# 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 Option: One Touch Down Option |
| **Issuer of this document** | Nordea Bank Abp (hereafter "Nordea") |
| **Regulated by** | Finnish Financial Supervisory Authority |
| **Produced** | 22.09.20 |

## What is this product?

## Description

An FX One Touch option is an agreement between two parties giving the buyer of the option the right to receive an agreed amount of cash (the payout) if and only if the FX spot rate of a specified currency pair reaches a specified price (barrier) before or at a specified future date (expiry date).
In the event the FX spot rate of the underlying currency pair reaches the barrier at any time during the life of the option, the payout will fall due at the option's maturity date, normally two business days after the expiry date. The payout has to be agreed at inception and must be settled in one of the currencies in the underlying currency pair of the option.
If the FX spot rate of the underlying currency pair has to increase (decrease) in order to reach the barrier, the option is known as an FX One Touch Call (Put).
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: One Touch Down Option is aimed at professional clients and eligible counterparties, who are interested in capital growth and hedging, income and other investment objectives. The FX Option: One Touch Down 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 One Touch option is exposed to changes in the FX spot rate of the underlying currency pair, the market rate of interest in both currencies, the FX rate volatility and the time to expiry of the option.
In the following we express the FX spot rate as units of ccy2 per 1 unit of ccy1.
When buying an FX One Touch option the loss is limited to the paid premium, whereas the potential for a profit is limited to the agreed payout. When selling an FX One Touch option the potential profit is limited to the premium received, while the risk of a loss is limited to the agreed payout. The risks in an FX One Touch option are thus limited and known in advance.
The market value of an FX One Touch option is exposed to the market parameters listed in the matrices below.

* 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: One Touch Down 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 ccy2 (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 ccy2 (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.