Bulgaria (Baa2 stable/BB+ stable/BBB- stable)*

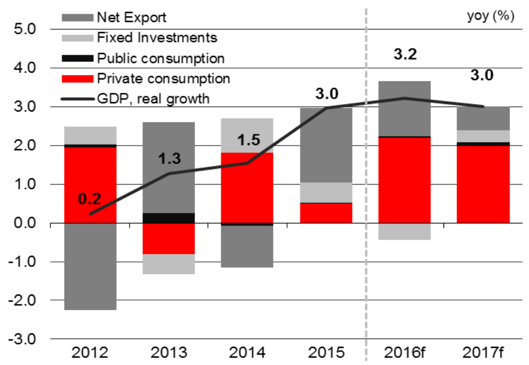
Outlook – Growth has remained solid with rising private consumption offsetting the negative impact that weaker EU transfers had on GDP growth in 1Q16. While we remain optimistic about the short-to-medium term outlook for the economy, we penciled in a small downward revision to our GDP growth projection (to 3.2% from 3.4% in 2016 and to 3% from 3.6% in 2017) to reflect the negative impact that Brexit will have. The impact via the trade channel will be most relevant, while those via the sentiment and financial channels will be more limited. Meanwhile, domestic risks to our benign baseline scenario have eased, as restructuring of the energy sector has started paying off, while the potential risks associated with the ongoing AQR and stress test in the banking sector remain manageable.

Author: Kristofor Pavlov, Chief Economist (UniCredit Bulbank)

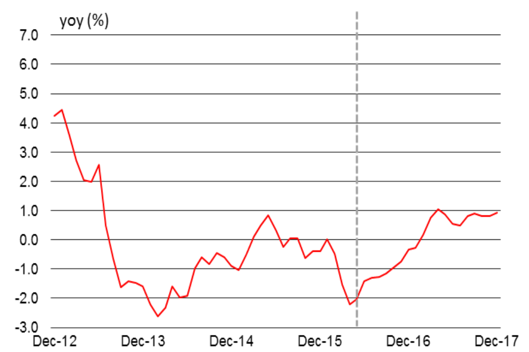
KEY DATES/EVENTS

- 12 August: GDP flash estimate 2Q16
- 13 August: Bank stress tests and AQR results
- 15 August: Number of employees for 2Q16

GDP GROWTH TO STABILIZE AT 3%



INFLATION HAS BOTTOMED OUT



Source: NSI, BNB, MoF, UniCredit Research

MACROECONOMIC DATA AND FORECASTS

EUR bn	2013	2014	2015	2016F	2017F
GDP (EUR bn)	41.9	42.8	44.2	45.1	46.7
Population (mn)	7.2	7.2	7.2	7.1	7.1
GDP per capita (EUR)	5 784	5 936	6 173	6 336	6 603
Real economy, change (%)					
GDP	1.3	1.5	3.0	3.2	3.0
Private Consumption	-1.1	2.5	0.7	3.2	3.4
Fixed Investment	0.3	3.4	2.5	-2.1	1.4
Public Consumption	3.1	-0.8	0.4	0.5	1.5
Exports	9.2	-0.1	7.6	4.6	3.4
Imports	4.9	1.5	4.4	2.4	2.5
Monthly wage, nominal (EUR)	396	420	458	492	529
Real wage, change (%)	5.1	7.4	9.0	8.6	6.8
Unemployment rate (%)	12.9	11.4	9.1	7.3	6.4
Fiscal accounts (% of GDP)					
Budget balance	-1.8	-3.6	-2.9	-1.8	-2.5
Primary balance	-0.9	-3.0	-2.1	-1.0	-1.7
Public debt	17.6	26.4	26.4	30.3	29.6
External accounts					
Current account balance (EUR bn)	0.5	0.4	0.6	0.8	0.7
Current account balance/GDP (%)	1.3	0.9	1.4	1.7	1.4
Extended basic balance/GDP (%)	5.5	5.2	7.7	5.7	5.1
Net FDI (% of GDP)	3.0	2.1	3.4	2.7	2.4
Gross foreign debt (% of GDP)	88.1	92.1	77.2	74.0	69.8
FX reserves (EUR bn)	14.4	16.5	20.3	21.5	22.4
Months of imports, goods & services	5.9	6.6	7.8	8.0	8.1
Inflation/Monetary/FX					
CPI (pavg)	0.9	-1.4	-0.1	-1.1	0.7
CPI (eop)	-1.6	-0.9	-0.4	-0.3	0.9
LEONIA (eop)	0.07	0.02	0.01	0.00	0.00
USD/BGN (eop)	1.42	1.79	1.80	1.75	1.70
EUR/BGN (eop)	1.96	1.96	1.96	1.96	1.96
USD/BGN (pavg)	1.47	1.47	1.76	1.76	1.72
EUR/BGN (pavg)	1.96	1.96	1.96	1.96	1.96
Real effective exchange rate, 2000=100	153.9	152.6	151.0	153.9	156.7
Change (%)	0.3	-0.8	-1.0	1.9	1.8

* Long-term foreign currency credit rating provided by Moody's, S&P and Fitch respectively

We keep our above-consensus outlook, also noticing some easing of domestic downside risks

Rising housing prices have helped restore household wealth, while lower energy inflation has supported purchasing power

As we expected, the economy shrugged off the unfavorable combination of pronounced turbulence in global financial markets and a deceleration of EU funds absorption. Real GDP rose a solid 2.9% yoy in 1Q16 and 0.7% qoq in seasonally adjusted terms. This was the fifth consecutive quarter of expansion at an annualized pace of close to 3% despite a marked 3.9% fall in fixed investment since EU funds absorption lost momentum as expected. However, the latter was more than offset by a solid boost in private consumption (to a yoy rise of 3.7%) as households grew more confident about their jobs and income prospects.

On top of strengthening labor market recovery, GDP growth in 2H16 will draw support from the increased reallocation of resources through the budget and a one-off boost in summer tourism revenues

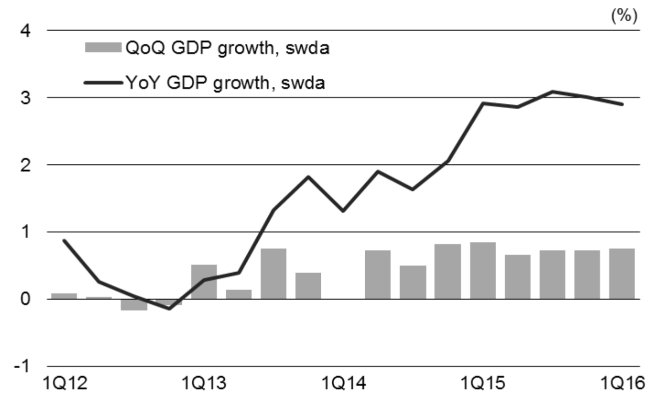
But the boost in summer tourism revenues is unlikely to be repeated in 2017 as tension between Turkey and Russia is likely to subside

Going forward, we remain optimistic about the short-to-medium term outlook for the economy. Nevertheless, we pencil in a downward revision of our GDP growth forecast to 3.2% (from 3.4%) this year and 3.0% (from 3.6%) next year to reflect the negative impact from the Brexit vote. The impact will materialize via three main channels with those via the trade channel being the most relevant. It will be rather indirect however as the UK accounts for just 2.5% of Bulgaria's total merchandise exports. It will start taking effect in the last months of 2016, but should become more pronounced in 2017 when our global scenario envisages GDP growth in the EA to slow to 1.0%, from the 1.6% projected before. The impact via the sentiment channel will be rather small. In any case, the UK's decision to leave the EU will give rise to uncertainty, thus adding to the headwinds which a recovery of business investment faces not only in EM but also globally. For Bulgaria, this will translate into some FDI deceleration relative to our previous scenario (especially given one-offs which pushed 2015 FDI volumes to its strongest level since 2008) and money sent by Bulgarian migrants to their relatives back home. The latter is likely to be largely offset via public investment spending next year, as authorities are likely to use the solid progress in fiscal consolidation already achieved in 2015 and so far in 2016 to make a shift toward a slightly more growth supportive fiscal policy. The impact via the financial channel will be the smallest and negligible in proportion in our view, because Bulgaria enjoys a very favorable combination of strong fiscal fundamentals, abundant international reserves and practical absence of macroeconomic imbalances, which make the country well shielded in case of any further escalation of financial market turbulence.

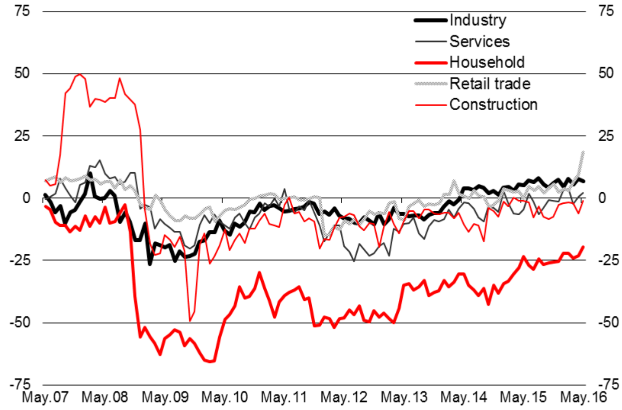
Job creation posted its weakest yoy print in the first three months of the current year, but other relevant labor market indicators have been more positive

The jobs report for 1Q16 was disappointing, but we believe the overall labor market situation remains positive. The economy added just 25K jobs in 1Q16, the weakest yoy gain since the onset of the employment recovery two years ago. But there are at least two reasons why we shouldn't attach too much significance to this. First, the weak 1Q16 print comes after a record-high 72K employment gain in 4Q15, which puts the average yoy rise in the past two quarters pretty much in line with that reported during the preceding twelve months. Second, and more importantly, these job gains come against the backdrop of a solid improvement in the balance between hiring and firing intentions of business managers (see rhs chart) which, in different

GDP growth has stabilized at circa 3% yoy



Employment expectations have improved to new post-crisis highs



Source: Eurostat, NSI, UniCredit Research

Looking ahead, we expect job creation to gain momentum in the remaining quarters of 2016, coming close to the 46K yoy employment gain posted for the whole of 2015

sectors of the economy, are either at or close to the strongest post-2008 crisis readings. Also positively, the unemployment rate fell to 7.1% in April 2016 (from 7.7% in December 2015 and 10.0% in April 2015), suggesting that the economy is approaching full employment faster than we had expected three months ago. All these developments have not only made households more confident about their job outlook, but also contributed to a solid 7.5% increase in the labor cost index in 1Q16 (up from 6.5% in 4Q15 – see lhs chart).

There is also positive news in the fact that MinFin tabled for discussions in Parliament a fresh package of corrective measures for more efficient prevention of VAT fraud by wholesale fuel traders

Out of concern for its contractionary impact on GDP growth, authorities are unlikely to save all fiscal revenue outperformance that looms this year

Also on the positive side, the solid revenue improvement will open some fiscal room to increase selectively some spending, starting perhaps with the dangerously underfinanced education sector

The accelerating expansion in domestic demand gave a pronounced cyclical boost to fiscal revenues, which also drew support from improved tax collection. These two boosted general government revenues by 7.4% yoy in January-April, despite a marked (11%) drop in grants, as transfers from the EU fell relative to the record-high absorption levels last year. Although at this stage no distinction can be made between the part of the revenue outperformance that can be seen as sustainable and the part attributable to one-offs, it is very encouraging to see that almost all categories of tax revenues rose in double digits (see rhs chart), compared with the targeted 4.6% gain for 2016 as a whole. General government spending, at the same time, fell 3.7% yoy due to a hefty 55% yoy drop in capital spending, as authorities cancelled procurement procedures for construction of several EU funded infrastructure projects in January. Against this backdrop, the budget posted a record high surplus in January-April (2.7% of GDP), which rose further to 3% in May, according to MinFin's preliminary estimates. Given the relatively advanced phase of fiscal consolidation, the government is unlikely to push for much more aggressive deficit reduction than the one targeted this year. That is why we expect the deficit to shrink to 1.8% of GDP in 2016, one notch below the 1.9% target, and 1.1% of GDP lower than that posted last year (2.9%). Also very positively, increased reallocation of resources through the budget (by a minimum of 0.5% of GDP relative to the plan) is expected (in the context of still weak private sector spending) to boost GDP growth in 2H16. The deficit will rise next year (to 2.5% of GDP) as some of the available fiscal room will be used to mitigate the negative impact that lower growth in the EA will have on exports.

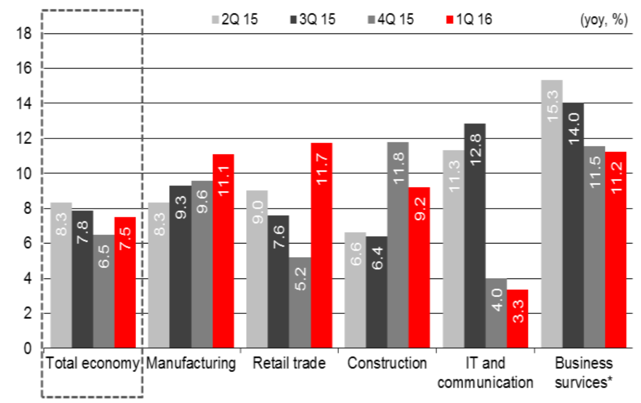
Successful restructuring of the energy sector started to pay off

BEH (the holding company controlling all state-owned assets in the energy sector including NEK) borrowed EUR 535mn without state guarantee

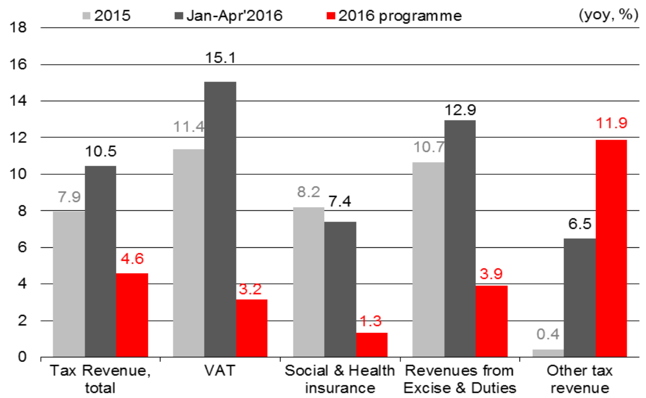
Strong profitability of local banks increases the probability any potential shortage of capital, that the ongoing stress tests are likely to reveal, will be addressed by private sector sources alone

While downside risks on the external front remain plentiful, domestic risks seem to have subsided. Although not fully out of the danger zone, the successful restructuring of the energy sector helped NEK's deficit initially to shrink to BGN 0.2bn at the end of 2015 from BGN 0.6bn in 2014 before shifting to a BGN 39mn surplus in March this year. This didn't go unnoticed by international investors, who in April extended a EUR 535mn bridge-to-bond loan to BEH without a state guarantee – something which many investors and energy experts saw as highly unlikely only half a year ago. Meanwhile, the AQR and stress tests in the banking sector have entered into their final stage. While some shortages of capital and provisions are expected, these are likely to be addressed without public sector involvement, in our view, as the strong profitability of the local banking sector (with ROE close to 10% on average and above the 15% mark for well-established and managed players) should make it possible to mobilize additional capital and liquidity from private sector sources.

Labor costs have moved higher



Outperforming on the revenue side continued in early 2016



Source: Eurostat, NSI, MoF, UniCredit Research

Strategy: Bulgarian assets are a good bet in volatile times

Bulgarian paper took a limited hit from Brexit-related uncertainty

Bulgarian EUR assets have reversed most of the mild losses from the repositioning following the Brexit referendum. Short-term paper still has some way to go, while medium-term and long-term bond yields are close to their pre-referendum levels. Recent developments have only made Bulgarian EUR paper more attractive as fundamental factors remain supportive.

2016 foreign funding needs have been covered

Domestic investors, namely over-liquid banks, have offered the most support to prices in recent months as the MinFin covered most of its funding needs for 2016 with a tap of the Eurobond market. The good debt management capabilities of the sovereign and good performing budget execution have helped push bond prices up, as elevated fiscal buffers have helped improve the risk profile of the sovereign while also implying very limited supply up to the end of the year.

Sovereign debt supply will go down in 2017 and 2018

The fiscal easing we have penciled in 2017 will have a disproportionately lower impact on debt and funding needs as it comes on top of a very comfortable fiscal reserve position. We expect the MinFin to tap the domestic GB market for a somewhat higher GB volume in 2017 while also using available surplus liquidity to fund higher deficits. As a result we have penciled slightly lower overall issuance targets for 2017 and 2018 compared to 2016.

Local investors will be eager to add to their holdings of external debt

This should translate into higher domestic demand for the already very limited supply of external paper as liquidity in the domestic financial sector continues to increase. Latest data point to Bulgarian investors holding 47.4% of all outstanding foreign sovereign debt. We expect local investors to breach the recent high of 51.2% and move closer to 60% as domestic supply remains limited as well.

BGRIA EUR 2028s are likely to benefit the most

All of this should result into higher prices for Bulgarian assets in all durations once the initial negative shock on emerging market assets from Brexit fears recede and investors become more selective in their purchases. We see opportunity for moving up the yield curve as BGRIA EUR 2022s look rich while BGRIA EUR 2028s seem to still offer some value with upside potential supported further by the fact that only 33.4% is held by domestic investors..

Author: Nikola Georgiev, Economist (UniCredit Bulbank)

GOVERNMENT GROSS FINANCING REQUIREMENTS

EUR bn	2015	2016F	2017F
Gross financing requirement	**4.9**	**1.5**	**2.7**
Budget deficit	1.3	0.8	1.2
Amortization of public debt	3.6	0.7	1.6
Domestic	1.0	0.5	0.4
Bonds	0.1	0.5	0.4
Bills	1.0	0.0	0.0
Loans	0.0	0.0	0.0
External	2.6	0.2	1.1
Bonds and loans	2.4	0.0	1.0
IMF/EU/Other IFIs	0.2	0.2	0.2
Financing	**4.9**	**1.5**	**2.7**
Domestic borrowing	0.7	0.6	1.5
Bonds	0.6	0.6	1.0
Bills	0.1	0.0	0.0
Loans	0.0	0.0	0.0
External borrowing	3.3	2.1	0.1
Bonds	3.2	2.0	0.0
IMF/EU/Other IFIs	0.1	0.1	0.1
Privatization/Other	0.0	0.0	0.0
Fiscal reserves change (- =increase)	1.0	-1.1	1.1

GROSS EXTERNAL FINANCING REQUIREMENTS

EUR bn	2015	2016F	2017F
Gross financing requirement	**16.4**	**11.1**	**10.7**
C/A deficit	-0.6	-0.8	-0.7
Amortization of medium and long term debt	7.0	3.9	4.6
Government/central bank	2.6	0.2	1.1
Banks	0.6	0.5	0.5
Corporates/Other	3.8	3.2	3.0
Amortization of short-term debt	10.0	7.9	6.9
Financing	**16.4**	**11.1**	**10.8**
FDI (net)	1.5	1.2	1.1
Portfolio equity, net	0.6	0.4	0.2
Medium and long-term borrowing	4.0	4.8	3.4
Government/central bank	3.3	2.1	0.1
Banks	0.5	0.5	0.5
Corporates/Other	0.2	2.3	2.8
Short-term borrowing	7.9	6.9	6.6
EU structural and cohesion funds	1.9	1.0	1.2
Other	4.3	-2.0	-0.7
Change in FX reserves	3.8	1.2	1.1
Memoranda:			
Nonresident purchases of LC govt bonds	0.0	0.0	0.0
International bond issuance, net	2.2	2.0	-1.0

Source: BNB, MoF, UniCredit Research

Legal Notices

Glossary

A comprehensive glossary for many of the terms used in the report is available on our website: Link

Disclaimer

Our recommendations are based on information obtained from, or are based upon public information sources that we consider to be reliable but for the completeness and accuracy of which we assume no liability. All estimates and opinions included in the report represent the independent judgment of the analysts as of the date of the issue. This report may contain links to websites of third parties, the content of which is not controlled by UniCredit Bank. No liability is assumed for the content of these third-party websites. We reserve the right to modify the views expressed herein at any time without notice. Moreover, we reserve the right not to update this information or to discontinue it altogether without notice. This analysis is for information purposes only and (i) does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for any financial, money market or investment instrument or any security, (ii) is neither intended as such an offer for sale or subscription of or solicitation of an offer to buy or subscribe for any financial, money market or investment instrument or any security nor (iii) as an advertisement thereof. The investment possibilities discussed in this report may not be suitable for certain investors depending on their specific investment objectives and time horizon or in the context of their overall financial situation. The investments discussed may fluctuate in price or value. Investors may get back less than they invested. Changes in rates of exchange may have an adverse effect on the value of investments. Furthermore, past performance is not necessarily indicative of future results. In particular, the risks associated with an investment in the financial, money market or investment instrument or security under discussion are not explained in their entirety.
This information is given without any warranty on an "as is" basis and should not be regarded as a substitute for obtaining individual advice. Investors must make their own determination of the appropriateness of an investment in any instruments referred to herein based on the merits and risks involved, their own investment strategy and their legal, fiscal and financial position. As this document does not qualify as an investment recommendation or as a direct investment recommendation, neither this document nor any part of it shall form the basis of, or be relied on in connection with or act as an inducement to enter into, any contract or commitment whatsoever. Investors are urged to contact their bank's investment advisor for individual explanations and advice.
Neither UniCredit Bank, UniCredit Bank London, UniCredit Bank Milan, UniCredit Bulbank, Zagrebačka banka, UniCredit Bank Czech Republic and Slovakia, Bank Pekao, UniCredit Russia, UniCredit Bank Romania nor any of their respective directors, officers or employees nor any other person accepts any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith.
This analysis is being distributed by electronic and ordinary mail to investors, who are expected to make their own investment decisions without undue reliance on this publication, and may not be redistributed, reproduced or published in whole or in part for any purpose.
Responsibility for the content of this publication lies with:
UniCredit Group and its subsidiaries are subject to regulation by the European Central Bank
a) UniCredit Bank AG (UniCredit Bank), Am Tucherpark 16, 80538 Munich, Germany, (also responsible for the distribution pursuant to §34b WpHG). The company belongs to UniCredit Group. Regulatory authority: "BaFin" – Bundesanstalt für Finanzdienstleistungsaufsicht, Lurgiallee 12, 60439 Frankfurt, Germany.
b) UniCredit Bank AG London Branch (UniCredit Bank London), Moor House, 120 London Wall, London EC2Y 5ET, United Kingdom.
Regulatory authority: "BaFin" – Bundesanstalt für Finanzdienstleistungsaufsicht, Lurgiallee 12, 60439 Frankfurt, Germany and subject to limited regulation by the Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS, United Kingdom and Prudential Regulation Authority 20 Moorgate, London, EC2R 6DA, United Kingdom. Further details regarding our regulatory status are available on request.
c) UniCredit Bank AG Milan Branch (UniCredit Bank Milan), Piazza Gae Aulenti, 4 - Torre C, 20154 Milan, Italy, duly authorized by the Bank of Italy to provide investment services.
Regulatory authority: "Bank of Italy", Via Nazionale 91, 00184 Roma, Italy and Bundesanstalt für Finanzdienstleistungsaufsicht, Lurgiallee 12, 60439 Frankfurt, Germany.
d) UniCredit Bulbank, Sveta Nedelya Sq. 7, BG-1000 Sofia, Bulgaria
Regulatory authority: Financial Supervision Commission (FSC), 33 Shar Planina str.,1303 Sofia, Bulgaria
e) Zagrebačka banka d.d., Trg bana Jelačića 10, HR-10000 Zagreb, Croatia
Regulatory authority: Croatian Agency for Supervision of Financial Services, Miramarska 24B, 10000 Zagreb, Croatia
f) UniCredit Bank Czech Republic and Slovakia, Na Príkope 858/20, CZ-11121 Prague, Czech Republic
Regulatory authority: CNB Czech National Bank, Na Příkopě 28, 115 03 Praha 1, Czech Republic
g) Bank Pekao, ul. Grzybowska 53/57, PL-00-950 Warsaw, Poland
Regulatory authority: Polish Financial Supervision Authority, Plac Powstańców Warszawy 1, 00-950 Warsaw, Poland
h) ZAO UniCredit Bank Russia (UniCredit Russia), Prechistenskaya emb. 9, RF-19034 Moscow, Russia
Regulatory authority: Federal Service on Financial Markets, 9 Leninsky prospekt, Moscow 119991, Russia
i) UniCredit Bank Czech Republic and Slovakia, Slovakia Branch, Šancova 1/A, SK-813 33 Bratislava, Slovakia
Regulatory authority: CNB Czech National Bank, Na Příkopě 28, 115 03 Praha 1, Czech Republic and subject to limited regulation by the National Bank of Slovakia, Imricha Karvaša 1, 813 25 Bratislava, Slovakia. Regulatory authority: National Bank of Slovakia, Imricha Karvaša 1, 813 25 Bratislava, Slovakia
j) UniCredit Bank Romania, Bucharest 1F Expozitiei Boulevard, RO-012101 Bucharest 1, Romania
Regulatory authority: National Bank of Romania, 25 Lipscani Street, RO-030031, 3rd District, Bucharest, Romania
k) UniCredit Bank AG Hong Kong Branch (UniCredit Bank Hong Kong), 25/F Man Yee Building, 68 Des Voeux Road Central, Hong Kong.
Regulatory authority: Hong Kong Monetary Authority, 55th Floor, Two International Financial Centre, 8 Finance Street, Central, Hong Kong
l) UniCredit Bank AG Singapore Branch (UniCredit Bank Singapore), Prudential Tower, 30 Cecil Street, #25-01, Singapore 049712
Regulatory authority: Monetary Authority of Singapore, 10 Shenton Way MAS Building, Singapore 079117
m) UniCredit Bank AG Tokyo Branch (UniCredit Tokyo), Otemachi 1st Square East Tower 18/F, 1-5-1 Otemachi, Chiyoda-ku, 100-0004 Tokyo, Japan
Regulatory authority: Financial Services Agency, The Japanese Government, 3-2-1 Kasumigaseki Chiyoda-ku Tokyo, 100-8967 Japan, The Central Common Government Offices No. 7.
n) UniCredit Bank New York (UniCredit Bank NY), 150 East 42nd Street, New York, NY 10017
Regulatory authority: "BaFin" – Bundesanstalt für Finanzdienstleistungsaufsicht, Lurgiallee 12, 60439 Frankfurt, Germany and New York State Department of Financial Services, One State Street, New York, NY 10004-1511
POTENTIAL CONFLICTS OF INTEREST
UniCredit Bank AG acts as a Specialist or Primary Dealer in government bonds issued by the Italian, Portuguese and Greek Treasury. Main tasks of the Specialist are to participate with continuity and efficiency to the governments' securities auctions, to contribute to the efficiency of the secondary market through market making activity and quoting requirements and to contribute to the management of public debt and to the debt issuance policy choices, also through advisory and research activities.
ANALYST DECLARATION
The author's remuneration has not been, and will not be, geared to the recommendations or views expressed in this study, neither directly nor indirectly.
ORGANIZATIONAL AND ADMINISTRATIVE ARRANGEMENTS TO AVOID AND PREVENT CONFLICTS OF INTEREST
To prevent or remedy conflicts of interest, UniCredit Bank, UniCredit Bank London, UniCredit Bank Milan, UniCredit Bulbank, Zagrebačka banka, UniCredit Bank Czech Republic and Slovakia, Bank Pekao, UniCredit Russia, and UniCredit Bank Romania have established the organizational arrangements required from a legal and supervisory aspect, adherence to which is monitored by its compliance department. Conflicts of interest arising are managed by legal and physical and non-physical barriers (collectively referred to as "Chinese Walls") designed to restrict the flow of information between one area/department of UniCredit Bank, UniCredit Bank London, UniCredit Bank Milan, UniCredit Bulbank, Zagrebačka banka, UniCredit Bank Czech Republic and Slovakia, Bank Pekao, UniCredit Russia, UniCredit Bank Romania, and another. In particular, Investment Banking units, including corporate finance, capital market activities, financial advisory and other capital raising activities, are segregated by physical and non-physical boundaries from Markets Units, as well as the research department. In the case of equities execution by UniCredit Bank AG Milan Branch, other than as a matter of client facilitation or delta hedging of OTC and listed derivative positions, there is no proprietary trading. Disclosure of publicly available conflicts of interest and other material interests is made in the research. Analysts are supervised and managed on a day-to-day basis by line managers who do not have responsibility for Investment Banking activities, including corporate finance activities, or other activities other than the sale of securities to clients.

ADDITIONAL REQUIRED DISCLOSURES UNDER THE LAWS AND REGULATIONS OF JURISDICTIONS INDICATED
You will find a list of further additional required disclosures under the laws and regulations of the jurisdictions indicated on our website www.cib-unicredit.com/research-disclaimer.
Notice to Austrian investors: This analysis is only for distribution to professional clients (Professionelle Kunden) as defined in article 58 of the Securities Supervision Act.
Notice to investors in Bosnia and Herzegovina: This report is intended only for clients of UniCredit in Bosnia and Herzegovina who are institutional investors (Institucionalni investitori) in accordance with Article 2 of the Law on Securities Market of the Federation of Bosnia and Herzegovina and Article 2 of the Law on Securities Markets of the Republic of Srpska, respectively, and may not be used by or distributed to any other person. This document does not constitute or form part of any offer for sale or subscription for or solicitation of any offer to buy or subscribe for any securities and neither this document nor any part of it shall form the basis of, or be relied on in connection with or act as an inducement to enter into, any contract or commitment whatsoever.
Notice to Brazilian investors: The individual analyst(s) responsible for issuing this report represent(s) that: (a) the recommendations herein reflect exclusively the personal views of the analysts and have been prepared in an independent manner, including in relation to UniCredit Group; and (b) except for the potential conflicts of interest listed under the heading "Potential Conflicts of Interest" above, the analysts are not in a position that may impact on the impartiality of this report or that may constitute a conflict of interest, including but not limited to the following: (i) the analysts do not have a relationship of any nature with any person who works for any of the companies that are the object of this report; (ii) the analysts and their respective spouses or partners do not hold, either directly or indirectly, on their behalf or for the account of third parties, securities issued by any of the companies that are the object of this report; (iii) the analysts and their respective spouses or partners are not involved, directly or indirectly, in the acquisition, sale and/or trading in the market of the securities issued by any of the companies that are the object of this report; (iv) the analysts and their respective spouses or partners do not have any financial interest in the companies that are the object of this report; and (v) the compensation of the analysts is not, directly or indirectly, affected by UniCredit's revenues arising out of its businesses and financial transactions. UniCredit represents that: except for the potential conflicts of interest listed under the heading "Potential Conflicts of Interest" above, UniCredit, its controlled companies, controlling companies or companies under common control (the "UniCredit Group") are not in a condition that may impact on the impartiality of this report or that may constitute a conflict of interest, including but not limited to the following: (i) the UniCredit Group does not hold material equity interests in the companies that are the object of this report; (ii) the companies that are the object of this report do not hold material equity interests in the UniCredit Group; (iii) the UniCredit Group does not have material financial or commercial interests in the companies or the securities that are the object of this report; (iv) the UniCredit Group is not involved in the acquisition, sale and/or trading of the securities that are the object of this report; and (v) the UniCredit Group does not receive compensation for services rendered to the companies that are the object of this report or to any related parties of such companies.
Notice to Canadian investors: This communication has been prepared by UniCredit Bank AG, which does not have a registered business presence in Canada. This communication is a general discussion of the merits and risks of a security or securities only, and is not in any way meant to be tailored to the needs and circumstances of any recipient. The contents of this communication are for information purposes only, therefore should not be construed as advice and do not constitute an offer to sell, nor a solicitation to buy any securities.
Notice to Cyprus investors: This document is directed only at clients of UniCredit Bank who are persons falling within the Second Appendix (Section 2, Professional Clients) of the law for the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and other Related Matters, Law 144(I)/2007 and persons to whom it may otherwise lawfully be communicated who possess the experience, knowledge and expertise to make their own investment decisions and properly assess the risks that they incur (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons or relevant persons who have requested to be treated as retail clients. Any investment or investment activity to which this communication related is available only to relevant persons and will be engaged in only with relevant persons. This document does not constitute an offer or solicitation to any person to whom it is unlawful to make such an offer or solicitation.
Notice to Hong Kong investors: This report is for distribution only to "professional investors" within the meaning of Schedule 1 to the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and any rules made thereunder, and may not be reproduced, or used by or further distributed to any other person, in whole or in part, for any purpose. This report does not constitute or form part of an offer or solicitation of any offer to buy or sell any securities, nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. By accepting this report, the recipient represents and warrants that it is entitled to receive such report in accordance with, and on the basis of, the restrictions set out in this "Disclaimer" section, and agrees to be bound by those restrictions.
Notice to investors in Ivory Coast: The information contained in the present report have been obtained by Unicredit Bank AG from sources believed to be reliable, however, no express or implied representation or warranty is made by Unicredit Bank AG or any other person as to the completeness or accuracy of such information. All opinions and estimates contained in the present report constitute a judgement of Unicredit Bank AG as of the date of the present report and are subject to change without notice. They are provided in good faith but without assuming legal responsibility. This report is not an offer to sell or solicitation of an offer to buy or invest in securities. Past performance is not an indicator of future performance and future returns cannot be guaranteed, and there is a risk of loss of the initial capital invested. No matter contained in this document may be reproduced or copied by any means without the prior consent of Unicredit Bank AG.
Notice to New Zealand investors: This report is intended for distribution only to persons who are "wholesale clients" within the meaning of the Financial Advisers Act 2008 ("FAA") and by receiving this report you represent and agree that (i) you are a "wholesale client" under the FAA (ii) you will not distribute this report to any other person, including (in particular) any person who is not a "wholesale client" under the FAA. This report does not constitute or form part of, in relation to any of the securities or products covered by this report, either (i) an offer of securities for subscription or sale under the Securities Act 1978 or (ii) an offer of financial products for issue or sale under the Financial Markets Conduct Act 2013.
Notice to Omani investors: This communication has been prepared by UniCredit Bank AG. UniCredit Bank AG does not have a registered business presence in Oman and does not undertake banking business or provide financial services in Oman and no advice in relation to, or subscription for, any securities, products or financial services may or will be consummated within Oman. The contents of this communication are for the information purposes of sophisticated clients, who are aware of the risks associated with investments in foreign securities and neither constitutes an offer of securities in Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy non-Omani securities in Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued vide CMA Decision 1/2009). This communication has not been approved by and UniCredit Bank AG is not regulated by either the Central Bank of Oman or Oman's Capital Market Authority.
Notice to Pakistani investors: Investment information, comments and recommendations stated herein are not within the scope of investment advisory activities as defined in sub-section I, Section 2 of the Securities and Exchange Ordinance, 1969 of Pakistan. Investment advisory services are provided in accordance with a contract of engagement on investment advisory services concluded with brokerage houses, portfolio management companies, non-deposit banks and the clients. The distribution of this report is intended only for informational purposes for the use of professional investors and the information and opinions contained herein, or any part of it shall not form the basis of, or be relied on in connection with or act as an inducement to enter into, any contract or commitment whatsoever.
Notice to Polish Investors: This document is intended solely for professional clients as defined in Art. 3.39b of the Trading in Financial Instruments Act of 29 July 2005 (as amended). The publisher and distributor of the document certifies that it has acted with due care and diligence in preparing it, however, assumes no liability for its completeness and accuracy. This document is not an advertisement. It should not be used in substitution for the exercise of independent judgment.
Notice to Serbian investors: This analysis is only for distribution to professional clients (profesionalni klijenti) as defined in article 172 of the Law on Capital Markets.
Notice to UK investors: This communication is directed only at clients of UniCredit Bank who (i) have professional experience in matters relating to investments or (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.