

Product information sheet

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



Deutscher Derivate Verband

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.

Knock-Out Call Warrant linked to Z-AG Shares

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

Issuer: XY-Bank

1. Product description / functionality

Product class

Knock-Out Warrant (bearer bond)

General description of functionality

With this Knock-Out Call Warrant, the investor can participate disproportionately (through leverage) in a positive performance of the price of the Share.

However, the investor makes a leveraged loss if the performance of the price of the Share is negative, and takes the risk of the Knock-Out Call Warrant expiring worthless if the price of the Share equals or is below the Barrier at any time during the Observation Period (Knock-Out Event).

On the Maturity Date, the investor receives a Cash Amount corresponding to the amount (multiplied with the Multiplier) by which the Reference Price exceeds the Strike. If the price of the Share equals or is below the Barrier at any time during the Observation Period, the investor will not receive any payment and the Call Knock-Out Warrant expires worthless immediately.

The investor does not receive any regular income (e.g. dividends or interest).

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

The Knock-Out Call Warrant is aimed at investors who assume that the price of the Share will rise and remain above the Barrier constantly. **Due to the increased risk of loss associated with such a Warrant, it is only considered suitable for experienced investors who are not averse to taking high risks.**

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)	Barrier	EUR 38.00
Currency of Knock-Out Warrant	EUR	Observation Period	26 March 2010 (8:00 hours CET) up to and including the time of determination of the Reference Price
Currency of Underlying	EUR	Reference Price	closing price (Xetra) of the Share on the Valuation Date
Issue Date	26 March 2010	Valuation Date	12 May 2010
Initial Issue Price	EUR 0.24	Maturity date	three banking days following the Valuation Date
Strike	EUR 38.00	Multiplier	0.1
Price of the Underlying at issuance of Warrant	EUR 40.00	Minimum Trading Unit	1 Knock-Out Warrant
Warrant type	Call	Stock Exchange Listing	Stuttgart (EUWAX), Frankfurt (Scoach Premium)
Exercise type	European / automatic exercise	Last Exchange Trading Day	11 May 2010

3. Risks

Risks at the end of the lifetime

If the price of the Share equals or is below the Barrier at any time during the Observation Period, the Knock-Out Call Warrant expires worthless. A price recovery is not possible. In such a case, investors lose their total amount invested. Investors also suffer a loss if the price of the Share on the Valuation Date is so close to the Strike that the Cash Amount is below the purchase price of the Knock-Out Call Warrants. A Knock-Out Event can occur at any time during the trading hours of the Underlying. Such an event may also occur outside the trading times of the Knock-Out Call Warrant.

Market price risk during the lifetime

The value of the Knock-Out Call Warrant 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 Knock-Out Call Warrant is not subject to any deposit protection.

4. Availability

Tradability

After the Issue Date, the Knock-Out Call Warrant 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 Knock-Out Call Warrant 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 Knock-Out Call Warrant temporarily.

Factors determining the market value during the lifetime

The value of the Knock-Out Call Warrant during the lifetime can be substantially below the purchase price. The market price of the Knock-Out Call Warrant depends primarily on the performance of the price of the Share, however, without necessarily tracking such performance exactly. Moreover, investors should bear in mind that the Knock-Out Call Warrant expires worthless immediately if the price of the Share equals or is below the Barrier during the Observation Period. The following circumstances, in particular, may have an additional impact on the market price of the Knock-Out Call Warrant:

- 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 Knock-Out Call Warrant.

Reference Price	Scenario 1: Price of Share was at no time at or below the Barrier during the Observation Period	Scenario 2: Price of Share equals or is below the Barrier at some time during the observation period
	The investor receives per Knock-Out Call Warrant	The investor receives per Knock-Out Call Warrant
EUR 60.00	EUR 2.20	EUR 0
EUR 50.00	EUR 1.20	EUR 0
EUR 40.40	EUR 0.24	EUR 0
EUR 38.01	EUR 0	EUR 0
EUR 30.00	–	EUR 0

Purchasing at the Initial Issue Price:

Positive development for the investor

Neutral development for the investor

Negative development for the investor

6. Costs / distribution fees

The Initial Issue Price of the Knock-Out Call Warrant 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 Knock-Out Call Warrant - 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 Knock-Out Call Warrant 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: none

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 Knock-Out Call Warrant.

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 Knock-Out Call Warrant, 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 Knock-Out Call Warrant. For full information - and in particular regarding the details of the structure of and risks associated with an investment in the Knock-Out Call Warrant - 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.
