

Key Information Document

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product name EUR 40,000,000 Callable Subordinated Capital Securities (the "**Capital Securities**")

ISIN FI4000348818

Name of manufacturer HKScan Corporation ("**HKScan**" or the "**Issuer**")

For more information, visit <http://www.hkscan.com/en/investors-information>, send an email to treasury@hkscan.com or make a call to +358 (0)10 570 5700.

Regulated by Finanssivalvonta (the Finnish Financial Supervisory Authority)

Produced 11 September 2018

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type This product is a financial instrument in the form of a hybrid bond that is subordinated to certain other debt obligations of the Issuer and subject to Finnish Law.

Objectives This product is a security that offers interest income which is fixed for the first five years. The interest is fixed for each subsequent five-year period at each interest reset date. On the first interest reset date there will be an interest step-up as described below regarding interest payment structure. The product does not have a specified maturity date but the Issuer is entitled to redeem the product for the first time on the fifth anniversary of the issue date (18 September 2023), and subsequently, on each annual interest payment date. The Issuer has a unilateral call right and the invested capital will only become due for repayment after the Issuer has exercised its call right. The Issuer has the right to defer interest payments, i.e. to not to pay interest on the respective interest payment dates (but must make up deferred interest payments under certain conditions). In addition, the Issuer has a call right for redemption at any time in the case of certain events. You have no right to demand the redemption of the product and thus make the invested capital due for repayment. Your claim against the Issuer under the product is deeply subordinated. This means that in the event of the insolvency or dissolution of the Issuer, certain other debt obligations of the Issuer will be satisfied with priority before your claim. The following are indicative terms based on current market conditions:

Minimum subscription amount	EUR 100,000
Denomination	EUR 1,000
Term	Perpetual (no fixed term)
Currency	EUR
Issue price	100%
Issue date	17 September 2018
Nominal amount	EUR 40,000,000
First fixed rate per annum	8.00%
Interest determination period(s)	5 years
Interest payment dates	Annually in arrears on 17 September in each year 8.00% for the first five years. Thereafter the annual interest rate will be determined for five year periods as the 5-year Swap Rate plus the initial margin of 7.692 percentage points plus a step-up margin of 5.00 percentage points.
Interest payment structure	
First reset date	18 September 2023
Call right of the Issuer	Initially, on the first reset date. Subsequently callable annually on each interest payment date.
Redemption amount at first call	Issuer call at nominal amount (100%) on the first reset date.
Call right of investor	None
Stock market listing	None

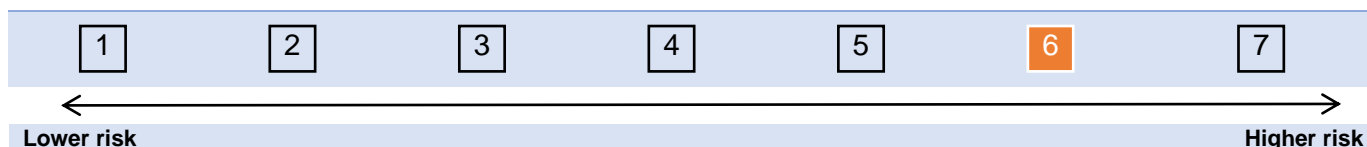
The product has no fixed maturity. It is designed to be called by the Issuer.

Intended retail investor Solely for the purposes of the product governance requirements set forth in Directive 2014/65/EU (as amended, "**MiFID II**"), the target market assessment made by the manufacturer in respect of the Capital Securities has led to the conclusion that: (i) the target market for the Capital Securities is eligible counterparties, professional clients and retail clients, each as defined in MiFID II; (ii) the negative target market for the Capital Securities is clients that seek full capital protection or full repayment of the amount invested, are fully risk averse/have no risk

tolerance or need a fully guaranteed income or fully predictable return profile; (iii) all channels for distribution of the Capital Securities to eligible counterparties and professional clients are appropriate; and (iv) the following channels for distribution of the Capital Securities to retail clients are appropriate: investment advice, portfolio management, and non-advised sales or execution with appropriateness test, subject to the distributor's (as defined below) suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Capital Securities (a "distributor") should take into consideration the manufacturer's target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels. The Lead Manager is the manufacturer of the Capital Securities for the purposes of MiFID II product governance rules.

What are the risks and what could I get in return?

Risk indicator



The risk indicator assumes you keep the product until 18 September 2023.

The actual risk can vary significantly if you cash in at an early stage and you may get back less. You may not be able to sell your product easily or you may have to sell at a price that significantly impacts on how much you get back.

The summary risk indicator is a guide to the level of risk of the product compared to other products. It shows how likely it is that you will lose money because of movements in the markets or because the Issuer is not able to pay you. We have classified the product as 6 out of 7, which is the second-highest risk class. This rates the potential losses from future performance at a very high level, and poor market conditions are likely to impact the capacity of the Issuer to pay you. You bear the risk that redemption by the Issuer of the product will take place at a time that is unfavourable for you and that you will only be able to reinvest the repayment amount on less favourable terms. This product does not include any protection from future market performance so you could lose some or all of your investment. If the Issuer is not able to pay you what is owed, you could lose your entire investment.

Performance scenarios¹

Investment EUR 10,000		1 year	3 years	18 September 2023 (Recommended holding period)
Stress scenario	What you might get back after costs	13,950.00	13,950.00	14,000.00
	Average return each year	39.25%	11.70%	6.93%
Unfavourable scenario	What you might get back after costs	13,950.00	13,950.00	14,000.00
	Average return each year	39.25%	11.70%	6.93%
Moderate scenario	What you might get back after costs	13,950.00	13,950.00	14,000.00
	Average return each year	39.25%	11.70%	6.93%
Favourable scenario	What you might get back after costs	13,950.00	13,950.00	14,000.00
	Average return each year	39.25%	11.70%	6.93%

This table shows the money you could get back until 18 September 2023, under different scenarios, assuming that you invest EUR 10,000.00. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the Issuer is not able to pay you or may decide not to make interest payments and not to redeem the product. The figures shown include all the costs of the product itself but does not include the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

¹ Please note that the indicative amounts and returns in this table are calculated based on the method prescribed by applicable law. Due to the way the calculations must be carried out, the figures, particularly in the columns "1 year" and "3 years", are not a likely estimate of actual amounts or returns achievable in case of sale or redemption of the securities after such periods.

What happens if HKScan is unable to pay out?

You are exposed to the risk that the Issuer will not exercise its right of redemption and that the invested capital will therefore not have any repayment obligations. The Issuer is also entitled to defer interest payments. If the Issuer is unable to meet its (re)payment obligations under the product, you may suffer losses under the security. Your claim against the Issuer under the product is deeply subordinated. This means that in the event of the insolvency or dissolution of the Issuer, certain other debt obligations of the Issuer will be satisfied with priority before your claim. A total loss of the invested capital is possible. A loss is not covered by a compensation or protection system for investors.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest EUR 10,000. The figures are estimates and may change in the future.

Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment (EUR 10.000) Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in at the recommended holding period
Total costs (EUR)	EUR 100	EUR 100	EUR 50
Impact on return (RIY) per year	1.19%	0.34%	0.12%

Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period.
- What the different cost categories mean.

This table shows the impact on return per year

One-off costs	Entry costs	0.12 %	The impact of the costs you pay when entering your investment. This is the most you will pay, and you could pay less.
	Exit costs	n.a.	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	0%	The impact of the costs that we take each year for managing your investments and the costs presented in Section II.

How long should I hold it and can I take money out early?

Recommended holding period: until 18 September 2023

The product is designed for being called at the first reset date (i.e. 18 September 2023).

The realised/actual holding period can vary due to the callable structure of the product.

Only the Issuer has the right to decide to redeem the product; the Issuer may give you not less than 30 nor more than 60 days' notice of redemption. You have no right to be redeemed prior to call of the product by the Issuer. The only option is to sell the product over-the-counter prior to repayment by the Issuer. Costs may arise from the sale (such as execution fees, etc.). The amount you receive on such a sale may also be significantly less than the amount you would have received if you had held the product until redemption by the Issuer. The purchase or sale of the product may temporarily or permanently not be possible.

How can I complain?

Any complaint regarding the product or the conduct of the Issuer can be submitted in written form to HKScan Corporation, Lemminkäisenkatu 48, FI-20520 Turku, Finland or by email to treasury@hkscan.com. If you have a complaint about a person who is advising on, or selling, the product you should pursue that complaint with the relevant person.

Other relevant information

The terms and conditions and the information memorandum are the sole legally binding documentation for the product. To obtain full information on the product, in particular about the product characteristics and the risks associated with this investment, the terms and conditions and the information memorandum should be read. A copy of them is selectively available upon request from Nordea Bank AB (publ), the Lead Manager of the issuance of the product.