

# Equity-linked Note USA Consumer Goods Basic & Extra



## Equity-linked Note USA Consumer Goods

Basic / Extra

**SUBSCRIPTION PERIOD:** 1 February–10 March 2016

**INVESTMENT PERIOD:** About 6 years

**REFERENCE ASSETS:** 10 US consumer goods companies

**PARTICIPATION RATE:** Basic 60%, Extra: 115%

**SUBSCRIPTION PRICE:** Basic: variable, about 105%, Extra: variable, about 110%

**MINIMUM SUBSCRIPTION:** EUR 1,000

- A single investment gives diversification into several different companies
- The nominal capital of equity-linked bonds is protected at maturity.\*
- An alternative to direct equity investments
- Two different alternatives on offer
- Choose the risk and return profile that suits you

\*Nominal capital protection is valid only at maturity. The premium will not be returned. The investment involves a risk relating to the issuer's repayment ability.

## Equity-linked Note USA Consumer Goods Basic & Extra

Equity-linked Note USA Consumer Goods is a bond issued by Nordea Bank Finland Plc with a maturity of about six years, offering investors an opportunity to invest in major US companies with nominal capital protection\*.

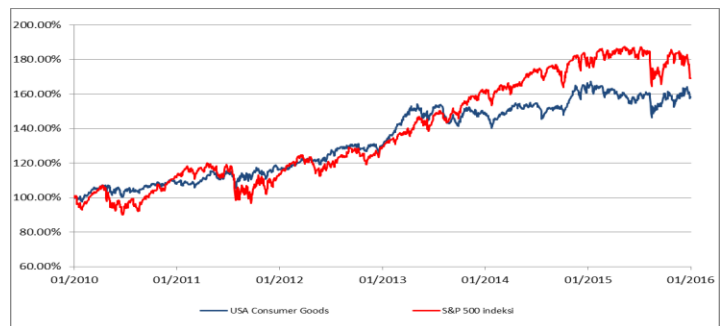
The US economy is currently the driver of the global economy. The US has a very consumer driven economy and therefore a good way to benefit from the positive trend is to invest in companies manufacturing consumer goods. At the same time, there are many factors causing uncertainty in the global market and this may also be reflected in the US market. This is why we have chosen large consumer goods companies. Their performance is not necessarily affected as much by general volatility as the market as a whole.

Equity-linked Note USA Consumer Goods is an attractive investment alternative as it offers the chance to gain from a potential rise in equity prices with nominal capital protection, which is not available with direct equity investments. Nominal capital protection means that if the share prices are lower at maturity than their initial price, the nominal capital will still be repaid in full to the investor.\* The premium will not be returned. Read more on the risks of the investment on page 5.

The yield on Equity-linked Note USA Consumer Goods is based on the performance of a share basket composed of ten listed US companies. The share basket includes seven shares of non-cyclical and three shares of cyclical consumer goods companies. All companies in the share basket have equal weights.

Source: Nordea Markets 12 January 2016

| Company                      | Sector                 | Weight |
|------------------------------|------------------------|--------|
| Colgate-Palmolive Company    | Consumer staples       | 10%    |
| Campbell Soup Company        | Consumer staples       | 10%    |
| The Hershey Company          | Consumer staples       | 10%    |
| Kellogg Company              | Consumer staples       | 10%    |
| The Coca-Cola Company        | Consumer staples       | 10%    |
| McDonald's Corporation       | Consumer discretionary | 10%    |
| PepsiCo, Inc.                | Consumer staples       | 10%    |
| The Procter & Gamble Company | Consumer staples       | 10%    |
| Target Corporation           | Consumer discretionary | 10%    |
| Wal-Mart Stores Inc.         | Consumer discretionary | 10%    |



The above-mentioned describes the performance of the share basket from 12 January 2010 to 12 January 2016 in relation to the S&P general index. Starting levels indexed at 100%. The data presented depict earlier price development and no reliable assumptions on future price trends can be made based on the data.

\*Nominal capital protection is valid only at maturity, which means if the investment is sold before maturity, the capital returned to the investor may be below or above the invested nominal capital. The premium will not be returned. The investment also involves a risk related to the issuer's repayment ability.

## Yield calculation and repayment of capital

The yield paid at maturity is determined based on the performance of the share basket and the participation rate. The performance of the share basket is calculated as the difference between its initial price and final price in percentages. The initial price is the share basket's closing value on 16 March 2016. The final price is the average of the semi-annual closing prices of the share basket from 16 September 2016 to 16 March 2022. If the share basket performance is positive, the yield on the Basic version will be calculated by multiplying the increase in value by the participation rate of 60%. The yield on the Extra version will be calculated by multiplying the increase in value by the participation rate of 115%. If the share basket's value decreases or remains unchanged, no yield will be paid on either version. The nominal capital of both the Basic version and the Extra version will be repaid at maturity regardless of the share basket performance. The premium will not be returned.

The yield tables and the yield calculation examples below show the yield on the equity-linked note's Basic and Extra versions in various market scenarios.\* In the examples, the assumed subscription prices are 105% (Basic version) and 110% (Extra version). In other words, an investment with a nominal capital of 1,000 euros will cost 1,050 euros in the case of the Basic version and 1,100 euros in the case of the Extra version at the time of investment. The actual cost of an investment may be above or below the intended prices (105% for the Basic and 110% for the Extra version), depending on the market situation (more on the risks involved in the investment on page 5).

| <b>Positive scenario: share basket performance in accordance with the yield calculation 40 %</b> |   |                        |        |                                 |                      |              |  |
|--|---|------------------------|--------|---------------------------------|----------------------|--------------|--|
|  | Share basket performance<br>in accordance with the yield<br>calculation | Participation<br>ratio | Yield  | Repayment of<br>nominal capital | Value at<br>maturity | Annual yield |  |
| <b>Basic</b>   | 40.0 %  | 60.0 %                 | 24.0 % | 100.0 %                         | 124.0 %              | 2.7 %        |  |
| <b>Extra</b>   | 40.0 %  | 115.0 %                | 46.0 % | 100.0 %                         | 146.0 %              | 4.7 %        |  |

| <b>Positive scenario: share basket performance in accordance with the yield calculation 20 %</b> |   |                        |        |                                 |                      |              |  |
|--|---|------------------------|--------|---------------------------------|----------------------|--------------|--|
|  | Share basket performance<br>in accordance with the yield<br>calculation | Participation<br>ratio | Yield  | Repayment of<br>nominal capital | Value at<br>maturity | Annual yield |  |
| <b>Basic</b>   | 20.0 %  | 60.0 %                 | 12.0 % | 100.0 %                         | 112.0 %              | 1.1 %        |  |
| <b>Extra</b>   | 20.0 %  | 115.0 %                | 23.0 % | 100.0 %                         | 123.0 %              | 1.8 %        |  |

| <b>Positive scenario: share basket performance in accordance with the yield calculation 0 %</b> |   |                        |       |                                 |                      |              |  |
|---|---|------------------------|-------|---------------------------------|----------------------|--------------|--|
|   | Share basket performance<br>in accordance with the yield<br>calculation | Participation<br>ratio | Yield | Repayment of<br>nominal capital | Value at<br>maturity | Annual yield |  |
| <b>Basic</b>  | 0.0 %   | 60.0 %                 | 0.0 % | 100.0 %                         | 100.0 %              | -0.8 %       |  |
| <b>Extra</b>  | 0.0 %   | 115.0 %                | 0.0 % | 100.0 %                         | 100.0 %              | -1.5 %       |  |

\* The yield calculation examples assume that the subscription price is 105% for the Basic version and 110% for the Extra version. The premium will not be returned. Taxes have not been accounted for. The information below is intended as an example and does not reflect the product's historical or expected return.

The share basket performance in accordance with the yield calculation accounts for the reference assets' semi-annual averaging over the last five years. The performance is 40% if the share basket's annual performance during the investment period is about 9.8%, and the performance is 20% if the basket's annual performance is about 5.3%.

## **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**

The investment is denominated in euros, but some of the reference assets are denominated in other currencies than the euro. The investment does not involve a foreign exchange rate risk if the investment is held until the maturity date. Changes related to foreign currencies during the investment period may affect the secondary market price either positively or negatively.

### **Yield and market risk**

The Investment Bonds' yield at maturity is determined on the basis of the share basket's performance in accordance with the yield calculation. The performance in accordance with the yield calculation differs from that of a direct investment in the reference assets during the investment period. The possible effect of dividends is not taken into account when calculating the performance of the reference assets of the Investment Bonds.

### **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. The size of the premium depends on the bond-specific premium (5% or 10%) and in addition, on market movements. This means that the premium paid at the time of investment may be above or below the bond-specific premium (5% or 10%) intended at the time of issue.

### **Secondary market risk**

In normal market conditions Nordea Bank Finland Plc quotes a secondary market price on the investment on nominal values of 1,000 euros or more. If the investor sells the equity-linked note on the secondary market before maturity, the repurchase price may be higher or lower than the nominal value of the note.

### **Special situations**

In connection with market disruptions or other special situations, Nordea may have to change its methods of calculation or the reference asset. In connection with the special situations determined in the base prospectus, Nordea is entitled to make necessary amendments to the terms and conditions. If Nordea considers that making amendments or changing the reference asset is not a reasonable alternative, Nordea may calculate the yield prematurely. In such a case, the investor is paid market-based interest on the capital during the remaining maturity. The capital may be bigger or smaller than their nominal value.

## 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.

\*The Finnish Structured Products Association's three-tiered risk categorisation where the first category includes the lowest risk and the third category the highest risk.

## Equity-linked Note USA Consumer Goods Basic & Extra

|                           |   |
|---------------------------|---|
| Subscription period       | 1 February–10 March 2016  |
| Places of subscription    | You can make a subscription at Nordea Bank Finland Plc's branches, at Nordea Private Banking or with your access codes through Nordea Customer Service, tel 0200 70 000 (local network charge/mobile call charge), or in Netbank at <a href="http://www.nordea.fi">www.nordea.fi</a>  |
| Issue date                | 1 February 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        | Basic: Variable, about 105%*, including a premium of about 5%.<br>Extra: Variable, about 110%*, including a premium of about 10%.   |
| Bond number and ISIN      | Basic version: B242, FI4000176870<br>Extra version: B243, FI4000176888  |
| Maturity                  | 30 March 2022   |
| Reference asset           | Share basket consisting of ten shares with equal weights (Bloomberg trading code in brackets): Colgate-Palmolive Company (CL US Equity), Campbell Soup Company (CPB US Equity), The Hershey Company (HSY US Equity), Kellogg Company (K US Equity), The Coca-Cola Company (KO US Equity), McDonald's Corporation (MCD US Equity), PepsiCo, Inc. (PEP US Equity), The Procter & Gamble Company (PG US Equity), Target Corporation (TGT US Equity) and Wal-Mart Stores Inc. (WMT US Equity).<br>16 March 2016   |
| Initial Price             | The average of the semi-annual closing values of the share basket starting on 16 September 2016 and ending on 16 March 2022.  |
| Final price               |   |
| Yield calculation         | The yield paid at maturity is determined based on the performance of the share basket and the participation rate. The share basket performance is calculated by dividing the difference between its final price and initial price by the initial price. If the reference asset performance is positive, the yield on the Basic version is calculated by multiplying the performance by the participation rate of 60%, and the yield on the Extra version is calculated by multiplying the performance by the participation rate of 115%. If the share basket performance is zero or negative, no yield is 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. The premium will not be returned. The premium is determined on the basis of the subscription date. The investment bonds involve a risk of the issuer's insolvency.  |
| Structuring cost          | The structuring cost is about 3.5%, which is the equivalent of an annual cost of about 0.6% 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 12 January 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 Finland and for Finnish death estates in accordance with the valid tax legislation.  |
| Custody                   | Free of charge with Nordea Bank Finland Plc.  |
| 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.  |

\* According to the market situation on 12 January 2016.

**Bonds B242 and B243 are issued under the Structured Note Programme (a bond programme reported to the Finnish Financial Supervisory Authority from Ireland) of Nordea Bank Finland Plc dated 18 December 2015. The base prospectus in English is available on the issuer's website at [www.nordea.fi/bonds](http://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.**

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