

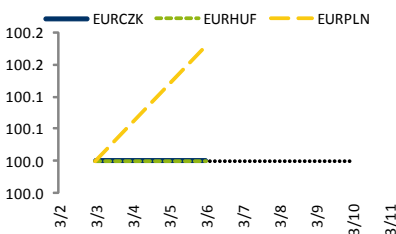


Central European Daily

Monday, 06 March 2017

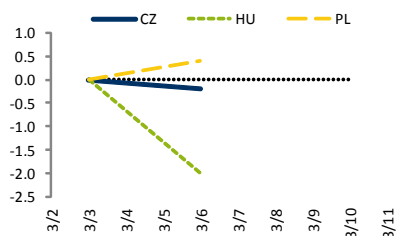
Regional Overview

Forex markets (index)



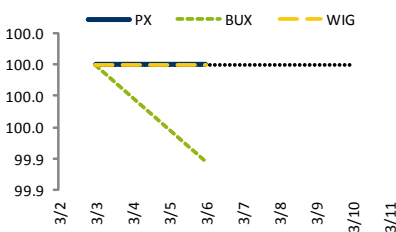
	LAST	PREVIOUS	CHANGE (%)
EURCZK	27.02	27.02	0.00
EURHUF	309.1	309.1	0.00
EURPLN	4.302	4.294	0.18

Gov. bonds 10 Y (bps change)



	LAST	PREVIOUS	CHANGE (bps)
CZGB 10Y	0.588	0.590	-0.2
HUGB 10Y	3.44	3.46	-0.6
PLGB 10Y	3.73	3.72	0.1

Equity indices (index)



	LAST	PREVIOUS	CHANGE (%)
PX	974.2	974.2	0.00
BUX	33173	33194	-0.06
WIG	59313	59313	0.00

Equities: PKO in-line with market estimates

(PL) PKO: reported its 4Q16 figures, which were broadly in line with estimates. Net profit reached PLN 593.3mn (up 33.6% y/y and 3% below estimates), while was fuelled primarily by i) diminished one-offs booked in 4Q15 (positive), ii) consolidation of recent acquisition of Raiffeisen Polska (positive) and iii) banking tax (negative). Net interest income grew 8.9% y/y to PLN 2.02bn, 0.1% above market consensus. Fees & commissions increased by 1.6% y/y to PLN 0.705bn, 0.7% better than estimated. OPEX declined by 24.3% y/y mainly due to diminished one-off PLN 480mn payment booked in 4Q15 (PLN 338mn charge for BFG in connection with the bankruptcy SK Bank and PLN 142mn payment to the Borrower Support Fund). The underlying OPEX increased by 0.8% y/y. Bank tax contribution reached PLN 234mn in 4Q16, slightly above our PLN 230mn estimate. *The results were broadly in line with market consensus with both income and cost side in line with estimates. Net profit was slightly below estimates on a bit higher effective tax rate (27% vs. 24% exp), but this shouldn't be a big issue for the market (excluding that the net profit would be fully in line). We can imagine neutral market reaction today; More details to follow... /*

(PL) MIL: Bank Millennium posted a net profit of PLN 131.5 mln in Q4 2016, just above the forecast for PLN 127mn net take, the bank's 4Q16 report out late Friday showed. MIL will offer no dividend from the 2016 profits. MIL expects its cost of risk to keep within the 50-60 bps range in 2017 from 49 bps in 2016, CFO said. MIL expects to meet Poland's latest capital requirements without resorting to any external financing, CFO Fernando Bicho told a news teleconference. MIL expects its recurring operating result to improve in 2017 versus 2016, CFO added. *Excluding one-off costs related with SK Bank and Mortgage Support Fund in 4Q15, earnings would decline by -13% y/y. The earnings beat was driven by higher net fees (+3% vs. consensus) while net provisioning came in slightly worse than expected (+3% vs. consensus). Hence, relatively solid net fees, but only flat NIM on the other hand; No dividend was expected.*

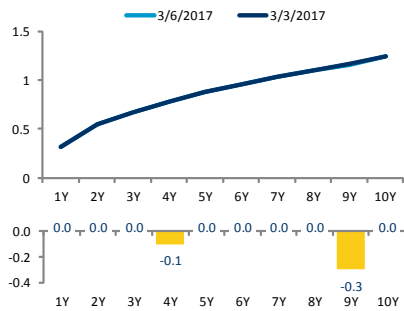
Weekly Preview: Watch inflation figures for February

(CZ, HU, PL) Macro: This week, inflation data for February will be released in the Czech Republic (Thursday), Hungary (Wednesday). There is an MPC meeting in Poland (Wednesday), where a new inflation projection will be discussed.

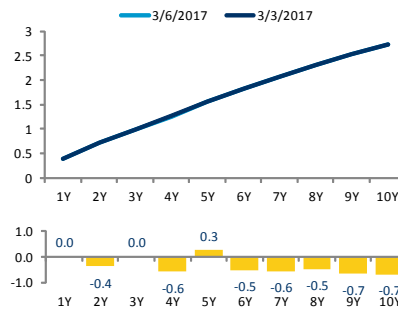
(CZ) Macro, FX: Tomorrow, the Czech National Bank will release its statistics about its FX reserves. *The CNB's foreign exchange interventions against the koruna continued in February, albeit not in such massive amounts. According to our estimates the CNB had to buy more than 8 billion EUR in February. So its foreign exchange reserves exceeded 100 billion EUR, or 61% of GDP.*

Interest-rate Swap Curves

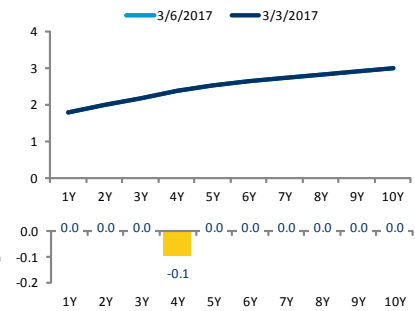
CZK *



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
PL	0:00	Earnings PKO Bank Polski	PLN FY/2016								

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