



COMMERZBANK

Product Group

Reverse Convertible Bonds / Discount Certificates

In this information sheet, Commerzbank provides information on the underlying characteristics as well as the opportunities and risks of the reverse convertible bonds / discount certificates product group.

General characteristics and investment opportunities

These products are “debt securities with special repayment terms” denominated in euro or another currency and linked to an underlying, e.g., an equity or an equity index. Reverse convertible bonds and discount certificates are suitable for investors who assume a relatively stable performance of the underlying. When investing in a reverse convertible bond, the investor receives a fixed rate of interest - a coupon - and in the case of a discount certificate, a discount to the price of the underlying. Compared to a direct investment in the underlying, investors in reverse convertible bonds or discount certificates forego higher return opportunities in the event of a very positive performance of the underlying in exchange for the coupon or the discount. Investors are also not entitled to any dividend payments or other distributions from the underlying.

Typical product characteristics

The performance of these investments depends not only on the performance of the underlying but also on other factors such as the expected volatility of the underlying, interest rate changes, expected dividend payments and the issuer's credit rating.

If the price on the valuation date falls below a level specified at the time of issue - the strike price for a reverse convertible bond or the cap level for a discount certificate - the redemption is made in shares or the corresponding equivalent value. Investors in reverse convertible bonds are entitled to the coupon in any case. If the price exceeds the specified level, the redemption is limited to the fixed amount for the reverse convertible bond or the maximum amount for the discount certificate.

The individual design of the respective products varies greatly, e.g. additional components may still be included in the respective final terms and conditions.

Material risks of the product group

By investing in reverse convertible bonds and discount certificates, investors benefit from return opportunities, but are also exposed to additional material risks. These include the following: Issuer risk - also referred to as default risk - when the issuer fails to meet its obligations or can only meet them in part, for example as a result of insolvency. The issuer is usually a bank. If the bank runs into financial difficulties, a regulatory intervention may result in a bailout of the bank, partial or total loss of the investment, or a compulsory conversion into equity, such as shares. Generally: The worse the credit rating of an issuer, the higher the default risk, but also the risk premium. Reverse convertible bonds and discount certificates are generally not covered by deposit insurance.

Risk of loss, i.e., investors receive a reduced redemption amount or a delivery of shares because the price of the underlying has declined by a certain amount. This can lead to a total loss if the underlying becomes worthless. Sustainability-related decisions relating to the environment, social aspects and corporate governance also impact on the performance of the underlying and the issuer.

Liquidity risk - during the term, investors may not be able to sell the security or may only be able to sell it at a possibly much lower price.

Foreign currency risk - Investors are exposed to currency risk when investing in a foreign currency denominated security as performance could be adversely affected by exchange rate movements.

Further information and costs

For further details on these aspects and the product, please refer to the relevant sales prospectus and basic information sheet. In principle, inflation trends impact your investment performance. A resulting loss of purchasing power affects both the income generated and your capital invested. When acquiring, holding and eventually selling securities and derivatives, costs will impact

returns. For further details, please refer to the respective cost information before entering into a securities transaction.

For further details on the characteristics and risks of the products, please refer to the brochure "Basic Information on Securities and Other Investments".