

BENCHMARK STATEMENT

1 BACKGROUND

This benchmark statement is provided by Nordic Bond Pricing AS as the administrator of the NBP Index family. This benchmark statement has been created in accordance with EU Benchmark Regulation (EU2016/1011) and the supplementary regulatory technical standards. It is intended to meet the requirements of the said regulations.

The benchmark statement should be read in conjunction with the NBP Index Methodology and other associated policies and methodology documents. Those documents are italicised whenever referenced in this benchmark statement and are available on the NBP website (www.nordicbondpricing.no).

References to "BMR" in this benchmark statement refer to *[Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#)*.

References to "RTS" (Regulatory Technical Standards) in this benchmark statement refer to *[Commission Delegated Regulation \(EU\) 2018/1643 of 13 July 2018 supplementing Regulation \(EU\) 2016/1011 of the European Parliament and of the Council with regard to regulatory technical standards specifying further the contents of, and cases where updates are required to, the benchmark statement to be published by the administrator of a benchmark](#)*.

References to "BMR Amendment" refer to *[Regulation \(EU\) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation \(EU\) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks](#)*.

| Reference | Regulatory requirement | NBP's Response |
|--|---|--|
| Date of publication and last update RTS 1 (1)(a) | The benchmark statement shall state the date of publication of the statement and, where applicable, the date of its last update. | First published 30.04.2021. Last update 28.08.2024. Last inclusion was market description, inclusion of bond registered in multiple CSDs, BMR 27(1)(a), RTS 1(2). |
| Review and update of benchmark statement BMR 27 (1) | The administrator shall review and, where necessary, update the benchmark statement for each benchmark or family of benchmarks in the event of any changes to the information to be provided under this Article and at least every two years. | Nordic Bond Pricing (NBP) is the administrator of the NBP Index series family. NBP will review this benchmark statement at least once every two years or whenever there are changes to the information provided. |
| ISIN RTS 1 (1)(b) | The benchmark statement shall where available, the international securities identification number (ISIN) of the benchmark or benchmarks; alternatively, for a family of benchmarks, the statement may provide details of where the ISINs are publicly accessible free of charge | ISINs are not currently assigned to the indices. |
| Contribution of input data RTS 1 (1)(c) | The benchmark statement shall state whether the benchmark, or any benchmark in the family of benchmarks, is determined using contributions of input data | NBP Index series does not use contributions of input data. Refer to response on <i>Determination of benchmark and description of input data</i> (BMR 27 (2)(c)) for further detail on input data. |

| Reference | Regulatory requirement | NBP's Response |
|--|--|---|
| <p>Benchmark type disclosure</p> <p>RTS 1(1)(d)</p> <p>RTS 2</p> | <p>The benchmark statement shall state whether the benchmark or any benchmark in the family of benchmarks qualifies as one of the types of benchmarks listed under Title III of Regulation (EU) 2016/1011, including the specific provision by virtue of which the benchmark qualifies as that type.</p> <p>In addition to the information to be included pursuant to Article 1, for a regulated-data benchmark or, where applicable, family of regulated-data benchmarks, the benchmark statement shall state at least the following in its description of the input data:</p> <ul style="list-style-type: none"> (a) the sources of the input data used; (b) for each source, the relevant type, as listed in Article 3(1)(24) of Regulation (EU) 2016/1011. | <p>NBP indices are not regulated data benchmarks, interest rate benchmarks or commodity benchmarks as defined in BMR.</p> |

| Reference | Regulatory requirement | NBP's Response |
|--|---|---|
| <p>Market description BMR 27 (1)(a) RTS 1(2)</p> | <p>The benchmark statement shall clearly and unambiguously define the market or economic reality measured by the benchmark and the circumstances in which such measurement may become unreliable.</p> <p>In defining the market or economic reality, the benchmark statement shall include at least the following information:</p> <ul style="list-style-type: none"> (a) a general description of the market or economic reality; (b) the geographical boundaries, if any, of the market or economic reality; (c) any other information that the administrator reasonably considers to be relevant or useful to help users or potential users of the benchmark to understand the relevant features of the market or economic reality, including at least the following elements insofar as reliable data on these elements is available: <ul style="list-style-type: none"> (i) information on actual or potential participants in the market; (ii) an indication of the size of the market or economic reality. | <p>NBP index family measure the total return performance of bonds registered in Nordic CDSs; Euronext Securities Oslo, Euroclear Sweden, Euronext Securities Copenhagen, Euroclear Finland. In addition, Nordic domiciled issuers where bonds are registered in Euroclear (XS-ISINs) may be included.</p> <p>The eligibility criteria for constituents are set out in the NBP Index Methodology. The constituents of each sub-index within the NBP index family are drawn from the constituents of the corresponding underlying index as defined in the NBP Index Methodology.</p> <p>The indices within the NBP index family include indices that measure the performance of various market segments based on attributes like credit spread levels, interest rate type, sectors and/or modified duration.</p> <p>The NBP index family uses as input data evaluated prices provided by NBP. The measurement of the underlying economic reality might become less precise if the input for NBP evaluated prices cease to exist. This include if the underlying market become highly illiquid as trades are used as input and verification of the evaluated prices.</p> <p>Because the indices are constructed as a rules-based basket of bonds and not treated as a portfolio, accumulated cash is stripped out of the index at month-end and effectively reinvested pro rata across the entire index for cumulative returns purposes.</p> <p>The geographical boundaries of the market measured by the NBP index family are determined by the eligibility criteria for the indexes within the family as set out in the NBP index methodology.</p> <p>RTS 1 (2)(c): Not applicable to a family of benchmarks that consists solely of non-significant benchmarks.</p> |

| Reference | Regulatory requirement | NBP's Response |
|---|---|---|
| <p>Exercise of discretion BMR 27 (1)(b)</p> | <p>The benchmark statement shall lay down technical specifications that clearly and unambiguously identify the elements of the calculation of the benchmark in relation to which discretion may be exercised, the criteria applicable to the exercise of such discretion and the position of the persons that can exercise discretion, and how such discretion may be subsequently evaluated.</p> | <p>NBP index methodology is rule-based and, as such, the selection and weighting of constituents does not involve discretion.</p> <p>However, in the event where decisions relating to the pricing of a Benchmark are required to maintain the integrity of the values and ensure that the Benchmark continues to operate in line with the methodology, NBP may apply expert judgment.</p> <p>In circumstances where an event is not captured by the methodology document, or where a decision to recalculate or correct an index calculation issue is not clear, expert judgement will be exercised to determine the appropriate index treatment.</p> <p>Exercise of expert judgment may only be applied by suitably experienced and qualified employees in accordance with the NBP Methodology document. Using their expertise and knowledge, and the information available to them, they will assess what adjustment would be most appropriate to correctly reflect the Benchmark objective.</p> |
| <p>External factors BMR 27 (1)(c)</p> | <p>The benchmark statement shall provide notice of the possibility that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of, the benchmark.</p> | <p>Events outside of the control of NBP may occur that may require changes to, or cessation of indices in the NBP index family.</p> <p>A proposal to change or decommission an index may be for one of several reasons, including:</p> <ul style="list-style-type: none"> • Inadequate supply of data; • Data supply being of poor quality; • Insufficient number of eligible constituents available for inclusion in the index; • Insufficient number of clients using the index and • Insufficient revenues linked to the index. |

| Reference | Regulatory requirement | NBP's Response |
|--|---|--|
| <p>Changes to and cessation of benchmark BMR 27 (1)(d)</p> | <p>The benchmark statement shall advise users that changes to, or the cessation of, the benchmark may have an impact upon the financial contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds.</p> | <p>NBP has adopted a Policy on Determination of Methodology and a Policy of Decommissioning Indices which govern the implementation of changes and the cessation process.</p> <p>When considering changes to, or the cessation of, a benchmark or a family of benchmarks in accordance with these policies and procedures, NBP considers the potential impact it may have on users. Any investment funds which use the NBP index family to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index family.</p> <p>If an immediate change is required to maintain the integrity of the NBP Index family, NBP shall communicate this clearly to benchmark users.</p> |
| <p>Definition of key terms BMR 27 (2)(a)</p> | <p>A benchmark statement shall contain at least the definitions for all key terms relating to the benchmark.</p> | <p>The definitions of all key terms relevant to the NBP index family are set out in the NBP Index Methodology.</p> |
| <p>Benchmark methodology BMR 27 (2)(b) RTS 1(5)</p> | <p>A benchmark statement shall contain at least the rationale for adopting the benchmark methodology and procedures for the review and approval of the methodology.</p> <p>5. In specifying the procedures for review of the methodology, the benchmark statement shall at least outline the procedures for public consultation on any material changes to the methodology.</p> | <p>The NBP index family reflect the economic reality as set out in response on <i>Market description</i> (BMR 27 (1)(a) and RTS 1(2) above).</p> <p>The approval of all NBP indices follows the governance process set out in the Policy on Determination of Methodology. Proposals for material amendments to the methodology of the index series family will be subject to consultation. The procedures for consultation are also documented in the Policy on Determination of Methodology. Feedback from consultations is considered and any consequent methodology changes are approved by NBP and Oversight Function. Clients and users are noticed of the changes prior to their implementation.</p> <p>The NBP Index Methodology are subject to regular review by NBP to ensure that the methodology in a best possible way continue to reflect the aims and objects of the index series.</p> |

| Reference | Regulatory requirement | NBP's Response |
|--|---|--|
| <p>Determination of benchmark and description of input data</p> <p>BMR 27 (2)(c)</p> | <p>A benchmark statement shall contain at least the criteria and procedures used to determine the benchmark, including a description of the input data, the priority given to different types of input data, the minimum data needed to determine a benchmark, the use of any models or methods of extrapolation and any procedure for rebalancing the constituents of a benchmark's index.</p> | <p>Constituent Selection</p> <p>The NBP Bond Indices are total return indices based on carefully designed eligibility rules, to provide index transparency and objectiveness. Further, the index rules are designed with the goal of providing a representative benchmark for the bond market accessible to professional investors.</p> <p>Specific eligibility rules are found in the NBP Index Methodology.</p> <p>Rebalancing</p> <p>All NBP bond indices are rebalanced monthly, after the close of business on the rebalancing date. On the rebalancing date, unless otherwise specified, sets of market value weights are calculated for the constituents of the various indices. The set of constituents and their respective weights are held constant throughout the month until the next rebalancing date, as it will be used in the return calculations. Unlike the rebalancing of traditional equity indices, which occurs less often, the monthly rebalancing of the Indices better suits the more frequent issuance and the more dynamic borrowing needs of fixed income issuers.</p> <p>Intra month changes to the constituents due to corporate action will be reflected in the return of the index where the relevant constituent is included, but will not change the weight of the constituent in the index as set at the last rebalancing date nor will it change the status of an issue from eligible to ineligible during the month. This extends to non-overlapping indices, a bond will not change its index affiliation due to changes in its sector mapping nor pricing level intra month. Further, all intra month payments (interest, principal etc.) earns no reinvestment income intra month but contributes to the total return of the index and will be reinvested pro rata across the entire index at the next rebalancing date.</p> <p>Input Data</p> <p>All the calculations will be based on evaluated prices provided by NBP. Bonds in the index will be priced at the evaluated market price ("EVAL"), usually considered as a mid-price. Bonds will also enter and exit the index at the EVAL price.</p> <p>For greater detail regarding the criteria and procedures used to determine the Indices, please refer to the NBP Index Methodology.</p> |

| Reference | Regulatory requirement | NBP's Response |
|--|---|---|
| <p>Controls and rules of expert judgement or discretion</p> <p>BMR 27 (2)(d)</p> <p>RTS 1(4)</p> | <p>A benchmark statement shall contain at least the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors, to ensure consistency in the use of such judgement or discretion.</p> <p>In specifying the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors in calculating the benchmark or benchmarks, the benchmark statement shall include an outline of each step of the process for any ex post evaluation of the use of discretion, together with a clear indication of the position of any person(s) responsible for carrying out the evaluations.</p> | <p>Principles governing exercise of Expert Judgement</p> <p>Any NBP employee involved in the NBP Index Services may exercise Expert Judgment or other kind of discretion as laid out in this policy. In doing so, NBP should take in account all circumstances of the individual case, and in particular it should take into consideration the following aspects (non-exhaustive listing):</p> <ul style="list-style-type: none"> • Expert Judgment should be applied consistently, i.e. NBP shall endeavour to treat comparable cases similarly; • NBP shall consider previous occasions on which NBP has exercised that Expert Judgment in connection with that certain index, where appropriate; • NBP shall exercise Expert Judgment in good faith and in a commercially reasonable manner; • NBP should make sure that any market distortions and adverse impacts on the market can be excluded or at least minimized to the extent possible; • Expert Judgment shall be exercised by personnel who are sufficiently qualified and possess the requisite experience and skill; • index determinations based on exercise of Expert Judgment shall be in line with the objective, design and the stated methodology of the actual index; • when exercising Expert Judgement, the replicability and representativeness of the index should be warranted; • when exercising Expert Judgement, the respective index determinations must not be influenced by any kind of conflicts of interest, whether internal or external. <p>When Expert Judgement is exercised the action and the short description of the rationale shall be recorded in NBP's system solution or in any other relevant form for future review and documentation.</p> <p>Regulatory requirements as set out in RTS 1(4) do not apply to non-significant benchmarks or a family of non-significant indices.</p> |

| Reference | Regulatory requirement | NBP's Response |
|--|---|--|
| <p>Benchmark determination in periods of stress</p> <p>BMR 27 (2)(e)</p> | <p>A benchmark statement shall contain at least the procedures which govern the determination of the benchmark in periods of stress or periods where transaction data sources may be insufficient, inaccurate or unreliable and the potential limitations of the benchmark in such periods.</p> | <p>Utilizing NBP Evaluated Pricing based on a broad set of available market information, has historically enabled the NBP index family to be robust in most periods of stress. However, historical track record is no guarantee for future performance.</p> <p>NBP retains the right to delay the publication of the index level or suspend the publication of the level of the index if it believes that circumstances prevent the proper calculation of the index. If there is a market-wide event resulting in evaluated prices not being available, NBP will determine its approach on a case-by-case basis, and communicate the action taken to its clients and other stakeholders.</p> |

| Reference | Regulatory requirement | NBP's Response |
|--|--|---|
| <p>Errors in input data or determination of a benchmark</p> <p>BMR 27 (2)(f)</p> | <p>A benchmark statement shall contain at least the procedures for dealing with errors in input data or in the determination of the benchmark, including when a re-determination of the benchmark is required.</p> | <p>Guidelines in the event of an error in input data or the determination of a benchmark</p> <p>In interpreting these guidelines, NBP will use expert judgement considering all relevant factors including, but not limited to:</p> <ul style="list-style-type: none"> • the nature of the incident and the impact on the total return of any of the indices; • the relative importance of the data field impacted by the error; • the impact on constituent weights; • when the error occurred and when it was discovered, and the time elapsed since the incident occurred; • the impact on index users should a recalculation and/or reissue take place; and • the burden of restatement on clients re-processing relative to the impact of the error. <p>Not all conditions need to be present to execute a recalculation, and certain factors may be more determinative than others depending on the circumstances of the given error. Because of the individual circumstances of an incident may be complex, NBP reserves the right to recalculate, or not to recalculate, an index when these general guidelines might suggest otherwise.</p> <p>Errors, that upon NBP's assessment shall be adjusted, will be corrected as quickly as possible (i.e. within two business days after their discovery). Longer periods may be required due to the complexity of the event that caused the error or the amount of work involved in the correction. Composition Error may be corrected on the subsequent index rebalancing date. Errors not deemed material by NBP may be left uncorrected according to guidelines</p> |

| Reference | Regulatory requirement | NBP's Response |
|---|--|--|
| <p>Potential limitations of benchmark BMR 27 (2)(g)</p> <p>RTS 1 (3)(a)</p> | <p>A benchmark statement shall contain at least the identification of potential limitations of the benchmark, including its operation in illiquid or fragmented markets and the possible concentration of inputs.</p> <p>In defining the potential limitations of the benchmark and the circumstances in which the measurement of the market or economic reality may become unreliable, the benchmark statement shall include at least:</p> <ul style="list-style-type: none"> (a) a description of the circumstances in which the administrator would lack sufficient input data to determine the benchmark in accordance with the methodology; (b) where relevant, a description of instances when the accuracy and reliability of the methodology used for determining the benchmark can no longer be ensured, such as when the administrator deems the liquidity in the underlying market as insufficient; (c) any other information that the administrator reasonably considers to be relevant or useful to help users and potential users to understand the circumstances in which the measurement of the market or economic reality may become unreliable, including a description of what might constitute an exceptional market event. | <p>The potential limitations of the NBP index family include circumstances where evaluated prices of constituents of the benchmarks cannot be determined by NBP due to market disruptions or other events beyond the control of NBP.</p> <p>Other limitations may include the ability of the benchmarks to operate in illiquid or fragmented markets. NBP seeks to manage and mitigate these limitations through the benchmark design, review and oversight process.</p> <p>RTS 1 (3)(b) and RTS 1 (3)(c) is not applicable to this index series family (family of benchmarks that consists solely of non-significant benchmarks).</p> |
| <p>Explanation of how ESG factors are reflected in each benchmark BMR 27 (2a) BMR Amendment</p> | <p>For those benchmarks or families of benchmarks that do not pursue ESG objectives, it shall be sufficient for benchmark administrators to clearly state in the benchmark statement that they do not pursue such objectives.</p> | <p>None of the NBP indices have any ESG objectives in them or pursue any ESG factors in the methodology.</p> |

| Reference | Regulatory requirement | NBP's Response |
|--|---|--|
| <p>Review and update of benchmark statement</p> <p>RTS 6</p> | <p>An update of the benchmark statement shall be required whenever the information contained in the statement ceases to be correct or sufficiently precise, and including in any event in the following cases:</p> <ul style="list-style-type: none"> (a) whenever there is a change in the type of the benchmark; (b) whenever there is a material change in the methodology used for determining the benchmark or, if the benchmark statement is for a family of benchmarks, in the methodology used for determining any benchmark within the family of benchmarks. | <p>This benchmark statement is subject to review or whenever there are material changes to the NBP index methodology to ensure that the benchmark statement is correct and sufficiently precise.</p> |
| <p>Regulated-data benchmark disclosure</p> <p>RTS 2</p> | <p>Specific disclosure requirements for regulated-data benchmarks.</p> <p>In addition to the information to be included pursuant to Article 1, for a regulated-data benchmark or, where applicable, family of regulated-data benchmarks, the benchmark statement shall state at least the following in its description of the input data:</p> <ul style="list-style-type: none"> (a) the sources of the input data used; (b) for each source, the relevant type, as listed in Article 3(1)(24) of Regulation (EU) 2016/1011. | <p>Not applicable.</p> |

| Reference | Regulatory requirement | NBP's Response |
|--|--|------------------------|
| <p>Interest rate benchmark disclosure</p> <p>RTS 3</p> | <p>Specific disclosure requirements for interest rate benchmarks.</p> <p>In addition to the information to be included pursuant to Article 1, for an interest rate benchmark or, where applicable, family of interest rate benchmarks, the benchmark statement shall include at least the following information:</p> <ul style="list-style-type: none"> (a) a reference alerting users to the additional regulatory regime applicable to interest rate benchmarks under Annex I to Regulation (EU) 2016/1011; (b) a description of the arrangements that have been put in place to comply with that Annex. | <p>Not applicable.</p> |

| Reference | Regulatory requirement | NBP's Response |
|--|--|------------------------|
| <p>Commodity benchmark disclosure</p> <p>RTS 4</p> | <p>Specific disclosure requirements for commodity benchmarks.</p> <p>In addition to the information to be included pursuant to Article 1, for a commodity benchmark or, where applicable, family of commodity benchmarks, the benchmark statement shall at least:</p> <ul style="list-style-type: none"> (a) indicate whether the requirements of Title II of, or Annex II to, Regulation (EU) 2016/1011 apply to the benchmark, or family of benchmarks as prescribed by Article 19 of that Regulation; (b) include an explanation as to why Title II of or, as the case may be, Annex II to that Regulation applies; (c) include in the definitions of key terms a concise description of the criteria that define the relevant underlying physical commodity; (d) where applicable, indicate where the explanations are published that the administrator is required to publish under paragraph 7 of Annex II to that Regulation. | <p>Not applicable.</p> |

| Reference | Regulatory requirement | NBP's Response |
|---|---|------------------------|
| <p>Critical benchmark disclosure</p> <p>RTS 5</p> | <p>Specific disclosure requirements for critical benchmarks</p> <p>In addition to the information to be included pursuant to Article 1, for a critical benchmark, or, where applicable, a family of benchmarks that contains at least one critical benchmark, the benchmark statement shall include at least the following information:</p> <p>(a) a reference alerting users to the enhanced regulatory regime applicable to critical benchmarks under Regulation (EU) 2016/1011;</p> <p>(b) a statement indicating how users will be informed of any delay in the publication of the benchmark or of any re-determination of the benchmark, and indicating the (expected) duration of measures.</p> | <p>Not applicable.</p> |

Disclaimer

©Copyright 2022 Nordic Bond Pricing AS ("NBP"). All rights reserved. This document has been prepared by NBP and is intended for clients of NBP. All information is provided for information purposes only. NBP endeavours to ensure that information provided is accurate but does not guarantee its accuracy or reliability and accepts no liability for any direct or indirect loss or damage arising from inaccuracies or omissions. NBP accepts no liability for any decision made or any action taken in reliance of the information. The document, and information contained herein, may not be copied, reproduced or redistributed in any manner without the prior written permission of NBP.