

# Equity-linked Bond Healthcare Basic & Extra



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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 globally in healthcare companies with nominal capital protection.\* The ageing population in the Western countries and rising living standards in the developing countries provide a solid foundation for growth in the healthcare products and services market in the future. 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.\*\*

Equity-linked Bond 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.\* The premium will not be returned.

## Reference companies

The yield on Equity-linked Bond Healthcare is based on the performance of a share basket composed of ten global healthcare companies. All companies in the share basket have equal weights.

Reference companies	Country
GlaxoSmithKline Plc	Britain
Novo Nordisk A/S	Denmark
Sanofi	France
Bayer Ag	Germany
Takeda Pharmaceutical Co Ltd	Japan
Roche Holding Ag	Switzerland
Novartis Ag	Switzerland
Eli Lilly & Co	United States
Merck & Co Inc	United States
Pfizer Inc	United States



The performance of the share basket in December 2009–December 2015 in relation to the MSCI World Index is described on the left. 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 15 December 2015

\* 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.

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

## Yield Calculation

The yield paid at maturity is determined based on the performance of the share basket and the participation rate. The performance of the share basket is calculated as the difference between its initial price and final price in percentages. The initial price is the share basket's closing value on 3 February 2016. The final price is the average of the semi-annual closing prices of the share basket from 28 July 2016 to 28 January 2022. If the share basket performance is positive, the yield on the Basic version will be calculated by multiplying the increase in value by the participation rate of 70%. The yield on the Extra version will be calculated by multiplying the increase in value by the participation rate of 130%. If the share basket value decreases or remains unchanged, no yield will be paid. The nominal capital of both the Basic version and the Extra version will be repaid at maturity regardless of the share basket 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.\* The assumed 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 depending on the market situation, and the investor should check it before making a subscription.

**Yield table: Equity-linked Bond Healthcare Basic – participation rate of 70% and 100% of nominal capital repaid**

Share basket performance	Yield	Value at maturity	Annual yield
75,0 %	52,5 %	152,5 %	6,3 %
60,0 %	42,0 %	142,0 %	5,0 %
45,0 %	31,5 %	131,5 %	3,7 %
30,0 %	21,0 %	121,0 %	2,3 %
15,0 %	10,5 %	110,5 %	0,8 %
0,0 %	0,0 %	100,0 %	-0,8 %
-15,0 %	0,0 %	100,0 %	-0,8 %
-30,0 %	0,0 %	100,0 %	-0,8 %
-45,0 %	0,0 %	100,0 %	-0,8 %
-60,0 %	0,0 %	100,0 %	-0,8 %

**Yield table: Equity-linked Bond Healthcare Extra – participation rate of 130% and 100% of nominal capital repaid**

Share basket performance	Yield	Value at maturity	Annual yield
75,0 %	97,5 %	197,5 %	10,0 %
60,0 %	78,0 %	178,0 %	8,2 %
45,0 %	58,5 %	158,5 %	6,1 %
30,0 %	39,0 %	139,0 %	3,9 %
15,0 %	19,5 %	119,5 %	1,4 %
0,0 %	0,0 %	100,0 %	-1,5 %
-15,0 %	0,0 %	100,0 %	-1,5 %
-30,0 %	0,0 %	100,0 %	-1,5 %
-45,0 %	0,0 %	100,0 %	-1,5 %
-60,0 %	0,0 %	100,0 %	-1,5 %

### Example 1: Positive scenario – the share basket performance in accordance with the yield calculation is 40 %

The share basket performance in accordance with the yield calculation is 40 %. The nominal capital of the investment is 1,000 euros. Equity-linked Bond Healthcare Basic will mature at 128,0 % (= 70 % x 40 % + 100 %) and Extra will mature at 152,0 % (= 130 % x 40 % + 100 %). For the Basic version, the investor will be paid 1 280 euros at maturity, corresponding to an annual return of about 3,3 % on the invested capital. For the Extra version, the investor will be paid 1 520 euros at maturity, corresponding to an annual return of about 5,5 % on the invested capital.

### Example 2: Neutral scenario – the share basket performance in accordance with the yield calculation is 20 %

The share basket performance in accordance with the yield calculation is 20 %. The nominal capital of the investment is 1,000 euros. Equity-linked Bond Healthcare Basic will mature at 114,0 % (= 70 % x 20 % + 100 %) and Extra will mature at 126,0 % (= 130 % x 20 % + 100 %). For the Basic version, the investor will be paid 1 140 euros at maturity, corresponding to an annual return of about 1,4 % on the invested capital. For the Extra version, the investor will be paid 1 260 euros at maturity, corresponding to an annual return of about 2,3 % on the invested capital.

### Example 3: Negative scenario – the share basket performance in accordance with the yield calculation is 0 %

The share basket performance in accordance with the yield calculation is 0 %. The nominal capital of the investment is 1 000 euros. Equity-linked Bond 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 -1,6 %.

\* 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 return.

## Subscription Information

Issuer	Nordea Bank Finland Plc; credit ratings Aa3 (Moody's) and AA- (Standard & Poor's, negative outlook).
Subscription period	4 January 2016 - 28 January 2016
Issue date	4 January 2016
Minimum subscription	1,000 euros
Bond number and ISIN	Basic version: B224, FI4000176763 Extra version: B225, FI4000176771
Maturity date	11 February 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: 70% Extra: 130%
Reference asset	A share basket of ten shares with equal weights; (Bloomberg trading code in brackets): Novo Nordisk A/S (NOVOB DC), Roche Holding AG (ROG VX), Sanofi (SAN FP), Takeda Pharmaceutical Co Ltd (4502 JT), Eli Lilly & Co (LLY UN), GlaxoSmithKline Plc (GSK LN), Bayer AG (BAYN GY), Merck & Co Inc (MRK UN), Novartis AG (NOVN VX) and Pfizer Inc (PFE UN)
Initial price date	03 February 2016
Final price date	The average of the semi-annual closing values of the share basket starting on 28 July 2016 and ending on 28 January 2022.
Yield calculation	The yield paid at maturity is determined based on the performance of the share basket and the participation rate. The share basket performance is calculated by dividing the difference between its final price and initial price by the initial price. If the share basket performance is positive, the yield on the Basic version is calculated by multiplying the performance by the participation rate of 70%, and the yield on the Extra version is calculated by multiplying the performance by the participation rate of 130%. If the share basket performance is zero or negative, no yield is paid.
Structuring cost	The structuring cost is about 3.5%. This corresponds to 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 15 December 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 15 December 2015.

Bonds B224 and B225 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 18 December 2015. 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

### 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 euros, but some of the companies included in the share basket serving as the reference asset are denominated in other currencies than the euro. 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 risk

The investment bonds' yield at maturity is determined on the basis of the share basket 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 share basket during the investment period. Any dividends paid on the shares included in the share basket 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. 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

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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