

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	Rate Steepener / Flattener
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	22.09.20

What is this product?

Description

This product is a financial instrument in the form of a bond. The return is linked to the spread of two interest rates of different tenor in the same currency. The objective is to take a view on a spread between two interest rates on the final valuation date. If the spread is within pre-defined interval, the investor will receive yield for the investment.

Usually the bond does not pay a running coupon, but the bond will usually mature at price above or below par value dependent on the spread of the underlying assets on final valuation date. Depending on the structure of the bond, the value at maturity may also be below the par value, which would cause the bondholder to suffer capital losses. Investor can never lose more than invested amount.

Intended investor

The product Rate Steepener / Flattener is aimed at professional clients and eligible counterparties, who are interested in capital growth. The Rate Steepener / Flattener is a product for informed investors and advanced investors.*

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

The market value of the bond is exposed to changes in the yield curve and to changes in the implied interest rate volatility as well as implied correlation between the interest rates

It is not possible to unambiguously state the effect of general market changes on the market value of the bond as a whole.

The bond is not capital protected, thus if the spread is not within the pre-defined interval, the investor may be exposed to the capital losses.

The market value of the bond is exposed to:

- price movements of the underlying assets,
- implied volatility of the underlying assets,
- implied correlation between the underlying assets,
- the credit spread of the issuer, and
- time to maturity

Market Parameters	Rate Steepener / Flattener	
	Influence on market value when increasing	Influence on market value when decreasing
Market rate of interest	+/-	+/-
Implied interest rate volatility	+/-	+/-
Implied correlation between underlying assets	+/-	+/-
Credit spread of the issuer	-	+
Time to maturity	+/-	+/-

What happens if Nordea Bank Abp 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.

* 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.

Investment (based on above nominal)	Cumulative Costs
Combined cost to buy and exit the product	200 - 1500
% p.a. of nominal	0.2 - 1.5

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.	200 - 1500 per annum	0.2 - 1.5
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.	0	0
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 to contact Nordea

If you need to get in contact with Nordea, you can either visit this website <https://www.nordea.fi/en/personal/get-help/tell-us-what-you-think-about-our-services.html> or write to us at Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Helsinki.