

# Banking Outlook: CEE region – the place to be



**Carlo Vivaldi – Head of CEE Division, UniCredit**  
**Mauro Giorgio Marrano – Strategy and Corporate Foresight Coordinator for CEE, UniCredit**

UniCredit SpA - Public

2017 EBRD Annual Meeting (Cyprus – May 9th)



# AGENDA

---

## 1 PART 1 CEE Banking outlook – Mauro Giorgio Marrano

1.1 Macroeconomic environment

1.2 Banking sector developments

1.3 Banking Outlook

## 2 PART 2 UniCredit in the region: further strengthen our leadership – Carlo Vivaldi



# EXECUTIVE SUMMARY

---

- **The economic environment in which banks operate in CEE<sup>(1)</sup> is overall positive.** In 2017, for the first time since the 2008-2009 crisis, GDP is expected to grow in all countries, with solid growth rates in most countries (3% or above).
- **The banking sector was profitable<sup>(2)</sup> in all CEE countries in 2016, with CEE as a whole performing better than Western Europe<sup>(3)</sup>.** It was the first year since the 2008-2009 crisis that the sector recorded profits in all countries, although level of profitability varies within the region.
- **Some of the vulnerabilities of the past are being addressed, putting the banking sectors of the region on a sounder footing:** 1) A more sustainable funding model; 2) A lower share of FX lending in retail; 3) An ongoing improvement of asset quality.
- **These developments represent a good basis for a relatively positive outlook.** In the next two years, almost all countries are expected to experience growth in lending with the laggards picking up. NPL ratios are expected to decline further and profitability will remain above Western Europe<sup>(3)</sup>.
- **Digital banking is expected to play an important role in the region.** Most CEE countries have a relative high degree of digitalization and, while lower than most advanced EU countries, have been catching up. The region is thus a good place for banks to develop more innovative ways of providing banking services.
- **Key considerations** include low interest rate environment in some countries affecting profitability, the regulatory/legislative impact, the outlook for Turkey and limited growth in Russia.

---

Notes: (1) In this presentation CEE (Central Eastern Europe) includes Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia, and Turkey; CESEE (Central Europe and South Eastern Europe) is CEE excluding Russia and Turkey; (2) Profitability refers to Profit Before Taxes on average total assets; (3) Western Europe includes Germany, Italy and Austria. Source: UniCredit Research CEE Quarterly 2Q17, UniCredit Research Chartbook, UniCredit Strategy and Corporate Foresight



# AGENDA

---

## 1 PART 1 CEE Banking outlook – Mauro Giorgio Marrano

### 1.1 Macroeconomic environment

1.2 Banking sector developments

1.3 Banking Outlook

## 2 PART 2 UniCredit in the region: further strengthen our leadership – Carlo Vivaldi



# GDP: ALL COUNTRIES EXPECTED TO GROW IN 2017

## Real GDP growth, %

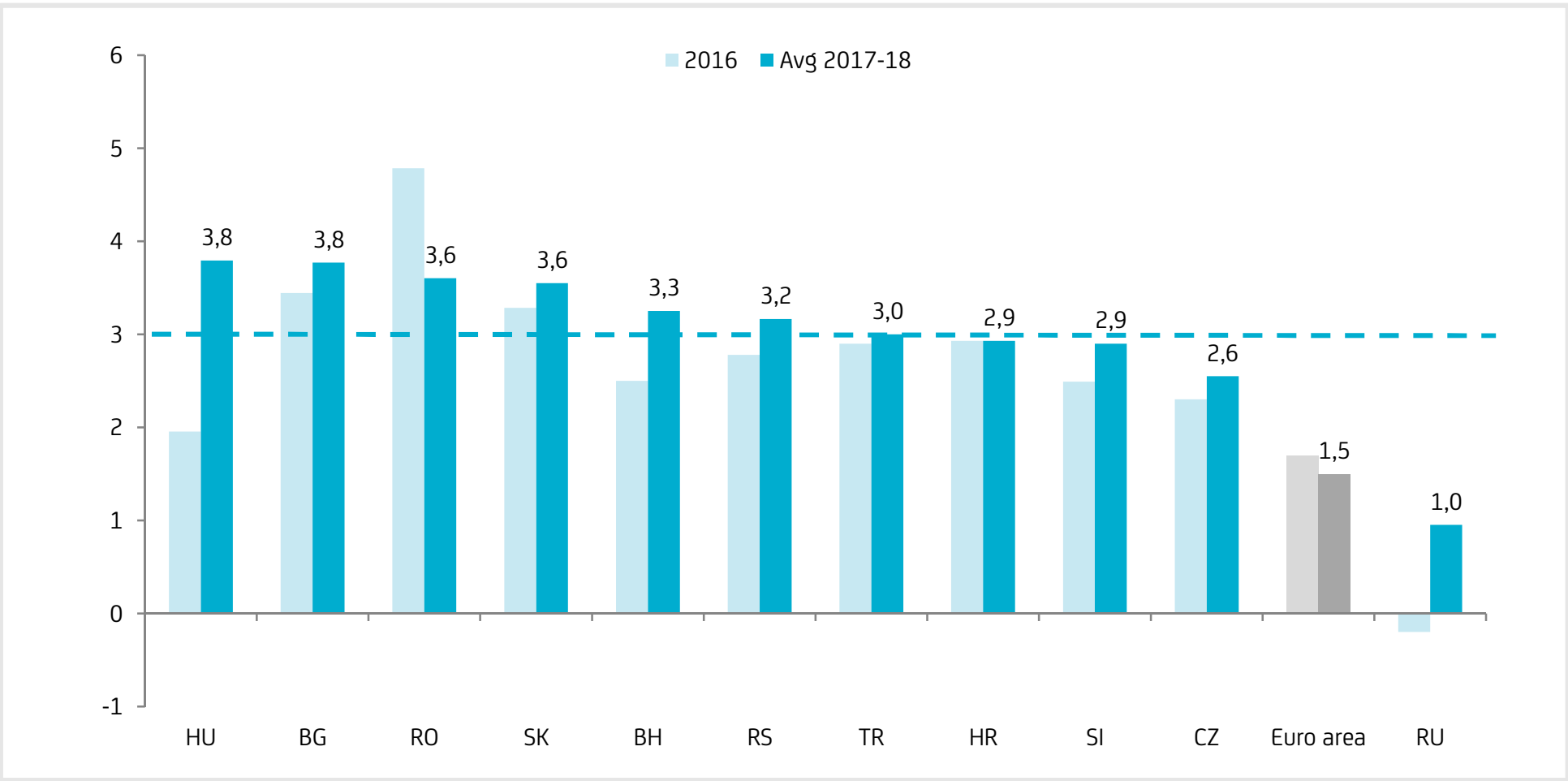
	2009	2010	2011	2012	2013	2014	2015	2016	2017f	2018f
HU	-6.8	1.3	1.6	-1.6	2.1	4.0	3.1	2.0	4.0	3.6
CZ	-4.7	2.1	2.0	-0.7	-0.5	2.7	4.6	2.3	2.6	2.5
SK	-5.4	5.0	2.8	1.7	1.5	2.6	3.8	3.3	3.4	3.7
SI	-7.8	1.2	0.6	-2.6	-1.1	3.0	2.9	2.5	2.9	2.9
BG	-3.6	1.3	1.9	0.0	0.9	1.3	3.6	3.4	3.9	3.6
RO	-7.1	-0.8	1.1	0.6	3.5	3.1	3.9	4.8	3.9	3.3
HR	-7.4	-1.7	-0.3	-2.2	-1.1	-0.4	1.6	2.9	3.0	2.9
BH	-2.9	0.8	0.9	-0.9	2.4	1.1	3.1	2.5	3.0	3.5
RS	-3.1	0.6	1.4	-1.0	2.6	-1.8	0.8	2.8	3.2	3.2
TR	-4.8	9.2	8.8	2.2	8.5	5.2	6.1	2.9	2.5	3.5
RU	-7.8	4.3	4.3	3.5	1.3	0.7	-2.8	-0.2	1.2	0.7
CEE <sup>(1)</sup>	-6.5	4.6	4.6	2.4	2.8	2.1	1.2	1.5	2.1	2.1
CEE ex RU, TR	-5.8	1.2	1.5	-0.5	1.3	2.5	3.6	3.1	3.4	3.2

Notes: (1) CEE (Central Eastern Europe) includes Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Turkey  
 Source: UniCredit Research CEE Quarterly 2Q17, UniCredit Research Chartbook, UniCredit Strategy and Corporate Foresight



# GDP: MOST COUNTRIES TO EXPERIENCE GDP GROWTH AT 3% OR ABOVE

Real GDP growth, %



Sources: UniCredit Research CEE Quarterly 2Q17, UniCredit Research Chartbook, UniCredit Strategy and Corporate Foresight



# AGENDA

---

## ① PART 1 CEE Banking outlook – Mauro Giorgio Marrano

1.1 Macroeconomic environment

**1.2 Banking sector developments**

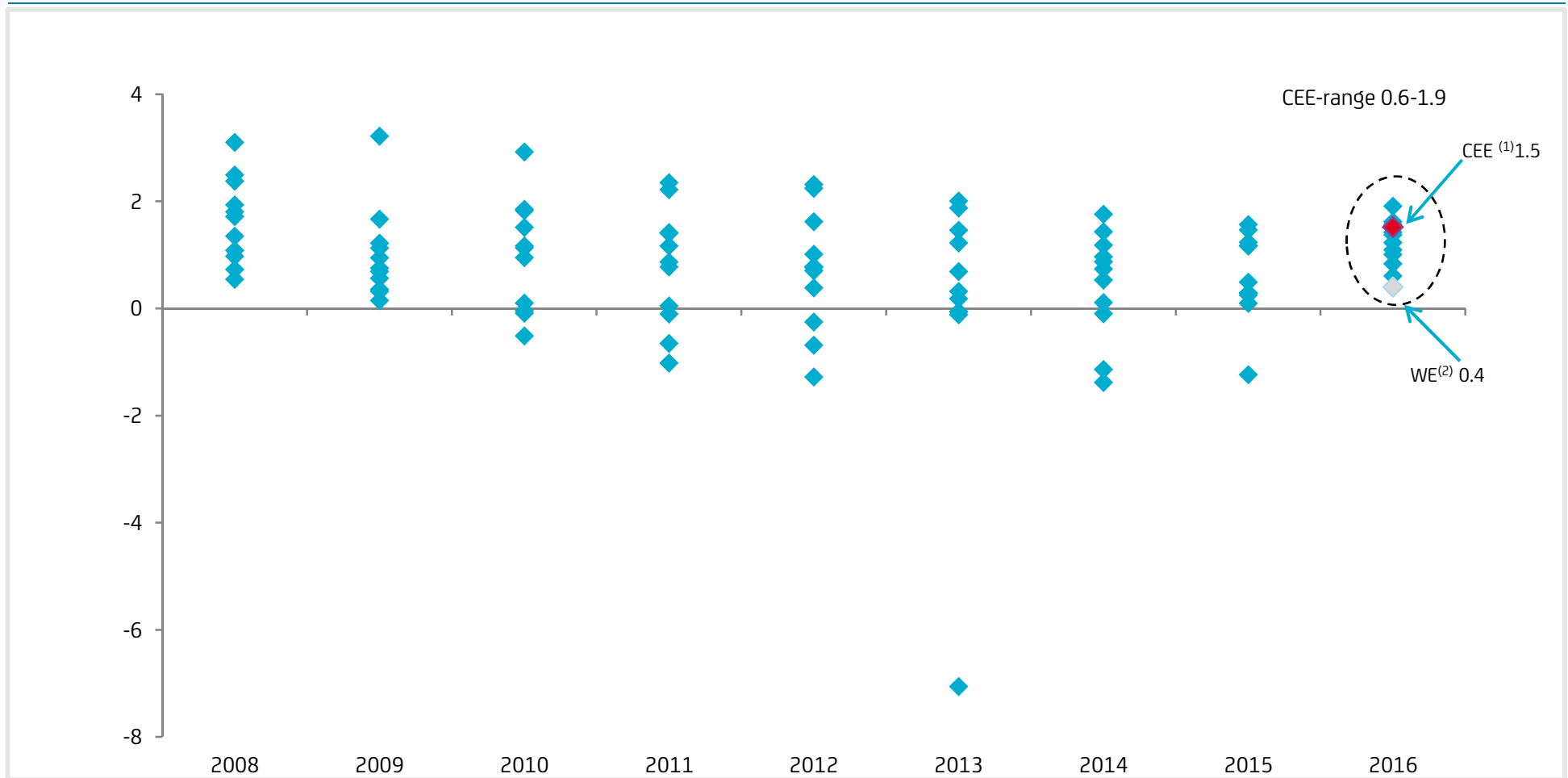
1.3 Banking Outlook

## ② PART 2 UniCredit in the region: further strengthen our leadership – Carlo Vivaldi



# ALL BANKING SECTORS PROFITABLE IN 2016, CEE PROFITABILITY ABOVE WE

## Profit Before Taxes / Avg. Total Assets, %



Notes: (1) CEE (Central Eastern Europe) includes Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia, and Turkey. (2) Western Europe includes Germany, Italy, Austria and it is an estimate based on partial data for 2016.

Source: National statistics, UniCredit Strategy and Corporate Foresight

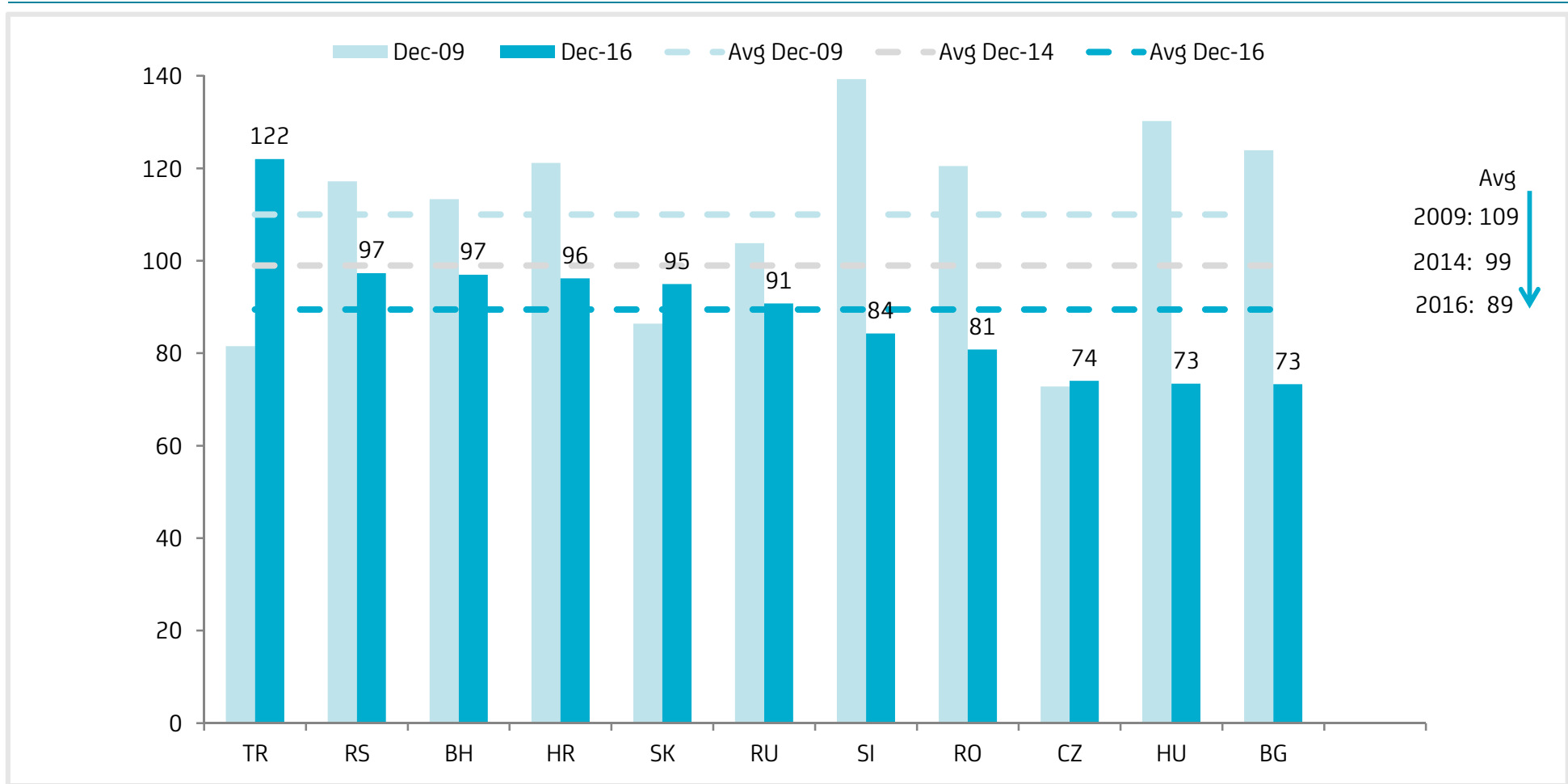
UniCredit – Public





# FUNDING: A MORE SUSTAINABLE MODEL

## Loan to deposit ratio, %

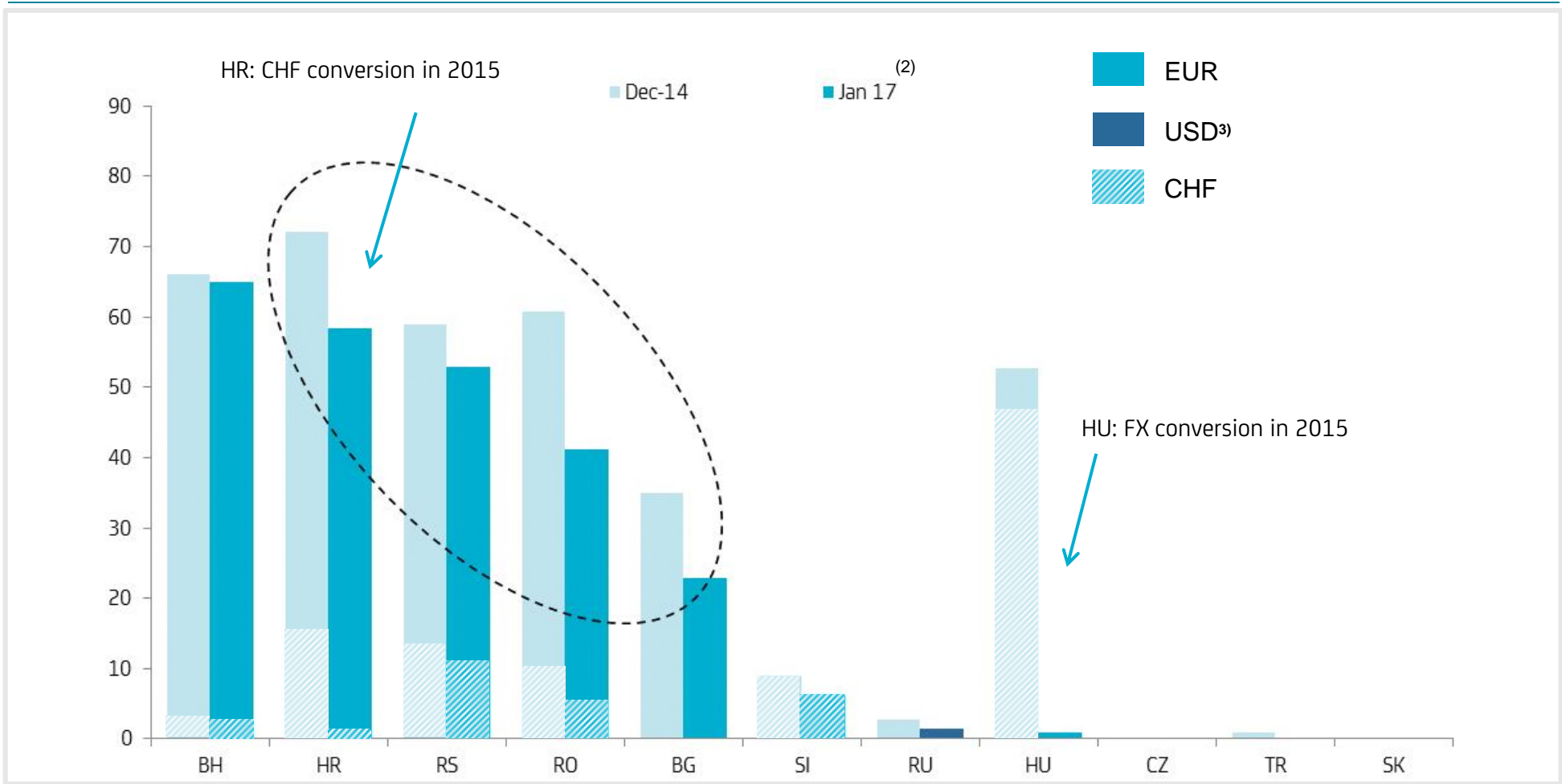


Source: National statistics, UniCredit Strategy and Corporate Foresight



# FX LENDING: LOWER SHARE OF FX LOANS IN RETAIL, MAINLY EUR

FX loans share in retail<sup>(1)</sup>, %



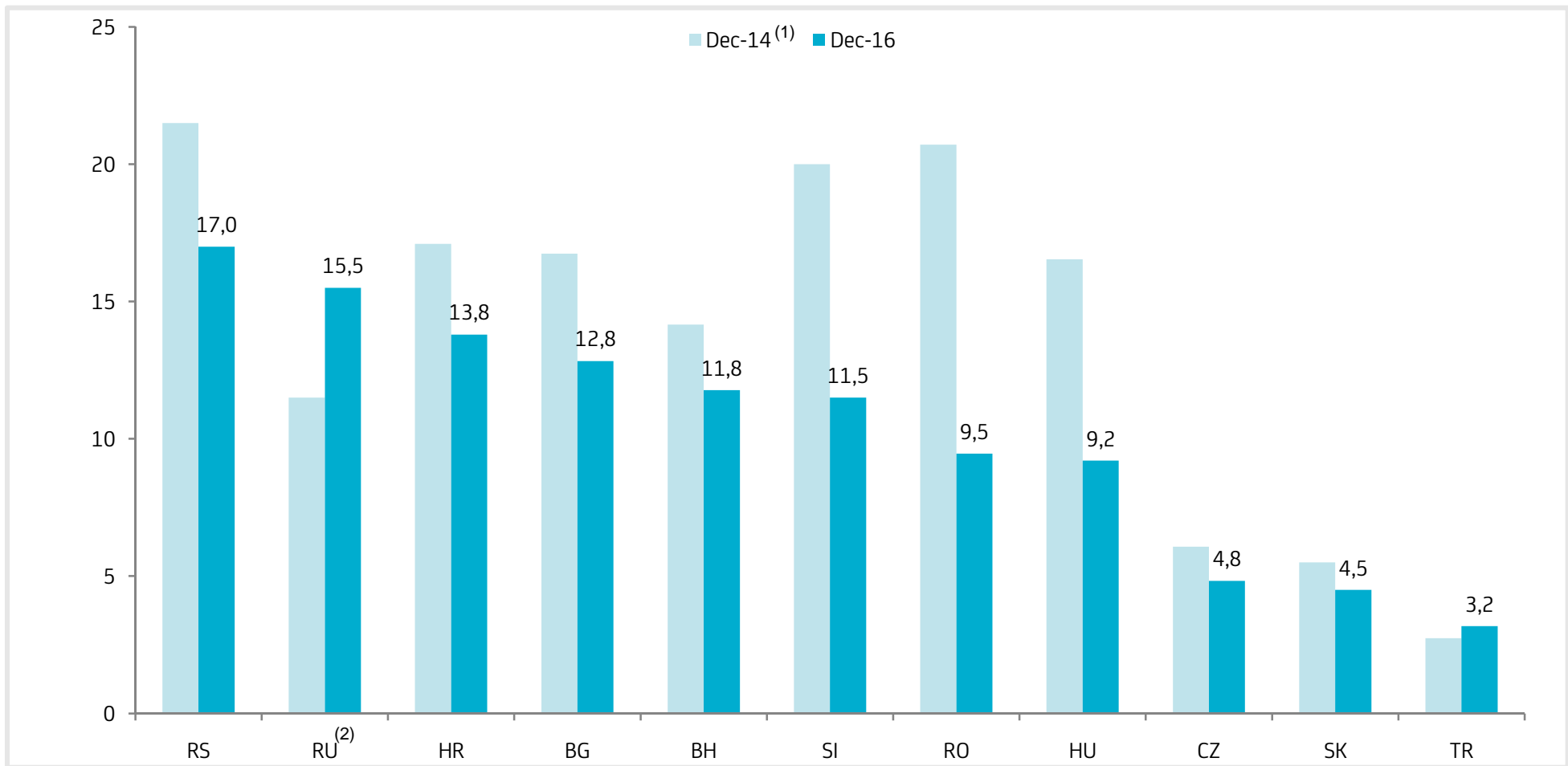
Notes: (1) Predominant part of FX loans share in retail is in EUR and in CHF. All currencies that have smaller than 1% share are not shown; (2) data for HR refer to Dec-16, data for BH refer to Dec-15. FX share for RU and TK mainly in USD.

Source: National statistics, UniCredit Strategy and Corporate Foresight



# ASSET QUALITY: SIGNIFICANT REDUCTION OF NPL RATIOS IN THE REGION

NPL ratio, %

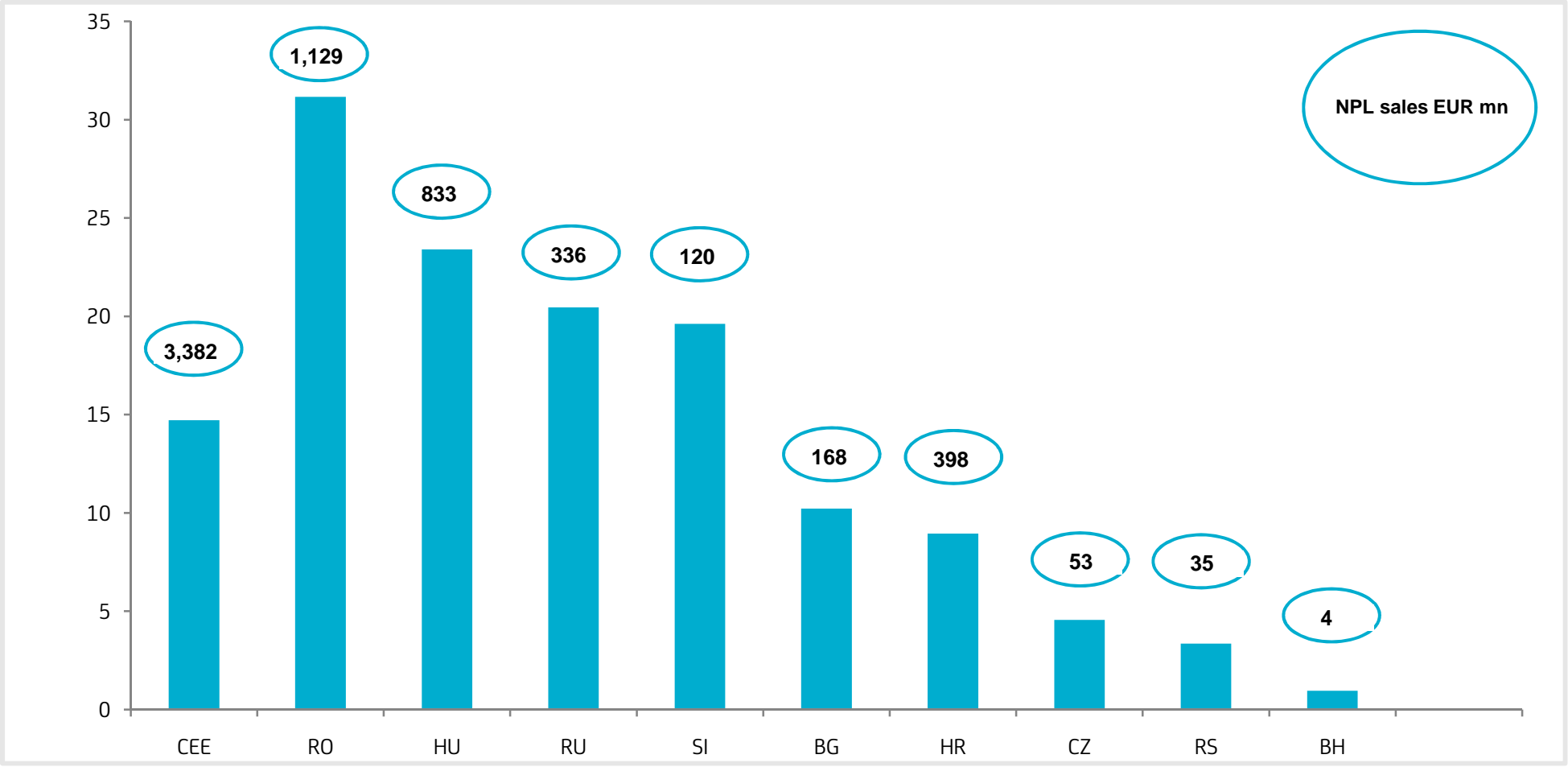


Notes: (1) NPL ratio refers to Top 30 banks; Figures for SI refer to June-15; (2) NPL ratio refers to Top 30 banks  
Source: National statistics, UniCredit Strategy and Corporate Foresight



# SIGNIFICANT NPL SALES IN 2016

NPL sales 2016 as % total NPL for main international banks<sup>(1)</sup>



Notes: (1) Data reflect only NPL sales and NPL volumes of UC, RBI, OTP, ERS, ISP in the respective countries. Data are based on Group reporting which show the biggest transactions, therefore banks might have done smaller transactions which they do not report. For ISP the figures in the table are estimates based on local information and EBRD analysis. For OTP data include both NPL sales and write-offs.



# AGENDA

---

## ① PART 1 CEE Banking outlook – Mauro Giorgio Marrano

1.1 Macroeconomic environment

1.2 Banking sector developments

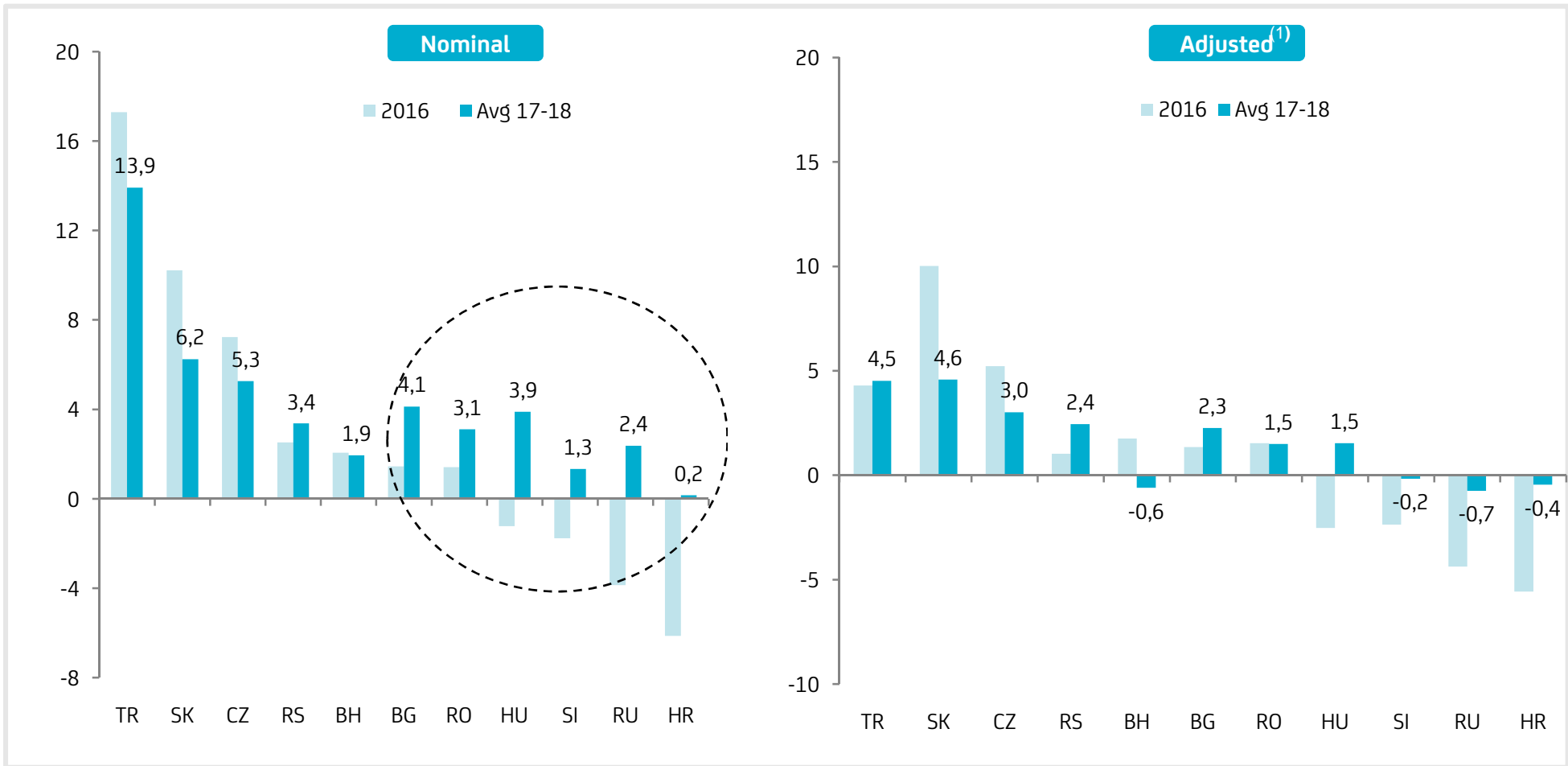
### **1.3 Banking Outlook**

## ② PART 2 UniCredit in the region: further strengthen our leadership – Carlo Vivaldi



# MODERATE RECOVERY IN LENDING GOING FORWARD

## Gross loans growth, nominal and adjusted for FX and inflation, %



Notes: (1) Growth rates are adjusted for FX movements and for inflation.  
 Source: National statistics, UniCredit Strategy and Corporate Foresight



# FURTHER REDUCTION IN NPL RATIOS IN MOST COUNTRIES

## NPL ratio forecast, %

	2016	2018	Chg 2018-2016	Chg 2018-2014
RS	17.0	15.0	-2.0	-6.5
RU <sup>(1)</sup>	15.5	14.8	-0.8	3.3
HR	13.8	14.0	0.2	-3.1
BH	11.8	10.5	-1.3	-3.7
BG	12.8	9.5	-3.3	-7.2
SI	11.5	9.0	-2.5	-11.0 <sup>(2)</sup>
RO	9.5	6.7	-2.7	-14.0
HU	9.2	4.8	-4.4	-11.8
CZ	4.8	4.5	-0.4	-1.6
SK	4.5	4.2	-0.3	-1.3
TR	3.2	3.6	0.4	1.0

Drivers:

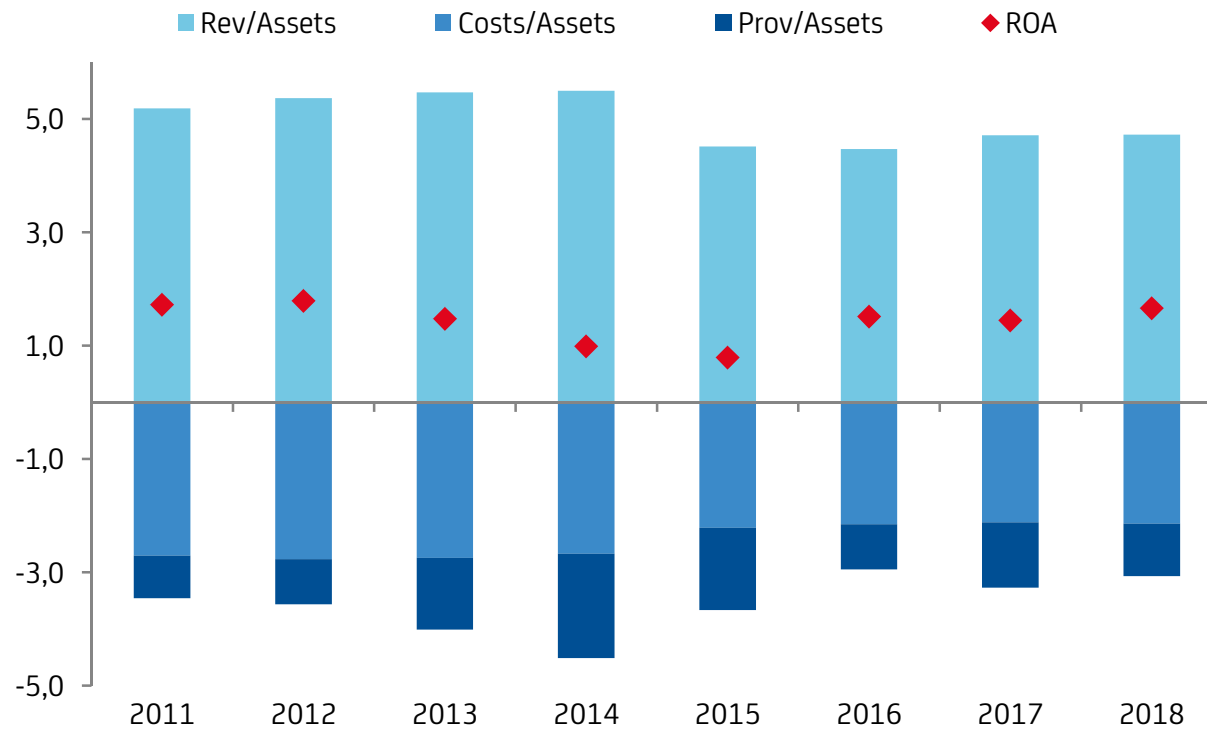
- 1) Economic recovery
- 2) NPL sales
- 3) Better collection

Notes: (1) (2) The delta refers to the period between 2018 and June 2015.  
Source: National statistics, UniCredit Strategy and Corporate Foresight



# PROFITABILITY: RoA TO REMAIN AROUND 1.5% AND STILL ABOVE WESTERN EUROPE<sup>(1)</sup>

## RoA breakdown CEE (2)(3)



Notes: (1) Western Europe include Germany, Italy and Austria; (2) CEE is aggregated using weights with current FX, all KPIs are calculated as a ratio of average total assets, RoA calculate as Profit Before Tax on average total assets.

(3) CEE (Central Eastern Europe) includes Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, CESEE (Central Europe and South Eastern Europe) is CEE excluding Russia and Turkey.

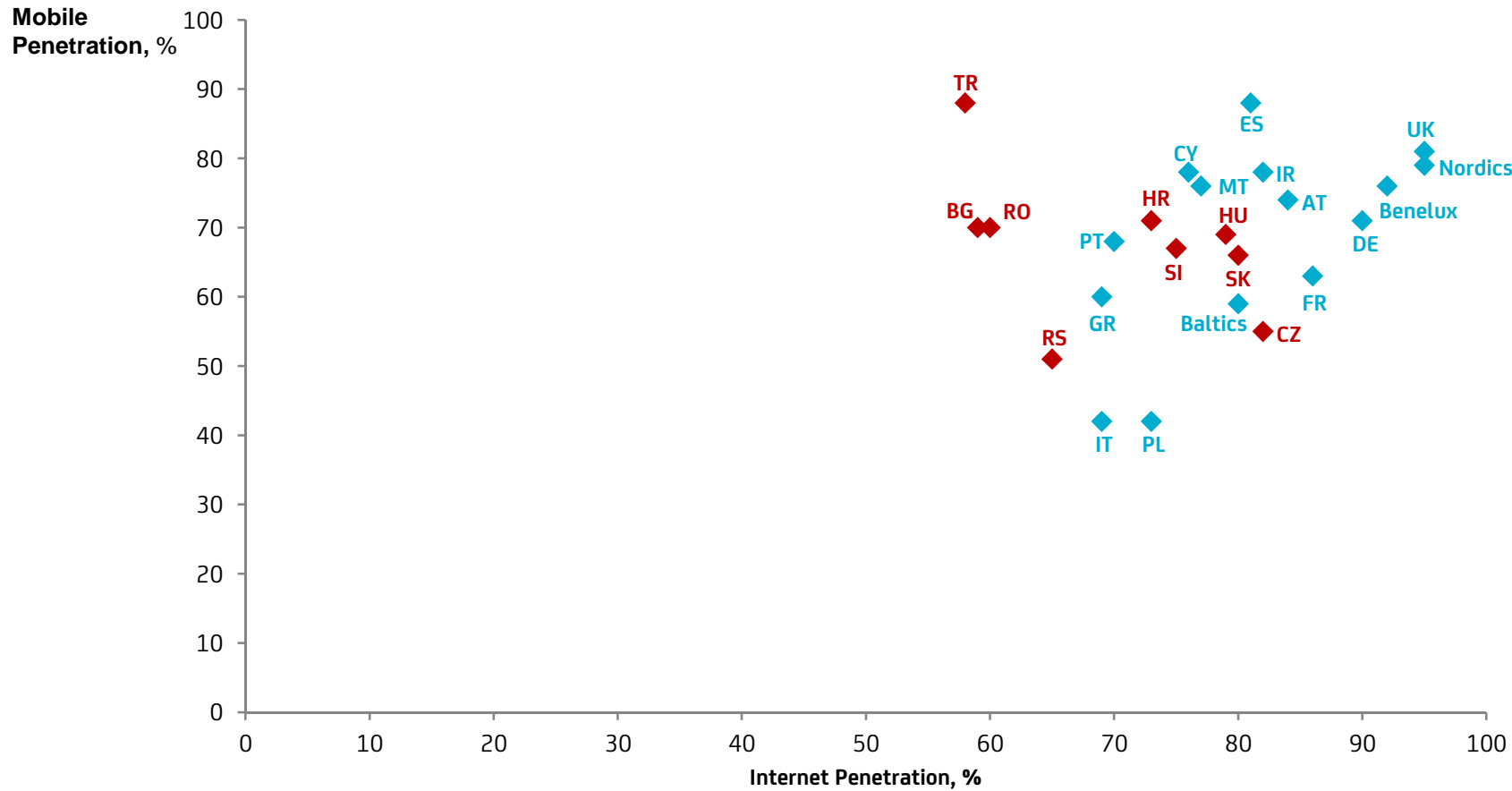
Source: UniCredit Strategy and Corporate Foresight





# RELATIVE HIGH DIGITALIZATION IN MOST COUNTRIES IN CEE

## Internet and mobile penetration<sup>(1)</sup>



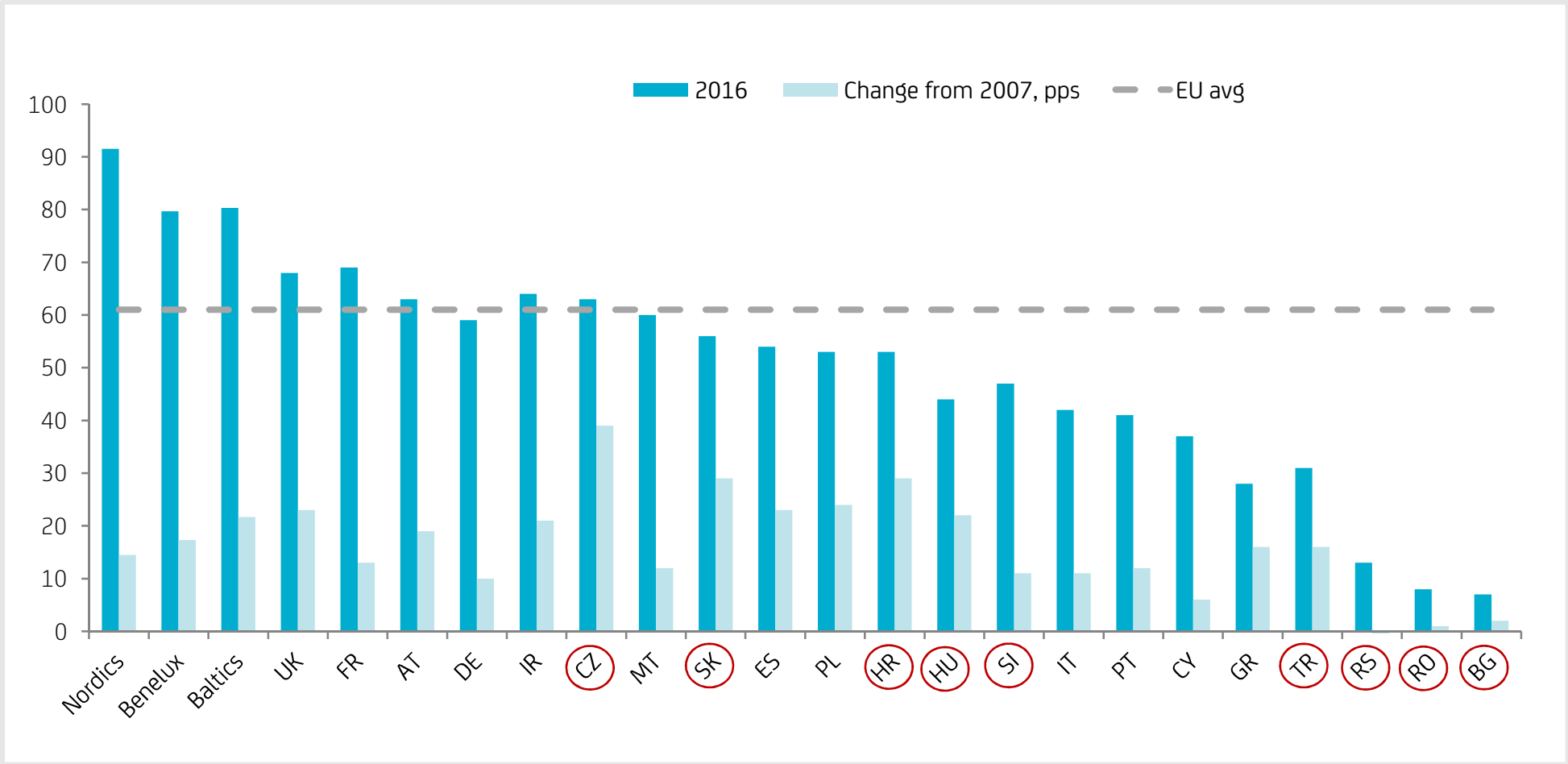
Notes: (1) percentage of individual using internet and mobile internet in the past 3 months. All data refer to 2016, only data for RS refer to 2015.

Source: Eurostat; UniCredit Research CEE Quarterly 2Q17, Unicredit Strategy and Corporate Foresight



# INTERNET BANKING PENETRATION IN CEE IS STILL BELOW EU AVERAGE BUT CATCHING UP

Usage of internet banking, % total individuals<sup>(1)</sup>



Notes: (1) Percentage of individuals who have used internet in the last 3 months

Source: Eurostat, UniCredit Strategy and Corporate Foresight



# KEY CONSIDERATIONS

---

- 1 Low interest rate environment in some countries affecting profitability
- 2 Regulatory/legislative measures affecting banks profitability
- 3 PSD2 regulation introducing competition from banks and non-banks
- 4 The outlook for Turkey: geopolitical uncertainty
- 5 Low growth in Russia in absence of structural reforms



# AGENDA

---

## ① PART 1 CEE Banking outlook – Mauro Giorgio Marrano

1.1 Macroeconomic environment

1.2 Banking sector developments

1.3 Banking Outlook

## ② **PART 2 UniCredit in the region: further strengthen our leadership – Carlo Vivaldi**



# UNICREDIT: A STRONG AND SUCCESSFUL PAN-EUROPEAN COMMERCIAL BANK WITH INHERENT COMPETITIVE ADVANTAGES

Commercial Banking model delivering **unique Western, Central and Eastern European** network to extensive Retail and Corporate client franchise

**25 million** clients<sup>1</sup>  
**79%** revenues from Commercial Banking<sup>2</sup>

**"One Bank"** business model replicated across full network, driving synergies and streamlined operations

Commercial Banks with leadership position<sup>3</sup> in **12** out of **14** countries<sup>4</sup>

**CIB plugged into Commercial Banking**, enabling cross-selling and synergies across business lines and countries

**€2.8bn** joint CIB-Commercial Banking revenues<sup>5</sup>

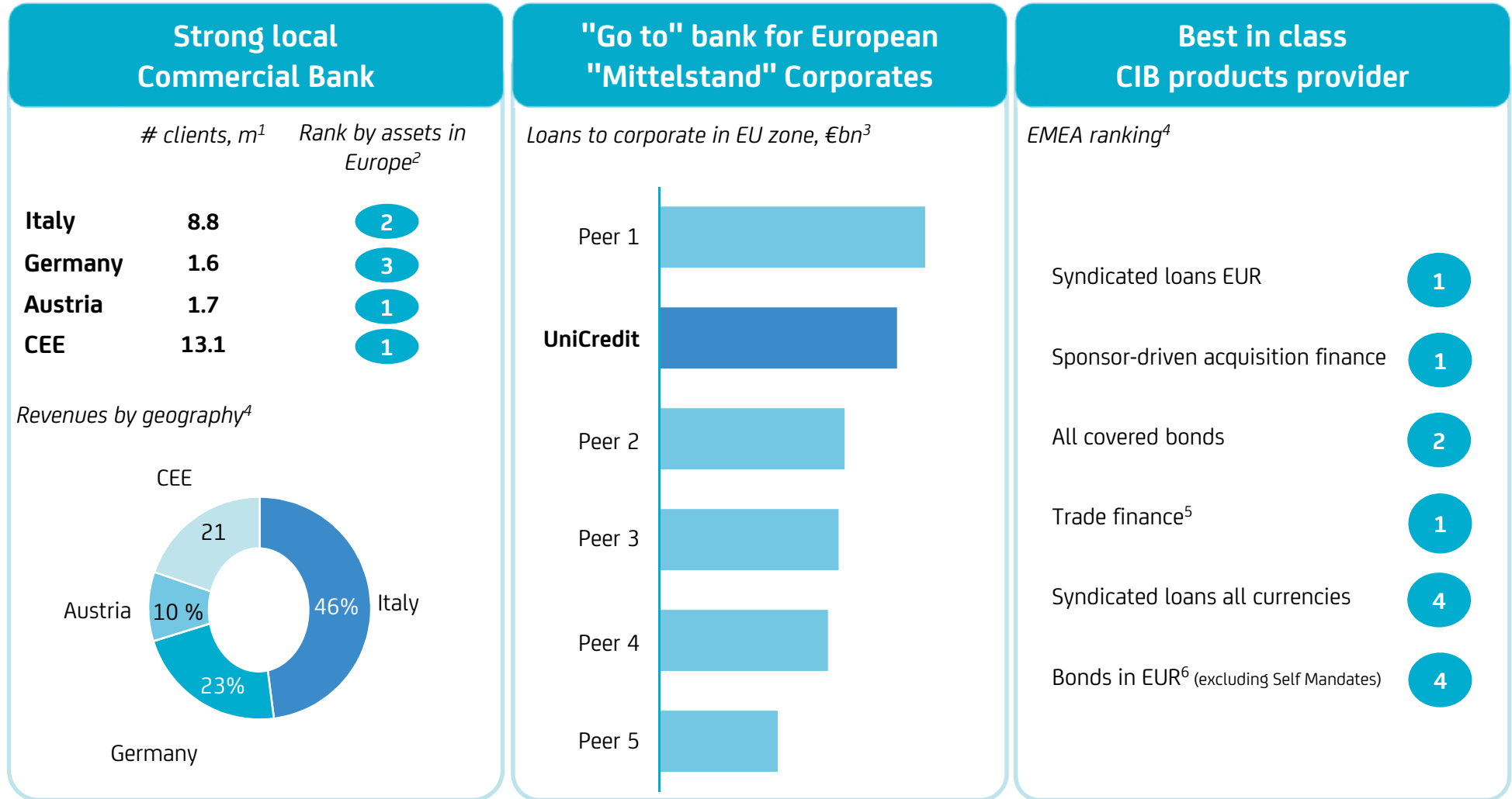
**Low risk profile** business model benefiting from diversification and a more stable national/regulatory environment

**94%** revenues in EU  
**52%** outside Italy

Notes: (1) Data as of FY2016, includes 100% clients in Turkey (2) CBK Italy, CBK Germany, CBK Austria, CEE. (3) Data as of FY 2016, ranking between #1 and #5 of market share in terms of total assets according to local accounting standard (4) Italy, Germany, Austria, Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bosnia and Herz., Serbia, Russia, Romania, Bulgaria, Turkey (5) Data as of FY2016 includes revenues on GTB, ECM, DCM, M&A, Markets products from Commercial Banking clients and structured financing products from Corporate clients  
Note: all 2015 and FY2016 figures restated assuming new Group perimeter. Revenues data as of FY 2016 Sources: for total assets, central bank statistics, if available, or local company reports



# STRONG COMPETITIVE ADVANTAGE ACROSS COUNTRIES AND PRODUCTS

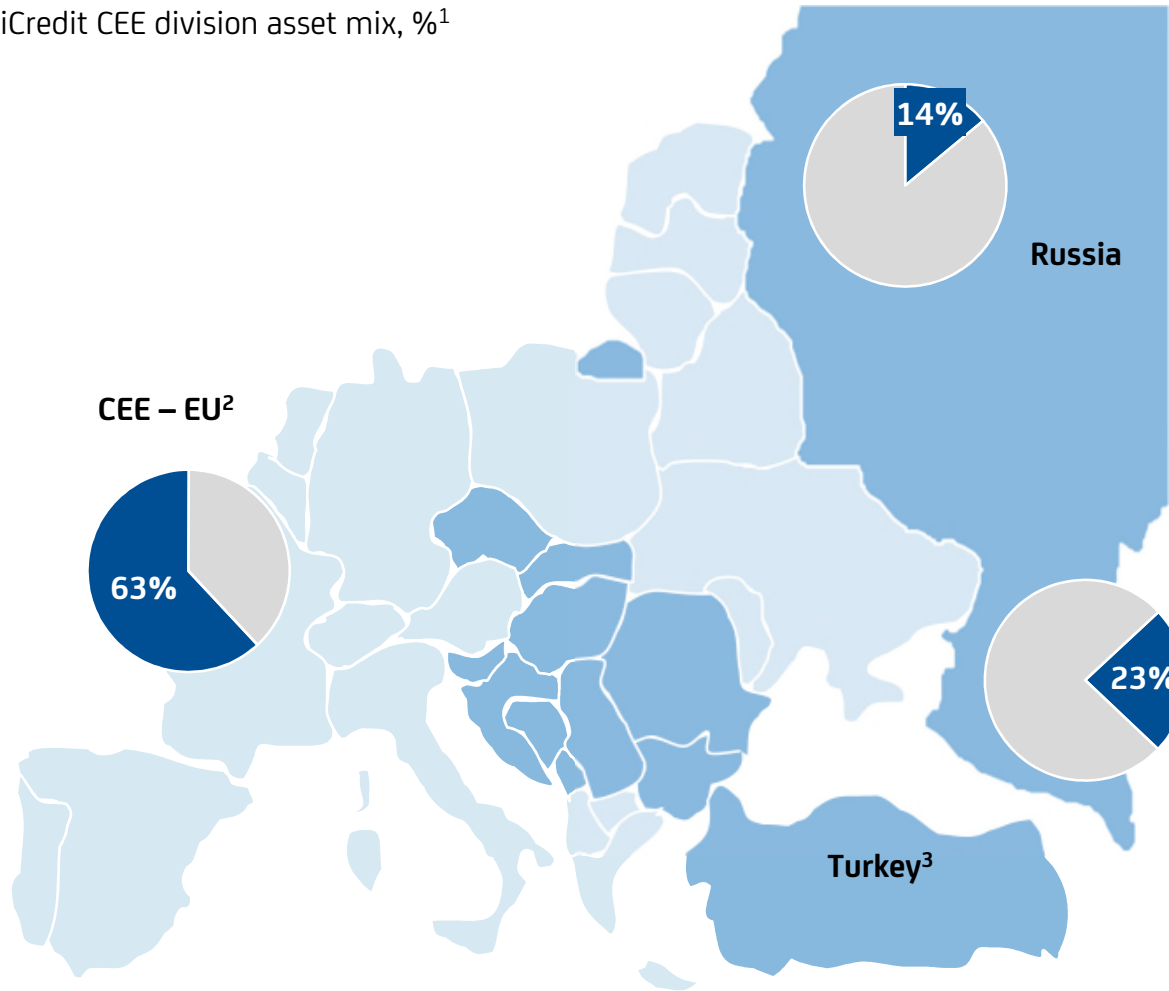


• Notes: (1) Data as of FY2016, includes 100% clients on Turkey (2) Data as of FY2016, for Austria domestic assets as of end of 2015 on local GAAP (source OeNB), for Germany only private banks; CEE compared to Erste, KBC, Intesa Sanpaolo, OTP, RBI, Societe Generale (3) Data as of 9M2016; peers includes: BNP Paribas, Deutsche Bank, Intesa Sanpaolo, Santander, Société Générale (4) Data from league tables as of FY2016 (5) "Source Euromoney 2017, Best trade finance provider in Western Europe and CEE" (6) Excluding self mandated. sources: for total assets, central bank statistics, if available, or local company reports; dealogic, Euromoney



# UNICREDIT COMPETITIVE ADVANTAGES: LEADER IN CEE

UniCredit CEE division asset mix, %<sup>1</sup>



**Leadership** position in market with Total Assets of €2,600 bn<sup>4</sup>

**#1 in CEE<sup>5</sup>, top 5 ranked** in most of CEE countries<sup>6</sup>

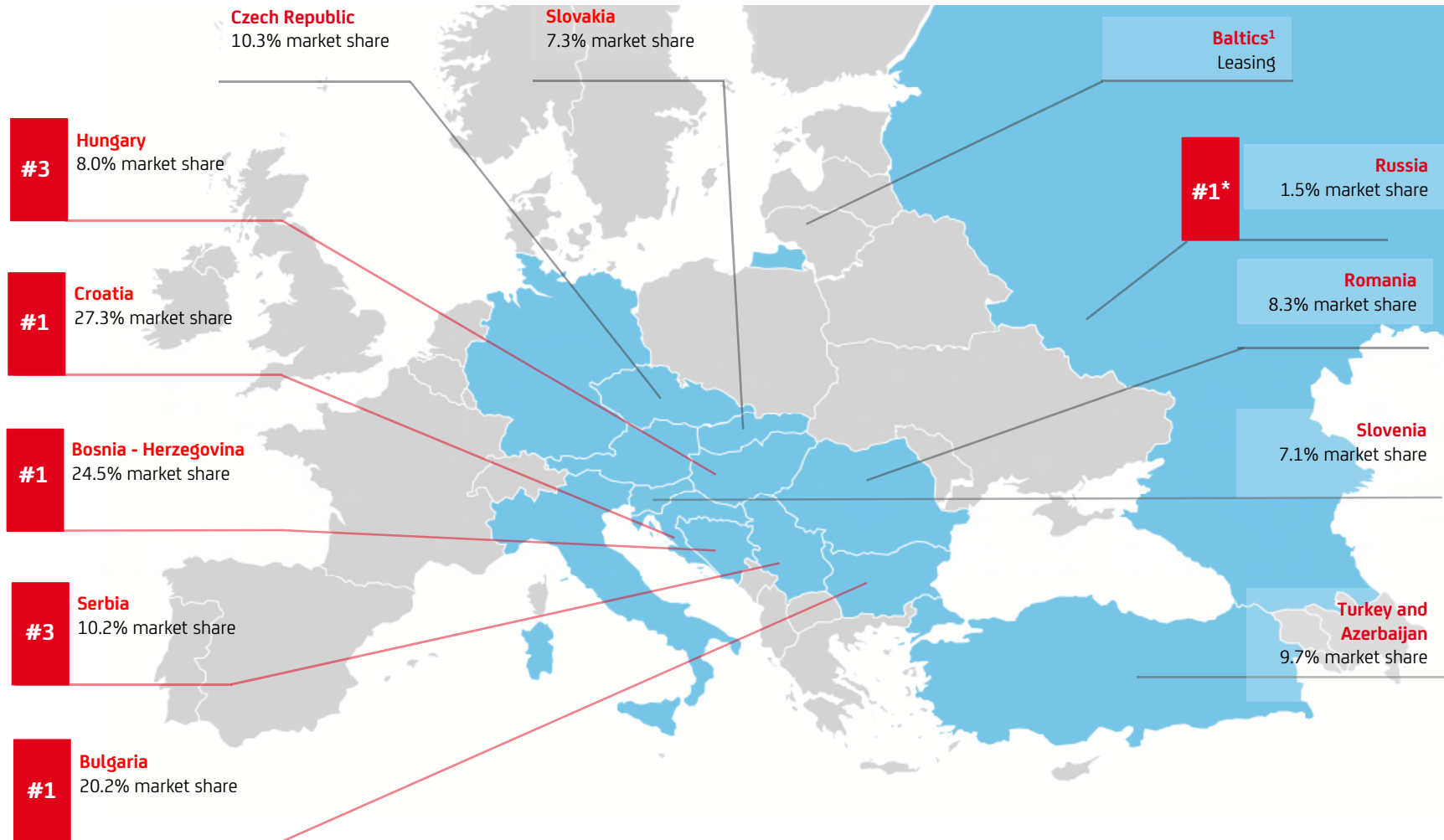
Mainly **present in EU** countries (63% of CEE assets)

**Well diversified** ensuring resilient performance throughout the cycle

Notes (1) As of FY2016 (2) Bulgaria, Croatia, Czech Republic, Hungary, Romania, Slovakia, Slovenia, includes Bosnia and Herzegovina (managerially mainly under Zagrebacka Banka in Croatia) and Serbia (EU membership process initiated) (3) Assets of Turkey are considered at 40.9% (4) For SI and CZ data refer 3Q16 as data not available yet (5) Based on FY2016, data for SocGen data refer to 2015 (6) As of FY2016 except for SI and CZ where data refer to 3Q16.



# UNICREDIT NETWORK IN CEE



Notes: Data as of FY 2016 except for Czech Republic and Slovenia (data as of 3Q 2016) - Market share and ranking in terms of total assets .

(1) Estonia, Latvia and Lithuania

\*AO UniCredit Bank is ranked #1 as foreign capital bank in Russia





# COMMERCIAL BANKING CEE: CONTEXT & COMPETITIVE ADVANTAGES

## Market context

- High real GDP growth (3.3% average GDP growth 2017-2018 in CEE EU<sup>1</sup> vs. 1.5% in Euro area)
- Underpenetrated banking market (loans/GDP ratio of 53% in 2016) with younger customer base<sup>2</sup>
- High lending growth<sup>3</sup> (5.7% in 2016)
- High profitability (market profitability in CEE 1.5% vs. 0.4% in Western Europe<sup>4</sup>)

## UniCredit competitive advantages, FY2016

### One Bank, One UniCredit

- #1**
- Syndicated Loans CEE<sup>5</sup>
  - Project Finance CEE, MLA (by no. of deals)<sup>6</sup>
  - Corporate Finance Advisory CEE, M&A (by no. of deals)<sup>7</sup>
  - Financial Sponsor Solutions CEE, MLA and Bookrunner (by amount)<sup>8</sup>
  - Real Estate Finance CEE, MLA Real Estate & Property<sup>9</sup>

**1,801**

Retail branches in CEE<sup>13</sup>

**#3**

DCM CEE, Bookrunner, All CEE bonds in EUR (by amount)<sup>10</sup>

**11**

CEE countries of presence<sup>14</sup>

**+0.9p.p.**

- Loans market share<sup>11</sup> increase 2013-2016

**-1.5p.p.**

- Gross NPE ratio<sup>12</sup> decrease 2015-2016

**-11p.p.**

- Cost/income vs. peers<sup>15</sup> average

Notes: (1) Bulgaria, Croatia, Czech Republic, Hungary, Romania, Slovakia, Slovenia, includes Bosnia and Herzegovina (managerially mainly under Zagrebacka Banka in Croatia) and Serbia (EU membership process initiated). If considering total CEE, GDP growth at 2.2% (2) CEE's weighted median age is 37 years vs. Western Europe's 46 years, 2015 (3) The growth rate refer to CEE as a whole and it is calculated aggregating the countries' growth rates using their share in total CEE loans and keeping the FX vs. EUR constant at the value of end-2015 (4) Profitability measured as PBT on total assets. Western Europe includes Germany, Italy, Austria and it is an estimate based on partial data for 2016 (5) Source: Dealogic Loan Analytics, January 2017 (6) Source: Dealogic, January 2017 (7) Source: Mergermarket as of 24.01.2017. Auditors excluded. (8) Source: Dealogic Loan Analytics, 3 January 2017. No. 1 position refers to Sponsor-driven Acquisition Finance (9) Source: Dealogic, 16 February 2017 (10) Source: Dealogic as of 1 January 2017 (11) Gross loans at current FX (%), including BH, BG, HR, CZ, HU, RO, RU, RS, SK, SI, and TR at 40.9% (12) Including PCV/PCM (13) Including YKB in Turkey (14) Excluding Azerbaijan, Estonia, Latvia, Lithuania, considering only Retail branches (15). Data are based on FY2016 Group reporting. UniCredit data include also TR (at equity), Baltics, PCV, CC and others (UCTAM, Consolidation, etc.). Data for ERSTE, Intesa Sanpaolo, KBC and RBI, obtained by summing the volumes for the countries of presence. Data for OTP are based on group consolidated reporting. For all groups contributions to the deposit guarantee funds and resolution funds are in Opex. Financial Transaction Tax and Special Banking Tax are excluded from Opex.

Source: Company reports; Merger Markets



# KEY PRIORITIES: STRENGTHEN MARKET LEADERSHIP THROUGH ORGANIC GROWTH

	Actions	2019 <sup>2</sup>
EU <sup>1</sup>	<ul style="list-style-type: none"><li>• Client acquisition leveraging on innovative onboarding approach</li><li>• Distinctive value proposition for CEE multi country Corporate clients</li><li>• Opportunistic approach to selective portfolio acquisitions</li></ul>	Revenue growth <b>+2.6% CAGR<sup>3</sup></b>
Russia	<ul style="list-style-type: none"><li>• Focus on Large Corporate and Affluent customers</li><li>• Defend current positioning following a selective lending approach compliant with sanctions framework</li><li>• Capture opportunities linked to expected economic recovery</li></ul>	Net new clients <b>+2.6m<sup>4</sup></b>
Turkey	<ul style="list-style-type: none"><li>• Focus on profitability via efficiency gains and risk containment</li><li>• Further develop digital banking, starting from already innovative positioning</li></ul>	

Notes: (1) Bulgaria, Croatia, Czech Republic, Hungary, Romania, Slovakia, Slovenia, includes Bosnia and Herzegovina (managerially mainly under Zagrebacka Banka in Croatia) and Serbia (EU membership process initiated) (2) vs 2015 (3) At current FX. 3.4% CAGR at Constant FX (4) Including Turkey at 100%.



# KEY PRIORITIES: TRANSFORM VIA INNOVATION & CAPTURE GROUP SYNERGIES

	Actions		2019	Delta vs. 2015
<b>Transform via innovation and digitalization and continuous cost savings</b>	<ul style="list-style-type: none"> <li>• Completion of infrastructure transformation</li> <li>• Further strengthen Big Data and Analytics to exploit cross-selling and increase penetration</li> <li>• Continue to maintain lean cost structure</li> <li>• Relocation/closure 14% of network branches<sup>1</sup></li> </ul>	Online banking penetration	<b>51%<sup>2</sup></b>	<b>+20p.p.</b>
		Mobile banking penetration	<b>47%<sup>2</sup></b>	<b>+34p.p.</b>
		Cost/income	<b>37%</b>	<b>-0.1p.p.</b>
<b>Capture synergies with the Group</b>	<ul style="list-style-type: none"> <li>• CEE networks focus on cross-selling to inbound/ outbound clients</li> <li>• Best practices sharing initiative launched between CEE countries and the Group</li> </ul>	Number of international clients 2019 <sup>3</sup>	<b>28000</b>	
		Group-wide platform for structured identification and sharing of business best practices across the Group		

Notes: (1) Figures on total branches (Retail, Private, Corporate and Leasing) 9M2016 as stated in CMD Presentation (2) Including Turkey at 100%. Penetration ratio defined as number of retail online/mobile banking users on active retail clients (3) International clients are corporate customers owned by a foreign company or a foreign natural person by >50%.

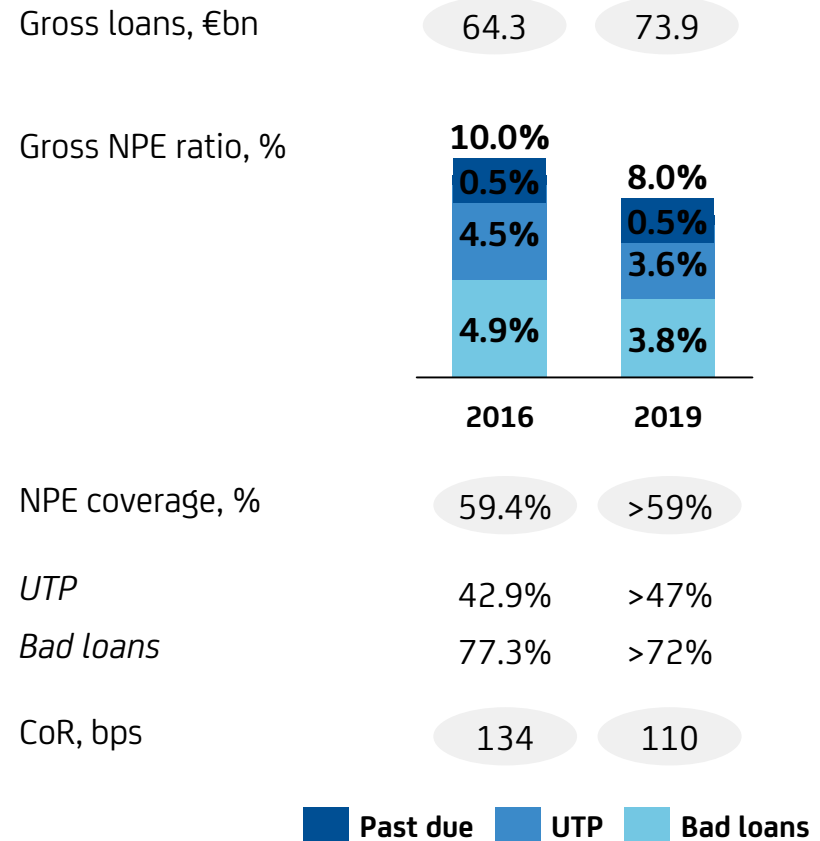


# KEY PRIORITIES: CONTINUOUS STRICT RISK DISCIPLINE

## Risk discipline

- Focus on countries with sound macro environment
- Further underwriting process centralization and a strict criteria for new origination
- Reinforced collection process
- Disposal program and enhanced repossession process leveraging on UCTAM<sup>1</sup>
- Managerial KPIs to ensure sound origination and to monitor risk dynamics

## Evolution



Notes: (1) UniCredit Turn-Around Management. 2016 figures based on the new Group perimeter



# KEY TAKE AWAYS

---

## The economy

- 1 Favorable macro-economic environment, with all CEE countries expected to report GDP growth in 2017, for the first time since 2008-2009 crisis

## The banking sector

- 1 Good performance of the CEE banking sector, showing overall profitability in all CEE countries in 2016, for the first time since 2008-2009 crisis
- 2 Past vulnerabilities being addressed and leading to: a) a more sustainable funding model; b) a lower share of FX lending in retail; c) an ongoing improvement of asset quality
- 3 Lending expected to pick up in 2017-18, NPL ratios should decline further and overall profitability to remain higher than in Western Europe
- 4 Digitalization creating new opportunities

## UniCredit

- 1 Transform 2019 confirms CEE as an engine for organic growth for the Group and as a place to stay
- 



# CONTACTS 1/2

---

This is a product of UniCredit Strategy and Corporate Foresight in collaboration with CEE Identity & Communications and Media Relations

Giacomo Raffaelli – Head of Unit

Mauro Giorgio Marrano

Magdalena Staneva

Jakub Gazi

Closing date: 8 May 2017



# CONTACTS 2/2

---

UniCredit Bank (Bosnia and Herzegovina)

Jelena Petrovic

UniCredit Bulbank (Bulgaria)

Kristofor Pavlov

Zagrebacka Banka (Croatia)

Hrvoje Dolenc

UniCredit Bank Czech Republic and Slovakia (Czech Republic and Slovakia)

Pavel Sobisek

Lubomír Koršňák

UniCredit Bank Hungary (Hungary)

Agnes Halasz

UniCredit Bank Romania (Romania)

Anca Maria Aron

UniCredit Bank (Russia)

Artem Arkhipov

UniCredit Bank (Serbia)

Dražisa Tankosic

UniCredit Bank (Slovenia)

Ian Uros Krojs

Yapı ve Kredi Bankası (Turkey)

Oğuzhan Evranos

A special thank to UniCredit Research, UniCredit CEE Strategy Planning and Controlling, UniCredit CEE Digital Channels, Unicredit CEE CRO, Group Planning



# DISCLAIMER

---

This publication of UniCredit S.p.A. is addressed to an indistinct audience of investors and is provided free of charge for purely informational purposes.

It does not constitute recommendation or advisory activity by UniCredit nor offer or solicitation to buy or sell financial instruments. UniCredit and other UniCredit Group companies may have a specific interest in issuers, financial instruments or transactions subject to publication or may have banking relationships with issuers themselves.

All information provided is given in good faith on the basis of the available data, derived from trusted sources, but have a purely indicative value and are subject to change at any time after the publication. Therefore, it is invoked to rely solely on its own valuations of market conditions in deciding whether to carry out a financial transaction.

Within the possible investments that the investor can choose, it should be noted that:

1. information on past performance of a financial instrument, index or investment service is not indicative of future results;
2. if the investment is denominated in a currency other than the investor's currency, the value of the investment may be subject to strong fluctuations depending on changes in exchange rates and have an undesirable effect on the profitability of the investment;
3. high yielding investments can undergo strong fluctuations in price as a result of possible downgrades in creditworthiness. In case of bankruptcy of the issuer the investor may lose the entire capital;
4. high volatility investments may be subject to sudden and significant decreases in value causing significant losses when sold, up to the entire invested capital;
5. in the event of extraordinary events it may be difficult for the investor to sell or liquidate certain investments or to obtain reliable information about their value.

This document may not be distributed, reproduced, even partially, or published unless specifically authorized by UniCredit S.p.A. UniCredit S.p.A. is not responsible for any indirect damages that may be caused by the use of this document.

