

Commerzbank

Global Market Memory Income Autocall November 2017

Factsheet



INVESTMENT DESCRIPTION

A 6 year investment linked to the performance of the Taiwanese, Japanese, Australian and US indices.

If on any of the semi-annual observation dates, including the final observation, the closing levels of all the underlyings are at or above 80% of their initial levels, the income will be paid plus any previously missed income payments.

This investment will autocall and mature early if all underlyings are equal to or above their initial levels on any semi-annual observation date starting at 24 months. If early maturity occurs, full capital is returned and the investment will end. If early maturity does not occur the investment will continue to the final observation date.

At the final observation date, if all underlyings are at or above 60% of their initial levels, then full capital is returned. If any underlying is below 60% of its original level, capital return will be reduced on a 1-for-1 basis. For example if the worst performing underlying has fallen to 40% of its original level, 40% of the capital will be returned.

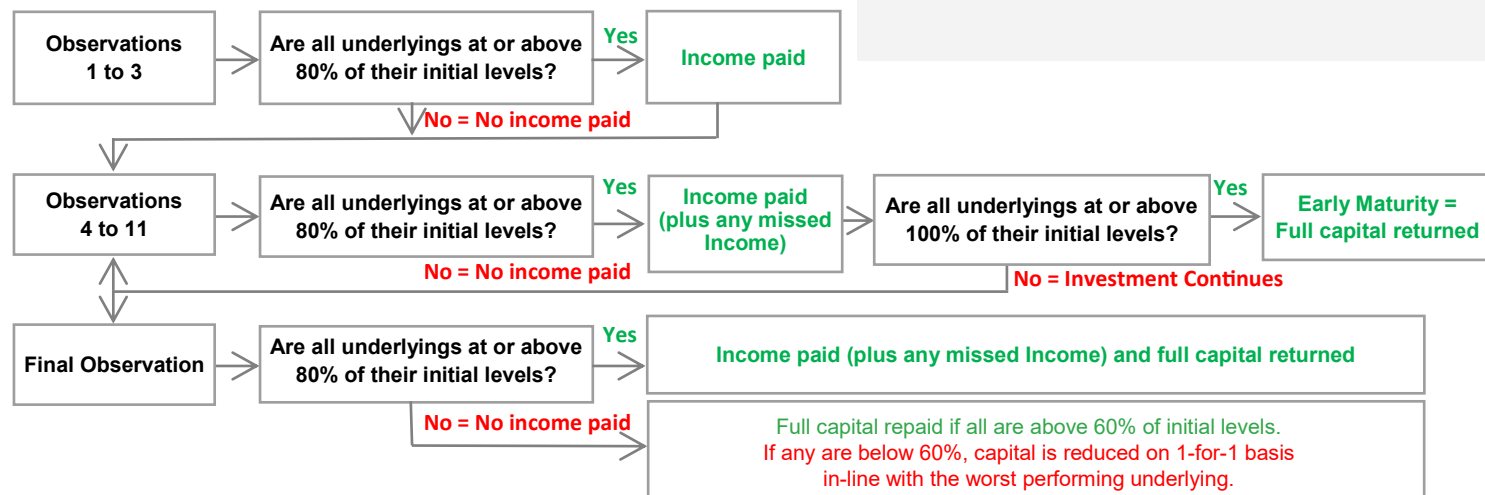
BENEFITS

- Opportunity for regular income payments even where the underlyings show significant falls.
- A memory feature, whereby income previously unpaid, will be included when the income trigger is next activated.
- Autocall feature potentially shortens the investment term and is triggered by minimal growth.
- Early maturity provides an opportunity to re-assess client's wealth strategy.
- Daily pricing.

RISKS

- The return is limited to the pre-defined investment terms.
- The income payment is conditional upon the underlying performance.
- There is a risk to capital should one of the underlyings breach the capital protection barrier on its Final Observation Date or in the event of an issuer default.
- Should investors need to sell their investment before maturity, the trading price will likely mean they get back less than they invested.

HOW THE INVESTMENT WORKS



PRODUCT FACTS & FEATURES

Issuer and Counterparty:	Commerzbank
Credit Ratings:	Fitch: A-, Moody's: A2, S&P: A- Source: Commerzbank 09.11.2017
Maximum Term:	6 years
Investment Structure:	Semi-Annual Memory Income Autocall
Autocall opportunities:	Semi-Annual (First observation at 24 months)
Autocall Trigger:	100% of initial level
Memory Income Rate:	GBP = 3.20% Semi-Annual
Income Trigger:	80% of initial level
Capital Risk:	Not capital protected
Capital Protection Barrier:	60% Final level (European style)
Underlying Basket	Bloomberg Code
Taiwan: TWSE	TWSE Index
Japan: Nikkei 225	NKY Index
Australia: S&P ASX 200	AS51 Index
US: Russell 2000	RTY Index

KEY INFORMATION

Subscription Period:	09 Nov 2017 – 23 Nov 2017 (4.30pm UK Time)
Issue Price:	100%
Strike Date:	24 November 2017
Issue Date:	05 December 2017
1st Coupon Observation:	24 May 2018
1st Autocall Observation:	25 November 2019
Final Observation:	24 November 2023
Maturity Date:	05 December 2023
Denominations:	1,000 lots of 1,000
ISIN:	GBP = XS1641258154

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Observation Dates (some payment dates may vary due to bank holidays)

	Observation Date	Payment Date	Income Trigger	Autocall Trigger
Observation 1	24 May 2018	05 June 2018	80%	n/a
Observation 2	26 November 2018	05 December 2018	80%	n/a
Observation 3	24 May 2019	05 June 2019	80%	n/a
Observation 4	25 November 2019	04 December 2019	80%	100%
Observation 5	26 May 2020	04 June 2020	80%	100%
Observation 6	24 November 2020	03 December 2020	80%	100%
Observation 7	24 May 2021	03 June 2021	80%	100%
Observation 8	24 November 2021	03 December 2021	80%	100%
Observation 9	24 May 2022	03 June 2022	80%	100%
Observation 10	25 November 2022	05 December 2022	80%	100%
Observation 11	24 May 2023	05 June 2023	80%	100%
Final Observation	24 November 2023	05 December 2023	80%	60% European Barrier

IDAD was established in 2002 and our approach from the outset, is what we call the "*IDAD Difference*". The selection of the investments we offer is not decided in terms of profitability alone and when developing investment products, we favour evidence over dogma. We are happy to work with advisers and product providers alike to deliver a range of investment options to suit differing client wealth strategies. We're proud of our approach to business as well as the investments delivered as a result of the "*IDAD Difference*". We are committed to building upon our reputation for bringing benefits to all involved in the investment process, but most importantly to the clients.

Commerzbank: Commerzbank AG attracts deposits and offers retail and commercial banking services. The bank offers mortgage loans, securities brokerage and asset management services, private banking, foreign exchange, and treasury services worldwide.

Source: Bloomberg 09.11.2017

RATIONALE

Structured products are becoming increasingly popular for investors due to the wide variety of payoffs and levels of protection that can be achieved by the different types of structures that are available.

The opportunity for an income stream can be of key importance to investors as part of their wealth planning. The probability of an income payment being triggered is increased with this investment as an underlying needs to show a fall of 20% from its initial level on any observation date before the income stream is disrupted.

The investment also benefits from a memory feature so that if any income payments have missed being paid, they will catch-up the next time all underlyings are above 80% of their initial levels on an observation date.

These four underlyings have been selected in order to support the anticipated delivery of that income.

The autocall payoff can bring an early return of capital allowing the opportunity for a re-assessment of investment strategy. The value of this feature cannot be underestimated as it brings with it the opportunity to secure capital value, as well as the chance to take advantage of future market trends.

To manage the capital risk, a final level barrier set at 60% means an underlying must fall by more than 40% over 6 years before capital is at risk.

SUITABILITY

This product may be suitable for investors who:

- Are seeking the opportunity for higher returns than current cash rates at the time this product was launched.
- Are seeking income rather than growth.
- Understand and accept there is a risk to capital and how the Capital Protection Barrier works.
- Understand the impact of global economic issues and how they will affect the product.
- Understand the criteria which will determine the income payments.
- Are looking to invest for the medium to long term, being happy to remain invested until maturity.
- Can afford to have their cash invested for the full term of the Product.
- Wish to use this investment as part of a well-diversified portfolio.
- Understand that the returns are pre-defined and that they will forgo any growth in the underlyings which exceeds the fixed level available with this investment product.
- Understand the risk to capital in the event of a counterparty default.
- Should they need to sell their investment before maturity, accept that the trading price will likely mean they get back less than they invested.
- Appreciate that income payments are conditional but understand that the memory feature can deliver previously missed income payments.



THE UNDERLYINGS

The **TWSE, or TAIEX (TWSE)**, Index is capitalization-weighted index of all listed common shares traded on the Taiwan Stock Exchange. The index has a base value of 100 on its 1966 level. The index is also known as the TSEC Index

The **Nikkei-225 (NKY)** Stock Average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949 where the average price was ¥176.21 with a divisor of 225.

The **S&P/ASX 200** measures the performance of the 200 largest index-eligible stocks listed on the ASX by float-adjusted market capitalization. Representative liquid and tradable, it is widely considered Australia's preeminent benchmark index.

The **Russell 2000 Index (RTY)** is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The index was developed with a base value of 135.00 as of December 31, 1986

Source: Bloomberg 09.11.2017

MOVEMENT IN THE UNDERLYINGS OVER A 16 YEAR PERIOD



16 Year Back-Testing

Back-testing shows how the investment would have performed historically using data from previous potential strike dates and observations. Although past performance is not an indication of future performance, it can give a factual insight into how the investment would have performed historically.

This 16 year back-test shows the historical data for a full 10 years of 6 year products that could reach the full term.

Of the 2,501 scenarios tested, 24.99% would reach the full term without autocalling and 9.28% would have breached the 60% final level barrier.

All coupon observations have also been tested and this show that historically 77.02% of coupons would have been paid thanks to the Catch-Up feature.

Autocall Test	Autocalled	%	Autocall Test	Autocalled	%
24 Months	1,107	44.26%	48 Months	51	2.04%
30 Months	135	5.40%	54 Months	17	0.68%
36 Months	253	10.12%	60 Months	39	1.56%
42 Months	251	10.04%	66 Months	23	0.92%

Total Number Tested	% Matured Early	% To Reach Final Date	% Barrier Breach	% Of Coupons Paid	Average Historic Return GBP
2501	75.01%	24.99%	9.28%	77.02%	4.88% p.a.

Past performance is not a reliable indicator of future performance and should not be used to assess the future returns or risks

Source: Bloomberg 09.11.2017, Data period: 31.10.2001 to 31.10.2017



Secondary Market

The Issuing bank will endeavour to provide quotes under normal market conditions for trading purposes upon request, subject to a Bid-Offer spread of 1%. On the secondary market, traded prices will include any accrued interest ("dirty prices").

Sale trades will settle 2 days after the trade date.

Trade orders should be sent to orders@idad.biz

All trades will be settled direct with Commerzbank's Clearstream a/c 33642

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Fees of up to 1.25% p.a. for the maximum term of the investment may be paid by the Issuer to cover marketing, distribution and advice costs. The fees have been fully accounted for in the calculation of the Product's structure. For example, this means that an investment of £10,000 will have any income/growth payments and capital protection based on the full £10,000.

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For further information please contact IDAD at:
Bellamy House, Winton Road, Petersfield, Hampshire. GU32 3HA
email: enquiries@idad.biz telephone: +44(0)1730 263943 or visit our website www.idad.biz