GSS Newsletter

September 2014

Issue 161

Life is full of ups and downs.
We're there for both.

Welcome to UniCredit

CONTENTS

EDITORIAL

BORISLAV HITOV
HEAD OF GSS BULGARIA

Dear Clients, Partners and Friends,

It is my great pleasure to address all of you via this month's Editorial and update you on the recent developments in the Bulgarian market.

The past year or so has been really dynamic and, I would say, challenging for Bulgaria in terms of events and developments – some on the negative side but even more on the positive side.

The political situation has been unstable during the past year, which has recently led to the government's resignation and the establishment of a caretaker government. Nevertheless, it is fair to say that from a microeconomic perspective, Bulgaria has retained its fiscal flexibility and low levels of budget deficit and public debt. It has already been announced that the early parliamentary elections will take place on 5 October and there is no doubt that all eyes will be on the new government's efforts to carry out the reforms needed to address long-term problems in the country.

The political uncertainty in the country has influenced the capital market as well. The stock exchange liquidity has remained in the low range in spite of the stock exchange indices' 2-digit positive returns in both 2013 and 2014 YTD. It is expected that the joint privatisation of the stock exchange and CDAD, initiated at the end of 2013, could serve as a catalyst for attracting new investors in the market and contribute to further market modernisation.

Probably the most important market development over the last year has been the finalisation, approval, and ongoing implementation of the Central Depository (CDAD)'s amended Rules and IT system that will undoubtedly alter the post-trading environment in the Bulgarian market. Part of the amendments have already been in effect, e.g. the implementation of second daily settlement batch and the establishment of Settlement Guarantee Fund, and the rest are expected to become effective in the coming months. At Global Securities Services, we have spent a great deal of effort to lobby for making the change process as smooth as possible and prepare all necessary system enhancements.

Another major achievement has been the introduction of DVP settlement for EUR-denominated government bonds by the Bulgarian National Bank (BNB), although only for participant trades at this stage. Against-payment client trades in government securities are to be available with the next stage of technical developments by BNB.

It is also worth mentioning the important amendments in the local UCITS legislation, among which the AIFMD's transposition and the introduction of new types of collective investment vehicles such as umbrella sub-fund structures and ETFs.

On the tax side, new tax benefits came into effect for non-resident legal entities meeting certain eligibility criteria as of the beginning of 2014.

We believe that the above developments will have a positive influence on the Bulgarian market and will help increase the market's attractiveness to investors. Despite the challenging political and economic environment, we are proud that UniCredit Bulbank has remained the number one bank in Bulgaria, strong in terms of financials, market expertise, and high service quality.

Lastly, let me use this opportunity to thank you for the trust and confidence in our services. We are committed to delivering increasingly better quality service, provide our clients with full support and valuable know how, and last but not least continuously build on our market expertise and lobbying influence to grow even stronger.

Yours sincerely,

Borislav Hitov
Head of GSS Bulgaria

JOHN'S CORNER

JOHN GUBERT ON THE WORLD OF NEW RISKS

Although price risk in markets remains, despite recent lower volatility, the major risk facing investors, the risk construct of funds appears to have changed for good. And liquidity, market and settlement, counterparty, operational and systemic risks play now a much greater role than ever before.

As investor appetite drives funds into emerging and frontier markets, market liquidity versus most major funds' scale means that realisation of many holdings is not a short term option unless at a severe discount to market price. This factor has been much debated over the years and is a known weakness of the daily pricing adopted by most retail funds across the world. The reality is that funds have to ignore the resulting pricing risk, being the differential between the low volume activity driven official quotations and the true realisable value of many sizeable securities holdings. Quite simply, there is no science to assess what the theoretical realisable value of a large holding could be at any point in time.

Settlement liquidity, as distinct from market liquidity, is definitely moving up the regulatory priority list. As I discussed last month, regulators are looking to apply capital weightings to intraday liquidity. There are many ways to reduce demand for that liquidity, including the ones I mentioned last time, such as moving from an objective of fast or early batch settlement to managed and progressive settlement throughout the settlement period. The trouble with liquidity is that it is finite and demand becomes ever more volatile as securities transactions move more and more from OTC into traded market environments with their on demand approach to settlement liquidity.

For most global custodians, settlement liquidity is not a credit risk related matter for their settlement activity to credit capacity is relatively low. It becomes much more meaningful for the broker dealer population, and in some markets, primarily those allowing brokers to trade without a "kill" switch, the technical demand is infinite. And the High Frequency Trader population often seems sanguine about settlement liquidity, on the basis that they will close out all their positions intraday and only ever settle on a net basis, although there are many external dependencies that have to work in their favour for this to happen. And settlement liquidity is frail, as we experienced in previous market crashes where, but for Central Bank intervention and suasion of the clearing banks, the markets would have been starved of such liquidity as distinct from merely suffering from a paucity of it.

The broker dealer market has eliminated trading counterparty risk to a great extent through the use of central counterparties. Again, I would be less sanguine than many of the credit covenants of many of the central counterparties. They will work well in all normal and, even highly volatile, markets. But there has to be a big question mark over their robustness in the face of a severe market crisis and lenders of last resort are not apparent. The bulk of funds have also a manageable position in those tighter settlement periods, improved settlement performance and policies of selectivity of broker counterparties allow them to credit manage their open positions. But there are major exposures remaining. Funds use international brokers as an insurance policy against local broker credit exposures and there will always be tension between demand for execution from clients and sensible credit appetite for local broker risk. In the frontier and emerging markets, volumes most likely mean that the risk is not life threatening for the major players. In developed markets, it is meaningful.

There do remain three other core risks that are worth considering, over and above the ones I have discussed. These are operational, regulatory and systemic risks.

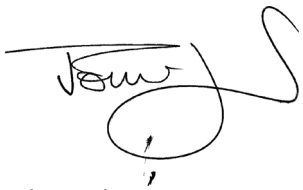
On the operational front, the standard thinking places the majority of the risk on asset servicing and fund pricing. And it is true that those have been the areas of major concern. But the really big losses have been elsewhere. The vagaries of re-hypothecation meant that title was not where it was assumed. The challenge of collateral meant that values were different when called to account. The risk of administration led to different accountabilities than appreciated. Credit exposures in money funds created liability for the sponsors. In reality, the biggest operational risk is not in the known risk areas but the new and unknown ones. That is one of the reasons for the growing concern at the complexity and ambiguity of much of new regulation. The gap between known and managed risk and assumed and opaque risk is increasing.

Welcome to UniCredit

At a regulatory level, we also face the twin challenges of extraterritoriality and ever increasing intermediary liability towards the investor populations. We have no benchmarks for either. Whether it is monitoring sanctions imposed by one or another governments, adjudicating what is the high standard of care needed in due diligences, assessing the risks of market infrastructure, identifying the tax residence of clients or some other of the multiple tasks assigned to market participants, the reality is that caution and conservatism has to be the rule of the day. And that covers the client on boarding, counterparty selection, market acceptance and a range of other areas.

Fear of the unknown is a sensible approach and the biggest unknown is systemic risk. At the market level, I have already mentioned the risks inherent in CCPs, which due to their sheer volumes and partial dependence on market sensitive collateral, are the key risk zone in the post trade life cycle. But sector and country contagion are another meaningful one. Regulators worry about money funds and their ability to withstand investor outflow at times of crisis. The alternative sector has standard clauses to impede an investor stampede out of a fund. With the growth of the savings industry and the convergence of the long only, liquid alternative and alternative sectors of the markets, it would be logical to borrow such standards for the rest of the market. For the biggest risk we face is investor fear.

Sincerely yours,



John Gubert
Chairman
Global Securities Services
Executive Committee

John Gubert also appears on blog.globalcustodian.com

Welcome to UniCredit

AUSTRIA

Market Capitalisation	EUR 82.6 bn
YTD Dev. of Market Capitalisation	3.9%
Number of SE Transactions p.m.	N/A
YTD Dev. of SE Transactions	N/A
SE Turnover (Vienna SE)	EUR 2.0 bn
Monthly Index Performance (ATX/VSE)	-7.6%
Upcoming Holidays	–

Source: UniCredit, National Statistics

Bank Austria posts half-year net profit of EUR 776 million

UniCredit Bank Austria reported a stable operating performance of its customer business in the first half year of 2014, reflecting weak credit demand, low market interest rates, and exchange rate effects in the first half year of 2014.

Lending volume totalled EUR 118 billion, down by 1.7% compared with the end of June 2013 and up by 1.9% compared to 2013 year-end totals despite negative exchange rate effects. Growth was driven by Central and Eastern Europe while credit demand in Austria is stagnating.

Customer deposits reached EUR 96 billion, an increase of 2.3% over the previous year but a slight decline of 1.1% compared with the end of 2013. Bank levies and financial transaction taxes in Austria and CEE increased by 17% year-on-year to a new record level of EUR 119 million, accounting for 7% of total costs. Operating costs were down by 1.3% thanks to strict cost management and business model transformation. Net write-downs of loans were significantly lower in Austria and CEE and provisioning charges down by 35.4% to EUR 332 million.

Net profits rose by 34.3% to EUR 776 million compared with the same period of the previous year. Direct funding is in a strong position with customer loans covered by customer deposits and debt securities in issue to the extent of over 100% and loan/direct-funding ratio is at a conservative 94.1%. The total capital ratio improved to 13.8% and the Common Equity Tier 1 capital ratio is at an excellent 11.0%

Impact on investors

For information purposes only.

Written and edited by:
Thomas Rosmanitz
Head of Relationship Management Austria
Global Securities Services Austria
Tel. +43 50505 58515
thomas.rosmanitz@unicreditgroup.at

BOSNIA AND HERZEGOVINA

Market Capitalisation (Sarajevo SE)	BAM 4.7 bn
YTD Dev. of Market Capitalisation	-1.0%
Number of SE Transactions p.m.	686
YTD Dev. of SE Transactions	-8.2%
SE Turnover (SASE)	BAM 38.4 mn
Monthly Index Performance (SASX-10/SASE)	2.4%
Market Capitalisation (Banja Luka SE)	BAM 4.2 bn
YTD Dev. of Market Capitalisation	1.3%
Number of SE Transactions p.m.	1,668
YTD Dev. of SE Transactions	-37.9%
SE Turnover (BLSE)	BAM 17.8 mn
Monthly Index Performance (BIRS/BLSE)	-5.8%
Upcoming Holidays	–

Source: UniCredit, National Statistics

UniCredit named best bank in Bosnia and Herzegovina

The business and financial magazine "Banks & Business in BiH" awarded a Golden BAM for their amount of total equity and a Golden BAM for their return on equity (ROE) to UniCredit Bank Mostar.

UniCredit Group in Bosnia and Herzegovina won the most Golden BAM's as the Banks & Business Magazine also awarded the Golden BAM for their return on assets (ROA) to UniCredit Bank Banja Luka.

For the twelfth consecutive year, the Banks & Business Magazine awarded the Golden BAM based on reports by independent auditors on business performance of commercial banks in Bosnia and Herzegovina with the goal of promoting best practices in the banking sector in 2013.

The Golden BAM was awarded in the following categories: total assets, total assets of banks with majority domestic capital, total equity, shareholder equity, ROE – return on equity, ROA – return on assets, growth in deposits, gross profit per employee, total assets per employee, and total deposits.

Impact on investors

For information purposes only.

Unscheduled revision of BIRS Index

The Banja Luka Stock Exchange conducted the 13th unscheduled revision of BIRS in July 2014. The revision of BIRS was conducted due to the increase in the number of shares of one issuer included in the BIRS composition.

The list of companies included in the BIRS can be found on the official web page of the Banja Luka Stock Exchange.

Impact on investors

For information purposes only.

Written and edited by:
Enis Zejnić
Relationship Manager
Global Securities Services, Bosnia and Herzegovina
Tel. +387 51 348 050
enis.zejnic@unicreditgroup.ba

BULGARIA

Market Capitalisation	BGN 10.3 bn
YTD Dev. of Market Capitalisation	-5.1%
Number of SE Transactions p.m.	12,982
YTD Dev. of SE Transactions	-61.4%
SE Turnover (Bulgarian Stock Exchange)	BGN 46.3 mn
Monthly Index Performance (SOFIX)	-1.94%
Upcoming Holidays	6, 22 September

Source: UniCredit, National Statistics

New Double Tax Treaty between Bulgaria and Norway

At the end of July, the Bulgarian Minister of Finance and the Ambassador of the Kingdom of Norway signed a new Double Tax Treaty (DTT).

The provisions of the new Double Tax Treaty between Bulgaria and Norway comply with the up-to-date OECD model of tax agreements. The DTT will provide an overall system of allocation of taxation between the two countries, allow for real and tax-relief possibilities for resident companies to do business in both countries, and further contribute to the development of the bilateral economic and investment cooperation between Bulgaria and Norway.

The new DTT will become effective after its ratification by both countries.

Impact on investors

The DTT between Bulgaria and Norway has been updated with the aim of securing real and tax-relief benefits for investors from the two countries and contributing to overall bilateral cooperation.

Written and edited by:
Kristina Spasova
Relationship Manager
Global Securities Services, Bulgaria
Tel. +359 2 923 2542
kristina.spasova@unicreditgroup.bg

CROATIA

Market Capitalisation	HRK 198.74 bn
YTD Dev. of Market Capitalisation	8.2%
Number of SE Transactions p.m.	19,718
YTD Dev. of SE Transactions	-3.8%
SE Turnover (Zagreb SE)	HRK 286.92 mn
Monthly Index Performance (Crobex/ZSE)	1.3%
Upcoming Holidays	–

Source: UniCredit, National Statistics

Industrial turnover in Croatia in June up 8.7%

According to a report by the State Bureau of Statistics, deseasonalised industrial turnover in Croatia in June 2014 increased by 8.7% on the month and 7% on the year.

The year-on-year increase was the first such increase since January. In January, the growth rate was 3.5%. In May, industrial turnover was down 12.1%, 1.3% in April, 7.7% in March, and 4.4% in February. The year-on-year increase in June was affected by a 3.8% increase in domestic sales and a 13% increase in foreign sales.

Impact on investors
For information purposes only.

Fitch downgrades Croatia to 'BB'; outlook stable

Fitch Ratings has downgraded Croatia's long-term foreign currency Issuer Default Rating (IDR) to 'BB' from 'BB+' and local currency IDR to 'BB+' from 'BBB-'. The outlooks are stable.

The issue ratings on Croatia's senior unsecured foreign and local currency bonds have also been downgraded to 'BB' from 'BB+' and 'BB+' from 'BBB-', respectively, while the Country Ceiling has been lowered to 'BBB-' from 'BBB'. The Short-term foreign currency IDR has been affirmed at 'B'.

Substantive revisions to the 2014 budget in April appeared to set Croatia on a deficit reduction path sufficient to cut the general government deficit (GGD) from 4.9% of GDP in 2013 to 3.8% in 2014 (including the transfer of pension assets), in line with the targets outlined in the European Commission's Excessive Deficit Procedure (EDP), which was initiated in January.

However, the government recently pointed to fiscal slippage in 1H14 and publicly acknowledged that the chances of it meeting the EDP target for 2014 were slim, notwithstanding a supplementary budget in the autumn.

Fitch forecasts a GGD of 4.5% of GDP in 2014, declining to 3.8% in 2015.

Impact on investors
For information purposes only.

Written and edited by:
Jelena Bilušić
Relationship Manager
Global Securities Services, Croatia
Tel. +385 1 6305 137
jelena.bilusic@unicreditgroup.zaba.hr

CZECH REPUBLIC

Market Capitalisation	CZK 1.1 trn
YTD Dev. of Market Capitalisation	-4.0%
Number of SE Transactions p.m.	n.a
YTD Dev. of SE Transactions	n.a
SE Turnover (Prague SE)	CZK 39.9 trn
Monthly Index Performance (PX)	-5.20%
Upcoming Holidays	28 October

Source: UniCredit, National Statistics

Financial market inflation expectations

The CNB started regular measurement of inflation expectations on the financial market in May 1999 in order to monitor and assess changes in the predictions for inflation, GDP, wages, and financial market indicators. The aim of the survey of analysts is to obtain their views on the expected evolution of macroeconomic indicators and to compare their expectations with the CNB's forecast. The set of respondents is made up of analysts from large banks and brokerage companies who are highly active on the money and capital markets and who agreed to assist the CNB. Using standardised questionnaires (xls, 40 kB), the CNB requests their forecasts for the following indicators at monthly intervals:

- year on year consumer price index at the one-year and three-year horizons;
- the settings of the CNB's 2W repo rate, 12M PRIBOR, 5Y IRS and 10Y IRS at the one-month and one-year horizons; the CZK / EUR exchange rate at the one-month and one-year horizons;
- year on year GDP growth at the end of the current year and the end of the following year;
- year on year nominal wage growth at the end of the current year and the end of the following year.

This information serves primarily for the CNB's monetary policy purposes, i.e. how inflation expectations are developing and whether they are consistent with those of the CNB and the subsequent actual outturns. It is also used for comparison with financial market expectations ascertained indirectly from yield curves and for any correction of those expectations.

The Czech National Bank recently presented its current macroeconomic forecast for 2014 and thereafter:

Inflation at the monetary policy horizon

Indicator	Horizon	Forecast
Annual consumer price inflation	2015, Q3	2.0%
	2015, Q4	2.0%

Monthly forecast for inflation July 2014 – Sept. 2014

Indicator	7/14	8/14	9/14
Annual consumer price inflation	0.3%	0.4%	0.5%

Monetary-policy relevant inflation at the monetary policy horizon

Indicator	Horizon	Forecast
Monetary-policy relevant inflation	2015, Q3	1.8%
	2015, Q4	1.9%

Monetary-policy relevant inflation July 2014 – Sept. 2014

Indicator	7/14	8/14	9/14
Annual consumer price inflation	0.1%	0.3%	0.4%

GDP forecast

Indicator	Year	Forecast
Annual growth of real GDP	2014	2.9%
	2015	3.0%
	2016	2.8%

Interest rates forecast (3M PRIBOR)

Indicator	Horizon	Forecast
Annual growth of real GDP	2014	0.4%
	2015	0.5%
	2016	1.6%

Impact on investors

For information purposes only.

Written and edited by:
Jana Bašeová
Relationship Manager
Global Securities Services, Czech Republic
Tel. +420 955 960 541
jana.baseova@unicreditgroup.cz

HUNGARY

Market Capitalisation	HUF 19,210 bn
YTD Dev. of Market Capitalisation	8.21%
Number of SE Transactions p.m.	104,687 prompt market: 94,433 derivatives: 10,254
YTD Dev. of SE Transactions	-6.0%
SE Turnover (Budapest SE)	HUF 292,139 mn prompt market: HUF 125,175 mn derivatives: HUF 166,964 mn)
Monthly Index Performance (BUX)	-5.26%
Upcoming Holidays	–

Source: UniCredit, National Statistics

GDP and industrial production increased in the second quarter

The gross domestic product of Hungary increased by 3.9% in the second quarter of 2014 compared to the corresponding period of the previous year, following a 3.5% increase in Q1. Based on the announcement by the Central Statistical Office (KSH), the growth was mainly due to the increasing performance of manufacturing and construction. According to seasonal and calendar effects adjusted data, the gross domestic product increased by 0.8% as compared to the previous quarter. On the consumption side, the key drivers were likely investments picking up as a result of the central bank's (CBH) Funding for Growth Scheme and net exports.

In addition, in June 2014, industrial gross output grew by 11.3% compared to the same month of 2013 according to both unadjusted figures and data adjusted for working days. Besides the manufacture of transport equipment and the related supplier branches, the growth in the manufacture of food products and consumer electronics contributed primarily to the expansion of production. In the first six months of 2014, the labour productivity of industrial enterprises with 5 or more employees rose by 7.2% compared to the same period of 2013 along with a 2.3% increase in the number of employees.

In January-June 2014, industrial production grew in every region of Hungary year-on-year. The highest growth was observed in Western Transdanubia (20%), whereas in the other regions, volume increases ranging from 3.8% to 15% were measured. In June, construction output, according to both unadjusted and working day adjusted data, was up year-on-year by 9.8%. Output rose year-on-year in both main groups of construction: in the construction of buildings and civil engineering works by 2.4% and 18.0% respectively. Construction producer prices rose by 2.3% in the 2nd quarter of 2014 compared to the same period of 2013.

Impact on investors

For information purposes only.

Written and edited by:
Melinda Czéh
Relationship Manager
UniCredit Bank Hungary GSS
Tel. +36 1 301 1921
melinda.czeh@unicreditgroup.hu

POLAND

Market Capitalisation	PLN 584.3 bn
YTD Dev. of Market Capitalisation	-1.6%
Number of SE Transactions p.m.	991,000
YTD Dev. of SE Transactions	-9.9%
SE Turnover (WSE)	PLN 15.1 bn
Monthly Index Performance (WIG20)	-3.7%
Monthly Index Performance (WIG)	-3.7%
Upcoming Holidays	–

Source: UniCredit, National Statistics

New withholding tax procedure as of 2015

Last month both houses of Parliament approved changes to the withholding tax procedure moving the responsibility to calculate and deduct the tax on income received from publicly traded securities from issuers to entities maintaining securities accounts and clarifying some aspects of the validity of tax certificates. Although the amendments are yet to be approved by the President, there are no indications that they will not be implemented on 1 January 2015.

Taxes to be deducted by banks and brokers

Currently taxes are calculated and withheld by the issuers who pay out dividend income and it is their responsibility to examine the tax status of their shareholders and to apply the correct tax rate in accordance both with local tax laws and double taxation treaties. Custodians are only responsible for withholding taxes on interest coming from Treasury debt securities.

While this distinction seems to be clear to domestic users and the majority of market participants are accustomed to the process in connection with complicated tax regulations, it may create confusion for foreign investors. The point is that different issuers adapt different documentation requirements when verifying the tax status of a client and while for the vast majority of entities certificate of tax residency is sufficient to apply a reduced rate in accordance with relevant the Double Taxation Treaty, some of them want to be absolutely on the safe side in case of any audit from the tax authorities and decide to require additional documentation to be provided (e.g. declarations concerning lack of permanent establishment in Poland or additional confirmation of beneficial ownership).

Furthermore, one may face different opinions with respect to the validity of a tax certificate as well as a more or less flexible approach to slight discrepancies in the documents. As a result it has become quite common in the market that a client may receive one dividend payment taxed at a reduced rate and the other one taxed at the full rate even on the same day.

As of 1 January 2015, issuers will pay income in gross to the entities keeping securities and such entities will have to calculate and deduct tax. This will be a significant change for the custodians and their clients, as the custodians will be able to set documentation requirements that will apply to all income payments processed by them. The clients will also benefit from the change as they will have to follow one certification procedure, and, if completed, they will benefit from reduced rates without being approached by their custodian to provide additional documents or certification during the year.

There is another aspect of this change – reduction of costs. Today each issuer requires notarised copies of the tax documents allowing for reduced rates. It generates some costs, especially for the clients holding many lines of securities. After 1 January 2015 this requirement of the issuers will disappear as all tax calculations will be done by the custodians.

Validity of tax certificates

The other amendment to the tax regulations is the new provisions that give clarification on the validity of tax certificates provided by the clients. Today there is some uncertainty on how long the tax certificate delivered to the custodian can be accepted as a valid document based on which the reduced tax rate is applied. There were, and still are, different approaches to this issue among the banks and issuers. Some issuers accepted only certificates issued in the year the payment was effected, while the others set a 12-month period of time during which the certificate is considered as valid. It was agreed on the market that this issue should be clarified in the tax regulations to eliminate the risk of the correctness of tax calculation being called into question by the tax authorities. As a result of this initiative, the appropriate provisions have been added to the draft of new tax regulations.

The amended regulations state that the reduced tax rate can be applied to the income payments effected in the tax year specified in the tax certificate, or within 12 months from the date the certificate was issued, in the case of certificates not specifying the period they cover. The new provisions also determine that the taxpayers (clients) are responsible for notifying their agent if their tax residency and status have changed and, subsequently, that they are responsible for any taxes due resulting from the incorrect tax calculation, if they fail to notify the agent about the change of residency.

Impact on investors

The changes shall result in a far more consistent approach to taxation of income received by non-resident clients. The changes do not impact documents that should be provided in order to benefit from tax relief at source.

Written and edited by:
Kamil Polak
Head of Relationship Management
Global Securities Services, Bank Pekao
Tel. +48 22524 5863
kamil.polak@pekao.com.pl

ROMANIA

Market Capitalisation	RON 129 bn
YTD Dev. of Market Capitalisation	26.4%
Number of SE Transactions p.m.	96,030
YTD Dev. of SE Transactions	96.90%
SE Turnover (Bucharest SE)	RON 1,163 mn
Monthly Index Performance (BET/BSE)	-1.35%
Upcoming Holidays	–

Source: UniCredit, National Statistics

First steps towards implementing the S.T.E.A.M. Project

Romania's Financial Supervisory Authority reported that the first steps towards implementing the S.T.E.A.M. Project were completed. The S.T.E.A.M. Project is an action plan for obtaining the status of an emerging market. The first two steps already concluded in this project were:

- Amending the Central Depository Code of Rules in order to restrict brokers' direct access to the financial instruments accounts of the custodian banks and their clients
- Amending the Bucharest Stock Exchange Code of Rules

These amendments were completed, with approval granted by the FSA, on 12 August and ensure the framework for the process of segregation of the trading accounts from the custody and settlement accounts. The advantages of the separation of the trading and post-trading systems are:

- A simpler trading process for the clients of a custodian agent;
- An increase in the speed of order and instructions execution in the BSE and CSD systems and an increase in the processing capabilities for both systems;
- The separation creates the conditions necessary to increase the number of listed instruments with an intensive citation regime;
- This separation of the systems will make the settlement process more efficient.

Achieving the subsequent objectives of the S.T.E.A.M. Project will increase capital market accessibility for investors by extending market dimensions and by improving liquidity.

Impact on investors

ASF approved the CSD Code of Rules and BSE Code of Rules amendments as part of the objective set up through the S.T.E.A.M. Project.

Written and edited by:
Irina Savastre
Head of Global Securities Services
Tel. +40 21 2002670
irina.savastre@unicredit.ro

NBR cuts monetary policy rate

In its meeting on 4 August, the Board of the National Bank of Romania decided the following:

- to lower the monetary policy rate to 3.25% per annum from 3.5%starting on 5 August 2014;
- to pursue adequate liquidity management in the banking system;
- to maintain the existing levels of minimum reserve requirement ratios on both RON and foreign currency denominated liabilities of credit institutions.

Impact on investors

For information purposes only.

Central Depository will connect to TARGET2 Securities through SWIFT

The Central Depository in Bucharest announced that they will connect to the TARGET2 Securities system through the SWIFT communication network.

Following the process of selecting the provider for the communication with TARGET2 Securities, the pan-European settlement platform, the Central Depository decided to use the value added network (VAN) offered by SWIFT.

Impact on investors

The selection of a communication provider represents a significant step for the Central Depository in fulfilling its connectivity obligations and adapting the local system for communication with T2S platform.

RUSSIA

Market Capitalisation	RUB 23.7 trn
YTD Dev. of Market Capitalisation	-5.20%
Number of SE Transactions p.m. (MICEX)	8,579,130
YTD Dev. of SE Transactions	21.4%
SE Turnover (MICEX)	RUB 18.09 trn
Monthly Index Performance (MICEX)	-3.0%
Upcoming Holidays	–

Source: UniCredit, National Statistics

Law on Controlled Foreign Companies will be amended

Vladimir Putin, the President of the Russian Federation, approved the phased introduction of the Law on Controlled Foreign Companies (CFC). The relevant amendments should be prepared by Russia's Ministry of Finance (MinFin) and Ministry of Economic Development before 1 September 2014.

The MinFin suggests establishing the threshold for recognition of a Russian owner as a controlling person in an offshore company at 50% in 2015, 25% in 2016 or 10% if the consolidated share of the Russian resident in the company exceeds 50%.

It was previously assumed that the Russian owners would declare offshore profits exceeding RUB 3 million. In accordance with the amendments the threshold will be set at RUB 50 million for 2015, RUB 30 million for 2016 and then gradually reduced to RUB 10 million.

The Law on CFC obliges Russian companies to pay taxes on the income of their subsidiaries registered in offshore jurisdictions and Russian individuals, recognized as owners of offshore companies, on income generated from their offshore structures.

The draft law introduces the definitions of a "controlling person" and a "controlled foreign company" (CFC). A CFC should simultaneously satisfy all given conditions:

- the company is not a tax resident of the Russian Federation;
- the company is a tax resident of a country, included in the list approved by the Ministry of Finance, provided preferential tax treatment;
- controlling persons of the company - legal entities and (or) individuals – are the Russian tax residents;
- the company's shares are not listed on the stock exchange.

The law was planned to come into force starting from 2015, but in accordance with the amendments its full implementation may be delayed until 2019.

Impact on investors

The draft law is aimed at the "deoffshorisation" of the Russian economy with the reduction of capital outflow from Russia and to stop the usage of offshore tax evasion schemes as the main objectives.

Corporate Governance Code for state-owned companies

The Russian government will oblige 13 major state-owned enterprises to implement the Corporate Governance Code (approved as a recommendatory document for Russian companies by the Government in February 2014). Among the state-owned companies are Gazprom, Rosneft, VTB, Sberbank, ALROSA, Aeroflot, RZD and others.

Following the Corporate Governance Code, one-third of the members of the Board of Directors of these companies should have independent status starting from 2015. They will be required to elaborate and provide a road map of the Code's implementation to the Government by the end of 2014.

Civil servants, persons who have received more than RUB 3 million from state-owned companies or their affiliates for the last 3 years, as well as professional attorneys of Russia's Federal Agency for State Property Management cannot take on a position of independent director in the state-owned companies. Furthermore, all applicants for independent director should be pre-qualified.

Impact on investors

The Corporate Governance Code implementation will make state-owned companies more transparent.

Regulation of operations on residents' foreign accounts changed

In line with the Federal Law No.218-FZ dated 21 July 2014, the list of cases when monetary funds of Russian residents may be credited on their foreign accounts and when individuals should report to the tax authorities about operations via residents' foreign accounts was expanded.

In other cases, Russian residents (individuals), whose accounts have been opened in banks located in OECD and FATF member countries, will be able to credit on their foreign accounts accrued interest (coupon) income payment on external (foreign) securities, as well as other income paid under external (foreign) securities (dividends, payments on bonds, promissory notes, payments in the case of reduction of the share capital of the foreign securities issuer).

In addition to this, Russian residents (individuals) are obligated to provide the tax authorities, at the place where they are registered, reports on the movement of funds on their foreign accounts and relevant bank documents. Such an obligation has been previously established only for legal entities and individual entrepreneurs.

These changes came into force on 2 August with the exception of the new reporting requirement for individuals, which become effective starting in 2015.

Impact on investors

Credit of income under external (foreign) securities on the foreign accounts of Russian residents (individuals) will not be a subject to penalty.

Securities market legislation updates

The Federal Law No. 218-FZ "On Amending Certain Legislative Acts of the Russian Federation", simplifying the procedure for foreign securities to be admitted to the Russian financial market, came into effect on 2 August.

According to the amendments, foreign securities may be admitted to public circulation (including trading on an exchange) by a decision of an exchange or trading system without concluding an agreement with the issuer. Foreign securities should satisfy a number of conditions: they must be included in a quotation list of a foreign exchange and approved by the Central Bank of the Russian Federation (CBR). They must also be qualified as securities by CBR.

The exchange admitting foreign securities to trading, is obligated to disclose information regarding the securities and the issuer, as well as to notify the issuer concerning its decision, etc.

Moreover, the rules getting the status of qualified investor for individuals were simplified.

As of 1 July 2014, individuals can be granted qualified investor status if they meet at least one of the criteria listed in Article 51.2(4) of the Law "On the Securities Market". Previously, the law required an individual investor to meet at least two criteria. The relevant amendments should be added also to Order № 08-12/pz-n dated 18 March 2008, which outlined the procedure for the assignment of qualified investor status on the basis of two criteria.

In addition, the amendments introduce two new criteria for obtaining the status of a qualified investor: the size of personal assets (the procedure for the calculation of assets is set by CBR) and the presence of a level of education agreed upon by CBR or qualification certificates.

Impact on investors

Changes in securities market legislation are another step towards the development of the Russian securities market and will allow an increase in the investment possibilities for investors.

Russia's main interest rate raised to 8%

On 25 July, the Central Bank of Russia (CBR) increased the country's refinance rate to 8% per year.

CBR said that the interest rate was raised to ease inflationary pressure.

Impact on investors

For information purposes only.

Written and edited by:
Ekaterina Konovalova
Relationship Manager
Global Securities Services Russia
Tel. +7 495 258-7258, ext.3453
Ekaterina.Konovalova@unicredit.ru

SERBIA

Market Capitalisation	RSD 755.2 bn
YTD Dev. of Market Capitalisation	-2.8%
Number of SE Transactions p.m.	19,772
YTD Dev. of SE Transactions	-6.9%
SE Turnover (Belgrade SE)	RSD 2.1 bn
Monthly Index Performance (Belex 15)	4.8%
Upcoming Holidays	–

Source: UniCredit, National Statistics

Year-on-year inflation rises to 2.1% in July

According to data of the National Bank of Serbia (NBS), the consumer price index (CPI) in July went down 0.1% month-on-month mostly as a result of the seasonal decline in prices of food, especially fresh vegetables. CPI rose 1.8% in comparison to December 2013, while year-on-year inflation in July rose to 2.1%, in comparison to the 50-year low of 1.3% marked in June, as a result of the low base effect of the previous year.

NBS estimates that year-on-year inflation will remain below the lower limit of the target band in the coming months, with its gradual return toward the goal of 4 ± 1.5% by the end of 2014.

Impact on investors

For information purposes only.

Written and edited by:
Stevo Delić
Senior Corporate Actions and Tax Specialist
Global Securities Services, Serbia
Tel. +381 11 3208 621
stevo.delic@unicreditgroup.rs

SLOVAK REPUBLIC

Market Capitalisation	EUR 38.8 bn
YTD Dev. of Market Capitalisation	2.4%
Number of SE Transactions p.m.	519.0
YTD Dev. of SE Transactions	-21.1%
SE Turnover (Bratislava SE)	EUR 0.4 bn
Monthly Index Performance (SAX/BSSE)	2.3%
Upcoming Holidays	–

Source: UniCredit, National Statistics

S&P upgrades Slovakia's outlook

Standard & Poor's rating agency revised its outlook for Slovakia to positive from stable. At the same time, it affirmed its 'A/A-1' long and short-term foreign and local currency sovereign credit ratings for Slovakia. The outlook revision reflects S&P's view that Slovakia's fiscal consolidation will be aided by more balanced economic growth and, in particular, a continuing strengthening of tax-rich domestic demand. In its opinion, this reduces the risks posed to the sustainability of deficit reduction as Slovak policymakers will come to rely less on unconventional one-off measures.

The rating agency continued to write that although the Slovak economy slowed last year, domestic demand started to strengthen from late 2013. The agency expects domestic demand to strengthen further in 2014-2017, raising the forecast of average annual GDP growth over this period to 2.8%. S&P believes that the government will continue to target successively lower deficits over its remaining term to prevent a breach of its own debt rules and projects general government debt to peak just below 54% of GDP in 2015.

Impact on investors

For information purposes only.

Top BSSE members in the first half of 2014

Total turnover of BSSE in the first half of 2014 reached EUR 9.28 billion (4.71% less than in the same period last year). A total of 5,551 transactions were closed in this period, including 2,455 share transactions and 3,096 bond transactions. The turnover of shares transactions amounted to EUR 37.08 million (0.4% of the total turnover), whereas the turnover of bond transactions amounted to EUR 9.25 billion (99.6% of the total turnover).

The following table lists the top 5 members according to their turnovers achieved in the first half of 2014:

TOTAL POS.	NAME OF MEMBER	TURNOVER [EUR]	SHARE [%]
1.	UNICREDIT BANK CZ and SK a.s., via UNICREDIT BANK CZ and SK a.s., branch of foreign bank	2,798,869,629	30.15%
2.	CITIBANK EUROPE plc, via CITIBANK EUROPE plc, branch of foreign bank	2,627,264,797	28.30%
3.	SLOVENSKÁ SPORITEĽŇA, a.s.	1,339,088,158	14.43%
4.	TATRA BANKA, a.s.	800,227,080	8.62%
5.	ČESKOSLOVENSKÁ OBCHODNÁ BANKA, a.s.	766,545,205	8.26%
TOTAL BSSE		9,282,412,670	100.00%

Impact on investors

For information purposes only.

Written and edited by:
Rastislav Rajninec
Head of GSS Slovakia
Global Securities Services, Slovak Republic
Tel. +421 2 4950 2424
rastislav.rajninec@unicreditgroup.sk

SLOVENIA

Market Capitalisation	EUR 21.9 bn
YTD Dev. of Market Capitalisation	26.58%
Number of SE Transactions p.m.	8,093
YTD Dev. of SE Transactions	45.56%
SE Turnover (Ljubljana SE)	EUR 88.5 mn
Monthly Index Performance (SBI TOP)	-6.30%
Upcoming Holidays	–

Source: UniCredit, National Statistics

Privatisation process to be resumed

The Slovene government rescinded the decision to freeze the process of privatisation as the new government was not confirmed in parliament at the end of July 2014.

Current status of the privatisation of 15 companies approved by the Slovene Parliament in 2013:

Company	Industry	Status
Adria Airways	Aircraft carrier	
Aero	Chemical, graphic and paper manufactory	
Elan	Sport equipment manufactory	
Fotona	Laser producer	Sold
Helios	Chemistry	Sold
Airport Ljubljana	Airport	Exclusive discussion with Fraport AG Frankfurt Airport Services Worldwide, few obligatory bidders increase their offer
Adria Tehnika	Flight service	
Nova KBM	Bank	Obligatory offers expected in October 2014
Telekom Slovenije	Telecommunications	Obligatory offers expected in October 2014
Cinkarna Celje	Chemistry	Documentation for selling offer in preparation
Gospodarsko rastavišče	Exhibition and Convention Centre	
Paloma	Paper manufactory	
Terme Olimia Bazeni	Spa	
Unior	Hand tools producer	
Žito	Food production	Collection of non-obligatory offers is set to start

Impact on investors

The privatisation process in Slovenia is ongoing.

New Prime Minister

The Slovene President, Borut Pahor, is expected to propose to the Slovene Parliament the nomination of Miroslav Cerar for Prime Minister. Miroslav Cerar is the head of winning party of the latest preliminary elections in the second part of August. The new government coalition has yet to be formed, but sufficient support in the parliament has been granted already.

Impact on investors

The political situation in Slovenia is stabilising.

Written and edited by:
Vanda Močnik Kohek
Relationship Manager
Global Securities Services, Slovenia
Tel. +386 1 5876 450
vanda.mocnik@unicreditgroup.si

UKRAINE

Market Capitalisation (UX)	UAH 224.3 bn
YTD Dev. of Market Capitalisation (UX)	53.3%
Number of SE Transactions p.m. (UX)	31,381
YTD Dev. of SE Transactions (UX)	18.9%
SE Turnover (UX)	UAH 0.9 bn
Monthly Index Performance (UX)	7.8%

Source: UniCredit, National Statistics

International financial institutions allowed to the Ukrainian stock market

The government of Ukraine supported a proposition of the Ministry of Finance, which was drawn up with the aim to execute requirements of the IMF and other international organisations, has allowed international financial institutions to operate on the Ukrainian stock market.

This decision makes it possible for international financial institutions to carry out transactions on the stock market of Ukraine; in particular, the possibility of issuing bonds.

Ukraine's Ministry of Foreign Affairs was instructed to draw up a list of such institutions.

Impact on investors

The possibility for investors to invest in securities issued by international organisations in Ukraine has been achieved.

Written and edited by:
Katherine Yevtushenko
Relationship Manager
Global Securities Services, Ukraine
Tel. +38 044 590 1210
katherine.yevtushenko@unicredit.com.ua

ARMENIA · KAZAHSTAN

Armenia

Fitch Ratings affirms Armenia's long-term Issuer Default Ratings at 'BB-'

On 1 August, Fitch Ratings affirmed the long-term foreign and local currencies Issuer Default Ratings (IDR) of Armenia at 'BB-' with a stable outlook.

Fitch Ratings has also confirmed the issue ratings of Armenia's senior unsecured foreign and local currency bonds at 'BB-' whereas the Country Ceiling has been affirmed at 'BB' and the short-term foreign currency IDR at 'B'.

Impact on investors

Long-term foreign and local currencies Issuer Default Ratings of Armenia were affirmed.

Kazahstan

Second wave of privatisation

On 4 August, during the briefing in the Central Communications Service under the Kazakh president, Deputy Minister of Finance, Ruslan Dalenov, has announced that the Kazakhstan government began the sale of state property in the frame of a second privatisation wave.

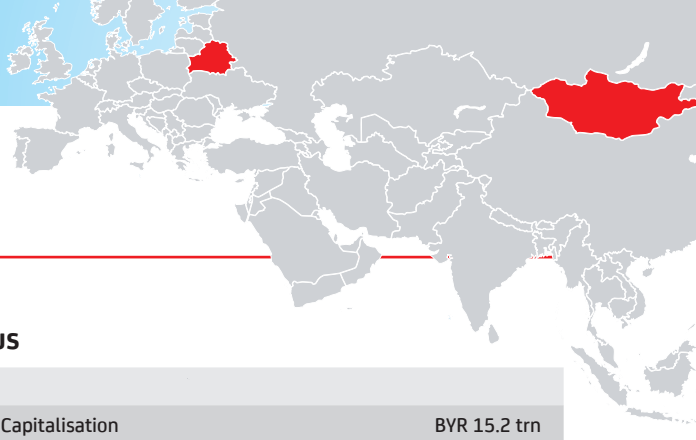
The second wave of privatisation planned for 2014 – 2016 will involve 853 state companies. By the end of the 2014, almost 295 entities, among which are state companies, public utilities, national holdings, and their subsidiaries, will be transferred to the competitive environment; their total equity capital exceeds KZT 0.5 trillion as of the end of 2013.

According to current privatisation results, 40 entities out of 295 were offered for auction and 14 were successfully sold at the total sum of KZT 440 million, which significantly exceeded the starting price.

Impact on investors

The privatisation of state ownership will lead to an intensification of market competition and a demonopolisation of the economy.

Written and edited by:
Yuliya Shibukova
Relationship Manager
Global Securities Services Russia
Tel. +7 495 258-7258, ext.3455
Yuliya.Shibukova@unicredit.ru



MONGOLIA · BELARUS

Mongolia

Mongolian Stock Exchange news

On 28 July, the "MSE ALL" pilot index was launched on the Mongolian Stock Exchange (MSE). It is used in active operations to cover all 221 publicly traded companies on the Mongolian stock market.

The aim of the "MSE ALL" Cumulative Index implementation is to balance a variety of exchange rate differences and stock volumes against the total active trading indexes on the Mongolian Stock Exchange to determine current Mongolian stock market trends.

The regulation of the FX futures and options contracts trading will be elaborated by the Mongolian Stock Exchange with the assistance of the Financial Regulation Commission following the Securities Market Law requirements.

According to worldwide standard practice, derivatives financial instruments are used as a part of overall risk management strategy. Thus this new element of risk management will be available to Mongolian market participants after the adoption of the rules.

The new trading system is expected to be launched on the Mongolian Stock Exchange starting from 1 October 2014.

Impact on investors

The implementation of a new service and system on the Mongolian Stock Exchange will enhance the investments opportunities for investors.

Belarus

Market Capitalisation	BYR 15.2 trn
YTD Dev. of Market Capitalisation	n.a.
Number of SE Transactions p.m. (BCSE)	559
YTD Dev. of SE Transactions	-35.8%
SE Turnover (BCSE)	BYR 3,939.08 bn
Monthly Index Performance (BCSE State Securities)	0.04%
Upcoming Holidays	–

Source: UniCredit, National Statistics

Belarus' main interest rate decreased

On 13 August, the National Bank of the Republic of Belarus (NBRB) reduced the country's refinance rate to 20%.

NBRB plans to continue the gradual reduction of interest rates in the economy to support the macroeconomic balance in the country.

Impact on investors

Reducing the main interest rate will increase the availability of loans for investors.

Written and edited by:
Yuliya Shibukova
Relationship Manager
Global Securities Services Russia
Tel. +7 495 258-7258, ext.3455
Yuliya.Shibukova@unicredit.ru

UZBEKISTAN

Draft law on exchange and exchange activities

On 24 July, the Legislative Chamber of the Oliy Majlis (Supreme Assembly) of the Republic of Uzbekistan has adopted, in the second reading, a draft law on exchange and exchange activities aimed at creating the necessary conditions for exchange activities and the operation of stock exchanges.

The revised provisions of the draft law introduce such definitions as quoting, quoting price, trader, market manipulation on stock exchange, insider information, insider deals, market maker, two-way quote, and derivative instruments.
Adoption of the law will allow the creation of a single law enforcement in exchange activities, ensuring balance of interests of the players, shareholders and the state, as well as bring Uzbekistan legislation in line with legislation which regulates the leading stock exchanges around the world.

The Legislative Chamber has directed the draft law for further approval to the upper house of parliament -the Senate of the Oliy Majlis of Uzbekistan.

Impact on investors
The revision of the law will harmonise Uzbekistan legislation with international rules and allow the creation of the conditions needed for the integration of the Uzbekistan market in the global exchange market.

Amendments to the regulation of OTC securities trades

The Order on Amendments to the Regulation of the Accounting Records of OTC securities transactions came into force on 9 July. The main purpose of changes to the Regulation is to bring standards in accordance with the law on joint-stock companies and the protection of rights of shareholders.

According to the Regulation, conclusion and registration of trades are prohibited on the non-organised OTC market, if:

- an issue of securities is not registered or revoked, declared invalid or void;
- securities are not at the disposal of the seller at the time of the conclusion;
- placement or circulation of securities is suspended at the time of the conclusion;
- securities are encumbered by the pledge or other obligations (unless otherwise stated by the agreement);
- restrictions on securities placement and circulation are imposed;
- stocks and corporate bonds are issued in the paper form (prior to their delivery to the depository);
- securities kept at the owner's depo account are not fully paid;
- shares are placed by public subscription;
- shares are released as a result of the sale and purchase trade in the secondary market, unless otherwise foreseen by the legislation.

According to the amended Regulation, trades with shares of joint-stock companies concluded in the secondary market outside the trading system of stock exchanges and the organisers of OTC securities trading, will be void, excluding buy – backs at the request of shareholders.

In addition, on 3 July, the Ministry of Justice registered changes to the Uniform Rules (Standards) of depository accounting and reporting. According to the amendments, the following types of securities may be kept safe and recorded in the depositories:

- shares, subject to the particularities of their circulation set by the legislation;
- corporate bonds;
- government securities, unless otherwise established by the legislation;
- derivatives.

Impact on investors
The introduction of new securities market legislation will contribute to the development of the financial market of Uzbekistan.

Written and edited by:
Yuliya Shibukova
Relationship Manager
Global Securities Services Russia
Tel. +7 495 258-7258, ext.3455
Yuliya.Shibukova@unicredit.ru

YOUR CONTACTS

Central Team

Tomasz Grajewski
Tel. +48 22 524 5867
tomasz.grajewski@pekao.com.pl

Sven Trahan
Tel. +43 50505 57311
sven.trahan@unicreditgroup.at

Michael Slavov
Tel. +43 50505 58511
michael.slavov@unicreditgroup.at

Evelyne Wininger
Tel. +43 50505 42788
evelyne.wininger@unicreditgroup.at

Philipp Aschl
Tel. +43 50505 58508
philipp.aschl@unicreditgroup.at

Pawel Muszalski
Tel. +43 50505 57315
pawel.muszalski@unicreditgroup.at

Josip Kevari
Tel. +43 50505 58534
Josip.kevari@unicreditgroup.at

Markus Winkler
Tel. +43 50505 58547
markus.winkler@unicreditgroup.at

Austria

UniCredit Bank Austria AG
Julius Tandler-Platz 3
A-1090 Vienna
Austria

Günter Schnaitt
Tel. +43 50505 58501
guenter.schnaitt@unicreditgroup.at

Thomas Rosmanitz
Tel. +43 50505 58515
thomas.rosmanitz@unicreditgroup.at

Tina Fischer
Tel. +43 50505 58512
tina.fischer@unicreditgroup.at

Stephan Hans
Tel. +43 50505 58513
stephan.hans@unicreditgroup.at

Bosnia and Herzegovina

UniCredit Bank d.d.
Zelenih beretki 24
71 000 Sarajevo
Bosnia and Herzegovina

Lejla Sabljica
Tel. +387 33 491 777
lejla.sabljica@unicreditgroup.ba

Amra Telaćević
Tel. +387 33 491 816
amra.telacevic@unicreditgroup.ba

Belma Kovačević
Tel. +387 33 491 810
belma.kovacevic@unicreditgroup.ba

Enis Zejnić
Tel. +387 51 348 050
enis.zejnic@unicreditgroup.ba

Bulgaria

UniCredit Bulbank AD
7 Sveta Nedelya Square
BG-1000 Sofia
Bulgaria

Borislav Hitov
Tel. +359 2 923 2670
borislav.hitov@unicreditgroup.bg

Kristina Spasova
Tel. + 359 2 923 2542
Kristina.spasova@unicreditgroup.bg

Croatia

Zagrebacka Banka d.d.
Savska 62
HR-10000 Zagreb
Croatia

Valerija Bezak
Tel. +385 1 6305 430
valerija.bezak@unicreditgroup.zaba.hr

Jelena Bilušić
Tel. +385 1 6305 137
jelena.bilusic@unicreditgroup.zaba.hr

Ivana Jeličić
Tel. +385 1 6305 072
ivana.jelicic@unicreditgroup.zaba.hr

Czech Republic

UniCredit Bank Czech Republic a.s.
Zeletavska 1525/1
CZ-140 92 Prague 4
Czech Republic

Michal Stuchlík
Tel. +420 955 960 780
michal.stuchlik@unicreditgroup.cz

Tomáš Vácha
Tel. +420 955 960 777
tomas.vacha@unicreditgroup.cz

Alena Kalasova
Tel. +420 955 960 778
alena.kalasova@unicreditgroup.cz

Jana Bašeová
Tel. +420 955 960 541
jana.baseova@unicreditgroup.cz

Hungary

UniCredit Bank Hungary Zrt.
Szabadsag ter 5 – 6, 6th floor
H-1054 Budapest
Hungary

Júlia Romhányi
Tel. +36 1 301 1923
julia.barbara.romhanyi@unicreditgroup.hu

Melinda Czéh
Tel. +36 1 301 1920
melinda.czeh@unicreditgroup.hu

Beata Szőnyi
Tel. +36 1 301 1924
beata.szonyi@unicreditgroup.hu

Iren Deli
Tel. +36 1 301 1914
iren.deli@unicreditgroup.hu

Poland

Bank Polska Kasa Opieki SA
31 Zwirki i Wigury Street
PL-02-091 Warsaw
Poland

Tomasz Grajewski
Tel. +48 22 524 5867
tomasz.grajewski@pekao.com.pl

Mariusz Piękoś
Tel. +48 22 524 5852
mariusz.piekos@pekao.com.pl

Kamil Polak
Tel. +48 22 524 5863
kamil.polak@pekao.com.pl

Marta Boboryk
Tel. +48 22 524 58 61
marta.boboryk@pekao.com.pl

Krzysztof Pekrul
Tel. +48 22 524 5864
krzysztof.pekrul@pekao.com.pl

Romania

UniCredit Tiriac Bank S.A.
1F, Expozitiei Blvd.
RO-012101, Bucharest 1
Romania

Irina Savastre
Tel. +40 21 200 2670
irina.savastre@unicredit.ro

Viviana Traistaru
Tel. +40 21 200 2673
viviana.traistaru@unicredit.ro

Russia

ZAO UniCredit Bank
9, Prechistenskaya Emb.
RU-119034 Moscow
Russian Federation

Alexander Nazarov
Tel. +7 495 258 73 49
alexander.vl.nazarov@unicreditgroup.ru

Yulia Umnova
Tel. +7 495 232 5298
yuliya.umnova@unicredit.ru

Yuliya Shibukova
Tel. +7 495 258 7258 – 3455
yuliya.shibukova@unicredit.ru

Serbia

UniCredit Bank Serbia JSC
Omladinskih Brigada 88
RS-11070 Belgrade
Serbia

Jasmina Radičević
Tel. +381 11 3028 611
jasmina.radicevic@unicreditgroup.rs

Aleksandra Ilijevski
Tel. +381 11 3028 612
aleksandra.ilijevski@unicreditgroup.rs

Olja Matijas
Tel. +381 11 3028 613
olja.matijas@unicreditgroup.rs

Slovakia

UniCredit Bank Slovakia A.S.
Sancova 1/A
SK-811 04 Bratislava
Slovak Republic

Zuzana Milanová
Tel. +421 2 4950 3702
zuzana.milanova@unicreditgroup.sk

Rastislav Rajninec
Tel. +421 2 4950 2424
rastislav.rajninec@unicreditgroup.sk

Slovenia

UniCredit Bank Slovenija d.d.
Wolfova 1
SI-1000 Ljubljana
Slovenia

Elmedina Garibović
Tel. +386 1 5876 597
elmedina.garibovic@unicreditgroup.si

Vanda Močnik-Kohek
Tel. +386 1 5876 450
vanda.mocnik@unicreditgroup.si

Barbara Zajc
Tel. +386 1 5876 453
barbara.zajc@unicreditgroup.si

Ukraine

PJSC UniCredit Bank
14a, Yaroslaviv Val
UA-01034 Kyiv
Ukraine

Elizaveta Sotnichenko
Tel. +380 44 590 1209
yelyzaveta.sotnichenko@unicredit.ua

Kateryna Yevtushenko
Tel. +380 44 590 1210
kateryna.yevtushenko@unicredit.ua

Websites

www.gss.unicreditgroup.eu
www.gtb.unicredit.eu
www.unicredit.eu
www.bankaustria.at

DISCLAIMER

This publication is presented to you by:
Corporate & Investment Banking
UniCredit Bank Austria AG
Julius Tandler-Platz 3
A-1090 Wien

The information in this publication is based on carefully selected sources believed to be reliable. However we do not make any representation as to its accuracy or completeness. Any opinions herein reflect our judgement at the date hereof and are subject to change without notice. Any investments presented in this report may be unsuitable for the investor depending on his or her specific investment objectives and financial position. Any reports provided herein are provided for general information purposes only and cannot substitute the obtaining of independent financial advice. Private investors should obtain the advice of their banker/broker about any investments concerned prior to making them. Nothing in this publication is intended to create contractual obligations. Corporate & Investment Banking of UniCredit Group consists of UniCredit Bank AG, Munich, UniCredit Bank Austria AG, Vienna, UniCredit S.p.A., Rome and other members of the UniCredit Group. UniCredit Bank AG is regulated by the German Financial Supervisory Authority (BaFin), UniCredit Bank Austria AG is regulated by the Austrian Financial Market Authority (FMA) and UniCredit S.p.A. is regulated by both the Banca d'Italia and the Commissione Nazionale per le Società e la Borsa (CONSOB).

Note to UK Residents:

In the United Kingdom, this publication is being communicated on a confidential basis only to clients of Corporate & Investment Banking of UniCredit Goup (acting through UniCredit Bank AG, London Branch) who (i) have professional experience in matters relating to investments being investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO"); and/or (ii) are falling within Article 49(2) (a) – (d) ("high net worth companies, unincorporated associations etc.") of the FPO (or, to the extent that this publication relates to an unregulated collective scheme, to professional investors as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 and/or (iii) to whom it may be lawful to communicate it, other than private investors (all such persons being referred to as "Relevant Persons"). This publication is only directed at Relevant Persons and any investment or investment activity to which this publication relates is only available to Relevant Persons or will be engaged in only with Relevant Persons. Solicitations resulting from this publication will only be responded to if the person concerned is a Relevant Person. Other persons should not rely or act upon this publication or any of its contents.

The information provided herein (including any report set out herein) does not constitute a solicitation to buy or an offer to sell any securities. The information in this publication is based on carefully selected sources believed to be reliable but we do not make any representation as to its accuracy or completeness. Any opinions herein reflect our judgement at the date hereof and are subject to change without notice.

We and/or any other entity of Corporate & Investment Banking of UniCredit Group may from time to time with respect to securities mentioned in this publication (i) take a long or short position and buy or sell such securities; (ii) act as investment bankers and/or commercial bankers for issuers of such securities; (iii) be represented on the board of any issuers of such securities; (iv) engage in "market making" of such securities; (v) have a consulting relationship with any issuer. Any investments discussed or recommended in any report provided herein may be unsuitable for investors depending on their specific investment objectives and financial position. Any information provided herein is provided for general information purposes only and cannot substitute the obtaining of independent financial advice.

UniCredit Bank AG, London Branch is regulated by the Financial Services Authority for the conduct of business in the UK as well as by BaFIN, Germany.

Notwithstanding the above, if this publication relates to securities subject to the Prospectus Directive (2005) it is sent to you on the basis that you are a Qualified Investor for the purposes of the directive or any relevant implementing legislation of a European Economic Area ("EEA") Member State which has implemented the Prospectus Directive and it must not be given to any person who is not a Qualified Investor. By being in receipt of this publication you undertake that you will only offer or sell the securities described in this publication in circumstances which do not require the production of a prospectus under Article 3 of the Prospectus Directive or any relevant implementing legislation of an EEA Member State which has implemented the Prospectus Directive.

Note to US Residents:

The information provided herein or contained in any report provided herein is intended solely for institutional clients of Corporate & Investment Banking of UniCredit Group acting through UniCredit Bank AG, New York Branch and UniCredit Capital Markets, Inc. (together "UniCredit") in the United States, and may not be used or relied upon by any other person for any purpose. It does not constitute a solicitation to buy or an offer to sell any securities under the Securities Act of 1933, as amended, or under any other US federal or state securities laws, rules or regulations. Investments in securities discussed herein may be unsuitable for investors, depending on their specific investment objectives, risk tolerance and financial position.

In jurisdictions where UniCredit is not registered or licensed to trade in securities, commodities or other financial products, any transaction may be effected only in accordance with applicable laws and legislation, which may vary from jurisdiction to jurisdiction and may require that a transaction be made in accordance with applicable exemptions from registration or licensing requirements.

All information contained herein is based on carefully selected sources believed to be reliable, but UniCredit makes no representations as to its accuracy or completeness. Any opinions contained herein reflect UniCredit's judgement as of the original date of publication, without regard to the date on which you may receive such information, and are subject to change without notice.

UniCredit may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in any report provided herein. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them. Past performance should not be taken as an indication or guarantee of further performance, and no representation or warranty, express or implied, is made regarding future performance.

UniCredit and/or any other entity of Corporate & Investment Banking of UniCredit Group may from time to time, with respect to any securities discussed herein: (i) take a long or short position and buy or sell such securities; (ii) act as investment and/or commercial bankers for issuers of such securities; (iii) be represented on the board of such issuers; (iv) engage in "market-making" of such securities; and (v) act as a paid consultant or adviser to any issuer.

The information contained in any report provided herein may include forward-looking statements within the meaning of US federal securities laws that are subject to risks and uncertainties. Factors that could cause a company's actual results and financial condition to differ from its expectations include, without limitation: Political uncertainty, changes in economic conditions that adversely affect the level of demand for the company's products or services, changes in foreign exchange markets, changes in international and domestic financial markets, competitive environments and other factors relating to the foregoing. All forward-looking statements contained in this report are qualified in their entirety by this cautionary statement.

This product is offered by UniCredit Bank Austria AG who is solely responsible for the Product and its performance and/or effectiveness. UEFA and its affiliates, member associations and sponsors (excluding UniCredit and UniCredit Bank Austria AG) do not endorse, approve or recommend the Product and accept no liability or responsibility whatsoever in relation thereto.

Corporate & Investment Banking
UniCredit Bank Austria AG, Vienna
as of 01 June 2014

IMPRINT

Statement pursuant to the Austrian Media Act
Publisher and Media Owner

Corporate & Investment Banking
Global Transaction Banking
UniCredit Bank Austria AG
Global Securities Services
Julius Tandler-Platz 3
A-1090 Vienna
Tel. +43 50505 0

Information requirements pursuant to the Austrian E-Commerce Act

Registered office and postal address
Schottengasse 6 – 8
A-1010 Vienna

Swift:
BKAUATWW
Austrian bank code:
12000

Registered
under no. FN 150714p Companies Register at the Commercial Court Vienna

Kind of business
Credit institution under section 1 (1) Austrian Banking Act

Supervisory authority
Austrian Financial Market Supervisory Authority (Finanzmarktaufsicht), departments banking supervision and securities supervision
Otto-Wagner-Platz 5
A-1090 Vienna
www.fma.gv.at

Memberships
Austrian Federal Economic Chamber, bank and insurance division
Wiedner Hauptstraße 63
A-1040 Vienna
www.wko.at
Austrian Bankers' Association
Boersegasse 11
A-1010 Vienna
www.voebb.at

Applicable legal regulations
Applicable legal regulations are in particular the Austrian Banking Act ("Bankwesengesetz – BWG", Federal Law Gazette/BGBl. No. 532/1993, with some amendments), the Austrian Securities Supervision Act ("Wertpapieraufsichtsgesetz – WAG", Federal Law Gazette/BGBl. No. 753/1996, with some amendments) an the Austrian Savings Banks Act ("Sparkassengesetz", Federal Law Gazette/BGBl. No. 64/1979, with some amendments).

VAT identification number
ATU 51507409

Life is full of ups and downs.
We're there for both.

Welcome to UniCredit