Macroeconomic and Strategic Analysis

UniCredit Weekly Report

The Romanian budget deficit was 1.58% of GDP at the end of February 2025, increasing by 4.3%yoy

31 March, 2025

Anca Maria NEGRESCU
Senior Economist
anca.negrescu@unicredit.ro
+40 723 103 008

Iulia CORLANESCU
Macroeconomic Economist
iulia.corlanescu@unicredit.ro
+40 724 052 840

Alexander RAGEA
Junior Macroeconomic Economist
Alexander-Constantin.Ragea2@unicredit.ro

UniCredit Bank

Weekly briefing

The **US economy grew an annualized 2.4%qoq in 4Q24**, from 2.3%qoq in the previous estimate, after 3.1%qoq in the previous quarter. This was the slowest growth in the last three quarters. **Core PCE inflation rose by 0.4%mom in February for the fourth month in a row,** exceeding expectations [UniCredit: 0.3]. The **core PCE inflation rose by 2.8%yoy.**

In **Eurozone,** the **Ifo Business Climate indicator for Germany rose to 86.7 in March** from 85.2 in February, reaching the highest value since July and beating our expectations [UniCredit: 86.0; consensus: 86.7]. Business sentiment improved as companies' optimism about the next months increased (87.7 vs. 85.6 in February) responding strongly in anticipation of the positive effects to the economic growth from Berlin's fiscal "bazooka". **German GfK consumer confidence index came at -24.5 in April**, slightly down from -24.6 in March. **This was the weakest level since April 2024**, reflecting the worries of the German consumers regarding the inflation and the political uncertainty. The **Eurozone composite PMI increased slightly to 50.4 in March** from 50.2 in February. **It marked the third month of expansion in the eurozone's private sector activity since August 2024,** given its value above 50. The **Eurozone Manufacturing PMI rose above expectations to 48.7 in March, while the Eurozone Services PMI decreased to 50.4 in March**.

The **Romanian budget deficit at the end of February 2025 rose to 1.58% of GDP (RON 30.2bn)**, higher in nominal terms by +4.3%yoy, vs. the deficit as of February 2024, albeit lower in terms of share in GDP (1.64% of GDP, RON 29bn). The **revenue increased by +3.5%yoy, while expenditure rose by 3.7%yoy in February 2025.** Romania's chances to boost potential growth and ease the fiscal pressure would be the **streamlining of the investment financing through the EU funds.** We had a first positive sign on this front, with **EUR 1.3bn unlocked by the European Commission last week**, which is **a partial disbursement out of a total EUR 2.02bn pertaining to the 3rd payment request under PNRR**, which had been blocked since 2024.

The non-governmental loans rose by 0.4%mom in February, after -0.7%mom in January. RON loans rose by 0.4%mom and the foreign currency loans by 0.3%mom. The **lending accelerated to 9.5%yoy, mainly due to RON component** (+11.3%yoy). The **loans for individuals (+9.4%yoy) kept the strong pace from January and December**, mainly due to **consumer loans up strongly by +16.6%yoy,** while **mortgage rose by only 4.8%yoy.** The **loans for companies accelerated to 9.5%yoy.** The **total savings of the residents increased by 0.3%mom** (from -1.2%mom), fully due to RON deposits (+0.4%mom).

This week's **external calendar** includes the **Retail Sales** and **Inflation data for Germany** (Monday), the **eurozone Inflation** and **Core CPI** and the **US JOLTs Job Openings** and **ISM Manufacturing PMI** (Tuesday), **eurozone PPI** (Thursday), **Germany factory orders** and **US Non-farm Payrolls, unemployment and average hourly earnings** (Friday). The Romanian calendar includes the **February unemployment** (Tuesday) and **PPI** (Wednesday).

UniCredit Bank

Data spotlight: 24 – 28 March

CURRENCIES - MAJORS			
Currencies	Last	1D ch (%)	1M ch (%)
EURUSD	1.0820	-0.13%	3.20%
EURCHF	0.95	-0.19%	1.62%
USDJPY	149.32	-0.37%	0.07%
GBPUSD	1.2938	0.06%	2.08%

CURRENCIES - CEE			
Currencies	Last	1D ch (%)	1M ch (%)
EURPLN	4.1840	0.05%	1.12%
EURHUF	402.50	-0.01%	0.74%
EURCZK	24.97	0.24%	0.15%

CURRENCIES - NBR REFERENCE				
Currencies	EUR	USD	SDR	XAU (1g)
31-Mar	4.9771	4.6005	1.2370	0.5914

CURRENCIES - RON		
	EURRON	USDRON
31-Mar	4.977	4.601
28-Mar	4.978	4.597
27-Mar	4.978	4.610

FIXED INCOME MARKET YIELDS - LOCAL				
Mid-rate	1Y	3Y	5Y	10Y
31-Mar	6.6	7.0	7.4	7.5
28-Mar	-	7.0	7.5	7.5
26-Mar	6.2	6.9	7.0	7.4

MONEY MARKET RATES - LOCAL			
ROBOR	ON	1M	3M
31-Mar	5.59	5.80	5.93
28-Mar	5.59	5.84	5.85
27-Mar	5.55	5.80	5.85

MONEY MARKET RATES - MAJORS			
Euribor	1M	3M	6M
28-Mar	2.34	2.33	2.35
27-Mar	2.36	2.36	2.38
26-Mar	2.36	2.37	2.38
USDSFOR	1M	3M	6M
28-Mar	4.34	4.36	4.56
27-Mar	4.33	4.36	4.56
26-Mar	4.33	4.36	4.56

STOCK MARKETS			
Index	Last	1D ch (%)	1M ch (%)
S&P 500	5,580.9	-1.97%	-6.30%
FTSE	45,747.0	0.01%	0.07%
Hang Seng	35,617.6	-4.05%	-6.90%
Bucharest BET	23,119.6	-1.31%	0.78%

Romanian Economy

- **The Romanian budget deficit was 1.58% of GDP at the end of February 2025, higher by 4.3%yoy**

The budget deficit after the first two months of 2025 rose to 1.58% of GDP (RON 30.2bn), higher in nominal terms by +4.3%yoy vs. the 2M24 deficit (RON 29bn), albeit lower in terms of the share in GDP (1.64% of GDP in 2M24).

The revenue increased by +3.5%yoy, while the expenditure rose by 3.7%yoy at the end of February 2025. The highest contribution on the revenue side came from fiscal revenues (RON 4bn; +9.6%yoy) mainly driven by the income tax (RON 3.3bn, +42.2%yoy), followed by excise taxes (RON +0.7bn, +11.4%yoy). The only large revenue category to experience a decline was VAT (RON -0.65bn, -3.2%yoy) with revenue from social insurance contributions also rising (+RON 2.9bn; +9.7%yoy). The revenue from EU funds and PNRR rose as well (by +RON 270mn; +9.7%yoy and +RON 579mn, +134%, respectively).

On the expenditure side, the highest increases were for social assistance (+RON 4bn; +10.4%yoy) and personnel expenditure (+RON 3.9bn; +16.2%yoy), along with interest paid for the public debt (RON 3.4bn, +51%). This development is not surprising considering last year's fiscal policy, but it is disappointing considering that all these expenditure categories are difficult to cut. Even more disappointing is the fact that they were compensated by a decline in capital expenditure (RON -5.4bn; -45.8%yoy), the only type of expenditure likely to bring future revenue and to help the fiscal adjustment in the following year through additional budget revenue generation (either directly or indirectly). Yet, on a positive note, spending related to the projects financed from grants and loans from PNRR

UniCredit Bank

Data spotlight: 24 – 28 March

Romanian Economy (continued)

increased by RON 619mn (+86.9%yoy) and RON 2bn (+174%yoy), respectively.

We maintain our view that the fiscal consolidation measures taken at the turn of the year will likely be insufficient to bring the deficit down to 7% of GDP at the end of 2025, as it was agreed with the European Commission (from the high 8.65% of GDP recorded in 2024).

Consequently, considering the rigidities on the expenditure side, we still expect additional revenue-boosting measures after the elections. Yet, in our view, a solution to the problem and one of Romania's chances to boost potential growth would be a better absorption of EU funds and streamlining the investment financing through these funds, as it would help ease the fiscal pressure while keeping an adequate level of public investment. We had a first positive sign on this front, with EUR 1.3bn unlocked by the European Commission last week, following further progress done regarding the requested reforms, which is a partial disbursement out of a total EUR 2.02bn pertaining to the 3rd payment request under PNRR, which had been blocked since 2024.

- **Romanian loans and deposits increased in February**

Non-governmental loans increased by 0.4%mom in February, after a -0.7%mom decline in January. RON loans increased by 0.4%mom (after -1.0%mom) and the foreign currency loans by 0.3%mom.

The growth pace of the non-governmental loans accelerated to 9.5%yoy from 8.8%yoy in January, following an improvement for most types of loans. The RON loans increased significantly (+11.3%yoy), while the FX loans advanced moderately by 5.4%yoy.

The outstanding loans of households in local currency rose by 0.7% vs. January, while the foreign component continued its descent (-1.6%mom). Companies' loans in RON were flat and accelerated to +0.6%mom (from 0.3%mom) for the FX loans.

Lending for individuals increased in yearly terms by 9.4% maintaining the strong pace from January and December, mainly due to consumer loans up strongly by +16.6%yoy, while mortgage loans rose by only 4.8%yoy. The loans for companies accelerated to 9.5%yoy.

On the deposits' side, the total savings of the residents increased by 0.3%mom (vs. -1.2%mom in January), exclusively driven by RON deposits (+0.4%mom).

Households' deposits rose by 0.2%mom in February and companies' deposits by 0.4%mom. The yearly growth pace of total deposits decelerated further for the second month to 7.5% (from 8.7%yoy in January). Companies' savings pace declined 4 times versus the one experienced in the first two months of 2025 (+2.7%yoy vs. 11.1%yoy in February 2024), while the individuals' savings maintained their double-digit growth (+10.9%yoy vs. 12.0%yoy in February 2024).

UniCredit Bank

Data spotlight: 24 – 28 March

European Economy

The German Ifo Business Climate Index increased in March

The Ifo Business Climate indicator for Germany rose to 86.7 in March from 85.3 in February, reaching the highest value since July and in line with consensus expectations [UniCredit: 86.0; consensus: 86.7]. Business sentiment improved as companies become more optimistic regarding the following months (87.7 vs. 85.6 in February) responding strongly in the anticipation of positive effects to the economic growth from Berlin's fiscal "bazooka". This could be especially beneficial for SMEs, which tend to be more domestically focused and cyclically sensitive. Although the expectations' component improved, the fears of upcoming US tariff hikes limited the gains. The current business conditions improved as well (85.7 vs. 85.0), with improvements across all industries: manufacturing (-16.6 vs. -21.9), trade (-23.7 vs. -26.2), services (-1.1 vs -4.3) and construction sector (-24.6 vs. -27.4).

Given Germany's central role in the European economy, a sustained rebound in the Ifo expectations index could reflect a broader inflection point for the region. It could be seen as a positive signal for European SMEs, which have struggled in recent years in the face of higher costs and tighter financial conditions. The combination of fiscal stimulus in Germany (and possibly in other countries to boost defense spending) and more monetary easing by the ECB in 2025 will bode well for small- and mid-cap stocks in Europe – especially as they remain undervalued relative to their large-cap counterparts.

The eurozone, German and French PMIs improved in March

The eurozone composite PMI increased slightly to 50.4 in March from 50.2 in the previous month, but was below expectations [UniCredit: 51.0; consensus: 50.7]. Yet, it marked the third month of expansion in the eurozone's private sector activity since August 2024, given its value above 50. Service providers reported an increase in activity for the fourth consecutive month, although at the slowest rate of growth in this series. At the same time, manufacturing output resumed its growth, increasing for the first time in two years and by the highest margin since May 2022. Meanwhile, new orders kept diminishing, employment was mostly steady after dropping for seven months, and workloads decreased for the 24th month in a row. Regarding prices, inflation in input costs decreased to its lowest since November, while inflation in selling prices fell to its lowest point this year.

The eurozone manufacturing PMI rose above expectations to 48.7 in March, from 47.6 in February, [UniCredit: 48.3; consensus: 48.2]. Manufacturing output expanded for the first time in two years and at its fastest since May 2022. Despite this improvement, new orders continued to decline, though job cuts in the sector slowed, inputs costs rose, and output costs increased for the first time in seven months. The Eurozone Services PMI decreased, reaching 50.4 in March from 50.6 in February, and missing expectations [UniCredit: 51.4; consensus: 51.1]. However, a good sign is that both input costs and selling prices rose at a slower rate than in recent months, suggesting reduced wage pressures.

At the country level, there were some divergences between the two major eurozone economies, Germany and France. The French composite PMI improved to 47.0 in March, from 46.5 in March, but

UniCredit Bank

Data spotlight: 24 – 28 March

European Economy (continued)

it recorded the seventh month of contraction. The improvement is mainly due to a tentative recovery in manufacturing (48.9 vs. 45.8 in February) while services saw a slight increase (46.6 vs. 45.3). The German composite PMI improved to 50.9, from 50.4 in February. The increase came from the improvement in the manufacturing sector (48.3 vs. 46.5 in February) while services fell to the lowest in four months (50.2 vs. 51.1 in February).

French companies had a gloomier view about the prospects for growth, but German firms were more bullish than in February. Strong confidence was again recorded in the rest of the euro area, albeit with sentiment easing from the previous survey period.

- **The GfK consumer confidence indicator in Germany remained almost steady in April**

The GfK consumer confidence index came at -24.5 in April, only a slight change from a marginally revised -24.6 in March. March marked the weakest level since April 2024, reflecting the worries of the German consumers regarding the inflation and the political uncertainty. After the parliamentary election, there were improvements seen in economic prospects (6.9 vs. 1.2 March), income expectations (-3.1 vs. -5.4) and the inclination to spend (-8.2 vs. -11.1).

Some optimism is visible after the snap general elections, with hopes that the new government will take steps to improve the German economy after the “fiscal bazooka” was voted. However, the inclination to save increased (13.8 vs. 9.4), hitting the highest level from April 2024, as the Germans become more optimistic about the future of the economy. A fast forming of a new governing coalition and a rapid adoption of the 2025 budget could help in restoring the consumer confidence.

UniCredit Bank

Data spotlight: 24 – 28 March

US Economy

US GDP growth was 2.4%qoq in 4Q 2024 and 2.8% for the full year 2024

The US economy grew an annualized 2.4%qoq in 4Q24, from 2.3%qoq in the previous estimate, compared to 3.1%qoq in the previous quarter. This was the slowest growth in the last three quarters. The main driver of growth was the personal consumption, which rose by a solid 4.0%qoq (vs. 4.2% in the previous estimate), supported by both goods (6.2% vs. 6.1%) and services (3% vs. 3.3%). Government spending accelerated (3.1% from 2.9% previously). The fixed investment declined less (-1.1% vs. -1.4%). Residential investment slightly accelerated (5.5% vs. 5.4%). Net exports had a higher positive contribution (+0.26pp vs +0.12pp) and private inventories extracted 0.84pp from the GDP growth. The US economy advanced by 2.8%yoy in 2024.

UniCredit Research expects the US economy to rise faster than the one of the eurozone, with domestic demand supported by the new industrial policies, deregulation, tax cuts and a boost from AI. The big downside risk to growth is represented by the aggressive tariffs the Trump administration intends to impose on the US main trading partners.

US core PCE inflation increased in February

Core PCE inflation (the Fed's preferred measure of inflation) increased by 0.4%mom, after +0.3%mom in January, exceeding expectations [UniCredit and consensus: 0.3], accelerating for the third month in a row. On an annual basis, the core PCE inflation quickened to 2.8%yoy, slightly missing expectations [UniCredit and consensus: 2.7] and coming in considerably above the Fed's 2.0% target.

The personal spending rose by 0.4%mom, after a downwardly revised -0.3% fall in January, falling slightly short of expectations [UniCredit and consensus: +0.5%mom]. This movement was mainly driven by higher spending on goods and services. The biggest increases were seen in spending on financial services and insurance, health care, motor vehicles and parts, and food and beverages, while spending for gasoline, eating and drinking out and nonprofit donations declined.

Personal income accelerated to 0.8%mom from 0.7%mom in January, surpassing expectations [UniCredit and consensus: +0.4%mom].

UniCredit Bank

Data spotlight: 24 – 28 March

International and Romanian Markets

- **The EURRON was stable last week**

The EURRON continued to trade within a narrower range (4.9750-4.9785) last week, with the first half of the week reserved to trading close to the lower bound, before ending Friday's trading session close to the upper bound. The pair is likely to continue to trade within the above-mentioned narrow interval which has prevailed for most of the time since last autumn.

- **The ROBOR curve was stable last week**

The ROBOR was relatively stable last week, decreasing only marginally. The ON ROBOR ended the week at 5.60% (-1bp), while the 1M and 3M ROBOR were at 5.75% and 5.90% (-2bp), respectively.

- **MinFin auctions**

Last Monday, the Ministry of Finance held an auction for a 16-months T-bond. The bids were above the planned amount, at RON 3225.0mn vs. RON 600mn and MinFin decided to place RON 2110.0mn. The average accepted yields was 6.83% (max 6.84%), lower by 9bp from last month's auction.

Last Wednesday, MinFin placed two EUR-denominated bonds on the external market with maturities of 7Y and 14Y. The demand was of EUR 3.9bn for the 7Y and EUR 1.3bn for the 14Y, enabling MinFin to place EUR 2.25bn and EUR 0.5bn, respectively. The average accepted yields were 5.92% and 6.79%, respectively.

On Thursday, MinFin held an auction for a 10.1Y T-bond. The bids covered the planned amount, at RON 667mn vs. RON 500mn, enabling MinFin to place RON 500mn. The average accepted yield was 7.47% (max. 7.48%), which is 14bp higher than the yield at the previous reopening one month ago.

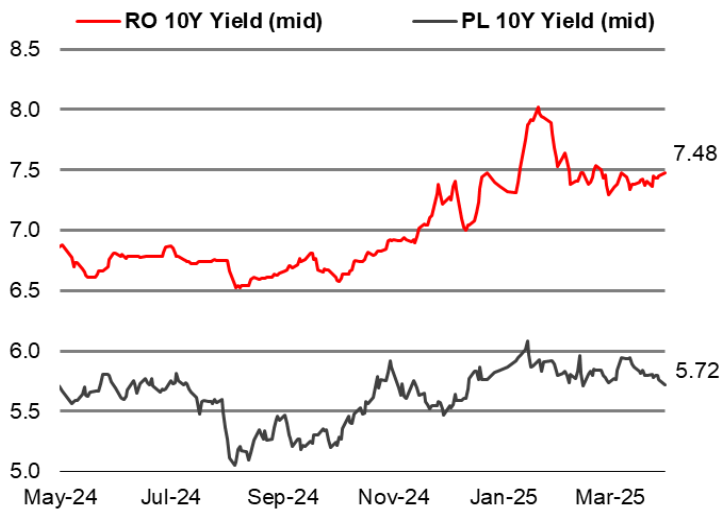
- **FX markets**

The EUR-USD ended last week above 1.08, despite testing levels close to 1.075 during the week. The size of US tariffs and their impact on eurozone imports as well as the timing of their implementation are key drivers for EUR-USD. The euro has shown resilience above 1.07 after the Trump administration announced higher duties on cars that are not produced in the US. An increase of the other tariffs by less than 25% might prevent further EUR-USD weakness. The currency pair retreated from its highs above 1.0950 after investors sold the USD, reversing the "Trump trade". Still, the uncertainty regarding the eurozone's retaliation measures might expose EUR-USD to swings in the near term.

UniCredit Bank

Focus Ahead: 31 March – 4 April

MinFin Issues



Data Source: Thomson Reuters

- Last week, the Romanian yields increased slightly along the curve, with the 1Y-3Y segment up marginally, by 1bp and the 5Y-10Y segment up by 3bp. The global yields had mixed evolutions, but the amplitude of the moves was limited (below 10bp). We expect the Romanian yields to hover around the recent levels in the absence of negative surprises on the fiscal and political fronts.
- The MinFin will issue RON 500mn in 2.1Y T-bonds on Monday. The calendar for April is not yet available.

BOND ISSUES - MARCH

ISIN Code	Auction Date	Maturity Date	Months	Planned Amount (mn)	Currency	Total Applications	Total Allocated	Yield (avg)
RO45DLJ4EE76	31-Mar-25	28-Apr-27	25	500	lei			
RODFIUK7ZV55	27-Mar-25	25-Apr-35	123	500	lei	667	500	7.47
XS3021378461	26-Mar-25	11-Jul-39	174	500	euro	1,300	500	6.79
XS3021378388	26-Mar-25	11-Jul-32	89	2,250	euro	3,900	2,250	5.92
ROXNS8ONSUB3	24-Mar-25	27-Jul-26	16	600	lei	3,225	2,110	6.83
ROCKMXSWCFH2	20-Mar-25	30-Apr-40	184	300	lei	272	0	0
ROOFOYB15203	17-Mar-25	27-Jul-31	77	700	lei	1,356	1,182	7.4
ROWLVEJ2A207	13-Mar-25	30-Oct-33	105	400	lei	875	505	7.39
ROYNCLHRHVV6	10-Mar-25	29-Jul-30	66	800	lei	1,486	1,083	7.38
RODIQFSA4XE9	10-Mar-25	23-Feb-26	11	1,000	lei	1,080	883	6.64
ROCDG04X8WJ7	6-Mar-25	26-Apr-28	38	700	lei	1,731	1,319	7.27
ROTM7EDD92S2	6-Mar-25	31-Jul-34	114	600	lei	682	600	7.63
RO4YPMZAGV71	3-Mar-25	29-Sep-25	7	800	lei	1,821	800	6.4
ROJVM8ELBDU4	3-Mar-25	25-Apr-29	50	500	lei	1,529	780	7.2

UniCredit Bank

Focus Ahead: 31 March – 4 April

Data Calendar

Date	Country	Indicator/Event	Period	UniCredit forecast	Consensus	Previous
31-Mar-2025	GE	Retail Sales mom	Feb			0.2
	GE	Inflation Rate Prel	Mar			2.3
1-Apr-2025	RO	Unemployment Rate	Feb	5.4	5.3	5.5
	RO	BCR Manufactuirng PMI	Mar	48.5		48.3
	EMU	Inflation Rate flash	Mar	2.2	2.3	2.4
	EMU	Core CPI yoy flash	Mar	2.5	2.5	2.6
	US	JOLTs Job Openings	Mar		7.5	7.7
	US	ISM Manufacturing PMI	Mar	49.0	50.3	50.3
2-Apr-2025	EU-US	US “reciprocal” tariffs announcement				
	RO	International Reserves	Mar	73.6		71.7
	RO	PPI yoy	Feb	0.9	0.5	-0.07
3-Apr-2025	EMU	PPI yoy	Feb		3.4	1.8
	US	ISM Services PMI	Mar	52.5	53.0	53.5
4-Apr-2025	GE	Factory Orders mom	Feb		4.3	-7.0
	US	Non Farm Payrolls	Mar	130k	135k	151k
	US	Unemployment rate	Mar	4.2	4.1	4.1
	US	Average hourly rearnings mom	Mar	0.3	0.3	0.3

Data Source: Bloomberg

UniCredit Bank

Economic Forecasts

MACROECONOMIC DATA AND FORECASTS

	2021	2022	2023	2024E	2025F	2026F
GDP (EUR bn)	242.3	281.7	324.4	356.5	384.1	405.0
Population (mn)	19.2	19.0	19.1	19.1	19.0	19.0
GDP per capita (EUR)	12,601	14,790	17,024	18,711	20,188	21,321
Real economy, change (%)						
GDP	5.5	4.0	2.4	0.9	1.9	2.6
Private Consumption	7.0	5.1	3.0	5.5	3.0	2.5
Fixed Investment	4.0	5.4	14.5	2.2	2.7	3.5
Public Consumption	-0.6	-1.4	6.3	-0.2	-0.4	-0.8
Exports	12.6	9.3	-0.8	-3.3	2.4	4.8
Imports	14.6	9.3	-1.1	3.0	2.1	4.7
Monthly wage, nominal (EUR)	1175	1303	1489	1710	1805	1878
Real wage, change (%)	2.0	-2.2	3.6	9.4	1.2	2.5
Unemployment rate (%)	5.6	5.6	5.6	5.3	5.2	5.4
Fiscal accounts (% of GDP)						
Budget balance	-7.1	-6.4	-6.5	-8.7	-7.0	-6.4
Primary balance	-5.6	-4.3	-4.6	-6.6	-4.8	-4.0
Public debt	48.3	47.9	48.8	54.9	58.4	60.3
External accounts						
Current account balance (EUR bn)	-17.4	-26.8	-21.5	-29.4	-28.7	-28.2
Current account balance/GDP (%)	-7.2	-9.5	-6.6	-8.2	-7.5	-7.0
Extended basic balance/GDP (%)	-1.8	-4.1	-1.9	-5.6	-4.3	-3.6
Net FDI (% of GDP)	3.7	3.3	2.0	1.6	1.6	1.8
Gross foreign debt (% of GDP)	58.8	54.6	56.5	57.1	56.9	58.1
FX reserves (EUR bn)	40.5	46.6	59.8	62.1	59.8	59.1
Months of imports, goods & services	4.3	4.0	5.1	5.1	4.8	4.5
Inflation/Monetary/FX						
CPI (pavg)	5.0	13.7	10.5	5.6	5.1	3.7
CPI (eop)	8.2	16.4	6.6	5.1	4.6	3.3
Central bank target	2.50	2.50	2.50	2.50	2.50	2.50
Central bank reference rate (eop)	1.75	6.75	7.00	6.50	5.75	4.50
3M money market rate (Dec avg)	2.83	7.66	6.25	5.91	5.48	4.63
USDRON (eop)	4.37	4.63	4.50	4.78	4.97	4.95
EURRON (eop)	4.95	4.95	4.97	4.97	5.07	5.15
USDRON (pavg)	4.16	4.68	4.57	4.60	4.86	4.98
EURRON (pavg)	4.92	4.93	4.95	4.97	5.01	5.12

UniCredit Bank

Legal Notices

Glossary

A comprehensive glossary for many of the terms used in the report is available on our website: https://www.investmentinsights.unicredit.eu/glossary.

MARKETING COMMUNICATION

This publication constitutes a marketing communication of UniCredit Bank S.A., UniCredit S.p.A., UniCredit Bank Austria AG, Schoellerbank AG and UniCreditBank GmbH (hereinafter jointly referred to as the "UniCredit Group") is addressed to the general public and is provided free of charge for information only. It does not constitute investment recommendation or consultancy activity by the UniCredit Group or, even less, an offer to the public of any kind nor an invitation to buy or sell securities. The information contained herein does not constitute an investment research or financial analysis since, in addition to the lack of content, it has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and it is not subject to any prohibition on dealing ahead of the dissemination of investment research.

UniCredit Group, including all its group companies may have a specific interest in relation to the issuers, financial instruments or transactions detailed herein. Relevant disclosures of interests and positions held by UniCredit Group are available at: ConflictsofInterest_PositionsDisclosures. Any estimates and/or assessments contained in this publication represent the independent opinion of the UniCredit Group and, like all the information contained therein, are given in good faith on the basis of the data available at the date of publication, taken from reliable sources, but having a purely indicative value and subject to change at any time after publication, on the completeness, correctness and truthfulness of which the UniCredit Group makes no guarantees and assumes no responsibility. Interested parties must therefore carry out their own investment assessments in a completely autonomous and independent manner, relying exclusively on their own considerations of the market conditions and the information available overall, also in line with their risk profile and economic situation. Investment involves risk. Before any transaction in financial instruments please refer to the relevant offering documents. It should also be noted that:

1. Information relating to the 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 can fluctuate strongly according to changes in exchange rates and have an undesirable effect on the profitability of the investment.

3. Investments that offer high returns can undergo significant price fluctuations following any downgrading of creditworthiness. In the event of bankruptcy of the issuer, the investor may lose the entire capital.

4. High volatility investments can be subject to sudden and significant decreases in value, being able to generate significant losses at the time of sale up to the entire capital invested.

5. In the presence of extraordinary events, it may be difficult for the investor to sell or liquidate certain investments or obtain reliable information on their value.

6. If the information refers to a specific tax treatment, it should be noted that the tax treatment depends on the individual situation of the customer and may be subject to change in the future.

7. If the information refers to future results, it should be noted that they do not constitute a reliable indicator of these results.

8. Diversification does not guarantee a profit or protect against a loss.

The UniCredit Group cannot in any way be held responsible for facts and/or damages that may arise to anyone from the use of this document, including, but not limited to, damages due to losses, lost earnings or unrealized savings. The contents of the publication – including data, news, information, images, graphics, drawings, brands and domain names – are owned by the UniCredit Group unless otherwise indicated, covered by copyright and by the industrial property law. No license or right of use is granted and therefore it is not allowed to reproduce its contents, in whole or in part, on any medium, copy them, publish them and use them for commercial purposes without prior written authorization from UniCredit Group unless if purposes of personal use only.