

24-Month Memory Autocall – BNP/Commerzbank/UniCredit 17% p.a.



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Description	Structured Note
Underlying assets	BNP Paribas (BNP FP), Commerzbank (CBK GY), UniCredit (UCG IM)
Currency	USD
Maturity	24 months
Coupon Type	Conditional, with memory
Coupon Trigger	60% of initial
Strike	100%
Capital Protection	60% (European)
Observation	Quarterly, from Q1
Autocall Trigger	100%
Indicative Coupon	17%

* "The returns indicated herein are for illustrative purposes only and are based on certain assumptions. Actual returns may vary and will be agreed upon on the day of execution.

Rationale Factors

This structure provides diversified exposure to three of Europe's most systemically important banking institutions—BNP Paribas, Commerzbank, and UniCredit—spanning France, Germany, and Italy. Together, these names offer a balanced representation of the Eurozone banking landscape, combining universal banking, corporate lending, retail franchises, and strong cross-border operations. The sector continues to benefit from resilient credit quality, elevated net interest margins, disciplined capital management and improving macro sentiment in the core European economies. By allocating across three geographically and operationally distinct banks, the structure reduces single-name idiosyncratic risk while capturing the broad earnings momentum and capital-return trends driving the European banking sector.

Underlying

- ❖ **BNP Paribas (BNP FP):** remains one of Europe's strongest universal banks, with a CET1 ratio above 13% and a disciplined approach to capital deployment. Q3 2025 results were solid across the board; retail banking, corporate banking and markets activity all contributed meaningfully. The bank continues to execute on its multi-year buyback programme and is guiding higher profitability into 2026 as loan demand recovers and cost of risk stays well anchored. BNP's diversified business lines make it one of the most defensive names in the sector.
- ❖ **Commerzbank (CBK GY):** Following a multi-year restructuring and its re-entry into the DAX, Commerzbank is now delivering a cleaner, more profitable earnings profile. Q3 numbers highlighted resilient net interest income, stable provisions and strong momentum in SME/Mittelstand banking. With German macro indicators turning more positive and energy-related pressures easing, Commerzbank stands to benefit from additional cyclical upside. Management remains committed to achieving a double-digit ROTE through continued cost discipline.
- ❖ **UniCredit (UCG IM):** remains one of the most profitable large banks in Europe, supported by a constructive Italian macro environment and consistent rating stability. The bank delivered record profitability and announced €7.5bn of shareholder returns via dividends and buybacks far above sector peers. Strong operating leverage, high NII resilience and a very strong capital base (CET1 ~17.6%) continue to surprise to the upside. Its pan-European footprint, especially across CEE, provides a structural earnings advantage.

Illustrative Scenarios

Event	Condition (Worst-of Basket)	Result
Coupon Paid if	WO ≥ 60% of initial on obs date	4.25% Paid that Quarter
Autocall if	WO ≥ 100% of initial on obs date	Early Redemption + last coupon
Capital Loss if	WO < 60% of initial at Maturity	Capital loss equal to % decline of WO

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Key Risks

- **Capital at Risk:** If the worst-performing underlying closes below 60% of its initial level at maturity, capital is reduced on a 1:1 basis with the decline in that name.
- **Worst-of Effect:** A single underperforming bank can impact the entire structure, leading to missed coupons, delayed memory payout, or capital loss despite stronger performance in the other names.
- **Coupon Non-Payment Risk:** Coupons are paid only when all names are $\geq 60\%$ on observation dates. Extended periods below the trigger may result in long gaps with no income, even though some coupons may be recovered later via the memory mechanism.
- **Sector Concentration Risk:** All three underlyings are European banks. Sector-wide events (ECB policy shifts, credit shocks, regulatory changes) can affect the basket simultaneously and increase downside risk.
- **Idiosyncratic Bank-Specific Risk:** Litigation, regulatory fines, NPL surprises, capital shortfalls, or country-specific political risks can disproportionately impact a single name and trigger worst-of effects.

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