

# Annual Report 2025

“ At MuniFin, we have a distinct mission: ensuring that our customers are able to make investments that sustain and develop Finnish society in all conditions, even exceptional circumstances.

**MuniFin**



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Our financing continued to be in high demand thanks to the investments of major cities. In affordable social housing, the demand for financing exceeded our expectations.  
(p. 16)

We further diversified our funding, boosting especially the proportion of issuances in Norwegian kroner, Swedish kronor and British pounds.  
(p. 19)

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## 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 from the elevated level of the previous year.

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 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. Instead of running it down, we should be ramping it up and sharpening it.

CEO's review

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. Surveys show that 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 towards our shared goal.

“ Through their work and our financing, our customers strengthen the pillars of Finnish happiness every day.



**Esa Kallio**  
President and CEO  
Municipality Finance Plc

# MuniFin and the year 2025 in brief

We help secure Finland's progress and security of supply.  
The results of our work can be seen in the everyday lives of Finns.

MuniFin in brief

**MuniFin in brief**

# Working for a happy and sustainable Finland

MuniFin plays a key role in promoting the development of Finnish society and the wellbeing of Finns by enabling investments. We help secure Finland's operational reliability, development opportunities and security of supply also during economic crises and other exceptional circumstances. Our role is to ensure that our limited customer base, which is assigned to carry out public duties, has access to affordable financing under all market conditions – both in stable conditions and in a world fraught with uncertainties and market crises. The results of our work can be seen in the everyday lives of Finns.

Our customers rely on us as a strong and consistent long-term financing partner. We offer a wide range of financing services to municipalities, wellbeing services counties and affordable social housing organisations. We offer financing to environmentally sustainable and socially responsible projects ranging from schools, day-care centres, hospitals and health centres to affordable rental housing for students, senior citizens and other groups. Our customers include municipalities, joint municipal authorities, wellbeing services counties, joint county authorities and corporate entities under their control, and non-profit organisations and projects nominated by the Centre for State-Subsidised Housing Construction (Varke). We are the main financing partner to our customers.

We take sustainability into account in all our operations. Our experts help our customers make investment decisions that are sustainable for the economy, environment and society. We promote sustainable investments by offering a price discount to investments that are friendly to the climate and environment or that produce widespread social benefits.

To meet the needs of our customers, we acquire funding from the international capital markets, where we are known as a reliable and highly responsive market participant. Our funding is guaranteed by the Municipal Guarantee Board, a public law institution whose members consist of all the municipalities in mainland Finland.

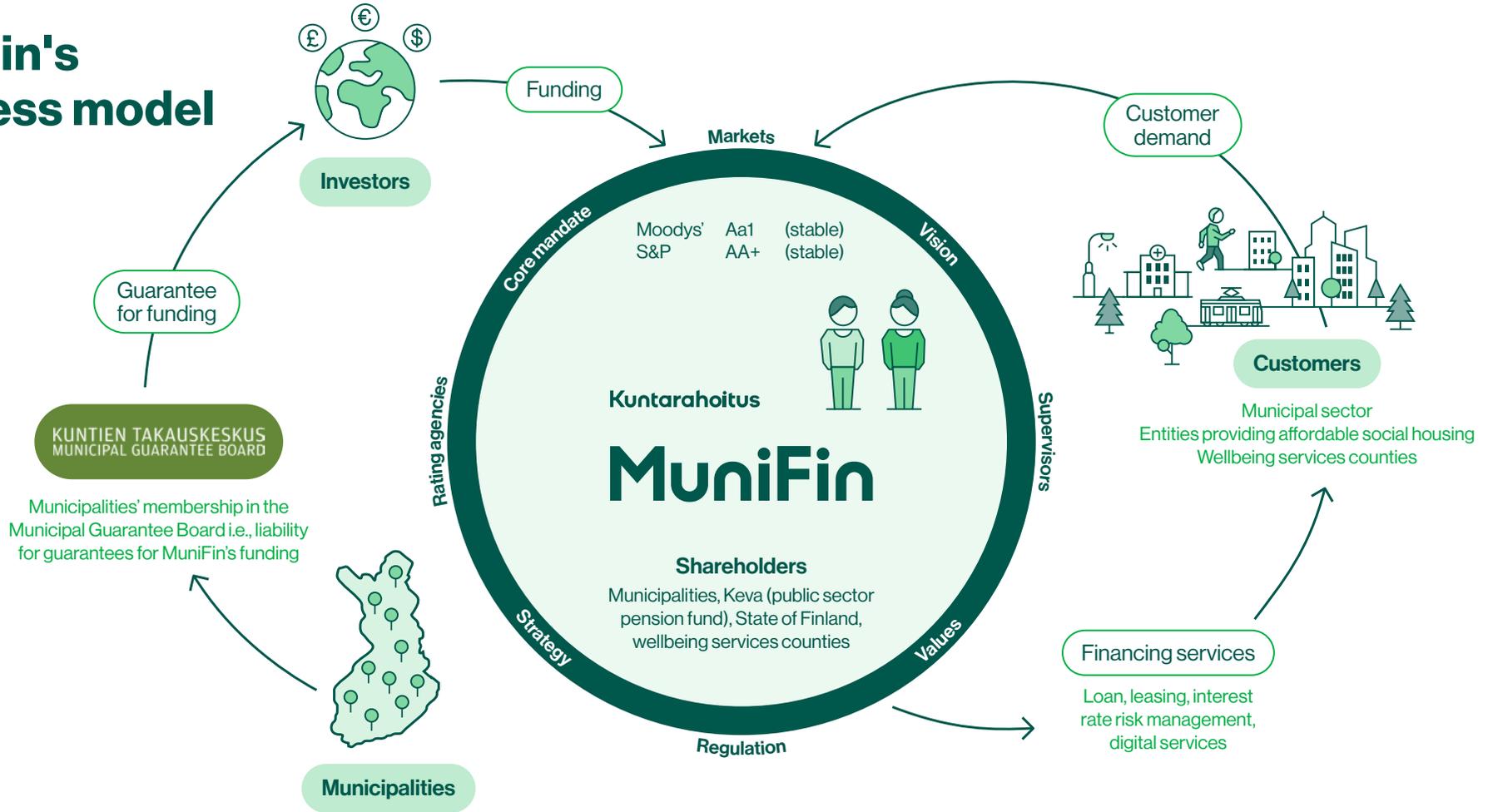
MuniFin is one of Finland's largest credit institutions, and our key shareholders include Finnish municipalities, public sector pension provider Keva and the State of Finland. We do not seek to maximise profit but to serve the long-term interests of our customers.

MuniFin employs 185 financial and economic experts. Our team is a close-knit, high-impact community, tasked to ensure that our customers have access to financing under all circumstances. Together, we help create the conditions for a safe and seamless everyday life for Finns – the same foundation that research shows Finnish happiness is built upon.



MuniFin in brief

# MuniFin's business model



Year 2025 in figures

# Year 2025 in figures

Municipality Finance Plc • Annual Report 2025

**AA+**  
**Aa1**

Credit rating  
Standard & Poor's: AA+  
Moody's: Aa1

Shareholders %

**53 / 31 / 16**

Municipalities

Keva

State of Finland



Key figures (Group)

Net operating profit excluding unrealised fair value changes

2025

**178**

EUR million

2024

**181**

EUR million



Long-term customer financing

**38.5**

EUR billion



Green finance

**9.1**

EUR billion



ESG ratings

**9.9**

Sustainalytics ESG risk rating,  
8 January 2026

Social finance

**2.8**

EUR billion



**AA**

MSCI, 26 June 2025



Leverage ratio

2025

**13.1**

2024

**12.3 %**

New long-term funding

**10.0**

EUR billion



Sustainability-linked loan

**710**

EUR million



**C+ Prime**

ISS ESG, 18 January 2024

Willingness to recommend (scale 1–7)

**6.70**



Highlights of 2025

# Highlights of 2025

Municipality Finance Plc • Annual Report 2025

## January:

We received CMD Portal's highly esteemed Best ESG SSA Issuer award for the second time in a row.

We launched a sustainability-linked loan, designed to encourage municipal climate action.

Our EUR 1.25 billion five-year benchmark bond broke records with an EUR 7.1 billion order book, our largest to date.

## February:

We were once again ranked among Finland's most inspiring workplaces in the PeoplePower employee experience survey in the category of medium-sized organisations.

## June:

Our EUR 1 billion green benchmark was nearly five times oversubscribed and reached our largest green EUR order book to date.

## August:

We published new editions of our green and social bond frameworks. Under the new framework, green finance is now available also for projects that promote biodiversity conservation and climate change adaptation.

## September:

Our USD 1.5 billion benchmark was priced at a record-low level and attracted unprecedented investor demand in the three-year benchmark tranche.

We launched our Happiness Grant to support initiatives that promote communal happiness at the local level in Finland.

We organised an online event entitled 'Economy & municipalities' that addressed sustainable construction and our new eligibility criteria for green finance.

## November:

We organised an online even entitled 'Economy & housing' that addressed the future of the Finnish system for affordable social housing.

The first application round for the Happiness Grant closed. We received 70 project proposals.

## December:

The Board of Directors approved our new sustainability agenda and its revised targets.

Case

## The Happiness Grant shines a light on customer initiatives that help people and communities thrive

In 2025, we launched the Happiness Grant to seek out and support initiatives that build collective happiness in Finland. Going forward, the Happiness Grant will distribute at least EUR 100,000 annually to high-impact projects proposed by our customers.

The first round of applications closed in November 2025, and the first grant was awarded in February 2026. Most project proposals focused on promoting outdoor activity and strengthening community cohesion through meeting places and art and cultural experiences.

The majority of applications came from municipalities, but some also from affordable social housing organisations, wellbeing services counties and joint municipal authorities. About half of the proposals were submitted by small municipalities, 30% by medium-sized municipalities and 20% by the ten largest cities.



**Mari Tyster**  
Executive Vice President,  
Legal and Communications

“ With the Happiness Grant, we want to ignite optimism about the future and encourage communities to dream up bold, inventive projects that have the potential to spark growth and progress in Finland.



# Strategy and sustainability

Our strategy is built on our core mandate: ensuring that our customers have access to affordable financing under all conditions. Our sustainability agenda highlights our role as an enabler of sustainable welfare in society.

Strategy

## Strategy

# Our core mandate is to safeguard the availability of affordable financing also in uncertain times

MuniFin plays a key role in securing the development and operational reliability of Finnish society as we are the only credit institution in Finland that specialises in financing the municipal sector, affordable social housing production and wellbeing services counties. Our vision is to be the main financing partner for our customers. Our work is guided by our values of customer centricity, responsibility and transparency.

We have been able to successfully carry out our core mandate throughout our history, in times of both stability and crisis.

The crises that have marked recent years – from the COVID pandemic and Russia's war of aggression to the escalating Middle East conflict, the economic uncertainty caused by Donald Trump's second presidential term and other changes in the geopolitical situation – have further highlighted our role in Finnish society. Ensuring security of supply also means safeguarding access to finance.

Our business model and strategy uphold the trust and confidence international investors have in us. In 2025, strong customer demand and successful funding operations further solidified our role as the main financing partner to our customers.

Heightened global uncertainty has further highlighted our role in Finnish society. Ensuring security of supply also means safeguarding access to finance.

### Our vision

To be the main financing partner for our customers



### Our values

Customer centricity, responsibility, transparency



**MuniFin's sustainability agenda**

# Raising the level of ambition for our sustainability agenda and sustainable finance frameworks

**In 2025, we revised our sustainability agenda, setting higher standards to steer the achievement of our long-term sustainability goals.**

In line with our role and strategy, our goal is to support the development of a sustainable welfare society and promote investments that are friendly for the climate and environment. For this reason, our sustainability agenda is focused on the impacts we create through our business, namely our financing and funding.

Our sustainability agenda is built around two main themes: **foundation of the Finnish welfare society** and **driver of the green transition**.

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. In our own business, our goal is for sustainable finance – green finance, social finance and sustainable development loans – to account for more than 50% of all our long-term customer financing.

Our sustainability work extends beyond the targets set in our sustainability agenda. Continuous development in areas such as personnel and governance is covered in the Organisation section of this report, starting on page 23.

## Enabler of sustainable welfare in society

Driver of green transition

Foundation of the Finnish welfare society

Supporting the development of a sustainable welfare society and promoting investments that benefit the climate and environment

Goals

Actions

Targets



### Sustainable development

Sustainable development seeks to ensure people's wellbeing within the limits of the planet's carrying capacity. A stable social foundation is a prerequisite for the achievement of climate goals.

## Indicators for our long-term goals

Our strategic goal is for sustainable finance to account for more than 50% of all our long-term customer financing by 2035. In 2025, this share was 32.8%.

- **Reducing the emission intensity of municipal budget loans by 50% from the 2023 level by 2035\***

In 2024, the reduction from the 2023 level was 29%.

- **Reducing the emission intensity of financed residential buildings by 71% (4.3 kgCO<sub>2</sub>e/m<sup>2</sup>) and other buildings by 73.5% (8.4 kgCO<sub>2</sub>e/m<sup>2</sup>) from the 2023 level by 2035\***

In 2024, the emission intensity for residential buildings was 14.2 kgCO<sub>2</sub> e/m<sup>2</sup> and for other buildings 31.5 kgCO<sub>2</sub> e/m<sup>2</sup>.

*\*Due to updates in emission factors and the availability of counterparties' financial information, the schedule for financed-emission calculations differs from that of the financial statements*

Although the majority of our environmental impacts are indirect as they are created through the activities of our customers, we take environmental responsibility into consideration in our work as well.

Understanding the impact of our own operations, liquidity investments and the projects we finance is an important part of our environmental responsibility. Every year, we publish impact reports on projects financed with our green and social funding and a financed emissions report in accordance with the Partnership for Carbon Accounting Financials standard, disclosing the greenhouse gas emissions associated with our lending and investment portfolios.



### Partnership for Carbon Accounting Financials

PCAF is a collaborative initiative of more than 700 financial institutions developing and promoting a harmonised approach to assessing and reporting the greenhouse gas emissions associated with loans and investments.

Sustainability

In early 2025, we prepared for sustainability reporting under the EU Corporate Sustainability Reporting Directive (CSRD). In December 2025, however, the European Parliament approved the Omnibus I package proposed by the European Commission, which means that we will not be subject to CSRD reporting requirements. We will nevertheless continue to develop our reporting and sustainability efforts in line with market expectations and the formal entry into force of the EU's CSRD decision.

In 2025, we also published new editions of our green and social bond frameworks. These frameworks define how we channel the funds raised through green and social bonds to the sustainable projects of our customers. The frameworks set the parameters for sustainable finance granting, project assessment and reporting. The most significant changes concerned the green bond framework, as the update shifted emphasis from energy efficiency to lifecycle emissions and opened the opportunity for our customers to apply for green finance also for projects that promote biodiversity conservation and climate change adaptation. These will become increasingly relevant as the effects of climate change intensify.

Case

## Our green finance now spans biodiversity conservation and climate change adaptation projects

We published new editions of our green and social bond frameworks in 2025. These frameworks define how we channel the funds raised through green and social bonds to the sustainable projects of our customers, setting the parameters for sustainable finance granting, project assessment and reporting.

The new framework editions advance sustainable investment projects and reinforce municipalities' role as architects of a sustainable future. The revised green bond framework raises the bar with more advanced green finance criteria and opens the door for biodiversity conservation and climate change adaptation projects.

Our framework revisions are driven by what sustainable bond investors expect, how regulation evolves and where industry practices are heading.



**Elina Sääsikiähti**  
Sustainability Manager

“ Moving carbon footprint assessment towards the forefront of our green finance criteria is the natural next step. Green bond investors expect standards that push boundaries. They want to finance the vanguard, the projects setting the pace for others to follow.

# Business operations

Our financing continued to be in high demand in 2025 thanks to the investments of major cities. In affordable social housing, demand for financing was stronger than expected despite government cuts to subsidies for housing for the most vulnerable population. Our funding operations were also highly successful and even outperformed our expectations, even though market sentiment was uncertain at times.

Financing and other services for customers

# Affordable social housing production and especially major cities' investments sustained strong demand for our financing

**Our position as the primary financing partner to our customers remained solid in 2025.**

- Investment activity remained robust especially in major cities, keeping municipalities' demand for financing at a high level.
- Affordable social housing production faced mounting pressure following significant cuts to government interest subsidy loan authorisations and the discontinuation of grants for student and senior housing. Despite this, demand for financing in non-profit housing construction remained very strong overall.
- Wellbeing services counties were not granted new borrowing powers, which led to a decline in the number of tender requests from them compared to 2024.
- We expanded our range of sustainable finance instruments with a new sustainability-linked loan, which our customers have received enthusiastically. Loan demand was more than double our target.
- The majority of the new long-term financing we granted was sustainable finance: either green or social finance or sustainability-linked loans.

**New long-term customer financing in 2025, EUR**

**5.1 billion**

2024: EUR 5.1 billion

**of this, EUR**

**4.9 billion**

**consisted of loans**

2024: EUR 4.8 billion

**and EUR**

**0.2 billion**

**of leased assets.**

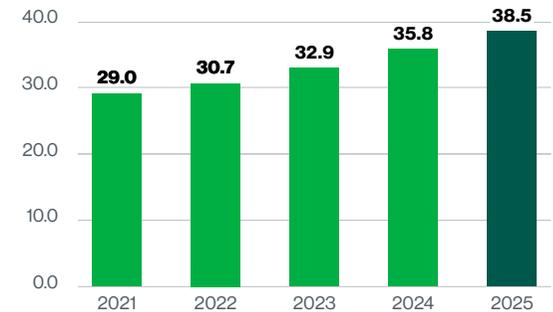
2024: EUR 0.2 billion

**Short-term customer financing in 2025, EUR**

**1.9 billion**

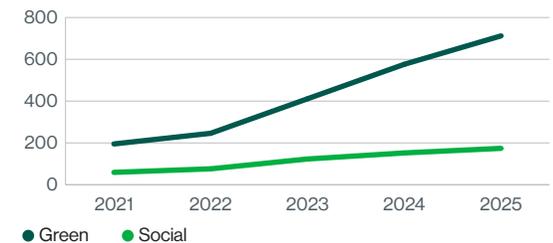
2024: EUR 1.8 billion

**Long-term customer financing in 2021–2025, EUR billion**



Long-term customer financing excluding unrealised fair value changes (EUR billion)

**Number of green and social finance projects in 2021–2025**



The figures include projects approved for the portfolio for which funding withdrawals have begun. The 2021 figure includes all projects approved for the portfolio by the end of 2021.

Business operations / Financing and other services for customers

Amount of green finance, EUR

**9.1 billion**

2024: EUR 6.8 billion

Amount of social finance, EUR

**2.8 billion**

2024: EUR 2.5 billion

Sustainability-linked loan

**710 million**

2024: EUR 38 million



Annual CO<sub>2</sub> emissions avoided/reduced in green finance projects

**64,326**



Annual energy savings in green finance projects (avoided/reduced)

**115,375**

### Key sustainability indicators in customer operations

- Customer satisfaction is at a very good level
- Training sessions, seminars and events for customers

Case

## Sustainability-linked loan encourages municipal climate action

In 2025, we introduced a new financing product, the sustainability-linked loan, providing more favourable financing for municipalities that achieve their emission reduction targets.

Unlike our well-established green and social finance products, the sustainability-linked loan it is not tied to a specific project or asset. Instead, the new product takes the form of a budget loan that municipalities can use as they see fit.

Municipalities are eligible for the loan if they have an up-to-date climate plan. To qualify for more affordable pricing, municipalities must also meet their annual emission reduction targets.

The emission reduction targets are based on a municipality-specific reduction pathway defined by the Finnish Environment Institute (SYKE), which sets the pace of emission cuts through 2050.



**Rami Erkkilä**  
Senior Specialist,  
Sustainable Finance

“Ultimately, financing is about balancing price and risk. Climate risk is set to weigh ever more heavily in that balance, placing municipal climate action under sharper focus. As a credit institution, MuniFin has everything to gain when Finnish municipalities invest in climate resilience: it positions us as a low-risk, forward-looking partner in the capital markets.”

Funding

# Strong investor demand signals our strengthening position in the capital markets

**MuniFin's funding strategy relies on wide diversification into multiple currencies, maturities, geographical areas and investor groups. In 2025, this strategy proved highly successful.**

- As part of our diversification strategy, we increased funding raised in currencies other than euros and US dollars in 2025, boosting especially the proportion of Norwegian kroner, Swedish kronor and British pounds.
- Our funding strategy is built around benchmark bonds. In 2025, however, we further diversified our funding by increasing the share of non-benchmark funding, particularly through private placements. Benchmark bonds accounted for approximately half of our total funding.

- In 2025, we issued four benchmark bonds. Of these, the EUR 1.25 billion benchmark issued in January broke records with an order book of over EUR 7 billion, our largest to date. The EUR 1 billion green benchmark issued in June also attracted exceptional investor interest and was nearly five times oversubscribed. The USD 1.5 billion benchmark issued in September was priced at a record-low level and attracted unprecedented investor demand in the three-year benchmark tranche.
- Growing investor demand speaks of both our strengthening reputation and market position and the appeal of investment instruments issued by SSA (Sovereigns, Supranationals, Agencies) issuers in an uncertain market environment.
- Thanks to our successful transactions, our funding costs were lower than expected.

Main funding operations



New long-term funding in 2025, EUR

**10.0 billion**

2024: EUR 8.9 billion

Number of funding arrangements in 2025

**101 pcs**

2024: 70 pcs

Number of currencies in funding arrangements in 2025

**10 pcs**

2024: 9 pcs

Euro Commercial Papers at the end of 2025, EUR

**4.1 billion**

2024: EUR 3.4 billion

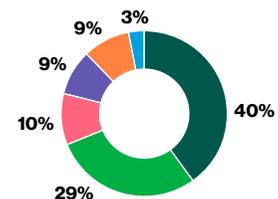
Total funding at the end of 2025, EUR

**49.1 billion**

2024: EUR 46.7 billion

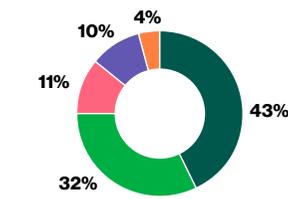
New long-term funding in 2025

By currency



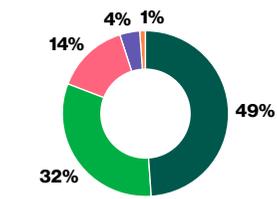
- Euro (EUR)
- US Dollar (USD)
- Norwegian krone (NOK)
- UK pound sterling (GBP)
- Swedish krone (SEK)
- Other currencies

By region



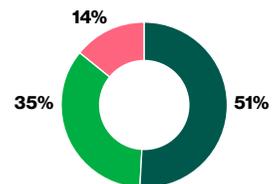
- Europe excl. Nordics
- Nordics
- Americas
- Africa and The Middle East
- Asia Pacific

By investor type



- Banks
- Central banks and official institutions
- Asset managers
- Insurance companies and pension funds
- Corporate

By funding class



- EUR and USD benchmark bonds
- Other public market bonds
- Private placements

Liquidity management

# Strong liquidity remains a key priority

Securing a strong liquidity position is a key priority for us: our total liquidity must cover uninterrupted business for a survival horizon of at least 12 months. With the amount held at the end of 2025, we could uphold all our commitments with no additional funding for over 12 months. In 2024, the figure stood at nearly 15 months.

- In 2025, we shifted the allocation of our investments increasingly from cash to bonds. Our goal this year has been to continue investing in low-risk fixed-income instruments, while also placing greater emphasis on returns. We also ensure that our investments maintain strong liquidity in all market conditions.
- In 2025, changes in markets led to an increase in the market value of our investments.
- Alongside profitability, we analyse the sustainability of our investments through their ESG (Environmental, Social and Governance) score. Our Sustainable Investment Framework summarises the sustainability principles, processes and responsibilities of our investment operations.

Total liquidity, EUR

**11.6 billion**

2024: EUR 11.9 billion

Central bank deposits, EUR

**5.2 billion**

2024: EUR 7.8 billion

Investments in liquid, low-risk securities, EUR

**6.1 billion**

2024: EUR 4.0 billion

Money market deposits in credit institutions, EUR

**0.3 billion**

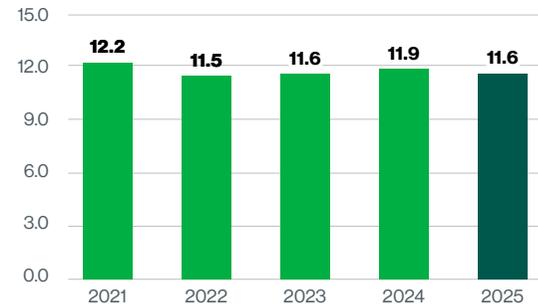
2024: EUR 0.09 billion

Average credit rating of debt securities, EUR

**AA+**

2024: AA+

Total liquidity in 2021–2025, EUR billion



ESG score of liquidity investments and their benchmark index

**7.56 / 7.51**

2024: 7.70 / 7.51

Direct socially responsible investments, EUR

**1.3 billion**

2024: EUR 870 million

Ratio of sustainable investments

**22%**

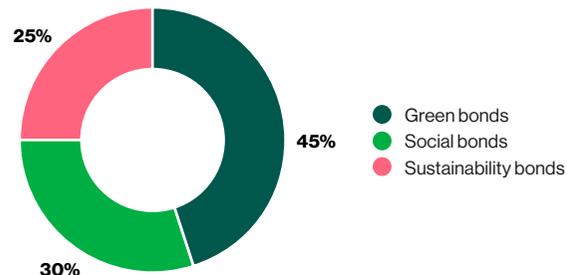
2024: 21.5%

Ratio of sustainable investments to own green and social funding

**19.2%**

2024: 14.9%

MuniFin's socially responsible investments (SRIs)



Total amount of MuniFin's SRIs, EUR 1,349 million.

**Key sustainability indicators in liquidity management**

- ESG score of the investment portfolio compared to the benchmark
- Total amount of socially responsible investments (SRIs)

# Organisation

MuniFin was recognised as one of Finland's most inspiring workplaces for the fourth year in a row. Our employees highlight our commitment to wellbeing at work, an encouraging and inspiring culture, a strong sense of togetherness and opportunities to grow and take on responsibility.

## Employees

# 96% of employees recommend MuniFin as an employer

**We measure employee satisfaction through an anonymous survey conducted annually by an independent research company. Our employee experience exceeds the reference scores in all areas of the survey by a wide margin.**

In 2025, we were ranked among Finland's most inspiring workplaces for the fourth consecutive year. Our results improved once again from previous years and clearly surpassed the average for Finnish expert organisations. As many as 96% of our employees would recommend MuniFin as an employer.

According to the survey results, our employees particularly value our commitment to wellbeing at work, easy access to information and clear decision-making. Flexible hybrid work practices that support a healthy work-life balance, extensive employee benefits and comprehensive occupational health services were also highlighted as our key strengths.

Skills development is one of the cornerstones of our strategy. In 2025, we focused on strengthening skills in artificial intelligence, information management, leadership and workplace collaboration. We also organised a broad communications training programme, covering areas such as presentation skills, social media use and workplace communication.

At the end of 2025, MuniFin Group had 185 employees (178).

## Key sustainability indicators in HR

- Personnel satisfaction is at a good level
- Gender distribution of the Board of Directors
- Gender distribution of the Executive Management Team
- Gender distribution of managerial staff
- Gender distribution of employees
- 100% of employees have completed Sustainability Policy training
- Training days per employee
- Gender pay gap
- Employee turnover
- Developing wellbeing at work

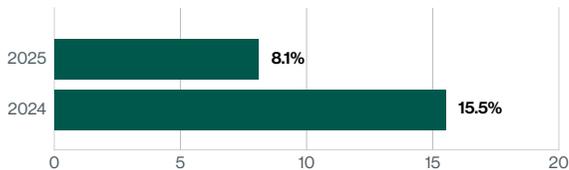
## We are committed to promoting diversity

We promote equal opportunities and are strongly opposed to discrimination. We value and make use of different types of expertise and experience. We cherish community spirit also by committing to our shared values and goals. Our goal is for all our employees to feel that they are equal members of our team and valued as they are.

### Gender distribution of employees



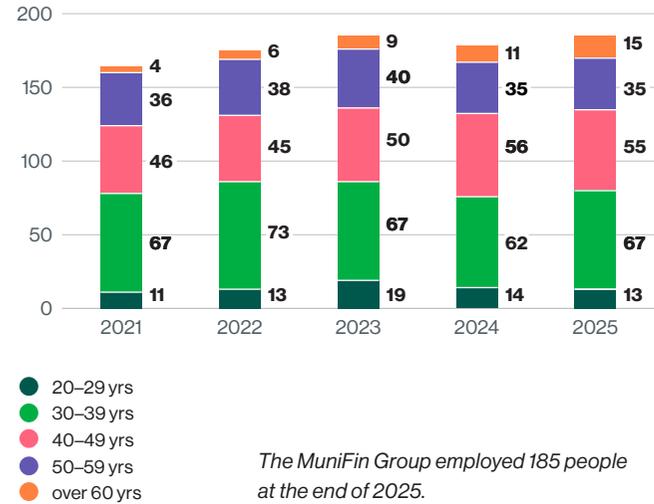
### Employee turnover



### Employer's pension insurance (TyEL) category

**1** The TyEL contribution category indicates the rate of disability pensions due to reduced working ability. The fewer people are granted disability pension, the better the employer's category (with 1 being the best on a scale of 1-11).

### Age distribution and number of employees



### Gender pay gap in similar positions

**3%** for men's benefit

Gender pay gap in positions of the same pay grade. The basis of equal pay is founded on a pay grade system, which determines each employee's pay level. We also commission an annual pay gap survey conducted by an external party.

## Governance

# Good governance is the cornerstone of our operations

The financial sector is tightly regulated and supervised. As a credit institution, our operations are governed by laws and related supervisory guidelines, which contain a considerable amount of requirements on governance. Our operations are supervised by the European Central Bank and the Finnish Financial Supervisory Authority.

We deem it important that our corporate governance is professional and efficient and creates a solid basis for healthy business principles. We promote a level of responsibility in all our decisions and structures that goes over and above minimum legal requirements. Our commitment to strong corporate governance is emphasised in our key values and strategy and implemented in all our operations.

The financial sector undergoes constant regulatory development, requiring us to keep up with the changes and meet new requirements. We actively follow regulatory developments and try to influence regulatory projects in their preparatory phases by voicing our positions on them when relevant. During all our years of operation, there have been no material regulatory violations that would have led to official sanctions.

In addition to internal control mechanisms, we have a compliance function that oversees our compliance with regulation based on an annual monitoring plan and provides internal guidance and support in compliance-related matters. Our website has a whistleblowing channel that can be used to report any suspected misconduct, also anonymously.

Any significant contraventions of regulations are reported on a monthly basis to the executive management and the Board of Directors as part of our risk position reporting. This reporting practice is part of our risk appetite framework.

Our decision-making principles and responsibilities are set out in the Corporate Governance Policy approved by the Board of Directors and in the Corporate Governance Statement published annually. Our operations are also guided by our Board-approved Sustainability Policy and ethical principles, which support decision-making especially when no binding rules or guidelines apply.

## Key sustainability indicators in governance

- Sustainalytics ESG risk rating
- Violations of regulations

Strong corporate governance also includes our HR policy. In the terms and conditions of employment, we comply with Finnish legislation and the Collective Agreement for the Financial Sector, ensuring fairness and legal compliance for all employees.

MuniFin is a signatory to the United Nations Global Compact. This membership demonstrates we are committed to operating in ways that meet and promote fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption wherever they have a presence. We expect any partners we work with to also adhere to responsible practices.



#### UN Global Compact

Founded in 2000, the UN Global Compact is the world's largest corporate sustainability initiative, with more than 20,000 companies participating globally. Its mission is to encourage and accelerate more responsible business practices.

#### Memberships of associations, networks, projects and national interest organisations

- European Association of Public Banks
- FIBS Pro – sustainable business network
- Finsif – Finland's Sustainable Investment Forum
- Green Building Council Finland FIGBC
- Hinku network – Towards Carbon Neutral Municipalities and Regions
- International Capital Markets Association ICMA
- International Swaps and Derivatives Association ISDA
- Nordic Capital Markets Forum
- Partnership for Carbon Accounting Financials PCAF
- WWF Green Office

#### Commitments

- Commitment 2050 initiative of the Finnish Prime Minister's Office
- UN Global Compact initiative

# Sustainability reporting principles and scorecard

Our sustainability indicators are based on our strategy, the goals set out in our revised sustainability agenda of 2025 and the materiality analysis conducted in 2024.

**Principles of sustainability reporting**

# Our sustainability reporting is guided by our strategy, sustainability agenda and materiality analysis

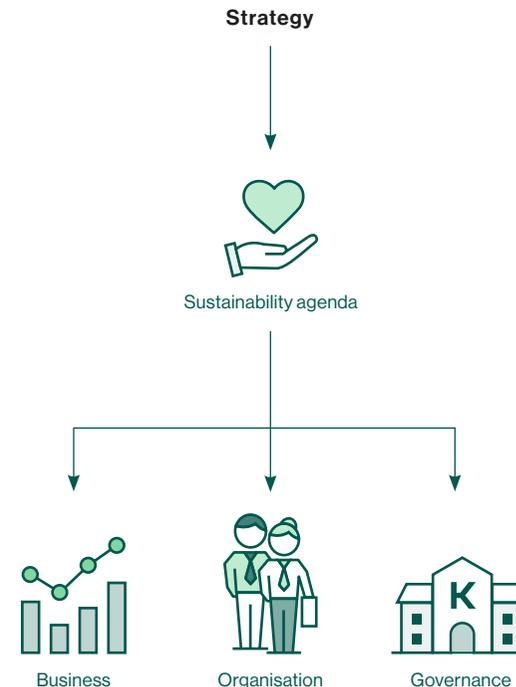
We are not obliged to disclose non-financial information under the EU Non-financial Reporting Directive or the Finnish Accounting Act, but we have chosen to incorporate the Global Reporting Initiative (GRI) Standards' contents and themes in our sustainability reporting where relevant. Our report does not adhere to the GRI Standards.

In early 2025, we prepared for sustainability reporting under the EU Corporate Sustainability Reporting Directive (CSRD). In December 2025, however, the European Parliament approved the Omnibus I package proposed by the European Commission, which means that we will not be subject to CSRD reporting requirements. We will nevertheless continue to develop our reporting and sustainability efforts in line with market expectations and the formal entry into force of the EU's CSRD decision.

In our work, sustainability is realised particularly through the impacts of our business operations and through our organisation and governance. We have compiled our key sustainability indicators in the sustainability scorecard found on page 30. Our sustainability indicators are based on our strategy, the goals set out in our sustainability agenda and our latest materiality analysis.

We reserve the right to change the existing sustainability indicators, but any changes must be in line with the key principles specified in our sustainability strategy. Potential materiality analysis updates may also affect our indicators.

In addition to the sustainability indicators included in the annual report, we also publish annual green and social impact reports. The sustainability reporting included in our annual report has not been verified by an external party.



Sustainability scorecard

## Sustainability scorecard

We report the indicators for our key principles of sustainability and our performance in a sustainability scorecard.

Key principles	Indicator	2025 performance	Limit values
MuniFin's sustainability agenda	Emission intensity of residential buildings is 4.3 kgCO <sub>2</sub> e/m <sup>2</sup> by 2035	● 14.2 kgCO <sub>2</sub> e/m <sup>2</sup> (2024*)	Green: Improvement in line with the target path Orange: Improvement falling short of the target path Red: No improvement
	Emission intensity of other buildings is 8.4 kgCO <sub>2</sub> e/m <sup>2</sup> by 2035	● 31.5 kgCO <sub>2</sub> e/m <sup>2</sup> (2024*)	Green: Growth in line with the target path Orange: Growth falling short of the target path Red: No growth
	50% reduction in the emission intensity of municipal loans by 2035	● -29% (2024*)	Green: Growth in line with the target path Orange: Growth falling short of the target path Red: No growth
Strategic goal (2035)	50% of all long-term financing is sustainable (green, social or sustainability-linked) by 2035	● 32.8%	Green: Growth in line with the target path Orange: Growth falling short of the target path Red: No growth

\*Due to updates in emission factors and the availability of counterparties' financial information, the schedule for financed-emission calculations differs from that of the financial statements.

MuniFin updated its long-term sustainability targets in 2025. Before the update, MuniFin's sustainable finance volume targets for 2030 were as follows: amount of green finance is 25% and the amount of social finance is 8% of our long-term customer finance portfolio by 2030. At the end of 2025, the share of green finance was 23.7% and the share of social finance was 7.2% of our long-term customer finance portfolio.

The emissions intensity of financed emissions related to real estate was recalculated, which is why the figure is not comparable with the figures published in previous years.

Sustainability scorecard

Key principles	Indicator	2025 performance	Limit values
Personnel	Personnel satisfaction is at a good level	● AA+ Good+	Green: AA Good, AA+ Good+, AAA Excellent Orange: A Satisfactory, A+ Satisfactory+ Red: C Poor, B Passable
	Gender distribution of managerial staff	● 72/28	Green: 40–60% (of either gender) Orange: 61–79% or 21–39% (of either gender) Red: 80% or higher / 20% or lower (of either gender)
	Gender distribution of the Board of Directors	● 55/45	Green: 40–60% (of either gender) Orange: 61–79% or 21–39% (of either gender) Red: 80% or higher / 20% or lower (of either gender)
	100% of employees have completed Sustainability Policy training	● 100%	Green: > 95% Orange: 90–95% Red: < 90%
	Gender distribution of the Executive Management Team	● 62,5/37,5	Green: 40–60% (of either gender) Orange: 61–79% or 21–39% (of either gender) Red: 80% or higher / 20% or lower (of either gender)
	Training days per employee	● 3.6	Green: ≥ 4 Orange: 2–3.9 Red: < 2
	Gender pay gap	● 3%	Green: By pay grade, average difference max 3% Orange: By pay grade, average difference 3.1–5% Red: By pay grade, average difference more than 5%
	Gender distribution of employees	● 54/46	Green: 40–60% (of either gender) Orange: 61–79% or 21–39% (of either gender) Red: 80% or higher / 20% or lower (of either gender)
	Employee turnover	● 8.1%	Green: ≤ 10% Orange: 10.1–13% Red: > 13%

Continued on the next page →

Sustainability scorecard

Key principles	Indicator	2025 performance	Limit values
Governance	Sustainalytics ESG risk rating	<span style="color: red;">●</span> 9.9	<b>Vihreä:</b> Tavoiteuran mukainen kehitys <b>Oranssi:</b> Kehitystä edellisvuoteen, mutta jääden tavoiteurasta <b>Punainen:</b> Heikennys edellisvuoteen
	Violations of regulations	<span style="color: green;">●</span> No violations	<b>Green:</b> No violations <b>Orange:</b> Formal public statement by a supervisor requiring actions due to regulatory violation but no sanction measures are posed <b>Red:</b> Material sanction from supervisors or regulators (administrative fine, public warning or penalty payment)
Financing and other services	Customer satisfaction is at a very good level	<span style="color: green;">●</span> 6.33	<b>Green:</b> ≥ 5.5 <b>Orange:</b> 4–5.4 <b>Red:</b> < 4
	Training sessions, seminars and events for customers	<span style="color: green;">●</span> 30	<b>Green:</b> ≥ 16 per year <b>Orange:</b> 11–15 per year <b>Red:</b> < 11 per year
Funding	Survey of North European issuers	<span style="color: grey;">●</span> The survey was not conducted in 2025	<b>Green:</b> First or second place in our category <b>Orange:</b> Third or fourth place in our category <b>Red:</b> Fifth or lower place in our category
Liquidity management	ESG score of the investment portfolio compared to the benchmark	<span style="color: green;">●</span> Above	<b>Green:</b> Above the benchmark index <b>Red:</b> Below the benchmark index
	Total amount of socially responsible investments (SRIs)	<span style="color: green;">●</span> 19.8%	<b>Green:</b> > 10% of issued responsible funding <b>Orange:</b> 8–10% of issued responsible funding <b>Red:</b> < 8% of issued responsible funding

# Board of Directors and Executive Management Team

# Board of Directors

Board of Directors and Executive Management Team 31 Dec 2025

Under the Articles of Association, the Board of Directors has a minimum of five and a maximum of nine members. The Annual General Meeting (AGM) elects the members of the Board, and each member's term of office will terminate when the AGM following their election concludes.

In accordance with the proposal of the Shareholders' Nomination Committee, the 2025 Annual General Meeting elected nine members to the Board of Directors for the 2025–2026 term (from the end of the AGM to the end of the next AGM).



**Kari Laukkanen**, b. 1964  
Chair, on the Board of Directors since 2018  
**Education:** M.Sc. (Econ.)  
**Primary occupation:** Board professional and financial consultant  
**Other material positions of trust:** Chair of the Board of Directors at Emittor Oy, CEO and Chair of the Board of Directors at Lauvest Oy (consultancy firm owned by Laukkanen)  
**Independence:** Independent of the Company and its significant shareholders  
**Previous key work history and positions of trust:** Long and diverse international banking experience in various positions at a global banking group (Citigroup, 1990–2016, last 13 years Managing Director, Citi Country Officer of the Finnish branch).



**Maaria Kettunen** (formerly Eriksson), b. 1967  
Vice-Chair, on the Board of Directors since 2019  
**Education:** M.Sc. (Econ), CEFA  
**Primary occupation:** CIO, Investments, KeVa  
**Other material positions of trust:** Member of the Advisory Committee for Investments of the University of Oulu (non-commercial position); deputy member of the Board of Directors at the Church Pension Fund  
**Independence:** Independent of the company, not independent of its significant shareholders (works for a significant shareholder)  
**Previous key work history and positions of trust:** Long and diverse experience in capital market tasks at KeVa, Finland's largest occupational pension insurance company (since 1998) and before that as portfolio manager and economist in the banking sector (Merita 1996–1998) and as an economist at the Bank of Finland (1994–1996).



**Liisa Harjula**, b. 1972  
On the Board of Directors since 2025  
**Education:** Master of Laws (trained on the bench), M.Sc. (Econ.), EFFAS Certified ESG Analyst (CESGA)  
**Primary occupation:** Senior Financial Advisor, Ownership Steering Department of the Prime Minister's Office  
**Other material positions of trust:** Chair of the Board of Directors at the Mint of Finland, Chair of the Board of Directors at Governia Oy, Chair of the Board of Directors at GoK Oy (subsidiary of Governia), member of the Board of Directors at Ruutu Oy (non-commercial position)  
**Independence:** Independent of the company, not independent of its significant shareholders (works for a significant shareholder)  
**Previous key work history and positions of trust:** Extensive experience in private equity investment at Sentica Partners Oy (2007–2023) in various roles, including responsibility for finance and investor communications. Earlier experience in specialist roles in legal affairs. Board member in several companies owned by private equity investors.



**Juho Malmberg**, b. 1962  
On the Board of Directors since 2025  
**Education:** M.Sc. (Tech.)  
**Primary occupation:** Board professional  
**Other material positions of trust:** Chair of the Board of Directors at Apotti Oy, Chair of the Board of Directors at the Finnish Foundation for Technology Promotion (non-commercial position), member of the Board of Directors at Technology Academy Finland (non-commercial position), member of the Board of Directors at Midagon Group and Midagon Group Holding Oy  
**Independence:** Independent of the Company and its significant shareholders  
**Previous key work history and positions of trust:** Long and extensive experience in senior IT management roles at OP Financial Group (2015–2022), preceded by roles in industry (ZenRobotics, 2015–2017; Kone, 2006–2012) and senior management positions leading the Finnish operations of an international consulting firm (1999–2006). Board experience in both listed companies (F-Secure Oy, QPR Software Oy) and non-listed companies (Kuntien Tiera Oy, Kemppi Oy, Finanssi-Kontio Oy, Paja Financial Services Ltd).



**Tuomo Mäkinen**, b. 1972  
On the Board of Directors since 2021  
**Education:** M.Sc. (Econ)  
**Primary occupation:** Finance Manager, City of Helsinki  
**Other material positions of trust:**  
–  
**Independence:** Not independent of the Company and its significant shareholders (works for a significant shareholder and customer)  
**Previous key work history and positions of trust:** Long experience of executive-level financial responsibilities at the City of Helsinki since 2000. Finance Manager since 2014.



**Henrik Rainio**, b. 1983  
On the Board of Directors since 2025  
**Education:** M.Sc. (Econ.)  
**Primary occupation:** Director of Finance, City of Porvoo  
**Other material positions of trust:**  
Member of the Board of Directors at Keskinäinen kiinteistö Oy Porvoo Piispanatalo (non-commercial position), member of the Board of Directors at Mainio Fructus Oy  
**Independence:** Independent of the Company and its significant shareholders  
**Previous key work history and positions of trust:** Extensive experience in the Finnish municipal sector and related advocacy through various roles at the Association of Finnish Cities and Municipalities (2008–2019).



**Elina Strählman**, b. 1979  
On the Board of Directors since 2024  
**Education:** M.Sc. (Econ)  
**Primary occupation:** CFO at Enento Group Plc  
**Other material positions of trust:**  
Member of the Board of Directors at the following Enento Group companies: Suomen Asiakastieto Oy, UC Ab, Emaileri Oy, UC Affärsinformation Ab, Proff As, Proff Aps  
**Independence:** Independent of the Company and its significant shareholders  
**Previous key work history and positions of trust:** Long experience (since 2004) in expert and leadership roles in auditing and financial management (EY, Fortum, Finnair Oy). Member of the Audit Board of the Finnish Patent and Registration Office in 2019–2021.



**Leena Vainiomäki**, b. 1961  
On the Board of Directors since 2021  
**Education:** Master of Political Sciences, MBA  
**Primary occupation:** Board professional  
**Other material positions of trust:**  
Member of the Board of Directors at Veikkaus Ltd and YIT Corporation  
**Independence:** Independent of the Company and its significant shareholders  
**Previous key work history and positions of trust:** Long and diverse experience in executive-level positions at the financial sector. Country Manager at Danske Bank (2018–2020), other executive-level positions at Danske Bank since 2011 and at Nordea and its predecessors since 1988. Board positions at companies belonging to the Danske Group.



**Arto Vuojolainen**, b. 1963  
On the Board of Directors since 2023  
**Education:** M.Sc. (Tech.)  
**Primary occupation:** Operational and Financial Director, City of Tampere  
**Other material positions of trust:**  
Member of the Board of Directors at the Tampere University of Applied Sciences Foundation (non-commercial position)  
**Independence:** Not independent of the Company, independent of its significant shareholders (works for a significant customer)  
**Previous key work history and positions of trust:** Experience in financial management positions at the City of Tampere since 2007. Prior experience in expert and managerial positions in credit granting and customer relations in the banking sector (Nordea, Handelsbanken) since 1991.

# Executive Management Team

Under the Articles of Association, MuniFin has a CEO and a Deputy to the CEO appointed by the Board of Directors. The CEO's duty is to manage the Company's operations in order to implement the resolutions made by the Board of Directors and maintain the Company's operations in line with the strategy, risk management principles and limits set by the Board. Supported by the Executive Management Team, the CEO is responsible for ensuring the Company's effective day-to-day operations and organisational structure and reporting to the Board of Directors.

In 2025, 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 and member of the Executive Management Team on 1 November 2025.



**Esa Kallio**, b. 1963  
 President and CEO  
**Employed by the Company since:** 2005, President and CEO as from 2018  
**Education:** M.Sc. (Econ)  
**Material positions of trust:** Member of the Board of Directors at City Works Oy



**Mari Tyster**, b. 1975  
 Executive Vice President, Legal and Communications, secretary to the Board of Directors and its Committees, Deputy to the CEO as from 2018  
**Employed by the Company since:** 2009  
**Education:** Master of Laws  
**Material positions of trust:** Member of the Board of Directors at Ylva Services Ltd, Ylva



**Aku Dunderfelt**, b. 1975  
 Executive Vice President, Customer Solutions  
**Employed by the Company since:** 2019  
**Education:** BBA  
**Material positions of trust:** Chair of the Board of Directors at Kuntarahoituksen digitaaliset palvelut Oy (subsidiary company owned fully by MuniFin)



**Erika Fredman**, b. 1976  
 Executive Vice President, Finance Services  
**Employed by the Company since:** 2010  
**Education:** M.Sc. (Econ.)  
**Material positions of trust:** –



**Toni Heikkilä**, b. 1965  
 Executive Vice President, Risk Management and Compliance  
**Employed by the Company since:** 1997  
**Education:** Lic.Sc. (Econ)  
**Material positions of trust:** –



**Joakim Holmström**, b. 1977  
 Executive Vice President, Capital Markets and Sustainability  
**Employed by the Company since:** 2008  
**Education:** M.Sc. (Econ)  
**Material positions of trust:** –



**Minna Piitulainen**, b. 1973  
 Executive Vice President, Development and HR Services  
**Employed by the Company since:** 2018  
**Education:** M.Sc. (Psychology)  
**Material positions of trust:** –



**Juha Volotinen**, b. 1975  
 Executive Vice President, Technology Services  
**Employed by the Company since:** 2021  
**Education:** M.Sc. (Econ)  
**Material positions of trust:** Member of the Board of Directors at Oma Savings Bank Plc

# Tax footprint



# Tax footprint

## The Strategy and Operating Principles of MuniFin in Taxation

The management of tax affairs is organised as part of the Group's financial management. The main observations and measures related to tax issues and tax risks are reported to the Board of Directors.

The Municipality Finance Group complies with the tax legislation in the payment, remittance and notification of taxes and charges. MuniFin's strategy in taxation is to support the business solutions and take taxation into account as one of the factors influencing the planning and decision-making related to the business solutions. Tax planning aims at controlling the uncertainties related to taxation and avoiding risks in interpretation. Therefore, MuniFin requests the tax authorities to provide preliminary rulings whenever necessary.

## The Taxes and Tax-like Payments Paid and Remitted

MuniFin acquires financing from the international capital markets but conducts business only in Finland. Therefore, MuniFin pays income taxes in full to Finland. MuniFin does not receive any income from abroad for which relevant withholding tax at the source is paid. MuniFin has no investments or operations in countries defined by the OECD as tax havens.

In 2025, the MuniFin Group employed 185 people, of whom all worked for the parent company. The Group's turnover was EUR 1,713 million and the profit before tax EUR 193 million. As a credit institution, MuniFin had the possibility to assign a credit loss provision in its accounting and taxation, in accordance with the Business Tax Act. The credit loss provision involves a deferred tax liability.

MuniFin's operations are mainly exempt from value-added tax. As MuniFin is unable to deduct the VAT related to purchases in its operations exempt from VAT, the VAT remains as final costs for MuniFin. MuniFin and its subsidiary Kuntarahoituksen digitaaliset palvelut Oy also run leasing operations and offer digital services to the customers that are subject to VAT, for which VAT is paid and the VAT included in the purchases is deducted. The amounts of VAT paid and remitted vary according to business volumes, and value-added taxes are not taken into account in the taxes paid and remitted.

Taxes and tax-like payments paid (EUR 1,000)	2025	2024
Income tax	18 355	18 383
Employer's social security contributions	4 964	5 029
<b>Total</b>	<b>23 319</b>	<b>23 412</b>

Taxes to be remitted (EUR 1,000)	2025	2024
Withholding taxes	5 945	6 048
Employee's social security contributions	1 446	1 501
<b>Total</b>	<b>7 391</b>	<b>7 549</b>

# Report of the Board of Directors and Financial Statements

# 2025

This is a voluntarily published pdf report, so it does not fulfill the disclosure obligation pursuant to Section 7:5 § of the Securities Markets Act.

**MuniFin**

# Report of the Board of Directors

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In brief: MuniFin Group in 2025

## 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).

In brief: MuniFin Group in 2025

- 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.
- MuniFin's 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 78–86. All figures presented in the Report of the Board of Directors are those of MuniFin Group, unless otherwise stated

Key figures (Group)

## 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**
	<b>31 Dec 2025</b>	<b>31 Dec 2024</b>	<b>Change, %</b>
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.

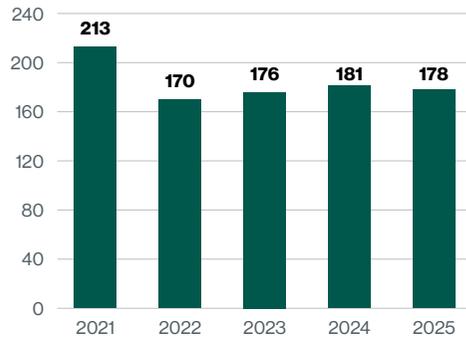
\*\*\* The capital ratios at 31 December 2025 have been calculated in accordance with the CRR III regulation. The figures for the comparative periods have not been adjusted.



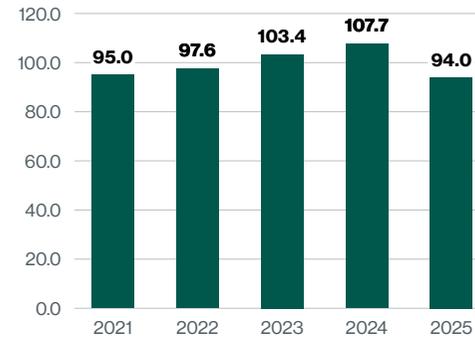
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Key figures (Group)

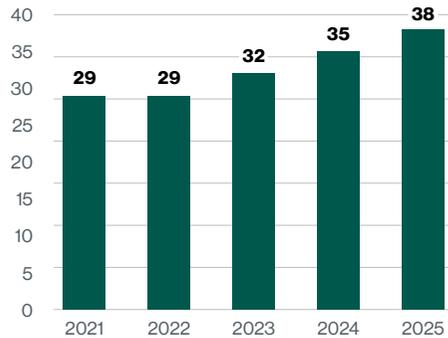
Net operating profit excluding unrealised fair value changes, EUR million\*



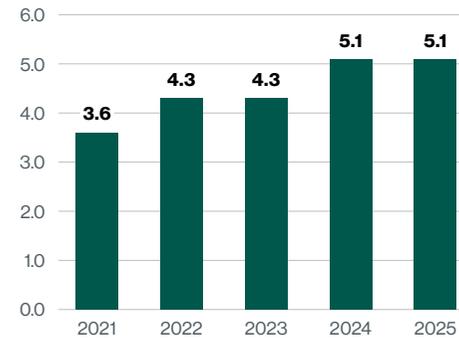
CET1 capital ratio, %\*\*



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 78–86. All figures presented in the Report of the Board of Directors are those of MuniFin Group, unless otherwise stated.

Operating environment in 2025

## 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

## Information on the Group results

Consolidated income statement (EUR million)	Jan–Dec 2025	Jan–Dec 2024	Change, %
Net interest income	260	260	0.0
Other income	5	2	>100
<b>Income excluding unrealised fair value changes</b>	<b>265</b>	<b>262</b>	<b>1.2</b>
Commission expenses	-18	-17	7.4
HR expenses	-23	-21	10.5
Other items in administrative expenses	-26	-23	15.8
Depreciation on tangible and intangible assets	-4	-6	-34.1
Other operating expenses	-14	-14	2.6
<b>Costs</b>	<b>-86</b>	<b>-81</b>	<b>6.6</b>
Credit loss and impairments on financial assets	-1	0	>100
<b>Net operating profit excluding unrealised fair value changes</b>	<b>178</b>	<b>181</b>	<b>-1.5</b>
Unrealised fair value changes	14	-16	>100
<b>Net operating profit</b>	<b>193</b>	<b>166</b>	<b>16.3</b>
Income tax expense	-39	-33	17.2
<b>Profit for the financial year</b>	<b>154</b>	<b>133</b>	<b>16.1</b>

*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).

Information on the Group results

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 fees to 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.

Information on the Group results

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 22 to the Consolidated Financial Statements.

### **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).

Information on the Group results

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 value-added services MuniFin offers to its customers.

Information on the consolidated statement of financial position

## 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
<b>Total assets</b>	<b>55,634</b>	<b>53,092</b>	<b>4.8</b>
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
<b>Total liabilities and equity</b>	<b>55,634</b>	<b>53,092</b>	<b>4.8</b>

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).

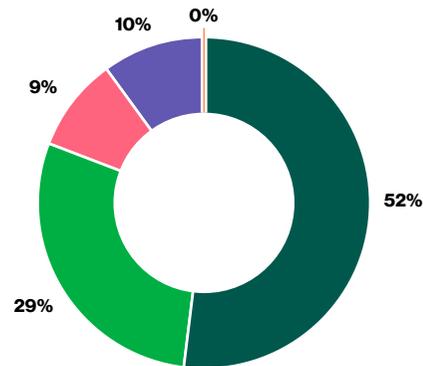
# Financing and other services for customers

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 long-term loan portfolio to housing corporations, 46% consists of municipality-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%). Short-term customer financing in commercial papers totalled EUR 1,895 million (EUR 1,825 million) at the end of the year.

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



- Housing corporations (incl. housing corporations controlled by municipalities)
- Municipalities
- Wellbeing services counties
- Municipalities-controlled entities (excl. housing corporations controlled by municipalities)
- Joint municipal authorities

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



- Municipally owned companies
- Non-profit housing organisations

Financing and other services for customers

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<sub>2</sub>e/m<sup>2</sup> for residential buildings and of 8.4 kg CO<sub>2</sub>e/m<sup>2</sup> for other buildings. Based on 2024 data, the portfolio's emission intensity was 14.2 kg CO<sub>2</sub>e/m<sup>2</sup> (2023: 14.7 kg CO<sub>2</sub>e/m<sup>2</sup>).

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).

Every year, MuniFin Group publishes on its website impact reports on its green and social finance, as well as a financed emissions report required under the Partnership for Carbon Account Financials standard, disclosing the greenhouse gas emissions associated with its lending and investment portfolios.

# Funding and liquidity management

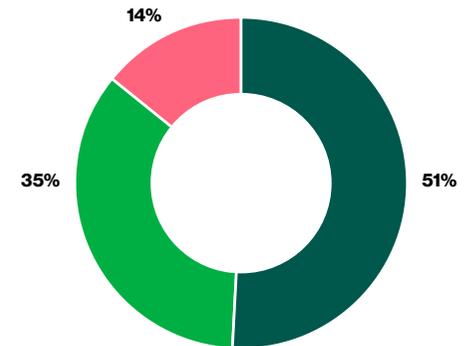
MuniFin Group acquires its funding mainly from the international capital markets as standardised issuances under debt programmes. The funding strategy relies on wide diversification into multiple currencies, maturities, geographical areas and investor groups to secure access to funding under all market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



- EUR and USD Benchmarks
- Other public market bonds
- Private placements

Funding and liquidity management

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

# MuniFin's credit ratings

Municipality Finance Plc • Annual Report 2025



**Rating agency**

**Long-term funding**

**Outlook**

**Short-term funding**

**Moody's Investors Service**

**Aa1**

**Stable**

**P-1**

**Standard & Poor's**

**AA+**

**Stable**

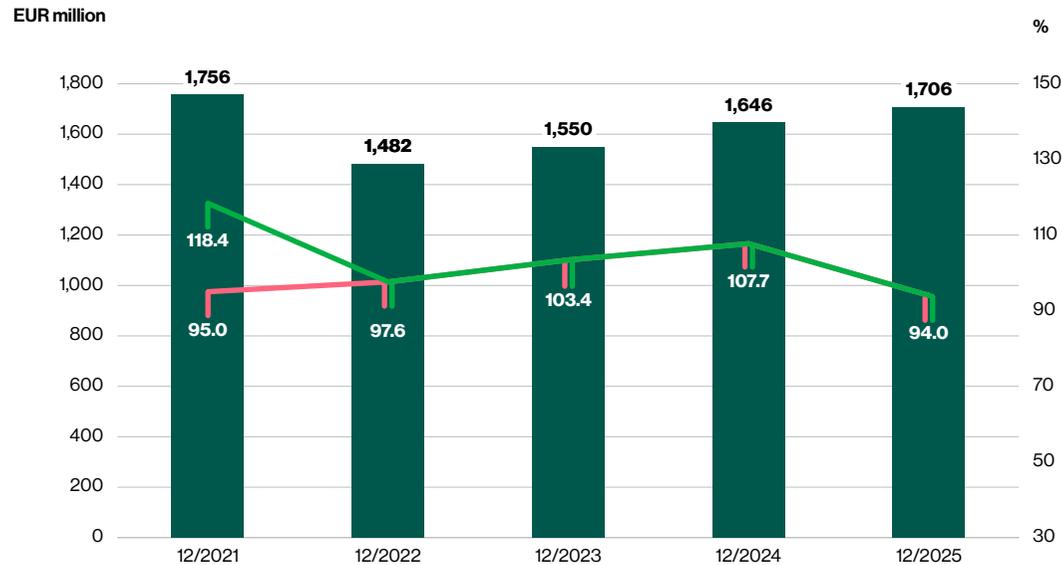
**A-1+**

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

# Capital adequacy

MuniFin Group's own funds and capital adequacy



- Own funds (EUR million)
- CET1 capital ratio, %
- Total capital ratio, %

## 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.

Capital adequacy

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

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.

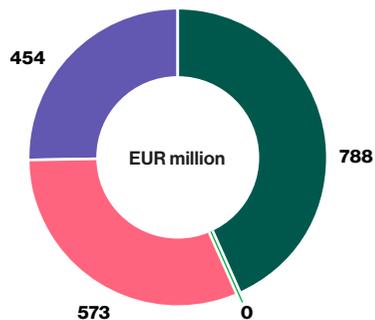
The CET1 capital includes profit for the financial year. This profit has been subject to a financial review by auditors and can therefore be included in CET1 capital based on the permission granted by the ECB in accordance with the CRR. The Board's 2025 dividend proposal of EUR 71.5 million (EUR 72.7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

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.

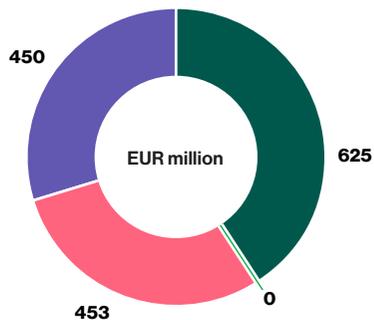
Capital adequacy

Municipality Finance Plc • Annual Report 2025

**Total risk exposure amount 12/2025**  
**EUR 1,815 million**



**Total risk exposure amount 12/2024**  
**EUR 1,528 million**



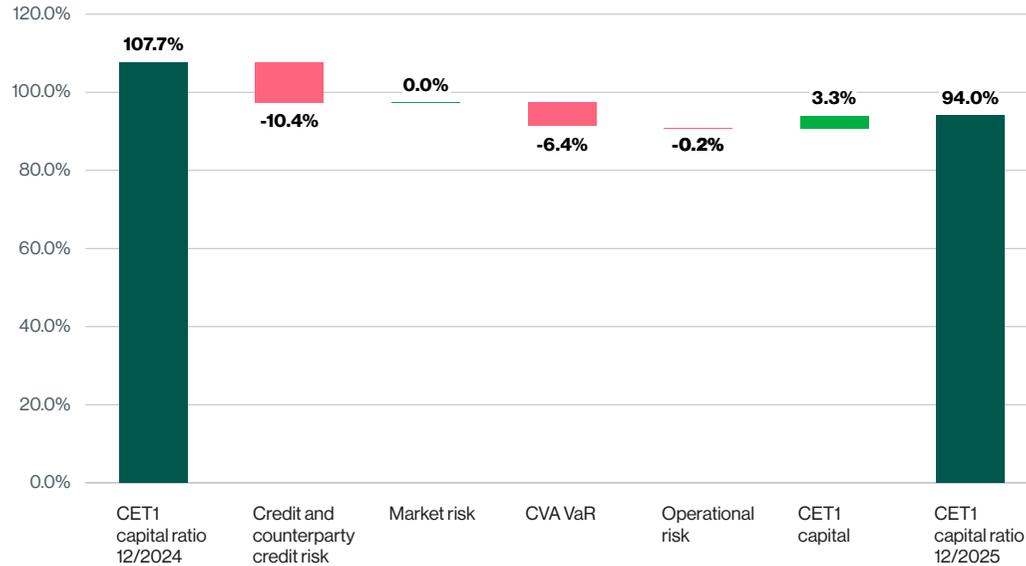
- Credit and counterparty credit risk
- Market risk
- Credit valuation adjustment risk
- Operational risk

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).

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.

Capital adequacy

CET1 capital ratio changes, %

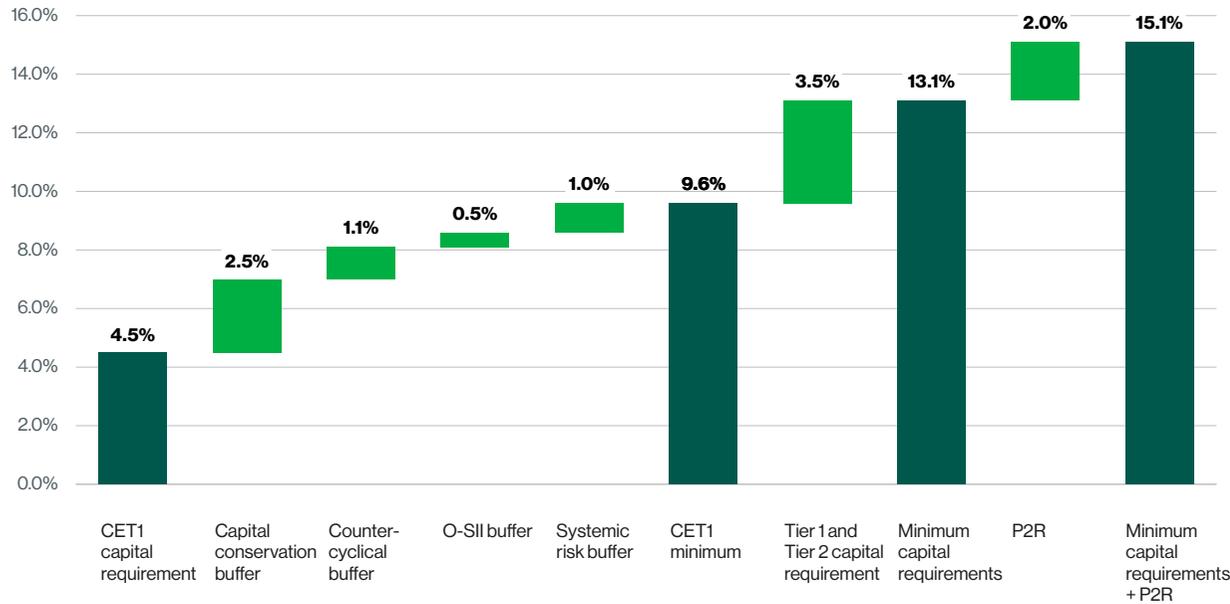


The postponement of the FRTB regulation's implementation has created a situation where derivative contracts that hedge market risks in banking operations would be classified in the trading book without their impact being netted with the hedged item in the calculation of operational risk requirement. 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 principles of capital adequacy management and detailed key figures on the capital adequacy are provided in the Notes to this Report.

Capital adequacy

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.

Capital adequacy

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%.

**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*.

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 materiality analysis 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 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.

MuniFin Group's financial objectives

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 risks are described in more detail in Note 2 *Risk management principles and the Group's risk position* to the Consolidated Financial Statements.

## 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 sector (*Sovereigns, Supranationals, Agencies*). 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.

## Risk management

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.

Risk management

**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.

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

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

Risk management

**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 sector and wellbeing services counties 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 MuniFin's Corporate Governance Statement for 2025, pursuant to chapter 7, section 7 of the Finnish Securities Market Act. The statement includes a description of the main features of the internal audit and risk management systems pertaining to the financial reporting process. The statement also includes the governance descriptions required by the Act on Credit Institutions as well as 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 Rainio, Elina Stråhlman, 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).

For more information on salaries and remuneration, refer to Note 37 *Remuneration of key management personnel* in the Consolidated Financial Statements.

## 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.

# Share capital and shareholders

At the end of the 2025 financial year, MuniFin had paid share capital registered in the Trade Register to the amount of EUR 43,008,044.20, and the number of shares was 39,063,798. The Company has two series of shares (A and B), with equal voting and dividend rights. Each share confers one vote at the Annual General Meeting.

At the end of 2025, MuniFin had 276 (276) shareholders.

## 10 largest shareholders 31 Dec 2025

	No. of shares	Per cent
1. Keva	11,975,550	30.7%
2. Republic of Finland	6,250,000	16.0%
3. City of Helsinki	4,066,525	10.4%
4. City of Espoo	1,547,884	4.0%
5. VAV Asunnot Oy (City of Vantaa)	963,048	2.5%
6. City of Tampere	919,027	2.4%
7. City of Oulu	903,125	2.3%
8. City of Turku	763,829	2.0%
9. City of Kuopio	592,028	1.5%
10. City of Lahti	537,926	1.4%

The number of shares presented in the above table do not include any shares owned by the Group companies of the listed shareholders.

MuniFin is not aware of any material changes in the holdings of major shareholders during the year.

Events after the reporting period

## 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.

Outlook for 2026

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

## 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.

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

## 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

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



	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 loan (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 78–86. All figures presented in the Report of the Board of Directors are those of MuniFin Group, unless otherwise stated.

Note 1. Key figures

## Note 1. 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).

Note 1. Key figures

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 Other interest income Interest expense at effective interest rate method Other interest expense	1,387 307 -975 -459	1,933 319 -1,420 -572
		<b>Net interest income</b>	<b>260</b>	<b>260</b>
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 <i>Net result on financial instruments at fair value through profit or loss</i> .	Net result on financial assets and liabilities through profit or loss, unrealised fair value changes Net result on hedge accounting, unrealised fair value changes	20 -6	-4 -12
		<b>Unrealised fair value changes</b>	<b>14</b>	<b>-16</b>
Net operating profit	Net operating profit describes the Group's operating profit before taxes.	<b>Net operating profit</b>	<b>193</b>	<b>166</b>
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 - Unrealised fair value changes	193 -14	166 16
		<b>Net operating profit excluding unrealised fair value changes</b>	<b>178</b>	<b>181</b>
Income	Income, which describes the Group's total income including net interest income, is used e.g. as a denominator (incl. Commission expenses) in Cost-to-income ratio.	Net interest income Commission income Net result on financial instruments at fair value through profit or loss Net result on financial assets at fair value through other comprehensive income Other operating income	260 1 17 1 0	260 1 -15 0 0
		<b>Income</b>	<b>280</b>	<b>247</b>

Note 1. Key figures



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
		<b>Income excluding unrealised fair value changes</b>	<b>265</b>	<b>262</b>
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
		<b>Other income</b>	<b>5</b>	<b>2</b>
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
		<b>Costs</b>	<b>86</b>	<b>81</b>
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) ÷ Income (incl. Net commission income)) x100	68	64
		<b>Cost-to-income ratio, %</b>	<b>261</b>	<b>230</b>
			<b>25.9%</b>	<b>27.7%</b>
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) ÷ (Income (incl. Net commission income) - Unrealised fair value changes)) x100	68	64
			261	230
			-14	16
		<b>Cost-to-income ratio excluding unrealised fair value changes, %</b>	<b>27.4%</b>	<b>26.0%</b>



Note 1. Key figures



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
		<b>The effect of unrealised fair value changes on other comprehensive income and equity net of tax</b>	<b>-79</b>	<b>122</b>
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
		<b>New long-term customer financing</b>	<b>5,088</b>	<b>5,056</b>
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
		<b>Ratio of net operating profit excluding unrealised fair value changes to volume of long-term and short-term customer financing, %</b>	<b>0.46%</b>	<b>0.50%</b>
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.	<b>New long-term funding</b>	<b>10,019</b>	<b>8,922</b>



Note 1. Key figures



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
		<b>Return on Equity (ROE), %</b>	<b>7.9%</b>	<b>7.2%</b>
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
		<b>Return on Equity (ROE) excluding unrealised fair value changes, %</b>	<b>7.4%</b>	<b>7.9%</b>
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
		<b>Return on Assets (ROA), %</b>	<b>0.3%</b>	<b>0.3%</b>
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
		<b>Return on Assets (ROA) excluding unrealised fair value changes, %</b>	<b>0.3%</b>	<b>0.3%</b>
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
		<b>Turnover</b>	<b>1,713</b>	<b>2,239</b>



Note 1. Key figures



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 ÷ Balance sheet total) x100 <b>Equity ratio, %</b>	1,936 55,634 <b>3.5%</b>	1,945 53,092 <b>3.7%</b>
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 - Interest accrued on long-term loan portfolio - Leased assets <b>Long-term loan portfolio</b>	38,083 -174 -1,625 <b>36,284</b>	35,377 -204 -1,563 <b>33,610</b>
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 - Interest accrued on long-term loan portfolio <b>Long-term customer financing</b>	38,083 -174 <b>37,909</b>	35,377 -204 <b>35,173</b>
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 - Interest accrued on long-term loan portfolio - Unrealised fair value changes <b>Long-term customer financing excluding unrealised fair value changes</b>	38,083 -174 601 <b>38,510</b>	35,377 -204 614 <b>35,787</b>



Note 1. Key figures



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
		<b>(Total of sustainable finance</b>	<b>12,595</b>	<b>9,391</b>
		÷ Long-term customer financing excluding unrealised fair value changes) x100	38,510	35,787
		<b>Ratio of sustainable finance to long-term customer financing excluding unrealised fair value changes, %</b>	<b>32.7%</b>	<b>26.2%</b>
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
		<b>Short-term customer financing</b>	<b>1,895</b>	<b>1,825</b>
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
		<b>Total</b>	<b>49,638</b>	<b>47,882</b>
		- Interest payable on long-term funding	-498	-429
		- Cash collateral received (CSA)	-22	-716
		- Liabilities to credit institutions, payable on demand	-	-
		<b>Total funding</b>	<b>49,117</b>	<b>46,737</b>
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
		<b>Long-term funding</b>	<b>45,042</b>	<b>43,328</b>



Note 1. Key figures



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
		<b>Investments in securities total</b>	<b>6,099</b>	<b>4,016</b>
		Cash and balances with central banks	5,169	7,777
		Deposits	368	120
		<b>Other investments total</b>	<b>5,538</b>	<b>7,896</b>
		<b>Total liquidity</b>	<b>11,636</b>	<b>11,912</b>
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 ÷ Investment CPs and bonds, nominal) x100	1,349	870
			6,122	4,038
		<b>Ratio of SRI securities to all investments, %</b>	<b>22.0%</b>	<b>21.5%</b>
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 ÷ Green and social funding) x100	1,349	870
			7,035	5,824
		<b>Ratio of socially responsible investments to MuniFin Group's own green and social funding, %</b>	<b>19.2%</b>	<b>14.9%</b>



Note 1. Key figures



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

Note 2. Group's capital adequacy position

## Note 2. Group's capital adequacy position

### Capital adequacy management principles

MuniFin Group's objectives regarding equity in relation to risk-taking and the operating environment are defined as part of the annual planning. The planning horizon extends to at least the following three years, in order to be able to predict the business performance trend and the sufficiency of own funds with respect to the increasing capital requirements arising from changing regulation and to be able to react to potential needs for additional capitalisation in sufficient time. The Board of Directors approves the capital adequacy plan and monitors it. The Group updates its capital adequacy plan at least annually and follows implementation of the plan semiannually.

The aim for the capital adequacy management is to monitor the capital adequacy and to confirm that the Group's capital adequacy fulfills its targets and requirements set by financial authorities to ensure continuity of the operations. Controlling capital adequacy is continuous and an essential part of the Group's strategic planning process, which covers setting strategic goals, specifying development projects and making financial forecasts for the following years. This is done in cooperation with management and the Board. The Board of the Parent Company approves the final strategy. Management ensures that the operative measures of the

Group correspond with the principles determined in the strategy approved by the Board. As part of the annual planning, the management prepares a business plan for the coming year and business forecasts for the years that follow.

The Group's risk position and its effect on the Group's financial status are also evaluated. Regular risk analyses as well as various stress test scenarios are used for evaluating and measuring risks. Based on these, the capital adequacy plan is updated annually, and actions needed to strengthen own funds are determined. The adequacy of own funds is also monitored through monthly business analyses.

The Group calculates capital adequacy in accordance with the EU Capital Requirements Regulation (EU No. 575/2013), amended by CRR II (2019/876) and CRR III (2024/1623) and the Capital Requirements Directive (2013/36/EU), amended by CRD V (2019/878) and CRD VI (2024/1619). Capital requirements for credit and counterparty risk are calculated using the standardised approaches. In the calculation of the capital requirement for operational risk, the Group applies the so called PBA method (*Prudential Boundary Approach*). In the capital calculation for market risk, only foreign exchange risks are taken into account, as the Group has no trading book or equity or commodity positions.

Foreign exchange risk is hedged by converting all funding and investments denominated in foreign currencies into euros through derivative contracts. All customer financing in the Group is denominated in euros. The Group has no significant open foreign currency positions. However, the collateral management associated with the central counterparty clearing of derivatives may result in temporary minor foreign exchange risk. This risk is actively monitored and hedged. Credit valuation adjustment (CVA) risk is calculated using the basic approach.

The credit ratings given by Standard & Poor's, Moody's Investor Service and Fitch Ratings are used for determining the risk weights used in the capital adequacy calculations. The aforementioned companies are credit rating institutions approved by the Finnish Financial Supervisory Authority for capital adequacy calculations. In capital adequacy calculations for the credit risk, the Group uses methods for reducing the credit risk such as guarantees provided by municipalities as well as deficiency guarantees given by the State of Finland. For derivatives, netting agreements, collateral agreements (*ISDA/Credit Support Annex*) and guarantees granted by the Municipal Guarantee Board (*MGB*) are used for reducing the capital adequacy requirement related to the counterparty risk of derivative counterparties.

Note 2. Group's capital adequacy position

**Table 1. Minimum capital requirements and capital buffers**

<b>Minimum capital requirements and capital buffers, % 31 Dec 2025</b>	<b>Capital requirement</b>	<b>Capital conservation buffer<sup>1)</sup></b>	<b>Countercyclical buffer<sup>2)</sup></b>	<b>O-SII<sup>3)</sup></b>	<b>Systemic risk buffer<sup>4)</sup></b>	<b>Total capital buffers</b>	<b>Total</b>
Common Equity Tier 1 (CET1) capital	4.50%	2.50%	1.11%	0.50%	1.00%	5.11%	9.61%
Tier 1 (T1) Capital	6.00%	2.50%	1.11%	0.50%	1.00%	5.11%	11.11%
Total own funds	8.00%	2.50%	1.11%	0.50%	1.00%	5.11%	13.11%

<b>Minimum capital requirements and capital buffers (EUR 1,000) 31 Dec 2025</b>	<b>Capital requirement</b>	<b>Capital conservation buffer<sup>1)</sup></b>	<b>Countercyclical buffer<sup>2)</sup></b>	<b>O-SII<sup>3)</sup></b>	<b>Systemic risk buffer<sup>4)</sup></b>	<b>Total capital buffers</b>	<b>Total</b>
Common Equity Tier 1 (CET1) capital	81,677	45,376	20,180	9,075	18,151	92,782	174,459
Tier 1 (T1) Capital	108,903	45,376	20,180	9,075	18,151	92,782	201,685
Total own funds	145,204	45,376	20,180	9,075	18,151	92,782	237,986

Note 2. Group's capital adequacy position

<b>Minimum capital requirements and capital buffers, % 31 Dec 2024</b>	<b>Capital requirement</b>	<b>Capital conservation buffer<sup>1)</sup></b>	<b>Countercyclical buffer<sup>2)</sup></b>	<b>O-SII<sup>3)</sup></b>	<b>Systemic risk buffer<sup>4)</sup></b>	<b>Total capital buffers</b>	<b>Total</b>
Common Equity Tier 1 (CET1) capital	4.50%	2.50%	1.04%	0.50%	1.00%	5.04%	9.54%
Tier 1 (T1) Capital	6.00%	2.50%	1.04%	0.50%	1.00%	5.04%	11.04%
Total own funds	8.00%	2.50%	1.04%	0.50%	1.00%	5.04%	13.04%

<b>Minimum capital requirements and capital buffers (EUR 1,000) 31 Dec 2024</b>	<b>Capital requirement</b>	<b>Capital conservation buffer<sup>1)</sup></b>	<b>Countercyclical buffer<sup>2)</sup></b>	<b>O-SII<sup>3)</sup></b>	<b>Systemic risk buffer<sup>4)</sup></b>	<b>Total capital buffers</b>	<b>Total</b>
Common Equity Tier 1 (CET1) capital	68,774	38,208	15,839	7,642	15,283	76,971	145,745
Tier 1 (T1) Capital	91,698	38,208	15,839	7,642	15,283	76,971	168,669
Total own funds	122,265	38,208	15,839	7,642	15,283	76,971	199,235

Note 2. Group's capital adequacy position

- 1) Act on Credit Institutions (610/2014), Chapter 10, Section 3, and the EU Capital Requirements Regulation (575/2013; CRR) amended by CRR II (2019/876) and CRR III (2024/1623) and Directive (2013/36/EU; CRD IV) amended by CRD V (2019/878) and CRD VI (2024/1619). Valid from 1 January 2015.
- 2) Act on Credit Institutions (610/2014) Sect 10:4-6 § and the EU Capital Requirements Regulation (575/2013; CRR) amended by CRR II (2019/876) and CRR III (2024/1623) and Directive (2013/36/EU; CRD IV) amended by CRD V (2019/878) and CRD VI (2024/1619). On 17 Dec 2025 (17 Dec 2024), the Board of Financial Supervisory Authority (*FIN-FSA*) decided not to set countercyclical capital buffer requirement for credit exposures allocated to Finland. The institution-specific countercyclical capital buffer requirement is determined on the basis of the geographical distribution of the exposures. For MuniFin Group it is 1.11% (1.04%).
- 3) Other Systemically Important Institutions additional capital requirements: Act on Credit Institutions (610/2014) Sect 10:8 § and the EU Capital Requirements Regulation (575/2013; CRR) amended by CRR II (2019/876) and CRR III (2024/1623) and Directive (2013/36/EU; CRD IV) amended by CRD V (2019/878) and CRD VI (2024/1619). Additional capital requirement (*O-SII*) for MuniFin Group is 0.5% (0.5%). The decision of the Board of FIN-FSA on 26 Jun 2025, effective immediately.

- 4) Act on Credit Institutions (610/2014) Sect 10:6a § and the EU Capital Requirements Regulation (575/2013; CRR) amended by CRR II (2019/876) and CRR III (2024/1623) and Directive (2013/36/EU; CRD IV) amended by CRD V (2019/878) and CRD VI (2024/1619). 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 addition to the above, the ECB has imposed a bank-specific Pillar 2 Requirement (*P2R*) of 2% on MuniFin Group as part of the annual Supervisory Review and Evaluation Process (*SREP*). Including this *P2R* requirement, 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 15.11% (15.04%) including *P2R* and other additional capital buffers.

Note 2. Group's capital adequacy position

**Table 2. Own Funds**

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Share capital	42,583	42,583
Reserve for invested non-restricted equity	40,366	40,366
Retained earnings	1,724,554	1,643,155
Fair value reserve	128,379	219,053
Other reserves	277	277
Foreseeable dividend	-71,487	-72,659
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>1,864,673</b>	<b>1,872,776</b>
Intangible assets	-836	-2,720
Deferred tax assets that rely on future profitability and do not arise from temporary differences	-	-10
Deductions due to prudential filters on Common Equity Tier 1 capital	-157,907	-223,916
<b>Common Equity Tier 1 (CET1) capital</b>	<b>1,705,929</b>	<b>1,646,129</b>
Instruments included in Additional Tier 1 capital	-	-
<b>Additional Tier 1 (AT1) capital</b>	<b>-</b>	<b>-</b>
<b>Tier 1 (T1) capital</b>	<b>1,705,929</b>	<b>1,646,129</b>
<b>Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>
<b>Total own funds</b>	<b>1,705,929</b>	<b>1,646,129</b>

Common Equity Tier 1 capital includes the profit for the financial year, which has been subject to a financial review by the external auditor, and therefore can be included in CET1 capital on the basis of permission granted by the ECB in accordance with the Capital Requirements Regulation. Deductions due to prudential filters on CET1 capital are made up of MuniFin's debt value adjustment (DVA) and additional valuation adjustment (AVA). In addition, the amount of foreseeable dividend has been deducted from CET1 capital.

Change in own credit risk is not included in the own funds (CRR Art. 33).

**Table 3. Consolidated key figures for capital adequacy**

	31 Dec 2025	31 Dec 2024
CET1 capital ratio, %	93.99	107.71
Tier 1 capital ratio, %	93.99	107.71
Total capital ratio, %	93.99	107.71

Note 2. Group's capital adequacy position

**Table 4. Consolidated minimum requirement for own funds**

(EUR 1,000)	31 Dec 2025		31 Dec 2024	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
<b>Credit and counterparty credit risk, standardised approach<sup>1</sup></b>	<b>63,035</b>	<b>787,932</b>	<b>50,021</b>	<b>625,265</b>
Exposures to central governments or central banks	0	0	0	0
Exposures to regional governments or local authorities	473	5,914	260	3,255
Exposures to public sector entities	815	10,193	455	5,686
Exposures to multilateral development banks	0	0	0	0
Exposures to international organisations	0	0	0	0
Exposures to institutions	40,150	501,872	31,771	397,134
Exposures to corporates	4,307	53,841	2,178	27,229
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	13,951	174,382	12,402	155,020
Other items	3,338	41,730	2,955	36,941
<b>Market risk<sup>2</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credit valuation adjustment risk (CVA VaR), basic approach<sup>3</sup></b>	<b>45,816</b>	<b>572,696</b>	<b>36,245</b>	<b>453,066</b>
<b>Operational risk</b>	<b>36,354</b>	<b>454,423</b>	<b>35,998</b>	<b>449,976</b>
<b>Total</b>	<b>145,204</b>	<b>1,815,051</b>	<b>122,265</b>	<b>1,528,307</b>

<sup>1</sup> The capital requirement for counterparty credit risk is EUR 3,453 thousand (EUR 3,719 thousand).

<sup>2</sup> When calculating thoute capital requirements for market risk, only foreign exchange risk is taken into account as the Group does not have a trading book nor share or commodity positions. As foreign exchange risk is hedged by swapping all currency denominated funding and investments into euros, the Group's foreign exchange position is very small. On 31 December 2025, the FX net position was EUR 12.0 million (EUR 10.4 million), which is less than 2% of total own funds. There was no capital requirement for market risk since the FX net position did not exceed 2% of the total own funds (CRR 575/2013 Art. 351) at the end of financial year or comparison period.

<sup>3</sup> Guarantees granted by the Municipal Guarantee Board for certain derivative counterparties are not taken into account in credit valuation adjustment risk.

Note 2. Group's capital adequacy position

**Table 5. Consolidated exposure by class**

<b>31 Dec 2025 (EUR 1,000) Exposure classes</b>	<b>On-balance sheet exposure</b>	<b>Off-balance sheet exposure</b>	<b>Derivatives exposure</b>	<b>Total exposure</b>	<b>Average exposure amount over the period</b>	<b>Risk exposure amount</b>
Exposures to central governments or central banks	5,717,217	-	-	5,717,217	8,130,867	0
Exposures to regional governments or local authorities	18,059,188	6,868,623	22,346	24,950,157	24,479,718	5,914
Exposures to public sector entities	608,841	-	-	608,841	443,081	10,193
Exposures to multilateral development banks	381,509	-	-	381,509	234,539	0
Exposures to international organisations	340,087	-	-	340,087	230,927	0
Exposures to institutions	2,365,240	-	723,571	3,088,812	2,787,972	501,872
Exposures to corporates	5,553,204	332,399	84,871	5,970,475	6,143,020	53,841
Exposures secured by mortgages on immovable property and ADC exposures	16,522,234	1,493,436	-	18,015,670	17,449,732	0
Exposures in default	451,911	-	-	451,911	363,484	0
Exposures in the form of covered bonds	1,725,280	-	-	1,725,280	1,726,073	174,382
Other items	43,473	-	-	43,473	42,817	41,730
<b>Total</b>	<b>51,768,185</b>	<b>8,694,457</b>	<b>830,789</b>	<b>61,293,432</b>	<b>62,032,229</b>	<b>787,932</b>

Note 2. Group's capital adequacy position

31 Dec 2024 (EUR 1,000) Exposure classes	On-balance sheet exposure	Off-balance sheet exposure	Derivatives exposure	Total exposure	Average exposure amount over the period	Risk exposure amount
Exposures to central governments or central banks	8,030,004	-	-	8,030,004	8,649,562	0
Exposures to regional governments or local authorities	17,548,491	642,180	40,326	18,230,998	17,386,278	3,255
Exposures to public sector entities	320,099	-	-	320,099	261,250	5,686
Exposures to multilateral development banks	150,733	-	-	150,733	121,392	0
Exposures to international organisations	162,349	-	-	162,349	141,632	0
Exposures to institutions	1,458,444	-	759,894	2,218,338	2,131,068	397,134
Exposures to corporates	6,646,827	2,301,332	84,415	9,032,575	8,785,556	27,229
Exposures secured by mortgages on immovable property	13,074,089	-	-	13,074,089	12,607,019	0
Exposures in default	290,525	-	-	290,525	181,162	0
Exposures in the form of covered bonds	1,531,432	-	-	1,531,432	1,436,912	155,020
Other items	54,293	-	-	54,293	43,814	36,941
<b>Total</b>	<b>49,267,289</b>	<b>2,943,513</b>	<b>884,635</b>	<b>53,095,437</b>	<b>51,745,646</b>	<b>625,265</b>

Note 2. Group's capital adequacy position

**Table 6. Leverage ratio**

**Consolidated leverage ratio  
(EUR 1,000)**

	<b>31 Dec 2025</b>	<b>31 Dec 2024</b>
Tier 1 (T1) capital	1,705,929	1,646,129
Total exposure	13,042,867	13,340,479
Leverage ratio, %	13.08	12.34

**Consolidated exposures  
(EUR 1,000)**

	<b>31 Dec 2025</b>	<b>31 Dec 2024</b>
On-balance sheet exposures (excl. derivatives and intangible assets)	52,109,815	49,602,289
Derivatives exposure	936,788	940,510
Off-balance sheet exposure	1,606,488	1,402,129
Excluded exposures of public development credit institutions (promotional loans)	-41,610,224	-38,604,448
<b>Total</b>	<b>13,042,867</b>	<b>13,340,479</b>

Note 2. Group's capital adequacy position

	31 Dec 2025	31 Dec 2024
<b>Breakdown of consolidated on-balance sheet exposure (excluding derivatives and exempted exposures) (EUR 1,000)</b>	<b>Leverage ratio exposure value</b>	<b>Leverage ratio exposure value</b>
Covered bonds	1,725,280	1,531,432
Exposures treated as sovereigns	7,389,808	8,928,720
Exposures to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereigns	80,532	44,702
Institutions	2,365,240	1,458,444
Secured by mortgages of immovable properties	0	0
Corporate	501,745	382,377
Exposures in default	0	0
Other exposures	44,309	57,024
<b>Total</b>	<b>12,106,915</b>	<b>12,402,700</b>

Note 3. Parent Company's capital adequacy position

## Note 3. Parent Company's capital adequacy position

Table 1. Own funds

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Share capital	43,008	43,008
Reserve for invested non-restricted equity	40,743	40,743
Retained earnings	1,724,183	1,642,780
Fair value reserve	128,379	219,053
Other reserves	277	277
Foreseeable dividend	-71,487	-72,659
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>1,865,104</b>	<b>1,873,203</b>
Intangible assets	-836	-2,720
Deferred tax assets that rely on future profitability and do not arise from temporary differences	-	-10
Deductions due to prudential filters on Common Equity Tier 1 capital	-157,907	-223,916
<b>Common Equity Tier 1 (CET1) capital</b>	<b>1,706,360</b>	<b>1,646,556</b>
Instruments included in Additional Tier 1 capital	-	-
<b>Additional Tier 1 (AT1) capital</b>	<b>-</b>	<b>-</b>
<b>Tier 1 (T1) capital</b>	<b>1,706,360</b>	<b>1,646,556</b>
<b>Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>
<b>Total own funds</b>	<b>1,706,360</b>	<b>1,646,556</b>

Common Equity Tier 1 capital includes the profit for the financial year, which has been subject to a financial review by the external auditor, and therefore can be included in CET1 capital on the basis of permission granted by the ECB in accordance with the Capital Requirements Regulation. Deductions due to prudential filters on CET1 capital are made up of MuniFin's debt value adjustment (DVA) and additional valuation adjustment (AVA). In addition, the amount of foreseeable dividend has been deducted from CET1 capital.

Change in own credit risk is not included in the own funds (CRR Art. 33).

Note 3. Parent Company's capital adequacy position

**Table 2. Key figures for capital adequacy**

	<b>31 Dec 2025</b>	<b>31 Dec 2024</b>
CET1 capital ratio, %	94.02	107.94
Tier 1 capital ratio, %	94.02	107.94
Total capital ratio, %	94.02	107.94

Note 3. Parent Company's capital adequacy position

**Table 3. Minimum requirement for own funds**

(EUR 1,000)	31 Dec 2025		31 Dec 2024	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
<b>Credit and counterparty credit risk, standardised approach<sup>1</sup></b>	<b>63,160</b>	<b>789,500</b>	<b>50,149</b>	<b>626,859</b>
Exposures to central governments or central banks	0	0	0	0
Exposures to regional governments or local authorities	473	5,914	260	3,255
Exposures to public sector entities	815	10,193	455	5,686
Exposures to multilateral development banks	0	0	0	0
Exposures to international organisations	0	0	0	0
Exposures to institutions	40,145	501,814	31,767	397,088
Exposures to corporates	4,307	53,841	2,178	27,229
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	13,951	174,382	12,402	155,020
Equity exposure	131	1,639	131	1,639
Other items	3,337	41,717	2,955	36,941
<b>Market risk<sup>2</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credit valuation adjustment risk (CVA VaR), basic approach<sup>3</sup></b>	<b>45,816</b>	<b>572,696</b>	<b>36,245</b>	<b>453,066</b>
<b>Operational risk</b>	<b>36,219</b>	<b>452,742</b>	<b>35,642</b>	<b>445,522</b>
<b>Total</b>	<b>145,195</b>	<b>1,814,938</b>	<b>122,036</b>	<b>1,525,446</b>

<sup>1</sup> The capital requirement for counterparty credit risk is EUR 3,453 thousand (EUR 3,719 thousand).

<sup>2</sup> When calculating the capital requirements for market risk, only foreign exchange risk is taken into account as the company does not have a trading book nor share or commodity positions. As foreign exchange risk is hedged by swapping all currency denominated funding and investments into euros, MuniFin's foreign exchange position is very small. On 31 December 2025, the FX net position was EUR 12.0 million (EUR 10.4 million), which is less than 2% of total own funds. There was no capital requirement for market risk since the FX net position did not exceed 2% of the total own funds (CRR 575/2013 Art. 351) at the end of financial year or comparison period.

<sup>3</sup> Guarantees granted by the Municipal Guarantee Board for certain derivative counterparties are not taken into account in credit valuation adjustment risk.

Note 3. Parent Company's capital adequacy position

**Table 4. Exposure by class**

<b>31 Dec 2025 (EUR 1,000) Exposure classes</b>	<b>On-balance sheet exposure</b>	<b>Off-balance sheet exposure</b>	<b>Derivatives exposure</b>	<b>Total exposure</b>	<b>Risk exposure amount</b>
Exposures to central governments or central banks	5,717,217	-	-	5,717,217	0
Exposures to regional governments or local authorities	18,059,188	6,868,623	22,346	24,950,157	5,914
Exposures to public sector entities	608,841	-	-	608,841	10,193
Exposures to multilateral development banks	381,509	-	-	381,509	0
Exposures to international organisations	340,087	-	-	340,087	0
Exposures to institutions	2,364,949	-	723,571	3,088,520	501,814
Exposures to corporates	5,553,204	332,399	84,871	5,970,475	53,841
Exposures secured by mortgages on immovable property and ADC exposures	16,522,234	1,493,436	-	18,015,670	0
Exposures in default	451,911	-	-	451,911	0
Exposures in the form of covered bonds	1,725,280	-	-	1,725,280	174,382
Equity exposures	656	-	-	656	1,639
Other items	43,454	-	-	43,454	41,717
<b>Total</b>	<b>51,768,531</b>	<b>8,694,457</b>	<b>830,789</b>	<b>61,293,777</b>	<b>789,500</b>

Note 3. Parent Company's capital adequacy position

<b>31 Dec 2024 (EUR 1,000) Exposure classes</b>	<b>On-balance sheet exposure</b>	<b>Off-balance sheet exposure</b>	<b>Derivatives exposure</b>	<b>Total exposure</b>	<b>Risk exposure amount</b>
Exposures to central governments or central banks	8,030,004	-	-	8,030,004	0
Exposures to regional governments or local authorities	17,548,491	642,180	40,326	18,230,998	3,255
Exposures to public sector entities	320,099	-	-	320,099	5,686
Exposures to multilateral development banks	150,733	-	-	150,733	0
Exposures to international organisations	162,349	-	-	162,349	0
Exposures to institutions	1,458,215	-	759,894	2,218,109	397,088
Exposures to corporates	6,646,827	2,301,332	84,415	9,032,575	27,229
Exposures secured by mortgages on immovable property	13,074,089	-	-	13,074,089	0
Exposures in default	290,525	-	-	290,525	0
Exposures in the form of covered bonds	1,531,432	-	-	1,531,432	155,020
Equity exposures	656	-	-	656	1,639
Other items	54,293	-	-	54,293	36,941
<b>Total</b>	<b>49,267,716</b>	<b>2,943,513</b>	<b>884,635</b>	<b>53,095,863</b>	<b>626,859</b>

# Municipality Finance Group Consolidated Financial Statements

## 1 January–31 December 2025

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# Consolidated Financial Statements

**MuniFin**

Consolidated income statement

## Consolidated income statement

(EUR 1,000)	Note	Jan–Dec 2025	Jan–Dec 2024
Interest income at effective interest rate method	(3)	1,387,135	1,933,354
Other interest income	(3)	306,823	319,120
Interest expense at effective interest rate method	(3)	-975,160	-1,420,222
Other interest expense	(3)	-458,674	-572,096
<b>Net interest income</b>		<b>260,124</b>	<b>260,156</b>
Commission income	(4)	1,166	1,465
Commission expense	(4)	-18,175	-16,917
Net result on financial instruments at fair value through profit and loss	(5)	17,367	-15,086
Net result on financial assets at fair value through other comprehensive income	(6)	811	3
Other operating income		86	31
HR and administrative expenses	(7)	-49,403	-43,624
Depreciation on tangible and intangible assets	(23)	-3,975	-6,031
Other operating expenses	(8)	-14,430	-14,064
Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income	(9)	-941	-326
<b>Net operating profit</b>		<b>192,630</b>	<b>165,606</b>
Income tax expense	(10)	-38,572	-32,913
<b>Profit for the financial year</b>		<b>154,058</b>	<b>132,693</b>

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

Consolidated statement of comprehensive income

## Consolidated statement of comprehensive income

(EUR 1,000)	Note	Jan–Dec 2025	Jan–Dec 2024
Profit for the financial year		154,058	132,693
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	(5)	-77,669	137,202
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
Change in Cost-of-Hedging	(21)	-33,794	29,866
Tax on change in Cost-of-Hedging		6,759	-5,973
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
Change in expected credit loss of financial assets at fair value through other comprehensive income	(22)	9	2
Tax on change in fair value of financial assets at fair value through other comprehensive income		230	-347
Amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income	(6)	-728	-124
Tax on amount reclassified to the income statement on the sales of financial assets at fair value through other comprehensive income		146	25
<b>Total components of other comprehensive income</b>		<b>-90,674</b>	<b>134,942</b>
<b>Total comprehensive income for the financial year</b>		<b>63,384</b>	<b>267,635</b>

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

Consolidated statement of financial position

## Consolidated statement of financial position

(EUR 1,000)	Note	31 Dec 2025	Adjusted 31 Dec 2024	Adjusted 1 Jan 2024
<b>Assets</b>				
Cash and balances with central banks	(15)	5,169,257	7,776,888	7,953,642
Loans and advances to credit institutions	(16)	1,989,943	789,725	1,239,307
Loans and advances to the public and public sector entities	(17, 18)	38,082,843	35,376,909	32,225,422
Debt securities	(19)	8,061,264	5,878,912	5,170,005
Derivative contracts	(14, 20)	1,486,616	2,323,708	2,036,212
Intangible assets	(23)	836	2,720	6,311
Tangible assets	(23)	8,941	8,236	9,648
Other assets	(24)	831,484	915,913	1,075,207
Accrued income and prepayments	(25)	3,077	2,220	2,499
Current tax assets		37	16,577	18,095
Deferred tax assets	(26)	29	10	9
<b>Total assets</b>	<b>(11, 12, 13)</b>	<b>55,634,327</b>	<b>53,091,818</b>	<b>49,736,359</b>

Consolidated statement of financial position



(EUR 1,000)	Note	31 Dec 2025	Adjusted 31 Dec 2024	Adjusted 1 Jan 2024
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Liabilities to credit institutions	(27)	196,077	883,694	215,552
Liabilities to the public and public sector entities	(29)	2,314,539	2,463,874	2,622,551
Debt securities issued	(28, 29)	47,127,029	44,534,306	40,872,798
Derivative contracts	(14, 20)	3,368,357	2,561,718	3,496,553
Other liabilities	(30)	275,161	285,181	418,445
Accrued expenses and deferred income	(31)	47,312	45,485	43,128
Deferred tax liabilities	(26)	369,693	372,126	323,517
<b>Total liabilities</b>	<b>(11, 12, 13)</b>	<b>53,698,168</b>	<b>51,146,383</b>	<b>47,992,542</b>
<b>Equity</b>				
Share capital	(32)	42,583	42,583	42,583
Reserve fund	(32)	277	277	277
Fair value reserve of investments	(32)	1,837	3,340	2,052
Own credit revaluation reserve	(32)	107,864	169,999	60,238
Cost-of-Hedging reserve	(32)	18,679	45,714	21,821
Reserve for invested non-restricted equity	(32)	40,366	40,366	40,366
Retained earnings	(32)	1,724,554	1,643,155	1,576,480
<b>Total equity attributable to Parent Company equity holders</b>		<b>1,936,160</b>	<b>1,945,435</b>	<b>1,743,817</b>
<b>Total equity</b>		<b>1,936,160</b>	<b>1,945,435</b>	<b>1,743,817</b>
<b>Total liabilities and equity</b>		<b>55,634,327</b>	<b>53,091,818</b>	<b>49,736,359</b>

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.

Consolidated statement of changes in equity

## Consolidated statement of changes in equity

(EUR 1,000)	Total equity attributable to Parent Company equity holders							Total	Total equity
	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		
<b>Equity at 31 December 2023</b>	<b>42,583</b>	<b>277</b>	<b>2,052</b>	<b>60,238</b>	<b>21,821</b>	<b>40,366</b>	<b>1,576,480</b>	<b>1,743,817</b>	<b>1,743,817</b>
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
<b>Equity at 31 December 2024</b>	<b>42,583</b>	<b>277</b>	<b>3,340</b>	<b>169,999</b>	<b>45,714</b>	<b>40,366</b>	<b>1,643,155</b>	<b>1,945,435</b>	<b>1,945,435</b>

Consolidated statement of changes in equity



(EUR 1,000)	Total equity attributable to Parent Company equity holders							Total	Total equity
	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		
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
<b>Equity at 31 December 2025</b>	<b>42,583</b>	<b>277</b>	<b>1,837</b>	<b>107,864</b>	<b>18,679</b>	<b>40,366</b>	<b>1,724,554</b>	<b>1,936,160</b>	<b>1,936,160</b>

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

Consolidated statement of cash flows

## Consolidated statement of cash flows

(EUR 1,000)	Note	Jan–Dec 2025	Adjusted Jan–Dec 2024
<b>Cash flow from operating activities</b>		<b>-2,549,264</b>	<b>-110,222</b>
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
<b>Cash flow from investing activities</b>		<b>-2,453</b>	<b>-590</b>
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	-
<b>Cash flow from financing activities</b>		<b>-73,993</b>	<b>-67,660</b>
Dividend paid		-72,659	-66,018
Amortisation of lease liability		-1,334	-1,642
<b>Change in cash and cash equivalents</b>		<b>-2,625,710</b>	<b>-178,472</b>
<b>Cash and cash equivalents at 1 Jan</b>	<b>(15)</b>	<b>7,838,383</b>	<b>8,016,855</b>
<b>Cash and cash equivalents at 31 Dec</b>	<b>(15)</b>	<b>5,212,673</b>	<b>7,838,383</b>

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 activities 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 lines 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.

# Notes to the Consolidated Financial Statements

## Notes to the Group's accounting policies and risk management

- Note 1. Summary of material accounting policies and corrections to previous Financial Statements
- Note 2. Risk management principles and the Group's risk position

## Notes to the income statement

- Note 3. Interest income and expense
- Note 4. Fee and commission income and expense
- Note 5. Net result on financial instruments at fair value through profit and loss
- Note 6. Net result on financial assets at fair value through other comprehensive income
- Note 7. HR and administrative expenses
- Note 8. Other operating expenses
- Note 9. Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income
- Note 10. Income tax expense

## Notes to the statement of financial position

- Note 11. Financial assets and liabilities
- Note 12. Fair values of financial assets and liabilities
- Note 13. Breakdown of the Groups assets and liabilities between current and non-current items
- Note 14. Offsetting financial assets and liabilities
- Note 15. Cash and cash equivalents
- Note 16. Loans and advances to credit institutions
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- Note 18. Finance lease receivables
- Note 19. Debt securities
- Note 20. Derivative contracts
- Note 21. Hedge accounting
- Note 22. Credit risks of financial assets and other commitments
- Note 23. Intangible and tangible assets
- Note 24. Other assets
- Note 25. Accrued income and prepayments
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- Note 27. Liabilities to credit institutions
- Note 28. Debt securities issued
- Note 29. Reconciliation of the carrying amount of the issued debt
- Note 30. Other liabilities
- Note 31. Accrued expenses and deferred income
- Note 32. Equity
- Note 33. Contingent assets and liabilities
- Note 34. Collateral given
- Note 35. Off-balance-sheet commitments
- Note 36. Related-party transactions
- Note 37. Remuneration of key management personnel
- Note 38. Events after the reporting period

# Notes to the Group's accounting policies and risk management

## Note 1. Summary of material accounting policies and corrections to previous Financial Statements

### 1. General information on the Group and the basis of preparation

Municipality Finance Group (referred to as MuniFin Group or the Group) consists of Municipality Finance Plc (referred to as MuniFin or the Parent Company) and Kuntarahoituksen digitaaliset palvelut Oy (referred to as Kuntarahoituksen digitaaliset palvelut or the Subsidiary). The Group's Parent Company is a Finnish public limited liability company established under Finnish legislation and domiciled in Helsinki. Its registered address is Jaakonkatu 3 A, 00100 Helsinki. The Subsidiary's domicile is Helsinki and registered address Jaakonkatu 3 A, 00100 Helsinki. A copy of the Consolidated Financial Statements is available online at [www.munifin.fi](http://www.munifin.fi) or from the Group's Parent Company at Jaakonkatu 3 A, 00100 Helsinki.

MuniFin's Board of Directors has approved these Financial Statements for disclosure at its meeting on 11 February 2026. According to the Finnish Limited Liability Companies Act,

shareholders may accept or reject the Financial Statements at the Annual General Meeting held after the publication. The Annual General Meeting may also decide to alter the Financial Statements.

MuniFin Group publishes the Financial Statements on its website in a unified electronic reporting format (*European Single Electronic Format, ESEF*) as an XHTML file in connection with the publication of the Financial Statements.

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB (*IFRS accounting standards*) and in compliance with IAS and IFRS accounting standards and the SIC and IFRIC interpretations in force on 31 December 2025. International Financial Reporting Accounting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in EU Regulation

(EC) No. 1606/2002 and embodied in the Finnish Accounting Act and the decrees enacted under it. In addition, the Notes to the Consolidated Financial Statements comply with the requirements of the Finnish accounting and corporate legislation complementing the IFRS requirements.

Capital adequacy information in compliance with Part Eight of the EU Capital Requirements Regulation ((EU) No 575/2013) and its amending regulations ((EU) No 876/2019) and ((EU) No 1623/2024)) is presented in a Pillar III Disclosure Report which is a separate, unaudited report from the Report of the Board of Directors and the Financial Statements.

The functional currency of the Parent Company is euro. The notes of the Financial Statements are presented in thousands of euros. All figures in the notes have been rounded, so the total of individual figures may differ from the total figure presented. Operations of the Group are not subject to seasonal variations.

## 2. Basis of consolidation

The Consolidated Financial Statements encompass the Financial Statements of MuniFin, the Parent Company, and the Subsidiary Kuntarahoituksen digitaaliset palvelut Oy, in which the Parent Company has control. MuniFin has control over an investee if it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Kuntarahoituksen digitaaliset palvelut is fully owned by MuniFin and thus the control is based on votes. Intra-group holdings have been eliminated by using the acquisition method. Intra-group transactions, receivables, and liabilities as well as distribution of profit have been eliminated in the Consolidated Financial Statements.

## 3. Segment reporting

The Group's line of business is credit institution operations and providing financial services. The Group operates in a single segment, which also forms the basis of reporting to the Group's chief operating decision maker and thus the Group does not disclose segment information defined in IFRS 8 *Operating Segments* standard. Group-level information on products and services is presented in Notes 3 *Interest income and expense* and 4 *Fee and commission income and expense*. The Group has not broken-down income or assets based on geographical areas due to operating in Finland only. The Group regularly monitors the development of its lending portfolio by customers and the proportion of interest paid by

each customer of the total interest income. The largest cities measured by population and non-profit companies focused on rental housing development are the largest borrowers. There is no customer group that accumulates over 10% of the Group's total interest income. The chief operating decision maker of the Group is the Chief Executive Officer of the Parent Company as he is responsible for allocating resources and assessing the performance of the Group.

## 4. Changes in accounting policies and the presentation of financial disclosures

### Changes in accounting policies - application of new and amended standards

The Consolidated Financial Statements have been prepared in accordance with the same accounting policies as in 2024 except for those that are presented below.

The Group has applied the following amendments to existing standards starting from 1 January 2025:

- Amendment to IAS 21 *The Effects of Changes in Foreign Exchange Rates*: Lack of Exchangeability. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. Amendments were implemented by the Group on 1 January 2025 but have not had any significant impact on its financial statements.

### 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 Group's 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 to the year end of 2024.

The changes made to the presentation of the 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
<b>Assets</b>				
Cash and balances with central banks	i.	2	7,953,641	7,953,642
Loans and advances to credit institutions	ii.	9,192,948	-7,953,641	1,239,307
Accrued income and prepayments	iii.	20,595	-18,095	2,499
Current tax assets	iv.	-	18,095	18,095
<b>Total assets</b>		<b>49,736,359</b>	<b>0</b>	<b>49,736,359</b>
<b>Liabilities and equity</b>				
<b>Total liabilities</b>		<b>47,992,542</b>	<b>-</b>	<b>47,992,542</b>
<b>Total equity</b>		<b>1,743,817</b>	<b>-</b>	<b>1,743,817</b>
<b>Total liabilities and equity</b>		<b>49,736,359</b>	<b>-</b>	<b>49,736,359</b>

i.–ii. Overnight deposits with the central bank were previously presented on the balance sheet line item *Loans and advances to credit institutions*. EUR 7,953,641 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 the 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
<b>Assets</b>				
Cash and balances with central banks	i.	2	7,776,887	7,776,888
Loans and advances to credit institutions	ii.	8,566,611	-7,776,887	789,725
Accrued income and prepayments	iii.	18,797	-16,577	2,220
Current tax assets	iv.	-	16,577	16,577
<b>Total assets</b>		<b>53,091,818</b>	<b>0</b>	<b>53,091,818</b>
<b>Liabilities and equity</b>				
<b>Total liabilities</b>		<b>51,146,383</b>	<b>-</b>	<b>51,146,383</b>
<b>Total equity</b>		<b>1,945,435</b>	<b>-</b>	<b>1,945,435</b>
<b>Total liabilities and equity</b>		<b>53,091,818</b>	<b>-</b>	<b>53,091,818</b>

i.–ii. Overnight deposits with the central bank were previously presented on the balance sheet line item *Loans and advances to credit institutions*. EUR 7,776,887 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* have been revised. These changes have the following impact on the Consolidated statement of cash flows:

Consolidated statement of cash flows (EUR 1,000)	Reference	Jan–Dec 2024	Adjustment	Adjusted Jan–Dec 2024
<b>Cash flow from operating activities</b>		<b>66,648</b>	<b>-176,870</b>	<b>-110,222</b>
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
<b>Cash flow from financing activities</b>		<b>-67,775</b>	<b>116</b>	<b>-67,660</b>
Total cash flow from leases*	v.	-1,757	116	-1,642
<b>Change in cash and cash equivalents</b>		<b>-1,717</b>	<b>-176,754</b>	<b>-178,472</b>
<b>Cash and cash equivalents at 1 Jan</b>	ii.	<b>63,214</b>	<b>7,953,641</b>	<b>8,016,855</b>
<b>Cash and cash equivalents at 31 Dec</b>	iii.	<b>61,496</b>	<b>7,776,887</b>	<b>7,838,383</b>

\* As of 30 June 2025, line item has been renamed according to its content as *Amortisation of lease liability*.

- i.–iii. Overnight deposits with central bank 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 have 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 3 *Net interest income and expense* where interest income from overnight deposit is now presented in row *Cash and balances with central bank* 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 11 *Financial assets and liabilities* and Note 12 *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, except in Note 2 *Risk management principles and the Group's risk position*, section 5. *Liquidity risks*, where the maturity breakdown of financial liabilities is presented. Lease liabilities are presented in Note 30 *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 has been removed from the Notes that give information on financial liabilities. The interest expense recognised on the lease liability will henceforth be presented on the income statement line item *Other interest expense* instead of line item *Interest expense at effective interest rate method*. In Note 3 *Net interest income and expense* this change is illustrated between line items *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.

### 5. New and amended standards and interpretations not yet adopted

The Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them on their effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year. Standards that are relevant to MuniFin Group and published by IASB that enter into effect on 1 January 2026 or after are described below.

In April 2024, the IASB published the new standard IFRS 18 *Presentation and Disclosure in Financial Statements* which will replace IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces a defined structure for the statement of profit or loss and related disclosures. The standard requires entities to present specified totals and subtotals for the statement

of profit or loss and to present management-defined performance measures. The new standard will be effective for annual reporting periods beginning on or after 1 January 2027, including for interim financial statements. Retrospective application is required. The Group estimates that IFRS 18 may transfer items between the different categories in the income statement and changes in the aggregation and disaggregation of items in the income statement and balance sheet. In addition, the Group will publish management-defined performance disclosures.

Amendments to IFRS 9 *Financial instruments* and IFRS 7 *Financial instruments: Disclosures*. In May 2024, the IASB issued amendments that clarify and provide additional guidance on identifying contractual terms of financial assets and on assessing whether the cash flow characteristics of financial assets represent solely payments of principal and interest. The amendments to the disclosure standard relate to financial instruments that have cash flow characteristics linked to the achievement of certain environmental, social, and governance (ESG) objectives. In addition, the amendments clarify the recognition in the statement of financial position and the timing of derecognition of certain financial assets and liabilities when settlement is made through an electronic cash transfer. The amendments are to be applied for financial years beginning on or after 1 January 2026, with early application permitted. Impact for the Group is estimated to be insignificant.

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

In preparing the Financial Statements under IFRS accounting standards, the Group's management is required to make certain estimates or use judgement in the application of the accounting policies that affect the revenue, expenses, assets and liabilities presented in the Financial Statements. Such judgements and estimates are disclosed under *Accounting policies requiring management judgement and key uncertainty factors related to estimates* in each relevant note as following:

- Note 5 *Net result on financial instruments at fair value through profit or loss*
- Note 9 *Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income*
- Note 11 *Financial assets and liabilities*
- Note 12 *Fair values of financial assets and liabilities*
- Note 22 *Credit risks of financial assets and other commitments*

## 7. Translation of foreign currency denominated items

Transactions denominated in a foreign currency have been recorded in euro, the Group's Parent Company's functional currency, using the exchange rates of the transaction dates. On the reporting date, monetary receivables and liabilities denominated in a foreign currency have been translated into euros using the European Central Bank's average exchange rate of that date. The resulting translation differences are recorded in the income statement under *Net result on financial instruments at fair value through profit or loss*. The fair value changes of financial assets denominated in a foreign currency and classified at fair value through other comprehensive income are divided into translation differences arising from changes to the amortised cost of the asset and other changes in carrying amount. Translation differences related to changes in amortised cost are recognised in the income statement, while other changes in carrying amount are recognised in other comprehensive income.

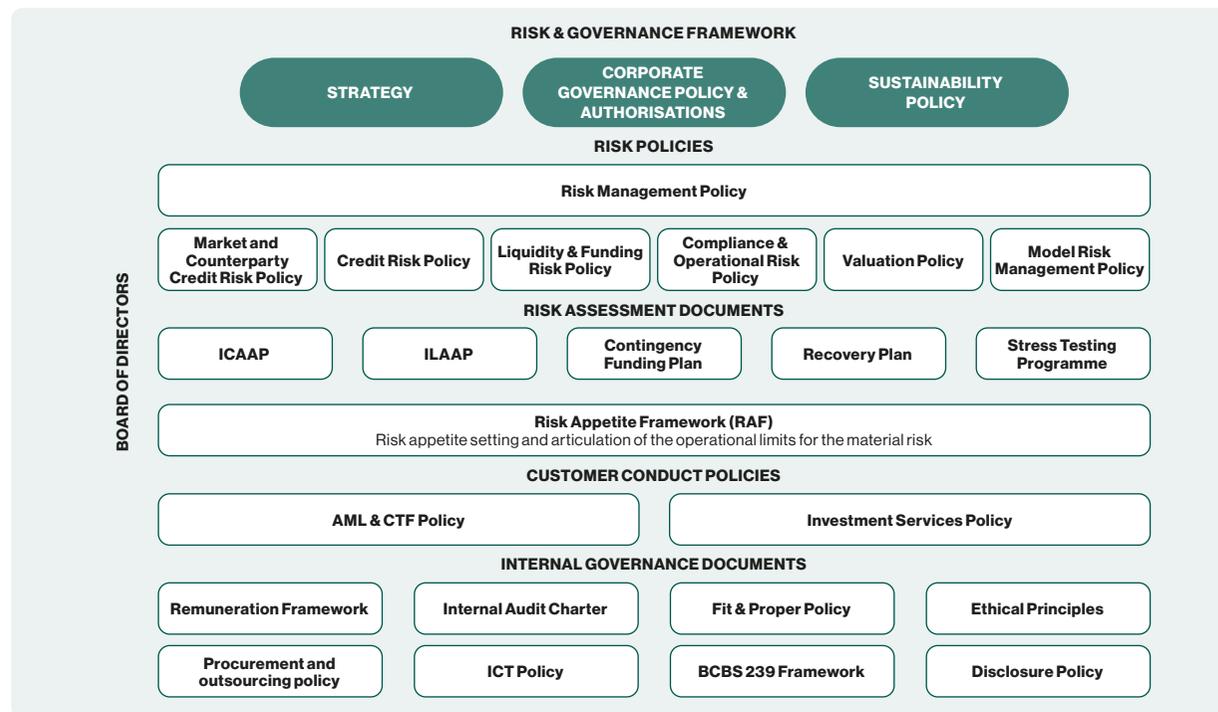
## Note 2. Risk management principles and the Group's risk position

### 1. General risk management principles

MuniFin Group's operations require sufficient risk management mechanisms to ensure that the Group's risk positions remain within the limits set by Parent Company's Board of Directors. MuniFin Group applies very conservative principles to its risk management. 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 Finnish State.

The Group regularly surveys risks related to its operations and continuously develops methods for recognising, measuring and managing risks. Risks are assessed with regular risk analyses. The aim of the analyses is to recognise the new challenges and risks created by changes in the operating environment and prioritise the risks and their management on the basis of the results. The Group mitigates risks it has identified with collateral, guarantees, derivative contracts, insurance and active risk management. The Group assesses the general wrong way risk (GWWR) related to derivative risks as part of internal risk assessment and stress testing.

The Board of Directors has ratified the Group's Risk and Governance Framework and, as part of it, key policies and processes for the effective implementation of internal control and risk management, as shown in the following table.



MuniFin Group's Risk Appetite Framework (RAF) defines target and maximum levels for risk indicators. The framework is updated regularly, at least annually, and the Board of Directors of the Parent Company approves the document.

RAF enables the Group to:

- Effectively identify, assess and manage the risks inherent in its strategy as well as other internal and external business risks.
- To assess how much and what kind of risk the Group can and wants to take to implement its business strategy, and to decide and actively communicate about this risk level.
- Promote sound discussions of MuniFin Group's risk appetite and enable challenging of business and risk-taking decisions.

The Risk Appetite Framework is linked to both short-term and long-term strategic planning, capital, financial and liquidity plans, the recovery plan and the remuneration policy. It is fully aligned with the ICAAP (*Internal Capital Adequacy Assessment Process*) and the ILAAP (*Internal Liquidity Adequacy Assessment Process*).

The Risk Appetite Framework is described in the adjacent table. The Group has remained within the risk appetite set by the Board of Directors during the financial year.

### Summary of Risk Appetite Framework indicators

Risk pillars	Risk indicators	Objectives
Capital	Leverage ratio Change in CET1 ratio	Maintain a sufficient level of earnings, profitability and capital, in normal and stress periods.
Liquidity and Funding	Liquidity Coverage Ratio Net Stable Funding Ratio Financing gap Survival Horizon	Ensure liquidity adequacy by maintaining sufficient number of liquidity sources, under all market conditions.
Credit risk	Non-performing exposures Expected credit losses (ECL) ESG score (liquidity portfolio) Energy efficiency of real estate collateral Climate-related & environmental risk score (municipality financing) Share of green finance of all long-term customer financing Single-name concentration (customer financing)	Maintain a sound credit risk profile appropriate for MuniFin's business model.
Market risk and counterparty credit risk	Total Economic Value of Equity (EVE) risk Total NII risk NII Basis risk FX risk Credit spread risk Fair value VaR Stressed CCR derivative loss	Maintain a sound market risk profile appropriate for MuniFin's business model.
Operational risk	Reputational risk IT systems and process disruptions Material system and data breaches and availability of data and systems Data quality risk Company ESG risk rating Significant operational losses	Maintain an effective operational control and compliance to support functional and responsible operations.

There were no material changes in the Group's risk appetite during 2025. The Group's risk position has remained stable and at a moderate level. Based on the Group's assessment, risk management met the requirements set for it. The Group's risk position is reported at least monthly to the Board of Directors, and, in addition, the Chief Risk Officer provides the Risk Committee of the Board a quarterly extended risk review of the Group's risk positions.

MuniFin Group's risk management and internal control practices and processes are developed continuously. During 2025, the Risk Management and Compliance function assessed the appropriateness of the Group's key risk management policies as part of its annual activities and made proposals for necessary changes. In addition, the Group's risk appetite framework was updated, taking into account changes in the operating environment.

The Group participated in 2025 in the ECB's stress test (*SSM Stress Test*) assessing the financial resilience of supervised institutions, which covered the years 2025–2027. The capital position of MuniFin Group remained strong even under the adverse economic scenario of the stress test. In addition, the Group developed its climate and environmental risk management framework and ESG materiality analysis, for example by introducing a climate stresstesting method in the 2025 ICLAAP process and by enhancing emissions calculation capabilities particularly in customer financing.

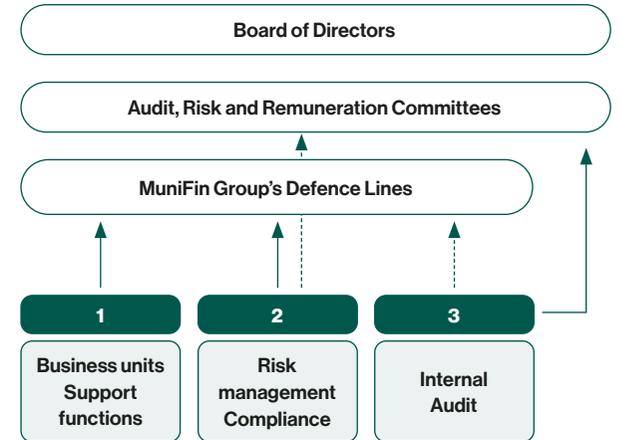
At the beginning of 2025, new monitoring and reporting methods related to ICT risk management were introduced as part of the DORA regulation that entered into force. The Group carried out an extensive supplier management reform, in which the risk management and compliance functions support the identification of risks related to suppliers, systems, and services, and independently assess suppliers' risk levels. In addition, the role of risk management in the oversight of development and project activities is standardised.

The continued geopolitical tensions and market volatility did not affect the MuniFin 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. Geopolitical instability mainly affects the Group indirectly through market conditions.

Unrealised fair value changes of financial instruments caused some volatility of profits during the financial year. The Group continuously monitors and analyses the volatility arising from valuations and prepares for its potential profitability and solvency impacts.

## 2. Organisation of risk management management

For the implementation of internal control framework, the Group applies the three lines of defence model. MuniFin Group has an extensive risk management organisation, which covers all operations including the tasks and responsibilities of different departments and decision-making bodies. Internal control framework is supported by controls of different processes. Internal control is implemented at all levels organisational levels and by all employees, and the internal control procedures are defined taking into account the nature and scope of the operations. Internal control is primarily carried out in line operations, where internal control is continuous and part of day-to-day operations.



The Board of Directors of the Parent Company is responsible for the Group's management and the proper arrangement of its operations. The Board of Directors is responsible for the duties specified for it in the Limited Liability Companies Act, the Articles of Association and other legislative provisions and regulations issued by the authorities. Duties and principles of the Board of Directors are confirmed as part of MuniFin's Corporate Governance Policy and the Board's Rules of Procedure. The Corporate Governance Statement is available on MuniFin's website. The main duties of the Board include confirming the Group's strategy, annual operating plan and budget, monitoring the Group's financial situation and ensuring through supervision that the management, and risk management in particular, are properly arranged by management. The Board of Directors also makes all the far-reaching decisions related to the nature and scope of the activities.

As requested by the regulation and in order to organise its work as efficiently as possible, the Board has established an Audit Committee, a Risk Committee, and a Remuneration Committee for assistance and for the preparation of matters. The Board may also establish other committees as necessary.

The purpose of the Audit Committee, as a preparatory body, is to assist the Board of Directors in duties related to financial reporting and internal control. The Audit Committee supervises work of the external and internal audit.

The Risk Committee assists the Board in the matters in regard to the Group's overall risk appetite and strategy, and in overseeing that the management complies with the risk strategy decided by the Board. The Risk Committee is to estimate whether the prices for the services that tie up capital correspond with the Group's business model and risk strategy and, in the event this is not the case, to present a remedy plan to the Board. Furthermore, the Risk Committee shall assist the Remuneration Committee in the establishment of sound remuneration policies, and to assess whether the incentives provided by the remuneration system take into consideration the Group's risks, capital and liquidity requirements, and the likelihood and timing of the earnings.

The Remuneration Committee of the Board of Directors is responsible for preparatory work to assist in the Board's decision-making concerning the setting of objectives related to the Group's remuneration system, assessment of whether the objectives are attained, development of the remuneration system and the remuneration and other benefits for the CEO and persons reporting to the CEO.

In the first line of defence, business units and support functions have the ownership of material risk types and are responsible for identifying, measuring, managing, monitoring and reporting risks. The Group's risk appetite, guidelines, processes, controls and limits guide this work. All employees who work in the first line of defence are responsible for the risk management of their own work.

The second line of defence includes independent Risk Management and Compliance functions. The Risk Management supplements the business units' work with their independent supervisory and reporting responsibilities. Independent Risk Management is responsible for continuous development of risk management methods, risk-related policies and processes, advice and information, the alignment of risk strategy, risk limits and risk appetite as part of RAF, as well as informing the EMT and the Board of Directors of matters that may affect MuniFin's risk profile or risk strategy. The main responsibilities of the Compliance function include ensuring compliance to regulations and internal guidelines applicable to the Group, as well as reporting to the management of the changes in the regulations affecting the operations of MuniFin Group including their potential impact on operational activities. In addition, the tasks include internal communication, training and advice for the staff to ensure compliance with the regulations and assessing internal processes for ensuring compliance with the regulations.

In the third line of defence, an independent internal audit regularly conducts risk-based audits in accordance with the annual plan approved by the Board. The task of internal audit is to conduct an independent review of the first two lines of defence.

### 3. Stress testing

MuniFin Group constantly conducts stress testing related to its business in accordance with the stress testing program approved by the Board of Directors. The annual ICAAP and ILAAP processes include stress testing on group-level solvency and liquidity adequacy. Risk management, independent of the Group's business, is responsible for designing stress scenarios in cooperation with business units. The main objective of the stress testing conducted in 2025 was to analyse the development of MuniFin Group's solvency and profitability in 2025–2028. Business, market, credit and operational risks and their estimated economic impact under different circumstances were tested. In addition, the liquidity adequacy of the Group was tested with several different stress scenarios. As in previous years, the results of the stress tests showed that with the current capital requirements, the level of equity in the Group during the period under review is sufficient even under very unfavourable conditions. In addition, the Group's total own funds also fulfilled the 3% minimum leverage ratio requirement. In terms of liquidity, stress tests showed that the liquidity of the Group is sufficient even under very unfavourable conditions.

The Group participated in 2025 in the ECB's stress test (*SSM Stress Test*) assessing the financial resilience of supervised institutions, which covered the years 2025–2027. The stress test results were published at the beginning of August. The

capital position of the MuniFin Group remained strong even under the adverse scenario of the stress test, and the Group's capital clearly exceeded the capital requirement set by the test.

### 4. Strategic risks

Strategic risk means that MuniFin Group would choose a wrong strategy for pursuing financially profitable operations or that the Group would fail to adapt its strategy to changes in the operating environment.

The management of strategic risks is based on continuous monitoring and analyses of customers' needs, forecasts of market trends, and analyses of changes in the competition and the operating environment. The Board assesses the development of the Group's operating environment and any potential pressures for change and risks as part of the annual strategy review. Based on this assessment, there was no need to make significant changes to the Group's strategy. MuniFin's core mandate is to ensure that its limited customer base, which is assigned to carry out public duties, has access to affordable financing under all market conditions, meet customers' financial needs responsibly and efficiently and strive for the genuine, long-term benefit of the Group's customers. The strategy's need for updating is evaluated annually.

### 5. Liquidity risks

#### 5.1 Refinancing and liquidity risk

Refinancing risk means the risk related to refinancing of the loans. The Group manages refinancing risk by limiting the average maturity of the financial assets and liabilities. The financing gap is calculated as the difference between average maturity of assets (*customer financing and liquidity portfolio*) and the average maturity of liabilities (*funding portfolio*).

Liquidity risk means the risk of the Group not being able to perform its payment obligations arising from settling financial agreements or other financing activities on their due date. The Group manages the liquidity risk by limiting the short-term Liquidity Coverage Ratio (*LCR*) and Net Stable Funding Ratio (*NSFR*) and the survival horizon for the long-term liquidity.

In order to maintain its conservative liquidity and funding risk profile as defined in RAF, MuniFin Group has identified several sources of liquidity. Primary sources of liquidity are short-term and long-term funding, liquidity portfolio, repo markets and cash. Central Bank liquidity facility is a secondary source of liquidity.

MuniFin Group follows the principle of prefunding and acquires its funding in the form of short- and long-term funding. This is to ensure that adequate liquidity is available at any given time and in all market conditions. For this purpose, the required minimum amount for the liquidity portfolio is determined through scenario analyses to meet internal and regulatory liquidity requirements. In the case that the Group needed to acquire additional liquidity, it would first assess the availability of funding from the capital markets in the form of short-term or long-term funding. If this is not available, the Group could utilise the liquidity portfolio as a source of liquidity by selling assets or using them as collateral in the repo markets. MuniFin Group has existing agreements in place with counterparties to enter into bilateral repurchase agreements (*repo agreements*). These repo agreements could be used to cover funding redemptions in the short term and to cover any unexpected changes in the liquidity position. MuniFin Group regularly validates in accordance with the regulatory requirement the liquidity of the liquidity portfolio by launching the short-term repo agreements.

A key aspect of the Group's liquidity and funding risk management is the maintenance of a well-balanced, low risk liquidity portfolio in the form of highly liquid assets. The overall liquidity portfolio mainly consists of prefunding that is raised from the markets, but not yet utilised for customer financing. In case of a sudden outflow of funds, the Group holds a liquidity portfolio at such a level that its LCR and Survival Horizon have a sufficient buffer to continue normal operations even under such conditions. The high-quality liquid assets (*HQLA*) defined in LCR regulations<sup>1</sup> used to manage the Group's liquidity are presented in the following table:

<b>Liquid assets, HQLA (EUR 1,000)</b>	<b>31 Dec 2025</b>	<b>%</b>	<b>31 Dec 2024</b>	<b>%</b>
Level 1	9,480,318	72%	10,413,486	77%
Level 2a	1,432,675	11%	1,039,732	8%
Level N*	2,201,563	17%	2,132,859	16%
<b>Total</b>	<b>13,114,556</b>	<b>100%</b>	<b>13,586,078</b>	<b>100%</b>

\* Includes short-term customer financing granted as money market investments amounting to EUR 1,895,434 thousand (EUR 1,825,411 thousand).

Liquid assets include deposits with central banks (Note 15 *Cash and cash equivalents*), receivables from the central bank (Note 16 *Loans and advances to credit institutions*), and debt securities (Note 19 *Debt securities*). Debt securities pledged to the central counterparty are not included in the debt securities (Note 34 *Collateral given*)

<sup>1</sup> Commission Delegated Regulation (EU) 2015/61 and Commission Delegated Regulation (EU) 2018/1620.

The liquidity portfolio is divided into liquidity quality levels so that level 1 ja 2a are considered high-quality liquid assets. Assets on the liquidity level N are liquid in normal market conditions (*Other liquid assets*).

The secondary source of liquidity is a public funding source in the form of the existing Central Bank liquidity facility, which is considered as an alternative, if primary sources were either not sufficient, available in a timely manner or the cost of using primary sources of liquidity were considered too high. A significant part of loans granted by MuniFin Group to the municipal sector are accepted as collateral for this facility and the Group has pre-pledged part of the loan portfolio in order to ensure access to this liquidity source at any time, if required (*Note 34 Collateral given*). In addition, the Group is able to increase the facility through pledging additional municipal loans to the collateral pool. MuniFin's Board of Directors decides the maximum amount of pledged loans. The facility is tested regularly to ensure that the liquidity is available intraday, if needed.

Liquidity stress testing is a key tool used by MuniFin Group to assess liquidity adequacy. The main objective is to determine whether the Group has sufficient liquidity to continue its normal business operations under both business-as-usual or baseline scenario and stress scenarios.

The Group prepares, in connection with the business planning process, a Liquidity and Funding plan (*L&F plan*). The plan is approved by the Board of the Parent Company and reviewed on a quarterly basis by the Risk Committee, which reports its observations to the Board. The L&F plan and the quarterly review of the plan include regular back testing. The L&F plan is part of the Group's ongoing Internal Liquidity Adequacy Assessment Process (*ILAAP*) and it includes forecasting and planning of funding and liquidity position. The L&F plan is aligned with the ICAAP baseline scenario during the annual business planning process. The plan aims at keeping the level of the Group's liquidity and funding within its risk appetite defined by the Board. It also takes into account economic perspective to ensure a sufficient long-term profitability for the Group.

Within the ILAAP performed annually, the Group assesses the adequacy of its liquidity resources to cover the forecast liquidity needs under the business-as-usual and stress scenarios. ILAAP is an integral part of the Group's risk management framework that includes other strategic processes such as RAF, ICAAP, Recovery Plan and remuneration framework. RAF formalises the interplay between these processes. Stress tests are required to assess the Group's liquidity adequacy in a comprehensive, integrated and forward-looking manner. ILAAP consists of a baseline scenario and adverse scenarios and is for the most part aligned with the ICAAP baseline scenario.

The Group aims to maintain strong credit ratings in all market conditions to be able to execute its funding plan in an efficient and cost-efficient manner. To support the cost efficiency and quick execution, the Group has in place debt issuance programmes of standardised templates. Standardised programmes provide the Group flexibility and ease of execution. Furthermore, MuniFin Group uses bilateral loan documentation with some funding counterparties. All long-term funding issued by MuniFin is explicitly guaranteed by the Municipal Guarantee Board (*MGB*).

Funding concentration risk refers to the risk that the Group is overly dependent on funding from a limited number of products, markets, geographical area, investors or maturities. To mitigate the risk, MuniFin Group ensures the funding diversification across various products, markets, maturities and investor type and by not placing too much reliance on any single funding source. MuniFin Group aims to keep this mix relatively stable, with the goal being to ensure continuity of funding while simultaneously avoiding overreliance on any specific market. To maintain access to diversified funding sources, the Group aims to maintain its good relationship with investors and arranging banks and to actively seek new potential markets and investors. The diversification of the Group's funding requirements is set out and planned for in detail through the annual L&F plan.

The following tables present the maturity breakdown of MuniFin Group's financial assets and liabilities.

**Breakdown of financial assets by maturity  
31 Dec 2025 (EUR 1,000)**

	0–3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total	Total carrying amount
Cash and balances with central banks	5,169,257	-	-	-	-	5,169,257	5,169,257
Loans and advances to credit institutions	1,935,588	39,019	17,402	-	-	1,992,009	1,989,943
Loans and advances to the public and public sector entities	255,260	1,039,169	7,366,825	11,625,045	34,215,917	54,502,216	37,858,251
<i>, of which loan receivables</i>	246,257	1,010,001	7,208,374	11,386,132	32,656,318	52,507,082	36,458,068
<i>, of which property lease receivables</i>	9,003	29,168	158,451	238,913	1,559,599	1,995,134	1,400,183
Debt securities	1,894,667	948,191	4,256,279	1,526,845	-	8,625,982	8,061,264
Other assets	803,833	-	-	-	-	803,833	803,833
<b>Total</b>	<b>10,058,605</b>	<b>2,026,379</b>	<b>11,640,506</b>	<b>13,151,890</b>	<b>34,215,917</b>	<b>71,093,296</b>	<b>53,882,548</b>

**Breakdown of financial liabilities by maturity  
31 Dec 2025 (EUR 1,000)**

	0–3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total	Total carrying amount
Liabilities to credit institutions	58,945	5,200	134,064	26,375	27,569	252,154	196,077
Liabilities to the public and public sector entities	348,248	107,610	819,394	715,446	696,682	2,687,380	2,314,539
Debt securities issued	7,356,227	4,950,694	30,196,403	6,982,563	880,449	50,366,335	47,127,029
Other liabilities	225,418	946	4,557	781	-	231,701	262,948
<i>, of which lease liability</i>	335	946	4,557	781	-	6,618	6,618
<b>Total</b>	<b>7,988,839</b>	<b>5,064,449</b>	<b>31,154,418</b>	<b>7,725,164</b>	<b>1,604,700</b>	<b>53,537,569</b>	<b>49,900,593</b>

As of the balance sheet date, the Group had off-balance sheet credit commitments totalling EUR 2,430,658 thousand (EUR 2,935,231 thousand), classified in the maturity bucket of 0–3 months.

**Breakdown of financial assets  
by maturity  
31 Dec 2024 (EUR 1,000)**

	0–3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total	Total carrying amount
Cash and balances with central banks	7,776,888	-	-	-	-	7,776,888	7,776,888
Loans and advances to credit institutions	737,291	39,086	15,141	-	-	791,518	789,725
Loans and advances to the public and public sector entities	339,123	1,012,741	5,904,206	10,729,535	28,811,653	46,797,258	35,133,780
<i>, of which loan receivables</i>	331,311	971,612	5,772,367	10,539,607	27,389,246	45,004,144	33,813,849
<i>, of which property lease receivables</i>	7,812	41,129	131,839	189,928	1,422,407	1,793,115	1,319,931
Debt securities	1,901,510	684,604	2,746,530	856,277	-	6,188,921	5,878,912
Other assets	889,682	-	-	-	-	889,682	889,682
<b>Total</b>	<b>11,644,494</b>	<b>1,736,431</b>	<b>8,665,878</b>	<b>11,585,812</b>	<b>28,811,653</b>	<b>62,444,268</b>	<b>50,468,987</b>

Breakdown of financial assets and liabilities by maturity is presented using carrying amounts and future interest payments translated into euros using year-end foreign exchange rates. Financial liabilities containing a call option are shown in the maturity bucket of the next call date. Based on the current call forecast, about 10–30% of callable liabilities are expected to be called during 2026. In 2025, 42% of callable liabilities were called at the next call date. Line item *Liabilities to credit institutions* contains CSA collateral totalling EUR 22,330 thousand (EUR 716,137 thousand). These are presented in the maturity bucket 0–3 months although their outflow date is not known and is dependent on the development of derivative fair values.

**Breakdown of financial liabilities  
by maturity  
31 Dec 2024 (EUR 1,000)**

	0–3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total	Total carrying amount
Liabilities to credit institutions	714,730	8,499	90,806	61,123	36,597	911,755	883,694
Liabilities to the public and public sector entities	111,400	262,555	1,000,312	693,685	748,627	2,816,578	2,463,874
Debt securities issued	5,039,574	6,723,588	27,398,339	6,756,146	1,707,423	47,625,070	44,534,306
Other liabilities	267,449	964	5,531	778	-	267,449	267,449
<i>, of which lease liability</i>	327	964	5,531	778	-	7,599	7,599
<b>Total</b>	<b>6,133,153</b>	<b>6,995,606</b>	<b>28,494,987</b>	<b>7,511,731</b>	<b>2,492,647</b>	<b>51,620,852</b>	<b>48,149,323</b>

The following tables present the maturity breakdown of MuniFin Group's derivatives.

**Breakdown of derivative contracts by maturity**  
**31 Dec 2025 (EUR 1,000)**

	0–3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total	Total carrying amount
<b>Net settled</b>							
Derivative assets	461	6,861	301,428	334,982	255,021	<b>898,753</b>	993,901
Cash flows related to Interest	55,767	157,664	613,686	174,609	75,784	<b>1,077,510</b>	
<b>Gross settled</b>							
Derivative assets	107,012	8,563	169,384	17,502	83,054	<b>385,515</b>	492,715
Interest flows related to pay leg	-50,152	-112,985	-324,038	-63,556	-33,016	<b>-583,746</b>	
Interest flows related to receive leg	122,755	183,761	514,018	83,853	65,685	<b>970,072</b>	
<b>Net settled</b>							
Derivative liabilities	-9,720	-20,810	-250,115	-762,894	-129,158	<b>-1,172,698</b>	-1,225,957
Cash flows related to Interest	-54,237	-170,378	-695,080	-351,900	-93,237	<b>-1,364,832</b>	
<b>Gross settled</b>							
Derivative liabilities	-177,170	-144,734	-1,399,775	-252,280	-285,857	<b>-2,259,817</b>	-2,142,400
Interest flows related to pay leg	-111,578	-305,201	-971,433	-438,486	-293,525	<b>-2,120,223</b>	
Interest flows related to receive leg	181,098	393,476	1,010,780	195,381	127,212	<b>1,907,947</b>	

**Breakdown of derivative contracts by maturity**  
**31 Dec 2024 (EUR 1,000)**

	0–3 months	3–12 months	1–5 years	5–10 years	over 10 years	Total	Total carrying amount
<b>Net settled</b>							
Derivative assets	1,081	5,213	238,782	491,360	245,069	<b>981,505</b>	1,083,842
Interest flows related to derivative liabilities that are net settled	85,762	168,244	665,260	179,800	54,080	<b>1,153,146</b>	
<b>Gross settled</b>							
Derivative assets	135,930	32,343	784,503	65,051	108,719	<b>1,126,546</b>	1,239,866
Interest flows related to pay leg	-119,229	-245,173	-600,813	-100,390	-58,366	<b>-1,123,971</b>	
Interest flows related to receive leg	175,073	432,929	1,180,239	116,364	77,023	<b>1,981,628</b>	
<b>Net settled</b>							
Derivative liabilities	59	-21,091	-364,148	-523,716	-334,842	<b>-1,243,739</b>	-1,373,766
Interest flows related to derivative liabilities that are net settled	-87,744	-294,222	-687,675	-338,504	-73,460	<b>-1,481,605</b>	
<b>Gross settled</b>							
Derivative liabilities	-110,383	-40,723	-345,096	-105,326	-625,702	<b>-1,227,230</b>	-1,187,952
Interest flows related to pay leg	-94,512	-181,021	-457,102	-224,054	-173,121	<b>-1,129,810</b>	
Interest flows related to receive leg	80,475	170,223	444,182	131,329	110,579	<b>936,787</b>	

The Group hedges all of its funding to floating rate euros. In addition, almost all lending is hedged to floating rates. The Group has the option to leave part of the fixed-rate or long-term reference rate-linked investment or loan exposures (*so-called strategic mismatch portfolio*) unhedged to stabilise the result when implementing the interest rate risk strategy. The interest cash flows of derivative receivables and liabilities are presented on a net basis for those derivative contracts where the counterparty is a central counterparty. For other counterparties, the interest cash flows are presented on a gross basis. The interest cash flows in the previous table have been calculated using exchange rates and interest rates prevailing at the balance sheet date. Future interest rates for floating rate legs are based on forward curves. Derivatives containing call option are shown in the table in the maturity bucket during which the derivative can be called on the next call date.

## 5.2 Market liquidity risk

Market liquidity risk means that the Group would fail to realise or cover its position at the market price, because the market lacks depth or is not functioning due to a disruption.

The Group monitors the liquidity of markets and products on a continuous basis. In addition, established market standards are observed when derivative contracts are transacted. Almost all market values of debt securities valued at fair value are calculated based on quotations received from the market. For the remaining debt securities, the market value is calculated using other market information. The valuation techniques and valuation inputs are described in more detail in Note 12 *Fair values of financial assets and liabilities*.

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 strategy of MuniFin Group has proved highly successful during the upheaval of monetary and security policies of several years: the Group had strong access to capital markets throughout the year.

## 6. Credit and counterparty credit risk

Credit risk means the risk of a counterparty defaulting on its commitments to the Group. Credit risk has been identified as a material risk in the RAF but is mitigated by loan guarantees and/or collaterals as well as the fact that MuniFin only finances public-sector or social housing entities with a zero-percent risk weighting. Customer financing is one source of credit risk, but credit risk can also arise from other types of receivables, such as bonds, short-term debt instruments and derivative contracts as well as off-balance sheet items such as unused credit facilities, limits and guarantees. In addition, geographical concentration and settlement risks are considered as credit risks.

The following table presents the Group's maximum exposure to credit risk grouped by the items on the statement of financial position.

Maximum exposure to credit risk (EUR 1,000)	31 Dec 2025			Adjusted 31 Dec 2024		
	Amortised cost and Fair value through other comprehensive income	, of which expected credit losses	Fair value through profit or loss	Amortised cost and Fair value through other comprehensive income	, of which expected credit losses	Fair value through profit or loss
Cash and balances with central banks	5,169,257	0	-	7,776,888	0	-
Loans and advances to credit institutions	1,989,943	-96	-	789,725	-61	-
Loans and advances to the public and public sector entities	38,032,034	-3,466	50,809	35,320,933	-2,571	55,976
, of which loan receivables	36,407,260	-3,456	50,809	33,757,873	-2,561	55,976
, of which property lease receivables	1,400,183	-9	-	1,319,931	-8	-
, of which finance lease receivables	224,591	-2	-	243,128	-1	-
Debt securities	2,468,308	-56	5,592,956	2,202,891	-46	3,676,021
Derivative contracts	-	-	1,486,616	-	-	2,323,708
Other assets	803,833	-5	-	889,682	-5	-
Credit commitments ( <i>off-balance sheet item</i> )	2,430,658	-19	-	2,935,231	-18	-
<b>Total</b>	<b>50,894,034</b>	<b>-3,642</b>	<b>7,130,380</b>	<b>49,915,350</b>	<b>-2,700</b>	<b>6,055,705</b>

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 *Summary of material accounting policies and corrections to previous Financial Statements*.

The Act on the Municipal Guarantee Board (*MGB Act*) defines for which MuniFin's funding guaranteed by the Municipal Guarantee Board (*MGB*) can be used and it can also be considered as a credit risk management tool. The MGB is an institution governed by the public law. The MGB can grant guarantees to the funding of credit institutions controlled or owned directly or indirectly by municipalities or wellbeing services counties if the funding is used for financing of municipalities, joint municipal authorities, wellbeing services counties or joint wellbeing services county authorities as well as entities wholly owned by the aforementioned entities or controlled by them, in addition to non-profit corporations and other non-profit entities nominated by the Centre for State-subsidised Housing Construction (*Varke*). All funding issued by MuniFin has a MGB guarantee. In addition, MuniFin has guarantees granted by the MGB to mitigate the counterparty credit risk of some derivative counterparties.

In addition to the MGB Act, a material credit risk management principle is that all customer financing and derivatives offered to customers have to obtain the so-called zero risk-weight in MuniFin Group's capital adequacy calculation. As a business model, this zero risk requirement for all customer financing is different from those of other credit institutions and the credit risk principles inherent and required in their credit risk policies. MuniFin Group's credit risk policy and credit risk management practices rely significantly on this principle.

MuniFin's customers consist of municipalities, joint municipal authorities and municipality-controlled entities, 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, as well as non-profit corporations and other non-profit organisations nominated by the Centre for State-subsidised Housing Construction (*Varke*). MuniFin Group may only grant loans and leasing financing without a separate security directly to a municipality, joint municipal authority, wellbeing services county or joint county authority for wellbeing services. For others, loans must be secured with an absolute guarantee issued by a municipality, joint municipal authority, wellbeing services county or joint county authority for wellbeing services, or a real estate collateral and a state deficiency guarantee. The guarantee or guarantee together with a real estate collateral has to fully cover the financing provided. Guarantees and the fair value of collateral received are also taken into account in the calculation of expected credit losses. The Group does not bear the residual value risk for the objects of its leasing services. MuniFin Group has not had credit losses from the financing of its customers after the realisation of any real estate collateral and guarantees have taken place.

Municipal customers are divided into three sectors: municipalities, joint municipal authorities and municipal companies. By law, a Finnish municipality cannot default (*Bankruptcy Act 120/2004*). Municipalities have an unlimited right to increase local income tax rates and due to this, together with other elements of autonomy, the Finnish municipal sector has, similar to sovereigns, a zero credit risk weighting in capital adequacy calculation of credit institutions. Finnish municipalities and cities can also establish joint municipal authorities to provide services that they are legally required to provide for their citizens or undertake regional development activities. Municipalities are jointly members of these joint municipal authorities and are commonly responsible for their funding and other liabilities. All loans to municipal companies are guaranteed by municipalities (or joint municipal authorities). Thus, there is always a municipality, that cannot default by law, to carry the risk of default. When a loan has a 100% absolute guarantee from a municipality or a joint municipal authority, MuniFin Group can apply for payment directly from the guarantor in accordance with the terms of the loan. The guarantor is committed based on the guarantee commitment to pay the interest and other ancillary costs in addition to the principal.

The new wellbeing services counties began their operations in the beginning of 2023. The operative work of the wellbeing services counties is being largely funded by the central government, but the counties have government authorisation to acquire long-term funding for their investments. The counties can also independently seek short-term funding. In terms of financing, MuniFin may continue to act as a lender and counterparty to the loans and other liabilities that were transferred to the counties at the start of 2023. The Act on the Municipal Guarantee Board allows MuniFin to also finance new investments and other new financing needs by the wellbeing services counties. According to the Finnish Financial Supervisory Authority (*FIN-FSA*) decision that like the central government and municipalities, wellbeing services counties will also fall in the zero-risk category in the capital adequacy regulation of credit institutions. This decision simplified the counties' financing arrangements because it means that government guarantees are not required.

At this stage, wellbeing services counties are not liable for the guarantees for MuniFin's funding used for wellbeing services counties' financing, because unlike municipalities, wellbeing services counties are not members of the Municipal Guarantee Board (*MGB*). For this reason, the MGB has decided to set an annual limit to the amount of new financing MuniFin can grant to wellbeing services counties. The MGB's limit for MuniFin's new long-term financing to wellbeing services counties was EUR 400 million in 2025 (EUR 400 million). The MGB's limit for MuniFin's new

short-term financing to wellbeing services counties, i.e. commercial papers to wellbeing services counties, was EUR 900 million in 2025 (EUR 900 million). The limits for 2026 are the same as in 2025.

The housing customer group consists of different types of housing institutions: institutions owned or controlled by municipalities (or joint municipal authorities) and state-subsidised housing institutions and also companies that are wholly owned or under control of wellbeing services counties or joint county authorities for wellbeing services. Loans for housing companies owned by municipalities or joint municipal authorities are guaranteed by municipalities, or these loans can also be categorised as state-subsidised housing loans. In such cases there is a real estate collateral and a deficiency guarantee from the State of Finland. State-subsidised housing institutions are defined as corporations designated by state authority and engaged in the renting or production and maintenance of housing, or corporations controlled by them. Housing companies are designated by Varke, the Centre for State-subsidised Housing Construction operating in connection with the Ministry of the Environment. The functions of ARA, the Housing Finance and Development Centre, ended as an independent agency at the end of February 2025, and were transferred at the beginning of March 2025 to become part of Varke. The change was related to the development of the administration of state-subsidised housing production. The reform had no impact on the Group's business operations.

Loans for housing companies have a deficiency guarantee from the State of Finland that covers the residual risk over the collateral value of the respective property. When a loan has a deficiency guarantee by the State of Finland, primary pledge of mortgage collateral is mainly required unless the loan is a state-subsidised housing loan granted for a municipality or a joint municipal authority in which case there is no collateral required by law. The amount of the primary pledge must be at least 1.3 times the amount of the loan. Under deficiency guarantee, the State of Finland is responsible for the primary debt in respect of the part that is not covered from the liquidation of the mortgage collateral.

Despite MuniFin Group's business model, which is based on zero risk-weighting customers, the Group has a risk rating system for all customers, which assigns a risk score to the customer as part of the credit granting process. In addition, independent Risk Management prepares an annual analysis of all customers, which identifies their respective risk rating. The annual analysis and update of the risk rating is based on the financial statements, the report of the board of directors and other available information. The analysis takes into account the environmental, social and governance risks (*ESG*) insofar as information about the customer is available for assessment. The assessment highlights the potential impacts of climate and environmental risks, which may materialise to customers either directly as physical risks or as transition risks related to preparing for climate change. The customer's risk rating will affect the need for

further analysis of the customer in the process of granting financing, the financing decisions, decision-making power inside the Group and possibly also the pricing. The Group has customer-specific credit limits in use. In addition, MuniFin Group calculates the loan-to-value (LTV) ratio for its loans with real estate collateral and regularly monitors the development of LTVs.

The following table shows the risk rating (of which risk rating 5 represents the best creditworthiness) distribution of the Group's customer financing in relation to total capital, which includes lending, leased assets, municipal certificates and off-balance sheet credit commitments.

Risk rating	31 Dec 2025	31 Dec 2024
5	11.6%	15.1%
4	38.8%	32.1%
3	28.1%	30.1%
2	18.1%	20.8%
1	3.4%	1.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

In addition to the above mentioned, the Group's credit risk management is based on proactive customer relationship management, customer knowledge (KYC), careful selection of counterparties, credit rating and volume limits for counterparties, trustworthy and professional staff, decision-making powers, comprehensive documentation and ongoing internal monitoring and reporting.

The Group defines non-performing exposures (NPE) as receivables that fulfil at least one of the criteria below:

- Significant receivables past due more than 90 days
- MuniFin Group's Credit Group's (*customer financing*) or Capital Markets and Sustainability Management Team's (*liquidity portfolio*) assessment that it is probable that the debtor is not likely to pay its obligation in full without realisation of the collateral, regardless of whether there have been any delays in payments or how many days the payments have been past due.

Non-performing exposures are treated as stage 3 receivables in the calculation of expected credit losses.

Forborne exposures include exposures that have been renegotiated due to the customer's financial difficulties. Details about the principles applied to forborne and modified exposures are described in Note 22 *Credit risks of financial assets and other commitments* in Section *Forborne and modified loans*. The non-performing and forborne exposures are disclosed in the same Note in table *Non-performing and forborne exposures*.

Impairments for loans and other financial assets, which are classified according to IFRS 9 as amortised cost (AC) or fair value through other comprehensive income (FVOCI), are measured using the expected credit loss model under IFRS 9 standard. In addition, lease agreements and off-balance sheet credit commitments are subject to expected credit loss calculation due to the credit risk involved in the contracts. The methods used for calculating expected credit losses are described in Note 22 *Credit risks of financial assets and other commitments*. Quantitative information on the Group's expected credit losses and their development during the financial year is presented in Notes 9 *Credit losses on financial assets recognised at amortised cost and at fair value through comprehensive income* and 22 *Credit risks of financial assets and other commitments*.

The amount of the Group's expected credit losses in relation to the Group's statement of financial position is very low, 0.007% (0.005%). Expected credit losses in relation to the total assets and commitments included in the calculations are 0.007% (0.005%). The amount of expected credit losses is materially influenced by the Group's conservative risk management principles, in particular the guarantees and collaterals received by the Group, as well as the customer base and the high credit ratings of counterparties.

During the financial year 2025, MuniFin Group updated the macroeconomic scenarios quarterly to take into account forward-looking information.

The Group has assessed the need of additional discretionary provision related to expected credit losses. At the end of December 2024, the Group's management reassessed the need for an additional discretionary provision based on a group-level assessment and decided to release the additional provision. It was 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 captured 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 be seen 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's 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's management decided to make an additional discretionary provision of EUR 130 thousand based on a group-level assessment.

At the end of December 2025, the Group's management reassessed the need for an additional discretionary provision and decided to release the earlier group-level 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 the customers' cashflow 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.

MuniFin Group is also exposed to credit risk from its liquidity portfolio investments and derivative instruments. In selecting counterparties, MuniFin evaluates credit risk with principles and limits, approved by the Parent Company's Board of Directors, based on external credit ratings. The credit rating of investments is one of the key indicators used by the Group to make investment decisions concerning its liquidity portfolio. Nominal values of debt securities and equivalent credit values of derivatives (*fair value method*) are used in monitoring credit risk. Counterparties are also regularly subject to an internal risk assessment, which assesses economic and qualitative factors as well as ESG risks by comparing the individual issuer's ESG score with the reference value of the general market index for the asset class.

The following table presents the credit rating breakdown of the liquidity portfolio investments.

Credit rating	31 Dec 2025	31 Dec 2024
AAA	63.1%	62.4%
AA+	10.1%	10.0%
AA	6.8%	1.8%
AA-	6.1%	14.6%
A+	10.3%	6.3%
A	1.9%	1.7%
A-	1.7%	3.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

In addition, MuniFin Group has central bank receivables in total EUR 5,169 million (EUR 7,777 million) (Note 15 *Cash and cash equivalents* and Note 16 *Loans and advances to credit institutions*). The central bank receivables in liquidity portfolio consist of overnight deposits with the central bank. In addition, MuniFin Group has a minimum reserve deposit with the central bank amounting to EUR 38 million (EUR 32 million).

The Group limits the credit risk arising from its derivative contracts with ISDA Credit Support Annexes. MuniFin Group has 38 (36) derivative counterparties with which it has valid derivative contracts. The Group has the above-mentioned collateral agreement with all of these counterparties.

**Breakdown of nominal value of derivative contracts by counterparty credit rating (EUR 1,000)**

	31 Dec 2025	31 Dec 2024
Finnish municipality sector and wellbeing services counties	1,475,110	1,469,799
Central counterparties	57,281,278	50,756,675
AA	15,020,207	14,663,165
A	16,071,810	15,515,641
<b>Total</b>	<b>89,848,405</b>	<b>82,405,280</b>

**Given and received cash collateral based on CSA agreements (EUR 1,000)**

	31 Dec 2025	31 Dec 2024
Given collateral	-1,577,096	-608,421
Given collateral to central counterparties	-803,838	-889,687
Given collateral as debt securities	154,172	101,703
Received collateral	22,330	716,137
Received collateral from central counterparties	256,330	259,850
<b>Net collateral</b>	<b>-1,948,102</b>	<b>-420,418</b>

The Credit Valuation Adjustment (CVA) that measures counterparty credit risk and MuniFin Group's own Debt Valuation Adjustment (DVA) 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 default. In addition, the Group calculates Funding Valuation Adjustment (FVA) for those derivative contracts that do not hold cash collateral arrangements (derivatives made with MuniFin Group's customers).

MuniFin Group uses central counterparties (CCPs) in the clearing of standard over-the-counter (OTC) derivative contracts, as required by the European Markets Infrastructure Regulation (EMIR). In this model, at the end of a clearing

process, a CCP becomes the counterparty to each cleared trade. The purpose of CCP clearing is to reduce counterparty risk. Two global banks provide clearing broker services to the Group. The variation margin of the derivatives with the CCPs is based on the daily margining of the cash collateral (*Collateralised-to-Market, CTM*). MuniFin uses CCPs also for the securities collaterals when changing the initial margin.

Since 2022, MuniFin has had the readiness to exchange initial margins of bilateral derivative contracts with securities collateral. So far, the initial margin has not been exchanged with securities, as the threshold values defined in the regulations have not been met.

During early 2025, the Group prepared for the new EMIR 3.0 (*European Market Infrastructure Regulation*). The regulatory package introduced new requirements for participants operating in the derivatives markets. EMIR 3.0 requires market participants to have an "active account" with a central counterparty located in the EU, and to clear a portion of their euro-denominated interest rate swaps through an EU-based central counterparty. MuniFin has established the capability to clear euro-denominated interest rate swaps at the euro area central counterparty EUREX Clearing AG, and the first clearings were successfully executed in June.

MuniFin Group may also be exposed to settlement risks in the course of its operations in respect to issued bonds, customer financing, liquidity portfolio investments or derivative transactions. The Group's customer financing transactions are dependent on the operations of domestic payment banks and similarly the capital market transactions are dependent on the operations of the Group's international payment banks and clearing parties. In order to minimise the credit risk associated with clearing and settlement, transactions are in principle carried out through delivery against payment.

Taking into account the nature of MuniFin Group's business model, the Group has acknowledged risk concentration in customer financing in i.e. geographical areas (locally), customer types (municipality sector, state-subsidised housing production) and collaterals (mortgages). The Group's largest subportfolio in the customer financing is for municipality sector. This risk concentration on the municipality sector is unavoidable and inherent to MuniFin's business model. In addition, a considerable portion of the exposure to customers is indirectly related to Finnish sovereign risk due to the deficiency guarantee in loan arrangements for the state-subsidised housing production. This is inextricably linked to MuniFin's business model and to its place in the Finnish social system.

Furthermore, MuniFin has been established specifically to finance the municipal sector and social housing and its operations are limited by the MGB Act. Therefore, the concentration risk inherent in the business model cannot be significantly modified. On the other hand, all of the Group's receivables are in the zero risk weight class in capital adequacy calculations and therefore the concentration risk is acceptable considering the Group's business model and in line with the Group's business strategy. In addition, in the calculation of large exposures, all receivables from customers are zero after mitigation techniques. Due to these factors, the Group accepts the concentration risk in its customer financing as inherent to its business model.

Concentration risk is also inherent in the liquidity portfolio due to investments being made in a narrow selection of high-quality liquid assets. The following table presents the geographical distribution of the liquidity portfolio investments.

Country/counterparty	31 Dec 2025	31 Dec 2024
Finland	17.1%	19.9%
France	11.6%	16.2%
Canada	9.7%	8.9%
Norway	9.4%	8.6%
Germany	8.8%	7.1%
Sweden	7.3%	7.0%
Supranational	7.0%	6.4%
Belgium	4.6%	5.7%
Denmark	4.3%	3.7%
Netherlands	4.0%	3.5%
South Korea	2.6%	2.8%
Australia	2.4%	2.6%
Japan	2.4%	1.8%
Luxembourg	1.8%	1.7%
Great Britain	1.7%	1.1%
New Zealand	1.7%	0.9%
Spain	1.7%	0.8%
Austria	1.4%	0.7%
Latvia	0.5%	0.4%
Switzerland	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

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.

## 7. Market risk

Market risk is the risk of the Group incurring a loss as a result of an unfavourable change in market price or its volatility.

MuniFin Group has identified under RAF the following sources of material market risks: Interest rate risk (*Interest Rate Risk in the Banking Book, IRRBB*), FX risk and CSRBB risk (*Credit Spread Risk in the Banking Book*) as well as fair valuation risk.

The Group hedges its market risk with derivative contracts. Derivative contracts may only be used for hedging purposes. The Group applies fair value hedge accounting in accordance with IFRS 9 and IAS 39 standards. Fair value hedge accounting is applied to euro-denominated financial assets and liabilities, as well as lease receivables, where the interest rate of the hedged item has been converted to a variable rate with a derivative, and to fixed-rate foreign currency-denominated financial liabilities, where the principal of the hedged item is converted to euros and its interest rate changed to a variable rate with a derivative agreement. The application of hedge accounting is described in more detail in Note 21 *Hedge accounting* and quantitative information on current hedging relationships and their impact on earnings is presented in the Notes 21 *Hedge accounting* and 5 *Net result on financial instruments at fair value through profit or loss*.

The Group also makes use of the fair value option (FVO) allowed by the IFRS 9 standard in hedging relationships that

are not in fair value hedge accounting and that eliminate or significantly reduce valuation or accounting inconsistency (*accounting mismatch*) or where the Group manages financial liabilities and evaluates their performance based on fair value, in accordance with the documented risk management or investment strategy. For financial assets, such items include liquidity portfolio debt securities and individual loans whose interest rate risk and/or currency risk is hedged with interest rate and currency derivatives. For financial liabilities, such items include short-term foreign currency-denominated commercial papers and financial liabilities to which IFRS 9 fair value hedge accounting is not applied. The use of fair value option is described in Note 11 *Financial assets and liabilities*. Quantitative information of the use of fair value option is presented in Note 5 *Net result on financial instruments at fair value through profit or loss* and in Note 11 *Financial assets and liabilities*.

### 7.1 Interest rate risk

MuniFin Group's strategy for interest rate risk in the banking book (*IRRBB*) is to ensure sustainable profitability regardless of the level of interest rates. Therefore, the focus is to stabilise earnings by minimising NII risk measure. Economic Value of Equity (*EVE*) of interest rate sensitivity is a secondary measure but also kept within risk appetite. All financial instruments are included in the IRRBB and MuniFin Group does not have a trading book. Interest rate risk arises mainly from the difference in euribor rate terms between assets and liabilities.

MuniFin Group manages the interest rate risk arising from its business operations by means of derivative contracts. The main principle for managing the Group's interest rate risk hedging is to utilise interest rate swaps to hedge fixed rate exposures back-to-back to floating rate. The back-to-back interest rate swaps (*IRS*) replicate all the details of the underlying liability, asset or portfolio of assets to offset the risk of the underlying transaction.

Primarily, the Group hedges long-term customer financing linked to a fixed or long reference rate, fixed-rate investments in the liquidity portfolio, and long-term funding with interest rate derivatives, excluding short-term euro-denominated variable-rate funding. Financial receivables in customer financing and the liquidity portfolio linked to a short-term variable rate or short-term euro-denominated debt obligations are not hedged with derivatives.

However, given the strategy of earnings stabilisation, the Group may decide on a strategic mismatch position, i.e. leave fixed rate exposures unhedged in order to steer the Group's net interest income towards the objective of earnings stabilisation. The strategic mismatch position is created using assets only and includes 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.

7.1.1 NII risk

NII risk refers to the negative impact of interest rate changes on the Group's net interest income. Sensitivity of the interest rate risk has been measured by 50 basis points change either up or down. The impact is examined in relation to the Group's own funds. The Group measures the NII risk both with and without the zero floor option. The following table takes into account the zero floor option in the loans.

NII risk (EUR 1,000)	31 Dec 2025		31 Dec 2024	
	Impact on NII	In relation to own funds*	Impact on NII	In relation to own funds*
+50 bp parallel up	-6,364	0.4%	-7,590	0.5%
-50 bp parallel down	6,405	-	7,640	-

\* Own funds correspond to own funds in regulatory capital.

In addition, the Group measures the NII risk with the following scenarios:

1. Parallel shock up (+50 bp)
2. Parallel shock up (+200bp)
3. Parallel shock down (-50 bp)
4. Parallel shock down (-200bp)
5. Steepener shock (short rates down and long rates up)
6. Flattener shock (short rates up and long rates down)
7. Short rates shock up
8. Short rates shock down.
9. Supervisory Outlier Test (SOT), parallel shock up (+200 bp)
10. Supervisory Outlier Test (SOT), parallel shock down (-200 bp)

From these scenarios, at the end of 2025 the least favourable scenario was based on the assumption of the short rates shock up, which had an impact of EUR -38.5 million on net interest income and 2.3% in relation to own funds. At the end of 2024, the most unfavourable scenario was the short rates shock up, which had an impact of EUR -44.4 million on net interest income and 2.7% in relation to own funds.

7.1.2 Economic Value of Equity

Economic Value of Equity (EVE) describes the interest rate sensitivity of the present value of the statement of financial position. It is measured by calculating the change in the present value of interest rate sensitive cash flows for different interest rate curve changes. Several interest rate scenarios are used to measure interest rate risk, the most unfavourable one being considered and its impact on future net interest income, and consequently, partly on equity, is presented in the table below. The impact will be examined in relation to the Group's total own funds. The Group measures the Economic Value of Equity both with and without the zero floor option. The following table below takes into account the zero floor option in the loans.

Economic Value of Equity (EUR 1,000)	Impact on future Nil	In relation to own funds*
31 Dec 2025	-133,600	7.8%
31 Dec 2024	-120,174	7.3%

\* Own funds correspond to own funds in regulatory capital.

The following scenarios are used in calculating the EVE:

1. Parallel shock up (+50 bp)
2. Parallel shock up (+200bp)
3. Parallel shock down (-50 bp)
4. Parallel shock down (-200bp)
5. Steepener shock (short rates down and long rates up)
6. Flattener shock (short rates up and long rates down)
7. Short rates shock up
8. Short rates shock down.

When calculating EVE at the end of 2025, the most unfavourable scenario was the parallel shock up of 200 basis points, which had an impact of EUR -133.6 million and 7.8% in relation to own funds. At the end of 2024, the most unfavourable scenario was the parallel shock up of 200 basis points, which had an impact of EUR -120.2 million and 7.3% in relation to own funds.

### 7.1.3 Basis risk

The basis risk measure captures interest rate risk that results from narrowing or widening of tenor basis swap spreads. The impact is examined in relation to the Group's own funds. The figures below take into account the zero floor option in the loans.

Basis risk (EUR 1,000)	Impact	In relation to own funds*
31 Dec 2025	-6,334	0.4%
31 Dec 2024	-9,136	0.6%

\* Own funds correspond to own funds in regulatory capital.

The worst of four scenarios is used to measure basis risk:

- Narrowing basis swap spreads scenario  
(€STR vs. 3-month Euribor and 3-month vs. 6-month Euribor)
- Widening basis swap spreads scenario  
(€STR vs. 3-month Euribor and 3-month vs. 6-month Euribor)

When calculating basis risk at the end of 2025, the most adverse scenario was a narrowing basis swap spreads scenario (3-month vs. 6-month Euribor), totalling EUR -6.3 million, which was 0.4% relative to the own funds. At the end of 2024, the most adverse scenario was a narrowing basis swap spreads scenario (3-month vs. 6-month Euribor), totalling EUR -9.1 million, which was 0.6% relative to the own funds.

### 7.2 FX risk

MuniFin Group's FX risk strategy is in line with its conservative market risk management. The Group does not bear any material foreign exchange risk. The Group's lending and other customer finance items are denominated in euros. FX risk is hedged by translating all foreign currency denominated funding and liquidity investments into euros using derivatives. However, due to currency-denominated collateral management (*USD*) related to Central Counterparty clearing (*CCP*) activities, the Group may temporarily incur minor FX risk. The functionality of the cross-currency derivative markets is always assessed before entering into new funding or liquidity investments in order to ensure that currency hedges can be put in place according to hedging strategy in order to hedge all transactions back to euros. Furthermore, all foreign currency denominated funding transactions with early call options are hedged fully for potential call situations.

The currency position in the following table is reported as the difference between assets and liabilities in different currencies, expressed in euros. MuniFin Group estimates that a reasonable change in currency pairs will not have a significant impact on the Group's results.

Currency position (EUR 1,000)	Currency position
31 Dec 2025	12,038
31 Dec 2024	10,409

The following tables present the breakdown of the Group's financial assets and liabilities into domestic and foreign currency denominated items.

**Financial assets in domestic and foreign currencies**

**31 Dec 2025**

**(EUR 1,000)**

	Domestic currency	Foreign currency	Total
Cash and balances with central banks	5,169,257	-	5,169,257
Loans and advances to credit institutions	1,946,993	42,950	1,989,943
Loans and advances to the public and public sector entities	37,858,251	-	37,858,251
Debt securities	8,061,264	-	8,061,264
Other assets	803,833	-	803,833
<b>Total</b>	<b>53,839,598</b>	<b>42,950</b>	<b>53,882,548</b>

**Adjusted**

**Financial assets in domestic and foreign currencies**

**31 Dec 2024**

**(EUR 1,000)**

	Domestic currency	Foreign currency	Total
Cash and balances with central banks	7,776,888	-	7,776,888
Loans and advances to credit institutions	729,475	60,249	789,725
Loans and advances to the public and public sector entities	35,133,780	-	35,133,780
Debt securities	5,878,912	-	5,878,912
Other assets	788,401	101,281	889,682
<b>Total</b>	<b>50,307,457</b>	<b>161,530</b>	<b>50,468,987</b>

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 *Summary of material accounting policies and corrections to previous Financial Statements*.

**Financial liabilities in domestic and foreign currencies**

**31 Dec 2025**

**(EUR 1,000)**

	Domestic currency	Foreign currency	Total
Liabilities to credit institutions	196,077	-	196,077
Liabilities to the public and public sector entities	2,294,776	19,763	2,314,539
Debt securities issued	22,538,932	24,588,097	47,127,029
Other liabilities	225,418	30,912	256,330
<b>Total</b>	<b>25,255,203</b>	<b>24,638,772</b>	<b>49,893,975</b>

**Financial liabilities in domestic and foreign currencies**

**31 Dec 2024**

**(EUR 1,000)**

	Domestic currency	Foreign currency	Total
Liabilities to credit institutions	883,694	-	883,694
Liabilities to the public and public sector entities	2,442,409	21,465	2,463,874
Debt securities issued	21,208,405	23,325,901	44,534,306
Other liabilities	267,449	-	267,449
<b>Total</b>	<b>24,801,957</b>	<b>23,347,366</b>	<b>48,149,323</b>

The following tables present the currency breakdown of the Group's financial assets and liabilities at their carrying amount and their corresponding hedges.

**Distribution of financial assets by currency based on carrying amounts and hedges**

**31 Dec 2025  
(EUR 1,000)**

	USD	GBP	SEK	NOK	Other currencies	Total
Loans and advances to credit institutions	41,660	352	162	2	774	42,950
Other assets	-	-	-	-	-	-
<b>Currency risk total</b>	<b>41,660</b>	<b>352</b>	<b>162</b>	<b>2</b>	<b>774</b>	<b>42,950</b>
Hedging derivatives	-	-	-	-	-	-
<b>Total</b>	<b>41,660</b>	<b>352</b>	<b>162</b>	<b>2</b>	<b>774</b>	<b>42,950</b>

**Distribution of financial liabilities by currency based on carrying amounts and hedges**

**31 Dec 2025  
(EUR 1,000)**

	USD	GBP	SEK	NOK	Other currencies	Total
Long-term funding	-11,881,506	-3,282,176	-2,585,162	-1,353,484	-2,178,185	-21,280,513
Short-term funding	-2,892,162	-	-428,398	-	-6,787	-3,327,347
Other liabilities	-30,912	-	-	-	-	-30,912
<b>Currency risk total</b>	<b>-14,804,580</b>	<b>-3,282,176</b>	<b>-3,013,560</b>	<b>-1,353,484</b>	<b>-2,184,973</b>	<b>-24,638,772</b>
Hedging derivatives	14,773,668	3,282,176	3,013,560	1,353,484	2,184,973	24,607,860
<b>Total</b>	<b>-30,912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-30,912</b>
<b>Net currency position</b>	<b>10,748</b>	<b>352</b>	<b>162</b>	<b>2</b>	<b>774</b>	<b>12,038</b>

**Distribution of financial assets by currency based on carrying amounts and hedges**

**31 Dec 2024**

**(EUR 1,000)**

	<b>USD</b>	<b>GBP</b>	<b>NOK</b>	<b>CHF</b>	<b>Other currencies</b>	<b>Total</b>
Loans and advances to credit institutions	58,945	366	2	414	521	60,249
Other assets	101,281	-	-	-	-	101,281
<b>Currency risk total</b>	<b>160,226</b>	<b>366</b>	<b>2</b>	<b>414</b>	<b>521</b>	<b>161,530</b>
Hedging derivatives	-151,121	-	-	-	-	-151,121
<b>Total</b>	<b>9,104</b>	<b>366</b>	<b>2</b>	<b>414</b>	<b>521</b>	<b>10,409</b>

**Distribution of financial liabilities by currency based on carrying amounts and hedges**

**31 Dec 2024**

**(EUR 1,000)**

	<b>USD</b>	<b>GBP</b>	<b>NOK</b>	<b>CHF</b>	<b>Other currencies</b>	<b>Total</b>
Long-term funding	-10,336,068	-4,949,426	-2,900,566	-950,759	-1,531,670	-20,668,489
Short-term funding	-2,288,070	-372,968	-	-	-17,839	-2,678,877
Other liabilities	-	-	-	-	-	-
<b>Currency risk total</b>	<b>-12,624,138</b>	<b>-5,322,394</b>	<b>-2,900,566</b>	<b>-950,759</b>	<b>-1,549,509</b>	<b>-23,347,366</b>
Hedging derivatives	12,624,138	5,322,394	2,900,566	950,759	1,549,509	23,347,366
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net currency position</b>	<b>9,104</b>	<b>366</b>	<b>2</b>	<b>414</b>	<b>521</b>	<b>10,409</b>

### 7.3 CSRBB risk

CSRBB risk (*Credit Spread Risk in the Banking Book*) refers to the possibility of changes in the market values of the prefunding liquidity investments due to a change in the market's required return as a consequence of a change in the investment's risk or in the market's risk sensitivity. The main principle in portfolio management is to guarantee a sufficient amount of earnings within the liquidity requirements, such as LCR, NSFR and Survival horizon.

Spread risk (EUR 1,000)	Impact	In relation to own funds*
31 Dec 2025	-58,539	3.4%
31 Dec 2024	-38,557	2.3%

\* Own funds correspond to own funds in regulatory capital.

The CSRBB risk model is based on the predicted future loss distribution over a one-year time horizon. The change in required return is calculated at a 99.9% confidence level.

### 7.4 Fair valuation risk

MuniFin Group has identified fair valuation risk as a material risk for its operations. Unrealised fair value changes of financial instruments increase the volatility of profits. In addition to the profit, the Group's own funds are also affected by valuations measured at fair value through other comprehensive income (*OCI*). The classification and measurement of financial instruments is described in more detail in Note 11 *Financial assets and liabilities*.

The volatility of the fair valued instruments arises from changes in market risk factors, such as tenor basis spreads as the spread between different interest rate curves changes. In accordance with the market practice and IFRS 13 standard, the Group discounts the financial assets and liabilities measured at fair value and the hedged items with the swap curve and the hedging derivatives with the OIS curve, which causes a significant part of the Group's valuation volatility. The unrealised fair value changes of financial instruments are recorded in the income statement under line item *Net result on financial instruments at fair value through profit or loss* and they are specified in Note 5. In addition, the unrealised fair values of

financial instruments in hedge accounting (both hedged items and hedging instruments) are recorded under line item *Net result on financial instruments at fair value through profit or loss* and specified in Note 5. The Group continuously monitors and analyses the volatility arising from valuations and prepares for its potential profitability and solvency impacts. A sensitivity analysis related to valuations is presented in Note 12 *Fair values of financial assets and liabilities*.

During the reporting period, unrealised fair value changes of financial instruments caused earnings volatility for the Group. 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.

## 8. Operational risks

Operational risk refers to the risk of financial loss due to insufficient or failed internal processes, insufficient or failed policies, systems or external factors. Operational risks also include risks arising from failure to comply with internal and external regulation (compliance risk) and legal risks. Operational risks may result in expenses, payable compensation, loss of reputation, false information on position, risk and financial results or the interruption of operations.

Operational risks are recognised as part of the Group's operations and processes. This has been implemented with an annual mapping of operational risk, which is carried out by units through a self-assessment. The operational risk management is the responsibility of each division and unit. In addition, the Risk Management and Compliance division supports the other divisions and units and has the responsibility for coordinating the management of operational risks.

MuniFin Group uses various methods for managing operational risks. The Group has internal policies approved by the Board and supplementing internal guidelines approved by the management in order to guide operations. Operational risks are also covered by the RAF approved by the Board of Directors of the Parent Company. Key duties and processes have been charted and described. Internal instructions and

processes are updated on a regular basis, and compliance with them is supervised. The tasks related to business activities, risk control and accounting are separated. The Group has adequate substitution systems to ensure the continuity of key functions. The expertise of the personnel is maintained and developed through regular development discussions and training plans. The Group has a contingency plan for situations in which business and IT operations are interrupted. The plan is designed to ensure that the Group is able to continue functioning and to limit its losses in different disruptive scenarios. The annual mapping of operational risks and the operational risk event report process support the Group's continuity planning. In addition, the Group has insurance policies related to its operations and the level of the insurance coverage is assessed on a regular basis.

MuniFin Group's Compliance continuously monitors the development of legislation and regulations issued by authorities relevant to the Group's operations and ensures that any regulatory changes are appropriately responded to. The legislation and regulations concerning the operations of credit institutions have faced significant changes during the past few years and will continue to change in the future, which creates challenges for the Group's compliance. The Group has tried to minimise the risks related to this with an active contact with the authorities and interest groups as well as with organisation of the Group's internal Compliance (incl. system support, evaluation of effects, reporting and implementation).

The Group has significant information system and business process related projects aimed at improving the quality, efficiency and regulatory compliance of current operations. The extent of these projects creates operational risks that the Group strives to minimise by developing and implementing models related to project management and monitoring (incl. regular reporting) and ensuring sufficient resources. The risks related to development projects are surveyed and monitored regularly.

The Group has an approval process for new products and services. The process aims to ensure that all material risks and operational requirements are taken into account when developing new products and services. The Group has outsourcing arrangements of which the most important are IT and infrastructure services and SaaS services. The realisation of operational risks is monitored with systematic operational risk event reporting, which is used to change operating principles or implement other measures to reduce operational risks where necessary. Operational risk events are reported to the Executive Management Team and the Board of Directors of the Parent Company. Material losses have not been realised from operational risks during 2025.

## 9. ESG risks

ESG risks include climate and environmental, social and governance risks. MuniFin's sustainability agenda and transition plan define, among other things, the Group's emission reduction targets and metrics, which form part of the Group's ESG risk management.

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 are from the State of Finland after credit mitigation (state deficiency guarantee).

The Group's customers and, through them, also the Group itself are exposed to both physical and transition risks. 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 incur final credit losses.

The Group's investment counterparties are governments, central banks, SSA (*Sovereigns, Supranationals, Agencies*) sector entities and credit institutions, and the 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 considers the environmental and climate risks low, the Group recognises that as the climate change progresses, the risks associated with it increase and the uncertainty rises. The Group assesses its exposure to the environmental and climate risks at least annually.

The Group recognises the possibility of being exposed not only to climate and environmental risks but also to social and governance risks arising from its own operations or those of its customers. However, the likelihood of these risks materialising is assessed as 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.

# Notes to the income statement

## Note 3. Interest income and expense

### Accounting policies

Interest income and expense from financial assets and liabilities are recognised in net interest income. In the line item *Interest income/expense according to the effective interest rate method* the Group presents interest income/expense from financial assets/liabilities measured at amortised cost or at fair value through other comprehensive income. Interest income/expense from derivative contracts under hedge accounting is presented in the item *Interest income according to the effective interest rate method* if the derivative contract is used to hedge an asset, and if the derivative contract is hedging a liability interest income/expense is presented in the line item *Interest expenses according to the effective interest rate method*. Line items *Other interest income* and *Other interest expense* include interest income and interest expense from financial assets and liabilities measured at fair value, derivative contracts hedging them, interest from non-financial assets and interest from finance lease agreements. The interest income and expense from derivative contracts not included in hedge accounting are presented on a contractual basis, either under *Other interest income* or *Other interest expense*.

Transaction expenses, premiums or discounts as well as commissions and fees received and paid which are considered as compensation for the risk incurred by the Group in relation to the financial instrument and are considered as an integral part of the effective interest rate, are taken into account when the effective interest rate is calculated. For floating rate financial liabilities, premium or discount is amortised from the date of issuance to the next interest payment date. For fixed rate financial liabilities, the premium or discount is amortised until maturity. The Group amortises the premium or discount of floating rate debt security investments until maturity. In the current market conditions, the premium or discount on a financial asset is not based on changes in market rates, but on credit risk. The market value of a floating rate investment does not reset to the nominal when its interest rate is re-fixed to market interest rates, therefore the amortisation to the next interest date is not justifiable. The Group evaluates the impact of changes in market conditions on the amortisation principle and its application regularly.

(EUR 1,000)	Jan–Dec 2025			Adjusted Jan–Dec 2024		
	Interest income	Interest expense	Net	Interest income	Interest expense	Net
<b>Assets</b>						
<b>Amortised cost</b>						
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
<i>, of which loan receivables</i>	874,921	-	874,921	1,036,790	-	1,036,790
<i>, of which property lease receivables</i>	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
<b>Fair value through other comprehensive income</b>						
Debt securities	17,402	-	17,402	11,326	-	11,326
<b>Designated at fair value through profit or loss</b>						
Loans and advances to the public and public sector entities	348	-	348	261	-	261
Debt securities	89,538	-	89,538	52,616	-	52,616
<b>Mandatorily at fair value through profit or loss</b>						
Loans and advances to the public and public sector entities	1,322	-	1,322	1,320	-	1,320
<b>Fair value through profit or loss</b>						
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
<b>Finance lease agreements</b>	6,071	-	6,071	9,359	-	9,359
<b>Interest on non-financial other assets</b>	4	-	4	4	-	4
<b>Interest on assets</b>	<b>1,539,740</b>	<b>-35,162</b>	<b>1,504,578</b>	<b>2,121,260</b>	<b>-38,391</b>	<b>2,082,870</b>
<i>, of which interest income/expense according to the effective interest rate method</i>	1,387,135	-240		1,933,354	-133	
<i>, of which other interest income/expense</i>	152,605	-34,923		187,906	-38,258	





(EUR 1,000)	Jan–Dec 2025			Adjusted Jan–Dec 2024		
	Interest income	Interest expense	Net	Interest income	Interest expense	Net
<b>Liabilities</b>						
<b>Amortised cost</b>						
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
<b>Designated at fair value through profit or loss</b>						
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
<b>Fair value through profit or loss</b>						
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
<b>Interest on non-financial other liabilities</b>	-	-254	-254	-	-116	-116
<b>Interest on liabilities</b>	<b>154,218</b>	<b>-1,398,672</b>	<b>-1,244,454</b>	<b>131,213</b>	<b>-1,953,927</b>	<b>-1,822,714</b>
<i>, of which interest income/expense according to the effective interest rate method</i>	-	-974,920		-	-1,420,089	
<i>, of which other interest income/expense</i>	154,218	-423,752		131,213	-533,838	
<b>Total interest income and expense</b>	<b>1,693,958</b>	<b>-1,433,834</b>	<b>260,124</b>	<b>2,252,474</b>	<b>-1,992,317</b>	<b>260,156</b>

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 *Summary of material 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 agreements*. 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 item *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 is 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.

## Note 4. Fee and commission income and expense

### Accounting policies

Fees that are not an integral part of the effective interest rate of a financial instrument are accounted for in accordance with IFRS 15 standard. Commission income is recognised when the Group transfers control of services' performance obligations to a customer. The key criterion is the transfer of control. Commission income is recognised to the extent that the Group is expected to be entitled of the services rendered to the customer.

The Group's commission income consists of fees for digital services. The performance obligations of the services are met either over time or at a point in time, depending on the nature of the service. Commissions for digital services are charged once a year and recognised over time. Other commissions are charged and recognised at the time of the service is provided.

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
<b>Fee and commission income</b>		
Financial advisory services	-	401
Digital services	1,125	1,055
Other operations	41	8
<b>Total</b>	<b>1,166</b>	<b>1,465</b>
<b>Fee and commission expense</b>		
Commission fees paid	-305	-329
Guarantee fees paid	-15,538	-14,413
Other	-2,332	-2,175
<b>Total</b>	<b>-18,175</b>	<b>-16,917</b>
<b>Net fee and commission income</b>	<b>-17,010</b>	<b>-15,452</b>

Fee and commission income from the contracts with customers are divided by service type. EUR 1,064 thousand (EUR 1,303 thousand) out of fee and commission income from the contracts with customers has been received from municipalities, joint municipal authorities, wellbeing services counties and entities controlled by them.

MuniFin's 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 value added services MuniFin offers to its customers.

Commission expenses include paid guarantee fees, custody fees as well as funding programme update fees. Commission expenses are recognised on accrual basis. In fee and commission expense, line item *Other* includes i.e. paid custody fees and funding programme update costs.

## Note 5. Net result on financial instruments at fair value through profit and loss

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

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 significant management judgement, the degree of which will depend on the observability of the input parameters and the instrument's complexity. Accounting policies related to definition of fair value of financial assets and liabilities which require significant management judgment or estimates are described in more detail in Note 12 *Fair values of financial assets and liabilities*.

### Accounting policies

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 the fair value changes of 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.

Accounting policies related to the classification of financial assets and liabilities are disclosed in Note 11 *Financial assets and liabilities*. The definition of fair value of financial assets and liabilities is described in more detail in Note 12 *Fair values of financial assets and liabilities*. A more detailed description of the content of net result of hedge accounting is disclosed in Note 21 *Hedge accounting*.

Jan–Dec 2025 (EUR 1,000)	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
Debt securities	34	-	8,004	8,038
Mandatorily at fair value through profit or loss				
Loans and advances to the public and public sector entities	-	-	-894	-894
Financial liabilities				
Designated at fair value through profit or loss				
Liabilities to credit institutions	-	-	2,836	2,836
Liabilities to the public and public sector entities	-	-	117,629	117,629
Debt securities issued: commercial papers	-	-	1,228	1,228
Debt securities issued: bonds	-	-	151,584	151,584
Derivative contracts at fair value through profit or loss	175	-340	-259,918	-260,083
Day 1 gain or loss	-	-	41	41
<b>Net result on financial assets and liabilities through profit or loss</b>	<b>209</b>	<b>-340</b>	<b>19,740</b>	<b>19,609</b>
<b>Net result from FX differences</b>	<b>30,549</b>	<b>-32,583</b>	<b>583</b>	<b>-1,451</b>
<b>Net result on hedge accounting</b>	<b>4,770</b>	<b>-</b>	<b>-5,561</b>	<b>-790</b>
<b>Total</b>	<b>35,528</b>	<b>-32,924</b>	<b>14,763</b>	<b>17,367</b>

Jan–Dec 2024 (EUR 1,000)	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
Debt securities	377	-	65,637	66,013
Mandatorily at fair value through profit or loss				
Loans and advances to the public and public sector entities	-	-	145	145
Financial liabilities				
Designated at fair value through profit or loss				
Liabilities to credit institutions	-	-	-1,147	-1,147
Liabilities to the public and public sector entities	-	-	-38,572	-38,572
Debt securities issued: commercial papers	-	-	-1,841	-1,841
Debt securities issued: bonds	-	-	-26,040	-26,040
Derivative contracts at fair value through profit or loss	557	-913	-3,163	-3,519
Day 1 gain or loss	-	-	41	41
<b>Net result on financial assets and liabilities through profit or loss</b>	<b>933</b>	<b>-913</b>	<b>-3,798</b>	<b>-3,777</b>
<b>Net result from FX differences</b>	<b>49,511</b>	<b>-45,509</b>	<b>-3,548</b>	<b>455</b>
<b>Net result on hedge accounting</b>	<b>-</b>	<b>-</b>	<b>-11,763</b>	<b>-11,763</b>
<b>Total</b>	<b>50,445</b>	<b>-46,422</b>	<b>-19,109</b>	<b>-15,086</b>

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 *Change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss*. Accounting policies related to the classification of financial assets and liabilities are disclosed in Note 11 *Financial assets and liabilities*.

**Financial assets and liabilities designated at fair value through profit or loss (EUR 1,000)**

	<b>Nominal value 31 Dec 2025</b>	<b>Carrying amount 31 Dec 2025</b>	<b>Nominal value 31 Dec 2024</b>	<b>Carrying amount 31 Dec 2024</b>
<b>Financial assets</b>				
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
<b>Total financial assets*</b>	<b>5,588,325</b>	<b>5,622,429</b>	<b>3,700,119</b>	<b>3,706,961</b>
<b>Financial liabilities</b>				
Liabilities to credit institutions	79,000	77,400	79,000	79,315
Liabilities to the public and public sector entities	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
<b>Total financial liabilities</b>	<b>13,082,356</b>	<b>12,400,622</b>	<b>11,081,458</b>	<b>10,611,555</b>

\* 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
<b>Financial assets</b>					
Loans and advances to the public and public sector entities	-7,616	-6,847	-770	37	-807
Debt securities	-21,149	-29,152	8,004	26,068	-18,064
<b>Total financial assets</b>	<b>-28,765</b>	<b>-35,999</b>	<b>7,234</b>	<b>26,105</b>	<b>-18,871</b>

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
<b>Financial assets</b>					
Loans and advances to the public and public sector entities	-6,847	-7,988	1,142	96	1,046
Debt securities	-29,152	-94,789	65,637	-12,116	77,753
<b>Total financial assets</b>	<b>-35,999</b>	<b>-102,777</b>	<b>66,778</b>	<b>-12,020</b>	<b>78,799</b>

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
<b>Financial liabilities</b>					
Liabilities to credit institutions	2,184	-652	2,836	-697	2,139
Liabilities to the public and public sector entities	248,156	130,527	117,629	-20,634	96,995
Debt securities issued	550,519	397,708	152,812	-56,338	96,474
<b>Total financial liabilities</b>	<b>800,860</b>	<b>527,583</b>	<b>273,277</b>	<b>-77,669</b>	<b>195,608</b>

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 the 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
<b>Financial liabilities</b>					
Liabilities to credit institutions	-652	495	-1,147	1,099	-48
Liabilities to the public and public sector entities	130,527	169,099	-38,572	52,862	14,290
Debt securities issued	397,708	425,589	-27,881	83,240	55,360
<b>Total financial liabilities</b>	<b>527,583</b>	<b>595,183</b>	<b>-67,600</b>	<b>137,202</b>	<b>69,602</b>

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

The fair value changes of 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.

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

## Note 6. Net result on financial assets at fair value through other comprehensive income

### Accounting policies

Changes in the fair value of debt securities measured at fair value through other comprehensive income items are reclassified from other comprehensive income items to the profit or loss upon disposal. The cumulative gain or loss previously recognised in the other comprehensive income is reclassified from fair value reserve in equity to the income statement and presented under *Net result on financial assets at fair value through other comprehensive income*. Accounting policies related to the classification of financial assets and liabilities are disclosed in Note 11 *Financial assets and liabilities*. The definition of fair value of financial assets and liabilities are described in more detail in Note 12 *Fair values of financial assets and liabilities*.

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
Capital gains from financial assets	83	-
Capital losses from financial assets	-	-122
Unrealised gains transferred from fair value reserve	728	124
Unrealised losses transferred from fair value reserve	-	-
<b>Total</b>	<b>811</b>	<b>3</b>

## Note 7. HR and administrative expenses

### Accounting policies

Item *HR and administrative expenses* includes salaries and fees, pension costs as well as other social security costs. Also, short-term employee benefits and termination benefits are included in this line item. In addition, costs related to IT, marketing and other administrative costs are presented as administrative expenses.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled in their entirety within twelve months of the financial reporting period in which the employees render the related service.

Short-term employee benefits consist of salaries, fringe benefits, annual leave and performance bonuses. The Group recognises the cost of these benefits for the period in which the employees render the related service.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. Termination benefits are based on termination of employment, not on work performance.

Post-employment benefits are paid to recipients after termination of employment. In MuniFin Group, these benefits consist of pensions. The Group's pension plans are defined contribution plans. Pension coverage has been arranged via an external pension insurance group. For defined contribution plans, the Group makes fixed payments to external pension

insurance companies. After this, the Group has no legal or actual obligation to make further payments if the pension insurance company does not have sufficient assets to pay the employees' pensions for current or preceding periods. The contributions payables are recognised as expenses in the income statement for the period to which the payments relate. The Group's remuneration system is in its entirety contribution based.

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
Personnel expenses		
Salaries and remuneration	-19,168	-17,482
Pension costs	-3,333	-3,015
Other social security expenses	-579	-388
<b>Total HR expenses</b>	<b>-23,081</b>	<b>-20,885</b>
<b>Administrative expenses</b>		
Other HR related costs	-2,333	-2,011
Marketing and communication expenses	-1,496	-1,096
IT and information expenses	-21,664	-19,131
Other administrative expenses	-830	-501
<b>HR and administrative expenses total</b>	<b>-49,403</b>	<b>-43,624</b>

	2025		2024	
	Average	End of year	Average	End of year
<b>Personnel</b>				
Permanent full-time	172	173	174	168
Permanent part-time	2	3	1	1
Fixed term	11	9	12	9
<b>Total</b>	<b>185</b>	<b>185</b>	<b>187</b>	<b>178</b>

## Note 8. Other operating expenses

### Accounting policies

Item *Other operating expenses* includes regulatory fees, short-term rental expense, external services and expenses from credit institution operations paid by the Group.

Regulatory fees include supervisory fees to Finnish Financial Supervisory Authority (*FIN-FSA*) and the European Central Bank (*ECB*) as well as administrative fees to the EU's Single Resolution Board (*SRB*) and the Finnish Financial Stability Authority. The *FIN-FSA*'s supervisory fee is based on a fixed basic fee and the total assets of the supervised entity. The supervisory fee payable to the *ECB* is determined by the significance and risk profile of the supervised entity. The Group pays an annual administrative fee to the EU's Single Resolution Board. An annual administrative fee is also paid to the Finnish Financial Stability Authority, which is determined on the same basis as the supervisory fee of *FIN-FSA*. Administrative and supervisory fees are recognised on an accrual basis.

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
Regulatory expenses		
Other administrative and supervisory fees	-3,364	-2,974
Rental expenses	-410	-313
External services	-8,306	-8,087
Credit rating fees	-910	-862
Audit fees*	-576	-735
Insurances	-817	-915
Other expenses from credit institution operations	-47	-179
<b>Total</b>	<b>-14,430</b>	<b>-14,064</b>

\* Paid fees to the auditor (*PricewaterhouseCoopers Oy*) in 2025 totalled EUR 576 thousand (EUR 455 thousand) and EUR 352 thousand (EUR 299 thousand) for other services.

Audit and other fees paid to the audit firm are specified in Note 40 of the Parent Company's Financial Statements.

## Note 9. Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income

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

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Accounting policies requiring management judgement or estimates related to expected credit losses are disclosed in Note 22 *Credit risks of financial assets and other commitments*.

### Accounting policies

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The income statement item includes the expected credit losses recognised for the financial assets classified at amortised cost and at fair value through other comprehensive income. In addition, the line item includes expected credit losses on off-balance sheet items. The Group does not have any realised credit losses.

MuniFin Group's credit risks are described in Note 2 *Risk management principles and the Group's risk position* in Section 6. *Credit and counterparty credit risk*. The accounting policies of the expected credit loss calculations and impairment stages are described in Note 22 *Credit risks of financial assets and other commitments*.

Expected credit losses	Expected credit losses			
	Jan–Dec 2025 (EUR 1,000)	Additions	Subtractions	Recognised in the income statement
<b>Expected credit losses on financial assets at amortised cost</b>				
Cash and balances with central banks	-	0	0	0
Loans and advances to credit institutions	-65	30	-36	
Loans and advances to the public and public sector entities	-1,693	798	-895	
Lease receivables in Loans and advances to the public and public sector entities*	-2	1	-1	
Debt securities	-2	1	0	
Cash collateral to CCPs in Other assets	-1	1	0	
<b>Total expected credit losses on financial assets at amortised cost</b>	<b>-1,762</b>	<b>831</b>	<b>-931</b>	
<b>Expected credit losses on other financial assets</b>				
Debt securities at fair value through other comprehensive income	-38	29	-9	
<b>Total expected credit losses on other financial assets</b>	<b>-38</b>	<b>29</b>	<b>-9</b>	
Credit commitments ( <i>off-balance sheet</i> )	-15	15	0	
<b>Total</b>	<b>-1,815</b>	<b>874</b>	<b>-941</b>	

\* Expected credit losses on lease receivables include expected credit loss on both property lease receivables and equipment leases receivables.

**Adjusted  
Expected credit losses**

Jan–Dec 2024 (EUR 1,000)

	Expected credit losses		
	Additions	Subtractions	Recognised in the income statement
<b>Expected credit losses on financial assets at amortised cost</b>			
Cash and balances with central banks	-	0	0
Loans and advances to credit institutions	-50	63	12
Loans and advances to the public and public sector entities	-1,518	1,164	-354
Lease receivables in Loans and advances to the public and public sector entities	-2	22	20
Debt securities	-1	1	0
Cash collateral to CCPs in Other assets	-1	2	1
<b>Total expected credit losses on financial assets at amortised cost</b>	<b>-1,572</b>	<b>1,252</b>	<b>-321</b>
<b>Expected credit losses on other financial assets</b>			
Debt securities at fair value through other comprehensive income	-13	10	-2
<b>Total expected credit losses on other financial assets</b>	<b>-13</b>	<b>10</b>	<b>-2</b>
Credit commitments ( <i>off-balance sheet</i> )	-14	11	-3
<b>Total</b>	<b>-1,599</b>	<b>1,273</b>	<b>-326</b>

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 *Summary of material accounting policies and corrections to previous Financial Statements*.

## Note 10. Income tax expense

### Accounting policies

The item *Income taxes* in the consolidated income statement comprises taxes that are determined based on the taxable income for the period generated by the Group companies, and changes in deferred taxes. Taxes are recognised in the income statement, with the exception of taxes related to items recognised in other comprehensive income or in equity. In this case, the tax is also recognised correspondingly in other comprehensive income or directly in equity. Taxes based on the taxable income for the period are calculated based on tax rate and legislation enacted or approved in practice by the financial statement date. This tax is adjusted for any taxes related to previous financial years.

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
Tax based on the profit for the financial year	-18,355	-18,383
Tax based on the profit for previous financial years	-	342
Deferred tax	-20,217	-14,872
<b>Total</b>	<b>-38,572</b>	<b>-32,913</b>

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
Profit before tax	192,630	165,606
Taxes at domestic tax rate	-38,526	-33,121
Other deductibles	1	14
Non-deductible expenses	-46	-40
Taxes for previous financial years	-	342
Losses of group companies	-1	-108
<b>Total</b>	<b>-38,572</b>	<b>-32,913</b>
Income tax percentage	20.0%	20.0%
Effective tax base	20.0%	19.9%

# Notes to the statement of financial position

## Note 11. Financial assets and liabilities

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

Accounting policies requiring management judgement or estimates related to the definition of fair values of financial assets and liabilities are disclosed in Note 12 *Fair values of financial assets and liabilities*.

### Accounting policies

#### Recognition and derecognition of financial assets

Financial assets are recognised on the statement of financial position on the settlement day and derecognised when the contractual right to the assets expires or when the rights have been transferred to another party. Derivatives are recognised on the trade date.

#### Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan. The newly recognised loan is classified as stage 1 for the purposes of measurement of expected credit loss, unless the Group deems that the modified loan is a credit-impaired financial asset (*Purchased or Originated Credit Impaired, POCI*). If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Accounting policies related to Forborne loans are described in more detailed level in Note 22 *Credit risks of financial assets and other commitments*.

#### Classification and measurement of financial assets

The classification of financial assets is dependent on the business model applied to managing the financial assets and the characteristics of their contractual cash flows.

Financial instruments are initially measured at fair value taking into account transaction costs that are incremental and directly attributable to the acquisition cost of the financial asset, unless the financial asset is measured at fair value through profit or loss. Trade receivables are measured at the transaction price. On initial recognition, a financial asset is classified at amortised cost (*AC*), fair value through other comprehensive income (*FVOCI*) or fair value through profit or loss (*FVTPL*). Certain financial assets, that otherwise meet the requirements to be classified at amortised cost or fair value through other comprehensive income, can be irrevocably designated to be measured at fair value through profit or loss. Financial assets are reclassified only when the business model for managing the financial assets is changed. Derivative contracts are always measured at fair value through profit or loss. Accounting policies related to definition of fair value of financial assets are described in more detail in Note 12 *Fair values of financial assets and liabilities*.

### Business model assessment

The Group has determined its business models at the level that best reflects how it manages groups of financial assets to achieve its business objective. Business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregation and it is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel.
- The risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way those risks are managed.
- How managers of the business are compensated, for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected.
- The expected frequency, value and timing of sales.

The business model assessment is based on reasonably expected scenarios without taking “worst case” or “stress case” scenarios into account. If cash flows after initial recognition are realised in a way that is different from original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

MuniFin Group has identified two different business models for managing financial assets: the first business model is based on holding financial assets and collecting contractual cash flows. The other business model is based on collecting contractual cash flows and selling financial assets.

### Solely Payment of Principal and Interest (SPPI) test

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. In the SPPI test, the contractual cash flows of the financial asset are assessed. In order to pass the SPPI test, the cash flows need to consist solely of payments of principal and interest. “Principal” for the purpose of this test is defined as the fair value of the financial asset at initial recognition and it may change over the life of the financial asset, for example if there are repayments of principal or amortization of the premium or discount. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets are required to be classified at fair value through profit or loss, if:

- they contain contractual terms that are unrelated to a basic lending agreement and
- give rise to cash flows that are not solely payments of principal and interest on the amount outstanding.

These contractual terms are required to introduce a more than de minimis exposure to risks or volatility in the contractual cash flows, in order for the financial asset to fail the SPPI test. Some of the Group's structured lending agreements do not fulfil the SPPI criteria and are thus classified mandatorily at fair value through profit or loss. As a result of the requirements in the SPPI test, there is no need to separately assess embedded derivatives as the whole instrument is classified at fair value through profit or loss. IFRS 9 does not allow for the separation of embedded derivatives from financial asset host contracts.

#### **Financial assets at amortised cost**

A financial asset is classified at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The asset is held within a business model with the objective to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets in this category are initially recognised at fair value adjusted by directly attributable transaction costs. Subsequently, these assets are measured at amortised cost using the effective interest rate method. The measurement of impairment is based on the expected credit loss model described in Note 22 *Credit risks of financial assets and other commitments*. Interest income on financial assets at amortised cost is recognised in the income statement under *Interest income at effective interest rate method*. The expected credit losses are recognised in the income statement under *Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income*.

As a rule, the Group hedges fixed rate lending and lending at long-term reference rates and applies fair value hedge accounting to these. Lending that is designated as a hedged item in a hedge relationship is measured at fair value for the risk hedged. Hedge accounting principles are described in Note 21 *Hedge accounting*.

**Financial assets at fair value through other comprehensive income**

A financial asset, that is a debt instrument, is classified at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

- The asset is held within a business model in which the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets in this category are initially recognised at fair value. Subsequent changes in fair value are recognised through other comprehensive income and are presented in *Fair value reserve* adjusted by deferred tax. The measurement of impairment is based on the expected credit loss model described in Note 22 *Credit risks of financial assets and other commitments*. Foreign exchange gains and losses on debt securities denominated in foreign currencies are recognised

in the income statement line *Net result on financial instruments at fair value through profit or loss*. Interest income on debt securities is recognised in the income statement under *Interest income at effective interest rate method*. The expected credit losses are recognised in the income statement under *Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income*.

**Financial assets measured at fair value through profit or loss**

Financial assets in this category are initially recognised at fair value. Subsequently, these assets are measured at fair value through profit or loss. The Group divides financial assets measured at fair value through profit or loss into financial assets that are designated at fair value through profit or loss and into financial assets that are measured mandatorily at fair value through profit or loss. Fair value changes are recorded in the income statement under *Net result on financial instruments at fair value through profit or loss*. Interest received on financial assets at fair value through profit or loss is recognised in the income statement under *Other interest income*.

**Financial assets designated at fair value through profit or loss**

On initial recognition, the Group can designate certain financial assets at fair value through profit or loss. This irrevocable designation is made if doing so eliminates or significantly reduces measurement or recognition inconsistencies (*accounting mismatch*) which would otherwise arise from measuring financial assets on different bases.

**Financial assets measured mandatorily at fair value through profit or loss**

If a financial asset does not pass the SPPI test, it will be measured mandatorily at fair value through profit or loss.

The following table presents the carrying amounts and fair values of financial assets at the financial year end date:

Financial assets		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
31 Dec 2025 (EUR 1,000)	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	-	-	-	-	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
<i>, of which loan receivables</i>	36,407,260	-	29,473	21,335	-	36,458,068	38,424,391
<i>, of which property lease receivables</i>	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
<b>Total</b>	<b>47,665,910</b>	<b>572,874</b>	<b>5,622,429</b>	<b>21,335</b>	<b>1,486,616</b>	<b>55,369,164</b>	<b>57,393,877</b>

**Financial assets at amortised cost**

The first business model recognised by the Group is a business model with the objective to hold assets to collect contractual cash flows. Based on the business model assessment, financial assets that are classified at amortised cost include the Group's lending portfolio consisting of short-term and long-term lending, money market deposits, reverse repurchase agreements, bank account balances and CSA collateral receivables and financing collateralised with property (*property lease receivables*). All of the aforementioned financial assets pass the SPPI test.

**Property lease receivables**

For property leases, the Group has assessed whether control of the property lease is transferred to the Group, and if the transaction is sale and leaseback, does the sale meet the criteria for sales under IFRS 15. Where the control of the property is retained by the seller of the property these are classified as financial assets under IFRS 9. All property leases are classified as financial assets. The Group does not bear any residual value risk of the leased assets. Equipment leases which the Group has granted to customers are classified as finance lease receivables and presented in Note 18 *Finance lease receivables*. The Group applies hedge accounting for property lease receivables and equipment lease receivables. More information regarding hedge accounting is disclosed in Note 21 *Hedge accounting*.

**Sustainable finance receivables**

Financial assets measured at amortised cost include sustainable finance loans granted to the Group's customers. Loans for green and social financing are granted a marginal discount at the time the loan is granted. MuniFin's green and social frameworks determine the criteria for the margin discounts. In addition, the financial assets include sustainability-linked loans granted to the Group's customers. The determination of the cash flows (*interest cash flows*) under the agreements depends on whether the customers achieve the targets of the pre-defined emission reduction path. Customers will receive a margin discount on the interest rate on the loan when they meet their emission reduction targets. The management has estimated the margin discount to be immaterial and these loans pass the SPPI test in which case the loan receivable is measured at amortised cost.

**Financial assets measured at fair value through other comprehensive income**

The other business model the Group has recognised is based on collecting contractual cash flows and selling financial assets. Based on the business model assessment, investments of the Group's liquidity portfolio are classified at fair value through other comprehensive income. The majority of the liquidity portfolio consists of fixed and floating rate debt securities and investments in commercial papers. These investments pass the SPPI test.

**Financial assets measured at fair value through profit or loss**

This group contains financial assets that are designated or mandatorily measured at fair value through profit or loss at initial recognition as well as derivative contracts.

**Financial assets designated at fair value through profit or loss**

Financial assets that the Group has designated at fair value through profit or loss include debt securities of the liquidity portfolio of which the interest rate risk is hedged with interest rate swaps. The Group has also designated currency denominated commercial paper that are hedged with currency derivatives at fair value through profit or loss. In addition, the Group designates individual lending agreements at fair value through profit or loss of which the interest rate risk is hedged with interest rate swaps.

**Financial assets measured mandatorily at fair value through profit or loss**

The Group classifies structured lending agreements which do not pass the SPPI test mandatorily at fair value through profit or loss.

Adjusted Financial assets		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
31 Dec 2024 (EUR 1,000)	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	-	-	-	-	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
<b>Total</b>	<b>46,359,510</b>	<b>377,480</b>	<b>3,706,961</b>	<b>25,036</b>	<b>2,323,708</b>	<b>52,792,695</b>	<b>54,868,333</b>

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

## Accounting policies

### Recognition and derecognition of financial liabilities

Financial liabilities are recognised when the consideration is received and are derecognised when the obligations have been fulfilled. Derivatives are recognised on the trade date.

### Derecognition due to substantial modification of terms and conditions

If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

### Classification and measurement of financial liabilities

On initial recognition, a financial liability is measured at fair value. Subsequently, these financial liabilities are measured at amortised cost or designated at fair value through profit or loss. Certain financial liabilities, that otherwise meet the requirements to be classified at amortised cost, can be irrevocably designated at fair value through profit or loss. Financial liabilities are not reclassified after initial recognition. Derivative contracts are always measured at fair value through profit or loss.

### Financial liabilities at amortised cost

Financial liabilities in this category are initially recognised at fair value adjusted by directly attributable transaction costs. Subsequently, these financial liabilities are measured at amortised cost using the effective interest rate method. Interest expense on liabilities is recognised in the income statement under *Interest expense at effective interest rate method*. If the Group hedges financial liabilities at amortised cost, fair value hedge accounting is applied. Financial liabilities subject to hedge accounting are measured at fair value for hedged risk. The principles of hedge accounting are described in Note 21 *Hedge accounting*.

### Financial liabilities at fair value through profit or loss

A financial liability is classified at fair value through profit or loss unless it is classified at amortised cost.

### Financial liabilities designated at fair value through profit or loss

On initial recognition, the Group can designate certain financial liabilities at fair value through profit or loss. This designation is made if:

- it eliminates or significantly reduces an accounting mismatch or
- financial liabilities are both managed, and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

To eliminate the accounting mismatch resulting from an economic hedge, the Group designates debt instruments at fair value through profit or loss. Debt securities issued by MuniFin can contain interest or redemption terms with economic characteristics and risks that are not closely related to the host contract. All financial liabilities containing embedded derivatives requiring separation are designated at fair value through profit or loss.

When a financial liability is designated at fair value through profit or loss, the Group separates changes in own credit risk from fair value changes. The change in own credit risk is presented in other comprehensive income in line item *Change in fair value due to changes in own credit risk on financial liabilities designated at fair value through profit or loss*. The change in fair value, except the fair value change in own credit risk is presented in line item *Net result on financial instruments at fair value through profit and loss*. The impact of the change in own credit risk on the fair value of financial liabilities is disclosed in Note 5 *Net result on financial instruments at fair value through profit and loss*. Interest expense on liabilities is recognised in the income statement under *Other interest expense*.

The following table presents the carrying amount and fair values of financial liabilities at the financial year end date:

**Financial liabilities**

**31 Dec 2025 (EUR 1,000)**

	<b>Amortised cost</b>	<b>Designated at fair value through profit or loss</b>	<b>Fair value through profit or loss</b>	<b>Total</b>	<b>Fair value</b>
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
<b>Total</b>	<b>37,493,353</b>	<b>12,400,622</b>	<b>3,368,357</b>	<b>53,262,331</b>	<b>53,280,410</b>

**Financial liabilities at amortised cost**

Financial liabilities that are classified at amortised cost include liabilities to credit institutions, liabilities to the public and public sector entities and debt securities issued. Line item *Liabilities to credit institutions* includes debt securities issued as well as cash collateral accounts. Line item *Liabilities to the public and public sector entities* includes debt securities issued to counterparties other than credit institutions. Line item *Debt securities issued* includes short-term and long-term debt securities.

**Green and social bonds**

The Group has a number of debt programmes under which long-term funding is issued. Under these programmes the Group also issues green bonds and social bonds to finance customers' sustainable finance projects according to green and social finance frameworks.

**Financial liabilities at fair value through profit or loss**

This Group includes financial liabilities that the Group designates at fair value through profit or loss at initial recognition as well as derivative contracts.

**Financial liabilities designated at fair value through profit or loss**

The Group has designated short-term debt instruments denominated in foreign currencies, which have been hedged with currency derivatives, at fair value through profit or loss. In addition, the Group has also designated certain long-term financial liabilities at fair value through profit or loss. These consist of financial liabilities, which have been hedged according to the Group's risk management policy and are designated at fair value through profit or loss in order to eliminate accounting mismatch.

**Adjusted  
Financial liabilities**

**31 Dec 2024 (EUR 1,000)**

	<b>Amortised cost</b>	<b>Designated at fair value through profit or loss</b>	<b>Fair value through profit or loss</b>	<b>Total</b>	<b>Fair value</b>
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
<b>Total</b>	<b>37,530,169</b>	<b>10,611,555</b>	<b>2,561,718</b>	<b>50,703,442</b>	<b>50,525,650</b>

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 *Summary of material accounting policies and corrections to previous Financial Statements*.

## Note 12. 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. 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 (CVC) 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. Fair value explanation process consists of a daily analysis and explanation of the changes in fair values by Risk Management. 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 counterparty valuation control, fair value explanation and independent price verification control 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.

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

The key assumptions made by the Group concern key uncertainty factors pertaining to the future and the estimates at the financial statement date which relate to the 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 Group has determined that the most relevant accounting policies requiring management judgement in the determination of fair value relate to:

- the choice of valuation parameters and modelling techniques
- determining the hierarchy level to which a financial instrument should be classified, when the valuation is dependant on a number of inputs, of which some are observable, and others unobservable.

In addition the Group has defined key estimates related to determination of fair value as following:

- judgement on which market parameters are observable
- 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.

### Accounting policies

#### Determination of fair value

Fair value is the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. 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. Observable inputs are used as widely as possible in the valuation technique and the use of unobservable inputs is minimised.

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 the assessment of credit risk, discount rates, 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 classifies fair values using a fair value hierarchy which is divided into level 1, 2 and 3 inputs, which reflects the significance of the inputs used for valuation.

#### **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**

The fair value is determined using other inputs than quoted prices included within level 1 which 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 or similar 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 these 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 uses the market approach for the valuation of investment bonds of the liquidity portfolio. Level 1 instruments mainly contain the Group's investments in debt securities. For all level 1 assets, the Group uses market prices of identical assets. 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 and 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 categorisation to the fair value

hierarchy levels is based on the analysis performed with regards to the valuation inputs, 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 is described in more detail in the 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 the 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 the following inputs:

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

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 curves of 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 default. In addition, the Group calculates a Funding Valuation Adjustment (FVA) for those derivative contracts that do not include cash collateral arrangements (derivatives with MuniFin Group's customers).

### Initial recognition

The best evidence of the fair value of a financial instrument on initial recognition is usually the transaction price. If the fair value on initial recognition differs from the transaction price and the fair value is determined based on unobservable inputs with significant impact on valuation, then the financial instrument is initially measured at fair value and adjusted by 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
Opening balance in the beginning of the reporting period	-309	-350
Recognised in the income statement during the year	41	41
Deferred gain or loss on new transactions	-	-
<b>Total at the end of the reporting period</b>	<b>-268</b>	<b>-309</b>

## Accounting policies

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 other comprehensive income.

The following table presents financial instruments at fair value categorised by fair value hierarchy level.

Financial assets 31 Dec 2025 (EUR 1,000)	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>At fair value</b>					
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
<b>Total at fair value</b>	<b>7,703,254</b>	<b>6,027,785</b>	<b>1,653,625</b>	<b>21,844</b>	<b>7,703,254</b>





Financial assets 31 Dec 2025 (EUR 1,000)	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>In fair value hedge accounting</b>					
Amortised cost					
Loans and advances to the public and public sector entities	10,335,023	-	10,760,883	-	10,760,883
<i>, of which loan receivables</i>	9,957,100	-	10,365,154	-	10,365,154
<i>, of which property lease receivables</i>	377,923	-	395,729	-	395,729
<b>Total in fair value hedge accounting</b>	<b>10,335,023</b>	<b>-</b>	<b>10,760,883</b>	<b>-</b>	<b>10,760,883</b>
<b>At amortised cost</b>					
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
<i>, of which loan receivables</i>	26,450,159	-	28,008,428	-	28,008,428
<i>, of which property lease receivables</i>	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
<b>Total at amortised cost</b>	<b>37,330,887</b>	<b>5,582,142</b>	<b>33,347,598</b>	<b>-</b>	<b>38,929,740</b>
<b>Total financial assets</b>	<b>55,369,164</b>	<b>11,609,927</b>	<b>45,762,106</b>	<b>21,844</b>	<b>57,393,877</b>

Financial liabilities 31 Dec 2025 (EUR 1,000)	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>At fair value</b>					
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
<b>Total at fair value</b>	<b>15,768,979</b>	<b>-</b>	<b>15,479,197</b>	<b>289,782</b>	<b>15,768,979</b>
<b>In fair value hedge accounting</b>					
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
<b>Total in fair value hedge accounting</b>	<b>36,282,351</b>	<b>-</b>	<b>36,111,283</b>	<b>189,147</b>	<b>36,300,429</b>
<b>At amortised cost</b>					
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
<b>Total at amortised cost</b>	<b>1,211,002</b>	<b>-</b>	<b>1,211,002</b>	<b>-</b>	<b>1,211,002</b>
<b>Total financial liabilities</b>	<b>53,262,331</b>	<b>-</b>	<b>52,801,481</b>	<b>478,929</b>	<b>53,280,410</b>

\* 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, 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			Total
		Level 1	Level 2	Level 3	
<b>At fair value</b>					
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
<b>Total at fair value</b>	<b>6,433,185</b>	<b>4,023,383</b>	<b>2,377,502</b>	<b>32,301</b>	<b>6,433,185</b>



Adjusted Financial assets 31 Dec 2024 (EUR 1,000)	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>In fair value hedge accounting</b>					
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
<b>Total in fair value hedge accounting</b>	<b>11,014,235</b>	<b>-</b>	<b>11,529,258</b>	<b>-</b>	<b>11,529,258</b>
<b>At amortised cost</b>					
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
<b>Total at amortised cost</b>	<b>35,345,275</b>	<b>7,958,205</b>	<b>28,987,166</b>	<b>-</b>	<b>36,945,371</b>
<b>Total financial assets</b>	<b>52,792,695</b>	<b>11,981,588</b>	<b>42,893,925</b>	<b>32,301</b>	<b>54,907,814</b>

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

Adjusted Financial liabilities 31 Dec 2024 (EUR 1,000)	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>At fair value</b>					
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
<b>Total at fair value</b>	<b>13,173,273</b>	<b>-</b>	<b>12,844,298</b>	<b>328,974</b>	<b>13,173,273</b>
<b>In fair value hedge accounting</b>					
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
<b>Total in fair value hedge accounting</b>	<b>35,788,709</b>	<b>-</b>	<b>35,321,502</b>	<b>289,415</b>	<b>35,610,917</b>
<b>At amortised cost</b>					
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
<b>Total at amortised cost</b>	<b>1,741,459</b>	<b>-</b>	<b>1,741,459</b>	<b>-</b>	<b>1,741,459</b>
<b>Total financial liabilities</b>	<b>50,703,442</b>	<b>-</b>	<b>49,907,260</b>	<b>618,390</b>	<b>50,525,650</b>

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 Summary of material accounting policies and corrections to previous Financial Statements.

## Accounting policies

### 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, the Group has defined a materiality (*significance*) threshold to the fair value of an instrument and pre-defined the stress level that is assessed to be a 'reasonably possible alternative assumption' to the valuation input. In addition, in order to assess the significance, the Group uses a materiality threshold for comparing the impact of the unobservable input on the fair value relative 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 in the valuation only to the extent that relevant observable inputs are not 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 hedges.

### Volatility (extrapolated or illiquid)

A financial instrument for which the fair 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 hedges.

**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. 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 where 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 hedges.

The changes in 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
<b>Loans and advances to the public and public sector entities</b>					
Loans	21,335	Stochastic model	Volatility – Extrapolated or Illiquid	0	0
<b>Derivative contracts</b>					
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
<b>Debt securities issued and Liabilities to the public and public sector entities</b>					
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	-	-
<b>Total</b>	<b>248,420</b>			<b>6,393</b>	<b>-6,423</b>

**Sensitivity analysis of significant unobservable inputs by instrument type**  
31 Dec 2024 (EUR 1,000)

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

## Accounting policies

### Transfers within the fair value hierarchy

MuniFin Group assesses the appropriateness and correctness of the fair value hierarchy classification at initial recognition and at the end of each reporting period. These assessments are done in order to determine the initial classification into level 1, 2 and 3

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 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 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
<b>Financial assets</b>									
<b>At fair value</b>									
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
<b>Financial assets in total</b>	<b>32,301</b>	<b>-14</b>	<b>-8,950</b>	<b>-</b>	<b>-</b>	<b>-1,312</b>	<b>14</b>	<b>-195</b>	<b>21,844</b>



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
<b>Financial liabilities</b>									
<b>At fair value</b>									
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
<b>In fair value hedge accounting</b>									
Amortised cost									
Debt securities issued	289,415	-9,642	-23,819	-	-	-	9,642	-76,450	189,147
<b>Financial liabilities in total</b>	<b>618,390</b>	<b>-11,226</b>	<b>528</b>	<b>5,162</b>	<b>-</b>	<b>-33,065</b>	<b>11,226</b>	<b>-112,086</b>	<b>478,929</b>
<b>Level 3 financial assets and liabilities in total</b>	<b>650,691</b>	<b>-11,240</b>	<b>-8,423</b>	<b>5,162</b>	<b>-</b>	<b>-34,376</b>	<b>11,240</b>	<b>-112,086</b>	<b>500,773</b>

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
<b>Financial assets</b>									
<b>At fair value</b>									
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
<b>Financial assets in total</b>	<b>36,699</b>	<b>478</b>	<b>-4,365</b>	<b>-</b>	<b>228</b>	<b>-261</b>	<b>-478</b>	<b>-</b>	<b>32,301</b>



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
<b>Financial liabilities</b>									
<b>At fair value</b>									
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
<b>In fair value hedge accounting</b>									
Amortised cost									
Debt securities issued	187,193	-11,498	12,213	-	101,052	-	11,498	-11,042	289,415
<b>Financial liabilities in total</b>	<b>711,757</b>	<b>-20,305</b>	<b>1,279</b>	<b>-11,863</b>	<b>102,754</b>	<b>-108,116</b>	<b>20,305</b>	<b>-77,421</b>	<b>618,390</b>
<b>Level 3 financial assets and liabilities in total</b>	<b>748,456</b>	<b>-19,827</b>	<b>-3,085</b>	<b>-11,863</b>	<b>102,982</b>	<b>-108,377</b>	<b>19,827</b>	<b>-77,421</b>	<b>650,691</b>

## Note 13. Breakdown of the Groups assets and liabilities between current and non-current items

### Accounting policies

In the following 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. 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.

Maturities for contractual undiscounted future cash flows for financial assets and liabilities are presented in Note 2 *Risk management principles and the Group's risk position*.

(EUR 1,000)	31 Dec 2025			31 Dec 2024		
	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
<b>Total assets</b>	<b>13,502,752</b>	<b>42,131,576</b>	<b>55,634,327</b>	<b>14,726,689</b>	<b>38,365,129</b>	<b>53,091,818</b>

(EUR 1,000)	31 Dec 2025			31 Dec 2024		
	Current items	Non-current items	Total	Current items	Non-current items	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
<b>Total liabilities</b>	<b>12,388,067</b>	<b>41,310,101</b>	<b>53,698,168</b>	<b>12,537,804</b>	<b>38,608,579</b>	<b>51,146,383</b>
<b>Total equity</b>			<b>1,936,160</b>			<b>1,945,435</b>
<b>Total liabilities and equity</b>			<b>55,634,327</b>			<b>53,091,818</b>

## Note 14. Offsetting financial assets and liabilities

### Accounting policies

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Cash given as collateral is included in the Consolidated statement of financial position in line *Loans and advances to credit institutions*, excluding cash given as collateral to central counterparties, which is presented in line *Other assets*. Cash received as collateral is included in the Consolidated statement of financial position in line *Liabilities to credit institutions*, excluding cash received from central counterparties, which is presented in line *Other liabilities*. Given and received cash collateral from central counterparties are disclosed in Note 24 *Other assets* and Note 30 *Other liabilities*. In addition, the Group has given debt securities as collateral to central counterparty which are disclosed in Note 34 *Collateral given*. The Group has not offset any financial assets or liabilities in its statement of financial position in 2025 or in 2024.

31 Dec 2025 (EUR 1,000)	Amounts not offset in the statement of financial position				
	Carrying amount, gross	Carrying amount, net	Received cash collateral	Given cash collateral	Net
<b>Financial assets</b>					
Derivative contracts	1,486,616	1,486,616	278,660	-	1,207,956
<b>Total</b>	<b>1,486,616</b>	<b>1,486,616</b>	<b>278,660</b>	<b>-</b>	<b>1,207,956</b>
<b>Financial liabilities</b>					
Derivative contracts	3,368,357	3,368,357	-	2,380,934	987,423
<b>Total</b>	<b>3,368,357</b>	<b>3,368,357</b>	<b>-</b>	<b>2,380,934</b>	<b>987,423</b>

31 Dec 2024 (EUR 1,000)	Amounts not offset in the statement of financial position				
	Carrying amount, gross	Carrying amount, net	Received cash collateral	Given cash collateral	Net
<b>Financial assets</b>					
Derivative contracts	2,323,708	2,323,708	975,987	-	1,347,721
<b>Total</b>	<b>2,323,708</b>	<b>2,323,708</b>	<b>975,987</b>	<b>-</b>	<b>1,347,721</b>
<b>Financial liabilities</b>					
Derivative contracts	2,561,718	2,561,718	-	1,498,108	1,063,610
<b>Total</b>	<b>2,561,718</b>	<b>2,561,718</b>	<b>-</b>	<b>1,498,108</b>	<b>1,063,610</b>

## Note 15. Cash and cash equivalents

### Accounting policies

MuniFin Group's cash and cash equivalents contain cash and balances with central bank, in addition to loans and advances to credit institutions payable on demand. Deposits and investments with maturities less than three months on the date of the acquisition can also be included in cash and cash equivalents. Items included in the measurement of impairment is based on the expected credit loss model described in Note 22 *Credit risks of financial assets and other commitments*.

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

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

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 *Summary of material accounting policies and corrections to previous Financial Statements*.

## Note 16. Loans and advances to credit institutions

### Accounting policies

Accounting policies related to financial assets are described in Notes 11 *Financial assets and liabilities* and 12 *Fair values of financial assets and liabilities*.

The accounting policies of the expected credit loss calculations and impairment stages are described in Note 22 *Credit risks of financial assets and other commitments*.

31 Dec 2025 (EUR 1,000)	Payable on demand	Other than payable on demand	Expected credit losses	Total
Central bank	-	38,207	0	38,207
Domestic credit institutions	42,018	175,798	-49	217,767
Foreign credit institutions	1,397	1,732,619	-47	1,733,970
<b>Total</b>	<b>43,415</b>	<b>1,946,624</b>	<b>-96</b>	<b>1,989,943</b>

Adjusted 31 Dec 2024 (EUR 1,000)	Payable on demand	Other than payable on demand	Expected credit losses	Total
Central bank	-	31,980	0	31,980
Domestic credit institutions	59,933	199,245	-50	259,129
Foreign credit institutions	1,561	497,066	-11	498,616
<b>Total</b>	<b>61,494</b>	<b>728,291</b>	<b>-61</b>	<b>789,724</b>

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 *Summary of material accounting policies and corrections to previous Financial Statements*.

## Note 17. Loans and advances to the public and public sector entities

### Accounting policies

Accounting policies related to financial assets are described in Notes 11 *Financial assets and liabilities* and 12 *Fair values of financial assets and liabilities*. Accounting policies related to finance lease receivables are described in Note 18 *Finance lease receivables*. The accounting policies of the expected credit loss calculations and impairment stages are described in Note 22 *Credit risks of financial assets and other commitments*.

(EUR 1,000)	31 Dec 2025		31 Dec 2024	
	Total	, of which expected credit losses	Total	, of which expected credit losses
Enterprises and housing corporations	20,564,245	-3,158	18,586,481	-2,350
Public sector entities	15,474,274	-159	14,877,043	-117
Non-profit organisations	419,550	-139	350,325	-95
Leased assets	1,624,775	-10	1,563,060	-9
<b>Total</b>	<b>38,082,843</b>	<b>-3,466</b>	<b>35,376,909</b>	<b>-2,571</b>

## Note 18. Finance lease receivables

### Accounting policies

Finance lease agreements are recognised in the statement of financial position as a finance lease receivable at an amount corresponding to the Group's net investment in the lease. Leases related to equipments, where the Group acts as the lessor, are classified as finance leases. The leases are classified as a finance lease if they transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. The Group does not bear any residual value risk of the leased assets.

The proceeds from the leases are divided into repayments and interest. Interest income is recognised over the term of the lease in a way that the remaining net investment yields the same rate of return over the period of the lease. Finance leases are presented in the statement of financial position under *Loans and advances to the public and public sector entities*. The measurement of impairment is based on the expected credit loss model described in Note 22 *Credit risks of financial assets and other commitments*. The interest income is presented in the income statement under *Other interest income*. Interest income from finance lease receivables is presented in Note 3 *Interest income and expenses* in line *Finance lease agreements*.

(EUR 1,000)	31 Dec 2025	31 Dec 2024
<b>Breakdown of finance lease receivables by maturity</b>		
0-12 months	87,961	81,777
1-2 years	46,965	68,448
2-3 years	41,310	36,908
3-4 years	26,105	31,505
4-5 years	18,707	18,581
Over 5 years	17,678	21,112
Future cashflows	238,725	258,331
Unearned finance income (-)	-14,133	-15,203
<b>Carrying amount</b>	<b>224,591</b>	<b>243,128</b>

During 2025 or 2024, there were no capital gains or losses from finance lease agreements.

## Note 19. Debt securities

### Accounting policies

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Accounting policies related to financial assets are described in Notes *11 Financial assets and liabilities* and *12 Fair values of financial assets and liabilities*. The measurement of expected credit risk is based on the expected credit loss model described in Note *22 Credit risks of financial assets and other commitments*. At the financial statement date 31 Dec 2025, the Group has given debt securities as collateral to central counterparty, in total nominal value of EUR 152,000 thousand (EUR 100,000 thousand). These are disclosed in Note *34 Collateral given*.

<b>Debt securities issued by public sector entities</b> 31 Dec 2025 (EUR 1,000)	<b>Publicly quoted</b>	<b>Other</b>	<b>Total</b>	<b>Expected credit losses</b>
<b>Amortised cost</b>	-	<b>1,669,062</b>	<b>1,669,062</b>	<b>-1</b>
Commercial papers issued by other public sector entities	-	1,669,062	1,669,062	-1
<b>Fair value through other comprehensive income</b>	<b>97,619</b>	-	<b>97,619</b>	<b>-14</b>
Bonds issued by other public sector entities	97,619	-	97,619	-14
<b>Designated at fair value through profit or loss</b>	<b>3,341,683</b>	-	<b>3,341,683</b>	-
Government bonds	509,785	-	509,785	-
Bonds issued by other public sector entities	2,831,898	-	2,831,898	-
<b>Total</b>	<b>3,439,303</b>	<b>1,669,062</b>	<b>5,108,364</b>	<b>-16</b>
<i>, of which eligible for central bank refinancing</i>	<i>3,019,417</i>	-	<i>3,019,417</i>	<i>-14</i>
<b>Debt securities issued by other than public sector entities</b> 31 Dec 2025 (EUR 1,000)	<b>Publicly quoted</b>	<b>Other</b>	<b>Total</b>	<b>Expected credit losses</b>
<b>Amortised cost</b>	-	<b>226,372</b>	<b>226,372</b>	<b>0</b>
Commercial papers	-	226,372	226,372	0
<b>Fair value through other comprehensive income</b>	<b>475,255</b>	-	<b>475,255</b>	<b>-40</b>
Bank bonds	475,255	-	475,255	-40
<b>Designated at fair value through profit or loss</b>	<b>2,251,273</b>	-	<b>2,251,273</b>	-
Bank bonds	2,251,273	-	2,251,273	-
<b>Total</b>	<b>2,726,527</b>	<b>226,372</b>	<b>2,952,900</b>	<b>-40</b>
<i>, of which eligible for central bank refinancing</i>	<i>2,364,549</i>	-	<i>2,364,549</i>	<i>-38</i>
<b>31 Dec 2025 (EUR 1,000)</b>	<b>Publicly quoted</b>	<b>Other</b>	<b>Total</b>	<b>Expected credit losses</b>
<b>Debt securities total</b>	<b>6,165,830</b>	<b>1,895,434</b>	<b>8,061,264</b>	<b>-56</b>

Debt securities issued by public sector entities 31 Dec 2024 (EUR 1,000)	Publicly quoted	Other	Total	Expected credit losses
<b>Amortised cost</b>	-	<b>1,599,849</b>	<b>1,599,849</b>	<b>-1</b>
Commercial paper issued by other public sector entities	-	1,599,849	1,599,849	-1
<b>Fair value through other comprehensive income</b>	<b>25,773</b>	-	<b>25,773</b>	<b>-1</b>
Bonds issued by other public sector entities	25,773	-	25,773	-1
<b>Designated at fair value through profit or loss</b>	<b>1,673,477</b>	-	<b>1,673,477</b>	-
Government bonds	221,193	-	221,193	-
Bonds issued by other public sector entities	1,452,284	-	1,452,284	-
<b>Total</b>	<b>1,699,250</b>	<b>1,599,849</b>	<b>3,299,099</b>	<b>-2</b>
<i>, of which eligible for central bank refinancing</i>	<i>1,524,558</i>	<i>-</i>	<i>1,524,558</i>	<i>-1</i>
<b>Debt securities issued by other than public sector entities</b>				
<b>31 Dec 2024 (EUR 1,000)</b>	<b>Publicly quoted</b>	<b>Other</b>	<b>Total</b>	<b>Expected credit losses</b>
<b>Amortised cost</b>	-	<b>225,562</b>	<b>225,562</b>	<b>0</b>
Commercial papers	-	225,562	225,562	0
<b>Fair value through other comprehensive income</b>	<b>351,707</b>	-	<b>351,707</b>	<b>-44</b>
Bank bonds	351,707	-	351,707	-44
<b>Designated at fair value through profit or loss</b>	<b>2,002,544</b>	-	<b>2,002,544</b>	-
Bank bonds	2,002,544	-	2,002,544	-
<b>Total</b>	<b>2,354,251</b>	<b>225,562</b>	<b>2,579,813</b>	<b>-44</b>
<i>, of which eligible for central bank refinancing</i>	<i>2,075,542</i>	<i>-</i>	<i>2,075,542</i>	<i>-42</i>
<b>31 Dec 2024 (EUR 1,000)</b>				
<b>Debt securities total</b>	<b>4,053,501</b>	<b>1,825,411</b>	<b>5,878,912</b>	<b>-46</b>

## Note 20. Derivative contracts

### Accounting policies

The Group measures all derivative contracts at fair value. Derivatives with a positive fair value are recognised as assets in the statement of financial position in line item *Derivative contracts*. Derivatives with a negative fair value are recognised as liabilities in the statement of financial position in line item *Derivative contracts*. Changes in fair value are recognised in the income statement line item *Net result on financial instruments at fair value through profit or loss* with the exception of the proportion of interest on derivative contracts, which is recognised in the net interest income.

MuniFin Group uses central counterparties (CCPs) in the clearing of standard over-the-counter (OTC) derivative contracts, as required by the European Markets Infrastructure Regulation (EMIR). In this model, at the end of a clearing process, a CCP becomes the counterparty to each cleared trade. The purpose of CCP clearing is to reduce counterparty risk. Two global banks provide clearing broker services to the Group. The variation margin of the derivatives with the CCPs is based on the daily margining of the cash collateral (*Collateralised-to-Market, CTM*). MuniFin Group uses in central counterparty clearing also investment securities as collaterals when changing the initial margin. Given and received cash collateral from central counterparties are presented in line items *Other assets* and *Other liabilities*. Given and received cash collateral from bank counterparties are presented in line items *Loans and advances to credit institutions* and *Liabilities to credit institutions*. Received and paid interest on cash collaterals are recorded in the *Net interest income*.

Accounting policies related to financial assets and liabilities are described in Note 11 *Financial assets and liabilities*. For more information about the calculation of fair value and accounting policies related to management judgment, see Note 12 *Fair values of financial assets and liabilities*. Principles for hedge accounting that the Group applies is presented in Note 21 *Hedge Accounting*.

31 Dec 2025 (EUR 1,000)	Nominal value of underlying instrument				Fair value	
	Less than 1 year	Remaining maturity		Total	Positive	Negative
		1–5 years	Over 5 years			
<b>Derivative contracts in hedge accounting</b>						
Interest rate derivatives						
Interest rate swaps	3,220,780	18,769,216	16,068,885	38,058,880	883,575	-1,166,959
<i>, of which cleared by the central counterparty</i>	3,185,280	18,752,851	15,435,987	37,374,118	854,731	-1,143,740
Currency derivatives						
Cross currency interest rate swaps	3,297,394	12,388,102	754,571	16,440,067	319,697	-841,992
<b>Total derivative contracts in hedge accounting</b>	<b>6,518,174</b>	<b>31,157,318</b>	<b>16,823,456</b>	<b>54,498,947</b>	<b>1,203,273</b>	<b>-2,008,951</b>
<b>Derivative contracts at fair value through profit or loss</b>						
Interest rate derivatives						
Interest rate swaps	9,840,177	12,067,683	5,567,231	27,475,091	231,688	-1,050,133
<i>, of which cleared by the central counterparty</i>	8,301,061	9,141,785	2,464,314	19,907,159	139,170	-82,217
Currency derivatives						
Cross currency interest rate swaps	1,245,445	3,244,298	47,622	4,537,365	47,598	-290,276
Forward exchange contracts	3,337,001	-	-	3,337,001	4,056	-18,997
Equity derivatives	-	-	-	-	-	-
<b>Total derivative contracts at fair value through profit or loss</b>	<b>14,422,624</b>	<b>15,311,981</b>	<b>5,614,853</b>	<b>35,349,458</b>	<b>283,343</b>	<b>-1,359,406</b>
<b>Total derivative contracts</b>	<b>20,940,798</b>	<b>46,469,298</b>	<b>22,438,309</b>	<b>89,848,405</b>	<b>1,486,616</b>	<b>-3,368,357</b>

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	
	Less than 1 year	Remaining maturity		Total	Positive	Negative
		1–5 years	Over 5 years			
<b>Derivative contracts in hedge accounting</b>						
Interest rate derivatives						
Interest rate swaps	2,227,956	15,950,911	18,107,614	36,286,482	987,920	-1,262,963
<i>, of which cleared by the central counterparty</i>	<i>2,128,956</i>	<i>15,899,304</i>	<i>17,428,936</i>	<i>35,457,197</i>	<i>963,973</i>	<i>-1,250,839</i>
Currency derivatives						
Cross currency interest rate swaps	3,250,510	13,479,274	369,119	17,098,903	884,308	-224,818
<b>Total derivative contracts in hedge accounting</b>	<b>5,478,466</b>	<b>29,430,185</b>	<b>18,476,733</b>	<b>53,385,385</b>	<b>1,872,228</b>	<b>-1,487,782</b>
<b>Derivative contracts at fair value through profit or loss</b>						
Interest rate derivatives						
Interest rate swaps	8,364,980	9,253,147	4,885,876	22,504,004	224,609	-800,655
<i>, of which cleared by the central counterparty</i>	<i>6,584,200</i>	<i>6,806,285</i>	<i>1,909,901</i>	<i>15,300,387</i>	<i>119,869</i>	<i>-122,927</i>
Currency derivatives						
Cross currency interest rate swaps	1,107,136	2,491,716	64,207	3,663,059	95,498	-265,805
Forward exchange contracts	2,840,260	-	-	2,840,260	131,373	-761
Equity derivatives	12,572	-	-	12,572	-	-6,715
<b>Total derivative contracts at fair value through profit or loss</b>	<b>12,324,948</b>	<b>11,744,863</b>	<b>4,950,083</b>	<b>29,019,895</b>	<b>451,480</b>	<b>-1,073,936</b>
<b>Total derivative contracts</b>	<b>17,803,414</b>	<b>41,175,049</b>	<b>23,426,816</b>	<b>82,405,280</b>	<b>2,323,708</b>	<b>-2,561,718</b>

## Note 21. Hedge accounting

### Accounting policies

The interest rate and foreign exchange rate risk of the Group are managed by entering into derivative transactions. According to the Market Risk Policy the Group's hedging strategy is to mainly 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 rate and long-term reference rates are swapped to floating interest rates with shorter terms.

MuniFin Group applies fair value hedge accounting to:

- Financial assets and liabilities and lease agreements denominated in euros, where the plain-vanilla interest rate of the hedged item has been swapped to a floating rate using derivatives.
- Foreign currency denominated financial liabilities with fixed interest rates, which have been hedged by exchanging the principal into euros and the interest rate into a floating rate.

The Group applies fair value hedge accounting according to IFRS 9 (*one-to-one hedging or group of items hedging*) and according to IAS 39 (*portfolio hedge accounting*). The Group does not apply cash flow hedge accounting. The Group has documented the hedge relationships within hedge accounting, and they comply with the Group's risk management objectives and strategy.

### Fair value hedge accounting

Portfolio hedge accounting according to IAS 39 is applied to lending receivables at fixed and long-term reference rates.

For financial assets, the Group applies fair value hedge accounting in accordance with IAS 39 portfolio hedge accounting to lending at fixed rates and long-term reference rates. The hedged risk is interest rate risk. The customer marginal of the lending agreement is not part of the hedge relationship. The negative reference rates are taken into account as part of the eliminated margin. Lending is hedged as a portfolio, as such the hedged item consists of several

lending agreements. The lending agreements are grouped and hedged by pricing and re-fixing dates. The interest rates and payment dates of the interest rate derivatives hedging the lending agreements contained in the portfolio are defined so that the notionals and cash flows match the terms of the lending agreements of the hedged item. Therefore, the fair value changes of the hedging instrument are assumed to offset those of the lending agreements. The effectiveness of the hedge relationship is expected to be effective throughout the hedged period, until maturity. As the portfolio consists of several hedges and lending agreements, prospective effectiveness testing is performed for each new group of hedged items and for the entire portfolio at the inception of each new hedge. Prospective effectiveness testing is performed as a sensitivity analysis and by reviewing the notionals of the hedges and hedged items by maturity bucket. The Group performs retrospective effectiveness testing using regression analysis on fair value changes.

One-to-one fair value hedge accounting according to IFRS 9 is applied to:

- Fixed rate funding and zero-coupon funding denominated in euros. The hedged item for euro denominated funding is interest rate risk.
- Fixed rate funding and zero-coupon funding denominated in foreign currencies.
- Structured lending, which passes the SPPI test.

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 through the other comprehensive income under *Net change in Cost-of-Hedging to the Cost-of-Hedging reserve*. Thus, changes in cross currency basis spreads will impact other comprehensive income and not create ineffectiveness in the hedge relationship.

For financial liabilities, the hedged item is at amortised cost, excluding the portion of hedged interest rate risk, which is subject to fair value hedge accounting. The credit risk of the Group is not included in the hedging relationship. For each financial liability in fair value hedge accounting, the Group determines the credit spread of each trade at inception. The credit spread corresponds to the margin, which needs to be added to the discount curve in order for the fair value at inception to match the issue price. The credit spread is held constant throughout the hedge relationship and based on its present value, the fair value of the financial liability with respect to the hedged risk can be calculated. The change in the value of the hedged risk is recognised as an adjustment to the carrying amount of the hedged item in the income statement under item *Net result on financial instruments at fair value through profit or loss*. Ineffectiveness between the hedged item and the designated portion of the hedge are recorded in the income statement. Separating the credit risk from the fair value is a requirement for applying hedge accounting only on interest rate and foreign exchange rate risks. The Group uses interest rate swaps and cross currency interest rate swaps as hedging instruments.

Fair value hedge accounting is applied to structured lending, which passes the SPPI test and is thus at amortised cost and which has been hedged 1:1 with interest rate swaps. The customer marginal of the lending agreement is not part of the hedge relationship.

Both funding and structured lending are hedged with hedging instruments with terms that match the hedged item. The hedge ratio between the hedged item and hedging instrument is 1:1. As a result, it is expected that the fair value changes of the derivative offset the fair value changes of the hedged item related to the hedged risk. Prospective effectiveness testing has been performed by verifying that the critical terms match. Ineffectiveness is introduced into the hedge relationship due to the differences in the interest rate curves used in valuing the hedged item and hedging instrument. In addition, ineffectiveness could be created if the critical terms would differ or if the credit risk of the derivative would increase. The Group has CSA collateral agreements with its derivative counterparties to mitigate the counterparty credit risk related to derivatives. The effectiveness of all hedge relationships is verified at inception of the hedge relationship and regularly after that on a quarterly basis.

Group of items fair value hedge accounting according to IFRS 9 is applied to property and equipment lease receivables at fixed and long-term reference rates.

Due to the size of the agreements, several lease agreements are hedged with one interest rate derivative. The terms of the derivative match the combined terms of the hedged agreements. The customer marginal of the finance lease agreement or that of the property lease is not part of the hedge relationship. The principles of fair value hedge accounting applied to lease agreements resemble those presented above to a large extent. Due to the way the agreements are hedged, the prospective effectiveness testing is performed using sensitivity analysis. In the analysis the fair value change of the hedged item and hedging instrument is simulated by shifting the interest rate curves.

Changes in fair value of hedged items and the derivatives hedging them, and the ineffective portion of the hedging relationship are recognised in the income statement line item *Net result on financial instruments at fair value through profit or loss*. In the same line item foreign exchange differences of derivatives and hedged items are presented. The interest received and paid on derivative contracts that hedge liabilities is recognised as an adjustment to *Interest expense at effective interest rate method* or if a derivative contract is hedging an asset, it is recognised as an adjustment to *Interest income at effective interest rate method of hedged assets*.

The carrying amounts of assets and liabilities in hedge accounting are presented in Note 11 *Financial assets and liabilities*. Accounting policies requiring management judgement and estimates related to definition of fair values of financial assets and liabilities are disclosed in Note 12 *Fair values of financial assets and liabilities* except hedged risk within the scope of hedge accounting which are described in this Note. Hedging principles related to the Group's market risk are described in Note 2 *Risk management principles and the Group's risk position*.

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
<b>Assets</b>					
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	-
<b>Total assets</b>	<b>10,922,208</b>	<b>10,368,407</b>	<b>9,901,678</b>	<b>466,729</b>	<b>-</b>
<b>Liabilities</b>					
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
<b>Total liabilities</b>	<b>36,888,233</b>	<b>36,282,351</b>	<b>-</b>	<b>19,591,704</b>	<b>16,690,646</b>

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
<b>Assets</b>					
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	-
<b>Total assets</b>	<b>11,631,544</b>	<b>11,057,166</b>	<b>10,573,458</b>	<b>483,708</b>	<b>-</b>
<b>Liabilities</b>					
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
<b>Total liabilities</b>	<b>36,617,446</b>	<b>35,788,709</b>	<b>-</b>	<b>18,813,149</b>	<b>16,975,560</b>

## Accounting policies

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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 the timing of cash flows. The Group regularly performs an 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.

The figures presented in the following table contain the cumulative fair value change at the beginning and end of the financial year, in addition to the fair value change of the hedged risk and the hedging instrument during the financial year. 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.

Value of hedged risk (EUR 1,000)	31 Dec 2025	1 Jan 2025	Recognised in the income statement Jan–Dec 2025	31 Dec 2024	1 Jan 2024	Recognised in the income statement Jan–Dec 2024
<b>Assets</b>						
IAS 39 portfolio hedge accounting						
Loans and advances to the public and public sector entities	-576,717	-604,957	28,241	-604,957	-907,319	302,362
Derivative contracts in hedge accounting	615,184	658,479	-43,296	658,479	969,754	-311,275
Accumulated fair value accrual from the termination of hedge accounting	-6,107	-1,411	-4,696	-1,411	-1,652	240
<b>IAS 39 portfolio hedge accounting, net</b>	<b>32,360</b>	<b>52,111</b>	<b>-19,751</b>	<b>52,111</b>	<b>60,783</b>	<b>-8,672</b>
IFRS 9 fair value hedge accounting						
Loans and advances to the public and public sector entities	-11,358	-2,213	-9,145	-2,213	-10,422	8,209
<i>, of which loans</i>	-1,093	2,214	-3,306	2,214	1,829	385
<i>, of which property and finance lease receivables</i>	-10,265	-4,427	-5,839	-4,427	-12,251	7,825
Derivative contracts in hedge accounting	9,312	828	8,484	828	9,060	-8,232
<b>IFRS 9 fair value hedge accounting, net</b>	<b>-2,046</b>	<b>-1,385</b>	<b>-661</b>	<b>-1,385</b>	<b>-1,362</b>	<b>-23</b>
<b>Liabilities</b>						
IFRS 9 fair value hedge accounting						
Liabilities to credit institutions	13,555	7,357	6,198	7,357	8,111	-754
Liabilities to the public and public sector entities	39,688	-7,263	46,951	-7,263	4,425	-11,688
Debt securities issued	761,349	901,690	-140,341	901,690	1,407,537	-505,847
Derivative contracts in hedge accounting	-825,392	-927,435	102,043	-927,435	-1,442,656	515,221
<b>IFRS 9 fair value hedge accounting, net</b>	<b>-10,800</b>	<b>-25,651</b>	<b>14,851</b>	<b>-25,651</b>	<b>-22,583</b>	<b>-3,068</b>
Realised income	4,770	-	4,770			
<b>Total hedge accounting</b>	<b>24,284</b>	<b>25,075</b>	<b>-790</b>	<b>25,075</b>	<b>36,838</b>	<b>-11,763</b>

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

The following table presents the impact of Cost-of-Hedging of cross currency derivatives on equity in the Cost-of-Hedging reserve. The figures are presented net of deferred taxes.

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
<b>Total</b>	<b>18,679</b>	<b>45,714</b>	<b>-27,035</b>

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
<b>Total</b>	<b>45,714</b>	<b>21,821</b>	<b>23,892</b>

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
<b>Assets</b>				
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
<b>Assets total</b>		<b>-588,075</b>	<b>624,496</b>	<b>36,421</b>
<b>Liabilities</b>				
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
<b>Liabilities total</b>		<b>814,592</b>	<b>-825,392</b>	<b>-10,800</b>

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

**Gains/losses attributable to the hedged risk**

Hedged item	Hedging instruments	Hedged items	Hedging instruments	Hedge ineffectiveness
<b>Assets</b>				
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
<b>Assets total</b>		<b>-607,170</b>	<b>659,307</b>	<b>52,137</b>
<b>Liabilities</b>				
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
<b>Liabilities total</b>		<b>901,784</b>	<b>-927,435</b>	<b>-25,651</b>

## Note 22. Credit risks of financial assets and other commitments

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

In preparing the Financial Statements under IFRS accounting standards, the Group's 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 estimates made by the Group concern key uncertainty factors pertaining to the future and the estimates at the financial statement date which relate to, among other things, to the determination of expected credit losses.

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, with 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 in which can result in different levels of allowances.

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

- The Group's criteria for assessing if there has been a significant increase in credit risk.
- 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*).
- Selection of forward-looking macroeconomic scenarios.

The most significant estimates are:

- Estimates on macroeconomic variables.

### Accounting policies

The impairment requirements are based on a three-stage approach to measure expected credit losses (*ECL*). Financial assets classified at amortised cost or fair value through other comprehensive income are in scope for recognising expected credit loss under the IFRS 9 standard. Also finance lease receivables and off-balance sheet binding loan commitments are in scope of expected credit loss due to their credit risk. Impairment of financial assets is calculated based on the credit loss expected to arise over a 12-month period, unless there has been a significant increase in credit risk since origination, in which case, the allowance is calculated based on the expected credit losses over the life of the asset. Both lifetime and 12-months expected credit losses are calculated on an individual basis. Collective assessment may be used to determine a possible management overlay provision.

### Measurement of ECL

The assets in the scope of the expected credit loss impairment model are classified into three stages.

- Stage 1 includes assets with no significant increase in credit risk.
- Stage 2 includes assets with significantly increased credit risk since origination.
- Stage 3 includes assets that are credit impaired and thus fulfil the definition of default.

Default is defined as a situation where the obligor is more than 90 days-past-due or the obligor is considered unlikely to pay its credit obligations for example due to the obligor's bankruptcy or distressed restructuring. The definition of default is in line with the Group's capital adequacy calculations and risk management as well as with that required by international regulators (European Banking Authority's (EBA) guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013: EBA/GL/2016/07 and EBA/RTS/2016/06).

The provision for stage 1 is equivalent to the credit loss expected for 12 months. For stages 2 and 3, the provision is equivalent to the expected credit losses for the entire lifetime. The Group calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls. The net present value of the contractual cash flows of the exposure are compared to the sum of the net present value of expected future cash flows. If the contractual cash flows are higher than the expected future cash flows, the difference is recognised as an expected credit loss. The expected future cash flows are discounted with the effective interest rate (EIR). The fair value of collateral and received guarantees are taken into account when calculating expected future cash flows.

The key elements of ECL calculations are as follows:

PD: The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the exposure has not been previously derecognised and is still in the portfolio. The PD used in stage transition is defined on a client level. The PD used to calculate the exposure's expected credit loss takes also into account the guarantees received, so that the Finnish government PD is applied in the ECL calculation instead.

EAD: The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including prepayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD: The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including cash flows from the realisation of any collateral.

When estimating the ECL, the Group considers three scenarios. Each of these is associated with different PDs, EADs and LGDs. When relevant, the Group's assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Impairment losses and their reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying amount.

The accounting principles of ECL are summarised below:

- Stage 1: If there has been no significant increase in credit risk since initial recognition, the provision for exposures is based on the 12-month expected loss. The 12-month ECL is calculated as the portion of the lifetime ECL that represents the ECL that results from default events on a financial instrument which are possible within the 12 months after the reporting date. The Group calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an EIR.
- Stage 2: When the exposure has shown a significant increase in credit risk since origination but is not credit-impaired, the Group records a provision for lifetime expected credit losses. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by their EIR.

- Stage 3: For assets considered credit-impaired, the Group recognises lifetime expected credit losses. For these exposures interest revenue is calculated by applying the EIR to the amortised cost (net of provision).
- Purchased or originated credit impaired assets (*POCI*) are financial assets that are credit-impaired on initial recognition.
- Loan commitments: When estimating ECL for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then calculated based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR of the loan.

### Significant increase in credit risk

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition on an individual basis by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. If one of the following factors indicates that credit risk has increased significantly, the instrument is transferred from stage 1 to stage 2:

- Thresholds for a significant increase in credit risk compared to the initial stage: a threefold (200%) increase in lifetime probability of default compared to the initial, and a single point in time (*PiT*) probability of default of a financial instrument for the year in question is greater than 0.3%.
- Additional qualitative factors, such as forbearance on a financial asset or watch list of counterparties.
- Financial assets with repayments that are more than 30 days past due.

Movements between stage 2 and stage 3 are based on whether a financial asset is credit-impaired due to the change in credit risk. A financial asset is impaired if there is objective evidence of the impairment. An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination after a probation period and after fulfilment of certain criteria, then the calculation basis for ECL reverts from lifetime ECL to 12-month ECL. Transition from stage 1 to stages 2 and 3, and from stage 2 to stage 3 are immediate. Transition from stage 2 to stage 1 and from stage 3 to stage 2 requires that the criteria for transition must be met for six months before transition (*probation period*).

In the measurement of expected credit losses, the Group includes forward-looking information and macroeconomic scenarios in the model. The scenarios are the same as those used in the Group's annual financial planning and stress testing. The macroeconomic projections cover a three-year period 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 also include probability weights. The ECL model consists of the following macroeconomic variables for Finnish counterparties of financial assets; Finnish government long-term rates, the development of residential housing prices and unemployment rate. The projections are included in the macroeconomic scenarios. For non-Finnish financial assets, stress test scenarios published by the European Central Bank are used.

### Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are recognised in the income statement with a corresponding charge to the statement of financial position as follows:

- Financial assets classified at amortised cost: as a deduction from the gross carrying amount of the assets.
- Debt instruments classified at FVOCI: no loss allowance is recognised as a deduction from the gross carrying amount of the assets in the statement of financial position because the carrying amount of these assets is at fair value. However, the loss allowance is recognised through the other comprehensive income in the fair value reserve. The accumulated loss recognised in the fair value reserve is recycled through OCI to the income statement upon derecognition of the financial assets.
- Finance lease receivables: as a deduction from the gross carrying amount of the assets.
- Binding loan commitments: recognised in *Other liabilities*.

### Write-off

Financial assets are written off, either partially or in full, when the Group has no reasonable expectations of recovering the financial asset. This is generally the case when the Group determines that the borrower or guarantor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to impairment. The Group's credit risks and credit risk management are further discussed in Note 2 *Risk management principles and the Group's risk position*. If the amount to be written off is greater than the accumulated loss allowance of the expected credit losses, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of the amounts due. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

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

Exposures by asset groups and impairment stages	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3*		Gross carrying amount	Expected credit losses
	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL		
<b>31 Dec 2025 (EUR 1,000)</b>								
Cash and balances with central banks at amortised cost	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
Lease receivables 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 ( <i>off-balance sheet</i> )	2,333,463	-13	97,195	-5	-	-	2,430,658	-19
<b>Total</b>	<b>48,147,625</b>	<b>-333</b>	<b>2,295,941</b>	<b>-2,654</b>	<b>454,036</b>	<b>-655</b>	<b>50,897,602</b>	<b>-3,642</b>

\* The Group has collateral and guarantee arrangements that fully cover the stage 3 receivables as described in Note 2 *Risk management principles and the Group's risk position* in Section 6. *Credit and counterparty 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	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3		Gross carrying amount	Expected credit losses
	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL		
<b>31 Dec 2024 (EUR 1,000)</b>								
Cash and balances with central banks at amortised cost	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
Lease receivables 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 ( <i>off-balance sheet</i> )	2,864,012	-16	71,219	-2	-	-	2,935,231	-18
<b>Total</b>	<b>47,466,014</b>	<b>-280</b>	<b>2,160,266</b>	<b>-2,105</b>	<b>291,705</b>	<b>-316</b>	<b>49,917,986</b>	<b>-2,701</b>

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 *Summary of material 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 (EUR 1,000)	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
<b>Opening balance 1 Jan 2025</b>	<b>-280</b>	<b>-2,105</b>	<b>-316</b>	<b>-2,701</b>
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
<i>Additional provision (Management overlay)</i>	-	-242	-	-242
Changes to models and inputs* used for ECL calculations	-5	-7	-1	-14
<b>Total 31 Dec 2025</b>	<b>-333</b>	<b>-2,654</b>	<b>-655</b>	<b>-3,642</b>

\* 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 level 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 level 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 (EUR 1,000)	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
<b>Opening balance 1 Jan 2024</b>	<b>-267</b>	<b>-1,894</b>	<b>-214</b>	<b>-2,375</b>
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 ( <i>Management overlay</i> )	-	625	-	625
Changes to models and inputs used for ECL calculations	-16	-1,070	-35	-1,122
<b>Total 31 Dec 2024</b>	<b>-280</b>	<b>-2,105</b>	<b>-316</b>	<b>-2,701</b>

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**

(EUR 1,000)

	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
<b>Opening balance 1 Jan 2025</b>	<b>-142</b>	<b>-2,103</b>	<b>-316</b>	<b>-2,561</b>
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 ( <i>Management overlay</i> )	-	-242	-	-242
Changes to models and inputs used for ECL calculations	-4	-7	-1	-13
<b>Total 31 Dec 2025</b>	<b>-153</b>	<b>-2,648</b>	<b>-655</b>	<b>-3,456</b>

Expected credit losses on Loans and advances to the public and public sector entities at amortised cost by impairment stages

(EUR 1,000)

Opening balance 1 Jan 2024

	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
<b>Opening balance 1 Jan 2024</b>	<b>-122</b>	<b>-1,872</b>	<b>-214</b>	<b>-2,207</b>
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 ( <i>Management overlay</i> )	-	625	-	625
Changes to models and inputs used for ECL calculations	-13	-1,070	-35	-1,119
<b>Total 31 Dec 2024</b>	<b>-142</b>	<b>-2,103</b>	<b>-316</b>	<b>-2,561</b>

### 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 described in the adjacent table.

Scenario	31 Dec 2025			31 Dec 2024		
	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.

Macroeconomic variables	Scenario	31 Dec 2025			31 Dec 2024		
		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 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			31 Dec 2024		
	Weighted scenario	Adverse scenario (100%)	Excluding weighted scenario	Weighted scenario	Adverse scenario (100%)	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*).

## Accounting policies

### 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. Accounting policies related to derecognition due to substantial modification of terms and conditions is described in Note 11 *Financial asset and liabilities*.

### 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
<b>Total</b>	<b>407,413</b>	<b>454,038</b>	<b>861,451</b>	<b>-854</b>	<b>860,597</b>

In 2025, loan forbearance measures were granted particularly to customers in the housing and real estate 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 the Group's customers or receivables.

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
<b>Total</b>	<b>430,479</b>	<b>291,705</b>	<b>722,184</b>	<b>-573</b>	<b>721,610</b>

### Realised credit losses

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

## Note 23. Intangible and tangible assets

### Accounting policies

#### Intangible assets

An intangible asset is recognised in the statement of financial position only if it fulfils the criteria for intangible assets that is for example that the Group has the control over the asset, and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the acquisition cost can be measured reliably. The initial measurement is at cost. The acquisition cost includes all costs that are directly attributable to preparing the asset for its intended use, including internal personnel costs. The recognised intangible asset does not include costs of using the asset, staff training expenses or administration and other overhead costs.

After initial recognition, an intangible asset is recognised at its cost less accumulated depreciation and impairment. Intangible assets are depreciated on a straight-line basis over 3–8 years depending on the useful life of the asset. Depreciation begins when the asset is available for use. At each reporting date, all intangible assets are reviewed for indications of impairment and change in their useful lives. An intangible asset that is not yet available for use is tested for impairment at least annually. Impairment testing is performed more frequently if required due to any indication of impairment. The impairment charge is the difference between the carrying amount and the recoverable amount of the intangible asset. The recoverable amount is determined for the cash generating unit to which the asset belongs to. A cash-generating unit is the smallest identifiable group of assets whose cash flows are

largely independent of the cash inflows from other asset groups. As MuniFin's operations are treated as a single segment and the operations cannot be divided into smaller, fully independent cash-generating units, the impairment is determined by considering MuniFin as a single cash-generating unit. Depreciation and possible impairment is presented in the income statement line item *Depreciation on tangible and intangible assets*.

#### Cloud computing arrangement

In cloud computing arrangements, such as software as a service (SaaS) arrangement, the cloud vendor has the control over the asset and thus cloud computing arrangements cannot be recognised as an intangible asset in the Group's statement of financial position. However, the implementation costs of the cloud computing arrangement may be recorded in the statement of financial position as a prepaid asset under *Accrued income and prepayments* and amortised as an expense over the period of the access to the software, but only if the implementation costs consist of costs paid to the cloud vendor which are not distinct from the access to the software. The implementation costs are not distinct when the implementation service could only be performed by the cloud vendor, for example when the cloud vendor agrees to customise the software by modifying the existing software code or writing new code. All other expenses such as internal personnel costs, external project management costs etc. are to be recognised as expenses when incurred.

<b>Intangible assets (EUR 1,000)</b>	<b>31 Dec 2025</b>	<b>31 Dec 2024</b>
IT systems	836	2,720
<i>, of which assets not yet available for use</i>	106	-
<b>Total</b>	<b>836</b>	<b>2,720</b>

The intangible assets not yet available for use consist of ongoing development projects of IT systems. During the financial year, depreciation of intangible assets amounted to EUR 1,989 thousand (EUR 3,830 thousand).

## Accounting policies

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### Tangible assets

Tangible assets are recognised in the statement of financial position at historical cost, net of accumulated depreciation and impairment.

Right-of-use assets are initially measured at cost which is the amount equal to lease liability. Right-of-use assets are presented under Tangible assets. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The right-of-use assets the Group has leased consist of various items such as office space, cars, storage units and parking facilities. The lease terms are negotiated on an individual basis. At each reporting date, MuniFin Group assesses whether there is any indication that the right-of-use assets may be impaired based on either internal or external sources of information. Typically, a company's decision to sub-let or vacate leased property indicates that the right-of-use asset may be impaired. If impairment indicators exist, then MuniFin Group performs impairment test and determines the level at which it carries out impairment testing – i.e., at the asset or cash-generating unit level.

Assets are depreciated on a straight-line basis over their estimated useful lives.

The estimated useful lives are:

Office renovation costs: the lease term

Buildings: 25 years

Machinery and equipment: 5 years

IT equipment: 4 years

The assets' residual values and useful lives are reviewed at each financial statement date and, if necessary, adjusted to reflect the changes in the expected economic benefit. The Group assesses at each reporting date whether there is any evidence of the tangible assets being impaired. If evidence of impairment is identified, the recoverable amount is assessed for the given assets. If the carrying amount of an asset item is greater than the recoverable amount, an impairment loss is recognised in the income statement line item *Depreciation on tangible and intangible assets*.

**Tangible assets**  
**(EUR 1,000)**

	<b>31 Dec 2025</b>	<b>31 Dec 2024</b>
Right-of-use assets	6,472	7,548
Other tangible assets	2,468	688
<b>Total</b>	<b>8,941</b>	<b>8,236</b>

During the financial year, depreciation of tangible assets amounted to EUR 1,986 thousand (EUR 2,201 thousand).

Jan–Dec 2025 (EUR 1,000)	Intangible assets		Tangible assets	
	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
<b>Carrying amount 31 Dec</b>	<b>836</b>	<b>2,468</b>	<b>6,472</b>	<b>8,941</b>

Jan–Dec 2024 (EUR 1,000)	Intangible assets		Tangible assets	
	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
<b>Carrying amount 31 Dec</b>	<b>2,720</b>	<b>688</b>	<b>7,548</b>	<b>8,236</b>

## Note 24. Other assets

### Accounting policies

Line item *Other assets* includes mainly derivative contract related cash collateral that is given to CCPs and invoiced leasing payments. Cash collateral related to derivative contracts are treated as financial instruments and accounting policies related to these are disclosed in Notes 11 *Financial assets and liabilities* and 12 *Fair values of financial assets and liabilities*. Cash collateral received is in the scope of measurement of impairment. The measurement of impairment is based on the expected credit loss model described in Note 22 *Credit risks of financial assets and other commitments*. The Group did not have receivables related to payment transfers as at 31 Dec 2025 or at 31 Dec 2024.

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Invoiced leasing payments	24,115	23,305
Derivative contract related cash collateral that is given to CCPs	803,833	889,682
Other	3,536	2,925
<b>Total</b>	<b>831,484</b>	<b>915,913</b>

## Note 25. Accrued income and prepayments

### Accounting policies

Item *Accrued income and prepayments* includes accrued income and prepayments related to the operational activity of the Group.

(EUR 1,000)	31 Dec 2025	Adjusted 31 Dec 2024
Accrued income and prepayments	3,077	2,220
<b>Total</b>	<b>3,077</b>	<b>2,220</b>

During the financial year, the Group has corrected the presentation current tax assets and liabilities. Comparative figures have been corrected accordingly. More detailed information about the change in presentation can be found in Note 1 *Summary of material accounting policies and corrections to previous Financial Statements*.

## Note 26. Deferred tax

### Accounting policy

Deferred taxes are recognised for temporary differences between the assets and liabilities' carrying amounts and taxable value as well as for unused tax losses and unused tax credits. Deferred taxes in the Consolidated Financial Statements consist of the release and transfer to equity of the voluntary credit loss provision and depreciation difference recorded by the Parent Company. Deferred taxes are recognised through profit or loss, except when they relate to items recognised in other comprehensive income. In this case, the tax is recorded in the other comprehensive income. Deferred taxes arise from financial assets measured at fair value through other comprehensive income and corresponding changes in expected credit losses, changes in own credit risk on financial liabilities designated at fair value through profit or loss and Cost-of-Hedging.

Deferred tax liabilities and receivables are calculated based on the tax rate that is anticipated to be in force at the time of the temporary difference being released.

MuniFin Group has applied the transitional rule for large scale domestic groups regarding the international tax reform Pillar 2 since December 31, 2024. As a result, the potential top-up tax due to the tax reform has been set to zero. Therefore, the Group has not recorded any deferred tax assets or liabilities related to the reform for the financial year ending December 31, 2025.

Deferred tax assets (EUR 1,000)	1 Jan 2025	Recognised in the income statement	Recognised in the other comprehensive income	31 Dec 2025
On right-of-use assets	1,520	-196	-	1,324
Netting between deferred tax assets and liabilities	-1,510	215	-	-1,294
<b>Total</b>	<b>10</b>	<b>19</b>	<b>-</b>	<b>29</b>

Deferred tax assets (EUR 1,000)	1 Jan 2024	Recognised in the income statement	Recognised in the other comprehensive income	31 Dec 2024
On right-of-use assets	1,767	-248	-	1,520
Netting between deferred tax assets and liabilities	-1,758	249	-	-1,510
<b>Total</b>	<b>9</b>	<b>1</b>	<b>-</b>	<b>10</b>

<b>Deferred tax liabilities (EUR 1,000)</b>	<b>1 Jan 2025</b>	<b>Recognised in the income statement</b>	<b>Recognised in the other comprehensive income</b>	<b>31 Dec 2025</b>
On fair value reserve	54,763	-	-22,668	32,095
On change in cumulative depreciation difference	22,027	2,636	-	24,662
On change in voluntary provisions	295,336	17,600	-	312,936
On right-of-use assets	1,510	-215	-	1,294
Netting between deferred tax assets and liabilities	-1,510	215	-	-1,294
<b>Total</b>	<b>372,126</b>	<b>20,236</b>	<b>-22,668</b>	<b>369,693</b>

<b>Deferred tax liabilities (EUR 1,000)</b>	<b>1 Jan 2024</b>	<b>Recognised in the income statement</b>	<b>Recognised in the other comprehensive income</b>	<b>31 Dec 2024</b>
On fair value reserve	21,028	-	33,736	54,763
On change in cumulative depreciation difference	18,353	3,673	-	22,027
On change in voluntary provisions	284,136	11,200	-	295,336
On right-of-use assets	1,758	-249	-	1,510
Netting between deferred tax assets and liabilities	-1,758	249	-	-1,510
<b>Total</b>	<b>323,517</b>	<b>14,873</b>	<b>33,736</b>	<b>372,126</b>

## Note 27. Liabilities to credit institutions

### Accounting policies

Accounting policies related to financial liabilities are described in Note 11 *Financial assets and liabilities* and 12 *Fair values of financial assets and liabilities*. Principles for hedge accounting that the Group applies is presented in Note 21 *Hedge Accounting*.

(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
<b>Total</b>	<b>196,077</b>	<b>883,694</b>

## Note 28. Debt securities issued

### Accounting policies

In the following table, line item *Bonds* includes long term debt securities issued under the Medium Term Note (MTN) program or under AUD denominated program. Line item *Other* includes short term debt securities issued under the Euro Commercial Paper (ECP) program. Accounting policies related to financial liabilities are described in Notes 11 *Financial assets and liabilities* and 12 *Fair values of financial assets and liabilities*. Principles for hedge accounting that the Group applies is presented in Note 21 *Hedge Accounting*.

(EUR 1,000)	31 Dec 2025		31 Dec 2024	
	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
<b>Total</b>	<b>47,127,029</b>	<b>48,132,474</b>	<b>44,534,306</b>	<b>45,728,102</b>

### Benchmark issuances during the year 2025 based on their settlement date

	Value date	Maturity date	Interest-%	Nominal value (1,000)	Currency
Fixed rate benchmark bond, issued under the MTN programme	28 Jan 2025	14 Dec 2029	2.625%	1,250,000	EUR
Fixed rate benchmark bond, issued under the MTN programme	31 Mar 2025	1 Apr 2030	4.250%	1,000,000	USD
Fixed rate benchmark bond, issued under the MTN programme	10 Jun 2025	14 Jun 2032	2.625%	1,000,000	EUR
Fixed rate benchmark bond, issued under the MTN programme	30 Sep 2025	6 Oct 2028	3.625%	1,500,000	USD

## Note 29. Reconciliation of the carrying amount of the issued debt

### Accounting policies

Accounting policies related to financial liabilities are described in Notes 11 *Financial assets and liabilities* and 12 *Fair values of financial assets and liabilities*.

(EUR 1,000)	2025			2024		
	Liabilities to credit institutions	Liabilities to the public and public sector entities	Debt securities issued	Liabilities to credit institutions	Liabilities to the public and public sector entities	Debt securities issued
<b>Carrying amount 1 Jan</b>	<b>167,558</b>	<b>2,463,874</b>	<b>44,534,306</b>	<b>131,458</b>	<b>2,622,551</b>	<b>40,872,798</b>
<b>Cash flow changes from operating activities</b>						
Additions to long-term funding	28,997	84,222	9,871,536	51,008	30,713	9,131,597
Additions to short-term funding	-	-	36,381,162	-	-	19,510,198
<b>Additions total</b>	<b>28,997</b>	<b>84,222</b>	<b>46,252,698</b>	<b>51,008</b>	<b>30,713</b>	<b>28,641,795</b>
Deductions to long-term funding	-14,372	-99,387	-6,638,120	-15,346	-207,008	-5,754,758
Deductions to short term funding	-	-	-35,714,889	-	-	-20,088,676
<b>Deductions total</b>	<b>-14,372</b>	<b>-99,387</b>	<b>-42,353,009</b>	<b>-15,346</b>	<b>-207,008</b>	<b>-25,843,434</b>
<b>Cash flow changes from operating activities in total</b>	<b>14,626</b>	<b>-15,165</b>	<b>3,899,689</b>	<b>35,662</b>	<b>-176,295</b>	<b>2,798,361</b>
Changes in the balance sheet value including valuations and FX revaluations	-8,437	-134,170	-1,306,966	437	17,618	863,147
<b>Carrying amount 31 Dec</b>	<b>173,747</b>	<b>2,314,539</b>	<b>47,127,029</b>	<b>167,558</b>	<b>2,463,874</b>	<b>44,534,306</b>

## Note 30. Other liabilities

### Accounting policies

In line item *Other liabilities* the Group presents lease liabilities, cash collateral taken from central counterparties (CCPs) and other liabilities related to daily operations of the Group such as accounts payable. Cash collateral related to derivative contracts are treated as financial instruments and accounting policies related to these are disclosed in Notes 11 *Financial assets and liabilities* and 12 *Fair values of financial assets and liabilities*. Maturities for contractual undiscounted future cashflows for financial assets and liabilities as well as for lease liabilities are presented in Note 2 *Risk management principles and the Group's risk position*.

### Lease liabilities

Lease liabilities are initially measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate. Lease liabilities are presented in the statement of financial position under *Other liabilities* and the interest expense under *Other interest expense*. Lease payments are allocated between interest expense and the deduction of the lease liability. An incremental borrowing rate (IBR) by MuniFin Group is used. Maturity has been defined based on the lease term of office premises and parking space.

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

## Note 31. Accrued expenses and deferred income

### Accounting policies

Item *Accrued expenses and deferred income* includes accrued expenses related to the operational activity of the Group and deferred income related to Digital services and leasing income.

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Accrued expenses	13,267	12,496
Deferred income	34,044	32,989
<b>Total</b>	<b>47,312</b>	<b>45,485</b>

The accrued expenses mainly consist of accruals for personnel expenses, guarantee fees and regulatory charges.

## Note 32. Equity

### Accounting policies

Equity consists of share capital, retained earnings and reserves of equity (reserve fund, fair value reserve, own credit revaluation reserve, Cost-of-Hedging reserve and reserve for invested non-restricted equity).

### Restricted equity

#### Share capital

The shares of the Parent Company, Municipality Finance Plc, are divided into A and B shares. The two types are equal in terms of voting rights and the distribution of profit. Each share entitles its holder to one vote. The shares have no nominal value. The acquisition of shares is restricted through the consent and redemption clauses of the Articles of Association. All issued shares have been paid in full. Since September 2009, the amount of shares of the Parent Company has been 39,063,798.

#### Reserve fund

Reserve fund is restricted equity referred to in Chapter 8, Section 1 of the Limited Liability Companies Act.

#### Fair value reserve

Fair value reserve of investments contains the fair value changes of financial instruments at fair value through other comprehensive income.

#### Own credit revaluation reserve

Own credit revaluation reserve contains the changes in own credit risk of financial liabilities designated at fair value through profit or loss.

#### Cost-of-Hedging reserve

Cost-of-Hedging reserve contains the impact of Cost-of-Hedging of derivatives in fair value hedge accounting

#### Reserve for invested non-restricted equity

The proportion of payment made for shares, which is not recorded in the share capital, is entered in the reserve for invested non-restricted equity. In accordance with the terms of the Parent Company's 2009 share issue, the funds received from MuniFin's share issue in 2009 have been recorded in the reserve for invested non-restricted equity. The reserve for invested non-restricted equity, recognised based on the share issue, is considered as a return of capital at the time of possible distribution of profits, and therefore MuniFin does not count the reserve for invested non-restricted equity as an item for distributable funds. Based on Article 4 of CRR, the reserve for invested non-restricted equity is also considered a non-distributable item.

#### Accounting policies related to fair value reserve, own credit

revaluation reserve and cost-of-hedging reserve are disclosed in Note 11 *Financial assets and liabilities*.

### Unrestricted equity

#### Retained earnings

Retained earnings contain the profit of previous periods and profit for the period.

(1,000 EUR)	31 Dec 2025	31 Dec 2024
Share capital	42,583	42,583
Reserve fund	277	277
Fair value reserve of investments	1,837	3,340
Own credit revaluation reserve	107,864	169,999
Cost-of-Hedging reserve	18,679	45,714
Reserve for invested non-restricted equity	40,366	40,366
Retained earnings	1,724,554	1,643,155
<b>Total equity attributable to parent company equity holders</b>	<b>1,936,160</b>	<b>1,945,435</b>
<b>Total equity</b>	<b>1,936,160</b>	<b>1,945,435</b>

## Note 33. 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 34. Collateral given

### Accounting policies

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 central counterparty clearing ( <i>LCH Limited</i> )	154,172	101,703
Other assets to the central counterparties of derivative contracts ( <i>LCH Limited</i> and <i>Eurex Clearing AG</i> )	803,833	889,682
<b>Total</b>	<b>21,665,471</b>	<b>20,152,229</b>

## Note 35. Off-balance-sheet commitments

### Accounting policies

Off-balance sheet commitments are irrevocable commitments given in favour of customers. Off-balance sheet commitments are in the scope for recognising impairment due to their credit risk. Expected credit loss is recognised in the line item *Other liabilities* and *Credit losses on financial assets recognised at amortised cost and at fair value through other comprehensive income*. Accounting policies related to impairment measurement are disclosed in Note 22 *Credit risks of financial assets and other commitments*.

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Credit commitments	2,430,658	2,935,231
<b>Total</b>	<b>2,430,658</b>	<b>2,935,231</b>

## Note 36. Related-party transactions

### Accounting policies

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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 37. Remuneration of key management personnel

### Employee benefits for management

Salaries and remuneration paid to MuniFin's CEO, Deputy to the CEO and other members of the Executive Management Team subject to withholding tax are presented in the following table.

Salaries and remuneration (EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
President and CEO	-442	-454
Deputy to the CEO	-279	-258
Other members of the Executive Management Team in total	-1,439	-1,604
<b>Total</b>	<b>-2,160</b>	<b>-2,316</b>

MuniFin has paid the following statutory pension contributions related to the CEO, the Deputy to the CEO and other members of the Executive Management Team.

Statutory pension contributions (EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
President and CEO	-75	-77
Deputy to the CEO	-48	-43
Other members of the Executive Management Team in total	-245	-270
<b>Total</b>	<b>-368</b>	<b>-390</b>

The salaries and remuneration shown in the table include both the fixed remuneration and paid variable remuneration. According to regulation on credit institutions, the payment of variable remuneration earned each year is delayed and paid over the following years if a person's remuneration exceeds EUR 50,000. The salaries and remuneration consist of short-term employee benefits excluding termination benefits.

The Group has provided to those members of the Executive Management Team (*EMT*) that have been appointed as members (including CEO and the Deputy to the CEO) before 21 Dec 2017 with a contribution-based group pension insurance. Members of the EMT are entitled to pension from the insurance after they have turned 63 years.

In the event of a termination of the employment on MuniFin's initiative, the CEO and Deputy to the CEO are entitled to a severance payment of six times the total monthly salary. The period of notice for termination of employment is six months for the CEO and the Deputy to the CEO. Employee benefits for the CEO and the Deputy to the CEO are terminated at the end of the period of notice.

The CEO of MuniFin is Mr Esa Kallio and Executive Vice President Ms Mari Tyster acts as a Deputy to the CEO. Figures reported in this Note include remuneration paid to Esa Kallio under President and CEO and respectively remuneration paid to Mari Tyster under Deputy to the CEO. The retirement age for the CEO and the Deputy to the CEO is stipulated by the Employees Pensions Act.

### Remuneration of the Board of Directors

During the term 2025–2026, the members of the Board of Directors of the Parent Company are paid an annual remuneration as well as remuneration for each meeting in accordance with the decision of the Annual General Meeting. The annual remuneration is EUR 51,000 for the Chair of the Board, EUR 33,000 for the Vice Chair, EUR 36,000 for the Chairs of Committees and EUR 28,000 for the other members of the Board. The remuneration paid for Board and Committee meetings is EUR 950 per meeting for the Chair of the Board and the Chairs of Committees and EUR 600 per meeting for the other members. In addition, meeting remuneration is paid for the meetings required by the supervisory authorities. These fees are effective as of 25 March 2025.

During the term 2024–2025, the members of the Board of Directors of the Parent Company were paid an annual remuneration as well as remuneration for each meeting in accordance with the decision of the Annual General Meeting. The annual remuneration was EUR 45,000 for the Chair of the Board, EUR 29,000 for the Vice Chair, EUR 31,000 for the Chairs of Committees and EUR 25,000 for the other members of the Board. The remuneration paid for Board and Committee meetings was EUR 950 per meeting for the Chair of the Board and the Chairs of Committees and EUR 600 per meeting for the other members. In addition, meeting remuneration was paid for the meetings required by the supervisory authorities.

### Salaries and remuneration

The remuneration paid to the management and employees of MuniFin Group consists of a fixed remuneration (base salary and fringe benefits) and a variable remuneration based on the conditions of the remuneration system. Principles of the remuneration system are confirmed by the Board of Directors on an annual basis. The Remuneration Committee of the Board of Directors is responsible for preparatory work concerning the matters of the remuneration system. Further information on salaries and remuneration is available on the company's website at [www.kuntarahoytus.fi](http://www.kuntarahoytus.fi).

### Salaries and remuneration (EUR 1,000) Members of the Board of Directors

	Jan–Dec 2025	Jan–Dec 2024
Kari Laukkanen, the Chair	-74	-65
Liisa Harjula, member since 25 March 2025	-31	-
Maaria Kettunen (ex. Eriksson), the Vice Chair	-48	-43
Markku Koponen, member until 25 March 2025	-11	-47
Juho Malmberg, member since 25 March 2025	-31	-
Tuomo Mäkinen	-37	-38
Henrik Rainio, member since 25 March 2025	-32	-
Minna Smedsten, member until 17 May 2024	-	-14
Denis Strandell, member until 25 March 2025	-9	-37
Elina Stråhlman	-47	-23
Leena Vainiomäki	-53	-49
Arto Vuojolainen	-39	-38
<b>Total</b>	<b>-411</b>	<b>-354</b>

## Note 38. 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 financial year that would have a material effect on the Group's financial standing.

# Parent Company's Financial Statements

**MuniFin**

## Parent Company's income statement

(EUR 1,000)	Note	Jan–Dec 2025	Jan–Dec 2024
Interest income	(2)	1,642,208	2,201,328
Net income from leasing operations	(2, 3)	51,745	51,123
Interest expense	(2)	-1,433,834	-1,992,315
<b>Net interest income</b>		<b>260,119</b>	<b>260,135</b>
Commission income	(4)	909	1,064
Commission expense	(4)	-18,172	-16,912
Net income on financial instruments at fair value through profit and loss	(5)	17,367	-15,086
Net income on financial assets at fair value through fair value reserve	(6)	811	3
Other operating income		125	45
HR and administrative expenses		-49,186	-42,772
Personnel expenses		-23,081	-20,073
Salaries and fees		-19,168	-16,755
Personnel-related costs		-3,913	-3,318
Pension costs		-3,333	-2,904
Other personnel-related costs		-579	-414
Other administrative expenses		-26,105	-22,700
Depreciation on tangible and intangible assets and on shares	(20)	-3,975	-5,970
Other operating expenses	(7)	-14,423	-14,037
Credit loss and impairments on financial assets	(8)	-941	-326
<b>Net operating profit</b>		<b>192,634</b>	<b>166,144</b>
Appropriations		-101,179	-74,367
Income taxes		-18,336	-18,039
<b>Profit for the financial year</b>		<b>73,118</b>	<b>73,737</b>

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

# Parent Company's Balance sheet

(EUR 1,000)	Note	31 Dec 2025	Adjusted 31 Dec 2024
<b>Assets</b>			
Cash and balances with central banks	(11)	5,169,257	7,776,888
Cash		2	2
Central bank receivables payable on demand		5,169,255	7,776,886
Debt securities eligible for central bank refinancing	(14)	5,383,966	3,600,100
Other		5,383,966	3,600,100
Loans and advances to credit institutions	(12)	1,989,652	789,496
Payable on demand		43,124	61,265
Other		1,946,528	728,231
Loans and advances to the public and public sector entities	(13)	36,458,068	33,813,849
Leased assets	(15)	1,624,775	1,563,060
Debt securities	(14)	2,677,298	2,278,812
From public sector entities		1,669,063	1,599,851
From others		1,008,235	678,961
Shares and participations in Group companies	(17)	656	656
Derivative contracts	(18)	1,486,616	2,323,708
Intangible assets	(20)	836	2,720
Tangible assets	(20)	8,941	8,236
Other tangible assets		8,941	8,236
Other assets	(21)	831,484	915,913
Accrued income and prepayments	(22)	3,096	18,797
Deferred tax assets	(23)	29	10
<b>Total assets</b>	<b>(10, 28, 29, 30)</b>	<b>55,634,673</b>	<b>53,092,244</b>





(EUR 1,000)	Note	31 Dec 2025	Adjusted 31 Dec 2024
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Liabilities to credit institutions		196,077	883,694
To credit institutions		196,077	883,694
Other		196,077	883,694
Liabilities to the public and public sector entities		2,314,539	2,463,874
Other liabilities		2,314,539	2,463,874
Other		2,314,539	2,463,874
Debt securities issued	(24)	47,127,029	44,534,306
Bonds		43,051,906	41,125,457
Other		4,075,123	3,408,849
Derivative contracts	(18)	3,368,357	2,561,718
Other liabilities	(25)	275,162	285,181
Other liabilities		275,162	285,181
Accrued expenses and deferred income	(26)	47,226	45,485
Deferred tax liabilities	(23)	32,095	54,763
<b>Total liabilities</b>	<b>(10, 28, 29, 30)</b>	<b>53,360,484</b>	<b>50,829,021</b>





(EUR 1,000)	Note	31 Dec 2025	Adjusted 31 Dec 2024
<b>Appropriations</b>			
Depreciation difference		123,312	110,133
Taxation based provisions		1,564,680	1,476,680
<b>Total appropriations</b>		<b>1,687,992</b>	<b>1,586,813</b>
<b>Equity</b>			
Share capital		43,008	43,008
Other restricted reserves		128,656	219,330
Reserve fund		277	277
Fair value reserve		128,379	219,053
Change in fair value		128,379	219,053
Non-restricted reserves		40,743	40,743
Reserve for invested non-restricted equity		40,743	40,743
Retained earnings		300,672	299,593
Profit for the financial year		73,118	73,737
<b>Total equity</b>	<b>(31, 32, 33)</b>	<b>586,197</b>	<b>676,411</b>
<b>Total liabilities and equity</b>		<b>55,634,673</b>	<b>53,092,244</b>
<b>Off-balance sheet commitments</b>			
Irrevocable commitments given in favour of customer		2,430,658	2,935,231
Other	(36)	2,430,658	2,935,231

The Parent Company has updated the presentation of balances with central banks. Comparative information has been adjusted accordingly.

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

# Parent Company's Statement of Cash Flows

(EUR 1,000)	Note	Jan–Dec 2025	Adjusted Jan–Dec 2024
<b>Cash flow from operating activities</b>		<b>-2,549,327</b>	<b>-109,420</b>
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		1,501,808	2,097,945
Interest on liabilities		-1,337,771	-1,814,572
Other income		80,234	87,793
Payments of operating expenses		-77,206	-70,241
Taxes paid		-1,813	-16,871
<b>Cash flow from investing activities</b>		<b>-2,453</b>	<b>-590</b>
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	-
<b>Cash flow from financing activities</b>		<b>-73,993</b>	<b>-67,596</b>
Dividend paid		-72,659	-66,018
Amortisation of lease liability		-1,334	-1,578
<b>Change in cash and cash equivalents</b>		<b>-2,625,773</b>	<b>-177,606</b>
<b>Cash and cash equivalents at 1 Jan</b>	<b>(11)</b>	<b>7,838,154</b>	<b>8,015,760</b>
<b>Cash and cash equivalents at 31 Dec</b>	<b>(11)</b>	<b>5,212,381</b>	<b>7,838,154</b>

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

# Notes to the Parent Company's Financial Statements

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# Notes to the Parent Company's accounting policies

## Note 1. Significant accounting policies and corrections to previous Parent Company's Financial Statements

Municipality Finance Plc (*MuniFin* or *the Company*) prepares its Financial Statements in accordance with the Act on Credit Institutions, the Ministry of Finance Decree on Credit Institutions and the Financial Supervisory Authority Regulations and Guidelines 2/2016. The Company reports regularly on its operations to the European Central Bank, the Finnish Financial Supervisory Authority, the Bank of Finland, the Municipal Guarantee Board and Statistics Finland. Municipality Finance Plc is the Parent Company of Municipality Finance Group (*MuniFin Group*). The significant accounting policies and the presentation of the Financial Statements of the Parent Company, Municipality Finance Plc, correspond to the accounting policies of the Consolidated Financial Statements (Note 1) with the exceptions described below.

### **Change in the presentation of the Parent Company's financial position**

The Parent Company has corrected the presentation of balance sheet during the second half of 2025. The changes have been made retrospectively to the year end of 2024. Amendment was made to transfer overnight deposits with central banks of EUR 7,777 million to line item *Cash and balances with central banks* from *Loans and advances to credit institutions*.

### **Change in the presentation of the cash flows**

The Parent Company has changed the presentation of cash flows during the second half of 2025. 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* under *Cash flow from operating activities* have been revised. These changes have been described in the following table.

(EUR 1,000)	Jan–Dec 2024	Adjustment	Adjusted Jan–Dec 2024
<b>Cash flow from operating activities</b>	<b>67,450</b>	<b>-176,870</b>	<b>-109,420</b>
Net change in long-term loans	-2,880,469	-49,873	-2,930,342
Net change in investments	-204,315	-176,754	-381,070
Interest on liabilities	-1,814,456	-116	-1,814,572
Other income	45,961	41,832	87,793
Payments of operating expenses	-78,282	8,041	-70,241
<b>Cash flow from financing activities</b>	<b>-67,712</b>	<b>116</b>	<b>-67,596</b>
Total cash flow from leases*	-1,694	116	-1,578
<b>Change in cash and cash equivalents</b>	<b>-852</b>	<b>-176,754</b>	<b>-177,606</b>
<b>Cash and cash equivalents at 1 Jan</b>	<b>62,119</b>	<b>7,953,641</b>	<b>8,015,760</b>
<b>Cash and cash equivalents at 31 Dec</b>	<b>61,267</b>	<b>7,776,887</b>	<b>7,838,154</b>

\* As of 31 December 2025, line item has been renamed according to its content as *Amortisation of lease liability*.

### Change in the presentation of disclosures

The change in the presentation of central bank balances is reflected in Note 2 *Net interest income and expense* where interest income from overnight deposits with central banks are 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 Parent Company's Income statement.

During the financial year, the Parent Company 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 presented in Note 25 *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 has been removed from the Notes that give information on financial liabilities. 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 114 thousand on lease liability in the comparison period has been adjusted correspondingly. The change didn't have an impact on the Parent Company's Income statement.

The Parent Company doesn't have repurchase agreements on reporting date or on a comparative period.

### Balances with central banks

Minimum reserve with central bank is presented in the Parent Company's Financial Statements under balance sheet item *Loans and advances to credit institutions (other than payable on demand)*.

### Debt securities

Debt securities are presented in the Parent Company's Financial Statements under two balance sheet items: *Debt securities eligible for central bank refinancing* and *Debt securities*, so that *Debt securities eligible for central bank refinancing* contains, as the name implies, debt securities eligible for central bank refinancing.

### Current tax assets and tax liabilities

Current tax assets and tax liabilities are presented in the Parent Company's Financial Statements under balance sheet items *Accrued income and prepayments or Accrued expenses and deferred income*.

### Leases

Leases in which MuniFin acts as the lessee are treated in the Parent Company in accordance with the accounting policies described in the Consolidated Financial Statements.

Leases in which MuniFin is a lessor, are classified as finance leases in the Parent Company. The finance lease agreements are recognised in the Statement of financial position as a finance lease receivable at an amount corresponding to the MuniFin's net investment in the lease. The proceeds from the leases are divided into repayments and interest.

Finance lease agreements are presented on line *Leased assets*. Income related to leasing operations is presented under the income statement item *Net income from leasing operations*.

### Other long-term expenses

Other long-term expenses include expenses intended to generate income in several financial years that are not objects, separately transferable rights or other assets. MuniFin's other long-term expenses consist of renovation expenses for leased premises. These items are presented in the Parent Company's Financial Statements as part of *Intangible assets* under item *Other intangible assets* and in the Consolidated Financial Statements as part of *Tangible assets* under item *Office renovation expenses*. The depreciation period for the renovation expenses of the leased premises is consistent with the lease term.

### Appropriations

The difference between the depreciation according to plan and the depreciation of assets in taxation (*Depreciation difference*), and the voluntary credit loss provision (*Taxation based provisions*) are presented under *Total appropriations* in the balance sheet of the Parent Company. In the income statement, the change in depreciation difference and credit loss provision is shown on line *Appropriations*. The voluntary credit loss provision and depreciation difference recognised under the Finnish Accounting Standards do not meet the recognition criteria set out in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and the credit loss provision and depreciation difference are thus released in the Consolidated Financial Statements into equity and deferred tax liability in accordance with IAS 12 *Income Tax*. The Parent Company's credit loss provisions are recognised in accordance with tax law (Act on the Taxation of Business Income 46§).

### Fair value reserve

According to the Act on Credit Institutions certain fair value changes are required to be recorded in the fair value reserve within equity. The fair value reserve corresponds to term other comprehensive income used in IFRS 9 and in the Note 1 *Summary of material accounting policies and corrections to previous Financial Statements* in the Consolidated Financial Statements. The following fair value changes are presented in fair value reserve: fair value changes of financial assets at fair value through other comprehensive income, changes in fair value due to changes in own credit risk of financial liabilities designated at fair value through profit or loss and Cost-of-Hedging from fair value hedge accounting, consisting of cross currency basis spread which has been separated and excluded from the hedge relationship.

# Notes to the income statement

The Company has not combined any items in the income statement under Chapter 2, Section 14(4), of the Ministry of Finance Decree.

## Note 2. Interest income and expense

(EUR 1,000)	Jan–Dec 2025			Adjusted Jan–Dec 2024		
	Interest income	Interest expense	Net	Interest income	Interest expense	Net
<b>Assets</b>						
<b>Amortised cost</b>						
Cash and balances with central banks	179,420	-	179,420	319,073	-	319,073
Loans and advances to credit institutions	33,121	-240	32,882	38,891	-133	38,758
Loans and advances to the public and public sector entities	874,921	-	874,921	1,036,790	-	1,036,790
Debt securities	35,782	-	35,782	55,143	-	55,143
Other assets	17,313	-	17,313	40,375	-	40,375
<b>Fair value through fair value reserve</b>						
Debt securities	17,402	-	17,402	11,326	-	11,326
<b>Designated at fair value through profit or loss</b>						
Loans and advances to the public and public sector entities	348	-	348	261	-	261
Debt securities	89,538	-	89,538	52,616	-	52,616
<b>Mandatorily at fair value through profit or loss</b>						
Loans and advances to the public and public sector entities	1,322	-	1,322	1,320	-	1,320
<b>Fair value through profit or loss</b>						
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
<b>Leased assets</b>	51,745	-	51,745	51,123	-	51,123
<b>Interest on non-financial other assets</b>	4	-	4	4	-	4
<b>Interest on assets</b>	<b>1,539,735</b>	<b>-35,162</b>	<b>1,504,573</b>	<b>2,121,238</b>	<b>-38,391</b>	<b>2,082,847</b>
<i>, of which interest income/expense according to the effective interest rate method</i>	<i>1,341,456</i>	<i>-240</i>		<i>1,891,567</i>	<i>-133</i>	
<i>, of which other interest income/expense</i>	<i>198,279</i>	<i>-34,923</i>		<i>229,670</i>	<i>-38,258</i>	





(EUR 1,000)	Jan–Dec 2025			Adjusted Jan–Dec 2024		
	Interest income	Interest expense	Net	Interest income	Interest expense	Net
<b>Liabilities</b>						
<b>Amortised cost</b>						
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
<b>Designated at fair value through profit or loss</b>						
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
<b>Fair value through profit or loss</b>						
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
<b>Interest on non-financial other liabilities</b>	-	<b>-254</b>	<b>-254</b>	-	<b>-114</b>	<b>-114</b>
<b>Interest on liabilities</b>	<b>154,218</b>	<b>-1,398,672</b>	<b>-1,244,454</b>	<b>131,213</b>	<b>-1,953,925</b>	<b>-1,822,712</b>
<i>, of which interest income/expense according to the effective interest rate method</i>	-	-974,920		-	-1,420,089	
<i>, of which other interest income/expense</i>	154,218	-423,752		131,213	-533,836	
<b>Total interest income and expense</b>	<b>1,693,953</b>	<b>-1,433,834</b>	<b>260,119</b>	<b>2,252,451</b>	<b>-1,992,315</b>	<b>260,135</b>
<i>, of which interest income from leasing operations</i>	51,745	-	51,745	51,123	-	51,123
<b>Total interest income excluding interest income from leasing operations</b>	<b>1,642,208</b>	<b>-</b>	<b>1,642,208</b>	<b>2,201,328</b>	<b>-</b>	<b>2,201,328</b>

During the financial year, MuniFin corrected the presentation of receivables from central bank and lease liability. More detailed information about the change in presentation can be found in Note 1 Significant accounting policies and corrections to previous Parent Company's 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 expense on other liabilities includes EUR 254 thousand (EUR 114 thousand) of interest on lease liabilities recognised in accordance with IFRS 16 *Leases* standard.

The Parent Company has no interest income or expenses from intra-group companies during the reporting or comparison period.

## Note 3. Net income from leasing operations

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
Leasing income	145,347	139,158
Depreciation on leased assets according to plan	-93,596	-88,051
Capital gains on leased assets	-6	15
<b>Total</b>	<b>51,745</b>	<b>51,123</b>

## Note 4. Commission income and expense

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
<b>Commission income</b>		
Digital services	867	1,055
Other operations	41	8
<b>Total</b>	<b>909</b>	<b>1,064</b>
<b>Commission expense</b>		
Commission fees paid	-302	-324
Guarantee fees paid	-15,538	-14,413
Other	-2,332	-2,175
<b>Total</b>	<b>-18,172</b>	<b>-16,912</b>
<b>Net commission income</b>	<b>-17,264</b>	<b>-15,848</b>

In commission expense line item *Other* includes i.e. paid custody fees and funding programme update costs.

## Note 5. Net income on financial instruments at fair value through profit and loss

Jan-Dec 2025 (EUR 1,000)	Capital gains and losses (net)	Changes in fair value	Total
Derivative contracts at fair value through profit or loss	-165	-259,918	-260,083
Designated at fair value through profit or loss	34	280,511	280,544
Mandatorily at fair value through profit or loss	-	-894	-894
Day 1 gain or loss	-	41	41
<b>Net result on financial assets and liabilities through profit or loss</b>	<b>-131</b>	<b>19,740</b>	<b>19,609</b>
<b>Net result from FX differences</b>	<b>-2,035</b>	<b>583</b>	<b>-1,451</b>
<b>Net result from hedge accounting*</b>	<b>4,770</b>	<b>-5,561</b>	<b>-790</b>
<b>Total</b>	<b>2,604</b>	<b>14,763</b>	<b>17,367</b>

\* A specification of the net income from hedge accounting is presented in Note 19 *Hedge accounting*.

Jan-Dec 2024 (EUR 1,000)	Capital gains and losses (net)	Changes in fair value	Total
Derivative contracts at fair value through profit or loss	-356	-3,163	-3,519
Designated at fair value through profit or loss	377	-822	-445
Mandatorily at fair value through profit or loss	-	145	145
Day 1 gain or loss	-	41	41
<b>Net result on financial assets and liabilities through profit or loss</b>	<b>21</b>	<b>-3,798</b>	<b>-3,777</b>
<b>Net result from FX differences</b>	<b>4,002</b>	<b>-3,548</b>	<b>455</b>
<b>Net result from hedge accounting</b>	<b>-</b>	<b>-11,763</b>	<b>-11,763</b>
<b>Total</b>	<b>4,023</b>	<b>-19,109</b>	<b>-15,086</b>

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 income on financial instruments at fair value through profit or loss* and in the fair value reserve due to changes in own credit risk on financial liabilities designated at fair value through profit or loss.

<b>Financial assets and liabilities designated at fair value through profit or loss (EUR 1,000)</b>	<b>Nominal value 31 Dec 2025</b>	<b>Carrying amount 31 Dec 2025</b>	<b>Nominal value 31 Dec 2024</b>	<b>Carrying amount 31 Dec 2024</b>
<b>Financial assets</b>				
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
<b>Total financial assets*</b>	<b>5,588,325</b>	<b>5,622,429</b>	<b>3,700,119</b>	<b>3,706,961</b>
<b>Financial liabilities</b>				
Liabilities to credit institutions	79,000	77,400	79,000	79,315
Liabilities to the public and public sector entities	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
<b>Total financial liabilities</b>	<b>13,082,356</b>	<b>12,400,622</b>	<b>11,081,458</b>	<b>10,611,555</b>

\* 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
<b>Financial assets</b>					
Loans and advances to the public and public sector entities	-7,616	-6,847	-770	37	-807
Debt securities	-21,149	-29,152	8,004	26,068	-18,064
<b>Total financial assets</b>	<b>-28,765</b>	<b>-35,999</b>	<b>7,234</b>	<b>26,105</b>	<b>-18,871</b>

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
<b>Financial assets</b>					
Loans and advances to the public and public sector entities	-6,847	-7,988	1,142	96	1,046
Debt securities	-29,152	-94,789	65,637	-12,116	77,753
<b>Total financial assets</b>	<b>-35,999</b>	<b>-102,777</b>	<b>66,778</b>	<b>-12,020</b>	<b>78,799</b>

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 fair value reserve Jan–Dec 2025	Total fair value change in Jan–Dec 2025
<b>Financial liabilities</b>					
Liabilities to credit institutions	2,184	-652	2,836	-697	2,139
Liabilities to the public and public sector entities	248,156	130,527	117,629	-20,634	96,995
Debt securities issued	550,519	397,708	152,812	-56,338	96,474
<b>Total financial liabilities</b>	<b>800,860</b>	<b>527,583</b>	<b>273,277</b>	<b>-77,669</b>	<b>195,608</b>

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 the 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 Parent Company'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 fair value reserve Jan–Dec 2024	Total fair value change in Jan–Dec 2024
<b>Financial liabilities</b>					
Liabilities to credit institutions	-652	495	-1,147	1,099	-48
Liabilities to the public and public sector entities	130,527	169,099	-38,572	52,862	14,290
Debt securities issued	397,708	425,589	-27,881	83,240	55,360
<b>Total financial liabilities</b>	<b>527,583</b>	<b>595,183</b>	<b>-67,600</b>	<b>137,202</b>	<b>69,602</b>

<b>Net change in fair value in Net result on financial assets and liabilities through profit or loss (EUR 1,000)</b>	<b>Cumulative change in fair value 31 Dec 2025</b>	<b>Fair value change recognised in the income statement Jan–Dec 2025</b>
Financial liabilities designated at fair value through profit or loss	800,860	273,277
Derivative contracts at fair value through profit or loss hedging financial liabilities	-800,821	-286,596
<b>Net change in fair value</b>	<b>38</b>	<b>-13,320</b>

<b>Net change in fair value in Net results on financial assets and liabilities through profit or loss (EUR 1,000)</b>	<b>Cumulative change in fair value 31 Dec 2024</b>	<b>Fair value change recognised in the income statement Jan–Dec 2024</b>
Financial liabilities designated at fair value through profit or loss	527,583	-67,600
Derivative contracts at fair value through profit or loss hedging financial liabilities	-514,225	77,900
<b>Net change in fair value</b>	<b>13,358</b>	<b>10,300</b>

## Note 6. Net income on financial assets at fair value through fair value reserve

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
Capital gains from financial assets	83	-
Capital losses from financial assets	-	-122
Unrealised gains transferred from fair value reserve	728	124
Unrealised losses transferred from fair value reserve	-	-
<b>Total</b>	<b>811</b>	<b>3</b>

## Note 7. Other operating income and expenses

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
Other income from credit institution operations	125	45
<b>Total other income</b>	<b>125</b>	<b>45</b>

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
Regulatory expenses		
Other administrative and supervisory fees	-3,364	-2,974
Rental expenses	-410	-316
External services	-8,305	-8,089
Credit rating fees	-910	-862
Audit fees*	-570	-729
Insurances	-817	-905
Other expenses from credit institution operations	-47	-163
<b>Total other expenses</b>	<b>-14,423</b>	<b>-14,037</b>

\* Audit and other fees paid to the audit firm are specified in Note 40.

## Note 8. Credit losses and impairments on financial assets

MuniFin's credit risks are described in the Consolidated Financial Statements Note 2 *Risk management principles and the Group's risk position* in Section 6. *Credit and counterparty credit risk*. The accounting policies of the expected credit loss calculations and impairment stages are described in the Consolidated Financial Statements Note 22 *Credit risks of financial assets and other commitments*.

Credit losses and impairments	Expected credit losses			
	Jan–Dec 2025 (EUR 1,000)	Additions	Subtractions	Recognised in the income statement
<b>Expected credit losses on financial assets at amortised cost</b>				
Cash and balances with central banks		-	0	0
Loans and advances to credit institutions		-65	30	-36
Loans and advances to the public and public sector entities		-1,693	798	-895
Finance lease receivables		-2	1	-1
Debt securities		-2	1	0
Cash collateral to CCPs in Other assets		-1	1	0
<b>Total expected credit losses on financial assets at amortised cost</b>		<b>-1,762</b>	<b>831</b>	<b>-931</b>
<b>Expected credit losses and impairments on other financial assets</b>				
Debt securities at fair value through fair value reserve		-38	29	-9
<b>Total expected credit losses and impairments on other financial assets</b>		<b>-38</b>	<b>29</b>	<b>-9</b>
<b>Credit commitments (off-balance sheet)</b>		<b>-15</b>	<b>15</b>	<b>0</b>
<b>Total</b>		<b>-1,815</b>	<b>874</b>	<b>-941</b>

**Adjusted  
Credit losses and impairments**

**Jan–Dec 2024 (EUR 1,000)**

**Expected credit losses on financial assets at amortised cost**

	Expected credit losses		Recognised in the income statement
	Additions	Subtractions	
Cash and balances with central banks	-	0	0
Loans and advances to credit institutions	-50	63	12
Loans and advances to the public and public sector entities	-1,518	1,164	-354
Finance lease receivables	-2	22	20
Debt securities	-1	1	0
Cash collateral to CCPs in Other assets	-1	2	1
<b>Total expected credit losses on financial assets at amortised cost</b>	<b>-1,572</b>	<b>1,252</b>	<b>-321</b>
<b>Expected credit losses and impairments on other financial assets</b>			
Debt securities at fair value through fair value reserve	-13	10	-2
<b>Total expected credit losses and impairments on other financial assets</b>	<b>-13</b>	<b>10</b>	<b>-2</b>
<b>Credit commitments (off-balance sheet)</b>	<b>-14</b>	<b>11</b>	<b>-3</b>
<b>Total</b>	<b>-1,599</b>	<b>1,273</b>	<b>-326</b>

During the financial year, MuniFin corrected the presentation of receivables from central bank. More detailed information about the change in presentation can be found in Note 1 *Significant accounting policies and corrections to previous Parent Company's Financial Statements*.

## Note 9. Information on business areas and geographical market

Municipality Finance Plc's operating segment is credit institution operations and the market for lending is Finland.

# Notes to the balance sheet

The Company has not combined any items on the balance sheet under Chapter 2, Section 14(4), of the Ministry of Finance Decree.

## Note 10. Financial assets and liabilities

Financial assets							
31 Dec 2025 (EUR 1,000)	Amortised cost	Fair value through fair value reserve	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	1,989,652	-	-	-	-	1,989,652	1,989,652
<i>, of which unreceived interest</i>	3,787	-	-	-	-	3,787	
Loans and advances to the public and public sector entities	36,407,260	-	29,473	21,335	-	36,458,068	38,424,391
<i>, of which unreceived interest</i>	173,827	-	170	166	-	174,163	
Debt securities	1,895,434	572,874	5,592,956	-	-	8,061,264	8,061,646
<i>, of which unreceived interest</i>	-	7,011	60,053	-	-	67,064	
Shares and participations in Group companies	-	-	-	656	-	656	656
Derivative contracts at fair value through profit or loss	-	-	-	-	283,343	283,343	283,343
<i>, of which unreceived interest</i>	-	-	-	-	31,016	31,016	
Derivative contracts in hedge accounting	-	-	-	-	1,203,273	1,203,273	1,203,273
<i>, of which unreceived interest</i>	-	-	-	-	171,332	171,332	
Other assets	803,833	-	-	-	-	803,833	803,833
<i>, of which unreceived interest</i>	482	-	-	-	-	482	
<b>Total</b>	<b>46,265,435</b>	<b>572,874</b>	<b>5,622,429</b>	<b>21,991</b>	<b>1,486,616</b>	<b>53,969,345</b>	<b>55,936,049</b>

**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
<i>, of which unpaid interest</i>	932	1,502	-	2,434	
Liabilities to the public and public sector entities	1,075,749	1,238,790	-	2,314,539	2,324,328
<i>, of which unpaid interest</i>	19,719	12,535	-	32,254	
Debt securities issued	36,042,597	11,084,432	-	47,127,029	47,134,838
<i>, of which unpaid interest</i>	390,372	73,153	-	463,525	
Derivative contracts at fair value through profit or loss	-	-	1,359,406	1,359,406	1,359,406
<i>, of which unpaid interest</i>	-	-	20,537	20,537	
Derivative contracts in hedge accounting	-	-	2,008,951	2,008,951	2,008,951
<i>, of which unreceived interest</i>	-	-	-84,694	-84,694	
Other liabilities	256,330	-	-	256,330	256,330
<i>, of which unpaid interest</i>	27	-	-	27	
<b>Total</b>	<b>37,493,353</b>	<b>12,400,622</b>	<b>3,368,357</b>	<b>53,262,331</b>	<b>53,280,410</b>

<b>Adjusted Financial assets 31 Dec 2024 (EUR 1,000)</b>	<b>Amortised cost</b>	<b>Fair value through fair value reserve</b>	<b>Designated at fair value through profit or loss</b>	<b>Mandatorily at fair value through profit or loss</b>	<b>Fair value through profit or loss</b>	<b>Total</b>	<b>Fair value</b>
Cash and balances with central banks	7,776,888	-	-	-	-	7,776,888	7,776,888
Loans and advances to credit institutions	789,496	-	-	-	-	789,496	789,496
, of which unreceived interest	1,741	-	-	-	-	1,741	
Loans and advances to the public and public sector entities	33,757,873	-	30,940	25,036	-	33,813,849	35,826,784
, of which unreceived interest	203,433	-	169	191	-	203,793	
Debt securities	1,825,411	377,480	3,676,021	-	-	5,878,912	5,879,660
, of which unreceived interest	9,451	5,352	32,616	-	-	47,419	
Shares and participations in Group companies	-	-	-	656	-	656	656
Derivative contracts at fair value through profit or loss	-	-	-	-	451,480	451,480	451,480
, of which unreceived interest	-	-	-	-	56,465	56,465	
Derivative contracts in hedge accounting	-	-	-	-	1,872,228	1,872,228	1,872,228
, of which unreceived interest	-	-	-	-	175,755	175,755	
Other assets	889,682	-	-	-	-	889,682	889,682
, of which unreceived interest	868	-	-	-	-	868	
<b>Total</b>	<b>45,039,350</b>	<b>377,480</b>	<b>3,706,961</b>	<b>25,692</b>	<b>2,323,708</b>	<b>51,473,191</b>	<b>53,486,874</b>

During the financial year, MuniFin corrected the presentation of receivables from central bank. More detailed information about the change in presentation can be found in Note 1 *Significant accounting policies and corrections to previous Parent Company's Financial Statements*.

<b>Adjusted Financial liabilities 31 Dec 2024 (EUR 1,000)</b>	<b>Amortised cost</b>	<b>Designated at fair value through profit or loss</b>	<b>Fair value through profit or loss</b>	<b>Total</b>	<b>Fair value</b>
Liabilities to credit institutions	804,380	79,315	-	883,694	883,627
<i>, of which unpaid interest</i>	<i>2,417</i>	<i>1,278</i>	<i>-</i>	<i>3,694</i>	
Liabilities to the public and public sector entities	1,129,737	1,334,136	-	2,463,874	2,475,335
<i>, of which unpaid interest</i>	<i>19,873</i>	<i>12,250</i>	<i>-</i>	<i>32,123</i>	
Debt securities issued	35,336,202	9,198,104	-	44,534,306	44,345,120
<i>, of which unpaid interest</i>	<i>325,887</i>	<i>105,270</i>	<i>-</i>	<i>431,157</i>	
Derivative contracts at fair value through profit or loss	-	-	1,073,936	1,073,936	1,073,936
<i>, of which unpaid interest</i>	<i>-</i>	<i>-</i>	<i>60,451</i>	<i>60,451</i>	
Derivative contracts in hedge accounting	-	-	1,487,782	1,487,782	1,487,782
<i>, of which unpaid interest</i>	<i>-</i>	<i>-</i>	<i>33,126</i>	<i>33,126</i>	
Other liabilities	259,850	-	-	259,850	259,850
<i>, of which unpaid interest</i>	<i>42</i>	<i>-</i>	<i>-</i>	<i>42</i>	
<b>Total</b>	<b>37,530,169</b>	<b>10,611,555</b>	<b>2,561,718</b>	<b>50,703,442</b>	<b>50,525,650</b>

During the financial year, MuniFin corrected the presentation of lease liability. More detailed information about the change in presentation can be found in Note 1 *Significant accounting policies and corrections to previous Parent Company's Financial Statements*.

## Note 11. Cash and cash equivalents

Cash and cash equivalents include the following balance sheet items: *Cash and balances with central banks* and *Loans and advances to credit institutions, payable on demand*.

(EUR 1,000)	31 Dec 2025	Adjusted 31 Dec 2024
Cash and balances with central banks	5,169,257	7,776,888
Loans and advances to credit institutions, payable on demand	43,124	61,265
<b>Total cash and cash equivalents</b>	<b>5,212,381</b>	<b>7,838,154</b>

During the financial year, MuniFin corrected the presentation of receivables from central bank. More detailed information about the change in presentation can be found in Note 1 *Significant accounting policies and corrections to previous Parent Company's Financial Statements*.

## Note 12. Loans and advances to credit institutions

31 Dec 2025 (EUR 1,000)	Payable on demand	Other than payable on demand	Expected credit losses	Total
Central bank	-	38,207	0	38,207
Domestic credit institutions	41,727	175,798	-49	217,475
Foreign credit institutions	1,397	1,732,619	-47	1,733,970
<b>Total</b>	<b>43,124</b>	<b>1,946,624</b>	<b>-96</b>	<b>1,989,652</b>

Adjusted 31 Dec 2024 (EUR 1,000)	Payable on demand	Other than payable on demand	Expected credit losses	Total
Central bank	-	31,981	0	31,981
Domestic credit institutions	59,704	199,245	-50	258,900
Foreign credit institutions	1,561	497,066	-11	498,616
<b>Total</b>	<b>61,265</b>	<b>728,292</b>	<b>-61</b>	<b>789,496</b>

During the financial year, MuniFin corrected the presentation of receivables from central bank. More detailed information about the change in presentation can be found in Note 1 *Significant accounting policies and corrections to previous Parent Company's Financial Statements*.

## Note 13. Loans and advances to the public and public sector entities

(EUR 1,000)	31 Dec 2025		31 Dec 2024	
	Total	, of which expected credit losses	Total	, of which expected credit losses
Enterprises and housing corporations	20,564,245	-3,158	18,586,481	-2,350
Public sector entities	15,474,274	-159	14,877,043	-117
Non-profit organisations	419,550	-139	350,325	-95
<b>Total</b>	<b>36,458,068</b>	<b>-3,456</b>	<b>33,813,849</b>	<b>-2,561</b>

## Note 14. Debt securities

Debt securities issued by public sector entities 31 Dec 2025 (EUR 1,000)	Publicly quoted	Other	Total	Expected credit losses
<b>Amortised cost</b>	-	<b>1,669,062</b>	<b>1,669,062</b>	<b>-1</b>
Commercial papers	-	1,669,062	1,669,062	-1
<b>Fair value through fair value reserve</b>	<b>97,619</b>	-	<b>97,619</b>	<b>-14</b>
Bonds issued by other public sector entities	97,619	-	97,619	-14
<b>Designated at fair value through profit or loss</b>	<b>3,341,683</b>	-	<b>3,341,683</b>	<b>-14</b>
Government bonds	509,785	-	509,785	-
Bonds issued by other public sector entities	2,831,898	-	2,831,898	-
<b>Total</b>	<b>3,439,303</b>	<b>1,669,062</b>	<b>5,108,364</b>	<b>-16</b>
<i>, of which eligible for central bank refinancing</i>	<i>3,019,417</i>	-	<i>3,019,417</i>	<i>-14</i>

**Debt securities issued by other than public sector entities**  
**31 Dec 2025 (EUR 1,000)**

	Publicly quoted	Other	Total	Expected credit losses
<b>Amortised cost</b>	-	<b>226,372</b>	<b>226,372</b>	<b>0</b>
Commercial papers	-	226,372	226,372	0
<b>Fair value through fair value reserve</b>	<b>475,255</b>	-	<b>475,255</b>	<b>-40</b>
Bank bonds	475,255	-	475,255	-40
<b>Designated at fair value through profit or loss</b>	<b>2,251,273</b>	-	<b>2,251,273</b>	-
Bank bonds	2,251,273	-	2,251,273	-
<b>Total</b>	<b>2,726,527</b>	<b>226,372</b>	<b>2,952,900</b>	<b>-40</b>
<i>, of which eligible for central bank refinancing</i>	2,364,549	-	2,364,549	-38

**31 Dec 2025 (EUR 1,000)**

	Publicly quoted	Other	Total	Expected credit losses
<b>Debt securities total</b>	<b>6,165,830</b>	<b>1,895,434</b>	<b>8,061,264</b>	<b>-56</b>

At the Financial Statement date 31 Dec 2025, the Company has given debt securities as collateral to central counterparty, in total nominal value of EUR 152,000 thousand (EUR 100,000 thousand).

Debt securities issued by public sector entities 31 Dec 2024 (EUR 1,000)	Publicly quoted	Other	Total	Expected credit losses
<b>Amortised cost</b>	-	<b>1,599,849</b>	<b>1,599,849</b>	<b>-1</b>
Commercial papers	-	1,599,849	1,599,849	-1
<b>Fair value through fair value reserve</b>	<b>25,773</b>	-	<b>25,773</b>	<b>-1</b>
Bonds issued by other public sector entities	25,773	-	25,773	-1
<b>Designated at fair value through profit or loss</b>	<b>1,673,477</b>	-	<b>1,673,477</b>	-
Government bonds	221,193	-	221,193	-
Bonds issued by other public sector entities	1,452,284	-	1,452,284	-
<b>Total</b>	<b>1,699,250</b>	<b>1,599,849</b>	<b>3,299,099</b>	<b>-2</b>
<i>, of which eligible for central bank refinancing</i>	<i>1,524,558</i>	<i>-</i>	<i>1,524,558</i>	<i>-1</i>

Debt securities issued by other than public sector entities 31 Dec 2024 (EUR 1,000)	Publicly quoted	Other	Total	Expected credit losses
<b>Amortised cost</b>	-	<b>225,562</b>	<b>225,562</b>	<b>0</b>
Commercial papers	-	225,562	225,562	0
<b>Fair value through fair value reserve</b>	<b>351,707</b>	-	<b>351,707</b>	<b>-44</b>
Bank bonds	351,707	-	351,707	-44
<b>Designated at fair value through profit or loss</b>	<b>2,002,544</b>	-	<b>2,002,544</b>	-
Bank bonds	2,002,544	-	2,002,544	-
<b>Total</b>	<b>2,354,251</b>	<b>225,562</b>	<b>2,579,813</b>	<b>-44</b>
<i>, of which eligible for central bank refinancing</i>	<i>2,075,542</i>	<i>-</i>	<i>2,075,542</i>	<i>-42</i>

31 Dec 2024 (EUR 1,000)	Publicly quoted	Other	Total	Expected credit losses
<b>Debt securities total</b>	<b>4,053,501</b>	<b>1,825,411</b>	<b>5,878,912</b>	<b>-46</b>

## Note 15. Finance lease receivables

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Prepayments	183,033	262,438
Machinery and equipment	214,531	239,079
Fixed assets and buildings	1,227,156	1,061,429
Other assets	65	124
Expected credit losses	-10	-9
<b>Total</b>	<b>1,624,775</b>	<b>1,563,060</b>

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Breakdown of finance lease receivables by maturity		
0–12 months	181,572	179,285
1–2 years	131,458	141,780
2–3 years	125,172	113,546
3–4 years	112,941	108,772
4–5 years	104,170	98,506
Over 5 years	1,579,738	1,404,030
Future cashflows	2,235,052	2,045,919
Unearned finance income (-)	-610,277	-482,859
<b>Carrying amount</b>	<b>1,624,775</b>	<b>1,563,060</b>

Interest income from finance lease receivables is presented in Note 2 *Interest income and expenses* on row *Leased assets*. During the financial year 2025 and in 2024, there were no capital gains or losses from finance lease agreements.

## Note 16. Credit risks of financial assets and other commitments

MuniFin's credit risks are described in the Consolidated Financial Statements's Note 2 *Risk management principles and the Group's risk position* in Section 6. *Credit and counterparty credit risk*. The expected credit loss calculation method and impairment stages are described in Note 22 *Credit risk of financial assets and other commitments* in the Consolidated Financial Statements.

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

Exposures by asset groups and impairment stages	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3*		Gross carrying amount	Expected credit losses
31 Dec 2025 (EUR 1,000)	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL		
Cash and balances with central banks at amortised cost	5,169,257	0	-	-	-	-	5,169,257	0
Loans and advances to credit institutions at amortised cost	1,989,748	-96	-	-	-	-	1,989,748	-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
Finance lease receivables 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 fair value reserve	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
<b>Total</b>	<b>48,147,333</b>	<b>-333</b>	<b>2,295,941</b>	<b>-2,654</b>	<b>454,036</b>	<b>-655</b>	<b>50,897,311</b>	<b>-3,642</b>

\* MuniFin has collateral and guarantee arrangements that fully cover the stage 3 receivables as described in Note 2 *Risk management principles* and MuniFin's risk position in Section 6. *Credit and counterparty credit risk*. MuniFin's management expects that all the 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	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3		Gross carrying amount	Expected credit losses
	Gross carrying amount	12-month ECL	Gross carrying amount	Lifetime ECL	Gross carrying amount	Lifetime ECL		
<b>31 Dec 2024 (EUR 1,000)</b>								
Cash and balances with central banks at amortised cost	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
Finance lease receivables 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 fair value reserve	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
<b>Total</b>	<b>47,466,016</b>	<b>-280</b>	<b>2,160,266</b>	<b>-2,105</b>	<b>291,705</b>	<b>-316</b>	<b>49,917,988</b>	<b>-2,701</b>

During the financial year, MuniFin corrected the presentation of receivables from central bank. More detailed information about the change in presentation can be found in Note 1 *Significant accounting policies and corrections to previous Parent Company's Financial Statements*.

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

Total expected credit losses by impairment stages (EUR 1,000)	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
<b>Opening balance 1 Jan 2025</b>	<b>-280</b>	<b>-2,105</b>	<b>-316</b>	<b>-2,701</b>
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 ( <i>Management overlay</i> )	-	-242	-	-242
Changes to models and inputs* used for ECL calculations	-5	-7	-1	-14
<b>Total 31 Dec 2025</b>	<b>-333</b>	<b>-2,654</b>	<b>-655</b>	<b>-3,642</b>

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

MuniFin 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.

MuniFin has assessed the impact of general macroeconomic situation to customer financing receivables and credit risk. At the end of December 2024, MuniFin'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, MuniFin's 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. MuniFin's management decided to make an additional discretionary provision of EUR 130 thousand based on a group level assessment.

At the end of December 2025, MuniFin's management reassessed the need for an additional discretionary provision and decided to release the earlier group level 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 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'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. MuniFin's management estimates that all receivables will be recovered in full and therefore no final credit loss will arise. On 31 December 2025, MuniFin 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 (EUR 1,000)	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
<b>Opening balance 1 Jan 2024</b>	<b>-267</b>	<b>-1,894</b>	<b>-214</b>	<b>-2,375</b>
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 ( <i>Management overlay</i> )	-	625	-	625
Changes to models and inputs used for ECL calculations	-16	-1,070	-35	-1,122
<b>Total 31 Dec 2024</b>	<b>-280</b>	<b>-2,105</b>	<b>-316</b>	<b>-2,701</b>

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**

(EUR 1,000)

	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
<b>Opening balance 1 Jan 2025</b>	<b>-142</b>	<b>-2,103</b>	<b>-316</b>	<b>-2,561</b>
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 ( <i>Management overlay</i> )	-	-242	-	-242
Changes to models and inputs used for ECL calculations	-4	-7	-1	-13
<b>Total 31 Dec 2025</b>	<b>-153</b>	<b>-2,648</b>	<b>-655</b>	<b>-3,456</b>

**Expected credit losses on Loans and advances to the public and public sector entities at amortised cost by impairment stages**

**(EUR 1,000)**

**Opening balance 1 Jan 2024**

	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	ECL
<b>Opening balance 1 Jan 2024</b>	<b>-122</b>	<b>-1,872</b>	<b>-214</b>	<b>-2,207</b>
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 ( <i>Management overlay</i> )	-	625	-	625
Changes to models and inputs used for ECL calculations	-13	-1,070	-35	-1,119
<b>Total 31 Dec 2024</b>	<b>-142</b>	<b>-2,103</b>	<b>-316</b>	<b>-2,561</b>

### 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 described in the adjacent table.

Scenario	31 Dec 2025			31 Dec 2024		
	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 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.

Macroeconomic variables	Scenario	31 Dec 2025			31 Dec 2024		
		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 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			31 Dec 2024		
	Weighted scenario	Adverse scenario (100%)	Excluding weighted scenario	Weighted scenario	Adverse scenario (100%)	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*).

### 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.

Forbearances are concessions to the original contractual payment terms agreed upon at the customer's initiative, aimed at helping the customer cope with temporary payment difficulties. Performing forborne exposures are those that have recovered from non-performing status during the trial 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. MuniFin considers a loan forborne when such concessions or modifications are provided because of the borrower's present or expected financial difficulties, and MuniFin would not have agreed to them if the borrower had been in good financial condition; all such receivables are classified as stage 3.

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
<b>Total</b>	<b>407,413</b>	<b>454,038</b>	<b>861,451</b>	<b>-854</b>	<b>860,597</b>

In 2025, loan forbearance measures were granted particularly to customers in the housing sector, whose underutilisation of the premises 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.

<b>Non-performing and forborne exposures 31 Dec 2024 (EUR 1,000)</b>	<b>Performing exposures (gross)</b>	<b>Non-performing exposures (gross)</b>	<b>Total exposures (gross)</b>	<b>Total expected credit losses</b>	<b>Total exposures (net)</b>
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
<b>Total</b>	<b>430,479</b>	<b>291,705</b>	<b>722,184</b>	<b>-573</b>	<b>721,610</b>

### Realised credit losses

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

## Note 17. Shares and participations

31 Dec 2025 (EUR 1,000)	Publicly quoted	Other	Total	, of which in credit institutions
Shares and participations in Group companies	-	656	656	-
<b>Total</b>	<b>-</b>	<b>656</b>	<b>656</b>	<b>-</b>
<i>, of which at acquisition cost</i>	-	656	656	-

MuniFin does not have equity instruments valued at fair value through fair value reserve. MuniFin does not have shares and participations subject to securities lending.

31 Dec 2024 (EUR 1,000)	Publicly quoted	Other	Total	, of which in credit institutions
Shares and participations in Group companies	-	656	656	-
<b>Total</b>	<b>-</b>	<b>656</b>	<b>656</b>	<b>-</b>
<i>, of which at acquisition cost</i>	-	656	656	-

## Note 18. Derivative contracts

31 Dec 2025 (EUR 1,000)	Nominal value of underlying instrument				Fair value	
	Less than 1 year	Remaining maturity		Total	Positive	Negative
		1–5 years	Over 5 years			
<b>Derivative contracts in hedge accounting</b>						
Interest rate derivatives						
Interest rate swaps	3,220,780	18,769,216	16,068,885	38,058,880	883,575	-1,166,959
<i>, of which cleared by the central counterparty</i>	3,185,280	18,752,851	15,435,987	36,985,118	854,731	-1,143,740
Currency derivatives						
Cross currency interest rate swaps	3,297,394	12,388,102	754,571	16,440,067	319,697	-841,992
<b>Total derivative contracts in hedge accounting</b>	<b>6,518,174</b>	<b>31,157,318</b>	<b>16,823,456</b>	<b>54,498,947</b>	<b>1,203,273</b>	<b>-2,008,951</b>
<b>Derivative contracts at fair value through profit or loss</b>						
Interest rate derivatives						
Interest rate swaps	9,840,177	12,067,683	5,567,231	27,475,091	231,688	-1,050,133
<i>, of which cleared by the central counterparty</i>	8,301,061	9,141,785	2,464,314	19,907,159	139,170	-82,217
Currency derivatives						
Cross currency interest rate swaps	1,245,445	3,244,298	47,622	4,537,365	47,598	-290,276
Forward exchange contracts	3,337,001	-	-	3,337,001	4,056	-18,997
Equity derivatives	-	-	-	-	-	-
<b>Total derivative contracts at fair value through profit or loss</b>	<b>14,422,624</b>	<b>15,311,981</b>	<b>5,614,853</b>	<b>35,349,458</b>	<b>283,343</b>	<b>-1,359,406</b>
<b>Total derivative contracts</b>	<b>20,940,798</b>	<b>46,469,298</b>	<b>22,438,309</b>	<b>89,848,405</b>	<b>1,486,616</b>	<b>-3,368,357</b>

Line item *Derivative contracts at fair value through profit or loss* contains all derivatives of MuniFin 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	
	Remaining maturity			Total	Positive	Negative
	Less than 1 year	1–5 years	Over 5 years			
<b>Derivative contracts in hedge accounting</b>						
Interest rate derivatives						
Interest rate swaps	2,227,956	15,950,911	18,107,614	36,286,482	987,920	-1,262,963
<i>, of which cleared by the central counterparty</i>	<i>2,128,956</i>	<i>15,899,304</i>	<i>17,428,936</i>	<i>35,457,197</i>	<i>963,973</i>	<i>-1,250,839</i>
Currency derivatives						
Cross currency interest rate swaps	3,250,510	13,479,274	369,119	17,098,903	884,308	-224,818
<b>Total derivative contracts in hedge accounting</b>	<b>5,478,466</b>	<b>29,430,185</b>	<b>18,476,733</b>	<b>53,385,385</b>	<b>1,872,228</b>	<b>-1,487,782</b>
<b>Derivative contracts at fair value through profit or loss</b>						
Interest rate derivatives						
Interest rate swaps	8,364,980	9,253,147	4,885,876	22,504,004	220,007	-797,908
<i>, of which cleared by the central counterparty</i>	<i>6,584,200</i>	<i>6,806,285</i>	<i>1,909,901</i>	<i>15,300,387</i>	<i>119,869</i>	<i>-122,927</i>
Currency derivatives						
Cross currency interest rate swaps	1,107,136	2,491,716	64,207	3,663,059	100,100	-268,552
Forward exchange contracts	2,840,260	-	-	2,840,260	131,373	-761
Equity derivatives	12,572	-	-	12,572	-	-6,715
<b>Total derivative contracts at fair value through profit or loss</b>	<b>12,324,948</b>	<b>11,744,863</b>	<b>4,950,083</b>	<b>29,019,895</b>	<b>451,480</b>	<b>-1,073,936</b>
<b>Total derivative contracts</b>	<b>17,803,414</b>	<b>41,175,049</b>	<b>23,426,816</b>	<b>82,405,280</b>	<b>2,323,708</b>	<b>-2,561,718</b>

## Note 19. Hedge accounting

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

Company applies fair value hedge accounting to:

- Financial assets and liabilities and lease agreements denominated in euros, where the plain-vanilla interest rate of the hedged item has been swapped to a floating rate using derivatives.
- Foreign currency denominated financial liabilities with fixed interest rates, which have been hedged by exchanging the principal into euros and the interest rate into a floating rate.

The Company applies fair value hedge accounting according to IFRS 9 (*one-to-one hedging or group of items hedging*) and according to IAS 39 (*portfolio hedge accounting*). The Company does not apply cash flow hedge accounting. The Company has documented the hedge relationships within hedge accounting, and they comply with the Group's risk management objectives and strategy.

Accounting policies related to hedge accounting are described in the Note 21 *Hedge accounting* in the Consolidated Financial Statements.

In the following table, the hedged assets and liabilities are presented according to balance sheet line items divided into IAS 39 standard portfolio hedge accounting and IFRS 9 standard fair value hedge accounting, which is further subdivided into whether hedging is subject to the separation of the Cost-of-Hedging.

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
<b>Assets</b>					
Loans and advances to the public and public sector entities	10,506,527	9,957,100	9,901,678	55,422	-
Finance lease receivables	415,681	411,307	-	411,307	-
<b>Total assets</b>	<b>10,922,208</b>	<b>10,368,407</b>	<b>9,901,678</b>	<b>466,729</b>	<b>-</b>
<b>Liabilities</b>					
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
<b>Total liabilities</b>	<b>36,888,233</b>	<b>36,282,351</b>	<b>-</b>	<b>19,591,704</b>	<b>16,690,646</b>

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
<b>Assets</b>					
Loans and advances to the public and public sector entities	11,209,584	10,633,372	10,573,458	59,914	-
Finance lease receivables	421,960	423,793	-	423,793	-
<b>Total assets</b>	<b>11,631,544</b>	<b>11,057,166</b>	<b>10,573,458</b>	<b>483,708</b>	<b>-</b>
<b>Liabilities</b>					
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
<b>Total liabilities</b>	<b>36,617,446</b>	<b>35,788,709</b>	<b>-</b>	<b>18,813,149</b>	<b>16,975,560</b>

Value of hedged risk (EUR 1,000)	31 Dec 2025	1 Jan 2025	Recognised in the income statement Jan–Dec 2025	31 Dec 2024	1 Jan 2024	Recognised in the income statement Jan–Dec 2024
<b>Assets</b>						
IAS 39 portfolio hedge accounting						
Loans and advances to the public and public sector entities	-576,717	-604,957	28,241	-604,957	-907,319	302,362
Derivative contracts in hedge accounting	615,184	658,479	-43,296	658,479	969,754	-311,275
Accumulated fair value accrual from the termination of hedge accounting	-6,107	-1,411	-4,696	-1,411	-1,652	240
<b>IAS 39 portfolio hedge accounting, net</b>	<b>32,360</b>	<b>52,111</b>	<b>-19,751</b>	<b>52,111</b>	<b>60,783</b>	<b>-8,672</b>
IFRS 9 fair value hedge accounting						
Loans and advances to the public and public sector entities	-1,093	2,214	-3,306	2,214	1,829	385
Finance lease receivables	-10,265	-4,427	-5,839	-4,427	-12,251	7,825
Derivative contracts in hedge accounting	9,312	828	8,484	828	9,060	-8,232
<b>IFRS 9 fair value hedge accounting, net</b>	<b>-2,046</b>	<b>-1,385</b>	<b>-661</b>	<b>-1,385</b>	<b>-1,362</b>	<b>-23</b>
<b>Liabilities</b>						
IFRS 9 fair value hedge accounting						
Liabilities to credit institutions	13,555	7,357	6,198	7,357	8,111	-754
Liabilities to the public and public sector entities	39,688	-7,263	46,951	-7,263	4,425	-11,688
Debt securities issued	761,349	901,690	-140,341	901,690	1,407,537	-505,847
Derivative contracts in hedge accounting	-825,392	-927,435	102,043	-927,435	-1,442,656	515,221
<b>IFRS 9 fair value hedge accounting, net</b>	<b>-10,800</b>	<b>-25,651</b>	<b>14,851</b>	<b>-25,651</b>	<b>-22,583</b>	<b>-3,068</b>
<b>Realised income</b>	<b>4,770</b>	<b>-</b>	<b>4,770</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total hedge accounting</b>	<b>24,284</b>	<b>25,075</b>	<b>-790</b>	<b>25,075</b>	<b>36,838</b>	<b>-11,763</b>

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.

The following table presents the impact of Cost-of-Hedging of cross currency derivatives on equity in the Cost-of-Hedging reserve.

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

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

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)**

Hedged item	Hedging instruments	Gains/(losses) attributable to the hedged risk		Hedge ineffectiveness
		Hedged items	Hedging instruments	
<b>Assets</b>				
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
<b>Assets total</b>		<b>-588,075</b>	<b>624,496</b>	<b>36,421</b>
<b>Liabilities</b>				
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
<b>Liabilities total</b>		<b>814,592</b>	<b>-825,392</b>	<b>-10,800</b>

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

Hedged item	Hedging instruments	Gains/(losses) attributable to the hedged risk		Hedge ineffectiveness
		Hedged items	Hedging instruments	
<b>Assets</b>				
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
<b>Assets total</b>		<b>-607,170</b>	<b>659,307</b>	<b>52,137</b>
<b>Liabilities</b>				
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
<b>Liabilities total</b>		<b>901,784</b>	<b>-927,435</b>	<b>-25,651</b>

## Note 20. Intangible and tangible assets

Intangible assets (EUR 1,000)	31 Dec 2025	31 Dec 2024
IT systems	836	2,720
<i>, of which assets not yet available for use</i>	106	-
<b>Total</b>	<b>836</b>	<b>2,720</b>

Intangible assets do not include other development costs or goodwill. The intangible assets not yet available for use consists of ongoing development projects of IT systems. During the financial year, depreciation of intangible assets amounted to EUR 1,989 thousand (EUR 3,833 thousand).

Tangible assets (EUR 1,000)	31 Dec 2025	31 Dec 2024
Right-of-use assets	6,472	7,548
Other tangible assets	2,468	688
<b>Total</b>	<b>8,941</b>	<b>8,236</b>

MuniFin does not have investment properties. During the financial year, depreciation of tangible assets amounted to EUR 1,986 thousand (EUR 2,137 thousand).

Jan-Dec 2025 (EUR 1,000)	Intangible assets		Tangible assets	
	Total IT systems	Other tangible assets	Right-of-use assets	Total
	30,813	5,574	8,532	14,105
+ Additions	106	2,350	369	2,719
- Disposals	-2,048	-3,945	-368	-4,314
Acquisition cost 31 Dec	28,871	3,978	8,532	12,511
Accumulated depreciation 1 Jan	28,093	4,885	984	5,869
- Accumulated depreciation on disposals	-2,048	-3,945	-340	-4,285
+ Depreciation for the financial year	1,989	570	1,416	1,986
Accumulated depreciation 31 Dec	28,034	1,510	2,060	3,570
<b>Carrying amount 31 Dec</b>	<b>836</b>	<b>2,468</b>	<b>6,472</b>	<b>8,941</b>

Jan-Dec 2024 (EUR 1,000)	Intangible assets		Tangible assets	
	Total IT systems	Other tangible assets	Right-of-use assets	Total
Acquisition cost 1 Jan	30,574	5,217	14,616	19,832
+ Additions	239	386	655	1,041
- Disposals	-	-29	-6,739	-6,768
Acquisition cost 31 Dec	30,813	5,574	8,532	14,105
Accumulated depreciation 1 Jan	24,261	4,363	6,116	10,479
- Accumulated depreciation on disposals	-	-29	-6,717	-6,746
+ Depreciation for the financial year	3,833	552	1,585	2,137
Accumulated depreciation 31 Dec	28,093	4,885	984	5,869
<b>Carrying amount 31 Dec</b>	<b>2,720</b>	<b>688</b>	<b>7,548</b>	<b>8,236</b>

## Note 21. Other assets

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Invoiced leasing	24,115	23,305
Given cash collateral to CCPs	803,833	889,682
Other	3,536	2,925
<b>Total</b>	<b>831,484</b>	<b>915,913</b>

MuniFin did not have receivables related to payment transfers as at 31 Dec 2025 or 31 Dec 2024.

## Note 22. Accrued income and prepayments

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Tax income	32	16,577
Prepayments	3,064	2,220
<b>Total</b>	<b>3,096</b>	<b>18,797</b>

## Note 23. Deferred tax assets and liabilities

Deferred tax assets (EUR 1,000)	1 Jan 2025	Recognised in the income statement	Recognised in equity	Paid during the financial year	31 Dec 2025
On right-of-use assets	10	19	-	-	29
<b>Total</b>	<b>10</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>29</b>

Deferred tax liabilities (EUR 1,000)	1 Jan 2025	Recognised in the income statement	Recognised in equity	Paid during the financial year	31 Dec 2025
On fair value reserve	54,763	-	-22,668	-	32,095
<b>Total</b>	<b>54,763</b>	<b>-</b>	<b>-22,668</b>	<b>-</b>	<b>32,095</b>

Voluntary credit loss provision and depreciation difference include EUR 337,598 thousand ( EUR 317,363 thousand) in non-recognised deferred tax liabilities.

<b>Deferred tax assets (EUR 1,000)</b>	<b>1 Jan 2024</b>	<b>Recognised in the income statement</b>	<b>Recognised in equity</b>	<b>Paid during the financial year</b>	<b>31 Dec 2024</b>
On right-of-use assets	8	2	-	-	10
<b>Total</b>	<b>8</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>10</b>

<b>Deferred tax liabilities (EUR 1,000)</b>	<b>1 Jan 2024</b>	<b>Recognised in the income statement</b>	<b>Recognised in equity</b>	<b>Paid during the financial year</b>	<b>31 Dec 2024</b>
On fair value reserve	21,028	-	33,736	-	54,763
<b>Total</b>	<b>21,028</b>	<b>-</b>	<b>33,736</b>	<b>-</b>	<b>54,763</b>

## Note 24. Debt securities issued

(EUR 1,000)	31 Dec 2025		31 Dec 2024	
	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
<b>Total</b>	<b>47,127,029</b>	<b>48,132,474</b>	<b>44,534,306</b>	<b>45,728,102</b>

\* 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 benchmark bond, issued under the MTN programme	28 Jan 2025	14 Dec 2029	2.625%	1,250,000	EUR
Fixed rate benchmark bond, issued under the MTN programme	31 Mar 2025	1 Apr 2030	4.250%	1,000,000	USD
Fixed rate benchmark bond, issued under the MTN programme	10 Jun 2025	14 Jun 2032	2.625%	1,000,000	EUR
Fixed rate benchmark bond, issued under the MTN programme	30 Sep 2025	6 Oct 2028	3.625%	1,500,000	USD

Reconciliation of the carrying amount of issued debt (EUR 1,000)	2025			2024		
	Liabilities to credit institutions	Liabilities to the public and public sector entities	Debt securities issued	Liabilities to credit institutions	Liabilities to the public and public sector entities	Debt securities issued
<b>Carrying amount 1 Jan</b>	<b>167,558</b>	<b>2,463,874</b>	<b>44,534,306</b>	<b>131,458</b>	<b>2,622,551</b>	<b>40,872,798</b>
<b>Cash flow changes from operating activities</b>						
Additions to issued debt securities Bonds	28,997	84,222	9,871,536	51,008	30,713	9,131,597
Additions to debt securities issued <i>Other</i>	-	-	36,381,162	-	-	19,510,198
<b>Additions total</b>	<b>28,997</b>	<b>84,222</b>	<b>46,252,698</b>	<b>51,008</b>	<b>30,713</b>	<b>28,641,795</b>
Deductions to issued debt securities Bonds	-14,372	-99,387	-6,638,120	-15,346	-207,008	-5,754,758
Deductions to debt securities issued <i>Other</i>	-	-	-35,714,889	-	-	-20,088,676
<b>Deductions total</b>	<b>-14,372</b>	<b>-99,387</b>	<b>-42,353,009</b>	<b>-15,346</b>	<b>-207,008</b>	<b>-25,843,434</b>
<b>Cash flow changes from operating activities in total</b>	<b>14,626</b>	<b>-15,165</b>	<b>3,899,689</b>	<b>35,662</b>	<b>-176,295</b>	<b>2,798,361</b>
Changes in the balance sheet value including valuations and FX revaluations	-8,437	-134,170	-1,306,966	437	17,618	863,147
<b>Carrying amount 31 Dec</b>	<b>173,747</b>	<b>2,314,539</b>	<b>47,127,029</b>	<b>167,558</b>	<b>2,463,874</b>	<b>44,534,306</b>

## Note 25. Other liabilities

(EUR 1,000)	31 Dec 2025	31 Dec 2024
<b>Other liabilities</b>		
Lease liabilities*	6,618	7,599
Cash collateral taken from CCPs	256,330	259,850
Other	12,213	17,732
<b>Total</b>	<b>275,162</b>	<b>285,181</b>

\* Based on lease contracts, the Parent Company will pay rents within one year EUR 1,281 thousand, within 1 to 5 years EUR 4,557 thousand and after 5 years EUR 781 thousand.

## Note 26. Accrued expenses and deferred income

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Accrued expenses	13,181	12,496
Deferred income*	34,044	32,989
<b>Total</b>	<b>47,226</b>	<b>45,485</b>

\* Item consists mainly of leasing prepayments.

## Note 27. Act on the Resolution of Credit Institutions (1194/2014)

MuniFin's crisis resolution authority is the EU's Single Resolution Board (*SRB*) and 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 change did not have a significant effect on MuniFin's operations.

## Note 28. Breakdown of financial assets and liabilities at carrying amount by maturity

<b>Financial assets</b> <b>31 Dec 2025 (EUR 1,000)</b>	<b>0–3 months</b>	<b>3–12 months</b>	<b>1–5 years</b>	<b>5–10 years</b>	<b>Over 10 years</b>	<b>Total</b>
Cash and balances with central banks	5,169,257	-	-	-	-	5,169,257
Debt securities eligible for central bank refinancing	271,836	446,906	3,371,640	1,293,584	-	5,383,966
Loans and advances to credit institutions	1,934,387	38,209	17,056	-	-	1,989,652
Loans and advances to the public and public sector entities	668,988	1,854,966	8,507,026	8,439,570	16,987,518	36,458,068
Debt securities	1,595,337	401,241	517,675	163,045	-	2,677,298
Shares and participations in Group companies	-	-	-	-	656	656
Derivative contracts	135,798	30,141	609,518	369,495	341,662	1,486,616
Other assets	803,833	-	-	-	-	803,833
<b>Total</b>	<b>10,579,436</b>	<b>2,771,463</b>	<b>13,022,915</b>	<b>10,265,694</b>	<b>17,329,836</b>	<b>53,969,345</b>

<b>Financial liabilities</b> <b>31 Dec 2025 (EUR 1,000)</b>	<b>0–3 months</b>	<b>3–12 months</b>	<b>1–5 years</b>	<b>5–10 years</b>	<b>Over 10 years</b>	<b>Total</b>
Liabilities to credit institutions	27,505	-	120,511	23,901	24,161	196,077
Liabilities to the public and public sector entities	329,021	77,953	673,797	607,221	626,546	2,314,539
Debt securities issued	7,065,130	4,216,017	28,299,475	6,736,940	809,468	47,127,029
Derivative contracts	186,012	165,724	1,609,683	1,002,537	404,401	3,368,357
Other liabilities	256,330	-	-	-	-	256,330
<b>Total</b>	<b>7,863,998</b>	<b>4,459,695</b>	<b>30,703,465</b>	<b>8,370,599</b>	<b>1,864,575</b>	<b>53,262,331</b>

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

<b>Adjusted Financial assets 31 Dec 2024 (EUR 1,000)</b>	<b>0–3 months</b>	<b>3–12 months</b>	<b>1–5 years</b>	<b>5–10 years</b>	<b>Over 10 years</b>	<b>Total</b>
Cash and balances with central banks	7,776,888	-	-	-	-	7,776,888
Debt securities eligible for central bank refinancing	274,441	355,261	2,189,388	781,010	-	3,600,100
Loans and advances to credit institutions	736,849	38,140	14,507	-	-	789,496
Loans and advances to the public and public sector entities	627,997	1,774,531	8,023,430	7,734,269	15,653,621	33,813,849
Debt securities	1,617,488	271,427	350,864	39,032	-	2,278,812
Shares and participations in Group companies	-	-	-	-	656	656
Derivative contracts	152,633	57,431	1,161,155	613,963	338,525	2,323,708
Other assets	889,682	-	-	-	-	889,682
<b>Total</b>	<b>12,075,979</b>	<b>2,496,791</b>	<b>11,739,344</b>	<b>9,168,275</b>	<b>15,992,802</b>	<b>51,473,191</b>

During the financial year, MuniFin corrected the presentation of receivables from central bank. More detailed information about the change in presentation can be found in Note 1 *Significant accounting policies and corrections to previous Parent Company's Financial Statements*.

<b>Adjusted Financial liabilities 31 Dec 2024 (EUR 1,000)</b>	<b>0–3 months</b>	<b>3–12 months</b>	<b>1–5 years</b>	<b>5–10 years</b>	<b>Over 10 years</b>	<b>Total</b>
Liabilities to credit institutions	716,137	3,486	74,105	56,548	33,419	883,694
Liabilities to the public and public sector entities	38,133	233,195	894,643	595,550	702,353	2,463,874
Debt securities issued	4,757,279	6,110,628	25,545,532	6,494,648	1,626,218	44,534,306
Derivative contracts	164,955	190,266	959,624	729,648	517,223	2,561,718
Other liabilities	259,850	-	-	-	-	259,850
<b>Total</b>	<b>5,936,354</b>	<b>6,537,575</b>	<b>27,473,904</b>	<b>7,876,394</b>	<b>2,879,214</b>	<b>50,703,442</b>

During the financial year, MuniFin corrected the presentation of lease liability. More detailed information about the change in presentation can be found in Note 1 *Significant accounting policies and corrections to previous Parent Company's Financial Statements*.

## Note 29. Breakdown of balance sheet items into domestic and foreign currency

<b>Assets</b> <b>31 Dec 2025 (EUR 1,000)</b>	<b>Domestic currency</b>	<b>Foreign currency</b>	<b>Total</b>	<b>, of which intra-group</b>
Cash and balances with central banks	5,169,257	-	5,169,257	-
Debt securities eligible for central bank refinancing	5,383,966	-	5,383,966	-
Loans and advances to credit institutions	1,946,701	42,950	1,989,652	-
Loans and advances to the public and public sector entities	36,458,068	-	36,458,068	-
Finance lease receivables	1,624,775	-	1,624,775	-
Debt securities	2,677,298	-	2,677,298	-
Derivative contracts	1,432,394	54,221	1,486,616	-
Other assets	845,042	-	845,042	656
<b>Total</b>	<b>55,537,502</b>	<b>97,171</b>	<b>55,634,673</b>	<b>656</b>

<b>Liabilities and equity</b> <b>31 Dec 2025 (EUR 1,000)</b>	<b>Domestic currency</b>	<b>Foreign currency</b>	<b>Total</b>	<b>, of which intra-group</b>
Liabilities to credit institutions	196,077	-	196,077	-
Liabilities to the public and public sector entities	2,294,776	19,763	2,314,539	-
Debt securities issued	22,538,932	24,588,097	47,127,029	-
Derivative contracts	3,286,871	81,486	3,368,357	-
Other liabilities including appropriations and equity	2,597,747	30,924	2,628,671	-
<b>Total</b>	<b>30,914,403</b>	<b>24,720,270</b>	<b>55,634,673</b>	<b>-</b>

<b>Adjusted Assets</b> <b>31 Dec 2024 (EUR 1,000)</b>	<b>Domestic currency</b>	<b>Foreign currency</b>	<b>Total</b>	<b>, of which intra-group</b>
Cash and balances with central banks	7,776,888	-	7,776,888	-
Debt securities eligible for central bank refinancing	3,600,100	-	3,600,100	-
Loans and advances to credit institutions	729,246	60,249	789,496	-
Loans and advances to the public and public sector entities	33,813,849	-	33,813,849	-
Finance lease receivables	1,563,060	-	1,563,060	-
Debt securities	2,278,812	-	2,278,812	-
Derivative contracts	2,080,834	242,874	2,323,708	-
Other assets	845,051	101,281	946,332	656
<b>Total</b>	<b>52,687,840</b>	<b>404,404</b>	<b>53,092,244</b>	<b>656</b>

During the financial year, MuniFin corrected the presentation of receivables from central bank. More detailed information about the change in presentation can be found in Note 1 *Significant accounting policies and corrections to previous Parent Company's Financial Statements*.

<b>Liabilities and equity</b> <b>31 Dec 2024 (EUR 1,000)</b>	<b>Domestic currency</b>	<b>Foreign currency</b>	<b>Total</b>	<b>, of which intra-group</b>
Liabilities to credit institutions	883,694	-	883,694	-
Liabilities to the public and public sector entities	2,442,409	21,465	2,463,874	-
Debt securities issued	21,208,405	23,325,901	44,534,306	-
Derivative contracts	2,298,034	263,684	2,561,718	-
Other liabilities including appropriations and equity	2,648,653	-	2,648,653	-
<b>Total</b>	<b>29,481,194</b>	<b>23,611,050</b>	<b>53,092,244</b>	<b>-</b>

## Note 30. Fair value hierarchy of financial assets and liabilities

### Valuation framework

MuniFin has implemented a framework for the arrangements, activities and procedures related to the MuniFin's model risk management. The purpose of the model risk management framework is to ensure the effective management of model risk and mitigation of fair value uncertainty, as well as to ensure compliance with external and internal requirements. The Company 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 Company 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's fair values and is responsible for the final approval of the Company's fair values for financial reporting. The Finance Management Team monitors and controls MuniFin'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 Company 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 (*CVC*) is performed daily by Risk Management with the purpose to assess any deviations in valuation model output compared to MuniFin's own earlier valuations and to counterparty valuations. Fair value explanation process consists of a daily analysis and explanation of the changes in fair values by Risk Management. The independent price verification is performed monthly as a part of MuniFin's *IPV* process by a third party service provider. The results of the counterparty valuation control, the fair value explanation and independent price verification control 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's valuation models by a third-party service provider. The results of the model validation are reported to the Finance Management Team.

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

The key assumptions made by the Company concern key uncertainty factors pertaining to the future and the estimates at the financial statement date which relate to the 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 Company 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 Company has estimated that the most material management judgement to determination of fair value relates to:

- the choice of valuation parameters and modelling techniques in order to derive the fair value of financial instruments
- determining 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.

In addition the Company has defined key estimates related to determination of fair value as following:

- judgement on which market parameters are observable
- 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.

### Determination of fair value

Fair value is the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. 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 Company 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. Observable inputs

are used as widely as possible in the valuation technique and the use of unobservable inputs minimised.

IFRS 13 classifies valuation models and techniques into three different categories: market approach, income approach and cost approach. The Company 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 Company does not use the cost approach for the valuation of any of its financial instruments.

The Company classifies fair values using a fair value hierarchy which is divided into level 1, 2 and 3 inputs, which reflects the significance of the inputs used in the fair valuation.

#### **Level 1**

Inputs that are quoted market prices unadjusted for identical instruments in active markets that the Company 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 Company uses the market approach for the valuation of investment bonds of the liquidity portfolio. Level 1 instruments mainly contain the Company's investments in debt securities. For all level 1 assets, the Company uses market prices of identical assets. The Company does not use prices of comparable assets.

MuniFin 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 Company'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 Company applies different types of valuation inputs depending on the type and complexity of the instruments and the related risk factors and payoff

structures. MuniFin's defined categorisation to the fair value hierarchy levels is based on the analysis performed with regards to the valuation input, stress testing (reasonable 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. Approach has described more detailed in section Sensitivity analysis of unobservable inputs.

The Company uses the income approach for many of its financial instruments. Level 2 instruments comprise mainly OTC derivatives, the Company's issued plain-vanilla financial liabilities and the Company'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'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 Company 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 Company 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's own credit quality. The CVA that measures counterparty credit risk and MuniFin's own DVA 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 Company'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's expected negative exposures, taking into account the probability of MuniFin's own default and the loss given default, in addition the Company calculates Funding Valuation Adjustment (FVA) for those derivative contracts that do not hold cash collateral arrangements (derivatives with MuniFin's customers).

### Initial recognition

The best evidence of the fair value of a financial instrument on initial recognition is usually the transaction price. If the fair value on initial recognition differs from the transaction price and the fair value is determined based on unobservable inputs with significant impact on the valuation, then the financial instrument is initially measured at fair value and adjusted by 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's is presented in the table below.

#### Day 1 gain or loss (EUR 1,000)

	Jan–Dec 2025	Jan–Dec 2024
Opening balance in the beginning of the reporting period	-309	-350
Recognised in the income statement during the year	41	41
Deferred gain or loss on new transactions	-	-
<b>Total at the end of the reporting period</b>	<b>-268</b>	<b>-309</b>

The Company recognises these gains and losses within the line item *Net income 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 fair value reserve.

The following table presents financial instruments at fair value categorised by fair value hierarchy level.

Financial assets 31 Dec 2025 (EUR 1,000)	Fair value				Total
	Carrying amount	Level 1	Level 2	Level 3	
<b>At fair value</b>					
Fair value through fair value reserve					
Debt securities eligible for central bank refinancing	492,956	407,391	85,566	-	492,956
Debt securities	79,918	79,918	-	-	79,918
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 eligible for central bank refinancing	4,891,009	4,838,530	52,479	-	4,891,009
Debt securities	701,946	701,946	-	-	701,946
Mandatorily at fair value through profit or loss					
Loans and advances to the public and public sector entities	21,335	-	-	21,335	21,335
Shares and participations in Group companies	656	-	-	656	656
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
<b>Total at fair value</b>	<b>7,703,910</b>	<b>6,027,785</b>	<b>1,653,625</b>	<b>22,500</b>	<b>7,703,910</b>



Financial assets 31 Dec 2025 (EUR 1,000)	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>In fair value hedge accounting</b>					
Amortised cost					
Loans and advances to the public and public sector entities	9,957,100	-	10,365,154	-	10,365,154
<b>Total in fair value hedge accounting</b>	<b>9,957,100</b>	<b>-</b>	<b>10,365,154</b>	<b>-</b>	<b>10,365,154</b>
<b>At amortised cost</b>					
Cash and balances with central banks	5,169,257	5,169,257	-	-	5,169,257
Loans and advances to credit institutions	1,989,652	412,594	1,577,058	-	1,989,652
Loans and advances to the public and public sector entities	26,450,159	-	28,008,428	-	28,008,428
Debt securities eligible for central bank refinancing					
Debt securities	1,895,434	-	1,895,815	-	1,895,815
Other assets	803,833	-	803,833	-	803,833
<b>Total at amortised cost</b>	<b>36,308,335</b>	<b>5,581,851</b>	<b>32,285,135</b>	<b>-</b>	<b>37,866,985</b>
<b>Total financial assets</b>	<b>53,969,345</b>	<b>11,609,636</b>	<b>44,303,913</b>	<b>22,500</b>	<b>55,936,049</b>

Financial liabilities 31 Dec 2025 (EUR 1,000)	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>At fair value</b>					
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
<b>Total at fair value</b>	<b>15,768,979</b>	<b>-</b>	<b>15,479,197</b>	<b>289,782</b>	<b>15,768,979</b>
<b>In fair value hedge accounting</b>					
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
<b>Total in fair value hedge accounting</b>	<b>36,282,351</b>	<b>-</b>	<b>36,111,283</b>	<b>189,147</b>	<b>36,300,429</b>
<b>At amortised cost</b>					
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
<b>Total at amortised cost</b>	<b>1,211,002</b>	<b>-</b>	<b>1,211,002</b>	<b>-</b>	<b>1,211,002</b>
<b>Total financial liabilities</b>	<b>53,262,331</b>	<b>-</b>	<b>52,801,481</b>	<b>478,929</b>	<b>53,280,410</b>

\* MuniFin's fixed-rate benchmark bond issuances are presented on level 2 due the fact that 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, the Company's fixed-rate benchmark bonds fair value is 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			Total
		Level 1	Level 2	Level 3	
<b>At fair value</b>					
Fair value through fair value reserve					
Debt securities eligible for central bank refinancing	344,310	324,179	20,131	-	344,310
Debt securities	33,170	33,170	-	-	33,170
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 eligible for central bank refinancing	3,255,790	3,255,790	-	-	3,255,790
Debt securities	420,231	410,243	9,988	-	420,231
Mandatorily at fair value through profit or loss					
Loans and advances to the public and public sector entities	25,036	-	-	25,036	25,036
Shares and participations in Group companies	656	-	-	656	656
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
<b>Total at fair value</b>	<b>6,433,841</b>	<b>4,023,383</b>	<b>2,377,502</b>	<b>32,957</b>	<b>6,433,841</b>



Adjusted Financial assets 31 Dec 2024 (EUR 1,000)	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>In fair value hedge accounting</b>					
Amortised cost					
Loans and advances to the public and public sector entities	10,633,372	-	11,128,949	-	11,128,949
<b>Total in fair value hedge accounting</b>	<b>10,633,372</b>	<b>-</b>	<b>11,128,949</b>	<b>-</b>	<b>11,128,949</b>
<b>At amortised cost</b>					
Cash and balances with central banks	7,776,888	7,776,888	-	-	7,776,888
Loans and advances to credit institutions	789,496	181,088	608,408	-	789,496
Loans and advances to the public and public sector entities	23,124,500	-	24,641,859	-	24,641,859
Debt securities	1,825,411	-	1,826,159	-	1,826,159
Other assets	889,682	-	889,682	-	889,682
<b>Total at amortised cost</b>	<b>34,405,977</b>	<b>7,957,976</b>	<b>27,966,108</b>	<b>-</b>	<b>35,924,084</b>
<b>Total financial assets</b>	<b>51,473,191</b>	<b>11,981,359</b>	<b>41,472,559</b>	<b>32,957</b>	<b>53,486,874</b>

During the financial year, MuniFin corrected the presentation of receivables from central bank. More detailed information about the change in presentation can be found in Note 1 *Significant accounting policies and corrections to previous Parent Company's Financial Statements*.

Adjusted Financial liabilities 31 Dec 2024 (EUR 1,000)	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
<b>At fair value</b>					
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
<b>Total at fair value</b>	<b>13,173,273</b>	<b>-</b>	<b>12,844,298</b>	<b>328,974</b>	<b>13,173,273</b>
<b>In fair value hedge accounting</b>					
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
<b>Total in fair value hedge accounting</b>	<b>35,788,709</b>	<b>-</b>	<b>35,321,502</b>	<b>289,415</b>	<b>35,610,917</b>
<b>At amortised cost</b>					
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
<b>Total at amortised cost</b>	<b>1,741,459</b>	<b>-</b>	<b>1,741,459</b>	<b>-</b>	<b>1,741,459</b>
<b>Total financial liabilities</b>	<b>50,703,442</b>	<b>-</b>	<b>49,907,260</b>	<b>618,390</b>	<b>50,525,650</b>

During the financial year, MuniFin corrected the presentation of lease liability. More detailed information about the change in presentation can be found in Note 1 *Significant accounting policies and corrections to previous Parent Company's 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, the MuniFin has defined a materiality (significance) threshold to the fair value of an instrument and pre-defined the stress level that is assessed to be a 'reasonable possible alternative assumption' to the valuation input. In addition, in order to assess the significance, the Company uses a materiality threshold for comparing the impact of the unobservable input on the fair value relative 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 Company has identified level 3 instruments for which the impact of unobservable inputs on the fair value is material.

### The unobservable inputs used by the Company

The unobservable inputs are used in the valuation only to the extent that relevant observable inputs are not 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 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 Company 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 Company 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 Company'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 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 Company 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 Company's funding products and their hedging instruments.

The changes in 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. The Company 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 Company are Hull-White model and Dupire volatility model.

The following table illustrates the effect 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 Company'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
<b>Loans and advances to the public and public sector entities</b>					
Loans	21,335	Stochastic model	Volatility – Extrapolated or Illiquid	0	0
<b>Derivative contracts</b>					
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
<b>Debt securities issued and Liabilities to the public and public sector entities</b>					
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	-	-
<b>Total</b>	<b>248,420</b>			<b>6,393</b>	<b>-6,423</b>

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
<b>Loans and advances to the public and public sector entities</b>					
Loans	25,036	Stochastic model	Volatility – Extrapolated or Illiquid	24	-19
<b>Derivative contracts</b>					
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
<b>Debt securities issued and Liabilities to the public and public sector entities</b>					
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
<b>Total</b>				<b>13,619</b>	<b>-13,440</b>

### Transfers in the fair value hierarchy

MuniFin 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 fair value change through fair value reserve	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers out of level 3	31 Dec 2025
<b>Financial assets</b>									
<b>At fair value</b>									
Mandatorily at fair value through profit or loss									
Loans and advances to the public and public sector entities	25,036	-	-3,701	-	-	-	-	-	21,335
Shares and participations in Group companies	656	-	-	-	-	-	-	-	656
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
<b>Financial assets in total</b>	<b>32,957</b>	<b>-14</b>	<b>-8,950</b>	<b>-</b>	<b>-</b>	<b>-1,312</b>	<b>14</b>	<b>-195</b>	<b>22,500</b>



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 fair value change through fair value reserve	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers out of level 3	31 Dec 2025
<b>Financial liabilities</b>									
<b>At fair value</b>									
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
<b>In fair value hedge accounting</b>									
Amortised cost									
Debt securities issued	289,415	-9,642	-23,819	-	-	-	9,642	-76,450	189,147
<b>Financial liabilities in total</b>	<b>618,390</b>	<b>-11,226</b>	<b>528</b>	<b>5,162</b>	<b>-</b>	<b>-33,065</b>	<b>11,226</b>	<b>-112,086</b>	<b>478,929</b>
<b>Level 3 financial assets and liabilities in total</b>	<b>651,347</b>	<b>-11,240</b>	<b>-8,423</b>	<b>5,162</b>	<b>-</b>	<b>-34,376</b>	<b>11,240</b>	<b>-112,086</b>	<b>501,429</b>

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 fair value change through fair value reserve	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers out of level 3	31 Dec 2024
<b>Financial assets</b>									
<b>At fair value</b>									
Mandatorily at fair value through profit or loss									
Loans and advances to the public and public sector entities	27,663	-	-2,627	-	-	-	-	-	25,036
Shares and participations in Group companies	656	-	-	-	-	-	-	-	656
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
<b>Financial assets in total</b>	<b>37,355</b>	<b>478</b>	<b>-4,365</b>	<b>-</b>	<b>228</b>	<b>-261</b>	<b>-478</b>	<b>-</b>	<b>32,957</b>



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 fair value change through fair value reserve	Debt issuances and new derivative contracts	Matured contracts	Settlements	Transfers out of level 3	31 Dec 2024
<b>Financial liabilities</b>									
<b>At fair value</b>									
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
<b>In fair value hedge accounting</b>									
Amortised cost									
Debt securities issued	187,193	-11,498	12,213	-	101,052	-	11,498	-11,042	289,415
<b>Financial liabilities in total</b>	<b>711,757</b>	<b>-20,305</b>	<b>1,279</b>	<b>-11,863</b>	<b>102,754</b>	<b>-108,116</b>	<b>20,305</b>	<b>-77,421</b>	<b>618,390</b>
<b>Level 3 financial assets and liabilities in total</b>	<b>749,112</b>	<b>-19,827</b>	<b>-3,085</b>	<b>-11,863</b>	<b>102,982</b>	<b>-108,377</b>	<b>19,827</b>	<b>-77,421</b>	<b>651,347</b>

## Note 31. Equity

2025 (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
Carrying amount 1 Jan	43,008	277	3,340	169,999	45,714	40,743	373,330	676,411
+ Increase	-	-	7	-	-	-	73,118	73,126
- Decrease	-	-	-1,511	-62,135	-27,035	-	-72,659	-163,340
<b>Carrying amount 31 Dec</b>	<b>43,008</b>	<b>277</b>	<b>1,837</b>	<b>107,864</b>	<b>18,679</b>	<b>40,743</b>	<b>373,790</b>	<b>586,197</b>

2024 (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
Carrying amount 1 Jan	43,008	277	2,052	60,238	21,821	40,743	365,611	533,750
+ Increase	-	-	1,288	109,762	23,892	-	73,737	208,679
- Decrease	-	-	-	-	-	-	-66,018	-66,018
<b>Carrying amount 31 Dec</b>	<b>43,008</b>	<b>277</b>	<b>3,340</b>	<b>169,999</b>	<b>45,714</b>	<b>40,743</b>	<b>373,330</b>	<b>676,411</b>

Distributable funds (EUR 1,000)	31 Dec 2025	31 Dec 2024
Retained earnings	300,672	299,593
Net profit for the financial year	73,118	73,737
<b>Total</b>	<b>373,790</b>	<b>373,330</b>

On 31 December 2025, the distributable funds totalled EUR 373,789,862.97 (EUR 373,330,287.47). The funds received from MuniFin's share issue in 2009 have been recorded in the reserve for invested non-restricted equity. The reserve for invested non-restricted equity, recognised based on the share issue, is considered as a return of capital at the time of possible distribution of profits, and therefore MuniFin does not count the reserve for invested non-restricted equity as an item for distributable funds. Based on Article 4 of CRR, the reserve for invested non-restricted equity is also considered a non-distributable item.

## Note 32. Share capital

The shares of Municipality Finance Plc are divided into A and B shares. The two types are equal in terms of voting rights and the distribution of profit. Each share entitles its holder to one vote. The shares have no nominal value. The acquisition of shares is restricted through the consent and redemption clauses of the Articles of Association. At the end of 2025, the Company's share capital, paid up and recorded in the Trade Register, amounted to EUR 43,008 thousand (EUR 43,008 thousand). The total number of shares is 39,063,798 (39,063,798) which is divided to A shares 26,331,646 (26,331,646) and B shares 12,732,152 (12,732,152).

## Note 33. Largest shareholders

The ten largest shareholders in terms of voting rights and the number of shares held by them, their portion of all shares in the credit institution and of all votes carried by the shares as well as the total number of shareholders:

31 Dec 2025	No. of shares	Per cent
1. Keva	11,975,550	30.66%
2. Republic of Finland	6,250,000	16.00%
3. City of Helsinki	4,066,525	10.41%
4. City of Espoo	1,547,884	3.96%
5. VAV Asunnot Oy*	963,048	2.47%
6. City of Tampere	919,027	2.35%
7. City of Oulu	903,125	2.31%
8. City of Turku	763,829	1.96%
9. City of Kuopio	592,028	1.52%
10. City of Lahti	537,926	1.38%

\* VAV Asunnot Oy is fully owned by City of Vantaa.

The total number of shareholders is 276 (276).

The number of shares in this table does not include possible shares held by the shareholders' group companies.

# Notes on collateral and contingent liabilities

## Note 34. 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. Cash collateral given to central counterparties in connection with derivative contracts is presented in line item *Other assets*. 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. In addition, MuniFin 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 central counterparty ( <i>LCH Limited</i> )	154,172	101,703
Other assets to the central counterparties of derivative contracts ( <i>LCH Limited</i> and <i>Eurex Clearing AG</i> )	803,833	889,682
<b>Total</b>	<b>21,665,471</b>	<b>20,152,229</b>

## Note 35. Pension liabilities

Pension coverage has been arranged via an external pension insurance company. Pension plans are classified as defined contribution plans.

## Note 36. Off-balance sheet commitments

(EUR 1,000)	31 Dec 2025	31 Dec 2024
Credit commitments	2,430,658	2,935,231
<b>Total</b>	<b>2,430,658</b>	<b>2,935,231</b>

# Notes on personnel and management

## Note 37. Personnel

	2025		2024	
	Average	End of year	Average	End of year
Permanent full-time	172	173	168	168
Permanent part-time	2	3	1	1
Fixed term	11	9	12	9
<b>Total</b>	<b>185</b>	<b>185</b>	<b>181</b>	<b>178</b>

### Employee benefits for management

Salaries and remuneration paid to the CEO, Deputy to the CEO and other members of the Executive Management Team (EMT) subject to withholding tax:

Salaries and remuneration (EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
President and CEO	-442	-454
Deputy to the CEO	-279	-258
Other members of the Executive Management Team in total	-1,439	-1,604
<b>Total</b>	<b>-2,160</b>	<b>-2,316</b>

MuniFin has provided to those members of the EMT that have been appointed as members (including CEO and the Deputy to the CEO) before 21 Dec 2017 with a contribution-based group pension insurance. Those members are entitled to pension from the insurance after they have turned 63 years.

Statutory pension contributions (EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
President and CEO	-75	-77
Deputy to the CEO	-48	-43
Other members of the Executive Management Team in total	-245	-270
<b>Total</b>	<b>-368</b>	<b>-390</b>

The Company has paid the following statutory pension contributions related to the CEO, the Deputy to the CEO and other members of the EMT:

### Remuneration of the Board of Directors

During the term 2025–2026, the members of the Board of Directors of the Parent Company are paid an annual remuneration as well as remuneration for each meeting in accordance with the decision of the Annual General Meeting. The annual remuneration is EUR 51,000 for the Chair of the Board, EUR 33,000 for the Vice Chair, EUR 36,000 for the Chairs of Committees and EUR 28,000 for the other members of the Board. The remuneration paid for Board and Committee meetings is EUR 950 per meeting for the Chair of the Board and the Chairs of Committees and EUR 600 per meeting for the other members. In addition, meeting remuneration is paid for the meetings required by the supervisory authorities. These fees are effective as of 25 March 2025.

During the term 2024–2025, the members of the Board of Directors of the Parent Company were paid an annual remuneration as well as remuneration for each meeting in accordance with the decision of the Annual General Meeting. The annual remuneration was EUR 45,000 for the Chair of the Board, EUR 29,000 for the Vice Chair, EUR 31,000 for the Chairs of Committees and EUR 25,000 for the other members of the Board. The remuneration paid for Board and Committee meetings was EUR 950 per meeting for the Chair of the Board and the Chairs of Committees and EUR 600 per meeting for the other members. In addition, meeting remuneration was paid for the meetings required by the supervisory authorities.

### Salaries and remuneration (EUR 1,000) Members of the Board of Directors

	Jan–Dec 2025	Jan–Dec 2024
Kari Laukkanen, the Chair	-74	-65
Liisa Harjula, member since 25 March 2025	-31	-
Maaria Kettunen (ex. Eriksson), the Vice Chair	-48	-43
Markku Koponen, member until 25 March 2025	-11	-47
Juho Malmberg, member since 25 March 2025	-31	-
Tuomo Mäkinen	-37	-38
Henrik Rainio, member since 25 March 2025	-32	-
Minna Smedsten, member until 17 May 2024	-	-14
Denis Strandell, member until 25 March 2025	-9	-37
Elina Strählman	-47	-23
Leena Vainiomäki	-53	-49
Arto Vuojolainen	-39	-38
<b>Total</b>	<b>-411</b>	<b>-354</b>

# Related party transactions

## Note 38. Loans and other financial receivables from the related parties

MuniFin does not have any loan or financial receivables, or other receivables referred to in Chapter 15 Section 13 (2) of the Act on Credit Institutions from related parties.

# Holdings in other companies

## Note 39. Holdings in other companies

(EUR 1,000)	2025		2024	
	Proportion of all shares, %	Carrying amount	Proportion of all shares, %	Carrying amount
<b>Subsidiaries</b>				
Kuntarahoituksen digitaaliset palvelut Oy	100.0	656	100.0	656
<b>Total</b>	<b>100.0</b>	<b>656</b>	<b>100.0</b>	<b>656</b>

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.

# Other notes

## Note 40. Audit and other fees paid to the audit firm

(EUR 1,000)	Jan–Dec 2025	Jan–Dec 2024
<b>PricewaterhouseCoopers Oy</b>		
Audit	-444	-363
Assignments as referred to in chapter 1, section 1, subsection 1, paragraph 2 of the Auditing Act	-10	-
Tax advisory services	-	-10
Other services	-281	-230
<b>KPMG Oy Ab</b>		
Audit	-	-214
Assignments as referred to in chapter 1, section 1, subsection 1, paragraph 2 of the Auditing Act	-	-7
Tax advisory services	-	-8
Other services	-	-179
<b>Total</b>	<b>-735</b>	<b>-1,011</b>

Amounts do not include VAT.

The audit firm KPMG Oy Ab served as an auditor of MuniFin until the Annual General Meeting held on May 17, 2024.

# Signatures to the Report of the Board of Directors and the Financial Statements

These Financial Statements are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of both Municipality Finance Plc and the Group of companies included in its Consolidated Financial Statements. The report of the Board of Directors includes a fair review of the development and performance of Municipality Finance Plc and the Group of companies included in its consolidated accounts, together with a description of the principal risks and uncertainties and the financial position of the Company.

Helsinki, 11 February 2026

MUNICIPALITY FINANCE PLC

Kari Laukkanen  
Chair of the Board

Liisa Harjula  
Member of the Board

Tuomo Mäkinen  
Member of the Board

Elina Strählman  
Member of the Board

Arto Vuojolainen  
Member of the Board

Maaria Kettunen  
Vice Chair of the Board

Juho Malmberg  
Member of the Board

Henrik Rainio  
Member of the Board

Leena Vainiomäki  
Member of the Board

Esa Kallio  
President and CEO

# Auditor's Note

A report of the audit performed has been issued today.

Helsinki, 11 February 2026

PricewaterhouseCoopers Oy

Jukka Paunonen  
Authorised Public Accountant

# Auditor's Report

(Translation of the Finnish Original)

**Municipality Finance Plc**

Auditor's Report

for the year ended 31 December 2025

To the Annual General Meeting of Municipality Finance Plc

## Report on the Audit of the Financial Statements

### Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

### What we have audited

We have audited the financial statements of Municipality Finance Plc (business identity code 1701683-4) for the year ended 31 December 2025. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company's balance sheet, income statement, cash flow statement and notes.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland.

Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 8 to the Financial Statements.

## Our Audit Approach

### Overview

- Overall group materiality: €50 million, which represents 0,10% of total assets
- The group audit scope encompassed all group companies

### Key audit matters:

- Valuation of certain level II and III financial instruments held at fair value

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

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<b>Overall group materiality</b>	€ 50 million (previous year € 50 million)
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<b>How we determined it</b>	0,10% of total assets
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<b>Rationale for the materiality benchmark applied</b>	We chose total assets as the benchmark because, in our view, key drivers of the business and determinants of the credit institutions' profit potential are best reflected in the balance sheet.
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	The benchmark determined is within the range of acceptable quantitative materiality thresholds in auditing standards.
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### **How we tailored our group audit scope**

We tailored the scope of our audit, taking into account the structure of the Municipality Finance Group, the accounting processes and controls, and the industry in which the group operates.

We are auditors of both the parent company and the subsidiary.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## Key audit matter in the audit of the group

### Valuation of certain level II and III financial instruments held at fair value

Refers to note Note 2 - Risk management principles and the Group's risk position, Note 3 - Interest income and expense, Note 5 - Net result on financial instruments at fair value through profit or loss, Note 6 - Net result on financial assets at fair value through other comprehensive income, Note 11 - Financial assets and liabilities, Note 12 - Fair values of financial assets and liabilities, Note 14 - Offsetting financial assets and liabilities, Note 20 - Derivative contracts, Note 21 - Hedge accounting.

The share of financial assets and liabilities measured at fair value in the consolidated balance sheet is significant, and the valuations of financial instruments at fair value hierarchy level 2 and especially level 3 are mainly based on internal valuation methods and unobservable inputs, which means that the valuations involve management judgment.

Changes in market conditions have a significant impact on the fair value of financial instruments, highlighting the importance of a well-functioning valuation process. Important areas in valuation of financial instruments held at fair value relate to:

- the framework and policies relating to valuation and valuation models;
- internal controls related to fair value price adjustments, the accuracy of data used, fair value adjustments, fair value hierarchy levels, and the governance and monitoring of valuation models; and
- note disclosures relating to financial instruments.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

## How our audit addressed the key audit matter

We have formed an understanding and tested the appropriateness and functioning of the valuation process for financial instruments, as well as the controls and valuation models that are key to the process.

We have assessed the appropriateness of the accounting policies and valuation methods related to financial instruments.

We have tested the correctness of the valuation of Company's financial instruments by performing an independent valuation focusing on significant items measured at fair value and assessed the appropriateness of the assumptions and management estimates applied in the valuations.

We have assessed the appropriateness of the note disclosures relating to the valuation of financial instruments.

### **Responsibilities of the Board of Directors and the Managing Director for the Financial Statements**

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
  - Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Reporting Requirements

### Appointment

We were first appointed as auditors by the annual general meeting on 17 May 2024. Our appointment represents a total period of uninterrupted engagement of 2 years.

### Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Other Statements

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki 11 February 2026

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

Jukka Paunonen  
Authorised Public Accountant (KHT)

**Municipality Finance Plc**

Jaakonkatu 3 A, P.O. Box 744

00101 Helsinki

Tel. +358 9 6803 5666

[www.munifin.fi](http://www.munifin.fi)

[info@munifin.fi](mailto:info@munifin.fi)

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