NATIONAL BANK OF GREECE

Economic Analysis Division
Emerging Markets Research

Bi-Weekly Report

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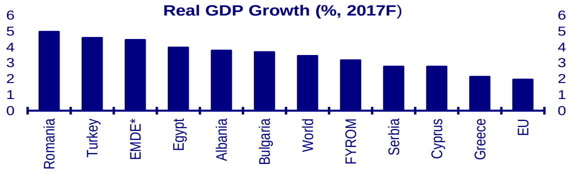
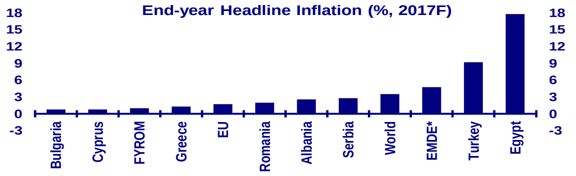
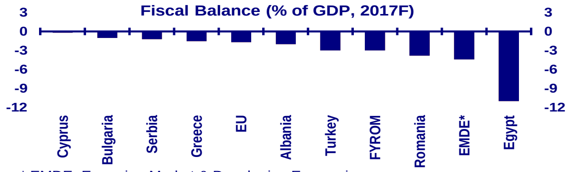


* EMDE: Emerging Market & Developing Economies





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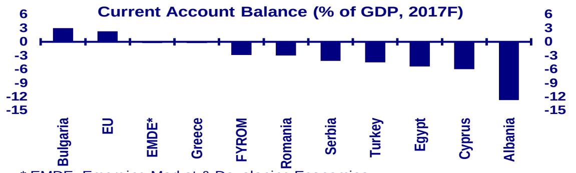
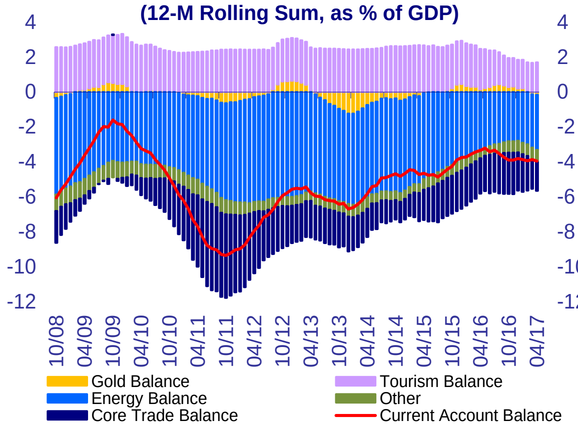


* EMDE: Emerging Market & Developing Economies

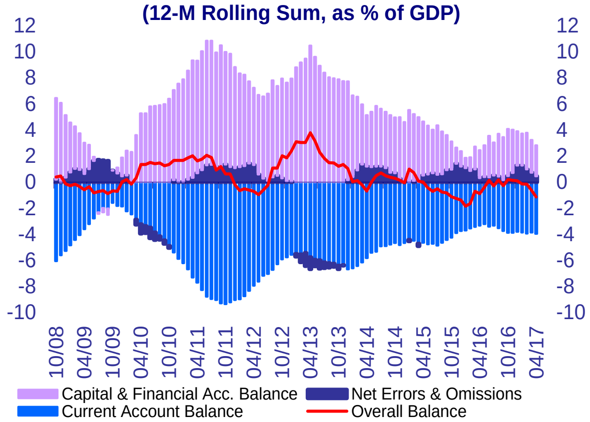
Turkey

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

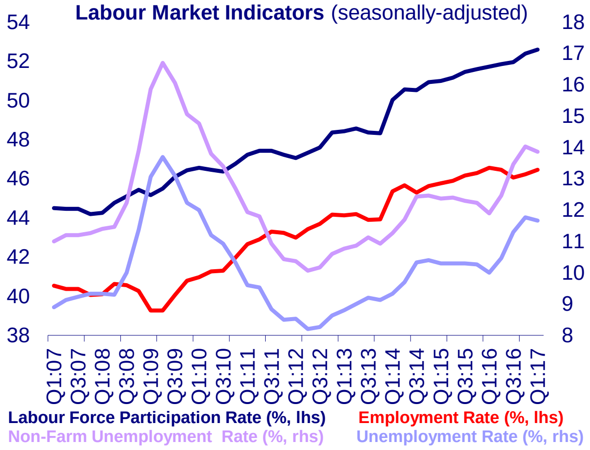
Current Account Balance (12-M Rolling Sum, as % of GDP)



Overall Balance (12-M Rolling Sum, as % of GDP)



Labour Market Indicators (seasonally-adjusted)



	26 Jun.	3-M F	6-M F	12-M F
1-m TRIBOR (%)	12.9	12.5	11.5	10.5
TRY/EUR	3.91	3.90	3.82	3.80
Sov. Spread (2020, bps)	200	200	190	180

	26 Jun.	1-W %	YTD %	2-Y %
ISE 100	99,639	0.3	27.5	19.3

	2014	2015	2016	2017F	2018F
Real GDP Growth (%)	5.2	6.1	2.9	4.6	4.2
Inflation (eop, %)	8.2	8.8	8.5	9.2	7.8
Cur. Acct. Bal. (% GDP)	-4.7	-3.7	-3.8	-4.3	-4.2
Fiscal Bal. (% GDP)	-1.1	-1.0	-1.1	-3.0	-2.5

Buoyant exports contained the widening of the 12-month rolling current account deficit (CAD) to 4.1% of GDP in April from 3.8% of GDP in December. In 4M:17, the CAD rose by 0.2 pps y-o-y to 1.4% of GDP. Specifically, a deterioration in the energy and gold balances (each by 0.4 pps of GDP y-o-y) more than offset a significant improvement in the underlying (core) current account balance (excluding gold and energy). The negative performance of the energy balance was in line with global oil price developments, while that of the gold balance was mainly driven by a sharp rise in gold imports (up c. 290% y-o-y), reflecting heightened uncertainty ahead of the mid-April referendum.

Importantly, the underlying current account balance improved for an 8th consecutive month in April. It strengthened by 0.6 pps of GDP y-o-y in 4M:17, mainly on the back of the continued recovery in exports (up c. 9.0% y-o-y), notably to the EU, supported by stronger competitiveness of Turkish goods in global markets and firmer growth in the EU-28.

The capital and financial account (CFA) posted a surplus, but fell short of covering the CAD in 4M:17. The CFA balance deteriorated by 0.2 pps y-o-y to a surplus of 1.2% of GDP in 4M:17, hampered by elevated political and economic uncertainty ahead of the referendum. The deterioration reflects mainly lower foreign bank placements of short-term deposits at domestic banks and weaker (net) borrowing. Reflecting the current account and CFA developments and large negative (net) errors and omissions (0.8% of GDP), the overall balance turned negative in 4M:17. As a result and accounting for valuation effects, FX reserves declined by USD 7.2bn y-t-d to a 5-year low of USD 85.0bn in April -- equivalent to 4.7 months of imports of GNFS.

Going forward, we expect the current account to deteriorate further, albeit at a slower pace, during the rest of the year (by 0.2 pps of GDP y-o-y), on the back of a less unfavourable energy bill and the normalization of the gold. Overall, we see the CAD rising further to c. USD 34.6bn (4.3% of GDP) in FY:17 from USD 32.6bn (3.8%) in FY:16.

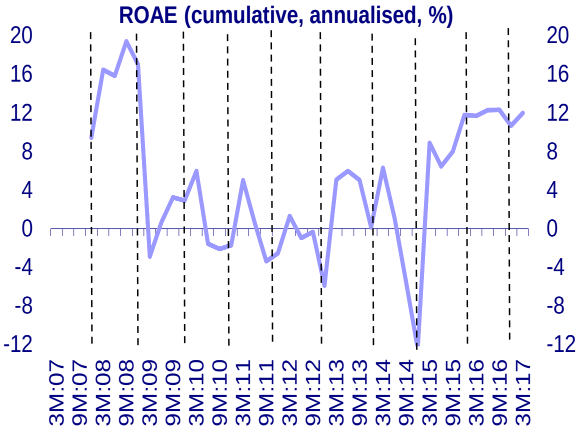
The seasonally-adjusted (s.a.) unemployment rate eased for the first time in 4 quarters to 11.7% in Q1:17 on a quarterly basis. The s.a. unemployment rate declined by 0.1 pp q-o-q to 11.7% in Q1:17, following 3 consecutive quarters of increase (averaging 0.6 pps per quarter), mainly reflecting deteriorating confidence following the resignation of the reformist PM Davutoglu in early-May 2016 and the failed coup in mid-July 2016, as well as the deepening crisis in the tourism sector (the decline in tourist arrivals accelerated to -32% y-o-y in Q2-Q4:16 from -10.3% in Q1:16), on heightening domestic security concerns and Russian sanctions. Non-farm unemployment (s.a.) also declined to 13.9% in Q1:17 from 14.0% in Q4:16.

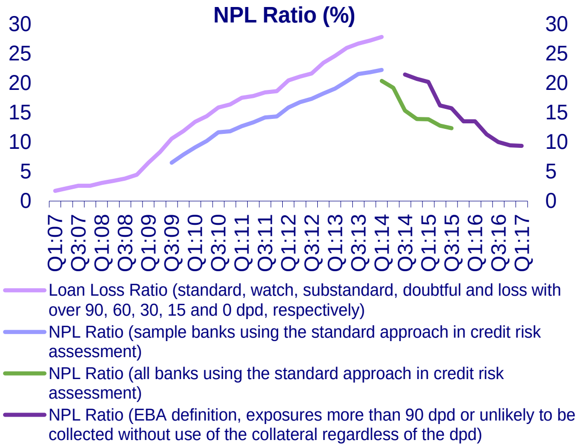
The improvement in the quarterly unemployment rate in Q1:17 was driven by the rebound in economic activity (economic growth increased to 1.4% q-o-q s.a. in Q1:17 from an average of 1.0% q-o-q s.a. during the previous 3 quarters), supported by buoyant external demand and a counter-cyclical fiscal policy. Encouragingly, the number of jobs created in Q1:17 was up 361k q-o-q or 1.3% q-o-q, bringing the employment rate to 46.5% from 46.2% in Q4:16. The services, agricultural and construction sectors contributed 50.0%, 30.0% and 20.0%, respectively, to overall employment growth of 1.3% q-o-q in Q1:17. On an annual basis, employment increased by 1.7% y-o-y in Q1:17.

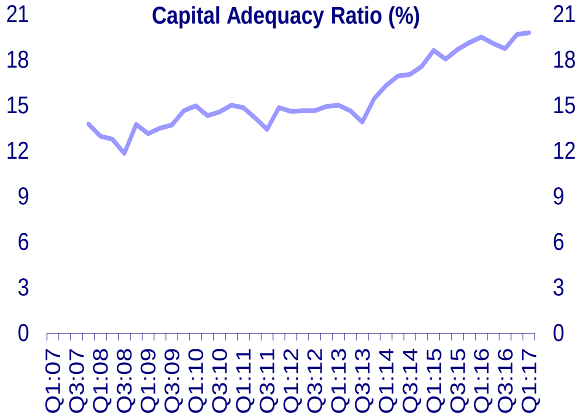
Looking ahead, we expect the s.a. unemployment rate to improve at a faster pace on a quarterly basis during the rest of the year (down 0.2 pps q-o-q each quarter), supported by buoyant economic activity. However, despite this improvement, the unemployment rate will likely increase to an 8-year high of 11.4% in FY:17 from 10.9% in FY:16.

Romania

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







	26 June	3-M F	6-M F	12-M F
1-m ROBOR (%)	0.6	2.0	3.8	4.0
RON/EUR	4.57	4.53	4.51	4.50
Sov. Spread (2024, bps)	157	155	140	130

	26 June	1-W %	YTD %	2-Y %
BET-BK	1,596	-1.5	18.7	16.8

	2014	2015	2016	2017F	2018F
Real GDP Growth (%)	3.1	3.9	4.8	5.0	4.2
Inflation (eop, %)	0.8	-0.9	-0.5	2.0	2.6
Cur. Acct. Bal. (% GDP)	-0.7	-1.2	-2.3	-2.9	-3.3
Fiscal Bal. (% GDP)	-1.7	-1.5	-2.4	-3.8	-4.5

A new Cabinet is sworn in, following the ousting by the ruling coalition of its PM in a vote of "no confidence". Recall that the Social Democratic party (PSD) and its ally, the Alliance of Liberal and Democrats (ALDE), had withdrawn their support for Grindeanu's cabinet due to delays and failures in the implementation of their governing programme. Grindeanu refused to resign, prompting the PSD to submit a vote of "no confidence". Critics say that the PSD ousted Grindeanu over his failure to relax anti-corruption rules earlier this year so as to protect certain senior members facing corruption charges.

M. Tudose (former economy Minister) was appointed PM. Tudose had been nominated by the PSD-ALDE coalition (holding 246 out of 464 seats), and was also supported by the Hungarian minority party, UDMR (30 seats), which, nonetheless, gained no ministerial post. All said, the PSD-ALDE's controversial move to remove its own PM leaves the coalition in a weaker position than before (both parties suffered some defections in the vote of "no-confidence", although none of their MPs has yet been expelled). More worryingly, political uncertainty is unlikely to subside soon, increasing the risk of populist policies.

The banking sector's bottom line improved in Q1:17, mainly due to a slowdown in provisioning. Net profit after tax rose by 5.1% y-o-y to RON 1.2bn (EUR 263mn or 0.2% of GDP) in Q1:17. As a result, the annualised ROAA and ROAE improved marginally to 1.3% and 12.0% in Q1:17, respectively, from 1.3% and 11.7% in Q1:16.

This positive performance can be largely attributed to a slowdown in provisioning, in line with the sharp decline in NPLs. Indeed, the NPL ratio fell to 9.4% in Q1:17 from 13.5% in Q1:16 and a peak of 26.8% in early-2014, on the back of large (NBR-motivated) write-offs and NPL sales. That being said, the NPL coverage ratio remained broadly stable at c. 66.0%, the highest in the EU.

On the other hand, we estimate pre-provision operating income to have remained subdued in Q1:17. Indeed, net fees and commission income declined in Q1:17, following a reduction in (regulated) interchange fees and stronger competition among banks. At the same time, pressure on net interest income is estimated to have eased, reflecting slightly faster credit expansion (up 2.7% y-o-y in March against 0.9% at end-2016) in an environment of low interest rates.

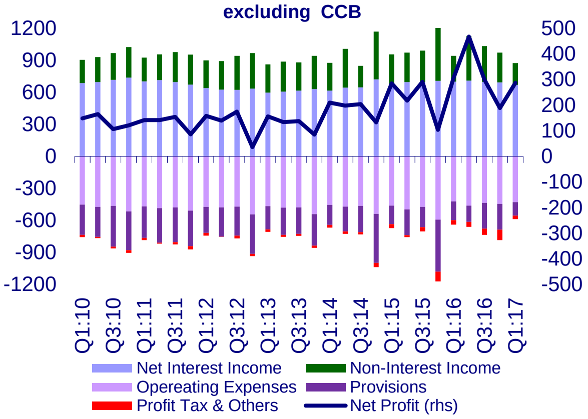
Profitability was supported -- albeit marginally – by the decline in operating expenses, on the back of the continuing downsizing of the banking system. Importantly, the system remained well capitalised, with a capital adequacy ratio (CAR) of 19.8%, well above the minimum regulatory threshold of 8.0%.

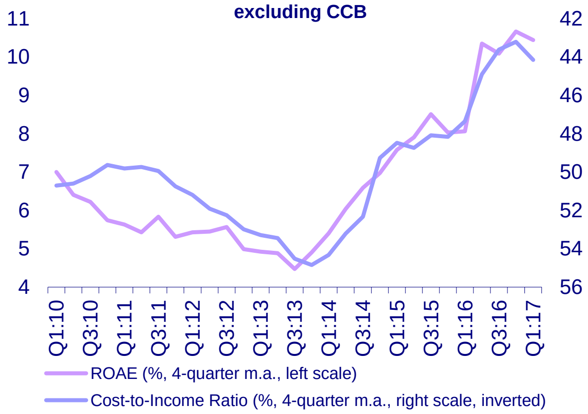
Higher provisioning needs ahead of an asset quality review (AQR) and the transition to IFRS 9 could constrain profitability during the remainder of the year. The implementation of the new, tighter accounting standards, IFRS 9, at the beginning of 2018, combined with increased NPL recognition ahead of an AQR, should prompt banks to accelerate provisioning during the remainder of the year. Note that the IFRS 9 shifts from an incurred loss model to an expected loss approach, with the NBR having estimated (in 2015) the impact of their implementation on the CAR at up to 4 pps.

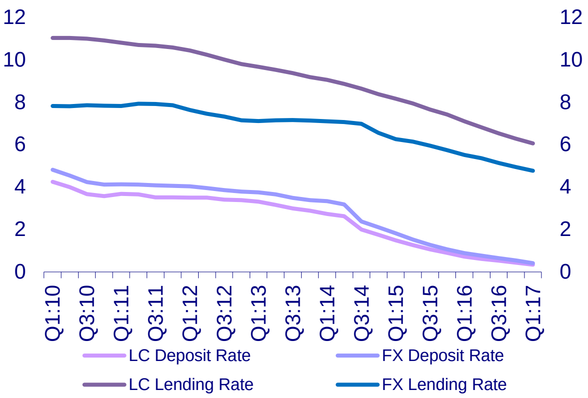
Importantly, pre-provision income is set to improve during the remainder of the year, reflecting higher NII. Indeed, the pace of credit expansion is projected to accelerate (to 4.0-5.0% by year-end), in line with the country's low penetration rate (28.0% of GDP against 48.0% in SEE-4) and abundant liquidity in the system (the gross loan-to-deposit ratio stood at a low 83.9% in March). All said, we expect ROAE to fall slightly below the double-digit levels in FY:17 from 10.7% in FY:16.

Bulgaria

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







	26 June	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)	80	78	75	70

	26 June	1-W %	YTD %	2-Y %
SOFIX	691	0.8	17.9	43.3

	2014	2015	2016	2017F	2018F
Real GDP Growth (%)	1.3	3.6	3.4	3.7	3.5
Inflation (eop, %)	-0.9	-0.4	0.1	0.8	1.4
Cur. Acct. Bal. (% GDP)	0.1	0.4	3.8	3.3	2.8
Fiscal Bal. (% GDP)	-3.7	-2.8	1.6	-1.0	-0.5

The profitability of the banking system deteriorated in Q1:17, due to lower pre-provision net operating income. Net profit (after tax) declined by 5.8% y-o-y in Q1:17 to BGN 288mn (EUR 147mn or 0.3% of GDP). As a result, the annualized ROAA and ROAE eased to 1.2% and 9.5%, respectively, in Q1:17 from 1.4% and 10.5% in Q1:16.

The continuing decline in net interest income (NII) and a base effect pushed down pre-provision net operating income in Q1:17. NII dropped for a 2nd consecutive quarter in Q1:17 (down 4.3% y-o-y following a decline of 1.9% in Q4:15 – albeit up 1.2% in FY:16), as the expansion in average interest earning assets (up 7.0% y-o-y) was more than offset by the impact of the lower net interest rate margin (down 35 bps y-o-y to 297 bps). The latter is due to the sharp decline in lending rates, reflecting tighter competition among banks for market shares, against the backdrop of increased liquidity in the system. Indeed, the loan-to-deposit ratio fell further to 80.1% in Q1:17 (c. 72% on a net basis), from 83.2% in Q1:16 and its peak of 146.7% in mid-2009.

At the same time, net non-interest income declined sharply (by 15.6% y-o-y in Q1:17 following a decline of 50.7% in Q4:16 -- down 10.7% in FY:16), but this was solely due a base effect from the upfront payment of banks' contributions to the Deposit Insurance and Bank Restructuring funds. In fact, net fees and commissions income rose sharply in Q1:17 (up 7.5% y-o-y following an increase of 3.0% in Q4:16 -- up 3.5% in FY:16) as did trading gains (up 33.6% y-o-y against a decline of 40.7% in Q4:16 -- though up 51.4% in FY:16).

Operating expenses also increased in Q1:17 (up 2.0% y-o-y against broadly no change in Q4:16 and FY:16), mainly due to higher personnel costs. As a result, the efficiency of the banking system deteriorated, with the cost-to-income ratio rising by 440 bps y-o-y to 49.0% in Q1:17, still far better than the EU average (c. 66%).

The lower NPL ratio prompts banks to cut provisioning in Q1:17. The NPL ratio (private sector, EBA definition) continued to decline, reaching 12.6% in Q1:17 against 14.4% in Q1:16, reflecting NPL write-offs and sales following the completion of the AQR in 2016. As a result, provisioning declined sharply in Q1:17 (down 28.8% y-o-y following a decline of 50.4% in Q4:16 -- down 25.9% in FY:16), pushing down the cost of risk to 91 bps (down 40 bps y-o-y) at the same time (140 bps on a 4-quarter rolling basis against 150 bps at end-2016). That being said, the NPL coverage ratio stood at 53.0% in Q1:17 (against an EU average of c. 45.0%), broadly unchanged compared with Q4:16 but higher than in Q1:16 (51.2%). Importantly, the banking system remained well-capitalised, with a capital adequacy ratio (CAR) of 22.7% in Q1:17, far above the minimum regulatory level of 13.5%.

The implementation of IFRS 9 should lead to an increase in provisions and significant capital losses. From January 2018, EU banks will be subject to the new, tighter accounting standards IFRS 9. According to the new standards, which move from the concept of incurred loss to that of expected loss, banks will be required to increase provisions significantly. The IMF estimated that the implementation of IFRS 9 could shave up to 6 pps off the CAR of the domestic banking system, though a part of these losses have already been taken in the form of higher provisions over the past 2 years due to the AQR. The remaining losses would be phased out by end-2018, with the bulk of them concentrated, however, over the coming quarters.

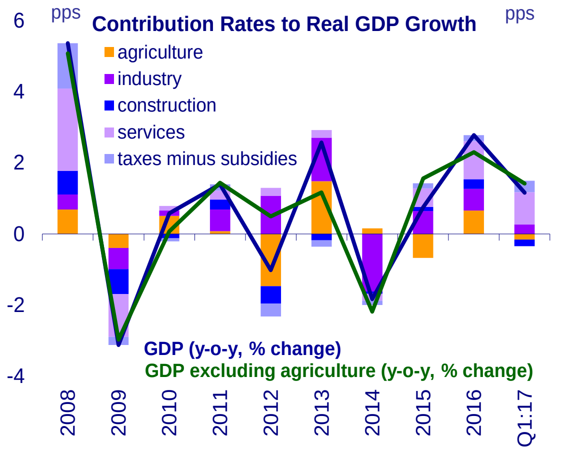
Importantly, we expect pre-provision income to recover during the remainder of the year, in line, *inter alia*, with the pick-up in credit activity (up 5.0% in FY:17 against 1.0% in FY:16). All said, we see ROAE easing to c. 8.0% in FY:17 from 10.7% in FY:16.

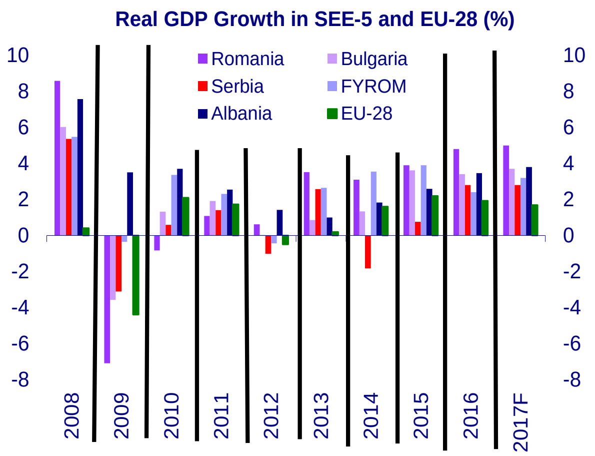
Serbia

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

Key Dates in Serbia's Path towards EU Membership	
20 June 2017	Negotiations opened on Chapter 7 Intellectual Property Law and Chapter 29 Customs Union
27 February 2017	Negotiations opened on Chapter 20 Enterprise and Industrial policy and Chapter 26* Education and Culture
13 December 2016	Negotiations opened on Chapter 5 Public procurement and Chapter 25* Science and research
18 July 2016	Negotiations opened on "Rule of Law" Chapters (Chapter 23 on Judiciary and fundamental rights and Chapter 24 on Justice, freedom and security)
14 December 2015	Negotiations opened on two Chapters of the *acquis*: Chapter 32 on Financial control and Chapter 35 on the Normalization of relations with Kosovo
1 March 2012	EU candidate status
29 April 2008	Signing of the SAA

** Provisionally closed*





	26 June	3-M F	6-M F	12-M F
1-m BELIBOR (%)	3.3	3.4	3.5	3.8
RSD/EUR	121.4	124.3	124.7	125.0
Sov. Spread (2021, bps)	144	142	140	130

	26 June	1-W %	YTD %	2-Y %
BELEX-15	710	0.2	-1.0	7.7

	2014	2015	2016	2017F	2018F
Real GDP Growth (%)	-1.8	0.8	2.8	2.8	3.6
Inflation (eop, %)	1.7	1.5	1.6	2.8	3.0
Cur. Acct. Bal. (% GDP)	-6.0	-4.7	-4.0	-4.4	-4.3
Fiscal Bal. (% GDP)	-6.6	-3.7	-1.3	-1.2	-1.0

Serbia opened two additional Chapters in EU accession talks. Negotiations were opened on Chapter 7-Intellectual Property Law and Chapter 29-Customs Union. This brought the number of opened Chapters of the *acquis communautaire* to 10 (out of a total of 35 chapters) since the formal launch of accession talks in January 2014, with two having been provisionally completed (see table). The decision to open two further Chapters was an acknowledgement of the country's progress on economic and EU-related reforms, as well as its efforts in normalizing its relations with Kosovo under the EU-facilitated dialogue. Looking ahead, with the approval by Parliament of the strongly pro-EU A. Brnabic for the post of PM and A. Vucic as President, the pace of EU accession talks is set to accelerate and the reform drive should gain momentum.

A temporary sharp economic slowdown in Q1:17, due to unfavourable agricultural, construction and electricity output, reflecting a harsh winter. GDP growth eased significantly to 1.2% y-o-y in Q1:17 from a post-global crisis high of 2.8% in FY:16. The slowdown stems largely from a negative performance of the primary, construction and electricity sectors, due to an unusually cold winter.

In fact, growth in agricultural production turned negative (declining by 2.2% y-o-y and subtracting 0.2 pps from real GDP growth in Q1:17), following a strong performance in Q1:16 (up by a high of 7.7%, contributing 0.5 pps to real GDP growth in FY:16). Excluding agriculture, the moderation in real GDP growth would have been milder (to 1.4% y-o-y in Q1:17 from 2.3% in FY:16 and 3.6% in Q1:16).

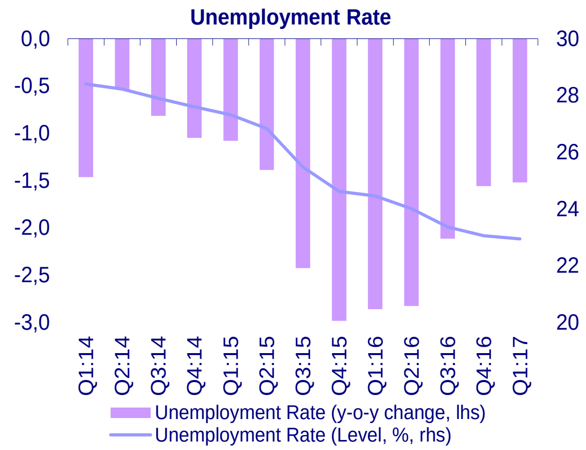
Growth in the construction sector also turned negative, down by 5.1% y-o-y in Q1:17 (subtracting 0.2 pps from real GDP growth) against a high rise of 12.9% in Q1:16 (contributing 0.4 pps to growth). The deterioration reflects both the impact of the prolonged cold weather, that disrupted construction activity, as well as a strong base (strong growth in construction in Q1:16 due to floods). Moreover, the industrial sector (20.5% of GDP) deteriorated (up 1.3% y-o-y in Q1:17 compared with a rise of 6.9% in Q1:16), despite the strong performance in the manufacturing sub-sector. The weakening was driven by a sharp decline in power generation and mining, due to adverse weather conditions and a strong base (a flood-related strong rebound in Q1:16).

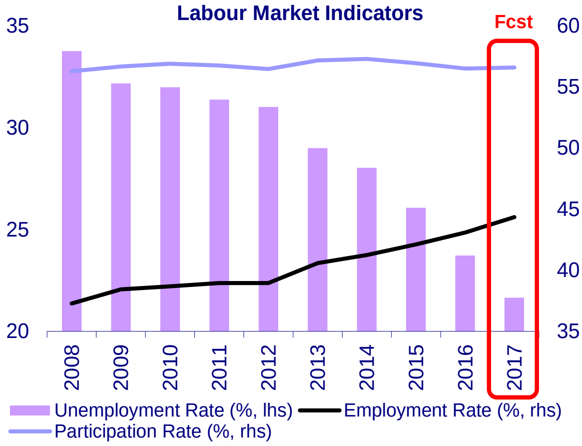
The pace of GDP growth is set to accelerate significantly during the rest of the year, bringing FY:17 growth to the past year's robust level of 2.8%. Looking ahead, GDP growth is set to strengthen to 3.3% y-o-y in Q2-Q4:17 compared with 2.4% y-o-y in Q2-Q4:16, despite a negative performance in the agricultural sector. Activity should be supported throughout the rest of the year by strong private consumption, on the back of the increase in public sector wages and pensions and their spillover to the private sector (contributing 0.8 pps to FY:17 GDP growth, according to the NBS). Stronger exports should also contribute to the economic rebound in Q2-Q4:17, reflecting past years' large FDIs (mainly in tradable sectors), the recovery in external demand and the pay-back from the negative impact of the cold spell in Q1:17. Improved market confidence, on the back of accelerating EU-related reforms, should boost further economic activity. The rebound in economic activity should also be supported by a less contractionary fiscal stance (the fiscal deficit is set to narrow by 0.1 pp of GDP y-o-y in FY:17 following a sharp contraction of 2.4 pps of GDP y-o-y in FY:16) and significant monetary policy easing (the average *ex-post* real policy rate is set to ease to 1.1% in FY:17 from 3.1% in FY:16).

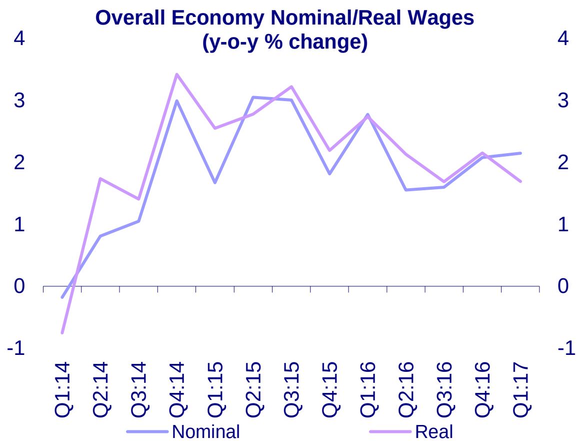
Overall, we see FY:17 GDP growth remaining flat at 2.8%. Importantly, excluding agriculture, GDP growth is set to strengthen to a post-crisis high of 3.5% in FY:17, compared with a robust level of 2.3% in FY:16.

F.Y.R.O.M

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







	26 June	3-M F	6-M F	12-M F t
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)	330	475	450	350

	26 June	1-W %	YTD %	2-Y %
MBI 100	2,279	0.0	6.8	38.4

	2014	2015	2016	2017F	2018F
Real GDP Growth (%)	3.5	3.9	2.4	3.2	3.6
Inflation (eop. %)	-0.5	-0.3	-0.2	1.0	2.0
Cur. Acct. Bal. (% GDP)	-0.5	-2.1	-3.1	-3.0	-2.9
Fiscal Bal. (% GDP)	-4.2	-3.5	-2.6	-3.0	-2.8

The unemployment rate reached a recent low of 22.9% in Q1:17, due to government-supported employment. The unemployment rate declined by 1.5 pps y-o-y to a historical low of 22.9% in Q1:17 from 23.1% in Q4:16 and 23.7% in FY:16, despite the sharp slowdown in economic activity (GDP growth moderated to a 4-year low of 0.0% y-o-y in Q1:17 from 2.4% in FY:16). The decline in the unemployment rate in Q1:17 was exclusively driven by a rise in the employment rate (by 1.1 pp to an all-time high of 43.7% in Q1:17), mainly on the back of government-subsidised employment programmes. Indeed, the participation rate posted a mild increase for the first time in 3 years in Q1:17 (up 0.4 pps y-o-y to 56.7%), supported by active labour market programmes targeting female and youth employment.

The improvement in the employment rate in Q1:17 was driven by a significant rise in the number of new jobs (up 19.6k y-o-y or 2.7% y-o-y), which outpaced a marginal rise in the working age population (up 1.0k y-o-y or 0.1% y-o-y). Specifically, the acceleration in overall employment in Q1:17 was driven by the services sector (up 19.3k y-o-y or 5.1% y-o-y), and, to a lesser extent, by the industry sector (up 1.4k y-o-y or 0.8% y-o-y), reflecting increased production and export activity in the technological and development industrial zones (TIDZ).

Employment growth in Q1:17 was tempered by the construction sector (accounting for 6.9% of total employment), which posted negative growth for the first time in 7 quarters (down 1.0k or -2.0% y-o-y). The deterioration reflects mainly stalled public infrastructure projects (mainly in the country's major highway and railway projects), due to delays in the formation of a new Government following the mid-December general elections.

However, the annual pace of decline in the unemployment rate in Q1:17 was the lowest in the past 7 quarters (down 1.5 pps y-o-y in Q1:17 against declines of 1.6 pps y-o-y in Q4:16 and 2.9 pps y-o-y in Q1:16), reflecting the slowdown in economic activity against the backdrop of a temporary pick-up in political uncertainty following the December 11th inconclusive parliamentary elections.

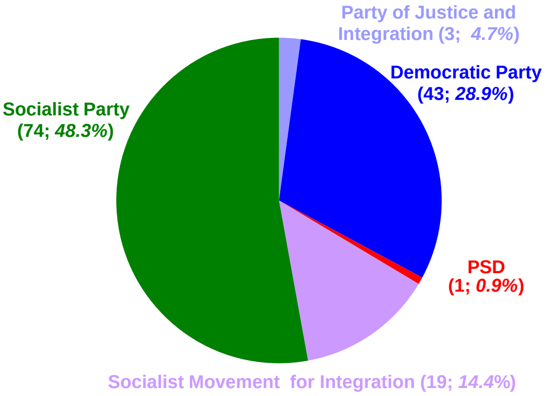
Both the unemployment rate and employment growth should improve at a faster pace during the rest of the year. This should be supported by: i) strong economic recovery (we estimate growth in Q2-Q4:17 at 4.2% y-o-y against 0.0% y-o-y in Q1:17); ii) the gradual return of confidence, with the dissipation of domestic political uncertainty after the new SDSM-led government took office and pledged to kickstart bold reforms to secure EU and NATO membership; iii) continued government-subsidised employment, start-up finance and training schemes; and iv) a rebound in construction activity due, *inter alia*, to higher transport infrastructure investment backed by EU funding (EUR 110mn or 1.1% of GDP). All said, we see employment increasing by 3.0% and the unemployment rate dropping by 2.1 pps to 21.6% in FY:17.

Declining unemployment and improved employment keep nominal and real wage growth at robust levels. Overall economy nominal wages accelerated slightly in Q1:17 -- up 2.1% y-o-y compared with a rise of 2.0% in FY:16. The tertiary sector was the main driver (up 2.2% y-o-y in Q1:17 against a rise of 1.1% in FY:16). The acceleration would have been stronger in Q1:17 had the secondary sector not posted a significant deceleration (up 1.2% y-o-y in Q1:17 against a rise of 3.1% in FY:16), driven by the construction sub-sector. Note that the gross value added of the construction sector contracted by 6.3% y-o-y in real terms in Q1:17. With rising inflation, overall economy real wages decelerated in Q1:17 – up 1.7% y-o-y compared with an increase of 2.2% in FY:16.

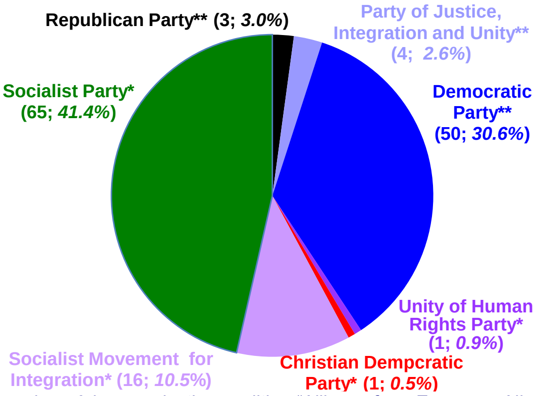
Albania

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

June 2017 Parliamentary Election Results (Number of Seats; *% of Seats*)



June 2013 Parliamentary Election Results (Number of Seats; *% of Seats*)



* Member of the pre-election coalition "Alliance for a European Albania" led by the Socialist Party

** Member of the pre-election coalition "Alliance for Employment, Prosperity and Integration" led by the Democratic Party

Key Dates in Albania's Path towards EU Membership	
Nov. 2016	European Commission (EC) recommends the opening of accession negotiations
Jun. 2014	European Council grants Albania the status of candidate country for EU membership
Oct. 2013	EC identifies 5 key priorities for opening accession negotiations
Dec. 2010	Entry into force of the Visa liberalisation
Apr. 2009	Entry into force of the SAA
June 2006	Signing of the SAA
Jan. 2003	EC launches the negotiations for a SAA between the EU and Albania
2001	EC recommends the start of negotiations on Stabilisation and Association Agreement (SAA) with Albania

	26 June	3-M F	6-M F	12-M F
1-m TRIBOR (mid, %)	1.6	2.2	2.2	2.2
ALL/EUR	131.9	138.5	138.7	138.0
Sov. Spread (bps)	298	280	260	240

	26 June	1-W %	YTD %	2-Y %
Stock Market	- - -	- - -	- - -	- - -

	2014	2015	2016	2017F	2018F
Real GDP Growth (%)	1.8	2.6	3.5	3.8	4.2
Inflation (eop, %)	0.7	2.0	2.2	2.6	2.8
Cur. Acct. Bal. (% GDP)	-12.9	-10.7	-9.5	-11.1	-10.6
Fiscal Bal. (% GDP)	-5.2	-4.1	-1.8	-1.5	-1.6

Reform drive to gain momentum, following the landslide victory of the ruling Socialist Party (SP) of PM E. Rama in the June 25th parliamentary elections. The senior party of the outgoing Government-coalition, the left-wing SP gained almost 50% of the vote in the June 25th legislative elections (48.3% against 41.4% in the 2013 elections), securing an outright majority -- for the first time since 2001 (74 seats in the 140-seat assembly). The SP leader, E. Rama, is set to remain as PM for a further 4-year term.

The SP gained strong public support, outpacing its competitors by a wide margin, despite having implemented unpopular fiscal consolidation measures and an electricity reform. The SP voter support has benefited from its steady progress in the EU agenda (Albania was granted EU candidate status in 2014 and the EC recommended the launch of EU membership talks in 2016), the positive economic performance and the successful track record regarding cooperation with the IMF. Its double-digit lead over the 2nd-placed party also reflects significant efforts in the fight against corruption and organised crime (including the "decriminalisation law" -- that banned criminal offenders from public offices -- and destroying drug cultivation), as well as for pushing ahead the judicial and public administration reform (including arrears clearance and the campaign against widespread informality).

The main opposition party, the right-wing Democratic Party (DP), of the former Mayor of Tirana, L. Basha, lagged far behind, coming second with 28.9% of votes (down from 30.6% in the 2013 elections), gaining 43 seats. Note that the DP has been losing support since the resignation of its historical leader, S. Berisha, after losing to Rama in 2013 elections. The DP's low rating may also reflect the political cost due to the party's 3-month boycott of Parliament and its refusal to participate in the elections (initially scheduled for June 18th), that impeded the adoption of EU-related legislation.

The junior partner of the outgoing coalition Government, the leftist Socialist Movement for Integration (SMI), led by the outgoing Minister of Justice P. Vasili (successor of I. Meta, who resigned after his nomination as President in April) was third, with 14.4% of votes (up from 10.5% in the 2013 elections), securing 19 seats. Importantly, despite the significant improvement of its rating, the SMI lost its bargaining power that had secured its participation in the Government in the last two elections (recall that it had turned into a king-maker in both the 2009 and 2013 elections, since neither of the two main parties could secure an outright majority). As a result, it had been in coalition with the DP in 2009-13 and joined the PS in 2013-17.

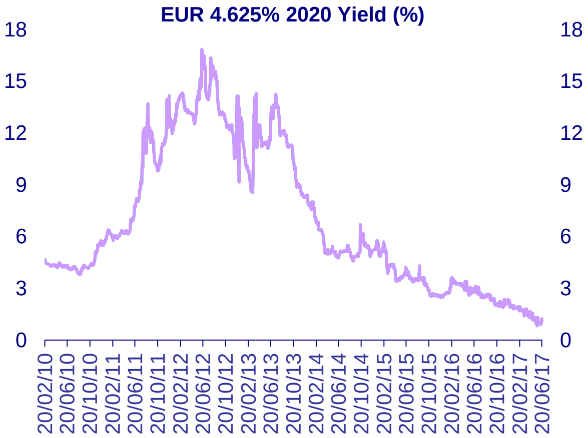
Two smaller parties entered the new assembly, the Party for Justice, Integration and Unity (PDIU) and the Social Democratic Party of Albania (PSD). Note that the number of seats of small parties declined (to 4 from 9 in the previous elections), as unlike the 2013 election, parties could only run alone without the usual pre-election coalitions.

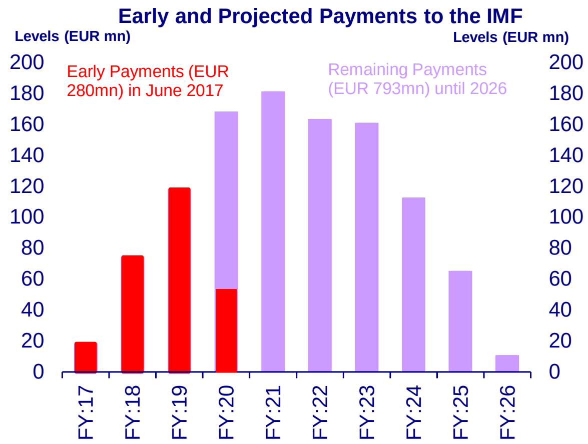
With a strong mandate, Rama could form a government on his own, ending an uneasy coalition with the SMI and allowing the implementation of long-awaited structural reforms in order to bring Albania closer to the EU. Despite gaining an outright majority, Rama may form a coalition in order to have broader support for his reforms.

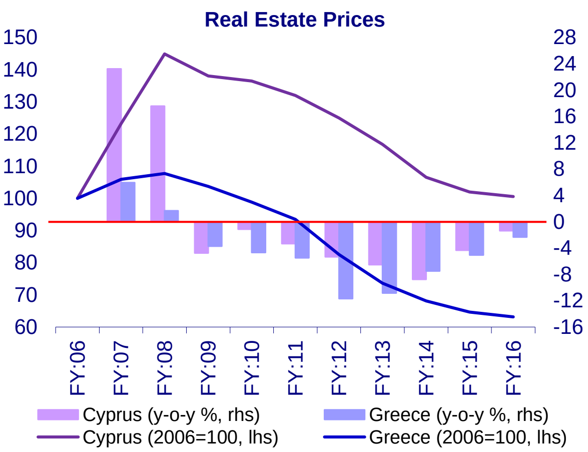
Equally important, and despite some incidents (including alleged vote-buying and politicisation of election bodies), the international observers stated that the election campaign was free and fundamental freedoms were respected. As a result, and combined with the election of members of the "vetting" commissions in mid-June -- that officially launched the long-delayed justice reform -- Albania increases its chances for the opening of membership talks with the EU by end-year.

Cyprus

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







	26 June	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.37	-0.37	-0.37	-0.37
EUR/USD	1.12	1.09	1.08	1.05
Sov. Spread (2020. bps)	158	210	190	160

	26 June	1-W %	YTD %	2-Y %
CSE Index	75	-0.1	13.3	-5.2

	2014	2015	2016	2017F	2018F
Real GDP Growth (%)	-1.5	1.7	2.8	2.8	2.5
Inflation (eop. %)	-1.5	-1.0	-0.3	0.8	1.5
Cur. Acct. Bal. (% GDP)	-4.3	-2.9	-5.3	-6.0	-5.8
Fiscal Bal. (% GDP)	-8.8	-1.2	0.4	0.2	0.4

Cyprus tapped international markets for the second time after exiting the economic adjustment programme in Q1:16. On June 20th, Cyprus issued a 7-year EUR 0.85bn (4.6% of GDP) Eurobond at a yield of 2.8%, as part of its EUR 9.0bn Euro Medium Term Note (EMTN) programme. Importantly, the issue was more than four times oversubscribed, achieving the lowest yield paid by the country for such maturity since its return to financial markets in June 2014. Recall that in July 2016, the island issued a 7-year Eurobond (EUR 1.0bn or 5.4% of GDP) at a yield of 3.8%.

The improved yield of the new issue was supported by a strengthening economic performance, including increased activity and employment growth, as well as sustained primary fiscal surpluses and a gradual normalization of the banking system. Strong investor demand was also supported by the upgrade in March of Cyprus's long-term sovereign debt rating by S&P (by one notch to BB+ -- one notch below investment grade), against the backdrop of favourable global market conditions.

The new bond proceeds will mainly be used to backload the country's debt maturity profile and repay more expensive outstanding debt. Indeed, EUR 560mn will be assigned to a partial buy back of 3 higher-yield Eurobonds of a combined face value of EUR 1.4bn maturing in 2019 (4.75%) and 2020 (4.625% and 6.5%), while the remaining EUR 280mn will be used for an early debt repayment to the IMF (see chart). Note that outstanding debt obligations to the IMF amount to c. EUR 1.0bn, with scheduled repayments starting in 2017. The early payment will reduce the country's debt servicing costs, by shaving c. 0.7 pps off the interest rate (an estimated saving of c. EUR 2mn in the interest bill).

Real estate prices posted their lowest pace of decline in the past 6 years in FY:16 (-1.4%). The Central Bank's Residential Property Price Index (RPPI) declined by just 0.9% y-o-y in Q4:16 compared with a decline of 1.5% y-o-y in Q1-Q3:16 and a trough of -8.8% in FY:14. With the Q4:16 outcome, property prices fell by 1.4% in FY:16 against a decline of -4.3% in FY:15 -- 30.6% down from their peak in FY:08.

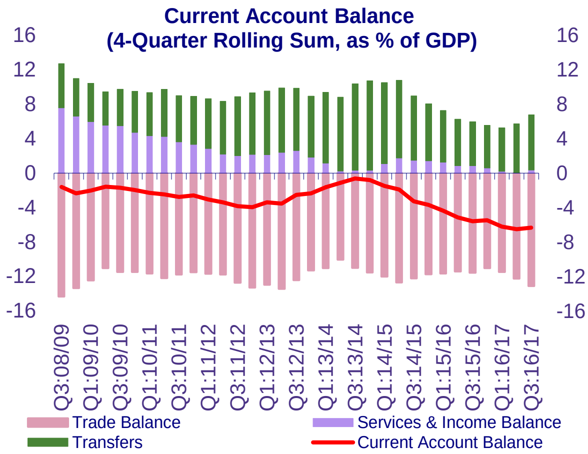
The moderation reflects a sharp rise in property sales to domestic buyers (up 45.7% in FY:16 against a rise of 8.1% in FY:15), supported by a solid economic recovery and a gradual improvement in mortgage lending activity (down 2.4% in FY:16 compared with a decline of 3.2% in FY:15), assisted, *inter alia*, by declining interest rates (interest rates on new housing loans fell by 53 bps in FY:16). The milder decline in RPPI also reflects a sharp increase in property sales to overseas buyers (up 34.4% in FY:16, comprising 25.7% of total sales, compared with a more modest rise of 13.1% in FY:15), largely underpinned by a government programme providing (a) permanent residence to foreigners for property purchases exceeding EUR 300k, and (b) citizenship for property purchases exceeding EUR 5mn (reduced to EUR 2mn since September 2016).

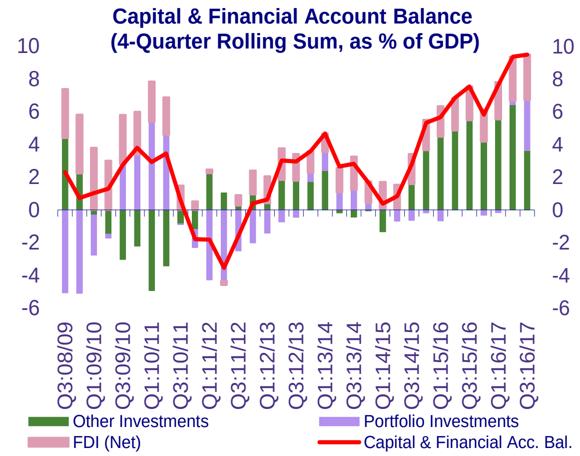
The improved RPPI performance in FY:16 was also supported by government incentives through tax reforms introduced in mid-2015 and 2016, including: i) a 50% reduction in transfer fees for property purchases; ii) a reduction of the immovable property tax range of 0.6-1.9% by 75%; and iii) a full exemption from capital gains tax on the sale of immovable property, consisting of land or land with a building, if acquired prior to end-2016.

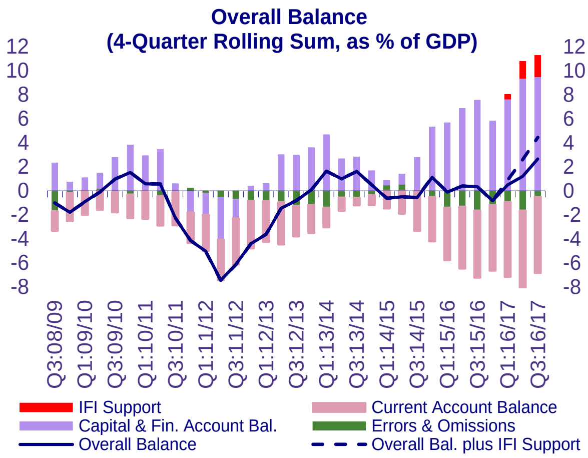
The milder pace of decline in property prices in FY:16 was also sustained by banks' reluctance to implement aggressively the new foreclosure law, in an effort to limit over-supply. Indeed, Bank of Cyprus, the island's largest credit institution with EUR 1.2bn of property held for sale as part of customers' debt settlement, disposed just 79 property assets worth EUR 155mn in FY:16.

Egypt

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







	26 Jun.	3-M F	6-M F	12-M F
O/N Interbank Rate (%)	17.8	17.0	17.0	16.5
EGP/USD	18.1	17.8	18.0	18.0
Sov. Spread (2020. bps)	341	270	265	240

	26 Jun.	1-W %	YTD %	2-Y %
HERMES 100	1,215	-0.2	11.6	63.0

	13/14	14/15	15/16	16/17F	17/18F
Real GDP Growth (%)	2.9	4.4	4.3	3.5	4.5
Inflation (eop. %)	8.2	11.4	14.0	25.6	13.5
Cur. Acct. Bal. (% GDP)	-0.8	-3.7	-5.5	-6.5	-5.0
Fiscal Bal. (% GDP)	-12.2	-11.5	-12.5	-10.7	-9.2

The current account deficit (CAD) declined to 6.3% of GDP in Q3:16/17 from a 3-decade high of 6.5% in Q2:16/17 on a 4-quarter rolling basis, as the IMF-supported economic programme began to bear fruit. The quarterly CAD narrowed by 0.2 pps y-o-y to 1.5% of GDP in Q3:16/17 (January-March 2017), following 11 successive quarters of deterioration (totalling 6.0 pps of GDP). The improvement was driven by tourist receipts and workers' remittances from abroad, largely underpinned by the flotation of the domestic currency in early-November, ahead of the signing of the IMF-supported 3-year economic programme.

Indeed, tourist receipts rose for the first time in 6 quarters in Q3:16/17 (up 0.4 pps of GDP y-o-y), due not only to more competitive prices, but also the removal of travel bans and/or warnings by key source countries – with the exception of Russia and the UK -- following a significant improvement in security conditions in Egyptian airports.

Moreover, workers' remittances rose for a second consecutive quarter by 0.7 pps of GDP y-o-y in Q3:16/17 following 6 quarters of decline. 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).

Not surprisingly, in line with the "J-curve effect", according to which the depreciation of the domestic currency should result in more costly imports and less valuable exports in the short term, the trade deficit, excluding energy, widened by 0.5 pps of GDP y-o-y in Q3:16/17. Moreover, as Egypt has become a net importer of energy, its energy trade balance deteriorated by 0.4 pps of GDP y-o-y in Q3:16/17, due to a surge in global oil prices (c. 56.0% y-o-y in Q3:16/17) and a sharp increase in domestic demand for largely subsidised energy.

The quarterly capital and financial account (CFA), excluding IFI support, posted a strong surplus of 2.5% of GDP in Q3:16/17, more than covering the CAD. Importantly, net portfolio investment inflows reached a record high of 3.2% of GDP (or USD 8.0bn) in Q3:16/17, following an average net outflow of 0.2% of GDP per quarter since the January 2011 Revolution, reflecting the return of foreign investor confidence after the signing of the loan agreement with the IMF. Specifically, net purchases of Eurobonds, Treasury bills and shares in the stock market by foreigners stood, respectively, at USD 4.0bn, USD 3.6bn and USD 0.4bn in Q3:16/17. As a result and accounting for the disbursement of the 2nd USD 1bn tranche from a USD 3bn WB loan in March as well as valuation effects, FX reserves rose to a 6-year high of USD 28.5bn at end-Q3:16/17 from USD 24.3bn at end Q2:16/17 and USD 17.5bn at end-2015/16 – covering 5.6 months of imports of GNFS.

Looking ahead, the positive Q3:16/17 CAD and CFA developments are set to continue during the remainder of the fiscal year (Q4:16/17). We see the CAD narrowing at a faster pace, by 0.4 pps y-o-y to 0.7% of GDP in Q4:16/17, bringing the FY:16/17 CAD to 6.0% of GDP – yet still above the FY:15/16 outcome of 5.5%. Moreover, FX reserves should rise further in Q4:16/17, though at a slower pace (up c. USD 1.5bn q-o-q), due to the repayment of arrears worth USD 2.3bn to foreign oil companies operating in the country and an instalment of USD 0.7bn to the Paris Club. We see FX reserves climbing to c. USD 30.0bn (or 6.0 months of imports of GNFS) at end-2016/17 (June 2017) from USD 17.5bn (3.4 months of imports of GNFS) at end-2015/16 – exceeding the IMF programme target of USD 22.0bn and more than reversing the past fiscal year's loss of USD 2.5bn. Of this increase, USD 2.8bn reflects IMF disbursement, USD 2.5bn bilateral loans, and USD 7bn Eurobond issuances.

FOREIGN EXCHANGE MARKETS, JUNE 26TH 2017

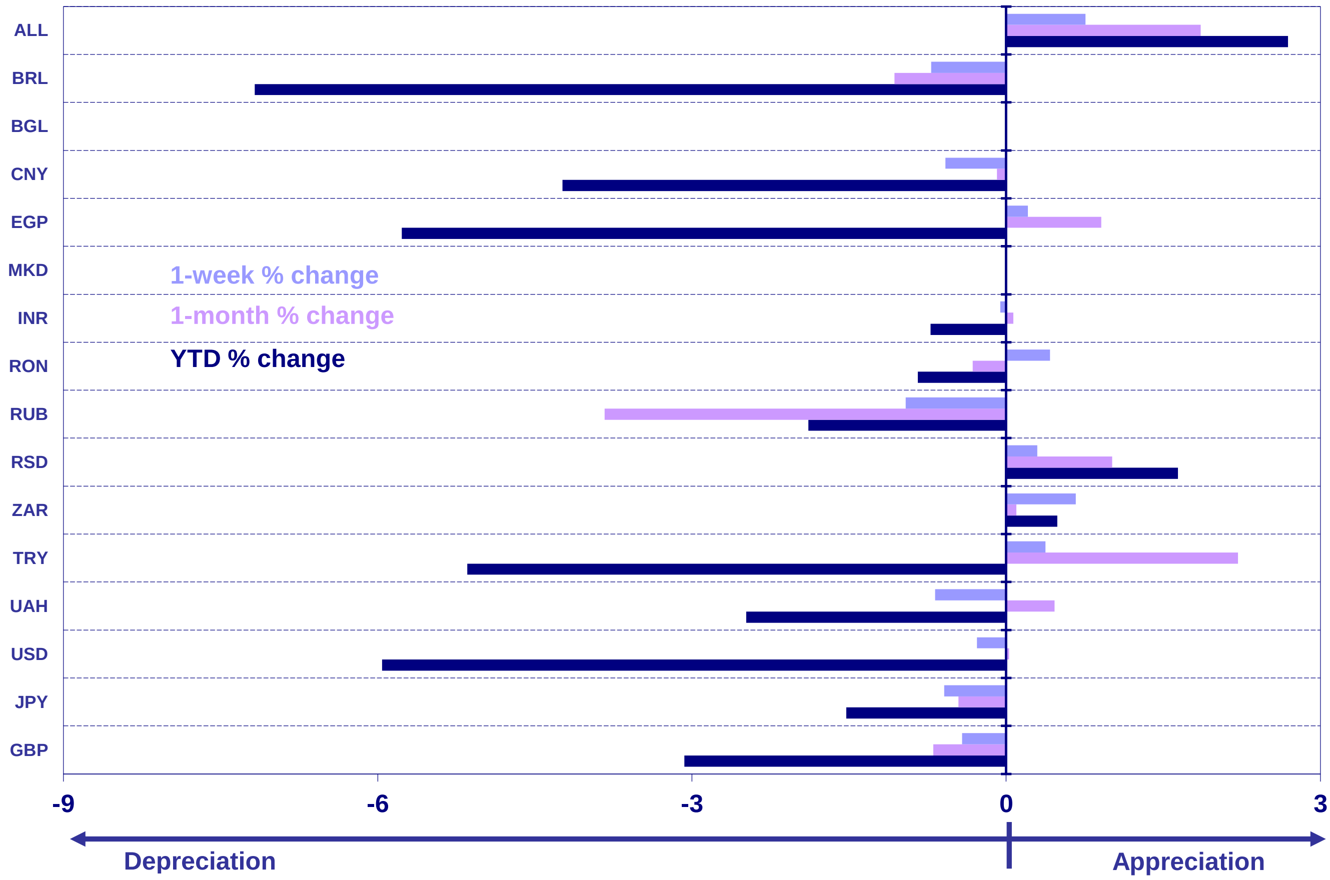
Against the EUR

	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	131.9	0.8	1.9	2.7	3.7	132.2	137.3	132.3	132.2	131.5	1.2	2.0
Brazil	BRL	3.68	-0.7	-1.1	-7.2	1.5	3.23	3.79	4.05	4.03	4.02	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	7.66	-0.6	-0.1	-4.2	-4.4	7.20	7.76	8.04	8.03	8.01	-4.0	6.7
Egypt	EGP	20.02	0.2	0.9	-5.8	-51.3	16.62	20.46	- - -	- - -	- - -	-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	72.0	-0.1	0.1	-0.7	3.9	68.2	73.3	77.0	- - -	- - -	0.4	6.6
Romania	RON	4.57	0.4	-0.3	-0.8	-1.2	4.49	4.60	4.58	4.60	4.61	-0.4	-0.8
Russia	RUB	65.7	-1.0	-3.8	-1.9	9.9	59.5	67.4	67.3	68.8	71.7	22.9	-15.1
Serbia	RSD	121.4	0.3	1.0	1.6	2.1	121.4	124.1	121.8	122.2	- - -	-1.5	-0.1
S. Africa	ZAR	14.4	0.7	0.1	0.5	18.6	13.38	15.10	14.7	14.9	15.5	16.2	-16.6
Turkey	YTL	3.91	0.4	2.2	-5.1	-17.2	3.70	4.17	4.04	4.15	4.39	-14.7	-10.8
Ukraine	UAH	29.2	-0.7	0.5	-2.5	-5.3	27.22	29.66	34.0	- - -	- - -	-8.6	-27.5
US	USD	1.12	-0.3	0.0	-6.0	-1.4	1.0	1.1	1.12	1.13	1.14	3.3	11.4
JAPAN	JPY	125.1	-0.6	-0.5	-1.5	-10.1	114.9	125.8	125.2	125.2	125.3	6.0	11.0
UK	GBP	0.88	-0.4	-0.7	-3.1	-5.1	0.8	0.9	0.88	0.88	0.89	-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 (June 26th 2017)



MONEY MARKETS, JUNE 26TH 2017

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.4	10.1	0.0	2.7	- - -	17.8	- - -	- - -	0.5	8.7	- - -	12.9	8.0	11.8	- - -	1.2
T/N	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	0.5	9.2	3.0	- - -	7.9	- - -	- - -	- - -
S/W	1.4	10.1	0.0	2.9	-0.4	- - -	1.2	- - -	- - -	9.9	3.0	- - -	7.9	12.7	-0.4	1.2
1-Month	1.6	10.1	0.0	4.6	-0.4	- - -	1.5	6.5	0.6	9.3	3.3	12.9	7.8	14.3	-0.4	1.2
2-Month	- - -	9.8	0.0	- - -	-0.3	- - -	- - -	- - -	- - -	9.0	3.4	13.0	7.8	- - -	-0.3	1.3
3-Month	2.0	9.5	0.1	4.6	-0.3	- - -	1.8	6.5	0.8	9.0	3.5	13.0	7.7	15.9	-0.3	1.3
6-Month	2.3	9.0	0.3	4.5	-0.3	- - -	2.0	- - -	1.0	9.0	3.8	13.1	7.9	- - -	-0.3	1.4
1-Year	2.8	8.9	0.8	4.4	-0.2	- - -	2.4	- - -	1.2	9.0	- - -	13.1	8.2	- - -	-0.2	1.7

LOCAL DEBT MARKETS, JUNE 26TH 2017

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	- - -	- - -	- - -	- - -	- - -	20.3	- - -	6.3	- - -	8.9	3.5	10.4	- - -	- - -	-0.8	1.0
6-Month	1.5	- - -	- - -	- - -	- - -	20.3	1.5	6.3	0.6	8.8	3.9	10.6	- - -	- - -	-0.7	1.1
12-Month	2.1	- - -	-0.1	3.5	- - -	20.3	1.8	6.4	0.9	7.8	4.5	11.2	- - -	14.1	-0.7	1.2
2-Year	2.4	- - -	- - -	3.6	- - -	- - -	2.1	6.4	1.3	8.0	- - -	10.7	7.4	- - -	-0.6	1.3
3-Year	- - -	- - -	0.1	3.6	1.3	- - -	- - -	6.5	1.4	8.1	- - -	10.5	7.5	14.4	-0.6	1.5
5-Year	- - -	10.4	- - -	3.5	2.1	18.3	- - -	6.7	2.5	7.9	5.5	10.4	7.5	14.6	-0.4	1.8
7-Year	- - -	- - -	1.2	- - -	- - -	18.4	- - -	6.7	3.2	7.9	- - -	- - -	- - -	- - -	-0.1	2.0
10-Year	- - -	10.7	1.8	3.6	- - -	18.4	- - -	6.5	3.7	7.7	- - -	10.2	8.5	- - -	0.2	2.1
15-Year	- - -	- - -	- - -	- - -	- - -	- - -	3.8	7.1	- - -	7.9	- - -	- - -	9.2	- - -	0.5	- - -
25-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	9.5	- - -	- - -	- - -
30-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	7.1	- - -	- - -	- - -	- - -	9.6	- - -	1.0	2.7

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

CORPORATE BONDS SUMMARY, JUNE 26TH 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	1.1	180	142
	Bulgarian Telecom. 6.625% '18	EUR	B-/B1	15/11/2018	400	2.6	220	187
Cyprus	**Aroundtown Property 3% '21**	EUR	NA/NA	9/12/2021	200	- - -	- - -	- - -
Russia	**Gazprom 8.2% '19**	RUB	BB+/NA	9/4/2019	10,000	9.7	192	- - -
	Gazprom 8.9% '21	RUB	BB+/NA	26/1/2021	10,000	9.0	120	- - -
South Africa	**FirstRand Bank Ltd 4.25% '20**	USD	BBB-/Baa2	30/4/2020	500	3.4	193	177
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	1.1	164	120
Turkey	**Vakiflar Bankasi 3.5% '19**	EUR	NA/Baa3	17/6/2019	500	2.2	287	246
	Garanti Bankasi 3.38%'19	EUR	NA/Baa3	8/7/2019	500	1.6	218	178
	Arcelik AS 3.875% '21	EUR	BB+/NA	16/9/2021	350	2.5	301	252
	Turkiye Is Bankasi 6% '22	USD	NA/Ba3	24/10/2022	1,000	5.9	416	401

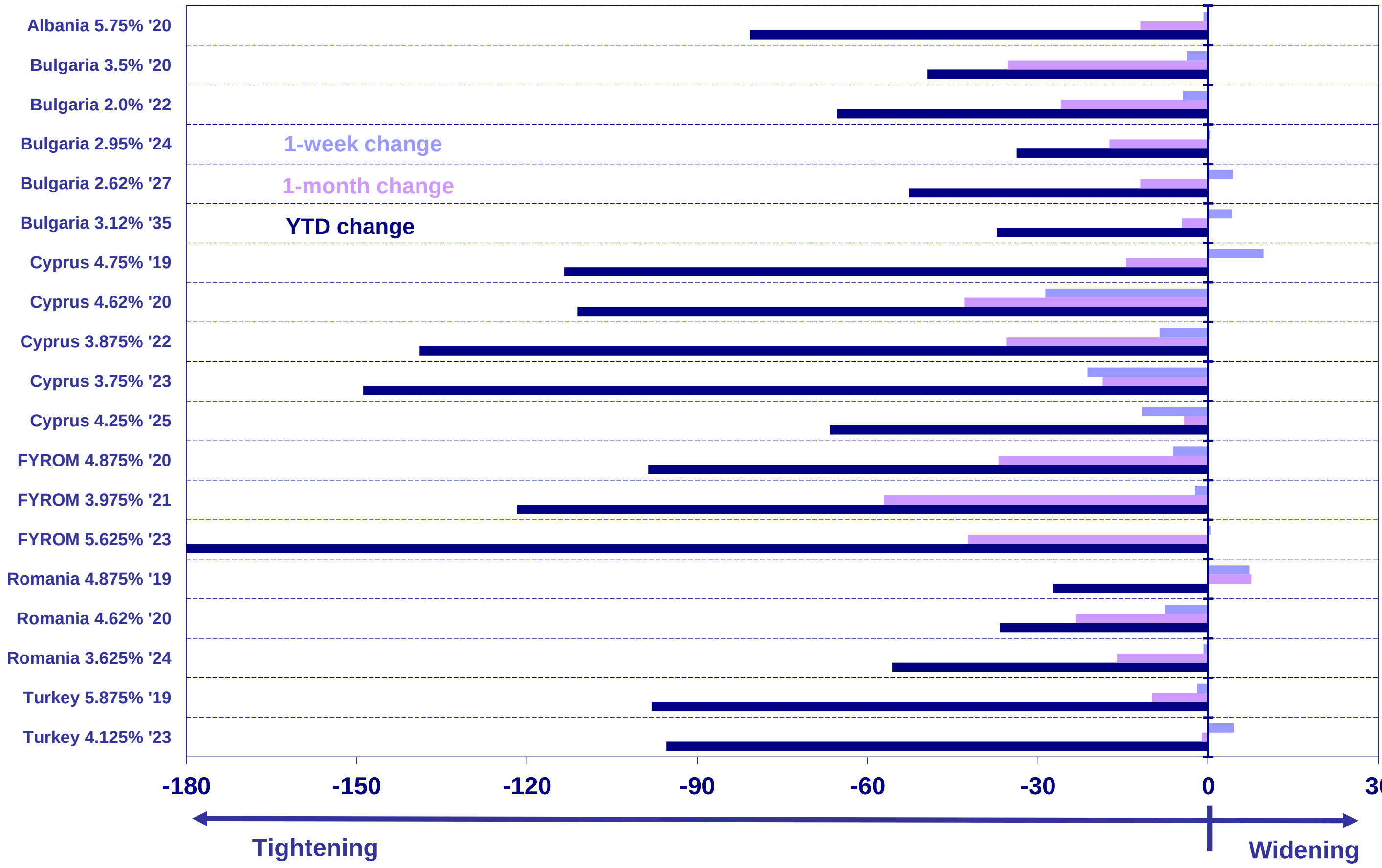
CREDIT DEFAULT SWAP SPREADS, JUNE 26TH 2017

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	- - -	232	115	69	204	327	- - -	80	104	166	178	187	189	- - -
10-Year	- - -	328	160	117	236	364	- - -	86	145	239	219	267	256	- - -

EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY, JUNE 26TH 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	2.4	298	260
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	0.2	73	29
Bulgaria 2.0% '22	EUR	BB+/Baa2	26/3/2022	1,250	0.4	80	33
Bulgaria 2.95% '24	EUR	BB+/Baa2	3/9/2024	1,493	1.2	137	89
Bulgaria 2.62% '27	EUR	BB+/Baa2	26/3/2027	1,000	1.8	156	115
Bulgaria 3.12% '35	EUR	BB+/Baa2	26/3/2035	900	2.9	210	166
Cyprus 4.75% '19	EUR	BB/NA	25/6/2019	566	0.5	110	71
Cyprus 4.62% '20	EUR	BB/B1	3/2/2020	770	1.0	158	119
Cyprus 3.875% '22	EUR	NA/B1	6/5/2022	1,000	2.1	245	203
Cyprus 3.75% '23	EUR	NA/B1	26/7/2023	1,000	2.4	263	209
Cyprus 4.25% '25	EUR	NA/B1	4/11/2025	1,000	2.8	277	235
FYROM 4.875% '20	EUR	BB-/NA	1/12/2020	270	2.6	313	270
FYROM 3.975% '21	EUR	BB-/NA	24/7/2021	500	2.8	330	473
FYROM 5.625% '23	EUR	BB-/NA	26/7/2023	450	4.0	422	384
Romania 4.875% '19	EUR	BBB-/Baa3	7/11/2019	1,500	0.3	89	45
Romania 4.62% '20	EUR	BBB-/Baa3	18/9/2020	2,000	0.1	67	18
Romania 3.625% '24	EUR	BBB-/Baa3	24/4/2024	1,250	1.4	157	116
Turkey 5.875% '19	EUR	NR/Ba1	11/4/2023	1,250	0.9	149	118
Turkey 4.125% '23	EUR	NR/Ba1	12/11/2020	1,000	2.7	300	258

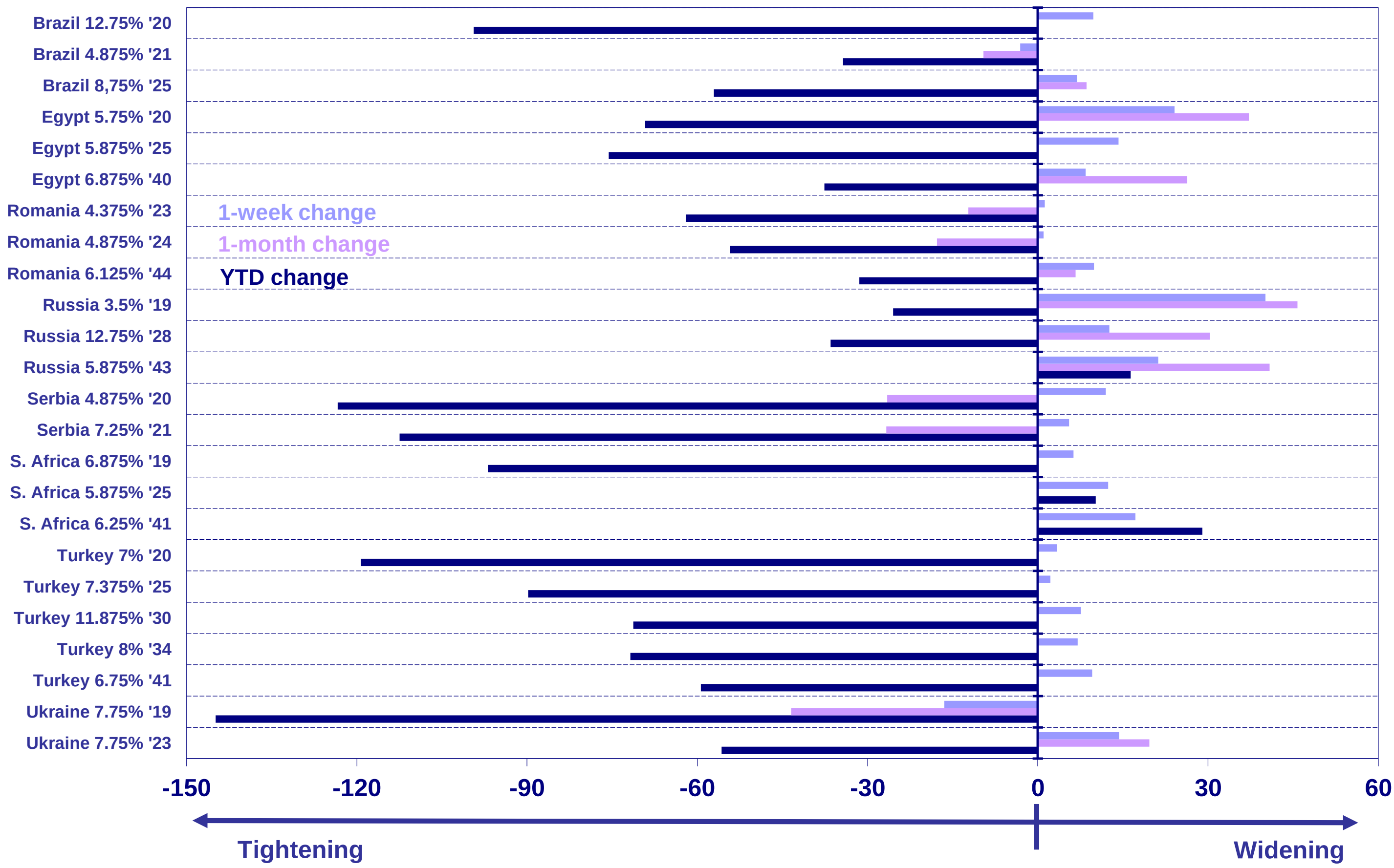
EUR-Denominated Eurobond Spreads (June 26th 2017)



USD-Denominated Sovereign Eurobond Summary, June 26th 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	119	122
Brazil 4.875% '21	USD	BB/Ba2	22/1/2021	2,988	3.3	178	158
Brazil 8.75% '25	USD	BB/Ba2	4/2/2025	969	4.5	250	284
Egypt 5.75% '20	USD	B-/B3	11/6/2025	1,000	4.9	341	325
Egypt 5.875% '25	USD	B-/B3	30/4/2040	1,500	6.2	425	408
Egypt 6.875% '40	USD	B-/B3	22/8/2023	500	7.4	466	473
Romania 4.375% '23	USD	BBB-/Baa3	22/1/2024	1,500	3.1	108	118
Romania 4.875% '24	USD	BBB-/Baa3	22/1/2044	1,000	3.1	115	125
Romania 6.125% '44	USD	BBB-/Baa3	16/1/2019	1,000	4.3	162	227
Russia 3.5% '19	USD	BB+/Ba1	24/6/2028	1,500	2.5	115	100
Russia 12.75% '28	USD	BB+/Ba1	16/9/2043	2,500	4.2	204	293
Russia 5.875% '43	USD	BB+/Ba1	25/2/2020	1,500	4.9	223	275
Serbia 4.875% '20	USD	BB-/B1	28/9/2021	1,500	3.0	157	145
Serbia 7.25% '21	USD	BB-/B1	27/5/2019	2,000	3.2	144	155
S. Africa 6.875% '19	USD	BBB-/Baa2	16/9/2025	1,748	2.5	113	96
S. Africa 5.875% '25	USD	BBB-/Baa2	8/3/2041	2,000	4.6	259	263
S. Africa 6.25% '41	USD	BBB-/Baa2	5/6/2020	750	5.5	276	326
Turkey 7% '20	USD	NR/Ba1	5/2/2025	2,000	3.5	200	192
Turkey 7.375% '25	USD	NR/Ba1	15/1/2030	3,250	4.7	273	293
Turkey 11.875% '30	USD	NR/Ba1	14/2/2034	1,500	5.2	311	412
Turkey 8% '34	USD	NR/Ba1	14/1/2041	1,500	5.6	346	379
Turkey 6.75% '41	USD	NR/Ba1	1/9/2019	3,000	5.7	298	334
Ukraine 7.75% '19	USD	B-/Caa3	1/9/2023	1,744	6.0	461	441
Ukraine 7.75% '23	USD	B-/Caa3	15/1/2020	1,355	7.9	591	585

USD-Denominated Eurobond Spreads (June 26th 2017)



STOCK MARKETS PERFORMANCE, JUNE 26TH 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)	62,188	0.3	-3.0	3.3	26.3	59,371	69,488	-4.4	38.9	76.2	-13.3	-35.3
Bulgaria (SOFIX)	691	0.8	4.8	17.9	52.3	583	691	17.9	27.2	27.2	-11.7	-11.7
China (SHCOMP)	3,185	1.3	2.4	2.6	10.0	3,017	3,295	-2.0	-12.3	-15.3	9.4	16.5
Cyprus (CSE GI)	75	-0.1	-2.9	13.3	15.0	65	79	13.3	-2.0	-2.0	-20.9	-20.9
Egypt (HERMES)	1,215	-0.2	2.6	11.6	92.4	1,071	1,221	4.4	72.7	-21.8	-24.4	-22.8
F.Y.R.O.M (MBI)	2,279	0.0	0.7	6.8	33.2	2,135	2,316	6.8	16.5	16.5	-0.6	-0.6
India (SENSEX)	31,138	-0.6	0.4	16.9	17.9	25,718	31,523	15.8	1.9	2.6	-5.0	0.7
Romania (BET-BK)	1,596	-1.5	-2.8	18.7	38.7	1,365	1,658	17.7	0.2	0.0	2.6	1.6
Russia (RTS)	4,045	0.6	-2.4	-17.8	-1.5	3,838	5,089	-19.3	24.2	54.3	30.3	9.5
Serbia (BELEX-15)	710	0.2	-1.1	-1.0	18.3	694	753	0.6	11.4	9.7	-3.4	-3.5
South Africa (FTSE/JSE)	51,289	-0.6	-5.0	1.3	2.4	50,338	54,717	1.7	-0.1	16.1	1.9	-15.1
Turkey (ISE 100)	99,639	0.3	2.2	27.5	32.6	75,657	100,107	20.6	8.9	-7.0	-16.3	-25.4
Ukraine (PFTS)	286	1.0	3.2	8.0	29.7	265	286	5.4	10.2	1.0	-37.8	-54.8
MSCI EMF	1,019	0.6	0.2	18.2	28.3	858	1,023	11.1	8.6	12.2	-17.0	-6.9
MSCI EAFE	1,894	-0.4	0.5	12.5	24.6	1,677	1,916	5.8	-1.9	1.4	-3.3	7.7
Greece (ASE-General)	819	-0.3	5.2	27.3	57.7	602	828	27.3	1.9	1.9	-23.6	-23.6
Germany (XETRA DAX)	12,771	-0.9	1.3	11.2	37.8	11,415	12,952	11.2	6.9	6.9	4.9	4.9
UK (FTSE-100)	7,447	-1.0	-1.3	4.3	24.5	7,094	7,599	1.1	14.4	-1.0	-4.9	0.1
USA (DJ INDUSTRIALS)	21,410	-0.6	1.6	8.3	24.9	16,166	21,535	1.9	13.4	16.7	-2.2	9.3
USA (S&P 500)	2,439	-0.6	1.0	8.9	21.9	2,245	2,454	2.5	9.5	13.2	-0.7	10.6

Equity Indices (June 26th 2017)