

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	Equity share basket Total Return Swap
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	06.09.24

What is this product?

Description

An equity share basket total return swap (ESBTRS) enables a party to access a specific equity market through the issuer of the total return swap, and the party thus avoids purchasing the actual underlying equity. The total return swap replicates the performance of this single equity. With an agreement with Nordea a customer can either buy or sell exposure in the ESBTRS.

An ESBTRS is an agreement between Nordea and the customer to receive (pay) the performance of the underlying equity in a given period against paying (receiving) a floating rate plus a spread or a fixed rate in the same period. The reference rate for the floating rate is based on an official interbank fixing – eg Euribor.

The cash flows in an ESBTRS are exchanged at maturity or periodically at each reset (eg monthly or quarterly).

In case a customer wants to buy equity performance in an ESBTRS from Nordea, the customer will obtain an exposure to the market that reflects the return of the underlying equity including price performance and manufactured dividend. Nordea will pay any nonrealised positive equity performance while the customer pays non-realised negative equity performance. The return settlement amount will be a cash differential amount, calculated as the difference between the ESBTRS final price and the preceding period's initial price. The customer agrees to pay either a fixed or a floating rate based on the ESBTRS notional to Nordea.

The performance of the underlying equity, the interest payment and the manufactured dividend represent the cash flows in an ESBTRS. No notional amounts are exchanged at the start or at the maturity of the ESBTRS.

In order to be able to enter into an ESBTRS with Nordea, the customer may have to post an independent amount in the form of cash as collateral to Nordea. An ESBTRS is traded under the ISDA agreement and the independent amount is regulated in more detail with support from the CSA annex.

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.

An ESBTRS has a defined start date and maturity date. An ESBTRS 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 share basket Total Return Swap is aimed at professional clients and eligible counterparties, who are interested in hedging. The Equity share basket Total Return Swap is a product for informed investors and advanced investors.*

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

Market Risk

The market value of an ESBTRS is exposed to changes in the price of the underlying equity. Thus an increase (decrease) in the price of the underlying equity that constitutes the basis for calculating the return received (paid) will lead to an increase (decrease) in the mark-to-market (MTM) value of the total return swap.

Interest rate risk

The market value of an ESBTRS 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 an ESBTRS.

Currency risk

If an ESBTRS is denominated in another currency than the single stock, the ESBTRS involves currency risk. If the denomination currency of the ESBTRS strengthens (weakens) against the denomination currency of the stock, the value (MTM) of the ESBTRS will decrease (increase).

Counterparty credit risk

An ESBTRS 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.

* 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.

Market Parameters	Equity share basket 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.