

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	Inflation Linked Bonds
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	26.10.22

What is this product?

Description

An index-linked bond is a tradable debt instrument in which the level of a reference index determines the value of the principal and/or the amount of the coupon payment. Such a reference index may eg be a publicly quoted equity, credit, commodity, hedge fund or other mutual fund index, interest rates, FX rates or a combination of the above. In addition, the reference index may be a mathematical transformation of the above-mentioned variables.

At maturity, an index-linked bond is capital-guaranteed at a predefined level, ie the investor will receive all or a part of the notional amount invested regardless of the trend in the reference index. Index-linked bonds therefore offer a way to benefit from favourable movements while limiting capital losses arising from adverse movements in the reference index.

A typical capital-guaranteed index-linked bond may be constructed as a zero-coupon bond and call options on the reference index. The value of the zero-coupon bond will increase to the capital-guaranteed notional amount during the lifetime of the index-linked bond. The option position will provide a return linked to the reference index.

Intended investor

The product Inflation Linked Bonds is aimed at professional clients and eligible counterparties, who are interested in capital growth. The Inflation Linked Bonds is a product for 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 risk can arise from changes in the market rate of interest, changes in the reference index and changes in the implied volatility of the reference index. The investor assumes the full credit risk of the issuer, and in case of issuer default the investor may lose all or a part of his investment and/or the repayment may be delayed.

The market value of an index-linked bond is exposed to the market parameters listed in the matrix below.

Market Parameters	Inflation Linked Bonds	
	Influence on market value when increasing	Influence on market value when decreasing
Market rate of interest	-	+
Reference index	+	-
Implied volatility of the reference index	+	-

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.

* 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.

Investment (based on above nominal)	Cumulative Costs
Combined cost to buy and exit the product	3000
% p.a. of nominal	3.0

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.	1500	1.5
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.