

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.

Discount Certificate linked to Z-AG Shares

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

Issuer: XY-Bank

1. Product description/functionality

Product class

Discount Certificate (bearer bond)

General description of functionality

With this Discount Certificate the investor participates in the performance of the price of the Z-AG Share. The Initial Issue Price of the Certificate, however, is below the current market price of the Share. In consideration for this discount, the investor participates in an increase of the price of the Share only up to the Cap. On the Maturity Date, the investor receives, depending on the Reference Price, either a Cash Amount or Shares corresponding to the Multiplier.

a) If the Reference Price is equal to or above the Cap, then the Cash Amount corresponds to the Maximum Amount.

b) If the Reference Price is below the Cap, 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 Discount Certificate is aimed at investors who assume that the price of the Share will rise slightly, experience a sideways trend, or fall slightly.

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)	Reference Price	closing price (Xetra) of Share on the Valuation Date
Currency of Discount Certificate	EUR	Valuation Date	17 June 2011
Currency of Underlying	EUR	Maturity Date	three banking days following the Valuation Date
Issue Date	26 November 2009	Multiplier	1.0
Initial Issue Price	EUR 28.83	Minimum Trading Unit	1 Certificate
Cap (Share)	EUR 36.00	Stock Exchange Listing	Stuttgart (EUWAX), Frankfurt (Scoach Premium)
Maximum Amount (Certificate)	EUR 36.00	Last Exchange Trading Day	16 June 2011

3. Risks

Risks at the end of the lifetime

If the Reference Price is below the Cap, the investor receives Shares corresponding to the Multiplier. The market value of the Shares can be below the purchase price of the Discount Certificate. In such a case the investor suffers a loss. 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. Worst case scenario: a total loss of the capital invested if the Share is worthless.

Market price risk during the lifetime

The value of the Discount Certificate 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 Discount Certificate is not subject to any deposit protection.

4. Availability

Tradability

After the Issue Date, the Discount Certificate 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 Discount Certificate 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 Discount Certificate temporarily.

Factors determining the market price during the lifetime

The value of the Discount Certificate during the lifetime can be substantially below the purchase price.

The market price of the Discount Certificate 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 Discount Certificate:

- changes in the volatility level of the price of the Share;
- remaining lifetime of the Discount Certificate;
- 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 Discount Certificate.

Reference Price	The investor receives per Discount Certificate
EUR 40.00	EUR 36.00
EUR 36.50	EUR 36.00
EUR 35.57	1 share
EUR 32.01	1 share
EUR 28.83	1 share
EUR 28.46	1 share
EUR 21.34	1 share
EUR 14.23	1 share

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 Discount Certificate 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 Discount Certificate – 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 Discount Certificate 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 Discount Certificate.

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 Discount Certificate, 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 Discount Certificate. For full information – and in particular regarding the details of the structure of and risks associated with an investment in the Discount Certificate – 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.