

# 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.**

## Capped Outperformance Certificate linked to Z-AG Shares

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

Issuer: XY-Bank

### 1. Product description/functionality

#### Product class

Capped Outperformance (bearer bond)

#### General description of functionality

With this Capped Outperformance, the investor's entitlement on the Maturity Date depends upon the Reference Price. Purchasing this type of Certificate offers the investor the opportunity to participate within a specific price spread (between the Strike and the Cap) in increases of the price of the Share twice (Participation Factor 2.0) at the end of the lifetime. However, the most the investors may receive is the Maximum Amount.

- If the Reference Price is equal to or above the Strike but below the Cap, the investor receives the Strike plus twice the amount by which the Reference Price exceeds the Strike.
- If the Reference Price is equal to or above the Cap, the investor receives the Maximum Amount.
- If the Reference Price is below the Strike, the investor receives Shares corresponding to the Multiplier.

During the lifetime, the investor does not receive any regular income (e. g. dividends or interest).

#### Investment objectives and strategy/market expectation *(optional)*

The Capped Outperformance is aimed at investors who assume that the price of the Share will rise slightly or that it will be at least above the Strike.

### 2. Product data

Explanations of the terms used can be found at [www.derivateverband.de](http://www.derivateverband.de) under the heading „Knowing the facts“.

Underlying (German securities code – WKN/ISIN)	Z-AG Share (123456/DE0001234561)	Participation Factor	2.0
Currency of Capped Outperformance	EUR	Valuation Date	16 December 2010
Currency of Underlying	EUR	Reference Price	closing price of the Share (Xetra) on the Valuation Date
Issue Date	27 November 2009	Maturity Date	23 December 2010
Price of the Share at issuance of Capped Outperformance	EUR 34.33	Multiplier	1.0
Initial Issue Price	EUR 34.33	Minimum Trading Unit	1 Certificate
Strike	EUR 35.00	Stock Exchange Listing	Stuttgart (EUWAX), Frankfurt (Scoach Premium)
Cap (Share)	EUR 42.00	Last Exchange Trading Day	15 December 2010
Maximum Amount (Certificate)	EUR 49.00		

### 3. Risks

#### Risks at the end of the lifetime

If the Reference Price is below the Strike, the investor suffers a loss if the price of the Share at the time of delivery on the Maturity Date is less than the issue price or the purchase price of the Certificate. In this respect, an 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. Worst case scenario: a total loss of the capital invested if the Share is worthless at the time of delivery.

#### Market price risk during the lifetime

The value of the Capped Outperformance 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](http://www.beispielseite.de). As a bearer bond, the Capped Outperformance is not subject to any deposit protection.

### 4. Availability

#### Tradability

After the Issue Date, the Capped Outperformance 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 Capped Outperformance 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 Capped Outperformance temporarily.

#### Factors determining the market price during the lifetime

The value of Capped Outperformance during the lifetime can be substantially below the purchase price.

The market price of the Capped Outperformance depends primarily on the performance of the price of the Share, however, without necessarily tracking such performance exactly. The following circumstances, in particular, may have an additional impact on the market price of the Capped Outperformance:

- changes in the volatility level of the price of the Share;
- remaining lifetime of the Capped Outperformance;
- general changes of interest rates;
- dividend performance of the Share.

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 Capped Outperformance.

Reference Price	The investor receives per Capped Outperformance
EUR 60.00	EUR 49.00
EUR 42.00	EUR 49.00
EUR 40.00	EUR 45.00
EUR 37.00	EUR 39.00
EUR 35.00	EUR 35.00
EUR 34.33	Delivery of Shares
EUR 30.00	Delivery of Shares
EUR 25.00	Delivery of Shares
EUR 20.00	Delivery of Shares
EUR 15.00	Delivery of Shares
EUR 10.00	Delivery of Shares

Purchasing at the Initial Issue Price:

Positive development for the investor

Neutral development for the investor

Negative development for the investor

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## 6. Costs /distribution fees

The Initial Issue Price of the Capped Outperformance 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 Capped Outperformance – 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 Capped Outperformance 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: 1.00% of the purchase price

Portfolio commission: none

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## 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 Capped Outperformance.

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## 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 Capped Outperformance, 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 Capped Outperformance. For full information – and in particular regarding the details of the structure of and risks associated with an investment in the Capped Outperformance – 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](http://www.xy-bank.de).