

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	Capped Floating Rate Note
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	26.10.22

What is this product?

Description

A capped floating rate note is a tradable debt instrument with regular interest payments. The note consists of a floating reference rate plus a spread fixed at pre-specified dates in relation to the predefined payment frequency. The floating rate is fixed on the basis of an official fixing, for example CIBOR 6M. Capped floating rate notes are listed on a stock exchange.

A capped floating rate note has an upper limit for how much the interest rate can rise – the cap of the note. The reference rate plus the spread cannot exceed the cap level.

A capped floating rate note may have an embedded call option which gives the note issuer the right to redeem the capped floating rate note in full or in part at one or more predefined dates before maturity, thus offering the issuer a higher degree of flexibility. Redemption can be made at the predefined price(s). The investor is compensated for the call risk by way of a lower price. The notional amount of a capped floating rate note may fall due for payment at maturity or be repaid during the life of the note depending on the terms of the note. The specific terms and conditions of the capped floating rate note are listed in the legal documentation of the note. The price is subject to change until the transaction is agreed upon.

Intended investor

The product Capped Floating Rate Note is aimed at professional clients and eligible counterparties, who are interested in income and other investment objectives. The Capped Floating Rate Note 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 net value of a capped floating rate note is exposed to changes in market rates and implied interest rate Volatility. As the direction of movements in both market rates and implied interest rate volatility may vary across the individual fixing periods, it is not possible to unambiguously state the effect of those movements on the market value of the note generally. However, the market value of a capped floating rate note will decline in case of a general parallel increase in market rates and vice versa. Likewise the market value of a capped floating rate note will decline in case of a general parallel increase in implied interest rate volatility and vice versa.

Furthermore in case the capped floating rate note is callable, the call right held by the issuer imposes a limit on the increase in value of the callable capped floating rate note, and the investor thus further assumes call risk. The investor may thus have to reinvest the amount redeemed at a lower return if the note is called for redemption. The investor assumes the full credit risk on the issuer. In the event of the issuer's bankruptcy, the investor may thus lose the invested amount in full or in part and/or repayment/interest payments may be delayed. A change in the market's evaluation of the credit quality of the issuer will affect the value of a capped floating rate note. If the market considers the credit quality to have deteriorated, the price of the capped floating rate note will decline. The market value of a capped floating rate note is exposed to the market parameters listed in the matrices below.

Market Parameters	Capped Floating Rate Note	
	Influence on market value when increasing	Influence on market value when decreasing
Not applicable	Not applicable	Not applicable

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.

* 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	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.