

Key Information Document ("KID")

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Reverse Convertible linked to Z-AG shares

German Securities Code (WKN): XYN34R / ISIN: DE000XYN34R4

Manufacturer of the Product: XY Bank AG (Issuer) / www.xy-bank.com/contact / call [phone number] for more information

Competent Authority: Federal Financial Supervisory Authority (BaFin), Germany

[Production date of the KID: 10 December 2015] [Latest revision of the KID: 10 December 2015 [14:36]]

You are about to purchase a product that is not simple and may be difficult to understand.

1. What is this product?

Type

This product is a bearer bond issued under German law.

Objectives

Objective of the product is to provide you with a specified entitlement according to predefined conditions. The product has a fixed lifetime and will be due on the Redemption Date. You will receive an Interest Payment on the Redemption Date irrespective of the performance of the Underlying.

The possibilities for the redemption of the product are as follows:

- (i) If the Reference Price is at or above the Strike Price you will receive on the Redemption Date 100 % of the Nominal Value.
- (ii) If the Reference Price is below the Strike Price, you will receive a Redemption Amount which depends on the Reference Price. The Redemption Amount will be determined by multiplying the Reference Price with the Multiplier. In this case, you will receive less than the Nominal Value and you will make a loss in case the Redemption Amount plus the Interest Payment is below the purchase price of the product.

You must pay accrued interest (accumulated interest) pro rata when purchasing the product during its lifetime. You renounce the entitlement to a dividend from the Underlying and you have no right to any further entitlement resulting from the Underlying (e.g. voting rights).

Underlying (ISIN)	Z-AG share (DE0001234565)	Reference Price	Share closing price on the Relevant Exchange on the Valuation Date
Currency of the Product	Euro (EUR)	Relevant Exchange	Frankfurt Stock Exchange (XETRA)
Currency of the Underlying	EUR	Valuation Date	5 December 2016
Issue Date	10 December 2015	Redemption Date (maturity)	10 December 2016
[Issue Price	100 percent of the Nominal Value]	Interest Rate	10.25 percent p.a.
Nominal Value	EUR 1,000.00	Interest Period (period until the Interest Payment Date)	10 December 2015 (inclusive) until 10 December 2016 (exclusive)
Strike Price	EUR 37.00	Interest Payment Date	Redemption Date
Multiplier	27.02703	Type of Settlement	Cash
Price of the Underlying at Issue of the Product	EUR 37.10		

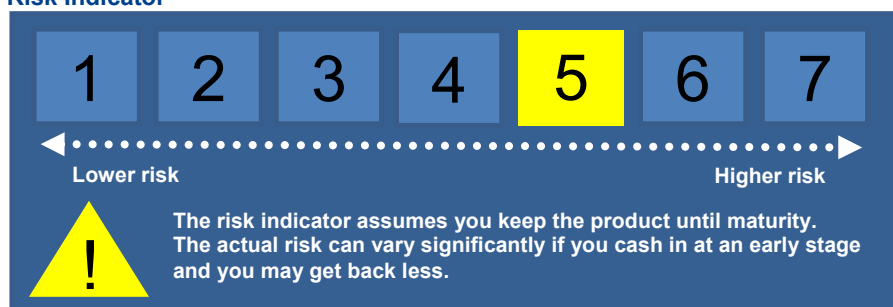
The Issuer is entitled to terminate the product with immediate effect, if an extraordinary event occurs. Examples of extraordinary events include [the delisting or loss of the Underlying,] [changes in legislation,] [tax events] [and the discontinuation of the Issuer's ability to carry out the necessary hedging transactions]. In this case, the termination amount may possibly be significantly below the [purchase price] [Nominal Value]. A total loss of the investment is even possible. You also bear the risk that the product will be called in at a time unfavourable to you, and you may only be able to reinvest the termination amount on less favourable terms.

Intended retail investor

The product is intended for private clients who pursue the objective of general asset formation / asset optimization and have a short-term investment horizon. This product is a product for clients with advanced knowledge and / or experience with financial products. The investor may bear losses up to the total loss of the capital invested and attaches no importance to a capital protection.

2. What are the risks and what could I get in return?

Risk Indicator



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 5 out of 7, which is a medium-high risk class.

This rates the potential losses from future performance at a medium-high level, and poor market conditions are very unlikely to impact our capacity to pay you.

This product does not include any protection from future market performance so you could lose some or all of your investment.

If we are not able to pay you what is owed, you could lose your entire investment.

Performance Scenarios

Investment EUR 10,000		10 December 2016 (Recommended holding period (maturity))
Scenarios		
Stress scenario	What you might get back after costs	EUR [•]
	Average return each year	[•] %
Unfavourable scenario	What you might get back after costs	EUR [•]
	Average return each year	[•] %
Moderate scenario	What you might get back after costs	EUR [•]
	Average return each year	[•] %
Favourable scenario	What you might get back after costs	EUR [•]
	Average return each year	[•] %

This table shows the money you could get back on Redemption Date under different scenarios, assuming that you invest EUR 10,000.

The scenarios shown illustrate how your investment could perform. You can compare them with scenarios of other products.

The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the product.

The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

3. What happens if XY Bank is unable to pay out?

You are exposed to the risk that the Issuer might be unable to fulfil its obligations in respect of the product – e.g. in the event of insolvency (inability to pay / over-indebtedness) or an administrative order of resolution measures. In case of a crisis of the Issuer such an order can also be issued by a resolution authority in the run-up of an insolvency proceeding. Thereby the resolution authority has extensive intervention powers. Among other things, it can reduce rights of the investors to zero, terminate the product or convert it into shares of the Issuer and suspend rights of the investors. 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". A total loss of your capital invested is possible. The product is a debt instrument and as such is not covered by any deposit protection scheme.

4. What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off and ongoing costs.

The amounts shown here are the cumulative costs of the product itself. The figures assume you invest EUR 10,000. The figures are estimates and may change in the future.

Costs over time

Investment EUR 10,000	
Scenario	If you cash in on 10 December 2016 (maturity)
Total costs	EUR [•]
Impact on return (RIY) per year	[•] %

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Composition of Costs

The table below shows:

- the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories.

This table shows the impact on return per year			
One-off costs	Entry costs	[•] %	The impact of the costs already included in the price. [This is the most you will pay and you could pay less].
	Exit costs	-	Not applicable.
Ongoing costs	Portfolio transaction costs	-	Not applicable.
	Other ongoing costs	-	Not applicable.

5. How long should I hold it and can I take money out early?

Recommended holding period: until 10 December 2016 (maturity)

The objective of the product is to provide you with the entitlement described under "1. What is this product?" above provided that the product is held until maturity.

There are no possibilities to take your money out early other than to sell the product through the exchange where the product is listed or off-exchange. If you should sell the product before the end of the recommended holding period, the amount you will receive could be – even significantly – lower than the amount you would have otherwise received.

Exchange Listing	Stuttgart Stock Exchange (Freiverkehr); Frankfurt Stock Exchange (Freiverkehr)	Last Exchange Trading Day	3 December 2016
Smallest Tradable Unit	EUR 1,000	Price Quotation	Percentage quotation

In unusual market situations, or in the event of technical faults/disruptions, a purchase and/or sale of the product can be temporarily hindered, or may not be possible at all.

6. How can I complain?

Any complaint regarding the person advising on, or selling, the product can be submitted directly to that person via the relevant website.

Any complaint regarding the product or the conduct of the Issuer of this product can be submitted in text form (e.g. by letter or e-mail) to XY Bank under the following address: [postal address of XY Bank, Department, contact details of the complaints office within the organization of the Issuer, e-mail address, www.xy-bank.com/complaints].

7. Other relevant information

The prospectus, any supplements thereto and the final terms are published on the Issuer's website (www.xy-bank.com); the prospectus and the supplements under "Service / Prospectuses"; the final terms after entering the relevant ISIN or WKN and then under "Downloads", all in accordance with legal requirements. In order to obtain more detailed information - and in particular details of the structure of and risks associated with an investment in the product - you should read these documents.