

# Product information sheet

on financial instruments in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG)

As of 10 June 2015

This document provides you with an overview of the essential features of this financial instrument; in particular it explains the functionality and the risks. Please read the following information carefully before you make an investment decision.

## Product name: Step-Up Bond

German securities code (WKN): XYN34R/ ISIN: DE000XYN34R4

Exchanges: Börse Frankfurt Zertifikate Premium; EUWAX, Stuttgart

Issuer (issuer of Step-up Bond): XY Bank (credit institution; [www.bank/savings bank.com](http://www.bank/savings bank.com))

Product class: Capital Protection Product with Coupon

## 1. Product description / functionality

### General description of functionality

The investor of this Capital Protection Product with Coupon is entitled to receive cash from the issuer. The Capital Protection Product with Coupon provides for a fixed interest on each of the interest payment dates (see Clause 2 for product data). The term and mode of payment on 25 September 2019 (repayment date) are predetermined. A sum equivalent to 100 percent of the nominal value is paid at the end of the term.

The investor must also pay accrued interest (accumulated interest) pro rata when purchasing a Capital Protection Product with Coupon during its lifetime.

### Market expectation (optional)

The Capital Protection Product with Coupon is intended for investors who assume that the general interest rate level will remain unchanged or will decrease.

## 2. Product data

Currency of the Capital Protection Product with Coupon	EUR	Repayment date	25 September 2019
Nominal value	EUR 100.00	Price quotation	Percentage quotation
Initial issue price	100 percent	Last exchange trading day	24 September 2019
Issue date	25 September 2013	Exchange listing	EUWAX, Stuttgart; Börse Frankfurt Zertifikate Premium

Interest payments	Interest period (period until the interest payment date)	Interest payment date	Interest rate p.a.
Interest for the 1st year of the lifetime	25 September 2013 to 24 September 2014	25 September 2014	1.75 percent
Interest for the 2nd year of the lifetime	25 September 2014 to 24 September 2015	25 September 2015	1.90 percent
Interest for the 3rd year of the lifetime	25 September 2015 to 24 September 2016	25 September 2016	2.05 percent
Interest for the 4th year of the lifetime	25 September 2016 to 24 September 2017	25 September 2017	2.20 percent
Interest for the 5th year of the lifetime	25 September 2017 to 24 September 2018	25 September 2018	2.35 percent
Interest for the 6th year of the lifetime	25 September 2018 to 24 September 2019	25 September 2019	2.50 percent

### 3. Risks

#### Issuer risk / credit risk

Investors are exposed to the risk that the issuer might be unable to fulfil its obligations in respect of the Capital Protection Product with Coupon e.g. in the event of insolvency (inability to pay / over-indebtedness) or an administrative order. A total loss of the capital invested is possible. The Capital Protection Product with Coupon is a debt instrument and as such is not covered by any deposit protection scheme<sup>1</sup>.

#### Risks at maturity

Due to the capital protection, the risk at maturity is limited to the issuer risk (see above).

#### Price fluctuation risk

The investor will bear the risk that the value of the Capital Protection Product with Coupon will be adversely affected during the lifetime, in particular due to the factors which determine the market price mentioned in Clause 4, and can also be significantly below the purchase price. In other words, the capital protection is effective at maturity but not during the lifetime.

#### Call-in / reinvestment risk

The issuer may, with immediate effect, call in the Capital Protection Product with Coupon if an extraordinary event occurs. Examples of extraordinary events include [changes in legislation, tax events and the discontinuation of the issuer's ability to carry out the necessary hedging transactions.] In this case, the repayment amount may possibly also be significantly below the [purchase price] [nominal value] [capital protection amount]. [A total loss of investment is even possible.] Investors also bear the risk that the product will be called in at a time unfavourable to them, and they may only be able to reinvest the repayment amount on less favourable terms.

### 4. Availability

#### Tradability

After the issue date, the Capital Protection Product with Coupon can, as a rule, be bought or sold on an exchange or on the OTC market. The issuer will continually quote indicative (non-binding) buy and sell prices for the Capital Protection Product with Coupon under normal market conditions (market making). However, it is not under any legal obligation to do so. The issuer determines the buy and sell prices using conventional pricing models, taking into account the factors that determine the market price. This means that the price is not derived directly from supply and demand, unlike in exchange trading of, for instance, equities. In unusual market situations, or in the event of technical faults/disruptions, a purchase and/or sale of the Capital Protection Product with Coupon can be temporarily hindered, or may not be possible at all.

#### Factors determining the market price during the lifetime

In particular, the following factors can adversely affect the value of the Capital Protection Product with Coupon:

- the general interest rate level rises;
- a deterioration in the credit worthiness of the issuer.

Conversely, the factors can also increase the value of the Capital Protection Product with Coupon. Individual factors can have a mutually bolstering effect, or the opposite.

### 5. Scenario analysis by way of example

The interest mentioned above will be paid on the interest payment dates provided the issuer is solvent. The amount of these payments is not contingent upon specific market conditions. Repayment is at 100 percent of the nominal value. The following scenario analysis is not an indicator of the actual performance of the Capital Protection Product with Coupon. It is based on the following assumptions: 1. OTC market purchase of the Capital Protection Product with Coupon prior to the first interest payment date at the [initial issue price] [issue price] [purchase price] [plus issuance premium] and being held until the repayment date. 2. Standardised costs amounting to [0.7 percent] of the [initial issue price] [issue price] [purchase price]. These will include normal market purchase costs and additional follow-up purchase costs such as commission and custody fees. 3. Tax effects will not be considered in the scenario analysis.

Investment amount	Repayment (gross amount)	Costs	Net amount (gross amount less costs)	Total interest payments during the lifetime
EUR 10,000.00	EUR 10,000.00	EUR 70.00*	EUR 9,930.00	EUR 1,275.00**

\*The costs actually incurred by the investor can (possibly even considerably) deviate from the underlying costs in the scenario analysis.

\*\* If the bond is acquired after the issue date, the total amount of the interest payments is reduced accordingly.

<sup>1</sup> If applicable

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## 6. Costs / sales remuneration

### [Issuer estimated value (IEV)]

The issuer estimated value will amount to [EUR X / X percent].

This value of the Capital Protection Product with Coupon estimated by the issuer is calculated one time only at the time of determining the terms and conditions of the product. The difference between the issue price of the Capital Protection Product with Coupon [plus issue surcharge] and the IEV comprises the expected issuer margin and sales remuneration where applicable. The expected issuer margin covers, amongst other things, the costs of structuring, market making and settlement of the Capital Protection Product with Coupon and also includes the expected profit for the issuer.]

### Purchase costs

Where the transaction between the investor and the bank / savings bank is agreed at a fixed or specific price (fixed-price transaction), this price includes all purchase costs and normally comprises a profit for the bank / savings bank. Otherwise, the transaction will be concluded on behalf of the bank / savings bank with a third party for the account of the investor (commission transaction). The remuneration for this amounting to up to [1 percent], however at least up to [EUR 50], and third-party costs and expenses (e.g. exchange fees and charges) will be separately disclosed in the securities settlement statement or contract note.

### Ongoing costs

The costs agreed with the custodian bank / savings bank for holding the Capital Protection Product with Coupon in the investor's securities account will have to be borne by the investor (custody fee).

### Sales remuneration

The bank / savings bank will receive up to 1.00 percent of the initial issue price from the issuer as sales remuneration.

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## 7. Taxation

Investors are advised to avail themselves of the services of a tax advisor in order to clarify any individual tax effects of buying, holding, selling and/or repaying of the Capital Protection Product with Coupon.

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## 8. Miscellaneous information

All details of the financial instrument contained in this product information sheet do not represent a recommendation in respect of the purchase or sale of the Capital Protection Product with Coupon nor can it replace the advice provided on a one-to-one basis by the bank / savings bank or an advisor of the investor. This product information sheet contains essential information relevant to the Capital Protection Product with Coupon. In line with Section 14, paragraph 2, page 1, no. 3a of the German Securities Prospectus Act (*Wertpapierprospektgesetz, WpPG*), the prospectus is published on the issuer's website ([www.xy-bank.de](http://www.xy-bank.de)), along with any supplements and the final terms. In order to obtain further more detailed information - and in particular details of the structure of and risks associated with an investment in the Capital Protection Product with Coupon - potential investors should read these documents.