

Product and Risk Description

Purpose

This document provides you with key information about this product. The information is intended to help you understand the nature, risks, costs, potential gains and losses of this product.

Summary

Product name	Equity Booster (EU)
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	19.05.2020

What is this product?

Description

An equity booster Asian quanto basket option is an agreement between two parties and consists of one call Asian quanto basket (referred to as "AQB") option and one put AQB option. AQB means that the underlying instrument – an individual share, an individual index or a basket of shares or indices – can have initial and final fixing values calculated as arithmetic averages of the instrument's price on specified observation dates (so called "Asian" feature) and that the notional amount can be specified in a different currency than the denomination currency of the underlying instrument (so called "quanto" feature).

AQB option gives the buyer the right, but not the obligation, to buy (call) or sell (put) the underlying instrument at a specified price (strike price) on a specified future date (expiry date, can involve several preceding observation dates) and settled on the maturity date. If an equity booster AQB is bought, the buyer effectively buys a call AQB option and simultaneously sells a put AQB option (vice versa if the same equity booster AQB is sold).

The performance of the underlying instrument is measured at expiry by dividing the calculated final fixing value by the calculated initial fixing value and then subtracting the strike price. If the performance is positive, the buyer of an equity booster AQB receives a payoff equal to call gearing multiplied by the performance of the underlying instrument. In case the performance is negative, the buyer of the equity booster AQB pays a payoff equal to put gearing multiplied by the performance of the underlying instrument. The positive payoff can have a cap and the negative payoff can have a floor. The payoffs are reversed for a seller of an equity booster AQB.

If the call gearing or put gearing is lower/higher than one, the calculated payoff is smaller/greater than the underlying performance. Due to typical market situation, the call gearing is typically (but not necessarily) higher than the put gearing.

The agreement is mutually binding until the final maturity date and cannot be cancelled. However, it will be possible to terminate the transaction before the final maturity. As the market value of the agreement may have changed since it was initiated, an early termination will usually involve a payment of the present market value from one party to the other.

Non-listed equity options, such as equity booster AQB options, are non-standardised products where trade details like time to maturity and strike price of the option are individually agreed on. The price (premium) is subject to change until the transaction is agreed upon.

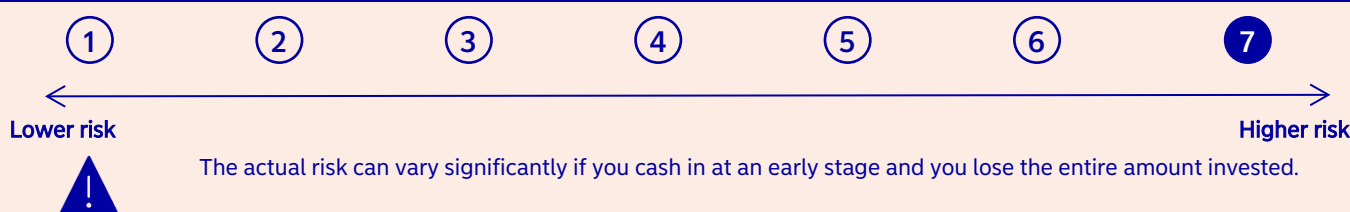
Non-standardised equity options are traded and settled through the broker issuing the option. The options will adhere to the rules set out by ISDA.

Intended investor

The product Equity Booster (EU) is aimed at professional clients and eligible counterparties, who are interested in capital growth, hedging, leveraged participation and income. The Equity Booster (EU) is a product for informed investors and advanced investors.* The intended retail investor has a high risk tolerance.

What are the risks and what could I get in return?

Risk indicator



The summary risk indicator is a guide to the level of risk of this product compared to other products with a similar risk profile sold by Nordea. It shows that the potential risks that the product will lose money because of movements in the markets or because the issuer of this product or the counterparty (which may be Nordea), as applicable, is not able to pay you.

We have classified this product as 7 out of 7, which is the highest risk class.

* Informed investors have average knowledge of relevant financial products and/or some financial industry experience. Advanced investors have good knowledge of relevant financial products and transactions, and/or financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service.

When buying an equity booster AQB option, the loss is limited to the notional amount of the agreement and the potential profit is unlimited, assuming that agreement does not have any cap or floor values for positive and negative payoffs. The situation is reversed for a seller of an equity booster AQB.

The market value of an equity booster AQB option is exposed to the price movements of the underlying instrument, the volatility of the underlying instrument, the projected dividend, the market rate of interest, the time to maturity, and in case the underlying instrument is a basket, the correlation between the basket components.

Since an equity booster AQB option is a package of a call AQB option and a put AQB option, it is not possible to unambiguously state the effect of general market movements on the market value of the agreement.

If the equity booster AQB notional is denominated in a currency different from the denomination currency of the underlying instrument, the equity booster AQB is also subject to risk with regard to changes in the FX rate between those two currencies and the correlation between the FX rate and the performance of the underlying instrument. This will, however, neither affect the market value at expiry nor the payout at maturity.

As non-standardised equity options are not listed on a stock exchange or similar authorised market, the liquidity will be lower than for a listed equity option, which can make pricing less efficient.

The risk and profit/loss descriptions relate to this product only. If this product is combined with other products or commercial positions, the total portfolio will have a significantly different profile than the one for this product alone.

Market Parameters	Equity Booster (EU)	
	Influence on market value when increasing	Influence on market value when decreasing
Dividend	-	+
Interest Rate	+	-
Share Price	+	-
Share Price volatility	+	-
Time to maturity	+	-
Correlation	+	-

What happens if Nordea Bank Abp [LEI: 529900ODI3047E2LIV03] is unable to pay out?

You are exposed to the risk that the issuer of this product or the counterparty (which may be Nordea), as applicable, might be unable to fulfil its obligations in respect of the product e.g. in the event of insolvency, an administrative order or bail-in. The product is not covered by any deposit protection scheme. Thus, you could lose the entire amount invested.

What are the costs?

The total costs take into account one-off, on-going, transaction, ancillary and incidental costs.

They include potential early exit penalties. The figures assume you invest 100,000 EUR nominal. The figures are estimates and may change in the future.

The costs charge for the investment is dependent on the risks associated with the transaction and the term of the investment.

We may include additional costs and charges on a case by case basis. If so, Nordea will provide you with information about these costs and charges prior to the point of sale, and will explain the impact that these costs will have on your investment over time.

Investment (based on above nominal)	Cumulative Costs
Combined cost to buy and exit the product	0
% p.a. of nominal	0

Composition of costs on purchase of the product

Detailed Costs	Description	Amount in EUR	%
One-off costs	All costs and charges relating to the handling of the financial instrument paid to product suppliers as an entry cost or exit cost.	0	0
Ongoing costs	All on-going costs and charges that are related to the management of the financial instrument and deducted from the value of the financial instrument during the holding period of the investment in the financial instrument.	0	0
Transaction costs	All execution costs and charges associated with the buying or selling of the financial instrument performed by Nordea or another party.	to be disclosed on transaction level	to be disclosed on transaction level
Ancillary services	Any other costs and charges tied to servicing the financial instrument during the holding period of the financial instrument – such as research commissions.	0	0
Incidental costs	Any costs and charges tied to events during the holding period of the financial instrument – such as performance fees.	0	0

How can I complain?

Any complaint regarding the product or the conduct of the persons within Nordea advising on, or selling the product can be submitted under the following website <https://www.nordea.fi/en/personal/get-help/tell-us-what-you-think-about-our-services.html>, in written form to Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Helsinki.