

2025 | NDF Annual Financial Report



Nordic Development Fund

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Foreword

2025 was a defining year for NDF: closing the chapter of Strategy 2025 and the approval of Strategy 2030 by our Board of Directors. This is a deliberate response to a world where climate and development needs are growing ever more urgent and complex. The past year has been defined by robust delivery on our commitments, the validation of our approach through an independent performance evaluation, and the sharpening of our purpose as a Nordic leader in climate finance.

Our achievements in implementing Strategy 2025 have been both tangible and transformative. The external performance evaluation conducted in 2025 confirmed that NDF's portfolio has delivered meaningful results—strengthening climate resilience, supporting sustainable development, and building institutional capacity in our partner countries. It recognised our ability and willingness to embrace risk and foster innovation as hallmarks of our contribution to global climate finance, as well as the successful institutional upgrade in recent years. In particular, we have developed a distinct approach on blended finance, with a growing portfolio of blended funds.

These achievements are a testament to the trust placed in us by the Nordic countries, the strength of our partnerships, and the dedication of our staff.

The projects approved in 2025, totalling EUR 68.2 million, reflect our commitment to catalytic, early-stage solutions that meet urgent needs and inspire scalable action. Our projects this year have addressed urgent global challenges, from building resilience in vulnerable communities to pioneering innovative adaptation and mitigation approaches, with a priority given to investments in Sub-Saharan Africa. The capital increase in 2020 has empowered us to provide solutions to the urgent global challenges -- and continued financial contributions from the Member States is vital for NDF's ability to provide catalytic financing in the future. To complement the financial reporting, we publish an annual Results Report which provides further insights into the impact our investments are making.

In 2025 we also made significant progress in building deeper Nordic partnerships. As a convener and catalyst, we organised the first Nordic Climate Dialogues event in Helsinki, bringing together stakeholders to foster collaboration and information exchange. We also collaborated closely with Nordic governments within the Investment Mobilisation Collaboration Alliance IMCA, launching a joint call for proposals for adaptation finance in Africa.

Against this foundation, the adoption of Strategy 2030 represents a bold step forward. Informed by foresight analysis and engagement with our Board and staff, the new strategy sharpens our focus on maximising the impact of our resources in the current global environment, with a particular emphasis on concessional, risk-tolerant finance and catalytic, early-stage interventions.

As we move forward, our ambition is to lead at the frontier of climate and development finance, mobilising Nordic agility and innovation to unlock transformative solutions for the world's most pressing climate and development challenges.

SATU SANTALA
Managing Director



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Brief Overview

In 2025, the Nordic Development Fund (“NDF” or the “Fund”) experienced another very active year. While full implementation of Strategy 2025 continued, the organisation was already preparing for a new strategy period. An external performance evaluation of the 2020–2025 strategy period was completed, informing a revision of the strategy for the next five years. NDF also stepped up on outreach and convening Nordic partnerships and successfully organised the first Nordic Climate Dialogues event in the Helsinki capital region. All this contributed to ensuring that NDF is well positioned to advance Nordic climate leadership and ambitious climate action in geopolitically complex times.

During 2025, NDF approved EUR 68.2 million in new financing (2024: EUR 70.4 million), demonstrating its commitment to early-stage and catalytic financing for impactful projects amidst high demand. Total disbursements in 2025 reached EUR 41.9 million (2024: EUR 44.9 million). 3 projects were completed during the year. At year-end 2025, NDF’s project pipeline remained strong, with multiple initiatives in various stages of pre-approval.

Active Portfolio - Alignment with the strategic targets

All financing proposals are assessed against NDF’s prevailing strategy, to add value and deliver impact through early-stage project design, catalytic finance, and advancing Nordic leadership. By co-financing with strategic partners and actively engaging in knowledge creation, NDF benchmarks its activities against evolving global trends in climate finance and development. This approach strengthens partnerships with multilateral institutions, private sector fund managers, and non-financial collaborators, amplifying our role in addressing climate and development challenges.

The guiding targets of Strategy 2025 and NDF’s Results Management Framework have ensured a solid focus in 2025 on the three main strategy targets on Sub-Saharan Africa, climate change adaptation and concessionality. At the end of 2025, all guiding targets had been reached. NDF’s active project portfolio has comprised 68%^[1] investments in Africa (SSA), 59% provided as grant financing and 50% directed towards climate adaptation.

In volume terms, 63% are public sector and 37% private sector projects. 55% of the activities are in partnership with multilateral development banks and

45% with other partners.

NDF’s active^[2] project portfolio at the end of 2025 amounted to EUR 410.3 million^[3] (2024: EUR 331.8 million), distributed over 55 projects (2024: 39 projects)^[4]. In addition, NDF has a portfolio of closed projects consisting of 85 completed projects under the climate mandate (adopted in 2009) and 159 concessionary credits (2024: 159 credits) to sovereign states entered into during 1989–2006^[5].

^[1] The multi-region projects have been distributed across the three regions, with 50% allocated to Africa, 30% to Asia, and 20% to LAC.

^[2] The active portfolio includes all projects that are effective, signed and pending completion status.

^[3] The climate portfolio also includes grants that cannot be seen in the total assets, which entails that the numbers are not comparable with the statement of financial position.

^[4] This number of active projects does not include sub-projects from the Energy and Environment Partnership Africa Trust Fund (EEP Africa).

^[5] All projects in the old concessionary credit portfolio are closed.

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Project name	NDF commitment Board approved in 2025	Financing agreement signed in 2025
Transforming Landscapes for Resilience and Development II (TRALARD II)	EUR 10.0 million	X
The Outrigger Impact Fund (Equity)	EUR 7.4 million	
The Outrigger Impact Fund (Grant)	EUR 1.3 million	
Climate Innovation Challenge Fund	EUR 10.0 million	
M300 Distributed Renewable Energy DRE (Equity)	EUR 12.8 million	
M300 Distributed Renewable Energy DRE (Grant)	EUR 1.7 million	
Transform and Adaptation Fund (TAF) (Equity)	EUR 12.9 million	
Transform and Adaptation Fund (TAF) (Grant)	EUR 0.9 million	
Hindu Kush Himalaya Climate Risk Management Initiative	EUR 10.0 million	
SOFF Impact Bond	EUR 0.15 million	X
Climate and Peace investment Fund (CPIF) - Preparation Activities	EUR 0.5 million	
Rural Energy Access Lab (REAL)	EUR 0.5 million	X
Total NDF commitments in 2025	EUR 68.2 million	

At the end of 2025, NDF managed one financing facility, *the Energy and Environment Partnership for Africa (EEP Africa)*, with an active portfolio of 74 projects.

EEP Africa is a multi-donor trust fund hosted and managed by NDF with Austria, Denmark, Finland, Iceland, NDF, Norway and Switzerland as donors. EEP Africa provides grants and repayable grants to early-stage innovative clean energy projects, in Sub-Saharan Africa.

In addition, co-creation towards the establishment of a new Climate Innovation Challenge Fund was undertaken together with the Nordic countries, with NDF as the fund manager. This fund is expected to be operational in 2026.

Active Engagement - Communication and outreach activities

NDF communicated its activities and investments throughout the year, reaching a broader audience via multiple channels. NDF took part in international climate and development events, including COP30 in Belem, Brazil, where it hosted an event on early stage and catalytic climate finance at the Nordic Pavilion. NDF also attended several partner events, such as Investment Mobilisation Collaboration Alliance's (IMCA) launch of the first adaptation window for Africa.

In October 2025, NDF organised the Nordic Climate Dialogues event for the first time, gathering key stakeholders from across the Nordic region. The primary aim of the event was to encourage collaboration and

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facilitate the exchange of innovative solutions to address climate challenges. By providing a platform for open dialogue and knowledge sharing, the event enabled participants to develop joint approaches, with a strong emphasis on the pivotal role of Nordic cooperation in achieving sustainable global impact. The event attracted significant engagement, with 116 participants attending in person and over 260 individuals registered to view the high-level session via live stream. This level of participation demonstrated a clear demand for such collaborative initiatives. In conjunction with the event, NDF implemented a targeted communications campaign, which focused particularly on increasing visibility through social media channels.

The annual Results Report based on evidence-based data and performance information, obtained through NDF's Results Management Framework (RMF) was published in June 2025. The report showcased in a digital, user-friendly format the Fund's cumulative development results stemming from the active portfolio including forward looking projections, with project-level case examples.

Active Organisation - NDF's institutional development

The year 2025 marked a shift in NDF's institutional development, culminating in a reorganisation of the organisation, taking effect 1 January 2026. After years of intense institution-building, NDF has

established a robust framework of policies and processes, which was confirmed by the external evaluation finalised in 2025. With this foundation in place, the focus turned towards implementation, which will remain NDF's priority in the years ahead.

External performance evaluation

The Fund-level performance evaluation carried out by the Institute for Development Strategy assessed its delivery on Strategy 2025, with a focus on NDF's added value and comparative advantage within the international climate and development financing system, as well as identifying key priorities to further strengthen this added value. The evaluation was successfully finalised in Q2 2025 and provided support for NDF's continued work through its findings and recommendations. It also served as a key input to institutional learning and informed the development of NDF's revised strategy beyond 2025.

The evaluation commended the effective implementation of Strategy 2025, noting the Fund's clear added value in the international climate finance landscape. It highlighted the robust institutional framework, strong stakeholder engagement, and the organisation's ability to deliver impactful results across its portfolio. Furthermore, the evaluation recognised NDF's commitment to continuous improvement, learning, and innovation, which has contributed to enhanced effectiveness and adaptability in a rapidly evolving sector. These positive findings reinforce NDF's position as a trusted and forward-looking partner in climate and development finance.

Strategy 2030

Beginning in late 2024, NDF initiated a structured strategy process that included in-depth analysis and consultations. This process was informed by the findings of the recent external performance evaluation and built upon lessons learned from Strategy 2025. The Board of Directors discussed elements of the strategy in several sessions, culminating in a final review and approval in December 2025. The NDF Strategy 2030 outlines a bold vision for advancing Nordic climate leadership through innovative, risk-tolerant and concessional financing, with a primary focus on lower-income countries—especially in Sub-Saharan Africa. The strategy sets out to maximise the impact of NDF's resources by prioritising early-stage, catalytic projects and private sector engagement, driving adaptation finance, and strengthening nature-positive and biodiversity investments, all while ensuring that at least 60% of new commitments target lower-income countries in Sub-Saharan Africa and at least 50% of financial commitments are directed towards adaptation. To realise its ambition, NDF will safeguard its capacity for concessional, flexible financing, drive institutional efficiency, and strengthen organisational capabilities, including collaboration with partners.

Organisational efficiency and culture

NDF's organisational structure was revised in connection with the adoption of the new Strategy 2030. With this change, taking effect 1 January 2026, NDF is getting ready to deliver on the strategy and to be future-fit. A simple organisational structure based on two departments and a small team in the Managing Directors' office has been chosen as the most

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appropriate model for NDF. In a streamlined structure, increased efficiency, flow of information and collaboration can be achieved.

Collaborative work was undertaken during the year to clarify, streamline and improve internal workflows related to project origination and management. Several improvements were tested and adopted, including an enhanced Project Team approach.

NDF moved into new office premises in February 2025, representing a successful upgrade of the working environment to a more flexible and collaborative space. Based on an action plan to further improve and develop the organisational culture, the elements underpinning the concept of a respectful workplace were strengthened in the updated code of conduct for staff. Furthermore, more detailed guidelines for dealing with conflicts, unwanted behaviour and harassment were elaborated and approved.

In addition, internal guidelines on NDF's job architecture were elaborated to guide the implementation of the People Policy. Further development of the Risk Management Framework took place in 2025, which among other things resulted in the first annual risk management report being presented to the Board. Based on growing demands for performance-based management and data-driven decision-making, a data roadmap including a plan for IT system development and stretching until 2030 was elaborated. Results-

based management, learning and dissemination of knowledge continued to be a key focus area for NDF in 2025.

NDF continued to further promote the use and application of data in the organisation by enhancing synergies and creating linkages between the different data and information management tools, systems and frameworks that have been developed and implemented in the recent years, as well providing on-going training and support for staff.

The second annual Results and Reflection Day was held in September 2025 with a view to leverage NDF's increased capacity to collect and analyse data. The event fostered collaborative reflection and reinforced the connection between insights, planning and prioritisation.

Meetings of and with the Governing Bodies

Nordic Council of Ministers

The Nordic Council of Ministers (i.e., the five Ministers of Nordic Cooperation) approved the 2024 annual financial statements on 11 June 2025. Furthermore, in 2025, NDF continued its dialogue with the Secretariat of the Nordic Council of Ministers on issues relating to climate change and development, particularly in the context of preparations for joint activities at COP30.

Board of Directors

In 2025 the Board of Directors had four ordinary meetings. In addition to these meetings, the Board held

one extraordinary meeting.

The Chair of the Board of Directors for the period from 1 January to 30 April 2025 was Henrik Bergquist (Sweden) with Anders Ørnemark as Deputy Chair. As of 1 May 2025, Anders Ørnemark took over the Chair, with Anna Merrifield (Finland) as Deputy Chair. As of 4 April 2025, Morten Houmann Blomqvist was appointed alternate (Denmark). As of 19 February 2025, Anne Kristin Hermansen was appointed alternate (Norway). As of 22 September 2025, Anne Kristin Hermansen was appointed member and Hans Olav Ibrekk alternate (Norway) succeeding Anne Sofie Bjelland and Anne Kristin Hermansen, respectively. As of 1 November 2025, Hans Olav Ibrekk was appointed member and Jenny Stenberg Sørvoid alternate, succeeding Anne Kristin Hermansen and Hans Olav Ibrekk, respectively.

A list of NDF Board members and their alternates and the Board Secretary as per year end 2025 can be found on page 10.

Control Committee

The Control Committee ensures that NDF's operations are conducted in accordance with its Statutes. The Committee is furthermore responsible for overseeing the financial audit of the Fund and for appointing the external auditors. The financial audit of NDF is conducted by PricewaterhouseCoopers (PwC), who succeeded Ernst & Young as auditor for the 2025 financial year.

The 2024 annual accounts and the annual auditor's report were approved by the Control Committee on 26

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February 2025. At the same meeting, Aud Lise Norheim took up the position of chair of the Control Committee succeeding Jan-Erik Enestam^[6].

The Control Committee's autumn meeting was held on 17 September 2025.

A list of the chair, members and secretary of the Committee as per year end 2025 can be found on page 10.

Administration

As of 31 December 2025, NDF had 30 full-time and 2 half-time staff members^[7] (2024: 31 staff members). Out of the full-time employees, three were funded by EEP Africa. A list of the employees can be found on page 10.

NDF's organisational structure, at the end of 2025, consisted of four departments: Legal and Administrative Services (LAS), Portfolio Origination and Management (POM), Quality Assurance and Reporting (QAR) and Strategy, Outreach and Communications (SOC). From 1 January 2026, the structure will consist of the Portfolio Management Department (POM) as well as the Advisory and Institutional Solutions Department (AIS), and a small team in the Managing Director's office.

During 2025, recruitments were made for the full-time positions of two Program Managers (POM), one Senior Counsel (LAS) and one substituting Communications Officer (SOC).

During 2025, the staff of NDF continued to work in a hybrid mode, in accordance with the guidelines for hybrid work at NDF, the prevailing version of which took effect in May 2022.

NDF continued to acquire administrative services from the Nordic Investment Bank (NIB) regarding, among other things, office services, HR services, IT services and accounting, based on a service agreement between NDF and NIB, subject to review from time to time^[8]. In 2025, renovation of the new office premises in the same building was completed, and NDF staff were able to move into the new space.

Financial Review

Instruments

NDF operates with several types of financing instruments. Depending on the project type, NDF contributes with grants, loans or equity. These instruments can be used stand-alone or blended, as relevant.

Accounting currency

Since 2001, NDF's financial accounts are kept in EUR. Capital increases adopted before year 2000 and related capital contributions in Special Drawing Rights (SDR) are translated to EUR at the payment date.

As a result of operating for many years with SDR as the prevailing currency, NDF has outstanding credits in SDR and fluctuations in the SDR/EUR exchange rate lead to variations in financial results, positive or negative, from one year to another.

Capital and liquidity

In 2020, NDF's member countries decided on a capital increase of EUR 350.0 million. According to the base case payment schedule, the countries have agreed to pay in the amount of this capital increase during 2021–2031. Despite the base case payment schedule, variations to the schedule can be accepted if agreed by the Board and ensuring compliance with the liquidity policy.

NDF finances its payment and other obligations through the capital paid-in by its member countries, cash inflows from the existing project portfolio and proceeds from its treasury operations. During 2025, NDF received repayments of loans amounting to EUR 34.8 million (2024: EUR 33.1 million).

The liquid assets of NDF are managed by a commercial bank on behalf of NDF. Based on NDF's Liquidity and Investment Management Policy, the assets are placed in green bonds, yield funds and deposits, altogether yielding an average interest rate of approximately 1.6% (2024: 2.3%). The green bonds have an average maturity of three years and NDF's deposits are placed on 1 to 12-month intervals. The liquidity as per 31 December 2025 was EUR 203.2 million (2024: EUR 178.9 million) of which EUR 88.4 million was placed in green instruments (2024: EUR 84.6 million).

^[6] The Nordic Council of Ministers appoints the Chair of the Control Committee.

^[7] Of the 32 staff members, one staff member was on leave as of 31 December 2025.

^[8] This arrangement for administrative services is based on a decision by NDF's member countries when establishing NDF in 1988. The current service agreement was entered into in December 2022.

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Disbursements and results

During 2025, total disbursements to climate projects amounted to EUR 41.9 million (2024: EUR 44.9 million), of which EUR 28.1 million as grant financing (2024: EUR 25.2 million), EUR 1.3 million as repayable grant financing (2024: EUR 0.7 million), EUR 7.4 million was made as equity contribution (2024: EUR 17.0 million), and EUR 5.1 million as financing to climate loans (2024: EUR 2.1 million). At the end of the year, accumulated disbursements to climate change projects since 2009 amounted to EUR 527.8 million.

The net profit/loss for the year totalled EUR -37.4 million in comparison with EUR -30.5 million the previous year. The negative result also reflects NDF's mandate to provide highly concessionary financing with grants constituting at least 50% of the portfolio over the five-year period of Strategy 2025.

Financial results and allocation

NDF's total assets as of 31 December 2025 amounted to EUR 726.3 million (2024: EUR 733.2 million). This amount includes loans outstanding and equity investments to the amount of EUR 507.3 million (2024: EUR 531.8 million). Investments with credit institutions amounts of EUR 85.1 million (2024: EUR 72.3 million). Net loan losses, includes expected credit loss (ECL) on loans and reversals during 2025 totalling EUR 7.1 million (2024: EUR -2.3 million).

As of 31 December 2025, NDF's statutory capital consisted of SDR 515.0 million (2024: SDR 515.0 million) out of which SDR 515.0 million is paid-in, and EUR 680.0 million (2024: EUR 680.0 million) out of which EUR 462.1 million is paid-in. During 2025, EUR 31.4 million (2024: EUR 24.9 million), pertaining to the 2020 EUR 350.0 million capital increase, was paid-in. The remaining amount to be paid in by 2031 is EUR 217.9 million. The accumulated retained earnings were EUR -429.8 million (2024: EUR -392.4 million).

The Fund's income during 2025 amounted to EUR 7.5 million (2024: EUR 8.4 million). This consisted of income from credits to the public sector^[9] of EUR 3.7 million (2024: EUR 3.9 million), interest on financial investments of EUR 3.8 million (2024: EUR 4.5 million). Zimbabwe continues to be in default to NDF and is placed in stage 3 in the ECL model. All of its accrued, outstanding obligations towards NDF have therefore been placed in non-accrual status, and an impairment loss of 100% has been made. Following the 2022 review of the International Monetary Fund's Sovereign Arrears Policies and Perimeter, NDF has in 2025 continued to apply a recurring stress testing mechanism, similar to the ECL for its sovereign credits portfolio.

Administrative expenses were EUR 5.7 million (2024: EUR 5.3 million). The largest single item of expenditure consists of salaries and additional salary expenses of EUR 4.6 million (2024: EUR 4.4 million).

Net profit/loss for the year is carried forward to retained earnings. As NDF provides financing on concessionary

terms in the form of grants, loans and equity, NDF is likely to incur net losses and thus remain dependant on capital increases from time to time. Statement of financial position and statement of comprehensive income, changes in equity, cash flow and notes can be found on pages 11-44.

^[9] Of the credits to the public sector, 159 are credits to sovereign states that have been entered into during 1989-2006 and belong to the so-called legacy portfolio.

Helsinki, 20 February 2026

Morten Houmann Blomqvist

Chair of the Board of Directors (as per 21 January 2026)

María Erla Marelsdóttir

Henrik Bergquist

Anna Merrifield

Deputy Chair of the Board

Hans Olav Ibrekk

Satu Santala

Managing Director

Board of Directors *)

DENMARK

Anders Ørnekmark, Chief Advisor, Ministry of Foreign Affairs, *Chair of the Board*

Alternate: Morten Houmann Blomqvist, Chief Consultant, Ministry of Foreign Affairs

FINLAND

Anna Merrifield, Director, Ministry for Foreign Affairs, *Deputy Chair of the Board*

Alternate: Johanna Pietikäinen, Senior Specialist, Climate Finance, Ministry for Foreign Affairs

ICELAND

María Erla Marelsdóttir, Ambassador, Ministry for Foreign Affairs

Alternate: Geir Oddsson, Permanent Representative, Ministry for Foreign Affairs

NORWAY

Hans Olav Ibrenk, Special Envoy, Ministry of Foreign Affairs

Alternate: Jenny Stenberg Sørvold, Senior Advisor, Ministry of Foreign Affairs

SWEDEN

Henrik Bergquist, Deputy Director, Ministry for Foreign Affairs

Alternate: Leif Holmberg, Deputy Director, Ministry for Foreign Affairs

Observer:

Johan Ljungberg, Associate Director, Sustainability, Nordic Investment Bank

Secretary to the Board of Directors

Christina Stenvall, General Counsel, NDF

Control Committee *)

Chair

Aud Lise Norheim, Ambassador (retired)

DENMARK

Sjúrdur Skaale, Member of Parliament

FINLAND

Noora Fagerström, Member of Parliament

ICELAND

Vilhálmur Árnason, Member of Parliament

NORWAY

Truls Vasvik, Member of Parliament

SWEDEN

Lars Püss, Member of Parliament

Auditors appointed by the Control Committee *)

PricewaterhouseCoopers Oy, Finland, **Responsible Partner** Jukka Paunonen, Authorised Public Accountant (KHT)
Öhrlings PricewaterhouseCoopers AB, Sweden, **Responsible Partner** Peter Sott, Authorised Public Accountant

Secretary to the Control Committee

Christina Stenvall, General Counsel, NDF

Management and Staff *)

Satu Santala, Managing Director

Leena Klossner, Deputy Managing Director; Director, Outreach and Communications

Malena Rosman, Director, Portfolio Origination and Management

Jesper Andersen, Director, Quality Assurance and Reporting

Christina Stenvall-Kekkonen, General Counsel; Director, Legal and Administrative Services

Siv Ahlberg, Program Manager

Teemu Blomqvist, Program Officer

Sofia Chaichee, Impact Management Lead Specialist

Mayra Da Silva, Research Officer

Paula Fincke-Oladejo, Communications Officer

Amanda Hajnal, Risk and Systems Manager

Anne-Laurence Hamer, Communications Officer

Morten Holm van Donk, Program Manager

Anu Hassinen, Program Manager

Kelly Keodara, Fund Communications Officer, EEP Africa

Veronika Konnos, Office Assistant

Päivi Kuitunen, Senior Counsel

Isabel Leroux, Program Manager

Karin Lindblad, Program Manager

Jacob Lorentzen, Program Manager

Arturo Martin, Finance and Data Trainee

Emeli Möller, Program Manager

Kim Niemi, Executive Assistant

Mari Rasilainen, Paralegal

Taru Saarinen, Research Officer

Mats Slotte, Manager, Financial Administration

Eva Beate Strømsted Tuohimaa, Communications Officer (on parental leave)

Maria Talari, Fund Management Officer, EEP Africa

Hanna Uusimaa, Environmental and Social Safeguards Lead Specialist

Jussi Viding, Team Leader, EEP Africa

Michelle Voon, Program Manager

Lillemor Westerholm, Principal Counsel

Statement of comprehensive income

(Amounts in 1,000 EUR)	Note	1 January to 31 December 2025	1 January to 31 December 2024
Interest income calculated using the effective interest method		6 039	7 246
Other interest income		1 504	1 166
Net interest income	(3)	7 542	8 412
Free and commission income received		42	51
Fee and commission income paid		-130	-121
Net fee and commission income	(4)	-88	-70
Grant financing		-28 114	-25 153
Refund of grant financing		2 334	1 257
Net grant financing	(5)	-25 781	-23 896
Realised profit/loss on financial instruments at fair value		1 447	9
Unrealised profit/loss on financial instruments at fair value		-12 894	-11 041
Expected credit loss on financial operations at amortised cost		-7	-3
Net profit/loss on financial operations		-11 454	-11 034
Foreign exchange rate differences		-8 601	3 972
Net operating expenses		-20 055	-7 062
Administrative expenses	(6) (7)	-5 705	-5 338
Depreciation	(8)	-376	-315
Total administrative expenses		-6 081	-5 653
Total operating income		-44 462	-28 270
Net profit/loss before loan losses		-44 462	-28 270
Net loan losses	(9)	7 094	-2 257
Net profit/loss for the year		-37 368	-30 526
Total comprehensive income		-37 368	-30 526

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(Amounts in 1,000 EUR)	Note	31 December 2025	31 December 2024 ¹	1 January 2024 ¹
Assets				
Cash and cash equivalents		22 811	15 338	35 041
Long-term placements with credit institutions		85 130	72 349	40 107
Bond and fund investments	(11)	95 282	91 251	86 430
Loans outstanding	(12)	435 357	462 853	491 291
Equity investments	(13)	71 966	68 991	64 589
Other assets	(14)	13 671	20 244	19 482
Tangible and intangible assets	(15)	2 120	2 151	375
Total assets		726 337	733 178	737 315
Liabilities and equity				
Liabilities				
Other liabilities		2 622	3 485	1 946
Total liabilities		2 622	3 485	1 946
Equity				
Paid-in capital	(16)	1 153 505	1 122 115	1 097 265
Retained earnings		-392 423	-361 896	-361 896
Net profit/loss		-37 368	-30 526	-
Total equity		723 715	729 693	735 369
Total liabilities and equity		726 337	733 178	737 315

¹ Presentation of the statement of financial position has been reclassified, see Note 1.

Changes in equity

(Amounts in 1,000 EUR)	Paid-in fund capital	Retained earnings	Profit/loss for the year	Total
Equity as of 1 January 2024	1 097 265	-335 369	-26 527	735 369
Transfers between equity items	-	-26 527	26 527	0
Profit/loss for the year	-	-	-30 526	-30 526
Paid-in fund capital	24 850	-	-	24 850
Equity as of 31 December 2024	1 122 115	-361 896	-30 526	729 693
Transfers between equity items	-	-30 526	30 526	0
Profit/loss for the year	-	-	-37 368	-37 368
Paid-in fund capital	31 390	-	-	31 390
Equity as of 31 December 2025	1 153 505	-392 423	-37 368	723 715

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(Amounts in 1,000 EUR)	1.1-31.12.2025	1.1-31.12.2024 ¹
Cash flow from operating activities		
Net profit/loss for the year	-37 368	-30 526
Adjustments		
Depreciation of tangible and intangible assets	376	315
Foreign exchange differences	8 601	-3 972
Fair value of bond and fund investments	-563	-1 321
Fair value of equity investment	13 457	12 362
ECL on financial placements	7	3
Adjustment of equity investments	-	35
Adjustments to foreign exchange differences	-1 677	684
Change in other liabilities	-258	110
Net loan losses	-7 094	2 257
Other adjustments to the net profit/loss for the year	7	5
Adjustments, total	12 856	10 477
Lending		
Disbursed loans	-5 050	-2 093
Repayments of loans	34 817	33 127
Lending adjustments	-1 739	-2 176
Lending, total	28 028	28 858
Cash flow from operating activities	3 516	8 809
Cash flow from investing activities		
Change in investments with a maturity longer than 3 months	-12 788	-32 245
Change in bond and fund investments	-3 468	-3 499
Change in equity investments	-7 432	-16 800
Change in other assets	-2 426	-762
Change in tangible and intangible assets	-363	-670
Cash flow from investing activities	-26 477	-53 977

(Amounts in 1,000 EUR)	1.1-31.12.2025	1.1-31.12.2024
Cash flow from financing activities		
Paid-in fund capital	31 390	24 850
Cash flow from financing activities	31 390	24 850
Change in cash and cash equivalents	8 429	-20 318
Opening balance for cash and cash equivalents	15 338	35 041
Exchange rate adjustments	-956	615
Closing balance for cash and cash equivalents	22 811	15 338
Additional information to the statement of cash flows		
Interest income received	7 820	8 369

¹ Presentation of the cash flow statement has been reclassified, see Note 1

The cash flow statement has been prepared using the indirect method and cash flow items cannot be directly concluded from statement of financial position and statement of comprehensive income.

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Note 1: Accounting policies

1.1 Reporting entity

[History of NDF](#)

Cooperation among the Nordic countries comprises a wide range of activities, including economic policy, development of industrial technology, communications and the harmonisation of legal systems.

The most important formal basis for Nordic cooperation is the Helsinki Agreement of 1962. This agreement sets out the aims of Nordic cooperation and contains provisions for the Nordic Council and as subsequently amended, for the Nordic Council of Ministers.

The Nordic Council is a forum for consultation and discussion on issues of common interests at a parliamentary level. The Nordic Council of Ministers is empowered to make decisions on matters of cooperation that are binding to the governments of the Nordic countries.

On 19 May 1988, the Nordic Council of Ministers decided to establish the Nordic Development Fund ("NDF" or the "Fund") for financing projects of Nordic interest in developing countries on concessional terms. The establishing agreement of NDF was signed by the five Nordic countries namely Denmark, Finland, Iceland, Norway and

Sweden on 3 November 1988 and entered into force on 30 January 1989. The Fund's operations commenced on 1 February 1989.

In November 1997, the Nordic Council of Ministers decided that the legal framework of NDF should be revised to reflect the Fund's status as an international institution. This led to a new Agreement on the Nordic Development Fund, which was signed on 9 November 1998 (the 1998 Agreement), replacing the agreement of 1988.

[Purpose](#)

The statutory purpose of NDF, which has remained unchanged since establishment of the Fund, is to promote economic and social development in developing countries through participation in financing, on concessional terms, of projects of interest to the Nordic countries. As the Nordic countries' joint international development financing organisation, NDF has focused during 2020-2025, as reflected in the prevailing Strategy approved by the Board of Directors in April 2020, on the nexus between climate change and development in lower-income countries and countries in fragile situations.^[1] NDF engages in both the public and the private sector, and uses financial instruments flexibly, alone or in various combinations, to match the needs of the project.

[Legal Status](#)

NDF is governed by the provisions of the 1998 Agreement and the pertaining statutes (the "Statutes") as amended from time to time. In addition, there is a Host Country Agreement between NDF and the Government of Finland ("Host Country Agreement"), which was signed on 15 October 2013 and entered into force on 11 May 2014.

NDF has the legal status of an international legal person, with full legal capacity and is vested with some privileges and immunities typical for an intergovernmental financial organisation, such as exemption from credit policy measures and payment restrictions, protection from search and seizure of its property and assets, inviolability of its premises, and exemption from income-, asset- and property taxation.

The Statutes provide that the principal office, i.e., the headquarters of the Fund shall be located at the principal office, i.e., the headquarters of the Nordic Investment Bank (NIB). The address of the headquarters is Fabianinkatu 34, Helsinki, Finland.

^[1] A Strategy for the years 2026-2030, taking effect as of 1 January 2026 was approved by the Board of Directors on 3 December 2025. The new Strategy sharpens NDF's focus on maximising the impact of the Fund's resources in the current global environment, with a particular emphasis on concessional, risk-tolerant finance and catalytic, early-stage interventions.

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1.2 Basis of Accounting

NDF's financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as well as the Standard Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

1.3 Functional and presentation currency

The Fund's functional and presentation currency is euro, and the financial statements are presented in EUR 1,000, unless otherwise indicated. All figures in the financial statements have been rounded and consequently the sum of individual figures may deviate from the presented sum figure. Furthermore, all percentages are subject to possible rounding differences.

1.4 Changed accounting policies and presentation

To enhance clarity, improve transparency, and ensure compliance with IFRS accounting standards, the Fund has made changes to the presentation of its Statement of financial position and Cash flow statement. These changes are presentation-related only and have no impact on the reported total assets or total equity.

Accrued interest and fees receivables/payables have been reallocated to their respective financial

instrument line items. As of 31 December 2024, the total balances reclassified from Accrued interest and fees receivable amounted to EUR 1.9 million. Also, an additional Statement of financial position as at 1 January 2024 is presented. In the Cash flow statement, comparative figures have been restated accordingly. Furthermore, the presentation of changes in balance sheet items has been adjusted to reflect the new structure, see Note 24.

1.5 New accounting standards adopted in 2025

No new accounting standards adopted in 2025.

1.6 New accounting standards for financial years beginning on or after 1 January 2026

Changes to IFRSs not yet applied:

Settlement by electronic payments (amendments to IFRS 9 and IFRS 7) - This amendment is effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

Amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised and to provide an exception for certain financial liabilities settled using an electronic payment system. This new amendment is not expected to have a significant impact on the Fund's financial statements.

Classification of financial assets (amendments to IFRS 9 and IFRS 7) - This amendment is effective for annual

reporting periods beginning on or after 1 January 2026, with earlier application permitted. The Fund does not expect a significant impact.

Presentation and disclosures in financial statements (IFRS 18) - In April 2024, the IASB issued IFRS 18, which replaces IAS 1 and is effective from 1 January 2027. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The standard requires disclosure of management-defined performance measures, and aggregation and disaggregation of financial information. The Fund is currently evaluating the implications of IFRS 18 on its financial statements and the disclosure of management-defined performance measures. Based on a preliminary assessment, the new standard may result in reclassification of certain items between income statement categories and adjustments to aggregation and disaggregation in both the income statement and balance sheet. No material impacts are anticipated at this stage.

Subsidiaries without public accountability: disclosures (IFRS 19) - Issued May 2024, effective 1 Jan 2027 (early adoption allowed). It permits eligible subsidiaries to apply reduced disclosures while retaining full IFRS recognition and measurement principles. The Fund expects no impact on its financial statements.

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Annual improvements to IFRS accounting standards, volume 11 - Issued in July 2024, these narrow-scope amendments affect IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. Effective from 1 January 2026. The Fund is assessing the impact of the new requirements.

1.7 Significant accounting judgements and estimates

As part of the process of preparing the financial statements in conformity with IFRS, NDF's management is required to make certain judgements, estimates and assumptions that may affect NDF's profits, its financial position and other information presented in the Annual Financial Report. These estimates are based on available information and the judgements made by NDF's management. Actual outcomes may deviate from the assessments made, and such deviations may at times be significant.

NDF uses market value reports regarding financial instruments obtained from counterparty /commercial banks.

Significant judgement and estimates are applied to loan impairment testing including a model for expected credit loss (ECL) in accordance with IFRS 9. The estimates are highly dependent on factors such as political and financial instability. The uncertainties related to these estimates are reflected mainly in the statement of financial position.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are recognised in the accounts at the exchange rate prevailing on the closing date. Non-monetary assets and liabilities are recognised in the accounts at the euro rate prevailing on the transaction date. Income and expenses recognised in currencies other than the euro are converted on a daily basis to the euro, in accordance with the euro rate prevailing on that day.

Realised and unrealised exchange rate gains and losses are recognised in the statement of comprehensive income.

The Fund uses the exchange rates acquired from a leading market data provider based on rates prevailing at 13:00 GMT at 31 December except for Special Drawing Rates (SDR) which is based on the International Monetary Fund (IMF) published rate as disclosed in Note 22.

1.9 Recognition and derecognition of Financial Instruments

Financial instruments are generally recognised in the statement of financial position on a settlement date basis.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire.

A financial liability is derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

1.10 Basis for classification and measurement

The Fund classifies its financial assets into two categories: those measured at amortised cost, and those measured at fair value through profit or loss. This classification depends on both the contractual characteristics of the assets and the business model adopted for their management.

An investment is classified at "amortised cost" (AC) only if both of the following criteria are met: the objective of the Fund's business model is to hold the assets in order to collect the contractual cash flows, and the contractual terms of the financial assets must give rise on specified dates to cash flows that are only payments of principal and interest on the principal amount outstanding.

If either of the two criteria above is not met, the asset cannot be classified in the amortised cost category and must be classified at fair value through profit and loss (FVPL).

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The table below summarises the accounting treatment of the Fund's financial assets.

Financial assets and liabilities at amortised cost

An investment or liability is classified at "amortised cost" only if both of the following criteria are met: the objective of the Fund's business model is to hold the assets and liabilities in order to collect or pay the contractual cash flows, and the contractual terms of the financial assets must give rise on specified dates to cash flows that are only payments of principal and interest on the principal amount outstanding.

Determination of amortised cost

The financial instrument is acquired at fair value. Subsequently the amortised cost is 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 method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e., its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate.

When the Fund revises the estimates of future cash flows, the carrying amount of the respective financial asset is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or 'stage 3') according to ECL, for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision).

Commitment fees of loans are accrued on the balance sheet and included in the initial measurement of the financial asset when the loan is withdrawn. If the commitment expires unused, the commitment fee is recognised as revenue on expiry.

Financial assets at fair value

If either of the two criteria above is not met, the asset cannot be classified in the amortised cost category and must be classified at fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI). FVOCI is used to classify assets held for payments of principal, interest and to sell. All other financial assets are classified as FVTPL. Currently NDF has no financial assets measured at FVOCI.

Determination of fair value

The fair value of financial instruments, including derivative instruments that are traded in a liquid market, is the bid or offered closing price on the balance sheet date.

Investments for liquidity purposes	NDF's purpose	SPPI test passed	Measurement category
Cash and cash equivalents	To be held until maturity	Yes pass	AC
Long-term placements with credit institutions	To be held until maturity	Yes pass	AC
Bond and fund investments	Possibility to be traded	Partly pass	FVTPL
Operative investments			
Loans outstanding	To be held until maturity	Yes pass	AC
Equity investments	Possibility to be traded	No	FVTPL
Repayable grant	To be held until maturity	No	FVTPL

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The Fund measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market prices such as quoted bond prices (for example debt security prices), in an active market for identical instruments.

Level 2: Valuation techniques based on observable data such as interest rates, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Valuation techniques using significant unobservable inputs as there is no active market for quoted prices for these financial instruments.

Investments for liquidity purpose

1.11 Cash and cash equivalents

Cash and Cash Equivalents comprise monetary assets and investments with original maturities of three months or less, calculated from the date the acquisition and investments were made with insignificant risk of change in fair value.

Cash and Cash Equivalents in the cash flow statement refers to the net amount of monetary assets, investments and liabilities with original maturities of three months or less, calculated from the time the transaction was entered. During the periods presented, cash and cash equivalents in the balance sheet correspond to the cash and

cash equivalents in the cash flow statement.

1.12 Long-term placements with credit institutions (over 3 months)

NDF invests monetary assets with a commercial bank at current market interest rates. These placements are held at amortised cost.

1.13 Bond and fund investments

These investments consist of money market funds and green bonds. Investments in money market funds and bonds are carried at fair value, with changes in FV reported in profit or loss under net profit on financial operations. Bonds are classified in level 2 in the fair value hierarchy. Investments in money market funds are classified in level 2 in the fair value hierarchy.

Investments for operative purposes

1.14 Loans outstanding

NDF provides highly concessional loans to developing countries in line with its climate and development mandate. The lending transactions are recognised in the statement of financial position on the transfer of the funds to the borrower. The loans are initially recognised at cost at settlement date and subsequently held at amortised cost, with impairment assessed using the ECL model.

As these loans are provided exclusively by multilateral and bilateral development institutions, which are the only lenders to this specific borrower group, the lending terms are highly concessional, and no active or comparable market exists for such instruments. NDF's concessional policy is a policy feature, not a financial market deviation.

1.15 Impairment of loans

The Fund uses ECL to estimate the provision for potential impairments. The Fund recognises a loss allowance for ECL on financial assets measured at amortised cost, or at fair value through comprehensive income, and for loan commitments. NDF has no financial assets currently held at fair value through other comprehensive income. The ECL comprises of a three-stage model based on changes in credit quality since initial recognition. Impairments are reported based on either twelve month or lifetime expected credit losses, depending on the stage impairment of the financial asset. The stage allocation also determines if interest income for the financial asset is reported on the gross carrying amount as for Stage 1 and 2 assets or net of impairment allowance for Stage 3 assets. Financial assets may move between ECL stages depending on whether the credit quality improves or deteriorates.

Stage 1 - includes financial assets that have not had a significant deterioration in credit quality since initial recognition or have a low risk at the reporting date.

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Stage 2 - includes financial assets that have had a significant deterioration in credit quality since initial recognition, but for which there is no objective evidence of impairment.

Stage 1 and 2 assets are categorised as performing assets and the model calculations are updated at each reporting date.

Stage 3 - includes assets that have been categorised as non-performing by the Fund, which are classified in stage 3. The non-performing assets, assessment is done on an individual basis, as opposed to generic calculation rules for the Stage 1 and 2 assets. A default occurs regarding a borrower when either or both of the following have taken place:

- (a) NDF considers that the borrower is unlikely to pay its credit obligations in full.
- (b) The credit rating of the borrower is Default (D)

The Fund reviews its non-performing loans and receivables at each reporting date to assess whether an allowance for impairment should be recorded in the financial statements. In particular, the judgement of the management is required in estimating the amount and timing of future cash flows when determining the level of ECL. Such estimates are based on assumptions about several factors, and actual results may differ, resulting in future changes to the impairment.

In 2025, the methodology to calculate the Exposure at Default (EAD), the Loss Give Default (LGD) and the Probably of Default (PD) were updated in order to give a fairer assessment of the risks on financial assets measured at amortised cost. The update led to a lower total ECL provision. Further details regarding the ECL model, related inputs and governance can be found in Note 10.

1.16 Equity investments

As part of its strategy, NDF may make investments in external funds in equity and other participating interests to promote its mandate. The Fund's participation is also intended to promote efficient use of resources, playing a catalytic role in attracting other investors and lenders and mobilising the flow of resources to financially viable projects. The Fund does not seek a controlling interest in the companies and funds in which it invests. However, it may have influence in the investees through Board of Directors or Advisory Committee representation. If the Fund has significant influence, these investments are treated according to the equity method.

Investments in equity securities (except those accounted for under equity method) are structured entities and using the FVTPL assumption, with changes in FV reported in profit or loss under net profit on financial operations. The fair values of externally managed fund investments are determined based on valuation reports and other information received from fund managers, adjusted where necessary

for factors specific to NDF's holdings. The investments are currently classified in level 3 in the fair value hierarchy. If the fair value of an equity investment is based on available market price or market data, the classification would be level 1 or level 2 in the fair value hierarchy. Further information on the fair value measurement and valuation techniques applied is given in Note 17.

1.17 Derivative instruments

Derivative instruments, if any, are measured at fair value at the end of the year and the change in fair value is recognised in net profit on financial operations within statement of comprehensive income.

1.18 Grant financing

Disbursements to climate projects in the form of grants, are recorded as a cost under "Grant financing for climate projects" in the statement of comprehensive income. Upon completion of a project or cancellation of a grant, any refund is accounted for as a reduction of the total costs for the year under "Refund of grant financing." Repayable grants are also considered as grant financing although there is a mechanism of receiving back the grant at the end of the project or lifetime of the fund. Repayable grant disbursements are recorded under "Other assets" in the statement of financial position.

1.19 Tangible and Intangible assets

Tangible assets are recognised at historical cost, less

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accumulated depreciation based on their assessed useful life and impairment losses. The depreciation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives, usually three to five years.

Intangible assets mainly consist of investments in software and software licenses and also right to use assets arising from leasing arrangements. Separately acquired software licences are carried at historical cost less accumulated amortisation and impairment losses and are amortised over the assessed useful life of the assets, which is estimated to be between three and five years. The amortisations are made on a straight-line basis.

Leasing agreements

The Fund applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Fund recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The lease liability and right-of-use assets have equal value at the contract commencement date. Short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term.

Right-of-use assets

The Fund recognises right-of-use assets at the

commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured in cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented as part of intangible assets in Note 15.

Lease liabilities

At the commencement date of the lease, the Fund recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

1.20 Write-downs and impairment of intangible and tangible assets

The Fund's tangible and intangible assets are reviewed annually for impairment. If there is any objective evidence of impairment, the impairment loss is determined based on the recoverable amount of the assets.

1.21 NDF's capital

NDF's total subscribed capital as of 31 December 2025 is EUR 1 371 405 thousand (2024: EUR 1 371 405

thousand) and the carrying value of the paid-in capital is EUR 1 153 505 thousand (2024: EUR 1 122 115 thousand). The capital increase of EUR 350 million in 2020 to be paid in by 2031 provides a stable financial foundation for NDF's operations and supports going concern. For more information, see note 16.

Subscribed capital increases by member countries are contingent assets, which are recognised when paid-in.

1.22 Income from operations

The Fund's long-term lending to sovereign states is interest-free, but a fixed rate service charge (0,75%) per annum is collected on outstanding amounts. A fixed commitment charge per annum is collected on any undisbursed balance commencing 12-18 months after the loan agreement has been signed. Income from other loans is presented within interest income from lending in the statement of comprehensive income.

Income from equity investments is normally related to the return received by the shareholders of the company and is recognised within net profit on financial operations.

Non-utilisation fees are presented within Net fee and commission income.

Possible management fees that are received from borrowers are accrued to net interest income.

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1.23 General administrative expenses and host country reimbursement

NDF purchases administrative services from NIB. Costs of these services are shown under Note 7. On the basis of the Host Country Agreement, NDF receives a host country reimbursement from the Finnish government equal to the tax levied on the salaries of the Fund's employees.

1.24 Employee benefits

Employee pensions and insurance

The Fund is responsible for arranging pension security for its employees. In accordance with the Host Country Agreement between the Fund and the Finnish Government and as part of the Fund's pension arrangements, the Fund has decided to apply the Finnish state pension system. Contributions to this pension system, which are paid into the Finnish State Pension Fund, are calculated as a percentage of salaries. The Finnish Ministry of Finance determines the basis for the contributions and establishes the actual percentage of the contributions in co-operation with the local government pension institution Keva (see Note 6). The Fund's pension liability is completely covered.

NDF also provides its permanent employees with a supplementary pension insurance scheme, arranged by a private pension insurance company.

This is a group pension insurance based on a defined contribution plan.

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

1.25 Cash Flow Statement

The cash flow statement has been prepared using the indirect method whereby the net result is adjusted for effects of non-cash transactions such as depreciation and impairments. The cash flows are classified by operating, investing and financing activities. Cash flow items cannot be directly determined from the statement of financial position.

Note 2: Risk management

NDF has a Risk Management Policy which forms the foundation of its Risk Management Framework. The Policy defines the overall approach to systematic risk management, including key roles, responsibilities, and the principles guiding implementation across the organisation. In 2025, further progress was made in operationalising the Framework, and first annual risk

report was presented to the Board of Directors.

Risk Governance

Risk governance is defined in NDF's Risk Management Policy. The Board of Directors is responsible for assuring itself of the effectiveness of NDF's risk management. The primary responsibility for risk management rests with NDF Management, i.e., the Managing Director (MD) and other members of the Executive Management Committee (EMC). The MD holds the overall responsibility for ensuring the implementation of risk management, including securing sufficient resourcing to enable effective management of risks. NDF EMC is responsible for promoting a sound risk culture and for integrating risk management practices into their respective areas of responsibility and related internal processes.

The Risk Committee (RC), established in 2024, oversees the overall implementation and effectiveness of the Risk Management Framework. Its mandate includes reviewing specific risk events, assessing their implications, and providing recommendations to EMC. The RC supports the MD in making informed decisions on risks and opportunities, ensuring that all key risks are systematically identified, monitored, and appropriately managed.

Risk Processes

NDF's Risk Management Framework covers six key risk categories reflecting the Fund's mandate, operating

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model, and institutional context: Strategic Risk, Project Risk, People Risk, Process and IT Risk, Legal and Compliance Risk, and Financial Risk. Strategic Risk relates to uncertainties affecting NDF's ability to achieve its long-term objectives. Project Risk concerns the delivery, performance, and outcomes of NDF-financed operations. People Risk covers risks linked to NDF's human resources, competencies, wellbeing, and conduct. Process and IT Risks addresses risks arising from internal processes, systems, data, and cyber security. Legal and Compliance Risks includes exposure to legal disputes, contractual obligations, regulatory requirements, and integrity concerns. Financial Risk encompasses credit, market, and liquidity risks associated with NDF's treasury, lending, and investment portfolios.

Together, these risk categories ensure NDF applies a holistic and integrated view of risk, enabling the MD and EMC to prioritise mitigation actions, strengthen organisational resilience, and support informed decision-making.

Financial Risk Management

The Risk Management Policy outlines the overarching principles for managing financial risks, including the definition of responsibilities, oversight structures, and processes for identifying, assessing, monitoring, and reporting risks. The Department for Quality Assurance and Reporting (QAR) was vested the authority to manage NDF's

financial assets and liabilities within defined parameters. This authority covers the full range of NDF's financial activities, including debt-funding operations and the investment of liquid resources, as well as interest rate and currency risk management of NDF's lending and equity investment instruments. The following sections describe how NDF manages the different sources of financial risk.

Credit Risk

Credit risk arises from the inability or unwillingness of counterparties to discharge their financial obligations to NDF. There is potential for credit loss due to defaulting on one or more borrowers. Credit risk is by far the largest source of financial risk for NDF arising essentially from its lending and treasury operations.

NDF manages three principal sources of credit risk: (i) sovereign credit risk in its public sector portfolio; (ii) non-sovereign credit risk in its non-sovereign portfolio; and (iii) counterparty credit risk in its portfolio of treasury investments. These risks are managed in accordance with the Risk Management Policy and described in more detail in the sections below and in the Expected Credit Loss (ECL) Note 10.

1) Sovereign Credit Risk

In extending credit to sovereign entities, NDF is exposed to country risk which includes potential losses arising from a country's inability to timely service its obligations to NDF. NDF manages country credit risk

through its Risk Management Policy and procedures assessing sovereign credit risk as from entry of project proposals. The risk is then continuously monitored during the term of the credit. NDF applies a default policy that imposes severe restrictions on countries that fail to honor their debt service obligations to NDF.

Concentration risk associated with NDF's project financing arises from financing being concentrated to, a single counterparty, sector or country. As NDF is a climate project financier, there may be situations when a single sector is concentrated, and these are followed up on case-by-case basis. NDF focuses on climate change mitigation, adaptation and development projects, thereby contributing to a diversification of sector risk. To mitigate concentration risks, NDF finances projects that typically have regional exposure, allowing several countries to share the risk through fund arrangements or jointly financed regional projects with MDBs.

NDF's constituent documents, i.e., Articles 12 and 13 of the 1998 Agreement stipulate among other things that NDF may receive and be in possession of currencies of any kind and that NDF shall be exempt from payment restrictions and credit policy measures, which in any manner prevent or impede the fulfilment of its functions. These provisions underpin NDF's so-called preferred creditor status, on the basis of which sovereign credits by NDF (or other comparable multilateral creditors) are not subject to rescheduling of national debt in the so-called Paris or London Clubs.

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As follows from NDF's Statutes, Section 3 subparagraph 3, the only exception to NDF's non-participation in sovereign debt rescheduling may be coordinated international debt reliefs in which other multilateral financing institutions participate such as the Highly Indebted Poor Countries (HIPC) initiative in the 1990s.

NDF's non-participation in debt rescheduling is also contractually agreed in agreements between NDF's sovereign borrowers and NDF.

2) Non-Sovereign Credit Risk

NDF is exposed to non-sovereign credit risk when it extends credits to private-sector entities such as corporates and financial institutions. NDF monitors these risks continuously on transaction level and portfolio level.

3) Treasury Credit Risk

Counterparties in treasury operations must meet NDF's minimum credit rating requirements as set out in the Liquidity and Investment Management Policy and Liquidity and the Investment Management Guidelines. NDF may invest its liquidity with or through counterparties or issuers that have a high credit rating. NDF will follow the lowest rating principle, which implies that if the credit rating of the counterparty and/or issuer goes below A- by Standard and Poor's (S&P), A- by Fitch or A3 by Moody's, NDF would consider that

counterparty/issuer as non-eligible. Up to 50% of the liquidity can be invested in funds. The weighted average of the underlying assets in the funds needs to be Baa3 or BBB- or above.

Market Risk

Currency risk is the potential loss due to adverse movements in market foreign exchange rates, interest rates, and credit spreads. To promote stable growth in its risk-bearing capacity, NDF's principal currency risk management objective is to promote its risk capital from translation risk due to fluctuations in foreign currency exchange and interest rates.

As NDF will in future years have outstanding credits denominated in SDR, changes in the SDR-EUR rate may lead to the Statement of comprehensive income showing substantial foreign exchange differences since these currency positions are not hedged against changes in foreign exchange rates. A 5% depreciation of the SDR relative to the EUR would reduce the value of the outstanding SDR-denominated credits by approximately EUR 4.2 million. Conversely, if the SDR appreciates against the EUR, the value in EUR- terms would increase. Similar observations can be seen in USD invested deposits were a 5% depreciation of the USD relative to the EUR would reduce the value of the USD-denominated depo by approximately EUR 0.1 million.

Interest rate risk refers to the effect of market rate fluctuations on NDF's interest bearing assets and

related interest income. NDF's outstanding loans have a fixed annual service charge of 0,75% until the maturity date and is thus not subject to interest rate risks. NDF's liquidity reserve of approximately EUR 203.2 million (2024: EUR 178.9 million) is placed in a large Nordic bank. A 0,5% fall in the annual interest rate would result in a reduction of around EUR 0.9 million (2024: EUR 0.8 million). Conversely, an increase in interest rate would have a positive impact on financial earnings.

NDF utilises deposition contracts, green bonds and fund investments for liquidity management purposes.

Liquidity Risk

Liquidity risk is the potential for loss resulting from insufficient liquidity to meet cash flow needs in a timely manner. Liquidity risk arises when there is a maturity mismatch between assets and liabilities. To mitigate the funding liquidity risk, NDF requires a 20% liquidity buffer, which can be used to meet unexpected payment obligations while continuing ordinary project and administrative operations in the event that normal inflow of funds temporarily would cease. NDF does not make a distinction on how the liquidity and the liquidity buffer are invested, as all investments fall under the Liquidity Investment and Management Policy.

The market liquidity risk is mitigated by having all the liquidity invested in high-quality financial assets defined above (Treasury credit risk). These assets are under stressed market conditions and associated with

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low risk of decreased market value. Liquidity is also kept in bank accounts to avoid liquidating investments each time disbursement requests arrive.

Legal and Compliance Risk Management

Legal and Compliance Risk covers various risks associated with NDF's legal framework. As defined in NDF's Integrity Due Diligence Policy, legal risk refers to non-compliance by a contractual party of NDF with any applicable laws and regulations, policies, rules and international standards. Integrity risk, which is a subcategory of legal risk, refers to the risk of corruption, fraud, money laundering, terrorist financing, tax avoidance or evasion, lack of transparency and undue political influence.

As set out in its Policy on Anticorruption and Integrity, NDF adheres to the principles and definitions commonly applied by International Financial Institutions (IFIs), in particular the IFI Uniform Framework for Preventing and Combating Fraud and Corruption and is committed to participating in the joint efforts of IFIs to combat fraud and corruption.

The integrity of NDF's own activities and of its staff and members of governing bodies are governed by the Codes of Conduct, which set the values and ethical standards expected from the Control Committee, Board of Directors and the

Managing Director and from the staff respectively. The Codes covers topics such as conflicts of interests, gifts, hospitality, trading limitations and perquisite positions.

Note 3: Net interest income

The table shows the interest income and expenses recorded during the year:

(EUR 1,000)	1.1-31.12.2025	1.1-31.12.2024
Interest income		
Loans outstanding	3 703	3 944
Placements with credit institutions	1 963	2 509
Cash and cash equivalents	372	793
Interest income calculated using the effective interest method	6 039	7 246
Financial investments	1 504	1 166
Other interest income	1 504	1 166
Net interest income	7 542	8 412

Note 4: Net interest income

Fee and commission income from lending activities:

(EUR 1,000)	1.1-31.12.2025	1.1-31.12.2024
Non-utilisation fee	42	51
Total	42	51

Fee and commission expenses:

(EUR 1,000)	1.1-31.12.2025	1.1-31.12.2024
Fee and commission expenses	-130	-121
Total	-130	-121

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Note 5: Net Grant Financing

The geographic distribution of grant financing is as follows:

(EUR 1,000)	1.1-31.12.2025	1.1-31.12.2024
Africa	-24 303	-9 252
Asia	-3 047	-460
Latin America	-	-5 291
Multiple regions	-764	-10 149
Total disbursements	-28 114	-25 153

During the year EUR 2 334 thousand (2024: EUR 1 257 thousand) has been refunded on grant projects with multilateral development banks.

Note 6: Net personnel expenses, compensation and benefits

Based on the Host Country Agreement, NDF receives a host country reimbursement from the Finnish government equal to the tax levied on the salaries of the Fund's employees.

(EUR 1,000)	1.1-31.12.2025	1.1-31.12.2024
Salaries and other remuneration	-3 145	-3 010
Social security and employee insurances	-278	-302
Pensions	-1 182	-1 112
Board of Directors and Control Committee remuneration	-27	-23
Other personnel expenses	-100	-141
Gross personnel expenses	-4 732	-4 588
Host country reimbursement according to agreement with Finnish Government	1 297	1 131
Net personnel expenses	-3 435	-3 457

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Employees	1.1-31.12.2025	1.1-31.12.2024
Number of employees on 31 December	32	32
Average age of employees	46	45
Average period (years) of employment	5	5
Distribution by gender as of 31 December		
Female	25	25
Male	7	7
Supervised external resources ^[2]	0	1

^[2] Staff with an employment type of in-house consultant or hired staff. The costs arising from this category are not part of salary expenses.

Pension Benefits

NDF is responsible for arranging pension security for its employees. The Finnish public sector pension system (JuEL Pension) forms the basis for the pension benefits. The JuEL Pension is calculated based on the employee's annual taxable income and the applicable age-linked pension accrual rate. The employer's pension contribution in 2025 was 17.60% (2024: 17.64%) of the pensionable income. The employee's pension contribution was either 7.15% or 8.65%, depending on the employee's age. NDF pays this contribution for its permanent staff, and it is taxed as a benefit for the employees. The pension is accounted for as a defined contribution plan.

In addition to the JuEL Pension, the Fund has taken out a supplementary group pension insurance policy for its entire permanently employed staff, including the Managing Director.

The insurance premium, 6.5%, is calculated based on the employee's taxable income and paid until the age of individual retirement under the JuEL Pension, with an upper age limit of 65 years. The supplementary pension is also accounted for as a defined contribution plan.

The employer's pension contribution regarding the Managing Director amounted to EUR 117,018 (2024: EUR 122,978) of which EUR 35,459 (2024: EUR 30,931) comprised of supplementary pension premiums. Regarding the the Deputy Managing Director the amount is EUR 67,144 (2024: EUR 66,729) of which EUR 13,935 (2024: EUR 13,862) comprised supplementary pension premiums and for Other Members of Management the total amount is EUR 191,737 (2024: EUR 194,766) of which EUR 25,743 (2024: EUR 26,576) comprised of supplementary pension premiums. The Board of Directors and Control Committee members are not eligible for NDF pension arrangements.

Insurances

NDF has taken out several (both statutory and voluntary) insurance policies for its staff: unemployment insurance, group accident insurance, group life insurance, medical insurance and disability insurance. All personal insurance policies are valid for the total duration of employment (if not otherwise stated for the separate insurance alternatives). Longer periods of absence from work may temporarily interrupt the insurance coverage. Some of the insurances are available only to staff with a longer fixed-term contract and permanently employed staff. The Board of Directors and Control Committee members are not under the coverage of the abovementioned insurances.

Health care

NDF has also arranged occupational health care for its staff through a private medical center in Finland. The Fund's medical insurance covers in addition to a broad

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extent use of other health care service providers if needed and public sector health care services for more severe or complex medical treatment needs. The occupational health care benefit includes both preventive health care and wellbeing actions for staff and medical care. The Board of Directors and Control Committee are not under the coverage of the health care benefit.

Additional Benefits for Expatriate Personnel

Non-Finnish professional staff (including the Managing Director) who move to Finland for the sole purpose of taking up employment at the Fund are entitled to certain expatriate benefits, such as an expatriate allowance and a spouse/ family allowance. In addition, NDF assists the expatriate in finding accommodation, usually by renting a house or a flat in its own name. The staff member reimburses NDF for a part of the rent, which is equal to at least the taxable value of the accommodation benefit established annually by the Finnish National Board of Taxes.

Compensation for Board of Directors, Control Committee and Management

Compensation for the Board of Directors and the Control Committee is set by the Nordic Council of Ministers. The compensation consists of fixed annual remuneration and an attendee allowance. The members of the Board of Directors and the Control Committee are also entitled to reimbursement

of travel and accommodation expenses and a daily allowance in accordance with the established travel policy.

The Board of Directors decides on the appointment and remuneration of the Managing Director (MD). According to the Statutes, the Managing Director is appointed on a fixed-term contract of up to five years. The current MD's contract commenced on 4 March 2024 and ends on 3 March 2028.

Compensation for the Managing Director is paid in the form of a fixed monthly salary and customary salary-based benefits and allowances.

Compensation for the Chair of the Board of Directors, other members of the Board of Directors, the Control Committee, the Managing Director, the Deputy Managing Director and the other members of the Executive Management Committee appears in the table below:

(EUR 1,000)	1.1-31.12.2025	1.1-31.12.2024
Chair of the Board of Directors	5	5
Other members of the Board of Directors	19	16
Control Committee	2	2
Managing Director	329	371
Deputy Managing Director	214	213
Other members of Executive Management Committee	669	685

Taxation and Host Country Reimbursement

According to an agreement between the Fund's member countries, taxation of staff salaries and taxable benefits, the Managing Director's salary and the compensation for Board of Directors and Control Committee members, shall be taxed in the host country Finland in accordance with applicable Finnish taxation legislation.

According to the Host Country Agreement between the government of the Republic of Finland and the Fund, the amount of tax withheld in advance on the salaries of NDF's staff and the final tax on salaries collected shall be repaid to the Fund. The host country reimbursement, which the Fund received in 2025, amounted to EUR 1.296.871 (2024: EUR 1.131.071). The payment reduces the Fund's administrative expenses.

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Note 7: Other administrative expenses

NDF purchases administrative services from NIB.

Other administrative expenses (EUR 1,000)	1.1-31.12.2025	1.1-31.12.2024
Office premises costs	-109	-68
Other general administrative expenses	-1 302	-1 000
Cost coverage, NIB	-859	-812
Total	-2 270	-1 881

Auditor's fees (EUR 1,000)	1.1-31.12.2025	1.1-31.12.2024
Audit fee	-31	-21
Other audit-related fees	-11	-
Other assignments	-	-
Total	-42	-21

Note 8: Depreciation (Tangible and intangible assets)

(EUR 1,000)	1.1-31.12.2025	1.1-31.12.2024
Intangible assets	-217	-315
Tangible assets	-159	0
Total	-376	-315

Note 9: Net loan losses

(EUR 1,000)	1.1-31.12.2025	1.1-31.12.2024
Change in expected credit loss on performing loans	7 094	-2 257
Net loans losses	7 094	-2 257

Note 10: Expected credit loss

Introduction and governance

The Fund calculates and reports its impairments based on ECL. The ECL Framework is based on the requirements of the IFRS Accounting Standards (IFRS 9 Financial Instruments). Additionally, the guidance of the Basel Committee on Banking Supervision and Global Public Policy Committee are followed, where applicable. The ECL Framework is governed by the Funds's Risk Management Policy and has been approved by the Managing Director. The Risk Committee (RC) reviews and recommends the impairment allowances and ECL model based calculation results, which are approved by the Managing Director.

Inputs

The ECL calculation is performed at the level of individual financial assets and the main components comprise Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD). The model is forward-looking: current and future macroeconomic conditions are incorporated into the model through the customers credit rating and has therefore not a separate assumption.

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In 2025 the ECL model was revised in order to represent a more accurate approach to the different aspects of the ECL calculations. The PD, LGD and EAD estimates all underwent a revision and now give a fairer view of the ECL. The changes compared to 2024 are explained below:

ECL component	2025	2024
Probably of Default (PD)	Source for the impairment percentages: S&P Global Ratings: 2024 Annual Global Sovereign Default and Rating Transition Study	Source for the impairment percentages: S&P Global Corporate Annual Default Rates by Rating Category modified with NDF needs.
Loss Given Default (LGD)	25% for all sovereign credits and 10% for deposits	100% for all sovereign credits and deposits
Exposure at Default (EAD)	Stage 1: Outstanding loan/deposit amount at end of year and at Q2 the following 12 months Stage 2: Lifetime ECL, planned outstanding loan/deposit amount until maturity of the instrument.	Stage 1: Next 12 months planned cash-flow from loans and deposits Stage 2: Outstanding loan amount at end of year.

Overall, the changes implemented in 2025 resulted in a lower ECL compared to 2024. The most significant driver was the reduction in LGD, which decreased by 75% and was so significant that it offset the increases in the EAD component.

EAD increased substantially for Stage 1 loans, as it is now based on the outstanding loan balance rather than only the scheduled cash flows over the next 12 months. Similarly, EAD for Stage 2 loans increased because it now reflects the loan's lifetime exposure rather than only the outstanding balance at year-end.

Changes to impairment percentages linked to PD had only a minor impact and did not materially affect the overall ECL.

Each transaction in the Fund's portfolio has an internal PD rating associated with it. This rating is essentially a long-term, best estimate rating resulting in a neutral estimate without explicit buffers of conservatism. For ECL purposes, the PD is estimated based on a regression model of macroeconomic variables to observed default data. PD term structures are derived for each rating grade reflecting the macro-financial scenarios.

Probability of Default (PD) is estimated using the country rating of NDF's portfolio using S&P Global's rating (and if not available, Moody's or Fitch's).

Loss Given Default (LGD) The LGD represents an estimate of losses that could result from a default of a loan asset. In the case of sovereign default, NDF believes that payments would be likely to remain uninterrupted, benefiting from NDF's preferred creditor status. This feature is reflected in the LGD rate assigned to a sovereign exposure. Following a change in approach, the LGD assumptions used to assess LGD for the purpose of the 2025 ECL calculations have

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changed and NDF now applies a 25% LGD rate (down from 100% in 2024) for all loan assets within the ECL model, bringing its assumptions in line with those used by other International Finance Institutions in comparable country context.

Exposure at Default (EAD) represents the expected exposure in the event of a default and is measured from the nominal contractual cashflows and commitments. The loan impairment accounting policy is described in note 1: Accounting policies (1.13 Impairment of loans), and the results of the ECL are described below.

Sensitivity analysis assesses the impact of a 5% increase in both LGD and PD. A 5% increase in LGD results in a total ECL increase of EUR 7.3 million across loans, commitments, receivables, and deposits. In comparison, a 5% increase in PD leads to an ECL increase of EUR 1.8 million.

Expected credit loss (EUR 1,000)	Stage1	Stage2	Stage3	Total
Balance at 31/12/2023	725	40 524	16 720	57 969
Transfer to stage 1				
Transfer to stage 2	-38	38		0
Transfer to stage 3				
Loan disbursements and other new assets	56	23		79
Amortisations and repayments	-563	-2 316		-2 879
Impact of foreign exchange differences related to loans and deposits	520	4 539	512	5 572
Net changes in comprehensive income statement	-25	2 284	512	2 771
Balance at 31/12/2024	700	42 808	17 232	60 740
Transfer to stage 1				
Transfer to stage 2	-0	0		0
Transfer to stage 3				
Loan disbursements and other new assets	27	3		30
Amortisations and repayments	-49	-436		-485
Impact of foreign exchange differences related to loans and deposits	2 278	-8 911	-1 222	-7 854
Net changes in comprehensive income statement	2 257	-9 344	-1 222	-8 309
Balance at 31/12/2025	2 957	33 464	16 011	52 432

Expected credit loss	31.12.2025	31.12.2024
Loans outstanding and other lending related receivables	52 379	60 100
Loan commitments	38	633
Financial placements	14	7
Total	52 432	60 740

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Assets subject to expected credit loss (EUR 1,000)	Stage1	Stage2	Stage3	Total
Exposure at 31/12/2023	370 997	211 809	16 720	599 527
Transfer to stage 1				
Transfer to stage 2	-80 888	80 888		0
Transfer to stage 3				
Loan disbursements and other new assets	71 643	71		71 715
Amortisations and repayments	-66 092	-12 636		-78 729
Other changes (loan commitments)	-2 011	-71		-2 083
Foreign exchange adjustments from loans and deposits	86 547	-74 775	512	12 284
Exposure at 31/12/2024	380 196	205 286	17 232	602 714
Transfer to stage 1				
Transfer to stage 2	-4 587	4 587		0
Transfer to stage 3				
Loan disbursements and other new assets	92 455	148		92 602
Amortisations and repayments	-90 333	-14 048		-104 381
Other changes (loan commitments)	-4 903	-1 724		-6 627
Foreign exchange adjustments from loans and deposits	-4 535	166	-1 222	-5 590
Exposure at 31/12/2025	368 293	194 415	16 011	578 719
Assets subject to expected credit loss	31.12.2025	31.12.2024		
Loans outstanding and other lending related receivables	486 692	521 991		
Loan commitments	4 475	11 101		
Financial placements	87 552	69 622		
Total	578 719	602 714		

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Note 11: Bond and fund investments

(EUR 1,000)	31.12.2025	31.12.2024
Green bonds	88 998	85 134
Yield fund	6 284	6 117
Total, bond and fund investments	95 282	91 251

The green bonds are issued by financial institutions and state backed companies. Investments in yield funds are highly liquid and managed by a Nordic commercial bank^[3].

^[3] The Fund has made changes to the presentation of its Statement of financial position and due to this comparatives have been reclassified, see Notes 1 and 24.

Note 12: Loans outstanding

Loans outstanding consist of loans disbursed. Most part of the loans have been granted during 1989-2005 (collectively referred to as old credit portfolio) and a smaller part of more recent climate loans starting 2016.

(EUR 1,000)	31.12.2025	31.12.2024	(EUR 1,000)	31.12.2025	31.12.2024	(EUR 1,000)	31.12.2025	31.12.2024
Bangladesh	22 262	24 092	Indonesia	4 394	5 044	Rwanda	11 683	10 832
Benin	16 913	15 247	Jamaica	2 456	2 936	Senegal	29 530	32 542
Bolivia	16 461	18 694	Kenya	19 780	20 821	Sri Lanka	11 666	12 589
Botswana	1 498	1 757	Kyrgyz Republic	2 328	2 531	Tanzania	13 070	14 134
Burkina Faso	7 970	8 276	Lao PDR	40 773	43 903	Tunisia	2 269	2 515
Cambodia	6 671	7 042	Malawi	11 883	12 918	Uganda	32 347	34 780
Cap Verde	861	1 030	Maldives	4 143	4 587	Vietnam	16 760	17 901
China	1 795	2 017	Mauritius	651	814	Zambia	16 046	17 023
Colombia	571	673	Mongolia	14 499	16 126	Zimbabwe	4 937	6 003
Dominican Republic	3 354	4 000	Mozambique	36 964	40 201	Loans outstanding	473 479	510 486
East African Development Bank	2 462	2 736	Namibia	710	789	Move of unreceived amortisations to loans	14 257	12 468
Ethiopia	15 831	17 768	Nepal	10 556	11 581	ECL stage 1,2 and 3	-52 379	-60 100
Ghana	31 653	33 988	Nicaragua	26 115	28 260	Total	435 357	462 853
Honduras	21 450	23 198	Pakistan	3 551	4 066			
			Philippines	6 617	7 073			

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As of 31 December 2025, one borrower was more than 180 days overdue with payments (2024: 1 borrower). Agreed not disbursed loan financing amounts to EUR 4.5 million (2024: EUR 11.1 million). NDF has made changes to the presentation of its Statement of financial position and due to this, EUR 0.2 million was reclassified from other assets and EUR 0.8 million from accrued interest and fees receivable as of 31 December 2024^[4].

Note 13: Equity investments

Equity investments are distributed as follows:

(EUR 1,000)	31.12.2025	31.12.2024
ADB Ventures Fund ^[5]	10 433	
African Guarantee Fund (AGF)	12 310	19 520
Africa Go Green Fund (AGGF)	4 978	3 870
BUILD Impact Fund	3 438	4 209
Climate Resilience and Adaptation Finance and Technology Transfer Facility (CRAFT)	4 604	6 840
Energy and Entrepreneurs Growth Fund (EEGF)	2 797	1 825
Emerging Market Climate Action Fund (EMCAF)	1 511	1 146
Facility for Energy Inclusion Off-Grid Energy Access Fund (FEI OGEF)	3 016	3 878
InsuResilience Investment Private Equity Fund II	9 379	10 430
Mirova Gigaton Fund	10 761	7 460
Serengeti Energy	8 737	9 814
Total, equity investments	71 966	68 991

Agreed not disbursed financing amounts to EUR 22.6 million (2024: EUR 34.7 million). NDF's ownership in equity investments are either below 20% or NDF does not have significant control in the equity investments, therefore the exposure to the investments is limited to their fair value and any further possible commitments. The investments are managed by fund managers and NDF has a seat in the advisory committees.

Note 14: Other assets

Other assets are held at amortized costs except World Bank receivables and repayable grants which are measured at fair value^[6].

(EUR 1,000)	31.12.2025	31.12.2024
World Bank receivables	1 588	391
Other receivables	224	295
Repayable grants	11 858	19 558
Total	13 671	20 444

^[4] The Fund has made changes to the presentation of its Statement of financial position and due to this comparatives have been reclassified, see Notes 1 and 24.

^[5] The ADB Ventures investment has been reclassified from repayable grant to equity as the investment has more equity related features.

^[6] The Fund has made changes to the presentation of its Statement of financial position and due to this comparatives have been reclassified, see Notes 1 and 24.

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Note 15: Tangible and intangible assets

(EUR 1,000)	31.12.2025	31.12.2024
Intangible assets		
Acquisition value at beginning of year	2 601	1 180
Acquisition during the year	-18	1 420
Disposals during the year	-6	-
<i>Acquisition value at end of year</i>	<i>2 577</i>	<i>2 601</i>
Accumulated amortisation at beginning of year	1 171	857
Amortisation for the year	217	315
Accumulated amortisation on disposals during the year	-6	-
<i>Accumulated amortisation at end of year</i>	<i>1 383</i>	<i>1 171</i>
Net book value	1 195	1 429
Tangible assets		
	Office equipment	Office equipment
Acquisition value at beginning of year	816	145
Acquisition during the year	363	670
Disposals during the year	-94	-
<i>Acquisition value at end of year</i>	<i>1 084</i>	<i>816</i>
Accumulated depreciation at beginning of year	94	94
Depreciation for the year	159	0
Accumulated depreciation on disposals during the year	-94	-
<i>Accumulated depreciation at end of year</i>	<i>159</i>	<i>94</i>
Net book value	925	721
Intangible and tangible assets total	2 120	2 151

The right-of-use assets relating to lease agreements for office premises in Helsinki are included in the Intangible assets table above. The amount at the end of 2025 is EUR 1 195 thousand (2024: EUR 1 429 thousand). The tangible assets have increased during 2025 due to needs for new equipment in connection to renovation of and move to new office premises. The new office premises were ready for moving in in February 2025 and consequently depreciation started in March 2025.

Note 16: Equity

NDF's capital subscribed to during 1989-2000 amounted to SDR 515 000 thousand and EUR 330 000 thousand. In 2020, the Nordic Council of Ministers passed a resolution to increase the capital of NDF by EUR 350 000 thousand.

After the 2020 capital increase, the subscribed capital of NDF amounted to SDR 515 000 thousand and EUR 680 000 thousand, equivalent to EUR 1 371 405 thousand.

On 31 December 2025, SDR 515 000 thousand - the equivalent of EUR 691 405 thousand- and EUR 462 100 thousand, totalling EUR 1 153 505 thousand has been paid in by the member countries. EUR 217 900 thousand remains to be paid in.

Subscribed capital on 31 December 2025

(EUR 1,000)	SDR	%	EUR	%
Denmark	115 067	22 %	158 800	23 %
Finland	96 726	19 %	116 840	17 %
Iceland	5 453	1 %	8 550	1 %
Norway	101 591	20 %	171 550	25 %
Sweden	196 163	38 %	224 260	33 %
Subscribed fund capital	515 000	100 %	680 000	100 %

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Paid in subscribed capital of NDF on 31 December 2025

(EUR 1,000)	in SDR	Converted into EUR	in EUR	Total	%
Denmark	115 067	153 858	115 200	269 058	23 %
Finland	96 726	130 592	78 660	209 252	18 %
Iceland	5 453	7 303	5 100	12 403	1 %
Norway	101 591	136 354	113 170	249 524	22 %
Sweden	196 163	263 299	149 970	413 269	36 %
Paid-in Fund capital	515 000	691 405	462 100	1 153 505	100 %

Paid in subscribed capital of NDF on 31 December 2024

(EUR 1,000)	in SDR	Converted into EUR	in EUR	Total	%
Denmark	115 067	153 858	108 660	262 518	23 %
Finland	96 726	130 592	73 680	204 272	18 %
Iceland	5 453	7 303	4 650	11 953	1 %
Norway	101 591	136 354	103 440	239 794	21 %
Sweden	196 163	263 299	140 280	403 579	36 %
Paid-in Fund capital	515 000	691 405	430 710	1 122 115	100 %

Note 17: Fair value of financial instruments

CLASSIFICATION OF FINANCIAL INSTRUMENTS

(EUR 1,000)	Amortised cost (AC)	Fair value through profit and loss (FVTPL)	Total
Financial assets			
Cash and cash equivalents	22 811		22 811
Long-term placements with credit institutions	85 130		85 130
Bond and fund investments		95 282	95 282
Loans outstanding	435 357		435 357
Equity investments		71 966	71 966
Other assets	224	13 446	13 671
Total 31 December 2025	543 523	180 695	724 218
Financial liabilities			
	2 622		2 622
Total 31 December 2025	2 622		2 622

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CLASSIFICATION OF FINANCIAL INSTRUMENTS

(EUR 1,000)	Amortised cost (AC)	Fair value through profit and loss (FVTPL)	Total
Financial assets			
Cash and cash equivalents	15 338		15 338
Long-term placements with credit institutions	72 349		72 349
Bond and fund investments		91 251	91 251
Loans outstanding	462 853		462 853
Equity investments		68 991	68 991
Other assets	295	19 950	20 244
Total 31 December 2024	550 835	180 192	731 028
Financial liabilities			
	3 485		3 485
Total 31 December 2024	3 485		3 485

FAIR VALUE OF FINANCIAL INSTRUMENTS

(EUR 1,000)	31.12.2025		31.12.2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	22 811	22 811	15 338	15 338
Long-term placements with credit institutions	85 130	85 130	72 349	72 349
Bond and fund investments	95 282	95 282	91 251	91 251
Loans outstanding	435 357	435 357	462 853	462 853
Equity investments	71 966	71 966	68 991	68 991
Other assets	13 671	13 671	20 244	20 244
Total	724 218	724 218	731 028	731 028
Financial liabilities				
	2 622	2 622	3 485	3 485
Total	2 622	2 622	3 485	3 485

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The following table provides an analysis of the fair value of financial instruments at the end of the year broken down by the applicable Level in the fair value hierarchy.

The loans outstanding, carrying amount and fair value, are the same due to the special nature of the borrowers and the lending terms. The loans have a maturity of up to 38 years and have low interest rate (0,75% service charge). As NDF enjoys preferred creditor status, and the borrowers mostly represent low-income countries, NDF is of the view that the best estimate for the fair value is the amortised cost value.

LEVEL OF FAIR VALUE MEASUREMENT FOR FINANCIAL INSTRUMENTS AT THE END OF THE YEAR

(EUR 1,000)	31.12.2025			31.12.2024		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets at amortised cost						
Cash and cash equivalents	22 811			15 338		
Long-term placements with credit institutions		85 130			72 349	
Loans outstanding			435 357			462 853
Other assets		224			295	
Financial assets at fair value						
Bond and fund investments		95 282			91 251	
Equity investments			71 966			68 991
Other assets			13 446			19 950
Total	22 811	180 637	520 770	15 338	163 895	551 794
Financial liabilities		2 622			3 485	
Total		2 622			3 485	

Level 1 refers to market prices quoted in an active marketplace.
 Level 2 refers to observable data other than Level 1 market prices.
 Level 3 refers to information based on other than directly observable data.

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The following table provides an analysis of the changes in the fair value of Level 3 investment assets and other placements.

CHANGES IN FAIR VALUES CATEGORISED IN LEVEL 3

(EUR 1,000)	Equity investments	Other assets	Level 3, total
31 December 2023	64 589	19 252	83 841
Investments during the year	16 765	698	17 463
Divestments during the year			
Capital reduction			
Change in value*	-12 362		-12 362
Reassignment from other asset class			
31 December 2024	68 991	19 950	88 941
Investments during the year	7 432	1 300	8 732
Divestments during the year			
Capital reduction			
Change in value*	-13 457	1 197	-12 261
Reassignment from other asset class	9 000	-9 000	
31 December 2025	71 966	13 446	85 413

* This line corresponds to the effect on profit and loss.

Sensitivity analysis and measurement of financial instruments in level 3

In the assessment of NDF's Level 3 assets, due consideration must be given to the inherent nature of the investments and the form of NDF's involvement.

The equity investments – normally made in recently established entities – are assessed at fair value sourced from fund managers reports on fair value. A sensitivity analysis is difficult to carry out because normally there is no active market for these shares. Unlisted holdings in funds or directly owned holdings in companies are measured at NDF's share of the value that the fund manager or company reports (Net Asset Value (NAV)) and is updated on an annual basis. There are several factors affecting the valuation of assets in level 3, the most important being the performance of the underlying assets which is impacted by among other things exchange rate fluctuations, the political climate, natural disasters and, for early-stage investments, assumptions regarding future cash flows and discount rates applied by the fund managers.

The other assets – consist of two repayable grants and receivables relating to unutilized funds paid to the World Bank. The repayable grants do not follow a repayment schedule similar to sovereign loans; instead, each grant has a specified repayment date. These repayable grants are non-sovereign, as the financing agreements are entered into with a fund manager rather than a sovereign entity. As there is no observable market value for these instruments, their fair value is considered to be equal to their nominal value.

The receivables from the World Bank relate to grant funding provided by NDF under a trust fund agreement that will not be utilized in project implementation, as the related projects have been completed. In these cases, the World Bank implements the projects on behalf of NDF. See Note 14 for further details.

Loans outstanding are described in Note 1.14, *Loans outstanding*, and are classified as Level 3 due to their nature. The fair value is considered to be equal to the amortised cost, as the applicable discount rate is negligible.

Note 18: Maturity table

The table below sets out a maturity analysis for financial assets and liabilities containing principal and interest flows. For loans outstanding, undiscounted cash flows are presented until contractual final maturity.

31.12.2025	Carrying amount	Contractual cash flows	Up to and including 3 months	Over 3 months and up to and including 12 months	Over 1 year and up to and including 5 years	Over 5 years and up to and including 10 years	Over 10 years and up to and including 20 years	Over 20 years	Undefined
(EUR 1,000)									
Assets									
Cash and cash equivalents	22 811	22 811	22 811						
Long-term placements with credit institutions	85 130	90 646	32 769	55 642					2 236
Bond and fund investments	95 282	104 253	160	17 472	68 030	12 306			6 284
Loans outstanding	435 357	500 649	6 997	31 690	187 237	150 908	121 284	2 532	
Equity investments	71 966								71 966
Other assets	13 671								13 671
Assets total	724 218	718 359	62 737	104 804	255 267	163 214	121 284	2 532	94 157
Other liabilities	2 622								2 622
Other liabilities total	2 622								2 622
Loans agreed but not yet disbursed	4 475								4 475
Loans agreed but not yet disbursed total	4 475								4 475

31.12.2024	Carrying amount	Contractual cash flows	Up to and including 3 months	Over 3 months and up to and including 12 months	Over 1 year and up to and including 5 years	Over 5 years and up to and including 10 years	Over 10 years and up to and including 20 years	Over 20 years	Undefined
(EUR 1,000)									
Assets									
Cash and cash equivalents	15 338	15 338	15 338						
Long-term placements with credit institutions	72 349	72 924	30 349	40 376					2 198
Bond and fund investments	91 251	100 600	150	10 176	62 924	21 234			6 117
Loans outstanding	462 853	505 575	6 900	31 965	192 139	162 702	110 907	961	
Equity investments	68 991								68 991
Other assets	20 244								20 244
Assets total	731 028	694 437	52 738	82 517	255 064	183 935	110 907	961	97 551
Other liabilities	3 485								3 485
Other liabilities total	3 485								3 485
Loans agreed but not yet disbursed	11 101								11 101
Loans agreed but not yet disbursed total	11 101								11 101

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Note 19: Currency risk

NDF's operations are mostly in Euro, Special Drawing Right and US dollars. The table below shows the net assets and liabilities in the major currencies.

Net currency position as of 31 December 2025

(EUR 1,000)	EUR	USD	SDR	Other	Total
Financial assets					
Cash and cash equivalents	14 743	8 067			22 811
Long-term placements with credit institutions	82 555	2 575			85 130
Bond and fund investments	93 145	2 138			95 282
Loans outstanding	350 046		85 312		435 357
Equity investments	71 966				71 966
Other assets	13 671				13 671
Total	626 126	12 780	85 312		724 218
Non-financial assets					
Tangible and intangible assets	2 120				2 120
Total	2 120				2 120
Total financial and non-financial assets	628 246	12 780	85 312		726 337
Liabilities and equity					
Other liabilities	-2 594	-29			-2 622
Equities	-723 715				-723 715
Total	-726 309	-29			-726 337
Net of assets and liabilities	-98 063	12 751	85 312		

Net currency position as of 31 December 2024

(EUR 1,000)	EUR	USD	SDR	Other	Total
Financial assets					
Cash and cash equivalents	9 161	6 177			15 338
Long-term placements with credit institutions	62 679	9 670			72 349
Bond and fund investments	91 251				91 251
Loans outstanding	365 187		97 666		462 853
Equity investments	68 991				68 991
Other assets	20 244				20 244
Total	617 515	15 847	97 666		731 028
Non-financial assets					
Tangible and intangible assets	2 151				2 151
Total	2 151				2 151
Total financial and non-financial assets	619 666	15 847	97 666		733 178
Liabilities and equity					
Other liabilities	-3 390	-95			-3 485
Equities	-729 693				-729 693
Total	-733 083	-95			-733 178
Net of assets and liabilities	-113 417	15 751	97 666		

The most significant exposures in currencies other than EUR relate to SDR-denominated loans and, to a lesser extent, USD balances on bank accounts and USD deposits. If the SDR or the USD depreciates against the EUR, the value of these non-EUR positions will decrease when measured in EUR. For further details, see the sensitivity analysis in Note 2, Risk Management – Market Risk.

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Note 20: Commitments

EUR (1,000)	31.12.2025	31.12.2024
Loans agreed not yet disbursed	4 166	11 101
Grants agreed not yet disbursed	49 370	46 376
Reimbursable grants agreed not yet disbursed	5 442	6 798
Equity agreed not yet disbursed	22 612	34 657
Total	81 590	98 932

The future minimum lease payments under non-cancellable leases were as follows:

NDF as lessee		
EUR (1,000)	31.12.2025	31.12.2024
Within one year	242	234
Later than one but not two years	242	230
Later than two but not five years	727	690
Later than five but not ten years	424	633
Total	1 636	1 788

Note 21: Related party disclosures

According to the constituent documents of NDF, the Fund's principal office shall be located at the principal office of NIB. Furthermore, the Statutes of NDF set out that that the Fund's Control Committee members appointed by the Nordic Council shall be the same persons as appointed by the Council to the Control Committee of NIB. In addition, the Statutes of NDF set out that the powers vested in the Board of Directors may to the extent appropriate be delegated to the Fund's Managing Director and/or to NIB.

NDF acquires services at cost from NIB and rents the office premises through NIB. The outstanding balance of claims and debts between NDF and NIB, the service fee paid to NIB and the rental expenses are presented in the table below. In addition, the governments of the five Nordic countries are regarded as related parties, with further details provided in note 16. No interest is charged during the year (2024: EUR 0). See also Note 7.

EUR (1,000)	NDF's outstanding debt to NIB	Service fee	Rental expenses
2025	3	842	56
2024	7	799	268

Note 22: Currency exchange rates

The Fund's capital and credits to sovereign states are partially denominated in SDR. The SDR is neither a currency nor a claim on the International Monetary Fund (IMF), but it is a potential claim on the freely usable currencies of IMF members. SDRs can be exchanged for these currencies. Monetary assets and liabilities denominated in SDR are recognised in the accounts at the rates issued by IMF.

		EUR-rate on 31.12.2025	EUR-rate on 31.12.2024
DKK	Danish krone	7,46885	7,45777
ISK	Icelandic króna	147,2039	143,9146
NOK	Norwegian krone	11,83659	11,7857
SEK	Swedish krona	10,81221	11,45513
USD	US dollar	1,1756	1,03932
SDR	Special Drawing Right*	0,85773	0,79693

Daily valuations also for SDR. No exceptions.

NDF uses exchange rates acquired from a leading market data provider based on rates prevailing at 13:00 GMT at 31 December except for Special drawing right (SDR) which is based on the International Monetary Fund (IMF) last published rate of the year.

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Note 23: Subsequent Events

There have been no material subsequent events that would require disclosure or adjustment to these financial statements.

Note 24: Reclassification

Accrued interest and fees and receivables have been reallocated to their respective financial instrument line items. As of 31 December 2024, the total balances reclassified from Accrued interest and fees receivable amounted to EUR 1.9 million.

These changes are presentation-related only and have no impact on the reported total assets or total equity. See note 1.4.

	Reclassified 31.12.2024	Reclassification adjustment	Original 31.12.2024
Assets			
Cash and cash equivalents	15 338		15 338
Long-term placements with credit institutions	72 349	536	71 813
Bond and fund investments	91 251	565	90 686
Loans outstanding	462 853	962	461 891
Equity investments	68 991		68 991
Other assets	20 244	-161	20 405
Accrued interest and fee	0	-1 902	1 902
Tangible and intangible assets	2 151		2 151
Total assets	733 178	0	733 178
Liabilities and equity			
Liabilities			
Other liabilities	3 485		3 485
Total liabilities	3 485		3 485
Equity			
Paid-in capital	1 122 115		1 122 115
Retained earnings	-361 896		-361 896
Net profit / loss	-30 526		-30 526
Total equity	729 693		729 693
Total liabilities and equity	733 178		733 178

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	Reclassified 1.1.2024	Reclassification adjustment	Original 1.1.2024
Assets			
Cash and cash equivalents	35 041		35 041
Long-term placements with credit institutions	40 107	381	39 726
Bond and fund investments	86 430	574	85 857
Loans outstanding	491 291	864	490 427
Equity investments	64 589		64 589
Other assets	19 482	-10	19 491
Accrued interest and fee	-	-1 809	1 809
Tangible and intangible assets	375		375
Total assets	737 315	0	737 315
Liabilities and equity			
Liabilities			
Other liabilities	1 946		1 946
Total liabilities	1 946		1 946
Equity			
Paid-in capital	1 097 265		1 097 265
Retained earnings	-361 896		-361 896
Total equity	735 369		735 369
Total liabilities and equity	737 315		737 315

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Independent Auditor's Report

To the Control Committee of the Nordic Development Fund

Opinion

In our opinion financial statements give a true and fair view of the Nordic Development Fund's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

What we have audited

We have audited the financial statements of the Nordic Development Fund ("the Fund") for the year ended 31 December 2025. The financial statements comprise statement of comprehensive income, statement of financial position, changes in equity, cash flows statement and notes to the financial statements, which include material accounting policy information and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises 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 and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the

other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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.

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 issued by the IASB. 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 Fund'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

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intention to liquidate the Fund 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 ISAs 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 ISAs, 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 Fund'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 Fund'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 Fund 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.

[Other matter](#)

Our audit report is intended for the benefit of the Nordic Development Fund's Nordic Council of Ministers, Control Committee and the Board of Directors. This auditor's report is provided as a result of the audit of the Nordic Development Fund's financial statements, as required by Section 9 of the Statutes of Nordic Development Fund and Section 4 of the Rules of Procedure of the Control Committee of the Nordic Development Fund. Our audit report is not applicable, and it should not be used for any other purpose. We are responsible for our work, our auditor's report, and the opinion we have expressed only to the Nordic Development Fund, and not to third parties.

Helsinki, 24 February 2026

PricewaterhouseCoopers Oy
Authorised Public Accountants

JUKKA PAUNONEN
Authorised Public Accountant (KHT)

Öhrlings PricewaterhouseCoopers AB

PETER SOTT
Authorised Public Accountant

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Annex 2

Report by the Control Committee

Report by the Control Committee of the Nordic Development Fund on the audit of the administration and financial accounts of the Fund

To the Nordic council of Ministers

In accordance with section 9 of the Statutes of the Nordic Development Fund (Fund), the Control Committee (“Committee”) has been established to monitor that the operations of the Fund are conducted in accordance with its Statutes and to be responsible for appointing the external auditors to carry out the audit of the Fund’s financial statements.

The Committee comprises five members appointed by the Nordic Council and a Chair appointed the Nordic Council of Ministers. Having completed our assignment for the year 2025, the Committee hereby submits the following report.

During 2025, PricewaterhouseCoopers Oy, Finland and Öhrlings PricewaterhouseCoopers AB, Sweden, commenced their assignment as appointed external auditors of the Fund.

The Control Committee met twice during the financial year as well as after the Fund’s financial statements had been prepared, whereupon the necessary control and examination measures were performed. The Fund’s 2025 annual financial statements were examined at a meeting in Helsinki on 25 February 2026, at which time we also received the external auditors’ report on the 2025 financial statements, dated 24 February 2026.

The Fund’s Management has provided us with information, documents, and administrative support to fulfil the mandate of the Control Committee.

Following the audit performed, we note that:

- the Fund’s operations during the financial year have been conducted in accordance with the Statutes, and that
- the financial statements, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and report of the Board of Directors, are prepared in all material respects in accordance with the accounting principles described in the notes to the financial statements. The financial statements show a loss of EUR 37,367,876.95.

We recommend to the Nordic Council of Ministers that the statement of comprehensive income and the statement of financial position be taken note of.

Helsinki, 25 February 2025

Aud Lise Norheim
Chair

Lars Püss

Vilhjálmur Árnason

Noora Fagerström

Sjúrður Skaale

Truls Vasvik