

COMMERZBANK AKTIENGESELLSCHAFT
Frankfurt am Main

Base Prospectus

as of January 24, 2012

relating to

Reverse Convertible Notes

COMMERZBANK 

CONTENT

Summary	3
Risk Factors	33
Risk factors relating to the Notes	33
Risk factors relating to the Commerzbank Group	55
General Information	88
Terms and Conditions of the Notes	93
Reverse Convertible Notes classic	93
Reverse Convertible Notes Plus	118
Commerzbank Aktiengesellschaft	144
General Information	144
Material Agreements	164
Legal Disputes	171
Recent Developments and Outlook	174
Documents Incorporated by Reference	176
Signatures	177

SUMMARY

This summary provides an overview of what are, in the opinion of the Issuer, the main risks associated with the Issuer and the Securities issued by the Issuer under this Base Prospectus. This summary is not exhaustive. It should be read as an introduction to this Base Prospectus. Investors should base any decision to invest in the Securities on a review of this Base Prospectus as a whole (including any supplements thereto) as well as the relevant Final Terms and especially the risk factors contained therein.

Commerzbank Aktiengesellschaft (the "**Issuer**", the "**Bank**" or "**Commerzbank**" and, together with its consolidated subsidiaries, "**Commerzbank Group**" or the "**Group**") may have civil liability in respect of this summary; such liability, however, applies only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus and the relevant Final Terms.

Where a claim relating to information contained in this Base Prospectus and the relevant Final Terms is brought before a court in a member state of the European Economic Area, the plaintiff investor may, under the national legislation of such member state, be required to bear the costs of translating this Base Prospectus (including any supplements thereto) and the relevant Final Terms before the legal proceedings are initiated.

SUMMARY OF INFORMATION AND SUMMARY OF RISK FACTORS RELATING TO THE SECURITIES

The purchase of Notes issued under this Base Prospectus is associated with certain risks. In respect of Notes that, in view of their specific structure, require a special description of the relevant risk factors, a supplementary description of the special risk factors associated with the relevant Notes in addition to the list set out below will be included in a separate document (the "**Final Terms**") where required. The information set forth hereinafter and in the Final Terms merely describes the major risks that are associated with an investment in the Notes in the Issuer's opinion. In this regard, however, **the Issuer expressly points out that the description of the risks associated with an investment in the Notes may not be exhaustive.**

In addition, the order in which such risks are presented does not indicate the extent of their potential commercial effects in the event that they are realised, or the likelihood of their realisation. The realisation of one or more of said risks may adversely affect the assets, finances and profits of Commerzbank Aktiengesellschaft or the value of the Notes themselves.

Moreover, additional risks that are not known at the date of preparation of this Base Prospectus and the relevant Final Terms or currently believed to be immaterial could likewise have an adverse effect on the value of the Notes.

The occurrence of one or more of the risks disclosed in this Base Prospectus, any supplement and/or the relevant Final Terms or any additional risks may lead to a material and sustained loss and, depending on the structure of the Notes, even result in the partial loss or even the **total loss** of the investor's capital.

Investors should purchase the Notes only if they are able to bear the risk of losing the capital invested, including any transaction costs incurred.

Potential investors in the Notes must in each case determine the suitability of the relevant investment in light of their own personal and financial situation. In particular, potential investors should in each case:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and/or the information contained or incorporated by reference in this Base Prospectus or any applicable supplement and all the information contained in the relevant Final Terms;

- have sufficient financial resources and liquidity to bear all of the risks associated with an investment in the Notes;
- understand thoroughly the Terms and Conditions pertaining to the Notes and be familiar with the behaviour of any relevant underlying and the financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect the value of their investment and be able to bear the associated risks.

These risk warnings do not substitute advice by the investor's bank or by the investor's legal, business or tax advisers, which should in any event be obtained by the investor in order to be able to assess the consequences of an investment in the Notes. Investment decisions should not be made solely on the basis of the risk warnings set out in this Base Prospectus, any supplement and/or the relevant Final Terms since such information cannot serve as a substitute for individual advice and information which is tailored to the requirements, objectives, experience, knowledge and circumstances of the investor concerned.

RISK FACTORS RELATING TO THE NOTES

The Notes issued under this Base Prospectus are subject to - potentially major - price fluctuations and may involve the risk of a **complete or partial loss** of the invested capital (including any costs incurred in connection with the purchase of the Notes). Since, in the case of Notes, the Coupon or Redemption Amount or any other amount is linked to an underlying (share, index, goods (e.g. precious metals or commodities), futures contract, bond, currency exchange rate, interest rate or fund (the "**Underlying**"), or to one or more formulae ("**Structured Notes**")), the Notes are investments that might not be suitable for all investors.

The Notes may have complex structures, which the investor might not fully understand. The investor might therefore underestimate the actual risk that is associated with a purchase of the Notes. Therefore, potential investors should study carefully the risks associated with an investment in the Notes (with regard to the Issuer, the type of Notes and/or the Underlying, as applicable), as well as any other information contained in this Base Prospectus, any supplements thereto as well as the relevant Final Terms, and possibly consult their personal (including tax) advisors. Prior to purchasing Notes, potential investors should ensure that they fully understand the mechanics of the relevant Notes and that they are able to assess and bear the risk of a **(total)** loss of their investment. Prospective purchasers of Notes should in each case consider carefully whether the Notes are suitable for them in the light of their individual circumstances and financial position.

It is possible that the performance of the Notes is adversely affected by several risk factors at the same time. The Issuer, however, is unable to make any reliable prediction on such combined effects.

I. General Risks

- **Deviation of the initial issue price from the market value and impact of incidental costs**

The initial issue price in respect of any Notes is based on internal pricing models of the Issuer and may be higher than their market value. The pricing models of other market participants may deviate from the Issuer's internal pricing models and might produce different results.

The price that might be obtainable in the secondary market for the Notes might be lower than their issue price.

The initial issue price (irrespective of any agio that might be payable) may include commissions and/or other fees relating to the issue and sale of the Notes (including a margin), which are payable to distributors or third parties or may be retained by the Issuer. In addition, the issue price may include costs that are incurred in connection with the hedging of the Issuer's liabilities in relation to the issue of the Notes.

- **Trading in the Notes, reduction in liquidity**

Not every series of Notes that is issued under this Base Prospectus will be included in the unofficial market of, or admitted to trading on, a stock exchange. After the Notes have been included or admitted, their continued permanent inclusion or admission cannot be guaranteed. If such inclusion or admission (provided it took place) cannot be permanently maintained, it is possible that it will be significantly more difficult to purchase and sell the relevant Notes. Even if such inclusion or admission takes place, it will not necessarily result in a high turnover in respect of the Notes.

In addition, there does not exist a market maker for each series of Notes, i.e. someone who undertakes to provide purchasing and selling prices for the Notes pertaining to an issue subject to regular market conditions. Even if there is a market maker, the market maker does not undertake to provide the aforesaid prices under all circumstances. If there is a market maker, it is normally the Issuer that assumes this function.

In particular in the event of extraordinary market conditions or extremely volatile markets, the market maker will normally not provide any purchasing and selling prices. A market maker will provide purchasing and selling prices for the Notes under regular market conditions only. However, even in the event of regular market conditions, the market maker does not assume any legal responsibility towards the holders of the Notes to provide such prices and/or for the fact that such prices provided by the market maker are reasonable. The market maker might undertake towards certain stock exchanges, in accordance with the relevant stock exchange rules, to provide purchasing and selling prices with regard to specific order or securities volumes under regular market conditions. That obligation, however, will be entered into towards the relevant stock exchange. Third parties, including the holders of the Notes, are unable to derive any obligations of the issuer or the market maker in this regard. This means that the holders of the Notes cannot rely on their ability to sell the Notes at a certain time or price. In particular, the market maker is not obliged to buy back the Notes during their term.

Even if market making activities took place at the beginning or during the term of the Notes, this does not mean that there will be market making activities for the full duration of the term of the Notes.

For the aforesaid reasons, it cannot be guaranteed that a secondary market will develop with regard to the respective Notes, which will provide the holders of the Notes with an opportunity to sell on their Notes. The more restricted the secondary market, the more difficult it will be for the holders of the Notes to sell their Notes in the secondary market. This also applies with regard to the Notes' inclusion in an unofficial market of, or admission to trading on, a stock exchange.

- **Determination of the price of the Notes in the secondary market**

If there is a market maker for a series of Notes, such market maker will determine the purchasing and selling prices for such Notes in the secondary market on the stock exchange (if such a secondary market exists) and off the stock exchange on the basis of internal pricing models and a number of other factors. These factors may include the following parameters: actuarial value of the Notes, price of the Underlying, supply and demand with regard to the Notes, costs for risk hedging and risk assumption, margins and commissions.

Some of these factors may not have a consistent effect on the price of the Notes based on the relevant pricing models for the duration of the term, but may be taken into account at the market maker's discretion at an earlier time in a pricing context. This might include a margin included in the issue price, management fees and paid or expected payouts on the Underlying or its components (such as dividends), which - based on the characteristics of the Notes - might be retained by the Issuer. Expected dividends on the underlying or its components may be deducted prior to the "ex dividend" day in relation to the Underlying or its components, based on the expected yields for the entire term or a certain portion thereof. Any dividend estimate used by the market maker in its assessment may change during the term of the Notes or deviate from the dividend generally expected by the market or the actual dividend. This can also affect the pricing process in the secondary market.

Thus, the prices provided by the market maker may deviate from the actuarial value of the Notes and/or the price to be expected from a commercial perspective, which would have formed in a liquid

market at the relevant time in which several market makers acting independently of each other provide prices. In addition, the market maker may change the method based on which it determines the prices provided by it at any time, e.g. by changing its pricing models or using other calculation models and/or increasing or reducing the bid/offer spread.

If, during the opening hours of secondary trading in the Notes by the market maker and/or the opening hours of the stock exchanges on which the Notes are admitted or included, the underlying is also traded on its home market, the price of the Notes will be taken into account in the price calculation of the Notes. If, however, the home market of the Underlying is closed while the Notes relating to that Underlying are traded, the price of the Underlying must be estimated. As the Notes issued under this Base Prospectus are also offered at times during which the home markets of the Underlyings are closed, this risk may affect each Notes. In particular, however, this applies to Underlyings that are traded in time zones far away from Central Europe, such as American or Asian shares or share indices from those regions. The same risk occurs where Notes are traded on days during which the home market of the Underlying is closed because of a public holiday. If the price of the Underlying is estimated because its home market is closed, such an estimate may turn out to be accurate, too high or too low within hours in the event that the home market starts trading in the Underlying. Accordingly, the prices provided by the market maker prior to the opening of the relevant home market in respect of the Notes will then turn out to be too high or too low.

- **Restricted secondary trading because of non-availability of electronic trading systems**

The market maker normally provides purchasing and selling prices for on- and off-exchange trading via an electronic trading system. If the availability of the relevant electronic trading system is restricted or even suspended, this will negatively affect the Notes' tradability.

- **No secondary market immediately before final maturity**

The market maker and/or the stock exchange will cease trading in the Notes no later than shortly before their scheduled Maturity Date. However, the price of the Underlying and/or the applicable exchange rate, both of which can be relevant for the determination of the Notes' Redemption Amounts, may still change between the last trading day and the scheduled Maturity Date. This may be to the investor's disadvantage.

In addition, there is a risk that a barrier, which may be stipulated in the Terms and Conditions, is reached, exceeded or breached in another way for the first time prior to final maturity after secondary trading has already ended.

- **Conflicts of interest**

Conflicts of interest can arise in connection with the exercise of rights and/or obligations of the Issuer, the Calculation Agent or any other party (e.g. an index sponsor or external advisor) in accordance with the Terms and Conditions in respect of the Notes (e.g. in connection with the determination or adaptation of parameters of the terms and conditions), which affect the amounts payable or the assets to be delivered.

The Issuer, the Calculation Agent or another party, as well as any of their affiliates, may enter into transactions in the Notes' Underlyings for their own or their customers' account, which might have a positive or negative effect on the performance of the relevant Underlying and may thus have a negative effect on the value of the Notes.

If the Underlying is a share, there is a possibility that the Issuer, the Calculation Agent or another party, as well as any of their affiliates, may hold shares in the company that issued the Underlying.

The party that performs a specific function in respect of the Notes (e.g. that of calculation agent and/or index sponsor) might have to determine the calculation of the Underlying or calculate its value. This can lead to conflicts of interest if securities issued by that party can be chosen as Underlying.

In addition, the Issuer might issue additional derivative instruments with regard to the Underlying. An introduction of these new competing products can adversely affect the value of the Notes.

In addition, the Issuer and its affiliates might now or in future maintain a business relationship with the issuer of one or more Underlyings (including with regard to the issue of other securities relating to the relevant Underlying or lending, depositary, risk management, advisory and trading activities). Such business activities may be carried out as a service for customers or on an own account basis. The Issuer and/or any of its affiliates will pursue actions and take steps that it or they deem necessary or appropriate to protect its and/or their interests arising therefrom without regard to any negative consequences this may have for the Notes. Such actions and conflicts may include, without limitation, the exercise of voting rights, the purchase and sale of securities, financial advisory relationships and the exercise of creditor rights. The Issuer and any of its affiliates and their officers and directors may engage in any such activities without regard to the potential adverse effect that such activities may directly or indirectly have on any Notes.

The Issuer and any of its affiliates may, in connection with their other business activities, possess or acquire material (including non-public) information about the Underlying. The Issuer and any of its affiliates have no obligation to disclose such information about the Underlying.

The Issuer may act as market maker for the Notes and, in certain cases, the Underlying. In the context of such market making activities, the Issuer will substantially determine the price of the Notes and possibly that of the Underlying and, thus, the value of the Notes. The prices provided by the Issuer in its capacity as market maker will not always correspond to the prices that would have formed in the absence of such market making and in a liquid market.

- **Hedging risks**

The Issuer and its affiliates may hedge themselves against the financial risks associated with the issue of the Notes by performing hedging activities in relation to the relevant Underlying. Such activities in relation to the Notes may influence the market price of the Underlying to which the Notes relate. This will particularly be the case at the end of the term of the Notes. It cannot be ruled out that the conclusion and release of hedging positions may have a negative influence on the value of the Notes or payments to which the holder of the Notes is entitled.

In addition, investors may not be able to enter into hedging transactions that exclude or limit their risks in connection with the purchase of the Notes. The possibility to enter into such hedging transactions depends on market conditions and the respective Underlying terms and conditions.

- **Interest rate and inflationary risks, currency risks**

The market for the Notes is influenced by the economic and market conditions, interest rates, exchange rates and inflation rates in Europe and other countries and regions. Events in Europe and in other parts of the world can lead to higher market volatility and thus have an adverse effect on the value of the Notes. In addition, the economic situation and the market conditions can have negative consequences for the value of the Notes.

Currency risks for the purchaser arise in particular in those cases where (i) the Underlying is denominated in a different currency than the Notes, (ii) the Notes are denominated in a different currency than the official currency of the purchaser's home country or (iii) the Notes are denominated in a different currency than the currency in which the purchaser receives payments.

Exchange rates are subject to supply and demand factors on the international money markets, which are in turn influenced by macroeconomic factors, speculation and measures implemented by governments and central banks (e.g. foreign exchange controls and restrictions). The value of the Notes or the amount of the potentially due payment might be reduced because of exchange rate fluctuations.

Notes with a so-called "quanto element" (an in-built currency hedge that determines a fixed exchange rate at the time of issue) are not subject to a currency risk in relation to the settlement currency and the currency of the Underlying. During the term of the Notes, the economic value of the quanto hedge may fluctuate depending on various influencing factors.

As payments are made at the fixed exchange rate, the investor will not benefit from a positive development of the exchange rate at the time of maturity in the event of a currency hedge via the quanto element. In addition, when purchasing Notes with a quanto element, investors must assume that the purchase price of the Notes includes costs in respect of the quanto hedge.

- **Offer volume**

The offer volume specified in the relevant Final Terms corresponds to the maximum total amount of Notes offered but is no indication of which volume of Notes will be actually issued. The actual volume depends on the market conditions and may change during the term of the Notes. Therefore, investors should note that the specified offer volume does not allow any conclusions as to the liquidity of the Notes in the secondary market.

- **Use of loans**

If the investor finances the purchase of the Notes through a loan, he – in the event that he loses some or all of the invested capital – has not only to bear the loss incurred but will also have to pay the interest and repay the loan. In that case, the exposure to loss increases considerably. Investors should never assume that they will be able to repay the loan including interest out of the payments on the Notes or – in the case of a sale of the Notes before maturity – out of the proceeds from such sale. The purchaser of Notes rather has to consider in advance on the basis of his financial situation whether he will still be able to pay the interest or repay the loan at short notice if the expected profits turn into losses.

- **Transaction costs**

Transaction costs that are charged by the custodian bank and/or the stock exchange via which an investor places his purchase and/or selling order may reduce any profits and/or increase any losses. In the case of a total loss in respect of a Note, the transaction costs will increase the loss incurred by the relevant investor.

- **Notes are unsecured obligations (Status)**

The obligations under the Notes constitute direct, unconditional and unsecured obligations of the Issuer and, unless otherwise provided by applicable law, rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer. They are neither secured by the Deposit Protection Fund of the Association of German Banks (*Einlagensicherungsfonds des Bundesverbandes deutscher Banken e.V.*) nor by the German Deposit Guarantee and Investor Compensation Act (*Einlagensicherungs- und Anlegerentschädigungsgesetz*).

This means that the investor bears the risk that the Issuer's financial situation may worsen - and that the Issuer may be subjected to a reorganisation proceeding (*Reorganisationverfahren*) or transfer order (*Übertragungsanordnung*) under German bank restructuring law or that insolvency proceedings might be instituted with regard to its assets - and therefore payments or deliveries due under the Notes can not or only partially be done. **Under these circumstances, a total loss of the investor's capital might be possible.**

The Issuer may enter into hedging transactions in the relevant Underlying but is under no obligation to do so. If hedging transactions are entered into, they shall exclusively be to the benefit of the Issuer, and the investors shall have no entitlement whatsoever to the Underlying or with respect to the hedging transaction. Hedging transactions entered into by the Issuer shall not give rise to any legal relationship between the investors and the party responsible for the Underlying.

- **Impact of a downgrading of the credit rating**

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Such perceptions are generally influenced by the ratings given to the Issuer's outstanding securities by rating agencies such as Moody's Investors Services Inc., Fitch Ratings Ltd, a subsidiary of Fimalac, S.A., and Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. Any downgrading of the Issuer's rating (if any) by even one of these rating agencies could result in a reduction in the value of the Notes.

- **Reinvestment risk upon Early Redemption**

Following an Early Redemption of the Notes (e.g. in the case of a termination of the Notes by the Issuer), the investor may only be able to reinvest the Redemption Amount on significantly less favourable conditions than before.

- **Applicability of investment restrictions**

Certain investors may be subject to legal investment restrictions.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities (this particularly applies to Notes). Each potential investor should consult his legal advisers to determine whether and to what extent (a) the purchase of Notes represents a legal investment for him, (b) Notes can be used as collateral for various types of financing and (c) other restrictions apply to his purchase or pledge of any Notes. Investors who are subject to official supervision should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

- **Taxes and other duties**

All taxes or other duties payable at the level of the Issuer or the holders of the Notes on payments made in relation to the Notes are to be borne by the holders of the Notes. The Issuer will not pay any additional amounts to the holders of the Notes on account of any such taxes or duties.

- **Substitution of the Issuer**

If the conditions set out in the Terms and Conditions are met, the Issuer is entitled at any time, without the consent of the holders of the Notes, to appoint another company as the new Issuer with regard to all obligations arising out of or in connection with the Notes in its place. In that case, the holder of the Notes will generally also assume the insolvency risk with regard to the new Issuer.

- **Change of law**

The Terms and Conditions contained in this Base Prospectus are based on relevant laws, judicial decisions and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible amendments of the relevant laws, judicial decisions or change to such laws or administrative practices after the date of this Base Prospectus.

II. Risks resulting from the structure of the Notes

Certain factors are of great significance with regard to the assessment of the risks associated with an investment in the Notes issued under this Base Prospectus.

- **General**

An investment in the Notes issued under this Base Prospectus entails significant additional risks, which include risks in relation to the Underlying(s) as well as risks solely associated with the Notes themselves.

Such risks include, without limitation:

- (a) that the payments to be made under the Terms and Conditions of the Notes depend on the performance of one or more Underlying(s), so that the Redemption Amount may be lower than the original purchase price of the Note or no payment may take place at all.

A link to the performance of one or more Underlying(s) also has an effect on the value of the Notes. In that context, the value of the Notes will normally fall if the price of the Underlying goes down (without taking into account special characteristics of the Notes and without taking into account currency exchange rate changes in those cases where the Notes are issued in a

currency different from the one in which the Underlying is quoted and the Cash Amount is therefore converted).

- (b) that, pursuant to the Terms and Conditions of the Notes, payments can occur at times other than those expected by the investor (e.g. in the case of early redemption in the event of an Extraordinary Event as described in the Terms and Conditions);
- (c) that the consequences listed in (i) (reduction and/or non-occurrence of repayment) will occur for the particular reason that insolvency proceedings have been instituted with regard to the assets of the issuer of the Underlying or proceedings comparable to insolvency proceedings under German law are instituted or the Issuer ceases its payments or announces that it is unable to pay its debts when due or if similar events occur in relation to the issuer of the Underlying;
- (d) that various fees are levied by the Issuer, an affiliate of the Issuer or a third party, which reduce the payments under the Notes. For instance, management fees might be levied with regard to the composition and calculation of an index, basket, fund or other Underlying, or performance or other fees might be incurred in connection with the performance of an Underlying and/or components of such Underlying;
- (e) that the performance of an Underlying depends on the expertise of individual persons (in particular if the Underlying is actively managed or the Issuer requires advice regarding the Underlying). If one or more of such persons leave a company that is relevant for the performance of the relevant Underlying or if a contract entered into by one of such persons and the Issuer or the Calculation Agent in relation to the Securities is terminated this may have a material adverse effect on the Securities;
- (f) that the risks of investing in the Notes encompass both risks relating to the Underlying and risks that are unique to the Notes as such;
- (g) that investors may be unable to hedge their exposure to the various risks relating to the Notes;
- (h) that the Underlying to which the Notes relate ceases to exist during the term of the Notes or might be replaced by another Underlying (this not only applies to actively managed Underlyings, but also to Underlyings that are effectively static), and that the investor, depending on the characteristics of the Note and the Underlying, might not always know the future Underlying or its composition when purchasing the Note; and
- (i) that the value of Notes on a possible secondary market is subject to greater fluctuations and thus greater risks than the value of other securities as it is dependent on one or several Underlyings. The performance of an Underlying is in turn subject to a series of factors beyond the Issuer's control. Such factors are influenced to a significant degree by the risks on the share, debt and foreign exchange markets, the interest rate development, the volatility of the relevant Underlyings as well as economic, political and regulatory risks, and/or a combination of the aforesaid risks.

The secondary market, if any, for Notes will be affected by a number of additional factors, irrespective of the creditworthiness of the Issuer and the value of the respective Underlying(s). These include, without limitation, the volatility of the relevant Underlying, as well as the remaining term and the outstanding volume of the respective Note.

- **Extraordinary termination, early redemption and adjustment rights**

In accordance with the Terms and Conditions, the Issuer will in some cases be entitled to perform adjustments with regard to the aforesaid Terms and Conditions or to terminate or call for early redemption of the Notes if certain conditions are met. These conditions are described in the relevant Terms and Conditions.

Any adjustment of the Terms and Conditions may have a negative effect on the value of the Notes as well as the Redemption Amount to be claimed by the investor.

The amount received by the holders of the Notes in the event of the termination of the Notes may be lower than the amount the holders of the Notes would have received without such termination. In addition, unwinding costs in connection with an early redemption may be deducted when determining the amount to be paid in the event of a termination in accordance with the Terms and Conditions. Such unwinding costs may comprise all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the early redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position.

Furthermore, investors bear the risk that they may invest the amounts received upon termination only at a rate of return which is lower than that of the terminated Notes.

- **Early Redemption of the Notes upon Termination by the Issuer, Automatic Early Redemption**

The Terms and Conditions of securities may provide for early redemption rights of the Issuer or automatic early redemption. Any such early redemption provisions may affect the market value of the Notes. Before or during any period during which the Issuer may decide to redeem the Notes, or in which an event triggering automatic early redemption may occur, the market value of the relevant Notes will normally not rise to a level that is significantly above the Redemption Amount. An early redemption of the Notes may result in the expected yield in connection with the investment in the Notes not being reached. In addition, the amount received by the holder of the Notes upon early termination may be lower than the purchase price paid by the holder of the Note or may even be zero, so that some or all of the invested capital may be lost.

In that case as well, the holders of the Notes may be able to invest the amounts received by them in the case of early redemption only in return for a yield that is below the (expected) yield of the Notes that were redeemed early.

- **Maximum Amount**

In the case of Notes where, pursuant to the relevant Terms and Conditions, the payment to be made in connection with the Note is limited to a maximum amount (whether in relation to the Redemption Amount or any other amount), the investor will not participate in any further performance of the Underlying that might be positive for the investor. While, on the one hand, the investor's yield is capped by way of the maximum amount, the investor may, on the other hand, bear the full loss risk in the event of an adverse performance of the Underlying.

- **Market disruption event and postponement of payments**

In the case of Notes, the Issuer may be entitled to determine market disruptions or other events that might result in a postponement of a calculation and/or of any payments and that might affect the value of the Notes.

In addition, in certain cases stipulated in the Terms and Conditions, the Issuer (especially if a market disruption event lasts several days) may estimate certain prices that are relevant with regard to payments or the reaching of barriers (leading to the Notes being worthless). These estimates may deviate from their actual value.

- **Notes that are denominated in foreign currencies and Dual Currency Notes**

If the relevant Note, the Underlying or a component of the Underlying is denominated in a currency other than the currency of issue (foreign currency) or if payment is made in a foreign currency, the investor will be exposed to exchange rate risks that may have an adverse effect on the Notes' yield. Exchange rate fluctuations have various causes, such as macroeconomic factors, speculative transactions and interventions by central banks and governments.

A change in the exchange rate of a currency in relation to the EUR, for instance, will result in a corresponding change in the Euro value of Notes that are not denominated in EUR, as well as in a corresponding change in the Euro value of payments that, pursuant to the Terms and Conditions of

the relevant Notes, are not made in EUR. The same applies where the Redemption Amount of a Note must be converted into EUR because it is determined on the basis of an Underlying that is not expressed in EUR (e.g. where the Redemption Amount is calculated based on the difference, converted into EUR, between an Underlying expressed in USD and the market price of a share denominated in USD).

If the value of a currency in which the Redemption Amount of a Note is payable or in which the Underlying of a Note is expressed falls in relation to the EUR and the value of the EUR increases accordingly, the Euro value of the relevant Note and/or the value of the payments in connection with the Note converted into EUR will fall.

- **Risks in relation to physical settlement**

The Terms and Conditions may provide that the Notes relating to an Underlying, depending on the performance on the Underlying or based on other conditions, may not have to be redeemed by way of a cash payment but by delivery of the Underlying (e.g. shares), one of the Underlyings, a component of an Underlying or other securities (the “**Object of Physical Settlement**”). The number of units of the Object of Physical Settlement to be delivered is determined in accordance with the Terms and Conditions of the Notes. Accordingly, in the event that the Notes are redeemed by way of physical settlement, the investor will not receive a cash payment, but instead units of the Object of Physical Settlement.

The Terms and Conditions may provide that the Issuer is not entitled to a delivery of securities other than those on whose price redemption is based. This means that, although the Underlying is relevant for the redemption type and amount, redemption may take place by way of delivery of a different security.

This means that investors should obtain information regarding the Objects of Physical Settlement (where applicable) prior to purchasing any Notes and that they should not assume that they will be able to sell the Objects of Physical Settlement for a specific price. The value of an Object of Physical Settlement at the time of its delivery may be significantly lower than at the time of the purchase of the Notes (or than the price paid for the purchase of the Notes) or at the time at which it is decided whether settlement is to take place by way of physical delivery or cash payment (valuation day). In the event of physical settlement, investors will be exposed to the risks that are associated with the relevant Object of Physical Settlement, such as a loss risk, and may even suffer a total loss.

- **No claim against the issuer of an Underlying**

Notes do not give rise to any payment or other claims towards the issuers of the Underlyings to which those Notes relate. If the payments by the Issuer are less than the purchase price paid by the holder of the Notes, such holder will not have recourse to the issuer of the Underlying.

III. Risk factors relating to the Underlying

The value of a Note's Underlying depends upon a number of factors that may be interconnected. These may include economic, financial and political events beyond the Issuer's control.

The past performance of an Underlying should not be regarded as an indicator of its future performance during the term of the Notes.

- **Particular risks of Notes with shares as Underlying**

Notes relating to shares are associated with particular risks beyond the Issuer's control, such as the risk that the respective company will be rendered insolvent, the risk that the share price will fluctuate or risks that occur in relation to dividend payments by the company. The performance of the shares depends to a very significant extent on developments on the capital markets, which in turn depend on the general global economic situation and more specific economic and political conditions. Shares in companies with low to medium market capitalisation may be subject to even higher risks (e.g. relating

to their volatility or insolvency) than is the case for shares in larger companies. Moreover, shares in companies with low capitalisation may be extremely illiquid as a result of low trading volumes.

Shares in companies which have their statutory seat or significant business operations in countries with limited certainty of law are subject to additional risks such as, for instance, government interventions or nationalisation which may lead to a total or partial loss of the invested capital or of access to the capital invested in that country. This may result in a total or partial loss in relation to the value of the share. The realisation of such risks may also result in a total or partial loss of the invested capital for holders of Notes that are linked to such shares.

Holders of Notes that are linked to shares, unlike investors which directly invest in the shares, do not receive dividends or other distributions payable to the holders of the underlying shares.

If the Underlying consists of registered shares or if the shares contained in an Underlying (e.g. a basket) are registered and the Issuer is obligated under the Terms and Conditions to deliver these registered shares to the investor: the rights arising from the shares (e.g. attendance of the annual shareholder meeting and exercise of the shareholders' voting rights) may generally be exercised only by shareholders whose names are listed in the company's register of members or a similar official list. An obligation of the Issuer to deliver shares is principally limited to the provision of the shares in a form and with characteristics deliverable on the scheduled maturity date in line with relevant stock exchange rules and does not include registration in the register of members. A claim arising from non-performance, particularly for unwinding the transaction or damages, is excluded in such a case.

If the Underlying consists of securities in lieu of shares (e.g. American Depositary Receipts ("**ADRs**") or Global Depositary Receipts ("**GDRs**"), together "**Depositary Receipts**"), additional risks might occur. ADRs are securities issued in the United States of America that take the form of participation certificates in relation to a portfolio of shares held in the home country of the issuer of the underlying shares outside the United States of America. GDRs are also securities that take the form of participation certificates in relation to a portfolio of shares held in the home country of the issuer of the underlying shares. They normally differ from the participation certificates referred to as ADRs in that they are publicly offered and/or issued outside the United States of America. Each Depositary Receipt represents one or more shares or a fraction of a security in a foreign corporation. In the case of both types of Depositary Receipt, the legal owner of the underlying share is the depositary bank, which also acts as the issuing agent of the Depositary Receipts.

Depending on the jurisdiction in which the Depositary Receipts were issued and the laws by which the depositary contract is governed, it cannot be ruled out that the holder of the Depositary Receipts may not be recognised as the actual beneficial owner of the underlying shares in the relevant jurisdiction. Particularly in the case that the depositary bank becomes insolvent and/or debt enforcement proceedings are initiated with regard to it, the relevant underlying shares may be subjected to disposal restrictions and/or utilised commercially in the context of debt enforcement measure undertaken against the depositary bank. In that case, the relevant holder will forfeit the rights in the Underlying shares represented by the relevant Depositary Receipt. This means that the Depositary Receipt as underlying will be rendered worthless, so that the Notes relating to that Depositary Receipt (except in the case of reverse structures) will also be rendered worthless. In such a scenario, the investor faces a risk of total loss subject to a possible unconditional minimum repayment amount or other (partial) capital protection.

It must also be taken into account that the depositary bank may stop offering Depositary Receipts at any time and that, in that case or if the depositary bank becomes insolvent, the issuer of these Notes will, subject to more detailed provisions set out in the Terms and Conditions of the Notes, be entitled to adjust the Terms and Conditions and/or terminate the Notes.

- **Particular risks of Notes with indices as Underlying**

Notes that are linked to one or several indices involve, in particular, the following risks:

Dependency on the value of the index components

The value of an index is calculated on the basis of the value of its components. Changes in the prices of index components, the composition of an index as well as factors that (may) influence the value of the index components also influence the value of the Notes that relate to the relevant index and can thus influence the yield from an investment in the relevant Notes. Fluctuations in the value of one index component may be compensated or aggravated by fluctuations in the value of other index components. The past performance of an index does not represent any guarantee of its future performance. Under certain circumstances, an index used as an Underlying may (i) not be available for the full term of the Notes, (ii) be substituted or (iii) continue to be calculated by the Issuer itself. In these or other cases mentioned in the Terms and Conditions, Notes may also be terminated by the Issuer.

An index may reflect the performance of assets of some countries or some industries only. In that case, investors are exposed to a concentration risk. In the event of an unfavourable economic development in a country or in relation to a particular industry, investors may be adversely affected. If several countries or industries are represented in an index, it is possible that the countries or the industries contained in the relevant index are weighted unevenly. This means that, in the event of an unfavourable development in one country or industry with a high index weighting, the value of the index may be affected disproportionately by this adverse development.

Investors should note that the selection of an index is not based on the expectations or estimates of the Issuer in respect of the future performance of the selected index. Investors should therefore make their own estimates in respect of the future performance of an index on the basis of their own knowledge and sources of information.

Price index – dividends are not taken into account

The index referred to in the relevant Terms and Conditions of the Notes may be a price index. Unlike in the case of performance indices, dividend distributions in relation to the shares contained in price indices will result in a reduction of the index level. This means that investors will not participate in dividends or other distributions in relation to shares contained in price indices.

No influence of the Issuer

As a general rule, the Issuer has no influence on the composition and performance of an index underlying a Note or the performance of the relevant index components, unless the Issuer and the index sponsor are identical.

No liability of the index sponsor

If the Notes relate to an index that is not calculated by the Issuer, the issue, marketing and distribution of the Notes will normally not be supported by the relevant index sponsor. In that regard, the relevant index is composed and calculated by the respective index sponsor without taking into account the interests of the Issuer or the holders of the Notes. In that case, the index sponsors do not assume any obligation or liability in respect of the issue, sale and/or trading of the Notes.

No recognised financial indices, no independent third party

The Notes may relate to one or more indices which are not recognised financial indices but indices that have been specially created for the issuance of the relevant Note. The index sponsors of such indices might not be independent from the Issuer and may thus favour the interests of the Issuer over the interests of the holders of the Notes.

Currency risks

The prices of the index components may be expressed in a currency (e.g. USD) that is different from the currency in which the Notes were issued (e.g. EUR). In that case, the Redemption Amount of the Notes and their value during their term may not only depend on the performance of the Underlying, but also on the development of the exchange rates of one or more foreign currencies against the currency of issue.

Index fees

Certain fees, costs, commissions or other composition and calculation charges may be deducted when calculating the value of an index. As a result, the performance of the individual index components is not acknowledged in full when calculating the performance of the respective index, but instead the performance is reduced by the amount of such fees, costs, commissions and other charges, which may to some extent erode any positive performance displayed by the individual components. It should also be noted that such costs may well also be incurred if the index returns negative performance, which will reinforce the negative performance even further.

Index composition publication

The composition of the indices may have to be published on a website or in other media mentioned in the terms and conditions. The publication of the updated composition of the respective index on the website of the relevant index sponsor might, however, be delayed considerably, sometimes even by several months. In those cases, the published composition may not always correspond to the actual composition of the relevant index.

• Particular risks in relation to Notes with commodities as Underlying

Commodities can be divided into several categories, e.g. minerals (e.g. oil, gas or aluminium), agricultural products (e.g. wheat or maize) and precious metals (e.g. gold or silver). Most commodities are traded on specialised exchanges or in interbank trading in the form of over-the-counter (OTC) transactions.

Holders of Notes linked to the price of commodities are exposed to significant price risks as prices of commodities are subject to great fluctuations. The prices of commodities are influenced by a number of factors, including, inter alia, the following factors:

Cartels and regulatory changes

A number of producers or producing countries of commodities have formed organisations or cartels to regulate supply and therefore influence prices. However, the trading in commodities is also subject to regulations imposed by supervisory authorities or market rules whose application may also affect the development of the prices of the relevant commodities.

Cyclical supply and demand behaviour

Agricultural commodities are produced at a particular time of year but are in demand throughout the year. In contrast, energy is produced without interruption, even though it is mainly required during cold or very hot times of the year. This cyclical supply and demand pattern may lead to strong price fluctuations.

Direct investment costs

Direct investments in commodities are associated with costs for storage, insurance and taxes. In addition, no interest or dividends are paid on commodities. The overall yield of an investment is influenced by these factors.

Inflation and deflation

The general development of prices may have a strong effect on the price development of commodities.

Liquidity

Many markets of commodities are not very liquid and may therefore not be able to react rapidly and sufficiently to changes in supply and demand. In the case of low liquidity, speculative investments by individual market participants may lead to price distortions.

Political risks

Commodities are frequently produced in emerging markets and subject to demand from industrialised countries. The political and economic situation of emerging markets, however, is often a lot less stable than that of industrialised countries. Emerging markets are exposed to a greater risk of rapid political changes and adverse economic developments. Political crises can damage investors' confidence, which can in turn influence commodity prices. Wars or conflicts may change the supply and demand in relation to certain commodities. It is also possible that industrialised countries impose embargoes regarding the export and import of goods and services. This may have a direct or indirect effect on the price of the commodities that serve as the Notes' Underlying.

Weather and natural disasters

Unfavourable weather conditions and natural disasters may have a long-term negative effect on the supply of specific commodities for an entire year. A crisis of supply of this sort may lead to strong and incalculable price fluctuations.

● **Particular risks in relation to Notes with futures contracts as Underlying**

Futures contracts are standardised forward transactions relating to financial instruments such as shares, indices, interest rates or foreign currencies (so-called financial futures) or commodities such as precious metals, wheat or sugar (so-called commodities futures).

A futures contract represents the contractual obligation to purchase or sell a certain quantity of the relevant contractual object at a certain date and price. Futures contracts are traded on futures and options exchanges and are standardised for that purpose with regard to size of contract, type and quality of the contractual object and potential delivery places and dates.

As a rule, there is a close correlation between the price performance of an asset that underlies a futures contract and is traded on a spot market and the corresponding futures market. However, futures contracts are generally traded at a premium or discount in relation to the spot price of the underlying asset. This difference between the spot and futures price, which is referred to as "basis" in futures and options exchange jargon, on the one hand results from the inclusion of the costs that are normally incurred in spot transactions (storage, delivery, insurance, etc.) and/or the revenues that are normally associated with spot transactions (interest, dividends, etc.), and on the other hand from the differing valuation of general market factors in the spot and the futures market. In addition, depending on the value, there can be a significant gap in terms of the liquidity in the spot and the corresponding futures market.

As the Notes relate to the futures contracts specified in the Terms and Conditions, investors, in addition to knowing the market for the relevant asset that underlies the relevant futures contract, must have know-how as to the workings and valuation factors of forward/futures transactions in order to be able to correctly assess the risks associated with an investment in those Notes.

As futures contracts expire on a certain date, the Terms and Conditions may provide that the Issuer (particularly in the case of Notes with a longer term), at a time stipulated in the Terms and Conditions, replaces the futures contract provided for as the Underlying in the Terms and Conditions by another futures contract that has a later expiry date than the initial underlying futures contract, but is otherwise subject to the same contractual specifications (so-called "**Roll-over**"). The costs associated with such

a Roll-over will be taken into account in accordance with the Terms and Conditions in connection with the adjustment of the Strikes of the Notes in conjunction with the Roll-over and may have a significant effect on the value of the Notes. The Terms and Conditions may provide for additional cases in which the Issuer may replace the initial futures contract and/or change parameters of the Terms and Conditions and/or terminate the Notes.

- **Particular risks in relation to Notes with currencies exchange rates as Underlying**

Exchange rates indicate the value ratio of a certain currency against another currency, i.e. the number of units in one currency that may be exchanged for one unit in the other.

Exchange rates are derived from the supply and demand in relation to currencies in the international foreign exchange markets. On the one hand, they are influenced by various economic factors, such as the rate of inflation in the relevant country, interest differences abroad, the assessment of the relevant economic development, the global political situation, the convertibility of one currency into another and the security of a financial investment in the relevant currency. On the other hand, they are influenced by measures undertaken by governments and central banks (e.g. foreign exchange controls and restrictions). In addition to these foreseeable factors, however, other factors might also be relevant that are difficult to estimate, such as factors of a psychological nature (such as crises of confidence in the political leadership of a country or other speculation). In some cases, such psychological factors may have a significant effect on the value of the relevant currency.

- **Particular risks of Notes with bonds as Underlying**

Holders of Notes linked to bonds, in addition to the insolvency risk of Commerzbank AG as the Issuer of the Notes, are also exposed to the insolvency risk of the issuers of such underlying bond(s). If the issuer of a bond underlying a Note does not punctually perform its obligations under the relevant bond or becomes insolvent, this will cause the value of the bond to fall (possibly to zero) and can in turn lead to significant price losses in the secondary market for the Notes and, possibly, a total loss of the invested capital for the holder of the Notes.

- **Particular risks of Notes with interest rates as Underlying**

Interest rates are based on the supply and demand on the international money and capital markets. They are influenced by various economic factors, speculation and measures undertaken by governments and central banks or other political factors. Market interest rates on the money and capital markets are often subject to significant fluctuations, and the holder of Notes relating to interest rates is exposed to such interest rate fluctuation risks.

- **Particular risks of Notes with funds as Underlying**

Notes that are linked to a fund involve, in particular, the following risks:

Fees

The performance of a fund is in part influenced by the fees that are directly or indirectly charged to the fund assets.

The following fees (without limitation) can be regarded as fees directly charged to the fund assets: fund management fees (including fees in respect of administrative tasks), depositary bank fees, standard bank deposit charges, possibly including the standard bank charges for holding foreign securities abroad, printing and distribution costs in relation to the annual and semi annual reports aimed at investors, auditors' fees for auditing the fund, distribution costs, etc. Additional fees and expenses may arise due to the contracting of third parties for services in connection with the management of the fund or the calculation of performance-based portfolio management fees.

In addition to the fees that are directly charged to the fund assets, the fees that are indirectly charged to the fund assets also have a negative effect on the performance of the fund. These indirect fees include (without limitation) management fees that are charged to the fund for investment units held in the fund assets.

Market Risk

As price or value reductions in relation to the securities purchased by the fund or other investments are also reflected in the prices of the individual fund units, there is a general risk of falling unit prices. Even if the fund's investments are much diversified, there is a risk that an adverse overall development in certain markets or exchanges can cause unit prices to fall.

Illiquid Investments

Funds may invest in assets which are illiquid or subject to a minimum holding period. Therefore, it may be difficult for the fund to sell these assets at all or at a reasonable price when it is required to sell them to generate liquidity. In particular, this can be the case if investors wish to redeem their fund units. The fund may suffer substantial losses if it is forced to sell illiquid assets in order to redeem fund units or if the sale of illiquid assets is only possible at a low price. This may negatively affect the value of the fund and, thus, the value of the Notes.

Investments in illiquid assets may also lead to difficulties in calculating the net asset value of the fund (see below). This, in turn, can result in delays with regard to payments in connection with the Notes.

Delayed NAV Publication

Under certain circumstances, the publication of a fund's net asset value may be delayed. This may result in a delayed redemption of the Note and, e.g. in the case of a negative market development, have a negative effect on the value of the Note. In addition, investors bear the risk that, in the case of a delayed redemption of the Notes, their reinvestment of the relevant proceeds may be subject to delays and possibly unfavourable terms.

Dissolution of a fund

It cannot be ruled out that a fund may be dissolved during the term of the Notes. In that case, the Issuer or the Calculation Agent will normally be entitled to perform adjustments with regard to the Notes in accordance with the relevant terms and conditions. Such adjustments may, in particular, provide for the substitution of the relevant fund by another fund. In addition, the Note may also be terminated early by the Issuer in that case.

Postponement or suspension of redemptions

The fund may redeem no or only a limited quantity of units at the scheduled times that are relevant for the calculation of the redemption amount of the Notes. This can result in a delayed redemption of the Notes if such a delay is provided for in the terms and conditions in the event that the termination of the hedge transactions concluded by the Issuer at the time of the issue of the Notes is delayed. In addition, such a scenario may negatively affect the value of the Notes.

Concentration on certain countries, industries or investment classes

The fund may concentrate its investments on assets relating to certain countries, industries or asset classes. This may lead to price fluctuations in relation to the fund that are higher and occur within a shorter period of time than would be the case if the risks were more diversified between industries, regions and countries.

Currency risks

The Notes may be linked to funds which are denominated in another currency than the currency in which the Notes are denominated or to funds which invest in assets that are denominated in another currency than the Notes. Investors may therefore be subject to a significant currency risk.

Markets with limited certainty of law

Funds that invest in markets with limited certainty of law are subject to certain risks such as, for instance, unexpected government interventions, which may lead to a reduced fund value. The realisation of such risks may also result in a total or partial loss of the invested capital for the holder of the Notes that are linked to such a fund.

Effects of regulatory framework conditions

Funds might not be subject to any regulation or may invest in investment vehicles which are not subject to any regulation. Conversely, the introduction of regulation of a previously unregulated fund may create significant disadvantages for such funds.

Dependency on Asset Managers

The performance of the fund will depend on the performance of the assets selected by the fund's asset manager for the purposes of implementing the relevant investment strategy. In practice, the performance of a fund largely depends on the competence of the managers taking investment decisions. The resignation or substitution of such persons may lead to losses and/or the dissolution of the relevant fund.

The investment strategies, restrictions and objectives of funds can provide an asset manager with significant room for manoeuvre when investing the relevant assets, and there is no guarantee that the asset manager's investment decisions will result in profits or provide efficient protection from market or other risks. There is no guarantee that a fund will succeed in implementing the investment strategy detailed in its sales documentation. This means that, even if the performance of a fund with similar investment strategies is favourable, a fund (and thus the Notes) may undergo a negative performance.

Particular Risks in relation to Funds of Funds

If so-called funds of funds, i.e. investment funds that substantially invest in other funds ("**target funds**"), underlie the Notes, the performance of the target funds will have a significant effect on the performance of the Notes.

The risks associated with the target fund units acquired for the fund(s) are closely related to the risks associated with the assets contained in, and/or the investment strategies pursued by, the relevant target funds. However, the aforesaid risks can be mitigated by diversifying the assets within the target funds and by way of a diversification of the fund(s).

As the managers of the individual target fund(s) act independently of one another, however, it is possible that several target funds pursue the same or diametrically opposed investment strategies. This can result in the accumulation of existing risks, and possible opportunities may be cancelled out.

The Issuer will often not be aware of the current composition of the target funds. If their composition does not correspond to the Issuer's assumptions or expectations, this may have a negative effect on the investors in the Notes because the actions of the issuer of the Notes will be delayed.

Particular Risks in relation to Hedge Fund Units

If the Notes relate to fund units in a so-called hedge fund, the particular risks set out below may occur, which may have a negative effect on the value of the underlying fund units and, thus, the value of the Notes themselves.

Hedge funds are generally permitted to utilise highly risky investment strategies and techniques as well as highly complex capital investment instruments. The assets managed by hedge funds are often invested in derivative instruments such as options and futures in the international futures markets.

Short sales and the use of additional borrowed funds may also form part of a hedge fund's investment strategy. It is not possible to provide a comprehensive or even exhaustive list of all investment strategies that may be pursued by hedge funds. When choosing individual investments and

implementing a hedge fund's strategy, the manager has significant room for manoeuvre since he/she is subject to only a few contractual and statutory restrictions. Therefore, investors in hedge funds are even more dependent on the suitability and skills of the relevant manager.

The use of highly risky and complex investment techniques and strategies by hedge funds may result in high losses. As part of their investment strategy, some hedge funds purchase risky securities, e.g. from companies facing economic difficulty and possibly undergoing complex restructuring processes. The success of such measures, however, is uncertain, so that these hedge fund investments are associated with significant risks and are exposed to a high loss risk.

If a hedge fund engages in short selling, it sells securities it does not possess at the time of the transaction and has to procure from third parties by way of securities borrowing. As a short seller, the hedge fund expects the price of the security to fall and therefore relies on its ability to purchase the security at a more favourable price at a later date. A profit is to be generated from the difference between the original sales proceeds and the later actual purchase price. If, however, a different price development occurs (i.e. the price of the short-sold security rises), the hedge fund is exposed to a loss risk that is theoretically unlimited because it must purchase the borrowed securities on current standard market terms in order to return them to their lender.

For the purposes of implementing their investment strategies, hedge funds may utilise all types of derivatives which are traded on and off stock exchanges and which come with the specific risks associated with investments in derivative instruments. Especially as a party to an option or forward transaction (e.g. currency forward, futures and swap transactions), the hedge fund is exposed to a high loss risk if the market development anticipated by it or its manager is not realised. In the case of exchange-traded or other derivatives, the hedge fund is also exposed to a counterparty credit risk.

Hedge funds often largely finance their investments by way of borrowing. This can result in a so-called leverage effect because capital in addition to that provided by the investors can be invested. In the event of a negative market development, the hedge fund is exposed to an increased loss risk because interest and principal repayments have to be made in any case with regard to the borrowed funds. If all of the invested capital is lost, the units in a hedge fund are rendered worthless.

Particular Risks in relation to Funds of Hedge Funds

Funds of hedge funds invest in various single hedge funds which, in turn, implement a multitude of different and potentially highly risky investment strategies. If the Notes relate to fund units in a fund of hedge funds, the following risks in addition to those mentioned in the above paragraphs entitled Risks in relation to Funds of Funds and Particular Risks in relation to Hedge Fund Units may occur, which may have a negative effect on the value of the units in the fund of hedge funds and, thus, the value of the Notes themselves. Each hedge fund in which a fund of hedge funds invests may charge fees that can in part be well above the market average and may be dependent on or independent of the performance of the hedge fund or its net assets. Thus, the relevant fees may cumulate or double.

Particular Risks in relation to Exchange Traded Funds

If the Notes relate to units in an Exchange Traded Fund ("ETF"), the particular risks set out below may occur, which may have a negative effect on the value of the underlying ETF units and, thus, the value of the Notes themselves.

ETFs pursue the objective of tracking, as accurately as possible, the performance of an index, basket or particular individual assets. Thus, the value of an ETF is particularly dependent upon the performance of the individual index or basket components and/or assets. However, it cannot be ruled out that the performance of the ETF does not correspond to that of the index, basket or individual asset (so-called "tracking error").

Unlike other investment funds, there is generally no active management of ETFs by the issuing investment company. This means that decisions regarding the purchase of assets are dictated by the index, basket or individual assets. If the value of the underlying index falls, this may thus result in an unlimited price loss risk in relation to the ETF, which may have a negative effect on the value of the Notes.

Particular Risks in relation to Property Funds

If the Notes relate to fund units in a property fund, the particular risks set out below may occur, which may have a negative effect on the value of the underlying fund units and, thus, the value of the Notes themselves.

Property investments are subject to risks that may affect the value of the fund units in the event of changes in the yields, expenses and the fair market value of the relevant properties. The same applies to properties held by property developers. Risks may arise from (without limitation) vacant properties, lost rents, unforeseen maintenance expenses or building cost increases, risks in relation to third-party warranty claims, risks in connection with existing contamination and the defaulting of contracting parties. If a property fund acquires an interest in a property development company, this may give rise to risks in relation to the company's legal form as well as in connection with a possible defaulting of shareholders/partners or changes in the tax and corporate frameworks. In the event of properties abroad, additional risks may arise from, for instance, deviating laws and tax rules. Currency and transfer risks might also apply in this regard.

Unlike with other investment funds, the redemption of the units in a property fund may be suspended by up to two years if the fund's available funds, in the case of a large number of redemption requests, are insufficient as to cover the payment of the redemption price and to safeguard proper management or cannot be provided at short notice. This may result in a delay in the redemption of the Notes. In addition, such a scenario may negatively affect the value of the Notes because the redemption price paid by the property fund, following continued redemption, may be lower than prior to the suspension.

All relevant information regarding a specific issue of Notes, such as their Terms and Conditions, calculations regarding the redemption amount or other amounts, issue price, issue date, underlying(s) (where applicable), market disruptions, settlement disruptions, adjustments, certain risk factors, clearing system, ISIN or other securities IDs, stock exchange listing, certification of the securities (stating the respective clearing system including the pertaining address) and any other information is set out in the respective Final Terms.

Additional risks (e.g. in relation to the Underlying(s), payment profiles and structures) may be set out in the relevant Final Terms.

IV. Special risks relating to the Notes issued under this Base Prospectus

Reverse Convertible Notes

- **General**

[cash settlement:]The Notes will be redeemed at the Maturity Date either at par or at a Redemption Amount, which will be calculated according to a formula set out in the Terms and Conditions and which will be depending on the Reference Price of the Underlying of the Notes on the Valuation Date.

The Notes will be redeemed at par, if on the Valuation Date the Reference Price of the Underlying (share, index, goods (e.g. precious metals or commodities), currency exchange rate, futures contract, bond, interest rate or fund) is not below the [Classic:]Strike [Protect:]Barrier set out in the Terms and Conditions. Otherwise the Redemption Amount will be calculated by multiplying the nominal amount of a Note with the performance of the Underlying, whereas the performance will be determined by dividing the Reference Price of the Underlying on the Valuation Date by the Strike.]

[delivery:]The Notes will be redeemed at the Maturity Date either at par or by delivery of [shares oder Share?][certificates][securities] as set out in the Terms and Conditions. If the redemption will be made by delivery of [shares][certificates][securities] or by payment of the nominal amount, will be

determined as to whether the Reference Price of the Underlying on the Valuation Date is below the [Classic:][Strike] [Protect:][Barrier]. If the Reference Price is exceeded by the [Classic:][Strike] [Protect:][Barrier], the Notes will be redeemed by delivery of [shares][certificates][securities], otherwise the Notes will be redeemed at par.]

[interest run of more than 1 year, but 1 coupon payment only:][The coupon payment will be due on the Maturity Date. Any further payment of coupons is not scheduled.]

[Floating Rate Notes:][● **Floating Interest Rate**

The holder of the Notes should note that the interest rate for these Notes is not fixed. The interest rate for each quarterly interest period will refer to the 3 months EURIBOR.][●]

In addition, investors should pay particular attention to the following points:

● **Loss risks**

[cash settlement:][It should be noted that in the case of a proceeding loss in the price of the Underlying of the Notes the probability increases that the Notes will be redeemed at an amount less than the nominal amount. As a result, the Noteholder could suffer significant losses with respect to the purchase price paid. Due to the limited maturity of the Notes, the Noteholder should not rely on any recovery of the price of the Underlying prior to the Valuation Date.] [Strike not equal Barrier][The Noteholder will especially suffer a loss if the Reference Price on the Valuation Date is below the Strike and the interest payment(s) could not compensate the gap between the Redemption Amount and the nominal amount]

[delivery:][It should be noted, that in case of a proceeding loss in the price of the Underlying of the Notes, the Notes will be redeemed by delivery of [shares][certificates][securities] the value of which will be less than the purchase price paid for the Notes. This means that the Notes will be redeemed at an amount less than the nominal amount. As a result, the Noteholder could suffer significant losses with respect to the purchase price paid. Due to the limited maturity of the Notes, the Noteholder should not rely on any recovery of the price of the Underlying prior to the Valuation Date.]

[In case of delivery of shares the relevant shares will be delivered as available and tradable on the Relevant Exchange on the Maturity Date. If the record date for the payment of the dividend for the relevant shares occurs within the period between the Valuation Date and the Maturity Date the Noteholder must take into consideration that the decision whether or not shares will be delivered was taken on the basis of a share price with dividend entitlement (cum dividend entitlement) whereas the shares are delivered with a reduction in dividends (ex dividend entitlement). Consequently, in such a case the Noteholder will not be entitled to receive the nominal amount of the Notes and will in addition obtain shares the price of which already includes the reduction in dividends.]

In addition, investors bear the risk that the Issuer's financial situation may deteriorate - or that insolvency proceedings might be instituted with regard to its assets - and that the Issuer might therefore default on the payments due under the Notes.

● **Adjustments and Termination by the Issuer**

Subject to particular circumstances as described in greater detail in the Terms and Conditions, the Issuer may be entitled to perform certain adjustments. Such adjustments may have an adverse effect on the value of the Notes.

In addition, the Issuer may be entitled to early terminate the Notes in accordance with the Terms and Conditions. In that case, the Notes will expire prematurely. If the Issuer gives notice of termination regarding the Notes, all outstanding Notes shall be redeemed at the Termination Amount. The Issuer shall determine the Termination Amount for the Notes in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions, any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of obligations under the Notes (the "**Hedging Transactions**"). When

determining the Termination Amount, the Issuer may take into account expenses for transactions that were required for winding up the Hedging Transactions as deductible items.

- **Redemption only upon maturity; sale of the Notes**

It is a feature of the Notes that, except in the case of a Termination of the Notes by the Issuer (§ 6 of the Terms and Conditions), an automatic payment of the Redemption Amount [or delivery of [shares][certificates][securities]] to the Noteholders is foreseen only on the Maturity Date set out in the Terms and Conditions.

Prior to the Maturity Date, the economic value represented by the Notes may be realised only by way of a sale of the Notes. A sale of the Notes, however, is contingent upon the availability of market participants who are prepared to purchase the Notes at a corresponding price. If no such market participants are available, it may not be possible to realise the value of the Notes. In particular, investors cannot expect that there will be a liquid market for the Notes under all circumstances and therefore, they also cannot expect that the assets invested in the Notes may be realised at any time by way of a sale of the notes. For that reason, investors should be prepared to hold the Notes until the Maturity Date.

[Other product-specific risk factors:]

[•]

Reverse Convertible Notes Plus

- **General**

[cash settlement:] [The Notes will be redeemed at the Maturity Date either at par or at a Redemption Amount which will be calculated according to a formula set out in the Terms and Conditions and which will depend on the price of the Underlying during the Monitoring Period as well as on the Reference Price of the Underlying of the Notes on the Valuation Date.]

The Notes will be redeemed at par, if the price of the Underlying is at no time during a Monitoring Period equal to or below the Barrier set out in the Terms and Conditions or if on the Valuation Date the Reference Price of the Underlying is not below the Strike set out in the Terms and Conditions. Otherwise the Redemption Amount will be calculated by multiplying the nominal amount of a Note with the performance of the Underlying, whereas the performance will be determined by dividing the Reference Price of the Underlying on the Valuation Date by the Strike.]

[delivery:] [The Notes will be redeemed at the Maturity Date either at par or by delivery of [shares][certificates][securities] as set out in the Terms and Conditions. The type of redemption is depending on the price of the Underlying during a fixed Monitoring Period as well as on the Reference Price of the Underlying on the Valuation Date.]

The Notes will be redeemed at par, if the price of the Underlying is at no time during a Monitoring Period equal to or below the Barrier set out in the Terms and Conditions or if on the Valuation Date the Reference Price of the Underlying is not below the Strike set out in the Terms and Conditions. Otherwise the Notes will be redeemed by delivery of [shares][certificates][securities].]

[interest run of more than 1 year, but 1 coupon payment only:] [The coupon payment will be due on the Maturity Date. Any further payment of coupons is not scheduled.]

[Floating Rate Notes:] [• **Floating Interest Rate**

The holder of the Notes should note that the interest rate for the Notes is not fixed. The interest rate for each quarterly interest period is related to the 3 months EURIBOR.] [•]

In addition, investors should pay particular attention to the following points:

- **Loss risks**

[cash settlement:]It should be noted that in the case of a proceeding loss in the price of the Underlying of the Notes, the probability increases that the Notes will be redeemed at an amount less than the nominal amount. This is especially the case if the price of the Underlying during the Monitoring Period is at least once equal to or below the Barrier. As a result, the Noteholder could suffer significant losses with respect to the purchase price paid. Due to the limited maturity of the Notes, the Noteholder should not rely on any recovery of the price of the Underlying prior to the Valuation Date.]

[delivery:]It should be noted, that in case of a proceeding loss in the price of the Underlying of the Notes, the Notes will be redeemed by delivery of [shares][certificates][securities] the value of which will be less than the purchase price paid for the Notes. This means that the Notes will be redeemed at an amount less than the nominal amount. As a result, the Noteholder could suffer significant losses with respect to the purchase price paid. Due to the limited maturity of the Notes, the Noteholder should not rely on any recovery of the price of the Underlying prior to the Valuation Date.]

[In case of delivery of shares the relevant shares will be delivered as available and tradable on the Relevant Exchange on the Maturity Date. If the record date for the payment of the dividend for the relevant shares occurs within the period between the Valuation Date and the Maturity Date the Noteholder must take into consideration that the decision whether or not shares will be delivered was taken on the basis of a share price with dividend entitlement (cum dividend entitlement) whereas the shares are delivered with a reduction in dividends (ex dividend entitlement). Consequently, in such a case the Noteholder will not be entitled to receive the nominal amount of the Notes and will in addition obtain shares the price of which already includes the reduction in dividends.]

In addition, investors bear the risk that the Issuer's financial situation may deteriorate - or that insolvency proceedings might be instituted with regard to its assets - and that the Issuer might therefore default on the payments due under the Notes.

- **Adjustments and Termination by the Issuer**

Subject to particular circumstances as described in greater detail in the Terms and Conditions, the Issuer may be entitled to perform certain adjustments. Such adjustments may have an adverse effect on the value of the Notes.

In addition, the Issuer may be entitled to early terminate the Notes in accordance with the Terms and Conditions. In that case, the Notes will expire prematurely. If the Issuer gives notice of termination regarding the Notes, all outstanding Notes shall be redeemed at the Termination Amount. The Issuer shall determine the Termination Amount for the Notes in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions, any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of obligations under the Notes (the "**Hedging Transactions**"). When determining the Termination Amount, the Issuer may take into account expenses for transactions that were required for winding up the Hedging Transactions as deductible items.

- **Continuous observation of the price of the Underlying and observation of the price of the Underlying on the Valuation Date**

In order to determine whether the price of the Underlying during the Monitoring Period is at least once equal to or below the Barrier, all prices of the Underlying are observed while for the determination of the price of the Underlying on the Valuation Date is equal to or below the Strike Price, only the Reference Price is observed.

- ***Redemption only upon maturity; sale of the Notes***

It is a feature of the Notes that, except in the case of a Termination of the Notes by the Issuer (§ 6 of the Terms and Conditions), an automatic payment of the Redemption Amount or delivery of [shares][certificates][securities] to the Noteholders is foreseen only on the Maturity Date set out in the Terms and Conditions.

Prior to the Maturity Date, the economic value represented by the Notes may be realised only by way of a sale of the Notes. A sale of the Notes, however, is contingent upon the availability of market participants who are prepared to purchase the Notes at a corresponding price. If no such market participants are available, it may not be possible to realise the value of the Notes. In particular, investors cannot expect that there will be a liquid market for the Notes under all circumstances and therefore, they also cannot expect that the assets invested in the Notes may be realised at any time by way of a sale of the notes. For that reason, investors should be prepared to hold the Notes until the Maturity Date.

Additional risks (e.g. in relation to the Underlying(s), payment profiles and structures) may be set out in the relevant Final Terms.

SUMMARY OF INFORMATION AND SUMMARY OF RISK FACTORS RELATING TO COMMERZBANK AKTIENGESELLSCHAFT

Summary of Information relating to Commerzbank Aktiengesellschaft

Commerzbank Aktiengesellschaft is a stock corporation under German law. The Bank's registered office is located in Frankfurt am Main and its head office is at Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main, Federal Republic of Germany (telephone: +49 (0)69 136-20). The Bank is registered in the commercial register of the lower regional court (*Amtsgericht*) of Frankfurt am Main under the number HRB 32 000. The financial year is the calendar year.

As of September 30, 2011 the Commerzbank Group is, according to its own estimates, the second-largest bank in Germany measured by total assets. Its approximately 1,200 branches in the future give it one of the most extensive branch networks of all private German banks, serving customers from every group. The focus of its activities is on the provision of a wide range of financial services to private, small and medium-sized corporate as well as institutional customers in Germany, including account administration and payment transactions, lending, savings and investment products, securities services, and capital market and investment banking products and services. Furthermore, through its subsidiaries and associated companies, the Group is also active in specialist sectors, such as ship financing and leasing. As part of its comprehensive financial services strategy, the Group also offers other financial services in association with cooperation partners, particularly building savings loans, asset management and insurance. In addition, the Group is expanding its position as one of the most important German export financiers. Alongside its business in Germany, the Group is also active in Central and Eastern Europe, including through its subsidiaries, branches and investments. Outside Germany, the Commerzbank Group had 25 operational foreign branches, 32 representative offices and eight significant subsidiaries in 50 countries as of September 30, 2011. The focus of its international activities lies in Europe.

The following section describes the individual segments of Commerzbank Group:

- *Private Customers.* The Private Customers segment consists of three Group divisions. The traditional branch business is concentrated in the Group division Private, Business and Wealth Management Customers, offering standardized banking and financial services aligned with typical customer needs, as well as wealth management, which covers asset management and support to affluent private customers in Germany and abroad. Supplementing this division is Commerz Direktservice GmbH, which provides call center services for Private, Business and Wealth Management Customers. Direct Banking covers the activities of comdirect bank and ebase (together, the "**comdirect group**"), a direct bank offering its services primarily through the Internet. The Group division Credit is responsible for lending operations with the above-mentioned customer groups.
- *Mittelstandsbank.* At the end of the first quarter of 2011, the Mittelstandsbank segment was comprised of two Group divisions, Corporate Banking and Financial Institutions. By partitioning the Corporate Banking division, the two Group divisions Mittelstand Germany and Key Customers & International were created in the second quarter of 2011. The Mittelstandsbank segment therefore now comprises the Group divisions of Mittelstand Germany, Key Customers & International and Financial Institutions. The Group division Mittelstand Germany bundles the business with SME customers, the public sector and institutional customers. The services offered in this area include payment transactions, flexible financing solutions, products for interest and foreign currency management, professional investment advice and investment banking solutions. The Group division Key Customers & International focuses on providing services to corporate customer groups with sales revenues of over €500 million. Smaller firms with higher capital market affinities as well as those largely engaged in activities abroad are also advised here. Through its foreign branches, this Group division is the strategic partner both for the international activities of German corporate groups and for international firms with business activities in the German home market. The Group division Financial Institutions is responsible for relationships with banks and financial institutions in Germany and abroad, as well as with central banks. One focal point is advising and handling customer import and export activities.

- **Central & Eastern Europe.** This segment covers the activities of the Group's operating units and shareholdings in Central and Eastern Europe, in particular the Polish BRE Bank, the Ukrainian Bank Forum and Commerzbank (Eurasija) SAO in Russia ("**Eurasija**"). The focus of business is on private and corporate customers and customer-related investment banking. Customers include private customers and local companies in Central and Eastern Europe, as well as companies active in this region.
- **Corporates & Markets.** This segment comprises the Group divisions Equity Markets & Commodities (trading and marketing of shares, share derivatives and primary commodities), Fixed Income & Currencies (trading and marketing of interest and foreign currency instruments and their derivatives as well as credit derivatives), Corporate Finance (financing and advisory services for equity and debt capital instruments as well as central credit portfolio management for the segment and advice on mergers and acquisitions) and Client Relationship Management (customer service), supported by Research (securities and company analysis).
- **Asset Based Finance.** This segment breaks down into the Group divisions CRE Germany, CRE International and Public Finance, mainly operated by Commerzbank subsidiary Eurohypo, as well as Eurohypo's retail banking business. The product portfolio ranges from traditional fixed-rate loans through structured financing to capital market products. The segment also includes the Group division Asset Management & Leasing, which primarily represents the activities of the Commerzbank subsidiary Commerz Real AG. The Bank is both an asset manager with an emphasis on real estate as well as a provider of leasing and investment solutions. Finally, the segment includes the Group division Ship Finance, comprising the ship financing businesses of Commerzbank and Deutsche Schiffsbank.
- **Portfolio Restructuring Unit.** The Portfolio Restructuring Unit ("**PRU**") was formed in mid-2009. This segment consolidates certain assets in order to dispose of them at an optimal value. These include structured credit assets and non-strategic credit products from the trading desk held in the portfolios of Commerzbank, Dresdner Bank and Eurohypo. These include problem assets and positions that no longer fit within the Commerzbank business model, such as assets related to discontinued proprietary trading and investment activities.
- **Others and Consolidation.** All staff and management functions – Development & Strategy, Communications, Legal, Treasury, Finance, Finance Architecture, Compliance, Audit, Human Resources and Integration as well as the central risk functions – fall under the umbrella of the Group Management unit. All support functions (i.e. IT, Organization, Banking and Market Operations, Security and Support) are provided by the Group Services unit, whose results are included in the Others and Consolidation segment.

On January 12, 2009, Commerzbank acquired all outstanding shares of Dresdner Bank by way of a contribution in kind. The subsequent merger of Dresdner Bank into Commerzbank was registered in the commercial register of the Bank on May 11, 2009.

In response to the financial market crisis, the Bank and SoFFin entered into an agreement on December 19, 2008 (amended and restated on June 3, 2009, June 22, 2010, June 5, 2011 and June 9, 2011) to establish a silent partnership ("**Participation Agreement 1**"), with a further agreement on June 3, 2009 (restated on June 22, 2010, January 25, 2011, May 10, 2011, May 11, 2011 and May 12, 2011) to establish an additional silent partnership ("**Participation Agreement 2**"). Under these agreements, SoFFin initially contributed to the Bank a silent participation in the amount of €8.2 billion on December 31, 2008 and subsequently a further silent participation in the initial amount of €8.2 billion on June 3, 2009. Furthermore, SoFFin received 295,338,233 of the Bank's shares at an issue price of €6.00 per share from a capital increase against cash contributions approved by the Annual General Meeting on May 16, 2009. As a result of this capital increase, SoFFin held a stake of 25% plus one share in the Bank. SoFFin was able to maintain this stake following the capital increase against contributions in kind using the Bank's authorized capital, resolved on January 12/21, 2011, by exercising its conversion rights derived from its silent participation to the required extent. In connection with the measures to partially repay the silent contributions implemented by Commerzbank in the second quarter of 2011, the silent participation contributed under Participation Agreement 2 was repaid in full and Participation Agreement 2 was terminated through a termination agreement dated June 5, 2011. In addition, the silent participation contributed under Participation Agreement 1 was partially repaid through a partial repayment agreement dated June 9, 2011. Since then the nominal amount of its contribution amounts to €1,937,037,920.25. In the course of the repayment of the silent

participations, silent participations were, in order to maintain SoFFin's shareholding in the Bank, also contributed to the Bank against the issuance of new shares. SoFFin thereby holds a stake of 25% plus one share in the Bank.

In addition, SoFFin (as guarantor), and Commerzbank, (as guarantee holder) entered into an agreement on December 30, 2008 for the provision of a €15 billion guarantee facility in respect of certain bearer bonds. Of this amount, an undrawn volume of €10 billion was relinquished unused.

On May 7, 2009, the European Commission declared the stabilization measures granted to the Bank to be compatible in principle with the state aid regulations of the EC treaty. Due to competition laws, the Federal Republic of Germany was obliged to ensure that Commerzbank complies with a number of requirements. Commerzbank has contractually committed to such compliance vis-à-vis SoFFin.

The Board of Managing Directors currently consists of nine members: Martin Blessing (chairman), Frank Annuscheit, Markus Beumer, Jochen Klösges, Michael Reuther, Dr. Stefan Schmittmann, Ulrich Sieber, Dr. Eric Strutz and Martin Zielke.

The Supervisory Board consists of twenty members. The members of the Supervisory Board currently are: Klaus-Peter Müller (chairman), Uwe Tschäge (deputy chairman), Hans-Hermann Altenschmidt, Dott. Sergio Balbinot, Dr.-Ing. Burckhard Bergmann, Dr. Nikolaus von Bomhard, Karin van Brummelen, Astrid Evers, Uwe Foullong, Daniel Hampel, Dr.-Ing. Otto Happel, Beate Hoffmann, Prof. Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel, Alexandra Krieger, Dr. h.c. Edgar Meister, Prof. h.c. (CHN), Dr. rer. oec. Ulrich Middelman, Dr. Helmut Perlet, Barbara Priester, Mark Roach and Dr. Marcus Schenck.

The auditors of Commerzbank Aktiengesellschaft are PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.

Summary of Risk Factors relating to Commerzbank Aktiengesellschaft

The Issuer is exposed to the risk described below. The realisation of these risks may have material adverse effects on the net assets, financial position and results of operations of the Group and therefore on the ability of the Issuer to fulfill its obligations from the Notes.

Market and Bank-related risks

- The global financial market crisis has put a significant strain on the net assets, financial position and results of operations of the Group in numerous ways due to amortization, depreciation, impairments, provisions, loan defaults, etc., and it can be assumed that there may also be material adverse effects for the Group in the future, particularly in the case of a renewed escalation of the crisis.
- The Group is heavily dependent on the economic environment, particularly in Germany, and a possible renewed downturn in the global economy due to the global financial market crisis could lead to further substantial burdens.
- The Group is exposed to counterparty default risk (credit risk) that includes large individual commitments and commitments concentrated in individual sectors, so-called "cluster" commitments.
- The Group has extended a substantial number of large loans and advances entailing counterparty default risk (credit risk) that would have material adverse effects on the Group if realized.
- Real estate finance and ship finance are exposed to risks associated in particular with the volatility of real estate and ship prices, including counterparty default risk (credit risk) and the risk of substantial changes in the values of private and commercial real estate and ships held as collateral.

- The Group is also exposed to credit and market risk related to bonds issued by the public sector and by other banks, particularly those in countries severely affected by the financial market crisis and its consequences.
- The Group has a substantial number of non-performing loans in its portfolio, and these defaults may not be sufficiently covered by collateral in combination with previously conducted write-downs and established provisions.
- The Group's results fluctuate a great deal and are heavily influenced by specific volatile components, in particular the net trading income, loan loss provisions and net investment income. As a result, quarterly and half-yearly results can only serve to a limited extent as indications of results in subsequent periods.
- It is possible that volatile and illiquid market conditions may compel the Group to perform further write-downs in the future, particularly on securities affected by the U.S. subprime crisis and on other financial instruments, or cause the Group to sustain further losses in the reduction of such portfolios.
- The markets for certain structured financial instruments in the Group's securities portfolio are relatively illiquid.
- The risk of changes in the fair value of the Group's financial instruments is not confined to its portfolio of U.S. subprime and other structured financial instruments.
- Changes to the classification of assets, the relevant accounting standards, regulatory environment or classifications by rating agencies may lead to a revaluation of the Group's assets such as its U.S. subprime securities, Public Finance portfolio or other structured financial instruments, and accordingly could have an adverse affect on the Group's net assets, financial position and results of operations.
- Contracts with bond and credit insurers, particularly monoline insurers, are exposed to a significant risk of default as these insurance companies are threatened by insolvency.
- The Group is exposed to credit risk related to reductions in the value of movable collateral especially in the case of financial instruments.
- In addition to its traditional lending business, the Group is also exposed to credit risk extending beyond the risks in traditional bank lending.
- The Group is exposed to market risk in the valuation of equities and investment fund units.
- The Group is exposed to market risk in the form of interest rate risks.
- The Group is exposed to market risk in the form of credit spread risks.
- The Group is exposed to currency risks.
- The Group is exposed to market risk in the form of volatility and correlation risks.
- The Group is exposed to market risk in the form of commodity price risks.
- The Group's hedging strategies could prove to be ineffective.
- Stricter regulatory standards applying to equity and liquidity may jeopardize the business model applied to a number of the Group's operations and have a negative impact on the Group's competitive position.

- Other regulatory reforms proposed in the wake of the financial crisis, for example, statutory charges such as the bank levy, may have a major impact on the Group's business model and competitive environment.
- The qualification of Commerzbank as a "systemically important" credit institution could affect the Group's business.
- Commerzbank is affected by the outcome of stress tests, the results of which may have negative effects on the Group's refinancing costs when they are published.
- The regulatory capital also includes instruments whose qualification as regulatory capital may change, which means that business operations could be restricted.
- The European Commission's deliberations regarding the EU Framework for Bank Recovery and Resolution may result in regulatory consequences that could restrict the Bank's business operations and lead to higher refinancing costs.
- The Group's income or results from its brokerage business and other commission or fee-based business areas may decrease further.
- There is a risk that the Group may not be able to implement its strategic plans, or only implement them in part or at higher costs than planned.
- The synergy effects anticipated from Dresdner Bank's integration into the Group may be less than expected or begin to materialize at a later date. In addition, ongoing integration is causing considerable costs and investments that may exceed the planned limits.
- The Bank is exposed to the risk of being unable to retain customers in the long run as a result of the takeover of Dresdner Bank.
- The Group may assess the size of its customer base incorrectly and therefore base its planning on inaccurate assumptions.
- There is a risk that products developed by the Group cannot be launched on the market or the products it launches do not perform as expected. As a result, prior investments may prove fruitless or lead to liability risks or financing commitments.
- The sales partnership between Allianz and the Group regarding asset management and insurance products may not yield the expected benefits.
- The markets in which the Group is active – particularly the German market and, specifically, activities in retail and investment banking as well as in business with corporate customers therein – are characterized by heavy competition on the basis of prices and conditions, which results in considerable pressure on margins.
- Measures by governments and central banks to combat the financial crisis have a significant impact on the competitive environment.
- Due to restrictions imposed by the European Commission in connection with the stabilization measures, the Group can only engage in aggressive competition on the basis of prices and conditions to a limited extent.
- The Group regularly requires liquidity in order to refinance its business activities and is exposed to the risk of such liquidity not being available to it on acceptable terms and of it being unable to meet its current and future payment commitments, or being unable to do so as and when they fall due, or being unable to comply with regulatory capital requirements.
- The Group's options for securing longer-term refinancing would be impaired, above all, by a reduction of liquidity on the Pfandbrief markets and the capital markets generally.

- A downgrade in the rating of Commerzbank, its subsidiaries or the entire Group can make refinancing more difficult and/or more expensive as well as entitle counterparties to terminate derivative transactions or call for additional collateral.
- Commerzbank could find it difficult to sell assets outside its core business either at reasonable prices or at all.
- Risks arising from the requirements and conditions attached to the government stabilization measures received by Commerzbank may have an adverse effect on the Group's profitability.
- The Group is exposed to a large number of operational risks including violations of compliance-relevant regulations in connection with the business activities in which it engages, such as, for example, duties relating to conduct, organization and transparency with regard to securities services and provisions intended to prevent money laundering and the financing of terrorism. It cannot be ruled out that circumstances or developments may arise that were not anticipated or were anticipated only to an inadequate extent when the operational risk models were designed. It should be expected that some components of Commerzbank's new operational risk model will be adjusted by the supervisory authorities in the course of the certification test.
- The Group is highly dependent on complex information technology ("IT") systems whose functionality may be impaired by internal and external circumstances.
- The growing significance of electronic trading platforms and new technologies may have negative implications for the Group's business activities.
- Particularly with respect to the Ukrainian Bank Forum, but also with respect to other holdings in listed and unlisted companies, Commerzbank is exposed to particular risks associated with the soundness and manageability of such holdings.
- It is possible that goodwill reported in the consolidated balance sheet will have to be written down, in full or in part, as a result of impairment tests.
- Commerzbank is subject to risks arising out of the possibility that claims are asserted under letters of comfort issued by it.
- The Group is exposed to risks on account of direct and indirect pension obligations.
- A further increase in the contributions to the German Pensions Protection Fund would put considerable strain on the Group's financial position and results of operations.
- It is not certain whether the Group will continue to succeed in attracting and retaining qualified staff in the future.
- The Group is subject to various reputational risks.
- The Group may be exposed to risks that are either not identified or inadequately appraised by the present risk management.

Legal and regulatory risks

- Claims for damages on the grounds of flawed investment advice have led to substantial charges and may in the future also lead to further substantial charges for the Group; furthermore, damages, warranty and rescission actions have been brought against Commerzbank and its subsidiaries.
- There can be no guarantee that the Group will be able to fulfill the requirements imposed by the European Commission in respect of the government stabilization assistance received by it and in respect of which the Group has given undertakings to SoFFin, or that the Group will be able to fulfill these requirements on time or to a sufficient degree, or that it will not suffer economic disadvantages in connection with the fulfillment of these requirements.

- The regulatory and banking supervisory frameworks within which the Group operates in the various jurisdictions in which it is active may change at any time, and non-compliance with regulatory provisions may result in the imposition of penalties and other disadvantages, including the loss of official licenses.
- There is a risk that the Group will be called upon to indemnify the German Deposit Protection Fund against losses the fund incurs by providing assistance in favor of a Commerzbank subsidiary.
- There is a risk that the Deposit Protection Fund will claim increased contributions from the Group or that the Group will be required, independently of the Deposit Protection Fund, to make contributions to help salvage banks that find themselves in economic difficulties.
- The planned reform of the EU-wide deposit protection guidelines would result in a financial burden on the Group in the form of the payment of substantial contributions, which probably cannot be passed on to the market.
- Commerzbank and its subsidiaries are subject to claims, including in court proceedings, for payment and restoration of value in connection with profit participation certificates and trust preferred securities it issued. The outcome of such proceedings may have considerable negative effects, beyond the claims asserted in each case, and may adversely affect the Group's net assets, financial position and results of operations.
- Proceedings brought by regulators, supervisory authorities and prosecutors may have material adverse effects on the Group.
- Divestments may also result in payment obligations and reputational harm.
- The measures that the Group has taken for the purposes of data protection and to ensure data confidentiality could prove to be inadequate and have an adverse effect on the Group and its reputation.
- The legal relationships between the Group and its customers are based on standardized contracts and forms designed for a large number of business transactions; problems in the individual provisions of this documentation or errors in this documentation may therefore affect a large number of customer relationships.
- The outcome of legal disputes to which the Group is not a party can have adverse consequences for the Group, for a number of different reasons, including the contesting of practices and clauses customarily used throughout the entire sector.
- The Group is subject to risks associated with tax audits; changes to tax legislation or jurisprudence may have an adverse effect on its net assets, financial position and results of operations.
- The European Commission has launched an antitrust investigation against Commerzbank and 16 other companies in the financial sector relating to the market for financial information on credit default swaps.

RISK FACTORS

The purchase of Notes issued under this Base Prospectus is associated with certain risks. In respect of Notes that, in view of their specific structure, require a special description of the relevant risk factors, a supplementary description of the special risk factors associated with the relevant Notes in addition to the list set out below will be included in a separate document (the "**Final Terms**") where required. The information set forth hereinafter and in the Final Terms merely describes the major risks that are associated with an investment in the Notes in the Issuer's opinion. In this regard, however, **the Issuer expressly points out that the description of the risks associated with an investment in the Notes may not be exhaustive.**

In addition, the order in which such risks are presented does not indicate the extent of their potential commercial effects in the event that they are realised, or the likelihood of their realisation. The realisation of one or more of said risks may adversely affect the assets, finances and profits of Commerzbank Aktiengesellschaft or the value of the Notes themselves.

Moreover, additional risks that are not known at the date of preparation of this Base Prospectus and the relevant Final Terms or currently believed to be immaterial could likewise have an adverse effect on the value of the Notes.

The occurrence of one or more of the risks disclosed in this Base Prospectus, any supplement and/or the relevant Final Terms or any additional risks may lead to a material and sustained loss and, depending on the structure of the Notes, even result in the partial loss or even the **total loss** of the investor's capital.

Investors should purchase the Notes only if they are able to bear the risk of losing the capital invested, including any transaction costs incurred.

Potential investors in the Notes must in each case determine the suitability of the relevant investment in light of their own personal and financial situation. In particular, potential investors should in each case:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and/or the information contained or incorporated by reference in this Base Prospectus or any applicable supplement and all the information contained in the relevant Final Terms;
- have sufficient financial resources and liquidity to bear all of the risks associated with an investment in the Notes;
- understand thoroughly the Terms and Conditions pertaining to the Notes and be familiar with the behaviour of any relevant underlying and the financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect the value of their investment and be able to bear the associated risks.

These risk warnings do not substitute advice by the investor's bank or by the investor's legal, business or tax advisers, which should in any event be obtained by the investor in order to be able to assess the consequences of an investment in the Notes. Investment decisions should not be made solely on the basis of the risk warnings set out in this Base Prospectus, any supplement and/or the relevant Final Terms since such information cannot serve as a substitute for individual advice and information which is tailored to the requirements, objectives, experience, knowledge and circumstances of the investor concerned.

RISK FACTORS RELATING TO THE NOTES

The Notes issued under this Base Prospectus are subject to - potentially major - price fluctuations and may involve the risk of a **complete or partial loss** of the invested capital (including any costs incurred

in connection with the purchase of the Notes). Since, in the case of Notes, the Coupon or Redemption Amount or any other amount is linked to an underlying (share, index, goods (e.g. precious metals or commodities), futures contract, bond, currency exchange rate, interest rate or fund (the "**Underlying**"), or to one or more formulae ("**Structured Notes**")), the Notes are investments that might not be suitable for all investors.

The Notes may have complex structures, which the investor might not fully understand. The investor might therefore underestimate the actual risk that is associated with a purchase of the Notes. Therefore, potential investors should study carefully the risks associated with an investment in the Notes (with regard to the Issuer, the type of Notes and/or the Underlying, as applicable), as well as any other information contained in this Base Prospectus, any supplements thereto as well as the relevant Final Terms, and possibly consult their personal (including tax) advisors. Prior to purchasing Notes, potential investors should ensure that they fully understand the mechanics of the relevant Notes and that they are able to assess and bear the risk of a (**total**) loss of their investment. Prospective purchasers of Notes should in each case consider carefully whether the Notes are suitable for them in the light of their individual circumstances and financial position.

It is possible that the performance of the Notes is adversely affected by several risk factors at the same time. The Issuer, however, is unable to make any reliable prediction on such combined effects.

I. General Risks

• Deviation of the initial issue price from the market value and impact of incidental costs

The initial issue price in respect of any Notes is based on internal pricing models of the Issuer and may be higher than their market value. The pricing models of other market participants may deviate from the Issuer's internal pricing models and might produce different results.

The price that might be obtainable in the secondary market for the Notes might be lower than their issue price.

The initial issue price (irrespective of any agio that might be payable) may include commissions and/or other fees relating to the issue and sale of the Notes (including a margin), which are payable to distributors or third parties or may be retained by the Issuer. In addition, the issue price may include costs that are incurred in connection with the hedging of the Issuer's liabilities in relation to the issue of the Notes.

• Trading in the Notes, reduction in liquidity

Not every series of Notes that is issued under this Base Prospectus will be included in the unofficial market of, or admitted to trading on, a stock exchange. After the Notes have been included or admitted, their continued permanent inclusion or admission cannot be guaranteed. If such inclusion or admission (provided it took place) cannot be permanently maintained, it is possible that it will be significantly more difficult to purchase and sell the relevant Notes. Even if such inclusion or admission takes place, it will not necessarily result in a high turnover in respect of the Notes.

In addition, there does not exist a market maker for each series of Notes, i.e. someone who undertakes to provide purchasing and selling prices for the Notes pertaining to an issue subject to regular market conditions. Even if there is a market maker, the market maker does not undertake to provide the aforesaid prices under all circumstances. If there is a market maker, it is normally the Issuer that assumes this function.

In particular in the event of extraordinary market conditions or extremely volatile markets, the market maker will normally not provide any purchasing and selling prices. A market maker will provide purchasing and selling prices for the Notes under regular market conditions only. However, even in the event of regular market conditions, the market maker does not assume any legal responsibility towards the holders of the Notes to provide such prices and/or for the fact that such prices provided by the market maker are reasonable. The market maker might undertake towards certain stock exchanges, in accordance with the relevant stock exchange rules, to provide purchasing and selling prices with regard to specific order or securities volumes under regular market conditions. That

obligation, however, will be entered into towards the relevant stock exchange. Third parties, including the holders of the Notes, are unable to derive any obligations of the issuer or the market maker in this regard. This means that the holders of the Notes cannot rely on their ability to sell the Notes at a certain time or price. In particular, the market maker is not obliged to buy back the Notes during their term.

Even if market making activities took place at the beginning or during the term of the Notes, this does not mean that there will be market making activities for the full duration of the term of the Notes.

For the aforesaid reasons, it cannot be guaranteed that a secondary market will develop with regard to the respective Notes, which will provide the holders of the Notes with an opportunity to sell on their Notes. The more restricted the secondary market, the more difficult it will be for the holders of the Notes to sell their Notes in the secondary market. This also applies with regard to the Notes' inclusion in an unofficial market of, or admission to trading on, a stock exchange.

- **Determination of the price of the Notes in the secondary market**

If there is a market maker for a series of Notes, such market maker will determine the purchasing and selling prices for such Notes in the secondary market on the stock exchange (if such a secondary market exists) and off the stock exchange on the basis of internal pricing models and a number of other factors. These factors may include the following parameters: actuarial value of the Notes, price of the Underlying, supply and demand with regard to the Notes, costs for risk hedging and risk assumption, margins and commissions.

Some of these factors may not have a consistent effect on the price of the Notes based on the relevant pricing models for the duration of the term, but may be taken into account at the market maker's discretion at an earlier time in a pricing context. This might include a margin included in the issue price, management fees and paid or expected payouts on the Underlying or its components (such as dividends), which - based on the characteristics of the Notes - might be retained by the Issuer. Expected dividends on the underlying or its components may be deducted prior to the "ex dividend" day in relation to the Underlying or its components, based on the expected yields for the entire term or a certain portion thereof. Any dividend estimate used by the market maker in its assessment may change during the term of the Notes or deviate from the dividend generally expected by the market or the actual dividend. This can also affect the pricing process in the secondary market.

Thus, the prices provided by the market maker may deviate from the actuarial value of the Notes and/or the price to be expected from a commercial perspective, which would have formed in a liquid market at the relevant time in which several market makers acting independently of each other provide prices. In addition, the market maker may change the method based on which it determines the prices provided by it at any time, e.g. by changing its pricing models or using other calculation models and/or increasing or reducing the bid/offer spread.

If, during the opening hours of secondary trading in the Notes by the market maker and/or the opening hours of the stock exchanges on which the Notes are admitted or included, the underlying is also traded on its home market, the price of the Notes will be taken into account in the price calculation of the Notes. If, however, the home market of the Underlying is closed while the Notes relating to that Underlying are traded, the price of the Underlying must be estimated. As the Notes issued under this Base Prospectus are also offered at times during which the home markets of the Underlyings are closed, this risk may affect each Notes. In particular, however, this applies to Underlyings that are traded in time zones far away from Central Europe, such as American or Asian shares or share indices from those regions. The same risk occurs where Notes are traded on days during which the home market of the Underlying is closed because of a public holiday. If the price of the Underlying is estimated because its home market is closed, such an estimate may turn out to be accurate, too high or too low within hours in the event that the home market starts trading in the Underlying. Accordingly, the prices provided by the market maker prior to the opening of the relevant home market in respect of the Notes will then turn out to be too high or too low.

- **Restricted secondary trading because of non-availability of electronic trading systems**

The market maker normally provides purchasing and selling prices for on- and off-exchange trading via an electronic trading system. If the availability of the relevant electronic trading system is restricted or even suspended, this will negatively affect the Notes' tradability.

- **No secondary market immediately before final maturity**

The market maker and/or the stock exchange will cease trading in the Notes no later than shortly before their scheduled Maturity Date. However, the price of the Underlying and/or the applicable exchange rate, both of which can be relevant for the determination of the Notes' Redemption Amounts, may still change between the last trading day and the scheduled Maturity Date. This may be to the investor's disadvantage.

In addition, there is a risk that a barrier, which may be stipulated in the Terms and Conditions, is reached, exceeded or breached in another way for the first time prior to final maturity after secondary trading has already ended.

- **Conflicts of interest**

Conflicts of interest can arise in connection with the exercise of rights and/or obligations of the Issuer, the Calculation Agent or any other party (e.g. an index sponsor or external advisor) in accordance with the Terms and Conditions in respect of the Notes (e.g. in connection with the determination or adaptation of parameters of the terms and conditions), which affect the amounts payable or the assets to be delivered.

The Issuer, the Calculation Agent or another party, as well as any of their affiliates, may enter into transactions in the Notes' Underlyings for their own or their customers' account, which might have a positive or negative effect on the performance of the relevant Underlying and may thus have a negative effect on the value of the Notes.

If the Underlying is a share, there is a possibility that the Issuer, the Calculation Agent or another party, as well as any of their affiliates, may hold shares in the company that issued the Underlying.

The party that performs a specific function in respect of the Notes (e.g. that of calculation agent and/or index sponsor) might have to determine the calculation of the Underlying or calculate its value. This can lead to conflicts of interest if securities issued by that party can be chosen as Underlying.

In addition, the Issuer might issue additional derivative instruments with regard to the Underlying. An introduction of these new competing products can adversely affect the value of the Notes.

In addition, the Issuer and its affiliates might now or in future maintain a business relationship with the issuer of one or more Underlyings (including with regard to the issue of other securities relating to the relevant Underlying or lending, depositary, risk management, advisory and trading activities). Such business activities may be carried out as a service for customers or on an own account basis. The Issuer and/or any of its affiliates will pursue actions and take steps that it or they deem necessary or appropriate to protect its and/or their interests arising therefrom without regard to any negative consequences this may have for the Notes. Such actions and conflicts may include, without limitation, the exercise of voting rights, the purchase and sale of securities, financial advisory relationships and the exercise of creditor rights. The Issuer and any of its affiliates and their officers and directors may engage in any such activities without regard to the potential adverse effect that such activities may directly or indirectly have on any Notes.

The Issuer and any of its affiliates may, in connection with their other business activities, possess or acquire material (including non-public) information about the Underlying. The Issuer and any of its affiliates have no obligation to disclose such information about the Underlying.

The Issuer may act as market maker for the Notes and, in certain cases, the Underlying. In the context of such market making activities, the Issuer will substantially determine the price of the Notes and possibly that of the Underlying and, thus, the value of the Notes. The prices provided by the

Issuer in its capacity as market maker will not always correspond to the prices that would have formed in the absence of such market making and in a liquid market.

- **Hedging risks**

The Issuer and its affiliates may hedge themselves against the financial risks associated with the issue of the Notes by performing hedging activities in relation to the relevant Underlying. Such activities in relation to the Notes may influence the market price of the Underlying to which the Notes relate. This will particularly be the case at the end of the term of the Notes. It cannot be ruled out that the conclusion and release of hedging positions may have a negative influence on the value of the Notes or payments to which the holder of the Notes is entitled.

In addition, investors may not be able to enter into hedging transactions that exclude or limit their risks in connection with the purchase of the Notes. The possibility to enter into such hedging transactions depends on market conditions and the respective Underlying terms and conditions.

- **Interest rate and inflationary risks, currency risks**

The market for the Notes is influenced by the economic and market conditions, interest rates, exchange rates and inflation rates in Europe and other countries and regions. Events in Europe and in other parts of the world can lead to higher market volatility and thus have an adverse effect on the value of the Notes. In addition, the economic situation and the market conditions can have negative consequences for the value of the Notes.

Currency risks for the purchaser arise in particular in those cases where (i) the Underlying is denominated in a different currency than the Notes, (ii) the Notes are denominated in a different currency than the official currency of the purchaser's home country or (iii) the Notes are denominated in a different currency than the currency in which the purchaser receives payments.

Exchange rates are subject to supply and demand factors on the international money markets, which are in turn influenced by macroeconomic factors, speculation and measures implemented by governments and central banks (e.g. foreign exchange controls and restrictions). The value of the Notes or the amount of the potentially due payment might be reduced because of exchange rate fluctuations.

Notes with a so-called "quanto element" (an in-built currency hedge that determines a fixed exchange rate at the time of issue) are not subject to a currency risk in relation to the settlement currency and the currency of the Underlying. During the term of the Notes, the economic value of the quanto hedge may fluctuate depending on various influencing factors.

As payments are made at the fixed exchange rate, the investor will not benefit from a positive development of the exchange rate at the time of maturity in the event of a currency hedge via the quanto element. In addition, when purchasing Notes with a quanto element, investors must assume that the purchase price of the Notes includes costs in respect of the quanto hedge.

- **Offer volume**

The offer volume specified in the relevant Final Terms corresponds to the maximum total amount of Notes offered but is no indication of which volume of Notes will be actually issued. The actual volume depends on the market conditions and may change during the term of the Notes. Therefore, investors should note that the specified offer volume does not allow any conclusions as to the liquidity of the Notes in the secondary market.

- **Use of loans**

If the investor finances the purchase of the Notes through a loan, he – in the event that he loses some or all of the invested capital – has not only to bear the loss incurred but will also have to pay the interest and repay the loan. In that case, the exposure to loss increases considerably. Investors should never assume that they will be able to repay the loan including interest out of the payments on the Notes or – in the case of a sale of the Notes before maturity – out of the proceeds from such sale.

The purchaser of Notes rather has to consider in advance on the basis of his financial situation whether he will still be able to pay the interest or repay the loan at short notice if the expected profits turn into losses.

- **Transaction costs**

Transaction costs that are charged by the custodian bank and/or the stock exchange via which an investor places his purchase and/or selling order may reduce any profits and/or increase any losses. In the case of a total loss in respect of a Note, the transaction costs will increase the loss incurred by the relevant investor.

- **Notes are unsecured obligations (Status)**

The obligations under the Notes constitute direct, unconditional and unsecured obligations of the Issuer and, unless otherwise provided by applicable law, rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer. They are neither secured by the Deposit Protection Fund of the Association of German Banks (*Einlagensicherungsfonds des Bundesverbandes deutscher Banken e.V.*) nor by the German Deposit Guarantee and Investor Compensation Act (*Einlagensicherungs- und Anlegerentschädigungsgesetz*).

This means that the investor bears the risk that the Issuer's financial situation may worsen - and that the Issuer may be subjected to a reorganisation proceeding (*Reorganisationverfahren*) or transfer order (*Übertragungsanordnung*) under German bank restructuring law or that insolvency proceedings might be instituted with regard to its assets - and therefore payments or deliveries due under the Notes can not or only partially be done. **Under these circumstances, a total loss of the investor's capital might be possible.**

The Issuer may enter into hedging transactions in the relevant Underlying but is under no obligation to do so. If hedging transactions are entered into, they shall exclusively be to the benefit of the Issuer, and the investors shall have no entitlement whatsoever to the Underlying or with respect to the hedging transaction. Hedging transactions entered into by the Issuer shall not give rise to any legal relationship between the investors and the party responsible for the Underlying.

- **Impact of a downgrading of the credit rating**

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Such perceptions are generally influenced by the ratings given to the Issuer's outstanding securities by rating agencies such as Moody's Investors Services Inc., Fitch Ratings Ltd, a subsidiary of Fimalac, S.A., and Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. Any downgrading of the Issuer's rating (if any) by even one of these rating agencies could result in a reduction in the value of the Notes.

- **Reinvestment risk upon Early Redemption**

Following an Early Redemption of the Notes (e.g. in the case of a termination of the Notes by the Issuer), the investor may only be able to reinvest the Redemption Amount on significantly less favourable conditions than before.

- **Applicability of investment restrictions**

Certain investors may be subject to legal investment restrictions.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities (this particularly applies to Notes). Each potential investor should consult his legal advisers to determine whether and to what extent (a) the purchase of Notes represents a legal investment for him, (b) Notes can be used as collateral for various types of financing and (c) other restrictions apply to his purchase or pledge of any Notes. Investors who are subject to official supervision should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

- **Taxes and other duties**

All taxes or other duties payable at the level of the Issuer or the holders of the Notes on payments made in relation to the Notes are to be borne by the holders of the Notes. The Issuer will not pay any additional amounts to the holders of the Notes on account of any such taxes or duties.

- **Substitution of the Issuer**

If the conditions set out in the Terms and Conditions are met, the Issuer is entitled at any time, without the consent of the holders of the Notes, to appoint another company as the new Issuer with regard to all obligations arising out of or in connection with the Notes in its place. In that case, the holder of the Notes will generally also assume the insolvency risk with regard to the new Issuer.

- **Change of law**

The Terms and Conditions contained in this Base Prospectus are based on relevant laws, judicial decisions and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible amendments of the relevant laws, judicial decisions or change to such laws or administrative practices after the date of this Base Prospectus.

II. Risks resulting from the structure of the Notes

Certain factors are of great significance with regard to the assessment of the risks associated with an investment in the Notes issued under this Base Prospectus.

- **General**

An investment in the Notes issued under this Base Prospectus entails significant additional risks, which include risks in relation to the Underlying(s) as well as risks solely associated with the Notes themselves.

Such risks include, without limitation:

- (a) that the payments to be made under the Terms and Conditions of the Notes depend on the performance of one or more Underlying(s), so that the Redemption Amount may be lower than the original purchase price of the Note or no payment may take place at all.

A link to the performance of one or more Underlying(s) also has an effect on the value of the Notes. In that context, the value of the Notes will normally fall if the price of the Underlying goes down (without taking into account special characteristics of the Notes and without taking into account currency exchange rate changes in those cases where the Notes are issued in a currency different from the one in which the Underlying is quoted and the Cash Amount is therefore converted).

- (b) that, pursuant to the Terms and Conditions of the Notes, payments can occur at times other than those expected by the investor (e.g. in the case of early redemption in the event of an Extraordinary Event as described in the Terms and Conditions);
- (c) that the consequences listed in (i) (reduction and/or non-occurrence of repayment) will occur for the particular reason that insolvency proceedings have been instituted with regard to the assets of the issuer of the Underlying or proceedings comparable to insolvency proceedings under German law are instituted or the Issuer ceases its payments or announces that it is unable to pay its debts when due or if similar events occur in relation to the issuer of the Underlying;
- (d) that various fees are levied by the Issuer, an affiliate of the Issuer or a third party, which reduce the payments under the Notes. For instance, management fees might be levied with regard to the composition and calculation of an index, basket, fund or other Underlying, or performance or other fees might be incurred in connection with the performance of an Underlying and/or components of such Underlying;

- (e) that the performance of an Underlying depends on the expertise of individual persons (in particular if the Underlying is actively managed or the Issuer requires advice regarding the Underlying). If one or more of such persons leave a company that is relevant for the performance of the relevant Underlying or if a contract entered into by one of such persons and the Issuer or the Calculation Agent in relation to the Securities is terminated this may have a material adverse effect on the Securities;
- (l) that the risks of investing in the Notes encompass both risks relating to the Underlying and risks that are unique to the Notes as such;
- (g) that investors may be unable to hedge their exposure to the various risks relating to the Notes;
- (h) that the Underlying to which the Notes relate ceases to exist during the term of the Notes or might be replaced by another Underlying (this not only applies to actively managed Underlyings, but also to Underlyings that are effectively static), and that the investor, depending on the characteristics of the Note and the Underlying, might not always know the future Underlying or its composition when purchasing the Note; and
- (i) that the value of Notes on a possible secondary market is subject to greater fluctuations and thus greater risks than the value of other securities as it is dependent on one or several Underlyings. The performance of an Underlying is in turn subject to a series of factors beyond the Issuer's control. Such factors are influenced to a significant degree by the risks on the share, debt and foreign exchange markets, the interest rate development, the volatility of the relevant Underlyings as well as economic, political and regulatory risks, and/or a combination of the aforesaid risks.

The secondary market, if any, for Notes will be affected by a number of additional factors, irrespective of the creditworthiness of the Issuer and the value of the respective Underlying(s). These include, without limitation, the volatility of the relevant Underlying, as well as the remaining term and the outstanding volume of the respective Note.

- **Extraordinary termination, early redemption and adjustment rights**

In accordance with the Terms and Conditions, the Issuer will in some cases be entitled to perform adjustments with regard to the aforesaid Terms and Conditions or to terminate or call for early redemption of the Notes if certain conditions are met. These conditions are described in the relevant Terms and Conditions.

Any adjustment of the Terms and Conditions may have a negative effect on the value of the Notes as well as the Redemption Amount to be claimed by the investor.

The amount received by the holders of the Notes in the event of the termination of the Notes may be lower than the amount the holders of the Notes would have received without such termination. In addition, unwinding costs in connection with an early redemption may be deducted when determining the amount to be paid in the event of a termination in accordance with the Terms and Conditions. Such unwinding costs may comprise all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the early redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position.

Furthermore, investors bear the risk that they may invest the amounts received upon termination only at a rate of return which is lower than that of the terminated Notes.

- **Early Redemption of the Notes upon Termination by the Issuer, Automatic Early Redemption**

The Terms and Conditions of securities may provide for early redemption rights of the Issuer or automatic early redemption. Any such early redemption provisions may affect the market value of the Notes. Before or during any period during which the Issuer may decide to redeem the Notes, or in which an event triggering automatic early redemption may occur, the market value of the relevant

Notes will normally not rise to a level that is significantly above the Redemption Amount. An early redemption of the Notes may result in the expected yield in connection with the investment in the Notes not being reached. In addition, the amount received by the holder of the Notes upon early termination may be lower than the purchase price paid by the holder of the Note or may even be zero, so that some or all of the invested capital may be lost.

In that case as well, the holders of the Notes may be able to invest the amounts received by them in the case of early redemption only in return for a yield that is below the (expected) yield of the Notes that were redeemed early.

- **Maximum Amount**

In the case of Notes where, pursuant to the relevant Terms and Conditions, the payment to be made in connection with the Note is limited to a maximum amount (whether in relation to the Redemption Amount or any other amount), the investor will not participate in any further performance of the Underlying that might be positive for the investor. While, on the one hand, the investor's yield is capped by way of the maximum amount, the investor may, on the other hand, bear the full loss risk in the event of an adverse performance of the Underlying.

- **Market disruption event and postponement of payments**

In the case of Notes, the Issuer may be entitled to determine market disruptions or other events that might result in a postponement of a calculation and/or of any payments and that might affect the value of the Notes.

In addition, in certain cases stipulated in the Terms and Conditions, the Issuer (especially if a market disruption event lasts several days) may estimate certain prices that are relevant with regard to payments or the reaching of barriers (leading to the Notes being worthless). These estimates may deviate from their actual value.

- **Notes that are denominated in foreign currencies and Dual Currency Notes**

If the relevant Note, the Underlying or a component of the Underlying is denominated in a currency other than the currency of issue (foreign currency) or if payment is made in a foreign currency, the investor will be exposed to exchange rate risks that may have an adverse effect on the Notes' yield. Exchange rate fluctuations have various causes, such as macroeconomic factors, speculative transactions and interventions by central banks and governments.

A change in the exchange rate of a currency in relation to the EUR, for instance, will result in a corresponding change in the Euro value of Notes that are not denominated in EUR, as well as in a corresponding change in the Euro value of payments that, pursuant to the Terms and Conditions of the relevant Notes, are not made in EUR. The same applies where the Redemption Amount of a Note must be converted into EUR because it is determined on the basis of an Underlying that is not expressed in EUR (e.g. where the Redemption Amount is calculated based on the difference, converted into EUR, between an Underlying expressed in USD and the market price of a share denominated in USD).

If the value of a currency in which the Redemption Amount of a Note is payable or in which the Underlying of a Note is expressed falls in relation to the EUR and the value of the EUR increases accordingly, the Euro value of the relevant Note and/or the value of the payments in connection with the Note converted into EUR will fall.

- **Risks in relation to physical settlement**

The Terms and Conditions may provide that the Notes relating to an Underlying, depending on the performance on the Underlying or based on other conditions, may not have to be redeemed by way of a cash payment but by delivery of the Underlying (e.g. shares), one of the Underlyings, a component of an Underlying or other securities (the "**Object of Physical Settlement**"). The number of units of the Object of Physical Settlement to be delivered is determined in accordance with the Terms and Conditions of the Notes. Accordingly, in the event that the Notes are redeemed by way of physical

settlement, the investor will not receive a cash payment, but instead units of the Object of Physical Settlement.

The Terms and Conditions may provide that the Issuer is not entitled to a delivery of securities other than those on whose price redemption is based. This means that, although the Underlying is relevant for the redemption type and amount, redemption may take place by way of delivery of a different security.

This means that investors should obtain information regarding the Objects of Physical Settlement (where applicable) prior to purchasing any Notes and that they should not assume that they will be able to sell the Objects of Physical Settlement for a specific price. The value of an Object of Physical Settlement at the time of its delivery may be significantly lower than at the time of the purchase of the Notes (or than the price paid for the purchase of the Notes) or at the time at which it is decided whether settlement is to take place by way of physical delivery or cash payment (valuation day). In the event of physical settlement, investors will be exposed to the risks that are associated with the relevant Object of Physical Settlement, such as a loss risk, and may even suffer a total loss.

- **No claim against the issuer of an Underlying**

Notes do not give rise to any payment or other claims towards the issuers of the Underlyings to which those Notes relate. If the payments by the Issuer are less than the purchase price paid by the holder of the Notes, such holder will not have recourse to the issuer of the Underlying.

III. Risk factors relating to the Underlying

The value of a Note's Underlying depends upon a number of factors that may be interconnected. These may include economic, financial and political events beyond the Issuer's control.

The past performance of an Underlying should not be regarded as an indicator of its future performance during the term of the Notes.

- **Particular risks of Notes with shares as Underlying**

Notes relating to shares are associated with particular risks beyond the Issuer's control, such as the risk that the respective company will be rendered insolvent, the risk that the share price will fluctuate or risks that occur in relation to dividend payments by the company. The performance of the shares depends to a very significant extent on developments on the capital markets, which in turn depend on the general global economic situation and more specific economic and political conditions. Shares in companies with low to medium market capitalisation may be subject to even higher risks (e.g. relating to their volatility or insolvency) than is the case for shares in larger companies. Moreover, shares in companies with low capitalisation may be extremely illiquid as a result of low trading volumes.

Shares in companies which have their statutory seat or significant business operations in countries with limited certainty of law are subject to additional risks such as, for instance, government interventions or nationalisation which may lead to a total or partial loss of the invested capital or of access to the capital invested in that country. This may result in a total or partial loss in relation to the value of the share. The realisation of such risks may also result in a total or partial loss of the invested capital for holders of Notes that are linked to such shares.

Holders of Notes that are linked to shares, unlike investors which directly invest in the shares, do not receive dividends or other distributions payable to the holders of the underlying shares.

If the Underlying consists of registered shares or if the shares contained in an Underlying (e.g. a basket) are registered and the Issuer is obligated under the Terms and Conditions to deliver these registered shares to the investor: the rights arising from the shares (e.g. attendance of the annual shareholder meeting and exercise of the shareholders' voting rights) may generally be exercised only by shareholders whose names are listed in the company's register of members or a similar official list. An obligation of the Issuer to deliver shares is principally limited to the provision of the shares in a form and with characteristics deliverable on the scheduled maturity date in line with relevant stock

exchange rules and does not include registration in the register of members. A claim arising from non-performance, particularly for unwinding the transaction or damages, is excluded in such a case.

If the Underlying consists of securities in lieu of shares (e.g. American Depositary Receipts ("**ADRs**") or Global Depositary Receipts ("**GDRs**"), together "**Depositary Receipts**"), additional risks might occur. ADRs are securities issued in the United States of America that take the form of participation certificates in relation to a portfolio of shares held in the home country of the issuer of the underlying shares outside the United States of America. GDRs are also securities that take the form of participation certificates in relation to a portfolio of shares held in the home country of the issuer of the underlying shares. They normally differ from the participation certificates referred to as ADRs in that they are publicly offered and/or issued outside the United States of America. Each Depositary Receipt represents one or more shares or a fraction of a security in a foreign corporation. In the case of both types of Depositary Receipt, the legal owner of the underlying share is the depositary bank, which also acts as the issuing agent of the Depositary Receipts.

Depending on the jurisdiction in which the Depositary Receipts were issued and the laws by which the depositary contract is governed, it cannot be ruled out that the holder of the Depositary Receipts may not be recognised as the actual beneficial owner of the underlying shares in the relevant jurisdiction. Particularly in the case that the depositary bank becomes insolvent and/or debt enforcement proceedings are initiated with regard to it, the relevant underlying shares may be subjected to disposal restrictions and/or utilised commercially in the context of debt enforcement measure undertaken against the depositary bank. In that case, the relevant holder will forfeit the rights in the Underlying shares represented by the relevant Depositary Receipt. This means that the Depositary Receipt as underlying will be rendered worthless, so that the Notes relating to that Depositary Receipt (except in the case of reverse structures) will also be rendered worthless. In such a scenario, the investor faces a risk of total loss subject to a possible unconditional minimum repayment amount or other (partial) capital protection.

It must also be taken into account that the depositary bank may stop offering Depositary Receipts at any time and that, in that case or if the depositary bank becomes insolvent, the issuer of these Notes will, subject to more detailed provisions set out in the Terms and Conditions of the Notes, be entitled to adjust the Terms and Conditions and/or terminate the Notes.

- **Particular risks of Notes with indices as Underlying**

Notes that are linked to one or several indices involve, in particular, the following risks:

Dependency on the value of the index components

The value of an index is calculated on the basis of the value of its components. Changes in the prices of index components, the composition of an index as well as factors that (may) influence the value of the index components also influence the value of the Notes that relate to the relevant index and can thus influence the yield from an investment in the relevant Notes. Fluctuations in the value of one index component may be compensated or aggravated by fluctuations in the value of other index components. The past performance of an index does not represent any guarantee of its future performance. Under certain circumstances, an index used as an Underlying may (i) not be available for the full term of the Notes, (ii) be substituted or (iii) continue to be calculated by the Issuer itself. In these or other cases mentioned in the Terms and Conditions, Notes may also be terminated by the Issuer.

An index may reflect the performance of assets of some countries or some industries only. In that case, investors are exposed to a concentration risk. In the event of an unfavourable economic development in a country or in relation to a particular industry, investors may be adversely affected. If several countries or industries are represented in an index, it is possible that the countries or the industries contained in the relevant index are weighted unevenly. This means that, in the event of an unfavourable development in one country or industry with a high index weighting, the value of the index may be affected disproportionately by this adverse development.

Investors should note that the selection of an index is not based on the expectations or estimates of the Issuer in respect of the future performance of the selected index. Investors should therefore make

their own estimates in respect of the future performance of an index on the basis of their own knowledge and sources of information.

Price index – dividends are not taken into account

The index referred to in the relevant Terms and Conditions of the Notes may be a price index. Unlike in the case of performance indices, dividend distributions in relation to the shares contained in price indices will result in a reduction of the index level. This means that investors will not participate in dividends or other distributions in relation to shares contained in price indices.

No influence of the Issuer

As a general rule, the Issuer has no influence on the composition and performance of an index underlying a Note or the performance of the relevant index components, unless the Issuer and the index sponsor are identical.

No liability of the index sponsor

If the Notes relate to an index that is not calculated by the Issuer, the issue, marketing and distribution of the Notes will normally not be supported by the relevant index sponsor. In that regard, the relevant index is composed and calculated by the respective index sponsor without taking into account the interests of the Issuer or the holders of the Notes. In that case, the index sponsors do not assume any obligation or liability in respect of the issue, sale and/or trading of the Notes.

No recognised financial indices, no independent third party

The Notes may relate to one or more indices which are not recognised financial indices but indices that have been specially created for the issuance of the relevant Note. The index sponsors of such indices might not be independent from the Issuer and may thus favour the interests of the Issuer over the interests of the holders of the Notes.

Currency risks

The prices of the index components may be expressed in a currency (e.g. USD) that is different from the currency in which the Notes were issued (e.g. EUR). In that case, the Redemption Amount of the Notes and their value during their term may not only depend on the performance of the Underlying, but also on the development of the exchange rates of one or more foreign currencies against the currency of issue.

Index fees

Certain fees, costs, commissions or other composition and calculation charges may be deducted when calculating the value of an index. As a result, the performance of the individual index components is not acknowledged in full when calculating the performance of the respective index, but instead the performance is reduced by the amount of such fees, costs, commissions and other charges, which may to some extent erode any positive performance displayed by the individual components. It should also be noted that such costs may well also be incurred if the index returns negative performance, which will reinforce the negative performance even further.

Index composition publication

The composition of the indices may have to be published on a website or in other media mentioned in the terms and conditions. The publication of the updated composition of the respective index on the website of the relevant index sponsor might, however, be delayed considerably, sometimes even by several months. In those cases, the published composition may not always correspond to the actual composition of the relevant index.

- **Particular risks in relation to Notes with commodities (e.g. precious metals) as Underlying**

Commodities can be divided into several categories, e.g. minerals (e.g. oil, gas or aluminium), agricultural products (e.g. wheat or maize) and precious metals (e.g. gold or silver). Most commodities are traded on specialised exchanges or in interbank trading in the form of over-the-counter (OTC) transactions.

Holders of Notes linked to the price of commodities are exposed to significant price risks as prices of commodities are subject to great fluctuations. The prices of commodities are influenced by a number of factors, including, inter alia, the following factors:

Cartels and regulatory changes

A number of producers or producing countries of commodities have formed organisations or cartels to regulate supply and therefore influence prices. However, the trading in commodities is also subject to regulations imposed by supervisory authorities or market rules whose application may also affect the development of the prices of the relevant commodities.

Cyclical supply and demand behaviour

Agricultural commodities are produced at a particular time of year but are in demand throughout the year. In contrast, energy is produced without interruption, even though it is mainly required during cold or very hot times of the year. This cyclical supply and demand pattern may lead to strong price fluctuations.

Direct investment costs

Direct investments in commodities are associated with costs for storage, insurance and taxes. In addition, no interest or dividends are paid on commodities. The overall yield of an investment is influenced by these factors.

Inflation and deflation

The general development of prices may have a strong effect on the price development of commodities.

Liquidity

Many markets of commodities are not very liquid and may therefore not be able to react rapidly and sufficiently to changes in supply and demand. In the case of low liquidity, speculative investments by individual market participants may lead to price distortions.

Political risks

Commodities are frequently produced in emerging markets and subject to demand from industrialised countries. The political and economic situation of emerging markets, however, is often a lot less stable than that of industrialised countries. Emerging markets are exposed to a greater risk of rapid political changes and adverse economic developments. Political crises can damage investors' confidence, which can in turn influence commodity prices. Wars or conflicts may change the supply and demand in relation to certain commodities. It is also possible that industrialised countries impose embargoes regarding the export and import of goods and services. This may have a direct or indirect effect on the price of the commodities that serve as the Notes' Underlying.

Weather and natural disasters

Unfavourable weather conditions and natural disasters may have a long-term negative effect on the supply of specific commodities for an entire year. A crisis of supply of this sort may lead to strong and incalculable price fluctuations.

- **Particular risks in relation to Notes with futures contracts as Underlying**

Futures contracts are standardised forward transactions relating to financial instruments such as shares, indices, interest rates or foreign currencies (so-called financial futures) or commodities such as precious metals, wheat or sugar (so-called commodities futures).

A futures contract represents the contractual obligation to purchase or sell a certain quantity of the relevant contractual object at a certain date and price. Futures contracts are traded on futures and options exchanges and are standardised for that purpose with regard to size of contract, type and quality of the contractual object and potential delivery places and dates.

As a rule, there is a close correlation between the price performance of an asset that underlies a futures contract and is traded on a spot market and the corresponding futures market. However, futures contracts are generally traded at a premium or discount in relation to the spot price of the underlying asset. This difference between the spot and futures price, which is referred to as "basis" in futures and options exchange jargon, on the one hand results from the inclusion of the costs that are normally incurred in spot transactions (storage, delivery, insurance, etc.) and/or the revenues that are normally associated with spot transactions (interest, dividends, etc.), and on the other hand from the differing valuation of general market factors in the spot and the futures market. In addition, depending on the value, there can be a significant gap in terms of the liquidity in the spot and the corresponding futures market.

As the Notes relate to the futures contracts specified in the Terms and Conditions, investors, in addition to knowing the market for the relevant asset that underlies the relevant futures contract, must have know-how as to the workings and valuation factors of forward/futures transactions in order to be able to correctly assess the risks associated with an investment in those Notes.

As futures contracts expire on a certain date, the Terms and Conditions may provide that the Issuer (particularly in the case of Notes with a longer term), at a time stipulated in the Terms and Conditions, replaces the futures contract provided for as the Underlying in the Terms and Conditions by another futures contract that has a later expiry date than the initial underlying futures contract, but is otherwise subject to the same contractual specifications (so-called "**Roll-over**"). The costs associated with such a Roll-over will be taken into account in accordance with the Terms and Conditions in connection with the adjustment of the Strikes of the Notes in conjunction with the Roll-over and may have a significant effect on the value of the Notes. The Terms and Conditions may provide for additional cases in which the Issuer may replace the initial futures contract and/or change parameters of the Terms and Conditions and/or terminate the Notes.

- **Particular risks in relation to Notes with currencies exchange rates as Underlying**

Exchange rates indicate the value ratio of a certain currency against another currency, i.e. the number of units in one currency that may be exchanged for one unit in the other.

Exchange rates are derived from the supply and demand in relation to currencies in the international foreign exchange markets. On the one hand, they are influenced by various economic factors, such as the rate of inflation in the relevant country, interest differences abroad, the assessment of the relevant economic development, the global political situation, the convertibility of one currency into another and the security of a financial investment in the relevant currency. On the other hand, they are influenced by measures undertaken by governments and central banks (e.g. foreign exchange controls and restrictions). In addition to these foreseeable factors, however, other factors might also be relevant that are difficult to estimate, such as factors of a psychological nature (such as crises of confidence in the political leadership of a country or other speculation). In some cases, such psychological factors may have a significant effect on the value of the relevant currency.

- **Particular risks of Notes with bonds as Underlying**

Holder of Notes linked to bonds, in addition to the insolvency risk of Commerzbank AG as the Issuer of the Notes, are also exposed to the insolvency risk of the issuers of such underlying bond(s). If the issuer of a bond underlying a Note does not punctually perform its obligations under the relevant bond or becomes insolvent, this will cause the value of the bond to fall (possibly to zero) and can in turn

lead to significant price losses in the secondary market for the Notes and, possibly, a total loss of the invested capital for the holder of the Notes.

- **Particular risks of Notes with interest rates as Underlying**

Interest rates are based on the supply and demand on the international money and capital markets. They are influenced by various economic factors, speculation and measures undertaken by governments and central banks or other political factors. Market interest rates on the money and capital markets are often subject to significant fluctuations, and the holder of Notes relating to interest rates is exposed to such interest rate fluctuation risks.

- **Particular risks of Notes with funds as Underlying**

Notes that are linked to a fund involve, in particular, the following risks:

Fees

The performance of a fund is in part influenced by the fees that are directly or indirectly charged to the fund assets.

The following fees (without limitation) can be regarded as fees directly charged to the fund assets: fund management fees (including fees in respect of administrative tasks), depositary bank fees, standard bank deposit charges, possibly including the standard bank charges for holding foreign securities abroad, printing and distribution costs in relation to the annual and semi annual reports aimed at investors, auditors' fees for auditing the fund, distribution costs, etc. Additional fees and expenses may arise due to the contracting of third parties for services in connection with the management of the fund or the calculation of performance-based portfolio management fees.

In addition to the fees that are directly charged to the fund assets, the fees that are indirectly charged to the fund assets also have a negative effect on the performance of the fund. These indirect fees include (without limitation) management fees that are charged to the fund for investment units held in the fund assets.

Market Risk

As price or value reductions in relation to the securities purchased by the fund or other investments are also reflected in the prices of the individual fund units, there is a general risk of falling unit prices. Even if the fund's investments are much diversified, there is a risk that an adverse overall development in certain markets or exchanges can cause unit prices to fall.

Illiquid Investments

Funds may invest in assets which are illiquid or subject to a minimum holding period. Therefore, it may be difficult for the fund to sell these assets at all or at a reasonable price when it is required to sell them to generate liquidity. In particular, this can be the case if investors wish to redeem their fund units. The fund may suffer substantial losses if it is forced to sell illiquid assets in order to redeem fund units or if the sale of illiquid assets is only possible at a low price. This may negatively affect the value of the fund and, thus, the value of the Notes.

Investments in illiquid assets may also lead to difficulties in calculating the net asset value of the fund (see below). This, in turn, can result in delays with regard to payments in connection with the Notes.

Delayed NAV Publication

Under certain circumstances, the publication of a fund's net asset value may be delayed. This may result in a delayed redemption of the Note and, e.g. in the case of a negative market development, have a negative effect on the value of the Note. In addition, investors bear the risk that, in the case of a delayed redemption of the Notes, their reinvestment of the relevant proceeds may be subject to delays and possibly unfavourable terms.

Dissolution of a fund

It cannot be ruled out that a fund may be dissolved during the term of the Notes. In that case, the Issuer or the Calculation Agent will normally be entitled to perform adjustments with regard to the Notes in accordance with the relevant terms and conditions. Such adjustments may, in particular, provide for the substitution of the relevant fund by another fund. In addition, the Note may also be terminated early by the Issuer in that case.

Postponement or suspension of redemptions

The fund may redeem no or only a limited quantity of units at the scheduled times that are relevant for the calculation of the redemption amount of the Notes. This can result in a delayed redemption of the Notes if such a delay is provided for in the terms and conditions in the event that the termination of the hedge transactions concluded by the Issuer at the time of the issue of the Notes is delayed. In addition, such a scenario may negatively affect the value of the Notes.

Concentration on certain countries, industries or investment classes

The fund may concentrate its investments on assets relating to certain countries, industries or asset classes. This may lead to price fluctuations in relation to the fund that are higher and occur within a shorter period of time than would be the case if the risks were more diversified between industries, regions and countries.

Currency risks

The Notes may be linked to funds which are denominated in another currency than the currency in which the Notes are denominated or to funds which invest in assets that are denominated in another currency than the Notes. Investors may therefore be subject to a significant currency risk.

Markets with limited certainty of law

Funds that invest in markets with limited certainty of law are subject to certain risks such as, for instance, unexpected government interventions, which may lead to a reduced fund value. The realisation of such risks may also result in a total or partial loss of the invested capital for the holder of the Notes that are linked to such a fund.

Effects of regulatory framework conditions

Funds might not be subject to any regulation or may invest in investment vehicles which are not subject to any regulation. Conversely, the introduction of regulation of a previously unregulated fund may create significant disadvantages for such funds.

Dependency on Asset Managers

The performance of the fund will depend on the performance of the assets selected by the fund's asset manager for the purposes of implementing the relevant investment strategy. In practice, the performance of a fund largely depends on the competence of the managers taking investment decisions. The resignation or substitution of such persons may lead to losses and/or the dissolution of the relevant fund.

The investment strategies, restrictions and objectives of funds can provide an asset manager with significant room for manoeuvre when investing the relevant assets, and there is no guarantee that the asset manager's investment decisions will result in profits or provide efficient protection from market or other risks. There is no guarantee that a fund will succeed in implementing the investment strategy detailed in its sales documentation. This means that, even if the performance of a fund with similar investment strategies is favourable, a fund (and thus the Notes) may undergo a negative performance.

Particular Risks in relation to Funds of Funds

If so-called funds of funds, i.e. investment funds that substantially invest in other funds ("**target funds**"), underlie the Notes, the performance of the target funds will have a significant effect on the performance of the Notes.

The risks associated with the target fund units acquired for the fund(s) are closely related to the risks associated with the assets contained in, and/or the investment strategies pursued by, the relevant target funds. However, the aforesaid risks can be mitigated by diversifying the assets within the target funds and by way of a diversification of the fund(s).

As the managers of the individual target fund(s) act independently of one another, however, it is possible that several target funds pursue the same or diametrically opposed investment strategies. This can result in the accumulation of existing risks, and possible opportunities may be cancelled out.

The Issuer will often not be aware of the current composition of the target funds. If their composition does not correspond to the Issuer's assumptions or expectations, this may have a negative effect on the investors in the Notes because the actions of the issuer of the Notes will be delayed.

Particular Risks in relation to Hedge Fund Units

If the Notes relate to fund units in a so-called hedge fund, the particular risks set out below may occur, which may have a negative effect on the value of the underlying fund units and, thus, the value of the Notes themselves.

Hedge funds are generally permitted to utilise highly risky investment strategies and techniques as well as highly complex capital investment instruments. The assets managed by hedge funds are often invested in derivative instruments such as options and futures in the international futures markets.

Short sales and the use of additional borrowed funds may also form part of a hedge fund's investment strategy. It is not possible to provide a comprehensive or even exhaustive list of all investment strategies that may be pursued by hedge funds. When choosing individual investments and implementing a hedge fund's strategy, the manager has significant room for manoeuvre since he/she is subject to only a few contractual and statutory restrictions. Therefore, investors in hedge funds are even more dependent on the suitability and skills of the relevant manager.

The use of highly risky and complex investment techniques and strategies by hedge funds may result in high losses. As part of their investment strategy, some hedge funds purchase risky securities, e.g. from companies facing economic difficulty and possibly undergoing complex restructuring processes. The success of such measures, however, is uncertain, so that these hedge fund investments are associated with significant risks and are exposed to a high loss risk.

If a hedge fund engages in short selling, it sells securities it does not possess at the time of the transaction and has to procure from third parties by way of securities borrowing. As a short seller, the hedge fund expects the price of the security to fall and therefore relies on its ability to purchase the security at a more favourable price at a later date. A profit is to be generated from the difference between the original sales proceeds and the later actual purchase price. If, however, a different price development occurs (i.e. the price of the short-sold security rises), the hedge fund is exposed to a loss risk that is theoretically unlimited because it must purchase the borrowed securities on current standard market terms in order to return them to their lender.

For the purposes of implementing their investment strategies, hedge funds may utilise all types of derivatives which are traded on and off stock exchanges and which come with the specific risks associated with investments in derivative instruments. Especially as a party to an option or forward transaction (e.g. currency forward, futures and swap transactions), the hedge fund is exposed to a high loss risk if the market development anticipated by it or its manager is not realised. In the case of exchange-traded or other derivatives, the hedge fund is also exposed to a counterparty credit risk.

Hedge funds often largely finance their investments by way of borrowing. This can result in a so-called leverage effect because capital in addition to that provided by the investors can be invested. In

the event of a negative market development, the hedge fund is exposed to an increased loss risk because interest and principal repayments have to be made in any case with regard to the borrowed funds. If all of the invested capital is lost, the units in a hedge fund are rendered worthless.

Particular Risks in relation to Funds of Hedge Funds

Funds of hedge funds invest in various single hedge funds which, in turn, implement a multitude of different and potentially highly risky investment strategies. If the Notes relate to fund units in a fund of hedge funds, the following risks in addition to those mentioned in the above paragraphs entitled Risks in relation to Funds of Funds and Particular Risks in relation to Hedge Fund Units may occur, which may have a negative effect on the value of the units in the fund of hedge funds and, thus, the value of the Notes themselves. Each hedge fund in which a fund of hedge funds invests may charge fees that can in part be well above the market average and may be dependent on or independent of the performance of the hedge fund or its net assets. Thus, the relevant fees may cumulate or double.

Particular Risks in relation to Exchange Traded Funds

If the Notes relate to units in an Exchange Traded Fund ("ETF"), the particular risks set out below may occur, which may have a negative effect on the value of the underlying ETF units and, thus, the value of the Notes themselves.

ETFs pursue the objective of tracking, as accurately as possible, the performance of an index, basket or particular individual assets. Thus, the value of an ETF is particularly dependent upon the performance of the individual index or basket components and/or assets. However, it cannot be ruled out that the performance of the ETF does not correspond to that of the index, basket or individual asset (so-called "tracking error").

Unlike other investment funds, there is generally no active management of ETFs by the issuing investment company. This means that decisions regarding the purchase of assets are dictated by the index, basket or individual assets. If the value of the underlying index falls, this may thus result in an unlimited price loss risk in relation to the ETF, which may have a negative effect on the value of the Notes.

Particular Risks in relation to Property Funds

If the Notes relate to fund units in a property fund, the particular risks set out below may occur, which may have a negative effect on the value of the underlying fund units and, thus, the value of the Notes themselves.

Property investments are subject to risks that may affect the value of the fund units in the event of changes in the yields, expenses and the fair market value of the relevant properties. The same applies to properties held by property developers. Risks may arise from (without limitation) vacant properties, lost rents, unforeseen maintenance expenses or building cost increases, risks in relation to third-party warranty claims, risks in connection with existing contamination and the defaulting of contracting parties. If a property fund acquires an interest in a property development company, this may give rise to risks in relation to the company's legal form as well as in connection with a possible defaulting of shareholders/partners or changes in the tax and corporate frameworks. In the event of properties abroad, additional risks may arise from, for instance, deviating laws and tax rules. Currency and transfer risks might also apply in this regard.

Unlike with other investment funds, the redemption of the units in a property fund may be suspended by up to two years if the fund's available funds, in the case of a large number of redemption requests, are insufficient as to cover the payment of the redemption price and to safeguard proper management or cannot be provided at short notice. This may result in a delay in the redemption of the Notes. In addition, such a scenario may negatively affect the value of the Notes because the redemption price paid by the property fund, following continued redemption, may be lower than prior to the suspension.

All relevant information regarding a specific issue of Notes, such as their Terms and Conditions, calculations regarding the redemption amount or other amounts, issue price, issue date, underlying(s) (where applicable), market disruptions, settlement disruptions, adjustments, certain risk factors,

clearing system, ISIN or other securities IDs, stock exchange listing, certification of the securities (stating the respective clearing system including the pertaining address) and any other information is set out in the respective Final Terms.

[Risk description of other or additional underlyings]

Additional risks (e.g. in relation to the Underlying(s), payment profiles and structures) may be set out in the relevant Final Terms.

IV. Special risks relating to the Notes issued under this Base Prospectus

Reverse Convertible Notes

- **General**

[cash settlement:]The Notes will be redeemed at the Maturity Date either at par or at a Redemption Amount, which will be calculated according to a formula set out in the Terms and Conditions and which will be depending on the Reference Price of the Underlying of the Notes on the Valuation Date.

The Notes will be redeemed at par, if on the Valuation Date the Reference Price of the Underlying (share, index, goods (e.g. precious metals or commodities), currency exchange rate, futures contract, bond, interest rate or fund) is not below the [Classic:]Strike [Protect:]Barrier set out in the Terms and Conditions. Otherwise the Redemption Amount will be calculated by multiplying the nominal amount of a Note with the performance of the Underlying, whereas the performance will be determined by dividing the Reference Price of the Underlying on the Valuation Date by the Strike.]

[delivery:]The Notes will be redeemed at the Maturity Date either at par or by delivery of [shares oder Share??][certificates][securities] as set out in the Terms and Conditions. If the redemption will be made by delivery of [shares][certificates][securities] or by payment of the nominal amount, will be determined as to whether the Reference Price of the Underlying on the Valuation Date is below the [Classic:]Strike [Protect:]Barrier. If the Reference Price is exceeded by the [Classic:]Strike [Protect:]Barrier, the Notes will be redeemed by delivery of [shares][certificates][securities], otherwise the Notes will be redeemed at par.]

[interest run of more than 1 year, but 1 coupon payment only:]The coupon payment will be due on the Maturity Date. Any further payment of coupons is not scheduled.]

[Floating Rate Notes:] - **Floating Interest Rate**

The holder of the Notes should note that the interest rate for these Notes is not fixed. The interest rate for each quarterly interest period will refer to the 3 months EURIBOR.][●]

In addition, investors should pay particular attention to the following points:

- **Loss risks**

[cash settlement:]It should be noted that in the case of a proceeding loss in the price of the Underlying of the Notes the probability increases that the Notes will be redeemed at an amount less than the nominal amount. As a result, the Noteholder could suffer significant losses with respect to the purchase price paid. Due to the limited maturity of the Notes, the Noteholder should not rely on any recovery of the price of the Underlying prior to the Valuation Date.] [Strike not equal Barrier][The Noteholder will especially suffer a loss if the Reference Price on the Valuation Date is below the Strike and the interest payment(s) could not compensate the gap between the Redemption Amount and the nominal amount]

[delivery:]It should be noted, that in case of a proceeding loss in the price of the Underlying of the Notes, the Notes will be redeemed by delivery of [shares][certificates][securities] the value of which

will be less than the purchase price paid for the Notes. This means that the Notes will be redeemed at an amount less than the nominal amount. As a result, the Noteholder could suffer significant losses with respect to the purchase price paid. Due to the limited maturity of the Notes, the Noteholder should not rely on any recovery of the price of the Underlying prior to the Valuation Date.]

[In case of delivery of shares the relevant shares will be delivered as available and tradable on the Relevant Exchange on the Maturity Date. If the record date for the payment of the dividend for the relevant shares occurs within the period between the Valuation Date and the Maturity Date the Noteholder must take into consideration that the decision whether or not shares will be delivered was taken on the basis of a share price with dividend entitlement (cum dividend entitlement) whereas the shares are delivered with a reduction in dividends (ex dividend entitlement). Consequently, in such a case the Noteholder will not be entitled to receive the nominal amount of the Notes and will in addition obtain shares the price of which already includes the reduction in dividends.]

In addition, investors bear the risk that the Issuer's financial situation may deteriorate - or that insolvency proceedings might be instituted with regard to its assets - and that the Issuer might therefore default on the payments due under the Notes.

- **Adjustments and Termination by the Issuer**

Subject to particular circumstances as described in greater detail in the Terms and Conditions, the Issuer may be entitled to perform certain adjustments. Such adjustments may have an adverse effect on the value of the Notes.

In addition, the Issuer may be entitled to early terminate the Notes in accordance with the Terms and Conditions. In that case, the Notes will expire prematurely. If the Issuer gives notice of termination regarding the Notes, all outstanding Notes shall be redeemed at the Termination Amount. The Issuer shall determine the Termination Amount for the Notes in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions, any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of obligations under the Notes (the "**Hedging Transactions**"). When determining the Termination Amount, the Issuer may take into account expenses for transactions that were required for winding up the Hedging Transactions as deductible items.

- **Redemption only upon maturity; sale of the Notes**

It is a feature of the Notes that, except in the case of a Termination of the Notes by the Issuer (§ 6 of the Terms and Conditions), an automatic payment of the Redemption Amount [or delivery of [shares][certificates][securities]] to the Noteholders is foreseen only on the Maturity Date set out in the Terms and Conditions.

Prior to the Maturity Date, the economic value represented by the Notes may be realised only by way of a sale of the Notes. A sale of the Notes, however, is contingent upon the availability of market participants who are prepared to purchase the Notes at a corresponding price. If no such market participants are available, it may not be possible to realise the value of the Notes. In particular, investors cannot expect that there will be a liquid market for the Notes under all circumstances and therefore, they also cannot expect that the assets invested in the Notes may be realised at any time by way of a sale of the notes. For that reason, investors should be prepared to hold the Notes until the Maturity Date.

[Other product-specific risk factors:]

[•]

Reverse Convertible Notes Plus

- **General**

[cash settlement:]The Notes will be redeemed at the Maturity Date either at par or at a Redemption Amount which will be calculated according to a formula set out in the Terms and Conditions and which will depend on the price of the Underlying during the Monitoring Period as well as on the Reference Price of the Underlying of the Notes on the Valuation Date.

The Notes will be redeemed at par, if the price of the Underlying is at no time during a Monitoring Period equal to or below the Barrier set out in the Terms and Conditions or if on the Valuation Date the Reference Price of the Underlying is not below the Strike set out in the Terms and Conditions. Otherwise the Redemption Amount will be calculated by multiplying the nominal amount of a Note with the performance of the Underlying, whereas the performance will be determined by dividing the Reference Price of the Underlying on the Valuation Date by the Strike.]

[delivery:]The Notes will be redeemed at the Maturity Date either at par or by delivery of [shares][certificates][securities] as set out in the Terms and Conditions. The type of redemption is depending on the price of the Underlying during a fixed Monitoring Period as well as on the Reference Price of the Underlying on the Valuation Date.

The Notes will be redeemed at par, if the price of the Underlying is at no time during a Monitoring Period equal to or below the Barrier set out in the Terms and Conditions or if on the Valuation Date the Reference Price of the Underlying is not below the Strike set out in the Terms and Conditions. Otherwise the Notes will be redeemed by delivery of [shares][certificates][securities].]

[interest run of more than 1 year, but 1 coupon payment only:]The coupon payment will be due on the Maturity Date. Any further payment of coupons is not scheduled.]

[Floating Rate Notes:]

- **Floating Interest Rate**

The holder of the Notes should note that the interest rate for the Notes is not fixed. The interest rate for each quarterly interest period is related to the 3 months EURIBOR.][•]

In addition, investors should pay particular attention to the following points:

- **Loss risks**

[cash settlement:]It should be noted that in the case of a proceeding loss in the price of the Underlying of the Notes, the probability increases that the Notes will be redeemed at an amount less than the nominal amount. This is especially the case if the price of the Underlying during the Monitoring Period is at least once equal to or below the Barrier. As a result, the Noteholder could suffer significant losses with respect to the purchase price paid. Due to the limited maturity of the Notes, the Noteholder should not rely on any recovery of the price of the Underlying prior to the Valuation Date.]

[delivery:]It should be noted, that in case of a proceeding loss in the price of the Underlying of the Notes, the Notes will be redeemed by delivery of [shares][certificates][securities] the value of which will be less than the purchase price paid for the Notes. This means that the Notes will be redeemed at an amount less than the nominal amount. As a result, the Noteholder could suffer significant losses with respect to the purchase price paid. Due to the limited maturity of the Notes, the Noteholder should not rely on any recovery of the price of the Underlying prior to the Valuation Date.]

[In case of delivery of shares the relevant shares will be delivered as available and tradable on the Relevant Exchange on the Maturity Date. If the record date for the payment of the dividend for the relevant shares occurs within the period between the Valuation Date and the Maturity Date the Noteholder must take into consideration that the decision whether or not shares will be delivered was taken on the basis of a share price with dividend entitlement (cum dividend entitlement) whereas the shares are delivered with a reduction in dividends (ex dividend entitlement). Consequently, in such a

case the Noteholder will not be entitled to receive the nominal amount of the Notes and will in addition obtain shares the price of which already includes the reduction in dividends.]

In addition, investors bear the risk that the Issuer's financial situation may deteriorate - or that insolvency proceedings might be instituted with regard to its assets - and that the Issuer might therefore default on the payments due under the Notes.

- **Adjustments and Termination by the Issuer**

Subject to particular circumstances as described in greater detail in the Terms and Conditions, the Issuer may be entitled to perform certain adjustments. Such adjustments may have an adverse effect on the value of the Notes.

In addition, the Issuer may be entitled to early terminate the Notes in accordance with the Terms and Conditions. In that case, the Notes will expire prematurely. If the Issuer gives notice of termination regarding the Notes, all outstanding Notes shall be redeemed at the Termination Amount. The Issuer shall determine the Termination Amount for the Notes in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions, any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of obligations under the Notes (the "**Hedging Transactions**"). When determining the Termination Amount, the Issuer may take into account expenses for transactions that were required for winding up the Hedging Transactions as deductible items.

- **Continuous observation of the price of the Underlying and observation of the price of the Underlying on the Valuation Date**

In order to determine whether the price of the Underlying during the Monitoring Period is at least once equal to or below the Barrier, all prices of the Underlying are observed while for the determination of the price of the Underlying on the Valuation Date is equal to or below the Strike Price, only the Reference Price is observed.

- **Redemption only upon maturity; sale of the Notes**

It is a feature of the Notes that, except in the case of a Termination of the Notes by the Issuer (§ 6 of the Terms and Conditions), an automatic payment of the Redemption Amount or delivery of [shares][certificates][securities] to the Noteholders is foreseen only on the Maturity Date set out in the Terms and Conditions.

Prior to the Maturity Date, the economic value represented by the Notes may be realised only by way of a sale of the Notes. A sale of the Notes, however, is contingent upon the availability of market participants who are prepared to purchase the Notes at a corresponding price. If no such market participants are available, it may not be possible to realise the value of the Notes. In particular, investors cannot expect that there will be a liquid market for the Notes under all circumstances and therefore, they also cannot expect that the assets invested in the Notes may be realised at any time by way of a sale of the notes. For that reason, investors should be prepared to hold the Notes until the Maturity Date.

Additional risks (e.g. in relation to the Underlying(s), payment profiles and structures) may be set out in the relevant Final Terms.

[Other product-specific risk factors:]

[•]

RISK FACTORS RELATING TO THE COMMERBANK GROUP

*Potential investors should read carefully and take into consideration the risk factors described below and other information contained in this base prospectus (“**Base Prospectus**”) before making a decision on the acquisition of securities from COMMERZBANK Aktiengesellschaft (“**Commerzbank Aktiengesellschaft**”, “**Commerzbank**”, the “**Bank**” or the “**Issuer**” and together with its consolidated subsidiaries and affiliated companies “**Commerzbank Group**” or “**Group**”). The onset of one or several of these risks, in isolation or in combination with other factors, can seriously affect the business operations of the Group and have adverse effects on the net assets, financial standing and profitability of the Group or on the price of securities of Commerzbank. The risks described below are possibly not the only risks to which the Group is exposed. Other risks, which are currently not known to the Bank or are considered unimportant at present, may also affect the business operations of the Group and have adverse effects on the business activity and the net assets, financial standing and profitability of the Group. The selected order is neither a statement of the probability of realization nor the extent of the economic effects or the significance of the risk factors mentioned below.*

Market and Bank-related risks

The global financial market crisis has put a significant strain on the net assets, financial position and results of operations of the Group in numerous ways due to amortization, depreciation, impairments, provisions, loan defaults, etc., and it can be assumed that there may also be material adverse effects for the Group in the future, particularly in the case of a renewed escalation of the crisis.

Since the second half of 2007, the international financial markets have been suffering from the severe effects of the subprime crisis and its consequences. Initially, a number of banks specializing in subprime credit products, investment banks and hedge funds, in addition to bond and credit insurers (especially monoline insurers), found themselves in financial difficulty or even declared bankruptcy in some instances. The crisis took a major turn for the worse when Lehman Brothers went into insolvency in September 2008, which resulted in a substantial upheaval of the interbank lending market. Central banks and governments stepped in with support measures for the financial system and even went as far as nationalizing some banks.

The financial market crisis triggered a considerable decline in the value of almost all types of financial assets. Financial markets also experienced extreme volatility levels (i.e. large fluctuations in prices), while previously reliable correlations between various asset classes ceased to apply (i.e. the degree of interconnectedness between their prices). Added to this was an extremely low level of liquidity and – partly as a result of this – a considerable widening in spreads (the difference in yield compared to instruments regarded as risk-free). The availability and value of instruments used to hedge positions and control risk declined significantly as a result.

Furthermore, the financial crisis led to a widespread loss of trust both in the financial markets and in the real economy. After the collapse of Lehman Brothers, at the latest, the interbank lending markets came to an almost complete standstill. This loss of confidence abruptly triggered a renewed acceleration of the existing decline of the real economy, and output in many countries collapsed to an extent not seen since World War II. The measures taken by governments and central banks in many countries to provide support for the financial system and the real economy caused a sharp rise in budget deficits and levels of public debt, which in turn prompted the financial markets to reassess the risks attached to government bonds and resulted in a significant drop in the price of some countries' government bonds.

The unfavorable conditions on financial markets had a negative impact on many of the Group's business areas, particularly in 2008, but also in 2009 and 2010. If the situation does not continue to improve or even deteriorates once again, this may have a material adverse effect on the net assets, financial position and results of operations of the Group.

The Bank considers the following to be the most important adverse effects:

- *Need for provisions and valuation allowances in the loan portfolio:* The unfavorable developments on the financial markets and the associated economic downturn resulted in

defaults. Due to changes in the ratings of a range of the Group's borrowers, revaluations of the credit or credit approval granted to them were required, which accordingly led to losses or an increased provision expense. Loan loss provisions increased from €1.86 billion in 2008 to €4.21 billion in 2009, significantly affecting the profitability of the Group in the respective financial years. In 2010, loan loss provisions in the Group were reduced to €2.50 billion, a significant reduction compared to 2009, but there is still the possibility of further loan defaults or downward ratings of the Bank's borrowers (particularly in the Asset Based Finance segment, which accounted for 39% of Commerzbank's Exposure at Default (EaD)¹ on December 31, 2010). This may lead to a considerable increase in loan loss provisions.

- *Valuation allowances in other portfolios:* The unfavorable conditions on the financial markets led in particular to valuation allowances in the book value of Group assets, mainly for commitments in the Commercial Real Estate, Corporates & Markets and Central & Eastern Europe segments. It was not always possible to reduce these risks for many of these assets due to the illiquidity of the markets. In fact, significant recoveries were again observable in 2010, mainly in the ABS portfolio (portfolio of asset backed securities). On the other hand, however, considerable risks remain, as market prices may continue to decline.
- *Net trading losses in the Portfolio Restructuring Unit segment ("PRU"):* The Group also sustained considerable losses in the net trading income of the PRU segment. These losses amounted to €245 million in 2008 and to €813 million in 2009. A positive net trading result of €787 million was generated in 2010. However, further substantial losses could arise in the event of a renewed escalation of the financial market and/or economic crisis.
- *Increasingly costly refinancing:* The uncertainty on the financial markets triggered by the financial market crisis tightened liquidity and led to a sharp increase in spreads, i.e. the difference in yields compared to investments regarded as risk-free, and thus to rising prices in the refinancing required for the Group's business activities; see also "*Risk Factors—Market and Bank-related risks—The Group is exposed to market risks in the form of credit spread risks*" and "*—The Group regularly requires liquidity in order to refinance its business activities and is exposed to the risk of such liquidity not being available to it on acceptable terms and of it either being unable to meet its current and future payment commitments, or being unable to do so as and when they fall due, or being unable to comply with regulatory capital requirements*".

The global financial market crisis therefore had a material adverse effect on the net assets, financial position and results of operations of the Bank, and it cannot be ruled out that there may again be adverse effects on the net assets, financial position and results of operations of the Group in the future.

The Group is heavily dependent on the economic environment, particularly in Germany, and a possible renewed downturn in the global economy due to the global financial market crisis could lead to further substantial burdens.

Both the volume of new business and the valuation of existing commitments of the Group in the form of loans and advances and financial assets or other securities depend fundamentally on general economic development. During the financial market crisis, declining real estate and ship valuations, in particular, led to a great need for valuation allowances, amortization, depreciation and impairments, predominantly in the Asset Based Finance segment. New business volume declined substantially and the focus turned to optimizing portfolios. In the Mittelstandsbank, Central & Eastern Europe and Corporates & Markets segments, an economic downturn would directly affect the demand for corporate loans. The large amounts of debt of national governments and public corporations may have a negative impact on the credit rating of banks in these countries. On the one hand, because these banks hold a large share of the national debt, and, on the other, because the future support of these banks may not be guaranteed by such states so heavily in debt. In such a weak economic environment, loan loss provisions would need to be increased as company insolvencies and thus defaults on loans might be more likely, or in some cases interest payments and repayments of principal might not be made over an extended period.

(1) EaD = loan amount at the time of default. Not to be confused with the default volume (= volume of default credit).

The Central & Eastern Europe segment is also affected by the economic crisis in this region, especially in the Ukraine. Many of these countries, but also the United States and a number of Member States of the European Monetary Union for example, have large budget deficits, which may have an adverse effect on the Public Finance Group division in the Asset Based Finance segment in particular. In addition, consumers in many Central and Eastern European countries have taken out loans in foreign currencies, especially in Swiss francs. Due to the relative decline of the currencies of these countries, some of these loans are now nonperforming or are on the verge of becoming so. In the Private Customers segment, the declining or volatile prices of investment products are resulting in customers turning to low-risk investment types, the sale of which generally only generates lower commissions.

Economic prospects may take a substantial turn for the worse in the event of a resurgence of the financial market and national debt crises. The resulting global uncertainty may lead to reluctance on the part of investors, prompting a significant increase in risk premiums. Debtors with a high need for refinancing in particular may be challenged by difficulties. In principle, this scenario applies just as much to credit institutions and insurance companies as it does to businesses and governments.

As a result, this may also have adverse effects on the real economy, especially as many companies are, at the least, deferring investments due to economic uncertainty. Another global recession, together with a decline in global trade, would have a disproportionate impact on export-oriented countries such as Germany. A further strain on the European (Monetary) Union or protectionist tendencies worldwide cannot be ruled out either. This may lead to an even greater exposure to the risks described here.

The exceptionally difficult market conditions since the second half of 2007 have had a material adverse effects on certain areas in which the Group operates that are exposed to unusual credit risk. This includes leveraged finance (financing of the purchase of a company by outside investors in which the financing comprises a high level of external debt, exclusively serviced through the purchased company's future cash flow and secured through its assets) and the markets for structured credit. This development may also continue in the future or become increasingly widespread (see also *"Risk Factors—Market and Bank-related risks—The global financial market crisis has put a significant strain on the net assets, financial position and results of operations of the Group in numerous ways due to amortization, depreciation, impairments, provisions, loan defaults, etc., and it can be assumed that there may also be material adverse effects for the Group in the future, particularly in the case of a renewed escalation of the crisis"*).

A persistence of the financial market crisis or a renewed economic downturn may therefore have a material adverse effect on the net assets, financial position and results of operations of the Group.

The Group is exposed to counterparty default risk (credit risk) that includes large individual commitments and commitments concentrated in individual sectors, so-called "cluster" commitments.

The Group is exposed to counterparty default risk (credit risk) associated with the lending business with customers and credit institutions (essentially comprised of loans to private and corporate customers, real estate financing, as well as loans and advances to banks, insurance companies, financial service providers, states and public corporations). There is also an exposure to credit risk for the Group in the credit substitute business (i.e. business with structured credit products), financial instruments in the investment portfolio (for example, bonds from industrial companies, banks, insurance companies and states), and other financial instruments and derivatives. The Group defines credit risk as the risk associated with possible losses in value, which may be caused by changed credit ratings, or the inability of a counterparty to make payments as and when they fall due (due to insolvency, for example). Apart from credit rating risk and default risk, subcategories of credit risk include settlement risk, counterparty risk and country risk. Borrowers in an increasingly poor financial situation, payment defaults and a reduction in the value of collateral mean that loan loss provisions may have to be increased to cover acute and latent default risk, or that the capital adequacy requirement of the Group may increase due to a rise in risk-weighted assets. Loan loss provisions therefore increased from €1.86 billion in 2008 to €4.21 billion in 2009 and were €2.50 billion in 2010. Risk-weighted assets allotted to credit transactions amounted to €207 billion as of December 31, 2008, €246 billion as of December 31, 2009 and €232 billion as of December 31, 2010.

The loan portfolio of the Group shows a concentration of risks in certain sectors. Real estate finance (commercial and private) accounted for 22% of the total loan portfolio as of December 31, 2010, with the Commercial Real Estate Portfolio in the United States and Spain contributing a not inconsiderable share. For the special risks associated with commitments in real estate finance, see below under *“Risk Factors—Market and Bank-related risks—Real estate finance and ship finance are exposed to risks associated in particular with the volatility of real estate and ship prices, including counterparty default risk (credit risk) and risk of substantial changes in the values of private and commercial real estate and ships held as collateral”*. On December 31, 2010, the Financial Institutions Portfolio including the Non Bank Financial Institutions Portfolio (**“NBFI Portfolio”**) accounted for 24% of the loan portfolio of the Group. Some of these banks, insurance companies and financial services providers had to avail themselves of state support measures in connection with the financial market crisis. 19% of the loan portfolio of the Group was assigned to the Public Finance Group division as of December 31, 2010, with the Financial Institutions Portfolio accounting for approximately 36% and Greece, Ireland, Spain and Italy accounting for another 21%. The Public Finance Portfolio was subdivided on this date as follows: Germany €44 billion, Western Europe €43 billion, Central and Eastern Europe €4 billion, North America €14 billion, Other €3 billion. For special risks concerning commitments with public corporations and financial institutions, see *“Risk Factors—Market and Bank-related Risks—The Group is also exposed to credit and market risk related to bonds issued by the public sector and other banks, particularly those in countries severely affected by the financial market crisis and its consequences”*.

The risks described above are further intensified by risks concentrated in individual large borrowers or counterparties (so-called “risk clusters”). The Group categorized risk clusters through to year-end 2010 based on the thresholds for the maximum loss in value with a predetermined probability during a certain holding period ((Credit) Value at Risk, “**CVaR**¹” or “**VaR**”), Loss at Default (“**LaD**²”) and EaD: *Red clusters* (level of authority: full Board of Managing Directors): CVaR €40 million and/or LaD €400 million and/or EaD €4,000 million; *Yellow clusters* (level of authority: Credit Committee): CVaR €10 million and/or LaD €100 million and/or EaD €1,000million.

Due not least to the integration of Dresdner Bank Aktiengesellschaft (**“Dresdner Bank”**) and the resulting aggregation of the credit and credit lines, individual exposures have reached a considerable size. The percentage of the total EaD of the Group represented by the red clusters was 8.6% as of December 31, 2009 and 9.4% as of December 31, 2010. As of December 31, 2010, the red clusters were concentrated within the Financial Institutions (approximately 40% of the exposure within the red clusters) and Public Finance (approximately 30% of the exposure within the red clusters) divisions. Two very large commitments or 15% of the exposure within the red clusters may be attributed to the industrial business area and, in particular, the automotive sector. If default risk materializes for one or several borrowers, issuers or counterparties of large financial instruments, this may have material adverse effects on the Group.

The previous method of categorizing cluster risk was superseded by a standardized definition based on the “all-in” approach at the beginning of 2011. This has the consequence that the results and data calculated (in particular, the total EaD of the Group’s clusters) based on the old methodology through to the end of 2010 are only comparable to a limited extent with those from January 2011. The “all-in” concept covers all of the credit lines of an individual customer approved by the Group in their full amount – irrespective of the extent to which the credit line has been utilized to date. Furthermore, it is not dependent on the use of statistically modeled parameters and thus illustrates better than the previous criteria the maximum potential loss arising out of credit risk in respect of the individual customer in question.

The “all-in” entry threshold (Group) in respect of cluster risk has been set at €1 billion and applies across all segments, product categories and balance sheet items. On the basis of this new definition, EaD in respect of cluster risk amounted to €113 billion, or 20% of total Group EaD, on January 31, 2011. The establishment or, as the case may be, prolongation of a position exceeding the threshold in respect of cluster risk will require the approval of the full Board of Managing Directors. Under the previous definition, this authority level applied only to red clusters (i.e. to 9% of Group EaD).

(1) CVaR represents an estimate of the amount by which the losses arising from credit risk might potentially exceed the expected loss within one year. This approach is based on the notion that the expected loss merely represents the long-term average value for loan losses, which may differ (positively or negatively) from the actual loan defaults in the current financial year.

(2) The LaD is the amount that will likely have to be written off by the Bank as a probable loss in the event of a default. It is calculated as a percentage of EaD.

The objective behind the adjustment of the criteria relating to risk clusters is to improve the manageability of cluster risk, and not to bring about changes in the estimation of the risk. The reduction in the proportion of Group EaD represented by total cluster risk on January 31, 2011 as compared to December 31, 2010 (basis: red and yellow clusters), expressed in figures, is correspondingly almost entirely due to the deliberate application of a more rigorous methodology and does not reflect any substantial change in risk policy.

Furthermore, the Group may be adversely affected by the need to establish further provisions, particularly in relation to financing leveraged buyout (“LBO”) transactions (a company takeover externally financed by, in part, large loans and only a small amount of equity capital). In the Central & Eastern Europe segment, particularly in the Ukraine, a notable need for further provisions is imminent for the Group, but at a significantly lower level than in 2009 and 2010.

The onset of one or all of the risks described above may have material adverse effects on the net assets, financial position and results of operations of the Group.

The Group has extended a substantial number of large loans and advances entailing counterparty default risk (credit risk) that would have material adverse effects on the Group if realized.

The Group has extended a substantial number of large loans and advances as defined under Section 13b of the German Banking Act. According to the German Banking Act, if the total of the loan for a single borrower reaches or exceeds 10% of the core capital, it is considered a large exposure. The number of large loans and advances as so defined was six as of December 31, 2009 and one as of December 31, 2010. The largest chargeable amount of these loans as of December 31, 2009 was €6.02 billion and as of December 31, 2010 €5.90 billion, which equates to 20.4% of the core capital as of December 31, 2009 and 18.6% of the core capital as of December 31, 2010. Together, these exposures amounted to €17.15 billion as of December 31, 2009 and €5.90 billion as of December 31, 2010, which equates to 58.1% of the core capital as of December 31, 2009 and 18.6% of the core capital as of December 31, 2010, respectively. If the counterparty default risk (credit risk) materializes for such a large exposure, this would have material adverse effects on the core capital and equity ratio of the Group, as well as on the net assets, financial position and results of operations of the Group.

Real estate finance and ship finance are exposed to risks associated in particular with the volatility of real estate and ship prices, including counterparty default risk (credit risk) and the risk of substantial changes in the values of private and commercial real estate and ships held as collateral.

The economic success of the commercial real estate finance business operated by Eurohypo Aktiengesellschaft (“Eurohypo”), in particular, largely depends on developments in real estate markets, which have been marked by considerable uncertainty in recent years. In real estate finance, in addition to these risks, default risk also depends on general economic development, the profitability of real estate and the development of prices in the affected segment of the real estate area. As a result of the financial market crisis and the economic slump, the current market values of real estate have in many cases been subject to considerable fluctuations for quite some time and in some cases have declined significantly, which has had a correspondingly adverse effect on Eurohypo’s business. The negative development of real estate prices in key markets, especially the United States, Spain and Great Britain, has continued since 2007 into recent years. Although at the end of 2010 most real estate markets (except the United States and Spain) had stabilized, a notable recovery of the real estate markets has still failed to set in, however, in particular due to the sovereign debt crisis, corrections to the housing markets, and the consolidation of the banking sector. Factors which may have a long-lasting influence on the real estate market include, in particular, the relationship between the supply of commercial real estate and demand, the ability to pay or the availability of tenants, investment behavior of investors, refinancing options and general cyclical fluctuations on the real estate market.

The ships furnished as collateral to the Group in connection with its ship finance activities are subject to comparable structural value fluctuations. The value of ships is essentially related to the degree of capacity utilization and charter rates. In turn, these depend on the development of global trade, which declined substantially in 2009 and in turn, had an adverse effect on the value of ships.

The values of the collateral furnished in the loan portfolios of the Commercial Real Estate and Ship Finance units are subject to considerable fluctuations for the economic reasons described above. Devaluations of collateral held for loans may on the one hand necessitate an increase in loan loss provisions to cover acute and latent default risk. But the collateral may also be inadequate to cover the outstanding loan in the event of realization. Such a case would call for a write-down. All this may have a material adverse effect on the net assets, financial position and results of operations of the Group.

The Group is also exposed to credit and market risk related to bonds issued by the public sector and by other banks, particularly those in countries severely affected by the financial market crisis and its consequences.

Bonds issued by the public sector have recently been exposed to considerable market price fluctuations. Several eurozone states have been affected, in particular Greece, Ireland, Portugal, Spain and Italy, as well as various other countries, especially in Eastern Europe. The Group holds substantial volumes of public-sector bonds, including bonds issued by Greece, Ireland, Portugal, Spain and Italy. Adverse developments have prompted the Group to reduce its holdings of such government bonds during the 2010 and 2011 financial years, even if this meant taking losses as a result. As of September 30, 2011, the Group's EaD for public-sector entities was €93 billion, €13.0 billion of which was accounted for by Greece, Ireland, Portugal, Spain and Italy. In the second and third quarters of 2011, Commerzbank recorded impairments of Greek public-sector bonds in a total amount of €1,558 million. This resulted in an impairment of 50% of the Greek bonds held as Loans and Receivables (LaR) as well as an impairment of Available for Sale (AfS) securities to the lower market value. After impairment, the bonds will on average be recorded on the balance sheet at 48% of their nominal volume. Furthermore, transactions were conducted in connection with the portfolio to hedge against interest risks and offset inflation-related fluctuations. Valuation and accounting methods for these purposes are applied in accordance with IAS 39.85 et seq. The valuation effects resulted from the aforementioned impairment requirement as well as from the partial winding-up of these financial instruments, and amounted to €404 million. If the values of public sector bonds continue to decline, undergo haircuts dictated by political decisions, or under certain circumstances even fall to zero in the event of insolvency of the public sector entities, thus generating a loss in cash value, this would lead to further impairments or to realizing losses if Commerzbank decides to sell the corresponding item and will have direct adverse effects on the Group's income statement. Furthermore, adverse effects on the income statement could arise from market valuation of securities held in the trading portfolio as well as from balance sheet effects through market valuation upon the sale of held securities via the revaluation reserve and effects through write-downs of securities held as Loans and Receivables (LaR). In the case of an insolvency of a public sector entity and, in particular, a sovereign state, spill-over and contagious effects are to be assumed, which could also lead to adverse effects on the Group's income statement.

The Group is also exposed to credit risk in relation to banks based in Greece, Ireland, Portugal, Spain and Italy (EaD for banks in these countries as of September 30, 2011: €8.1 billion) or other states severely affected by the financial market crisis, or banks with operations focusing on these countries. The continued economic viability of many of these counterparties may become questionable, especially if economic conditions worsen. As financial institutions, they are likely to be affected most by a potential decline because they are affected by larger defaults or revaluations of securities, for example, or by heavy withdrawals of customer deposits in the event of a significant deterioration of economic conditions.

Furthermore, some of these counterparties currently rely heavily on refinancing from central banks. It is, however, unlikely that these refinancing options will remain available in the long term. Other banks, depending on the development of real estate markets in these countries, may find themselves compelled to perform substantial write-downs on their real estate loan portfolios. Furthermore, the efforts of some of these countries to consolidate their national budgets are also having adverse effects on their economies, which may have negative consequences for the economic situation of banks.

The onset of one or all of the risks described above may have material adverse effects on the Group's net assets, financial position and results of operations.

The Group has a substantial number of non-performing loans in its portfolio, and these defaults may not be sufficiently covered by collateral in combination with previously conducted write-downs and established provisions.

As of December 31, 2010, the Group had €21.7 billion in outstanding loans and advances based on EaD to be assigned to the Default Portfolio. The Asset Based Finance segment accounted for €10.6 billion, the Mittelstandsbank segment for €3.9 billion, the Corporates & Markets segment for €2.4 billion, the Central & Eastern Europe segment for €2.3 billion, the Private Customers segment for €1.9 billion and the PRU segment for €0.7 billion. On a Group-wide basis these loans and advances are covered to an average of 45% by collateral valued on the basis of realization criteria, and a further 46% by write-downs conducted as part of the creation of loan loss provisions (including General Loan Loss Provisions, "GLLPs"). For the loan volume not covered in this regard, predominantly in the Corporates & Markets segment, the Group expects on the basis of statistical evidence to be able to generate further revenue from the items in the default portfolio, for example because successful debt restructuring can still be effected or because some valuable collateral was not eligible according to the principles of Basel II. It is possible that the assumptions made in this regard may in retrospect prove to be inaccurate or no longer congruent with future developments. This could be the case, for example, if macroeconomic developments deteriorated and, consequently, restructurings were to fail. In that event the Group may be faced with further significant losses from the default portfolio, which may have a material adverse effect on its net assets, financial position and results of operations.

The Group's results fluctuate a great deal and are heavily influenced by specific volatile components, in particular the net trading income, loan loss provisions and net investment income. As a result, quarterly and half-yearly results can only serve to a limited extent as indications of results in subsequent periods.

The results of the Group are subject to heavy fluctuations, the main drivers in recent times being loan loss provisions, net trading income and net investment income. The results of the Group Treasury division are also subject to significant fluctuations. Many external factors – over which the Group has very little or no control – have an effect on these results, some of them macroeconomic – such as the performance of the global and national economies and gross domestic product, the trend in base rates and the performance of the equity and other securities markets. For example, Commerzbank has recently benefited from favorable positioning with respect to the yield curve – particularly in the Group Treasury division, which is one of areas that contributes to net investment income. Due to volatility, the result for the financial year cannot be extrapolated from the result generated in one quarter, for example, in the PRU segment. If loan loss provisions, net income trading and/or net investment income (including the Group Treasury division result) were to develop negatively, this would have material adverse effects on the Group's net assets, financial position and results of operations.

It is possible that volatile and illiquid market conditions may compel the Group to perform further write-downs in the future, particularly on securities affected by the U.S. subprime crisis and on other financial instruments, or cause the Group to sustain further losses in the reduction of such portfolios.

With the outbreak of the crisis in the U.S. residential mortgage market in July 2007, and the subsequent insolvency of Lehman Brothers investment bank, the capital markets became increasingly – and at times completely – illiquid. This resulted in substantial declines in the value of certain categories of securities held by the Group, including some that had been given excellent classifications by rating agencies. Still, in some areas, the normalization of market liquidity has yet to set in completely.

The Group is exposed to the risk of reductions in value and losses in relation to financial instruments affected by the subprime crisis and other structured financial instruments. The market recovery that began at the end of 2009 has not eliminated this risk. The markets remain uncertain about the solvency of Greece, Ireland, Portugal, Spain and Italy, resulting in the risk of renewed losses in value of a substantial order.

The Group still held subprime and other structured financial instruments with a nominal value of €29.16 billion in total as of December 31, 2010, of which €29.0 billion was in the PRU segment and €0.16 billion was in the Asset Based Finance segment. These concern credit products such as

Collateralized Debt Obligations (“**CDOs**”) (securities secured by a number of different assets, usually receivables from loans or bonds), Collateralized Loan Obligations (“**CLOs**”) (securities secured by loan receivables), Residential Mortgage Backed Securities (“**RMBSs**”) (securities that securitize the credit risks from a portfolio of residential real estate financings) and Commercial Mortgage Backed Securities (“**CMBSs**”) (securities that securitize the credit risks from a portfolio of commercial real estate financings), and other Asset Backed Securities (“**ABSs**”), which in recent years have experienced both negative effects on profit (in terms of impairments and/or loan loss provisions) and additional charges to revaluation reserves. The majority of these products have been transferred to the PRU segment, which reported negative effects on profit of €1.57 billion for these products and charges to revaluation reserves of €0.51 billion in the 2009 financial year; there were reversals of impairments through profit or loss of €0.77 billion for these products in the PRU segment and a charge of €0.12 billion to revaluation reserves in the 2010 financial year.

It is not currently possible to predict how long this uncertainty will persist or whether a renewed decline will occur. It is therefore conceivable that the Group will sustain further heavy losses on the sale of structured financial instruments in the event of defaults related to these instruments, or due to liquidity shortages in the relevant markets or other developments relevant to valuation. The risk of defaults on financial instruments secured by liens on property has increased as real estate prices in some markets have fallen considerably in recent years. This could result in borrowers being unable to refinance loans secured by property liens when they fall due, in full or perhaps at all. As a result, loans and advances based on structured financial instruments may become non-performing, and this situation is aggravated by the fact that a large number of loans secured by property liens will mature in the next few years.

If it is no longer possible for the Group to use calculation models to determine the fair value of U.S. subprime or other structured financial instruments, future value reductions or losses may even exceed those sustained in the past. This also includes the risk that previously recorded write-downs may not suffice to cover later defaults on capital and interest payments. In the determination of the fair value of U.S. subprime or other structured financial instruments based on actual market prices or indicative values, considerably lower fair values may arise in the future if the market prices fall substantially below the model prices, which may in turn lead to a corresponding loss in the income statement. Sales of portfolios of structured products at a very high discount to market values may also result in their being priced at very low levels.

The PRU segment established in 2009 has been assigned the task of actively and transparently controlling and downsizing the portfolios identified by the Group for reduction. These portfolios contain U.S. subprime and other structured financial instruments, in addition to other holdings defined as non-strategic. The latter group of assets relates for the most part to bonds, loans, credit default swaps (“**CDSs**”) (a financial instrument used to assume credit risk from a reference asset such as a security or loan) and tranches in pools of credit default swaps outside the Group’s strategic focus. Continued high volatility in the markets means that there is still a risk of further substantial depreciation and of losses on disposal.

The materialization of any of the risks described above may have material adverse effects on the Group’s net assets, financial position and results of operations.

The markets for certain structured financial instruments in the Group’s securities portfolio are relatively illiquid.

The Group is exposed to market liquidity risks in many areas of its activities. Liquidity levels in many markets have certainly improved, but on the whole they are still low. In the current economic environment this particularly concerns markets directly or indirectly linked to the U.S. residential and commercial mortgage markets. Furthermore, the financial market crisis led to a recession in the real economy in many of the Group’s key markets, resulting in significant reductions in liquidity. In illiquid markets the Group may find it difficult to dispose of assets at short notice without considerable discounts, or to make appropriate hedging arrangements. This may have a material adverse effect on the Group’s net assets, financial position and results of operations.

The risk of changes in the fair value of the Group's financial instruments is not confined to its portfolio of U.S. subprime and other structured financial instruments.

A considerable share of the Group's assets and liabilities consists of financial instruments that must be reported at fair value in the Group's consolidated accounts. This applies to portfolios of U.S. subprime and other structured financial instruments (see also "*Risk Factors—Market and Bank-related risks—It is possible that volatile and illiquid market conditions may compel the Group to perform further write-downs in the future, particularly on securities affected by the U.S. subprime crisis and on other financial instruments, or cause the Group to sustain further losses in the reduction of such portfolios*"), as well as to other financial instruments of the Group, for example Power Reverse Dual Currency Swaps and Bonds ("**PRDCs**"), a product class where structured interest payments depend primarily on a particular exchange-rate movement. For many of these financial instruments there are no objective market prices. In these cases, fair value is determined using appropriate valuation methods for these instruments. The use of valuation methods for determining fair value requires making assumptions and estimates that depend on the characteristics of the relevant instrument and the complexity and liquidity of the underlying market. Decisions must be made in the selection of the modeling process and the model parameters, for example. If individual assumptions and estimates change as a result of negative market developments or for other reasons, revaluations of the relevant instruments may lead to significant changes in fair value potentially resulting in substantial losses – a case which did in fact occur in the PRDC portfolio, for example. If the U.S. and Australian dollars fail to rise substantially against the Japanese yen, then losses will continue to result in the future. Furthermore, it is important to note that any loss related to adjusting the fair value of an asset or a liability is offset against any profits from related risk-hedging transactions. Such profits are, however, not realized until the fulfillment of the transaction, and it is possible that losses may occur in the future, for example, due to a deterioration in the credit rating of the counterparty, which may offset the reported profits in full or in part. Even if these losses are not necessarily caused by changes to the fair value of the underlying asset, they may nonetheless have material adverse effects on the Group's net assets, financial position and results of operations.

Changes to the classification of assets, the relevant accounting standards, regulatory environment or classifications by rating agencies may lead to a revaluation of the Group's assets such as its U.S. subprime securities, Public Finance portfolio or other structured financial instruments, and accordingly could have an adverse affect on the Group's net assets, financial position and results of operations.

Assets are valued on the basis of criteria differing according to their classification. For example, financial instruments are reported in the balance sheet either at cost or at fair value, depending on the category to which they are assigned. Changes in the categorization or reclassification of assets may therefore lead to a revaluation and, depending on circumstances, to a valuation allowance, or to a valuation at acquisition cost. A change in the relevant accounting standards may also prompt a reclassification. If there are changes to the relevant accounting standards, the regulatory environment or rating agencies' criteria or their interpretation, the Group may be required to revalue its assets or the calculation model applied. For example, the Group may have to modify its existing models for valuing U.S. subprime products, other structured financial instruments or other financial assets and consequently may have to recalculate their fair values as well. Negative changes in the values of the aforementioned assets may have material adverse effects on the Group's net assets, financial position and results of operations.

Contracts with bond and credit insurers, particularly monoline insurers, are exposed to a significant risk of default as these insurance companies are threatened by insolvency.

The Group is exposed to the default risk associated with OTC derivatives (non-standardized derivatives that are not traded on a stock exchange, but over the counter) (some of them CDSs) vis-à-vis bond and credit insurers, including monoline insurers and Credit Derivative Product Companies ("**CDPCs**"). CDSs are reported in the balance sheet at fair value, with the factors affecting the fair value of a CDS including the expected default risk of the financial instrument forming the basis of the hedge, and that of the relevant monoline insurer/CDPC. The risk-bearing capacity of the monoline insurers and the CDPCs, which are also active in this segment, was adversely affected by the financial market crisis. The Group responded by revaluing the CDSs concluded with monoline insurers, the CDPCs and the receivables from similar transactions. The condition of monoline insurers and CDPCs

continues to be critical owing to rating downgradings, their need to raise fresh capital in the market, and potential legal and regulatory changes. In the event of a continuing deterioration of the financial positions of bond and credit insurers in general, and of these monoline insurers and CDPCs in particular, the Group may be forced to adjust the values of the CDSs with these companies, and of receivables from similar transactions, which may in turn have material adverse effects on the Group's net assets, financial position and results of operations.

Moreover, as has occurred in the past in the case of one monoline insurer that was considered to be in a highly critical condition, all hedging transactions may also have to be written off and terminated, resulting in the Group being fully exposed to the risks of the underlying transactions without third-party hedging, in addition to the loss of the write-offs. This may have material adverse effects on the Group's net assets, financial position and results of operations.

The Group is exposed to credit risk related to reductions in the value of movable collateral especially in the case of financial instruments.

The Group engages significantly in repo and derivatives business, primarily with financial institutions. The value of the associated collateral may fluctuate unexpectedly, leading to unexpected losses in the event of a simultaneous default by the borrower, particularly if the valuation of the securities were to correlate with the borrower's credit rating. Such a loss may have material adverse effects on the Group's net assets, financial position and results of operations.

In general, the collateral provided to the Group for hedging against credit risk is exposed to value fluctuations. This applies to movable collateral and in particular to the values of securities, which are subject to heavy fluctuations in volatile markets. Write-downs on collateral provided may necessitate an increase in loan loss provisions to cover acute and latent loan default risks, or a rise in risk-weighted assets may increase the stress on the Group's capital, which may have a material adverse effect on its net assets, financial position and results of operations.

In addition to its traditional lending business, the Group is also exposed to credit risk extending beyond the risks in traditional bank lending.

The Group conducts business exposing it to the risk that third parties who owe money, securities or other assets to companies in the Commerzbank Group may not meet their obligations. In addition, the Group is also exposed to credit risk in many business areas outside the traditional banking business activities of deposit-taking and lending.

In particular, many of the areas in which the Group operates in the Corporates & Markets segment involve lending transactions supplementary to other transactions. Credit risk outside the traditional lending business may arise, for example, from holding securities for third parties, or entering into swap agreements or other derivative transactions under which counterparties have payment obligations to the Group. Other examples are futures, currency and commodity transactions that are not settled at the agreed time due to the counterparty's non-performance, or system malfunctions on the part of a clearing agent or stock markets, clearing houses or other financial intermediaries. The granting of loans within the framework of other agreements is a further example.

The parties to these agreements and counterparties in trading transactions may fail to meet their obligations to the Bank as a result of insolvency, political and economic events, liquidity shortages, operational failures or for other reasons. This may have an adverse effect on the Group's net assets, financial position and results of operations.

Credit risk outside the traditional banking business also exists for the Group in the field of derivative transactions. Many of the Group's derivative transactions are non-standardized and negotiated on an individual basis. This may complicate the winding-up, transfer or settlement of the resulting positions. Certain credit derivatives require the Group to deliver the underlying security, loan or other liability to the counterparty in order to receive payment. In some cases, the Group may not hold the underlying asset or be able to procure it. This may result in the Group not receiving the payments owed to it or at least in a delay in settling the transaction, which may in turn have a negative impact on the reputation of the Group and limit its ability to enter into future transactions. As a result, the Group may also incur

increased costs, which may also have a material adverse effect on the Group's net assets, financial position and results of operations.

The Group is exposed to market risk in the valuation of equities and investment fund units.

In 2007 and 2008 the financial markets performed negatively, and the falling prices of equities and investment fund units led to considerable depreciation and losses on disposals. A significant share of these declines was recovered in 2009 and 2010. This trend has reversed [since](#) July of 2011 due to the high uncertainty of the world-wide financial markets, as a consequence of the worsening of the European debt crisis among other things. A continuation of this negative development of the world-wide financial markets may result in a devaluation of the equities and investment fund units held in the Group's investments and/or trading portfolio and have a material adverse effect on the Group's net assets, financial position and results of operations.

The Group is exposed to market risk in the form of interest rate risks.

The Group is exposed to the risk of a change in interest rates when assets and liabilities in the individual maturity brackets do not match with regard to the amount or type of interest (fixed/variable), thereby creating open interest rate positions (assets and liabilities). In the case of open fixed interest rate liability positions, falling market interest rates lead to a decline in the market values of liabilities and a potential decline in the interest rate spread. In the case of open fixed interest rate asset positions, rising market interest rates may lead to a decline in the market values of assets and a potential decline in the interest spread due to the possible rise in the price of refinancing on the liabilities side. There is no market value risk from interest rate changes for products with variable interest rates, but a change in market interest rates does lead to a change in interest expense or income. Risks can also arise if there are fixed and variable interest rate items in the same maturity brackets, as this may result in open interest rate positions on either the asset or liability side. If the Group is not successful in efficiently controlling its open interest rate position in line with market developments and within prescribed limits, this may have drastic effects on the profitability of the Group, its risk-bearing capacity, its core capital and equity ratios.

The Group is exposed to risks from the underlying interest rate models for deposit taking in both retail and corporate banking. A persistently low interest rate level could be expected to have adverse effects on prospective results in the Private Customers segment.

Changes in market interest rates may conceivably lead to a flat or even inverse yield curve. This can generally impair a bank's ability to generate positive net interest income from maturity transformations by refinancing long-term assets using short-term liabilities, which is referred to as a structural contribution. If and to what extent to which this risk materializes depends on the actual maturity-transformation position of the bank in question. A flat or inverse yield curve, particularly over an extended period, may, in the case of the Commerzbank Group, have material adverse effects on the Group's interest margin and profitability.

The materialization of one or more of the risks described above may have a material effect on the Group's net assets, financial position and results of operations.

The Group is exposed to market risk in the form of credit spread risks.

Uncertainty in the financial markets brought about by the financial market crisis and tighter liquidity have led to a sharp increase in spreads, i.e. the yield gap vis-à-vis investments viewed as risk-free. While some markets appeared to be calming down, the risk of default, particularly on the government bonds of Greece, Ireland, Portugal, Spain and Italy, continues to be regarded as critical (see also "*Risk Factors—Market and Bank-related risks—The Group is also exposed to credit and market risks related to bonds issued by the public sector and other banks, particularly those in countries severely affected by the financial market crisis and its consequences*"). In the current financial year, spreads for Greece, Ireland, Portugal, Spain and Italy have further widened. If wider spreads persist or widen even more, this would lead to another decline in market values and thus, in the event of disposal, to a loss in the cash value of outstanding bonds and a corresponding added negative effect on earnings. Furthermore, negative effects may also be reflected in the income statement due to impairments on securities held as Available for Sale (AFS) or Loans and Receivables (LaR) and due to a market

valuation of the securities in the trading portfolio. Negative effects may be reflected on the balance sheet due to a market valuation of securities held for sale in the revaluation reserve. Securities held as Loans and Receivables (LaR) may also be affected by depreciation. All of these aspects may lead to material adverse effects on the Group's net assets, financial position and results of operations.

The Group is exposed to currency risks.

Group subsidiary companies based outside the eurozone prepare their individual financial statements in foreign currencies. Currency fluctuations between the euro and respective local currencies (in particular the U.S. dollar (USD), Polish zloty (PLN), pound sterling (GBP), Ukrainian hrywnja (UAH) and Russian ruble (RUB)) may mean that the currency exchange rates used to convert non-euro items in the individual financial statements for the purpose of preparing the consolidated financial statements may differ from those used in previous reporting periods. These translation differences may have an adverse effect on the Group's equity through the income statement and the reserve for currency translations. In addition, the Bank and other group companies located in the eurozone enter into transactions that are not denominated in euro. A relative appreciation or depreciation of the respective foreign currency against the euro may result in correspondingly higher expenses or lower income from the foreign-currency transactions. If this risk is not hedged, this may result in material adverse effects on the Group's net assets, financial position and results of operations.

The Group is exposed to market risk in the form of volatility and correlation risks.

The Group engages in structuring and trading financial derivatives. Derivatives are subject to price fluctuations caused by volatility changes affecting the prices of the underlying assets (for example, shares, currencies, interest rates and commodities). Insofar as derivatives are based on two underlying assets or a portfolio of underlying assets (for example, two currencies or an equity portfolio), the prices of these derivatives are subject to so-called "correlation fluctuations". Correlation is a statistical measure for the linear interaction of two underlying assets – the higher the correlation coefficient, the more the two assets move in unison. Insofar as derivative items are not or cannot be hedged against volatility changes or correlation fluctuations (as is the case for the PRDC portfolio because of its long term), losses may arise that could have material adverse effects on the net assets, financial position and results of operations of the Group. Such losses have occurred in the past in the PRDC portfolio, and the Group believes they may also occur in the future if the U.S. and Australian dollars do not significantly appreciate against the Japanese yen. This would also have material adverse effects on the Group's net assets, financial position and results of operations.

The Group is exposed to market risk in the form of commodity price risks.

In its operating business, the Group is exposed to market risk in the trading of derivatives, certificates and spot transactions relating to commodities. The underlying commodities are generally precious metals, industrial metals, energy and agricultural commodities. The prices of these financial instruments may rise or fall owing to several factors, for example, the general state of the economy, market trends, exchange-rate trends and changes in legal and political conditions. Insofar as items are not fully hedged against these risks, losses may arise that may have material adverse effects on the Group's net assets, financial position and results of operations.

The Group's hedging strategies could prove to be ineffective.

The Group utilizes a range of instruments and strategies to hedge risks. If these instruments and strategies prove to be partly or entirely ineffective, the Group may sustain losses. Unforeseen market developments such as the dramatic deterioration in the U.S. housing market in July 2007, or the trend in government bonds of various countries that began early in 2010 and intensified throughout 2010 and 2011, may have a significant impact on the effectiveness of hedging measures adopted by the Group. Profits and losses from ineffective risk-hedging measures may increase the volatility of the income generated by the Group and this may consequently result in material adverse effects on its net assets, financial position and results of operations.

Stricter regulatory standards applying to equity and liquidity may jeopardize the business model applied to a number of the Group's operations and have a negative impact on the Group's competitive position.

The Group's business volume is generally limited by regulatory standards regarding equity that apply to the relationship between specific capital components and risk-weighted assets. These capital ratios are frequently the product of consultations by the Basel Committee. The committee comprises representatives from national central banks whose objective is to develop international standards for banking supervision law that are as uniform as possible. The Basel regulations have no actual legal force but are consulted regularly by the legislative bodies of the EU and adopted in a corresponding European directive. The regulatory authorities are not bound by the recommendations of the Basel Committee, and European regulations may deviate from the recommendations. European regulations are then implemented into national law, subject to the use by Member States of discretion as to the implementation of these directives, if applicable (for example, in the German Banking Act and German Solvency Regulation).

There are currently various regulations being prepared or implemented (in particular the Basel III regulations which will be introduced by CRD IV) that will result in amendments to the regulations for available capital components and changes in the calculation of the equity requirements applying to various assets.

<u>Directive/EU Regulation</u>	<u>Key content</u>	<u>Implementation date</u>
CRD II	<ul style="list-style-type: none"> - Standard principles for recognizing hybrid capital components as Tier 1 capital (core capital) - Regulations for securitizations and re-securitizations - Amendments of regulations on large loan exposures - Improved cooperation among national regulatory authorities in the EU 	December 31, 2010
CRD III	<ul style="list-style-type: none"> - Equity requirements for the trading book - Remuneration policies and practices of banks - Equity requirements for re-securitizations as well as tightening of disclosure requirements 	In part on January 1, 2011; in part on December 31, 2011
CRD IV/CRR IV (EU enactment into law of "Basel III", currently in draft form)	<ul style="list-style-type: none"> - Redefinition of equity - Introduction of liquidity ratios - Introduction of leverage ratio - New calculation of counterparty credit risk - Introduction of countercyclical capital buffers - Introduction of special regulations for financial institutions crucial to the system 	

On July 20, 2011, the EU Commission submitted a draft of the legislation for the implementation of the Basel III regulations at the European level (CRD IV). The legislation comprises the new CRD IV guidelines as well as a directly applicable directive (CRR IV), and is intended to replace the regulatory capital guidelines currently in force. The directive will be directly applicable to institutions in the EU and need not be implemented into national law. In respect of its contents, the directive primarily regulates those areas by which highly specific rules for determining quantitative monitoring mechanisms will be prescribed. This applies in particular to regulations regarding regulatory capital, liquidity standards, leverage ratio, capital requirements relating to counterparty default risk and large exposure limits. The draft of the CRD IV guideline provides in particular for an incremental increase of the minimum requirements for hard core capital (common equity Tier 1 capital) from currently 2% of risk-weighted assets (RWA) to 4.5% through January 1, 2015. The minimum requirements for core capital will increase from 4% to 6% during the same period.

Along with implementing the Basel III regulations, the EU is, through this directive, pursuing the goal of the so-called "single rule book", i.e., a uniform body of rules within the EU, through which national differences, voting rights and differing interpretations are intended to be eliminated.

The introduction of new capital buffers is regulated in the guidelines and, consequently, is to be implemented into national law. The capital maintenance buffer of 2.5% of RWA must in the future be maintained as a permanent capital buffer above the minimum requirements. Additionally, national supervisory authorities may require an anti-cyclical capital buffer of up to 2.5% of RWA generated in the respective country.

The details of the new regulations have not yet been finalized for all of these proposals and it is possible that additional proposals for regulation will come. Based on the current status of debate, one particular effect of the new regulations will be that in the future, various components of Commerzbank's capital will no longer be fully recognized for regulatory purposes. This includes the recognition of hybrid financial instruments such as silent participations and any Tier 2 capital components. Further adjustments to equity required by regulatory authorities can also be expected, for example, the deduction of certain deferred tax assets or a negative revaluation reserve.

In line with the CRD II regulations, Commerzbank no longer assigned the silent participations provided by Allianz SE ("**Allianz**") to the "hard" core Tier 1 capital but to "other" Tier 1 capital" as of the December 31, 2010 reporting date. In addition, the recognition of capital instruments no longer forming part of Tier 1 capital or Tier 2 capital according to the Basel III regulations expected to be implemented via CRD IV will be phased out gradually over a ten-year period beginning on January 1, 2013. Examples of such instruments are silent participations and trust preferred securities/profit participation certificates, which do not fulfil the new regulatory requirements for equity. For this reason the amount recognizable for each of these instruments is expected to be reduced by ten percent during a ten-year transition period beginning on January 1, 2013. The same would also apply to the silent participations provided by Allianz to Commerzbank. In contrast, it is expected that state-guaranteed capital aid and silent participations provided by the Financial Market Stabilization Fund ("**SoFFin**") will remain recognizable financial instruments until January 1, 2018 in place of the gradual phase-out of recognition.

Commerzbank may be affected negatively in both cases due to the change in recognition, which may also result in higher deductions from the equity required by regulatory authorities than currently planned.

As CRD IV is currently only available in draft form, to which extensive revisions during the ongoing legislative process cannot be excluded, Commerzbank cannot at present make any definitive statements in respect of the additional regulatory capital requirements entailed by the regulations of CRD IV. At the same time, the new CRD IV regulations, together with CRD III, which was approved on December 14, 2010 and entered into force on December 15, 2010, could carry significantly higher risk weightings both in individual portfolios and all the Group's portfolios, which could in turn create additional capital requirements.

In view of the regulations resulting from CRD III, which among other things anticipate higher regulatory capital requirements for securitization transactions and risk assessment adjustments for trading book positions, Commerzbank – based on provisional estimates – expects that between September 30, 2011 and the close of 2015, additional regulatory risk-weighted assets (a measure of credit, market and operational risks to be covered with own funds – "**RWAs**") will increase to approximately €16 billion. Furthermore, additional deductions for regulatory capital will arise from securitization positions.

In view of the regulations resulting from CRD IV, which among other things anticipate higher regulatory capital requirements for the counterparty default risks from derivatives and for transactions with major finance companies, Commerzbank – based on provisional estimates – expects that between September 30, 2011 and the close of 2015, additional RWA of approximately €20 billion will arise, taking into consideration suitable countermeasures, e.g., the transition to a central clearing of OTC derivatives.

Commerzbank may be forced to reduce its various risk-weighted assets or to take capital measures contrary to its respective plans if it is unable to comply with the modified requirements by establishing a sufficient equity ratio within the transitional periods – which may be rather short. These types of modified equity requirements may also result in Group areas becoming unprofitable, as the high capital commitment resulting from the increased risk weighting of businesses associated with the respective activity no longer permits profitable continuation, either temporarily or over the long term. It is also possible that the Group's competitors may be able to better adjust themselves to the new regulations, which will have a negative impact on the Group's competitive position. The materialization of one or several of these risks may have material adverse effects on the Group's net assets, financial position and results of operations.

It cannot be excluded that the new regulations may give rise to the need to form higher capital buffers, not only in regulatory capital, but also in economic capital. Such requirements may lead to a negative impact on the competitive position and/or results of operations of Commerzbank.

The expected regulatory developments referred to above include provisions on liquidity management and specifications on necessary liquidity buffers. The Group may be forced to adapt its financing structure and business model to satisfy the modified regulations. Holding large amounts of liquidity may also be linked to increased financing costs, which could in turn have material adverse effects on net assets, financial position and results of operations.

Commerzbank plans to reduce RWAs by a further €30 billion during the period from September 30, 2011 through the close of 2015 by further reducing and restructuring non-strategic assets in the Asset Based Finance and the Portfolio Restructuring Unit segments. If the foregoing, including the measures referred to above to reduce the effects of CRD IV, cannot be realized, cannot be realized to the planned extent, for reasons not currently foreseen, there is a risk that, for example, achieving the profitability targets set by Commerzbank may not be reached or capitalization may fall below the necessary regulatory or economic minimum required to continue normal business operations. This may have material adverse effects on net assets, financial position and results of operations.

Other regulatory reforms proposed in the wake of the financial crisis, for example, statutory charges such as the bank levy, may have a major impact on the Group's business model and competitive environment.

The financial market crisis has prompted German and foreign governments, supervisory authorities and other agencies to propose a variety of reforms of the regulatory framework governing the financial sector. Some of these proposals extend beyond stricter equity and liquidity requirements in an effort to improve the ability of the financial sector to withstand future crises. The range of proposals includes: restrictions on remuneration policy; restrictions on proprietary trading, registration obligations and operational and disclosure requirements for derivative transactions; extending the powers of supervisory authorities; banning deposit banking for certain business areas; splitting up financial institutions that supervisory authorities consider too big to fail; nationalizing banks; and market infrastructure reforms. Similar proposals will continue to be made or have already been implemented, for example the German Restructuring Act passed by the Bundestag on October 28, 2010, which has since come into force. This act lays out options for bank restructuring such as introducing restructuring funds to be financed by a bank levy, which Commerzbank will also be required to pay. The German Regulation on Contributions to Restructuring Funds for Financial Institutions (*Verordnung über die Erhebung der Beiträge zum Restrukturierungsfonds für Kreditinstitute*) sets out mandatory annual contributions of between 0.0002 times and 0.0004 times the balance sheet liabilities, adjusted for certain items, and a further levy based on the nominal amount of derivatives, but with a cap of 15% of the annual net profit (in accordance with the HGB). The payment of the bank levy could have a considerable adverse financial impact on Commerzbank.

Some of these proposals have already been implemented in some countries, for example in the United States as part of the Dodd-Frank Act, which took effect in the United States in July 2010 and includes numerous provisions relevant to the Group's business activities, and in Germany within the framework of the German Restructuring Act. Even though it is not yet clear how the legal changes will be implemented from a regulatory point of view, many features of the new law may lead to changes that could influence the profitability of the Group's business activities, require adjustments to its business practices or increase costs (including compliance costs). Implementing the required changes may also require the attention of, and resources from, management. In other countries, proposals, deliberations and studies relating to their effects have begun, starting with official talks on reforms proposed by supervisory authorities. Other proposals are still being discussed in political circles. It is currently unclear which of these proposals will be implemented into law, and if they are, to which extent and under which conditions. For this reason, Commerzbank is currently unable to assess the potential effects. It is possible, however, that the regulatory framework for the financial sector will change in future, perhaps even considerably, thereby creating considerable uncertainty for the Commerzbank Group and the financial sector in general. The possible effects of these regulatory changes on Commerzbank range from additional administrative expenses to the implementation and observation of new regulations and higher financing and/or capital costs, in addition to restrictions on the growth of Commerzbank and the business activities it is permitted to carry out. These types of

regulations could seriously endanger the business models for individual business areas. For example, a bank levy calculated for certain balance sheet items could mean that certain business areas that are structurally less profitable with regard to the cost of capital may no longer be able to continue operating at a profit over the long term (for example, Public Finance and Commercial Real Estate).

The measures to overcome the sovereign debt crisis resolved at the EU summit in Brussels on October 26, 2011 also include concrete requirements for credit institutions. On that date, the EBA (the European banking supervisory authority) initially had only published preliminary data on the anticipated recapitalization requirements of the EU banking sector. According to this data, the expected capital requirements amounted to a total of €106.4 billion at the EU level, with Germany accounting for €5.2 billion thereof. On December 8, 2011, the EBA published revised capital shortfall calculations. An EU-wide capital shortfall in an amount of €114.7 billion was determined, thereof €13.1 billion attributable to participating German credit institutes. For Commerzbank, a capital shortfall of €5.305 billion was identified. Furthermore, the EBA substantiated the decision by the European Council calling for a group of large internationally active banks to comply with a temporary core Tier 1 ratio of 9% by June 30, 2012. Determining this core Tier 1 ratio will be based on the definition of the core Tier 1 ratio employed in the 2011 EBA stress tests. Furthermore, certain mandatory convertible bonds complying with the published requirements of the EBA can be taken into account when determining this core Tier 1 ratio. The partial amount needed to cover losses in market value for engagements vis-à-vis EEA States was established on the date of September 30, 2011. Should Commerzbank fail to meet the higher core Tier 1 ratio of 9% as of June 30, 2012, there is a risk that regulatory measures could be taken.

If any proposals are adopted, or should any measures be taken in connection with non-compliance with the increased capital requirements, pursuant to which Commerzbank would be required to modify its business model considerably, the resulting changes could affect the Group's business and have material adverse effects on its net assets, financial position and results of operations.

The qualification of Commerzbank as a “systemically important” credit institution could affect the Group’s business.

On November 4, 2011, the Financial Stability Board named banks, including Commerzbank, that will currently be classified as systemically important (Global Systemically Important Financial Institutions – “G-SiFIs”). The list of G-SiFIs will be updated on a yearly basis in November. Updates could result in additional banks being classified as systemically important, or in banks previously classified as systemically important losing this status. The number of systemically important banks referred to in the list may also fluctuate. The methodology used to determine the degree of systemic importance will be updated every three years. Decisive for the assessment of systemic importance are the criteria of size, substitutability, network, extent of cross-border activities and complexity. Credit institutions classified as G-SiFIs must establish an additional capacity to absorb losses, i.e., an additional capital buffer. The additional buffer is to be established by those institutions specified in the list updated in November 2014. The additional capital charge is intended to be established incrementally beginning in the year 2016. The size of additional capital charge for the banks specified individually on the list is not yet determined. Furthermore, according to recommendations of the Financial Stability Board, G-SiFIs should be subject to further regulatory measures related to crisis management and winding up of G-SiFIs in crisis. The Basel Committee for Banking Supervision published a paper on November 4, 2011 entitled “Global systemically important banks: Assessment methodology and the additional loss absorbency requirement”. Explained therein is how global, systemically important banks that are required to comply with the increased capital requirement under the framework regulation of the Basel Committee are identified.

By year-end 2012 the credit institutions referred to in the list of November 2011 must meet the published requirements relating to the “Resolution Planning” published by the Financial Stability Board. Currently, neither future statutory regulations nor the concrete requirements for Commerzbank resulting from the Resolution Planning are known. It is still expected that in 2011, the EU Commission will submit an EU proposal for a guideline on crisis management and on winding up of banks (see also “*The European Commission’s deliberations regarding the EU Framework for Bank Recovery and Resolution may result in regulatory consequences that could restrict the Bank’s business operations and lead to higher refinancing costs*”).

Depending on the extent of future G-SiFIs regulations and the regulations regarding crisis management and winding up of banks, it is possible that this will have consequences for the business activities and/or Group structure of Commerzbank and thereby have a material adverse effect on the net assets, financial position and results of operations of the Group.

Commerzbank is affected by the outcome of stress tests, the results of which may have negative effects on the Group's refinancing costs when they are published.

Stress tests analyzing the robustness of the banking sector are regularly carried out and published by national and supranational supervisory authorities (for example, the European Banking Authority ("EBA")). Any announcement by a supervisory authority that it is to perform a stress test can increase uncertainty in the banking sector and lead to a loss of confidence in individual institutions or in the banking sector.

On July 15, 2011 the EU-wide stress test was concluded under leadership of EBA and under integration of the national supervisor with the publication of detailed results.

Commerzbank passed the stress test. In both scenarios the Bank exhibited an appropriate core Tier 1 ratio that was considerably higher than the 5% required by the EBA. The core Tier 1 ratio determined according to the EBA measurements stood, in the baseline stress scenario, at 8.9% and, in the adverse stress scenario, at 6.4%.

Commerzbank will be subject to future stress tests based on new regulations, such as those applicable as a result of the implementation of Basel III. It cannot be ruled out that future stress tests may result in Commerzbank having to create additional or higher capital buffers. Such requirements may have a negative impact on Commerzbank's results of operations.

The publication of the aggregated and institution-specific results of regulatory stress tests, their evaluation by financial market participants and the impression of the market in general that they are not strict enough, could have a negative impact on the external assessment of the capital position, refinancing costs and, consequently, also have a negative impact on the business and financial condition of the participating institutions, such as Commerzbank. Consequently, the possibility exists that as a result of the assessment of the results of a stress test, Commerzbank may only be able to secure liquidity on the money and capital markets at higher refinancing costs than in the past. Furthermore, the assessment of the results of a stress test could lead to an increase in capital adequacy requirements, which would lead to an increase in the Commerzbank Group's capital requirement.

The realization of one or all of the risks described above may have adverse effects on the net assets, financial position and results of operations of the Group.

The regulatory capital also includes instruments whose qualification as regulatory capital may change, which means that business operations could be restricted.

The Group's regulatory capital as of September 30, 2011 included €4.0 billion of hybrid Tier 1 capital and €10.3 billion of Tier 2 capital or supplementary capital. The qualification of certain instruments as regulatory capital may change due to amendments to supervisory regulations and to Group measures as well. Under Basel III regulations, the recognition of equity instruments that will no longer be included in Tier 1 capital (core capital) or Tier 2 capital (supplementary capital) (such as trust preferred securities, profit participation certificates and silent participations, which fail to meet the new regulatory requirements for equity), will be gradually phased out over a ten-year period beginning on January 1, 2013. Starting from 2013, the recognizable amount of these equity instruments is set to be reduced by 10% annually.

There is a risk that the trust preferred securities issued by Eurohypo Capital Funding Trusts no longer qualify as hybrid core capital because interest was paid for 2008 despite Eurohypo's loss in 2009. If this risk materialized, it would lead to a reduction in the Group's regulatory capital by €0.7 billion; the equity ratio would be reduced from 15.3% to 15.0% (calculated as of September 30, 2011).

If the Group is required to make interest payments on trust preferred securities issued by the subsidiary companies of Commerzbank despite the losses in 2009 and 2010, the risk also cannot be completely ruled out that the recognition as equity may be changed in this event (cf. "Risk Factors—

Legal and regulatory risks—Commerzbank and its subsidiaries are subject to claims, including in court proceedings, for payment and restoration of value in connection with profit participation certificates and trust preferred securities it issued. The outcome of such proceedings may have considerable negative effects, beyond the claims asserted in each case, and may adversely affect the Group's net assets, financial position and results of operations). Together with the risk described in the previous paragraph, the Group's equity satisfying regulatory requirements would be reduced by €3.4 billion, and in turn the equity ratio would be reduced from 15.3% to 13.9% (calculated as of September 30, 2011).

As the Group's business volume is limited by its regulatory capital, a reduction in this regulatory capital would have material adverse effects on the Group's net assets, financial position and results of operations.

The European Commission's deliberations regarding the EU Framework for Bank Recovery and Resolution may result in regulatory consequences that could restrict the Bank's business operations and lead to higher refinancing costs.

Based on the announcement of a new framework for crisis management in the financial sector (IP/10/1353) on October 20, 2010, the European Commission presented a consultation paper on January 6, 2011 that included the technical details of the proposed regulations. The consultation ended on March 3, 2011. It is still expected that the EU Commission will publish a proposal for a guideline on crisis management and on winding up of banks.

The regulations include proposals granting additional competencies and powers to supervisory authorities, additional organizational and reporting duties for banks, possible loss participations of bondholders, as well as considerations for the financing of a bank restructuring fund. As a result, Commerzbank may have to conduct stress tests ordered by the supervisory authority whose results may restrict Commerzbank's business activity and have a negative impact on its net assets, financial position and results of operations. The consultation paper also includes proposals on the obligatory issue of new types of debt instruments providing for loss participations by holders of debt instruments (i.e. a bail in). If this resulted in an obligation for Commerzbank to issue debt instruments with loss participation, then an increase in refinancing costs can be expected, which may have a negative impact on the Group's results of operations. The extent of any rising refinancing costs remains impossible to assess at the present time. Furthermore, it is currently not possible to predict if and in what form a liquid market for such debt instruments would develop, or if the market capacity is sufficient to absorb bail-in instruments and forms of contingent capital, whose issue will be mandatory under Basel III regulations.

The consultation also proposes a potential consolidation of deposit guarantee schemes and the bank restructuring fund to be set up by EU member states. At present it is unclear to what extent this consolidation would affect Commerzbank's contribution obligations for the deposit guarantee scheme or for the bank restructuring fund.

If the developments described above result in negative consequences and charges for the Group, they may have material adverse effects on the Group's net assets, financial position and results of operations.

The Group's income or results from its brokerage business and other commission or fee-based business areas may decrease further.

The developments of recent years may lead to a further decrease in the Group's income or results from its brokerage business and other commission and fee-based business. The financial market crisis led to a decline in the number and volume of transactions executed by the Group for its customers. Income from non-interest-related products fell as a result. Fees earned by the Group for managing securities portfolios depend primarily on the value and performance of the holdings being managed. The market position of recent years reduced the value of these securities portfolios, thus leading to a drop in income generated by the securities business in the Private Customers segment. A negative or weak performance by the Group's investment funds may also result in lower income from the securities business.

At the same time, the statutory requirements for investment advisory services increased, mainly in the Private Customers segment. For example, the requirement to complete consultation logs requires additional time and effort, sometimes quite considerable, and also involves increased compliance risks. It may be that over the long term the Group will not succeed in passing on the associated costs or offsetting them in the brokerage area through other additional income. It is also possible that competition will force the Group to introduce a flat-fee model in the brokerage business in the future without any transaction-based costs, based solely on the amount held in a securities deposit account. Alternatively a fee-paying consultation service could also be introduced. Each of these potential changes may have a lasting adverse effect on the results from this activity which could in turn have material adverse effects on the Group's net assets, financial position and results of operations.

There is a risk that the Group may not be able to implement its strategic plans, or only implement them in part or at higher costs than planned.

By acquiring Dresdner Bank and merging it with Commerzbank, the Bank set itself the objective of establishing the Group over the long term as one of the leading German banks and creating a platform to put additional growth potential into effect, particularly in Germany. This objective was developed in its Roadmap 2012 and presented to the public. The Bank's main objective is making the Group one of the leading banks for corporate and private customers in Germany. However, worsening economic conditions in the Group's core markets, i.e. mainly in Germany and Central and Eastern Europe, along with deteriorating capital market conditions are specific problems which may make it difficult to achieve this objective and implement this strategic direction. If the Group does not succeed or only partially succeeds in implementing the plans detailed in its Roadmap 2012 or other strategic plans, or if the costs associated with implementing these plans are higher than expected, there could be adverse effects on the Group's net assets, financial position and results of operations.

The synergy effects anticipated from Dresdner Bank's integration into the Group may be less than expected or begin to materialize at a later date. In addition, ongoing integration is causing considerable costs and investments that may exceed the planned limits.

The Bank anticipates that Dresdner Bank's integration into the Group may create considerable synergy effects and has included these effects in its medium-term planning. These effects may, however, be less significant than expected or start to materialize at a later date. In addition, the integration project is a complex and time-consuming venture, which still requires substantial involvement from the Group's management. As a result, other areas may not receive the care and attention they need, which may negatively affect business operations. The ongoing integration also requires a variety of decision-making processes which may cause uncertainty among staff. Furthermore, Dresdner Bank's integration into the Group is causing considerable costs and investments (particularly with regard to harmonizing IT systems and making planned staff reductions). In the past these costs and investments reduced the Group's operating result and return on equity, and they may continue to do so in future. In addition, unexpected risks and problems may arise which are currently not evident to the Board of Managing Directors and cannot be assessed. Each of these factors may have material adverse effects on the Group's net assets, financial position and results of operations.

The Bank is exposed to the risk of being unable to retain customers in the long run as a result of the takeover of Dresdner Bank.

It is possible that the customers transferred to the Group by Dresdner Bank as a result of the acquisition will not bring in the returns expected by the Group over the long term. One particular risk is that Commerzbank will not be able to retain Dresdner Bank customers permanently. Changes to the services provided to existing Commerzbank customers as a result of the acquisition (for example, branch consolidation), may cause these customers to take their business elsewhere. Each of these factors may have a material adverse effect on the Group's net assets, financial position and results of operations.

The Group may assess the size of its customer base incorrectly and therefore base its planning on inaccurate assumptions.

The Group does not yet have an IT infrastructure for all Group companies in place enabling it to consolidate customer data throughout the Group and avoid duplicate records. Therefore, it is possible that the existing estimates of customer figures are incorrect as a result of duplicates. The Group's planning may be based on inaccurate assumptions and the economic objectives may turn out to be unrealistic. This may have a material adverse effect on the Group's net assets, financial position and results of operations.

There is a risk that products developed by the Group cannot be launched on the market or the products it launches do not perform as expected. As a result, prior investments may prove fruitless or lead to liability risks or financing commitments.

The Group develops a variety of products such as funds and certificates. Developing these types of products involves costs. Considerable expenses are sometimes incurred in anticipation of the product launch, for example, by purchasing assets that are to be combined in a fund. If the product cannot be launched, for example due to changed market conditions, these expenses may prove fruitless, and the assets may have to be disposed of at a lower price and must be written off.

In other cases a product which is developed by the Group or a third party but marketed and launched by the Group may perform differently than expected. If the entire product is not placed in the market, then the Group assumes risks from the remaining components. Negative performance of the components placed may lead to claims against the Group from investors in the product. It may also lead to claims under the terms of guarantees issued by the Group for the product, for example, capital guarantees. A liquidity guarantee granted for the fund may also take effect.

If any of the risks mentioned above materializes, it may have a material adverse effect on the Group's net assets, financial position and results of operations.

The sales partnership between Allianz and the Group regarding asset management and insurance products may not yield the expected benefits.

As part of the acquisition of Dresdner Bank from Allianz, as well as the sale of cominvest Asset Management GmbH, cominvest Asset Management S.A., Münchener Kapitalanlage Aktiengesellschaft and MK LUXINVEST S.A. (referred to collectively as the "cominvest Group") to the Allianz Group, a long-term sales partnership was entered into between the Group and Allianz regarding sales of asset management and insurance products. Structural changes in demand from customers along with regulatory and fiscal changes which change the relative attractiveness of investment and retirement products can have a negative impact on the sales of asset management and insurance products, resulting in the actual business development and commission income falling behind plan, which could have material adverse effects on the Group's net assets, financial position and results of operations.

The markets in which the Group is active – particularly the German market and, specifically, activities in retail and investment banking as well as in business with corporate customers therein – are characterized by heavy competition on the basis of prices and conditions, which results in considerable pressure on margins.

The German banking sector is characterized by intense competition, which is significantly more intense than, for example, in the other member states of the European Union. It is often based on conditions, which then results in margins that are economically unattractive or are incommensurate with the risks.

In business with private customers there are sometimes significant overcapacities. This may also intensify in the future as many competitors are focusing more on retail banking as their core business following the financial market crisis. In addition, the banks want to reduce their dependency on the interbank market by looking more to deposits from private customers for refinancing. This could also further increase the intensity of competition. In particular, new customers are increasingly being acquired from competitors through offering very favorable conditions for limited introductory periods. Competition for existing customers can, however, also be further intensified as a result of habituation effects on customers.

In business with corporate customers, and also in the area of investment banking, German banks are competing with a range of foreign financial services providers, which have increased their presence on the German market considerably in recent years. There is thus a risk that the competition will become even tougher. In the Group's opinion, some competitors in the corporate customer business do not always appropriately factor in the default risk associated with lending (risk-adjusted pricing). As a result of this intense competition, no economically attractive margins can be achieved in individual segments or sub-segments of the market.

If another economic downturn were to occur, the competitive pressure may further increase, for example through increased pressure on pricing and a lower business volume. The financial market crisis and the governmental support measures adopted to deal with it have led to a fundamental consolidation and concentration of financial services providers and, in some cases, to an improvement in the capital base and geographical coverage of the Group's competitors. Therefore, the Group must compete with financial institutions which are sometimes larger and better capitalized than it is and which are better positioned in local markets.

If the Group does not succeed in providing its products and services at competitive conditions and achieving margins which balance out the costs and risks associated with its business activities, this may have material adverse effects on the Group's net assets, financial position and results of operations.

Measures by governments and central banks to combat the financial crisis have a significant impact on the competitive environment.

Governments and central banks intervened in the financial world to a considerable extent as a response to the financial market crisis. Some of the measures taken were the takeover of direct investments in individual financial institutions, in particular in the United States, the United Kingdom and Switzerland, the introduction of other forms of equity, the granting of guarantees for liabilities or the acquisition of non-performing assets from financial institutions. In some cases some financial institutions were nationalized. These types of measures influence the competitive environment. Irrespective of the fact that Commerzbank itself also made use of government stabilization measures, government stabilization measures for the Group's competitors may mean that the Group has to compete in various business areas and regions with financial service providers which are sometimes larger and better capitalized than the Group because they have also benefited from state stabilization measures. If the Group does not succeed in providing products and services in these areas with competitive conditions and achieving profitable margins, there may be material adverse effects on the Group's net assets, financial position and results of operations.

Due to restrictions imposed by the European Commission in connection with the stabilization measures, the Group can only engage in aggressive competition on the basis of prices and conditions to a limited extent.

According to the framework of the European Commission's declaration which declared the stabilization measures utilized by the Bank to be compatible with the EU Treaty provisions on state aid, the Federal Republic of Germany is obliged to ensure that up until December 31, 2012, Commerzbank does not offer prices lower than its three lowest-priced competitors for its products and services in market segments in which it does not hold only an insignificant market position (< 5% market share), in particular in private and corporate customer business. Commerzbank has also undertaken vis-à-vis the SoFFin to adhere to this restriction. As a result, the Group can only engage to a very limited extent in aggressive competition based on prices and conditions for acquiring new customers or retaining existing customers. If the Group acquires fewer new customers or even loses existing customers as a result of these restrictions, there may be material adverse effects on the Group's net assets, financial position and results of operations.

The Group regularly requires liquidity in order to refinance its business activities and is exposed to the risk of such liquidity not being available to it on acceptable terms and of it being unable to meet its current and future payment commitments, or being unable to do so as and when they fall due, or being unable to comply with regulatory capital requirements.

The Group regularly requires liquidity in order to refinance its business activities and is therefore subject to liquidity risk, that is, the risk of being unable to meet its current and future payment commitments, or not being able to do so as and when they fall due, or else of only being able to refinance at unduly high costs. Liquidity risk can take various forms. For example, the Group may be unable to meet its payment obligations on a particular day and may have to obtain liquidity from the market at short notice and on expensive terms, or may even fail to obtain liquidity. There is also the risk that deposits could be withdrawn prematurely or that lending commitments could be unexpectedly taken up. Impairments of this nature may be triggered by circumstances that are not connected with the Group's business and are outside of its control (for example, by negative developments on the financial markets in relation to the Group's competitors). In addition, large losses and changes in ratings which then result in the requirement to furnish further collateral in connection with rating-dependent collateral agreements for derivative transactions can give rise to an elevated demand for liquidity. Further, in November 2009, the European Central Bank ("ECB") decided upon a gradual increase of the requirements for securitization transactions that can be used as collateral for refinancing with the ECB. This could restrict the Group's ability to raise liquidity. A market-wide or Bank-specific liquidity shortage could negatively impact the Group's business activities and thus its net assets, financial position and results of operations.

The financial crisis has resulted in downside pressure on banks' share prices and creditworthiness, oftentimes irrespective of their financial strength, and has had a similar effect on other capital markets participants. Should the current market distortion continue or become worse, this could restrict the Group's access to the capital markets and limit its ability to obtain short, medium and long-term refinancing on acceptable terms and meet regulatory capital requirements. All this would have material negative implications for the Group's net assets, financial position and results of operations.

In the case of such difficulties in refinancing, the Group could be forced to dispose of assets held by it for less than their book values and to limit its business activities. Measures of this nature could have a material adverse effect on the Group's net assets, financial position and results of operations.

The Group's options for securing longer-term refinancing would be impaired, above all, by a reduction of liquidity on the Pfandbrief markets and the capital markets generally.

The issuance of Pfandbriefe is an essential element of the Group's medium and long-term refinancing activities. As of December 31, 2010, the total volume of Pfandbriefe issued by the Group stood at €77.2 billion. A deterioration of liquidity on the Pfandbrief market, for example, any limit to the refinancing volume available or a deterioration in conditions on the Pfandbrief market or stricter cover requirements imposed by rating agencies, could further impair the issuance of Pfandbriefe and thus limit the business activities of the Group with a material adverse effect on its net assets, financial position and results of operations.

A downgrade in the rating of Commerzbank, its subsidiaries or the entire Group can make refinancing more difficult and/or more expensive as well as entitle counterparties to terminate derivative transactions or call for additional collateral.

The rating agencies Standard & Poor's, Moody's and Fitch Ratings perform creditworthiness assessments to determine whether a potential borrower will be in a position in the future to meet its contractually agreed credit obligations. A key element of the rating awarded is the assessment of the borrower's net assets, financial position and results of operations. A downgrade in Commerzbank's rating would have negative implications for the Group's costs with regard to procuring equity and debt capital and could result in new liabilities or acceleration of repayment for existing liabilities if such liabilities depend on a certain rating being maintained. Furthermore, Commerzbank's rating is an important comparative element in competition with other banks. In particular, it has a major influence on the ratings of its main subsidiaries. A downgrade or even the possibility of a downgrade of Commerzbank's rating or that of one of its subsidiaries could have detrimental effects on the bank's relationship with its customers and on sales of products and services by the relevant company.

Ratings agencies' assessments depend on a series of factors. Given the German taxpayers' existing stake in Commerzbank, as well as the bank's systemic relevance, the various rating agencies currently assume an elevated willingness of the German government to step in to rescue the Bank in the event of a crisis. If this aspect were excluded from the assessment, Commerzbank's rating would be worse. Irrespective of any future repayment of SoFFin's silent participations, it is possible that, in the future, federal support is no longer to be given such weight in determination of a rating, which in Commerzbank's case would have a negative impact on the rating.

Individual rating agencies are also currently reassessing their rating methodologies or have already modified them. It has occurred in the past and cannot be ruled out for the future that this reassessment may result in a rating downgrade for Commerzbank.

Furthermore, it is possible that following a rating downgrade, the Group might be required to furnish additional collateral in connection with rating-dependent collateral agreements for derivative transactions. Should the rating of Commerzbank or one of its subsidiaries be downgraded to a rating below the four highest rating levels (investment grade), this could significantly impair Commerzbank's operations or those of the subsidiary concerned and therefore have a material adverse effect on funding costs for all Group companies.

Any of the above risks may have material adverse effects on the Group's net assets, financial position and results of operations.

Commerzbank could find it difficult to sell assets outside its core business either at reasonable prices or at all.

For various reasons, Commerzbank endeavors to sell certain assets outside its core business. This also includes Commerzbank's obligation to sell Eurohypo by the end of 2014 at the latest, an obligation which arises from the terms imposed by the European Commission on the Federal Republic of Germany in its decision on state aid. Unfavorable business and market conditions could make it more difficult to achieve appropriate prices on the sale of these assets. They could also thwart such a sale altogether.

Should a sale be unsuccessful, this could result, in the case of Eurohypo, in SoFFin imposing a contractual penalty in the amount of €10 million against Commerzbank and lead to conditions imposed by the European Commission with an effect comparable to that of the disposition of Eurohypo. In other cases, unsuccessful sale attempts may have a negative impact on the strategic realignment of the Group. Liquidity anticipated from the sale would not be available and any planned and perhaps necessary reduction in risk-weighted assets and capital requirements would not be possible. Should a sale only be possible at an unfavorable price, this may have a negative effect on the regulatory capital ratio and lead to a sale below the book value of the asset and thus to a loss. The occurrence of any of the above risks may have material adverse effects on the Group's net assets, financial position and results of operations.

Risks arising from the requirements and conditions attached to the government stabilization measures received by Commerzbank may have an adverse effect on the Group's profitability.

State stabilization measures received by Commerzbank are associated with various conditions and requirements (see here also "*Risk factors—Legal and regulatory risks—The possibility cannot be ruled out that the Group will be unable to fulfill the requirements imposed by the European Commission in respect of the government stabilization assistance it has received and in respect of which the Group has given undertakings to SoFFin, or will be unable to fulfill these on time or to a sufficient degree, or that it will suffer economic disadvantages in connection with the fulfillment of these requirements*"). Certain of these requirements and conditions impact the Group's business policies.

With regard to expanding and securing the reputation of the Group among its target customers, negative influences for the Group's business policies may arise, which at least in the short-term could have a negative effect on the profitability of the Group.

The Group is exposed to a large number of operational risks including violations of compliance-relevant regulations in connection with the business activities in which it engages, such as, for example, duties relating to conduct, organization and transparency with regard to securities services and provisions intended to prevent money laundering and the financing of terrorism. It cannot be ruled out that circumstances or developments may arise that were not anticipated or were anticipated only to an inadequate extent when the operational risk models were designed. It should be expected that some components of Commerzbank's new operational risk model will be adjusted by the supervisory authorities in the course of the certification test.

As part of its normal business activities, the Group conducts a large number of complex transactions in a wide range of jurisdictions and is exposed to a variety of related operational risks. In particular, these risks concern the possibility of inadequate or erroneous internal and external workflows and systems, regulatory problems, violations of compliance-relevant regulations in connection with its business activities, human error and deliberate violations of law, such as fraud. The compliance-relevant regulations include, inter alia, duties relating to conduct, organization and transparency with regard to securities services. Violations of these duties may lead to investigations by the supervisory

authorities and corresponding penalties. The compliance-relevant regulations also include provisions for the prevention of money laundering and the financing of terrorism in various countries. Purported violations of such provisions may lead to criminal investigations and to fines. In the United States, Commerzbank is, in response to an enquiry from the public prosecutor, currently investigating whether the Group might have violated U.S. sanctions regulations and associated incorrect or incomplete documentation and bookkeeping. It is also conceivable that external events such as natural catastrophes, terrorist attacks, wars, pandemics or other exceptional situations may significantly impair the environment in which the Group is active and thus indirectly affect the Group's internal processes. Such events may result in the Group incurring substantial losses, as well as reputational harm. Furthermore, the Group may be forced to dismiss staff, which could also have a detrimental impact on the Group's business. The Group endeavors to hedge operational risks by implementing appropriate control processes tailored to its business and the market and regulatory environment in which it operates. Nevertheless, it is possible that these measures prove to be ineffective in relation to particular or all operational risks to which the Group is exposed. Even though the Group endeavors to insure itself against the most significant operational risks, it is not possible to obtain insurance coverage on the market for all operational risks at commercially acceptable terms. In April 2011, the supervisory authorities began to examine Commerzbank's newly-developed integrated operational risk model. It can be expected that some components of the OpRisk model will require adjustment in the course of the certification test. This may have adverse effects on Commerzbank's economic and regulatory capital ratios.

Should certain or all of the risks described in this paragraph be realized, this may have material adverse effects on the Group's net assets, financial position and results of operations.

The Group is highly dependent on complex information technology ("IT") systems whose functionality may be impaired by internal and external circumstances.

The type of comprehensive institutional banking carried out by the Group is highly dependent on complex IT systems. IT systems are prone to a range of problems such as computer viruses, damage, other external threats, operational errors and software or hardware errors. The harmonization of the Group's various IT systems into a standardized IT architecture presents a special challenge, particularly in connection with the integration of Dresdner Bank (see also "Risk Factors—Market and Bank-related risks—The synergy effects anticipated from Dresdner Bank's integration into the Group may be less than expected or begin to materialize at a later date. In addition, ongoing integration is causing considerable costs and investments that may exceed the planned limits"). Furthermore, regular upgrades are required for all IT systems to meet the demands imposed by constant changes in business and regulatory requirements. In particular, compliance with Basel II regulations made substantial demands on the functionality of the Group's IT systems and will continue to do so, just as Commerzbank anticipates that Basel III will once again also increase the demands made on IT systems. The occurrence of these risks may have a material adverse effect on the Group's net assets, financial position and results of operations.

The growing significance of electronic trading platforms and new technologies may have negative implications for the Group's business activities.

The use of modern technologies is highly significant to the banking sector and the Group's business. Continuous growth in electronic trading and the introduction of related technologies are changing the manner in which banking business is conducted and are giving rise to new challenges. Securities, forward and option transactions are increasingly being processed electronically. Some of the electronic trading platforms through which these transactions are processed compete with the systems currently used by the Group, and it is foreseeable that the expected further penetration of electronic trading platforms will intensify this competition in the future. In addition, the increasing use of low-cost electronic trading platforms which offer direct access to the trading markets by the Group's customers could lead to a reduction in the brokerage commissions and margins generated by the Group, which may have material adverse effects on the Group's net assets, financial position and results of operations.

Particularly with respect to the Ukrainian Bank Forum, but also with respect to other holdings in listed and unlisted companies, Commerzbank is exposed to particular risks associated with the soundness and manageability of such holdings.

The Group holds various equity investments in listed and unlisted companies. The efficient management of a portfolio of listed and unlisted companies entails corresponding funding costs, which may not be (fully) offset by the dividends obtainable from these investments. Many of the equity investments that the Group holds in large listed companies are only minority holdings. This may make it difficult for the Group to promptly obtain information required to counteract possible undesirable developments. Even where the Group holds a majority stake, minority shareholders can, under certain circumstances, block important decisions. It cannot be ruled out that further impairments will need to be charged to the Group's investment portfolio in the future. In addition, Commerzbank continues to aim to sell non-strategic investments. Here too, it cannot be ruled out that the Group may be unsuccessful in disposing of its equity investments via the stock market or in direct transactions at appropriate prices. Losses and risks with regard to equity investments, as well as unfavorable business or market conditions – in particular scarce liquidity – could make it more difficult to dispose of these assets at adequate prices. They may also thwart such a sale altogether.

An investment in another company may also prove unsound, may not generate the anticipated return, or may force certain further investments whose economic success is not foreseeable, or else the participation may substantially bind management capacities. These risks have materialized in the case of the Group's investment in the Ukrainian Public Joint Stock Bank "Bank Forum" ("**Bank Forum**") as a result of the economic difficulties in the Ukraine, disputes with other shareholders, required investments in necessary capital measures and provision of guarantees with regard to nonperforming loan commitments, as well as as a result of difficulties in the valuation of assets held in these companies, and have already lead to substantial additional expenditure and impairment charges. The National Bank of Ukraine ("**NBU**") determined a considerable need for recapitalization with regard to Bank Forum. For this reason, the Group has seen itself forced to participate in capital increases at Bank Forum and the possibility cannot be ruled out that a further capital requirement must be covered in the future. Bank Forum is also subject to liquidity risks typical for this particular country, which are more significant than in Western Europe.

In addition, in the event of a potential dissolution of Bank Forum or the imposition of compulsory measures, it cannot be ruled out that demands are imposed on Commerzbank by state authorities for additional payments, although, in Commerzbank's view, there would be no legal basis for such demands at present. It can also not be ruled out that, in such event, the validity of already implemented capital measures is not recognized. In each of these instances, Commerzbank's risk of loss could increase substantially.

Any of these risks may have material adverse effects on the Group's net assets, financial position and results of operations.

It is possible that goodwill reported in the consolidated balance sheet will have to be written down, in full or in part, as a result of impairment tests.

As of December 31, 2010, the goodwill reported in the balance sheet amounted to €2.1 billion, of which €1.7 billion was the goodwill of Dresdner Bank. Consolidated brand name assets in the amount of €9 million were also recognized within the Group. The expected future economic benefit of these assets are tested at the level of the individual underlying cash-generating units at least on each balance sheet date. In this process, the book value of the cash-generating units (including the attributed goodwill) is compared with its recoverable amount. The recoverable amount is the higher of the utilization value on the one hand and the fair value minus disposal costs on the other and is based on the expected cash flows from the unit in accordance with the business plan, discounted using a risk-adjusted interest rate. If there are objective indications that the economic benefits originally identified may no longer be realized, an impairment charge will have to be taken. In 2009, the Group incurred impairments of €768 million on goodwill and brand name assets. The Dresdner Bank brand was fully written off on a straight-line basis to the end of the second quarter of 2010. No further impairments were identified in 2010 in respect of goodwill or brand name assets. Given the pro-rata measurement of goodwill, such write-down effects also lead to a small reduction in regulatory capital. If an impairment review on a future balance sheet date results in a significant impairment of the goodwill or trademark rights recognized in the balance sheet, this may have material adverse effects on the Group's net assets, financial position and results of operations.

Commerzbank is subject to risks arising out of the possibility that claims are asserted under letters of comfort issued by it.

Commerzbank has issued letters of comfort for a range of subsidiaries. Depending on the specific phrasing of these letters, they would under certain circumstances give rise to claims of creditors of these subsidiaries, directly against Commerzbank as well. Should creditors of subsidiaries assert such claims, this may have material adverse effects on Commerzbank's net assets, financial position and results of operations.

The Group is exposed to risks on account of direct and indirect pension obligations.

Commerzbank and its subsidiaries have various direct and indirect pension obligations towards their current and former staff. These obligations constitute contingent liabilities for accounting purposes, as the precise timing and duration of payment obligation is not fixed. These obligations therefore entail various risks. In issuing a commitment to grant direct pension payments, the Group assumes risks that are similar to those of a life insurance company (for example, fluctuation risk, valuation risks, longevity risk, administrative risks, inflationary risk, etc.). The assets reserved within the Bank or in segregated pension funds to meet subsequent pension payments are subject to the risks typically associated with a capital investment. The volume of existing pension obligations may increase on account of judicial rulings and legislation (for example with reference to factors such as equality of treatment, adjustment, non-forfeitability and the pensionable age). Risks may also arise as a result of changes in tax/accounting law or in the rate of inflation or in interest rates in particular. For instance, the change in accounting regulations under the German Commercial Code ("**HGB**") for pension obligations resulted in a substantial increase in pension liabilities to be indicated in financial statements of Commerzbank Aktiengesellschaft prepared according to the HGB in the 2010 financial year. The Group also expects a not insignificant additional impact in the consolidated financial statements in the 2011 financial year from the necessary partial reduction in the actuarial loss. Obligations similar to pensions (such as obligations in respect of early retirement, part-time working for older employees and long-service anniversaries) show corresponding risks. Any of these risks may have a material adverse effect on the Group's net assets, financial position and results of operations.

As of December 31, 2010 pension obligations amounted to €6.07 billion and provisions for pensions and similar obligations amounted to €539 million. The pension obligations are backed by plan assets (liquid assets, shares, fixed interest securities, participations in funds and other assets) with a fair value of €5.19 billion as of December 31, 2010.

A further increase in the contributions to the German Pensions Protection Fund would put considerable strain on the Group's financial position and results of operations.

The German Pensions Protection Fund assumes obligations under existing occupational pension schemes in case of insolvency subject to certain conditions. It is financed through contributions. An increasing number of corporate insolvencies in Germany has recently resulted in a considerable increase in these contributions. A further increase in the number of corporate insolvencies could lead to further considerable increases in contributions in particular from large companies. Commerzbank and its German subsidiaries would be materially adversely affected from such an increase. The resulting burdens would have material adverse effects on the Group's net assets, financial position and results of operations.

It is not certain whether the Group will continue to succeed in attracting and retaining qualified staff in the future.

Across all its business divisions, the Group needs to attract highly qualified staff and to retain them for the long term. The Group endeavors to counteract the risk of losing expertise as a result of key employees leaving the Group by implementing talent, management and career development measures. In spite of this, the possibility cannot be ruled out that the Group will not succeed in retaining highly qualified employees in the future. A failure of the Group's efforts to retain such staff may have material adverse effects on the Group's net assets, financial position and results of operations.

The Group is subject to various reputational risks.

The financial crisis and the currently prevailing political and public sentiment in respect of financial institutions have resulted in a considerable amount of negative reporting in the media and in negative statements from regulatory authorities and politicians. Negative reporting and other public statements asserting legal violations of any kind often lead to investigations by regulatory authorities or even court proceedings, irrespective of the actual basis of these statements. The defense and reaction to such investigations and proceedings is, irrespective of the outcome of these proceedings, time-consuming and expensive and may distract the attention of the Commerzbank management team away from their actual duties. Negative media reporting, as well as investigatory and court proceedings, may have a negative effect on the reputation of Commerzbank, as well as on the morale and performance of Commerzbank employees, which in turn may have negative implications for the Group's net assets, financial position and results of operations. Reputational risks are also present in respect of all business transactions that lower public confidence in the Group on the part of customers, business partners, investors or rating agencies. In general, each of the risks described above entails reputational risks. Because of this, as with other non-quantifiable risks, the Group has defined processes and responsibilities which enable reputational risks to be identified at an early stage and to react to them. However, these procedures may prove to be ineffective. Should this lead to the realization of such risks, this may have material adverse implications for the Group's net assets, financial position and results of operations.

The Group may be exposed to risks that are either not identified or inadequately appraised by the present risk management.

The Group has developed and implemented principles, procedures and ratings methods for the monitoring and identification of risks. Nevertheless, even setting up these monitoring systems cannot completely eradicate the Group's exposure to risks of various kinds which may not be identified or anticipated. Some of the quantitative measurement methods and indicators in risk management are based on experience of historical market development obtained by Commerzbank. This data gained by experience is processed using statistical and other methods in order to quantify the risks to which the Group is exposed. In the volatile market environment of the financial crisis, these measurement methods and indicators could not predict some of the losses sustained. This could also be the case in relation to major future risks. In addition, the quantitative risk management model does not reflect all risks and makes various assumptions in respect of the market environment which are not based on concrete events. As a result, risks have arisen from factors which were not foreseen by the statistical models applied or which were not appropriately rated, and these risks could arise again in the future. This has impaired the ability of Commerzbank to monitor risks and could lead to further impairments. The losses sustained were thus considerably higher and in the future could also be considerably higher than historic data would suggest.

Models are used extensively in Commerzbank risk management not only for the measurement of market price and liquidity risks, but also for the calculation of risk-bearing capacity. These models could prove to be inaccurate in retrospect and they could significantly overestimate or underestimate risks. This is for example true for liquidity risk. Model assumptions with respect to interest-rate sensitivity of bank depositors or with respect to general savings behavior could prove unfounded.

Further, Commerzbank's predominantly qualitative approach to the management of such risks which are not captured by quantitative methods could prove inadequate. This could result in considerable unforeseen losses. Should current or future customers or business partners consider Commerzbank's risk management inadequate, there is a risk that business will be lost to other banks or that transactions will be reduced. This could impair both the reputation of Commerzbank, as well as its income and profits.

Commerzbank is also exposed to a so-called "tail risk" in relation to the management of market risks. Tail risk is the form of market risk that arises if the possibility that a portfolio of assets will move more than three standard deviations from the mean is greater than what is shown by a normal distribution. Should Commerzbank underestimate the tail risk in its portfolios, it would be exposed to higher losses than forecast by its portfolio models.

Any of these risks may have material adverse effects on the Group's net assets, financial position and results of operations.

Legal and regulatory risks

Claims for damages on the grounds of flawed investment advice have led to substantial charges and may in the future also lead to further substantial charges for the Group; furthermore, damages, warranty and rescission actions have been brought against Commerzbank and its subsidiaries.

Commerzbank and its subsidiaries are involved in giving investment advice, particularly in the Private Customers segment. The requirements imposed by lawmakers and case law for "objective investment advice that is fair to the investor" have been made considerably more stringent particularly in recent years. Some investment advice product categories have been the subject of damages claims in the last few years, some of them successful, against Commerzbank or its subsidiaries, which have led to material adverse effects on the Group's net assets, financial position and results of operations.

For a number of years, the question of the necessity of transparency in respect of internal commissions and/or rebates when selling closed funds has been the subject matter of various legal proceedings. In July of 2011, the German Federal Court of Justice (*Bundesgerichtshof*) found that the bank must explain to customers the rebates that it receives for the sale of participations in closed funds and, accordingly, that Commerzbank will be required to pay damages in this particular case. The term "rebate" is very broadly defined by the German Federal Court of Justice. An explanation in a prospectus would only be sufficient if the latter has been handed over in good time and both the bank is named as sales agent and the size of the rebate explicitly stated in the prospectus. Commerzbank has filed with the German Federal Court of Justice an appeal against the ruling. No decision has yet been made in this respect. Aside from the decision in this case, the judgment may be significant in a number of other pending proceedings relating to the funds that are the subject of legal disputes before the German Federal Court of Justice (approximately 432 other proceedings), and for new claims brought in relation to these funds as well as for other proceedings or new claims for other funds. This relates, in particular, to media funds sold by Commerzbank. If the Group is required to pay damages for a significant portion of the participations sold by it, there is the risk of a material adverse effect on the Group's net assets, financial position and results of operations.

Apart from these issues, due to the nature of its business, Commerzbank and its subsidiaries are regularly parties to a variety of court, arbitration and regulatory proceedings in Germany and a number of other jurisdictions. These proceedings are characterized by a large number of uncertainties and it is not possible to definitively predict their outcome. Risks associated with such proceedings may not be quantifiable or be difficult to quantify. For this reason, it is possible that losses resulting from pending or potential proceedings will exceed the provisions made for them, which may have a material adverse effect on the Group's net assets, financial position and results of operations.

There can be no guarantee that the Group will be able to fulfill the requirements imposed by the European Commission in respect of the government stabilization assistance received by it and in respect of which the Group has given undertakings to SoFFin, or that the Group will be able to fulfill these requirements on time or to a sufficient degree, or that it will not suffer economic disadvantages in connection with the fulfillment of these requirements.

On May 7, 2009, the European Commission declared that the stabilization measures which the Group has received are, in principle, compatible with the state aid provisions set out in the EC Treaty. For reasons of competition law, the Federal Republic of Germany was obliged to ensure that Commerzbank complies with a number of requirements which Commerzbank has contractually committed to vis-à-vis SoFFin. These requirements include, in particular, (1) the reduction of the Group's total assets, (2) the disposal of Eurohypo by 2014 at the latest, (3) the prohibition, effective until the end of April 2012, in respect of the acquisition of other financial institutions, and (4) limitation on the granting of rebate terms to customers (in particular not to offer better prices for products and services (specifically in private and corporate business) in market segments in which Commerzbank does not play an insignificant role (< 5% market share) than the three competitors offering the most favorable conditions). The possibility that the Group will not be able to fulfill the conditions imposed (indirectly) by the European Commission on time, or will not be able to do so to a sufficient degree,

cannot be ruled out. In particular, there is the risk that, contrary to the expectation of Commerzbank, the ongoing strategic restructuring of individual business units, for example, Eurohypo, is found to be unlawful by the European Commission or by other authorities in light of the decision on state aid. Further, the Group may possibly not be able to dispose of Eurohypo on time or only at unfavorable terms. There is also a risk that the Group may experience other economic disadvantages in connection with fulfillment of these requirements. In the event that the requirements imposed by the European Commission are breached, the Group could be obliged to repay, at least in part, the government funds it received.

Any of these risks may have a material adverse effect on the Group's net assets, financial position and results of operations.

The regulatory and banking supervisory frameworks within which the Group operates in the various jurisdictions in which it is active may change at any time, and non-compliance with regulatory provisions may result in the imposition of penalties and other disadvantages, including the loss of official licenses.

The Group's business activities are regulated and supervised by the central banks and regulatory authorities in the countries in which it operates. In each of these countries, a banking license or at least notification of the national regulatory authorities is required for Commerzbank, its subsidiaries and, in some cases, also its branches and in some cases for the Group in its entirety. The banking regulatory regime in the various countries may change at any time. In the event of changes to the regulatory provisions in one or more countries, additional requirements may be imposed on the regulated units which could hamper their ability to operate in certain business areas or even bar them from such business areas completely. In addition, infringement of provisions which do not fall directly within the scope of bank supervision law may also have regulatory consequences (see also "Risk Factors—Legal and regulatory risks—Proceedings brought by regulators, supervisory authorities and prosecutors may have material adverse effects on the Group"). In addition, complying with amended regulatory requirements may entail a material increase in the Group's administrative workload and expense. Any of these risks may have a material adverse effect on the Group's net assets, financial position and results of operations.

There is a risk that the Group will be called upon to indemnify the German Deposit Protection Fund against losses the fund incurs by providing assistance in favor of a Commerzbank subsidiary.

On the basis of the statutes of the Deposit Protection Fund of the Association of German Banks (*Bundesverband deutscher Banken e.V.*), Commerzbank has furnished a declaration of indemnification to the Deposit Protection Fund for a number of its investee companies (comdirect bank AG ("**comdirect bank**"), Eurohypo, the European Bank for Fund Services ("**ebase**"), Deutsche Schiffsbank AG ("**Deutsche Schiffsbank**") which are members of the Deposit Protection Fund. Accordingly, the Bank has undertaken to indemnify the fund from any losses the fund incurs in providing assistance in favor of one of the aforementioned companies. Any intervention by the Deposit Protection Fund to support these subsidiaries of Commerzbank could therefore have a material adverse effect on the Group's net assets, financial position and results of operations. Moreover, any rescue measures taken by the Deposit Protection Fund in aid of one of these subsidiaries could result in lasting reputational damage to the Group. Any of these risks may have material adverse effects on the Group's net assets, financial position and results of operations.

There is a risk that the Deposit Protection Fund will claim increased contributions from the Group or that the Group will be required, independently of the Deposit Protection Fund, to make contributions to help salvage banks that find themselves in economic difficulties.

The Deposit Protection Fund is funded by an annual contribution from each of the participating institutions. If the funds in the Deposit Protection Fund are not sufficient or if it is for other reasons required to perform the tasks of the Deposit Protection Fund, the Board of Directors of the Association of German Banks (*Bundesverband deutscher Banken e.V.*) may decide to add an additional charge to the institutions' annual contribution or raise a special contribution in an amount equivalent to half of the annual contribution for each financial year. Such an increase would have material adverse effects on the Group's net assets, financial position and results of operations.

There is also the risk – and this has indeed already materialized in the past in the case of Hypo Real Estate Holding AG (“HRE”) – that the Group will be required to make contributions to help salvage banks that find themselves in economic difficulties, possibly also in the form of collateral and similar help. This may have material adverse effects on the Group’s net assets, financial position and results of operations.

The planned reform of the EU-wide deposit protection guidelines would result in a financial burden on the Group in the form of the payment of substantial contributions, which probably cannot be passed on to the market.

The various proposals by the EU Commission, European Council and European Parliament for the reform of the EU deposit protection guidelines would lead to a considerable increase in the Group’s expenditures for deposit protection. It is possible that due to the existing price competition, the added expenses for the Group would not be able to be passed onto the. The implementation of reform proposals in the currently existing forms would have material adverse effects on the Group’s net assets, financial position and results of operations.

Commerzbank and its subsidiaries are subject to claims, including in court proceedings, for payment and restoration of value in connection with profit participation certificates and trust preferred securities it issued. The outcome of such proceedings may have considerable negative effects, beyond the claims asserted in each case, and may adversely affect the Group’s net assets, financial position and results of operations.

Commerzbank, its subsidiaries (particularly Eurohypo and its legal predecessors) and Dresdner Bank and its subsidiaries have, among others, issued profit participation certificates and other hybrid financial instruments, in particular trust preferred securities. These instruments are generally structured so that they are recognized as equity for regulatory purposes. In some cases, the obligation to pay interest on these securities depends on whether distributable profit is recorded, or requires that the payment of interest does not lead to net loss.

Due to Eurohypo’s losses in 2009 and 2010, it did not pay any interest for the 2009 financial year on profit participation certificates and trust preferred securities issued by Eurohypo, its legal predecessors and their subsidiaries, and reduced the redemption amount due to the participation in loss of profit participation certificates and will be proceeding in a similar manner for the 2010 financial year. A number of investors in Germany and the United States have filed suit or announced their intention to do so due to the reduction in the redemption amount and failure to make payments on the profit participation certificates. More claims may be made or additional lawsuits may be filed. The first non-enforceable decisions of Regional Courts and one of a Regionals Appeals Court (*Oberlandesgericht*), in which case the right of appeal to the German Federal Court of Justice (*Bundesgerichtshof*) is granted, are now available in Germany and the rulings have been mixed. If the relevant court finds in favor of the plaintiffs and rejects the view of Commerzbank and Eurohypo, it would only have a direct effect for the plaintiffs involved. Such a decision would not constitute a basis for a claim by other profit participation certificate holders or investors in trust preferred securities for payment in arrears or to be made whole. However, Commerzbank does not rule out the possibility that in such an event it may have to satisfy all legitimate claims arising out of the profit participation certificates and trust preferred securities. The retroactive interest payments on the profit participation certificates and trust preferred securities and redemption claim repayments for profit participation certificates for 2009 and 2010 would currently result in a charge at the Group level of approximately €106 million.

No interest has been or will be paid for the 2009 and 2010 financial years for a number of other trust preferred securities issued by Commerzbank subsidiaries due to the economic situation in 2009 and 2010. The terms of the trust preferred securities contain pari passu clauses under which there is an obligation to pay interest on the trust preferred securities if interest is paid on other comparable instruments. Investors have also brought claims on the basis of this pari passu clause and others – and in some cases also before the U.S. courts – for payment of interest. It cannot be ruled out that further claims will be made or additional lawsuits filed. If, contrary to the view of Commerzbank, these claims are successful, it would only be legally binding in the individual cases. However, Commerzbank does not rule out the possibility that in this event a relevant obligation to pay interest to investors in the securities would, in certain circumstances, also create obligations to pay interest on other instruments

under other pari passu clauses. This would currently lead to a charge at the Group level of approximately €142 million.

Furthermore, payments or benefits on hybrid financial instruments, such as early repayment of silent participations or related benefits, may result in investors who have invested in other profit participation certificates or other hybrid financial instrument bringing claims for the payment of interest or restoration of value of their instruments that have not been made. If claims are made in such cases, although Commerzbank considers they are unfounded, and payments become necessary, a charge at Group level cannot be excluded.

Any of these risks may have material adverse effects on the Group's net assets, financial position and results of operations.

Proceedings brought by regulators, supervisory authorities and prosecutors may have material adverse effects on the Group.

Commerzbank and its subsidiaries operate in numerous jurisdictions with different legal and regulatory requirements. In the past, regulatory authorities and institutions, including prosecutors, have found some cases of violations of legal and regulatory provisions and have pursued them. The Group is currently involved in a number of such proceedings. In response to inquiries from the New York Attorney General and the U.S. Department of Justice, Commerzbank is currently investigating whether there were violations of U.S. sanctions regulations between 2002 and 2007. The New York branch of Commerzbank has received subpoenas from the U.S. authorities in connection with the investigation. The outcome of these proceedings is not foreseeable. The Group may potentially settle such proceedings. The financial ramifications of such proceedings and their termination cannot be predicted and may exceed the value of provisions established for this purpose, which may have material adverse effects on the Group's net assets, financial position and results of operations.

Divestments may also result in payment obligations and reputational harm.

In recent years, the Group has disposed of a number of subsidiaries in the fulfillment of its obligations vis-à-vis SoFFin. The corresponding contracts of sale contain various warranties. In some cases, alleged violations of some of these warranties have been asserted in connection with violations of compliance provisions by the former subsidiaries. These have also resulted in investigations by state authorities into these subsidiaries. If claims are successfully asserted against Commerzbank in this respect, or the Group's reputation is harmed, it may have material adverse effects on the Group's net assets, financial position and results of operations.

The measures that the Group has taken for the purposes of data protection and to ensure data confidentiality could prove to be inadequate and have an adverse effect on the Group and its reputation.

Data used by the Group in connection with its business activities is governed by provisions on data protection and information security. The Group has taken a series of measures to protect the data it processes and administers in the course of its business activities against misuse. However, these measures may prove to be inadequate and the confidentiality of customer data could be infringed by employees of the Group or third parties who circumvent the Group's security systems and obtain unauthorized access to this data. This may trigger liability for damages on part of the Group, which may have a material adverse effect on the Group's net assets, financial position and results of operations. In addition, there may be negative implications for the Group's reputation.

The legal relationships between the Group and its customers are based on standardized contracts and forms designed for a large number of business transactions; problems in the individual provisions of this documentation or errors in this documentation may therefore affect a large number of customer relationships.

The Group maintains contractual relationships with a large number of customers. In all business areas and Group divisions, the administration of such a large number of legal relationships necessitates the use of general terms and conditions, standard contracts and forms. This standardization means that issues in need of clarification, wording errors or the use of individual terms and conditions, standard

contracts or forms pose a material risk on account of the large number of these contracts that have been issued. In light of the ongoing changes in the overall legal framework due to new laws and judicial rulings and the increasing influence of European legislation on national law, it is conceivable that not all of the Group's general terms and conditions, standard contracts and forms comply with applicable legal requirements at all times and without limits. If there are application problems or errors or if individual contractual provisions or entire contracts are invalid, a large number of customer relationships could be negatively affected, resulting in substantial claims for damages or other legal consequences that would be negative for the Group. This could have a material adverse effect on the Group's net assets, financial position and results of operations.

The outcome of legal disputes to which the Group is not a party can have adverse consequences for the Group, for a number of different reasons, including the contesting of practices and clauses customarily used throughout the entire sector.

Judicial or regulatory decisions against other banks may also have ramifications for the Group, even in cases where the Group is not party to the proceedings. This may be the case where practices or contractual clauses customarily used throughout the entire industry are impugned or found to be unlawful. For instance, decisions which impact individual clauses contained in general terms and conditions, amortization schedules for annuity loans or consultation practices in respect of kick-back agreements could have an effect on the entire sector. This may also be the case where a decision depends on special circumstances of the individual case and the outcome is then used by customers against the Group. The Group may, as a result, be forced to change its practices or pay compensation in order to avoid reputational damage. These decisions may have a material adverse effect on the Group's net assets, financial position and results of operations.

The Group is subject to risks associated with tax audits; changes to tax legislation or jurisprudence may have an adverse effect on its net assets, financial position and results of operations.

Commerzbank's business operations are assessed for tax purposes on the basis of current tax legislation and in light of current case law and administrative practice. Where there is tax law uncertainty with respect to the question of how such business operations are to be assessed, Commerzbank generally takes a risk-averse position. Should nonetheless considerable additional tax charges be assessed, this may have negative implications for the Group's net assets, financial position and results of operations.

The Group is subject to regular audits by tax authorities in Germany and abroad. In Germany, Commerzbank is currently being audited with respect to the period from 2002 to 2008. This long audit period is, inter alia, due to the merger of Dresdner Bank into Commerzbank. This audit could result in changes to assessments for Commerzbank and its subsidiaries and give rise to additional tax charges. Given the long period of continuing audits, there is an increased risk that additional tax payments will have to be made. Commerzbank makes corresponding provisions for taxation risks which may be identified in the course of or up to completion of the audits. Should additional tax charges which considerably exceed established provisions on the balance sheets of the affected companies be identified in the future, there may be a material adverse effect on the Group's net assets, financial position and results of operations.

In addition, if the view of tax authorities, tax legislation or case law in respect of taxation matters change, it could also have a material adverse effect on the Group's net assets, financial position and results of operations.

The European Commission has launched an antitrust investigation against Commerzbank and 16 other companies in the financial sector relating to the market for financial information on credit default swaps.

The European Commission has launched an antitrust investigation against Commerzbank and 16 other companies in the financial sector regarding their actions in passing on trading data that came into their possession in the course of transactions involving credit default swaps (financial instruments which take on the credit risk from a reference asset such as securities or loans) to providers of financial information on credit default swaps, such as the British company Markit Group Holding

Limited. The Commission is studying whether the supply of this data amounted to restrictions on competition as defined by Articles 101 and 102 of the Treaty on the Functioning of the European Union. The outcome of the investigation cannot be predicted. Culpable violations of Articles 101 and 102 of the Treaty on the Functioning of the European Union may be penalized through the imposition of monetary fines. The fine imposed on each company found to have taken part in an infringement may not exceed 10% of its total revenue for the previous financial year. Should fines be imposed on Commerzbank, this could have a material adverse effect on the net assets, financial position and results of operations of the Group.

GENERAL INFORMATION

This Base Prospectus is made in accordance with § 6 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*; the "**Prospectus Act**"). The final Terms and Conditions relevant for an issue under this Base Prospectus will be made available to investors in a separate document (the "**Final Terms**") on the internet page www.warrants.commerzbank.com at the latest on the day of the public offer of the respective Notes.

Prospectus Liability

Commerzbank Aktiengesellschaft (the "**Issuer**", the "**Bank**" or "**Commerzbank**", together with its consolidated subsidiaries "**Commerzbank Group**" or the "**Group**") with its registered office at Frankfurt am Main, Federal Republic of Germany, accepts responsibility for the information contained in this Base Prospectus. The Issuer hereby declares that the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no material omission. The Issuer has taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

No person is or has been authorized by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with this Base Prospectus, the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer. The information contained herein relates to the date of the Base Prospectus and may have become inaccurate and/or incomplete as a result of subsequent changes.

Important Note regarding this Base Prospectus

This Base Prospectus must be read in conjunction with any supplement thereto as well as any other documents incorporated by reference into this Base Prospectus and must be interpreted accordingly.

No person is or has been authorised by the Issuer to give any information or to make any representation that is not contained in, or is inconsistent with, this Base Prospectus or any other information supplied in connection with the Base Prospectus or the Securities. If any such information is given or if any such representation is made, it must not be relied upon as having been authorised by the Issuer.

Neither this Base Prospectus nor any other information supplied in connection with the Base Prospectus or the Notes is intended to provide the sole basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of this Base Prospectus or any other information supplied in connection with the Base Prospectus or the Notes should purchase the Notes described in this Base Prospectus and the Final Terms. Furthermore, neither this Base Prospectus nor any other information supplied in connection with the Base Prospectus or the Notes constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any of the Notes issued hereunder.

The distribution of this Base Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons coming into possession of this Base Prospectus or the Notes must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of the Notes within the European Economic Area and the United States of America (see "Offering and Selling Restrictions").

Availability of Documents

The Base Prospectus and any supplements thereto will be available for viewing in electronic form at the following website of Commerzbank Aktiengesellschaft (www.commerzbank.com) and copies thereof may be obtained free of charge at the head office of the Issuer, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Federal Republic of Germany.

Furthermore, the Articles of Association of Commerzbank Aktiengesellschaft (as amended), the financial statements and management reports of Commerzbank Aktiengesellschaft and the Annual Reports of the Commerzbank Group for the financial years 2009 and 2010 as well as the Interim report as of September 30, 2011 (reviewed English version) will be available for inspection at the Issuer's head office (Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Federal Republic of Germany) or for electronic viewing at www.commerzbank.com for a period of twelve months following the date of the publication of this Base Prospectus.

Information relating to the Securities

Further information regarding a specific issue of Notes, such as their Terms and Conditions, value date, calculations regarding the redemption amount or other amounts, coupon payments, issue price, issue date, underlying(s) (where applicable), market disruptions, settlement disruptions, adjustments, certain risk factors, clearing system, ISIN or other securities IDs, stock exchange listing, certification of the securities (stating the respective clearing system including the pertaining address) and any other information is set out in the respective Final Terms.

Offer and Sale

The details of the offer and sale, in particular the relevant Issue Date and the relevant offer volume, as well as the relevant issue and/or selling price (issue price plus applicable costs) with regard to each issue hereunder will be set out in the relevant Final Terms.

In the case of an offer of Notes during a subscription period which will be specified in the Final Terms any details of the offer that will be determined at the end of the subscription period shall be published by the Issuer without delay at the end of the subscription period. The Issuer may further provide for an offer and sale after the subscription period at a price which is subject to change.

Delivery of the Notes sold will take place [after the subscription period] [after the Issue Date] on the Value Date stated in the relevant Final Terms via the specified clearing system. If the Notes are sold after the Value Date, delivery will take place in accordance with applicable local market practice via the clearing system specified in the relevant Final Terms.

The issue price of the Notes is based on internal pricing models of the Issuer and may be higher than their market value due to commissions and/or other fees relating to the issue and sale of the Notes (including a margin paid to distributors or third parties or retained by the Issuer) as well as amounts relating to the hedging of the Issuer's obligations under such Notes, and the price, if any, at which a person is willing to purchase such Notes in secondary market transactions may be lower than the issue price of such Notes. Persons, who distribute the Notes and receive a commission, fee or non-pecuniary benefits in return, may be obliged under applicable law to disclose the type and amount of such commission, fee or benefit to the investor. Investors should ensure that they receive the relevant information from the relevant distributor prior to purchasing the Notes.

[Increases of a Series of Notes

In the case of an increase of Notes having been offered for the first time under the Base Prospectus dated November 24, 2010 (the "**Former Base Prospectus**"), the Terms and Conditions contained in this Base Prospectus shall be substituted by the Terms and Conditions of the Former Base Prospectus. For this purpose, the section "Terms and Conditions" of the Former Base Prospectus shall be incorporated by reference and form part of this Base Prospectus.]

Calculation Agent

In cases requiring calculation, Commerzbank acts as the Calculation Agent.

Information regarding the Underlying

The Notes to be issued under this Base Prospectus may relate to shares, indices, goods (e.g. precious metals or commodities), futures contracts, bonds, currency exchange rates, interest rates and funds (the "**Underlying**"). The Final Terms to be drawn up with regard to each individual issue hereunder may contain information as to where information regarding the Underlying (ISIN, performance, volatility, index description in the case of indices) can be obtained.

Such information regarding the Underlying will be available on a freely accessible website stated in the Final Terms.

Post-Issuance Information

The Issuer will provide no post-issuance information regarding the relevant Underlying.

INFLUENCE OF THE UNDERLYING ON THE SECURITIES

Reverse Convertible Notes

[cash settlement:]The Notes will be redeemed at the Maturity Date either at par or at a Redemption Amount which will be calculated according to a formula set out in the Terms and Conditions and which will depend on the Reference Price of the Underlying of the Notes on the Valuation Date.

The Notes will be redeemed at par if on the Valuation Date the Reference Price of the Underlying is equal to or above the Strike set out in the Terms and Conditions. Otherwise, the Redemption Amount will be calculated by multiplying the nominal amount of a Note with the performance of the Underlying, whereby the performance is determined by dividing the Reference Price of the Underlying on the Valuation Date by the Strike.]

[delivery:]The Notes will be redeemed at the Maturity Date either at par or by delivery of [shares][certificates][securities] as set out in the Terms and Conditions. Whether the redemption is made by delivery of [shares][certificates][securities] or by payment of the nominal amount depends on whether the Reference Price of the Underlying on the Valuation date is below the Strike. If the Strike exceeds the Reference Price, the Notes will be redeemed by delivery of [shares][certificates][securities]; otherwise, the Notes will be redeemed at par.]

Reverse Convertible Notes Plus

[cash settlement:]The Notes will be redeemed at the Maturity Date either at par or at a Redemption Amount which will be calculated according to a formula set out in the Terms and Conditions and which will depend on the Reference Price of the Underlying of the Notes on the Valuation Date.

The Notes will be redeemed at par if during a predetermined Monitoring Period the price of the Underlying is at no time equal to or below the Barrier set out in the Terms and Conditions **and/or** if on the Valuation Date the Reference Price of the Underlying is equal to or above the Strike set out in the Terms and Conditions. Otherwise, the Redemption Amount will be calculated by multiplying the nominal amount of a Note with the performance of the Underlying, whereby the performance is determined by dividing the Reference Price of the Underlying on the Valuation Date by the Strike.]

[delivery:]The Notes will be redeemed at the Maturity Date either at par or by delivery of [shares][certificates][securities] as set out in the Terms and Conditions. The redemption depends on the price of the Underlying during a predetermined Monitoring Period as well as on the Reference Price of the Underlying on the Valuation Date.

The Notes will be redeemed at par if during a predetermined Monitoring Period the price of the Underlying is at no time equal to or below the Barrier set out in the Terms and Conditions **and/or** if on the Valuation Date the Reference Price of the Underlying is equal to or above the Strike set out in the Terms and Conditions. Otherwise, the Notes will be redeemed by delivery of [shares][certificates][securities].]

TAXATION

All present and future taxes, fees or other duties in connection with the Notes shall be borne and paid by the holders of the Notes. The Issuer is entitled to withhold from payments to be made under the Notes any taxes, fees and/or duties payable by the holders of the Notes in accordance with the previous sentence.

Taxation in the Federal Republic of Germany

Currently, there is no legal obligation for the Issuer (acting as issuer of the Notes and not as disbursing agent (*auszahlende Stelle*) as defined under German tax law) to deduct or withhold any German withholding tax (*Quellensteuer*) from payments of interest, principal and gains from the disposition, redemption or settlement of the Securities or on any ongoing payments to the holder of any Securities. Further, income and capital gains derived from particular issues of Securities can be subject to German income tax (*Einkommensteuer*). All tax implications can be subject to alteration due to future law changes.

Prospective investors are advised to consult their own advisors as to the tax consequences of an investment in the Notes, also taking into account the rules on taxation in the investor's country of residence or deemed residence.

[additional taxation provisions, where applicable]

SELLING RESTRICTIONS

Selling Restrictions within the European Economic Area

The Notes may be publicly offered in any member state of the European Economic Area ("**EEA**") that has implemented Directive 2003/71/EC (the "**Prospectus Directive**") (each, a "**Relevant Member State**") from and including the date of entry into effect of the respective implementation in the Relevant Member State, provided that this is permitted under the applicable laws and other legal provisions, and further provided that

- (a) the Public Offering starts or occurs within a period of 12 months following the publication of the Prospectus which has been approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) ("**BaFin**") in accordance with the provisions of the German Securities Prospectus Act (*WpPG*) and, if the Notes are publicly offered in a Relevant Member State other than Germany, the approval has been notified to the competent authority in such Relevant Member State in accordance with § 18 WpPG; or
- (b) one of the exemptions set forth in § 3 (2) WpPG exists or, in the case of an offering outside Germany, an exemption from the obligation to prepare a prospectus exists as set forth in the implementing law of the respective Relevant Member State in which the Public Offering shall occur.

"**Public Offering**" means (i) a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Notes to be offered, so as to enable an investor to decide to purchase or subscribe for these Notes, as well as (ii) any additional specifications defined more closely in the implementing law of the respective Relevant Member State in which the Public Offering is to occur.

In any EEA member state that has not implemented the Prospectus Directive, the Notes may only be publicly offered within or from the jurisdiction of such member state, provided that this is in accordance with the applicable laws and other legal provisions. The Issuer has not undertaken any steps, nor will the Issuer undertake any steps, aimed at making the Public Offering of the Notes or their possession or the marketing of offering documents related to the Notes legal in such jurisdiction if this requires special measures to be taken.

Selling Restrictions outside the European Economic Area

In a country outside the EEA, the Notes may only be publicly offered, sold or delivered within or from the jurisdiction of such country, provided that this is in accordance with the applicable laws and other legal provisions, and provided further that the Issuer does not incur any obligations in that regard. The Issuer has not undertaken any steps, nor will the Issuer undertake any steps, aimed at making the Public Offering of the Notes or their possession or the marketing of offering documents related to the Notes legal in such jurisdiction if this requires special measures to be taken.

Selling Restrictions in the USA

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "**Securities Act**") and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States of America or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and any regulations thereunder.

Until 40 days after the commencement of the offering of the Notes, an offer or sale of such Note within the United States of America by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The blank positions ("•") in the following Terms and Conditions will be supplemented in the relevant Final Terms; information in square brackets may be deleted if not applicable.

Reverse Convertible Notes classic

TERMS AND CONDITIONS

**§ 1
FORM**

These paragraphs 1 – 3 shall be applicable only in respect of non-USD issues or USD issues with a lifetime of less than or equal to one year

1. The [Name] Notes [of each series] (the "Notes") issued by Commerzbank Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany (the "Issuer") will be represented by a global bearer Note (the "Global Note") which shall be deposited with [Clearstream Banking AG, Frankfurt am Main][Deutsche Bank AG, Große Gallusstraße 10 - 14, 60272 Frankfurt am Main, as common depositary for Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank S.A./N.V. as operator of the Euroclear System (together the "Clearing System")][Euroclear Belgium] [Euroclear Nederland (Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., Amsterdam)] [(the "Clearing System")]. [The Notes are issued in [Euro ("EUR")][United States Dollar ("USD")][currency ("•")] (the "Issue Currency") in the denomination of [EUR 1,000] [USD 1,000] [•] (the "Denomination").]
2. Definitive Notes will not be issued. The right of the holders of Notes (the "Noteholders") to delivery of definitive Notes is excluded. The Noteholders shall receive co-ownership participations in or rights with respect to the Global Note which are transferable in accordance with applicable law and the rules and regulations of the Clearing System. In securities clearing transactions, the Notes are transferable in units of [one][•] Note[s] or integral multiples thereof.
3. The Global Note shall bear the hand-written signatures of two authorised officers of the Issuer.

These paragraphs 1 – 3 shall be applicable only in respect of USD issues with a lifetime of more than one year

1. The [Name] Notes [of each series] (the "Notes") issued by Commerzbank Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany (the "Issuer") will initially be represented by a temporary global bearer Note (the "Temporary Global Note"), which will be exchanged not earlier than 40 days and not later than 180 days after their issue date against a permanent global bearer Note (the "Permanent Global Note", together with the Temporary Global Note the "Global Note"). The Notes are issued in United States Dollar ("USD") (the "Issue Currency") in the denomination of USD [1,000] [•] (the "Denomination").

The Temporary Global Note and the Permanent Global Note shall be deposited with Deutsche Bank AG, Frankfurt am Main, as common depositary for Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank S.A./N.V. as operator of the Euroclear System (together the "Clearing System"). The exchange shall only be made upon certification to the effect that, subject to certain exceptions, the beneficial owner or owners of the Notes represented by the Temporary Global Note are not U.S. persons.

2. Definitive Notes will not be issued. The right of the holders of Notes (the "**Noteholders**") to delivery of definitive Notes is excluded. The Noteholders shall receive co-ownership participations in or rights with respect to the Global Note which are transferable in accordance with applicable law and the rules and regulations of the Clearing System. In securities clearing transactions, the Notes are transferable in units of [one][•] Note[s] or integral multiples thereof.
3. The Temporary Global Note and the Permanent Global Note shall bear the hand-written signatures of two authorised officers of the Issuer.

The paragraphs 1 to 3 are applicable only in respect of (i) EUR issues and (ii) of Notes deposited by Euroclear France

1. The [*Name*] Notes (the "**Notes**") of each series (the "**Notes**") issued by Commerzbank Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany (the "**Issuer**") will be issued in bearer dematerialised form. Title to the Notes will be evidenced by book entries (*dématérialisation*) in accordance with the provisions of the French Monetary and Financial Code relating to Holding of Securities (*inscription en compte*) (currently, Articles L. 211-3 *et seq.* and R. 211-1 *et seq.* of the French Monetary and Financial Code). No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French Monetary and Financial Code) will be issued in respect of the Notes. [The Notes are issued in [Euro ("**EUR**")][United States Dollar ("**USD**")][*currency* ("•")] (the "**Issue Currency**") in the denomination of [EUR 1,000] [USD 1,000] [•] (the "**Denomination**").]
2. Transfers of Notes and other registration measures shall be made in accordance with the French Monetary and Financial Code, the regulations, rules and operating procedures applicable to and/or issued by Euroclear France (the "**Clearing System**"; the "**Clearing Rules**").
3. The term "**Noteholder**" in these Terms and Conditions refers to any person holding Notes through a financial intermediary entitled to hold accounts with the Clearing System on behalf of its customers (the "**Note Account Holder**") or, in the case of a Note Account Holder acting for its own account, such Note Account Holder.
4. The Issuer reserves the right to issue from time to time without the consent of the Noteholders additional tranches of Notes with substantially identical terms, so that the same shall be consolidated to form a single series and increase the total volume of the Notes. The term "Notes" shall, in the event of such consolidation, also comprise such additionally issued Notes.

This paragraph 4 shall apply to all Notes

[insert additional or other provisions]

§ 2 DEFINITIONS

1. For the purposes of these Terms and Conditions, the following definitions shall apply in respect of each series of Notes (subject to an adjustment in accordance with § 6):

<i>Alternative:</i>	<i>Notes with reference to a share</i>
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"**Underlying**" means the security referred to in paragraph 2. (the "**Share**").

"**Valuation Date**" means the day set out in paragraph 2.

If on the Valuation Date the Reference Price of the Share is not determined and published by the Relevant Exchange or on the Valuation Date a Market Disruption Event occurs, the Valuation Date shall be postponed to the next following Exchange Business Day on which the Reference Price of the Share is determined and published again by the Relevant Exchange and on which a Market Disruption Event does not occur.

If, according to the before-mentioned, the Valuation Date is postponed to the third Payment Business Day prior to the Maturity Date, and if also on such day the Reference Price of the Share is not determined and published by the Relevant Exchange or a Market Disruption Event occurs on such day, then this day shall be deemed to be the Valuation Date and the Issuer shall estimate the Reference Price of the Share in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), and in consideration of the prevailing market conditions on such day and make a notification thereof in accordance with § 12.

"Exchange Business Day" means a day on which the Relevant Exchange and the Futures Exchange (§ 6 paragraph 4) are open for trading during their respective regular trading sessions, notwithstanding the Relevant Exchange or Futures Exchange closing prior to its scheduled weekday closing time. Any trading or trading activities after or before the regular trading sessions on the Relevant Exchange or the Futures Exchange will not be taken into account.

"Market Disruption Event" means the occurrence or existence of any suspension of, or limitation imposed on, trading in (a) the Share on the Relevant Exchange, or (b) any option or futures contracts relating to the Share on the Futures Exchange (if such option or futures contracts are traded on the Futures Exchange), provided that any such suspension or limitation is material. The decision whether a suspension or limitation is material will be made by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The occurrence of a Market Disruption Event shall be published in accordance with § 12.

A limitation regarding the office hours or the number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the respective exchange. A limitation on trading imposed during the course of a day by reason of movements in price exceeding permitted limits shall only be deemed to be a Market Disruption Event if such limitation still prevails at the time of termination of the trading hours on such date.

"Relevant Exchange" is the exchange referred to in paragraph 2.

"Reference Price" shall be [the price of the Share last determined and published by the Relevant Exchange on any day (closing price)][*insert other provision*].

[*insert additional or other provisions*]

<i>Alternative:</i>	<i>Notes with reference to an index</i>
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"Underlying" means the •-Index [(ISIN •)] (the "**Index**") as determined and published by the [*Index Sponsor*] (the "**Index Sponsor**").

"Valuation Date" means the day set out in paragraph 2.

If on the Valuation Date the Reference Price of the Index is not determined and published or on the Valuation Date a Market Disruption Event occurs, the Valuation Date shall be postponed to the next following Index Business Day on which the Reference Price of the Index is determined and published again and on which a Market Disruption Event does not occur.

If, according to the before-mentioned, the Valuation Date is postponed to the third Payment Business Day prior to the Maturity Date, and if also on such day the Reference Price of the Index is not determined and published or a Market Disruption Event occurs on such day, then this day shall be deemed to be the Valuation Date and the Issuer shall estimate the Reference Price of the Index in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), and in consideration of the prevailing market conditions on such day and make a notification thereof in accordance with § 12.

"Index Business Day" means a day on which the level of the Index is usually determined and published by the Index Sponsor.

"Market Disruption Event" means the occurrence or existence of any suspension of, or limitation imposed on, trading in the securities contained in the Index on the stock exchanges or trading systems the prices of which are the basis for the calculation of the Index, [or the suspension of or limitation imposed on trading in option or futures contracts on the Index on the options or futures exchange with the highest trading volume of option or future contracts relating to the Index], provided that any such suspension or limitation is material. The decision whether a suspension or limitation is material will be made by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The occurrence of a Market Disruption Event shall be published in accordance with § 12.

A limitation regarding the office hours or the number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange. A limitation on trading imposed during the course of a day by reason of movements in price exceeding permitted limits shall only be deemed to be a Market Disruption Event in the case that such limitation is still prevailing at the time of termination of the trading hours on such date.

"Reference Price" means [the price of the Index last determined and published by the Index Sponsor on any day (official closing price)][*insert other provision*].

[*insert additional or other provisions*]

<i>Alternative:</i>	<i>Notes with reference to goods (e.g. precious metal or commodities)</i>
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"Underlying" means [[*precious metal*] (the "**Precious Metal**").] [[*commodity*] (the "**Commodity**").]

The "**Valuation Date**" shall be the day set out in paragraph 2.

If on the Valuation Date the Reference Price of the [Precious Metal] [Commodity] is not determined and published or on the Valuation Date a Market Disruption Event occurs, the Valuation Date shall be

postponed to the next following Business Day on which the Reference Price of the [Precious Metal] [Commodity] is determined and published again and on which a Market Disruption Event does not occur.

If, according to the before-mentioned, the Valuation Date is postponed to the third Payment Business Day prior to the Maturity Date, and if also on such day the Reference Price of the [Precious Metal] [Commodity] is not determined and published or a Market Disruption Event occurs on such day, then this day shall be deemed to be the Valuation Date and the Issuer shall estimate the Reference Price of the [Precious Metal] [Commodity] in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), and in consideration of the prevailing market conditions on such day and make a notification thereof in accordance with § 12.

"**Business Day**" shall be a day on which [the "London Banking Fixing" (spot fixing) for the [Precious Metal] [Commodity] generally takes place] [*insert other provision*].

"**Market Disruption Event**" means the occurrence or existence of any suspension of, or limitation imposed on, trading in the [Precious Metal] [Commodity] on the *Interbank International Spot Market* for [precious metals] [commodities] or the suspension of or limitation imposed on trading in option or futures contracts on the [Precious Metal] [Commodity] on the Futures Exchange (§ 6 paragraph 3), provided that any such suspension or limitation is material. The decision whether a suspension or limitation is material will be made by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The occurrence of a Market Disruption Event shall be published in accordance with § 12.

A limitation regarding the office hours or the number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange. A limitation on trading imposed during the course of a day by reason of movements in price exceeding permitted limits shall only be deemed to be a Market Disruption Event in the case that such limitation is still prevailing at the time of termination of the trading hours on such date.

"**Reference Price**" shall be [the first spot fixing for a fine troy ounce (31.1035 g) of the Precious Metal quoted in USD as "London Banking Fixing" on [*screen page*] (or any successor page) on any day] [*insert other provision*] [the "London Bullion Market PM Fixing" for a fine troy ounce (31.1035 g) of the Precious Metal quoted in USD published on www.lbma.org.uk (or any successor page) on any day] [*insert other provision*].

[*insert additional or other provisions*]

Alternative:	Notes with reference to futures contracts
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"**Underlying**" means [subject to the following provision] the [*Futures Contract*] [*screen page*] on the Futures Exchange with delivery month of [*month, year*] (the "**Relevant Futures Contract**").

Applicable only, if the expired Futures Contract is rolled into another

[On a Business Day to be determined by the Issuer, which must be one of the [five][•] Business Days preceding the last trading day of the Relevant Futures Contract (the "**Futures Roll-Over Date**"), such Relevant Futures Contract shall cease to be the Underlying of the

Notes and shall be replaced by the [next expiring][●] [futures contract] Futures Contract on the Futures Exchange with a residual life of [at least one month][●], which, from that point onwards, shall be used as the Relevant Futures Contract for the valuation of the Notes (the "Futures Roll-Over Event").][insert other provision]

"**Valuation Date**" means the day set out in paragraph 2.

If on the Valuation Date the Reference Price of the Relevant Futures Contract is not determined and published or on the Valuation Date a Market Disruption Event occurs, the Valuation Date shall be postponed to the next following Business Day on which the Reference Price of the Relevant Futures Contract is determined and published again and on which a Market Disruption Event does not occur.

If, according to the before-mentioned, the Valuation Date is postponed to the third Payment Business Day prior to the Maturity Date, and if also on such day the Reference Price of the Relevant Futures Contract is not determined and published or a Market Disruption Event occurs on such day, then this day shall be deemed to be the Valuation Date and the Issuer shall estimate the Reference Price of the Relevant Futures Contract in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), and in consideration of the prevailing market conditions on such day and make a notification thereof in accordance with § 12.

"**Business Day**" means a day on which the Futures Exchange is open for trading during its respective regular trading sessions, notwithstanding the Futures Exchange closing prior to its scheduled weekday closing time. Any trading or trading activities after or before the regular trading sessions on the Futures Exchange will not be taken into account.

"**Futures Exchange**" means the [futures exchange] or any successor to the [futures exchange].

In case that the Relevant Futures Contract is not longer traded on the [futures exchange] the Futures Exchange shall be such other futures exchange as determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The determination of another Futures Exchange shall be published according to § 12.

"**Market Disruption Event**" means the occurrence or existence of any suspension of, or limitation imposed on, trading in the Relevant Futures Contract on the Futures Exchange, provided that any such suspension or limitation is material in the reasonable discretion of the Issuer (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) or the non-determination and/or non-publication of the Reference Price by the Futures Exchange. The decision whether a suspension or limitation is material will be made by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The occurrence of a Market Disruption Event shall be published in accordance with § 12.

A limitation regarding the office hours or the number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange. A limitation on trading imposed during the course of a day by reason of movements in price exceeding permitted limits (especially "limit-up"/"limit-down" rule) shall only be deemed to be a Market Disruption Event in the case that such limitation is still prevailing at the

time of termination of the trading hours on such date.

"**Reference Price**" means [the *settlement price* of the Relevant Futures Contract as determined and published by the Futures Exchange on any day on which the Futures Exchange is usually open for trading][*insert other provision*].

[*insert additional or other provisions*]

<i>Applicable for all Underlyings</i>

"**Strike**" shall be the price set out in paragraph 2.

This definition shall be applicable only to Notes with a Barrier
This definition shall be applicable only to Notes with physical delivery

["**Barrier**" shall be the price set out in paragraph 2.]

"**Ratio**" shall be expressed as a decimal figure and be the ratio set out in paragraph 2.

"**Maturity Date**" shall be the day set out in paragraph 2.

"**Payment Business Day**" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) and the Clearing System settle payments in [EUR][*currency*].

This definition is applicable only in the case of necessary conversions

["**Relevant Conversion Rate**" shall be the price [of [EUR][*currency*] 1.00 in [USD][*•*], as actually traded on the *International Interbank Spot Market* on the Valuation Date at such point of time, at which the Reference Price of the Underlying is determined and published][*•*].]

["**Relevant Conversion Rate**" shall be [EUR][*currency*] 1,00 / [USD][*currency*] 1,00.]

[*insert additional or other definitions*]

2. For each series of Notes the terms [*insert applicable definition*] shall have the following meanings:

[*insert table in which the above-mentioned terms will be defined depending on the Underlying and the respective structure of the Note*]

§ 3 INTEREST

<i>Alternative:</i>	<i>Notes with Fixed Interest</i>
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1. The Notes bear interest as from [*date*] (inclusive) at a rate set out in § 2 paragraph 2.

[Interest is payable in arrear on the Maturity Date.][Interest is payable annually in arrear on *•* of each year. The first interest payment shall become due on *•*.] [*insert other provision*]

2. The Notes will cease to bear interest at the end of the day preceding the Maturity Date, even if the Maturity Date is not a Payment Business

Day and payment is made on the next following Payment Business Day.

3. Should the Issuer for any reason whatsoever fail to provide to the Paying Agent, when due, the necessary funds for the redemption of the Notes, then interest on the outstanding principal amount of such Notes will continue to accrue until the payment of such principal has been effected, however not beyond the fourteenth day after the date on which the necessary funds have been provided to the Paying Agent and notice thereof has been given by publication in accordance with § 12.

This paragraph 4 shall apply if "Actual/Actual" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of the actual number of days elapsed divided by 365 or (if a 29 February falls within the relevant interest determination period) divided by 366.

This paragraph 4 shall apply if "Actual/Actual (ISDA)" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of the actual number of days elapsed divided by 365 (or, if any portion of that interest determination period falls in a leap year, the sum of (A) the actual number of days in that portion of the interest determination period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the interest determination period falling in a non-leap year divided by 365).

This paragraph 4 shall apply if "Actual/Actual (ICMA)" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of the actual number of days (actual/actual according to ICMA Rule 251).

This paragraph 4 shall apply if "Actual/365 (Fixed)" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of a 365 day year and on the basis of the actual number of days elapsed.

This paragraph 4 shall apply if "30/360" or "360/360" or "Bond Basis" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, on the basis of the actual number of days elapsed. If the last day of the calculation period is the 31st day of a month but the first day of the calculation period is a day other than the 30th or the 31st day of a month, the month that includes that last day shall not be considered to be shortened to a 30-day month. If the last day of the calculation period is the last day of the month of February, the month of February shall not be considered to be lengthened to a 30-day month.

This paragraph 4 shall apply if "30E/360" or "Eurobond Basis" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, on the basis of the actual number of days elapsed without regard to the date of the first day or last day of the calculation period.

This paragraph 4 shall apply if "Actual/360" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of a 360 day year and on the basis of the actual number of days elapsed.

[insert other provision]

Alternative:

Floating Rate Notes

- [1.] The Notes bear interest pursuant to the following provisions:
[insert applicable provisions]

[2./•. The Calculation Agent shall notify the Paying Agent, the Clearing System and, if so required by its rules, the exchange on which the Notes are listed, without delay of the interest rate determined with respect to the relevant Interest Period, the amount payable in respect of each Note as well as the respective Interest Payment Date. [The Principal Paying Agent shall without delay publish the interest rate, the interest amount payable in respect of each Note and the Interest Payment Date in accordance with § 12 hereof.]

[insert other provision]

§ 4 MATURITY

1. [Subject to § 6 and § 10] the Notes will be redeemed on the Maturity Date.

Subject to paragraph 2, each Note is redeemed at par.

This paragraph 2 shall be applicable only in case of cash settlement

2. If on the Valuation Date the Reference Price of the [Shares][Index][Underlying] is below the [Classic:][Strike] [Protect:][Barrier] then each Note shall, in lieu of a redemption at par, be redeemed at an amount (the "**Redemption Amount**") (rounded, if necessary, to the next [eurocent (EUR 0.01)][currency] with [eurocent][currency] 0.5 rounded upwards), that will be calculated by the Issuer according to the following formula:

$$N \times \frac{\text{Underlying}_{\text{final}}}{\text{Strike}} \times \text{Ratio}$$

where

N = the nominal amount of a Note ([currency] [denomination])

Underlying_{final} = the Reference Price of the [Shares] [Index] [Underlying] on the Valuation Date

This paragraph 2 shall be applicable only in case of physical delivery of the Shares or Certificates

2. If on the Valuation Date the Reference Price of the [Shares][Index][Underlying] is below the Strike then each Note shall, in lieu of a redemption at par, be redeemed by delivery of a number of [Shares][Certificates] (the "**Certificates**") [securities] corresponding to the Ratio in the form and with the characteristics deliverable on the Maturity Date [at the Relevant Exchange in accordance with its rules].

If the delivery of [Shares][Certificates][securities] is economically or factually impossible on the Maturity Date, the Issuer will be entitled, instead of delivering the [Shares][Certificates][securities], to pay a monetary amount (possibly commercially rounded up or down to the next [cent][•][currency] 0.01) that corresponds to the Reference Price of the [Shares][Index][Underlying] on the Valuation Date multiplied by the Multiplier.

Fractions of [Shares][Certificates][securities] will not be delivered. The Issuer, instead of delivering the relevant fraction, may pay an amount in [currency] (the "**Fractional Settlement Amount**") per Note to the holders of the Notes, which will be determined by the Issuer by multiplying the fraction by the Reference Price of the [Shares][Index][Underlying] on the Valuation Date. The combination of several Fractional Settlement Amounts into claims for the delivery of [Shares][Certificates][securities] is excluded.

[insert additional or other provisions with respect to the physical delivery]

This paragraph 2 shall be applicable only in case of physical delivery of fund units

2. If on the Valuation Date the Reference Price of the [Shares] [Index] [Underlying] is below the Strike then each Note shall, in lieu of a redemption at par, be redeemed by delivery of a number of funds units. "Fund Unit" means a unit of [the [Comstage ETF DAX[®] TR (ISIN ●) [insert Comstage ETF], a subfunds of Comstage ETF SICAV, Luxemburg][insert other funds units] (the "Funds").

The number of the Funds Units which have to be delivered will be calculated by the Issuer according to the following formula:

$$\frac{\text{Underlying}_{\text{final}}}{\text{NAV}_{\text{final}}} \times \text{Ratio}$$

where

$\text{Underlying}_{\text{final}}$ = the Reference Price of the Fund Unit on the Valuation Date

$\text{NAV}_{\text{final}}$ = [the net asset value per Fund Unit as determined by the Depositary as set out in the Selling Prospectus of the Funds and published on the internet page (www.comstage-ef.com)] [insert other provisions]

If the delivery of the Fund Unit is economically or factually impossible on the Maturity Date, the Issuer will be entitled, instead of delivering the Fund Unit, to pay a monetary amount (possibly commercially rounded up or down to the next [cent][●][currency] 0.01) that corresponds to the Reference Price of the [Shares][Index][Underlying] on the Valuation Date multiplied by the Multiplier.

Fractions of Fund Unit will not be delivered. The Issuer, instead of delivering the relevant fraction, may pay an amount in [currency] (the "Fractional Settlement Amount") per Note to the holders of the Noteholders, which will be determined by the Issuer by multiplying the fraction by the $\text{NAV}_{\text{final}}$ of the Fund Unit on the Valuation Date. The combination of several Fractional Settlement Amounts into claims for the delivery of Fund Unit is excluded.

This paragraph 3 shall be applicable only in case of necessary conversions

3. All necessary conversions according to this § 4 shall be made at the Relevant Conversion Rate.

§ 5 PAYMENTS

These paragraphs 1 and 2 shall be applicable only in case of cash settlement

1. All amounts payable pursuant to these Terms and Conditions shall be made to the Paying Agent, subject to the provision that the Paying Agent transfers such amounts to the Clearing System on the dates stated in these Terms and Conditions so that they may be credited to the accounts of the relevant custodian banks and then forwarded on to the Noteholders.
2. If any payment with respect to a Note is to be effected on a day other than a Payment Business Day, payment shall be effected on the next following Payment Business Day. In this case, the relevant Noteholder

These paragraphs 1. to 2. shall be applicable only in case of physical delivery

shall neither be entitled to any payment claim nor to any interest claim or other compensation with respect to such delay.

1. All amounts payable and/or [Shares][Certificates][*securities*] to be delivered pursuant to the Terms and Conditions shall be paid and/or delivered to the Paying Agent subject to the provision that the Paying Agent transfers such amounts and/or [Shares][Certificates][*securities*] to the Clearing System on the dates stated in these Terms and Conditions so that they may be credited to the accounts of the relevant custodian banks and then forwarded on to the Noteholders.
2. If a payment and/or the delivery according to the Terms and Conditions is to be made on a day that is not a Payment Business Day and not a [Business Day], it shall take place on the next following Payment Business Day that is also a [Business Day]. In this case, the relevant Noteholder shall neither be entitled to any payment claim nor to any interest claim or other compensation with respect to such delay.
3. All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives.

[insert additional or other provisions with respect to Payments]

§ 6

ADJUSTMENTS; TERMINATION RIGHT OF THE ISSUER

Alternative:

Notes with reference to a share

1. If an Adjustment Event or an Extraordinary Event (both as defined below) has a material effect on the price of the Share, the Issuer will make adjustments to the Terms and Conditions taking into consideration the provisions set forth hereinafter. If an Extraordinary Event has occurred, the Issuer may (instead of such adjustment) optionally terminate the Notes prematurely with respect to an Exchange Business Day (the "**Termination Date**") taking into consideration the provisions set forth hereinafter with a prior notice of seven Payment Business Days in accordance with § 12. Any termination of the Notes in part shall be excluded.
 - a) Adjustments to the Terms and Conditions shall correspond to the adjustments to option or futures contracts relating to the Share made by the Futures Exchange or that would have been made by the Futures Exchange if such option or futures contracts were traded on the Futures Exchange. In the event of any doubts regarding the application of the adjustment rules of the Futures Exchange, the Issuer shall decide in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The adjustments made by the Issuer may deviate from those made by the Futures Exchange in cases where the adjustments made by the Futures Exchange would only lead to a minor adjustment of the Terms and Conditions, as well as in cases when and where such deviation is necessary in the reasonable discretion of the Issuer (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) to compensate for the economic effect of the relevant Adjustment Event or Extraordinary Event on the price of the Share.

As a result of such adjustments especially the [insert parameters] may be amended. The adjustments may also result in the Share being replaced by another share or other securities, a basket of securities and/or cash, and another stock exchange being determined as the Relevant Exchange. If the Futures Exchange makes an adjustment by replacing the Share by a basket of shares, the Issuer shall be entitled to determine only the Share with the highest market capitalisation on the relevant Cut-off Date as the (new) Underlying, to sell the remaining Shares in the basket on the first Exchange Business Day following the Cut-off Date at the first available price and to reinvest the proceeds immediately afterwards in the remaining Share.

Adjustments and determinations take effect as from the date (the "**Cut-off Date**") determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), provided that (if the Issuer takes into consideration the manner in which adjustments are or would be made by the Relevant Exchange) the Issuer shall take into consideration the date at which such adjustments take effect or would take effect at the Futures Exchange if such option or futures contracts were traded at the Futures Exchange.

Adjustments and determinations as well as the effective date shall be notified by the Issuer in accordance with § 12.

Any adjustment in accordance with this § 4 paragraph 1 does not exclude a later termination in accordance with this paragraph on the basis of the same event.

- b) If the Notes are called for redemption due to the occurrence of an Extraordinary Event, they shall be redeemed at the termination amount per Note (the "**Termination Amount**") which shall be calculated by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions and any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of its obligations under the Notes (the "**Hedging Transactions**"). Expenses for transactions that were required for winding up the Hedging Transactions will be taken into account as deductible items.

The Issuer shall pay the Termination Amount to the Noteholder not later than the [third][fifth][tenth][●] Payment Business Day following the Termination Date to the Clearing System for crediting the accounts of the depositors of the Notes with the Clearing System. The rights in connection with the Notes shall expire upon the payment of the Termination Amount to the Clearing System.

2. "**Adjustment Event**" means:

- a) the adjustment of option or futures contracts relating to the Share at the Futures Exchange or the announcement of such adjustment;
- b) any of the following actions taken by the issuer of the underlying Share (the "**Company**"): capital increases through issuance of new shares against capital contribution and issuance of subscription rights to the shareholders, capital increases out of the Company's

reserves, issuance of securities with option or conversion rights related to the Share, distributions of ordinary dividends, distributions of extraordinary dividends, stock splits or any other split, consolidation or alteration of category;

- c) a spin-off of a part of the Company in such a way that a new independent entity is formed, or that the spun-off part of the Company is absorbed by another entity; or
- d) any other adjustment event being economically equivalent to the before-mentioned events with regard to their effects.

3. **"Extraordinary Event"** means:

- a) the termination of trading in, or early settlement of, option or futures contracts relating to the Share at the Futures Exchange or the announcement of such termination or early settlement;
- b) the termination of the listing of the Share on the Relevant Exchange due to a merger by absorption or by creation or due to any other reasons, or the becoming known of the intention of the Company or the announcement of the Relevant Exchange that the listing of the Share at the Relevant Exchange will terminate immediately or at a later date and that the Share will not be admitted, traded or listed at any other exchange which is comparable to the Relevant Exchange (including the exchange segment, if applicable) immediately following the termination of the listing;
- c) the Issuer and/or its affiliates (in the meaning of § 1 paragraph 7 German Banking Act (*KWG*), § 290 paragraph 2 German Commercial Law (*HGB*)) are, even following economically reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any transactions or investments that the Issuer considers necessary to hedge its risks resulting from the assumption and performance of its obligations under the Notes or (ii) to realize, regain or transfer the proceeds resulting from such transactions or investments;
- d) a procedure is introduced or ongoing pursuant to which all shares or the substantial assets of the Company are or are liable to be nationalized or expropriated or otherwise transferred to public agencies, authorities or organizations;
- e) the application for insolvency proceedings or for comparable proceedings with regard to the assets of the Company according to the applicable law of the Company; or
- f) any other event being economically equivalent to the before-mentioned events with regard to their effects.

4. **"Futures Exchange"** means the options or futures exchange with the highest trading volume of option or futures contracts relating to the Share. If option or futures contracts on the Share are not traded on any exchange, the Futures Exchange shall be the options or futures exchange with the highest amount of option or futures contracts relating to shares of companies having their residence in the country in which the Company has its residence. If there is no options or futures exchange in the country in which the Company has its residence on which option or futures contracts on shares are traded, the Issuer will determine the Futures Exchange in its reasonable discretion (*billiges*

Ermessen) (§ 315 German Civil Code (*BGB*)) and will make notification thereof in accordance with § 12.

5. The Issuer may also terminate the Notes according to paragraph 1 in the case of a takeover-bid, i.e. an offer to take over or to swap or any other offer or any other act of an individual person or a legal entity that results in the individual person or legal entity buying, otherwise acquiring or obtaining a right to buy more than 10% of the outstanding shares of the Company as a consequence of a conversion or otherwise; all as determined by the Issuer based on notifications to the competent authorities or on other information determined as relevant by the Issuer.

[insert additional or other provisions with respect to adjustments]

<i>Alternative:</i>	<i>Notes with reference to an index</i>
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1. If the Index is no longer calculated and published by the Index Sponsor but by another person, company or institution acceptable to the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) as the new Index Sponsor (the "**Successor Sponsor**"), the Redemption Amount will be determined on the basis of the Index being calculated and published by the Successor Sponsor and any reference made to the Index Sponsor in these Terms and Conditions shall, if the context so admits, then refer to the Successor Sponsor.
2. If the Index is cancelled or replaced or if the Index Sponsor is replaced by another person, company or institution not acceptable to the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), the Issuer will determine in its reasonable discretion (*billiges Ermessen*, § 315 German Civil Code (*BGB*)) another index on the basis of which the Redemption Amount will be determined (the "**Successor Index**"). The respective Successor Index as well as the time of its first application will be notified pursuant to § 12. Any reference made to the Index in these Terms and Conditions shall, if the context so admits then refer to the Successor Index. All related definitions shall be deemed to be amended accordingly. Furthermore, the Issuer will make all necessary adjustments to the Terms and Conditions resulting from a substitution of the Index.
- [3. If the occurrence of an Adjustment Event with respect to a [share][security] contained in the Index (the "**Index Share**") has a material effect on the price of the Index, the Issuer will make adjustments to the Terms and Conditions taking into consideration the provisions set forth hereinafter. The Issuer shall act in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)).

This paragraph 3. is applicable only for share indices

As a result of such adjustments especially the *[insert parameters]* may be amended.

Such adjustment shall become effective on the date on which the occurrence of the Adjustment Event with respect to the Index Share has its effect on the price of the Index.

Adjustments and determinations as well as the effective date shall be notified by the Issuer in accordance with § 12.

Any adjustment in accordance with this § 6 paragraph 3 does not exclude a later termination in accordance with this paragraph on the

basis of the same event.

"Adjustment Event" means:

- a) the substitution of the Index by a Successor Index pursuant to paragraph 2;
- b) any of the following actions taken by the company issuing the Index Share (the "**Index Company**"): capital increases through issuance of new shares against capital contribution and issuance of subscription rights to the shareholders, capital increases out of the Index Company's reserves, issuance of securities with option or conversion rights related to the Index Share, distributions of ordinary dividends, distributions of extraordinary dividends, stock splits or any other split, consolidation or alteration of category;
- c) a spin-off of a part of the Index Company in such a way that a new independent entity is formed, or that the spun-off part of the Index Company is absorbed by another entity;
- d) the adjustment of option or futures contracts relating to the Index Share on the Futures Exchange or the announcement of such adjustment;
- e) a takeover-bid, i.e. an offer to take over or to swap or any other offer or any other act of an individual person or a legal entity that results in the individual person or legal entity buying, otherwise acquiring or obtaining a right to buy more than 10% of the outstanding shares of the Index Company as a consequence of a conversion or otherwise, as determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) based on notifications to the competent authorities or on other information determined as relevant by the Issuer;
- f) the termination of trading in, or early settlement of, option or futures contracts relating to the Index Share on the Futures Exchange or relating to the Index itself or the announcement of such termination or early settlement;
- g) the termination of the listing of the Index Share at the exchange on which the respective Index Share is traded (provided that the quotations of the prices of the Index Share on such exchange are taken for the calculation of the Index) (the "**Relevant Exchange**") to terminate the listing of the Index Share on the Relevant Exchange due to a merger by absorption or by creation or any other reason or the becoming known of the intention of the Index Company or the announcement of the Relevant Exchange that the listing of the Index Share at the Relevant Exchange will terminate immediately or at a later date and that the Index Share will not be admitted, traded or listed at any other exchange which is comparable to the Relevant Exchange (including the exchange segment, if applicable) immediately following the termination of the listing;
- h) the Issuer and/or its affiliates (in the meaning of § 1 paragraph 7 German Banking Act (*KWG*), § 290 paragraph 2 German Commercial Law (*HGB*)) are, even following economically reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any

transactions or investments that the Issuer considers necessary to hedge its risks resulting from the assumption and performance of its obligations under the Notes or (ii) to realize, regain or transfer the proceeds resulting from such transactions or investments;

- i) a procedure is introduced or ongoing pursuant to which all shares or the substantial assets of the Index Company are or are liable to be nationalized or expropriated or otherwise transferred to public agencies, authorities or organizations;
- j) the application for insolvency proceedings or for comparable proceedings with regard to the assets of a Index Company according to the applicable law of such company; or
- k) any other event being economically equivalent to the aforementioned events with regard to their effects.

"Futures Exchange" refers to the exchange with the largest trading volume in futures and options contracts in relation to an Index Share. If no futures or options contracts in relation to the Share are traded on any exchange, the Futures Exchange shall be the exchange with the largest trading volume in futures and options contracts in relation to shares of companies whose registered office is in the same country as the registered office of the Index Company. If there is no futures and options exchange in the country in which the Index Company has its registered office on which futures and options contracts in relation to the Share are traded, the Issuer shall determine the Futures Exchange in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) and shall announce its choice in accordance with § 12.]

[3][4]. If (i) the determination of a Successor Index in accordance with the paragraph 2. is not possible or is unreasonable (*unzumutbar*) or (ii) if the Index Sponsor materially modifies the calculation method of an Index with effect on or after the Issue Date, or materially modifies the Index in any other way (except for modifications which are contemplated in the calculation method of the Index relating to a change with respect to shares comprising the Index, the market capitalisation or with respect to any other routine measures), then the Issuer is entitled to (a) continue the calculation and publication of the Index on the basis of the former concept of the Index and its last determined level or (b) to terminate the Notes prematurely with respect to an Index Business Day (the "**Termination Date**") with a prior notice of seven Payment Business Days in accordance with § 12. Any termination in part shall be excluded.

[4][5]. In the case of a termination of the Notes pursuant to paragraph [3][4]. the Notes shall be redeemed on the Termination Date at the termination amount (the "**Termination Amount**") which shall be calculated by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions and any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of its obligations under the Notes (the "**Hedging Transactions**"). Expenses for transactions that were required for winding up the Hedging Transactions will be taken into account as deductible items.

The Issuer shall pay the Termination Amount to the Noteholder not later than the [third][fifth][tenth][●] Payment Business Day following the Termination Date to the Clearing System for crediting the accounts of the depositors of the Notes with the Clearing System. The rights in connection with the Notes shall expire upon the payment of the Termination Amount to the Clearing System.

[insert additional or other provisions with respect to adjustments]

Alternative:

Notes with reference to a commodity

1. If an Extraordinary Event (as defined below) has a material effect on the price of the [Precious Metal] [Commodity], the Issuer will make adjustments to the Terms and Conditions taking into consideration the provisions set forth hereinafter. The Issuer may instead of such adjustment optionally terminate the Notes prematurely with respect to a Business Day (the "**Termination Date**") taking into consideration the provisions set forth hereinafter with a prior notice of seven Payment Business Days in accordance with § 12. Any termination of the Notes in part shall be excluded.
 - a) Adjustments to the Terms and Conditions shall correspond to the adjustments to option or futures contracts relating to the [Precious Metal] [Commodity] made by the Futures Exchange or that would have been made by the Futures Exchange if such option or futures contracts were traded on the Futures Exchange. In the event of any doubts regarding the application of the adjustment rules of the Futures Exchange, the Issuer shall decide in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The adjustments made by the Issuer may deviate from those made by the Futures Exchange in cases where the adjustments made by the Futures Exchange would only lead to a minor adjustment of the Terms and Conditions, as well as in cases when and where such deviation is necessary in the reasonable discretion of the Issuer (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) to compensate for the economic effect of the relevant Extraordinary Event on the price of the [Precious Metal] [Commodity].

As a result of such adjustments especially the [insert parameters] may be amended. The adjustments may also result in the adjustment of the definition of the [Reference Price][insert other parameter].

Adjustments and determinations take effect as from the date determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), provided that (if the Issuer takes into consideration the manner in which adjustments are or would be made by the Futures Exchange) the Issuer shall take into consideration the date at which such adjustments take effect or would take effect at the Futures Exchange if such option or futures contracts on the [Precious Metal] [Commodity] were traded at the Futures Exchange.

Adjustments and determinations as well as the effective date shall be notified by the Issuer in accordance with § 12.

Any adjustment in accordance with this § 6 paragraph 1 does not exclude a later termination in accordance with this paragraph on the basis of the same event.

- b) If the Notes are called for redemption due to the occurrence of an Extraordinary Event, they shall be redeemed at the termination amount per Note (the "**Termination Amount**") which shall be calculated by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions and any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of its obligations under the Notes (the "**Hedging Transactions**"). Expenses for transactions that were required for winding up the Hedging Transactions will be taken into account as deductible items.

The Issuer shall pay the Termination Amount to the Noteholder not later than the [third][fifth][tenth][●] Payment Business Day following the Termination Date to the Clearing System for crediting the accounts of the depositors of the Notes with the Clearing System. The rights in connection with the Notes shall expire upon the payment of the Termination Amount to the Clearing System.

2. "**Extraordinary Event**" means:
- a) if since the Issue Date the basis (e.g. quantity, quality or currency) for the calculation of the price of the [Precious Metal] [Commodity] and/or the method have been modified substantially,
 - b) the adjustment of option or futures contracts relating to the [Precious Metal] [Commodity] at the Futures Exchange or the announcement of such adjustment;
 - c) the imposition of, change in or removal of a tax on, or measured by reference to, a [Precious Metal] [Commodity] after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the [Precious Metal] [Commodity];
 - d) the Issuer and/or its affiliates (in the meaning of § 1 paragraph 7 German Banking Act (*KWG*), § 290 paragraph 2 German Commercial Law (*HGB*)) are, even following economically reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any transactions or investments that the Issuer considers necessary to hedge its risks resulting from the assumption and performance of its obligations under the Notes or (ii) to realize, regain or transfer the proceeds resulting from such transactions or investments; or
 - e) any other event being economically equivalent to the before-mentioned events with regard to their effects.
3. "**Futures Exchange**" means the options or futures exchange with the highest trading volume of option or futures contracts relating to the [Precious Metal] [Commodity].

[insert additional or other provisions with respect to adjustments]

Alternative:

Notes with reference to futures contracts

1. If an Extraordinary Event (as defined below) has a material effect on the price of the Relevant Futures Contract, the Issuer will make adjustments to the Terms and Conditions taking into consideration the

provisions set forth hereinafter. The Issuer may instead of such adjustment optionally terminate the Notes prematurely with respect to a Business Day (the "**Termination Date**") taking into consideration the provisions set forth hereinafter with a prior notice of seven Payment Business Days in accordance with § 12. Any termination of the Notes in part shall be excluded.

- a) Adjustments to the Terms and Conditions shall correspond to the adjustments to the Relevant Futures Contract made by the Futures Exchange. In the event of any doubts regarding the application of the adjustment rules of the Futures Exchange, the Issuer shall decide in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The adjustments made by the Issuer may deviate from those made by the Futures Exchange in cases where the adjustments made by the Futures Exchange would only lead to a minor adjustment of the Terms and Conditions, as well as in cases when and where such deviation is necessary in the reasonable discretion of the Issuer (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) to compensate for the economic effect of the relevant Adjustment Event or Extraordinary Event on the price of the Relevant Futures Contract.

As a result of such adjustments especially the [*insert parameters*] may be amended. The adjustments may also result in the Relevant Futures Contract being replaced by other futures contracts and/or another exchange being determined as the Futures Exchange

Adjustments and determinations take effect as from the date determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), provided that (if the Issuer takes into consideration the manner in which adjustments are made by the Futures Exchange) the Issuer shall take into consideration the date at which such adjustments take effect at the Futures Exchange.

Adjustments and determinations as well as the effective date shall be notified by the Issuer in accordance with § 12.

Any adjustment in accordance with this § 6 paragraph 1 does not exclude a later termination in accordance with this paragraph on the basis of the same event.

- b) If the Notes are called for redemption due to the occurrence of an Extraordinary Event, they shall be redeemed at the termination amount per Note (the "**Termination Amount**") which shall be calculated by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions and any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of its obligations under the Notes (the "**Hedging Transactions**"). Expenses for transactions that were required for winding up the Hedging Transactions will be taken into account as deductible items.

The Issuer shall pay the Termination Amount to the Noteholder not later than the [*third*][*fifth*][*tenth*][*•*] Payment Business Day following the Termination Date to the Clearing System for crediting

the accounts of the depositors of the Notes with the Clearing System. The rights in connection with the Notes shall expire upon the payment of the Termination Amount to the Clearing System.

2. "Extraordinary Event" means

- a) an adjustment of the Relevant Futures Contract on the Futures Exchange and/or the announcement of such an adjustment;
- b) the suspension of trading or the early settlement of the Relevant Futures Contract on the Futures Exchange and/or the announcement of such an event;
- c) a material change regarding the concept of the Relevant Futures Contract or regarding the Contract Specifications on which the Relevant Futures Contract is based;
- d) the introduction, revocation or amendment of a tax levied on the [commodity][●] underlying the Relevant Futures Contract, provided that this affects the price of the Relevant Futures Contract and provided that such introduction, revocation or amendment occurs after the Issue Date;
- e) the Issuer and/or its affiliates (in the meaning of § 1 paragraph 7 German Banking Act (KWG), § 290 paragraph 2 German Commercial Law (HGB)) are, even following economically reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any transactions or investments that the Issuer considers necessary to hedge its risks resulting from the assumption and performance of its obligations under the Notes or (ii) to realize, regain or transfer the proceeds resulting from such transactions or investments; or
- f) any other event being economically equivalent to the before-mentioned events with regard to their effects.

[insert additional or other provisions with respect to adjustments]

Alternative:

*Notes with reference to other Underlyings
(Currency Exchange Rates, Bonds, Interest Rates or Funds)*

[left intentionally blank][insert provisions with respect to adjustments]

**§ 7
TAXES**

All present and future taxes, fees or other duties in connection with the Notes shall be borne and paid by the Noteholders. The Issuer is entitled to withhold from payments to be made under the Notes any taxes, fees and/or duties payable by the Noteholder in accordance with the previous sentence.

**§ 8
STATUS**

The obligations under the Notes constitute direct, unconditional and unsecured obligations of the Issuer and rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer (save for such exceptions as may exist from time to time under applicable law).

**§ 9
PAYING AGENT**

1. [Commerzbank Aktiengesellschaft, main office, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Federal Republic of Germany][●], shall be the paying agent (the "**Paying Agent**").

This paragraph 1 is applicable for Notes being deposited by Euroclear Belgium

1. BNP Paribas Securities Services S.A., Brussels Branch, a banking institution incorporated under the laws of France, with a registered branch at Avenue Louise 489, B-1050 Brussels, Belgium shall be the paying agent (the "**Paying Agent**").

This paragraph 1. is applicable for Notes being deposited by Euroclear France

1. BNP Paribas Securities Services, Grands Moulins de Pantin, 9 rue du Débarcadère, 93500 Pantin, France, shall be the paying agent (the "**Paying Agent**").

This paragraph 1 is applicable for Notes being deposited by Euroclear Nederland

1. BNP Paribas Securities Services S.A, a banking institution incorporated under the laws of France, whose corporate seat and registered office is at 66 Rue de la Victoire, 75009 Paris, France shall be the paying agent (the "**Paying Agent**") which term shall include any successor or additional paying agent) and BNP Paribas S.A., Amsterdam Branch, 'Gouden bocht' building, Herengracht 469, 1017 BS Amsterdam, The Netherlands, as sub paying agent for the Paying Agent.
2. The Issuer shall be entitled at any time to appoint another bank of international standing as Paying Agent. Such appointment and the effective date shall be notified in accordance with § 12.
3. The Paying Agent is hereby granted exemption from the restrictions of § 181 of the German Civil Code (*BGB*) and any similar restrictions of the applicable laws of any other country.

[insert additional or other provisions with respect to the Paying Agent]

**§ 10
TERMINATION**

1. Each Noteholder is entitled to declare his Notes due and to require the redemption of his Notes pursuant to § 4 plus accrued interest if:
 - a) the Issuer is in default for more than 30 days in the payment of principal or interest [and/or any delivery] under these Terms and Conditions, or
 - b) the Issuer violates any other obligation under these Terms and Conditions, and such violation continues for 60 days after receipt of written notice thereof from the respective Noteholder, or

- c) the Issuer is wound up or dissolved whether by a resolution of the shareholders or otherwise (except in connection with a merger or reorganisation in such a way that all of the assets and liabilities of the Issuer pass to another legal person in universal succession by operation of law), or
- d) the Issuer ceases its payments and this continues for 60 days, or admits to be unable to pay its debts, or
- e) any insolvency proceedings are instituted against the Issuer which shall not have been dismissed or stayed within 60 days after their institution or the Issuer applies for the institution of such proceedings, or offers or makes an arrangement for the benefit of its creditors opens insolvency proceedings against the Issuer, or
- f) in the case of a substitution of the Issuer within the meaning of § 11 paragraph 4 b) any of the events set forth in sub-paragraphs c) - e) above occurs in respect of the Guarantor.

The right to declare Notes due shall terminate if the circumstances giving rise to it have been remedied before such right is exercised.

- 2. The right to declare Notes due pursuant to paragraph 1 shall be exercised by a Noteholder by delivering or sending by registered mail to the Paying Agent a written notice which shall state the principal amount of the Notes called for redemption and shall enclose evidence of ownership reasonably satisfactory to the Paying Agent.

In case of termination, the Valuation Date shall be the day on which all preconditions for a termination are fulfilled, and the Maturity Date shall be the fifth Payment Business Date after such day.

§ 11 SUBSTITUTION OF THE ISSUER

- 1. Any other company may assume at any time during the life of the Notes, subject to paragraph 2, without the Noteholders' consent all the obligations of the Issuer under these Terms and Conditions. Any such substitution and the effective date shall be notified by the Issuer in accordance with § 12.

Upon any such substitution, such substitute company (hereinafter called the "**New Issuer**") shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under these Terms and Conditions with the same effect as if the New Issuer had been named as the Issuer herein; the Issuer (and, in the case of a repeated application of this § 11, each previous New Issuer) shall be released from its obligations hereunder and from its liability as obligor under the Notes.

In the event of such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the New Issuer.

- 2. No such assumption shall be permitted unless
 - a) the New Issuer has agreed to assume all obligations of the Issuer under the Notes pursuant to these Terms and

Conditions;

- b) the New Issuer has agreed to indemnify and hold harmless each Noteholder against any tax, duty, assessment or governmental charge imposed on such Noteholder in respect of such substitution;
 - c) the Issuer (in this capacity referred to as the "**Guarantor**") has unconditionally and irrevocably guaranteed to the Noteholders compliance by the New Issuer with all obligations under the Notes pursuant to these Terms and Conditions;
 - d) the New Issuer and the Guarantor have obtained all governmental authorisations, approvals, consents and permissions necessary in the jurisdictions in which the Guarantor and/or the New Issuer are domiciled or the country under the laws of which they are organised.
3. Upon any substitution of the Issuer for a New Issuer, this § 11 shall apply again.

§ 12 NOTICES

Notices relating to the Notes shall be published in the electronic version of the Federal Gazette (*Bundesanzeiger*) and shall be deemed to be effective upon such publication unless such publication gives another effective date.

If the Notes are offered to the public, notices relating to the Notes shall in addition be published on the internet page [\[www.warrants.commerzbank.com\]](http://www.warrants.commerzbank.com) [*Internet page*] (or on another internet page notified at least six weeks in advance by the Issuer in accordance with this § 12). If applicable law or regulations of the stock exchange on which the Notes are listed require a notification in another manner, notices shall also be given in the manner so required.

[insert additional or other provisions with respect to notices]

§ 13 LIMITATION OF LIABILITY

The Issuer shall be held responsible for acting or failing to act in connection with the Notes only if, and insofar as, it either breaches material obligations under or in connection with the Terms and Conditions negligently or wilfully or breaches other obligations with gross negligence or wilfully. The same applies to the Paying Agent.

§ 14 FINAL CLAUSES

1. The Notes and the rights and duties of the Noteholders, the Issuer, the Paying Agent and the Guarantor (if any) shall in all respects be governed by the laws of the Federal Republic of Germany [except for § 1 paragraph 1 - 3 of the Terms and Conditions which shall be

governed by the laws of [relevant jurisdiction]].

2. In the event of manifest typing or calculation errors or similar manifest errors in the Terms and Conditions, the Issuer shall be entitled to declare rescission (*Anfechtung*) to the Noteholders. The declaration of rescission shall be made without undue delay upon becoming aware of any such ground for rescission (*Anfechtungsgrund*) and in accordance with § 12. Following such rescission by the Issuer, the Noteholders may instruct the account holding bank to submit a duly completed redemption notice to the Paying Agent, either by filling in the relevant form available from the Paying Agent or by otherwise stating all information and declarations required on the form (the "**Rescission Redemption Notice**"), and to request repayment of the Issue Price against transfer of the Notes to the account of the Paying Agent with the Clearing System. The Issuer shall make available the Issue Price to the Paying Agent within 30 calendar days following receipt of the Rescission Redemption Notice and of the Notes by the Paying Agent, whichever receipt is later, whereupon the Paying Agent shall transfer the Issue Price to the account specified in the Rescission Redemption Notice. Upon payment of the Issue Price all rights under the Notes delivered shall expire.
3. The Issuer may combine the declaration of rescission pursuant to paragraph 2 with an offer to continue the Notes on the basis of corrected Terms and Conditions. Such an offer and the corrected provisions shall be notified to the Noteholders together with the declaration of rescission in accordance with § 12. Any such offer shall be deemed to be accepted by a Noteholder (and the rescission shall not take effect), unless the Noteholder requests repayment of the Issue Price within four weeks following the date on which the offer has become effective in accordance with § 12 by delivery of a duly completed Rescission Redemption Notice via the account holding bank to the Paying Agent and by transfer of the Notes to the account of the Paying Agent with the Clearing System pursuant to paragraph 2. The Issuer shall refer to this effect in the notification.
4. "**Issue Price**" within the meaning of paragraph 2 and 3 shall be deemed to be the higher of (i) the purchase price that was actually paid by the relevant Noteholder (as declared and proved by evidence in the request for repayment by the relevant Noteholder) and (ii) the weighted arithmetic average (as determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) of the traded prices of the Notes on the [Business Day] preceding the declaration of rescission pursuant to paragraph 1. [not applicable for FX as Underlying][If a Market Disruption Event exists on the [Business Day] preceding the declaration of rescission pursuant to paragraph 1, the last [Business Day] preceding the declaration of rescission pursuant to paragraph 1 on which no Market Disruption Event existed shall be decisive for the ascertainment of price pursuant to the preceding sentence.]
5. Contradictory or incomplete provisions in the Terms and Conditions may be corrected or amended, as the case may be, by the Issuer in its reasonable discretion (*billiges Ermessen*, § 315 German Civil Code (*BGB*)). The Issuer, however, shall only be entitled to make such corrections or amendments which are reasonably acceptable to the Noteholders having regard to the interests of the Issuer and in particular which do not materially adversely affect the legal or financial situation of the Noteholders. Notice of any such correction or amendment shall be given to the Noteholders in accordance with § 12.

6. If the Noteholder was aware of typing or calculation errors or similar errors at the time of the acquisition of the Notes, then, notwithstanding paragraphs 2 to 5, the Noteholders can be bound by the Issuer to the corrected Terms and Conditions.
7. Should any provision of these Terms and Conditions be or become void in whole or in part, the other provisions shall remain in force. The void provision shall be replaced by a valid provision that reflects the economic intent of the void provision as closely as possible in legal terms. In those cases, however, the Issuer may also take the steps described in paragraphs 2 - 5 above.
8. Place of performance is Frankfurt am Main.
9. Place of jurisdiction for all disputes and other proceedings in connection with the Notes for merchants, entities of public law, special funds under public law and entities without a place of general jurisdiction in the Federal Republic of Germany is Frankfurt am Main. In such a case, the place of jurisdiction in Frankfurt am Main shall be an exclusive place of jurisdiction.

[insert additional or other provisions]

TERMS AND CONDITIONS

**§ 1
FORM**

These paragraphs 1 – 3 shall be applicable only in respect of non-USD issues or USD issues with a lifetime of less than or equal to one year

1. The [Name] Notes [of each series] (the "Notes") issued by Commerzbank Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany (the "Issuer") will be represented by a global bearer Note (the "Global Note") which shall be deposited with [Clearstream Banking AG, Frankfurt am Main][Deutsche Bank AG, Große Gallusstraße 10 - 14, 60272 Frankfurt am Main, as common depositary for Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank S.A./N.V. as operator of the Euroclear System (together the "Clearing System")][Euroclear Belgium] [Euroclear Nederland (Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., Amsterdam)] [(the "Clearing System")]. [The Notes are issued in [Euro ("EUR")][United States Dollar ("USD")][currency ("•")] (the "Issue Currency") in the denomination of [EUR 1,000] [USD 1,000] [•] (the "Denomination").]
2. Definitive Notes will not be issued. The right of the holders of Notes (the "Noteholders") to delivery of definitive Notes is excluded. The Noteholders shall receive co-ownership participations in or rights with respect to the Global Note which are transferable in accordance with applicable law and the rules and regulations of the Clearing System. In securities clearing transactions, the Notes are transferable in units of [one][•] Note[s] or integral multiples thereof.
3. The Global Note shall bear the hand-written signatures of two authorised officers of the Issuer.

These paragraphs 1 – 3 shall be applicable only in respect of USD issues with a lifetime of more than one year

1. The [Name] Notes [of each series] (the "Notes") issued by Commerzbank Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany (the "Issuer") will initially be represented by a temporary global bearer Note (the "Temporary Global Note"), which will be exchanged not earlier than 40 days and not later than 180 days after their issue date against a permanent global bearer Note (the "Permanent Global Note", together with the Temporary Global Note the "Global Note"). The Notes are issued in United States Dollar ("USD") (the "Issue Currency") in the denomination of USD [1,000] [•] (the "Denomination").

The Temporary Global Note and the Permanent Global Note shall be deposited with Deutsche Bank AG, Frankfurt am Main, as common depositary for Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank S.A./N.V. as operator of the Euroclear System (together the "Clearing System"). The exchange shall only be made upon certification to the effect that, subject to certain exceptions, the beneficial owner or owners of the Notes represented by the Temporary Global Note are not U.S. persons.

2. Definitive Notes will not be issued. The right of the holders of Notes (the "**Noteholders**") to delivery of definitive Notes is excluded. The Noteholders shall receive co-ownership participations in or rights with respect to the Global Note which are transferable in accordance with applicable law and the rules and regulations of the Clearing System. In securities clearing transactions, the Notes are transferable in units of [one][•] Note[s] or integral multiples thereof.
3. The Temporary Global Note and the Permanent Global Note shall bear the hand-written signatures of two authorised officers of the Issuer.

The paragraphs 1 to 3 are applicable only in respect of (i) EUR issues and (ii) of Notes deposited by Euroclear France

1. The [*Name*] Notes (the "**Notes**") of each series (the "**Notes**") issued by Commerzbank Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany (the "**Issuer**") will be issued in bearer dematerialised form. Title to the Notes will be evidenced by book entries (*dématisation*) in accordance with the provisions of the French Monetary and Financial Code relating to Holding of Securities (*inscription en compte*) (currently, Articles L. 211-3 *et seq.* and R. 211-1 *et seq.* of the French Monetary and Financial Code). No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French Monetary and Financial Code) will be issued in respect of the Notes. [The Notes are issued in [Euro ("**EUR**")][United States Dollar ("**USD**")][*currency* ("•")] (the "**Issue Currency**") in the denomination of [EUR 1,000] [USD 1,000] [•] (the "**Denomination**").]
2. Transfers of Notes and other registration measures shall be made in accordance with the French Monetary and Financial Code, the regulations, rules and operating procedures applicable to and/or issued by Euroclear France (the "**Clearing System**"; the "**Clearing Rules**").
3. The term "**Noteholder**" in these Terms and Conditions refers to any person holding Notes through a financial intermediary entitled to hold accounts with the Clearing System on behalf of its customers (the "**Note Account Holder**") or, in the case of a Note Account Holder acting for its own account, such Note Account Holder.

This paragraph 4 shall apply to all Notes

4. The Issuer reserves the right to issue from time to time without the consent of the Noteholders additional tranches of Notes with substantially identical terms, so that the same shall be consolidated to form a single Series and increase the total volume of the Notes. The term "Notes" shall, in the event of such consolidation, also comprise such additionally issued Notes.

[insert additional or other provisions]

§ 2 DEFINITIONS

1. For the purposes of these Terms and Conditions, the following definitions shall apply in respect of each series of Notes (subject to an adjustment in accordance with § 6):

<i>Alternative:</i>	<i>Notes with reference to a share</i>
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The "**Underlying**" shall be the security referred to in paragraph 2. (the "**Share**").

[The "**Monitoring Period**" shall be the period set out in paragraph 2. The "**Valuation Date**" shall be the last day of the Monitoring Period.]

[The "**Valuation Date**" shall be the day set out in paragraph 2.]

If on the Valuation Date the Reference Price of the Share is not determined and published by the Relevant Exchange or on the Valuation Date a Market Disruption Event occurs, the Valuation Date shall be postponed to the next following Exchange Business Day on which the Reference Price of the Share is determined and published again by the Relevant Exchange and on which a Market Disruption Event does not occur.

If, according to the before-mentioned, the Valuation Date is postponed to the third Payment Business Day prior to the Maturity Date, and if also on such day the Reference Price of the Share is not determined and published by the Relevant Exchange or a Market Disruption Event occurs on such day, then this day shall be deemed to be the Valuation Date and the Issuer shall estimate the Reference Price of the Share in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), and in consideration of the prevailing market conditions on such day and make a notification thereof in accordance with § 12.

"**Exchange Business Day**" shall be a day on which the Relevant Exchange and the Futures Exchange (§ 6 paragraph 4) are open for trading during their respective regular trading sessions, notwithstanding the Relevant Exchange or Futures Exchange closing prior to its scheduled weekday closing time. Any trading or trading activities after or before the regular trading sessions on the Relevant Exchange or the Futures Exchange will not be taken into account.

"**Market Disruption Event**" means the occurrence or existence of any suspension of, or limitation imposed on, trading in (a) the Share on the Relevant Exchange, or (b) any option or futures contracts relating to the Share on the Futures Exchange (if such option or futures contracts are traded on the Futures Exchange), provided that any such suspension or limitation is material. The decision whether a suspension or limitation is material will be made by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The occurrence of a Market Disruption Event shall be published in accordance with § 12.

A limitation regarding the office hours or the number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the respective exchange. A limitation on trading imposed during the course of a day by reason of movements in price exceeding permitted limits shall only be deemed to be a Market Disruption Event if such limitation still prevails at the time of termination of the trading hours on such date.

"**Relevant Exchange**" is the exchange referred to in paragraph 2.

"**Reference Price**" shall be [the price of the Share last determined and published by the Relevant Exchange on any day (closing price)]*[insert other provision]*.

[insert additional or other provisions]

"**Underlying**" shall be the •-Index [(ISIN •)] (the "**Index**") as determined and published by the [*Index Sponsor*] (the "**Index Sponsor**").

[The "**Monitoring Period**" shall be the period set out in paragraph 2. The "**Valuation Date**" shall be the last day of the Monitoring Period.]

[The "**Valuation Date**" shall be the day set out in paragraph 2.]

If on the Valuation Date the Reference Price of the Index is not determined and published or on the Valuation Date a Market Disruption Event occurs, the Valuation Date shall be postponed to the next following Index Business Day on which the Reference Price of the Index is determined and published again and on which a Market Disruption Event does not occur.

If, according to the before-mentioned, the Valuation Date is postponed to the third Payment Business Day prior to the Maturity Date, and if also on such day the Reference Price of the Index is not determined and published or a Market Disruption Event occurs on such day, then this day shall be deemed to be the Valuation Date and the Issuer shall estimate the Reference Price of the Index in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), and in consideration of the prevailing market conditions on such day and make a notification thereof in accordance with § 12.

"**Index Business Day**" shall be a day on which the level of the Index is usually determined and published by the Index Sponsor.

"**Market Disruption Event**" means the occurrence or existence of any suspension of, or limitation imposed on, trading in the securities contained in the Index on the stock exchanges or trading systems the prices of which are the basis for the calculation of the Index, [or the suspension of or limitation imposed on trading in option or futures contracts on the Index on the options or futures exchange with the highest trading volume of option or future contracts relating to the Index], provided that any such suspension or limitation is material. The decision whether a suspension or limitation is material will be made by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The occurrence of a Market Disruption Event shall be published in accordance with § 12.

A limitation regarding the office hours or the number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange. A limitation on trading imposed during the course of a day by reason of movements in price exceeding permitted limits shall only be deemed to be a Market Disruption Event in the case that such limitation is still prevailing at the time of termination of the trading hours on such date.

"**Reference Price**" shall be [the price of the Index last determined and published by the Index Sponsor on any day (official closing price)][*insert other provision*].

[*insert additional or other provisions*]

"Underlying" shall be *[[precious metal]* (the "Precious Metal").*]* *[[basic materialcommodity]* (the "Commodity").*]*

[The "Monitoring Period" shall be the period set out in paragraph 2. The "Valuation Date" shall be the last day of the Monitoring Period.]

[The "Valuation Date" shall be the day set out in paragraph 2.]

If on the Valuation Date the Reference Price of the [Precious Metal] [Commodity] is not determined and published or on the Valuation Date a Market Disruption Event occurs, the Valuation Date shall be postponed to the next following Business Day on which the Reference Price of the [Precious Metal] [Commodity] is determined and published again and on which a Market Disruption Event does not occur.

If, according to the before-mentioned, the Valuation Date is postponed to the third Payment Business Day prior to the Maturity Date, and if also on such day the Reference Price of the [Precious Metal] [Commodity] is not determined and published or a Market Disruption Event occurs on such day, then this day shall be deemed to be the Valuation Date and the Issuer shall estimate the Reference Price of the [Precious Metal] [Commodity] in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), and in consideration of the prevailing market conditions on such day and make a notification thereof in accordance with § 12.

"Business Day" shall be a day on which [the "London Banking Fixing" (spot fixing) for the [Precious Metal] [Commodity] generally takes place] *[insert other provision]*.

"Market Disruption Event" means the occurrence or existence of any suspension of, or limitation imposed on, trading in the [Precious Metal] [Commodity] on the *Interbank International Spot Market* for [precious metals] [commodities] or the suspension of or limitation imposed on trading in option or futures contracts on the [Precious Metal] [Commodity] on the Futures Exchange (§ 6 paragraph 3), provided that any such suspension or limitation is material. The decision whether a suspension or limitation is material will be made by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The occurrence of a Market Disruption Event shall be published in accordance with § 12.

A limitation regarding the office hours or the number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange. A limitation on trading imposed during the course of a day by reason of movements in price exceeding permitted limits shall only be deemed to be a Market Disruption Event in the case that such limitation is still prevailing at the time of termination of the trading hours on such date.

"Reference Price" shall be [the first spot fixing for a fine troy ounce (31.1035 g) of the Precious Metal quoted in USD as "London Banking Fixing" on *[screen page]* (or any successor page) on any day] *[insert other provision]* the "London Bullion Market PM Fixing" for a fine troy ounce (31.1035 g) of the Precious Metal quoted in USD published on www.lbma.org.uk (or any successor page) on any day] *[insert other provision]*.

[insert additional or other provisions]

Alternative:

Notes with reference to futures contracts

Applicable only, if the
expired Futures
Contract is rolled into
another

"Underlying" shall be [subject to the following provision] the [*Futures Contract*] [*screen page*] on the Futures Exchange with delivery month of [*month, year*] (the "**Relevant Futures Contract**").

[On a Business Day to be determined by the Issuer, which must be one of the [five][•] Business Days preceding the last trading day of the Relevant Futures Contract (the "**Futures Roll-Over Date**"), such Relevant Futures Contract shall cease to be the Underlying of the Notes and shall be replaced by the [next expiring][•] [*futures contract*] Futures Contract on the Futures Exchange with a residual life of [at least one month][•], which, from that point onwards, shall be used as the Relevant Futures Contract for the valuation of the Notes (the "**Futures Roll-Over Event**").][*insert other provision*]

[The "**Monitoring Period**" shall be the period set out in paragraph 2. The "**Valuation Date**" shall be the last day of the Monitoring Period.]

[The "**Valuation Date**" shall be the day set out in paragraph 2.]

If on the Valuation Date the Reference Price of the Relevant Futures Contract is not determined and published or on the Valuation Date a Market Disruption Event occurs, the Valuation Date shall be postponed to the next following Business Day on which the Reference Price of the Relevant Futures Contract is determined and published again and on which a Market Disruption Event does not occur.

If, according to the before-mentioned, the Valuation Date is postponed to the third Payment Business Day prior to the Maturity Date, and if also on such day the Reference Price of the Relevant Futures Contract is not determined and published or a Market Disruption Event occurs on such day, then this day shall be deemed to be the Valuation Date and the Issuer shall estimate the Reference Price of the Relevant Futures Contract in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), and in consideration of the prevailing market conditions on such day and make a notification thereof in accordance with § 12.

"**Business Day**" shall be a day on which the Futures Exchange is open for trading during its respective regular trading sessions, notwithstanding the Futures Exchange closing prior to its scheduled weekday closing time. Any trading or trading activities after or before the regular trading sessions on the Futures Exchange will not be taken into account.

"**Futures Exchange**" shall be the [*futures exchange*] or any successor to the [*futures exchange*].

In case that the Relevant Futures Contract is not longer traded on the [*futures exchange*] the Futures Exchange shall be such other futures exchange as determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The determination of another Futures Exchange shall be published according to § 12.

"**Market Disruption Event**" means the occurrence or existence of any suspension of, or limitation imposed on, trading in the Relevant Futures

Contract on the Futures Exchange, provided that any such suspension or limitation is material in the reasonable discretion of the Issuer (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) or the non-determination and/or non-publication of the Reference Price by the Futures Exchange. The decision whether a suspension or limitation is material will be made by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The occurrence of a Market Disruption Event shall be published in accordance with § 12.

A limitation regarding the office hours or the number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange. A limitation on trading imposed during the course of a day by reason of movements in price exceeding permitted limits (especially "limit-up"/"limit-down" rule) shall only be deemed to be a Market Disruption Event in the case that such limitation is still prevailing at the time of termination of the trading hours on such date.

"**Reference Price**" shall be [the *settlement price* of the Relevant Futures Contract as determined and published by the Futures Exchange on any day on which the Futures Exchange is usually open for trading][*insert other provision*].

[*insert additional or other provisions*]

<i>Applicable for all Underlyings</i>

"**Strike**" shall be the price set out in paragraph 2.

"**Barrier**" shall be the price set out in paragraph 2.

This definition shall be applicable only to Notes with physical delivery

"**Ratio**" shall be expressed as a decimal figure and be the ratio set out in paragraph 2.

"**Maturity Date**" shall be day set out in paragraph 2.

"**Payment Business Day**" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) and the Clearing System settle payments in [EUR][*currency*].

This definition is applicable only in the case of necessary conversions

"**Relevant Conversion Rate**" shall be the price [of [EUR][*currency*] 1.00 in [USD][*•*], as actually traded on the *International Interbank Spot Market* on the Valuation Date at such point of time, at which the Reference Price of the Underlying is determined and published][*•*].]

"**Relevant Conversion Rate**" shall be [EUR][*currency*] 1,00 / [USD][*currency*] 1,00.]

[*insert additional or other definitions*]

2. For each series of Notes the terms [*insert applicable definition*] shall have the following meanings:

[*insert table in which the above-mentioned terms will be defined depending on the Underlying and the respective structure of the Note*]

§ 3
INTEREST

Alternative:

Notes with Fixed Interest Notes

1. The Notes bear interest as from **[date]** (inclusive) at a rate set out in § 2 paragraph 2.

[Interest is payable in arrear on the Maturity Date.][Interest is payable annually in arrear on • of each year. The first interest payment shall become due on •.] [insert other provision]

2. The Notes will cease to bear interest at the end of the day preceding the Maturity Date, even if the Maturity Date is not a Payment Business Day and payment is made on the next following Payment Business Day.
3. Should the Issuer for any reason whatsoever fail to provide to the Paying Agent, when due, the necessary funds for the redemption of the Notes, then interest on the outstanding principal amount of such Notes will continue to accrue until the payment of such principal has been effected, however not beyond the fourteenth day after the date on which the necessary funds have been provided to the Paying Agent and notice thereof has been given by publication in accordance with § 12.

This paragraph 4 shall apply if "Actual/Actual" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of the actual number of days elapsed divided by 365 or (if a 29 February falls within the relevant interest determination period) divided by 366.

This paragraph 4 shall apply if "Actual/Actual (ISDA)" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of the actual number of days elapsed divided by 365 (or, if any portion of that interest determination period falls in a leap year, the sum of (A) the actual number of days in that portion of the interest determination period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the interest determination period falling in a non-leap year divided by 365).

This paragraph 4 shall apply if "Actual/Actual (ICMA)" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of the actual number of days (actual/actual according to ICMA Rule 251).

This paragraph 4 shall apply if "Actual/365 (Fixed)" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of a 365 day year and on the basis of the actual number of days elapsed.

This paragraph 4 shall apply if "30/360" or "360/360" or "Bond Basis" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, on the basis of the actual number of days elapsed. If the last day of the calculation period is the 31st day of a month but the first day of the calculation period is a day other than the 30th or the 31st day of a month, the month that includes that last day shall not be considered to be shortened to a 30-day month. If the last day of the calculation period is the last day of the month of February, the month of February shall not be considered to be lengthened to a 30-day month.

This paragraph 4 shall apply if "30E/360" or

4. The calculation of interest shall be effected on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an

"Eurobond Basis" is the agreed Day Count Fraction

incomplete month, on the basis of the actual number of days elapsed without regard to the date of the first day or last day of the calculation period.

This paragraph 4 shall apply if "Actual/360" is the agreed Day Count Fraction

4. The calculation of interest shall be effected on the basis of a 360 day year and on the basis of the actual number of days elapsed.

[insert other provision]

Alternative: Floating Rate Notes

[1.] The Notes bear interest pursuant to the following provisions: [insert applicable provisions]

[2./•. The Calculation Agent shall notify the Paying Agent, the Clearing System and, if so required by its rules, the exchange on which the Notes are listed, without delay of the interest rate determined with respect to the relevant Interest Period, the amount payable in respect of each Note as well as the respective Interest Payment Date. [The Principal Paying Agent shall without delay publish the interest rate, the interest amount payable in respect of each Note and the Interest Payment Date in accordance with § 12 hereof.]

[insert other provision]

§ 4 MATURITY

1. [Subject to § 6 and 10??] the Notes will be redeemed on the Maturity Date.

Each Note is redeemed subject to paragraph 2. at par.

This paragraph 2. shall be applicable only in case of cash settlement

2. If (i) at any time [during the Monitoring Period] [on the Valuation Date] [share:] [a price of the Share as determined and published by the Relevant Exchange] [index:] [a level of the Index as determined and published by the Index Sponsor] [commodity:] [a price for the [Precious metal][Commodity] determined as actually traded price on the International Interbank Spot Market] [futures contract:] [a price of the Relevant Futures Contract as determined and published by the Futures Exchange] is equal to or below the Barrier

and

(ii) on the Valuation Date the Reference Price of the [Shares][Index][Underlying] is below the Strike,

then each Note shall, in lieu of a redemption at par, be redeemed at an amount (the "Redemption Amount") (rounded, if necessary, to the next [eurocent (EUR 0.01)][currency] with [eurocent][currency] 0.5 rounded upwards), that will be calculated by the Issuer according to the following formula:

$$\frac{\text{Underlying}_{\text{final}}}{\text{Strike}??}$$

whereas

N = the nominal amount of a Note ([currency] [denomination])

Underlying_{final} = the Reference Price of the [Shares][Index][Underlying] on the Valuation Date

This paragraph 2. shall be applicable only in case of physical delivery

2. If
- (i) at any time [during the Monitoring Period] [on the Valuation Date] [share:][a price of the Share as determined and published by the Relevant Exchange] [index:][a level of the Index as determined and published by the Index Sponsor] [precious metal:][a price for the [Precious metal][Commodity] determined as actually traded price on the *International Interbank Spot Market*] [futures contract:][a price of the Relevant Futures Contract as determined and published by the Futures Exchange] is equal to or below the Barrier

and

- (ii) on the Valuation Date the Reference Price of the [Shares][Index][Underlying] is below the Strike,

then each Note shall, in lieu of a redemption at par, be redeemed by delivery of a number of [Shares][Certificates] (the "**Certificates**") [securities] corresponding to the Ratio in the form and with the characteristics deliverable on the Maturity Date [at the Relevant Exchange in accordance with its rules].

If the delivery of [Shares][Certificates][securities] is economically or factually impossible on the Maturity Date, the Issuer will be entitled, instead of delivering the [Shares][Certificates][securities], to pay a monetary amount (possibly commercially rounded up or down to the next [cent][•][currency] 0.01) that corresponds to the Reference Price of the [Shares][Index][Underlying] on the Valuation Date multiplied by the Multiplier.

Fractions of [Shares][Certificates][securities] will not be delivered. The Issuer, instead of delivering the relevant fraction, may pay an amount in [currency] (the "**Fractional Settlement Amount**") per Note to the holders of the Noteholders, which will be determined by the Issuer by multiplying the fraction by the Reference Price of the [Shares][Index][Underlying] on the Valuation Date. The combination of several Fractional Settlement Amounts into claims for the delivery of [Shares][Certificates][securities] is excluded.

[insert additional or other provisions with respect to the physical delivery]

This paragraph 2 shall be applicable only in case of physical delivery of the Fund Units

2. If
- (i) at any time [during the Monitoring Period] [on the Valuation Date] [share:][a price of the Share as determined and published by the Relevant Exchange] [index:][a level of the Index as determined and published by the Index Sponsor] [commodity:][a price for the [Precious metal][Commodity] determined as

actually traded price on the *International Interbank Spot Market* [futures contract.] a price of the Relevant Futures Contract as determined and published by the Futures Exchange] is equal to or below the Barrier

and

(ii) on the Valuation Date the Reference Price of the [Shares][Index][Underlying] is below the Strike,

then each Note shall, in lieu of a redemption at par, be redeemed by delivery of a number of Fund Units.

N = the nominal amount of a Note ([currency] [denomination])

Underlying_{final} = the Reference Price of the Underlying on the Valuation Date

"Fund Unit" means a unit of [the [Comstage ETF DAX[®] TR (ISIN •) [insert Comstage ETF], a subfunds of Comstage ETF SICAV, Luxemburg][insert other fund units] (the "Funds").

The number of the Fund Units which have to be delivered will be calculated by the Issuer according to the following formula:

$$N = \frac{\text{Underlying}_{\text{final}} \times \text{Multiplier}}{\text{NAV}_{\text{final}}}$$

where

N = the number of Fund Units per Note which has to be delivered

Underlying_{final} = the Reference Price of the Fund Units on the Valuation Date

NAV_{final} = [the net asset value per Fund Unit as determined by the Depositary as set out in the Selling Prospectus of the Funds and published on the internet page (www.comstage-etf.com)] [insert other provisions]

If the delivery of the Funds Unit is economically or factually impossible on the Maturity Date, the Issuer will be entitled, instead of delivering the Funds Unit, to pay a monetary amount (possibly commercially rounded up or down to the next [cent][•][currency] 0.01) that corresponds to the Reference Price of the [Shares][Index][Underlying] on the Valuation Date multiplied by the Multiplier.

Fractions of Funds Unit will not be delivered. The Issuer, instead of delivering the relevant fraction, may pay an amount in [currency] (the "Fractional Settlement Amount") per Note to the holders of the Noteholders, which will be determined by the Issuer by multiplying the fraction by the NAV_{final} of the Funds Unit on the Valuation Date. The combination of several Fractional Settlement Amounts into claims for the delivery of Funds Unit is excluded.

[insert additional or other provisions with respect to the physical delivery]

This paragraph 3. shall be applicable only in case of necessary conversions

3. All necessary conversions according to this § 4 shall be made at the Relevant Conversion Rate.

§ 5 PAYMENTS

These paragraphs 1. and 2. shall be applicable only in case of cash settlement

1. All amounts payable pursuant to these Terms and Conditions shall be made to the Paying Agent, subject to the provision that the Paying Agent transfers such amounts to the Clearing System on the dates stated in these Terms and Conditions so that they may be credited to the accounts of the relevant custodian banks and then forwarded on to the Noteholders.
2. If any payment with respect to a Note is to be effected on a day other than a Payment Business Day, payment shall be effected on the next following Payment Business Day. In this case, the relevant Noteholder shall neither be entitled to any payment claim nor to any interest claim or other compensation with respect to such delay.

These paragraphs 1. to 2. shall be applicable only in case of physical delivery

1. All amounts payable and/or [Shares][Certificates][securities] to be delivered pursuant to the Terms and Conditions shall be paid and/or delivered to the Paying Agent subject to the provision that the Paying Agent transfers such amounts and/or [Shares][Certificates][securities] to the Clearing System on the dates stated in these Terms and Conditions so that they may be credited to the accounts of the relevant custodian banks and then forwarded on to the Noteholders.
2. If a payment and/or the delivery of [Shares][Certificates][securities] is to be made on a day that is not a Payment Business Day and not a [Business Day], it shall take place on the next following Payment Business Day and [Business Day]. In this case, the relevant Noteholder shall neither be entitled to any payment claim nor to any interest claim or other compensation with respect to such delay.
3. All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives.

[insert additional or other provisions with respect to Payments]

§ 6 ADJUSTMENTS; TERMINATION RIGHT OF THE ISSUER

Alternative:

Notes with reference to a share

1. If an Adjustment Event or an Extraordinary Event (both as defined below) has a material effect on the price of the Share, the Issuer will make adjustments to the Terms and Conditions taking into consideration the provisions set forth hereinafter. If an Extraordinary Event has occurred, the Issuer may (instead of such an adjustment) optionally terminate the Notes prematurely with respect to an Exchange Business Day (the "**Termination Date**") taking into consideration the provisions set forth hereinafter with a prior notice of seven Payment Business Days in accordance with § 12. Any termination of the Notes in part shall be excluded.

- a) Adjustments to the Terms and Conditions shall correspond to the adjustments to option or futures contracts relating to the Share made by the Futures Exchange or that would have been made by the Futures Exchange if such option or futures contracts were traded on the Futures Exchange. In the event of any doubts regarding the application of the adjustment rules of the Futures Exchange, the Issuer shall decide in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The adjustments made by the Issuer may deviate from those made by the Futures Exchange in cases where the adjustments made by the Futures Exchange would only lead to a minor adjustment of the Terms and Conditions, as well as in cases when and where such deviation is necessary in the reasonable discretion of the Issuer (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) to compensate for the economic effect of the relevant Adjustment Event or Extraordinary Event on the price of the Share.

As a result of such adjustments especially the [*insert parameters*] may be amended. The adjustments may also result in the Share being replaced by another share or other securities, a basket of securities and/or cash, and another stock exchange being determined as the Relevant Exchange. If the Futures Exchange makes an adjustment by replacing the Share by a basket of shares, the Issuer shall be entitled to determine only the Share with the highest market capitalisation on the relevant Cut-off Date as the (new) Underlying, to sell the remaining Shares in the basket on the first Exchange Business Day following the Cut-off Date at the first available price and to reinvest the proceeds immediately afterwards in the remaining Share.

Adjustments and determinations take effect as from the date (the "**Cut-off Date**") determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), provided that (if the Issuer takes into consideration the manner in which adjustments are or would be made by the Relevant Exchange) the Issuer shall take into consideration the date at which such adjustments take effect or would take effect at the Futures Exchange if such option or futures contracts were traded at the Futures Exchange.

Adjustments and determinations as well as the effective date shall be notified by the Issuer in accordance with § 12.

Any adjustment in accordance with this § 4 paragraph 1 does not exclude a later termination in accordance with this paragraph on the basis of the same event.

- b) If the Notes are called for redemption due to the occurrence of an Extraordinary Event, they shall be redeemed at the termination amount per Note (the "**Termination Amount**") which shall be calculated by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions and any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of its obligations under the Notes (the "**Hedging Transactions**"). Expenses for transactions that were required for winding up the Hedging Transactions will be taken into account as deductible items.

The Issuer shall pay the Termination Amount to the Noteholder not later than the [third][fifth][tenth][●] Payment Business Day following the Termination Date to the Clearing System for crediting the accounts of the depositors of the Notes with the Clearing System. The rights in connection with the Notes shall expire upon the payment of the Termination Amount to the Clearing System.

2. "**Adjustment Event**" means:

- a) the adjustment of option or futures contracts relating to the Share at the Futures Exchange or the announcement of such adjustment;
- b) any of the following actions taken by the issuer of the underlying Share (the "**Company**"): capital increases through issuance of new shares against capital contribution and issuance of subscription rights to the shareholders, capital increases out of the Company's reserves, issuance of securities with option or conversion rights related to the Share, distributions of ordinary dividends, distributions of extraordinary dividends, stock splits or any other split, consolidation or alteration of category;
- c) a spin-off of a part of the Company in such a way that a new independent entity is formed, or that the spun-off part of the Company is absorbed by another entity; or
- d) any other adjustment event being economically equivalent to the before-mentioned events with regard to their effects.

3. "**Extraordinary Event**" means:

- a) the termination of trading in, or early settlement of, option or futures contracts relating to the Share at the Futures Exchange or the announcement of such termination or early settlement;
- b) the termination of the listing of the Share on the Relevant Exchange due to a merger by absorption or by creation or due to any other reasons, or the becoming known of the intention of the Company, or the announcement of the Relevant Exchange that the listing of the Share at the Relevant Exchange will terminate immediately or at a later date and that the Share will not be admitted, traded or listed at any other exchange which is comparable to the Relevant Exchange (including the exchange segment, if applicable) immediately following the termination of the listing;
- c) the Issuer and/or its affiliates (in the meaning of § 1 paragraph 7 German Banking Act (*KWG*), § 290 paragraph 2 German Commercial Law (*HGB*)) are, even following economically reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any transactions or investments that the Issuer considers necessary to hedge its risks resulting from the assumption and performance of its obligations under the Notes or (ii) to realize, regain or transfer the proceeds resulting from such transactions or investments;
- d) a procedure is introduced or ongoing pursuant to which all shares or the substantial assets of the Company are or are liable to be nationalized or expropriated or otherwise transferred to public agencies, authorities or organizations;

- e) the application for insolvency proceedings or for comparable proceedings with regard to the assets of the Company according to the applicable law of the Company; or
 - f) any other event being economically equivalent to the before-mentioned events with regard to their effects.
4. **"Futures Exchange"** means the options or futures exchange with the highest trading volume of option or futures contracts relating to the Share. If option or futures contracts on the Share are not traded on any exchange, the Futures Exchange shall be the options or futures exchange with the highest amount of option or futures contracts relating to shares of companies having their residence in the country in which the Company has its residence. If there is no options or futures exchange in the country in which the Company has its residence on which option or futures contracts on shares are traded, the Issuer will determine the Futures Exchange in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) and will make notification thereof in accordance with § 12.
5. The Issuer may also terminate the Notes according to paragraph 1 in the case of a takeover-bid, i.e. an offer to take over or to swap or any other offer or any other act of an individual person or a legal entity that results in the individual person or legal entity buying, otherwise acquiring or obtaining a right to buy more than 10% of the outstanding shares of the Company as a consequence of a conversion or otherwise; all as determined by the Issuer based on notifications to the competent authorities or on other information determined as relevant by the Issuer.

[insert additional or other provisions with respect to adjustments]

<i>Alternative:</i>	<i>Notes with reference to an index</i>
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1. If the Index is no longer calculated and published by the Index Sponsor but by another person, company or institution acceptable to the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) as the new Index Sponsor (the **"Successor Sponsor"**), the Redemption Amount will be determined on the basis of the Index being calculated and published by the Successor Sponsor and any reference made to the Index Sponsor in these Terms and Conditions shall, if the context so admits, then refer to the Successor Sponsor.
2. If the Index is cancelled or replaced or if the Index Sponsor is replaced by another person, company or institution not acceptable to the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), the Issuer will determine in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) another index on the basis of which the Redemption Amount will be determined (the **"Successor Index"**). The respective Successor Index as well as the time of its first application will be notified pursuant to § 12. Any reference made to the Index in these Terms and Conditions shall, if the context so admits then refer to the Successor Index. All related definitions shall be deemed to be amended accordingly. Furthermore, the Issuer will make all necessary adjustments to the Terms and Conditions resulting from a substitution of the Index.

This paragraph 3. is applicable only for share indices

- [3. If the occurrence of an Adjustment Event with respect to a [share][security] contained in the Index (the "**Index Share**") has a material effect on the price of the Index, the Issuer will make adjustments to the Terms and Conditions taking into consideration the provisions set forth hereinafter. The Issuer shall act in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)).

As a result of such adjustments especially the [*insert parameters*] may be amended.

Such adjustment shall become effective on the date on which the occurrence of the Adjustment Event with respect to the Index Share has its effect on the price of the Index.

Adjustments and determinations as well as the effective date shall be notified by the Issuer in accordance with § 12.

Any adjustment in accordance with this § 6 paragraph 3 does not exclude a later termination in accordance with this paragraph on the basis of the same event.

"Adjustment Event" means:

- a) the substitution of the Index by a Successor Index pursuant to paragraph 2.;
- b) any of the following actions taken by the company issuing the Index Share (the "**Index Company**"): capital increases through issuance of new shares against capital contribution and issuance of subscription rights to the shareholders, capital increases out of the Index Company's reserves, issuance of securities with option or conversion rights related to the Index Share, distributions of ordinary dividends, distributions of extraordinary dividends, stock splits or any other split, consolidation or alteration of category;
- c) a spin-off of a part of the Index Company in such a way that a new independent entity is formed, or that the spun-off part of the Index Company is absorbed by another entity;
- d) the adjustment of option or futures contracts relating to the Index Share on the Futures Exchange or the announcement of such adjustment;
- e) a takeover-bid, i.e. an offer to take over or to swap or any other offer or any other act of an individual person or a legal entity that results in the individual person or legal entity buying, otherwise acquiring or obtaining a right to buy more than 10% of the outstanding shares of the Index Company as a consequence of a conversion or otherwise, as determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) based on notifications to the competent authorities or on other information determined as relevant by the Issuer;
- f) the termination of trading in, or early settlement of, option or futures contracts relating to the Index Share on the Futures Exchange or relating to the Index itself or the announcement of such termination or early settlement;

- g) the termination of the listing of the Index Share at the exchange on which the respective Index Share is traded (provided that the quotations of the prices of the Index Share on such exchange are taken for the calculation of the Index) (the "**Relevant Exchange**") to terminate the listing of the Index Share on the Relevant Exchange due to a merger by absorption or by creation or any other reason or the becoming known of the intention of the Index Company or the announcement of the Relevant Exchange that the listing of the Index Share at the Relevant Exchange will terminate immediately or at a later date and that the Index Share will not be admitted, traded or listed at any other exchange which is comparable to the Relevant Exchange (including the exchange segment, if applicable) immediately following the termination of the listing;
- h) the Issuer and/or its affiliates (in the meaning of § 1 paragraph 7 German Banking Act (*KWG*), § 290 paragraph 2 German Commercial Law (*HGB*)) are, even following economically reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any transactions or investments that the Issuer considers necessary to hedge its risks resulting from the assumption and performance of its obligations under the Notes or (ii) to realize, regain or transfer the proceeds resulting from such transactions or investments;
- i) a procedure is introduced or ongoing pursuant to which all shares or the substantial assets of the Index Company are or are liable to be nationalized or expropriated or otherwise transferred to public agencies, authorities or organizations;
- j) the application for insolvency proceedings or for comparable proceedings with regard to the assets of a Index Company according to the applicable law of such company; or
- k) any other event being economically equivalent to the aforementioned events with regard to their effects.

"**Futures Exchange**" refers to the exchange with the largest trading volume in futures and options contracts in relation to an Index Share. If no futures or options contracts in relation to the Share are traded on any exchange, the Futures Exchange shall be the exchange with the largest trading volume in futures and options contracts in relation to shares of companies whose registered office is in the same country as the registered office of the Index Company. If there is no futures and options exchange in the country in which the Index Company has its registered office on which futures and options contracts in relation to the Share are traded, the Issuer shall determine the Futures Exchange in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) and shall announce its choice in accordance with § 12.]

[3][4]. If (i) the determination of a Successor Index in accordance with the paragraph 2. is not possible or is unreasonable (*unzumutbar*) or (ii) if the Index Sponsor materially modifies the calculation method of an Index with effect on or after the Issue Date, or materially modifies the Index in any other way (except for modifications which are contemplated in the calculation method of the Index relating to a change with respect to shares comprising the Index, the market capitalisation or with respect to any other routine measures), then the Issuer is entitled to (a) continue the calculation and publication of the

Index on the basis of the former concept of the Index and its last determined level or (b) to terminate the Notes prematurely with respect to an Index Business Day (the "**Termination Date**") with a prior notice of seven Payment Business Days in accordance with § 12. Any termination in part shall be excluded.

[4][5]. In the case of a termination of the Notes pursuant to paragraph [3][4], the Notes shall be redeemed on the Termination Date at the termination amount (the "**Termination Amount**") which shall be calculated by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions and any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of its obligations under the Notes (the "**Hedging Transactions**"). Expenses for transactions that were required for winding up the Hedging Transactions will be taken into account as deductible items.

The Issuer shall pay the Termination Amount to the Noteholder not later than the [third][fifth][tenth][●] Payment Business Day following the Termination Date to the Clearing System for crediting the accounts of the depositors of the Notes with the Clearing System. The rights in connection with the Notes shall expire upon the payment of the Termination Amount to the Clearing System.

[insert additional or other provisions with respect to adjustments]

Alternative:

Notes with reference to a commodity

1. If an Extraordinary Event (as defined below) has a material effect on the price of the [Precious Metal] [Commodity], the Issuer will make adjustments to the Terms and Conditions taking into consideration the provisions set forth hereinafter. The Issuer may instead of such adjustment optionally terminate the Notes prematurely with respect to a Business Day (the "**Termination Date**") taking into consideration the provisions set forth hereinafter with a prior notice of seven Payment Business Days in accordance with § 12. Any termination of the Notes in part shall be excluded.
 - a) Adjustments to the Terms and Conditions shall correspond to the adjustments to option or futures contracts relating to the [Precious Metal] [Commodity] made by the Futures Exchange or that would have been made by the Futures Exchange if such option or futures contracts were traded on the Futures Exchange. In the event of any doubts regarding the application of the adjustment rules of the Futures Exchange, the Issuer shall decide in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The adjustments made by the Issuer may deviate from those made by the Futures Exchange in cases where the adjustments made by the Futures Exchange would only lead to a minor adjustment of the Terms and Conditions, as well as in cases when and where such deviation is necessary in the reasonable discretion of the Issuer (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) to compensate for the economic effect of the relevant Extraordinary Event on the price of the [Precious Metal] [Commodity].

As a result of such adjustments especially the [*insert parameters*] may be amended. The adjustments may also result in the adjustment of the definition of the [Reference Price][*insert other parameter*].

Adjustments and determinations take effect as from the date determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), provided that (if the Issuer takes into consideration the manner in which adjustments are or would be made by the Futures Exchange) the Issuer shall take into consideration the date at which such adjustments take effect or would take effect at the Futures Exchange if such option or futures contracts on the [Precious Metal] [Commodity] were traded at the Futures Exchange.

Adjustments and determinations as well as the effective date shall be notified by the Issuer in accordance with § 12.

Any adjustment in accordance with this § 6 paragraph 1 does not exclude a later termination in accordance with this paragraph on the basis of the same event.

- (b) If the Notes are called for redemption due to the occurrence of an Extraordinary Event, they shall be redeemed at the termination amount per Note (the "**Termination Amount**") which shall be calculated by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions and any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of its obligations under the Notes (the "**Hedging Transactions**"). Expenses for transactions that were required for winding up the Hedging Transactions will be taken into account as deductible items.

The Issuer shall pay the Termination Amount to the Noteholder not later than the [third][fifth][tenth][●] Payment Business Day following the Termination Date to the Clearing System for crediting the accounts of the depositors of the Notes with the Clearing System. The rights in connection with the Notes shall expire upon the payment of the Termination Amount to the Clearing System.

2. "**Extraordinary Event**" means:

- a) if since the Issue Date the basis (e.g. quantity, quality or currency) for the calculation of the price of the [Precious Metal] [Commodity] and/or the method have been modified substantially,
- b) the adjustment of option or futures contracts relating to the [Precious Metal] [Commodity] at the Futures Exchange or the announcement of such adjustment;
- c) the imposition of, change in or removal of a tax on, or measured by reference to, a [Precious Metal] [Commodity] after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the [Precious Metal] [Commodity];
- d) the Issuer and/or its affiliates (in the meaning of § 1 paragraph 7 German Banking Act (*KWG*), § 290 paragraph 2 German Commercial Law (*HGB*)) are, even following economically

reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any transactions or investments that the Issuer considers necessary to hedge its risks resulting from the assumption and performance of its obligations under the Notes or (ii) to realize, regain or transfer the proceeds resulting from such transactions or investments; or

- e) any other event being economically equivalent to the before-mentioned events with regard to their effects.
3. "**Futures Exchange**" means the options or futures exchange with the highest trading volume of option or futures contracts relating to the [Precious Metal] [Commodity].

[insert additional or other provisions with respect to adjustments]

<i>Alternative:</i>	<i>Notes with reference to futures contracts</i>
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1. If an Extraordinary Event (as defined below) has a material effect on the price of the Relevant Futures Contract, the Issuer will make adjustments to the Terms and Conditions taking into consideration the provisions set forth hereinafter. The Issuer may instead of such adjustment optionally terminate the Notes prematurely with respect to a Business Day (the "**Termination Date**") taking into consideration the provisions set forth hereinafter with a prior notice of seven Payment Business Days in accordance with § 12. Any termination of the Notes in part shall be excluded.
- a) Adjustments to the Terms and Conditions shall correspond to the adjustments to the Relevant Futures Contract made by the Futures Exchange. In the event of any doubts regarding the application of the adjustment rules of the Futures Exchange, the Issuer shall decide in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)). The adjustments made by the Issuer may deviate from those made by the Futures Exchange in cases where the adjustments made by the Futures Exchange would only lead to a minor adjustment of the Terms and Conditions, as well as in cases when and where such deviation is necessary in the reasonable discretion of the Issuer (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) to compensate for the economic effect of the relevant Adjustment Event or Extraordinary Event on the price of the Relevant Futures Contract.

As a result of such adjustments especially the [insert parameters] may be amended. The adjustments may also result in the Relevant Futures Contract being replaced by other futures contracts, and/or another exchange being determined as the Futures Exchange.

Adjustments and determinations take effect as from the date determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), provided that (if the Issuer takes into consideration the manner in which adjustments are made by the Futures Exchange) the Issuer shall take into consideration the date at which such adjustments take effect at the Futures Exchange.

Adjustments and determinations as well as the effective date shall be notified by the Issuer in accordance with § 12.

Any adjustment in accordance with this § 6 paragraph 1 does not exclude a later termination in accordance with this paragraph on the basis of the same event.

- b) If the Notes are called for redemption due to the occurrence of an Extraordinary Event, they shall be redeemed at the termination amount per Note (the "**Termination Amount**") which shall be calculated by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) by taking into account applicable market conditions and any proceeds realised by the Issuer in connection with transactions concluded by it in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) for hedging measures in relation to the assumption and fulfilment of its obligations under the Notes (the "**Hedging Transactions**"). Expenses for transactions that were required for winding up the Hedging Transactions will be taken into account as deductible items.

The Issuer shall pay the Termination Amount to the Noteholder not later than the [third][fifth][tenth][●] Payment Business Day following the Termination Date to the Clearing System for crediting the accounts of the depositors of the Notes with the Clearing System. The rights in connection with the Notes shall expire upon the payment of the Termination Amount to the Clearing System.

2. "**Extraordinary Event**" means

- a) an adjustment of the Relevant Futures Contract on the Futures Exchange and/or the announcement of such an adjustment;
- b) the suspension of trading or the early settlement of the Relevant Futures Contract on the Futures Exchange and/or the announcement of such an event;
- c) a material change regarding the concept of the Relevant Futures Contract or regarding the Contract Specifications on which the Relevant Futures Contract is based;
- d) the introduction, revocation or amendment of a tax levied on the [commodity][●] underlying the Relevant Futures Contract, provided that this affects the price of the Relevant Futures Contract and provided that such introduction, revocation or amendment occurs after the Issue Date;
- e) the Issuer and/or its affiliates (in the meaning of § 1 paragraph 7 German Banking Act (*KWG*), § 290 paragraph 2 German Commercial Law (*HGB*)) are, even following economically reasonable efforts, not in the position (i) to enter, re-enter, replace, maintain, liquidate, acquire or dispose of any transactions or investments that the Issuer considers necessary to hedge its risks resulting from the assumption and performance of its obligations under the Notes or (ii) to realize, regain or transfer the proceeds resulting from such transactions or investments; or
- f) any other event being economically equivalent to the before-mentioned events with regard to their effects.

[insert additional or other provisions with respect to adjustments]

Alternative:

Notes with reference to other Underlyings
(Currency Exchange Rates, Bonds, Interest Rates or Funds)

[left intentionally blank][insert provisions with respect to adjustments]

§ 7 TAXES

All present and future taxes, fees or other duties in connection with the Notes shall be borne and paid by the Noteholders. The Issuer is entitled to withhold from payments to be made under the Notes any taxes, fees and/or duties payable by the Noteholder in accordance with the previous sentence.

§ 8 STATUS

The obligations under the Notes constitute direct, unconditional and unsecured obligations of the Issuer and rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer (save for such exceptions as may exist from time to time under applicable law).

§ 9 PAYING AGENT

1. [Commerzbank Aktiengesellschaft, main office, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Federal Republic of Germany][●], shall be the paying agent (the "**Paying Agent**").

This paragraph 1 is applicable for Notes being issued through Euroclear Belgium

1. BNP Paribas Securities Services S.A., Brussels Branch, a banking institution incorporated under the laws of France, with a registered branch at Avenue Louise 489, B-1050 Brussels, Belgium shall be the paying agent (the "**Paying Agent**").

This paragraph 1. is applicable for Notes being issued through Euroclear France

1. BNP Paribas Securities Services, Grands Moulins de Pantin, 9 rue du Débarcadère, 93500 Pantin, France, shall be the paying agent (the "**Paying Agent**").

This paragraph 1 is applicable for Notes being issued through Euroclear Nederland

1. BNP Paribas Securities Services S.A, a banking institution incorporated under the laws of France, whose corporate seat and registered office is at 66 Rue de la Victoire, 75009 Paris, France shall be the paying agent (the "**Paying Agent**") which term shall include any successor or additional paying agent) and BNP Paribas S.A., Amsterdam Branch, 'Gouden bocht' building, Herengracht 469, 1017 BS Amsterdam, The Netherlands, as sub paying agent for the Paying Agent.

2. The Issuer shall be entitled at any time to appoint another bank of international standing as Paying Agent. Such appointment and the effective date shall be notified in accordance with § 12.

3. The Paying Agent is hereby granted exemption from the restrictions of § 181 of the German Civil Code (*BGB*) and any similar restrictions of the applicable laws of any other country.

[insert additional or other provisions with respect to the Paying Agent]

§ 10
TERMINATION

1. Each Noteholder is entitled to declare his Notes due and to require the redemption of his Notes pursuant to § 4 plus accrued interest, if:
 - a) the Issuer is in default for more than 30 days in the payment of principal or interest [and/or any delivery] under these Terms and Conditions, or
 - b) the Issuer violates any other obligation under these Terms and Conditions, and such violation continues for 60 days after receipt of written notice thereof from the respective Noteholder, or
 - c) the Issuer is wound up or dissolved whether by a resolution of the shareholders or otherwise (except in connection with a merger or reorganisation in such a way that all of the assets and liabilities of the Issuer pass to another legal person in universal succession by operation of law), or
 - d) the Issuer ceases its payments and this continues for 60 days, or admits to be unable to pay its debts, or
 - e) any insolvency proceedings are instituted against the Issuer which shall not have been dismissed or stayed within 60 days after their institution or the Issuer applies for the institution of such proceedings, or offers or makes an arrangement for the benefit of its creditors opens insolvency proceedings against the Issuer, or
 - f) in the case of a substitution of the Issuer within the meaning of § 11 paragraph 4 b) any of the events set forth in sub-paragraphs c) - e) above occurs in respect of the Guarantor.

The right to declare Notes due shall terminate if the circumstances giving rise to it have been remedied before such right is exercised.

2. The right to declare Notes due pursuant to paragraph 1 shall be exercised by a Noteholder by delivering or sending by registered mail to the Paying Agent a written notice which shall state the principal amount of the Notes called for redemption and shall enclose evidence of ownership reasonably satisfactory to the Paying Agent.

In case of termination, the Valuation Date shall be the day on which all preconditions for a termination are fulfilled, and the Maturity Date shall be the fifth Payment Business Date after such day.

§ 11
SUBSTITUTION OF THE ISSUER

1. Any other company may assume at any time during the life of the Notes, subject to paragraph 2, without the Noteholders' consent all the obligations of the Issuer under these Terms and Conditions. Any such substitution and the effective date shall be notified by the Issuer in accordance with § 12.

Upon any such substitution, such substitute company (hereinafter called the "**New Issuer**") shall succeed to, and be substituted for, and

may exercise every right and power of, the Issuer under these Terms and Conditions with the same effect as if the New Issuer had been named as the Issuer herein; the Issuer (and, in the case of a repeated application of this § 11, each previous New Issuer) shall be released from its obligations hereunder and from its liability as obligor under the Notes.

In the event of such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the New Issuer.

2. No such assumption shall be permitted unless
 - a) the New Issuer has agreed to assume all obligations of the Issuer under the Notes pursuant to these Terms and Conditions;
 - b) the New Issuer has agreed to indemnify and hold harmless each Noteholder against any tax, duty, assessment or governmental charge imposed on such Noteholder in respect of such substitution;
 - c) the Issuer (in this capacity referred to as the "**Guarantor**") has unconditionally and irrevocably guaranteed to the Noteholders compliance by the New Issuer with all obligations under the Notes pursuant to these Terms and Conditions;
 - d) the New Issuer and the Guarantor have obtained all governmental authorisations, approvals, consents and permissions necessary in the jurisdictions in which the Guarantor and/or the New Issuer are domiciled or the country under the laws of which they are organised.
3. Upon any substitution of the Issuer for a New Issuer, this § 11 shall apply again.

§ 12 NOTICES

Notices relating to the Notes shall be published in the electronic version of the Federal Gazette (*Bundesanzeiger*) and shall be deemed to be effective upon such publication unless such publication gives another effective date.

If the Notes are offered to the public, notices relating to the Notes shall in addition be published on the internet page [\[www.warrants.commerzbank.com\]](http://www.warrants.commerzbank.com) [*Internet page*] (or on another internet page notified at least six weeks in advance by the Issuer in accordance with this § 12). If applicable law or regulations of the stock exchange on which the Notes are listed require a notification in another manner, notices shall also be given in the manner so required.

[insert additional or other provisions with respect to notices]

§ 13
LIMITATION OF LIABILITY

The Issuer shall be held responsible for acting or failing to act in connection with the Notes only if, and insofar as, it either breaches material obligations under or in connection with the Terms and Conditions negligently or wilfully or breaches other obligations with gross negligence or wilfully. The same applies to the Paying Agent.

§ 14
FINAL CLAUSES

1. The Notes and the rights and duties of the Noteholders, the Issuer, the Paying Agent and the Guarantor (if any) shall in all respects be governed by the laws of the Federal Republic of Germany [except for § 1 paragraph 1 - 3 of the Terms and Conditions which shall be governed by the laws of [*relevant jurisdiction*]].
2. In the event of manifest typing or calculation errors or similar manifest errors in the Terms and Conditions, the Issuer shall be entitled to declare rescission (*Anfechtung*) to the Noteholders. The declaration of rescission shall be made without undue delay upon becoming aware of any such ground for rescission (*Anfechtungsgrund*) and in accordance with § 12. Following such rescission by the Issuer, the Noteholders may instruct the account holding bank to submit a duly completed redemption notice to the Paying Agent, either by filling in the relevant form available from the Paying Agent or by otherwise stating all information and declarations required on the form (the "**Rescission Redemption Notice**"), and to request repayment of the Issue Price against transfer of the Notes to the account of the Paying Agent with the Clearing System. The Issuer shall make available the Issue Price to the Paying Agent within 30 calendar days following receipt of the Rescission Redemption Notice and of the Notes by the Paying Agent, whichever receipt is later, whereupon the Paying Agent shall transfer the Issue Price to the account specified in the Rescission Redemption Notice. Upon payment of the Issue Price all rights under the Notes delivered shall expire.
3. The Issuer may combine the declaration of rescission pursuant to paragraph 2 with an offer to continue the Notes on the basis of corrected Terms and Conditions. Such an offer and the corrected provisions shall be notified to the Noteholders together with the declaration of rescission in accordance with § 12. Any such offer shall be deemed to be accepted by a Noteholder (and the rescission shall not take effect), unless the Noteholder requests repayment of the Issue Price within four weeks following the date on which the offer has become effective in accordance with § 12 by delivery of a duly completed Rescission Redemption Notice via the account holding bank to the Paying Agent and by transfer of the Notes to the account of the Paying Agent with the Clearing System pursuant to paragraph 2. The Issuer shall refer to this effect in the notification.
4. "**Issue Price**" within the meaning of paragraph 2 and 3 shall be deemed to be the higher of (i) the purchase price that was actually paid by the relevant Noteholder (as declared and proved by evidence in the request for repayment by the relevant Noteholder) and (ii) the weighted arithmetic average (as determined by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code

(BGB) of the traded prices of the Notes on the [*Business Day*] preceding the declaration of rescission pursuant to paragraph 1. [not applicable for FX as Underlying][If a Market Disruption Event exists on the [*Business Day*] preceding the declaration of rescission pursuant to paragraph 1, the last [*Business Day*] preceding the declaration of rescission pursuant to paragraph 1 on which no Market Disruption Event existed shall be decisive for the ascertainment of price pursuant to the preceding sentence.]

5. Contradictory or incomplete provisions in the Terms and Conditions may be corrected or amended, as the case may be, by the Issuer in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (BGB)). The Issuer, however, shall only be entitled to make such corrections or amendments which are reasonably acceptable to the Noteholders having regard to the interests of the Issuer and in particular which do not materially adversely affect the legal or financial situation of the Noteholders. Notice of any such correction or amendment shall be given to the Noteholders in accordance with § 12.
6. If the Noteholder was aware of typing or calculation errors or similar errors at the time of the acquisition of the Notes, then, notwithstanding paragraphs 2 - 5, the Noteholders can be bound by the Issuer to the corrected Terms and Conditions.
7. Should any provision of these Terms and Conditions be or become void in whole or in part, the other provisions shall remain in force. The void provision shall be replaced by a valid provision that reflects the economic intent of the void provision as closely as possible in legal terms. In those cases, however, the Issuer may also take the steps described in paragraphs 2 - 5 above.
8. Place of performance is Frankfurt am Main.
9. Place of jurisdiction for all disputes and other proceedings in connection with the Notes for merchants, entities of public law, special funds under public law and entities without a place of general jurisdiction in the Federal Republic of Germany is Frankfurt am Main. In such a case, the place of jurisdiction in Frankfurt am Main shall be an exclusive place of jurisdiction.

[insert additional or other provisions]

COMMERZBANK AKTIENGESELLSCHAFT

General information

Bank name, registered office, corporate purpose and financial year

Commerzbank was founded in Hamburg as “Commerz- und Disconto-Bank” in 1870. Following temporary decentralization, Commerzbank was re-established on July 1, 1958 after a re-merger of the successor institutions created as part of the post-war breakup in 1952. Commerzbank’s registered office is Frankfurt am Main and its head office at Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, Tel. +49-69-136-20. It is entered in the commercial register of the Local Court of Frankfurt am Main under the number HRB 32000. The Bank’s legal name is Commerzbank Aktiengesellschaft. In its business dealings, the Bank uses the name Commerzbank. The Bank was established under German law for an indefinite period.

In accordance with Article 2 of the Articles of Association, Commerzbank’s corporate purpose is to engage in banking transactions and to offer all types of financial services and other related services and transactions, including acquiring, holding and disposing of interests in other entities.

The Bank may realize its corporate purpose itself, through affiliated companies and equity participations or through the conclusion of affiliation and cooperation agreements with third parties. It is entitled to have recourse to all transactions and measures which are suitable for promoting its corporate purpose, in particular the establishment of branches in Germany and abroad and the acquisition, management and disposal of interests in other enterprises.

Commerzbank’s financial year is the calendar year.

Description of Commerbank’s business

Overview

As of September 30, 2011, the Commerzbank Group is, according to its own estimates, the second-largest bank in Germany measured by total assets. Its approximately 1,200 branches in the future give it one of the most extensive branch networks of all private German banks, serving customers from every group. The focus of its activities is on the provision of a wide range of financial services to private, small and medium-sized corporate as well as institutional customers in Germany, including account administration and payment transactions, lending, savings and investment products, securities services, and capital market and investment banking products and services. Furthermore through its subsidiaries and associated companies, the Group is also active in specialist sectors, such as ship financing and leasing. As part of its comprehensive financial services strategy, the Group also offers other financial services in association with cooperation partners, particularly building savings loans, asset management and insurance. In addition, the Group is expanding its position as one of the most important German export financiers. Alongside its business in Germany, the Group is also active in Central and Eastern Europe through its subsidiaries, branches and investments. Outside of Germany, the Commerzbank Group had 25 operational foreign branches, 32 representative offices and eight significant subsidiaries in 50 countries as of September 30, 2011. The focus of its international activities lies in Europe.

As of September 30, 2011, the Commerzbank Group achieved, with total assets of €738.2 billion, a pre-tax result of €344 million, or an decrease of €753 million over the prior-year period. As of September 30, 2011, the Commerzbank Group had a total of 58,763 employees: 45,035 in Germany and 13,728 abroad.

Integration of Dresdner Bank

On January 12, 2009, Commerzbank acquired all outstanding shares of Dresdner Bank by way of a contribution in kind. The subsequent merger of Dresdner Bank into Commerzbank was registered in the commercial register of the Bank on May 11, 2009.

Since then, Commerzbank has taken great efforts to integrate its business divisions with those of Dresdner Bank. Commerzbank's goal in this is to further strengthen the Commerzbank Group's business model and to satisfy the needs of its customers even more consistently. Alongside these strategic goals, Commerzbank anticipates that the merger will also generate total cost synergies in the amount of €2.4 billion a year beginning in 2014. Meanwhile, the Bank already expects cost synergies of more than €1.5 billion in 2011, more than €2.1 billion in 2012 and more than €2.3 billion in 2013. Non-recurring total integration and restructuring costs of €2.5 billion are anticipated in connection therewith. For the current financial year, the Bank expects these costs to be approximately €200 million.

After reaching key milestones such as implementation of the organizational structure at the head office, already in 2009 the following constitute some of the more significant advances in the integration process in 2010 and 2011 (up to the date of this Base Prospectus):

- Establishment of a single brand identity: Since June 2010, Commerzbank's presentation of its new branding means it can also be visibly identified in the outside world as a single corporate entity. In addition, customers of Commerzbank and Dresdner Bank can now access basic services at all Commerzbank branches.
- Implementation of the organizational structure in the branches: All employees of Commerzbank and of Dresdner Bank have been working within the target structure of Commerzbank since July 2010. All Commerzbank managers have been appointed and have taken up their positions. Employees have a clear understanding of their future role in Commerzbank, and the great majority of them have already begun to perform this role.
- Modification of IT systems: In August 2010, all essential software modifications required for the customer and product data migration scheduled for Easter 2011 were successfully implemented.
- Extensive completion of integration in Investment Banking and abroad: Dresdner Bank's trading book positions have been almost completely transferred to the Commerzbank systems. Integration activities involving customer and product data migration in some 60 countries have been largely completed.
- Completion of IT migration (customer and product data migration): At the end of April 2011, the customer and product data of the former Dresdner Bank were fully transferred to the Commerzbank Group systems.

Nevertheless, significant elements of the integration process have yet to be completed. Remaining steps in the integration process include, in particular:

- Archiving of Dresdner Bank data and extensive shutdown of the Dresdner Bank systems by the end of 2011.
- Consolidation of branch locations after migration of customer and product data is complete beginning in the third quarter of 2011.

From the Bank's perspective, integration in Germany and abroad is proceeding as planned. However, it cannot be ruled out that the remaining steps in the integration process may lead to difficulties involving delays and additional costs. The Bank does not currently expect the total implementation and restructuring costs to exceed the budgeted €2.5 billion. To date, the Bank has offset unplanned increases in IT implementation costs through savings elsewhere, in particular in personnel restructuring costs, which were lower than expected. In the 2010 financial year, cost synergies of approximately €1.1 billion were achieved, 15% more than originally anticipated. In the third quarter of the 2011 financial year, the synergies achieved, estimated for the year as a whole, could be increased to approximately €1.6 billion. Of the announced staffing cuts of 9,000 full-time employees, 5,600 had already been carried out as of September 30, 2011. Separation agreements have already been reached with a further 1,800 employees.

SoFFin stabilization measures

In response to the financial market crisis, the Bank and SoFFin entered into an agreement on December 19, 2008 (amended and restated on June 3, 2009 June 22, 2010, June 5, 2011 and June 9, 2011) to establish a silent partnership ("**Participation Agreement 1**"), with a further agreement on June 3, 2009 (restated on June 22, 2010, January 25, 2011, May 10, 2011, May 11, 2011 and May 12, 2011) to establish an additional silent partnership ("**Participation Agreement 2**"). Under these agreements, SoFFin initially contributed to the Bank a silent participation in the initial amount of €8.2 billion on December 31, 2008 and subsequently a further silent participation in the initial amount of €8.2 billion on June 3, 2009. Furthermore, SoFFin received 295,338,233 of the Bank's shares at an issue price of €6.00 per share from a capital increase against cash contributions approved by the Annual General Meeting on May 16, 2009. As a result of this capital increase, SoFFin held a stake of 25% plus one share in the Bank. SoFFin was able to maintain this stake following the capital increase against contributions in kind using the Bank's authorized capital, resolved on January 12/21, 2011, by exercising its conversion rights derived from its silent participation to the required extent. In connection with the measures to partially repay the silent participations implemented by Commerzbank in the second quarter of 2011, the silent participation contributed under Participation Agreement 2 was repaid in full and Participation Agreement 2 was terminated through a termination agreement dated June 5, 2011. In addition, the silent participation contributed under Participation Agreement 1 was partially repaid through a partial repayment agreement dated June 9, 2011. Since then the nominal amount of its contribution amounts to €1,937,037,920.25 (for details, see "*Description of the Commerzbank Group's Business Activities—Material agreements—Utilization of the SoFFin stabilization measures by Commerzbank*"). In the course of the repayment of the silent participations, silent participations were, in order to maintain SoFFin's shareholding in the Bank, also contributed to the Bank against the issuance of new shares. SoFFin thereby holds a stake of 25% plus one share in the Bank.

In addition, SoFFin (as guarantor), and Commerzbank, (as guarantee holder) entered into an agreement on December 30, 2008 for the provision of a €15 billion guarantee facility in respect of certain bearer bonds. Of this amount, an undrawn volume of €10 billion was relinquished unused.

On May 7, 2009, the European Commission declared the stabilization measures granted to the Bank to be compatible in principle with the state aid regulations of the EC treaty. Due to competition laws, the Federal Republic of Germany was obliged to ensure that Commerzbank complies with a number of requirements. Commerzbank has contractually committed to such compliance vis-à-vis SoFFin.

For a more detailed description of the key provisions and the stabilization measures taken by SoFFin, see "*Description of the Commerzbank Group's Business Activities—Material agreements—Utilization of the SoFFin stabilization measures by Commerzbank*".

Competitive environment

In Germany, the competitive environment of Commerzbank is defined by the three-pillar system of private banks, public law banks and cooperative banks. Its main competitors both within this three-pillar system and the extended competitive environment beyond it include other commercial banks, savings banks, other public law banks, broker-dealers, investment banks, insurance companies and investment advisors. Commerzbank competes with some of these at a German and European level, with others at a regional level and in some instances only with respect to individual products or niche markets. Generally, Commerzbank faces competition in a number of areas, including the quality of its customer relations, ability to solve problems, quality of services and products, as well as reputation and price. In particular, the private customer market in Germany remains fragmented and highly competitive.

In the course of the financial market crisis, the banking sector has seen extensive consolidation and merger activity since 2008, in some cases in connection with heavy losses by several financial institutions on holdings of non-performing assets. Besides continuing tension in the capital markets and interbank financing, the remaining banks faced increased pressure from the fall in the value of their assets and a deteriorating credit environment as the financial market crisis spilled over into the economy as a whole. Central banks and governments responded with extensive measures to support

liquidity and capital resources, which Commerzbank also drew upon. In 2009, the competitive environment underwent significant transformation, as several financial institutions ceased to exist in their previous form, while others began to concentrate exclusively on their core businesses. From mid-2009 there was a marked stabilization in the money and capital markets, which also had a positive effect on the general economic situation in 2010. Even in the improved economic environment, the segments of the Commerzbank Group face intense competition, and Commerzbank expects this situation to continue.

Strategy – Roadmap 2012

Commerzbank has repositioned itself in the wake of the financial market and economic crisis. In May 2009, the Group adopted a strategic three-point program, "Roadmap 2012". In the core bank (Private Customers, Mittelstandsbank, Central & Eastern Europe and Corporates & Markets), the Group focuses on customer-oriented core business. Commerzbank aims to optimize and downsize the asset-based lending business (Asset Based Finance). Portfolios that Commerzbank intends to spin off are sequestered in the Portfolio Restructuring Unit.

The Commerzbank Group builds on its strengths as a relationship bank for private and corporate customers in Germany and aligns its business model accordingly. Commerzbank's goal is to take a leading role in Germany and, in addition, to operate its activities in Central and Eastern Europe as a core business.

- In the Private Customers segment, the aim is for growth to continue and for the existing strong market position to be expanded through the full integration of Dresdner Bank. In particular, these goals will be pursued through a rigorous focus on building on business relationships with existing customers and attracting new ones. In this regard, Commerzbank relies on its branch business as well as direct banking, and aims to expand its market position, particularly with affluent private customers and business customers. The Group also expects to achieve additional growth through its cooperation with Allianz in the areas of bancassurance and asset management. This segment already generated its first integration synergies in 2010, thereby reducing costs. Resources that were heavily committed to the integration process are available again for marketing tasks as of 2011. These measures, together with an expected increase in interest rates, are planned to contribute to a significant increase in the current operating profit.
- The Mittelstandsbank segment focuses on services for German companies in the domestic and international market. The aim is to further expand the existing strong market position. To this end, the customer-oriented service approach is expected to be further strengthened and, particularly among large corporate customers and in the large SME sector, cross-selling increased. Attracting new customers will continue to be a major task of the Mittelstandsbank segment. Commerzbank intends to further strengthen its activities among smaller corporate customers in particular. In Western Europe and Asia, the Mittelstandsbank segment will continue to focus on cross-border business. The Group is seeking to use the close links both between the segment's individual divisions and between it and the Corporates & Markets segment to provide comprehensive support to customers and coverage of a broad range of products. In addition to the goal of increasing earnings, the Group has set for this segment the goal of achieving cost synergies from integration.
- The focus of the activities in the Central & Eastern Europe segment is on retail and Mittelstand business in Central and Eastern Europe. The business models of the units in Russia, the Czech Republic, Hungary and Slovakia will be aligned more closely to the business of Mittelstandsbank and, by year-end, transferred to the Mittelstandsbank. The emphasis of the Bank Forum in Ukraine will be the refocusing and stabilization of the business. The Group aims to further optimize the positioning of the segment and to benefit from the higher economic growth, compared to Western European markets, expected in several countries in Central and Eastern Europe.
- The Corporates & Markets segment comprises the Group's investment banking activities and services to customers who require capital market products. Through the takeover of Dresdner Bank, Commerzbank was able to supplement its range of products and is thereby in the position,

as one of the leading suppliers of investment banking services in Germany and Western Europe, to provide comprehensive services to customers of the Commerzbank Group. The focus in investment banking is to move the business model towards customer-related activities, thereby generating stable revenue streams. Thanks to an increased customer base and product expertise recognized in the market, the Corporates & Markets segment expects to further strengthen its position as a strong investment bank partner. It is expected that the segment's international customer base will be further expanded and market opportunities utilized strategically. In contrast, business divisions that are not customer-oriented have been consistently downscaled or closed down.

- The asset-based lending business is consolidated in the Asset Based Finance segment, and is being optimized and its scale realigned on the basis of the Roadmap 2012. Efficient use of core resources – specifically by releasing capital and reducing unsecured funding through portfolio reduction – and de-risking represent the main tasks for increasing profitability. Accordingly, the emphasis of the activities is to continue the strategic reorientation of the individual Group divisions, which has been initiated and in some cases is already being implemented. In the Commercial Real Estate (“CRE”) business as well as the Group division Public Finance, the plan is to exceed the measures already adopted to meet EU requirements by further reducing assets through the further limitation of new business and increasing the pace of downsizing as appropriate.
- The Portfolio Restructuring Unit consolidates all non-strategic portfolios (various types of structured products and credit derivatives). These are actively managed, and the Group is seeking to reduce them while realizing the best possible value.

The Bank is aiming for a further increase in profitability and efficiency in addition to substantial growth in Germany and abroad while maintaining adequate capitalization. For the medium term, the Bank aims to achieve an operating profit before banking tax of over €4 billion. The objective is to keep the increase in costs of the Group considerably below the increase in earnings, while concurrently improving the quality and efficiency of the services rendered. The Bank is planning substantial renewed growth by 2015. Accordingly, Commerzbank's position as the leading universal bank both in Germany and in selected international markets in the segment Central & Eastern Europe and Western Europe is intended to be further expanded. Along with organic growth, acquisitions in the segment Central & Eastern Europe and Western Europe are also possible, while taking into account the resources available, particularly adequate capitalization.

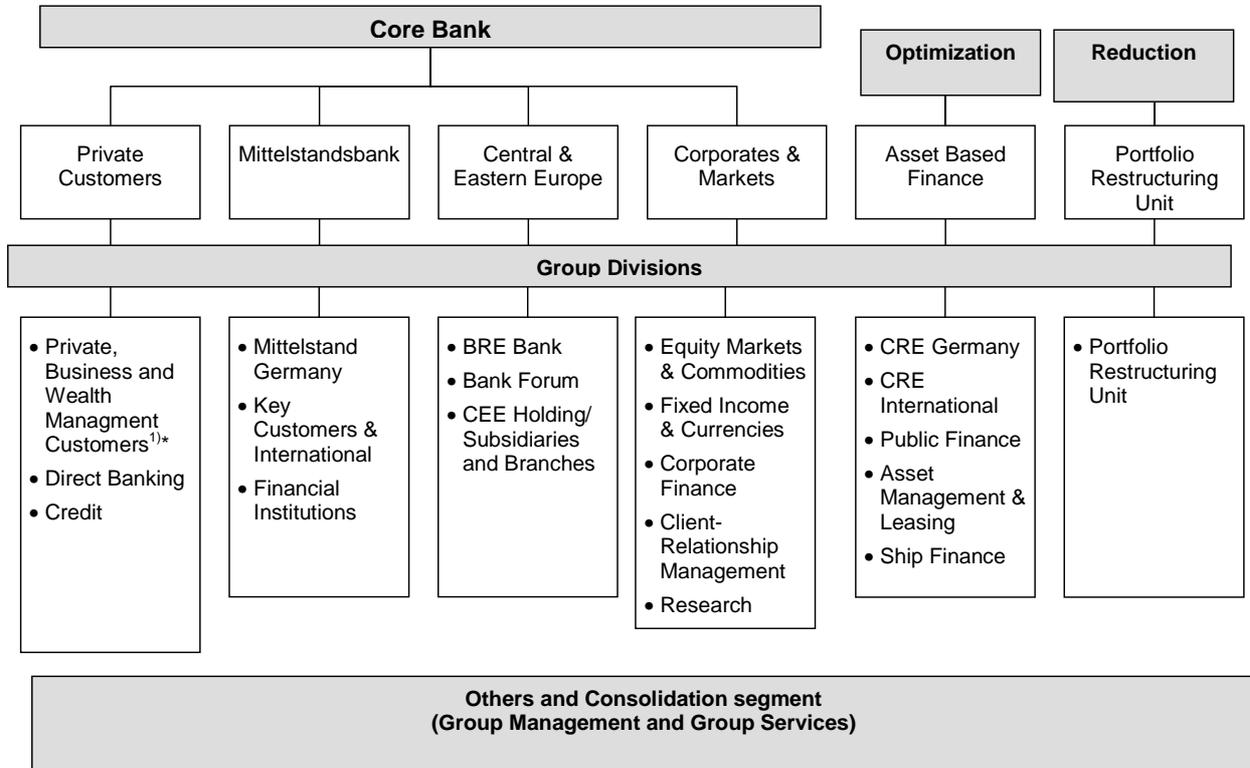
Through the processes of de-risking (reducing risk positions) and de-leveraging (reducing the use of debt capital compared to equity by reducing balance sheet assets), the Commerzbank Group has reduced its total assets to €754.3 billion as of December 31, 2010 (December 31, 2009: €844.1 billion). This takes it below the target level set by the European Commission of €900 billion (including Eurohypo) for 2012. The target level after the sale of Eurohypo is €600 billion. Contributing to this reduction of assets was the successful sale of a number of subsidiaries and shareholdings in the course of implementing the EU requirements or due to lack of strategic relevance.

Risk-weighted assets as of December 31, 2010 totaled €267.5 billion. The Commerzbank Group has set a goal for 2015 to limit its risk-weighted assets (RWA) to approximately €265 billion, factoring in an increase of approximately €15 billion in RWA at the core bank. As of December 31, 2010, Commerzbank had core capital of €31.7 billion and “hard” core capital of €26.7 billion. The targeted structure of the Bank is expected to meet the regulatory requirements of CRD IV early and maintain the Bank's capital adequacy in an upper rank in comparison with competitors. In the future, capital adequacy is targeted at a common equity ratio of 8-9%, a Tier 1 ratio of 10% and an equity ratio of 12%. Due to the current discussions surrounding the size of the surcharges for systemically important credit institutions and compliance with a core Tier 1 ratio of 9% as of June 30, 2012 (triggered by the ongoing sovereign debt crisis), the goal of a common equity ratio of 9% has been targeted.

Segments

Overview

The following chart reflects the structure of Commerzbank Group:



1) Group business division as of February 1, 2011 reorganized in the above form.

Private Customers segment

The Private Customers segment covers the activities of the Private, Business and Wealth Management Customers, Direct Banking and Credit Group divisions.

Private, Business and Wealth Management Customers

In February 2011, the merger of the Group divisions Private and Business Customers and Wealth Management created the new Group division Private, Business and Wealth Management Customers in the Private Customer segment. The staff divisions of the Group divisions Private and Business Customers and Wealth Management were merged into a single unit. This new Group division also integrated the call center services of Commerz Direktservice GmbH for its domestic branches. Marketing support is still separate for Private and Business Customers, and Wealth Management customers.

Private and Business Customers

This division serves private and business customers. In contrast to customers of the Mittelstandsbank, business customers are defined as corporate customers with annual sales of less than €2.5 million.

Commerzbank offers its customers a competitive range of banking and financial services tailored to their needs in the areas of securities and investment, real estate financing and mortgages, pensions, liquidity management and deposits, as well as accounts and payment transactions.

Commerzbank has offered its customers the products of Allianz SE, Allianz Global Investors Kapitalanlagegesellschaft mbH (“**AGI**”), Commerz Finanz GmbH and Wüstenrot Bausparkasse since the beginning of September 2010. These include insurance, fund and building savings and loan products, which supplement the Bank’s own product range.

The impact of the continuing uncertainty in international financial markets on the changing needs of customers and the consequences of the global financial crisis were again the main topics in the investment business in 2010. Commerzbank has met the resulting need for financial advice with a structured advisory process. Investment products are subject to a comprehensive centralized research and analysis process. As in 2009, sales were focused on asset management products, which provide customers with tailored investments through various investment options.

Commerz Direktservice GmbH, a wholly-owned subsidiary of Commerzbank, offers customers in the Group division Private, Business and Wealth Management Customers a range of services, including call center activities, telephone banking, technical hotlines and quality management services.

The primary distribution channel is the Group’s branch network, which has been significantly expanded through the integration of Dresdner Bank. An additional distribution channel is available on the Internet at www.commerzbanking.de, where customers can carry out all their day-to-day banking transactions.

Wealth Management Customers

Wealth Management serves affluent private customers with liquid assets over €1 million and/or customers who require special solutions due to the complexity of their assets. Wealth Management offers its clients specialized advice and a broad portfolio of products and services. The products range from simple investment accounts to the management of unusually complex asset structures. Customers are offered a wide range of services (including securities, real estate and credit management, asset management, family office solutions and inheritance and trust management) as well innovative products tailored to their individual needs. As a result of closer cooperation with the Mittelstandsbank segment, Commerzbank is able to offer customized wealth solutions to entrepreneurs that give equal weight to personal and business investment issues.

At the Bank’s competence centers, customers have access to specialists in securities, real estate and loans in addition to a relationship manager who functions as the customer’s permanent personal contact. In addition, there are specialists based at the head office who can advise customers on asset management, inheritance and trust management. The main focus outside of Germany is on Commerzbank International S.A. in Luxembourg, which will act as the hub for the international wealth management business in the future.

Direct Banking

The Group division Direct Banking houses the activities of the comdirect group. Comdirect bank focuses on modern private investors in Germany who are regular users of online services.

The comdirect bank is a direct bank with three areas of expertise: brokerage, banking and advisory services. The brokerage division covers discretionary investment, under which comdirect bank offers, in addition to securities and funds, information for investment decisions and extensive trading functions. The banking division covers all services necessary to day-to-day cash transactions. The advisory division covers phone and Internet-based advisory services on construction loans and investment. Ebase acts as a full-service partner for financial companies, insurers, asset managers and investment companies, especially in the funds business. B2B partners can use ebase to handle all funds transactions for their customers under a single brand and supplement banking solutions with a B2B capability.

As a direct bank, comdirect bank primarily delivers its products and services via the Internet.

Credit

The Group division Credit offers Private, Business and Wealth Management Customers credit products and a comprehensive range of lending-related services. The segment primarily provides private real estate financing, as well as personal loans, installment loans and consumer loans. The Group division offers some 30 credit products, which can be combined in a modular manner to match a customer's individual needs. For example, the Group division is one of the few national banks to offer a home equity loan with a flexible 100% early repayment option in addition to the usual repayment options. Spurred on by public discussion on the resale of loans, the Group has also developed a construction loan which offers the customer protection against resale over its entire term.

Credit products are primarily distributed by the Group division Private, Business and Wealth Management Customers through its nation-wide network of branches. In addition, a pilot project in real estate financing is testing the use and development of alternative distribution channels in cooperation with comdirect bank. The distribution process is supported by modern IT-based advisory programs.

Mittelstandsbank segment

The Mittelstandsbank segment includes the Group divisions Mittelstand Germany, Key Customers & International and Financial Institutions.

The Group division Mittelstand Germany combines business with SMEs, the public sector and institutional customers. The Group division Key Customers & International focuses on providing services to corporate customer groups with sales revenues of over €500 million. Smaller firms with higher capital market affinities as well as those largely engaged in activities abroad are also advised here. Through its foreign branches, this Group division is the strategic partner both for the international activities of German corporate groups and for international firms with business activities in the German home market.

SMEs and large corporate customers are divided into three core groups based on sales and customer needs:

- *Small SMEs:* Companies registered in the commercial register with annual sales of between €2.5 million and €12.5 million
- *Large SMEs:* Companies registered in the commercial register with annual sales of between €12.5 million and €250 million (or €500 million if they are not active in the capital markets).
- *Large corporate customers:* Companies registered in the commercial register with annual sales of between €250 million and €500 million if they are active in the capital markets, as well as companies with sales exceeding €500 million.

Public sector customers include municipalities, municipally-owned corporations and public sector bodies.

The most important institutional customers are insurance companies, social security funds, pension plans and pension funds, occupational pension schemes, churches, foundations and business federations.

The product range of the Group Division Mittelstand Germany and Key Customers & International comprise the sophisticated services required by its customers, including risk management, investment advice, financing, transaction management, assistance with foreign trade transactions and investment banking activities. In the area of risk management, the Group divisions offer hedging transactions for commodity price, interest rate and currency fluctuations. In the field of investment advice, the services include money market, mutual and special funds, as well as money and capital market products as well as advice on occupational pensions and working time accounts. In the field of financing, the funds required by the customer are provided after an assessment of the customer's overall situation as well as their plans and requirements. In addition, CommerzFactoring GmbH, a joint venture with GE Commercial Finance Inc., offers a range of receivables financing services. Support services in the area of transaction management include the provision of appropriate cash levels and the updating of

account information several times a day through to automatic cash management systems. To support foreign trade export, customers are offered processing services for their payment transactions with foreign countries and trade finance products combined with comprehensive advice. The product portfolio is rounded off by a comprehensive range of investment banking advisory services.

The services available to public sector customers comprises a broad spectrum of financing services, ranging from loans to municipalities, corporate finance and revenue forfeiting through to project finance, as well as investments and derivatives, debt management and payments solutions.

The distribution model of Mittelstandsbank is based on its customers' needs. Client advisors specialize in the Group division's core customer segments. If necessary, client advisors can call on additional product specialists for corporate banking products and capital market products from the Corporates & Markets segment.

The Group division Financial Institutions is responsible for the Group's relationships with foreign and domestic banks, as well as with central banks. The Group division offers these customers comprehensive advice and support, with a strategic focus on facilitating foreign trade. The Group division also uses a network of approximately 7,000 correspondent banks together with business relationships in emerging markets to promote the Group's foreign trade activities throughout the world. It also assists other Group divisions with their international activities.

The Group division works on the basis of a global service approach, where customer advisors based centrally at the Bank's head office work with a worldwide network of representative offices and financial institution units in foreign centers.

Central & Eastern Europe segment

In 2008, the Group restructured its business in Central and Eastern Europe. The activities of the subsidiaries and branches in the region have since been combined in the Central & Eastern Europe segment to take greater account of the significance of this region for the Group and also – among other considerations – to allocate resources more efficiently. In addition to BRE Bank in Poland, the segment also includes another full-service bank, Bank Forum. Other cornerstones of the Group's Central and Eastern European business are Eurasija in Russia, Commerzbank Zrt. in Hungary, and the branches in the Czech Republic and Slovakia. The segment also has minority interests in various microfinance and small loans banks and the Russian Promsvyazbank. Customers of the Central & Eastern Europe segment include private customers and local companies in Central and Eastern Europe, as well as companies active in this region.

The segment's main revenue source is the Polish BRE Bank. As a universal bank, BRE Bank offers its clients customized products and services. In its corporate banking business, BRE Bank concentrates on supporting large corporate customers and fast-growing SMEs. It also has an extensive range of products and services for private customers operating under its mBank and MultiBank brands. While MultiBank concentrates primarily on affluent private customers and entrepreneurs, mBank is focused mainly on active users of Internet banking via its direct banking platform

The strategic focus of the corporate banking business of the Ukrainian Bank Forum is Ukrainian SMEs and selected Ukrainian large corporate customers. In its private customer business, Bank Forum concentrates primarily on affluent private customers.

In Slovakia and the Czech Republic, Commerzbank focuses primarily on financing for large companies and SMEs. Its business includes structured financing and project financing, as well as advising strategic investors. In the Czech Republic, Commerzbank also offers private banking services

Commerzbank has had a representative office in Russia since 1976. In 1999, Eurasija was formed as an operating unit. From its head offices in Moscow and St Petersburg it serves both subsidiaries and branch offices of German and international companies, as well as larger Russian companies. Its products and services include account management, payment transactions, e-banking, cash management, structured export and trade financing, document business and lending as well as bank card products and cash and foreign currency business. In fall 2010, Dresdner Bank ZAO was merged

with Eurasija, expanding Eurasija's customer and business base. As part of this, Eurasija acquired the St Petersburg branch.

The Group has been represented in Hungary since 1993 through Commerzbank Zrt., offering services to corporate customers. Commerzbank Zrt. has nine branches. The services offered by Commerzbank Zrt. comprise account management, treasury and cash pooling, financing, as well as investment and document business.

Together with ProCredit Holding AG and international development agencies, the Group is also a minority shareholder in six ProCredit banks in Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Romania and Serbia. These banks specialize in supporting SMEs in their respective countries with loans, and are active deposit-takers, receiving savings and time deposits from companies and individuals. Since their foundation, the ProCredit banks have gained market share in their respective countries. Together with international development agencies, the Group also has a minority stake in the Belarusian Bank for Small Business based in Minsk. In addition, the Group has a minority stake in Promsvyazbank in Russia, where it operates as a universal bank in a market of strategic importance for Central and Eastern Europe.

Distribution is largely through the operating units. In corporate banking, BRE Bank is represented in the main economic regions. In BRE Bank's private customer business, mBank primarily offers its products via the Internet as well as through other direct distribution channels. Like Bank Forum, MultiBank's distribution is primarily office-based through Financial Service Centres and Partner Outlets.

Corporates & Markets segment

The Corporates & Markets segment includes the Group's investment banking activities and services to customers who require capital market products. The segment comprises the Group divisions Equity Markets & Commodities, Fixed Income & Currencies, Corporate Finance and Client Relationship Management, supported by Research.

The Group division Equity Markets & Commodities offers a growing and widely diversified product range, principally derivatives for private and institutional investors. In addition to the equities asset class, the division sells and trades in commodities derivatives both as risk management solutions and as investment products for corporate and private customers. The division now offers almost 100,000 products in the field of equity derivatives.

The Group division Fixed Income & Currencies provides solutions for corporate customers in the interest rate, currencies and credit asset classes. The product offering is comprehensive and ranges from standard transactions through to tailored structured solutions. In currency and bond trading, customers can conduct all conventional currency and currency option transactions via an electronic platform. Group-wide distribution channels also make the products available to clients in the Private Customers and Mittelstandsbank segments.

The Group division Corporate Finance offers corporate customers a comprehensive range of financing solutions and advisory services for equity and debt instruments. The main products are equity issues, syndicated corporate bonds and loans, LBO financing, bond and covered bond issues and project finance. In addition, the division advises on mergers and acquisitions. One major area of focus is on providing support to the Group's domestic corporate customers. This focus is reflected in the division's regional structure, with a clear emphasis on Germany and close cooperation with the Mittelstandsbank segment. For equity issues for customers, close cooperation with the Equity Brokerage unit and Research is another important factor. In addition, the Group division Corporate Finance is responsible for the segment's central credit portfolio management.

The Group division Client Relationship Management focuses on serving prominent German multinationals, selected German family businesses in all key industrial sectors, companies in the international insurance sector, U.S. companies and leading private equity investors, as well as the German Federal Government and German states. The product range comprises all of the Group's commercial and investment banking products. In order to offer customers customized solutions, the

Group division works closely with the relevant product specialists, whether from Debt Capital Markets, Equity Capital Markets, Leveraged Finance or Sales and Trading.

The main distribution channels for this segment are a broad network of international private banks, the distribution networks of universal banks (financial intermediaries), German and European stock exchanges (public distribution) and electronic trading platforms. Support is provided to large corporate customers through the Group's own branch network in Germany and abroad, sales specialists for major customers branch-wide and at head office, as well as a team of client advisors for multinational companies based in Frankfurt. Institutional customers are primarily served by distribution teams in Frankfurt and London, as well as, to a lesser extent, in New York, Singapore and Hong Kong.

Asset Based Finance segment

The Asset Based Finance segment consolidates the results from the Group divisions CRE Germany, CRE International, Public Finance and the retail banking business of Eurohypo AG, Asset Management & Leasing and Ship Finance. CRE Germany, CRE International and Public Finance are almost entirely based at Eurohypo and to a lesser extent at Erste Europäische Pfandbrief- und Kommunkreditbank Aktiengesellschaft in Luxembourg ("EEPK"). The Group division Asset Management & Leasing primarily includes the activities of Commerz Real. Finally, the Group division Ship Finance combines the Group's ship financing in Deutsche Schiffsbank and Commerzbank.

CRE Germany and CRE International, Public Finance

Eurohypo is an internationally active bank specializing in real estate and public sector lending within the Commerzbank Group.

The Group divisions CRE Germany and CRE International concentrate on commercial real estate financing in Germany and other international markets. The product range extends from classic fixed interest rate loans and structured finance to financial market products. The advantage for the customer is that in addition to classic lending, the division offers syndication and securitization as a means of optimally serving and structuring customers' financing needs.

The Group division Public Finance handles state financing business with the public sector in Germany (federal and states), the G8 member nations, the EU and the European Economic Area, OECD member states and Switzerland. In addition to classic medium- and long-term finance (loans and bonds), the product range includes structured finance and derivative instruments. The lending business is primarily refinanced through issues of public-sector Pfandbriefe and Lettres de Gage Publiques (Luxembourg) as well as through the repo market.

Product distribution is based primarily on the ongoing and long-term business relationships maintained by the Group division with most of its customers.

Asset Management & Leasing (Commerz Real)

One focus is on the provision of investment products for private and institutional investors, such as open and closed-end real estate funds and closed-end funds for ships, aircraft and renewable energy. The open-ended real estate funds are characterized by a broad international diversification of portfolio assets. The focus of investments is on the office, retail and logistics sectors.

A further focus of the Group division is the Structured Investments unit, which combines the activities of real estate leasing, large-scale plant and equipment leasing (such as industrial plants, power plants and transmission networks) and structured finance. The product range includes solutions for customer-specific investment projects and the development of tax-neutral and balance sheet-neutral solutions based on both IFRS and the German Commercial Code. In addition the Group division offers financing concepts structured on an individual basis, such as the transfer of pension liabilities off the balance sheet and operator models for municipal utilities and waste disposal facilities. The Group division has longstanding experience with public investment projects such as clinics, schools and cultural establishments (public private partnerships or PPPs).

The product range is rounded off with the equipment leasing business, which is primarily divided between the traditional product areas of plant and machinery and IT equipment. In addition, this Group division also covers innovative financial models for intangible assets, such as brands and patent leasing. The financing concepts of Commerz Real offer SMEs in particular attractive alternatives to classic financing.

Commerz Real uses different distribution channels depending on the product area. Funds are placed partly directly and partly through the Group's branch network and third-party channels. Structured investments and equipment leasing are sold through the distribution network of Mittelstandsbank and the large corporate customer centers, its own branches, subsidiaries and third-party channels.

Ship Finance

Following the integration of Dresdner Bank into Commerzbank, all the Commerzbank Group's ship financing activities were consolidated in the Ship Finance Group division. Alongside Commerzbank's ship financing, this includes the subsidiary Deutsche Schiffsbank AG with joint headquarters in Hamburg and Bremen.

The core business is financing new buildings and the purchase of second-hand tonnage, generally in the form of long-term ship mortgage loans. Other services closely linked with long-term ship lending primarily include derivative financial products for managing interest and currency risks, payment transactions and investment business for the financed ships and borrowers.

The Group division Ship Finance, with Deutsche Schiffsbank as an established specialist bank for the maritime industry, offers its customers a wide range of maritime financial services concentrated on the markets in Germany, Greece and Asia. The Commerzbank Group offers its customers a broad range of financial services, from loans and structured financing solutions, access to capital and international investors through to research and derivatives.

Portfolio Restructuring Unit segment

The Portfolio Restructuring Unit segment is responsible for the value-optimized reduction of specific assets. These concern structured credit assets and non-strategic credit products in the trading book and from the Commerzbank, Dresdner Bank and Eurohypo portfolios, including non-performing assets and positions that no longer fit within the Commerzbank business model, such as assets in connection with discontinued proprietary trading and investment activities. The positions managed by this segment include asset-backed securities (ABSs) that do not have a state guarantee, other structured credit products, proprietary trading positions in corporate or financial bonds and exotic credit derivatives. These positions were mainly transferred from the Corporates & Markets and Asset Based Finance (formerly Commercial Real Estate) segments to the Portfolio Restructuring Unit.

Others and Consolidation segment

The Others and Consolidation segment contains income and expenses not attributable to the operating segments. Others comprises holdings not assigned to the operating segments as well as Group Treasury. The costs of the service units are also reported here, which – except for integration and restructuring costs – are charged in full to the segments. Consolidation includes expenses and income that represent the reconciliation of internal management reporting figures shown in segment reporting with the consolidated financial statements in accordance with IFRS. The costs of Group management units are also shown here, which – except for integration and restructuring costs – are also charged in full to the segments.

The staff and management functions for the Group are combined in the Group Management unit, which is part of the Others and Consolidation segment. These include Development & Strategy, Communications, Legal, Treasury, Finance, Finance Architecture, Compliance, Audit, Human Resources and Integration as well as central risk functions.

The Group Treasury unit is responsible for liquidity, interest rate and capital management, money market trading and for managing the Group's balance sheet structure. Following the acquisition of Dresdner Bank and the associated organizational realignment of the Group, Group Treasury has been part of the Others and Consolidation segment since the start of 2009 and reports directly to the CEO (Chairman of the Board of Managing Directors). This unit is represented in all of the Group's main locations in Germany and abroad.

- Liquidity management is broken down into an operational and an analytical component. Operational liquidity management involves the management of daily payments, central bank access and the liquidity portfolio as well as planning expected cash flows; for the longer-term it also involves securing access to secured and unsecured sources of funding on the capital markets. The analytical component of liquidity management includes drawing up a maturity profile for all assets and liabilities, including modeling the proportion of customer deposits available on a permanent basis, the Group's resulting issuing strategy and the calculation and allocation of liquidity costs.
- Capital management deals with the optimization of the Group's capital structure as well as the allocation of costs and revenues generated in connection with the issuance and investment of equity instruments.
- Balance sheet management involves optimization of the balance sheet in terms of both size and structure, taking risk and return aspects into consideration.

Other responsibilities of Group Treasury include central management of Commerzbank's interest rate and translation risk, management of the internal interest rate netting and investment models.

Services used by all Group units, such as IT, payment transactions and securities technology, are provided by the Group Services unit, which comprises the support units Group Organisation, Group Information Technology, Group Security, Group Support, Group Banking Operations and Group Markets Operations.

Rating

The following table shows the Group's long-term and short-term ratings as of the date of this offering circular:

Rating agency	Long-term rating	Short-term rating
Moody's Investors Service.....	A2	P-1
Standard & Poor's	A	A-1
Fitch Ratings.....	A+	F1+

The information on the rating were correctly reproduced and no facts were omitted that would render the information incorrect or misleading.

All of these rating agencies have a main office in the European Union and is registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of September 16, 2009 on rating agencies.

Each agency rating reflects the opinion of the particular rating agency at the given reported point in time. Investors should consider each rating individually and obtain additional information and a more detailed understanding of the significance of the respective credit rating information provided by the respective rating agency. Rating agencies may change their ratings at any time if specific circumstances require such a change in their opinion. Investors should not buy, hold or sell securities based on the long-term rating recommendation.

Trademark rights

Commerzbank holds various German trademarks, Community trademarks and international registrations. The “Commerzbank” trademark in particular is protected in Germany and several other countries for financial services and associated goods and services, among others.

Commerzbank has had the Internet domains that it regards as important for its business activities in Germany and abroad registered on its behalf. In particular, the domains “commerzbank.de” and “commerzbank.com” are in particular are protected.

Group structure and corporate investments

The following table provides an overview of the main subsidiaries held by the Bank, both directly and indirectly as of the date of this Base Prospectus:

Company	Registered office
In Germany	
Atlas Vermögensverwaltungs-Gesellschaft mbH	Frankfurt am Main
comdirect bank Aktiengesellschaft	Quickborn
Commerz Real AG	Eschborn
Deutsche Schiffsbank AG.....	Bremen/Hamburg
Eurohypo Aktiengesellschaft	Eschborn
Abroad	
BRE Bank SA	Warsaw
Commerz Markets LLC.....	New York
Commerzbank (EURasija) SAO	Moscow
Commerzbank Europe (Ireland)	Dublin
Commerzbank International S.A.	Luxembourg
Commerzbank Zrt.	Budapest
Erste Europäische Pfandbrief- und Kommunalkreditbank AG	Luxembourg
Public Joint Stock Company “Bank Forum”.....	Kiev

Further information on the holdings in affiliates and other companies is contained in the Financial Statements of the Commerzbank Group as at December 31, 2010 which is incorporated by reference into this Prospectus (please see pages 346 – 387 (Note 106) of the Base Prospectus dated April 6, 2011 relating to Structured Notes of Commerzbank Aktiengesellschaft (see pages 176/177 of this Base Prospectus)).

Administrative, Management and Supervisory Board

Board of Managing Directors

The Board of Managing Directors currently consists of nine members.

The following table shows the members of the Board of Managing Directors of Commerzbank and their responsibilities:

Name	Responsibilities
Martin Blessing, <i>Chairman of the Board</i>	Group Management: Group Development & Strategy, Group Communications, Group Legal, Group Treasury
Frank Annuscheit.....	Group Services
Markus Beumer	Segment Mittelstandsbank
Jochen Klösges	Segment Asset Based Finance
Michael Reuther	Segment Corporates & Markets
Dr. Stefan Schmittmann ...	Group Management: Group Credit Risk Management,

Ulrich Sieber	Group Risk Controlling & Capital Management, Group Market Risk Management, Group Intensive Care
Dr. Eric Strutz	Group Management: Group Human Resources, Group Integration, Segment Central & Eastern Europe
Martin Zielke	Group Management: Group Compliance, Group Finance, Group Finance Architecture, Group Audit; Segment Portfolio Restructuring Unit Segment Private Customers

On August 9, 2011, Commerzbank announced that Dr. Eric Strutz would not extend his mandate as Chief Financial Officer, which expires at the end of March 2012.

The members of the Board of Managing Directors have currently the following administration responsibilities or posts as Managing Directors or Supervisory Board members, on comparable controlling bodies or the position as a partner in enterprises and companies, outside the Commerzbank Group.

Name	External mandates
Martin Blessing	None.
Frank Annuschein.....	None.
Markus Beumer	<ul style="list-style-type: none"> • Member of the Investment Committee of Allianz Global Investors Kapitalanlagegesellschaft, Frankfurt am Main • Member of the Advisory Board of DFS Deutsche Flugsicherung GmbH, Langen
Jochen Klösger	None.
Michael Reuther	<ul style="list-style-type: none"> • Member of the Stock Exchange Council of the Frankfurt Stock Exchange, Frankfurt am Main • Member of the Stock Exchange Council of Eurex Deutschland, Eschborn
Dr. Stefan Schmittmann	<ul style="list-style-type: none"> • Member of the Supervisory Board of Schaltbau Holding AG, Munich • Member of the Supervisory Board of Verlagsgruppe Weltbild GmbH, Augsburg • Chairman of the Administration Board of KG Allgemeine Leasing GmbH & Co., Grünwald
Ulrich Sieber	<ul style="list-style-type: none"> • Deputy Chairman of the Supervisory Board of BVV Pensionsfonds des Bankgewerbes AG, Berlin • Deputy Chairman of the Supervisory Board of BVV Versorgungskasse des Bankgewerbes e.V., Berlin • Deputy Chairman of the Supervisory Board of BVV Versicherungsvereins des Bankgewerbes AG, Berlin • Member of the Board of Trustees of SWAB Stiftung der Deutschen Wirtschaft für Arbeit und Beschäftigung GmbH • Chairman of the Executive Board of Arbeitgeberverbands des privaten Bankgewerbes e.V., Berlin

- Member of the Board of Managing Directors and Executive Committee of the Confederation of German Employer Associations, Berlin
- Member of the Executive Board of Frankfurt Main Finance e.V., Frankfurt
- Deputy Chairman of the Executive Board of Commerzbank Pensions Trust e.V., Frankfurt
- Member of the Governing Body of Gesellschaft für Kapitalmarktforschung e.V., Frankfurt
- Member of the Governing Body of Goethe Business School GmbH, Frankfurt
- Member of the Governing Body of Frankfurt School of Finance & Management GmbH, Frankfurt

Dr. Eric Strutz

- Member of the Supervisory Board of ABB AG, Mannheim
- Member of the Supervisory Board of RWE Power AG, Essen
- Membro del Consiglio di Amministrazione (Member of the Board of Administration) of Mediobanca S.p.A., Milan
- Member of the Advisory Board of Verlagsbeteiligungs- und Verwaltungsgesellschaft mbH, Frankfurt am Main
- Member of the Advisory Board of Sicherungseinrichtungsgesellschaft deutscher Banken mbH (SdB), Berlin
- Member of the Board of Administration of Partner Group, Zug

Martin Zielke

- Member of the Supervisory Board of Allianz Global Investors Kapitalanlagegesellschaft mbH, Munich (formerly Allianz Global Investors Deutschland GmbH)

The Members of the Board of Managing Directors may be reached at the Bank's business address: Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany.

Supervisory Board

In accordance with the Articles of Association, the Supervisory Board comprises twenty members.

The following overview shows the members of the Bank's Supervisory Board together with their other administrative, management and supervisory board mandates and mandates on similar supervisory bodies both in Germany and abroad or their partnership stakes in enterprises and companies outside the Commerzbank Group:

Name	Main function	Other administrative, management or supervisory board mandates and mandates on similar supervisory bodies both in Germany and abroad
Klaus-Peter Müller	<i>Chairman of the Supervisory Board of Commerzbank</i>	- Member of the Supervisory Board of Fresenius SE & Co. KGaA (formerly Fresenius SE) - Member of the Supervisory Board of Fresenius Management SE

		<ul style="list-style-type: none"> - Member of the Supervisory Board of Linde AG - Member of the Supervisory Board of MaschmeyerRürup AG - Member of the Board of Administration of Landwirtschaftliche Rentenbank - Member of the Supervisory Board of Parker Hannifin Corporation
Uwe Tschäge.....	Employee of Commerzbank (works council member) and Chairman of the Central Works Council of Commerzbank <i>Deputy Chairman of the Supervisory Board</i>	- None.
Hans-Hermann Altenschmidt	Commerzbank employee (works council member)	<ul style="list-style-type: none"> - Member of the Supervisory Board of BVV Pensionsfonds - Member of the Supervisory Board of BVV Pensionskasse - Member of the Supervisory Board of BVV Unterstützungskasse
Dr. Sergio Balbinot.....	Managing Director, Assicurazioni Generali S.p.A.	<ul style="list-style-type: none"> - Chairman of the Supervisory Board of Generali PPF Holding B.V. - Deputy Chairman of the Supervisory Board of Generali España, Holding de Entidades de Seguros, S.A. - Deputy Chairman of the Supervisory Board of Generali Holding Vienna AG - Deputy Chairman of the Supervisory Board of Generali France S.A. - Deputy Chairman of the Supervisory Board of Generali China Life Insurance Co. Ltd. - Deputy Chairman of the Supervisory Board of Generali China Insurance Company Ltd. - Deputy Chairman of the Supervisory Board of Generali (Schweiz) Holding - Member of Board of the Directors of La Centrale Finanziaria Generale S.p.A. - Member of Board of the Directors of Europe Assistance Holding - Member of Board of the Directors of Generali Finance B.V. - Member of Board of the Directors of Graafschap Holland Participatie Maatschappij N.V. - Member of Board of the Directors of Generali Asia N.V. - Member of the Supervisory Board of Generali Deutschland Holding AG - Member of the Supervisory Board of Aachener und Münchener Lebensversicherung AG - Member of the Supervisory Board of Aachener und Münchener Versicherung AG - Member of the Supervisory Board of Deutsche Vermögensberatung AG - Member of the Board of Directors of Generali España, S.A. de Seguros y Reaseguros (formerly Banco Vitalicio de España and La Estrella S.A.) - Member of the Board of Directors of Migdal Insurance & Financial Holdings - Member of the Board of Directors of Transocean Holding Corporation

			<ul style="list-style-type: none"> - Member of the Board of Directors of Generali Investments S.p.A. - Member of the Board of Directors of Future Generali India Insurance Co. Ltd. - Member of the Board of Directors of Future Generali India Life Insurance Co. Ltd.
Dr. Ing. Burckhard Bergmann	Former Chairman of the Board of E.ON Ruhrgas AG; former member of the Board of E.ON AG; adviser		<ul style="list-style-type: none"> - Deputy Chairman of the Supervisory Board at Allianz Lebensversicherungs AG - Member of the Supervisory Board of E.ON Energie AG - Member of the Board of Directors of OAO Gazprom - Member of the Board of Directors of OAO Novatek - Member of the Board of Directors of Telenor ASA - Member of the Advisory Board of Accumulatorenwerke Hoppecke Carl Zoellner & Sohn GmbH - Chairman of the Advisory Board of Jaeger Beteiligungsgesellschaft mbH & Co. KG
Dr. Nikolaus von Bomhard	Chairman of the Board Administration of Münchener Rückversicherungs-Gesellschaft AG	the Board of	<ul style="list-style-type: none"> - Chairman of the Supervisory Board of ERGO Versicherungsgruppe AG - Chairman of the Supervisory Board of Munich Health Holding AG (formerly DKV International Health Holding AG)
Karin van Brummelen	Commerzbank employee		-None.
Astrid Evers	Commerzbank employee		-None.
Uwe Foullong.....	Member of the ver.di National Executive Committee		- None.
Daniel Hampel	Employee of Commerzbank (works council member)		- None.
Dr.-Ing. Otto Happel.....	Entrepreneur		-None.
Beate Hoffmann.....	Commerzbank employee		-None.
Prof. Dr.-Ing. E.h. Hans-Peter Keitel	Dr.-Ing. President of the Federation of German Industries (Bundesverband der Deutschen Industrie e.V.)	the Federation of German Industries	<ul style="list-style-type: none"> - Member of the Supervisory Board of National-Bank AG - Member of the Board at EQT Infrastructure Ltd. - Member of the Governing Body of the RAG Stiftung - Member of the Supervisory Board of Thyssen Krupp AG
Alexandra Krieger	Hans-Böckler Foundation, Head of the Economics Department		- None.
Dr. h.c. Edgar Meister	Lawyer		<ul style="list-style-type: none"> - Member of the Supervisory Board of DWS Investment GmbH - Member of the Supervisory Board of Standard & Poor's Credit Market Services Europe Limited

Prof. h.c. (CHN) Dr. rer. oec. Ulrich Middelman ..	Former Chairman of the Board of ThyssenKrupp AG; adviser	Deputy	<ul style="list-style-type: none"> - Member of the Supervisory Board of Deutsche Telekom AG - Member of the Supervisory Board of LANXESS AG - Member of the Supervisory Board of LANXESS Deutschland GmbH - Member of the Supervisory Board of ThyssenKrupp Steel Europe AG (formerly ThyssenKrupp Steel AG) - Member of the Supervisory Board of ThyssenKrupp Materials International GmbH - Chairman of the Advisory Board of Hoberg & Driesch GmbH
Dr. Helmut Perlet	Former member of the Board of Managing Directors of Allianz SE	of	<ul style="list-style-type: none"> - Member of the Supervisory Board of Allianz Deutschland AG - Member of the Supervisory Board of GEA Group - Member of the Board of Directors/Chairman of the Audit Committee at Allianz Life Insurance Company of North America - Member of the Board of Directors/Chairman of the Audit Committee at Allianz of America Inc. - Member of the Board of Administration of Allianz S.p.A. - Member of the Board of Administration of Allianz France - Member of the Board of Directors/Chairman of the Audit Committee at Fireman's Fund Insurance Company - Member of the Board of Directors/Chairman of Audit Committee at Allianz Mexico, S.A.
Barbara Priester.....	Commerzbank employee		-None.
Mark Roach	Secretary of Trade Union Administration	ver.di National	- Member of the Supervisory Board of Fiducia IT AG
Dr. Marcus Schenck	Member of the Board of Managing Directors of E.ON AG		<ul style="list-style-type: none"> - Member of the Supervisory Board of E.ON Ruhrgas AG - Chairman of the Supervisory Board of E.ON IT GmbH - Member of the Supervisory Board of E.ON Energy Trading SE

Potential Conflict of Interest

Some members of the Board of Managing Directors and Supervisory Board also serve on the management boards or supervisory bodies of other companies aside from their functions as members of the Board of Managing Directors and Supervisory Board of the Bank. This means that potential conflicts between these members' obligations to Commerzbank and their private interests or other obligations cannot be completely ruled out. Commerzbank is confident that its internal corporate governance practices and the relevant statutory provisions ensure that any conflicts of interest of the type described above are disclosed.

Major Shareholders

Based on the shareholders disclosure pursuant to sections 21 et seq. of the German Securities Trading Act (WpHG) Commerzbank has received, the following shareholders own more than 3% of Commerzbank's ordinary shares:

Name of shareholder	Percentage of voting rights(1) (in %)
Financial market stabilization fund/special fund for the stabilization of the financial markets (SoFFin)(2)	25.00
Allianz SE(3)	4.85
BlackRock Group(4)	4.54

- 1) The percentages have been commercially rounded.
- 2) Corresponds to the information provided in the most recent voting rights notification by SoFFin of May 12, 2011. The interest held by SoFFin therefore totals 25% plus one share of the share capital of the Bank.
- 3) Corresponds to the information provided in the most recent voting rights notification of Allianz SE of May 16, 2011.
- 4) BlackRock Holco 2, Inc. and BlackRock Financial Management, Inc. held an interest of 1.50%, respectively; BlackRock, Inc. holds an interest of 1.54%.

Historical Financial Information

The audited annual financial statements and the audited consolidated annual financial statements of Commerzbank for the financial years ended 2009 and 2010 are incorporated by reference into, and form part of, this Base Prospectus (see pages 176/177 of this Base Prospectus).

Interim Financial Information

The interim report as of September 30, 2011 (reviewed) is incorporated by reference into, and forms part of, this Base Prospectus (see page 177 of this Base Prospectus).

Trend Information

No material adverse changes in the prospects of Commerzbank Group have occurred since December 31, 2010.

There have no significant changes in the financial position of Commerzbank Group since September 30, 2011.

Auditors

The Bank's auditors are PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**PwC**"), Olof-Palme-Strasse 35, 60439 Frankfurt am Main, Germany. PwC audited the consolidated financial statements for the 2009 and 2010 financial years, which were prepared in accordance with the International Financial Report Standards ("**IFRS**") and the additional accounting requirements under Section 315a(1) of the German Commercial Code (HGB), which were prepared in accordance with German generally accepted accounting principles, as well as the unconsolidated financial statements for the financial years 2009 and 2010, which were prepared in accordance with German generally accepted accounting principles, and issued an unqualified auditors' report in each case. PwC has also subjected Commerzbank's condensed consolidated interim financial statements as of September 30, 2011 to an auditor's review and issued a review report.

PwC is a member of the German *Wirtschaftsprüferkammer* (Chamber of Public Accountants).

Material Agreements

The following presentation of material agreements is not ordered according to materiality. Instead, it is organized by the aggregate agreements with Allianz, Commerzbank's utilization of the SoFFin's stabilization measures, and other material agreements.

Agreements with Allianz

Agreement on the establishment of a silent partnership between Allianz and Commerzbank dated June 4, 2009

On June 4, 2009, Commerzbank and AZ-Arges Vermögensverwaltungsgesellschaft mbH ("**AZ-Arges**") entered into an agreement on the creation of a silent partnership in the amount of €750 million (the "**Allianz Participation Agreement**"). The Allianz Participation Agreement was concluded as part of the SoFFin stabilization measures described under "*—Utilization of the SoFFin stabilization measures by Commerzbank*". With the exception of the conversion right granted to SoFFin, equal treatment of Allianz with SoFFin in respect of its silent participations (specifically in respect of regular payments from the profit participation and any repayments of silent participations) was agreed. In particular, as consideration for the contribution of the silent participation, a profit participation by Allianz consisting of fixed interest of 9% p.a. on the nominal value of the participation plus additional dividend-linked remuneration of 0.01% p.a. for each full €5,906,764 cash dividend paid was agreed.

In connection with the measures to partially repay the silent participations implemented by Commerzbank in the second quarter of the financial year 2011, Allianz has waived the proportional repayment of its silent participation, concurrent with the repayment of the SoFFin's silent participations, in the context of the capital measures.

Framework Agreement on distribution cooperation between Allianz Beratungs- und Vertriebs-AG, Commerzbank and Dresdner Bank dated August 31, 2008

On August 31, 2008, in implementation of the Transaction Agreement in the bancassurance and assurbanking sectors, Allianz Beratungs- und Vertriebs-AG ("**Allianz BVAG**"), Commerzbank and Dresdner Bank concluded a framework agreement on cooperation in the distribution of insurance, investment and banking products, and building savings and loan products (the "**Distribution Framework Agreement**").

The agreement provides that (1) Commerzbank and Dresdner Bank will sell insurance exclusively on behalf of Allianz BVAG as secondary agents under Section 92b of the German Commercial Code; (2) the exclusive agents chosen by Allianz BVAG will, within the framework of the assurbanking distribution agreement, sell financial instruments as defined by Section 2(10) of the German Banking Act solely on behalf and at the risk of Dresdner Bank and (3) Allianz and its exclusive agents will sell the building savings and loan contracts provided by Allianz Dresdner Bauspar AG solely on behalf of the Commerzbank Group.

Commerzbank and Dresdner Bank will be paid commission and incentive fees for their activities as sales agents upon achieving their defined targets. Allianz BVAG will also be paid commission and incentive fees for its activity as a sales agent and the provision of agency capacities upon achieving its defined targets.

The Distribution Framework Agreement and the distribution agreements concluded based on it have been concluded for an indefinite term and can be terminated independently of one another by giving twelve-months' notice prior to the end of a calendar year, for the first time on December 31, 2023.

Agreement between Allianz BVAG, Commerzbank, Dresdner Bank and Reuschel regarding the sale of insurance products dated August 31, 2008

On August 31, 2008 Allianz BVAG, Commerzbank, Dresdner Bank and Reuschel & Co. Kommanditgesellschaft ("**Reuschel**"), a subsidiary of Commerzbank at the time, entered into an agreement regarding the sale of insurance products in implementation of the Distribution Framework Agreement with respect to the sale of property, life, pension and health insurance as well as credit

insurance and fidelity bonds (bancassurance) on behalf of Allianz BVAG in Germany. Due to the completion of the sale of Reuschel, a first supplement to the agreement dated October 30, 2009 provided that Reuschel would withdraw as a party and that the agreement would end with regard to Reuschel.

Commerzbank sells liability and accident insurance, including credit, life and health insurance as a secondary agent as defined by Section 92b of the German Commercial Code exclusively on behalf of Allianz BVAG and distributes these insurance policies through bank employees in all its domestic branches, teams and other sales units in the private and corporate customer business.

Commerzbank is paid a fixed contractual amount for the sale of the insurance policies, consisting of commissions, trailer fees, management fees and incentive fees.

Distribution agreement between AGI, Commerzbank and Dresdner Bank dated August 31, 2008

On August 31, 2008 AGI, Commerzbank and Dresdner Bank entered into a distribution agreement for the distribution of AGI investment products and those of its affiliated asset management companies.

Under this agreement, Commerzbank will also distribute AGI funds via its foreign and domestic subsidiaries involved in the distribution of financial instruments. Commerzbank may also distribute the products of other asset management companies in parallel with this distribution agreement.

AGI pays a proportion of the fixed management fee actually collected as sales commission on holdings of AGI funds held at the distribution companies.

Commerzbank and AGI have agreed a preferred partnership for the distribution of mutual and special funds and asset management solutions for private and corporate banking via Commerzbank's branch network in Germany and in the private customer business in Luxembourg.

Utilization of the SoFFin stabilization measures by Commerzbank

On November 2, 2008 and January 7, 2009, the Bank applied to SoFFin to use the stabilization measures under the German Financial Market Stabilization Fund Act. The terms and conditions of these measures were set out in detail in the framework agreement dated December 19, 2008 and the supplementary agreement dated May 14, 2009 between the Bank and SoFFin.

On May 7, 2009, the European Commission declared the stabilization measures used by the Bank to be compatible in principle with the state aid regulations of the EC treaty. Due to competition laws, the Federal Republic of Germany was obliged to ensure that Commerzbank complies with a number of requirements. These include specifically:

- reducing the Group's total assets to €900 billion by December 31, 2012, and – after the sale of Eurohypo – to around €600 billion (including separate requirements to reduce total assets in Investment Banking); reducing the number of branches in the Group division Private & Business Customers; reducing the risk-weighted assets in the Western European business by 25% by December 31, 2012; reducing the market presence in Investment Banking; reducing the portfolio volume in the Group division Commercial Real Estate to €60 billion by December 31, 2012 and reducing selected country portfolios in the Central and Eastern Europe segment,
- a reduction in the total assets of the Group division Public Finance by €60 billion to €100 billion by December 31, 2012 (with new business limited to the amount required for the cover funds);
- stabilizing the business model by comprehensive de-risking combined with a focus on the customer business and by de-leveraging, in particular by reducing the volume of the Commercial Real Estate portfolio and the tied capital in the Corporates & Markets segment (excluding the Group division Public Finance) by one fifth compared with the aggregated value of the Commerzbank Group and Dresdner Bank Group,

- the sale of Eurohypo by 2014 and of Kleinwort Benson Channel Islands Holdings Ltd, Kleinwort Benson Private Bank Ltd, Dresdner Van Moer Courtens S.A., Dresdner VPV NV, Privatinvest Bank AG, Reuschel and Allianz Dresdner Bauspar AG by 2011,
- no payment of dividends for the 2008 and 2009 financial years and payment of coupons on equity instruments for the 2009 and 2010 financial years only if there is mandatory legal obligation to do so, and a ban on releasing reserves to make such payments possible,
- the ban up to and including April 2012 on acquiring financial companies or other companies that are potential competitors of Commerzbank, and
- an obligation applicable until December 31, 2012 at the latest on Commerzbank not to offer its products and services (specifically in the private corporate customers business) at more favorable prices than the three competitors offering the most favorable prices unless Commerzbank has an insignificant market position by market share (< 5%) in the relevant product market.

The requirements were incorporated in detail in the Framework Agreement on the Granting of Stabilization Measures between SoFFin and Commerzbank as obligations of Commerzbank (see the description in the following section) and have been already met in part by Commerzbank. The shares in Reuschel were sold to Conrad Hinrich Donner Bank AG in November 2009. The shares in Kleinwort Benson Channel Islands Holdings Ltd and Kleinwort Benson Private Bank Ltd were sold to RHJ International SA in July 2010. The shares in Privatinvest Bank AG were sold to Zürcher Kantonalbank and Dresdner VPV in February 2010 under a management buyout. The shares in Dresdner Van Moer Courtens S.A. were sold in March 2010 under a management buyout. The shares in Allianz Dresdner Bauspar were sold to Wüstenrot Bauspar AG in July 2010. This still leaves the sale of Eurohypo, which must be completed by December 31, 2014. If the sale of Eurohypo under specific conditions is not possible by December 31, 2013, the Federal Republic of Germany and Commerzbank can propose compensatory measures of comparable weight. The business-related requirements also continue in force. Another conceivable option would be for SoFFin to impose a contractual penalty of €10 million on Commerzbank.

Framework agreement between SoFFin and Commerzbank on the granting of stabilization measures dated December 19, 2008 together with the supplementary agreement dated May 14, 2009

In implementation of the outline agreement of November 3, 2008, SoFFin, represented by the German Financial Market Stabilization Authority and Commerzbank signed a framework agreement on December 19, 2008 on the granting of stabilization measures, which was amended and restated by a supplementary agreement dated May 14, 2009 for the purpose of granting further capital assistance (the "**Framework Agreement**"). In this Framework Agreement the parties agreed on the general conditions for the stabilization measures granted by SoFFin to the Bank and the conditions and requirements for their utilization.

Specifically, SoFFin granted the following stabilization measures to the Bank under Participation Agreement 1, Participation Agreement 2, the Guarantee Agreement and the Share Acquisition Agreement (each as defined below):

- first SoFFin silent participation in the initial amount of €8.2 billion;
- second SoFFin silent participation in the initial amount of €8.2 billion;
- guarantee credit facility worth €15 billion (€10 billion of which was returned unused); and
- SoFFin stake of 25% plus one share in the Bank's share capital.

In return, the Bank undertook to ensure that it is adequately capitalized and to conduct its business on a cautious, sound and sustainable basis through de-risking (reducing risk positions), de-leveraging (reducing the use of debt capital in comparison with equity by reducing balance sheet assets) and reducing its commercial real estate portfolio. In particular, Commerzbank undertook to reduce following: the Group's total assets to €900 billion by December 31, 2012, and – after the sale of Eurohypo – to approximately €600 billion; total assets in Investment Banking by €200 billion and in the

Group division Public Finance by €60 billion by December 31, 2012; the number of branches in the Group division Private & Business Customers: the risk-weighted assets in the Western Europe business by 25% by December 31, 2012; the market presence in the Group division Investment Banking; the portfolio volume in the Group division Commercial Real Estate to €60 billion by December 31, 2012; and selected country portfolios in the Central & Eastern Europe segment.

Furthermore, the stabilization measures are subject to particular conditions that require the Bank to:

- provide German SMEs with loans at normal market rates subject to the Bank's credit-rating criteria;
- establish a special (loan) ceiling (special loan program) for German SMEs with a new lending volume of €2.5 billion;
- align its remuneration systems for management and members of its boards to the sustainable long-term performance and profitability of the Group;
- ensure that the monetary remuneration of the members of the its boards does not exceed €500,000 gross per member for each of the 2008 and 2009 financial years in respect of the duties they carry out for the Group;
- adjust and restructure its remunerations systems for members of its boards to eliminate any compensation in cases of premature termination of contracts of service existing at the time the Framework Agreement was concluded, provided that this is not prohibited contractually or by law, and/or, for contracts of service concluded after execution of the Framework Agreement, to refrain from including such compensation arrangements in the event of premature termination or change of control;
- not pay a dividend in either of the 2009 and 2010 financial years for the previous financial year respectively;
- not reduce its capital except for restructuring purposes and not buy back any shares or other components of the bank's liable equity capital;
- only pay interest and profit participations on profit-linked equity instruments such as silent participations, hybrid capital and profit participation certificates in the 2009 and 2010 financial years if it is obliged to do so without releasing any reserves or special reserves in accordance with Section 340g of the German Commercial Code; the same generally applies to the Bank's subsidiaries; where necessary and legally permitted under Section 150 of the German Stock Corporation Act, the Bank will release reserves in the 2009 and 2010 financial years to avoid the carrying value of its equity instruments from being reduced, the same applies to special reserves under Section 340g of the German Commercial Code;
- refrain from repayments or redemptions of other equity instruments not required by law until the silent participations are fully repaid and the book value of the silent participations and other equity instruments has been reduced and/or cumulative profit distributions or interest on such instruments has been fully paid; however, it is permissible to terminate or repay other equity instruments due to the fact that the relevant instrument as a component of Commerzbank equity for which it was created is no longer recognized, as is the replacement of another existing equity instrument by a new instrument with at least the same equity category, amount and maturity,
- take all actions necessary within the scope of what is legally possible to ensure that two of the persons nominated by the German Financial Market Stabilization Authority are appointed members of the Bank's Supervisory Board and that at least one of the Supervisory Board members proposed by the German Financial Market Stabilization Authority is represented on the Presiding, Audit and Nomination Committees of the Supervisory Board (and on any other committees set up), and
- comply with agreed auditing, reporting and disclosure obligations vis-à-vis SoFFin.

In the event of a breach of these obligations and conditions, the Bank will be subject to a contractual penalty.

SoFFin is entitled to terminate the Framework Agreement prospectively, i.e. without affecting capital already provided or guarantees already granted, (1) at any time with a reasonable period of notice, provided that the European Commission revokes its authorization of state aid for the stabilization measures provided for in the German Financial Market Stabilization Authority or amends the authorization in such a way as to prevent the German Federal Government from continuing to provide the stabilization measures under this Framework Agreement and (2) at any time without notice if the Bank breaches any of the provisions of the Framework Agreement or for cause.

In accordance with the contract, compliance with the provisions of the Framework Agreement was audited by an audit firm as of December 31, 2010. No specific breaches of the requirements and conditions were identified.

Agreement between SoFFin and Commerzbank on the establishment of a silent partnership dated December 19, 2008 / June 3, 2009 / June 22, 2010 / June 5, 2011 in the version following the conclusion of the partial repayment agreement (Issue Proceeds Tranche II) dated June 9, 2011

On December 19, 2008, SoFFin and Commerzbank entered into an agreement on the establishment of a silent partnership for an amount of €8.2 billion ("**Participation Agreement 1**"). The agreement was amended several times, most recently by the partial repayment agreement (Issue Proceeds Tranche II) dated June 9, 2011. As a result of the measures to partially repay the silent participations implemented by Commerzbank in the second quarter of 2011, the nominal value of the participation amounts to €1,937,037,920.25 since then. As consideration for the silent participation the Bank granted SoFFin a fixed interest payment of 9% p.a. of the nominal value of the participation and a dividend-linked supplementary payment of 0.01% p.a. of the nominal value of the participation for every full dividend amount of €5,906,764. If Participation Agreement 1 is terminated in full or in part during a given financial year, SoFFin is entitled to claim a proportion of the interest payable up to the date of termination. A profit participation is ruled out for any earnings period (1) if and to the extent that the payment of such a profit participation would lead to a loss for the Bank in the financial year concerned or would increase such loss, (2) if the book value of the silent participation has been reduced below its nominal value due to losses incurred in previous years and has not yet been restored through profits earned in subsequent years, (3) if an application to initiate bankruptcy proceedings on the Bank's assets has been filed before the profit participation payment is due or (4) if the Bank's solvency ratio on a group basis as defined by Section 2(6) of the German Solvency Regulation is below 9%. Any reduction in the profit participation will be pro-rated in proportion to the ratio of the non-reduced profit participation to the sum of (1) all non-reduced payments for capital contributions to the Bank for which the payment of interest or dividends is contingent upon the Bank not reporting a net loss in the relevant earnings period, plus (2) all non-reduced profit participations from the silent partnership with HT1 Funding GmbH for the relevant earnings period. If any instruments forming part of the core and supplementary capital of the Bank are reduced as a result of participating in losses of the Bank and if writing up these instruments to their full par value again and paying the full profit participation on instruments of the core and supplementary capital in an earnings period would result in a net loss, the amount available for write-ups and profit participation payments will be used by the Bank first for writing up the value of the reduced instruments of the core and supplementary capital in accordance with the provisions applicable to these instruments in each case. Unpaid profit participations will not be cumulative under Participation Agreement 1.

SoFFin's share in any net loss is based on the ratio of the book value of the silent participation to the overall book value of all of the Bank's liable capital participating in the net loss (Section 10(2a), (4) and (5) of the German Banking Act). After a reduction the silent participation will be written up again in the following financial years to its full original nominal value, provided that this does not thereby cause or increase a net loss.

Participation Agreement 1 grants SoFFin the right to exchange the silent participation into shares of the Bank under certain conditions. In particular, in the event of a dilution of SoFFin's stake in the Bank's share capital of currently 25% plus one share due to a capital transaction by the Bank, SoFFin will be entitled to require that the Bank issue ordinary shares to it in return for the full or partial contribution of the silent participation based on one of the following variants:

- through full or partial termination of the silent participation, with BaFin's consent, and the contribution of its resulting repayment claim against the Bank by way of capital increase by the Bank against a contribution in kind (subject to subscription rights by the Bank's shareholders, unless Commerzbank is entitled to exclude the subscription rights),
- through full or partial contribution of the silent participation as a contribution in kind by way of a capital increase by the Bank against a contribution in kind (subject to subscription rights by the Bank's shareholders, unless Commerzbank is entitled to exclude subscription rights), or
- through full or partial conversion of the silent participation into shares issued from the Bank's conditional capital raised in accordance with Section 7a of the German Financial Market Stabilization Acceleration Act.

The number of shares to be issued in the event of a conversion request by SoFFin will be calculated by dividing the nominal value of the participation for which conversion is requested by the volume-weighted price of the Bank's ordinary shares on the Xetra trading system of the Frankfurt Stock Exchange on the ten Frankfurt am Main trading days prior to the submission of the conversion request.

SoFFin may not terminate Participation Agreement 1. The Bank may effect an ordinary (full or partial) or extraordinary termination of Participation Agreement 1, with BaFin's consent, under certain conditions, subject to a notice period of at least 30 days prior to the end of a financial year, at the earliest as of December 31, 2013.

Agreement between SoFFin and Commerzbank on the establishment of a silent partnership dated June 3, 2009

On June 3, 2009, SoFFin and Commerzbank entered into an agreement on the establishment of a silent partnership for an initial amount of €8.2 billion ("**Participation Agreement 2**"), which was amended by agreements dated June 22, 2010, January 25, 2011 and May 10, 2011, and further adjusted on May 11 and May 12, 2011 following the issuance of the conversion notice dated May 11, 2011 and the conversion notice dated May 12, 2011. In connection with the measures to partially repay the silent contributions implemented by Commerzbank in the second quarter of 2011, the silent participation contributed under Participation Agreement 2 was repaid in full. Thereupon, Participation Agreement 2 was terminated through a termination agreement dated June 5, 2011.

Agreement between SoFFin and Commerzbank on the provision of guarantees dated December 30, 2008

On December 30, 2008, SoFFin as guarantor and Commerzbank as guarantee holder entered into an agreement on the provision of a €15 billion guarantee credit facility (the "**Guarantee Agreement**") in respect of certain bearer bonds.

On January 8, 2009, Commerzbank drew on part of the guarantee credit facility by issuing a three-year bond maturing on January 13, 2012 with a total nominal value of €5 billion and a coupon of 2.75% p.a. SoFFin gave an unconditional and irrevocable guarantee for the payment of interest and principal and all other sums payable on bonds. The remaining guarantee credit facility of €10 billion was returned to SoFFin in two tranches of €5 billion each on August 13, 2009 and September 17, 2009.

Participation agreement between SoFFin and Commerzbank dated June 3, 2009

On June 3, 2009, SoFFin and Commerzbank entered into a participation agreement ("**Participation Agreement**") under which SoFFin acquired 295,338,233 new no-par-value bearer shares, each representing a notional par value of €2.60 in the Bank's share capital with a full dividend entitlement as of January 1, 2009. The shares were issued under the capital increase against cash contributions resolved by the Annual General Meeting on May 16, 2009, which increased the share capital by €767,879,405.80 from €2,303,638,201.80 to €3,071,517,607.60. The new shares were issued at a price of €6.00. Shareholders' statutory subscription rights were excluded. The capital increase was

registered in the Bank's commercial register at the Local Court (*Amtsgericht*) of Frankfurt am Main on June 5, 2009.

Special approval of April 6, 2011 and implementation agreements

On April 6, 2011, SoFFin and Commerzbank entered into an "Agreement on the waiver of compliance with certain provisions of the framework agreement on the granting of stabilization measures," for the purpose of carrying out the measures to partially repay the silent contributions implemented by Commerzbank in the second quarter of 2011 ("**Special Approval**"). This allowed SoFFin to waive, under certain conditions, individual provisions of the Framework Agreement, including the prohibition imposed on Commerzbank against reducing its capital other than for restructuring purposes. Moreover, SoFFin and Commerzbank undertook to enter into various agreements for the purpose of technically implementing the partial conversion of the silent participations and ensuring that SoFFin's stake of 25% plus one share in the share capital of Commerzbank would be maintained even after the implementation of the overall capital increase transaction. In addition to the measures of the overall capital increase transaction (partial conversion into shares and repayment from the issue proceeds), Commerzbank agreed to employ an amount of €3.27 billion out of free regulatory capital toward the repayment of the silent participations. Pursuant to the contractual provisions, the silent participations that are repaid early have no further claims to be serviced for and as of the year 2011. Against this background, the Bank and SoFFin have agreed upon a one-time compensation payment of €1.03 billion in connection with the overall capital increase transaction, which was paid to SoFFin at the beginning of June 2011. Due to the transactionally contingent partial conversion of the silent participations into shares and the partial repayment of the silent participations from the proceeds of the capital increase transaction and free regulatory capital, both parties agreed to a complete early termination of Participation Agreement 2 on June 5, 2011 and a partial early termination of Participation Agreement 1 on June 9, 2011.

Other material agreements

Cooperation agreement between Commerzbank, Wüstenrot Bausparkasse AG and Allianz Dresdner Bauspar AG dated April 21, 2010

On April 21, 2010, Commerzbank, Wüstenrot Bausparkasse AG and Allianz Dresdner Bauspar AG entered into a cooperation agreement regarding the sale by Commerzbank of savings and loan and construction financing products. The agreement provides for Commerzbank as a secondary agent within the meaning of Sections 84 and 92 of the German Commercial Code to offer and sell exclusively the products of Wüstenrot Bausparkasse AG and Allianz Dresdner Bauspar AG to its customers in the Federal Republic of Germany.

Commerzbank receives commissions on reaching goals for selling building savings and loan and construction financing products together with other fees.

The cooperation agreement was concluded for an indefinite term and can be terminated by giving 12-months notice, at the earliest as of December 31, 2020 and subsequently at the end of each successive three-year period.

Silent participation by HT1 Funding GmbH

Effective with the merger of Dresdner Bank and Commerzbank the silent participation of €1 billion by HT1 Funding GmbH in Dresdner Bank since July 20, 2006 was transferred to Commerzbank. Commerzbank is obliged to pay HT1 Funding GmbH a share of the net income of Commerzbank reported in its annual financial statements in accordance with the German Commercial Code of 6.932% p.a. of the capital loaned for the earning period ending on or before December 31, 2016 and of the 12-month EURIBOR plus 2.580% p.a. of the capital loaned for all earning periods ending after December 31, 2016. The payment obligation is subordinated to the claims of all present and future creditors of Commerzbank, other funds in the supplementary capital and other subordinated liabilities. A profit participation is excluded (1) if and to the extent that there is not enough profit eligible for distribution to pay such participation in the financial year concerned, (2) if there has been a reduction and the silent participation has not yet been fully credited again, (3) if application has been made to initiate bankruptcy proceedings on the assets of Commerzbank or BaFin has exercised its authority

under Sections 45, 46, 46a, 47 of the German Banking Act or (4) if the total capital ratio of Commerzbank at the company or Group level is below 9% and payment would result in a net loss for the year.

The silent participation is granted for an indefinite period and cannot be terminated by HT1 Funding GmbH. Commerzbank may terminate the underlying participation agreement under certain conditions by giving notice of ordinary termination of two years, however, not prior to December 31, 2016. Under an amendment agreement dated April 15, 2009, Commerzbank is further entitled on payment of compensation to reduce the nominal amount of the participation by transferring certain securities with a total nominal value of €1 billion to HT1 Funding GmbH which the latter had issued in 2006 to refinance the participation. In this event HT1 Funding GmbH is obliged under the amendment agreement to redeem these securities.

Legal disputes

The companies in the Group are involved as defendant, plaintiff or in another capacity in court, arbitration and regulatory cases in Germany as well as in other countries, including the United States. There are also other legal disputes in which the Bank or its subsidiaries are not directly involved, but which could have an impact on the Group due to their fundamental importance for the banking industry. The Group recognizes provisions for potential losses from contingent obligations in accordance with the relevant accounting rules if the potential loss is probable and can be estimated. Provisions for court, arbitration and regulatory proceedings are generally recognized at a flat rate of 50% of the amount at issue where this is below €0.5 million, and on a case-by-case basis where the amount at issue exceeds €0.5 million, based on the estimate of the probable loss, taking into account the course of the proceedings, the Group's experience and third-party experience in comparable cases, lawyers' opinions and other factors. In addition, provisions are recognized for all probable litigation costs for proceedings in Germany. In foreign proceedings, provisions are recognized only for the Group's own probable litigation costs and reimbursable costs in the given jurisdiction. The ultimate, actual liabilities of the Group may however differ from the recognized provisions, as assessing the probability and determining contingent liabilities from such legal proceedings requires extensive valuation and estimation which may prove wrong in the further course of the proceedings in question.

Apart from proceedings described below, the Bank is not currently aware of any government interventions or investigations, lawsuits, or arbitration, administrative or other proceedings which have arisen or been concluded in the past twelve months (including proceedings which to the Bank's knowledge are pending or could be initiated) in which the Bank or one of its subsidiaries is involved as defendant or in any other capacity and which are currently having or have recently had a material impact on the Group's financial position or profitability or which in the Bank's current estimation could have such effect in the future. With regard to each of the proceedings described below, some of which cover several disputes, the probable losses in excess of the provisions are in the Group's opinion either insignificant or cannot be estimated.

Flawed investment advice, in particular, incorrect information regarding internal commissions and/or rebates

Commerzbank and its subsidiaries are involved in giving investment advice, particularly in the Private Customers segment. The requirements imposed by lawmakers and case law for "objective investment advice that is fair to the investor" have been made considerably more stringent particularly in recent years. Commerzbank and its subsidiaries have been and are involved in a number of disputes, some of them in court, in which investors are claiming damages. In the past, this has led to material adverse effects on the Group's net assets, financial position and results of operations.

For a number of years, the question of the necessity of transparency in respect of internal commissions and/or rebates when selling closed funds has been the subject matter of various legal proceedings. In July of 2011, the German Federal Court of Justice (*Bundesgerichtshof*) found that the bank must explain to customers the rebates that it receives for the sale of participations in closed funds and, accordingly, that Commerzbank will be required to pay damages in this particular case. The term "rebate" is very broadly defined by the German Federal Court of Justice. An explanation in a

prospectus would only be sufficient if the latter has been handed over in good time and the bank is named and the size of the rebate is explicitly stated in the prospectus. Commerzbank has filed with the German Federal Court of Justice an appeal against the ruling. No decision has yet been made in this respect. Aside from the decision in this case, the judgment may be significant in a number of other pending proceedings relating to the funds that are the subject of legal disputes before the German Federal Court of Justice (approximately 432 other proceedings), and for new claims brought in relation to these funds as well as for other proceedings or new claims for other funds. A definitive assessment is not currently possible. A provision taking into account the new situation and going beyond existing provisions has been made for the funds that were the subject matter of the legal proceedings before the German Federal Court of Justice. If the Group is required to pay damages for a significant portion of the participations sold by it, there is the risk of material adverse effects on the Group's net assets, financial position and results of operations.

Lehman investors' complaint

Following the bankruptcy of Lehman Brothers, a large number of customers are claiming damages for, in particular, alleged faulty investment advice. To the extent that decisions have been handed down so far in the first instance, some are in favor of the Group, while others have been against it. The decisive factor here is the individual circumstances of the particular use. The possibility that more claims will be made also cannot be ruled out. In decisions of September 27, 2011, the German Federal Court of Justice (*Bundesgerichtshof*) for the first time ruled on Lehman cases of another bank, whose sales practices and product range cannot be compared with the Lehman certificates sold by Dresdner Bank. In this context, the German Federal Court of Justice ruled, among other things, that the bank is not obligated to disclose profit margins to investors. Nonetheless, the German Federal Court of Justice called for a basic disclosure of the so-called overall issuer risk. The investor must be informed that, in the case of insolvency of the issuer or a guarantor, he may lose the capital invested in entirety. However, faulty investment advice remains a question of the individual circumstances according to the German Federal Court of Justice. The number of legal actions being filed can be expected to increase slightly further, as plaintiffs have conducted conciliatory proceedings postponing time-barring of claims and are only presently filing legal actions.

Claims for payment and restoration of value in connection with issued profit participation certificates and trust preferred securities

Commerzbank, its subsidiaries (particularly Eurohypo and its legal predecessors) and Dresdner Bank and its subsidiaries have issued, among other securities profit participation certificates and other hybrid financial instruments, including trust preferred securities in particular. These instruments are generally structured so that they are recognized for regulatory purposes as equity. In some cases, the obligation to pay interest is dependent on distributable profit or requires that this does not lead to net loss.

Due to Eurohypo's losses in the 2009 and 2010 financial years, it did not pay any interest for the 2009 financial year on profit participation certificates and trust preferred securities issued by Eurohypo, its legal predecessors and their subsidiaries, and it has also reduced the claim for redemption on the basis of the profit participation certificates' participation in losses, and Eurohypo is proceeding or will proceed analogously for the 2010 financial year. Investors in Germany have filed suit (or announced their intention to do so) in respect of the reduction of redemption claims and failure to make payments on the profit participation certificates. Investors in the United States have done the same in respect of the failure to make payments on trust preferred securities. It cannot be ruled out that more claims will be made or suits filed. The first non-enforceable decisions of Regional Courts and one of a Regionals Appeals Court (*Oberlandesgericht*), in which case the right of appeal to the German Federal Court of Justice (*Bundesgerichtshof*) is granted, are now available in Germany, and the rulings have been mixed. Some plaintiffs base their claims on the control and profit transfer agreement with Eurohypo, and argue that Commerzbank Inlandsbankenholding GmbH's loss compensation obligation prevents an annual loss at Eurohypo, so that the conditions for suspending or postponing interest payments on the profit participation certificates or trust preferred securities and for reducing the redemption claim for the profit participation certificates do not apply. The lawsuit in Delaware is also significantly based on the *pari passu* clause contained in the terms and conditions of the trust preferred securities, under which there is an obligation to pay interest for trust preferred securities where interest is paid on other comparable instruments. The plaintiffs argue that profit participation certificates are "parity securities",

so that interest payments on these in the second half of 2009 (for the 2008 financial year) creates an obligation to pay interest on the trust preferred securities in the 2010 financial year (for the 2009 financial year). If the court finds in favor of the plaintiffs and rejects the view of Commerzbank and Eurohypo, this would only have a direct effect for the plaintiffs, and would not constitute a basis for a claim by other profit participation certificate holders or investors in trust preferred securities for retroactive payment or restoration of value. However, Commerzbank does not rule out the possibility that in such event it would have to satisfy all justified claims arising out of the profit participation certificates and trust preferred securities, and the retroactive interest payments on the profit participation certificates and trust preferred securities and write-up of the redemption claims for profit participation certificates for the 2009 and 2010 financial years would result in a charge at Group level of currently approximately €106 million.

For other trust preferred securities issued by a number of Commerzbank subsidiaries, the economic situation in the 2009 and 2010 financial years means that no interest has been or will be paid for these financial years. The terms and conditions of the trust preferred securities contain *pari passu* clauses under which there is an obligation to pay interest for these trust preferred securities if interest is paid on other comparable instruments. On the basis (among other things) of this *pari passu* clause, investors have also filed claims here – and in some cases also before the U.S. courts – for non-payment of interest; it cannot be ruled out that further claims will be made or suits filed. If, contrary to the view of Commerzbank, these claims are upheld, this would only have legal effect for those involved in the specific cases. However, Commerzbank does not rule out that in this event a relevant obligation to pay interest to investors in the corresponding instrument would be met and under certain circumstances also create obligations to pay interest on other instruments as a result of other *pari passu* clauses, which would lead to a charge at Group level of currently approximately €142 million.

Variable remuneration 2008

A large number of mostly former employees of the former Dresdner Bank Group have filed suit against Group companies, among other venues in Germany and various locations abroad, for failure to pay variable remuneration for 2008 in the allegedly promised amount or at all. The likely outcome of the proceedings varies and depends on the individual circumstances. The possibility that more claims will be made also cannot be ruled out.

Fund products including open and closed-end real estate funds

A number of investors in certain fund products, including open or closed-end real estate funds, have filed suit against Commerzbank and a number of its affiliated companies, among other reasons because of alleged incorrect advice, failure to properly check the plausibility of the fund prospectuses or failure to disclose commissions received from the Group, claiming damages for their investment in the relevant funds and, in the case of certain fund products, in addition to indemnification from all tax and economic disadvantages. The number of cases and the size of the claims made is constantly changing because of new claims and the settlement of existing claims, so that concrete valuation is not possible.

South America

A subsidiary of Commerzbank, with which Commerzbank as the legal successor of Dresdner Bank is linked through a control agreement, had holdings in two South American banks which have since gone into bankruptcy. In various lawsuits in Uruguay and Argentina, a number of investors and creditors in these banks are proceeding against the subsidiary and, in some cases, also Dresdner Bank for alleged shareholder liability and for breach of duty by individuals appointed by the subsidiary to the supervisory board of the banks. There are also various lawsuits pending in Germany and Brazil, Panama and the USA arising out of other transactions by the subsidiary.

Prospectus liability

An investor is claiming damages from Commerzbank as the legal successor of Dresdner Bank because of an alleged defective prospectus in connection with an IPO by a company. The company's insolvency administrator is filing recourse claims against the Bank arising out of joint and several liability and other legal grounds. In the event of a loss, the Bank has recourse claims against other members of the underwriting syndicate and against a third party.

U.S. Department of Justice

In 2006 and 2007, the Group was served with subpoenas in the United States to supply documents and information to the U.S. Department of Justice relating to customers in the field of Internet gaming. In the course of the proceedings, the Department of Justice proposed a “non-prosecution agreement” which would be entered into together with payment of a fine. A draft “non-prosecution agreement” was produced by the U.S. Department of Justice in December 2009 and comments on it exchanged but no contact has been made on the issue by the U.S. Department of Justice since May 2010. The outcome of the proceedings is not yet foreseeable. There is a possibility that they could be settled by a sum in the lower tens of millions.

Alleged violations of embargos

At the beginning of March 2010, the Board of Managing Directors of Commerzbank was requested by the New York County Attorney General to carry out an internal investigation into alleged violations of sanctions (including sanctions against Iran) and to cooperate closely with the U.S. authorities in this regard. The Branch has also received subpoenas from the U.S. authorities in this connection. The outcome of the matter is not yet foreseeable. In light of similar cases involving other banks, it cannot be ruled out that Commerzbank will be required to settle the matter for a not insignificant amount.

Eurohypo special award proceedings

A large number of former minority shareholders of Eurohypo have instituted two special award proceedings against Commerzbank Inlandsbanken Holding GmbH, a wholly-owned subsidiary of Commerzbank, for an increase in the cash settlement or compensation in connection with the control and profit transfer agreement with Eurohypo and the subsequent squeeze-out.

The Frankfurt Regional Court (*Landgericht*) had rejected the increase of the cash settlement with regard to the control and profit transfer agreement and increased the compensation. In respect of this proceeding, the Frankfurt Regional Appeals Court (*Oberlandesgericht*) rejected by a ruling dated November 24, 2011 both the increase in compensation and an increase of the cash settlement. The risk that an increase in the squeeze-out settlement would result in parallel proceedings has decreased significantly.

Antitrust Investigation by the European Commission

The European Commission has launched an antitrust investigation into Commerzbank and 16 other companies in the financial sector regarding their actions in passing on trading data that came into their possession in the course of transactions involving credit default swaps (financial instruments which take on the credit risk from a reference asset such as securities or loans) to providers of financial information on credit default swaps, such as the British company Markit Group Holding Limited. The Commission is studying whether the supply of this data amounted to restrictions on competition as defined by Articles 101 and 102 of the Treaty on the Functioning of the European Union. The outcome of the investigation cannot be predicted. Violations of Articles 101 and 102 of the Treaty on the Functioning of the European Union may be penalized through the imposition of a monetary fine. The fine imposed on each company found to have taken part in an infringement may not exceed 10% of its total revenue for the previous financial year.

Recent developments and outlook

The further course of the European sovereign debt crisis will have a decisive influence on the final quarter of the current financial year. In macroeconomic terms, eurozone growth will slow considerably and financial markets are likely to continue to be marked by great uncertainty together with high volatility. Consequently, the Bank expects a highly challenging environment in general.

This applies in particular to the Asset Based Finance and Portfolio Restructuring Unit segments, which do not form part of the Bank’s core business, but also to the market-influenced core bank segment Corporates & Markets. Given the unpredictable development of earnings against this background, the Group’s results for the full 2011 financial year cannot be quantified. Risk provisioning is however expected to amount to under €1.7 billion. The Bank anticipates substantial losses overall in the segments of Asset Based Finance and the Portfolio Restructuring Unit for the full 2011 financial year.

On the other hand, the core bank as a whole is, on the basis of its business model, expected to profit from its customer-oriented approach also in the fourth quarter of 2011. The Bank thus expects a substantially greater operating result for the core bank compared with 2010.

The Bank had already indicated as of June 30, 2011 that the earnings targets specified in 2009 for the year 2012 remained subject to stable markets. Commerzbank originally aimed at achieving an operating result of €4.0 billion in 2012 (excluding regulatory changes), thereof €3.6 billion in the core bank. From today's point of view it can be assumed that the uncertainties of the markets – heavily dampened by the European sovereign debt crisis – will persist. Customer activity is likely to remain low, especially in the securities business, and growth in the lending business is expected to remain limited. Refinancing costs can also be expected to increase, particularly in the Asset Based Finance segment. This development will have a decisive impact on the earnings situation of the Commerzbank Group. Against this background, the Bank does not anticipate meeting the earnings targets of "Roadmap 2012" in the coming year. As projected in "Roadmap 2012", the Bank continues to expect that costs will exceed € 7.7 billion. Risk provisioning for 2012 is expected by the Bank to be less than €1.8 billion. Key strategic targets of "Roadmap 2012" have already been implemented by the Bank despite the disruptive markets. In the future the Bank will continue to focus on its customer-oriented business model, the reduction of risks and non-strategic holdings and realizing the synergies from the acquisition of Dresdner Bank.

On December 8, 2011, with a view to the resolutions adopted by the EU, the EBA has conclusively determined the capital shortfall for the banks concerned. As required by the European Council, 71 internationally operating European banks must, after accounting for the effects of a simulated partial default on European sovereign bonds, meet a core Tier 1 ratio of 9% by June 30, 2012. This substantially exceeds the regulatory capital requirements currently applicable. As of September 30, 2011, Commerzbank's core Tier 1 ratio was 9.4%. The conclusive shortfall determined for Commerzbank in EBA's scenarios amounts to €5.305 billion (provisional shortfall: €2.938 billion). This conclusively determined shortfall, too, is accounted for virtually entirely by EBA's default assumptions for European sovereign bonds in the portfolios of Eurohypo. In contrast, the core business of Commerzbank is practically unaffected. The amount of the additional charge in excess of the provisional shortfall announced in October 2011 results almost entirely from the further escalation of the European sovereign debt crisis. Thus, for example, the total shortfall originally set by the EBA for Italy, Greece and Spain has been increased by some €2 billion compared to the provisional EBA figure. In addition, there were further impacts from the adjustment of the regulatory capital under Basel 2.5 as per the end of the year 2011 that had not been taken into consideration by the EBA to date, and from a smaller exchange rate-related increase in risk-weighted assets in the third quarter of 2011.

On December 5, 2011, Commerzbank announced as another step in its capital management that it is offering investors in selected hybrid equity instruments (Trust Preferred Securities) issued by companies of the Commerzbank Group to repurchase these instruments against cash consideration in the aggregate principal amount of €1.27 billion until December 13, 2011. The Bank has decided not to apply pro-rata and accepted all of the offered Trust Preferred Securities. The Bank spent therefore total fund of approximately €643 million; the transaction results in an increase of the Bank's Core Tier 1 capital of more than €700 million.

At its meeting on January 19, 2012, the Board of Managing Directors of Commerzbank has approved a set of measures to strengthen the core Tier 1 ratio. Through these measures and on the basis of the current planning, the Bank intends to fulfil the requirements of EBA amounting to some €5.3 billion by the record date June 30, 2012 relying on its own strength. Overall, the set of measures has a potential of approximately €6.3 billion. In order to fulfil the core Tier 1 ratio set by EBA, Commerzbank initiated extensive measures as early as November 2011. As of December 31, 2011 the Bank had, on the basis of preliminary figures, reduced its core Tier 1 capital requirement by approximately €3.0 billion thanks to risk-weighted asset reduction, a reduction in regulatory capital deductions and retention of earnings in the fourth quarter 2011.

Among other things, in line with current planning the Bank intends to considerably reduce risk-weighted assets by approximately a further €17 billion by June 30, 2012. This is to take place, for example, through the accelerated reduction in fringe activities and continued consistent RWA management. This means that the core Tier 1 capital requirement can be lowered by around a further €1.5 billion. Moreover, in line with the current planning, in the first six months of 2012 regulatory

capital deductions for securitisation positions are to be substantially lowered through efficient capital management, whereby the core Tier 1 capital is to be increased by approximately a further €350 million. In addition, the Bank plans to satisfy the individual variable compensation entitlements for 2011 of most of its non-pay-scale employees in Commerzbank shares. Depending upon the participation of the employees, this can lead to an increase in the core Tier 1 capital of approximately €250 million. In addition, the profits from the first and second quarter of 2012 are to be used to strengthen the core Tier 1 capital.

Following the conclusion of all measures, on the basis of the current business planning and subject to no further deterioration in the macroeconomic environment, in particular escalation of the sovereign debt crisis, Commerzbank intends to achieve a core Tier 1 ratio of more than 11.0% as of June 30, 2012.

Documents incorporated by reference

All of the following documents incorporated by reference in this Base Prospectus have been published in a base prospectus or supplement to a base prospectus in each case deposited with and approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). The parts of the respective base prospectus or supplement to a base prospectus which are not incorporated by reference herein are not relevant to the investor.

The "Terms and Conditions" of the Former Base Prospectus (see page 89 of this Base Prospectus) shall be incorporated by reference and form part of this Base Prospectus.

The following documents were published in the Supplement C dated April 15, 2010 to the Base Prospectus dated June 8, 2009 relating to the Scandinavian Notes/Certificates Programme of Commerzbank Aktiengesellschaft and shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

Financial Statements and Management Report 2009 of the Commerzbank AG

Management report (incl. Risk Report)	p. 2 – 70
Profit and Loss Account	p. 71
Balance sheet	p. 72 – 73
Notes	p. 74 – 105
Auditors' report	p. 106

Commerzbank Group Annual Report 2009

Reports	p. 108 – 276
Comprehensive statement of income	p. 281 - 284
Balance sheet	p. 285
Statement of changes in equity	p. 286 – 287
Cash flow statement	p. 288 – 289
Notes	p. 290 - 399
Auditors' report	p. 406
Holdings in affiliated and other companies	p. 413 - 453

The following documents were published in the Base Prospectus dated April 6, 2011 relating to Structured Notes of Commerzbank Aktiengesellschaft and shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

Commerzbank Group Annual Report 2010

Group Management Report	p. 96
Group Risk Report	p. 182

<i>Financial Statements of the Commerzbank Group as at December 31, 2010</i>	p. 220
Statement of comprehensive income	p. 224 - 227
Balance sheet	p. 228 – 229
Statement of changes in equity	p. 230 – 231
Cash flow statement	p. 232 – 233
Notes	p. 234 – 388
Responsibility statement by the Board of Managing Directors	p. 389
Auditor's report	p. 390

**Financial Statements and Management Report
2010 of the Commerzbank AG**

Management report	p. 394 - 462
Income statement	p. 463
Balance sheet	p. 464
Notes	p. 466 - 510
Responsibility statement by the Board of Managing Directors	p. 511
Auditor's report	p. 512

The Interim Report of the Commerzbank Group as of September 30, 2011 (reviewed English version) was published in the Supplement dated November 9, 2011 to the Base Prospectus as of September 13, 2011 relating to Structured Certificates of Commerzbank Aktiengesellschaft and shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

**Interim Report of the Commerzbank-Group as
at September 30,2011**

Interim Management Report	p. 3
Interim Risk Report	p. 23
Interim Financial Statements	p. 49
Significant subsidiaries and associates	p. 91

Documents incorporated by reference have been published on the website of the Issuer (www.commerzbank.com).

Frankfurt am Main, January 24, 2012

COMMERZBANK
AKTIENGESELLSCHAFT

by: Borinski

by: Jung