

DEUTSCHE BANK AKTIENGESELLSCHAFT

Form 424B2

August 04, 2014

Pricing Supplement No. 2128AF

To underlying supplement No. 1 dated October 1, 2012,

product supplement AF dated September 28, 2012,

prospectus supplement dated September 28, 2012

and prospectus dated September 28, 2012

Deutsche Bank AG

\$8,780,000 Capped Buffered Underlying Securities (BUyS) Linked to the iShares® MSCI EAFE ETF due July 7, 2016

Registration Statement No. 333-184193

Dated July 31, 2014; Rule 424(b)(2)

General

• The Capped Buffered Underlying Securities (the “BUyS”) are designed for investors who seek a return at maturity of 125.00% of any appreciation of the iShares® MSCI EAFE ETF (the “Underlying”), up to the Maximum Return of 20.375%. If the Final Price is less than the Initial Price by an amount not greater than the Buffer Amount of 15.00%, investors will receive at maturity the Face Amount per \$1,000 Face Amount of BUyS. However, if the Final Price is less than the Initial Price by an amount greater than the Buffer Amount of 15.00%, for each \$1,000 Face Amount of BUyS, investors will lose 1.17647% of the Face Amount for every 1.00% by which the Final Price is less than the Initial Price by an amount greater than the Buffer Amount. The BUyS do not pay any coupons or dividends and investors should be willing to lose some or all of their initial investment if the Final Price is less than the Initial Price by an amount greater than the Buffer Amount. Any payment on the BUyS is subject to the credit of the Issuer.

- Senior unsecured obligations of Deutsche Bank AG due July 7, 2016.

• Minimum purchase of \$1,000. Minimum denominations of \$1,000 (the “Face Amount”) and integral multiples thereof.

• The BUyS priced on July 31, 2014 (the “Trade Date”) and are expected to settle on August 5, 2014 (the “Settlement Date”).

Key Terms

Issuer: Deutsche Bank AG, London Branch

Underlying: iShares® MSCI EAFE ETF (Ticker: EFA)

Issue Price: 100% of the Face Amount

Payment at Maturity: • If the Final Price is greater than or equal to the Initial Price, you will receive a cash payment at maturity per \$1,000 Face Amount of BUyS, calculated as follows:

$\$1,000 + (\$1,000 \times \text{the lesser of (i) Underlying Return} \times \text{Upside Leverage Factor and (ii) Maximum Return})$

• If the Final Price is less than the Initial Price by an amount not greater than the Buffer Amount of 15.00%, you will receive a cash payment at maturity equal to \$1,000 per \$1,000 Face Amount of BUyS.

• If the Final Price is less than the Initial Price by an amount greater than the Buffer Amount of 15.00%, you will receive a cash payment at maturity per \$1,000 Face Amount of BUyS, calculated as follows:

$\$1,000 + [\$1,000 \times (\text{Underlying Return} + \text{Buffer Amount}) \times \text{Downside Participation Factor}]$

If the Final Price is less than the Initial Price by an amount greater than the Buffer Amount, for each \$1,000 Face Amount of BUyS, you will lose 1.17647% of the Face Amount for every 1.00% by which the Final Price is less than the Initial Price by an amount greater than the Buffer Amount. In this circumstance, you will lose some or all of your initial investment. Any payment on the BUyS is subject to the credit of the Issuer.

Underlying Return: The Underlying Return, expressed as a percentage, will equal:

$\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$

The Underlying Return may be positive, zero or negative.

(Key Terms continued on next page)

Investing in the BUyS involves a number of risks. See “Risk Factors” beginning on page 7 of the accompanying product supplement and “Selected Risk Considerations” beginning on page PS-7 of this pricing supplement.

The Issuer’s estimated value of the BUyS on the Trade Date is \$983.60 per \$1,000 Face Amount of BUyS, which is less than the Issue Price. Please see “Issuer’s Estimated Value of the BUyS” on page PS-3 of this pricing supplement for additional information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the BUyS or passed upon the accuracy or the adequacy of this pricing supplement or the accompanying underlying supplement, product supplement, prospectus supplement or prospectus. Any representation to the contrary is a criminal offense.

	Price to Public	Discounts and Commissions(1)	Proceeds to Us
Per Security	\$1,000.00	\$0.00	\$1,000.00
Total	\$8,780,000.00	\$0.00	\$8,780,000.00

(1)Deutsche Bank Securities Inc. (“DBSI”), acting as agent for Deutsche Bank AG, will not receive a selling concession in connection with the sale of the BUyS. Investors that purchase and hold the BUyS in fee-based accounts may be charged fees based on the amount of assets held in those accounts, including the BUyS.

The agent for this offering is our affiliate. For more information see “Supplemental Underwriting Information (Conflicts of Interest)” in this pricing supplement.

The BUyS are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee
Notes	\$8,780,000.00	\$1,130.86

Deutsche Bank Securities

July 31, 2014

(Key Terms continued from previous page)

Initial Price: \$66.59, equal to the Closing Price of the Underlying on the Trade Date
Final Price: The Closing Price of the Underlying on the Final Valuation Date
Closing Price: The closing price of one share of the Underlying on the relevant date of calculation multiplied by the then-current Share Adjustment Factor, as determined by the calculation agent
Share Adjustment Factor: Initially 1.0, subject to adjustment for certain actions affecting the Underlying. See “Description of Securities – Anti-Dilution Adjustments for Funds” in the accompanying product supplement.
Buffer Amount: 15.00%
Upside Leverage Factor: 125.00% upside participation
Downside Participation Factor: 117.647% downside participation
Maximum Return: 20.375%
Trade Date: July 31, 2014
Settlement Date: August 5, 2014
Final Valuation Date†: July 1, 2016
Maturity Date†: July 7, 2016
Listing: The BUyS will not be listed on any securities exchange.
CUSIP: 25152RNG4
ISIN: US25152RNG47

† Subject to adjustment as described under “Description of Securities — Adjustments to Valuation Dates and Payment Dates” in the accompanying product supplement.

Issuer's Estimated Value of the BUyS

The Issuer's estimated value of the BUyS is equal to the sum of our valuations of the following two components of the BUyS: (i) a bond and (ii) an embedded derivative(s). The value of the bond component of the BUyS is calculated based on the present value of the stream of cash payments associated with a conventional bond with a principal amount equal to the Face Amount of BUyS, discounted at an internal funding rate, which is determined primarily based on our market-based yield curve, adjusted to account for our funding needs and objectives for the period matching the term of the BUyS. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the BUyS, reduces the economic terms of the BUyS to you and is expected to adversely affect the price at which you may be able to sell the BUyS in any secondary market. The value of the embedded derivative(s) is calculated based on our internal pricing models using relevant parameter inputs such as expected interest and dividend rates and mid-market levels of price and volatility of the assets underlying the BUyS or any futures, options or swaps related to such underlying assets. Our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect.

The Issuer's estimated value of the BUyS on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Issue Price of the BUyS. The difference between the Issue Price and the Issuer's estimated value of the BUyS on the Trade Date is due to the inclusion in the Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the BUyS through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge.

The Issuer's estimated value of the BUyS on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your BUyS in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the BUyS from you in secondary market transactions, if at all, would generally be lower than both the Issue Price and the Issuer's estimated value of the BUyS on the Trade Date. Our purchase price, if any, in secondary market transactions will be based on the estimated value of the BUyS determined by reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the BUyS and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our BUyS for use on customer account statements would generally be determined on the same basis. However, during the period of approximately three months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between the Issue Price and the Issuer's estimated value of the BUyS on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

Additional Terms Specific to the BUyS

You should read this pricing supplement together with underlying supplement No. 1 dated October 1, 2012, product supplement AF dated September 28, 2012, the prospectus supplement dated September 28, 2012 relating to our Series A global notes of which these BUyS are a part and the prospectus dated September 28, 2012. You may access these documents on the website of the Securities and Exchange Commission (the “SEC”) at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Underlying supplement No. 1 dated October 1, 2012:

http://www.sec.gov/Archives/edgar/data/1159508/000095010312005120/crt_dp33209-424b2.pdf

- Product supplement AF dated September 28, 2012:

http://www.sec.gov/Archives/edgar/data/1159508/000095010312005082/crt_dp33006-424b2.pdf

- Prospectus supplement dated September 28, 2012:

<http://www.sec.gov/Archives/edgar/data/1159508/000119312512409437/d414995d424b21.pdf>

- Prospectus dated September 28, 2012:

<http://www.sec.gov/Archives/edgar/data/1159508/000119312512409372/d413728d424b21.pdf>

Our Central Index Key, or CIK, on the SEC website is 0001159508. As used in this pricing supplement, “we,” “us” or “our” refers to Deutsche Bank AG, including, as the context requires, acting through one of its branches.

The trustee has appointed Deutsche Bank Trust Company Americas as its authenticating agent with respect to our Series A global notes.

This pricing supplement, together with the documents listed above, contains the terms of the BUyS and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in this pricing supplement and in “Risk Factors” in the accompanying product supplement, as the BUyS involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before deciding to invest in the BUyS.

Deutsche Bank AG has filed a registration statement (including a prospectus) with the Securities and Exchange Commission for the offering to which this pricing supplement relates. Before you invest, you should read the prospectus in that registration statement and the other documents relating to this offering that Deutsche Bank AG has filed with the SEC for more complete information about Deutsche Bank AG and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, Deutsche Bank AG, any agent or any dealer participating in this offering will arrange to send you the prospectus, prospectus supplement, product supplement, underlying supplement and this pricing supplement if you so request by calling toll-free 1-800-311-4409.

You may revoke your offer to purchase the BUyS at any time prior to the time at which we accept such offer by notifying the applicable agent. We reserve the right to change the terms of, or reject any offer to purchase, the BUyS

prior to their issuance. We will notify you in the event of any changes to the terms of the BUyS, and you will be asked to accept such changes in connection with your purchase of any BUyS. You may also choose to reject such changes, in which case we may reject your offer to purchase the BUyS.

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What Are the Possible Payments on the BUyS, Assuming a Range of Hypothetical Performances for the Underlying?

The table below illustrates the Payment at Maturity per \$1,000 Face Amount of BUyS for a hypothetical range of performances for the Underlying from -100.00% to +100.00%. The table below reflects the Maximum Return of 20.375%, the Upside Leverage Factor of 125.00%, the Buffer Amount of 15.00% and the Downside Participation Factor of 117.647%. The actual Initial Price is set forth on the cover of this pricing supplement. The following results are based solely on the hypothetical examples cited. You should consider carefully whether the BUyS are suitable to your investment goals. The numbers appearing in the table and examples below have been rounded for ease of analysis.

Underlying Return (%)	Payment at Maturity (\$)	Return on BUyS (%)
100.00%	\$1,203.75	20.375%
75.00%	\$1,203.75	20.375%
50.00%	\$1,203.75	20.375%
25.00%	\$1,203.75	20.375%
16.30%	\$1,203.75	20.375%
15.00%	\$1,187.50	18.750%
10.00%	\$1,125.00	12.500%
5.00%	\$1,062.50	6.250%
0.00%	\$1,000.00	0.000%
-5.00%	\$1,000.00	0.000%
-10.00%	\$1,000.00	0.000%
-15.00%	\$1,000.00	0.000%
-25.00%	\$882.35	-11.76%
-30.00%	\$823.53	-17.65%
-50.00%	\$588.24	-41.18%
-75.00%	\$294.12	-70.59%
-100.00%	\$0.00	-100.00%

Hypothetical Examples of Amounts Payable at Maturity

The following hypothetical examples illustrate how the payments on the BUyS at maturity set forth in the table above are calculated.

Example 1: The Final Price is greater than the Initial Price, resulting in an Underlying Return of 5.00%. Because the Final Price is greater than the Initial Price and the Underlying Return of 5.00% multiplied by the Upside Leverage Factor does not exceed the Maximum Return, the investor receives a Payment at Maturity of \$1,062.50 per \$1,000 Face Amount of BUyS, calculated as follows:

$$\$1,000 + (\$1,000 \times \text{the lesser of (i) Underlying Return} \times \text{Upside Leverage Factor and (ii) Maximum Return})$$

$$\$1,000 + (\$1,000 \times 5.00\% \times 125.00\%) = \$1,062.50$$

Example 2: The Final Price is greater than the Initial Price, resulting in an Underlying Return of 50.00%. Because the Final Price is greater than the Initial Price and the Underlying Return of 50.00% multiplied by the Upside Leverage Factor exceeds the Maximum Return, the investor receives a Payment at Maturity of \$1,203.75 per \$1,000 Face Amount of BUyS, the maximum payment on the BUyS, calculated as follows:

$\$1,000 + (\$1,000 \times \text{the lesser of (i) Underlying Return} \times \text{Upside Leverage Factor and (ii) Maximum Return})$

$$\$1,000 + (\$1,000 \times 20.375\%) = \$1,203.75$$

Example 3: The Final Price is less than the Initial Price by an amount not greater than the Buffer Amount, resulting in an Underlying Return of -5.00%. Although the Final Price is less than the Initial Price, because the Final Price is less than the Initial Price by an amount not greater than the Buffer Amount, the investor receives a Payment at Maturity of \$1,000.00 per \$1,000 Face Amount of BUyS.

Example 4: The Final Price is less than the Initial Price by an amount greater than the Buffer Amount, resulting in an Underlying Return of -50.00%. Because the Final Price is less than the Initial Price by an

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amount greater than the Buffer Amount, the investor receives a Payment at Maturity of \$588.24 per \$1,000 Face Amount of BUyS, calculated as follows:

$$\$1,000 + [\$1,000 \times (\text{Underlying Return} + \text{Buffer Amount}) \times \text{Downside Participation Factor}]$$

$$\$1,000 + [\$1,000 \times (-50.00\% + 15.00\%) \times 117.647\%] = \$588.24$$

Selected Purchase Considerations

THE APPRECIATION POTENTIAL OF THE BUYS IS LIMITED — The BUyS provide leveraged upside exposure to any appreciation of the Underlying up to the Maximum Return of 20.375%. Consequently, the maximum Payment at Maturity will be \$1,203.75 for each \$1,000 Face Amount of BUyS you hold. Because the BUyS are our senior unsecured obligations, payment of any amount at maturity is subject to our ability to meet our obligations as they become due.

LIMITED PROTECTION AGAINST LOSS — The payment of the Face Amount of BUyS at maturity is protected against a percentage decline in the Final Price, as compared to the Initial Price, of up to the Buffer Amount. If such percentage decline is greater than the Buffer Amount of 15.00%, for each \$1,000 Face Amount of notes, you will lose 1.17647% of the Face Amount for every 1.00% decline beyond the Buffer Amount. In this circumstance, you will lose some or all of your investment in the BUyS.

RETURN LINKED TO THE PERFORMANCE OF THE iSHARES® MSCI EAFE ETF — The return on the BUyS, which may be positive, zero or negative, is linked to the performance of the iShares® MSCI EAFE ETF. The iShares® MSCI EAFE ETF is an exchange-traded fund managed by iShares® Trust, a registered investment company. The iShares® Trust consists of numerous separate investment portfolios, including the iShares® MSCI EAFE ETF. The iShares® MSCI EAFE ETF seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of publicly traded securities in the European, Australasian and Far Eastern markets, as measured by the MSCI EAFE® Index (the “Tracked Index”). The iShares® MSCI EAFE ETF trades on NYSE Arca under the ticker symbol “EFA.” It is possible that the iShares® MSCI EAFE ETF may not fully replicate or may in certain circumstances diverge significantly from the performance of the Tracked Index due to the temporary unavailability of certain securities in the secondary markets, the performance of any derivative instruments contained in the iShares® MSCI EAFE ETF, the fees and expenses of the iShares® MSCI EAFE ETF or due to other circumstances. This section is only a summary of the iShares® MSCI EAFE ETF. For more information on the iShares® MSCI EAFE ETF, including information concerning calculation methodology and adjustment policy, please see the section entitled “Exchange Traded Funds – iShares® MSCI EAFE Index Fund” in the accompanying underlying supplement No. 1 dated October 1, 2012. For more information on the MSCI EAFE® Index, please see the section entitled “The MSCI Indices – The MSCI EAFE® Index” in the accompanying underlying supplement No. 1 dated October 1, 2012. On July 1, 2013, the iShares® MSCI EAFE Index Fund was renamed the iShares® MSCI EAFE ETF. All references to the iShares® MSCI EAFE Index Fund in the accompanying underlying supplement No. 1 dated October 1, 2012 are deemed to refer to the iShares® MSCI EAFE ETF.

TAX CONSEQUENCES — In the opinion of our special tax counsel, Davis Polk & Wardwell LLP, which is based on prevailing market conditions, it is more likely than not that the BUyS will be treated for U.S. federal income tax purposes as prepaid financial contracts that are not debt. Generally, if this treatment is respected, (i) you should not recognize taxable income or loss prior to the taxable disposition of your BUyS (including at maturity) and (ii) subject to the potential application of the “constructive ownership” regime discussed below, the gain or loss on your BUyS should be capital gain or loss and should be long-term capital gain or loss if you have held the BUyS for more than one year. The Internal Revenue Service (the “IRS”) or a court might not agree with this treatment, however, in which case the timing and character of income or loss on your BUyS could be materially and adversely affected.

Even if the treatment of the BUyS as prepaid financial contracts is respected, purchasing a BUyS could be treated as entering into a “constructive ownership transaction” within the meaning of Section 1260 of the Internal Revenue Code (“Section 1260”). In that case, all or a portion of any long-term capital gain you would otherwise recognize upon the taxable disposition of the BUyS would be recharacterized as ordinary income to the extent such gain exceeded the “net underlying long-term capital gain” as defined in Section 1260. Any long-term capital gain recharacterized as ordinary income would be treated as accruing at a constant rate over the period you held the BUyS, and you would be subject to a notional interest charge in respect of the

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deemed tax liability on the income treated as accruing in prior tax years. Due to the lack of direct legal authority, our special tax counsel is unable to opine as to whether or how Section 1260 applies to the BUyS.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether beneficial owners of these instruments should be required to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. persons should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” regime discussed above. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the BUyS, possibly with retroactive effect.

You should review carefully the section of the accompanying product supplement entitled “U.S. Federal Income Tax Consequences.” The preceding discussion, when read in combination with that section, constitutes the full opinion of our special tax counsel regarding the material U.S. federal income tax consequences of owning and disposing of the BUyS.

Under current law, the United Kingdom will not impose withholding tax on payments made with respect to the BUyS.

For a discussion of certain German tax considerations relating to the BUyS, you should refer to the section in the accompanying prospectus supplement entitled “Taxation by Germany of Non-Resident Holders.”

You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the BUyS (including possible alternative treatments, the potential application of the “constructive ownership” regime and the issues presented by the 2007 notice), as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Selected Risk Considerations

An investment in the BUyS involves significant risks. Investing in the BUyS is not equivalent to investing directly in the shares of the Underlying or any of the component securities held by the Underlying. In addition to these selected risk considerations, you should review the “Risk Factors” section of the accompanying product supplement.

YOUR INVESTMENT IN THE BUYS MAY RESULT IN A LOSS — The BUyS do not pay any coupons or dividends and do not guarantee any return of your investment. The return on the BUyS at maturity is linked to the performance of the Underlying and will depend on whether, and the extent to which, the Underlying Return is positive, zero or negative. If the Final Price is less than the Initial Price by an amount greater than the Buffer Amount, for each \$1,000 Face Amount of BUyS, you will lose 1.17647% of the Face Amount for every 1.00% by which the Final Price is less than the Initial Price by an amount greater than the Buffer Amount. In this circumstance, you will lose some or all of your investment in the BUyS. Any payment at maturity is subject to our ability to meet our obligations as they become due.

THE RETURN ON THE BUYS IS LIMITED BY THE MAXIMUM RETURN — If the Final Price is greater than or equal to the Initial Price, for each \$1,000 Face Amount of BUyS, you will receive at maturity \$1,000 plus an amount equal to \$1,000 multiplied by the lesser of (i) the Underlying Return times the Upside Leverage Factor of 125.00% and (ii) the Maximum Return of 20.375%. Consequently, the maximum Payment at Maturity will be \$1,203.75 for

each \$1,000 Face Amount of BUyS you hold, regardless of any further appreciation of the Underlying, which may be significant.

¶**THE BUYS DO NOT PAY ANY COUPONS** — Unlike ordinary debt securities, the BUyS do not pay any coupons and do not guarantee any return of the initial investment at maturity.

¶**NO DIVIDEND PAYMENTS OR VOTING RIGHTS** — As a holder of the BUyS, you will not have any voting rights or rights to receive cash dividends or other distributions or other rights that holders of the component securities held by the Underlying or holders of shares of the Underlying would have.

¶**THE BUYS ARE SUBJECT TO OUR CREDITWORTHINESS** — The BUyS are senior unsecured obligations of the Issuer, Deutsche Bank AG, and are not, either directly or indirectly, an obligation of any third party. Any payment(s) to be made on the BUyS depends on the ability of Deutsche Bank AG to satisfy its obligations as

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they come due. An actual or anticipated downgrade in Deutsche Bank AG's credit rating or increase in the credit spreads charged by the market for taking our credit risk will likely have an adverse effect on the value of the BUyS. As a result, the actual and perceived creditworthiness of Deutsche Bank AG will affect the value of the BUyS and in the event Deutsche Bank AG were to default on its obligations, you might not receive any amount(s) owed to you under the terms of the BUyS and you could lose your entire investment.

¶THE ISSUER'S ESTIMATED VALUE OF THE BUYS ON THE TRADE DATE WILL BE LESS THAN THE ISSUE PRICE OF THE BUYS — The Issuer's estimated value of the BUyS on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Issue Price of the BUyS. The difference between the Issue Price and the Issuer's estimated value of the BUyS on the Trade Date is due to the inclusion in the Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the BUyS through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. The Issuer's estimated value of the BUyS is determined by reference to an internal funding rate and our pricing models. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the BUyS, reduces the economic terms of the BUyS to you and is expected to adversely affect the price at which you may be able to sell the BUyS in any secondary market. In addition, our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. If at any time a third party dealer were to quote a price to purchase your BUyS or otherwise value your BUyS, that price or value may differ materially from the estimated value of the BUyS determined by reference to our internal funding rate and pricing models. This difference is due to, among other things, any difference in funding rates, pricing models or assumptions used by any dealer who may purchase the BUyS in the secondary market.

¶THE ANTI-DILUTION PROTECTION IS LIMITED — The calculation agent will make adjustments to the Share Adjustment Factor, which will initially be set at 1.0, for certain events affecting the shares of the Underlying. The calculation agent is not required, however, to make such adjustments in response to all events that could affect the shares of the Underlying. If an event occurs that does not require the calculation agent to make an adjustment, the value of the BUyS may be materially and adversely affected. In addition, you should be aware that the calculation agent may, at its sole discretion, make adjustments to the Share Adjustment Factor or any other terms of the BUyS that are in addition to, or that differ from, those described in the accompanying product supplement to reflect changes occurring in relation to the Underlying in circumstances where the calculation agent determines that it is appropriate to reflect those changes to ensure an equitable result. Any alterations to the specified anti-dilution adjustments described in the accompanying product supplement may be materially adverse to investors in the BUyS. You should read "Description of Securities — Anti-Dilution Adjustments for Funds" in the accompanying product supplement in order to understand the adjustments that may be made to the BUyS.

- **INVESTING IN THE BUYS IS NOT THE SAME AS INVESTING IN THE UNDERLYING OR THE COMPONENT SECURITIES HELD BY THE UNDERLYING**— The return on your BUyS may not reflect the return you would have realized if you had directly invested in the shares of the Underlying or the component securities held by the Underlying. For instance, your return on the BUyS will be limited to the Maximum Return, regardless of the appreciation of the Underlying, which may be significant.

¶IF THE PRICE OF THE UNDERLYING CHANGES, THE VALUE OF YOUR BUYS MAY NOT CHANGE IN THE SAME MANNER — Your BUyS may trade quite differently from the shares of the Underlying. Changes in the market price of the shares of the Underlying may not result in a comparable change in the value of your BUyS.

¶FLUCTUATION OF NAV — The market prices of the shares of the Underlying may fluctuate in accordance with changes in its net asset value (the "NAV") and supply and demand on the applicable stock exchanges. The NAV of the

Underlying may fluctuate with changes in the market value of the Underlying's securities holdings. Therefore, the market price of the Underlying may differ from its NAV per share and the Underlying may trade at, above or below its NAV per share.

▲ADJUSTMENTS TO THE UNDERLYING OR TO THE TRACKED INDEX COULD ADVERSELY AFFECT THE VALUE OF THE BUYS — Blackrock Fund Advisors (“BFA”) is the investment advisor to the Underlying, which seeks investment results that correspond generally to the level and yield performance, before fees and expenses, of the MSCI EAFE® Index (the “Tracked Index”). The stocks included in the Tracked Index are selected by MSCI Inc. (“MSCI”). The Tracked Index is calculated and published by MSCI. MSCI can add, delete or substitute the stocks underlying the Tracked Index, which could change the value of the Tracked

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Index. Pursuant to its investment strategy or otherwise, BFA may add, delete or substitute the securities held by the Underlying. Any of these actions could cause or contribute to large movements in the prices of the component securities held by the Underlying, which could cause the price of the Underlying shares to decline.

- **THE UNDERLYING AND THE TRACKED INDEX ARE DIFFERENT** — The performance of the Underlying may not exactly replicate the performance of the Tracked Index because the Underlying will reflect transaction costs and fees that are not included in the calculation of the Tracked Index. It is also possible that the Underlying may not fully replicate or may in certain circumstances diverge significantly from the performance of the Tracked Index due to the temporary unavailability of certain securities in the secondary market, the performance of any derivative instruments contained in the Underlying or due to other circumstances. BFA may invest up to 10% of the Underlying's assets in futures contracts, options on futures contracts, other types of options, and swaps related to the Tracked Index as well as cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates. The Underlying may use options and futures contracts, convertible securities and structured notes in seeking performance that corresponds to the Tracked Index and in managing cash flows. Finally, because the shares of the Underlying are traded on NYSE Arca and are subject to market supply and investor demand, the market value of one share of the Underlying may differ from the net asset value per share of the Underlying. For all of the foregoing reasons, the performance of the Underlying may not correlate with the performance of the Tracked Index.

• **THE BUYS ARE SUBJECT TO CURRENCY EXCHANGE RATE RISK** — Because the Underlying invests in stocks denominated in foreign currencies but its shares are denominated in U.S. dollars, changes in currency exchange rates may negatively impact the Underlying's return. Of particular importance to currency exchange rate risk are:

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