

Equity-linked Bond Finland Basic & Extra



Equity-linked Bond Finland

With the weakness of the euro zone economy and expectations of possible deflation, the ECB faces increasing pressure to undertake stimulus, which would benefit investors. Increasing liquidity, support for the economic outlook and improved competitiveness as a result of a weaker euro will raise the prices of equities. The ECB's actions are also expected to have an effect on the prices of Finnish equities.

Equity-linked Note Finland offers an attractive opportunity for increasing the weight of equities in a portfolio while managing and limiting the risks involved. Investors will gain a single investment diversified across a number of companies listed on the NASDAQ OMX Helsinki stock exchange. Nordea Markets Equity Research has given all of these companies a Hold or Buy recommendation.* Investors will be paid a yield if the equities' prices rise, and the nominal capital will be repaid in full at maturity – even if equity prices fall.

Reference Asset – Share basket

The yield on Equity-linked Note Finland is based on a share basket consisting of ten Finnish companies. All companies in the basket have equal weights. All of the shares have been given a Hold or Buy recommendation. The recommendations were issued by Nordea Markets Equity Research and are based on the situation on 12 January 2015.

Companies in the share basket

Company	Sector	Recommendation
Elisa Corporation	Telecommunications	Hold
KONE Corporation	Industrial	Hold
Metso Corporation	Industrial	Buy
Neste Oil Plc	Energy	Buy
Nokian Tyres Plc	Consumer goods, cyclical	Buy
Outotec Oyj	Industrial	Hold
Sampo Plc	Financials	Buy
Stora Enso Plc	Materials	Hold
Wärtsilä Corporation	Industrial	Hold
YIT Corporation	Industrial	Hold

Yield tables:

Equity-linked Bond Finland Basic

Reference index performance in accordance with yield calculation	Participation rate	Yield	Repayment of nominal capital	Value at maturity	Annual yield
60 %	60%	36 %	100%	136 %	4.6 %
45 %	60%	27 %	100%	127 %	3.5 %
30 %	60%	18 %	100%	118 %	2.2 %
15 %	60%	9 %	100%	109 %	0.9 %
0 %	60%	0 %	100%	100 %	-0.5 %
-15 %	60%	0 %	100%	100 %	-0.5 %
-100 %	60%	0 %	100%	100 %	-0.5 %
60 %	60%	36 %	100%	136 %	4.6 %
45 %	60%	27 %	100%	127 %	3.5 %
30 %	60%	18 %	100%	118 %	2.2 %
15 %	60%	9 %	100%	109 %	0.9 %

Equity-linked Bond Finland Extra

Reference index performance in accordance with yield calculation	Participation rate	Yield	Repayment of nominal capital	Value at maturity	Annual yield
60 %	160%	96 %	100%	196 %	9.9 %
45 %	160%	72 %	100%	172 %	7.6 %
30 %	160%	48 %	100%	148 %	5.0 %
15 %	160%	24 %	100%	124 %	2.0 %
0 %	160%	0 %	100%	100 %	-1.5 %
-15 %	160%	0 %	100%	100 %	-1.5 %
-100 %	160%	0 %	100%	100 %	-1.5 %
60 %	160%	96 %	100%	196 %	9.9 %
45 %	160%	72 %	100%	172 %	7.6 %
30 %	160%	48 %	100%	148 %	5.0 %
15 %	160%	24 %	100%	124 %	2.0 %

* The recommendations are based on the situation on 12 January 2015 and may change during the investment period.

** In yield calculation the change in the value of the four best performing shares is replaced with 30%. Read more on the yield calculation on next page. The yield calculation includes the Basic tranche's premium of 3% and the Extra tranche's premium of 10%. 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 performance.

Yield Calculation

The yield paid at maturity is determined based on the performance of the share basket and the participation rate. When calculating the performance of the share basket, the change in the value of the four best performing shares is replaced by 30% irrespective of the actual performance of the shares during the investment period. The performance of the share basket is the average of the value performance of the shares calculated in this way. The performance of each share is calculated by dividing the difference between its final price and initial price by the initial price. The initial price is the closing price of the share on 18 March 2015. The final price is the closing price of the share on 1 March 2021.

If, in accordance with the yield calculation, the share basket performance is positive, the yield on the Basic tranche will be calculated by multiplying the increase in value by the participation rate of 60%. The yield on the Extra tranche will be calculated by multiplying the increase in value by the participation rate of 160%. If the share basket performance in accordance with the issue terms is zero or negative, no yield is paid.

The nominal capital will be fully repaid at maturity regardless of the performance of the share basket. The premium will not be returned.

The yield calculation examples below show how much the equity-linked note's Basic and Extra tranche would yield in three different market scenarios.* The last column in each table shows how the performance of the top four shares in the basket is substituted with 30%. At the bottom of each table, you can see how much the Basic and Extra tranche would yield at these performance figures. The information in the tables is intended as an example and does not reflect the product's historical or expected return.

Example 1: Sharp rise

Share	Initial price	Final price	Performance	Performance used in yield calculation
1	100	200	100.0 %	30.0 %
2	100	200	100.0 %	30.0 %
3	100	180	80.0 %	30.0 %
4	100	180	80.0 %	30.0 %
5	100	160	60.0 %	60.0 %
6	100	160	60.0 %	60.0 %
7	100	150	50.0 %	50.0 %
8	100	150	50.0 %	50.0 %
9	100	140	40.0 %	40.0 %
10	100	140	40.0 %	40.0 %
Average:				42.0 %

Share basket performance in accordance with yield calculation = 42.0%

	Share basket performance in accordance with yield calculation	Participation rate	Repayment of nominal capital	Maturity value	Annual yield
Basic	42.0 %	60%	100%	125%	3.2 %
Extra	42.0 %	160%	100%	167%	7.1 %

Example 2: Moderate rise

Share	Initial price	Final price	Performance	Performance used in yield calculation
1	100	160	60.0 %	30.0 %
2	100	160	60.0 %	30.0 %
3	100	150	50.0 %	30.0 %
4	100	150	50.0 %	30.0 %
5	100	140	40.0 %	40.0 %
6	100	140	40.0 %	40.0 %
7	100	120	20.0 %	20.0 %
8	100	120	20.0 %	20.0 %
9	100	90	-10.0 %	-10.0 %
10	100	80	-20.0 %	-20.0 %
Average:				21.0 %

Share basket performance in accordance with yield calculation = 21.0%

	Share basket performance in accordance with yield calculation	Participation rate	Repayment of nominal capital	Maturity value	Annual yield
Basic	21.0 %	60%	100%	113%	1.5 %
Extra	21.0 %	160%	100%	134%	3.2 %

Example 3: Strong decline

Share	Initial price	Final price	Performance	Performance used in yield calculation
1	100	110	10.0 %	30.0 %
2	100	110	10.0 %	30.0 %
3	100	90	-10.0 %	30.0 %
4	100	90	-10.0 %	30.0 %
5	100	80	-20.0 %	-20.0 %
6	100	80	-20.0 %	-20.0 %
7	100	70	-30.0 %	-30.0 %
8	100	70	-30.0 %	-30.0 %
9	100	60	-40.0 %	-40.0 %
10	100	60	-40.0 %	-40.0 %
Average:				-6.0 %

Share basket performance in accordance with yield calculation = -6.0%

	Share basket performance in accordance with yield calculation	Participation rate	Repayment of nominal capital	Maturity value	Annual yield
Basic	-6.0 %	60%	100%	100%	-0.5 %
Extra	-6.0 %	160%	100%	100%	-1.5 %

* The yield calculation examples assume that the subscription price is 103% for the Basic tranche and 110% for the Extra tranche. 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 performance.

Subscription Information

Issuer	Nordea Bank Finland Plc; credit ratings Aa3 (Moody's) and AA- (Standard & Poor's, negative outlook).
Subscription period	2 February – 12 March 2015
Issue date	2 February 2015
Minimum subscription	1,000 euros
Bond number and ISIN	Basic: A805 and FI4000091152 Extra: A806 and FI4000091160
Maturity date	15 March 2021
Subscription price	Basic: Variable, about 103%*, including a premium of about 3% Extra: Variable, about 110%*, including a premium of about 10%
Participation rate	Basic: 60% Extra: 160%
Reference asset	Share basket consisting of ten shares with equal weights: Elisa Corporation, KONE Corporation, Metso Corporation, Neste Oil Plc, Nokian Tyres Plc, Outotec Oyj, Sampo Plc, Stora Enso Plc, Wärtsilä Corporation, YIT Corporation.
Initial price date	18 March 2015
Final price date	1 March 2021
Yield calculation	The yield paid at maturity is determined based on the performance of the share basket and the participation rate. When calculating the performance of the share basket, the change in the value of the four best performing shares is replaced by 30% irrespective of the actual performance of the shares during the investment period. The performance of each share is calculated by dividing the difference between its final price and initial price by the initial price. The performance of the share basket is the average of the value performance of the shares calculated in this way. If the share basket performance is positive, the yield on the Basic tranche will be calculated by multiplying the increase in value by the participation rate of 60% and the yield on the Extra tranche by the participation rate of 160%. If the share basket performance in accordance with the issue terms is zero or negative, no yield is paid.
Structuring cost	The subscription price includes a structuring cost. The structuring cost of the Basic tranche is 3.0%, which is the equivalent of an annual cost of about 0.5%. The structuring cost of the Extra tranche is 4.0%, which is the equivalent of an annual cost of about 0.7%. The structuring cost is based on the values of the fixed income and derivative investments included in the bond on the valuation date of 20 January 2015. 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, www.nordea.lt
Repayment of capital	The issuer Nordea Bank Finland Plc repays the nominal capital of the bonds in full at maturity irrespective of the performance of the reference assets. 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 valid tax legislation.
Custody	Free of charge with Nordea Bank AB.
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 20 January 2015.

Bonds A805 and A806 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 19 December 2014. The base prospectus in English is also 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 of Investment Bonds

Issuer risk

Investment bonds involve a risk related to the repayment ability of the issuer Nordea Bank Finland Plc, which refers to the risk of the issuer becoming insolvent and being unable to fulfil its commitments, for instance, in bankruptcy. 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 (negative outlook) by Moody's and AA- by Standard & Poor's (negative outlook). The bonds are unsecured.

Yield risk

Investment bonds' yield at maturity is determined on the basis of the reference indexes' performance in accordance with yield calculation. The performance in accordance with the yield calculation may differ from that of a direct investment in the reference index during the investment period. The reference indexes of equity-linked Bonds are price indexes. This means that when calculating the index's value, any dividends paid on the shares included in the index are disregarded.

Premium risk

A 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.

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 1,000 euros or more.

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. Capital protection is only valid on the maturity date and does not cover the premium or fees and costs paid by the investor. The risk relating to the issuer's repayment ability is described in this marketing brochure. Risk classification does not remove the investor's obligation to carefully study this marketing brochure, the product-specific terms and conditions as well as any available prospectus and the risks mentioned therewith.



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