



**Republic of Serbia
Autonomous Province of Vojvodina
PROVINCIAL GOVERNMENT**

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INFORMATION BOOKLET FOR INVESTORS

PROVIDING INFORMATION FOR INVESTORS THAT ARE INCLUDED IN THE PROSPECTUS FOR PUBLIC OFFER

Pursuant to Article 41 of the Law on Capital Market
("Official Gazette of the RS", No. 31/2011)

Novi Sad, 2015

1 LEGAL FOUNDATION FOR THE ISSUANCE OF LONG-TERM SECURITIES

On the basis of the Statute of the Autonomous Province of Vojvodina ("Official Journal of APV", No. 20/2014; the Statute of the AP of Vojvodina), and pursuant to Public Debt Law ("Official Gazette of RS" No. 61/2005, 107/2009, 78/2011), the Assembly of the Autonomous Province of Vojvodina (hereinafter referred to as: The Assembly of AP Vojvodina) adopted, on the session held on 28th April 2015, the Provincial Assembly Decision on Initiating and Method of Conducting the Borrowing Procedure by means of Emission of Long-Term Securities for the Purpose of Financing Procurement of the Equipment for the "KAMENICA 2" Facility ("Official Gazette of RS" No. 18/2015; Decision on Borrowing).

In accordance to the Article 33 of the Public Debt Law prior to the adoption of the Decision on Borrowing, the positive opinion of the Ministry of Finance, Public Debt Administration No. 401-881/2015-001, was obtained on 14th April 2015. Referring to the provision of the Article 36 Paragraph 6 of the Public Debt Law which stipulates that the territorial autonomy unit may borrow by issuing long-term securities in order to finance investment, development and priority programmes and projects and Paragraph 7 of the same Article which stipulates that borrowing limitations for the local authorities does not relate to the borrowing by issuing long-term securities, the Public Debt Administration issued the opinion that the "Autonomous Province of Vojvodina may borrow for the purpose of financing capital investment expenditures by means of emission of long-term securities in the amount of 2,080,000,000.00 RSD".

The Decision on Borrowing regulates the initiating and the method of conducting the borrowing procedure by means of emission of long-term securities of the Autonomous Province of Vojvodina.

The borrowing by means of emission of long-term securities for the purpose of financing capital investments - is not prescribed by legal limitations in regard to the ratio of unpaid debt and realised current budget revenues in the previous year, or in regard to the ratio of principal and interest due every year according to the realized current revenues in the previous year.

The borrowing, in accordance with the Decision on Borrowing, shall be executed for the purpose of obtaining funds for financing the procurement of equipment with the aim of improving the quality of services provided in the healthcare institutions founded by the Autonomous Province of Vojvodina. The funds obtained by borrowing – emission of bonds shall primarily finance the procurement of

equipment for the Oncology Institute of Vojvodina, the Institute for Cardiovascular Deceases of Vojvodina and the Institute for Pulmonary Deceases of Vojvodina.

The medical equipment that will be procured by means of borrowing will furnish the newly constructed facility "Kamenica 2" which will be utilised by all three institutes. The construction of this facility was financed by the funds from the provincial budget through the Capital Investment Fund of the Autonomous Province of Vojvodina. As the Capital Investment Fund ceased its work on 31st December 2014, and the Capital Investments Office assumed its tasks as a legal successor, the procurement of equipment for "Kamenica 2" shall be implemented by the Capital Investments Office of the Autonomous Province of Vojvodina. The Decision on Borrowing determined that the long-term bonds of AP Vojvodina shall be emitted by the Provincial Government through one or more individual decisions on the emission of bonds while not exceeding 2,080,000,000.00 RSD (for debt principal).

The Decision on Borrowing determines the conditions and characteristics of bonds:

- Bonds shall be emitted in immaterialised form and registered in the Central Registry, Depository and Clearing of Securities;
- Bonds shall be emitted in up to max 6% per annum with semi-annual payment of interest coupon;
- The maturity date shall be up to 15 years;
- Bonds may be traded on the secondary market.

The Provincial Government is authorised to, after assessing the public interest of the Autonomous Province of Vojvodina and in accordance with the budget liquidity and market conditions, determine the conditions under which bonds are to be emitted, emission date, nominal value of bonds, the maturity date, coupon and all other elements of bonds necessary for the realisation of emission in accordance with the law and other acts regulating the capital market, all within the limits stipulated in the Assembly Decision.

The Provincial Government is authorised to undertake all needed activities and pass acts for the implementation of the Decision on Borrowing, until the final outcome in accordance with the law regulating the issuance of securities and the law regulating the public debt.

Recognising the public interest to increase the quality of healthcare services on the provincial territory and assessing the need to borrow as a justified and a realistic one, for the purpose of procuring funds whose purpose is determined on the basis of the authorisation in the Decision on Borrowing, the Provincial Government passes the Information Booklet for Investors (Information Booklet) which shall be available to all potential investors.

The emission of long-term bonds shall be done in accordance with the Article 12 of the Law on Capital Market which determines the exemptions from the obligation to publish the prospectus for

certain public offers. However, acting in accordance with the Article 41 Paragraph 4 of the Law on Capital Market, the Provincial Government, through the Information Booklet, makes available to investors the information that should be included in the prospectus for public offer according to the Law and the acts of the Securities Commission.

The Information Booklet provides detailed information on AP Vojvodina, its legal status within the state administration, its administration authorities, economic indicators, position and role in the budget system as well as the events, which may be significant for the assessment of its solvency. The Information Booklet gives detailed financial position of AP Vojvodina as an Issuer, its competences, financing resources and the method of use of budget resources. Furthermore, it provides detailed information from the consolidated financial statement of the budget three years prior to the publication of the Information Booklet with the aim to enable investors to objectively assess the financial situation, assets and liabilities of AP Vojvodina as an Issuer of long-term bonds, as well as the risk of the Issuer, the risk of investing in securities and the rights arising from the issued securities.

Any decision of investors about investing in long-term bonds of AP Vojvodina should be based on the overall content of the Information Booklet.

After the creation of the Information Booklet, data and facts referred to in the Information Booklet, are subject to change.

2 INFORMATION ON THE ISSUER

2.1 Basic data

Issuer:	Autonomous Province of Vojvodina
Legal status:	Autonomous territorial community of the Republic of Serbia
Representative body:	The Assembly of the Autonomous Province of Vojvodina
Place:	Novi Sad
Address:	Bb Vladike Platona Street

Executive authority:	Provincial Government
Place:	Novi Sad
Address:	16 Mihajla Pupina Boulevard
Register Number:	08068615
Tax ID No:	103762102
E-mail:	pokrajinskavlada@vojvodina.gov.rs
Telephone Number:	+ 381 21 487 42 60

Body authorised to issue bonds: Provincial Government

Legal basis for the issuance of bonds: The Law on Capital Market Law (“Official Gazette of RS” No. 31/2011), Public Debt Law (“Official Gazette of RS” No. 61/2005, 107/2009, 78/2011), Statute of the Autonomous Province of Vojvodina (“Official Journal of APV”, No. 20/2014) and the Provincial Assembly Decision on Initiating and Method of Conducting the Borrowing Procedure by means of Emission of Long-Term Securities for the Purpose of Financing Procurement of the Equipment for the “KAMENICA 2” Facility (“Official Gazette of RS” No. 18/2015).

Legal basis of the authority to issue bonds: Provincial Assembly Decision on Initiating and Method of Conducting the Borrowing Procedure by means of Emission of Long-Term Securities for the Purpose of Financing Procurement of the Equipment for the “KAMENICA 2” Facility (“Official Gazette of RS” No. 18/2015).

2.2 Symbols of the Issuer

In accordance with the Constitution of the Republic of Serbia (Constitution), the Autonomous Province of Vojvodina (AP Vojvodina) determined by the Statute of AP Vojvodina its symbols and the method of their usage. Article 9 of the Statute of AP Vojvodina determined the form of the coat of arms and the flag of AP Vojvodina. The coat of arms of AP Vojvodina is composed of the historic coats of arms of Bačka, Banat and Srem. The flag of the AP Vojvodina consists of three colours: red, blue and white. In the middle of the blue field there are three yellow stars set in a circle.

The same Article of the Statute of AP Vojvodina determined the traditional symbols of AP Vojvodina – the flag and the coat of arms. A Provincial Assembly Decision regulates specific issues concerning the form and the use of the symbols and traditional symbols.



Image 1: Coat of arms and flag of AP Vojvodina

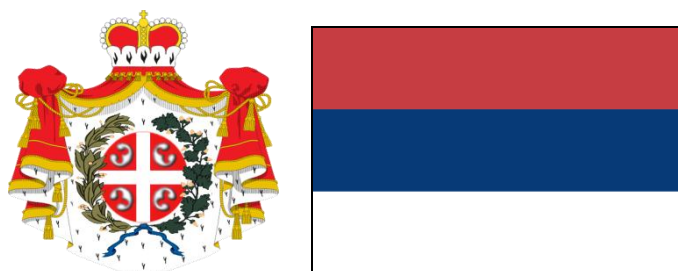


Image 2: Traditional coat of arms and flag of AP Vojvodina

The City of Novi Sad is the administrative centre of AP Vojvodina and the seat of provincial authorities.

2.3 General Data on the Issuer

Geographical position

Autonomous Province of Vojvodina (hereinafter referred to as: AP Vojvodina and Vojvodina) is the autonomous territorial community of the Republic of Serbia and as such is its inseparable part. It is located in the Pannonian Plain, with the total surface area of 21,506 km², and has a population of approximately 2 million inhabitants. Its size is similar to the territorial units that exist in Italy, France and Spain. AP Vojvodina is an ethnic and religious mosaic where different nationalities and religions nurture European principles and values. It is rich in fertile arable land and is characterised by general economic and cultural development.

AP Vojvodina is situated in the Southern part of the Pannonian Basin and with its river-canal network as well as roads and railways, it represents the natural bridge between the Central and Western Europe on the one hand and the Balkan Peninsula and the Middle East on the other hand.



Image 3: Geographical position of AP Vojvodina

Three large rivers: the Danube, Tisza and Sava cross the vast plain and divide its territory into three distinct parts. Banat is in the East; Bačka in the Northwest and Srem is in the Southwest. These three geographical regions are characterized by the abundant fertile arable land, general economic and cultural development, high population density and demographic diversity.

The area of AP Vojvodina consists of territorial units of local self-governments in its geographically historical parts – Bačka, Banat and Srem. AP Vojvodina comprises 45 municipalities and cities as local self-government units, assorted in administrative districts, with the headquarters in: Subotica, Sombor, Kikinda, Vršac, Pančevo, Zrenjanin, Sremska Mitrovica and the place of the headquarters of the provincial administration authorities – Novi Sad.



Image 4: Territorial division of AP Vojvodina on administrative districts and municipalities

Relief

Vojvodina's relief is characterised by the elevated sloping areas – loess plateaus, loess terraces and sands, as well as lower lands – alluvial plateaus. Three rivers: the Danube, Tisza and Sava and the canal system Danube-Tisza-Danube intersect the vast plain. The Plain is surrounded by low mountains: Fruška Gora hills in the Northern part of Srem and Vršac Hills in the South-eastern Banat. There is a national park (Fruška Gora) located on the territory of AP Vojvodina, 11 special nature reserves, 10 nature parks, 95 natural monuments and two landscapes of exceptional features, with Deliblato Sands which stands out at one of the largest sands in Europe and is nominated for the UNESCO's programme *World Natural Heritage*.

Furthermore, on the territory of AP Vojvodina, there are (under strict protection of the state) over 300 plant and animal species with the natural rarities status.

Climate

Vojvodina features a moderate continental climate with certain specifics. Summers are warm and winters are cold, while springs and autumns are relatively short. The average summer temperature ranges from 21 to 23° C, while at winter it is – 2° C. The average annual air temperature is 11° C, which corresponds to the spring. The average annual rainfall is about 600 mm/m², and there are about 45% of mainly sunny days per year.

There are four types of wind in Vojvodina: *košava* – cold and strong wind coming through the Danube valley from the East; *severac* – cold north wind sharply blowing down the plain; *south wind* – warm wind and *west wind* – which usually brings rain and snow.



Image 5: Winter day in Vršac

Population

According to the official Census of Population, Households and Housing 2011 in the Republic of Serbia, AP Vojvodina has 1,931,809 inhabitants, which makes 27% out of the total number of inhabitants in the Republic of Serbia.

The structure of the population, by ethnicity, is composed of: Serbs, Hungarians, Romanians, Slovaks, Croatians, Ruthenians and twenty different ethnic communities making Vojvodina a true treasury of diverse cultures on a relatively small area. Six languages are in the official use: Serbian (Cyrillic script with the possibility of using the Latin script), Hungarian, Romanian, Slovakian and Ruthenian.

The Statute stipulates that the citizens of the AP Vojvodina are equal in exercising their rights, irrespective of their race, gender, nationality, social background, birth, religion, political or other belief, financial standing, culture, language, age, mental or physical disability, in accordance with the Constitution and law.

Multilingualism, multiculturalism and freedom of religion are the values of special significance for AP Vojvodina. AP Vojvodina, within its jurisdiction, encourages and supports the preservation and the development of multilingualism and the cultural heritage of national minorities – national communities living in it. With specific measures and activities, AP Vojvodina helps mutual familiarisation with languages, cultures and religions and their respect in Vojvodina.



Image 6: Fostering multinational traditions in Vojvodina

Economy

AP Vojvodina has a very favourable traffic-geographical, but also a highly sensitive geostrategic position. The geostrategic position of Serbia, as well as AP Vojvodina, is determined by the fact that it is located at the contact point of large regions, i.e. at the crossroads of Central and Western Europe, the Mediterranean and the Middle East. Due to this position, Vojvodina started to establish its economic system at the beginning of XIX century. The economic basis of Vojvodina was formed during the Habsburg Monarchy for wider Central European purposes. Over time, Vojvodina became the area dominated by the agricultural production as one of the major industries. Besides agriculture, developed industries are: transport and communications, tourism, processing industry, trade, civil engineering, energy, textile industry, electromechanical industry, ICT, business services etc. Due to its natural resources and climate characteristics, a significant growth in the utilization of renewable energy sources on the territory of AP Vojvodina is expected in the near future.

Agriculture

AP Vojvodina regulates the matters of provincial importance in the fields of agriculture and rural development. Forests and forested areas cover 6.8% of the territory, and the arable land covers 76%. Crop is by far the most common category of cultivated plants, followed by industrial and forage crop as well as vegetables, fruit and wine production.

Natural features, such as the favourable climate conditions, fertile land and abundant water resources, place this region in the highly promising regions for the production of healthy and natural food. For the safety of food and the environment, the European Union launched the initiative to replace the conventional farming with the integral farming, as a better production system with

reduced negative effects on the environment and human health. This opens new possibilities of food production in Vojvodina and represents good preparation for the integration into the European Union. The fundamentals of the ecological farming are the rational usage of ecological potentials, concern for the preservation of soil fertility, high nutritional quality of food and the biological balance of nature. For more than ten years, the organic farming has been developing in Vojvodina on these fundamentals, which, by applying ecological principals in the food production, increase the quality of human life. Such production becomes real export chance for agriculture. Revitalisation of the conventional farming opens the possibility for the industrial agriculture to grow into the controlled conventional production of products with Vojvodina's brand as well as the possibility to develop other models of producing high quality, diverse food in Vojvodina that would be competitive on the European market.



Image 7: Wheat fields in Vojvodina

Minerals and Energy Resources

Mineral resources have great potential for the overall economic development of AP Vojvodina. Intensive research from the end of the 20th century showed that 87% of oil and gas reserves of the Republic of Vojvodina are on the territory of AP Vojvodina. Almost the third of the territory of AP Vojvodina is classified in the first rank (very promising) for oil and gas exploitation. The oil is of good quality, paraffinic type and does not contain sulphur and other impurities in harmful quantities. The oil is processed in two oil refineries: Novi Sad and Pančevo and is sufficient for 30% of domestic market. The most significant oil fields are: *Velebit*, *Kikinda*, *Rusanda* and *Elemir* and the most significant gas fields are *Mokrin*, *Međa* and *Martonoš*.

In accordance with the adopted 2011-2020 Geological Research Strategy, the localities for 2D and 3D seismic surveys and exploratory drilling have been determined. Therefore it is expected to increase the current number of 53 oil and gas fields (20 oil, 26 gas and 7 oil and 7 oil-gas fields) and to supply them with the most contemporary equipment.

On the territory of Vojvodina, there are also brown coal deposits in Vrdnik basin and on the slopes of Fruška Gora as well as lignite in the underwater mining *Kovin*.

Also, the sites of cement marl, limestone, tuff and brickearth used for the production of construction materials are well renowned.

The exploitation of renewable energy sources (biomass energy, hydropower, wind power, geothermal and solar energy) represents a great potential in the further economic, business and ecological development of AP Vojvodina.



Image 8: Oil field near Zrenjanin

Transport and Communications

AP Vojvodina has a very favourable traffic position, since the multimodal European corridors X with the basic route run through its territory, as well as the branch Xb and the corridor VII.

Two A-Class routes of international importance, i.e. TEM routes (*Trans European Motorways*): E-75 Vardø (Norway) - Crete (Greece) and E-70 from A Coruña (Spain) to Poti (Georgia) are the most important road routes and fall into the category of category I state roads. Furthermore, there are several international roads running through the territory of AP Vojvodina.

AP Vojvodina is intersected by three major European railways: E-85 (Budapest - Novi Sad - Belgrade - Niš - Skoplje - Thessaloniki - Athens), then E-70 (Paris - Milan - Zagreb - Belgrade - Niš - Sofia - Istanbul) and E-66 (Belgrade - Vršac - Timisoara) with a link to route E-51 to Bucharest and Odessa.

Once Pannonian Sea, present-day Vojvodina is one of the richest areas in the Republic of Serbia concerning the water areas and flows. The system of water traffic on the territory of AP Vojvodina includes the rivers Danube, Sava and Tisza as well as the network of navigable canals within the hydro system Danube-Tisza-Danube (DTD). The total length of navigable waterways is about 1700 km, of which over 1000 km is the high category navigable waterway. The river Danube, as an international navigable waterway, i.e. corridor VII, provides AP Vojvodina the access to the open sea. Container terminals are located in Novi Sad, Pančevo and Senta.

In AP Vojvodina, there is a civilian airport in Vršac with asphalt take-off and landing strip which allows limited international air traffic as well as numerous airfields used for sport and partly for certain economic activities (Sremska Mitrovica, Novi Sad, Bečej, Zrenjanin, Kikinda, Subotica, etc.). The international airport *Nikola Tesla* in Belgrade is 80 km from Novi Sad and through its vicinity and location, it provides fast and high quality link to the whole world for the citizens and the business sector of AP Vojvodina.

Moreover, important international cycling routes pass through AP Vojvodina. EuroVelo 6, from the Atlantic Ocean in France (Nantes) to the Black Sea in Romania (Constanta), EuroVelo 11 – from the north-east tip of Norway (Nordkap) all the way down south to Athens in Greece and EuroVelo 13 which runs on the borderline of the Republic of Serbia with Hungary and Romania.

There are also two long distance paths of the European Ramblers Association – E4 which crosses Vojvodina and heads to the Eastern Serbia and E7 which leads to the Western Serbia.

Suitable terrain enabled the construction of an extensive transport network of road, rail and waterways. Thus, AP Vojvodina has a good internal connection among cities and villages on its territory and also with cities and villages in the other regions in Serbia and the regions of the neighbouring countries. The accessibility of the territory of AP Vojvodina, as one of the regional unity of the Republic of Serbia, is one the crucial factors for its future development.

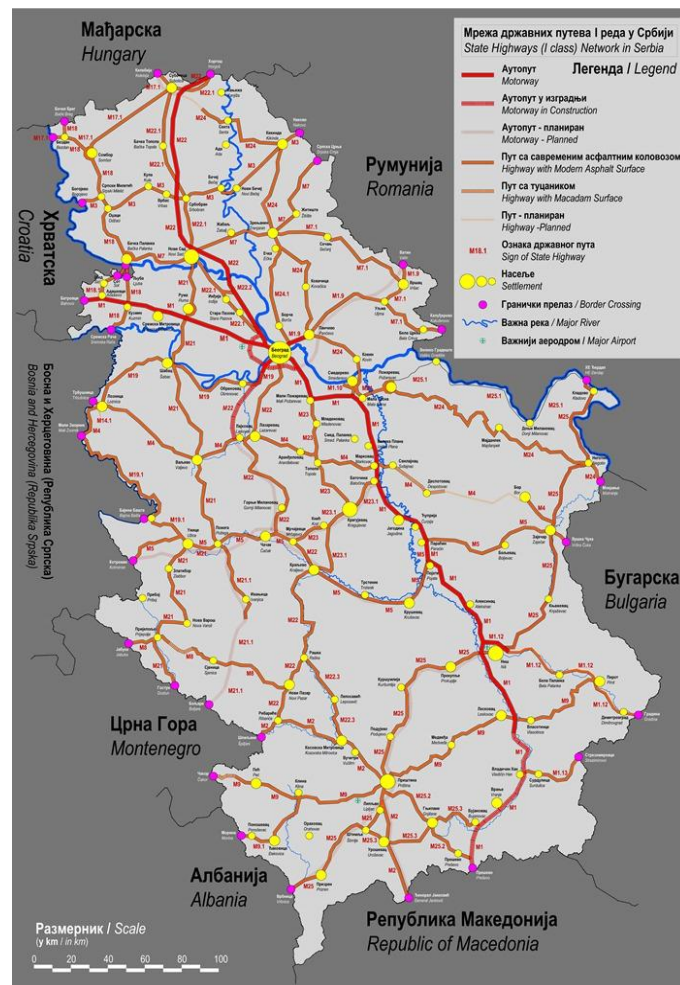


Image 9: The network of major roadways

Tourism

There are few communities, not only in Serbia but in Europe, that have such diversity. This is the advantage of tourism in AP Vojvodina. The diversity of Vojvodina is demonstrated not only by the demographic and socio-cultural factors, multi-ethnic communities which are abundant in the diversity of customs, languages, traditions, folklore but also in the geographical aspect. Starting with the vast and cultivated Vojvodina plain with many farmsteads, moving across the lakes and rivers with numerous distributaries, river islands, sandy beaches and famous fish restaurants with their tamburitza players and visiting the slopes of Fruška Gora where, in addition to its natural beauty, the true gem – the monasteries of Fruška Gora - lies.

The villages and farmsteads in Vojvodina are true ecological oasis, free of the city bustle, with clean air and healthy food. The hospitality and warmth of hosts, the food prepared in a traditional and healthy way, are widely known.

The territory of AP Vojvodina is rich in mineral, thermal and thermal mineral waters, which develops the health and wellness tourism and recreation. Among the most renowned spas are: Kanjiža Spa, Junaković Spa, Vrdnik Spa, Rusanda and Slankamen.

Hunting and fishing tourism are one of the most attractive and most profitable segments of tourist offer of AP Vojvodina. Vojvodina is a true paradise for all hunting and fishing enthusiasts. Rivers and lakes are rich in various species of fish and forests and marshes are full of numerous game, some of which, e.g. the red deer, hide their best specimen in Europe right here. Fishermen most frequently go to the Danube River and its numerous distributaries, Tisza and Sava but also to lots of other smaller rivers and lakes. Widely known hunting grounds include Karađorđevo (Bačka Palanka), Deliblato Sands, Apatin Marsh and Bosut forest.

In addition to the above, it should be noted that there are numerous music, art, literary, film, theatre and mixed artistic events in the tourist offer, out of which these particularly stand out: EXIT Music Festival, Tamburitza Fest, Sterija's Theatre, Zmaj Children Games, Palić Film Festival, Wine and Grape Days in Vršac and Sremski Karlovci and so on. The tourist offer also includes various economic events (fairs and fetes), scientific-professional, religious and sport events.



Image 10: International Music Festival EXIT

Culture, Science and Education

AP Vojvodina is rich in architect and cultural-historical heritage, monasteries, castles and fortresses. The simultaneous development of several nations on the same territory and under the same historical and social circumstances resulted in the mutual cultural influences, which contributed to the rich layers in one's own national culture.

The monasteries of Fruška Gora, as sacred objects, were built in the period from XV to XVIII century. 15 monasteries have been preserved until the present day and they are under UNESCO protection because of their cultural and historical value. In the close vicinity of Novi Sad, near Sremska Mitrovica, there are the remains of the ancient Roman city of Sirmium. There are over 40 castles from XVIII century in AP Vojvodina, four of which have been declared the cultural assets of special importance.

Traditional cultural institutions in AP Vojvodina are Matica Srpska – established in 1826 and the Serbian National Theatre – established in 1861 where plays are also performed in the languages of national minorities – national communities.

The first schools in AP Vojvodina occurred almost nine centuries ago and were organised within the churches. Today, education is conducted within the institutions of pre-school and primary education, which is mandatory and within secondary and higher education. The oldest Serbian grammar school was established in 1791 in Sremski Karlovci and the University of Novi Sad was established in 1960. This educational, scientific and artistic institution consists of fourteen faculties, the majority of which are located in Novi Sad, two are in Subotica and one in Zrenjanin and Sombor.



Image 11: Serbian National Theatre in Novi Sad

Conclusion

The process of accession of the Republic of Serbia to the European Union, the membership of AP Vojvodina in the Assembly of European Regions, stable economic, financial and political system as well as the ensured legal security of property and investment make the investment environment of AP Vojvodina open and healthy for the investment of domestic and foreign capital, the development of small and medium sized enterprises, the granting of concessions and other forms of public-private partnerships which should contribute to the greater commercial, economic and social development.

The commercial and economic development of AP Vojvodina are based on several facts: an exceptional geographical position, the wealth of natural resources and the uniqueness of Vojvodina as a multinational, multi-religious and multicultural environment.

The Republic of Serbia and AP Vojvodina are located at the crossroads of major road and rail routes which connect the Western, Central and Eastern Europe through the Morava – Vardar and Nišava – Marica valleys with the shores of the Aegean Sea, Asia Minor and the Middle East. The Danube River puts the territory of AP Vojvodina at the centre of the major navigational route in Europe, which, through the Rhine – Main – Danube Canal connects the North Sea, the Atlantic Ocean and the Black Sea. The vicinity of Nikola Tesla Airport, which is becoming a regional passenger and cargo centre, also represents the great potential in the economic development of AP Vojvodina.

Favourable climatic conditions, fertile land and rich water resources classify AP Vojvodina as the highly promising area for the production of healthy and safe food.

Moreover, Vojvodina is distinctive because of its wealth of thermal resources, mineral resources, potential in the renewable energy sources, natural protected areas, protected by law but also those whose valorisation depends on the overall social and economic development where the aspect of preservation and protection of rare and endangered plant and animal species is particularly significant.

What Vojvodina has and can offer to Europe and the world, and what history has left as perhaps the greatest treasure, is its diversity: the multi-ethnic composition of population, multilingualism and multi- confessionalism, the influence of different religions and cultures with more than 700 cultural monuments. On the tourist map of Europe, Vojvodina represents the treasury of Central European culture, as well as the region with very attractive and appealing tourist offers.

All these resources fulfil the economic, social, developmental and managerial dimensions which are beneficial to the present and future generations.

And of course, Vojvodina is *a house in the middle of the road*, as the greatest geographer from this area Jovan Cvijić said, but this fact only opens up additional opportunities for its further development.

2.4 The legal status of the Issuer within the state administration

2.4.1 The constitutional system of the position and the competences of autonomous provinces

The Constitution determines the position of the autonomous provinces. Autonomous provinces, in accordance with the Constitution and their Statutes, autonomously regulate the system and the competences of their authorities and public services.

The Assembly is the supreme authority of the autonomous province. It has deputies elected for a four-year term of office.

The Constitution stipulates that the autonomous provinces shall, in accordance with the Law, regulate the matters of provincial interest in the following fields:

- Urban planning and development;
- Agriculture, water management, forestry, hunting, fishery, tourism, catering industry, spas and health resorts, environmental protection, industry and craftsmanship, road, river and railway transport and road rehabilitation, organisation of fairs and other economic events;
- Education, sport, culture, health care and social welfare and public information at the provincial level.

The Constitution defines that the autonomous provinces shall

- See to exercising human and minority rights, in accordance with the Law;
- Establish their symbols, as well as the manner in which they shall be put to use;
- Manage the provincial assets in the manner stipulated by the Law;
- Have direct revenues for financing their competences, the type and amount shall be determined by law;
- Provide the resources for local self-government units for performing the delegated affairs;
- Adopt their budget and annual statement of accounts.

The Constitution regulates the legal acts of the autonomous provinces:

- The Statute – as the supreme legal act adopted by its Assembly, subject to prior approval of the National Assembly;
- Other decisions and general acts.

The Constitution determined that the Government of the Republic of Serbia may initiate, before the Constitution Court, the proceedings of assessing the constitutionality and legality of a decision of the autonomous province, prior to its coming into force.

2.4.2 Legal status and competences of the Autonomous Province of Vojvodina

Legal Status

AP Vojvodina is an inseparable part of the Republic of Serbia and has the status of a legal entity.

The Constitution of the Republic of Serbia regulates that the provincial assets as well as the manner of their use and disposal are determined by law.

The public property of AP Vojvodina include the assets used, pursuant to the law, by the authorities of AP Vojvodina, institutions and public enterprises founded by AP Vojvodina, along with other movable and immovable items, in compliance with the law.

AP Vojvodina has, in accordance with the Constitution and the Statute of AP Vojvodina, independently regulated the organization and competences of its authorities and public services.

Competences

The competences of AP Vojvodina are regulated by the Constitution of the Republic of Serbia, Law on Establishing the Competences of the Autonomous Province of Vojvodina and the Statute of AP Vojvodina.

AP Vojvodina, through its authorities, and in accordance with law, exercises its competences in the following areas:

- Urban planning;
- Regional development;
- Agriculture, rural development, water management, forestry, hunting and fishery;
- Tourism, catering industry, spas and health resorts;
- Environmental protection;
- Industry and craftsmanship;
- Road, river and railway transport and road rehabilitation;
- Organisation of fairs and other economic events;
- Education, sport, culture;
- Health care and social welfare;
- Public information at the provincial level;
- Infrastructure development and capital investments;
- Competences in other fields
- ✓ to see to the exercise of human and minority rights in the territory of AP Vojvodina and specify additional rights of national minorities – national communities, in conformity with the law;
- ✓ to effect cooperation with churches and religious communities in the territory of AP Vojvodina and provide assistance for the activities undertaken in the public interest, in accordance with law;
- ✓ to see to the exercise of measures concerning the gender equality in the AP Vojvodina authorities, in accordance with law;
- ✓ to carry out other duties, stipulated by the law, which constitute its original or delegated competence.

The Statute, pursuant to the Constitution of the Republic of Serbia, stipulates that AP Vojvodina through its authorities:

- Enacts the Statute and decides on amending the Statute;
- Enacts the Provincial Assembly decisions and other general acts to regulate the issues relevant to the Province, in accordance with the law;
- Enforces Provincial Assembly decisions and passes regulations for their enforcement,
- Enforces laws and passes regulations for their enforcement when it is stipulated by the law;
- Regulates the election, organisation and work of bodies, agencies, public enterprises and institutions it has established;
- Establishes languages of national minorities – national communities in official use in the work of provincial authorities, in accordance with the law;
- Regulates rights, duties and position of the elected, appointed, designated and employed persons in authorities of AP Vojvodina;
- Collects and processes statistical data in the interest of the Province;
- Specifies offences for breach of provincial regulations;
- Schedules the provincial referendum;
- Enacts the plan and programme of balanced economic development of AP Vojvodina, in accordance with the law and the development plan of the Republic of Serbia;
- Decides on the use of its direct revenues;
- Decides on its borrowing, in accordance with the law;
- Enacts its budget and annual statement of accounts;
- Establishes organisations, agencies, public enterprises and institutions, funds, and economic associations and monitors their work;
- Establishes the provincial awards and rewards for natural persons and legal entities;
- Regulates other issues relevant to the Province, in accordance with the law and the Statute.

2.5 Authorities of the Autonomous Province of Vojvodina

The Statute of AP Vojvodina stipulates that its authorities are:

- The Assembly of the Autonomous Province of Vojvodina;
- The Provincial Government;
- Provincial administration authorities;
- Provincial Protector of Citizens - Ombudsman.



Picture 12: Headquarters of the Assembly of AP Vojvodina and the Provincial Government

The headquarters of the Assembly of AP Vojvodina and the Provincial Government is in the Banovina Palace or Banovina, an imposing building whose construction began in 1936, after the design of Dragiša Brašovan, the leading architect of the Serbian construction art in the XX century. The building used to be the headquarters of the Governor, Danube Banovina and Banovina administration. It has an elongated, closed and horseshoe layout with the basement, ground floor and two floors and a tower of 42 metres. Due to its magnificent composition, which resembles a ship, many people call it “the white cruiser”.

1) The Assembly of the Autonomous Province of Vojvodina

The Assembly of AP Vojvodina is the supreme authority of the Autonomous Province of Vojvodina, with the headquarters in Novi Sad, bb Vladike Platona Street.



Image 13: Headquarters of the Assembly of AP Vojvodina

The Assembly of AP Vojvodina is the representative body of citizens, which enacts regulations for the enforcement of laws and other regulations and by-laws of the Republic of Serbia, the enforcement of which is delegated to the Assembly, as well as decisions and other by-laws within its competences.

The Assembly of AP Vojvodina has 120 Deputies elected in direct elections, by means of balloting.

The Assembly of AP Vojvodina has the President and one or more Vice-Presidents, elected from the line of deputies.

The President of the Assembly forms an Assembly Collegium for the purpose of coordinating the activities and consulting on the work of the Assembly.

Standing working bodies in the form of committees are set up to consider and analyse issues falling under the competencies of the Assembly, put forward acts, analyse the state of affairs in certain spheres and perform other activities stipulated by the Rulebook.

The Assembly can set up temporary working bodies – review committees and boards, for the purpose of reviewing the situation in certain areas and establishing facts about certain developments or events.

The Assembly also forms a working body for national equality, whose work is determined by the Rulebook.

In the Assembly the Deputies' groups may be formed of deputies whose work is determined by the Rules of Procedure.

The Assembly Service of the AP Vojvodina performs professional, administrative, technical and other activities for the purpose of the Assembly and its working bodies.

2) The Provincial Government

The Provincial Government is the authority of AP Vojvodina and, within the competences of AP Vojvodina, is the holder of the executive power in the territory of AP Vojvodina.

The headquarters of the Provincial Government is in Novi Sad at 16, Mihajla Pupina Boulevard.



Image 14: Headquarters of the Provincial Government

The Provincial Assembly Decision on the Provincial Government regulates the composition, term of office, system, competences and other issues relevant to the work of the Provincial Government. The Provincial Government determines and exercises the policy within the rights and obligations of AP Vojvodina, in the areas of its competences, in accordance with the Constitution, law and the Statute of AP Vojvodina and other general acts of the Assembly of AP Vojvodina.

The Provincial Government reports to the Assembly for its activities, which are defined in the framework of competences determined by the Constitution of the Republic of Serbia and the Statute of AP Vojvodina as the supreme legal act of the province.

The Provincial Government enacts provincial regulations, decisions, recommendations, directives, instructions, rulings, ordinances, and conclusions.

Term of office of the Provincial Government commences on the day of taking an oath before the Assembly and lasts no longer than the expiry of the term of office of the Assembly that elected it.

The Provincial Government consists of its President, one or several Vice-Presidents and members of the Provincial Government, holding, at the same time, the position of the Provincial Secretaries. The President of the Provincial Government represents, manages and guides the Provincial Government, preserves the unity of its political action and coordinates the activities of the members of the Government.

The activities of the Provincial Government are public.

The Provincial Government has the Secretariat of the Provincial Government responsible for the professional, administrative and operational tasks conducted for the Provincial Government purposes.

The Provincial Government establishes:

- The Advisory Board of the President of the Provincial Government for the purposes of discussion of basic and other issues from the scope of the competencies of the Provincial Government;
- Standing working bodies for the efficient work of the Provincial Government, assessing materials and deciding, taking stands, giving opinions and concerning other issues in the frame of the Provincial Government competences;
- Temporary working bodies.

The Provincial Government has the competences to propose to the Assembly the following:

1. Provincial Assembly decisions and other general acts;
2. Budget and statement of accounts of AP Vojvodina;
3. Strategies, programmes, plans and other developing documents within AP Vojvodina competences, in accordance with the law and the Statute of AP Vojvodina;
4. Proposals for the conclusions of agreements with the appropriate territorial communities in other countries.

The competences of the Provincial Government, determined by the Statute of AP Vojvodina:

- Executes laws if given the authority to do so;
- Implements Provincial Assembly decisions and other general acts of the Assembly;
- Reports the opinion to the Assembly, the competent working body or the President of the Assembly of the proposal of a Provincial Assembly decision or general act submitted to the Assembly by another proposer;
- Undertakes specific measures and activities in cases of significant disproportional representation of national minority-national community representatives in provincial bodies and services founded by AP Vojvodina;
- Gives consent to programmes and plans of public companies, institutions and other organisations founded by AP Vojvodina;
- Undertakes specific measures for the implementation of programme, development or planning documents enacted by the Assembly;
- Appoints or relieves of duty provincial office holders not elected by the Assembly;
- Represents AP Vojvodina as a legal entity, exercising rights and obligations AP Vojvodina is entitled to as the founder of public companies and institutions in accordance with the law;
- Establishes professional bodies to be responsible for particular tasks within the competence of AP Vojvodina, designates their members and relieves them of duty;
- Establishes professional and other services bodies to be responsible for particular tasks within their scope of work, in accordance with the law, the Statute and a provincial assembly decision;

- Appoints, i.e. proposes the managers, members of steering and monitoring committees of funds, institutions and other organisations in accordance with the law;
- Manages the property of AP Vojvodina, in accordance with the law, while regularly informing the Assembly, no later than the expiry of the first quarter of the current year for the previous year;
- Directs and harmonises the activities of the provincial administration bodies and organisations founded by AP Vojvodina and supervises their work;
- Monitors the activities of the companies and institutions performing public services and other activities in issues of significance to the Province which were founded by the AP Vojvodina;
- Enacts acts and undertakes activities and measures within the competence of the Assembly in the event of natural disasters, technical accidents and other extraordinary circumstances, unless the Assembly is able to convene in due time;
- Submits a regular annual report about their work to the Assembly as well as extraordinary reports if requested by the Assembly;
- Adopts the Rules of Procedure;
- Resolves the conflict of competences between the provincial administration bodies and organisations, other organisations and services of the AP Vojvodina;
- Decides on the discharge of the manager of the provincial administration bodies and organisations, other organisations and services of the AP Vojvodina;
- Repeals and abolishes every general and individual act of a provincial administration body or an organisation which is not in line with the Law, the Statute or the Provincial Assembly Decision within the monitoring over the work of the bodies and organisations of the provincial administration bodies in a manner determined by law, the Statute and a Provincial Assembly Decision;
- Performs other tasks determined by Law, the Statute or a Provincial Assembly Decision.

3) Provincial Administration

The Provincial Assembly decision on the Provincial Administration regulates the status, method of work, activities and organisation of the provincial administration, the relationship between the provincial administration and other bodies and other matters of importance to the provincial administration. The provincial administration authorities include provincial secretariats and special provincial administrative organisations (institutes, directorates and offices).

Bodies of the provincial administration shall be accountable for its work to the Assembly of the Autonomous Province of Vojvodina and the Provincial Government.

The Provincial administration authorities, within the scope of the AP of Vojvodina competences stipulated by the Constitution, the law and the Statute, shall perform executive tasks, supervision, prepare regulations to be enacted by the Assembly and the Provincial Government and pass regulations within their competence, carry out expert and developing activities, monitor the work of public services, carry out the tasks delegated by the state administration, as well as other duties in conformity with the regulations and within the scope of the AP Vojvodina competences stipulated by the Constitution, law and Statute.

Provincial secretariats shall be established to perform provincial administration tasks in one or more interrelated fields and they shall be managed by provincial secretaries who shall, at the same time, be members of the Provincial Government.

By way of the Provincial Assembly decision on the Provincial Administration, the following provincial secretariats have been established:

1. Provincial Secretariat for Agriculture, Water Management and Forestry;
2. Provincial Secretariat for Education, Regulations, Administration and National Minorities – National Communities;
3. Provincial Secretariat for Culture and Public Information;
4. Provincial Secretariat for Health Care, Social Policy and Demography;
5. Provincial Secretariat of Finance;
6. Provincial Secretariat for Interregional Cooperation and Local Self-Government;
7. Provincial Secretariat for Urban Planning, Construction and Environmental Protection;
8. Provincial Secretariat for Science and Technological Development;
9. Provincial Secretariat for Energy and Mineral Resources;
10. Provincial Secretariat for Sports and Youth;
11. Provincial Secretariat for Economy, Employment and Gender Equality.

Provincial secretaries shall be elected by the Assembly of AP Vojvodina. The work of the provincial administration shall be subject to supervision of the of state administration bodies and the Provincial Government, in conformity with the law and Statute.

The special provincial administrative organisations shall be managed by directors appointed by the Provincial Government.

The funds for financing the activities of the provincial administration shall be provided in the AP Vojvodina budget, in conformity with the law and other regulations.

The provincial administration authorities shall be independent in performing their tasks and shall work in the framework of and pursuant to the Constitution, law, Statute, Provincial Assembly decisions and other general acts of the Assembly and Provincial Government.

The work of the provincial administration shall be available to the public.

4) Provincial Protector of Citizens - Ombudsman

The Provincial protector of Citizens – Ombudsman is an independent and autonomous authority of the Autonomous Province of Vojvodina, protecting the citizens' rights and supervising the work of provincial administration authorities, public enterprises and institutions in charge of administrative and public powers, founded by the AP Vojvodina, in regards to their acting while enforcing decisions and other legal acts of the AP Vojvodina.

The Ombudsman shall protect the citizens' rights, particularly against the violations arising out of the unlawful, inappropriate and inefficient actions by public administration authorities.

The Ombudsman shall protect the citizens' rights against violation arising out of the unlawful, inappropriate and inefficient actions committed by city and municipal administration in performing the tasks delegated by the AP Vojvodina from its authentic competences.

The Provincial Protector of Citizens –Ombudsman shall be elected and relieved of duty by the Assembly of AP Vojvodina.

2.6 Composition of the Provincial Government

The Provincial Government shall comprise the president, one or several vice-presidents and members, who shall at the same time be provincial secretaries.

In the AP Vojvodina Assembly session held on 11 July 2012, Bojan Pajtić SJD was elected the head of the Government of AP Vojvodina, now Provincial Government. He discharged the position of the President of AP Vojvodina Government in the two previous terms-of-office.

By way of the Provincial Assembly Decision on the Election of AP Vojvodina Government, the following persons were elected members of the AP Vojvodina Government, now Provincial Government:

1. *Bojan Pajtić, SJD*, President of the Provincial Government;
2. *Miroslav Vasin*, Vice-President of the Provincial Government and Provincial Secretary for Economy, Employment and Gender Equality;
3. *Vladimir Pavlov*, Vice-President of the Provincial Government and Provincial Secretary for Science and Technological Development;
4. *Branislav Bogaroški*, Vice-President of the Provincial Government and Provincial Secretary Agriculture, Water Management and Forestry;
5. *Mihály Nyilas*, Vice-President of the Provincial Government and Provincial Secretary Education, Regulations, Administration and National Minorities – National Communities;
6. *Slaviša Grujić*, Vice-President of the Provincial Government and Provincial Secretary for Culture and Public Information;

7. *Slobodan Puzović, PhD*, Provincial Secretary for Urban Planning, Construction and Environmental Protection;
8. *prof. Vesna Kopitović, MD*, Provincial Secretary for Health Care, Social Policy and Demography;
9. *Zoran Radoman*, Provincial Secretary for Finance;
10. *Branislav Bugarski*, Provincial Secretary for Interregional Cooperation and Local Self-Government;
11. *Nenad Stanković*, Provincial Secretary for Energy and Mineral Resources;
12. *Marinika Tepić*, Provincial Secretary for Sports and Youth.

Members of the Provincial Government shall be accountable for their work and situation in the field within their responsibility, to the President of the Provincial Government, Provincial Government and Assembly of AP Vojvodina.

2.7 Events that may be relevant for the Issuer's solvency assessment

The following events may have the greatest effects on the Issuer's solvency:

- passing of the Law on Financing the Competences of Autonomous Province of Vojvodina;
- amendments to the Law on Personal Income Tax;
- amendments to the Law on Corporate Profit Tax;
- amendments to the Property Tax Law;
- amendments to the Law on Value Added Tax;
- amendments to other regulations according to which the provincial budget acquires revenues;
- launching economic activities.

Amendments to the specified laws, as well as launching of economic activities, may have direct effects on the raised amount of budget revenue, which may affect the Issuer's solvency.

2.8 Economic (commercial) indicators of the Issuer

2.8.1 Development level of local self-government units in the Autonomous Province of Vojvodina and population density

The Autonomous Province of Vojvodina is a statistical region at the NUTS - 2 level (Nomenclature of Statistical Territorial Units) in the Republic of Serbia. The population of the Autonomous Province of

Vojvodina is 1,931,809¹, or 27% in the total population of the Republic of Serbia. It spreads on the area of 21,506 km² and the average population density is 89 inhabitants per km².

Vojvodina's population density is slightly lower than in that of Serbia, as there are 89 inhabitants per km² in Vojvodina and 93 inhabitants per km² in Serbia. For this reason, the share of Vojvodina in the overall population of Serbia is 27%, which is slightly lower compared to its share in the territory, which is 28%.

The most densely populated city is Novi Sad, being the administrative centre of Vojvodina.

The region of Vojvodina comprises seven statistical territorial units - areas at the NUTS-3 level, including the territories of 45 units of local self-government in total, i.e. six cities and 39 municipalities.

All units of local self-government in the Republic of Serbia, according to their development level, may be classified into four groups and devastated areas ².

1. The first group – with the development level above the Republic average – consists of 20 units of local self-government, of which as many as 11, or more than a half - 55%, are situated in the territory of Vojvodina.
2. The second group, with the development level ranging from 80% to 100% of the Republic average GDP per capita, consists of 34 units of local self-government, out of which 15 or 44% in the total number of units in this group, are located in the territory of Vojvodina.
3. The third group, the underdeveloped units, with development level ranging from 60% to 80% of the Republic average, consists of 47 units of local self-government, out of which 18 municipalities, or 38% of the total number of units in this group, are located in the territory of Vojvodina.
4. The fourth group, the highly-underdeveloped units, with the development level below 60% of the Republic average, consists of 44 units of local self-government, of which only one, or 2% of the total number in this group, is located in the territory of Vojvodina.
5. Out of 19 municipalities classified under devastated area (areas with development level below 50% of the Republic average GDP per capita), none is located in the territory of Vojvodina.

As many as 26 units of local self-government from the territory of Vojvodina, or 58% of the total number, are classified in the first or second group, when it comes to their development level.

1 „REPUBLIC OF SERBIA POPULATION, HOUSEHOLDS AND DWELLINGS CENSUS 2011“, Statistical Office of the Republic of Serbia.

2 REGULATION ON ESTABLISHING A SINGLE LIST OF DEVELOPMENT LEVEL OF REGIONS AND UNITS OF LOCAL SELF-GOVERNMENT FOR 2014, „OFFICIAL GAZETTE OF THE RS“ NUMBER 104/2014.

The following table gives an overview of development level of local self-government units in 2014 (column 2), in conformity with the Regulation on Establishing a Single List of Development Level of Regions and Units of Local Self-Government for 2014 and population density (column 6) per unit of local self-government.

TABLE 1: Overview of development level of local self-government units for 2014

No:	GROUP OF DEVELOPMENT LEVEL ACCORDING TO REGULATION FROM 2014	STATISTICAL TERRITORIAL UNIT	AREA In km ²	NUMBER OF INHABITANTS	NUMBER OF INHABITANTS per km ²
1	2	3	4	5	6
REPUBLIC OF SERBIA			77,570	7,186.862	93
REGION OF VOJVODINA – NUTS 2			21,603	1,931.809	89
1	I	NOVI SAD – CITY	699	341.625	489
2	I	STARA PAZOVA	350	65.792	188
3	II	SREMSKI KARLOVCI	51	8,750	172
4	II	TEMERIN	170	28,287	166
5	I	PANČEVO – CITY	756	123,414	163
6	I	SUBOTICA – CITY	1,007	141,554	141
7	II	INĐIJA	385	47,433	123
8	I	VRBAS	376	42,092	112
9	II	SREMSKA MITROVICA – CITY	762	79,940	105
10	I	BAČKA PALANKA	579	55.528	96
11	II	RUMA	582	54,339	93
12	II	ZRENJANIN – CITY	1,327	123,362	93
13	II	KULA	481	43,101	90
14	II	BAČKI PETROVAC	158	13,418	85
15	I	BEOČIN	185	15,726	85
16	I	SENTA	293	23,316	80
17	II	BEČEJ	487	37,351	77
18	II	KIKINDA	783	59,453	76
19	II	APATIN	380	28,929	76
20	II	ADA	227	16,991	75
21	III	ODŽACI	411	30,154	73
22	II	SOMBOR – CITY	1,216	85,903	71
23	III	MALI IDOŠ	181	12,031	66
24	I	VRŠAC	800	52,026	65
25	III	ŽABALJ	400	26.134	65
26	I	KANJIŽA	399	25,343	64
27	III	KOVAČICA	419	25,274	60
28	III	TITEL	261	15,738	60
29	III	SRBOBRAN	284	16,317	57
30	II	BAČKA TOPOLA	596	33,321	56
31	IV	OPOVO	203	10,440	51
32	III	ŠID	687	34,188	50
33	III	BELA CRKVA	353	17,367	49
34	III	IRIG	230	10,866	47
35	III	KOVIN	730	33,722	46
36	I	PEČINCI	489	19,720	40
37	III	NOVI BEČEJ	609	23,925	39
38	III	BAČ	365	14,405	39
39	III	NOVA CRNJA	273	10,272	38
40	II	NOVI KNEŽEVAC	305	11,269	37
41	III	ČOKA	321	11,398	36
42	III	ALIBUNAR	602	20,151	33
43	III	ŽITIŠTE	525	16,841	32
44	III	PLANDIŠTE	383	11,336	30
45	III	SEČANJ	523	13,267	25

2.8.2 Structure of Gross Domestic Product per sectors of activity in the Republic of Serbia in 2013

On 25 December 2014, the Statistical Office of the Republic of Serbia published the final results of the calculation of Gross Domestic Product (GDP) using the EAS 2010 methodology, according to the production and expenditure approach, in current and fixed prices for 2013.³

In 2013, the GDP in the Republic of Serbia, in current prices, was 3,876,403.4 million RSD. Compared to the previous year, its nominal increase was by 8.2%, or real increase by 2.6%.

Per activity, the most significant share in formulation of the GDP for 2013 was provided by the following sectors:

- sector of processing industry – 16.1%;
- sector of wholesale and retail trade and repair of motor vehicles – 9.7%;
- sector of real estate activity – 8.7%;
- sector of agriculture, forestry and fishing – 7.9%.

Per activity, the real growth of gross value added in 2013 was generated in the following sectors:

- processing industry by 5.7%;
- agriculture, forestry and fishing by 20.9%;
- supply of electricity, gas and steam by 13.0%;
- transportation and storage sector by 7.6%.

The greatest decrease in gross value added in 2013 was recorded in :

- finance and insurance activity sector by 9.5%;
- accommodation and food services sector by 8.1%.

³ REPORT NR30 (*NATIONAL ACCOUNT*), NUMBER 350 - YEAR LXIV, 25/12/ 2014, NATIONAL ACCOUNT STATISTICS.

2.8.3 Regional Gross Domestic Product⁴

Table 2: Gross value added per activity and gross domestic product of the Republic of Serbia in current prices

SECTORS	Amount in million RSD		Structure	
	2012	2013	2012	2013
A Agriculture, forestry and fishing	269,999.8	305,519.7	7.5%	7.9%
V Mining	57,980.3	58,834.6	1.6%	1.5%
S Processing industry	542,933.2	623,325.6	15.1%	16.1%
D Supply of electricity, gas and steam	103,710.5	138,806.1	2.9%	3.6%
E Water supply and waste water management	43,570.1	46,512.0	1.2%	1.2%
F Construction	161,988.1	165,598.3	4.5%	4.3%
G Wholesale, retail trade and repair of motor vehicles	345,902.6	377,600.8	9.7%	9.7%
N Transportation and storage	136,835.4	161,874.3	3.8%	4.2%
I Accommodation and food services	41,937.7	41,131.9	1.2%	1.1%
J Information and communication	160,546.6	168,487.0	4.5%	4.3%
K Financial and insurance activities	107,433.1	102,544.6	3.0%	2.6%
L Real estate activity	328,051.4	335,956.0	9.2%	8.7%
M Expert, scientific, innovation and technical activity	112,803.5	119,999.6	3.1%	3.1%
N Administrative and support services	54,208.2	56,365.0	1.5%	1.5%
O Public administration and compulsory social insurance	142,386.1	148,740.0	4.0%	3.8%
R Education	122,811.9	128,867.9	3.4%	3.3%
Q Healthcare and social protection	183,691.4	191,270.8	5.1%	4.9%
R Arts; entertainment and recreation	36,322.7	38,428.7	1.0%	1.0%
S Other service activities	48,447.0	50,390.6	1.4%	1.3%
T Activities of households as employers	3,011.0	3,264.8	0.1%	0.1%
U Activities of extraterritorial organisations and bodies				
Gross value added (GVA)	3,004,570.6	3,263,518.3	83.8%	84.2%
Tax on products	605,840.3	638,936.5	16.9%	16.5%
Subsidies on products (-)	26,175.2	26,051.6	0.7%	0.7%
GROSS DOMESTIC PRODUCT (GDP)	3,584,235.8	3,876,403.4	100.0%	100.0%

According to information by the Statistical Office of the Republic of Serbia,⁵ in 2013 the Region of Vojvodina generated 1,055.27 billion RSD of gross domestic product (hereinafter: GDP) and its share in the GDP of the Republic of Serbia was 27.2 %. The GDP per capita was 552,000 RSD, which was by

⁴ The Statistical Office of the Republic of Serbia still has no information about the structure or the regional gross domestic product per activity for regions of the Republic of Serbia for 2011, 2012 and 2013. The first information is expected in 2014, but was not published until 12 June 2014.

⁵ „REGIONAL GROSS DOMESTIC PRODUCT 2013”, Statistical Office of the Republic of Serbia, January 2015

2% above the Republic average (541,000). Compared to 2012, the Region of Vojvodina recorded the growth rate of nominal GDP of 8.4%, which is presented in the table below.

Table 3: **Regional Gross Domestic Product in the Republic of Serbia**

STATISTICAL REGIONS	GROSS DOMESTIC PRODUCT					GDP PER CAPITA			
	Generated in million RSD		Growth rate in 2013/2012	Share in the GDP of Republic of Serbia		In thousand RSD		Deviation from the Republic average (Serbia =100%)	
	2013	2012		2013	2012	2013	2012	2013	2012
1	2	3	4	5	6	7	8	9	10
REPUBLIC OF SERBIA	3,876,403	3,584,236	8.2%	100%	100%	541	498	-	-
NUTS - 2									
REGION OF BELGRADE	1,54,620	1,422,963	8.7%	39.9%	39.7%	926	855	71.2%	71.7%
REGION OF VOJVODINA	1,055,270	973,800	8.4%	27.2%	27.2%	552	507	2.0%	1.8%
REGION OF ŠUMADIJA AND WESTERN SERBIA	731,466	682,067	7.2%	18.9%	19.0%	365	338	- 32.5%	- 32.1%
REGION OF SOUTH- EASTERN SERBIA	540,461	502,719	7.5%	13.9%	14.0%	342	315	- 36.8%	- 36.7%
EXTRA REGIO ⁶	2,586	2,687	- 3.8%	0.1%	0.1%				

⁶ „In conformity with the ESA 2010 and Eurostat Regional Accounting Methodology, „Extra Regio“ is presented as a separate territorial unit for statistics. It concerns regional and consular representations, embassies of the Republic of Serbia and other economic territories of the Republic of Serbia outside the border of its territory .” Source: Regional Gross Domestic Product 2013, January 2015

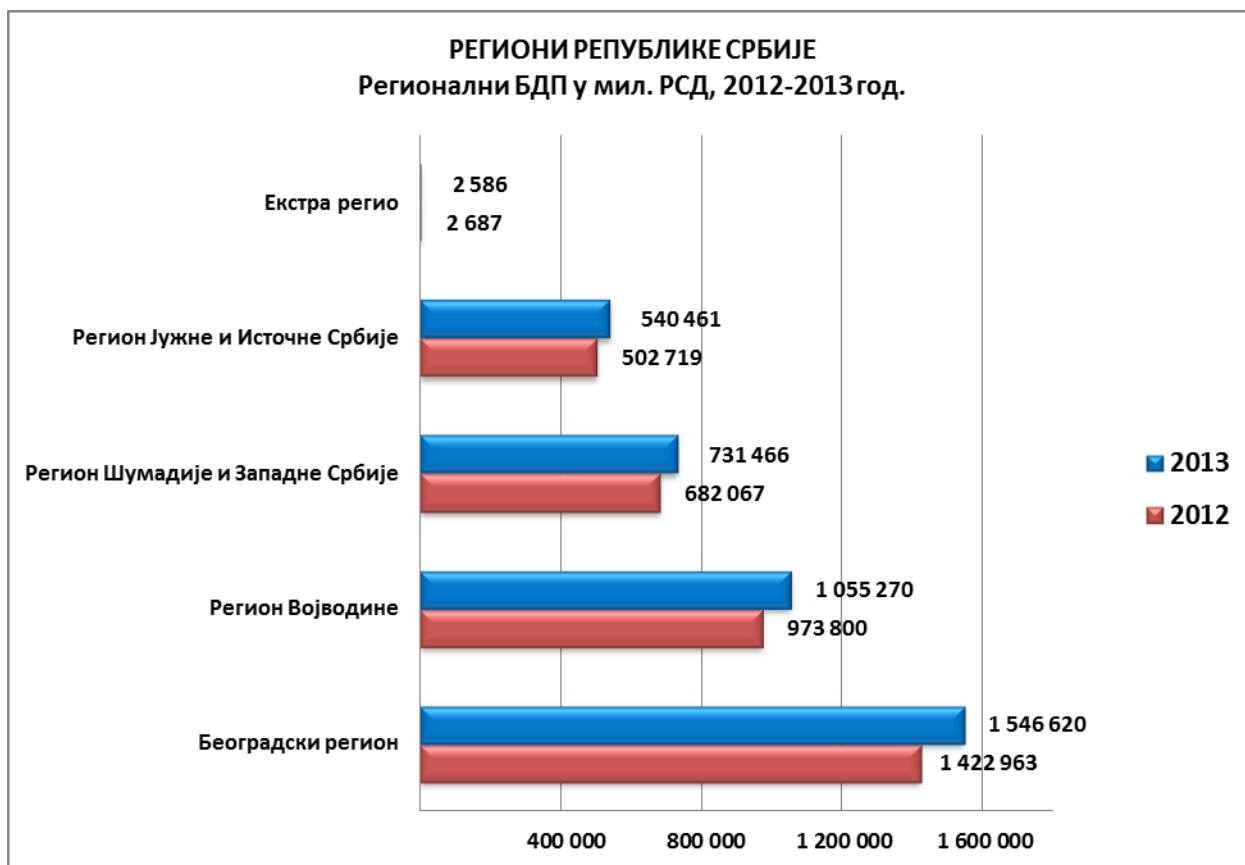


Chart 1: **REGIONS OF THE REPUBLIC OF SERBIA** - Regional GDP (in billion RSD, 2012-2013)

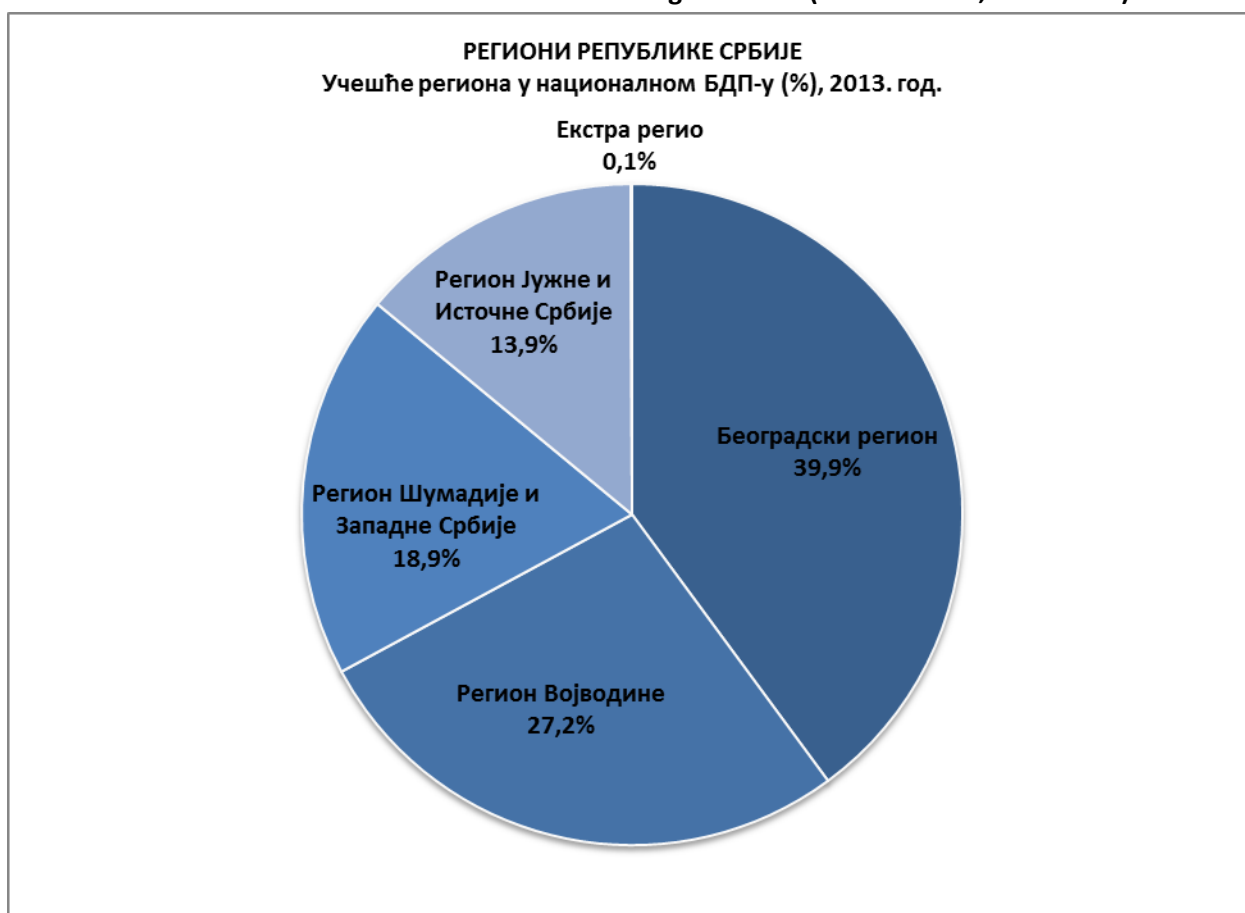


Chart 2: **REGIONS OF THE REPUBLIC OF SERBIA** - Share of regions in the national GDP, 2013

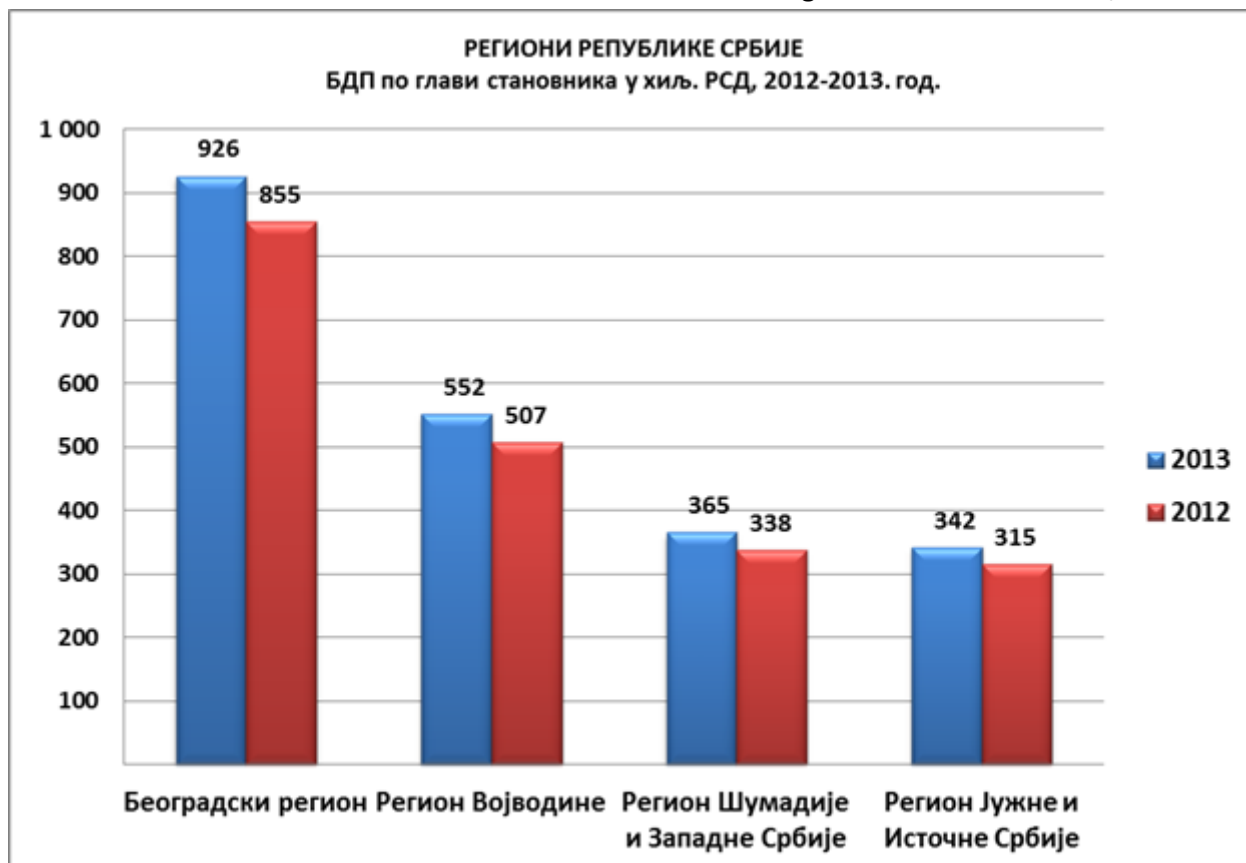


Chart 3: **REGIONS OF THE REPUBLIC OF SERBIA** - GDP per capita in 000 RSD (2012-2013)

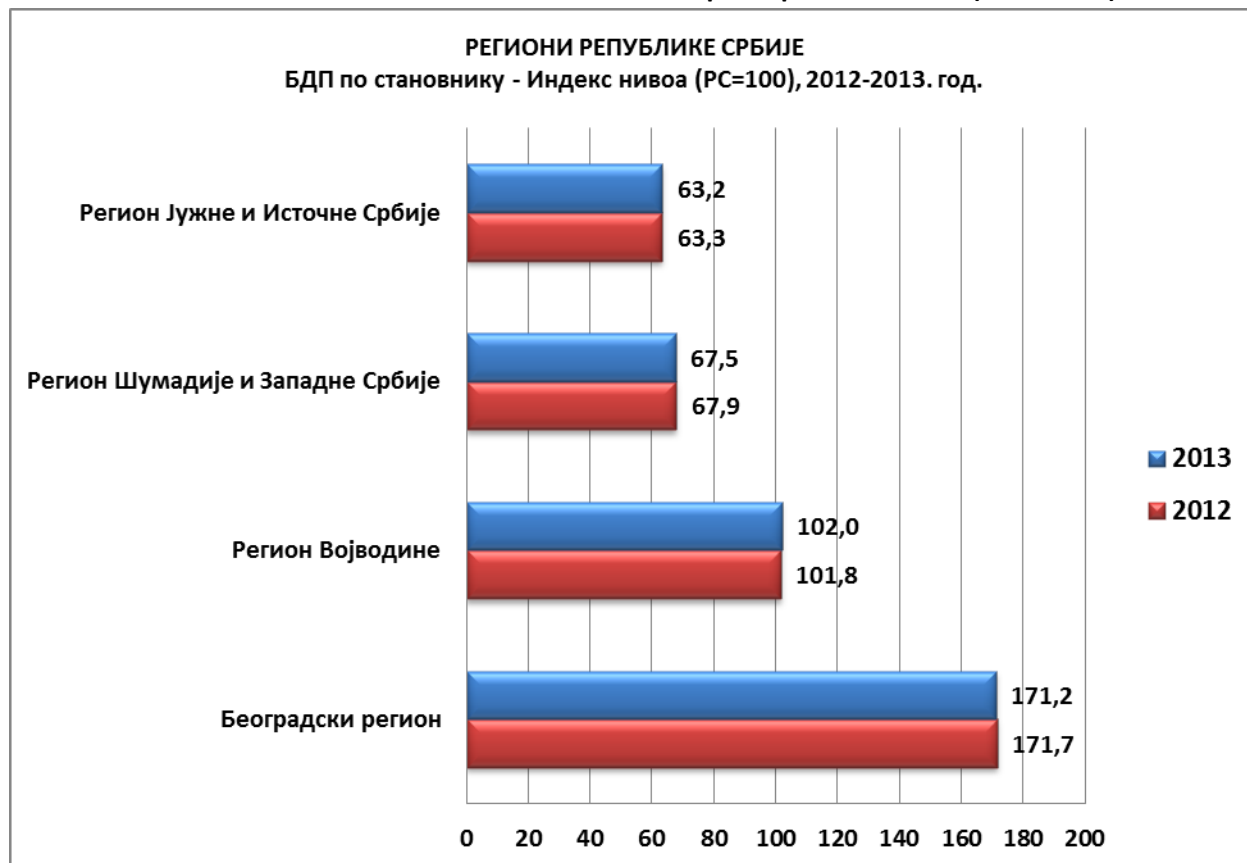


Chart 4: **G REGIONS OF THE REPUBLIC OF SERBIA** - GDP per inhabitant, Level Index (RS=100)

(2012-2013)

2.8.4 Number of employees per industry and average net wages

According to the information by the Statistical Office of the Republic of Serbia, in Vojvodina, on 30 September 2014, 341,905 persons were employed with legal entities and 98,786 with private entrepreneurs, which made the total of 440,691 employees.

In the structure of employees with legal persons, the greatest number of employees worked in the processing industry – 85,978 persons or 25%, then in the wholesale, retail trade and repair of motor vehicles sector – 43,920 employees or 13%, sector of healthcare and social protection – 40,461 employees or 12% and the sector of education – 38,186 employees or 11%, which is presented in the table below:

Table 4: Structure of employees on 30 September 2014 and average net wages per industry in 2014

Number	SECTOR	REPUBLIC OF SERBIA		REGION OF VOJVODINA			
		Number of employees	AVERAGE NET WAGE IN 2014	Number of employees	Share in the RS, column 6/ column 3	STRUCTURE OF EMPLOYEES WITH LEGAL ENTITIES	AVERAGE NET WAGES IN 2014
1	2	3	4	5	6	7	8
1	Processing industry	281,673	38,735	85,978	31%	25%	42,572
2	Wholesale and retail trade; repair of motor vehicles and motorcycles	184,445	33,827	43,920	24%	13%	29,176
3	Healthcare and social protection	158,462	43,445	40,461	26%	12%	42,152
4	Education	139,416	43,031	38,186	27%	11%	41,546
5	Transportation and storage	86,400	45,916	20,572	24%	6%	41,199
6	Agriculture, forestry and fishing	31,487	37,212	19,166	61%	6%	37,251
7	Public administration and defence; compulsory social insurance	73,041	53,413	17,030	23%	5%	50,781
8	Construction	63,814	37,493	13,853	22%	4%	36,731
9	Expert, scientific and technical activities	55,777	65,143	11,189	20%	3%	88,886
10	Water supply; waste water management, control of waste disposal and similar activities	34,543	39,841	9,499	27%	3%	41,240

11	Information and communication	41,939	78,583	8,494	20%	2%	51,398
12	Administrative and support services	38,989	33,507	8,573	22%	3%	37,652
13	Financial and insurance activity	34,636	76,432	6,102	18%	2%	74,091
14	Arts; entertainment and recreation	22,265	40,613	5,615	25%	2%	38,075
15	Supply of electricity, gas and steam and air-conditioning	27,449	75,904	4,830	18%	1%	72,309
16	Other service activities	12,431	33,366	2,835	23%	1%	29,561
17	Accommodation and food services	20,179	24,885	2,766	14%	1%	22,598
18	Mining	21,883	69,660	1,941	9%	1%	107,453
19	Real estate activity	3,589	47,655	895	25%	0%	52,230
I	Employed at legal entities	1,332,418		341,905	26%	100%	
II	Private entrepreneurs	372,514		98,786	27%		
III	TOTAL I+II:	1,704,932	44,530	440,691	26%		43,092

FROM THE PERSPECTIVE OF INDUSTRY, the highest net wages in 2014 in Vojvodina were earned in the mining industry – 107,453 RSD and the sector of expert, scientific and technical activities, 88,886 RSD, while the lowest wages were earned in the sector of accommodation and food services - 22,598 RSD, which is presented in the chart below:

**ПРОСЕЧНЕ НЕТО ЗАРАДЕ У РЕГИОНУ ВОЈВОДИНА У 2014. ГОДИНИ,
ПО СЕКТОРИМА ДЕЛАТНОСТИ**



Chart 5: Average net wages in the Region of Vojvodina in 2014- in RSD- per industry

1. Accommodation and food services, 2. Wholesale and retail trade; repair of motor vehicles and motorcycles, 3. Other service activities, 4. Construction, 5. Agriculture, forestry and fishing, 6. Administrative and support services 7. Arts; entertainment and recreation, 8. Transportation and storage, 9. Water supply; waste water management, control of waste disposal and similar activities, 10. Education, 11. Healthcare and social protection, 12. Processing industry, 13. Public administration and defence; compulsory social insurance, 14. Information and communication, 15. Real estate activity, 16. Supply of electricity, gas and steam and air-conditioning, 17. Financial and insurance activity, 18. Expert, scientific and technical activities, 19. Mining

3 RISK FACTORS

Risk factors that are specific for the Issuer and may affect their ability to settle the financial liabilities with holders of long-term bonds primarily include the following:

Systemic risk

This risk affects the functioning of the entire system, and not just particular institutions.

It is generally defined as the risk of breakdown in product and service provision which:

- was caused by the problem affecting the entire system or one of its components, implying that certain segment of products and services is currently unavailable or that the costs of using these products and services suddenly increased, irrespective of the source of breakdown, within or outside the system;
- has the potential to cause serious negative effects on the public sector, manifested in the reduction of public revenues and receipts.

In order to be able to state that a particular risk is of the systemic character, the occurrence of both specified elements is necessary.

Political risk

Broadly defined, the political risk is any activity of the state where particular project is being implemented, which results in a decrease of the taxpayers' capital value, which would affect the budget inflow, liquidity and budget solvency.

We differentiate macro and micro effects of the political risk. The macro effect is the effect of the political risk which is equal for all stakeholders in a particular market, while the micro effect is associated with a particular company or industry.

Economic risk

Changes of the economic situation of companies have indirect effects on the budget, primarily based on the achievement of financial results of these companies which, as taxpayers paying the corporate income tax, individual income tax and other tax liabilities, affect the generation of budget revenues, and consequently the amount of budget and its capability to settle the contingent liabilities financed from the budget.

The level of financial discipline and collection rate for public revenues have direct effects of the level of the economic risk.

Sovereign risk

The sovereign risk is probability that the government of a country or parts of the government (local authorities) will refuse to comply with the terms of their debt liabilities.

Credit risk

The Issuer's credit rating is measured by the generated budget revenue, while restrictions in borrowing are determined in the Public Debt Act and are expressed in corresponding percentage compared to the current income generated in the budget year preceding the year of borrowing. An exception to these restrictions is the emission of bonds for the purpose of financing the capital projects for which no restrictions have been stipulated.

Liquidity risk

As the risk of the lack of cash or cash equivalents, the liquidity risk is directly connected to generation of budget revenues and receipts. In case of disturbances in collection of revenues and receipts, it is possible, by means of the system of quarterly spending plans, to harmonise the dynamics of the planned expenditure execution and dynamics of revenue collection, as well as determine the priorities in the execution of budget appropriations.

Operational risk

Operational risk is a risk that arises from the lack of business procedures and policies or errors in internal procedures and failure to act in conformity with the adopted procedures.

This risk comprises several risks, such as: errors in different phases of execution and recording of transactions, inadequacy of the internal control system, reputational risk, legal risk, security risk or natural disasters which may affect business operations.

Identification of the operational risk involves the recognition of events that are or may become the source of operational risk, which is the basis for undertaking the activities with the aim of eliminating the operational risk.

Fiscal risk

Fiscal risk comprises short- to medium-term deviations in fiscal variables compared to the values anticipated in the budget, financial or other reports or projections of public finances. The responsibility principle includes the management of public property and liabilities, natural resources and fiscal risks, implemented in the manner that strengthens the fiscal sustainability.

3.1 Risk Management

Risk identification, analysis, assessment and control, aimed at eliminating the unacceptable risks, is provided by introducing the system of financial management and control by provincial administrative authorities and by organising the Internal Audit Agency⁷ for beneficiaries of budget funds of the Autonomous Province of Vojvodina (Internal Audit Agency). The role of the Internal Audit is to provide an independent and objective assurance, by a systematic assessment and management of risks, in order to contribute to enhancement the business operations and accomplishment of business objectives.

Risk management encompasses a system of policies, procedures and activities that are regularly established, maintained and updated for the purpose of ensuring the reasonable assurance that the goals of an organisation will be accomplished in a regular, cost-effective, efficient and effective manner.

⁷ Internal audit is an activity that provides an independent, objective assurance and consultation services, to contribute to the improved operation of an organisation; it helps the organisation to accomplish its goals, by providing a systematic and disciplined assessment and evaluation of risk management, control and organisation management.

4 PUBLIC FINANCE AND TRADE

4.1 Tax and Budget System

Tax system

It is established in the Constitution that the funds for financing the competences of the Republic of Serbia, autonomous provinces and units of local self-government shall be provided from taxes and other revenues established by the law. The obligation to pay taxes and other levies is a general one, based on the taxpayer's economic power.

Public revenues and receipts are imposed by the law or decision of the assembly of local authorities, in conformity with the law. The amount of public revenues and receipts is determined by the law or act of the competent authority in conformity with the Budget System Law and specific laws.

The Budget System Law stipulates the following types of public revenues:

- taxes (on consumption, personal income, profit, property and transfer of property owned by natural persons and legal entities);
- contributions for compulsory social insurance (pension and disability insurance, health insurance and insurance against unemployment);
- non-tax revenues: charges, fees, penalties, revenue from the use of public funds;
- self-imposed tax;
- donations, transfers and financial support from the European Union;

and receipts:

- receipts from the sales of non-financial property (immovables and movables, other capital assets, commodity reserves, valuables, natural resources etc.);
- receipts from borrowings (on domestic and foreign markets);
- receipts from sales of financial assets (on domestic and foreign markets);
- other receipts stipulated by the law.

Taxes are all types of public revenues which may be imposed only by the law, on: consumption, personal income, profit, property and transfer of property owned by natural persons and legal

entities. The Tax Law determines the subject of taxation, base, taxpayer, tax rate or amount, all exemptions and tax relief, as well as the method and timeframe for tax payment. Duties and rights of taxpayers may not be extended or reduced by way of by-laws.

Charger may be imposed for the use of resources, defined in a separate law as natural resources, or goods of common interest and goods in common use. The payer of charges, base for charge payment, amount, manner of establishing and payment of charge and the entity to which the charge belongs are established in a separate law.

For the purpose of financing the exercise of rights and execution of duties which are within the responsibility of the Republic of Serbia, autonomous province and units of local self-government pursuant to the Constitution and laws, the following taxes and contributions have been stipulated:

- taxes (on personal income, corporate profit, property, inheritance and gift, transfer of absolute rights, on trade – VAT and excise, on the use, holding and carrying of certain goods);
- customs and other import duties;
- fees (administrative, court, public utility, registration, residence);
- charges for the use of goods of common interest (water, forests, roads, land, mineral resources etc.);
- contributions (for pension and disability insurance, health insurance, insurance against unemployment);
- local public revenues (local self-imposed tax, public utility charges, provincial and municipal administrative fees, charges for use and development of construction land, charges for protection and improvement of environment);
- other public revenues (fines, seized property gain, revenues generated by public authorities' activities, revenues from concessions, revenues from the sales of socially owned and state capital, revenues from donations).

The Budget System Law establishes all types of public revenues and receipts for financing the competences of autonomous provinces, while the Statute of AP Vojvodina stipulates that AP Vojvodina has direct revenues it shall use to finance its competences, in conformity with the Constitution and law, also stipulating that the type and amount of direct revenues of AP Vojvodina and the share of AP Vojvodina in the portion of revenues of the Republic of Serbia shall be determined by the law, in conformity with the Constitution.

The Law on Tax Procedure and Tax Administration regulates in a unique manner, the procedure for establishing, collection and control of public revenues, rights and duties of taxpayers, registration of taxpayers and tax-related criminal acts and offences for the entire territory of the Republic of Serbia.

The Tax Administration carries out control, assessment and establishment of legality and regularity of fulfilling the tax obligation.

Budget system

The budget system of the Republic of Serbia shall consist of the Budget of the Republic of Serbia, budgets of local self-governments and financial plans of organisations for mandatory social insurance. The Budget of the Autonomous Province of Vojvodina (hereinafter: the Budget of the AP Vojvodina) shall be a part of the budget system of the Republic of Serbia.

The budget system shall provide complete, relevant and reliable information about the work of executive authorities, while their integrity shall be provided by means of common legal framework, single budget classification and single budget accounting system.

Legal framework of the budget system shall be provided by means of the Budget System Law, other laws, regulations and other acts regulating planning, preparation, adoption and execution of the budget, budget accounting and reporting, financial management, control and audit of public funds beneficiaries and the budget, which make part of the budget system, as well as other issues relevant to functioning of the budget system. Certain provisions of the Budget System Law and other acts, shall regulate interbudgetary relations and rules applied to extrabudgetary funds, companies and other legal entities in which the state, at all levels of government, has a crucial impact on the management, namely: preparation of financial plans, funds management, borrowing and guarantee issuing, accounting, preparation and submission of reports and budget control execution.

Authorities, that is organisations of the budget system shall be as follows: the National Assembly and local assemblies, the Ministry of Finance, the Treasury Administration, the National Bank of Serbia, executive authorities of the Republic, Province, cities and municipalities, local authorities in charge of finance affairs.

The Provincial Assembly Decision on the Budget of the Autonomous Province of Vojvodina shall be based on single budget principles and it shall be also used for estimation of revenues and receipts and determination of expenditures and expenses, allocation of transferred funds from previous years, budget surplus and deficit, total fiscal surplus and deficit, method of surplus allocation or deficit cover, method for assuming liabilities, as well as other provisions of relevance to the budget execution and functioning of the budget system at the provincial level.

Constitutive parts of the Provincial budget system shall be financial plans of direct and indirect beneficiaries of Provincial budget funds, drawn up on the basis of instructions for budget preparation, in accordance with the fiscal strategy and the act on the budget for the budget year.

In the course of the budget drafting and the execution procedure of the budget and financial plans of direct and indirect beneficiaries of Provincial budget funds, single budget principles shall be adhered to, such as: efficiency, cost-effectiveness, effectiveness, publicity, comprehensiveness, accuracy and single budget classification.

The Budget of the AP Vojvodina shall be drafted according to single budget classifications, such as: organisational, functional, economic, classification by financing sources, and since the 2015 Budget, according to a programme classification.

The Budget of the AP Vojvodina, as a comprehensive plan of revenues and receipts and a plan of expenditures and expenses, shall be organised in two separate accounts:

a) revenues and receipts account from the sale of non-financial assets and expenditures and expenses account for the acquisition of non-financial assets;

6) financing account which shall encompass receipts from the sale of financial assets and borrowing and expenses for the acquisition of financial assets and for credit and loan repayment.

The statement of account of the Budget of the Republic of Serbia and statements of account of organisations for mandatory social insurance, as well as statements of account of budgets of local self-governments shall be subject to external audit by the State Audit Institution. Exceptionally, external audit of the local self-government budget may be conducted by any other eligible person, upon the consent of the State Audit Institution and in accordance with the local assembly decision.

4.2 Data on foreign trade and foreign exchange reserves

Foreign trade

According to official data of the Statistical Office of the Republic of Serbia, published for May 2015, the total international trade in goods of the Republic of Serbia, for the period January-May 2015 was 12757,2 million dollars and the decrease by 13.9% was recorded, in comparison with the same period last year.

The *export* of goods amounted to 5424,9 million dollars, which made a 13.4% drop, in comparison with the same period last year, while the import amounted to 7332,3 million dollars, which was the decrease by 14.3%, in comparison with the same period last year.

Foreign trade deficit was 1907, 3 million dollars, which was the decrease by 16.8%, in comparison with the same period last year.

Coverage of imports by exports was 74.0% and it exceeded the coverage in the same period last year, when it was 73.2%.

Regionally observed, **the Province of Vojvodina** had the highest share in exports of Serbia (**32.8%**); followed by the Region of Šumadija and Western Serbia (30.3%); the Belgrade Region (21.6%), the Region of Southern and Eastern Serbia (15.3%), while 0.1% of exports was unclassified by territories.

The highest share in imports of the Republic of Serbia was recorded in the Belgrade Region (43.0%); followed by the **Province of Vojvodina (28.1%)**, the Region of Šumadija and Western Serbia (18.3%), the Region of Southern and Eastern Serbia (9.9%), while around 0.6% of imports was unclassified by territories.

Exports and imports by regions were presented according to head offices of owners of goods, at the moment of reception of customs declaration form. That means that owners of goods, pursuant to the customs regulations, may be producers, users, exporters or importers of goods.

Source: Statistical Office of the Republic of Serbia, „International Trade in Goods of the Republic of Serbia”, May 2015.

Foreign exchange reserves

The Autonomous Province of Vojvodina, as an autonomous territorial unit of the Republic of Serbia, is not obliged to form and keep foreign exchange reserves. Foreign exchange reserves of the Republic of Serbia consist of all foreign currency assets which are kept and managed by the National Bank of Serbia and commercial banks.

Foreign exchange reserves of the National Bank of Serbia, shall consist of the following assets:

- foreign exchange kept on accounts of other central banks, as well as the best and the safest banks in the world;
- foreign exchange invested in state promissory notes of the most developed countries in the world;
- gold (the Republic of Serbia has a smaller portion of foreign exchange reserves in gold);
- cash in foreign currency (kept in the Treasury of the National Bank of Serbia);
- special drawing rights and reserve position at the International Monetary Fund .

Foreign exchange reserves managed by the National Bank of Serbia, shall be used for :

- discharge of liabilities of the Republic of Serbia for foreign creditors (payment of principal and interest by loans);
- maintenance of the stability of the dinar exchange rate;
- maintenance of the banking system stability;
- protection from the adverse effects of international financial crises;
- financing of deficit in international trade in goods.

Foreign exchange reserves of the National Bank of Serbia shall not be used for:

- investments in agriculture (crediting of agriculture, selling of foreign exchange according to a special rate);
- purchase of flats, disbursement of salaries and pensions;
- promotion of production (assisting existing companies);
- or as a deposit for some other loans.

There is no specifically determined optimum level of foreign exchange reserves, but their amount may be measured in relation to:

- volume of the monthly average imports of the country which may be financed from those foreign exchange reserves;
- monetary aggregates volume of Serbia consisting of dinar currency in circulation and dinar demand deposits of businesses and citizens in banks ;
- volume of the short-term loan of the country.

Source: Website of the National Bank of Serbia , <http://www.nbs.rs>

4.3 Financial position of Issuer and sources of funds

4.3.1 Legal regulation of financing of autonomous provinces

The Constitution of the Republic of Serbia stipulates that financial resources for financing competences of autonomous provinces shall be provided from taxes and other revenues, laid down by law.

The Constitution of the Republic of Serbia stipulates that autonomous provinces shall have their direct revenues and apart from those direct revenues, their share in the revenue part of the Republic of Serbia shall also be regulated by law.

Pursuant to the Budget System Law, for the purpose of financing competences of autonomous provinces, the budget of autonomous province shall comprise the following revenues and receipts:

- 1) portion of revenues generated from the corporate tax collected in the territory of the autonomous province, in accordance with the Law;
- 2) portion of revenues generated from personal income tax–income tax collected in the territory of the autonomous province, in accordance with the Law ;
 - 2a) other tax or portion of tax, in accordance with a special law;
- 3) provincial administrative taxes;
- 4) fees in accordance with the Law;
- 5) donations and transfers;

6) revenues generated from the utilisation of public resources :

- interest-generated revenues ;
- revenues generated from leasing and/or rental utilisation of immovable and movable state-owned property, used by authorities of the autonomous province;
- revenues generated from leasing and/or rental utilisation of immovable and movable province-owned property, in accordance with the Law;
- revenues generated from the sale of services of beneficiaries of funds of the autonomous province budget, whose provision has been contracted with natural and legal entities, of their own free will ;
- revenues generated from pecuniary penalties ordered under a misdemeanor procedure, for misdemeanors regulated by an act of the autonomous province assembly and from the ownership benefits that have been seized during such proceedings ;
- revenues generated from concession fee, in accordance with the Law;

7) receipts:

- receipts from the sale of immovable and movable state-owned property, used by authorities of the autonomous province;
- receipts from the sale of immovable and movable province-owned property, in accordance with the Law;
- receipts from the sale of movable province-owned property, used by authorities of the autonomous province;
- receipts from the sale of provincial commodity reserves;
- receipts from the sale of valuables;
- receipts from the sale of natural assets;
- receipts from borrowing;
- receipts from the sale of financial assets.

Financing of the Autonomous Province of Vojvodina

The Constitution of the Republic of Serbia, Article 184 stipulates that a financial autonomy of autonomous provinces, in a sense that autonomous province shall have its direct revenues by means of which it shall finance its competences. Types and amount of direct revenues of autonomous provinces shall be laid down by law. Law shall also lay down a share of autonomous provinces in a portion of revenues of the Republic of Serbia.

Article 184, Paragraph 4 of the Constitution of the Republic of Serbia stipulates that the Budget of the AP Vojvodina shall be at least 7% of the Budget of the Republic of Serbia, while three-sevenths of the Budget shall be used for financing capital expenditures .

As specified in Article 57 of the Statute of the Autonomous Province of Vojvodina, the AP Vojvodina shall have the Budget which shows all expenditures and revenues by means of which its competences are financed, the Budget of the AP Vojvodina shall be at least 7% of the Budget of the Republic of Serbia, while three-sevenths of the Budget shall be used for financing capital expenditures.

The Budget and statement of account of the Budget of the AP Vojvodina shall be adopted by the Assembly of the AP Vojvodina, upon the proposal of the Provincial Government.

Types of revenues of the Autonomous Province of Vojvodina

Provisions of the Statute of the Autonomous Province of Vojvodina stipulate that the AP Vojvodina shall have its direct revenues by means of which it shall finance its competences, in line with the Constitution and law and that types and amount of direct revenues and a share of the AP Vojvodina ,in a portion of revenues of the Republic of Serbia, shall be laid down by law, in line with the Constitution.

Methods for determining the amount of revenues of the Budget of the Autonomous Province of Vojvodina

The Law on the Budget of the Republic of Serbia lays down the revenues belonging to the Budget of the AP Vojvodina for the budget year.

As specified in Article 6 of the Law on the Budget of the Republic of Serbia for 2015, the Budget of the AP Vojvodina shall comprise:

- portion of revenues generated from personal income tax–income tax, at the amount of 18% of the amount collected in the territory of the AP Vojvodina ;
- portion of revenues generated from the corporate tax, at the amount of 42.7% of the amount collected in the territory of the AP Vojvodina.

The same Article stipulates that transfers from the Budget of the Republic of Serbia to the Budget of the AP Vojvodina shall be provided, as follows :

- transfers for delegated tasks, in accordance with the Law specifying competences of the AP Vojvodina ;

- special purpose transfers for financing expenditures for employees in the field of education , in the territory of the AP Vojvodina, at the amounts stipulated by this Law;
- special purpose and non-special purpose transfers to local self-government units, in the territory of the AP Vojvodina, in line with the Law on Financing Local Self-Governments ;
- special purpose capital transfers for projects determined by the Government of the Republic of Serbia.

The Budget of the AP Vojvodina shall be prepared and planned in accordance with procedures prescribed by the Budget System Law and Fiscal Strategy, adopted by the Government of the Republic of Serbia for the fiscal year and the next two years and submitted to the National Assembly of the Republic of Serbia. The Fiscal Strategy shall regulate the main goals of economic and fiscal policy, fiscal trends, public debt management strategy and projection of the main macroeconomic indicators.

Revenues and receipts of the Autonomous Province of Vojvodina by method for their generation

Revenues and receipts of the Budget of the AP Vojvodina for financing established competences shall be generated in several ways and according to that criterion, they may be classified as follows: direct revenues and receipts, assigned revenues and receipts and transfer funds.

Direct revenues and receipts shall be taxes and fees whose base and rate, that is their amount, shall be determined by the AP Vojvodina Assembly, in line with law and other revenues paid to the Provincial Budget:

- provincial administrative taxes;
- revenues generated from interests on funds of the Provincial Budget;
- revenues generated by means of business operations of direct and indirect beneficiaries of the Provincial Budget;
- revenues generated from donations,
- share in the profit of public companies and other legal entities, founded by the AP Vojvodina;
- receipts from the sale of non-financial assets (immovable and movable property, commodity reserves and the sale of natural assets);
- receipts from the sale of financial assets;
- receipts from borrowing;
- other revenues and receipts stipulated by law and other acts.

Assigned revenues and receipts shall be taxes, fees and other receipts, whose base and rate shall be determined by the Republic of Serbia, while the amount of these revenues and receipts, generated in the territory of the AP Vojvodina, shall be assigned to the Budget of the AP Vojvodina, in its entirety or partially. This group shall include:

- income tax, profit tax and capital gains tax;
- goods and services tax;
- revenues generated from the sale of financial assets- profits from privatisation ,
- fees for leasing agricultural land, for exploitation of mineral resources, for water, forests, hunting and similar areas ;
- other fees and receipts in line with law.

Transfer funds shall be funds generated from the budget of other level of government:

1) from the Budget of the Republic of Serbia, in accordance with the Law on the Budget of the Republic of Serbia , transferred through the Provincial Budget to:

- local self-government units – as a special purpose and non-special purpose transfer, specified in line with the Law on Financing Local Self-Governments ;
- educational institutions in the territory of the AP Vojvodina, for financing expenses for employees;

or

2) transferred to the Provincial Budget as:

- special purpose capital transfers from the Budget of the Republic of Serbia for projects determined by the Government of the Republic of Serbia ;
- transfers for delegated tasks;
- other transfer funds from the budget of other level of government.

Apart from the aforementioned classification, revenues and receipts of the Budget of the AP Vojvodina, may be classified as follows:

- general, non-special purpose revenue , which may be used in accordance with the Law and the act on the Budget of the AP Vojvodina ;
- special purpose revenue, whose purpose has been previously stipulated by law.

Revenues and receipts of the Budget of the AP Vojvodina shall be collected, in accordance with law and other regulations, regardless of the amount defined in the budget for certain types of revenues and receipts. Direct and indirect beneficiaries of Provincial budget funds shall be obliged to provide their full and timely payment, within the scope of their competences.

The structure of total generated current revenues and receipts of the Budget of the AP Vojvodina, classified according to the method for their generation, over the last three years, is shown in Table 5 as follows:

- *Direct revenues and receipts*, having a 14.70% share in total generated current revenues and receipts in 2012, i.e. 10.43% in 2013 and 1.62% in 2014;
- *Assigned revenues and receipts* , having a 24.63% share in total generated current revenues and receipts in 2012, i.e. 28.38% in 2013 and 33.82% in 2014;

- *Transfer funds*, having a 60.67% share in total generated current revenues and receipts in 2012, i.e. 61.19% in 2013 and 64.56% in 2014.

Table 5: **Generated current revenues and receipts of the Budget of the AP Vojvodina**
classified according to the method for funds generation

Account	Title	2012.	% share	2013.	% share	2014.	% share
		generated		generated		generated	
1	2	3	4	5	6	7	8
	CURRENT REVENUES AND RECEIPTS	66.384.725	100.00%	61.959.039	100.00%	57.754.778	100%
1.	Direct revenues and receipts	9.757.041	14.70%	6.462.787	10.43%	935.298	1.62%
731	Donations from foreign countries	28.281	0.04%	30.346	0.05%	3.753	0.01%
732	Donations and aid from international organisations	100.379	0.15%	69.898	0.11%	83.851	0.15%
part 741	Revenues from property	333.135	0.50%	533.465	0.86%	338.502	0.59%
	Interests	332.358	0.50%	533.335	0.86%	338.502	0.59%
	Dividends	281	0.00%	0	0.00%	0	0.00%
	Revenues from property belonging to insurance policyholders	496	0.00%	130	0.00%	0	0.00%
742	Revenues from the sale of goods and services	253.655	0.38%	178.328	0.29%	130.599	0.23%
743	Pecuniary penalties and confiscated property gain	0	0.00%	234	0.00%	0	0.00%
744	Optional transfers from natural and legal entities	37.766	0.06%	17.539	0.03%	2.785	0.00%
745	Combined and undefined revenues	4.899.803	7.38%	638.265	1.03%	360.043	0.62%
771	Memorandum items for reimbursement of expenditures	19.481	0.03%	13.130	0.02%	2.204	0.00%
772	Memorandum items for reimbursement of expenditures from previous year	5.413	0.01%	5.720	0.01%	9.073	0.02%
Account	Title	2012.	% share	2013.	% share	2014.	% share
		generated		generated		generated	
1	2	3	4	5	6	7	8
811	Receipts from the sale of immovable property	55.914	0.09%	4.854	0.01%	579	0.00%
812	Receipts from the sale of movable property	2.721	0.01%	0	0.00%	169	0.00%
813	Receipts from the sale of other fixed assets	0	0.00%	0	0.00%	79	0.00%
821	Receipts from the sale of commodity reserves	1.342	0.00%	0	0.00%	602	0.00%
823	Receipts from the sale of goods intended for further sale	884	0.00%	688	0.00%	657	0.00%
841	Receipts from the sale of land	14.727	0.02%	0	0.00%	152	0.00%

911	Receipts from domestic borrowing	4.003.540	6.03%	4.970.320	8.02%	2.250	0.00%
2.	Total assigned revenues and receipts (2.1+2.2+2.3)	16.348.624	24.63%	17.586.474	28.38%	19.535.413	33.82%
2.1	Assigned tax revenues	11.810.482	17.79%	12.862.374	20.76%	13.988.681	24.22%
711	Income tax, profit tax and capital gains tax	11.512.270	17.34%	12.603.123	20.34%	13.734.414	23.78%
714	Goods and services tax	20.221	0.03%	18.205	0.03%	16.633	0.03%
715 and 716	Other taxes	4	0.00%	4	0.00%	0	0.00%
part 741	Revenue s from property	277.987	0.42%	241.041	0.39%	237.634	0.41%
	Fee for exploitation of mineral resources	277.987	0.42%	241.041	0.39%	237.634	0.41%
2.2	Assigned special purpose revenues	3.909.986	5.89%	4.189.099	6.76%	4.865.320	8.42%
Part 741	Revenues from property	3.909.986	5.89%	4.189.099	6.76%	4.865.320	8.42%
	Resources generated from leasing agricultural land	1.862.959	2.81%	1.802.063	2.91%	1.974.647	3.41%
	Water fees	1.704.828	2.57%	2.267.326	3.66%	2.770.551	4.80%
	Forest fees	294.812	0.44%	74.367	0.10%	80.574	0.14%
	Hunting fees	33.155	0.05%	31.884	0.05%	29.090	0.05%
	Excess of revenues over expenditures of the Republic Agency for Electronic Communications	14.232	0.02%	13.459	0.02%	10.458	0.02%
2.3	Assigned receipts	628.156	0.95%	535.001	0.86%	681.412	1.18%
921	Receipts from the sale of domestic financial assets	628.156	0.95%	535.001	0.86%	681.412	1.18%
3.	Transfer funds	40.279.060	60.67%	37.909.778	61.19%	37.284.067	64.56%
733	Transfer from other levels of government	40.279.060	60.67%	37.909.778	61.19%	37.284.067	64.56%

Analysis of generated budget revenues and receipts , according to the method for their generation, shows that the highest share in total generated current revenues and receipts comes from revenues from transfers from the Budget of the Republic of Serbia. Shares of these revenues vary by year, as follows : 60.67% in 2012, 61.19% in 2013 and 64.56% in 2014.

It is expected that the announced enactment of the Law on Financing the Competences of the AP Vojvodina shall have the impact on the change in the structure of budget revenues and receipts , in favour of increase in the share of assigned revenues and receipts, with the simultaneous decrease in revenues from transfers from the Budget of the Republic of Serbia.

4.4 Act on the Budget of the Autonomous Province of Vojvodina

Upon the proposal of the Provincial Government, the Assembly of the AP Vojvodina shall adopt the Provincial Assembly Decision on the Budget of the AP Vojvodina, at the end of the year for the next budget year, which stipulates the projections of revenues and receipts classified according to prescribed budget classifications for the budget year. The budget shall be adopted for a single fiscal year which consists of the period of twelve months.

In case the Assembly of the AP Vojvodina fails to adopt the budget, within the deadline determined by the budget calendar, interim financing shall be applied for the first three months of fiscal year, with the possibility of extension for another three months .

Should expenditures and expenses increase or revenues decrease, the budget shall be balanced by means of reduction of planned expenditures and expenses or by introduction of new revenues. Should the need arise for balancing of the budget, in a manner described earlier, upon the proposal of the Provincial Government, the Assembly of the AP Vojvodina shall adopt the Provincial Assembly Decision on the Amending Budget for the Budget Year, which shall be adopted in accordance with the budget adoption procedure.

Pursuant to the Budget System Law, the budget shall be a comprehensive plan of revenues and receipts and a plan of expenditures and expenses. The Act on the Budget shall be organised in two separate accounts:

- a) revenues and receipts account from the sale of non-financial assets and expenditures and expenses account for the acquisition of non-financial assets;
- 6) financing account which shall encompass receipts from the sale of financial assets and borrowing and expenses for the acquisition of financial assets and for credit and loan repayment .

Budget revenues and receipts shall be allocated and presented by types, while budget expenditures and expenses shall be allocated and presented by a single purpose within the budget. Apart from that, the Act on the Budget shall also contain all provisions relevant to execution of budget appropriations.

Pursuant to the Budget System Law, the Budget of the AP Vojvodina shall comprise:

General part of the Budget, comprising:

- 1) revenues and expenditures account and net acquisition of non-financial assets ;
- 2) Budget surplus or Budget deficit;
- 3) total fiscal surplus or total fiscal deficit;
- 4) financing account;
- 5) funds from permanent and current budget reserves.
- 6) outlook of the expected funds from the financial assistance from the European Union ;
- 7) outlook of the planned capital expenditures of budget beneficiaries for the current and the following two years;
- 8) proposal for the use of surplus and in case of deficit-sources for its financing expressed and quantified separately according to source types;

Special part, which shall present financial plans of direct budget funds beneficiaries, including expenditures and expenses of direct budget funds beneficiary, according to economic classification, functional classification, classification according to financing sources and since 2015, according to programme classification describing expected results, activities and resources for achieving the set goals.

4.4.1 Responsibility for the budget execution

Pursuant to provisions of Article 7 of the Budget System Law, the Provincial Government shall be responsible to the Assembly of the AP Vojvodina for the execution of the Budget of the AP Vojvodina.

The Budget System Law specifies the provisions regarding the accountability of persons for the budget execution, in a following manner:

1. Pursuant to Article 71, an official or a manager of budget beneficiary shall be held accountable for:
 - assuming and verifying commitments ;
 - issuing of payment orders to be executed from the funds of the authority he or she manages;
 - issuing of orders for payment of funds belonging to the budget;
 - legal, purposeful, cost-effective and efficient usage of budget appropriations;
2. Pursuant to Article 74, Paragraph 2, direct budget funds beneficiary shall be held accountable for the accounting of its own transactions and within its authorities, it shall also be accountable for the accounting of transactions performed by indirect budget beneficiaries under its jurisdiction;
3. Pursuant to Article 74, Paragraph 1, indirect budget funds beneficiary shall be held accountable for the accounting of its own transactions.

The Provincial Assembly Decision on the Budget of the Autonomous Province of Vojvodina defines the accountability of:

1. manager of budget funds beneficiary for conducting the procedure for allocation of funds, in line with the Act on the Budget and regulations pertaining to public procurement;
2. manager of budget funds beneficiary for legal, purposeful, cost-effective and efficient usage of public budget appropriations, for assuming and verifying commitments, issuing of orders for payment made at the expense of the budget and issuing of orders for payment of funds belonging to the budget ;
3. Provincial authority head in charge of financing affairs, for authorisation of assuming commitments, in accordance with the budget solvency and payments made upon submitted claims by budget funds beneficiaries, in terms of conformity of claims with the financial plan

of direct budget beneficiary, that is with the allocation of funds to indirect beneficiaries within appropriations approved to direct beneficiary.

4.5 Beneficiaries of the funds from the Budget of the AP Vojvodina

Budget funds beneficiaries shall belong to the group of beneficiaries, defined in Article 2, Item 5 of the Budget System Law.

Upon the proposal of the Treasury Administration and by means of a special act, Minister shall determine a list of public funds beneficiaries, within which direct and indirect budget beneficiaries shall be listed separately. The list shall be published in the “Official Gazette of the Republic of Serbia” and on the website of the Ministry of Finance.

Beneficiaries of the funds of the Budget of the AP Vojvodina shall be as follows:

- *Direct budget funds beneficiaries* – authorities, organisations, agencies and directorates;
- *Indirect budget funds beneficiaries*– budget funds; institutions founded by the AP Vojvodina, over which the Founder exercise statutory rights pertaining to management and financing, through direct budget funds beneficiaries.

Consolidated Treasury account of the Autonomous Province of Vojvodina

Integrated dinar and foreign currency resources account of respective beneficiaries of the Budget of the AP Vojvodina, which are included in the consolidated Treasury account, open and kept in the Treasury Administration, shall be named the *consolidated Treasury account of the AP Vojvodina (CTA-581)*.

Provincial Secretary of Finance shall be authorised for opening of the consolidated Treasury account of the AP Vojvodina and of sub-accounts of dinar and foreign currency resources of public funds beneficiaries, included in the *CTA- 581*. Provincial Secretary of Finance shall closely regulate the method for the utilisation of funds from the sub-account, that is from other accounts, as well as reporting on the utilisation of those funds.

Treasury General Ledger

Provincial Secretary of Finance shall keep the Treasury General Ledger which represents a set of all accounts, kept according to the double-entry bookkeeping system which systematically covers positions and keeps record of changes in property, liabilities, capital, revenues and expenditures.

Transactions and business matters, including revenues and expenditures, as well as positions and records of changes in property, liabilities, capital, shall be recorded in the Treasury General Ledger, in accordance with the account plan and at the budget classification levels, stipulated by the Budget System Law.

In the Treasury General Ledger of the AP Vojvodina, special records shall be kept of every direct and indirect Provincial Budget funds beneficiary .

The Budget of the AP Vojvodina for 2015, shall include twenty-four direct budget beneficiaries, twenty indirect budget beneficiaries and six budget funds. The consolidated Treasury account of the AP Vojvodina (CTA- 581) shall comprise sub-accounts of regular business operations, sub-accounts of own-source revenues, special purpose sub-accounts and sick-leave sub-accounts, open for direct and indirect Provincial Budget beneficiaries, as well as sub-accounts of free funds placement placed on the money market, in compliance with law and other regulations.

List of direct budget funds beneficiaries in 2014

Direct budget beneficiaries shall be as follows:

- Assembly of the Autonomous Province of Vojvodina;
- Service of the Assembly of the Autonomous Province of Vojvodina ;
- Provincial Government ;
- Provincial Government Secretariat;
- Provincial Secretariat for Agriculture, Water Management and Forestry;
- Provincial Secretariat for Culture and Public Information ;
- Provincial Secretariat for Health Care, Social Policy and Demography;
- Provincial Secretariat of Finance;
- Provincial Secretariat for Education, Regulations, Administration and National Minorities-National Communities;
- Provincial Secretariat for Interregional Cooperation and Local Self-Government;
- Provincial Secretariat for Urban Planning, Construction and Environmental Protection;
- Provincial Secretariat for Science and Technological Development;
- Provincial Secretariat for Energy and Mineral Resources;
- Provincial Secretariat for Sports and Youth;
- Provincial Secretariat for Economy, Employment and Gender Equality;
- Commodity Reserves Directorate of the Autonomous Province of Vojvodina ;
- Public Attorney's Office of the Autonomous Province of Vojvodina ;
- Provincial Protector of Citizens-Ombudsman;
- Administration for Joint Services of Provincial Authorities;
- Office for the Implementation of the Development Programme of the Autonomous Province of Vojvodina ;

- Human Resources Department;
- Department for Internal Audit of Budget Funds Beneficiaries of the Autonomous Province of Vojvodina ;
- Property Administration of the Autonomous Province of Vojvodina ,

Indirect budget beneficiaries shall be as follows:

- Archives of Vojvodina;
- Gallery of Fine Arts-Gift Collection of Rajko Mamuzić;
- Museum of Vojvodina;
- Contemporary Art Museum of Vojvodina;
- Theatre Museum of Vojvodina;
- Provincial Institute for the Protection of Cultural Monuments;
- Memorial Collection of Pavle Beljanski;
- Serbian National Theatre;
- Cultural Institute of Vojvodina;
- National Theatre (*Népszínház*);
- „Misao” Newspaper Publishing Company ,
- „Forum” Publishing House (*Forum Könyvkiadó Intézet - könyv és folyóirat kiadó*);
- Vojvodina Symphonic Orchestra;
- Provincial Institute for Social Protection;
- Centre for Family Accommodation and Adoption-Novi Sad;
- Pedagogical Institute of Vojvodina;
- Provincial Institute for Nature Conservation;
- Provincial Institute of Sport and Sports Medicine;
- Information Centre for Business Standardisation and Certification;
- Educational Training Centre for Professional and Working Skills;
- Capital Investments Fund of the Autonomous Province of Vojvodina.

Budget funds shall be as follows:

- Budget Fund for Water of the AP Vojvodina;
- Budget Fund for Forests of the AP Vojvodina;
- Budget Fund for Hunting Development of the AP Vojvodina;
- Budget Fund for funds transferred from the Development Fund of the AP Vojvodina;
- Provincial Budget Fund for Environmental Protection;
- Budget Fund for the implementation of the programme of reconstruction and assistance for flood affected municipalities and citizens in the territory of the AP Vojvodina .

On 1 January 2015, an indirect budget beneficiary, namely the Capital Investments Fund of the AP Vojvodina ceased to work and its legal successor was founded under the name Capital Investments Administration of the AP Vojvodina with a direct budget beneficiary status. The Budget Fund for the implementation of the programme of reconstruction and assistance for flood affected municipalities and citizens in the territory of the AP Vojvodina was established for a temporary period, not later

than the day when the Law on Post-Flood Rehabilitation in the Republic of Serbia ceases to have effect and it was not included in the Decision on the Budget of the AP Vojvodina for 2015.

Number of employees of budget funds beneficiaries of the AP Vojvodina

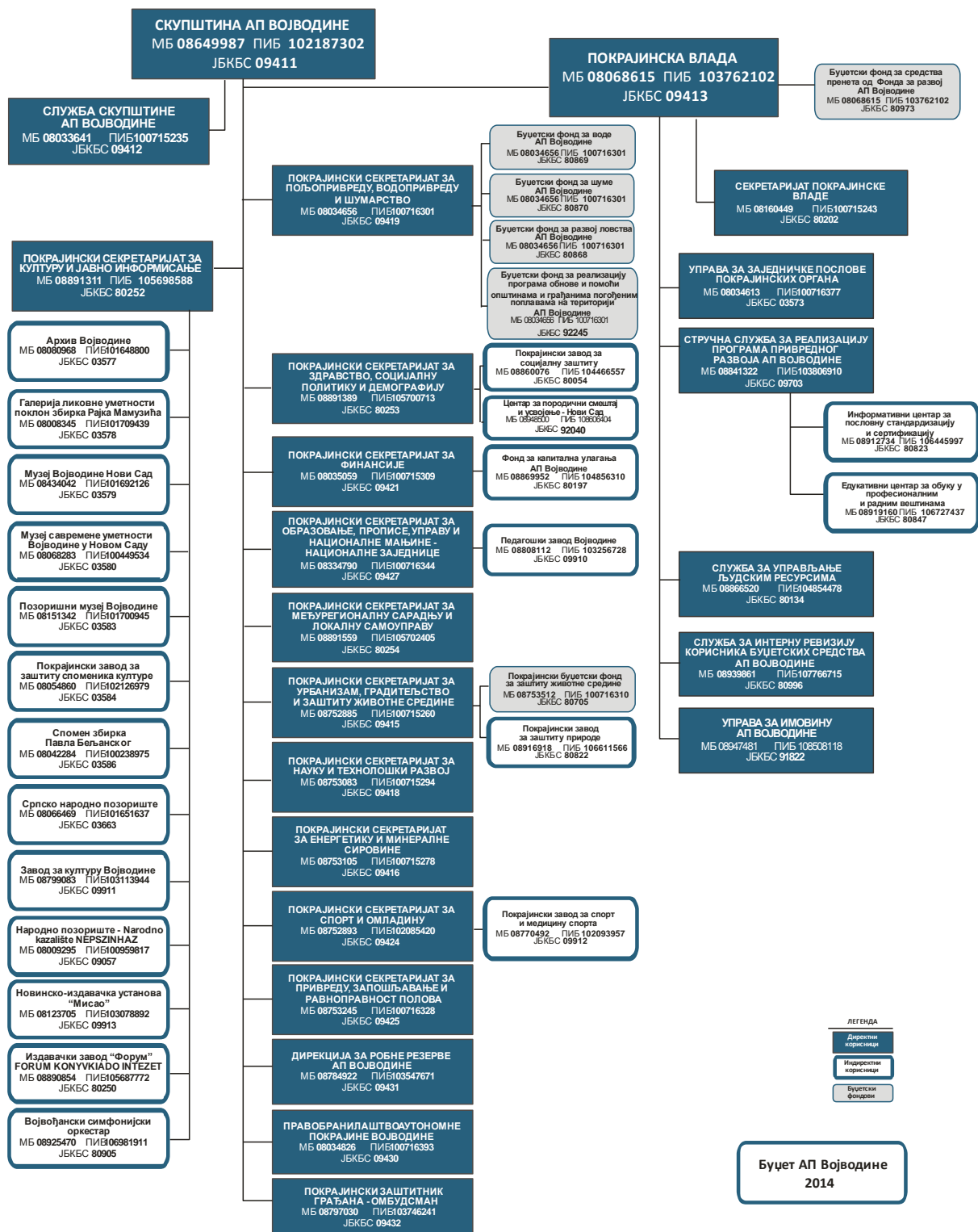
The number of employees of budget funds beneficiaries of the AP Vojvodina, on 31 December 2014 , was 2.435, out of which 1.214 were direct beneficiaries' employees, while 1.221 were indirect beneficiaries' employees .

The overview of the total number of employees of budget funds beneficiaries, on the last day of the year, is presented in the following table:

Table 6: Number of employees of budget funds beneficiaries of the AP Vojvodina

Budget funds beneficiaries of the AP Vojvodina	Number of employees by year		
	31 December 2012	31 December 2013	31 December 2014
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
Direct budget beneficiaries	1.223	1.216	1.214
Indirect budget beneficiaries	1.284	1.247	1.221
TOTAL:	2.507	2.463	2.435

The scheme shows budget funds beneficiaries of the AP Vojvodina in 2014.



Scheme 1: Budget funds beneficiaries of the AP Vojvodina

4.6 Issuer's property

The Constitution of the Republic of Serbia stipulates that property of autonomous provinces, as well as methods for its utilisation and disposal shall be regulated by law.

The Law on Public Property („Official Gazette of the RS”, no. 72/11, 88/13 and 105/14), which entered into force on 6 October 2011, regulates public property rights and some other property rights of the Republic of Serbia, autonomous province and local self-government unit, while conditions for acquisition and alienation of immovables by means of direct agreement, leasing of public property assets and procedures of open calls and collection of written bids, shall be regulated by the Regulation on Conditions for Acquisition and Alienation of Immovables by means of Direct Agreement, Leasing of Public Property Assets and Procedures of Open Calls and Collection of Written Bids.

Publicly-owned assets shall be natural resources, assets of general interest and assets in common use, which are considered to be publicly owned, under the Law.

4.6.1 Non-financial assets

Pursuant to Article 27, Paragraph 9 of the Law on Public Property, it is stipulated that acquisition and disposal of assets owned by the autonomous province, under conditions laid down by the Law, shall be a decision of the autonomous province authority designated in line with the Statute of the autonomous province.

Article 45, Paragraph 1, line 11 of the Statute of the Autonomous Province of Vojvodina specifies that the Provincial Government shall manage and dispose of public property of the Autonomous Province of Vojvodina, in compliance with the Law and submit regular reports thereof to the Assembly of the Autonomous Province of Vojvodina.

Article 32, Paragraph 1, item 13 of the Provincial Assembly Decision on the Provincial Government stipulates that the Provincial Government shall manage and dispose of public property of the Autonomous Province of Vojvodina, in compliance with the Law and submit regular reports thereof to the Assembly, not later than the end of the first quarter of the current year for the previous year.

For the purpose of discharging professional duties pertaining to the property of the AP Vojvodina, the Provincial Government has established the Property Administration of the Autonomous Province of Vojvodina, by means of the Decision on Establishing the Property Administration of the Autonomous Province of Vojvodina, which started its work on 1 May 2014, assuming duties pertaining to Provincial property from the Administration for Joint Services of Provincial Authorities.

4.6.1.1 Public property of the Autonomous Province of Vojvodina

Public property of the AP Vojvodina shall comprise assets used by authorities and organisations of the AP Vojvodina, institutions, public agencies and other organisations founded by the AP Vojvodina, as well as other publicly-owned assets, in conformity with the Law.

Other publicly-owned assets shall include assets which are not considered to be natural resources, assets of general interest and assets in common use, networks or assets used by authorities and organisations of the AP Vojvodina (construction land in public ownership, immovable and movable publicly-owned property), while other property rights shall comprise: patent rights, licence, design, type and trademark rights, right to use technical documentation and other property rights laid down by the Law .

Publicly-owned assets used by authorities and organisations of the AP Vojvodina, within the meaning of the Law on Public Property , shall be immovables and movables and other property rights which are used for the purpose of realisation of their rights and competences.

As defined in the Law on Public Property, publicly-owned immovables of the AP Vojvodina shall include: official buildings and business premises, residential buildings and flats, garages and garage places and immovables for representation purposes. Publicly-owned movables of the AP Vojvodina shall include: means of transport, items of historical, documentary, cultural and artistic value, equipment and consumables.

The Integrated Register of Immovable Property owned by the AP Vojvodina shall be kept by the Property Administration of the Autonomous Province of Vojvodina, in accordance with the Regulation on Registration of Publicly Owned Immovable Property. Immovables for which the AP Vojvodina has been registered as a property right holder shall be reported to the Republic Property Directorate, in line with the Regulation on Registration of Publicly Owned Immovable Property, entered into the register of immovable property owned by the AP Vojvodina, as well as into relevant financial records of these authorities and the Treasury General Ledger of the AP Vojvodina.

4.6.1.2 Non-financial property in fixed assets

As a holder of the public property right, ending with 31st December, 2014, the AP Vojvodina was registered for:

- The total of 1102 hectares, 41 acres and 48m² of building land;
- The total of 1271 facilities, as follows:
 - 954 official buildings;
 - 59 business premises;
 - 151 residential buildings;
 - 51 flats;
 - 45 garages;
 - 11 immovable assets for representation purposes.

Table 7: **Non-financial property in fixed assets**

(in 000 RSD)

NON-FINANCIAL PROPERTY IN FIXED ASSETS		31/12/2014		
Account	Name	Direct budget beneficiaries	Indirect budget beneficiaries	Total
1	2	3	4	5
01	NON-FINANCIAL PROPERTY IN FIXED ASSETS	2,172,848	1,549,030	3,721,878
0111	Buildings and civil engineering constructions	1,240,545	769,921	2,010,466
0112	Equipment	214,425	178,730	393,155
0113	Other real estate and equipment	82,052	13,980	96,032
0121	Cultivated assets	668	0	668
0131	Valuables	0	202,314	202,314
0141	Land	350,572	2,728	353,300
0151	Non-financial property in progress	154,338	270,649	424,987
0152	Advance payments for non-financial property	1,878	59,995	61,873
0161	Intangible assets	128,370	50,713	179,083

4.6.1.3 AP Vojvodina's public ownership of the secondary state roads

Pursuant to Article 10, Paragraph 7 of the Law on Public Property, secondary state roads shall be owned by the Autonomous Province in whose territory they are located.

Regulation on Categorisation of State Roads envisages 54 secondary state roads in the territory of the AP Vojvodina, which shall include: 19 secondary state roads of type B and 35 secondary state roads of type A, with the total length of 2,030km.

By the end of 2014, 2,267 cadastral lots were registered (450 of them are cut across by the routes of secondary state roads of type B and 1,817 of them are transected by the routes of secondary state roads of type A).

By 31st December, 2014, 45 municipalities transected by the routes of secondary state roads of type A had filed a request for the registration of public property for the benefit of the AP Vojvodina for the territory of 30 municipalities.

4.6.1.4 AP Vojvodina's public ownership of the canal network

Pursuant to Article 72, Paragraph 5, Line 6 of the Law on Public Property, the right of the AP Vojvodina to the public property shall be established on the canal networks in the territory of AP Vojvodina, except in cases they represent a section of waterways.

The basic canal network includes the network of the main and navigable canals of 930 km in length while an elaborate canal network covers all other primary and secondary canals (over 20,000km) with approximately 1,900 facilities and 20km of drainage pipes which are used for dewatering and irrigation.

The provision of the Water Law stipulates that a detailed canal network shall comprise elaborate canals for immediate water collection from agricultural and other areas and its transfer to collection canals as well as facilities on elaborate water canals (culverts, siphons, steps, chutes, dams, pumping stations and similar).

The public water management company "Vode Vojvodine" Novi Sad shall manage water in the territory of the AP Vojvodina and it shall be put in charge by the Provincial Government of carrying out the procedure of registering public property in the public books on real estate and rights therein, at the benefit of the AP Vojvodina on canal networks in the territory of the AP Vojvodina which are not a section of waterways for and on behalf of the AP Vojvodina, in cooperation with the Property Directorate, in accordance with the Law.

4.6.1.5 AP Vojvodina's public ownership of immovable property in the territory of former Yugoslav Republics

Article 72, Paragraph 3 of the Law on Public Property stipulates that the ownership right of the Autonomous Province shall be established for immovable property, movable property and other assets, including the assets abroad used by the Autonomous Province. The assets shall also include facilities in the territory of former Yugoslav Republics which were a state-owned property whose legal proprietor was the AP Vojvodina or was registered as such or some institution founded by the AP Vojvodina.

Immovable property in the Republic of Croatia and the Republic of Slovenia

By applying the Law on Public Property, based on the documents from the archives of the Provincial authorities, the AP Vojvodina shall establish the ownership right of the following facilities in the Republic of Croatia and the Republic of Slovenia:

- Villa "Vojvodina" in Lovran, Republic of Croatia (Villa "Sveti Rok");
- "Vojvodina" resort in Crikvenica, Republic of Croatia;
- Villa "Vojvodina" on Bled Lake, Republic of Slovenia;
- Flat in Radovljica, Republic of Slovenia.

The Provincial Government has entrusted the Attorney General's Office of the AP Vojvodina with taking measures on the basis of which the AP Vojvodina shall establish ownership or become eligible for compensation in accordance with ratified international treaties, generally accepted rules of international law and applicable laws of the Republic of Serbia regarding the facilities in the Republic of Croatia and the Republic of Slovenia for which the AP Vojvodina had been registered as a holder of specific ownership rights.

Immovable property in Montenegro

As far as immovables in Igalo, the Republic of Montenegro are concerned, the Provincial Government entrusted the right to manage ½ of immovable property – "Vojvodina" resort facilities with accessory facilities and land in Igalo, Republic of Montenegro, to the Chamber of Commerce of Vojvodina, a co-owner of the property.

Assets used by public companies founded by the AP Vojvodina

The ownership right of the AP Vojvodina shall be established for assets used by public companies founded by the AP Vojvodina which were not invested to them nor can be invested in the equity under this law, except for the assets which may by law exclusively be the property of the Republic of Serbia.

4.7 Valuation of items in public ownership of the AP Vojvodina

Bearing in mind the fact that for certain number of items in public ownership of the AP Vojvodina there is no registered value, thus it has not been value expressed in the balance sheet of the AP Vojvodina, its fair value shall be determined in the next period. The evaluation was planned to be conducted by the commission formed by the Provincial Government and it will be carried out according to the methodology of the local tax administration.

4.7.1 Financial property of the Issuer

4.7.1.1 Stocks and shares in legal entities` capital

On 31st December, 2014, the value of stocks and shares in the capital of legal entities was 16,718,079 RSD in total. The greatest portion of the value refers to the shares of the Development Bank of Vojvodina, JSC, in Novi Sad with the amount of 10,303,198 RSD.

On 6th April, 2013, the Development Bank of Vojvodina initiated bankruptcy proceedings.

Pursuant to the provisions of the Law on Bankruptcy, shareholders shall belong to a group of creditors from the last payment priority so it may be assumed that some of these claims shall be collected upon the settlement of the claims of creditors from the higher payment priority groups.

Table 8: Overview of stocks and shares

(in 000 RSD)

I STOCKS			Value	
	Name of legal entity	Number of stocks	31.12.2013.	31.12.2014.
1	2	3	4	5
1.	DNEVNIK JSC for press and publishing activities NOVI SAD	34,630	384,443	384,443
2.	Elektroporcelan JSC Novi Sad	2,892	0	1,156

Σ	Capital share in national non-financial private enterprises	37,522	384,443	385,599
	Development bank of Vojvodina, JSC (Razvojna banka Vojvodine a.d.), Novi Sad – IN BANKRUPTCY	2,678,370	10,303,198	10,303,198
Σ	Capital share in national commercial banks	2,678,370	10,303,198	10,303,198
4.	Tesla Savings Bank, JSC (Tesla štedna banka d.d.) Zagreb	35,694	144,829	152,140
Σ	Capital share in international financial institutions	35,694	144,829	152,140
I TOTAL STOCKS		2,751,586	10,832,470	10,840,937
II SHARES			Value	
	Name of legal entity	31.12.2013	31.12.2014	
1	2	3	4	
1.	Public Company (PC) "Vode Vojvodine", Novi Sad	20,217	217	
2.	PC "Vojvodinašume", Petrovaradin	217	217	
3.	Limited liability company for managing the development of "Park Palić" tourist area, Palić	18	18	
4.	Provincial Institute for Nature Protection, Novi Sad	50	50	
5.	Guarantee Fund of AP Vojvodina, Novi Sad	200,000	200,000	
6.	LLC FOR MANAGING THE "SUBOTICA" FREE ZONE, SUBOTICA	25,000	0	
Σ	Capital share in national public non-financial enterprises and institutions	245,502	200,502	
7	Provincial Fund for Development of Agriculture, Novi Sad	401,885	636,884	
8.	Regional Medical Chamber of Vojvodina, Novi Sad	300	300	
9.	Development Fund of AP Vojvodina I.l.c., Novi Sad	4,978,131	4,993,879	
Σ	Capital share in other national financial institutions	5,380,316	5,631,063	
10.	Alma mons I.l.c, Novi Sad	30	30	
11.	Regional Development Agency Panonreg I.l.c Subotica	32	27	
12.	"Vinoprodukt Čoka" I.l.c, Subotica	44,988	44,988	
13.	Regional Centre for Development of Small and Medium Enterprises – Banat I.l.c, Zrenjanin	40	40	
Σ	Capital share in national non-financial private enterprises	45,090	45,085	
Σ	National stocks and other capital	5,670,908	5,876,650	
14.	Society for the Achievement of Common Interest Danube – Kris – Mures – Tisza (DKMT), Szeged	466	492	

Σ	Capital share in foreign companies and non-financial institutions	466	492
II TOTAL SHARES		5,671,374	5,877,142
I+II TOTAL STOCKS AND SHARES		16,503,844	16,718,079

Description of activities of legal entities in which the Autonomous Province of Vojvodina has its share in capital

DNEVNIK JSC for press and publishing activities Novi Sad – publishes books, brochures, music books, newspapers, magazines and similar periodicals and other publications; prints newspapers and image reproductions; deals with arranging, bookbinding and finishing activities and other activities related to printing.

Elektoporcelan JSC Novi Sad – manufactures electroporcelain and technical ceramics. Owing to the constant improvement, the company adapted its capacities for the production of the following products: insulators for overhead lines, supporting insulators of up to 420KV, insulators for switches/low oil, air and SF-6/ of up to 420KV, insulators for transformers of up to 550KV, transformer conducting insulators of up to 125KV, insulators for lightning arresters – special insulators requested by clients.

Tesla Savings Bank JSC Zagreb – a savings bank which is orientated towards business operation with small and medium enterprises, individual traders and artisans for whom it performs all sorts of loan and deposit activities in the country.

Public Water Management Company “Vode Vojvodine” Novi Sad – performs water management activities as an area of general interest, which includes: management of water resources, exploitation and use of water, protection from harmful effects of water, protection of water from pollution which provides sustainable management of water resources, planned maintenance and improvement of water regime.

PC “Vojvodinašume”, Petrovaradin – performs the activities of growing, protecting, managing protected natural resources, maintaining and restoring forests, producing forest seeds and seedlings and establishing new forests and forest plantation, exploiting the forests, producing forest products, producing the sawn timber, hunting and breeding of the game, producing and processing meat, agricultural production and fishing, tourism and catering industry, research, development, consulting, managing, designing the buildings, geodesy for the special purpose of drafting the projects, programmes and forest management.

„Park Palić” I.I.c, Subotica – is in charge of managing the tourist area, location identification, drafting of design solutions for specific locations, development of feasibility study and managing the projects.

Provincial Institute for Nature Protection, Novi Sad – is a specialised institute which performs activities of protection of nature and natural resources in the AP Vojvodina.

Guarantee Fund of AP Vojvodina, Novi Sad – was established for the purpose of issuing guarantees to banks as a security instrument for the regular repayment of bank loans.

Provincial Fund for Development of Agriculture, Novi Sad – stimulates the development of agriculture in the AP Vojvodina and eliminates problems in the area of agricultural production, co-finances programmes for the improvement and development of certain agricultural fields; stimulates export; encourages establishment and organisation of companies in the area of agriculture; encourages the development of agricultural cooperatives; proposes incentives of systemic character at the level of the AP Vojvodina.

Regional Medical Chamber of Vojvodina, Novi Sad – keeps records of the Chamber’s members, proposes the list of supervisors for the control of the quality of professional work, assists citizens in exercising their right to protection from unethical conduct of the Chamber’s members, takes the initiative for measures regarding the violation of a regulation on the prohibition of advertising in the area of healthcare, submits reports on alternative methods of treatment and so forth.

Development Fund of AP Vojvodina I.I.c., Novi Sad – was registered for the activities of approving loans, trading with securities, acquiring stocks and shares on the grounds of legal affairs, including the conversion of receivables and other affairs in accordance with the law.

Alma mons I.I.c, Novi Sad – performs the activities of supporting small and medium enterprises in order to facilitate their inclusion in formal economic trends.

Regional Development Agency Panonreg I.I.c Subotica – is a centre promoting the development of the Northern Bačka territory, design of infrastructure for economic development and the support to the development of cooperation between institutional and commercial entities.

Regional Centre for Development of Small and Medium Enterprises – Banat I.I.c, Zrenjanin – is a centre for determining key priorities in the territory of Banat, connecting partners from different sectors and from Banat.

“Vinoprodukt Čoka” I.I.c, Subotica produces wine.

Society for the Achievement of Common Interest Danube – Kris – Mures – Tisza (DKMT), Szeged , encourages regional cooperation and establishing of the relations in the area of agriculture, education, culture, healthcare, environmental protection, science and sport. It strives for expansion of innovative cooperation, cooperation in structure development programmes significant for the Euroregion and joint presentation, in order to be integrated in the modern European happenings.

4.7.2 Financial assets

Financial assets of the budget, direct and indirect beneficiaries of the budget funds shall be managed and deposited on a consolidated treasury account of the AP Vojvodina (Treasury – 581), while the manner of utilisation of funds from the subaccount comprising the consolidated treasury account shall be more closely regulated by the Provincial Secretariat of Finance, in accordance with the law.

By the power of the Budget System Law and the Provincial Assembly Decision on the Budget of the Autonomous Province of Vojvodina, the Provincial Secretariat of Finance shall place funds with commercial banks in which it achieves the most favourable interest rate at the lowest level of risk, taking into account dispersion of risk. Revenues from the interest shall represent general revenues of the AP Vojvodina budget.

The Provincial Secretariat of Finance shall be responsible for efficient and secure investment of financial assets. When placing funds, every effort shall be made to keep the risk at the lowest possible level and to meet the requirements stipulated in the Law on Public Debt by making sure that the interest rate at which the placement is conducted is not lower than the discount rate of the National Bank of Serbia.

Table 9: Management of financial assets (in 000 RSD)

No.	Description	2012	2013	2014
1	2	3	4	5
	BALANCE OF FINANCIAL ASSETS			
1.	State of financial assets at the beginning of a year	3,180,749	4,950,753	5,929,001
2.	Total cash inflows (updated)	66,457,420	62,638,064	57,827,374
3.	Total cash outflows (updated)	64,687,416	61,659,816	57,863,994
4.	State of financial assets at the end of a year (1+2-3)	4,950,753	5,929,001	5,892,381
5.	Placements with banks	2,680,000	500,000	0
	Term deposits with banks	230,000	500,000	0
	Other short-term placements	2,450,000	0	0
6	Financial assets reduced for placements	2,270,753	5,429,001	5,892,381

4.8 Indebtedness of the Budget of the Autonomous Province of Vojvodina and debt status

The debt of the AP Vojvodina shall be a part of the public debt of the Republic of Serbia. With the previously obtained opinion of the Ministry, the Assembly of the AP Vojvodina shall pass a decision on the indebtedness of the AP Vojvodina budget, in accordance with the Law on Public Debt.

4.8.1 Legal grounds, terms and manner of borrowing

The Budget of the AP Vojvodina shall be debited pursuant to the provisions of the Law on Public Debt by withdrawing loans in commercial banks and other financial institutions as well as by issuing securities in accordance with the law regulating the capital market. Indebtedness can be conducted at the national and the foreign market, in national and foreign currency in accordance with the law.

The AP Vojvodina may borrow:

- 1) Short-term, for financing the deficit of current liquidity provided that the debt does not exceed 5% of the total generated revenue in the previous year;
- 2) Long-term, in order to finance or refinance the capital investment expenditures foreseen in the budget. The amount of outstanding long-term debt cannot exceed 50% of the generated current revenues in the previous year, exceptionally even more than 50% when the repayment period (not taking into account the grace period) covers at least five years. The amount of liabilities for the next budget year cannot exceed 15% of the total generated current revenues in the previous year;
- 3) Long-term, by issuing securities in order to finance investment, development and priority programmes and projects such as investing in capital investments and providing financial property, without the restrictions mentioned in the previous item.

4.8.2 Indebtedness of the budget in the previous period

In the past four years, indebtedness of the AP Vojvodina budget was carried out on several grounds:

- 1) In the fourth quarter of 2010, borrowing by the Fund for Capital Investment of AP Vojvodina (an indirect beneficiary of the Provincial budget at that time) from the Development Fund of the Republic of Serbia was agreed for financing projects from the Programme for Special Support to the Construction Industry at the Time of Global Economic Crisis, pursuant to the Provincial Regulation on the Indebtedness of the Autonomous Province of Vojvodina (acceptance of the obligation of debt repayment) for projects aiming to stimulate the construction industry of the Republic of Serbia, in the amount of 2,391,610,242.79 RSD. The loan repayment period shall be five years including the starting period of one year which shall be counted as of the day of release of the first tranche of the loan. In the starting period, the interest shall not be paid but it shall be calculated three months retroactively by applying comfortable methods and it shall be attributed to the principal debt. The loan repayment after the expiry of the grace period shall be carried out quarterly in 16 identical quarterly installments at the reference interest rate of the National Bank of Serbia, increased by 2.5 percentage points, or 3.5 percentage points for funds which shall be withdrawn as of 14th March, 2013.

For the purpose of this borrowing, at the expense of the Provincial budget, debit authorisations shall be issued as a guarantee of a debt repayment, in accordance with the Provincial Regulation on Granting the Development Fund of the Republic of Serbia Debit Authorisation for Payment from the Budget Execution Account of the Autonomous Province of Vojvodina, as a collateral debt repayment for projects aiming to stimulate construction industry of the Republic of Serbia.

- 2) Pursuant to the Decision on Emission of Long-Term Securities No. 422 - 12/2012, in June 2012, the Provincial budget was debited for the nominal value of issued long-term bonds in aggregate amount of 4,003,540,000.00 RSD. Bonds were depreciation bonds, indexed to the reference index of consumer prices with a fixed coupon of 2% at annual level, ten-year repayment period which shall include the grace period of two years and semi-annual payment of instalments.
- 3) Pursuant to the Decision on Emission of Long-Term Securities No. 422 - 12/2013, in April 2013, the Provincial budget was debited for the nominal value of issued long-term bonds in aggregate amount of 44,475,000.00 EUR, which expressed according to the middle exchange rate of the National Bank of Serbia on the date of issuance of bonds amounted to 4,970,320,000.00 RSD. Bonds were depreciation bonds, with a fixed coupon of 7% at annual level, with five-year repayment period and semi-annual payment of installments.

4.8.3 Indebtedness of the budget in 2015

Indebtedness of the Provincial budget in 2015 was planned pursuant to the Provincial Assembly Decision on Initiation and the Manner of Conducting the Borrowing Process by Issuing Long-Term Securities for the Purpose of Funding the Procurement of Equipment for "Kamenica 2" Facility ("Official Journal of the APV", No.18/2015) referring to the indebtedness by issuing long-term bonds with nominal value of up to 2,080,000,000.00 RSD. The Provincial Government shall be authorised for the realisation of the borrowing and it shall be obliged to adjust the issuance of bonds to the market conditions and payment dynamics for the procurement of medical equipment. For this purpose, this Information Booklet has been prepared describing the reason, manner, intention and the grounds for borrowing all in order to arouse interest of investors in greater number and to obtain a better proposal which will provide the AP Vojvodina with funds at the lowest possible interest rate.

Debt repayment in the previous period

In the previous period, funds for repayment of the debt were regularly planned in the budget of the AP Vojvodina. Repayment was carried out regularly both by the AP Vojvodina and the Fund for Capital Investment as an indirect beneficiary of the Provincial budget and by the end of 2014, the amount of 4,188,217,679.08 RSD in total (for revaluation of the debt principal 3,004,345,031.67 RSD and for the corresponding interest 1,183,872,647.41 RSD) was repaid on all three grounds:

- 1) *Debt based on the loan of the Fund for Capital Investment of AP Vojvodina to the Development Fund of the Republic of Serbia for financing projects from the Programme for Special Support to Construction Industry at the Time of Global Economic Crisis*, was repaid by 31st December, 2014 in the total amount of 1,629,326,427.90 RSD, of which 1,159,762,175.66 RSD refers to the repayment of the debt principal and 469,564,252.24 RSD was repaid for the purpose of accrued interest.
- 2) *Instalment repayment based on the First Emission of AP Vojvodina Bonds*, in the period from 11th June, 2012 to 31st December, 2014 was executed in the total amount of 511,611,104.28 RSD, of which 287,196,444.11 RSD for the debt principal and 224,414,660.17 for five accrued interest coupons.
- 3) *Instalment repayment based on the Second Emission of AP Vojvodina Bonds* in the period from 6th April, 2013 to 31st December, 2014 was executed in the total amount of 17,545,387.50 EUR, of which 13,342,500.00 EUR for the debt principal and 4,202,887.50 EUR for three accrued interest coupons. In April 2015, one instalment in the amount of 5,537,137.50 EUR was repaid (4,447,500.00 EUR for the debt principal and 1,089,637.50 EUR for interest coupon).

4.8.4 **Outstanding balance on 31st December, 2014**

The balance of undue liabilities arising from the indebtedness of the AP Vojvodina budget on 31st December, 2014, expressed in national currency amounts to 10,242,674,047.44 RSD and it includes the following:

1. **Through the Fund for Capital Investment of AP Vojvodina** for financing projects from the Programme for Special Support to Construction Industry at the Time of Global Economic Crisis 1,301,920,409.24 RSD (1,154,857,684.70 RSD for the principal and 147,062,724.54 RSD for the interest)
2. **Based on the First Emission of AP Vojvodina Bonds for the purpose of strengthening the financial potential of the Development Bank of Vojvodina** 4,647,816,564.98 RSD (4,303,330,079.63 RSD for the principal and 344,486,485.35 RSD for the interest).
3. **Based on the Second Emission of AP Vojvodina Bonds for the purpose of providing financial stability** 4,292,937,073.22 RSD (3,765,734,274.75 RSD for the principal and 527,202,798.47 RSD for the interest).

4.8.5 Management of the budget debt of the Autonomous Province of Vojvodina in the past three years

Article 36 of the Law on Public Debt, stipulates the limits for indebtedness of the local authorities' budget for the following:

- Short-term borrowing: a debt cannot exceed 5% of the total generated revenues in the previous year;
- Long-term borrowing: the amount of outstanding debt cannot exceed 50% of the generated current revenues in the previous year and the liability for the next budget year cannot exceed 15% of the total generated revenues of the past year;
- Emitting securities in order to finance investment, development and priority programmes and projects such as investing in capital investments and procuring financial property, without restrictions.

In accordance with the abovementioned, the following table shows the outstanding balance according to the criteria stipulated in the Law on Public Debt.

Table 10: **Management of the budget debt of the AP Vojvodina** (in 000 RSD)

No.	Description	2012	2013	2014
1	2	3	4	5
	INDEBTEDNESS ACCORDING TO THE CRITERIA FROM THE LAW ON PUBLIC DEBT			
1	Current revenues from the previous budget year compared to the observed year	49,694,318	61,677,441	56,448,177
2	Liabilities from debts at the end of the year	5,788,421	10,683,705	9,225,178
3	Ratio 1: share of liabilities from debts in current revenues (2/1 < 50%)	11.65%	17.32%	16.34%
4	Executed expenditures for interests and compensations	155,964	478,730	549,357
5	Expenses for debt repayment	243,457	938,796	1,822,092
6	Total expenditures and expenses (4+5)	399,421	1,417,526	2,371,449
7	Ratio 2: share of expenditures and expenses from debts in current revenues (6/1 < 15%)	0.80%	2.30%	4.20%
	REPAYMENT OF DEBT FROM THE CURRENT SURPLUS			
8	Current surplus	3,158,525	4,200,923	2,703,445
9	Current surplus prior to expenditures for interests (8+4)	3,314,489	4,679,653	3,252,802
10	Ratio 3: share of expenditures and expenses from debts in current surplus (6/9)	12.05%	30.29%	72.90%
11	Net current surplus (8-6)	2,759,104	2,783,397	331,996

Source: Provincial Assembly Decisions on the Budget Statement of accounts of the Autonomous Province of Vojvodina for 2012, 2013 and 2014 and reports on the execution of the Budget of the Autonomous Province of Vojvodina for 2012, 2013 and 2014.

On 31st December, 2014, the balance of the debt principal was 9,225,178 thousand RSD which made up 16.34% of the generated consolidated current revenues of the AP Vojvodina Budget in 2014. On 31st December, 2013, the ratio of debt and generated consolidated current revenues of the AP Vojvodina Budget was 17.32%, while on 31st December, 2012 it was 11.65%.

Total expenditures and expenses arising from the repayment of the principal and interest in 2014 amounted to 2,371,449 thousand RSD making up 4.20% of consolidated current revenues of the AP Vojvodina Budget, or 72.90% of the current surplus of the AP Vojvodina Budget prior to expenditures for interests. In 2013, total expenditures and expenses amounted to 1,417,526 thousand RSD making up 2.30% of consolidated current revenues in the AP Vojvodina Budget, or 30.29% of the current surplus of the AP Vojvodina Budget prior to expenditures for interests. Total expenditures and expenses arising from the repayment of the principal and interest in 2012 amounted to 399,421 thousand RSD, which means that their share in consolidated current revenues in the AP Vojvodina Budget amounted to 0.80%, while their share in the current surplus of the AP Vojvodina Budget prior to expenditures for interests was 12.05%.

4.9 Financial data on the budget of the Autonomous Province of Vojvodina for the past three years

4.9.1 Budget statement of accounts of the Autonomous Province of Vojvodina

Pursuant to the budget calendar stipulated by the Budget System Law, the Provincial Government shall submit to the AP Vojvodina Assembly the proposal of the Provincial Assembly Decision on the Statement of Accounts for the Budget of the Autonomous Province of Vojvodina with the Report on the Execution of the Provincial Assembly Decision on the Budget of the Autonomous Province of Vojvodina for the budget year. After it has been enacted by the AP Vojvodina Assembly, the Provincial Assembly Decision on the Statement of Accounts for the Budget of the Autonomous Province of Vojvodina shall be delivered to the Ministry of Finance, that is, to the Treasury Administration within the time period stipulated by the law.

The Provincial Assembly Decision on the Statement of Accounts for the Budget of the Autonomous Province of Vojvodina shall determine the total generated revenue and receipts and expenditures and expenses for the budget year as well as the financial performance (budget deficit/surplus) and the financing account which shall include receipts from the sale of financial property and from the borrowing as well as the expenditures for the acquisition of financial property and repayment of loans and credits.

The Statement of accounts of the AP Vojvodina Budget shall represent consolidation of statement of accounts of direct and indirect beneficiaries of the AP Vojvodina Budget, included in the consolidated AP Vojvodina Treasury account.

The AP Vojvodina budget statement of accounts shall be prepared on the principles of cash basis (revenues and receipts shall be recorded when collected and expenditures and expenses at the time of payment), in accordance with the Regulation on Budget Accounting and the Rulebook on the Manner of Preparing, Drafting and Submitting the Financial Statements of Beneficiaries of the Budget Assets, Beneficiaries of Social Security Organisation Funds and Budget Funds. The Annual financial statement shall be drafted and submitted in prescribed forms:

- 1) Balance Sheet – Form 1,
- 2) Balance of revenues and expenditures – Form 2,
- 3) Capital Expenses and Receipts Statement – Form 3,
- 4) Cash Flow Statement – Form 4,
- 5) Report on the Budget Execution –Form 5;

And statements for which the form has not been prescribed:

- 1) Explanation of major deviations from granted funds and execution,
- 2) Report on the use of funds from the current and permanent budget reserves,
- 3) Report on guarantees provided during the fiscal year,
- 4) Overview of received donations and loans, national and foreign as well as completed loan repayments, in compliance with the information comprised in cash flow statements.

Pursuant to provisions of the Budget System Law and Article 6 of the Regulation on Budget Accounting, the Statement of accounts of the AP Vojvodina Budget shall represent consolidation of revenues, receipts, expenditures and expenses of direct and indirect beneficiaries of the AP Vojvodina Budget included in the consolidated AP Vojvodina Treasury account. In 2012, there were 49 them in total (22 direct, 22 indirect and 5 beneficiaries of the budget funds), in 2013, 48 (22 direct, 21 indirect and 5 beneficiaries of the budget funds) and in 2014, there were 50 (23 direct, 21 indirect and 6 beneficiaries of the budget funds).

Pursuant to provisions of the Regulation on Budget Accounting, consolidation shall eliminate mutual transfers between the budgetary beneficiaries involved in consolidated treasury account in order to avoid doubling of positions in balances and statements comprising the statement of accounts of the budget.

As a consolidated (unique) statement of accounts of direct and indirect beneficiaries of the Provincial budget, that is, all accounts and subaccounts included in the consolidated AP Vojvodina Treasury account, the statement of accounts of the AP Vojvodina Budget shall be subject to the audit by the

National Auditing Institution or external audit if it is not subject to an annual audit plan of the National Auditing Institution if the AP Vojvodina Assembly shall decide so.

4.9.2 Excerpts from the statements of accounts from the budget of the Autonomous Province of Vojvodina for the past three years

4.9.2.1 Excerpt from consolidated balance sheets of the budget of the Autonomous Province of Vojvodina

From the consolidated balance sheet of the AP Vojvodina Budget, it can be concluded that in 2014, the value of assets in the balance sheet decreased by approximately 1.050 billion RSD, which is primarily the result of decrease in the value of financial property by 849 million (value of stocks and shares increased by 214 million compared to 2013, financial assets by about 769 million while the value of prepayments and accrued income decreased by 1,832 billion RSD). The value of non-financial property decreased by about 202 million RSD as a result of decrease in the value of non-financial property in fixed assets, that is, the value of real estate and equipment as well as cultivated property while the value of non-financial property in stocks increased due to increase in the value of commodity reserves as well as the goods for further sale. In accordance with the decrease in the value of assets in 2014 compared to 2013, corresponding positions in the balance sheet reduced as well (liabilities by a billion RSD and capital by about 266 million RSD).

Table 11: Excerpt from consolidated balance sheets of the AP Vojvodina budget (in 000 RSD)

Account	Name	31.12.2012	31.12.2013	31.12.2014
1	2	3	4	5
	ASSETS			
0	NON-FINANCIAL PROPERTY	3,993,772	4,116,958	3,915,380
01	Non-financial property in fixed assets	3,771,514	3,967,109	3,721,878
02	Non-financial property in stocks	222,258	149,849	193,502
1	FINANCIAL PROPERTY	26,802,821	38,950,640	38,101,475
11	Long-term financial property	11,877,594	16,525,696	16,739,677
12	Financial assets, precious metals, securities, claims and short-term placements	7,363,477	8,927,891	9,697,182
13	Prepayments and accrued income	7,561,750	13,497,053	11,664,616
	TOTAL ASSETS	30,796,593	43,067,598	42,016,855
351	OFF-BALANCE SHEET ASSETS	8,966,244	5,898,528	5,025,969
	LIABILITY ITEMS			
2	LIABILITIES	9,973,909	16,524,934	15,514,065

21	Long-term liabilities	5,788,421	10,683,705	9,225,178
22	Short-term liabilities	0	0	2,250
Account	Name	31.12.2012	31.12.2013	31.12.2014
1	2	3	4	5
23	Liabilities arising from expenditures for employees	5,787	1,399	21,799
24	Liabilities arising from other expenditures, except for expenditures for employees	1,138,446	1,663,802	1,103,577
25	Liabilities arising from business operation	77,521	72,931	86,902
29	Accruals and deferred income	2,963,734	4,103,097	5,074,359
3	CAPITAL, DETERMINING THE RESULTS OF BUSINESS OPERATION AND OFF-BALANCE SHEET EVIDENCE	20,822,684	26,542,664	26,502,790
31	CAPITAL	16,678,495	22,339,932	22,073,603
32	Excess of revenues and receipts – surplus	3,158,525	4,200,923	2,703,445
32	Non-allocated excess of revenues and receipts from previous years	987,618	3,763	1,727,696
32	Deficit from past years	1,954	1,954	1,954
	TOTAL LIABILITY ITEMS	30,796,593	43,067,598	42,016,855
352	OFF-BALANCE SHEET LIABILITY ITEMS	8,966,244	5,898,528	5,025,969

4.9.2.2 Excerpt from consolidated balances of revenues and expenditures in the budget of the Autonomous Province of Vojvodina

The balance of revenues and expenditures shall include all current revenues and receipts from the sale of non-financial property and all current expenditures and expenses for the procurement of financial property, as well as the achieved financial performance (budget surplus or budget deficit).

Pursuant to the provisions of the Budget System Law, the financial performance of the budget shall be defined as the budget surplus or the budget deficit and total fiscal surplus or total fiscal deficit.

In 2014, the Budget of the AP Vojvodina generated the budget surplus in the amount of 1.462 billion RSD and in 2013, 1.439 billion RSD while in 2012, the amount was 5.987 billion RSD.

The determined financial performance shall be adjusted for the portion of undistributed excess of revenues and receipts from the past years used to cover the expenditures and expenses of the current year, for the portion of financial assets for depreciation used for the procurement of non-financial property, for the portion of transferred unspent funds from the past years used to cover expenditures and expenses of the current year, expenditures and expenses for non-financial property financed from loans as well as for the portion of privatisation receipts used to cover expenditures and expenses of the current year. After the abovementioned adjustments of the generated surplus

had been made, the following financial performance was defined: for 2014, the surplus in the amount of 2.703 billion RSD, for 2013, the surplus in the amount of 4.201 billion RSD and in 2012, the surplus of 3.159 billion RSD.

The determined excess of revenues and receipts – surplus, shall be distributed to the special-purpose funds earmarked for the transfer to the next budget year and the undistributed surplus for the transfer to the next budget year.

The undistributed surplus shall be included in the allocation which means that its use shall be planned by the act on the budget for the next budget year.

Table 12: Excerpt from consolidated balances of revenues and expenditures of the budget of the AP of Vojvodina

(in 000 RSD)

Account	Name	Realised/ executed 2012	Realised/ executed 2013	Realised/ executed 2014
1	2	3	4	5
A	REVENUES AND RECEIPTS FROM THE SALE OF NON-FINANCIAL PROPERTY	61,753,029	56,453,719	57,071,116
7	CURRENT REVENUES	61,677,441	56,448,177	57,068,878
71	Taxes	11,532,495	12,621,333	13,751,047
73	Donations and transfers	40,407,720	38,010,023	37,371,671
74	Other revenues	9,712,332	5,797,971	5,934,883
77	Memorandum items for the reimbursement of expenditures	24,894	18,850	11,277
8	RECEIPTS FROM THE SALE OF NON-FINANCIAL PROPERTY	75,588	5,542	2,238
81	Receipts from the sale of fixed assets	58,635	4,854	827
82	Receipts from the sale of stocks	2,226	688	1,259
84	Receipts from the sale of natural assets	14,727	0	152
B	CURRENT EXPENDITURES AND EXPENSES FOR NON-FINANCIAL PROPERTY	55,765,816	55,014,389	55,608,923
4	CURRENT EXPENDITURES	49,770,795	52,832,252	53,670,679
41	Expenditures for employees	3,141,909	2,867,030	2,778,309
42	Use of services and goods	2,246,261	2,147,446	2,087,362
43	Depreciation and use of work resources	6,251	399	0
44	Interest repayment and accompanying costs of borrowing	156,538	479,517	550,109
45	Subsidies	3,891,360	5,259,907	5,887,843
46	Donations, grants and transfers	39,224,608	40,940,152	40,843,569
47	Social security and social protection	324,532	280,214	395,669
48	Other expenditures	779,336	857,587	1,127,818

5	EXPENSES FOR NON-FINANCIAL PROPERTY	5,995,021	2,182,137	1,938,244
51	Fixed assets	201,300	164,280	286,000
52	Stocks	174,833	559	143,716
Account	Name	Realised/ executed 2012	Realised/ executed 2013	Realised/ executed 2014
1	2	3	4	5
55	Non-financial property financed from the funds for the implementation of the National Investment Plan – for capital investments in the territory of the APV	5,618,888	2,017,298	1,508,528
	DETERMINING THE RESULTS OF BUSINESS OPERATION			
	Excess of revenues and receipts – budget surplus	5,987,213	1,439,330	1,462,193
	Deficit of revenues and receipts – budget deficit	0	0	0
	ADJUSTMENT OF SURPLUS, OR DEFICIT IN REVENUES AND RECEIPTS	1,691,447	2,977,312	2,475,981
	Portion of undistributed excess of revenues and receipts from the past years used to cover expenditures and expenses of the current year	183,618	1,877,157	383,190
	Portion of financial assets of depreciation used for the procurement of non-financial property	3,065	475	1,044
	Portion of transferred unspent funds from the past years used to cover expenditures and expenses of the current year	472,803	1,002,483	2,038,555
	Amount of expenditures and expenses for non-financial property, financed from loans	0	0	2,250
	Amount of privatisation receipts used to cover expenditures and expenses of the current year	1,031,961	97,197	50,942
	COVERAGE OF EXECUTED EXPENSES FROM CURRENT REVENUES AND RECEIPTS	4,520,135	215,719	1,234,729
	Spent funds from the current revenues and receipts from the sale of non-financial property in order to repay the borrowings	142	207,908	999,292
	Spent funds from the current revenues and receipts from the sale of non-financial property for the procurement of financial property	4,519,993	7,811	235,437
	EXCESS OF REVENUES AND RECEIPTS – SURPLUS	3,158,525	4,200,923	2,703,445
	Portion of excess of revenues and receipts specially earmarked for the next year	1,594,408	1,671,800	1,210,439
	Undistributed portion of the excess of revenues and receipts for the transfer in the next year	1,564,117	2,529,123	1,493,006

4.9.2.3 Excerpt from consolidated statements of capital expenses and financing of the budget of the Autonomous Province of Vojvodina

Table 13: Excerpt from consolidated statements on capital expenses and financing of the budget of the AP of Vojvodina (in 000 RSD)

Account	Name	Realised/ executed 2012	Realised/ executed 2013	Realised/ executed 2014
1	2	3	4	5
A	RECEIPTS	4,707,284	5,510,862	685,900
8	RECEIPTS FROM THE SALE OF NON-FINANCIAL PROPERTY	75,588	5,542	2,238
81	Receipts from the sale of fixed assets	58,635	4,854	827
82	Receipts from the sale of stocks	2,226	688	1,259
84	Receipts from the sale of natural assets	14,727	0	152
9	RECEIPTS FROM BORROWING AND THE SALE OF FINANCIAL PROPERTY	4,631,696	5,505,320	683,662
91	Receipts from borrowing	4,003,540	4,970,320	2,250
92	Receipts from the sale of financial property	628,156	535,000	681,412
B	EXPENSES	14,862,008	8,174,064	4,133,536
5	EXPENSES FOR NON-FINANCIAL PROPERTY	5,995,021	2,182,137	1,938,244
51	Fixed assets	201,300	164,280	286,000
52	Stocks	174,833	559	143,716
55	Non-financial property financed from the funds for the implementation of the National Investment Plan – for capital investments in the territory of the APV	5,618,888	2,017,298	1,508,528
6	EXPENSES FOR THE REPAYMENT OF THE PRINCIPAL AND PROCUREMENT OF FINANCIAL PROPERTY	8,866,987	5,991,927	2,195,292
61	Principal repayment	243,457	938,796	1,822,092
62	Procurement of financial property	8,623,530	5,053,131	373,200
	DEFICIT OF RECEIPTS	10,154,724	2,663,202	3,447,636

In the statements of capital expenses and financing for 2012, 2013 and 2014, the receipts based on the sale of non-financial property and borrowing were shown as well as the sale of financial property, expenses for non-financial property and repayment of the debt principal and the procurement of financial property, as well as the generated excess or deficit over expenses for the budget year.

In the budgetary 2012, 2013 and 2014, the deficit of receipts from the sale of non-financial property and the receipts from borrowing and the sale of financial property was recorded compared to executed expenses for non-financial property and the principal repayment and the procurement of financial property. The generated deficit of receipts was compensated for by the funds from the current revenues and transferred revenues and receipts from the past years.

4.9.2.4 Excerpt from the Consolidated Statement on Cash Flow of the AP Vojvodina Budget

The Cash Flow Statement represents all the inflows and outflows of cash assets on the consolidated Treasury account of AP Vojvodina, divided in accordance with the revenues and receipts as well as expenditures and expenses payable.

Table 14: **Excerpt from the Consolidated Statement on Cash Flow of the AP Vojvodina Budget**
(In thousands of RSD)

Account	Title	Received/Paid 2012	Received/Paid 2013	Received/Paid 2014
1	2	3	4	5
	CASH FLOW	66,384,725	61,959,039	57,754,778
7	CURRENT REVENUE	61,677,441	56,448,177	57,068,878
71	Taxes	11,532,495	12,621,333	13,751,047
73	Donations and transfers	40,407,720	38,010,023	37,371,671
74	Other revenues	9,712,332	5,797,971	5,934,883
77	Memorandum items for the refund of expenditures	24,894	18,850	11,277
8	RECEIPTS GENERATED FROM THE SALE OF NON-FINANCIAL ASSETS	75,588	5,542	2,238
81	Receipts from the sale of other fixed assets	58,635	4,854	827
82	Receipts from the sale of supplies	2,226	688	1,259
84	Receipts from the sale of natural property	14,727	0	152
9	RECEIPTS FROM THE BORROWING AND SALE OF FINANCIAL ASSETS	4,631,696	5,505,320	683,662
91	Receipts from borrowing	4,003,540	4,970,320	2,250
92	Receipts from the sale of financial assets	628,156	535,000	681,412
	CASH OUTFLOW	64,632,803	61,006,316	57,804,215
4	CURRENT	49,770,795	52,832,252	53,670,679

	EXPENDITURES			
41	Expenditures for the employees	3,141,909	2,867,030	2,778,309
42	Use of goods and services	2,246,261	2,147,446	2,087,362
43	Amortization and use of work materials	6,251	399	0
44	Payment of interest and borrowing-related expenses	156,538	479,517	550,109
45	Subsidies	3,891,360	5,259,907	5,887,843
46	Donations, financial assistance and transfers	39,224,608	40,940,152	40,843,569
47	Mandatory social insurance and social security	324,532	280,214	395,669
48	Other expenditures	779,336	857,587	1,127,818
5	EXPENDITURES FOR NON-FINANCIAL ASSETS	5,995,021	2,182,137	1,938,244
51	Fixed assets	201,300	164,280	286,000
52	Supplies	174,833	559	143,716
55	Non-financial assets financed from the funds for the realisation of the national investment plan – capital investments on the territory of APV	5,618,888	2,017,298	1,508,528
6	EXPENDITURES FOR PRINCIPAL REPAYMENT AND ACQUISITION OF FINANCIAL ASSETS	8,866,987	5,991,927	2,195,292
61	Principal repayment	243,457	938,796	1,822,092
62	Acquisition of financial assets	8,623,530	5,053,131	373,200
	SURPLUS CASH FLOW	1,751,922	952,723	0
	DEFICIT CASH FLOW	0	0	49,437
	CASH BALANCE AT THE BEGINING OF	3,180,749	4,950,753	5,929,001

	THE YEAR			
	MODIFIED INCOME FOR RECEIVED ASSETS IN THE CALCULATION	66,457,420	62,638,064	57,827,374
	Correction of cash inflow for collected funds not recorded in class 7000000, 8000000, 9000000	72,695	679,025	72,596
	MODIFIED OUTFLOWS FOR PAID FUNDS IN THE CALCULATIONS	64,687,416	61,659,816	57,863,994
	Correction of cash outflow for calculated amortisation registered as debited to own income	6,251	399	0
	Correction of cash outflow for paid expenditures not recorded in class 4000000, 5000000, 6000000	60,864	653,899	59,779
	CASH BALANCE AT THE END OF THE YEAR	4,950,753	5,929,001	5,892,381

Surplus in 2012 and 2013, i.e. The deficit of cash inflow in 2014, modified for certain items in the form – Cash flow statement of the AP Vojvodina Budget including the cash balance at the beginning of the year provides the cash balance at the end of the budget year, i.e. the balance of assets on the account of the consolidated Treasury account.

4.9.2.5 Excerpt from the Consolidated Statement on Execution of the AP Vojvodina Budget

Excerpts from the Consolidated Statement on Execution of the AP Vojvodina Budget show the planned and generated revenues and proceeds as well as the expenditures and outflows in the Budget of AP Vojvodina by all AP Vojvodina budget beneficiaries, i.e. all subaccounts of direct and indirect AP Vojvodina budget beneficiaries.

Table 15: Excerpt from the Consolidated Statement on Execution of the AP Vojvodina Budget

(In thousands of RSD)

Account	Title	Received/Paid 2012	Received/Paid 2013	Received/Paid 2014
1	2	3	4	5
	CURRENT REVENUES AND RECEIPTS FROM NON-FINANCIAL ASSETS	61,753,029	56,453,719	57,071,116
7	CURRENT REVENUES	61,677,441	56,448,177	57,068,878
71	Taxes	11,532,495	12,621,333	13,751,047
73	Donations and transfers	40,407,720	38,010,023	37,371,671
74	Other revenues	9,712,332	5,797,971	5,934,883
77	Memorandum items for the refund of expenditures	24,894	18,850	11,277
8	REVENUES GENERATED FROM THE SALE OF NON-FINANCIAL ASSETS	75,588	5,542	2,238
81	Receipts from the sale of other fixed assets	58,635	4,854	827
82	Receipts from the sale of supplies	2,226	688	1,259
84	Receipts from the sale of natural property	14,727	0	152
9	REVENUES FROM THE BORROWING AND SALE OF FINANCIAL ASSETS	4,631,696	5,505,320	683,662
91	Receipts from borrowing	4,003,540	4,970,320	2,250
92	Receipts from the sale of financial assets	628,156	535,000	681,412
	TOTAL REVENUES AND RECEIPTS	66,384,725	61,959,039	57,754,778
	CURRENT EXPENDITURES AND EXPENSES FOR NON-FINANCIAL ASSETS	55,765,816	55,014,389	55,608,923
4	CURRENT EXPENDITURES	49,770,795	52,832,252	53,670,679
41	Expenditures for the employees	3,141,909	2,867,030	2,778,309
42	Use of goods and services	2,246,261	2,147,446	2,087,362
43	Amortization and use of work materials	6,251	399	0
44	Payment of interest and borrowing-related expenses	156,538	479,517	550,109
45	Subsidies	3,891,360	5,259,907	5,887,843
46	Donations, financial assistance and transfers	39,224,608	40,940,152	40,843,569
47	Mandatory social insurance and social	324,532	280,214	395,669

	security			
48	Other expenditures	779,336	857,587	1,127,818
5	EXPENSES FOR NON-FINANCIAL ASSETS	5,995,021	2,182,137	1,938,244
51	Fixed assets	201,300	164,280	286,000
52	Supplies	174,833	559	143,716
55	Non-financial assets financed from the funds for the realisation of the national investment plan – capital investments on the territory of APV	5,618,888	2,017,298	1,508,528
6	OUTFLOWS FOR PRINCIPAL REPAYMENT AND ACQUISITION OF FINANCIAL ASSETS	8,866,987	5,991,927	2,195,292
61	Principal repayment	243,457	938,796	1,822,092
62	Acquisition of financial assets	8,623,530	5,053,131	373,200
	TOTAL EXPENDITURES AND EXPENSES	64,632,803	61,006,316	57,804,215
7, 8	CURRENT REVENUES AND PROCEEDINGS GENERATED FROM THE SALE OF NON-FINANCIAL ASSETS	61,753,029	56,453,719	57,071,116
4,5	CURRENT EXPENDITURES AND OUTFLOWS FOR NON-FINANCIAL ASSETS	55,765,816	55,014,389	55,608,923
	Revenues and receipts surplus – budget surplus	5,987,213	1,439,330	1,462,193
	Revenues and receipts deficit – budget deficit	0	0	0
9	REVENUES FROM THE BORROWING AND SALE OF FINANCIAL ASSETS	4,631,696	5,505,320	683,662
6	OUTFLOWS FOR PRINCIPAL REPAYMENT AND ACQUISITION OF FINANCIAL ASSETS	8,866,987	5,991,927	2,195,292
	SURPLUS REVENUES	0	0	0
	DEFICIT REVENUES	4,235,291	486,607	1,511,630
	SURPLUS CASH FLOW	1,751,922	952,723	0
	DEFICIT CASH FLOW	0	0	49,437

4.9.3 Business activities indicators in the AP Vojvodina Budget in the previous three years

4.9.3.1 Planned and executed budget

Having in mind the circumstances in which the business activities took place in the previous three years as well as the impact of the global economic crisis which lead to the decrease in economic activities, we can conclude that the realisation of the Budget of AP Vojvodina in the last three years was satisfactory.

Table 16: **Planned and realised budget**

(in thousands of RSD)

Year	Planned budget	Income, receipts and transferred funds	Realised expenditures and expenses	% of the income and receipts	% of expenditures and expenses
1	2	3	4	5 $\frac{3}{2} * 100$	6 $\frac{4}{2} * 100$
2012	82,911,438	69,579,137	64,632,803	83,92%	77,95%
2013	77,450,564	66,907,857	61,006,316	86,39%	78,77%
2014	64,694,040	63,533,129	57,804,215	98,21%	89,35%

4.9.3.2 The execution of the AP Vojvodina Budget represented by economic classes

Table 17: **Execution of the budget represented by economic classes and the achieved financial results**

(in thousands of RSD)

Class	DESCRIPTION	2012	2013	2014
1	2	3	4	5
A	REVENUES AND RECEIPTS	61,753,029	56,453,719	57,071,116
7	CURRENT REVENUES	61,677,441	56,448,177	57,068,878
8	REVENUE FROM THE SALE OF NON-FINANCIAL ASSETS	75,588	5,542	2,238
B	EXPENDITURES AND EXPENSES	55,765,816	55,014,389	55,608,923
4	CURRENT EXPENDITURES	49,770,795	52,832,252	53,670,679
5	EXPENSES FOR NON-FINANCIAL ASSETS	5,995,021	2,182,137	1,938,244
	NET PROCUREMENT OF NON-FINANCIAL ASSETS (8-5)	- 5,919,434	- 2,176,595	- 1,936,006
I	BUDGET SURPLUS/DEFICIT (A-B)	5,987,213	1,439,330	1,462,193
	Surplus correction, i.e., deficit of revenues and receipts	1,691,447	2,977,312	2,475,981

	Coverage of executed expenses through current revenue and receipts	4,520,135	215,719	1,234,729
	Revenues and receipts surplus	3,158,525	4,200,923	2,703,445

The 2012 AP Vojvodina Budget showed a surplus of RSD 3,158,525, RSD 4,200,923 in 2013 and RSD 2,703,445 in 2014. The AP Vojvodina Budget did not face any problems pertaining to insufficient liquidity in the previous three years as well as insolvency and all the outstanding liabilities were paid within the determined deadline. The AP Vojvodina Budget did not include loans to cover existing liquidity nor did it include loans from commercial banks or other financial institutions.

4.9.3.3 Realisation and the execution of the AP Vojvodina budget, classified according to financing sources

The budget classification of expenditures and expenses according to financing sources shows revenues and receipts, expenditures and expenses on the grounds of the realisation of these funds. This classification connects all financing sources with concrete expenditures and expenses.

Table 18: **1.1.2.3 Realised and Executed Funds of the AP Vojvodina Budget, classified according to financing sources**
thousands RSD

(in

Financing sources	NAME	2012			2013			2014		
		Realised revenue and receipts	Executed expenditure s and expenses	% of execution	Realised revenue and receipts	Executed expenditure s and expenses	% of execution	Realised revenue and receipts	Executed expenditure s and expenses	% of execution
1	2	3	4	5 (4/3)	6	7	8 (7/6)	9	10	11(10/9)
01	BUDGET REVENUE	21,042,910	18,019,158	85,63	18,274,006	14,152,855	77,45	19,593,551	16,959,035	86,55
03	SOCIAL CONTRIBUTIONS	20,536	20,117	97,96	14,546	14,305	98,34	2,766	2,581	93,31
04	BUDGET BENEFICIARIES REVENUE	218,377	199,451	91,33	160,762	150,347	93,52	115,780	109,518	94,59
05	DONATIONS FROM OTHER COUNTRIES	28,282	9,746	34,46	30,346	5,971	19,68	3,753	3,240	86,33
06	DONATIONS FROM INTERNATIONAL ORGANISATIONS	100,379	19,551	19,48	69,899	28,491	40,76	36,051	28,085	77,90
07	TRANSFERS FROM OTHER LEVELS OF GOVERNMENT	40,269,529	40,265,153	99,99	37,891,354	37,888,674	99,99	37,269,752	37,247,980	99,94
08	VOLUNTARY TRANSFERS FROM NATURAL AND LEGAL PERSONS	37,766	35,393	93,72	17,539	17,370	99,04	2,785	2,560	91,92
09	RECEIPTS FROM THE SALE OF NON-FINANCIAL ASSETS	60,378	28,662	47,47	723	559	77,32	1,695	519	30,62
10	RECEIPTS FROM DOMESTIC BORROWING	4,003,540	4,003,537	100,00	4,970,320	4,970,320	100,00	0	0	0
12	RECEIPTS FROM LOAN REPAYMENT AND FINANCIAL ASSETS SALE	603,028	364,178	60,39	529,545	147,197	27,80	678,568	180,919	26,66
CURRENT REVENUES AND RECEIPTS		66,384,725	62,964,946	94,85	61,959,040	57,376,089	92,60	57,704,701	54,534,437	94,42
13	UNALLOCATED BUDGET SURPLUS FROM PREVIOUS YEARS	1,716,748	576,256	33,57	4,280,247	3,586,319	83,79	4,905,313	2,825,024	57,59
14	UNSPENT FUNDS FROM PRIVATISATION IN PREVIOUS YEARS	1,347,577	1,011,241	75,04	602,200	0	0,00	850,495	395,897	46,55
15	UNSPENT FUNDS FROM DONATIONS IN PREVIOUS YEARS	130,087	80,360	61,77	66,370	43,908	66,16	22,543	32,731	145,19
56	EU FINANCIAL AID	0	0	0	0	0	0	50,077	16,126	32,20
REVENUES AND RECEIPTS TRANSFERRED FROM PREVIOUS YEARS		3,194,412	1,667,857	52,21	4,948,817	3,630,227	73,36	5,828,428	3,269,778	56,10

TOTAL CURRENT AND TRANSFERRED REVENUES AND RECEIPTS	69,579,137	64,632,803	92,89	66,907,857	61,006,316	91,18	63,533,129	57,804,215	90,98
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Source: Provincial Assembly Decisions on Statements of Accounts for the Budget of the Autonomous Province of Vojvodina for 2012, 2013 and 2014.

4.9.3.4 Expenditures and expenses according to the functional classification of the AP Vojvodina Budget

Functional classification shows the expenditures and expenses in accordance with the functional purpose for the specific field and it is independent from the organisation which performs that function. In the previous three years, the AP Vojvodina Budget was executed in accordance with the following functional classification:

Table 19: **Expenditures and expenses according to the functional classification** (in RSD thousands)

Functional classification	NAME	Expenditures and expenses execution					
		2012		2013		2014	
		amount	%	amount	%	amount	%
1	2	3	4	5	6	7	8
0	Social protection	631,846	1,0	448,413	0,7	582,724	1,0
1	General public services	19,598,517	30,3	17,045,931	27,9	12,139,145	21,0
3	Public order and peace	53,919	0,1	54,349	0,1	51,646	0,1
4	Economic affairs	11,506,184	17,8	9,002,175	14,8	9,846,608	17,0
5	Environment	541,990	0,8	572,909	0,9	633,299	1,1
6	Housing and communities	191,830	0,3	126,302	0,2	131,751	0,2
7	Healthcare	586,667	0,9	846,058	1,4	978,174	1,7
8	Recreation, sports, culture and religion	2,961,411	4,6	3,026,079	5,0	3,201,557	5,6
9	Education	28,560,439	44,2	29,884,100	49,0	30,239,311	52,3
	TOTAL:	64,632,803	100,0	61,006,316	100,0	57,804,215	100,0

4.10 Description of audit procedures

In accordance with the Law on the Budget System and the Rulebook on Joint Criteria and Standards for the Establishment, Functioning and Reporting on the system of financial management and control in the public sector, the budget beneficiaries are obligated to establish financial management and control. The Head of the organisation which is the budget beneficiary is responsible for the establishment of financial management and control.

Financial management and control are conducted in accordance with policies, procedures and activities with the aim of providing reasonable assurance that the following goals will be fulfilled: business activities conducted in accordance with the regulations, internal acts and contracts, the fairness and the integrity of financial and business reports, economic and efficient use of funds and the protection of funds and data (information). It is organised as a system of procedures and responsibilities of all persons employed with the budget beneficiary.

The Budget System Law defines the budget audit for the Budget of the Republic of Serbia and the budgets of local self-governments.

The public funds beneficiaries perform an internal audit and the Head of the public fund beneficiary is responsible for the provision and establishment of conditions for normal functioning. The competent minister defines and stipulates the criteria for the organisation and standards and methodical instructions for the organisation and performance of the internal audit.

The statement of accounts of local self-governments shall be subject to external revision.

In addition, *a budget inspection unit* shall be established in order to ensure the control of legality and purposeful use of budget funds.

Internal audit

An obligation determined by the Budget System Law, pertaining to the organisation of an internal audit system with the public funds beneficiary and established by the formation of an Internal Audit Service for public funds beneficiaries in AP Vojvodina (the Service). The Service was established in 2012 by the Provincial government in accordance with the Rulebook on joint standards and methodological instructions for the organisation and reporting an internal audit in the public sector.

The Service is a special functional organisational unit independent in its work. The Service shall report directly to the President of the Provincial government on its activities and results of performed audits.

The Service shall be responsible for the organisation of the audit for budget funds beneficiaries in AP Vojvodina by valorising, establishing a financial management and control system as well as by evaluating the adequacy of risk management and organisation management.

External audit

Article 92 of the Budget system stipulates that the external audit of the statement of accounts of a local self-government budget shall be done by the State audit institution. With the compliance of the aforementioned institution and based on the Decision of a local self-government assembly, an external audit may be performed by a person as well, a person who fulfils the conditions of the conditions for the organisation of audit for financial statements, stipulated by legislation pertaining to accounting and auditing.

The statement of accounts of the AP Vojvodina Budget was subject to external audit since 2003. The State auditing institution performed the external audit of the statement of accounts in 2010 and conclusive with 2012 the auditing was performed by auditing companies hired by the Provincial assembly. The audit of the 2013 statement of accounts was performed by a company chosen through a public procurement procedure by the Provincial Secretariat for Finance. The audit of the 2014 statement of accounts is on-going and is performed by the State audit institution.

The audit of statements of accounts for a the previous year performed on the level of Budget consolidated statement of accounts which includes the statements of accounts of direct budget funds beneficiaries and the information from statements of accounts from indirect beneficiaries with the elimination of mutual transfers.

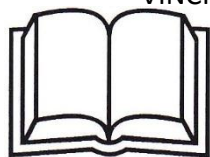
AP Vojvodina 2012 Budget Statement of Accounts Audit

The audit of the Statement of Accounts of the 2012 AP Vojvodina Budget was not part of planned activities of the State audit institution in 2013. In accordance with Paragraph 4 of Article 92 of the Budget System Law, the audit was performed by the auditing company VINČIĆ LTD Novi Beograd in accordance with the Contract on external audit of the AP Vojvodina 2012 Budget Statement of Accounts, concluded by the Provincial Assembly upon the completion of the public procurement procedure in line with the Public Procurement Law.

AP Vojvodina 2013 Budget Statement of Accounts Audit

The audit of the Statement of Accounts of the 2013 AP Vojvodina Budget was not part of planned activities of the State audit institution in 2014. In accordance with Paragraph 4 of Article 92 of the Budget System Law, the audit was performed by the auditing company VINČIĆ LTD Novi Beograd in accordance with the Contract on external audit of the AP Vojvodina 2012 Budget Statement of Accounts, concluded by the Provincial Secretariat for Finance upon the completion of the public procurement procedure in line with the Law.

Upon performing the audit of the Budget statement of accounts, the auditor provided the following opinion:



VINČIĆ LTD NOVI BEOGRAD ACCOUNTING STATEMENTS AUDTING COMPANY

11070 NOVI BEOGRAD, Ul. Narodnih heroja, br. 23 /I

AUDITING AND ASESMENT UNIT

11000 BEOGRAD, Ul.Simina, br. 22/II

File: 01 - 85/1 - 2013

AP VOJVODINA BUDGET

Independent Auditor's Report to the Provincial Assembly

We have audited the accompanying financial statements of Draft Statement of Accounts of the AP Vojvodina Budget (hereinafter, the "AP Vojvodina Budget") , which comprise the balance sheet as at 31 December 2012, and the income statement, statement of changes in equity and cash flow statement, the Report on budget execution for the year then ended, and a summary of significant accounting policies and other explanatory information for financial statements.

Responsibility of the Provincial Secretariat for Finance for the Financial Statements

The Secretariat is responsible for the preparation and fair presentation of these financial statements in accordance with the Regulation on Budget Accounting (The Official Gazette of the Republic of Serbia no. 125/2003 and 12/2006), the Decision on the 2012 AP Vojvodina Budget and accounting policies disclosed in Notes 2 and 3 of the attached financial statements. The responsibility shall entail: creating, application and maintenance of internal controls relevant to the preparation and objective reporting of financial statements that do not include wrong information due to material misstatement, whether due to fraud or error; the selection and the application of best possible accounting assessments.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our external audit in accordance with International Standards on Auditing, the Law on Accounting and Auditing and the Budget System Law. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An external audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(Continued)

AP VOJVODINA BUDGET

INDEPENDENT AUDITOR'S REPORT TO THE PROVINCIAL ASSEMBLY

(Continuation)

Independent auditor's report

In our opinion the Draft 2012 AP Vojvodina Budget Statement of Accounts reports on the state of assets, liabilities and funding sources for the Budget objectively and truthfully as well in accordance with all important and materially significant issues, as well as the state of revenue and receipts, expenditures and expenses, cash flows and budget execution for the year ending on 31 December 2012 in line with the relevant legal and accounting regulation stipulated by the Budget System Law, the Regulation on Budget Accounting and the Decision on 2012 AP Vojvodina Budget and the accounting policies disclosed in Notes 2 and 3 of this Report.

Regarding the abovementioned, in line with Article 38 of the Law on Accounting and Auditing, we express the following positive opinion on the financial statements.

By not expressing our reserves on the 2012 Statement of accounts, we focus on the following:

As disclosed in Note 20, Long-term financial assets, expressed in the amount of 11,877,594 thousand RSD (5,219,669 thousand RSD in 2011), with stocks, shares and other capital accounting for 11,854,990 thousand RSD. The aforementioned amount of capital share in domestic banks i.e. the Razvojna banka Vojvodine JSC Novi Sad accounts for the nominal value of 10,001,763 thousand RSD with price per share of 4,910,00 RSD. The increase of the share in the capital of the Razvojna banka Vojvodine JSC Novi Sad through the participation of AP Vovjodina as a qualified partner in three capital increases in the bank: in March, with 4,280,001 thousand RSD – purchase of 778,182 shares per share value of 5,500 RSD, in June with the first AP Vojvodina bond issuing where 283,679 items were exchanged for 577,757 Bank shares according to nominal value determined by the Shareholders' Assembly upon adopting the annual Financial Statement for 2011 to 4,910 RSD per share i.e. total value of 219,999 RSD in September. The total value of performed capital increase in 2012 amounted to thousand RSD for 1,400,744 ordinary shares with the average nominal value of 5,237,77 RSD. According to the data from the Belgrade Exchange JSC, on 31 September the market value of a share was 470,00 RSD.

By reducing the value to the market – exchange value these shares are worth 957,269 RSD which means that this property is valued at 9,044,494 RSD. The accounting inclusion of information in the Balance Sheet is done in accordance with the Regulation on Accounting and adopted accounting policies and without the application of IAS. During the preparation of the Statement of Accounts of the AP Vojvodina Budget, the National Bank of Serbia adopted the Decision IO NBS no.9 according to which the Razvojna banka Vojvodine JSC Novi Sad ceased to exist on 6 April 2013 which was disclosed in the Annual Financial Statement

for 2012.

It is our recommendation that in the current year the inventory lists pertaining to the inventory of fixed assets and the equipment be defined according to the indicators from bookkeeping records – both in terms of quantity and value so that the Inventory committee could determine the potential differences between the inventory and the bookkeeping records.

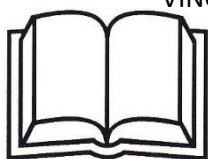
(A more in-depth explanation is provided in Chapter: Additional Information, Item Assets and Liabilities Records, page 106 of the Report)

Belgrade, 7 May 2013



Ovlašćeni revizor
Mr. Svetozar Vinčić dipl. oec.

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VINČIĆ LTD NOVI BEOGRAD ACCOUNTING STATEMENTS AUDTING COMPANY

11 070 NOVI BEOGRAD, Ul. Narodnih heroja, br. 23 /I

AUDITING AND ASESMENT UNIT

11 000 BEOGRAD, Ul. Simina, br. 22/II

File: 01 - 85/1 - 2014

AP VOJVODINA BUDGET

Independent Auditor's Report to the Provincial Assembly

We have audited the accompanying financial statements of Draft Statement of Accounts of the AP Vojvodina Budget (hereinafter, the "AP Vojvodina Budget"), which comprise the balance sheet as at 31 December 2013, and the income statement, statement of capital expenditures and financing, statement of changes in equity and cash flow statement, the Report on budget execution for the year then ended, and a summary of significant accounting policies and other explanatory information for financial statements.

Responsibility of the Provincial Secretariat for Finance for the Financial Statements

The Secretariat is responsible for the preparation and fair presentation of these financial statements in accordance with the Regulation on Budget Accounting (The Official Gazette of the Republic of Serbia no. 125/2003 and 12/2006), the Decision on the 2013 AP Vojvodina Budget and accounting policies disclosed in Notes 2 and 3 of the attached financial statements. The responsibility shall entail: creating, application and maintenance of internal controls relevant to the preparation of objective reporting of financial statements that do not include wrong information due to material misstatement, whether due to fraud or error; the selection and the application of best possible accounting assessments.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our external audit in accordance with International Standards on Auditing, the Law on Accounting and Auditing and the Budget System Law. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An external audit involves performing

procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(continued)

AP VOJVODINA BUDGET

INDEPENDENT AUDITOR'S REPORT TO THE PROVINCIAL ASSEMBLY

(continuation)

Independent auditor's report

In our opinion the Draft 2012 AP Vojvodina Budget Statement of Accounts reports on the state of assets, liabilities and funding sources for the Budget objectively and truthfully as well in accordance with all important and materially significant issues, as well as the state of revenue and receipts, expenditures and expenses, cash flows and budget execution for the year ending on 31 December 2012 in line with the relevant legal and accounting regulation stipulated by the Budget System Law, the Regulation on Budget Accounting and the Decision on 2012 AP Vojvodina Budget and the accounting policies disclosed in Notes 2 and 3 of this Report.

Regarding the abovementioned, in line with Article 30 of the Law on Accounting and Auditing, we express the following positive opinion on the financial statements.

By not expressing our reserves on the 2013 Statement of accounts, we focus on the following:

1. As disclosed in Note 20, Long-term financial assets, expressed in the amount of 16,525,696 RSD (11,877,594 RSD in 2012), with domestic stocks, shares and other capital accounting for 16,358,799 RSD (11,877,594 RSD in 2012). The aforementioned amount of capital share in domestic banks i.e. the Razvojna banka Vojvodine JSC Novi Sad accounts for the nominal value of 10,303,198 RSD (10,001,763 RSD in 2012). Changes to the aforementioned bank account in 2013 were as follows:
(in thousands of RSD)

	Number of shares	Nominal value of shares
-	State at the beginning of 2013	
	2,037,019	4,910 10,001,763
- Transferred shares from the APV Development Fund	641,351	4,910
3,149,033		
- Correction of value to shares of the APV Development Fund		
	(2,847,598)	
State at the end of 2013	2,678,370	10,303,198

The Decision of the Commercial Court in Novi Sad as of 8 April 2013 opened the bankruptcy procedure for the Razvojna banka Vojvodine JSC Novi Sad.

In accordance with the Decision of the Court regarding the bankruptcy, trading with the shares of this Company ceased. Pursuant to the abovementioned we cannot estimate the value of shares owned by AP Vojvodina. In addition, we have no information from the Court regarding the bankruptcy estate or about the amount of indemnification pertaining to the bankruptcy estate of the Razvojna banka Vojvodine JSC Novi Sad and we cannot estimate the possible amount that would be allocated from the bankruptcy estate to the AP Vojvodina Budget.

All the above-mentioned pertains to the disclosed bookkeeping state on 31 December 2013.

2. As disclosed in Note 22 – Short-term debts were expressed in the amount of 1,784,040 RSD (2012 - 2,370,791 RSD), where for the disputable debts of 1,050,382 RSD, 75,259 RSD accounts for the deficit in commodity reserves for which the adjustment value of 75,259 RSD was performed.

The determined deficit was accounted for at the Mlinostep LTD Novi Sad Storage Company with which the Commodity Reserves Directorate concluded a contract on storing, keeping and renewing the funds of mercantile wheat. The value of stored goods was guaranteed by the Directorate through the mortgage on the immovable assets of the storage company.

(continued)

- 2 -

AP VOJVODINA BUDGET

INDEPENDENT AUDITOR'S REPORT TO THE PROVINCIAL ASSEMBLY

(continuation)

Independent auditor's report

The Decision of the Commercial Court in Novi Sad started the bankruptcy procedure of the storage Company and the Directorate filed the collateral and separate recovery claim through the Provincial Attorney's Office for the outstanding debts per market value of wheat on the Goods Exchange in Novi Sad in the total amount of 95,258 RSD including VAT. As the bankruptcy manager, in accordance with the collateral claim, performed a refund of the part of the wheat, for the difference in the total value of stock, the committee determined a deficit. A Separate recovery claim in the amount of 75,259 RSD was requested and fully covered by the mortgage on the immovable property of the storage company.

The mercantile wheat stocks (deficit), on the grounds of the Decision on the adoption on the Report on the Annual Inventory was written-off in subledgers and the main Treasury Ledger recorded a decrease in the account of the commodity stock reserves and charged to the capital account. Having in mind the that the Separate recovery claims based on the missing stock of wheat was recognised as part of the bankruptcy estate, it was recorded in the section on outstanding debt and adjustment of values for other outstanding debts.

It is our opinion that charging the part of the capital (non-financial assets) in the amount of 47,805 is too early since the bankruptcy procedure is on-going, so no estimates can be made regarding the amount of compensation to the AP Vojvodina Budget from the bankruptcy estate.

Belgrade, 30 April 2014



Nezavisni ovlašćeni revizor
Mr. Svetozar Vinčić dipl. oec.

Audit of the Statement of Accounts of 2014 Autonomous Province of Vojvodina Budget

Article 92 Paragraph 2 of the Budget System Law states that the Statement of Accounts of the local government budget are subject to the external audit, and Paragraph 3 states that the audit shall be performed by the State audit institution pursuant to the Law that regulates the competencies of the state audit institution. By virtue of Article 38 Paragraph 1 of the Law on the State Audit Institution, Article 12 Paragraph 2 of the Rules of Procedure of the State Audit Institution and 2015 State Audit Institution auditing programme, the state Auditor General has issued the Decision on Performing an Audit number: 400-997/2015-04 of 05 March 2015.

The Decision on Performing an Audit determines:

- 1) That the following activities shall be conducted:
 - An audit of the consolidated financial statements of the statement of accounts of the Autonomous Province of Vojvodina budget
 - A regularity audit of the Autonomous Province of Vojvodina operations.
- 2) That the objectives of the Audit shall be:
 - Rendering an opinion on whether the financial statements fairly and objectively present the financial position, indicators of business performance and cash flow, in accordance with the accepted accounting principles and standards, and
 - Rendering an opinion on the compliance of the business activities with the regulations, or determining whether the decisions related to the receipts and expenses have been made and whether the audited transactions have been made in accordance with the law, other regulations, competencies and for the planned purposes.
- 3) That the Audit shall start on 16 March and will last until 30 November 2015.
- 4) That the Audit shall encompass business activities performed during the period 1 January to 31 December 2014.

Auditing of the provincial budget statement of accounts by the State audit institution started on 16 March and still is in process. Considering that 15 May is the deadline stipulated by the law for preparation and submission of the draft decision on the statement of accounts to the local

executive authority, and that it has been planned that the State Audit Institution would finish the audit until 30 November 2015, the statement of accounts does not comprise the Audit Report.

The State Audit Institution shall, after the completion of the audit procedure, submit the Audit Report to the Assembly of the Autonomous Province of Vojvodina.

5 JUDICIAL AND OTHER PROCEEDINGS

5.1 Significant Judicial and Other Proceedings

Affairs concerning legal protection of the APV property rights and interests shall be carried out by the Attorney General's Office of the Autonomous Province of Vojvodina (the Provincial Attorney General's Office). The Attorney General's Office has been established pursuant to the Provincial Assembly Decision on the Autonomous Province of Vojvodina Attorney General's Office ("Official Journal of the AP Vojvodina", number 37/2014), with the seat in Novi Sad.

The Attorney General's Office function is carried out by the Autonomous Province of Vojvodina Attorney General (Provincial Attorney General), who is appointed and relieved of duty by the Provincial Government for the period of five years with the possibility of reappointment. The Provincial Attorney General has one or more deputies, who are also appointed and relieved of duty by the Provincial Government for the period of five years with the possibility of reappointment.

The Provincial Attorney General's Office provides legal protection of property rights and interests of the AP Vojvodina and its bodies, services, administrative units, directorate and other provincial organisations and public institutions founded by the AP Vojvodina, by representing them in the proceedings before the court, administrative bodies and other competent authorities. The Provincial Attorney General's Office may also represent other legal entities founded by the AP Vojvodina, based on the proxy that is specifically made for that purpose.

According to the data on 5 June 2015, the Attorney General's Office shall participate in the proceedings before court and other competent bodies and provide protection of property and legal interests of the AP Vojvodina in the following procedures:

Enforcement Proceedings:

- Enforcement proceedings, currently in process, have the value of 657 million RSD in total and they may, in the forthcoming period, have significant financial influence on the AP Vojvodina operations, considering that the AP Vojvodina budget revenue inflow is expected.

Civil Proceedings:

- Total value of civil cases that are in process, where the AP Vojvodina is a plaintiff and which are expected to have positive financial influence on the AP Vojvodina budget in the forthcoming period is 1, 699 million RSD;

- Total value of civil cases where the AP Vojvodina is a defendant is 301 million RSD and there is a possibility for negative financial influence on the AP Vojvodina budget.

The exceptional case, the outcome of which is uncertain, is a case against the AP Vojvodina as the first defendant, for the purpose of payment, where the value of the subject of the dispute is: -320 000.00 Swiss francs with domicile interest on 27 March 1985, 190,000.00 German marks with domicile interest on 13 June 1985, 340,000.00 Austrian schilling with domicile interest on 27 February 1986, and 51.000,00 Italian lire with domicile interest on 27 February 1986.

Bankruptcy cases where the Autonomous Province of Vojvodina is the bankruptcy creditor

Registration of receivables has been initiated in number of bankruptcy cases where the AP Vojvodina is the bankruptcy creditor. The bankruptcy cases' financial influence on the provincial budget shall depend on their development, amount of the bankrupt estate as well as on the receivables from other bankruptcy creditors. The total value of the registered receivables of the AP Vojvodina, as the bankruptcy creditor, in the bankruptcy cases that are in process, amounts around 367 million RSD.

5.2 Information on the Possible Immunity in Certain Judicial Proceedings

The Autonomous Province of Vojvodina does not have immunity in judicial proceedings.

6 THE EXPERTS' STATEMENTS

The AP Vojvodina has not been a subject to rating evaluation by the authorized agencies, nor has the AP Vojvodina engaged them for the purpose of rating evaluation.

7 PROJECT INFORMATION

7.1.1 Legal/natural persons' interests related to the issuance of securities

The Issuer has opted to issue long term securities to ensure funds for the purpose of furnishing the newly constructed facility "Kamenica 2", which connects the three institutes in Sremska Kamenica. Improvement of the health care quality at the territory of the AP Vojvodina and provision of better working conditions for the health care workers are the primary goals of the Issuer's health care policy.

7.1.2 Reasons for the offer and intended use of the funds

Emission of securities is done for the purpose of securing funds for financing capital investments in purchasing the equipment for the Oncology Institute of Vojvodina, the Institute of Cardiovascular

Diseases of Vojvodina and the Institute for Pulmonary Diseases of Vojvodina, that is, newly constructed facility - "Kamenica 2", which connects the Institutes.

Legal Grounds for the Project Financing

Pursuant to the Decision on Assuming the Founders' Rights and Responsibilities over the Health Care Institutions which provide Hospital, Specialised and Highly Specialised Health Care Protection at the territory of the AP Vojvodina, the AP Vojvodina has assumed the rights and responsibilities of the founder over the three institutes. Following the enactment of the Regulation on the Health Institutions' Network Plan, the institutes have operated under the following names: the Institute for Pulmonary Diseases of Vojvodina, the Oncology Institute of Vojvodina and the Institute of Cardiovascular Diseases of Vojvodina.

All three institutes are situated in the regional park on Tatarsko brdo hill in Sremska Kamenica, in one business building that has become insufficient for their needs.

Within its competences, the AP Vojvodina has implemented measures in social and health care, which pursuant to Article 13 Paragraph 1 Item 5 of the Law on Health Care entail implementation and assurance of health care that meets the interests of the citizens residing at the territory of the autonomous province. Pursuant to Paragraph 3 of the same Article, funds for implementation of the above mentioned measures shall be provided from the AP Vojvodina budget.

The measures pertain to the provision of funds for exercising the founding rights over the health care institutions, which encompass construction, maintenance and furnishing health care institutions, that is, investments and on-going maintenance of the facilities, medical and non-medical equipment and vehicles, equipment in the area of the integrated health information system, as well as provision of the equipment for other obligations determined by the law and the founding act.

Reasons for the Project Implementation

In accordance with the determined competencies, and considering the increase in number of people diagnosed with malignant diseases in the AP Vojvodina and the surrounding, particularly the ones diagnosed with bronchial cancer, on one hand, and the conditions that disable timely therapy, particularly radiotherapy, on the other hand, we have started the development and the implementation of "Kamenica 2 - Construction of a new and upgrade the existing buildings of the Institute for Pulmonary Diseases of Vojvodina" ("Kamenica 2") project.

At the beginning, the project only encompassed construction of the Centre for Radiotherapy as part of the Institute for Pulmonary Diseases, however it has been enlarged later on to meet the needs of other two institutes, which included construction of four more levels on the existing building.

Vojvodina Institute of Oncology in Sremska Kamenica, as highly specialised health institution that performs both scientific and educational activities in the area of oncology, has determined the guidelines for the institution's development through "Kamenica 2" project. Since the constant increase in number of new persons diagnosed with carcinoma has been detected, which has led to

the increased need for diagnostic procedures, treatment and rehabilitation in reference to the oncological diseases, and being aware that the existing Institute's spatial capacities could not meet the current needs, it has been determined that the only solution to the problem was enlargement of the capacities. The additional capacities shall provide new facilities for scientific, research and educational activities, enlarge the laboratory capacities, radiology centre, day hospital with chemotherapy, outpatient clinic for examination of patients, and shall enable opening of a new information centre, functional part for oncology rehabilitation, providing an area for PET and CT equipment, as well as for compilation of administration at one place.

The Institute for Cardiovascular Diseases of Vojvodina, has also determined the guidelines for further development, by means of enlargement of business capacities, considering that during the last twenty years an increase in number of the patients diagnosed with cardiovascular diseases has been detected at the territory of Serbia and the AP Vojvodina. Therefore, it is considered that the Institute plays very significant role in prevention, diagnosis, cardiac and surgical treatment of cardiovascular diseases. The construction of the additional buildings shall contribute to the faster and better quality provision of health care services to the cardiovascular patients.

Construction of "Kamenica 2" facility

"Kamenica 2" building construction has been financed from the provincial budget through the Capital Investment Fund of the AP Vojvodina. "Kamenica 2" is a building constructed next to the existing building of the Institute for Pulmonary Diseases, Institute for Cardiovascular Diseases of Vojvodina and Vojvodina Institute of Oncology in Sremska Kamenica, and it has four floors in addition to two underground levels and main floor, covering an area of three thousand square meters. Corridors connect the building to the old building. It has two new halls for radiation, more precisely: a radio therapeutic centre with two bunkers. The construction works have been done on the area covering 4.161m², and "Kamenica 2" project has encompassed the construction of radio therapeutic centre, installation channel, transformer station, compressor stations, medical gas facilities, and reconstruction of the central substation.

"Kamenica 2" project is one of the most important capital investments made by the Capital Investment Fund of the AP Vojvodina, and it has encompassed: upgrading the existing building of the Institute for Pulmonary Diseases in Sremska Kamenica that covers the area of 900m², construction of the radio therapeutic centre; construction of the fourth floor on the existing Institute building, installation of wood joinery, water and sewage network and roofing works as well as works related to thermo mechanical and electrical installations, other building completion works; landscape design, construction of a medical gas station, patients' elevator and connection to the old building.

Finances for the building construction have been provided from the AP Vojvodina budget in every budget year, and the construction workers have been paid through the Fund for Capital Investments of the AP Vojvodina.

Medical Equipment Procurement Plan and the Budget Estimate for the Procurement

After the completion of “Kamenica 2” facility construction, furnishing of the facilities with the medical equipment has been required, therefore we have started the activities necessary for creating conditions for their procurement and financing. For the purpose of making financial construction for the funds needed for medical equipment procurement, a working group has been formed pursuant to the Provincial Secretariat for Health Care, Social Policy and Demography Decision number: 129-022-35/2013 of 23 January 2013; the group task is to review, analysing the projected amount of the equipment, the real needs for it and provide estimate for the necessary financial funds.

Based on the agreement concluded with the all three institutes on the use of the building by floors, their purpose and the method of use, and according to the proposed list of the necessary equipment, the working group has determined the list of the necessary medical equipment the total value of which has been 2,098,137,700.00 RSD, and which has been approved by the Provincial Secretariat for Health, Social Policy and Demography.

On 26 June 2013, at its ninetieth session, the AP Vojvodina Government deliberated the Information on realisation of “Kamenica 2” project - Construction of a new and upgrade the existing buildings of the Institute in Sremska Kamenica, and adopted the Conclusions number 46-114/2013 of 26 June 2013, where the following was determined:

- Based on the overview provided on that date, “Kamenica 2” project - Construction of a new and upgrade the existing buildings of the Institute in Sremska Kamenica, 97% of the envisaged construction works had been implemented;
- For the purpose of creating conditions for provision of health care services in the newly constructed buildings, the works were to be finished until 1 October 2013, while procurement of the medical equipment and the building furnishing were to be finished until 31 December 2013.
- Final necessary medical equipment list, with the total value of 2,098,137,700.00 RSD, proposed by the working group of the Provincial Secretariat for Health Care, Social Policy and Demography, was adopted;
- Provincial Secretariat for Finance was assigned a task to find a way to secure funds for financing medical equipment.

Due to the expressed need for the funds to be secured until the end of the budget year for the above mentioned purpose, and due to the fact that there were not free funds in the 2013 AP Vojvodina budget that could be allocated for the purpose, the AP Vojvodina Government proposed to the AP Vojvodina Assembly borrowing through issuance of the long - term securities – to be the method for obtaining necessary funds for financing the institute furnishing project.

The AP Vojvodina Assembly, at the session held on 3 July 2013, adopted the Provincial Assembly Decision on Initiation and the Manner of Conducting the Procedure of Borrowing by Issuing Long - Term Securities. The Decision regulated initiation and the manner of conducting the borrowing procedure through issuance of the long - term securities for the purpose of obtaining the necessary funds and the AP Vojvodina Government was authorized to borrow the amount of up to 18,350,000.00 €.

Since the working group had modified the projected values of the necessary medical equipment, the AP Vojvodina Government adopted the Decisions number 46-114/2013 at the session held on 28 August 2013, by which the final list of the equipment was determined and the value of which was 2,090,000,000.00 RSD. As per the information received from the Provincial Secretariat for Health Care, Social Policy and Demography it amounts around 18,212,920.00 € according to the middle exchange rate of the National Bank of Serbia on 26 September 2013.

Effects of the project implementation

By furnishing and putting into operation “Kamenica 2” project, the capacities of all three institutes in Sremska Kamenica will be significantly enhanced. This will contribute to the improvement of the health care provision quality through creation of conditions for more successful and more efficient treatment and waiting list shortening. One of the top centres for cardiovascular, pulmonary and oncological diseases treatment will be available to our citizens.

Shortening health care provision waiting time to the optimal level that is extremely important for malignant diseases is one of the priorities of the health care policy in the AP Vojvodina since the current situation is as follows:

- The Oncology Institute of Vojvodina:
 - 971 patient on the waiting list for radiation
 - Patients who passed oncological commission six months ago are currently undergoing radiation treatment,
 - The Institute operates non-stop in three shifts
 - 90 patients are undergoing radiation on a daily basis.
- The Institute for Pulmonary Diseases of Vojvodina:
 - Refers patients to the Oncology Institute of Vojvodina waiting list.
- Institute for Cardiovascular Diseases of Vojvodina:
 - 1200 surgeries are performed annually, while there is a need for at least 1800 surgeries annually.

7.2 Risk Factors Related to the Securities

Depending on the expected yield, by the rule, there is a lower interest rate for the lower risk bonds, thus the yield is lower.

Bond risk depends on the issuer, market environment, situation in the economy, interest rate flow and other factors that may influence the loan price.

The followings are the risk factors that are characteristic for debt securities.

7.2.1 Evaluation Risk

Every potential investor interested in buying the bonds must determine, based on their independent evaluation and/or based on the professional advice they consider adequate under the circumstances, whether the potential decision to buy the bonds is fully in accordance with their financial needs, ideas and goals, that is, whether it is suitable and acceptable investment.

A potential investor may not rely on the Issuer or any other subject related to the Issuer as regards making the final decision on acquiring the issued bonds.

Evaluating the acceptability of an Investment

In accordance with their own situation, every potential investor must decide on the acceptability of investing in the bonds. Every potential investor should:

- Have sufficient knowledge and experience to perform an adequate evaluation of the bonds, benefits and risks in investing in the bonds, and of the relevant information provided or enclosed with the Information booklet or any amendment to the Information booklet
- Have access to, as well as knowledge of the suitable analytical evaluation tools, within their financial situation context, in terms of investing in relevant bonds and the impact the bonds would have on their entire investment portfolio;
- Have sufficient funds and liquidity to bear all risks related to the investment in bonds;
- To be able to estimate (by themselves or with the assistance of a financial advisor) possible future macroeconomic developments (scenarios), changes in interest rates and other factors that may have impact on their investment and their ability to accept the risk.

An investor has the opportunity to buy the bonds in order to disperse the risk or increase the yield of the entire portfolio. The potential investors should evaluate the impact of the possible market conditions' changes, as well as the effects of the changes to the bond value.

7.2.2 Tax Risk

Every potential investor should consult their advisors as regards the legal, tax and other aspects related to investing in the bonds. The effective bond yield may be reduced due to transaction costs, as well as due to the future changes in tax policy.

Should the bondholders, in any moment, become obliged to pay withholding tax or any other tax, due to the changes of the tax regulations, the Issuer shall not be liable for additional payments.

Therefore, the above mentioned risk shall be borne by the legal bondholders.

Pursuant to the current legal regulations, that is, the Individual Income Tax Law and the Corporate Profit Tax Law, the Investors are exempt from payment of taxes on the grounds of debt securities, in accordance with the regulations that regulate the capital market, and when the issuer is the Republic, the Autonomous Province, self-government unit or the National Bank of Serbia.

7.2.3 The Risk of a Change in Legal Regulations

The Issuer does not assume liability for legality of the bond acquiring by a potential investor, either in terms of the regulations in effect in the place where it has been established or in the place where it runs the business (provided the place is different), or in terms of consistency of the investor's operations with a law, rule or a policy they are obliged to respect and apply.

The provisions and requirements for the bond issuance have been defined pursuant to the Republic of Serbia laws that have been in effect at the time the Information Booklet was drafted. After the Information Booklet is published, no guarantees can be provided in terms of the impact of a change in law, administrative practice, or a potential court or other decision.

7.2.4 The Risk of Reinvestment of Interest

The risk of reinvestment of interest represents a danger in terms that the investor will have to invest all yields of the bonds they receive prior to the maturity at the interest rate lower than the yield to maturity by which they purchased the bond. The interest rates rise in the market reduces the reinvestment risk, while their expected fall increases the possibility for realisation of a yield that is lower than the one the bond was purchased for.

7.2.5 Market Value Risk

Bond market value is the estimated cash amount the property may be exchanged for on a certain date, during the transaction between the interested buyer and the interested seller, under the objective conditions, where the parties act without coercion. The Bond market value may be more or less volatile in character, under the impact of the market interest rate changes. Comparable financial instruments' market interest rate change has inverse impact on the bond market value movements. When the market interest rate is higher than the coupon's, the bonds are sold in the secondary market at a price lower than a nominal value, that is, the investor realizes a capital loss.

For an investor who plans to hold a bond until maturity, changes in market interest rates shall not cause a loss within that time period.

Bond market value may also be influenced by numerous other factors such as financial and political events in the Republic of Serbia and surrounding.

7.2.6 Interest Rate Risk

Holder of a fixed - rate bond is exposed to the risk of the bond's price drop that comes as a result of change in market interest rates, i.e. the interest rates paid by the comparable issuers. Namely, although the interest rate for the issuer's bond is fixed, the market interest rate changes, and it has an impact on the bond price in the secondary market. Relationship between the prices and the interest rates is inverse, therefore an increase in the market interest rate decreases a market value of the fixed-rate bonds until the bond's yield to maturity becomes equal to the current market yield. The same applies for the reverse process, if the market interest rate decreases, the bond price increases until the yield to maturity becomes equal to the market yield.

If an investor holds the bond until maturity, the market interest rates movements that are realized by other comparable issuers of debt instruments with the similar characteristics (maturity, credit rating, currency and similar), shall not have an impact on the yield realized by the investor, which according to certain estimates should be equal to the yield to maturity at the time the bonds are bought.

7.2.7 Liquidity Risk

Liquidity risk is the potential risk of loss for the investor while selling the bonds, because they cannot be sold easily or quickly enough, i.e. due to the lack of the bond market liquidity.

There shall not be turnover limit on the issued bonds, and it is possible to include them in the regulated market, or in the multilateral trading platform (MTP). Despite the inclusion of the bonds in the regulated market, there are no guarantees that would ensure active trade with the bond, or its liquidity.

Lack of the bonds' liquidity may cause losses for the investor in secondary trade. The issuer may not predict whether the circumstances shall change or , in case it happens, whether the bond's or other securities' market shall then be more liquid.

7.2.8 Inflation Risk

Inflation risk is the potential risk that upon the bond maturity, inflation rate shall be more or less different from the expected or the projected level, in a way to endanger the real investor's yield. Longer maturity bonds bear higher inflation risk.

Considering the fact that the bonds are issued in Euros, an inflation movement, which has an impact on the expected yield, relates to the inflation in the Eurozone.

7.2.9 Currency Risk

Currency risk or exchange rate risk is the potential risk that arises from the change in price of one currency against another at the time of the assets yield.

Currency risk arises when the revenues and expenditures of the legal bond holders are denominated in several currencies, that is, when the revenues are denominated in one currency, while the expenditures are denominated in another.

The bonds are issued in dinar currency, with the currency clause in Euro currency, where the intention is to reduce currency risk.

8 DOCUMENTS AVAILABLE FOR REVIEW

While the Information Booklet is in effect, with the aim to provide information for the potential investors, the following documents shall be available for reviewing:

- The Provincial Assembly Decision on Initiation and the Manner of Conducting the Procedure of Borrowing by Issuing Long -Term Securities for the Purpose of the Funding the Procurement of Equipment for “Kamenica 2” Facility;
- The Issuer Annual Statement of Accounts, which covers the previous three years, with the authorised auditor's reports;
- The Provincial Assembly Decision on the Budget of the Autonomous Province of Vojvodina for 2015,
- The Report on the Execution of the Provincial Assembly Decision on the Budget of the Autonomous Province of Vojvodina for 2015, during the period January - June 2015.

The above mentioned documents shall be available electronically, at the Internet site of the Provincial Secretariat for Finance, in the name and on behalf of the Issuer www.psf.vojvodina.gov.rs, and in the business premises of the Provincial Secretariat for Finance, Mihajla Pupina Blvd. 16, 21000 Novi Sad, every working day from 11:00 to 14:00.

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REGULATIONS STATED IN THE INFORMATION BOOKLET

- The Constitution of the Republic of Serbia ("Official Gazette of the RS", number 98/2006)
- The Statute of the Autonomous Province of Vojvodina ("Official Journal of the APV", number 17/2009)
- The Statute of the Autonomous Province of Vojvodina ("Official Journal of the APV", number 20/2014)
- Budget System Law ("Official Gazette of the RS", no. 54/2009, 73/2010, 101/2010, 101/2011, 93/2012, 62/2013 и 63/2013 – correction, 108/2013 and 142/2014)
- Law on Establishing Competencies of the Autonomous Province of Vojvodina ("Official Gazette of the RS", no. 99/2009 and 67/2012 – Decision of the CC)
- Law on Budget of the Republic of Serbia for 2013 ("Official Gazette of the RS", no. 114/2012 and 59/2013)
- Law on Budget of the Republic of Serbia for 2014 ("Official Gazette of the RS", no. 110/2013, 116/2014 and 142/2014)
- Public Debt Law ("Official Gazette of the RS", no. 61/2005, 107/2009, 78/2011)
- Law on the Capital Market ("Official Gazette of the RS", number 31/2011)
- Law on Tax Procedure and Tax Administration ("Official Gazette of the RS", no. 80/2002, 84/2002 – corr., 23/2003 – corr., 70/2003, 55/2004, 61/2005, 85/2005 – other law, 62/2006 – other law, 63/2006 corr. other laws, 61/2007, 20/2009, 72/2009 – other law, 53/2010, 101/2011, 2/2012 – corr., 93/2012, 47/2013, 108/2013, 68/2014)
- Individual Income Tax Law ("Official Gazette of the RS", no. 24/2001, 80/2002, 80/2002 – other law, 135/2004, 62/2006, 65/2006 – corr., 31/2009, 44/2009, 18/2010, 50/2011, 91/2011 – Decision of the CC, 93/2012 and 114/2012 – Decision of the CC, 8/2013 - appropriated fees in RSD, 47/2013, 48/2013 - corr., 108/2013, 6/2014 - appropriated fees in RSD, 57/2014, 68/2014 – other law and 5/2015 - appropriated fees in RSD) Corporate profit tax law ("Official Gazette of the RS", no. 25/2001, 80/2002, 80/2002 – other law, 43/2003, 84/2004, 18/2010, 101/2011, 119/2012, 47/2013, 108/2013, 68/2014 - other law and 142/2014)

- Health Care Law ("Official Gazette of the RS", no. 107/2005, 88/2010, 99/2010, 57/2011 and 119/2012, 45/2013 - other law and 93/2014)
- Law on Default Interest Rate ("Official Gazette of the RS", number 119/2012)
- Law on Obligations ("Official Journal of the SFRY", no. 29/1978, 39/1985, 45/1989 – Decision of the CCY and 57/1989, "Official Journal of the FRY", number 31/1993 and ("Official Journal of the Montenegro", number 1/2003 – Constitutional Charter)
- Law on Local Self-Government Financing ("Official Gazette of the RS", no. 62/2006, 47/2011, 93/2012, 99/2013 - appropriated fees in RSD and 125/2014 - appropriated fees in RSD)
- Law on Planning and Construction ("Official Gazette of the RS", no. 72/2009, 81/2009 – corr., 64/2010 – Decision of the CC, 24/2011, 121/2012, 42/2013 – Decision of the CC, 50/2013 – Decision of the CC, 98/2013 - Decision of the CC, 132/2014 and 145/2014)
- Law on Public Property ("Official Gazette of the RS", no. 72/2011, 88/2013 and 105/2014)
- Law on State Administration ("Official Gazette of the RS", no. 20/1992, 6/1993 – Decision of the CCRS, 48/1993, 53/1993, 67/1993, 48/1994, 49/1999 – other law, 79/2005 – other law, 101/2005 other law and 87/2011 – other law)
- Law on State Administration ("Official Gazette of the RS", no. 79/2005, 101/2007, 95/2010 and 99/2014)
- Law on General Administrative Procedure ("Official Journal of the FRY", no. 33/1997, 33/2001 and "Official Gazette of the RS", number 30/2010)
- Law on the Assumption of Assets and Liabilities of Banks for the Purposes of Safeguarding Stability of the Financial System of the Republic of Serbia ("Official Gazette of the RS", number 102/2012) - cease to be in effect on 31 December 2014.
- Law on the Development Fund of the Autonomous Province of Vojvodina ("Official Gazette of the RS", number 124/2012)
- Law on Mining and Geological Research ("Official Gazette of the RS", number 88/2011)
- Law on post-flood rehabilitation in the republic of Serbia ("Official Gazette of the RS", number 75/2014)
- Provincial Assembly Decision on the Budget of the Autonomous Province of Vojvodina for 2015 ("Official Journal of the APV", no. 53/2014, 54/2014-correction, 29/2015);
- Provincial Assembly Decision on the Provincial Administration ("Official Journal of the APV", number 40/2012– consolidated text)
- Provincial Assembly Decision on the Provincial Administration ("Official Journal of the APV", number 37/2014 and 54/2014 – other decision)
- Provincial Assembly Decision on the Affairs concerning Legal Protection of Property Rights and Interests of the AP Vojvodina ("Official Journal of the APV", no. 10/2004, 16/2005 and 18/2009 – change of the act name)
- Provincial Assembly Decision on the Attorney General's Office of the Autonomous Province of Vojvodina ("Official Journal of the APV", number 37/2014)
- Provincial Assembly Decision on the Government of the Autonomous Province of Vojvodina ("Official Journal of the APV", number 4/2010)
- Provincial Assembly Decision on the Provincial Government ("Official Journal of the APV", number 37/2014)

- Provincial Assembly Decision on Initiation and the Manner of Conducting the Procedure of Borrowing by Issuing Long -Term Securities for the Purpose of the Funding the Procurement of Equipment for “Kamenica 2” Facility (“Official Journal of the APV”, number 18/2015)
- Provincial Assembly Decision on Cessation of Operation of the Autonomous Province of Vojvodina Development Fund (“Official Journal of the APV”, no. 3/2012 and 40/2012)
- Provincial Regulation on the Autonomous Province of Vojvodina Borrowing (assumption of liability for the loan payment) for projects the purpose of which is stimulation of construction industry of the Republic of Serbia (“Official Journal of the APV”, no. 19/2010, 6/2011, 19/2011 and 19/2013)
- Provincial Assembly Decision on the Statement of Accounts of the Autonomous Province of Vojvodina Budget for 2012 (“Official Journal of the APV”, number 22/2013)
- Provincial Assembly Decision on the Statement of Accounts of the Autonomous Province of Vojvodina Budget for 2013 (“Official Journal of the APV”, number 26/2014)
- Provincial Assembly Decision on the Flag of the Autonomous Province of Vojvodina (“Official Journal of the APV”, no. 2/2004 and 18/2009)
- Provincial Assembly Decision on use of historical insignia of the Autonomous Province of Vojvodina (“Official Journal of the APV”, no. 10/2002 and 18/2009)
- Decision on Determining Apartments for Official Purposes (“Official Journal of the APV”, no. 15/2002, 9/2005 and 4/2006)
- Decision on Issuance of the Long-term Securities number: 422 - 12/2012 (“Official Journal of the APV”, no. 17/2012, 20/2012 – corr. and 12/2013)
- Decision on Issuance of the Long-term Securities number: 422 - 12/2013 (“Official Journal of the APV”, number 12/2013)
- Decision on Assuming the Founders’ Rights and Responsibilities over the Health Care Institutions which provide Hospital, Specialised and Highly Specialised Health Care Protection at the territory of the AP Vojvodina (“Official Journal of the APV”, no. 8/2002 and 11/2002 – correction)
- Regulation on the Budget Inspection Method of Work, Competencies and Insignia (“Official Gazette of the RS”, no. 10/2004 and 84/2007)
- Regulation on Health Institutions' Network Plan (“Official Gazette of the RS”, number 42/2006, 119/2007, 84/2008, 71/2009, 85/2009, 24/2010, 6/2012, 37/2012 and 8/2014)
- Regulation on Budget Accounting (“Official Gazette of the RS”, no. 125/2003 and 12/2006)
- Regulation on Establishing a Single List of Development Level of Regions and Local Self-Government Units for 2013 (“Official Gazette of the RS”, number 62/2013)
- Regulation on Establishing a Single List of Development Level of Regions and Local Self-Government Units for 2014 (“Official Gazette of the RS”, number 104/2014)
- Rule Book Concerning Common Criteria for Organising and Standards and Methodological Instructions for the Internal Audit Operations and Reporting in the Public Sector (“Official Gazette of the RS”, number 99/2011 and 106/2013)
- Rule Book on the List of the Public Funds' Users (“Official Gazette of the RS”, number 124/2012)

- Rule Book on the List of the Public Funds' Users ("Official Gazette of the RS", number 120/2013)
- Rule Book on the List of the Public Funds' Users ("Official Gazette of the RS", number 146/2014)
- Rule Book on the Central Securities Registry, Depository and Clearing House Tariff of 27 April 2012
- Rule Book on the Central Securities Registry, Depository and Clearing House Time Schedule of 05 July 2012
- Central Securities Registry, Depository and Clearing House Business Rules of 14 February 2012, and amendments of 19 January 2015
- Central Securities Registry, Depository and Clearing House User Manual of 14 February 2012, and amendments of 29 April 2013

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