

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: Bonus Certificate linked to Z-AG shares

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

Exchanges: Börse Frankfurt Zertifikate Premium; EUWAX, Stuttgart

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

Product class: Bonus Certificate

1. Product description / functionality

General description of functionality

This Bonus Certificate is linked to the shares of Z-AG (share / underlying). It has a fixed lifetime and will be due on 1 July 2014 (redemption date).

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

1. The share price is always above EUR 16.03 (barrier) during the period from 2 March 2010 to 28 June 2014 (observation period). The investor will receive a redemption amount for each Bonus Certificate which is equivalent to the closing price of the share on the Frankfurt Stock Exchange (Xetra) on 28 June 2014 (reference price) [times the multiplier], however no less than EUR 35.52 (bonus amount).
2. The share price is equal to or below EUR 16.03 at least once during the observation period. The investor will not be entitled to receive the minimum amount of EUR 35.52 as the barrier has been hit. The investor will receive a redemption amount for each Bonus Certificate which is equivalent to the reference price [times the multiplier]. The investor therefore participates in the performance of the share in a ratio of 1 to 1.

The investor shall take the risk of a capital loss and renounce the entitlement to dividends from the share for the opportunity of payment of the bonus amount.

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 Bonus Certificate is intended for investors who assume that the share price will rise or at least remain above EUR 16.03 during the observation period.¹

2. Product data

Underlying (German securities code (WKN)/ISIN)	Z-AG share (123456/DE000123456)	Observation period	2 March 2010 to 28 June 2014
Currency of the Bonus Certificate	EUR	Reference price	Share closing price (Xetra) on the valuation date
Currency of the underlying	EUR	Valuation date	28 June 2014
Issue date	2 March 2010	Redemption date	The third bank working day following the valuation date
Initial issue date	EUR 26.71	Multiplier	1.0
Price of the share at issue of the Bonus Certificate	EUR 26.71	Smallest tradable unit	1 Bonus Certificate
Bonus amount	EUR 35.52	Exchange listing	EUWAX, Stuttgart; Börse Frankfurt Zertifikate Premium
Barrier	EUR 16.03	Last exchange trading day	27 June 2014

¹ If EUR 16.03 cannot be specified, the term 'barrier' may also be used.

3. Risks

Risks at maturity

The investor will sustain a loss if the redemption amount at the end of the lifetime is less than the purchase price. This applies in particular if the quoted share price is at least once at or below the barrier during the observation period. In this event the investor loses the entitlement to receive the bonus amount as a minimum. The redemption amount is now solely determined by the price of the share. If the reference price [times the multiplier] is less than the purchase price of the Bonus Certificate, the investor will sustain a loss. Worst case: total loss of the capital invested if the price of the share is quoted at zero on the valuation date.

Issuer risk / credit risk

Investors are exposed to the risk that the issuer might be unable to fulfil its obligations in respect of the Bonus 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 Bonus Certificate to zero, terminate the Bonus 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 Bonus 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 the Bonus 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 Bonus 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 Bonus 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 Bonus 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 Bonus 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 Bonus Certificate:

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

Conversely, the factors can also increase the value of the Bonus 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 Bonus Certificate. The scenario analysis is based on the following assumptions: **1.** OTC market purchase of the Bonus 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.** Tax effects will not be considered in the scenario analysis.

Scenario 1 – positive for the investor (optional):

The reference price is EUR 32.53. The investor will receive EUR 35.52 on the redemption date (this corresponds to a net amount of EUR 35.20 after deduction of the costs) if the share price is always above the barrier during the observation period. Otherwise, the investor will only receive EUR 32.53 (EUR 32.21 net). In both cases the investor will make a profit.

Scenario 2 – neutral for the investor (optional):

The reference price is EUR 27.03. The price of the share has also only fallen once to or below EUR 16.03 during the observation period. The investor will receive EUR 27.03 (EUR 26.71 net) on the redemption date. In this case, the investor will neither make a profit nor make a loss.

Scenario 3 – negative for the investor (optional):

The reference price is EUR 10.53. The investor will receive EUR 10.53 (EUR 10.21 net) on the redemption date. In this case the investor will make a loss.

² If applicable

Reference price	Gross redemption amount	<u>Never</u> at or below barrier		At or below barrier		
		<u>Alternative 1</u>	<u>Alternative 2</u>	<u>Alternative 1</u>	<u>Alternative 2</u>	
		Net redemption amount (gross less costs)	Net performance to maturity based on the purchase price inclusive of costs	Net redemption amount (gross less costs)	Net performance to maturity based on the purchase price inclusive of costs	
EUR 43.53	EUR 43.53	EUR 43.21	61.77%	EUR 43.53	EUR 43.21	61.77 percent
EUR 38.03	EUR 38.03	EUR 37.71	41.18%	EUR 38.03	EUR 37.71	41.18 percent
EUR 32.53	EUR 35.52	EUR 35.20	31.79%	EUR 32.53	EUR 32.21	20.59 percent
EUR 27.03	EUR 35.52	EUR 35.20	31.79%	EUR 27.03	EUR 26.71	0.00 percent
EUR 21.53	EUR 35.52	EUR 35.20	31.79%	EUR 21.53	EUR 21.21	-20.59 percent
EUR 16.03	–	–		EUR 16.03	EUR 15.71	-41.18 percent
EUR 10.53	–	–		EUR 10.53	EUR 10.21	-61.77 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 Bonus 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 Bonus 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 Bonus 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 Bonus 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 Bonus 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 Bonus 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 Bonus 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 Bonus Certificate - potential investors should read these documents.