

Product information sheet

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

As of 4 January 2017

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: Credit Linked Note linked to Z-AG

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

Exchanges: Börse Frankfurt Zertifikate Premium; EUWAX, Stuttgart

Issuer (issuer of the Credit Linked Note): XY Bank
(credit institution; www.bank/savings.bank.com)

Product class: Credit Linked Note

1. Product description / functionality

General description of functionality

This Credit Linked Note is linked to Z-AG (reference entity). It has a fixed lifetime and will be due on 24 March 2014 (repayment date). The interest payment and the amount of repayment will essentially depend on the financial situation (credit worthiness) of the reference entity. With the occurrence of a circumstance affecting the ability of the reference entity to pay (a 'credit event'), the interest payment will be completely cancelled and the repayment partly or completely cancelled.

The occurrence of a credit event will be [determined by a committee (ISDA Credit Derivatives Determinations Committee) consisting of participants in the capital market. The committee was, inter alia, set up for the purpose of establishing credit events with a binding effect for market participants. It is made up of financial institutions and other market participants who are significantly involved in transactions in credit derivatives. [The issuer also belongs to the committee.]] [determined by the issuer.] Credit events include the following events:

- Insolvency - Comprises all forms of insolvency, bankruptcy, liquidation, composition proceedings and the occurrence of inability to pay, excessive indebtedness or of enforcement proceedings in the assets of the reference entity for example as a result of non-fulfilment of payment obligations. In addition to German insolvency proceedings, the term consequently also comprises corresponding proceedings in other countries.
- Default - Exists if payment obligations to creditors, due to obligations such as from bonds, certificates of indebtedness (securitised Schuldschein loans) or loans, are not duly met, not met in good time or not met at all.
- Restructuring - Comprises any form of restructuring of payment obligations, for example due to obligations such as from bonds, certificates of indebtedness (securitised Schuldschein loans) or loans. These include a reduction in amounts of interest or principal or a postponement of deadlines for interest or principal payments and a change in the ranking in which creditors will get back their capital in the event of insolvency. In addition, a change in the currency of the payment obligation is also included in restructuring. Such a restructuring will, as a rule, take place in the case of a debtor in financial difficulties.

If [the ISDA Committee] [the issuer] determines that a credit event regarding the reference entity has occurred, this will result in a premature termination of the Credit Linked Note. In this case, the payment of interest will not apply. The amount repayable will no longer correspond to the nominal amount (EUR 1,000). It will rather correspond to the settlement amount less any costs incurred by the issuer from the early termination and settlement of hedging transactions (settlement costs). The settlement amount will correspond to the nominal amount multiplied by the price (expressed as a percentage) of a bond issued by the reference entity (reference obligation) or an obligation of the reference entity comparable to the before-mentioned obligation. [This percentage will be determined generally in a rule-based auction procedure by an independent entity after determination of a credit event.] [This percentage will be determined by the issuer in its reasonable discretion.]

Investors will assume both the credit risk of the issuer and of the reference entity. In return for assuming these risks, investors will receive the opportunity of an interest payment which comprises an interest premium (risk premium) compared to a bond of the issuer without reference to the credit risk of the reference entity.

The investor must also pay accrued interest (accumulated interest) pro rata when purchasing a Credit Linked Note during its lifetime.

The investor has no right to any entitlement resulting from the reference obligation.

Underlying (optional)

Industry: Y

Registered office: country Y

[Inclusion in the index: Y index]

Market expectation (optional)

The Credit Linked Note is intended for investors who assume that no credit event will be determined at Z-AG on or before 21 March 2014.

2. Product data

Reference entity	Z-AG	Repayment date	24 March 2014 ¹
Reference obligation	EUR 750,000,000, 11.50 percent bonds, due on 21 March 2014 (ISIN: DE0001213456)	Interest rate p. a.	10.25 percent
Currency of the Credit Linked Note	EUR	Interest period (period until the interest payment date)	24 March 2013 (inclusive) until 24 March 2014 (exclusive)
Issue date	19 March 2013	Interest payment date	Repayment date
Initial issue price	100 percent	Price quotation	Percentage quotation
Nominal value	EUR 1,000	Exchange listing	EUWAX, Stuttgart, Börse Frankfurt Zertifikate Premium
		Last exchange trading day	18 March 2014

3. Risks

Reference entity risk / credit risk

Investors are exposed to the risk of not receiving any interest payment upon the determination of the occurrence of a credit event of the reference entity. In this case, investors will receive a repayment amount which is below the nominal value and is dependent on the residual value of the reference obligation. Worst case: total loss of the capital invested. In addition, the repayment can be postponed by up to 70 calendar days beyond the repayment date. An assessment of this risk with regard to the reference entity will, inter alia, be carried out by means of the rating of the reference entity.

Issuer risk / credit risk

Investors are exposed to the risk that the issuer might be unable to fulfil its obligations in respect of the Credit Linked Note, such as in the event of insolvency (inability to pay / over-indebtedness) or an administrative order to initiate resolution measures. The resolution authority may also issue such an order before any insolvency proceedings if the issuer experiences a [crisis] [threat to its continued existence]. Under these circumstances the resolution authority has wide-ranging powers to take action. For example, it can reduce the claims of investors in respect of the Credit Linked Note to zero, terminate the Credit Linked Note, or convert it into shares of the issuer and suspend investors' rights. [With regard to the basic ranking of the issuer's obligations in the event of action by the resolution authority, please see (www.bafin.de) and search for the keyword "Haftungskaskade".] [Insert own website.] A total loss of the capital invested is possible. The Credit Linked Note is a debt instrument and as such is not covered by any deposit protection scheme².

Price fluctuation risk

The investor will bear the risk that the value of this Credit Linked Note 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.

Call-in / reinvestment risk

The issuer may, with immediate effect, call in the Credit Linked Note 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]. [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 Credit Linked Note 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 Credit Linked Note 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 Credit Linked Note 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 Credit Linked Note:

- a deterioration in the credit worthiness (expressed amongst other things by the rating) of the reference entity;
- the general interest rate level increases;
- replacement of the reference entity or reference obligation;

¹ An early repayment may result upon determination of an occurrence of a credit event. The final repayment may be postponed by up to 70 calendar days beyond the repayment date in case of the commencement of the process to determine a credit event before the repayment date.

² If applicable.

- a deterioration in the credit worthiness of the issuer.

Conversely, the factors can also increase the value of the Credit Linked Note. Individual factors can have a mutually bolstering effect, or the opposite.

5. Scenario analysis by way of example

The following scenario analysis is not an indicator of the actual value performance of the Credit Linked Note. The scenario analysis is based on the following assumptions: **1.** OTC market purchase of the Credit Linked Note at the [initial issue price] [issue price] [purchase price] [plus issuance premium] and being held until maturity. **2.** Standardised costs amounting to [1.2 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. The costs actually incurred by the investor can (possibly even considerably) deviate from the costs assumed in the scenario analysis. **3.** Tax effects will not be considered in the scenario analysis.

Scenario 1 – positive for the investor:

No credit event was determined during the lifetime. The investor will receive the nominal value of the Credit Linked Note on the repayment date (EUR 1,000.00) plus 10.25 percent interest p.a. on the nominal value (all together, EUR 1,102.50 – after deduction of the costs this corresponds to a net amount of EUR 1,090.50). In this case, the investor will make a profit.

Scenario 2 – negative for the investor:

A credit event was determined during the lifetime. The price of the reference obligation is determined at 25 percent. The settlement costs will be 2 percent of the nominal value (EUR 20.00). The investor will receive EUR 230.00 (EUR 227.00 net) on the repayment date. In this case, the investor will make a loss.

6. Costs / sales remuneration

[Issuer estimated value (IEV)]

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

This value of the Credit Linked Note 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 Credit Linked Note [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 Credit Linked Note 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 Credit Linked Note in the investor's securities account will have to be borne by the investor (custody fee).

Further costs after determination of the occurrence of a credit event

The issuer may incur costs from the early termination and settlement of hedging transactions. These will be taken into account when determining the extent of the amount repayable.

Sales remuneration

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

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 the Credit Linked Note.

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 Credit Linked Note, 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 Credit Linked Note. 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), 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 Credit Linked Note - potential investors should read these documents.