Portfolio Bonds

Balanced | Growth

SALE PERIOD:
16 February – 29 May 2015

INVESTMENT PERIOD:
About 6 years

REFERENCE ASSETS:
3 equity indices which represent the US, European and Pan Asian markets

Portfolio Bonds

Portfolio Bonds offer the opportunity to make a safer investment, particularly to savers who wish to take advantage of the high expected return in the equity market but are unwilling to expose themselves to the risks of direct equity investments. The product range being sold now has been tailored to two different risk and return profiles. Savers can choose between the Balanced and Growth alternatives to pick the saving solution that best suits their needs. Our Portfolio Bonds offer full capital protection.*

The global economy is showing signs of recovery and therefore the view on the equity market's performance in the next few years is positive. The European, US and Pan Asian economies represent a large share of the global economy. The reference assets of the Portfolio Bonds are three equity indices that reflect the performance of these three economic areas. The bonds seek a strong return by utilising Nordea's investment strategy when determining the weights of the equity indices. The Portfolio Bonds on sale now have the following weights: Europe 45%, United States 40% and Pan-Asia 15%.

Source: Investment Product Sales, Nordea Markets

* The bonds involve an issuer risk. The bonds involve a premium which will not be repaid.

"Global diversification with a single investment

Market overview

Equities are a good source of return in an investment portfolio
The global equity market has enjoyed a rally of almost six years following the financial crisis. Over the last few decades, market movements have largely replicated themselves. The equity market goes through a prolonged rally, followed by a sharp drop. However, it is important to remember that, after a decline, every market rally peaked considerably higher than the previous rally. This means that investing in equities has been profitable. Of course, investors must be patient and have the ability to withstand market fluctuations to be rewarded with a good, or at least a modest, return.

Not just because of low interest rates
Equities are currently our favourite asset class. Their attractiveness is increased by the very low interest rates at the moment. Central banks are trying to stimulate global economic growth by cutting interest rates close to zero or, in some cases, below zero. Interest rates are set to remain low for a prolonged period of time, so investors are seeking better returns from other markets. For many investors, equities are the first alternative that comes to mind.

However, the rise in the prices of equities cannot be attributed solely to the fact that investors have been buying them up in hopes of high returns. In recent years, the global economy has performed much better than feared during the financial crisis. Meanwhile, corporate earnings have improved drastically. In fact, the corporate sector is currently the strong link in the global economy. Thanks to strict cost-awareness and a moderate rise in sales, many companies are posting better earnings than ever before. The equity market has risen but, with earnings growing at the same time, the increase in equity prices has a solid foundation. As a result, the equity market is not experiencing a traditional valuation bubble, as might be the risk after a prolonged rally.

Broad diversification across different markets
Although the equity market outlook is positive, history has shown that its performance will not remain steady forever. As we have often seen, unexpected events may move individual markets significantly in one direction or another. That is why it is prudent to base your portfolio on several equity markets in order to avoid the worst setbacks – and to benefit from any rapid rises that may occur in any individual market. Our recommendations are based on a geographically diversified portfolio. The biggest weight is in the largest equity markets, namely North America and Europe. The US economy, in particular, has performed strongly in recent years, which has buoyed the country's equity market. The European economy has been lacklustre, but European shares have the potential to rise in the future, as a weaker euro and the European Central Bank's actions are boosting companies' outlooks. The markets of the Pacific Ocean also form an important piece of an investment portfolio, as they increase diversification and potential for growth. The region of the Pacific Ocean comes with a high expected return, but similarly, the risk involved is higher. Thus it is best to keep their weight fairly moderate.

Lippo Suominen,
Chief Investment Strategist at Nordea Wealth Management

> Diversification utilizes Nordea's investment strategy

Reference assets

The reference assets of the Portfolio Bonds are the low volatility indices of the US, European and Pan Asian markets, respectively the S&P 500 Low Volatility Index, S&P Europe 350 Low Volatility Index and S&P Pan Asia Low Volatility Index. The companies are selected to the indices every three months based on their historical price volatility. The low volatility indices have historically outperformed their benchmark indices and their performance has been more even. Put simply, investors who have invested in low volatility equities have historically received a higher return than from the benchmark index at a lower price volatility, which means a lower risk.*

S&P 500 Low Volatility Index
The S&P 500 Low Volatility Index has one hundred constituents selected every three months from the renowned S&P 500 Index, which includes some the largest and best-known US companies. The constituents of the S&P 500 Low Volatility Index come from ten different sectors, the largest of which are financials, utilities and consumer staples. In the long term, the equity index has upside potential due to the strong performance of the US economy, which is expected to remain a driver of global economic growth.

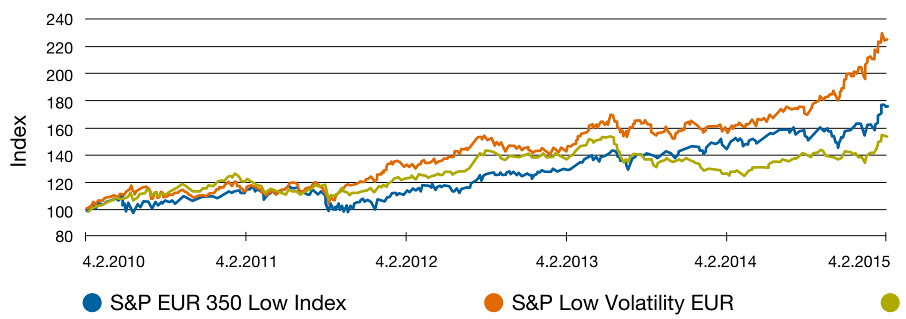
S&P Europe 350 Low Volatility Index
Alongside its US counterpart, the European equity market is one of the most tracked markets in the world. The S&P Europe 350 Low Volatility Index consists of companies from twelve national equity markets, covering ten different sectors. Companies listed in the United Kingdom have the largest weight in the index, accounting for about 30%. The biggest sector in the index is financials, with a share of 22%. Besides US companies, European listed companies point the way for the global equity market's performance and thus form an essential part of every well-diversified equity portfolio.

S&P Pan Asia Low Volatility Index
Besides the US and European markets, a balanced equity portfolio should also include investments in Pan Asian markets. The growth and return expectations in the Pan Asian are higher than in the developed markets. The same applies to the respective markets' risks. For this reason, the emerging markets should have a moderate weight in an investment portfolio. The S&P Pan Asia Low Volatility Index consists of fifty companies from the equity markets of Singapore, Australia, Malaysia, Hong Kong, Taiwan and Japan. The three largest sectors are financials, telecommunication services and industrials, accounting for around 62% of the index's sector diversification.

The index descriptions are based on the situation on 3.2.2015. More information on the indices is available at: http://us.spindices.com.

* Past performance is not a guarantee of future results.

Performance of the equity indices February 2010–February 2015.



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 and repayment of capital

The yield paid at maturity is determined based on the index basket performance and the participation rate. The index basket performance is the weighted average of the performances of the equity indices serving as the reference asset. The performance of each index is calculated by dividing the difference between its final price and initial price by the initial price. The initial price of the indices is the average of their closing values on 16 February 2015, 16 March 2015, 16 April 2015 and 29 May 2015. The final price is the average of the semi-annual closing values of the indices from 10 May 2016 to 10 May 2021. The S&P Europe 350 Low Volatility Index's weight is 45%, the S&P 500 Low Volatility Index's weight is 40% and the S&P Pan Asia Low Volatility Index's weight is 15%.

If the index basket performance is positive in accordance with the yield calculation, the yield will be calculated by multiplying the increase in value by the participation rate of the Investment Bond. If the index basket performance in accordance with the issue terms is zero or negative, no yield is paid. The Balanced alternative has a participation rate of 60%, the Growth alternative has a participation rate of 125%.

In the case of the Portfolio Bonds' Balanced and Growth alternatives, the nominal capital is repaid in full at maturity, regardless of the index basket performance.

Value at maturity = **Nominal capital repaid** + **Increase in the value of the index basket** × **Participation rate**

The calculation examples below illustrate the performance of the Portfolio Bonds in three different scenarios.*

Positive scenario: Index basket performance in accordance with the yield calculation is 50%

	Index basket performance in accordance with yield calculation	Participation rate	Yield	Repayment of nominal capital	Maturity value	Annual yield
Balanced	50 %	60 %	30 %	100 %	130 %	3,5 %
Growth	50 %	125 %	62,5 %	100 %	162,5 %	6,4 %

Neutral scenario: Index basket performance in accordance with the yield calculation is 25%

	Index basket performance in accordance with yield calculation	Participation rate	Yield	Repayment of nominal capital	Maturity value	Annual yield
Balanced	25 %	60 %	15 %	100 %	115 %	1,5 %
Growth	25 %	125 %	31,3 %	100 %	131,3 %	2,8 %

Negative scenario: Index basket performance in accordance with the yield calculation is -20%

	Index basket performance in accordance with yield calculation	Participation rate	Yield	Repayment of nominal capital	Maturity value	Annual yield
Balanced	-20 %	60 %	0 %	100 %	100 %	-0,8 %
Growth	-20 %	125 %	0 %	100 %	100 %	-1,5 %

> Choose the risk and return profile that suits you

* The 5% premium for the Balanced alternative and the 10% premium for the Growth has been taken into account in the calculation of the annual yield. The premium will not be returned. Taxes have not been accounted for. The information above is intended as an example and does not reflect the product's historical or expected performance.

The index basket performance in accordance with yield calculations takes into consideration the semi-annual averaging of the indices. 50 % performance is reached if the index basket rises circa 10,9 % p.a., 25 % performance is reached if the index basket rises circa 6,0 % p.a. and -20 % performance is reached if the index basket falls by circa 5,9 % p.a.

Portfolio Bonds

Portfolio Bonds are bonds issued by Nordea Bank Finland Plc. Their yield is determined by the performance of their reference asset and the bond-specific yield calculation method. Their reference assets are typically various foreign equity indices. As with direct equity and fund investments, Portfolio Bonds benefit from a rise in their reference markets but offer at least partial capital protection in the event of the reference markets' decline.

The Balanced and Growth alternatives of the Portfolio Bonds are capital protected, meaning their nominal capital will be repaid on the maturity date regardless of the reference asset's performance.

All Portfolio Bonds have a pre-specified investment horizon, usually around six years. Portfolio Bonds are sold in denominations of 1,000 euros.

Portfolio Bonds involve a risk of the issuer's insolvency. Read more about this and other risks involved in Portfolio Bonds on page 10.

Subscription price may vary
With Portfolio Bonds issued by Nordea, the subscription price may fluctuate during the subscription period, rising above or falling below 100%. The fluctuation in the subscription price is caused by movements in the fixed income and equity markets. If the subscription price is more than 100%, the Portfolio Bonds involves a premium risk. The premium will not be returned.

You can also buy and sell Portfolio Bonds during the investment period
Investors do not have to wait until the maturity date to sell their investment. Daily buy and sell quotes are provided for Nordea's Portfolio Bonds, which can be traded in Netbank, for example. If an investment is sold on the secondary market before maturity, the secondary market price may be higher or lower than 100%. It is important to note that capital protection for the Balanced and Growth alternatives is only valid on the maturity date.

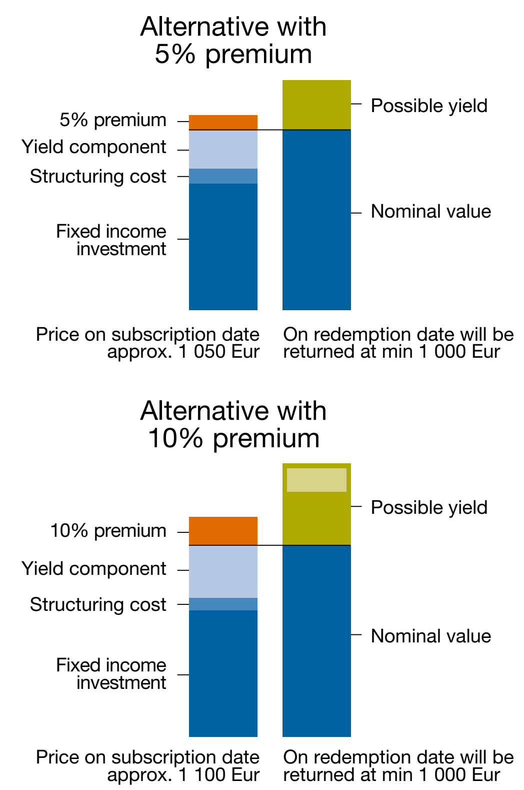
Building blocks of the Portfolio Bonds
The invested nominal capital is divided into a fixed income investment, a yield component and a structuring cost. The enclosed illustration presents the building blocks for the two different Portfolio Bonds.

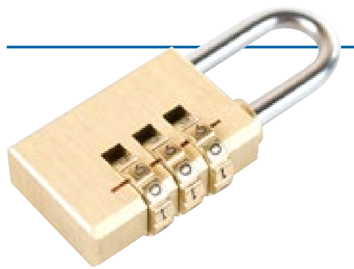
Fixed income investment:
A certain proportion of the nominal capital is invested in the fixed income market in order to provide the potential nominal capital protection at maturity. The higher the percentage of the nominal capital that is protected, the more nominal capital must be invested in fixed income instruments.

Yield component:
The yield component makes it possible to benefit from the reference asset's positive performance. The amount of nominal capital left after the fixed income investment and the structuring cost is invested in the yield component.

Structuring cost:
The structuring cost covers all expenses incurred by the issuer from the Portfolio Bonds, such as issuing, licensing, material and marketing costs.

Premium:
The premium is the amount exceeding the subscription price and is used for the yield component. The higher the premium, the larger the yield component. This, in turn, leads to a higher participation rate.





"An alternative to direct equity investments

Risks of the Portfolio Bonds

Issuer risk
The Portfolio 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 (negative outlook) by Moody's and AA- by Standard & Poor's (negative outlook). The bonds are unsecured.

Yield and market risk
The Portfolio Bonds' yield at maturity is determined on the basis of the reference indices' 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 index during the investment period. The reference indices of the Portfolio Bonds are price indices. This means that when calculating an index's value, any dividends paid on the shares included in the index are disregarded.

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.

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

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.

Product-specific information on the Portfolio Bonds

BALANCED

Subscription price	Participation rate	Bond number and ISIN
Variable, about 105%*	60%	A844 ir FI4000091277

GROWTH

Subscription price	Participation rate	Bond number and ISIN
Variable, about 110%*	125%	A845 ir FI4000091285

Sale period
16 February – 29 May 2015
Issue date
16 February 2015
Maturity
31 May 2021
Minimum subscription
1,000 euros
Places of subscription
Nordea Bank AB Lithuania branch, www.nordea.lt
Reference asset
Index basket consisting of three equity indices with specific weights:
S&P Europe 350 Low Volatility Index, weight 45%
S&P 500 Low Volatility Index, weight 40%
S&P Pan Asia Low Volatility Index, weight 15%
Initial price
The average of the reference indices' closing values on 16 February 2015, 16 March 2015, 16 April 2015 and 29 May 2015.
Final price
Average of the semi-annual closing prices of the reference indices from 10 May 2016 to 10 May 2021.
Yield calculation
The yield paid at maturity is determined based on the index basket performance and the bond-specific participation rate. The index basket performance is the weighted average of the performances of the indices serving as the reference asset. The performance of each index is calculated by dividing the difference between its final price and initial price by the initial price. If the index basket performance is positive, the yield will be calculated by multiplying the increase in value by the bond-specific participation rate. If the index basket performance is zero or negative, no yield is paid.
Repayment of capital
In the case of the Balanced and Growth alternatives of the Portfolio Bonds, the issuer will repay the nominal capital of the bonds at maturity, regardless of the reference asset's performance. The premium will not be returned. The premium is determined on the basis of the subscription date. Portfolio Bonds involve a risk of the issuer's insolvency.
Structuring cost
The subscription price includes a structuring cost of 3.5%, which is the equivalent of an annual cost of about 0.58%. The structuring cost is based on the values of the fixed income and derivative investments included in the bond on the valuation date of 3 February 2015. The structuring cost includes all expenses incurred by the issuer from the bond, such as issuing, licensing, material and marketing costs. The issuer does not charge a separate subscription fee or separate custody fees for the bond.
Issuer
Nordea Bank Finland Plc; credit ratings Aa3 (Moody's, negative outlook) and AA- (Standard & Poor's, negative outlook).
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 valid tax legislation.
Custody
Free of charge with Nordea Bank AB.
Security
The bonds are unsecured.
Listing
No application will be made for listing the bonds.

* According to the market situation on 4 February 2015.

Bonds A844 and A845 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.