



Order execution policy



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1. INTRODUCTION

This document is an English translation of the original Danish text. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.

In executing client orders in financial instruments, Nykredit Bank's primary objective is to obtain the best possible result for you as client. This objective is also denoted "best execution". In this Policy, we have laid down the overall guidelines ensuring that we meet our objective when executing orders in financial instruments placed by or on behalf of clients.

Based on this Policy, we have supplementary procedures and measures in place which, combined, in our opinion are sufficient, necessary and relevant to our endeavours to meet our primary objective of best execution. Nykredit Bank's Order Execution Policy is always available at: nykredit.dk

We are also required by law to obtain, when executing orders, the best possible result for our clients. This Policy explains how this is achieved, but does not impose on us any obligations other than those prescribed by law or agreed with you as client. Our objective of achieving the best possible result for our clients when executing client orders in financial instruments means that we will take all adequate measures to the best of our knowledge in the given circumstances for the purpose of achieving this objective. The financial markets are changeable, and we take factors into consideration that may be conflicting. In the light thereof, we cannot guarantee that a better result would not have been obtained had the order been executed differently.

This Policy applies to financial instruments as defined by the Danish Act governing capital markets, including negotiable securities such as equities and bonds, money market instruments, investment certificates, derivatives, etc.

The Policy applies to retail and professional clients alike. Furthermore, the Policy applies to approved counterparties eligible for investor protection as professional clients.

2. BEST EXECUTION

Nykredit Bank will ensure best execution when executing client orders and performing portfolio management involving financial instruments. Best execution is pursued in the Bank's own execution of orders and when transmitting and communicating orders to external trading partners for execution.

The best execution obligation is undertaken by us when we receive an order placed by or on behalf of a client. We will generally exercise our discretion as to how an order is executed, and you may rely on us acting in your best interests. If you are a professional client, best execution may not be expected in certain situations. A situation like that may arise when you submit a request for quote, which is normally used by clients to ask a number of banks for quotes, which will allow them to compare prices.

In cases where we are not under an obligation to ensure best execution, we will of course at all times meet our obligation to act honestly, fairly and professionally in accordance with the best interests of our clients.

In cases where we are under an obligation to ensure best execution, we will take all sufficient steps to obtain the best possible result for you in the circumstances. In the assessment of how to obtain the

best result in a specific situation, the following factors will be taken into consideration:

- Price and costs relating directly to the execution of the order and trade settlement (total consideration).
- The likelihood of order execution and trade settlement.
- The speed of execution.
- The size and type of the order.
- Other factors relevant to the order execution, including market conditions and their impact.

In our endeavours to ensure best execution, we determine the relative importance of each of the above factors, taking the following criteria into consideration:

- Your status as retail or professional client or as approved counterparty
- The specific order, including whether you have given specific instructions
- The characteristics of the financial instrument
- The characteristics of potential execution venues for the order.

Where possible, the factors above may be prioritised in consultation with you. Otherwise, the Bank will exercise its discretion as to what will be the most appropriate action for you in the particular situation. The price of the financial instrument is the main factor in the delivery of best execution. If you are a retail client, order execution will usually be determined on the basis of the total consideration, and we will, given the circumstances, attach higher relevance to other factors only in special circumstances. This means that, in principle, the Bank must either:

- transmit the order to a trading venue to which the Bank is directly connected, while acting in compliance with the rules governing such trading venue,
- transmit the order to or obtain a price quote from one of our trading partners, or
- execute the order with the Bank as counterparty or match the order against the order of another customer.

However, based on the market terms or the special characteristics of the financial instrument in question it may be our assessment that you will not obtain the best price if we execute the order with immediate effect. It may, for instance, be our assessment that prices may be affected negatively if your entire order is placed, and that it would be in your interest if we split the order into a number of smaller orders, or if, for other reasons, we postpone execution of the entire or parts of your order.

In certain situations, specific conditions may result in relatively higher weight being attached to factors other than price or total consideration, including in respect of trading in illiquid financial instruments where a higher weight is attached to the likelihood of being able to execute the order at all, or in respect of market disruptions.

Nykredit Bank is at any time and whatever the reason entitled to refuse to execute an order or transaction, including in the event of market disruptions or on suspicion of market abuse.

3. THE SIGNIFICANCE OF SPECIFIC INSTRUCTIONS

If the Bank receives specific instructions from you in relation to the entire order or parts thereof, the Bank will be under an obligation to execute the order accordingly. Orders with a limit price placed by you in Nykredit's online banking service are, for example, considered specific instructions. Please note that compared with a situation where the order had been executed by us at our own discretion, your

specific instructions may not lead to the best possible result. If your specific instructions only concern part of your order, we will still ensure best execution for the remainder of the order.

4. ORDER AGGREGATION AND ALLOCATION

Nykredit Bank may aggregate a client order with other client orders and/or Nykredit Bank's own orders (own account orders) with a view to achieving best execution for you as client. It must be unlikely that the aggregation of orders will work to the disadvantage of the clients concerned in overall terms. In a few instances, an aggregation may work to the disadvantage in relation to a particular order. Aggregated orders that are executed in batches are settled at a weighted average price and are, if possible, allocated on the trading day.

If aggregated client orders can only be executed in part, and if the orders could not have been executed on terms that are as favourable as if the orders had been aggregated, the orders will be allocated on a pro rata basis by order size to clients, taking into consideration the costs involved for you as client.

Where client orders are aggregated with Nykredit Bank's own orders, and such aggregated orders can only be partially executed, client orders will be given first priority. Where client orders could not have been executed on equally advantageous terms without being aggregated with Nykredit Bank's own orders, they will be allocated on a pro rata basis by order size to the client and Nykredit Bank.

5. EXECUTION VENUES

In order to ensure best execution at all times, we may use one or more of the following execution venues:

- Regulated markets (also referred to as stock exchanges)
- Multilateral Trading Facilities (MTFs)
- Organised Trading Facilities (OTFs)
- Systematic Internalisers (SIs) – see further explanation below
- Trading partners (other banks or securities dealers)

Nykredit Bank will on a regular basis assess the market for execution venues, selecting the ones where the Bank believes that it can obtain the best possible result when executing client orders, based on the factors mentioned under "Best execution", including in particular price, costs, speed of execution and liquidity in the market. The selection is based on data available to the public on the quality of the order execution at the individual execution venues.

Nykredit Bank may choose to execute a client order outside a trading venue subject to your consent. In this Policy, trading venue is defined as a stock exchange, an MTF or an OTF. Execution of an order outside a trading venue may involve increased counterparty risk. If we execute the order outside a trading venue, execution will take place via an SI or a trading partner or we will act as counterparty. Trading outside a trading venue is also referred to as Over-the-Counter (OTC) trading. Please do not hesitate to contact us for further information about the consequences of order execution outside a trading venue.

If we use a trading partner, such trading partner will decide whether to act as counterparty to the trade or whether to transmit the order to a trading venue. On a regular basis and at least once a year, we will assess the possibility of achieving best execution at the relevant execution venues.

If Nykredit Bank acts as counterparty, the role of counterparty will sometimes be that of SI. This means that we comply with specific rules on quoting and publication of prices and trades. Nykredit Bank may choose to act as SI in certain financial instruments, or we may be under an obligation to do so as we are trading for our own account on an organised, frequent and systematic basis and in significant volumes. Nykredit Bank complies with this Policy irrespective of whether we act as SI or not in our capacity of counterparty.

Nykredit Bank may choose one specific venue for execution of clients orders in certain types of financial instruments if we find that one venue suffices for the purpose of ensuring best execution at all times, and if we find that, overall, better results cannot be achieved via several execution venues.

At least once a year, Nykredit Bank will publish a list of the five most commonly used execution venues on which we have executed client orders broken down into categories of financial instruments, as well as the five most commonly used trading partners to whom we have transmitted client orders. The list will be enclosed with Nykredit Bank's summary of analysis of execution venues and conclusions made on the basis thereof. The statement is available at nykredit.dk.

You can find a complete list of primary execution venues used at nykredit.dk.

6. SPECIFIC CONDITIONS REGARDING BEST EXECUTION

The different types of financial instruments are subject to specific conditions that determine how we prioritise the various factors described above. As mentioned above, order execution will usually be determined on the basis of the total consideration for retail clients, and we will, only in special cases, given the circumstances, attach higher retail client relevance to other factors.

6.1 *Equities and investment certificates*

The product category of equities and investment certificates is comprised of the following products:

- Equities and equity-like instruments
- Investment certificates

Unless otherwise specified in this Policy, the key factors in Nykredit Bank's execution of client orders in equities and investment certificates are usually as follows:

1. Price and costs
2. The likelihood of order execution and trade settlement.

These are followed by the other factors, speed, size and type as well as other matters which are normally assigned equal weight.

If we have agreed differently with you, we will of course prioritise accordingly, whether on a case-by-case basis or for all your orders.

6.1.1 *Equities and equity-like instruments*

Equities comprise equities and other equity-like financial instruments, such as depositary receipts, certificates and exchange traded notes.

Listed equities are subject to a so-called trading obligation, meaning that orders in listed equities must always be executed on trading venues or by an SI.

If Nykredit Bank acts as SI relative to a listed equity, we can act as counterparty in the trade. Furthermore, we may choose to transmit the order to a trading partner being an SI or to a trading venue. When Nykredit Bank acts as SI counterparty, the price charged will at least be equal to the price charged by our selected execution venues.

Orders may be placed to Nykredit Bank in the following ways (you can read more about the different types of orders available in Nykredit Banks Business Terms for Trading in Financial Instruments):

- **Electronic orders** (orders from the online banking service or placed by an adviser at the bank): Orders that may be transmitted immediately to one or more trading venues for the purpose of order execution.
- **Manual orders:** Orders that cannot be transmitted to one or more trading venues, but which are executed manually due to the nature of the order or specific execution instructions.
- **Market making:** You may trade with us on the basis of a price we have quoted to you. When you trade with us on the basis of a quoted price, we will trade for our own account and act as counterparty to the trade. If you have received a price quotation from us, the trade will be concluded when you accept the price quoted.
- **Immediate orders:** When trading in certain financial instruments, the Bank offers its clients to execute immediate orders up to a pre-defined amount. This means that we quote binding bid and offer prices to our clients. Clients may accept these prices and submit immediate orders. The Bank's bid and offer prices reflect current market terms, thus meeting the best execution requirements. For this purpose, the Bank will act as SI.

Electronic orders: Depending on the financial instrument in question and the size of the order, the Bank will determine whether to transmit the order directly to one or more trading venues or directly to the external trading partner with which the Bank has concluded an agreement for the purpose of order execution. Depending on the size of the trade, we may, for Danish equities, execute the order in our capacity of SI, whereas, for foreign equities, we will always transmit the order to our trading partner in the relevant area. If the order does not meet the parameters set for transmission of orders, it will automatically be suspended and handled by a staff member for the purpose of manual execution. One example is a financial instrument that is not sufficiently liquid for an order to be forwarded directly to a trading venue.

Orders received from the online banking service

If you use our online banking service, your orders will be executed in different ways depending on the nature and size of your order and subject to your specific instructions. Orders executed via stock exchanges or trading partners are monitored continuously to ensure that we are at all times able to deliver best execution.

If an order meets the parameters set in the Bank's online banking service when placing the order, it will be necessary to contact an adviser in order for the order to be placed and handled as a manual order.

In the event that a limit order from a client regarding listed equities is not executed immediately under

applicable market terms, Nykredit Bank will ensure execution of the order as quickly as possible by immediately publishing the order in a way that offers other market participants easy access to the information, unless otherwise expressly determined by you. This is usually ensured by Nykredit Bank transmitting the limit order from the client to a relevant trading partner or trading venue.

Unlisted equities are not subject to a trading obligation, and liquidity will usually be very low. As a consequence, it may be necessary to attach different weights to the factors. In order to ensure a fair price, we will, as an additional aspect of best execution, seek to obtain quotations from selected trading partners for the purpose of comparing the quotations with available market data and, if possible, with similar or comparable equities.

6.1.2 Investment certificates

In the context of this Policy, investment certificates comprise units in collective investment schemes, such as investment funds (UCITS) and alternative investment funds (AIFs). Units may either be listed (Exchange-Traded Funds (ETFs)) or unlisted.

Orders in listed investment certificates are usually executed either directly on a trading venue or with Nykredit Bank acting as counterparty, whether or not in the role of SI. When Nykredit Bank acts as counterparty in a trade, whether in the role of SI or not, the price charged will as a minimum equal the price charged by our selected execution venues.

In certain cases, including in connection with large orders in listed investment certificates, the orders will be executed in collaboration with the issuing collective investment scheme. In such case, we will as a rule quote a price based on the most recent information provided by the collective investment scheme on the net asset value with the addition/deduction of an issuance or a redemption charges. Order execution times may in these cases be longer than usual, thereby increasing the likelihood of prices having changed since the time of the order submission if market conditions have changed.

Compared with unlisted investment certificates, orders will usually be executed at the price fixed on the basis of the information most recently provided by the issuing collective investment scheme on net asset value, possibly adjusted for market developments in the underlying investments and issuance or redemption charges.

In certain cases, orders in unlisted investment certificates will be executed in collaboration with the issuing collective investment scheme. In such case, we will fix the price based on the most recent information provided by the collective investment scheme on net asset value with the addition/deduction of an issuance or a redemption charge. Order execution times may in these cases be longer than usual, thereby increasing the likelihood of prices having changed since the time of the order if market conditions have changed.

6.2 Bonds

The product category of bonds is comprised of the following products:

- Government bonds
- Mortgage bonds
- Corporate bonds

Unless otherwise specified in this Policy, the key factors in Nykredit Bank's execution of client orders

in bonds are usually as follows:

1. Price
2. Order size and speed are assigned equal weights.

These are followed by the other factors, costs, likelihood of execution of the order and trade settlement, the nature of the order and other relevant aspects, which are normally assigned equal weights.

If we have agreed differently with you, we will of course prioritise accordingly, whether on a case-by-case basis or for all your orders.

The liquidity of various bond issues varies significantly, depending on the issuer and the type of bond, and for some bonds, the market is characterised by indicative prices.

Orders in bonds will typically be executed with Nykredit Bank acting as counterparty, either as SI or not. Whether or not Nykredit Bank acts as SI, the price we charge will normally be based on the prices of execution venues, on trading platforms and in other relevant information systems. We are generally not obliged to ensure best execution for professional clients in all circumstances. A situation like that may arise when you submit a request for quote, which is normally used by clients to ask a number of banks for quotes, which will allow them to compare prices.

Orders in rarely traded bonds, whether listed or unlisted, for which there are no available prices at execution venues, on trading platforms or in other relevant information systems, will be priced based on benchmark bonds adjusted for the characteristics of the individual bond using our internal models.

6.3 Foreign exchange products

The product category of foreign exchange products is comprised of the following products:

- Forward exchange contracts
- Foreign exchange swaps
- Non-deliverable forwards (NDFs)
- Foreign exchange options

Unless otherwise specified in this Policy, the key factors in Nykredit Bank's execution of client orders in foreign exchange products covered by the Policy are usually as follows:

1. Price
2. Order size and speed are weighted equally.

These are followed by the other factors, costs, likelihood of execution of the order and trade settlement, the nature of the order and other relevant aspects, which are normally assigned equal weights.

If we have agreed differently with you, we will of course prioritise accordingly, whether on a case-by-case basis or for all your orders.

Orders in foreign exchange products will typically be executed with Nykredit Bank acting as counterparty. The price will be based on the market prices of our selected trading venues and trading partners. In the event that no market prices are available, we will, as an additional aspect of best execution, seek

to compare available market data with similar or comparable foreign exchange products.

A number of foreign exchange products, including FX spot contracts and certain foreign exchange contracts for commercial hedging purposes, are not covered by this Policy, as they do not fall under the designation of financial instruments. It is noted in relation to foreign exchange products that we are generally not obliged to ensure best execution for professional clients. A situation like that may arise when you submit a request for quote, which is normally used by clients to ask a number of banks for quotes, which will allow them to compare prices.

In cases where we are not under an obligation to ensure best execution, we will of course at all times meet our obligation to act honestly, fairly and professionally in accordance with the best interests of our clients.

6.4 Interest rate derivatives

The product category of interest rate derivatives is comprised of the following products:

- Interest rate swaps
- Forward rate agreements (FRAs)
- Interest rate options
- Foreign exchange swaps
- Future interest rate agreements

Unless otherwise specified in this Policy, the key factors in Nykredit Bank's execution of client orders in interest rate derivatives are usually as follows:

1. Price
2. Order size and speed are assigned equal weights

These are followed by the other factors, costs, likelihood of execution of the order and trade settlement, the nature of the order and other relevant aspects, which are normally assigned equal weights.

If we have agreed differently with you, we will of course prioritise accordingly, whether on a case-by-case basis or for all your orders.

Market liquidity varies widely, depending on the product you wish to trade in as client. Liquid interest rate derivatives are priced on the basis of information provided by the execution venues, trading platforms and other relevant information systems. Illiquid interest rate derivatives, including interest rate options, are typically priced on the basis of market prices provided by selected trading venues and trading partners.

Nykredit Bank will act as counterparty to interest rate derivative orders, unless the trade must be executed on a trading venue, and clearing via a central counterparty (CCP) has been agreed.

6.5 REPO and Reverse

The product category of REPO and Reverse is comprised of the following products:

- REPO
- Securities lending contracts

Unless otherwise specified in this Policy, the key factors in Nykredit Bank's execution of client orders

in REPO/Reverse are usually as follows:

1. Price
2. Order size and speed are assigned equal weights

These are followed by the other factors, costs, likelihood of execution of the order and trade settlement, the nature of the order and other relevant aspects, which are normally assigned equal weights.

If we have agreed differently with you, we will of course prioritise accordingly, whether on a case-by-case basis or for all your orders.

Market liquidity varies widely, depending on the bond you wish to trade in as client, and on the bond's characteristics, such as currency, outstanding amount, coupon and demand.

Orders in REPO/Reverse will typically be executed with Nykredit Bank as counterparty.

7. PORTFOLIO MANAGEMENT

When Nykredit Bank manages your portfolio, we are also obliged to handle your interests as best as possible when we make trading decisions and therefore always abide by this policy. Portfolio management services are provided by Nykredit Asset Management, an independent business unit of Nykredit Bank. Its activities are independent of the Bank's other activities. All transactions executed under a portfolio management agreement entered into with Nykredit Asset Management are executed via a trading partner in Denmark or abroad, to whom we transmit trade decisions. For each transaction, Nykredit Asset Management will determine which trading partner may be expected to ensure best execution. Nykredit Asset Management may decide to have the Bank execute the transaction on an equal footing with external trading partners. When executing these transactions, the Bank will comply with this Policy for the purpose of ensuring best execution for you as client. In connection with portfolio management where Nykredit Asset Management asks a trading partner to quote a price, Nykredit Asset Management is responsible for complying with the best execution obligation set out in this Policy.

The choice of trading partner is based on assessment of the relevant trading partner's ability to comply with the Bank's Order Execution Policy and the best execution requirements. The trading partners' ability to comply with the Bank's Order Execution Policy and the best execution requirements are checked and evaluated on a regular basis, and the market is continuously searched to find trading partners who may ensure best execution. Nykredit Asset Management's choice of trading partner is included in the Bank's complete list of trading partners, see 5 above. You can find the list at nykredit.dk.

You can find a complete list of primary execution venues used at nykredit.dk.

8. MONITORING OF BEST EXECUTION

Nykredit Bank evaluates the quality of our order execution on a regular basis to check whether our procedures and measures work as intended and that you obtain the best possible result as client.

9. EVALUATION AND UPDATE

At least once a year, Nykredit Bank assesses the effectiveness of the Order Execution Policy and

whether amendments are required. You will be informed of any major amendments to the Order Execution Policy. You can find the most recent and currently applicable version of the Policy at nykredit.dk.

10. MORE INFORMATION

See the Business Terms for Trading in Financial Instruments at nykredit.dk.

At nykredit.dk, you can also find the list of the markets in which you may trade equities and bonds, etc, for the purpose of tax-privileged savings schemes. The list includes relevant markets in and outside the EU/EEA. Where the latter is concerned, the markets have been selected by Nykredit Bank in accordance with the criteria thereof laid down in current legislation. The list is subject to revision by Nykredit Bank.