

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	Total Return Swap on Nordea Duration Index
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	19.05.2020

What is this product?

Description

By entering into a total return swap (TRS) linked to the Nordea Duration Index (the Index) the customer obtains a linear exposure to the return of the Index in the investment period of the TRS.

Description of Index

The Index is based on a specific currency, eg the SEK or the EUR, and an underlying tenor, eg 2Y, 5Y, 10Y, 15Y or 20Y. It is calculated from a rule-based investment strategy which gives the return from quarterly rolling of a position in a standard fixed-rate receiver swap with the tenor of the Index and a coupon equal to the par swap rate fixing for the given tenor at the time of investment. On every quarterly rebalancing date, the position is rolled into a new fixed-rate receiver swap with a coupon equal to the new par swap rate fixing. The value of the Index (Index Performance) reflects the accumulated performance of this investment strategy, adjusted for a fixed rebalancing cost on every rebalancing date.

What is a TRS linked to the Nordea Duration Index?

A TRS linked to the Nordea Duration Index is an agreement between two parties to receive (pay) the performance of the Index over a given period against paying (receiving) a compounded floating rate in the same currency and over the same period. The reference rate for the floating rate is based on the official interbank fixings, eg 3-month STIBOR for SEK or 6-month EURIBOR for EUR. All payments are settled at maturity. The Index Performance depends on the value of the Index measured on the Start Day (Index(Start)) and the End Day (Index(End)) and is calculated as $\text{Index(End)}/\text{Index(Start)} - 1$.

The notional amount in a TRS linked to the Nordea Duration Index is used solely as the basis for calculating the final payments.

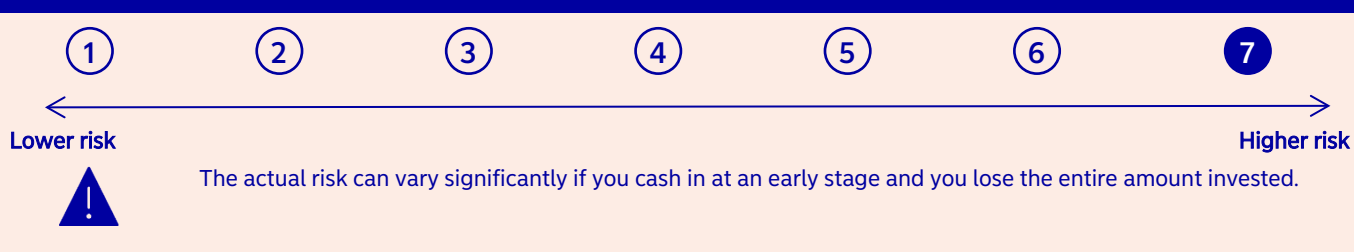
The price is subject to change until the transaction is agreed upon. The agreed transaction is mutually binding until maturity and cannot be cancelled. However, it is possible to close the agreed transaction by an offsetting transaction. Furthermore, the agreed transaction may be terminated early depending on the terms stated in the specific agreement between Nordea and the customer. In either case, as the market value of the transaction may have changed since it was initiated, closure or early termination will usually involve payment of the present market value by one party to the other.

Intended investor

The product Total Return Swap on Nordea Duration Index is aimed at professional clients and eligible counterparties, who are interested in hedging income. The Total Return Swap on Nordea Duration Index is a product for informed investors and advanced investors.* The intended retail investor has a high 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 7 out of 7, which is the highest risk class.

* 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 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 TRS linked to the Nordea Duration Index is exposed to changes in the Index value. For the receiver of the Index Performance, an increasing Index value will increase the market value of the TRS.

The market value of a TRS linked to the Nordea Duration Index is exposed to the market parameters listed in the matrix below.

Market Parameters	Total Return Swap on Nordea Duration Index	
	Influence on market value when increasing	Influence on market value when decreasing
Index value	+	-
Parallel shift in yield curve	-	+

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.

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	1500
% p.a. of nominal	1.5

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 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.