

# 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

<b>Product name</b>	Equity Worst of Digital Basket (Sell)
<b>Issuer of this document</b>	Nordea Bank Abp (hereafter "Nordea")
<b>Regulated by</b>	Finnish Financial Supervisory Authority
<b>Produced</b>	19.05.2020

## What is this product?

### Description

A digital basket option (DBO) is an agreement between two parties giving the buyer (the holder) the right to receive a coupon payout on a specified future date (expiry date), if the worst performing underlying is above a predefined barrier on the observation date. The payout is cash settled at a specified maturity date after the expiry date. The underlying instruments can be shares in specific companies or equity indices.

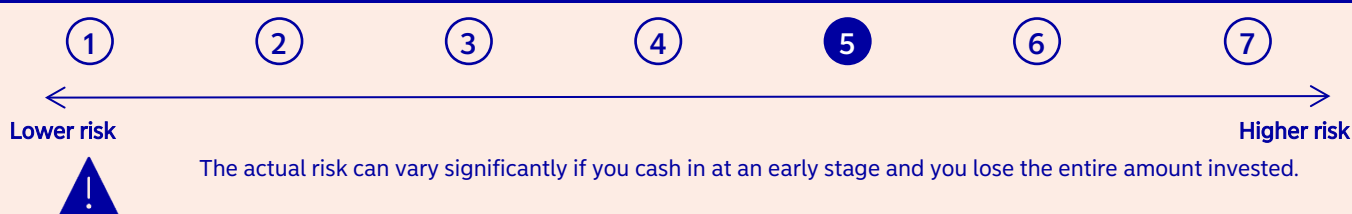
The payout will be in the same currency as the basket notional, which can be different from the denomination currencies of the underlying shares or equity indices. The observation date a single agreed business day. The agreement is binding for the seller of the option. It may be possible to terminate the transaction before the maturity date. As the market value of the transaction may have changed since it was initiated, an early termination will usually involve the initial seller paying the present market value to the initial buyer. Non-listed equity options, such as DBOs, are non-standardised products where trade details like time to maturity and strike price of the option will be individually agreed. 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 Worst of Digital Basket (Sell) is aimed at professional clients and eligible counterparties, who are interested in capital growth, hedging, leveraged participation and income. The Equity Worst of Digital Basket (Sell) is a product for informed investors and advanced investors.\* The intended retail investor has a medium 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 5 out of 7, which is a medium-high risk class.

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.

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

When buying an option the loss is limited to the paid premium, whereas the potential for a profit is limited to the coupon amount. When selling an option the potential profit is limited to the premium received, while the risk of a loss is limited coupon amount when delta hedging costs are excluded.

The market value of an DBO is exposed to the forward prices of the underlying instruments, the time to expiry, the implied volatility skew and the correlation between the underlying instruments.

A bought DBO (out-of-the-money call) is exposed to the market parameters listed in the matrices below. Specific case is needed as the risks profile can't be generically described.

\* 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.

Equity Worst of Digital Basket (Sell)		
Market Parameters	Influence on market value when increasing	Influence on market value when decreasing
Share price	+	-
Share price volatility	+	-
Correlation	+	-
Dividend	-	+
Interest rate	+	-

## 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.	-	-
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.	-	-
Transaction costs	All execution costs and charges associated with the buying or selling of the financial instrument performed by Nordea or another party.	The costs and charges will be presented in full at the point of sale	
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.	-	-
Incidental costs	Any costs and charges tied to events during the holding period of the financial instrument – such as performance fees.	-	-

## 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.