

Investment Description

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

If on any of the annual observation dates, including the final observation, the closing levels of all the underlyings are at or above 75% 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 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.

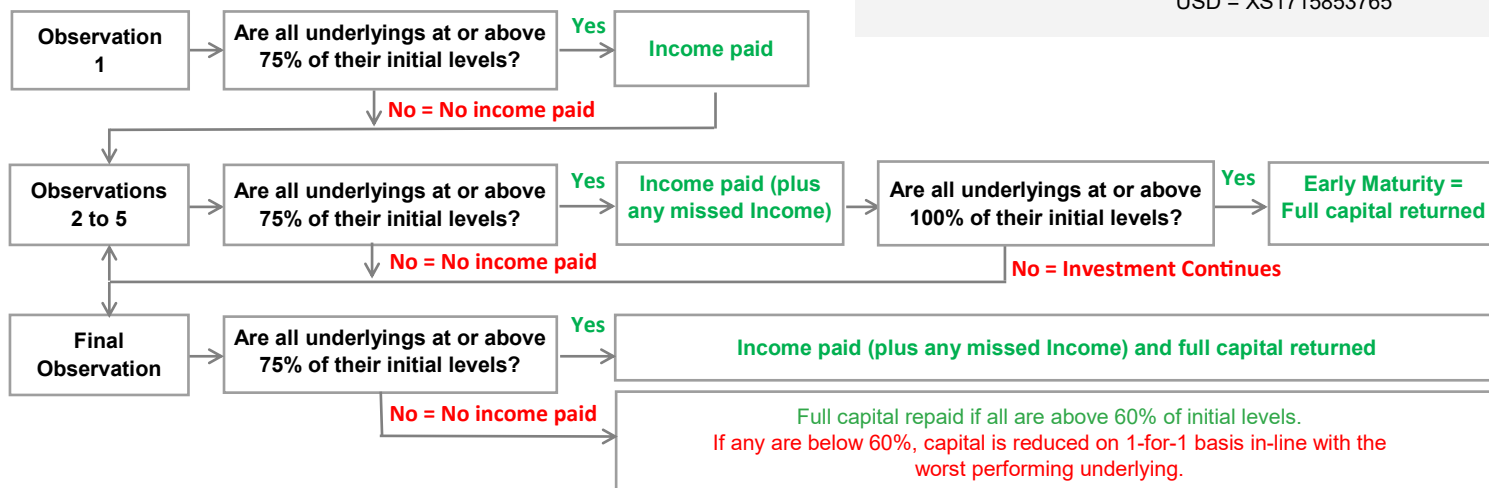
Benefits

- 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 Factsheets & Features

Issuer and Counterparty:	Commerzbank
Credit Ratings:	Fitch: A-, Moody's: A1, S&P: A- Source: Commerzbank 30.08.2018
Maximum Term:	6 years
Investment Structure:	Annual Memory Income Autocall
Autocall Opportunities:	Annually (First observation at 24 months)
Autocall Trigger:	100% of initial level
Memory Income Rate:	GBP = 5.00% p.a. USD = 6.40% p.a.
Income Trigger:	75% of initial level
Capital Risk:	Not capital protected
Capital Protection Barrier:	60% Final level (European style)
Underlying Basket	Bloomberg Code
US: S&P 500	SPX Index
Australia: S&P ASX 200	AS51 Index
Canada: S&P TSX 60	SPTSX60 Index
Japan: NIKKEI 225	NIKY Index

Key Information

Subscription Period:	30 Aug 2018 – 01 Oct 2018 (4.30pm UK Time)
Issue Price:	100%
Strike Date:	02 October 2018
Issue Date:	10 October 2018
1st Coupon Observation:	04 October 2019
1st Autocall Observation:	05 October 2020
Final Observation:	04 October 2024
Maturity Date:	11 October 2024
Denominations:	GBP = 1,000 then lots of 1,000 USD = 1,000 then lots of 1,000
ISIN:	GBP = XS1715853682 USD = XS1715853765

Commerzbank

Diversified Markets Memory Income Autocall October 2018

Factsheet



Observation Dates (some dates may vary if a bank holiday occurs, GBP dates are used below)

	Observation Date	Payment Date	Income Trigger	Autocall Trigger
Observation 1	04 October 2019	11 October 2019	75%	n/a
Observation 2	05 October 2020	12 October 2020	75%	100%
Observation 3	04 October 2021	11 October 2021	75%	100%
Observation 4	04 October 2022	11 October 2022	75%	100%
Observation 5	04 October 2023	11 October 2023	75%	100%
Final Observation	04 October 2024	11 October 2024	75%	60% European Barrier

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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 30.08.2018

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 25% 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 75% 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.

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

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 **Standard and Poor's 500 Index (SPX)** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

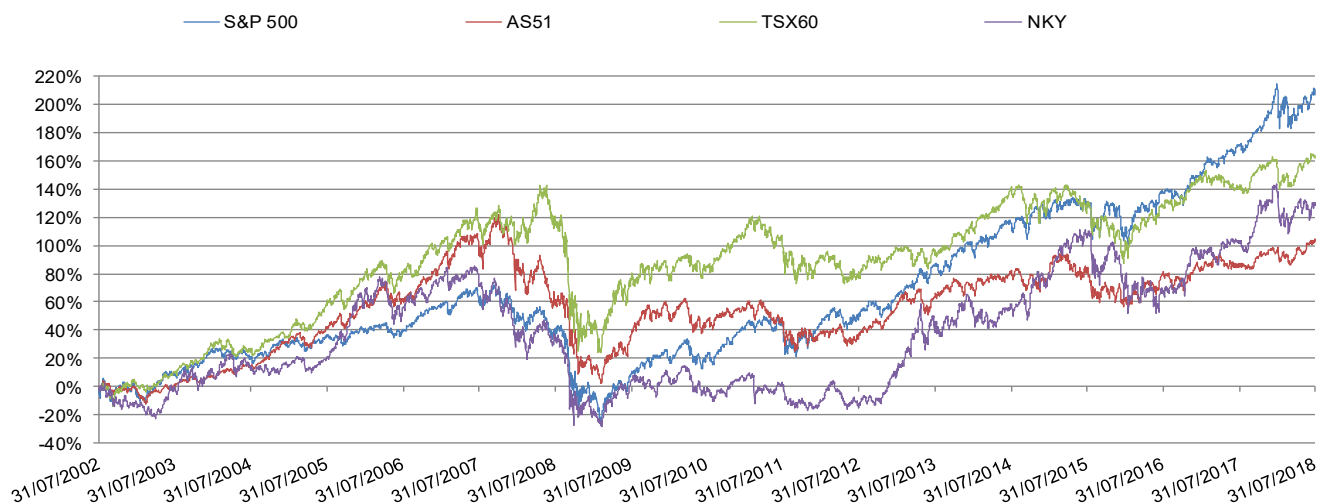
The **S&P/ASX 200** measures the performance of the 200 largest index-eligible stocks listed on the ASX by float-adjusted market capitalization. Representative liquid and tradable, it is widely considered Australia's preeminent benchmark index.

The **S&P/Toronto Stock Exchange 60** is a capitalization-weighted index. It consists of 60 of the largest and most liquid (heavily traded) stocks listed on the Toronto Stock Exchange (TSX). They are usually domestic or multinational industry leaders.

The **Nikkei 225 Index (NKY) Stock Average** is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Toyko 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.

Source: Bloomberg 30.08.2018

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, 27.67% would reach the full 6 year term without autocalling and 9.28% would have breached the 60% final level barrier.

All coupon observations have also been tested and of the 2,501 scenarios 81.68% of coupons would have been paid thanks to the memory feature.

Autocall Test	Autocalled	%
24 Months	1,269	50.74%
36 Months	342	13.67%
48 Months	185	7.40%
60 Months	13	0.52%

Total Number Tested	% Matured Early	% To Reach Final Date	% That Returned Full Capital	% Barrier Breach	% Of Coupons Paid	Average Historic Return GBP	Average Historic Return USD
2501	72.33%	27.67%	90.72%	9.28%	81.68%	4.32% p.a.	5.72% 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 30.08.2018, Data period: 31.07.2002 to 31.07.2018



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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