

MARKET SNAPSHOT

Both indices lost 0.7% yesterday. The top gainers were Progres (14.3%) and Jedinstvo Sevojno (3.2%), while the decliners were led by Cacanska Banka (-18.9%) and Dunav Osiguranje (-12.9%). NIS was the volume leader with turnover amounting to RSD 6.7m and an unchanged closing price of its shares. Foreign investors participated with 28% in equity trading.

POLITICS, ECONOMY AND INDUSTRY NEWS

Current account deficit widens 45.3% y-o-y in H1'12 to €1.9bn

Current account deficit stood at €271.1m in June (vs. €157.1m in June 2011), bringing the H1'12 CA gap to €1.9bn (vs. €1.3bn in H1'11). Trade deficit stood at €2.8bn in H1'12 (+15.1% y-o-y) with imports growing 5.7% y-o-y and exports rising 1.5% y-o-y, while the trade deficit in June was 8.4% y-o-y higher at €374m. Current transfers came in 20.4% y-o-y lower in June (€215.8m) and 10% y-o-y lower in H1'12 (€1.3bn), as the inflow of private remittances in H1'12 stood at €905.6m (vs. €1.1bn in H1'11) and at €134.4m in June 2012 (vs. €187.9m in June 2011). Net foreign direct investment amounted to €51.3m in June (vs. €80.4m in the same month last year), while in H1'12 a €138.1m net outflow was recorded (vs. €566.1m net inflow in H1'11). Portfolio investments recorded a net outflow of €8.3m in June (vs. €65.8m net inflow in June 2011) and a net inflow of €134m in H1'12 (vs. €765.9m in H1'11). Banks net repaid their foreign debt by €484.4m in H1'12 (vs. €824.4m in H1'11), while the corporate sector's foreign liabilities rose by €247.4m (vs. €374.1m net foreign debt repayment in H1'11).

Treasury raises €40m in 53-week EUR-denominated T-bills auction, yield flat

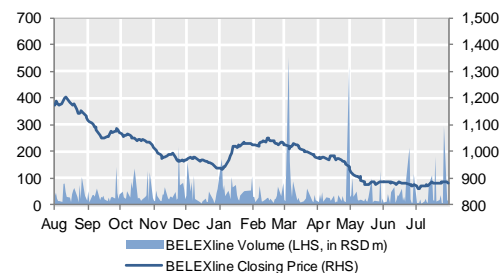
The Treasury sold yesterday the entire issue of 53-week EUR-denominated T-bills, raising €40m. The average yield remained flat compared to the previous auction at 6.15%.

UPCOMING EVENTS AND DATA

August 24

⇒ **Statistics Office:** Average wage (July)

General Index



| Serbian Market | Close | Chng d-t-d | Chng y-t-d |
|------------------------|--------|------------|------------|
| BELEX15 Index | 445.96 | -0.7% | -10.6% |
| BELEXline Index | 882.89 | -0.7% | -9.7% |
| Daily Vol (No. of sh.) | 26,590 | | |
| | EUR | | RSD |
| Daily Volume (m) | 0.2 | | 18.8 |
| Block Trades (m) | - | | - |
| Mkt. Cap (shares, bn) | 5.2 | | 614.2 |
| Ups/Downs/Stable | | 4/10/18 | |

| BELEXline Daily Stock Performance | | | |
|-----------------------------------|--------|----------------------|--------|
| TOP | BOTTOM | | |
| Progres | 14.3% | Cacanska Banka | -18.9% |
| Jedinstvo Sevojno | 3.2% | Dunav Osiguranje | -12.9% |
| Sojaprotein | 0.8% | Razv. Ban. Vojvodine | -8.5% |
| - | - | Telefonija | -7.8% |
| - | - | Tehnogas | -3.3% |

Source: BSE, Bloomberg
Note: refers only to continuous trading method

| Valuation | '12e |
|--------------------------|------|
| Watch List Act P/E (x) | 2.8 |
| Watch List EPS chng (%) | 9.7 |
| DJ Stoxx 600 P/E (x) | 11.9 |
| DJ Stoxx 600 EPS chng(%) | 8.6 |

Source: Factset consensus estimates

| Serbian Economy | | |
|----------------------------|-------------|---------------|
| GDP real growth (%. y/y) | 1.6% ('11) | 0.5% ('12f) |
| Unemployment (%. Aop) | 23.0% ('11) | 26.0% ('12f) |
| CPI (%. y/y. eop) | 7.0% ('11) | 6.3% ('12f) |
| CAD (% of GDP) | -9.7% ('11) | -11.2% ('12f) |
| Government debt (% of GDP) | 47.9% ('11) | 52.6% ('12f) |
| 12m T-bill yield (%. eop) | 13.5% ('11) | 11.8% ('12f) |

Source: NBS Research estimates

| FX Market | Close | Chng d-t-d | Chng y-t-d |
|-----------|----------|------------|------------|
| EUR / RSD | 117.8354 | 0.0% | -12.6% |
| USD / RSD | 94.5178 | 0.9% | -16.9% |
| CHF / RSD | 98.0899 | 0.0% | -14.2% |
| GBP / RSD | 149.2154 | 0.5% | -19.8% |

Source: NBS
Note: (-) dinar's depreciation in % / (+) dinar's appreciation in %

Official Middle Exchange Rate EUR/RSD



| 3m EURIBOR | Close | w-t-d | y-t-d |
|------------|-------|-------|--------|
| | 0.32 | -7.8% | -76.5% |

Source: Bloomberg

22 August 2012

Disclosure Appendix

This marketing communication has been produced by Vojvodjanska Banka a.d., which is regulated by the National Bank of Serbia, and distributed in Greece by National Securities S.A., which is authorized and regulated by the Hellenic Capital Market Commission and in the United Kingdom by National Securities S.A. – London branch, which is authorised and regulated by the Financial Services Authority. This marketing communication is solely for informative use and has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This document does not constitute or form part of an offer or invitation to subscribe for or purchase or sell or solicitation of any offer to subscribe for or purchase or sell any securities referred to herein and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The information contained in this report including any expression of opinion has been taken from sources believed to be reliable but it cannot be guaranteed and no warranty or representation is given that such information is accurate or complete and it should not be relied upon as such.

This report is addressed to professional investors only and no part of this report may be reproduced or passed on in any manner without prior permission. We verify that this report has been prepared according to our regulations and guidelines concerning conflict management.

All opinions suggestions and estimates for each company contended in this report constitute the personal views of the respective author at this date and are subject to change without notice. It is certified that the analysts' personal views or specific suggestions expressed in this report were not and will not be in any case linked directly or indirectly with the analysts' compensation. The affiliates, officers, partners and employees, including persons involved in the preparation or issuance of this material may have a direct or indirect position in any security mentioned in this report.

Analyst Certification

The following analysts hereby certify that the views expressed in this research report accurately reflect their personal views about the subject securities and issuers and that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report: Daniel Sebenji.

22 August 2012

Vojvodjanska Banka AD

Bulevar Mihajla Pupina 111
11 070 Novi Beograd, Serbia

Sales:

Dusan Jovicic +381 11 2251379
Zoran Sarac +381 11 2251381

FX Sales:

Aleksandar Zaric +381 11 2228418

Trader:

Ratko Guduric +381 11 2228413

Research:

Daniel Sebenji +381 11 2228479 daniel.sebenji@voban.groupnbg.com

dusan.jovicic@voban.groupnbg.com
zoran.sarac@voban.groupnbg.com

aleksandar.zaric@voban.groupnbg.com

ratko.guduric@voban.groupnbg.com

National Securities S.A.

Member of the Athens Stock Exchange

91 Michalakopoulou Str.
115 28 Athens, Greece

Tel: +30 210 7720000
Fax: +30 210 7720001
E-mail: info@nationalsec.nbg.gr

Sales:

George Goufas +30 210 7720147
Ilias Papazachariou +30 210 7720113
Zois Mpeloumpasis +30 210 7720146
Pantelis Petritsis +30 210 7720562
Nikos Kyriazis +30 210 7720160

Research:

Theodore Ritsos +30 210 7720176
Kostas Ntounas +30 210 7720174
Panagiotis Kladis, CFA +30 210 7720185
Iakovos Kourtesis +30 210 7720251
Victor Labate +30 210 7720076

National Securities S.A. - London branch

75 King William Str.
EC4V 4HR, London, UK

Tel: +44 20 7105 3801
Fax: +44 20 7105 3895

Sales:

Alan Shala +44 207 105 3803
Bahar Sangar +44 207 105 3804