The Nordic Green Bank

NEFCO

Annual Report 2025

The Nordic Green Bank

NEFCO

About the report
This annual report brings together our activities, sustainability and impact reporting, and financial statements for 2025. A separate Ethics and Compliance Report for 2025 is available here.

We welcome questions and comments on this report or our performance. Please reach out through our contact channels or email us at info@nefco.int.

Report of the Board of Directors

Financial report

Statements

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About Nefco

Nefco, the Nordic Green Bank, is an international financial institution founded in 1990 by Denmark, Finland, Iceland, Norway and Sweden. Our purpose is to promote investments of Nordic environmental interest, with a focus on Eastern Europe.

We work to accelerate the green transition by financing the initial scale-up of Nordic, innovation-driven green solutions on global markets. Alongside our paid-in capital, we manage several trust funds on behalf of public sector donors to support small and medium-sized green projects.

As a pioneer in green financing, we only fund projects that deliver positive environmental or climate impacts. We focus on investments that demonstrate scale-up potential and through which our financing can contribute real value.

Our work is guided by Nordic priorities and Vision 2030, the EU Green Deal, the Paris Climate Agreement and the Kunming-Montreal Biodiversity Framework.

We expect more than return on investment - we expect return on impact.

→ Read more on our website

What kind of green projects do we finance?

- New market expansion of green solutions developed by Nordic companies
- Municipal recovery schemes and support for the green transition in Eastern Europe, particularly in Ukraine and Moldova
- Clean energy access and cooking solutions in Sub-Saharan Africa
- Demonstration projects to improve the environmental condition of the Baltic Sea

Established in
1990

€77.9m
disbursed in 2025

1800+
green projects financed

76
employees of 15 nationalities

2025 in brief

Nefco is an international financial institution owned by the Nordic countries. Our task is to accelerate the green transition. We take concrete action across a broad range of areas, from energy-efficiency and clean energy to the circular economy and the conservation of biodiversity.

Review by the Managing Director

In 2025, the world felt both more fragmented and more demanding, and the need for credible, effective green financing was made even clearer.

During the year, my work took me across the Nordic capitals and to key European partners in Brussels and Luxembourg.

Despite different national contexts, one message was consistent: the Nordic commitment to concrete climate and environmental action remains strong, even amid geopolitical uncertainty, economic pressure and increasing climate risks. Nefco continues to be seen as a trusted institution for translating that commitment into tangible results.

Ukraine, in particular, was a topic that arose in almost every conversation. From Nordic governments to EU institutions, partners emphasised the importance of sustained, well-governed support and recognised Nefco as a reliable channel for delivery. That trust is something we take seriously, and it continues to shape our priorities.

Strategic clarity in a changing environment

The turn of the year marked the conclusion of Nefco's most recent strategic period, at a time when the external environment has changed markedly. Rather than launching quickly into the next strategic period, we chose to pause and ask some fundamental questions: where does Nefco add the greatest value today, and where will it matter most in the years ahead?

Together with the Board and our staff, we sharpened our focus and priorities. The outcome is a strategy that builds firmly on our identity as the Nordic Green Bank while responding to new realities. The direction is clear: greater focus, stronger partnerships and a continued emphasis on delivering impact with speed, quality and integrity.

Delivery under extraordinary conditions in Ukraine

Nowhere has our commitment been tested more than in Ukraine. Since Russia's full-scale invasion in 2022, we have worked with Ukrainian municipalities to repair, rebuild and future-proof critical infrastructure under exceptionally difficult conditions.

Projects supporting schools, water and wastewater systems, housing for internally displaced persons, and other essential municipal infrastructure moved forward during 2025. These achievements are, first and foremost, thanks to the Ukrainian communities involved, and to the dedicated professionals who make the implementation of such projects possible. Their resilience and professionalism continue to define Nefco's role in Ukraine.

What strikes me most is the determination of our Ukrainian partners. Mayors and municipal officials continue to plan for the long term, even as their cities face ongoing attacks. They understand that recovery is about not only repair, but also transformation - and they trust Nefco to support that effort.

That trust is humbling. It also brings clarity to our institutional purpose and responsibility in a way few contexts can.

Supporting Nordic SMEs through a difficult cycle

Our work with Nordic SMEs faced a different kind of test in 2025. Market conditions remained challenging, credit losses increased, and some companies we believed in did not survive. These setbacks are painful, and they are a reminder that financing green innovation means accepting real risk.

But I want to be clear: in this segment of the market, failures will occur alongside successes. What matters is that we learn from experience, sharpen our risk frameworks and focus our support on Nordic companies offering robust solutions and the capacity to scale sustainably. The agreement we signed with the European Investment Fund gives us new tools to do exactly that, allowing us to offer better terms to more companies while managing risk more prudently.

Across our portfolio, the impact remains clear. The companies we finance are reducing emissions, saving energy, protecting biodiversity and creating jobs, demonstrating how Nordic innovation continues to contribute to the global green transition.

Sustained impact and institutional credibility

The Beyond the Grid Fund for Africa and Modern Cooking Facility for Africa delivered strong results in 2025. These programmes contributed to cleaner energy access, improved environmental conditions and strengthened local capacity, while upholding high standards of governance, integrity and financial control.

As Nefco's strategic focus evolves, such achievements form an important part of our institutional foundation. They demonstrate our ability to manage complex mandates on behalf of public donors and to deliver measurable results in demanding contexts - capabilities that remain central as we concentrate our efforts going forward.

People, partnerships and confidence in the road ahead

Throughout the year, I was reminded that Nefco's strength ultimately rests with its people and partnerships. Whether in dialogue with Nordic policymakers, municipal leaders, SME founders or international partners, Nefco is valued for its pragmatic, hands-on approach and its ability to deliver.

Looking ahead, the challenges we face are substantial, but so is the determination I see across our organisation and among our partners. As we enter a new strategic period, my confidence lies not in abstract ambitions, but in our collective ability to focus, collaborate and deliver.

The road ahead will not be easy. Geopolitical uncertainty will persist. Markets will remain volatile. The climate crisis will not wait for stability to return. But that is precisely why institutions like Nefco matter. We exist for periods of transition, when long-term purpose, public trust and the ability to deliver must come together.

I would like to thank our Nordic owners, donors and partners for their continued trust and our colleagues across Nefco for their commitment, professionalism and integrity throughout a demanding year.

Together, we will continue to accelerate the green transition, with focus, credibility and lasting impact.

Trond Moe
Managing Director of Nefco

Highlights from 2025

Boosting growth financing for Nordic companies

In 2025, we became the first international financial institution to sign a guarantee agreement with the European Investment Fund (EIF). The EUR 70 million agreement will increase access to financing for small and medium-sized companies across the Nordic countries by enabling us to offer loans on more favourable terms. The EIF, part of the European Investment Bank Group, is providing a guarantee under the InvestEU programme.

→ Read more

Nordic countries stand with Ukraine

At the fourth annual Ukraine Recovery Conference, Nefco signed several key financing agreements with Nordic governments and Ukrainian municipalities, underscoring the strong commitment to Ukraine's future and green recovery. The new contributions announced in Rome include a total of EUR 95 million from the Nordic countries to support Ukraine's reconstruction and transition to a green economy through Nefco. This funding will drive modernisation and recovery projects managed by Nefco, strengthening the resilience and sustainability of Ukrainian municipalities.

→ Read more

A new strategy for lasting impact

Last year marked the end of our 2021-2025 strategic period. Throughout the year, we evaluated our previous strategy and its impact, and developed a new strategy framework that was approved by Nefco's Board of Directors in December. The new strategy focuses on lasting impact, partnerships and client-centric operations. During the next five years, this framework will guide our operations and be further developed and implemented with a bottom-up approach and strong employee involvement.

Promoting a healthier Baltic Sea

The Baltic Sea Action Plan Fund held a call for proposals in 2025, aiming to improve the ecological state of the Baltic Sea. The call resulted in eight new projects, most of which will begin in 2026.

→ Read more

Advancing energy access and empowerment

The Beyond the Grid Fund for Africa has implemented a job creation and skills development programme in Uganda to address limited energy access and the need for gender-inclusive job creation. The programme serves as a blueprint for advancing energy access and empowerment in developing nations.

→ Read more

Highlights from 2025

As of the end of 2025, we were managing **324** projects: **69 investments** from our own capital and **255 trust fund projects**. Our portfolio reflects our strategic focus on leveraging Nordic strengths to address global sustainability challenges.

Reported impact shows:

CO_2 emissions equivalent to
~1.8 million
roundtrips from Reykjavík to Tokyo reduced or avoided

Energy equivalent to the annual needs of
~3,700
residential buildings in Finland saved through energy-efficiency projects

The creation of
~12,000
jobs in the off-grid energy sector **in Sub-Saharan Africa**

80%
of our investments are EU Taxonomy eligible

55%
of our investments are EU Taxonomy eligible and compliant with the substantial contribution criteria

In Eastern Europe, we are focused on supporting Ukraine's green recovery amidst the ongoing war, as well as advancing the green transition in Georgia and Moldova through energy-efficiency projects. We estimate that about **300,000 people** across these three countries are benefiting from projects finalised in 2025.

Securing water supply through solar power in Chortkiv: An efficient and sustainable response to Ukraine's energy crisis. This critical infrastructure project implemented by Nefco was commissioned on 23 September 2025.

Sustainability and impact summary

Since our establishment, we have focused on delivering measurable positive environmental impacts. We work continuously to align our financing with global frameworks and goals to help build a sustainable future for all, always aiming for return on impact.

Most of our portfolio supports climate change mitigation and the sustainable use and protection of water and marine resources. Our activities span several sectors, including energy, construction, water and waste management, and manufacturing.

Of our current investments, 80% are eligible under the EU Taxonomy. In addition, 55% of our investments are also considered compliant with the substantial contribution criteria, demonstrating a clear and meaningful contribution to the EU's environmental targets.

Due to our clients' reporting schedules, impact data is from 2024, unless otherwise stated.

Environmental impact

Out of all annual environmental status reports requested from our clients, 80% were submitted. The submitted reports indicate that 63% of our activities, in terms of agreed funds, are performing as expected or above expectations.

According to the reports, our portfolio has, among other benefits, contributed to:

- Over 2 million tonnes of CO_2 emissions reduced or avoided – equal to 1.8 million roundtrips from Reykjavík to Tokyo.
- Energy savings of 82 GWh – the same as the annual energy needs of approximately 3,700 Finnish households.
- The generation of 793 GWh of renewable energy – corresponding to 40% of Sweden's annual solar power production.
- Almost 1 million m^3 of water saved – roughly the annual water consumption of 16,000 Norwegians.

Social impact

We integrate social aspects of sustainability across our work, while focusing on delivering impact within our core area of operations: the environment. We estimate that more than 5.5 million people will directly benefit from our ongoing activities once they are completed.

In Ukraine, we are implementing a range of water and wastewater infrastructure projects. Once finalised, these initiatives are expected to benefit over 1.6 million people by improving the efficiency of the water supply and wastewater treatment. This will help reduce energy consumption and nutrient pollution, giving Ukrainian municipalities more reliable access to efficient water services.

In Sub-Saharan Africa, we support access to modern energy services and cooking solutions for rural communities. By 2028, we aim to establish up to 1.7 million energy connections, benefiting more than 8.6 million people, and to provide 4 million people with access to clean cooking solutions.

During 2024, almost 370,000 new energy service subscriptions were delivered through the Beyond the Grid Fund for Africa (BGFA) programme, benefiting 1.9 million people. Over 3,000 clean cooking services benefiting almost 18,000 people were provided through the Modern Cooking Facility for Africa (MCFA).

Through our financing we also catalyse job creation, both by supporting the scale-up of Nordic companies and via our trust fund activities. It is estimated that 245 new job opportunities will be created from Nopef projects approved during 2025. By incentivising local businesses, the BGFA and MCFA programmes have created an estimated 14,000 new job opportunities during 2024.

Financial summary

To achieve our goal of accelerating the green transition, we invest our own capital and that of donors in the form of trust funds. These are managed in programmes. We invest our own capital to scale up Nordic SMEs and we manage funds on behalf of others to support the green transition in Eastern Europe, particularly green recovery in Ukraine, and to incentivise sustainable development in Sub-Saharan Africa, a healthier Baltic Sea and the development of carbon markets based on the Paris Agreement. From an organisational perspective, the financing activities are structured into three business units: Nordic SMEs, Eastern Europe and Special Funds.

The following table shows the results for the year and includes the costs of the three business units and the related returns in the form of net interest income, net profit on financial operations and recovery of costs through trust fund management fees. However, the total assets only reflect investments utilising our own leveraged equity. This is because the funds received in trust from donors and the related project investments are accounted for and reported in separate standalone financial statements.

EUR 1,000	2021	2022	2023	2024	2025
Net interest income	6,046	6,775	11,028	11,463	7,818
Net result of financial operations	1,091	-4,493	-699	7,402	-1,813
Trust fund management fee	3,815	3,110	4,395	6,732	6,011
Other income	849	347	232	297	181
Total income	11,801	5,739	14,955	25,894	12,197
Operating expenses	-7,274	-8,486	-10,249	-11,994	-13,012
Net loan losses/ reversals	-1,578	-50,558	6,071	-1,338	7,639
Result for the year	**2,949**	**-53,305**	**10,777**	**12,561**	**6,823**
Total assets	**184,338**	**133,412**	**149,848**	**167,574**	**168,289**
Total equity	**172,557**	**119,252**	**130,030**	**142,591**	**149,414**

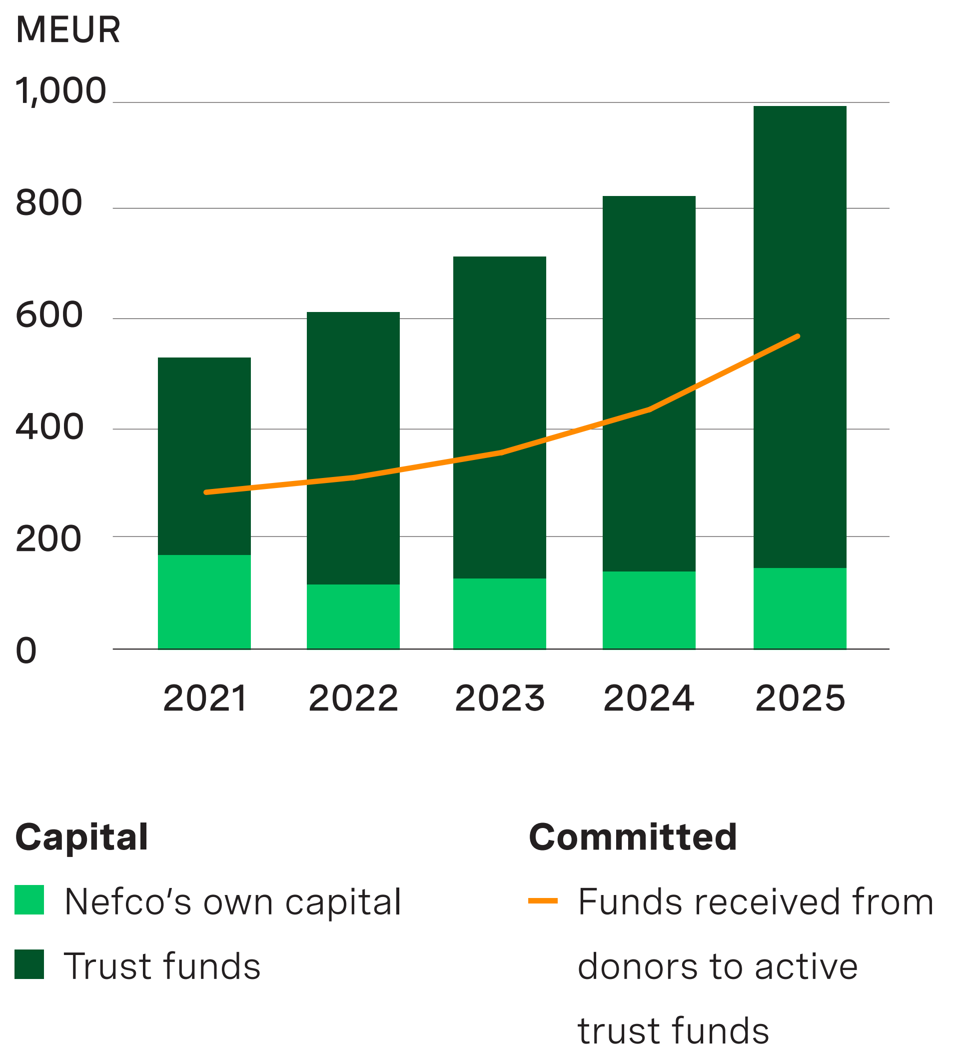
The net result in 2025 amounted to EUR 6.8 million compared to EUR 12.6 million in 2024. Net interest income decreased by EUR 3.6 million as a result of lower interest rates compared to 2024 and a smaller loan portfolio, due to disbursements being lower than repayments. When the full-scale invasion of Ukraine started in 2022, lending operations were suspended and therefore the size of the lending portfolio decreased as loans have been repaid. The net profit on financial operations amounted to EUR - 1.8 million (2024: EUR 7.4 million) of which EUR 0.1 million was realised and EUR 1.9 million unrealised valuation losses.

Trust fund income of EUR 6.0 million is lower than in 2024 but significantly higher than 2023 and before reflecting Nefco's increased level of trust funds activities in recent years.

Operating expenses were EUR 1.0 million higher than in 2024 due to investments in our staff (higher headcount and training) and technology (through outsourced activities). We continue to recover losses on fully impaired loans in Ukraine, however we also recorded losses on lending to Nordic SMEs, reflecting the difficult economic environment in which our customers operated. The net loan losses for 2025 amounted to a positive amount of EUR 7.6 as the recoveries on impaired loans in Ukraine exceeded the losses in Nordic SME lending. The loss in 2024 amounted to EUR -1.3 million.

The following chart presents Nefco's own capital and the funds managed on behalf of others, mainly Nordic governments and the European Union. The total equity on 31 December amounted to EUR 149.4 million (2024: EUR 142.6 million) and the total for trust funds available amounted to EUR 845 million, of which EUR 582 has been received.

Capital under Nefco's management and funds received



Nefco's investments from its own capital

We invest our own capital in the form of loans or equity investments in both Nordic SMEs and Eastern Europe.

Nordic SMEs

We finance the initial scale-up of Nordic green solutions on global markets. We can take higher financial risks than commercial banks, bridging the gap between equity and traditional bank financing. One of our strategic goals is to increase investments in the scale-up of Nordic SMEs supporting their competitiveness and contribution to the green transition. We provide loan financing on commercial terms through our own capital to enable SMEs to scale-up their investments and facilitate their business growth. This year, amidst challenging financial markets, there have been not only fewer approvals but also financial losses within the Nordic SME investment portfolio. To address these challenges and reduce our exposure to future losses, the administration has enhanced Nefco's risk framework, credit risk analysis and risk-mitigation loan structures.

During 2025, seven investments amounting to EUR 24.1 million were agreed and EUR 19.6 million was disbursed. At the end of the year, Nefco's Nordic SME portfolio comprised 69 investments (including the private sector in Eastern Europe) with a total value of EUR 200.5 million.

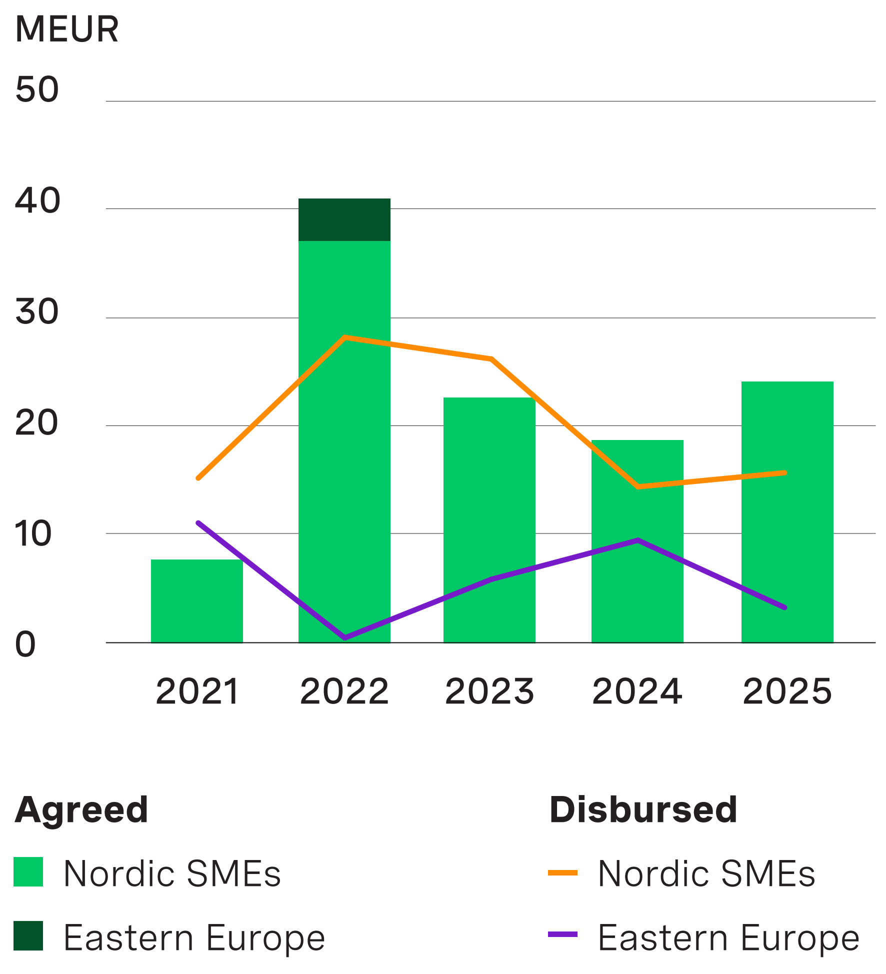
Ukraine

Despite the ongoing war, many clients have continued interest and debt repayments on loans provided prior to Russia's full-scale war on Ukraine. No new investment loans were provided in 2025.

Georgia

In Georgia, we are unable to lend directly to municipalities, but an initial investment project was successfully implemented through a loan provision to the state. A second loan for a new energy-efficiency project related to schools in mountainous regions is ongoing.

Agreed and disbursed investments



Case

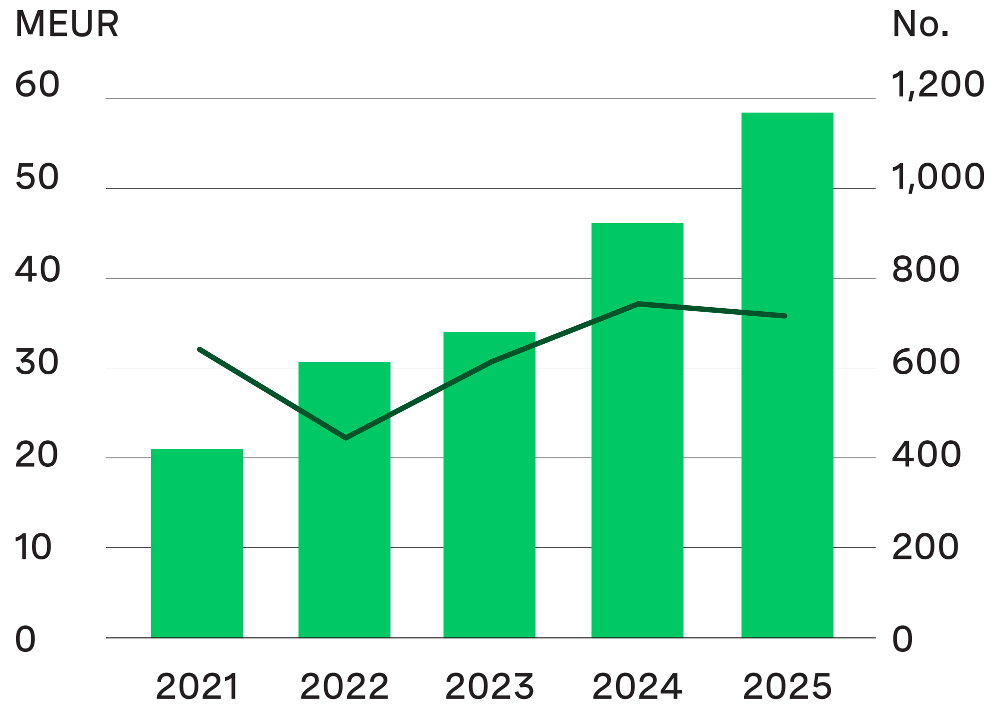
Norwegian Hydrogen is developing a network of green hydrogen production sites and distribution systems across the Nordics to meet future zero-emission energy needs within shipping and a wide range of industrial sectors. In 2025, Nefco provided loan financing to speed up Norwegian Hydrogen's production investments and accelerate the expansion of green hydrogen.

Photo: Norwegian Hydrogen AS / Kristin Støylen.

Trust fund activities

We manage funds on behalf of others, mainly Nordic governments and the European Union. In most cases, the funds are disbursed as various types of grants, but they can also be provided in the form of concessionary loans or results-based grant financing. At the end of 2025, the value of Nefco's trust fund assignments totalled EUR 843 million (2024: EUR 686 million). At the end of the year, there were 255 (2024: 260) trust fund projects with a total value of EUR 362.2 million (2024: EUR 326.0 million). During 2025, EUR 58.3 million was disbursed to trust fund projects (2024: EUR 46million).

Disbursed trust funds



The trust funds are managed by the various business areas by programmes as follows.

Funds committed, received and disbursed from trust funds, MEUR

	Funds committed to trust funds	Funds received by 31 December 2025	Disbursed in 2025
Ukraine Green Recovery	514	318	39.8
Other Eastern European	99	99	3.6
Beyond the Grid Fund for Africa (BGFA)	111	83	8.2
Mordern Cooking Facility for Africa (MCFA)	55	27	4.2
Baltic Sea Action Plan (BSAP)	16	16	0.8
Other	48	39	1.7
Total	**843**	**582**	**58.3**

Green recovery for Ukraine

Nefco's Green Recovery Programme for Ukraine implements grant funding from the Nordic countries and the European Union. There are currently over 60 projects being implemented under the scope of the Programme, and several new projects are in the pipeline. We partner with Ukrainian municipalities to address the direct and indirect consequences of the war. The programme covers short-term repair and restoration of critical infrastructure and public service buildings, rebuilding of utilities and facilities serving internally displaced persons (IDPs) and capacity building for Local Green Recovery Plans. The ultimate goal is to strengthen resilience, enhance energy and environmental security, and help to further integrate Ukraine with Europe.

Nefco had raised over EUR 500 million by the end of 2025 for the Green Recovery Programme for Ukraine.

An important part of the programme is capacity building. This includes support for municipalities to develop Local Green Recovery Plans to guide sustainable recovery activities.

Before Russia's full-scale invasion, Nefco provided soft loans in the form of Energy Savings Credits (ESC) through NMF Credits to Ukrainian municipalities for the implementation of energy-efficiency measures related to public buildings and street lighting. All projects have been completed. Three loans are still outstanding, in Kremenchuck, Brovary and Chortkiv, but are being served according to the loan agreements.

Moldova

In Moldova, we continue to work with the municipal sector to improve energy efficiency and enhance energy security. Nefco currently implements one project through ESC loans, targeting the educational sector, schools and daycare centres. Four projects in four districts of Moldova, with ESC loans and co-funding from the Eastern Europe Energy Efficiency and Environment Partnership (E5P), are also ongoing. These comprise energy-efficiency upgrades for 11 healthcare institutions, including hospitals, polyclinics and family doctors' surgeries. The projects are under implementation and expected to be fully completed by the end of 2026.

Case

Green recovery for Ukraine: Around 2,000 internally displaced persons have sought refuge in Zvyahel, northwestern Ukraine. In February 2025, 47 families moved into a renovated and energy-efficient block of flats through a Nefco-managed programme funded by the European Union.

→ Read more

Beyond the Grid Fund for Africa

The multi-donor Beyond the Grid Fund for Africa (BGFA) is a EUR 111 million flagship facility offering results-based financing for off-grid energy sector companies in six African countries. The aim is to reduce the power gap by stimulating and accelerating new business models to enable access to clean and affordable energy. The programme is financed by Denmark, Germany, Norway and Sweden and administered by Nefco. In total, EUR 65.6 million in funds are under agreements (at end of 2024: EUR 65.7 million). According to its reporting, BGFA has disbursed EUR 26.2 million to portfolio companies in total. The fund has cumulatively provided over 840,000 energy service subscriptions, reaching over 4.3 million people to date.

Modern Cooking Facility for Africa

The Modern Cooking Facility for Africa (MCFA) is now capitalised at EUR 55 million and is among the largest results-based financing instruments in the world focused on higher-tier cooking solutions. The facility, which promotes the implementation of modern cooking solutions in Sub-Saharan Africa, is administered by Nefco and funded by Norway and Sweden, with further funding provided by the European Union for the Zambia country programme. To date, 22 agreements have been signed with a total cumulative value of EUR 34.9 million. Cumulative, MCFA had disbursed EUR 8.7 million to portfolio companies.

Baltic Sea Action Plan Fund

Eutrophication presents the greatest environmental risk to the Baltic Sea, addressed by both HELCOM and Vision 2030. The Baltic Sea Action Plan Fund (BSAP Fund) was set up in 2010 to help advance the implementation of the HELCOM plan by facilitating and accelerating the preparation of bankable projects from both public and private entities. The fund is financed by Finland and Sweden and administered by Nefco and the Nordic Investment Bank (NIB). In June 2025, the Nordic Council of Ministers, through the Nordic Environment Development Fund, allocated an additional contribution of approx. EUR 680,000 to the BSAP Fund.

There are currently 14 ongoing projects under the BSAP Fund, while 7 projects were completed during the year. The active projects are progressing well, with significant milestones being achieved across various initiatives. Discussions are ongoing with current and potential new donors to replenish the Fund, as the majority of available funds are currently allocated to projects. The fund's Call for Proposals in 2025 resulted in eight new projects, from four different countries, being approved by the BSAP Fund's Steering Committee.

Nopef

Nopef (the Nordic Project Fund) is a trust fund financed by the Nordic Council of Ministers and managed by Nefco. Nordic SMEs can receive financial support through Nopef for feasibility studies into establishments, demonstration projects and pilot installations of green technologies and solutions on international markets. Nopef contributes to the goals of Vision 2030 and to increasing employment, knowledge sharing and development of sustainable business models. At the end of 2025, Nopef's active portfolio comprised 128 projects with EUR 5.04 million in funding approved (2024: 126 projects, EUR 4.8 million).

The Nordic Environmental Development Fund

The Nordic Environmental Development Fund (Nordiska Miljöutvecklingsfonden, NMF), established in 1996 and managed by Nefco, receives yearly funding from the Nordic Council of Ministers. The Nordic Investment Bank (NIB) is involved in project evaluation. NMF provides grant financing to enhance the profitability and risk taking of urgent environmental projects, speeding up implementation and attracting further investment. In 2025, NMF primarily supported Nefco's Green Recovery Programme for Ukraine.

NMF Credits, established in 2010, offers soft loans to Eastern European municipalities for energy saving improvements, separate from NMF grants. Financial reports are prepared separately for NMF and NMF Credits, with remaining funds at the end of 2025 totalling EUR 4 million (2024: EUR 15.5 million) for NMF and EUR 15.8 million (2024: EUR 12.8 million) for NMF Credits.

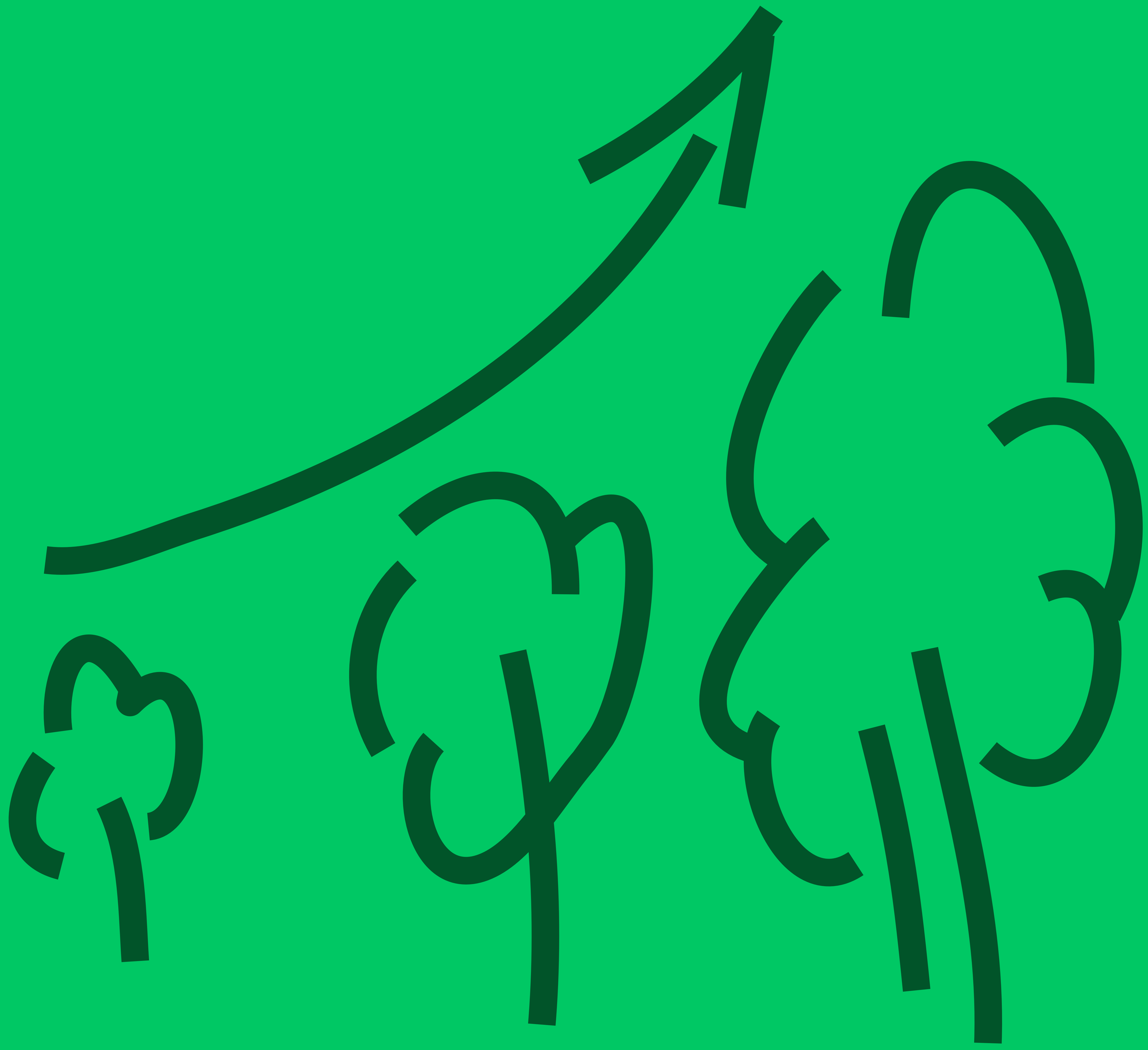
Case

GeoSilica is an Icelandic company that uses advanced technology to extract silica and minerals from geothermal water and volcanic earth, producing 100% natural silica-based dietary supplements. In 2020, the company received financial support from Nopef to assess the feasibility of expanding to the United States, which led to the establishment of a US subsidiary.

Photo: GeoSilica Iceland hf.

Strategy

As the Nordic Green Bank, and one of the first green banks in the world, we only provide financing for activities that deliver environmental or climate-related benefits. Since our founding, we have developed expertise in financing and fund management but also in assessing and measuring results.



Our task and how we finance

Our task is to accelerate the green transition. We serve the interests of our owners and finance the initial scale-up of Nordic green solutions and initiatives on global markets, with a focus on Eastern Europe.

Nefco was established in 1990 with paid-in capital from its five Nordic owner countries, becoming one of the world's first 100% green financial institutions. Over the years, we have built expertise not only in financing and fund management in challenging environments, but also in measuring environmental and climate-related results.

Return on investment and impact

Our main priority is to invest using loan or equity-type financing from our own revolving capital. The original paid-in capital of EUR 113.4 million operates as a for-profit revolving investment fund. Through retained earnings, Nefco has invested EUR 414.2 million since its founding, i.e. 3.7 times our authorised capital.

We reinvest all earnings into new initiatives that promote environmental and climate benefits, such as reduced energy usage, emissions, pollution and waste, while also supporting business growth, competitiveness and job creation.

For us, success means not only *return on investment*, but *return on impact*, that is, every time a Nordic green solution scales internationally or inspires others to act.

Trust fund support for green projects

We manage funds and facilities on behalf of public donors – including Nordic governments, the Nordic Council of Ministers and the EU – to advance sustainability goals. We also act as an implementing agency for multinational partnerships that support green and sustainable initiatives. Nefco has successfully passed the Pillar Assessment for management of EU funds.

These trust funds and facilities support green projects through grants, concessionary loans and results-based financing, often blended with our own loan financing. Furthermore, trust funds are also used for capacity building, feasibility studies and technical assistance. While these activities rarely lead to immediate benefits, they facilitate accelerated project implementation.

Each trust fund or facility has its own governance and objectives, helping us catalyse positive environmental, social and economic outcomes.

→ See our programmes
→ See all Nefco managed funds

Case

Automasjon og Data is a leading Norwegian provider of meteorological and oceanographic data systems, delivering monitoring solutions that enhance offshore safety and operations since 1991. In 2021, Nefco provided loan financing to support the company's expansion and growth in the UK offshore wind market.

Photo: WISE Group – Automasjon og Data AS

Aligning with Nordic, European and global goals

Our financial activities and sustainability requirements align with Nordic, European and global frameworks and goals to support concrete actions towards a low-carbon society and a sustainable, circular and nature-positive economy.

Vision 2030 aims to make the Nordic Region the most sustainable and integrated region in the world by 2030. As a Nordic institution, Nefco prioritises sectors and activities in which we can contribute the greatest value to the Nordic cooperation programmes and Vision.

The European Green Deal is the central framework striving to transform the EU into a modern, resource-efficient and competitive economy. Nefco adopts sustainable finance measures, including the EU Taxonomy Regulation for classifying green investments, to leverage private and public funds for greater impact. Nefco's financing is used as a catalyst to make investments more attractive or less risky for other financiers, thereby helping Nordic solutions scale faster. We are committed to engaging with clients to align their activities with European best practices and standards. We also continously develop our reporting to better align with standardised data disclosure.

Agenda 2030 is a global plan of action adopted by the United Nations in 2015 to achieve sustainable development by 2030. It is built around 17 interconnected Sustainable Development Goals (SDGs) that aim to end poverty, protect the planet and ensure peace and prosperity for all people. Nefco's financing activities contribute to most of the SDGs; see Contribution to global goals.

People

Bo Eske Nyhus
Investment Director
Headquarters, Helsinki

"Nefco has given me a unique opportunity to develop skills across finance, environment and procurement."

Bo has worked at Nefco since 2012, bringing previous experience from IFI projects, management consulting, trade and diplomacy. Originally from the small Danish island of Mors, he lived in several Danish cities as well as Moscow, Almaty, Chernivtsi and Kyiv before settling in Helsinki. In his role, he works on private and municipal projects in Ukraine and with partners in Denmark. When not working, Bo enjoys long walks – and when he is back in Denmark, he collects, prepares and savours his own mussels!

Business targets

Providing high additionality

To accelerate the green transition, we promote new, green solutions and their initial scale-up on international markets. As an international financial institution, Nefco's role is to bridge the financing gap, the 'missing middle', that is not sufficiently covered by other financiers for investments and projects that meet our criteria. To leverage public and private funds, we reduce financial risks and make green investments more appealing to other financiers.

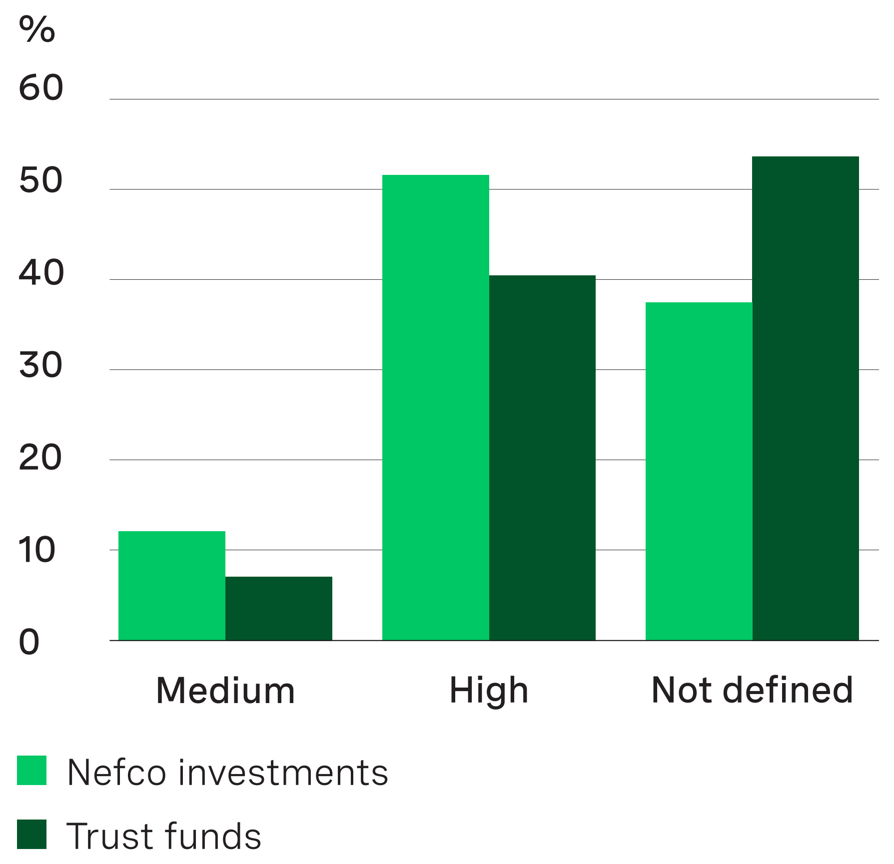
Our involvement often speeds up the implementation of projects and helps project owners to mobilise other financing and build capacity for future needs. This serves as an example of the additionality we provide.

Initiating the scale-up of green solutions

An essential objective of our financing activities is to support the initial scale-up of Nordic green solutions on global markets. We primarily finance small and medium-sized investments and projects that demonstrate new, transformative technologies or solutions that have the potential to be further scaled up and replicated.

This is what we refer to as high scalability. Projects with high scalability have the potential to provide environmental benefits worth many times Nefco's initial investment.

Scalability of active portfolio,
agreed funds



Case

Donkey Republic is a Danish impact-driven company and a leading provider of bike sharing services in Europe. Nefco has supported the company's scale up with two loans – first in 2022 and again in 2025 as part of a debt facility together with other financiers.

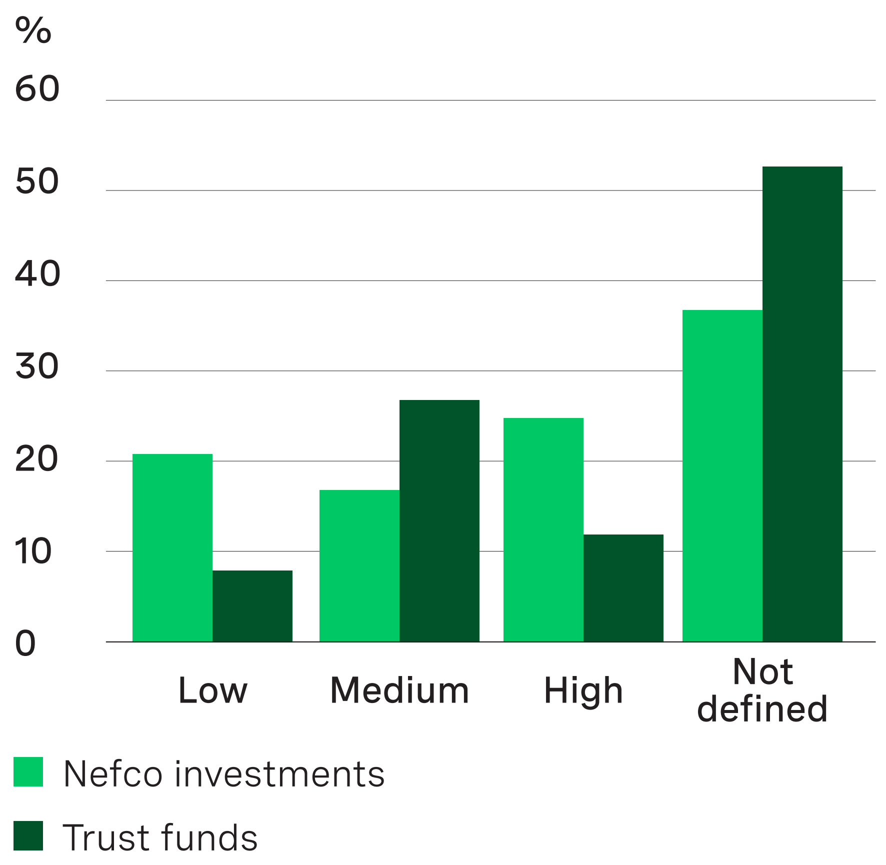
Photo: Donkey Republic ApS

Seeking high demonstration value

Our financing also supports testing of green innovations in new markets. This is what we refer to as high demonstration value. A demonstration project provides an indication of how well a solution can be adopted at scale and what kind of impact it can generate.

Trying and testing is a bottom-up approach. It is a real-life alternative to top-down spending.

Demonstration value of active portfolio, agreed funds



Building capacity

To foster a sustainable future, we help our counterparties - both companies and municipalities - build capacity and develop sustainable solutions.

For example, we have supported SMEs to implement nature-positive business models through our Biodiversity Pilot Programme.

In Ukraine, we facilitate Local Green Recovery Plans that match local needs and strengthen ownership of municipalities. Our reconstruction work in Ukraine also enables technological leapfrogging, such as reducing reliance on fossil fuels, and includes guidance for local authorities on integrity, transparency and anti-corruption.

The Beyond the Grid Fund for Africa programme, alongside its results-based financing to companies, also provides targeted technical assistance on topics such as access to co-financing, gender policies and e-waste. In parallel, Off-grid Task Forces have been established in each programme country to facilitate dialogue between public- and private-sector actors and to help build the political will and enabling environment needed for expanding off-grid electricity access.

Case

In November 2025, five Ukrainians - three women among them - arrived in Finland for professional demolition training through a joint effort between Nefco and Lotus Demolition, a Nordic company. Funded by Sweden and managed by Nefco, the programme combines theory, practical skills and Finnish safety certifications to support Ukraine's green recovery.

The training covered occupational safety, asbestos handling and material recycling, strengthening local expertise and promoting circular economy principles. This initiative, empowering people, especially women, to lead the reconstruction themselves, reflects Nefco's broader focus on capacity building and sustainable reconstruction.

After completing the programme in Finland, and the upcoming supervised fieldwork in Ukraine, the participants will be equipped to dismantle damaged structures and manage debris sustainably - helping Ukraine to build back greener and better.

→ Read more

Sustainability and impact

All our financing is directed towards environmentally beneficial and sustainable projects and solutions. We use our deep understanding of environmental and sustainability aspects to assess green impacts, while also taking societal and equality considerations into account.

Our approach to sustainability and impact

Since its inception, our organisation has been focused on generating positive environmental impact.

We continually work to align our financial activities with global frameworks and goals, aiming to build a sustainable future for everyone and deliver return on impact.

We also recognise the need for a holistic approach to sustainability and that environmental aspects are but one part of this.

Our Environmental and Sustainability Policy and Equality policy guide us, setting out the commitments, principles and obligations of our financing activities and internal operations.

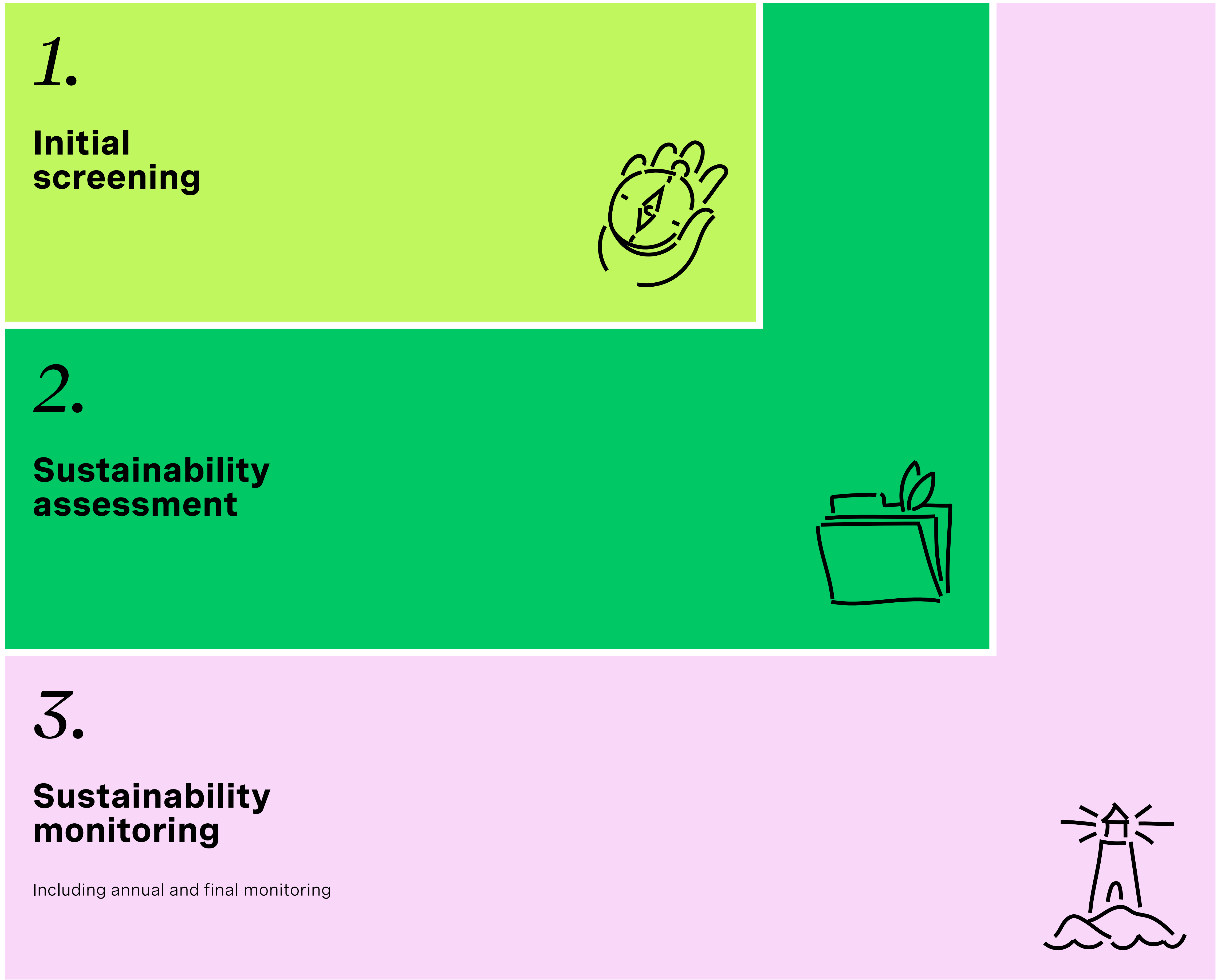
How we assess our financing activities

For more than 30 years as a green financier, we have developed robust procedures for sustainability assessments, financial assessments, project management and monitoring, and integrity due diligence.

We assess sustainability aspects holistically, drawing on our deep understanding and extensive experience, and consider the potential impacts and risks of our activities from an environmental, equality, and societal perspective, with the aim of achieving the greatest positive impact. We encourage our clients to embed sustainability in their business plans and daily operations strategically and formally.

As our financing aims to demonstrate the scale-up potential of green solutions in new markets, we also evaluate barriers and opportunities for replication. To attract private investments, we work to make projects bankable and support project owners in capacity building to mobilise additional funding.

Sustainability assessment procedure



We evaluate financing proposals against the EU Taxonomy, the UN Sustainable Development Goals, our own environmental and sustainability criteria, and other relevant benchmarks.

All these elements are integrated into the financing process. While trust fund activities may have additional targets and goals, in principle we apply the same methodology.

Our Environmental and Sustainability Guidelines provide a detailed overview of how we assess financing proposals and verify results.

→ Read more about how we assess impact

Addressing sustainability risks

We apply risk-reduction measures across our operations by following the mitigation hierarchy. This approach aims to avoid, minimise and reverse adverse impacts during design and implementation.

All financing activities shall be carefully designed and implemented to avoid doing harm to the environment and society. Environmental and Social Action Plans (ESAP) are one tool we apply. The purpose of an ESAP is to reduce sustainability risks to an acceptable level and strengthen clients' sustainability practices. These action plans are designed in collaboration with clients and form an integral part of financing agreements.

Accounting principles

Since 1990, we have required annual environmental status reports for every financed activity and client. The status reports are used for evaluating impacts against agreed targets, and to verify that our financing is having its intended effect. Our aggregated impact is pro-rated based on Nefco's share of financing – i.e., the agreed Nefco financing amount divided by the total financing package.

The environmental and sustainability indicators of Nefco-financed activities allow us to compare and follow up on actual impact. We provide financing at different stages of implementation, and therefore the indicator baseline reflects the information available at the time of the financing agreement. Baselines and targets are conservatively estimated. These indicators are monitored through the annual environmental status reporting process.

A list of all activities financed by or through Nefco, including investments and trust fund projects, and their status can be found on our website.

About our sustainability and impact reporting

Portfolio overview - an overview of investments and trust fund projects, environmental drivers[1] and an EU Taxonomy assessment of our portfolio. All numbers, graphs and tables refer to the active portfolio at the end of 2025 unless stated otherwise.

Portfolio impact - an impact assessment that includes investments and trust fund projects. Impact figures are based on realised results and environmental status reports from our clients. Due to our clients' reporting schedules, impact data is reported for the year prior. The impact data presented thus reflects the realised impact during 2024.

Programmes - an overview of programmes including targets, activities, outcomes and impacts per programme.

Our own operations - an overview of Scopes 1, 2 and 3 emissions from Nefco's own operations in 2025 based on the operational control approach[2], and descriptions of Nefco as a workplace, our diversity, values and culture.

In this report, we use the following terms to define the status of investments and projects:

- **Committed:** Funds agreed upon by donor and Nefco
- **Agreed:** Contracted between Nefco and client
- **Active:** Ongoing projects
- **Ended:** Implemented, loan repaid and reporting ended
- **Disbursed:** Funds Nefco has paid out

[1] The environmental drivers Nefco refers to are derived from the EU Taxonomy objectives. Projects can contribute to several environmental drivers at once, however in this report Nefco focuses on and displays what we consider to be the main environmental driver.

[2] As defined in the Greenhouse Gas Protocol.

People

Tetiana Lytvyn
Head of Nefco's Representative Office in Kyiv

"I'm proud to be part of a team that is flexible, solution-oriented and focused on results."

Tetiana has worked at Nefco since 2016, bringing experience from Kyiv's municipal energy-efficiency projects, where she previously worked on the client side of Nefco-funded investments. Born and based in Kyiv, she now manages and administers projects that deliver practical, high-impact improvements for communities across Ukraine. Outside work, Tetiana loves to travel, dreams of learning to play the piano, and hopes that 2026 will bring peace for Ukraine and the chance to return to everyday life, long-term plans and travelling.

Portfolio overview

Nefco's portfolio consists of investments financed with our own capital and trust fund projects financed through facilities that we manage on behalf of various donors.

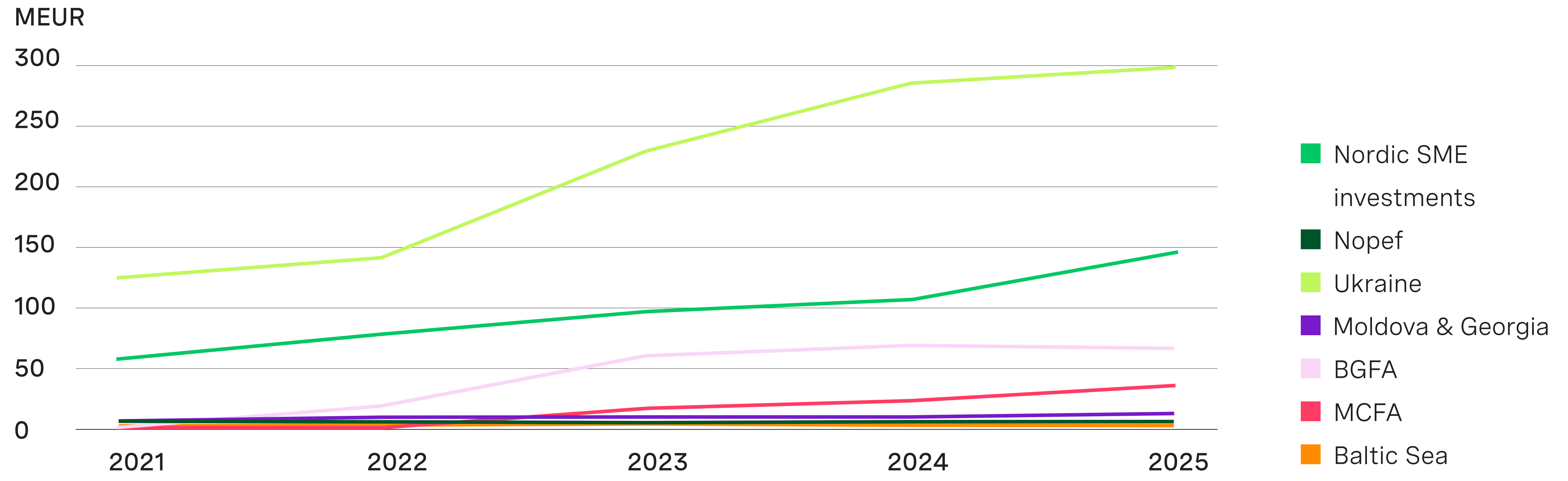
At the end of 2025, Nefco had a total of 324 active projects in its portfolio, of which 69 were Nefco investments and 255 trust fund projects. During the year, 79 projects ended, and 86 new ones were agreed.

The majority of the active portfolio is related to climate change mitigation. There is significant overlap between the environmental drivers. About a fifth of the portfolio projects contribute to climate change adaptation in addition to their primary environmental driver. About a tenth contribute to climate change mitigation as a secondary environmental driver.

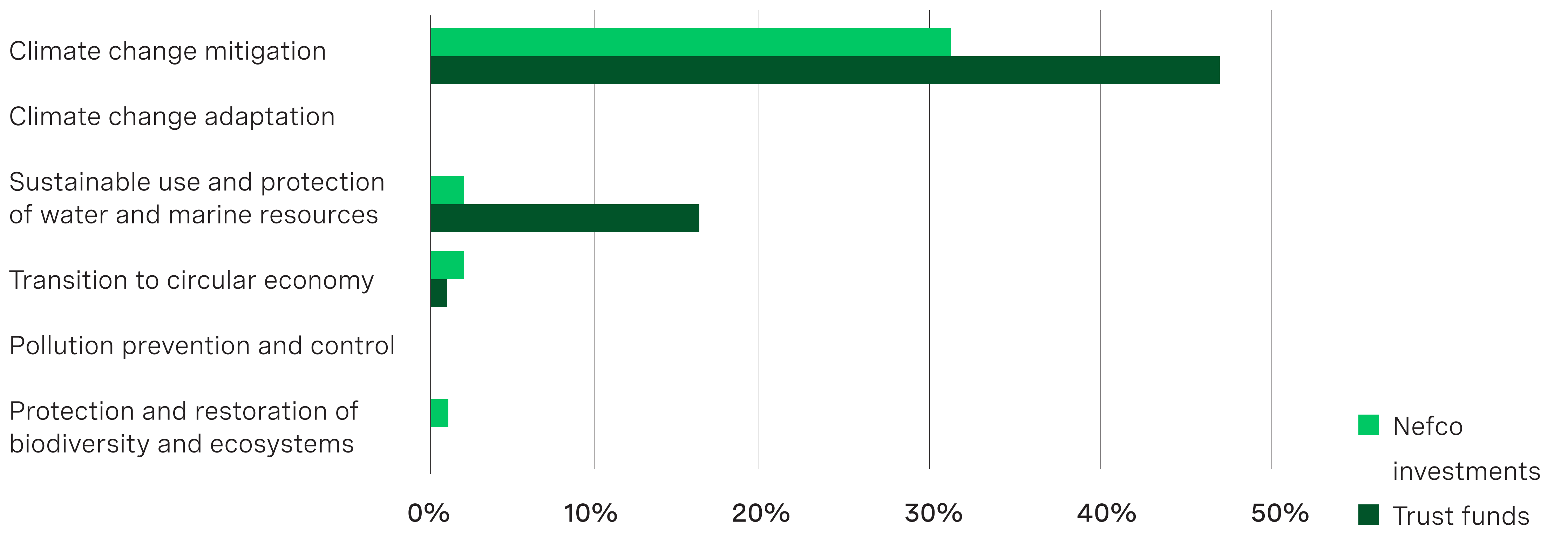
The biggest sectors[1] are energy (efficiency in buildings, renewable energy, etc.), construction and real estate, water supply and waste management, manufacturing, transport, and information and communication.

[1] Sectors according to NACE, the statistical classification of economic activities in the European community.

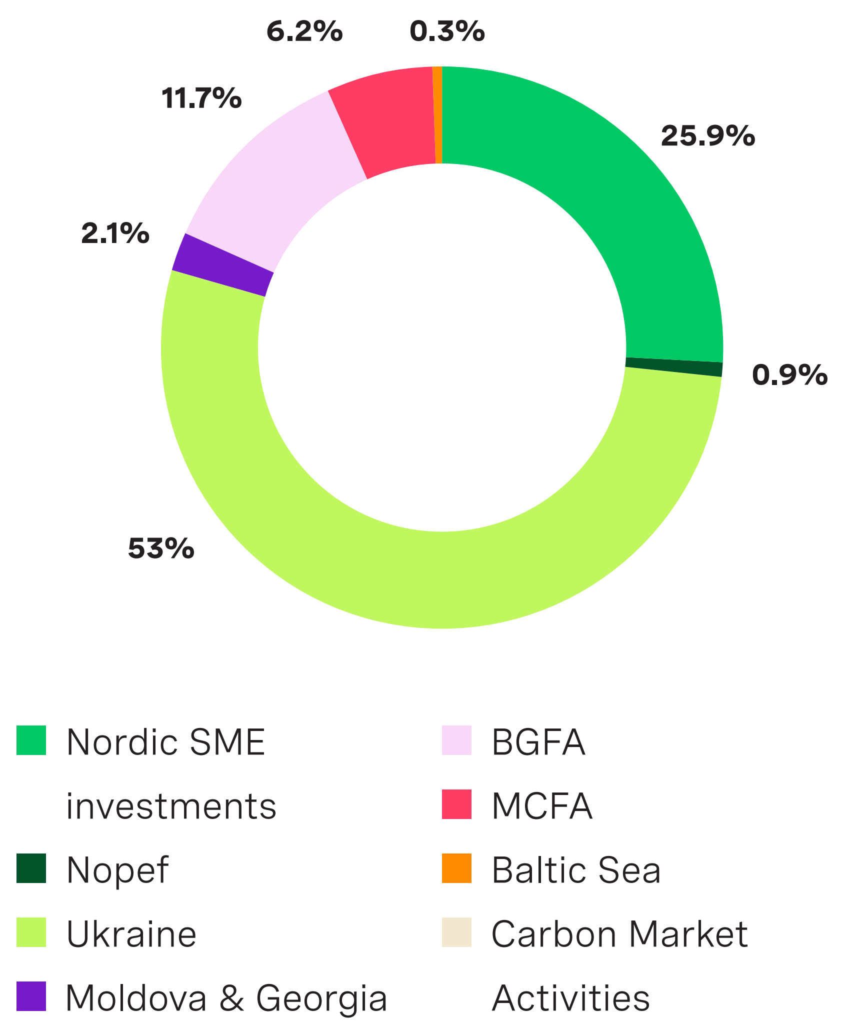
Agreed funds to programmes, 2021-2025



Agreed funds per main environmental driver, active portfolio

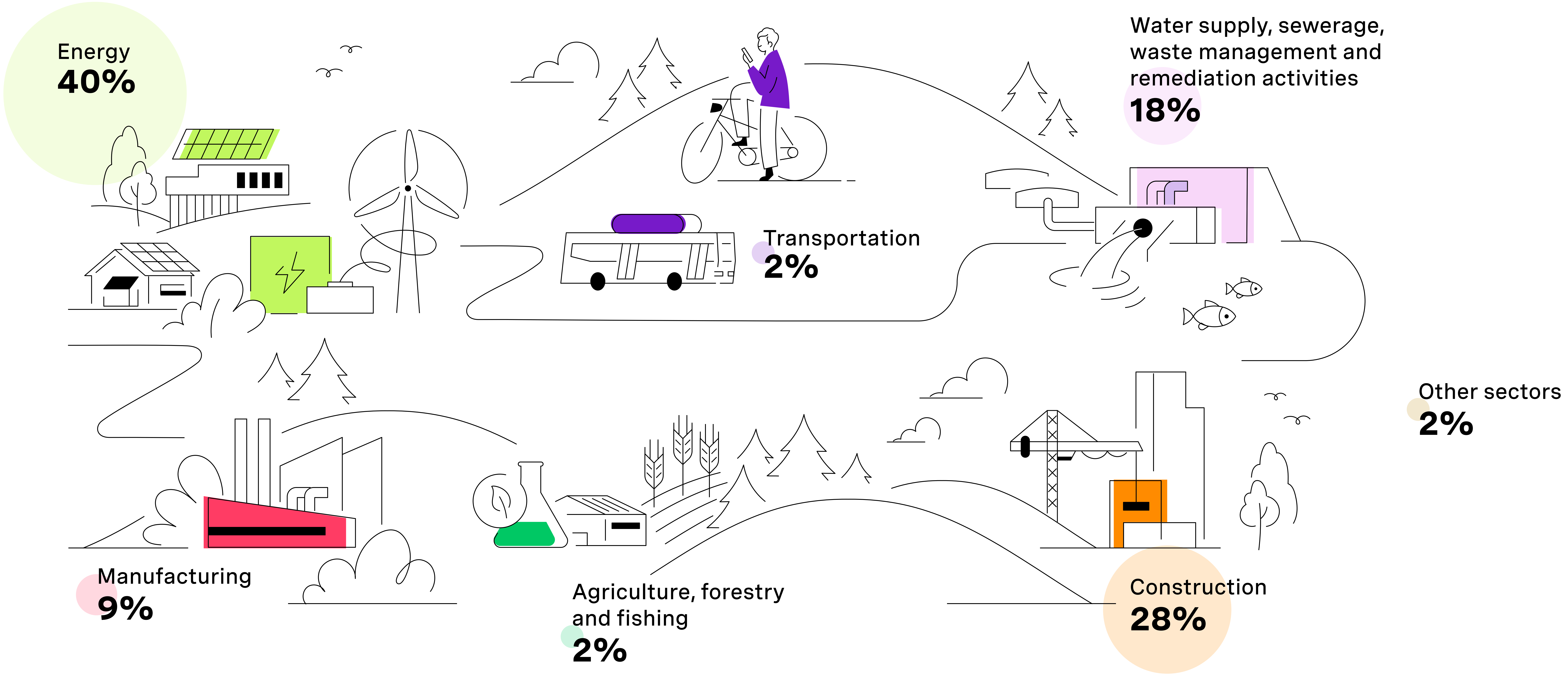


Agreed funds to programmes, 2025



Sectors in our portfolio

As percentage of agreed funds



Nefco investment portfolio

At the end of 2025, Nefco had a total of 69 active investments. The division of investments between the various environmental drivers has stayed fairly consistent over recent years, with the majority contributing to climate change mitigation. Just over a tenth of the investment portfolio also contributes to the transition to a circular economy in addition to their primary environmental driver.

EU Taxonomy eligibility and alignment

We actively utilise EU Taxonomy alignment analysis on a best-effort basis for our investments, evaluating Eligibility, Substantial Contribution criteria (SC), Do No Significant Harm criteria (DNSH) and Minimum Social Safeguards criteria (MSS).

The Green Asset Ratio (GAR) is the primary Key Performance Indicator (KPI) for EU Taxonomy disclosures, showing the percentage of activities aligned with the EU Taxonomy. SMEs are excluded from the KPI, and since we only invest in SMEs our GAR is zero. Thus, GAR does not fairly represent the sustainability of our financing and cannot be applied to our organisation.

Active Nefco investments

69 investments

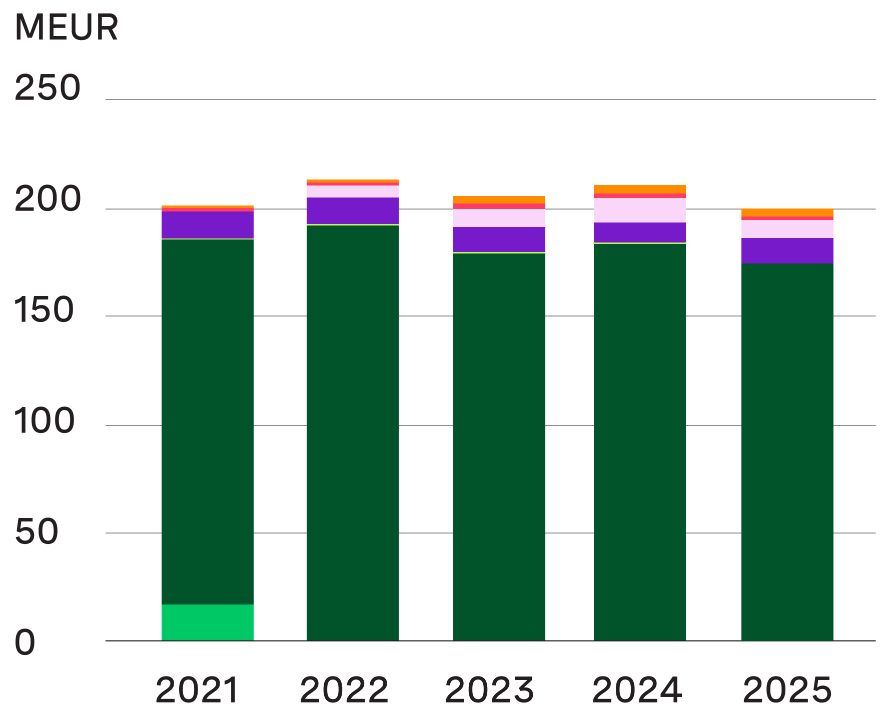
Agreed
200.5 MEUR

36%
of active portfolio

Disbursed
172.0 MEUR

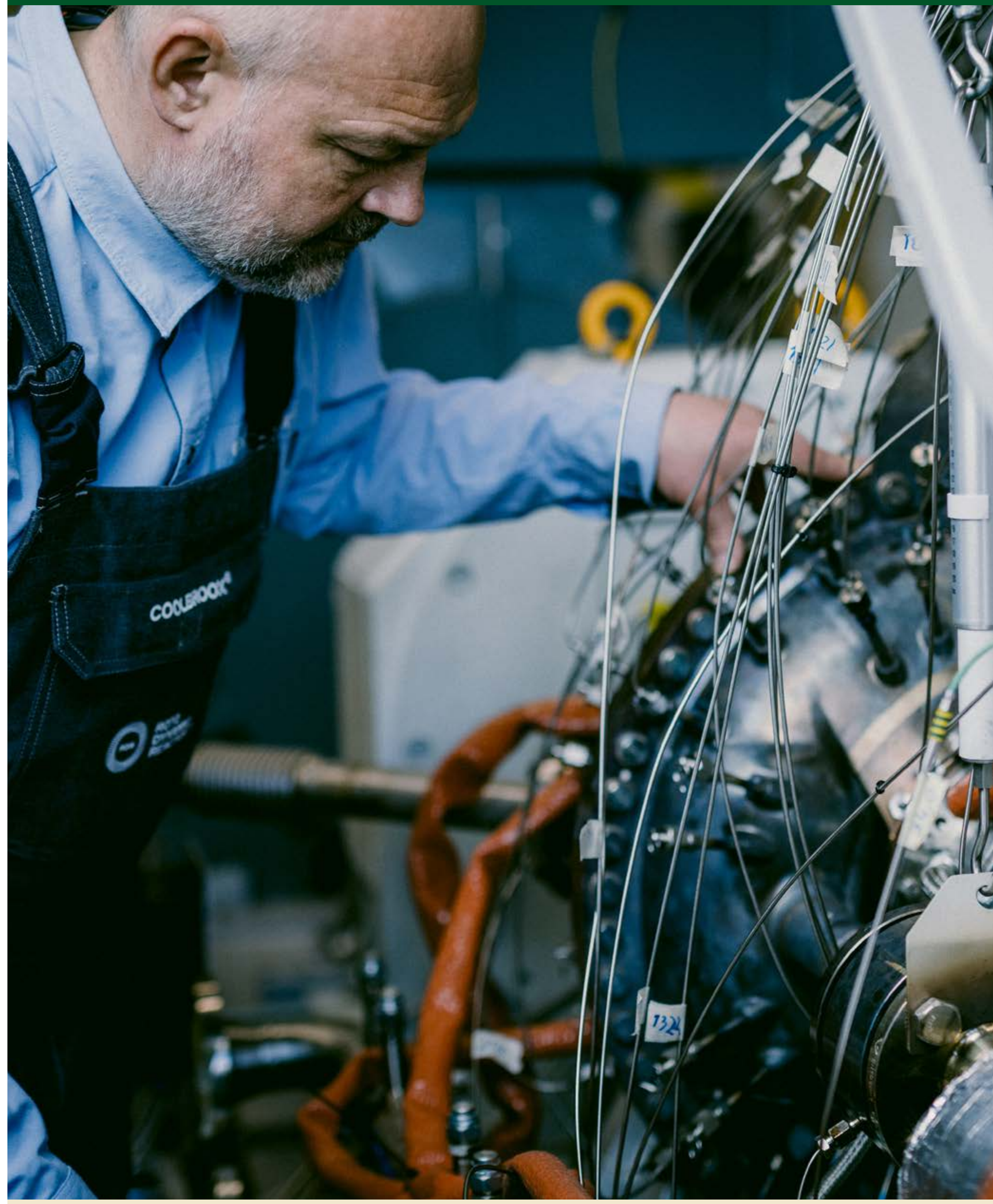
86%
of agreed funds disbursed

Agreed funds per main environmental driver, Nefco investments



- Not defined
- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Case



Coolbrook is a transformational technology and engineering company on a mission to decarbonise major industrial sectors. In 2023, Nefco provided loan financing to support the commercialisation and scale-up of the Finnish company's RotoDynamic Heater technology.

Photo: Coolbrook

We primarily work with unlisted SMEs, for which reporting is voluntary. Our experience with SMEs shows that many consider the EU Taxonomy to not be relevant and thus do not have the information readily available. Hence, part of our task is capacity building and raising awareness on the benefits of utilising the EU Taxonomy. We assist our clients in taking appropriate actions on identified gaps to achieve closer alignment.

It is important to note also that 'sustainable' is not defined by the EU Taxonomy alone. For economic activities that are not yet covered, we use our own definitions based on the spirit and logic of the EU Taxonomy.

We utilise the following categorisation for investments:

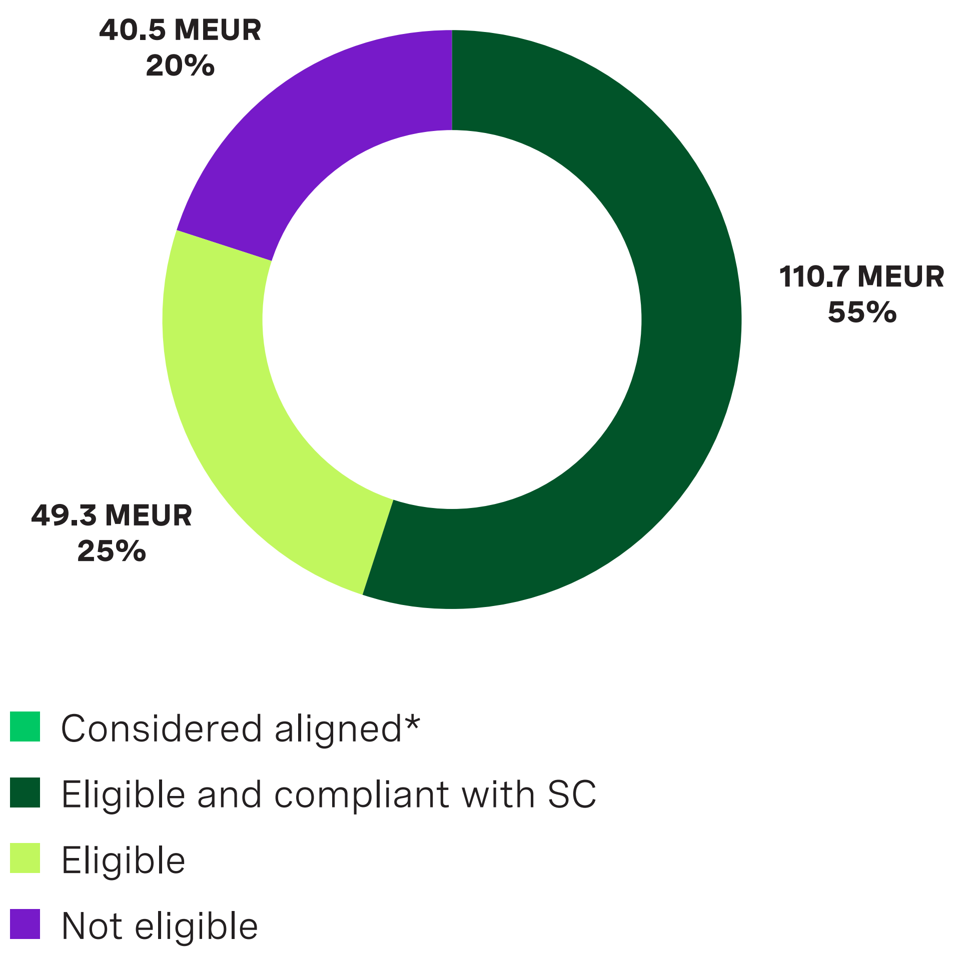
- **Considered aligned:** The investment is considered to be eligible and compliant with all applicable criteria (SC, DNSH, MSS).
- **Eligible and considered compliant with SC:** The investment is considered to be eligible and compliant with the SC.
- **Eligible:** The investment is considered eligible but not compliant with all the applicable criteria (SC, DNSH and MSS).
- **Not Eligible:** The investment is not eligible under the current Taxonomy.

To date, we have zero aligned investments. SMEs often face difficulties proving alignment with the criteria, in particular the DNSH criteria for climate change adaptation and the MSS. These criteria pose a common challenge for SMEs in terms of aligning with the EU Taxonomy, a conclusion that is also supported by the European Commission study SME disclosure on taxonomy alignment (2024).

Within our investments, 80% are considered eligible or eligible and compliant with SC and 20% are not considered eligible. Of our eligible investments, 69% are considered compliant with their respective SCs. The most common reason for non compliance with the SC is a lack of life-cycle greenhouse gas emissions calculations.

→ Read more about the EU taxonomy

Alignment of Nefco investments



* Currently zero investments are considered aligned.

Case

Merus Power is a Finnish technology company that designs and produces energy storage systems, power quality solutions and services, for the needs of renewable energy and industry. In 2025, Nefco provided loan financing to support the company's international expansion and help acquire new customers in Northern and Central Europe.

Photo: Merus Power Plc.

Trust fund project portfolio

At the end of 2025, Nefco had a total of 255 active trust fund projects. The majority of these primarily contribute to climate change mitigation. About a fourth of the trust fund portfolio also contributes to climate change adaptation in addition to their primary environmental driver. Just shy of a fifth contribute to climate change mitigation as their secondary environmental driver.

The number of projects related to sustainable use and protection of water and marine resources and transition to a circular economy has been increasing in recent years. This is due to an increased focus on the water and wastewater, and waste management sector for the green recovery of Ukraine.

EU Taxonomy eligibility and alignment

A full EU Taxonomy analysis is not applied to our trust fund projects. They are typically located outside of the EU or do not fit the framework by their nature. However, many managed trust funds do have an interest in a limited analysis. Thus, we actively utilise a limited EU Taxonomy alignment analysis on a best-effort basis for our trust fund projects, evaluating primarily eligibility and substantial contribution criteria (SC). Within our trust fund portfolio, 86% are considered eligible or eligible and compliant with SC and 14% are not considered eligible. Of the eligible projects, 15% are also considered compliant with their respective SCs.

Active trust fund projects

255 trust fund projects

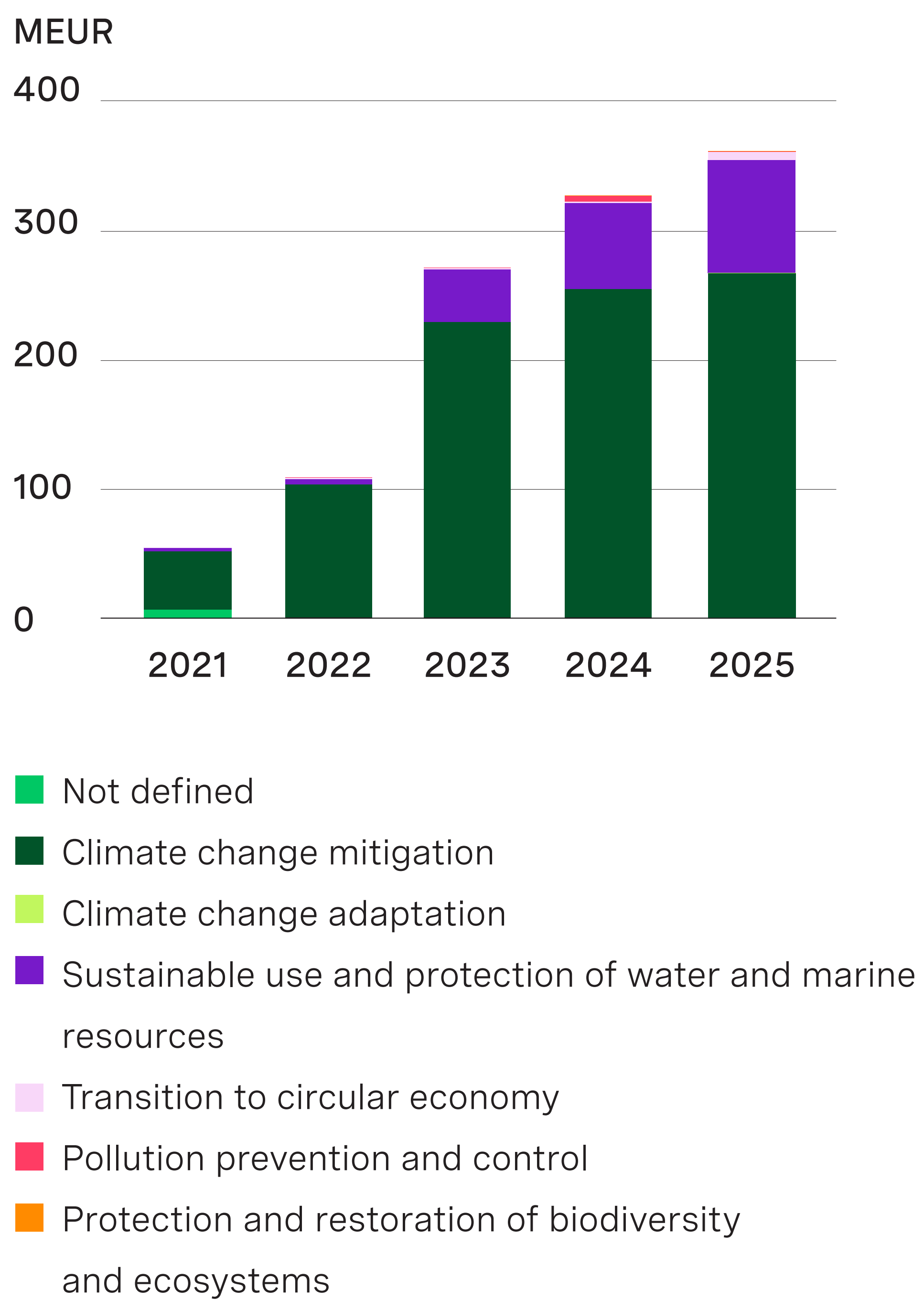
Agreed
362.2 MEUR

64%
of active portfolio

Disbursed
99.8 MEUR

28%
of agreed funds disbursed

Agreed funds per main environmental driver, trust fund projects



Case

SpinDrive is a Finnish company that commercializes magnetic levitation solutions for high-speed machines, aiming to help mitigate CO_2 emissions and remove polluting lubricants from industrial production.
In 2023, the company received financing from Nopef, enabling a pilot project and Joint Development Agreement with a local partner in the United States.

Photo: Mikko Nikkinen

Portfolio impact

Environmental impact

Nefco's primary objective is return on impact. Our aggregated impact is pro-rated to our share of financing (Nefco's share of impact), i.e. total agreed financing divided by total Nefco financing (investments or managed funds).

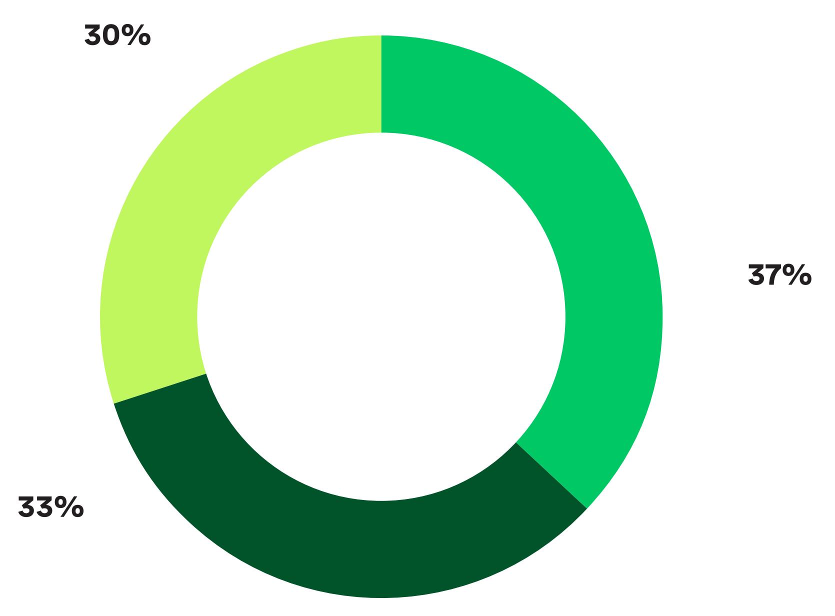
The performance of each financed project is measured against its target impacts on an annual basis. Projects achieving ±15% of the targeted impact are defined as performing 'as expected'. Out of all annual environmental status reports requested, 80% were submitted. The submitted reports indicate that 63% of the projects, in terms of agreed funds, are performing at or above expectations. It is worth noting that the majority of our activities in Ukraine, about three in four, are performing as or better than expected, despite the ongoing Russian aggression.

Reported environmental impact 2024

	Nefco invest-ments	Trust funds	Total 2024	Total 2023	Nefco's share of the impact [%]
Reduced or avoided CO_2 emissions [$ktCO_2$]*	**2,152.2**	**56.0**	**2,208.2**	**509.7**	**8%**
Energy savings [GWh]	**68.8**	**13.2**	**82.0**	**148.5**	**36%**
Heat	20.0	9.0	28.9	131.7	61%
Electricity	48.8	4.2	53.1	16.8	23%
Renewable energy gener-ated [GWh]	**773.4**	**19.2**	**792.6**	**628.0**	**11%**
Heat	239.9	0.0	239.9	309.4	4%
Electricity	533.5	19.2	552.7	318.6	14%
Reduced air pol-lution [tNOx+t-SOx+tPM]*	**0.0**	**32.6**	**32.6**	**70.9**	**79%**
Reduced NOx pollution [tNOx]*	0.0	2.5	2.5	30.8	52%
Reduced SOx pollution [tSOx]*	0.0	2.0	2.0	21.6	70%
Reduced partic-ulate matter pol-lution [tPM]*	0.0	28.1	28.1	18.5	83%
Saved water [thous. m^3]	**464.4**	**508.4**	**972.8**	**27.2**	**55%**
Waste recycled [t]	**8,715.4**	**21.0**	**8,736.4**	**124.6**	**29%**

* Estimated impact

Progress of active portfolio



Below expectation
As expected
Above expectation

Case

NOAQ Flood Protection is a Swedish innovator developing game-changing mobile flood barriers to create a more flood-resilient society worldwide.
In 2021, Nefco provided financing to accelerate the internationalisation of the company's efficient and sustainable flood protection solutions.

Photo: Dansk Fugtstop

Renewable energy

Our current activities in the renewable energy sector are supporting the installation and operation of renewable electricity and heating solutions. During 2024, these activities generated roughly 553 GWh of renewable electricity and 240 GWh of renewable heat, totalling 793 GWh. That corresponds to about 40% of Sweden's total annual solar power production[1].

Energy savings

Nefco's main energy savings are achieved through energy-efficiency measures in public buildings, public street lighting and public utility infrastructure in Eastern Europe. Current activities saved roughly 29 GWh of heat energy and 53 GWh of electricity during 2024, amounting to a total of 82 GWh. That equates to the annual energy needs of approximately 3,700 Finnish households[2][3].

Reduced or avoided CO_2 emissions

The majority of projects financed by or through Nefco contribute to climate change mitigation by reducing CO_2 emissions. Current activities supported the reduction of roughly 2.2 million tonnes of CO_2 emissions in 2024. That corresponds to over 1.8 million roundtrips from Reykjavík to Tokyo by plane.

Nutrient discharge reductions

Eutrophication is the greatest environmental threat to the Baltic Sea, and the main reason Nefco was established back in 1990. Mitigation of land and water pollution remains a focus area for Nefco, in line with the Nordic Vision 2030.

There are currently 19 active projects within the wastewater treatment sector being realised in Ukraine. These are focused on the renovation of deteriorated equipment and energy-efficiency improvements. In addition, there are 14 ongoing projects within the Baltic Sea Action Plan Fund. The projects are expected to result in reduced energy usage, eutrophication and hazardous pollution, supporting a healthier Baltic Sea.

Water savings

We achieve water savings through financing Nordic water-efficient technical solutions, implementing low-flow equipment in public building renovations and repairing public utility infrastructure in Eastern Europe. During 2024, activities supported by Nefco saved just shy of 1 million cubic metres of water, which is about the annual water consumption of 16,000 Norwegians[4].

[1] Energimyndigheten Sverige: Statistics
[2] Statistics Finland: Energy consumption in households
[3] Statistics Finland: Dwellings and housing conditions
[4] Statistics Norway: Municipal water supply

People

Dennis Hamro-Drotz

Acting Head of Special Funds
Headquarters, Helsinki

"Financing green solutions that make a difference is what keeps me motivated."

Dennis has worked at Nefco since 2017, bringing a diverse background from the media industry, the United Nations and the private sector, with past roles ranging from research diver to commercial director. Born in Finland, Dennis has lived in Brussels, New York and Geneva but is now back in Helsinki. Today, he leads a team of experts managing projects that generate positive impacts in Sub-Saharan Africa and the Baltic Sea region. Dennis is an outdoorsy type and enjoys sports and spending time with his family—but he has also directed documentary films!

Social impact

Nefco integrates social sustainability dimensions as a cross-cutting issue while working to achieve positive impacts within our core area of activity – the environment.

Human rights

We continue to assess human rights aspects in our financing, cooperating with our counterparties on promoting human rights within their operations and joint activities with Nefco. Human rights-related actions are agreed in dialogue with our counterparties and included in Environmental and Social Action Plans (ESAP). Actions to promote human rights include the development of a publicly available policy commitment on human rights, the introduction of due diligence processes for clients' business operations and supply chains and the development of internal and external anonymous grievance mechanisms.

End beneficiaries

We estimate that over 5.5 million people directly benefit from our ongoing activities and several more indirectly via the companies we finance and their sustainable solutions.

Access to clean and affordable energy in Sub-Saharan Africa
The Beyond the Grid Fund for Africa (BGFA) programme generated 369,680 new energy service subscriptions (ESS) in 2024, providing clean and affordable energy to 1.9 million people. This brings the total to 610,385 ESS, benefiting 3.1 million people. By the end of 2025, BGFA is expected to have delivered 840,000 ESS, reaching 4.3 million people.

Access to clean cooking solutions in Sub-Saharan Africa
The Modern Cooking Facility for Africa (MCFA), incepted in 2023, had by end 2024 delivered 3,026 clean cooking services (CCS) giving 17,966 people access to clean cooking solutions. By the end of 2025, MCFA is expected to have delivered 34,994 CCS benefiting 171,569 people.

Improved comfort, health and safety in Eastern European municipalities
Ongoing municipal energy-efficiency projects in Eastern Europe are estimated to benefit over 246,000 citizens. Ongoing street lighting projects are estimated to benefit over 0.2 million citizens, and district heating projects under implementation are estimated to benefit about 0.4 million citizens.

Access to efficient water supply and wastewater treatment in Ukrainian municipalities
Nefco is implementing several water and wastewater infrastructure-related projects in Ukraine. When implemented, they are estimated to benefit over 1.5 million citizens through increasing the efficiency of water supply and wastewater treatment infrastructure, in terms of both decreased energy usage and reduced nutrient pollution.

Within our Green Recovery Programme for Ukraine, several new apartment buildings for internally displaced persons (IDPs) are under construction. When finalised, these buildings will provide housing for over 4,000 individuals who have had to flee their homes due to the ongoing war. Furthermore, refurbishments of educational and medical care facilities are estimated to benefit over 44,000 citizens, including IDPs.

Job creation

Nefco contributes to the creation of job opportunities by way of its financing, through both supporting the scale-up of Nordic companies and its managed trust funds.

Within the Nopef trust fund, realised projects create 12 new job opportunities on average according to the customer survey. It is estimated that 245 new job opportunities will be created from Nopef projects approved during 2025.

BGFA and MCFA create job opportunities in Sub-Saharan Africa by incentivising local businesses providing clean energy and clean cooking services.

Our activities with Eastern European municipalities include the renovation of public buildings, critical infrastructure systems and street lighting systems, as well as the construction of new housing for internally displaced persons. This creates local job opportunities for skilled workers who undertake the work as well as local and global consultants who oversee the activities. However, the number and extent of these job opportunities are difficult to estimate.

Case

Elonroad is a Swedish cleantech pioneer that is redefining how electric vehicles are powered by turning roads and depots into intelligent, automatic charging infrastructure. Nefco financed the company in 2022 to support its expansion into new international markets.

Photo: Elonroad AB

Goal 9
Industry innovation and infrastructure
65%

Goal 13
Climate action
52%

Goal 7
Affordable and clean energy
43%

Goal 5
Gender equality
15%

Goal 6
Clean water and sanitation
12%

Goal 14
Life below water
8%

In 2025, Nefco's financing activities contributed particularly to these Sustainable Development Goals. The figures represent numbers of projects as percentage of our portfolio.

Contribution to global goals

At Nefco, together with our owners, partners and clients, we do our best to contribute to global and Nordic goals within the framework of our mandate. In the past year, our financing activities have, in particular, contributed to the Sustainable Development Goals highlighted on the left.

Potential adverse impact

Nefco is aware that there may be some adverse impacts as a result of our financed activities. We assess, identify and mitigate any potential adverse impacts at an early stage of the project life cycle.

Human rights risks

Human rights risks are present in several of our activities, regardless of country or sector context. When appropriate, mitigating actions are included in Environmental and Social Action Plans, such as the development of anonymous grievance mechanisms and human rights due diligence processes and policies.

Exposure to excluded sectors

Some green solutions have use cases in sectors included in our exclusion list, such as the defence or fossil fuels industries. We do not allow our funding to be used for activities in excluded sectors.

Management of asbestos in Ukraine

In Ukraine, the management of material that contain asbestos is a risk. Asbestos is prevalent in the built environment, in roofing, insulation, piping and more. Currently, there is a clear lack of certified organisations and facilities to safely receive, store, process and dispose of asbestos containing material in Ukraine. The risk for exposure and unsustainable management is heightened by the large amounts of debris containing asbestos.

Masses of debris pile up amidst the urban landscapes of Ukraine as a result of the Russian invaders' brutalities. According to estimates of the Kyiv School of Economics[1], as of November 2024 about 90 million square meters or 9% of the total area of the housing stock in Ukraine has been damaged or destroyed by the Russian shelling. Roughly 1.4 million homes (affecting about 3.4 million people) have been damaged or destroyed.

Sustainable management of debris, while a challenge, is a key area of focus. Our ongoing demolition pilot project aim to demonstrate sustainable management of construction demolition waste in the Ukrainian context. We have also joined a working group on asbestos management in Ukraine organised by UNEP to develop our practices and exchange experiences with our peers.

Tackling e-waste challenges

A concern within the Beyond the Grid Fund for Africa (BGFA) operational landscape is the absence of a systematic approach for the recycling or repurposing of non-functional solar systems - batteries in particular. Recognising the situation, BGFA has taken a proactive stance to addressing the challenge.

To assist Energy Service Provision companies in the responsible management of e-waste, BGFA provides technical assistance in establishing provisional e-waste handling systems. The primary approach involves safe e-waste storage as more advanced systems are developed. Country-based Off-Grid Task Forces also play an important role in creating an enabling environment for e-waste collection and processing systems.

[1] Report on Damages to Infrastructure from the Destruction Caused by Russia's Military Aggression against Ukraine as of November 2024

Programmes:
Nordic SMEs

We provide loans to Nordic small and medium-sized enterprises (SMEs) to support their scale-up activities on international markets, contributing to their growth and competitiveness.

We prioritise sectors that build on Nordic strengths and create jobs in the Nordics and in our investment countries. In addition to assessing the positive environmental impact and EU Taxonomy eligibility, we evaluate scalability and demonstration value of the solutions we invest in.

→ Read more about Nordic SMEs

Impact data reflects realised impact in 2024, unless otherwise stated.

Activities in 2025

Financing activities for Nordic SMEs continued in 2025, but market challenges persisted and restructuring remained high amid rising bankruptcies in some Nordic countries. This led to additional credit losses, and Nefco discontinued its small-loan offering under the Fast-track loan programme.

Nefco signed its first guarantee agreement with the European Investment Fund (EIF), under InvestEU, and concluded the first EIF-guaranteed loan agreements with Nordic SMEs. EIF guarantees will play an important role in future financing solutions for our SME clients.

Throughout the year, Nefco continued strengthening its risk framework to support further investment activities within the Nordic SME portfolio.

Active portfolio

- **7 new investments** agreed in 2025
- **EUR 19.6 million** disbursed in 2025
- **69 investments** ongoing to an agreed value of **EUR 200.5 million**

Outcome

2m tonnes
of CO_2 emission reduced

464k m^3
of water saved

679 GWh
of renewable energy produced

191 GWh
of renewable fuel produced

8,715 tonnes
of waste recycled

VAXA grows high quality leafy greens in a fully controlled environment in indoor farms located in Reykjavík, Iceland and Örebro, Sweden. In 2025, VAXA's subsidiary in Sweden, VÄXA odling i Sverige, received funding from Nefco, supporting the company's expansion and the introduction of its high-quality leafy greens to new markets.

Photo: VAXA

Programmes:
Nopef

Nordic SMEs can receive financial support through Nopef, the Nordic Project Fund, for feasibility studies that support internationalisation.

Nopef, financed by the Nordic Council of Ministers and managed by Nefco, helps advance the green transition by supporting international establishment, demonstration projects and pilot installations of green technologies.

The fund's activities also contribute to the Nordic Vision 2030, job creation, knowledge sharing and the development of sustainable business models.

→ Read more about Nopef

Activities in 2025

Demand for Nopef financing remained high in 2025, with EUR 2.13 million provided to 52 qualified projects. During the year, 24 feasibility studies led to the establishment of an international business, corresponding to a 57% success rate (target 50%).

Nopef's annual customer survey, which assesses impacts three years after the completion of a feasibility study, shows that each realised project has, on average, resulted in 12 global jobs (including 2 Nordic jobs), EUR 1.4 million in project-related investments and EUR 2.0 million in project-related sales.

Active portfolio

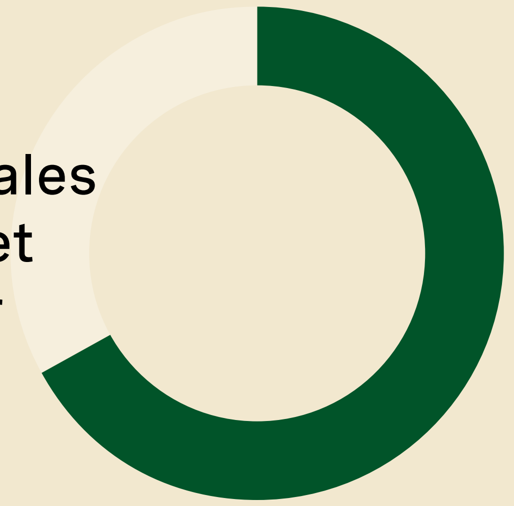
- **49 new projects** agreed
- **35 projects completed** in 2025
- **EUR 1.69** million disbursed in 2025
- **128 projects ongoing** to an agreed value of **EUR 5.04 million**

Outcome

245 new jobs expected

35 MEUR mobilised

61% of companies have sales activities in the target country 3 years after project completion



54% of financed projects address climate change adaptation or mitigation

Trifilon, a Swedish producer of biocomposites using natural fibres, helps businesses cut CO_2 emissions and replace conventional plastics without compromising quality. In 2022, the company received financial support from Nopef, resulting in the establishment of a joint venture to produce and sell biocomposites in the Indian market.

Photo: Trifilon AB.

Programmes:
Green recovery for Ukraine

Through various initiatives, the multi-donor funded Nefco's Green Recovery Programme for Ukraine provides financing and capacity building that enable Ukrainian municipalities to recover sustainably, enhance resilience, and build back greener and better.

Actions include repair and modernisation of critical infrastructure and public facilities such as hospitals, schools and universities, with integrated energy-efficiency measures and renewable energy installations; energy-efficient housing for internally displaced persons (IDPs); and capacity building and technical assistance to support effective and transparent project implementation.

→ Read more about the programme

Impact data reflects realised impact in 2024, unless otherwise stated.

Activities in 2025

Grant funding raised since the beginning of the programme in 2022 has now exceeded EUR 500 million. Key achievements in 2025 include a strengthened strategic role within Denmark's support to Ukraine for 2025-27, with an additional EUR 46 million in funding. We also established three new funds with Swedish contributions totalling EUR 64 million. The EU's approval of our application for a 90 per cent guarantee for EUR 70 million in lending to municipal projects, together with EUR 40 million in investment grants, was also an important milestone.

Russia's continued deadly attacks have created significant challenges for everyone involved in our Ukrainian operations. Security concerns, electricity blackouts and the military conscription of staff have all affected daily work. Despite this, most of our ongoing projects progressed well during the year.

Local green recovery plans are also moving forward, with 39 communities on track for finalisation in the first half of 2026.

Outcome

73 GWh
of energy saved

508k m^3
of water saved

59%
of heat energy saved on average (in buildings)

5,839 tonnes
of CO_2 emission reduced

~245k
individuals benefiting from activities completed in 2025

Active portfolio

- **EUR 134 million** in new donor contributions
- In total **EUR 514 million** committed
- **66 projects** ongoing to an agreed value of **EUR 298.1 million**
- **EUR 39.8 million** disbursed in 2025

Roman worked at the tax office in Berdyansk, until he was mobilised to the Ukrainian army in 2015, becoming a combat medic. In April 2022, he and his fellow soldiers were surrounded and taken to Russian captivity. After 1,039 days as a prisoner of war, Roman returned and found the feeling of home in the first newly built building for internally displaced persons (IDPs) in Lviv. The project is funded by the EU, managed by Nefco, and implemented by the City of Lviv.

→ Read more

Photo: Shpyrko Nikol

Programmes:

Green transition in Moldova and Georgia

Nefco provides loan financing blended with grant funding from the Eastern Europe Energy Efficiency and Environment Partnership (E5P) to municipalities in Moldova to improve energy resilience and accelerate the green transition. Previously, Nefco has also provided loan financing in Georgia.

Typical projects relate to energy-efficiency measures in public buildings, and modernisation of street lighting. We prioritise projects that have a high demonstration value and substantial scale-up potential.

The aim is also to establish best practices and transparency in procurement and project implementation.

→ Read more about the programme

Impact data reflects realised impact in 2024, unless otherwise stated.

Activities in 2025

Progress in our municipal energy-efficiency projects in Moldova was good in 2025. One project under Nefco's Energy Savings Credits Facility was completed during the year. In addition, the first two of four projects under the Nefco-E5P programme for energy-efficiency refurbishments of healthcare institutions were finalised.

Two inauguration events were held in June with the participation of E5P donors. Our work is well appreciated in Moldova and within the E5P community as concrete, targeted local actions that deliver clear benefits for both society and the environment.

In Georgia, our only project under physical implementation reached EUR 3.1 million in disbursements, with EUR 0.8 million of Nefco's loan still to be disbursed. The project focuses on schools in mountainous regions. During the year, the first disbursement of EUR 0.5 million was made from an E5P grant of total EUR 2.6 million. Our other project in Georgia, related to energy efficiency in public buildings, is in the repayment phase.

Outcome

7 GWh
of energy saved

1,621 tonnes
of CO_2 emission reduced

~34k
individuals benefiting from activities completed in 2025

Active portfolio

- **EUR 3.6 million** disbursed in 2025
- **5 projects in Moldova** and **2 projects in Georgia** ongoing to an agreed value of **EUR 11.7 million**

On 17 June 2025, two healthcare facilities—the Nisporeni District Hospital maternity building and the Telenesti City Polyclinic—were inaugurated following major energy-efficiency upgrades under the first joint energy-efficiency programme by Nefco and the Eastern Europe Energy Efficiency and Environment Partnership (E5P) in Moldova.

→ Read more

Programmes:
Baltic Sea

Established by Sweden and Finland in 2010, the Baltic Sea Action Plan Fund (BSAP Fund) is an early-stage grant mechanism for financing projects that address the environmental challenges of the Baltic Sea. The BSAP Fund facilitates and accelerates the preparation and implementation of projects that align with HELCOM's objectives. The fund is co-managed by the Nordic Investment Bank (NIB) and Nefco.

→ Read more about the BSAP Fund

Activities in 2025

A Call for Proposals was launched to attract applications from actors working on projects that aim to improve the environmental status of the Baltic Sea. 39 applications from seven countries were received - the highest number ever submitted to the BSAP Fund, showing a strong interest from both the private and public sector. The fund's Steering Committee approved and allocated EUR 1.3 million to eight new projects, most of which are private sector companies, but funding was also granted to NGOs, international organisations and a municipality.

In June 2025, the NCM, through the NMF Fund, allocated additional EUR 680,000 to the fund.

Outcome

80%
of funded projects address biodiversity conservation and pollution prevention

39
new applications received in 2025

Active portfolio

- **8 new projects** agreed in 2025
- **7 projects completed** in 2025
- **EUR 0.8 million** disbursed in 2025
- **14 ongoing projects** to an agreed value of **EUR 1.7 million**

The Blekinge Archipelago Association in Sweden promotes the preservation of nature and cultural heritage. The association received support from the Baltic Sea Action Plan (BSAP) Fund to lead efforts to restore wetland, which deliver essential ecosystem services across the Baltic Sea region.

→ Read more

Photo: Urban Emanuelsson

Programmes:

Carbon markets

Nordic countries have a long-standing commitment to supporting ambitious climate action and sustainable development and promoting carbon market mechanisms globally.

The Nordic Initiative for Cooperative Approaches (NICA) has since 2018 supported the operationalisation of international market-based collaboration under Article 6 of the Paris Agreement through studies and technical assistance. This initiative involves all Nordic countries, with Nefco serving as the fund manager.

→ Read more about the programme

Activities in 2025

Nefco re-engaged in Paris Agreement era carbon markets during 2025, amid growing interest in carbon financing. Notably, the EU decided to allow the use of carbon credits towards national emission-reduction targets.

In the autumn, Nefco's Board approved plans to prepare and pilot a Nefco Article 6 Carbon Facility. Key activities included studies on Nordic private-sector interest in Article 6 and Nordic demand for carbon credits under different climate policy scenarios, alongside consultations and workshops with stakeholders. The aim is to launch the pilot in spring 2026.

Work under NICA continued, supporting the implementation of Article 6 through Nordic collaboration and dialogue, and monitors developments in voluntary carbon markets.

Outcome in 2025

2
new studies

3
events held:

- New carbon market accelerates climate action - Why, what, and how?
- NICA Workshop
- Road to COP30 - Nordic dialogue on advancing climate finance

In 2025, Nefco published two new studies highlighting how Nordic countries and companies are well positioned to accelerate climate action through international carbon markets under Article 6 of the Paris Agreement.

Both studies were commissioned under NICA and were carried out by Carbon Limits.

→ Read more

Photo: Trond Giæver Myhre

Programmes:
Beyond the Grid Fund for Africa

The Beyond the Grid Fund for Africa (BGFA) is a multi-donor programme that brings clean and affordable off-grid energy solutions to rural and peri-urban areas in Sub-Saharan Africa through results-based financing models that incentivise local businesses.

The aim is to establish up to 1.7 million energy connections benefiting 8.7 million people across six countries. BGFA supports climate change mitigation and gender equality and aligns with SDG5 and SDG7.

→ Read more about BGFA

Activities in 2025

During the year, the focus was on implementing ongoing projects, with project-related work carried out across all six BGFA countries. Results accelerated, with more than one million new beneficiaries in the last six months. Most connections sold were solar home systems, alongside the first completed mini-grids and growing interest in productive use of energy solutions, such as water pumps and refrigerators.

Support for the national off-grid task forces continued to strengthen the sector. Looking ahead, the programme will adjust to Sweden's decision to phase out its activities in Mozambique and Liberia. At the same time, the World Bank plans to expand its off-grid energy and clean cooking activities through the ASCENT and M300 initiatives. Lessons learned from BGFA are being shared to help inform their programme design.

Outcome in 2025

53k tonnes
of CO_2 emission avoided

22 GWh
of renewable energy generated

+39 MEUR
in leveraged co-financing

Active portfolio

- **28 portfolio companies**
- In total **EUR 111 million** in donor contributions
- **EUR 8.2 million** disbursed in 2025
- **846,000 subscriptions sold**, providing clean energy access to **4.37 million people**
- **~12,000 jobs & sales agent positions** created

A customer satisfaction survey among end users of **BGFA-supported companies** shows strong results. Four out of five customers are accessing a new type of energy service for the first time, and 94% say the off grid appliance fully meets their needs. Overall, 96% report that their quality of life has improved as a result of gaining access to energy, with 67% saying it has improved significantly.

→ Read more

Photo: Jason Mulikita for BGFA / Nefco

Programmes:

Modern Cooking Facility for Africa

The Modern Cooking Facility for Africa (MCFA) is a multi-donor programme that supports the development of new markets for the clean cooking sector and aims to accelerate access to modern and affordable cooking solutions in Sub-Saharan Africa. MCFA aims to reach up to 4 million consumers in Africa by the end of 2029.

Clean cooking reduces exposure to harmful pollutants and improves health and well-being for women and girls, in particular. It also helps to reduce greenhouse gas emissions and avoid deforestation and loss of biodiversity.

MCFA combines results-based financing with catalytic grant financing. The aim is to function as a bridge between seed funding and carbon finance or commercial loans and equity.

→ Read more about MCFA

Activities in 2025

During the year, the focus was on contracting projects shortlisted under the second MCFA Call for Proposals (MCFA2) and supporting the implementation of existing projects.

During the year the programme scaled up its advisory services to portfolio companies, including in relation to carbon project development. Carbon finance is gaining momentum for the sector thanks to advancements in Article 6 frameworks. At the same time, the sector is going to benefit from other large initiatives such as the World Bank's ASCENT programme.

In 2025, MCFA has also strengthened its digital monitoring, reporting and verification (MRV) systems through integration to Prospect, an open-source tracking tool for SDG7.

Outcome in 2025

56k tonnes
of CO_2 emission avoided

22k tonnes
unsustainable wood harvest avoided

24 MEUR
in leveraged co-financing

Active portfolio

- **22 portfolio companies**
- In total **EUR 55 million** in donor contributions
- **EUR 4.2 million** disbursed in 2025
- Over **41,000 clean cooking services** sold, providing access to over **178,000 people**
- **~900 jobs & sales agent positions** created

Nearly all state schools in Tanzania rely on firewood for cooking, but the country's national strategy calls for a shift from charcoal and firewood to cleaner alternatives.

In 2025, **Hanny G Investment Company Ltd**, a women-led enterprise providing natural draft stoves and sustainable briquettes to institutions in rural and peri-urban areas, joined the MCFA programme. With EUR 1 million in MCFA funding, Hanny G Investment will expand its briquette production facility in Mafinga, aiming to provide schools with up to 4,300 clean-cooking services by 2029.

→ Read more

Photo: Hanny G Investment

Our own operations

Our own footprint

In line with our task to accelerate the green transition, we believe it is important to walk the talk and manage our own footprint. Our internal carbon footprint calculation is comprehensive and follows the Greenhouse Gas Protocol's Corporate Accounting and Reporting standard as well as the complementary Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Greenhouse gas accounting allows us to systematically track our emissions and take action to manage them.

During the year, we have continued to advance our commitment to global climate action and our dedication to best practices in the field. Our approach is rooted in transparency, scientific rigour and a drive to have a meaningful impact, within our operations and beyond.

We prioritise reducing our greenhouse gas emissions through proactive measures on, for example, energy-efficiency and sustainable business travel. Emissions avoidance and mitigation are always the first steps to consider in our operations and activities. To manage residual emissions that cannot be reduced or avoided, we support high-quality climate initiatives beyond our financing activities, reinforcing our role as a catalyst for positive environmental impacts.

In 2025, our carbon footprint was 271 tonnes of CO_2, a decrease of almost 58% compared to the previous year. We also purchased and retired carbon credits that resulted in preventing over 1,200 tonnes of CO_2 emissions from being released into the atmosphere.

Principles for Nefco's climate action

Nefco's carbon credit approach is guided by strict principles to ensure credibility and alignment with our objectives and values:

- **Mitigation outcomes:** Credits shall be based on mitigation outcomes (emissions reductions/removals) from recent years.
- **High standards:** Activity and carbon credits fulfil high-integrity criteria, such as additionality and verification. Additionality means that the activity would not have happened without carbon financing.
- **Positive social and environmental outcomes:** Activity shall avoid negative impacts and deliver local social and environmental benefits, e.g. supporting local development and ecological resilience.
- **Maximise additional impact:** Activity shall preferably be located in geographical areas where Nefco is not active.

People

Mia Alén
Senior Finance Manager
Headquarters, Helsinki

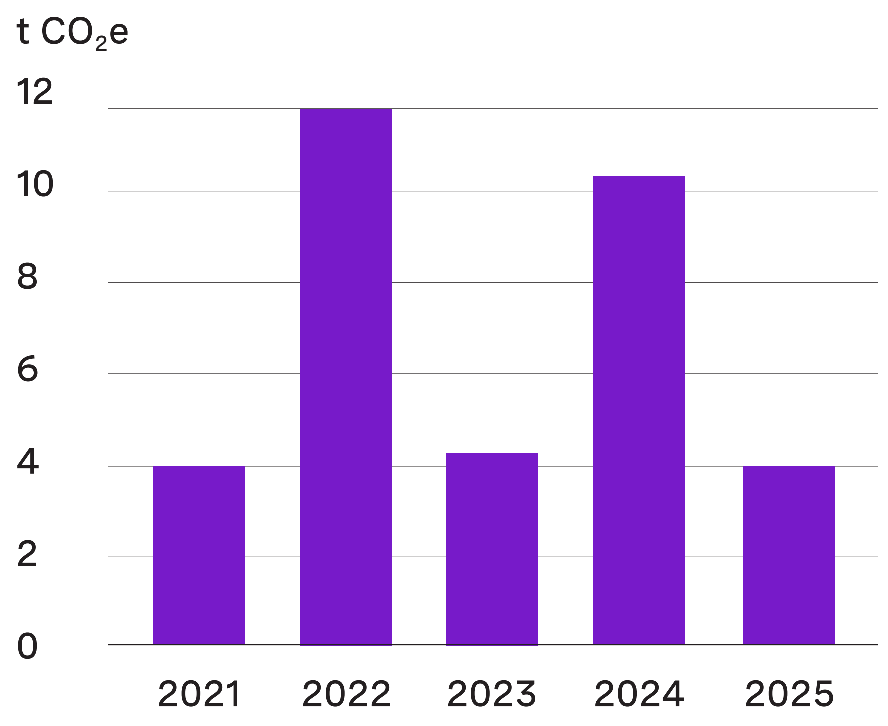
"Working at Nefco has made environmental questions part of my everyday thinking."

Mia has worked at Nefco since 2007, bringing previous experience from the Nordic Investment Bank. Originally from Helsinki, Mia studied in Lappeenranta and spent a high-school exchange year in Texas. In her diverse role, she works across finance and IT development. Outside work, she is an avid sports enthusiast - and, thanks to her floorball career in the 2000s, someone has even created a Wikipedia page about her!

Looking ahead, we will continue to strengthen our climate handprint by financing innovative solutions and exploring collaborative mechanisms - such as carbon removal projects and Article 6 initiatives - to scale high-integrity climate action globally.

→ Read more about our efforts

Carbon footprint per employee



* Per employee in the Helsinki office.

Nefco's internal carbon footprint per scope and category

Emissions by source	2021	2022	2023	2024	2025	Change on previous year [%]
Scope 1						
Fuels	0.0	0.0	0.0	0.0	0.0	±0
Refrigerant leak	0.0	0.0	0.0	0.0	0.0	±0
Scope 1 total emissions	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**±0**
Scope 2						
Electricity	10.6	0.0	0.0	0.0	0.0	±0
Heat	15.8	11.6	10.1	11.8	11.2	-5.3%
Cooling	0.0	0.0	0.0	0.0	0.0	±0
Scope 2 total emissions	**26.4**	**11.6**	**10.1**	**11.8**	**11.2**	**-5.3%**
Scope 3						
Category 1: Purchased goods and services	61.8	347.3	41.2	466.1	72.5	-84.5%
Category 5: Waste generated in operations	0.5	0.8	0.8	0.7	2.5	+270.4%
Category 6: Business travel	34.0	148.6	180.2	153.5	176.8	+15.2%
Category 7: Employee commuting	8.4	4.7	3.3	3.6	3.9	+9.8%
Category 8: Upstream leased assets	1.4	2.5	4.2	3.1	4.1	+30.8%
Scope 3 total emissions	**106.1**	**503.7**	**229.8**	**626.9**	**259.8**	**-58.6%**
Grand total	**132.6**	**515.4**	**239.8**	**638.7**	**271.0**	**-57.6%**

Case

The building sector accounts for 37% of global emissions, and its energy use continues to grow each year. Solar facades make it possible to generate renewable energy from buildings without the need for large land areas.

The Danish company **SolarLab** provides customisable solar facade solutions for new builds and retrofits, offering both cladding and electrical components. Their panels blend into the architecture, appearing as decorative mullions or glass elements rather than traditional solar panels.

Nefco provided SolarLab with a EUR 1.6 million loan to support the company's expansion and the relocation of its entire production process to Denmark, enabling greater control of the value chain and the ability to manage larger projects with more flexibility.

→ Read more

Photo: SolarLab A/S

Nefco as a workplace

A committed team is essential to achieve our purpose. Our culture is built on shared beliefs and behaviours that guide us in making better decisions. We aim to lead the green transition and inspire others to follow. Our bold vision is for all financing to be green.

We offer a sustainable working environment where personal growth and skills development are encouraged. We promote a healthy work-life balance and support continuous learning.

→ Read more about our workplace

Our employees

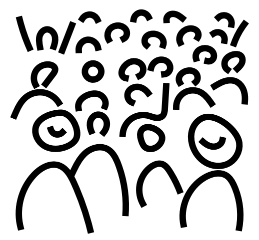
Our headquarters are in Helsinki, Finland, and we also operate a Representative Office in Kyiv, Ukraine.

At the end of 2025, our team consisted of 67 employees in Helsinki and nine employees and full-time consultants in Kyiv. Nefco was also represented by long-term consultants across the Nordics. Our staff ranged in age from 22 to 67 years, with an average age of 45, and represented 15 different nationalities.

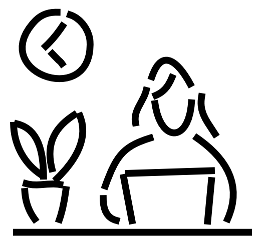
In addition to the work carried out by our own employees, we purchase support services - such as accounting, IT, facility management and HR - from the Nordic Investment Bank, with whom we share headquarters together with the Nordic Development Fund.

We value our staff's commitment to continuous professional development. To support this, we regularly organise training sessions on a wide range of topics, from finance and biodiversity to time management and self-leadership.

Our values



Thrive together



Grow for good

Ever improving

People

Vanessa Lorentzen
Investment Manager
Headquarters, Helsinki

"Dedicated people, a supportive culture and a clear purpose make Nefco a great workplace."

Vanessa has worked at Nefco since 2023, bringing experience from sustainability consulting and green financing. Born in Tammisaari, she has also lived in Turku, Warsaw and Melbourne before settling in Helsinki. During the day, Vanessa supports Nordic SMEs in scaling their green solutions globally, and outside work she enjoys Pilates, yoga, travelling—and tends to juggle three books at once rather than read just one! In 2026, she will welcome her first child and looks forward to embracing parenthood and spending quality time with her family.

Open channels for our employees

At Nefco, we value open dialogue and provide several channels for staff to address concerns or share suggestions. In addition to meetings, staff events and internal digital channels, the following mechanisms help ensure transparency, fairness and continuous improvement in our working environment:

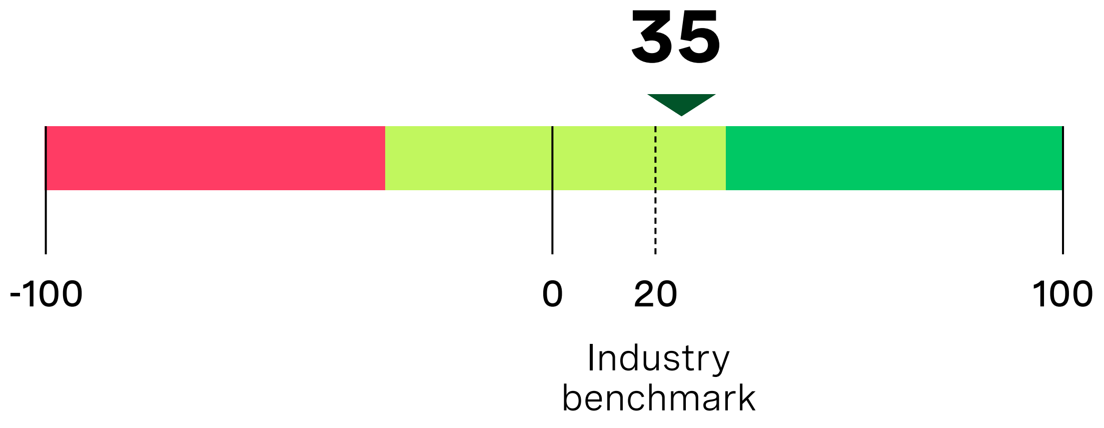
- **Staff Council:** A representative body that acts as a bridge between employees and management. The Council provides a platform for all staff members to voice ideas and concerns on matters affecting the wider organisation, promoting collaboration and inclusion in decision-making.
- **Ombudsman:** An impartial resource available to all staff for confidential advice and mediation on employment-related matters. The Ombudsman supports cooperation and helps maintain a safe and respectful workplace.
- **Staff Grievance Review:** A formal process that allows staff to request a review of decisions by the Managing Director, or its delegates, that they believe conflict with Nefco's legal framework for staff. The process consists of an internal review and, if needed, an independent external assessment to ensure fairness.

Age distribution of employees in Helsinki

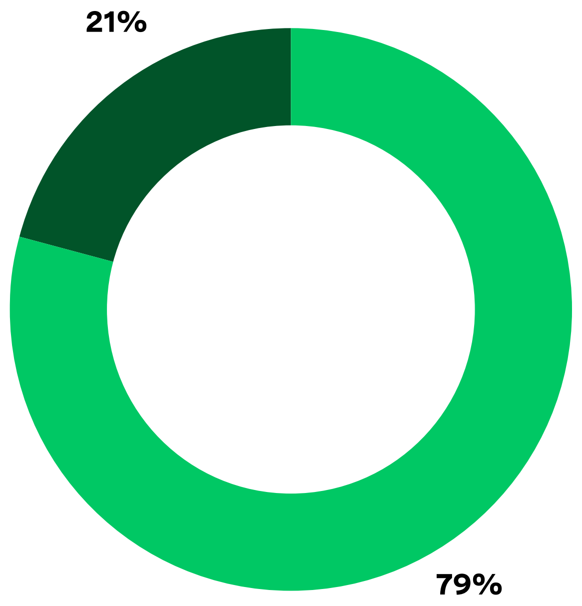
	20-44	45-59	60+
2025	34	23	10
2024	30	24	9

I would recommend Nefco as a workplace

eNPS (yearly average)



Nationalities of employees in Helsinki



- Member countries (FI, SE, NO, DK, IS)
- Other countries

Our workplace

	2025	2024
Employees in Helsinki	**67**	63
Distribution by gender (Helsinki office, on 31 December 2025)		
Women	43	38
Men	24	25
Average age of employees (Helsinki)	45	45
Average length of employment (in years, permanent employees[1])	**7**	**7**
New hires (permanent and temporary)	**7**	**7**
Exit turnover rate during the year[2]	**5.0%**	**5.2%**
Employees and consultants in Kyiv	**9**	**8**

[1] Contract types: Until further notice; and Fixed-term (4 years)
[2] Contract types: Until further notice, Fixed-term (4 years); and Temporary contracts (from 1-4 years)

Governance

Nefco is an international financial institution (IFI) owned by the five Nordic countries. IFIs are established through a treaty between two or more countries and therefore fall under international law.

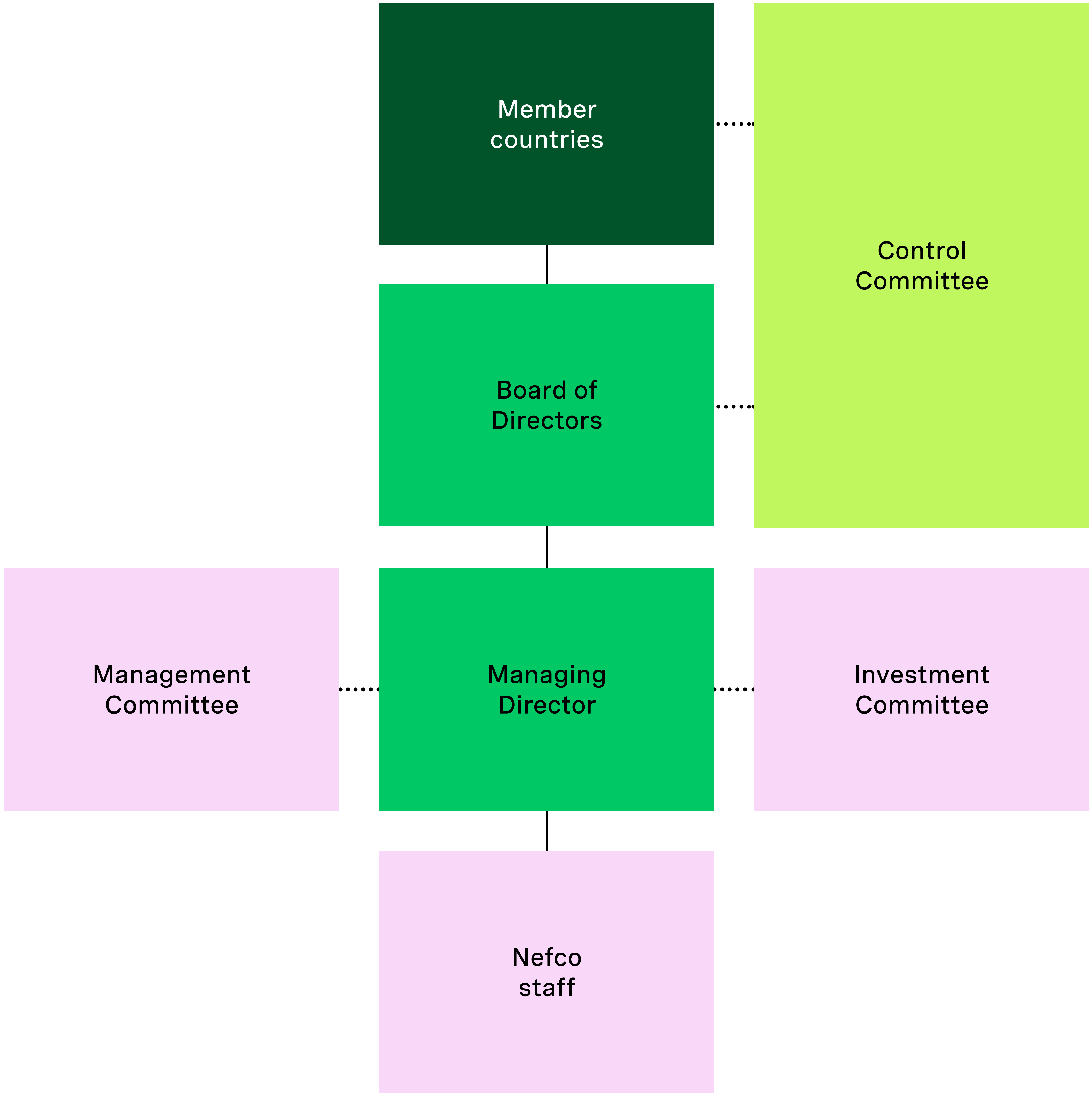
Legal framework

As an international financial institution owned by the five Nordic countries and established through a treaty, we operate under international law. Our governance is based on our constituent documents, including the Nefco Agreement, Statutes and Host Country Agreement with Finland.

As an international legal person, Nefco has full capacity to enter into agreements, own property and participate in legal proceedings. We are not registered in any national trade registers.

Our governance principles promote sustainability, equality, transparency, accountability and responsibility. In addition to Nefco's constituent documents, our activities must comply with the policies and guidelines adopted by the Board of Directors or the Managing Director.

→ Read more about our legal framework



Governing bodies

Board of Directors

The Board of Directors makes policy decisions for Nefco's operations and approves investments financed with Nefco's own capital, based on the recommendations of the Managing Director. It also approves the annual budget and oversees financial statements. Where appropriate, the Board may delegate certain powers to the Managing Director.

The Board consists of five members, each with one alternate, appointed by the Nordic countries. In 2025, the Board held nine meetings, four in person and five online.

Members of the Board in 2025 and their alternates:

Denmark
- **Carsten Møberg Larsen,** Senior Policy Adviser, Danish Environmental Protection Agency Chair of the Board since 1 March
- *Alternate: Jakob Anker Tvede Chief Advisor, Ministry of Foreign Affairs*

Finland
- **Saija Vuola,** Ministerial Adviser, Ministry of the Environment
- *Alternate: Sannamaaria Vanamo Deputy Director General, Ministry for Foreign Affairs*

Iceland
- **Halla Sigrún Sigurðardóttir,** Director General, Ministry of the Environment, Energy & Climate
- *Alternate: Magnús Örn Agnesar Sigurðsson Head of Division, Ministry of the Environment, Energy & Climate*

Norway
- **Siri Sorteberg,** Senior Adviser, Norwegian Environment Agency
- *Alternate: André Kammerud Head of Section, Norwegian Environment Agency*

Sweden
- **Erik Kiesow,** Senior Adviser, Ministry of Climate and Enterprise, Chair of the Board until 28 February
- *Alternate: Daniel Johansson Århem Deputy Director, Ministry for Foreign Affairs*

From left to right: Siri Sorteberg, Saija Vuola, Carsten Møberg Larsen, Sannamaaria Vanamo, Jakob Anker Tvede, Halla Sigrún Sigurðardóttir, André Kammerud, Daniel Johansson Århem, Erik Kiesow, and Managing Director Trond Moe. Not pictured: Magnús Örn Agnesar Sigurðsson.

Control Committee

The Control Committee (CC) is Nefco's supervisory body, which ensures that operations are conducted in accordance with the Statutes of Nefco. The CC is responsible for the auditing of Nefco's accounts and submits an annual Auditor's Report to the Nordic Council of Ministers (NCM). To support this task, the Committee appoints two external professional auditors.

The Nordic Council appoints five Nordic parliamentarians to the Committee, and the Chair is appointed by the NCM.

Control Committee at the end of 2025:

Chair:
- **Aud Lise Norheim,** Ambassador (retired)

Members:
- **Sjúrður Skaale,** Member of Parliament, Denmark
- **Noora Fagerström,** Member of Parliament, Finland
- **Vilhjálmur Árnason,** Member of Parliament, Iceland
- **Truls Vasvik,** Member of Parliament, Norway
- **Lars Püss,** Member of Parliament, Sweden

Managing Director

The Managing Director, appointed by the Board of Directors, is responsible for Nefco's day-to-day operations and is supported by the Management Committee and several investment committees.

Trond Moe is the Managing Director of Nefco. Moe's first appointment was for a six-year term from 2019 to 2025. In 2024, the Board of Directors decided to extend the appointment for another six-year term, covering 2025 to 2031.

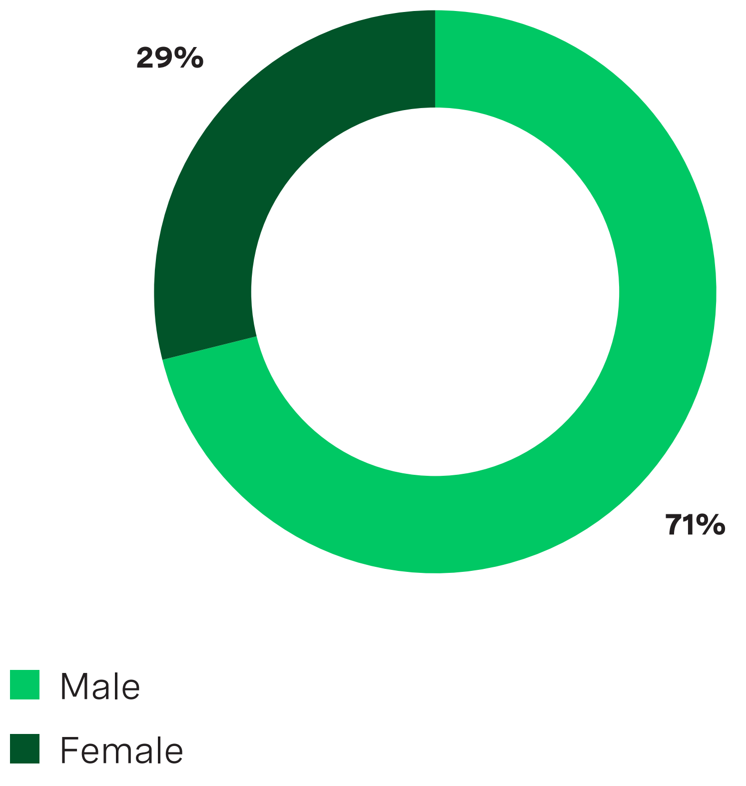
Management Committee

The Management Committee is an advisory body to the Managing Director. It consists of the Vice Presidents, the General Counsel and the Managing Director.

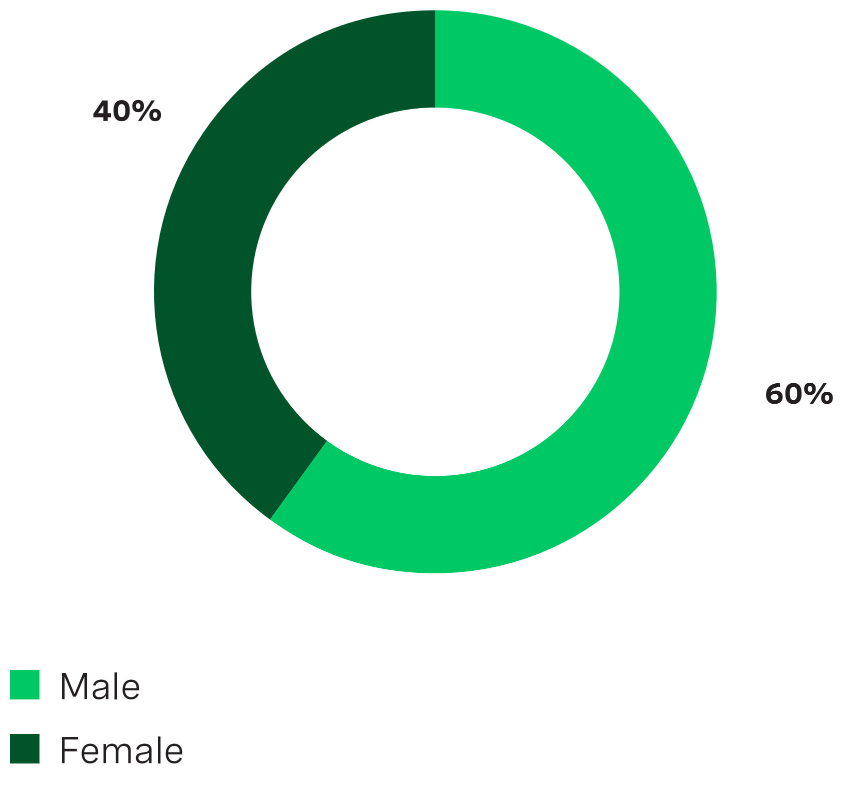
Management Committee at the end of 2025:

- **Trond Moe,** Managing Director
- **Tita Anttila,** General Counsel, Head of Legal
- **Ulf Bojö,** Vice President, Eastern Europe
- **Josefin Hoviniemi,** Vice President, Communications
- **Mikael Reims,** Vice President, Origination
- **Michael Ryan,** Vice President, Head of Finance
- **Thor Thorsteinsson,** Vice President, Nordic SMEs

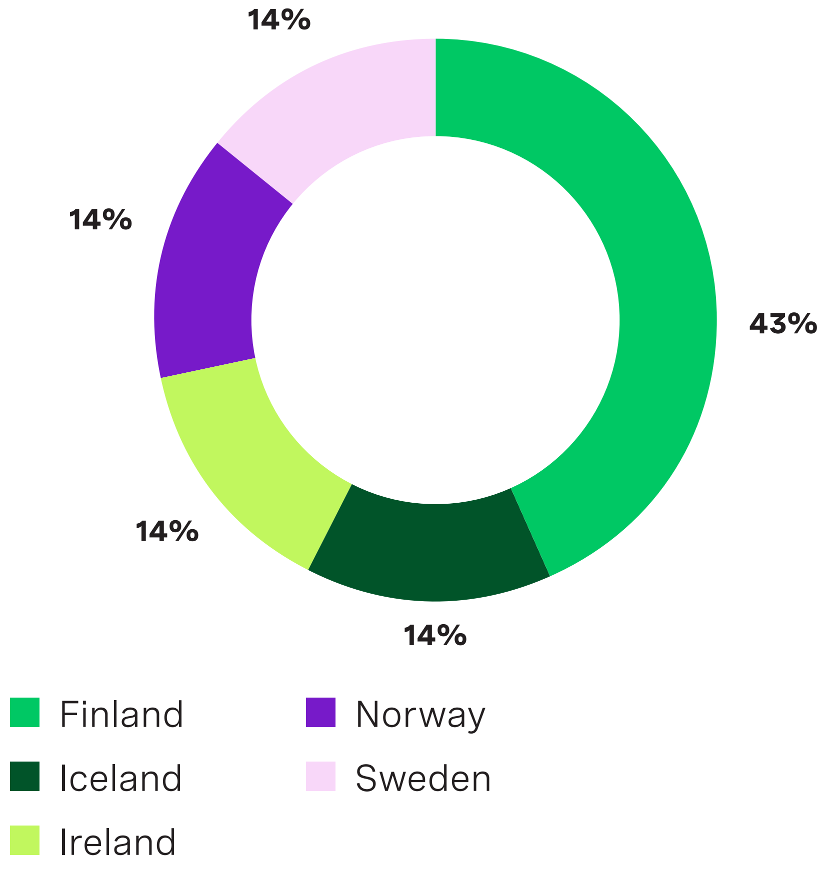
Nefco Management Committee and Managing Director, gender at 31 Dec 2025



Nefco Board members and alternates, gender at 31 Dec 2025



Nefco Management Committee and Managing Director, nationalities at 31 Dec 2025



Ethics and compliance

We are committed to promoting high ethical standards within Nefco and across all our operations. We work to ensure that the funds we manage are used only for their intended purposes and in line with international standards and best practices.

To manage compliance and integrity risks effectively, Nefco has an independent Ethics and Compliance function that leads work on ethics, integrity and accountability. This review function supports staff and management in identifying and managing integrity risks, and develops policies, rules and procedures related to ethics and integrity. It also investigates suspected cases of fraud, corruption and wrongdoing and reviews complaints and grievances related to Nefco activities.

Our Chief Ethics and Compliance Officer, **Linda Lundqvist**, reports to the Managing Director and has direct access to the Chair of the Board of Directors and the Chair of the Control Committee.

Reports or concerns regarding wrongdoings or complaints and grievances related to Nefco's activities can be submitted through a whistleblower platform. Information can be submitted completely anonymously in any of the 11 languages supported by the platform.

→ Our whistleblower platform

→ Further details are available in our Annual Ethics & Compliance report

We are committed to fostering a culture of integrity, accountability and ethical conduct across all our activities. The work of our Ethics & Compliance Department in 2025 is presented in a separate Annual Ethics & Compliance report.

Stakeholder engagement

Stakeholder engagement remains a cornerstone of our mission to accelerate the green transition. As a Nordic financial institution, Nefco serves the interests of its owners to support their environmental and sustainability goals.

We maintain close interactions with clients and a broad spectrum of stakeholders, including Nordic policymakers, civil servants, environmental agencies, trust fund donors, financial institutions, investors, business and trade promotion agencies, and journalists. Our collaboration with the other Nordic financial institutions, the Nordic Investment Bank (NIB) and the Nordic Development Fund (NDF), is particularly strong.

Nefco also acts as an Observer to several multinational coalitions and conferences, including HELCOM (the Baltic Marine Environment Protection Commission, also known as the Helsinki Commission), the Arctic Council, the UNFCCC process and the UN Climate and Biodiversity Conferences.

Responsibility for stakeholder engagement lies with senior management, supported by dedicated teams across functions. Outcomes are evaluated through surveys, engagement at events and other feedback mechanisms.


Meeting with Sari Multala, Finland's Minister of Climate and the Environment

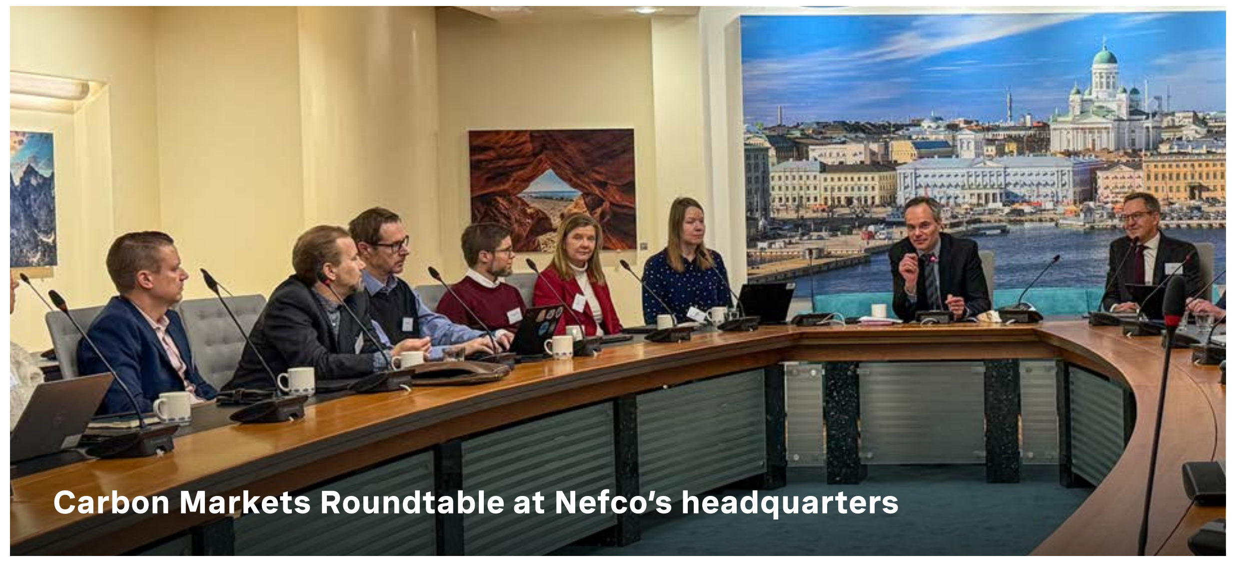
2025 Session of the Nordic Council at the Swedish Parliament


Nefco signed several key financing agreements at the Ukraine Recovery Conference in Rome


Olga Dibrova, Ukraine's Ambassador to Finland, at Nefco's "Nordic countries stand with Ukraine" event.

EU Business Forum in Zambia
Photo: EU Delegation in Zambia

SuomiAreena 2025
Photo: Laura Karlin, norden.org


Carbon Markets Roundtable at Nefco's headquarters


Kristina Háfoss, Secretary General of The Nordic Council, visited Nefco in November 2025

Key stakeholders	How we engage	Examples of activities in 2025
Owners Nordic countries' Ministries of Environment and Climate, and Foreign Affairs, Control Committee	Meetings, briefings, presentations, results reports, events, newsletters and news releases, social media, videos	• 9 Nefco Board meetings and 3 workshops • 2 Control Committee meetings • Multiple newsletters, reports and presentations
Policy-makers and administration Governmental agencies, parliamentarians and other decision-makers involved in Nordic cooperation, trade and climate policies, local authorities in project countries	Meetings, briefings, presentations, results reports, events, newsletters and news releases, social media, videos	• Meetings with Ministers and Ambassadors • Meeting with Nordic Council Secretary General • Meetings with senior officials and workgroups within the Nordic cooperation • 2025 Session of the Nordic Council
Trust fund donors and financing partners Governmental and multilateral organisations, other IFIs	Meetings, briefings, presentations, result reports, events, newsletters and news releases, social media, videos	• Nordic-Ukraine collaboration event for donors in Helsinki • Meetings and contract signings at Ukraine Recovery Conference in Rome and ReBuild Ukraine in Warsaw • E5P Assembly in London
Clients and beneficiaries Borrowers and grant receivers	Events, meetings, presentations, case examples, capacity building activities, website, fact sheets, campaigns, social media	• Multiple events attended to meet Nordic SMEs representatives • 4 project completion events in Ukraine • 4 stakeholder events related to BGFA and MCFA • 8 Nefco newsletters and 7 Procurement newsletters
Other cooperation partners National business promotion agencies, Chambers of Commerce, Basel Institute on Governance, Climate Leadership Coalition, etc.	Meetings, workshops, roundtable discussions, social media	• Roundtable with the public and private sector on Article 6 carbon market mechanisms in Helsinki • Workshop 'Road to COP30 – Nordic Dialogue on advancing climate finance' in Oslo
Civil society, media and NGOs Focus on Nefco's owner and project countries	News releases, press briefings, insight articles and case stories, website, social media, videos, podcasts, annual reports, direct dialogues	• ~40 news releases and articles • Weekly social media activities • Press briefings and interviews in all Nordic countries and Ukraine • Responding to inquiries from civil society, particularly from Ukraine
Nefco staff	Intranet, town hall meetings, Nefco Lounge, staff events, regular surveys, Staff Council, induction for new employees, training	• New intranet brought into use • 6 Town Hall meetings (hybrid) • 2 Nefco Lounge peer learning events • Monthly employee engagement surveys • 4 Staff Council meetings

Financial report

Nefco's financial statements are prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB). These statements have been audited in accordance with International Standards on Auditing by the authorised public accountant firms, PricewaterhouseCoopers Oy & Öhrlings PricewaterhouseCoopers AB.

Financial Report (Nefco)

Statement of comprehensive income

EUR 1,000	Note	2025	2024
Income			
Interest income calculated using the effective interest method		8,103	12,247
Other interest income		483	728
Total interest income		8,586	12,975
Interest expense		-768	-1,512
Net interest income	(3)	**7,818**	**11,463**
Net result of financial operations	(4)	-1,813	7,402
Commitment fee income		181	297
Trust fund income	(5)	6,011	6,732
Total income		**12,197**	**25,894**
Operating expenses			
Administrative expenses	(6), (7), (8)	-12,262	-11,364
Depreciation tangible and intangible assets	(12)	-739	-619
Foreign exchange gains and losses		-11	-11
Impairment of loans / reversals	(11)	7,639	-1,338
Total operating expenses		**-5,374**	**-13,332**
Result for the year		**6,823**	**12,561**
Total comprehensive income		**6,823**	**12,561**

The accompanying notes are an integral part of these financial statements

Financial Report (Nefco)

Statement of financial position

EUR 1,000	Note	31 December 2025	31 December 2024	1 January 2024
Assets				
Cash and cash equivalents	(16)	13,099	31,134	26,716
Placements with credit institutions	(16)	81,872	34,288	29,742
Investment assets	(9)	18,742	23,278	17,938
Other placements	(10)	0	0	0
Loans outstanding	(11)	51,550	74,538	72,194
Other assets		293	1,217	577
Tangible assets	(12)	2,734	3,119	2,680
Total assets		**168,289**	**167,574**	**149,848**
Liabilities and equity				
Liabilities				
Long-term debt	(13)	9,890	19,914	13,793
Other liabilities	(14)	8,985	5,068	6,026
Total liabilities		**18,875**	**24,982**	**19,818**
Equity				
Paid-in capital	(15)	113,407	113,407	113,407
Reserve for investment/credit losses		-	10,000	-
Retained earnings		29,185	6,623	16,623
Result for the year		6,823	12,561	-
Total equity		**149,414**	**142,591**	**130,030**
Total liabilities and equity		**168,289**	**167,574**	**149,848**

* Presentation of the statement of financial position has been reclassified, see note 20

The accompanying notes are an integral part of these financial statements

Changes in equity

EUR 1,000	Paid-in capital	Reserve for Investment/credit losses	Retained earnings	Total comprehensive income	Total
Equity at 1 January 2024	**113,407**	**-**	**5,846**	**10,777**	**130,030**
Appropriation to the retained earnings	-	-	10,777	-10,777	-
Appropriation to the reserve for investment/credit losses	-	10,000	-10,000	-	-
Total comprehensive income	-	-	-	12,561	12,561
Equity at 31 December 2024	**113,407**	**10,000**	**6,623**	**12,561**	**142,591**
Appropriation of comprehensive income and retained earnings	-	-	12,561	-12,561	-
Appropriation from the reserve for investment/credit losses	-	-10,000	10,000	-	-
Total comprehensive income	-	-	-	6,823	6,823
Equity at 31 December 2025	**113,407**	**-**	**29,185**	**6,823**	**149,414**

The accompanying notes are an integral part of these financial statements.

Financial Report (Nefco)

Cash flow statement

EUR 1,000	Notes	2025	2024
Cash flows from operating activities			
Result for the year		6,823	12,561
Adjustment for non-cash items			
Depreciation tangible and intangible assets	(12)	739	619
Value adjustments, investment assets	(9),(16)	1,889	-6,205
Impairments, lending	(11),(16)	-7,639	1,338
Capitalizations, lending		-242	-1,012
Adjustments, lending		3,922	-907
Other adjustments to the year's result		9	11
Lending	(11)		
Disbursements		-19,337	-21,860
Repayments		31,868	17,385
Prepayments		13,611	10,207
Lending adjustments		1,281	-7,835
Investment assets	(9)		
Investments		-206	-350
Divestments		2,853	1,215
Change in other assets	(16)	924	-639
Change in other liabilities	(14),(16),(17)	3,080	-1,688
Cash flows from operating activities		**39,547**	**2,841**
Cash flows from investing activities			
Change in placements with credit institutions	(16)		
Acquisitions		-103,441	-30,503
Disposals		56,000	26,000
Change in accrued interest		-143	-42
Net cash flows from investing activities		**-47,585**	**-4,545**
Cash flows from financing activities			
Change in long-term debt	(13)		
Drawdowns		-	7,000
Repayments		-5,303	-1,875
Change in accrued interest		-4,722	997
Net cash flows from financing activities		**-10,024**	**6,122**
Change in cash and cash equivalents		**-18,035**	**4,418**
Opening balance for cash and cash equivalents	(16)	**31,134**	**26,716**
Closing balance for cash and cash equivalents	(16)	**13,099**	**31,134**
Additional information to the statement of cash flows			
Interest income received	(3)	12,946	12,423
Interest expense paid	(3)	-5,728	-516

The accompanying notes are an integral part of these financial statements

The cash flow statement has been prepared using the indirect method and cash flow items can not be directly concluded from the statements of financial positions.

Financial Report (Nefco)

Notes to the financial statements

Note 1: Accounting policies

1.1 Reporting entity

The operations of the Nordic Environment Finance Corporation (hereinafter the Corporation or NEFCO) are governed by the Agreement between the governments of Denmark, Finland, Iceland, Norway and Sweden and the related Statutes. In accordance with the Agreement and the Statutes, NEFCO's purpose is to promote investments of Nordic environmental interest with a focus on Eastern Europe.

In its strategy for 2021-2025 NEFCO has defined as its primary purpose to accelerate the green transition by:

- financing environmentally sustainable small and medium-sized projects using Nordic solutions and technologies that have the potential to be scaled up on global markets and have a substantial positive environmental impact, and support globally set common targets and contributions, and
- continuing its original regional mandate for Eastern Europe, with particular focus on the completion of existing projects, and refocusing its efforts on small-scale projects in neighbouring regions in close cooperation with the Nordic governments.

The strategy is currently being finalised and will be launched in Q1 2026. NEFCO is an international financial institution. In the member countries, the Corporation is an international legal person with full legal capacity, exempt from payment restrictions and credit policy measures. In addition, the NEFCO Agreement contains immunity provisions exempting the Corporation from taxation in the Nordic countries.

NEFCO's principal office is located at Fabianinkatu 34, Helsinki, Finland. In addition, NEFCO's representative office rents office premises in Kyiv, Ukraine.

1.2 Basis of accounting

NEFCO's financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB). The accounts of the Corporation are kept in euro.

1.3 Changes in accounting policies and disclosures

New and amended standards

The following amendment to existing IFRS accounting standards became effective for annual periods beginning on 1 January 2025:

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

This amendment did not have a material impact on the financial statements at 31 December 2025.

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). Based on an assessment performed, the amendments in these areas are not expected to have a material impact on the financial statements.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. 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

Financial Report (Nefco)

five categories: operating, investing, financing, income taxes and discontinued operations. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027. IFRS 18 will apply retrospectively. NEFCO is assessing all impacts the amendments will have on the primary financial statements and notes to the financial statements.

The following amendment is not applicale to NEFCO;

- Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7,

1.4 Functional and presentation currency

The Corporation's financial statements' functional and presentation currency is euro.

1.5 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 euro are converted on a daily basis to euro, in accordance with the euro exchange rate prevailing on that day.

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

The Corporation uses the official euro exchange rates published by ICE Data Services. See Note 18.

1.6 Significant accounting judgments and estimates

Management has made the following estimates, which have the most significant effect on the amounts recognised in the financial statements.

In determining the expected credit losses, management makes the following estimates:

- Significant increase in credit risk (SICR)
  In assessing whether a SICR has occurred for an exposure since initial recognition, management considers both quantitive and qualitative indicators.
- Other judgements in the determination of ECL include:
  Development of ECL models, the various formulas and the choice of inputs, for example which inputs are relevant for the particular exposures in particular regions such as default history.

Significant estimate is exercised in the classification of fair value instruments as level 3 as the valuation of such instruments is driven by significant unobservable inputs. The Bank considers an instrument to be classified as valued using significant unobservable inputs where most of the instrument's valuation is determined by unobservable inputs.

The management based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the NEFCO. Such changes are reflected in the assumptions when they occur.

1.7 Recognition and derecognition of financial instruments

Financial instruments are generally recognised when the Corporation become a party to the contractual provisions of the instrument in the statement of financial position on a settlement date basis. Loans are recognised when funds are transferred to the customers' accounts.

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 expires.

1.8 Basis for classification and measurement

The Corporation classifies its financial assets and liabilities into the following categories: those measured at amortised cost and those measured at fair value. This classification depends on both the contractual characteristics of the assets and the liabilities and for financial assets the business model adopted.

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 Corporation'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 instrument must give rise on specified dates to cash flows that are only payments of principal and interest on the principal amount outstanding.

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 at 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. A control process is applied to ensure that the fair value of the financial asset is determined on a reasonable basis. Net change in fair value is included in "Net result of financial operations" in the Statement of Comprehensive income.

Determination of fair value

Measurement of financial assets at fair value is carried out according to the following hierarchy based on fair value:

Level 1 - Market prices quoted on an active market for identical assets. Investments quoted on an active market are measured at the balance sheet date (or latest available) quoted price.
Level 2 - Valuation model based on either directly (i.e., prices) or indirectly (i.e. derived from prices) observable data. This category includes assets valued using quoted market prices in an active marketplace for similar assets; quoted prices for identical or similar assets in a less active marketplace or another valuation method, in which all significant data can be determined either directly or indirectly in the marketplace. This category includes assets which value is determined by for example external resources or stipulations in exit agreements.
Level 3 - This category includes all assets where the valuation method includes inputs, which are not based on observable data, and the unobservable inputs have a significant effect on the valuation. If there is any objective evidence of impairment, the impairment loss is determined based on the recoverable amount of the assets.

All valuations are based on assumptions and estimates that management considers reasonable based on prevailing circumstances. The actual outcome may differ from the estimates.

1.9 Cash and cash equivalents

Cash and cash equivalents include monetary assets and placements with original maturities of three months or less, calculated from the date the acquisition and placements were made. These are highly liquid and held for the purpose of meeting short-term cash commitments.

Cash and cash equivalents in the cash flow statement refers to the net amount of monetary assets and placements with original maturities of three months or less, calculated from the time the transaction was entered into.

1.10 Placements with credit institutions

NEFCO invests its liquidity, which is primarily in euros, with credit institutions, preferably large Nordic banks. Carrying amount is deemed appropriate for fair value due to short maturity.

1.11 Investment assets

NEFCO's investment assets include participating interests in a number of companies. NEFCO is regarded as an investor in companies with the aim of generating positive environmental impacts in accordance with the Corporation's mandate and Statutes. The primary objective is to achieve environmental benefits, not to maximise profits. However, the Statutes require that the projects in which NEFCO invests are financially profitable to ensure that the Corporation's authorised capital remains intact.

The Corporation's management has decided to report all investments in other companies at fair value through the profit and loss (FVTPL). Even though NEFCO in some instances might have over 20%, but always less than 50% ownership, NEFCO does not exercise its significant influence and applies the venture capital exemption. Typically, new investment involves an exit agreement with the majority investor (or project developer) setting out the conditions for NEFCO's withdrawal from the company. The manner of how these investments are managed indicates that Nefco is an investment entity in nature. The Corporation regularly assesses its investment assets using its own valuation model. However, the assessed fair value is greatly affected by the market conditions in the individual countries and other circumstances beyond NEFCO's control. See Note 9.

1.12 Other placements

NEFCO's other placements include placement in the Nordic Environmental Development Fund. NEFCO's other placements are carried at fair value through profit and loss (FVTPL) because the investment return does not pass the solely payment of principal and interest (SPPI) test.

The Corporation regularly assesses its other placements using its own valuation model. However, the assessed fair value is greatly affected by the market conditions and other circumstances beyond NEFCO's control. In some circumstances cost has been determined as the best estimate of fair value due to the limited valuation data available. See Note 10 and 16.

1.13 Loans outstanding

The Corporation's lending transactions are recognised in the statement of financial position on the transfer of funds to the borrower. Loans outstanding are carried at amortised cost applying effective interest rate (EIR) method and after deductions for any impairment losses. Loans outstanding includes also convertible loans, which are carried at fair value since they do not pass the SPPI test. See Note 11.

1.14 Impairment of loans

Valuations and impairments are part of NEFCO's risk management process. The final decision lies with the Board, to whom the Managing Director makes a proposal of credit impairment based on the decision by Investment Committee. The Investment Committee assesses each project regularly and the risk report and portfolio analysis form a basis for the assessment. In 2022, Russia's invasion of Ukraine caused NEFCO to make impairments to a large part of its portfolio. All amounts in Ukraine, Russia and Belarus, other than those guaranteed by owner countries, were impaired in full reflecting the high credit risk environment where these assets are located. See Note 11.

Expected Credit Losses

Credit losses are estimated based on Expected Credit Loss (ECL) model. IFRS 9 introduced a stage model, where credit risk is divided into three stages:

Stage 1 - financial assets, where no significant increase in credit risk (SICR) has been identified since initial recognition, are placed in this stage. ECL is calculated on a 12-month basis and interest revenue is calculated on a gross basis.

Stage 2 - financial assets, where a significant increase in credit risk has been identified (but no objective evidence) since initial recognition, are placed in this stage. NEFCO defines significant increase in credit risk as a negative change from the initial credit rating. Loans where the administration has identified increase in project-based credit risk are placed in this stage. ECL is calculated on a lifetime basis and interest revenue is calculated on a gross basis.

Stage 3 - financial assets are credit impaired. ECL is calculated on a lifetime basis and interest income is calculated on a net basis. All non-performing loans (unpaid after 60 days from due date) are assigned in this stage.

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Although the ECL is model based, due to the small number of investments NEFCO is also able to review each exposure on an individual basis which is considered to be a robust internal control.

The model calculation contains to key components i) through the cycle utilising the probability of default (PDs) and Loss Given Default (LGDs) from the credit rating model and ii) the stage allocation logic mentioned above which determines which exposures move to Stage 2 (lifetime ECL) based on whether they have experienced a SICR, using defined quantitative thresholds comparing current risk vs. initial risk.

The model derives monthly PDs from cumulative annual PDs provided by the credit rating agency for horizons of 1 to 5 years. These cumulative PDs are first converted into conditional PDs, which represent the likelihood of default in a given year assuming survival up to that point. From these conditional PDs, we calculate a monthly hazard rate, which reflects the instantaneous risk of default in each month. Using the hazard rate, we determine the survival factor for each month, assuming the loan has survived until then. The marginal month-ly PD is then obtained by multiplying the survival factor by the hazard rate. This process results in a monthly PD curve that accurately reflects the evolution of default risk over time.

Loss Given Default (LGD) is calculated monthly based on recovery assumptions relevant to the exposure. For each month, the expected loss percentage is determined by multiplying the monthly PD by the corresponding LGD. The expected loss provision is then calculated by applying this expected loss percentage to the monthly exposure. This granular approach ensures that both credit risk and recovery expectations are reflected in the monthly expected loss estimates. For loans without LGD data available, we assume 100% LGD for the full loan duration.

Stage allocation (i.e., whether an exposure is in Stage 1 or Stage 2) hinges on whether a Significant Increase in Credit Risk (SICR) has occurred since the exposure's initial recognition. NEFCO employs a quantitative ap-proach to determine SICR, comparing the current risk rating (or PD) of an exposure to its rating/PD at origina-tion. If the deterioration exceeds certain thresholds, the asset is deemed to have significantly increased in cred-it risk and is moved to Stage 2 (lifetime ECL). NEFCO's SICR thresholds are designed to be simple and intuitive. Due to the risk profile of the portfiolio, NEFCO has taken the decision that a one notch downgraded qualifies as a SICR.

1.15 Intangible assets

Intangible assets mainly consist of investments in software, software licences and right-of-use assets arising from leasing arrangements. Acquisitions that generate economic benefits exceeding costs beyond one year are recognised as intangible assets. The investments are carried at historical cost and are amortised over the assessed useful life of the assets, which is estimated to be between three and five years. The right of use assets' depreciations are amortised over the tenor of the lease agreement. The amortisations are made on a straight-line basis (Note 12).

1.16 Leasing agreements

The Corporation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Corporation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The initial lease asset equals the lease liability in most cases.

Right-of-use assets

The Corporation 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 at cost, less any 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. See Note 12.

Lease liabilities
At the commencement date of the lease, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease liabilities are shown under "other liabilities" in the Statement of Financial Position. See note 14.

1.17 Tangible assets

Tangible assets in the statement of financial position include office equipment and other tangible assets owned by the Corporation. The assets are recognised at historical cost, less any accumulated depreciation based on their assessed useful life. The depreciation period for office equipment and other tangible assets is determined by assessing the individual item. The depreciation period is usually three to five years. The depreciations are calculated on a straight-line basis (Note 12).

1.18 Write-downs and impairment of intangible and tangible assets

NEFCO's 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 (Note 12).

1.19 Long term debt

Since 2017, NEFCO has on-lent funds from Nordic partners to projects in Ukraine and these loans are presented in both Loans outstanding and Liabilities. Liabilities are measured at amortised cost. NEFCO has borrowed funds under a loan agreement with a related party, the Nordic Investment Bank (Note 13).

1.20 Net interest income

NEFCO's net interest income includes accrued interest on financial instruments less interest expenses on borrowing (Note 3). Net interest income is calculated based on the contractual terms and regarding financial instruments carried at amortised cost the effective interest rate (EIR) method is used.

1.21 Committment fee income

Commitment fees are charged on loans that are agreed, but not yet disbursed and are accrued in the statement of comprehensive income over the commitment period.

1.22 Trust fund income

Trust funds are established in accordance with Section 3 of the Statutes of the Corporation and are administered under the terms governing each such trust fund. These trust funds may be investing funds or providing grant funds. Trust funds are primarily focused on project preparation, implementation and advisory and may be bilateral or multilateral in nature. Trust fund donors are countries or government owned entities. The resources provided to NEFCO through the contribution agreements are held separately from the Corporation's ordinary capital resources and are subject to external audit. Liquidity of trust funds is managed in accordance with NEFCO's Risk Policy. Management fees from trust funds are either periodised or paid as one-off fee, based on each trust fund agreement terms or anticipated agreement term. Costs are either carried by NEFCO or by the trust fund.

The periodisation of up front fees recognises the income over the expected life of the trust fund and expense pattern. One off fees are recognised when all obligations have been met. See note 5.

1.23 Administrative expenses

NEFCO purchases administrative services from a related party, the Nordic Investment Bank (NIB). The cost of these services is shown in Note 8.

The Corporation receives a host country reimbursement from the Finnish Government equal to the tax withheld from the salaries earned by its employees. The host country reimbursement is reported as a deduction from administrative expenses (Note 7).

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1.24 Employee benefits

Defined contribution plans

The Corporation is responsible for arranging pension security for its employees. In accordance with the Host Country Agreement between the Corporation and the Finnish Government and as part of the Corporation's pension arrangements, the Corporation 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 7.

NEFCO 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 the pension plans are expensed as the related service is provided and recognised as administrative expenses in profit or loss.

The Corporation has a Representative Office in Kyiv, Ukraine, where the employee contracts are based on the local terms of employment and health and safety regulations as defined under Ukrainian law.

1.25 Cash flow statement

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

Cash and cash equivalents in the cash flow statement refer to the net amount of monetary assets and placements with original maturities of three months or less, calculated from the time the transaction was entered into.

Note 2: Financial risk management

NEFCO has adopted a risk management policy that provides regulations for reporting and monitoring the risks associated with its operations, including regulations for possible borrowing based on lending portfolio risk level. In accordance with the said regulations, the risk management process includes reporting of the portfolio four times per year to the Board of Directors. The goal is to provide an on-going assessment of the portfolio risk.

The purpose of NEFCO's operations is to provide risk capital and loans to finance investments that are of environmental interest to the Nordic countries. The geographical mandate is global but keeping Eastern Europe in focus. The authorised capital and reserves is used to finance NEFCO's investments. The main financial risks - credit risk, foreign exchange rate risk, interest rate risk, price risk, liquidity risk and operational risk - are carefully managed and risk management procedures are closely integrated into NEFCO's business routines.

2.1 Market risk

Foreign exchange rate risk

Outstanding loans are denominated in euros. The foreign exchange rate risk in respect of other activities is insignificant.

Interest rate risk

Interest rate risk refers to the effect of market rate fluctuations on the Corporation's interest-bearing assets and related interest income. The distribution of loans outstanding according to the length of the interest rate fixing period is indicated in Note 11.

The liquidity reserve of approximately EUR 95.0 million (2024: EUR 65.0 million) is primarily placed in large Nordic banks. A 0.5% fall in the annual interest rate would result in a reduction in earnings of around EUR 0.5 million (2024: EUR 0.3 million). Conversely, an increase in interest rates would have a positive impact on financial performance.

Price risk

The price risk associated with NEFCO's equity investments is subjected to thorough examination before presentation to NEFCO's Board for an investment decision. The maximum price risk exposure at the balance sheet date consists of the investment assets totalling EUR 18.7 million (2024: EUR 23.3 million). Equity investments account for 16.5% (2024: 20.5%) of the authorised capital (see Note 9).

Concentration risk

Concentration risk associated with NEFCO's investments arises from investments being concentrated to, for example, a single counterparty, sector or country. Counterparty may also be a project sponsor (or/ in addition to an individual customer). As NEFCO is an environmental investor, there may be situations when a single sector is concentrated, and these are followed up on a case-by-case basis. The exposure is mitigated by owner country guarantees and part of it is directly on-lent, where the risk of default is carried by the primary lender. Considerable impairments were made on the Ukrainian portfolio after Russia's invasion in 2022 and most clients have been able to continue repayments despite of the situation. All concentration risks are monitored on quarterly basis in the risk report presented to the Board of Directors. See note 11 for lending country specification.

2.2 Credit risk

The credit risk associated with NEFCO's lending is subjected to thorough examination before presentation to NEFCO's Board for a lending decision. The maximum credit risk exposure at the balance sheet date consists of the amounts outstanding for loans totalling EUR 51.5 million (2024: EUR 74.5 million).

Credit risk constitutes NEFCO's main financial risk. It involves the risk that the Corporation's borrowers or other counterparties fail to fulfil their contractual undertakings and that the collateral provided as security does not cover the Corporation's claims. In accordance with NEFCO's mandate, all the Corporation's lending can be classified as high risk. The table below shows credit risk exposure by internal rating.

The main risk consists of lending to counterparties backed by lien or other security in property, which accounts for 46.7% of the authorised capital. A thorough distribution of collaterals is provided in Note 11.

The table below shows the gross before ECL.

	2025				2024			
Lending (EUR 1,000)	**Stage 1**	**Stage 2**	**Stage 3**	**Loans at FV**	**Stage 1**	**Stage 2**	**Stage 3**	**Loans at FV**
Distressed	-	-	55,668	-	-	22,538	19,974	-
Risky	-	3,050	-	-	4,450	9,326	1,631	-
Vulnerable	5,946	1,147	-	-	21,676	6,450	-	6,998
Balanced	2,816	10,815	-	5,403	7,980	18,996	-	-
Healthy	10,575	-	-	-	-	8,693	-	-
Na.	-	-	-	-	-	-	-	-
Total lending	**19,338**	**15,013**	**55,668**	**5,403**	**34,106**	**66,002**	**21,605**	**6,998**

The risk categories presented in the table have been updated for both 2025 and 2024. The prior scale ranging from low to very high has been replaced with a more descriptive framework spanning healthy to distressed. Under this revised classification, exposures previously categorized as very high are now classified as distressed, while those previously categorized as low are now classified as balanced.

2.3 Liquidity risk

The effective management of liquidity risk ensures that NEFCO can meet all its payment obligations as they mature. The cash, cash equivalents and placements with credit institutions (accounting for 83.7% of the authorised capital) consist mostly of euro-denominated deposits with Nordic banks placed for a period of one year or less. The deposits mature at regular intervals, guaranteeing access to funds when necessary.

2.4 Operational risk

Operational risk is the risk of financial loss or loss of reputation through shortcomings or failings relating to internal processes, human errors, data systems and external events. Legal risk is also considered an operational risk. NEFCO's management of operational risk is governed by internal instructions and focuses on proactive measures designed to ensure business continuity as well as the accuracy and appropriateness of internal and external information.

2.5 Internal Audit

The main responsibility of Internal Audit is to evaluate NEFCO's controls, risk management and governance processes. Internal Audit reports on a regular basis to NEFCO's Board of Directors and Control Committee. The annual internal audit activity plan is approved by the Board of Directors.

2.6 Capital management

NEFCO is not governed by any national or supranational regulations. The Capital Management is governed by the Risk Management Policy and Risk Appetite Statement (RAS) approved by the Board. The RAS is updated at least annually.

The Corporation maintains an adequate capital base by continuous monitoring of cash flow, liquidity, and available capital for new investments. The corporation also continuously monitors risk in its lending and investment activities.

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Note 3: Net interest income

Interest income (EUR 1,000)	2025	2024
Interest income, placements with credit institutions	1,379	1,401
Interest income, lending	6,723	10,846
Interest income calculated using the effective interest method	8,103	12,247
Other interest income	483	728
Interest income total	**8,586**	**12,975**
Interest expense	-768	-1,512
Net interest income	**7,818**	**11,463**

Note 4: Net result of financial operations

Financial operations (EUR 1,000)	2025	2024
Investment assets, realised gains and losses	-	1,161
Other realised gains and losses	76	36
Total realised gains and losses	**76**	**1,197**
Investment assets, unrealised gains and losses	-1,889	6,205
Total unrealised gains and losses	**-1,889**	**6,205**
Net result of financial operations	**-1,813**	**7,402**

Note 5: Trust fund income

Trust fund income (EUR 1,000)	2025	2024
Trust fund management fees	6,011	6,726
Service fees	-	5
Total trust fund income	**6,011**	**6,732**

As at 31 December 2025 the Corporation administered 29 trust funds (2024: 30) with aggregate pledged contributions amounting to EUR 843 million (2024: EUR 686 million).

Trust fund management fees by Fund (EUR 1,000)	2025	2024
Green recovery program for Ukraine	3,062	3,373
Beyond the grid fund for Africa	848	1,088
NMF	845	823
Modern cooking facility for Africa	646	733
NOPEF	353	425
BSAP	119	75
Other	139	209
Total	**6,011**	**6,726**

NEFCO has invested in NMF, see Note 10.

Note 6: Personnel expenses

Compensation for the Board of Directors, the Control Committee, the Managing Director and the Management Committee

Compensation for the Board of Directors and the Control Committee is set by the Nordic Council of Ministers. The members of the Board of Directors are entitled to a fixed annual remuneration. 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 Corporation's travel policy.

The Board of Directors decides on the appointment and remuneration of the Managing Director. According to the Statutes, the Managing Director is appointed on a fixed-term contract of up to six years. The existing contract can also be prolonged. The current Managing Director's contract commenced on 1 June 2019 for a six-year period and was extended for another 6 years on October 2024.

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

Compensation for the Chairman of the Board of Directors, the Board, the Control Committee as well as the taxable income of the Managing Director and the other members of the Management Committee was as follows:

Compensation/taxable income (EUR 1,000)	2025	2024
Chairman of the Board of Directors	5	4
Other members of the Board of Directors	16	17
Control Committee	3	2
Managing Director	506	504
Other members of the Management Committee	1,287	1,257

Distribution by gender as at 31 Dec	2025	2024
Board of Directors including alternates	**10**	**10**
Female	4	4
Male	6	6
Control Committee	**6**	**6**
Female	2	2
Male	4	4
Management Committee including the Managing Director	**7**	**8**
Female	2	2
Male	5	6

NEFCO has issued a guarantee regarding one staff loan up to EUR 200 thousand for one member of the Management Committee. This guarantee covers also interest and any fees regarding this loan. The outstanding amount was EUR 61 thousand at 31.12.2025 (2024: EUR 90 thousand). There were no other advances, credits granted or any debt arrangements between the Corporation and the members of the Control Committee, the Board, the Managing Director or the Management Committee members, nor other commitments entered into by the Corporation on their behalf by way of guarantee of any kind.

Pension benefits

NEFCO is responsible for arranging the 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: 17.60%) of the pensionable income. The employee's pension contribution was either 7.15% or 8.65%, depending on the employee's age. NEFCO pays this contribution for its permanent staff, and it is taxed as a benefit for the employee. The pension is accounted for as a defined contribution plan.

In addition to the JuEL Pension, the Corporation 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 accounted for as a defined contribution plan.

The employer's pension contribution regarding the Managing Director amounted to EUR 170 thousand (2024: EUR 167 thousand), of which EUR 49 thousand (2024: EUR 48 thousand) related to supplementary pension premiums. The corresponding figure for the other members of the Management Committee was EUR 403 thousand (2024: EUR 391 thousand) of which EUR 84 thousand (2024: EUR 81 thousand) related to supplementary pension premiums. The Board of Directors and the Control Committee members are not eligible for NEFCO pension arrangements.

Insurances

NEFCO 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 interrupt the insurance coverage temporarily. 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 above-mentioned insurances.

Health care

NEFCO has also arranged occupational health care for its staff through a private medical centre in Finland. NEFCO's medical insurance covers in addition use of other health care service providers if needed and it covers 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 members are not under the coverage of the health care benefit.

Additional expatriate benefits

Professional staff (including Management Committee members) who move to Finland for the sole purpose of taking up employment with the Corporation are entitled to certain expatriate benefits, such as an expatriate allowance and a spouse/family allowance. In addition, NEFCO assists the expatriate in finding accommodation, usually by renting a house or a flat in its own name. The staff member reimburses the Corporation 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. Taxation and Host Country Reimbursement According to an agreement between the Corporation's member countries, taxation of staff and Management Committee members salaries and taxable benefits and the Managing Director's salary, shall be taxed in the host country Finland in accordance with applicable Finnish taxation legislation.

Taxation and Host Country Reimbursement

According to an agreement between the Corporation's member countries, taxation of staff and Management Committee members salaries and taxable benefits and the Managing Director's salary, 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 Corporation, the amount of tax withheld on the salaries of the Corporation's staff and the final tax on salaries collected shall be reimbursed to the Corporation.

Note 7: Administrative expenses

Administrative expenses (EUR 1,000)	2025	2024
Salaries, social security and remuneration of governing bodies	6,806	5,995
Pensions and insurances	2,604	2,254
Other personnel costs	839	899
Host country reimbursement according to the agreement with the Finnish government	-1,842	-1,603
Net personnel costs	**8,407**	**7,546**
Services received from the Nordic Investment Bank	1,647	1,502
Consultancy fees	819	977
Communication and marketing	317	385
Office premises expenses	408	294
Travel costs	312	211
Other administrative expenses	353	450
Total administrative expenses	**12,262**	**11,364**

Employees	2025	2024
Head office		
Number of employees as at 31 December	67	63
Average age of employees	45	45
Average period (years) of employment	7	7
Distribution by gender as at 31 December		
Female	43	38
Male	24	25
Representative office Ukraine		
Number of employees	5	6
Female	2	2
Male	3	4

The Corporation's administrative expenses include the administrative expenses for administered trust funds, such as Beyond the Grid Fund for Africa, NMF and Modern Cooking Facility for Africa.

In 2024 the host country reimbursement is based on salaries in 2022 and in 2025 it is based on salaries in 2023.

The number of employees in the table above includes all contracted employees.

Permanent employees with contracts until further notice or fixed term contracts for at least 4 years amounted to 58 (2024: 49). Employees on substitute contracts, fixed term contracts less than four years and temporary contracts amounted to 9 (2024: 14).

In 2025, auditors' fees amounted to EUR 51 thousand (2024: EUR 46 thousand), including audit fees related to trust funds under administration by NEFCO.

Note 8: Related party disclosures

The Statutes of NEFCO require it to have the same Nordic Control Committee members with NIB. Control Committee is responsible for the audit of NEFCO. The powers vested in NEFCO's Board of Directors may, to the extent considered appropriate, be delegated to the Managing Director of NEFCO. NEFCO is required to have its principal office located in the principal office of NIB.

NEFCO acquires services from and enters into transactions with NIB. The table below shows the outstanding balance of NEFCO's receivables from and amounts owed to NIB. At 31 December 2025, NEFCO has agreed on undrawn borrowing totalling at EUR 25.0 million (2024: EUR 25.0 million). This loan includes financial covenants the first being the requirement to maintain a ration of the Equity to total assets of not less than 50% and a requirement to maintain at all times a ratio of liquid assets to total current liabilities of not less than 100%. NEFCO's key employees are also considered related parties. Information regarding key employees is presented in Note 6.

(EUR 1,000)	2025	2024
Interest and fees paid to NIB	469	476
Rents paid to NIB	28	365
Service fee paid to NIB	1,647	1,502
Amounts owed by NEFCO to NIB	9,923	11,237
Amounts owed by NIB to NEFCO	-	-

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Note 9: Investment assets

The Corporation's portfolio comprised the following holdings as at 31 December 2025:

Holding	Country/region of operation	% of total capital of the investment company
Usaldusfond BaltCap Infrastructure Fund	Baltics	2.9
BaltCap Private Equity Fund III usaldusfond	Baltics	3.3
Bank Lviv JSCJSB	Ukraine	10.4
Baseload Capital Holding AB	Sweden	1.8
CRI hf.	China	2.7
FlyCap Mezzanine Fund II AIF KS	Baltics	4.7
Greenstream Network Ltd	China	23.7
RindiBel JCJSC	Belarus	38.6
Taaleri SolarWind II SCSp	Eastern Europe	6.9
Valoe Oyj	Lithuania	3.7

Voting rights correspond to percentage of total capital of the investment company. At 31 December 2025, the acquisition cost of the investment assets was EUR 21.4 million (2024: EUR 24.0 million) while the fair value was EUR 18.7 million (2024: EUR 23.3 million). At 31 December 2025, the agreed but not disbursed capital commitments for investment assets totalled EUR 1.5 million (2024: EUR 1.0 million).

The fair value of investments in listed equities is determined on latest available quoted price. The fair value of investment in funds is based upon valuations received from the fund managers. Other investments in equity like instruments is based upon the latest price available such as most recent equity round or at recoverable amount based on equity book value if there is uncertainty regarding the investee's ability to continue as a going concern.

Note 10: Other placements

During 2011-2013, NEFCO invested a total of EUR 5.3 million in the Nordic Environmental Development Fund (NMF). Investment in the NMF is not financially profitable and the fair value is assessed therefore to be EUR 0. While the investment in NMF does not yield any financial profit, it contributes to NEFCO's investment activities. The investment in NMF falls in the Level 3 category in the fair value hierarchy.

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Note 11: Loans outstanding

At 31 December 2025, NEFCO had 47 (2024: 65) loans outstanding amounting to gross EUR 74.7 million (2024: 104.5 million). See note 20 for reclassification of balance regarding loans outstanding.

Below is a specification of loans outstanding by classification:

	2025			2024		
EUR 1,000	**Loans at amortised cost**	**Loans at FV**	**Total**	**Loans at amortised cost**	**Loans at FV**	**Total**
Loans outstanding	**69,270**	**5,410**	**74,681**	**97,538**	**6,954**	**104,492**
Accrued interest	1,139	10	1,149	10,398	157	10,555
Deferred fee income	-672	-17	-690	-648	-33	-680
Receivables	20,282	-	20,282	14,345	-	14,345
Total	**90,018**	**5,403**	**95,421**	**121,633**	**7,078**	**128,711**
ECL Stage 1 + Stage 2	-2,014	-	-2,014	-32,975	-	-32,975
ECL Stage 3	-41,857	-	-41,857	-21,198	-	-21,198
Total ECL	**-43,871**	**-**	**-43,871**	**-54,173**	**-**	**-54,173**
Net loans outstanding	**46,147**	**5,403**	**51,550**	**67,460**	**7,078**	**74,538**

The following table shows the loans outstanding by business units.

	2025			2024		
EUR 1,000	**Exposure**	**Expected credit loss**	**Net**	**Exposure**	**Expected credit loss**	**Net**
Nordic SMEs	66,485	-32,494	33,991	66,952	-18,823	48,129
Eastern Europe public lending	18,710	-1,158	17,552	31,426	-13,530	17,895
Eastern Europe non-public lending	10,226	-10,220	6	30,334	-21,820	8,514
Total	**95,421**	**-43,871**	**51,550**	**128,711**	**-54,173**	**74,538**

Expected credit losses

At 31 December 2025, loans outstanding at amortised cost has been impaired for Expected Credit Losses (ECL) to 45.4 million (in 2024 EUR 62.4 million).

Loans outstanding classified in stages according to ECL method.

Loans outstanding (EUR 1,000)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Exposure at 31 December 2023	**35,646**	**56,737**	**10,267**	**102,650**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-4,206	4,442	-236	-
Transfer to Stage 3	-	-	-	-
Repayments	-10,899	-13,900	-2,367	-27,166
Disbursements and capitalisations	13,499	8,555	-	22,054
Remeasurements	-	-	-	-
Exposure at 31 December 2024	**34,040**	**55,834**	**7,664**	**97,538**
Transfer to Stage 1	1,988	-1,988	-	-
Transfer to Stage 2	-8,077	8,077	-	-
Transfer to Stage 3	-12,526	-20,488	33,015	-
Repayments	-10,876	-34,836	-6,447	-52,160
Disbursements and capitalisations	14,650	8,242	-	22,892
Remeasurements	-	-	1,000	1,000
Exposure at 31 December 2025	**19,198**	**14,840**	**35,231**	**69,270**

The below table shows what net effect the impairments on loans, loan receivables, accrued interest had on the result in each year.

Impairment of loans/reversals in the statement of comprehensive income (EUR 1,000)	**2025**	**2024**
Realised credit losses	-2,188	-59
Impairment on lending	9,136	-1,233
Expected Credit Losses (ECL), net	691	-45
Total impairment of loans/reversals	**7,639**	**-1,338**

Impairments according to ECL stages and individually or collectively impaired.

Expected Credit Loss (ECL) (EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
ECL at 31 December 2023	**13**	**31,108**	**9,720**	**40,841**
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	236	-236	0
Transfer to Stage 3	-	-	-	-
Repayments	-2	-8,047	-2,211	-10,261
Disbursements and capitalisations	-	868	-	868
Remeasurements	-	3,475	195	3,670
ECL at 31 December 2024	**11**	**27,639**	**7,469**	**35,119**
Transfer to Stage 1	9	-9	-	0
Transfer to Stage 2	-1,548	1,548	-	0
Transfer to Stage 3	-1,667	-7,132	8,799	0
Repayments	-1	-20,526	-6,252	-26,779
Disbursements and capitalisations	20	783	-	803
Remeasurements	3,315	-429	11,860	14,746
ECL at 31 December 2025	**139**	**1,875**	**21,875**	**23,889**

Specifications of Loans outstanding

The tables show net lending after deductions for ECL of EUR 23.9 million (2024: EUR 35.1 million). ECL for commitments amounted at EUR 0.8 million (2024: EUR 0.1 million) and is booked as other liabilities.

Of the 47 loans, 42 are floating-rate loans, 4 loans have fixed interest rates and one loan has fixed and floating mechanism in different tranches.

Interest rate risk describes how movements in market interest rates affect the value of NEFCO's interest-bearing assets and liabilities, as well as interest income and expenses. The table below shows the interest rate profile for loans outstanding. Loans outstanding are broken down by repayments or interest adjustment date.

Loans outstanding (EUR 1,000)	2025	2024
Up to and including 3 months	30,677	49,695
3-6 months	19,775	17,975
6-12 months	-	5,418
1-5 years	1,098	1,450
Total	**51,550**	**74,538**

The maturities of the loans extended by the Corporation vary from below one to 9 years. All of NEFCO's lending is denominated in euros.

Country (EUR 1,000)	2025	2024
Belarus	2	-
Denmark*	10,160	12,742
Finland*	12,470	23,438
Georgia	4,005	3,099
Iceland*	4,323	4,576
Norway*	1,813	2,172
Sweden*	5,226	5,201
Ukraine	13,551	23,311
Total loans outstanding	**51,550**	**74,538**

* Majority of loans to countries marked with asterisk are channelled by borrowers to the borrower's countries of operation.

Non-performing loans at 31 December 2025 amounted to EUR 21.0 million before ECL (2024: EUR 20.2 million), after ECL the valuation amounted to EUR 0.0 million (2024: EUR 0.4 million).

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Loans outstanding by type of security at 31 December:

	2025		2024	
Security (EUR 1,000)	**Amount**	**Share %**	**Amount**	**Share %**
Loans guaranteed by member countries	12,694	24.6	13,340	17.9
Loans to or guaranteed by other countries	4,158	8.1	3,258	4.4
Loans to or guaranteed by banks	-	0	-1	0
Loans backed by security in property	24,073	46.7	37,199	49.9
Loans with negative pledge clause and other covenants	3,346	6.5	10,456	14.0
Loans guaranteed by parent companies and other guarantees	4,380	8.5	6,616	8.9
Loans without formal security	2,898	5.6	3,671	4.9
Total loans outstanding	**51,550**	**100**	**74,538**	**100**

The Corporation defines "forbearance" as a concession granted to a counterparty for reasons of financial difficulties, meaning the modification of the terms and conditions of the contract or its refinancing. Forbearance recognition is not limited to measures that give rise to a loss for the lender. Modification of the terms and conditions of the contract may include, for example, reduction of the interest rate, principal or accrued interest, or rescheduling of the payment dates of principal and/or interest and has an actual effect on the future cash flows. Loan forbearance is granted on a selective basis and purposefully to avoid counterparty default in favour of the Corporation's collection opportunities.

At 31 December 2025, the loans agreed, but not yet disbursed, totalled EUR 12.4 million (2024: EUR 18.3 million). In principle, all borrowers could request disbursement within three months, but NEFCO does not disburse loans until the specified conditions precedent for disbursement are met (availability period for current portfolio extends up to 2 years). NEFCO has the capacity to make all disbursements.

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Note 12: Tangible assets

Tangible assets (EUR 1,000)	2025	2024
Right of use assets (ROU)	1,542	1,934
Other tangible assets	1,192	1,186
Total net book value	2,734	3,119
Right of Use assets		
As at 1.1	1,934	2,106
Depreciation expense	-347	-484
Remeasurement (change in lease payment)	-45	312
As at 31.12	**1,542**	**1,934**
Other tangible assets		
Acquisition value 1.1	1,642	895
Acquisition during the year	391	747
Disposals during the year	-104	-
Acquisition value 31.12	1,929	1,642
Accumulated depreciation 1.1	457	321
Depreciation according to plan for the year	281	135
Accumulated depreciation 31.12	738	457
Net book value	**1,192**	**1,186**

Note 13: Long term debt

At 31 December 2025, NEFCO had EUR 9.9 million outstanding of long term debt (2024: EUR 19.9 million). Borrowing is denominated in euros and tied to 6-month Euribor. See note 20 for reclassification.

At 31 December 2025, NEFCO has agreed on undrawn borrowing totalling at EUR 25.0 million (2024: EUR 25.0 million). See note 8.

Note 14: Other Liabilities

	2025	2024
Leasing obligation	1,718	2,124
Human resources related accruals	1,541	1,433
Vendor invoices and travel claims	714	615
Trust fund management fee accruals	4,035	601
Other loan payables	209	222
Expected credit loss on loan commitments	769	73
Total	**8,985**	**5,068**

Lease liabilities (EUR 1,000)	2025	2024
As at 1.1	2,124	2,174
Interest expense	9	11
Rental payments	-371	-373
Remeasurements (change in lease payment)	-45	312
As at 31.12	**1,718**	**2,124**

Note 15: Paid-in capital

NEFCO's paid-in capital reached its full amount of EUR 113.4 million in 2007. The breakdown of the paid-in capital by member country is as follows:

Paid-in capital (EUR 1,000)	Amount	Share %
Denmark	21,561	19.0
Finland	22,265	19.6
Iceland	1,320	1.2
Norway	24,192	21.3
Sweden	44,070	38.9
Total authorised capital	**113,407**	**100.0**

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Note 16: Fair value of financial instruments

The table below shows the classification of financial instruments held at amortised cost or mandatory classification of financial instruments held at fair value at the end of the year.

	2025			2024		
Classification of financial instruments (EUR 1,000)	**Amortised cost**	**Fair value through profit and loss**	**Total**	**Amortised cost**	**Fair value through profit and loss**	**Total**
Financial Assets						
Cash and cash equivalents	13,099	-	13,099	31,134	-	31,134
Placements with credit institutions	81,872	-	81,872	34,288	-	34,288
Investment assets	-	18,742	18,742	-	23,278	23,278
Other placements	-	0	0	-	0	0
Loans outstanding at amortised cost	46,147	-	46,147	67,460	-	67,460
Loans outstanding at fair value	-	5,403	5,403	-	7,078	7,078
Total	**141,118**	**24,145**	**165,263**	**132,882**	**30,356**	**163,238**
Financial Liabilities						
Long-term debt	9,890	-	9,890	19,914	-	19,914
Total	**9,890**	**-**	**9,890**	**19,914**	**-**	**19,914**

Financial Report (Nefco)

The following table provides an analysis of the fair value of financial instruments according to the fair value hierarchy at the end of the year. In calculating fair value of loans outstanding for €STR rate of 1.92% has been used (2024: 2.9%).

	2025		2024	
Level of fair value of financial instruments (EUR 1,000)	**Carrying amount**	**Fair Value**	**Carrying amount**	**Fair Value**
Financial Assets				
Cash and cash equivalents	13,099	13,099	31,134	31,134
Placements with credit institutions	81,872	81,872	34,288	34,288
Investment assets	18,742	18,742	23,278	23,278
Other placements	0	0	0	0
Loans outstanding at amortised cost	46,147	42,843	67,460	66,882
Loans outstanding at fair value	5,403	5,403	7,078	7,078
Total	**165,263**	**161,959**	**163,238**	**162,660**
Financial Liabilities				
Long-term debt	9,890	9,890	19,914	19,844
Total	**9,890**	**9,890**	**19,914**	**19,844**

Financial Report (Nefco)

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.

Level of fair value of financial instruments (EUR 1,000)	2025 Level 1	2025 Level 2	2025 Level 3	2024 Level 1	2024 Level 2	2024 Level 3
Financial Assets						
Cash and cash equivalents	13,099	-	-	31,134	-	-
Placements with credit institutions	-	81,872	-	-	34,288	-
Investment assets	-	-	18,742	-	22,277	1,000
Other placements	-	-	0	-	-	0
Loans outstanding at amortised cost	-	-	42,843	-	66,882	-
Loans outstanding at fair value	-	-	5,403	-	7,078	-
Total	**13,099**	**81,872**	**66,988**	**31,134**	**130,526**	**1,000**
Financial Liabilities						
Long-term debt	-	9,890	-	-	19,844	-
Total	**-**	**9,890**	**-**	**-**	**19,844**	**-**

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.

Financial Report (Nefco)

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 at level 3 (EUR 1,000)	**2025**	**2024**
Opening balance	1,000	8,244
Investments during the year	-	-
Divestments during the year	-1,000	-2,100
Reassignment from/to level 3	66,988	-10,292
Change in value	-	5,149
Closing balance	**66,988**	**1,000**

Based on further analysis on counterparty credit risk NEFCO has reclassified all loans to client on level 3 on fair value hierarchy starting from 31 December 2025. Most of these loans were previously classified as level 2

Sensitivity analysis

In the assessment of NEFCO's Level 3 assets, due consideration must be given to the inherent nature of the investments and the form of NEFCO's involvement. The investments - normally made in recently established entities - are assessed at fair value. NEFCO pursues an exit strategy requiring that the invested capital is recovered in its entirety at a reasonable interest. Typically, new investment involves an exit agreement with the majority investor (or project developer) setting out the conditions for NEFCO's withdrawal from the company. At a later stage, the companies are evaluated in terms of their financial performance in accordance with the exit agreement when exit is impending.

A sensitivity analysis is difficult to carry out because normally there is no active market for these shares. 10% increase (or decrease) in the value of the existing portfolio would add (deduct) EUR 1.9 million (2024: EUR 0.1 million) to the financial result.

Financial Report (Nefco)

Note 17: Maturity profile of financial liabilities

The following table provides an analysis of the maturity of financial liabilities at the end of the year.

2025 (EUR 1,000)	Carrying amount	Contractual cash flow	Up to and incl. 3 months	Over 3 months and up to and incl. 6 months	Over 6 months and up to and incl. 1 year	Over 1 year and up to and incl. 5 years	Over 5 years	Undefined
Financial Liabilities								
Long-term debt	9,890	10,917	795	-	785	5,937	3,400	-
Total	**9,890**	**10,917**	**795**	**-**	**785**	**5,937**	**3,400**	**-**
Loans agreed but not yet disbursed	12,423	12,423	-	-	-	-	-	12,423
Investment assets agreed but not yet disbursed	1,463	1,463	-	-	-	-	-	1,463

2024 (EUR 1,000)	Carrying amount	Contractual cash flow	Up to and incl. 3 months	Over 3 months and up to and incl. 6 months	Over 6 months and up to and incl. 1 year	Over 1 year and up to and incl. 5 years	Over 5 years	Undefined
Financial Liabilities								
Long-term debt	15,074	19,937	8,037	-	977	6,364	4,560	-
Total	**15,074**	**19,937**	**8,037**	**-**	**977**	**6,364**	**4,560**	**-**
Loans agreed but not yet disbursed	18,272	18,272	-	-	-	-	-	18,272
Investment assets agreed but not yet disbursed	957	957	-	-	-	-	-	957

Note 18: Exchange rates

The following exchange rates were used to convert monetary assets and liabilities from foreign currency into domestic currency:

		EUR rate 31.12.25	EUR rate 31.12.24
BYN	Belarussian rouble	3.45030	3.40780
DKK	Danish krone	7.46885	7.45777
GBP	British pound	0.87291	0.82939
ISK	Icelandic krona	147.20390	143.9146
NOK	Norwegian krone	11.83659	11.7857
SEK	Swedish krona	10.81221	11.45513
UAH	Ukrainian hryvnia	49.76604	43.74785
USD	US dollar	1.1756	1.03932

Note 19: Post balance sheet events

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

Note 20: Reclassification

Accrued interest and fees receivables/payables have been reallocated to their respective financial instrument line items. Also, right of use assets previously classifed as intangible assets have been reclassified to tangible assets.

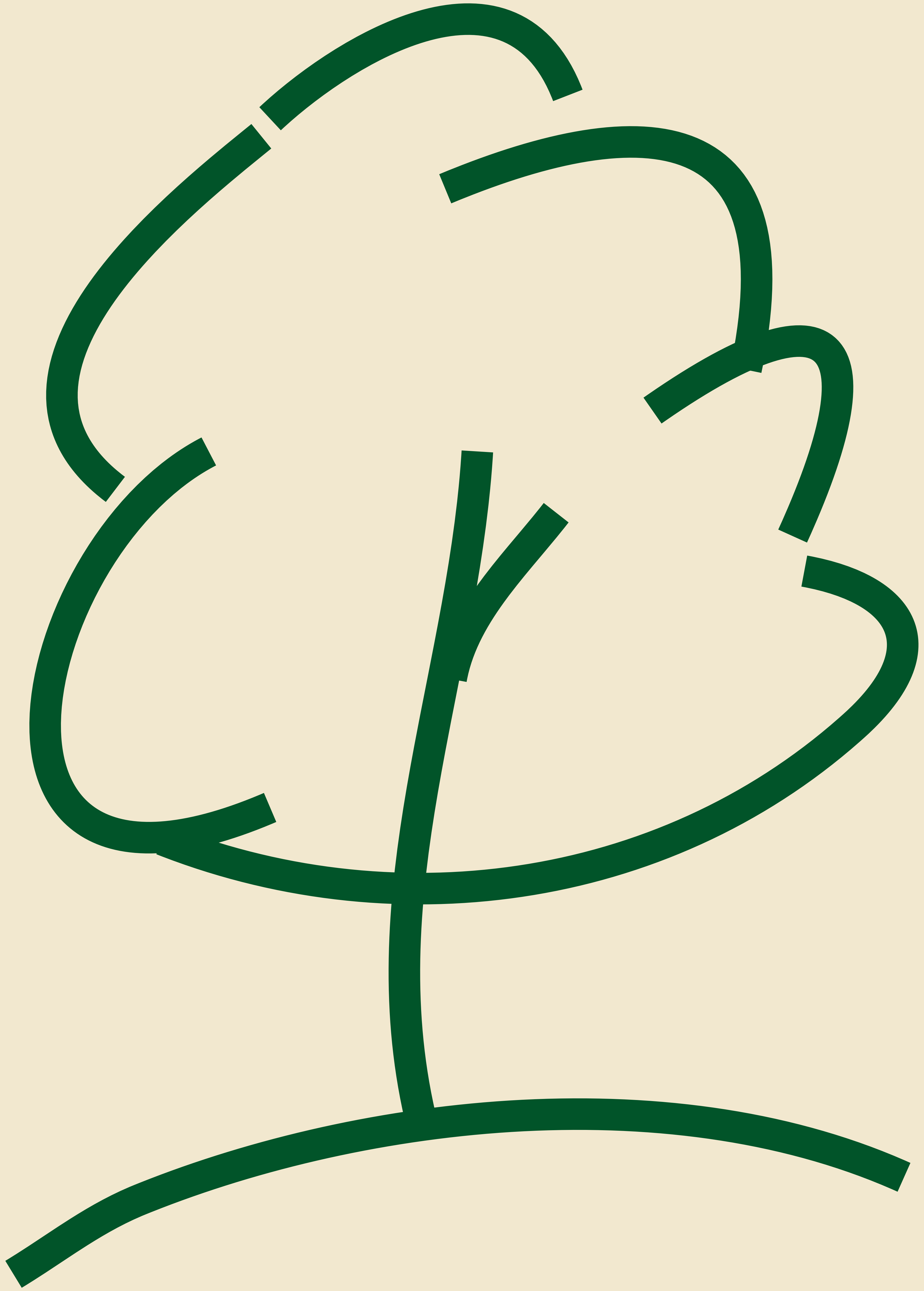
	Notes	Reclassified 31 Dec 2024	Reclassification Adjustments	Original 31 Dec 2024
Assets				
Cash and cash equivalents	(16)	31,134		31,134
Placements with credit institutions	(16)	34,288	397	33,891
Investment assets	(9)	23,278		23,278
Other placements	(10)			
Loans outstanding	(11)	74,538	5,845	68,693
Other assets		1,217	-169	1,385
Accrued interest and fees on Receivable		0	-6,074	6,074
Intangible assets	(12)	0	-1,934	1,934
Tangible assets	(12)	3,119	1,933	1,186
Total assets		**167,574**	**0**	**167,574**
Liabilities and equity				
Liabilities				
Long-term debt	(13)	19,914	4,841	15,074
Other liabilities	(14)	5,068		5,068
Accrued interest and fees on Receivable		0	-4,481	4,481
Total liabilities		**24,982**	**0**	**24,982**
Equity				
Paid-in capital	(15)	113,407		113,407
Reserve for investment/ Credit losses		10,000		10,000
Retained earnings		6,623		6,623
Result for the year		12,561		12,561
Total equity		**142,591**		**142,591**
Total liabilities and equity		**167,574**	**0**	**167,574**

Financial Report (Nefco)

	Notes	Reclassified 1 Jan 2024	Reclassification Adjustments	Original 1 Jan 2024
Assets				
Cash and cash equivalents	(16)	26,716		26,716
Placements with credit institutions	(16)	29,742	355	29,388
Investment assets	(9)	17,938		17,938
Other placements	(10)	0	0	0
Loans outstanding	(11)	72,194	5,410	66,784
Other assets		577	-244	822
Accrued interest and fees on Receivable		-	-5,521	5,521
Intangible assets	(12)	0	-2,106	2,106
Tangible assets	(12)	2,680	2,106	574
Total assets		**149,848**	**0**	**149,848**
Liabilities and equity				
Liabilities				
Long-term debt	(13)	13,793	3,844	9,949
Other liabilities	(14)	6,026		6,026
Accrued interest and fees on Receivable		-	-3,844	3,844
Total liabilities		**19,818**	**0**	**19,818**
Equity				
Paid-in capital	(15)	113,407		113,407
Reserve for investment/ Credit losses		-		-
Retained earnings		16,623		16,623
Total equity		**130,030**	**0**	**130,030**
Total liabilities and equity		**149,848**	**0**	**149,848**

Statements

The Control Committee is responsible for the audit of Nefco’s financial statements and issues a brief post-audit report. PwC audited our 2025 financial statements, as set out in the auditor’s report. The Board of Directors proposes the allocation of Nefco’s profit.



Statements

Proposal of the Board of Directors

The Nefco Board proposes that the profit for the year of EUR 6,822,810.09 is added to retained earnings.

Helsinki, 24 February 2026

Carsten Møberg Larsen, Chair
Denmark

Saija Vuola
Finland

Magnús Örn Agnesar Sigurðsson
Iceland

Siri Sorteberg
Norway

Erik Kiesow
Sweden

Statements

Independent Auditor's report

To the Control Committee of the Nordic Environment Finance Corporation

Opinion

In our opinion financial statements give a true and fair view of the Nordic Environment Finance Corporation'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 Environment Finance Corporation ("the Corporation") 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 Corporation 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.

Statements

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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the Corporation 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 Corporation'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 Corporation'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 Corporation 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.

Statements

Other matter

Our audit report is intended for the benefit of the Nordic Council of Ministers, NEFCO's Control Committee and the Board of Directors. This auditor's report is provided as a result of the audit of NEFCO's financial statements, as required by Section 9 of the Statutes of NEFCO and Section 4 of the Rules of Procedure of the Control Committee of NEFCO. 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 Corporation, and not to third parties.

Helsinki, 24 February 2026

PricewaterhouseCoopers Oy
Authorised Public Accountants

Öhrlings PricewaterhouseCoopers AB

Jukka Paunonen
Authorised Public Accountant (KHT)

Peter Sott
Authorised Public Accountant

Statements

Report of the Control Committee

To the Nordic Council of Ministers

In accordance with section 9 of the Statutes of the Nordic Environment Finance Corporation, we have been appointed to ensure that the operations of NEFCO are conducted in accordance with the Statutes and to be responsible for the audit of NEFCO's financial statements. A new external auditor has commenced their audit from the 2025 financial year onwards.

The Committee comprises five members appointed by the Nordic Council and the Chair appointed by the Nordic Council of Ministers.

Having completed our assignment for the financial year 2025, we hereby submit the following report.

The Control Committee met twice during 2025 as well as after NEFCO's financial statements had been prepared, whereupon the necessary control and examination measures were performed. NEFCO's Annual Report was examined at a meeting in Helsinki on 25 February 2026, at which time we also received the Independent Auditors' Report on the 2025 financial statements submitted on 25 February 2026 by the authorised public accountants appointed by the Control Committee. NEFCO'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:

- NEFCO's operations during the financial year have been conducted in accordance with the Statutes; and
- the financial statements, which comprise the statement of comprehensive income, the statement of financial position as at 31 December 2025, changes in equity, cash flow statement for the year then ended, and notes to the financial statements, 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 profit of EUR 6,822,810.09

We recommend to the Nordic Council of Ministers that:

- the audited financial statements for 2025 be approved;
- the allocation of NEFCO's profit, as proposed by the Board of Directors, be approved.

Helsinki, 25 February 2026

Aud Lise Norheim
Chair

Vilhjálmur Árnason

Noora Fagerström

Sjúrður Skaale

Lars Püss

Truls Vasvik

Appendices

We aim to communicate clearly and concisely, avoiding unnecessary complexity, but some acronyms and abbreviations are used in this report. These are explained in the glossary on the following page, followed by a list of Nefco-managed funds in 2025.

Glossary

BGFA
Beyond the Grid Fund for Africa

BIO
Protection and Restoration of Biodiversity and Ecosystems

BSAP
The Baltic Sea Action Plan

CC
Control Committee

CCA
Climate Change Adaptation

CCM
Climate Change Mitigation

CE
Transition to Circular Economy

CO_2
Carbon dioxide

COP
Conference of the Parties

CCS
Clean cooking service

DNSH
Do No Significant Harm criteria

E5P
The Eastern Europe Energy Efficiency and Environment Partnership

ESAP
Environmental and Social Action Plan

ESC
Energy Saving Credits

ESG
Environmental, Social and Governance

ESS
Energy service subscription

EU
European Union

GAR
Green Asset Ratio

GCF
Green Climate Fund

GHG
Greenhouse gas

GWh
Gigawatt hours

HELCOM
The Helsinki Commission (or the Baltic Marine Environment Protection Commission)

IDD
Integrity due diligence

IDPs
Internally Displaced Persons

IFI
International Financial Institution

KPI
Key performance indicator

$ktCO_2$
Kilo-tonnes of carbon dioxide, the unit of measurement for GHG emissions

MCFA
Modern Cooking Facility for Africa

MSS
Minimum Social Safeguards criteria

NCM
Nordic Council of Ministers

NDF
Nordic Development Fund

Nefco investments
Projects financed with Nefco's own capital

Nefco
The Nordic Environment Financing Corporation (The Nordic Green Bank)

NIB
Nordic Investment Bank

NICA
Nordic Initiative for Cooperative Approaches

NMF
The Nordic Environmental Development Fund

Nopef
The Nordic Project Fund

PPC
Pollution Prevention and Control

SC
Substantial Contribution criteria

Scope 1
Direct emissions from owned or controlled sources

Scope 2
Indirect emissions from the generation of purchased energy

Scope 3
All indirect emissions, not included in Scope 2, that occur in the value chain of an organisation, including both upstream and downstream emissions

SDGs
Sustainable Development Goals

SMEs
Small and medium-sized enterprises

Trust fund projects
projects financed through managed facilities on behalf of donors

UN
The United Nations

WTR
Sustainable Use and Protection of Water and Marine Resources

Funds managed by Nefco in 2025

Fund	Purpose	Contribution from
Nefco's own capital		
Nefco investments	Loan and equity-type financing for Nordic SME investments.	Nefco's own paid-in capital (provided by our Nordic owners; Denmark, Finland, Iceland, Norway and Sweden), retained earnings and borrowed funds.
Nefco as fund manager		
Nordic SMEs		
Nordic Project Fund (Nopef)	Conditional loans/grants for feasibility studies for the internationalisation of Nordic SMEs outside the EU	Nordic Council of Ministers (NCM)
Nordic SMEs and Eastern Europe		
Nordic Environmental Development Fund (NMF and NMF Credits)	Soft loans (Energy Saving Credits) and grants for technical assistance to public projects in Eastern Europe. During 2025, NMF funds have also been used for the Nefco Green Recovery for Ukraine Programme and the Biodiversity Pilot Programme for Nordic SMEs.	Initially funded by all Nordic countries and Nefco, and currently by the Nordic Council of Ministers (NCM).
Eastern Europe		
Nordic Initiative for Ukraine (NIU)	Grant financing for the refurbishment and reconstruction of municipal buildings in vulnerable areas of Eastern and Southern Ukraine	Finland, Norway, Sweden and the Nordic Environmental Development Fund (NMF, see above)
Fund allocations from Ministry of Foreign Affairs of Denmark	Grant financing for selected cities in Ukraine to support their recovery actions with focus on critical infrastructure.	Denmark
Impact Fund Denmark's Public Infrastructure (formerly Danida Sustainable Infrastructure Finance Programme (DSIF))	Grant financing for selected cities in Ukraine to support their recovery with focus on critical infrastructure, as well as non-commercial sustainable infrastructure projects in other selected Eastern European Partnership countries to complement Nefco loans.	Denmark
Green Recovery for Ukraine / Finland	Grant financing for green reconstruction of municipal infrastructure, strong focus on schools and facilities serving IDPs	Finland
Norway-Ukraine Energy Efficiency Initiative (NUEE)	Grant financing for the refurbishment and reconstruction of municipal buildings in vulnerable areas of Eastern and Southern Ukraine	Norway
Sweden Ukraine District Heating Fund (SUDH)	Grant financing to complement Nefco loans for sustainable projects aimed at modernising and improving Ukrainian district heating systems, now adapted for recovery actions	Sweden
Green Recovery for Ukraine/Norway	Grant financing support for green recovery actions in Ukraine	Norway
Green Recovery for Ukraine / Sida	Grant financing support for green recovery actions in Ukraine	Sweden

Fund	Purpose	Contribution from
SIDA LVK Rehabilitation	Sida's contribution to the rehabilitation of the wastewater treatment plant in Lviv, operated by Lviv City Communal Enterprise "Lvivvodokanal"	Sweden
Sida-Nefco Ukraine Consultant Trust Fund	To support identification, preparation, implementation and supervision of environmental projects in Ukraine	Sweden
Sida-NEFCO Consultant Cooperation Fund for Eastern Partnership	The purpose of the Fund is, on a grant basis, to support identification, preparation, implementation and supervision of projects	Sweden
Green Recovery for Ukraine / Sweden	Grant financing support for green recovery actions in Ukraine	Sweden
Special Funds		
Baltic Sea Action Plan Fund (BSAP Fund)	Grant financing for technical assistance and demonstration projects that support the implementation of the HELCOM Baltic Sea Action Plan (BSAP)	Finland and Sweden
Beyond the Grid Fund for Africa (BGFA)	Results-based financing to incentivise clean off-grid energy business models in Sub-Saharan Africa	Sweden, Denmark, Germany, Norway and in-kind contribution from Power Africa/USAID
Modern Cooking Facility for Africa (MCFA)	Results-based financing for incentivising modern cooking solutions in Sub-Saharan Africa	Sweden, Norway and the EU
Nordic Initiative for Cooperative Approaches (NICA)	Financing to demonstrate how international partnerships can scale up and accelerate ambitious climate action related to carbon market mechanisms under Article 6 of the Paris Agreement.	Finland, Norway, Sweden, the Nordic Council of Ministers, and Nefco
Nefco as implementing agency		
Eastern Europe		
Eastern Europe Energy Efficiency and Environment Partnership (E5P)	Grants used as an incentive for municipal clients to take loans provided by implementing agencies such as Nefco; now also grants adapted for recovery actions in Ukraine	The EU, Denmark, Estonia, Finland, Germany, Iceland, Ireland, Latvia, Lithuania, Norway, Poland, the Slovak Republic, Sweden, Switzerland, Ukraine and the USA.
EU NIP - Neighbourhood Investment Platform	Grants to complement other financing for capital-intensive infrastructure projects in EU partner countries. Repurposed for green recovery activities in Ukraine.	The EU
EU Repair of Critical Municipal Infrastructure	Grants to support the green recovery of Ukraine.	The EU
EU Housing for Internally Displaced Persons (IDP)	Grants to support the green recovery of Ukraine.	The EU
Global		
Green Climate Fund (GCF)	For providing and mobilising finance directly to private sector SMEs, smaller cities and municipalities for the implementation of climate projects in line with Nationally Determined Contributions and specific local needs and opportunities, focus on Eastern Europe.	Parties to the United Nations Framework Convention on Climate Change (UNFCCC)

NEFCO

The Nordic Green Bank

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