

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

Credit Linked Note linked to Z-AG

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

The Federal Financial Supervisory Authority (BaFin), Germany, is responsible for supervising [XY Bank AG] [the manufacturer] in relation to this Key Information Document

[Date of production 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.

Term

The product has a fixed lifetime and will be due on the Redemption Date, subject to the occurrence of a Credit Event.

Objectives

Objective of the product is to provide you with a specified entitlement according to predefined conditions. Unless a Credit Event has occurred, you will receive on the Redemption Date 100 % of the Nominal Value and an Interest Payment on the Interest Payment Date. The Interest Payment is calculated based on the product of the Nominal Value and the Interest Rate per annum. With the occurrence of a Credit Event regarding the Reference Entity, the Interest Payment will not be made save any accrued interest and the Redemption Amount will be partially or completely cancelled.

The occurrence of a Credit Event will be determined based on a resolution by a Committee (ISDA Credit Derivatives Determinations Committee) consisting of financial institutions and other market participants who are significantly involved in transactions in credit derivatives. The Committee was, inter alia, set up for the purpose of determining Credit Events with a binding effect for market participants. Credit Events include the following events:

- (i) Bankruptcy - Comprises all forms of insolvency (for example the occurrence of inability to pay or excessive indebtedness), liquidation, composition proceedings and the occurrence of enforcement proceedings in the assets of the Reference Entity for example as a result of non-fulfilment of payment obligations. In addition to German insolvency proceedings, the term consequently also comprises corresponding proceedings in other jurisdictions.
- (ii) Failure to Pay - Occurs if payment obligations to creditors, for example from bonds, certificates of indebtedness (securitised Schuldschein loans) or loans, are not duly met, not met in good time or not met at all.
- (iii) Restructuring - Comprises any form of restructuring of payment obligations. These include a reduction in amounts of interest or principal, a postponement of deadlines for interest or principal payments and a change in the ranking in which creditors will get back their capital in the event of insolvency, in any case provided that the restructuring takes place due to a deterioration in the financial condition of the Reference Entity. Furthermore, a change in the currency of the payment obligation can constitute a Restructuring.

If a Credit Event has occurred, this will result in an early termination of the product. In this case, the Interest Payment will be cancelled save for any accrued interest. The Redemption Amount will no longer correspond to 100 % of the Nominal Value. The Redemption Amount will correspond to the Nominal Value multiplied by the Settlement Price. The Settlement Price (expressed as a percentage) is the price of direct or guaranteed obligations of the Reference Entity (the 'Auction Price') less any costs incurred by the Issuer from the early termination and settlement of hedging transactions (settlement costs). The Auction Price will be determined generally in a rule-based auction procedure by the Committee after determination of a Credit Event. The Redemption Amount may also be zero. In the case of the occurrence of a Credit Event the redemption may be postponed by up to 70 calendar days beyond the Redemption Date.

You must pay accrued interest (accumulated interest) pro rata when purchasing the product during its lifetime.

Reference Entity	Z-AG	Redemption Date (maturity)	10 December 2016
Currency of the Product	Euro (EUR)	Interest Period (period until the Interest Payment Date)	10 December 2015 (inclusive) until 10 December 2016 (exclusive)
Issue Date	10 December 2015	Interest Payment Date	Redemption Date
[Issue price]	100 percent of the Nominal Value]	Interest Rate	10.25 percent p.a.
Nominal Value	EUR 10,000	Type of Settlement	Cash

The Issuer is entitled to terminate the product with immediate effect, if an extraordinary event occurs. Examples of extraordinary events include [a merger event between the Issuer and the Reference Entity,] [changes in legislation,] [tax events] [and the discontinuation of the Issuer's ability to

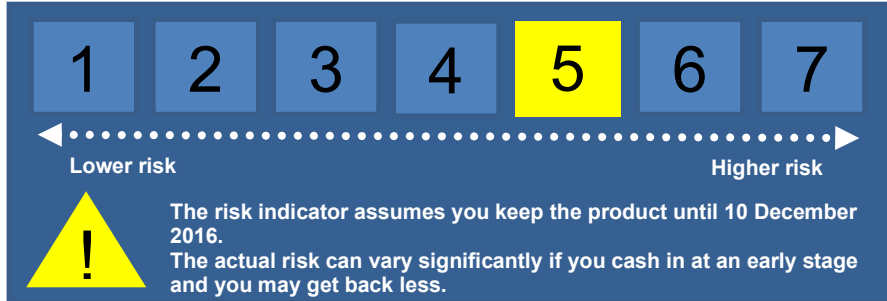
carry out the necessary hedging transactions]. In this case, the termination amount may possibly be significantly below the [purchase price] [Nominal Value]. A total loss is even possible. You also bear the risk that the product will be called in at a time unfavourable to you, and you may only be able 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 7 out of 7, which is the highest risk class.

This rates the potential losses from future performance at a very 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

What you will get from this product depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted.

The scenarios shown are illustrations based on results from the past and on certain assumptions. Markets could develop very differently in the future.

Recommended holding period:		10 December 2016 (maturity)
Example Investment		EUR 10,000
		If you redeem at maturity
Scenarios		
Minimum	There is no minimum guaranteed return. You could lose some or all of your investment.	
Stress	What you might get back after costs	EUR [●]
	Average return each year	[●] %
Unfavourable	What you might get back after costs	EUR [●]
	Average return each year	[●] %
Moderate	What you might get back after costs	EUR [●]
	Average return each year	[●] %
Favourable	What you might get back after costs	EUR [●]
	Average return each year	[●] %

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.

The stress scenario shows what you might get back in extreme market circumstances.

The scenarios shown represent possible outcomes calculated based on simulations.

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. 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 person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.

Costs over time

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the product. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

We have assumed:

- You would get back the amount that you invested (0 % annual return).
- EUR 10,000 is invested

If you redeem on 10 December 2016 (maturity)	
Total costs	EUR [●]
Annual cost impact*	[●] %

* This illustrates how costs reduce your return each year over the holding period. For example it shows that if you redeem at the recommended holding period your average return per year is projected to be [●] % before costs and [●] % after costs.

Composition of costs

One-off costs upon entry or exit		If you redeem after 1 year
Entry costs	These costs are already included in the price you pay	[Up to] EUR [●]
Exit 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 10,000	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.