

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	OM Forward Rate Agreement (FRA)
Issuer of this document	Nordea Bank Abp (hereafter "Nordea")
Regulated by	Finnish Financial Supervisory Authority
Produced	11.12.24

What is this product?

Description

A forward rate agreement is an agreement between two parties to settle a specified interest rate for a specified future period of time. An FRA is typically named according to the period covered, eg 3+3 being an FRA starting in 3 months with 3 month life. The interest rate is called the FRA rate and is determined at inception. FRAs are normally traded OTC, but for NOK and SEK exchange-traded FRAs are available. The difference between a regular FRA and an OM Stock Exchange FRA (OM FRA) is thus simply that the latter is traded via a clearing house. This means that settlement dates are standardised and that OM serves as counterparty. Otherwise, there are no differences.

The time schedule of an FRA is as follows: The underlying reference rate is based on the official interbank fixings – eg STIBOR or NIBOR – and is fixed at or just prior to the beginning of the FRA period, normally 3- or 6-month periods. The relation between the fixing date and the settlement date depends on the standard settlement lag of the particular currency. The FRA expires at the fixing date and is cash settled at the start date of the FRA period.

The notional amount in an FRA is used solely as the basis for calculating the interest payment, ie the cash flow under an FRA consists solely of the interest payments.

Please note that monthly settlement is used on OM FRAs.

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

The agreed transaction is mutually binding until maturity and cannot be cancelled.

It is always possible to buy back/sell back the contract before maturity. As the market value of the transaction may have changed since it was initiated, an early termination will usually involve a payment of the present market value from one party to the other.

Intended investor

The product OM Forward Rate Agreement (FRA) is aimed at professional clients and eligible counterparties, who are interested in hedging income. The OM Forward Rate Agreement (FRA) 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. The value of an FRA is exposed to changes in the level of the market rate of interest and the steepness of the yield curve.

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

Market Parameters	OM Forward Rate Agreement (FRA)	
	Influence on market value when increasing	Influence on market value when decreasing
Parallel shift in yield curve	+	-
Steepness of yield curve	+	-

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.

* 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.

Investment (based on above nominal)	Cumulative Costs
Combined cost to buy and exit the product	6000
% p.a. of nominal	6.0

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.	3000	3.0
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.