

Product information sheet

Regarding financial instruments in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG)

As of: 24 May 2011

This document provides an overview of the essential characteristics of the capital investment, in particular those relating to its structure and risks. We advise potential investors to read carefully the information provided.

Reverse Convertible Bond linked to Z-AG Shares

German securities code (WKN): XYN34R/ISIN: DE000XYN34R4

Issuer: XY-Bank

1. Product description/functionality

Product class

Reverse Convertible (bearer bond)

General description of functionality

With this Reverse Convertible Bond, the investor receives, on the Maturity Date, either the Nominal Amount or, if the performance of the price of the Share is negative, a number of Shares as specified at the time of issuance. Regardless of the performance of the value of the Share, the investor receives an above-average Fixed Amount, the actual level of which is determined by the Interest Rate.

- If the Reference Price is equal to or exceeds the Strike, the investor receives the Nominal Amount at the Maturity Date.
- If the Reference Price is below the Strike, the investor receives the number of Shares as specified by the Multiplier. Fractions of a Share are not delivered; instead, a corresponding cash amount per Reverse Convertible Bond is paid in EUR.

During the lifetime, the investor does not receive any regular income in the form of dividends.

Investment objectives and strategy/market expectation (optional)

The Reverse Convertible Bond is aimed at investors who assume that the price of the Share will experience a sideways movement, or a slight increase at best.

2. Product data

Explanations of the terms used can be found at www.derivateverband.de under the heading „Knowing the facts“.

Underlying (German securities code – WKN/ISIN)	Z-AG Share (123456/DE0001234561)	Valuation Date	21 March 2011
Currency of Reverse Convertible Bond	EUR	Maturity Date	three banking days following the Valuation Date
Currency of Underlying	EUR	Multiplier	27.02703
Issue Date	19 March 2010	Interest Rate p. a.	10.25%
Initial Issue Price	100%	Interest Period	24 March 2010 to 23 March 2011 (inclusive in each case)
Nominal Amount	EUR 1,000	Interest Payment Date	Maturity Date
Strike	EUR 37.00	Minimum Trading Unit	EUR 1,000 (according to the Nominal Amount)
Price of the Share at issuance of Reverse Convertible Bond	EUR 37.10	Stock Exchange Listing	Stuttgart (EUWAX), Frankfurt (Scoach Premium)
Reference Price	closing price of Share (Xetra) on the Valuation Date	Last Exchange Trading Day	18 March 2011

3. Risks

Risks at the end of the lifetime

If the price of the Share on the Valuation Date is below the Strike of the Reverse Convertible Bond, Shares will be delivered. The value of these Shares may, under certain circumstances, be significantly below the Nominal Amount of the Reverse Convertible Bond. In this respect, the investor should note that the price of the Share may decrease further after the Valuation Date until the transfer of the Shares to his portfolio. If such decrease in the price of the Share is not offset by the Fixed Amount, the investor will suffer a loss. Worst case scenario: apart from the interest payment, a total loss of the capital invested if the Share is worthless at the date of delivery.

Market price risk during the lifetime

The value of the Reverse Convertible Bond during the lifetime can be adversely affected in particular by the factors determining the market price as referred to in item 4 and can also be substantially below the purchase price.

Creditworthiness/Issuer risk

Investors are exposed to the risk of the Issuer becoming insolvent, and thus failing to pay. Details of the relevant Issuer rating can be found at www.beispielseite.de. As a bearer bond, the Reverse Convertible Bond is not subject to any deposit protection.

4. Availability

Tradability

After the Issue Date, the Reverse Convertible Bond can, as a rule, be bought or sold on an exchange or in the over-the-counter-market. The Issuer will continually quote indicative bid and ask prices for the Reverse Convertible Bond under normal market conditions (market making), without being under a legal obligation to do so. In unusual market situations, or in the event of technical problems, it may be difficult or impossible to purchase or sell the Reverse Convertible Bond temporarily.

Factors determining the market price during the lifetime

The value of the Reverse Convertible Bond during the lifetime can be substantially below the purchase price.

The market price of the Reverse Convertible Bond depends primarily on the performance of the price of the Share, however, without necessarily tracking such performance exactly. When purchasing a Reverse Convertible Bond during the lifetime, accrued interest must be paid in addition to the purchase price.

The following circumstances, in particular, may have an additional impact on the market price of the Reverse Convertible Bond:

- changes in the volatility level of the price of the Share;
- general changes of interest rates;
- dividend performance of the Share;
- remaining lifetime of the Reverse Convertible Bond.

Individual market factors can have a mutually amplifying or neutralising effect.

5. Opportunities and scenario analysis by way of example

The following examples apply as at the end of the lifetime. They are not an indicator of the actual performance of the Reverse Convertible Bond.

Reference Price	The investor receives per Reverse Convertible Bond as redemption	The investor receives per Reverse Convertible Bond as Fixed Amount
EUR 50.00	EUR 1,000.00	EUR 102.50
EUR 37.00	EUR 1,000.00	EUR 102.50
EUR 36.50	Delivery of 27 Z-Shares, plus payment of EUR 0.99 (fractions of Shares are settled in cash)	EUR 102.50
EUR 33.21	Delivery of 27 Z-Shares, plus payment of EUR 0.90 (fractions of Shares are settled in cash)	EUR 102.50
EUR 30.00	Delivery of 27 Z-Shares, plus payment of EUR 0.81 (fractions of Shares are settled in cash)	EUR 102.50
EUR 25.00	Delivery of 27 Z-Shares, plus payment of EUR 0.68 (fractions of Shares are settled in cash)	EUR 102.50

Purchasing at the Initial Issue Price:

Positive development for the investor

Negative development for the investor

6. Costs / distribution fees

The Initial Issue Price of the Reverse Convertible Bond as well as the bid and ask prices quoted by the Issuer during the lifetime are based on the Issuer's internal pricing models. In particular, these prices can include a margin which may cover, amongst other things, the costs for structuring the security, for the Issuer's risk hedging, and for distribution (kick-backs/benefits).

Costs of purchase and sale

Where a fixed or determinable price has been agreed (fixed price transaction), fees and expenses for the purchase or the sale of the Reverse Convertible Bond – including external costs – are not charged separately. These are included in the fixed price. Otherwise (commission transactions), fees for the purchase or the sale of the Reverse Convertible Bond in the amount agreed with the bank as well as any other fees and expenses (e. g. stock exchange fees) are charged separately.

Agio: none

Ongoing costs

Custody costs are to be paid in the amount agreed with the bank.

Kick-backs/benefits

Placement commission: up to 1.00% of the Initial Issue Price

Portfolio commission: none

7. Taxation

Investors are advised to consult a tax advisor in order to clarify any individual tax effects of purchasing, holding, selling and/or redemption of the Reverse Convertible Bond.

8. Miscellaneous information

The product information contained in this product information sheet does not constitute a recommendation on our part to purchase or sell the Reverse Convertible Bond, nor can it replace the advice provided on a one-to-one basis by the bank or an advisor of the investor. This product information sheet does not contain all information relevant to the Reverse Convertible Bond. For full information – and in particular regarding the details of the structure of and risks associated with an investment in the Reverse Convertible Bond – potential investors should read the securities prospectus which (together with the final terms as well as any supplements, if any) are available from the XY-Bank free of charge, or may be downloaded from our website at www.xy-bank.de.