

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: Discount Certificate linked to Z-AG shares

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

Exchanges: Börse Frankfurt Zertifikate Premium; EUWAX, Stuttgart

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

Product class: Discount Certificate

1. Product description / functionality

General description of functionality

This Discount Certificate is linked to the shares of Z-AG (share / underlying). It has a fixed lifetime and will be due on 26 November 2014 (redemption date).

The possibilities for redemption of the Discount Certificate are as follows:

1. If the closing price of the share on the Frankfurt Stock Exchange (Xetra) on 21 November 2014 (reference price) is at or above the upper price barrier of EUR 62.00 (cap), the investor will receive EUR 62.00 (maximum amount).
2. If the reference price is below EUR 62.00, the investor will receive the number of shares determined by the multiplier of 1.0. Consequently the investor will receive 1 share.

The investor acquires the Discount Certificate at a discount as opposed to a direct investment in the share. For the discount the investor participates in an increase of the share price only up to the cap. Furthermore, the investor will renounce dividends from the share.

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

Underlying (optional)

Industry: Y Registered office: country Y [Inclusion in the index: Y index]

Market expectation (optional)

The Discount Certificate is intended for investors who assume that the share price will be at least EUR 62.00¹ on the valuation date.

2. Product data

Underlying (German securities code (WKN)/ISIN)	Z-AG share (123456/DE0001234561)	Share price at issue of the Discount Certificate	EUR 57.32
Currency of the Discount Certificate	EUR	Discount at issue	9.00 percent
Currency of the underlying	EUR	Reference price	Share closing price (Xetra) on the valuation date
Issue date	19 March 2013	Valuation date	21 November 2014
Initial issue price	EUR 52.16	Redemption date	26 November 2014
Current price of the underlying	EUR 59.43	Multiplier	1.0
Current price of the Discount Certificate	EUR 54.31	Smallest tradable unit	1 Discount Certificate
Cap	EUR 62.00	Exchange listing	EUWAX, Stuttgart; Börse Frankfurt Zertifikate Premium
Maximum amount	EUR 62.00	Last exchange trading day	20 November 2014

¹ If EUR 62.00 cannot be specified, the term cap may also be used.

3. Risks

Risks at maturity

If the reference price is below the cap of the Discount Certificate shares are delivered. The value of the shares may possibly be significantly below the purchase price of the Discount Certificate. In this case, the investor will incur a loss. The investor must note here that price losses may arise even after the valuation date until the shares are credited to the investor's securities account. Worst case: 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 Discount Certificate, 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 Discount Certificate to zero, terminate the Discount Certificate, 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 Discount Certificate 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 Discount Certificate 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 Discount Certificate 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 redemption 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 redemption amount on less favourable terms.

4. Availability

Tradability

After the issue date, the Discount Certificate 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 Discount Certificate 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 Discount Certificate 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 Discount Certificate:

- 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 Discount Certificate. 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 Discount Certificate. The scenario analysis is based on the following assumptions:

1. OTC market purchase of the Discount Certificate 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 EUR 62.00. The investor will receive EUR 62.00 (this corresponds to a net amount of EUR 61.35 after deduction of the costs) on the redemption date. In this case, the investor will make a profit.

Scenario 2 – neutral for the investor (optional):

The reference price is EUR 52.79. The investor will receive 1 share with a value of EUR 52.79 (EUR 52.16 net) on the redemption date. In this case, the investor will neither make a profit nor make a loss as the value of the share - less costs – corresponds to the purchase price of the Discount Certificate.

Scenario 3 – negative for the investor (optional):

The reference price is EUR 13.58. The investor will receive 1 share with a value of EUR 13.58 (EUR 13.42 net) on the redemption date. In this case, the investor will make a loss as the value of the share is less than the purchase price of the Discount Certificate.

² If applicable

Reference price	Redemption	Gross redemption amount	<u>Alternative 1</u> Net amount (gross amount less costs)	<u>Alternative 2</u> Net performance to maturity based on the purchase price inclusive of costs
EUR 80.00	EUR 62.00	EUR 62.00	EUR 61.35	17.62 percent
EUR 60.00	Delivery of 1 Z share	EUR 60.00	EUR 59.35	13.78 percent
EUR 52.79	Delivery of 1 Z share	EUR 52.79	EUR 52.16	0.00 percent
EUR 40.73	Delivery of 1 Z share	EUR 40.73	EUR 40.08	-23.16 percent
EUR 13.58	Delivery of 1 Z share	EUR 13.58	EUR 13.42	-74.27 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 Discount Certificate 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 Discount Certificate [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 Discount Certificate 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 Discount Certificate 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 redeeming the Discount Certificate.

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 Discount Certificate, 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 Discount Certificate. 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 Discount Certificate - potential investors should read these documents.