

# 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>	Equity Variance Swap
<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

Variance swaps are suitable for trading volatility or hedging volatility exposure.

A variance swap (VS) is an agreement whereby the buyer receives the difference between the realised variance (squared volatility) of the underlying and the agreed squared strike times the notional. A buyer will benefit if realised volatility is higher than the strike volatility. A seller will benefit if realised volatility is lower than strike volatility. The underlying can be an equity, index, interest rate etc.

The exact market data needed and method used for calculating the realised volatility will be stated in the transaction-specific confirmation.

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

It is possible to terminate the transaction before maturity. As the market value of the transaction may have changed, an early termination will usually involve a payment of the present market value from one party to the other.

### Intended investor

The product Equity Variance Swap is aimed at professional clients and eligible counterparties, who are interested in capital growth, hedging, leveraged participation and income. The Equity Variance Swap is a product for advanced investors.\*

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

The market value of a VS is exposed to changes in the realised and implied volatility of the underlying. The payoff at maturity is solely determined by realised volatility between the start and the end date of the underlying.

The market value of a VS is exposed to the market parameters listed in the matrix below.

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.

Equity Variance Swap		
Market Parameters	Influence on market value when increasing	Influence on market value when decreasing
Share price volatility	+	-

## 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.

Investment (based on above nominal)	Cumulative Costs
Combined cost to buy and exit the product	0
% p.a. of nominal	0

## Composition of costs on purchase of the product

\* 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.

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.	-	-
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.	-	-
Transaction costs	All execution costs and charges associated with the buying or selling of the financial instrument performed by Nordea or another party.	The costs and charges will be presented in full at the point of sale	
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.	-	-
Incidental costs	Any costs and charges tied to events during the holding period of the financial instrument – such as performance fees.	-	-

## 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.