

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: Reverse Convertible linked to Z-AG shares

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

Exchanges: Börse Frankfurt Zertifikate Premium; EUWAX, Stuttgart

Issuer (issuer of the Reverse Convertible): XY Bank
(credit institution; www.bank/savings bank.com)

Product class: Reverse Convertible

1. Product description / functionality

General description of functionality

This Reverse Convertible is linked to the shares of Z-AG (share / underlying). It has a fixed lifetime and will be due on 24 March 2014 (repayment date). The investor will receive an interest payment amounting to 10.25 percent p.a. on the nominal value (EUR 1,000) on the repayment date irrespective of the performance of the value of the shares.

The possibilities for the repayment of the Reverse Convertible are as follows:

1. If the closing price of the share on the Frankfurt Stock Exchange (Xetra) on 21 March 2014 (reference price) is at or above EUR 37.00 (strike price), the investor will receive the nominal value.
2. If the reference price is below EUR 37.00, the investor will receive shares in the number determined by the multiplier of 27.02703. Accordingly, the investor will receive 27 shares. In addition, the investor will receive the equivalent of 0.02703 shares paid out as consideration for fractional shares. In this case, the value of the shares plus the fractional amount will be below the nominal value.

The investor must also pay accrued interest (accumulated interest) pro rata when purchasing a Reverse Convertible during its lifetime.

Investors receive an interest payment but renounce their entitlement to a dividend from the share and take the risk of a capital loss.

The investor has no right to any entitlement resulting from the shares (e.g. voting rights).

Underlying (optional)

Industry: Y

Registered office: country Y

[Inclusion in the index: Y index]

Market expectation (optional)

The Reverse Convertible is intended for investors who assume that the price of the Z shares at maturity will correspond to at least EUR 37.00¹

2. Product data

Underlying (German securities code (WKN)/ISIN)	Z-AG share (123456/DE0001234561)	Repayment date	24 March 2014
Currency of the Reverse Convertible	EUR	Multiplier	27.02703
Currency of the underlying	EUR	Interest rate p. a.	10.25 percent
Issue date	19 March 2013	Interest period (period until the interest payment date)	24 March 2013 (inclusive) until 24 March 2014 (exclusive)
Initial issue price	100 percent	Interest payment date	Repayment date
Nominal value	EUR 1,000	Price quotation	Percentage quotation
Strike price	EUR 37.00	Smallest tradable unit	EUR 1.000
Price of the share at issue of the Reverse Convertible	EUR 37.10	Exchange listing	EUWAX, Stuttgart; Börse Frankfurt Zertifikate Premium
Reference price	Share closing price (Xetra) on the valuation date	Last exchange trading day	18 March 2014
Valuation date	21 March 2014		

¹ If EUR 37.00 cannot be specified, the term 'strike price' may also be used.

3. Risks

Risks at maturity

If the reference price is below the strike price of the Reverse Convertible, shares will be delivered. The value of the shares may possibly be significantly below the nominal value of the Reverse Convertible. The investor must note that price losses may arise even after the valuation date until the shares are credited to the investor's securities account. The investor will incur a loss if the value of the shares delivered plus the interest payment is below the purchase price of the Reverse Convertible. Worst case: apart from the interest payment, total loss of the capital invested if the shares are worthless upon delivery.

Issuer risk / credit risk

Investors are exposed to the risk that the issuer might be unable to fulfil its obligations in respect of the Reverse Convertible, 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 Reverse Convertible to zero, terminate the Reverse Convertible, 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 Reverse Convertible 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 the Reverse Convertible 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 Reverse Convertible if an extraordinary event occurs. Examples of extraordinary events include [the delisting or loss of the underlying, 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 Reverse Convertible 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 Reverse Convertible 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 Reverse Convertible 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 Reverse Convertible:

- the price of the share decreases;
- the general interest rate level increases;
- the expectation regarding future dividends increases;
- the volatility (key figure for the frequency and intensity of the anticipated fluctuations of the share price) increases;
- a deterioration in the credit worthiness of the issuer.

Conversely, the factors can also increase the value of the Reverse Convertible. 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 Reverse Convertible. The scenario analysis is based on the following assumptions: **1.** OTC market purchase of the Reverse Convertible 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.** In the event of delivery, the calculations will be made on the basis of the reference price. **4.** Tax effects will not be considered in the scenario analysis.

Scenario 1 – positive for the investor (optional):

The reference price is at or above the strike price (EUR 37.00). The investor will receive the nominal value of the Reverse Convertible 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 will correspond to a net amount of EUR 1,090.50). In this case, the investor will make a profit.

Scenario 2 – neutral for the investor (optional):

The reference price is EUR 33.65. The investor will receive 27.02703 shares and 10.25 percent interest p.a. on the nominal value of EUR 1,000.00 (all together EUR 1,011.96, EUR 999.96 net) on the repayment date. In this case, the investor will neither make a profit nor make a loss. This is because the value of the shares – plus interest and less costs – will correspond to the purchase price of the Reverse Convertible.

² If applicable

Scenario 3 – negative for the investor (optional):

The reference price is EUR 26.92. The investor will receive 27.02703 shares and 10.25 percent interest p.a. on the nominal value of EUR 1,000.00 (all together EUR 830.07, EUR 818.07 net) on the repayment date. In this case, the investor will make a loss. This is because the value of the shares – plus interest and less costs – will be below the purchase price of the Reverse Convertible.

Reference price	Repayment	Interest payment	Gross amount (repayment plus interest)	Alternative 1 Net amount (gross amount less costs)	Alternative 2 Net performance to maturity based on the purchase price inclusive of costs
EUR 40.38	EUR 1,000.00	EUR 102.50	EUR 1,102.50	EUR 1,090.50	8.94 percent
EUR 37.02	EUR 1,000.00	EUR 102.50	EUR 1,102.50	EUR 1,090.50	8.94 percent
EUR 33.65	Delivery of 27 Z shares plus payment of EUR 0.91	EUR 102.50	EUR 1,011.96	EUR 999.96	0.00 percent
EUR 30.29	Delivery of 27 Z shares plus payment of EUR 0.82	EUR 102.50	EUR 921.01	EUR 909.01	-8.99 percent
EUR 26.92	Delivery of 27 Z shares plus payment of EUR 0.73	EUR 102.50	EUR 830.07	EUR 818.07	-17.98 percent

Positive development for the investor / Neutral development for the investor / **Negative development for the investor**

6. Costs / sales remuneration

[Issuer estimated value (IEV)]

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

This value of the Reverse Convertible 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 Reverse Convertible [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 Reverse Convertible 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 Reverse Convertible 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.

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 Reverse Convertible.

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 Reverse Convertible, 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 Reverse Convertible. 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 Reverse Convertible - potential investors should read these documents.