

Weekly Newsletter



MARKET OVERVIEW

EUROZONE

The unemployment rate stabilised at 8.6% in January, as expected.

UNITED KINGDOM

For the third month in a row, manufacturing confidence eroded, falling to 55.20 from a peak at 58.30 in November.

UNITED STATES

Unlike in the others regions, manufacturing confidence remained strong in the USA in February, reaching an all-time high.

ASIA & EMERGING COUNTRIES

In Japan, after a peak at 54.8 in January, manufacturing confidence moved back down to 54.10 in February. Also, inflation has been increasing since October but remains below the central bank's 2% target.

THEME OF THE WEEK

Easing the Pace

SUMMARY

INVESTMENT & MARKETS OVERVIEW

- Introduction / p. 2
- Market news and performance p. 3
- Overview of commodities and currencies p. 4

- Conviction list p. 5
- Structured products p. 6

GLOSSARY

p. 9

Easing the Pace

The outlook remains for sustained global growth in 2018, helped by the boost to US activity driven by tax cuts. Elsewhere, we believe that the acceleration in global activity is behind us after almost two years of regular positive surprises but growth should remain well above potential. Although growth is set to slow in China after a strong 2017, emerging economies should benefit from strong global demand and some dollar weakness.

Household and investor expectations of inflation have firmed, as witnessed by the inversion of US “breakeven” inflation expectations (calculated from bond yields) – for the first time this decade, 2-year expectations are above those for 10 years. Much will depend on wage growth, where some pressures have begun to emerge. However, we do not anticipate a spike in inflation, but rather a steady rise over 2018.

Jerome Powell – the new Chair of the Federal Reserve – gave his first testimony to Congress in late February and outlined an upbeat assessment of the US economy, thereby firming market expectations that the Fed will indeed hike rates three times this year as we anticipate. Elsewhere, normalization of monetary policy is set to continue at a very gradual pace – for example, we do not expect the European Central Bank (ECB) to hike rates before mid-2019.

The shift in investor expectations towards rising inflation, further Fed rate hikes and higher sovereign yields has led us to take advantage of the late-February rally in stock markets to recommend a tactical trim to exposure to global equities. Valuations are generally quite stretched and momentum has eased in some markets, notably the eurozone. However, the macro backdrop remains supportive and equities still represent the largest weight in balanced portfolios.

Source: Societe Generale Private Banking, Strategy, 12/03/2018

Market News

EUROZONE

The unemployment rate stabilised at 8.6% in January, as expected.

Retail sales remained strong in January, reaching 2.3% YoY vs an expected 2.0%.

The eurozone manufacturing confidence index printed at 58.6 in February after two positive months and a peak at 60.6 in December.



This week's key events

16 Mar CPI YoY

Period Prev. Cons.

Feb 1.3% 1.2%

UNITED KINGDOM

For the third month in a row, manufacturing confidence eroded, falling to 55.20 from a peak at 58.30 in November.

In January, the trade deficit widened further as UK exports failed to improve sufficiently (-£3.074bn vs -£2.492bn).

Industrial production bounced 1.6% in January but remained below expectations.



No key event this week

UNITED STATES

Unlike in the others regions, manufacturing confidence remained strong in the USA in February, reaching an all-time high.

In January, the trade deficit widened from -\$53.9bn to -\$56.6bn.



This week's key events

13 Mar CPI % YoY

14 Mar Retail sales % MoM

Period Prev. Cons.

Feb 2.1% 2.2%

Feb -0.3% 0.3%

ASIA & EMERGING COUNTRIES

In Japan, after a peak at 54.8 in January, manufacturing confidence moved back down to 54.10 in February. Also, inflation has been increasing since October but remains below the central bank's 2% target.

In China, the trade deficit was above expectations, printing at +\$33.74bn in February.



This week's key events

16 Mar Japan Industrial Production % YoY

Period Prev. Cons.

Jan 2.7% -

Market Performance

MARKETS AT A GLANCE

Interest rates						Government bonds*							
	Last	1wk	3mth	YTD	12mth		1wk	3mth	YTD	12mth			
EONIA (EUR)	-36 bp	0 bp	→	-3 bp	-2 bp	-1 bp	United States (3-7yr)	-0.2%	↓	-1.5%	-1.4%	0.1%	
3mth Euribor (EUR)	-33 bp	0 bp	→	0 bp	0 bp	0 bp	United Kingdom (3-7yr)	-0.1%	→	-0.8%	-1.1%	-1.4%	
3mth Libor (USD)	207 bp	5 bp	↑	52 bp	38 bp	96 bp	Germany (3-7yr)	0.0%	→	-1.3%	-0.6%	-1.5%	
3mth Libor (GBP)	60 bp	2 bp	↑	8 bp	8 bp	25 bp	Japan (3-7yr)	0.0%	→	0.0%	0.0%	-0.2%	
10-year US Treasury bond	287 bp	6 bp	↑	48 bp	46 bp	32 bp							
10-year German bond	63 bp	-1 bp	→	33 bp	21 bp	26 bp							
10-year French bond	76 bp	-4 bp	↓	27 bp	9 bp	-28 bp							
10-year UK bond	150 bp	1 bp	↑	19 bp	27 bp	35 bp							
Credit						Equities**							
		1wk	3mth	YTD	12mth		Last	1wk	3mth	YTD	12mth		
BAML EURO Corp. IG		-0.05%	→	-0.9%	-0.3%	2.1%	MSCI AC World	520	1.6%	↑	3.6%	1.7%	20.0%
BAML EURO Corp HY		0.16%	↑	-0.1%	-0.2%	4.8%	Eurostoxx 50	3 413	0.4%	↑	-4.6%	-2.3%	4.1%
BAML GBP Corp IG		-0.13%	↓	-0.6%	-1.8%	2.0%	DAX	12 356	1.4%	↑	-6.1%	-4.4%	3.2%
BAML US IG		-0.33%	↓	-2.1%	-2.6%	3.3%	CAC 40	5 254	-0.2%	↓	-2.5%	-1.1%	9.3%
BAML US HY		-0.03%	→	-0.3%	-0.5%	4.7%	S&P 500	2 739	2.3%	↑	3.8%	2.8%	18.2%
JPM Global EM Sov. Plus		0.06%	→	-1.0%	-1.9%	6.8%	FTSE 100	7 203	0.5%	↑	-1.6%	-5.4%	2.2%
							SMI	8 896	1.8%	↑	-3.9%	-4.6%	6.5%
							Topix	1 710	-1.7%	↓	-5.0%	-5.9%	12.6%
							IBOV Brazil	84 985	-0.5%	↓	16.9%	11.2%	31.3%
							MICEX Russia ***	2 291	-0.3%	↓	8.9%	8.6%	13.2%
							MSCI EM	1 195	0.3%	↑	8.1%	3.5%	31.2%
							SENSEX 30 India	33 352	-2.0%	↓	0.4%	-1.3%	16.9%
							Hang Seng (H-K)	30 655	-1.2%	↓	7.3%	2.7%	33.7%
							Shanghai Composite	3 288	0.4%	↑	0.0%	-0.6%	1.5%
Exchange rates						Commodities							
	Last	1wk	3mth	YTD	12mth		Last	1wk	3mth	YTD	12mth		
EUR/USD	1.23	0.4%	↑	4.7%	2.5%	16.8%	Brent	\$64	0.5%	↑	1.2%	-3.8%	16.3%
EUR/CHF	1.17	1.4%	↑	0.3%	0.1%	9.5%	Gold	\$1 321	1.2%	↑	5.9%	1.4%	9.4%
GBP/USD	1.38	0.3%	↑	3.1%	2.3%	13.5%	Silver	\$16	1.0%	↑	4.6%	-3.1%	-4.6%
USD/JPY	106.21	0.0%	→	-6.4%	-5.7%	-7.1%							
USD/BRL	3.27	0.5%	↑	-0.8%	-1.4%	3.3%							
USD/CNY	6.34	-0.3%	↓	-4.2%	-2.5%	-8.3%							
USD/RUB	57.1	0.5%	↑	-3.4%	-1.0%	-3.1%							

Performance should not be seen as a guarantee of future returns. Source: Datastream, 08 March 2018, .

*Government bonds = 3-7 year returns. **Equities; total return in local currency. ***Price return for MICEX equity index.

1wk = 1-week change, 3mth = 3-month change, 12mth = 12-month change, YTD = year-to-date change, YoY = year-on-year change, BAML = Bank of America Merrill Lynch, JPM = JP Morgan, IG = Investment Grade, EM = emerging markets.

CURRENCIES & COMMODITIES

Thursday close

EUR/USD	1.23
GBP/USD	1.38
USD/RUB	57.1
AUD/USD	0.78
EUR/CHF	1.17
USD/CNY	6.34
USD/CAD	1.29
USD/JPY	106
Brent	\$64.1
Gold	\$1321

Source: Datastream. On 09 March 2018, . Projections of future performance rely on internal calculations and the opinions of Societe Generale Private Banking can change anytime. Performance should not be seen as a guarantee of future returns.

** Starting from the publication day of the Letter.

Splitska banka structured products (pricing as of 09.03.2018.)

	ISIN	NAME	UNDERLYING	CURRENCY	BONUS	MATURITY	PRICE
1	XS1119148853	5Y EUR DEPOSIT LINKED NOTE	Košarica valuta	EUR	9% p.a.	10/12/2019	92,24%
2	XS1202851223	5Y USD PHOENIX DOUBLE PLUS	Košarica rudarskih i naftnih kompanija	USD	4%/8% p.a.	14/05/2020	112,10%
3	XS1212271008	5Y EUR TWINWIN 65 SX5E100 CAP	Eurostoxx 50	EUR	sudjelujući	12/06/2020	102,13%
4	XS1265964210	5Y EUR DEPOSIT LINKED NOTE	WO Total, Repsol, Statoil	EUR	5,70% p.a.	16/10/2020	94,93%
5	XS1314889129	USD CAPPED & FLOORED FLOATER NOTE	USD LIBOR 3M	USD	1,70% p.a.	17/03/2021	96,53%
6	XS1334783617	AUD CAPPED & FLOORED FLOATER NOTE	AUD-BBR-BBSW	AUD	2,10% p.a.	29/04/2019	98,92%
7	XS1367217558	USD FLOORED FLOATER NOTE	USD LIBOR 3M	USD	1,50% p.a.	01/07/2021	97,63%
8	XS1416369285	3Y EUR PHOENIX PLUS WO	ENGIE, E.ON, Enel	EUR	3,0% p.s.	08/08/2019	99,56%
9	XS1417403265	3 Y USD CAPPED & FLOORED FLOATER NOTE	USD LIBOR 3M	USD	1,0% p.a.	12/10/2019	98,73%
10	XS1574509565	3Y EUR PH+ SECURITY WORST OF 70% CA FP MEO GY BN FP 1.50% PQ 22042020	WO Carrefour, Metro, Danone	EUR	1,50% p.q.	22/04/2020	91,88%
11	XS1574472384	3Y EURQ PH + WO 50% HUI SX5E 1.10% PQ 21042020	WO Eurostoxx 50, HUI	EUR	1,10% p.q.	21/04/2020	96,12%
12	XS1706791214	3Y EUR PHOENIX PLUS 60% WO EDF BNP CO 1,91%	WO EDF BNP CO	EUR	1,91% p.q.	04/12/2020	93,78%
13	XS1759355412	3Y EUR PHOENIX PLUS 60% WO ISP UCG 1,95% p q	WO ISP UCG	EUR	1,95% p.q.		96,53%
14							
15							

Important: There is limited availability of structured products on secondary market so availability should be checked before every transaction.

Structured products bought on secondary market (pricing as of 09.03.2018.)

ISIN	NAME	UNDERLYING	CURRENCY	BONUS	MATURITY	PRICE	
1	XS1245190555	3Y EUR PHOENIX PLUS 75% SX5E 2,84% P.S. 03092018	EURO STOXX 50	EUR	2.84% p.s.	03/09/2018	100,58%
2	XS1456533634	5Y USD PHOENIX PLUS SECURITY 50% HUI 1.68% P.Q. 19102021	HUI	USD	1,68% p.q.	19/10/2021	99,61%
3	XS1471994811	3Y USDQ PHOENIX PLUS 70% DAI GY 2.40% P.Q. NC2Q 06012020	Daimler	USD	2,40% p.q.	06/01/2020	98,62%
4	XS1472027330	2Y USDQ PH+ WO 70% BMW GY DAI GY VOW3 GY 3.24% P.Q. NC2Q 140119	BMW, DAIMLER, VOLKSWAGEN	USD	3,24% p.q.	14/01/2019	102,12%
5	XS1457486402	5Y USDQ PHOENIX PLUS 60% WO RDS FP 2,25% P.Q.	WO Total Royal Dutch Shell	USD	2,25% p.q.	12/01/2022	96,51%
6	XS1562505542	3Y USD PHOENIX PLUS 70% WO RDS FP 2,26% P.Q.	WO BAYER PFIZER	USD	2,26% p.q.	20/03/2020	95,82%
7	XS1533380355	5Y EUR PHOENIX PLUS 50% CO FP 1,81% P.Q. NC2Q 12052022	Casino Guichard	EUR	1,81% p.q.	12/05/2022	87,61%
8	XS1574623341	3Y CHF PHOENIX PLUS 60% 70% LH	Lafarge Holcim	CHF	3,0% p.s.	22/04/2020	98,15%
9	XS1555608782	5Y USDQ PHOENIX PLUS STEP DOWN 50% CO FP 2,20% P.Q.	Casino Guichard	USD	2,20% p.q.	16/05/2022	85,14%
10	XS1555620720	3Y USDQ PH+ STEP DOWN SEC WO 75% SLB XOM RDSA 2.36% P.Q.	WO Schlumberger, Exxon, Royal Dutch Shell	USD	2,36% p.q.	26/05/2020	96,35%
11	XS1511962331	3Y USD PHOENIX PLUS 80% HUI 7.60% P.S.	HUI	USD	7,60% p.s.	03/03/2020	84,30%
12	XS1622385232	5Y EUR PHOENIX PLUS 70% BNP FP 2.18% P.Q. NC2Q 06062022	BNP	EUR	2,18% p.q.	06/06/2022	95,69%
13	XS1596972668	3Y USDQ PH+ STEP DOWN WO 70% 9201 JT CHL UN BP LN 2.60% P.Q. 16062020	JT, CHL, BP	USD	2,60% p.q.	16/06/2020	92,57%
14	XS1570747094	5Y EURQ PH+ SD SC 75% NOVN SAN PFE ROG 2.12% PQ NC2Q 270622	WO Novartis, Sanofi, Pfizer, Roche	EUR	2,12% p.q.	27/06/2022	84,47%
15	XS1447122265	1Y EUR PHOENIX PLUS 70% VK	Vallourec	EUR	9,21% p.s.	09/03/2018	109,21%
16	XS1583545865	5Y EUR PHOENIX PLUS 60% CO FP 2% P.Q.	Casino Guichard	EUR	2,0% p.q.	08/08/2022	84,58%
17	XS1622812326	2Y EUR PHOENIX PLUS WO 80% CS FP BNP FP INGA NA 7.62% P.S. 21082019	WO AXA, BNP, ING	EUR	7,62% p.s.	21/08/2019	86,31%
18	XS1599668289	3Y USD PHOENIX PLUS STEP DOWN 60% SX7E 3.82% P.S. 08092020	Eurostoxx Banks	USD	3,82% p.s.	08/09/2020	103,82%
19	XS1212347006	3Y EUR PHOENIX PLUS 50% 60% WO BNP CA 1.7%PQ 28052018 NC6M	WO Carrefour, BNP	EUR	1,70% p.q.	28/05/2018	93,92%
20	XS1586136464	1Y EUR PHOENIX PLUS 70% VK FP 7.80% P.S. 10052018	Vallourec	EUR	7,80% p.s.	10/05/2018	85,54%
21	XS1242978770	3Y EUR PHOENIX PLUS WORST OF 60% FR FP ML FP VOW3 GY 2% P.Q. 12062018	WO Volkswagen, Valeo, Michelin	EUR	2,0% p.q.	12/06/2018	97,30%
22	XS1620557394	5Y EURQ PH+ SECURITY WO 75% SX5E CAC SMI 1.02% P.Q. NC4Q 29092022	WO SX5E, CAC, SMI	EUR	1,02% p.q.	29/09/2022	96,74%
23	XS1513289469	2Y USDQ PH+ STEP DOWN WO 60% GG NEM ABX 2.40% P.Q. 17052019	WO Goldcorp, Newmont mining, Barrick gold	USD	2,40% p.q.	17/05/2019	88,31%
24	XS1669740976	3Y USDQ PH+ SD WO 70% 2914 JT DAI GY VOW3 GY 2.95% P.Q. 30102020	WO Volkswagen, Daimler, JT	USD	2,95% p.q.	31/10/2020	83,16%
25	XS1658366932	4Y EUR PH+ SD SEC WO 57% RWE EOAN ENGI 1,375% P.Q.	WO EOAN, ENGIE RWE	EUR	1,375% p.q.	07/12/2021	93,64%
26	XS1669454537	1Y EUR PH+ 75% STM FP 4,80% P.S.	ST Microelectronics	EUR	4,80% p.s.	20/11/2018	97,98%
27	XS1667712852	5Y EUR PH+ 60% ACA FP 1,75%	Credit Agricole	EUR	1,75% p.q.	22/12/2022	94,80%
28	XS1667711961	2Y EUR PH+ 70% RNO FP 2%	Renault	EUR	2,0% p.q.	08/01/2020	102,06%
29	XS1706665269	2Y EUR PHOENIX PLUS WO 80% CS FP RNO FP 16.35% P.A. 20122019	Renault, AXA	EUR	16,35% p.a.	20/12/2019	95,08%
30							

GLOSSARY

Accommodative Monetary Policy: when a central bank attempts to expand the overall money supply to boost the economy when growth is slowing by lowering the interest rate or by purchasing Treasury bonds.

Basis Points: A unit that is equal to 1/ 100th of 1% and used to denote the change in a financial instrument.

Bear: an investor who believes, for any technical or fundamental reason, that a security or the broader market will decline significantly. A bear takes the appropriate steps to limit losses during the period that they believe that the security will decline.

Ibovespa Index: The Ibovespa Index is a gross total return index weighted by traded volume & is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange.

BoC: Central Bank of Canada

BoE: Central Bank of England

BoJ: Central Bank of Japan

CPI (Consumer Price Index): measures changes in the price level of a market basket of consumer goods and services purchased by households.

Credit risk: credit risk is the chance that a bond issuer will not make the coupon payments or principal repayment to its bondholders. In other words, it is the chance the issuer will default.

Deflation: a general decline in prices, often caused by a reduction in the supply of money or credit. Deflation can be caused also by a decrease in government, personal or investment spending.

EPS (Earnings Per Share): the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

ECB (European Central Bank): created in 1998, the European Central Bank determines the monetary policy to be adopted within the Eurozone. To do so, it has various means, in particular the key interest rates. The ECB is responsible for the single currency. Its main mission consists of maintaining price stability within the Euro zone.

EM/ EC (Emerging markets/ countries): markets/ countries in the process of rapid growth and industrialization.

Equity Risk Premium: The excess return that an individual stock or the overall stock market provides over a risk-free rate.

Eurostoxx50: A market capitalization-weighted stock index of 50 large, blue-chip European companies operating within eurozone nations.

Fed (Federal Reserve): central bank of the United States and controls the money supply.

FOMC (Federal Open Market Committee): The branch of the Federal Reserve Board that determines the direction of monetary policy.

Guaranteed capital: on maturity, a capital-guaranteed structured product repays a minimum 100% of the capital invested on expiry. However, the investor bears the risk associated with the issuer of a structured product. If the issuer defaults, there is a risk of loss of capital.

Hang Seng index (Hong-Kong Index): A market capitalization-weighted index of 40 of the largest companies that trade on the Hong Kong Exchange. The index aims to capture the leadership of the Hong Kong exchange, and covers approximately 65% of its total market capitalization.

Investment-grade bonds: a rating that indicates that a municipal or corporate bond has a relatively low risk of default.

ISM Manufacturing Index: monitors employment, production inventories, new orders and supplier deliveries.

Issuer: in the case of a structured product, an issuer is an entity that issues and distributes investment products. An issuer may be a bank or a company created specifically for this purpose. In the case of a bond, an issuer is an entity (government, company, government agency etc.) that issues bonds and borrows the amounts required for its financing.

Long/ Short Strategy: An investing strategy of taking long positions in stocks that are expected to appreciate and short positions in stocks that are expected to decline.

Maturity date: in finance, maturity or maturity date refers to the final payment date of a loan or other financial instrument, at which point the principal (and all remaining interest) is due to be paid. The term fixed maturity is applicable to any form of financial instrument under which the loan is due to be repaid on a fixed date.

MSCI World Index: index designed to provide a broad measure of equity-market performance throughout the world. The Index is maintained by Morgan Stanley Capital International, and is comprised of stocks from both developed and emerging markets.

Overweight: An analyst's opinion regarding the future performance of a security. Overweight will usually signify that the security is expected to outperform either its industry, sector or, even, the market altogether.

P/B Value (Price/ Book value): a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

P/E ratio (Price/Earning ratio): the ratio [Share price/earnings per share] reflects the trading price of a share in relation to the expected earnings. As such, the higher this ratio, the more expensive the stock, and vice versa. Note: the P/E ratio also depends on profit growth; companies with high profit growth tend to have a higher P/E.

PMI composite : composite of five of the survey indices. These are New orders, Output, Employment, Suppliers' delivery times (inverted) and Stocks of purchases

PMI (Purchasing Managers Index): Economic indicator of the manufacturing sector.

Protected capital: a product with protected capital does not guarantee the repayment of all the capital invested on maturity. The main risk associated with this type of product is a risk of capital loss, linked to fluctuations in the capital markets. There is a risk part or all of the capital may not be returned, depending on the type of protection.

QE (Quantative Easing): An unconventional monetary policy in which a central bank purchases government securities or other securities from the market in order to lower interest rates and increase the money supply.

Quarterly Earnings Report: A quarterly filing made by public companies to report their performance. Included in earnings reports are items such as net income, earnings per share, earnings from continuing operations and net sales. These reports follow the end of each quarter. Most companies file in January, April, July and October.

S&P500 (SPX Index): An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

Structured product: structured products are investment solutions comprised of a number of financial instruments. They combine one or more financial assets such as equities, currencies, interest rates etc. with a more sophisticated options component.

Topix stock index: an index that measures stock prices on the Tokyo Stock Exchange (TSE).

Underweight: An analyst's opinion regarding the future performance of a security. Underweight will usually mean that the security is expected to underperform either its industry, sector, or even the market altogether.

US Dollar Index (DXY): A measure of the value of the U.S. dollar relative to majority of its most significant trading partners.

Valuation: the process of determining the current worth of an asset or company.

Valuation metric: assessment method to determine the valuation of an asset such as the P/E for equities.

Volatility: volatility is a measure for variation of price of a financial instrument over time.

EXPLANATION OF RISK LEVELS

For example, risk level R1 corresponds to a defensive risk profile. These indicators are based on the 1-year 95% Value at Risk (VaR). VaR is a measurement of the maximum amount a portfolio could lose under normal market conditions over a given period with a given probability. If the 1-year 95% VaR amounts to x%, this means that there is a 95% probability that the portfolio will not lose more than x% of its value in one year.

Risk classification	0 Lowest Risk	1 Low Risk	2 Medium Risk	3 High Risk	4 - Highest Risk
Loss	There is a 95% probability that the product will not depreciate in value in one year.	There is a 95% probability that the product will not lose more than 5% of its value in one year.	There is a 95% probability that the product will not lose more than 15% of its value in one year.	There is a 95% probability that the product will not lose more than 30% of its value in one year.	There is a minimum of 5% probability that the product will lose more than 30% of its value in one year.

This document, subject to modifications, is given for purely informative purposes and does not constitute a contract and should be treated as a marketing communication providing general investment overview, investment opportunities and strategies. The information contained in this document is given for information purposes only. Capitalised terms refer to the glossary attached to this document.

This document was prepared by Splitska Banka Private Banking division, a division within Splitska banka d.d. Because of the fact that this document is given for information purposes only, Croatian Financial Services Supervisory Agency (HANFA) as supervisory body Splitska bankad.d. did not approve this document and has no control over the content of it and it is not fully compliant with regulatory provisions that could be considered as investment advice in any way. The contents of this document are not intended to provide an investment service or an investment advice, and the document does not constitute and under no circumstances should it be considered in whole or in part as an offer, a solicitation, advice, a personal recommendation, or an invitation to make an offer or purchase, subscribe for or sell financial products referred to herein, or an invitation to invest in the class of assets mentioned herein from Splitska Banka Private Banking division or Splitska bankad.d. The information indicated in this document shall not to be considered as legal or fiscal or accounting advice. Some products described herein may not be suitable for all investors, and can present various risks, or result in a potential loss of the total invested amount, including a potential unlimited loss, and accordingly are reserved only for a certain category of investors, and/or adapted to investors who are sophisticated and familiar with these types of product(s) and understand the investment and the associated risks. No investment decision whatsoever may solely result from reading this document. Accordingly, before making an investment decision, each potential investor will be questioned by Splitska Banka Private Banking division at Splitska bankad.d. to determine his eligibility to subscribe for the envisaged product, and the compatibility of the investment with his investment profile and objectives. He should also consult his own independent financial, legal and tax advisers to obtain all the financial, legal and fiscal information which will allow him to appraise the characteristics and the risks of the envisaged product, as well as his fiscal treatment, in light of his own circumstances. The reader is warned that the placement of stock exchange orders requires full knowledge of the regulations and operation of the markets. Before investing, the reader must be aware of the rapid fluctuations that may occur on certain markets and their speculative nature or their lack of liquidity. It is possible that certain assets or categories of assets mentioned in the document are not appropriate investments for the reader. In certain cases, the investment made includes even an undeterminable high risk of loss that could exceed the initial investment. The full understanding and agreement to the related contractual and informative documentation including the documentation relating to the relevant risks is required from the potential investor prior to the subscription of any product(s) any investment. Neither Splitska bankad.d. nor Splitska Banka Private Banking division shall be held responsible for any consequences, including financial consequences, resulting from your investments in and/or your instructions in relation to investments in financial product(s) concluded on the basis of this document alone. This document is not intended to be distributed to a person or in a jurisdiction where such distribution would be restricted or illegal. It is the responsibility of any person in possession of this document to inform themselves of and to observe all applicable laws and regulations of relevant jurisdictions. This document is in no way intended to be distributed in or into the United States and the financial products referred to herein cannot be distributed or sold directly or indirectly in or into the United States or to any US person.

Any investment may have tax consequences and it is important to bear in mind that neither Splitska bankad.d. nor Splitska Banka Private Banking division provide any tax or legal advice. The level of taxation depends on individual circumstances and such levels and bases of taxation can change.

The communicated information is only relevant in value at the time at which it was drafted. The price and value of investments and the

income derived from them can go down as well as up. Changes in inflation, interest rates and the rate of exchange may have an adverse effect on the value, price and income of investments issued in a different currency from yours. The simulations and examples included in this document are provided only for indicative and illustration purposes and may vary depending on the market fluctuations and the information and views reflected in this document may change. Splitska bankad.d. and Splitska Banka Private Banking division disclaim any responsibility to update or make any revisions to this document. The historical data and information herein, including any quoted expression of opinion, have been obtained from, or are based upon, external sources that Splitska bankad.d. and Splitska Banka Private Banking division consider to be reliable but have not been independently verified and are not guaranteed as to their accuracy or completeness. Neither Splitska bankad.d. nor Splitska Banka Private Banking division shall be liable for the accuracy, relevance or exhaustiveness of this information. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realised, and should not be deemed an assurance or guarantee as to the expected results of transaction(s) involving such investment product(s)/ asset class (es). Splitska bankad.d. and Splitska Banka Private Banking division accepts no responsibility for the accuracy or otherwise of information contained in this document. Splitska bankad.d. and Splitska Banka Private Banking division accepts no liability or otherwise in respect of actions taken by recipients on the basis of this document only and does not hold itself out as providing any advice, particularly in relation to investment services. The opinions, views and forecasts expressed in this document (including any attachments thereto) reflect the personal views of the author(s) and do not reflect the views of Splitska bankad.d. and Splitska Banka Private Banking division unless otherwise mentioned. This document is confidential, intended exclusively to the person to whom it is given, and may not be communicated nor notified to any third party (with the exception of external advisors on the condition they themselves respect this confidentiality undertaking) and may not be copied in whole or in part, without the prior written consent of Splitska bankad.d. and/or Splitska Banka Private Banking division. This document has been distributed in Republic of Croatia by Splitska bankad.d., Domovinskog rata 61, 21000 Split, OIB: 69326397242.

Conflict of interest:

The circumstances that led to the drafting of this document do not result from an independent research. This notice was prepared with the greatest care by members of the Splitska bankad.d. and Splitska Banka Private Banking division. The employee(s) who elaborated this document may have a direct or indirect interest in the sale of the mentioned products. Agents or employees of Splitska bankad.d. and Splitska Banka Private Banking division who may have participated directly or indirectly in the drafting of this document may hold, have held, or will hold positions in any of the investments mentioned in this document. Regarding the treatment of conflicts of interest, Societe Generale - Splitska banka d.d. refers to the provisions of Bank's Conflict of interest policy available upon request.

Risk level

The suitability of these investments depends on your own investor profile, financial knowledge and experience and also your investment objectives. If the investment themes and solutions presented are of interest to you, do not hesitate to contact Splitska Banka Private Banking division.

In order to draw our clients' attention to the risk associated with each investment solution, each product is classified according to its specific risk level, on a risk scale ranging from the lowest level of risk to the highest level of risk as shown in table on previous page.