

ZEW, the Centre for European Economic Research, Mannheim, and Erste Group Bank AG, Vienna, carry out a monthly survey for Central and Eastern Europe, Austria, as well as the Eurozone, asking financial market experts for their assessments and expectations with regard to economic and financial market data. The results of the current survey, conducted between January 30, 2012 and February 13, 2012, are published in the March 2012 issue of the "Financial Market Report CEE". 74 financial market experts participated in this month's survey. The answers of all survey participants are included in the calculation of the indicators for the CEE region, the Eurozone and Turkey. The answers of the Turkish participants are not considered for the calculation of the indicators for the individual CEE countries and Austria.

Economic Expectations for Central and Eastern Europe Continue to Improve

The economic expectations for Central and Eastern Europe including Turkey (CEE region) on a six-month time horizon continue to brighten up in February. The respective indicator has improved by 7.1 points to a level of minus 19.5 points. The respective indicator of economic sentiment for the Eurozone has remained almost unchanged at a level of minus 31.4 points. The financial market experts assessment of the current economic situation in the CEE region has improved significantly by 15.3

points to a level of 0.1 points in the current survey. The respective indicator of the current business cycle in the Eurozone has also improved by 7.9 points to a level of minus 50.1 points. The indicator reflecting the economic expectations for Austria within the next six months has remained roughly unchanged at a level of minus 10.3 points in February. The evaluation of the current economic situation in Austria has improved by 10.0 points to a level of 6.9 points.

Economic Outlook for the CEE Region, Austria and the Eurozone

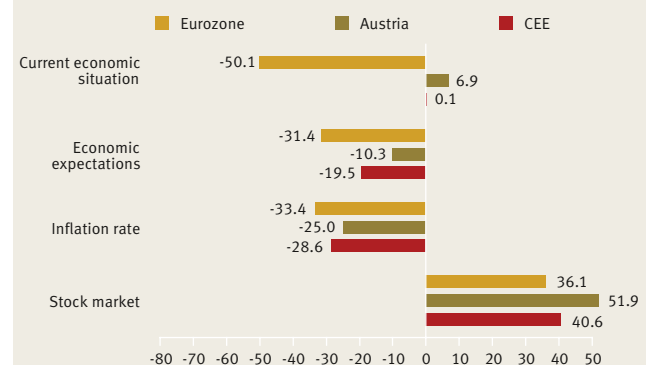
The ZEW-Erste Group Bank Economic Sentiment Indicator for Central and Eastern Europe including Turkey (CEE), which is calculated as the balance of positive and negative assessments of the economic development on a six-month time horizon, has improved by 7.1 points to a level of minus 19.5 points in February. The respective indicator of economic sentiment for the Eurozone has remained almost unchanged at a level of minus 31.4 points. The continuing positive development may be an indication of arising optimism for an upcoming upswing in economic prospects of both regions – the CEE and the Eurozone. The respective indicator for Austria has also displayed a slight improvement by 1.8 points to a level of minus 10.3 points.

Experts' assessment on the current economic situation has improved significantly in February. The respective indicator for the CEE region has increased by 15.3 points to a level of 0.1 points. This is the first increase of the indicator after a series of four consecutive drops since September 2011. The respective indicator for the Eurozone is settled at minus 50.1 points after an increase by 7.9 but still remains at the second lowest value among all surveyed economies. The indicator for Austria has increased by 10.0 points to a level of 6.9 points – the second highest among all surveyed economies.

Inflation concerns have been relaxed for the CEE region and the Eurozone. The respective indicators have dropped by 14.6 points and 9.0 points. The indicator for Austria has slightly increased by 2.2 points to a level of minus 25.0 points. Short-term

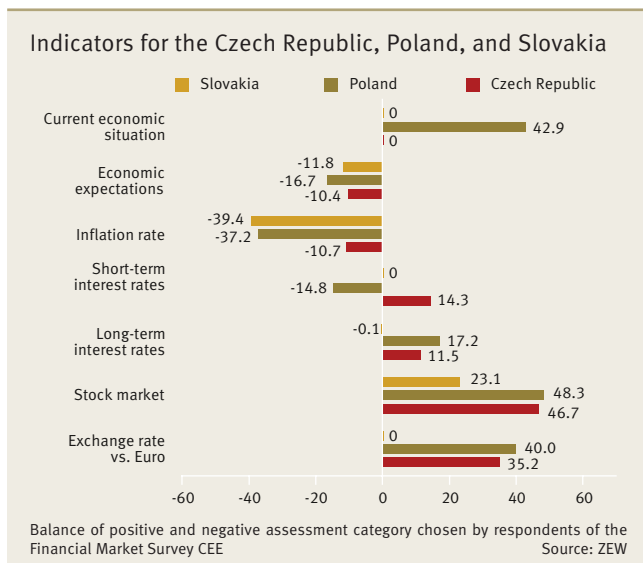
interest rates are expected to remain unchanged for the next six months as indicated by the majority of 53.5 per cent of the experts. A further revision towards bullish expectations is observed in the results of the current survey for the three stock market indices – NTX (CEE), Euro Stoxx 50 (Eurozone) and ATX (Austria). The majority of respondents (62.5 per cent, 61.1 per cent and 70.4 per cent respectively) expect the indices to increase in the next six months. The respective indicators have increased by 15.6 points, 11.1 points and 5.6 points respectively.

Indicators for CEE, Austria and the Eurozone (balances)



Balance of positive and negative assessment category chosen by respondents of the Financial Market Survey CEE
 Source: ZEW

Czech Republic, Poland, and Slovakia: Inflation Expectations Decrease



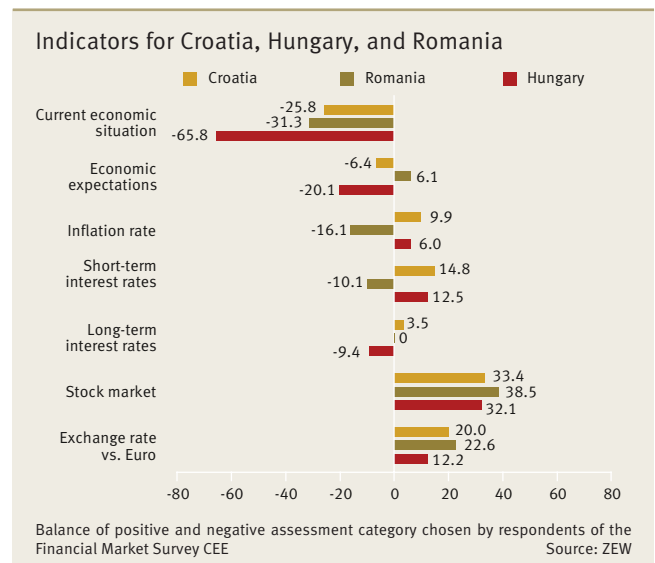
Economic expectations for the Czech Republic have increased in February by 8.7 points to a level of minus 10.4 points. In contrast, economic expectations for Poland and Slovakia have slightly decreased by 6.9 points and 1.1 points respectively. The experts' assessment of the current economic situation has improved for all three countries – Poland, Czech Republic and Slovakia. The respective indicators have increased by 23.4 points, 9.8 points and 2.7 points respectively. The balances for Czech Republic and Slovakia have moved to 0.0 points respectively, as around two-thirds of the experts assert the current economic situation as rather acceptable or normal. The indicator of the current economic situation in Poland has risen to the 42.9 points mark, the by far highest level among all surveyed economies.

The Inflation concerns for all the three countries have decreased in the double digits this month. The respective Indicators for the Czech Republic, Poland and Slovakia have decreased by 25.0 points, 19.7 points and 16.2 points respectively. Around half of the experts expect the inflation rate for Poland and Slovakia to decrease within the next six months. Following the opinion of the financial market experts short-term interest rates in Poland are anticipated to increase. The respective indicator has increased by 33.2 points to a level of 14.3 points.

Financial market experts have revised upwards their stock market expectations for all three countries – the Czech Republic, Poland and Slovakia. The indicators of experts' expectations on the development of the Czech PX 50, the Polish WIG and the Slovakian SAX for the next six months have increased by 13.3 points, 6.3 points and 2.3 points respectively. Around two-third of the financial market experts have bullish expectations for Czech Republic and Poland.

Following the opinion of the market experts the Polish Zloty is expected to appreciate against the Euro. Almost 55 per cent anticipate an appreciation trend and only 14.3 per cent expect the Zloty to depreciate. Similarly, for the Czech Koruna around half of the experts expect an appreciation within the next six months.

Croatia, Hungary and Romania: Increase of Economic Expectations



Economic sentiments have improved in February for all three countries – Croatia, Hungary and Romania. The respective indicators of economic expectations on a six-month horizon have increased by 7.0 points, 16.5 points and 11.4 points respectively. The indicator for Hungary displays the largest increase among all surveyed economies. The indicators for Croatia, Hungary have thus reached levels of minus 6.4 points and minus 20.1 points respectively. In contrast, the indicator for Romania displays with 6.1 points the only positive and therefore highest value among all considered economies.

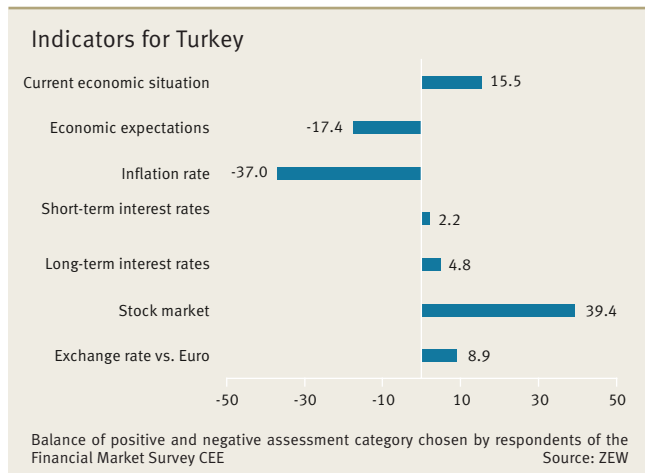
Experts' assessment of the current economic situation has also been increased for all three countries in February. The indicators for Croatia, Hungary and Romania have risen by 20.2 points, 4.2 points and 8.1 points and reached levels of minus 25.8 points, minus 65.8 points and minus 31.3 points respectively. With a percentage of participants assessing the situation as good below three per cent the indicator for Hungary displays the lowest level among almost all surveyed economies.

The inflation indicator for Croatia increases significantly by 29.3 points which is the highest increase in country comparison. This is in line with the fact that the Croatian government is discussing a VAT increase by two percentage points. The inflation indicators for Hungary and Romania have decreased by 30.0 points and 8.1 points to 6.0 points and minus 16.1 points.

The Hungarian short-term interest rate indicator has decreased by 24.6 points to 12.5 points this month – the highest decline in this category. In contrast, the indicators for Croatia and Romania have increased by 11.8 points and 5.6 points to a level of 14.8 points and minus 10.1 points.

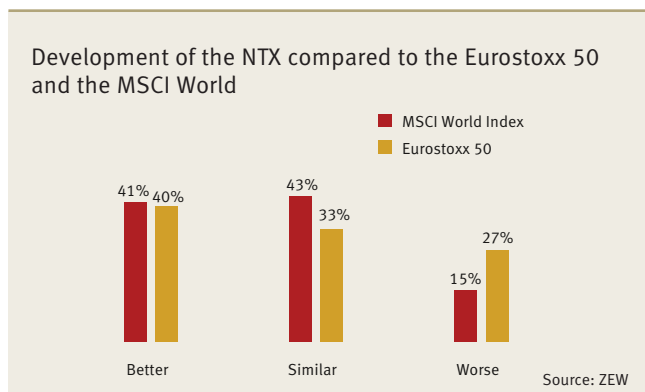
Following the opinion of the financial market experts, stock market sentiments are bullish for the next six months. The indicators for the Croatian stock market index CROBEX, the Hungarian BUX and the Romanian BET have risen by 9.1 points, 18.2 points and 7.8 points respectively and reached levels of 33.4 points, 32.1 points and 38.5 points respectively. The majority of the survey participants expect the stock market indices of all three countries to increase.

Turkey: Improvement of Economic Expectations and Current Situation



Experts' economic expectations for Turkey have further improved in this month's survey. The indicator of economic sentiments has increased by another 5.1 points to a level of minus 17.4 points. Experts' assessment of the current economic situation has also slightly improved by 8.4 points to a level of 15.5 points. The indicator reflecting inflation concerns displays a similarly major decrease as in the previous two months. After a drop by 31.6 points the indicator has settled at minus 37.0 points. In February experts continue to revise downwards their expectations on the short-term interest rates. The respective indicator has dropped by another 11.6 points in absolute terms and by 1.2 points in relative terms. A bullish revision is displayed by the sentiment indicator for the Turkish stock market index ISE-100. The indicator has increased by 19.8 points in February. Large disagreement is displayed in experts' expectations Lira.

Special Question: Stock Market Expectations for 2012

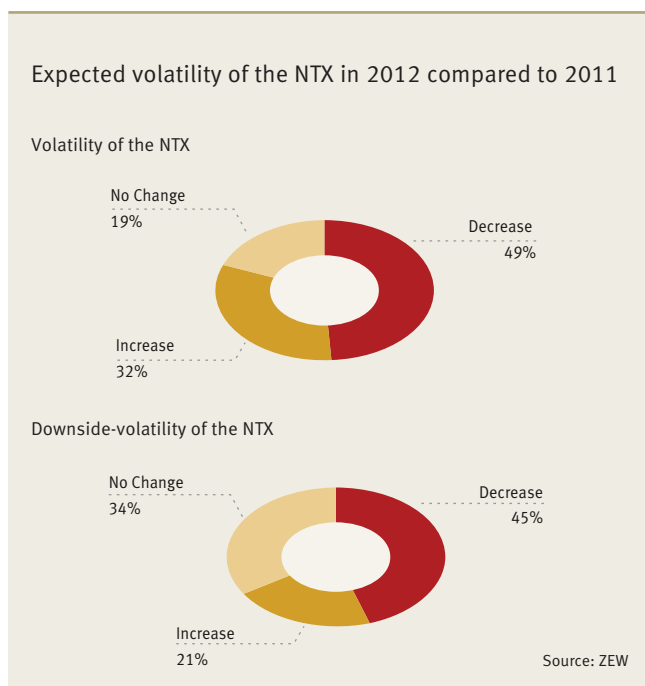


Stock markets in CEE are expected to have an above average performance in international comparison. In contrast to the development of the NTX during the last twelve months, financial market experts forecast a significant increase in performance. CEE stock markets are predicted to be less volatile compared to last year. These are the results of this month's special question on financial market experts' stock market expectations for 2012.

Compared to the European stock market a large majority of experts (85 per cent) expect the NTX to perform similar or better relative to the EUROSTOXX 50. Only a minority of 15 per cent are rather pessimistic and forecast a relative underperformance of the NTX. In contrast, there is a high disagreement among experts concerning the development of the NTX relative to international stock markets, measured by the world stock market index MSCI. Even though a majority of the respondents (40 per cent) expect the CEE NTX to perform better than the MSCI World in 2012, roughly 30 per cent of the experts predict the NTX to perform worse. Furthermore, the difference between the performance expectations relative to MSCI and EUROSTOXX 50 indicates that experts are expecting international stock markets to perform better than European stock markets.

In 2012, the experts expect the NTX index to yield an average return of roughly eleven per cent. More than half of the experts, however, expect the return to be higher than eleven per cent, indicated by a sample median of 12 per cent. Compared to last year's index return of about minus 16 per cent, all experts forecast a better performance in 2012 compared to 2011. However, the return expectations are broadly spread: Expectations range from minus three per cent to as much as 32 per cent.

Moreover, the financial market experts anticipate less turbulence on the CEE stock markets this year. Half of the respondents expect a decrease in the volatility of the NTX index. Similarly, the majority of experts (45 per cent) predict the downside-volatility to decrease. This reflects that survey participants expect that fluctuations in the CEE stock markets will be caused by both bearish and bullish price movements.



ZEW / Erste Group Bank - Financial Market Survey CEE: February 2012

Current economic situation	good		acceptable (normal)		bad		balance									
Austria	13.8	(-1.3)	79.3	(+12.6)	6.9	(-11.3)	6.9	(+10.0)								
Croatia	9.7	(+1.6)	54.8	(+17.0)	35.5	(-18.6)	-25.8	(+20.2)								
Czech Republic	15.8	(+1.2)	68.4	(+7.4)	15.8	(-8.6)	0.0	(+9.8)								
Hungary	2.8	(-2.2)	28.6	(+8.6)	68.6	(-6.4)	-65.8	(+4.2)								
Poland	48.6	(+12.0)	45.7	(-0.6)	5.7	(-11.4)	42.9	(+23.4)								
Romania	6.2	(+0.9)	56.3	(+6.3)	37.5	(-7.2)	-31.3	(+8.1)								
Slovakia	12.5	(-5.9)	75.0	(+14.5)	12.5	(-8.6)	0.0	(+2.7)								
Turkey	24.4	(-0.2)	66.7	(+8.8)	8.9	(-8.6)	15.5	(+8.4)								
CEE (incl. Turkey)	8.4	(-2.5)	83.3	(+20.3)	8.3	(-17.8)	0.1	(+15.3)								
Eurozone	4.1	(-1.1)	41.7	(+10.1)	54.2	(-9.0)	-50.1	(+7.9)								
Economic expectations	improve		no change		worsen		balance									
Austria	13.8	(-4.4)	62.1	(+10.6)	24.1	(-6.2)	-10.3	(+1.8)								
Croatia	12.4	(-9.3)	68.8	(+25.6)	18.8	(-16.3)	-6.4	(+7.0)								
Czech Republic	18.5	(-2.9)	52.6	(+14.5)	28.9	(-11.6)	-10.4	(+8.7)								
Hungary	22.8	(+3.3)	34.3	(+9.9)	42.9	(-13.2)	-20.1	(+16.5)								
Poland	11.1	(-8.4)	61.1	(+9.9)	27.8	(-1.5)	-16.7	(-6.9)								
Romania	24.9	(-2.2)	56.3	(+15.8)	18.8	(-13.6)	6.1	(+11.4)								
Slovakia	14.7	(-7.0)	58.8	(+12.9)	26.5	(-5.9)	-11.8	(-1.1)								
Turkey	8.7	(-8.5)	65.2	(+22.1)	26.1	(-13.6)	-17.4	(+5.1)								
CEE (incl. Turkey)	8.3	(-7.3)	63.9	(+21.7)	27.8	(-14.4)	-19.5	(+7.1)								
Eurozone	12.4	(-5.8)	43.8	(+12.9)	43.8	(-7.1)	-31.4	(+1.3)								
Inflation rate	increase		no change		decrease		balance									
Austria	10.7	(-16.6)	53.6	(+35.4)	35.7	(-18.8)	-25.0	(+2.2)								
Croatia	36.6	(+11.6)	36.7	(+6.1)	26.7	(-17.7)	9.9	(+29.3)								
Czech Republic	24.4	(-13.7)	40.5	(+2.4)	35.1	(+11.3)	-10.7	(-25.0)								
Hungary	33.3	(-20.6)	39.4	(+11.2)	27.3	(+9.4)	6.0	(-30.0)								
Poland	11.4	(-13.6)	40.0	(+7.5)	48.6	(+6.1)	-37.2	(-19.7)								
Romania	22.6	(-4.5)	38.7	(+0.9)	38.7	(+3.6)	-16.1	(-8.1)								
Slovakia	12.1	(-10.9)	36.4	(+5.6)	51.5	(+5.3)	-39.4	(-16.2)								
Turkey	15.2	(-18.7)	32.6	(+5.8)	52.2	(+12.9)	-37.0	(-31.6)								
CEE (incl. Turkey)	11.4	(-16.5)	48.6	(+18.4)	40.0	(-1.9)	-28.6	(-14.6)								
Eurozone	15.5	(-11.0)	35.6	(+13.0)	48.9	(-2.0)	-33.4	(-9.0)								
Short-term interest rates	increase		no change		decrease		balance									
	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]								
Croatia	25.9	(+4.1)	47.8	(-4.2)	63.0	(+3.6)	43.5	(-4.5)	11.1	(-7.7)	8.7	(+8.7)	14.8	(+11.8)	39.1	(-12.9)
Czech Republic	25.7	(+17.6)	34.5	(+7.8)	62.9	(-2.0)	48.3	(-5.0)	11.4	(-15.6)	17.2	(-2.8)	14.3	(+33.2)	17.3	(+10.6)
Hungary	37.5	(-13.9)	57.1	(-6.2)	37.5	(+3.2)	14.3	(-2.4)	25.0	(+10.7)	28.6	(+8.6)	12.5	(-24.6)	28.5	(-14.8)
Poland	11.7	(-4.5)	38.0	(-3.9)	61.8	(+10.4)	31.0	(-1.3)	26.5	(-5.9)	31.0	(+5.2)	-14.8	(+1.4)	7.0	(-9.1)
Romania	16.6	(-2.1)	44.0	(-4.0)	56.7	(+9.8)	28.0	(-4.0)	26.7	(-7.7)	28.0	(+8.0)	-10.1	(+5.6)	16.0	(-12.0)
Turkey	25.5	(-5.9)	43.3	(+0.8)	51.2	(+0.2)	29.7	(-2.8)	23.3	(+5.7)	27.0	(+2.0)	2.2	(-11.6)	16.3	(-1.2)
Eurozone	13.9	(+5.5)			53.5	(+7.7)			32.6	(-13.2)			-18.7	(+18.7)		
Long-term interest rates	increase		no change		decrease		balance									
	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]	[abs.]	[rel.]								
Croatia	34.5	(+3.3)	25.0	(-3.6)	34.5	(+3.2)	41.7	(+2.4)	31.0	(-6.5)	33.3	(+1.2)	3.5	(+9.8)	-8.3	(-4.8)
Czech Republic	37.2	(+3.9)	16.7	(-9.8)	37.1	(-12.9)	43.3	(+5.1)	25.7	(+9.0)	40.0	(+4.7)	11.5	(-5.1)	-23.3	(-14.5)
Hungary	40.6	(-3.9)	33.4	(-7.2)	9.4	(+1.1)	18.5	(+12.2)	50.0	(+2.8)	48.1	(-5.0)	-9.4	(-6.7)	-14.7	(-2.2)
Poland	42.9	(+10.4)	24.2	(-5.2)	31.4	(-17.2)	44.8	(+12.4)	25.7	(+6.8)	31.0	(-7.2)	17.2	(+3.6)	-6.8	(+2.0)
Slovakia	32.2	(+11.0)	19.2	(-2.6)	35.5	(-6.9)	46.2	(+14.9)	32.3	(-4.1)	34.6	(-12.3)	-0.1	(+15.1)	-15.4	(+9.7)
Turkey	38.1	(-2.7)	35.3	(-11.2)	28.6	(-2.0)	29.4	(+3.8)	33.3	(+4.7)	35.3	(+7.4)	4.8	(-7.4)	0	(-18.6)
Germany	42.9	(+1.9)			45.7	(+2.1)			11.4	(-4.0)			31.5	(+5.9)		
Stock market indices	increase		no change		decrease		balance									
EURO STOXX 50	61.1	(+8.6)	13.9	(-6.1)	25.0	(-2.5)	36.1	(+11.1)								
ATX (Austria)	70.4	(+6.2)	11.1	(-6.8)	18.5	(+0.6)	51.9	(+5.6)								
NTX (CEE)	62.5	(+9.7)	15.6	(-3.8)	21.9	(-5.9)	40.6	(+15.6)								
CROBEX (Croatia)	51.9	(+3.4)	29.6	(+2.3)	18.5	(-5.7)	33.4	(+9.1)								
PX 50 (Czech Rep.)	60.0	(+13.3)	26.7	(-13.3)	13.3	(+/-0.0)	46.7	(+13.3)								
BUX (Hungary)	50.0	(+5.1)	32.1	(+8.0)	17.9	(-13.1)	32.1	(+18.2)								
WIG (Poland)	67.7	(+9.6)	12.9	(-12.9)	19.4	(+3.3)	48.3	(+6.3)								
BET (Romania)	57.7	(+3.9)	23.1	(+/-0.0)	19.2	(-3.9)	38.5	(+7.8)								
SAX (Slovakia)	42.3	(+4.3)	38.5	(-6.3)	19.2	(+2.0)	23.1	(+2.3)								
ISE-100 (Turkey)	62.7	(+17.6)	14.0	(-15.4)	23.3	(-2.2)	39.4	(+19.8)								
Exchange rates (vs. Euro)	appreciate		no change		depreciate		balance									
Kuna (Croatia)	40.0	(+3.9)	40.0	(-7.2)	20.0	(+3.3)	20.0	(+0.6)								
Koruna (Czech Rep.)	46.0	(-5.2)	43.2	(+4.2)	10.8	(+1.0)	35.2	(-6.2)								
Forint (Hungary)	45.5	(+0.5)	21.2	(-1.3)	33.3	(+0.8)	12.2	(-0.3)								
Zloty (Poland)	54.3	(-10.7)	31.4	(+11.4)	14.3	(-0.7)	40.0	(-10.0)								
Lei (Romania)	35.5	(-0.7)	51.6	(+7.2)	12.9	(-6.5)	22.6	(+5.8)								
Lira (Turkey)	37.8	(-11.3)	33.3	(+/-0.0)	28.9	(+11.3)	8.9	(-22.6)								
US-Dollar	50.0	(-11.1)	26.2	(+4.0)	23.8	(+7.1)	26.2	(-18.2)								

Note: 74 Financial market experts, 20 from which from Turkey, participated in the February survey which was conducted during the period 01/30/12-02/13/12. Analysts were asked about their expectations for the next 6 months. Numbers displayed are percentages (month-over-month percentage point changes compared to the survey in January 2012 in parentheses). Balances refer to the differences between positive and negative assessments.

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