

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: Outperformance Certificate linked to the Z Index

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

Exchanges: Börse Frankfurt Zertifikate Premium; EUWAX, Stuttgart

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

Product class: Outperformance Certificate

1. Product description / functionality

General description of functionality

This Outperformance Certificate is linked to the Z Index (index / underlying). It has a fixed lifetime and will be due on 25 June 2014 (redemption date).

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

1. If the closing level of the index on the Frankfurt Stock Exchange (Xetra) on 20 June 2014 (reference price) is above 4,479.37 points (strike price), the investor will receive EUR 100.00 (initial issue price) plus the 1.5-fold amount (participation factor of 1.5) by which the reference price exceeds the strike price. The participation factor indicates how intensely (disproportionately) the investor is participating in a positive development of the index.
2. If the reference price is at or below 4,479.37 points, the investor will receive EUR 100.00 multiplied by the value performance of the index expressed in percent. The investor will thereby participate 1 to 1 in the negative development of the index. The redemption amount will then be lower than EUR 100.00 in any case.

Investors will renounce dividends from the components of the index for the possibility of participating in the positive value performance of the index by 1.5-fold above the strike price.

Investors have no right to any entitlement resulting from the index components (e.g. voting rights).

Underlying (optional)

[The Z Index is an equity index which does not take the dividends of the index components into account (price index).] [The Z Index is an equity index which takes the dividends of the index components into account (performance index).] The index tracks the X largest companies in country Y. [optional: The index is calculated by the IS (index sponsor) who is responsible for the design, calculation and composition of the index and for the weighting of the index components.]

Market expectation (optional)

The Outperformance Certificate is intended for investors who assume that the price of the index will rise and who wish to participate disproportionately in its increase in value.

2. Product data

Underlying (German securities code (WKN)/ISIN)	Z Index (123456/DE0001234561)	Reference price	Index closing level on the valuation date
Currency of the Outperformance Certificate	EUR	Valuation date	20 June 2014
Issue date	3 June 2011	Redemption date	25 June 2014
Initial issue price	EUR 100.00	Smallest tradable unit	1 Outperformance Certificate
Strike price	4,479.37 points	Exchange listing	EUWAX, Stuttgart; Börse Frankfurt Zertifikate Premium
Participation factor	1.5	Last exchange trading day	19 June 2014

3. Risks

Risks at maturity

If the reference price is below the strike price, the investor will always receive an amount below EUR 100. The amount will be lower the more the index decreases. The investor will incur a loss if the redemption amount dependent on the development of the index is below the purchase price of the Outperformance Certificate. Worst case: total loss of the capital invested if the index is quoted at zero on the relevant 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 Outperformance 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 Outperformance Certificate to zero, terminate the Outperformance 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 Outperformance Certificate is a debt instrument and as such is not covered by any deposit protection scheme¹.

Price fluctuation risk

The investor will bear the risk that the value of this Outperformance 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 Outperformance Certificate if an extraordinary event occurs. Examples of extraordinary events include [the cessation of calculation of the index by the calculation agent, 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 Outperformance 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 Outperformance 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 Outperformance 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 Outperformance Certificate:

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

Conversely, the factors can also increase the value of the Outperformance 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 Outperformance Certificate. The scenario analysis is based on the following assumptions: **1.** OTC market purchase of the Outperformance 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 5,823.18 points. The investor will receive EUR 145.00 (after deduction of the costs this will correspond to a net amount of EUR 143.80) on the redemption date. In this case, the investor will make a profit.

Scenario 2 – neutral for the investor (optional):

The reference price is 4,515.20 points. The investor will receive EUR 101.20 (EUR 100.00 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 3,583.50 points. The investor will receive EUR 80.00 (EUR 78.80 net) on the redemption date. In this case, the investor will make a loss.

¹ If applicable

Reference price	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
5823.18 points	EUR 145.00	EUR 143.80	43.80 percent
5375.24 points	EUR 130.00	EUR 128.80	28.80 percent
4927.31 points	EUR 115.00	EUR 113.80	13.80 percent
4515.20 points	EUR 101.20	EUR 100.00	0.00 percent
4479.37 points	EUR 100.00	EUR 98.80	-1.20 percent
4031.43 points	EUR 90.00	EUR 88.80	-11.20 percent
3583.50 points	EUR 80.00	EUR 78.80	-21.20 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 Outperformance 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 Outperformance 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 Outperformance Certificate and also includes the expected profit for the issuer.]

Price determination by the issuer

Both the initial issue price of the Outperformance Certificate and the buy and sell prices quoted by the issuer during the lifetime are based on the issuer's internal price determination models.

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 Outperformance Certificate in the investor's securities account shall 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 Outperformance 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 Outperformance 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 Outperformance 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 Outperformance Certificate - potential investors should read these documents.