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INDEPENDENT AUDITORS' REPORT
of
Inter-audit Crowe Limited Liability Company
on the annual financial statements of
Joint-Stock Company
"Commercial Bank Globus"
for the year ended 31 December 2020

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This Report is addressed to:

- Shareholders and management of JOINT-STOCK COMPANY “COMMERCIAL BANK GLOBUS”;
- The National Bank of Ukraine
- The National Commission on Securities and Stock Market

I. **Report on audit of financial statements**

Opinion

We have audited the financial statements of JOINT-STOCK COMPANY “COMMERCIAL BANK GLOBUS” (the “Bank”), which comprise the statement of financial position (Balance sheet) as at 31 December 2020 and the Statement of profit or loss (Income statement), Statement of other comprehensive income, Statement of cash flows (direct method), Statement of changes in equity for the year then ended, and notes, comprising significant accounting policies.

In our opinion, the accompanying financial statements of JOINT-STOCK COMPANY “COMMERCIAL BANK GLOBUS” present fairly, in all material aspects, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters incorporating the most significant risks of material misstatements, including risk of material misstatements due to fraud:

Key audit matters are those matters that, in our professional judgment, were of significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We identified the matters described below to be the key audit matters to be communicated in our report.

- Impairment of loans and assessment of credit quality;
- Valuation of investment property.

Impairment of loans and assessment of credit quality

We focused on this matter as management makes significant professional assumptions on the possibility of recognition of impairment and evaluation of expected credit losses. Such professional assumption is applied before occurrence of the default event, involving evaluation of the amount of expected credit losses that result from default events that are possible during the loan period.

Identification of significant increase in credit risk and impairment and assessment of the recoverable amount involves certain assumptions and analysis of various factors, including borrower creditworthiness, expected cash flows, observable market prices and fair value of collateral.

Loss provisions reflect the management's reasonable judgement on expected losses on loan portfolios and clients' indebtedness to the bank.

Detailed information on the loan loss provision is provided in Note 4 Significant accounting policies and Note 8 Loans and advances to customers.

Our audit approach. We checked a sample of loans from the Bank's total portfolio. Our check encompassed the following matters:

- Assessing approaches to evaluation of expected credit losses and distribution of the loans by impairment stage depending on the changes in the exposure to credit risks;
- Assessing internal controls applied by management in calculating the provisions and determining the amount of the expected credit losses;
- Completeness of evidence of impairment analysed by management, correctness of present value of expected cash flows, including those related to sale of collateral;
- Testing input data and assessing assumptions, as well as default event identification model based on borrowers' creditworthiness assessment;
- We have assessed completeness and correctness of disclosures in the Bank's financial statements with regard to provisions for expected credit losses on loans and advances to customers.

Valuation of investment property

Determining the value of land plots as part of investment property requires the use of professional judgement by management on significant accounting estimates, therefore, this area was a key audit matter.

To assess the mortgaged property as part of the investment property, management primarily relied on the opinion of external experts.

A significant portion of investment property was recorded on the accounts in prior years and has not yet been sold.

Due to the inherent instability of the economy and the lack of an organised real property market, the costs per square meter of spaces are highly volatile, lying within quite a broad range. The significant uncertainty related to the introduction of quarantine and restrictive measures taken to prevent the spread of coronavirus pandemic (COVID-19) may affect the liquidity of the real property market, the ability/willingness of businesses to invest in real property and, accordingly, the Bank's ability to maintain its value.

How the key audit matter was addressed in our audit

We have obtained an understanding of management controls related to accounting for and assessing the market value of the respective assets at the reporting date.

We have received and reviewed valuation reports on relevant assets prepared by independent experts to understand the inputs and valuation techniques used.

Other information

Management Report

Management is responsible for the other information included in the Management Report prepared in accordance with the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” and the Law of Ukraine “On Securities and Stock Market”, but does not include the financial statements and our auditors’ report thereon.

Our opinion on the financial statements does not cover the other information in the Management Report and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information included in the Management Report and the Report on Corporate Governance contained therein 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 that we have obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other matters

The financial statements of the Bank as at and for the year ended 31 December 2019 were audited by other auditors whose report dated 29 May 2020 expressed an unmodified opinion on those financial statements.

Responsibilities of management and those charged with governance for the financial statements

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 intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditors’ 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the consolidated financial statements.

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

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

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 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mandatory information to be disclosed in accordance with Article 14 of the Law of Ukraine “On Audit of Financial Statements and Auditing Activity”

In accordance with Article 14 of the Law of Ukraine “On Audit of Financial Statements and Auditing Activity”, our auditors’ report includes additional information related to the audit of the financial statements of JOINT-STOCK COMPANY “COMMERCIAL BANK GLOBUS” for 2020

The body that appointed the auditor	Supervisory Board of JOINT-STOCK COMPANY “COMMERCIAL BANK GLOBUS”
Auditor appointment date	Resolution #70 of the Supervisory Board of the Bank dated 28 September 2020
Total uninterrupted period of audit engagements, taking into account any extensions and re-appointments	1 year

Description and assessment of risk of material misstatement, particularly due to fraud

Risk of material misstatement is the risk that the financial statements are materially misstated prior to audit. For the detailed description and assessment of the risk of material misstatement, particularly due to fraud, see the Key Audit Matters section above.

Reference to relevant item 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 increased risk of material misstatement or significant risks identified by us are related to Loans and advances to customers in the statement of financial position (balance sheet), as well as to Other assets and Net impairment loss in the income statement relevant to net impairment gains/losses on financial assets

Summary of measures taken by the auditor to mitigate such risks

Summary of measures taken by the auditor to mitigate such risks, and key reservations with regard to such risks are set out in the Key Audit Matters section above.

Key reservations with regard to such risks

Explanations on the audit findings in respect of inconsistencies, particularly due to fraud

During our audit, no inconsistencies have come to our attention in excess of the level of materiality acceptable for this audit engagement that would require adjustment to the financial statements issued by the Bank.

Confirmation of consistency of the auditors' report with the additional report to the Audit Committee of the Company.

This auditors' report is consistent with the additional report to the Supervisory Board of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS"

Representation on non-provision of prohibited services and independence of the lead engagement partner and audit firm of the audited entity

We declare that no prohibited services were provided by Audit Firm Inter-Audit Crowe LLC, and our employees engaged in the audit are independent of the Bank and have not provided any services to the Bank.

Information on non-audit services provided by the auditor to the Bank or entities under the Bank's control that have not been disclosed in the Management Report or in the financial statements

In 2020, Audit Firm Inter-Audit Crowe LLC has not provided any services to the Bank or entities under the Bank's control in addition to the statutory audit

Explanations on the scope of the audit and inherent limitations

The scope of our audit procedures in accordance with ISAs is designed to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and obtain appropriate audit evidence to express an opinion on the financial statements of the Bank.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

Information on the check of the Report on Corporate Governance

conducted in accordance with ISAs will always detect a material misstatement when it exists.

Under Article 40¹ of Law of Ukraine “On Securities and Stock Market” # 3480-IV dated 23 February 2006, we are required to check the information included in the Report on Corporate Governance included in the Management Report and express an opinion on the information contained therein. During our check of the information contained in the Report on Corporate Governance, we concluded that the Report on Corporate Governance contained sufficient and appropriate information to be disclosed in accordance with requirements of Article 40¹ Of Law of Ukraine # 3480-IV.

In accordance with the Law of Ukraine “On Banks and Banking”, Regulation of the National Bank of Ukraine on submittal of an auditors’ report on the annual financial statements adopted by Resolution No 90 of the National Bank of Ukraine Management Board dated 2 August 2018, additional information on the auditors’ opinion on: compliance (fair presentation) of the data on the Bank’s assets and liabilities structure by maturity in the statistical report prepared by the Bank for submission to the National Bank of Ukraine as at 1 January 2021, and on compliance with the National Bank’s regulations on: internal control; internal audit; assessment of exposure to credit risk on asset-side transactions; recognition of transactions and balances with the related parties; capital adequacy, taking into account quality of the Bank’s assets; and maintenance of accounting records is set forth in the Report on the compliance with other regulations of the National Bank of Ukraine section of this report.

The lead engagement partner on the audit resulting in this independent auditors’ report is Yevgen M. Baran.

II. Report on the compliance with other regulations of the National Bank of Ukraine

We prepared Auditors' report #1108 dated 22 April 2021.

In accordance with Article 69 of the Law of Ukraine "On Banks and Banking" and paragraph 27 of Regulation of the National Bank of Ukraine on submittal of an auditors' report on the annual financial statements adopted by Resolution No 90 of the National Bank of Ukraine Management Board dated 2 August 2018 (hereinafter "Resolution No 90"), we have provided additional information (assessment) related to the annual financial statements for 2020.

I. The Report on the compliance with other regulations of the National Bank of Ukraine contains information on compliance (fair presentation) of the data on the Bank's assets and liabilities structure by maturity in the statistical report prepared by the Bank for submission to the National Bank of Ukraine as at 1 January 2021, and on compliance with the National Bank's regulations on:

- internal control;
- internal audit;
- assessment of exposure to credit risk on asset-side transactions;
- recognition of transactions and balances with the related parties;
- capital adequacy, taking into account quality of the Bank's assets;
- maintenance of accounting records.

The matters set out below were considered solely within the scope of our audit of the Bank's financial statements for 2020 based on a sample testing and materiality principle, as well as our analysis of the subsequent events in accordance with International Standards on Auditing.

Our procedures did not seek to identify all the weaknesses or other irregularities that may exist and, therefore, they should not be construed as an assurance of absence of any weaknesses and/or irregularities in the operations of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS".

Our approach to compliance with regulatory requirements on disclosure of information

Our findings mainly concern the matters outlined in paragraph 27 of Regulation No 90 above. In case of any inconsistencies identified in the Bank's administrative data and internal procedures, we assess the impact of such matter or the risks of weaknesses in the Bank's internal controls.

Compliance (fair presentation) of the data on the Bank's assets and liabilities structure by maturity in the statistical report

In the preparation of the A7X "Data on the structure of assets and liabilities by maturity" statistical reporting file as at 1 January 2021 used for calculation of liquidity ratios in accordance with the procedure set forth in "Instruction on the procedure for regulation of banking activities in Ukraine", approved by Resolution of the National Bank of Ukraine Management Board No.368 dated 28 August 2001, as amended, the Bank complied with regulatory requirements of the National Bank of Ukraine.

During our audit, nothing has come to our attention that caused us to believe that the A7X "Data on the structure of assets and liabilities by maturity" statistical reporting data as at 1 January 2020 that do not form a part of the set of the annual financial statements are invalid.

Compliance of the Bank with the National Bank's regulations on:

Internal control

As a result of audit procedures performed as a part of our audit of the annual financial statements, nothing has come to our attention that caused us to believe that the Bank's internal control structure and tools were not in line with regulatory requirements of the NBU, in particular, NBU Resolution No. 88 dated 2 July 2019 "On approval of Regulation on organising internal control in Ukrainian banks and banking groups".

Internal audit

The Bank's internal regulations on internal audit are in line with the requirements of the NBU regulations, in particular, Resolution No. 311 "On adoption of Regulation on organising the internal audit function in Ukrainian banks" dated 10 May 2016. The Bank's internal audit procedures are in line with the requirements of its internal regulations.

Assessment of exposure to credit risk on asset-side transactions

During our audit, we identified violations of the procedure for determining credit risk on debtors/legal entity counterparties in three instances.

1. Two instances resulted from non-recognition of a debtor's/borrower's event under Regulation No. 351. The effect of this matter on the exposure to credit risk amounted to UAH 15,472 thousand.

2. An instance of possible overstatement by 10% or more of the collateral value (including liquidity ratio determined in accordance with requirements of Regulation No. 351).

Except for the instances mentioned above, the procedure for assessing the exposure to credit risk as at the reporting date calculated by the Bank subject to regulations of the National Bank, including the "Regulation on the assessment of the credit risk from asset-side banking operations by banks of Ukraine" approved by NBU Board Resolution No. 351 dated 30 June 2016 (as amended) (hereinafter "NBU Resolution No. 351) is generally in line, in all material aspects, with the requirements in effect.

Subject to Terms of Reference regarding sustainability assessment of Ukrainian banks and banking system in 2021 approved by NBU Management Board Resolution № 39-рм dated 8 February 2021, we will prepare and submit to the National Bank of Ukraine the Report on credit quality assessment of the Bank's assets and appropriateness of security on lending transactions with detailed information on the results of evaluation of the Bank's assets and credit risk.

Recognition of transactions and balances with the related parties

In conducting our audit, we studied relevant information and assessed the Bank's processes to identify the related parties in accordance with the requirements of the National Bank of Ukraine and IFRS, obtained necessary explanations from management on related party transactions, and analysed the Bank's contracts with the related parties and minutes of the meetings of the Bank's collegial bodies.

We did not identify any transactions of the Bank with the related parties on the terms other than the terms of transactions with other borrowers or creditors. We evaluated the risk related to the Bank's lending transactions with the related parties as moderate.

We did not identify any material inconsistencies with IFRS in respect of related party transactions disclosed in the "Related party transactions" note to the Bank's financial statements.

Capital adequacy, taking into account quality of the Bank's assets

The information on the Bank's authorised capital, equity and movements in reserves and other funds is disclosed in the respective financial statements and notes to the annual financial statements.

The Bank's regulatory capital calculated in accordance with "Instruction on the procedure for regulation of banking activities in Ukraine", approved by Resolution of the National Bank of Ukraine Management Board No.368 dated 28 August 2001, as amended, and subject to requirements of the National Bank of Ukraine on the preparation of statistical report 6DX "Data on compliance with economic ratios and open currency position limits" submitted to the National Bank of Ukraine as at 31 December 2020 amounted to UAH 537,118 thousand. (31 December 2019: UAH 338,335 thousand).

The above-mentioned ratios Regulatory capital of the Bank

The regulatory capital adequacy ratio under statutory requirements should be at least 10%. As at 31 December 2020, the Bank's actual regulatory capital adequacy ratio was 19.13%.

The amount of regulatory capital taking into account the effect of the issues related to our credit risk assessment per Assessment of exposure to credit risk on asset-side transactions sufficient to perform the Bank's licensed activity.

Maintenance of accounting records

The Bank generally maintains its accounting records in accordance with the NBU regulations and the Bank's accounting policy.

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

was in line with the regulations of the National Bank of Ukraine;

ensured the appropriate level of compliance with the internal regulations.

General Director

Audit Firm Inter-Audit Crowe LLC

Registration No. in the Register of Auditors and Audit Organisations: 100530.

Lead Engagement Partner

Registration No. in the Register of Auditors and Audit Organisations: 101721.

General information on the auditor

AUDIT FIRM INTER-AUDIT CROW LIMITED LIABILITY COMPANY

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Registration No. in the Register of Auditors and Audit Organisations: 2248.



O.V. Denisiuk

Y.M. Baran

22 April 2021

City of Kyiv