Economic Analysis Division
Emerging Markets Research

Bi-Weekly Report

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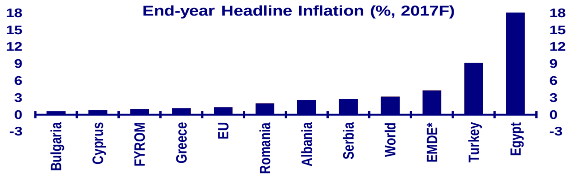
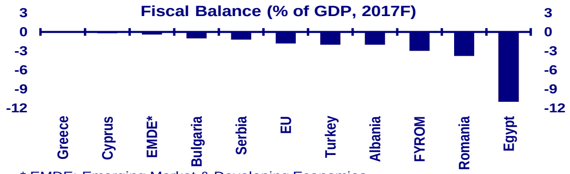
* EMDE: Emerging Market & Developing Economies





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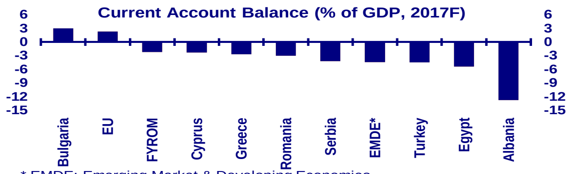
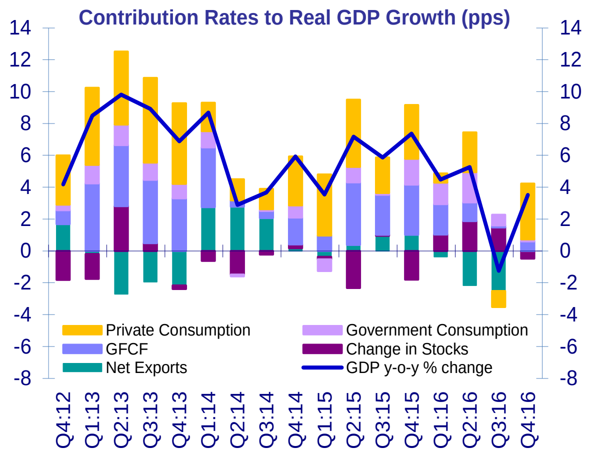
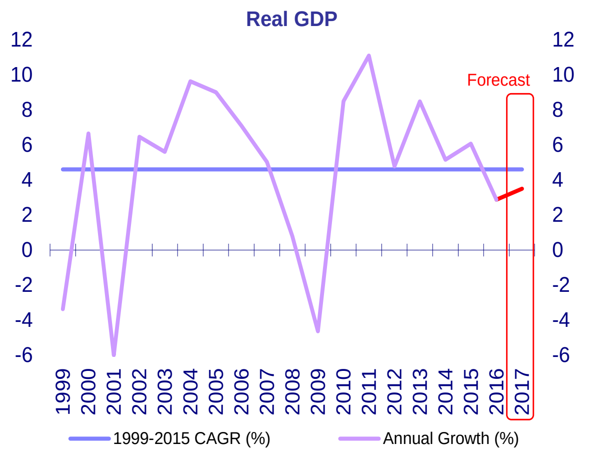


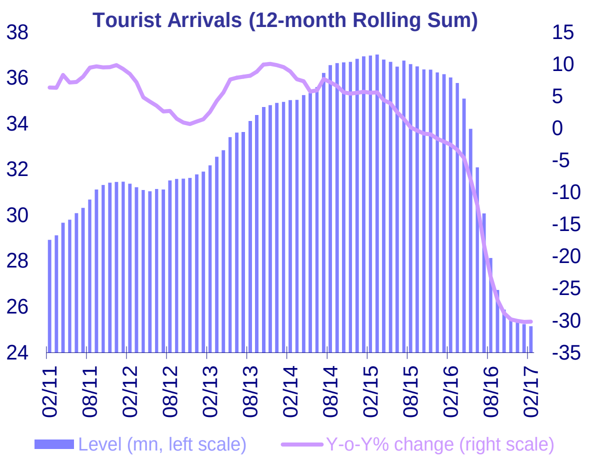
* EMDE: Emerging Market & Developing Economies

Turkey

BB+ / Ba1 / BB+ (S&P/ Moody's / Fitch)







	3 Apr.	3-M F	6-M F	12-M F
1-m TRIBOR (%)	12.3	12.5	11.5	10.5
TRY/EUR	3.89	4.00	3.90	3.80
Sov. Spread (2020, bps)	240	250	230	200

	3 Apr.	1-W %	YTD %	2-Y %
ISE 100	88,669	-1.1	13.5	6.8

	2014	2015	2016	2017F	2018F
Real GDP Growth (%)	5.2	6.1	2.9	3.5	4.2
Inflation (eop, %)	8.2	8.8	8.5	9.2	7.8
Cur. Acct. Bal. (% GDP)	-4.7	-3.7	-3.8	-4.5	-4.5
Fiscal Bal. (% GDP)	-1.1	-1.0	-1.1	-2.0	-1.5

GDP growth for Q4:16 and FY:16 surprise on the upside. Economic activity rebounded in Q4:16 (up 3.5% y-o-y), after having contracted for the first time in 6 years in Q3:16 (down 1.3% y-o-y), mainly due to heightened uncertainty following the July 15th failed coup and the subsequent imposition of emergency rule, which dealt a severe blow to business and consumer confidence.

The Q4:16 growth outcome was well above market consensus of 1.8%. Moreover, Q2:16 and Q3:16 growth outcomes were revised up by 0.8 pps and 0.5 pps, respectively, to 5.3% and -1.3% y-o-y. As a result, FY:16 GDP growth stood at 2.9% -- above market consensus of 2.1%, but well below the FY:15 outcome of 6.1% and long-term average (1999-2015) of 4.6%.

The significant improvement in growth in Q4:16 was mainly driven by a sharp rebound in domestic absorption (contributing 4.2 pps to overall growth, after having shaved 0.2 pps off headline growth in Q3:16). Importantly, private consumption (up 5.7% y-o-y in Q4:16 against a decline of 1.75 y-o-y in Q3:16) accounted for the bulk of the improvement in domestic absorption. Gross fixed capital formation displayed a weak rebound in Q4:16 (up 2.0% y-o-y against a rise of 0.5% in Q3:16). Public consumption decelerated significantly (up 0.8% y-o-y against a rise of 5.6% in Q3:16), reflecting a tighter fiscal stance due to fears of a downgrade to non-investment territory by Fitch.

Net exports also contributed to the significant rebound in activity in Q4:16 (shaving only 0.2 pps off overall growth compared with -2.5 pps in Q3:16), on the back of a recovery in exports of goods and services. The latter rose by 2.3% y-o-y in Q4:16 following a sharp decline of 9.3% in Q3:16, reflecting disruptions to production and the intensifying crisis in the tourism sector amid heightening security risks. The improvement in growth in Q4:16 would have been even stronger had inventories not been depleted (shaving 0.5 pps off headline growth) following a significant build-up in Q3:16 (contributing 1.5 pps to headline growth).

Looking ahead, in view of the Q1:17 leading indicators and the higher-than-expected FY:16 GDP growth outcome, we foresee economic activity accelerating to 3.5% in FY:17 from a post-crisis low of 2.9% in FY:16. If political uncertainty dissipates rapidly following the April 16th referendum, activity may be stronger than the baseline forecast.

The tourism sector appears to have reached its nadir in the first two months of the year. On a 12-month rolling basis, the pace of decline in tourist arrivals stabilised in 2M:17 at -30.2% y-o-y after 16 consecutive months of deterioration, on the back of a sharp rise in arrivals from Russia. Indeed, the number of Russian tourists continued to recover (up 88.2% y-o-y in 2M:17), reflecting the resumption of charter flights from Russia in September 2016, following the removal of the Russian sanctions imposed in the wake of the downing of a Russian military jet in late-November 2015. On a 12-month rolling basis, the pace of decline in the number of Russian tourists eased to -74.9% y-o-y in February from -76.3% in December.

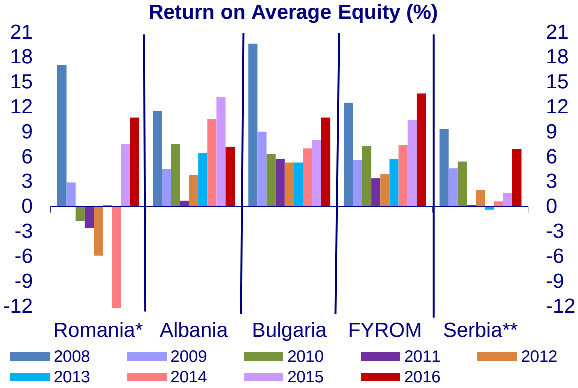
Worryingly, on a 12-month rolling basis, the pace of decline in arrivals from other countries remains weak (-25.2% y-o-y in February from -24.9% in December), due to the persistent domestic security concerns. Indeed, since July 2015, 114 terrorist attacks had been perpetrated, including in the capital Ankara and the largest city Istanbul, killing 709 people and wounding 2,511.

For the year as a whole, barring the exacerbation of domestic security concerns and based on recent trends, we expect the pace of decline in tourist arrivals to ease significantly to c. -10.0% from -30.0% in FY:16 (the sharpest decline in 17 years).

Romania

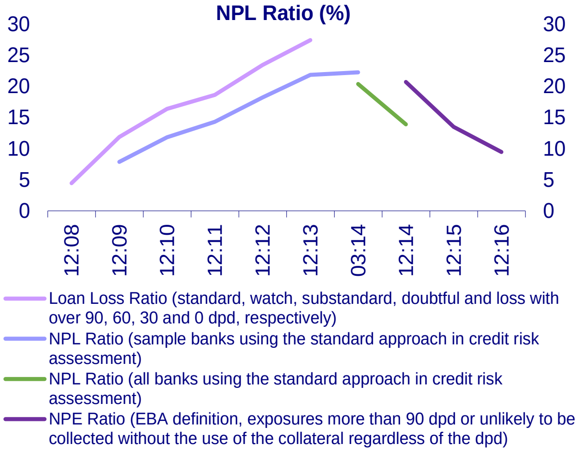
BBB- / Baa3 / BBB- (S&P / Moody's / Fitch)

Return on Average Equity (%)

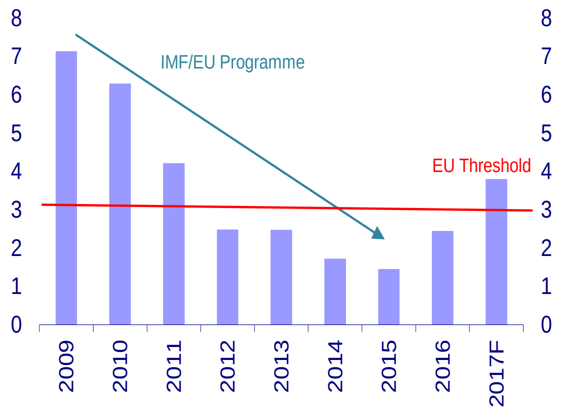


* Adjusted for the acquisition of Volksbank Romania by Banca Transilvania
** 9M:16 (annualised)

NPL Ratio (%)



Budget Deficit (% of GDP)



	3 Apr.	3-M F	6-M F	12-M F
1-m ROBOR (%)	0.6	0.9	1.2	1.5
RON/EUR	4.55	4.49	4.49	4.50
Sov. Spread (2024, bps)	199	180	165	150

	3 Apr.	1-W %	YTD %	2-Y %
BET-BK	1,530	1.9	13.9	16.0

	2014	2015	2016E	2017F	2018F
Real GDP Growth (%)	3.1	3.9	4.8	4.0	3.4
Inflation (eop, %)	0.8	-0.9	-0.5	2.0	2.6
Cur. Acct. Bal. (% GDP)	-0.7	-1.2	-2.4	-3.0	-3.4
Fiscal Bal. (% GDP)	-1.7	-1.5	-2.4	-3.8	-3.0

The profitability of the banking system strengthened in FY:16. Net profits rose sharply to RON 4.3bn (EUR 0.9bn or 0.6% of GDP) in FY:16 from RON 2.8bn in FY:15 (after adjusting for a once-off revaluation gain of RON 1.7bn on Banca Transilvania's purchase of Volksbank Romania). As a result, ROAA and ROAE rose to post-crisis highs of 1.1% and 10.7%, respectively, in FY:16 from 0.7% and 7.5% in FY:15. Note that FY:16 profitability was also helped by gains from the sale of stakes held by Romanian banks in Visa Europe Ltd. Specifically, the country's 3 largest banks -- BCR, BT and BRD, altogether controlling 39.7% of the system's total assets -- reported net profits of RON 3.0bn in FY:16 (70% of total profits) against RON 2.1bn in FY:15.

Provisioning decelerated in FY:16, in line with the continuing decline in NPEs. The NPE ratio reached 9.5% at end-2016 against 13.5% at end-2015 and 20.7% at end-2014. This development came largely on the back of continued (NBR motivated) write-offs of (mostly fully-provisioned) NPEs and, to a lesser extent, NPE sales. In this context, banks eased the pace of provisioning, pushing down further the cost of risk (CoR). Specifically, we estimate the CoR for the 3 largest banks to have fallen to 80 bps in FY:16 from 100 bps in FY:15.

Pre-provision profit was held back by weak net interest income (NII) in FY:16. NII came under pressure in FY:16, reflecting a slowdown in credit expansion (up 0.9% against 2.5% in FY:15) and increased pricing competition among banks amid an environment of low interest rates (note that the NBR maintained its key rate unchanged at a historic low of 1.75% throughout FY:16). All said, NII for the 3 largest banks dropped by 6.5% in FY:16 following a decline of 2.6% in FY:15.

At the same time, profitability was supported by the decline in operating expenses, due to the continued – albeit at a slower pace – downsizing of the banking system. Note that operating expenses for the 3 largest banks fell by 3.0% in FY:16 after remaining flat in FY:15.

High provisioning ahead of an asset quality review (AQR) could constrain profitability in FY:17. Despite the significant clean-up of banks' balance sheets during the past 2 years, provisioning is unlikely to decelerate in FY:17, due to increased NPE recognition ahead of an AQR. In fact, we see the NPE ratio remaining broadly flat at current levels by end-2017. At the same time, the projected pick-up in credit activity in FY:17 (by 3.0-4.0%), in line with the country's low penetration rate (28.3% of GDP) and abundant liquidity in the system (the loan-to-deposit ratio stands at 83.0%), should support profitability.

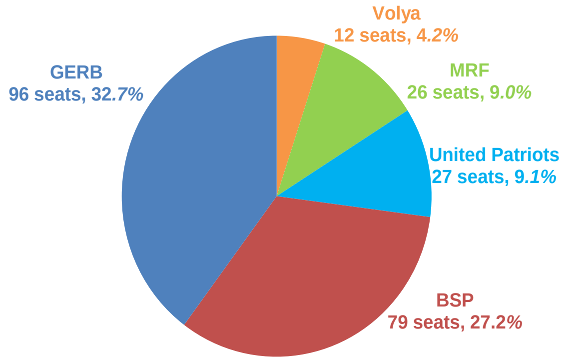
Importantly, the impact from the implementation of the Debt Settlement Law should be smaller than initially envisaged, as the Constitutional Court ruled that recourse to it must be judged on a case-by-case basis, distinguishing between the borrower's willingness and ability to repay a loan. In this context, banks eased credit standards, reversing the earlier hikes in the down-payment required for a mortgage loan. All said, we see ROAE declining slightly to c. 10.0% in FY:17 from 10.7% in FY:16.

The IMF warns against fiscal slippage. Under no policy change, the IMF sees the budget deficit widening to 3.7% of GDP in FY:17 from 2.4% in FY:16, due to tax cuts and wage hikes, the direct impact of which is estimated at a sizeable 2.3% of GDP. To this end, it called on the authorities to cut spending and postpone a 9.0% hike in pensions in July. In our view, the newly-elected Government is unlikely to break its pre-election promises and follow the IMF recommendations, at least for the time being. However, fiscal adjustment, to the extent that it is undertaken, could be made through cuts in public investment. Romania unfortunately appears set on reversing the significant fiscal adjustment undertaken during 2009-2015.

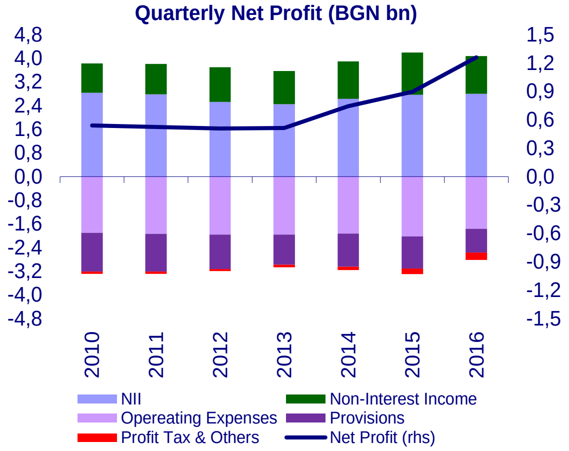
Bulgaria

BB+ / Baa2 / BBB- (S&P / Moody's / Fitch)

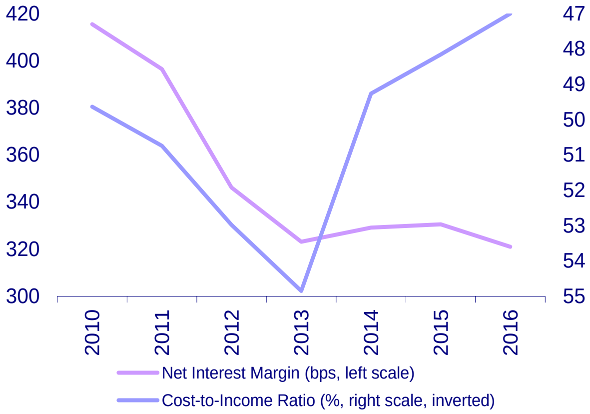
Results of the 2017 Parliamentary Elections
Number of Seats, *% of the vote*



Quarterly Net Profit (BGN bn)



Net Interest Margin & Cost-to-Income Ratio



	3 Apr.	3-M F	6-M F	12-M F
1-m SOFIBOR (%)	0.0	0.1	0.1	0.2
BGN/EUR	1.96	1.96	1.96	1.96
Sov. Spread (2022, bps)	130	120	116	110

	3 Apr.	1-W %	YTD %	2-Y %
SOFIX	633	-0.8	8.0	22.6

	2014	2015	2016E	2017F	2018F
Real GDP Growth (%)	1.3	3.6	3.4	3.7	3.5
Inflation (eop, %)	-0.9	-0.4	0.1	0.6	1.2
Cur. Acct. Bal. (% GDP)	0.1	0.4	3.9	3.4	2.9
Fiscal Bal. (% GDP)	-3.7	-2.8	1.6	-1.0	-0.5

Another weak coalition likely to emerge from the March 26th parliamentary elections. In a highly contested election, the centre-right GERB won 32.7% of the vote, finishing first for a 4th consecutive time. Its main rival, the centre-left BSP, came second with 27.2% of the vote, albeit recouping much of the losses suffered in the 2014 elections (when it received just 15.4%). Three other parties managed to pass the 4% election barrier and enter Parliament, i.e. United Patriots, an alliance of three nationalist parties (9.1%), the Turkish minority party, MRF (9.0%) and the populist Volya (4.2%). Recall that a GERB-led coalition resigned last November, following the defeat of its candidate in the Presidential elections. The defeat was attributed to the Government's failure to tackle corruption.

In view of Bulgaria's proportional electoral system, no party managed to obtain an outright majority in the 240-seat assembly. The election winner, GERB, is 26 seats short of an absolute majority. A possible coalition could be with United Patriots (27 seats). GERB has ruled out working with the BSP (80 seats) or the MRF (26 seats). Worryingly, such an outcome could result in another weak coalition that would struggle to meet the country's challenges.

The profitability of the banking system rose sharply in FY:16, due both to lower provisioning and higher pre-provision earnings. Net profits rose by an impressive 40.5% in FY:16 to a post-crisis high of BGN 1.3bn (1.4% of GDP). As a result, ROAA and ROAE improved to 1.4% and 10.7%, respectively, in FY:16 from 1.0% and 8.0% in FY:15.

Provisioning decelerated in FY:16, in line with the drop in the NPE ratio. Despite the implementation of AQR adjustments worth 0.8% of GDP (with 80% of them concentrated in 2 banks), provisioning declined sharply in FY:16 (by 25.9% following a decline of 3.4% in FY:15), pushing down the cost of risk (CoR) to 149 bps from 199 bps in FY:15. In our view, this performance is in line with the drop in the NPE ratio to 12.9% at end-2016 from 14.5% at end-2015 and 15.0% at end-2014, reflecting NPE write-offs and sales following the completion of the AQR.

Higher net non-interest income (NNII) and, to a lesser extent, net interest income (NII) sustained pre-provision profitability in FY:16. NII picked up in FY:16 (by 1.2%, albeit by less than in FY:15 -- up 5.3%), as the expansion in average interest earning assets (up 4.2%) more than offset the impact of a slightly lower net interest rate margin (320 bps against 330 bps in FY:15). The latter is mainly attributed to the decline in lending rates, reflecting tighter competition among banks for market shares against the backdrop of increased liquidity (the loan-to-deposit ratio fell to 79.5% at end-2016 from 83.3% at end-2015).

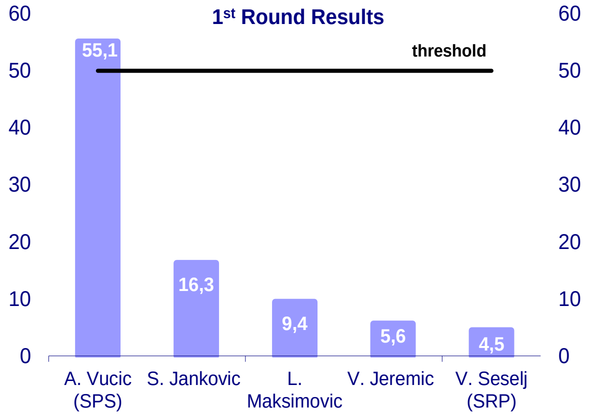
Operating expenses declined sharply in FY:16 (by 12.8% against a rise of 5.1% in FY:15), reflecting an accounting change (deposit insurance fees rose to non-interest expenses from operating expenses). Adjusting for one-off changes, they remained broadly flat in FY:16. Importantly, NNII strengthened in FY:16 (by 7.5% y-o-y, albeit by less than in FY:15 -- up 12.2%), mainly due to higher trading gains. The efficiency of the banking system improved, with the cost-to-income ratio falling by 120 bps to 47.0% in FY:16 (including the accounting change).

Higher pre-provision income, as well as lower provisioning, are set to sustain profitability in FY:17. In view of the solid economic recovery, we expect the NPE ratio to improve further, reaching 10.0% in FY:17. Assuming that banks raise their NPL coverage ratio to 55.0% from 52.9% currently, we see the CoR falling to 125 bps in FY:17 from 149 bps in FY:16. Profitability will be also supported by a pick-up in credit activity (up 4.0% against 1.0% in FY:16). All said, we see ROAE rising to 14.0% in FY:17 from 10.7% in FY:16.

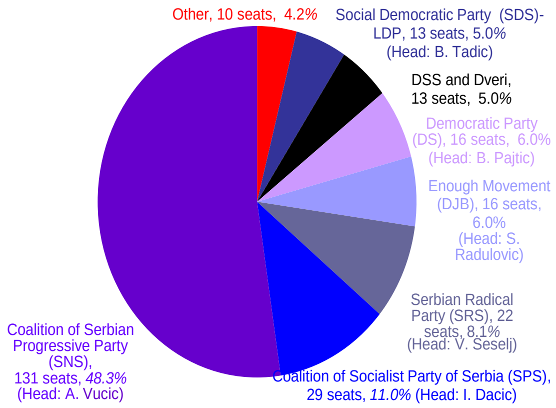
Serbia

BB- / Ba3 / BB- (S&P / Moody's / Fitch)

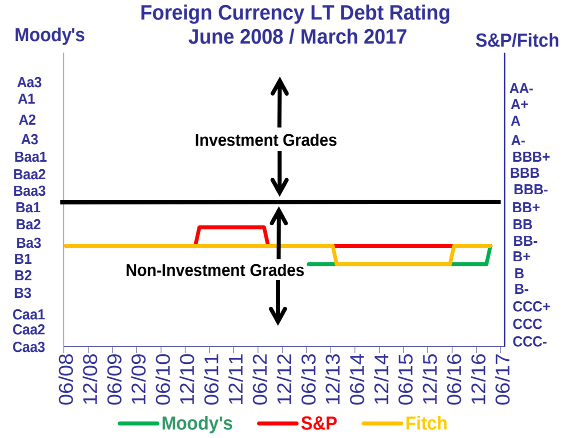
2017 Presidential Elections
1st Round Results



Results of 2016 Parliamentary Elections
Number of Seats, *% of the vote*



Foreign Currency LT Debt Rating
June 2008 / March 2017



	3 Apr.	3-M F	6-M F	12-M F
1-m BELIBOR (%)	3.3	3.4	3.5	3.8
RSD/EUR	123.6	124.3	124.7	125.0
Sov. Spread (2021, bps)	195	185	180	170

	3 Apr.	1-W %	YTD %	2-Y %
BELEX-15	730	-1.9	1.8	7.4

	2014	2015	2016	2017F	2018F
Real GDP Growth (%)	-1.8	0.8	2.8	3.2	3.6
Inflation (eop, %)	1.7	1.5	1.6	2.8	3.0
Cur. Acct. Bal. (% GDP)	-6.0	-4.7	-4.0	-4.2	-4.2
Fiscal Bal. (% GDP)	-6.6	-3.7	-1.4	-1.2	-1.0

Vucic elected President in a landslide victory, boding well for a continuation of the reform efforts. As expected, PM A. Vucic won the Presidential elections on April 2nd by a wide margin. He gained 55.1% of the vote in the 1st round, securing a 5-year term as President. Note that this is the first time since S. Milosevic's victory (65.3%) in 1990 that a candidate has been elected in the first round.

Vucic -- Serbia's PM since 2014, and leader of the senior party of the ruling coalition, the right-wing Serbian Progressive Party (SNS) -- gained strong public support, despite having implemented unpopular fiscal consolidation measures in 2014-16 (including sizeable pension and public sector wage cuts and tax hikes). His comfortable lead over the other contenders (see below) reflects his high popularity as a strong leader, his pro-EU agenda, while maintaining close ties with Russia, and the successful track record in cooperating with the IMF. Moreover, Vucic managed to secure the support of both his ally and outgoing President T. Nikolic (who stepped aside as the SNS presidential candidate), and thus the party's unity, as well as the support of all the parties of the SNS-led ruling coalition.

On the contrary, the main opposition parties are fragmented and their candidates lag far behind Vucic in popularity. Indeed, the former Ombudsman, S. Jankovic, and the former Foreign Affairs Minister, V. Jeremic, who were endorsed by different pro-EU opposition parties with similar political platforms, gained only 16.3% and 5.6%, respectively. Surprisingly, L. Maksimovic who ran as a parody politician was 3rd (9.4%), capturing the protest vote, mainly from young voters.

Vucic pledged to form a new Government in two months -- when Nikolic's term expires. Although his successor as PM has not yet been announced, the new president and SNS leader, Vucic, is widely expected to continue to indirectly control the parliamentary majority. Recall that the SNS secured an absolute majority a year ago (131 seats in the 250-seat assembly). It can, on its own, approve the new PM and coalition Government.

Moody's upgraded Serbia's long-term sovereign debt rating to Ba3. Moody's raised Serbia's long-term sovereign debt rating by one notch to Ba3 (3 notches below investment grade), bringing it on a par with S&P and Fitch. The move reflects:

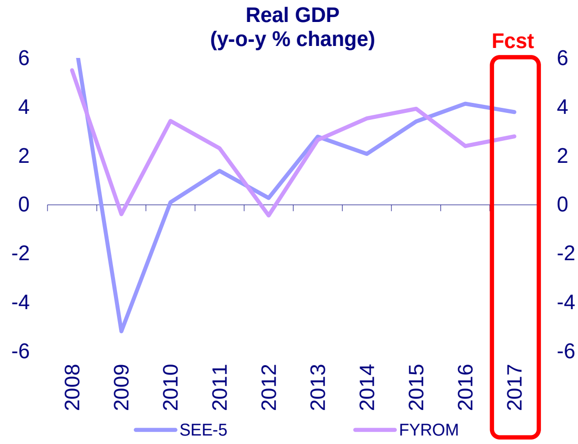
i) the marked fiscal consolidation, with the fiscal deficit reaching an 11-year low of just 1.4% in FY:16, while a primary surplus (of 1.8% of GDP) was recorded in FY:16 -- for the first time since 2005.

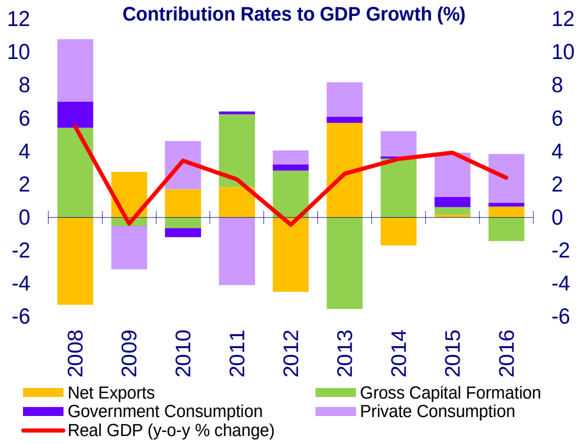
The improvement in the fiscal performance put public debt on a downward trajectory in 2016 (after increasing for 7 successive years), with the public debt-to-GDP ratio narrowing to 74.0% in FY:16 from a 13-year high of 76.0% in 2015. Moreover, the IMF-supported fiscal reforms have improved the structure of the budget. Indeed, revenue was increased to comparable EU-28 averages (up by 2.0 pps y-o-y to 43.9% of GDP in FY:16 -- the highest level since 2007), the public wage bill was cut (to 9.9% of GDP in FY:16 from 12.3% in FY:12), through public sector wage cuts and rightsizing, and fiscal risks stemming from state-owned companies (SOEs) were reduced, through continued progress in their restructuring.

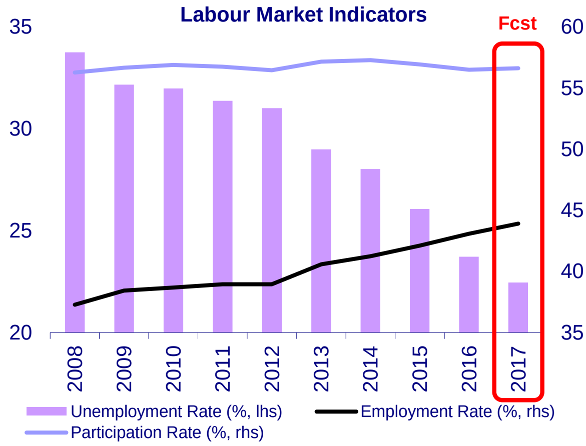
ii) the recent bold structural reforms, that support potential growth. In fact, the economy recovered strongly in FY:16, growing by an 8-year high of 2.8%, underpinned by a reorientation towards exports, on the back of strong (diversified) FDI. Activity was also boosted by improving business environment, important infrastructure projects and policies supporting financial sector soundness. Moreover, declining external imbalances have increased the economy's resilience to shocks, as reflected in the continued decline in the current account deficit (CAD).

F.Y.R.O.M

BB- / NR / BB (S&P / Moody's / Fitch)







	3 Apr.	3-M F	6-M F	12-M F
1-m SKIBOR (%)	1.5	1.8	2.3	2.8
MKD/EUR	61.3	61.3	61.3	61.3
Sov. Spread (2021. bps)	412	475	450	350

	3 Apr.	1-W %	YTD %	2-Y %
MBI 100	2,251	-0.5	5.5	30.4

	2014	2015	2016E	2017F	2018F
Real GDP Growth (%)	3.5	3.8	2.4	2.8	3.4
Inflation (eop. %)	-0.5	-0.3	-0.2	1.0	2.0
Cur. Acct. Bal. (% GDP)	-0.5	-2.1	-3.1	-2.9	-2.8
Fiscal Bal. (% GDP)	-4.2	-3.5	-2.6	-3.0	-2.8

Real GDP growth moderated sharply to a 4-year low of 2.4% in FY:16, as the two-year political deadlock weighed on domestic demand. The annual pace of economic expansion slowed to 2.4% in FY:16 from a 7-year high of 3.9% in FY:15 and a long-term potential of 3.5% -- well below the SEE-5 average of 4.1%. The slowdown would have been sharper had GDP growth not rebounded to 2.4% y-o-y in Q4:16 from a 10-quarter low of 2.0% in Q3:16.

The slowdown was mainly driven by a sharp contraction in investment, reflecting declining business confidence amid protracted political uncertainty. Gross capital formation (including gross fixed capital formation, changes in inventories and statistical discrepancies) declined substantially by 4.6% in FY:16, against an increase of 1.4% in FY:15, shaving 1.4 pps off overall growth. While a breakdown of gross capital formation is not available, we estimate that the decline is mainly driven by a sharp drop in investment, reflecting deteriorating business confidence and, to a lesser extent, by the under-execution of public capital expenditure under a technocrat government. The latter was set up to prepare "free and fair" elections, which were postponed twice (initially scheduled for April, postponed to June, and took place in December).

The main driver of growth in FY:16 was private consumption (up 4.2% compared to 3.8% a year earlier, contributing 3.0 pps to headline growth). This positive performance was driven by: i) improving labour market conditions (see below); ii) higher net wages (up 2.2% in real terms); and iii) strong consumer credit growth (up 16.9% in real terms). The slowdown in economic activity in FY:16 would have been sharper had the contribution of net exports not improved further (0.7 pps from 0.2 pps in FY:15). The improvement was driven by a substantial increase in exports (up 11.5%), reflecting the expansion of the country's export base, especially in the technological industrial development zones.

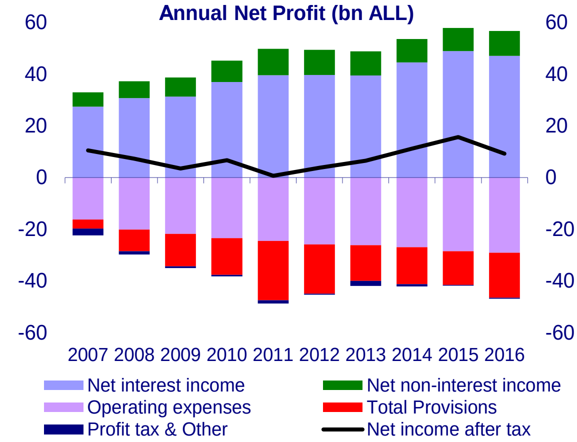
For 2017, we see economic growth picking up to 2.8%, on the back of a recovery in investment. Foreseeing that the domestic political situation will soon normalize, fixed investment should make a strong rebound in FY:17. The rebound in activity should be supported by an accommodative policy mix (a fiscal impulse of 0.4 pps of GDP and lower real policy rates -- 2.8% in FY:17 against 4.0% in FY:16). Moreover, domestic liquidity and credit conditions are favourable (the LC loan-to-LC deposit ratio and NPL ratio stood at 90.2% and 6.8%, respectively, at end-2016). On the other hand, net exports should be a drag on growth, due to a strengthening of imports, in line with recovering domestic demand and high import content of exports, which will outweigh a strong, albeit milder, export performance.

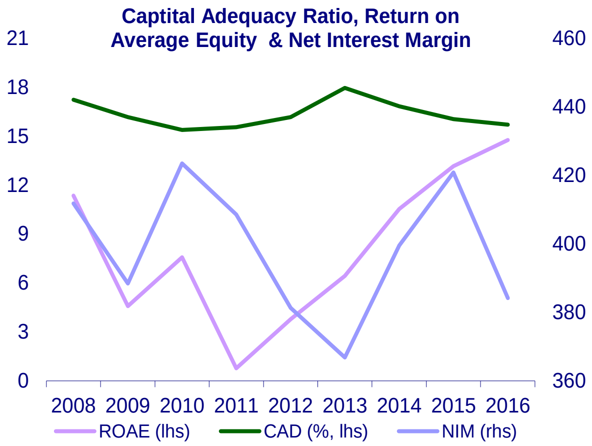
The unemployment rate reached a record low of 23.7% in FY:16. Despite the slowdown in economic activity in FY:16, the unemployment rate declined by 2.5 pps to a record low of 23.7%. The decline in the unemployment rate in FY:16 reflects the fact that the employment rate rose by 1.0 pp to an all-time high of 43.1%, while the labour force participation rate declined for a second consecutive year by 0.5 pps to a 4-year low of 56.5%. The improvement in the employment rate in FY:16 was almost exclusively driven by a rise in the number of new jobs (up 17.6k y-o-y or 2.5% y-o-y).

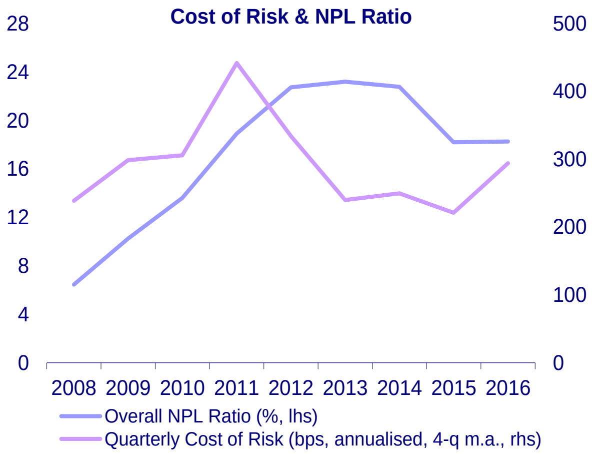
For FY:17, we expect labour market conditions to continue to improve, supported mainly by continued government-subsidised employment and training schemes (amounting to MKD 62.4 mn or 0.1% of GDP) and stronger economic activity. Overall, our FY:17 forecasts for the unemployment rate and employment growth stand at c. 22.5% and 2.0%, respectively.

Albania

B+ / B1 / NR (S&P / Moody's / Fitch)







	3 Apr.	3-M F	6-M F	12-M F
1-m TRIBOR (mid, %)	1.8	2.2	2.2	2.2
ALL/EUR	135.5	138.5	138.7	138.0
Sov. Spread (bps)	323	340	320	300

	3 Apr.	1-W %	YTD %	2-Y %
Stock Market	- - -	- - -	- - -	- - -

	2014	2015	2016E	2017F	2018F
Real GDP Growth (%)	1.8	2.6	3.4	3.8	4.2
Inflation (eop, %)	0.7	2.0	2.2	2.6	2.8
Cur. Acct. Bal. (% GDP)	-12.9	-10.7	-11.0	-12.6	-12.1
Fiscal Bal. (% GDP)	-5.2	-4.1	-1.7	-1.5	-1.6

The banking sector bottom line weakened in FY:16, mainly due to higher provisioning prompted by two large bankruptcies. Net profit (after tax) almost halved in FY:16, recording a decline of 41.0% to ALL 9.3bn (0.6% of GDP). The poor performance was mostly due to higher provisions, prompted by the bankruptcy of two large borrowers (see below) and, to a lesser extent, weaker pre-provision income. As a result, ROAE and ROAA returned to single digits in FY:16, after having been in double digits for two successive years. They declined to 7.2% and 0.7%, respectively, in FY:16 from 13.2% and 1.2% in FY:15.

The cost of risk increased in FY:16. P/L provisions rose by 33.0% in FY:16 (absorbing c. 60.0% of pre-provision earnings in FY:16, against just 42.1% in FY:15). This occurred due to the bankruptcy of Albania's only steelmaker (owned by Turkish Kurum), as well as the 15% state-owned oil refiner, ARMO (with respective debts estimated at EUR 230mn and EUR 270mn -- a total of 4.5% of GDP).

Note that the NPL ratio declined to (a still high) 18.3% in Q4:16, following a spike of 21.3% in Q3:16 from 18.2% at end-2015. The rise in the NPL ratio in 9M:16 occurred due to the above-mentioned bankruptcies (with Kurum's bankruptcy alone increasing the NPL ratio by 1.0 pp, according to the BoA), the concomitant pressure on related companies due to domino effects, as well as strengthened supervision by the BoA that led to NPL reclassifications. The NPL ratio embarked on a downward trend in Q4:16 (returning to its end-2015 level, and remaining well below its post-crisis peak of 25.0% in Q3:14), on the back of the improved economic activity, credit restructuring, as well as large write-offs (the latter amounted to ALL 14.0bn in FY:16, or 13.2% of end-2015 NPLs). Recall that the sharp decline in NPLs between 2014 and 2016 was also supported by the 2015 regulation mandating the obligatory write-off of loans held in "loss" category for more than three years, as well as the Government's clearance of a large part of its accumulated arrears in 2014-15 (whose impact was visible in 2016, due to loan reclassification lags).

As a result, the cost of risk increased by 72 bps to a 4-year high of 295 bps in FY:16. Moreover, the NPL coverage ratio remained high at 72.5% in FY:16, broadly unchanged from 72.2% in FY:15.

Pre-provision income weakened in FY:16. A decline in pre-provision earnings (down 6.4% in FY:16, after rising sharply for two successive years) reinforced the negative impact from higher provisions on the bottom line. This was due to higher operating expenses, and the decline in net interest income (NII).

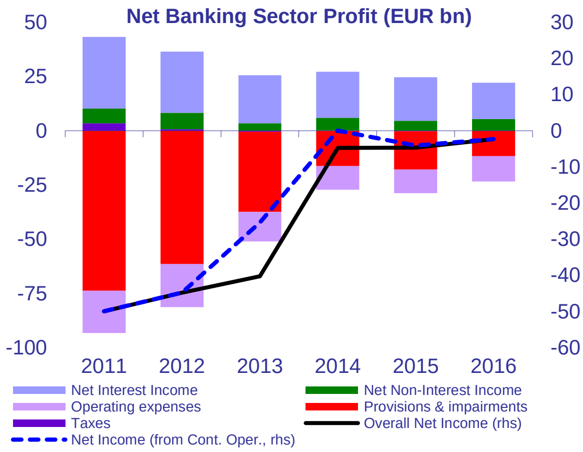
Indeed, NII declined -- after rising strongly for 2 successive years -- as higher average interest earning assets (up 5.5% in FY:16, supported by a sharp rise in securities) were more than offset by NIM compression (down 37 bps to a 3-year low of 384 bps in FY:16).

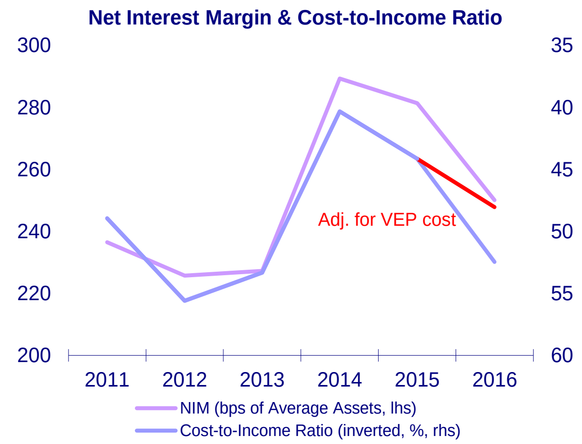
NIM compression occurred due to both: i) the decline in non-core NIM, in line with the sharp drop in government domestic debt yields (the 12-month T-bill rate declined by 1.4 pps to a low of 1.9% in FY:16); and ii) the deterioration in core NIM, as the loan spreads declined at a faster pace than deposit spreads in an environment of falling interest rates and strong competition for lending market share. In fact, NII from customers and NII from T-bills and securities (accounting for a respective 58.9% and 41.1% of NII) declined by 3.3% and 3.9%, respectively, in FY:16.

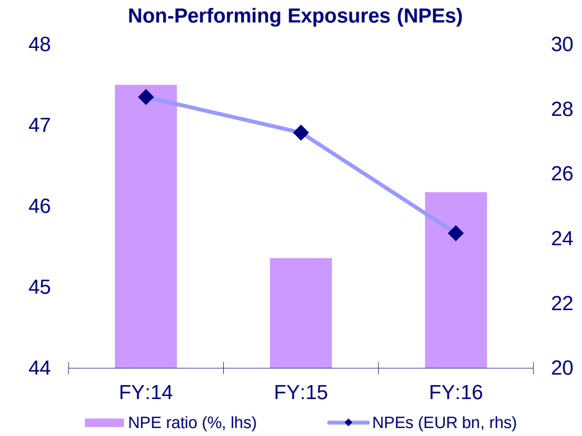
Furthermore, operating expenses, although rising at a slower pace (2.2% in FY:16 against 5.6% in FY:15, including a 1.2% rise in personnel expenditure in FY:16) also weighed on pre-provision income. With operating income declining and operating expenses rising, the cost-to-income ratio rose by 2.2 pps to 51.3% in FY:16.

Cyprus

BB+ / B1 / BB- (S&P / Moody's / Fitch)







	3 Apr.	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.37	-0.37	-0.37	-0.37
EUR/USD	1.07	1.09	1.08	1.05
Sov. Spread (2020. bps)	218	260	250	230

	3 Apr.	1-W %	YTD %	2-Y %
CSE Index	68	0.8	1.7	-14.8

	2014	2015	2016E	2017F	2018F
Real GDP Growth (%)	-1.5	1.7	2.8	2.6	2.4
Inflation (eop. %)	-1.5	-1.0	-0.3	0.8	1.5
Cur. Acct. Bal. (% GDP)	-4.3	-2.9	-2.0	-2.3	-2.3
Fiscal Bal. (% GDP)	-8.8	-1.1	0.4	-0.2	0.4

The banking sector bottom line improves for a 5th consecutive year in FY:16. Banking sector losses (after tax) declined by 50.4% to 1.3% of GDP in FY:16 on the back of better net income from continued operations (losses decreased by 43.1% to 1.3% of GDP in FY:16), as well as the winding up of "discontinued operations" (almost no losses in FY:16 against losses of 0.34% of GDP in FY:15, following the disposal of Russian assets of Bank of Cyprus and Hellenic Bank). The improved banking sector performance in FY:16 is attributed exclusively to lower provisioning (down by 33.6%), which more than compensated for a deterioration in pre-provision income (down by 23.5%). As a result, overall ROAE and ROAA improved to -3.5% and -0.3%, respectively, in FY:16, from -6.5% and -0.6% in FY:15.

Pre-provision earnings (before tax) from continued operations declined significantly in FY:16, on the back of weak core income and a once-off cost of voluntary retirement schemes. Pre-provision earnings (before tax) fell sharply in FY:16 (down 23.5%) on the back of lower net interest income (NII, down 16.5% in FY:16) and higher operating expenses.

The deterioration in core income in FY:16 was mainly driven by: i) a decline in average interest-earning assets (down c. 6.0%), in line with the ongoing deleveraging (average interest-earning assets declined to 355% of GDP in FY:16 from 400% of GDP in FY:15 and 780% in FY:10); and ii) weaker net interest margin (NIM, down 31 bps to 250 bps), reflecting, *inter alia*, increased loan restructurings and a more competitive interest rate environment.

Strong non-core income was the main driver for pre-provision earnings. Indeed, non-interest income (NNII) rose by 17.2% in FY:16, reflecting, *inter alia*, once-off gains from banks' shares in Visa Europe (a total of EUR 78.4 mn for the island's leading banks -- Bank of Cyprus, Hellenic Bank and Cooperative Central Bank), and continued banks' efforts to increase fee income in a low interest rate environment (non-interest income stood at 21.7% of total income in FY:16 -- excluding the once-off gains -- compared with 18.8% in the previous year).

On the cost side, operating expenses rose sharply by 6.8% in FY:16 compared with decreases of 0.3% and 19.9%, respectively, in FY:15 and FY:14. The rise was exclusively driven by personnel expenditure (up 15.9% in FY:16), reflecting the effect of the once-off cost (EUR 98.2 mn.) of the voluntary exit plans (VEP) of Bank of Cyprus, Alpha Bank Cyprus, and Cooperate Central bank.

Adjusting for the once-off VEP cost, operating expenses declined by 2.2% in FY:16. Moreover, overall ROAE stands at -2.0% (versus the unadjusted -3.5%) and the banking sector efficiency ratio deteriorated by only 3.8 pps to 48.0% (against 8.5 pps to 52.5%, unadjusted).

The cost of risk declined in FY:16 on the back of the past years' overprovisioning. Non-performing exposures (NPEs) -- the EU-defined non-performing loans (NPLs) -- declined by a sizeable 11.4% in FY:16 to EUR 24.2bn (or 135.1% of GDP) on top of a 3.9% decrease in the previous year. The acceleration in NPE formation was supported, *inter alia*, by new foreclosure and insolvency measures adopted in late 2015, increased banks' efforts to place off balance sheet problematic loans, and a strengthening in economic activity following the conclusion of the 3-year adjustment programme at end-Q1:16. However, due to a faster decline in gross loans (down 13.0% in FY:16 -- in line with the ongoing deleveraging), the NPE ratio increased by 0.8 pps to 46.2% in FY:16.

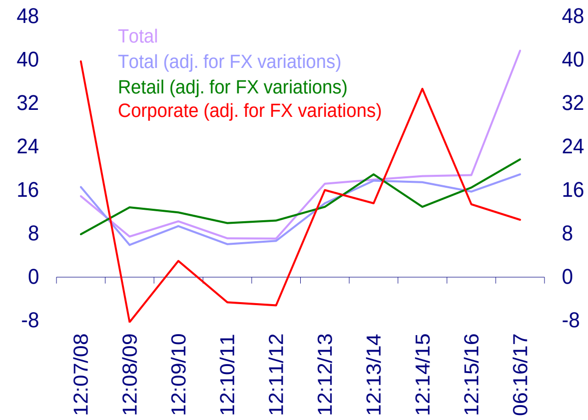
Despite the increase in the NPE ratio, banks reduced provisions (down 33.6% in FY:16), following a long period of over-provisioning, pushing down the cost of risk by 84 bps to 202 bps in FY:16.

NATIONAL BANK OF GREECE

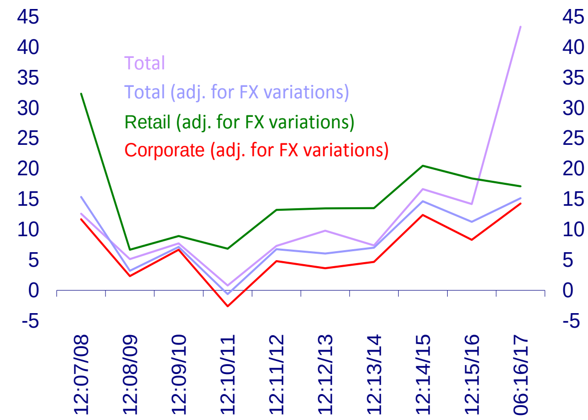
Egypt

B- / B3 / B (S&P / Moody's / Fitch)

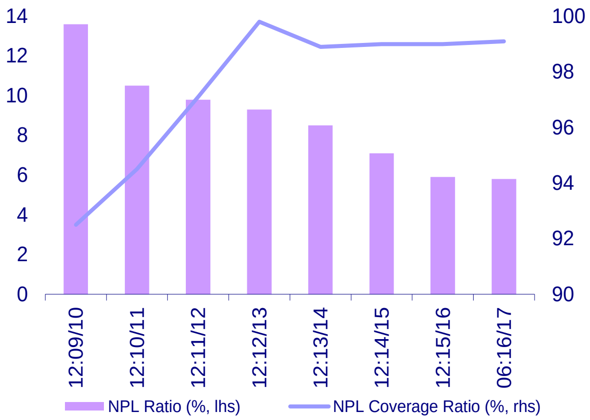
Customer Deposits (y-o-y % change)



Loans to the Private Sector (y-o-y % change)



NPL Ratio and NPL Coverage Ratio (%)



	3 Apr.	3-M F	6-M F	12-M F
O/N Interbank Rate (%)	15.7	17.0	17.0	16.5
EGP/USD	18.1	17.5	17.0	16.5
Sov. Spread (2020. bps)	288	270	265	240

	3 Apr.	1-W %	YTD %	2-Y %
HERMES 100	1,171	0.5	7.6	45.4

	13/14	14/15	15/16	16/17F	17/18F
Real GDP Growth (%)	2.1	4.2	3.8	3.5	4.5
Inflation (eop. %)	8.2	11.4	14.0	18.2	13.5
Cur. Acct. Bal. (% GDP)	-0.8	-3.7	-5.5	-6.1	-5.0
Fiscal Bal. (% GDP)	-12.2	-11.3	-12.1	-10.0	-8.1

Customer deposits (FX-adjusted) gained momentum in H1:16/17, underpinned by higher EGP remuneration rates and a recovery in workers' remittances from abroad. Growth in customer deposits rose sharply to 41.7% y-o-y at end-H1:16/17 (December 2016) from 18.5% y-o-y at end-2015/16 (June 2016). Importantly, even adjusted for the sharper depreciation of the EGP against the USD (by 56.5% y-o-y at end-H1:16/17 versus 14.1% at end-2015/16), it accelerated to a multi-year high of 18.9% y-o-y at end-H1:16/17 from 15.7% at end-2015/16. Recall that, ahead of the signing of a USD 12bn loan agreement with the IMF, the Central Bank, on November 3rd, switched from a fixed to a flexible exchange rate regime.

From a segment perspective, the acceleration in overall deposits (FX-adjusted) was driven by the retail segment. The latter (representing c. 76.0% of total deposits at end-2015/16) increased by 21.7% y-o-y at end-H1:16/17 compared with a rise of 16.5% at end-2015/16, supported by a more attractive remuneration of EGP-denominated deposits (interest rates on 1 to 3 months, 4 to 6 months and 7 to 12 months EGP-denominated deposits rose by 280, 160 and 140 bps, respectively, to 10.3%, 9.8% and 10.3% between end-2015/16 and end-H1:16/17). The acceleration in retail deposits (FX-adjusted) appears to have also been underpinned by a recovery in workers' remittances from abroad following the flotation of the domestic currency in early-November (balance of payments shows that remittances recovered for the first time in 7 quarters by 15.7% y-o-y in Q2:16/17). In fact, before the flotation of the EGP, remittances through the banking sector had been hindered by the attractive rates offered in the flourishing parallel FX market, where the USD was traded at a premium of c. 40.0% over its official rate of EGP 8.88 in early-November.

Credit to the private sector (FX-adjusted) accelerated in H1:16/17, on the back of improving loan supply and demand. Lending growth increased sharply to 43.4% y-o-y at end-H1:16/17 from 14.2% at end-2015/16. Adjusting for FX movements, it accelerated to a 9-year high of 15.1% y-o-y at end-H1:16/17 from 11.3% at end-2015/16.

The significant improvement in asset quality metrics during the past 6½ years and, to a lesser extent, a strong capital base appear to have encouraged banks to ease their credit conditions. In fact, the NPL ratio declined by 7.8 pps to 5.8% and the provision coverage of NPLs rose by 6.6 pps to 99.1% between June 2010 and December 2016. Moreover, the capital adequacy ratio has remained around the comfortable level of 14.0% during the past 5 years – well above the Basel-recommended floor of 8.625% and the CBE-mandated 10.0%.

It also appears that both households and corporates, which were the main buyers of the Suez Canal certificates in September 2014, continued to use the accompanying right to contract a loan worth up to 90% of their certificates' value. Recall that, in view of fully financing the ambitious Suez Canal expansion project from domestic sources, the authorities collected EGP 64bn or 2.6% of GDP in summer 2014 through the sale of attractive tax-free investment certificates to Egyptian individuals, corporations and legal entities.

Mainly as a result of FX movements, the lending penetration rate (loans-to-GDP ratio) rose to -- a still low by emerging market standards -- 29.9% at end-H1:16/17 from 25.6% at end-2015/16. Moreover, liquidity pressures eased slightly, with the gross loan-to-deposit ratio increasing to a still comfortable level of 40.8% at end-H1:16/17 from 40.4% at end-2015/16. From a currency perspective, the FX deposit base remained more than adequate to meet the FX funding needs (the FX loan-to-deposit ratio declined to 50.6% at end-H1:16/17 from 51.6% at end-2015/16).

Foreign Exchange Markets, April 3rd 2017

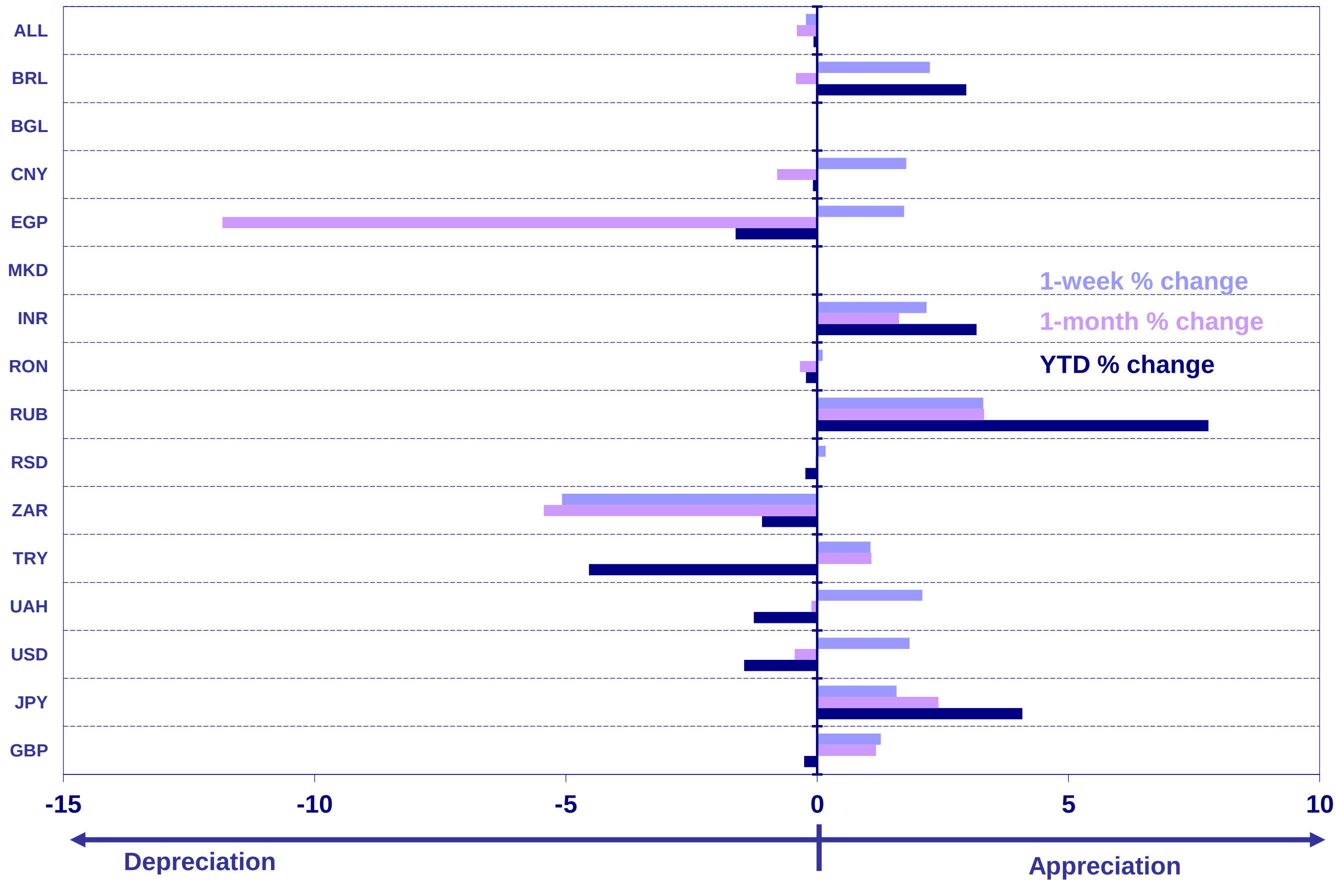
Against the EUR

	Currency	2017										2016	2015
		SPOT	1-week %change	1-month %change	YTD %change*	1-year %change	Year-Low	Year-High	3-month Forward rate**	6-month Forward rate**	12-month Forward rate**	% change*	% change*
Albania	ALL	135.5	-0.2	-0.4	-0.1	2.1	134.8	137.3	135.9	135.9	135.5	1.2	2.0
Brazil	BRL	3.32	2.2	-0.4	3.0	24.2	3.23	3.46	3.70	3.67	3.65	25.7	-25.2
Bulgaria	BGL	1.96	0.0	0.0	0.0	0.0	1.96	1.96	1.96	1.96	1.96	0.0	0.0
China	CNY	7.34	1.8	-0.8	-0.1	0.4	7.20	7.49	7.69	7.68	7.66	-4.0	6.7
Egypt	EGP	19.18	1.7	-11.8	-1.6	-47.3	16.62	20.32	- - -	- - -	- - -	-55.0	2.1
FYROM	MKD	61.3	0.0	0.0	0.0	0.0	61.3	61.3	61.3	61.3	61.3	0.0	0.0
India	INR	69.3	2.2	1.6	3.2	8.5	69.2	73.3	74.2	- - -	- - -	0.4	6.6
Romania	RON	4.55	0.1	-0.3	-0.2	-1.8	4.49	4.57	4.55	4.56	4.58	-0.4	-0.8
Russia	RUB	59.8	3.3	3.3	7.8	30.6	59.7	65.1	61.4	62.3	65.5	22.9	-15.1
Serbia	RSD	123.6	0.2	0.0	-0.2	-0.9	123.3	124.1	124.7	124.5	- - -	-1.5	-0.1
S. Africa	ZAR	14.6	-5.1	-5.4	-1.1	15.3	13.38	14.86	14.9	15.2	15.8	16.2	-16.6
Turkey	YTL	3.89	1.1	1.1	-4.5	-17.6	3.70	4.17	4.00	4.13	4.37	-14.7	-10.8
Ukraine	UAH	28.8	2.1	-0.1	-1.3	2.6	27.22	29.55	34.0	- - -	- - -	-8.6	-27.5
US	USD	1.07	1.8	-0.4	-1.5	6.8	1.0	1.1	1.07	1.08	1.09	3.3	11.4
JAPAN	JPY	118.3	1.6	2.4	4.1	7.2	117.7	123.7	118.4	118.4	118.4	6.0	11.0
UK	GBP	0.85	1.3	1.2	-0.3	-6.6	0.8	0.9	0.86	0.86	0.86	-13.5	5.3

* Appreciation (+) / Depreciation (-)

** Forward rates have been calculated using the uncovered interest rate parity for Brazil, China, Egypt, India and Ukraine

Currencies against the EUR (April 3rd 2017)



MONEY MARKETS, APRIL 3RD 2017

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.4	12.1	0.0	2.5	- - -	15.7	- - -	- - -	0.5	10.2	- - -	12.3	7.3	13.5	- - -	0.9
T/N	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	0.5	10.2	3.0	- - -	7.3	- - -	- - -	- - -
S/W	1.4	12.0	0.0	2.9	-0.4	- - -	1.2	- - -	- - -	9.9	3.0	- - -	7.6	14.3	-0.4	1.0
1-Month	1.8	11.6	0.0	4.4	-0.4	- - -	1.5	6.5	0.6	10.3	3.3	12.3	7.6	16.5	-0.4	1.0
2-Month	- - -	11.3	0.1	- - -	-0.3	- - -	- - -	- - -	- - -	10.3	3.4	12.4	7.7	- - -	-0.3	1.0
3-Month	2.4	11.0	0.1	4.4	-0.3	- - -	1.8	6.6	0.9	10.0	3.5	12.5	7.7	17.9	-0.3	1.1
6-Month	2.7	10.3	0.3	4.4	-0.2	- - -	2.0	- - -	1.1	10.0	3.7	12.5	7.9	- - -	-0.2	1.4
1-Year	3.3	9.7	0.8	4.2	-0.1	- - -	2.4	- - -	1.3	10.2	- - -	12.9	8.3	- - -	-0.1	1.8

LOCAL DEBT MARKETS, APRIL 3RD 2017

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	- - -	- - -	- - -	- - -	- - -	19.3	- - -	5.8	- - -	9.8	3.5	10.8	- - -	- - -	-0.9	0.8
6-Month	1.7	- - -	- - -	- - -	- - -	19.4	- - -	5.9	0.7	9.7	3.1	10.8	- - -	- - -	-0.9	0.9
12-Month	2.0	- - -	0.2	2.9	- - -	19.2	1.9	6.3	0.9	9.0	4.0	11.6	- - -	15.0	-0.8	1.0
2-Year	3.0	- - -	- - -	3.0	- - -	- - -	2.1	6.5	1.6	8.3	- - -	11.1	7.7	- - -	-0.8	1.2
3-Year	- - -	- - -	0.5	3.0	0.8	- - -	- - -	6.6	1.7	8.3	- - -	10.9	7.9	15.5	-0.7	1.5
5-Year	- - -	9.8	- - -	3.1	- - -	17.2	- - -	6.8	2.9	8.0	5.6	10.9	8.0	- - -	-0.4	1.9
7-Year	- - -	- - -	1.0	- - -	2.9	17.3	- - -	6.9	3.5	8.1	- - -	- - -	- - -	- - -	-0.2	2.2
10-Year	- - -	10.0	1.9	3.3	3.3	17.5	- - -	6.7	3.9	7.9	- - -	10.7	9.0	- - -	0.3	2.4
15-Year	- - -	- - -	- - -	- - -	- - -	- - -	3.8	7.3	- - -	8.1	- - -	- - -	9.4	- - -	0.5	- - -
25-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	9.8	- - -	- - -	- - -
30-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	7.4	- - -	- - -	- - -	- - -	9.8	- - -	1.1	3.0

*For Albania. FYROM and Ukraine primary market yields are reported

CORPORATE BONDS SUMMARY, APRIL 3RD 2017

		Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Bulgaria	**Bulgaria Energy Hld 4.25% '18**	EUR	NA/NA	7/11/2018	500	2.4	318	266
	Bulgarian Telecom. 6.625% '18	EUR	B-/B1	15/11/2018	400	4.6	551	484
Cyprus	**Aroundtown Property 3% '21**	EUR	NA/NA	9/12/2021	200	3.0	362	293
Russia	**Gazprom 8.2% '19**	RUB	BB+/NA	9/4/2019	10,000	9.5	38	- - -
	Gazprom 8.9% '21	RUB	BB+/NA	26/1/2021	10,000	9.6	45	- - -
South Africa	**FirstRand Bank Ltd 4.25% '20**	USD	BBB-/Baa2	30/4/2020	500	3.5	200	169
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.5	121	58
Turkey	**Vakiflar Bankasi 3.5% '19**	EUR	NA/Baa3	17/6/2019	500	2.9	371	302
	Garanti Bankasi 3.38%'19	EUR	NA/Baa3	8/7/2019	500	2.1	290	223
	Arcelik AS 3.875% '21	EUR	BB+/NA	16/9/2021	350	2.9	345	280
	Turkiye Is Bankasi 6% '22	USD	NA/Ba3	24/10/2022	1,000	6.3	440	413

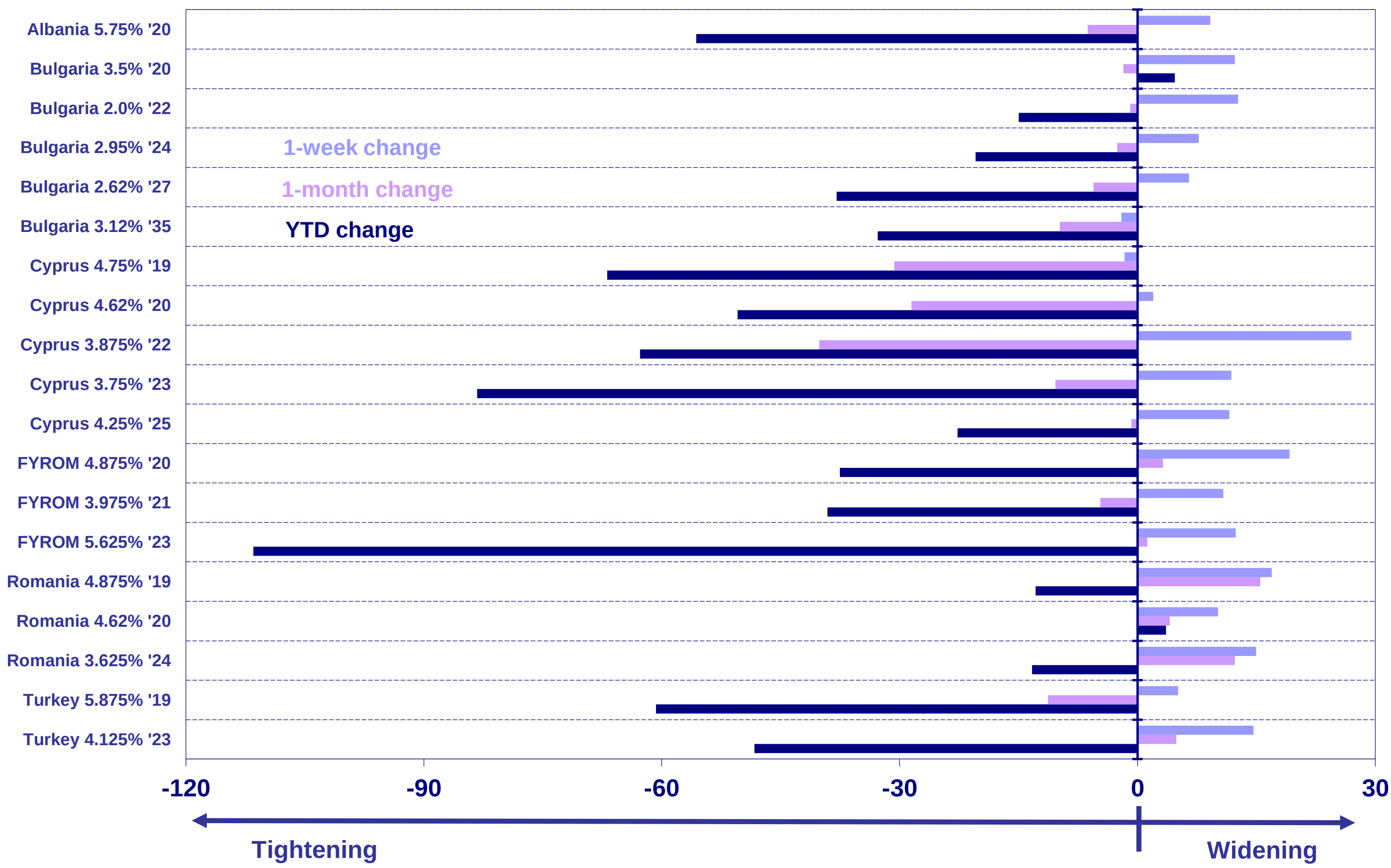
CREDIT DEFAULT SWAP SPREADS, APRIL 3RD 2017

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	- - -	219	115	83	220	299	- - -	136	103	164	199	234	218	- - -
10-Year	- - -	303	160	133	246	321	- - -	144	143	237	238	315	285	- - -

EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY, APRIL 3RD 2017

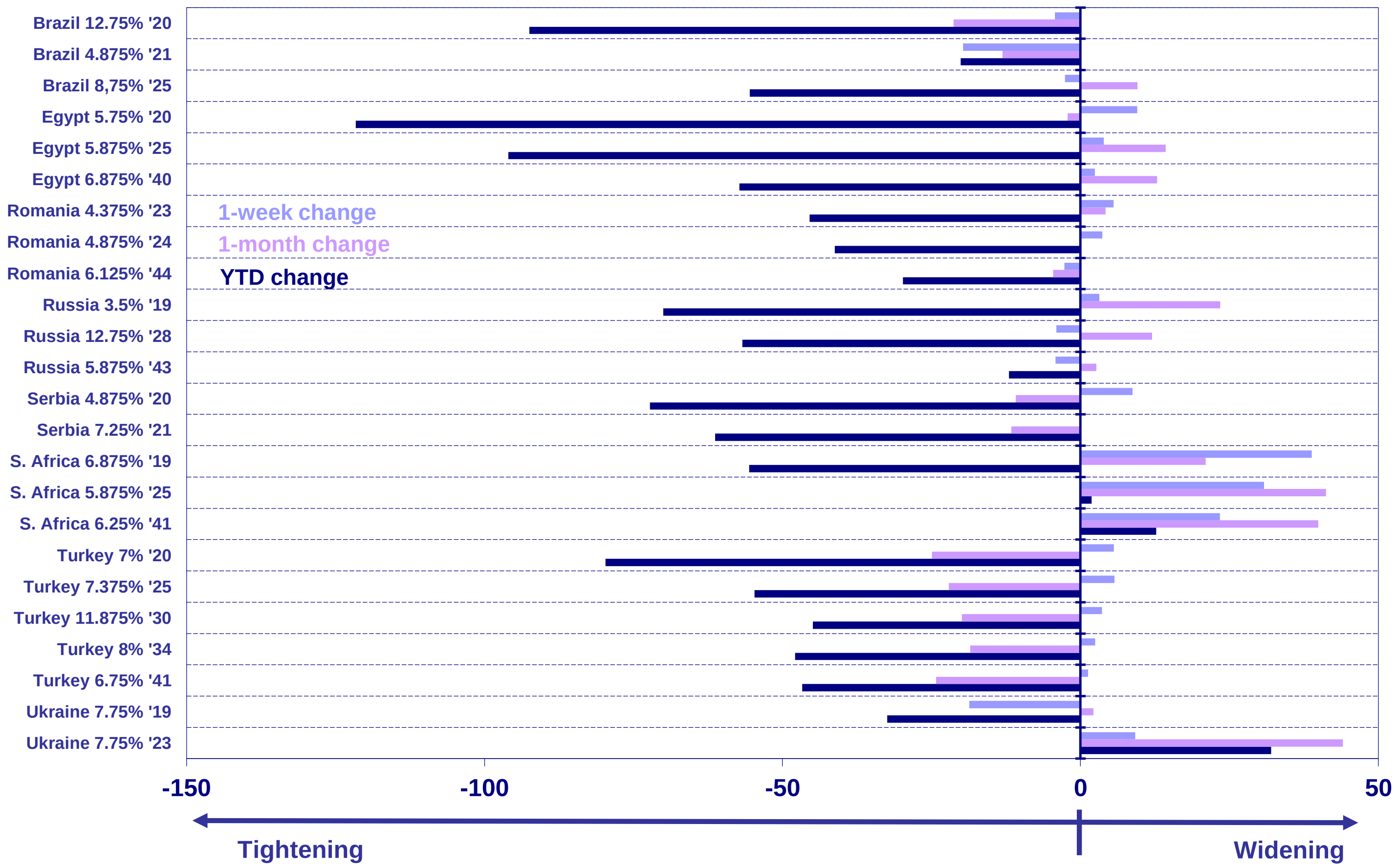
	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Albania 5.75% '20	EUR	B+/B1	12/11/2020	450	2.6	323	276
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	0.6	127	65
Bulgaria 2.0% '22	EUR	BB+/Baa2	26/3/2022	1,250	0.9	130	73
Bulgaria 2.95% '24	EUR	BB+/Baa2	3/9/2024	1,493	1.5	150	107
Bulgaria 2.62% '27	EUR	BB+/Baa2	26/3/2027	1,000	2.0	171	128
Bulgaria 3.12% '35	EUR	BB+/Baa2	26/3/2035	900	2.9	214	171
Cyprus 4.75% '19	EUR	BB/NA	25/6/2019	566	0.8	157	93
Cyprus 4.62% '20	EUR	BB/B1	3/2/2020	770	1.5	218	162
Cyprus 3.875% '22	EUR	NA/B1	6/5/2022	1,000	2.8	321	265
Cyprus 3.75% '23	EUR	NA/B1	26/7/2023	1,000	2.9	329	265
Cyprus 4.25% '25	EUR	NA/B1	4/11/2025	1,000	3.3	321	281
FYROM 4.875% '20	EUR	BB-/NA	1/12/2020	270	3.1	375	320
FYROM 3.975% '21	EUR	BB-/NA	24/7/2021	500	3.5	412	456
FYROM 5.625% '23	EUR	BB-/NA	26/7/2023	450	4.6	493	436
Romania 4.875% '19	EUR	BBB-/Baa3	7/11/2019	1,500	0.3	104	44
Romania 4.62% '20	EUR	BBB-/Baa3	18/9/2020	2,000	0.4	107	41
Romania 3.625% '24	EUR	BBB-/Baa3	24/4/2024	1,250	1.8	199	147
Turkey 5.875% '19	EUR	NR/Ba1	11/4/2023	1,250	1.1	186	129
Turkey 4.125% '23	EUR	NR/Ba1	12/11/2020	1,000	3.1	347	291

EUR-Denominated Eurobond Spreads (April 3rd 2017)



USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY, APRIL 3RD 2017							
	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Brazil 12.75% '20	USD	BB/Ba2	15/1/2020	234	2.7	126	115
Brazil 4.875% '21	USD	BB/Ba2	22/1/2021	2,988	3.4	192	153
Brazil 8.75% '25	USD	BB/Ba2	4/2/2025	969	4.7	251	281
Egypt 5.75% '20	USD	B-/B3	11/6/2025	1,000	4.3	288	259
Egypt 5.875% '25	USD	B-/B3	30/4/2040	1,500	6.2	405	385
Egypt 6.875% '40	USD	B-/B3	22/8/2023	500	7.4	447	456
Romania 4.375% '23	USD	BBB-/Baa3	22/1/2024	1,500	3.4	124	131
Romania 4.875% '24	USD	BBB-/Baa3	22/1/2044	1,000	3.4	128	134
Romania 6.125% '44	USD	BBB-/Baa3	16/1/2019	1,000	4.6	163	229
Russia 3.5% '19	USD	BB+/Ba1	24/6/2028	1,500	1.9	71	40
Russia 12.75% '28	USD	BB+/Ba1	16/9/2043	2,500	4.2	184	264
Russia 5.875% '43	USD	BB+/Ba1	25/2/2020	1,500	4.9	195	250
Serbia 4.875% '20	USD	BB-/B1	28/9/2021	1,500	3.5	208	180
Serbia 7.25% '21	USD	BB-/B1	27/5/2019	2,000	3.8	195	200
S. Africa 6.875% '19	USD	BBB-/Baa2	16/9/2025	1,748	2.8	154	121
S. Africa 5.875% '25	USD	BBB-/Baa2	8/3/2041	2,000	4.9	251	267
S. Africa 6.25% '41	USD	BBB-/Baa2	5/6/2020	750	5.6	260	311
Turkey 7% '20	USD	NR/Ba1	5/2/2025	2,000	3.9	240	216
Turkey 7.375% '25	USD	NR/Ba1	15/1/2030	3,250	5.2	308	322
Turkey 11.875% '30	USD	NR/Ba1	14/2/2034	1,500	5.7	337	436
Turkey 8% '34	USD	NR/Ba1	14/1/2041	1,500	6.1	370	392
Turkey 6.75% '41	USD	NR/Ba1	1/9/2019	3,000	6.1	310	341
Ukraine 7.75% '19	USD	B-/Caa3	1/9/2023	1,744	7.0	573	526
Ukraine 7.75% '23	USD	B-/Caa3	15/1/2020	1,355	8.9	679	647

USD-Denominated Eurobond Spreads (April 3rd 2017)



STOCK MARKETS PERFORMANCE, APRIL 3RD 2017

	2017								2016		2015	
	Local Currency Terms							EUR Terms	Local Currency Terms	EUR terms	Local Currency terms	EUR terms
	Level	1-week % change	1-month % change	YTD % change	1-year % change	Year-Low	Year-High	YTD % change	% change		% change	
Brazil (IBOV)	65,211	1.4	-2.4	8.3	33.7	59,371	69,488	11.2	38.9	76.2	-13.3	-35.3
Bulgaria (SOFIX)	633	-0.8	3.3	8.0	41.7	583	643	8.0	27.2	27.2	-11.7	-11.7
China (SHCOMP)	3,223	-1.4	0.1	3.8	7.1	3,044	3,283	3.4	-12.3	-15.3	9.4	16.5
Cyprus (CSE GI)	68	0.8	1.2	1.7	-0.4	65	71	1.7	-2.0	-2.0	-20.9	-20.9
Egypt (HERMES)	1,171	0.5	6.0	7.6	70.0	1,071	1,183	5.1	72.7	-21.8	-24.4	-22.8
F.Y.R.O.M (MBI)	2,251	-0.5	-2.6	5.5	26.3	2,135	2,316	5.5	16.5	16.5	-0.6	-0.6
India (SENSEX)	29,910	2.3	3.7	12.3	17.8	24,523	29,927	15.8	1.9	2.6	-5.0	0.7
Romania (BET-BK)	1,530	1.9	3.1	13.9	20.8	1,365	1,530	13.6	0.2	0.0	2.6	1.6
Russia (RTS)	4,413	1.2	-1.8	-10.3	6.6	4,243	5,089	-3.3	24.2	54.3	30.3	9.5
Serbia (BELEX-15)	730	-1.9	1.1	1.8	20.1	694	753	1.5	11.4	9.7	-3.4	-3.5
South Africa (FTSE/JSE)	52,458	1.4	1.4	3.6	1.1	50,338	53,738	2.4	-0.1	16.1	1.9	-15.1
Turkey (ISE 100)	88,669	-1.1	-1.2	13.5	5.7	75,657	91,497	8.3	8.9	-7.0	-16.3	-25.4
Ukraine (PFTS)	273	0.1	-0.9	2.9	19.0	265	276	1.6	10.2	1.0	-37.8	-54.8
MSCI EMF	965	-0.1	3.7	11.9	16.7	858	980	10.3	8.6	12.2	-17.0	-6.9
MSCI EAFE	1,786	-0.7	1.6	6.1	9.8	1,677	1,812	4.5	-1.9	1.4	-3.3	7.7
Greece (ASE-General)	667	3.2	2.7	3.7	18.2	602	675	3.7	1.9	1.9	-23.6	-23.6
Germany (XETRA DAX)	12,257	2.2	1.9	6.8	24.8	11,415	12,376	6.8	6.9	6.9	4.9	4.9
UK (FTSE-100)	7,283	-0.1	-1.2	2.0	18.1	7,094	7,447	1.7	14.4	-1.0	-4.9	0.1
USA (DJ INDUSTRIALS)	20,650	0.5	-1.7	4.5	16.4	16,166	21,169	3.0	13.4	16.7	-2.2	9.3
USA (S&P 500)	2,359	0.7	-1.0	5.4	14.2	2,245	2,401	3.8	9.5	13.2	-0.7	10.6

Equity Indices (April 3rd 2017)