COMMERZBANK

5 year Autocallable on Ishares Hang Seng China Index and MSCI Taiwan Index (USD)

Key Facts:

- Maturity : Up to 5 years (if not previously autocalled)
- Currency: USD
- Underlyings:
  -HSCEI Index
  -TAMSCI Index
- 7% semi-annual coupon
- Invested capital at risk at maturity if any Index is below 50% of its Strike Level
- ISIN: XS0650605313

Investment rationale:

You invest in some of the best performing economies in the world being China and the Taiwan.

- Arguably the most important manufacturing country in the world, the Chinese economy has recorded exceptional growth with real GDP growth averaging over 10% p.a. over the last 5 years.
- Taiwan is a major manufacturing economy, with a focus on high technology and is benefiting strongly from the recovery in the global economic conditions, with a 2010 GDP growth rate of 10.5%.

How this product works:

This investment product is linked to the performance of two major stock market indices, the Hang Seng China Enterprises Index and the MSCI Taiwan Index. At the start of the product, on the trade date, the Investor purchases Denominations of the Note. On Strike date, the closing levels of each Index are recorded and these levels are taken as the Strike Levels. On each Early Observation Date, the closing levels of each Index are observed, if both of the indices close at or above 100% of their Strike Levels, the product is Autocalled, and the Investor receives 100% of their investment returned plus a coupon of 7% multiplied by the number of the Observation Date (i.e. – 1,...,10) previously elapsed and the product terminates.

Example:

- If on the third Observation date, this is the first Observation Date that the closing levels of all 2 Indices are all above 100% of their Strikes, then the Note Autocalls and the Investor will receive all their investment amount back plus their investment amount multiplied by 7% coupon multiplied by 3 (the number of the Observation Date) and the product terminates.
- If the Investment does not Autocall before the final Observation Date and if both of the indices are not above their Strike Levels at that time, provided that all 2 Indices are above 50% of their Strike Levels, the Investor will receive all their Investment amount returned, with no Coupon payment. In the event that any one of those is below 50% of its Strike, the amount invested by the Investor will receive back will be reduced.
- If on the Final Observation date, the index with the worst performance index closes at 45% of its Strike Level, then the Investor will receive 45% of their initial investment amount returned.

Underlyings:

- **HSCEI Index**: The Hang Seng China Enterprises Index is a freefloatcapitalisation-weighted index comprised of H-Shares listed on the Hong Kong Stock Exchange and included in the Hang Seng Mainland Composite Index. (Source: Bloomberg).
- **MSCI Taiwan Index**: The MSCI Taiwan Index is a free float adjusted market capitalization weighted index that is designed to track the equity market of performance of Taiwanese securities listed on the Taiwan Stock Ex-change and **GreTai Securities Market. (Source: MSCI).**

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Indicative terms and conditions	
Issuer:	Commerzbank AG
Ratings:	A2 (Moody's) / A (S&P)
Lead manager:	Commerzbank AG
Type of security:	Note issued under the Notes programme of the issuer
Underlyings:	Underlying — Ticker (Bloomberg) 1 Hang Seng China Enterprises — **HSCEI Index** 2 MSCI Taiwan Index — **TAMSCI Index**
Trade Date:	13-07-2011
Strike Date:	26-08-2011
Payment Date:	02-09-2011
Early observation Dates:	27-02-2012, 27/08/2012, 26/02/2013, 26/08/2013, 26/02/2014, 26/08/2014, 26/02/2015, 26/08/2015, 26/02/2016
Early Redemption Dates:	05-03-2012, 03/09/2012, 05/03/2013, 02/09/2013, 05/03/2014, 02/09/2014, 05/03/2015, 02/09/2015, 04/03/2016
Final Valuation Date:	26-08-2016
Final Redemption Dates:	02-09-2016
Issue Price:	100%
Currency:	USD
Minimum Investment:	USD 1,000
Denomination:	USD 1,000
Strike Level:	Determined on 26-08-2011
European Barrier:	50%
Coupon:	7% semi-annual
Autocall Trigger:	If, on an Early Observation Date, all 2 Underlyings close above 100% of their Strike Levels, the product is Autocalled and subject to Early Redemption.
Early Redemption:	If on any Early Observation Dates n (n=1,2…9) the Autocall is Triggered, Note holders will receive an amount per Denomination in accordance with the following formula on the immediately following Early Redemption Date: **Denomination + (Denomination * (n * Coupon))**
Redemption at Maturity	Unless Early Redeemed, on the Final Valuation Date, If all 2 Underlyings close above 100% of their respective strike values, the Noteholder will receive: Denomination + (Denomination * (10 * Coupon)) Else, if one or more of the underlyings close below 100% but all Underlyings close above the Barrier, The noteholder will receive per Denomination Denomination Else, if the Worst performing Underlying closes below 50% of its respective strike level, the Noteholder receives an amount per Denomination in accordance with the following formula: Denomination* $\left(\frac{Worst_{Final}}{Worst_{Initial}}\right)$ Where: $Worst_{final}$ — Equals the Official Closing Level of the Worst Performing Underlying $Worst_{initial}$ — Equals the Strike Price of the Worst Performing Underlying Worst Performing — With respect to the relevant observation date, the Underlying whose price has fallen the most among all Underlyings.

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