

Nordea



Nordea Mortgage Bank Plc
Annual Report 2025

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Directors' report

Nordea Mortgage Bank Plc is domiciled in Helsinki and its business identity code is 2743219-6. The company is a wholly owned subsidiary of Nordea Bank Abp.

Nordea Mortgage Bank Plc (NMB) operates as an issuer of covered bonds in the Finnish market. Bonds issued by NMB are covered by a pool of loans consisting mainly of Finnish housing loans. NMB does not act as an originator of housing loans, but instead purchases loans from Nordea Bank Abp. Loans in NMB's balance sheet are generally long-term loans, mainly to Finnish households, with residential real estate as collateral.

Macroeconomic environment

Global growth proved resilient in 2025, despite elevated geopolitical tensions and uncertainty. Global GDP growth is estimated at around 3.3% in 2025, broadly unchanged from 2024, supported by expansionary fiscal policy, favourable financial conditions and rapid technological development. At the same time, volatility remained high in financial markets, reflecting weaker confidence among both corporates and households.

In Finland, the long-anticipated economic recovery was slow to materialise during 2025. Private consumption remained subdued as weak consumer confidence, elevated unemployment and falling house prices continued to weigh on household sentiment. Construction activity remained muted and the housing market adjustment persisted throughout the year. By contrast, the export sector showed early signs of improvement, supported by Finland's strong competitiveness, affordable electricity and growing demand from defence-related and investment-driven industries in Europe.

Labour market conditions weakened further, with the unemployment rate rising to 10.6% at the end of the year, the highest in Europe. At the same time, the employment rate remained at the previous year's level. Inflation remained very moderate, with the annual change in goods and energy prices falling to zero, and overall consumer price pressures clearly below the euro-area average. Wage growth and lower interest rates helped strengthen household purchasing power, but the impact on consumption was limited as many households continued to rebuild savings buffers.

Mortgage business development in 2025

The Finnish housing market remained subdued throughout 2025, although activity stabilised compared to the previous year. Sales of previously owned dwellings increased noticeably by 11%, driven partly by lower interest rates and improved affordability. Even so, selling times stayed long across most regions, and prices of old apartments continued to decline, falling by around 2% year-on-year in November. Housing market dynamics remained highly regional. Conditions in growth centres were more resilient than in areas with declining population, but the oversupply of small apartments kept selling times long and weighed on prices even in the capital region.

Housing construction continued to face significant headwinds. Demand for newbuilds remained weak, as newly constructed homes were still priced above levels households considered affordable relative to existing stock. The large pipeline of rental and owner-occupied housing completed in previous years continued to suppress market rents, keeping rent increases very low and even pushing rents downward in some localities. As a result, developer sentiment and construction starts remained depressed, and a broader recovery in residential construction did not yet emerge during the year.

Nordea continued to apply a maximum loan maturity of 30 years with a 10% flex feature. The average maturity of new loans was 24 years in December 2025. The Finnish tradition of steady amortisation persisted, with limited use of interest-only periods and a continued focus on gradual debt reduction throughout the loan term. Demand for instalment-free periods and flexi-credit solutions remained stable and aligned with long-term norms.

Overall credit quality remained strong. Although economic conditions were challenging, the share of loans in arrears stayed low relative to total lending and even decreased slightly compared with the previous year. Households' strengthened savings buffers, the amortising structure of Finnish mortgages and the high quality of collateral contributed to stable portfolio performance despite the weakening labour market.

Income statement

EURm	2025	2024	2023
Net interest income	231.9	267.6	265.7
Net fee and commission income	3.7	5.6	7.4
Net result from items at fair value	10.4	-4.2	-10.9
Other operating income	0.0	0.0	0.0
Total operating income	246.0	269.0	262.2
General administrative expenses:			
Staff costs	-2.0	-1.8	-1.9
Other expenses	-122.8	-134.2	-142.1
Depreciation of tangible assets	0.0	0.0	0.0
Total operating expenses	-124.8	-136.0	-144.0
Profit before loan losses	121.2	133.0	118.2
Net loan losses	-21.0	-34.2	-16.4
Operating profit	100.2	98.8	101.8
Income tax expense	-20.1	-19.8	-20.4
Net profit for the year	80.2	79.0	81.4

Balance sheet

EURm	31 Dec 2025	31 Dec 2024	31 Dec 2023
Cash and balances with central banks	619.6	504.2	201.4
Loans to central banks and credit institutions	913.2	872.4	1,042.1
Loans to the public	33,697.4	33,360.2	31,066.0
Fair value changes of the hedged items in portfolio hedges of interest rate risk	-120.7	-129.0	-288.2
Derivatives	262.7	380.4	449.8
Other assets	71.7	171.4	53.2
Total assets	35,443.9	35,159.4	32,524.3
Deposits by credit institutions	10,677.5	11,217.5	10,297.3
Debt securities in issue	22,609.9	21,777.0	19,931.4
Derivatives	257.6	332.4	588.8
Other liabilities	30.7	28.4	144.0
Equity	1,868.3	1,804.1	1,562.8
Total liabilities and equity	35,443.9	35,159.4	32,524.3

Ratios and key figures

	2025	2024	2023
Return on equity, %	4.4	4.6	5.1
Return on total assets, %	0.2	0.2	0.3
Cost/income ratio, %	51	51	55
Loan loss ratio, basis points	6.2	10.2	5.3
Common Equity Tier 1 capital ratio ¹ , %	18.6	18.0	39.8
Tier 1 capital ratio ¹ , %	18.6	18.0	39.8
Total capital ratio ¹ , %	18.6	18.0	40.3
Common Equity Tier 1 capital ¹ , EURm	1,672.1	1,628.0	1,559.5
Tier 1 capital ¹ , EURm	1,672.1	1,628.0	1,559.5
Risk exposure amount ¹ , EURm	9,004.9	9,031.9	3,922.5
Number of employees (full-time equivalents) ¹	15	15	14
Average number of employees	15	13	14
Salaries and remuneration, EURm	-1.6	-1.5	-1.5
Equity to total assets, %	5.3	5.1	4.8

1) End of the year.

For more information regarding ratios and key figures as well as key figures defined as Alternative performance measures, see www.nordea.com/en/investor-relations/.

Business definitions

The definitions apply to the descriptions in the Annual Report

Cost/income ratio	Total operating expenses divided by total operating income.
Cover pool	Loans with mortgage collateral that serve as collateral for covered bonds and that are entered in a bond register.
Equity to total assets	Total shareholders' equity as a percentage of total assets at year-end.
Own funds	Own funds include the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans, after the potential deduction for expected shortfall.
Loan loss ratio	Net loan losses (annualised) divided by the closing balance of loans to the public (lending), basis points.
Return on equity (ROE)	Net profit for the year as a percentage of average equity for the year. Average equity includes net profit for the year and dividend until paid.
Return on total assets (ROA)	Operating profit less taxes as a percentage of average total assets. Average total assets are calculated as the mean of total assets at the beginning and end of the year.
Risk exposure amount	Total assets and off-balance-sheet items valued on the basis of the credit and market risks, as well as the operational risks in accordance with regulations governing capital adequacy, excluding carrying amount of shares which have been deducted from the capital base and intangible assets.
Tier 1 capital	The Tier 1 capital of an institution consists of the sum of the Common Equity Tier 1 capital and Additional Tier 1 capital of the institution. Common Equity Tier 1 capital includes shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets, the full expected shortfall deduction (the negative difference between expected losses and provisions) and finally other deductions such as cash flow hedges.
Tier 1 capital ratio	Tier 1 capital as a percentage of risk exposure amount. The Common Equity Tier 1 capital ratio is calculated as Common Equity Tier 1 capital as a percentage of risk exposure amount.
Total capital ratio	Own funds as a percentage of risk exposure amount.

Comments on the income statement

The income statement figures refer to the period January-December 2025 and the figures in brackets to January-December 2024.

Operating profit was EUR 100.2m (98.8) and net profit EUR 80.2m (79.0), corresponding to a return on equity of 4.4% (4.6).

Income

Net interest income amounted to EUR 231.9m (267.6). The interest rate trend was decreasing throughout the first half of the year and levelled out during the second half of the year. As a result, both the interest income from the mortgage loans and the interest expenses for the covered bonds and intragroup funding were lower compared to the previous year. Widening of the funding spreads together with continued pressure on the lending margins resulted in decreased net interest income.

Net fee and commission income totalled EUR 3.7m (5.6). Commission income relates mainly to lending, totalling to EUR 13.5m (13.4). Commission expenses amounting to EUR -9.8m (-7.8) relate mainly to the guarantee and the liquidity facility provided by Nordea Bank Abp.

Net result from items at fair value amounted to EUR 10.4m (-4.2), driven by hedging inefficiency.

Expenses

Total operating expenses amounted to EUR -124.8m (-136.0).

Staff costs were EUR -2.0m (-1.8). The number of employees was 15 (15) at the end of 2025.

Other operating expenses decreased to EUR -122.7m (-134.2). They consist mostly of payments for the intra-group outsourced services. Resolution fee was not collected in 2025 or 2024.

The cost/income ratio was 51% (51) in 2025.

Loan losses

Net loan losses totalled EUR -21.0m (-34.2), of which the realised loan losses were EUR -6.4m (-5.9) in 2025. The net loan losses were driven by increases in credit loss provisions, while the amount of write-offs remained low.

Management judgement based provisions totalling EUR 19.7m (9.4) have been booked in addition to the model based provisions. The management judgement covers projected loan losses not yet covered by the IFRS 9 model and any identified issues in the IFRS 9 model to be covered in future model updates.

More information can be found in Note 9 "Net loan losses" and Note 11 "Loans and impairment".

Comments on the balance sheet

(Comparison figures in brackets refer to year-end 2024 figures)

NMB's total assets amounted to EUR 35.4bn (35.2).

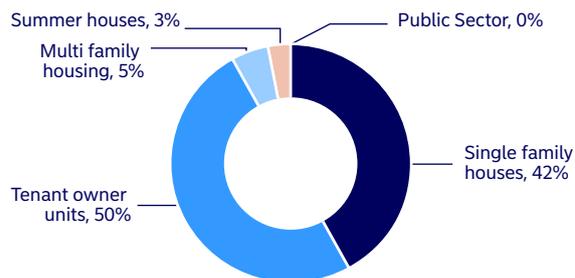
Lending

Lending to the public increased by 1% compared to previous year, amounting to EUR 33.7bn (33.4).

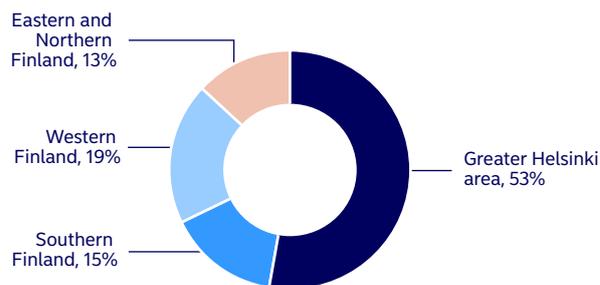
Lending to households was 93% (94) of the total lending to the public and totalled EUR 31.5bn (31.5). Corporate lending amounted to EUR 2.2bn (1.9).

The amount of impaired loans increased by 21.8% to EUR 458.0m (376.1), mainly due to the updated retail definition of default rather than a deterioration in the underlying credit quality. The amount still remains low compared to the total lending.

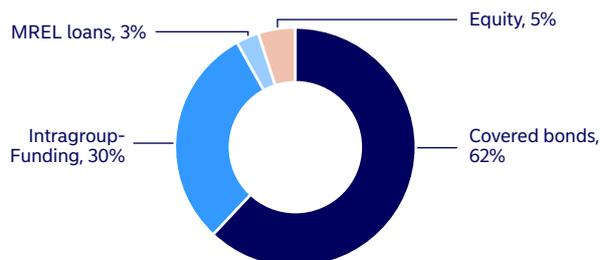
Breakdown of lending in cover pools



Geographical distribution of loans in cover pools



Nordea Mortgage Bank's funding structure



Funding

Covered bond funding at the end of 2025 was EUR 21.7bn (21.1). NMB issued four new covered bonds in 2025, amounting to EUR 5.8bn and the bond redemptions totalled EUR 5.1bn. The combined size of the cover pools was EUR 26.8bn (26.7) and the overcollateralization 23.6% (26.3).

To meet the interim Minimum Requirement for own funds and Eligible Liabilities (MREL) set by the Single Resolution Board (SRB), NMB has received an internal MREL loan of EUR 0.9bn from Nordea Bank Abp. The internal MREL loan is a senior non-preferred instrument meeting regulatory requirements for internal MREL.

Besides long-term funding, NMB regularly arranges short-term funding from the parent company Nordea Bank Abp. Intra-group funding at the end of 2025 amounted to EUR 10.7bn (11.2). The company does not have any outstanding subordinated debenture loans.

Distribution of earnings

NMB's distributable funds were EUR 1,556.9m at the end of 2024 and EUR 1,478.0m after a dividend payment of EUR 79.0m.

NMB's distributable funds were EUR 1,618.2m at the end of 2025. The Board of Directors of NMB propose a dividend of EUR 80.2m to be paid, whereafter the distributable funds will be EUR 1,538.0m.

Commitments

NMB's off-balance sheet items consist of credit commitments amounting to EUR 226.7m (190.2).

Derivatives

NMB's derivatives mainly pertain to interest rate swaps. The nominal values and positive/negative market values of derivative contracts are provided in Note 12.

Capital adequacy

Capital management section provides information and numerical data for assessing the company's capital adequacy.

Rating

Moody's rating for NMB's covered bonds was Aaa at year-end 2025, unchanged from the previous year.

Human resources

Nordea Mortgage Bank Plc follows Nordea Group's People policies. More information can be found in Nordea Group's Annual Report.

Sustainability

In accordance with the sustainability-related ambition of Nordea Group, NMB is committed to sustainable business development by combining financial performance with environmental and social responsibility as well as sound governance practices. At the core of our operations is the development and provision of financial services and offerings that support the transition to a sustainable economy and with that, enable customers and investors to make conscious and sustainable choices.

For more information on how Nordea Group works with sustainability, please see Nordea's Annual Report, Sustainability Notes, and other relevant sustainability reporting, published at

<https://www.nordea.com/en/sustainability/reports/>.

These reports also cover the sustainability reporting requirements for NMB as required by the Finnish Accounting Act.

Legal proceedings

By the end of 2025, Nordea Mortgage Bank Plc has not faced any claims in civil lawsuits or disputes.

Subsequent events

No events have occurred after the balance sheet date that might affect the assessment of the annual financial statements.

Outlook 2026

The Finnish economy is expected to return to moderate growth in 2026, following a prolonged period of subdued activity. Nordea forecasts GDP growth of 1%, supported by gradually strengthening private consumption and a recovery in exports as investment activity in Europe picks up.

Inflationary pressures remain muted. Harmonised inflation in Finland is expected to stay low with no significant price pressures visible in the near term. Lower interest rates and rising wages continue to improve households' real purchasing power. As income growth continues and uncertainty recedes, private consumption is expected to increase by 1.4%, accelerating further in 2027 as households gradually shift from saving to spending. There is potential for stronger consumption growth if confidence improves faster than expected, leading to a more pronounced decline in the savings rate.

The labour market is set to stabilise. Although the unemployment rate remains high compared with recent years, joblessness is expected to begin gradually declining as economic activity strengthens. Employment growth is supported by improving demand in export-oriented industries and services, while a good labour supply continues to support longer-term growth prospects.

Residential construction remains subdued, as the housing market continues to adjust after the downturn of recent years. Selling times remain long and prices of apartment have only recently stabilised. A broader recovery in new construction will require further improvement in occupancy rates and a clearer rebound in consumer confidence. Renovation activity as well as industrial and data-centre related construction are expected to grow, partly offsetting weakness in residential building.

House prices are expected to be broadly stable in 2026, with modest increases in growth centres supported by improved purchasing power and low supply of new dwellings. Regional polarisation is expected to continue, with stronger price dynamics in the growing areas and continued softness in regions with declining population.

Nordea Mortgage Bank's organisational structure

Definitions

NMB = Nordea Mortgage Bank Plc

Nordea Group/Group = Nordea Bank Abp including all subsidiaries.

Part of the Nordea Group

Nordea Mortgage Bank Plc (NMB) is a wholly owned subsidiary of Nordea Bank Abp and does not have its own subsidiaries or ownership in other companies. NMB's business is conducted in close integration with the Nordea Group and Nordea Bank Abp's business in Finland.

NMB does not act as an originator of housing loans, but instead purchases loans from Nordea Bank Abp. Loans in NMB's balance sheet are generally long-term loans, mainly to Finnish households, with residential real estate as collateral.

Different units within Nordea handle, according to outsourcing agreements, on NMB's behalf, e.g. accounting and reporting, liquidity management, risk management, IT systems, internal credit and quality control, credit administration and vault management.

Furthermore, NMB is a product-responsible unit (PRU), which entails responsibility for, and ownership of, the mortgage process and the products related.

Through the close cooperation with other Nordea units, it has been possible to limit the workforce of NMB to comprise only requisite staff for product and system development, management and risk management. As at year-end 2025, NMB had 15 employees.

Funding Nordea Mortgage Bank's business

NMB funds its business mainly by issuing covered bonds under its EUR 25bn Covered Bond Programme. The European Central Bank has granted NMB an authorisation as a credit institution in accordance with the Finnish Credit Institutions Act (610/2014) and the Finnish Act on Mortgage Credit Banks and Covered Bonds (151/2022). All NMB's bonds outstanding at the end of 2025 have the status of covered bonds.

NMB also obtains funding from Nordea Bank Abp for the residual required to fund its business.

Nordea Mortgage Bank's administrative and management bodies

The Board of Directors

The composition of the Board of Directors, as from 1 January 2025 until 24 January 2025:

- Jani Eloranta, Chair
- Kaj Blomster
- Ola Littorin
- Minna Martikainen
- Timo Nyman
- Ilkka Salonen
- Tina Sandvik, Deputy Chair

As from 24 January 2025 until 7 April 2025:

- Jani Eloranta, Chair
- Kaj Blomster
- Ola Littorin
- Nina Luomanen
- Minna Martikainen
- Ulrika Nirkkonen
- Ilkka Salonen
- Tina Sandvik, Deputy Chair

As from 7 April 2025 until 31 December 2025:

- Jani Eloranta, Chair
- Ola Littorin
- Nina Luomanen
- Ulrika Nirkkonen
- Ilkka Salonen
- Tina Sandvik, Deputy Chair

Ilkka Salonen is independent of Nordea Mortgage Bank Plc and Nordea Group.

Management Group at 31 December 2025

- Chief Executive Officer – Jussi Pajala (born 1968)
- Deputy CEO – Minna Parhiala (born 1967)
- Chief Operating Officer – Petri Nuora (born 1976)
- Chief Risk Officer – Jussi-Petteri Lehtonen (born 1982)
- Chief Financial Officer – Heikki Jousi (born 1979)
- Head of Mortgage Products – Johanna Pölönen (born 1977)
- Chief Compliance Officer – Andrea Falck (born 1992)

The registered address of the company is:

Nordea Mortgage Bank Plc
Satamaradankatu 5, Helsinki
FI-00020 NORDEA.

Conflicts of interest

The aforementioned persons are or may become customers and be granted mortgage loans that are purchased by NMB. As far as the company is aware, there are no conflicts between the company's interests and the private interests of the aforementioned persons. In order to avoid conflicts of interest and demonstrate how an individual shall act in the event of a conflict of interest, several guidelines established by the Nordea Group apply at NMB, such as ethical guidelines, guidelines for employee engagements beyond their

position with the bank, and rules for employees' securities and foreign exchange dealings. In addition, board members are subject to the rules regarding conflict of interests stipulated by the Finnish Limited Liability Companies Act.

Auditors

PricewaterhouseCoopers Oy (re-elected by the Annual General Meeting 2025)

Auditor with main responsibility
Jukka Paunonen
Authorised Public Accountant.

Capital management

General information about the capital assessment

NMB strives to be efficient in its use of capital and therefore actively manages its balance sheet with respect to different asset, liability and risk categories. The goal is to enhance returns to shareholder while maintaining a prudent capital structure. The Board of Directors of NMB decides ultimately on the targets for capital ratios, capital policy and the overall framework of capital management.

Minimum targets for Common Equity Tier 1 (CET1) capital ratio, Tier 1 capital ratio, total capital ratio and leverage ratio, that exceed the capital requirements set by the Finnish Financial Supervisory Authority, have been set by the Board of Directors of NMB.

NMB uses internal rating based (IRB) approach for the majority of its exposures. At the end of 2025, 99.6% (99.6) of the company's total credit risk exposures were covered by the IRB approach.

NMB bases the internal capital requirements under the Internal Capital Adequacy Assessment Process (ICAAP) on the minimum capital requirements and on internally identified risks. The following major risk types are included in the assessment of the internal capital requirement for the company: credit risk, operational risk, concentration risk and Pillar II risks, such as Interest Rate in the Banking Book and a stress test add-on.

Subordinated loans

At the end of 2025 NMB had no subordinated debenture loans.

Own funds

Own funds are the sum of Tier 1 and Tier 2 capital. Tier 1 capital consists of both Common Equity Tier 1 (CET1) and additional Tier 1 capital. CET1 capital is considered to be capital of the highest quality with ultimate loss-absorbance characteristics and consists predominately of paid-in capital and retained earnings. Profit may only be included after permission from the financial supervisory authority and after deducting proposed dividend. Additional Tier 2 capital consists of the IRB provisioning excess.

Further information regarding capital management and capital adequacy is available in the information provided in accordance with the disclosure requirements in Capital Requirement Regulation (CRR) and published on www.nordea.com.

Capital adequacy ratios¹

	31 Dec 2025	31 Dec 2024
CET 1 capital ratio, %	18.6	18.0
Tier 1 capital ratio, %	18.6	18.0
Total capital ratio, %	18.6	18.0
Capital adequacy quotient (own funds/capital requirement)	2.3	2.3

1) Including profit for the period.

Leverage ratio

	31 Dec 2025	31 Dec 2024
Tier 1 capital, transitional definition, EURm	1,672.1	1,628.0
Leverage ratio exposure, EURm	35,689.0	35,137.8
Leverage ratio, percentage	4.7	4.6

Summary of items included in own funds¹

EURm	31 Dec 2025	31 Dec 2024
Calculation of own funds		
Equity in the consolidated situation	1,868.3	1,804.1
Profit not eligible	-80.2	-79.0
Common Equity Tier 1 capital before regulatory adjustments	1,788.1	1,725.1
Deferred tax assets	-	-
Intangible assets	-	-
IRB provisions shortfall (-)	-102.9	-91.2
Deduction for investments in credit institutions (50%)	-	-
Pension assets in excess of related liabilities	-	-
Other items, net	-13.1	-5.9
Total regulatory adjustments to Common Equity Tier 1 capital	-116.0	-97.1
Common Equity Tier 1 capital (net after deduction)	1,672.1	1,628.0
Additional Tier 1 capital before regulatory adjustments	-	-
Total regulatory adjustments to Additional Tier 1 capital	-	-
Additional Tier 1 capital	-	-
Tier 1 capital (net after deduction)	1,672.1	1,628.0
Tier 2 capital before regulatory adjustments	0.0	0.0
IRB provisions excess (+)	0.0	0.0
Deduction for investments in credit institutions (50%)	-	-
Deductions for investments in insurance companies	-	-
Pension assets in excess of related liabilities	-	-
Other items, net	-	-
Total regulatory adjustments to Tier 2 capital	0.0	0.0
Tier 2 capital	0.0	0.0
Own funds (net after deduction)²	1,672.1	1,628.0

1) Including profit for the period.

2) Own funds adjusted for IRB provision. Own funds excluding IRB adjustments equal EUR 1,775.1m by 31 Dec 2025.

Minimum capital requirements and REA

EURm	31 Dec 2025		31 Dec 2024	
	Minimum capital requirement	REA	Minimum capital requirement	REA
Credit risk	685.7	8,570.9	688.7	8,608.9
- of which counterparty credit risk	-	-	-	-
IRB	683.2	8,539.6	686.1	8,576.2
- sovereign	-	-	-	-
- corporate	39.9	499.2	33.2	415.0
- advanced	38.2	477.7	33.2	415.0
- institutions	-	-	-	-
- retail	643.0	8,037.4	652.7	8,158.6
- secured by immovable property collateral	530.1	6,626.3	549.7	6,871.0
- other retail	112.9	1,411.1	103.0	1,287.7
- other	0.2	3.0	0.2	2.6
Standardised	2.5	31.4	2.6	32.6
- central governments or central banks	2.5	31.4	2.6	32.6
- institutions	-	-	-	-
Operational risk	34.3	428.8	33.8	423.1
Standardised	34.3	428.8	33.8	423.1
Additional risk exposure amount related to Finnish RW floor due to Article 458 CRR	-	-	-	-
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR	-	-	0.0	0.0
Additional risk exposure amount due to Article 3 CRR	0.4	5.1	-	-
Total	720.4	9,004.9	722.6	9,031.9

New regulations on capital requirements

In March 2025 NMB received the Single Resolution Board's decision on minimum requirements for own funds and eligible liabilities (MREL). According to the decision, Nordea Mortgage Bank Plc should meet a requirement of 15.90% of REA and 5.91% of LRE. Own funds used by NMB to comply with its combined buffer requirement are not eligible to meet the MREL requirements expressed as a percentage of the REA.

The countercyclical buffer rate remains at 0%. The maximum loan-to-value ratio for residential mortgage loans remained at the normal level at 90%.

EU implementation of finalised Basel III framework ("Basel IV")

Nordea Mortgage Bank Plc's capital adequacy, stress testing and liquidity risk are regulated by the EU Capital Requirements Regulation ("CRR") and the national legislation based on the EU Capital Requirements Directive ("CRD"). The currently applicable version of the regulation, CRR3 / CRD VI, implements the global Basel standards ("Basel IV") in Europe. The transitional provisions related to the entry into force of CRR3 will remain in place until 2032.

Finland has adopted the national exemption permitted under Article 92(3), second subparagraph, of the Capital Requirements Regulation, which exempts Nordea Mortgage Bank Plc, as a subsidiary of a Finnish credit institution, from applying the overall risk-weight floor specified in Article 92.

Financial statements

Income statement

EURm	Note	2025	2024
Operating income			
Interest income	4	1,069.9	1,389.3
Interest expense	4	-838.0	-1,121.7
Net interest income	4	231.9	267.6
Fee and commission income	5	13.5	13.4
Fee and commission expense	5	-9.8	-7.8
Net fee and commission income	5	3.7	5.6
Net result from items at fair value	6	10.4	-4.2
Other operating income		0.0	0.0
Total operating income		246.0	269.0
Operating expenses			
<i>General administrative expenses:</i>			
Staff costs	7	-2.0	-1.8
Other expenses	8	-122.7	-134.2
Depreciation of tangible assets		0.0	0.0
Total operating expenses		-124.8	-136.0
Profit before loan losses		121.2	133.0
Net loan losses	9	-21.0	-34.2
Operating profit		100.2	98.8
Income tax expense	10	-20.1	-19.8
Net profit for the year		80.2	79.0
Attributable to shareholders of Nordea Mortgage Bank Plc		80.2	79.0

Statement of comprehensive income

EURm	2025	2024
Net profit for the year	80.2	79.0
Items that may be reclassified subsequently to the income statement		
Cash flow hedges:		
- Valuation gains/losses during the year	-0.1	-3.4
- Tax on valuation gains/losses during the year	0.0	0.7
- Transferred to the Income statement during the year	3.8	18.8
- Tax on transfers to the income statement during the year	-0.8	-3.8
Items that may not be reclassified subsequently to the income statement		
Defined benefit plans:		
- Remeasurement of defined benefit plans during the year	0.0	0.0
- Tax on remeasurement of defined benefit plans during the year	-0.0	-0.0
Other comprehensive income, net of tax	3.0	12.3
Total comprehensive income	83.2	91.3
Attributable to shareholders of Nordea Mortgage Bank Plc	83.2	91.3

Balance sheet

EURm	Note	31 Dec 2025	31 Dec 2024
Assets			
Cash and balances with central banks		619.6	504.2
Loans to credit institutions	11	913.3	872.4
Loans to the public	11	33,697.4	33,360.2
Fair value changes of the hedged items in portfolio hedges of interest rate risk		-120.7	-129.0
Derivatives	12	262.7	380.4
Property and equipment		0.0	0.0
Deferred tax assets	10	12.5	13.1
Current tax assets	10	1.7	2.9
Other assets	13	45.5	153.7
Prepaid expenses and accrued income	14	11.9	1.7
Total assets		35,443.9	35,159.4
Liabilities			
Deposits by credit institutions		10,677.5	11,217.5
Debt securities in issue	15	22,609.9	21,777.0
Derivatives	12	257.6	332.4
Current tax liabilities	10	–	–
Other liabilities	16	12.7	3.0
Accrued expenses and prepaid income	17	17.9	25.3
Provisions	18	0.0	0.1
Retirement benefit liabilities	19	0.0	0.0
Total liabilities		33,575.6	33,355.3
Equity			
Share capital		250.0	250.0
Other reserves		1,410.2	1,347.1
Retained earnings		208.2	206.9
Total equity		1,868.3	1,804.1
Total liabilities and equity		35,443.9	35,159.4

Statement of changes in equity

EURm	Attributable to the shareholders of NMB						Total equity
	Share capital	Restricted equity				Retained earnings	
		Cash flow hedges	Fair value through OCI	Invested unrestricted equity	Defined benefit plans		
Balance at 1 Jan 2025	250.0	-3.0	0.0	1,350.0	0.1	206.9	1,804.1
Net profit for the year	-	-	-	-	-	80.2	80.2
<i>Items that may be reclassified subsequently to the income statement</i>							
- Valuation gains/losses during the year	-	-0.1	-	-	-	-	-0.1
- Tax on valuation gains/losses during the year	-	0.0	-	-	-	-	0.0
- Transferred to the income statement during the year	-	3.8	-	-	-	-	3.8
- Tax on transfers to the income statement during the year	-	-0.8	-	-	-	-	-0.8
<i>Items that may not be reclassified subsequently to the income statement</i>							
- Remeasurement of defined benefit plans during the year	-	-	-	-	0.0	-	0.0
- Tax on remeasurement of defined benefit plans during the year	-	-	-	-	0.0	-	0.0
Other comprehensive income, net of tax	-	3.0	-	-	0.0	-	3.0
Total comprehensive income	-	3.0	-	-	0.0	80.2	83.2
Paid dividend	-	-	-	-	-	-79.0	-79.0
Capital injection	-	-	-	60.0	-	-	60.0
Other changes	-	-	-	-	-	0.0	0.0
Balance at 31 Dec 2025	250.0	0.0	0.0	1,410.0	0.2	208.2	1,868.3

EURm	Attributable to the shareholders of NMB						Total equity
	Share capital	Restricted equity				Retained earnings	
		Cash flow hedges	Fair value through OCI	Invested unrestricted equity	Defined benefit plans		
Balance at 1 Jan 2024	250.0	-15.3	0.0	1,200.0	0.1	128.0	1,562.8
Net profit for the year	-	-	-	-	-	79.0	79.0
<i>Items that may be reclassified subsequently to the income statement</i>							
- Valuation gains/losses during the year	-	-3.4	-	-	-	-	-3.4
- Tax on valuation gains/losses during the year	-	0.7	-	-	-	-	0.7
- Transferred to the income statement during the year	-	18.8	-	-	-	-	18.8
- Tax on transfers to the income statement during the year	-	-3.8	-	-	-	-	-3.8
<i>Items that may not be reclassified subsequently to the income statement</i>							
- Remeasurement of defined benefit plans during the year	-	-	-	-	0.0	-	0.0
- Tax on remeasurement of defined benefit plans during the year	-	-	-	-	0.0	-	0.0
Other comprehensive income, net of tax	-	12.3	-	-	0.0	-	12.3
Total comprehensive income	-	12.3	-	-	0.0	79.0	91.3
Capital injection	-	-	-	150.0	-	-	150.0
Other changes	-	-	-	-	-	0.0	0.0
Balance at 31 Dec 2024	250.0	-3.0	0.0	1,350.0	0.1	206.9	1,804.1

Cash flow statement

EURm	2025	2024
Operating activities		
Operating profit	100.2	98.7
Adjustment for items not included in cash flow	-80.4	142.5
Income taxes paid	-19.1	-22.9
Cash flow from operating activities before changes in operating assets and liabilities	0.7	218.3
Changes in operating assets		
Change in loans to credit institutions	562.1	-9.4
Change in loans to the public	-359.0	-2,329.2
Change in derivatives, net	52.0	-191.2
Change in other assets	108.3	-125.8
Changes in operating liabilities		
Change in deposits by credit institutions	-540.1	920.3
Change in debt securities in issue	903.8	1,584.1
Change in other liabilities	9.7	-12.0
Cash flow from operating activities	737.5	55.1
Financing activities		
Dividend paid	-79.0	-81.4
Other changes in equity	60.0	150.1
Cash flow from financing activities	-19.0	68.6
Cash flow for the year	718.5	123.6
Cash and cash equivalents at the beginning of year	764.3	640.7
Cash and cash equivalents at the end of year	1,482.8	764.3
Change	718.5	123.6

Comments on the cash flow statement

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year for total operations. Nordea Mortgage Bank's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating and financing activities. For more details on "Other changes in equity", see Statement of changes in equity.

Operating activities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for items not included in cash flow includes:

EURm	2025	2024
Loan losses	21.8	34.9
Unrealised gains/losses	-9.1	4.3
Change in accruals and provisions	-16.9	-11.3
Change in fair value of the hedged items under fair value hedges	-79.2	102.3
Other	3.0	12.2
Total	-80.4	142.5

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

EURm	2025	2024
Interest payments received	1,085.8	1,409.3
Interest expenses paid	-873.9	-1,061.3

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, dividends and issued/amortised subordinated liabilities.

Cash and cash equivalents

The following items are included in Cash and cash equivalents:

EURm	2025	2024
Cash and balances with central banks	619.6	504.2
Loans to credit institutions, payable on demand	863.2	260.2
Total	1,482.8	764.3

Cash comprises legal tender and bank notes. Balances with central banks consist of deposits in accounts with Bank of Finland, when the balance is readily available at any time.

Loans to credit institutions, payable on demand consist of deposits in accounts with Nordea Bank Abp, when the balance is readily available at any time.

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Note 1 Accounting policies

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1. Basis for presentation

Nordea Mortgage Bank's ("NMB") financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU Commission. In addition, certain complementary rules in the Finnish Accounting Act, the Finnish Act on Credit Institutions, the Finnish Mortgage Bank Act, the Finnish Financial Supervisory Authority's regulations and guidelines and the Decree of the Finnish Ministry of Finance on the financial statements and consolidated statements of credit institutions and investment firms have also been applied.

The disclosures, required in the standards, recommendations and legislation above, have been included in the notes, the Capital management section or in other parts of the financial statements. The Board of Directors approved the financial statements on 23 February 2026.

The accounting policies, methods of computation and presentations are unchanged in comparison with the Annual Report 2024, except for the items presented in "Changed accounting policies and presentation" below.

All amounts are in euro million unless otherwise stated.

2. Changed accounting policies and presentation

There have not been any new accounting requirements implemented during the year.

Other amendments

The IASB has published the following new or amended standards that are assessed not to have any significant impact on NMB's financial statements or capital adequacy in the period of initial application:

- Amendments to IAS 21 The effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

3. Changes in IFRSs not yet applied

The IASB has published the following new or amended standards that are not yet possible to assess not to have any significant impact on NMB's financial statements or capital adequacy in the period of initial application:

IFRS18 Presentation and Disclosure in Financial Statements

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 sets out the requirements for the presentation and disclosure of financial performance in financial statements, focusing on a more structured income statement, with defined subtotals. Income and expense items are split into five categories, based on main business activities. Of these, the categories operating, investing and financing are new. The categories income taxes and discontinued operations are as before. The aim is to ensure a structured summary of companies' primary financial statements and reduce variation in the reporting of financial performance, enabling users to better understand the information and more easily compare companies. IFRS 18 also introduces enhanced requirements for the aggregation and disaggregation of financial information in the primary financial statements and the notes, which may also impact the presentation on the balance sheet. In addition, the standard introduces new disclosures in a single note on certain profit or loss measures outside the financial statements (management defined performance measures).

IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The standard is not yet endorsed by the EU. NMB does not currently intend to adopt the amendments before the effective date.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024 the IASB published Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The amendments clarify whether contractual cash flows of financial assets with contingent features, e.g. ESG-linked features, represent solely payments of principal and interest (SPPI), which is a condition for being measured at amortised cost. Under the amendments certain financial assets, including those with ESG-linked features, can meet the SPPI criterion at initial recognition, provided that their cash flows are not significantly different from the cash flows of identical financial assets without such features. Additional disclosures on financial assets and financial liabilities with contingent features will also be required. The new requirements are expected to support Nordea's current accounting treatment of loans with ESG-linked features. They are not expected to have any significant impact on the company's financial statements or capital adequacy in the period of initial application, other than the introduction of the additional disclosures.

Note 1 Accounting policies, cont.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The standard is not yet endorsed by the EU.

Other amendments

The IASB has published the following new or amended standards that are assessed not to have any significant impact on Nordea's financial statements or capital adequacy in the period of initial application:

- Annual Improvements – Volume 11.

4. Critical judgements and estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of judgements and estimates by management. The actual outcome can later, to some extent, differ from the estimates and the assumptions made. In this section a description is made of:

- the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, and
- the judgements made when applying accounting policies (apart from those involving estimations) that have the most significant impact on the amounts recognised in the financial statements.

Critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments
- the derecognition of financial assets
- the impairment testing of loans to the public/credit institutions
- the effectiveness testing of cash flow hedges.

Fair value measurement of certain financial instruments

NMB's accounting policy for determining the fair value of financial instruments is described in section 9 "Determination of fair value of financial instruments" and Note 23 "Assets and liabilities at fair value". Critical judgements that have a significant impact on the recognised amounts for financial instruments are exercised when determining the fair value of OTC derivatives and other financial instruments that lack quoted prices or where recently observed market prices are not available, such as unlisted equities. The judgements relate to the following areas:

- The choice of valuation techniques.
- The determination of when quoted prices fail to represent fair value (including the judgement of whether markets are active).
- The calculation of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk.
- The judgement of which market parameters are observable.

The critical judgements required when determining the fair value of financial instruments that lack quoted prices or where recently observed market prices are not available also introduce a high degree of estimation uncertainty.

In all of these instances, decisions are based on professional judgement in accordance with NMB's accounting and valuation policies. The fair value of financial assets and liabilities measured at fair value using a valuation technique, level 2 in the fair value hierarchy, was EUR 259.2m (374.9) and EUR 254.0m (323.3), respectively, at the end of the year. The

fair value of financial assets and liabilities measured at fair value using non-observable data (level 3) was EUR 3.4m (5.5) and EUR 3.5m (9.1) respectively. Valuation adjustments (CVA and DVA) made when determining the value of financial instruments amounted to EUR 0.4m (0.3).

Sensitivity analysis disclosures covering the fair value of financial instruments with significant unobservable inputs can be found in Note 23 "Assets and liabilities at fair value".

Derecognition of financial assets

Loans and other financial assets where cash flows are modified, or part of a restructuring, are derecognised, and a new loan recognised, if the terms and conditions of the new loan are substantially different from the old loan. NMB applies judgements to determine if the terms and conditions of the new loan are substantially different from the old loan.

NMB considers the terms and conditions to be substantially different if the present value of the cash flows for the new loan discounted by the original interest rate differs by more than 10% from the present value of the remaining expected cash flows of the old loan or if the modified cash flows are solely payments of principal and interest (SPPI), but the original cash flows were not SPPI and vice versa.

Impairment testing of loans to the public/credit institutions

NMB's accounting policy for impairment testing of loans is described in section 12 "Loans to the public/credit institutions".

Management is required to exercise critical judgements and estimates when calculating loan impairment allowances. NMB's total lending before impairment allowances was EUR 34,734.0m (34,341.4) at the end of the year. For more information, see Note 11 "Loans and impairment".

When calculating allowances for individually significant impaired loans, judgement is exercised to estimate the amount and timing of the expected cash flows to be received from the customers under different scenarios, including the valuation of any collateral received. Judgement is also applied when assigning the likelihood of the different scenarios occurring.

Judgement is exercised to assess when an exposure has experienced a significant increase in credit risk. If this is the case, the provision should reflect the lifetime expected losses, as opposed to a 12-month expected loss for exposures not having increased significantly in credit risk. Judgement is also exercised in the choice of modelling approaches covering other parameters used when calculating the expected losses, such as the expected lifetime used in stage 2, as well as in the assessment of whether the parameters based on historical experience are relevant for estimating future losses.

The statistical models used to calculate provisions are based on macroeconomic scenarios, which requires management to exercise judgement when identifying such scenarios and when assigning the likelihood of the different scenarios occurring. Judgement is also exercised in the assessment of to what extent the parameters for the different scenarios, based on historical experience, are relevant for estimating future losses. Adjustments are made to the collectively calculated provisions if the historical data does not adequately reflect management's view on the expected credit losses. The estimation of post-model adjustments requires management to exercise critical judgements.

Note 1 Accounting policies, cont.

Effectiveness testing of cash flow hedges

NMB's accounting policy for cash flow hedges is described in section 8 "Hedge accounting".

One important judgement in connection with cash flow hedge accounting is the choice of method used for effectiveness testing.

Where NMB applies cash flow hedge accounting the hedging instruments used are predominantly cross-currency interest rate swaps, which are always held at fair value. The currency component is designated as a cash flow hedge of the currency risk and the interest component as a fair value hedge of the interest rate risk. The hypothetical derivative method is used when measuring the effectiveness of these cash flow hedges, meaning that the change in a perfect hypothetical swap is used as proxy for the present value of the cumulative change in expected future cash flows on the hedged transaction (the currency component). Critical judgement has to be exercised when defining the characteristics of the perfect hypothetical swap.

5. Recognition of operating income and impairment

Net interest income

Interest income and expense are calculated and recognised using the effective interest rate method or, if considered appropriate, a method that provides a reasonable approximation in line with the effective interest rate method as the basis for the calculation. The effective interest includes fees considered to be an integral part of the effective interest rate of a financial instrument (generally fees received as compensation for risk). The effective interest rate equals the rate that discounts the estimated future cash flows to the net carrying amount of the financial asset or financial liability.

Interest income and expense from financial instruments are, with the exceptions described below, classified as "Net interest income".

The interest component of derivatives is classified as "Net result from items at fair value", except for derivatives used for hedging purposes. In accounting hedges the interest component of derivatives is classified as "Interest income calculated using the effective interest rate method" if the derivative is used to hedge an asset and as "Interest expense" if the derivative is used to hedge a liability. In economic hedges the interest component of derivatives is classified as "Other interest income" if the derivative is used to hedge an asset and as "Interest expense" if the derivative is used to hedge a liability.

Other interest income includes the negative yield on liabilities and, respectively, other interest expense the negative yield on assets.

Net fee and commission income

NMB earns commission income mainly from lending services provided to its customers. Usually lending related commission income consists of fees received in connection to services performed to the customer after the loan has been entered into. Fee income is recognised either when or as performance obligations are satisfied.

Lending fees that are not part of the effective interest rate of a financial instrument are recognised at a point of time.

Commission expenses are normally transaction based and recognised in the period when the services are received. Expenses for bought financial guarantees, are amortised over the duration of the instruments and presented in "Fee and commission expense".

Net result from items at fair value

Realised and unrealised gains and losses on financial instruments measured at fair value through profit or loss are recognised in the line item "Net result from items at fair value". Realised and unrealised gains and losses derive from:

- Interest-bearing securities and other interest-related instruments,
- Foreign exchange gains/losses.

The ineffective portion of cash flow hedges is recognised in "Net result from items at fair value".

This line item also includes realised gains and losses from financial instruments measured at amortised cost, such as interest compensation received and realised gains/losses on buy-backs of issued own debt.

"Net result from items at fair value" also includes fair value changes of hedged assets and liabilities at amortised cost in hedges of interest rate risk.

Other operating income and other expenses

Other operating income, not related to any other income line, is generally recognised when it is probable that the benefits associated with the transaction will flow to NMB and if the significant risks and rewards have been transferred to the buyer (generally when the transaction is finalised).

Resolution fees are presented as "Other expenses" in the income statement.

Net loan losses

Impairment losses on financial assets classified into the category Amortised cost (see section 11 "Financial instruments"), in the items "Loans to credit institutions" and "Loans to the public" on the balance sheet, are reported as "Net loan losses" together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. NMB's accounting policies for the calculation of impairment losses on loans can be found in section 12 "Loans to the public/credit institutions".

6. Recognition and derecognition of financial instruments on the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from (and an asset or a liability is recognised as "Other assets" or "Other liabilities" on the balance sheet between the trade date and the settlement date) the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on the settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial assets expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterparty has performed by e.g. repaying a loan to NMB, i.e. on the settlement date.

Rights to cash flows may also expire when loans are rolled over or modified. The rights to cash flows are generally considered to have expired if the change is at market rates and no payment-related concession has been provided.

Loans and other financial assets where cash flows are modified or part of a restructuring are derecognised, and a new loan recognised, if the terms and conditions of the new loan are substantially different from the old loan. This is normally the case if the present value of the cash flows for the new loan discounted by the original interest rate differs by more than 10% from the present value of the remaining expected cash flows for the old loan. The same principles apply to financial liabilities. The terms and conditions are

Note 1 Accounting policies, cont.

also considered to be significantly different for financial assets where the modified cash flows are SPPI, but the original cash flows were not SPPI and vice versa.

Financial liabilities are derecognised from the balance sheet when the liability is extinguished.

7. Translation of assets and liabilities denominated in foreign currencies

The functional currency of NMB is euro (EUR). Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those on the date of the transactions, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the line item "Net result from items at fair value".

8. Hedge accounting

As part of NMB's risk management policy, NMB has identified a series of risk categories with corresponding hedging strategies using derivative instruments, as set out in section "Market risk" in Note 2 "Risk and liquidity management" and Note 12 "Derivatives and hedge accounting".

When a hedging relationship meets the specified hedge accounting criteria set out in IAS 39, NMB applies one of two types of hedge accounting:

- Fair value hedge accounting
- Cash flow hedge accounting

NMB has elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with the carve out version of IAS 39.

Under the EU carve-out version of IAS 39, fair value macro hedge accounting may for instance, in comparison with IAS 39 as issued by the IASB, be applied to on-demand (core) deposits, and hedge ineffectiveness in a hedge of assets with prepayment options is only recognised when the revised estimate of the amount of cash flows falls below the designated bottom-layer. At inception, NMB formally documents how the hedging relationship meets the hedge accounting criteria, including the economic relationship between the hedged item and the hedging instrument, the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship on an ongoing basis.

The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in the fair value of the hedged item, as regards the hedged risk can be essentially offset by changes in the fair value of the hedging instrument. The result should be within a range of 80–125 %.

Transactions that are entered into in accordance with NMB's hedging objectives but do not qualify for hedge accounting, are economic hedge relationships.

Fair value hedge accounting

Fair value hedge accounting is applied when derivatives are hedging changes in the fair value of a recognised asset or liability attributable to a specific risk in accordance with NMB's risk management policies set out in section "Market risk" in Note 2 "Risk and liquidity management" and

Note 12 "Derivatives and hedge accounting". The risk of changes in the fair value of assets and liabilities in NMB's financial statements originates mainly from loans and securities with a fixed interest rate period, causing interest rate risk. Changes in the fair value of derivatives as well as changes in the fair value of the hedged item attributable to the risks being hedged are recognised separately in the income statement in the line item "Net result from items at fair value". Given that the hedge is effective, the change in the fair value of the hedged item will be offset by the change in fair value of the hedging instrument.

The changes in the fair value of the hedged item attributable to the risks being hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. NMB applies fair value hedge accounting at both micro level (single liabilities or closed portfolios of liabilities where one or more hedged items are hedged using one or more hedging instruments) and macro level (open portfolios where groups of items are hedged using multiple hedging instruments).

The fair value changes of the hedged items under fair value accounting at micro level are reflected in the same balance sheet line item as the hedged items. Fair value changes of hedged items under fair value hedge accounting as macro level are presented separately in the balance sheet item "Fair value changes of hedged items in portfolio hedges of interest rate risk" on the balance sheet.

Any ineffectiveness is recognised in the income statement under the item "Net result from items at fair value".

Hedged items

A hedged item in a fair value hedge can be a recognised single asset or liability, an unrecognised firm commitment, or a portion thereof. The hedged item can also be a group of assets, liabilities or firm commitments with similar risk characteristics. Hedged items at NMB consist of both individual assets or liabilities and portfolios of assets and/or liabilities.

Hedging instruments

The hedging instruments used at NMB are predominantly interest rate swaps, which are always held at fair value.

Hedge effectiveness

When assessing hedge effectiveness retrospectively NMB measures the fair value of a hedging instrument and compares the change in the fair value of the hedging instrument to the change in the fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedging relationship does not meet the hedge accounting requirements, hedge accounting is discontinued. For fair value hedges the hedging instrument is measured at fair value through profit or loss and the change in the fair value of the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

Hedge ineffectiveness can arise from:

- differences in timing of cash flows of hedged items and hedging instruments
- different interest rate curves applied to discount the hedged items and hedging instruments
- the effect of changes in NMB's or a counterparty's credit risk on the fair value of the hedging instrument or hedged items
- disparity between expected and actual prepayments of the loan portfolio

Note 1 Accounting policies, cont.

Cash flow hedge accounting

In accordance with NMB's risk management policies set out in section "Market risk" in Note 2 "Risk and liquidity management" and Note 12 "Derivatives and hedge accounting", cash flow hedge accounting is applied when hedging the exposure to variability in future interest payments on instruments with variable interest rates as well as currency exposures. The portion of the gain or loss on the hedging instrument determined to be an effective hedge, is recognised in other comprehensive income and accumulated in the cash flow hedge reserve in equity. The ineffective portion of the gain or loss on the hedging instrument is recycled to the item "Net result from items at fair value" in the income statement.

Gains or losses on hedging instruments recognised in the cash flow hedge reserve in equity through other comprehensive income are recycled and recognised in the income statement in the same period as the hedged item affects profit or loss, normally in the period that interest income or interest expense is recognised.

Hedged items

A hedged item in a cash flow hedge can be highly probable floating interest rate cash flows from recognised assets or liabilities or from future assets or liabilities. NMB uses cash flow hedges when hedging interest rate risk on lending with floating interest rates.

Hedging instruments

When hedging the interest rate risk on lending with floating interest rates NMB uses interest rate derivatives as hedging instruments, which are always held at fair value.

Hedge effectiveness

The hypothetical derivative method is used when measuring the effectiveness retrospectively of cash flow hedges, meaning that the change in a perfect hypothetical swap is used as proxy for the present value of the cumulative change in expected future cash flows from the hedged transaction (the currency component).

If the hedging relationship does not meet the hedge accounting requirements, hedge accounting is discontinued. Changes in the unrealised value of the hedging instrument will prospectively from the last time it was proven effective be accounted for in the income statement. The cumulative gain or loss on the hedging instrument that has been recognised in the cash flow hedge reserve in equity through other comprehensive income from the period when the hedge was effective is reclassified from equity to "Net result from items at fair value" in the income statement if the expected transaction is no longer expected to occur.

If the expected transaction is no longer highly probable, but is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective will remain in other comprehensive income until the transaction occurs or is no longer expected to occur.

The possible sources of ineffectiveness for cash flow hedges are generally the same as for those for fair value hedges described above. However, for cash flow hedges, prepayment risk is less relevant, and the causes of hedging ineffectiveness arise from the changes in the timing and the amount of forecast future cash flows.

9. Determination of fair value of financial instruments

Fair value is defined as the price that at the measurement date would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants under current market conditions in the principal

market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The absolute level of liquidity and volume required for a market to be considered active varies depending on the class of instruments. For some classes low price volatility is seen, also for those instruments within the class where the trade frequency is high. For instruments in such a class the liquidity requirements are lower and, correspondingly, the age limit for the prices used to establish fair value is higher.

The trade frequency and volume are monitored regularly in order to assess if markets are active or not active. NMB predominantly uses published price quotations to establish fair value for listed derivatives.

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. The adequacy of the valuation technique, including an assessment of whether to use quoted prices or theoretical prices, is monitored on a regular basis.

Valuation techniques can range from a simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible but can also make use of unobservable model parameters. The adequacy of the valuation model is assessed by measuring its ability to match market prices. This is done by comparing calculated prices with relevant benchmark data, e.g. quoted prices from exchanges, the counterparty's valuations, price data from consensus services etc.

NMB predominantly uses valuation techniques to establish fair value for OTC-derivatives.

For financial instruments, whose fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. NMB considers data from observable markets to be data that can be collected from generally available external sources and which is deemed to represent realistic market prices. If unobservable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the unobservable data becomes observable.

Note 23 "Assets and liabilities at fair value" provides a breakdown of the fair values of financial instruments measured on the basis of:

- quoted prices in active markets for the same instrument (Level 1),
- a valuation technique using observable data (Level 2), and
- a valuation technique using non-observable data (Level 3).

The valuation models applied by NMB are consistent with accepted economic methodologies for pricing financial instruments and incorporate the factors that market participants consider when setting a price.

Note 1 Accounting policies, cont.

New valuation models are subject to approval by the Model Risk Committee of Nordea Bank Abp and all models are reviewed on a regular basis.

For further information, see Note 23 "Assets and liabilities at fair value".

10. Cash and balances with central banks

Cash comprises legal tender and bank notes. Balances with central banks consist of deposits in accounts with Bank of Finland, when the balance is readily available at any time.

11. Financial instruments

Classification of financial instruments

Each financial instrument has been classified into one of the following categories:

Financial assets:

- Amortised cost
- Fair value through profit or loss:
 - Mandatorily measured at fair value through profit or loss.

Financial liabilities:

- Amortised cost
- Fair value through profit or loss:
 - Mandatorily measured at fair value through profit or loss.

The classification of a financial asset is dependent on the business model for the portfolio in which the instrument is included and on whether the cash flows are SPPI.

Financial assets with cash flows that are not SPPI are measured at fair value through profit or loss. All other assets are classified based on the business model. Instruments included in a portfolio with a business model where the intention is to keep the instruments and collect contractual cash flows are measured at amortised cost. Financial assets included in any other business model are measured at fair value through profit or loss.

In order to determine the business model, NMB has divided its financial assets into portfolios and/or sub-portfolios based on how groups of financial assets are managed together to achieve a particular business objective. When determining the right level for the portfolios, NMB has taken the current business area structure into account. When determining the business model for each portfolio, NMB has analysed the objective for the financial assets, as well as, for instance past sales behaviour and management compensation.

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured on the balance sheet and how changes in its value are recognised. In the table in Note 22 "Classification of financial instruments", the classification of the financial instruments on NMB's balance sheet into the different categories under IFRS 9 is presented.

Amortised cost

Financial assets and liabilities measured at amortised cost are initially recognised on the balance sheet at fair value, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method. Amortised cost is defined as the amount at which the financial asset or financial liability is measured at initial recognition minus the principal

repayments plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. For more information about the effective interest rate method see Note 1 section 5, "Net interest income". For information about impairment under IFRS 9, see section 12 below.

Interest on assets and liabilities classified at amortised cost is recognised in the items "Interest income" and "Interest expense" in the income statement.

This category mainly consists of loans to credit institutions and to the public.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. All changes in fair value are recognised directly in the income statement in the line item "Net result from items at fair value".

The category consists of two sub-categories: "Mandatorily measured at fair value through profit or loss" and "Designated at fair value through profit or loss (fair value option)".

The sub-category mandatorily measured at fair value through profit or loss contains derivative instruments.

Derivatives

All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with a positive fair value, including any accrued interest, are recognised as assets in the item "Derivatives" on the asset side. Derivatives with a negative fair value, including any accrued interest, are recognised as liabilities in the item "Derivatives" on the liability side.

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item "Net result from items at fair value".

Offsetting of financial assets and liabilities

NMB offsets financial assets and liabilities on the balance sheet if there is a legal right to offset, in the ordinary course of business and in case of default, bankruptcy and insolvency of NMB and the counterparties, and if the intent is to settle the items net or realise the asset and settle the liability simultaneously.

Exchange traded derivatives are generally accounted for as settled on a daily basis when cash is paid or received and the instrument is reset to market terms.

Issued debt and equity instruments

A financial instrument issued by NMB is either classified as a financial liability or equity. Issued financial instruments are classified as a financial liabilities if the contractual arrangement results in NMB having a present obligation to either deliver cash or another financial asset, or a variable number of equity instruments to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and classified as equity, net of transaction costs. Where issued financial instruments contain both liability and equity components, these are accounted for separately.

12. Loans to the public/credit institutions

Scope

Financial instruments classified as Amortised cost or Fair value through other comprehensive income are in scope for recognising impairment due to credit risk. This includes

Note 1 Accounting policies, cont.

assets recognised on the balance sheet as "Loans to credit institutions" and "Loans to the public". These balance sheet lines also include assets classified as Fair value through profit or loss, which are not in scope for impairment calculations. See section 11 above and Note 22 on "Classification of financial instruments".

Off-balance sheet commitments, contingent liabilities and loan commitments are also subject to impairment testing.

Recognition and presentation

Amortised cost assets are recognised gross with an offsetting allowance for the expected credit losses if the loss is not regarded as final. The allowance account is disclosed net on the face of the balance sheet, but the allowance account is disclosed separately in the notes. Changes in the allowance account are recognised in the income statement and classified as "Net loan losses".

If the impairment loss is regarded as final, it is reported as a realised loss and the carrying amount of the loan and the related allowance for impairment loss are derecognised. An impairment loss is regarded as final when the obligor has filed for bankruptcy and the administrator has declared the economic outcome of the bankruptcy procedure, or when NMB waives its claims either through a legally based or voluntary reconstruction, or when NMB, for other reasons, deems it unlikely that the claim will be recovered. See also section "Write-offs" below.

Provisions for off-balance sheet exposures are classified as "Provisions" on the balance sheet, with changes in provisions classified as "Net loan losses".

Impairment testing

NMB classifies all exposures into stages on an individual basis. Stage 1 includes assets where there has been no significant increase in credit risk since initial recognition, stage 2 includes assets where there has been a significant increase in credit risk and stage 3 (impaired loans) includes defaulted assets. NMB monitors whether there are indicators of exposures being credit impaired (stage 3) by identifying events that have a detrimental impact on the estimated future cash flows (loss event). NMB applies the same definition of default as the Capital Requirements Regulation. More information on the identification of loss events can be found in Note 2 "Risk and liquidity management". Exposures without individually calculated allowances will be covered by the model-based impairment calculation.

For significant exposures where a credit event has been identified the exposure is tested for impairment on an individual basis. If the exposure is found impaired, an individual provision is recognised. The carrying amount of the exposure is compared with the sum of the net present value of expected future cash flows. If the carrying amount is higher, the difference is recognised as an impairment loss. The expected cash flows are discounted with the original effective interest rate and include the fair value of the collateral and other credit enhancements. The estimate is based on three different forward-looking scenarios that are probability weighted to derive the net present value.

For insignificant exposures that have been individually identified as credit impaired, the impairment loss is measured using the model described below but based on the fact that the exposures are already in default.

NMB uses the "low credit risk exemption" for retail exposures and non-retail exposures issued after transition to IFRS 9 on 1 January 2018. Such exposures with a 12-month probability of default (PD) below 0.3% are classified as stage 1.

Model-based allowance calculation

For exposures not impaired on an individual basis, a statistical model is used for calculating impairment losses. The provisions are calculated as the exposure at default times the probability of default (PD) times the loss given default. For assets in stage 1 this calculation is only based on the coming 12 months, while for assets in stages 2 and 3 it is based on the expected lifetime of the asset.

The provisions for exposures for which there has been no significant increase in credit risk since initial recognition are based on the 12-month expected loss (stage 1). Provisions for exposures for which there has been a significant increase in credit risk since initial recognition, but that are not credit impaired, are based on the lifetime expected losses (stage 2). This is also the case for the insignificant credit impaired exposures in stage 3.

NMB uses different models to identify whether there has been a significant increase in credit risk or not. For non-retail assets held at transition to IFRS 9, the change in internal rating and scoring data is used to determine whether there has been a significant increase in credit risk or not. Internal rating/scoring information is used to assess the risk of the customers and a deterioration in rating/scoring indicates an increase in the credit risk of the customer. NMB has concluded that it is not possible to calculate the lifetime PD at origination without the use of hindsight for non-retail assets already recognised on the balance sheet at transition. Changes to the lifetime PD are used as the trigger for non-retail assets recognised after transition and for retail assets recognised both before and after transition.

For assets evaluated based on lifetime PD, NMB uses a mix of absolute and relative changes in PD as the transfer criterion, with some updates compared with 2023.

- Retail customers with a relative increase in lifetime PD above 200% are transferred to stage 2.
- Non-retail customers with an initial 12-month PD below 0.5%: Exposures with a relative increase in lifetime PD above 150% and an absolute increase in 12-month PD above 20bp are transferred to stage 2.
- Non-retail customers with an initial 12-month PD above or equal to 0.5%: Exposures with a relative increase in lifetime PD above 150% or an absolute increase in 12-month PD above 400bp are transferred to stage 2.

For assets for which rating and scoring models are used, the change in rating/scoring notches is calibrated to match the significant increase in credit risk based on lifetime PD. In addition, NMB applies the following backstops for transfers between stages:

- Customers with forbearance measures and customers with payments more than thirty days past due are also transferred to stage 2, unless already identified as credit impaired (stage 3). Exposures with forbearance measures will stay in stage 2 for a probation period of 24 months from when the measures were introduced. Once transferred back to stage 1, after the probation period, the exposures are treated as any other stage 1 exposure when assessing significant increase in credit risk.
- Exposures more than 90 days past due will normally be classified as stage 3, but this classification will be rebutted if there is evidence that the customer is not in default. Such exposures will be classified as stage 2.
- Non-retail exposures with a relative change in annualised lifetime PD exceeding 200% and with at least one rating grade of deterioration are transferred to stage 2.
- Exposures classified as "high risk", i.e. with a rating grade of 2 or below, are transferred to stage 2.

Note 1 Accounting policies, cont.

When calculating provisions, including the staging assessment, the calculation is based on both historical data and probability-weighted forward looking information. NMB applies three macroeconomic scenarios to address the non-linearity in expected credit losses. The different scenarios are used to adjust the relevant parameters for calculating expected losses and a probability-weighted average of the expected losses under each scenario is recognised as provisions. The model is based on data collected before the reporting date requiring NMB to identify events that should affect the provisions after the data is sourced to the model calculation. Management evaluates these events and adjusts the provisions if deemed necessary.

Write-offs

A write-off is a derecognition of a loan or receivable from the balance sheet and a final realisation of a credit loss provision. When assets are considered as uncollectable they should be written off as soon as possible, regardless of whether the legal claim remains or not. A write-off can take place before legal actions against the borrower to recover the debt have been concluded in full. Although an uncollectable asset is removed or written-off from the balance sheet, the customer remains legally obligated to pay the outstanding debt. When assessing the recoverability of non-performing loans and determining if write-offs are required, exposures with the following characteristics are in particular focus (the list is not exhaustive):

- Exposures past due more than 90 days. If, following this assessment, an exposure or part of an exposure is deemed as unrecoverable, it is written-off.
- Exposures under insolvency procedure where the collateralisation of the exposure is low.
- Exposures where legal expenses are expected to absorb proceeds from the bankruptcy procedure and estimated recoveries are therefore expected to be low.
- A partial write-off may be warranted where there is reasonable financial evidence to demonstrate an inability of the borrower to repay the full amount, i.e. a significant level of debt which cannot be reasonably demonstrated to be recoverable following forbearance treatment and/or the execution of collateral.
- Restructuring cases.

Discount rate

The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans. If considered appropriate, the discount rate can be based on a method that results in an impairment that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Restructured loans and modifications

In this context a restructured loan is defined as a loan where NMB has granted concessions to the obligor due to their financial difficulties and where this concession has resulted in an impairment loss for NMB. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. In the event of a recovery the payment is reported as a recovery of loan losses.

Modifications of the contractual cash flows for loans to customers in financial difficulties (forbearance) reduce the gross carrying amount of the loan. Normally this reduction is less than the existing provision and no loss is recognised in the income statement due to modifications. If significant, the gross amounts (loan and allowance) are reduced.

13. Leasing**NMB as lessee**

The right to use an asset in a lease contract is recognised on the commencement date as a right-of-use (ROU) asset and the obligation to pay lease payments is recognised as a lease liability

In NMB leases are related to company cars. The leased company cars are presented in the line item, "Properties and equipment". The lease payments generally include fixed payments. The lease term is the expected lease term. This comprises the non-cancellable period of lease contracts.

14. Taxes

The item "Income tax expense" in the income statement consists of the total current tax and deferred tax movements recognised in the income statement, unless the tax effect relates to items recognised in other comprehensive income or in equity, in which case the tax effect is recognised in other comprehensive income or in equity respectively.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences and tax losses carried forward can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists and NMB intends to either settle the tax asset and the tax liability net or recover the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are generally offset if there is a legally enforceable right to offset current tax assets and current tax liabilities.

15. Provisions

Provisions (which are presented as a liability) are recognised when NMB has a present obligation (legal or constructive) as a result of a past event if it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

16. Employee benefits

All forms of consideration given by NMB to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after termination of the employment. Post-employment benefits

Note 1 Accounting policies, cont.

in NMB consist only of pensions. Termination benefits normally arise if employment is terminated before the normal retirement date, or if an employee accepts an offer of voluntary redundancy.

Short-term benefits

Short term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees performed their services to NMB.

More information can be found in Note 7 "Staff costs".

Post-employment benefits

Pension plans

For defined contribution plans, NMB pays annual contributions that have been determined by a fixed method and has no legal or constructive obligation to pay any further contributions. Contributions are recognised directly in the income statement in the year to which they relate.

NMB operates one defined benefit plan which is closed for new employees. The defined benefit pension plan is non-funded pension plan and is recognised as "Retirement benefit obligation".

Actuarial calculations including the projected unit credit method are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions.

When establishing the present value of the obligation and the fair value of any plan assets, remeasurement effects may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The remeasurement effects are recognised immediately in equity through other comprehensive income.

In Finland the discount rate is determined with reference to corporate bonds.

17. Equity

Other reserves

Other reserves comprise of invested unrestricted equity, fair value reserve for cash flow hedges and accumulated remeasurements of defined benefit pension plans. Invested unrestricted equity consists of the equity invested in NMB by the parent entity Nordea Bank Abp, which has not been recorded in share capital.

Retained earnings

Retained earnings include the undistributed profit from previous years.

18. Credit commitments

The contractual amount of irrevocable credit commitments is recognised in the off-balance item "Commitments".

19. Related party transactions

NMB defines related parties as:

- shareholders with control over NMB
- group undertakings
- key management personnel
- other related parties.

All transactions with related parties are made on an arm's length basis, apart from loans granted to employees, see Note 7 "Staff costs".

Shareholders with control over NMB

Nordea Bank Abp is the sole shareholder, having 100% ownership and control over NMB.

Nordea Group undertakings

Nordea Group undertakings means the subsidiaries of the parent company, Nordea Bank Abp.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. These transactions are eliminated in the Nordea Group consolidated accounts.

Key management personnel

Key management personnel include the following positions in NMB:

- The Board of Directors
- The Chief Executive Officer (CEO) and the deputy to the CEO
- Management Group.

For information about compensation, pensions and other transactions with key management personnel, see Note 7 "Staff costs".

Other related parties

Other related parties comprise close family members to individuals in key management personnel of NMB, as well as individuals in key management personnel of Nordea Bank Abp and their close family members. Other related parties also include companies controlled by key management personnel of NMB or Nordea Bank Abp or close family members to these key management personnel.

Information concerning transactions between NMB and other related parties is found in Note 26 "Related party transactions".

Note 2 Risk and liquidity management

Maintaining risk awareness in the organisation is an integral part of NMB's business strategy. NMB has defined clear risk and liquidity management frameworks including policies and instructions for different risk types, capital adequacy and capital structure.

Risks associated with NMB's business

All companies that conduct business are exposed to various risks. In this business, a number of material risks have been identified, and must be managed efficiently. Several risks cannot be eliminated; they are inherent in the business and are fundamental to the ability to conduct the business operations. For NMB, the most significant financial risks are credit, market and liquidity risks, while the most significant non-financial risks are operational and compliance risks.

In 2025, the uncertain global environment continued to shape our operating conditions, as geopolitical tensions, weak consumer confidence and subdued economic activity weighed on households and the Finnish housing market. At the same time, inflation remained very low and interest rates declined from their earlier peaks, easing debt-servicing burdens for many customers and supporting a gradual stabilisation in the mortgage market.

Risk management

The majority of NMB's business is conducted by the parent company so, respectively, the majority of NMB's risk management is integrated with Nordea Group.

The Group Board has the ultimate responsibility for limiting and monitoring Nordea Group's risk exposure as well as for setting the targets for the capital ratios. Risk is measured and reported according to common principles and policies approved by the Group Board. Further, the Group Board, supported by the sub-committees, decides on Nordea Internal Rules for credit, model, market, liquidity, compliance, and operational risks, as well as the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).

With its strong financial position NMB is able to continue to actively support its customers and operate within the risk appetite despite the uncertain and rapidly changing geopolitical situation. In order to continuously monitor potential adverse outcomes, NMB has executed a number of internal stress tests during 2025 with focus on geopolitical conflict and severe unemployment. In these stress tests, NMB's capital and liquidity situation has shown resilience even in the most severe scenarios.

The risks to which NMB is exposed shall reflect the business strategy and NMB's long-term financial interests. They shall be consistent with NMB's capacity for risk-taking and remain within the risk profile established by the Board of Directors of NMB ("NMB Board") through its risk appetite.

The objective of the risk management in NMB is the efficient monitoring of risk exposure and verifying that the exposure is kept within the limits set by the risk appetite. Risk appetite and risk exposure shall be kept at a level that takes account of NMB's ability to absorb losses and is therefore closely linked to the capital structure management of NMB.

The Chief Executive Officer (CEO) of Nordea Mortgage Bank is responsible for the daily operations. NMB's Chief Risk Officer (CRO) and Management Group have the task of ensuring that the proposed risk exposures and the risk appetite proposed in the Group are neither harmful nor

inappropriate for NMB's specific business, and of taking sufficient measures if they are assessed as being harmful or inappropriate. Group Board Directives / Group CEO Instructions / Other Group Internal Rules when applicable to NMB are adjusted to NMB level in order to comply with all applicable requirements under EU and national regulations and proportionality considerations.

NMB Board has the ultimate and overall responsibility for the company and defines, oversees and is accountable for the implementation of the governance arrangements within NMB that ensure effective and prudent management of the institution. Furthermore, NMB Board approves capital injections, the risk strategy, the risk appetite, and plans for business continuity, following proposals put forward by the company management and applicable committees in Nordea Group.

The Board Risk Committee (BRIC) shall assist the Board in fulfilling its oversight responsibilities concerning management and control of the risks, risk frameworks, controls and processes associated with NMB's operations, including credit, market, liquidity, capital, model, operational risk and compliance, as well as related frameworks and processes.

The company operates in three lines of defence. The first line of defence is all other functions in NMB, except the functions described below. The second line of defence consists of the CRO function responsible for the risk management framework and processes; and Compliance responsible for monitoring compliance with internal and external rules. The third line of defence consists of Internal Audit.

The second line of defence is independent of and controls the first line of defence. The third line of defence is independent of and controls the first and second lines. Together, the second and third lines of defence form the internal control functions, which have access and provide reporting directly to NMB Board. The CRO function is headed by the Chief Risk Officer and seconded by the Lead Risk Manager.

Liquidity risk

Liquidity risk is the risk that NMB can only meet its liquidity commitments at an unsustainably high cost or, ultimately, is unable to meet obligations as they come due. Liquidity risk in NMB is mainly associated with funding the operations through borrowings from the market and Nordea Bank Abp.

According to outsourcing agreements Nordea's Group Treasury (GT) is responsible for managing NMB's liquidity. GT performs this according to the Group Internal Rules and the risk strategy and risk limits set by NMB. The responsibility is regulated through outsourcing agreements. Liquidity risk management is integrated into the Group's liquidity risk management so as to create efficiency for the Group as a whole. Policy statements stipulate that the company's liquidity management reflects a conservative attitude towards liquidity risk.

GT and Group Risk (GR) are responsible for identifying, controlling and reporting the progression of risks. Liquidity-risk-related risk appetite limits are approved by NMB Board. To ensure funding in situations where the company is in urgent need of cash and the normal funding sources do not suffice, NMB holds a liquidity buffer. NMB's liquid assets consist of central bank deposits.

NMB's cash flows are very predictable due to the nature of the business. The main short-term liquidity risk relates to covered bond maturities. Internal survival horizon metric is monitored, which shows the survival horizon in days or months, given the current liquidity buffer. The main sources for liquidity are covered bonds issued by the company and funding from Nordea Bank Abp.

Several measures are in use for the oversight of liquidity risk. The liquidity coverage ratio (LCR) is a legal requirement,

Note 2 Risk and liquidity management, cont.

which in principle is calculated by dividing the liquidity buffer with the net cash outflow within the liquidity window. A liquidity coverage ratio above 100% means the company holds excess liquidity. The liquidity coverage ratio limit is set, which ensures the liquidity buffer is increased prior to bond maturity entering the liquidity window.

The net stable funding ratio (NSFR) relates the bank's available stable funding to its required stable funding and the ratio must equal or exceed 100%.

As part of its liquidity management, NMB has the ongoing obligation to maintain sufficient assets in the cover pools to satisfy the claims of bondholders at all times. Also it is a legal requirement, that the cover pool should contain an amount of liquid assets covering the maximum cumulative net liquidity outflow over the next 180 days. NMB monitors both the overcollateralization and the cover pool liquidity buffer. Comparison of the outstanding bond volume and the assets pledged as collateral into the cover pools is presented in Note 21 "Assets pledged as security for own liabilities".

At the end of 2025 the internal survival horizon for NMB was 323 days (183), liquidity coverage ratio was 1,078% (1,968) and the net stable funding ratio was 117.1% (112.2). Overcollateralization (net present value) in cover pool 1 was 11.6% (16.9) and in cover pool 2 26.8% (32.2). A maturity analysis is presented in Note 25 "Maturity analysis for assets and liabilities".

Capital management and capital risk

NMB strives to be efficient in its use of capital and therefore actively manages its balance sheet with respect to different asset, liability and risk categories. The goal is to enhance returns to shareholder while maintaining a prudent capital structure. The Board of Directors of NMB decides ultimately on the targets for capital ratios, capital policy and the overall framework of capital management. Without sufficient capital management there is a risk that NMB does not meet internal and external capital requirements.

Minimum targets for Common Equity Tier 1 (CET1) capital ratio, Tier 1 capital ratio, total capital ratio, leverage ratio and MREL, that exceed the capital requirements set out by the Finnish Financial Supervisory Authority and the Single Resolution Board (SRB), have been set by the Board of Directors of NMB.

NMB uses internal rating based (IRB) approach for the majority of its exposures. At the end of 2025, 99.6% (99.6) of the company's total credit risk exposures were covered by the IRB approach.

NMB bases the internal capital requirements under the Internal Capital Adequacy Assessment Process (ICAAP) on the minimum capital requirements and on internally identified risks. The following major risk types are included in the assessment of the internal capital requirement for the company: credit risk including concentration risk, model risk, operational risk, and market risk in the Banking Book. The internal capital requirement also includes the economic stress test add-on on the most severe outcome of the ICAAP stress testing result.

Subordinated loans

At the end of 2025 NMB had no subordinated loans on the balance sheet.

Own funds

Own funds is the sum of Tier 1 and Tier 2 capital. Tier 1 capital consists of both Common Equity Tier 1 (CET1) and additional Tier 1 capital. CET1 capital is considered to be capital of the highest quality with ultimate loss-absorbance

characteristics and consists predominately of paid-in capital and retained earnings. Profit may only be included after permission from the financial supervisory authority and after deduction of proposed dividend. Additional Tier 2 capital consists of the IRB provisioning excess.

MREL (Minimum Requirement for Own Funds and Eligible Liabilities)

According to the SRB decision on 13 March 2025, NMB should meet the MREL requirement of 15.90% of REA and 5.91% of LRE.

At the end of 2025, there was an internal MREL loan of EUR 901m (609) on NMB balance sheet to meet the MREL requirement.

Credit risk management

The risks in NMB's business are mainly attributable to credit risk. Credit risk occurs when a borrower fails to meet its obligations to clear a debt in accordance with agreed terms and conditions leading to a potential loss in NMB. Risks related to changes in the company's prospects of getting back funds invested in loans and other receivables from counterparties are risks which are inherent in the business operations. Negative changes to the credit quality of the company's borrowers and counterparties due to a general economic decline or systemic risks in the financial system, or due to declining collateral values, have a negative impact on the value of the company's assets. In such a situation, a necessary increase to the company's provisions for expected loan losses and realised loan losses, beyond provisioning already made, would have a considerable negative impact on the company's business, financial position and earnings.

Business areas of the Nordea Group have, together with Group Credit Management, the primary responsibility for managing the credit risks in its operations within the established framework and limits, including risk identification, control and reporting. NMB's credit exposures comprise lending to corporates, supplied by Large Corporates & Institutions and Business Banking Finland, and lending to households provided by Private Banking and Personal Banking Finland. The responsibility for managing credit risk is regulated in outsourcing agreements between NMB and Nordea Bank Abp.

Group Credit Risk Control (GCRC) is the second line of defence and is responsible for the credit risk framework, consisting of instructions and guidelines for the Group. GCRC is also responsible for controlling and monitoring the quality of the credit portfolio and the credit process. Within NMB, credit quality and adherence to guidelines, instructions and directives is monitored based on reporting from the Nordea Group and supplemented with controls performed by NMB's own staff. Reports are provided to the Management Group, BRIC and to the Board of Directors.

Customer classification

Rating and scoring are the main components in the risk management system for credit risk. The common denominator for the rating/scoring models is the ability to rank customers and predict insolvency. While the rating models are used for corporate customers, scoring models are used for household customers and smaller companies. Ratings are normally assigned in connection with limit/credit proposals or annual reviews and are approved by Group Credit Management (GCM). Scoring models are statistical methods for predicting the probability of default for a customer.

Note 2 Risk and liquidity management, cont.

Maximum exposure to credit risk

EURm	Note	31 Dec 2025		31 Dec 2024	
		Amortised cost and Fair value through other comprehensive income	Financial assets at fair value through profit or loss	Amortised cost and Fair value through other comprehensive income	Financial assets at fair value through profit or loss
Loans to central banks and credit institutions	11	1,532.9	–	1,376.5	–
Loans to the public	11	33,697.4	–	33,360.2	–
Derivatives	12	–	262.7	–	380.4
Off balance sheet items		226.7	–	190.2	–
Total		35,457.0	262.7	34,926.9	380.4

Allowances for credit risk

EURm	Note	31 Dec 2025	31 Dec 2024
Loans to central banks and credit institutions	11	–	–
Loans to the public	11	-123.3	-108.8
Off balance sheet items		0.0	0.0
Total		-123.3	-108.8

Credit risk exposure

NMB continuously reviews the quality of the credit exposures based on reporting from the Nordea Group and NMB internal controls. Weak, high-risk and credit impaired exposures are closely and continuously monitored and reviewed by Business areas at least on a quarterly basis in terms of current performance, business outlook, future debt servicing capacity and the possible need for individual provisions.

Exposures with individually assigned provisions are considered credit impaired. The size of the provision is equal to the estimated loss, being the difference between the book value of the outstanding exposure and the discounted value of the future cash flow, including the value of pledged collateral. Impaired exposures can be either servicing or non-servicing.

Collaterals and guarantees

A crucial factor in the ability to avoid loan losses in the event of a borrower failing to meet its obligations is that the value of pledged collateral and/or guarantees cover the claim of

Nordea Mortgage Bank on the borrower. For the purposes of calculating capital requirements and expected losses, the risk of loss is measured using various Credit Risk Models. Most such models account for risk protection methods, such as collateral and guarantees. Different collateral types have different Loss Given Default factors, which in turn impact the required capital. Collateral valuation processes are performed at the time of origination and periodically.

The distribution of collateral remained stable during 2025, with the majority of collateral stemming from residential real estate.

Collateral distribution

	31 Dec 2025	31 Dec 2024
Financial Collateral	0.6%	0.6 %
Residential Real Estate	98.4%	98.4 %
Commercial Real Estate	0.9%	0.6 %
Other Physical Collateral	0.1%	0.4 %
Total	100.0%	100.0 %

Note 2 Risk and liquidity management, cont.

Loan-to-value distribution¹

Loan-to-value	31 Dec 2025			31 Dec 2024		
	Inside the cover pools ³ EURm	Outside the cover pools ⁴ EURm	%	Inside the cover pools ³ EURm	Outside the cover pools ⁴ EURm	%
<40%	20,283.6	3,660.2	70.8	20,334.9	3,503.1	71.2
40–50%	2,731.8	694.2	10.1	2,727.9	687.0	10.2
50–60%	1,986.4	640.4	7.8	1,966.6	635.5	7.8
60–70%	1,309.6	570.7	5.6	1,286.8	566.4	5.5
70–80% ²	519.7	516.5	3.1	369.3	510.8	2.6
80–100%	–	907.6	2.7	–	881.1	2.6
Total	26,831.1	6,989.6	100.0	26,685.5	6,783.9	100.0

1) Loan-to-value unindexed distribution in ranges where a single loan can exist in multiple buckets, with continuous distribution. LTV is calculated using market values.

2) The residential collaterals in Cover Pool 1 are capped at loans up to 70% of the market value, and in Cover Pool 2 at up to 80% of the market value.

3) Retail mortgages inside the cover pools.

4) Retail mortgages outside the cover pools and other eligible assets inside the cover pools.

Loan-to-value

The loan-to-value (LTV) ratio is considered a useful measure to evaluate the quality of collateral, i.e. the credit extended divided by the market value of the collateral. At year end, the unindexed weighted average loan-to-value was 48.0% (49.1) for Cover Pool 1 and 53.2% (53.0) for Cover Pool 2.

Individual and collective assessment of impairment

Requirements for impairment are set forth in IFRS9 and are based on an expected credit loss model. Individual and collective provisioning apply three forward looking and weighted scenarios, where assets tested for impairment are divided into three groups depending on the stage of credit deterioration.

Stage 1 includes assets with no significant increase in credit risk, stage 2 includes assets with a significant increase in credit risk, and stage 3 includes defaulted assets (credit impaired). All assets are assessed individually for staging. Significant assets in stage 3 are assessed for provisions individually. Assets in stage 1, stage 2 and insignificant assets in stage 3 are assessed for provisions collectively.

Throughout the process of identifying and mitigating credit impairment, NMB continuously reviews the quality of credit exposures. Weak and credit impaired exposures are closely monitored and reviewed at least on a quarterly basis in terms of current performance, business outlook, future debt service capacity, and the possible need for provisions. NMB recognises only certain specific credit risk adjustments (SCRAs). SCRAs comprise individually and collectively assessed provisions. SCRAs in the quarterly profit and loss statement are referred to as loan losses, while SCRAs in the balance sheet are referred to as allowances and provisions.

Individual provisioning

A need for individual provisioning is recognised if, based on credit events and observable data, a negative impact is likely on the customer’s expected future cash flow to the extent that full repayment is unlikely (pledged collaterals taken into account).

Exposures with individually assigned provisions are credit impaired and in stage 3. The size of the provision is equal to the estimated loss, which is the difference between the book value of the outstanding exposure and the discounted value of the expected future cash flow, including the value of pledged collateral.

Default

Customers with exposures that are past due more than 90 days, in bankruptcy or considered unlikely to pay are regarded as defaulted and non-performing. Such customers can be either servicing debt or non-servicing. If a customer recovers from being in default, the customer is seen as cured. Typically, this situation occurs if the customer succeeds in creating a balance in financials. In order to be cured, the recovery should include the customer’s total liabilities, an established satisfactory repayment plan and an assessment that the recovery is underway.

Collective provisioning

The collective model is executed quarterly. One important driver for provisions is the trigger for the transferring of assets from stage 1 to stage 2. For retail assets, and non-retail assets recognised from 1 January 2018, changes to the lifetime Probability of Default (PD) are used as the trigger. In addition, customers with forbearance measures and customers with payments more than thirty days past due are also transferred to stage 2. In stage 1, the provisions equal the 12 months expected loss. In stages 2 and 3, the provisions equal the lifetime expected loss. The output is complemented with an expert-based analysis process to ensure adequate provisioning. Defaulted customers without individual provisions have collective provisions.

Forbearance

Forbearance means easing or restructuring of credit terms and conditions due to the borrower experiencing financial difficulties. The intention with granting forbearance for a limited period of time is to ensure full repayment of the outstanding debt. Examples of eased terms are changes in amortisation profile, repayment schedule, customer margin or eased financial covenants. Forbearance is undertaken on a selective and individual basis, according to Power to Act and followed by impairment testing. Forborne exposures can be performing or non-performing. Individual loan loss provisions are recognised if necessary. Performing customers with forbearance measures are transferred to stage 2 and non-performing customers with forbearance measures are defined as credit impaired (stage 3). The minimum probation period for performing forborne loans is 24 months. Once a loan gets out of forborne status, it cannot be transferred to stage 1 until all other stage 2 triggers also are cleared and can only move out of stage 3 when no longer credit impaired/non-performing.

Note 2 Risk and liquidity management, cont.

Forbearance

EURm	31 Dec 2025	31 Dec 2024
Forborne loans	721.5	375.4
- of which defaulted	234.3	148.0
Allowances for individually assessed impaired and forborne loans	-29.6	-22.6
- of which defaulted	-23.0	-17.1

Key ratios

EURm	31 Dec 2025	31 Dec 2024
Forbearance ratio ¹	2.1%	1.2 %
Forbearance coverage ratio ²	4.1%	6.0 %
- of which defaulted	9.8%	11.5 %

1) Forborne loans/Loans before allowances.

2) Individual allowances for forborne loans/Forborne loans.

Sensitivities

One important factor in estimating expected credit losses in accordance with IFRS9 is to assess what constitutes a significant increase in credit risk. To understand the sensitivities to these triggers, NMB has calculated model-based provisions under two different scenarios:

	Scenario 1	Scenario 2
<i>Retail portfolios</i>		
Relative threshold	50%	150%
<i>Non-retail portfolios</i>		
Relative threshold	100%	200%
Absolute 12-month threshold	15 bp	25 bp
Absolute lifetime threshold	350 bp	450 bp
Notching ¹	1 less	1 more

1) For exposures with initial recognition before the transition to IFRS 9 (1 Jan 2018) stage classification is decided based on changes in rating grades. The trigger in scenario 1 is set at one notch less than in the model actually used and in scenario 2 the trigger is set at one notch more than in the model used.

The provisions would have increased by EUR 0.2m (0.1) in scenario 1 and decreased by EUR 0.1m (0.1) in scenario 2. For more information on the rating scale and average PDs, see table "Rating/scoring information for loans measured at amortised cost" below.

The provisions are sensitive to rating migration even if triggers are not reached. The table below shows the impact on provisions from a one notch downgrade on all exposures in the bank. It includes both the impact of the higher risk for all exposures as well as the impact of transferring exposures from stage 1 to stage 2 that reach the trigger. It also includes the impact from the exposures with one rating grade above default becoming default, which is estimated at EUR 3.6m (5.6). This figure is based on calculations with the statistical

Sensitivities

EURm	2025		2024	
	Recognised provisions	Provisions if one notch downgrade	Recognised provisions	Provisions if one notch downgrade
Personal Banking	75	102	72	93
Business Banking	8	13	8	13
Large Corporations and institutions	1	1	0	0
Other	2	4	2	3
Total	86	119	83	109

model rather than individual estimates that would be the case in reality for material defaulted loans.

Forward looking information

Forward looking information is used both for assessing significant increases in credit risk and calculating expected credit losses. NMB uses three macroeconomic scenarios, a base scenario, a favourable scenario and an adverse scenario. For the fourth quarter of 2025, the scenarios were weighted into the final expected credit losses (ECL) using base 60% (Q4 2024 60%), adverse 20% (20) and favourable 20% (20).

The macroeconomic scenarios are provided by Group Risk in Nordea, based on the Oxford Economics model. The forecast is a combination of modelling and expert judgement, subject to thorough checks and quality control processes. The model has been built to give a good description of the historic relationships between economic variables and to capture the key linkages between those variables. The forecast period in the model is ten years and for periods beyond, a long-term average is used in the ECL calculations.

The macroeconomic scenarios reflect Nordea's view of how the Finnish economy might develop in the light of the geopolitical turmoil. This includes consideration of the moderate Finnish economy growth and increasing unemployment rate. When developing the scenarios, Nordea considered projections from Nordic governments and central banks, Nordea Research and the ECB's macroeconomic forecasts for the euro area.

Economic projections from the Bank of Finland and the European Central Bank are used as a basis for the baseline scenario. The Finnish housing market is slowly picking up and the house price development is stable. The risks around the baseline forecast are tilted to the downside, with the upside scenario deviating less from the baseline than the adverse.

The two alternative macroeconomic scenarios cover a range of plausible risk factors which may cause growth to deviate from the baseline scenario. Continuing geopolitical instability could trigger a European and Nordic recession as firms postpone investments, exports slow down and households cut spending due to weakening labour markets. Faster recovery in household confidence and consumption with stronger labour market, on the other hand, may lead to a higher growth in the Finnish economy.

Management judgements

At the end of 2025, adjustments to model-based provisions totalled EUR 37.0m, of which EUR 19.7m were management judgement allowances.

The management judgement allowance is intended to cover excess losses from macroeconomic shocks and uncertainties that are regarded as extraordinary in relation to a normal contraction in the economic cycle, and are therefore

NOTES TO THE FINANCIAL STATEMENTS

Note 2 Risk and liquidity management, cont.

not adequately captured by the existing IFRS 9 ECL modelling, and known IFRS 9 model and data issues to be captured in later model updates.

The uncertainties are mainly connected to geopolitical and macro-economic conditions.

Scenarios and provisions

2025	2026	2027	2028	Unweighted ECL, EURm	Probability weight	Model based provisions, EURm	Adjustment to model based provisions, EURm	Individual provisions, EURm	Total provisions, EURm
Finland									
<i>Favourable scenario</i>									
- GDP growth, %	2.2%	2.3%	2.0%						
- Unemployment, %	9.6%	8.8%	8.8%	86	20%				
- Change in household consumption, %	1.7%	1.9%	1.8%						
- Change in house prices, %	3.8%	2.8%	2.0%						
<i>Base scenario</i>									
- GDP growth, %	1.3%	1.7%	1.7%						
- Unemployment, %	9.7%	9.1%	9.1%	86	60%	86	37	0	123
- Change in household consumption, %	1.5%	1.7%	1.7%						
- Change in house prices, %	2.0%	2.0%	2.0%						
<i>Adverse scenario</i>									
- GDP growth, %	-1.7%	1.0%	1.1%						
- Unemployment, %	11.2%	10.9%	10.8%	88	20%				
- Change in household consumption, %	-0.7%	1.8%	1.1%						
- Change in house prices, %	-2.2%	1.0%	2.0%						
Total						86	37	0	123

2024	2025	2026	2027	Unweighted ECL, EURm	Probability weight	Model based provisions, EURm	Adjustment to model based provisions, EURm	Individual provisions, EURm	Total provisions, EURm
Finland									
<i>Favourable scenario</i>									
- GDP growth, %	3.0%	2.2%	1.2%						
- Unemployment, %	7.8%	7.4%	7.5%	83	20%				
- Change in household consumption, %	0.8%	1.5%	1.2%						
- Change in house prices, %	3.8%	2.6%	2.0%						
<i>Base scenario</i>									
- GDP growth, %	1.1%	1.8%	1.8%						
- Unemployment, %	8.1%	7.8%	7.8%	83	60%	83	26	0	109
- Change in household consumption, %	0.5%	1.3%	1.3%						
- Change in house prices, %	2.4%	2.2%	2.0%						
<i>Adverse scenario</i>									
- GDP growth, %	-1.7%	0.8%	1.3%						
- Unemployment, %	9.2%	9.1%	9.1%	84	20%				
- Change in household consumption, %	-0.4%	0.5%	0.8%						
- Change in house prices, %	-2.5%	1.0%	2.0%						
Total						83	26	0	109

Note 2 Risk and liquidity management, cont.

Credit portfolio

NMB's lending to the public increased 1% during 2025 and amounted to EUR 33.7bn (33.4). Out of lending to the public, corporate customers accounted for 7% (6) of the exposure and household customers for 93% (94). The distribution of lending on contractual maturities is shown in Note 25. For ECL calculations NMB uses behavioural maturity which is usually shorter than contractual maturity. NMB provides mortgages exclusively for properties located in Finland. Credit commitments at year-end amounted to EUR 226.7m (190.2). Lending to credit institutions amounted to 0.9bn (0.9), all of which was placed in Nordea Bank Abp.

Impaired loans, gross, amounted to EUR 458.0m (376.1) of which 97% (99) refers to private individuals. The increase was driven by the new retail definition of default rather than a deterioration in underlying credit quality. Enhanced collective provisioning and staging models resulted in a higher number of exposures migrating into Stage 3. The updated forbearance rules also contributed to this development: performing customers granted forbearance measures were automatically transferred to Stage 2 for a mandatory probation period, increasing the population at elevated credit-risk levels, while non-performing forborne loans were required to be classified directly as Stage 3. As a result, the updated framework increased the volume of loans reported as credit-impaired even though the expected loss outlook remained stable. At the same time, revised cure-rate assumptions embedded in the new models reduced required coverage for certain portfolios, moderating the impact on overall provisioning levels. Following a deduction of EUR 76.7m (61.4) for provisioning for individually valued, collectively calculated, impaired loans, the net amount was EUR 381.2m (314.7), equalling 113bps (94) of loans to the public before allowances. Allowances for collectively assessed loans in Stage 1 and Stage 2 amounted to EUR 46.6m (47.3). For more information, see also Note 11 "Loans and impairment".

Collateral held as security for impaired loans amounted to EUR 828.6m (502.8) at the end of 2025.

Impaired loans and ratios

	2025	2024
Gross impaired loans, EURm	458.0	376.1
- of which servicing	65.9	37.6
- of which non-servicing	392.0	338.5
Impairment rate, (stage 3) gross, basis points ¹	132	110
Impairment rate (stage 3), net, basis points ²	110	92
Allowances in relation to loans in stage 1 and 2, basis points ³	14	14
Total allowance rate (stage 1, 2 and 3), basis points ⁴	36	32
Allowances in relation to impaired loans (stage 3), % ⁵	17	16

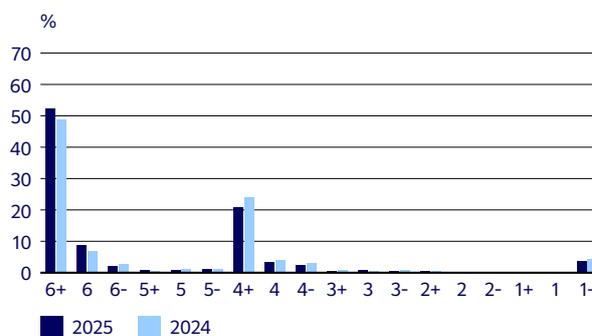
- 1) Impaired loans (stage 3) before allowances divided by total loans measured at amortised cost before allowances
- 2) Impaired loans (stage 3) after allowances divided by total loans measured at amortised cost before allowances
- 3) Allowances for impaired loans (stage 1 and 2) divided by loans measured at amortised cost, not impaired (stage 1 and 2)
- 4) Total allowances divided by total loans measured at amortised cost before allowances.
- 5) Allowances for impaired loans (stage 3) divided by impaired loans (stage 3)

Rating and scoring distribution

One way of assessing credit quality is through analysis of the distribution across rating grades, for rated corporate customers and institutions, as well as risk grades for scored household and small business customers, i.e. retail exposures. The average credit quality remained strong in both the corporate portfolio and the household portfolio in 2025. 20.8% (9.2) of the number of corporate customers migrated upwards while 12.7% (23.4) were downrated. Exposure-wise, 18.5% (11.5) of the corporate customer exposure migrated upwards while 13.1% (21.5) was downrated. 23.9% (23.6) of the number of household customers migrated upwards while 33.0% (58.3) were downrated. Exposure-wise, 25.6% (23.1) of the household customer exposure migrated upwards while 33.3% (59.1) was downrated.

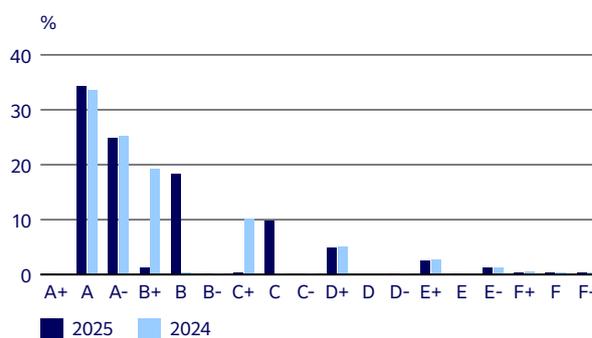
Rating distribution, IRB Corporate customers

Out of corporate exposure, 93% (93) was rated 4- or higher (on a scale of 6+ to 1- where 6+ is the highest and 1- is the lowest rating). 4% (5) of corporate customers were rated 1+ or poorer. Defaulted loans are not included in the rating distributions.



Risk grade distribution, IRB Retail customers

Out of household customer exposures, 89% (90) had a score of C- or higher (on a scale of A+ to F- where A+ is the highest and F- the lowest score), which indicates a probability of default of 1% or lower. 1% (1) of household customers had a score of F+ or lower. Defaulted loans are not included in the scoring distributions.



Note 2 Risk and liquidity management, cont.

Rating/scoring information for loans measured at amortised cost¹

EURm Rating/scoring grade	Gross carrying amount 31 Dec 2025				Provisions
	Stage 1	Stage 2	Stage 3	Total	
6 / A	18,038.7	45.5	0.0	18,084.2	-2.3
5 / B	6,626.1	87.5	1.3	6,714.9	-2.7
4 / C	4,052.3	165.4	1.2	4,218.9	-3.7
3 / D	1,773.2	276.4	1.4	2,051.0	-5.2
2 / E	786.4	880.3	2.7	1,669.4	-15.6
1 / F	91.1	415.9	1.5	508.5	-15.1
Standardised / Unrated	3.8	2.7	0.1	6.6	-2.1
0+ / 0 / 0- (default)	55.2	83.7	449.8	588.7	-76.6
Internal ²	891.9	-	-	891.9	-
Total	32,318.6	1,957.4	458.0	34,734.0	-123.3

EURm Rating/scoring grade	Gross carrying amount 31 Dec 2024				Provisions
	Stage 1	Stage 2	Stage 3	Total	
6 / A	17,642.0	30.8	0.5	17,673.3	-2.2
5 / B	6,633.0	35.4	0.3	6,668.7	-2.7
4 / C	4,101.4	106.9	2.0	4,210.3	-2.9
3 / D	1,908.1	224.0	0.6	2,132.7	-4.1
2 / E	709.2	1,029.6	2.9	1,741.7	-17.6
1 / F	104.0	422.7	3.1	529.8	-15.6
Standardised / Unrated	0.3	3.9	0.0	4.2	-0.9
0+ / 0 / 0- (default)	69.6	80.1	366.7	516.4	-62.9
Internal ²	864.3	-	-	864.3	-
Total	32,031.9	1,933.3	376.1	34,341.4	-108.8

1) The stage classification and calculated provision for each exposure is based on the situation as per end of October 2025 (October 2024), while exposure amount and rating grades are based on the situation as per end of December 2025 (December 2024). Some of the exposures in default according to the rating grade as per end of December were not in default as per end of October, and hence this is reflected in the stage classification.

2) Exposures towards Nordea entities.

Rating/scoring information for off balance sheet items

EURm Rating/scoring grade	Nominal amount 31 Dec 2025				Provisions
	Stage 1	Stage 2	Stage 3	Total	
6 / A	122.2	0.0	-	122.2	-
5 / B	32.9	0.2	-	33.1	0.0
4 / C	34.9	6.3	-	41.2	0.0
3 / D	20.5	1.1	-	21.6	0.0
2 / E	0.4	4.3	-	4.7	0.0
1 / F	-	0.2	-	0.2	0.0
Standardised / Unrated	0.5	0.0	-	0.5	0.0
0+ / 0 / 0- (default)	-	-	3.2	3.2	-
Total	211.2	12.1	3.2	226.7	0.0

EURm Rating/scoring grade	Nominal amount 31 Dec 2024				Provisions
	Stage 1	Stage 2	Stage 3	Total	
6 / A	111.6	0.4	-	112.0	0.0
5 / B	32.5	0.2	-	32.7	0.0
4 / C	31.6	0.8	-	32.4	0.0
3 / D	6.2	2.6	-	8.8	0.0
2 / E	-	2.6	-	2.6	-
1 / F	-	0.2	0.0	0.2	-
Standardised / Unrated	0.5	0.9	-	1.4	0.0
0+ / 0 / 0- (default)	-	0.0	0.2	0.2	-
Total	182.4	7.7	0.2	190.2	0.0

Note 2 Risk and liquidity management, cont.

Past due loans

The table below shows loans past due 6 days or more, split into corporate and household customers, at the end of 2025 totalling EUR 398.0m (464.0). Loans qualify as past due where any payment of principal, interest or fee has not been made as of its due date.

EURm	31 Dec 2025		31 Dec 2024	
	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	4.9	73.6	4.0	151.3
31-60 days	1.4	57.1	1.8	65.6
61-90 days	0.6	23.2	0.1	30.3
>90 days	1.1	236.0	0.7	210.2
Total	8.0	390.0	6.6	457.4
Past due loans divided by loans to the public after allowances, %	0.4	1.2	0.4	1.5

Net loan losses

Net loan losses totalled EUR -21.0m (-34.2), including EUR -14.5m net increase in provisions. In total, EUR 19.7m (9.4) of management judgment allowances have been booked in addition to the model based provisions, of which EUR 7.2m (9.4) cyclical and EUR 12.6m (0.0) structural.

Net loan losses and loan loss ratios

EURm	2025	2024
Net loan losses, EURm	-21.0	-34.2
Loan loss ratio, basis points	6.2	10.2
- of which Stage 3	6.5	5.0
- of which Stage 1 & 2	-0.2	5.2

Movements in risks and allowances

Carrying amount of loans measured at amortised cost, before allowances

EURm	Central banks and credit institutions				The public			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2025	872.3	-	-	872.3	31,159.5	1,933.3	376.2	33,469.0
Origination and acquisition ¹	-	-	-	-	4,443.0	-	-	4,443.0
Transfers between stage 1 and stage 2, net	-	-	-	-	-333.9	333.9	-	-
Transfers between stage 2 and stage 3, net	-	-	-	-	-	-47.4	47.4	-
Transfers between stage 1 and stage 3, net	-	-	-	-	-31.7	-	31.7	-
Repayments and disposals ²	-	-	-	-	-4,007.0	-295.9	-95.1	-4,398.0
Write-offs	-	-	-	-	-	-	-7.3	-7.3
Other changes ³	41.0	-	-	41.0	175.4	33.4	105.2	314.0
Closing balance at 31 Dec 2025	913.3	-	-	913.3	31,405.3	1,957.4	458.0	33,820.7

EURm	Total			
	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2025	32,031.8	1,933.3	376.2	34,341.3
Origination and acquisition ¹	4,443.0	-	-	4,443.0
Transfers between stage 1 and stage 2, net	-333.9	333.9	-	-
Transfers between stage 2 and stage 3, net	-	-47.4	47.4	-
Transfers between stage 1 and stage 3, net	-31.7	-	31.7	-
Repayments and disposals ²	-4,007.0	-295.9	-95.1	-4,398.0
Write-offs	-	-	-7.3	-7.3
Other changes ³	216.4	33.4	105.2	355.0
Closing balance at 31 Dec 2025	32,318.7	1,957.4	458.0	34,734.0

Note 2 Risk and liquidity management, cont.

EURm	Central banks and credit institutions				The public			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2024	1,042.0	–	–	1,042.0	28,326.0	2,550.3	270.1	31,146.4
Origination and acquisition ¹	–	–	–	–	5,873.9	–	–	5,873.9
Transfers between stage 1 and stage 2, net	–	–	–	–	275.2	–275.2	–	–
Transfers between stage 2 and stage 3, net	–	–	–	–	–	–57.2	57.2	–
Transfers between stage 1 and stage 3, net	–	–	–	–	–41.7	–	41.7	–
Repayments and disposals ²	–169.7	–	–	–169.7	–3,439.8	–369.2	–74.5	–3,883.5
Write-offs	–	–	–	–	–	–	–6.6	–6.6
Other changes ³	–	–	–	–	165.9	84.6	88.3	338.8
Closing balance at 31 Dec 2024	872.3	–	–	872.3	31,159.5	1,933.3	376.2	33,469.0

EURm	Total			
	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2024	29,368.0	2,550.3	270.1	32,188.4
Origination and acquisition ¹	5,873.9	–	–	5,873.9
Transfers between stage 1 and stage 2, net	275.2	–275.2	–	–
Transfers between stage 2 and stage 3, net	–	–57.2	57.2	–
Transfers between stage 1 and stage 3, net	–41.7	–	41.7	–
Repayments and disposals ²	–3,609.5	–369.2	–74.5	–4,053.2
Write-offs	–	–	–6.6	–6.6
Other changes ³	165.9	84.6	88.3	338.8
Closing balance at 31 Dec 2024	32,031.8	1,933.3	376.2	34,341.3

1) Contains newly granted credits within the year

2) Contains repayments of credits

3) Drawdowns of credit facilities granted earlier and credits granted within the year which have subsequently been assigned to Stage 2 or Stage 3 (loans to the public), and changes in deposits in Nordea Bank Abp (loans to credit institutions)

Note 2 Risk and liquidity management, cont.

Movement of allowance accounts for loans measured at amortised cost

EURm	Central banks and credit institutions				The public			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2025	–	–	–	–	-7.7	-39.6	-61.5	-108.8
Origination and acquisition	–	–	–	–	-2.0	–	–	-2.0
Transfers from stage 1 to stage 2	–	–	–	–	0.5	-13.8	–	-13.3
Transfers from stage 1 to stage 3	–	–	–	–	0.0	–	-3.0	-3.0
Transfers from stage 2 to stage 1	–	–	–	–	-0.7	10.6	–	9.9
Transfers from stage 2 to stage 3	–	–	–	–	–	4.3	-8.6	-4.3
Transfers from stage 3 to stage 1	–	–	–	–	0.0	–	0.9	0.9
Transfers from stage 3 to stage 2	–	–	–	–	–	-0.9	3.5	2.6
Changes in credit risk without stage transfer	–	–	–	–	-1.6	0.2	-12.2	-13.6
Repayments and disposals	–	–	–	–	0.6	3.4	4.1	8.1
Write-off through decrease in allowance account	–	–	–	–	–	–	0.1	0.1
Closing balance at 31 Dec 2025					-10.8	-35.8	-76.7	-123.3

EURm	Total			
	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2025	-7.7	-39.6	-61.5	-108.8
Origination and acquisition	-2.0	–	–	-2.0
Transfers from stage 1 to stage 2	0.5	-13.8	–	-13.3
Transfers from stage 1 to stage 3	0.0	–	-3.0	-3.0
Transfers from stage 2 to stage 1	-0.7	10.6	–	9.9
Transfers from stage 2 to stage 3	–	4.3	-8.6	-4.3
Transfers from stage 3 to stage 1	0.0	–	0.9	0.9
Transfers from stage 3 to stage 2	–	-0.9	3.5	2.6
Changes in credit risk without stage transfer	-1.6	0.2	-12.2	-13.6
Repayments and disposals	0.6	3.4	4.1	8.1
Write-off through decrease in allowance account	–	–	0.1	0.1
Closing balance at 31 Dec 2025	-10.8	-35.8	-76.7	-123.3

EURm	Central banks and credit institutions				The public			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2024	–	–	–	–	-3.4	-26.4	-50.6	-80.4
Origination and acquisition	–	–	–	–	-1.1	–	–	-1.1
Transfers from stage 1 to stage 2	–	–	–	–	0.5	-17.6	–	-17.1
Transfers from stage 1 to stage 3	–	–	–	–	0.0	–	-4.3	-4.3
Transfers from stage 2 to stage 1	–	–	–	–	-0.7	8.9	–	8.2
Transfers from stage 2 to stage 3	–	–	–	–	–	2.4	-8.8	-6.4
Transfers from stage 3 to stage 1	–	–	–	–	0.0	–	0.9	0.9
Transfers from stage 3 to stage 2	–	–	–	–	–	-1.8	3.7	1.9
Changes in credit risk without stage transfer	–	–	–	–	-3.3	-7.4	-5.6	-16.3
Repayments and disposals	–	–	–	–	0.3	2.3	3.2	5.8
Write-off through decrease in allowance account	–	–	–	–	–	–	–	–
Closing balance at 31 Dec 2024					-7.7	-39.6	-61.5	-108.8

Note 2 Risk and liquidity management, cont.

EURm	Total			
	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2024	-3.4	-26.4	-50.6	-80.4
Origination and acquisition	-1.1	–	–	-1.1
Transfers from stage 1 to stage 2	0.5	-17.6	–	-17.1
Transfers from stage 1 to stage 3	0.0	–	-4.3	-4.3
Transfers from stage 2 to stage 1	-0.7	8.9	–	8.2
Transfers from stage 2 to stage 3	–	2.4	-8.8	-6.4
Transfers from stage 3 to stage 1	0.0	–	0.9	0.9
Transfers from stage 3 to stage 2	–	-1.8	3.7	1.9
Changes in credit risk without stage transfer	-3.3	-7.4	-5.6	-16.3
Repayments and disposals	0.3	2.3	3.2	5.8
Write-off through decrease in allowance account	–	–	–	–
Closing balance at 31 Dec 2024	-7.7	-39.6	-61.5	-108.8

Movements in provisions for off balance sheet items

EURm	Total			
	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2025	0.0	0.0	–	0.0
Origination and acquisition	0.0	0.0	–	0.0
Transfers from stage 1 to stage 2	0.0	–	–	0.0
Transfers from stage 1 to stage 3	–	–	–	–
Transfers from stage 2 to stage 1	–	–	–	–
Transfers from stage 2 to stage 3	–	–	–	–
Transfers from stage 3 to stage 1	–	–	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Changes in credit risk without stage transfer	0.0	–	–	0.0
Repayments and disposals	0.0	–	–	0.0
Closing balance at 31 Dec 2025	0.0	0.0	–	0.0

EURm	Total			
	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2024	0.0	-0.1	–	-0.1
Origination and acquisition	0.0	–	–	0.0
Transfers from stage 1 to stage 2	0.0	–	–	0.0
Transfers from stage 1 to stage 3	0.0	–	–	0.0
Transfers from stage 2 to stage 1	–	0.1	–	0.1
Transfers from stage 2 to stage 3	–	0.0	–	0.0
Transfers from stage 3 to stage 1	–	–	–	–
Transfers from stage 3 to stage 2	–	–	–	–
Changes in credit risk without stage transfer	0.0	0.0	–	0.0
Repayments and disposals	0.0	0.0	–	0.0
Closing balance at 31 Dec 2024	0.0	0.0	–	0.0

Market risk

Market risk is the risk of loss in a position in either the trading book or non-trading book as a result of changes in market rates and parameters that affect the market values or net interest income flows. Market risk exists irrespective of the accounting treatment of the positions.

As NMB does not have any trading book assets, its market risk is limited to IRRBB (Interest Rate Risks for Banking Book) as a part of Non-traded market risk. The risk principally arises from the core banking business of NMB and related hedges. IRRBB is defined as the current or

prospective risk to NMB's capital and earnings arising from adverse movements in interest rates. The market risks are managed centrally by Group Treasury (GT) from an earnings and Economic Value perspective and include gap risk, basis risks and option risk stemming from floors in issued bonds and customer contracts.

GT is responsible for the comprehensive risk management of all non-traded market risk exposures in Nordea Group's balance sheet, including NMB. GT's responsibilities are defined in the intra-group outsourcing agreement. The risk management on behalf of NMB is largely integrated into the

Note 2 Risk and liquidity management, cont.

Group's risk management so as to attain the most efficient management of risk within the Group as a whole. GT and GR are responsible for identifying, controlling and reporting the progression of risks.

As part of the overall RAF, holistic and bespoke stress tests are used to measure the market risk appetite and calibrate limits to monitor and control the full set of material market risk factors to which NMB is exposed. The market risk appetite for NMB is expressed through risk appetite statements issued by NMB Board.

Due to the lending structure in NMB's home market Finland, most of the contractual interest rate exposures are floating rate linked to Euribor and floored at zero while fixed rate lending only constitutes a small part of the loan book. Consequently, wholesale funding is also issued in or swapped to floating rate format. The resulting residual repricing gap risk and fixing risk is managed by GT for NMB. The net outright interest rate risk stemming from the residual repricing gaps, together with the limited fixed interest rate risk, is hedged with interest rate swaps (IRS) and Overnight Index Swaps (OIS) partially under hedge accounting. Fair value hedges and cash flow hedges are described in more detailed in Note 12 "Derivatives and hedge accounting."

The two metrics to measure NMB's IRRBB are the Net Interest Income (NII) risk metric and Economic Value (EV).

Net Interest Income (NII) risk

NII risk is the amount by which NMB's accumulated net interest income would change during the next 12 months if all interest rates were to change by +/-200 basis points. NII risk reflects the mismatches in the balance sheet and the off-balance sheet items due to differences in the interest rate repricing periods, volumes or reference rates of assets, liabilities and derivatives. The NII risk model uses a constant balance sheet assumption and implied forward curves with behavioural modelling of prepayments. Furthermore, the NII risk model considers the floors Nordea has towards customers from Finnish banking law that prevents negative interest rates from household customers.

NMB's NII risk is measured through dynamic simulations by calculating several net interest income scenarios and comparing the difference between these scenarios and the base net interest income expectation. Several interest rate scenarios are applied. The Board of Directors has set a risk limit for two parallel rate shift NII risk scenarios (increasing rates and decreasing rates). These scenarios measure the effect on the company's net interest income for a 12-month period of a +/-200 basis point change in all interest rates where the balance sheet is assumed to be constant. Significant elements of customer behaviour and Nordea's decision-making process concerning Nordea's own rates are taken into account.

A NII risk limit has been set aiming to optimise financial structure, balanced risk taking and reliable earnings growth. GT has the responsibility for the operational management of NII risk. At the end of the year, the NII risk due to increase in market rates by 200 bps was EUR 40m (50) and the NII risk due to decrease in market rates by 200 bps was EUR -38m (-57). These figures imply that the net interest income would increase if interest rates rise and decrease if interest rates fall.

Economic value Stress test (EV stress test)

Economic value (EV) of Equity stress tests considers the change in the economic value of banking book assets, liabilities and interest-bearing derivative exposures resulting from interest rate movements, independently of the accounting classification and ignoring credit spreads and commercial

margins. These are measured as the changes in the Economic Value of the Equity of the banking book under the 6 standardised scenarios defined by the Basel Committee on Banking Supervision (BCBS). The exposure limit under this metric is the greatest of these values.

The EV model is based on a run-off balance sheet and implied forward curves with behavioural modelling of prepayments. Just as the NII risk model, the EV model also takes into account the floors NMB has towards customers from Finnish banking law that prevents negative interest rates from household customers.

Market risk figures for NMB

EURm	31 Dec 2025	31 Dec 2024
Interest rate risk		
NII -200 bps	-37.7	-57.4
NII +200 bps	39.6	49.6
EV	-44.0	-49.9

Operational risk

At Nordea operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk.

Operational risk is inherent in all of Nordea's businesses and operations. Managers throughout Nordea are accountable for the operational risks related to their mandate and for managing these risks within risk limits and risk appetite in accordance with the operational risk management framework.

NMB did not see any notable increase in direct operational losses driven by the increased uncertainties in the society and continued geopolitical conflicts in 2025. NMB has closely monitored the geopolitical situation in Europe and Middle East during the year and will continue to do so. Throughout the year, we saw elevated threat levels for cyber and partly for physical security. Actions were taken accordingly to address the increased risk.

Management of operational risk includes all activities aimed at identifying, assessing and measuring, responding and mitigating, controlling and monitoring, and reporting risks. The risk management is supported by various processes and instructions including Risk and Control Self-Assessment, Change Risk Management and Approval, Incident Management, Scenario Analysis, Business Continuity and Crisis Management, Information Security Management, Third Party Risk Management, and Significant Operating Processes. Some of these processes are described below. Risk exposures are governed by limits set within the boundaries of the risk appetite. The Risk Appetite Statement (RAS) is expressed in terms of:

- overall assessment on operational risk based on Key Risk Indicators (KRIs)
- total loss amount from incidents.

In Nordea Group the business areas and units are responsible for the management and limitation of the operational risks in their business activity. Likewise, NMB is responsible for the management and limitation of the operational risks that arise in its own business, and for monitoring the risk management in relevant business units in Nordea Bank Abp that are key service providers for NMB.

NMB has implemented the Nordea Group's Operational Risk Management framework. NMB's operational risk is largely attributable to the Nordea Bank Abp's operational risk since most of the business activities are outsourced

Note 2 Risk and liquidity management, cont.

there. NMB performs its own assessment of the most important risks that must be managed and regulates the management thereof in the Intra-Group Agreements with service providing units.

NMB CRO function is responsible for monitoring and overseeing NMB 1st LoD management of the risk and monitoring that NMB operates within its risk appetite. Group Operational Risk (GOR) within Group Risk (GR) constitutes the 2nd LoD risk control function in Nordea Group and is responsible for developing and maintaining the overall operational risk management framework as well as for monitoring and controlling the operational risk management of the 1st LoD in the Group. GOR services supporting NMB is defined in Intra-Group Agreement.

Risk and Control Self-Assessment (RCSA) process provides an overview and assessment of operational and compliance risks across Nordea improving risk awareness and enables effective assessment, control and mitigation of risks.

Change Risk Management and Approval Framework (CRMA) is to ensure that there is a full understanding of both financial and non-financial risks arising from the change (e.g. product change, process change), and that risks are adequately managed consistent with the risk strategy and risk appetite before the change is approved, executed and implemented.

Business Continuity and Crisis Management is the overall risk management under which Nordea ensures building and maintaining the appropriate levels of resiliency, readiness, response and management of extraordinary events and crises. Business Continuity Plan sets out the procedures to respond, recover, resume and restore operations following the extraordinary events. The foundation for continuity plans is set up is BIA's (Business Impact Analysis). Testing of plans is done annually to secure credibility and to discover prioritised development needs. Because a large part of NMB's processes are conducted by Nordea Bank Abp, business continuity plans are done in consultation with NMB and service providing units in Nordea Bank Abp.

The outcomes of operational risk management activities are reported to NMB's Board quarterly or on Ad hoc basis when deemed necessary.

Intra-group dependence

NMB's business is conducted in close integration with Nordea Bank Abp and its service providing units. The most significant operational risk is this very dependence. If e.g. Nordea Bank Abp was to cease to conduct these services or otherwise neglect to fulfil its obligations towards NMB, this would have a negative effect on NMB's business. This risk has been addressed through continuous effort to develop more rigid control of, and reporting for, the services rendered by Nordea Bank Abp.

Financial Reporting Risk

Financial reporting risk (FRR) is defined as the risk of misstatements or deficiencies in financial reporting, regulatory reporting, disclosures, tax reporting, management reporting, and reporting of Environmental, Social and Governance (ESG) information. According to outsourcing agreements, Group Finance (GF) in Nordea is responsible for managing NMB's FRR. GF provides the structured and standardised internal control framework for designing, operating and evaluating internal controls over financial reporting across Nordea Group. NMB CRO function, supported by Group Risk, is responsible for the independent monitoring, assessment and oversight of the risks and NMB's implementation of the framework, and reports to the Board on a quarterly basis.

Losses related to operational risks remain very low and in 2025 no material incidents affecting NMB occurred.

Compliance risk

Compliance risk is defined as the risk of failure to comply with applicable regulations and related internal rules.

The key principle for the management of compliance risk is the adherence to three lines of defence. The first line of defence represented by the Business Areas, Legal Entities and Group Functions are risk owners, and are responsible for their own daily risk management and control of compliance risks. Management on all levels are responsible for operating their business within defined limits for risk exposure and in accordance with decided directives, instructions and risk management processes

Group Compliance (GC) is a second line of defence risk control function coordinating, facilitating and overseeing the effectiveness and integrity of the compliance risk management. GC provides an independent view on compliance to relevant rules, regulations and advises, as well as supports and trains first line on ways to effectively and efficiently handle compliance obligations.

NMB has a nominated Chief Compliance Officer (CCO) who is employed by the company, but functionally part of GC. Reporting lines reflect the legal structure, with added functional reporting lines into the GC function. The CCO is dedicated to provide support and advice to NMB in compliance related matters, while being supported by the resources of the GC function. The CCO of NMB is responsible for the overall compliance action planning for the company and the alignment of actions with the consolidated Group Compliance planning. In addition, Nordea is continuing to invest in enhanced compliance standards, processes, and resourcing. As a subsidiary of the Nordea Group, NMB benefits from the work done on Group level.

On a quarterly basis, NMB CCO reports on all significant compliance risks to the Management and Board of NMB to inform about the company's current risk exposure in relation to the predefined risk appetite and tolerance level. The quarterly report covers also GC findings on the effectiveness of the risk management and control framework in NMB. Risk reporting from the control functions enables efficient and risk-based decision-making procedures and approach for NMB Board and the Board Committees.

Financial Crime Prevention

NMB is dependent on Nordea Bank's financial crime prevention activities. Monitoring of Nordea Bank's performance of Anti-Money Laundering (AML), Counter Terrorism Financing (CTF) and sanctions screening obligations are key control measures for NMB. Additionally, the company has nominated AML/CTF CO to carry out the responsibilities as stated in the relevant regulation. To enhance fit for purpose in-house competencies NMB has also during 2025 continued tailor-made AML training activities per job description for its personnel. NMB's Financial Crime control environment has been strengthened by enhanced regular co-operation with relevant stakeholders.

Management of emerging risks

Nordea Mortgage Bank Plc implements the risk framework of the Nordea Group. NMB assures that changes in Nordea Common Risk Taxonomy are implemented in due time and risk processes are well embedded. Any new emerging risk has an increased focus and the inventory of material risks is reviewed annually and updated as needed to ensure sufficient oversight on the risks.

Note 3 Segment reporting

Measurement of Operating segments' performance

The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision Maker (CODM). For NMB, the CODM has been defined as the Board of Directors.

Operating segments

NMB presents its financial results as a single operating segment. All the operations of NMB relate to the issuance of covered bonds and are conducted in Finland. All the material operative decisions of NMB are prepared by the Chief Executive Officer and decided by NMB Board. Due to the business model of NMB, the nature of its operations and its governance structure, the company as a whole represents the only relevant operating segment for external reporting.

Note 4 Net interest income

Net interest income

EURm	2025	2024
Interest income		
<i>Interest income from financial instruments calculated using the effective interest method</i>		
Loans to credit institutions	35.6	57.4
Loans to the public	1,043.0	1,269.0
Yield fees	10.0	10.4
Net interest paid or received on derivatives in accounting hedges of assets	-18.2	52.9
Other interest income	0.2	0.0
Other		
Net interest income from derivatives	-0.7	-0.4
Interest income	1,069.9	1,389.3
- Of which negative yield on liabilities	-	-
Interest expense		
<i>Interest expense from financial instruments calculated using the effective interest method</i>		
Deposits by credit institutions	-290.2	-448.1
Debt securities in issue	-519.6	-488.3
Net interest paid or received on derivatives in hedges of liabilities	-28.2	-185.3
Other interest expenses	0.0	0.0
Interest expense	-838.0	-1,121.7
- Of which negative yield on assets	-	-
Net interest income	231.9	267.6

Interest on impaired loans amounted to EUR 9.0m (6.4).

Note 5 Net fee and commission income

EURm	2025	2024
Brokerage, securities issues and corporate finance	-0.5	-0.8
- of which expense	-0.5	-0.8
Lending Products	13.5	13.4
- of which income	13.5	13.4
Guarantees and liquidity facility	-9.0	-6.9
- of which expense	-9.0	-6.9
Other	-0.3	0.0
- of which income	0.0	0.0
- of which expense	-0.3	0.0
Total	3.7	5.6

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounted to EUR 13.5m (13.4).

Guarantees and liquidity facility contain fees arising from the services provided by Nordea Bank Abp. Guarantee expenses are related to covered bonds originally issued by Nordea Bank Finland Plc, where NMB has received a guarantee from Nordea Bank Abp to secure settlements to the holders of those bonds. Liquidity facility fees are related to the agreement with Nordea Bank Abp to guarantee NMB's liquidity needs in daily operations. Guarantee expenses totalled EUR -1.7m (-3.3) and liquidity facility fees amounted to EUR -7.3m (-3.7).

Note 6 Total net result from items at fair value

EURm	2025	2024
Interest related instruments and foreign exchange gains/losses	10.4	-4.2
Total	10.4	-4.2

Net result from categories of financial instruments

EURm	2025	2024
Financial assets and liabilities mandatorily at fair value through profit or loss	-71.4	101.6
Financial assets at amortised cost ¹	1.8	150.6
Financial liabilities at amortised cost ¹	80.1	-256.4
Foreign exchange gains/losses excluding currency hedges	-0.1	0.0
Total	10.4	-4.2

¹ These rows comprise mostly of fair value changes of hedged amortised cost assets or liabilities in hedges of interest rate risk. More information on Note 1 Accounting policies in section Fair value hedge accounting.

Note 7 Staff costs

EURm	2025	2024
Salaries and remuneration	-1.6	-1.5
Pension costs (specification below)	-0.3	-0.3
Social security contributions	0.0	0.0
Allocation to profit-sharing foundation	0.0	0.0
Other staff costs	0.0	0.0
Total	-2.0	-1.8

EURm	2025	2024
Pension costs:		
Defined benefit plans	0.0	0.0
Defined contribution plans	-0.3	-0.2
Total	-0.3	-0.3

Additional disclosures on remuneration under Nordic FSAs' regulation and general guidelines

The qualitative disclosures under these regulations can be found in the separate section on remuneration in the Board of Director's Report, while the quantitative disclosures will be published in a separate report on Nordea's homepage (www.nordea.com) no later than one week before the Annual General Meeting of Nordea on 24 March 2026.

Compensation to the Board of Directors and Chief Executive Officer

As at 31 December 2025, five members of the Board of Directors of NMB were employed by Nordea Bank Abp and one member was external. NMB has not paid any compensation to the members who were employees of Nordea Bank Abp. Fees to external members of the Board amounted to EUR 76,000 in 2025 (76,000). Salaries, fees and other staff related expenses to the other members of the Board were paid by Nordea Bank Abp. Salaries, fees, pensions and other staff related expenses paid to the Chief Executive Officer are presented below.

Remuneration to the Chief Executive Officer

EUR	Fixed salary 2025	Benefits 2025	Total 2025
Chief Executive Officer			
Jussi Pajala	272,329	32,163	304,492

EUR	Fixed salary 2024	Benefits 2024	Total 2024
Chief Executive Officer			
Jussi Pajala	269,876	30,277	300,153

There was no pension obligation for the Chief Executive Officer of Nordea Mortgage Bank Plc at the year-end 2025 or 2024.

Loans granted to the Chief Executive Officer and members of the Board of Directors

EUR	Loans in the balance sheet 2025	Paid interest 2025	Loans in the balance sheet 2024	Paid interest 2024
Chief Executive Officer				
Jussi Pajala	754,501	9,062	284,968	8,797
To members of the Board of Directors	459,292	12,986	1,083,273	13,310
Total	1,213,793	22,049	1,368,241	22,107

Loans to key management personnel amounted to EUR 3,468,071 at the end of 2025 (2,640,760). Interest income on these loans amounted to EUR 62,608 in 2025 (30,953). In Finland the employee interest rate for loans corresponds to Nordea's funding cost with a margin of 30 basis points. Loans to family members of key management personnel are granted on normal market terms, as well as loans to key management personnel who are not employed by Nordea Group.

Guarantees and other off-balance-sheet commitments

NMB has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any key management personnel or auditors. The members of the administrative and controlling boards have no holdings of shares, equity warrants or convertible bonds issued by NMB.

Number of employees

Average number of employees	2025	2024
Full-time employees	15	13
Part-time employees	–	–
Total	15	13
Total number of employees (FTEs), end of period	15	15

Note 8 Other expenses

EURm	2025	2024
Fees for the outsourced services provided by the parent company	-120.9	-132.6
Financial supervision fees	-1.2	-1.1
Auditing fees	-0.3	-0.2
Other ¹	-0.3	-0.3
Total	-122.7	-134.2

1) Other consists of consultancy, information technology, marketing, office material, travel and premises related expenses.

Auditors' fees

EURm	2025	2024
PricewaterhouseCoopers Oy		
Auditing assignments	-0.2	-0.2
Audit-related services	0.0	0.0
Other assignments	–	0.0
Total	-0.3	-0.2

PricewaterhouseCoopers Oy has not provided any tax advisory services to NMB.

Note 9 Net loan losses

2025, EURm	Loans to the public ²	Off balance sheet items ³	Total
Net loan losses, stage 1	-3.0	0.0	-3.0
Net loan losses, stage 2	3.8	0.0	3.8
Net loan losses, non-defaulted	0.8	0.0	0.7
Stage 3, defaulted			
Net loan losses, individually assessed, collectively calculated ¹	-15.3	–	-15.3
Realised loan losses	-7.3	–	-7.3
Decrease of provisions to cover realised loan losses	0.1	–	0.1
Recoveries on previous realised loan losses	0.9	–	0.9
New/increase in provisions	-0.8	–	-0.8
Reversal of provisions	0.7	–	0.7
Net loan losses, defaulted	-21.7	–	-21.7
Net loan losses	-21.0	0.0	-21.0

1) Includes individually identified assets where the provision has been calculated based on statistical models.

2) Provisions included in Note 11 "Loans and impairment".

3) Provisions included in Note 18 "Provisions"

2025 Net loan losses include an increase of 10.4m in management judgements booked into collective provisions. The management judgement covers projected loan losses not yet covered by the IFRS 9 model and identified issues in the IFRS 9 model to be later covered in model updates.

Note 9 Net loan losses, cont.

2024, EURm	Loans to the public ²	Off balance sheet items ³	Total
Net loan losses, stage 1	-4.3	0.0	-4.3
Net loan losses, stage 2	-13.3	0.1	-13.2
Net loan losses, non-defaulted	-17.6	0.1	-17.5
Stage 3, defaulted			
Net loan losses, individually assessed, collectively calculated ¹	-10.9	–	-10.9
Realised loan losses	-6.6	–	-6.6
Decrease of provisions to cover realised loan losses	0.0	–	0.0
Recoveries on previous realised loan losses	0.7	–	0.7
New/increase in provisions	0.0	–	0.0
Reversal of provisions	0.0	–	0.0
Net loan losses, defaulted	-16.7	–	-16.7
Net loan losses	-34.3	0.1	-34.2

1) Includes individually identified assets where the provision has been calculated based on statistical models.

2) Provisions included in Note 11 "Loans and impairment".

3) Provisions included in Note 18 "Provisions"

2024 Net loan losses include a decrease of 1.7m in management judgements released from collective provisions. The management judgement covers projected loan losses not yet covered by the IFRS 9 model and identified issues in the IFRS 9 model to be later covered in model updates.

Note 10 Taxes

Income tax expenses

EURm	2025	2024
Current tax	-20.3	-19.6
Deferred tax	0.2	-0.2
	-20.1	-19.8

EURm	2025	2024
Profit before tax	100.2	98.7
Tax calculated at a tax rate of 20%	-20.0	-19.7
Non-deductible expenses	0.0	0.0
Adjustments relating to prior years	–	–
Tax charge	-20.1	-19.8
Average effective tax rate	20%	20%

For current and deferred tax recognised in Other comprehensive income, see Statement of comprehensive income.

The tax on NMB's profit before tax differs from the theoretical amount that would arise using the tax rate of Finland as follows:

EURm	31 Dec 2025	Charged to income statement	Charged to OCI	1 Jan 2025	31 Dec 2024	Charged to income statement	Charged to OCI	1 Jan 2024
Deferred tax assets								
Loans to the public	12.6	0.3	-0.8	13.0	13.0	-0.2	-3.1	16.3
Retirement benefits	0.0	0.0	0.0	0.0	0.0	0.0	–	0.0
Liabilities/provisions	0.0	0.0	0.0	0.0	0.0	0.0	–	0.0
Netting between deferred tax assets and liabilities	0.0	0.0	0.0	0.0	0.0	–	0.0	0.0
Total	12.6	0.3	-0.8	13.0	13.0	-0.2	-3.1	16.3
Deferred tax liabilities								
Loans to the public	0.0	–	0.0	0.0	0.0	–	0.0	0.0
Netting between deferred tax assets and liabilities	0.0	–	0.0	0.0	0.0	–	0.0	0.0
Total	0.0	–	0.0	0.0	0.0	–	0.0	0.0

There were no unrecognised deferred tax assets in 2025 or 2024.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred tax income relates to the same fiscal authority.

Note 11 Loans and impairment

Credit quality of NMB's loan book has remained solid. The Nordea Group level method for impairment is applied in NMB. Macro-economic scenarios have been updated and a thorough review of NMB's loan book has been concluded.

EURm	31 Dec 2025	31 Dec 2024
Loans measured at amortised cost, not impaired (stage 1 and 2)	34,276.1	33,965.2
Impaired loans (stage 3)	458.0	376.1
- of which servicing	65.9	37.6
- of which non-servicing	392.0	338.5
Loans before allowances	34,734.0	34,341.4
- of which credit institutions	913.3	872.4
Allowances for impaired loans (stage 3)	-76.7	-61.4
- of which servicing	-4.9	-3.8
- of which non-servicing	-71.8	-57.6
Allowances for collectively assessed impaired loans (stage 1 and 2)	-46.6	-47.3
Allowances¹	-123.3	-108.8
- of which credit institutions	-	-
Loans, carrying amount	34,610.7	34,232.6
- of which Loans to credit institutions	913.3	872.4
- of which Loans to the public	33,697.4	33,360.2

1) Allowances 31 December 2025 comprise cyclical management judgement allowances of EUR 7.2m (9.4) covering projected loan losses not yet covered by the IFRS 9 model. The amount of structural management judgment allowances covering identified issues in the IFRS 9 model was 12.6m (0.0m) at the end of 2025.

Note 12 Derivatives and hedge accounting

NMB enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges but do not meet the hedge accounting requirements.

The table below shows the fair values of derivative financial instruments together with their notional amounts. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either the market or credit risk.

31 Dec 2025, EURm	Fair value		Total nom. amount
	Positive	Negative	
Derivatives not used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	4.6	5.8	556.0
Total derivatives	4.6	5.8	556.0
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	254.6	248.3	35,799.7
Other derivatives	3.4	3.5	4,331.0
Total derivatives used for hedge accounting	258.0	251.8	40,130.7
- of which cash flow hedges	-	-	-
- of which fair value hedges	258.0	251.8	40,130.7
Total derivatives	262.7	257.6	40,686.7

31 Dec 2024, EURm	Fair value		Total nom. amount
	Positive	Negative	
Derivatives not used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	7.6	9.7	656.0
Total derivatives	7.6	9.7	656.0
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	367.3	313.6	38,916.9
Other derivatives	5.5	9.1	5,324.8
Total derivatives used for hedge accounting	372.7	322.7	44,241.7
- of which cash flow hedges	0.7	1.2	560.0
- of which fair value hedges	372.1	321.5	43,681.7
Total derivatives	380.4	332.4	44,897.7

Note 12 Derivatives and Hedge accounting, cont.

Risk management

NMB manages its identified market risks according to the risk management framework and strategy described in the Market risk section in Note 2 "Risk and Liquidity management".

Interest rate risk

NMB is a mortgage bank, with a significant majority of assets being loans and receivables to the public. These assets are primarily funded through covered bonds and intragroup funding. Interest rate risk is the impact that changes in interest rates could have on NMB's margins, profit or loss and equity. Interest risk arises from mismatch of interest from interest-bearing liabilities and assets such as issued debt securities and loan portfolio.

As part of NMB's risk management strategy, the Board of NMB has issued risk appetite statements for the banking book and NMB aligns its hedge accounting objectives to keep exposures within those limits. For further information on measurement of risks, see the Market risk section in Note 2 "Risk and Liquidity management".

For hedge accounting relationships related to interest rate risk, the hedged item is the benchmark rate. The hedging ratio is established by matching the notional of the derivatives with the principal of the hedged items.

In order to hedge interest rate risk, NMB uses interest rate derivatives as hedging instruments to swap the interest rates of the contractually floating rate mortgages from the short term fixed rate (such as 12 month Euribor) into overnight, in order to manage the risk and limit the impact on margins, profit or loss, and equity. One exception to the general risk management policy related to swap fixed rate exposure into floating is portion of the legacy portfolio of floating rate loans, where floating cash flows from loans are swapped to fixed rate and cash flow hedge accounting is applied. Non-linear interest rate risk stemming from the loan products with embedded optionalities (including prepayment risk) is usually hedged by using interest rate derivatives (caps, floors, collars) executed with intragroup counterparties (Nordea Bank Abp).

NMB designates risk component of hedged items as follows:

- benchmark interest rate risk as a component of interest rate risk, such as the Euribor. Using the benchmark interest rate risk can result in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship; and
- components of cashflows of hedged items.

The benchmark rate is determined as a change in present value of the future cash flows using benchmark rate discount curves. The benchmark rate is separately identifiable and reliably measurable and is typically the most significant component of the overall change in fair value or cash flows.

Fair value hedges

In order to reduce or mitigate the risk of changes in the fair value of financial assets and financial liabilities due to movements in interest rates, NMB enters into fair value hedge relationships by transforming the fixed interest rate risk in recognised financial assets and financial liabilities to floating with interest rate swaps. NMB applies fair value hedge accounting both at micro and macro level. The micro level is applied for hedging fixed rate debt securities in issue. The macro level is applied for hedging loans, including loans with contractual (embedded) optionalities.

For micro level hedges, there is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate debt securities in issue (i.e. notional amount, maturity, payment and reset dates). For macro level hedges, the designated hedged item notional amount and its maturity are determined based on the expected repricing dates (for floating rate loans with 12 month Euribor fixing), or the expected repayment or refinancing dates, taking into account the behavioural assumptions (for floating rate loans with embedded options, treated as fixed rate loans until maturity of the option). For hedging relationships where non-linear interest rate derivatives are used, full fair value of the options are designated into hedging relationship (both intrinsic and time value), as risk exposure from the underlying hedged item (loans) exhibits the same characteristics.

The table below presents the accumulated fair value adjustments arising from continuing hedge relationships, irrespective of whether or not there has been a change in hedge designation during the year.

Hedged items

EURm	Interest rate risk	
	31 Dec 2025	31 Dec 2024
Fair value hedges – micro level		
Carrying amount of hedged liabilities ¹	14,734.0	14,190.2
- of which accumulated amount of fair value hedge adjustment ¹	-167.9	-97.0
Fair value hedges – macro level		
Carrying amount of hedged assets ²	20,801.6	23,974.8
- of which accumulated amount of fair value hedge adjustment ³	-120.7	-129.0

1) Presented on the balance sheet row Debt securities in issue.

2) Presented on the balance sheet row Loans to the public.

3) Presented on the balance sheet row Fair value changes of the hedged items in portfolio hedges of interest rate risk.

The following table provides information about the hedging instruments included in the line item Derivatives on the balance sheet:

Hedging instruments

31 Dec 2025, EURm	Fair value		Total nom. amount
	Positive	Negative	
Fair value hedges			
Interest rate risk	258.0	251.8	40,130.7
Fair value hedges			
31 Dec 2024, EURm			
31 Dec 2024, EURm	Fair value		Total nom. amount
	Positive	Negative	
Fair value hedges			
Interest rate risk	372.1	321.5	43,681.7

The table below presents the changes in the fair value of the hedged items and the changes in fair value of the hedging instruments used as the basis for recognising ineffectiveness. These changes are recognised on the row "Net result from items at fair value" in the income statement.

Note 12 Derivatives and Hedge accounting, cont.

Hedge ineffectiveness

EURm	Interest rate risk	
	2025	2024
Fair value hedge		
Changes in fair value of hedging instruments	-72.3	101.3
Changes in fair value of hedged items used as basis for recognising hedge ineffectiveness	80.6	-105.9
Hedge ineffectiveness recognised in Net result from items at fair value ¹	8.2	-4.7

1) Recognised on the row Net result from items at fair value.

Source of ineffectiveness relates to mismatch between the reset frequency of the swap and the benchmark frequency.

Cash flow hedges

For NMB's cash flow hedge of interest rate risk relate to exposures to the variability in future interest payments and receipts due to the movement of benchmark interest rates on forecast transactions and on recognised financial assets and financial liabilities. This variability in cash flows is hedged by interest rate swaps, fixing the hedged cashflows on EUR denominated floating loans according to NMB's policies and risk management strategy described in Note 1, section 8, and in the Market risk section in Note 2 "Risk and Liquidity management".

There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate swaps match the terms of the future interest cash flows (i.e. notional amount and expected payment date). Changes in the valuation of swaps that are in effective cash flow hedge relationships are recognised in cash flow hedge reserves.

The tables below provide information about the hedging instruments as well as the outcome of the cash flow hedges addressing interest rate risk including the notional and the carrying amounts of the hedging instruments and the changes in fair values used for measuring hedge ineffectiveness separately showing the effective and ineffective portions.

The maturity profile of NMB's hedging instruments used to hedge interest rate risk (both fair value and cash flow hedge accounting) follows below.

Maturity profile of the nominal amount of hedging instruments

31 Dec 2025, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Total	–	6,391.0	12,997.4	15,166.2	5,576.0	40,130.7

31 Dec 2024, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Total	–	4,068.6	18,115.0	14,460.2	7,597.9	44,241.7

Average rate of instruments hedging interest rate risk

The average interest rate on the fixed leg of instruments hedging interest rate risk per 31 December 2025 was 1.95% (2.42).

Hedging instruments

31 Dec 2025, EURm	Fair value		Total nom. amount
	Positive	Negative	
Cash flow hedges			
Interest rate risk	–	–	–

31 Dec 2024, EURm	Fair value		Total nom. amount
	Positive	Negative	
Cash flow hedges			
Interest rate risk	0.7	1.2	560.0

Hedge ineffectiveness

No ineffectiveness was recognised in cash flow hedges in 2025 or 2024.

Cash flow hedge reserve (effective portion)

EURm	Interest rate risk	
	2025	2024
Balance at 1 Jan	-3.0	-15.3
Cash flow hedges:		
Valuation gains/losses during the year	-0.1	-3.4
Tax on valuation gains/losses during the year	0.0	0.7
Transferred to the income statement during the year	3.8	18.8
Tax on transfers to the income statement during the year	-0.8	-3.8
Fair value reserve, net of tax	3.0	12.3
Total through cash-flow hedge reserve	3.0	12.3
Balance at 31 Dec	–	-3.0
- of which relates to continuing hedges for which hedge accounting is applied	–	-3.0

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk in NMB relates mainly to covered bonds issued in foreign exchange rates. NMB's assets and liabilities at year-end 2025 and at year-end 2024 were all in EUR. There are no outstanding covered bonds issued in other currencies.

Note 13 Other assets

EURm	31 Dec 2025	31 Dec 2024
Receivables from the parent company	42.5	151.1
Other	3.0	2.6
Total	45.5	153.7

Receivables from the parent company includes the accrued loan instalments and interest payments not yet settled between Nordea Bank Abp and Nordea Mortgage Bank.

Note 14 Prepaid expenses and accrued income

EURm	31 Dec 2025	31 Dec 2024
Accrued income	11.9	1.7
Total	11.9	1.7

Other accrued income consists of loan origination fees to be invoiced from Nordea Bank Abp.

Note 15 Debt securities in issue

EURm	31 Dec 2025	31 Dec 2024
Covered bonds	21,876.1	21,264.9
Senior non-preferred bonds ¹⁾	901.7	609.1
Fair value changes in micro hedges of interest rate risk	-167.9	-97.0
Total	22,609.9	21,777.0

1) Group-internal MREL loan.

Note 16 Other liabilities

EURm	31 Dec 2025	31 Dec 2024
Accounts payable	0.4	0.2
Other	12.3	2.8
Total	12.7	3.0

Note 17 Accrued expenses and prepaid income

EURm	31 Dec 2025	31 Dec 2024
Accrued interest	0.0	0.0
Other accrued expenses ¹⁾	17.5	24.7
Prepaid income	0.4	0.5
Total	17.9	25.3

1) Comprises mainly of the costs for intragroup services.

Note 18 Provisions

EURm	31 Dec 2025	31 Dec 2024
Guarantees/commitments	0.0	0.0
Total	0.0	0.0

Loan loss provisions for individually assessed guarantees and other commitments amounts to EUR 0.0m (0.0). For further information, see Note 2.

Note 19 Retirement benefit obligations

EURm	31 Dec 2025	31 Dec 2024
Obligations	0.2	0.2
Plan assets	0.2	0.2
Net liability(-)/asset (+)	0.0	0.0

NMB's defined benefit plans are arranged in Nordea Pension Foundation.

Characteristics of the Nordea Pension Foundation

Nordea Pension Foundation plan is a final salary and service-based pension plan providing pension benefits on top of the statutory systems. The employer has promised a certain level of benefit after retirement to a certain group of employees within the plan. Plan's operation is managed by the Board of Members. The board consists of both employers' and employee's representatives. The Board of Members has named a managing director to take care of regular operations in the foundation.

The plan exposes the employer to certain risks. If the return of foundation's assets is not enough to cover the increment of liability and benefit payments over the financial year then the employer funds the deficit with contributions. The present value of the defined benefit liability is calculated using a discount rate determined by reference to high quality bond yields. A decrease in the corporate bond yields increases the liabilities along with increment of plan's benefit obligation calculated according to IAS 19. However, part of increment of obligation is offset by asset increment along with the increment of plan's bond holdings. Asset volatility may also impact NMB although basically the distribution of assets to different asset classes is strictly dictated by authorities so significant concentration risk cannot be borne. The plan's benefits in payment are tied to TyEL-index which depends on inflation (80 %) and common salary index (20 %). Higher inflation increases the TyEL-index which leads to an increase in liabilities. Higher inflation causes extra challenges to investment activities from which the employer in the last resort is responsible. The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in life expectancy of the plan participants will increase the plan's liability.

IAS 19 pension calculations and assumptions

Calculations on defined benefit plans are performed by external liability calculators and are based on the actuarial assumptions.

Assumptions	2025	2024
Discount rate ¹	3.67%	3.26%
Salary increase	2.50%	2.50%
Inflation	2.00%	2.00%
Mortality	Gompertz	Gompertz
Increase in income base amount	2.24%	2.24%

1) More information on the discount rate can be found in Note 1 section 16.

Movements in the obligation

EURm	2025	2024
Opening balance	0.2	0.2
Current service cost	0.0	0.0
Interest expense	0.0	0.0
Remeasurement from changes in financial assumptions	0.0	0.0
Remeasurement from changes in experience adjustments	0.0	0.0
Closing balance	0.2	0.2

The average duration of the obligation is 16 years (16). The duration is based on discounted cash flows. The fact of the defined benefit plans being closed for new entrants leads to a lowering duration.

Movements in the fair value of plan assets

EURm	2025	2024
Opening balance	0.2	0.2
Interest income (calculated using the discount rate)	0.0	0.0
Refund from the Pension Foundation	0.0	0.0
Remeasurement (actual return less interest income)	0.0	0.0
Closing balance	0.2	0.2

Asset composition

The combined return on assets in 2025 was 1% (13). At the end of the year, the equity exposure in pension foundation represented 20 (19) of total assets. The company is not expected to pay contribution to its defined benefit plans in 2026.

Defined benefit pension cost

Only a minor pension cost related to defined benefit plans has been recognised in the income statement (as staff costs) in 2025. Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans (see specification in Note 7).

Key management personnel

As at 31 December 2025 five members of the Board of Directors of Nordea Mortgage Bank Plc were employed by Nordea Bank Abp and one member was external.

Information on salaries, loans and pension liabilities regarding the members of the Board and the Chief Executive Officer is presented in Note 7.

Note 20 Equity

Total number of shares of NMB registered were 257.7 million. All the shares in NMB are held by Nordea Bank Abp. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 5 million and maximum share capital EUR 500 million.

No decision was made during the financial year to issue equity warrants or convertible bonds entitling to subscription of shares in the NMB. At the end of 2025, NMB held no authorisations given by the General Meeting for issuance or buybacks of shares, equity warrants or convertible bonds.

Note 21 Assets pledged as security for own liabilities

EURm	31 Dec 2025	31 Dec 2024
Assets pledged for own liabilities		
Loans to the public	26,881.1	26,685.5
Total	26,881.1	26,685.5
The above pledges certain to the following liabilities		
Debt securities in issue	21,876.1	21,264.9
Total	21,876.1	21,264.9

Loans to the public amounting to EUR 26,881.1m (26,685.5) have been registered as collateral for issued Finnish covered bonds amounting to EUR 21,876.1m (21,264.9). In the event of the company's insolvency, the holders of these bonds have priority to the assets registered as collateral. Collaterals are valued up to the first 70% (Pool 1 for covered bonds issued under the old legislation) or the first 80% (Pool 2 for covered bonds issued under the new legislation) of the market value of the property.

Note 22 Classification of financial instruments

31 Dec 2025, EURm	Amortised cost	Mandatorily at fair value through profit or loss	Non-financial assets	Total
Assets				
Cash and balances with central banks	619.6	–	–	619.6
Loans to credit institutions	913.3	–	–	913.3
Loans to the public	33,697.4	–	–	33,697.4
Fair value changes of the hedged items in portfolio hedges of interest rate risk	-120.7	–	–	-120.7
Derivatives	–	262.7	–	262.7
Property and equipment	–	–	0.0	0.0
Deferred tax assets	–	–	12.5	12.5
Current tax assets	–	–	1.7	1.7
Other assets	10.3	–	35.2	45.5
Prepaid expenses and accrued income	11.9	–	0.0	11.9
Total	35,131.8	262.7	49.5	35,443.9

Note 22 Classification of financial instruments, cont.

31 Dec 2025, EURm	Amortised cost	Mandatorily at fair value through profit or loss	Non-financial assets	Total
Liabilities				
Deposits by credit institutions	10,677.5	–	–	10,677.5
Debt securities in issue	22,609.9	–	–	22,609.9
Derivatives	–	257.6	–	257.6
Current tax liabilities	–	–	0.0	0.0
Other liabilities	0.4	–	12.3	12.7
Accrued expenses and prepaid income	0.4	–	17.5	17.9
Provisions	–	–	0.0	0.0
Retirement benefit liabilities	–	–	0.0	0.0
Total	33,288.2	257.6	29.9	33,575.6

31 Dec 2024, EURm	Amortised cost	Mandatorily at fair value through profit or loss	Non-financial assets	Total
Assets				
Cash and balances with central banks	504.2	–	–	504.2
Loans to credit institutions	872.4	–	–	872.4
Loans to the public	33,360.2	–	–	33,360.2
Fair value changes of the hedged items in portfolio hedges of interest rate risk	-129.0	–	–	-129.0
Derivatives	–	380.4	–	380.4
Property and equipment	–	–	0.0	0.0
Deferred tax assets	–	–	13.1	13.1
Current tax assets	–	–	2.9	2.9
Other assets	16.9	–	136.9	153.7
Prepaid expenses and accrued income	1.7	–	0.0	1.7
Total	34,626.2	380.4	152.8	35,159.4

31 Dec 2024, EURm	Amortised cost	Mandatorily at fair value through profit or loss	Non-financial assets	Total
Liabilities				
Deposits by credit institutions	11,217.5	–	–	11,217.5
Debt securities in issue	21,777.0	–	–	21,777.0
Derivatives	–	332.4	–	332.4
Current tax liabilities	–	–	0.0	0.0
Other liabilities	0.3	–	2.8	3.1
Accrued expenses and prepaid income	0.5	–	24.8	25.3
Provisions	–	–	0.1	0.1
Retirement benefit liabilities	–	–	0.0	0.0
Total	32,995.3	332.4	27.7	33,355.3

Note 23 Assets and liabilities at fair value

Fair value of financial assets and liabilities

EURm	31 Dec 2025		31 Dec 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	619.6	619.6	504.2	504.2
Loans	34,610.7	35,016.0	34,232.5	34,629.1
Derivatives	262.7	262.7	380.4	380.4
Other assets	22.2	22.2	18.6	18.6
Total financial assets	35,515.2	35,920.5	35,135.7	35,532.3
Financial liabilities				
Deposits and debt instruments	33,287.4	33,488.6	32,994.5	33,117.8
Derivatives	257.6	257.6	332.4	332.4
Other liabilities	0.4	0.4	0.2	0.2
Accrued expenses and prepaid income	0.4	0.4	0.5	0.5
Total financial liabilities	33,545.8	33,747.0	33,327.6	33,450.9

For information about the valuation of items measured at fair value on the balance sheet, see Note 1 and the section "Determination of fair values for items measured at fair value on the balance sheet" in this note. For information about

valuation of items not measured at fair value on the balance sheet, see the section "Financial assets and liabilities not held at fair value on the balance sheet" in this note.

Assets and liabilities held at fair value on the balance sheet Categorisation into the fair value hierarchy

31 Dec 2025, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet¹				
Derivatives	–	259.2	3.4	262.7
Total	–	259.2	3.4	262.7
Liabilities at fair value on the balance sheet¹				
Derivatives	–	254.0	3.5	257.6
Total	–	254.0	3.5	257.6

1) All items are measured at fair value on a recurring basis at the end of each reporting period.

31 Dec 2024, EURm	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets at fair value on the balance sheet¹				
Derivatives	–	374.9	5.5	380.4
Total	–	374.9	5.5	380.4
Liabilities at fair value on the balance sheet¹				
Derivatives	–	323.3	9.1	332.4
Total	–	323.3	9.1	332.4

1) All items are measured at fair value on a recurring basis at the end of each reporting period.

Note 23 Assets and liabilities at fair value, cont.

Determination of fair values for items measured at fair value on the balance sheet

Fair value measurements of assets and liabilities carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis. NMB does not have any Level 1 instruments.

Level 2 in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. The fair values are based on quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active. Alternatively, the fair values are estimated using valuation techniques or valuation models based on market prices or rates prevailing at the balance sheet date and where any unobservable inputs have had an insignificant impact on the fair values. This is the case for the majority of Nordea's OTC derivatives and other instruments where active markets supply the input to the valuation techniques or models.

Level 3 in the fair value hierarchy consists of those types of assets and liabilities for which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates.

All valuation models, both complex and simple models, make use of market prices and inputs. These market prices and inputs comprise interest rates, volatilities, correlations etc. Some of these prices and inputs are observable while others are not. For most non-exotic currencies the interest rates are all observable, and the implied volatilities and the correlations of the interest rates and FX rates may be observable through option prices up to a certain maturity. Implied volatilities and correlations are may also be observable for the most liquid equity instruments in the short end. For less liquid equity instruments the option market is fairly illiquid, and hence the volatilities and correlations are unobservable. For each instrument the sensitivity towards unobservable parameters is measured. If the impact from unobservable parameters on the valuation is significant the instrument is categorised as Level 3 in the fair value hierarchy.

Fair value of financial assets and liabilities are generally calculated as the theoretical net present value of the individual instruments. This calculation is supplemented by a portfolio adjustment.

Nordea incorporates credit valuation adjustments (CVA) and debit valuation adjustments (DVA) into derivative valuations. CVA and DVA reflect the impact on fair value of the counterparty's credit risk and Nordea's own credit quality respectively. Calculations are based on estimates of exposure at default, probability of default and recovery rates on a counterparty basis.

Generally, exposure at default for CVA and DVA is based on expected exposure and estimated through the simulation of underlying risk factors. Where possible, probabilities of defaults (PDs) and recovery rates are sourced from the CDS

markets. For counterparties that do not have a liquid CDS, PDs are estimated using a cross sectional regression model, which calculates an appropriate proxy CDS spread given each counterparty's rating region and industry.

The impact of funding costs and funding benefits on valuation of uncollateralised and imperfectly collateralised derivatives is recognised as a funding fair valuation adjustment (FFVA). In addition, Nordea applies in its fair value measurement close-out-cost valuation adjustments and model risk adjustments for identified model deficiencies.

Financial assets and liabilities not held at fair value on the balance sheet

31 Dec 2025, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	619.6	619.6	3
Loans	34,610.7	35,016.0	3
Other assets	22.2	22.2	3
Total	35,252.5	35,657.8	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	33,287.4	33,488.6	3
Other liabilities	0.4	0.4	3
Accrued expenses and prepaid income	0.4	0.4	3
Total	33,288.2	33,489.4	

31 Dec 2024, EURm	Carrying amount	Fair value	Level in fair value hierarchy
Assets not held at fair value on the balance sheet			
Cash and balances with central banks	504.2	504.2	3
Loans	34,232.5	34,629.1	3
Other assets	18.6	18.6	3
Total	34,755.3	35,151.9	
Liabilities not held at fair value on the balance sheet			
Deposits and debt instruments	32,994.5	33,117.8	3
Other liabilities	0.2	0.2	3
Accrued expenses and prepaid income	0.5	0.5	3
Total	32,995.2	33,118.5	

Cash and balances with central banks

The fair value of "Cash and balances with central banks", is due to its short-term nature, assumed to equal the carrying amount and is thus is categorised into Level 3 in the fair value hierarchy.

Loans

The fair value of "Loans to credit institutions" and "Loans to the public" have been estimated by discounting the expected future cash flows with an assumed customer interest rate that would have been used on the market if the loans had been issued at the time of the measurement. The assumed customer interest rate is calculated as the benchmark interest rate plus the average margin on new lending. The fair value measurement is categorised into Level 3 in the fair value hierarchy.

Note 23 Assets and liabilities at fair value, cont.

Prepaid expenses and accrued income

The balance sheet items "Prepaid expenses and accrued income" consist of short receivables, mainly accrued interest receivables. The fair value is therefore considered to equal the carrying amount and is categorised into Level 3 in the fair value hierarchy.

Deposits and debt instruments

The fair value of "Deposits by credit institutions" and "Debt securities in issue" has been calculated as the carrying amount adjusted for fair value changes in interest rate risk and in own credit risk. The fair value is categorised into Level 3 in the fair value hierarchy. The fair value changes related to interest rate risk is based on changes in relevant interest rates compared with the corresponding nominal interest rate in the portfolios. The fair value changes in the credit risk is calculated as a difference between the credit spread in the

nominal interest rate compared with the current spread that is observed in the market. This calculation is performed on an aggregated level for all long-term issuances recognised in the balance sheet item "Debt securities in issue". As the contractual maturity is short for "Deposits by credit institutions" the changes in NMB's own credit risk related to these items is assumed not to be significant. This is also the case for short term issuances recognised in the balance sheet items "Debt securities in issue".

Accrued expenses and prepaid income

The balance sheet item "Accrued expenses and prepaid income" consists of short-term liabilities, mainly liabilities on securities settlement. The fair value is therefore considered to be equal to the carrying amount and is categorised into level 3 in the fair value hierarchy.

Note 24 Financial instruments set off on balance or subject to netting agreements

31 Dec 2025, EURm	Gross recognised financial assets ¹	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	262.7	–	262.7	-170.1	–	–	92.6
Total	262.7	–	262.7	-170.1	–	–	92.6
Liabilities							
Derivatives	257.6	–	257.6	-170.1	–	–	87.5
Total	257.6	–	257.6	-170.1	–	–	87.5

31 Dec 2024, EURm	Gross recognised financial assets ¹	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	380.4	–	380.4	-241.3	–	–	138.9
Total	380.4	–	380.4	-241.3	–	–	138.9
Liabilities							
Derivatives	332.4	–	332.4	-241.3	–	–	91.1
Total	332.4	–	332.4	-241.3	–	–	91.1

1) All amounts are measured at fair value.

Enforceable master netting arrangements and similar agreements

The fact that financial instruments are being accounted for on a gross basis on the balance sheet, would not imply that the financial instruments are not subject to master netting agreements or similar arrangements. Generally financial instruments (derivatives, repos and securities lending transactions), would be subject to master netting agreements,

and as a consequence Nordea would be allowed to benefit from netting both in the ordinary course of business and in the case of default towards its counterparties, in any calculations involving counterparty credit risk. The reason why the netted exposures are not reflected under assets and liabilities on the balance sheet, would in most instances depend on the limited application of net settlement of financial transactions.

Note 25 Maturity analysis for assets and liabilities

Expected maturity

EURm	Note	31 Dec 2025			31 Dec 2024		
		Expected to be recovered or settled:		Total	Expected to be recovered or settled:		Total
		Within 12 months	After 12 months		Within 12 months	After 12 months	
Cash and balances with central banks		619.6	–	619.6	504.2	–	504.2
Loans to credit institutions	11	913.3	0.0	913.3	872.4	0.0	872.4
Loans to the public	11	223.5	33,473.9	33,697.4	271.0	33,089.2	33,360.2
Derivatives	12	41.1	221.6	262.7	16.8	363.6	380.4
Fair value changes of the hedged items in portfolio hedges of interest rate risk		-120.7	0.0	-120.7	-129.0	0.0	-129.0
Deferred tax assets	10	–	12.5	12.5	–	13.1	13.1
Other assets	13	47.2	0.0	47.2	156.6	0.0	156.6
Prepaid expenses and accrued income	14	11.9	–	11.9	1.7	–	1.7
Total assets		1,735.8	33,708.1	35,443.9	1,693.6	33,465.8	35,159.4
Deposits by credit institutions		2,417.9	8,259.6	10,677.5	3,684.1	7,533.4	11,217.5
Debt securities in issue	15	5,508.8	17,101.1	22,609.9	5,147.1	16,629.9	21,777.0
Derivatives	12	7.9	249.7	257.6	31.0	301.5	332.4
Current tax liabilities		0.0	–	0.0	0.0	–	0.0
Other liabilities	16	12.7	0.0	12.7	3.0	0.0	3.0
Accrued expenses and prepaid income	17	17.6	0.4	17.9	24.8	0.5	25.3
Provisions	18	0.0	0.0	0.0	0.0	0.1	0.1
Retirement benefit liabilities	19	–	0.0	0.0	–	0.0	0.0
Total liabilities		7,964.9	25,610.7	33,575.6	8,890.0	24,465.4	33,355.3

Contractual undiscounted cash flows

The table is based on contractual maturities for the financial instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and

derivative liabilities, as derivatives are managed on a net basis. In addition to the balance sheet items, NMB has credit commitments amounting to EUR 226.7m (190.2), which could be drawn on at any time.

31 Dec 2025, EURm	<1 month	1–3 months	3–12 months	1–5 years	>5 years	Total
Cash and balances with central banks	619.6	0.0	0.0	0.0	0.0	619.6
Loans to credit institutions	0.0	913.5	0.0	0.0	0.0	913.5
Loans to the public	231.3	518.5	2,281.4	10,652.5	30,030.1	43,713.9
Other non-derivative financial assets	0.0	0.0	0.0	0.0	10.3	10.3
Total assets	850.9	1,432.1	2,281.4	10,652.5	30,040.3	45,257.3
Deposits by credit institutions	130.3	-1,471.7 ¹	3,976.6	8,646.5	0.0	11,281.7
Debt securities in issue	4.4	1,658.0	1,493.5	13,785.4	8,204.5	25,145.8
Other non-derivative financial liabilities	0.4	0.0	0.0	0.0	0.0	0.4
Total liabilities and equity	135.1	186.3	5,470.1	22,431.9	8,204.5	36,427.9
Derivatives, cash inflow	0.2	97.9	221.0	900.5	1,975.9	3,195.5
Derivatives, cash outflow	55.1	139.3	410.0	782.1	1,969.2	3,355.6
Net exposure	-54.9	-41.4	-189.0	118.4	6.7	-160.1
Credit commitments	226.7					226.7
Exposure	434.2	1,204.4	-3,377.7	-11,660.9	21,842.6	8,442.5
Cumulative exposure	434.2	1,638.6	-1,739.1	-13,400.1	8,442.5	

1) Negative amount in the 1-3 months category is due to a forward starting EUR 1,500m deposit contract, starting in March and maturing in September 2026. The outflow is included in the 3-12 months category.

Note 25 Maturity analysis for assets and liabilities, cont.

31 Dec 2024, EURm	<1 month	1-3 months	3-12 months	1-5 years	>5 years	Total
Cash and balances with central banks	504.2	0.0	0.0	0.0	0.0	504.2
Loans to credit institutions	260.2	294.4	324.2	0.0	0.0	878.8
Loans to the public	248.7	542.9	2,402.2	11,110.2	32,225.6	46,529.5
Other non-derivative financial assets	0.0	0.0	0.0	0.0	16.9	16.9
Total assets	1,013.0	837.4	2,726.4	11,110.2	32,242.4	47,929.4
Deposits by credit institutions	47.8	290.8	3,684.3	7,803.4	0.0	11,826.2
Debt securities in issue	0.1	226.9	11,146.6	12,948.8	5,244.3	29,566.7
Other non-derivative financial liabilities	0.3	0.0	0.0	0.0	0.0	0.3
Total liabilities and equity	48.2	517.6	14,830.9	20,752.2	5,244.3	41,393.2
Derivatives, cash inflow	0.4	102.2	192.8	763.8	1,764.8	2,824.0
Derivatives, cash outflow	45.4	211.9	718.6	1,029.3	2,749.4	4,754.6
Net exposure	-45.0	-109.7	-525.8	-265.5	-984.7	-1,930.7
Credit commitments	190.2					190.2
Exposure	729.6	210.1	-12,630.3	-9,907.5	26,013.4	4,415.3
Cumulative exposure	729.6	939.6	-11,690.7	-21,598.1	4,415.3	

Note 26 Related-party transactions

The information below is presented from NMB's perspective, meaning that the information shows the effect from related party transactions on NMB's financial statements. For more

information on definitions, see Note 1 "Accounting policies" section 19.

EURm	Parent company 31 Dec 2025	Group undertakings 31 Dec 2025	Other related parties 31 Dec 2025
Assets			
Loans	913.3	-	3.5
Derivatives	262.7	-	-
Other assets	42.5	-	-
Prepaid expenses and accrued income	11.9	-	-
Total assets	1,230.4	-	3.5
Liabilities			
Deposits	10,677.5	-	-
Debt securities in issue	6,016.0	-	-
Derivatives	257.6	-	-
Other liabilities	12.5	-	-
Accrued expenses and deferred income ¹	14.2	2.4	-
Total liabilities	16,977.8	2.4	-
Off balance²	226.7		

1) Contains Resolution fee transfer pricing, fees for the outsourced services, guarantee fees and upfront fees to be invoiced by the parent company and supervisory fees to be invoiced by the authorities.

2) Excluding nominal values on derivatives.

Note 26 Related-party transactions, cont.

Income statement

EURm	2025	2025	2025
Net interest income	-515.9	–	0.1
Net fee and commission income	-1.7	–	0.0
Net result from items at fair value	-53.3	–	–
Other operating income	–	–	–
Total operating expenses	-120.9	–	–
Profit before loan losses	-691.8	–	0.1

EURm	Parent company 31 Dec 2024	Group undertakings 31 Dec 2024	Other related parties 31 Dec 2024
Assets			
Loans	872.4	–	2.6
Derivatives	380.4	–	–
Other assets	151.1	–	–
Prepaid expenses and accrued income	1.7	–	–
Total assets	1,405.6	–	2.6
Liabilities			
Deposits	11,217.5	–	–
Debt securities in issue	6,065.7	–	–
Derivatives	332.4	–	–
Other liabilities	2.9	–	–
Accrued expenses and deferred income ¹	21.6	2.4	–
Total liabilities	17,640.1	2.4	–
Off balance²	190.2		

1) Contains Resolution fee transfer pricing, fees for the outsourced services, guarantee fees and upfront fees to be invoiced by the parent company and supervisory fees to be invoiced by the authorities.

2) Excluding nominal values on derivatives.

Income statement

EURm	2024	2024	2024
Net interest income	-724.4	–	0.0
Net fee and commission income	-3.3	–	0.0
Net result from items at fair value	127.4	–	–
Other operating income	–	–	–
Total operating expenses	-132.6	–	–
Profit before loan losses	-732.9	–	0.1

All transactions with related parties are made on an arm's length basis.

Compensations and loans to Key management personnel are specified in Note 7. Loans to family members of key

management personnel are granted on normal market terms, as well as loans to key management personnel who are not employed by Nordea Group.

The proposal of the Board of Directors to the Annual General Meeting

The distributable funds on 31 December 2025 were EUR 1,618,161,869.31 of which the profit for the year was EUR 80,172,480.11. The Board of Directors proposes that a dividend of EUR 80,172,480.11 will be paid, corresponding to 100 percent of the year-end profits, whereafter the distributable funds will be EUR 1,537,989,389.20 of which the distributable earnings are 127,989,389.20.

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

Signatures of the Directors' report and of the Financial Statements:

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

Helsinki, 23 February 2026

Jani Eloranta

Tina Sandvik

Ola Littorin

Nina Luomanen

Ulrika Nirkkonen

Ilkka Salonen

Jussi Pajala
Chief Executive Officer

The Auditor's Note

A report on the audit has been issued today.

Helsinki, 23 February 2026

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)

Auditor's Report

(Translation of the Finnish Original)

To the Annual General Meeting of Nordea Mortgage Bank Plc

Report on the Audit of the Financial Statements

Opinion

In our opinion the financial statements give a true and fair view of the company's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU and comply with statutory requirements.

Our opinion is consistent with the additional report to the Board of Directors.

What we have audited

We have audited the financial statements of Nordea Mortgage Bank Plc (business identity code 2743219-6) for the year ended 31 December 2025. The financial statements comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, which include material accounting policy information and other explanatory information.

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 company 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 company 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 Other expenses/Auditor's fees to the Financial Statements.

Our Audit Approach Overview



- Overall materiality: € 100 million, which represents 0,3% of total assets
- Key audit matters:
 - Impairment of loans to customers
 - Valuation of certain level II and III financial instruments held at fair value
 - IT systems supporting processes over financial reporting

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 materiality for the 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.

Overall materiality	€ 100 million (previous year € 105 million)
How we determined it	0,3% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, key drivers of the business and determinants of the mortgage bank's profit potential are best reflected in the balance sheet. The benchmark determined is within the range of acceptable quantitative materiality thresholds in auditing standards.

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 company	How our audit addressed the key audit matter
<p>Impairment of loans to customers</p> <p><i>Refer to the Note 1 Accounting policies (Critical judgements and estimation uncertainty), Note 9 Net loan losses and Note 11 Loans and impairment in the financial statements.</i></p> <p>A high level of judgement is involved in determining the appropriate impairment loss to be recognised. For individually assessed loans, judgement is involved in determining whether a loan has a loss event and in assessing the loan loss amount.</p> <p>Expected credit losses (ECL) are calculated as a function of the probability of default, the exposure at default and the loss given default, as well as the timing of the loss.</p> <p>Nordea categorises loans into three stages depending on the level of credit risk or changes in credit risk for each individual loan. For loans without significant increase in credit risk, stage 1, expected credit losses are calculated for estimated defaults within 12 months. For loans where there is a significant increase in credit risk, stage 2, or loans in default, stage 3, the calculation is based on the lifetime of expected losses.</p> <p>The current macroeconomic situation including high inflation, increasing energy prices, higher interest rates and lower global growth has impacted management's determination of the ECL. To address the uncertainties inherent in the current and future environment and to reflect all relevant risk factors not captured in Nordea's modelled results, management developed post-model adjustments.</p> <p>Additionally, Nordea uses adjustments to the model-driven ECL results to address impairment model limitations.</p>	<p>Our audit included a combination of testing of internal controls over financial reporting and substantive testing.</p> <p>We obtained an understanding of the loan origination process, credit risk management and the impairment allowances for loans and advances to customers.</p> <p>Based on risk, we selected individual loans and performed detailed credit file reviews and assessed their credit risk.</p> <p>We assessed the design and effectiveness of governance and controls over the estimation of ECL.</p> <p>For ECL models, we involved our modelling specialists to assess the methodology, challenge the underlying assumptions and to independently reperform the calculation for a sample of loans.</p> <p>We have evaluated the appropriateness of the assumptions and accuracy of underlying data used to develop post-model adjustments and reviewed that governance procedures have been performed.</p> <p>We have also assessed the disclosures related to impairment of loans.</p>
<p>Valuation of certain Level II and III financial instruments held at fair value</p> <p><i>Refer to the Note 1 Accounting policies (Critical judgements and estimation uncertainty and Determination of fair value of financial instruments), Note 6 Net result from items at fair value, Note 12 Derivatives and hedge accounting, Note 22 Classification of financial instruments and Note 23 Assets and liabilities at fair value.</i></p> <p>Heightened geopolitical tensions and ongoing macroeconomic uncertainty while confirming the trend of improving financial conditions continue to be a key theme across major markets. The challenging valuation environment emphasises the importance of robust valuation and reporting controls and the valuation of financial instruments continues to be an area of inherent risk.</p> <p>The valuation of Level II and III financial instruments utilizes observable and unobservable inputs respectively, for recurring fair value measurements.</p> <p>Important areas in valuation of financial instruments held at fair value relate to:</p> <ul style="list-style-type: none"> • Framework and policies relating to models and valuation; • Internal controls relating to fair value adjustments, price testing, fair value hierarchy, and model control & governance; and • Disclosures of financial instruments. 	<p>We assessed and tested the design and operating effectiveness of the controls over:</p> <ul style="list-style-type: none"> • The identification, measurement and oversight of valuation of financial instruments; • Fair value adjustments, independent price verification and fair value hierarchy; • Model control and governance. <p>We examined the Company's independent price verification processes, model validation and approval processes, controls over data feeds and inputs to valuation and fair value hierarchy and the Company's governance and reporting processes and controls.</p> <p>We performed an independent fair valuation of a sample of positions including fair value hierarchy testing.</p> <p>In respect of fair value adjustments for derivatives, we assessed the methodology applied.</p> <p>We have also assessed the disclosures related to valuation of financial instruments held at fair value.</p>

Key audit matter in the audit of the company	How our audit addressed the key audit matter
<p>IT systems supporting processes over financial reporting</p> <p>The Company's financial reporting is highly dependent on IT systems supporting automated accounting and reconciliation procedures. To ensure complete and accurate financial records it is important that the IT general controls are designed properly, and they operate effectively.</p>	<p>We have tested the design and operating effectiveness of controls related to the IT systems relevant for financial reporting. Our assessment included access to program and data as well as program development and changes.</p> <p>For logical access to program and data, audit activities included testing of addition of access rights, removal of access rights and monitoring of appropriateness as well as appropriate segregation of duties.</p> <p>Other areas tested included monitoring of IT systems and controls over changes to IT-systems.</p>
<p>There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the financial statements.</p>	

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 financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU 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 company'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 company 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 company'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 company'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 company 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.

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 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 1 October 2016. Our appointment represents a total period of uninterrupted engagement of 10 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. 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 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, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 23 February 2026

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)

Corporate Governance Report 2025

Application by Nordea Mortgage Bank Plc

Nordea Mortgage Bank Plc (NMB) is a Finnish public limited company and a wholly owned subsidiary of Nordea Bank Abp, the listed parent company of the whole Nordea Group. In this report the Nordea Group is referred to as "Nordea". A description of corporate governance in Nordea is included in the 2025 Annual Report of Nordea Bank Abp.

All the operations of Nordea Mortgage Bank Plc are integrated into the operations of Nordea. Nordea has established the corporate governance framework at Group level and the framework is reviewed on a continuous basis. Information on corporate governance in Nordea and this report are available on www.nordea.com. Nordea Mortgage Bank Plc has given a description of governance arrangements in accordance with the Finnish Act on Credit Institutions and the Finnish Act on Mortgage Credit Banks and Covered Bonds. The description is available on www.nordea.com.

Strong corporate governance is about companies having clear and systematic decision-making processes, thus providing clarity about responsibilities, avoiding conflicts of interest and ensuring satisfactory internal control, risk management and transparency. Commitment to Nordea's purpose and values requires the integration of sound corporate governance practices into regular business activities to attain – as far as possible – a company that is both well governed and well managed.

Nordea Mortgage Bank Plc submits this Corporate Governance Report as an issuer of covered bonds. This report has been prepared following the guideline on Corporate Governance Statement in the Finnish Corporate Governance Code 2025 where applicable. This report is submitted as a separate report from the Annual Report 2025 and it is available on www.nordea.com.

The Board of Directors of Nordea Mortgage Bank Plc has reviewed this Corporate Governance Report.

On Internal Governance in Nordea Mortgage Bank Plc

Division of powers and responsibilities

Subject to the principles set out in the Governance Requirements, the Group Board has the overall responsibility for adequate Internal Governance across the Group and for ensuring that there is a governance framework appropriate to its structure, business and risks. The Group Board shall consider the interests of all Group Subsidiaries including Nordea Mortgage Bank Plc, and the way strategies and policies contribute to the interest of each of them as well as the whole Group over the long term.

The management and control of Nordea Mortgage Bank Plc is divided among the shareholder at the General Meeting, the Board of Directors and the Chief Executive Officer (CEO), pursuant to the provisions of the external framework, the Articles of Association and the internal instructions set forth by the Board of Directors.

General Meeting

NMB is the wholly owned subsidiary of Nordea Bank Abp. The Annual General Meeting is the highest decision-making body at which the shareholder exercises its voting rights. At the Annual General Meeting, decisions are taken regarding matters such as the annual accounts, dividend, election of the Board of Directors and auditors and remuneration for Board members and auditors.

The Board of Directors

The Board of Directors of NMB shall be responsible for managing the company and organising its activities in a proper manner and for representing NMB. The Board of Directors of NMB consists of six members, one of which is external board members. According to the Articles of Association, the Board of Directors shall consist of not less than three and not more than eight members. The Board of Directors shall appoint the Chair and the Deputy Chair of the Board.

Members of the Board of Directors of NMB were Jani Eloranta (Chair), Kaj Blomster, Ilkka Salonen, Tina Sandvik (Deputy Chair), Ola Littorin, Minna Martikainen and Timo Nyman until 24 January.

As 24 of January until 7 of April Members of the Board of Directors of NMB were Jani Eloranta (Chair), Kaj Blomster, Ilkka Salonen, Tina Sandvik (Deputy Chair), Ola Littorin, Minna Martikainen, Ulrika Nirkkonen, and Nina Luomanen.

As 7 of April Members of the Board of Directors of NMB were Jani Eloranta (Chair), Ilkka Salonen, Tina Sandvik (Deputy Chair), Ola Littorin, Ulrika Nirkkonen, and Nina Luomanen.

Further information on the members of the Board of Directors can be found in the section of "Management and auditors" in the Annual Report 2025 of Nordea Mortgage Bank Plc and on www.nordea.com.

Of the members of the Board of Directors Ilkka Salonen is independent of NMB and its shareholder. Jani Eloranta (Chair), Tina Sandvik (Deputy Chair), Ola Littorin, Ulrika Nirkkonen, and Nina Luomanen are all employees in the Nordea Group. None of the members of the Board of Directors take part in the day-to-day management of NMB.

The Board of Directors shall, in accordance with the Local Governance Rules for the Board of Directors of Nordea Mortgage Bank Plc approved by it, confirm the authorisation to act for and on behalf of NMB and the distribution of duties between the members of the Board of Directors and the CEO.

The Board of Directors is responsible for the organisation and administration of NMB and its business. The Board shall manage NMB's affairs with due expertise and care in accordance with legislation, the Articles of Association, existing Group Internal Rules issued by the Group Board and the Group CEO as well as internal guidelines issued by NMB's Board.

It is particularly incumbent upon the Board of Directors to:

- a) set up the governance structure of NMB,
- b) ensure that NMB's organisation with respect to accounting and NMB's financial circumstances generally includes satisfactory controls,
- c) approve the risk strategy and other strategic goals as well as ensure that the surveillance of the goals and strategy is reliable,
- d) acknowledge and adjust and adopt Group Internal Remuneration Rules as amended from time to time to ensure that NMB have remuneration policies that are in line with the remuneration principles set out in external regulation,
- e) appoint and discharge the CEO, the Deputy CEO and CRO and exercise supervision to ensure that the CEO fulfils his or her obligations,
- f) determine matters relating to the funding operations,

- g) resolve on and submit annual reports and interim reports for NMB,
- h) regularly monitor and assess NMB's financial situation and risks,
- i) convene and prepare items for the Annual General Meeting.

The Board has approved a policy for NMB to advance diversity in the composition of the Board. When the selection process of board members is carried out by NMB's Board of Directors the following shall be considered:

All Board member nominations should be based on merit with the prime consideration being to maintain and enhance the Board's overall effectiveness. Within this, a broad set of qualities and competences is sought for and it is recognised that diversity, including age, gender, geographical provenance and educational and professional background, is an important factor to take into consideration. NMB's objective is to have a fair, equal and balanced representation of different genders and other diversifying factors in the Board collectively. The composition of the Board of Directors is in line with the diversity policy.

Work of the Board of Directors

In 2025, the Board of Directors held 16 meetings. Six meetings were physical meetings, one was remote meeting and nine meetings were held per capsulam.

Meeting attendance in 2025

Jani Eloranta, Chair	15/16
Kaj Blomster	5/5
Ola Littorin	12/16
Nina Luomanen	12/15
Minna Martikainen	5/5
Ulrika Nirkkonen	15/15
Timo Nyman	1/1
Ilkka Salonen	16/16
Tina Sandvik, Deputy Chair	14/16

The Board regularly follows up on the business plan, financial position and development as well as risks. The financial targets and the business plan will be reviewed on an annual basis. In 2025, the Board discussed issues related e.g. to the risk strategy and risk appetite framework, Financial crime, internal control and compliance, well-being of the staff, recovery planning details, housing loan and covered bond market.

The Secretary of the Board of Directors was Terhi Kytö.

Board committees

The Board of Directors of Nordea Mortgage Bank Plc had three Board committees until 14 of April 2025: Audit Committee (AC), Risk Committee (BRIC) and Nomination Committee. After 14 April 2025 the Board of Directors of Nordea Mortgage Bank Plc has one committee: Risk Committee (BRIC).

Audit Committee

Audit Committee (AC) had tasks set out to it in the Finnish Act on Credit Institutions and in the Company Directive for on the Audit Committee approved by the Board of Directors of NMB.

The members of the Audit Committee were Ilkka Salonen (Chair), Minna Martikainen, and Ola Littorin until 14 April 2025.

Generally, the Chief Internal Auditor (CIA), the Chief Financial Officer (CFO) and Chief Executive Officer (CEO) as

well as the external auditor of NMB were present at meetings with the right to participate in discussions but not in decisions.

In 2025, the Committee held one meeting.

The committee was dismantled in 14 April 2025. The Board of Directors handles the duties of Audit Committee.

Risk Committee

Risk Committee (BRIC, Committee) has tasks set out to it in the Finnish Act on Credit Institutions and in the Local Governance Rules for the Board Risk Committee approved by the Board of Directors of NMB.

The members of the Committee were Kaj Blomster (Chair), Ilkka Salonen, and Timo Nyman until 6 February 2025. As of 6 February 2025 the members were Kaj Blomster (Chair), Ilkka Salonen, and Ulrika Nirkkonen until 14 April As of 14 April the members were Ilkka Salonen (Chair), Ola Littorin and Ulrika Nirkkonen.

The Chair of the BRIC is independent of NMB and its shareholder. BRIC assists the Board in fulfilling its oversight responsibilities concerning management and control of the risks, risk frameworks, controls and processes associated with NMB's operations, including credit, capital, market, liquidity, business, operational risk, conduct and compliance, as well as related frameworks and processes. BRIC shall take appropriate actions in response to Group Risk and Group Internal Audit (GIA) reports on significant deficiencies and risk presented to BRIC. In 2025, BRIC held six meetings.

Nomination Committee

The Committee members were Jani Eloranta, Nina Luomanen and Petteri Änkilä until 14 April 2025. The committee was dismantled in 14 April 2025. The nomination of Board members is conducted by shareholder.

Chief Executive Officer (CEO), Deputy CEO and Management Group

Nordea Mortgage Bank Plc has a Chief Executive Officer (CEO) and a Deputy CEO.

The CEO of Nordea Mortgage Bank Plc has established a Management Group to assist and support him in the management of the daily operations of NMB. The Management Group consists of the CEO, the Chief Financial Officer (CFO), Head of Mortgage Products, the Chief Operating Officer (COO), the Chief Risk Officer (CRO) of NMB and the Chief Compliance Officer (CCO) of NMB. The CRO and CCO are members of the Management Group but do not take part in business decisions. While it is CRO's and CCO's task to ensure that risks are considered in business decisions, the accountability remains with the business.

Internal Control Framework

The Board of Directors is responsible for setting and overseeing an adequate and effective Internal Control Framework.

The Internal Control Framework ensures effective and efficient operations, adequate identification, measurement and mitigation of risks, prudent conduct of business, sound administrative and accounting procedures, reliability of financial and non-financial information reported or disclosed (both internally and externally) and compliance with laws, regulations, supervisory requirements, the Nordea Group Internal Rules and the company specific internal guidelines.

The internal control process is carried out by NMB's Board of Directors, senior management, risk management functions and other staff. The internal control process aims to create the necessary fundamentals for the entire organisation to contribute to the effectiveness and high quality of internal

control through, for instance, clear definitions, assignment of roles and responsibilities and common tools and procedures.

Roles and responsibilities with respect to internal control and risk management are divided into three lines of defence. In the first line of defence, NMB is a risk owner, and thus responsible for conducting the business within the risk exposure limits and risk appetite and in accordance with the Internal Control Framework.

Risk management

As the second line of defence, the control functions are responsible for maintaining the Internal Control Framework and for monitoring the implementation of the policies and procedures within this Framework.

Chief Risk Officer

Chief Risk Officer (CRO) constitutes the independent second line of defence risk function for NMB supported by an intragroup agreement with Group Risk. CRO is responsible for developing and maintaining the Risk Management Framework with accountability for the risk oversight and provides a complete view of risks in NMB for the Board of Directors. The CRO has reporting lines to Group Risk and NMB CEO.

Compliance

The Compliance function is responsible for ensuring and monitoring compliance with internal and external rules. Its responsibilities include identifying, assessing, monitoring, controlling, and reporting of issues related to Compliance risks. This function is also responsible for developing policies and processes to manage compliance risks and provides the framework for internal control of non-financial risks by designing relevant procedures and issuing of relevant internal rules.

The Chief Compliance Officer (CCO) constitutes the independent second line of defense compliance function for NMB supported by an intragroup agreement with Group Compliance (GC). The Compliance function has the overall responsibility for co-ordinating the control of NMB's compliance risk, and for producing and following up on appropriate compliance risk assessments, for planning compliance activities and for compliance risk reporting in respect of NMB. The CCO has dotted reporting line to both the CEO of NMB and GC and significant compliance observations are also reported to the Board of Directors of NMB and relevant Board Committees.

Internal audit

Group Internal Audit (GIA) is an independent function commissioned by the Board of Directors. The Board of Directors is responsible for guidance on and evaluation of GIA within NMB. The Chief Internal Auditor reports functionally to the Board of Directors.

The purpose of GIA is to support the Board of Directors in protecting the assets, reputation and sustainability of NMB. GIA does this by assessing whether all significant risks are identified and appropriately reported by management and the risk functions to the Board, and the senior management; by assessing whether all significant risks are adequately controlled; and by challenging the senior management to improve the effectiveness of governance, risk management and internal controls.

GIA does not engage in consulting activities unless otherwise instructed by the Board.

All activities and entities of the Group fall within the scope of GIA. GIA makes a risk-based decision as to which areas within its scope should be included in the audit plan approved by the Group Board. After the approval of the

Nordea Group Audit Plan, the Audit Plan of NMB is composed by GIA and approved by the Board of Directors of NMB.

GIA shall operate free from interference in determining the scope of internal auditing, in performing its audit work and in communicating its results. For example, this means that GIA is authorised to inform the financial supervisory authorities of any matter without further approval. GIA is authorised to carry out all investigations and obtain all information required to discharge its duties. This includes the right to sufficient and timely access to the organisation's records, systems, premises and staff. GIA has the right to attend and observe e.g. Board Committees and senior management meetings when relevant and necessary.

Insider Administration

The Nordea Group and Nordea Mortgage Bank Plc have in accordance with laws and regulations adopted internal guidelines governing handling of insider information and trading in securities.

Leading officials

Leading Officials (LO) are appointed by Group Compliance after they assume a position that fulfils the criteria of a LO, and shall be registered on a List of Leading Officials of NMB. Members of the Board of Directors, the CEO and the Deputy CEO of NMB are considered to hold positions in which they discharge managerial responsibilities in NMB and are thus classified as Leading Officials (LO).

Other persons in such leading positions that they are to be considered as Leading Officials, are members of NMB's Management Group who have regular access to Inside Information relating directly or indirectly to NMB and the power to make managerial decisions affecting the future developments and business prospects of NMB.

Inside information and Internal Insider lists

As part of its ordinary work, the management of NMB shall in dialogue with the Head of Long Term Funding and/or the Head of Group Treasury on a continuous basis consider if any decision, event, agreement or other circumstance (including the financial results or financial position) would be likely to have a significant effect on the price of a Financial Instrument i.e. Covered Bond issued by NMB. If the management of NMB considers any information as likely Inside Information, it shall without undue delay refer the matter to the Head of Group Corporate Legal (GCL) for further handling in accordance with procedures for the Insider Coordination Team (ICT) of Nordea.

An Internal Insider List shall be established and maintained by the Control Room upon request by the Insider Coordination Team (ICT), following their identification of Inside Information that relates to Nordea/NMB. The Chief Financial Officer is responsible for all Internal Insider Lists. The Control Room is responsible for keeping the Insider List up to date and for sending all relevant notifications to Insiders.

If the information is classified as Inside Information, the Control Room will inform the person who reported the information to the Head of GCL of the decision and such person shall inform the Head of the Control Room of all persons who are in possession of the Inside Information. This information is needed to ensure that NMB as a Nordea Group entity fulfils its obligation to record all employees who possess Inside Information on an insider list.

If Inside Information is identified, an External Insider List shall be established by the Project Manager/Information Owner. The Project Manager/Information Owner is responsible for the establishment, maintenance of, and closing of the

Insider List, and shall ensure that all Insiders receive all required notifications.

The employees who have received or have access to Inside Information shall be registered on a relevant case-based Insider List. They shall be informed of all restrictions and obligations that apply for them as Insiders and will be required to acknowledge in writing their understanding of the legal and regulatory duties entailed.

Trading in Securities issued by Nordea Mortgage Bank Plc

Leading Officials (LO) of NMB are subject to the One-Month Rule when executing transactions in Covered Bonds issued by NMB (Relevant Financial Instruments). This means that a LO may not acquire Relevant Financial Instruments if the LO has disposed of that same Relevant Financial Instrument less than a month previously. Correspondingly, a LO may not dispose of Relevant Financial Instruments if the LO acquired that Relevant Financial Instrument less than a month previously.

One month in the One-Month Rule is the period from the date of execution of the previous transaction to the same date in the following calendar month. In the event the date does not appear in the following month, such date shall be deemed to fall on the first day of the month thereafter.

Any time a Leading Official has Inside Information about NMB, he / she must abstain from trading.

Report on the key aspects of the systems for internal control and risk management regarding financial reports

Nordea Mortgage Bank Plc belongs to the Nordea Group. The internal control and risk management systems in relation to the financial reporting process are organised at Nordea level. Financial reporting processes are fully integrated within Nordea. The Board of Directors of Nordea Mortgage Bank Plc monitors financial and risk reporting at Nordea Mortgage Bank Plc level and has dealt with the risk reports at Nordea Mortgage Bank Plc level. Nordea Mortgage Bank Plc complies with the Group Internal Rules and supporting instructions to the extent applicable.

The systems for internal control and risk management of financial reporting are designed to provide reasonable assurance about the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements for listed companies. The internal control and risk management activities are included in Nordea's planning and resource allocation processes. Internal control and risk management of financial reporting at Nordea are described below.

Control Environment

The control environment consists of Nordea's internal controls and centres around the culture and values established by the Board and the Group Leadership Team, and the organisational structure with clear roles and responsibilities.

Nordea's organisational structure aims to support the overall strategy, ensure business momentum and meet the requirements on capital and liquidity.

Clear roles and responsibilities are crucial in the governance of internal control over financial reporting where the risk owners in the business areas and Group functions are responsible for the risk management activities. A central function supports the Group CFO in maintaining a Group wide set of controls (in Nordea defined as Primary Financial Controls (PFC)), in line with the risk framework, which covers the control of risks and the risk identification process that to a large extent is based on the actual business and

financial closing processes in place. An independent risk control function that is responsible for identifying, controlling and reporting on financial reporting risk has been established in Group Risk Management and Control (GRMC). In addition, the internal audit function provides the Group Board with an assessment of the overall effectiveness of the governance, risk management and control processes.

The control environment is implemented in NMB where the CFO of NMB is responsible for maintaining the set of controls covering the control of risks and the risk identification process in accordance with the PFC. The CRO of NMB is the independent second line of defence risk management function within NMB responsible for identifying, controlling and reporting on financial reporting risk. GIA as the third line of defence function provides the Board of NMB with an assessment of the overall effectiveness of the governance, risk management and control processes.

Risk Assessment

The Group Board of Directors bears the ultimate responsibility for limiting and monitoring Nordea's risk exposure. Risk management is considered to be an integral part of running the business and the main responsibility for performing risk assessments regarding financial reporting risks lies with the business organisation. Performing risk assessments close to the business increases the possibility of identifying the most relevant risks. In order to govern the quality, control functions stipulate in governing documents when and how these assessments are to be performed. Examples of risk assessments are the recurring Risk and Control Self-Assessments and the event driven Change Risk Management and Approval process.

Risk assessment in relation to reliable financial reporting involves the identification and assessment of risks of material misstatements or deficiencies. Financial reporting risk control work in Nordea focuses on risks and processes which could lead to material financial misstatements. The scope of the PFC is therefore areas where risks of material financial misstatements exist, i.e. where the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion of correction of the misstated item. Structured risk assessment procedures determine in which divisions, locations and/or processes risks for material financial misstatements exist and therefore will need to be monitored under the PFC framework to ensure reasonable assurance of the reliability of Nordea's external financial reporting.

The heads of the respective units are primarily responsible for managing the risks associated with the units' operations and financial reporting processes. This responsibility is primarily supported by the Group Accounting Manual (GAM), the Financial Control Principles and various governing bodies, such as the Group Valuation Committee. GAM contains information on the accounting policies to be used in the Group as well as detailed reporting instructions and the tools needed to produce the financial statements. Fundamental internal control principles at Nordea are the segregation of duties and the four-eyes principle when approving, for instance, transactions and authorisations.

PFC control structure is based on Transaction Level Controls (TLC) that are identified through analysing risks based on high level processes with an end-to-end product focus. After deciding on the TLCs, an analysis is performed to determine the systems/applications to be relied on in financial reporting.

The quality assurance achieved through the management reporting process, where a detailed analysis of the financial outcome is performed, constitutes one of the most important control mechanisms associated with the reporting process.

The reconciliations constitute another set of important controls with which Nordea works continuously to further strengthen the quality.

Information & Communication

Group Finance is responsible for ensuring that the Group Accounting Manual and the Financial Control Principles are up-to-date and that changes are communicated with the responsible units. These governing documents are broken down into guidelines and standard operating procedures in the responsible units. Accounting specialists from Group Finance continuously provide accountants and controllers with information on changes in order to inform of existing and updated rules and regulations with an impact on Nordea.

The key criteria applied when communicating financial information to the market are "correct, relevant, consistent, reliable and timely". The information is to be disclosed in such a way that the information is made available to the public in a fast and non-discriminatory manner.

Nordea interacts with relevant subject-matter experts externally to ensure fulfilment of financial reporting objectives. Nordea actively participates in relevant national forums, such as forums established by the financial supervisory authorities, central banks and associations for financial institutions.

PFC reporting procedures provide the management at different levels in the organisation with information related to the performance and assessment of the identified PFCs in the form of Process Owner reports and Management Dashboard reports with a summarised assessment outcome and high-risk areas. As all the operations of NMB are integrated into the operations of the Nordea Group, also the PFC reporting procedures are applicable to it. The CFO and CRO receive PFC reporting quarterly.

Monitoring

The Board of Directors, the Board Audit Committee and the Board Risk Committee of Nordea Bank Abp, as well as Group Internal Audit (GIA), have important roles in respect of overseeing and monitoring the internal control of financial reporting in the whole Nordea Group. Similarly, the Board of Directors and the Board Audit Committee of Nordea Mortgage Bank Plc have an important role with regard to monitoring the internal control of financial reporting in Nordea Mortgage Bank Plc.

Group Finance has also established specific quarterly reporting regarding the internal control of financial reporting to the Group CFO covering risk management and high-risk areas. The independent risk control function within GRMC reports specifically on financial reporting risk to the Board Audit Committee and the CEO in Group Executive Management on a quarterly basis.

Auditors

According to the Articles of Association, the auditor must be elected by the General Meeting for a term of one year. NMB's auditors were elected by the Annual General Meeting of Nordea Mortgage Bank Plc on 7 April 2025. The auditor must be an audit firm authorised by the Finnish Chamber of Commerce.

The current auditor:

[PricewaterhouseCoopers Oy](#)
Authorised Public Accountants

[Auditor with main responsibility](#)
Jukka Paunonen
Authorised Public Accountant

This Corporate Governance Report has not been reviewed by the external auditors and the report is not part of the formal financial statements.

For more information about sustainability at Nordea
please visit our website, nordea.com/sustainability.
For feedback, contact us at sustainability@nordea.com

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