

# Equity-linked Bond Environmentally- Friendly Europe



## Equity-linked Bond Environmentally-Friendly Europe Basic & Extra

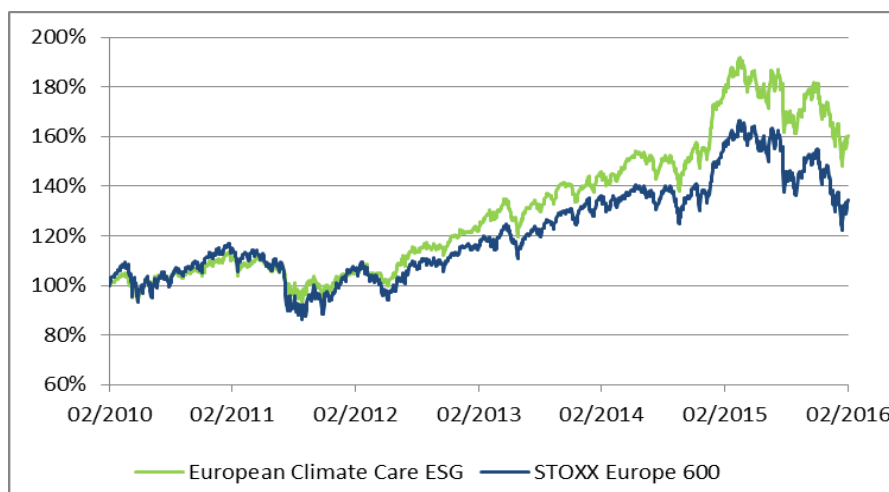
Scientists and economists have already for some time emphasised the importance of decreasing the use of fossil fuels with regard to the future of our planet. Investors have also become aware of this and 'green' investments minimising the carbon footprint have exponentially increased their popularity during the past few years. The recent decisions made at the Paris Climate Conference may also be reflected in the companies' earnings power in the future. Environmentally-friendly companies that have prepared well for the change may be in a better position to face these new challenges.

Equity-linked Bond Environmentally-Friendly Europe is an attractive investment alternative, as it offers the chance to gain from a potential rise in equity prices with nominal capital protection. Nominal capital protection means that even if the index is at a lower level at maturity than on the initial date, the nominal capital will still be repaid in full to the investor.\* The premium will not be returned.

### Reference asset

The yield on Equity-linked Bond Environmentally-Friendly Europe is based on the performance of the European Climate Change ESG Index (Bloomberg: SOLECCE Index). The companies for the reference index have been selected from the STOXX Europe 600 Index by choosing first those 250 companies the operations of which fulfil the environmental, social and corporate governance criteria. From these 250 companies, 120 companies with the smallest carbon footprint and with a strategy supporting the change-over to sustainable energy sources are then selected. In the third stage, the most liquid companies with the lowest price volatility are selected. The final result is a group of 30 companies of which the reference index is composed. The reference companies of the reference index are reselected every three months. The reference index is a price index, in other words, when calculating its performance, any dividends are not taken into account. Further information on the index and the selection criteria is available at [www.solactive.com](http://www.solactive.com).

Source: Nordea Markets 29 February 2016



The graph on the left describes the performance of the reference index from 1 March 2010 to 29 February 2016 in relation to the Eurostoxx 50 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 reference index performance and the participation rate. The performance of the reference index is calculated as the difference between its initial price and final price in percentages. The initial price is the reference index's closing value on 27 April 2016. The final price is the average of the semi-annual closing prices of the index from 27 October 2016 to 27 April 2022. If the reference index 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 120%. If the reference index'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 reference index performance. The premium will not be returned.

The yield tables and the yield calculation examples below show the yield on the equity-linked Bond's Basic and Extra versions in various market scenarios.\* In the examples, the 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.

### Positive scenario: reference index performance in accordance with the yield calculation 40 %

	Reference index performance in accordance with the yield calculation	Participation ratio	Yield	Repayment of nominal capital	Value at maturity	Annual yield
Basic	40.0 %	60.0 %	24.0 %	100.0 %	124.0 %	2.7 %
Extra	40.0 %	120.0 %	48.0 %	100.0 %	148.0 %	4.9 %

### Neutral scenario: reference index performance in accordance with the yield calculation 20 %

	Reference index performance in accordance with the yield calculation	Participation ratio	Yield	Repayment of nominal capital	Value at maturity	Annual yield
Basic	20.0 %	60.0 %	12.0 %	100.0 %	112.0 %	1.1 %
Extra	20.0 %	120.0 %	24.0 %	100.0 %	124.0 %	2.0 %

### Negative scenario: reference index performance in accordance with the yield calculation 0 %

	Reference index performance in accordance with the yield calculation	Participation ratio	Yield	Repayment of nominal capital	Value at maturity	Annual yield
Basic	0.0 %	60.0 %	0.0 %	100.0 %	100.0 %	-0.8 %
Extra	0.0 %	120.0 %	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 9.6%, and the performance is 20% if the basket's annual performance is about 5.2%.

## Subscription Information

Issuer	Nordea Bank Finland Plc; credit ratings Aa3 (Moody's, stable outlook) and AA- (Standard & Poor's, negative outlook).
Subscription period	14 March–21 April 2016
Issue date	14 March 2016
Minimum subscription	1,000 euros
Bond number and ISIN	Basic version: B286, FI4000176995 Extra version: B287, FI4000177001
Maturity date	11 May 2022
Subscription price	Basic: Variable, about 105%*, including a premium of about 5%. Extra: Variable, about 110%*, including a premium of about 10%.
Participation rate	Basic: 60% Extra: 120%
Reference asset	European Climate Change ESG Index (Bloomberg: SOLECCE Index)
Initial price date	27 April 2016
Final price date	The average of the semi-annual closing values of the reference index starting on 27 October 2016 and ending on 27 April 2022.
Yield calculation	The yield paid at maturity is determined based on the reference index performance and the participation rate. The reference index 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 120%. If the reference index performance is zero or negative, no yield will be paid.
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 29 February 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.
Places of subscription	Nordea Bank AB Lithuania branch, <a href="http://www.nordea.lt">www.nordea.lt</a>
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 reference index. 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.
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	Free of charge with Nordea Bank AB Lithuania Branch.
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 29 February 2016.

Bonds B286 and B287 are issued under the Structured Bond 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](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.

## 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 include a foreign exchange rate risk if the investment is held until the maturity date. Exchange rate fluctuations during the investment period may also have a positive or negative effect on the secondary market price.

### 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 Bond on the secondary market before maturity, the repurchase price may be higher or lower than the nominal value of the Bond.

### 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 for 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.



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