

# Product information sheet

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

As of 10 June 2015

The financial instrument described below is only suitable for experienced investors with a high risk tolerance. 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: Call Warrant linked to Z-AG shares

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

Exchanges: Börse Frankfurt Zertifikate Premium; EUWAX, Stuttgart

Issuer (issuer of the Call Warrant): XY Bank (credit institution; [www.bank/savings bank.com](http://www.bank/savings bank.com))

Product class: Warrant

## 1. Product description / functionality

### General description of functionality

This Call Warrant (call = speculate on increasing prices) is linked to the share of Z-AG (share / underlying). In addition to the possibility of buying on an exchange or on the OTC market (see Clause 4 for tradability), the investor may exercise the Warrant on any bank working day during the exercise period (referred to as American-style option). The Warrant will be due on 23 December 2014 (redemption date) unless exercised before that date.

The possibilities for redemption of the Warrant are as follows:

1. In the event of a valid exercise of the Warrant during the exercise period, the investor will receive a redemption amount if the closing price of the share on the Frankfurt Stock Exchange (Xetra) [on the day][on the first exchange trading day after] the valid exercise is above EUR 25.00 (strike price). The redemption amount will correspond to the amount by which the reference price exceeds EUR 25.00, multiplied by the relevant multiplier (1.0).
2. If the closing price of the share on the Frankfurt Stock Exchange (Xetra) on the valuation date (reference price) is above EUR 25.00 and the Warrant has not been exercised, the investor will receive the amount by which the reference price exceeds EUR 25.00, multiplied by the relevant multiplier (1.0).
3. If the reference price is at or below EUR 25.00 and the Warrant has not been exercised, there will be no payment and the Warrant expires worthless.

Investors will, however, conversely also participate in a negative share price trend leveraged for the possibility of participating disproportionately (leveraged) in the positive share price trend, and take the risk of the Warrant expiring worthless if the reference price is at or below EUR 25.00.

Investors have 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 Warrant is intended for investors who assume that the price of the share will increase and will be above EUR 25.00 at the latest at maturity.<sup>1</sup>

<sup>1</sup> If EUR 25.00 cannot be specified, the term 'strike price' may also be used.

## 2. Product data

Underlying (German securities code (WKN)/ISIN)	Z AG share (123456/DE0001234561)	Exercise period	From 19 April 2013 to 18 December 2014
Currency of the Warrant	EUR	Reference price	Share closing price(Xetra) on the valuation date
Currency of the underlying	EUR	Valuation date	18 December 2014
Issue date	15 April 2013	Redemption date	23 December 2014
Initial issue price	EUR 1.09	Multiplier	1.0
Strike price	EUR 25.00	Smallest tradable unit	1 Warrant
Price of the underlying at issue of the Warrant	EUR 21.40	Minimum exercise unit	1,000 Warrants
Warrant type	Call	Exchange listing	EUWAX, Stuttgart; Börse Frankfurt Zertifikate Premium
Exercise type	American (i.e. exercise can take place on any bank working day during the lifetime of the Warrant)	Last exchange trading day	17 December 2014

## 3. Risks

### Risks at maturity

If the reference price is above the strike price, the investor incurs a loss if the redemption amount is lower than the purchase price of the Warrant. Worst case: total loss of the capital invested if the reference price is at or below the strike price.

### Issuer risk / credit risk

Investors are exposed to the risk that the issuer might be unable to fulfil its obligations in respect of the Warrant e.g. in the event of insolvency (inability to pay / over-indebtedness) or an administrative order. A total loss of the capital invested is possible. The Warrant is a debt instrument and as such is not covered by any deposit protection scheme<sup>2</sup>.

### Price fluctuation risk

The investor will bear the risk that the value of this Warrant 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 Warrant 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 Warrant 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 Warrant 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 Warrant 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 Warrant:

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

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

<sup>2</sup> If applicable

## 5. Scenario analysis by way of example

The following scenario analysis is not an indicator of the actual value performance of the Warrant. The scenario analysis is based on the following assumptions: **1.** OTC market purchase of the Warrant at the [initial issue price] [issue price] [purchase price] 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 35.00. The investor will receive EUR 10.00 (this corresponds to a net amount of EUR 9.99 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 26.10. The investor will receive EUR 1.10 (EUR 1.09 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 20.00. The investor will receive EUR 0.00 (EUR -0.01 net) on the redemption date. In this case, the investor will make a loss.

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
EUR 35.00	EUR 10.00	EUR 9.99	+809.09 percent
EUR 30.00	EUR 5.00	EUR 4.99	+354.55 percent
EUR 26.10	EUR 1.10	EUR 1.09	0.00 percent
<b>EUR 25.00</b>	<b>EUR 0.00</b>	<b>EUR - 0.01</b>	<b>-101.20 percent</b>
<b>EUR 24.00</b>	<b>EUR 0.00</b>	<b>EUR - 0.01</b>	<b>-101.20 percent</b>

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

## 6. Costs / sales remuneration

### 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 Warrant 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 Warrant.

## 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 Warrant, 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 Warrant. 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](http://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 Warrant - potential investors should read these documents.