

Equity-linked Note Pharmaceutical Companies



Subscription period: 25 April - 2 June 2016

Investment period: About 3 years

Reference asset: 8 European and North American pharmaceutical shares

Participation rate: 120%

Subscription price: Variable, about 110% (including 10% premium)

Minimum subscription: 1,000 EUR

Market overview

2016 looks like yet another year in which global growth stubbornly remains below the long-term average. The reasons are both structural and cyclical. An example of the latter is the negative effect of commodities prices on the economic trends in commodity producing countries. As a result, global trade has been subdued, since the import demand has abated in commodity-driven countries due to financial difficulties.

In structural terms, growth drags include slower growth in productivity, sluggish progress in world trade and ageing population. In many parts of the world – such as China, the US and Europe – the demographic structure weighs on the long-term growth prospects, as the proportion of the working population decreases. Globally, the size of the working population (15–64-year-olds) peaked in 2012 and has since diminished.

For health care sectors, however, ageing means growing demand. In some countries health care services rely on the public sector, but slow economic growth and the sustainability problems in the public sector create pressure on service supply and quality. This may well play into the hands of the private sector.

Nordea Markets

Reference asset

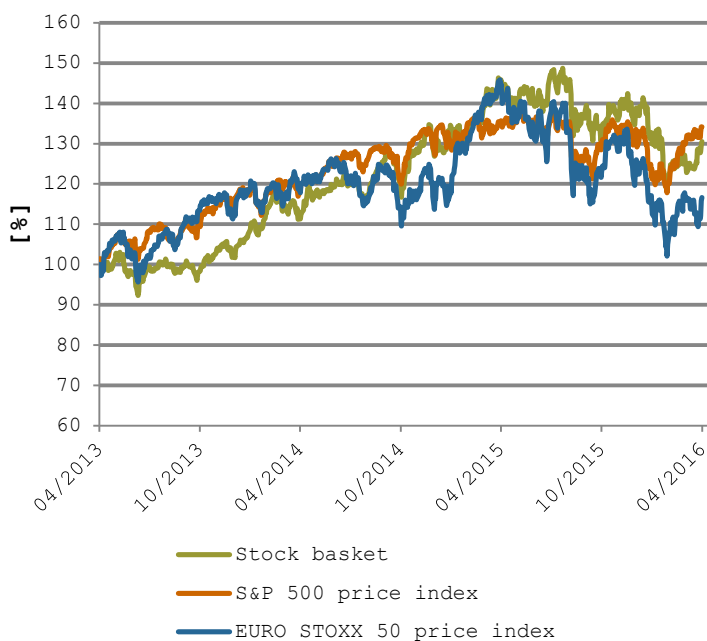
The yield on the equity-linked note is based on the performance of a share basket composed of the shares of eight listed European and North American pharmaceutical companies. Five of the reference companies in the share basket are European and three are from the US. All reference companies have equal weights in the share basket: 1/8 (12.5%). The reference companies in the share basket are: AstraZeneca PLC (UK), Bayer AG (Germany), Eli Lilly & Co (US), Merck & Co Inc (US), Novartis AG (Switzerland), Novo Nordisk A/S (Denmark), Pfizer Inc (US) and Roche Holding AG (Switzerland).

The reference companies in the share basket are primarily engaged in manufacturing and selling pharmaceuticals as well as in medical research. The pharmaceutical sector is traditionally regarded as less exposed to economic cycles and thus as being more stable in terms of profitability than more cyclical sectors (such as materials). The potential of pharmaceutical companies stems from meeting the demand of the ageing Western population, but in the longer term also from developing new innovations (such as pharmaceuticals based on genetic engineering).

All reference companies are large multinational companies with worldwide operations. In 2015, their net sales amounted to about 14–46 billion euros. Their market caps move between 65 and 196 billion euros.

Source: Nordea Markets, 18 April 2016

The adjacent graph presents the performance of the share basket serving as the reference asset in relation to the EURO STOXX 50 and S&P 500 price indices from 15 April 2013 to 14 April 2016. Starting levels indexed at 100%. The data presented depict earlier price development and no reliable assumptions on future price or yield trends can be made based on the data.



Source: Bloomberg, 18 April 2016

Yield calculation and repayment of nominal capital

The yield paid at maturity is determined based on the performance of the share basket serving as the reference asset and on the participation rate. The performance of the share basket is calculated as the difference between its initial price on 8 June 2016 and its final price on 10 June 2019 in percentages. If the performance is positive, the yield will be calculated by multiplying the increase in value by the participation rate of 120%. The share basket performance will only be considered up to 20%. If the share basket performance is zero or negative, no yield will be paid. The nominal capital will be fully repaid at maturity regardless of the share basket performance. The premium will not be returned.

The yield tables below show the yield on the equity-linked note in various market scenarios.* In the examples, the assumed subscription price is 110%. In other words, an investment with a nominal capital of 1,000 euros will cost 1,100 euros. The actual cost of an investment may be above or below the intended price (110%), depending on the market situation

Share Basket Performance	Share basket performance in accordance with yield calculation	Participation rate	Yield	Repayment of nominal capital	Maturity value	Annual yield
Positive scenario: Share basket performance in accordance with the yield calculation is 40%						
40.0%	20.0%	120%	24.0%	100%	124.0%	3.9%
Neutral scenario: Share basket performance in accordance with the yield calculation is 15%						
15.0%	15.0%	120%	18.0%	100%	118.0%	2.2%
Negative scenario: Share basket performance in accordance with the yield calculation is 0%						
0.0%	0.0%	120%	0.0%	100%	100.0%	-3.0%

* The yield calculation examples portray the situation at maturity and they assume that the subscription price is 110%. The premium will not be returned. Taxes have not been accounted for. The information above is intended as an example and does not reflect the product's historical or expected return. The annual maximum return will be achieved if the value of the share basket serving as the reference asset rises annually about 6.3%. The rise in the share basket's value during the investment period is taken into account up to 20%.

Subscription period	25 April–2 June 2016
Places of subscription	Nordea Bank AB Lithuania branch, www.nordea.lt
Issue date	25 April 2016
Issuer	Nordea Bank Finland Plc; credit ratings Aa3 (Moody's, stable outlook) and AA- (Standard & Poor's, negative outlook).
Minimum subscription	EUR 1,000
Subscription price	Variable, about 110%* (including a premium of about 10%)
Bond number and ISIN	B316, FI4000177126
Maturity	24 June 2019
Reference asset	Share basket consisting of eight shares with equal weights (Bloomberg trading code in brackets): AstraZeneca PLC (AZN LN Equity), Bayer AG (BAYN GY Equity), Eli Lilly & Co (LLY UN Equity), Merck & Co Inc (MRK UN Equity), Novartis AG (NOVN VX Equity), Novo Nordisk A/S (NOVOB DC Equity), Pfizer Inc (PFE UN Equity) and Roche Holding AG (ROG VX Equity).
Initial Price	8 June 2016
Final price	10 May 2019.
Yield calculation	The yield paid at maturity is determined based on the performance of the share basket serving as the reference asset and on the participation rate. The performance of the share basket is calculated as the difference between its initial price on 8 June 2016 and its final price on 10 June 2019 in percentages. If the share basket performance is positive, the yield will be calculated by multiplying the increase in value. by the participation rate of 120%. The share basket performance will only be considered up to 20%. If the share basket performance is zero or negative, no yield will be paid.
Repayment of capital	The issuer, Nordea Bank Finland Plc, will repay the nominal capital of the bonds in full at maturity irrespective of the performance of the share basket. Possible premium will not be returned. The investment bonds involve a risk of the issuer's insolvency.
Structuring cost	The structuring cost is about 2.0%. This corresponds to an annual of cost of about 0.7% if the bond is held until maturity. The structuring cost is included in the subscription price, which means it will not be deducted from the yield paid or the nominal capital repaid at maturity. The structuring cost is based on the values of the fixed income and derivative investments included in the bond on the valuation date of 15 April 2016. The structuring cost includes all expenses incurred by the issuer from the bond, such as issue, licensing, material and marketing costs. The issuer does not charge a separate subscription fee or separate custody fees for the bond.
Secondary market	In normal market conditions the issuer, Nordea Bank Finland Plc, will quote a repurchase price for the bonds, which may be lower or higher than the nominal value. If an investment is sold on the secondary market before maturity, the secondary market price may be higher or lower than 100%.
Taxation	Potential yield at maturity is subject to tax at source on interest income for natural persons with general tax liability in Lithuania in accordance with the valid tax legislation.
Custody	The fee for safe custody, if any, will be charged in accordance with the currently valid tariff.
Security	The bonds are unsecured.
Cancellation of the issue	The issuer has the right to cancel the issue based on changes in the economic circumstances or if the total amount of subscriptions is low, or if something should occur that the issuer considers might endanger the issue.
Listing	No application will be made for listing the bonds.

Bond B316 is issued under the Structured Note Programme (a bond programme reported to the Finnish Financial Supervisory Authority from Ireland in accordance with the Prospectus Directive) of Nordea Bank Finland Plc dated 18 December 2015 and supplemented later. The base prospectus in English is available on the issuer's website at www.nordea.fi/bonds. The final terms of the bonds and the base prospectus can be obtained from the seller. The English version of the terms is binding and thus applicable in possible conflict situations.

Risks involved in investment bonds

All investment activity involves risks. The most important uncertainties and risks are presented below. Investors must understand that the investment is a complex product and that its yield consists of several factors.

Issuer risk

Investment bonds involve a risk related to the issuer Nordea Bank Finland Plc's repayment ability. The risk relating to the issuer's repayment ability refers to the risk of the issuer becoming insolvent and being unable to fulfil its commitments in a bankruptcy etc. The investor may lose his or her invested capital and any potential yield partially or in full in the event of the issuer's insolvency. Nordea has a credit rating of Aa3 (stable outlook) by Moody's and AA- (negative outlook) by Standard & Poor's. The bonds are unsecured.

Foreign exchange rate risk

All the cash flows of the investment are denominated in US dollars, but some of the companies included in the share basket serving as the reference asset are denominated in other currencies than US dollars. The investment does not include a foreign exchange risk if the investment is held until maturity. During the investment period, exchange rate fluctuations may have a negative or positive impact on the secondary market price.

Yield and market risk

The investment bonds' yield at maturity is determined on the basis of the share basket performance in accordance with the yield calculation. The performance in accordance with the yield calculation may differ from that of a direct investment in the share

basket during the investment period. Any dividends paid on the shares included in the share basket are not accounted for in the investment bonds' yield calculation.

Premium risk

The potential premium, i.e. the proportion of the subscription price exceeding the nominal value of the bond, will not be returned. The size of the loss incurred by the investor from the premium depends on how much the yield is below the premium paid. Note that this particular investment bond does not include premium during offer period.

Secondary market risk

If the investor sells the investment on the secondary market before maturity, the repurchase price may be higher or lower than its nominal value. In normal market conditions Nordea Bank Finland Plc quotes a secondary market price on the investment on nominal values of 2,000 US dollars or more.

Investor Compensation Fund

The Investor Compensation Fund does not compensate losses resulting from an investment bond's investment risk, which includes, but is not limited to, the issuer's insolvency and asset price fluctuations, nor any losses resulting from the customer's unsuccessful investment decisions.

RISK CLASSIFICATION*

LOW RISK. CAPITAL PROTECTION. Structured investment products, the nominal capital of which is returned at maturity if the issuer is solvent. The investment may include a premium of 15% at the most. The capital protection is only valid on the maturity date and it does not cover the premium or the fees and costs paid by the investor. The risk relating to the issuer's repayment ability is described in this marketing brochure. The risk classification does not remove the investor's obligation to carefully study this marketing brochure, the product-specific terms and conditions and the prospectus, if any, and the risks mentioned in them.

* Based on the three-tiered risk categorisation of the Finnish Structured Products Association where the first category includes the smallest risk and the third category the highest risk.



DISCLAIMER

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