

INDEX DESCRIPTION

Commerzbank Global Equity Risk Premia 15% Risk Control Excess Return Index

The Commerzbank Global Equity Risk Premia 15% Risk Control Excess Return Index described below is a virtual rules-based index. There is no obligation of the Index Sponsor or the Index Calculation Agent to actually invest in the Equity Indices.

The Commerzbank Global Equity Risk Premia 15% Risk Control Excess Return Index is not a recognised financial index, but rather a customised index composed and calculated for the purpose of serving as underlying for financial products issued by Commerzbank Aktiengesellschaft (the "Issuer"). Commerzbank Aktiengesellschaft or any of its affiliates may enter into transactions or purchase assets in order to hedge the risk of entering into and performing its obligations with respect to the securities linked to the Index (the "Hedging Transactions"). These Hedging Transactions will depend on the number of such financial products held by investors.

An increase in the level of the Commerzbank Global Equity Risk Premia 15% Risk Control Excess Return Index cannot be guaranteed. The Index Calculation Agent is not responsible for the performance of the Index. The tasks of the Index Calculation Agent are limited to the calculation and publication of the Index.

1. Index Objectives

The Commerzbank Global Equity Risk Premia 15%RC ER Index (the "**Index**") aims to give the investor exposure to European and U.S. stock markets by taking a notional long position in an equally weighted basket of eight (8) risk premia factor-indices (the "**MSCI Factor Index/Indices**" – see details in Section 2), each of which is calculated and published by MSCI Inc. (the "**Factor Index Provider**"). For clarity, the notional long position benefits from an increase in the level of the underlying MSCI Factor Indices and suffers negatively from a decrease in the level of the underlying MSCI Factor Indices. The Index is denominated in **USD**. The Index is subject to the daily accrued **Index Fees** and **Adjustment Factor** (further details in Section 3 and Section 5). The application of both Index Fees and Adjustment Factor reduces the performance of the Index.

Investment Rationale

The MSCI Factor Indices aim to deliver long-term outperformance, over and above the MSCI Europe Index and the MSCI US Index ("the **Benchmark Index/Indices**"), by exploiting market behavioural effects such as valuation biases (value and low volatility), herding tendencies (momentum) and survivorship bias (quality). The MSCI Factor Indices are net total return indices, meaning that dividends paid on any of the shares in the index are reinvested back into the index, according to the rules set by the Factor Index Provider.

Index Calculation Methodology Overview

The Index is calculated as the multiplication of –

- (i) a dynamic participation factor (the "**P-Factor**"), and
- (ii) the daily performance of the sub-index (the "**Core Index**").

P-Factor

The P-Factor is adjusted with respect to each Index Calculation Date depending on the realised volatility of the Core Index and a fixed risk control level of 15%. The result of the risk control level is that whenever the realised volatility is below the risk control level the P-Factor is at or above 100% and capped at 150% and when the realised volatility is above the risk control level the P-Factor falls below 100% according to the formula as set out under "P-Factor Calculation" in Section 3 below.

Core Index

The Core Index is composed of the basket of 8 fx-hedged strategies (each a "**FX-Hedged Strategy**"). The basket of 8 FX-Hedged Strategies is weighted equally on a daily basis (see Section 3 "FX-Hedged Strategy Calculation" for further details).

FX-Hedged Strategy

Each FX-Hedged Strategy is determined by application of a EUR/USD exchange rate hedging mechanism (where applicable) on the corresponding excess return strategy ("**Excess Return Strategy**").

Excess Return Strategy

Each Excess Return Strategy is determined as the outperformance of the MSCI Factor Index against the corresponding Money Market Rate (see Section 2, "MSCI Factor Index/Indices").

The Index is calculated in accordance with Section 3 – Index Calculation and published in accordance with Section 4 – Index Publication by the Index Calculation Agent.

2. Index Definitions

For the purposes of this Index Description, the following definitions shall apply:

"Banking Day" means any calendar day (other than a Saturday or Sunday) on which the London Stock Exchange, New York Stock Exchange and the Frankfurt Stock Exchange are all open for trading.

"Benchmark Indices" means the following indices, as sponsored, maintained and published by the Factor Index Provider.

<i>Index</i>	<i>Bloomberg Ticker</i>	<i>Currency</i>
MSCI Europe Net Total Return Index	MSDEE15N Index	EUR
MSCI US Net Total Return Index	NDDUUS Index	USD

"Closing Level" means, with respect to an Equity Index, the closing price of the respective Equity Index as published by the Data Vendor on each Index Calculation Date.

"Core Index Commencement Date" means 02nd January 2002.

"Constituent(s)/ Index Constituent(s)" means the Equity Index/Indices.

"Data Vendor" means Bloomberg.

"Equity Index/Indices" means the MSCI Factor Index/Indices.

"Equity Index Sponsor" means MSCI Inc.

"Euribor 3 Month ACT / 360" means the 3-month Euribor rate for Euros as published by the European Banking Federation on Bloomberg page "EUR003M Index" (or any successor page of the aforementioned agency or a screen page of another agency which displays that rate) (the "Screen Page") at 11am Brussels time

"EURUSD" means the exchange rate for EUR 1 in USD expressed in USD based on the mid BBG NY close fixing for the relevant date as published on Bloomberg page "EURUSD F170 Curncy" at or around 5 pm New York time.

"LIBOR USD 3 Month" means the 3-months Libor rate for USD as published on Bloomberg page "US0003M Index" (or any successor page of the aforementioned agency or a screen page of another agency which displays that rate) (the "Screen Page") at or around 11:00 a.m. (London time) on that day.

"Index Calculation Agent" and **"Index Sponsor"** means Commerzbank Aktiengesellschaft.

"Index Calculation Date" means any Banking Day on which all MSCI Factor Indices and the Benchmark Indices are published by the Factor Index Provider

"Index Commencement Date" means 31st January 2002.

"Index Currency" means USD.

"**Index Launch Date**" means 27 February 2017

"**Index Level**" means the price of the Index as calculated by the Index Calculation Agent in accordance with Section 3 – Index Calculation, and published in accordance with Section 4 – Index Publication.

"**MSCI Factor Index/Indices**" means the following indices, as sponsored, maintained and published by the Factor Index Provider.

<i>Factor ID</i>	<i>MSCI Factor Index</i>	<i>Bloomberg Ticker</i>	<i>Currency</i>	<i>Money Market Rate</i>
1	MSCI Europe Sector Neutral Quality Net Total Return Index	M7ESNQ Index	EUR	Euribor 3 Month ACT / 360
2	MSCI Europe Minimum Volatility Net Total Return Index	MAEUVOE Index	EUR	Euribor 3 Month ACT / 360
3	MSCI Europe Momentum Net Total Return Index	MAEUMMT Index	EUR	Euribor 3 Month ACT / 360
4	MSCI Europe Enhanced Value Net Total Return Index	M7EUEV Index	EUR	Euribor 3 Month ACT / 360
5	MSCI USA Quality Net Total Return Index	M1USQU Index	USD	LIBOR USD 3 Month
6	MSCI USA Minimum Volatility Net Total Return Index	M1USMVOL Index	USD	LIBOR USD 3 Month
7	MSCI USA Momentum Net Total Return Index	M1US000\$ Index	USD	LIBOR USD 3 Month
8	MSCI USA Enhanced Value Net Total Return Index	M1USEV Index	USD	LIBOR USD 3 Month

3. Index Calculation

Initial Index Calculation

The Index was initially calculated on the Index Commencement Date. The initial Index level (the "**Initial Index Level**") on the Index Commencement Date is 100 index points, one index point corresponding to USD 1.00.

Daily Index Calculation

On each Index Calculation Date following the Index Launch Date, the Index Calculation Agent will calculate the Index Level once. The Index Level will be published by the Index Calculation Agent in accordance with Section 4 – Index Publication. Calculations will be made on the basis of the following formula:

$$\text{Index}(t) = \text{Index}(t - 1) \times \left\{ 1 + \text{PF}(t - 1) \times \left(\frac{\text{Core}(t)}{\text{Core}(t - 1)} - 1 \right) - (\text{IF} + \text{AF}) \times \left(\frac{\text{dc}}{365} \right) \right\}$$

Where

Index(t) Means the Index Level on the Index Calculation Date (t)

Index(t - 1) Means the Index Level on the Index Calculation Date immediately preceding (t)

PF (t - 1) Means the P-Factor on Index Calculation Date immediately preceding (t) (see below sub-section titled "P-Factor Calculation")

Core(t) Means the level of Core Index on the Index Calculation Date (t) (see below sub-section titled "Core Index Calculation")

- Core(t – 1) Means the level of Core Index on the Index Calculation Date immediately preceding (t) (see below sub-section titled "Core Index Calculation")
- IF Means the index fees (the “**Index Fees**”), equal to 1% (see Section 5)
- dc Means the number of calendar days between Index Calculation Date (t) (included) and Index Calculation Date (t-1) (not included)
- AF Means the adjustment factor (the “**Adjustment Factor**”), equal to 2.5% (see Section 5)

P-Factor Calculation

The P-Factor is adjusted with respect to each Index Calculation Date depending on the realised volatility of the Core Index and a fixed risk control level of 15%. The result of the risk control level is that whenever the realised volatility is below the risk control level the P-Factor is at or above 100% and capped at 150% and when the realised volatility is above the risk control level the P-Factor falls below 100%.

$$PF(t) = \text{Min}(1.5; \text{Max}(0; \frac{RC}{RV(t-1)}))$$

Where

- PF(t) Means the P-Factor on Index Calculation Date (t)
- RC Means a fixed risk control level, equal to 15%
- RV(t – 1) Means the realised volatility of the Core Index on Index Calculation Date immediately preceding (t), calculated as per the below formula :

$$RV(t-1) = \begin{cases} \sqrt{\frac{252}{20} \left(\sum_{j=1}^{20} \ln \left(\frac{\text{Core}(t-j)}{\text{Core}(t-j-1)} \right)^2 \right)} & \text{if } t=0 \\ \sqrt{\eta \times RV(t-2)^2 + \left(252 \times (1-\eta) \times \ln \left(\frac{\text{Core}(t-1)}{\text{Core}(t-2)} \right)^2 \right)} & \text{if } t > 0 \end{cases}$$

Where

- η Means 0.93
- $t=0$ Means the Index Commencement Date
- RV(t – 2) Means the realised volatility of the Core Index on the Index Calculation Date immediately preceding (t-1)
- Core(t – k) Means the level of the Core Index on (k) Index Calculation Dates immediately preceding (t), where k refers to j, (j-1), 1 or 2 in the above formula (see below sub-section titled "Core Index Calculation")

Core Index Calculation

The Core Index is calculated on each Index Calculation Date starting from the Core Index Commencement Date. The Core Index is composed of a basket of 8 FX Hedged Strategies. The weight allocated to each FX Hedged Strategy is fixed and rebalanced on each Index Calculation Date.

$$\text{Core}(t) = \text{Core}(t-1) \times \left(1 + \sum_{i=1}^8 \text{PW}_i \times \left[\frac{\text{F}_i(t)}{\text{F}_i(t-1)} - 1 \right] \right)$$

Where

- Core(t) Means the level of the Core Index on Index Calculation Date (t)
- Core(t-1) Means the level of the Core Index on Index Calculation Date immediately preceding (t)
- Core(0) Means the level of the Core Index on the Core Index Commencement Date, equal to USD 100
- PW_i Means the percentage weight of ith F hedged Strategy, equal to 0.125 (=1/8)
- F_i(t) Means the level of ith (i equals 1 to 8) FX Hedged Strategy on Index Calculation Date (t), calculated according to the formulae below
- F_i(t-1) Means the level of ith (i equals 1 to 8) FX Hedged Strategy on Index Calculation Date immediately preceding (t), calculated according to the formulae below

FX Hedged Strategy Calculation

Each FX-Hedged Strategy is calculated on every Index Calculation Date starting from the Core Index Commencement Date based on the formulae below.

For i = 1 to 4 (EUR denominated)

$$\text{F}_i(t) = \text{F}_i(t-1) \times \left(1 + \left(\frac{\text{ECL}_i(t)}{\text{ECL}_i(t-1)} - 1 \right) \times \left(\frac{\text{FX}(t)}{\text{FX}(t-1)} \right) \right)$$

Where

- F_i(t) Means the level of ith (i equals 1 to 4) FX Hedged Strategy on Index Calculation Date (t)
- F_i(t-1) Means the level of ith (i equals 1 to 4) FX Hedged Strategy on Index Calculation Date immediately preceding (t)
- F_i(0) Means the level of the ith (i equals 1 to 4) FX Hedged Strategy on the Core Index Commencement Date, equal to USD 100.
- ECL_i(t) Means the level of the ith (i equals 1 to 4) Excess Return Strategy on Index Calculation Date (t), calculated according to the formulae below
- ECL_i(t-1) Means the level of the ith (i equals 1 to 4) Excess Return Strategy on Index Calculation Date immediately preceding (t), calculated according to the formulae below
- FX(t) Means the level of EURUSD on Index Calculation Date (t)
- FX(t-1) Means the level of EURUSD on Index Calculation Date immediately preceding (t)

For i = 5 to 8 (USD denominated)

$$\text{F}_i(t) = \text{ECL}_i(t)$$

Where

- F_i(t) Means the level of ith (i equals 5 to 8) FX Hedged Strategy on Index Calculation Date (t)

$ECL_i(t)$ Means the level of the i^{th} (i equals 5 to 8) Excess Return Strategy on Index Calculation Date (t), calculated according to the formulae below

Excess Return Strategy Calculation

Each Excess Return Strategy is calculated on every Index Calculation Date starting from the Core Index Commencement Date based on the formulae below.

For $i=1$ to 8:

$$ECL_i(t) = ECL_i(t-1) \times \left(1 + \left(\frac{CL_i(t)}{CL_i(t-1)} - 1 \right) - 3M_i(t-1) \times \left(\frac{dc}{360} \right) \right)$$

$ECL_i(t)$ Means the level of the i^{th} (i equals 1 to 8) Excess Return Strategy on Index Calculation Date (t)

$ECL_i(t-1)$ Means the level of the i^{th} (i equals 1 to 8) Excess Return Strategy on Index Calculation Date immediately preceding (t)

$ECL_i(0)$ Means the level of the i^{th} (i equals 1 to 8) Excess Return Strategy on the Core Index Commencement Date, equal to USD 100

$CL(t)$ Means the Closing Level of i^{th} (i equals 1 to 8) MSCI Factor Index on Index Calculation Date (t)

$CL(t-1)$ Means the Closing Level of i^{th} (i equals 1 to 8) MSCI Factor Index on Index Calculation Date immediately preceding (t)

$3M_i(t-1)$ Means the **Money Market Rate** corresponding to the i^{th} (i equals 1 to 8) MSCI Factor Index on the Index Calculation Date immediately preceding (t); as described in Section 2

dc Means the number of calendar days between Index Calculation Date (t) (included) and Index Calculation Date (t-1) (not included)

4. Index Publication

The Index Calculation Agent will publish the Index Level on Bloomberg page CBKIRPGL Index for all Index Calculation Dates on the Index Calculation Date following the day on which the respective Index Level becomes available. The composition of the Core Index will be available from the Index Calculation Agent upon request to investors in financial products that are linked to the Index.

5. Index Fees (and Adjustment Factor)

The Index Calculation Agent will deduct the Index Fee in connection with its services and in accordance with Section 3 above. For clarity, the daily Index Fee will be calculated as the product of (i) 1.00% per annum (on the basis of a year comprising 365 days), i.e., 0.00274% and (ii) the relevant level of the Index.

In the same way, there is an Adjustment Factor deducted from the Index. For clarity, the daily Adjustment Factor will be calculated as the product of (i) 2.5% per annum (on the basis of a year comprising 365 days), i.e., 0.00685% and (ii) the relevant level of the Index.

6. Additional Provisions relating to the Index

Suspension of the Calculation of the Index

The Index Calculation Agent will suspend the calculation of the Index if on a Banking Day the Closing Level of one or more Equity Indices included in the Core Index is/are not determined (the "**Suspension of the Calculation of the Index**"). The occurrence of such suspension shall be published by the Index Calculation Agent in accordance with Section 4 of this Index Description.

Extraordinary Index Adjustments

Upon the occurrence of an Equity Index Extraordinary Event in relation to one or several Equity Indices included in the Core Index which has a material effect on the relevant Equity Index or the level of the Equity Index, the Index Sponsor shall make any such adjustments to the Index as are necessary to account for the economic effect of the Equity Index Extraordinary Event on the Index and to preserve, to the extent possible, the economic profile of the Index prior to the occurrence of the Equity Index Extraordinary Event in accordance with the following provisions (each an "**Equity Index Adjustment**"). The Index Sponsor shall decide in its reasonable discretion (*billiges Ermessen*, § 315 German Civil Code (BGB)) whether an Equity Index Extraordinary Event has occurred and whether such Equity Index Extraordinary Event has a material effect on the relevant Equity Index.

An Equity Index Adjustment may result in

- (i) the relevant Equity Index being replaced by another index (a "**Equity Index Replacement**") which is economically comparable to the relevant Equity Index

and/or

- (ii) increases or decreases of specified variables and values in the calculation of the Index taking into account
 - a. the effect of the Equity Index Extraordinary Event on the level of the respective Equity Index;
 - b. the diluting or concentrative effect of an Equity Index Extraordinary Event on the theoretical value of the relevant Equity Index; or
 - c. any cash compensation or other compensation in connection with a Equity Index Replacement;

and/or

- (iii) consequential amendments to the Equity Index related provisions of the terms of the Index that are required to fully reflect the consequences of the Equity Index Replacement.

- (a) Equity Index Adjustments shall correspond to the adjustments to option or futures contracts relating to the relevant Equity Index made by the relevant Futures Exchange (a "**Equity Index Futures Exchange Adjustment**").

- (i) The Index Sponsor shall not be required to make adjustments to the Index by reference to Equity Index Futures Exchange Adjustments, in cases where

- (aa) the Equity Index Futures Exchange Adjustments would result in economically irrelevant adjustments to the Index; the Index Sponsor shall decide in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (BGB)) whether this is the case;

- (bb) the Equity Index Futures Exchange Adjustments violate the principles of good faith or would result in adjustments of the Index contrary to the principle to preserve the economic profile of the Index prior to the occurrence the Equity Index Extraordinary Event and to compensate for the economic effect thereof on the level of the relevant Equity Index; the Index Sponsor shall decide in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (BGB)) whether this is the case; or

- (cc) in cases where no Equity Index Futures Exchange Adjustment occurs but where such Equity Index Futures Exchange Adjustment would be required pursuant to the adjustment rules of the Futures Exchange; in such case, the Index Sponsor shall decide in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (BGB)) whether this is the case and shall make Equity Index Adjustments in accordance with the adjustment rules of the Futures Exchange.

- (ii) In the event of any doubts regarding the application of the Equity Index Futures Exchange Adjustment or adjustment rules of the Futures Exchange or where no Futures Exchange exists, the Index Sponsor shall make such adjustments to the Index which are required in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (BGB)) to preserve the economic profile of the Index prior to the

occurrence of the Equity Index Extraordinary Event and to compensate for the economic effect thereof on the level of the relevant Equity Index.

- (b) Any reference made to the Equity Index and/or the Equity Index Sponsor (as defined below) in this index description shall, if the context so admits, then refer to the replacement index and/or the index sponsor of the replacement index. All related definitions shall be deemed to be amended accordingly.
- (c) Equity Index Adjustments shall take effect as from the date (the "**Cut-off Date**") determined by the Index Sponsor in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)), provided that (if the Index Sponsor takes into consideration the manner in which adjustments are or would be made by the Futures Exchange) the Index Sponsor shall take into consideration the date at which such adjustments take effect or would take effect at the Futures Exchange.
- (d) Equity Index Adjustments as well as their Cut-off Date shall be made available by the Index Calculation Agent in accordance with section 4 – Index Publication.

"Equity Index Extraordinary Event" with respect to an Equity Index means:

- (a) the cancellation or replacement of the relevant Equity Index or the replacement of the Equity Index Sponsor by another person, company or institution not acceptable to the Index Sponsor and/or the Index Calculation Agent;
- (b) the termination, impairment, cessation or dispute of the license granted by the Equity Index Sponsor to the Index Sponsor and/or the Index Calculation Agent and/or any of their respective Affiliates to use such relevant Equity Index in connection with the Index;
- (c) the adjustment of option or futures contracts relating to the relevant Equity Index or contained in the relevant Equity Index on the relevant Futures Exchange(s) or the announcement of such adjustment;
- (d) the termination of trading in, or early settlement of, option or futures contracts relating to the relevant Equity Index or contained in the relevant Equity Index on the relevant Futures Exchange(s), or the announcement of such termination or early settlement;
- (e) a change in the currency in one or more components of the relevant Equity Index if such change has a material effect on the level of the relevant Equity Index. The Index Sponsor shall decide in its reasonable discretion (*billiges Ermessen*, § 315 German Civil Code (*BGB*)) whether this is the case;
- (f) the Equity Index Sponsor (i) ceases the calculation of the relevant Equity Index and/or materially or frequently delays the publication of the level of the relevant Equity Index or the relevant data for calculating the level of the relevant Equity Index and the Index Calculation Agent is not able to calculate the level of the relevant Equity Index without the relevant Equity Index Sponsor's information and/or (ii) if the relevant Equity Index Sponsor materially modifies its terms and conditions for the use of the relevant Equity Index and/or materially increases its fees for the use or calculation of the relevant Equity Index so that it is no longer economically reasonable to reference the relevant Equity Index. The Index Sponsor shall decide in its reasonable discretion (*billiges Ermessen*, § 315 German Civil Code (*BGB*)) whether this is the case; or
- (g) any other event being economically equivalent to the before-mentioned events with regard to their effects. The Index Sponsor shall decide in its reasonable discretion (*billiges Ermessen*, § 315 German Civil Code (*BGB*)) whether this is the case.

If the relevant Equity Index is no longer calculated and published by the Equity Index Sponsor but by another acceptable person, company or institution as the new Equity Index Sponsor (the "**Successor Equity Index Sponsor**"), the Index will be determined on the basis of such Equity Index being calculated and published by the Successor Equity Index Sponsor and any reference made to the Equity Index Sponsor in this index description shall, if the context so admits, then refer to the Successor Equity Index Sponsor. The Index Sponsor shall decide in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) whether this is the case.

If an Equity Index Sponsor materially modifies the calculation method of an Equity Index with effect on or after the Index Commencement Date, or materially modifies such Equity Index in any other way (except for modifications which are contemplated in the calculation method of the Equity Index relating

to a change with respect to any index components, the market capitalisation or with respect to any other routine measures, each an "**Equity Index Modification**"), then the Index Sponsor is entitled to continue the calculation and publication of such Equity Index on the basis of the former concept of the Equity Index and its last determined level. The Index Sponsor shall decide in its reasonable discretion (*billiges Ermessen*) (§ 315 German Civil Code (*BGB*)) whether an Equity Index Modification has occurred.

Changes in the Calculation of the Index

The Index Calculation Agent starts the calculation of the Index on the Index Commencement Date in compliance with the Index calculation method and this Index description. Although the Index Sponsor intends to apply this Index Description from the Index Commencement Date, it cannot be ruled out that tax, regulatory, statutory, economic or other circumstances might apply that, in the reasonable discretion (§ 315 of the German Civil Code (*BGB*)) of the Index Sponsor, will necessitate changes with regard to this Index Description. In that case, the Index Sponsor may in its reasonable discretion (§ 315 of the German Civil Code (*BGB*)) deviate from, or perform changes to, this Index Description. Any deviations from this Index Description are subject to the proviso that the general concept and, thus, the investment objectives of the Index in particular are maintained. In the event of a change to the calculation method as detailed in this Index Description, the Index Calculation Agent will publish the relevant change in accordance with Section 4.

Corrections

If the Index Calculation Agent identifies an error or omission in any of its calculations or determinations in respect of the Index, then the Index Calculation Agent may, if practicable and if the Index Calculation Agent determines acting in good faith that such correction, error or omission (as the case may be) is material, adjust or correct the relevant calculation or determination and/or the Index Level as of any Index Calculation Date. The Index Calculation Agent shall publish such correction in accordance with Section 4.

Discontinuation of the Calculation of the Index

If, in the case of any circumstances that require any changes to the Index as described in the section 'Changes in the Calculation of the Index' above, or, upon occurrence of an Equity Index Extraordinary Event, an Equity Index Adjustment is not possible while retaining the general concept and, thus, the objectives pursued by the Index, the Index Calculation Agent will discontinue the calculation of the Index (the "**Discontinuation of the Calculation of the Index**"). The Index Calculation Agent will decide in its reasonable discretion (*billiges Ermessen*) (§315 German Civil Code (*BGB*)) whether this is the case.

Index Disclaimer and Conditions of Use

The Index Sponsor shall obtain information for inclusion in, or for use in the calculation of, the Index from sources that the Index Sponsor considers reliable. However, the Index Sponsor accepts no responsibility for, and shall have no liability for any errors, omissions or interruptions in respect of such sources or the information obtained therefrom. The Index Sponsor does not guarantee the accuracy and/or the completeness of the Index or any data included therein. The Index Sponsor makes no warranty, express or implied, as to the results to be obtained by any person or entity from the use of the Index or any data included therein. The Index Sponsor makes no express or implied warranties and expressly disclaims all conditions and warranties implied by statute, general law or custom with respect to the Index or any data included therein.

MSCI indexes (collectively, the "MSCI Indexes") were provided to the Index Sponsor on an "as is" basis. MSCI Inc. ("MSCI") does not in any way sponsor, support, promote or endorse the Index which is based on the MSCI Indexes. MSCI was not and is not involved in any way in the creation, calculation, maintenance or review of the Index. MSCI is not the benchmark administrator for the Index. MSCI Inc., each of its affiliates and each other person involved in or related to compiling, computing or creating the MSCI Indexes (collectively, the "MSCI Parties") expressly disclaim all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose). Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages in connection with the MSCI Indexes or the Index.

7. Index Specific Risks

INDEX DESCRIPTION LIMITATIONS

The performance of the Index is dependent on the pre-defined rules-based methodology set out in the Index Description. There is no assurance that other methodologies would not result in better performance than the methodology set out in the Index Description.

UNDERPERFORMANCE RISK

The Index provides exposure to notional long positions in MSCI Factor Indices. The Index is constructed under the assumption that the MSCI Factor Indices will outperform the Benchmark Indices over the long term. It is a risk that these MSCI Factor Indices will not outperform the Benchmark Indices.

EFFECT OF INDEX FEES AND ADJUSTMENT FACTOR

The Index Level includes a deduction of a notional Index Fee and an Adjustment Factor (as specified in Section 5). Investors in any product linked to the Index are advised to scrutinize and understand the impact of both the Index Fee and the Adjustment Factor as they will ultimately serve to act as a drag on the Index Level and will reduce the return available (if any) under such product.

VOLATILITY TARGET

The exposure of the Index to the Core Index is adjusted, on a daily basis, in accordance with a formula which seeks to maintain an overall specified annualised volatility level for the Index Level of 15% (the "Volatility Target"). The exposure is determined by reference to the recent volatility of the Core Index. Although the volatility of the Core Index and the exposure of the Index thereto is determined and adjusted daily, the actual volatility of the Index may be greater or less than the Volatility Target. As the Volatility Target is assessed daily, this can lead to a daily change in the exposure of the Index to the Core Index. Another frequency for determining this may have different results.

The application of the Volatility Target is based on the historical exponential volatility of the Core Index. This means there may be a significant period of time before the Index reduces exposure to account for any increase in volatility. This could result in a lower level of the Index than would prevail if the exposure had been adjusted more quickly. The exposure of the Index to the Core Index is designed not to exceed 150% and, therefore, leverage may be applied to the Index, which will have a magnifying effect on the performance of the Index (whether positive or negative). During periods when the realised volatility of the Core Index is higher than the Volatility Target, particularly in bull markets, the volatility targeting mechanism may lead the Index to underperform relative to the Core Index and/or compared with indices that do not use such a mechanism. There can be no assurance that the volatility targeting mechanism used to construct the Index will be successful or that the Index will outperform the strategy or any alternative volatility adjusted index that might be constructed by reference to the Core Index.

CONCENTRATION RISK

The Index Constituents and therefore the Index is composed of only stocks. Therefore, the Index may be less diversified than an investment in any fund, investment portfolio or other product which invests in or tracks a diversified investment portfolio with exposure to multiple asset classes, and therefore could experience greater volatility.

FIXED ALGORITHMIC MODEL PARAMETERS

In common with all algorithmic strategies, the Index uses a rules-based methodology which contains fixed parameters. For example, the Index gives an equal weight to each MSCI Factor Index. The Index methodology assumes that these parameters and other fixed parameters are reasonable in the context of the Index. However, alternative parameters could have a positive effect on the performance of the Index.

LIMITED OPERATING HISTORY

The Index was launched by the Index Sponsor on the specified Index Launch Date and has been calculated by the Index Calculation Agent for the period from the specified Index Start Date. The Index Sponsor has published limited information about how the Index would have performed had it been calculated prior to the Index Launch Date. Due to the fact that the Index (and its Constituents) was each created relatively recently, and limited historical performance data exist with respect to it, an investment in a product linked to the Index may involve a greater risk than an investment in a financial product linked to one or more indices with a more established record of performance. Furthermore, any back-testing or similar performance analysis performed by any person in respect of the Index must be considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the Index Level.