

Central & Eastern European Strategy

3rd quarter 2017

Convergence 2.0

- Growth prospects further raised
- Low risk aversion supports CEE financial markets
- International stock markets indicate the direction
- Credit markets appear to be expensive



**Raiffeisen
RESEARCH**

www.raiffeisenresearch.com

Editor:

Andreas Schiller, CFA, Raiffeisen Bank International AG, Vienna
andreas.schiller@rbinternational.com

Central & Eastern European Strategy

Executive summary: Region enjoying a broadly based economic upswing	3
Forecasts CEE incl. Austria	4
Asset allocation CEE incl. Austria	6
Equity markets: Sector weightings in comparison	9
Focus on economics	10
Focus on LCY bonds	12
Focus on FX	14
Sovereign Eurobonds	16
Corporate Eurobonds	18
Austria	20
Poland	22
Hungary	24
Czech Republic	26
Slovakia	28
Slovenia	30
Bulgaria	31
Romania	32
Croatia	34
Serbia	36
Bosnia and Herzegovina	37
Albania	38
Belarus	39
Russia	40
Turkey	42
Ukraine	44
Equity markets	45
Technical analysis	50
Sectors	52
Risk notifications and explanations	55
Disclaimer	58
Imprint	59

Explanation:

e ... estimate (current year)
f ... forecast
p ... preliminary figures
n.w. ... no value

Abbreviations

Currencies and Countries

ALL	Albanian lek
BAM	Bosnian marka
BGN	Bulgarian lev
BYN	Belarusian rouble
CZK	Czech koruna
HUF	Hungarian forint
HRK	Croatian kuna
PLN	Polish zloty
RON	Romanian leu
RSD	Serbian dinar
RUB	Russian rouble
TRY	Turkish lira
UAH	Ukrainian hryvnia

Economic abbreviations

%-chg	Percentage change (not in percentage points)
avg	average
bp	basis points
C/A	Current Account
CPI	Consumer Price Index
ECB	European Central Bank
FCY	Foreign Currency
FDI	Foreign Direct Investments
FX	Foreign Exchange
FY	Full year
GB	Government bond
GDP	Gross Domestic Product
HCPI	Harmonized Consumer Price Index
LCY	Local Currency

mmav	month moving average
mom	month on month
MP	Monetary policy
MPC	Monetary policy council
O/N	overnight rate
pp	percentage points
PMI	Purchasing Manager Index
PPI	Producer Price Index
QE	Quantitative easing
qoq	quarter on quarter
qtd	quarter to date
REPO	Repurchase agreement
T/B	Trade Balance
U/LC	Unit Labour Costs
UST	US Treasury bond
YC	yield curve
yoy	year on year
ytd	year-to-date

Sovereign Bond markets

CZGB	Czech local currency government bonds
HGB	Hungarian local currency government bonds
OFZ	Russian local currency government bonds
POIGB	Polish local currency government bonds
ROMGB	Romanian local currency government bonds
TURKGB	Turkish local currency government bonds

Stock Exchange Indices

ATX	Austrian stock index
BET	Romanian stock index
BIST National 100	Turkish stock index
BUX	Hungarian stock index
PX	Czech stock index
MICEX	Russian stock index
WIG 20	Polish stock index

Fixed income indices

EMBIG	JP Morgan Emerging Markets Bond Index Global
CEMBI	JP Morgan Corporate Emerging Markets Bond Index

Equity related

DY	Dividend yield
EBIT	Earnings before interest and taxes
EBITDA	earnings before interest, taxes, depreciation, and amortization
EBT	earnings before taxes
EPS	earnings per share
EG	Earnings growth
LTG	Long term (earnings) growth
NIBD	Net interest bearing debt
P/B	Price book ratio
P/E ratio	Price earnings ratio
RoE	Return on equity
ROCE	Return on capital employed
RS	Recommendation suspended
UR	Under Revision

Euro area (EA)

EA	Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovenia, Slovakia, Spain
CE	Central European countries – Poland, Hungary, Czech Republic, Slovakia, Slovenia
SEE	South East European countries – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania, Serbia
EE	Eastern Europe (Russia, Ukraine, Belarus)
CEE	Central and Eastern Europe (CE + SEE + EE)

Region enjoying a broadly based economic upswing

- GDP surprises in first quarter lead to upward revisions of forecasts for 2017, outlook for Russia unchanged
- Upward reversal in inflation rates complete
- Majority of currencies strong versus the euro

Several countries in Central (CE) and Southeastern Europe (SEE) delivered major surprises in their GDP figures for the first quarter. As many countries in CE and SEE have already been enjoying a period of above-average growth for three years now, the data released for Q1 was particularly impressive. Romania, Poland, Hungary, the Czech Republic, and Slovenia led the pack, posting substantial growth. Austria also released improved growth figures and came in ahead of the Eurozone for the first time in several years. As a result, we moderately increased our GDP forecasts for 2017 as a whole for the countries listed above, as the solid growth promises a sustained trend based on the robust leading indicators. Austria is expected to turn in the highest growth since 2011, with a figure of plus 2.2%. Private consumption is the primary driver of GDP growth in the majority of countries. However, investments in plant and property also contributed to the rise in growth in most cases, although Poland, the Czech Republic and Bulgaria are exceptions in this regard. With labour markets exhibiting the lowest unemployment rates since the start of the transformation and indicating increasing wage drift, a continuation of the buoyant domestic conditions is also to be expected in 2018.

Although Russia has emerged from the recession with two quarters of positive GDP growth, the subdued development of commodity prices and the lack of diversification in the industrial sector suggest that the country will see only a moderate recovery in 2017 and 2018. The uptrend in consumer spending is also progressing very slowly.

Many countries experienced a considerable spike in inflation at the turn of the year, but inflation appears to have peaked for the time being in the first quarter. This marks the end of a nearly three-year phase of falling consumer prices. For the majority of countries in CE and SEE, we expect average annual inflation rates of below or slightly above 2%, with similar developments in 2018.

In Russia, on the other hand, we significantly lowered our price forecasts to well below the inflation target of the Russian central bank.

Impact on currencies

As is typical for periods in which the euro is stronger, Eastern European currencies are largely appreciating against the euro. We expect PLN and HUF to remain solid in the second half of the year. CZK has started a medium-term upward trend towards 25 versus the euro, but may see some consolidation in Q3. The strength of the rouble is only being slightly impacted by the continued expectations of interest rate cuts.

Impact on the bond and equity markets

In line with the established markets, we expect a consolidation of prices in CE/SEE in the third quarter. At roughly 3–5%, however, this should be seen as an opportunity to bolster positions rather than a trend reversal. We only expect to see price gains in Russia in line with the rise in oil prices.

The persistently expansive monetary policy is also impacting the bond markets, so we only expect minor changes in yields in the second half of the year. The majority of EM Eurobond markets are overvalued.

Financial analyst: Peter Brezinschek, RBI Vienna

CEE: Market strategy¹

	Eurobonds		LCY Bonds		FX
	EUR	USD	2y	10y	
BG	B	-	-	-	-
HR	H	H	-	-	H
CZ	H	-	H	H	H
HU	H	H	H	H	H
PL	B	H	H	B	B
RO	H	H	S	S	H
RU	H	H	B	B	H
RS	-	S	-	-	H
MK	B	-	-	-	-
KZ	-	H	-	-	-
TR	B	B	B	H	H
UA	-	H	-	-	H
BY	-	H	-	-	H

¹ LCY bonds: based on absolute performance in LCY
Eurobonds: based on expected spread change
FX vs. EUR

Recommendation horizon: end 3rd quarter 2017
For recommendation history please see page 56

B: Buy; H: Hold; S: Sell

² HU: 3y, not 2y tenor

Source: RBI/Raiffeisen RESEARCH

Recommendations¹ – stock markets

Indices	
Buy	MICEX
Hold	-
Sell	ATX, BIST Nat. 100, BUX, PX, WIG 30

¹ Recommendation horizon: end 3rd quarter 2017
Source: RBI/Raiffeisen RESEARCH

Real GDP (% yoy)

Countries	2015	2016	2017e	Consensus	2018f	Consensus
Poland	3.8	2.7	3.8	3.6	3.1	3.4
Hungary	3.1	2.0	3.8	3.4	3.6	3.1
Czech Rep.	4.6	2.3	2.7	2.7	2.5	2.6
Slovakia	3.8	3.3	3.3	3.2	4.0	3.5
Slovenia	2.3	2.5	4.6	2.8	3.3	2.8
CE	3.8	2.6	3.6	3.3	3.1	3.2
Croatia	2.2	2.9	2.9	3.0	2.3	2.8
Bulgaria	3.6	3.4	3.7	3.1	3.7	3.0
Romania	3.9	4.8	4.9	4.0	3.8	3.4
Serbia	0.7	2.8	3.0	3.0	3.0	3.3
Bosnia a. H.	3.0	2.5	2.5	3.0	3.0	3.5
Albania	2.2	3.5	4.0	3.6	4.0	3.9
Kosovo	4.1	3.5	3.5	3.8	3.5	3.9
SEE	3.2	4.0	4.1	3.6	3.5	3.3
Russia	-2.8	-0.2	1.0	1.2	1.5	1.6
Ukraine	-9.8	2.3	1.5	2.0	3.0	3.0
Belarus	-3.8	-2.6	0.5	0.4	1.5	1.5
EE	-3.3	-0.1	1.0	1.2	1.6	1.7
Turkey	6.1	2.9	4.0	2.6	3.0	3.1
Austria	1.0	1.5	2.2	1.8	1.7	1.5
Germany	1.5	1.8	1.7	1.8	1.5	1.6
Euro area	2.0	1.8	2.1	1.8	1.7	1.6
USA	2.6	1.6	2.4	2.2	2.2	2.3

Source: national sources, Bloomberg consensus, RBI/Raiffeisen RESEARCH

Consumer prices (avg, % yoy)

Countries	2015	2016	2017e	2018f
Poland	-0.9	-0.6	2.2	2.4
Hungary	0.0	0.2	2.6	3.3
Czech Rep.	0.3	0.7	2.3	2.1
Slovakia	-0.3	-0.5	1.1	2.0
Slovenia	-0.8	-0.2	1.8	2.2
CE	-0.5	-0.2	2.1	2.4
Croatia	-0.5	-1.1	1.5	1.7
Bulgaria	-0.1	-0.8	1.9	2.6
Romania	-0.6	-1.5	0.9	2.9
Serbia	1.4	1.2	4.0	2.9
Bosnia a. H.	-1.0	-1.1	2.0	2.0
Albania	1.8	1.3	2.5	2.7
Kosovo	-0.5	0.3	1.5	2.0
SEE	-0.2	-0.9	1.6	2.6
Russia	15.6	7.1	4.0	4.5
Ukraine	48.7	13.9	12.0	7.4
Belarus	13.5	12.0	10.0	9.0
EE	17.7	7.7	4.7	4.8
Turkey	7.7	7.8	10.0	8.0
Austria	0.8	1.0	2.0	2.1
Germany	0.1	0.4	1.9	2.2
Euro area	0.0	0.2	1.6	1.5
USA	0.1	1.2	2.2	2.5

Source: national sources, RBI/Raiffeisen RESEARCH

Current account balance (% of GDP)

Countries	2015	2016	2017e	2018f
Poland	-0.6	-0.5	-0.2	-0.9
Hungary	3.4	5.4	3.2	2.9
Czech Rep.	0.2	1.1	1.1	1.2
Slovakia	0.2	-0.6	-0.4	0.6
Slovenia	5.2	6.8	6.6	6.2
CE	0.2	0.6	0.5	0.2
Croatia	4.8	2.6	3.7	2.2
Bulgaria	0.4	3.8	3.4	0.9
Romania	-1.2	-2.4	-3.6	-3.8
Serbia	-4.6	-3.9	-3.7	-3.5
Bosnia a. H.	-5.5	-4.4	-6.0	-6.2
Albania	-10.8	-9.1	-9.2	-9.5
Kosovo	-8.6	-9.4	-7.9	-7.5
SEE	-1.1	-1.4	-2.0	-2.7
Russia	5.1	1.7	4.7	5.5
Ukraine	-0.2	-4.1	-4.1	-3.6
Belarus	-3.8	-3.6	-3.5	-3.4
EE	4.4	1.2	3.9	4.6
Turkey	-3.7	-3.8	-4.6	-4.8
Austria	1.9	1.7	2.1	2.3
Germany	8.3	8.3	8.0	8.0
Euro area	3.0	3.3	3.0	3.0
USA	-2.6	-2.4	-3.5	-3.5

Source: national sources, RBI/Raiffeisen RESEARCH

General budget balance (% of GDP)

Countries	2015	2016	2017e	2018f
Poland	-2.6	-2.6	-2.8	-3.0
Hungary	-2.0	-2.0	-2.5	-3.0
Czech Rep.	-0.6	0.6	-0.2	0.0
Slovakia	-2.7	-1.7	-1.5	-1.5
Slovenia	-2.9	-1.8	-1.5	-1.3
CE	-2.1	-1.8	-2.0	-2.1
Croatia	-3.4	-0.8	-1.9	-2.0
Bulgaria	-2.8	1.6	-0.5	-1.0
Romania	-0.8	-3.0	-3.6	-3.8
Serbia	-3.7	-1.3	-1.8	-1.8
Bosnia a. H.	0.7	-1.5	-1.0	-1.0
Albania	-4.0	-2.5	-2.0	-1.0
Kosovo	-1.4	-1.6	-1.8	-2.0
SEE	-1.8	-1.8	-2.5	-2.7
Russia	-3.6	-3.7	-2.5	-2.0
Ukraine	-2.3	-2.9	-3.2	-2.7
Belarus	1.8	1.5	1.0	1.0
EE	-3.3	-3.5	-2.4	-1.9
Turkey	-1.0	-1.4	-2.5	-2.0
Austria	-1.1	-1.6	-1.0	-1.1
Germany	0.7	0.8	0.5	0.3
Euro area	-2.1	-1.5	-1.4	-1.4
USA	-2.4	-3.2	-3.5	-2.6

Source: national sources, RBI/Raiffeisen RESEARCH

Public debt (% of GDP)

Countries	2015	2016	2017e	2018f
Poland	51.1	52.8	54.0	54.1
Hungary	75.2	73.9	73.2	72.4
Czech Rep.	40.3	37.9	36.8	35.8
Slovakia	52.5	51.9	52.0	50.9
Slovenia	83.1	79.7	77.0	74.7
CE	53.8	53.7	53.9	53.4
Croatia	86.3	83.7	82.9	81.3
Bulgaria	25.6	29.1	27.5	28.0
Romania	38.0	37.6	38.4	39.7
Serbia	74.7	71.6	68.8	66.4
Bosnia a. H.	42.8	42.5	42.8	42.5
Albania	72.7	71.0	69.0	65.0
Kosovo	13.0	14.5	15.5	17.0
SEE	47.7	47.3	47.0	47.2
Russia	12.7	13.5	14.0	14.5
Ukraine	72.3	76.1	78.4	73.0
Belarus	36.5	39.0	38.7	36.5
EE	17.4	18.4	19.0	19.1
Turkey	34.0	32.0	33.0	32.0
Austria	85.5	84.6	80.7	79.0
Germany	71.2	68.3	65.8	63.3
Euro area	90.3	89.2	88.2	87.0
USA	101.9	105.5	105.6	104.9

Source: national sources, RBI/Raiffeisen RESEARCH

Gross foreign debt (% of GDP)

Countries	2015	2016	2017e	2018f
Poland	70.3	74.4	72.4	71.3
Hungary	106.2	98.3	88.3	81.8
Czech Rep.	69.4	73.2	76.3	74.0
Slovakia	85.4	88.8	87.2	84.0
Slovenia	116.6	108.8	103.5	102.0
CE	64.9	66.6	65.1	63.4
Croatia	103.0	90.9	86.7	85.2
Bulgaria	75.3	73.3	68.9	65.7
Romania	56.5	54.6	53.0	52.3
Serbia	81.6	74.2	70.5	66.6
Bosnia a. H.	53.4	54.7	55.1	54.3
Albania	73.2	71.7	67.9	65.6
Kosovo	32.7	34.8	34.8	37.5
SEE	68.4	64.6	50.2	49.0
Russia	37.9	39.0	29.5	25.8
Ukraine	130.9	121.7	114.5	108.8
Belarus	70.2	79.3	69.4	69.7
EE	44.7	45.8	35.8	32.3
Turkey	46.4	47.8	50.1	48.8
Austria	n.v.	n.v.	n.v.	n.v.
Germany	n.v.	n.v.	n.v.	n.v.
Euro area	126.2	126.2	n.v.	n.v.
USA	n.v.	n.v.	n.v.	n.v.

Source: national sources, RBI/Raiffeisen RESEARCH

Exchange rate EUR/LCY (avg)

Countries	2015	2016	2017e	2018f
Poland	4.18	4.36	4.21	4.09
Hungary	310	311	310	312
Czech Rep.	27.3	27.0	26.5	25.5
Slovakia	euro	euro	euro	euro
Slovenia	euro	euro	euro	euro
Croatia	7.61	7.53	7.45	7.46
Bulgaria	1.96	1.96	1.96	1.96
Romania	4.45	4.49	4.54	4.51
Serbia	121	123	124	125
Bosnia a. H.	1.96	1.96	1.96	1.96
Albania	140	137	135	137
Kosovo	euro	euro	euro	euro
Russia	68.0	74.1	62.8	67.7
Ukraine	24.3	28.3	29.1	31.3
Belarus	1.77	2.20	2.08	2.40
Turkey	3.02	3.34	3.91	4.25
Austria	euro	euro	euro	euro
Germany	euro	euro	euro	euro
Euro area	euro	euro	euro	euro
USA	1.11	1.11	1.08	1.11

Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Ratings¹

Countries	S&P	Moody's	Fitch
Poland	BBB+	A2	A-
Hungary	BBB-	Baa3	BBB-
Czech Rep.	AA-	A1	A+
Slovakia	A+	A2	A+
Slovenia	A	Baa3	A-
Croatia	BB	Ba2	BB
Bulgaria	BB+	Baa2	BBB-
Romania	BBB-	Baa3	BBB-
Serbia	BB-	Ba3	BB-
Bosnia a. H.	B	B3	NR
Albania	B+	B1	NR
Kosovo	NR	NR	NR
Russia	BB+	Ba1	BBB-
Ukraine	B-	Caa3	B-
Belarus	B-	Caa1	B-
Turkey	BB	Ba1	BB+
Austria	AA+	Aa1	AA+
Germany	AAA	Aaa	AAA
USA	AA+	Aaa	AAA

¹ for FCY, long-term debt; NR ... not rated
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Exchange rate forecast

Countries vs EUR	19-Jun ¹	Sep-17	Dec-17	Jun-18
Poland	4.22	4.10	4.15	4.10
Hungary	308.00	310.0	310.0	310.0
Czech R.	26.16	26.5	25.9	25.5
Croatia	7.41	7.45	7.50	7.40
Romania	4.60	4.50	4.55	4.50
Serbia	121.83	124.0	125.0	124.0
Albania	133.32	135.5	136.0	136.0

Countries vs USD	19-Jun ¹	Sep-17	Dec-17	Jun-18
Russia	58.3	58.0	60.0	62.0
Ukraine	26.02	27.00	28.00	28.00
Belarus	1.90	1.95	2.05	2.15
Turkey	3.52	3.60	3.70	3.80

EUR/USD	19-Jun ¹	Sep-17	Dec-17	Jun-18
EUR/USD	1.12	1.09	1.07	1.11

¹ 5:00 p.m. (CEST)
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

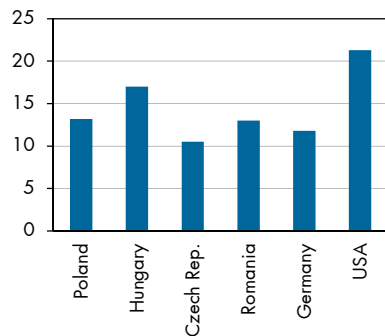
2y LCY yield forecast

Countries	19-Jun ¹	Sep-17	Dec-17	Jun-18
Poland	2.02	2.0	2.1	2.4
Hungary*	0.88	0.9	1.0	1.2
Czech R.	-0.02	0.1	0.1	0.7
Croatia	1.49	1.3	1.3	1.5
Romania*	1.40	1.6	1.8	2.5
Russia	8.03	7.6	7.3	7.0
Turkey	10.80	10.5	10.5	9.5

Austria	-0.53	-0.7	-0.6	-0.3
Germany	-0.68	-0.7	-0.7	-0.4
USA	1.36	1.5	1.7	1.9

¹ 5:00 p.m. (CEST); * 3y LCY yields
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Expected 10y LCY yield change



bp-change of 10y gov. bond yield in next 3 months
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Key interest rate forecast

Countries	19-Jun ¹	Sep-17	Dec-17	Jun-18
Poland	1.50	1.50	1.50	1.50
Hungary	0.90	0.90	0.90	0.90
Czech R.	0.05	0.05	0.25	0.50
Romania	1.75	1.75	1.75	2.25
Russia	9.00	8.25	7.75	7.25
Turkey	8.00	8.00	8.00	8.00

Euro area	0.00	0.00	0.00	0.00
USA	1.25	1.25	1.50	2.00

¹ 5:00 p.m. (CEST)
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

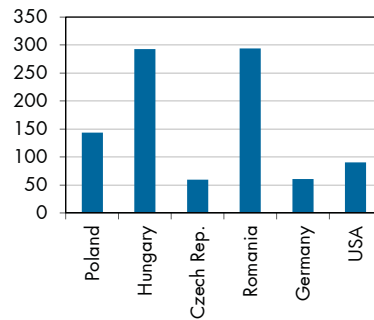
10y LCY yield forecast

Countries	19-Jun ¹	Sep-17	Dec-17	Jun-18
Poland	3.17	3.3	3.5	3.5
Hungary	3.08	3.3	3.4	3.6
Czech R.	0.90	1.0	1.2	1.5
Croatia	2.91	3.0	3.1	3.2
Romania	3.77	3.9	4.3	4.5
Russia	7.86	7.4	7.1	6.8
Turkey	10.18	10.5	10.0	9.0

Austria	0.45	0.7	1.0	1.4
Germany	0.28	0.4	0.7	1.1
USA	2.19	2.4	2.8	2.9

¹ 5:00 p.m. (CEST)
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Yield structure



Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

3m money market rate forecast

Countries	19-Jun ¹	Sep-17	Dec-17	Jun-18
Poland	1.73	1.73	1.73	1.80
Hungary	0.15	0.15	0.15	0.20
Czech R.	0.30	0.40	0.50	0.70
Croatia	0.60	0.65	0.60	0.75
Romania	0.83	1.05	1.45	2.08
Russia	9.18	8.85	8.35	7.85
Turkey	13.02	12.30	11.50	10.30

Euro area	-0.33	-0.35	-0.35	-0.25
USA	1.28	1.40	1.70	2.20

¹ 5:00 p.m. (CEST)
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

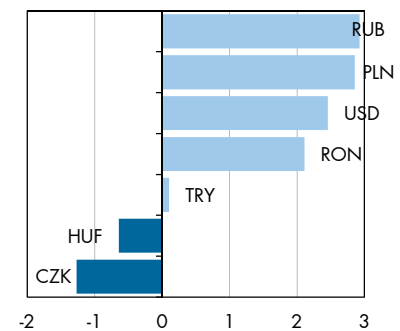
Spreads 10y LCY bonds over Bund

Countries	19-Jun ¹	Sep-17	Dec-17	Jun-18
Poland	289	290	280	240
Hungary	280	285	270	250
Czech R.	61	60	50	40
Croatia	262	260	240	210
Romania	349	350	360	340
Russia	758	700	640	570
Turkey	990	1010	930	790

Austria	17	25	25	30
USA	191	200	210	180

¹ 5:00 p.m. (CEST); all values in bp
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

LCY changes vs EUR (% qoq)¹



¹ forecasts for 30 Sep-2017 in comparison to 19 Jun-2017
Source: Thomson Reuters, RBI/Raiffeisen RESEARCH

Stock market indicators

	Earnings growth		Price/earnings ratio	
	2017e	2018f	2017e	2018f
ATX	21.5%	7.4%	14.0	13.0
WIG 30	13.1%	8.3%	12.7	11.7
BUX	-7.2%	7.0%	11.6	10.8
PX	6.8%	-5.2%	12.9	13.6
MICEX	8.5%	18.8%	5.8	4.8
BIST Nat. 100	27.2%	15.3%	9.2	8.0

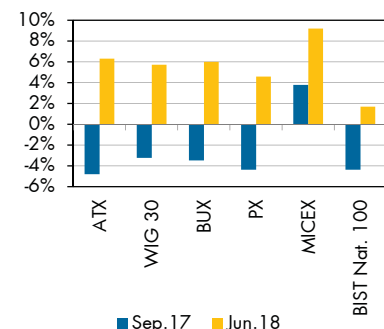
Data based on adjusted figures
Source: Thomson Reuters, IBES, Bloomberg, RBI/Raiffeisen RESEARCH

Stock market forecasts

	Index estimates			
	19-Jun ¹	Sep-17	Dec-17	Jun-18
ATX	3,152	3,000	3,250	3,350
WIG 30	2,687	2,600	2,750	2,840
BUX	35,948	34,700	36,800	38,100
PX	1,004	960	1,020	1,050
MICEX	1,850	1,920	2,010	2,020
BIST Nat. 100	99,332	95,000	100,000	101,000

¹ 11:59 p.m. (CEST)
in local currency
Source: Bloomberg, RBI/Raiffeisen RESEARCH

Expected index performance



Source: RBI/Raiffeisen RESEARCH

Risk notifications and explanations

Warnings

- Figures on performance refer to the past. Past performance is not a reliable indicator for future results and the development of a financial instrument, a financial index or a securities service. This is particularly true in cases when the financial instrument, financial index or securities service has been offered for less than 12 months. In particular, this very short comparison period is not a reliable indicator for future results.
- Performance of a financial instrument, a financial index or a securities service is reduced by commissions, fees and other charges, which depend on the individual circumstances of the investor.
- The return on an investment in a financial instrument, a financial or securities service can rise or fall due to exchange rate fluctuations.
- Forecasts of future performance are based purely on estimates and assumptions. Actual future performance may deviate from the forecast. Consequently, forecasts are not a reliable indicator for future results and the development of a financial instrument, a financial index or a securities service.

Any information and recommendations designated as such in this publication which are contributed by analysts from RBI's subsidiary banks or from Raiffeisen Centrobank ("RCB") are disseminated unaltered under RBI's responsibility.

A description of the concepts and methods used in the preparation of financial analyses is available under: www.raiffeisenresearch.com/concept_and_methods

Detailed information on sensitivity analyses (procedure for checking the stability of potential assumptions made in the context of financial analyses) is available under: www.raiffeisenresearch.com/sensitivity_analysis

Disclosure of circumstances and interests which may jeopardise the objectivity of RBI: www.raiffeisenresearch.com/disclosuresobjectivity

The distribution of all recommendations relating to the 12 months prior to the publications date (column A), as well as the distribution of recommendations in the context of which services of investment firms set out in Sections A (investment services and activities) and B (ancillary services) of Annex I of Directive 2014/65/EU of the European Parliament and of the Council ("special services") have been provided in the past 12 months (column B).

Investment recommendation	Column A Basis: All recommendations for all financial instruments (last 12 months)	Column B Basis: Recommendations for financial instruments of all issuers, for which special services were rendered in the last 12 months
Buy recommendations	41.9%	50.0%
Hold recommendations	48.7%	25.0%
Sell recommendations	9.3%	25.0%

Detailed information on recommendations concerning financial instruments or issuers disseminated during a period of 12 month prior to this publication (acc. to Art. 4 (1) i) Commission Delegated Regulation (EU) 2016/958 of 9.3.2016) is available under: https://raiffeisenresearch.com/web/rbi-research-portal/recommendation_history

Corporate Credits

Recommendation history

ISIN	Date of previous recommendations	Company	Recommendation
XS1503160571	08/06/2017	Bank Otkritie Financial Corp	Buy
XS1506500039	27/04/2017	Promsvyazbank	Buy
XS0583796973	04/11/2016	Halyk Bank	Buy
XS0290580595	04/11/2016	Gazprom	Buy

Disclosure aspects which may jeopardise the objectivity of RBI:

1. Raiffeisen Bank International AG or a natural person involved in the preparation of the financial analysis owns a net long or short position exceeding the threshold of 0,5 % of the total issued share capital of the issuer; in the case the threshold is exceeded a statement to that effect specifying whether the net position is long or short is provided.
2. The issuer holds more than 5% of the entire issued share capital of Raiffeisen Bank International AG.
3. Raiffeisen Bank International AG or one of its affiliated legal entities is a market maker or specialist or a designated sponsor or stabilisation manager or liquidity provider in financial instruments of the issuer.
4. During the previous 12 months, Raiffeisen Bank International AG or one of its affiliated legal entities played a major role (e.g. as lead manager or co-lead manager) in any publicly disclosed offer of financial instruments of the issuer.
5. An agreement relating to the provision of services of investment firms set out in Sections A (investment services and activities) and B (ancillary services) of Annex I of Directive 2014/65/EU of the European Parliament and of the Council has been in effect during the previous 12 months between Raiffeisen Bank International AG or one of its affiliated legal entities and the issuer or such agreement has given rise during the same time period to the payment of a compensation or to the promise to get compensation paid for such services; in such cases, a disclosure will only be made if it would not entail the disclosure of confidential commercial information.
6. Raiffeisen Bank International AG or one of its affiliated legal entities has entered into an agreement with the issuer on the provision of investment recommendations.
7. The responsible analyst or a person involved in the production of the financial analysis owns financial instruments of the issuer which she/he analyses.
8. The responsible analyst or a person involved in the production of the financial analysis is a member of the executive board, the board of directors or supervisory board of the issuer which she/he analyses.
9. The responsible analyst or a natural or legal person involved in the production of the financial analysis, received or acquired shares in the issuer she/he analyses prior to the public offering of such shares. The price at which the shares were acquired and the date of acquisition will be disclosed.
10. The compensation of the responsible analyst or a natural or legal person involved in the production of the financial analysis is (i) linked to the provision of services of investment firms set out in Sections A (investment services and activities) and B (ancillary services) of Annex I of Directive 2014/65/EU of the European Parliament and of the Council provided by Raiffeisen Bank International AG or one of its affiliated legal entities resp. is (ii) linked to trading fees, that Raiffeisen Bank International AG or one of its affiliated legal entities receives.
11. If not already disclosed in 1 -10: Raiffeisen Bank International AG or one of its affiliated legal entities resp. the relevant analyst or a natural or legal person involved in the production of the financial analysis discloses all relationships, circumstances or interests that may reasonably be expected to impair the objectivity of the financial analysis, or which represent a substantial conflict of interest concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates. The relationships, circumstances or interests include for example significant financial interests with respect to the issuer or other received incentives for taking into consideration third party interests.

Interests or conflict of interests (as described in the preceding paragraph) of persons belonging to one of Raiffeisen Bank International AG's affiliated legal entities are known or could reasonably have been known to the persons involved in the production of the financial analysis.

The same applies to interests or conflict of interests of persons who, although not involved in the production of the financial analysis, have or could reasonably be expected to have access to the financial analysis prior to its publication.

Disclosure aspects

Company	Disclosure	Company	Disclosure	Company	Disclosure
Agrokor	-	Alfa Bank	-	Bank Polska	-
International Bank of Azerbaijan	-	EVN	3	PFR	-
Halyk Bank	-	Verbund	3	Bank Handlowy	-
Kazkommertsbank	-	Bank Pekao	-	Komerčni Banka	-
Gazprom	-	Alior Bank	-	GNB	-
Sberbank	-	PZU	-	BZ WBK	-
Vnesheconombank	-	mBank	-	OTP	-
Gazprombank	-	Banca Transilvania	-	Erste Group	3
Credit Bank of Moscow	-	BRD-GSG	-	TLV	-
Promsvyazbank	-	Banca Romaneasca	-	PKO BP	-
Bank Otkritie Financial Corp	4	Bancpost	-	RBI	-
				Bank Millenium	-

Bonds

Local currency government bonds: Recommendations concerning financial instruments or issuers (disseminated during a period of 12 month prior to this publication), which differ from recommendations made in this publication*

Date	CZ			HU			PL			RO			RU			TR		TRY
	2y	10y	CZK	2y	10y	HUF	2y	10y	PLN	2y	10y	RON	2y	10y	RUB	2y	10y	
26/04/2016	H	H	H	H	B	H	H	H	H	H	H	H	H	H	S	H	H	S
31/05/2016	I	I	I	I	I	I	I	I	I	I	I	I	B	B	H	B	B	H
20/06/2016	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	B
21/07/2016	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	S	S	S
27/07/2016	I	I	I	B	I	I	I	I	I	I	I	I	I	I	I	I	I	I
25/08/2016	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I	I
23/09/2016	I	I	I	H	H	I	I	I	I	I	I	I	I	I	I	I	I	H
21/10/2016	I	I	I	I	I	I	I	I	I	I	I	I	I	I	S	I	I	I
24/11/2016	I	I	I	I	I	I	I	I	I	I	I	I	H	H	H	I	I	I
15/12/2016	I	I	I	I	B	I	I	B	I	I	I	I	B	I	I	I	I	I
24/01/2017	I	I	I	I	I	I	I	I	I	I	I	I	H	I	I	H	H	I
24/02/2017	I	I	I	I	I	I	I	H	I	I	I	I	S	S	S	I	I	I
15/03/2017	I	B	B	I	H	I	I	I	I	I	I	I	H	H	H	I	S	I
27/04/2017	I	I	I	I	I	I	I	I	S	I	I	I	B	B	I	I	H	S
06/06/2017	I	H	I	I	B	I	I	B	H	I	I	I	I	I	I	B	I	H
20/06/2017	I	H	H	I	H	I	I	I	B	S	S	I	I	I	I	I	I	I

* recommendations based on absolute expected performance in LCY; B: Buy, H: Hold, S: Sell, I: no change, - no coverage

Sovereign Eurobonds: Recommendations concerning financial instruments or issuers (disseminated during a period of 12 month prior to this publication), which differ from recommendations made in this publication*

Date	BG		HR		CZ		HU		KZ		LT		PL		RO	
	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD
26/04/2016	H	-	S	S	H	-	B	B	-	H	H	H	S	S	B	H
13/05/2016	I	-	I	I	I	-	I	I	-	I	I	I	I	I	I	I
20/06/2016	B	-	S	S	I	-	B	B	-	I	I	I	I	I	S	S
21/07/2016	I	-	I	I	I	-	I	I	-	I	I	I	I	I	I	I
27/07/2016	H	-	I	I	I	-	H	H	-	B	I	I	I	I	H	H
25/08/2016	I	-	I	I	I	-	I	I	-	I	I	H	H	I	I	I
26/08/2016	I	-	I	I	I	-	I	I	-	H	I	I	I	I	I	I
26/09/2016	B	-	B	S	I	-	I	I	-	I	I	I	B	I	I	I
21/10/2016	I	-	I	I	I	-	I	I	-	I	I	I	I	I	I	I
28/11/2016	H	-	H	I	I	-	I	I	-	B	I	I	H	I	B	I
15/12/2016	I	-	I	H	I	-	I	I	-	I	B	I	I	I	H	I
24/01/2017	I	-	I	I	I	-	I	I	-	H	B	I	I	I	I	I
24/02/2017	I	-	B	I	I	-	I	I	-	I	I	I	I	I	I	I
15/03/2017	I	-	I	I	I	-	I	I	-	I	H	H	I	I	B	B
27/04/2017	I	-	H	I	I	-	I	B	-	I	S	I	B	I	H	H
06/06/2017	B	-	I	B	I	-	I	H	-	I	H	I	H	I	I	I
20/06/2017	I	-	I	H	I	-	I	I	-	I	I	I	B	I	I	I

* recommendations based on absolute expected performance, i.e. expected spread change; B: Buy, H: Hold, S: Sell, I: no change, - no coverage

Sovereign Eurobonds: Recommendations concerning financial instruments or issuers (disseminated during a period of 12 month prior to this publication), which differ from recommendations made in this publication*

Date	RU		RS		TR		UA		BY		MK	
	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD	EUR	USD
26/04/2016	H	H	-	B	B	B	-	H	-	H	H	-
13/05/2016	I	I	-	I	H	H	-	I	-	I	I	-
20/06/2016	I	I	-	I	B	I	-	I	-	I	I	-
21/07/2016	I	I	-	I	S	S	-	I	-	I	I	-
27/07/2016	B	B	-	I	I	I	-	I	-	I	B	-
25/08/2016	I	I	-	I	I	I	-	I	-	I	I	-
26/08/2016	H	H	-	H	I	I	-	I	-	I	I	-
26/09/2016	I	I	-	B	H	H	-	I	-	I	I	-
21/10/2016	I	I	-	I	B	B	-	B	-	S	I	-
28/11/2016	S	S	-	I	H	H	-	H	-	I	I	-
15/12/2016	H	I	-	I	I	I	-	S	-	I	H	-
24/01/2017	I	I	-	H	I	I	-	I	-	H	I	-
24/02/2017	I	I	-	I	I	I	-	I	-	I	I	-
15/03/2017	I	H	-	I	I	I	-	I	-	I	B	-
27/04/2017	I	I	-	I	I	I	-	I	-	B	H	-
06/06/2017	I	I	-	S	I	I	-	H	-	H	B	-
20/06/2017	I	I	-	S	B	B	-	I	-	I	I	-

* recommendations based on absolute expected performance, i.e. expected spread change; B: Buy, H: Hold, S: Sell, I: no change, - no coverage

Equities

EVN: 5y high: EUR 13.39, 5y low: EUR 9.42)

Recommendation history

	Rating	Target Price	Prev. day's close	Upside
22/03/2017	Buy	14.00	11.86	18.1%
02/12/2016	Buy	12.80	10.70	19.6%
26/08/2016	Buy	12.80	10.43	22.7%
31/03/2016	Buy	12.80	10.04	27.5%
01/12/2015	Buy	12.40	10.05	23.4%

Verbund: 5y high: EUR 19.94, 5y low: EUR 10.035

Recommendation history

	Rating	Target Price	Prev. day's close	Upside
02/03/2017	Hold	16.00	15.79	1.4%
02/12/2016	Hold	15.00	13.65	9.9%
24/08/2016	Hold	15.00	13.59	10.4%
28/07/2016	Hold	15.00	14.00	7.2%
01/12/2015	Hold	15.00	13.11	14.5%
31/07/2015	Hold	15.00	13.99	7.2%
16/07/2015	Hold	15.00	13.78	8.9%

Alior Bank: 5y high: PLN 99.8, 5y low: PLN 42.03

Recommendation history

	Rating	Target Price	Prev. day's close	Upside
21/03/2017	Buy	86.00	74.99	14.7%
07/12/2016	Buy	61.00	47.44	28.6%
14/10/2016	Buy	68.00	47.80	42.3%
06/07/2016	Buy	68.10	51.65	31.8%
07/04/2016	Buy	86.00	69.60	23.6%
25/02/2016	Buy	76.00	61.26	24.1%
04/12/2015	Buy	77.00	65.80	17.0%

PZU: 5y high: PLN 51.1, 5y low: PLN 24.38

Recommendation history

	Rating	Target Price	Prev. day's close	Upside
09/12/2016	Buy	37.00	32.24	14.8%
04/08/2016	Hold	31.00	28.19	10.0%
03/06/2016	Hold	35.00	30.69	14.0%
30/03/2016	Hold	37.50	34.60	8.4%
14/12/2015	Hold	35.00	31.50	11.1%
20/11/2015	Hold	40.00	39.35	1.7%
12/08/2015	Hold	46.00	43.91	4.8%

Coverage universe recommendation overview

Empty	buy	hold	reduce	sell	suspended	UR
Universe	46	66	7	3	4	1
Universe %	36%	52%	6%	2%	3%	1%
Investment banking services	22	27	2	0	0	0
Investment banking services %	43%	53%	4%	0%	0%	0%

Source: Raiffeisen Centrobank, rounding differences may occur

mBank: 5y high: PLN 568, 5y low: PLN 268.15

Recommendation history

	Rating	Target Price	Prev. day's close	Upside
21/03/2017	Reduce	382.00	393.00	-2.8%
07/12/2016	Reduce	334.00	351.40	-5.0%
14/10/2016	Reduce	326.00	345.90	-5.8%
06/07/2016	Reduce	290.00	305.00	-4.9%
07/04/2016	Reduce	316.00	347.10	-9.0%
04/12/2015	Hold	306.00	296.00	3.4%

Banca Transilvania: 5y high: RON 3, 5y low: RON 0.470322

Recommendation history

	Rating	Target Price	Prev. day's close	Upside
10/10/2016	Hold	2.50	2.43	2.9%
06/07/2016	Hold	2.24	2.08	7.7%
07/04/2016	Hold	2.34	2.27	2.9%
23/10/2015	Hold	2.09	1.98	5.6%
08/09/2015	Hold	1.98	1.88	5.1%

BRD-GSG: 5y high: RON 14, 5y low: RON 7.125

Recommendation history

	Rating	Target Price	Prev. day's close	Upside
10/10/2016	Buy	13.10	11.16	17.4%
06/07/2016	Buy	11.90	9.83	21.1%
07/04/2016	Buy	12.05	10.16	18.6%
23/10/2015	Buy	12.70	10.86	16.9%

ATX

5y high: 3,209.58, 5y low: 1,855.45

WIG20

5y high: 2,628.36, 5y low: 1,674.57

BETI

5y high: 8,769.41, 5y low: 4,348.22

Disclaimer Financial Analysis

Responsible for this publication: Raiffeisen Bank International AG („RBI“)

RBI is a credit institution according to §1 Banking Act (Bankwesengesetz) with the registered office Am Stadtpark 9, 1030 Vienna, Austria.

Raiffeisen RESEARCH is an organisational unit of RBI.

Supervisory authority: As a credit institution (acc. to § 1 Austrian Banking Act; Bankwesengesetz) Raiffeisen Bank International AG is subject to the supervision by the Austrian Financial Market Authority (FMA, Finanzmarktaufsicht) and the National Bank of Austria (OeNB, Oesterreichische Nationalbank). Additionally, RBI is subject to the supervision by the European Central Bank (ECB), which undertakes such supervision within the Single Supervisory Mechanism (SSM), which consists of the ECB and the national responsible authorities (Council Regulation (EU) No 1024/2013 - SSM Regulation). Unless set out herein explicitly otherwise, references to legal norms refer to norms enacted by the Republic of Austria.

This document is for information purposes and may not be reproduced or distributed to other persons without RBI's permission. This document constitutes neither a solicitation of an offer nor a prospectus in the sense of the Austrian Capital Market Act (Kapitalmarktgesetz) or the Austrian Stock Exchange Act (Börsegesetz) or any other comparable foreign law. An investment decision in respect of a financial instrument, a financial product or an investment (all hereinafter "product") must be made on the basis of an approved, published prospectus or the complete documentation for such a product in question, and not on the basis of this document.

This document does not constitute a personal recommendation to buy or sell financial instruments in the sense of the Austrian Securities Supervision Act (Wertpapieraufsichtsgesetz). Neither this document nor any of its components shall form the basis for any kind of contract or commitment whatsoever. This document is not a substitute for the necessary advice on the purchase or sale of a financial instrument, a financial product or advice on an investment. In respect of the sale or purchase of one of the above mentioned products, your banking advisor can provide individualised advice suitable for investments and financial products.

This analysis is fundamentally based on generally available information and not on confidential information which the party preparing the analysis has obtained exclusively on the basis of his/her client relationship to a person.

Unless otherwise expressly stated in this publication, RBI deems all of the information to be reliable, but does not make any assurances regarding its accuracy and completeness.

In emerging markets, there may be higher settlement and custody risk as compared to markets with established infrastructure. The liquidity of stocks/financial instruments may be influenced, amongst others, by the number of market makers. Both of these circumstances can result in elevated risk in relation to the safety of investments made in consideration of the information contained in this document.

The information in this publication is current as per the latter's creation date. It may be outdated by future developments, without the publication being changed.

Unless otherwise expressly stated (www.raiffeisenresearch.com/special_compensation), the analysts employed by RBI are not compensated for specific investment banking transactions. Compensation of the author or authors of this report is based (amongst other things) on the overall profitability of RBI, which includes, inter alia, earnings from investment banking and other transactions of RBI. In general, RBI forbids its analysts and persons reporting to the analysts from acquiring securities or other financial instruments of any enterprise which is covered by the analysts, unless such acquisition is authorised in advance by RBI's Compliance Department.

RBI has put in place the following organisational and administrative agreements, including information barriers, to impede or prevent conflicts of interest in relation to recommendations: RBI has designated fundamentally binding confidentiality zones. These are typically units within credit institutions, which are isolated from other units by organisational measures governing the exchange of information, because compliance-relevant information is continuously or temporarily handled in these zones. Compliance-relevant information may fundamentally not leave a confidentiality zone and is to be treated as strictly confidential in internal business operations, including interaction with other units. This does not apply to the transfer of information necessary for usual business operations. Such transfer of information is limited, however, to what is absolutely necessary (need-to-know principle). The exchange of compliance-relevant information between two confidentiality zones may only occur with the involvement of the Compliance Officer.

SPECIAL REGULATIONS FOR THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (UK):

This document does not constitute either a public offer in the meaning of the Austrian Capital Market Act (Kapitalmarktgesetz; hereinafter „KMG“) nor a prospectus in the meaning of the KMG or of the Austrian Stock Exchange Act (Börsegesetz). Furthermore, this document does not intend to recommend the purchase or the sale of securities or investments in the meaning of the Austrian Supervision of Securities Act (Wertpapieraufsichtsgesetz). This document shall not replace the necessary advice concerning the purchase or the sale of securities or investments. For any advice concerning the purchase or the sale of securities of investments kindly contact your RAIFFEISENBANK. This publication has been either approved or issued by RBI in order to promote its investment business. Raiffeisen Bank International AG („RBI“), London Branch is authorised by the Austrian Financial Market Authority and subject to limited regulation by the Financial Conduct Authority („FCA“). Details about the extent of its regulation by the FCA are available on request. This publication is not intended for investors who are Retail Customers within the meaning of the FCA rules and shall therefore not be distributed to them. Neither the information nor the opinions expressed herein constitute or are to be construed as an offer or solicitation of an offer to buy (or sell) investments. RBI may have affected an Own Account Transaction within the meaning of FCA rules in any investment mentioned herein or related investments and/or may have a position or holding in such investments as a result. RBI may have been, or might be, acting as a manager or co-manager of a public offering of any securities mentioned in this report or in any related security.

SPECIFIC RESTRICTIONS FOR THE UNITED STATES OF AMERICA AND CANADA: This document may not be transmitted to, or distributed within, the United States of America or Canada or their respective territories or possessions, nor may it be distributed to any U.S. person or any person resident in Canada, unless it is provided directly through RB International Markets (USA) LLC („RBIM“), a U.S. registered broker-dealer, and subject to the terms set forth below.

SPECIFIC INFORMATION FOR THE UNITED STATES OF AMERICA AND CANADA: This research document is intended only for institutional investors and is not subject to all of the independence and disclosure standards that may be applicable to research documents prepared for retail investors. This report was provided to you by RB International Markets (USA) LLC (RBIM), a U.S. registered broker-dealer, but was prepared by our non-U.S. affiliate Raiffeisen Bank International AG (RBI). Any order for the purchase or sale of securities covered by this report must be placed with RBIM. You can reach RBIM at 1177 Avenue of the Americas, 5th Floor, New York, NY 10036, phone +1 212-600-2588. This document was prepared outside the United States by one or more analysts who may not have been subject to rules regarding the preparation of reports and the independence of research analysts comparable to those in effect in the United States. The analyst or analysts who prepared this research (i) are not registered or qualified as research analysts with the Financial Industry Regulatory Authority („FINRA“) in the United States, and (ii) are not allowed to be associated persons of RBIM and are therefore not subject to FINRA regulations, including regulations related to the conduct or independence of research analysts.

The opinions, estimates and projections contained in this report are those of RBI only as of the date of this report and are subject to change without notice. The information contained in this report has been compiled from sources believed to be reliable by RBI, but no representation or warranty, express or implied, is made by RBI or its affiliated companies or any other person as to the report's accuracy, completeness or correctness. Securities which are not registered in the United States may not be offered or sold, directly or indirectly, within the United States or to U.S. persons (within the meaning of Regulation S under the Securities Act of 1933 [“the Securities Act“]), except pursuant to an exemption under the Securities Act. This report does not constitute an offer with respect to the purchase or sale of any security within the meaning of Section 5 of the Securities Act and neither shall this report nor anything contained herein form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This report provides general information only. In Canada it may only be distributed to persons who are resident in Canada and who, by virtue of their exemption from the prospectus requirements of the applicable provincial or territorial securities laws, are entitled to conduct trades in the securities described herein.

EU REGULATION NO 833/2014 CONCERNING RESTRICTIVE MEASURES IN VIEW OF RUSSIA'S ACTIONS DESTABILISING THE SITUATION IN UKRAINE

Please note that research is done and recommendations are given only in respect of financial instruments which are not affected by the sanctions under EU regulation no 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, as amended from time to time, i.e. financial instruments which have been issued before 1 August 2014.

We wish to call to your attention that the acquisition of financial instruments with a term exceeding 30 days issued after 31 July 2014 is prohibited under EU regulation no 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, as amended from time to time. No opinion is given with respect to such prohibited financial instruments.

INFORMATION REGARDING THE PRINCIPALITY OF LIECHTENSTEIN: COMMISSION DIRECTIVE 2003/125/EC of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards the fair presentation of investment recommendations and the disclosure of conflicts of interest has been incorporated into national law in the Principality of Liechtenstein by the Finanzanalyse-Marktmisbrauchs-Verordnung.

If any term of this Disclaimer is found to be illegal, invalid or unenforceable under any applicable law, such term shall, insofar as it is severable from the remaining terms, be deemed omitted from this Disclaimer. It shall in no way affect the legality, validity or enforceability of the remaining terms.

Imprint

Information requirements pursuant to the Austrian E-Commerce Act

Raiffeisen Bank International AG

Registered Office: Am Stadtpark 9, 1030 Vienna

Postal address: 1010 Vienna, POB 50

Phone: +43-1-71707-0 **Fax:** + 43-1-71707-1848

Company Register Number: FN 122119m at the Commercial Court of Vienna

VAT Identification Number: UID ATU 57531200

Austrian Data Processing Register: Data processing register number (DVR): 4002771

S.W.I.F.T.-Code: RZBA AT WW

Supervisory Authorities: As a credit institution (acc. to § 1 Austrian Banking Act; Bankwesengesetz) Raiffeisen Bank International AG is subject to the supervision by the Austrian Financial Market Authority (FMA, Finanzmarktaufsicht) and the National Bank of Austria (OeNB, Oesterreichische Nationalbank). Additionally, RBI is subject to the supervision by the European Central Bank (ECB), which undertakes such supervision within the Single Supervisory Mechanism (SSM), which consists of the ECB and the national responsible authorities (Council Regulation (EU) No 1024/2013 - SSM Regulation). Unless set out herein explicitly otherwise, references to legal norms refer to norms enacted by the Republic of Austria..

Membership: Austrian Federal Economic Chamber, Federal Bank and Insurance Sector, Raiffeisen Association

Statement pursuant to the Austrian Media Act

Publisher and editorial office of this publication: Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Vienna

Media Owner of this publication: Raiffeisen RESEARCH – Verein zur Verbreitung von volkswirtschaftlichen Analysen und Finanzmarktanalysen, Am Stadtpark 9, A-1030 Vienna

Executive Committee of Raiffeisen RESEARCH – Verein zur Verbreitung von volkswirtschaftlichen Analysen und Finanzmarktanalysen:

Mag. Peter Brezinschek (Chairman), Mag. Helge Rechberger (Vice-Chairman)

Raiffeisen RESEARCH – Verein zur Verbreitung von volkswirtschaftlichen Analysen und Finanzmarktanalysen is constituted as state-registered society. Purpose and activity are (inter alia), the distribution of analysis, data, forecasts and reports and similar publications related to the Austrian and international economy as well as financial markets.

Basic tendency of the content of this publication

- Presentation of activities of Raiffeisen Bank International AG and its subsidiaries in the area of conducting analysis related to the Austrian and international economy as well as the financial markets.
- Publishing of analysis according to various methods of analyses covering economics, interest rates and currencies, government and corporate bonds, equities as well as commodities with a regional focus on the euro area

Producer of this publication: Holzer Druck, 1100 Vienna, Buchengasse 79

Cut-off for data: 15 March 2017 / **Cover photo:** Peter Brezinschek / **Design:** Kathrin Kořinek, Birgit Bachhofner

Completed: 27/06/2017, 4:29 PM CEST; **First dissemination:** 28/06/2017, 9:30 AM CEST

Completed in German language: 22/06/2017, 4:00 PM CEST; **First dissemination in German language:** 28/06/2017, 09:30 AM CEST

Global Raiffeisen RESEARCH Team: Peter Brezinschek, FA* (Head)

Austria: Raiffeisen Bank International AG (RBI AG)

Research Sales and Operations (RSOP)

Werner Weingraber (Head)
Birgit Bachhofner
Björn Chyba
Silvia Dusek
Kathrin Kořinek
Andreas Mannsparth
Bostjan Petac
Aleksandra Srećic
Marion Stadler
Martin Stelzeneder, FA*
Arno Supper
Marion Wannemacher

Retail Research Manager

Veronika Lammer, FA*
Helge Rechberger, FA*

Market Strategy / Quant Research

Valentin Hofstätter, FA* (Head)
Judith Galtner, FA*
Christian Hintervallner, FA*
Thomas Keil, FA*
Christoph Klaper, FA*
Nina Neubauer-Kukić, FA*
Stefan Memmer, FA*
Andreas Schiller, FA*
Robert Schittler, FA*
Stefan Theußl, FA*

Economics / Fixed Income / FX Research

Gunter Deuber, FA* (Head)
Jörg Angelé, FA*
Wolfgang Ernst, FA*
Stephan Imre, FA*
Lydia Kranner, FA*
Patrick Krizan, FA*
Matthias Reith, FA*
Elena Romanova, FA*
Andreas Schwabe, FA*
Gintaras Shlizhyus, FA*
Gottfried Steindl, FA*
Martin Stelzeneder, FA*

Equity Company Research

Connie Gaisbauer, FA* (Head)
Aaron Alber, FA*
Hannes Loacker, FA*
Johannes Mattner, FA*
Christine Nowak, FA*
Leopold Salcher, FA*
Christoph Vahs, FA*

Credit Company Research

Jörg Bayer, FA* (Head)
Ruslan Gadeev, FA*
Eva-Maria Grosse, FA*
Michael Heller, FA*
Martin Kutny, FA*
Werner Schmitzer, FA*
Jürgen Walter, FA*

Company Research:

Raiffeisen Centrobank AG
Bernd Maurer, FA* (Head)

Christian Bader, FA*
Oleg Galbur, FA*
Jakub Krawczyk, FA*
Stefan Maxian, FA*
Dominik Niszcz, FA*
Markus Remis, FA*
Teresa Schinwald, FA*
Jovan Sikimic, FA*
Arno Supper, FA*

Albania: Raiffeisen Bank Sh.A.

Dritan Baholli, FA*
Valbona Gjeka, FA*

Belarus: Priorbank Open Joint-Stock Company

Natalya Chernogorova, FA*
Vasily Pirogovsky, FA*
Olga Laschevskaya, FA*

Bosnia & Herzegovina: Raiffeisen

Bank dd Bosna i Hercegovina
Ivona Zamelica, FA*
Srebrenko Fatusic, FA*

Bulgaria: Raiffeisenbank (Bulgaria)

Sole-owned Joint Stock Company
Emil S. Kalchev, FA*

Croatia: Raiffeisenbank Austria d.d.

Zrinka Zivkovic Matijevic, FA*
Nada Harambasic-Nereau, FA*
Marijana Cigic, FA*
Elizabeta Sabolek-Resanovic, FA*
Ana Turudic, FA*

Czech Republic:

Raiffeisenbank a.s.
Helena Horská, FA*
Milan Frydrych, FA*
Monika Junicka, FA*
Lenka Kalivodova, FA*

Hungary: Raiffeisen Bank Zrt.

Zoltán Török, FA*
Gergely Pálffy, FA*
Levente Blahó, FA*

Poland: Raiffeisen Bank Polska S.A.

Dorota Strauch, FA*
Mateusz Namysl, FA*
Aleksandra Pikala, FA*
Paweł Radwański, FA*
Wojciech Stępień, FA*

Romania: RAIFFEISEN BANK S.A.

Ionut Dumitru, FA*
Nicolae Covrig, FA*
Catalin Diaconu, FA*
Silvia Rosca, FA*

Russia: AO Raiffeisenbank Austria

Anastasia Baykova, FA*
Denis Poryvay, FA*
Anton Pletenev, FA*
Konstantin Yuminov, FA*
Sergey Libin, FA*
Andrey Polischuk, FA*
Fedor Kornachev, FA*
Natalia Kolupaeva, FA*
Stanislav Murashov, FA*
Sergey Garamita, FA*

Serbia: Raiffeisen banka a.d.

Beograd
Ljiljana Grubic, FA*

Slovakia: Tatra banka, a.s.

Robert Prega, FA*
Juraj Valachy, FA*
Boris Fajtik, FA*
Tibor Lörincz, FA*

Ukraine: Raiffeisen Bank Aval Public Joint Stock Company

Sergii Drobot, FA*

* FA ... Financial analyst

Raiffeisen Bank International AG

Markets & Investment Banking

Raiffeisen Bank International AG

Group Capital Markets: Nicolaus Hagleitner T: +43 1 71707-1467

Investment Banking Products: Matthias Renner T: +43 1 71707-2123

RB International Markets (USA) LCC

Stefan Gabriele T: +1 212 835-2328

AL: Raiffeisen Bank Sh.a.

Christian Canacaris T: +355 4 2275519-2629

BH: Raiffeisen Bank d.d. Bosna i Hercegovina

Reuf Sulejmanovic T: +387 33 287-449

BG: Raiffeisenbank (Bulgaria) EAD

Boyan Petkov T: +359 2 91985-635

BY: Priorbank JSC

Tresary: Svetlana N. Gulkovich T: +375 17 2899-080

Investment Banking: Oleg Leontev T: +375 17 2899-251

CZ: Raiffeisenbank a.s.

Milan Fischer T: +420 234 40-1145

HR: Raiffeisenbank Austria d.d.

Robert Mamic T: +385 1 4695-076

HU: Raiffeisen Bank Zrt.

Gabor Liener T: +36 1 484-4304

KO: Raiffeisen Bank Kosovo J.S.C.

Berat Isa T: +38 1 3822 2222-229

PL: Raiffeisen Bank Polska S.A.

Miroslaw Winiarczyk T: +48 22 585-3710

RO: Raiffeisen Bank S.A.

Aurelian Mihailescu T: +40 213 061-221

RS: Raiffeisen banka a.d.

Capital Markets: Branko Novakovic T: +381 11 2207-131

Joko-Lola Tomic T: +381 11 2207-145

RU: AO Raiffeisenbank

Capital Markets: Sergey Shchepilov T: +7 495 721-9977

Investment Banking: Oleg Gordienko T: +7 495 721-9900

SK: Tatra banka, a.s.

Peter Augustin T: +421 2 5919-1313

UA: Raiffeisen Bank Aval JSC

Vladimir Kravchenko T: +380 44 49542-20

Raiffeisen CENTROBANK AG

CEO: Wilhelm Celeda T: +43 1 51520-402

Head of Global Equity Markets: Klaus della Torre T: +43 1 51520-472

Head of Company Research: Bernd Maurer T: +43 1 51520-706

Head of Investment Services: Andrea Lerch T: +43 1 51520-411

Kathrein Privatbank AG

CEO

Susanne Höllinger T: +43 1 53451-333

Director Private Banking (Austria)

Alexander Firon T: +43 1 53451-213

Director Private Banking (RU/EE)

William Sinclair T: +43 1 53451-231

Director Private Banking (CE/SEE)

Krisztian Slanicz T: +43 1 53451-603

Institutional Clients

Herwig Wolf T: +43 1 53451-261

Commercial Banks

Raiffeisen Bank International AG, Vienna

Corporate Customers: Joseph Eberle T: +43 1 71707-1487

Financial Institutions: Axel Summer T: +43 1 71707-1476

RBI Beijing Branch

Terence Lee T: +86 10 8531-9007

RBI London Branch

Matthias Renner T: +44 20 7933-8001

RBI Singapore Branch

Klaus Krombass T: +65 6305-6024

International Desk

AL: Raiffeisen Bank Sh.a.

Jorida Zaimi T: +355 4 2381-445

HU: Raiffeisen Bank Zrt.

Gaspar Tiszai T: +36 1 484-4421

AT: Raiffeisen Bank International AG

Rudolf Lercher T: +43 1 71707-3537

KO: Raiffeisen Bank Kosovo J.S.C.

Valerija Mustafa T: +38 1 38 222 222-413

BG: Raiffeisenbank (Bulgaria) EAD

Irena Krentcheva T: +359 2 9198-5826

PL: Raiffeisen Bank Polska S.A.

Krzysztof Lubkiewicz T: +48 22 347-7155

BH: Raiffeisen Bank d.d. Bosna i Hercegovina

Vildana Sijamhodzic T: +387 33 287-283

RO: Raiffeisen Bank S.A.

Aurel Voicescu T: +40 764 601-847

BY: Priorbank JSC

Natalya Selickaya T: +375 172 899-355

RS: Raiffeisen banka a.d.

Sofija Davidovic T: +381 11 220-7807

CZ: Raiffeisenbank a.s.

Roman Lagler T: +420 234 40-1728

RU: AO Raiffeisenbank

Maria Maevskaya T: +7 495 775-5230

HR: Raiffeisenbank Austria d.d.

Wolfgang Woehry T: +385 1 4566-462

SK: Tatra banka, a.s.

Mirco Ribis T: +421 2 5919-1846

UA: Raiffeisen Bank Aval

Andreas Kettlgruber T: +380 44 495-4110