have a material effect on the Group's financial standing.

MuniFin (Municipality Finance Plc) is one of Finland's largest credit institutions. The owners of the company include Finnish municipalities, the public sector pension fund Keva and the State of Finland. The Group's balance sheet is over EUR 55 billion.

MuniFin's customers include municipalities, joint municipal authorities, wellbeing services counties, joint county authorities, corporate entities under the control of the above-mentioned organisations, and affordable social housing. Lending is used for environmentally and socially responsible investment targets such as public transportation, sustainable buildings, hospitals and healthcare centres, schools and day care centres, and homes for people with special needs.

MuniFin's customers are domestic, but the Company operates in a completely global business environment. The Company is an active Finnish bond issuer in international capital markets and the first Finnish green and social bond issuer. The funding is exclusively guaranteed by the Municipal Guarantee Board.

Read more: www.munifin.fi

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