

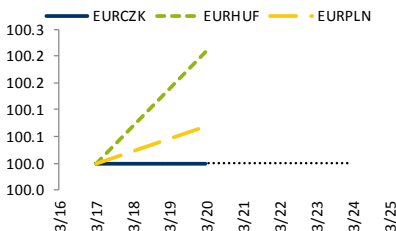


Central European Daily

Monday, 20 March 2017

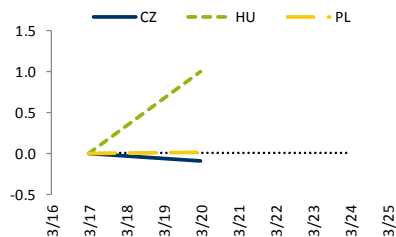
Regional Overview

Forex markets (index)



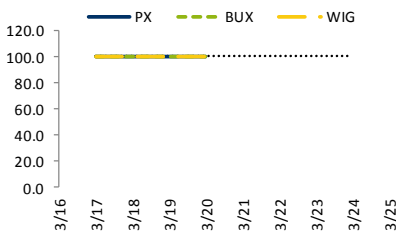
| | LAST | PREVIOUS | CHANGE (%) |
|--------|-------|----------|------------|
| EURCZK | 27.02 | 27.02 | 0.00 |
| EURHUF | 308.9 | 308.2 | 0.21 |
| EURPLN | 4.284 | 4.281 | 0.07 |

Gov. bonds 10 Y (bps change)



| | LAST | PREVIOUS | CHANGE (bps) |
|----------|-------|----------|--------------|
| CZGB 10Y | 0.907 | 0.908 | -0.1 |
| HUGB 10Y | 3.61 | 3.60 | 0.3 |
| PLGB 10Y | 3.73 | 3.73 | 0.0 |

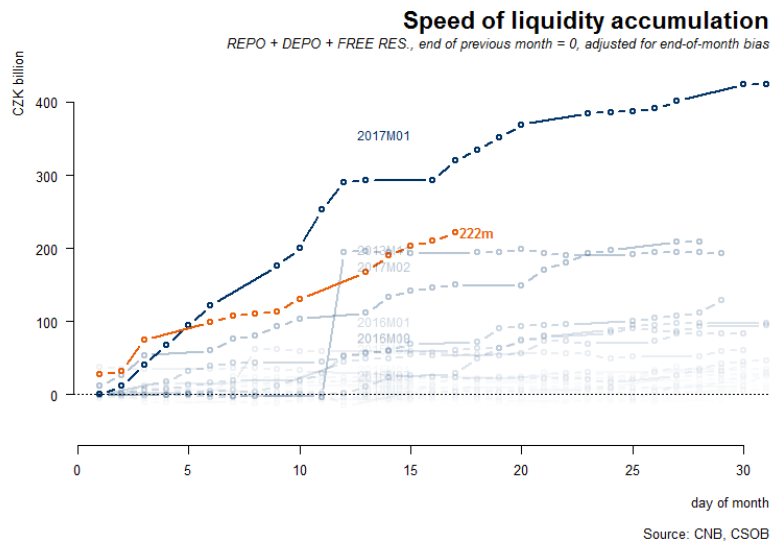
Equity indices (index)



| | LAST | PREVIOUS | CHANGE (%) |
|-----|-------|----------|------------|
| PX | 980.8 | 980.8 | 0.00 |
| BUX | 32778 | 32778 | 0.00 |
| WIG | 60441 | 60441 | 0.00 |

Macro, FX & Rates: CNB continues to intervene heavily

(CZ) The Czech National Bank continues to intervene heavily against the koruna appreciation. In March, the volume of excess liquidity that is being withdrawn from the Czech banking system has already increased by about CZK 220bn (approx. EUR 8.15bn). Speed of CNB liquidity accumulation has so far been only faster in January 2017.



Source: CNB, CSOB

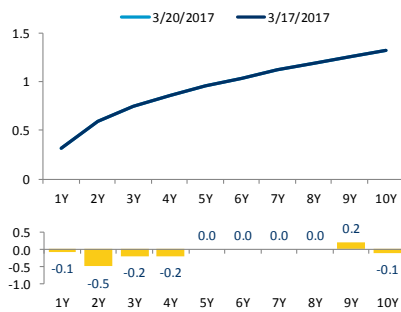
Equities: CEZ releases 2016Q4 results tomorrow

(CZ) CEZ: Company releases 4Q16 results tomorrow B/Mkt. **We expect revenues to be c.15% lower y/y** with a lower average achieved baseload electricity price (35.0 EUR/MWh in 2016 vs 39.5 EUR/MWh in 2015). This negative price-effect should be only partly mitigated by a higher planned generation volume of coal power plants (FY16 target +6% y/y). / *We downgraded CEZ to Reduce from Accumulate with target price down to CZK 395/shr from CZK 555/shr. We expect CEZ is to increase its pay-out ratio to 60-100% of adjusted net income (from 60-80%) and propose the dividend of 30-33 CZK per share this April. Nevertheless, the Ministry of Finance might reject CEZ proposal at AGM (June) and approve own proposal of a higher dividend (CZK 40/share);*

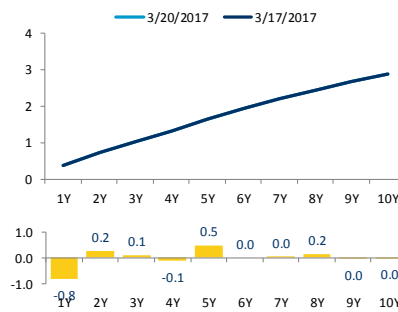
(HU) OTP: Company proposed HUF 190/shr from 2016 profit. / **NEUTRAL.** Proposed dividend is fully in line with market consensus at HUF 192/shr and translates into 2.2% yield.

Interest-rate Swap Curves

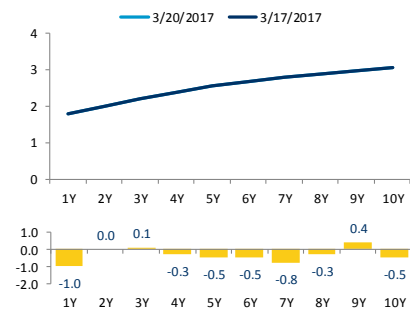
CZK *



HUF *



PLN *



* upper plot in each panel shows interest swap curve (%), lower plot shows change in interest rates in basis points

Calendar

| Country | Time | Indicator | Period | Forecast | | Actual | | Consensus | | Previous | |
|---------|------|-----------------|--------------------|----------|-----|--------|-----|-----------|-----|----------|-----|
| | | | | m/m | y/y | m/m | y/y | m/m | y/y | m/m | y/y |
| CZ | 0:00 | Earnings Kofola | CZK FY/2016 | | | | | | | | |
| HU | 9:00 | Wages | %, ytd. 01/01/2017 | | | | | 8.4 | | 5.7 | |

Contacts

| Brussels Research (KBC) | | | Global Sales Force | | |
|-----------------------------------|------------------|--|--------------------|--|------------------|
| Piet Lammens | +32 2 417 59 41 | | Brussels | | |
| Peter Wuyts | +32 2 417 32 35 | | Corporate Desk | | +32 2 417 45 82 |
| Mathias van der Jeugt | +32 2 417 51 94 | | Institutional Desk | | +32 2 417 46 25 |
| Dublin Research | | | France | | |
| Austin Hughes | +353 1 664 6889 | | London | | +44 207 256 4848 |
| Shawn Britton | +353 1 664 6892 | | Singapore | | +65 533 34 10 |
| Prague Research (CSOB) | | | Prague | | |
| Jan Cermak | +420 2 6135 3578 | | Prague (Equities) | | +420 2 6135 3535 |
| Petr Baca | +420 2 6135 3570 | | | | +420 2 2142 4216 |
| Tomas Sykora | +420 2 2142 4128 | | | | |
| Bratislava Research (CSOB) | | | Bratislava | | |
| Marek Gabris | +421 2 5966 8809 | | | | +421 2 5966 8820 |
| Budapest Research | | | Budapest | | |
| David Nemeth | +36 1 328 9989 | | | | +36 1 328 99 85 |

ALL OUR REPORTS ARE AVAILABLE ON WWW.KBC.BE/DEALINGROOM

This non-exhaustive information is based on short-term forecasts for expected developments on the financial markets. KBC Bank cannot guarantee that these forecasts will materialize and cannot be held liable in any way for direct or consequential loss arising from any use of this document or its content. The document is not intended as personalized investment advice and does not constitute a recommendation to buy, sell or hold investments described herein. Although information has been obtained from and is based upon sources KBC believes to be reliable, KBC does not guarantee the accuracy of this information, which may be incomplete or condensed. All opinions and estimates constitute a KBC judgment as of the date of the report and are subject to change without notice.

