

# 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 Correlation 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 correlation swap is an agreement whose cash flow is based on the correlation between the prices of equities in a specific basket. It is an agreement between two parties to pay (receive) a fixed price in a given period, against receiving (paying) a variable price based on the actual correlation between equities specified in the agreement during the same period.

The actual correlation is defined as the average over the agreement period of the correlations between the daily changes of the logarithmic prices of individual equities specified in the agreement.

Correlation between equities is calculated for each pair of equities specified in the agreement. Actual correlation is calculated as an average of all pairs of equities specified in the agreement so that each pair is weighted equally. For example in an equity correlation swap where the variable payment is based on actual correlation between five separate equities, actual correlation is calculated as the historical average of 10 separate pairs.

The nominal amount in an equity correlation swap is used solely as the basis for calculating the payout.

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

The agreed transaction is mutually binding and cannot be cancelled.

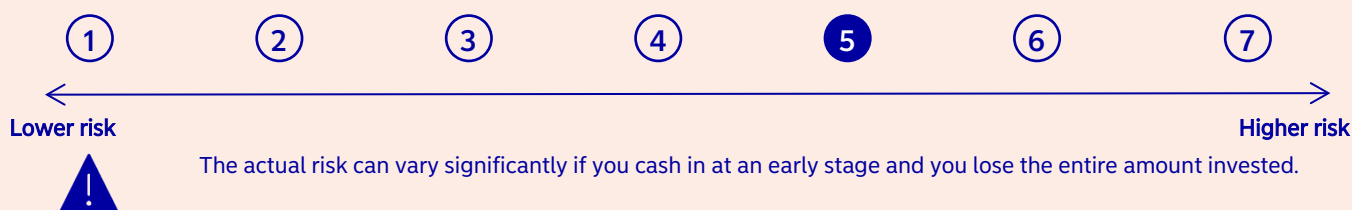
However, it is possible to terminate the transaction before maturity. As the market value of the transaction may have changed, an early termination will usually involve a payment of the present market value from one party to the other.

### Intended investor

The product Equity Correlation Swap is aimed at professional clients and eligible counterparties, who are interested in capital growth, hedging, leveraged participation and income. The Equity Correlation Swap 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 above 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.

The market value of an equity correlation swap is exposed to the developments of the correlations between the equities specified in the agreement.

The market value of an Equity correlation swap is exposed to the market parameters as listed in the matrix below.

\* 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 Correlation Swap		
Market Parameters	Influence on market value when increasing	Influence on market value when decreasing
Correlation between equities	-	+

## 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.