

Equity-linked Notes Emerging Markets USD



Subscription period: 19 September – 17 November 2016

Investment period: About 5 years

Reference asset: iShares MSCI Emerging Markets ETF

Annual maximum return: 3.0%*

Participation rate: about 55%**

Subscription price: fixed - 100%

Investment currency: USD

Minimum subscription and nominal: USD 2,000

* The annual maximum return will be achieved if the value of the ETF serving as the reference asset rises annually about 5.4 %. The rise in the ETF value during the investment period is taken into account up to 30 %.

** Indicative, at least 40 %. Final will be confirmed on 23 November 2016. If 40 % participation cannot be reached, the issue will be cancelled.

Market comment

Emerging markets have clearly been out of favour with investors during the last 5 years. With just 11.2% gain during the last 5 years. At the same time global equity market has posted a gain of 74.8%. However, this year the tide has been changing, as Emerging Markets have benefited from huge fund inflows leading to significant YTD outperformance with a 8.4% gain against a basically flat world equity index. And numerous tailwinds signal that this outperformance is bound to continue.

For one, emerging markets are very well supported by attractive valuations both historically and also relative to the developed markets. Valuation levels imply higher expected returns, as bargain hunting investors will allocate funds to emerging markets bringing valuations to historical averages.

Extremely loose global monetary policy is likely to continue for longer, as the Fed is expected to hike very slowly while the Bank of Japan and the ECB prolong their stimuli. Low interest rate environment is very supportive for emerging economies, making abundant cheap capital available for investment.

Moreover, recent data from China, which is roughly equal in size to the next 10 largest emerging markets combined, is showing signs of improvement in response to prompt government stimulus. Finally, commodity prices have reached a goldilocks level, being not too high to impair demand and not too low to reduce profits. As a result, earnings of the emerging market companies are expected to rise in the years to come, which should translate into attractive return for investors.

Source: Nordea Markets
September 2016

Equity-linked Notes Emerging Markets USD

Equity-linked Notes Emerging Markets USD is a bond issued by Nordea Bank Finland Plc with a maturity of about five years, offering investors an opportunity to invest in Emerging markets with nominal capital protection*.

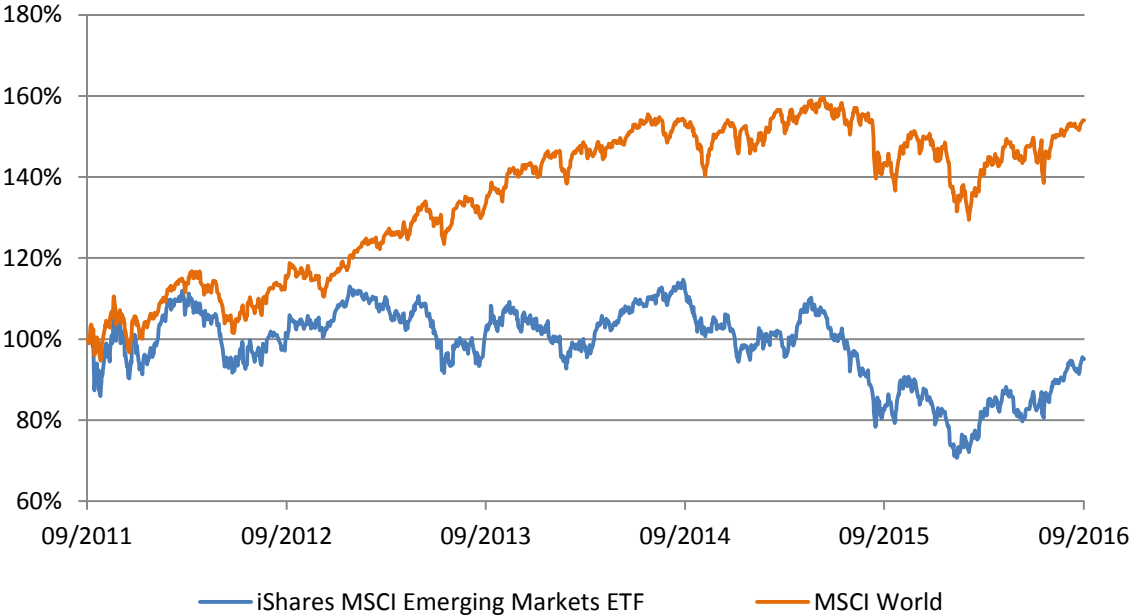
- An alternative to direct equity investments
- One diversified investment in the performance of Emerging markets
- Emerging markets is an interesting investment alternative as the upwards trend in equities prices is bound to continue

* Nominal capital protection is valid only in USD and 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 investment also involves a risk related to the issuer's repayment ability.

Reference asset

The yield on the equity-linked note is based on the performance of the iShares MSCI Emerging Markets ETF. The ETF aims to track the performance of the MSCI Total Return Emerging Markets Index. The ETF holds large and mid-cap emerging market stocks, and it is weighted based on the market capitalization of the companies. ETF is rebalanced quarterly.

The companies with the largest weights in the index are Tencent Holdings Ltd (3.6 %), Samsung Electronics Co Ltd (3.5 %) and Taiwan Semiconductor Manufacturing Co Ltd (3.3 %). Likewise, the countries with biggest representation in the ETF are China (23 %), South Korea (15 %) and Taiwan (12 %). Biggest sectors are financials (24 %), information technology (23 %) and consumer discretionary (11 %)



The adjacent graph presents the performance of the ETF serving as the reference asset in relation to the reference index from 9 September 2011 to 9 September 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 9 September 2016

Yield calculation and repayment of nominal capital

The yield paid at maturity is determined based on the performance of the ETF serving as the reference asset and on the participation rate. The performance of the ETF is calculated as the difference between its initial price on 23 November 2016 and its final price on 23 November 2021 in percentages. If the performance is positive, the yield will be calculated by multiplying the increase in value by the participation rate of 55 %*. The ETF performance will only be considered up to 30%. If the ETF performance is zero or negative, no yield will be paid. The nominal capital will be fully repaid at maturity regardless of the ETF performance. All cash flows of this investment are in USD. Fluctuations in EUR/USD currency pair affect the euro denominated yield and repayment of nominal capital. The investment bonds involve a risk of the issuer's insolvency.

The yield tables below show the yield on the equity-linked note in various market scenarios.**.

Reference asset performance	Reference asset performance in accordance with yield calculation	Participation rate	Yield	Repayment of nominal capital	Maturity value	Annual yield
Positive scenario: index performance in accordance with the yield calculation is 40 %						
40.0%	30.0%	55.0%	16.5%	100.0%	116.5%	3.0%
Neutral scenario: index performance in accordance with the yield calculation is 15 %						
15.0%	15.0%	55.0%	8.3%	100.0%	108.3%	1.5%
Negative scenario: index performance in accordance with the yield calculation is 0 %						
0.0%	0.0%	55.0%	0.0%	100.0%	100.0%	0.0%

* Indicative, at least 40 %. Final will be confirmed on 23 November 2016 . If 40 % participation rate cannot be reached, the issue will be cancelled

** The yield calculation examples portray the situation at maturity and they assume that the subscription price is 100 %. Possible 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.

Equity-linked Notes Emerging Markets USD Key information

Subscription period: 19 September–17 November 2016

Places of subscription: Nordea Bank AB Lithuanian branch

Issue date: 19 September 2016

Issuer: Nordea Bank Finland Plc; credit ratings Aa3 (Moody's, stable outlook) and AA- (Standard & Poor's, negative outlook).

Minimum subscription: USD 2,000

Subscription price: Fixed 100 %

Bond number and ISIN: B421, FI4000177381

Maturity: 7 December 2021

Reference asset: iShares MSCI Emerging Markets ETF

Initial price: 23 November 2016

Final price: 23 November 2021

Yield calculation: The yield paid at maturity is determined based on the performance of the ETF serving as the reference asset and on the participation rate. The performance of the ETF is calculated as the difference between its initial price on 23 November 2016 and its final price on 23 November 2021 in percentages. If the ETF performance is positive, the yield will be calculated by multiplying the increase in value by the participation rate of 55 %*. The ETF performance will only be considered up to 30 %. If the ETF performance is zero or negative, no yield will be paid.

Repayment of the nominal 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 ETF. Possible premium will not be returned. The investment bonds involve a risk of the issuer's in-solvency.

Structuring cost: The structuring cost is about 3.0 %, 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 9 September 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 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 the 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: A possible fee for custody will be charged in accordance with the valid tariff.

Security: The bond is 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. Also, if the participation rate of 40 % cannot be reached, issue will be cancelled.

Listing: No application will be made for listing the bond.

Bond B421 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 Norwegian krona, but some of the companies included in the share basket serving as the reference asset are denominated in other currencies. 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 reference asset 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

reference asset during the investment period. Any dividends paid on the shares included in the reference asset 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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