

# 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>	Open-ended Classic Repo
<b>Issuer of this document</b>	Nordea Bank Abp (hereafter "Nordea")
<b>Regulated by</b>	Finnish Financial Supervisory Authority
<b>Produced</b>	15.09.20

## What is this product?

### Description

An open repo is an agreement between two parties in which one party sells a bond to the other and at the same time agrees to repurchase (=repo) the bond at a future date (maturity date), which is set when one party decides to terminate the transaction. Either party has the right to terminate (call) the transaction at any time, and thus decide the maturity date of the transaction. The caller has to notify the other party in advance. The notification time is set to either 24 hours or 48 hours, which is subject to agreement at inception of the transaction.

The agreement is equivalent to a combination of a spot bond transaction and a bond forward transaction where the bond bought (sold) spot is the same as the bond sold (bought) forward. The price of the spot bond transaction is agreed at inception of the open repo transaction, whereas the price of the bond forward transaction is calculated when the open repo transaction is called.

An open repo is a loan which has a bond as collateral. The party that sells the bond raises cash and offers the bond as collateral. The repurchase price includes interest (the repo rate) incurred on the loan during the repo period.

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

The agreed transaction is mutually binding until it is called by either party, at which point the price at maturity is calculated.

When a client sells a bond to Nordea and repurchases it with a later settlement date, the deal is called an open repo deal. When a client buys a bond from Nordea and sells it back with a later settlement date, the deal is called a reverse open repo deal.

An open repo can only be done as a classic repo, in which the seller of the bond retains ownership of the bond during the repo period.

### Intended investor

The product Open-ended Classic Repo is aimed at professional clients and eligible counterparties, who are interested in capital growth and hedging and income. The Open-ended Classic Repo is a product for informed investors and advanced investors.\*

### What are the risks and what could I get in return?

The market value of an open repo is exposed to changes in the market rate of interest influencing the price of the underlying bond and the repo rate.

The market value of an open repo is equivalent to a combination of the market value of a spot bond transaction and the market value of a bond forward transaction. Separate risk descriptions are available for these products.

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 related to the price performance of the bond used as collateral is not removed by entering into an open repo.

The buyer of a bond in an open repo assumes the full credit risk of the seller. In the case of default the buyer may suffer a loss if the market value of the bond used as collateral has decreased.

Open-ended Classic Repo		
Market Parameters	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.

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.

\* 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.

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	200
% p.a. of nominal	0.2

### 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.	100	0.1
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.