



OTP BANKA SRBIJA A.D. NOVI SAD

**Consolidated Financial Statements of the Banking Group and
Independent Auditors' Report**

December 31, 2022

CONTENTS	
	Page
Independent Auditors' Report	1 – 3
Consolidated Banking Group Financial Statements:	
Consolidated Income Statement of the Banking Group	4
Consolidated Statement of Other Comprehensive Income of the Banking Group	5
Consolidated Statement of the Financial Position of the Banking Group	6

*This is English translation of the Report
originally issued in Serbian language
(For management purposes only)*

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF OTP BANKA SRBIJA A.D. NOVI SAD

Opinion

We have audited the consolidated financial statements of **OTP banka Srbija a.d. Novi Sad** (the Banking group), which comprise the consolidated balance sheet as at **31 December 2022**, and the consolidated income statement and consolidated statement of comprehensive income.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Banking group as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, in terms of the Law on Banks and bylaws of the National Bank of Serbia regulating financial reporting of banks.

Basis for opinion

We conducted our audit in accordance with 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 Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated 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 Audit Committee for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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.

Audit Committee is 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 Auditing Standards 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.

As part of an audit in accordance with Standards on Auditing applicable in the Republic of 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 statements 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.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with Audit Committee 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, 16 March 2023




Nikola Ribar
Authorized Auditor
Ernst & Young d.o.o. Beograd



CONSOLIDATED INCOME STATEMENT OF THE BANKING GROUP

RSD 000	December 31, 2022	December 31, 2021
Interest income	28,253,719	18,059,693
Interest expenses	(6,251,992)	(2,064,368)
Net interest income	22,001,727	15,995,325
Fee and commission income	11,801,868	8,050,352
Fee and commission expenses	(3,554,295)	(2,349,156)
Net fee and commission income	8,247,573	5,701,196
Net gains on changes in the fair value of financial instruments	483,020	898,918
Net losses on derecognition of the financial instruments measured at fair value	(3,526)	(6,961)
Net gains on risk hedging	3,342	1,881
Net foreign exchange losses and positive currency clause effects	(258,203)	(845,978)
Net losses on impairment of financial assets not measured at fair value through profit or loss	(4,200,195)	(325,903)
Net gains on derecognition of the financial assets measured at amortized cost	406,162	169,167
Net profit arising from investments in associated entities and joint ventures	68,713	127,739
Other operating income	285,875	206,272
TOTAL OPERATING INCOME, NET	27,034,488	21,921,656
Salaries, salary compensations and other personnel expenses	(5,921,608)	(5,482,196)
Depreciation and amortization charge	(1,487,098)	(1,403,186)
Other income	1,008,234	729,139
Other expenses	(7,826,851)	(8,788,350)
PROFIT BEFORE TAX	12,807,165	6,977,065
Current income tax expenses	(1,576,395)	(506,773)
Deferred tax loss	(191,964)	(68,878)
PROFIT AFTER TAX	11,038,806	6,401,414
RESULT FOR THE YEAR - PROFIT	11,038,806	6,401,414
Profit belonging to the parent entity	10,996,633	6,320,811
Profit belonging to owners without control rights	42,173	80,603

These Consolidated financial statements of the Banking Group were approved by the Executive Board of OTP banka Srbija a.d., Novi Sad on March 16, 2023.


 Vladimir Pejčić
 Director of the Accounting
 Directorate


 Branimir Spasić
 Member of the Executive Board




 Predrag Mihajlović
 Chairman of the Executive Board

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE BANKING GROUP

RSD 000	December 31, 2022	December 31, 2021
RESULT FOR THE YEAR - PROFIT	11,038,806	6,401,414
Components of other comprehensive income that cannot be reclassified to the profit or loss:		
Actuarial gains / (losses)	41,799	(834)
Components of other comprehensive income that can be reclassified to the profit or loss:		
Negative effect of changes in fair value on debt instruments measured at fair value through other comprehensive income (FVtOCI)	(1,838,846)	(1,511,061)
Positive effect of changes in fair value on equity instruments measured at fair value through other comprehensive income (FVtOCI)	3,151	2,894
Profit based on taxes related to other results of the period	276,356	224,523
Total negative other comprehensive income for the year	(1,517,540)	(1,284,478)
TOTAL POSITIVE COMPREHENSIVE INCOME FOR THE YEAR	9,521,266	5,116,936
Total positive comprehensive income for the year, attributable to the parent entity	9,479,093	5,036,333
Total positive comprehensive income for the year, attributable to the non-controlling interest	42,173	80,603

These Consolidated financial statements of the Banking Group were approved by the Executive Board of OTP banka Srbija a.d. Novi Sad on March 16, 2023.



Vladimir Pečić
Director of the Accounting
Directorate



Branimir Spasić
Member of the Executive Board





Predrag Mihajlović
Chairman of the Executive Board

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE BANKING GROUP

RSD 000	December 31, 2022	December 31, 2021
ASSETS		
Cash and balances held with the central bank	140,512,381	90,624,576
Pledged financial assets	445,087	463,080
Receivables under derivative financial instruments	448,484	257,848
Securities	41,472,668	53,814,367
Loans and receivables due from banks and other financial institutions	9,642,776	6,558,468
Loans and receivables due from customers	559,642,135	519,109,915
Investments in associates and joint ventures	400,789	332,076
Intangible assets	1,394,879	1,312,961
Property, plant and equipment	11,612,734	12,373,339
Investment property	300,907	116,421
Current tax assets	-	190,978
Deferred tax assets	57,020	-
Non-current assets held for sale and discontinued operations	25,896	79,266
Other assets	3,560,267	3,649,073
TOTAL ASSETS	769,516,023	688,882,368
LIABILITIES AND EQUITY		
Liabilities under derivative financial instruments	398,327	206,738
Deposits and other liabilities due to banks, other financial institutions and the central bank	193,370,610	188,319,323
Deposits and other liabilities due to customers	448,758,309	382,573,400
Subordinated liabilities	14,748,628	14,724,802
Provisions	3,757,745	3,753,739
Current tax liabilities	1,058,827	52,830
Deferred tax liabilities	-	27,373
Other liabilities	5,351,218	6,653,070
TOTAL LIABILITIES	667,443,664	596,311,275
Share capital	59,395,644	59,395,644
Profit	12,006,985	6,898,081
Loss	-	(1,451,822)
Reserves	30,380,469	27,462,102
Non-controlling interest	289,261	267,088
TOTAL EQUITY	102,072,359	92,571,093
TOTAL LIABILITIES AND EQUITY	769,516,023	688,882,368

These Consolidated financial statements of the Banking Group were approved by the Executive Board of OTP bank Srbija a.d. Novi Sad on March 16, 2023.


 Vladimir Pečić
 Director of the Accounting
 Directorate


 Branimir Spasić
 Member of the Executive Board


 Predrag Mihajlović
 Chairman of the Executive Board

