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INHALT

UniCredit

EDITORIAL

Günter Schnaitt
Head of GSS Austria

Dear Clients, Partners and Friends,

When I looked through my last editorial, dating from January 2011, I found some interesting thoughts on regulatory issues and infrastructure projects: T2S, the CSD regulation and the recovery of the economy in 2011. What do these projects have in common? All are delayed, the recovery of the economy went quite the opposite way and the euro crisis got even worse, T2S is delayed for at least another year and on CSD regulation we saw the second draft only recently. In addition, we have to acknowledge a delay in the implementation of CCP.CEE.

Was 2011 the year of delays? This is the impression we get, at least. And what does it mean for us? The delay in T2S is not critical for our business, as we realize that we still have great uncertainty out in the market. Critical for the project will be the next couple of months, June 30th, to be exact, deadline for signing the framework agreement for the CSDs.

Who will sign? We still do not know. It is already clear, however, that a couple of important markets, such as the UK and Switzerland, will not join. Will this impact the pricing? We do not know, although two pre-conditions for the 15-cent pricing are unlikely to be fulfilled: at least 20% of volumes from non-euro currencies and an increase of volumes.

The CSD regulation in its second draft seems to be more in favour of ICSDs as they can now go for an exemption license. I do not expect the CSD regulation to become effective before the going live of T2S, it simply would not make sense.

But let me come back and try to give an outlook on what the future is going to bring.

CCP Austria will introduce a new system, the date is fixed and we expect the go live in time on July 2, 2012. XETRA implementation in Prague is scheduled for Q4 2012. In parallel, CCP.CEE should go live in Prague - together with SIX Clear who also signed a Memorandum of Understanding with the Prague Stock Exchange.

As Dr. Michael Buhl, board member of Wiener Börse, pointed out in his interview (see p. 6) the next crucial date for the region will be the AGM of the Budapest Stock Exchange, in which we expect a final decision on the implementation of XETRA. This will be important for you and for us too, as it will drive the evolution of the market and the strategy of the Vienna Stock Exchange, which will give at least some of the broker dealers easier access to those markets.

How will T2S affect us in 2012? As far as we at UniCredit are concerned, we will further fine-tune our service offerings and enter into a detailed discussion with you, planning workshops to have a business discussion on the ways of accessing T2S. In my opinion we will see most of the euro-CSDs sign the framework agreement, as competitive disadvantages might occur for those not signing.

Will the CSD regulation have an impact? In the short term I don't think so, as I do not expect the final version before 2013. Nevertheless will the industry have much more to focus on UCITS V, AIFM regulation or the impacts of EMIR, which will affect us even more in the short term. Especially UCITS V and AIFM will change the liability for depository banks. If this will influence the relationship between global custodians and us - we do not know yet. It seems, however, that the regulations put much more liability and responsibility on banks.

I am looking forward to discussing the upcoming projects and regulative changes with you. We will continue working to find the best solutions to ensure a smooth transition and an ongoing successful relationship.

Sincerely,

Günter Schnaitt
Head of GSS Austria

HR NEWS

I am pleased to announce that, with effect from 5 April, Veselin Stefanov has taken over the responsibility as Head of GSS at UniCredit Bulbank in Bulgaria, replacing Yavor Dojdevski, who has decided to pursue other opportunities outside UniCredit.

Veselin has been part of our securities services team in Bulgaria for the last six years. Having started his career in the Group in 2006, he played a key role in the triple merger of the local UniCredit entities in July 2007. He has since then made significant contribution to the development of our Bulgarian franchise, being responsible for operations, business and product development from 2007 until 2010, subsequently moving to relationship management and looking after both domestic and international client relationships.

Veselin has a degree in Finance and subsequent specialisations in UCITS management, company and equity analysis and foreign exchange trading. He is fluent in English and Spanish and also has understanding of Russian.

Please join us in congratulating Veselin to his new appointment and in wishing him further success in affirming the leadership position of UniCredit GSS in Bulgaria.

Júlia Barbara Romhányi
Head of GSS Hungary

Júlia Barbara Romhányi
Head of GSS Hungary

Veselin Stefanov
Head of GSS at
UniCredit Bulbank in Bulgaria

INTERVIEW WITH MR. MICHAEL BUHL

Michael Buhl
CEO of the Vienna Stock Exchange and the CEE Stock Exchange Group

Let us take a look at the Austrian capital market first. What are the current tendencies and trends at the Vienna Stock Exchange?

The Vienna Stock Exchange, located in the heart of Europe, has obviously been suffering from the global situation. As is usually the case with smaller exchanges, they are affected more heavily: if the market goes down, we usually experience a stronger downturn, and once the market moves up, we lag a little behind. In general we have seen a slightly negative ATX performance in 2011, but over the last two months we were up 16%, pretty similar to our CEE markets.

Meanwhile sentiment in the market has turned for the positive. Unfortunately this is not reflected by the volumes, as we are still trading at rates of some 16% below those of last year. Currently, we are trading around EUR 3.8 billion per month, which falls short of last year's results. In terms of the number of transactions traded, we see a slight minus of about 6%.

What is behind the modest trading volumes on the Austrian equity market?

On our road shows – we have been to London and Paris in the past weeks – we have noticed a very high interest in our market. Unfortunately, this is not necessarily reflected in the order books. Investors still stay side-lined and wait for clear market trends. All the big funds keep large amounts of money either in cash or bonds. And the banks rather park any additional liquidity with the ECB as a safeguard for their balance sheets than directing it into the equity market.

Are there any candidates for new listings among Austrian companies?
Do you see any IPOs coming up?

We do have a pretty well-filled IPO pipeline for the next couple of years. Some of them have been known to us for a while, others are new. As the Austrian Private Equity and Venture Capital Association (AVCO) recently stated, there are a couple of companies to come to the market over the next two to three years. But given that markets are still pretty shaky, I would rather expect them in the second half-year 2012, depending on the availability of IPO windows.

Will they all choose the Vienna Stock Exchange? This leads us straight to the question of how much competition there is from Frankfurt and Warsaw.

Although international investment banks tend to promote other markets as well, we strongly believe in the home market principle. Austrian companies, even the bigger ones, would still be mid caps or even small caps in comparison with Siemens, Nokia and the like. But particularly if most of their market and production is in Austria, they are usually best off by listing at the local market. This goes along with local research providers, local banks as market makers, local media and, of course, local gossip.

Austria is, by all means, an open and global market place. Around 70% of our trading volumes are attributable to remote members from outside Austria. This includes big names such as UniCredit, who trade into our market out of London or Frankfurt and thus will cover the Austrian newcomers.

At the same time, if a company decides to go for a listing at AIM or in Frankfurt, it will end up as the number 365-something, meaning that it will not get the necessary coverage. As most of the IPO candidates are aware of this difference, I would expect most of them to opt for our market.

The advantage of a smaller market place such as Vienna over the bigger stock exchanges also lies in the service we provide already in the pre-IPO phase and the subsequent promotional support.

You also represent the CEE Stock Exchange Group as its CEO. How is it currently developing? Are there any plans for additional investments?

Of course we are always interested in potential enlargement. However, this largely depends on valuation. Take our region: out of the combined market capitalisation slightly over 40% come from within the CEE Stock Exchange Group – namely Vienna, Budapest, Prague and Ljubljana – another approx. 40% are listed on the Warsaw Stock Exchange, whereas only some 16 – 17% originate at the remaining exchanges. This comes in even more dramatically if we talk about trading volumes: almost 50% take place within the CEE Stock Exchange Group and around 48% at the Warsaw Stock Exchange.

This means that there is almost no trading volume left for other exchanges, therefore we have to be very cautious with regard to valuation. We are ready to invest, but only at the right levels and if we have the opportunity to buy a majority.

By that I mean not only the stock exchange but also market infrastructure as such. If you do not have a grip on the post-trading environment, it is very hard to transform a market into a more internationally attractive exchange place. We have experienced that in Ljubljana for instance, where, although we had acquired the majority, we do not have any impact on the central depositary, the KDD.

What is the current status of developing the CCP Austria?

In July 2012 we will implement a new system called NewClear, a state-of-the-art trading system, which is going to replace the SIX system we currently use for clearing. The CCP Austria is supposed to develop into a regional central counterparty platform for Central and Eastern Europe. Following its introduction in Austria and the Czech Republic, it remains to be seen which other countries will participate in the future.

NewClear will be implemented also in Prague, where we currently are preparing the implementation of XETRA. The plan is to go live with both systems in Prague at the same time, namely in the fourth quarter of 2012. Investors will be able to use identical systems for trading and post trading both in Vienna and Prague.

The stock market in Prague has been working without a CCP, on a gross clearing basis so to speak. Since local market participants obviously want to keep this setting, we will leave it in place for domestic users. But for international remote members whom we expect to come in we need to offer a modern clearing infrastructure, which will now be granted through NewClear.

Prague Stock Exchange has recently signed a memorandum of understanding with X-clear. Does that mean that there will be two systems operating at the same time?

Yes, we will have two different clearing possibilities in Prague: one will be X-clear, which is part of the SIX Group, and the other the CCP-A, which is part of the Vienna Stock Exchange Group. We started the process with X-clear because we needed the infrastructure in place once we go live with XETRA. It is known as a system that is very adaptive regarding existing standards. It remains to be seen which system will be used more frequently, but we deliberately practice the opposite to Ljubljana with its restrictions.

Is it already clear which trading system will be picked in Budapest?

A consultation group made up of the most active market participants under moderation of the Vienna and Budapest stock exchanges is currently trying to find the best solution and optimal set-up for the existing conditions. Of course there will be some impact if we open up and new international remote members will appear but there seems to be no doubt that XETRA is going to be introduced.

The upcoming AGM at the end of April will ultimately decide on the system. Implementation will then take until the second half of next year.

Thank you very much for the interview.

Veronika Rief spoke with Mr. Buhl

JOHN'S CORNER

I have long been a critic of the length and complexity of recent regulation and other missives from the Authorities. The worst of the global offenders are the 848 page long Dodd Frank Act and the 116 page long T2S Framework Agreement. As far as complexity goes, the former wins with its sheer opacity whilst the latter scores highly with the incredible use of difficult to follow cross referencing throughout its 7 chapters, 54 articles and 13 schedules. I am relieved that I am not alone and note that Sheila Blair, the former FDIC head, has admitted that at least the Volcker rule (itself a subset of the Dodd Frank legislation) is too complex and needs to be simplified!

Dodd Frank is the perfect example of the danger of over-legislation. The Volcker rule is intended to reduce bank risk by restricting proprietary trading and certain high risk investments. Its substance takes up just 11 pages of Dodd Frank but four of the five affected US agencies have transformed this into a 298 page proposal, including 383 questions which break down into close on 1500 sub sections. And that ignores the independent action of the fifth agency, the CFTC, which has put out its own 489 page long proposal on the same issue. It is no wonder that US legal firms are increasing their rates and the market is even more confused than it was in the past!

Of course finance is far more complicated than in the allegedly halcyon days of the last century. Then bankers had to consider the Federal Reserve Act 1913 and the Glass Steagall Act, a bargain at 69 pages in total. No wonder they had so much time to relax!

But modern legislation, and the inevitable regulation that it requires, is so complex that it is hard to implement. The Dodd Frank Act was expected to be in place within 12-18 months but several banks are expecting that it will not be enacted in its entirety before the end of the current decade. That even makes T2S (started around 2006 and scheduled for delivery in 2015) appear to operate in a reasonable time frame.

But why is it all so complex? One legal firm estimates that we have merely finalised around 90 of the expected 400 rule making requirements of Dodd Frank. Deadlines have been missed in around half the rest. And legislative challenges are starting in some areas. The derivatives, consumer protection, banking regulation, mortgage reform and systemic risk areas are the most contentious. But that overlooks concerns on rating agencies, financial sector living wills and corporate governance to name but a few.

John Gubert is worried about over-legislation

The reality is that Sheila Blair's comment on the Volcker rule is right and applies to many other areas governed by the growing web of regulatory bodies, often structured on a sector-specific basis rather than a functional one. As a result a single broadly based financial organisation may find itself having to handle different interpretations of the same part of the Dodd Frank Act, for example, dependent on their areas of activity and the regulatory oversight of specific businesses. And different organisations, dependent on their operating sector, may be subject to tougher or less restrictive rules for identical risks. A world is being created that is rife with regulatory arbitrage and a growth in shadow banking entities which may obfuscate major systemic risks.

The flaws appearing in the US market as a result of Dodd Frank are multiple. From potentially huge financial inducements to whistle blowers (which could well cause a substantial number of "nuisance" cases) to the categorisation of all non US-government bonds as non-eligible under the Volcker rule, the regulation is becoming ever more dangerous, especially given the trend to extraterritoriality for financial sector legislation and regulation.

Sheila Blair is right that we need simple rules. But that overlooks the reality of a world where another financial sector bailout is an economic and political impossibility. And it is a world that has become ever more litigious and thus keen to have clear rules. It is the desire for clear rules, in the US and also in the EU, which is at the hub of the problem. We are long gone from the days where a quiet word from the Central Bank was enough to guide a financial institution to the “straight and narrow”. The banking world is mobile enough to move products and ideas from unfriendly to friendly jurisdictions (hence the danger of taxes such as the Financial Transaction Tax). It is not just a regulated environment but, as already noted, it encompasses an important, and often unregulated, shadow banking sector.

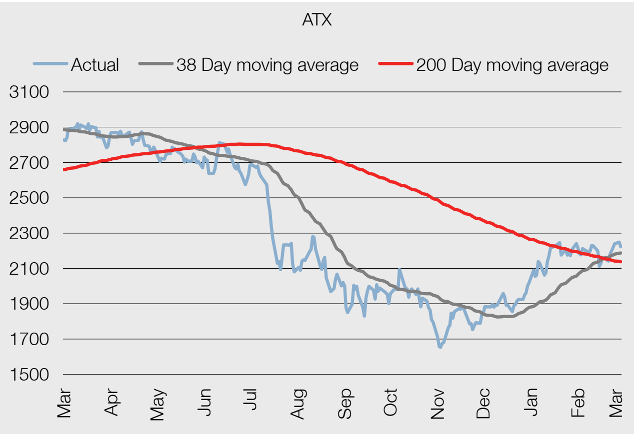
So what is to be done? In reality the market had two options. We could either have had more complexity and more regulation in an environment that defined narrowly the role and remit of the different players in financial markets. Or we could have had a general rule book with more interpretive discretion to the regulators on detail. Is the latter feasible from a commercial and even practical perspective? Unfortunately it appears not for we have moved too far down the road of a legally formulated business environment for the two prerequisites of a simple environment to prevail - trust and sound judgements across the different stakeholders.

John Gubert
Chairman
Global Securities Services Executive Committee
UniCredit

AUSTRIA

Market Capitalisation	EUR 72.8bn
YTD Dev. of Market Capitalisation	13.4%
Number of SE Transactions p.m.	n.a.
YTD Dev. of SE Transactions	n.a.
SE Turnover (Vienna SE)	EUR 1.9bn
Monthly Index Performance (ATX/VSE)	5.8%
GDP per Capita (2012 in EUR)	35,520
GDP Real 2012 (Change against prev. year in %)	2.3
3-Month Money Market Rate (current in %)	0.84
Inflation in 2012 (HVPI yearly average in %)	2.5
Upcoming Holidays	9 April

Source: UniCredit, National Statistics



Source: Thomson Datastream

Vienna Stock Exchange launches Short & Leverage Indices

The Vienna Stock Exchange has launched new Short and Leverage Indices and enlarged its existing index portfolio. Leverage Indices are based on an existing index (reference index) and achieve a leverage effect by applying a leverage factor to the development of the reference index. This leverage function means that the index participates in both positive and negative movements in the daily performance of the reference index. When the leverage is negative, it is referred to as a short index.

The newly introduced indices are based on the following indices of the Vienna Stock Exchange:

- ATX (Austrian Traded Index),
- CECE EUR (index for the region of Central and Eastern Europe), and
- RDX EUR (Russian Depositary Index).

Impact on investors

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Equity investments: attractive again

New listings, capital increases, secondary public offerings by listed companies and political support are the ingredients needed to make the Vienna Stock Exchange attractive again to private and institutional investors in Austria and internationally. This was announced by the new management team of Wiener Börse AG, Birgit Kuras and Michael Buhl, at a press conference held on March 27 2012. These activities would increase liquidity on the Vienna Stock Exchange; some first signs have already started to appear as shown by the growing investor interest seen at the road shows.

"Now is a good time for fresh capital. The market has found solid ground, but there is still room for upside potential," said Birgit Kuras. She hopes that the new listings will also include privatisations of state-owned enterprises: "A look at the general effects of privatisations and public offerings on the development of the companies concerned, and thus also on Austria's economy, reveals the current political demonisation of the Austrian capital market as incomprehensible, and consequently, damaging to the national economy."

Birgit Kuras is planning to concentrate efforts to attract capital increases and secondary public offerings (SPOs) by already listed companies and in this manner increase the free float. The larger the free float, the more attractive a stock is to investors, because of the higher liquidity. Most companies listed on the prime market already have a free float of over 40%, but some companies have additional potential.

Another important topic in the view of Birgit Kuras is the establishment in Austrian school education of the subject of capital markets. "We have to stop the fear of equities in tomorrow's private investors by informing them and improving their education. I would like to see equity investment become a compulsory subject of school curricula so that it will soon no longer be possible for graduates of secondary education to have hardly ever touched on the subject of equities," explained Birgit Kuras.

Source: Wiener Börse

Impact on investors
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BELARUS

Market Capitalisation	BYR 8.4bn
YTD Dev. of Market Capitalisation	n.a.
Number of SE Transactions p.m. (BCSE)	2,969
YTD Dev. of SE Transactions	10.2%
SE Turnover (BCSE)	BYR 1,500bn
Monthly Index Performance (BCSE)	-0.1%
GDP per Capita (2012 in EUR)	318
GDP Real 2012 (Change against prev. year in %)	103.83
3-Month Money Market Rate (current in %)	n.a.
Inflation in 2012 (yearly average in %)	1.5
BYR/EUR	0.00009
Upcoming Holidays	none

Source: UniCredit, National Statistics

National Bank of Belarus decreases the refinancing rate

Starting from March 1, 2012 the refinancing rate of Belarus has been decreased by 5%, bringing it to 38%. According to the National Bank of Belarus the toughness of the monetary and credit policies by increasing the refinance rate in 2011 allowed stabilising the market situation and creating conditions which support macroeconomic stability in Belarus.

The National Bank is considering a further gradual decrease of the refinance rate.

Impact on investors

Stabilisation of Belarus economy achieved by toughness of monetary and credit policy in 2011.

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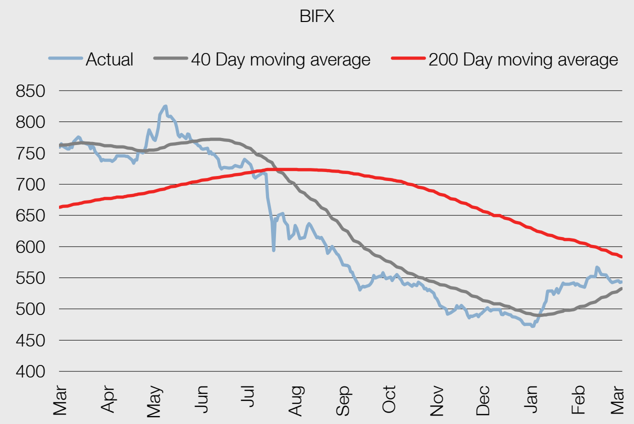
BOSNIA AND HERZEGOVINA

Market Capitalisation (Sarajevo SE)	BAM 4.4bn
YTD Dev. of Market Capitalisation	0.1%
Number of SE Transactions p.m.	754
YTD Dev. of SE Transactions	-37.1%
SE Turnover (SASE)	BAM 27.4mn
Monthly Index Performance (SASX-10/SASE)	-4.2%
Market Capitalisation (Banja Luka SE)	BAM 3.7bn
YTD Dev. of Market Capitalisation	-3.2%
Number of SE Transactions p.m.	1,735
YTD Dev. of SE Transactions	-4.7%
SE Turnover (BLSE)	BAM 6.0mn
Monthly Index Performance (BIRS/BLSE)	-1.9%
GDP per Capita (2012 in EUR)	3,577
GDP Real 2012 (Change against prev. year in %)	2.5
3-Month Money Market Rate (current in %)	n.a.
Inflation in 2012 (yearly average in %)	2.6
BAM/EUR	1.94
Upcoming Holidays	9, 13, 16 April

Source: UniCredit, National Statistics



Source: Bloomberg

Ten years since the first transaction at the Banja Luka Stock Exchange

On March 14, 2002, ten years ago, the first transactions were closed at the Banja Luka Stock Exchange, which marked the start for trading with securities in the Republika Srpska. On the first trading day the total turnover symbolically amounted to BAM 150. The first traded shares were those of Trznica a.d. Banja Luka and GP Krajina a.d. Banja Luka; the first transactions were completed by brokers from Broker Nova and Zepter Broker, while the first investor on the Banja Luka Stock Exchange was an 18-month old boy called Matej Lukajic from Banja Luka. Initially the shares of 20 companies could be traded using the auction trading method once a week.

Total turnover at the Banja Luka Stock Exchange over the last ten years amounted to BAM 2.6 billion. Trading took place for 8,000 hours on 2,145 trading days. More than 775,000 deals were concluded. Today, both the continuous trading and auction trading method is used. 774 issuers are listed on the Banja Luka Stock Exchange, as well as 14 closed-end investment funds, 55 bonds and 3 treasury bills.

Data from the Banja Luka Stock Exchange is available to investors without delay via global vendors: Bloomberg, ThomsonReuters, SIX Telekurs, TeleTrader, Tenfore, to name just a few.

Source: Banja Luka Stock Exchange

Impact on investors

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Current credit rating of Bosnia and Herzegovina
Pursuant to a formal decision of the Bosnia and Herzegovina's Council of Ministers, Bosnia and Herzegovina had signed a contract for sovereign credit rating reporting and monitoring with two international credit rating agencies: Moody's Investors Service and Standard & Poor's. On behalf of Bosnia and Herzegovina, the contracts have been signed by the BH Ministry of Finance and Treasury. The Central Bank of BH, in the capacity of a fiscal agent of the BH Ministry of Finance and Treasury, coordinates the BH sovereign credit rating reporting and monitoring.

Based on their analysis, on November 30, 2011 Standard & Poor's has lowered the sovereign credit rating on Bosnia and Herzegovina to „B" from „B+" and placed the ratings on Credit Watch with negative implications. In May 2011, Moody's Investors Service has revised the outlook on the B2 sovereign credit rating to negative from stable. An overview over the current sovereign credit rating of BH issued by both agencies is provided in the table below.

Current BH credit rating

	Moody's Investors Service	Standard & Poor's
Credit Rating	B2 / negative outlook	B / On Watch Negative
Date	May 16, 2011	November 30, 2011
Status	Outlook revised	Rating lowered

Source: Central Bank of Bosnia and Herzegovina

Impact on investors
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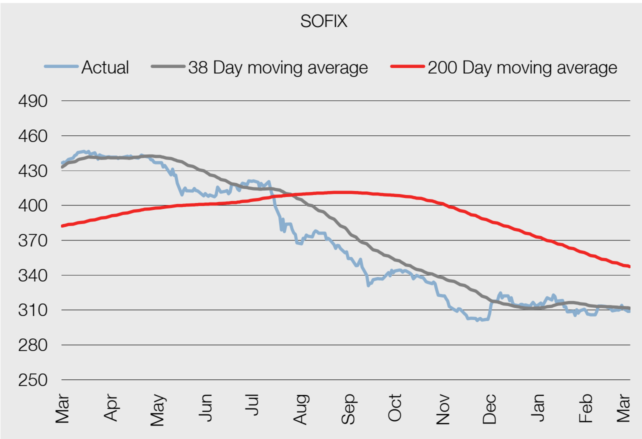
BULGARIA

Market Capitalisation	BGN 12.3bn
YTD Dev. of Market Capitalisation	14.4%
Number of SE Transactions p.m.	5,307
YTD Dev. of SE Transactions	-50.1%
SE Turnover (Bulgarian Stock Exchange)	BGN 37.0mn
Monthly Index Performance (SOFIX)	-2.9%
GDP per Capita (2012 in EUR)	5,434
GDP Real 2012 (Change against prev. year in %)	3.5
3-Month Money Market Rate (current in %)	2.65
Inflation in 2012 (yearly average in %)	3.3
EUR/BGN	1.96
Upcoming Holidays	13, 16, 30 April

Source: UniCredit, National Statistics



Source: Thomson Datastream

Privatisation of the state's stake in Bulgarian stock exchange

The Ministry of Finance, in their capacity as principal of the government stake in the Bulgarian Stock Exchange – Sofia and Central Depository AD, has entrusted the Privatisation and Post-Privatisation Control Agency with the preparation and the organisation pertaining to the privatisation of both companies.

In compliance with the "Concept of the Integration of Bulgarian Stock Exchange – Sofia and Central Depository AD into the European and World Financial Markets" as adopted by the Council of Ministers of the Republic of Bulgaria under Resolution dated April 06, 2011, the privatisation procedure aims at enhancing the efficiency of the Bulgarian Capital Market and securing its future amongst the European markets through its consolidation with a leading world or European exchange operator or exchange group.

The privatisation procedure provides for the bundle sale to a single strategic investor of the government stakes amounting to 50.0542% in the capital of Bulgarian Stock Exchange – Sofia and to 43.7% in the capital of Central Depository AD. In view of the fact that the Exchange holds additional 6.61% in the depository institution's capital, upon finalising the procedure the buyer is to control more than 50% in the capital of each company.

The procedure is to commence with the appointment of a consultant to the Privatization and Post-Privatization Control Agency, which is to enjoy international experience. Additionally, it shall be required that the said consultant be amongst the leading merger and acquisition consultancies in the CEE region with the exception of Russia and the ex-Soviet Republics for the period 2005 – 2010 in terms of volume. The said consultant is to be appointed under the terms and conditions of an open competition and is to draw up a privatisation strategy, a proposal regarding the selection criteria to be implemented with regard to the prospective buyers and on the post-privatisation commitments, an analysis in order to determine the value of the stakes offered in each of the companies, as well as to draft an information memorandum, etc.

Following the approval of the activities undertaken by the consultant, the Privatization and Post-Privatization Control Agency is to proceed by holding a publicly announced competition in order to sell both government stakes. Only leading world and European exchange operators and exchange groups are to be admitted to participate in the sale competition in question.

The quantitative and qualitative requirements set towards the prospective candidates shall include at least EUR 2 billion total average monthly turnover on the capital instruments' spot market, which these operated for the period January 2010 – December 2011 and/or a total average monthly number of derivative contracts on the markets these operate of at least 20 million for the same period, where only those transactions effected through an electronic trading platform are to be considered where determining the values.

The participation of the respective government or a different centralized or local governance agency, either directly or indirectly, may not exceed 50% in the candidate's ownership structure. The acquiring company, as well as the entity controlling it, shall not be controlled directly or indirectly by the government or a different centralised or local governance agency. The candidates are to hold a licence to operate a contemporary highly technological and flexible trading system that is also maintained in the English language.

In addition, a number of requirements shall be set towards the prospective buyers regarding the development of BSE-Sofia, Central Depository, as well as the infrastructure of the Bulgarian Capital Market.

Impact on investors
The privatisation of BSE-Sofia and CDAD is aimed at enhancing the efficiency of the Bulgarian capital market through its consolidation with a leading international or European exchange operator or exchange group.

Bulgaria and Austria sign partnership agreement in financial services and markets
The Ministers of Finance of Bulgaria and Austria signed a Partnership Agreement under the project "Strengthening the administrative capacity of the Ministry of Finance in the area of financial services and markets" within the Operational Programme "Administrative Capacity" co-financed by the European Social Fund. The future partnership is aimed at refining the practices employed in drafting qualitative and effective legislation in the area of financial services and financial markets.

Project implementation will support the operation of civil servants in the field of financial services when analysing, arranging and conducting effective policies. The improved quality of legislation in this field would be beneficial for businesses, supervision, consumer protection, etc.

Improving the capacity of Bulgarian and Austrian partners participating in the work of EU institutions both for the refinement of domestic legislation and for devising ideas in the area of financial services at EU level in order to develop this sector within the single market is expected as a result of this better cooperation.

Impact on investors
Better cooperation under the partnership agreement is expected to further develop the financial services sector within the single EU market.

Bulgaria has lowest tax burden in EU
"With 33.4% of GDP Bulgaria has the lowest tax burden among all EU Member States", Deputy Prime Minister and Minister of Finance Simeon Djankov said.

He confirmed the intention to lower the VAT rate by the beginning of next year, but did not commit himself on a specific date in order not to influence consumer behaviour. Minister Djankov is not in favour of the introduction of an additional contribution of 1% and stated that he was against any changes that might result in increasing the tax or social security burden. Bulgaria has the highest sovereign credit rating in Eastern Europe and is the only EU Member State whose rating has been upgraded, the Minister underlined.

Impact on investors
Bulgaria's highest sovereign credit rating in Eastern Europe, together with the lowest tax burden proves to be a favourable climate for investments.

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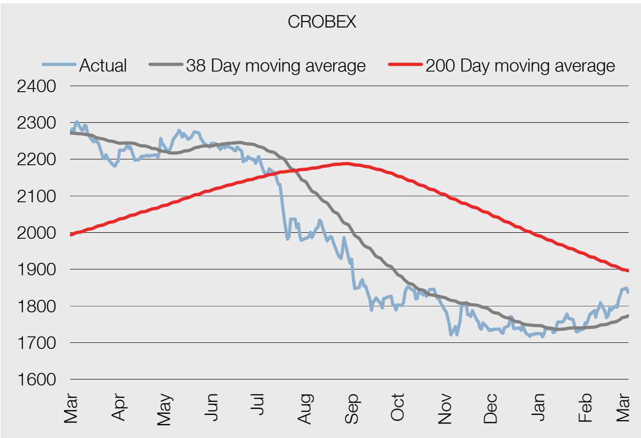
CROATIA

Market Capitalisation	HRK 185.1bn
YTD Dev. of Market Capitalisation	0.2%
Number of SE Transactions p.m.	37,424
YTD Dev. of SE Transactions	124.3%
SE Turnover (Zagreb SE)	HRK 416.2mn
Monthly Index Performance (Crobex/ZSE)	3.5%
GDP per Capita (2012 in EUR)	11,160
GDP Real 2012 (Change against prev. year in %)	2.0
3-Month Money Market Rate (current in %)	3.8
Inflation in 2012 (yearly average in %)	2.8
EUR/HRK	7.53
Upcoming Holidays	6, 9 April

Source: UniCredit, National Statistics



Source: Thomson Datastream

Parliament adopts 2012 state budget

The Croatian Parliament adopted the 2012 budget, projecting expenditures at HRK 118.8 billion (3.4 billion less than last year) and revenues at HRK 108.9 billion (a 1.4% increase over 2011). Eighty-two members of the ruling coalition and representatives of the ethnic minorities voted in favour, 41 MPs (the HDZ, the HDSSB and the Labour Party) were against, while one abstained.

With the planned revenues and expenditures the budget deficit was reduced by over HRK 5 billion to HRK 9.9 billion, or 2.8% of GDP.

For this year the government expects a growth rate of 0.8% and an inflation rate of 2.4%.

Impact on investors

For information purposes only.

Government adopts 2012 – 2014 Pre-accession Economic Programme

The Croatian Government adopted the Pre-Accession Economic Programme for 2012 – 2014, which Finance Minister Slavko Linic said provided clear indications of the economic policy in the coming years.

The fundamental goal of the 2012 – 2014 economic policy is to create a competitive economy through the encouragement of investments, fiscal consolidation and the acceleration of structural reforms.

The Government projects the country's economic growth at 0.8% this year, at 1.5% in 2013 and at 2.5% in 2014, with an average inflation rate of 2.5%.

The fiscal policy will seek to cut and control the deficit so that the general government's budget deficit will decrease from 3.8% of gross domestic product in 2012 to 3.3% in 2013 and to 2.6% in 2014.

Linic described the PEP as an element of pre-accession economic and fiscal supervision, which should help Croatia to be prepared for the supervision and co-ordination of the European Union member-states' economic policies.

Impact on investors

Once it enters the EU, Croatia will draw up other strategic documents: a conversion plan and a national reform plan.

UniCredit

Fitch affirms Croatia's rating, public finances remain key concern

Fitch Ratings has affirmed Croatia's long-term foreign currency rating at BBB- and the local currency rating at BBB. The outlook remains negative.

In their statement the agency also affirmed Croatia's short-term foreign currency rating at F3 and Country Ceiling at BBB+.

"Despite some positive initial policy steps by the new government, further fiscal consolidation measures and structural reforms will be required to boost economic growth and stabilise public finances," says Michele Napolitano, Associate Director in Fitch's Emerging Europe Sovereigns Team.

The public finances remain a key rating concern and Fitch considers Croatia's public debt dynamics to be unsustainable without a credible medium-term fiscal consolidation plan, the agency says. Fitch also notes that Croatia's accession to the EU in July 2013 will unlock substantial external financing sources over the medium term and increase inward foreign direct investment as well as provide an anchor for fiscal policy as future governments will have to submit their convergence programme and national reform programme annually to the European Commission and the Council of the EU.

In terms of potential rating triggers, significant fiscal slippage from the government's targets and a failure to introduce substantive structural reforms to boost growth would lead to a downgrade. Balance of payment pressures that led to a sustained fall in foreign exchange reserves would also put downward pressure on the rating.

"Conversely, the government meeting its budget deficit targets, stabilisation of the public debt ratios and return to sustainable GDP growth would stabilise the rating. Progress on structural reforms would also be rating positive," says Fitch.

Impact on investors

Fitch Ratings has affirmed Croatia's long-term foreign currency rating at BBB-.

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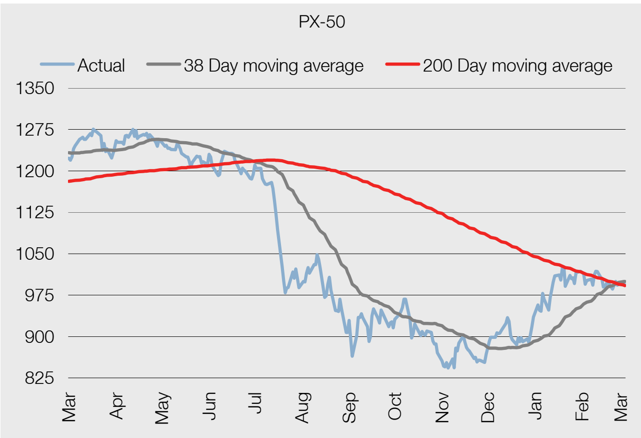
CZECH REPUBLIC

Market Capitalisation	CZK 1.2trn
YTD Dev. of Market Capitalisation	3.8%
Number of SE Transactions p.m.	n.a.
YTD Dev. of SE Transactions	n.a.
SE Turnover (Prague SE)	CZK 72.5bn
Monthly Index Performance (PX)	4.2%
GDP per Capita (2012 in EUR)	15,901
GDP Real 2012 (Change against prev. year in %)	3.3
3-Month Money Market Rate (current in %)	1.08
Inflation in 2012 (yearly average in %)	2.4
EUR/CZK	24.78
Upcoming Holidays	9 April

Source: UniCredit, National Statistics



Source: Thomson Datastream

Inflation comes in above Czech National Bank (CNB) forecast in February 2012

At its meeting on February 9, 2012 the Bank Board of the Czech National Bank approved this year's first Inflation Report. The forecast described in section II of the Report expects annual headline inflation to rise temporarily to just above 3% owing to changes to indirect taxes. At the same time it assumes that part of the impact of the VAT increase from 10% to 14% as of January 2012 passed through to food prices in advance at the end of 2011. After the first-round effect of the VAT increase unwinds, headline inflation will fall below the inflation target of 2% in 2013.

According to figures released in March inflation came in above the mentioned CNB forecast in February 2012, the price level increased by 3.7% year-on-year in February 2012. Annual headline inflation thus edged up further compared to January.

Source: CNB

Impact on investors

The new macroeconomic forecast expects headline inflation to rise temporarily to just above 3% this year owing mainly to a VAT increase, it will then fall below the target at the start of 2013. The forecast is a key input for monetary policy decision-making.

Growth in economic activity comes in just below forecast

According to the Czech Statistical Office (CZSO) estimate released, GDP adjusted for price, seasonal and calendar effects rose by 0.6% year-on-year in 2011 Q4. In quarter-on-quarter terms, it was down by 0.1%. Compared to the current CNB forecast, the reported change in economic activity in 2011 Q4 is 0.1 percentage point lower in both year-on-year and quarter-on-quarter terms. In 2011 as a whole, GDP increased by 1.7%.

According to the current forecast, the Czech economy will remain flat this year. Subdued domestic demand and a negative contribution of net exports will reflect a marked slowdown in external demand and continuing domestic fiscal consolidation. GDP will start rising again in 2013 as external demand recovers.

GDP declined by 0.3% quarter-on-quarter, and the country was in technical recession since the economy fell for two consecutive quarters.

Source: CNB

Impact on investors

For information purposes only.

UniCredit

Foreign trade surplus grows to record levels in January

The Czech Republic´s foreign trade ended in a record-high surplus of CZK 29.6 billion in January, CZK 11.7 billion higher year-on-year and the highest figure since the establishment of the Czech Republic. According to preliminary data, exports increased by 11% and imports by 6.3 % yr/yr in current prices.

The Czech Republic's foreign trade posted a surplus of CZK 191.4 billion in 2011, a year-on-year growth of CZK 70.2 billion. Exports grew by 13.2% and imports rose by 10.9% last year in a year-on-year comparison. Foreign trade turnover increased by CZK 596.5 billion to CZK 5,5408 billion.

Source: Czech Statistical Office

Impact on investors

For information purposes only.

Economy ministers agree on freezing budget spending

Czech Prime Minister Petr Necas informed that the ministers in charge of economic affairs at a meeting agreed that spending for roughly CZK 23 billion will be frozen in the state budget in the year 2012.

In the coming years, there is an agreement on raising VAT, slowing the growth in pensions and raising taxes to the rich. At the same time, the Government wants to prepare a package of pro-growth measures. For this year the Government plans only to freeze expenditures for the budget deficit and public finance deficit to meet the level of 3.5% of GDP. For the following years most ministers are convinced that keeping the parameters of public finances is impossible without two robust measures – an adjustment to VAT rates on the side of revenues and a debate on the indexation of pensions on the side of expenditures, including the possibility of freezing pensions for two to three years. As for the VAT adjustment, there are several variants and this measure is aimed at raising budget revenues by CZK 18 – 20 billion.

The state budget counts on a CZK 105 billion deficit this year. Based on new economic forecasts, the ministry expects a CZK 14.2 billion shortfall in tax revenues and a CZK 9.4 billion shortfall in income from social security insurance.

For 2013 the Ministry of Finance plans a CZK 100 billion state budget deficit and for 2014 a deficit of CZK 70 billion.

Source: Czech Government

Impact on investors

The Government is proactive in planning a long-term budget shape to keep the economy stable.

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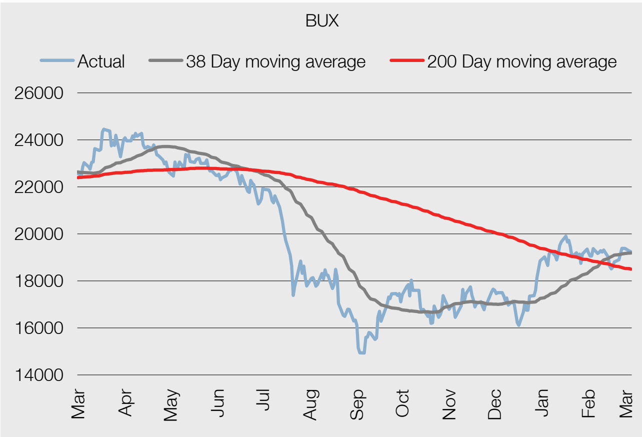
HUNGARY

Market Capitalisation	HUF 16,407.9bn
YTD Dev. of Market Capitalisation	5.1%
Number of SE Transactions p.m.	213,218
YTD Dev. of SE Transactions	-7.7%
SE Turnover (Budapest SE)	HUF 388,961.5mn
Monthly Index Performance (BUX)	0.7%
GDP per Capita (2012 in EUR)	11,140
GDP Real 2012 (Change against prev. year in %)	3.4
3-Month Money Market Rate (current in %)	5.90
Inflation in 2012 (yearly average in %)	3.4
EUR/HUF	293.73
Upcoming Holidays	6, 30 April

Source: UniCredit, National Statistics



Source: Thomson Datastream

Recommendations of the OECD report on Hungary

As expected after the preliminary meeting held in January 2012, the OECD has now published its official report on Hungary. Compared to the draft report, which was reviewed by the representatives from Hungary, of the Organization of Economic Cooperation and Development (OECD), from the 34 member states, of the International Monetary Fund and of the European Commission participating at the meeting, the main themes remained unchanged. That is, financial stability, dependability, reduction of taxes, economic growth, increasing employment, and the improvement of the healthcare system remained the key highlighted priorities for Hungary.

The OECD's recommendations all revolve around the main purpose: strengthening the Hungarian economy and facilitate a durable economic growth on a sound basis. Its survey on the country showed a fragile and highly indebted economy, hit by the global slow-down and heightened financial market stress, which will need straightforward domestic measures in order to improve. In their words: 'strengthening the credibility and predictability of domestic policies is essential to develop an environment that is conducive to growth and rising incomes'.

In terms of key figures, the OECD projected a slow-down in the economy by 0.6% for 2012 and a 1.1% growth for 2013. It estimates the general government deficit at 3.4% of GDP for this year.

In order to accomplish the highlighted purpose, though, the OECD first and foremost suggests to finally come to the long-delayed agreement on precautionary financial assistance from the International Monetary Fund (IMF). Also, a positive conclusion of the talks with the European Union would help restore confidence and support the needed fiscal consolidation in their view. National Economy Ministry state secretary, Zoltan Csefalvy, also agreed this to be the most important recommendation after the report was published.

As Hungary in the OECD's view is 'excessively exposed' to changing investor behaviour due to its high foreign currency indebtedness, a business-friendly environment would considerably contribute to future growth on a sound financial basis. A 'credible fiscal consolidation and support for labour demand' would also help to stabilise the economy. The report did not welcome the recent changes to Hungary's tax and benefit system, finding them regressive.

The recommendations also touched on the banking sector and the importance of strengthening the banks' positions in order to avoid a credit crunch. The OECD declared the agreement between banks and the government reached in December a favourable step, but also highlighted that it did not target the distressed borrowers sufficiently. Finally, the report suggested bank recapitalisation to prevent a further slow-down in lending.

In his comments to the report Mr Csefalvay added that the recommendation concerning a restructuring of public transport and the one concerning the strengthening of voluntary pension funds were also highly welcome by the Hungarian government. The OECD said in their survey that expected savings from restructuring of public transport had not been achieved so far, consequently it suggested an optimisation of the overall service provision. It added that public ownership should be phased out. With regard to the pension funds, the report highlighted the importance of encouraging the development of a voluntary third pension system pillar which could support stable and affordable financing of the economy while minimising financial risks.

Impact on investors
For information purposes only.

Revision of the Budapest Stock Exchange (BSE) indices
Resolutions of the regular, semi-annual revision of the BSE indices shows only one major change to the composition of the BUX basket: the series of Appeninn shares (Appeninn Vagyonkezelő) will be introduced to the basket as from April 2, 2012. As there were issuers who did not meet the criteria only for the first time and as is justified by the stability requirements of the BUX basket, no delisting shall be made following this revision. Thus the basket will be comprised of the following shares: insurer CIG Pannonia, energy services company E-Star, media company Est Media, drug maker Egis, lender FHB, holding company Fotex, Magyar Telekom, oil and gas company MOL, OTP Bank, alternative energy company PannErgy and drug maker Gedeon Richter and now the newly added Appeninn series.

Under the same resolution, no changes will be made to the composition of the mid-cap BUMIX index: the basket will continue to list the shares of the property holding company Appeninn, the printing company Allami Nyomda, CIG Pannonia, E-Star, Est Media, Egis, FHB, Fotex, bottled gas company KEG, PannErgy, veterinary drug maker Phylaxia, Raba, IT company Synergon and spirits maker Zwack Unicum.

Finally, the CETOP20 index will undergo no changes either, comprising from April 2, 2012 the same shares as since October 2011 : the series of Bank Pekao, Bank PKO BP, CEZ, Erste Bank, HT, KGHM, Komercni Banka, Krka dd Novo Mesto, MOL, MTelekom, NWR, OTP, PGE, Philip Morris CR, PKN Orlen, PZU, Richter Gedeon, Telefonica O2, Telekom Polska and Unipetrol.

Impact on investors
For information purposes only.

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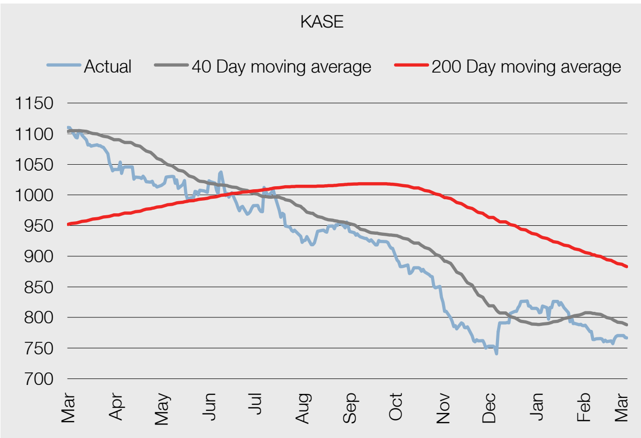
KAZAKHSTAN

Market Capitalisation	KZT 14,638.8bn
YTD Dev. of Market Capitalisation	9.0%
Number of SE Transactions p.m.	945
YTD Dev. of SE Transactions	-43.8%
SE Turnover (KASE)	KZT 15.2bn
Monthly Index Performance (KASE)	1,285.6
GDP per Capita (2012 in EUR)	7,608
GDP Real 2012 (Change against prev. year in %)	5.5
3-Month Money Market Rate (current in %)	2.05
Inflation in 2012 (yearly average in %)	7.1
EUR/KZT	194.30
Upcoming Holidays	none

Source: UniCredit, National Statistics



Source: Bloomberg

Shares of state-owned Kaztransoil and KEGOC to be offered in 2012 – 2013.
The Government of Kazakhstan decided that the offering of shares of state-owned companies to citizens will start in October 2012.

The first issuer will be Kaztransoil, an oil transportation company, and it is presently planned that between 5% and 15% of its shares will be sold by the Government. Next to follow will be KEGOC, an electric power transportation and management company, the offering of which is planned for the fourth quarter 2012 or the first quarter 2013.

While only domestic citizens and pension funds will be allowed to take part in these sales, it is expected that they will sell the acquired shares further on the secondary market, where foreign investors can freely participate.

Impact on Investors
The offering of these two companies is expected to provide further opportunities for investors on the Kazakh market and to increase its secondary liquidity.

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KYRGYZSTAN

Market Capitalisation	7,561.7mln
YTD Dev. of Market Capitalisation	n.a.
Number of SE Transactions p.m.	141
YTD Dev. of SE Transactions	-48.2%
SE Turnover (KSE)	KGS 29.3mln
Monthly Index Performance (KSE)	217.0
GDP per Capita (2012 in EUR)	744.28
GDP Real 2012 (Change against prev. year in %)	n.a.
3-Month Money Market Rate (current in %)	n.a.
Inflation in 2012 (yearly average in %)	3.80
EUR/KGS	60.85
Upcoming Holidays	none

Source: UniCredit, National Statistics

Kyrgyzstan plans to issue long-term securities
The Kyrgyz Government is discussing plans to issue medium- and long-term government securities. Currently 90% of government securities in Kyrgyzstan are short term.

As announced by the Government, long-term securities in Kyrgyzstan should be issued with a maturity period of five, ten, twenty and probably thirty years. Government representatives also discussed the state programme to be implemented in order to attract foreign investors and individuals to the market and improve the investment climate in the country.

At present 95% of government securities in Kyrgyzstan are bought by commercial banks.

Impact on investors
Potential development of the government securities market.

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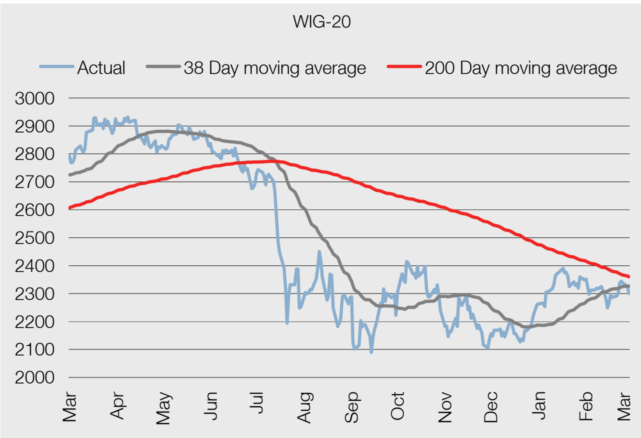
POLAND

Market Capitalisation	PLN 488.9bn
YTD Dev. of Market Capitalisation	9.9%
Number of SE Transactions p.m.	1,511,755
YTD Dev. of SE Transactions	38.1%
SE Turnover (WSE)	PLN 21.3bn
Monthly Index Performance (WIG20)	-0.6%
Monthly Index Performance (WIG)	1.5%
GDP per Capita (2012 in EUR)	11,027
GDP Real 2012 (Change against prev. year in %)	3.9
3-Month Money Market Rate (current in %)	4.65
Inflation in 2012 (yearly average in %)	3.7
EUR/PLN	4.17
Upcoming Holidays	9 April

Source: UniCredit, National Statistics



Source: Thomson Datastream

Polish and Romanian depositories to establish direct operational link

The National Depository for Securities (KDPW) is opening a new direct operational link with Romania. KDPW and Sibex Depository, the securities depository which settles trades for the Romanian Sibiu Stock Exchange (Sibex), signed an agreement in February 2012. It is the 18th operational link maintained by the National Depository for Securities with a foreign CSD. The agreement provides for clearing and settlement of trades in shares of companies dual-listed on the WSE and Sibex.

The link with Romania is yet another operational link recently established by KDPW. The National Depository opened a link with Slovenia in 2011 and with Bulgaria, Canada and Lithuania in 2010. Companies from these markets are already listed on the Warsaw Stock Exchange.

KDPW currently maintains 18 operational links with foreign securities depositories, including 9 direct links between KDPW and a foreign CSD (Sibex Depository among them). The other 9 links are indirect links via an international depository (Clearstream Banking Luxembourg or Euroclear Bank) or – in the case of Bulgaria – via a local financial intermediary.

Currently 46 foreign companies are listed on the markets provided by the Warsaw Stock Exchange. Links established by KDPW allow for the listing on the WSE of several foreign companies from countries including Austria, Bulgaria, Canada, Czech Republic, Estonia, France, Germany, Hungary, Italy, Lithuania, Slovakia, Slovenia, Sweden, UK, USA.

Source: National Depository for Securities

Impact on investors

The direct operational link may benefit both the Warsaw and the Sibiu stock markets by stimulating their growth and attracting new investors.

Changes to composition of WIG20 index
The composition of the main index of the Warsaw Stock Exchange (WSE) has been revised to reflect changes in the market capitalisation and liquidity of Polish blue chips.

Following annual revision of the WIG20 index portfolio, two companies (GETING HOLDING, PBG) have been excluded from the basket and replaced by SYNTHOS and BORYSZEW. The changes are effective as of March 16, 2012.

Source: Warsaw Stock Exchange

Impact on investors
Changes in composition of the main WSE index may impact investment strategies.

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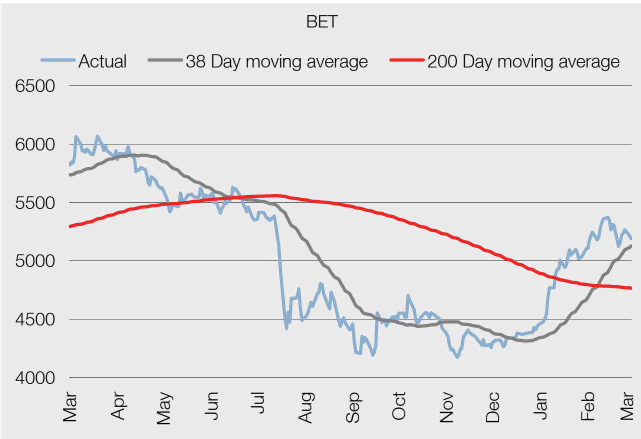
ROMANIA

Market Capitalisation	RON 92.0bn
YTD Dev. of Market Capitalisation	-23.8%
Number of SE Transactions p.m.	108,544
YTD Dev. of SE Transactions	74.1%
SE Turnover (Bucharest SE)	RON 1,121.0mn
Monthly Index Performance (BET/BSE)	7.9%
GDP per Capita (2012 in EUR)	6,624
GDP Real 2012 (Change against prev. year in %)	3.4
3-Month Money Market Rate (current in %)	4.70
Inflation in 2012 (yearly average in %)	3.7
EUR/RON	4.37
Upcoming Holidays	16 April

Source: UniCredit, National Statistics



Source: Thomson Datastream

Transelectrica: Secondary Public Offer

The Romanian Government set a price range of RON 14.9 – 19.2 RON per share for the listing of 15% of Transelectrica, the Romanian electricity grid operator. The minimum price carries a 12.7% discount over the last market price quoted before the announcement was made. The subscription period is March 14 to 27. The successful completion entails the sale of at least 70% of the offer. If all shares are sold, the Romanian State will pocket between RON 163.8 and 210.3 million (EUR 37.6 – 48.3 million).

Impact on investors

Bucharest Stock Exchange announces subscription period for TEL public offer.

Government announces elections and increase in public sector wages

Romanian Government announced on March 13 that local elections will be held on June 10, 2012. Parliamentary elections will be held in November 2012, with the exact date to be decided by the government during the summer.

Furthermore, Government could approve an increase of 15% for public sector wages at the end of 1Q12. The measure would come before two rounds of elections (local and parliamentary) to be held in 2012. The additional budget expenditure is RON 2.2 – 2.3 billion (EUR 0.51 – 0.53 billion or 0.4% of GDP). Hence, the budget deficit target of 1.9% – 2.1% of GDP looks very hard to meet. The wage hikes would add at most 0.4% to private consumption, assuming that part of the hike would be either saved or used to cover other costs (such as loan repayments). The impact on inflation would be marginal, since inflation in Romania is mostly driven by supply-side shocks.

Impact on investors

For information purposes only.

UniCredit

MFP Treasury sold RON 1 billion with one year maturity

The Ministry of Public Finance (MFP) Treasury in March sold with a maturity of one year RON 1 billion, just as it proposed, at a yield of 5.31%, slightly higher than that paid in the previous operation, 5.27%, but below the policy rate. Banks underwrote securities of RON 2.58 billion.

In early February National Bank reduced the monetary policy interest rate by 0.25 percentage points to a new historic low of 5.5% per year. MFP scheduled for March 7 the auction for the sale of bonds and government securities, which is intended to attract RON 5 billion, the same program as in February, when RON 3.3 billion were the amount borrowed. The first five auctions drew RON 6.56 billion, exceeding and fixing the indicative bid for March.

Impact on investors
For information purposes only.

Ministry of Economy signed Romgaz stock exchange listing brokerage

On March 19, 2012 the Ministry of Economy has signed the brokerage contract with the consortium formed by Erste, BCR, Goldman Sachs and Raiffeisen Capital & Investment for the listing on the Bucharest Stock Exchange (BSE) of a package of 15% of capital of Romgaz Medias gas producer.

It is expected that the offer for Romgaz be the largest in the history of BSE, about EUR 300 million.

The Ministry of Economy will keep control over the remaining 85% stake of Romgaz and Property Fund (PF). Romgaz has a registered capital of 383 million, divided into 38,300,000 shares with a nominal value of 10 lei. The Romanian Government committed to the International Monetary Fund to sell shares representing 15% of Romgaz, Transelectrica, Transgaz, at least 10% of both Hidroelectrica and Nuclearelectrica, 10% of OMV Petrom, a 20% share of CFR Marfa and up to 20% from Tarom.

Impact on investors
Upcoming public offers to be launched.

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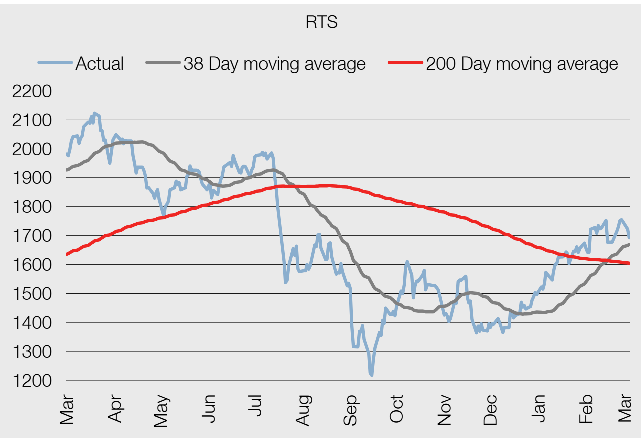
RUSSIA

Market Capitalisation	RUB 17.8trn
YTD Dev. of Market Capitalisation	0.0%
Number of SE Transactions p.m. (MICEX)	8,826,956
YTD Dev. of SE Transactions	6.0%
SE Turnover (MICEX)	RUB 8.3trn
Monthly Index Performance (MICEX)	0.9%
GDP per Capita (2012 in EUR)	9,520
GDP Real 2012 (Change against prev. year in %)	4.1
3-Month Money Market Rate (current in %)	7.0
Inflation in 2012 (yearly average in %)	7.5
EUR/RUB	38.75
Upcoming Holidays	30 April

Source: UniCredit, National Statistics



Source: Thomson Datastream

MICEX-RTS to launch new project for access of Russian corporate Eurobonds to on-exchange trading

In addition to the previously announced plans of MICEX-RTS – to launch on-exchange trading with Russian Depositary Receipts – stock exchange is developing a new project to give Russian corporate Eurobonds access to the trading floor. The launch of the project is planned for 2012.

Currently, corporate Eurobonds issued by Russian companies are circulating on OTC markets with settlement within ICSDs. The most prevalent trading floors for such securities are Irish and Luxembourg stock exchanges.

Market participants have rated such plans very positively, since the inclusion of new instruments into the listing of stock exchange will allow investors, such as management companies and private pension funds, to expand their investment strategies.

Impact on Investors

The launch of trading in corporate Eurobonds should increase the liquidity of stock exchange and widen the range of market participants investing in these securities.

FFMS to develop draft law on creation of CSD clients committee

The Federal Financial Market Services (FFMS) has developed draft laws “On the approval of additional requirements for the procedure of establishing a CSD participants committee and of requirements for the provision on the participants committee” and “On approval of qualification requirements for financial markets specialists working within an organisation with CSD activity”.

According to the FFMS the CSD participants committee is the institution which will be able to influence CSD acceptance of documents, such as terms of depository activity and fees for CSD services. In case the participants committee does not approve CSD documents, as required by legislation, only the Board of Directors will be able to approve such documents, with a two-thirds majority of the votes required.

The CSD participants committee members will be elected by the CSD Board of Directors or CSD Supervisory Board by majority vote. The committee must consist of at least 15 persons. A minimum of three fourths of its members should be CSD clients, at least 3 persons should be registrars' representatives. The other members should be representatives of depositories, trade organisers, clearing organisations and other professional participants of the Russian financial market. CSD staff cannot be members of the CSD participants committee.

Impact on investors
The creation of a CSD participants committee will allow the consideration of decisions of the CSD with financial market participants.

MinFin to simplify requirements for pretenders on CSD status

As previously announced the Ministry of Finance of Russia (MinFin) has simplified the procedural requirements for CSD status alignment. According to the CSD law, MinFin must develop the procedures of CSD status alignment and the Federal Financial Market Service (FFMS) must accredit the pretender to CSD status. Further to the discussions of the first draft law, which defined the procedures of CSD status alignment, MinFin has sent the draft to the profile agencies for revision, including a working group of the International Finance Centre (IFC).

The second draft no longer foresees the suspension and withdrawal of CSD status, which had been included in the first version and caused arguments of market participants given the ambiguity of the market situation in case of suspension or withdrawal of CSD status, as they will have the only right to open nominee accounts.

The following changes were made in the second draft:

- Types and forms of documents were simplified;
- The requirement for a complex check of the pretender's activities during the last three years was removed.

Impact on investors
CSD status procedures have been simplified, which will facilitate the process of CSD accreditation.

MICEX-RTS stock exchange to create high-risk equities sector

As part of the modernisation of the listing system MICEX-RTS stock exchange is planning to launch a new sector of equity trades, which will include high-risk equities. According to market participants, the main criteria for companies to aim for this sector will be low price, low free-float and short period of company activity. Quotations of equities from high-risk sectors will be more volatile than the main equities market; nevertheless, stock exchange is planning to provide the same range of trading modes available for that section.

According to market participants the most probable pretenders for the high-risk sector will be start-up projects.

Impact on investors
New investment possibilities.

Antimonopoly Service considers placement of Russian strategic companies on foreign stock exchanges

The Federal Antimonopoly Service of Russia (FAS) is considering the possibility of allowing for the placement of 25% of strategic companies' shares on foreign stock exchanges without preliminary approval of the Government Commission on foreign investments. FAS is planning to put the Ministry of Economic Development of the Russian Federation in charge of preparing draft amendments.

Currently, under Russian legislation strategic companies must get approval for the placement of any quantity of shares abroad from the Government of Russia.

Impact on investors
Potential improvement of the investment climate in the Russian Federation.

BRICS stock exchanges to launch cross-listing of derivative instruments on its indexes
Starting from March 30, 2012 five stock exchanges, all members of the BRICS Stock Exchanges Alliance, will launch cross-listing of derivative instruments on their indexes.

The following derivative instruments will be available on trade floors of the BRICS Stock Exchanges Alliance in local currency and local trading hours of each of the exchanges:

- Brazil's IBOVESPA futures
- Russia's MICEX Index futures
- India's Sensex Index futures
- Hong Kong's Hang Seng Index futures and Hang Seng China Enterprises Index futures
- South Africa's FTSE/JSE Top40 Index futures.

The second step for the BRICS Exchanges Alliance will be the further development of BRICS Exchanges products, including the development of new equity-index related products representing the BRICS economies for cross-listing of derivatives and cash market product offerings.

The third step is planned to be the product development and cooperation in additional asset classes and services.

Impact on investors
New opportunities for investments within members of BRICS Stock Exchanges Alliance.

MICEX-RTS stock exchange to launch monitoring system to prevent market manipulation
MICEX-RTS stock exchange, as part of the insider information and market manipulation control, is planning to launch a new monitoring system which will define the the impact on price, volume and other characteristics for every client. The system will be launched for all sectors of the MICEX-RTS stock exchange.

Thus, the MICEX-RTS monitoring system, together with the FFMS' insider and market manipulation system will carry out a double control on insiders and market manipulators.

The project will be launched after appropriate FFMS draft documents have entered into force.

Impact on investors
The measures aim at the control of market manipulation and improper usage of insider information.

MinFin plans to reduce investment limits for private pension funds
The Ministry of Finance of Russia (MinFin) is planning to reduce investment limits for private pension funds. The draft amendments to the Law "On Private Pension Funds" were to be issued in March 2012.

Participants of the private pension funds market require the permission to invest in stocks of highly reliable issuers, which are not included in the quotation list "A1", as well as in stocks and depositary receipts of leading foreign issuers.

MICEX- RTS in its turn proposed to increase investment limits for private pension funds from 65% to 80% of the issue for stocks and from 80% to 100% for bonds and to remove the restrictions on participation in IPOs, provided the securities are included in the quotation lists "A" and "B".

MICEX-RTS also proposes to abolish the mandatory revaluation of assets for private pension funds; to enter the five-year investment cycle to assess the effectiveness of management companies; to expand the list of instruments for investing pension savings by including the Russian Depositary Receipts listed on the Russian stock exchange, foreign securities, derivatives and ETFs.

Impact on investors
The reduction of the investment limits for private pension funds will allow attracting pension savings into wider sectors of the Russian financial market and therefore increasing its liquidity.

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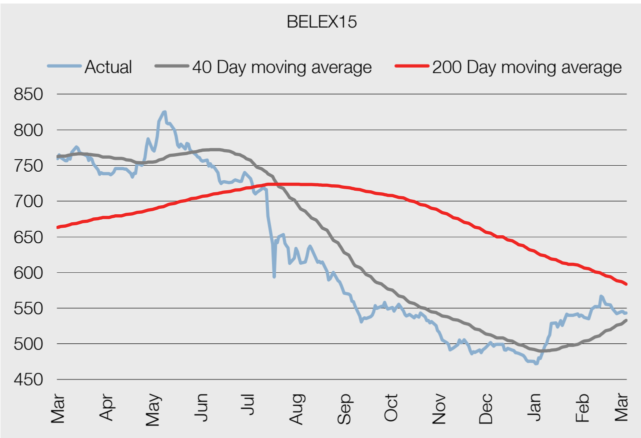
SERBIA

Market Capitalisation	RSD 853.1bn
YTD Dev. of Market Capitalisation	4.6%
Number of SE Transactions p.m.	53,289
YTD Dev. of SE Transactions	0.5%
SE Turnover (Belgrade SE)	RSD 1.3bn
Monthly Index Performance (Belex 15)	0.1%
GDP per Capita (2012 in EUR)	4,546
GDP Real 2012 (Change against prev. year in %)	3.5
3-Month Money Market Rate (current in %)	10.61
Inflation in 2012 (yearly average in %)	6.7
EUR/RSD	111.05
Upcoming Holidays	13, 16 April

Source: UniCredit, National Statistics



Source: Bloomberg

S&P affirms Serbia's credit rating at BB with a Stable outlook

Standard & Poor's (S&P) has affirmed its long- and short-term foreign and local currency sovereign credit ratings on Serbia at 'BB/B', with a stable outlook. The ratings on Serbia are constrained by S&P's view of vulnerabilities emanating from the state's high external debt, sizable current account deficits, and limited monetary flexibility due to the euroisation of bank deposits and claims.

On the other hand, the ratings are supported by Serbia's moderate government debt levels, which S&P expects will be slightly above 45% of GDP at end-2012, and the country's recently-gained EU candidate status, which the agency said boosts the potential for reforms that could stimulate growth and rebalance the economy toward a more export-driven model.

S&P also expects that the next government, to be formed following the May 6 elections, will "prioritize fiscal consolidation and the ongoing key structural reforms already committed to under the 2011 Stand-By Arrangement" with the International Monetary Fund (IMF). S&P also noted that it expects Serbia's GDP growth to average 0.5% in 2012, "although there are considerable uncertainties surrounding this projection."

The agency further noted that it anticipates net exports and a gradual recovery of domestic demand to contribute to GDP growth returning to 4% by 2014.

S&P could lower Serbia's ratings if the country's external or fiscal liabilities increase significantly or if S&P considers external liquidity of Serbia is significantly worsening, such that the rollover rate of external debt would fall below 100%.

On the other hand, S&P could raise the ratings of Serbia if S&P considers the government has accelerated structural reforms of the public sector, the labor market, and/or the pension system.

Impact on investors

The stable outlook balances Serbia's monetary and external vulnerabilities against the country's growth potential and improving policy environment.

Parliamentary, provincial and local elections scheduled for 6th May

Serbian president Boris Tadic has announced that parliamentary elections will be held on 6th May, 2012. Additionally, presidents of the state parliament and Vojvodina's provincial assembly scheduled local and provincial elections for the same day, 6th May.

The new government will have a deadline until 8th September to be formed.

Impact on investors

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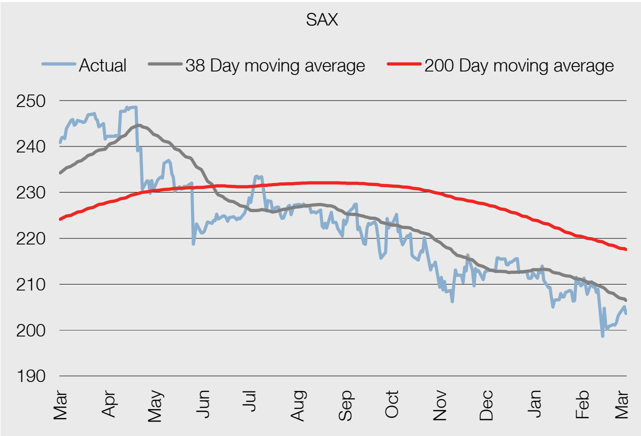
SLOVAK REPUBLIC

Market Capitalisation	EUR 32.8bn
YTD Dev. of Market Capitalisation	0.3%
Number of SE Transactions p.m.	2,319.0
YTD Dev. of SE Transactions	69.6%
SE Turnover (Bratislava SE)	EUR 1.1bn
Monthly Index Performance (SAX/BSSE)	0.1%
GDP per Capita (2012 in EUR)	14,073
GDP Real 2012 (Change against prev. year in %)	4.5
3-Month Money Market Rate (current in %)	n.a.
Inflation in 2012 (yearly average in %)	3.7
Upcoming Holidays	6, 9 April

Source: UniCredit, National Statistics



Source: Thomson Datastream

Investment promotion between Canada and Slovakia
The “Agreement between the Slovak Republic and Canada for the Promotion and Protection of Investments”, signed in July 2010, became effective as of March 14, 2012. Promotion and protection of investments for investors of one party to the Agreement in the territory of the other party should contribute to a stimulation of business initiatives and the development of their economic cooperation.

The parties to the Agreement committed themselves to promote the creation of favourable conditions for investors of the other party to carry out investments on their territory. The Agreement also addresses other issues to ensure protection of investments, possible damage indemnification as well as issues relating to the expropriation. Each party is required to guarantee to investors of the other party unrestricted transfer of investments and returns.

The Agreement also provides for resolution of disputes between investor and host party, as well as resolution of disputes between its parties. Consultations and exchange of information between parties to the Agreement are regulated as well. This document supersedes the currently valid Agreement between the Government of the Czech and Slovak Federal Republic and the Government of Canada for the Promotion and Protection of Investments of November 15, 1990.

Impact on investors
New promotion and protection of investment schemes for Canadian investors.

Bratislava Stock Exchange trading in February 2012
In the month of February 2012, the members of the Bratislava Stock Exchange (BSSE) used its electronic trading system on 21 business days. A total of 2,319 transactions were concluded in this period, in which 815,699,918 units of securities were traded and the achieved financial volume amounted to EUR 1.06 billion. All three indicators increased in comparison with the previous month: the number of concluded transactions by 69.64%, the amount of traded securities by 5.99% and the achieved financial volume by 18.73%. What increased on a year-on-year basis was the number of concluded transactions (+167.47%) and the amount of traded securities (+99.85%). However, this had no effect on the achieved financial volume, which fell by more than 47% on the same basis.

Similar to previous months, negotiated deals in February 2012 dominated over electronic order book (i.e. price-setting transactions), with the former generating 96.48% of the total trading volume. A total of 378 negotiated deals (in a volume of EUR 1.02 billion) were concluded, as opposed to 1,941 electronic order book transactions in a financial volume of EUR 37.31 million.

Continuing the long-term trend, investors in February 2012 again focused on debt securities as bond transactions generated over 97.06% of the achieved volume. A total of 416 bond transactions were concluded in the period under review, in which 814,714,308 units of securities were traded and the financial volume amounted to nearly EUR 1.03 billion. All three indicators increased in comparison with January 2012. On a year-on-year basis, we recorded an increase in the number of concluded transactions (+92.59%) and in the amount of traded securities (+99.93%). The achieved financial volume, however, fell on the same basis by 48.4%. Negotiated deals in bonds (in a financial volume of EUR 997.5 million) in February 2012 significantly dominated over electronic order book transactions (EUR 32.11 million).

Equity securities of local companies were traded in 1,903 transactions, in which 985,610 share units were traded in a financial volume of EUR 31.14 million. The number of concluded transactions rose against January 2012 by 82.28%, but even more substantial was the increase in the amount of traded securities (+716.12%) and in the achieved financial volume (+913.5%). Unlike in the previous month, February 2012 saw negotiated deals (in a volume of EUR 25.94 million) prevail over electronic order book transactions (EUR 5.2 million).

Transactions concluded by non-residents in February 2012 accounted for 43.40% of the total trading volume, out of which the buy side represents 38.73% and the sell side 48.07%.

The SAX index ended the month of February 2012 at 209.54 points, representing a 0.12-percent increase on a month-on-previous-month basis and a 7.74-percent decrease year-on-year.

Impact on investors
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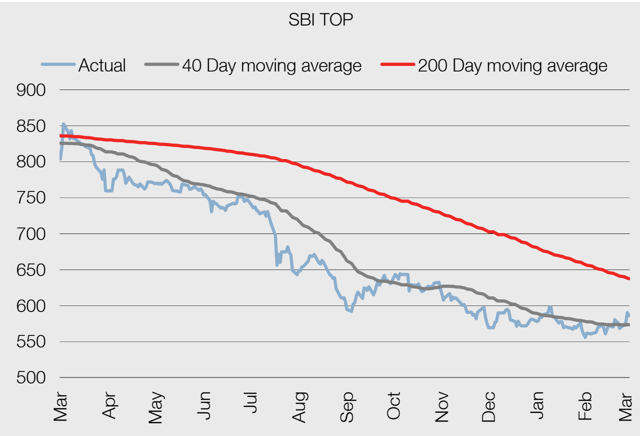
SLOVENIA

Market Capitalisation	EUR 18.1bn
YTD Dev. of Market Capitalisation	-7.8%
Number of SE Transactions p.m.	5,505
YTD Dev. of SE Transactions	-53.1%
SE Turnover (Ljubljana SE)	EUR 25.3mn
Monthly Index Performance (SBI TOP)	-6.0%
GDP per Capita (2012 in EUR)	19,532
GDP Real 2012 (Change against prev. year in %)	2.8
3-Month Money Market Rate (current in %)	0.84
Inflation in 2012 (yearly average in %)	2.9
Upcoming Holidays	6, 9, 27 April

Source: UniCredit, National Statistics



Source: Thomson Datastream

Brussels to monitor Slovenia for macroeconomic imbalances

The European Commission believes that thorough analyses of the macroeconomic situations must be conducted in twelve member states, including Slovenia, to determine whether there are macroeconomic imbalances in these countries and whether they are harmful. The Commission determined that the twelve countries need in-depth monitoring in its first report on the prevention and correction of macroeconomic imbalances, presented to the European Parliament in Strasbourg by Commissioner for Economic and Financial Affairs Olli Rehn.

Among the reasons for the monitoring in Slovenia, the Commission listed "fast accumulation of internal imbalances with high growth in unit labour costs, private sector credit and house prices." Furthermore, the highly leveraged banking sector is under considerable strain as the economy is now in the early stages of a difficult deleveraging process, says the report.

Apart from Slovenia, the Commission ordered monitoring for Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Italy, Hungary, Spain, Sweden and the UK. This comes after ratings firm Moody's lowered credit ratings for Italy, Spain, Portugal, Malta, Slovenia and Slovakia, and gave a negative outlook for France, Britain and Austria.

The Commission's report is part of the First Alert Mechanism introduced by the EU to identify macroeconomic imbalances before they reach unstable levels. The First Alert Mechanism, in its turn, is part of a comprehensive set of rules, also dubbed "Six-pack", which entered into force on December 13, 2011.

Impact on investors

For information purposes only.

Government adopts constitutional change to introduce Golden Rule

The government adopted a proposal for amending the Constitution to introduce the golden fiscal rule stipulating that the national budget must be either balanced on in surplus. This is in line with the recent EU agreement on the fiscal pact and is expected to enter into force in 2015.

Finance Minister Janez Šušteršič told the press after the government session that the changes to Article 148 of the Constitution allowed exceptions to the fiscal rule in case of natural or other disasters and other extraordinary circumstances. This is in line with the fiscal pact, signed in March by all EU member states bar the UK and Czech Republic, which says that extraordinary circumstances are events out of the control of the state or a severe economic depression.

A constitutional commission has already been appointed to finalize the wording of the constitutional amendment, and the government is expected to adopt the accompanying constitutional law defining the implementation of the rule.

The law would need a two-thirds majority in parliament to get passed; the law should be passed as soon as possible. The deadline is six months.

Impact on investors

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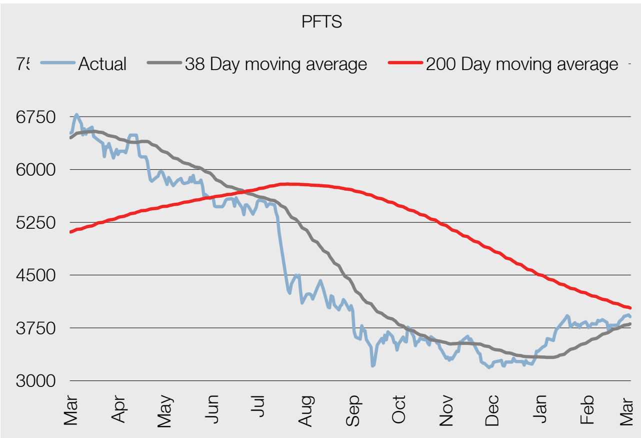
UniCredit

UKRAINE

Market Capitalisation (PFTS)	UAH 225.2bn
YTD Dev. of Market Capitalisation (PFTS)	10.0%
Number of SE Transactions p.m. (PFTS)	59,612
YTD Dev. of SE Transactions (PFTS)	-48.9%
SE Turnover (PFTS)	UAH 1.2bn
Monthly Index Performance (PFTS)	-2.7%
GDP per Capita (2012 in EUR)	3,285
GDP Real 2012 (Change against prev. year in %)	5.0
3-Month Money Market Rate (current in %)	17.5
Inflation in 2012 (yearly average in %)	10.4
EUR/UAH	10.55
Upcoming Holidays	16 April

Source: UniCredit, National Statistics



Source: Thomson Datastream

Ukrainian stock market 2011 – year in review

Drawing up the results of the previous year, the Head of the market regulator NSSMC (National Securities and Stock Market Commission) Dmitriy Tevelev considered the year 2011 a successful one for the Ukrainian stock market.

According to him it was the first year when the total stock market turnover exceeded UAH 2 trillion (EUR 190 billion), while the turnover of 2010 reached UAH 1 trillion, and it was considered a howling success.

According to preliminary estimates of the 2011 results, the volume of organized market trades reached 15 %, whereby in the previous years it has never exceeded 4 – 4.5%. As per this we may see that the stock exchange market has become more comprehensive and its rules more acceptable for market participants.

Also, the volume of the issues of securities doubled. Previously these figures bore quite a nominal character, as this growth was achieved mostly by the issue of government bonds (80%). This year government bonds covered only 50 % of the growth; the rest was caused by growth in issue of shares and corporate bonds.

Significant progress was made in engaging private investors in the stock market. This was done through active Internet Trading promotion, which was launched in 2010, having gained over 10 thousand participants during the last two years.

Access for foreign securities to the Ukrainian market, which is expected to be finalized until the end of 2012, is considered an essential step for Ukrainian market development. By this step the market regulator is going to overcome the lack of financial instruments in the local market and bring back Ukrainian issuers who had placed their securities abroad. Consequently this will give a possibility to local institutional investors (in the forthcoming future non-state pension funds) to invest into credible financial instruments and diversify their portfolio. Market regulator NSSMC and the National Bank of Ukraine are now actively working on the elaboration of the respective legislation.

Source: http://dengi.ua/

Impact on investors

Securities market enhancement

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AZERBAIJAN

AZERBAIJAN

OTC transactions to be processed through BSE clearing system
Taking into consideration the increasing volume of OTC transactions on the securities market in Azerbaijan, market participants reported that currently there is a project to include cash clearing of OTC transactions into the centralized clearing system of the Baku Stock Exchange (BSE).

Cash clearing of OTC transactions is supposed to be executed through the banking system.

The motivation for compulsory OTC settlement through the centralized system is to counteract quotes manipulation and tax evasion.

Impact on investors
Compulsory settlement of OTC trades through the centralized clearing system potentially may reduce investment attractiveness of the market due to a limitation of allowed settlement schemes.

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Corporate & Investment Banking
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