



COMMERZBANK

## Product Group

# Express Certificates

In this information sheet, Commerzbank provides information on the underlying characteristics as well as the opportunities and risks of the express certificate's 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. Express certificates often allow investors to track a specific market expectation and benefit from its realisation in a way that is almost impossible with a direct investment. Express certificates are designed to provide investors with a regular distribution opportunity or a fixed annual return to maturity, with the possibility of early redemption. In the event of a significant price increase of the underlying, the price potential is limited to a fixed redemption amount. Investors are also not entitled to any dividend payments or other distributions from the underlying.

### Typical product characteristics

The term of express certificates depends on the performance of the underlying. If its price is at or above the specified level at the time of issue of the certificate on one of the specified valuation dates, the certificate will be redeemed early, and the investor receives the predetermined interest per year of the certificate's term. At maturity, a previously defined threshold determines the redemption amount. In addition to redemption in cash, some express certificates may under certain conditions also be redeemed in shares.

If the valuation price is below the starting price and the price threshold has been breached during the term, this price determines the redemption amount. Otherwise, and depending on the product design, redemption will be made at the fixed amount or at a previously determined higher amount. This provides a certain protection of the investment amount at the time of issue, provided that the price threshold is not breached or the valuation price is determined to be above the starting price.

However, if the price of the underlying falls, the certificate price will also decline. The performance of this investment depends not

only on in 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.

The individual design of the different products varies greatly and the choice of product names is not standardised among the many different issuers. Thus, there are many different names for products with a very similar basic design. Please refer to the respective final terms and conditions for more details.

### Material risks of the product group

By investing in express 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. 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.

Early redemption and reinvestment risk - investors are exposed to the risk that the issuer may exercise an ordinary or extraordinary option to call the fixed income security at a time or in a financial market environment that is unfavourable for the investor, as the investor can reinvest the redemption amount only on less favourable terms.

#### **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".