



Inter-Audit Crowe LLC
9 Stepana Bandery Avenue
Building 1B, office 1-204, 1-205
04073 Kyiv Ukraine
Office +380 44 337 20 38
www.crowe.com/ua/croweinterauid

INDEPENDENT AUDITOR'S REPORT

Limited Liability Company

"Audit Firm "**Inter-Audit Crowe**"

based on the results of audit of the annual financial statements of

JOINT-STOCK COMPANY

"CRYSTALBANK"

as of the end of the day December 31, 2020

Content

I.	Report on the financial statements	3
II.	Report on the requirements of the regulatory documents of the National Bank of Ukraine	9
	Annual financial statements	12

This report addresses to:

- shareholders and management of JOINT-STOCK COMPANY “CRYSTALBANK”;
- National Bank of Ukraine;
- National Commission on Securities and Stock Market

I. Report on the financial statements

Opinion

We have audited the financial statements of JOINT-STOCK COMPANY “CRYSTALBANK” (hereinafter referred to as the “Bank”) comprising the Statement of Financial Position (Balance Sheet) as at December 31, 2020, Profit and Loss Statement (Income Statement), Statement of Comprehensive Income, Cash Flow Statement - Direct Method, Statement of Changes in Equity (Equity Statement) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of JOINT-STOCK COMPANY “CRYSTALBANK” are prepared in all material aspects in accordance with the International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (“ISA”). Our responsibilities under these standards are described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics of Professional Accountants of the International Ethics Standards Board for Accountants (“the IESBA’s code”) and the ethical requirements applicable in Ukraine to our audit of the financial statements, and have also fulfilled other ethics duties in accordance with these requirements and the IESBA’s code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit issues that include the most significant risks of material misstatement, including the risk of material misstatement as a result of fraud:

Key audit issues are issues that, in our professional opinion, were significant during the audit of the financial statements for the current period. These issues were considered in the context of the audit of the financial statements as a whole and when forming an opinion on them; however, we do not express a separate opinion on these issues. We have determined that the issues described below are key audit issues that should be shown in our report.

- Loan impairment and assessment of the loan quality;
- Collateral that has become the property of the Bank (assets for sale).

Loan impairment and assessment of the loan quality

We have focused our attention on this area, as the management makes profound professional judgments about the probabilities of recognizing impairment and estimating the amount of expected loan losses. Such professional judgment applies to the occurrence of default events and includes determining the amount of expected loan losses resulting from the occurrence of all possible default events during the expected term of the loan.

Identifying a significant increase in credit risk, impairment, and determining the amount of expected recovery involves certain assumptions and analyzing various factors, including the financial condition of borrowers, expected cash flows, market prices observed, and the fair value of collateral.

Loan loss provisions reflect the management's assessment of expected losses on loan portfolios and receivables to the Bank.

Note 4 Accounting Policies Principles and Note 7 Loans and Receivables to the financial statements provide detailed information about the provision for expected loan losses.

Our approach to auditing. We identified a sample of loans that accounted for the majority of the total loan portfolio. Our review covered the following issues:

- Assessment of approaches to determining expected loan losses and assigning loans to the appropriate stages of impairment, depending on changes in the level of credit risk;
- Assessment of the internal control measures applied by the management when calculating provisions and determining the amount of expected loan losses;
- Completeness of application of impairment signs by the management, correctness of determining the present value of cash flows that the Bank expects to receive, including cash flows related to the sale of collateral;
- We tested the input data and analysis of assumptions, as well as models for determining the default event based on an assessment of the financial condition of debtors;
- We have checked the completeness and correctness of disclosure in the Bank's financial statements of information on the provisions for expected loan losses and advances to clients.

Collateral that has become the property of the Bank (assets for sale).

Collateral that became the property of the Bank as of the reporting date is estimated in the Statement of Financial Position at the value of UAH 83,277 thousand (transferred from the category of *assets for sale*, and amounted to UAH 97,377 thousand at the end of 2019). This category of assets the Bank takes planned measures to sell is mainly represented by real estate.

Determining the value of collateral (assets for sale) requires applying the professional judgment of the management on significant accounting estimates, so this area was a key audit issue.

Risks

The management in order to assess collateral in the category of Assets for Sale (as a result of voluntary disposal by debtors or enforcement) mainly relied on the opinion of external experts or on the opinion of internal experts-appraisers.

Majority of items in the Assets for Sale was entered in the books back in 2015 and 2016 and has not yet been sold. We have received appraisers' reports and explanations from the Bank regarding the measures taken to sell the specified property for audit purposes.

We have checked the ownership right as of the reporting date in the State Register of Property Rights to Immovable Property.

Due to the inherent instability of the economy and the lack of an organized real estate market, the value rates per square meter of real estate are highly volatile and the range of such rates is quite wide. Therefore, it is difficult to assess the category of Assets for Sale as an item with sufficient liquidity, as for a current asset. An additional factor that may affect the liquidity/value of this category of assets is the overhead costs that the Bank may incur if a debtor/property surety appeals against the ownership of property acquired by the Bank through enforcement.

The existence of material uncertainty associated with the introduction of quarantine and restrictive measures in the country related to the spread of Coronavirus disease (COVID-19) may affect the level of liquidity of the real estate market, the ability/desire of business entities to invest in real estate and, accordingly, the ability of the Bank to sell property without significant loss of its value.

Other information

Management report

The Bank management is responsible for the information in the Management Report prepared by them in accordance with the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” that contains information other than the financial statements and our auditor’s report on it.

Our opinion on the financial statements does not apply to other information in the Management Report, and we do not conclude with any degree of certainty about this other information.

In connection with our audit of the financial statements, it is our responsibility to review the other information provided in the Management Report and at the same time consider whether there is a material inconsistency between the other information and the financial statements or our knowledge gained during the audit, or whether this other information seems to contain material misstatement. If, based on our work on other information received prior to the date of the auditor’s report, we conclude that there is material misstatement of this other information, we shall report this fact.

We have not found any facts that need to be included in the report.

Corporate Governance Report

The Bank management is responsible for other information. Other information consists of the annual information of the securities issuer for 2020 (but it is not the financial statements and our auditor’s report on it) that includes the Corporate Governance Report, in accordance with the Law “On Securities and Stock Market”, we expect to receive after this date. It is expected that the annual information of the securities issuer will be provided to us after the date of this auditor’s report.

Our opinion on the financial statements does not apply to other information, and we do not conclude with any degree of certainty about this other information. In connection with our audit of the financial statements, it is our responsibility to review the other information listed above and at the same time consider whether there is material inconsistency between the other information and the financial statements or our knowledge gained during the audit, or whether this other information seems to contain material misstatement. If, based on our work on the other information received prior to the date of the auditor’s report, we conclude that there is material misstatement of this other information, we shall report this fact.

When we review the Corporate Governance Report, if we come to the conclusion that there is material misstatement in it, we shall report this issue to the Supervisory Board.

Responsibilities of the management and persons responsible for corporate governance and financial reporting

The management is responsible for the preparation and reliable presentation of the financial statements in accordance with IFRS and for such an internal control system that the management considers necessary to ensure that the financial statements do not contain material misstatement due to fraud or error.

When preparing the financial statements, the management is responsible for assessing the Bank’s ability to continue as a going concern, disclosing, where applicable, issues related to business continuity, and using Continuity assumption as the basis for accounting, except if the management either plans to wind up the Bank or terminate its activities, or has no other real alternatives to this.

The Supervisory Board is responsible for supervising the Bank’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our goals are to obtain reasonable confidence that the financial statements as a whole do not contain material misstatement due to fraud or error, and to issue an auditor’s report containing our opinion. Reasonable confidence is a high level of confidence, but it does not guarantee that an audit conducted in accordance with ISA will always reveal material misstatement, if any. Misstatements may be the

result of fraud or error; they are considered material if, individually or collectively, they are reasonably expected to influence users' economic decisions made on the basis of these financial statements.

When performing an audit in accordance with the ISA requirements, we use professional judgment and professional skepticism throughout the audit. In addition, we:

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

We inform the Supervisory Board of the planned scope and time of the audit and of significant audit findings, including any material deficiencies in the internal control measures identified by us during the audit.

We also provide the Supervisory Board with a statement that we have met the relevant ethical requirements for independence, and inform them of all relationships and other issues that could reasonably be considered to affect our independence, as well as, where applicable, the relevant precautionary measures.

From the list of all issues that were provided to the Supervisory Board, we identified those that were most important during the audit of the financial statements of the reporting period, that is, those that are key audit issues. We describe these issues in our auditor's report, unless a legislative or regulatory document prohibits the public disclosure of such an issue, or if in exceptional circumstances we determine that such an issue should not be covered in our report, as the negative consequences of such coverage may predictably outweigh its usefulness to the public interest.

Mandatory information in accordance with paragraph 4 of Article 14 of the Law of Ukraine "On Audit of Financial Statements and Auditing Activities"

In accordance with Article 14 of the Law of Ukraine "On Audit of Financial Statements and Auditing Activities", in the audit report we provide additional information related to the audit of the annual financial statements of JOINT-STOCK COMPANY "CRYSTALBANK" for 2020

Name of the body that appointed the auditor to conduct a mandatory audit	Supervisory Board of JOINT-STOCK COMPANY "CRYSTALBANK"
Date of appointment of the auditor	decision of the Supervisory Board of the Bank

Total duration of the audit without interruptions, taking into account the extension of powers that took place and repeated appointments

6 years

Description and assessment of risks of material misstatement of information in the audited financial statements, in particular as a result of fraud

The risk of material misstatement is the risk that the financial statements not yet reviewed by the auditor during the audit contain material misstatement. A description and assessment of the risks of material misstatement of information in the financial statements, in particular as a result of fraud, is given above in the Key Audit Issues section

Reference to the relevant article or other disclosure in the financial statements for each description and assessment of the risk of material misstatement of information in the audited financial statements

Areas of estimated increased risk of material misstatement or significant risks identified by us are related to the items of Assets in the Statement of Financial Position (Balance Sheet) Loans and Receivables and Other Assets, as well as Net Loss from Impairment of the Income Statement in terms of recognition of profit or loss from impairment of financial assets

Summary of measures taken by the auditor to address such risks

Summary of the measures taken by the auditor to address such risks and the main cautions are given above in the Key Audit Issues

Main cautions about such risks

Explanations on the effectiveness of the audit in identifying violations, in particular those related to fraud

During the audit, we did not find any violations that exceeded the acceptable level of materiality for this audit, and accordingly may require adjustments to the financial statements issued by the Bank.

Confirmation that the audit report has been agreed with the supplementary report for the Audit Committee

This audit report is consistent with a supplementary report submitted to the Supervisory Board of JOINT-STOCK COMPANY "CRYSTALBANK" for consideration

Statements about non-provision of services prohibited by law, and about the independence of the key audit partner and auditor from the legal entity during the audit

"Audit Firm "Inter-Audit Crowe" LLC did not provide services prohibited by law, its employees involved in the audit are independent of the Bank and have not provided any services to the Bank

Information about other services provided by the auditor to the Bank or its controlled business entities, other than mandatory audit services not disclosed in the Management Report or financial statements

"Audit Firm "Inter-Audit Crowe" LLC did not provide services to the Bank or its controlled business entities in 2020

Explanation of the scope of the audit and the inherent limitations of the audit

The scope of audit procedures performed in accordance with the ISA requirements is planned in such a way as to obtain reasonable assurance that the financial statements as a whole do not contain material misstatements

due to fraud or errors and obtaining appropriate audit evidence to express an opinion on the Bank's financial statements.

While reasonable assurance means a high level of assurance, it is not a guarantee that the audit conducted in accordance with ISA always reveals a material misstatement, if any

According to the Law of Ukraine "On Banks and Banking Activities", the Regulation On the Procedure for Submitting Audit Report on the Findings of the Annual Audit of Financial Statements to the National Bank of Ukraine, approved by the Resolution of the Board of the National Bank of Ukraine dated August 02, 2018 No. 90, additional information on the audit opinion regarding: compliance (reliability of reflection) of the distribution of assets and liabilities of the Bank by maturity in the form of statistical reports on the structure of assets and liabilities by maturity compiled by the Bank for the National Bank, as of January 01, 2021 and regarding the Bank's compliance with the requirements established by the regulatory documents of the National Bank on the issues of: internal control; internal audit; determining the amount of credit risk for active banking operations; recognition of parties related to the Bank and performing operations with them; the Bank's capital adequacy to be determined taking into account the quality of the Bank's assets, accounting – is presented in a separate section of this report - Report on the requirements of other legislative and regulatory documents of the National Bank of Ukraine.

The key partner in the audit resulting in this independent auditor's report is Ye.M. Baran.

II. Report on the requirements of other legislative and regulatory documents of the National Bank of Ukraine

We have prepared the Audit Report No. 1101 dated March 31, 2021.

In accordance with the requirements of Article 69 of the Law of Ukraine "On Banks and Banking Activities" and paragraph 27 of the Regulation On the Procedure for Submitting Audit Report on the Findings of the Annual Audit of Financial Statements to the National Bank of Ukraine, approved by the Resolution of the Board of the National Bank of Ukraine dated August 02, 2018 No. 90, (hereinafter – Regulation No. 90), we provide additional information (assessment) on the annual financial statements for 2020.

I. The report on the requirements of other legislative and regulatory documents of the National Bank of Ukraine includes information on the compliance (reliability of reflection) of the distribution of assets and liabilities of the Bank by maturity in the form of statistical reports on the structure of assets and liabilities by maturity, compiled by the Bank for the National Bank, as of January 01, 2021 and on the Bank's compliance with the requirements established by the regulatory documents of the National Bank on the issues of:

- internal control;
- internal audit;
- determination of the amount of credit risk for active banking operations;
- recognition of parties related to the Bank and performing operations with them;
- the Bank's capital adequacy ratio to be determined taking into account the quality of the Bank's assets;
- keeping accounting records.

The issues set out below were considered only as part of our audit of the Bank's Financial Statements for 2020 based on sample testing and the principle of materiality, as well as analysis of events after the reporting period in accordance with the requirements of the International Standards on Auditing.

The procedures performed were not intended to identify all deficiencies or other violations and, thus, they should not be considered as evidence of the absence of any deficiencies and/or violations in the activities of JOINT-STOCK COMPANY "CRYSTALBANK".

Our approach to meeting the regulator's disclosure requirements

We mainly provide information on the issues required in the above paragraph 27 of Regulation No. 90. If we have identified inconsistencies in the Bank's administrative information, its internal procedures, we provide an assessment of the impact of this issue or the risks of deficiencies in the Bank's internal control.

Compliance (reliability of reflection) of the distribution of assets and liabilities of the Bank by maturity in the form of statistical reports on the structure of assets and liabilities by maturity

When forming a file with indicators of a statistical report A7X Information on the Structure of Assets and Liabilities by Maturity as of January 01, 2021, the information from which is used to calculate liquidity standards in accordance with the procedure defined by the Instruction on the Procedure of Banking Regulation in Ukraine approved by the Resolution of the Board of the National Bank of Ukraine dd. 28.08.2001 № 368 (as amended), the Bank met the requirements of regulatory documents of the National Bank of Ukraine.

During the audit, we did not find anything that could indicate that the indicators of the statistical report A7X Information on the Structure of Assets and Liabilities by Maturity as of January 01, 2021, which are not part of the Annual Financial Reporting Package, are unreliable.

The Bank's compliance with the requirements established by the regulatory documents of the National Bank of Ukraine on the following issues:

Internal control

As a result of our audit procedures in the framework of the audit of the annual financial statements, we found no evidence that the structure and measures of the internal control of the Bank do not meet the requirements of regulatory documents of the NBU, in particular, the Resolution of the National Bank of Ukraine No. 88 dd. July 02, 2019 "On Approval of the Regulation on Organization of Internal Control System in Ukrainian Banks and Banking Groups";

Internal audit

the Bank's internal regulatory documents on internal audit procedures comply with the requirements of the NBU's regulatory documents, in particular, Resolution of the National Bank of Ukraine No. 311 dd. May 10, 2016 "On Approval of the Regulation on Organization of Internal Audit in Banks of Ukraine". Internal audit procedures are performed in compliance with the requirements of the Bank's internal regulatory documents;

Determining the amount of credit risk for active banking operations

The amount of credit risk as of the reporting date calculated by the Bank in accordance with the requirements of regulatory documents of the National Bank, including the Regulation On Determining by Banks of Ukraine the Amount of Credit risk for Active Banking Operations, approved by the Resolution of the NBU's Board No. 351 dd. June 30, 2016, as amended and supplemented (hereinafter – the NBU Resolution No. 351), generally meets the established requirements in all material aspects.

In accordance with the Terms of Reference for assessing the stability of banks and the banking system of Ukraine in 2021, approved by the Resolution of the Board of the National Bank of Ukraine on February 08, 2021 No. 39-RSH, based on the results of the assessment of asset quality and the acceptability of collateral, we will prepare and provide to the Bank and the National Bank of Ukraine an appropriate report on the results of the assessment of the quality of assets of the Bank and the acceptability of collateral for loan operations that will provide additional information about the results of the assessment of assets of the Bank and the calculation of credit risk.

Recognition of parties related to the Bank and performing operations with them

During the audit, we processed up-to-date information and evaluated the processes implemented in the Bank to identify related parties in accordance with the requirements of the National Bank of Ukraine and the IFRS requirements, received the necessary explanations from the management regarding related party transactions, analyzed agreements between the Bank and related parties, minutes of meetings of the Bank's collegial bodies.

We have not established the facts of performing related party transactions by the Bank on terms that differ from the terms of performing transactions with other borrowers or creditors. We assess the risk of the Bank's loan operations with related parties as moderate.

We have not identified any material inconsistencies regarding the disclosure of the volume of related party transactions under IFRS, information on which is provided in the note to the Bank's annual financial statements Related Party Transactions.

The Bank's capital adequacy to be determined taking into account the quality of the Bank's assets

Information on the authorized capital of the Bank, equity and flow of the provisions and other funds of the Bank is provided in the relevant reports and notes to the annual financial statements.

The capital requirement of the Bank, calculated in accordance with the Instruction on the Procedure for Regulating the Activities of Banks in Ukraine approved by the Resolution of the Board of the National Bank of Ukraine dd. August 28, 2001 No. 368 (as amended and supplemented) and the requirements of the National Bank of Ukraine regarding the preparation of a file with indicators of the statistical report 6DX Information on Compliance with Economic Standards and Limits of the Open Currency Position submitted to the National Bank of Ukraine, as of the end of the day on December 31, 2020 is 251 747 thousand UAH (at the end of 2019 - 247 860 thousand UAH).

The regulatory value of the capital adequacy ratio shall be at least 10%. As of 31.12.2020, the actual value of the Bank's capital adequacy ratio is 28.1%.

The amount of capital requirement is sufficient to carry out the Bank's licensing activities.

Keeping accounting records

Keeping the Bank's accounting records generally meets the requirements of the NBU's regulatory documents and the Bank's accounting policy.

In our opinion, during the reporting year, the Bank's accounting records:

met the requirements of the regulatory documents of the National Bank of Ukraine;

ensured an appropriate level of adequacy to the internal regulations.

Director General

"Audit Firm "Inter-Audit Crowe" LLC /signature/

O.V. Denysiuk

The auditor's registration number in the Register of Auditors and Auditing Entities is No. 100530

Key Audit Partner /signature/

Ye.M. Baran

The auditor's registration number in the Register of Auditors and Auditing Entities is No. 101721

Basic information about the audit firm

LIMITED LIABILITY COMPANY "AUDIT FIRM "INTER-AUDIT CROWE"

EDRPOU code - 30634365

01133, Kyiv, off.61, 10, LESI UKRAINKY Boulevard

04073, Kyiv, off.1-204, 1-205, 9 building 1V, Stepana Bandery – mailing address

Registration number of the auditing entity in the Register of Auditors and Auditing Entities is No. 2248

March 31, 2021

Kyiv