

UNICREDIT CLEAN ENERGY RISK REDUCTION STRATEGY INDEX

Document History

Date	By	Change Description
14 June 2016	Falk Neugebohrn	Correction of the formula for the calculation of the participation rate

Sign-off

Date	Department	Name	Status
17 June 2016	LCD6EM	Andreas Harrer	approved
17 June 2016	GPF1O3	Thomas Kursawe	approved

Open Points

No.	Area	Open Point	Status

INDEX DESCRIPTION

1. GENERAL DESCRIPTION

The UniCredit Clean Energy Risk Reduction Strategy Index (the "**Index**") provides exposure to stocks from companies that are involved in the development or application of new technologies in the industrial energy sector. The goal of the Index is to deliver positive price appreciation with constant risk.

The Index will be calculated and published by the Index Calculation Agent (as defined in paragraph 8).

All securities included in the Index will be denoted as index constituents (each an "**Index Constituent**" and together the "**Index Constituents**").

The Index is based on Last Available Prices (as defined in paragraph 4), which are available via the information services supplied either by Reuters or Bloomberg.

The index values are published on the Bloomberg (UCGRCERR <Index>)

The Index has a base value of 100 on November 15th 2011.

2. CALENDAR

"Trading Day"	means every day on which all Domestic Stock Exchanges (as defined in paragraph 3 below) are open for business.
"Calculation Day"	means, as a first principle, every Trading Day. However, the Index Calculation Agent may, in its reasonable discretion, reduce the Calculation Days by those Trading Days on which an Index Constituent is affected by a Market Disruption Event (see section 6.2).
"Extraordinary Adjustment Day"	means any Calculation Day on which adjustments corresponding to Extraordinary Adjustments (as defined in paragraph 5.2 below) are actually implemented.
"Start Date"	means the first Calculation Day of the Index (15 November 2011)

3. UNDERLYING BASKET

As of the 22 August 2011 (the "Basket Reference Date"), the underlying basket is given by the stocks and SPIs (quantities per basket unit) as specified in the table below:

Stock	RIC	Reference Price	SPIs (=Q _i (t))
SIEMENS	SIEGn.DE	68.61	0.10410811
ABB 'R'	ABBN.VX	15.51	0.46053238
ALSTOM	ALSO.PA	29.74	0.24017677
SCHNEIDER ELECTRIC	SCHN.PA	84.86	0.08417225
LEGRAND	LEGD.PA	25.05	0.285144

CLARIANT	CLN.VX	8.515	0.8388558
BASF	BASFn.DE	47.84	0.14930721
LINDE	LING.DE	97.94	0.07293095
AIR LIQUIDE	AIRP.PA	83.83	0.08520646
WACKER CHEMIE	WCHG.DE	92.35	0.0773455
ACCIONA	ANA.MC	61.56	0.11603082
IBERDROLA	IBE.MC	5.031	1.41976886
TERNA	TRN.MI	2.508	2.84802916
RED ELECTRICA CORPN.	REE.MC	32.62	0.21897171

(the "Underlying Basket")

The composition and the SPIs can be changed according to Extraordinary Adjustments (as specified in section 6). For the avoidance of doubt, this also includes the period inbetween the Basket Reference Date and the Start Date.

The Underlying Basket does not allow for the reinvestment of ordinary dividends.

The relevant Domestic Stock Exchange and the relevant Domestic Options Exchange are

	Country	"Domestic Stock Exchange"	"Domestic Options Exchange"
1	Germany	XETRA [®] - German Stock Exchange (DE)	EUREX
2	France	NYSE Euronext [®] Paris (FR)	EURONEXT.LIFFE [®]
3	Italy	MTA/MTAX – Borsa Italiana	Borsa Italiana (IDEM)
4	Switzerland	SIX Swiss Exchange	EUREX
5	Spain	SIBE - Bolsa de Madrid	MEFF

In principle the Index Calculation Agent will use the prices published by the Domestic Stock Exchanges.

However, the Index Calculation Agent may, in its reasonable discretion, use prices from other exchanges in case of certain circumstances, e.g. if they are deemed to be more liquid.

4. CALCULATION OF THE UNDERLYING BASKET

The value of the Underlying Basket at any Calculation Day (t) is defined to be:

$$Basket(t) = \sum_{i=1}^N Q_i(t) \cdot P_i(t)$$

where:

N denotes the total number of all Index Constituents (N=14)

$Q_i(t)$ denotes the number of the i^{th} Index Constituents units in the Underlying Basket $i \in \{1, \dots, 14\}$ (see section 3)

$P_i(t)$ denotes the Last Available Price for the i^{th} Index Constituent $i \in \{1, \dots, 14\}$

"Last Available Price" for any Index Constituent is defined to be the prevailing price at the relevant Domestic Stock Exchange as obtained by the Index Calculation Agent, as long as no Market Disruption Event (as defined in paragraph 8 below) has occurred.

In case of an existing Market Disruption Event for any Index Constituent, the conditions for an Extraordinary Adjustment due to a Market Disruption Event (as described under paragraph 6 below) need to be reviewed on every day the relevant Domestic Stock Exchange is open for business ("Exchange Business Day") and the Market Disruption Event does not cease to exist. If the affected Index Constituent remains in the Underlying Basket as Index Constituent, as determined by the Index Calculation Agent in its reasonable discretion, the Last Available Price before the occurrence of the Market Disruption Event will be applied with respect to the affected Index Constituent.

5. CALCULATION OF THE INDEX

The value of the Index is determined on every Calculation Day t beginning on the Start Date of the Index by the Index Calculation Agent according to the following rule:

$$I(t) = I(t-1) \cdot \left[1 + P_{t-1} \cdot \left(\frac{Basket(t)}{Basket(t-1)} - 1 \right) \right]$$

where:

t_0 15 November 2011 (the "Start Date")

$I(t_0)$ =100 and denotes the value of the Index at the Start Date

$I(t)$ denotes the price of the Index at the t -th Calculation Day after the Start Date,

$I(t-1)$ denotes the price of the Index at the Calculation Day immediately preceding the t -th Calculation Day after the Start Date,

$Basket(t)$ denotes the official closing price of the Underlying Basket at the t -th Calculation Day after the Start Date,

$Basket(t-1)$ denotes the official closing price of the Underlying Basket at the Calculation Day immediately preceding the t -th Calculation Day after the Start Date and

P_{t-1} denotes the Participation Rate in the daily returns of the Underlying Basket as described below.

5.1. CALCULATION OF THE PARTICIPATION RATE

The "Participation Rate" (= P_{t-1}) is determined for $t > 1$

$$P_{t-1} = \begin{cases} P_{t-2} & , \text{if } 95\% \times P_{t-2} \leq w_{t-1} \leq 105\% \times P_{t-2} \\ w_{t-1} & \text{else} \end{cases}$$

and for $t = 1$ P_{t-1} is set to be w_{t-1}

where

$$w_{t-1} = \min \left[100\%, \frac{8\%}{\text{Vol}_{t-2}} \right]$$

Vol_{t-2} is calculated as described in section 5.2.

5.2. CALCULATION OF THE VOLATILITY

The Volatility at the (t-2)-th Calculation Day after the Start Date (= Vol_{t-2}) is calculated as the annualized square root of the average of the squared logarithmic returns over the last 60 Calculation Days in accordance with the following formula:

$$\text{Vol}_{t-2} = \sqrt{\frac{252}{60} \cdot \sum_{i=1}^{60} \ln \left(\frac{\text{Basket}(t-1-i)}{\text{Basket}(t-2-i)} \right)^2}$$

6. EXTRAORDINARY ADJUSTMENTS

The Index Calculation Agent will handle "**Extraordinary Adjustments**" by either (a) applying the rules and methodologies for changing the specifications of listed options contracts that apply for the respective Index Constituent as defined and provided by the relevant Domestic Options Exchange (as described in paragraph 3 above) or (b) applying methodologies for possible corporate actions as described below or (c) handle in good faith and commercially reasonable manner in case of circumstances occurring which make it difficult to consider the relevant Extraordinary Adjustment accordingly. The decision about the applied procedure shall be made by the Index Calculation Agent in its reasonable discretion.

Parameters used for Extraordinary Adjustments:

\tilde{t}	denotes closing time of the Index as of the Exchange Business Day before the relevant Extraordinary Adjustment becomes effective (as determined by the Index Calculation Agent).
$P_i(\tilde{t})$	denotes Last Available Price (sec. 4) for the affected i^{th} Index Constituent at such time \tilde{t} .
$Q_i^{\text{prev}}(\tilde{t})$	denotes number of the affected i^{th} Index Constituents units in the Underlying Basket at such time \tilde{t} .
$Q_i^{\text{adj}}(t)$	denotes number of the affected i^{th} Index Constituents units in the Underlying Basket resulting from the respective Extraordinary Adjustment, where $t \geq \tilde{t}$.
tax	denotes the relevant withholding tax (" Relevant Tax Rate ")

The superscript "adj" will be dropped after the Adjustment.

For the avoidance of doubt, any adjustment to the Index Constituents or number of units of Index Constituents will be applied on the level of the Underlying Basket.

6.1. DIVIDEND PAYMENTS

There will be no adjustment to the number of affected Index Constituents units in the Underlying Basket as a result of ordinary Dividend Payments granted in respect of any Index Constituent unless the Dividend Payment is considered as Extraordinary Dividend Payment. If an Extraordinary Dividend Payment happens the day on which the respective Index Constituent will be quoted "ex dividend" becomes an "Extraordinary Adjustment Day".

A cash dividend payment (or portion thereof) will be attributed "Extraordinary Dividend Payment" if both (a) the relevant Domestic Options Exchange decides to treat the respective Dividend Payment as "Non-Ordinary" and thus changes specification of corresponding listed options contracts and (b) the Cash Dividend Payment additionally exceeds 10% of the closing price of the respective Index constituent at the relevant Domestic Stock Exchange at the Exchange Business Day preceding the Adjustment Day ($P_i(\tilde{t})$). In case of any circumstances which make it difficult to classify the relevant Cash Dividend Payment (or portion thereof) accordingly, the decision how to attribute the relevant Cash Dividend Payment (or portion thereof) as Extraordinary Dividend Payment shall be made by the Index Calculation Agent in its sole discretion.

If an Extraordinary Dividend Payment is distributed in respect of any Index Constituent, the number of the relevant Index Constituents units in the Underlying Basket will be adjusted as follows:

$$Q_i^{adj}(t) = Q_i^{prev}(\tilde{t}) \cdot \frac{P_i(\tilde{t})}{P_i(\tilde{t}) - EoDvd \cdot (1 - tax)}$$

with:

EoDvd Extraordinary Cash Dividend Payment
 Tax Relevant tax rate (as determined by the Index Calculation Agent)

6.2. EXTRAORDINARY ADJUSTMENT DUE TO A MARKET DISRUPTION EVENT

If on any Trading Day an Index Constituent is affected by a Market Disruption Event (as defined below), the Index Calculation Agent is, in its reasonable discretion, entitled but not required to

- exclude this Trading Day from the Index Calculation Days. If the Market Disruption Event does not cease to exist, the Index Calculation Agent is entitled to reapply the exclusion of at most 5 consecutive Trading Days from the Index Calculation Days.
- replace the affected Index Constituent with a stock of a company of the same industry sector and comparable market capitalization, or remove the affected Index Constituent from the Underlying Basket at the Market Disruption Price and deposit the proceeds in a non-interest bearing money market account.

The Index Calculation Agent will use its best effort to determine in good faith and commercially reasonable manner an appropriate and tradable Market Disruption Price (the "**Market Disruption Price**") for the entire number of affected Index Constituents in the Underlying Basket. For the avoidance of doubt, if no Market Disruption Price can be obtained by the Index Calculation Agent, the affected stock can be removed from the Underlying Basket at a price of zero (Market Disruption Price equals 0).

6.3. SHARE SPLIT (REVERSE SPLIT)

If any Index Constituent becomes subject to a share split or share consolidation (reverse split), the number of the affected Index Constituents units in the Underlying Basket will be adjusted by the ratio resulting from this respective corporate action as (a) determined by the Index Calculation Agent or (b) disclosed by any customary data provider the Index Calculation Agent deems reliable in its reasonable discretion (such as Reuters or Bloomberg).

$$Q_i^{adj}(t) = Q_i^{prev}(\tilde{t}) \cdot \text{ratio}$$

For example in the case of a “B” for “A” stock split (shareholders will receive “B” new shares for every “A” share held) the ratio would be equal to: $\text{ratio} = \frac{B}{A}$

6.4. SUBSCRIPTION RIGHTS

If the holder of any Index Constituent is granted subscription rights, entitling such holder to acquire the Index Constituent’s type of security in particular at the subscription price P_i^{Sub} , with the issuer of the affected Index Constituent granting such rights to all stockholders in proportion to the securities previously held by them, the day on which the respective Index Constituent will be quoted “ex subscription rights” becomes an Extraordinary Adjustment Day, where the number of the relevant Index Constituents in the Underlying Basket will be adjusted as follows:

$$Q_i^{adj}(t) = Q_i^{prev}(\tilde{t}) \cdot \frac{1 + \text{ratio}}{1 + \frac{\text{ratio}}{P_i(\tilde{t})} \cdot (P_i^{Sub} + Ddis_i)}$$

where:

Ratio	denotes ratio of rights issue (number of “B” new securities for every “A” securities held)
	$\text{ratio} = \frac{B}{A}$
P_i^{Sub}	denotes subscription price for the new (“B”) securities
$Ddis_i$	denotes dividend disadvantage (if any) of the new (“B”) securities compared to the old (“A”) securities

6.5. BONUS SHARES (STOCK DIVIDEND)

If any Index Constituent issues bonus shares or distributes dividends in form of new shares (thus issuing additional shares), with the new shares being issued to shareholders in proportion to the share of the capital stock previously held by them or if new stocks are distributed to all stockholders free of charge in the event of a conversion of earnings reserves in stock capital, the effective day of this action becomes an Extraordinary Adjustment Day, where the number of the affected Index Constituents units in the Underlying Basket will be adjusted by multiplying with the ratio resulting from this respective corporate action.

$$Q_i^{adj}(t) = Q_i^{prev}(\tilde{t}) \cdot \frac{S_i^{out}(t)}{S_i^{out}(\tilde{t})}, t \geq \tilde{t}$$

where:

S_i^{out} denotes total number of outstanding units for the i^{th} Index Constituent, as determined by the Index Calculation Agent

6.6. SPIN OFF

If the holder of any Index Constituent (the “**Original Index Constituent**”) receives (from the original issuer) securities from a (newly formed) third-party issuer (the “**Extraordinary Index Constituent**”, whereas each reference in the Index Description to the Index Constituents will also be deemed to refer to the Extraordinary Index Constituent), then the Extraordinary Index Constituent will be included in the Underlying Basket in the proportion of the ratio of this corporate action (as determined by the Index Calculation Agent) exclusively on the respective Exchange Business Day, the relevant Extraordinary Adjustment becomes effective (“Effective Day”). At the closing of the Effective Day the below formula will be applied, such that the Extraordinary Index Constituent will be removed and the number of original Index Constituents units in the Underlying Basket will be increased simultaneously by:

$$Q_i^{\text{adj}}(t) = Q_i^{\text{prev}}(\tilde{t}) \cdot \left(1 + \text{ratio} \cdot \frac{P_i^{\text{Extra}}(t^{\text{eff}})}{P_i(t^{\text{eff}})} \right)$$

where:

t^{eff} denotes closing time of the Index at the Effective Day

$P_i^{\text{Extra}}(t^{\text{eff}})$ denotes Last Available Price (as defined in paragraph 6) for the Extraordinary Index Constituent, separated (Spin Off) from the i^{th} Original Index Constituent at the Effective Day.

ratio denotes Spin-Off ratio (number of "B" units for every "A" held) $\text{ratio} = \frac{B}{A}$

7. MARKET DISRUPTION EVENT

"**Market Disruption Event**" means in respect of any Index Constituent, the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Index Calculation Agent determines to be material, (c) an Early Closure, (d) a General Moratorium on Banking Transactions or (e) the determination by the Index Calculation Agent, each as further specified below.

- (a) "**Trading Disruption**" means any suspension of or limitation on trading by the relevant Domestic Stock Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the exchange, or otherwise (a) relating to the shares on the exchange, or (b) in futures and options contracts relating to the shares on the Domestic Options Exchange.
- (b) "**Exchange Disruption**" means any event (other than Early Closure) that disrupts or impairs (as determined by the Index Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the shares on the exchange, or (b) to effect transactions in, or obtain market values for, futures or options contracts on the related options exchange.
- (c) "**Early Closure**" means the closure on any Exchange Business Day of the exchange or related options exchange prior to its scheduled closing time unless, such earlier closing is announced by the exchange or related exchange within reasonable time (as determined by the Index Calculation Agent).
- (d) "**General Moratorium on Banking Transactions**" as a result of a government decree is declared in

one of the home countries of any Index Constituent.

- (e) The determination by the Index Calculation Agent in its reasonable discretion that no price or value for an Index Constituent is available.

8. INDEX SPONSOR AND INDEX CALCULATION AGENT

The Index is sponsored by UniCredit Bank AG, Munich, or any legal successor ("Index Sponsor"). The Index Sponsor has assigned all rights and duties with regards to Index calculation to the Index Calculation Agent.

UniCredit Bank AG, Munich, or any legal successor is the Index Calculation Agent ("**Index Calculation Agent**") at the time of accomplishing the Index Description. The Index Sponsor is at any time authorized to select a new Index Calculation Agent (the "**New Index Calculation Agent**"), whereas each reference in the Index Description to the Index Calculation Agent will be deemed to refer to the New Index Calculation Agent).

The Index Calculation Agent will, subject as provided below, employ the rules and methodology described in this Index Description. Its application of such rules and methodology shall be conclusive and binding except in case of manifest error.

While the Index Calculation Agent currently employs the rules and methodology to calculate the Index and determine the Index composition according to the Index Description, it shall be under no obligation to continue the calculation, determination, publication and dissemination of the Index in case circumstances in the market arise (including but not limited to fiscal, market, regulatory, legal, juridical, financial or other circumstances) that necessitate or make desirable, in the view and at the reasonable discretion of the Index Calculation Agent, a modification or change to such rules and methodology. If the Index Calculation Agent determines that such modification or changes to the rules and methodology become necessary, the Index Sponsor may make such adjustments and calculations in relation to the Index as it may determine appropriate. The Index Sponsor may also make modifications to the terms of the Index Description in any manner that it deems reasonably necessary or desirable, including (without limitation) to correct any manifest or proven error to cure, correct or supplement any defective provision contained in the Index Description. The Index Sponsor and the Index Calculation Agent may act in their reasonable discretion in making these calculations and determinations and are under no obligation to consider the circumstances of any person or entity. All modifications and determinations made by the Index Sponsor and the Index Calculation Agent will be made by it in good faith and in a commercially reasonable manner.

9. DISCLAIMER

The calculation and composition of the Index will be performed by the Index Calculation Agent with all due care. However, neither the Index Sponsor nor the Index Calculation Agent give any representation or guarantee for the correctness of the calculation and composition or of the other relevant parameters of the Index. Neither the Index Sponsor nor the Index Calculation Agent accepts any liability for any direct or indirect damage which may result from an incorrect calculation or composition of the Index or its other relevant parameters.