

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

Digital Credit Linked Note linked to W-AG, X-AG, Y-AG and 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

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. 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 Dates. The Interest Payments are calculated based on the product of the current Nominal Value and the Interest Rate per annum. With the occurrence of a Credit Event regarding one or more Reference Entities, the Nominal Value will be reduced by the relevant Deduction Amount(s). Therefore, the Redemption Amount will be reduced accordingly and any subsequent Interest Payment will be calculated based on the reduced Nominal Value from the moment of the occurrence of a Credit Event.

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, the Redemption Amount will no longer correspond to 100 % of the Nominal Value. The Redemption Amount will correspond to the Nominal Value which will be reduced by the relevant Deduction Amount(s). Therefore, the Redemption Amount payable on the Redemption Date will be reduced accordingly. Furthermore, any further Interest Payments will be reduced as well as from the moment of the occurrence of a Credit Event as any subsequent Interest Payments will be calculated based on the reduced Nominal Value. If a Credit Event has occurred with respect to all Reference Entities, the Redemption Amount will be zero. Interest that has been accrued until the occurrence of the last Credit Event will be paid.

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

Reference Entities	W-AG, X-AG, Y-AG, Z-AG	Redemption Date (maturity)	10 December 2020
Currency of the Product	Euro (EUR)	Interest Period (period until the Interest Payment Dates)	The period commencing on the Issue Date (including) until the first Interest Payment Date (excluding) and, thereafter, each period commencing on an Interest Payment Date (including) until the next Interest Payment Date (excluding) or the Redemption Date (excluding)
Issue Date	10 December 2015	Interest Payment Dates	Each 10 December, commencing on 10 December 2016 and ending on the Redemption Date
[Issue price]	100 percent of the Nominal Value]	Interest Rate	2.25 percent p.a. relating to the current Nominal Value
Nominal Value	EUR 10,000	Type of Settlement	Cash

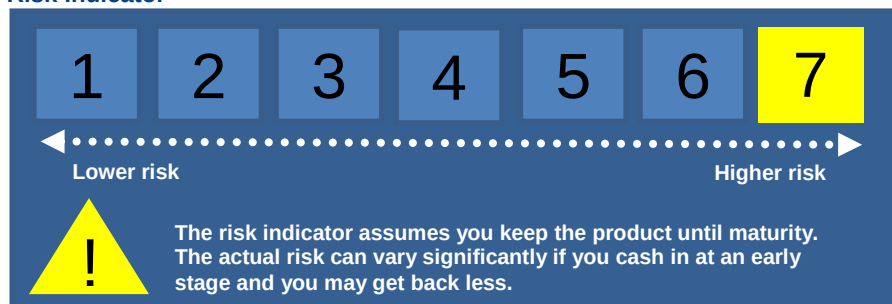
The Issuer is entitled to terminate the product with immediate effect, if an extraordinary event occurs. Examples of extraordinary events include [a merger event between the Issuer and a Reference Entity,] [changes in legislation,] [tax events] [and the discontinuation of the Issuer's ability to carry out the necessary hedging transactions]. In this case, the termination amount may possibly be significantly below the [purchase price] [Nominal Value]. A total loss 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 medium-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. In the risk and return assessment, the product is in risk class [●] on a scale of 1 (safety-oriented, very low to low yield) to 7 (very risky, highest return).

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

Investment EUR 10,000 Scenarios		1 year	3 years	10 December 2020 (Recommended holding period (maturity))
Stress scenario	What you might get back after costs	EUR [●]	EUR [●]	EUR [●]
	Average return each year	[●] %	[●] %	[●] %
Unfavourable scenario	What you might get back after costs	EUR [●]	EUR [●]	EUR [●]
	Average return each year	[●] %	[●] %	[●] %
Moderate scenario	What you might get back after costs	EUR [●]	EUR [●]	EUR [●]
	Average return each year	[●] %	[●] %	[●] %
Favourable scenario	What you might get back after costs	EUR [●]	EUR [●]	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, for three different holding periods. 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			
Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in on 10 December 2020 (maturity)
Total costs	EUR [•]	EUR [•]	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 2020 (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	4 December 2020
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), 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.