JOINT STOCK COMPANY
OTP BANK

Annual Report
for the Year Ended 31 December 2024

JOINT STOCK COMPANY OTP BANK

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JOINT-STOCK COMPANY OTP BANK
Management report

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1. MESSAGE FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

Dear colleagues!
OTP Group has 75 years of experience, 17 million customers, over EUR 100 billion in total assets and the 4th most stable bank in Europe. Our goal is to make everyday banking fast, high-quality and simple, to constantly develop and become the best version of ourselves, to be a leading banking institution for at least the next 75 years.

2024 was marked by numerous recognitions received by OTP Group from various reputable professional institutions. In particular, the analytical company S&P Global Market Intelligence published its first ranking of the best banks in Europe, naming OTP Group as the leader in Europe for 2023. According to The Banker, in 2024 OTP Group, just like in 2023, topped the ranking of the 100 best banks in Central and Eastern Europe, while increasing the gap from the second place. The Group's banks became the best in 4 countries: Albania, Bulgaria, Hungary and Slovenia. By the way, this year, the Slovenian banks SKB and Nova KBM successfully merged, so the services of the new OTP banka d.d. will be the most accessible to customers in Slovenia.

There are also achievements in individual business lines. Thus, OTP Group received an award from the Global Private Banking Awards 2024 for the best growth strategy in Private Banking in Central and Eastern Europe. As noted by Professional Wealth Management, which analysed and evaluated banks, OTP Private Banking has succeeded in the Hungarian domestic market and is constantly increasing its asset base in Central and Eastern Europe and Asia. In particular, in 2024, customer assets increased by almost EUR 1 billion to EUR 10.2 billion.

Our Group has gone far beyond more traditional deposit and loan products. For example, OTP Group has developed and successfully launched a Central and Eastern Europe index fund, which is now available on the Budapest Stock Exchange (BSE). I would also like to note that this year OTP Group has been implementing ESG standards on a large scale and preparing for active reporting on ESG indicators for 2024, in accordance with the EU CSRD (Corporate Sustainability Reporting Directive). This is evidence that the Group is always trying to meet all the requirements of the times and be a socially responsible business that others will look up to.

The success of OTP Group is, of course, also due to the efforts and success of its subsidiary banks, including OTP Bank in Ukraine. We are pleased that the Bank demonstrates high performance, effectively supports the business of its country, actively develops its product lines and services, serving customers despite difficult circumstances. OTP Bank in Ukraine is a close-knit team of extremely dedicated and very professional people, and OTP Group is proud of them.

We hope that in the near future Ukraine will achieve a just peace, and OTP Bank will be able to implement even more significant projects for the recovery and prosperity of the economy. Therefore, OTP Group is optimistic about the future of OTP Bank in Ukraine.

András Kuhárszki,
Chairman of the Supervisory Board
JSC "OTP BANK", Ukraine

2. MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear colleagues!
Military risks and related security issues, general uncertainty, shelling of energy facilities and blackouts, inflation, lack of personnel – these and many other factors made 2024 a very difficult year for the Ukrainian banking system and OTP Bank. However, we have demonstrated a margin of safety and the ability to adapt to any challenge of any complexity.

Thanks to its impeccable reputation, OTP Bank has strengthened cooperation with international partners. In particular, in the summer of 2024, the Bank, together with the USAID Project "Investing for Business Resilience", launched the second part of the co-financing programme for micro, small and medium-sized enterprises. The co-financing programme is a kind of multiplier: for every UAH 1 received under the programme, the Bank provided its clients with access to UAH 10 of credit funds.

Together with the European Bank for Reconstruction and Development (EBRD), OTP Bank introduced a new portfolio risk sharing programme that will allow the Bank to provide up to EUR 200 million in financing for businesses in times of war in 2025. An important feature of the programme is that it allows for a refund of part of the costs incurred in implementing energy-efficient and green projects, meaning that entrepreneurs will receive 10% to 30% cashback.

In general, financing of energy-saving technologies was the focus of the Bank's attention during 2024. OTP BANK has developed special lending conditions for projects aimed at strengthening the energy independence of Ukrainian business, and there is also the possibility of support under the government programme "Affordable Loans 5-7-9%". The Bank is developing a separate OTP Energy business unit, where its specialists advise clients on alternative energy sources: which ones to buy, how to install, use, etc. By promoting the implementation of energy-efficient solutions, OTP BANK helps businesses minimise their dependence on traditional energy sources and ensure the stability of their operations in the face of frequent hostile attacks on Ukrainian energy generation facilities.
Despite all the difficulties, we see that the business continues to develop. In 2024, OTP Bank's hryvnia asset portfolio increased by 19.21%, and corporate loans by 14.95%. Financing in the agricultural sector, which is important for the country, has also increased and even exceeded the level before the full-scale invasion. Compared to 2021, the number of agricultural borrowers in 2024 increased by 14.5%, and the agricultural loan portfolio grew by UAH 818.8 million, or 6.3%. New credit limits under the AgroFabrika project, which specialises in financing small and medium-sized agricultural producers, were signed for almost UAH 2 billion, which is UAH 600 million more than in 2021. This demonstrates customer confidence in the Bank, our ability to offer the best conditions and confirms the effectiveness of solutions aimed at stimulating business activity.

The retail business segment also demonstrated growth: the active customer base grew by 18%, and the total portfolio of retail loan products grew by 36%. The volume of sales of domestic government bonds from the Bank's own portfolio exceeded UAH 1 billion in equivalent from the launch of this service in May 2024 to the end of 2024.

OTP BANK professes a philosophy of partnership, and we always use every opportunity to combine the best market offers, while creating additional value for our customers. The team of the aforementioned AgroFabrika not only provides advice on loan products but can also advise on a partner who will offer fertilisers or seeds at the best price. Another of the Bank's important partnership projects is the fintech product Ponova by OTP Bank, a marketplace that collects more than 200,000 cars and 2500+ used motorcycles for purchase on credit. In early September, the project scaled up and expanded its coverage of the Ukrainian used car market to 69%. Its network includes more than 550 partners with car lots in 45 cities of Ukraine.

The introduction of advanced technologies allows us to ensure high operational efficiency and create innovative offers for our customers. Thus, in 2024, we started using artificial intelligence in the Information Centre, but this is only a small part of our plans. In 2025, we intend to further expand the range of tasks to be performed by AI in the Bank.

Another equally significant trend in 2024 was the approval of the Sustainable Development Strategy and further implementation of ESG standards. OTP BANK is increasingly applying the standards and relevant reporting in its operations, as well as helping small and medium-sized businesses to get used to ESG requirements, which will only become more stringent and widespread over time.

Volodymyr Mudryi
Chairman of the Management Board of JSC “OTP BANK”

3. MACROECONOMIC ENVIRONMENT

Course of the war

Over the past year, the enemy continued to attack the defenders’ forces in all parts of the frontline. The deployment and entry of the DPRK army on the side of the aggressor provided an additional impetus to the intensification of hostilities. The Ukrainian Armed Forces had tactical successes in advancing the new front in the Kursk region, as well as in counterattacks on the Pokrovsk and Kharkiv directions, where the most combat-ready units of the enemy army were stopped. The current dynamics of the fighting does not yet indicate that a state of equilibrium has been reached, and the Ukrainian defence forces are holding the front in a stable state.

Russia continues to attack Ukraine’s civilian infrastructure in the hope of weakening the country’s economic resilience. Massive terrorist missile attacks targeting our country’s energy infrastructure in March, June, August, September and November resulted in significant damage and civilian casualties. In some cases, emergency power cuts were introduced across Ukraine.

As the intensity of hostilities decreases, the pressure on the russian economy is increasing due to high inflation, oversupplied labour demand, and a credit crisis in the banking system. The russian economy is expected to slow down further due to a decline in private investment and consumption. Against the backdrop of high inflation and a high key policy rate, this could lead to an economic recession. On the other hand, russia manages to circumvent certain sanctions restrictions on dual-use goods and export energy, which remains a negative factor.

Ukraine, for its part, continues to increase investments in the development and production of tools to strengthen its defence capabilities, which leads to an increase in domestic production of military products. One of the biggest breakthroughs in 2024 was that the state, together with friendly countries from Europe and the United States, significantly increased production of drones and missile components.

Even as it increases military spending, Ukraine, together with its partners, continues to look for ways to end the war and conclude a peace agreement with the terrorist country of russia. Recent statements by the newly elected US president indicate that partners are ready to provide further military assistance, but also that a peace agreement would be a better option than continuing the war. The statements of Western European leaders give the impression that a potential future peace agreement will be concluded in 2025, and, with high probability, there will be military from third countries on the line of demarcation between Ukrainian and occupying forces to monitor compliance with the peace plan.

Given the growing expectations of the international community regarding the end of the war, the issue of Ukraine's accession to the EU is of particular importance. The European Commission (EC) notes the progress of negotiations with Ukraine and indicates its readiness to move to the next stage of negotiations, and the latest EC report on Ukraine's progress for the year showed sufficient dynamics of reforms.

External environmental trends

Last year, developed countries overcame the high inflation that began in 2022. International financial institutions forecast that next year's inflation will be roughly in line with the targets of the central banks of developed countries. Nevertheless, central banks are cautious in their forecasts of possible further key policy rate cuts. Going forward, the NBU will continue to search for a balance between controlling inflationary risks and avoiding an economic downturn, so monetary policy will remain accommodative.

Economic growth of the countries will be relatively stable, albeit moderate. Global trade is growing sluggishly, given the geopolitical defragmentation of the world's largest countries and trade wars. The key challenges to global economic growth remain the slowdown in China and India, as well as the relocation of fiscal stimulus to Western countries.

Price developments on commodity markets reflect changes in global trade. Global agricultural prices stabilised in 2024, and some commodities even resumed growth, primarily due to forecasts of poorer harvests caused by global warming. Next year, agricultural prices may grow moderately due to tight supply and poor harvests. At the same time, ore prices declined due to weak demand from Southeast Asian countries and oversupply, which is likely to continue in 2025. The rise in energy prices at the end of 2024 was short-lived due to the risks of escalation in the Middle East, but the decline in oil prices will be further supported by an increase in oil production in the Americas.

4. KEY TRENDS IN THE UKRAINIAN ECONOMY

Fiscal sector

The state budget balance last year reached around 18% of GDP, indicating that the budget is consolidating after a significant deficit of 20% in 2023. Nevertheless, this gap indicates a significant need for funds from the public sector to maintain a stable macroeconomic situation in the country in the context of a war of attrition. Domestic borrowings of domestic government bonds by the Ministry of Finance amounted to UAH 690 billion, which is a full utilisation of the capacity of domestic financial demand from economic agents. This, in turn, helped to cover about 20% of last year's budget expenditure. Around 60% of budget expenditures are directed to defence and security, while only about 40% of expenditures are spent on other social payments.

With budget revenues covering only half of expenditures, international support for Ukraine remains key. In October, the G7 leaders agreed to provide Ukraine with about USD 50 billion in aid under the Extraordinary Revenue Acceleration programme. The interest and principal amounts of these loans will be paid from the proceeds of russian assets. These funds will be used for budgetary and military assistance and will be provided on the basis of bilateral agreements. The EU has already obliged to provide a significant part of this amount to Ukraine. The disbursement of funds under this programme is subject to the fulfilment of the Ukraine Facility conditions. Japan, for its part, has announced the allocation of USD 3 billion to Ukraine under the ERA. The conditions for receiving USD 20 billion from the United States under the G7 arrangements through the World Bank have also been agreed. The new ERA mechanism aims to ensure that current and future revenues from russian assets are used for the benefit of Ukraine but does not address the issue of transferring all these assets to compensate for losses from the war.

Ukraine’s cooperation with its partners under other programmes also remains productive. The sixth revision of the IMF’s Extended Fund Facility has been successfully completed. Ukraine will continue to receive the planned support under the Ukraine Facility programme. The country also receives significant funding from the World Bank. In total, the international assistance announced for 2025 should be sufficient to finance the budget deficit and maintain the NBU’s international currency reserves at the required levels. Given the significant public spending on defence and the persistence of security risks, further global financial support remains critical to Ukraine’s macroeconomic and financial stability.

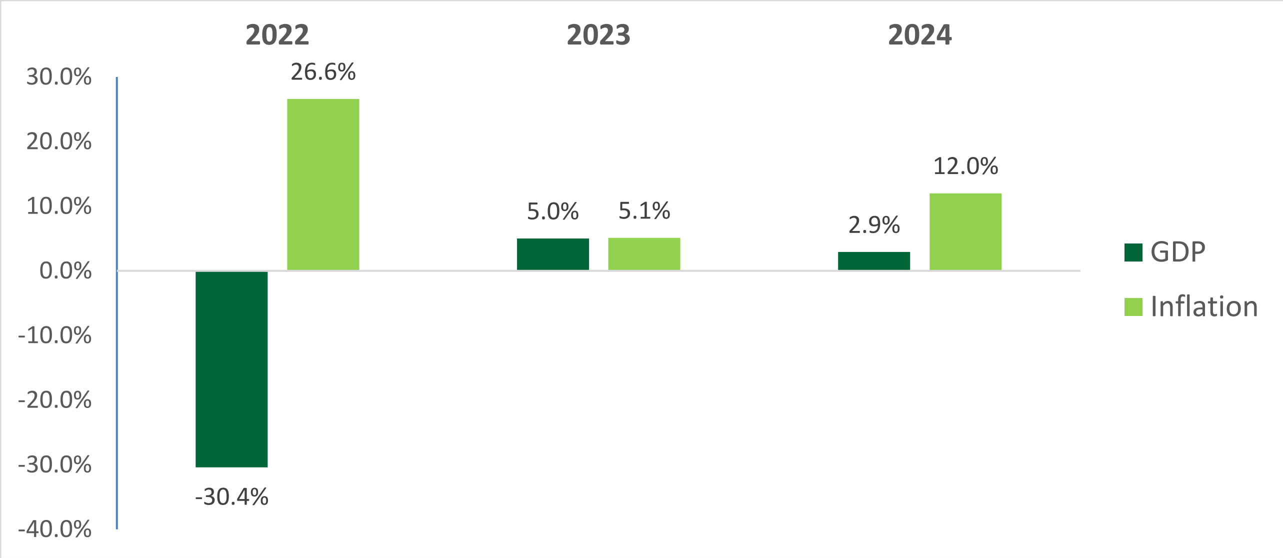
Economy and inflation

Ukraine’s economy is showing steady growth in an extremely challenging environment. The most positive factor in 2024 was the overcoming of difficulties in Ukrainian exports. The sea corridor started operating in the second quarter of 2024, and problems with land transit decreased compared to those that Ukraine faced in 2023. On the negative side, risks to steel products are increasing due to the enemy’s approach to Pokrovsk, which is the main source of coking coal.

At the same time, significant budget and current account deficits remain. Our country’s needs for the necessary funds are met with international support. It is positive that sufficient external support has already been confirmed for 2025 by the Ukraine’s friend countries.

Despite international support, capital outflows from the country and a negative trade balance in goods and services continued throughout 2024, leading to a slow devaluation of the hryvnia. Increased electricity tariffs, higher food prices due to exchange rate fluctuations, and lower harvests this year led to an increase in inflation in 2024 from 3% in the first quarter to 12% at the end of the year. The unfavourable increase in inflation risks, in turn, led to a change in the monetary policy cycle from a cut to an increase in the key policy rate of the National Bank of Ukraine in December 2024. This was the first key policy rate increase since May 2022.

In 2025, the NBU has sufficient tools to gradually bring inflation back to the lower range. Inflation is expected to remain at fairly high levels in the short term, while monetary policy will aim to maintain a balance between macroeconomic stabilization in a weak labour market and inflation control in the longer term. First, the large inflows of foreign exchange reserves from international financial corporations will help to keep the hryvnia at a sufficient level to anchor the exchange rate expectations of economic agents. Second, the potential from the key policy rate hike has not yet been exhausted – the first significant effects on food prices from inflation targeting are expected to be felt only in spring 2025. Under such conditions, when price dynamics are not affected by significant external negative factors, prices are expected to stabilise in the second half of 2025.



***Source**: GDP in 2024 according to the State Statistics Service of Ukraine.*

Real sector

The potential end of the active phase of Ukraine's war with the occupier, the return of emigrants, as well as the gradual withdrawal from martial law and the demobilisation of military personnel should be key factors in stabilising prices, the hryvnia exchange rate, and improving the country's overall economic situation.

Last year, Ukraine suffered the most destructive attacks on its energy infrastructure, which led to a slowdown in business activity in the second half of 2024. However, the situation in the energy sector stabilised in autumn. Nevertheless, over the past three years, in addition to the destruction of Ukraine's physical and human capital by the aggressor, which is the primary factor behind the economy's difficulties, the problem has been a large gap between domestic demand and potential production of goods. The production of goods will remain depressed throughout the active phase of the war due to security risks and the lack of human capital. The ongoing outflow of labour abroad, which started in 2022, and mobilisation processes amid high fiscal spending result in a low threshold for potential goods production. The most negative consequence of these dynamics is the low production of industrial and investment goods and services, which are used as an intermediate link to household consumption. The shortage of workers leads to a slowdown in business activity in labour-intensive industries such as IT, trade, hotels and restaurants, and real estate and movable property transactions. The finance and banking sectors are also negatively affected by the reduction in available labour, but this effect is less pronounced due to better conditions in Ukraine's financial markets and favourable interest rates. The agricultural and metallurgical sectors continue to be dependent on external factors affecting demand for products and transportation conditions.

The macroeconomic outlook for 2025 looks better than a year ago: inflation is expected to slow in the second half of the year, which will have a positive impact on consumer sentiment and boost business activity in the trade and services sectors. Stable foreign exchange reserves, together with last year's easing of export barriers on land and sea routes, will help revive exports and improve the trade balance. On the other hand, the situation on the labour market remains unfavourable, so, as in recent years, the level of security risks remains a key indicator of potential economic activity.

Payment balance

The negative balance of goods and services slightly decreased last year compared to 2023, from USD 38 billion to USD 35 billion. The decrease was due to a decrease in the impact of the fiscal factor, which is associated with the consolidation of state budget expenditures. The broad deficit is driven by strong imports, which are associated with insufficient domestic production capacity and demand from the defence sector for technology goods. These are all derivatives of ultra-high security risks. This type of risk is also associated with a decline in revenues due to less operation of GTS, a drop in exports of services, and a simultaneous increase in imports of services. To a certain extent, the imbalance in trade in goods and services that has been observed over the past three years is covered by significant foreign exchange inflows on the financial account through loans and grants from IFIs and Ukraine's partner countries.

Last year's positive development was an increase in exports of goods and services. The reduction of transport barriers on land and sea routes in the second half of last year reversed the unfavourable trend in Ukraine's foreign economic activity. Against the backdrop of budget consolidation and improved logistical factors, we should expect further reduction in the adverse effects of the widespread shortage of goods and services.

5. STATE OF FINANCIAL MARKETS AND THE BANKING SECTOR

Financial markets

With significant resources in its gold and foreign exchange reserves, the National Bank of Ukraine was able to support the hryvnia exchange rate against excessive volatility last year, which reassured financial market participants amid the uncertainty of hostilities in 2024. Despite significant outflows of foreign exchange reserves to smooth out exchange rate dynamics, the financial system did not face problems with hryvnia liquidity or currency shortages. In 2024, the hryvnia exchange rate against the US dollar drifted from UAH 38/USD to UAH 42/USD. Trade imbalances and the prevalence of demand over supply in the services market, which led to a negative balance in the non-cash FX market, remained the main drivers of the hryvnia's devaluation.

Capital markets did not show any significant distortions last year. One-year domestic government bonds traded in the range of 14%-16% throughout the year, falling slightly in the first half of 2024 only due to lower inflation and a supportive monetary policy cycle. By the end of the year, the yield curve became inverted due to increased inflation risks, but demand for domestic government bonds remained stable throughout the year, which provided the Ministry of Finance with a comfortable level of borrowing on favourable market conditions.

On the other hand, bank liquidity showed a slightly downward trend in the second half of the year, driven by a reduced fiscal presence in the banking market and a short-term increase in demand for FX assets from the real sector and government agencies. However, in early 2025, bank liquidity began to recover gradually due to the NBU's key policy rate hike and accelerating inflation.

Over the past two years, the situation on the financial markets has remained under stable control. The National Bank of Ukraine continues to keep exchange rate and inflation expectations sufficiently anchored without causing significant imbalances in the financial markets. Demand for domestic government bonds from the largest banks and the financial capacity of market participants will potentially ensure sufficient demand for government debt next year. As in previous years, Ukraine's budget expenditures will be guaranteed to be supported by external donors, which will be a stabilising factor in the FX and capital markets. The financial sector is expected to become more stable next year, but new tax rules for market participants and the reduced presence of budgetary incentives in the banking system are unlikely to lead to a significant increase in activity in this segment of the economy.

Funding

Time and current deposits of households and companies remain the main source of funding for the banking system. Households‘ funds have recently been growing mainly in current accounts, while businesses’ funds have been growing mainly in term deposits. Thus, the share of term deposits declined slightly, approaching 35%. However, tighter provisioning requirements are intended to encourage banks to focus on attracting term deposits. In the second half of the year, hryvnia deposits continued to grow, but the dynamics slowed somewhat due to the economic slowdown. Similar to hryvnia deposits, foreign currency deposits of businesses grew significantly, but they also slowed down in recent months. Households’ foreign currency deposits grew gradually throughout the year, due to the uncertainty and security risks during the war. In general, banks expect the share of foreign currency deposits to decline further, as the possibilities for using these funds remain very limited and higher reserve requirements limit the profitability of such deposits for banks.

Nevertheless, bank funding is quite stable and allows for active lending and investment in medium- and long-term instruments. Banks expect further growth in deposits from households and businesses in 2025. In addition, in the first half of next year, banks will pay income tax at a 50% higher rate. For state-owned banks, this means that they will also have to pay significant dividends to the government, which will have a significant one-off negative impact on their free liquidity.

Retail lending

The period of 2022-2023 in the banking sector was associated with a cautious lending policy, mainly in the segment of unsecured retail loans. However, in 2024, the trend changed significantly, due to lower levels of non-performing loans compared to the crisis years, steady growth in household incomes, adaptation of households and businesses to the war, and a significant accumulated liquidity cushion by financial corporations. The net retail loan portfolio increased by almost 40% in 2024. All segments of retail loans are growing, including car loans and mortgages, but the basis of the portfolio is made up of unsecured consumer loans, which grew by about a third over the past year, largely as credit card use gradually became more commonplace among households last year. The share of overdue consumer loans was below 5% at the end of 2024.

In the period after the full-scale invasion began, the share of NPLs decreased due to write-offs and a corresponding increase in the quality of the portfolio. On the other hand, the share of Stage 2 loans is higher than before the full-scale invasion. The vast majority of these loans are neither overdue nor restructured, but banks leave them at Stage 2 given the realities of the hostilities. The banks‘ moderate conservatism in risk assessment is justified, as deterioration in the quality of the retail loan portfolio during the war may be quite unexpected, potentially putting banks’ capital at risk.

As of the end of 2024, the ratio of gross retail loans to GDP was approximately 3.5%, and unsecured loans were 2.8%, which is several times lower than in European countries. Provided that consumer demand remains strong and household incomes grow, further growth in the retail portfolio is likely in 2025. Low household indebtedness leaves banks with considerable room to increase lending to households and to compete for potential customers.

In 2025, more and more financial institutions will seek to expand their loan portfolios and increase their market share in this segment. According to the survey on lending conditions, competitive pressure has prompted banks to relax their lending standards in recent months. Financial institutions are trying to attract customers with more attractive lending terms. Recently, many banks have moderately cut interest rates to increase their share of the total banking system portfolio.

Corporate lending

At the beginning of 2024, net hryvnia loans to businesses grew rapidly, but growth slowed over the course of the year. Despite the slowdown, the initial momentum led to an increase in corporate loans of over 20% over the past year. Businesses' adaptation to security threats and macroeconomic stability has revived demand for credit resources. At the same time, lending in foreign currency is not as popular as lending in the national currency, so the foreign currency loan portfolio decreased by almost a third over the year. The share of corporate loans in banks' net assets is still low, at around 16%. And the total volume of loans is less than 8% of GDP, which is significantly lower than in other European countries. Throughout the year, loans to SMEs across various types of economic activity grew at the highest rates, and among large corporations, lending was more active in the agricultural and food production sectors, as well as in retail and wholesale trade networks. New borrowers are also contributing to the recovery in lending.

Banks have also financed state-owned companies, with their share of loans in the hryvnia performing loan portfolio at 13%, while that of state-owned banks is close to one third. Banks, especially state-owned banks, provided a significant amount of loans to Ukrfinzhytlo for the implementation of the eOselia programme. Overall, hryvnia loans to state-owned enterprises grew by 17% over the year.

Favourable lending conditions, primarily lower interest rates, have significantly reduced the need for government loan subsidies. In 2024, only about a third of new SME clients received loans under the 5-7-9% programme. The share of loans granted under this programme in the hryvnia loan portfolio decreased by 6 percentage points to around 34% over the year. Further improvement in the business environment should reduce the role of government support for lending in 2025.

The quality of corporate loans is quite high, with a significant portion of the portfolio being granted to clients with good financial performance. At the end of the year, the debtors maintained a satisfactory debt burden. In 2024, the vast majority of non-performing loans in the banks' portfolios had been non-performing since 2022. In 2024, about 4% of all corporate debtors defaulted, which is roughly in line with the figures before the full-scale invasion. Given the good quality of their portfolios and the few cases of default, banks have little need to increase provisions. Nevertheless, portfolio quality may decline in 2025 due to slow economic growth and revival in lending amid a general decline in business sector financial expectations.

6. OTP GROUP

OTP Group operates in 11 countries and is one of the most reliable financial institutions in the CEE region, focusing on service and meeting all the financial needs of private and corporate clients through a universal business model.

Established in 1949 as a state-owned savings bank, today OTP Group unites large subsidiaries in insurance, real estate, factoring, leasing, asset management, investment and pension funds. Through its subsidiaries, the Group operates in the markets of 11 countries – Hungary, Ukraine, Albania, Bulgaria, Moldova, Croatia, Montenegro, Slovenia and some others – and is strengthening its leadership position year after year. In 2024, the operational merger of Slovenian banks SKB and Nova KBM took place, which provided OTP banka's customers in Slovenia with the most accessible services in the country.

OTP Group's member banks in Albania, Bulgaria, Hungary and Slovenia have been named the best in their respective countries according to The Bank of the Year 2024 Awards by The Banker. OTP Group also retained the first place in the ranking of the 100 best banks in Central and Eastern Europe (CEE) for 2024, compiled by The Banker. The Group remained the leader of the ranking, having increased its Tier 1 capital to USD 11.3 billion (based on data as of 31 December 2023).

Last year, OTP Group's performance and results were also recognised by S&P Global Market Intelligence, which recognised the Group as the best among the 50 largest public banks in Europe.

OTP Group's strategic goal is to become the most successful universal banking group in Central and Eastern Europe, and it has also taken a step towards working in Central Asia. In addition to its openness to innovation, the secret of OTP Group's success lies in the fact that more than 75 years of experience and a 17 million customer base help it to understand and meet the needs of its customers.

Ownership structure of the banking group

OTP Group's shareholders are Hungarian investors (42.98%), foreign companies and individuals, international organisations (54.59%), OTP Group employees (0.51%), and government organisations (0.05%). Treasury shares and other shareholders make up the rest (1.7%).

Today, the 100% owner of the Ukrainian OTP Bank is the Hungarian OTP Bank Plc. – the largest financial institution in Hungary and one of the most dynamic financial groups in Eastern and Central Europe.

OTP Bank in Ukraine

OTP Bank is one of the largest Ukrainian banks with foreign capital, a recognised leader in the country's banking sector. It has been operating in the market since 1998 and has a strong reputation as a socially responsible, reliable and sustainable financial institution.

The bank offers its customers the best service and products, including loan and deposit products, insurance, asset management, leasing and factoring, corporate and investment banking.

In 2024, OTP Bank continued to support the Ukrainian economy, serving the retail and corporate segments. The bank is also implementing a strategy of investing in the IT sector and digitalising customer services for private and corporate clients.

In Ukraine, the Group, in addition to the Bank, includes OTP Factoring, OTP Leasing, OTP Capital. The team in Ukraine includes 2,593 employees, of which 2,413 work for OTP Bank.

7. COMPOSITION OF THE SUPERVISORY BOARD

András Kuhárszki, Chairman

Zoltán Tóthmátyás, Member

Tamás Katona, Member

Attila István Molnár, Member

Márk Szalai, Member

Sándor Váci, Independent Member

László Pelle, Independent Member

Maria Ilona Tarnainé Sarudi, Independent Member

8. COMPOSITION OF THE MANAGEMENT BOARD

Volodymyr Mudryi, Chairman of the Management Board

Liliya Lazepko, Member of the Management Board, Bank's Operations and IT

Alla Biniashvili, Member of the Management Board, Corporate Banking

Oleg Klymenko, Member of the Management Board, Retail Banking

Taras Prots, Member of the Management Board (CRO), Risk Management

Peter Andor Korek, Member of the Management Board (CFO), Finance.

9. KEY MILESTONES AND EVENTS OF THE PAST YEAR

- For 12 months of 2024, the regulatory capital adequacy ratio of OTP Bank increased by 2.8% and reached 39.4%. As of 31.12.24, OTP Bank's regulatory capital (H1) reached UAH 18 billion 818 million and by this indicator the Bank ranks 3rd in the entire banking system and 1st among banks with private capital.
- OTP Bank ranked 11th in terms of net assets (UAH 113.8 billion)
- OTP Bank was ranked 5th in terms of net profit (UAH 4.1 billion), which confirms our high operational efficiency.

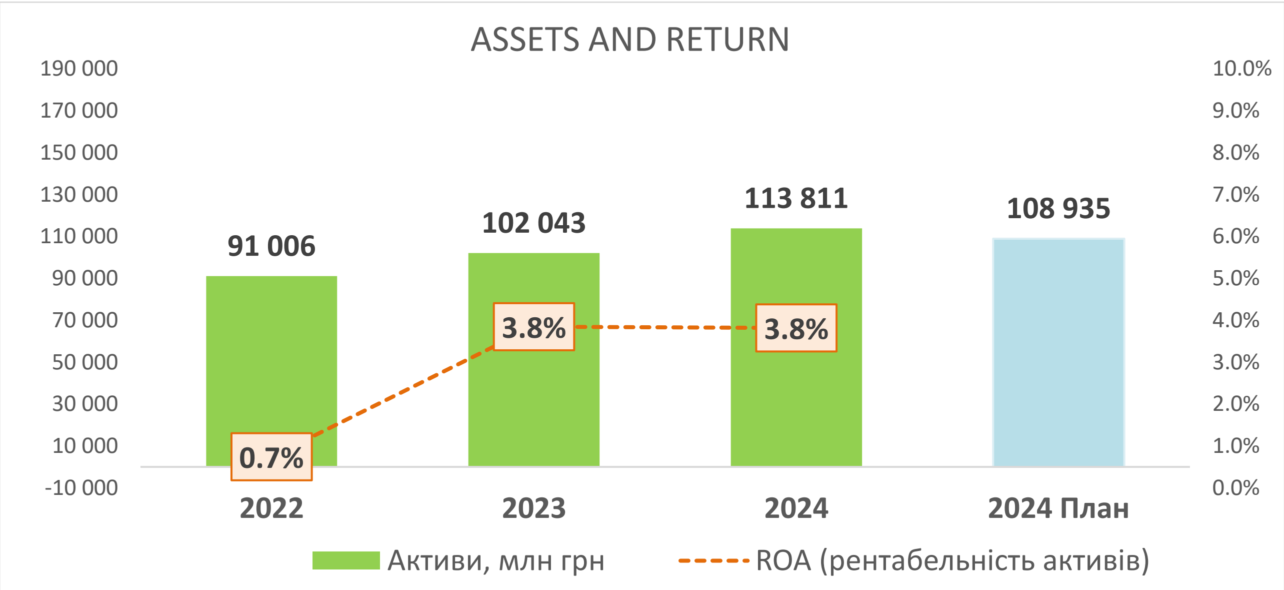
10. RATINGS AND AWARDS

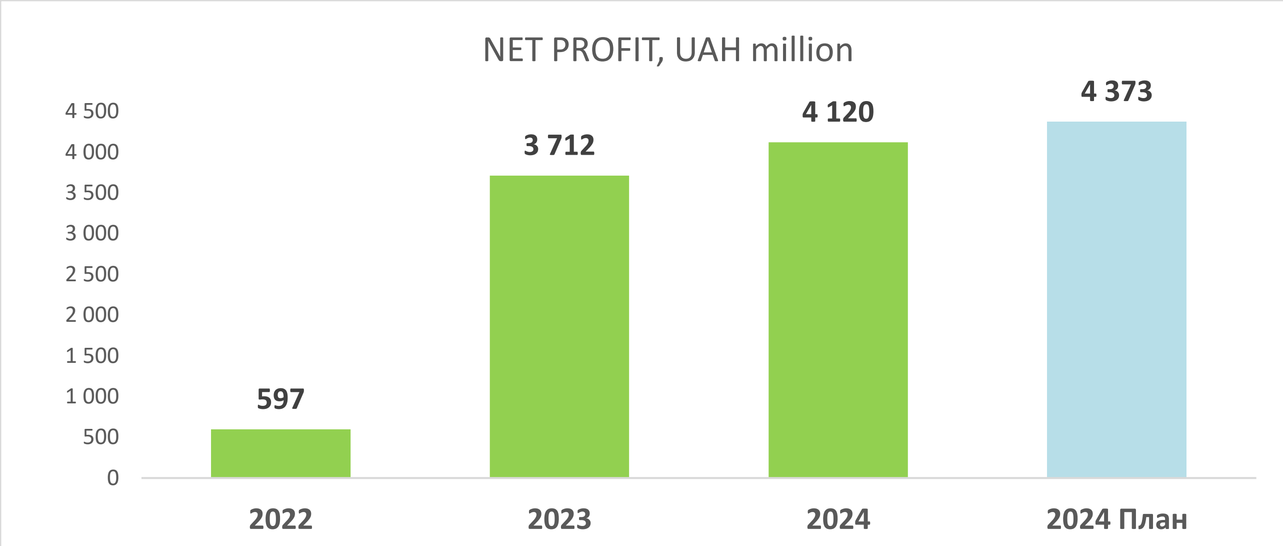
- Charity Oscar from the Blagomay Charity Foundation for OTP Bank's significant contribution to supporting a decent childhood and equal opportunities for children in Ukraine during the war.
- The award in the nomination "Reliable International Transfers" as part of the Banker Awards 2024 award.
- Rising Sun award from Visa.
- Award in the Best fintech collaboration nomination for the implementation of a joint programme with the USAID Project "Investments for Business Resilience".
- Second place in the nomination "Best Cash Loans" at the All-Ukrainian Annual FinAwards-2024. The Bank won the prize due to the "Loan for a used car" product.

- Second place in the nomination “Best Credit Card” at the All-Ukrainian Annual FinAwards-2024. The Bank won the prize due to the “Ladna” credit card.
- The award from the business portal Delo.ua and the magazine “TOP-100: Ratings of the largest”. OTP Bank was among the five leaders in the nomination “Bank with the best conditions for agrarians”.
- Acknowledgement from DonorUA – “For support and development of the donor movement”.
- First place in the nomination “Best Cash Loans” at the annual Prostobank Awards 2024.
- Second and third place in the nomination “Best Tariff Package for IT professionals” in the Prostobank Awards 2024 rating. The “IT Professional” tariff package from OTP BANK took the second place, and the “IT Smart” tariff package took the third place.
- Third place in the nomination “Best Bank for Payroll” in the annual Prostobank Awards 2024.
- Award in the “Charity of Foreign Business” nomination of the National Competition “Charitable Ukraine-2023”.

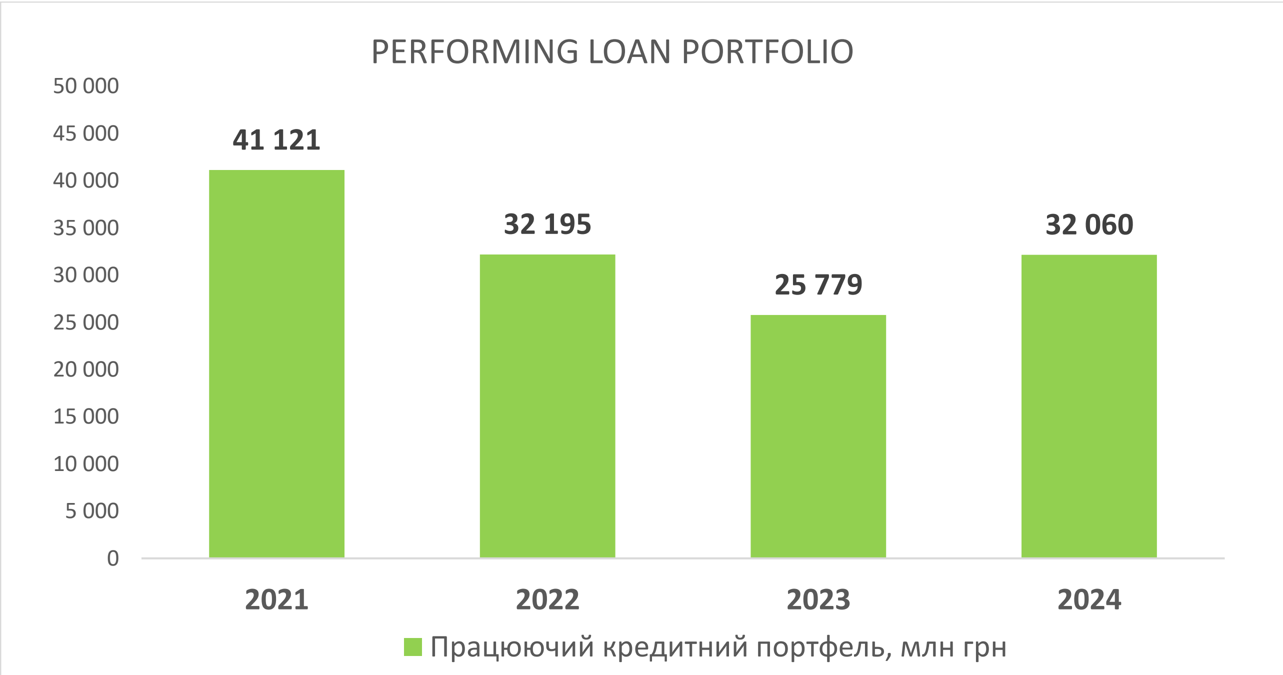
11. OVERALL FINANCIAL RESULTS AND ACHIEVEMENTS

In 2024, OTP Bank’s assets continued to grow steadily and reached the level of UAH 113.8 billion, which is 11.5% more than at the beginning of the year. Despite the decline in key market rates during the year, the Bank was able to maintain the return on assets at 3.8% in annualized terms. The quality of OTP Bank’s loan portfolio improved significantly during the year due to the recovery in lending volumes. The risk appetite remained subdued, but as part of the implementation of the updated Strategy, the Bank actively lent to both legal entities and individuals.

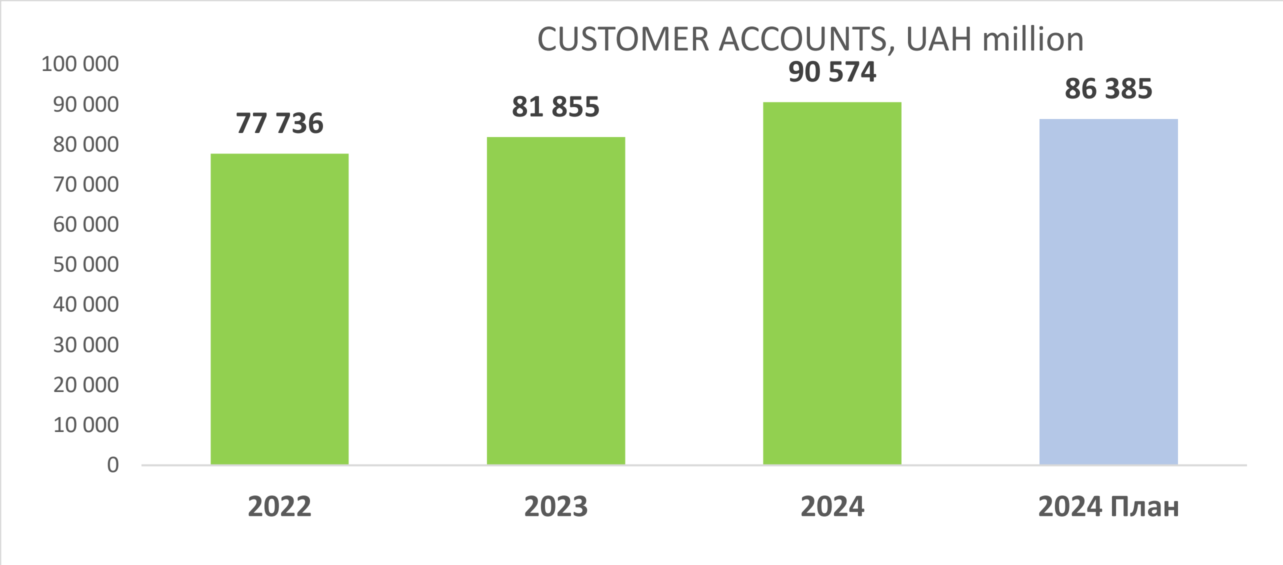




At year-end, OTP Bank ranked 11th in terms of net assets and 5th in terms of net profit. Assets at the end of the year exceeded the plan by 4%, and the financial result was slightly below the budget due to the retrospective application of the increased income tax to banks for the 2024 results.

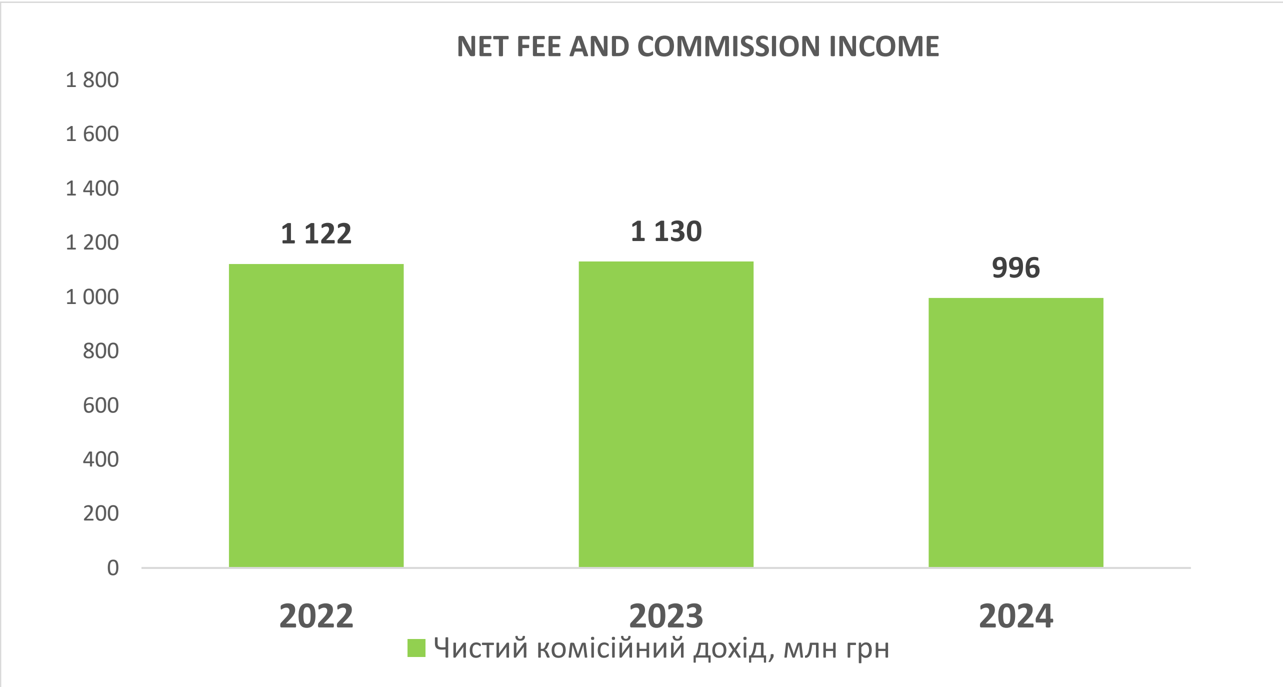


In 2024, the performing loan portfolio increased by 25% to UAH 32.1 billion, driven by an increase in new loan disbursements.

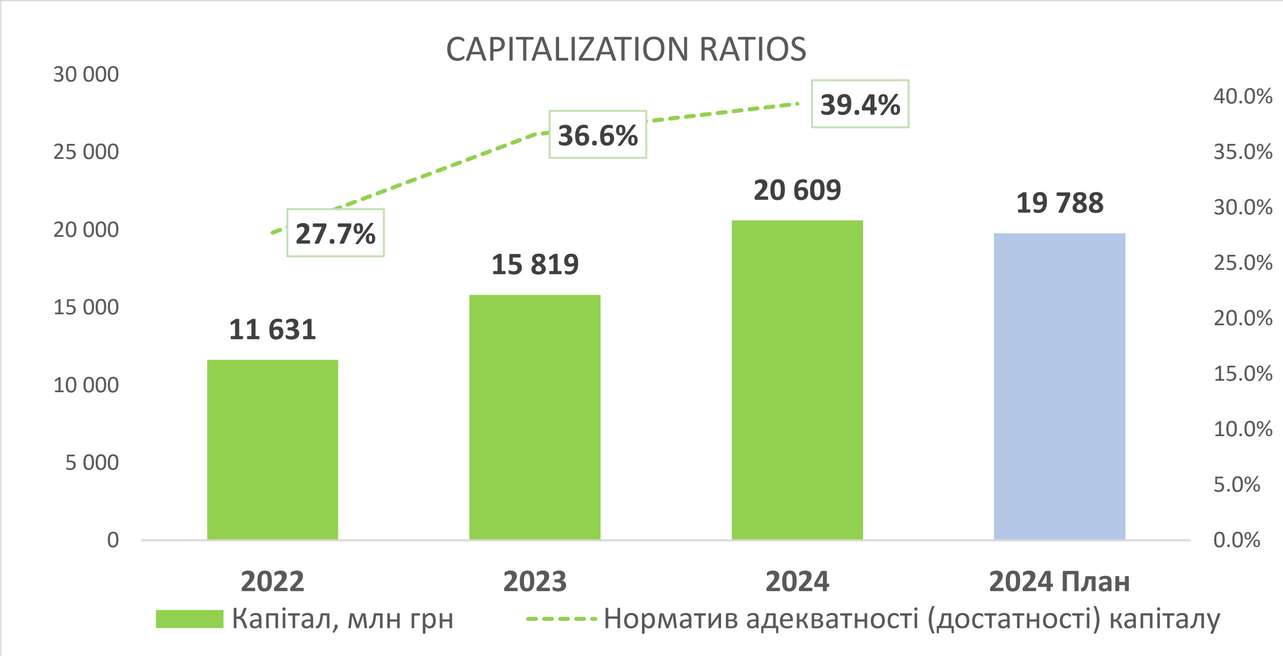


OTP Bank remains one of the most reliable banks in Ukraine, which is reflected in the growth of customer accounts. Due to the attractiveness of deposit products and loyalty programs, in 2024, the funds of legal entities and individuals increased by 10.7% and reached a record level of UAH 90.6 billion.

Last year, the Bank continued to support customers who found themselves in a difficult situation as a result of the escalation of the military conflict, namely by restructuring loans on terms convenient for customers. The Bank's strategic goal remains to continuously improve the customer experience of using its products and services.



The decline in customer business activity due to military aggression, recurrent electricity problems, and currency market restrictions did not significantly improve the Bank's fee and commission income results in 2024.



In 2024, OTP Bank's capital continued to grow as a result of capitalization of profits. The accumulated capital allows the Bank to be prepared for any stressful situations. The regulatory capital of OTP Bank amounts to UAH 18 billion 818 million. Its adequacy ratio is 39.4%, while the required level is 10%.

12. RISK MANAGEMENT SYSTEM

Risk management in OTP Bank

Risk management, based on the best international practices and experience of successful operations in Ukraine, is an essential element of the Bank's development strategy and a guarantee of development stability. The primary goal of risk management at OTP Bank is a balanced assessment and acceptance of risk, which makes it possible to achieve the planned profit, ensuring a sufficient level of capital in the medium and long term, taking into account changes in business cycles and the occurrence of possible unfavorable market conditions. The Bank develops a Risk Appetite Statement to determine the risks that OTP Bank accepts and those that it avoids, as well as the aggregate risk appetite and the risk appetite for each risk.

The main advantage of using the risk appetite mechanism is that risks are identified and quantified in a structured manner that links them to the Bank's business goals and strategy. A system of limits is used to allocate risk appetite among business units, products and risk subtypes and to further control risk exposure. Risk exposure is monitored against the established risk appetite and risk limits on a regular basis by determining the risk profile in aggregate and by all types of risk.

The risk management strategy defines the principles of management of all material types of risk identified by the Bank, namely: credit risk, including country risk, environmental and social risks, sovereign risk and counterparty risk; liquidity risk; market risks in the banking and trading portfolio, including interest rate risk in the banking portfolio; operational risk, including legal risk, information and communication technology risk, information security risk, risk of improper behavior, model risk, outsourcing risk, strategic and reputational risks.

Every year, OTP Bank updates policies and regulations on management of each type of risk, which set limits and normative values to avoid excessive volatility and concentration of risks outside the optimal risk/return ratio, as well as procedures for managing each type of risk.

The Bank has created and operates a comprehensive risk management system that ensures continuous analysis, management and control of the risks to which OTP Bank is exposed in its operating activities and allows making informed decisions on the size of the Bank's risk appetite, its compliance with market conditions and the business strategy of the financial institution. To manage risks, OTP Bank has established a permanent risk management unit, which is subordinated to and accountable to the Supervisory Board of the bank. The key function in the organizational structure of risk management belongs to the Supervisory Board, which determines and approves the risk management strategy, requirements for the functioning of the internal control system in the Bank, policies and procedures for managing all types of risk, the Bank's procedures in the event of a crisis or events requiring the restoration of operations, as well as the organizational structure of risk management, ensures the adequacy of resources for risk management, and exercises control by receiving regular information on the Bank's risk profile.

By the decision of the Supervisory Board, the Risk Management Committee of the Supervisory Board was established, which performs the following functions: monitoring the Bank's compliance with the established aggregate level of risk appetite and the level of risk appetite for each type of risk; monitoring the implementation of the risk management strategy and policy; control over the implementation of measures to promptly eliminate deficiencies in the functioning of the risk management system; controlling that pricing/tariff setting for banking products takes into account the Bank's business model and risk management strategy and other functions delegated to it by the Supervisory Board.

The Management Board of the Bank, as the highest executive body of OTP Bank, is called upon to ensure the implementation of the Supervisory Board's decisions on the risk management system and the implementation of the business strategy and plans of the financial institution in compliance with the requirements and limitations of the Bank's risk appetite. By the decision of the Supervisory Board, the Credit Committee and the Assets and Liabilities Management Committee were established to manage credit and liquidity risks, interest rate risk in the banking book and market risks, the activities of which are determined by the relevant procedures and regulations. The key committees established by the Management Board to implement the risk management system include the Bad Debt Committee, the Corporate Segment Customer Risk Management Committee, the Retail Banking Credit Committee and the Reserve Committee, as well as the Operational Risk Management Committee. The Bank's Internal Audit Department regularly reviews and evaluates the effectiveness of the risk management system at OTP Bank.

A mandatory element of comprehensive risk management at OTP Bank and management of each type of risk is stress testing, which is regularly conducted by the Risk Management Department to determine the Bank's readiness, adequacy of its capital and liquid financial assets to carry out its operations without violating the standards set by the NBU in the event of a sudden adverse macroeconomic situation. Ensuring the availability of OTP Bank to customers, regulators and shareholders in the event of an emergency is an integral element of the Bank's risk management system.

In order to properly respond to emergencies and overcome their consequences, OTP Bank has developed and implemented appropriate business continuity and recovery plans, including a crisis financing plan. These plans are updated on an ongoing basis and are subject to comprehensive testing.

The risk management system of OTP Bank is a part of the risk management system of the international banking group OTP Group, which provides opportunities for the exchange of experience and best international practices, as well as for the continuous development and improvement of this system. In addition, the risk management units of the parent bank perform the function of independent control and confirmation of the quality of statistical risk assessment models, rules and procedures for risk assessment and management.

Credit risk management

Credit risk is the possibility of losses or additional losses or a shortfall in planned income as a result of a debtor/counterparty's failure to fulfill its obligations in accordance with the terms of a contract.

Credit risk is the most significant risk to the Bank's capital. The Bank takes on this type of risk in the course of lending, so the key is the management process, which consists of successive stages: identification and determination, evaluation and measurement of risk, direct risk taking and minimization, and finally monitoring and control of the risk profile and trends in its development.

The risk management strategy, credit policy and credit risk management policies, including monitoring, collateral management and non-performing loans, define credit risk, creditworthiness and solvency criteria for individual exposures and set standards and limits for portfolio-level credit risk management. Detailed loan agreement requirements are set out in product standards, which are updated on a regular basis, but at least once a year.

Assessment and measurement of credit risk is based on rating models for counterparties that prepare and submit financial statements and scoring models for other counterparties, which help to allocate counterparties to classes according to the probability of realization of credit risk for each class. The credit risk assessment models enable the Bank to make informed decisions on the amount of expected losses and the required return to risk ratio, and to avoid those classes of expected credit risks for which the income is not adequate or the risk is in a range that is too wide beyond the Bank's control.

Each of the classes of counterparty credit risk is characterized by specific approaches to the maximum amount of debt allowed, methods of minimizing expected losses, including through collateral requirements, and calculation of expected credit losses. All models are subject to mandatory documentation, back-testing and validation by the relevant departments of OTP Bank in Hungary. In the process of counterparty analysis, it is mandatory to identify a group of related counterparties based on control features, taking into account the ownership and management structure and/or significant economic interdependencies.

Risk acceptance is accompanied by a system of credit risk competencies and authorities, which, depending on the amount of debt under the loan agreement, consists of collective bodies and individual authorities. The highest collective body of the Bank that manages credit risk is the Credit Committee established in accordance with the decision of the Supervisory Board of the Bank. The Credit Committee is authorized to delegate some of its credit risk decision-making authority to lower-level credit committees and individual risk officers.

The inviolable principles of decision-making are the mandatory presence of representatives of the risk management unit and their veto power if the decision will lead to a violation of the Bank's risk appetite or risk limits. When decisions are made by individual officers with lending authority, the "4 eyes" principle and unanimous approval are required. For standard products for retail customers with minimum exposures, an automatic decision-making system is in place, which is configured, maintained and monitored by representatives of the risk management unit. At the moment of risk acceptance, insiders and related parties are identified, the terms of the decision are checked for compliance with product standards, market conditions and abstention from voting by persons with lending authority in case of a conflict of interest.

Minimization of credit risk at the level of each individual counterparty involves compliance with the established policies, procedures and standards for the maximum amount of credit liability/debt burden, maturity, and collateral coverage. Credit risk management at the loan portfolio level involves diversification of risk, restrictions on the segments of the portfolio most exposed to excessive risks and is carried out through a system of limits set by the Bank's credit policy on the maximum permissible concentration of debt at the level of country, currency, industry sector, specific product and group of related counterparties.

OTP Bank pays special attention to the process of continuous monitoring and early identification of problem and potentially problematic debts. On a regular basis, the financial condition of the counterparty is assessed and its behavior is analyzed in accordance with behavioral models, the status of debt servicing, information is collected from external sources on changes in the composition of the counterparty's members, initiation of bankruptcy proceedings, significant material litigation, debt servicing status according to the credit bureaus and the Credit Register, debt on tax and/or other mandatory payments, public information that has a negative impact on the counterparty reputation. The early warning system consists of several stages that determine the probability of bad debts and, accordingly, determine the measures, including preventive measures, to be taken to prevent bad debts or reduce expected losses from bad debts.

The system for monitoring and early identification of bad and potentially bad debts is integrated into the system for estimating expected losses from impairment of financial assets in accordance with International Financial Reporting Standards. The process of monitoring and evaluation of credit risk provisions is controlled by the Corporate Segment Customer Risk Management Committee, the Retail Banking Credit Committee and the Reserve Committee, respectively.

The work on settlement of bad debts is carried out by the problem debt management units, which are independent of the business units and risk management units that made the decision when the loan was issued. Similarly to the Credit Committee hierarchy, the highest collegial body is the Bad Debt Committee established by the decision of the Bank's Management Board, with a subordinate system of lower-level committees and/or officers with credit authority.

ESG risks are managed as part of credit risk management. OTP Group aims to become a regional leader in financing a fair and gradual transition to a low-carbon economy and building a sustainable future through appropriate financial products and services. Managing ESG-related risks is key to achieving this goal.

The ESG list of exclusions is a central guiding document that lists activities that the Group does not support. New clients of the Group should not engage in activities listed on the Bank's list of exclusions. While zero credit tolerance is applied to new customers, existing term loans to existing customers are subject to natural amortization, while short-term loans may be renewed for a specified period after an assessment of the existing ESG and reputational risks to ensure a smooth exit from the business relationship.

In addition, if the amount of a client's transaction exceeds the threshold set at the international Group level and the client's ESG risk category is high or medium-high, an ESG Due Diligence questionnaire is additionally used. This approach allows us to better understand the origin of possible ESG risks of the client and, if necessary, plan preventive corrective measures aimed at minimizing negative impacts on the environment and society.

Learn more about ESG risk management

As part of its cooperation with international financial institutions, the Bank may apply additional procedures to assess ESG risks, such as an expanded list of exclusions and special ESG Due Diligence questionnaires, environmental and social incident notification systems, and the creation of additional corrective action plans for borrowers.

Standard products and procedures for debt settlement prevail in the work with the mass segment of retail clients, depending on the product and the term of default, while corporate clients are characterized by scenario analysis with the choice of a scenario that will lead to maximum debt repayment, taking into account the state of relations with the counterparty, the value and condition of collateral, the state of claims and lawsuits, and the time value of money.

After the turbulent first 2 years of the war, 2024 was marked by the transition of the war to the stage of a protracted conflict, a war, including economic resources, so OTP Bank actively joined the process of restoring the growth of the loan portfolio of legal entities and individuals, which is the basis for the long-term and sustainable development of the Bank. This trend was driven by positive changes in macroeconomic stability indicators, diversification and stabilization of logistics routes by sea. At the same time, the restoration of the financial intermediation function by the banking system in early 2024 was constrained by uncertainty about the stability of sources of financial assistance from the European Union and military assistance from the United States of America, and from the end of Q1 and especially during Q2, significant damage to the power generating capacities of the Ukrainian energy system. Unfavorable weather conditions during the summer months had a negative impact on the yields of certain crops, primarily vegetables, which had a significant impact on the growth of consumer prices, as well as on grain yields and price conditions on international markets, resulting in a lower value of Ukrainian agricultural exports.

Last year, OTP Bank's assets increased by almost 12% and approached UAH 114 billion, while the size and share of financial assets in the form of funds placed with the National Bank of Ukraine, mainly on correspondent accounts of other counterparty banks, and in the form of investments in securities issued by the central authorities of Ukraine and G7 countries continued to grow. It is worth noting that during the year there was a change in the components of financial assets denominated in hryvnia in favor of increasing investments in securities of the Ministry of Finance of Ukraine, including investments in the benchmark domestic government bonds used to meet minimum reserve requirements. As of the end of 2024, the amount of funds placed with other banks and investments in securities increased by 12.9% to UAH 74.2 billion in hryvnia equivalent, or 66.5% of the loan and investment portfolio, while the share of debt in national currency increased to almost 70%.

The loan portfolio of legal entities and individuals grew by 13.2% to UAH 37.3 billion. The growth was mainly driven by loans to corporate clients, whose share in the loan portfolio approached 85% of the Bank's loan portfolio at the end of the year.

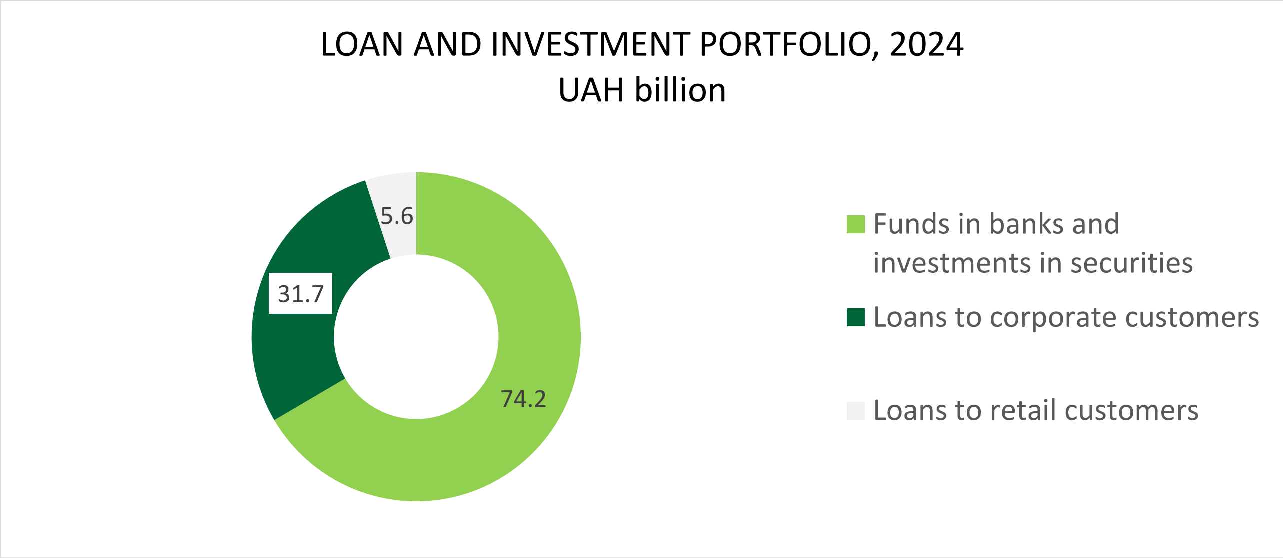
The corporate loan portfolio is sufficiently diversified in terms of concentration of risk on a single counterparty or group of related counterparties. The debt of the 20 largest groups of related counterparties – the Bank's borrowers does not exceed 40% as of the end of 2024, having hardly changed during the year. The indicator of "large loans", the debt of a group of related counterparties exceeding 10% of the Bank's regulatory capital, the NBU credit risk ratio H8 as of the end of the reporting period amounted to only 10%, being in the range of 0-30% during the reporting year.

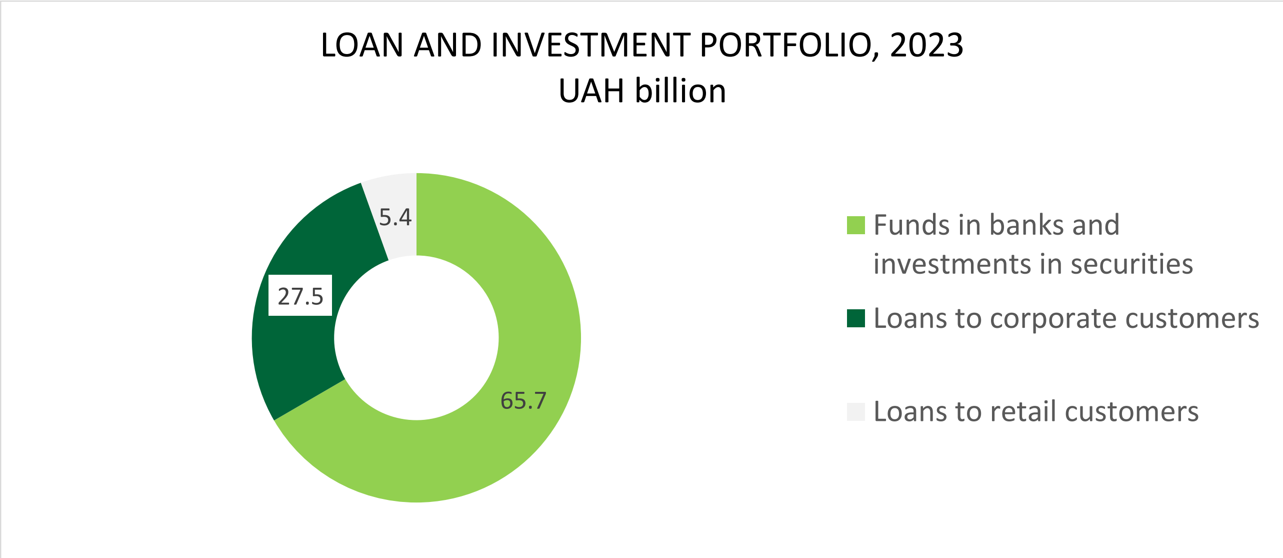
Given the sectoral structure of the corporate loan portfolio, the share of loans to trade companies continued to grow and approached almost 45%. The trade sector is the one that quickly adapted to the "new" conditions of economic activity under martial law and became the engine of Ukraine's economic growth in 2024. The full restoration of logistics from the seaports of Greater Odesa under the auspices of the Armed Forces and the Navy of the Armed Forces of Ukraine allowed for the establishment of stable supply chains and led to cheaper supply chains for agricultural products and convergence of prices for Ukrainian agricultural products to the level of world prices. This reduced the need for financial resources for agricultural producers and accelerated the turnover of funds, which ultimately reduced the Bank's exposure to this sector of the economy from 18. 8% to 17.0% of the corporate loan portfolio. At the same time, the share of exposure to the manufacturing sector increased, which was offset by a decrease in the share of other sectors of the Ukrainian economy in the Bank's portfolio.

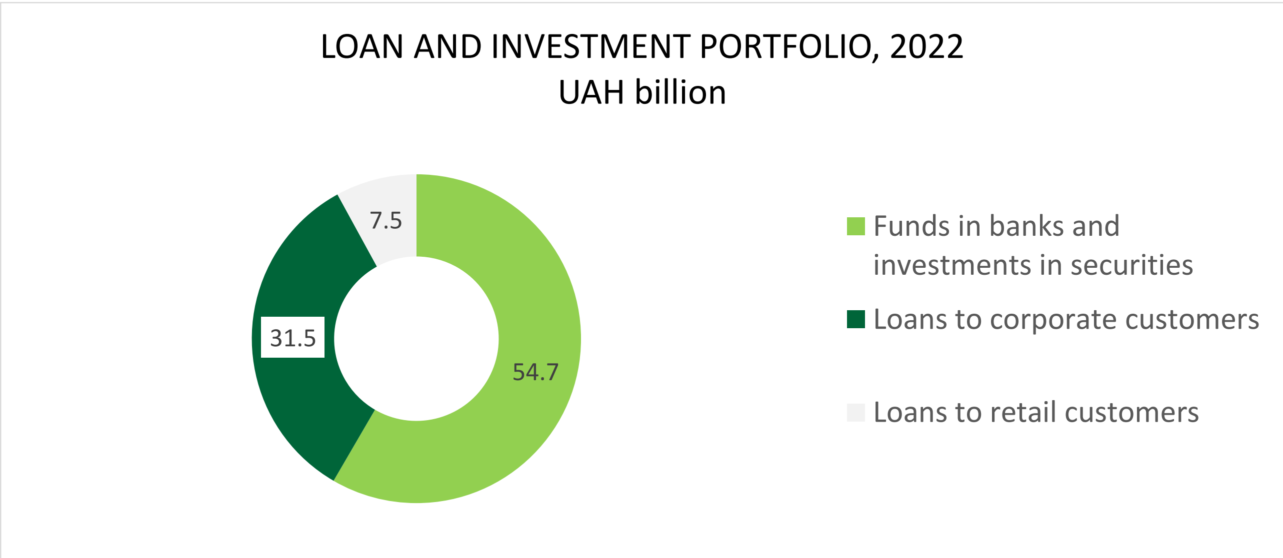
During the year, against the background of declining market rates in hryvnia, the Bank shifted its focus to lending to corporate clients in hryvnia, and as a result, the share of foreign currency debt decreased below 40% of the corporate loan portfolio. The Bank continues to closely monitor and limits the amount of foreign currency debt in respect of borrowers who do not have sufficient foreign currency earnings to service their foreign currency debt.

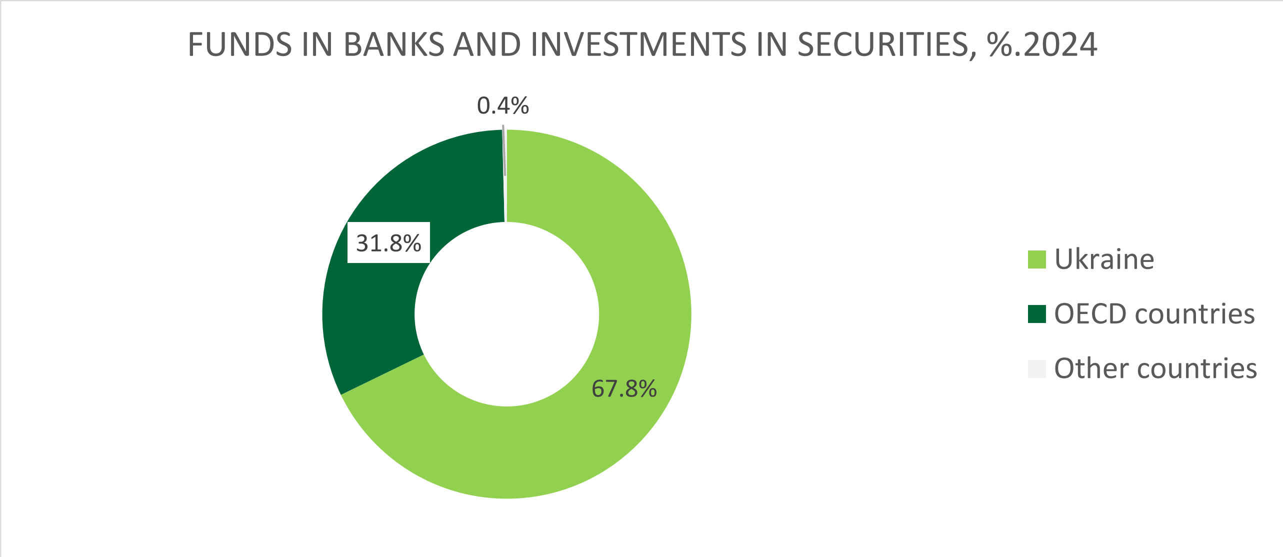
The credit quality of the corporate loan portfolio improved significantly during 2024 due to a gradual reduction in the share of Stage 2 portfolio, as well as a more than 2-fold decrease in the share of Stage 3, to 7%. Such changes in the qualitative structure of the corporate clients portfolio allowed to disband a significant part of the provisions for credit risks, which had a positive impact on the Bank's financial result for 2024.

The retail consumer loan portfolio remained fairly stable throughout the year and was in the range of UAH 5.4-5.6 billion. Positive trends in increasing the share of Stage 1 loans due to cash loans and card credit limits were somewhat offset by a reduction in the Stage 2 portfolio due to regular repayments by customers within the agreed debt restructuring schedules, as well as regular sales of Stage 3 debt to external collection companies after completion of all procedures for recovery and settlement of bad debts on the Bank's side. The additional provisioning for credit risk for the retail loan portfolio was insignificant and proportional to the growth of the share of 1 in the Bank's total portfolio.

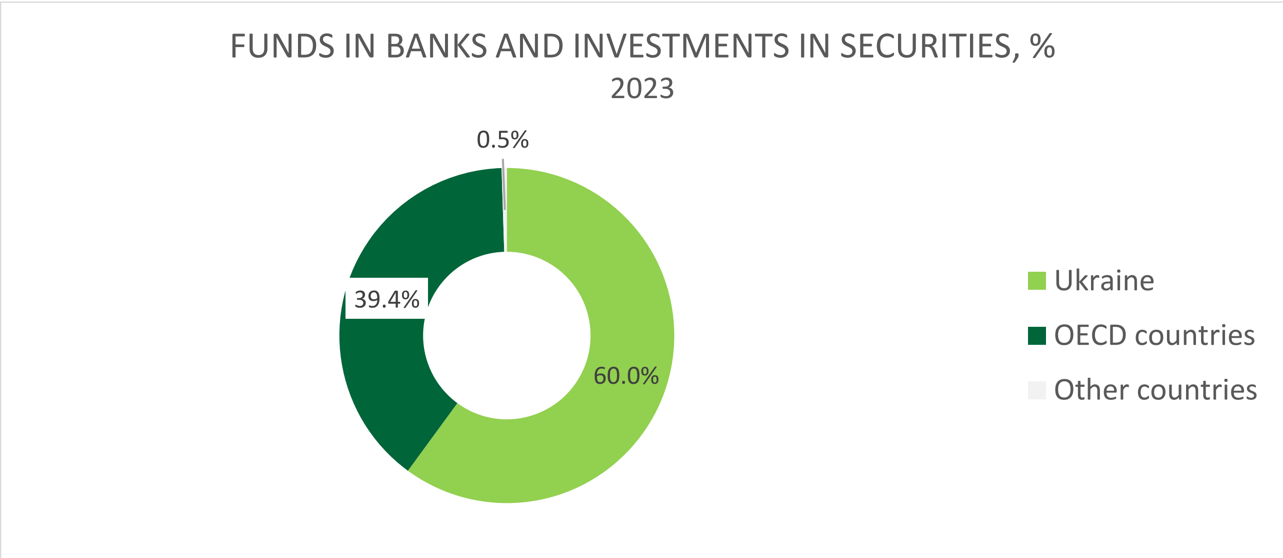

LOAN AND INVESTMENT PORTFOLIO, 2024
UAH billion
5.6
31.7
74.2
Funds in banks and investments in securities
Loans to corporate customers
Loans to retail customers


LOAN AND INVESTMENT PORTFOLIO, 2023
UAH billion
5.4
27.5
65.7
Funds in banks and investments in securities
Loans to corporate customers
Loans to retail customers

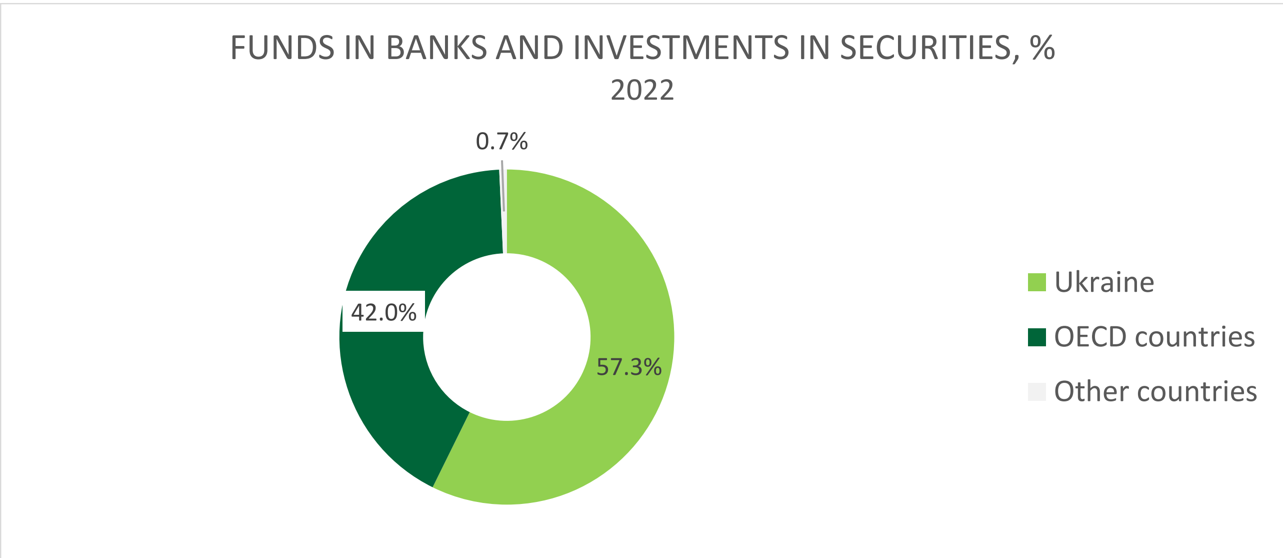

LOAN AND INVESTMENT PORTFOLIO, 2022
UAH billion
7.5
31.5
54.7
Funds in banks and investments in securities
Loans to corporate customers
Loans to retail customers



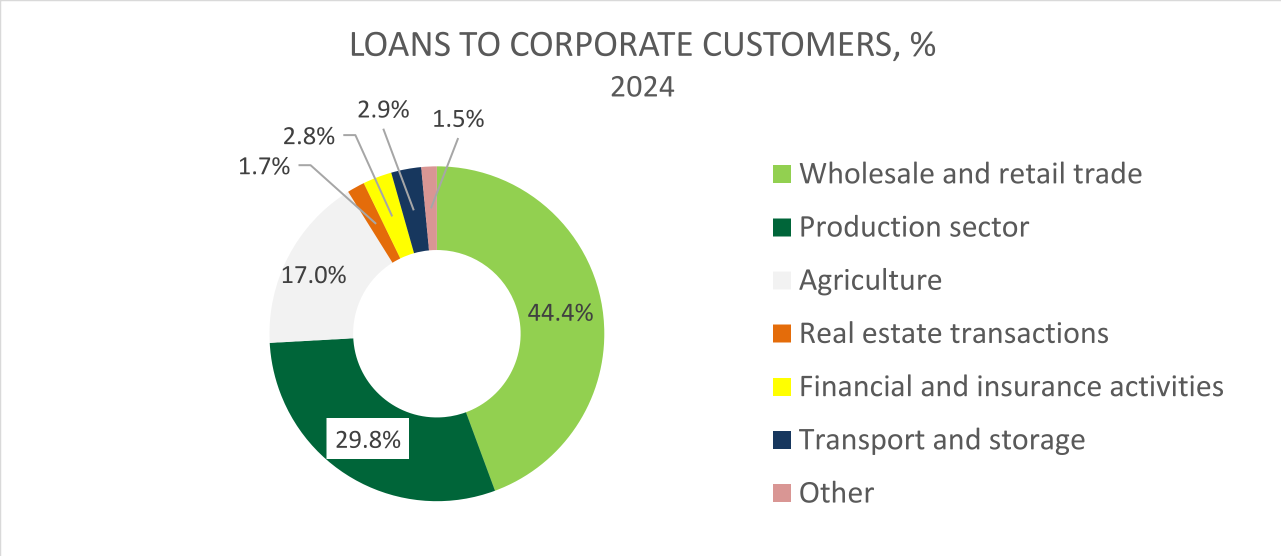
FUNDS IN BANKS AND INVESTMENTS IN SECURITIES, %.2024
0.4%
31.8%
67.8%
Ukraine
OECD countries
Other countries

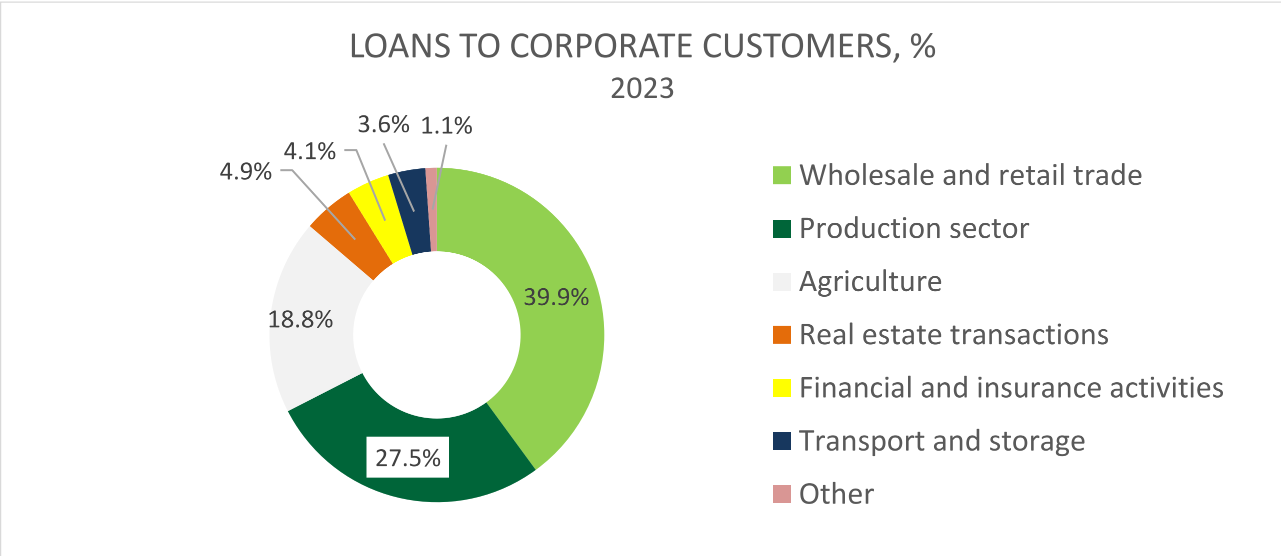


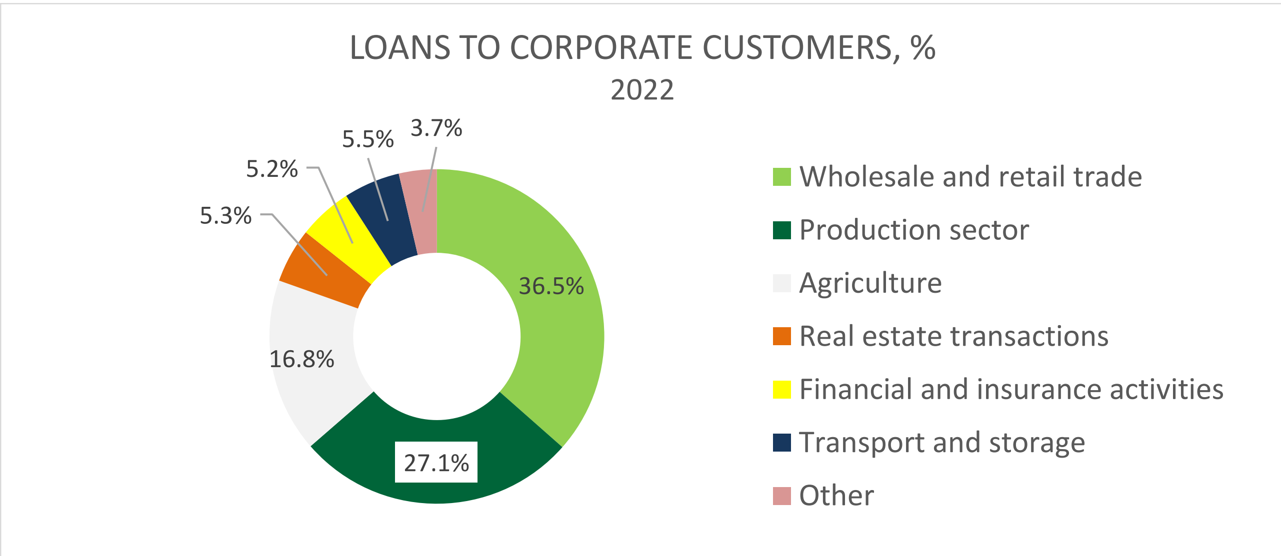
FUNDS IN BANKS AND INVESTMENTS IN SECURITIES, %
2023
0.5%
39.4%
60.0%
Ukraine
OECD countries
Other countries

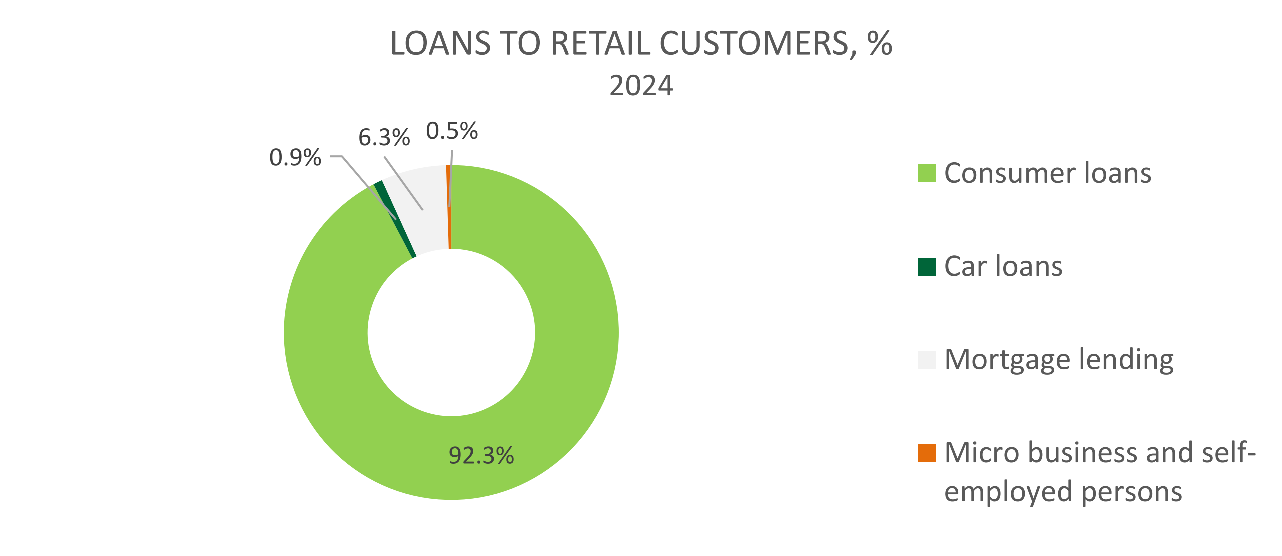


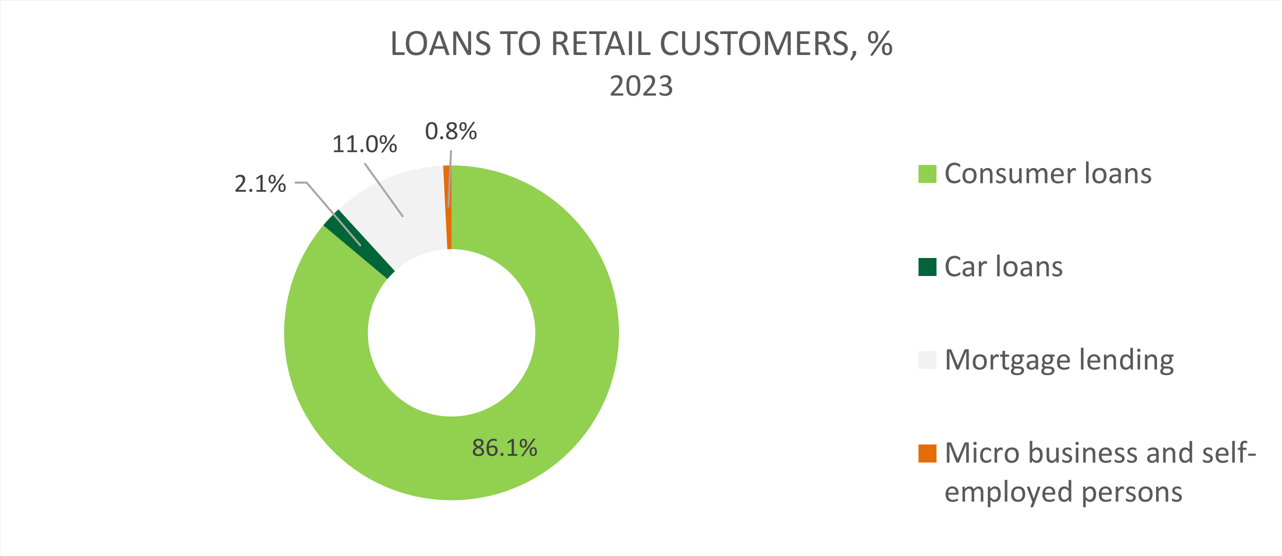
FUNDS IN BANKS AND INVESTMENTS IN SECURITIES, %
2022
0.7%
42.0%
57.3%
Ukraine
OECD countries
Other countries

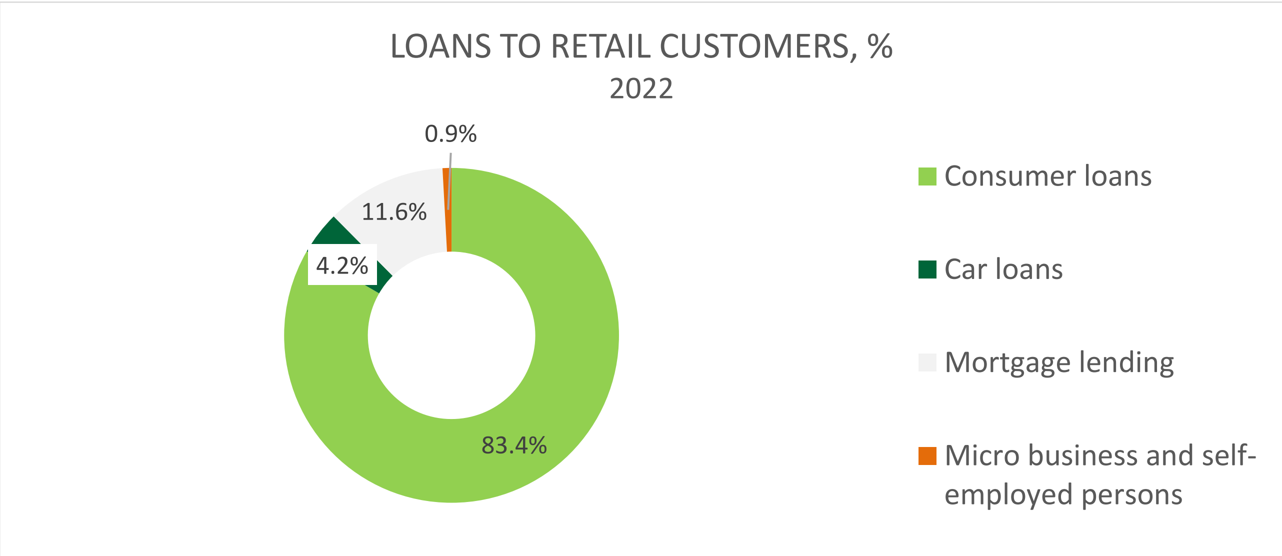

LOANS TO CORPORATE CUSTOMERS, %
2024
2.9%
1.5%
2.8%
1.7%
17.0%
44.4%
29.8%
Wholesale and retail trade
Production sector
Agriculture
Real estate transactions
Financial and insurance activities
Transport and storage
Other


LOANS TO CORPORATE CUSTOMERS, %
2023
3.6%
1.1%
4.1%
4.9%
18.8%
39.9%
27.5%
Wholesale and retail trade
Production sector
Agriculture
Real estate transactions
Financial and insurance activities
Transport and storage
Other


LOANS TO CORPORATE CUSTOMERS, %
2022
5.5%
3.7%
5.2%
5.3%
16.8%
36.5%
27.1%
Wholesale and retail trade
Production sector
Agriculture
Real estate transactions
Financial and insurance activities
Transport and storage
Other


LOANS TO RETAIL CUSTOMERS, %
2024
0.9%
6.3%
0.5%
92.3%
Consumer loans
Car loans
Mortgage lending
Micro business and self-employed persons


LOANS TO RETAIL CUSTOMERS, %
2023
2.1%
11.0%
0.8%
86.1%
Consumer loans
Car loans
Mortgage lending
Micro business and self-employed persons


LOANS TO RETAIL CUSTOMERS, %
2022
0.9%
11.6%
4.2%
83.4%
Consumer loans
Car loans
Mortgage lending
Micro business and self-employed persons

Liquidity and market risk management

Liquidity risk is the probability of losses or additional losses or shortfall in planned income as a result of the bank's inability to finance asset growth and/or fulfill its obligations in due time.
The source of risk may be changes in the timing and amount of financial resources inflows, as well as changes in market conditions that affect the value and ability to sell existing financial assets in the market in a short time.

The highest collegial body of the Bank that manages liquidity risk is the Assets and Liabilities Management Committee established by the decision of the Bank's Supervisory Board.

Liquidity risk is managed on three time horizons. The operational level involves liquidity management during the business day to ensure a sufficient level of liquid assets at the beginning and end of the business day, taking into account the payment calendar, and includes monitoring the execution and flow of payments during the business day to identify significant unplanned deviations from the forecasted amounts of outflows and inflows to make prompt decisions on the need to replenish liquid funds.

The next level of liquidity management is short-term liquidity management. The key indicators at this level are the National Bank of Ukraine's LCR ratio and internal short-term liquidity adequacy ratios.

The internal indicators are based on a common basis with the LCR ratio, namely the availability of highly liquid assets to ensure fulfillment of interbank obligations that are coming to an end and will not be renewed, to cover the needs for funds in the event of a stress situation and a significant outflow of funding from the Bank, and to finance short-term needs based on 3-month forecasts of business line needs in terms of the growth of the financial asset portfolio in the normal course of business.

Management of short-term liquidity through internal liquidity limits enables the risk management units and the Assets and Liabilities Committee to make informed decisions on the size of the portfolio of highly liquid assets, its structure and the timing of investments in financial assets, as well as to determine the Bank's interest rate policy for its financial assets and liabilities.

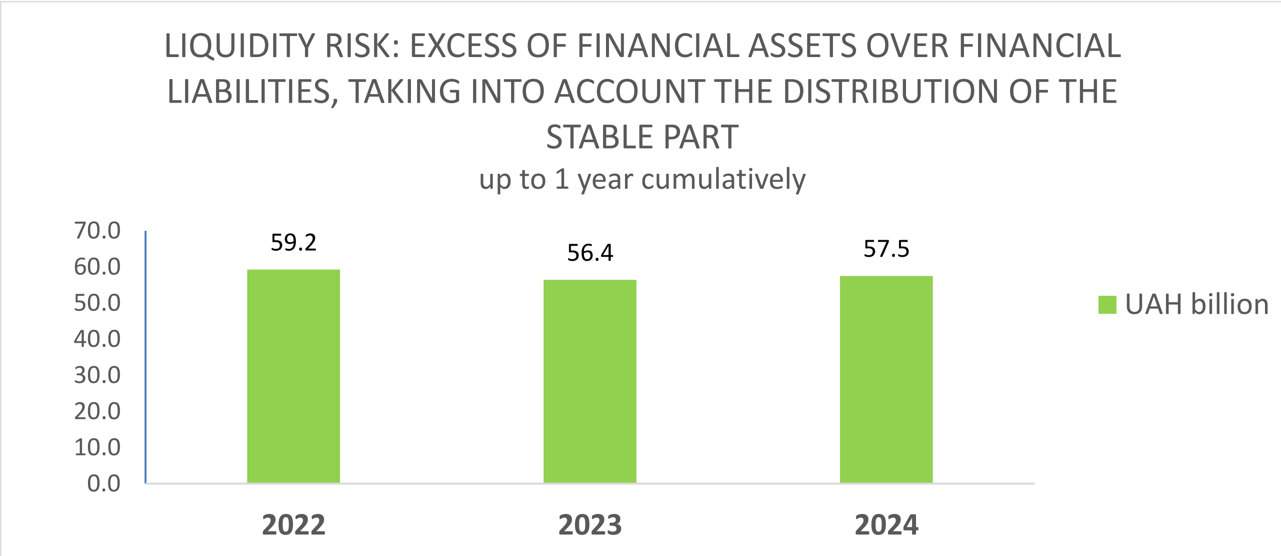
A significant role in the planning and management of short-term liquidity is played by models of behavior of customer account balances, which are used to determine the expected amount of deposit outflows at different time intervals during the calendar year. To manage liquidity, the Bank continuously monitors and analyzes the product structure of its financial liabilities, the amount of funds attracted and repaid and their value, as well as the concentration of deposits by remaining maturity and groups of related counterparties. The results of the analysis affect decisions on changing the structure of the portfolio of highly liquid assets.

Liquidity management is completed at the level of medium- and long-term liquidity management. Every year, the Assets and Liabilities Management Committee approves the Bank's Financing Program, which defines the priorities of the lending and investment strategy and the methods of its financing. In addition, the financial markets and the Bank's market position are regularly analyzed, and indicators of early response to a liquidity crisis and indicators of the need to implement a Business Recovery Plan, including a Crisis Funding Plan, are monitored.

In the national currency, the Bank maintains liquid assets sufficient to meet within the next three months all liabilities that will not be renewed upon expiration of their contractual terms, cover planned outflows from core business activities and outflows of customer funds in the event of a liquidity crisis.

In foreign currencies, the Bank maintains a reserve of liquid assets sufficient to meet all liabilities that will not be renewed within the next month and to cover planned outflows from core business activities. The Bank relies on the support of its parent bank in the event of outflows of customer accounts denominated in foreign currencies.

In 2024, the Bank continued to maintain a sufficient margin of excess of short-term assets over liabilities, maintaining LCR at around 200% in all currencies and NSFR at more than 200% in all currencies for a 1-year horizon. As a result of the loan portfolio growth, the loan-to-deposit ratio in 2024 increased to 50% in hryvnia but remained close to 30% in foreign currencies. Taking into account the gradual changes in the calculation of the components of highly liquid assets as a component of LCR, the Bank continues to increase investments in debt obligations of the G7 countries. OTP Bank’s deposit portfolio remains quite diversified, the share of the 10 largest depositors (groups of related depositors) of the Bank does not exceed 15% in hryvnia, with a concentration slightly above 25% of customer accounts in foreign currencies as of the end of 2024.

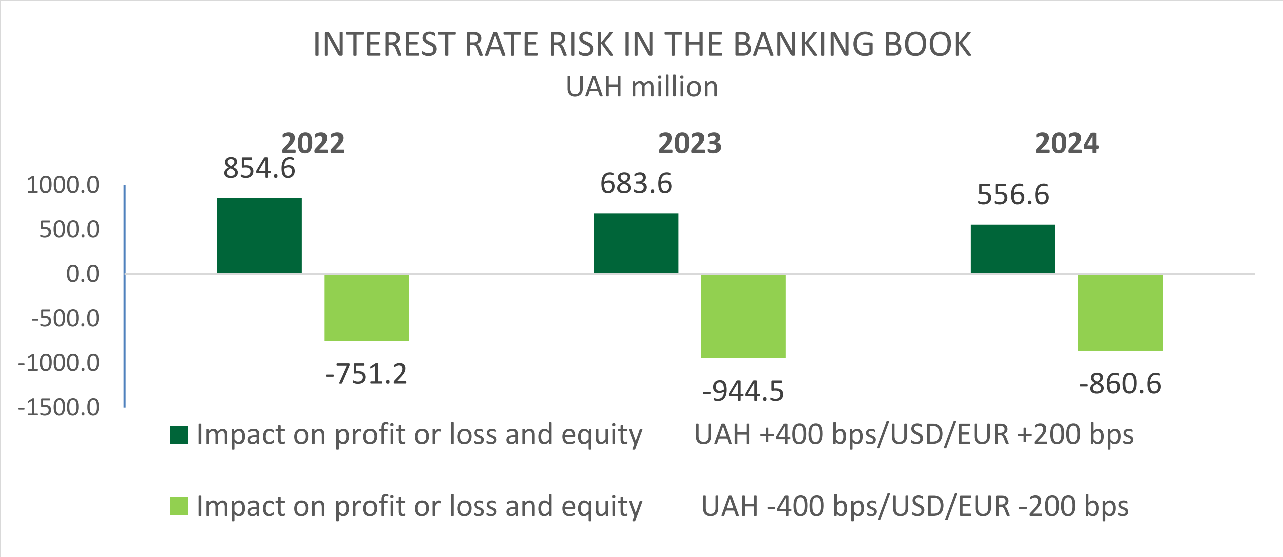


The **interest rate risk of the banking book** is the probability of losses or additional losses or shortfall in planned income as a result of unfavorable changes in interest rates on the banking book.

The highest collegial body of the Bank that manages interest rate risk of the banking book is the Assets and Liabilities Management Committee established by the decision of the Bank’s Supervisory Board.

Interest rate risk management in the banking book is based on measuring imbalances (gaps and open positions) in the amounts and timing of interest rate revisions of financial assets and liabilities of the bank and mismatch of benchmark interest rates or interest rate indices for different types of financial instruments. With respect to interest rate risk in the banking book, the risk management unit calculates the sensitivity of net interest income to changes in market interest rates and changes in the economic cost of capital under six short-term and long-term scenarios.

As of the end of 2024, the impact of interest rate changes on the Bank’s net interest income for a one-year horizon slightly decreased and amounted to UAH 860.6 million, or 10% of the planned net interest income, subject to a shock of a 400 basis points drop in all maturities for hryvnia and a 200 basis points drop in all maturities for foreign currencies. The maximum change in the economic value of capital reaches UAH 1,298.6 million, or 6.9% of the Bank's regulatory capital, as of the end of 2023 as a result of a shock of a parallel upward shift of the interest rate curve for all currencies.



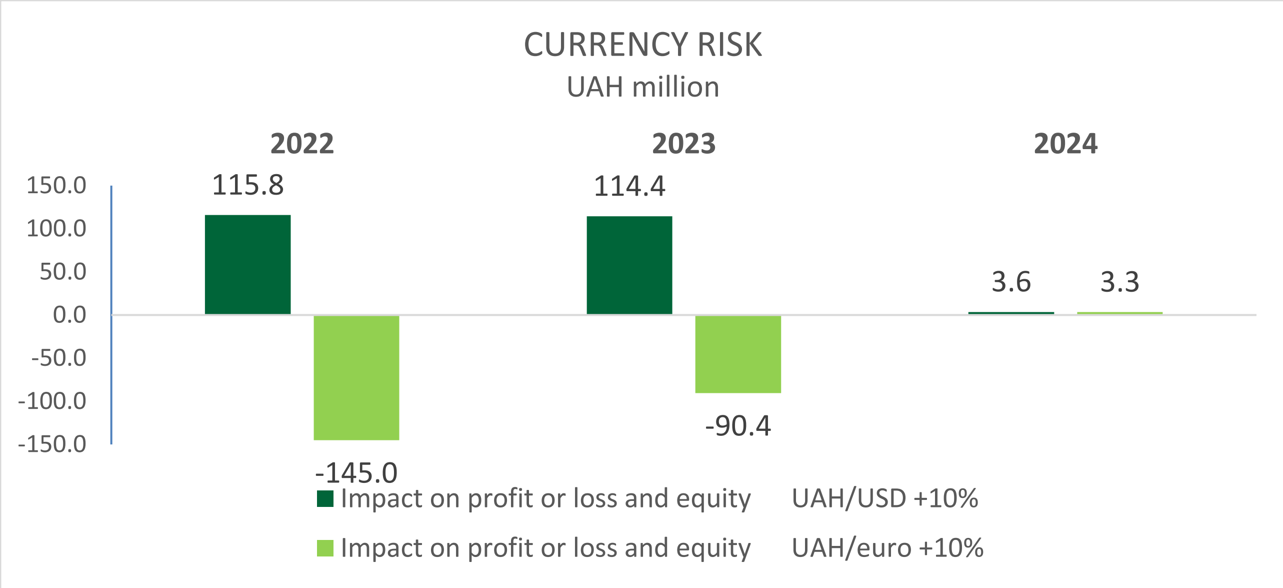
Market risk is the possibility of losses or additional expenses or shortfall in planned income as a result of unfavorable changes in foreign exchange rates, interest rates and the value of financial instruments.

Market risk management is carried out both for the trading book (assets and liabilities traded to generate a profit from short-term fluctuations in the value of these assets and liabilities and trading book hedges) and for the banking book (assets and liabilities not included in the trading book).

The highest collective body of the Bank that manages market risk is the Assets and Liabilities Management Committee, which was established by the decision of the Bank's Supervisory Board.

Market risks are managed at the level of the trading and banking books. The trading book uses limits that take into account the sensitivity of the value of financial instruments in the portfolio to changes in market prices. For this purpose, BPV metrics, VaR limits, ES (Expected shortfall) limits and Stop Loss limits are used to limit the realized loss in the portfolio.

OTP Group has established zero tolerance to currency risk (maximum position limit +/- USD 10 million for the period of martial law), so the Bank avoids open currency position in the banking book. During 2024, the amount of the open currency position was determined by the Bank's treasury transactions in the trading book within the limits set by the National Bank of Ukraine, as well as by allocations to provisions for credit risk on foreign currency denominated loans. As the Bank did not make significant allocations to provisions during 2024, it ended the year with an insignificant open currency position within the agreed limits.
As for other market risks, namely the risk of changes in interest rates on securities in the Bank's trading book, the limits were minimally used due to the insignificant size of the Bank's trading portfolio, which was dominated by short-term reverse repurchase agreements.



Operational risk management

Operational risk is the probability of losses, additional expenses or shortfall in planned income as a result of deficiencies or errors in the organization of internal processes, intentional or unintentional actions of bank employees or other persons, failures in the operation of the bank's information systems or as a result of external factors.

Operational risk is inherent in any activity, so it cannot be completely avoided. Operational risk management is aimed at minimizing the effect of operational risk events through the application of appropriate response measures, minimizing the likelihood of operational risk events through the implementation of a system of internal controls and transferring/sharing risk through insurance instruments and outsourcing processes.

The system of internal controls of OTP Bank is based on the division of functions of the Bank's units into the first line of defense, which includes all business and support/security units, the second line of defense, i.e. control, which is represented by the risk management and compliance units, and the third line – internal audit. The focus of OTP Bank's internal control system and the allocation of resources is determined primarily by the process of regular collection of information on operational risk events, analysis of cause and effect relationships and introduction of changes to the Bank's products and processes to minimize the likelihood and extent of future losses. Another structural element of the internal control system is the annual self-assessment and testing of internal controls, which helps to identify those components of the Bank's processes that are most susceptible to operational risk events. The results of this analysis are taken into account when setting the indicators of tolerance to losses as a result of operational risk events, namely in the process of calculating the maximum amount of losses accepted by OTP Bank within the framework of an effective system of internal controls, in which the lost income or operating expenses for further risk minimization will be higher than the amount of risk reduction.

Other tools for managing operational risks are key risk indicators and stress scenarios. Key risk indicators complement the system of internal controls by setting thresholds for the frequency and/or magnitude of the effect of operational risk events or events that may lead to the realization of operational risks in terms of the Bank's processes and/or products, which are characterized by a high frequency of operational risk events, but in small size of each of the events. At the same time, stress testing of operational risk events uses the accumulated experience and modeling process to assess the likely impact in the event of unfavorable scenarios that occur infrequently but have a very significant effect. Annually, in accordance with the extended approach to measuring OTP, the Bank calculates the amount of capital required to cover losses from operational risk events.

To ensure uninterrupted functioning of the Bank in the event of an emergency, the Bank has developed a Business Continuity Plan for the Head Office and Business Recovery Plans for the units. The Business Continuity Plan, developed for the Bank's Head Office as a whole, provides for the possibility of restoring the Head Office operations as a whole to the extent necessary depending on the scale of the force majeure consequences, in an agreed sequence and in accordance with the priorities set. Business Continuity Plans provide for the possibility of restoring the activities of a separate unit of the Bank to the extent necessary depending on the scale of the force majeure consequences, in the agreed sequence and in accordance with the priorities. OTP Bank regularly tests its business continuity and recovery plans.

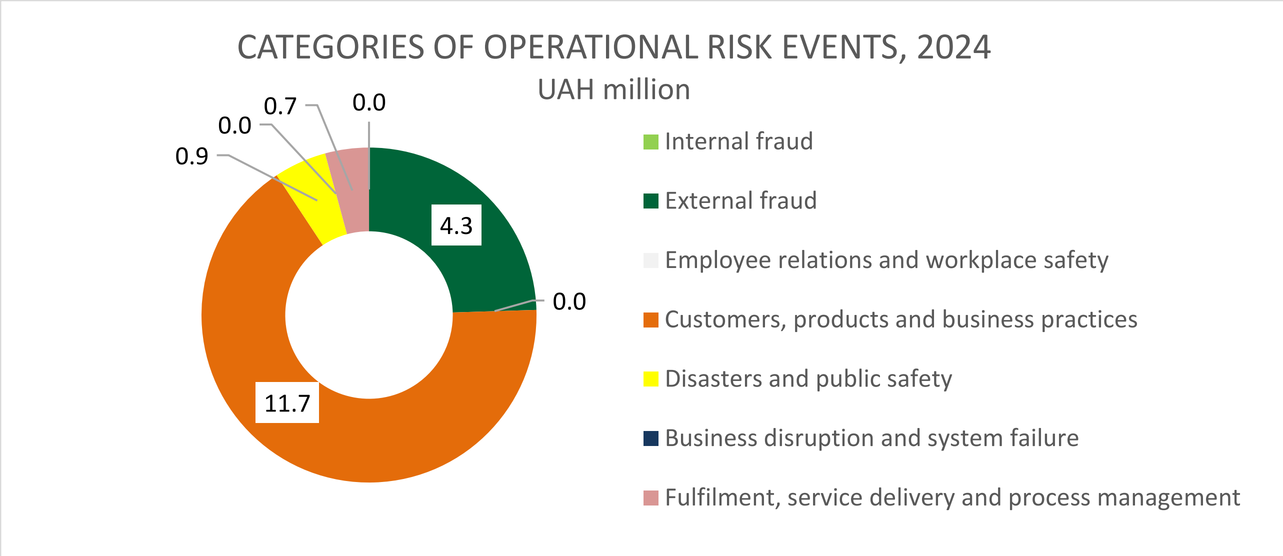
In case of outsourcing of banking processes, the Bank continues to monitor the risks associated with these processes by determining the criteria for the quality and timeliness of services provided by the outsourcing provider, collecting information on operational risk events, analyzing the outsourcer's recovery plans and conducting audits of the outsourcing process by the Bank's internal audit.

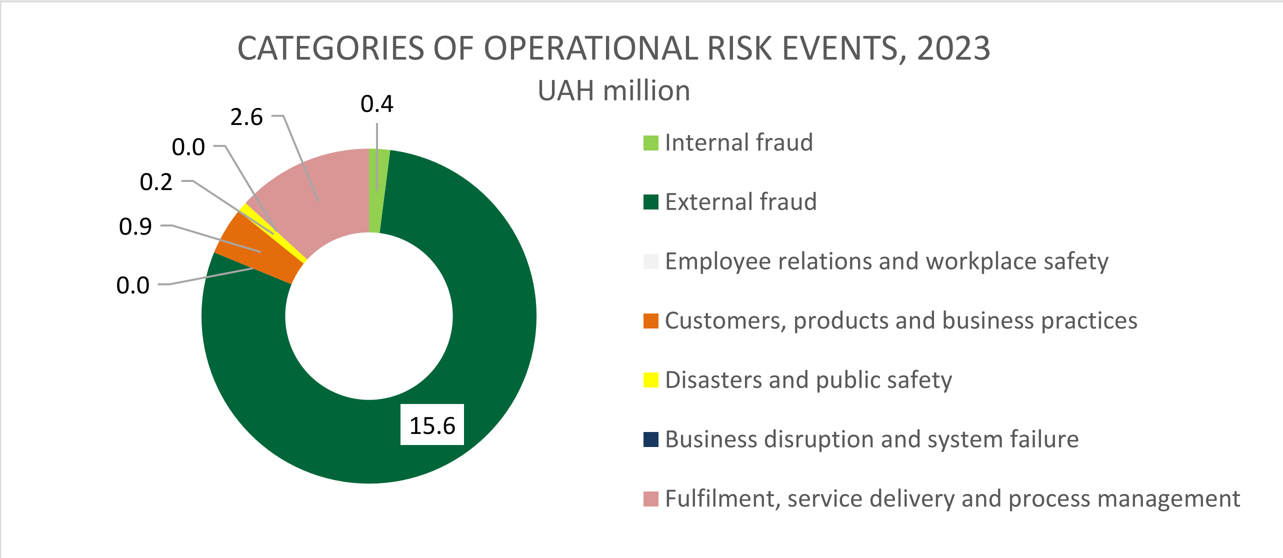
Operational risk is the residual risk resulting from the application of risk mitigation measures within the internal control system. Risk limits are allocated between business lines and categories of types of operational risk events and are set as a percentage of operating income or in absolute terms.

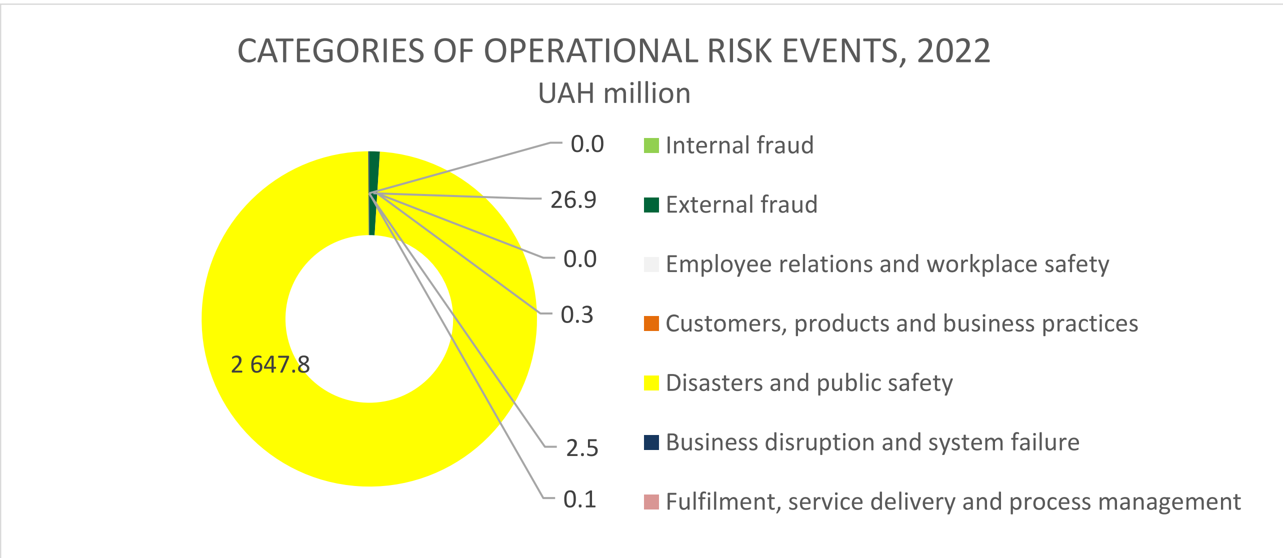
Management of information and communication technology (hereinafter – "ICT") risk and information security risk (with cyber risk as a separate component) is part of the operational risk management system at OTP Bank, taking into account the impact on other risks inherent in its activities. Today, the Bank pays more and more attention to the management of information and communication technologies and information security risks. There are several main reasons for this: the steady growth of the use of information technology in the Bank's business processes, the increasing value of the information processed, and the integration of various information products to cover all the Bank's needs.

When determining the measures to manage ICT risk and information security risk (with cyber risk as a separate component), OTP Bank ensures that they are proportionate to the actual threat and damage to the Bank, and that control measures are capable of mitigating the risks associated with them. When assessing losses, OTP Bank takes into account not only material losses that may be caused by the above-mentioned types of risk, but also the risk of intangible damage, in particular damage to the Bank's reputation.

In 2024, a minimal number of new operational risk events related to the result of military aggression were registered; rather, the amount of financial losses of previously identified events was reassessed. More than 60% of losses from operational risk events not related to military operations were fines imposed by the Bank as part of its anti-money laundering and countering terrorist financing functions. Systematic implementation of effective mechanisms to combat fraud and protect customers from fraudulent activities allows the Bank to continue the steady trend of reducing losses caused by external fraud.







decisions in favour of the Bank, and provisions are made for the entire size of the portfolio assigned a high risk level.

Legal risk as part of operational risk is managed by dividing the size of the portfolio of legal claims of a material nature into categories from low to high risk, depending on the stage of claims and litigation work and the existence of decisions in favor of the Bank, while provisions are made f for the entire size of the portfolio assigned a high risk level. During 2024, OTP Bank increased the total amount of legal risk on claims in which it is a defendant, to UAH 628 million, but low-risk claims continue to prevail in the structure.

The information security management system is of strategic importance for OTP Bank. The Bank's IS management system must meet the needs and goals of the Bank as a constantly developing organization, its security requirements, organizational processes used, as well as the size and structure of the organization.

The goal of OTP Bank in relation to the information security management system is to preserve the confidentiality, integrity, authenticity and availability of information through the application of risk management processes and thus to prove to stakeholders that the IS risks are managed properly.

The Bank develops IS functions and related tasks so that the efforts required to perform each task are proportional to the associated IS risks. OTP Bank constantly develops the ability to prevent, detect, and respond to information security incidents in order to reduce the likelihood of adverse events and their impact to an acceptable level. It takes into account the use of information security solutions that minimize user experience. The Bank strives to have the experience and tools to keep the risk of threats to the Bank at an acceptable minimum level, effectively prevent IT attacks against it, isolate unexpected events to keep them under control, and recover from IT threats.

Strategic risk management

Strategic risk is the probability of losses or additional losses or shortfall in planned income as a result of incorrect management decisions and inadequate response to changes in the business environment.

Strategic risk management is based on an annual assessment of the viability of the Bank's business model and its vulnerability to macroeconomic shocks, as well as regular (quarterly) monitoring of early warning indicators of changes in the Bank's market position and the relative efficiency of the Bank's business model.

The indicators of viability of the Bank's business model are the SREP indicator, the results of stress testing of the Bank's business plan and the analysis of the Bank's dependence on one of the Bank's business lines and/or sources of income. Indicators of early response to changes in the Bank's market position and relative efficiency of the Bank's business model are a significant change during the year in the Bank's market share in terms of loans and deposits to legal entities and individuals, respectively, significant failure to meet the bank-wide key performance indicators, and banking performance indicators that are worse than the average for a group of similar banks.

Reputational risk management

Reputational risk is the probability of losses or additional losses or shortfall in planned income as a result of unfavorable perception of the bank's image by customers, counterparties, shareholders, supervisors and regulators. Reputational risk can be viewed as an independent risk (primary), as well as an additional risk (secondary) arising from some other risk.

Primary reputational risk, i.e. reputational risk based solely on external factors, is managed by monitoring Reputation Indicators (RIs) in external sources (media, social networks, etc.) and in the context of the bank's main stakeholders: the public, customers, regulator and employees.

Secondary reputational risk, i.e. the risk based on internal causes (realization of other types of risk: operational, credit, liquidity, etc.), is managed by:

- monitoring on an ongoing basis the Key Risk Indicators (KRIs) related to reputational risk;
- integrating the identification of reputational risk into the Bank's internal processes (e.g., the process of introducing new products, attracting new customers, outsourcing bank processes).

Appropriate risk mitigation measures are taken either in the normal course of business in case of exceeding the RIs and KRIs signal or critical levels, or in case of critical events within the reputational risk management process in crisis situations.

13. ACHIEVEMENTS OF THE CORPORATE BUSINESS LINE

The volume of new financing contracted with corporate clients of OTP Bank in 2024 reached almost UAH 11 billion. Traditionally, the share of agribusiness financing was the largest and amounted to 42% of this amount.
Working capital financing remained the main area of support for companies. At the same time, the amount of collateral for investment projects of the Bank's clients amounted to almost UAH 1 billion. One of the landmark events in the provision of investment financing to corporate clients last year was the issuance of the first loan for the purchase of agricultural land. OTP Bank started offering such financing to its clients in connection with the lifting of the state moratorium on the sale of agricultural land to legal

entities in 2024, as well as the approval of the terms and approaches to this special type of lending by the parent bank.

In order to further increase financing for new and existing clients, and especially for SMEs, the Bank has significantly expanded the scope of cooperation with its international financial partners such as EBRD and IFC. The total amount of agreements on the distribution of 50% of portfolio credit risks concluded with these global organizations since the beginning of the full-scale war reached the equivalent of EUR 304 million at the end of 2024. As a result, the Bank additionally financed the business development of 554 companies in Ukraine using the mechanisms of such programs.

A unique and additional incentive tool for the development of sustainable investments in energy-saving technologies by small and medium-sized enterprises is the program under which the EBRD provides compensation for part of the principal of OTP Bank’s investment loans. Last year, for the first time, the Bank’s borrowers were able to receive such compensation totaling almost EUR 1.3 million, which was equivalent to 10% of the Bank’s loan funds aimed at purchasing agricultural machinery, equipment of world brands and modern energy-saving technologies.

In 2024, the Bank’s clients faced restrictions on centralized electricity supply and a significant increase in its cost. Responding to the market challenge and in order to maximize the demand for investment financing, together with the IFC advisory team (International Finance Corporation, part of the World Bank Group), we launched a joint project to develop a product for financing alternative energy projects called OTP Energy. The goal is to provide a fast, standardized solution for financing investments in energy equipment, such as solar power plants, gas piston, biogas, and diesel generators. Taking into account the importance of decentralized generation at the state level, OTP Bank joined the interbank Memorandum, under which leading financial institutions agreed to provide special financing conditions for such projects, namely at a rate of 13.5% per annum in UAH for the first year of financing and UIRD+3% in subsequent years, with a maximum financing period of 5 years.

In 2024, the Bank implemented 15 new agreements within the framework of OTP Energy (both solar and other technologies) for a total amount of UAH 79.2 million. In order to accelerate sustainable development and energy independence of its customers, the Bank signed 9 partnership agreements with key suppliers of energy equipment, under which partners provide not only consulting support but also help customers choose the most efficient technology, equipment and calculate the exact cost of a “turnkey” project and its payback. With such support, customers feel more confident and willing to invest in energy independence.

The financing provided by OTP Bank under the state program “Affordable Loans 5-7-9” and “Affordable Factoring” continued to be very popular among borrowers. The borrower’s compliance with the program conditions makes it possible to significantly reduce the interest burden on loans and credit lines. Thus, in 2024, 647 transactions for UAH 5057.5 million were concluded under the program. At the end of the year, UAH 9.2 billion was available under the program for 1079 borrowers of the Bank.
OTP Bank is also a participant in programs to stimulate the growth of the country’s economy and purchase equipment manufactured in Ukraine. Thus, in 2024, the Bank became a provider of state aid in the amount of UAH 22.9 million for the purchase of 171 units of agricultural machinery from a domestic manufacturer. Under the “Made in Ukraine” program, customers received compensation in the amount of 25% of the cost. Under a similar program “Industrial Cashback”, the Bank provided its clients with compensation in the amount of UAH 13.07 million and 5 units of machinery and electrical equipment manufactured in Ukraine, which amounted to 15% of the cost.

The year 2024 was a record year for the Bank's leading AgroFactory project, which provides financing to agricultural producers with a land bank of 200 to 10,000 hectares. Thus, last year, UAH 1.9 billion of new credit limits were concluded. The loan portfolio at the end of the year amounted to UAH 2.2 billion, and at its peak reached UAH 2.36 billion. During the year, 128 new agricultural borrowers were attracted, and AgroFactory ended the year with 306 active borrowers. Another important component of AgroFactory`s success is cooperation with a large number of partners – suppliers of plant protection products, seeds and fertilizers, which allows borrowers to receive financing under partnership programs with interest rates starting from 0.1% per annum in UAH. Today, the Bank has 15 programs, and last year it financed UAH 204 million of targeted loans. In 2024, the portfolio of programs was expanded by 7 new partners, including such well-known companies as ADAMA, Corteva, LimaGrain, and AgroExpert.

As part of other co-financing programs, OTP Bank supported small and medium-sized businesses by providing working capital financing at a preferential interest rate of up to 10% per annum. The preferential terms of financing were extended to representatives of critical industries and companies affected by military operations or with women as owners. The volume of financing for such clients exceeded UAH 550 million.

The Corporate Business Line continued to increase the level of automation in the lending process. The main measures implemented last year included further digitalization of the process of monitoring borrowers' compliance with their contractual obligations (covenants), as well as the introduction of additional automation and optimization of the internal process of granting and approving loan tranches. As a result, the speed of disbursement of tranches by borrowers decreased by 25%. We also saw further involvement of an increasing number of clients who use digital methods of signing loan documents with OTP Bank with convenient imposition of electronic digital signatures (EDS) on them. This allows to significantly reduce the time for signing agreements that do not require mandatory notarization and speed up the lending process in general. The work on automation and digitalization of the lending process of AgroFabrika and SMEs is worth mentioning separately. In 2024, a separate Agile team implemented the end-to-end lending process from the loan application to the signing of the agreement and disbursement of tranches in the Bank's CRM system, including integration with the Bank's main automated system.

Due to the reliability and quality of service provided by OTP Bank, the total number of active corporate clients of the Bank increased by 8% in 2024 and reached 22.5 thousand clients.

Products for corporate business

Over the past year, OTP Bank continued to improve its products and services for corporate clients, striving to create convenient, modern and effective solutions for business. The Bank focused on digitalization, automation of processes and implementation of innovations that allow corporate clients to save time, increase efficiency and get the most out of cooperation with OTP Bank.

The Bank's goal is to support the development of clients' business by implementing solutions that meet their needs and challenges of the modern market. In 2024, OTP Bank focused on improving services for foreign exchange transactions, foreign economic activity, payroll projects and mobile banking for the corporate segment.

Among the main achievements of the year:
1. Launch of the trading platform.
A new trading platform for corporate clients was introduced, which greatly simplifies and speeds up foreign exchange transactions. It provides convenient access to exchange rates, prompt execution of transactions and automated reports.

2. Expanding the possibilities of paying salaries through Click OTPay.
Thanks to the new functionality, salary payments have become even more convenient:
- Speed. Automatic creation of statements with tax payments.
- Convenience. Formation of all necessary documents in a few clicks.
- Modernity. Ability to operate 24/7.

3. New functionality in the mobile application for corporate clients.
In 2024, new features were added to the mobile application to make it easier for businesses to manage invoices, payments, and other transactions.

4. Convenient solutions for customers engaged in foreign economic activity.
The bank has improved services for foreign economic activity (FEA), providing quick access to documents, analytics and support of specialists.

OTP Bank continues to improve digital services, providing customers with modern, relevant and convenient solutions.

14. ACHIEVEMENTS OF THE RETAIL BUSINESS LINE

OTP Bank is one of the largest Ukrainian banks with foreign capital, a recognized leader in the retail financial sector of Ukraine. Through 70 branches in all regions of Ukraine (except for the temporarily occupied territories), the Bank provides a full range of financial services to its customers.

In 2024, the Bank maintained its client-centered approach in its work. OTP Bank's indicators have improved significantly: NPS for the year increased by 6% to 64%. The aggregate indicator of customer satisfaction with the work of the Bank's branches, which includes satisfaction with the work and competence of employees, waiting time, and service time, has become the highest in the OTP Group and amounts to 96%.

For several years in a row, OTP Bank has been demonstrating an increase in retail deposits in the national currency. In 2024, it amounted to UAH 1.16 billion, or an increase of 8.6% in the amount of retail deposits. The main factors were the growth in the number of new customers of the Bank and the increase in the number of customers who entrust their funds and place them on both deposit and demand accounts at OTP Bank.

The Bank continues to develop remote customer service channels. In particular, in 2024, customers were able to open savings accounts to save their funds, as well as place deposits and invest in domestic government bonds not only in national currency but also in foreign currency through the OTP Bank UA application.

Last year, OTP Bank continued to develop its lending business, significantly increasing the opportunities for customers. Thus, the maximum cash loan amount for customers was increased to UAH 750,000 when applying to a branch and to UAH 300,000 when applying in the OTP Bank UA application. The Bank has significantly expanded its customer profile for lending and in 2024 lent to more than 15,000 customers.

The installment loan product was also developed, which allows customers to receive up to UAH 100,000 on the most favorable terms through credit lines for up to 24 months. The number of partners of the "Skibochka" service increased, and a joint program with ROZETKA was launched at the end of the year.

OTP Bank did not stay away from such a topical area as energy independence. A separate product was launched on loyal terms for financing and implementing energy efficiency projects by individuals.

The Bank paid considerable attention to the development of the consumer lending segment. Thus, in 2024, OTP Bank continued to expand lending for used cars. Conditions for customers were improved: the maximum amount of financing increased to UAH 1 million, and the loan term was extended to 7 years. At the same time, OTP Bank maintains the efficiency of application processing and disbursement of funds within one day. In addition, from now on, the Bank's customers can purchase cars on order from international markets, including the USA, China, and Europe. This allows them to get unique cars on favorable financing terms.

Last year, OTP Bank introduced its own loan marketplace for used cars Ponova by OTP Bank, which unites a wide partner network. There are more than 200 thousand offers from car dealerships and individuals.

The Bank paid considerable attention to popularizing the topic of car financing. In particular, it has launched an official TikTok channel to improve financial literacy.

Premium banking evolution

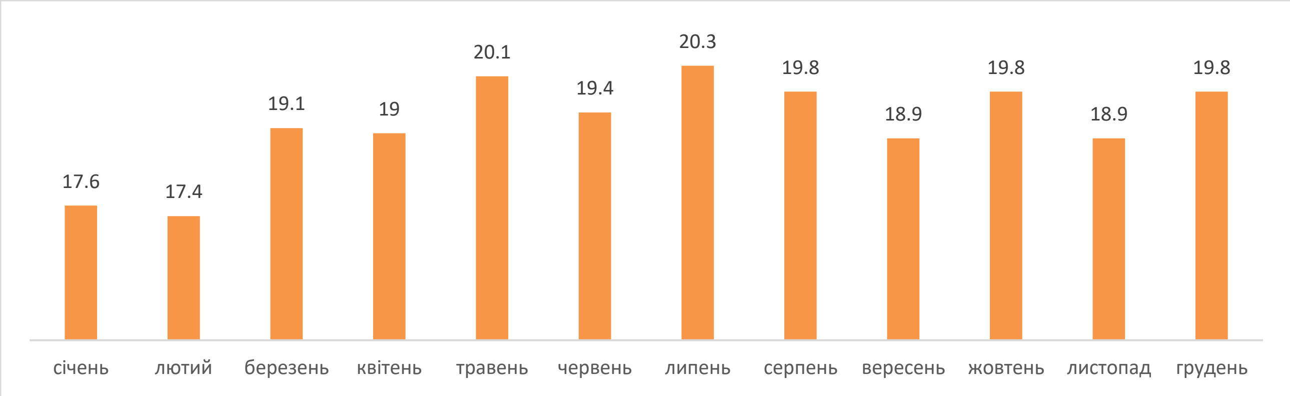
In 2024, the premium business was focused on the development and deepening of cooperation with existing premium customers in three areas: use of daily banking services, including both the experience of using the OTP Bank UA application and payment of utility bills, currency exchange and online insurance products; increasing the customer's experience of savings – making term deposits and saving funds in a savings account, as well as developing the customer's long-term products, such as cash loans and domestic governmental bonds.

Priority products for the development of premium customers in the Bank are identified using models of customer propensity to take out a given product based on their behavior patterns, as well as the formation of personalized offers based on customer needs.

At the beginning of 2024, a metrics system was developed to determine the level of premium customer rating in terms of the depth of use of the Bank's products. This system formed the basis of the premium customer growth project. The project was launched in February 2024, with the divis ion into stages and a gradual increase in the number of clients in the project – from 3,500 to 12,402 clients.

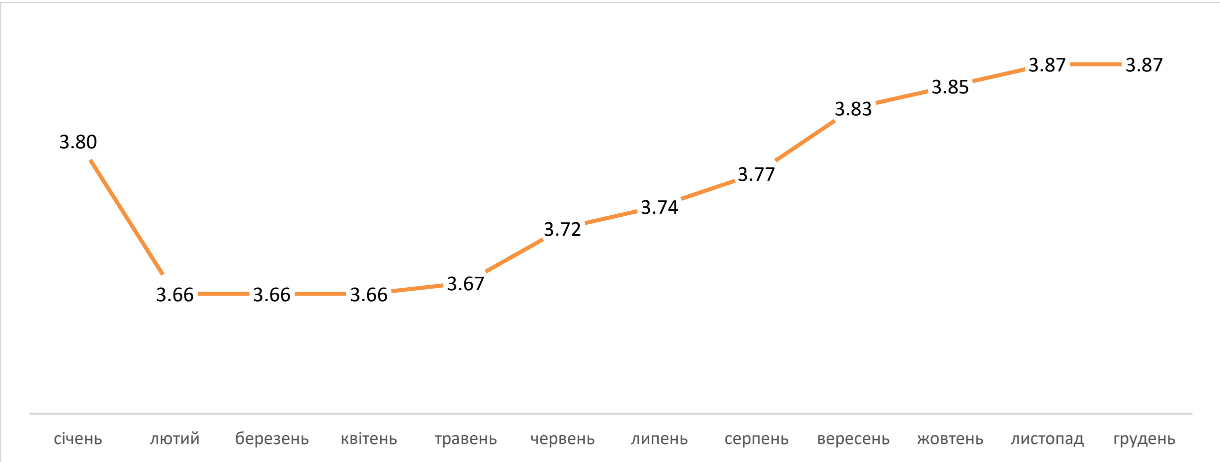
The manager communicates with the premium customer using Ender Turing artificial intelligence technology, which allows analyzing reactions to products or offers, finding insights, and further applying them when interacting with premium customers.

The success of the project is reflected in the numbers – according to the results of the second and third stages of the project, 60% of customers increased their rating in using banking products, and total profit increased by 11% (an additional UAH 2 million per month).



Among the products and services that contributed to the increase in profit were: loan products and term deposits, increased card account balances (as a result of the development of daily banking), fees received for card payments, fraud insurance services, and fees for purchasing domestic government bonds. For example, the number of premium clients with experience in purchasing domestic government bonds has doubled since the beginning of 2024 (from 499 clients to 1,159 clients). This indicates that the development of the premium customer is simultaneously taking place in three areas: daily banking, liabilities, and long-term products.

As a result, the average number of products per premium customer reached a historic high of 3.87 products per customer for the year.



At the end of 2024, the merger project was scaled up to the entire premium client base, which became part of the manager's daily communication with premium clients for the purpose of their development.

One of the important steps in developing a premium customer and attracting their business to the Bank is the certification of premium managers, which was aimed at expanding knowledge of the specifics of servicing premium customers who are also individual entrepreneurs. In eight months, 81% of the premium managers team was certified.

In addition, the premium business was focused on the development of family premium services. Therefore, by studying the existing customer base and available information, 1,545 couples were analyzed, metrics for assessing the rating of a premium customer's family were built, and the "Family Cashback" program was developed to develop the customer's family members in using the Bank's products.

Thus, 2024 was a year of innovation and personalization of offers for premium customers, which in the future will ensure the organic development of the customer in the use of the bank's products, ensuring an increase in profits.

Private Banking

Private Banking continues to focus on building long-term partnerships with clients. The Bank's goal is to become not only a financial advisor, but also a reliable partner who is always there for clients at key moments in their lives.

In 2024, the focus was on investments that comply with applicable laws and regulations and increase our clients' profits. In particular, investments in domestic government bonds have become a leading tool for preserving and increasing clients' capital. Thanks to the trust in the Bank, the securities portfolio grew significantly and amounted to more than UAH 7 billion in equivalent at the end of the year, which is 20% more than in the previous year.

Further development of mobile investment banking also played an important role in the result. In 2023, the Bank provided the opportunity to purchase domestic government bonds at auctions of the Ministry of Finance through the OTP Bank UA mobile application, and in May 2024, it launched the sale of securities from the Bank's portfolio and completed transactions worth UAH 1.23 billion in the hryvnia equivalent in 7 months. Currently, OTP Bank remains the first and only bank to provide customers with the opportunity to buy domestic government bonds at auction through the app. And thanks to its leading position among primary dealers of domestic government bonds, the offer in the Bank's portfolio, which is available in the mobile application 24/7, meets any customer requirements.

Classic deposit programs are one of the components of the customer portfolio. The amount of funds on deposits in hryvnia grew by more than 13% and accounts for 67% of all hryvnia balances. The total portfolio of Private Banking clients in hryvnia increased by 18%. The portfolio in US dollars also grew by 18% year-on-year.

Private Banking clients usually diversify their assets. The structure of capital allocation by currency is as follows: 40% of savings in hryvnia, 60% - foreign currency savings.

The hryvnia portfolio provides income in the form of interest on deposits, while foreign currency funds offset exchange rate risks.

The appropriate distribution and uniform growth of the portfolio in different investment instruments and currencies is an indicator of a balanced and correctly chosen financial strategy, trust in the Bank as a partner and a high level of service.

As a result of active work with existing clients, attracting new clients of the Bank, increasing the volume of transactions and sales, the fee and commission income of private banking in 2024 increased by 39%, and the growth of interest contribution in 2024 increased by 27% compared to the previous year.

Private Banking is one of the most important areas of the Group's development. As a result of effective work and confirmation of international recognition, OTP Group received the Global Private Banking Awards for the best growth strategy in Private Banking in Central and Eastern Europe in 2024. This award is given annually to banks that provide the highest quality service to private clients. The evaluation is based on applications from banks and analysis conducted by Professional Wealth Management (PWM) from the Financial Times.

The development of Private Banking of OTP Bank Ukraine for 2025 is stipulated in the framework of the group-wide strategy Global Markets OTP Bank, taking into account the situation in the country, legislation, peculiarities and culture of local markets. The task is to develop investment proposals within the framework of the current legislation, including digitalization of these processes, expansion of the product line, and professional development of managers. The focus will remain on growing the existing customer base, working with clients for whom OTP Bank is a priority bank for servicing. As a result, the Bank expects to increase the attracted assets in Private Banking and profitability, increase the level of customer satisfaction and loyalty. This will contribute not only to the development of Private Banking, but also to strengthening the Bank's position in the premium segment.

15. ACHIEVEMENTS OF THE TREASURY

OTP Bank's Treasury offers a wide range of products and services to companies and institutional investors: spot currency transactions for corporate and retail clients; currency swaps, various money market instruments and repos for financial institutions. An opportunity to purchase G7 government bonds for banks. In its strategy and work, the Treasury is guided by a vision: "To remain one of the most reliable and successful treasuries in Ukraine".

OTP Bank Treasury has two strategic goals:

- to maintain leadership in the provision of financial services, the main value of which is highly professional expertise;
- to be the main partner of corporate, retail and premium segment clients and their businesses.

Despite the war, the Treasury managed to keep its revenues at a high level and even exceeded its targets. This was the result of a balanced portfolio of services, including trading for own needs and on client requests. The growth was primarily driven by a quick response to changes in legislation and market conditions.

According to the rating of the Ministry of Finance of Ukraine for 2024, OTP Bank was ranked fifth among primary dealers.

16. THE FUTURE OF THE BANK. DIGITALIZATION AND REMOTE SALES CHANNELS

In 2024, OTP Bank continued to innovate, making financial services even more accessible, faster and safer. The main focus was on the development of mobile banking and remote sales channels so that customers could receive all the necessary services online without any extra effort. An important step towards this goal was the migration of 100% of customers to the new OTP Bank UA mobile application. During 2024, LLC "EA UKRAINE DIGITAL" provided the Bank with consulting services on informatization issues: IT diagnostics services of the Bank's operating model.

New financial products. Currency exchange services, opening of foreign currency deposits, foreign currency exchange deposits and a limit for purchases on installments for salary cards were introduced. The possibility of buying and selling government bonds from the Bank's portfolio was added. This made it possible to provide most banking services online.

Daily Banking. The ability to pay for utilities and send readings in the app was launched. Transfers by requisites were simplified by introducing QR-code payments, which increased the app's traffic by 40% and the total number of users per month by 25%.

Anti-fraud solutions. Protection of customer funds remains a top priority for the Bank. Modern mechanisms have been implemented to combat fraud related to the loss of access to banking and social engineering.

Ecosystem with a retailer. Together with one of the largest retailers in Ukraine, OTP Bank has created a unique ecosystem that allows customers to receive a credit limit in minutes when purchasing goods using the partner's website or mobile application.

Charity initiatives. Charity remains one of the main directions of the Bank's activities. The Bank's clients donated over UAH 50 million to charitable foundations. A number of charity auctions were held, and in the fall of 2024, a secure fundraising tool was launched to help clients raise funds for important social initiatives.

17. CORPORATE GOVERNANCE

The purpose of OTP Bank is to provide a full range of banking services within the framework of the banking license granted to the Bank by the National Bank of Ukraine and to generate profit in the interests of the shareholder of OTP Bank.

Read more about the Environmental and Social Management Policy

The Bank understands the importance of its role in stimulating a "green" transition to sustainable consumption, circular economy and responsible business, and therefore strives to conduct its activities in accordance with fundamental environmental and social principles and standards, gradually incorporating them into its operations and management system.

The Bank's key approaches to environmental protection and social responsibility, as well as the powers of corporate governance bodies on ESG issues, are described in the Environmental and Social Management Policy. The Bank strives to follow the Parent Bank's strategic principles of gender equality, including in corporate governance bodies. More detailed information is provided in the Sustainable Development section.

OTP Bank adheres to the standards of business conduct of the shareholder and managers, and ensures the functioning of the system of monitoring these standards, which makes it impossible for these persons to receive additional income through the use of confidential/insider information, including that containing bank secrecy, violation of restrictions on avoiding conflicts of interest and other illegal and unethical actions.

OTP Bank has a two-tier management structure. The governing bodies of the Bank are the General Meeting of Shareholders, the body responsible for supervision – the Supervisory Board, and the executive body (collegial) – the Management Board.

The two-tier management structure provides for a clear division of functions for direct management of the Bank's current (operational) activities, which are performed by the executive body – the Management Board, and functions for controlling the work of the Management Board and other managers of the Bank (including heads of control and internal audit units), which are performed by the Supervisory Board.

Corporate governance principles (code)

The Supervisory Board ensures the organization of effective corporate governance in accordance with the corporate governance principles (code) approved by the General Meeting, supervises the activities of the Management Board, control units, corporate secretary, as well as the protection of the rights of depositors, other creditors and participants of the Bank.

Shareholder of the Bank

The shareholder of OTP Bank should protect the interests of the Bank, its depositors and customers by actively using his/her powers at the General Meeting of Shareholders – the supreme governing body of the Bank. The shareholder shall take all necessary measures to ensure that the Bank's ownership structure does not impede corporate governance at the proper level, only competent and reliable persons who can bring their own experience to the benefit of the Bank are elected as members of the Supervisory Board, and the Supervisory Board reports to and is responsible for the Bank's operations and financial condition. When making its decisions, the shareholder must take into account primarily the interests of the Bank's stakeholders (users), namely, depositors, other creditors, employees, etc. In its turn, OTP Bank promotes and protects the rights and legitimate interests of the shareholder as defined by the articles of association, the Regulations on the General Meeting of Shareholders of the Bank and the current legislation of Ukraine. The shareholder's right to participate in the management of the Bank is realized through his/her participation in the General Meeting of Shareholders of the Bank.

Supervisory Board of the Bank

The Supervisory Board is a collegial body that protects the rights of depositors, other creditors and the Bank's shareholder and, within the competence defined by the legislation and the Bank's articles of association, controls the activities of the Management Board. The Supervisory Board is not involved in the day-to-day management of the Bank. The Supervisory Board monitors the activities of the Management Board of the Bank, compliance with the articles of association and any other relevant regulations. In this regard, the Supervisory Board has the right to inspect the accounting data and the performance of any management functions in the Bank. The Supervisory Board reviews the annual financial statements, including proposals for profit distribution and the annual report of the Management Board, and submits its comments thereon to the General Meeting. The Bank's Supervisory Board establishes committees (Audit Committee, Risk Management Committee and Remuneration and Nomination Committee) from among the members of the Supervisory Board to preliminarily study and prepare for consideration by the Supervisory Board of issues within the competence of the Supervisory Board. At the end of the year, the Supervisory Board reports to the General Meeting on its activities. The Bank's articles of association and Regulations on the Supervisory Board clearly define the competence, structure, formation and procedure of the Supervisory Board.

Management Board of the Bank

The Management Board is the Bank's executive body responsible for day-to-day management. The Management Board reports to the Supervisory Board and organizes the implementation of decisions of the Supervisory Board and the General Meeting. The Management Board develops and submits for approval to the Supervisory Board the draft annual budget and strategy of the Bank and ensures their implementation. The Bank's development strategy determines the existing and prospective banking products and services, markets, areas of activity in which the Bank plans to achieve an advantage over competitors, as well as the Bank's needs for financial, operational, technological and human resources.

The Supervisory Board approves the Bank's development strategy in accordance with the main areas of activity determined by the General Meeting of Shareholders. The Bank's Management Board is responsible for implementing the Bank's development strategy. The Bank's strategy is updated in accordance with changes in market conditions. On a regular basis and at the request of the Supervisory Board, the Management Board submits to the Supervisory Board a report on the status of implementation of the Bank's development strategy, the financial and economic condition of the Bank and the progress of plans and objectives. The Management Board and the Supervisory Board shall hold joint meetings at least once a quarter. The Bank is obliged to ensure that the annual audit of the separate and consolidated financial statements of JSC "OTP Bank", annual consolidated statements (combined statements) of the foreign banking group "OTP Bank" and other information on the financial and economic activities of the Bank is carried out by an audit firm in accordance with the legislation of Ukraine, including regulations of the National Bank of Ukraine, norms and standards of audit approved by the Audit Chamber of Ukraine in accordance with international standards of audit and ethics. At the end of the year, the Management Board reports to the Supervisory Board on its activities, the Supervisory Board reviews the annual report of the Management Board and takes measures to improve the mechanisms of the Management Board's activities.

Corporate Secretary

OTP Bank has introduced the position of Corporate Secretary – Head of the Corporate Secretariat Department. The Corporate Secretary is an officer responsible for the effective day-to-day interaction of the Bank with shareholders and other investors, coordination of the Bank's actions to protect the rights and interests of shareholders, support of the effective work of the Supervisory Board, and performs other functions defined by the Law of Ukraine "On Joint Stock Companies", the Bank's articles of association and the Regulations on the Corporate Secretary.

Independent units of the Bank

OTP Bank has established a permanent risk management unit, which is subordinated to and accountable to the supervisory board of the bank and is responsible for the implementation of internal risk management regulations and procedures in accordance with the strategy and policies, regulations and procedures for risk management determined by the supervisory board. the bank has also established a permanent compliance control unit – the compliance division of the compliance and financial monitoring department (hereinafter referred to as the "compliance division"), whose main tasks are:

– ensuring the organization of control over the bank's compliance with the laws, internal banking documents and relevant standards of professional associations applicable to the bank;

– ensuring the functioning of the risk management system by timely identifying, measuring, monitoring, controlling, reporting and providing recommendations on mitigating compliance risks;

– performing other tasks stipulated by the applicable laws and requirements of the parent bank.

The functions performed by the Compliance Department include the following:

- Monitoring of changes in legislation and relevant standards of professional associations applicable to the Bank, assessing the impact of such changes on the processes and procedures implemented in the Bank, as well as monitoring the implementation of relevant changes in internal banking documents;
- Ensuring control over the compliance risk arising in the Bank's relations with customers and counterparties in order to prevent participation and/or use of the Bank in illegal transactions;
- Ensuring coordination of work on compliance risk management between the Bank's structural units;
- Ensuring management of risks associated with conflicts of interest that may arise at all levels of the Bank's organizational structure, transparency of the Bank's processes and, in case of detection of any facts indicating a conflict of interest in the Bank, informing the Chief Compliance Officer;

- Ensuring the organization of control over the Bank's compliance with the standards of timeliness and reliability of financial and statistical reporting;
- Monitoring on a regular basis the absence of a conflict of interest between the Bank's managers and the appraiser;
- Ensuring the organization of control over the protection of personal data in accordance with the laws of Ukraine;
- Providing explanations and consultations to the Bank's managers upon their requests on monitoring the Bank's compliance with the laws of Ukraine and relevant standards of professional associations applicable to the Bank;
- Ensuring training and awareness of the Bank's employees on compliance with the laws, relevant standards of professional associations applicable to the Bank, risk management culture, including the Code of Conduct (Code of Ethics);
- Ensuring the functioning of the risk management system by timely identifying, measuring, monitoring, controlling, reporting and providing recommendations for mitigating compliance risks;
- Ensuring the organization of control over the compliance of the processes for managing distressed assets with the laws of Ukraine and internal banking documents;
- Ensuring control over the Bank's compliance with the rules for determining the list of related parties to ensure the integrity and completeness of the process of identifying related parties and controlling transactions with them;
- Preparing conclusions on the compliance risk inherent in new products and significant changes in the Bank's activities prior to their implementation to make timely and adequate management decisions;
- Preparing conclusions on compliance risk for making credit decisions on loans to related parties;
- Preparing the reports on compliance risk to the Supervisory Board of the Bank, Risk Management Committee and the Management Board of the Bank in accordance with the requirements of the Regulation on the Organization of the Risk Management System in Banks of Ukraine and Banking Groups, approved by the Resolution of the Board of the National Bank of Ukraine No. 64 dated 11.06.2018;
- Control over compliance of the compensation and reimbursement system implemented in the Bank, as well as the procedures for bringing to disciplinary responsibility of the Bank's employees, with the requirements of the legislation of Ukraine;
- Preparing reports on compliance risk;
- Calculating the compliance risk profile;
- Developing, participating in the development of internal bank documents in accordance with Annex 2 to the Regulation on the Organization of the Risk Management System in Banks of Ukraine and Banking Groups, approved by the Resolution of the Board of the National Bank of Ukraine No. 64 dated 11.06.2018, and monitoring their compliance;
- Participating in the investigation of internal and external fraud events;
- Ensuring submission of FATCA and CRS reports;
- conducting Compliance Audits in accordance with the internal Regulation on Compliance Management and Inspection;
- Performing other functions related to sanctions legislation within the framework of the Bank's internal regulatory and administrative documents on compliance risk management, which are established for the Bank by the requirements of the parent company – OTP Bank Plc.

The Chief Compliance Officer ensures coordination of work on compliance risk management between the Bank's structural units, ensures the development and participates in the development of internal compliance documents. In the event of excessive risks to which the Bank may be exposed, the Chief Compliance Officer informs the Bank's Supervisory Board, Risk Management Committee and Management Board of such risks. If confirmed facts of unacceptable behavior in the Bank/violations in the Bank's activities and conflicts of interest are identified, the Chief Compliance Officer shall notify the

National Bank of Ukraine thereof, if the Bank's Supervisory Board has not taken measures to eliminate them.

The Bank has an independent functional structural unit of internal audit, which is functionally subordinated and accountable to the Supervisory Board and acts on the basis of the regulation approved by the Supervisory Board of the Bank.

The Internal Audit Unit, which provides the third line of defense, independently verifies and evaluates the adequacy and effectiveness of corporate governance, the internal control system, including the risk management system, the Bank's management processes, their compliance with the size of the Bank, complexity, volume, types, nature of the Bank's operations, organizational structure and risk profile of the Bank, taking into account the peculiarities of the Bank's activities as systemically important (if any) and/or activities of the banking group of which the Bank is a part, organisation of the internal anti-money laundering/anti-terrorist financing system, anti-money laundering/anti-terrorist financing risk management system.

The work of the internal audit unit is carried out in accordance with the annual plan approved by the Bank's Supervisory Board. The internal audit unit reports on its work to the Supervisory Board of the Bank (Audit Committee) and the Management Board of the Bank on a quarterly basis on the status of implementation of recommendations and elimination of comments identified during the audit. The annual report to the Supervisory Board and the Management Board of the Bank contains information on the assessment of internal control, risk management, corporate governance systems, the most significant deficiencies identified during the reporting period, proposed/agreed upon remedial measures, and the extent to which these measures have been implemented.

Reporting on compliance risk

The Chief Compliance Officer regularly submits reports on compliance risk and compliance risk assessment to the Bank's Supervisory Board, Risk Management Committee and Management Board at least once a quarter or more often in cases determined by the legislation of Ukraine.

Duty of care

One of the fundamental concepts underlying corporate governance is the concept of care, which is the obligation of the Bank's managers to make decisions and act in the interests of the Bank based on a comprehensive assessment of the available (provided) information. The Bank's managers shall comply with the duty of care and loyalty to the Bank in accordance with the laws of Ukraine. The duty of care exists when one person, a customer or owner (shareholder), places special hope or expresses trust in another person, the Bank's manager, and relies on him/her, while the Bank's manager acts in the interests of this person at his/her own discretion using his/her own experience. The duty of care means that the Bank's managers act with awareness of their decisions and a sense of moral responsibility for their behavior, treat their official duties responsibly, make decisions within their competence and based on a comprehensive assessment of the available (provided) information, comply with the requirements of the laws of Ukraine, provisions of the articles of association and internal documents of the Bank, and ensure the preservation and transfer of the Bank's property and documents when the managers are dismissed from their positions.

The duty of care is imposed on the Bank's managers who are responsible for the management and control of the Bank's activities. In accordance with the Law of Ukraine "On Banks and Banking Activities", the Bank's managers are obliged to act in the interests of the Bank without using their official position in their own interests, prevent conflicts of interest in the Bank and facilitate their settlement. The Bank's managers shall refrain from taking actions and/or making decisions if this may lead to a conflict of interest and/or impede the proper performance of their official duties in the interests of the Bank. The Bank's managers (the Chairman, his/her deputies and members of the Supervisory Board, the Chairman, his/her deputies and members of the Management Board, the Chief Accountant) shall fulfill their duties of loyalty and care towards the Bank in accordance with the laws of Ukraine and banking supervision standards.

Code of Ethics – mutual respect, courtesy, support

The Code of Ethics of JSC “OTP BANK” proclaims mutual respect as a component of the Bank’s values. At the same time, any behavior based on intimidation is prohibited, especially if such behavior forces employees to take actions that contradict the Bank’s internal documents or the current legislation of Ukraine.

Any verbal, non-verbal or physical form of behavior aimed at or resulting in injury to human dignity or creating a humiliating, intimidating, hostile, aggressive or offensive environment, condition, etc. is prohibited.

Mutual respect and courtesy are not just good manners, they are an integral part of the Bank’s corporate culture. Mutual respect and friendly attitude create a pleasant atmosphere where everyone feels comfortable and contributes to the overall productivity of the Bank. The Code of Ethics calls for treating your colleagues with respect and understanding.

To report unethical behavior in the Bank, the Code of Ethics approves a list of channels that everyone can use to report violations.

Conflict of interest

The main business interests and statutory obligations of the Bank are to ensure that the personal interests of the Bank’s managers and employees do not harm the business interests and obligations of the Bank and its customers. Managers and other employees of the Bank shall avoid conflicts of interest in their work and recuse themselves from decision-making if they have a conflict of interest that prevents them from properly performing their functional duties in the Bank. The Bank’s managers shall timely inform, in accordance with the Bank’s current procedures, about the existence of a conflict of interest that may affect the performance of their duties. The Bank’s managers shall refuse to participate in decision-making if the conflict of interest prevents them from fully performing their duties in the interests of the Bank, its depositors and members. In such cases, the Bank’s manager who is a member of a collegial body shall not have the right to vote when such body makes a decision and shall not be taken into account when determining the quorum of the relevant collegial body. The Bank’s manager shall be removed from voting or otherwise participating in the adoption of any decision by the bank in respect of which there is a conflict of interest.

Transactions with related parties

Transactions with the Bank’s related parties may not be made on terms that are not current market conditions. The process of determining and identifying the Bank’s related parties, the procedure for entering into transactions with them, the process of supervising such transactions, as well as the approval and review of transactions with the Bank’s related parties are regulated by the Bank’s relevant internal procedures.

Prevention of sanctions violations

In order to protect the national interests, national security, sovereignty and territorial integrity of Ukraine, counteract terrorist activities, as well as to prevent violation of the legitimate interests of Ukrainian citizens, society and the state, and the reputation of the bank, the bank undertakes not to violate special economic and other restrictive measures applied by the state, foreign international organizations and/or foreign states to individuals and legal entities.

The Compliance Department analyzes all suspicious transactions and counterparties (companies) for which any element of a financial transaction is subject to sanctions/sensitive transactions, and then issues a conclusion and compliance risk assessment on the possibility of such a transaction or establishment of business relations.

Implementation of the due diligence procedure

The purpose of the due diligence process carried out by the Bank is to provide accurate and adequate information about the Bank when establishing and maintaining correspondent banking relationships, and, in turn, to request correspondent banks to obtain equivalent information from potential and existing correspondent banks. As a result of the due diligence process during the establishment and maintenance of relations, the Bank should be able to assess the reputational risks arising from such relations with correspondent banks, as well as negative information, events and cases of violations in the field of doing business during cooperation.

System of confidential reporting of unacceptable behaviour in the bank (Whistleblowing)

The bank’s corporate values are of great importance in the process of timely and frank discussion of problems. In this regard, the Bank encourages and enables employees to freely report concerns about illegal, unethical or questionable practices without fear of possible sanctions. The Bank has procedures in place to enable employees to report any concerns they may have, regardless of the internal subordination system. The early warning system includes mechanisms to ensure employee protection.

Whistleblowing is an important mechanism that helps employees to report violations in the Bank’s activities that may be related to violations of the law, ethical standards or customer rights. The Compliance Department regularly informs all employees of the Bank to ensure that they are aware of the possibility of using this evolving mechanism and understand why it is important for maintaining transparency and ethics in the Bank’s operations.

Protection of the rights of financial services consumers

As a responsible financial services provider, the Bank pays special attention to the protection of the rights and interests of consumers and the quality of services provided to consumers. The Bank ensures that its employees who have direct or indirect contact with consumers receive appropriate training in consumer protection and therefore understand and apply consumer protection rules properly and act with due care and diligence.

In order to help consumers make informed financial decisions, the Bank pays special attention to compliance with consumer protection principles, transparent information practices, financial education and protection of vulnerable consumer groups.

In order to avoid and/or minimize the risks of violation of the Ukrainian legislation on consumer protection by the Bank’s employees, the Compliance Department constantly monitors the Bank’s compliance with the requirements of the Ukrainian legislation on consumer protection, including regulatory documents of the National Bank of Ukraine, the Deposit Guarantee Fund, methodological recommendations of the authorized bodies, in particular, but not limited to: the Laws of Ukraine “On Protection of Consumer Rights”, “On Financial Services and State Regulation of Financial Markets”, “On Advertising”, “On Consumer Lending” and others. Particular attention is paid to compliance with the requirements for interaction with consumers in the course of overdue debt settlement in relation to the requirements for ethical behaviour.

Access to information and protection of information

The Bank ensures equal access to the information disclosed, including its volume, content, form and time of provision. The Bank has an effective information policy aimed at achieving the fullest possible exercise of the rights of depositors, customers, other creditors, investors, shareholders and other stakeholders to receive information that may significantly affect their investment decisions.

The Bank's information policy is developed with due regard to the Bank's needs in protecting restricted information (confidential information, commercial and banking secrets). The Bank shall take measures to protect restricted information, ensure its storage and establish an appropriate regime for handling such information. The Bank shall determine the list of such information, observing the optimal balance between the Bank's openness, the need to protect its own commercial interests and the interests of the Bank's customers, as well as taking into account the requirements of applicable laws and regulations. The Bank guarantees confidentiality of transactions, accounts and deposits of its customers and correspondents. Information on legal entities and individuals that contains banking secrecy shall be disclosed in accordance with the applicable laws of Ukraine.

Combating corruption

The Bank declares its principled position and condemns corruption as an illegal and unethical way of doing business.

To ensure strict compliance with all the requirements of the Ukrainian legislation on anti-corruption, the Bank approved the Anti-Corruption Programme of JSC "OTP BANK" (hereinafter – the "Programme") based on the current Anti-Corruption Policy of OTP Group. The provisions of the Programme stipulate that the Bank, being aware of its responsibility for upholding the values of the rule of law and integrity, striving to ensure its sustainable development, taking care of its own business reputation, to encourage the use of fair commercial practices, and in the interests of, in particular, but not exclusively, its employees, officials, managers and founders (participants), business partners and customers, declares that its founders (participants), management bodies, officials and employees in their internal activities, as well as in legal relations with business partners, customers, state authorities, local self-government bodies, other legal entities and individuals, shall be guided by the principle of "zero tolerance" to any form and manifestation of corruption and bribery and shall take all measures required by law to prevent, detect and combat corruption and related actions (practices).

The Programme defines standards and requirements in accordance with the Law of Ukraine "On Prevention of Corruption" and the Model Anti-Corruption Programme approved by the order of the National Agency for the Prevention of Corruption. The Programme defines and regulates the mechanism for monitoring compliance with the requirements of the Ukrainian legislation on prevention, detection and counteraction to corruption and the mechanism for preventing abuse by managers and other employees of the Bank.

In accordance with the Bank's strategy and business plan, as well as taking into account the Bank's business model, ethical business conduct with "zero tolerance" to corruption in any form and manifestation is a principled position of the OTP Group and the Bank, which every employee is obliged to adhere to, i.e. to have no risk appetite for corruption risks, thereby practicing "zero tolerance" to such offences.

The Bank, in particular, the Compliance Department, ensures the development and implementation of measures that are necessary and sufficient to prevent, detect and combat corruption in its activities.

The manager, governing bodies, and officials of all levels of the Bank undertake to instil zero tolerance to corruption among the Bank's employees by personal example of ethical behaviour, which is the basis of the business culture, daily business practices, and business reputation of the Bank.

In order to identify facts and/or suspicions, the Bank has organised safe, confidential and accessible means for the Bank's employees to report facts/incitement/suspicions of corruption violations, such as offering (or suspicion of) an unlawful benefit by a third party; demanding (or suspicion of) an unlawful benefit; incitement to commit corrupt acts; violation of the Programme requirements (or cases of incitement to such acts), obtaining information about intentions or facts that may indicate the use or intention to use the Bank or its employees in activities that contain or may contain signs of corruption.

To enable the Bank's employees to report violations of the Programme, corruption or corruption-related offences, the Bank's internal portal and the official website of the Bank contain relevant information.

Regular assessment of corruption risks is carried out in the process of compliance risk assessment and as part of outsourcing risk assessment and management.

Every year, all employees of the Bank undergo an e-learning course on compliance with the requirements of the Anti-Corruption Programme with mandatory knowledge testing.

18. SUSTAINABLE DEVELOPMENT

More about the Bank's ESG strategy

OTP Bank strives to create added value and contribute to a sustainable future. In this regard, the Bank's business model is focused on actively supporting sustainable solutions that have a positive impact on the environment and society.

The Bank recognises its role in achieving sustainable development and takes into account environmental, social, economic and governance aspects when making business decisions and building its development strategy. The Bank focuses on the following ESG areas in its operations:

- green financing and implementation of ESG risk management in the lending process;
- adaptation and mitigation of climate change;
- responsible consumption and rational use of resources;
- financial inclusion;
- corporate social responsibility;
- transparent and responsible business conduct.

To ensure the fulfilment of OTP Bank's ambitions and management of possible risks and impacts, the Bank develops and updates its environmental, social responsibility and corporate governance policies in a timely manner. More detailed information, including the Bank's plans for 2025, can be found on the Bank's official website on the *Sustainable Development page at*: https://www.otpbank.com.ua/about/sustainability/.

More about the Bank's ESG policy

Environmental responsibility

In view of the growing risks associated with climate change, especially in terms of the increasing frequency of extreme weather events, OTP Bank directs its efforts towards minimising and preventing negative environmental impacts.

The bank is responsible for its own impact on the air and climate; therefore it calculates greenhouse gas emissions from its own activities and takes measures to decarbonise them.

As of the end of 2024:

Total greenhouse gas emissions [1]: **2,327.50 t CO2e**	Direct greenhouse gas emissions (Scope 1): **488.78 t CO2e** Indirect carbon dioxide emissions (Scope 2): **1,838.72 t CO2**
185 kg batteries collected as part of the project "Batteries, surrender!"	**~ 1 t** reduced consumption of office paper as part of the digitised electronic document flow at OTP Bank

As part of the project "Energy Saving Lighting":

2,436 units outdated lamps replaced with energy-saving LED lighting	**306.71 MWh per year** estimated electricity savings within the project (*estimated data*) **UAH 2,274.31 thousand per year** estimated savings due to electricity conservation *(estimated data)*

Energy-saving lighting

In 2023, the Bank launched a project to replace outdated lamps with energy-saving LED lighting at the Bank's Head Office in Kyiv. Starting in 2024, the project was gradually implemented throughout the Bank's network of branches in Ukraine. This initiative not only contributes to a significant reduction in operating costs but will also prevent the Bank's indirect greenhouse gas emissions of approximately 133 tCO_2 per year[2] *(estimated data).*

Directorate	Cost savings as a result of lamp replacement (per year), UAH thousand	Energy savings (per year), MWh	CO_2 emissions that were not realized (per year), tCO_2
Western	728.35	90.29	39.28
South	341.67	42.51	18.49
Eastern	650.02	93.42	40.64

[1] To calculate direct greenhouse gas emissions, we used data on fuel consumption for cars and generators and standard IPCC coefficients. Due to the unavailability and limitations of data on the operation of the Ukrainian energy system, the indirect greenhouse gas emissions were calculated based on the overall carbon dioxide emissions per unit of electricity consumed (gCO_2/kWh) for the Ukrainian energy system according to IFI.

[2] Due to the unavailability and limitations of data on the operation of the Ukrainian energy system, the indicator was calculated based on the overall carbon dioxide emissions per unit of electricity consumed (gCO_2/kWh) for the Ukrainian energy system according to IFI.

Directorate	Cost savings as a result of lamp replacement (per year), UAH thousand	Energy savings (per year), MWh	CO_2 emissions that were not realized (per year), tCO_2
Central	554.28	80.49	35.01
Total	**2,274.31**	**306.71**	**133.42**

Responsible use of natural resources

In 2024, OTP Bank adopted a digitalised electronic document management system to reduce the use of resources, including paper and ink cartridges. Thus, during the reporting year, we managed to save about 1 ton of paper. The Bank will continue to make efforts to minimise the use of natural resources. In 2025, the Bank's Head Office is planning to implement a project to collect and sort paper for further recycling.

"Batteries, surrender"!"

In 2024, OTP Bank continued to implement an environmentally friendly project to collect used batteries in its network branches. The project is implemented jointly with the NGO "Batteries, surrender!", which sends the batteries collected throughout Ukraine to a battery recycling plant. Last year, a total of 185 kg, or about 9,000 used batteries of various types, were collected for recycling.

Social responsibility

OTP Bank strives to become an example for all stakeholders as a responsible financial services provider, employer and participant in social relations.

1. Responsible financial services provider

As a responsible financial services provider, the Bank aims to provide its customers with accessible, secure, compatible, adapted and easy-to-use banking instruments, products or sales channels. For OTP Bank, it is extremely important that customers receive honest, transparent and easy-to-understand information and receive services that are tailored to their needs. The bank supports sustainable financial solutions and introduces green financing, focusing on expanding its portfolio in the following areas:

- *Renewable energy sources:* production of electricity, heat or cogeneration through the use of solar, wind, geothermal or hydroelectric energy;
- *Energy-efficient buildings:* construction and purchase of new energy-efficient buildings or renovation of existing buildings to improve their energy efficiency;
- *Low-carbon transport:* creation, acquisition, expansion, modernisation, maintenance and operation of all-electric or hydrogen vehicles and related infrastructure

OTP Bank strives to increase investments in projects that contribute to the achievement of the goals of the European Green Deal. As of the end of 2024, 28.42% of the Bank's corporate loan portfolio is made up of companies in industries that have clearly defined and developed sustainability criteria according to the EU Taxonomy and can meet its requirements in the future.

More about the Bank's E&S

The Bank recognises the importance of involving stakeholders in decision-making processes in all areas of its operations. The complaints and appeals mechanism developed by OTP Bank ensures transparent and honest communication with all stakeholders.

In carrying out its activities, including customer service, the Bank strictly adheres to the rules for handling personal data set out in the Convention for the protection of individuals with regard to automatic processing of personal data and the Law of Ukraine "On Personal Data Protection".

Communication mechanisms for stakeholders

Customer focus and openness to dialogue are also important components of our service delivery. In order to manage its impact, OTP Bank conducts monthly surveys to monitor customer satisfaction (CSI) and loyalty (NPS) among its customers. The analysis of such tools allows us to identify possible causes of customer dissatisfaction and implement measures to improve the Bank's products and services. In 2024, NPS increased by 7 percentage points compared to 2023.

61%	Net Promoter Score (NPS) in 2024 among retail customers
83%	Customer Satisfaction Index (CSI) in 2024 among retail customers

OTP Bank supports the development of an inclusive financial space in Ukraine. The Bank makes efforts to ensure equal opportunities for each client regardless of age, gender, social background, physical condition, level of communication skills, etc.

As of the end of 2024:

54 Bank's branches accessible to people who use wheelchairs	**all 172** ATMs of the Bank with Braille font and accessible to people with visual impairments

When servicing clients belonging to low-mobility groups, the Bank's employees are recommended to follow the NBU guidelines on organising the consideration of appeals and personal reception of clients in Ukrainian banks, as stipulated by the internal Regulations of OTP Bank on handling appeals from clients and third parties.

In the context of new challenges and digitalisation, the Bank understands the need to provide barrier-free financial services. Therefore, starting from 2025, it is planned to implement functionality for people with disabilities on the website of JSC "OTP Bank", which will include options for adjusting the font size and changing the colour scheme.

In 2024, the Bank joined the Charter for the Financial Inclusion, committing to support war veterans, facilitating their reintegration and adaptation to civilian life. A technical inspection of 21 branches was also carried out, which resulted in the plan to improve the accessibility of 5 branches in 2025.

In 2024, OTP Bank became a partner of the All-Ukrainian information campaign on payment security "Cybersecurity of Finance" and joined the All-Ukrainian information campaign on the protection of the rights of consumers of insurance services "Know Your Rights: Insurance", organised by the National Bank of Ukraine.

The bank plans to develop its own educational programme to improve financial literacy, contributing to raising awareness of citizens about personal data protection, payment fraud, social engineering and other useful information in the field of finance.

2. Responsible employer

The Bank provides decent working conditions for all employees, ensuring proper working hours, personal growth prospects and fair remuneration with a gender balance.

Bonus systems

The contribution of each employee is not ignored and is always rewarded. All employees of OTP Bank receive regular remuneration. The main financial methods of evaluation and incentives at the Bank are regular bonuses and one-off bonuses for particularly important tasks.

Regular bonuses are divided, depending on the accrual parameters, into:	One-off bonuses for particularly important tasks are set for:
• KPI (Key Performance Indicator) based – a financial system for assessing the results achieved by employees of business units based on the level of achievement of strategic and individual goals; • individual incentive systems – used for the areas of sales of banking products, bad debt recovery or other areas whose results affect the Bank's profit, and help to establish the dependence of the bonus on the individual business result.	• participation in the Bank's projects; • extra efforts to exceed targets, etc.

Incentive programmes

In addition to the main bonus, the Bank's employees have the opportunity to receive additional incentives, namely:

- OKR (Objectives and Key Results) – a non-financial assessment system that helps determine whether the top management has achieved cross-functional/project goals in the quarter;
- bonus under the "Refer a Friend!" programme for successfully referring friends to open positions at the Bank;
- bonus for successful mentoring of a new colleague;
- valuable gifts for the Bank's anniversaries.

Working conditions

OTP Bank strives to continuously improve working conditions and reduce excessive workload on employees, and therefore offers flexible working hours, opportunities to work remotely or part-time, as well as other individual options based on the situation of each employee. In order to create the best working conditions and take care of its employees, the Bank provides:

- reimbursement of the cost of English language training (up to 80%);
- discounts from partners (Sport Life, WOG, dentistry, etc.)

— 4 additional vacation days;
— corporate mobile communication;
— external and internal training;
— half of the expenses of the Bank's employees in pharmacies (up to UAH 1,000 per month after tax).

The safety and health of our employees is an important element of the work process to reduce occupational diseases and avoid the risk of injuries in the workplace. Every employee of the Bank receives occupational health and safety training, including rules of conduct at the workplace, procedures for dealing with air raids and basic first aid.

0
number of occupational injuries and accidents

306
number of employees who have taken parental leave

In 2024, as part of the project "Health Marathon", we organised a routine medical examination for employees in Kyiv and Kyiv region, which was attended by 584 employees. In addition, every OTP Bank employee has the opportunity to take advantage of a discount on health insurance.

In 2024, the cashback programme for pharmacy purchases returned UAH 13,596,540 to about 73.4% of employees, 6 lectures were held and 54 articles were written in OTP Digest on mental and physical health issues.

Training

Distance learning plays an important role in the process of improving the skills and knowledge of employees. The Bank's e-Learning platform and e-courses make training interactive and engaging. The Bank's internal database includes more than 100 e-courses and tests on processes and products for all employees.

All OTP Bank employees have access to a variety of courses, including those that promote sustainable development and responsible business practices. In particular, such courses include training on the following topics:
— Managing ESG risk in lending;
— Code of Ethics;
— Course on inclusiveness and interaction with veterans;
— Anti-Corruption Programme;
— General rules of information security and others.

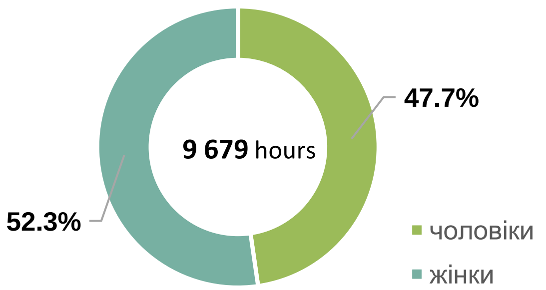
2,064
employees completed a full course on the Code of Ethics

1,659
employees completed a full course on the Anti-Corruption Programme

As of the end of 2024:

100%
employees took a course on ESG risk management in lending among those who were assigned this course as mandatory

Total number of hours spent on training by employees of JSC "OTP BANK"



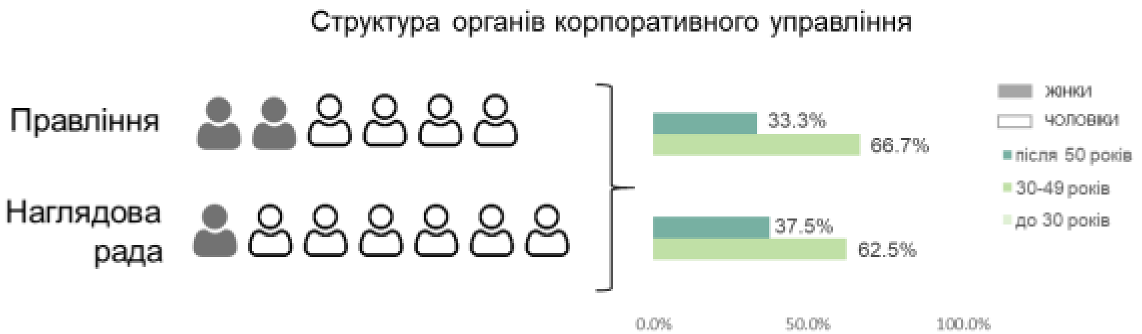
OTP Bank regularly engages the best trainers and speakers of the domestic market to train and enhance the skills of its employees to further develop their professional and personal qualities and competences.

Employees of the branches are constantly learning new products and processes in the format of video seminars. On a quarterly basis, the managers of JSC "OTP BANK" are trained under comprehensive programmes by representatives of business schools. In the current environment, we also organise webinars aimed at developing professional and personal competences, as well as maintaining psychological health.

Inclusion and diversity

The Bank's social responsibility is based on the principles of non-discrimination on the basis of gender, sex, age, race, ethnicity, religion, sexual orientation, belonging to a particular indigenous population, etc.

OTP Bank continues to work on achieving gender balance at all levels of the organisation. As of the end of 2024, the share of women was 70.53% among all employees of JSC "OTP Bank". Among middle management and other employees, the share of employees aged 30-49 years prevails.



Given the challenges of today, OTP Bank provides the necessary support for the successful integration of people with disabilities. The bank cooperates with NGOs representing the interests of people with disabilities, provides employment support, and conducts training for employees on inclusion and interaction with war veterans. As of the end of 2024, the Bank employed 50 people with disabilities.

As a responsible employer, OTP Bank complies with the Labour Code of Ukraine and does not allow any discrimination in the workplace.

96.8%
Total share of resolved appeals related to ethical issues

The Bank strives to create a safe working environment where each employee feels valued and protected from any discrimination or unethical behaviour that violates the principles set out in the Code of Ethics.

OTP Bank operates a whistleblowing mechanism developed in accordance with the internal Procedure on reporting unethical behaviour in JSC "OTP Bank". Thanks to the whistleblowing mechanism, each employee can anonymously report violations in the Bank's activities that may be related to violations of the law, ethical standards or customer rights. Reports of violations may be submitted both orally and in writing through various communication channels:

I. *Orally:* a personal meeting with an employee of the Compliance Department during business hours (by prior arrangement);

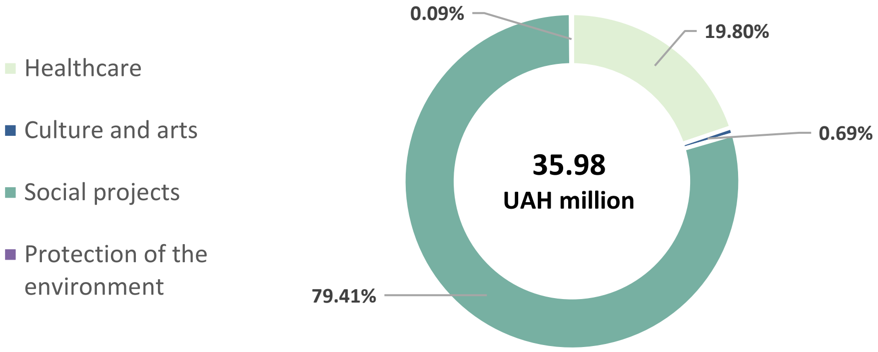
II. In writing:

III. • via https://www.otpbank.com.ua/about/compliance/violation-reports/ or https://www.otpbank.com.ua/about/sustainability/esg-complaints-and-suggestions/ (*it is possible to submit an anonymous appeal*);
- by sending a letter to the address: 43, Zhylianska Str., Kyiv, room. 421, Compliance Department;
- via corporate e-mail to compliance@otpbank.com.ua.

In 2024, there were no cases or reports of discrimination or human rights violations.

3. Responsible participant in social relations

As a responsible participant in social relations, JSC "OTP BANK" makes efforts to ensure the welfare of the population and improve the socio-economic situation in the country.
Most of the Bank's corporate social responsibility activities in 2024 were related to the provision of charitable assistance to the country during the full-scale war. To be as effective as possible, the Bank focused its efforts on supporting the healthcare sector, helping orphans and children without parents.



Activities within the OTP Bank Helps Ukraine project

In 2024, the OTP Bank Helps Ukraine charity project, established in 2022, continued its work to raise funds for the country's urgent needs during martial law. The project implemented the following initiatives:

- an incubator was purchased for the Kharkiv Regional Perinatal Centre to save the lives of prematurely born children;
- all the windows in the medical centre of the Mostyshche Specialised School were replaced;
- financial support was provided to the Kyiv School of Economics for memorial scholarships for students in honour of three members of the KSE community who gave their lives for the freedom of Ukraine;
- recreation and rehabilitation at the OTP Kids Camp in Budapest was organised for more than 100 young Ukrainians affected by the war;
- modern equipment was purchased for the ophthalmology department of the consultative and diagnostic clinic of the National Children's Hospital "Okhmatdyt" (Kyiv), which helps to diagnose diseases in children in time and preserve their eyesight;
- funds for the restoration of the National Children's Hospital "Okhmatdyt", which suffered a missile attack on 8 July 2024, were donated;
- the first ever embroidered shirts were purchased and donated for more than 300 children from orphanages, special schools and a training and rehabilitation centre in Kyiv region;
- a project in Khmelnytskyi was implemented that allowed children whose parents were killed in the war to acquire new skills and unlock their potential in the field of IT.

Read more about OTP Bank Helps

Helping the Superhumans Centre

Under the charitable donation agreement for 2023-2024, OTP Bank actively supported Superhumans Centre, a non-profit project that provides prosthetics, complex reconstructive surgery, rehabilitation and psychological support to Ukrainians who have been injured in the war.

Throughout the year, the Bank made regular transfers of funds to provide prosthetics to Ukrainians and to set up a training centre for prosthetics specialists. The total amount of assistance as of 31 December 2024 was over UAH 33 million.

Financial literacy

- In May, the Bank became a partner of the All-Ukrainian information campaign on payment security #CybersecurityofFinance, organised by the National Bank of Ukraine together with the State Service for Special Communications and Information Protection of Ukraine. During the campaign, the basic elements of cybersecurity were actively explained to financial services consumers;
- In July, the Bank joined the All-Ukrainian information campaign on protection of the rights of insurance consumers "Know Your Rights: Insurance" organised by the National Bank of Ukraine. The key objective and goal is to protect the rights of policyholders and improve consumer knowledge of insurance services;
- During the first half of 2024, the Bank supported the UCulture team in preparing a series of lectures on the history of Ukrainian money. During this time, the educational platform released videos about the symbolism of images and historical figures on banknotes. The videos recorded as part of the cooperation are available for free on the Bank's YouTube channel.

More on the Bank's YouTube channel

Healthcare

In February and July 2024, the Bank held corporate donor days, during which employees of the Head Office donated blood for the needs of the Kyiv Regional Blood Service Centre and replenished blood stocks at the Amosov National Institute of Cardiovascular Surgery.

JOINT STOCK COMPANY
OTP BANK

Separate Financial Statements and
Independent Auditor's Report
for the Year Ended 31 December 2024

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Independent auditor's report

To the Shareholder and Supervisory Board of Joint Stock Company “OTP Bank”

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Joint Stock Company “OTP Bank” (the Bank), which are presented on pages 1 to 92 of the Bank's Annual Report 2024 and comprise the separate statement of financial position as at 31 December 2024, the separate statement of profit or loss, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion the accompanying separate financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024 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 separate 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 separate 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 separate financial statements, which indicate that the Bank's operations have been affected by the Russian Federation's military invasion of Ukraine. 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.

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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 separate 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 separate 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 separate 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 separate 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 separate financial statements.

Key audit matter	How our audit addressed the key audit matter
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, including changes consequent to the impact of Russian Federation military aggression against Ukraine, in the assessment of such indicators as probability of default and loss given default, macroeconomic indicators, as well as identification of defaults or significant increase in credit risk since initial recognition of loan to customers could produce significantly different estimates of expected credit loss on loans and advances to customers.	Our audit procedures included assessment, with the help of our internal specialists, of the methodology, approaches and assumptions used by the Bank in respect of historical and macroeconomic information, including changes consequent to the impact of Russian Federation military aggression against Ukraine and in consideration of facts and circumstances as of the reporting date, in the assessments of expected credit losses on loans and advances to customers, including default and significant increase in credit risk identification. 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, including default and significant increase in credit risk identification. We also identified and tested controls related to calculations

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Key audit matter	How our audit addressed the key audit matter
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 separate 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 3, 6 and 24 of the separate financial statements.	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: default, significant increase of credit risk, probability of default, loss given default, recoveries, macroeconomic indicators, which directly affect the amounts of expected credit loss on loans and advances to customers. Also, we checked completeness and accuracy of disclosures in the separate financial statements of the Bank regarding significant judgements and estimates of expected credit losses and credit risk.

Other information included in the Bank's Annual report and the Bank's Annual Information of the Issuer of Securities for 2024

Other information consists of the Bank's Annual report (including the Bank's Management report) and other information included in the Bank's Annual Information of the Issuer of Securities (including the Corporate Governance report), but does not include separate financial statements and our auditor's report thereon. Management is responsible for the other information.

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Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs, and for such internal control as management

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Марина
Валеріївна
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determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 of the Bank is responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 separate 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

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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 separate financial statements, including the disclosures, and whether the separate 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 separate 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 separate financial statements on 10 September 2021 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 four years.

Електронний підпис
Свістич Олександр Михайлович
ЄДРПОУ/ІПН 33306921
Підписано у Вчасно

Електронний підпис
Студинська Юлія Сергіївна
ЄДРПОУ/ІПН 33306921
Підписано у Вчасно

Електронний підпис
Сімак Маріана Валеріївна
ЄДРПОУ/ІПН 33306921
Підписано у Вчасно

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

We confirm that our independent auditor's report is consistent with the additional report to the Audit Committee and the Supervisory Board of the Bank, which we issued on 11 April 2025 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 or its controlled entities and which have not been disclosed in the separate financial statements or the Bank's Management report.

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 to the Bank's separate financial statements.

- As at 31 December 2024, the Bank had no subsidiaries.

- As at 31 December 2024, the Bank 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.

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- Limited liability company "Ernst & Young Audit Services" (ERDPOU: 33306921, web-site: www.ey.com/ua) have audited the Bank's separate financial statements according to agreement No. C-UA50-2024-ASU-1321 dated 24 July 2024. The audit was conducted in the period from 24 July 2024 to 15 April 2025.

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

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Kyiv, Ukraine

15 April 2025

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33306921
Підписано у Вчасно

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.

Документ підписано у сервісі Вчасно (початок)

Документ підписано у сервісі Вчасно (продовження)
Independent auditor's report_OTP Bank SEP ISA 700_2024.pdf

Документ відправлено: 13:56 15.04.2025

Відправник документу

Електронний підпис
13:56 15.04.2025
ЄДРПОУ/ІПН: 33306921
Юр. назва: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Власник ключа: Сімак Маріана Валеріївна
Час перевірки КЕП/ЕЦП: 13:56 15.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 4696110800000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

Електронний підпис
14:03 15.04.2025
ЄДРПОУ/ІПН: 33306921
Юр. назва: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Власник ключа: Студинська Юлія Сергіївна
Час перевірки КЕП/ЕЦП: 14:03 15.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 7992190800000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

Електронний підпис
17:23 15.04.2025
ЄДРПОУ/ІПН: 33306921
Юр. назва: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Генеральний директор: СВІСТІЧ ОЛЕКСАНДР МИХАЙЛОВИЧ
Час перевірки КЕП/ЕЦП: 17:23 15.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 18CAF40700000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

JOINT STOCK COMPANY OTP BANK

Separate Statement of Financial Position for the Year Ended 31 December 2024 (In Ukrainian Hryvnias and in thousands)

	Notes	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	4	7,788,504	10,827,171
Loans and advances to banks	5	10,800,061	21,491,993
Loans and advances to customers	6	31,274,810	24,861,899
Investments in securities	7	62,374,094	43,360,299
Derivative financial assets		11,003	-
Investments in subsidiaries, joint ventures and associates	8	-	139,143
Investment property		24,634	24,634
Current tax assets		64	40
Intangible assets other than goodwill	9	566,795	486,795
Property plant and equipment	9	736,236	684,883
Other financial assets	10	177,007	114,674
Other nonfinancial assets	10	57,556	51,951
Total assets		**113,810,764**	**102,043,482**
LIABILITIES			
Due to other banks		442	15,211
Customer accounts	11	90,573,724	81,855,086
Derivative financial liabilities		1,333	22,758
Other borrowed funds		46	53
Current tax liabilities		934,535	2,683,009
Provisions:			
Provisions for loan commitments and financial guarantee contracts	24	252,717	246,958
Other financial liabilities	12	1,162,200	1,162,001
Other nonfinancial liabilities	12	171,874	162,478
Deferred tax liabilities	17	104,620	76,907
Total liabilities		**93,201,491**	**86,224,461**
EQUITY			
Statutory capital	22	6,186,023	6,186,023
Retained earnings		12,203,942	7,484,733
Share premium	22	405,075	405,075
Result from transactions with the shareholder	22	1,236,294	1,236,294
Other reserves		577,939	506,896
Total equity		**20,609,273**	**15,819,021**
Total equity and liabilities		**113,810,764**	**102,043,482**

Authorized for issue by management of JOINT STOCK COMPANY OTP Bank and signed on its behalf by:

Volodymyr Mudryi,
Chairman of the Management Board

15 April 2025

Natalia Diuba,
Chief Accountant

15 April 2025

The accompanying notes on pages from 8 to 92 form an integral part of these separate financial statements.

JOINT STOCK COMPANY OTP BANK

Separate Statement of Profit or Loss for the Year Ended 31 December 2024

(In Ukrainian Hryvnias and in thousands)

	Notes	2024	2023
Interest Income:	13	11,851,747	12,121,526
Interest income calculated by using the effective interest rate	13	11,839,475	12,109,061
Other interest income	13	12,272	12,465
Interest expense	13	(3,262,122)	(3,480,867)
Net interest income (net interest expense)	**13**	**8,589,625**	**8,640,659**
Commission income	14	1,898,570	1,869,768
Commission expenses	14	(902,622)	(739,463)
Other income		155,874	91,475
Net gain (loss) from financial instruments at fair value through profit or loss		602,649	(102,552)
Net gain (loss) from operations with debt financial instruments at fair value through other comprehensive income		54,294	(24,491)
Net gain (loss) from trading in foreign currencies		312,252	378,182
Net gain (loss) from foreign exchange translation		(397,500)	206,885
Impairment gains and reversals of impairment losses (impairment losses) determined in accordance with IFRS 9	15	552,653	120,458
Other expense	16	(165,222)	(220,011)
Other gains (losses), including:		(15,456)	(129,729)
- Net loss on modification of financial assets		(15,456)	(129,729)
Employee benefits expense	16	(1,978,061)	(1,679,418)
Depreciation and amortisation expense	16	(393,820)	(341,058)
Other administrative and operational expenses	16	(764,443)	(647,867)
Profit (loss) before tax		**7,548,793**	**7,422,838**
Income tax expense	17	(3,428,713)	(3,710,531)
Net profit (loss)		**4,120,080**	**3,712,307**
Earnings per share			
Weighted average number of outstanding ordinary shares		499,238	499,238
Basic and diluted earnings per share, UAH		8,253	7,436

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15 April 2025

Natalia Diuba,
Chief Accountant

15 April 2025

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JOINT STOCK COMPANY OTP BANK

Separate Statement of Comprehensive Income for the Year Ended 31 December 2024
(In Ukrainian Hryvnias and in thousands)

	Notes	2024	2023
Profit (loss)		4,120,080	3,712,307
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit or loss, before tax			
Other comprehensive income - gains (losses) from investments in equity instruments		(4,220)	71
Components of other comprehensive income that will be reclassified to profit or loss net of tax			
Gains (losses) on financial assets at fair value through other comprehensive income, before tax		154,199	613,334
including:			
change in fair value of investments at fair value through other comprehensive income		1,652	202,824
change in allowance for expected credit losses on investments in debt instruments at fair value through other comprehensive income	24	152,547	410,510
Amount of accumulated gain / (loss), reclassified to profit or loss on disposal of investments at fair value through other comprehensive income		(54,294)	24,491
Income tax relating to items that may be reclassified subsequently to profit or loss	17	(24,642)	(161,850)
Total other comprehensive income that will be reclassified to profit or loss net of tax		**75,263**	**475,975**
Total other comprehensive income		**71,043**	**476,046**
Total comprehensive income		**4,191,123**	**4,188,353**

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JOINT STOCK COMPANY OTP BANK

Separate Statement of Changes in Equity
for the Year Ended 31 December 2024
(In Ukrainian Hryvnias and in thousands)

	Notes	Statutory capital	Share premium	Result from transactions with the shareholder	Other reserves: Revaluation reserve on financial assets at fair value through other comprehensive income	Retained earnings	Total equity
31 December 2022		**6,186,023**	**405,075**	**1,236,294**	**30,850**	**3,772,426**	**11,630,668**
Net profit/(loss)		-	-	-	-	3,712,307	3,712,307
Other comprehensive income		-	-	-	476,046	-	476,046
Total comprehensive income		**-**	**-**	**-**	**476,046**	**3,712,307**	**4,188,353**
Increase/(decrease) in equity		**-**	**-**	**-**	**476,046**	**3,712,307**	**4,188,353**
31 December 2023		**6,186,023**	**405,075**	**1,236,294**	**506,896**	**7,484,733**	**15,819,021**
Net profit/(loss)		-	-	-	-	4,120,080	4,120,080
Other comprehensive income		-	-	-	71,043	-	71,043
Total comprehensive income		**-**	**-**	**-**	**71,043**	**4,120,080**	**4,191,123**
Result of legal merger with subsidiary	8	-	-	-	**-**	**599,129**	**599,129**
Increase/(decrease) in equity		**-**	**-**	**-**	**71,043**	**4,719,209**	**4,790,252**
31 December 2024		**6,186,023**	**405,075**	**1,236,294**	**577,939**	**12,203,942**	**20,609,273**

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15 April 2025

Natalia Diuba,
Chief Accountant

15 April 2025

М. Київ * Україна * АКЦІОНЕРНЕ ТОВАРИСТВО «ОТП БАНК»
Ідентифікаційний код 21685166

The accompanying notes on pages from 8 to 92 form an integral part of these separate financial statements.

JOINT STOCK COMPANY OTP BANK

Separate Statement of Cash Flows for the Year Ended 31 December 2024
(In Ukrainian Hryvnias and in thousands)

	Notes	2024	2023
Cash flows from operating activities			
Classes of cash receipts from operating activities			
Interest received		12,215,736	12,042,627
Commission income received		1,923,995	1,877,289
Net gain/(loss) from operations with financial instruments at fair value through profit or loss		556,810	(83,609)
Net gain/(loss) from operations with foreign currencies		312,252	378,182
Other cash receipts from operating activities (other income received)		153,643	91,947
Classes of cash payments from operating activities			
Interest paid		(3,285,782)	(3,473,023)
Commission expenses paid		(902,622)	(739,463)
Administrative expenses and other paid operating expenses, including:		(2,818,934)	(2,362,767)
Employee benefits expense		(1,884,370)	(1,517,150)
Other administrative and operational expenses		(769,538)	(625,606)
Other expense		(165,026)	(220,011)
Income taxes paid		(5,174,140)	(1,166,725)
Cash flows from (used in) operating activities before movements in operating assets and liabilities		**2,980,958**	**6,564,458**
Net (increase)/decrease in loans and receivables		(5,488,277)	5,603,055
Net (increase)/decrease in other financial assets		(64,026)	214,559
Net (increase)/decrease in other nonfinancial assets		6,532	12,549
Net increase/(decrease) in due to other banks		(14,787)	15,211
Net increase/(decrease) in customer accounts		6,458,219	2,418,069
Net increase/(decrease) in other financial liabilities		(146,544)	(10,442)
Net increase/(decrease) in other nonfinancial liabilities		(7,908)	(12,535)
Net cash flows from (used in) operating activities		**3,724,167**	**14,804,924**
Cash flows from Investing activities			
Purchase of securities		(5,496,799,975)	(5,971,222,029)
Proceeds from sale and repayment of investments in securities		5,478,278,889	5,961,470,908
Purchase of property plant and equipment		(122,267)	(120,204)
Proceeds from sales of property plant and equipment		5,765	69,796
Purchase of intangible assets		(266,657)	(268,616)
Net cash flows from (used in) investing activities		**(18,904,245)**	**(10,070,145)**

Separate Statement of Cash Flows
for the Year Ended 31 December 2024 (Continued)
(In Ukrainian Hryvnias and in thousands)

	Notes	2024	2023
Cash flows from financing activities			
Redemption of other borrowed funds		(31)	(579)
Payments on lease liabilities	12	(104,565)	(73,133)
Net cash flows from (used in) financing activities		**(104,596)**	**(73,712)**
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes		**(15,284,674)**	**4,661,067**
Effect of exchange rate changes on cash and cash equivalents		1,534,438	1,415,245
Effect of changes allowance on cash and cash equivalents	4	19,637	152,871
Net increase (decrease) in cash and cash equivalents		(13,730,599)	6,229,183
Cash and cash equivalents, at the beginning of the year	**4**	**32,319,164**	**26,089,981**
Cash and cash equivalents, at the end of the year	**4**	**18,588,565**	**32,319,164**

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15 April 2025

Natalia Diuba,
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15 April 2025

The accompanying notes on pages from 8 to 92 form an integral part of these separate financial statements.

1. General information

JOINT STOCK COMPANY OTP Bank (the "Bank") is a bank with 100% foreign capital.

Registered address of the Bank and its location is at: 43 Zhylianska Str., Kyiv, 01033, Ukraine.

In its activities, the Bank is governed by the Laws of Ukraine "On Banks and Banking", "On Joint Stock Companies", "On Securities and Stock Market", "On Accounting and Financial Reporting in Ukraine", the Civil Code of Ukraine, the Commercial Code of Ukraine, other effective laws of Ukraine, as well as regulations issued by the National Bank of Ukraine and other government authorities.

Participant (shareholder) of the Bank. As at 31 December 2024 and 2023, the sole shareholder of the Bank was OTP Bank Plc. (the "OTP Group"), a legal entity duly incorporated under the laws of Hungary and located at: Nádor u. 16, Budapest, H-1051, Hungary.

The Parent, OTP Bank Plc., is a universal bank providing a full range of banking services to individuals and corporate clients. In Hungary, the OTP Group, one of the leading finance groups in the Hungarian banking market, comprises also large subsidiaries providing services in such spheres as insurance, real estate, factoring, leasing, and management of investment and pension funds.

OTP Bank Plc. was founded in 1949 as a state owned savings bank. In late 1990, the bank was reorganized into a limited liability public company and renamed to National Savings and Commercial Bank. Upon privatization that commenced in 1995, the government share in the bank's equity reduced to one privileged ('golden') share. At present, most of the bank's shareholdings are owned by domestic and foreign investors, both private and institutional.

Corporate organization of the Bank. The Bank performs its activities through a regional network that consists of 70 non-accounting operational divisions (2023: 72 divisions) (with four of them having Regional Directorates registered by the National Bank of Ukraine) and the Regional Directorate for Kyiv Region created within the structure of the Bank's Head Office. As at 31 December 2024, the number of the Bank's employees was 2,413 persons (2023: 2,390 persons).

The Bank's licenses and permissions. Based on the License issued by the National Bank of Ukraine # 191 dated 5 October 2011, the Bank provides a full range of banking services.

In accordance with the effective legislation and based on the respective licenses issued by the National Commission for Securities and Stock Market of Ukraine, the Bank may be involved in depositary activities as a securities custodian and professional trading in securities in stock market: brokerage, dealer, and underwriting activities. The Bank is not involved in any activities in the sphere of production, trade, and insurance, other than acting as an insurance intermediary. The Bank is a full-fledged member of the Individual Deposit Guarantee Fund.

2. Operating environment

The full-scale war is ongoing throughout Ukraine, which began on February 24, 2022, with the armed invasion of Russia. Active hostilities leads to significant destruction of infrastructure, the forced displacement of a large number of people, and the disruption of economic activity in Ukraine. Russia continues to attack civilian infrastructure in Ukraine in hopes of weakening the country's economic stability.

In 2023, after the deepest decline at the beginning of the war, the economy of Ukraine gradually began to recover and the real GDP of Ukraine increased by 5.3% compared to the previous year. In 2024, Ukraine's economy continued to recover, supported primarily by robust domestic consumer demand. Economic growth was also driven by the government's sizeable capital expenditures, in particular in the defense industry, and by an increase in exports, given the stable operation of seaports. As expected, these positive factors will continue to play a role going forward.

According to the NBU's estimates, Ukraine's real GDP grew by 3.4% in 2024. The pace of economic growth slowed compared to 2023. Apart from smaller harvests and weaker-than-expected external demand, the causes of this were the materialization of risks of more intensive hostilities, russia increasing its air attacks, and the resulting electricity shortages. The persistence of high security risks also restrained the return of migrants and led to a significant labor shortage.

In December 2024, inflation accelerated to 12% year-on-year. The acceleration in inflation was primarily driven by higher food prices due to the summer drought and poor harvests. The rise in raw material prices led to higher prices for finished goods, primarily in the food industry. Higher electricity costs, rising labor costs, and the weakening of the hryvnia during the year.

Rising inflation risks led to an increase in the NBU's key policy rate at the end of the year from 13.0% to 13.5%, which will keep commercial interest rates higher going forward, in 2025.

According to the National Bank, in 2024, Ukraine received USD 42 billion from its international partners in the form of loans and grants. These funds allowed the government to finance a substantial budget deficit (around 24% of GDP, excluding grants in revenues), and the NBU to maintain the sustainability of the foreign exchange market and to increase international reserves to a new all-time high (USD 43.8 billion at the end of 2024).

The risk of a further prolongation and escalation of the war persists, while market reactions indicate that the participants are becoming more optimistic about the end of hostilities. International support is expanding through the use of profits from immobilized russian assets, and Europe's role in financial assistance to Ukraine is growing. At the same time, Ukraine is moving toward European integration. The economies of partner countries are growing at a moderate pace, which will support demand for Ukrainian exports. The price environment for Ukrainian external trade is improving.

The search for a peace formula for Ukraine with the participation of international partners continues. However, the parameters and possible timeframes for achieving peace remain uncertain, and the risks of the prolongation of the war remain high.

There have been no significant changes in the Bank's overall strategy due to the conditions of doing business under martial law.

3. Material accounting policy information

Basis of preparation. These separate financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine".

The separate financial statements are presented in Ukrainian Hryvnias and in thousands, unless otherwise indicated.

These separate financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments.

These separate financial statements are the separate financial statements of JSC OTP Bank. During 2024, the subsidiary was not consolidated in these separate financial and investment in the subsidiary was reflected in the separate financial statements at its original cost less impairment. In December 2024, the Bank's shareholder approved the merger of a subsidiary with the Bank. Thus, as at 31 December 2024 the Bank had no subsidiaries (Note 8).

These separate financial statements should be considered together with the consolidated financial statements, which were approved for issue by the Bank's management on 15 April 2025. The consolidated financial statements of JSC "OTP BANK", prepared in accordance with IFRS, are available for public use on the Bank's official website, and can also be obtained at the following address: Ukraine, Kyiv, Zhylyanska St., 43

Going concern. These separate financial statements have been prepared on the assumption that the Bank will continue as a going concern for the foreseeable future. Management believes that the going concern basis of accounting is appropriate for the Bank's separate financial statements, given the impact of the military operations in Ukraine (Note 2) on its financial position and future financial results.

The Bank's management has prepared the 2025 budget based on the assumption of a protracted war, which will last for the fourth year. From an economic perspective, GDP growth in 2025 will slow down, but will remain stable due to continued growth in private consumption and investments in the country's energy infrastructure and defense sector. Rebound of inflation observed by end of 2024 was driven by temporary factors, such as higher food prices due to adverse weather conditions in the summer of 2024, as well as more fundamental factors, such as: wage growth due to labor shortages, rising resource costs, primarily energy supply due to the destruction of the country's energy system, imported inflation due to quasi floating exchange rate regime introduced by the National Bank of Ukraine. Inflation is expected to decline by the end of 2025, and in the medium term, it will come even closer to the NBU's monetary policy targets.

In response, the National Bank of Ukraine is expected to keep the policy rate at a relatively stable level throughout 2025, maintaining the high attractiveness of investments in national currency assets. The National Bank's record-high gold and foreign exchange reserves allow it to manage the volatility of the

3. Material accounting policy information (continued)

floating exchange rate within the market-determined trend. Given Ukraine's structurally negative trade balance, the Ukrainian hryvnia is likely to depreciate slightly over the next year.

The Bank's financial development in 2025 is expected to be similar to 2024: double-digit growth in lending business will continue, supported by the accumulation of client funds, while the share of highly liquid assets will remain at around 50% of total assets. Acceleration of revenues will allow to cover the further increase in operating expenses at a level close to annual inflation figures. As non-performing loan portfolio will continue to decline, but with inherently lower recovery expectations, the cost of risk for new volumes will start to increase, keeping net loan loss provisions on the formation side. This will contribute to slightly lower pre-tax profit figures year-on-year, but still at historically high levels.

As of the end of 2024, the capital adequacy ratio in accordance with regulatory requirements is almost four times higher than the NBU's minimum requirement and has significant headroom for certain capital buffers, should the NBU make a relevant decision during 2025. Prudential liquidity ratios such as LCR and NSFR are around 2 times above regulatory limits and are in any case expected to remain well above minimum requirements over the next year.

There is a material uncertainty, primarily due to the unpredictable impact of the ongoing military operations in Ukraine, which may cast significant doubt on the Bank's ability to continue as a going concern and, consequently, it may not be able to realize its assets and discharge its liabilities in the ordinary course of business. The Bank's management believes that despite the above factors, which may cast significant doubt on the Bank's ability to continue as a going concern, the forecasts of capital adequacy and liquidity ratios, the forecast of the Bank's operating results and the forecast of expected credit losses provide sufficient grounds for the preparation of these separate financial statements on a going concern basis.

Application of new standards and amendments thereto. The Bank has adopted the following amendments to standards and Interpretations applicable for the Bank effective from 1 January 2024, but they have had no significant effect on the Bank:

- Amendments to IAS 1 “Presentation of Financial Statements”: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants;
- Amendments to IAS 1 “Presentation of Financial Statements”: Non-current Liabilities with Special Conditions;
- Amendments to IFRS 16 “Leases”: Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures”: Disclosures: Supplier Finance Arrangement.

Interest income and expense.
Interest income and expenses for all financial instruments are recognized in the items of interest income and interest expense in accordance with the separate statement of profit or loss using the effective interest rate method.

3. Material accounting policy information (continued)

Fee and commission income/expense. Fee and commission income and expense include fees, other than those that are an integral part of effective interest rate. The fees, included in the articles «Fee and commission income and expense» of the Bank's statement of profit or loss. Fee and commission expenses with regards to services are accounted for as the services are received/provided. Commission income for the provision of services during a certain period of time is accrued during such period as the corresponding obligations are fulfilled.

Financial assets. All financial assets are recognized and derecognized on the settlement date (the date of delivery or transfer of the asset) and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss.

Financial assets that are required to be subsequently measured at amortized cost or fair value, depending on the Bank's business model for managing financial assets and the characteristics of cash flows under contracts from financial assets.

Financial lease – the Bank as a lessor. When the Bank acts as a lessor under a lease agreement, under which all risks and rewards of ownership of an asset are transferred to the lessee, such asset is classified as a finance lease and receivables equal to the value of the net investment in the lease, and is presented as loans to customers.

Reclassifications. If the business model under which the Bank holds financial assets changes (in exceptional cases), the financial assets affected are reclassified. The classification and measurement requirements related to the new category are applied prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Bank's financial assets.

Impairment. The Bank recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Cash and cash equivalents;
- Due from banks;
- Loans to customers;
- Investment securities;
- Other financial assets;
- Financial guarantee contracts issued and loan commitments.

The model for estimating expected credit losses (ECLs) is described in Note 24.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR:

3. Material accounting policy information (continued)

- For undrawn loan commitments, the ECLs are the difference between the present value of the difference between the contractual cash flows that are reimbursed to the Bank if the holder of the commitment will use the funds and the cash flows that the Bank expects to receive if credit funds will be used;
- For financial guarantee contracts, the ECLs are the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor, or any other party.

The Bank measures ECLs on an individual basis, or on a collective basis for portfolios of loans that share similar risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Credit-impaired financial assets. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a financial asset as a result of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead; the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings, and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment, including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more.

Definition of default. Critical to the determination of ECLs is the definition of default. The definition of default is used in measuring the amount of ECLs and in the determination of whether the loss allowance is based on 12-month or lifetime ECLs, as default is a component of the probability of

3. Material accounting policy information (continued)

default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Bank considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Bank; or
- The borrower is unlikely to pay its credit obligations to the Bank in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example, in corporate lending, a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty, are key inputs in this analysis. The Bank uses a variety of sources of information to assess default, which are either developed internally or obtained from external sources.

Significant increase in credit risk.
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank’s historical experience and expert credit assessment including forward-looking information.
As a backstop when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is transferred in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECLs.

The criteria for significant increase in credit risk (Stage 2) and impairment (Stage 3) are disclosed in Note 24.

Modification and derecognition of financial assets. A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or the contractual terms are otherwise between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached). The Bank renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default

3. Material accounting policy information (continued)

has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness), and amendments to covenants.

When a financial asset was modified, the Bank assesses whether this modification results in de-recognition. In accordance with the Bank's policy, a modification results in de-recognition when it gives rise to substantially different terms. For example, changes in the currency of the asset or the introduction of conditions in the contract, which lead to the fact that the contractual cash flows are not payments of only the principal amount and interest.

In the case where the financial asset is derecognized, the loss allowance for ECLs is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECLs, except, where the new loan is considered to be originated credit-impaired asset. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default, which has not been reduced by the modification.

The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in derecognition, the estimate of probability of default (PD) reflects the Bank's ability to collect the modified cash flows taking into account the Bank's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECLs.

The loss allowance on forborne loans will generally only be measured based on 12-month ECLs when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECLs allowance). Then, the Bank measures ECLs for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Write-off. Loans and debt securities are written off when the Bank has no reasonable expectations of recovering the financial asset (either in its entirety or in a portion of it). This is the case when the Bank

3. Material accounting policy information (continued)

determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains. A write-off of loans and debt securities does not lead to discontinued litigation.

Financial liabilities. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial guarantee contracts. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Bank are initially measured at their fair values and are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognized, less, where appropriate, cumulative amount of income recognized in accordance with the Bank's revenue recognition policies.

Financial guarantee contracts are presented as provisions in the separate statement of financial position, and the remeasurement is presented in other income.

Performance guarantees. Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Performance guarantees are in scope of IFRS 9 and effectively are a form of a contingent loan commitment. Performance guarantees liabilities are measured under IFRS 9 similarly to loan commitments.

Functional currency. Items included in the separate financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances (the "functional currency"). The functional currency of these separate financial statements is Ukrainian Hryvnia ("UAH"). All amounts are rounded to the nearest UAH thousands, unless otherwise indicated.

Cash and cash equivalents. Cash and cash equivalents for the purposes of the separate statement of financial position include cash on hand and balances on correspondent and time deposit accounts with the National Bank of Ukraine. For the purposes of the separate statement of cash flows, cash and cash equivalents include assets which may be converted to the respective cash amount within a short period of time, namely: cash on hand, unrestricted balances on correspondent accounts with the National Bank of Ukraine, due from banks, and repurchase agreements with the original maturity within 90 days, except for guarantee deposits and other restricted balances.

Taxation. Income tax expense represents the sum of the current and deferred tax expense.

(In Ukrainian Hryvnias and in thousands)

3. Material accounting policy information (continued)

***Deferred and current income tax*.**

Deferred tax assets and liabilities are calculated at the tax rates expected to apply when the related assets are realized or the related liabilities are settled.

Deferred and current tax is recognized in the separate statement of profit or loss, except when it relates to items related directly to equity or other statement of comprehensive income, in which case the deferred tax is also recognized within equity or statements of other comprehensive income, respectively.

Investments in subsidiary. Financial investments in subsidiary are stated at the reporting date at cost. Transaction costs related to acquisition of investments are added to the amounts of such investments at the acquisition date.

Financial investments in subsidiary are recorded at the reporting date at cost, less any impairment. The Bank recognizes the impairment of investments in subsidiary as expense of the period when the objective evidence exists that they have suffered impairment losses.

Property and equipment and intangible assets. Property and equipment and intangible assets are carried at historical cost, less any accumulated depreciation or amortization and any recognized impairment losses.

All intangible assets of the Bank have finite useful lives and include mainly software and licenses for the use of software products.

Depreciation and amortization are charged on the carrying value of property and equipment and intangible assets and are designed to write off assets over their estimated useful economic lives. They are calculated on a straight line basis at the following annual rates:

Buildings and structures	5%-6,67%
Vehicles	16,67%
Furniture and equipment	5,56%-100%%
Other property and equipment	6.20%-100%
Intangible assets	20 %, unless otherwise determined by the contract

Right of use assets are amortized over the term of the respective leases.

Financial lease – the Bank as a lessee. The Bank applies the short-term lease recognition exemption to short-term leases (that is, leases with a lease term of no more than 12 months from the commencement date and that do not contain a purchase option). The Bank also applies an exemption from recognition to leases where the underlying asset has an equivalent value of less than €5,000 (UAH 220 thousand – at the exchange rate at the reporting date). Lease payments for short-term leases and leases of low-cost assets are recognized as lease expenses on a straight-line basis over the lease term.

(In Ukrainian Hryvnias and in thousands)

3. Material accounting policy information (continued)

Share capital and share premium. Contributions to share capital recognized at initial cost. Share premium is the difference between paid amount and notional value of issued shares. Gains and losses from own shares included in share premium. Gains or loss on transactions with a shareholder recognised within the equity as "results on transactions with a shareholder".

Rates of exchange. The official exchange rates as at 31 December 2024 and 2023 used by the Bank in the preparation of the separate financial statements were as follows:

	31 December 2024	31 December 2023
UAH/USD 1	42.0390	37.9824
UAH/EUR 1	43.9266	42.2079

Adoption of new and revised IFRS. The Bank has not applied the following new and revised IFRS ahead of schedule that have been issued but are not yet effective:

Standards/Interpretations	Effective for the annual reporting periods beginning on or after:
Amendments to IFRS 10 «Consolidated Financial Statements» and IAS 28 «Investments in Associates and Joint Ventures» – Sale or contribution of assets between an investor and its associate or joint venture	The effective date to be determined
Amendments to IAS 21 «The Effects of Changes in Foreign Exchange Rates» - Lack of exchangeability	1 January 2025
Amendments to IFRS 9 «Financial Instruments» and IFRS 7 «Financial Instruments: Disclosures» - Classification and Measurement of Financial Instruments The amendments clarify the approaches to the classification of financial assets with contingent features linked to ESG factors, the derecognition of financial liabilities on settlement date, introduce an accounting policy choice for derecognition of financial liabilities settled via electronic payment systems before the settlement date, and also introduce additional disclosure requirements for financial instruments with contingent features (e.g., ESG-linked) and equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2026, with early application permitted only for contingent features. The Bank is currently assessing the potential impact of these amendments on its financial statements.	1 January 2026
Annual Improvements to IFRS Accounting Standards—Volume 11	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 sets out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that fairly represents an entity's assets, liabilities, equity, income and expenses. The implementation of IFRS 18 will not affect an entity's net profit, but will only change the way the results are presented in the statement of comprehensive income and in the notes to the financial statements.

3. Material accounting policy information (continued)

IFRS 18 standardizes the formats for presenting financial results, eliminating discrepancies that previously made it difficult to compare financial results between different companies, and introduces the term “operating profit” as an important indicator for assessing operating results. IFRS 18 is to require companies to classify all items of income and expenses into three main categories such as operating, investing, and financing, taking into account of specific types of main business activities.

IFRS 18 includes additional requirements for entities that provide financing to customers (for example, banks) or that invest in assets with specific characteristics (for example, an investment entity) as a main business activity. Some income and expenses that might ordinarily have been classified in the investing or financing category, when applying the general principles, will be presented in the operating category for these entities. The result of this is that operating profit will include the results of an entity's main business activities.

The new standard also defines and requires entities to provide additional disclosures about management-defined performance measures in a single note to the financial statements and are subject to audit. The standard also establishes enhanced requirements for the aggregation and disaggregation of information in the primary financial statements and/or notes.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Bank is currently estimating the impact of IFRS 18 on the financial statements and notes to the financial statements.

Unless otherwise noted, other new standards and amendments to standard listed in the table above are not expected to have a significant impact on the Bank's separate financial statements.

Areas of significant management judgment and sources of estimation uncertainty. The preparation of the separate financial statements in accordance with IFRS requires that management of the Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the reporting date, and the reported amount of income and expenses during the reporting period (see Notes 6, 7, 12, 21 and 24).

Management evaluates its estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Significant assumptions

Business model assessment. Classification and measurement of financial assets depends on the results of the SPPI (solely payments of principle and interest) and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets, and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured

3. Material accounting policy information (continued)

at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and, so, a prospective change to the classification of those assets.

Significant increase in credit risk. ECLs are measured as an allowance equal to 12-month ECLs for Stage 1 assets, or lifetime ECLs assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Bank applies judgments and takes into account qualitative and quantitative reasonable and supportable forward looking information.

Establishing groups of assets with similar credit risk characteristics. When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that, should credit risk characteristics change, there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs, but the amount of ECL changes because the credit risk of the portfolios differs.

Models and assumptions used. The Bank uses various models and assumptions in measuring fair value of financial assets, as well as in estimating ECLs. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Key sources of estimation uncertainty. Listed below are major estimates management has used in the process of the Bank's accounting policies application and that have the most significant impact on the amounts reported in the separate financial statements.

Losses from impairment of loans and advances. The Bank regularly reviews its loans in order to assess their impairment and a significant increase in credit risk.

Estimates of allowance for expected credit losses require application of significant judgements. The Bank estimates allowance to cover expected credit losses in order to maintain the allowance at the level that in management's opinion will be adequate to cover expected losses in respect of the Bank's credit portfolio. Estimates of allowance for expected credit losses on impaired financial assets are based on evaluation of future cash flows for such assets. Such estimates are carried out based on an individual analysis of future cash flows for all significant impaired assets and statistical techniques considering historical data for remaining assets. In some cases, future cash flows for unimpaired significant assets are also assessed on an individual basis. An increase or decrease in actual future cash flows (including flows from the realization of collateral) on individually significant impaired loans

3. Material accounting policy information (continued)

assessed on an individual basis by 10% would result in a increase in the allowance for such assets by UAH 18,213 thousand (2023: UAH 19,450 thousand) / decrease in the allowance by UAH 17,944 thousand (2023: by UAH 39,530 thousand). If the actual and forecast indicators used to estimate expected credit losses on a portfolio basis on unimpaired loans are increased/decreased by 10% (probability of default, loss given default, forecast scenarios and forecast information for each scenario, etc.), the provision would increase by UAH 396,872 thousand (2023: UAH 500,184 thousand) / decrease in the provision by UAH 411,133 thousand (2023: decrease by UAH 504,978 thousand).

Probability of default (PD). PD constitutes a key input in measuring ECLs. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

Loss given default (LGD). LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral.

Determining the number, a relevant weight of forward-looking scenarios, and determining the forward-looking information relating to each of the scenarios. In estimating the expected credit losses, the Bank uses reasonable and supportable forward looking information that is based on assumptions regarding future movements of varied economic factors and the way those factors are going to affect each other.

Fair value of buildings and constructions obtained as collateral**.** The Bank determines the cost of buildings and constructions (property) obtained as collateral under lending transactions at fair value. Since, as at 31 December 2024, there was no active real estate market for certain types of buildings and constructions available, in reality, when determining the value of the collateralized property, its assessed value is used which is based on market factors, but with a significant weighting of adjustments to them, assessed based on the professional judgement of valuation experts. Assessment of the fair value of property requires making judgments and using assumptions regarding comparability of property items and other factors. Considering the above, the provisions for expected credit losses may be affected by the assessed property value applied. Accounting estimates related to the property appraisals in the absence of active market-based prices are considered to be a key source of uncertainty due to the fact that: (i) they are highly susceptible to change from period to period and (ii) a potential impact from recognition of such estimates may be material.

Estimation of a borrower's ability to repay the loan by using own funds. The Bank assesses cash flows from business activities by analyzing the borrower's financial statements and assessing financial ratios (such as EBITDA, capital adequacy, etc.).

Fair value of the investments measured at fair value through other comprehensive income. In measuring the fair value of investments, the Bank uses market data to the extent they are available. In the absence of such data, the Bank uses valuation models to determine the fair values of its financial instruments (see details in Note 21).

(In Ukrainian Hryvnias and in thousands)

3. Material accounting policy information (continued)

Lease term and the factor for discounting right-of-use assets and lease liabilities. The estimation of the lease term commonly involves material judgments on behalf of the Bank on the ability to extend the lease, its potential cancellation by a lessee or a lessor, possible termination charges, and other regulatory restrictions regarding the lease extension. The discount factor (or a lessee's incremental borrowing rate) is calculated on the basis of material judgments, since it is estimated as the interest rate that the lessee would agree to pay in order to borrow the funds for a similar period and by using similar collateral that are required to obtain the asset of the value similar to the right-of-use asset under similar economic conditions.

***Tax legislation*.** Due to the presence in the Ukrainian commercial legislation, and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgment of business activities, if a particular treatment based on management's judgment of the Bank's business activities was to be challenged by the tax authorities, the Bank may be assessed additional taxes, penalties, and interest. Tax records remain open to review by the tax authorities for three years.

4. Cash and cash equivalents

	31 December 2024	31 December 2023
Balances with the National Bank of Ukraine	6,758,304	9,995,772
Cash	1,030,200	831,399
Total cash and cash equivalents	**7,788,504**	**10,827,171**

The National Bank of Ukraine has established mandatory reserve requirement of funds on a correspondent account at the National Bank of Ukraine, which depends on the balance of due to customers. During 2024 and 2023, the Bank complied with the requirements of the mandatory reserve standard established by the National Bank of Ukraine.

Cash and cash equivalents for the purposes of the separate statement of cash flows comprised the following:

	31 December 2024	31 December 2023
Cash and cash equivalents for the purposes of the Statement of Financial Position	7,788,504	10,827,171
Loans and advances to banks (Note 5), excluding restricted account balances	10,819,863	21,532,123
Allowance for expected credit losses	(19,802)	(40,130)
Total cash and cash equivalents	**18,588,565**	**32,319,164**

As at 31 December 2024, the Bank had balances on correspondent accounts in banks in Russian rubles in the amount of UAH 300,569 thousand (2023: UAH 324,533 thousand), which are restricted in use in accordance with the current legislation of Ukraine, and therefore excluded from the composition of cash and cash equivalents for the purposes of separate statement of cash flows. As at 31 December 2024 and 2023, the Bank recognised 100% allowance for expected credit losses on such balances.

(In Ukrainian Hryvnias and in thousands)

5. Loans and advances to banks

Loans and advances to banks comprised:

	31 December 2024	31 December 2023
Correspondent accounts with banks	11,120,432	20,411,605
Loans to banks	-	1,445,051
Allowance for expected credit losses	(320,371)	(364,663)
Total loans and advances to banks	**10,800,061**	**21,491,993**

As at 31 December 2024, due from two banks for the total amount of UAH 10,109,256 thousand individually exceeded 10% of the Bank’s equity, which represents significant concentration. As at 31 December 2023, due from two banks for the total amount of UAH 18,995,149 thousand individually exceeded 10% of the Bank’s equity.

As at 31 December 2024 and 2023, the maximum credit risk exposure on loans and advances to banks amounted to UAH 10,800,061 thousand and UAH 21,491,993 thousand, respectively.

6. Loans and advances to customers

Loans and advances to customers comprised:

	31 December 2024	31 December 2023
Loans to legal entities and individual entrepreneurs	30,654,205	26,247,581
Consumer loans to individuals	5,449,267	5,033,096
Mortgage loans to individuals	176,262	358,453
Finance leases receivables	192,214	232,435
Loans under repo transactions	816,097	1,065,269
Other loans to individuals	1,692	2,215
Total loans and advances to customers before allowance for expected credit losses	**37,289,737**	**32,939,049**
Less: Allowance for expected credit losses	(6,014,927)	(8,077,150)
Total loans and advances to customers	**31,274,810**	**24,861,899**

As at 31 December 2024 and 2023, the Bank had pledged securities with fair value of UAH 1,011,690 thousand and UAH 1,426,011 thousand respectively that were used as a collateral under reverse repo agreements.

Movements in allowance for expected credit losses and gross carrying value are disclosed in Note 24.

(In Ukrainian Hryvnias and in thousands)

6. Loans and advances to customers (continued)

Collateral and other instruments to mitigate credit risk. The amount and type of collateral required by the Bank depend on its assessment of the credit risk exposure in respect of a specific counterparty. The Bank has introduced basic acceptability principles for different types of collateral and assessment parameters. Main types of the collateral obtained include:

- For individual lending – residential property and other real estate, motor vehicles;
- For commercial lending – non-residential property, commercial property, other real estate assets, equipment, inventories and rights thereon, cash on deposit accounts.

The Bank’s management monitors the market value of collateral. If required, the Bank re-assesses its value.

Revaluation of the collateral held by the Bank, in the event its value differs significantly from the fair value, is performed by: a) determining the property’s market value by independent certified appraisers or by the Bank’s employees possessing respective qualifications; b) adjusting the value of property groups against items with similar technical characteristics, designation, and operating conditions.

The Bank does not hold any collateral which is allowed to sell or re-pledge in the event the collateral owner performs its obligations.

The table below summarizes the proportionate amounts of loans and advances to customers secured by collateral, rather than the fair value of the collateral itself:

	31 December 2024	31 December 2023
Guarantees	1,319,000	571,551
Secured loans:	**12,914,968**	**12,295,148**
Loans secured by other real estate	5,484,233	5,400,513
Loans secured by equipment, inventory, and rights thereon	5,593,792	4,778,168
Loans secured by residential properties	304,058	354,627
Loans secured by cash or guarantee deposits with the Bank	748,983	753,088
Loans secured by securities	783,902	1,008,752
Unsecured and uncollateralized loans	**23,055,769**	**20,072,350**
Total loans and advances to customers before allowance for expected credit losses	**37,289,737**	**32,939,049**
Less: Allowance for expected credit losses	(6,014,927)	(8,077,150)
Total loans and advances to customers	**31,274,810**	**24,861,899**

(In Ukrainian Hryvnias and in thousands)

6. Loans and advances to customers (continued)

The table below summarizes the proportionate amounts of impaired loans and advances to customers secured by collateral, rather than the fair value of the collateral itself:

	31 December 2024	31 December 2023
Guarantees	14,130	8,011
Secured loans:	**578,363**	**583,469**
Loans secured by other real estate	367,540	350,774
Loans secured by residential properties	57,044	66,805
Loans secured by equipment, inventory, and rights thereon	151,751	153,525
Loans secured by cash or guarantee deposits with the Bank	2,028	12,365
Unsecured and uncollateralized loans	**4,637,624**	**6,568,723**
Total loans and advances to customers before allowance for expected credit losses	**5,230,117**	**7,160,203**
Less: Allowance for expected credit losses	(4,473,254)	(6,328,843)
Total impaired loans and advances to customers	**756,863**	**831,360**

As at 31 December 2024 and 2023, almost all corporate loans (over 99% of loans and advances to customers) were granted to the companies operating in Ukraine, which represents a significant geographical concentration in one region (Note 24).

As at 31 December 2024, the Bank provided loans to one group of customers in the total amount of UAH 2,017,338 thousand, which separately exceeded 10% of the Bank's equity, which represent significant concentration. As at 31 December 2023, the Bank did not grant loans and advances to groups of customers, which individually exceeded 10% of the Bank's equity.

As at 31 December 2024 and 2023, the maximum credit risk exposure on loans and advances to customers amounted to UAH 31,274,810 thousand and UAH 24,861,899 thousand, respectively. Credit quality of loans and advances to customers is disclosed in Note 24.

During the year ended 31 December 2024, the Bank sold a portion of its loan portfolio the carrying value of which, before allowance, amounted to UAH 1,269,921 thousand for UAH 117,642 thousand (2023: UAH 931,322 thousand for UAH 78,073 thousand). As a result, the differences between the value of sold portfolio and compensation received was recognised as write off against allowance recorded earlier in the amount of UAH 1,152,279 thousand (2023: UAH 853,249 thousand) (included in the item "write-off" in the movement of reserves in Note 24).

(In Ukrainian Hryvnias and in thousands)

6. Loans and advances to customers (continued)

As at 31 December 2024 and 2023, loans and advances to customers included the finance leases receivables disclosed as follows:

	31 December 2024	
	Minimum lease payments	**Present value of minimum lease payments**
Receivables under finance leases		
Up to 1 year	120,763	114,814
From 1 to 2 years	56,729	52,350
From 2 to 3 years	25,963	25,050
Total investments in finance leases	**203,455**	**192,214**
Unearned finance income on finance leases	(11,241)	-
Allowance for expected credit losses on finance leases	(81,172)	(81,172)
Net investments in finance leases	**111,042**	**111,042**
Current finance leases receivable		66,328
Non-current finance leases receivable		44,714
Net investments in finance leases		**111,042**

	31 December 2023	
	Minimum lease payments	**Present value of minimum lease payments**
Receivables under finance leases		
Up to 1 year	113,717	102,009
From 1 to 2 years	94,514	88,877
From 2 to 3 years	43,765	41,549
Total investments in finance leases	**251,996**	**232,435**
Unearned finance income on finance leases	(19,561)	-
Allowance for expected credit losses on finance leases	(99,357)	(99,357)
Net investments in finance leases	**133,078**	**133,078**
Current finance leases receivable		58,404
Non-current finance leases receivable		74,674
Net investments in finance leases		**133,078**

(In Ukrainian Hryvnias and in thousands)

7. Investments in securities

Investments in securities comprised:

	31 December 2024	31 December 2023
- Investments at fair value through other comprehensive income	16,574,281	9,361,058
- Investments at amortized cost	45,799,813	33,999,241
Total investments in securities	**62,374,094**	**43,360,299**

Investments at fair value through other comprehensive income comprised:

	31 December 2024	31 December 2023
- Government debt securities	16,574,267	9,356,824
- Corporate and banking equity instruments (shares and others)	14	4,234
Total investments at fair value through other comprehensive income	**16,574,281**	**9,361,058**

Investments at amortized cost comprised:

	31 December 2024	31 December 2023
Debt securities		
- Government securities	45,812,392	33,990,288
- Corporate securities	-	31,345
Investments at amortized cost	**45,812,392**	**34,021,633**
Allowance for expected credit losses	(12,579)	(22,392)
Total investments at amortized cost	**45,799,813**	**33,999,241**

8. Investments in subsidiaries, joint ventures and associates

As at 31 December 2024, the Bank had no investments in subsidiaries, joint ventures and associates. As at 31 December 2023, the carrying value of such investments included investment in statutory capital (100%) of subsidiary, OTP Factoring Ukraine LLC with carrying value of UAH 139,143 thousand.

On 26 December 2024, by the Resolution of the Shareholder of JSC OTP BANK No. 93, a decision was made to terminate the activities of the subsidiary OTP Factoring Ukraine LLC by merging it with the Bank (hereinafter – legal merger with the subsidiary). As a result of legal merger with subsidiary, the Bank is the sole legal successor of OTP Factoring Ukraine LLC in relation to all assets, property and non-property rights, other rights and obligations, and all debtors and creditors of OTP Factoring Ukraine LLC .

(In Ukrainian Hryvnias and in thousands)

8. Investments in subsidiaries, joint ventures and associates (continued)

The legal merger with the subsidiary is not a business combination according to IFRS 3 "Business Combinations," as the subsidiary was controlled by the Bank before and after the merger and such control was not temporary, and is essentially an exchange of the parent company's investment for the net assets of the subsidiary. According to selected accounting approach by the Bank, the difference between the amount of the subsidiary's assets and liabilities (with consideration of intergroup settlements between the Bank and the subsidiary) and the carrying value of the investment in the subsidiary of UAH 139,134 thousand at the date of merger was recognized directly in equity (as retained earnings) as a result of merger with the subsidiary in amount of UAH 599,129 thousand, which reflects the cumulative effect of all previously earned profits and/or losses of the merged subsidiary.

Analysis of recognized/derecognized assets and liabilities and the result of the transaction as of the merger date is presented below:

Assets of the subsidiary	
Cash and cash equivalents	720,496
Intangible assets other than goodwill	133
Property plant and equipment	16,568
Other financial assets	6,274
Total assets of the subsidiary	**743,471**
Liabilities of the subsidiary	
Other financial liabilities	**5,199**
Total liabilities of the subsidiary	**5,199**
Net assets of the subsidiary	**738,272**
Less:	
Carrying amount of the Bank's investment in the subsidiary, which was derecognized on the merger date	**(139,143)**
Result of the legal merger with the subsidiary	**599,129**

As of the merger date, the subsidiary's cash and cash equivalents included only balances on current and term accounts held with the Bank and were, therefore, accounted as derecognized liabilities of the Bank (client funds) due to the subsidiary.

(In Ukrainian Hryvnias and in thousands)

9. Intangible assets other than goodwill and fixed assets

Intangible assets comprise the following:

	License	Software	Other Intangible assets	Total
Cost				
31 December 2022	**341,205**	**591,326**	**32**	**932,563**
Additions and internal transfers	107,345	161,188	83	268,616
Disposals	-	(952)	-	(952)
31 December 2023	**448,550**	**751,562**	**115**	**1,200,227**
Additions and internal Transfers	69,459	197,170	28	266,657
Disposals	(3,828)	-	-	(3,828)
31 December 2024	**514,181**	**948,732**	**143**	**1,463,056**
Accumulated depreciation and amortization				
31 December 2022	**259,033**	**311,211**	**13**	**570,257**
Charges for the year	36,562	107,550	15	144,127
Eliminated on disposals	-	(952)	-	(952)
31 December 2023	**295,595**	**417,809**	**28**	**713,432**
Charges for the year	53,868	132,770	19	186,657
Eliminated on disposals	(3,828)	-	-	(3,828)
31 December 2024	**345,635**	**550,579**	**47**	**896,261**
Net carrying value				
31 December 2024	**168,546**	**398,153**	**96**	**566,795**
31 December 2023	**152,955**	**333,753**	**87**	**486,795**

(In Ukrainian Hryvnias and in thousands)

9. Intangible assets other than goodwill and fixed assets (continued)

Fixed assets and right-of-use assets comprise the following:

	Buildings and other real estate	Furniture and equip-ment	Other non-current tangible assets	Vehicles	Construc-tion in progress	Right-of-use assets	Total
Cost							
31 December 2022	**130,859**	**717,016**	**154,788**	**32,643**	**40,695**	**601,589**	**1,677,590**
Additions and internal Transfers	-	69,940	5,985	2,776	1,679	82,646	163,026
Disposals	-	(33,630)	(67,520)	-	(18,006)	(82,858)	(202,014)
Changes from reassessment and modification contracts	-	-	-	-	-	487	487
31 December 2023	**130,859**	**753,326**	**93,253**	**35,419**	**24,368**	**601,864**	**1,639,089**
Additions as a result of the merger of the parent company with the subsidiary	-	262	-	-	16,306	-	16,568
Additions and internal Transfers	-	99,664	10,529	13,061	8,557	110,826	242,637
Disposals	-	(12,711)	(128)	(550)	(5,971)	(107,029)	(126,389)
Changes from reassessment and modification contracts	-	-	-	-	-	16,662	16,662
31 December 2024	**130,859**	**840,541**	**103,654**	**47,930**	**43,260**	**622,323**	**1,788,567**
Accumulated depreciation and amortization							
31 December 2022	**34,651**	**409,359**	**126,423**	**23,207**	**-**	**281,488**	**875,128**
Charges for the year	2,762	78,141	14,067	4,373	-	97,589	196,932
Eliminated on disposals	-	(31,990)	(67,520)	-	-	(82,858)	(182,368)
Changes from reassessment and modification contracts	-	-	-	-	-	64,514	64,514
31 December 2023	**37,413**	**455,510**	**72,970**	**27,580**	**-**	**360,733**	**954,206**
Charges for the year	2,761	88,273	9,504	3,545	-	103,079	207,162
Eliminated on disposals	-	(11,310)	(128)	(550)	-	(106,342)	(118,330)
Changes from reassessment and modification contracts	-	-	-	-	-	9,293	9,293
31 December 2024	**40,174**	**532,473**	**82,346**	**30,575**	**-**	**366,763**	**1,052,331**
Net carrying value							
31 December 2024	**90,685**	**308,068**	**21,308**	**17,355**	**43,260**	**255,560**	**736,236**
31 December 2023	**93,446**	**297,816**	**20,283**	**7,839**	**24,368**	**241,131**	**684,883**

(In Ukrainian Hryvnias and in thousands)

9. Intangible assets other than goodwill and fixed assets (continued)

As at 31 December 2024 and 2023, in property and equipment and intangible assets there were included fully depreciated property and equipment and amortized intangible assets with the cost of UAH 711,895 thousand and UAH 456,331 thousand, respectively.

Right-of-use assets

During 2024 and 2023, right-of-use assets had the following impact on the Bank's financial result:

	2024	2023
Amounts recognized in profit or loss		
Depreciation of right-of-use assets	(103,079)	(97,588)
Operating expense on leases	(5,731)	(5,720)
Interest expense on lease liabilities	(62,495)	(61,079)
Gain on subleases of right-of-use assets	171	356
Total effect on financial performance	**(171,134)**	**(164,031)**

As at 31 December 2024 and 2023 right-of-use assets included right-of-use on buildings, the average lease period of right-of-use assets on the building was 39 months and 38 months, respectively.

As at 31 December 2024 and 2023, the Bank had no lease contracts with option to purchase of assets at their nominal values.

10. Other financial and non-financial assets

Other financial assets comprised:

	31 December 2024	31 December 2023
Other financial assets		
Accounts receivable and settlement/transit accounts	161,928	104,223
Income accrued	33,095	30,863
Other financial assets before allowance for expected credit losses	**195,023**	**135,086**
Less: Allowance for expected credit losses (Note 24)	(18,016)	(20,412)
Total other financial assets	**177,007**	**114,674**

(In Ukrainian Hryvnias and in thousands)

10. Other financial and non-financial assets (continued)

Other non-financial assets comprised:

	31 December 2024	31 December 2023
Other non-financial assets		
Prepaid expenses	34,091	23,104
Inventories	12,810	17,951
Prepayments for property and equipment and intangible assets	9,297	12,933
Properties repossessed by the Bank as a collateral holder	266	3,666
Taxes recoverable and prepaid, other than income taxes	4,285	849
Other advances and prepayments	24	24
Other non-financial assets before provision for impairment	**60,773**	**58,527**
Less: Provision for impairment	(3,217)	(6,576)
Total other non-financial assets	**57,556**	**51,951**

11. Customer accounts

Customer accounts comprised:

	31 December 2024	31 December 2023
Legal entities		
Current accounts and deposits repayable on demand	57,818,654	50,071,101
Term deposits	4,346,251	5,920,622
Individuals		
Current accounts and deposits repayable on demand	19,196,789	16,651,698
Term deposits	9,212,030	9,211,665
Total customer accounts	**90,573,724**	**81,855,086**

Comparative information as at 31 December 2023 has been revised to reflect the presentation of client funds by client types and account types in order to align with the presentation format as at 31 December 2024.

As at 31 December 2024 and 2023, customer accounts amounting to UAH 9,151,167 thousand (10.1%) and UAH 8,379,760 thousand (10.2%) were due to twelve customers and twelve customers, respectively, which represents a significant concentration. As at 31 December 2024 and 2023, customer accounts amounting to UAH 1,162,975 thousand and UAH 1,339,172 thousand, respectively, were used as a collateral to secure for loans granted to customers, guarantees and letters of credit issued, and other transactions related to contingent liabilities.

(In Ukrainian Hryvnias and in thousands)

12. Other financial and non-financial liabilities

Other financial liabilities comprised:

	31 December 2024	31 December 2023
Other financial liabilities		
Lease liabilities	416,241	379,740
Accruals for unused vacations and bonuses	569,480	478,699
Transit and settlement accounts	116,867	252,312
Payables to other counterparties	28,929	28,757
Payables on property and equipment	5,363	82
Other	25,320	22,411
Total other financial liabilities	**1,162,200**	**1,162,001**

Lease liabilities

Movements of lease liabilities for the years 2024 and 2023 were as follows:

	2024	2023
As at the beginning of the period	**379,740**	**442,431**
Increase in lease liabilities	124,850	83,281
Interest accrued	62,495	61,079
Repayment of interest of the lease liabilities	(63,348)	(59,939)
Modifications of lease liabilities	(13,801)	(65,372)
Repayment of lease liabilities	(104,565)	(73,133)
Effect of changes in foreign exchange rates	30,870	(8,607)
Total lease liabilities as at the end of the period	**416,241**	**379,740**

Lease liabilities on the leases dependent on foreign exchange rate fluctuations at each reporting date are accounted for in relevant currencies. As at 31 December 2024, foreign currency denominated lease liabilities amounted to USD 7,399 thousand, which is equivalent to UAH 311,047 thousand. As at 31 December 2023, foreign currency denominated lease liabilities amounted to USD 7,342 thousand, which is equivalent to UAH 278,867 thousand.

The maturity profile of lease liabilities was as follows:

	31 December 2024	31 December 2023
Up to one year	125,333	111,179
More than one year, but less than two years	86,405	72,130
More than two years, but less than three years	46,094	39,733
More than three years, but less than four years	31,520	21,303
More than four years, but less than five years	38,244	26,184
More than five years	88,645	109,211
Total lease liabilities	**416,241**	**379,740**

(In Ukrainian Hryvnias and in thousands)

12. Other financial and non-financial liabilities (continued)

Other non-financial liabilities comprised:

	31 December 2024	31 December 2023
Other non-financial liabilities		
Deferred income	102,802	89,405
Payables on contributions to Individual Guarantee Deposit Fund	54,422	49,919
Taxes payable, other than income taxes	14,277	22,851
Other	373	303
Total other non-financial liabilities	**171,874**	**162,478**

13. Net interest income (net interest expense)

Net interest income (net interest expense), comprised:

	2024	2023
Interest income		
Interest income calculated by using the effective interest rate:		
Interest income on loans to customers	4,863,742	4,741,753
Interest income on investments in securities at amortized cost	3,960,238	5,634,278
Interest income on investments in securities at fair value through other comprehensive income	2,013,330	1,184,027
Interest income on reverse repurchase agreements	349,820	50,800
Interest income on due from banks	652,345	498,203
Total interest income calculated by using the effective interest rate	**11,839,475**	**12,109,061**
Other interest income:		
Interest income on finance leases	12,272	12,465
Total interest income	**11,851,747**	**12,121,526**
Interest expense		
Interest expense calculated by using the effective interest rate:		
Interest expense on customer accounts	(3,199,244)	(3,407,031)
Interest expense on due to banks and other financial institutions	(383)	(12,708)
Interest expense on financial assets with a negative interest rate	-	(49)
Total interest expense calculated by using the effective interest rate	**(3,199,627)**	**(3,419,788)**
Other interest expense:		
Interest expense on lease liabilities	(62,495)	(61,079)
Total interest expense	**(3,262,122)**	**(3,480,867)**
Net interest income before allowance for expected credit losses on interest-bearing assets	**8,589,625**	**8,640,659**

(In Ukrainian Hryvnias and in thousands)

14. Fee and commission income and expense

Fee and commission income and expense comprised:

	2024	2023
Fee and commission income		
Settlement and cash operations with clients	952,896	1,018,881
Plastic cards operations	323,256	274,960
Foreign currency transactions	402,138	383,510
Guarantees issued	94,361	83,772
Agency fees from insurance companies	34,348	32,618
Other income	91,571	76,027
Total fee and commission income	**1,898,570**	**1,869,768**
Fee and commission expense		
Plastic cards operations	(717,806)	(595,239)
Settlements	(123,011)	(112,780)
Commission expenses for guaranteed credit obligations from international organizations and government institutions	(45,526)	(18,366)
Agent fees	(1,495)	(3,433)
Other expense	(14,784)	(9,645)
Total fee and commission expense	**(902,622)**	**(739,463)**

15. Impairment gains and reversals of impairment losses (impairment losses) determined in accordance with IFRS 9

	Notes	2024	2023
Impairment gain/(loss) on cash and cash equivalents		(607)	-
Impairment gain/(loss) on loans and advances to banks	24	24,643	(154,299)
Impairment gain/(loss) on loans and advances to customers	24	673,843	651,739
Impairment gain/(loss) on investments in securities	24	(142,614)	(431,491)
Impairment gain/(loss) on other financial assets	24	(1,381)	(1,482)
Impairment gain/(loss) on issued financial guarantees and similar contractual obligations	24	(1,231)	55,991
Impairment gains and reversals of impairment losses (impairment losses) determined in accordance with IFRS 9		**552,653**	**120,458**

(In Ukrainian Hryvnias and in thousands)

16. Operational expenses

Operating expense comprised:

	2024	2023
Expenses for payments to employees		
Staff costs	1,682,697	1,445,253
Salary related taxes and charges	295,364	234,165
Total expenses for payments to employees	**1,978,061**	**1,679,418**
Depreciation and amortization	393,820	341,058
Other administrative and operating expense		
Property and equipment maintenance	263,046	206,382
Contributions to Individual Deposit Guarantee Fund	207,031	200,951
Communication services	137,600	109,267
Professional services	86,328	72,242
Advertising costs	28,666	24,540
Security expenses	16,555	14,530
Taxes, other than income tax	15,180	9,770
Operating leases	5,731	5,720
Expense on customer attractions	2,580	933
Royalty costs	1,726	3,532
Total other administrative and operating expense	**764,443**	**647,867**
Total operating expense	**3,136,324**	**2,668,343**

Other expense comprised:

	2024	2023
Charitable and sponsorship expense	37,585	28,648
Expense for supporting operations with plastic cards	28,515	26,055
Business expense	26,987	44,736
Lease expenses	14,981	12,847
Expense of fines and penalties	12,398	62,291
Expense for collection	8,939	7,823
Court expense	8,707	9,893
Education expenses	7,501	4,095
Travel expenses	6,377	5,040
Other expenses	13,232	18,583
Total other expense	**165,222**	**220,011**

(In Ukrainian Hryvnias and in thousands)

17. Income tax expense

Temporary differences as at 31 December 2024 were as follows:

	31 December 2023	Recognised in Profit&Loss	Recognised directly in equity	31 December 2024
Temporary differences:				
Allowance for expected credit losses on guarantees and other commitments	67,439	(1,654)	-	65,785
Property and equipment and intangible assets	20,839	(560)	-	20,279
Losses on sale of securities	486	(486)	-	-
Other temporary differences	2,333	(371)	-	1,962
Deferred income tax assets	**91,097**	**(3,071)**	**-**	**88,026**
Revaluation of securities	(168,004)	-	(24,642)	(192,646)
Deferred tax liabilities	**(168,004)**	**-**	**(24,642)**	**(192,646)**
Net deferred income tax assets/(liabilities)	**(76,907)**	**(3,071)**	**(24,642)**	**(104,620)**

Temporary differences as at 31 December 2023 were as follows:

	31 December 2022	Recognised in Profit&Loss	Recognised directly in equity	31 December 2023
Temporary differences:				
Allowance for expected credit losses on guarantees and other commitments	54,297	13,142	-	67,439
Property and equipment and intangible assets	16,062	4,777	-	20,839
Losses on sale of securities	-	486	-	486
Other temporary differences	1,202	1,131	-	2,333
Deferred income tax assets	**71,561**	**19,536**	**-**	**91,097**
Revaluation of securities	(6,154)	-	(161,850)	(168,004)
Deferred tax liabilities	**(6,154)**	**-**	**(161,850)**	**(168,004)**
Net deferred income tax assets/(liabilities	**65,407**	**19,536**	**(161,850)**	**(76,907)**

(In Ukrainian Hryvnias and in thousands)

17. Income tax expense (continued)

The income tax rate applicable for the years ended 31 December 2024 and 2023 was 50% due to legislative changes that came into effect in December 2024 and December 2023, respectively. Starting from January 1, 2025 and January 1, 2024, the income tax rate before the implementation of such legislative changes was/is 25%, which was accordingly taken into account by the Bank as at 31 December 2024 and 2023, when assessing the expected impact of the realization of temporary differences in the next reporting periods.

Reconciliation of income tax expense and accounting profit for the years ended 31 December 2024 and 2023 was as follows:

	2024	2023
Profit before income tax	**7,548,793**	**7,422,838**
Tax at the statutory tax rate – 50%	3,774,397	3,711,419
Adjustments of accounting profit:		
Effect of change in tax rate	(3,071)	(39,184)
Adjustments of current income tax	7	4,783
Impact of taking into account tax losses of a subsidiary as a result of a legal merger (Note 8)	(351,928)	-
Tax effect of other permanent differences	9,308	33,513
Income tax expense	**3,428,713**	**3,710,531**
Current income tax expense	3,425,642	3,730,067
Deferred income tax (benefit)/expense	3,071	(19,536)
Income tax expense	**3,428,713**	**3,710,531**
Deferred income tax assets/(liabilities), net		
At the beginning of the period	**(76,907)**	**65,407**
Deferred income tax benefit/(expense)	(3,071)	19,536
Deferred tax related to change in fair value of securities at fair value through other comprehensive income	(24,642)	(161,850)
At the end of the period	**(104,620)**	**(76,907)**

As a result of the legal merger with a subsidiary (Note 8), the Bank, in accordance with the Tax Code of Ukraine, obtained the right to take into account in the reporting tax period (2024) the tax losses carried forward of the subsidiary in the amount that did not exceed the amount of the subsidiary's equity as of the beginning of the reporting period (2024) in which the merger took place. This amount of tax losses in the amount of UAH 703,856 thousand was accounted for as a reduction of the Bank's taxable profit for 2024.

18. Share capital, share premium, and other additional capital

As at 31 December 2024 and 2023, authorized and paid-in share capital consisted of 499,238 ordinary shares at par value of UAH 12,390.93 each.

All shares have been issued in a non-certificated form and are owned by one shareholder of the Bank – OTP Bank Plc. – a legal entity under the laws of Hungary (hereinafter "the Parent").

The Bank has not issued any bearer and privileged shares.

The Bank's shareholders are entitled to:
(i) Participate in the management of the Bank in accordance with the procedures specified in the Bank's Charter and internal regulations of the Bank;
(ii) Participate in distribution of the Bank's profits and obtain its interest (dividends). The right to profits (dividends) is proportionate to the number of shares owned by respective shareholder at the beginning of dividends distribution;
(iii) Receive complete and reliable information about the Bank's activities;
(iv) Use the shares held by them in accordance with the procedures determined by the effective legislation of Ukraine;
(v) Purchase preemptively the shares additionally issued by the Bank pro rata to the shareholders' interest in the Bank's share capital in the event the Bank conducts private placement of its shares;
(vi) Propose on any issues included to the agenda of the Bank's general shareholders' meetings;
(vii) In the event of the Bank's liquidation, receive a portion of the property value pro rata to their shareholdings.

The Bank's distributable profits to shareholders are limited to the amount of its non-distributable reserves. Non-distributable reserves are represented by a reserve fund which is created as required by the effective legislation and statutory regulations of the National Bank of Ukraine in respect of general banking risks, including future losses and other unforeseen risks or contingencies. The Bank's reserve is created upon the shareholders' decision in the amount envisaged by the law, provided the contributions amount to at least 5 percent of the Bank's net profits. As at 31 December 2024 and 2023 reserve funds amounted to UAH 834,602 thousand and UAH 648,986 thousand, respectively.

As at 31 December 2024 and 2023, the share premium totalling to UAH 405,075 thousand represented an excess of contributions received over the nominal value of the shares issued.

In 2024 and 2023, all ordinary shares were ranked equally and carried one vote.

To comply with the requirements of the National Bank of Ukraine, in 2009, the Bank obtained a guarantee issued by the Parent. The guarantee was recognized by the Bank in the amount of UAH 1,632,338 thousand based on the guarantee agreement dated 23 December 2009 entered into with OTP Bank Plc.

(In Ukrainian Hryvnias and in thousands)

18. Share capital, share premium, and other additional capital (continued)

In 2010, the guarantee agreement was cancelled and OTP Bank Plc. paid the amount of USD 155,255 thousand to reimburse for it, which was accounted for in capital in the amount of UAH 1,236,294 thousand.

During years 2024 and 2023 the Bank paid no dividends to its shareholder.

19. Contingencies and contractual commitments

In the normal course of business, the Bank is a party to financial instruments with off-balance sheet risks in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the separate statement of financial position.

The Bank's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral, or security are impaired, is represented by the contractual amounts of those instruments.

The Bank uses the same credit control and management policies in undertaking off-balance sheet commitments as it does for on-balance operations.

As of 31 December 2024 and 2023, the nominal or contractual amounts of contingent liabilities were as follows:

	31 December 2024	31 December 2023
Contingent liabilities and loan commitments		
Guarantees issued and similar commitments:	4,259,508	3,397,844
Financial guarantees issued	3,892,322	3,162,867
Avals	97,464	12,662
Import letters of credit	269,722	222,315
Undrawn loan commitments	8,913,901	6,127,857
Contingent liabilities and loan commitments before allowance for expected credit losses	**13,173,409**	**9,525,701**
Less: Allowance for expected credit losses	(249,853)	(244,800)
Total contingent liabilities and loan commitments	**12,923,556**	**9,280,901**
Non-financial guarantees (performance guarantees)	247,218	95,449
Less: Allowance for expected credit losses under non-financial guarantees	(2,864)	(2,158)
Total non-financial guarantees (performance guarantees)	**244,354**	**93,291**
Total	**13,167,910**	**9,374,192**

19. Contingencies and contractual commitments (continued)

As at 31 December 2024 and 2023, the maximum credit risk exposure on contingent lending commitments and undrawn credit lines amounted to UAH 12,923,556 thousand and UAH 9,280,901 thousand, respectively.The movement of provisions for expected credit losses on loan commitments is disclosed in Note 24.

Legal proceedings. From time to time and in the normal course of business, customers and counterparties file claims to the Bank. The Bank's management believes that, as a result of legal proceedings, the Bank will not incur significant losses.

Taxation. The Ukrainian economy is characterized by the increased tax burden and unpredictability of the tax system. Banks act not only as taxpayers, but also perform functions of tax agents and intermediaries between taxpayers and the state, which increases tax risks.

Imperfect rule-making technique may lead to imposition of additional tax liabilities, fines, and penalties. The Bank's management, based on its interpretation of the tax legislation, believes it has accrued all effective taxes.

As at 31 December 2024 and 2023, the Bank had no contingent obligations related to tax issues and no opened or pending legal cases in part of potential imposition of penalty sanctions.

20. Related party transactions

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Bank had the following balances outstanding as at 31 December 2024 and 2023 with its related parties:

(In Ukrainian Hryvnias and in thousands)

20. Related party transactions (continued)

	31 December 2024		31 December 2023	
	Related party balances	**Total category as per separate financial statements caption**	**Related party balances**	**Total category as per separate financial statements caption**
Loans and advances to banks before allowance for expected credit losses:	4,737,379	11,120,432	11,907,093	21,856,656
- Parent (interest rates from 0% to 4.5%, 2023: 0% to 0.19%)	4,429,920	-	11,576,162	-
- Entities under common control (interest rates from 0% to 0.1%)	307,459	-	330,931	-
Allowance for expected credit losses on loans and advances to banks:	(314,228)	(320,371)	(348,613)	(364,663)
- Parent	(6,769)	-	(17,682)	-
- Entities under common control	(307,459)	-	(330,931)	-
Loans and advances to customers before allowance for expected credit losses:	1,099	37,289,737	683	32,939,049
- Key management personnel	1,099	-	683	-
Allowance for expected credit losses on loans and advances to customers:	(33)	(6,014,927)	(18)	(8,077,150)
- Key management personnel	(33)	-	(18)	-
Investment in subsidiary:	-	-	139,143	139,143
- Subsidiary	-	-	139,143	-
Derivative financial assets	7,914	11,003	-	-
- Parent	7,914	-	-	-
Other financial assets:	377	177,007	13	114,674
- Parent	8	-	7	-
- Entities under common control	369	-	6	-
Due to other banks:	442	442	15,211	15,211
- Parent	440	-	15,209	-
- Entities under common control	2	-	2	-
Customer accounts:	663,265	90,573,724	1,271,961	81,855,086
- Entities under common (interest rates 0% in USD and from 0% to 6% in UAH, 2023: 0% to 12% in UAH)	569,807	-	477,765	-
- Key management personnel (interest rates from 0% to 1,25% in foreign currencies and from 0% to 10,9% in UAH, 2023: from 0% to 1,5% in foreign currencies and from 0% to 14% in UAH)	93,458	-	97,917	-
- Subsidiary (interest rates from 0% to 4,5% in UAH)	-	-	696,279	-
Derivative financial liabilities:	-	1,333	22,380	22,758
- Parent	-	-	22,380	-
Other financial liabilities:	38,250	1,162,200	44,766	1,162,001
- Parent	2,098	-	5,084	-
- Entities under common control	109	-	-	-
- Key management personnel	36,043	-	39,682	-
Undrawn loan commitments:	1,950	8,913,901	1,872	6,127,857
- Key management personnel	1,950	-	1,872	-

(In Ukrainian Hryvnias and in thousands)

20. Related party transactions (continued)

Included in the separate statement of profit or loss for the years ended 31 December 2024 and 2023 were the following amounts which arose due to the transactions with related parties:

	2024		2023	
	Related party transactions	Total category as per separate financial statements caption	Related party transactions	Total category as per separate financial statements caption
Interest income:	367,263	11,851,747	402,016	12,121,526
- Parent	363,608	-	298,612	-
- Entities under common control	3,560	-	103,334	-
- Key management personnel	95	-	70	-
Interest expense:	(26,567)	(3,262,122)	(32,717)	(3,480,867)
- Parent	-	-	(40)	
- Entities under common control	(24,083)	-	(26,795)	-
- Key management personnel	(2,484)	-	(2,881)	-
- Subsidiary	-	-	(3,001)	-
Fee and commission income:	1,875	1,898,570	2,219	1,869,768
- Parent	43	-	90	-
- Entities under common control	1,832	-	1,978	-
- Subsidiary	-	-	151	-
Fee and commission expense:	(808)	(902,622)	(763)	(739,463)
- Parent	(806)	-	(761)	-
- Entities under common control	(2)	-	(2)	-
Net gain/(loss) from foreign exchange translation:	749,135	(397,500)	1,102,379	206,885
- Parent	772,874	-	1,168,387	-
- Entities under common control	(23,739)	-	(66,008)	-
Net gain/(loss) from financial instruments at fair value through profit or loss:	576,266	602,649	(117,624)	(102,552)
- Parent	576,266	-	(117,624)	-
Impairment gain/(loss) and reversal of impairment loss determined in accordance with IFRS9:	12,170	552,653	(127,460)	120,458
- Parent	12,449	-	148,958	-
- Entities under common control	(264)	-	(276,423)	-
- Key management personnel	(15)	-	5	-
Other income:	1,209	155,874	749	91,475
- Entities under common control	1,209	-	432	-
- Subsidiary	-	-	317	-
Other administrative and operational expenses:	(97,342)	(764,443)	(65,665)	(647,867)
- Parent	(97,342)	-	(65,489)	-
- Subsidiary	-	-	(176)	-

(In Ukrainian Hryvnias and in thousands)

20. Related party transactions (continued)

During the years ended 31 December 2024 and 2023, remuneration to key management personnel comprised short-term benefits in the amount of UAH 104,171 thousand and UAH 116,178 thousand, respectively.

Financial instruments recognized as a result of transactions with related parties are initially recognized at fair value by using management judgments.

21. Fair value of financial instruments

IFRS define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of the Bank's financial assets and financial liabilities measured at fair value on a recurring basis. Some of the Bank's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

In determining the level of the fair value hierarchy of financial assets and financial liabilities, the Bank uses the following valuation methods:
- Level 1: market quotations (without adjustments) in active markets for identical assets and liabilities;
- Level 2: valuation methods in which all inputs that materially affect fair value are directly or indirectly observable in the open market;
- Level 3: valuation methods in which all inputs that materially affect fair value are not based on observable market data.

The following table provides information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s), and inputs used):

Financial assets/ financial liabilities		Fair value as at	Fair value hierarchy	Valuation technique(s) and key inputs
	31 December 2024	31 December 2023		
1) Derivative financial assets	11,003	-	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contractual forward rates discounted at a rate that reflects the credit risk of various counterparties
2) Investments measured at fair value through other comprehensive income	1,174,898	774,731	Level 1	Quoted deal prices in an active market
3) Investments measured at fair value through other comprehensive income	14	4,234	Level 2	Discounted cash flows. Future cash flows are estimated based on the inputs that are observable, either directly or indirectly, and the estimates use one or more observable quoted prices for orderly transactions in the markets that are not considered active

(In Ukrainian Hryvnias and in thousands)

21. Fair value of financial instruments (continued)

Financial assets/ financial liabilities	Fair value as at 31 December 2024	31 December 2023	Fair value hierarchy	Valuation technique(s) and key inputs
4) Investments measured at fair value through other comprehensive income	15,399,369	8,582,093	Level 3	Discounted cash flows. Future cash flows are estimated based on observable market data, as well as unobservable market data. Observable data include parameters of curve of coupon-free yield domestic government loan bonds denominated in euro and denominated in dollars, calculated by the National Bank of Ukraine and published on the official website (unobservable data is the calculation of these parameters and their direct application to the Bank's portfolio of securities depending on the maturity of the assets).
5) Derivative financial liabilities	1,333	22,758	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contractual forward rates discounted at a rate that reflects the credit risk of various counterparties

Securities are transferred between levels of fair value hierarchy when methods of their valuation change. Transfers from Level 1 occur when, as at the reporting date, there are no market quotations that were available as at the previous reporting date. In addition, if valuation as at the reporting date uses the present value of cash flows based on the observable market data, then such securities are included into Level 2 of the fair value hierarchy. In the event the information used differs from the observable market data, then such securities are included into Level 3 of the fair value hierarchy. Transfers from Levels 2 and 3 to Level 1 take place when, as at the reporting date, the securities have market prices in an active market, which were not available as at the previous reporting date.

During 2024, there were no transfers between levels of fair value hierarchy of securities measured at fair value through other comprehensive income.

During 2023, there were transfers between levels of fair value hierarchy of securities measured at fair value through other comprehensive income from the 3rd to the 1st level in the amount of UAH 234,763 thousand. Transferring between levels of the hierarchy occurred due to the availability of market quotations from the active market as of the end of 2023.

(In Ukrainian Hryvnias and in thousands)

21. Fair value of financial instruments (continued)

The table below summarizes movements in assets and liabilities of Level 3 measured at fair value:

Investments measured at fair value through other comprehensive income	
As at 31 December 2023	**8,582,094**
Income/(expense) for the period recognized in profit or loss, total:	37,494
Including:	
Net gain (loss) from transactions with debt financial instruments at fair value through other comprehensive income	37,087
Net gain/(loss) from foreign exchange translation	407
Income/(expense) for the period recognized in comprehensive income, total:	91,321
Including:	
- change in fair value	(56,330)
- change in allowance for expected credit losses	147,651
Purchases	9,407,368
Disposals or sales	(2,718,908)
As at 31 December 2024	**15,399,369**

Investments measured at fair value through other comprehensive income	
As at 31 December 2022	**2,599,914**
Income/(expense) for the period recognized in profit or loss, including:	(24,491)
Net gain (loss) from transactions with debt financial instruments at fair value through other comprehensive income	
Income/(expense) for the period recognized in comprehensive income, total:	625,639
Including:	
- change in fair value	170,308
- change in allowance for expected credit losses	455,331
Purchases	7,956,456
Disposals or sales	(2,340,661)
Transfers from Level 3	(234,763)
As at 31 December 2023	**8,582,094**

For the year ended 31 December 2024, the Bank recognized UAH 1,812,108 thousand of accrued interest income on investments at fair value through other comprehensive income of the 3rd level (2023: UAH 1,115,170 thousand) and received UAH 1,808,961 thousand of interest income from such investments (2023: UAH 1,203,053 thousand). In addition, the Bank recognized UAH 602,982 thousand in allowance for expected credit losses (2023: UAH 455,331 thousand). An analysis of the sensitivity of the assessment of the fair value of financial instruments to changes in discount rates are disclosed in Note 24.

(In Ukrainian Hryvnias and in thousands)

21. Fair value of financial instruments (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The table below compares the fair value and carrying amount of classes of financial instruments that are not recognized at fair value in the statement of financial position. The table does not include the fair value of non-financial assets and non-financial liabilities.

		31 December 2024		31 December 2023	
	Levels of hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS					
Cash and cash equivalents	1	7,788,504	7,788,504	10,827,171	10,827,171
Investments at amortized cost	1	12,855,118	12,863,301	4,591,406	4,593,675
Investments at amortized cost	2	32,944,695	32,944,695	29,407,835	29,407,835
Loans and advances to banks	2	10,800,061	10,800,061	21,491,993	21,491,993
Loans and advances to banks (repo)	2	783,902	783,902	-	-
Loans and advances to customers	3	30,490,908	30,475,163	24,861,899	24,848,035
Other financial assets	3	177,007	177,007	114,674	114,674
Total financial assets		**95,840,195**	**95,832,633**	**91,294,978**	**91,283,383**
LIABILITIES					
Due to other banks	2	442	442	15,211	15,211
Customer accounts	3	90,573,724	90,584,493	81,855,086	81,871,177
Other borrowed funds	3	46	46	53	53
Provisions for loan commitments and financial guarantee contracts	3	252,717	252,717	246,958	246,958
Other financial liabilities	3	1,162,200	1,162,200	1,162,001	1,162,001
Total financial liabilities		**91,989,129**	**91,999,898**	**83,279,309**	**83,295,400**

For financial assets and financial liabilities with a maturity of up to three months, the fair value is assumed to be equal to the carrying value. This also applies to current and savings accounts with no set maturity date. The fair value of customer funds and loans and advances to customers was estimated using the discounted cash flow method applying current interest rates for new instruments with similar credit risk and remaining maturity.

22. Capital management

The Bank's objectives when managing capital are to ensure the amount of capital sufficient to cover all significant risks and comply with the capital requirements set by the National Bank of Ukraine and to the Bank's ability to continue as a going concern for reliable implementation of strategy and business plan both in normal and in a stressful period, taking into account all significant risks inherent in the Bank. The function of capital management belongs to the Department of Capital Calculation, Recovery and Credit Portfolio Analysis of the Parent Bank (THHEFO). In turn, The Assets and Liabilities Management Department plans capital adequacy in accordance with local regulatory requirements and makes appropriate proposals. Proposals for capital increase, dividend payments and others are

22. Capital management (continued)

submitted by the department to the Assets and Liabilities Management Committee of the Bank to which the Bank's. Management Board delegates authority to consider relevant issues, with further appeal to the Assets and Liabilities Management Committee of the Parent Bank. Final decisions are made by the Supervisory Board and shareholders of the Bank. The Bank’s policies in respect of the capital management include determining the effective level of its capital that ensure its long-term value for the shareholder, i.e. establishing objectives and rules of the Bank’s capital management in order to optimize the shareholder’ requirements to their investments subject to the minimum capital requirements set by the NBU. The capital structure of the Bank consists of instruments and equity, comprising share capital, reserves, and other additional capital as disclosed in the separate statement of changes in equity. According to the Regulation on the procedure for determining regulatory capital by banks of Ukraine, approved by Resolution of the Board of the National Bank of Ukraine No. 196 of December 28, 2023, effective August 5, 2024 banks migrated to a new three-tier capital structure. As part of calculating minimum capital requirements, banks must hold capital to cover credit risk, market risk, and operational risk.

As at 31 December 2024, the Bank's regulatory capital (RC), including annual adjustments, was equal to the amount of Tier 1 capital and Tier 1 core capital and amounted to UAH 18,787,199 thousand (31 December 2023: regulatory capital - UAH 14,186,221 thousand, additional core capital - UAH 7,162,682 thousand), which was higher than the minimum regulatory capital (UAH 200,000 thousand (N1 requirement).

As at 31 December 2024, the Bank also complied with capital adequacy ratios above the regulatory requirements established by the NBU as of this date:

1. regulatory capital adequacy ratio (CAR) - the ratio of regulatory capital to total risk exposure, with a mandatory minimum value of 8.5%;
2. capital adequacy ratios of Tier1 (T1)- the ratio of Tier 1 capital to total risk exposure, mandatory minimum value 7.5%;
3. capital adequacy ratio of common equity Tier 1 (CET1) - the ratio of common equity Tier 1 to total risk exposure, the mandatory minimum value of the ratio is 5.625%.

As at 31 December 2023, the Bank complied with the capital adequacy standards established by the NBU on that date:

1. regulatory capital adequacy ratio (N2) – the ratio of regulatory capital to risk-weighted assets, the mandatory minimum value is 10%.
2. core capital adequacy ratio (N3) – the ratio of core capital to risk-weighted assets, the mandatory minimum value is 7%.

(In Ukrainian Hryvnias and in thousands)

23. Maturity analysis of assets and liabilities.

The table below presents an analysis of assets and liabilities by maturity or expected repayment. Information on the maturity analysis of financial liabilities, which indicates the total amount of remaining payments under contracts are disclosed in Note 24.

Maturity analysis shows the historical stability of current accounts.

	31 December 2024		
	Within one year	**More than one year**	**Total**
ASSETS			
Cash and cash equivalents	7,788,504	-	7,788,504
Loans and advances to banks	10,800,061	-	10,800,061
Loans and advances to customers	27,050,529	4,224,281	31,274,810
Investments in securities	53,386,556	8,987,538	62,374,094
Derivative financial assets	11,003	-	11,003
Investment property	-	24,634	24,634
Current tax assets	64	-	64
Intangible assets other than goodwill	-	566,795	566,795
Property plant and equipment	-	736,236	736,236
Other financial assets	177,007	-	177,007
Other nonfinancial assets	57,556	-	57,556
Total assets	**99,271,280**	**14,539,484**	**113,810,764**
LIABILITIES			
Due to other banks	442	-	442
Customer accounts	34,425,875	56,147,849	90,573,724
Derivative financial liabilities	1,333	-	1,333
Other borrowed funds	7	39	46
Current tax liabilities	934,535	-	934,535
Provisions for loan commitments and financial guarantee contracts	252,717	-	252,717
Other financial liabilities	1,162,200	-	1,162,200
Other nonfinancial liabilities	171,874	-	171,874
Deferred tax liabilities	-	104,620	104,620
Total liabilities	**36,948,983**	**56,252,508**	**93,201,491**
Net amount	**62,322,297**	**(41,713,024)**	**20,609,273**

(In Ukrainian Hryvnias and in thousands)

23. Maturity analysis of assets and liabilities (continued)

	31 December 2023		
	Within one year	**More than one year**	**Total**
ASSETS			
Cash and cash equivalents	10,827,171	-	10,827,171
Loans and advances to banks	21,491,993	-	21,491,993
Loans and advances to customers	21,476,034	3,385,865	24,861,899
Investments in securities	37,373,873	5,986,426	43,360,299
Investments in subsidiaries, joint ventures and associates	-	139,143	139,143
Investment property	-	24,634	24,634
Current tax assets	40	-	40
Intangible assets other than goodwill	-	486,795	486,795
Property plant and equipment	-	684,883	684,883
Other financial assets	114,674	-	114,674
Other nonfinancial assets	51,951	-	51,951
Total assets	**91,335,736**	**10,707,746**	**102,043,482**
LIABILITIES			
Due to other banks	15,211	-	15,211
Customer accounts	26,664,647	55,190,439	81,855,086
Derivative financial liabilities	22,758	-	22,758
Other borrowed funds	7	46	53
Current tax liabilities	2,683,009	-	2,683,009
Provisions for loan commitments and financial guarantee contracts	246,958	-	246,958
Other financial liabilities	1,162,001	-	1,162,001
Other nonfinancial liabilities	162,478	-	162,478
Deferred tax liabilities	-	76,907	76,907
Total liabilities	**30,957,069**	**55,267,392**	**86,224,461**
Net amount	**60,378,667**	**(44,559,646)**	**15,819,021**

24. Risk management policies

Management of risks is fundamental to the Bank’s banking activities and is an essential element of the Bank’s operations. The main risks inherent to the Bank’s operations are those related to:

- Credit risk;
- Liquidity risk;
- Market risk.

The Bank recognizes that it is essential to have efficient and effective risk management processes in place. To enable this, the Bank has established a risk management framework, whose main purpose is to protect the Bank from risk and allow it to achieve its performance objectives.

24. Risk management policies (continued)

Credit risk. The Bank is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation (or do it timely) in accordance with contractual terms and cause the other party to incur a financial loss. Credit risk management and monitoring is performed, within set limits of authority, by Risk Management Directorate, Credit Committees, and other collective decision-making committees, and the Bank's Management Board.

Before any application is reviewed by Credit Committee, all recommendations on credit processes (borrower's limits approved, amendments made to loan agreements, etc.) are reviewed and approved by responsible division within Directorate of integrated risks management or Department for credit risk control of retail business. Daily risk management is performed by an appropriate department within Risk Management structure, by reviewing and extending financing limits, calculating and revising credit ratings, as well as setting up and maintaining automated systems for reviewing and verifying loan applications.

The Bank structures levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to borrowers, products, and other segments. Limits on the structure of the loan portfolio are set by the Bank's Risk Appetite Declaration, Credit Policies and the relevant Credit Risk Control Department. Comparison of actual amounts with established limits occurs on a regular basis determined for each individual limit level.

In accordance with the internal regulations and in the case of most loans, the Bank obtains collateral and corporate and personal guarantees. However, a significant portion of loans is represented by loans to individuals, where such facilities cannot always be obtained. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Credit risk on off-balance sheet financial instruments is defined as a probability of losses due to the inability of a counterparty to comply with contractual terms and conditions. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to a loss in the amount equal to the total unused commitments. However, the likely amount of the loss is less than the total unused commitments, since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank applies the same credit policy to the off-balance sheet liabilities as it does to the balance sheet financial instruments, i.e. using limits to mitigate the risk and continuous monitoring.

The Bank monitors the term to maturity on off-balance sheet commitments because longer term commitments generally have a greater degree of credit risk than short-term commitments.

Significant increase in credit risk. Credit risk assessment is performed on each reporting date starting from the date of initial recognition till the date of derecognition. The Bank recognizes expected credit losses on financial assets as the first stage of impairment ("Stage 1") if, at the reporting date, the credit risk of financial assets has not increased significantly from their initial recognition. The Bank recognizes expected credit losses on financial assets as the second stage of impairment ("Stage 2") if, at the reporting date, the credit risk of financial assets has increased significantly from their initial recognition.

24. Risk management policies (continued)

The main factors that indicate that a significant increase in credit risk occurred are:

- Overdue payments for the period of over 30 calendar days;
- Restructuring;
- A substantial devaluation of the national currency against the exposure currency without relevant foreign currency denominated collateral;
- Deterioration of the financial asset's rating to the specified level/to the relevant level or, in comparison with the historical value, to the determined level;
- In the case of Retail Business mortgage loans, the debt-to-collateral value (LTV) ratio exceeds a predetermined indicator or compared to the historical value, it deteriorates to a predetermined degree;
- Existing default indicators under other financial assets of the Retail Business borrower;
- As a result of the monitoring process with the use of the Early Warning system, financial assets of the Corporate Business borrower are assigned a worse risk status.

The Bank recognizes expected credit losses on financial assets as the third stage of impairment ("Stage 3") if, at the reporting date, the financial assets have objective evidence of impairment. Stage 3 financial assets are the financial assets in respect of which there is objective evidence of expected loss or one or more events are observed that have a negative impact on the expected cash flows under such financial assets.

The main indicators that evidence for inclusion of financial assets to Stage 3 include:

- Significant financial difficulties of the counterparty/issuer;
- Breach of the contract terms, such as default or past due payment meeting the default definition;
- Provision by the Bank of favorable terms to a borrower for economic reasons related to financial difficulties of the borrower that the Bank would not otherwise consider;
- A high probability of a bankruptcy or other financial reorganization;
- The market becomes inactive for a financial asset as a result of financial difficulties;
- Acquisition or origination of a financial asset with significant discount which reflects incurred credit losses;
- As a result of the monitoring process with the use of the Early Warning system, business lines of the Corporate Business borrower are assigned the worst risk status.

The Bank considers a comprehensive effect of several events that cannot be identified as a single event that has caused impairment.

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Internal credit risk ratings. Financial assets are graded as follows:

- Due from banks – according to the current credit ratings issued by internationally reputable rating agencies and, in their absence, according to the rating system internally developed by the Bank;
- Investments – in accordance with the current credit rating of Ukraine assigned by internationally regarded agencies;
- Loans to customers – according to the rating system developed by the Bank.

Credit risk of financial assets is assessed on an individual or portfolio basis. Financial assets for the purpose of calculating expected credit losses are divided into significant and insignificant. Significant assets include corporate clients whose amounts due, at the measurement date, exceed the equivalent of EUR 400 thousand. Loans that are treated as insignificant and possessing similar credit risk characteristics are assessed on a portfolio basis, and others – on an individual basis.

Incorporation of forward-looking information. The Bank uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECLs. The Bank involves experts of OTP Bank Plc. who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities. Factors considered within this process include macroeconomic data, such as GDP growth, exports, and investments.

As at 31 December 2024, the Bank determined three main scenarios:

Baseline scenario (scenario 1)

- Moderate inflation;
- Prolonged gradual easing of monetary policies;
- Gradual acceleration of economic growth constrained by economic policy risks;
- Real GDP changes for 2025 are estimated with the following trend:

1st quarter of 2025	2st quarter of 2025	3st quarter of 2025	4st quarter of 2025	2025
3,0%	4,4%	5,9%	8,0%	5,3%

Optimistic scenario (scenario 2)

- Low inflation or deflation in connection with the drop in the price of goods;
- Interest rates will be reduced more than expected in the baseline scenario;
- Economic growth slightly better than in the baseline scenario;
- Real GDP changes for 2025 are estimated with the following trend:

1st quarter of 2025	2st quarter of 2025	3st quarter of 2025	4st quarter of 2025	2025
3,2%	5,7%	8,7%	13,6%	7,8%

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Stressful scenario (scenario 3)
- Higher inflation than in the baseline scenario due to rising commodity prices, including as a result of trade restrictions;
- Higher level of interest rates;
- Decline or minimal growth in Eurozone countries due to trade policy uncertainties and restrictions;
- Real GDP changes for 2025 are estimated with the following trend**:**

1st quarter of 2025	2st quarter of 2025	3st quarter of 2025	4st quarter of 2025	2025
-0,3%	-2,2%	-4,0%	-5,3%	-3%

The Bank applies probabilities to the forecast scenarios determined. As such, as at 31 December 2024 abovementioned scenarios were weighted with probabilities of 60% (Baseline scenario), 20% (Optimistic scenario) and 20%(Stressful scenario) respectively.

As at 31 December 2023, the Bank determined three main scenarios:

Baseline scenario (scenario 1)
- Gradual deflation without secondary effects;
- Interest rates will remain high;
- Slow economic growth;
- Real GDP changes for 2024 are estimated with the following trend:

1st quarter of 2024	2st quarter of 2024	3st quarter of 2024	4st quarter of 2024	2024
4,6%	4,2%	3,3%	3,4%	3,9%

Optimistic scenario (scenario 2)
- Quite strong deflation in connection with the drop in the price of goods;
- Interest rates will be reduced;
- Economic growth will accelerate;
- Real GDP changes for 2024 are estimated with the following trend:

1st quarter of 2024	2st quarter of 2024	3st quarter of 2024	4st quarter of 2024	2024
4,8%	4,5%	4,4%	5,6%	4,8%

Stressful scenario (scenario 3)
- There will be an inflationary shock;
- Higher level of interest rates;
- The Eurozone is at risk of a deep recession and recovery will be very slow;
- Real GDP changes for 2024 are estimated with the following trend**:**

1st quarter of 2024	2st quarter of 2024	3st quarter of 2024	4st quarter of 2024	2024
3,6%	2,5%	1,0%	0,4%	1,9%

The Bank applies probabilities to the forecast scenarios determined. As such, as at 31 December 2023 abovementioned scenarios were weighted with probabilities of 60% (Baseline scenario), 20% (Optimistic scenario) and 20%(Stressful scenario) respectively.

24. Risk management policies (continued)

Measurement of ECLs. The key inputs used for measuring ECLs are:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD)
- Credit conversion factor (CCF).

As explained above, these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD (probability of default) is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. The estimation is based on historical information and current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD (loss given default) is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider: collateral coverage, sale discounts, time to realization of collateral, cost of realization of collateral, and historical data about level and time of recovery. LGD models for unsecured assets consider time of recovery and recovery rates after default.

As at 31 December 2024, due to the war in Ukraine, the Bank applied its expert judgement for certain segments/group of cliets, as additional factors of deterioration of risk parameters:

1. Corporate clients with business in the occupied regions and for which the Bank do not expect cash flows during next 9 months –recognized provision at level 99% of the exposure to risk for customers without overdue payments of more than 30 days and 100% of the exposure to risk for customers with overdue payments of more than 30 days has been made;
2. Retail unsecured loans in Donetsk, Luhansk, Kherson, Zaporizhia regions with more than 90 days past due– applied 100% PD and applied 100% LGD;
3. Retail unsecured loans in Donetsk, Luhansk, Kherson, Zaporizhia, Mykolayiv, Kharkiv regions – applied additional downgrade criteria (significant increase in credit risk) to level 2 (stage 2) (taking into account internal rating);
4. Retail secured loans in Donetsk, Luhansk, Kherson, Zaporizhia regions – applied 100% provision coverage;
5. Retail secured loans in Mykolayiv, Kharkiv regions – applied 100% LGD.

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

EAD (exposure at default) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on credit commitments. The Bank's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as repayment in accordance with the contractual schedule, changes in utilization of undrawn commitments, and credit mitigation actions taken before default.

The Bank measures expected credit losses for financial assets considering the risk of default over the maximum contractual period over which the Bank is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice.

The measurement of expected credit losses is based on probability weighted average credit loss. As a result, the measurement of the credit risk should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items).

For the purposes of assessing expected credit losses for loans to customers, financial accounts receivable, due from banks that are subject to impairment requirements under IFRS 9, the Bank allocates those financial assets into five risk levels, depending on the days past due and default indicators, in particular:

	Loans and advances to customers	**Financial accounts receivable (other financial assets)**	**Due from banks (loans and advances to banks)**
LEVEL 1	Not past due (DPD = 0)	Not past due (1–5 days)	Not past due (DPD = 0)
LEVEL 2	1–30 days past due	6–30 days past due	1–3 days past due
LEVEL 3	31–60 days past due	31–60 days past due	4-5 days past due
LEVEL 4	61–90 days past due	61–90 days past due	6-7 days past due
LEVEL 5	more than 90 days past due	more than 90 days past due	more than 90 days past due

For the purposes of assessing expected credit losses for investment securities at amortized cost and investment securities at fair value through other comprehensive income, the Bank allocates those assets to four risk levels in accordance with the ratings assigned by international rating agencies (Fitch, Moody's, S&P). Level 1 corresponds to ratings from AAA to A-, Level 2 corresponds to ratings from BBB+ to B-, Level 3 corresponds to ratings from CCC+ to CCC-, and Level 4 (default) corresponds to rating CC.

As at 31 December 2024 and 2023, the majority (>95%) of loans and advances to banks had an investment rating.

As at 31 December 2024 and 2023, credit related commitments were Level 1 based on the classification applied by the Bank to financial assets above. An analysis of the Bank's credit risk exposure per class of financial asset, internal rating, and "stage" is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

For contingent and loan commitments, the amounts in the table represent the amounts committed.

			As at 31 December 2024
Loans and advances to banks	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**
LEVEL 1	10,734,098	78,875	-
LEVEL 5	-	-	307,459

	As at 31 December 2023		
Loans and advances to banks	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**
LEVEL 1	21,304,375	221,350	-
LEVEL 5	**-**	**-**	330,931

				As at 31 December 2024
Loans and advances to legal entities	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Purchased or originated credit impaired financial instruments**
LEVEL 1	22,735,420	4,901,729	1,287,280	35,621
LEVEL 2	8,628	10	-	-
LEVEL 3	-	1	-	-
LEVEL 4	-	1	2,017	-
LEVEL 5	-	296	2,542,214	149,299
Total	**22,744,048**	**4,902,037**	**3,831,511**	**184,920**

				As at 31 December 2023
Loans and advances to legal entities	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Purchased or originated credit impaired financial instruments**
LEVEL 1	15,472,467	7,149,110	2,539,526	2,766
LEVEL 2	2,190	42,726	9,264	-
LEVEL 3	-	1,792	48,660	-
LEVEL 4	-	2,752	136,394	-
LEVEL 5	-	262	2,005,508	131,868
Total	**15,474,657**	**7,196,642**	**4,739,352**	**134,634**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

				As at 31 December 2024
Loans and advances to individuals	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Purchased or originated credit impaired financial instruments**
LEVEL 1	3,418,933	853,415	370,919	119,071
LEVEL 2	9,364	50,973	20,157	1,540
LEVEL 3	-	22,420	12,968	1,949
LEVEL 4	-	16,806	6,983	1,000
LEVEL 5	-	41,625	662,453	16,645
Total	**3,428,297**	**985,239**	**1,073,480**	**140,205**

				As at 31 December 2023
Loans and advances to individuals	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Purchased or originated credit impaired financial instruments**
LEVEL 1	2,126,426	798,260	486,083	130,870
LEVEL 2	3,941	56,060	25,310	14,730
LEVEL 3	-	28,361	21,049	4,392
LEVEL 4	-	18,608	13,263	564
LEVEL 5	-	75,893	1,557,039	32,915
Total	**2,130,367**	**977,182**	**2,102,744**	**183,471**

			As at 31 December 2024
Other financial assets	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**
LEVEL 1	183,185	-	-
LEVEL 2	86	-	-
LEVEL 3	-	2,434	-
LEVEL 4	-	342	-
LEVEL 5	-	-	8,976
Total	**183,271**	**2,776**	**8,976**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

	As at 31 December 2023		
Other financial assets	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**
LEVEL 1	125,209	-	-
LEVEL 2	-	-	-
LEVEL 3	-	89	-
LEVEL 4	-	234	-
LEVEL 5	-	-	9,554
Total	**125,209**	**323**	**9,554**

	As at 31 December 2024		As at 31 December 2023	
Investments at fair value through other comprehensive income	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**
LEVEL 1	16,574,281	-	9,105,041	256,017

	As at 31 December 2024		As at 31 December 2023	
Investments at amortized cost	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**
LEVEL 1	45,812,392	-	33,990,288	31,345

The following tables analyze information on significant changes in gross carrying value of loans and advances to customers, financial guarantees issued and similar commitments during the period, as well as movements in respective expected losses during the years ended 31 December 2024 and 2023 by classes of financial assets. Effect of foreign exchange rates fluctuations on the changes in carrying value and expected credit losses on financial instruments, that are covered by impairment requirements under IFRS 9, in the tables below are not presented in separate lines but included within the lines of respective changes.

As at 31 December 2024 and 2023, the total effect of foreign exchange rate fluctuations on changes in expected credit losses (increase) of financial instruments amounted to UAH 336,563 thousand and UAH 148,480 thousand, respectively.

During the years ended 31 December 2024 and 2023, the total effect of foreign exchange rate fluctuations on changes in provisions (increase) for expected credit losses of financial guarantees and loan commitments amounted to UAH 3,822 thousand and UAH 3,687 thousand, respectively. During the years ended 31 December 2024 and 2023, the Bank received income from the return of previously written off loans and advances to customers, the amount to UAH 26,825 thousand and UAH 9,377 thousand, respectively, which was recognized in the statement item "Impairment gains and reversals of impairment losses (impairment losses) determined in accordance with IFRS 9".

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Transfer amounts between stages include both expected credit losses for assets/gross carrying value at the time of the transfer amounts between stages and changes measures in credit loss / gross carrying value before/after the transfer between stages. Transfer from Stages are presented for the annual period as a whole on a net basis (net). New loans are presented according to the stage as of the end of the reporting year.

Loans and advances to banks – change in gross carrying value by Stages	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2023	**21,304,375**	**221,350**	**330,931**	**21,856,656**
New loans or purchased loans	95,175	-	-	95,175
Transfer from Stage 1, 12-month ECLs	(9,213,885)	-	-	(9,213,885)
Transfer from Stage 2, Lifetime ECLs	-	(2,370)	-	(2,370)
Transfer from Stage 3, Lifetime ECLs	-	-	(23,472)	(23,472)
Loans derecognized during the reporting period	(1,451,567)	(140,105)	-	(1,591,672)
31 December 2024	**10,734,098**	**78,875**	**307,459**	**11,120,432**

Loans and advances to banks – change in gross carrying value by Stages	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2022	**21,913,593**	**-**	**-**	**21,913,593**
New loans or purchased loans	1,445,052	10,193	-	1,455,245
Transfer from Stage 1, 12-month ECLs	(1,325,386)	211,157	330,931	(783,298)
Transfer from Stage 2, Lifetime ECLs	(324,695)	-	-	(324,695)
Transfer from Stage 3, Lifetime ECLs	(396,822)		-	(396,822)
Loans derecognized during the reporting period	(7,367)	-	-	(7,367)
31 December 2023	**21,304,375**	**221,350**	**330,931**	**21,856,656**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Loans and advances to banks – change in expected credit losses by Stages	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
31 December 2023	**27,449**	**6,283**	**330,931**	**364,663**
New loans or purchased loans	128	-	-	128
Transfer from Stage 1, 12-month ECLs	(13,825)	-	-	(13,825)
Transfer from Stage 2, Lifetime ECLs	-	(1,172)	-	(1,172)
Transfer from Stage 3, Lifetime ECLs	-	-	(23,472)	(23,472)
Loans derecognized during the reporting period	(1,562)	(4,389)	-	(5,951)
31 December 2024	**12,190**	**722**	**307,459**	**320,371**

Loans and advances to banks – change in expected credit losses by Stages	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
31 December 2022	**193,001**	**-**	**-**	**193,001**
New loans or purchased loans	1,563	319	-	1,882
Transfer from Stage 1, 12-month ECLs	(149,550)	5,964	330,931	187,345
Transfer from Stage 2, Lifetime ECLs	(6,436)	-	-	(6,436)
Transfer from Stage 3, Lifetime ECLs	(11,060)	-	-	(11,060)
Loans derecognized during the reporting period	(69)	-	-	(69)
31 December 2023	**27,449**	**6,283**	**330,931**	**364,663**

Loans and advances to legal entities – change in gross carrying value by Stages	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Purchased or originated credit impaired loans	Total
31 December 2023	**15,474,657**	**7,196,642**	**4,739,352**	**134,634**	**27,545,285**
New loans or purchased loans	21,213,438	3,836,491	66,872	-	25,116,801
Transfer from Stage 1, 12-month ECLs	(978,298)	(143,184)	28,748	-	(1,092,734)
Transfer from Stage 2, Lifetime ECLs	11,396	(304,427)	226,332	-	(66,699)
Transfer from Stage 3, Lifetime ECLs	(30,702)	(209,899)	190,014	-	(50,587)
Loans derecognized during the reporting period	(12,946,441)	(5,473,587)	(255,499)	-	(18,675,527)
Loans sold and written off during the reporting period	-	-	(1,164,309)	-	(1,164,309)
Effect of other changes	-	-	-	50,286	50,286
31 December 2024	**22,744,050**	**4,902,036**	**3,831,510**	**184,920**	**31,662,516**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Loans and advances to legal entities – change in gross carrying value by Stages	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Purchased or originated credit impaired loans**	**Total**
31 December 2022	**15,421,359**	**12,006,794**	**3,982,192**	**123,228**	**31,533,573**
New loans or purchased loans	13,511,874	4,032,079	195,668	-	17,739,621
Transfer from Stage 1, 12-month ECLs	(537,421)	(394,058)	84,649	-	(846,830)
Transfer from Stage 2, Lifetime ECLs	230,891	(566,740)	745,417	-	409,568
Transfer from Stage 3, Lifetime ECLs	(90,375)	(854,959)	63,395	-	(881,939)
Loans derecognized during the reporting period	(13,061,671)	(7,026,474)	(128,984)	-	(20,217,129)
Loans sold and written off during the reporting period	-	-	(202,985)	-	(202,985)
Effect of other changes	-	-	-	11,406	11,406
31 December 2023	**15,474,657**	**7,196,642**	**4,739,352**	**134,634**	**27,545,285**

Loans and advances to individuals – change in gross carrying value by Stages	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Purchased or originated credit impaired loans**	**Total**
31 December 2023	**2,130,366**	**977,181**	**2,102,745**	**183,472**	**5,393,764**
New loans or purchased loans	2,114,138	337,350	134,307	-	2,585,795
Transfer from Stage 1, 12-month ECLs	108,127	61,436	11,502	-	181,065
Transfer from Stage 2, Lifetime ECLs	(35,280)	(92,186)	50,490	-	(76,976)
Transfer from Stage 3, Lifetime ECLs	(8,908)	(54,128)	(85,327)	-	(148,363)
Loans derecognized during the reporting period	(880,146)	(244,416)	(85,314)	(33,860)	(1,243,736)
Loans sold and written off during the reporting period	-	-	(1,054,923)	-	(1,054,923)
Effect of other changes	-	-	-	(9,405)	(9,405)
31 December 2024	**3,428,297**	**985,237**	**1,073,480**	**140,207**	**5,627,221**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Loans and advances to individuals – change in gross carrying value by Stages	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Purchased or originated credit impaired loans	Total
31 December 2022	**2,584,684**	**2,181,801**	**2,476,439**	**222,005**	**7,464,929**
New loans or purchased loans	755,270	93,174	318,694	-	1,167,138
Transfer from Stage 1, 12-month ECLs	(115,736)	(99,105)	17,818	-	(197,023)
Transfer from Stage 2, Lifetime ECLs	23,600	(153,348)	285,865	-	156,117
Transfer from Stage 3, Lifetime ECLs	(33,532)	(305,632)	74,781	-	(264,383)
Loans derecognized during the reporting period	(1,083,920)	(739,709)	(116,747)	(31,907)	(1,972,283)
Loans sold and written off during the reporting period	-	-	(954,105)	-	(954,105)
Effect of other changes	-	-	-	(6,626)	(6,626)
31 December 2023	**2,130,366**	**977,181**	**2,102,745**	**183,472**	**5,393,764**

Loans and advances to legal entities – change in expected credit losses by Stages	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Purchased or originated credit impaired loans	Total
31 December 2023	**349,610**	**1,037,317**	**4,168,002**	**81,878**	**5,636,807**
New loans or purchased loans	484,710	444,408	40,087	-	969,205
Transfer from Stage 1, 12-month ECLs	(17,219)	(23,006)	16,302	-	(23,923)
Transfer from Stage 2, Lifetime ECLs	398	(63,318)	129,662	-	66,742
Transfer from Stage 3, Lifetime ECLs	(624)	(28,522)	(53,185)	-	(82,331)
Loans derecognized during the reporting period	(298,186)	(749,561)	(82,583)	-	(1,130,330)
Loans sold and written off during the reporting period	-	-	(1,164,309)	-	(1,164,309)
Adjustment of interest income	-	-	240,011	-	240,011
Effect of changes in models or risk parameters, other changes	-	-	-	54,306	54,306
31 December 2024	**518,689**	**617,318**	**3,293,987**	**136,184**	**4,566,178**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Loans and advances to legal entities – change in expected credit losses by Stages	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Purchased or originated credit impaired loans	Total
31 December 2022	**361,245**	**2,140,235**	**3,340,683**	**59,197**	**5,901,360**
New loans or purchased loans	309,687	494,161	145,825	-	949,673
Transfer from Stage 1, 12-month ECLs	(17,336)	(56,952)	50,471	-	(23,817)
Transfer from Stage 2, Lifetime ECLs	4,080	(169,488)	528,321	-	362,913
Transfer from Stage 3, Lifetime ECLs	(2,117)	(182,519)	99,803	-	(84,833)
Loans derecognized during the reporting period	(305,949)	(1,188,120)	(74,857)	-	(1,568,926)
Loans sold and written off during the reporting period	-	-	(202,985)	-	(202,985)
Adjustment of interest income	-	-	280,741	-	280,741
Effect of changes in models or risk parameters, other changes	-	-	-	22,681	22,681
31 December 2023	**349,610**	**1,037,317**	**4,168,002**	**81,878**	**5,636,807**

Loans and advances to individuals – change in expected credit losses by Stages	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Purchased or originated credit impaired loans	Total
31 December 2023	**68,686**	**292,692**	**1,941,394**	**137,571**	**2,440,343**
New loans or purchased loans	84,493	84,485	97,696	-	266,674
Transfer from Stage 1, 12-month ECLs	8,803	23,182	8,401	-	40,386
Transfer from Stage 2, Lifetime ECLs	(354)	(16,828)	43,942	-	26,760
Transfer from Stage 3, Lifetime ECLs	57	(24,015)	(263,910)	-	(287,868)
Loans derecognized during the reporting period	(27,190)	(88,345)	(45,545)	(28,869)	(189,949)
Loans sold and written off during the reporting period	-	-	(1,054,923)	-	(1,054,923)
Adjustment of interest income	-	-	216,675	-	216,675
Effect of changes in models or risk parameters, other changes	-	-	-	(9,349)	(9,349)
31 December 2024	**134,495**	**271,171**	**943,730**	**99,353**	**1,448,749**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Loans and advances to individuals – change in expected credit losses by Stages	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Purchased or originated credit impaired loans	Total
31 December 2022	**80,043**	**744,361**	**2,212,574**	**167,264**	**3,204,242**
New loans or purchased loans	24,572	28,024	245,221	-	297,817
Transfer from Stage 1, 12-month ECLs	(531)	(17,020)	14,835	-	(2,716)
Transfer from Stage 2, Lifetime ECLs	(700)	(27,039)	267,364	-	239,625
Transfer from Stage 3, Lifetime ECLs	(2,271)	(164,250)	(172,403)	-	(338,924)
Loans derecognized during the reporting period	(32,427)	(271,384)	(15,365)	(24,858)	(344,034)
Loans sold and written off during the reporting period	-	-	(954,105)	-	(954,105)
Adjustment of interest income	-	-	343,273	-	343,273
Effect of changes in models or risk parameters, other changes	-	-	-	(4,835)	(4,835)
31 December 2023	**68,686**	**292,692**	**1,941,394**	**137,571**	**2,440,343**

As at 31 December 2024, the gross carrying value of investments in securities at fair value through other comprehensive income for the measures of expected credit losses was classified as Stage 1 in the amount of UAH 16,574,281 thousand. As at 31 December 2023, the gross carrying value of investments in securities at fair value through other comprehensive income for the measures of expected credit losses was classified as Stage 1 in the amount of UAH 9,105,041 thousand and as Stage 2 in the amount of UAH 256,017 thousand.

Investments in securities at fair value through other comprehensive income– change in expected credit losses by Stages	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Total
31 December 2023	**483,076**	**13,359**	**496,435**
New investments	416,280	-	416,280
Transfer from Stage 1, 12-month ECLs	(96,429)		(96,429)
Investments sold and written off during the reporting period	(153,816)	(13,359)	(167,175)
31 December 2024	**649,111**	**-**	**649,111**

Investments in securities at fair value through other comprehensive income– change in expected credit losses by Stages	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Total
31 December 2022	**78**	**85,847**	**85,925**
New investments	483,076	-	483,076
Investments sold and written off during the reporting period	(78)	(73,068)	(73,146)
Effect of other changes	-	580	580
31 December 2023	**483,076**	**13,359**	**496,435**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

As at 31 December 2024, the gross carrying value of investments in securities at amortized cost for the measures of expected credit losses was classified as Stage 1 in the amount of UAH 45,812,392 thousand. As at 31 December 2023, the gross carrying value of investments in securities at amortized cost for the measures of expected credit losses was classified as Stage 1 in the amount of UAH 33,990,288 thousand and as Stage 2 in the amount of UAH 31,345 thousand.

As at 31 December 2024, expected credit losses on investments in securities at amortised cost were classified as Stage 1 in the amount of UAH 12,579 thousand. As at 31 December 2023, expected credit losses on investments in securities at amortised cost were classified as Stage 1 in the amount of UAH 22,392 thousand.

Change in expected credit losses on investments in securities at fair value through other comprehensive income that were purchased during 2024 and purchased in 2023 (during 2023 and purchased in 2022) that are outstanding and unsold as at 31 December 2024 year was UAH 152,547 thousand (31 December 2023: UAH 410,510 thousand).

Other financial assets – change in gross carrying value by Stages	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2023	**125,208**	**324**	**9,554**	**135,086**
New assets	6,622	2,738	2,395	11,755
Transfer from Stage 1, 12-month ECLs	63,148	(17)	409	63,540
Transfer from Stage 2, Lifetime ECLs	(5)	1	360	356
Transfer from Stage 3, Lifetime ECLs	(142)	(204)	834	488
Assets derecognized during the reporting period	(11,560)	(66)	(1,038)	(12,664)
Assets sold and written off during the reporting period	-	-	(3,538)	(3,538)
31 December 2024	**183,271**	**2,776**	**8,976**	**195,023**

Other financial assets – change in gross carrying value by Stages	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2022	**339,125**	**526**	**12,044**	**351,695**
New assets	100,818	237	965	102,020
Transfer from Stage 1, 12-month ECLs	1,804	(104)	(297)	1,403
Transfer from Stage 2, Lifetime ECLs	101	8	372	481
Transfer from Stage 3, Lifetime ECLs	375	(162)	(483)	(270)
Assets derecognized during the reporting period	(317,015)	(181)	(3,047)	(320,243)
31 December 2023	**125,208**	**324**	**9,554**	**135,086**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Other financial assets – change in expected credit losses by Stages	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2023	**10,770**	**88**	**9,554**	**20,412**
New assets	1,658	661	2,396	4,715
Transfer from Stage 1, 12-month ECLs	(638)	(5)	409	(234)
Transfer from Stage 2, Lifetime ECLs	(2)	-	360	358
Transfer from Stage 3, Lifetime ECLs	(68)	(56)	834	710
Assets derecognized during the reporting period	(3,351)	(18)	(1,038)	(4,407)
Assets sold and written off during the reporting period	-	-	(3,538)	(3,538)
31 December 2024	**8,369**	**670**	**8,977**	**18,016**

Other financial assets – change in expected credit losses by Stages	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2022	**9,137**	**143**	**11,989**	**21,269**
New assets	2,690	64	965	3,719
Transfer from Stage 1, 12-month ECLs	213	(28)	(297)	(112)
Transfer from Stage 2, Lifetime ECLs	83	2	372	457
Transfer from Stage 3, Lifetime ECLs	369	(44)	(441)	(116)
Assets derecognized during the reporting period	(1,722)	(49)	(3,034)	(4,805)
31 December 2023	**10,770**	**88**	**9,554**	**20,412**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Financial guarantees – change in gross carrying value of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2023	**2,904,022**	**258,845**	**-**	**3,162,867**
New guarantees	969,693	87,239	-	1,056,932
Transfer from Stage 1, 12-month ECLs	493,780	(130,856)	-	362,924
Transfer from Stage 2, Lifetime ECLs	166,499	189	-	166,688
Guarantees derecognized during the reporting period	(733,743)	(123,346)	-	(857,089)
31 December 2024	**3,800,251**	**92,071**	**-**	**3,892,322**

Financial guarantees – change in gross carrying value of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2022	**1,939,171**	**554,954**	**50**	**2,494,175**
New guarantees	1,187,474	85,469	-	1,272,943
Transfer from Stage 1, 12-month ECLs	96,093	(226,423)	-	(130,330)
Transfer from Stage 2, Lifetime ECLs	371,002	45,533	-	416,535
Guarantees derecognized during the reporting period	(689,718)	(200,688)	(50)	(890,456)
31 December 2023	**2,904,022**	**258,845**	**-**	**3,162,867**

Financial guarantees – change in expected credit losses by Stages of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2023	**59,069**	**30,939**	**-**	**90,008**
New guarantees	10,757	5,036	-	15,793
Transfer from Stage 1, 12-month ECLs	(14,593)	(15,641)	-	(30,234)
Transfer from Stage 2, Lifetime ECLs	1,847	(276)	-	1,571
Guarantees derecognized during the reporting period	(14,925)	(14,743)	-	(29,668)
31 December 2024	**42,155**	**5,315**	**-**	**47,470**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Financial guarantees – change in expected credit losses by Stages of financial instruments covered by impairment requirements under IFRS 9	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
31 December 2022	**45,482**	**81,872**	**25**	**127,379**
New guarantees	24,094	10,216	-	34,310
Transfer from Stage 1, 12-month ECLs	(1,897)	(33,404)	-	(35,301)
Transfer from Stage 2, Lifetime ECLs	7,546	1,863	-	9,409
Guarantees derecognized during the reporting period	(16,156)	(29,608)	(25)	(45,789)
31 December 2023	**59,069**	**30,939**	**-**	**90,008**

Import letters of credit – change in gross carrying value of financial instruments covered by impairment requirements under IFRS 9	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Total
31 December 2023	**67,533**	**154,782**	**222,315**
New letters of credit	118,602	151,120	269,722
Letters of credit derecognized during the reporting period	(67,533)	(154,782)	(222,315)
31 December 2024	**118,602**	**151,120**	**269,722**

Import letters of credit – change in gross carrying value of financial instruments covered by impairment requirements under IFRS 9	Stage 1 12-months ECLs	Stage 2 Lifetime ECLs	Total
31 December 2022	**320,377**	**106,689**	**427,066**
New letters of credit	67,533	39,172	106,705
Transfer from Stage 1, 12-month ECLs	-	8,921	8,921
Letters of credit derecognized during the reporting period	(320,377)	-	(320,377)
31 December 2023	**67,533**	**154,782**	**222,315**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Import letters of credit – change in expected credit losses by Stages of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Total**
31 December 2023	**1,373**	**18,501**	**19,874**
New letters of credit	1,317	8,724	10,041
Letters of credit derecognized during the reporting period	(1,374)	(18,501)	(19,875)
31 December 2024	**1,316**	**8,724**	**10,040**

Import letters of credit – change in expected credit losses by Stages of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Total**
31 December 2022	**7,504**	**15,740**	**23,244**
New letters of credit	1,373	4,682	6,055
Transfer from Stage 2, Lifetime ECLs	-	(1,921)	(1,921)
Letters of credit derecognized during the reporting period	(7,504)	-	(7,504)
31 December 2023	**1,373**	**18,501**	**19,874**

Avals – change in gross carrying value of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECI**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2023	**12,662**	**-**	**-**	**12,662**
New avals	97,464	-	-	97,464
Avals derecognized during the reporting period	(12,662)	-	-	(12,662)
31 December 2024	**97,464**	**-**	**-**	**97,464**

Avals – change in gross carrying value of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECI**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2022	**8,776**	**3,555**	**25,000**	**37,331**
New avals	12,662	-	-	12,662
Avals derecognized during the reporting period	(8,776)	(3,555)	(25,000)	(37,331)
31 December 2023	**12,662**	**-**	**-**	**12,662**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Avals – change in expected credit losses by Stages of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECl**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2023	**258**	**-**	**-**	**258**
New avals	2,162	-	-	2,162
Avals derecognized during the reporting period	(258)	-	-	(258)
31 December 2024	**2,162**	**-**	**-**	**2,162**

Avals – change in expected credit losses by Stages of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECl**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2022	**206**	**524**	**24,750**	**25,480**
New avals	258	-	-	258
Avals derecognized during the reporting period	(206)	(524)	(24,750)	(25,480)
31 December 2023	**258**	**-**	**-**	**258**

Undrawn loan commitments – change in gross carrying value of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2023	**5,735,617**	**383,465**	**8,775**	**6,127,857**
New undrawn loan commitments	2,157,553	38,187	2,273	2,198,013
Transfer from Stage 1, 12-month ECLs	2,356,651	61,294	1,004	2,418,949
Transfer from Stage 2, Lifetime ECLs	65,258	30,148	(18)	95,388
Transfer from Stage 3, Lifetime ECLs	(2,031)	(270)	1,007	(1,294)
Undrawn loan commitments derecognized during the reporting period	(1,808,327)	(112,862)	(3,823)	(1,925,012)
31 December 2024	**8,504,721**	**399,962**	**9,218**	**8,913,901**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Undrawn loan commitments – change in gross carrying value of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2022	**3,687,304**	**399,398**	**10,424**	**4,097,126**
New undrawn loan commitments	919,446	57,505	3,484	980,435
Transfer from Stage 1, 12-month ECLs	1,817,114	4,071	(50)	1,821,135
Transfer from Stage 2, Lifetime ECLs	107,163	60,364	253	167,780
Transfer from Stage 3, Lifetime ECLs	(3,683)	(2,228)	(41)	(5,952)
Undrawn loan commitments derecognized during the reporting period	(791,727)	(135,645)	(5,295)	(932,667)
31 December 2023	**5,735,617**	**383,465**	**8,775**	**6,127,857**

Undrawn loan commitments – change in expected credit losses by Stages of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2023	**86,044**	**44,309**	**4,307**	**134,660**
New undrawn loan commitments	35,168	4,605	1,115	40,888
Transfer from Stage 1, 12-month ECLs	42,651	8,397	348	51,396
Transfer from Stage 2, Lifetime ECLs	1,297	3,896	225	5,418
Transfer from Stage 3, Lifetime ECLs	(13)	(331)	460	116
Undrawn loan commitments derecognized during the reporting period	(27,005)	(13,400)	(1,892)	(42,297)
31 December 2024	**138,142**	**47,476**	**4,563**	**190,181**

Undrawn loan commitments – change in expected credit losses by Stages of financial instruments covered by impairment requirements under IFRS 9	**Stage 1 12-months ECLs**	**Stage 2 Lifetime ECLs**	**Stage 3 Lifetime ECLs**	**Total**
31 December 2022	**55,654**	**59,944**	**5,725**	**121,323**
New undrawn loan commitments	13,875	5,898	1,717	21,490
Transfer from Stage 1, 12-month ECLs	27,445	(1,512)	(92)	25,841
Transfer from Stage 2, Lifetime ECLs	1,448	1,614	112	3,174
Transfer from Stage 3, Lifetime ECLs	(111)	(792)	(229)	(1,132)
Undrawn loan commitments derecognized during the reporting period	(12,267)	(20,843)	(2,926)	(36,036)
31 December 2023	**86,044**	**44,309**	**4,307**	**134,660**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Modified and restructured financial assets

The table below analyzes the effect of modifications on financial assets measured at amortized cost for the years ended 31 December 2024 and 2023:

	2024	2023
Amortized cost of financial assets before modification (Lifetime ECLs)	1,306,505	4,779,452
Net loss on modification of financial assets	(15,456)	(129,858)
Gross carrying value of modified financial assets, at the end of the reporting period, transferred to 12-month ECLs	163,531	276,327

Geographical risk.

Risk substance. Geographical risk - the risk of non-payment, or non-fulfilment of the original contractual conditions, when the recipient government or other market participants are, due to economic reasons or other social events, unable or unwilling to meet their payment obligations against the foreign residents. Therefore, the geographical risk exposure is related to the foreign risk-taking of the Bank in all cases.

Objective of geographical risk management. Geographical risk management aims at building a portfolio of Bank assets that will ensure a acceptable profitability with sufficient diversification across countries and limiting the concentration and portfolio size as to the most volatile segments of the portfolio.

Risk management policies. Geographical risk is managed at two levels: at the level of the international OTP Group and locally. OTP Group determines the appetite to the risk, while the Bank's management is responsible for the operation of the process of identification, detection, measurement, controlling and reporting on geographical risk, as well as compliance with the NBU requirements for risk management.

The highest collegial body in charge of managing geographical risk is the Credit Committee, which is set up by the decision of the Bank's Supervisory Board.

Geographical risk management process includes identification, measurement, monitoring and control, mitigation and reporting.

Identification of geographical risk is performed during risk analysis of new products.

Risk measurement involves determining the geographical affiliation of the Bank's counterparties with which operations are conducted and determining the total amount of exposure by country or region. The geographical affiliation of corporate borrowers is determined in accordance with the criteria for their registration. According to the Bank’s corporate credit policy, the target clients are legal entities residents of Ukraine. Non-residents can be financed in exceptional cases if they belong to wealthy Ukrainian groups of related companies. Country risk arises mainly from transactions on the placement of financial resources on the interbank market of other countries and / or capital markets of other countries for settlement operations of the Bank's customers and in the management of the

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

bank's liquidity position. As at 31 December 2024 and 2023, there are no non-resident borrowers in the corporate portfolio.

Monitoring and control of geographical risk involves comparison of risk measurement results with approved limits for countries or regions. Measurement and management of geographical risk is performed in accordance with Country Risk Management Regulation. This document was prepared by employee of the Bank in accordance with regulation of the Parent Bank.

Reporting on geographical risk is performed on a monthly basis to the Management Board of the Bank and to the relevant division of the Parent Bank, quarterly - to the Supervisory Board.

Concentration of assets and liabilities by regions is presented below:

	Ukraine	Non-OECD countries	OECD countries	31 December 2024 Total
FINANCIAL ASSETS				
Cash and cash equivalents	7,788,504	-	-	7,788,504
Loans and advances to banks	78,252	-	10,721,809	10,800,061
Loans and advances to customers	31,274,810	-	-	31,274,810
Investments in securities				
Investments at fair value through other comprehensive income	16,574,281	-	-	16,574,281
Investments at amortized cost	32,944,695	-	12,855,118	45,799,813
Derivative financial assets	3,089	-	7,914	11,003
Other financial assets	176,692	182	133	177,007
TOTAL FINANCIAL ASSETS	**88,840,323**	**182**	**23,584,974**	**112,425,479**
FINANCIAL LIABILITIES				
Due to other banks	-	2	440	442
Customer accounts	87,860,537	1,325,442	1,387,745	90,573,724
Derivative financial liabilities	951	-	382	1,333
Other borrowed funds	46	-	-	46
Other financial liabilities				
Lease liabilities	416,241	-	-	416,241
Other financial liabilities	745,670	-	289	745,959
TOTAL FINANCIAL LIABILITIES TOTAL FINANCIAL LIABILITIES	**89,023,445**	**1,325,444**	**1,388,856**	**91,737,745**
NET POSITION	**(183,122)**	**(1,325,262)**	**22,196,118**	

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

	Ukraine	Non-OECD countries	OECD countries	31 December 2023 Total
FINANCIAL ASSETS				
Cash and cash equivalents	10,827,171	-	-	10,827,171
Loans and advances to banks	215,088	-	21,276,905	21,491,993
Loans and advances to customers	24,861,899	-	-	24,861,899
Investments in securities				
Investments at fair value through other comprehensive income	9,361,058	-	-	9,361,058
Investments at amortized cost	29,407,835	-	4,591,406	33,999,241
Derivative financial assets	-		-	-
Other financial assets	111,272	21	3,381	114,674
TOTAL FINANCIAL ASSETS	**74,784,323**	**21**	**25,871,692**	**100,656,036**
FINANCIAL LIABILITIES				
Due to other banks	-	2	15,209	15,211
Customer accounts	79,463,742	1,042,587	1,348,757	81,855,086
Derivative financial liabilities	-	-	22,758	22,758
Other borrowed funds	53			53
Other financial liabilities				
Lease liabilities	379,740	-	-	379,740
Other financial liabilities	778,559		3,702	782,261
TOTAL FINANCIAL LIABILITIES TOTAL FINANCIAL LIABILITIES	**80,622,094**	**1,042,589**	**1,390,426**	**83,055,109**
NET POSITION	**(5,837,771)**	**(1,042,568)**	**24,481,266**	

24. Risk management policies (continued)

Liquidity risk

Risk substance. Liquidity risk is defined as possibility to incur losses or forgo profits due to the Bank's inability to fulfill its commitments timely and in a full scope as well as fund business asset growth.

***Objective of liquidity risk management*.** The objective of liquidity risk is:

a) availability of liquid assets at a minimum costs (including loss of potential profits due to overliquidity) for fulfilling the Bank's liabilities coming due to customers, creditors and other counterparties;
b) ensuring compliance with regulatory requirements of the NBU regarding the Bank's liquidity;
c) ensuring funds for sustainable growth of business as envisaged by credit and investment policies of the Bank;
d) creating a stock of liquid reserves against a possible liquidity crisis – abrupt outflow of customers' funds and/or a sudden closing of access to resource markets.

***Liquidity risk management policies*.** The OTP Group's liquidity management process is initially centralized: national currency liquidity management is decentralized and fully entrusted to the Bank's Management Board, while foreign currency liquidity management is fully centralized and carried out at the OTP Group level.

The main collegial body of the Bank that manages liquidity risk is the Assets and Liabilities Management Committee, established by the Bank's Supervisory Board decision.

***Methods*.** To manage an adequate level of liquidity, the Bank performs a complex analysis of the following factors:

- Structure of the Bank's assets and their distribution by maturity (a special attention is given to the volume of available high-liquid assets);
- Volume, structure, and diversity of liabilities (firstly, the share of obligations is analyzed in liabilities, term and demand funds, due amounts to individuals and legal entities and other banks, stability of borrowing facilities, and dependence on expensive or unstable funds sources);
- Level of concentration of assets and liabilities (by counterparties, instruments, and remaining maturities);
- Analysis of cash flows by assets and liabilities type and by currencies;
- Performing stress testing for identification of the level of possible liquidity risk and compliance with the NBU ratios.

The Bank keeps UAH liquid assets in the amount that is sufficient to cover its liquidity needs within the next 3 months, including fulfillment of all the liabilities coming due that will not be renewed, funding planned business expansion and potential outflows in a stress case, including withdrawal of clients' deposits.

24. Risk management policies (continued)

The Bank maintains FCY liquid assets stock in the amount that is sufficient to cover all the liabilities coming due that will not be renewed and to fund the planned business expansion for next month. The Bank relies on the Parent Bank in case of outflow of customer accounts denominated in foreign currency (FCY).

Liquidity risk of the Bank is managed on 3 time-horizon levels. The operating level involves managing liquidity during the operational day to ensure a sufficient level of liquid assets as of the beginning and the end of the operational day, taking into account the payment calendar. It also includes monitoring of the execution and passage of payments during the operational day to identify significant unplanned deviations from the estimated outflows and inflows in order to be able to make prompt decisions on the need to replenish the amount of liquid funds.

The next level of liquidity management is the management of short-term liquidity. The key indicators at this level are the National Bank of Ukraine’s LCR ratio and internal indicators of short-term liquidity sufficiency.

Internal indicators are based on a basis common with LCR ratio, namely the availability of high-liquid assets to ensure the fulfillment of interbank liabilities coming due and not subject to prolongation, to ensure the coverage of cash needs in the event of a stressful situation and significant outflow of resources from the Bank as well as to ensure financing of short-term liquidity needs on the basis of 3-month business line forecasts regarding the growth of financial assets portfolio in the usual course of business activity.

Short-term liquidity management through internal liquidity limits allows risk management units and the Asset-Liability Management Committee of the Bank to make informed decisions about the size of the portfolio of high-liquid assets, its structure and timing of investment in financial assets as well as to determine the interest rate policy of the Bank towards its financial assets and liabilities.

Last level of the liquidity management is the level of medium- and long-term liquidity management. Each year, the Asset-Liability Management Committee of the Bank approves Bank's Financing Program, which sets out the priorities of the credit and investment strategy and how ways of financing. In addition, the financial markets and the market position of the Group are regularly analyzed as well as early warning indicators for the liquidity crisis, indicators for the need to implement Bank’s Recovery Plan, including Bank’s Crisis Financing Plan are monitored.

24. Risk management policies (continued)

On a quarterly basis, the Bank makes stress testing of liquidity risk in order to identify the causes of changes in the liquidity situation, prepare for a stressful situation and test the established risk appetite. At least 3 scenarios are considered:

- liquidity crisis specific to the Bank;
- general market liquidity crisis;
- a combination of specific and market crises.

The results of stress testing with conclusions on improving the liquidity risk management system are submitted to the Assets and Liabilities Management Committee, the Bank's Management Board and the Supervisory Board on a quarterly basis.

In the event of liquidity crisis, a Recovery Plan determines key factors that might help in identifying the crisis at early stages and establishes clear procedures to regulate the information flows and actions of the staff engaged to manage the anti-crisis process.

Liquidity risk is managed by setting limits to volumes of operating liquidity, degree of liabilities concentration or short-term gaps between maturities of assets and liabilities. The control of compliance with limits refers to matching the actual amounts of relevant open positions and restrictions imposed on them. In the event of failure to comply with the limit, origination reasons are analyzed, and a plan of measures is proposed with the aim of removing the deficiency or changing the existing system of limits.

The following tables present the analysis of liquidity risk between assets and liabilities based on the carrying values of financial assets and liabilities as presented in the separate statement of financial position. The tables were drawn on the basis of contractual maturity.

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	31 December 2024 Total
NON-DERIVATIVE FINANCIAL ASSETS						
Cash and cash equivalents	7,788,504	-	-	-	-	7,788,504
Loans and advances to banks	10,800,061	-	-	-	-	10,800,061
Loans and advances to customers	9,271,355	7,612,079	10,167,095	3,908,961	315,320	31,274,810
Investments in securities						
Investments at fair value through other comprehensive income	44,784	807,221	6,734,738	8,987,538	-	16,574,281
Investments at amortized cost	41,185,042	-	4,614,771	-	-	45,799,813
Other financial assets	177,007	-	-	-	-	177,007
Total non-derivative financial assets	**69,266,753**	**8,419,300**	**21,516,604**	**12,896,499**	**315,320**	**112,414,476**
Derivative financial assets	11,003	-	-	-	-	11,003
TOTAL FINANCIAL ASSETS	**69,277,756**	**8,419,300**	**21,516,604**	**12,896,499**	**315,320**	**112,425,479**
NON-DERIVATIVE FINANCIAL LIABILITIES						
Due to other banks	442	-	-	-	-	442
Customer accounts	82,754,785	4,656,391	3,098,096	64,452	-	90,573,724
Other borrowed funds	1	1	5	28	11	46
Other financial liabilities						
Lease liabilities	26,468	16,141	82,724	202,263	88,645	416,241
Other financial liabilities	745,959	-	-	-	-	745,959
Loan commitments (off-balance):						
Financial guarantees issued and similar commitments	4,444,190	-	-	-	-	4,444,190
Undrawn loan commitments	8,723,720	-	-	-	-	8,723,720
Total non-derivative financial liabilities	**96,695,565**	**4,672,533**	**3,180,825**	**266,743**	**88,656**	**104,904,322**
Derivative financial liabilities	1,333	-	-	-	-	1,333
Amount due under the contract	2,074,908	-	-	-	-	2,074,908
The amount under the contract to be received	(2,073,575)	-	-	-	-	(2,073,575)
TOTAL FINANCIAL LIABILITIES	**96,696,898**	**4,672,533**	**3,180,825**	**266,743**	**88,656**	**104,905,655**
Liquidity gap	(27,419,142)	3,746,767	18,335,779	12,629,756	226,664	
Cumulative liquidity gap	(27,419,142)	(23,672,375)	(5,336,596)	7,293,160	7,519,824	

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	31 December 2023 Total
NON-DERIVATIVE FINANCIAL ASSETS						
Cash and cash equivalents	10,827,171	-	-	-	-	10,827,171
Loans and advances to banks	21,149,903	342,090	-	-	-	21,491,993
Loans and advances to customers	8,770,553	5,943,046	6,762,435	2,782,152	603,713	24,861,899
Investments in securities						
Investments at fair value through other comprehensive income	47,639	180,773	3,146,220	5,986,426	-	9,361,058
Investments at amortized cost	27,782,078	3,510,321	2,706,842	-	-	33,999,241
Other financial assets	114,674	-	-	-	-	114,674
Total non-derivative financial assets	**68,692,018**	**9,976,230**	**12,615,497**	**8,768,578**	**603,713**	**100,656,036**
Derivative financial assets	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**68,692,018**	**9,976,230**	**12,615,497**	**8,768,578**	**603,713**	**100,656,036**
NON-DERIVATIVE FINANCIAL LIABILITIES						
Due to other banks	15,211	-	-	-	-	15,211
Customer accounts	73,830,541	5,201,017	2,657,353	159,337	6,838	81,855,086
Other borrowed funds	1	1	5	46	-	53
Other financial liabilities						
Lease liabilities	23,735	15,461	71,983	159,351	109,210	379,740
Other financial liabilities	782,261	-	-	-	-	782,261
Loan commitments (off-balance):						
Financial guarantees issued and similar commitments	3,380,995	-	-	-	-	3,380,995
Undrawn loan commitments	5,993,197	-	-	-	-	5,993,197
Total non-derivative financial liabilities	**84,025,941**	**5,216,479**	**2,729,341**	**318,734**	**116,048**	**92,406,543**
Derivative financial liabilities	22,758	-	-	-	-	22,758
Amount due under the contract	5,814,298	-	-	-	-	5,814,298
The amount under the contract to be received	(5,791,540)	-	-	-	-	(5,791,540)
TOTAL FINANCIAL LIABILITIES	**84,048,699**	**5,216,479**	**2,729,341**	**318,734**	**116,048**	**92,429,301**
Liquidity gap	(15,356,681)	4,759,751	9,886,156	8,449,844	487,665	
Cumulative liquidity gap	(15,356,681)	(10,596,930)	(710,774)	7,739,070	8,226,735	

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Liquidity gap, which arose as at 31 December 2024 and 2023 on assets and liabilities with maturities less than one year, is appropriately managed by the Bank.

Time deposits, saving accounts and current accounts are treated as repayable on demand due to contractual terms. In these financial statements, in the disclosures above such funds reported as “On Demand” which supposes that funds will be withdrawn by the client within the next working day from the reporting date.

At the same time, the actual statistic available to the Bank indicates that not all funds on demand are withdrawn from the Bank on the next business day and a significant part of them remains on the relevant accounts for the next day or for a longer period. In other words, there is a conditionally stable part of funds for a certain period of time (i.e. those funds that are stably kept on the accounts for the specified time horizon).

Taking into account this behavioral feature in form of the assessment of conditionally stable balances is important for an effective risk management process and as a consequence for efficient and stable functioning of the Bank.

As at 31 December 2024and 2023, the stable part of customers’ accounts as at year end amounted to UAH 62,834,244 thousand and UAH 55,024,264 thousand, respectively.

Thus, as at 31 December 2024 and 2023 the excess of the Bank’s current assets over its current liabilities calculated with reference to the stable portion of customers’ deposits amounted to UAH 57,497,648 thousand and UAH 54,313,490 thousand, respectively.

The impact of the application of the behavioral principle is shown in the table below.

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	31 December 2024 Total
Liquidity gap	(27,419,142)	3,746,767	18,335,779	12,629,756	226,664	
Cumulative liquidity gap	(27,419,142)	(23,672,375)	(5,336,596)	7,293,160	7,519,824	
Stable portion of customer accounts	62,834,244	-	-	62,834,244	-	
Customer accounts adjusted	19,920,541	4,656,391	3,098,096	62,898,696	-	90,573,724
Liquidity gap adjusted	35,415,102	3,746,767	18,335,779	(50,204,488)	226,664	
Cumulative liquidity gap adjusted	35,415,102	39,161,869	57,497,648	7,293,160	7,519,824	

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	31 December 2023 Total
Liquidity gap	(15,356,681)	4,759,751	9,886,156	8,449,844	487,666	
Cumulative liquidity gap	(15,356,681)	(10,596,930)	(710,774)	7,739,070	8,226,736	
Stable portion of customer accounts	55,024,264	-	-	(55,024,264)	-	
Customer accounts adjusted	18,806,277	5,201,017	2,657,353	55,183,602	6,837	81,855,086
Liquidity gap adjusted	39,667,583	4,759,751	9,886,156	(46,574,420)	487,666	
Cumulative liquidity gap adjusted	39,667,583	44,427,334	54,313,490	7,739,070	8,226,736	

A further analysis of the liquidity risk is presented in the following tables in accordance with IFRS 7 "Financial Instruments: Disclosures". The amounts disclosed in these tables do not correspond to the amounts recorded in the separate statement of financial position, as the presentation below includes a maturity analysis for financial liabilities that include the total remaining future undiscounted payments (including interest payments).

The following tables have been prepared based on contractual maturities.

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	31 December 2024 Total
FINANCIAL LIABILITIES						
Due to other banks	442	-	-	-	-	442
Customer accounts	82,783,194	4,732,463	3,157,832	68,772	-	90,742,261
Other borrowed funds	1	2	10	42	12	67
Other financial liabilities						
Lease liabilities	25,028	19,466	122,963	312,846	101,532	581,835
Other financial liabilities	745,959	-	-	-	-	745,959
Financial guarantees issued and similar commitments	4,444,190	-	-	-	-	4,444,190
Undrawn loan commitments	8,723,720	-	-	-	-	8,723,720
Total non-derivative financial liabilities	**96,722,534**	**4,751,931**	**3,280,805**	**381,660**	**101,544**	**105,238,474**
Forward contracts, net amount	1,333	-	-	-	-	1,333
Amount due under the contract	2,074,908	-	-	-	-	2,074,908
The amount under the contract to be received	(2,073,575)	-	-	-	-	(2,073,575)
Derivative financial liabilities	**1,333**	**-**	**-**	**-**	**-**	**1,333**
TOTAL FINANCIAL LIABILITIES	**96,723,867**	**4,751,931**	**3,280,805**	**381,660**	**101,544**	**105,239,807**

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

For the purposes of preparing the disclosure, the Bank took into account the basic contractual condition, namely, the possibility of early termination of the deposit agreement. The amount of deposit agreements that can be terminated early at the request of the client is presented in the corresponding basket "up to 1 month", and the accrued interest on these agreements was adjusted (reduced) in the amount of UAH 3,309 thousand in 2024 and UAH 12,992 thousand in 2023.

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	31 December 2023 Total
FINANCIAL LIABILITIES						
Due to other banks	15,211	-	-	-	-	15,211
Customer accounts	73,863,912	5,300,255	2,699,140	170,917	6,841	82,041,065
Other borrowed funds	1	3	10	46	21	81
Other financial liabilities						
Lease liabilities	21,372	19,115	122,465	281,534	129,951	574,437
Other financial liabilities	782,261	-	-	-	-	782,261
Financial guarantees issued and similar commitments	3,380,995	-	-	-	-	3,380,995
Undrawn loan commitments	5,993,197	-	-	-	-	5,993,197
Total non-derivative financial liabilities	**84,056,949**	**5,319,373**	**2,821,615**	**452,497**	**136,813**	**92,787,247**
Forward contracts, net amount	22,758	-	-	-	-	22,758
Amount due under the contract	5,814,298	-	-	-	-	5,814,298
The amount under the contract to be received	(5,791,540)	-	-	-	-	(5,791,540)
Derivative financial liabilities	**22,758**	**-**	**-**	**-**	**-**	**22,758**
TOTAL FINANCIAL LIABILITIES	**84,079,707**	**5,319,373**	**2,821,615**	**452,497**	**136,813**	**92,810,005**

24. Risk management policies (continued)

Market risk

Risk substance. Market (price) risk is defined as a probability of losses, or extra costs incurred, or a failure to achieve planned income due to unfavourable changes in market indicators such as foreign currency exchange rates, interest rates, market prices for financial instruments held by the Bank

***Objective of market risk management*.** The objective of market risk management is to create a possibility to earn profits from fluctuations in the market indicators simultaneously limiting potential losses that could jeopardize the Bank’s profitability and safe functioning.

***Risk management policies*.** Market risks are managed at two levels: at the level of the OTP Group and locally. OTP Group determines the appetite to the risk, while the Bank's management is responsible for the operation of the process of identification, detection, measurement, controlling and reporting on market risk, as well as compliance with the NBU requirements for risk management.

In addition to the existing risk factors that are beyond management’s direct control and level of their volatility, the necessary precondition of market risk is the existence of open position determining a sensitivity level of the financial institution to fluctuations of market indicators. Considering insignificant amounts of investments in securities with non-fixed returns and property and equipment, management is mainly focused on managing interest rate and foreign currency risks belonging to the group of market (price) risks.

The Bank's highest collegiate body in charge of market risk management is the Asset-Liability Management Committee, which is set up by the decision of the Bank's Supervisory Board.

Assets and Liabilities Management Committee determines the strategy for managing market risk basing on the OTP Group’s approaches and approves it in the form of interest rate and foreign currency risk management policies as a part of Policy on managing liquidity, interest rate risk in the Banking book and market risks of OTP BANK JSC.

Risk management is defined as determining a tolerance level to a respective risk, i.e. the maximum permissible losses from fluctuations in market indicators, and establishing limits to the amount of the respective open positions the Bank is exposed to.

Risk management strategy is realized through coordinated management of open positions due to changes in the financial market situation.

***Risk management processes*.** Internal market risk management processes covers whole risk management cycle and includes: risk identification, risk measurement, risk management, monitoring and control over compliance with established limits, reviewing and evaluating the effectiveness of approaches, tactics and strategic of risk management.

24. Risk management policies (continued)

Interest rate risk. Interest rate risk is a possibility of loss or additional costs or failure to achieve planned profitability due to unfavourable changes in interest rates

The main objective of interest rate risk management is to limit the negative impact of changes in interest rates on the Bank's capital and net interest income by managing the structure of interest bearing assets and liabilities in a coordinated manner and setting up restrictions of minimum/maximum interest rates for interest bearing assets/liabilities. Policy on managing liquidity, interest rate risk in the Banking book and market risks describe the main criteria for management and control of the Bank's interest rate risk.

The Bank performs identification of risk sources through the analysis of the existing structure of interest-bearing assets and liabilities. Analysis of interest gaps by remaining maturities (for fixed interest rate assets and liabilities) or by next interest rate change dates (for floating interest rate assets and liabilities or variable interest rate instruments) is convenient for determining positions that expose the Bank to interest rate risk.

The Bank quantifies interest rate risk as a change in the economic value of equity and in the net interest income calculated for 6 short-term and long-term interest rate change scenarios. Estimates of interest rate risk is performed for all interest-bearing on-balance and off-balance positions of the Bank.

The Bank's Risk Appetite Statement for 2024, in order to control the amount of interest rate risk, sets limits on the maximum level of changes in the economic value of capital and net interest income, determined by quantifying interest rate risk due to interest rate change scenarios.

The Bank's interest rate risk management is centralized at the level of the ALCO and has a medium- and long-term nature of a gradual change in the balance sheet structure regarding the Bank's vulnerability to interest rate risk. The Bank mitigates interest rate risk by:

- purchase/sale of financial instruments, including derivatives, with hedging purposes;
- designing new banking products for clients with desired repricing characteristics;
- changing tenors of investments into sovereign T-bills, depending on expected changes in the interest rates.

Choice of a particular risk mitigation method depends on available market options and Ukrainian banking regulation.

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Monitoring of weighted average nominal interest rates of interest-bearing financial instruments as at 31 December 2024 and 2023 was as follows:

					31 December 2024, (%)
	UAH	USD	EUR	Other currencies	Interest rate
FINANCIAL ASSETS					
Loans and advances to banks	-	3.79	1.48	0.26	Fixed/variable
Loans and advances to customers	18.66	4.72	4.99	4.51	Fixed/variable
Investments in securities					
Investments at fair value through other comprehensive income	17.32	4.65	-	-	Fixed
Investments at amortized cost	13.62	4.42	2.73	-	Fixed
FINANCIAL LIABILITIES					
Due to other banks	-	-	-	-	Fixed
Other borrowed funds	13.50	-	-	-	Fixed
Customer accounts:					
Current accounts and deposits repayable on demand	5.93	-	-	-	Fixed/variable
Term deposits	9.25	0.82	0.49	0.01	Fixed
Lease liabilities	16.19	17.30	-	-	Fixed

					31 December 2023, (%)
	UAH	USD	EUR	Other currencies	Interest rate
FINANCIAL ASSETS					
Loans and advances to banks	-	4.73	(0.28)	0.03	Fixed/variable
Loans and advances to customers	20.35	5.06	5.42	4.85	Fixed/variable
Investments in securities					
Investments at fair value through other comprehensive income	19.04	-	-	-	Fixed
Investments at amortized cost	16.06	5.06	-	-	Fixed
FINANCIAL LIABILITIES					
Due to other banks	-	-	-	-	Fixed
Other borrowed funds	13.50	-	-	-	Fixed
Customer accounts:					
Current accounts and deposits repayable on demand	5.93	0.01	-	-	Fixed/variable
Term deposits	11.43	0.62	0.59	0.01	Fixed
Lease liabilities	17.42	19.62	-	-	Fixed

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

The following table presents the sensitivity of net interest income to changes in interest rates.

The effect on profit or loss was as follows:

					31 December 2024
	Up to 1 month	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**Total**
Impact on interest income					
Interest-bearing assets	64,775,491	6,354,482	19,806,813	11,948,527	102,885,313
including: fixed rate	48,922,284	6,221,714	19,097,464	11,948,527	86,189,989
variable rate	15,853,207	132,768	709,349	-	16,695,324
Interest-bearing liabilities	82,684,894	4,667,508	3,199,959	371,822	90,924,183
including: fixed rate	77,387,518	4,667,508	3,199,959	371,822	85,626,807
variable rate	5,297,376	-	-	-	5,297,376
GAP	**(17,909,403)**	**1,686,974**	**16,606,854**	**11,576,705**	**11,961,130**
including: fixed rate	(28,465,234)	1,554,206	15,897,505	11,576,705	563,182
variable rate	10,555,831	132,768	709,349	-	11,397,948
Impact of changes in interest rates on net interest income:					
+100 b.p.	**(171,488)**	**14,027**	**62,105**	**-**	**(95,356)**
including: fixed rate	(272,564)	12,923	59,452	-	(200,189)
variable rate	101,076	1,104	2,653	-	104,833
-100 b.p.	**171,488**	**(14,027)**	**(62,105)**	**-**	**95,356**
including: fixed rate	272,564	(12,923)	(59,452)	-	200,189
variable rate	(101,076)	(1,104)	(2,653)	-	(104,833)

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

					31 December 2023
	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Total
Impact on interest income					
Interest-bearing assets	59,431,958	9,186,684	11,687,327	8,572,657	88,878,626
including: fixed rate	48,074,474	9,027,894	10,952,726	8,572,657	76,627,751
variable rate	11,357,484	158,790	734,601	-	12,250,875
Interest-bearing liabilities	73,604,911	5,242,256	2,756,289	181,826	81,785,282
including: fixed rate	68,222,254	5,242,256	2,756,289	181,826	76,402,625
variable rate	5,382,657	-	-	-	5,382,657
GAP	**(14,172,953)**	**3,944,428**	**8,931,038**	**8,390,831**	**7,093,344**
including: fixed rate	(20,147,780)	3,785,638	8,196,437	8,390,831	225,126
variable rate	5,974,827	158,790	734,601	-	6,868,218
Impact of changes in interest rates on net interest income:					
+100 b.p.	**(135,711)**	**32,798**	**33,399**	**-**	**(69,514)**
including: fixed rate	(192,922)	31,478	30,652	-	(130,792)
variable rate	57,211	1,320	2,747	-	61,278
-100 b.p.	**135,711**	**(32,798)**	**(33,399)**	**-**	**69,514**
including: fixed rate	192,922	(31,478)	(30,652)	-	130,792
variable rate	(57,211)	(1,320)	(2,747)	-	(61,278)

The following table presents the sensitivity analysis of the change in fair value of investments at fair value through other comprehensive income and included in the Level 2 and Level 3 fair value hierarchy to changes in the discount rates used to measure their fair value.

The effect on other comprehensive income/loss and equity was as follows:

	As at 31 December 2024		As at 31 December 2023	
	Discount rate +1	Discount rate -1	Discount rate +1	Discount rate -1
Change in fair value of investments at FVTOCI	(217,341)	222,097	(122,344)	124,865
Impact on other comprehensive income/loss and equity	**(217,341)**	**222,097**	**(122,344)**	**124,865**

24. Risk management policies (continued)

Foreign currency risk.
Risk substance. Foreign currency risk arises from adverse fluctuations in foreign exchange rates that affect assets, liabilities and off-balance sheet items.

***Objective of market risk management*.** The objective of foreign currency risk management is to create a possibility to earn profits from fluctuations in foreign exchange rates simultaneously limiting potential losses that could jeopardize the Bank's profitability and safe functioning.

***Risk management policies*.** Risk management process includes identification, measurement, monitoring and controlling, mitigation and reporting on foreign currency risk.

Identification of foreign currency risk is performed during risk analysis of new products.

Foreign currency risk measurement includes the calculation of historical VaR (Value-at-risk), ES (expected shortfall) and actual profit/loss due to holding of open FX position. Historical VaR calculation is performed with 99% confidence level under assumption of holding the positions over 1 day. Calculation is performed basing on one year daily observations (252 trading days) and using exponentially weighted moving average to derive historical VaR estimation.

Monitoring and control over foreign currency risk involves comparing the obtained results of risk measurement with the established limits that correspond to the Bank's risk appetite for foreign currency risk.

Currency risk limits includes:
- position limits for individual currencies and the total open foreign currency position, both intraday and overnight;
- VaR limit and Stressed VaR-limit;
- ES-limit;
- Daily, quarterly and annual Stop-loss limits.

Foreign currency risk mitigation is done mainly by means of changing size of open positions, reducing them or completely closing them in the absence of market instruments for hedging.

Reporting on foreign currency risk is performed on a monthly basis to the ALCO and to the Management Board of the Bank, quarterly - to the Supervisory Board. The package of reports contains a quantitative assessment of foreign currency risks, information on the size of open positions and the status of compliance with the established limits of foreign currency risks and authorized excesses.

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

The Bank's exposure to foreign currency exchange rate risk is presented in the tables below:

	UAH	USD	EUR	Other currencies	Precious metals	31 December 2024 Total
FINANCIAL ASSETS						
Cash and cash equivalents	7,445,691	207,770	109,938	25,105	-	7,788,504
Loans and advances to banks	349	6,001,548	4,237,496	483,361	77,307	10,800,061
Loans and advances to customers	22,396,279	7,181,843	1,693,970	2,718	-	31,274,810
Investments in securities						
Investments at fair value through other comprehensive income	16,498,932	75,349	-	-	-	16,574,281
Investments at amortized cost	32,944,696	11,758,284	1,096,833	-	-	45,799,813
Other financial assets	168,699	6,544	1,764	-	-	177,007
TOTAL FINANCIAL ASSETS	**79,454,646**	**25,231,338**	**7,140,001**	**511,184**	**77,307**	**112,414,476**
FINANCIAL LIABILITIES						
Due to other banks	254	188	-	-	-	442
Customer accounts	54,419,819	24,693,022	10,622,141	764,775	73,967	90,573,724
Other borrowed funds	46	-	-	-	-	46
Other financial liabilities						
Lease liabilities	95,257	320,984	-	-	-	416,241
Other financial liabilities	646,760	45,264	47,723	6,212	-	745,959
TOTAL FINANCIAL LIABILITIES	**55,162,136**	**25,059,458**	**10,669,864**	**770,987**	**73,967**	**91,736,412**
CURRENCY POSITION	**24,292,510**	**171,880**	**(3,529,863)**	**(259,803)**	**3,340**	
Accounts payable on contracts with derivative financial instruments	(3,487,200)	(2,188,416)	-	-	-	(5,675,616)
Accounts receivable on contracts with derivative financial instruments	-	2,089,338	3,595,948	-	-	5,685,286
NET DERIVATIVE FINANCIAL INSTRUMENTS POSITION	**(3,487,200)**	**(99,078)**	**3,595,948**	**-**	**-**	
NET POSITION	**20,805,310**	**72,802**	**66,085**	**(259,803)**	**3,340**	

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

	UAH	USD	EUR	Other currencies	Precious metals	31 December 2023 Total
FINANCIAL ASSETS						
Cash and cash equivalents	10,134,906	543,589	127,347	21,329	-	10,827,171
Loans and advances to banks	128,140	9,131,912	11,745,562	411,901	74,478	21,491,993
Loans and advances to customers	17,507,602	5,928,772	1,422,401	3,124	-	24,861,899
Investments in securities						
Investments at fair value through other comprehensive income	9,361,058	-	-	-	-	9,361,058
Investments at amortized cost	29,407,835	4,591,406	-	-	-	33,999,241
Other financial assets	112,832	1,016	826	-	-	114,674
TOTAL FINANCIAL ASSETS	**66,652,373**	**20,196,695**	**13,296,136**	**436,354**	**74,478**	**100,656,036**
FINANCIAL LIABILITIES						
Due to other banks	15,041	170	-	-	-	15,211
Customer accounts	47,640,116	22,566,799	10,840,783	737,413	69,975	81,855,086
Other borrowed funds	53	-	-	-	-	53
Other financial liabilities						
Lease liabilities	90,415	289,325	-	-	-	379,740
Other financial liabilities	685,814	44,368	47,734	4,345	-	782,261
TOTAL FINANCIAL LIABILITIES	**48,431,439**	**22,900,662**	**10,888,517**	**741,758**	**69,975**	**83,032,351**
CURRENCY POSITION	**18,220,934**	**(2,703,967)**	**2,407,619**	**(305,404)**	**4,503**	
Accounts payable on contracts with derivative financial instruments	(800,000)	-	(5,014,299)	-	-	(5,814,299)
Accounts receivable on contracts with derivative financial instruments	-	4,991,920	799,621	-	-	5,791,541
NET DERIVATIVE FINANCIAL INSTRUMENTS POSITION	**(800,000)**	**4,991,920**	**(4,214,678)**	**-**	**-**	
NET POSITION	**17,420,934**	**2,287,953**	**(1,807,059)**	**(305,404)**	**4,503**	

(In Ukrainian Hryvnias and in thousands)

24. Risk management policies (continued)

Foreign currency risk sensitivity. The following table details sensitivity of the Bank's financial performance and equity to 10% (31 December 2023: 10%) increase and decrease in USD and EUR official exchange rate against UAH. 10% (31 December 2023: 10%) is the sensitivity rate used by the Bank when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for 10% (31 December 2023: 10%) change in foreign currency rates.

	31 December 2024		31 December 2023	
	UAH/USD +10	UAH/USD -10	UAH/USD +10	UAH/USD -10
Impact on profit or loss and equity	3,640	(3,640)	114,398	(114,398)

	31 December 2024		31 December 2023	
	UAH/EUR +10	UAH/EUR -10	UAH/EUR +10	UAH/EUR -10
Impact on profit or loss and equity	3,304	(3,304)	(90,353)	90,353

Limitations of sensitivity analysis. The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analysis do not take into consideration that the Bank's assets and liabilities are actively managed. Additionally, the financial position of the Bank may vary at the time that any actual market movement occurs. For example, the Bank's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation, and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities, whereas assets are held at market value on the separate statement of financial position. In these circumstances, the different measurement bases for liabilities and assets may lead to volatility in equity.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Bank's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical way.