

## **Mandate of the Board Risk Committee of Nykredit A/S and Nykredit Realkredit A/S**

### **1. Purpose**

- 1.1 Pursuant to section 80b of the Danish Financial Business Act, the Board of Directors of Nykredit Realkredit A/S ("Nykredit") has set up a Board Risk Committee. The Committee also serves as the Board Risk Committee of Nykredit A/S, which has endorsed this Mandate.
- 1.2 The purpose of the Board Risk Committee is to advise the Board of Directors on the Nykredit Group's risk profile and current risk management.

### **2. Composition and skills**

- 2.1 The Board Risk Committee is composed of three or four members appointed by and among the members of Nykredit's Board of Directors. The members of the Board Risk Committee, including its Chair, are, as far as possible, appointed at the first meeting of the Board of Directors after the annual general meeting of the Company.
- 2.2 The members of the Board Risk Committee are appointed for a term of one year, but may be discharged by the Board of Directors at any time.
- 2.3 The members of the Board Risk Committee must possess the knowledge, qualifications and skills necessary to understand and monitor the Nykredit Group's risks.

### **3. Frequency and convening of meetings**

- 3.1 Meetings of the Board Risk Committee are held at the frequency deemed necessary by its Chair and not less than four times a year.
- 3.2 Any member of the Board Risk Committee and Nykredit's Chief Risk Officer may require that the Board Risk Committee holds a meeting whenever this is deemed necessary.
- 3.3 The meetings of the Board Risk Committee are preferably held prior to the meetings of the Board of Directors at which the Board of Directors is to consider/approve matters within the remit of the Committee.
- 3.4 The meetings of the Board Risk Committee are convened by its Chair or, at the Chair's discretion, the Secretariat to Nykredit's Board of Directors, which provides the secretariat function for the Committee. Urgent matters may be decided by written procedure. The deadline for comments by the individual members must be at least 24 hours.
- 3.5 In consultation with the Chair, the Secretariat to Nykredit's Board of Directors prepares an agenda which is distributed prior to each committee meeting. Any written material will, if possible, be attached to the agenda.

#### **4. Structure and conduct of meetings**

- 4.1 The meetings of the Board Risk Committee are attended by the committee members and, upon request, Nykredit's Group Chief Executive and other Group Managing Directors, Nykredit's Chief Risk Officer, the committee secretary and any other Nykredit staff as well as external advisers, if relevant.
- 4.2 The Chair presides over the meetings of the Board Risk Committee.
- 4.3 Where relevant, matters to be presented to the Board Risk Committee may be presented at a joint meeting with the Board Audit Committee, but will remain the sole responsibility of the Board Risk Committee.
- 4.4 The committee secretary takes and keeps minutes of each meeting of the Board Risk Committee. The minutes are signed by all members present. The minutes state the business that has been transacted and any resulting recommendations to the Board of Directors. Any committee member who disagrees with a recommendation to the Board of Directors is entitled to have its opinion included in the minutes.
- 4.5 Minutes are sent to the members of the Committee after each committee meeting. The committee members must submit any comments on the minutes to the committee secretary as soon as possible with a view to sending the final minutes to the Board of Directors prior to the next or second next meeting of the Board of Directors.
- 4.6 The Board Risk Committee is subject to the same confidentiality rules as the Board of Directors.

#### **5. Decision-making powers and authority**

- 5.1 The Board Risk Committee forms a quorum when not less than half its members are present.
- 5.2 The Board Risk Committee reports to and may recommend proposals for adoption by the Board of Directors. The Board Risk Committee has no independent decision-making powers and may therefore only make decisions on recommendations to the Board of Directors. Such decisions are made by a simple majority. In case of an equality of votes, the Chair of the Committee has the casting vote.
- 5.3 The Board Risk Committee is authorised to examine all matters within the framework of this Mandate and to obtain any required information and assistance from the members of Nykredit's Executive Board, the risk management function and other staff of the Nykredit Group in this respect.
- 5.4 The Board Risk Committee must be provided with the means and facilities that it may reasonably deem necessary for the performance of its tasks, including external consultancy services, when necessary.

#### **6. Tasks**

- 6.1 The tasks of the Board Risk Committee are:

- to advise the Board of Directors on the Company's current and future overall risk profile and strategy,
- to assist the Board of Directors in overseeing that the risk strategy laid down by the Board of Directors is implemented correctly in the organisation,
- to determine whether the products and services offered by the Nykredit Group are in agreement with the Company's business model and risk profile, and whether earnings from the offered products and services reflect the risk relating thereto, and to prepare proposals for corrective measures if the products or services and the resulting earnings are not in agreement with the Company's business model and risk profile,
- to ensure that timely action is taken in relation to material factors and trends, which may involve conduct risk to Nykredit, and to serve as the final escalation step prior to the resolution of any conduct issues, which have material business implications,
- to ensure that a clear strategic direction is set for responsible business practices, always ensuring that Nykredit's conduct and corporate culture can be explained and justified to its customers, society and ourselves,
- to assess whether the incentives of the Company's remuneration structure take into account the Company's risk, capital structure and liquidity and the probability of profit and time perspective in this respect,
- to review risk models, including their methodologies, estimation processes and validation,
- to determine capital adequacy requirements, long-term capital need and capital policy, and
- to assist the Board of Directors in assessing whether the resources used in the risk management function are appropriate and adequate.

6.2 The Board Risk Committee must determine and decide the type, amount and frequency of information to be given by the Company to the Committee to assist the Committee in performing the above tasks.

6.3 At least once a year, the Board Risk Committee must assess, assist and make recommendations to the Board of Directors regarding:

- The process of credit facility applications and renewals thereof, which is governed by section 78 of the Danish Financial Business Act.
- Portfolio reporting, including credit quality, pricing, sectors, concentration, size, etc.

6.4 The Board Risk Committee prepares a work schedule to be approved by the Board of Directors of Nykredit Realkredit A/S and endorsed by the Board of Directors of Nykredit A/S. The work schedule that applies at the time of approval of this Mandate is enclosed as **Appendix 1**.

6.5 The Board Risk Committee may independently (or jointly with the Board Audit Committee) set up temporary ad-hoc committees focusing on selected topics within the remit of the Committee. Such ad-hoc committees will report to the Board Risk Committee (and in case of

joint committees also to the Board Audit Committee) and has no independent decision-making powers. Rules governing the work of the committees will be laid down in a mandate.

6.5 The Board Risk Committee's processing of material must take place in accordance with the legal requirements in this field, including section 120 of the Danish Financial Business Act concerning information on private individuals.

## **7. Reporting to the Board of Directors etc**

7.1 At the first or second meeting of Nykredit's Board of Directors after a Board Risk Committee meeting, the Board of Directors is informed of the business transacted by the Board Risk Committee and any recommendations from the Board Risk Committee are submitted for approval.

7.2 Upon approval by the members of the Board Risk Committee, minutes of its meetings will be available to the Board of Directors on the Board Portal.

A brief description of the activities of the Committee in the past year is included in Nykredit's Annual Report.

## **8. Evaluation**

8.1 The Board Risk Committee reviews and evaluates this Mandate at least once a year to ensure that it continues to comply with legal requirements, corporate governance etc.

8.2 This evaluation as well as any proposed changes are submitted for approval by the Boards of Directors of Nykredit and Nykredit A/S.

Adopted at the meeting of the Board of Directors of Nykredit Realkredit A/S and approved by the Board of Directors of Nykredit A/S on 16 August 2022.