DESCRIPTION

CROSS COMMODITY LONG/SHORT V EXCESS RETURN INDEX

October 2013

1. General Description

The Cross Commodity Long/Short V Excess Return Index (the "Index") is based on the principle of taking long and short positions in single commodity indices (the "Single Commodity Indices" / "SCIs" and each an "SCI"). The Single Commodity Indices are a subset of the Dow Jones-UBS Commodity Index[SM] family excluding stable food commodities. The constituents are determined according to the Expected Roll Yield (see section 5) of the SCIs. The Index is reweighted on a monthly basis.

The Index implements an absolute return approach which aims to gain a positive performance in all market environments.

2. The Index Universe

As a general rule, the index universe (the "Index Universe") is composed in accordance with the Dow Jones-UBS Commodity Index[SM] family excluding stable food commodities. A stable food is one that is eaten regularly and in such quantities as to constitute the dominant part of the diet and supply a major proportion of energy and nutrient needs. Luxury food like coffee or cocoa are not considered as stable food. It consists of the following Single Commodity Indices:

INDEX	Bloomberg ID	Relevant Exchange	Generic Futures Code
DJUBS ALUMINIUM	DJUBSAL Index <go>	LME	LA
DJUBS SILVER	DJUBSSI Index <go>	CMX	SI
DJUBS COFFEE	DJUBSKC Index <go>	ICE	KC
DJUBS GOLD	DJUBSGC Index <go>	CMX	GC
DJUBS NATURAL GAS	DJUBSNG Index <go>	NYMEX	NG
DJUBS HEAT OIL	DJUBSHO Index <go>	NYMEX	HO
DJUBS COTTON	DJUBSCT Index <go>	ICE	CT
DJUBS CRUDE OIL	DJUBSCL Index <go>	NYMEX	CL
DJUBS COPPER	DJUBSHG Index <go>	CMX	HG
DJUBS COCOA	DJUBSCC Index <go>	ICE	CC
DJUBS NICKEL	DJUBSNI Index <go>	LME	LN
DJUBS UNLEAD GAS	DJUBSRB Index <go>	NYMEX	XB
DJUBS ZINC	DJUBSZS Index <go>	LME	LX
DJUBS LEAD	DJUBSPB Index <go>	LME	LL
DJUBS PLATINUM	DJUBSPL Index <go>	NYMEX	PL
DJUBS TIN	DJUBSSN Index <go>	LME	LT
DJUBS BRENT CRUDE OIL	DJUBSCO Index <go>	ICE	CO
DJUBS GAS OIL	DJUBSGO Index <go>	ICE	QS

Illiquid Single Commodity Indices will be excluded. A Single Commodity Index shall be deemed "illiquid" if the volume which would have to be traded in its associated futures contract in order to hedge the Index would substantially exceed 10% of the average daily trading volume (the "ADV") of the relevant futures contract at the Relevant Exchange. The ADV is determined using data providers such as Bloomberg and Reuters. For futures contracts which have the London Metal Exchange (LME) as Relevant Exchange (see Section 2) the ADV is not considered for the relevant futures contract, but for the LME 3 month forward contract on the same commodity. On the basis of the aforementioned rules, the Index Committee (see section 15) shall determine in its reasonable discretion whether a futures contract is illiquid.

In addition, the Index composition includes a synthetic USD cash position, which reflects the Index value at the Adjustment Date (see section 9) and is non-interest bearing.

The Index Universe is valid as of September 27, 2013.

3. Calculation of the Target Weights

The target weights (the "Target Weights") reflect the theoretical percentage weights of each SCI in the Index Universe that are determined at each Selection Day.

On each Selection Day the Target Weight for each SCI is updated according to the following scheme:

In a first step the exposure divisor (the "Exposure Divisor" / "ED") is determined: The Exposure Divisor is given by the number of SCIs (the "NSC") currently in the Index Universe first reduced by one, then divided by 2 and, finally, rounded down to the next integer number; i.e. ED = Min [round down((NSC - 1)/2),7]. As consequence and overall rule the Exposure Divisor is at most 7.

In a second step SCIs are ranked according to their Expected Roll Yield. Then the Target Weights of the ED (ED = 7 as of September 27, 2013) SCIs with the highest Expected Roll Yield are set to +50%/ED and the Target Weight of those ED SCIs with the lowest Expected Roll Yield are set to -50%/ED. The Target Weights of all other SCIs will be set to zero.

This rule will be amended in the following cases:

- In case of equal Expected Roll Yields of two or more SCIs having positive (negative) Target Weights (according to the second step of the above mentioned selection scheme); more precisely, if

  $$\sum_{i=1}^{ED} NRY(i) > ED$$

  where RY(i) denotes the i-th highest (lowest) Expected Roll Yield and NRY(i) denotes the number of SCIs having Expected Roll Yield RY(i). Then, let j be the smallest integer such that

  $$SN := \sum_{i=1}^{j} NRY(i) > ED$$

  The Target Weights of those NRY(j) SCIs having the j-th highest (lowest) Expected Roll Yield will be reduced to +50%/ED * (ED-SN+NRY(j))/NRY(j) (-50%/ED * (ED-SN+NRY(j))/NRY(j)). Moreover, for i with j<i≤ED the Target Weights of those SCIs having positive (negative) Target Weights after the second step of the above mentioned selection scheme and having an Expected Roll Yield equal to RY(i) should be set to zero.
- In case more than four SCIs that are sub-categories of one and the same commodity category (a "Commodity Category", see below) have positive nonzero Target Weights, or more than four SCIs that are sub-categories of one and the same Commodity Category have negative nonzero Target Weights, then the Target Weights of all SCIs of this Commodity Category is set to 4/5 of the original intended Target Weights, i.e. +200%/(5 x ED), or -200%/(5 x ED) depending if the SCI was selected as long or short investment. In case the long or short exposure of the selected SCIs will not add up to 50% respectively -50% the missing weights will be invested into the SCI(s) with the (ED+1) th highest or lowest roll yield.

In any case, the sum of all Target Weights is equal to 0%, the sum of all positive Target Weights is equal to 50% and the sum of all negative Target Weights is equal to -50%.

In any case, the (absolute) net weights of a single Commodity Category will not exceed 35%.

With regard to the current Index Universe, there exists only one Commodity Category in the Index Universe which consists of several sub-categories. This Commodity Category consists of the SCIs WTI Crude Light Oil, Brent Crude Oil, Gas Oil, Unlead Gas and Heating Oil

In case it is not possible to find Target Weights compliant with the above amendments an extraordinary review of the Index methodology (see section 11) will take place. Such extraordinary review of the Index methodology shall be based in particular on the following criteria:

- maintenance of the basic idea of the index, especially maintenance of the market neutral allocation,
- adherence of sufficient diversification as well as
- adherence of the provisions relating to commodity categories.

4. Determination of the Target Quantities

The target quantities (the **"Target Quantities"**) reflect the theoretical new Index composition after completion of the Reweighting Period (see section 9). The Target Quantities for each SCI are calculated as Index value times the respective Target Weight and divided by the value of the corresponding SCI at the Adjustment Day. The Target Quantities will be updated - e.g. in case of a Market Disruption (see section 13) for one or more SCIs - throughout the Reweighting Period to reflect price movements of the SCIs.

The Effective Quantities (see section 6) can differ from the Target Quantities due to price movements during the Reweighting Period or similar effects.

5. Calculation of the Expected Roll Yield

The SCIs are ranked according to their forward curve. As a first step the Expected Roll Yields for every SCI are determined.

The Expected Roll Yield (the "Expected Roll Yield" / "**ERY**") for an individual SCI on the Selection Day is defined as:

$$ERY_i^{SCI} = \frac{LeadFuture_i^{SCI} - NextFuture_i^{SCI}}{NextFuture_i^{SCI} \cdot d_i^{SCI}}$$

where

$LeadFuture_i^{SCI}$	denotes the price of the Eligible Futures Contract (see below) on the underlying commodity of the i-th SCI with the shortest time to maturity on the current Selection Day (as determined by the Index Calculation Agent (see section 15)), and
$NextFuture_i^{SCI}$	denotes the price of the Eligible Futures Contract on the underlying commodity of the i-th SCI with the second shortest time to maturity on the current Selection Day (as determined by the Index Calculation Agent), and
d_i^{SCI}	denotes the number of months between the expiration of the LeadFuture and NextFuture as determined by the Index Sponsor (see section 15)

The eligible futures contracts (the "Eligible Futures Contracts") are defined via the Generic Futures Code and the Relevant Exchange in section 2.

Futures contracts which do not expire in standard delivery months as specified by the Relevant Exchange (eg January, April, July and October for Platinum at the NYMEX Exchange) will not be considered. This in particular holds true for those futures contracts that are created by the Relevant Exchange shortly before their maturity. On the basis of the aforementioned rules, the Index Calculation Agent will determine the standard delivery months in its reasonable discretion using common Information providers such as Bloomberg.

ligible Futures Contracts that expire between the Selection Day and the Adjustment Day shall be excluded.

6. Calculation of the Index

The Index will be calculated by the Index Calculation Agent or its legal successor on every trading day (the **"Trading Day"**) in USD. A Trading Day is any day on which the Relevant Exchanges of all selected SCI as well as the

Munich Stock Exchange are open for business and values for the Dow Jones-UBS Commodity Index[SM] are published.

The value of the Index is at all times given by the sum of the constituents' available prices weighted by their respective quantities and a synthetic USD cash position. The daily close of the Index is consistent with daily closes of the SCIs as published (e.g. on Bloomberg) by CME Group Index Services LLC in conjunction with UBS Securities LLC. At any time the quantities of the SCI that are at that moment in the Index are called the **"Effective Quantities"**. The cash position can become negative.

The initial value of the Index as of September 27 , 2013 is 1,000.00.

If the value of the Index drops below 100 the Index Sponsor has the right to stop the calculation. In that case the Index value will be kept constant after closing all positions in the Index at their market value.

7. Publication

The Index value can be retrieved via the financial information service provided by Reuters (.QUIXCLS5) and/or Bloomberg (QUIXCLS5 <Index>). Furthermore, the prevailing Index constituents can be retrieved online on a retrospective basis via www.onemarkets.de.

8. Adequate Benchmark

The Index Universe is linked to the Dow Jones-UBS Commodity Index[SM] family and is a representative group of the global commodity market in terms of liquidity and importance as the SCIs of the Index Universe cover the worldwide commodity market excluding stable food commodities.

9. Selection Day, Adjustment Day and Reweighting Period

The reweighting period (the "Reweighting Period") shall begin on the last scheduled trading day of each month on which any and all Relevant Exchanges where Eligible Futures Contracts relating to previously and newly selected SCIs will have to be traded so as to adequately hedge the exposures of issuers of financial products that are linked to the Index are scheduled to be fully open during regular trading hours, and on which the following conditions are fulfilled:

- Trading Days on which the publication of data that has been published widely by leading information providers and is relevant for commodity prices to a large extent due to this data typically causing material market movements according to the experience in the past is scheduled will not be Adjustment Days. In particular, relevant data can be published by the United States Department of Agriculture (USDA). On the basis of the aforementioned rules, the Index Sponsor determines in its reasonable discretion whether this is the case.
- There will be no Adjustment Day during the period 20 - 31 December due to reduced liquidity in the commodity markets. An Adjustment Day falling into in this period will be shifted to the period beginning on the 3rd Trading Day of the immediately following January on which any and all Relevant Exchanges where Eligible Futures Contracts relating to previously and newly selected SCIs will have to be traded so as to adequately hedge the exposures of issuers of financial products that are linked to the Index are scheduled to be fully open during regular trading hours, and all other conditions are met, i.e. such day being an Adjustment Day also according to the provisons of the first and third indent of this clause 9.
- Trading Days on which liquidity is typically reduced materially according the experience in the past due to existing, immediately preceding or immediately following bank holidays will be excluded as Adjustment Days. Whether this is the case, the Index Sponsor determines in its reasonable discretion.

The length of the Reweighting Period shall be one Trading Day. It shall be extended to up to five trading days if it is to be reasonably expected that trading on one single Trading Day such amounts of Eligible Futures Contracts as would have to be traded for the purpose of adequately hedging the aggregate gross exposures under any such financial products of all providers of financial products that are linked to the Index would materially distort the market prices of one or several Eligible Futures Contracts relating to previously and newly selected SCIs. The length of the extension of the Reweighting Period shall be such as to allow avoiding of such material distortion of market prices with a minimum of trading activity. On the basis of the aforementioned rules, the Index Committee shall determine in its reasonable discretion whether an extension of the Reweighting period is required, and to which length the Reweighting Period shall be extended so as to achieve its purpose.

The first day of the Reweighting Period is the adjustment day (the "Adjustment Day"). An associated selection day (the "Selection Day") is two Trading Days before the Adjustment Day.

10. Index Reweighting

On each Selection Day the ranking procedure (as described in section 3) is applied. On the immediately following Adjustment Day the Target Quantities are determined based on available prices. The Index Sponsor will try at its reasonable effort to update the Effective Quantities throughout the Reweighting Period under consideration of the price fluctuations of the SCIs and the traded volume of the underlying futures contracts. Due to the price fluctuation the effective weights can differ from the Target Weights.

11. Review of Index Methodology and Index Changes

The Index Committee meets at least once a year in order to review the Index methodology and to ensure that wherever possible, the Index fully meets the requirements of the commodity market. If deemed necessary, the Index Committee reserves the right to adjust the Index description.

The Index Committee also reserves the right to convene an extraordinary meeting in case of exceptional circumstances (e.g. regulatory changes).

12. Liquidity

The Index Universe is based on the Dow Jones-UBS Commodity Index^{SM} family and explicitly includes liquidity as an input factor when selecting commodities. Due to that fact, the Index is regarded as a highly liquid index that is suitable for institutional investors.

13. Market Disruption

A market disruption (the "Market Disruption") occurs if for an SCI or an Eligible Futures Contract the quotation is, has (had) been or is likely to be suspended, limited or restricted (as a result of price movements during the trading hours which exceed the limits set by the Relevant Exchange or for any other reasons) on the Relevant Exchange or any relevant market where this specific SCI or a futures contract on this specific SCI or an Eligible Futures Contract is listed, or in any other situation that is economically equivalent to the foregoing. Furthermore, a Market Disruption occurs if the Index Calculation Agent is not able to determine a price for an Eligible Futures Contract. A change in the trading days or opening hours of the Relevant Exchanges will not constitute a Market Disruption. On the basis of the aforementioned rules, the Index Committee determines in its reasonable discretion whether a Market Disruption exists.

14. Calculation of the Index in the Event of a Market Disruption

If a Market Disruption occurs with respect to an SCI, the Index Calculation Agent will use the last calculated and rebalanced price which has been fixed by its relevant domestic exchange for the SCI concerned unless such price is not meaningful because of the grounds of the Market Disruption. In such case the Index Calculation Agent shall determine a fair price for the SCI in line with current market conditions; such determination shall be made in the reasonable discretion of the Calculation Agent.

If a Market Disruption has occurred on any day of the Reweighting Period with regard to one or several SCIs, the Index Sponsor may extend the Reweighting Period by up to five Trading Days. If the Market Disruption has not ceased to exist at the end of the extended Reweighting Period, the affected SCIs shall be excluded from further updates to the Effective Quantities in the current Reweighting Period, or any other adjustments made that are required so as the remedy the situation while maintaining the Index concept, taking into account the economic position of any investors in financial products that are linked to the Index. The Index Committee shall determine all parameters necessary for the implementation of the aforementioned measures in good faith and reasonable manner so as to reflect the current market environment. On the basis of the aforementioned rules, the Index Committee shall make these decisions in its reasonable discretion.

15. Index Sponsor, Index Calculation Agent and Index Committee

The Index is provided by UniCredit Bank AG, or any legal successor (the "Index Sponsor"), including all rights and duties with regard to the Index if not otherwise delegated. The Index Sponsor has assigned all rights and duties with regard to the Index calculation to the Index calculation agent (the "Index Calculation Agent"). UniCredit Bank AG has been selected as Index Calculation Agent. The Index Sponsor is at any time authorized to select a new Index Calculation Agent (the "New Index Calculation Agent"), whereas each reference in this description to the Index Calculation Agent will be deemed as a reference to the New Index Calculation Agent.

Additionally, an Index committee (the "Index Committee") provides guidance on all aspects of administering the Index. The Index Committee consists of a group of specialists from UniCredit Bank AG and will meet on an ordinary and extraordinary basis.

The Index Calculation Agent will apply the aforementioned method of calculation and the results will be final except for obvious errors. If regulatory, legal, juridical, fiscal or market circumstances (including, but not limited to any trading restrictions in the components of the Index Universe and/or any derivatives linked to the Index) may arise that require a modification of, or change to such methodology, the Index Calculation Agent, guided by the Index Committee, shall be entitled to make such required modification or change on the basis of the aforementioned rules in its reasonable discretion. The Index Calculation Agent will with all due care ensure that the resulting method of calculation of such a modification or change will be consistent with respect to the method defined above, and will be taking into account the economic position of investors in the Index.

When calculating the Index, the Index Calculation Agent has to rely on the statements, confirmations, computations, assurances and other information provided by third parties which cannot be verified. Any inaccuracies contained in this information may have an impact – without any fault of the Index Calculation Agent – on the calculation of the Index. There is no obligation of the Index Calculation Agent to independently verify any information received in relation to the Index and the SCIs.

UniCredit Bank AG holds a license from the German Financial Supervisory Authority (BaFin) according to sections 32 and 33 of the Banking Act (KWG) and is subject to supervision by the BaFin.

16. Important Aspects of the Index

Trading or other transactions by the Index Sponsor or affiliated companies in related financial instruments may adversely affect the value of the Index performance.

The Index Sponsor may hedge obligations in respect of the Index by purchasing or selling financial instruments linked to the components of the Index (and may adjust or unwind such hedges by trading foregoing on or before the Adjustment Date). Such hedging activities may adversely affect the value of the Index and of any product linked to the performance of the Index.

17. Important Aspects with respect to Index-linked Investments

Investors should refer to the relevant documentation for disclosures and risk factors relating to particular products.

Any of these transactions stated in the preceding section could adversely affect the value of any product linked to the performance of the Index.

The Index Sponsor or affiliated companies may also engage in trading in financial instruments whose returns are linked to the Index for proprietary accounts, for other accounts under their management.

Any of these activities could adversely affect the value of the Index and accordingly of any product linked to the performance of the Index. The Index Sponsor may hedge any of these positions.

18. Disclaimer

The Index takes the form solely of a set of records and does not convey any legal or beneficial interest in the Index components. Any action specified in this description in respect of the Index shall be effected solely by an amendment to such records. Neither the issuer of any financial instruments linked to the Index nor the Index Sponsor are obliged to actually invest or hold an interest in the Index components.

The calculation and composition of the Index will be performed by the Index Sponsor with all due care. However, neither the Index Sponsor nor the Index Calculation Agent nor the Index Committee give any representation or guarantee for the correctness of the calculation and composition or of other relevant parameters of the Index. Neither the Index Sponsor nor the Index Calculation Agent nor the Index Committee accept 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.

These and further Information on this Index will be obtainable at UniCredit Bank AG, LCI4SS – Structured Securities, Arabellastraße 12, 81925 Munich, Germany.

Impressum

UniCredit Group

UniCredit Bank AG

Certificates & Structured Securities/MCD1CS

Arabellastrasse 12

D-81925 Munich