

CEE Corporates

Caught between divergent G2 policies and growth uncertainties

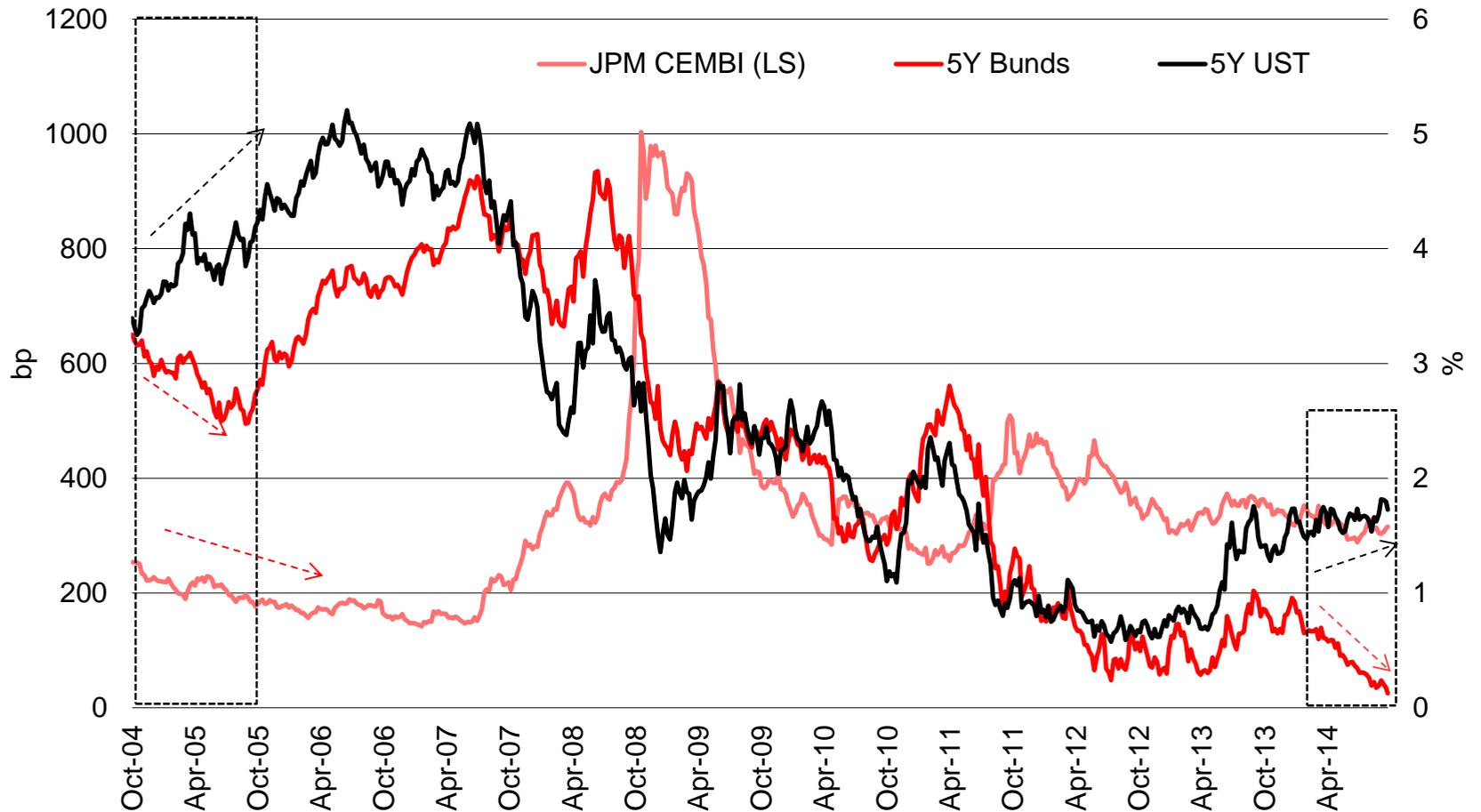
Stefan Kolek, CEE Corporate Strategy

October 2014

Key driver in Emerging European credits: Divergent G2 monetary policies...

In 2004-05, EM credit spreads tightened despite the Fed's policy tightening (ECB on hold), but the global growth backdrop was much stronger at the time, and geopolitical risks were lower than they are now.

UST, Bunds and EM Corporate credit spreads



Source: JPM, Bloomberg, UniCredit

...with the Fed expected to start tightening in 2Q15, ECB to stay dovish...

UniCredit interest rate forecasts

	current	end-4Q14		end-1Q15		end-2Q15		end-3Q15	
		UniCredit	Forward*	UniCredit	Forward*	UniCredit	Forward*	UniCredit	Forward*
Euro area									
Refi Rate	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
3M Euribor	0.08	0.05	0.09	0.05	0.08	0.05	0.09	0.05	0.09
10Y Bunds	0.84	1.10	0.88	1.30	0.92	1.50	0.96	1.75	1.01
US									
Fed Funds Target Rate	0.25	0.25	0.25	0.25	0.25	0.50	0.40	0.75	0.65
3M USD Libor	0.23	0.35	0.24	0.40	0.28	0.75	0.41	1.00	0.57
10Y Treasuries	2.22	2.70	2.31	3.10	2.38	3.30	2.45	3.60	2.52
Poland									
Reference Rate	2.00	1.75	2.00	1.75	1.90	1.75	1.90	1.75	1.95
3M Money Market Rate	1.94	2.20		2.22		2.24		2.28	
Czech Republic									
Reference Rate	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
3M Money Market Rate	0.04	0.35		0.35		0.35		0.35	
Hungary									
Reference Rate	2.10	2.10	2.85	2.10	2.85	2.10	2.85	2.10	3.00
3M Money Market Rate	2.10	2.15		2.22		2.32		2.40	

Source: Bloomberg, UniCredit

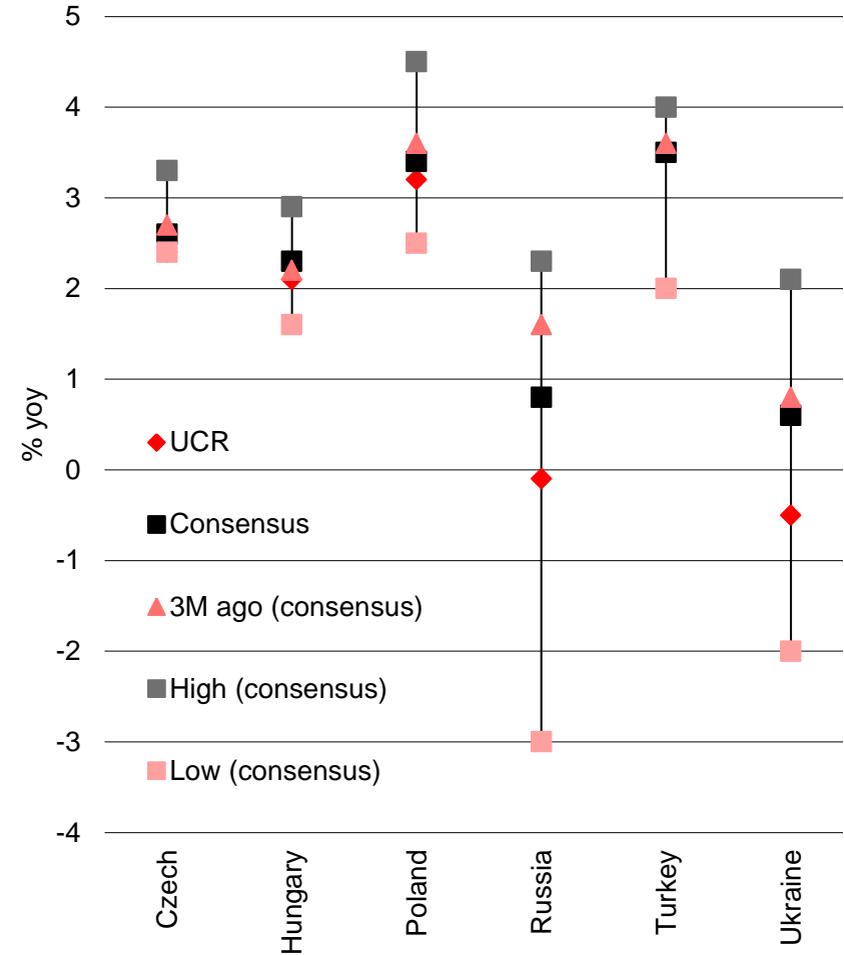
...and economic growth uncertainties

Moderate economic growth scenario across CEE. Broad dispersion in Russian growth forecasts points towards uncertainty going forward.

Selected UniCredit GDP forecasts

	2013	2014	2015
Industrialized countries			
US	2.2	2.1	2.7
Euro area	-0.4	0.8	1.2
Germany	0.2	1.5	1.6
France	0.4	0.4	0.8
Italy	-1.8	-0.2	0.7
Spain	-1.2	1.2	1.6
Austria	0.3	0.6	1.6
UK	1.7	3.2	2.3
Switzerland	1.9	1.7	1.8
Japan	1.5	1.0	1.5
Developing countries			
Central & Eastern Europe			
Russia	1.3	-0.4	-0.1
Poland	1.6	3.2	3.2
Czech Republic	-0.7	2.4	2.4
Hungary	1.1	3.1	2.1
Turkey	4.0	2.9	2.0
Emerging Asia			
China	7.7	7.1	6.9

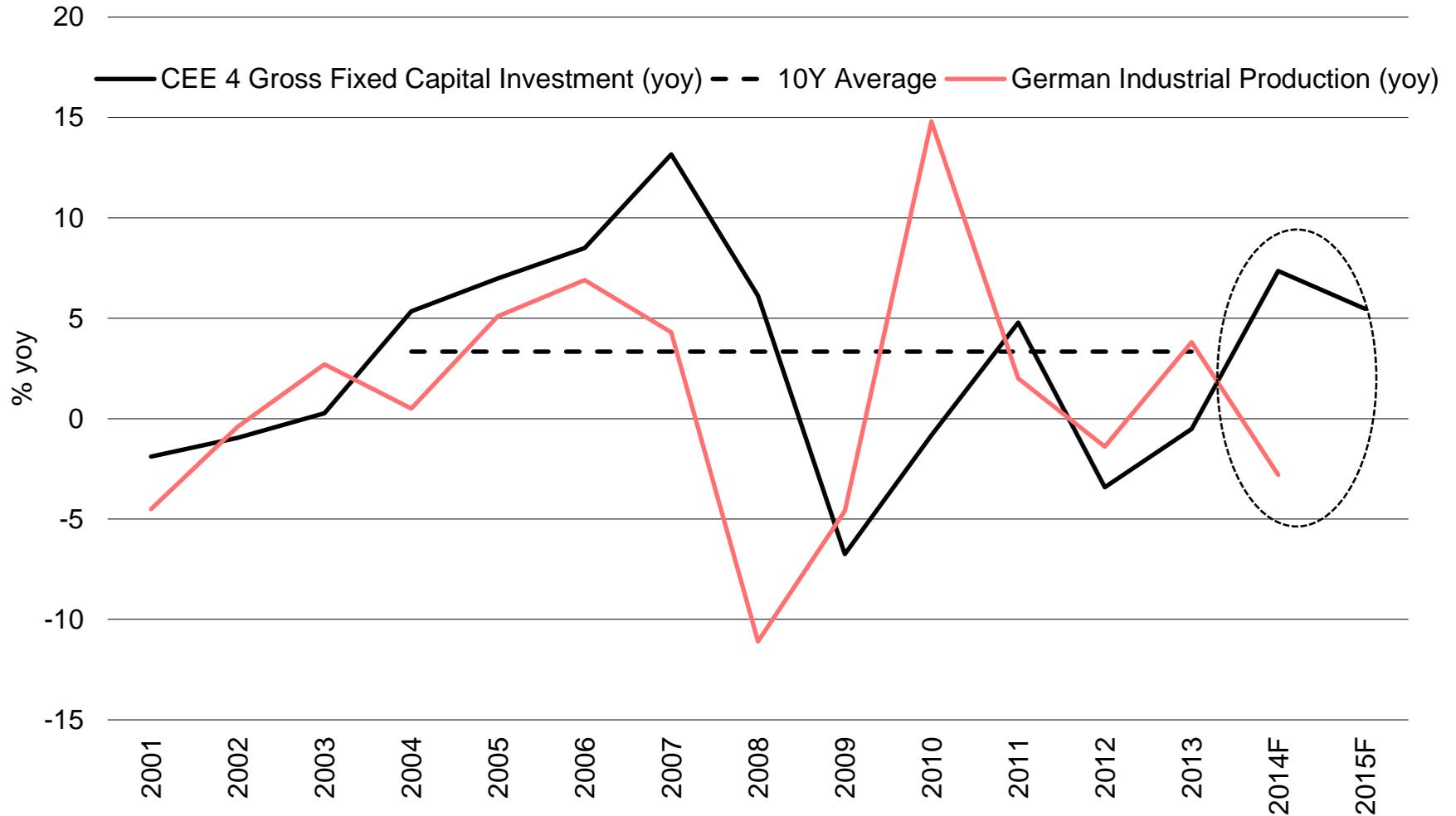
CEE GDP 2015 forecasts vs. consensus



Investment demand to pick up, but German economic outlook is key

Investment – together with consumption – is expected to be the main GDP driver in CEE. A major risk factor for CEE investment is German industrial production slowdown.

CEE 4 investment demand vs. German industrial production

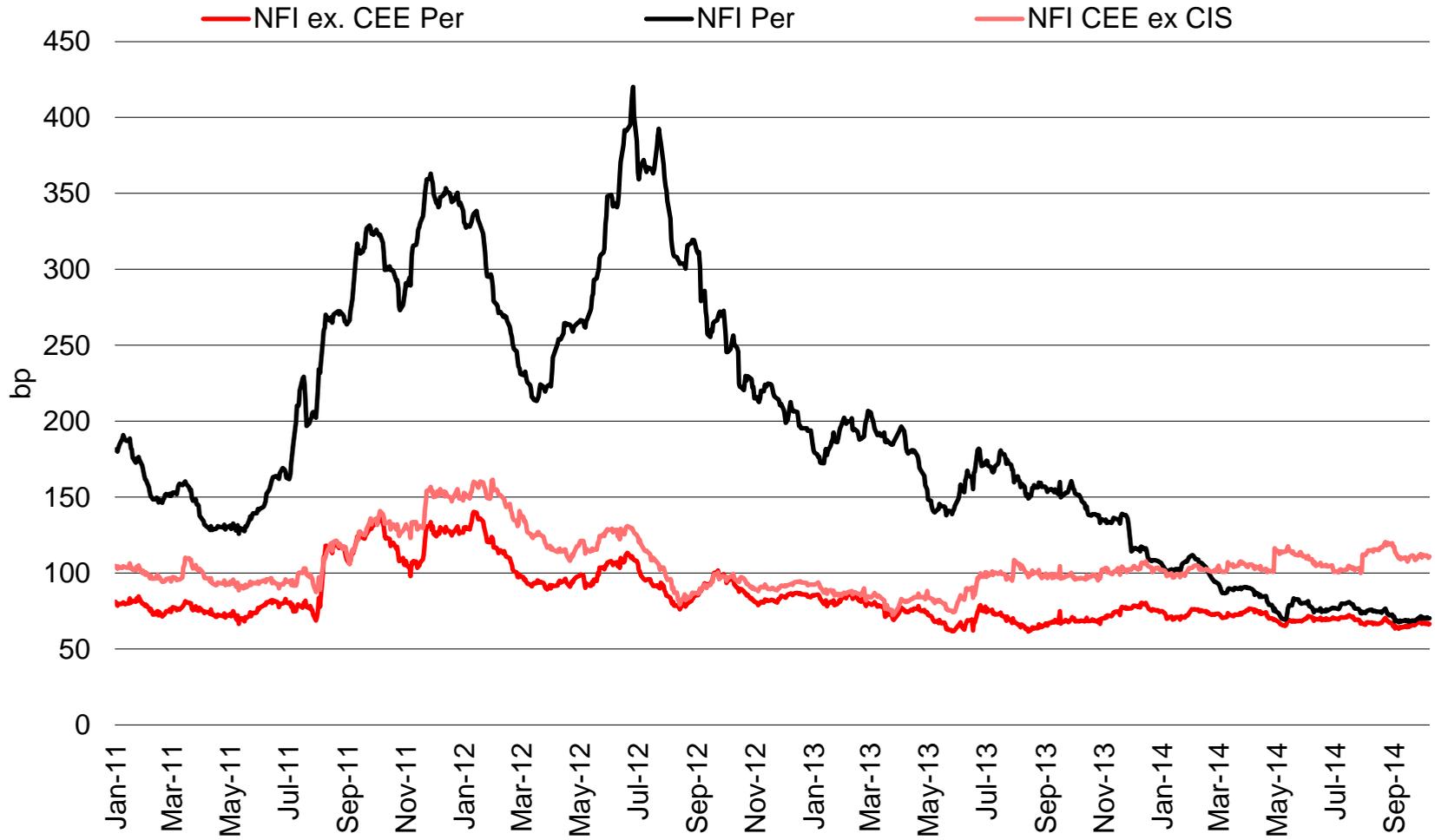


Source: Bloomberg, UniCredit

iBoxx components still offer juicy pick-up for iBoxx investors

CEE 4 iBoxx components' outstanding has increased 18% yoy. New issuance from CEE borrowers coming mainly on the back of loans-for-bonds switches is a technical factor, leaving credit metrics unaffected.

iBoxx High-Grade credit risk premia – (implied) CEE component vs. core and periphery components*

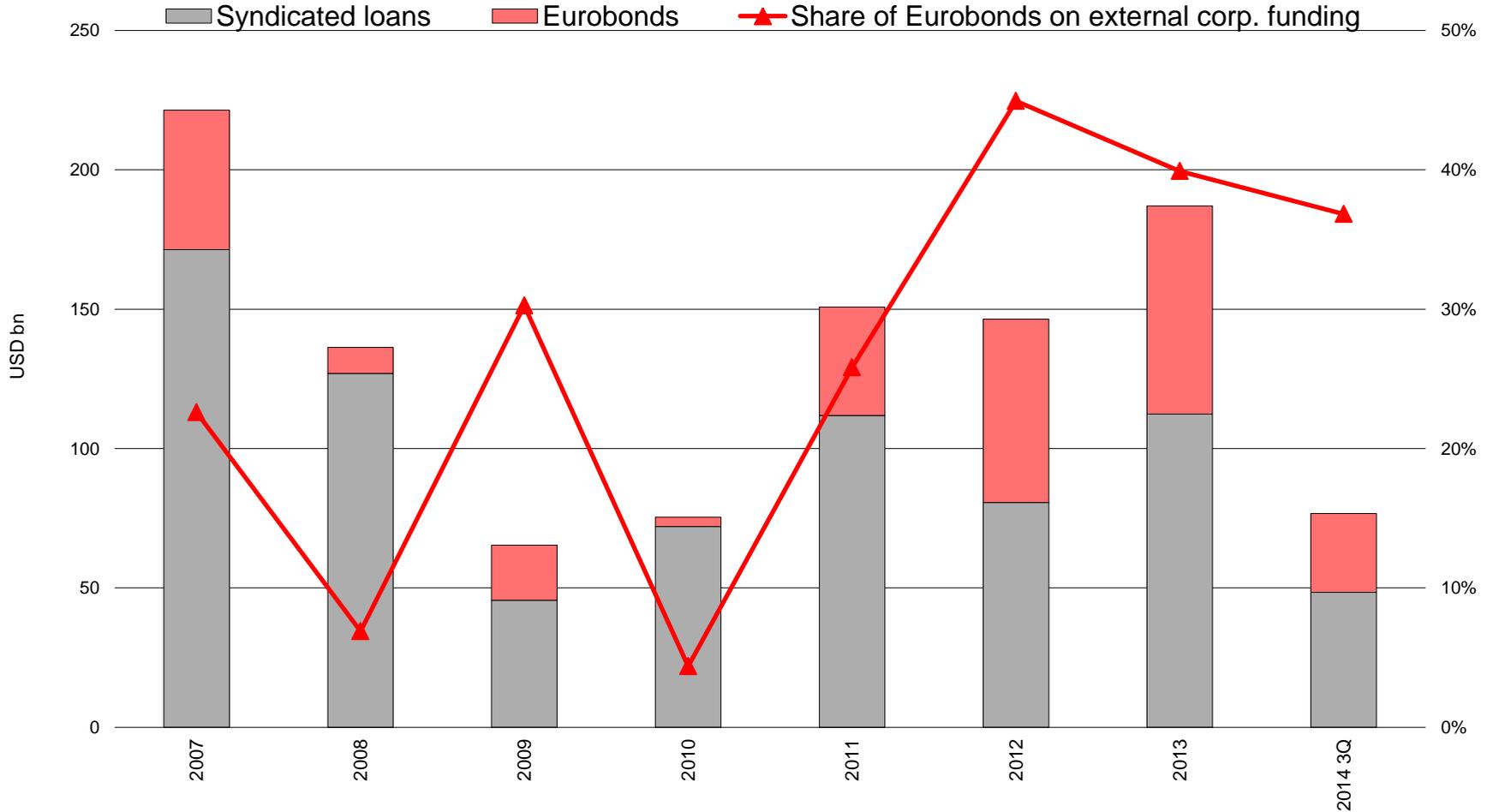


Source: iBoxx, UniCredit
 *CEE component is ex-CIS credits

Banks' deleveraging mode weighs on lending, and...

The regulatory overhaul of the global banking sector has prompted firms to tap the bond market instead of the loan market

Emerging European corporate Eurobonds vs. syndicated loans

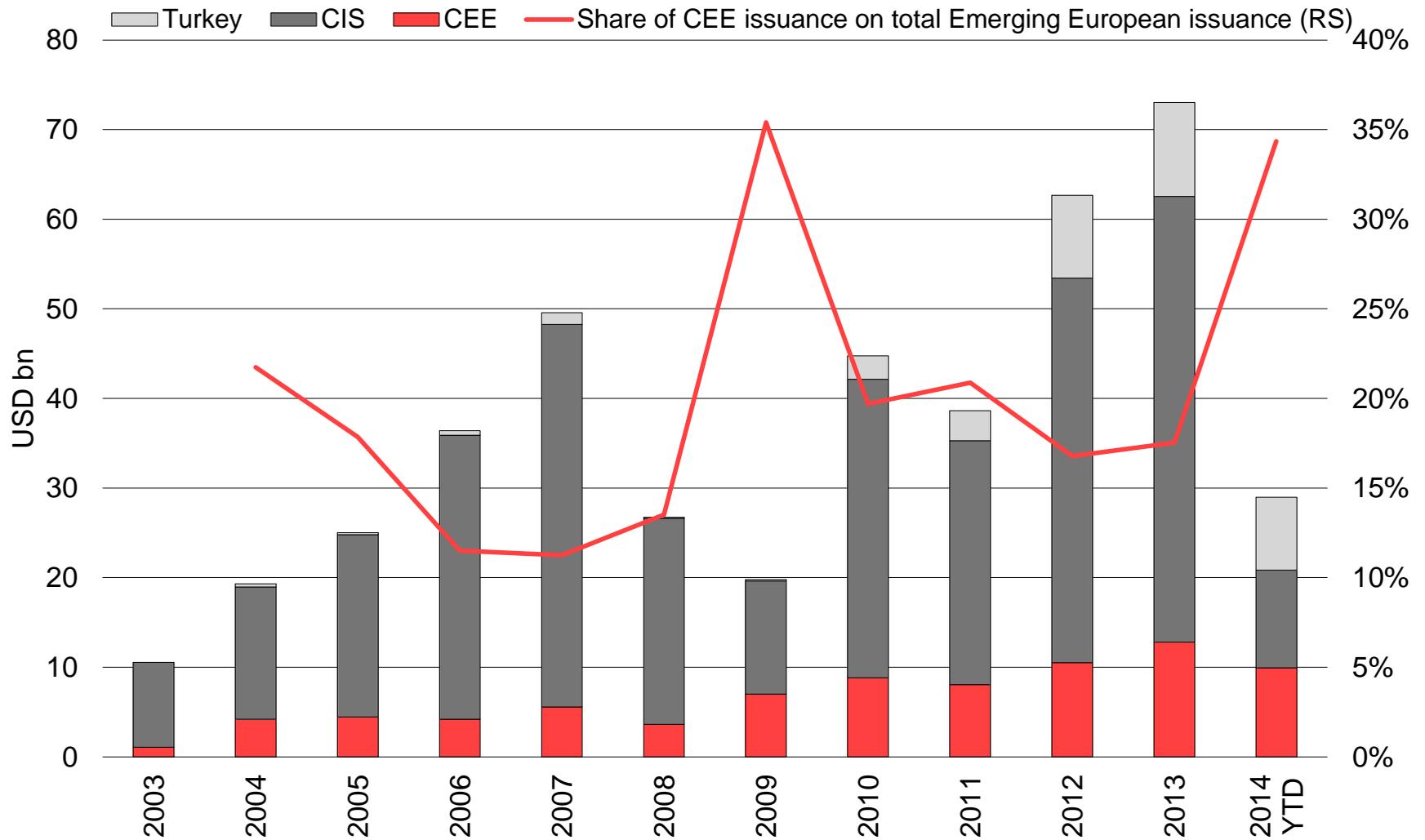


Source: BondRadar.com, Dealogic, UniCredit

... the Eurobond market's role as a funding source has increased

CIS corporates issuance down by 74% yoy; Turkish corporates issuance down by 10% yoy, while CEE corporates issuance is up 87% yoy.

Emerging European corporates Eurobond issuance



Source: Bondradar.com, UniCredit

Your contacts

Corporate & Investment Banking

UniCredit Bank AG

Olga Fedotova
Managing Director
Credit Research
Tel. +44 20 782 61316
Mobile +44 774 7564742
olga.fedotova@unicredit.eu

Dr. Stefan Kolek
EEMEA Corporate Credit Strategist
Credit Research
Tel. +49 89 378 12495
stefan.kolek@unicredit.de

Alexander Rozhetskin
Analyst
Credit Research
Tel. +44 20 782 67953
Mobile +44 779 5688883
alexander.rozhetskin@unicredit.eu

Imprint

Corporate & Investment Banking
UniCredit Bank AG
Credit Research
Moor House, 120 London Wall
EC2Y 5ET, London

Manuel-Bastian Herold
Oil & Gas Analyst
Credit Research
Tel. +49 89 378 12650
manuel-bastian.herold@unicredit.de

Susanne Reichhuber
Utilities Analyst
Credit Research
Tel. +49 89 378 13247
susanne.reichhuber@unicredit.de

Dr. Silke Stegemann
Retail Analyst
Credit Research
Tel. +49 89 378 18202
silke.stegemann@unicredit.de

OUR CORE CLIENT OFFER

1. Corporate Banking and Transaction Services
2. Structured Finance, Capital Markets and Investment Products
3. Access to Western, Central and Eastern Europe

Disclaimer

This publication is presented to you by:
Corporate & Investment Banking
UniCredit Bank AG
Arabellastr. 12
D-81925 München

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

Note to UK Residents:

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

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

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

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

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

Note to US Residents:

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

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

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

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

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

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

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

Corporate & Investment Banking
UniCredit Bank AG, Munich
as of 17 October 2014

Disclaimer Credit Research

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. 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 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 professional 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:

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 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

d) 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

e) 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.

POTENTIAL CONFLICTS OF INTERESTS

Company	Key
n.a.	n.a.

Key 1a: UniCredit Bank AG and/or a company affiliated with it (pursuant to relevant domestic law) owns at least 2% of the capital stock of the company.

Key 1b: The analyzed company owns at least 2% of the capital stock of UniCredit Bank AG and/or a company affiliated with it (pursuant to relevant domestic law).

Key 2: UniCredit Bank AG and/or a company affiliated with it (pursuant to relevant domestic law) belonged to a syndicate that has acquired securities or any related derivatives of the analyzed company within the twelve months preceding publication, in connection with any publicly disclosed offer of securities of the analyzed company, or in any related derivatives.

Key 3: UniCredit Bank AG and/or a company affiliated (pursuant to relevant domestic law) administers the securities issued by the analyzed company on the stock exchange or on the market by quoting bid and ask prices (i.e. acts as a market maker or liquidity provider in the securities of the analyzed company or in any related derivatives).

Key 4: The analyzed company and UniCredit Bank AG and/or a company affiliated (pursuant to relevant domestic law) concluded an agreement on services in connection with investment banking transactions in the last 12 months, in return for which the Bank received a consideration or promise of consideration.

Key 5: The analyzed company and UniCredit Bank AG and/or a company affiliated (pursuant to relevant domestic law) have concluded an agreement on the preparation of analyses.

Key 6a: Employees of UniCredit Bank AG Milan Branch and/or members of the Board of Directors of UniCredit (pursuant to relevant domestic law) are members of the Board of Directors of the Issuer. Members of the Board of Directors of the Issuer hold office in the Board of Directors of UniCredit (pursuant to relevant domestic law).

Key 6b: The analyst is on the supervisory/management board of the company they cover.

Key 7: UniCredit Bank AG Milan Branch and/or other Italian banks belonging to the UniCredit Group (pursuant to relevant domestic law) extended significant amounts of credit facilities to the Issuer.

RECOMMENDATIONS, RATINGS AND EVALUATION METHODOLOGY

Company	Date	Rating	Currency	Target price
n.a.	n.a.	n.a.	n.a.	n.a.

Disclaimer Credit Research

Overview of our ratings

You will find the history of rating regarding recommendation changes as well as an overview of the breakdown in absolute and relative terms of our investment ratings on our website http://www.disclaimer.unicreditmb.eu/credit-research-rd/Recommendations_CR_e.pdf.

Note on the evaluation basis for interest-bearing securities:

Recommendations relative to an index:

For high grade names the recommendations are relative to the "iBoxx EUR Benchmark" index family, for sub investment grade names the recommendations are relative to the "iBoxx EUR High Yield" index family.

Marketweight: We recommend having the same portfolio exposure in the name as the respective iBoxx index. We expect that the average total return of the instruments of the issuer is equal to the total return of the index.

Overweight: We recommend having a higher portfolio exposure in the name as the respective iBoxx index. We expect that the average total return of the instruments of the issuer is greater than the total return of the index.

Underweight: We recommend having a lower portfolio exposure in the name as the respective iBoxx index. We expect that the average total return of the instruments of the issuer is less than the total return of the index

Outright recommendations:

Hold: We recommend holding the respective instrument for investors who already have exposure. We expect that the total return of the instruments of the issuer is equal to the yield.

Buy: We recommend buying the respective instrument for investors who already have exposure. We expect that the total return of the instruments of the issuer is greater than the yield.

Sell: We recommend selling the respective instrument for investors who already have exposure. We expect that the total return of the instruments of the issuer is less than the yield.

We employ three further categorizations for interest-bearing securities in our coverage:

Restricted: A recommendation and/or financial forecast is not disclosed owing to compliance or other regulatory considerations such as a blackout period or a conflict of interest.

Coverage in transition: Due to changes in the research team, the disclosure of a recommendation and/or financial information are temporarily suspended. The interest-bearing security remains in the research universe and disclosures of relevant information will be resumed in due course.

Not rated: Suspension of coverage.

Trading recommendations for fixed-interest securities mostly focus on the credit spread (yield difference between the fixed-interest security and the relevant government bond or swap rate) and on the rating views and methodologies of recognized agencies (S&P, Moody's, Fitch). Depending on the type of investor, investment ratings may refer to a short period or to a 6 to 9-month horizon. Please note that the provision of securities services may be subject to restrictions in certain jurisdictions. You are required to acquaint yourself with local laws and restrictions on the usage and the availability of any services described herein. The information is not intended for distribution to or use by any person or entity in any jurisdiction where such distribution would be contrary to the applicable law or provisions.

Coverage Policy

A list of the companies covered by UniCredit Bank is available upon request.

Frequency of reports and updates

It is intended that each of these companies be covered at least once a year, in the event of key operations and/or changes in the recommendation.

SIGNIFICANT FINANCIAL INTEREST:

UniCredit Bank and/or a company affiliated (pursuant to relevant national law) with them regularly trade shares of the analyzed company. UniCredit Bank and/or a company affiliated may hold significant open derivative positions on the stocks of the company which are not delta-neutral.

Analyses may refer to one or several companies and to the securities issued by them. In some cases, the analyzed issuers have actively supplied information for this analysis.

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 has 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 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. 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

Notice to Australian investors

This publication is intended for wholesale clients in Australia subject to the following: UniCredit Bank AG and its branches do not hold an Australian Financial Services licence but are exempt from the requirement to hold an Australian financial services licence in respect of the financial services UniCredit Bank AG and its branches provide to wholesale clients. UniCredit Bank AG and its branches are regulated by BaFin under German laws, which differ from Australian laws. This document is only for distribution to wholesale clients as defined in Section 761G of the Corporations Act. UniCredit Bank AG and its branches are not Authorised Deposit Taking Institutions under the Banking Act 1959 and are not authorised to conduct a banking business in Australia.

Disclaimer Credit Research

Notice to Austrian investors

This document 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 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.

This document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or part, for any purpose.

Notice to Czech investors

This report is intended for clients of UniCredit in the Czech Republic and may not be used or relied upon by any other person for any purpose.

Notice to Hong Kong investors

The information in this publication is intended for recipient(s) who is/are Professional Investor as defined in Section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571). The information in this publication is based on carefully selected sources believed to be reliable, however we do not make any representation as to the accuracy or completeness of the information. Any opinions herein reflect our judgement at the date hereof and are subject to change without notice. Any investments presented in this publication may be unsuitable for the investor depending on his or her specific investment objectives and financial position. Any reports provided herein are provided for general information purposes only and cannot substitute the obtaining of independent financial advice. Private investors should obtain the advice of their banker/broker about any investments concerned prior to making them. Nothing in this publication is intended to create contractual obligations.

Notice to Italian investors

This document is not for distribution to retail clients as defined in article 26, paragraph 1(e) of Regulation n. 16190 approved by CONSOB on 29 October 2007. In the case of a short note, we invite the investors to read the related company report that can be found on UniCredit Research website www.research.unicreditgroup.eu.

Notice to Japanese investors

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 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. The publisher and distributor of the recommendation certifies that it has acted with due care and diligence in preparing the recommendation, however, assumes no liability for its completeness and accuracy.

Notice to Russian investors

As far as we are aware, not all of the financial instruments referred to in this analysis have been registered under the federal law of the Russian Federation "On the Securities Market" dated 22 April 1996, as amended (the "Law"), and are not being offered, sold, delivered or advertised in the Russian Federation. This analysis is intended for qualified investors, as defined by the Law, and shall not be distributed or disseminated to a general public and to any person, who is not a qualified investor.

Notice to Singapore investors

The information in this publication is intended solely for Institutional and Accredited investors only, as defined in section 4A of the Securities and Futures Act (Cap. 289) of Singapore ("SFA") and is not intended to be made available to the retail public. We have taken reasonable steps to select information based on sources believed to be reliable. However we do not make any representation as to its accuracy or completeness. This publication is distributed for information only and is not a prospectus as defined in the SFA. It is not and should not be construed as an offer to sell or a solicitation of an offer to buy any security or investment product. It is also not and should not be construed as providing advice regarding any security, investment or product. Any opinions herein reflect our judgement at the date hereof and are subject to change without notice. Such opinions do not take into consideration the investment objectives, financial situation, risk appetite of any other characteristics and particular needs of an investor. You should consult your advisers concerning any potential transactions and consider carefully whether the security, investment or product is suitable for you before making any investment decision. Any reports provided herein are provided for general information purposes only. Any information regarding past performances of the investment may not be indicative of future performances and cannot substitute the obtaining of independent financial advice.

Notice to Turkish investors

Investment information, comments and recommendations stated herein are not within the scope of investment advisory activities. 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. Comments and recommendations stated herein rely on the individual opinions of the ones providing these comments and recommendations. These opinions may not suit your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely on the information stated here may not result in consequences that meet your expectations.

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.

Disclaimer Credit Research

Notice to U.S. investors

This report is being furnished to U.S. recipients in reliance on Rule 15a-6 ("Rule 15a-6") under the U.S. Securities Exchange Act of 1934, as amended. Each U.S. recipient of this report represents and agrees, by virtue of its acceptance thereof, that it is such a "major U.S. institutional investor" (as such term is defined in Rule 15a-6) and that it understands the risks involved in executing transactions in such securities. Any U.S. recipient of this report that wishes to discuss or receive additional information regarding any security or issuer mentioned herein, or engage in any transaction to purchase or sell or solicit or offer the purchase or sale of such securities, should contact a registered representative of UniCredit Capital Markets, LLC.

Any transaction by U.S. persons (other than a registered U.S. broker-dealer or bank acting in a broker-dealer capacity) must be effected with or through UniCredit Capital Markets.

The securities referred to in this report may not be registered under the U.S. Securities Act of 1933, as amended, and the issuer of such securities may not be subject to U.S. reporting and/or other requirements. Available information regarding the issuers of such securities may be limited, and such issuers may not be subject to the same auditing and reporting standards as U.S. issuers.

The information contained in this report is intended solely for certain "major U.S. institutional investors" and may not be used or relied upon by any other person for any purpose. Such information is provided for informational purposes only and does not constitute a solicitation to buy or an offer to sell any securities under the Securities Act of 1933, as amended, or under any other U.S. federal or state securities laws, rules or regulations. The investment opportunities discussed in this report may be unsuitable for certain investors depending on their specific investment objectives, risk tolerance and financial position. In jurisdictions where UniCredit Capital Markets is not registered or licensed to trade in securities, commodities or other financial products, transactions may be executed only in accordance with applicable law and legislation, which may vary from jurisdiction to jurisdiction and which may require that a transaction be made in accordance with applicable exemptions from registration or licensing requirements.

The information in this publication is based on carefully selected sources believed to be reliable, but UniCredit Capital Markets does not make any representation with respect to its completeness or accuracy. All opinions expressed herein reflect the author's judgment at the original time of publication, without regard to the date on which you may receive such information, and are subject to change without notice.

UniCredit Capital Markets may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. These publications reflect the different assumptions, views and analytical methods of the analysts who prepared them. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is provided in relation to future performance.

UniCredit Capital Markets and any company affiliated with it may, with respect to any securities discussed herein: (a) take a long or short position and buy or sell such securities; (b) act as investment and/or commercial bankers for issuers of such securities; (c) act as market makers for such securities; (d) serve on the board of any issuer of such securities; and (e) act as paid consultant or advisor to any issuer.

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

This document may not be distributed in Canada.

CR e 3