

# 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>	Payer threshold swaps with floor
<b>Issuer of this document</b>	Nordea Bank Abp (hereafter "Nordea")
<b>Regulated by</b>	Finnish Financial Supervisory Authority
<b>Produced</b>	29.03.24

## What is this product?

### Description

A payer threshold swap with a floor is an agreement between two parties whereby one party pays a fixed rate against receiving a floating rate, as long as the floating rate remains between an agreed low strike (the floor) and an agreed high strike (the threshold) on the fixing dates specified in the contract. If the floating rate is either below the floor or above the threshold, the fixed-rate payer will instead pay the floating rate for that fixing period. Thus for each fixing period, it is determined whether the fixed-rate payer is to pay the floating or the agreed fixed rate.

The floating rate must refer to an official interbank fixing – eg Euribor or Libor. The floating rate can be agreed individually for each leg in the swap to fix either at the beginning or at the end of the interest periods. By using a payer threshold swap with a floor a borrower can hedge against a rise in interest rates while taking advantage of low floating interest rates. A payer threshold swap with a floor enables the borrower to achieve a low fixed rate, which is fixed at the low strike value. The savings on the fixed rate are increased if the upper threshold is set further from the fixed rate.

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 is 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 Payer threshold swaps with floor is aimed at retail clients, professional clients and eligible counterparties, who are interested in hedging income. The Payer threshold swaps with floor 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 a payer threshold swap with a floor is exposed to changes in the market rate of interest and to changes in the implied interest rate volatility.

It is, however, not possible to unambiguously state the effect of general market changes on the market value of a payer threshold swap with a floor. The effect depends on the prevailing yield and volatility curves in the market in relation to the timing of the fixings, the chosen floor and threshold and possible amortisation.

The market value of a payer threshold swap with a floor is exposed to the market parameters listed in the matrix below.

Market Parameters	Payer threshold swaps with floor	
	Influence on market value when increasing	Influence on market value when decreasing
Steepness of yield curve	+/-	-/+
Interest rate volatility	-/+	+/-
Parallel shift in yield curve	+/-	-/+

## 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.

\* 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.

## 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.

The cost amount in EUR is for 5 year maturity and has been calculated based on annual transaction cost shown below. For longer contracts the cost amount may be higher.

Investment (based on above nominal over a 5 year term)	Cumulative Costs
Combined cost to buy and exit the product	600
% p.a. of nominal	0.6

## Composition of costs on purchase of the product

Detailed Costs	Description	Amount in EUR p.a.	% p.a.
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.	300	0.3
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.