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	Forward on an Index
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	19.05.2020

What is this product?

Description

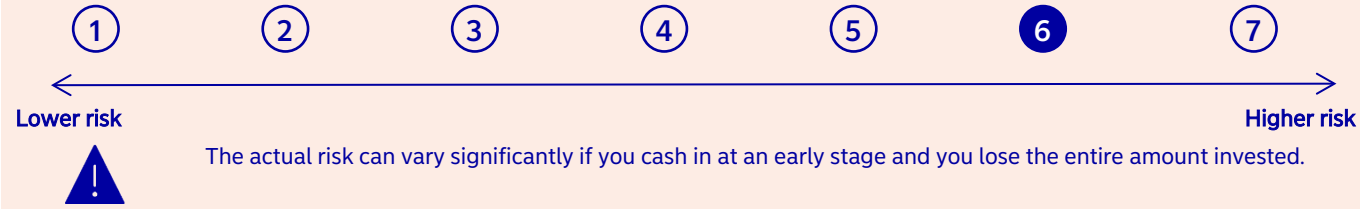
The equity forward is a non-standardized derivative contract traded over the counter (OTC), where Nordea and its client enter a contract of a purchase (sell) of a specified amount of equities at an agreed price (forward price) and at a specified future date (maturity). The market price at the time of maturity reflects whether the equity forward has realised a profit or a loss. If the client has agreed to purchase a forward contract then a higher (lower) market price than the forward price at maturity will realise a profit (loss). When the transaction is agreed upon the contract becomes mutually binding and the forward price becomes fixed. It may be possible to terminate the transaction before maturity, keep in mind the market value of the transaction may have changed and an early termination will involve a net payment of the present market value between Nordea and the client. At maturity the buyer of the forward contract will either receive/deliver a net cash amount (forward price – market price) or receive/deliver physical equities against the determined forward price.
The equity forward is regulated under the ISDA agreement.

Intended investor

The product Forward on an Index is aimed at professional clients and eligible counterparties, who are interested in hedging. The Forward on an Index 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 actual risk can vary significantly if you cash in at an early stage and you lose the entire amount invested.

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 a bought equity forward is exposed to changes in equity price, expected dividend and interest rates until maturity date. Thus an increase (decrease) in equity price or interest rates will lead to an increase (decrease) in the market value of the equity forward. On the opposite, an increase (decrease) in dividend leads to a decrease (increase) in the market value of the equity forward.

Counterparty Credit Risk

The forward contract contains a credit risk for both Nordea and the client. A credit risk is any credit event that occurs which prevent either party to fulfil its obligations stated in the contract. In the case of a Nordea default the contract will no longer be valid.

* 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.

	Forward on an Index	
Market Parameters	Influence on market value when increasing	Influence on market value when decreasing

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.