

# Equity-linked Bond Healthcare Basic & Extra



## Equity-linked Bond Healthcare

Equity-linked Note 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 with nominal capital protection.\* The ageing population in the Western countries and rising living standards in the developing countries provide a strong, sustainable market for healthcare companies' products and services. 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. Moreover, healthcare equities have traditionally performed relatively well even in a recession.\*\*

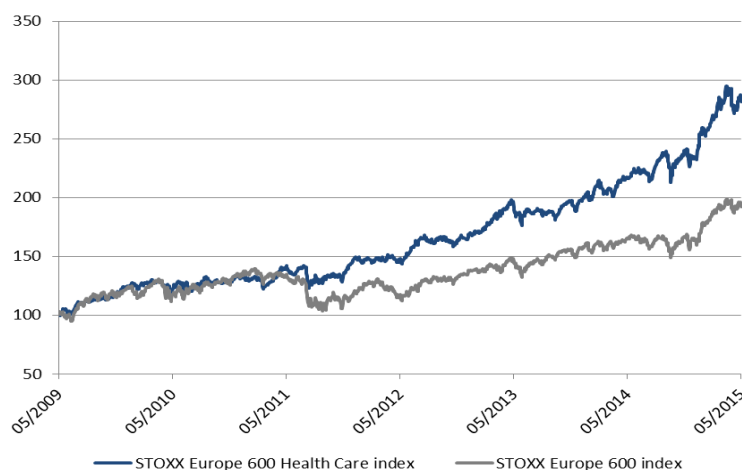
Equity-linked Note Healthcare is an attractive investment alternative as it offers the chance to gain from a potential rise in equity prices with nominal capital protection, which is not available with direct equity investments. Nominal capital protection means that if the share prices are lower at maturity than their initial price, the nominal capital will still be repaid in full to the investor.\*

## Reference Index

The yield on Equity-linked Note Healthcare is based on the performance of the STOXX Europe 600 Health Care Index during the investment period. The index comprises 36 European healthcare sector companies. The companies with the greatest weights in the index are Novartis AG, Roche Holding AG, Sanofi and GlaxoSmithKline Plc, which together account for about 59% of the index. The index also includes Orion Corporation from Finland. The countries with the highest representation are Switzerland, France, United Kingdom and Germany, the combined weight of which is about 86%. 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 over the last six years (May 2009–May 2015) vs. the STOXX Europe 600 Index



The graph above illustrates the reference index's performance relative to the STOXX Europe 600 Index. The STOXX Europe 600 Index tracks the performance of 600 large, mid and small capitalisation companies' shares across 18 countries in Europe. It therefore provides a comprehensive view of the European equity market's performance. The STOXX Europe 600 Health Care Index is composed of the shares of healthcare companies included in the STOXX Europe 600 Index. Starting levels have been 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, 01 June 2015.

\* Capital protection is valid only at the maturity date, which means if the investment is sold before maturity, the capital returned to the investor may be below or above the invested nominal capital.

\*\* Past performance is not a guarantee of future results.

\*\*\* The index according to the market situation on 01 June 2015.

## Yield Calculation

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 19 August 2015. The final price is the average of the semi-annual closing prices of the index from 19 February 2016 to 19 August 2021. 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 note's Basic and Extra versions in various market scenarios.\* At the time of investment, an investment with a nominal capital of 1,000 euros will cost 1,050 euros with the Basic version and 1,100 euros with the Extra version.

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

Reference index performance	Participation rate	Yield	Nominal capital	Value at maturity	Annual yield
75,0 %	60%	45.0 %	100%	145 %	5.3 %
60,0 %	60%	36.0 %	100%	136 %	4.2 %
45,0 %	60%	27.0 %	100%	127 %	3.1 %
30,0 %	60%	18.0 %	100%	118 %	1.9 %
15,0 %	60%	9.00%	100%	109 %	0.6 %
0,0 %	60%	0.0 %	100%	100 %	-0.8 %
-15,0 %	60%	0.0 %	100%	100 %	-0.8 %
-30,0 %	60%	0.0 %	100%	100 %	-0.8 %
-45,0 %	60%	0.0 %	100%	100 %	-0.8 %
-60,0 %	60%	0.0 %	100%	100 %	-0.8 %
-75,0 %	60%	0.0 %	100%	100 %	-0.8 %

### Equity-linked Bond Healthcare Extra

Reference index performance	Participation rate	Yield	Nominal capital	Value at maturity	Annual yield
75,0 %	120%	90.0 %	100%	190.0 %	9.2 %
60,0 %	120%	72.0 %	100%	172.0 %	7.4 %
45,0 %	120%	54.0 %	100%	154.0 %	5.5 %
30,0 %	120%	36.0 %	100%	136.0 %	3.5 %
15,0 %	120%	18.0 %	100%	118.0 %	1.1 %
0,0 %	120%	0.0 %	100%	100.0 %	-1.5 %
-15,0 %	120%	0.0 %	100%	100.0 %	-1.5 %
-30,0 %	120%	0.0 %	100%	100.0 %	-1.5 %
-45,0 %	120%	0.0 %	100%	100.0 %	-1.5 %
-60,0 %	120%	0.0 %	100%	100.0 %	-1.5 %
-75,0 %	120%	0.0 %	100%	100.0 %	-1.5 %

#### Example 1: Positive scenario – the reference index performance is 50%

The reference index performance in accordance with the yield calculation is 50%. The nominal capital of the investment is 1,000 euros. Equity-linked Note Healthcare Basic will mature at 130.0% (= 60% x 50% + 100%) and Extra will mature at 160.0% (= 120% x 50% + 100%). For the Basic version, the investor will be paid 1,300 euros at maturity, corresponding to an annual return of about 3.5% on the invested capital. For the Extra version, the investor will be paid 1,600 euros at maturity, corresponding to an annual return of about 6.2% on the invested capital.

#### Example 2: Neutral scenario – the reference index performance is 25%

The reference index performance in accordance with the yield calculation is 25%. The nominal capital of the investment is 1,000 euros. Equity-linked Note Healthcare Basic will mature at 115.0% (= 60% x 25% + 100%) and Extra will mature at 130.0% (= 120% x 25% + 100%). For the Basic version, the investor will be paid 1,150 euros at maturity, corresponding to an annual return of about 1.5% on the invested capital. For the Extra version, the investor will be paid 1,300 euros at maturity, corresponding to an annual return of about 2.7% on the invested capital.

#### Example 3: Negative scenario – the reference index performance is -60%

The reference index performance in accordance with the yield calculation is -60%. The nominal capital of the investment is 1,000 euros. Equity-linked Note Healthcare's Basic and Extra versions will mature at 100%. The investor will be paid 1,000 euros at maturity, which in the case of the Basic version is equivalent to an annual return of about -0.8% and, in the case of the Extra version, an annual return of about -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 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	8 June–13 August 2015
Issue date	8 June 2015
Minimum subscription	1,000 euros
Bond number and ISIN	Basic version: B005, FI4000149224 Extra version: B006, FI4000149232
Maturity date	2 September 2021
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	STOXX Europe 600 Health Care index (Bloomberg SXDP Index)
Initial price date	19 August 2015
Final price date	The average of the semi-annual closing values of the reference index starting on 19 February 2016 and ending on 19 August 2021.
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 index 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%. 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 01 June 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, <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.
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 01 June 2015.

Bonds B005 and B006 are 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 19 December 2014 and supplemented later. The base prospectus in English is also 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 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 a 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 therein.



### DISCLAIMER

Nordea Markets is the name of the Markets Departments of Nordea Bank Norge ASA, Nordea Bank AB (publ), Nordea Bank Finland Plc and Nordea Bank Danmark A/S. The content herein is intended for background information only and for the sole use of the intended recipient. The views and other information provided herein are the current views of Nordea Markets on the date of this document and are subject to change without notice. This document is not an exhaustive description of the described product or the risks related to it, and it should not be relied on as such, nor is it a substitute for the judgement of the recipient. The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision. It is important to bonds that their past performance is not indicative of future results. Nordea Markets is not and does not purport to be an adviser as to legal, taxation, accounting or regulatory matters in any jurisdiction. This document may not be copied, distributed or published for any purpose without the prior written consent of Nordea Markets.