

Policy for Products and Services in the Nykredit Realkredit Group

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Nykredit  **Totalkredit**

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After prior consideration by

The Executive Boards of

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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 as well as discontinuation of products and services ("products") 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 as well as discontinuation of products and services, including Nykredit's Compliance Policy, Capital Policy, Market Risk Policy, Liquidity Policy, Credit Policy, Policy for Non-Financial Risks, Tax Policy, Sustainability and Corporate Responsibility Policy, Sustainable Investment Policy, Stewardship Policy, Fossil Fuels Policy and Corporate Culture Policy.

In this Policy, the term "board of directors" generally means all Boards of Directors that have approved this Policy, and the term "executive board" generally means all Executive Boards of these companies.

1.1. Sound Corporate culture

The Product Policy as well as guidelines, business procedures and processes support Nykredit's Corporate Culture Policy. The Policy sets out the overall framework for the development, distribution, pricing, modification and/or maintenance as well as the discontinuation of products and services and thereby contributes to ensuring compliance with applicable legislation and internal rules, as well as enabling the organisation to understand and help mitigate the risks associated therewith.

2. Target market

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 as well as discontinuation 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, the Sparinvest 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.

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.

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.

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'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.

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

Taking a **responsible approach** to products and services implies that the products and services developed and offered must be responsible both in a societal context and in relation to the individual customer, and must 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 further ensures that material risks to the Group and customers are minimised to the extent possible, that individual products and services are only distributed to customers whose interests, purpose and characteristics are compatible with the products and that the processes serve to support efficient and customer-friendly service.

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.

4. Approval and evaluation guidelines and processes

Nykredit's guidelines and processes for the development and approval of new products, modification of existing products and discontinuation of products, as well as continuous evaluation of products, support and ensure that there is sufficient expertise, system support, capital and resources to handle the product in a sound and secure manner, thus ensuring broad integration across the organisation. The processes include an analysis of Nykredit's and the customer's risks, as well as the determination of a target market for the product. The procedures include the establishment of a risk-based annual cycle, ensuring that all approved products are evaluated regularly according to their complexity, volume and target market, and that extraordinary product evaluations are carried out in case of any events of any material significance affecting the product, such as changes in legislation, market conditions, financial circumstances or customer complaints.

The approval and evaluation process includes, as a minimum, the analysis and documentation of the following aspects:

- identification, assessment and mitigation of the customer's risks
- identification, assessment and mitigation of Nykredit's risks
- opportunities to engage in new markets
- impact on capital adequacy and liquidity
- compliance and reputational risk
- accounting treatment and business case
- target market and distribution channels
- conflicts of interest
- personal data protection risks
- regulatory and tax risks
- specific product characteristics

- internal implementation and responsibility
- IT-related support
- process-related support
- CSR and sustainability
- cost and fee structure, including transparency and cost-benefit
- training and certification requirements
- special accessibility requirements
- other relevant circumstances

The evaluation process must follow up on and assess the matters addressed in the approval process, as well as evaluate and conclude whether the product continues to meet the needs, characteristics, and objectives of the defined target market, including aspects such as pricing and risk, and, where relevant, performance and returns, as well as any errors or complaints.

5. Delegation

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 as well as discontinuation of products and services to the Executive Boards of the individual Group companies.

The Executive Boards of the companies should ensure governance and the overall framework for development, distribution, pricing, modifications and maintenance as well as discontinuation 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, evaluation and discontinuation of products and services in the Executive Board's guidelines.

The Products Committee is authorised to delegate

- approval of price changes to a committee, named the Pricing Committee.
- decisions of commitments to alternative investment funds and to continuously monitor and evaluate current investments in Kapitalforeningen Nykredit Alpha and Kapitalforeningen Nykredit Private Banking Elite to a committee, named the Investment Committee of Nykredit Alternatives.
- decision on exclusion and re-exclusion to a committee called the Sustainable Investment Committee.

Implementation and approval of the Board of Directors' Product Policy is the responsibility of the Board of Directors.

In relation to Totalkredit A/S, new products and services must also be submitted for approval by the company's Board of Directors, including the duty of borrowers to pay upfront commission, administration margins, current administration commission and other fees, as well as the mortgages serving as security for loans, including rules governing joint and several liability between borrowers.

6. 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.

7. Reporting

The Boards of Directors, Nykredit Realkredit's Board Audit Committee and Board Risk Committee and the Executive Boards of the companies are informed twice a year about:

- Product approvals

- Product evaluations
- Discontinued products

7. Review and changes to the 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 upon the most recent approval, but no earlier than 1 January 2026.