

## Independent auditor's report

To the Shareholder and the Supervisory Board of Joint Stock Company "PravexBank"

Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Joint Stock Company "Pravex Bank" (hereinafter, the "Bank"), which are presented on pages 1 to 78 of the Bank's Annual Report for the year 2023 and comprise the statement of financial position as at 31 December 2023 and the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements for the preparation of financial statements established by Law of Ukraine "On accounting and financial statements in Ukraine" No. 996-XIV.

### *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 *Auditor's 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' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 opinion.

### *Material uncertainty related to going concern*

We draw attention to Notes 2 and 3 in the financial statements, which indicate that the Bank's operations have been negatively affected by the Russian Federation's military invasion of Ukraine. The Bank incurred a net loss of UAH 92,890 thousand for the year ended 31 December 2023. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. This matter was 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 this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

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Assessment of expected credit loss on loans and advances to customers

Assessment of expected credit losses in accordance with IFRS 9 "Financial instruments" is complex and inherently subjective process that requires application of judgements and making assumptions by the Bank's management.

The use of different approaches and assumptions in respect of historical and forecast macroeconomic information in the assessment of such indicators as probability of default and loss given default, macroeconomic indicators, could produce significantly different estimates of expected credit loss on loans and advances to customers.

In addition, the balance of loans and advances to customers represents a significant portion of total assets of the Bank and is a material to the financial statements.

Therefore, assessment of expected credit loss on loans and advances to customers was a key area of judgment for the Bank's management.

Information on expected credit loss and risk management policies is included in the Notes 4, 8 and 32 in the financial statements.

Our audit procedures included assessment of the methodology, approaches and assumptions used by the Bank in respect of historical and macroeconomic information in the assessments of expected credit losses on loans and advances to customers.

We obtained an understanding, evaluated the design, and tested operating effectiveness of the controls related to the process of expected credit loss assessment on loans and advances to customers. We identified and tested controls related to calculations and input data.

We tested information produced by the Bank and used in development of assumptions in calculation of expected credit loss, as well as for such indicators as: probability of default, loss given defaults, recoveries, forward-looking and macroeconomic indicators, which directly affect the amounts of expected credit loss on loans and advances to customers.

Also, we analysed the Bank's information about expected credit loss on loans and advances to customers included in the notes 4, 8 and 32 in the financial statements.

*Other information included in the Management report and the Bank's Annual Information of the Issuer of Securities for 2023*

Other information comprises the Management report (including the Corporate Governance report), but does not include financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and other information included in the Bank's Annual Information of the Issuer of Securities, which is expected to be made available to us after that date. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not and 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 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 prior to the date of the auditor's 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.

When we read the Annual Information of the Issuer of Securities, if we conclude that there is a material misstatement therein, we will communicate the matter to the Supervisory Board.

*Responsibilities of management and the Supervisory Board for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 overseeing the Bank's financial reporting process.

*Auditor's responsibilities 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 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 judgment and maintain professional skepticism 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 Bank'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 Bank 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.

We communicate with the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Supervisory Board and the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

#### *Report on other legal and regulatory requirements*

Pursuant to the requirements of Article 14 paragraph 4 of Law of Ukraine "On audit of financial statements and auditing activity" No. 2258-VIII (the "Law No. 2258-VIII") we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing and in accordance with "Requirements to the information related to the audit and review of capital market

participants and organized commodity markets under supervision of the National Securities and Stock Market Commission (the NSSMC)" approved by the NSSMC Decision №555 dated 25 July 2021 (hereinafter – "NSSMC Requirements"):

*Appointment of the auditor and period of engagement*

We were first appointed as independent auditors to perform a statutory audit of the Bank's financial statements on 29 October 2020 by the Supervisory Board. Our appointment has been renewed annually by the Supervisory Board. The period of total uninterrupted engagement for performing the statutory audit of the Bank is three years.

*Consistency of the independent auditor's report with the additional report to the Supervisory Board and the Audit Committee*

We confirm that this independent auditor's report is consistent with the additional report to the Supervisory Board and the Audit Committee of the Bank, which we issued on 12 July 2024 in accordance with Article 35 of Law No. 2258-VIII.

*Provision of non-audit services*

We declare that no prohibited non-audit services referred to in Article 6 paragraph 4 of Law No. 2258-VIII were provided. In addition, there are no non-audit services which were provided by us to the Bank.

*Reporting under the NSSMC requirements*

- Full legal name of the Bank, information on the ultimate controlling party as well as ownership structure are disclosed in Notes 1 and 36 to the Bank's financial statements.
- As at 31 December 2023, the Bank had no subsidiaries and was not a controller or a participant of a non-banking group.
- The Bank is a public interest entity according to the requirements of Law of Ukraine "On accounting and financial statements in Ukraine" No. 996-XIV.
- Prudential ratios, established by the NSSMC for relevant activity of professional participants in capital markets and organized commodity markets, are not applicable to banks that perform professional activities at stock markets in accordance with "Regulation on prudential ratios for professional activities at stock markets and risk management requirements" (as amended) approved by the NSSMC Decision No.1597 dated 1 October 2015.
- The Bank's Audit Committee has not performed an examination of the Bank's financial and economic activities for the financial year.

Limited liability company "Ernst & Young Audit Services" (ERDPOU: 33306921, web-site: [www.ey.com/en\\_ua](http://www.ey.com/en_ua)) have audited the Bank's financial statements according to



agreement No. GFS-2023-00001 dated 27 September 2023. The audit was conducted in the period from 31 October 2023 to 15 July 2024.

The partner in charge of the audit resulting in this independent auditor's report is Studynska Y.S.

For and on behalf Ernst & Young Audit Services LLC

Svistich O.M.  
General Director

Registration number in the Register of  
auditors and audit firms: 101250

Studynska Y.S.  
Partner

Registration number in the Register of  
auditors and audit firms: 101256

Simak M.V.  
Auditor

Registration number in the Register of  
auditors and audit firms: 101255

Kyiv, Ukraine

15 July 2024

Ernst & Young Audit Services LLC is included in the Register of auditors and audit firms, which is maintained by the Audit Public Oversight Body, registration number: 3516