

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	FX Reverse Forward Extra
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	10.09.20

What is this product?

Description

This product is a OTC derivative contract in the form of a forward relating to currencies.

Objectives

- The objective of this product is to buy an agreed amount of one currency for another currency at an agreed exchange rate (strike price) on a future date (maturity date). In contrast to a standard FX Forward, you have an additional right to exchange an additional nominal amount (reverse amount) at the same strike price, provided that this right is not terminated due to a barrier event. The actual payments of the nominal amounts will take place at a specified date (settlement date) after the maturity date.
- On the settlement date the counterparties are obliged to exchange the pre-agreed forward amount at the agreed exchange rate (strike price). If the underlying exchange rate at the maturity date is in favour of the agreed strike price and a barrier event has not taken place, then the holder of the FX Reverse Forward Extra has the right to exchange an additional (reverse amount) at the agreed strike price.
- The FX Reverse Forward Extra consists of a bought and a sold FX Option (European) and of a bought FX Single Barrier Knock-out Option commonly with the same amounts and with the same strike price. The product can be constructed with either an European or American style barrier. A barrier event for an European Barrier type is triggered, if on the expiry date at the fixing time the FX spot rate trades at or beyond the agreed barrier level. A barrier event for an American type is triggered, if during the barrier validity period the FX spot rate trades at or beyond the agreed barrier level.
- Usually you will not be required to pay any upfront option premium for this product. If upfront premium is paid, it will not be returned.

Intended investor

The product FX Reverse Forward Extra is aimed at retail clients, professional clients and eligible counterparties, who are interested in hedging income. The FX Reverse Forward Extra is a product for basic investors, informed investors and advanced investors.*

What are the risks and what could I get in return?

Market risk

The market value of an FX Reverse Forward Extra is exposed to changes in FX spot price, volatility and interest rates until maturity date. Thus an increase (decrease) in spot price, volatility or interest rates will lead to an change in the market value of the FX Reverse Forward Extra. Depending on market conditions, there may be substantial fluctuations in the market price of this product. We classify this product as having high risk.

Counterparty Credit Risk

When buying this product you assume a credit risk on Nordea Bank Abp. In the event that Nordea Bank Abp is unable to fulfil its payment obligations under this product, you may not receive any amount from Nordea Bank Abp. Note that the product is not covered by any investor compensation or deposit guarantee scheme.

Termination

The FX Reverse Forward Extra is a bilateral agreement that cannot ordinarily be terminated unilaterally by either you or Nordea. It is a product that is entered into for its term, although early termination may occur in the event of a default of either you or Nordea. The agreement between you and Nordea provides that if certain exceptional events occur (1) Nordea may make adjustments to certain terms and/or (2) Nordea or you may terminate the product early. These events are specified in more detail in the agreement between you and Nordea. The product may also be terminated upon mutual agreement. The early termination payment will be determined by the market value of the product at the time of termination. The early termination payment is not a penalty charge. The amount represents the economic value of what Nordea would expect to have paid or received if the product continued as agreed. Depending on market conditions at the time of the early termination, the early termination payment could result in a substantial loss for you. You

* Basic investors have basic knowledge of relevant financial instruments and/or with no financial industry experience. 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.

may not be able to terminate this product even though you or Nordea have terminated or discontinued a product or a commercial flow that this product is aimed to hedge.

Market Parameters	FX Reverse Forward Extra	
	Influence on market value when increasing	Influence on market value when decreasing
FX spot rate	+/-	+/-
Interest rate	+/-	+/-
Product's time to maturity	N/A	+/-
FX volatility	+/-	+/-

What happens if Nordea Bank Abp 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	4000
% p.a. of nominal	4.0

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.	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.	2000	2.0
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 to contact Nordea

If you need to get in contact with Nordea, you can either visit this website <https://www.nordea.fi/en/personal/get-help/tell-us-what-you-think-about-our-services.html> or write to us at Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Helsinki.