

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	Flexo Swap/NDCCS
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	10.10.18

What is this product?

Description

A flexo swap with an interest rate swap (IRS) (also referred to as a nondeliverable cross-currency swap – NDCCS) is an agreement between two parties to receive (pay) a fixed rate on an agreed notional denominated in one currency, the flexo currency, against paying (receiving) a floating rate plus a spread on an agreed notional denominated in another currency, the base currency, in a given period. At maturity there is an exchange of notional.

However, all payments in the NDCCS are settled in the base currency. Interest payments in the flexo currency during the life of the NDCCS and the value of the final exchange of notional are converted to the base currency using an agreed source for the prevailing FX rate.

The NDCCS can thus be tailored to match the notional amount, maturity and payment dates of the underlying cash flow stream. The fixed rate is fixed for the entire life of the swap at inception whereas the floating rate is fixed at the beginning of the individual interest periods, normally 3- or 6-month periods. The reference rate for the floating-rate payment is based on the official interbank fixings – eg Euribor or Libor.

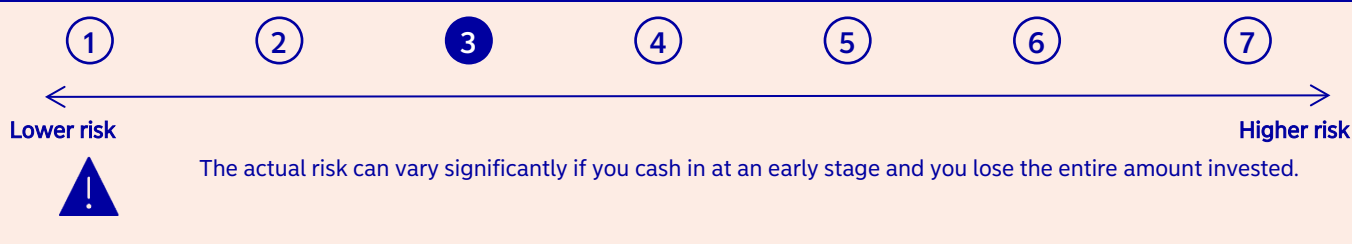
Typically, a net settlement arrangement will be agreed, so that the fixed- and floating-rate payments and notional exchanges at maturity fall due on the same payment dates. The price is subject to change until the transaction is agreed upon. The agreed transaction is mutually binding until maturity and cannot be cancelled. However, it will be 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 a payment of the present market value from one party to the other.

Intended investor

The product Flexo Swap/NDCCS is aimed at professional clients and eligible counterparties, who are interested in hedging income. The Flexo Swap/NDCCS 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 3 out of 7, which is a medium-low 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.

The market value of an NDCCS is exposed to changes in the market rate of interest and the FX rate. The market value of an NDCCS is exposed to the market parameters listed in the matrix below. Looking at an example where the USD is the base currency and the BRL

* 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 flexo currency, the USD/BRL rate is expressed as BRL per USD, so an appreciation of the USD is equivalent to an increase in the USD/BRL FX rate.

Market Parameters	Flexo Swap/NDCCS	
	Influence on market value when increasing	Influence on market value when decreasing
Parallel shift in USD yield curve	+	-
USD/BRL FX 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	300
% p.a. of nominal	0.3

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.	300	0.3
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, Palveluasiamies, Snellmaninkatu 6, PL 103, 00101 Helsinki.

Other relevant information

Additional documentation may be available and could in such case be requested from Nordea and is also available on the website www.nordea.com.