

SERBIAN EQUITIES WEEKLY February 18th – 22nd, 2013

| BELEX 15 | |
|----------------------|----------|
| Friday Closing Value | 557.73 |
| Weekly Change | 0.77% |
| Change 30 days | -0.11% |
| Change YTD | 6.46% |
| History High | 3,335.20 |
| History Low | 347.46 |

Market Comment:

BSE indices remained in green last week, albeit again with modest gains (BELEX15 at +0.77%, BELEXline at +0.56%). They are up 6.46% and 4.30% YTD, respectively.



Equity turnover stood at €2.3m, two thirds of the previous week's result. Bonds liquidity tripled WoW, but still remained pretty insignificant (at €123k).

NIS (NIIS) was by far the most popular stock for the week, having generated more than half of the total traded volume. Following on the "top traded stocks" list were Sojaprotein (SJPT), Komercijalna Banka (KMBN), Imlek (IMLK) and Aerodrom Nikola Tesla (AERO).

| BELEX line | |
|----------------------|----------|
| Friday Closing Value | 1,048.79 |
| Weekly Change | 0.56% |
| Change 30 days | 0.25% |
| Change YTD | 4.30% |
| History High | 5,007.34 |
| History Low | 841.99 |

We do not expect to see any major shakeups on the Serbian market this week.



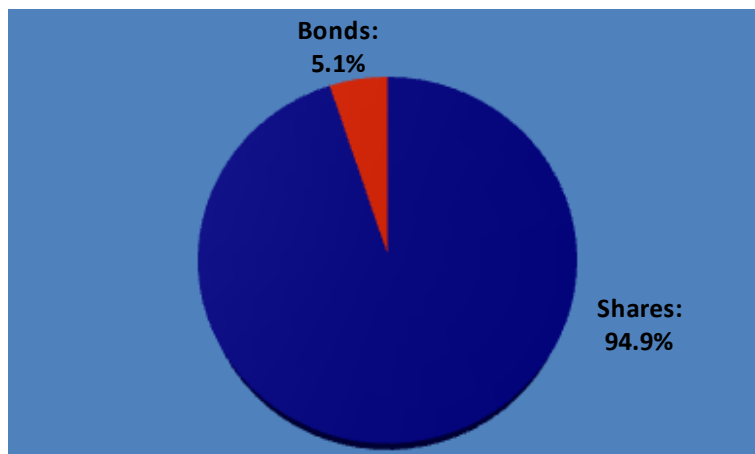
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| Top 5 Gainers | Symbol | Closing price (RSD) | Change | Traded Volume | Traded Value (RSD) |
|--|--------|---------------------|--------|---------------|--------------------|
| Morava a.d. , Jagodina | MRVJ | 1,500 | 18.95% | 75 | 112,500 |
| Kopaonik a.d. , Beograd | KOPB | 1,690 | 14.34% | 5 | 8,450 |
| Energoprojekt Visokogradnja a.d. , Beograd | EPVI | 346 | 13.44% | 150 | 51,900 |
| AMS Osiguranje a.d. , Beograd | AMSO | 318 | 11.58% | 295 | 93,810 |
| Razvojna banka Vojvodine a.d. , Novi Sad | MTBN | 330 | 10.00% | 200 | 60,875 |

| Top 5 Losers | Symbol | Closing price (RSD) | Change | Traded Volume | Traded Value (RSD) |
|---|--------|---------------------|---------|---------------|--------------------|
| Banini a.d. , Kikinda | BNNI | 8,585 | -28.40% | 109 | 1,031,998 |
| TE - TO a.d. , Senta | TETO | 7,007 | -12.41% | 533 | 3,734,731 |
| Philip Morris Operations a.d. , Niš | DINNPB | 852 | -5.33% | 249 | 217,711 |
| Dunav osiguranje a.d. , Beograd | DNOS | 700 | -4.89% | 33 | 23,089 |
| Veterinarski zavod Subotica a.d. , Subotica | VZAS | 495 | -3.32% | 108 | 53,460 |

| | Current Week | Previous Week | Change |
|----------------------------|--------------|---------------|---------|
| Total Traded Value in EUR | 2,414,935 | 3,506,199 | -31.12% |
| Traded Value Shares in EUR | 2,291,803 | 3,465,062 | -33.86% |
| Traded Value Bonds in EUR | 123,132 | 41,137 | 199.32% |

PARTICIPATION OF SHARES AND BONDS IN LAST WEEK'S TRADING



FOREIGN INVESTMENTS

| | Current Week | Previous Week |
|-----|--------------|---------------|
| FIT | 60.88% | 49.82% |
| FIS | 63.25% | 50.28% |
| FIB | 16.73% | 10.97% |

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| Top Traded Stocks | Symbol | Closing price (RSD) | Traded Value (RSD) | Traded Volume | No Of Trades |
|------------------------------------|--------|---------------------|--------------------|---------------|--------------|
| NIS a.d. Novi Sad | NIIS | 878 | 137,726,605 | 157,739 | 4,117 |
| Soja protein a.d. Bečej | SJPT | 805 | 25,324,798 | 30,528 | 55 |
| Komercijalna banka a.d. Beograd | KMBN | 1,545 | 15,105,653 | 10,070 | 5 |
| Imlek a.d. Beograd | IMLK | 3,165 | 10,807,960 | 3,423 | 40 |
| Aerodrom Nikola Tesla a.d. Beograd | AERO | 485 | 9,934,499 | 20,319 | 4,225 |

| Foreign Exchange Savings Bonds | | | | |
|--------------------------------|------------|---------------|---------------|------------------|
| Maturity | Last Price | Weekly Change | Current Yield | Total Volume (€) |
| A 2013 | 98.60 | -0.06% | 5.39% | 20,623 |
| A 2014 | 94.24 | 0.13% | 4.79% | 21,729 |
| A 2015 | 89.78 | 0.02% | 4.87% | 40,390 |
| A 2016 | 86.73 | 1.40% | 4.45% | 40,390 |

Last Week's Trading of the Most Liquid BSE Companies

| | Ticker | Friday Closing Price (RSD) | Friday Closing Price (EUR) | Price Weekly Chg in % (RSD) | Weekly Volume (RSD) | Weekly Trading Volume (EUR) | Weekly Volume Chg. in % (RSD) |
|----------------------|--------|----------------------------|----------------------------|-----------------------------|---------------------|-----------------------------|-------------------------------|
| Banking | | | | | | | |
| Komercijalna Banka | KMBN | 1,545 | 13.89 | 6.55 | 15,105,653 | 135,811 | 16,319.19 |
| AIK Banka | AIKB | 1,545 | 13.89 | -0.71 | 1,643,532 | 14,777 | -53.59 |
| Univerzal Banka | UNBN | 990 | 8.90 | 0.00 | 0 | 0 | -100.00 |
| Privredna Banka | PRBN | 125 | 1.12 | 0.00 | 0 | 0 | -100.00 |
| Metals Banka | MTBN | 330 | 2.97 | 10.00 | 60,875 | 547 | -40.81 |
| Credy Banka | CYBN | 3,622 | 32.56 | 0.00 | 0 | 0 | -100.00 |
| Cacanska Banka | CCNB | 5,600 | 50.35 | 2.75 | 5,600 | 50 | -99.56 |
| JUBMES | JMBN | 10,188 | 91.60 | 0.00 | 0 | 0 | -100.00 |
| Postanska stedionica | PSBN | 25,754 | 231.54 | 0.00 | 0 | 0 | - |
| Insurance | | | | | | | |
| Globos Osiguranje | GLOS | 130 | 1.17 | 7.44 | 2,180,769 | 19,607 | 2,032.07 |
| Dunav Osiguranje | DNOS | 700 | 6.29 | -4.89 | 23,089 | 208 | 3,037.09 |

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| | Ticker | Friday Closing Price (RSD) | Friday Closing Price (EUR) | Price Weekly Chg in % (RSD) | Weekly Volume (RSD) | Weekly Trading Volume (EUR) | Weekly Volume Chg. in % (RSD) |
|---------------------------|--------|----------------------------|----------------------------|-----------------------------|---------------------|-----------------------------|-------------------------------|
| Transportation | | | | | | | |
| Aerodrom Nikola Tesla | AERO | 485 | 4.36 | -0.21 | 9,934,499 | 89,319 | 321.42 |
| Oil | | | | | | | |
| NIS | NIIS | 878 | 7.89 | 1.50 | 137,726,605 | 1,238,266 | 73.59 |
| Construction | | | | | | | |
| Energoprojekt holding | ENHL | 649 | 5.83 | 1.56 | 2,547,580 | 22,905 | 100.09 |
| Putevi Uzice | PUUE | 500 | 4.50 | 0.00 | 0 | 0 | - |
| Planum | PLNM | 620 | 5.57 | 0.00 | 0 | 0 | - |
| Napred | NPRD | 715 | 6.43 | 0.00 | 0 | 0 | - |
| Progres | PRGS | 25 | 0.22 | 0.00 | 0 | 0 | - |
| Energomontaza | EGMN | 4,000 | 35.96 | 0.00 | 1,020,000 | 9,171 | - |
| Montinvest | MOIN | 5,000 | 44.95 | 0.00 | 0 | 0 | - |
| Alas holding | ZONE | 1,148 | 10.32 | 0.00 | 0 | 0 | - |
| Food | | | | | | | |
| Sojaprotein | SJPT | 805 | 7.24 | -3.01 | 25,324,798 | 227,689 | -89.39 |
| Imlek | IMLK | 3,165 | 28.45 | 0.16 | 10,807,960 | 97,172 | 55.89 |
| Bambi-Banat | BMBI | 23,200 | 208.58 | 0.00 | 0 | 0 | - |
| Bip | BIPB | 43 | 0.39 | 0.00 | 16,853 | 152 | 66.78 |
| Vital | VITL | 1,150 | 10.34 | 4.55 | 17,250 | 155 | 422.73 |
| Vino Zupa | VINZ | 8,000 | 71.92 | 0.00 | 128,000 | 1,151 | -75.00 |
| Voda Vrnjci | VDVAV | 8,000 | 71.92 | 0.00 | 0 | 0 | - |
| Mlekara Subotica | MLSU | 1,082 | 9.73 | -1.73 | 1,416,640 | 12,737 | 8,477.90 |
| Banini | BNNI | 8,585 | 77.18 | -28.40 | 1,031,998 | 9,278 | - |
| Zitosrem Indjija | ZISR | 2,749 | 24.71 | 0.00 | 0 | 0 | - |
| Processing | | | | | | | |
| Metalac | MTLC | 2,000 | 17.98 | 1.37 | 72,000 | 647 | -76.67 |
| Tigar | TIGR | 207 | 1.86 | -0.48 | 336,604 | 3,026 | 84.48 |
| Alfa plam | ALFA | 5,500 | 49.45 | -0.02 | 3,461,604 | 31,122 | 160.98 |
| Messer Tehnogas | TGAS | 4,000 | 35.96 | -2.44 | 7,132,700 | 64,128 | - |
| Simpo | SMPO | 147 | 1.32 | 3.52 | 4,700 | 42 | -97.22 |
| Jedinstvo Sevojno | JESV | 4,101 | 36.87 | 0.02 | 144,270 | 1,297 | -86.79 |
| Kopaonik | KOPB | 1,690 | 15.19 | 14.34 | 8,450 | 76 | - |
| Ikarbus | IKRB | 900 | 8.09 | 0.00 | 0 | 0 | - |
| Telecommunications | | | | | | | |
| Telefonija | TLFN | 177 | 1.59 | 0.00 | 0 | 0 | - |
| Pupin Telecom | PTLK | 71 | 0.64 | 0.00 | 0 | 0 | - |
| Informatika | INFM | 1,950 | 17.53 | 0.00 | 0 | 0 | - |
| Pharmaceutical | | | | | | | |
| Vet. Zavod Subotica | VZAS | 495 | 4.45 | -3.32 | 53,460 | 481 | -72.24 |
| Galenika Fitofarmacija | FITO | 2,998 | 26.95 | 3.45 | 8,748,358 | 78,654 | 14.80 |

Economy and Business News

Economy: State 7-year Eur-bonds sold at 5.15%

At the auction held last some 10 days ago, \$1.5bn worth of Serbia's Eur-bonds was successfully sold, with an oversubscription of around 200%. The securities mature in 2020, while the achieved interest rate of 5.15% stands well beneath the 7.50% recorded during Serbia's first Eur-bond auction held in September 2011. Part of the received funds will be used to repay some of the county's less favourable loans. (Source: Ministry of Finance)

Company News

NIS (NIIS): FY 2012 results – NP at RSD49.5bn, up 22% YoY

Oil Industry of Serbia (NIS) posted its FY 2012 financials, according to which the Company booked the highest bottom line ever; NP came in at RSD49.5bn, up 21.8% YoY (these are non-consolidated results with possible difference below 1%). Sales went up by 21.0% YoY, stopping at RSD226.2bn. At the same time, EBITDA increased by 34.1% YoY, at RSD64.8bn, on a 2.8pp improved margin (28.7% vs. previous 25.9%). Regarding segment results, Exploration and Production increased the oil and gas production by 11% YoY, to 1.69m toe, thus participating in the overall bottom line with some RSD80.3bn. Furthermore, it is important to notice that the refining segment managed to reduce its constant negative result to -RSD9.7bn, vs. -RSD17.5bn at the end of 2011. As for BS development, total debt to banks amounted to \$418m at the end of 2012, down 9.1% YoY. However, due to the local currency weakening seen during the most of the reporting period, NIS booked FX related losses in the amount of RSD6.8bn, vs. RSD0.5bn in 2011. (Source: Company) NIIS currently trades at a P/S13e of 0.6 and a P/E13e of 2.4. As a reminder, the SPA stipulates dividend payout in the amount of at least 15% of NP. Therefore, shareholders can expect a yield of some 5% (at current prices).

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Tigar (TIGR): Managers accused of fraud

Several top managers of rubber product manufacturer Tigar have come under questioning in what seems to be another case of corruption in Serbia. From the media reports it is unclear whether the managers are already indicted or if investigations are under way. Media speculates that the managers, including the ex-CEO and directors of daughter companies, are accused of funnelling some €4.5m over a ten year span. The alleged wrongdoings was actually a very simple scam: a no-name consulting firm from Belgrade charged Tigar some €500k per year for advisory services, while a bulk of this money was paid back to managers' private accounts. This may have very easily been an internal scheme of indirectly paying bonuses to top managers. The Ministry of Finance (state) lent Tigar €2m just a few weeks ago to help their struggling liquidity. This seems to have been a trigger for inquiries into the finances of the company which is still 33% owned by the state of Serbia. (Source: B92, Tanjug) TIGR currently trades at a P/S13e of 0.1. We consider the news not necessarily negative, as they may shake up things in the struggling company. Tigar has invested circa €40m in new facilities in the past few years and is generally able to market its products in the EU, but had grossly mismanaged its finances lately. The firm has a mcap of €3m at the moment.

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