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Weekly Report – Serbia

19.03 – 25.03 2010

Major Indices

CSD Median Exchange Rate As of 04.03.2010

Country	Currency	Unit	Value
EU	EUR	1	99.7394
US	USD	1	74.9469
Hungary	HUF	100	37.7087

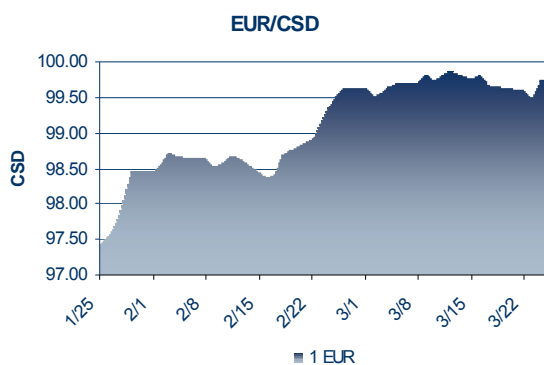
NBS Interest Rates in the Money Market (as of 23/03/2010)

Discount Rate	8.075%
Key policy rate - 2w repo	9.00%
Deposit facility interest rate	6.50%
Lending facility interest rate	11.50%

Source: National Bank of Serbia

Date	Belex 15		
24.03	672,51	▼	-0,24%
23.03	674,10	▼	-0,63%
22.03	678,40	▼	-0,69%
19.03	683,13	▼	-0,40%
18.03	685,84	▲	0,76%

Source: Belgrade Stock Exchange



Source: National Bank of Serbia

Macroeconomic Indices

Inflation in February 2010 y-o-y growth in %

CPI	3.9%
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Core Inflation

-

Target Inflation for end of 2009 6-10%

Gross Domestic Product at constant prices 2002

GDP 2008	2.9% fall
3 rd quarter 2009/3 rd quarter 2008	2.3% fall

Industrial Production

Jan. 2010/Jan. 2009	3.7% increase
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Average Salary – January 2010

	CSD
Gross	41,651
Net	29,929

Jan/Dec growth rate of Net Average Salary

Nominal	fall 18.6 %
Real	fall 19.1 %

Source: Statistical Office of the Republic of Serbia;
National Bank of Serbia

Headlines

Serbia's foreign debts reaches EUR 22.8 billion

19.03 (Tanjug) - Serbia's total foreign debt reached EUR 22.8 billion at the end of last year, which is 74.1 percent of GDP, the National Bank of Serbia (NBS) released Friday.

The foreign debt stayed at almost the same level in the first three quarters of 2009, but rose by 4.6 percent in the final quarter.

D&B raised rating of Serbia

22.03 (EMportal): Dun&Bradstreet, has raised its rating of Serbia placing the level of risk in investing in the country at a moderate DB4d, and no longer in the "high risk" DB5a category.

Dun&Bradstreet, the world's largest business databank, has raised its rating of Serbia in its world league table of economic-financial creditworthiness for companies, placing the level of risk in investing in the country at a moderate DB4d, and no longer in the "high risk" DB5a category.

Despite the slow recovery in manufacturing in the wake of the global recession, D&B has come down in favour of the measures taken by the Serb government to guarantee macro-economic stability; a decisive role was played by support of around three billion euros from the IMF to the country.

EBRD and Banca Intesa Beograd boost financing to businesses in Serbia

24.03 (EMportal): Since the beginning of its operations in Serbia, the EBRD has committed close to €1.8 billion in the Serbian economy, mobilising additional investments worth more than another €1.7 billion.

The EBRD is increasing further the availability of financing to the real economy in Serbia, with a €30 million credit line to Banca Intesa Beograd for on-lending to small and medium enterprises (SMEs).

The credit line is part of the €100 million financing package provided by the EBRD to three of Intesa Sanpaolo Group's subsidiaries in eastern Europe.

Majority-owned by the Intesa Sanpaolo Group, Banca Intesa Beograd is the largest commercial bank in Serbia, with a nationwide network, servicing over 1.4 million corporate and retail customers.

The proceeds of the EBRD loan will be used to finance the investments and working capital needs of private businesses operating in Serbia with short, medium and longer term loans of up to €2.5 million.

"We are pleased to continue our cooperation with Banca Intesa Beograd with the aim of boosting support for the growth of the real economy in Serbia in the current environment, when businesses face limited access to financing needed for their development. The credit line will enable Banca Intesa Beograd to enhance its role in financing private SMEs and to increase the competition in this sector," said Hildegard Gacek, the EBRD's Director for Serbia.

"It is a great pleasure to see that the EBRD has selected our bank again this year as a partner in supporting the development of small and medium enterprises. In the ongoing economic downturn this project complies with our strategic determination to expand our offer to SMEs in the spirit of the support to the entire economy. I am sure that this credit line will be implemented successfully, will achieve good results and will live up to expectations of all project participants", says Draganja Đurić, the President of the Executive Board of Banca Intesa Beograd.

In 2009 the EBRD provided to Banca Intesa Beograd a €10 million credit line for financing energy efficiency investments undertaken by Serbian companies, which is being successfully implemented.

The EBRD facility offered to Intesa Sanpaolo Group also includes a €20 million credit line to Intesa Sanpaolo Bank in Bosnia and Herzegovina and a €50 million to CIB Bank in Hungary. The investment is part of a joint pledge by the EBRD, the World Bank Group and the European Investment Bank (EIB) to provide over €25 billion in support of the banking sectors in the region and to fund lending to businesses hit by the global crisis.

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Eurobank EFG is an important contributor to Serbia's social product

24.03 (EMportal): Ranking third in terms of equity, Eurobank EFG Serbia enjoys outstanding capital adequacy and solid financial standing. As a sizable employer with more than 1500 employees and 125 branches and business centers, Eurobank EFG is also an important contributor to the country's social product.

On the occasion of the Group results' announcement, the President of the Executive Board of "Eurobank EFG" in Serbia, Mr. Philippos Karamanolis issued the following statement:

"In a turbulent year, the Eurobank EFG Group delivered a solid set of results, with sound profitability and strong capital adequacy, demonstrating its ability to successfully manage current challenges. Group profits for the year reached €362 m after regular tax, while total capital adequacy increased by 2,3% to 12,7%.

"Eurobank EFG Beograd" a banking institution registered and operating in Serbia under the supervision of the National Bank of Serbia, has solidified its status as one of the leading banks in the country.

Ranking third in terms of equity, Eurobank EFG Serbia enjoys outstanding capital adequacy and solid financial standing. As a sizable employer with more than 1500 employees and 125 branches and business centers, Eurobank EFG is also an important contributor to the country's social product.

So far, we have contributed more than €3m through the comprehensive CSR program entitled "We invest in European values", by supporting projects related to education, public health, social inclusion and the protection of the environment.

The bank's overall performance was recognized through the prominent award "GOLD PLAQUE in the Banking Sector for 2009" by the Association of Business Journalists – evidence to the quality of our services. Moreover, the inauguration last October of our new eco-friendly headquarters in Belgrade bear further proof of the Bank's committed investment in the country.

Eurobank EFG intends to continue to act as an agent of stability and development, standing responsibly by Serbian clients and the Serbian economy.

Overall, the Eurobank EFG Group is a committed investor in the region, as international activities are a key pillar of the Group's strategy for future growth. This commitment was evidenced in 2009, as Eurobank EFG spearheaded, together with other regional banking groups, initiatives at a global scale to support regional economies through the European Commission and through the Vienna Initiative, in collaboration with the IMF, the EBRD, and the EIB."

NBS Governor resigns

24.03 (EMportal): Serbian Prime Minister Mirko Cvetkovic said that the National Bank of Serbia (NBS) Governor Radovan Jelasic informed him yesterday about his resignation and that they agreed that Jelasic would remain the NBS head until a new governor is appointed.

Mr Radovan Jelašić handed in yesterday his resignation from the position of Governor of the National Bank of Serbia to dr Dejan Šoškić, President of the Council of the National Bank of Serbia.

– My resignation is irrevocable and due to personal reasons. In accordance with Article 31 of the Law on the National Bank of Serbia, please start the procedure before the National Assembly's Finance Committee to determine if the conditions have been met for termination of office before end of term, writes Governor Jelašić in his resignation note dispatched to the President of the Council of the National Bank of Serbia.

Serbian Prime Minister Mirko Cvetkovic said that the National Bank of Serbia (NBS) Governor Radovan Jelasic informed him about his resignation and that they agreed that Jelasic would remain the NBS head until a new governor is appointed.

Cvetkovic expressed regret that Jelasic decided to take this move because he was a good head of the NBS, regardless of occasional disagreements between the government and the NBS.

All disputes were solved through constructive dialogue, and the relations between the NBS and the Serbian government in general were good, concluded Cvetkovic.

Pitic, Cupic the most serious candidates for the new NBS Governor

25.03 (EMportal): The most serious candidates for the new NBS Governor are Goran Pitic, actual President of the 'Societe General' Management Board and Vladimir Cupic, President of 'Hypo Alpe Adria' Executive Board.

National Bank of Serbia (NBS) Governor Radovan Jelasic submitted an irrevocable resignation on Tuesday, but will continue to work as the NBS governor until a new one is appointed.

Jelasic announced that he will continue to work until the National Assembly of the Republic of Serbia appoints his successor.

The most serious candidates for the new NBS Governor are Goran Pitic, actual President of the 'Societe General' Management Board and Vladimir Cupic, President of 'Hypo Alpe Adria' Executive Board.

'Reasons for Jelasic's resignation are pressures he was exposed to in recent six months from the part of the Government and business people. The only question is whether he was suggested to resign or he realized he would be no longer able to lead the policy he thought he should', Vladimir Gligorov, associate of Vienna institute for international economic studies says.

The Serbian Dinar lost 0.23 percent against the Euro on Wednesday. The official middle exchange rate was set at RSD 99.74 per Euro.

The day before, the National Bank of Serbia sold EUR 40 million on the Interbank Foreign Exchange Market due to volatile fluctuations in the exchange rate. From the beginning of the year the central bank has sold EUR 611.5m on the Interbank Foreign Exchange Market.

Serbia's domestic currency reached its record-high on January 4, when it changed hands at RSD 95.97 per Euro, and was at its weakest on March 12, when it was traded at RSD 99.88 per Euro.