

# 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 Portfolio Total Return Swap
<b>Issuer of this document</b>	Nordea Bank Abp (hereafter "Nordea")
<b>Regulated by</b>	Finnish Financial Supervisory Authority
<b>Produced</b>	06.09.24

## What is this product?

### Description

An equity dynamic portfolio total return swap (DTRS) enables a party to access a specific equity market through the issuer of the DTRS without purchasing or selling the actual underlying equities. The DTRS replicates the performance of this portfolio of equities. A DTRS is an agreement between Nordea and the customer where Nordea pays the performance of the underlying equities in a given period against receiving a floating rate plus a spread or a fixed rate in the same period from the customer. The reference rate for the floating rate is based on an official interbank fixing – eg Euribor. The cash flows in a DTRS are exchanged at maturity or periodically at each reset (eg monthly or quarterly). No variation of currencies is allowed within a DTRS, ie, all the underlying equities are denominated in the same currency.

The customer will obtain an exposure to the market that reflects the return of the underlying equities, including price performance and manufactured dividend. The performance of the underlying basket of equities, the interest payments, any stock loan fee (covering the short equity positions), execution fees and manufactured dividends represent the cash flows in a DTRS. Nordea will pay any non-realised positive equity performance while the customer pays non-realised negative equity performance. At the payment date following a reset date the positive and the negative equity performance are netted and the net cash amount is exchanged between Nordea and the customer. Accumulated interest and potential lending fees will be paid by the customer to Nordea. The manufactured dividend will be paid out according to negotiated terms. No notional amounts are exchanged at the start or at the maturity of the DTRS. In a DTRS the underlying equities can be traded in the course of the day thereby changing the composition of the portfolio. Additional services include short coverage since the underlying portfolio is allowed to contain both long and short positions. This gives the customer a possibility to vary the market exposure. Short positions will have an additional lending fee since such a position must be covered by borrowing the specific shorted stock in Nordea's hedge portfolio. If the stock is not accessible in the lending market, it is not possible to enter into the short position. In order to be able to enter into a DTRS with Nordea, the customer may have to post an independent amount in the form of cash as collateral to Nordea. A DTRS is traded under the ISDA agreement and the independent amount is regulated in more detail with support from the CSA annex. The price of a DTRS varies over time as interest rates and stock lending fees fluctuate. The price is subject to change until the transaction is agreed upon. The agreed transaction is mutually binding until maturity. 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 an early termination fee. A DTRS has a defined start and maturity date.

A DTRS can be agreed to contain multiple cash flow periods in between the start and the maturity date, each such period ending with a reset and cash flow payment date.

### Intended investor

The product Equity Portfolio Total Return Swap is aimed at professional clients and eligible counterparties, who are interested in capital growth, hedging, leveraged participation and income. The Equity Portfolio Total Return Swap 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.

#### Market risk

The market value of a DTRS is exposed to changes in the prices of the underlying equities. Thus an increase (decrease) in the prices of the underlying long-positioned equities that constitute the basis for calculating the return will lead to an increase (decrease) in the market value of the DTRS. By contrast, an increase (decrease) in the prices of the underlying short-positioned equities will lead to a decrease (increase) in the market value of the DTRS.

#### Interest rate risk

The market value of a DTRS is exposed to changes in the market rate of interest. However, it is not possible to unambiguously state the effect of changes in the market rate of interest on the market value of a DTRS.

#### Counterparty credit risk

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\* 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.

A DTRS involves credit risk for both Nordea and the customer. Credit risk is any credit event that occurs which prevents either party from paying its obligation in terms of equity performance or interest under the contract.

Market Parameters	Equity Portfolio Total Return Swap	
	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.

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	4400
% p.a. of nominal	4.4

## 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.	300	0.3
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.	1900	1.9
Transaction costs	All execution costs and charges associated with the buying or selling of the financial instrument performed by Nordea or another party.	2200	2.2
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.