

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	Cash lending under GMSLA
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	06.09.24

What is this product?

Description

Cash lending is a financial transaction that is executed under a bilateral agreement. It enables the customer to participate in cash-for-securities transactions with Nordea. The customer posts a cash deposit with Nordea and, if agreed, receives collateral in the form of securities such as equities, funds or bonds. Cash lending is governed by the Global Master Securities Lending Agreement (GMSLA) which specifies the obligations between the two trading counterparties.

When collateral is posted, the collateral transfer is done as a transfer of title, which entails that the legal ownership is temporarily transferred from Nordea to the customer. The collateral value must at all times be equal to at least 100% of the loan, adjusted by a haircut (in percent) agreed between the two parties. These transactions are margined on a day-to-day basis by adjusting the collateral according to the terms agreed. In case Nordea fails to post additional collateral for the margin call, the customer may be forced to liquidate the securities placed as collateral to cover the lost payment of margin calls. In the event that no collateral is posted the customer assumes full credit risk towards Nordea.

The transaction can either have a fixed maturity or be traded on an open basis where either party can terminate the transaction according to predefined clauses. The cash deposit will always be repaid with interest by Nordea. The interest rate will either be fixed or floating; terms will be negotiated between Nordea and the customer and the amount is payable monthly via an invoice. At the date of maturity, in case of collateral provided, both parties must reverse their commitments, and in case of no collateral provided Nordea will repay the cash deposit.

Intended investor

The product Cash lending under GMSLA is aimed at professional clients and eligible counterparties. The Cash lending under GMSLA is a product for .*

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.

Market credit risk

The product involves interest rate risk since the cash loan is repaid with interest.

Counterparty credit risk

The cash lending involves credit risk exposure for the customer. Credit risk is any credit event that occurs preventing either party from paying back cash or cash collateral or delivering back non-cash collateral under the contract. In case of a Nordea default, it will not be possible to return the cash to the customer, but the customer may sell the collateral in the market and regain the cash position. In a default event where the customer cannot regain the cash position, there will be a temporary market risk for the customer until all the collateral is liquidated in the market. The collateral will be exposed to fluctuations in the market price of the underlying where an increase (decrease) in market price will lead to an increase (decrease) in the collateral. If the transaction is agreed as non-collateral trade the customer will have full credit risk exposure towards Nordea and will, in the event of Nordea default risk to lose the full amount of the deposit.

Cash lending under GMSLA		
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.

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

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.	0	0
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.