

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	28.08.2020

What is this product?

Description

An FX European forward extra is an agreement between two counterparties, the holder and the seller, to exchange the denominated currency for another currency (the underlying currency cross) at a specified future date (maturity date) at a specified future price, where the future price is specified as follows:

- If the underlying currency cross is trading at or beyond a specified barrier at the exact time of expiry of the contract, both the holder and the seller are obliged to exchange the agreed currencies at a price specified at inception (the strike price) on the maturity date.
- If the underlying currency cross is not trading at or beyond the specified barrier at the exact time of expiry of the contract, the holder has the option of choosing either to exchange the agreed currencies at the strike price or at the prevailing market price, whichever is the more advantageous for the holder.

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, early termination will usually involve a payment of the present market value from one party to the other.

Furthermore Nordea may have the option of calling for an early termination of the agreed transaction depending on the terms stated in the specific agreement between Nordea and the customer.

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.* The intended retail investor has a medium risk tolerance.

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

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 FX European forward extra is exposed to changes in the FX spot rate, the FX rate volatility, time to maturity and the market rate of interest in both currencies.

In the following the FX spot rate is expressed as units of ccy2 per one unit of ccy1, where ccy1 is the denominated currency.

Due to the binary nature of the barrier it is not possible to unambiguously state the effects of changes in the FX rate volatility.

An FX European forward extra is exposed to the market parameters listed in the matrix below.

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

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.

* 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.

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.