

Index-linked bond Pharma

Basic and Extra

The pharmaceutical industry is considered to be a low-risk industry on average where economic trends do not have a significant impact. The attractiveness of the industry is increased by its long-term growth trend and low valuation. By investing in the index-linked bond Pharma you benefit from the potential rise in the share prices of Europe's largest pharmaceutical companies. If the share prices go down, you will get your nominal capital back.

Index-linked bond Pharma in brief

- A bond issued by Nordea Bank Finland Plc. The maturity of the bond is about 5 years.
- Reference asset: STOXX Europe 600 Health Care Index
- Subscription price variable: in the Basic bond about 100%, in the Extra bond about 110%
- Participation rate: Basic bond 80%, Extra bond 165%
- Minimum subscription: EUR 1,000
- Subscription period: 15 March - 23 April 2010
- In normal market conditions Nordea quotes a repurchase price for the investment on all banking days.
- The issuer Nordea Bank Finland Plc returns the nominal capital of the bond at maturity and pays out the possible index-linked yield.
- The bond involves a risk of the issuer's repayment ability.

For an equity investor the pharmaceutical industry is an important industry due to its relatively good endurance in times of recession. Large pharmaceutical companies usually have strong cash flows, a balance sheet with little debt, and, first and foremost, the demand for their products is relatively independent of economic conditions. In the future when the population ages and lives longer and the standard of living in the emerging countries rises, the demand for pharmaceuticals and health care will grow significantly and create steady growth prospects for the industry. An investment in the pharmaceutical industry is a good way to diversify your investment portfolio.

The index-linked bond Pharma now offers investors diversified exposure to the leading pharmaceutical companies in Europe. If the share prices of pharmaceutical companies rise, the value of your investment will increase. If the share prices go down, the nominal capital will be repaid to the investors at maturity.

Index-linked bond Pharma Basic and Extra

Index-linked bond Pharma is a bond issued by Nordea Bank Finland Plc. The maturity is approximately five years and the yield is based on the performance of an equity index. There are two alternatives of the bond: Basic and Extra. The alternative Basic is suitable for a cautious investor. Its yield at maturity is 80% of the increase in the value of the reference asset according to the terms of issue. Alternative Extra suits investors who tolerate risk and seek a higher return. Its yield at maturity is 165% of the rise in the value of the reference asset in accordance with the terms of issue. If the value of the reference asset falls or remains unchanged, no yield is paid. The rise in the value of the reference asset is calculated as a difference of the starting price and the final price. The final price is an average of the quarterly closing values of the reference asset starting on 15 April 2013 and ending on 15 April 2015.

Nordea repays the nominal capital of the bond at maturity irrespective of the performance of the reference asset. However, the index-linked bond involves a risk of the issuer Nordea Bank Finland Plc's repayment ability. Nordea's credit ratings are Aa2 (Moody's) and AA- (Standard & Poor's). The bonds are unsecured.

The investor may lose the portion of the capital invested exceeding the nominal value either partly or in full. In the Extra bond this premium risk is about 10%, as its subscription price is about 110%. The investor may also sell the index-linked bond Pharma before maturity. The repurchase price may be above or below the bond's nominal value. In normal market conditions Nordea quotes a repurchase price for the bond on all banking days when banks are generally open in Finland.

STOXX Europe 600 Health Care Index comprises the most significant European pharmaceutical, health care and biotechnology companies. In March 2010, the index included 36 companies. The Finnish company Orion Corporation is included in the index. Further information on the index is available on the Internet at

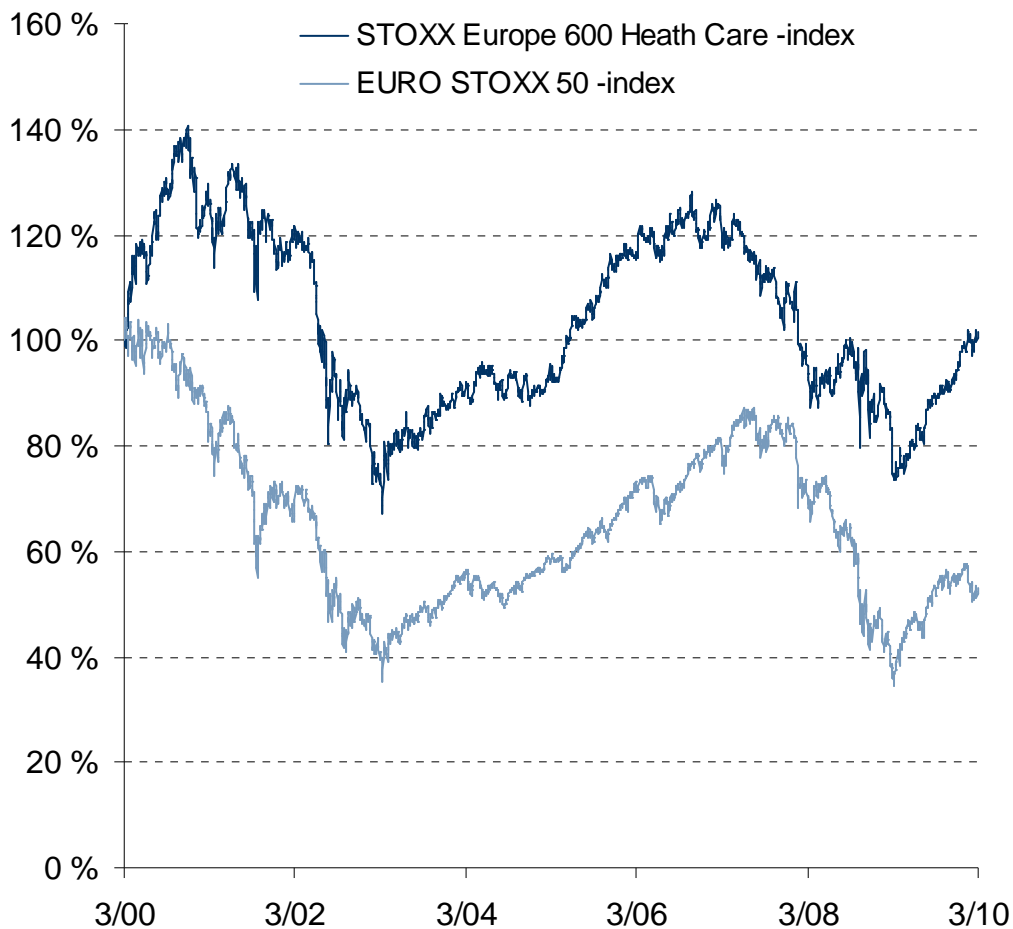
www.stoxx.com.

The 10 largest companies in the reference index and their weights

Weight	Company	Country
20.3%	Novartis AG	Switzerland
17.9%	Roche Holding AG	Switzerland
14.9%	GlaxoSmithKline PLC	Great Britain
12.1%	Sanofi-Aventis SA	France
9.9%	AstraZeneca PLC	Great Britain
5.1%	Novo Nordisk A/S	Denmark
2.0%	Essilor International SA	France
1.9%	Shire PLC	Great Britain
1.6%	Fresenius Medical Care AG & Co KGaA	Germany
1.4%	Smith & Nephew PLC	Great Britain

Performance of the reference asset and the Euro Stoxx 50 indexes March 2000 - March 2010

Starting level indexed at 100%. Source: Bloomberg



Yield table for the index-linked bond Pharma

Change in reference asset according to the terms of issue	Pharma Basic		Pharma Extra	
	Issue price about Participation rate	100% 80%	Issue price about Participation rate	110% 165%
	Value at maturity	Yield p.a.	Value at maturity	Yield p.a.*
-50%	100 %	0.0%	100%	-1.9%
-25%	100%	0.0%	100%	-1.9%
0%	100%	0.0%	100%	-1.9%
25%	120%	3.7%	141%	5.1%
50%	140%	7.0%	183%	10.7%
75%	160%	9.9%	224%	15.3%
100%	180%	12.5%	265%	19.2%

*A 10% premium has been taken into account in yield calculation

Issue terms in brief

Issuer	Nordea Bank Finland Plc; credit ratings Aa2 (Moody's) and AA- (Standard & Poor's)
Issue date	15 March 2010
Maturity 2	3 April 2015
Subscription period	15 March - 23 April 2010.
Subscription places	Nordea Bank Finland Plc branches, Nordea Private Banking and Nordea Customer Service with access codes, tel 0200 70 000, Mon–Fri 10.00–16.30 (local network charge/mobile call charge), and Netbank at www.nordea.fi, if the customer uses the portfolio service.
Subscription price	Basic 4364A: variable, about 100% Extra 4364B: variable, about 110%
Minimum subscription	1,000 euros
Yield at maturity	Basic 4364 A: 80% of the rise of the equity index basket as provided by the issue terms Extra 4364 B: 165% of the rise of the equity index basket as provided by the issue terms
Reference asset	STOXX Europe 600 Health Care (Price) Index (Bloomberg: SXDP Index)
Starting price	The closing value of the reference asset on 28 April 2010.
Final price	The arithmetic average of the quarterly closing values of the reference asset starting on 15 April 2013 and ending on 15 April 2015.
Repayment of principal	The issuer Nordea Bank Finland Plc repays the nominal capital of the bonds in full at maturity irrespective of the performance of the reference asset. The bonds involve a risk of the issuer's repayment ability and of losing the premium (in Extra about 10%).
Security	The bonds are unsecured.
Structuring cost	The subscription price includes a structuring cost of about 0.8% p.a. (see the terms of issue for more details). No separate subscription or management fee is charged on the bonds.
Secondary market	In normal market conditions the issuer Nordea Bank Finland Plc quotes a repurchase price for the bonds, which may be lower or higher than the nominal value.
Taxation	Possible index-linked yield is subject to tax at source on interest income for natural persons and Finnish death estates.
Safe custody	Free of charge with Nordea Bank Finland Plc.
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	If the total amount of subscriptions is sufficient, an application will be made for the bonds to be listed on NASDAQ OMX Helsinki.

Bonds 4364A and 4364B under the Medium-Term Note Programme (a bond programme reported to the Finnish Financial Supervisory Authority from Sweden in accordance with the Prospectus Directive) of Nordea Bank AB (publ) and Nordea Bank Finland Plc dated 29 May 2009. The bond-specific terms and the prospectus are available at the places of subscription. Read the issue terms and the prospectus before subscription.

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Ageing and longer life expectancy increase medical expenses in the Western Countries

The health care sector shares were not among the steepest risers in the equity market last year. In comparison with other sectors, the rise of the health care sector from the bottom figures in the equity market in 2009, a little over 30%, was the third smallest - not much considering that the average rise in the equity market has been over 50%. Worries about the health care reform in the US and the expiry of the patents held by large pharmaceutical companies have been the foremost factors affecting the investors' sentiment.

We believe that the performance in the health care sector will improve in the future. Despite the factors causing uncertainty the growth prospects in the industry are promising. The demand for health care services will grow heavily as the population grows older. In 2006 there were about 500 million people over 65 in the world. By 2030 this figure has according to forecasts risen to over one billion, which means globally every eighth inhabitant. That will be the first time in the history of mankind when the number of people over 65 will be higher than the number of children under the age of 5. In the Western countries the number of people over 65 will increase by over 140% by the year 2030. Also, longer life expectancy will increase the demand for health care.

The emerging countries are another important growth area where the use of health care services, medicines and the like will be considerably higher than before due to the rising standard of living and longer life expectancy. At the same time we must remember that although the risks have not disappeared their impact will be smaller than feared. The future of the US health care reform is still unknown, but it is already clear that its impact on the companies in the sector will be smaller than feared in the beginning. In order to compensate the future losses caused by expiring patents, some companies have begun to invest in the manufacture and branding of generic medicines to restrict the decrease in the sales margins.

The long-term growth trend and low valuation of the sector make health care an interesting investment object. Based on this year's earnings forecast the P/E (price per earnings) ratio of the health care sector is only a little over 12 compared to the average of the market which is a little under 14. Then again, health care companies usually perform well when the performance in the equity market is moderate. We believe that the steepest rise in share prices is over for the time being and in the future returns will remain at a considerably lower level than last year. In this environment health care is one of our favourite sectors.

Sources: Nordea Strategic Investment Advice, Nordea Economic Research