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## **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, 2021**

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## **Content**

I.	Report on the financial statements	3
II.	Report on the requirements of the regulatory documents of the National Bank of Ukraine	9
III.	Report on the requirements of the legislative and statutory regulations	11
	Annual financial statements	14

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 of December 31, 2021, 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 present fairly, in all material respects, the financial position of JOINT STOCK COMPANY «CRYSTALBANK» as of December 31, 2021, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

### **Basis for our opinion**

We conducted our audit in accordance with International Standards on Auditing («ISAs»). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We affirm our independence from the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") and the relevant ethical requirements governing our audit of the financial statements in Ukraine. Moreover, we have diligently fulfilled our other ethical responsibilities as stipulated by those requirements and the IESBA Code. Based on the audit evidence gathered, we believe it is sufficient and appropriate to form the basis for our audit opinion.

### **Material uncertainty related to going concern**

We draw your attention to Note 3 and Note 29, which provide information on the apparent negative impact of the war ongoing since February 24, 2022, and the impact of this issue on the Bank's financial performance. This information indicates that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern.

Our opinion on this matter was not modified.

### **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 matters are those matters that, in our professional judgment, were significant in the audit of the financial statements for the current period. These matters were considered in the context of the audit of the financial statements as a whole and in forming our opinion thereon, and we do not express a separate opinion on these matters. We have determined that the matters described below are key audit matters that should be communicated in our report.

*-Loan impairment and loan quality assessment*

### *Loan impairment and assessment of the loan quality*

We focused our attention on this area because management makes complex judgments regarding the likelihood of impairment being recognized and the estimation of expected credit losses. This judgment applies to the occurrence of default events and includes estimating the amount of expected credit losses arising from all possible default events over the expected life of the loan.

The identification of a significant increase in credit risk, impairment, and the determination of the amount of the expected recovery involves certain assumptions and analysis of various factors, including the financial condition of borrowers, expected cash flows, observable market prices, and the fair value of collateral.

Allowances for impairment losses reflect management's estimate of expected losses on portfolios of loans and advances 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.

Note 4 «Accounting Policies Principles» and Note 7 «Loans and Receivables» of the financial statements provide detailed information on the allowance for expected credit losses.

Our audit approach:

We selected a sample of loans that were representative of the total aggregate loan portfolios and covered the following areas:

- Evaluation of approaches to determining expected credit losses and assigning loans to appropriate stages of impairment in light of changes in the level of credit risk;
- Evaluation of internal measures used by management in the process of calculating the amount of allowances and determining expected credit losses on loans;
- Review of the completeness of the application of impairment indicators by management, the accuracy of determining the cash flows that the bank expects to receive, including cash flows related to the sale of collateral;
- Assessment of methodologies and models for determining default events based on an assessment of the financial status of the debtors;
- Verification of the adequacy of disclosures in the Bank's financial statements regarding the allowance for expected credit losses on loans and advances to customers.

### ***Other information***

#### *Management report*

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», which includes other information other than the financial statements and our auditor's report thereon. Other information that we expect to receive after the date of this auditor's report is the Annual Information of the Securities Issuer.

Our opinion on the financial statements does not cover the other information in the Management Report, and we do not express any form of assurance on that other information.

In connection with our audit of the financial statements, our responsibility is to review the other information included in the Management Report and the Corporate Governance Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained up to the date of the auditor's report, we come to the conclusion that the other information is materially misstated, we are required to communicate that fact.

We have not identified any matters that should be included in our report.

When we review the Annual Information of the issuer of securities, if we conclude that it contains a material misstatement, we are required to report this matter to the Supervisory Board and the National Securities and Stock Market Commission.

### ***Responsibilities of management and those charged with governance and financial reporting***

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

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

The Supervisory Board is responsible for overseeing the Bank's financial reporting process.

### ***The auditor's responsibility for the audit of the financial statements***

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

In performing an audit in accordance with ISA, we exercise professional judgment and professional skepticism throughout the audit engagement. In addition, we:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, develop 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 greater than that of a misstatement resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control;
- obtain an understanding of internal control relevant to the audit in order to develop 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 management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that such 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 be 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 fair presentation;
- obtain sufficient appropriate audit evidence about the financial information of the entities or the Bank's business activities to provide a basis for our audit opinion.

We communicate with the Supervisory Board about the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide a statement to the Supervisory Board that we have complied with the relevant ethical requirements regarding independence and disclose to them all relationships and other matters that may reasonably be considered to bear on our independence and, where applicable, the related precautionary measures.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the reporting period, that is, the key audit matters. We describe those matters in our auditor's report, unless public disclosure is prohibited by law or regulation or, in extremely exceptional circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of such communication would likely outweigh its benefits to the public interest.

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

In accordance with Article 14 of the Law of Ukraine «On the Audit of Financial Statements and Auditing Activities», we provide in our auditor's report additional information relating to the audit of the annual financial statements of JOINT STOCK COMPANY «CRYSTALBANK» for 2021.

Name of the body that appointed the audit entity to conduct the statutory audit	Supervisory Board of JOINT STOCK COMPANY «CRYSTALBANK»
Date of appointment of the audit entity	Resolution of the Supervisory Board of the Bank No. 75 dated October 11, 2021
The total duration of the audit engagement without interruption, taking into account the extension of powers that took place and reappointments	7 years
Description and assessment of the risks of material misstatement of the audited financial statements, including those arising from fraud	The <i>risk of material misstatement</i> is the risk that the financial statements, which have not yet been subjected to audit by the auditor, contain material misstatements. For a description and assessment of the risks of material misstatement of the financial statements, whether due to fraud or otherwise, see the section titled «Key Audit Issues» above.
Reference to the relevant article or other disclosure in the financial statements for each description and assessment of the risk of material misstatement in the audited financial statements	Areas of assessed increased risk of material misstatement or significant risks identified by us are related to the asset line item «Loans and Receivables» in the Statement of Financial Position (Balance Sheet) and the line item «Net impairment loss» in the Income Statement in terms of recognition of impairment losses on financial assets
Brief description of the 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
Key reservations regarding such risks	
Explanation of the effectiveness of the audit in detecting irregularities, including 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 is consistent with the additional report to the audit committee	This Auditor's Report is consistent with the supplementary report to be submitted to the Supervisory Board of JOINT STOCK COMPANY «CRYSTALBANK».

Statement on the non-provision of services prohibited by law and on the independence of the key audit partner and the audit entity from the legal entity during the audit

Inter-Audit Crow Audit Company LLC did not provide services prohibited by law, its employees involved in the audit engagement are independent of the Bank and did not provide any services to the Bank.

Information on other services provided by the auditor to the Bank or its controlled entities, other than statutory audit services, which are not disclosed in the management report or financial statements

In 2021, "Audit Firm "Inter-Audit Crowe" LLC did not provide any services to the Bank or its controlled entities.

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

We plan and perform the audit procedures required by ISA to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to obtain appropriate audit evidence to express an opinion on the Bank's financial statements.

Information on the results of the audit of the corporate governance report

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.

In accordance with the requirements of paragraph 7 of Article 11 of the Law of Ukraine «On Accounting and Financial Reporting in Ukraine» dated 16.07.1999 No. 996-XIV, the Management report (corporate governance report) is submitted together with the financial statements and consolidated financial statements in the manner and within the time limits established by law. After reviewing and verifying the data provided in the Management Report (Corporate Governance Report), we concluded that the Management Report and the Corporate Governance Report within it contain the necessary and relevant information required to be disclosed by the legislation and regulations of the National Bank of Ukraine.

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In accordance with the Law of Ukraine On Banking Activity, and the Regulation on the procedure for submission by banks to the National Bank of Ukraine of the audit report on the results of the annual audit of financial statements approved by the Resolution of the Board of the National Bank of Ukraine No. 90 dated August 2, 2018, additional information on the auditor's opinion on: compliance (reliability of reflection) of the distribution of assets and liabilities of the bank by maturity in the form of statistical reporting on the structure of assets and liabilities by maturity, prepared by the bank for submission to the National Bank, as of January 1, 2022, 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 statutory regulations of the National Bank of Ukraine.

The key partner in the audit engagement that resulted in this independent auditor's report is Yevhenii Baran.

## **II. Report on the requirements of other laws and regulations of the National Bank of Ukraine**

We have prepared the Audit Report No. 1188 dated July 28, 2022.

In accordance with the requirements of Article 69 of the Law of Ukraine «On Banks and Banking» and clause 27 of the Regulation on the Procedure for Submission by Banks to the National Bank of Ukraine of the Auditor's Report on the Results of the Annual Audit of Financial Statements, approved by the Resolution of the Board of the National Bank of Ukraine No. 90 dated August 2, 2018 (hereinafter referred to as the Regulation No. 90), we provide additional information (assessment) related to the annual financial statements for 2021.

I. The report on the requirements of other legislative and statutory regulations of the National Bank of Ukraine includes information on the compliance (accuracy of reflection) of the distribution of the bank's assets and liabilities by maturity in the form of statistical reporting on the structure of assets and liabilities by maturity, which is prepared by the bank for submission to the National Bank, as of January 01, 2022 and on the bank's compliance with the requirements established by the regulations of the National Bank on:

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

The matters set out below were considered only within the scope of our audit of the Bank's Financial Statements for 2021 based on sampling testing and the materiality principle, as well as the analysis of events after the reporting period in accordance with International Standards on Auditing.

The procedures we have applied were not designed to identify all deficiencies or other irregularities and, therefore, should not be relied upon as evidence of the absence of any deficiencies and/or irregularities in the activities of JOINT STOCK COMPANY «CRYSTALBANK».

### *Our approach to fulfillment of the Regulator's requirements regarding information disclosure*

We primarily provide information on the matters required by paragraph 27 of Regulation No. 90 above. If we identify inconsistencies in the bank's administrative information or internal procedures, we provide an assessment of the impact of this issue or the risks of deficiencies in the bank's internal control procedures.

### *Compliance (reliability of reflection) of the distribution of the bank's assets and liabilities by maturity in the form of statistical reporting on the structure of assets and liabilities by maturity*

When forming the file with statistical reporting indicators A7X «Data on the structure of assets and liabilities by maturity» as of January 01, 2022, the information from which is used to calculate liquidity ratios in accordance with the procedure established by the Instruction on the procedure for regulating the activities of banks in Ukraine, approved by Resolution of the Board of the National Bank of Ukraine No. 368 dated August 28, 2001 (as amended), the Bank complied with the requirements of the regulatory documents of the National Bank of Ukraine.

During the audit, we did not identify anything that might indicate that the statistical reporting indicators A7X «Data on the structure of assets and liabilities by maturity» as of January 1, 2022, which are not an integral part of the annual financial statements, are unreliable.



*Compliance by the bank with the requirements established by the National Bank's regulations on:*

*Internal control*

As a result of our audit procedures performed as part of the audit of the annual financial statements, we did not identify any evidence that the Bank's internal control structure and measures do not meet the requirements of the NBU regulations, in particular, Resolution of the National Bank of Ukraine No. 88 dated July 2, 2019 «On Approval of the Regulation on the Organization of the Internal Control System in Banks of Ukraine and Banking Groups».

*Internal audit*

The Bank's internal regulations governing the internal audit procedures comply with the requirements of the NBU regulations, in particular, Resolution of the National Bank of Ukraine No. 311 dated May 10, 2016 «On Approval of the Regulation on the Organization of Internal Audit in Banks of Ukraine». Internal audit procedures are carried out in compliance with the requirements of the Bank's internal regulations.

*Determination of the amount of credit risk on active banking operations*

During the audit, 3 cases of possible overstatement of the value of collateral (by 10% or more, taking into account the collateral liquidity ratio determined in accordance with the requirement of the Regulation No. 351) were identified. The impact of this issue on the credit risk is currently impossible to estimate, however, we have drawn the attention of management and the Supervisory Board to this issue.

Excluding the impact of possible overstatement, the amount of credit risk at the reporting date, calculated by the Bank in accordance with the regulations and requirements of the National Bank, including the Regulation on credit risk on active banking operations according to the Resolution of the NBU Board No. 351 dated June 30, 2016, as amended (hereinafter referred to as the NBU Resolution No. 351), is in all material respects consistent with the established requirements.

*Recognition of parties related to the Bank and transactions with them*

During the audit, we processed relevant 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 IFRS, obtained necessary explanations from management regarding transactions with related parties, analyzed agreements between the Bank and related parties, minutes of meetings of the Bank's collegial bodies.

We have not identified any facts of the Bank's transactions with related parties on terms that differ from the terms of transactions with other borrowers or creditors. We assess the risk of the Bank's credit transactions with related parties as moderate.

We did not identify any material inconsistencies in the disclosure of the volume of transactions with related parties in accordance with IFRS, which are disclosed in the Note to the Bank's annual financial statements «Related party transactions».

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

Information on the Bank's authorized capital, equity and flow in reserves and other funds of the Bank is disclosed in the respective statements and notes to the annual financial statements.

The Bank's regulatory capital, calculated in accordance with the Instruction on the Procedure for Regulating the Activities of Banks in Ukraine, approved by Resolution of the Board of the National Bank of Ukraine No. 368 dated August 28, 2001 (as amended) and the requirements of the National Bank of Ukraine for the preparation of the file with statistical reporting indicators 6DX «Data on Compliance with Economic Standards and Limits on Open Currency Position», which is submitted to the National Bank of Ukraine, as at the end of December 31, 2021 amounted to UAH 299,800 (at the end of 2020 - UAH 251,747).

The regulatory value of the regulatory capital adequacy ratio should be not less than 10%. As of December 31, 2021, the actual value of the Bank's regulatory capital adequacy ratio was 25.17%.

The amount of regulatory capital is sufficient to perform the bank's licensed activities.

#### *Accounting management*

The Bank's accounting records generally comply with the requirements of International Financial Reporting Standards, NBU regulations, and the Bank's accounting policies.

In our opinion, during the reporting year, the Bank's accounting records complied with the requirements of the regulations of the National Bank of Ukraine and ensured an adequate level of adequacy to the internal regulations.

### **III. Report on the requirements of other legislative and statutory regulations:**

In accordance with the Requirements for information related to the audit or review of financial statements of participants in capital markets and organized commodity markets supervised by the National Securities and Stock Market Commission No. 555 dated July 22, 2021, we provide additional information related to the annual financial statements for 2021.

Full name of the legal entity	JOINT STOCK COMPANY «CRYSTALBANK»
List of members (shareholders) (individuals - last name, first name, and patronymic; legal entities - name, organizational and legal form, location) who own 5% or more of the shares (stakes) as of the date of the audit report, indicating the actual quantity	Maryna Gustavivna Lening Citizen of Ukraine 50.000000%  Oksana Volodymyrivna Hrebinska Citizen of Ukraine 25.000002%  Leonid Andriiovych Hrebinskyi Citizen of Ukraine 24.999997%

#### ***Opinion***

In our opinion, the Bank fully discloses the information on the ultimate beneficial owner and ownership structure as at the date of the review, in accordance with the requirements of the law. Maryna Gustavivna Lening, Oksana Volodymyrivna Hrebinska, and Leonid Andriiovych Hrebinskyi are the ultimate beneficial owners of JSC «CRYSTALBANK» (see Note 1 to the financial statements).

The ownership structure of the Bank meets the applicable requirements of the Regulation on the Form and Content of the Ownership Structure, approved by the Order of the Ministry of Finance of Ukraine No. 163 dated March 19, 2021. As of December 31, 2021, and as of the date of this audit report, the Bank was neither a controller nor a member of a non-bank financial group.

JSC «CRYSTALBANK» is an enterprise of public interest for the purposes of Ukrainian legislation in the field of accounting.

As of the reporting date of December 31, 2021, and as of the date of this audit report, JOINT STOCK COMPANY «CRYSTALBANK» has no parent company or subsidiaries.

With regard to the accuracy of the calculation of prudential indicators, we would like to inform you that this requirement, in accordance with paragraph 3 of Section I of the Regulation on Prudential Standards for Professional Activity in the Stock Market and Requirements for the Risk Management System approved by the National Securities and Stock Market Commission No. 1597 dated October 1, 2015, does not apply to banks.

*Notice on information on the results of the audit of the financial and economic activities of a joint-stock company prepared by the audit committee (auditor)*

It is our duty to provide in this Report information on the results of the audit of the financial and business activities of the joint-stock company for the financial year prepared by the audit committee (auditor), which is provided for in part four of Article 75 of the Law of Ukraine «On Joint Stock Companies».

The Bank's current articles of association do not provide for the presence of an audit committee (auditor) in the management and control bodies. Therefore, we do not provide this part of the information about the Bank.

**Reporting in accordance with the requirements of Article 127 of the Law of Ukraine «On Capital Markets and Organized Commodity Markets»**

In our opinion, the Management report, which forms part of the financial statements, does not contain any omissions of information and complies with the structure and requirements for corporate governance adopted by the Bank. This statement relates to the following information:

- description of the fundamentals of the issuer's internal control and risk management systems
- list of persons who directly or indirectly own a significant stake in the issuer
- information on any restrictions on the rights of participation and voting of shareholders (participants) at the issuer's general meeting
- procedure for appointment and dismissal of the issuer's officials
- powers of the issuer's officers

We have reviewed the other sections of the Management Report. If, based on the work we have performed on the Management Report obtained up to the date of the auditor's report, we come to the conclusion that there is a material misstatement of this other information, we are required to communicate that fact. We did not identify any matters that should have been included in the report. The other sections of the Management Report are consistent with the financial statements and our knowledge of the Bank obtained in the course of the audit.

**Director General**

**“Audit Firm “Inter-Audit Crowe” LLC**

**O.V. Denysiuk**

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

**Key Audit Partner**

**Ye.M. Baran**

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

*/official seal of the “Audit Firm “Inter-Audit Crowe” LLC/*

**Basic information about the audit firm**

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Date and number of the audit agreement No. 1010 dated October 23, 2019;

August 02, 2022

city of Kyiv