

Nykredit



Policy for Products and Services in the Nykredit Realkredit Group

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- Nykredit A/S on 13 January 2022
- Nykredit Realkredit A/S on 13 January 2022
- Totalkredit A/S on 7 February 2022
- Nykredit Bank A/S on 7 February 2022
- Nykredit Portefølje Administration A/S on 2 February 2022
- Nykredit Leasing A/S on 1 February 2022

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1. BACKGROUND AND PURPOSE

The purpose of this policy (the "Product Policy") is to lay down the overall principles and standards for development, distribution, pricing, modification and/or maintenance of products and services offered by the Nykredit Realkredit Group ("Nykredit") based on Nykredit's business model and strategic objectives.

Nykredit's Product Policy should be viewed in the context of Nykredit's other policies relating to and/or affecting the development, distribution, pricing, modification and/or maintenance of products and services, including Nykredit's compliance policy, capital policy, market risk policy, liquidity policy, credit policy, operational risk policy, tax policy, corporate responsibility policy and corporate culture policy.

2. TARGET GROUP

Nykredit's Product Policy is targeted at functions as well as Nykredit's managers and staff tasked with development, distribution, pricing, modification and/or maintenance of products and services. The Product Policy is intended to help relevant managers and staff make the right decisions in this area and ensure alignment of Nykredit's range of products and services with Nykredit's business model and strategic objectives. This applies to both products developed by Nykredit and other products distributed by Nykredit.

3. PRODUCT STRATEGY AND OBJECTIVES

Nykredit's overall values are expressed in Nykredit's corporate narrative which contains Nykredit's commitment to act responsibly towards the Group's key stakeholders; our customers, Totalkredit and Sparinvest partner banks, staff, owners, investors and society as a whole.

The Nykredit's Group strategy "Winning the Double 2.0" sets out the following overall objectives for Nykredit, which are:

1. to secure our future position as market leader in home financing
2. to expand our banking position by gaining more full-service customers
3. to win the position as the customer-owned and responsible financial provider

Nykredit's Product Policy is defined based on Nykredit's approach to development, distribution, pricing, modification and/or maintenance of products and services at all times supporting the Group's strategic priorities and responsibility commitment to the Group's stakeholders, including customers.

The Group's strategic foundation is based on self-distribution of banking and mortgage products, distribution of mortgage loans etc through the Totalkredit partnership and a fundamental corporate responsibility commitment. The objective of the strategy is to strengthen the Group's general foundation and to secure a strong business strategic balance for example by prioritising joint development activities together with our partners of the Totalkredit alliance to ensure scale, customer relevance and competitiveness.

With regard to personal and business customers under the Nykredit brand, Nykredit's products should support the strategic objective of growing the full-service customer base. Relative to the Totalkredit partnership, our objective is to offer products which strengthen and further develop this partnership to the benefit of customers, partners and Totalkredit. Where relevant, we should explore new opportunities for launching new joint products across Nykredit and Totalkredit, in keeping with the strategic focus on joint development.

Based on customers' needs and life events, Nykredit should provide a range of products and services covering all aspects of a customer's finances and contributing to creating financial security on a well-informed basis, building on an assessment of a customer's financial position across assets and liabilities.

Nykredit must at all times maintain a responsible and sustainable approach to development and distribution of products and services, including advisory services and pricing.

Nykredit's products should be based on a desire to create lasting and meaningful customer relationships, and Nykredit should always strive to offer customers competitive and reasonably priced products and services.

When developing new products and services Nykredit should pay particular attention to whether the Group is exposed to significant new risks. Furthermore, Nykredit's policies in the relevant risk area must be observed.

Taking a **responsible approach** to products and services implies that the products and services offered must be responsible in a societal context and contribute to ensuring meaningful and lasting customer relationships. Development, distribution, pricing, modification and/or maintenance of products and services must therefore align with Nykredit's policies and guidelines in the area, including Nykredit's Code of Conduct. Nykredit also ensures that material risks for the Group and customers are minimised, as far as possible, that the individual products are only distributed to customers whose interests, objectives and characteristics are compatible with the products, and that our processes support efficient and customer-friendly services.

Taking a **sustainable approach** to products and services implies that Nykredit is charged with ensuring that products and services, if relevant, contribute to a sustainable development of society in an economic, social and/or climate and environmental sense.

Nykredit has well-defined governance and risk management frameworks. In these areas as well, the Product Policy should support Nykredit's governance structure as well as Nykredit's risk appetite and management.

4. DELEGATION OF RESPONSIBILITY

The Board of Directors may delegate responsibility to ensure compliance with this Product Policy's principles and standards for development, distribution, pricing, modification and/or maintenance of products and services to the Executive Boards of the individual Group companies.

The Executive Boards should ensure governance and the overall framework for development, distribution, pricing, modifications and maintenance of products and services. The Executive Boards may delegate such responsibility to a committee, named the Products Committee. In this case, the Executive Boards should describe responsibility for the overall approval and evaluation of products and services in the Executive Board's guidelines.

Implementation and approval of the Board of Directors' Product Policy is the responsibility of the Board of Directors. Relative to Totalkredit A/S new products and services must be presented for approval by the Company's Board of Directors.

5. ROLES AND RESPONSIBILITIES

Several product entities in Nykredit have day-to-day responsibility for product development and maintenance. Generally, the individual product entity must ensure compliance with the current policy and relevant legislation in the area in addition to the requirements and framework set by the Products Committee for development, distribution, pricing, modification and/or maintenance of products and services.

6. REPORTING

The Board of Directors, the Board Risk Committee and the Executive Boards are briefed twice a year about:

- Product approvals
- Product modifications
- Product evaluations

7. REVIEW AND CHANGES TO THE PRODUCT POLICY

This Product Policy will be reviewed at least once a year and submitted to the Board of Directors for evaluation and approval.

8. COMMENCEMENT

This Product Policy will enter into force at the most recent approval, on 1 January 2022 at the latest, however.