

# 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>	FX Option:Double Barrier Knock-in Window Option
<b>Issuer of this document</b>	Nordea Bank Abp (hereafter "Nordea")
<b>Regulated by</b>	Finnish Financial Supervisory Authority
<b>Produced</b>	22.09.20

## What is this product?

### Description

An FX double barrier knock-in window option is an agreement between two parties to enter into a predefined European FX option if the underlying currency cross trades at or beyond either of the two predetermined barriers within the active period of the lifetime of the option. This active period is called the window. The window is defined by an opening time and a closing time, which are both located between the time of inception and the time of expiry of the transaction. In an FX double barrier knock-in window option the knock-in feature can thus only be triggered inside the open time of the window, which is shorter than or equal to the lifetime of the option.

The product and risk description for a regular European FX option is available in a separate product guide. The remaining part of this description solely relates to the situation where neither of the barriers has been breached.

Compared to a regular European FX option the FX double barrier knock-in window option is path-dependent, ie the value of the option depends both on the price of the underlying currency cross relative to the strike price and on the performance of the underlying cross during the life of the option.

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

The agreement is binding for the seller of the option. However, it will be possible to terminate the transaction before maturity. If the transaction has a market value, an early termination may involve the initial seller paying the present market value to the buyer.

### Intended investor

The product FX Option:Double Barrier Knock-in Window Option is aimed at professional clients and eligible counterparties, who are interested in hedging income. The FX Option:Double Barrier Knock-in Window Option is a product for informed investors and advanced investors.\*

## 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 double barrier knock-in window option is exposed to changes in the FX spot rate, the FX rate volatility, the time to expiry of the option and the market rate of interest in both currencies.

In the following we express the FX spot rate as units of ccy2 per 1 unit of ccy1. When referring to put or call, it is put or call on ccy1.

When buying an FX double barrier knock-in window option the loss is limited to the premium paid, whereas the potential for a profit is unlimited. When selling an FX double barrier knock-in window option the potential profit is limited to the premium received, while the risk of a loss is unlimited.

The value of an FX double barrier knock-in window option has a binary feature. Either (i) the currency cross trades at or beyond either barrier, while the window is open, and the option becomes a regular European FX option, or (ii) neither of the barriers is breached, while the window is open, and the value of the knock-in window option drops to zero at the close of the window. Thus, if the FX double barrier knock-in window option is bought for hedging reasons, the position remains unhedged until either barrier level is breached and the underlying European FX option becomes active.

It is not possible to unambiguously state the effects of general market changes on the market value of an FX double barrier knock-in window option. These effects depend on the prevailing FX spot rate, the chosen strike and barrier structure of the individual option as well as the exact point in the lifetime of the option at which the analysis is carried out. Assuming that the FX double barrier knock-in window option has been activated it is subject to risk, corresponding to a regular European FX option (see FX option product and risk description).

A bought FX double barrier knock-in window option is subject to risk on the market parameters listed in the matrix below.

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\* 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.

FX Option:Double Barrier Knock-in Window Option		
Market Parameters	Influence on market value when increasing	Influence on market value when decreasing
FX spot rate (call on ccy1)	+/-	+/-
Interest rate ccy1 (call on ccy1)	+/-	+/-
Interest rate ccy 2 (call on ccy1)	+/-	+/-
FX rate volatility (call on ccy1)	+/-	+/-
Time to maturity (call on ccy1)	+/-	+/-
FX spot rate (put on ccy1)	+/-	+/-
Interest rate ccy1 (put on ccy1)	+/-	+/-
Interest rate ccy 2 (put on ccy1)	+/-	+/-
FX rate volatility (put on ccy1)	+/-	+/-
Time to maturity (put on ccy1)	+/-	+/-

## 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.