

# 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 ETF Total Return Swap
<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

An equity ETF total return swap (EETRS) enables a party to access a specific equity market through the issuer of the total return swap, and the party thus avoids purchasing the actual underlying equity. The total return swap replicates the performance of this single equity. With an agreement with Nordea a customer can either buy or sell exposure in the EETRS.

An EETRS is an agreement between Nordea and the customer to receive (pay) the performance of the underlying equity in a given period against paying (receiving) a floating rate plus a spread or a fixed rate in the same period. The reference rate for the floating rate is based on an official interbank fixing – eg Euribor.

The cash flows in an EETRS are exchanged at maturity or periodically at each reset (eg monthly or quarterly).

In case a customer wants to buy equity performance in an EETRS from Nordea, the customer will obtain an exposure to the market that reflects the return of the underlying equity including price performance and manufactured dividend. Nordea will pay any nonrealised positive equity performance while the customer pays non-realised negative equity performance. The return settlement amount will be a cash differential amount, calculated as the difference between the EETRS final price and the preceding period's initial price. The customer agrees to pay either a fixed or a floating rate based on the EETRS notional to Nordea.

The performance of the underlying equity, the interest payment and the manufactured dividend represent the cash flows in an EETRS. No notional amounts are exchanged at the start or at the maturity of the EETRS.

In order to be able to enter into an EETRS with Nordea, the customer may have to post an independent amount in the form of cash as collateral to Nordea. An EETRS is traded under the ISDA agreement and the independent amount is regulated in more detail with support from the CSA annex.

The price is subject to change until the transaction is agreed upon.

The agreed transaction is mutually binding until maturity. However, it is possible to terminate the transaction before maturity. As the market value of the transaction may have changed since it was initiated, an early termination will usually involve an early termination fee.

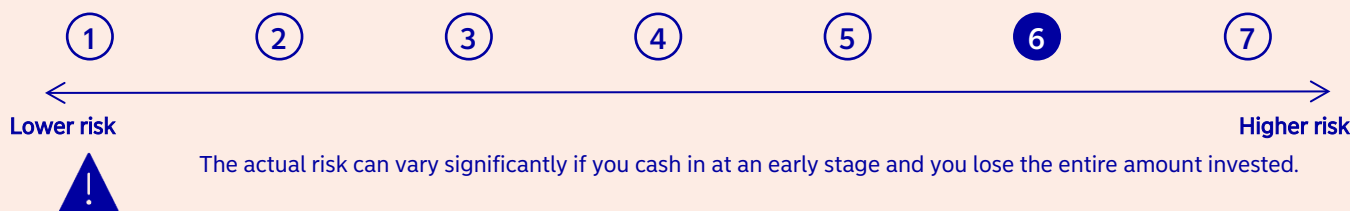
An EETRS has a defined start date and maturity date. An EETRS can be agreed to contain multiple cash flow periods in between the start and the maturity date, each such period ending with a reset and cash flow payment date.

### Intended investor

The product Equity ETF Total Return Swap is aimed at professional clients and eligible counterparties, who are interested in hedging. The Equity ETF Total Return Swap 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 6 out of 7, which is the second-highest risk class.

### Market Risk

The market value of an EETRS is exposed to changes in the price of the underlying equity. Thus an increase (decrease) in the price of

\* 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.

the underlying equity that constitutes the basis for calculating the return received (paid) will lead to an increase (decrease) in the mark-to-market (MTM) value of the total return swap.

#### Interest rate risk

The market value of an EETRS is exposed to changes in the market rate of interest. However, it is not possible to unambiguously state the effect of changes in the market rate of interest on the market value of an EETRS.

#### Currency risk

If an EETRS is denominated in another currency than the single stock, the EETRS involves currency risk. If the denomination currency of the EETRS strengthens (weakens) against the denomination currency of the stock, the value (MTM) of the EETRS will decrease (increase).

#### Counterparty credit risk

An EETRS involves credit risk for both Nordea and the customer. Credit risk is any credit event that occurs which prevents either party from paying its obligation in terms of equity performance or interest under the contract.

Equity ETF Total Return Swap		
Market Parameters	Influence on market value when increasing	Influence on market value when decreasing
Not Applicable	Not Applicable	Not Applicable

## 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	4400
% p.a. of nominal	4.4

## 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.	300	0.3
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.	1900	1.9
Transaction costs	All execution costs and charges associated with the buying or selling of the financial instrument performed by Nordea or another party.	2200	2.2
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.