

# Equity-linked Bond Healthcare Basic & Extra



## Equity-linked Bond Healthcare

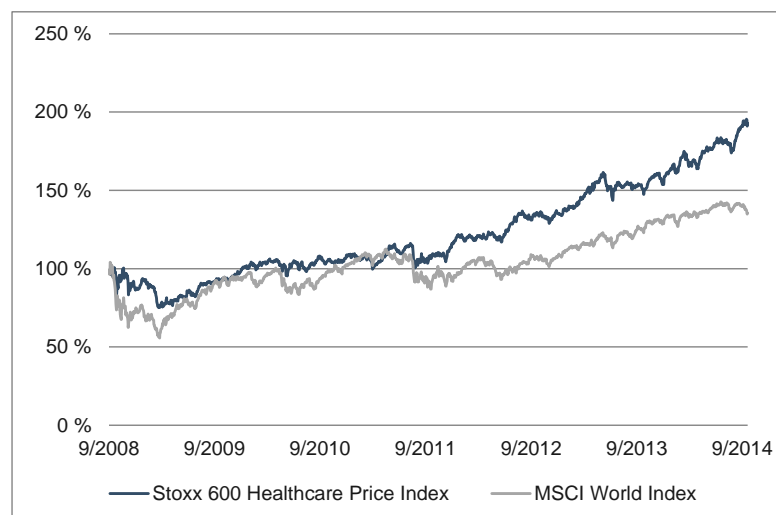
Equity-linked Bond Healthcare is a bond issued by Nordea Bank Finland Plc with a maturity of about six years, offering investors an opportunity to invest in Europe's leading healthcare companies. Healthcare is an attractive sector for investors, as it has historically performed relatively well even in a recession. Major healthcare companies normally have strong cash flows, low degrees of debt on their balance sheets and, most importantly, demand that is fairly independent of economic cycles. Equity-linked Bond Healthcare is an attractive investment alternative because investors will be paid a yield if equity prices rise, and the nominal capital will be repaid in full at maturity – even if equity prices fall.

## Reference index

The yield of Equity-linked Bond Healthcare is based on the performance of the Stoxx 600 Health Care (Price) index during the loan period. The index comprises 32 European healthcare sector companies. The companies with the greatest weight in the index are Novartis AG, Roche Holding AG, Sanofi and GlaxoSmithKline Plc, which together account for slightly more than half of the index. The index also includes Orion Corporation from Finland. Geographically, the index is weighted towards Central and Northern Europe. The countries with the biggest weight are Switzerland, France and the United Kingdom. The reference index is a price index, which means that any dividends paid on the shares included in the index are disregarded when calculating its value.

Further information is available at [www.stoxx.com](http://www.stoxx.com)

## Performance of the reference index from September 2009 to September 2014 vs MSCI World



The graph above illustrates the reference index's performance relative to the MSCI World index. The MSCI World index measures the average performance of equity markets in the developed markets. Starting levels indexed at 100%. The presented figures describe previous yield or value, and no reliable assumptions on future yield or value can be made based on them.

Source: Bloomberg

## Yield calculation

The yield paid at maturity is determined based on the performance of the reference index 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 closing price of the share on 10 December 2014. The final price is the average of the semi-annual closing prices of the index from 1 June 2015 to 1 December 2020. If the reference index's 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 150%. If the reference index's 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 reference index. The premium will not be returned.

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

### Yield table: Equity-linked Bond Healthcare Basic

Reference index performance in accordance with yield calculation	Participation rate	Yield	Repayment of nominal capital	Value at maturity	Annual yield
150%	60%	90 %	100%	190 %	10.7 %
125%	60%	75 %	100%	175 %	9.2 %
100%	60%	60 %	100%	160 %	7.6 %
75%	60%	45 %	100%	145 %	5.9 %
50%	60%	30 %	100%	130 %	4.0 %
25%	60%	15 %	100%	115 %	1.9 %
0%	60%	0 %	100%	100 %	-0.5 %
-25%	60%	0 %	100%	100 %	-0.5 %
-50%	60%	0 %	100%	100 %	-0.5 %
-75%	60%	0 %	100%	100 %	-0.5 %
-100%	60%	0 %	100%	100 %	-0.5 %

### Equity-linked Bond Healthcare Extra

Reference index performance in accordance with yield calculation	Participation rate	Yield	Repayment of nominal capital	Value at maturity	Annual yield
150%	150%	225 %	100%	325 %	19.8 %
125%	150%	188 %	100%	288 %	17.4 %
100%	150%	150 %	100%	250 %	14.7 %
75%	150%	113 %	100%	213 %	11.6 %
50%	150%	75 %	100%	175 %	8.0 %
25%	150%	38 %	100%	138 %	3.8 %
0%	150%	0 %	100%	100 %	-1.6 %
-25%	150%	0 %	100%	100 %	-1.6 %
-50%	150%	0 %	100%	100 %	-1.6 %
-75%	150%	0 %	100%	100 %	-1.6 %
-100%	150%	0 %	100%	100 %	-1.6 %

#### Example 1: Strong rise – the reference index's performance is 50%

The reference index's performance in accordance with the yield calculation is 50%. The nominal capital of the investment is 1,000 euros. Equity-linked Bond Healthcare Basic will mature at 130.0% (= 60% x 50% + 100%) and Extra will mature at 175.0% (= 150% x 50% + 100%). The investor will be paid 1,300 euros for the Basic tranche at maturity, corresponding to an annual return of about 4.0%. The investor will be paid 1,750 euros for the Extra tranche at maturity, corresponding to an annual return of about 8.0%.

#### Example 2: Moderate rise – the reference index's performance is 15%

The reference index's performance in accordance with the yield calculation is 15%. The nominal capital of the investment is 1,000 euros. Equity-linked Bond Healthcare Basic will mature at 109.0% (= 60% x 15% + 100%) and Extra will mature at 122.5% (= 150% x 15% + 100%). The investor will be paid 1,090 euros for the Basic tranche at maturity, corresponding to an annual return of about 0.9%. The investor will be paid 1,225 euros for the Extra tranche at maturity, corresponding to an annual return of about 1.8%.

#### Example 3: Strong decline – the reference index's performance is -60%

The reference index's performance in accordance with the yield calculation is -60%. The nominal capital of the investment is 1,000 euros. Equity-linked Bond Healthcare's Basic and Extra tranches will mature at 100%. On the maturity date, the investor will be paid 1,000 euros, which in the case of the Basic tranche is equivalent to an annual return of about -0.5% and, in the case of the Extra tranche, an annual return of about -1.6%.

\* 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	27 October - 4 December 2014
Issue date	27 October 2014
Minimum subscription	1,000 euros
Bond number and ISIN	Equity-linked Bond Healthcare Basic: A701 and FI4000090816 Equity-linked Bond Healthcare Extra: A702 and FI4000090824
Maturity date	15 December 2020
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: 150%
Reference asset	STOXX 600 Health Care (Price) index
Initial price date	10 December 2014
Final price date	Average of the semi-annual closing prices of the reference index from 1 June 2015 to 1 December 2020.
Yield calculation	The yield paid at maturity is determined based on the performance of the reference index and the participation rate. The reference index's performance is calculated by dividing the difference between its final price and initial price by the initial price. If the reference index's 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 150%. If the reference index's 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 3.5%, which is the equivalent of an annual cost of about 0.6%. 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 15 October 2014. 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 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 bonds involve a risk of the issuer's insolvency. If an investment is sold on the secondary market before maturity, the secondary market price may be higher or lower than 100%.
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.
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.
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 15 October 2014

Bonds A701 and A702 are issued under the Structured Bond Programme (a bond programme reported to the Finnish Financial Supervisory Authority from Ireland) of Nordea Bank Finland Plc dated 20 December 2013 and supplemented later. The base prospectus in English is available on the issuer's website at [www.nordea.fi/bond](http://www.nordea.fi/bond). 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 the investment bonds

### Issuer risk

Investment bonds involve a risk of 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 (negative outlook) by Moody's and AA- by Standard & Poor's (negative outlook). The bonds are unsecured.

### Yield risk

The investment bonds' yield at maturity is determined on the basis of the reference indexes' 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 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. 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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