

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 digital plus swap
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	19.05.2020

What is this product?

Description

An FX digital plus swap is an agreement between two parties to pay a floating rate plus a spread or a fixed interest rate on the base currency against receiving a payout (the payout) linked to the average performance of a predetermined selection of currencies (the currency universe) over the life of the contract (the average performance).

The performance for each currency is measured as the percentage appreciation/depreciation of that currency against the base currency in the period from initiation until maturity of the contract.

The payout is determined as follows:

- if the average performance is negative, the payout is zero;
- if the average performance is between zero and x% (eg 10%), the payout is x%;
- if the average performance exceeds x%, the payout is x% plus a fraction of the difference between the average performance and x%, where this fraction is calculated using a predetermined participation rate;

and where x% is a predetermined conditional minimum return.

The interest rate can be fixed or floating. The fixed rate is fixed for the entire life of the swap at inception whereas the floating rate is fixed at the beginning of the individual interest periods, normally 3- or 6-month periods. The reference rate for the floating-rate payment will be based on an official interbank fixing, eg Euribor or Libor. The fixed or floating rate is normally paid at regular intervals during the life of the contract, whereas the resulting payment of the average performance is settled at maturity of the contract.

The notional amount in the swap is used solely as the basis for calculating the payments. The notional amount itself is never paid.

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

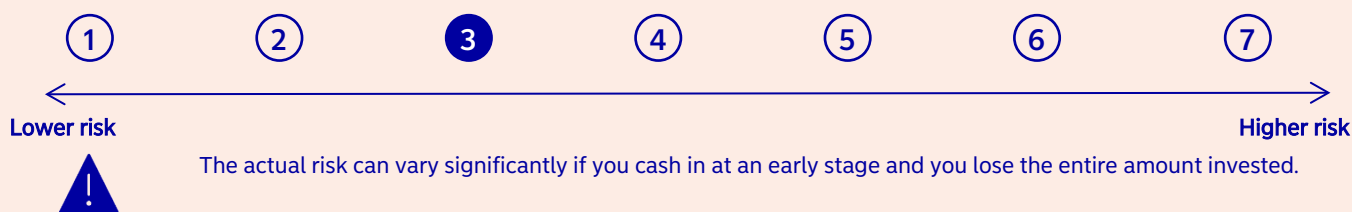
The agreed transaction is mutually binding until maturity and cannot be cancelled. However, it will be possible to terminate the transaction before maturity. As the market value of the transaction may have changed since it was initiated, an early termination will usually involve a payment of the present market value from one party to the other.

Intended investor

The product FX digital plus swap is aimed at professional clients and eligible counterparties, who are interested in preservation of their capital, capital growth, hedging, leveraged participation and income. The FX digital plus swap is a product for 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?

Risk indicator



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 3 out of 7, which is a medium-low risk class.

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.

* 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.

The market value of an FX digital plus swap is exposed to changes in the market rate of interest in all currencies, to changes in the FX rates in the currency universe and to changes in the implied FX rate volatility between the base currency and the currencies in the currency universe.

The market value of an FX digital plus swap is exposed to the market parameters listed in the matrix below.

Market Parameters	FX digital plus swap	
	Influence on market value when increasing	Influence on market value when decreasing
Parallel shift in base currency yield curve	-	+
Shift in the currencies in the currency universe	+	-
Shift in the volatility of the currencies in the currency universe	+	-
Shift in the spread between the base currency yield curve and the yield curve in the currencies in the currency universe	-	+

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	0
% p.a. of nominal	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.	to be disclosed on transaction level	to be disclosed on transaction level
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.