

**VOJVODANSKA BANKA A.D., NOVI SAD**

**Consolidated Financial Statements  
of the Banking Group**

**Year Ended December 31, 2020  
and Independent Auditors' Report**

**CONTENTS**

**Page**

Independent Auditors' Report	1 - 2
Consolidated Financial Statements of the Banking Group:	
Consolidated Income Statement	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Other Comprehensive Income	5

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Owner and Management of Vojvođanska banka a.d., Novi Sad**

#### **Opinion**

We have audited the consolidated financial statements of Vojvođanska banka a.d., Novi Sad (hereinafter: the "Bank"), and its subsidiaries (hereinafter: the "Banking Group") which comprise the consolidated statement of financial position as at December 31, 2020, and the related consolidated income statement, and consolidated statement of other comprehensive income.

In our opinion, the accompanying consolidated financial statements of the Banking Group give a true and fair view of the financial position of the of the Banking Group as at December 31, 2020, and of its financial performance for the year then ended in accordance with the accounting regulations of the Republic of Serbia and regulations of the National Bank of Serbia governing financial reporting of banks.

#### **Basis for Opinion**

We conducted our audit in accordance with the standards on auditing applicable in the Republic of Serbia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Banking Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Serbia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management of the Banking Group is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Banking Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Banking Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Banking Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards of auditing applicable in Republic of Serbia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Owner and Management of Vojvođanska banka a.d., Novi Sad (Continued)**

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

As part of an audit in accordance with Standards of Auditing applicable in Serbia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Banking Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Banking Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Banking Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Banking Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Banking Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Belgrade, march 17, 2021

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Olivera Andrijašević  
Certified Auditor  
and on behalf of Deloitte d.o.o., Beograd

**CONSOLIDATED INCOME STATEMENT OF THE BANKING GROUP**  
**Year Ended December 31, 2020**  
**(Thousands of RSD)**

	<u>2020</u>	<u>2019</u>
<b>INCOME AND EXPENSES FROM CONTINUING OPERATIONS</b>		
Interest income	8,196,543	8,802,190
Interest expenses	<u>(821,481)</u>	<u>(1,167,567)</u>
<b>Net interest income</b>	<b>7,375,062</b>	<b>7,634,623</b>
Fee and commission income	3,281,954	3,353,124
Fee and commission expenses	<u>(619,487)</u>	<u>(661,426)</u>
<b>Net fee and commission income</b>	<b>2,662,467</b>	<b>2,691,698</b>
Net (losses)/gains on changes in the fair value of financial instruments	(108,713)	118,246
Net losses on derecognition of the financial instruments measured at fair value	(1,092)	(72,432)
Net gains on risk hedging	7,334	9,074
Net foreign exchange gains and positive currency clause effects	526,548	443,236
Net losses on impairment of financial assets not measured at fair value through profit or loss	(3,404,380)	(1,054,936)
Net gains/(losses) on derecognition of the financial assets measured at amortized cost	138,640	(274,948)
Other operating income	<u>439,067</u>	<u>386,681</u>
<b>TOTAL OPERATING INCOME</b>	<b>7,634,933</b>	<b>9,881,242</b>
Salaries, salary compensations and other personnel expenses	(3,386,132)	(3,662,545)
Depreciation and amortization charge	(991,972)	(981,461)
Other income	230,916	203,300
Other expenses	<u>(4,627,492)</u>	<u>(5,850,491)</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>(1,139,747)</b>	<b>(409,955)</b>
Current income tax expenses	(24,605)	(70,214)
Deferred tax gains	<u>46,921</u>	<u>133,081</u>
<b>(LOSS)/PROFIT AFTER TAX</b>	<b>(1,117,431)</b>	<b>(347,088)</b>
<b>RESULT OF THE PERIOD - (LOSS)/PROFIT</b>	<b>(1,117,431)</b>	<b>(347,088)</b>
(Loss)/profit attributable to the parent entity	(1,040,647)	(312,042)
Loss attributable to the non-controlling interests	(76,784)	(35,046)

These consolidated financial statements of the Banking Group were approved by the Executive Board of Vojvođanska banka a.d., Novi Sad on March 16, 2021.

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Milan Kojić  
Member of the Executive Board  
Person responsible for preparing financial statements

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Predrag Vasić  
Chairman of the Executive Board

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE BANKING GROUP**  
**As of December 31, 2020**  
**(Thousands of RSD)**

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>		
Cash and balances held with the central bank	33,251,589	40,303,963
Pledged financial assets	1,494,796	621,223
Receivables under derivative financial instruments	29,921	9,452
Securities	17,228,522	13,581,962
Loans and receivables due from banks and other financial institutions	4,955,845	6,343,017
Loans and receivables due from customers	169,993,155	141,602,332
Investments in associates and joint ventures	107	107
Investments in subsidiaries	40	40
Intangible assets	736,417	731,586
Property, plant and equipment	9,364,523	9,538,852
Investment property	166,457	177,598
Current tax assets	40,464	/
Deferred tax assets	400,644	351,183
Non-current assets held for sale and discontinued operations	114,524	111,732
Other assets	8,798,081	9,540,174
<b>TOTAL ASSETS</b>	<b><u>246,575,085</u></b>	<b><u>222,913,221</u></b>
<b>LIABILITIES AND EQUITY</b>		
Liabilities under derivative financial instruments	160,724	45,490
Deposits and other liabilities due to banks, other financial institutions and the central bank	56,769,830	49,992,507
Deposits and other liabilities due to customers	153,111,844	136,668,674
Subordinated liabilities	1,177,041	-
Provisions	1,545,223	1,293,078
Current tax liabilities	24,605	57,854
Deferred tax liabilities	516,350	513,329
Other liabilities	2,386,503	2,264,675
<b>TOTAL LIABILITIES</b>	<b><u>215,692,120</u></b>	<b><u>190,835,607</u></b>
Share capital	34,171,370	34,171,370
Profit – retained earnings	98,080	6,080,950
Loss – accumulated losses	(3,777,742)	(8,566,392)
Reserves	204,771	201,985
Non-controlling interests	186,485	189,701
<b>TOTAL EQUITY</b>	<b><u>30,882,964</u></b>	<b><u>32,077,614</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>246,575,085</u></b>	<b><u>222,913,221</u></b>

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Milan Kojić  
Member of the Executive Board  
Person responsible for preparing financial statements

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Predrag Vasić  
Chairman of the Executive Board

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE BANKING GROUP**  
**Year Ended December 31, 2020**  
**(Thousands of RSD)**

	<u>2020</u>	<u>2019</u>
<b>RESULT OF THE PERIOD - (LOSS)/PROFIT</b>	(1,117,431)	(347,088)
<i>Components of other comprehensive income that cannot be reclassified to the profit or loss:</i>		
Actuarial gains	1,727	27,607
Negative effects of changes in fair value of equity instruments measured at fair value through other comprehensive income (FVtOCI)	-	-
<i>Components of other comprehensive income that can be reclassified to the profit or loss:</i>		
Positive effects of changes in fair value of debt instruments measured at fair value through other comprehensive income (FVtOCI)	1,541	75,855
Negative effects of changes in fair value of debt instruments measured at fair value through other comprehensive income (FVtOCI)	-	-
Tax losses relating to other comprehensive income for the year	(482)	(24,539)
Total positive/(negative) other comprehensive income for the year	<u>2,786</u>	<u>78,923</u>
<b>TOTAL (NEGATIVE)/POSITIVE COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>(1,114,645)</u></b>	<b><u>(268,165)</u></b>
<b>Total (negative)/positive comprehensive income attributable to the parent entity</b>	(1,188,429)	(233,119)
<b>Total positive/(negative) comprehensive income attributable to the non-controlling interests</b>	73,784	(35,046)

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