



Initial Public Offering for PASHA Bank Shares (IPO)

- **Executive Summary**



Purpose of Today's Discussion

Context

PASHA Bank is exploring a potential equity offering opportunity to expand its shareholder base and engage local investors in its long-term upside potential

Objective

Today's discussion aims to introduce PASHA Bank's equity story – highlighting its strategy, financial strength, and future ambitions – and gather perspectives from investors on such an opportunity

Key Investment Advantages

01

Stable and reliable macro and political environment in Azerbaijan

- Stable macroeconomic environment underpinned by robust GDP growth of around 4% and strong USD \$85bn FX reserves (2025)
- Profitable and yet underpenetrated banking sector with ample room for expansion

02

Leading corporate bank with premium brand and ecosystem offering

- Azerbaijan's 3rd largest bank with a leading presence in corporate banking
- Backing from the country's top investment group
- Country's premier financial institution with a household brand name and recognition

03

Modern management culture and disciplined policies

- Performance-driven, agile, & transparent modern management culture
- Prudent and risk-based lending policies with quality over volume philosophy and efficient committee layers
- Customer centricity with a strong focus on client needs, providing tailored solutions and long-term relationships, while actively supporting communities through dedicated CSR initiatives, with an annual allocation of up to AZN 12 mln from profits

04

Well capitalized, powering high profitability and dividend payout

- Highly profitable track record
- Strong capital base with capital adequacy ratio of 22.9% (2025 July)
- Target dividend payout ratio of min. 30%-40%

05

Strongly positioned for long-term upsides with underpenetrated business lines & digitalization

- Additional upsides through SME expansion, corporate lending and fee income
- Undergoing digital transformation, advancing both digital and private banking

06

Talented team and excellent leadership with a robust governance

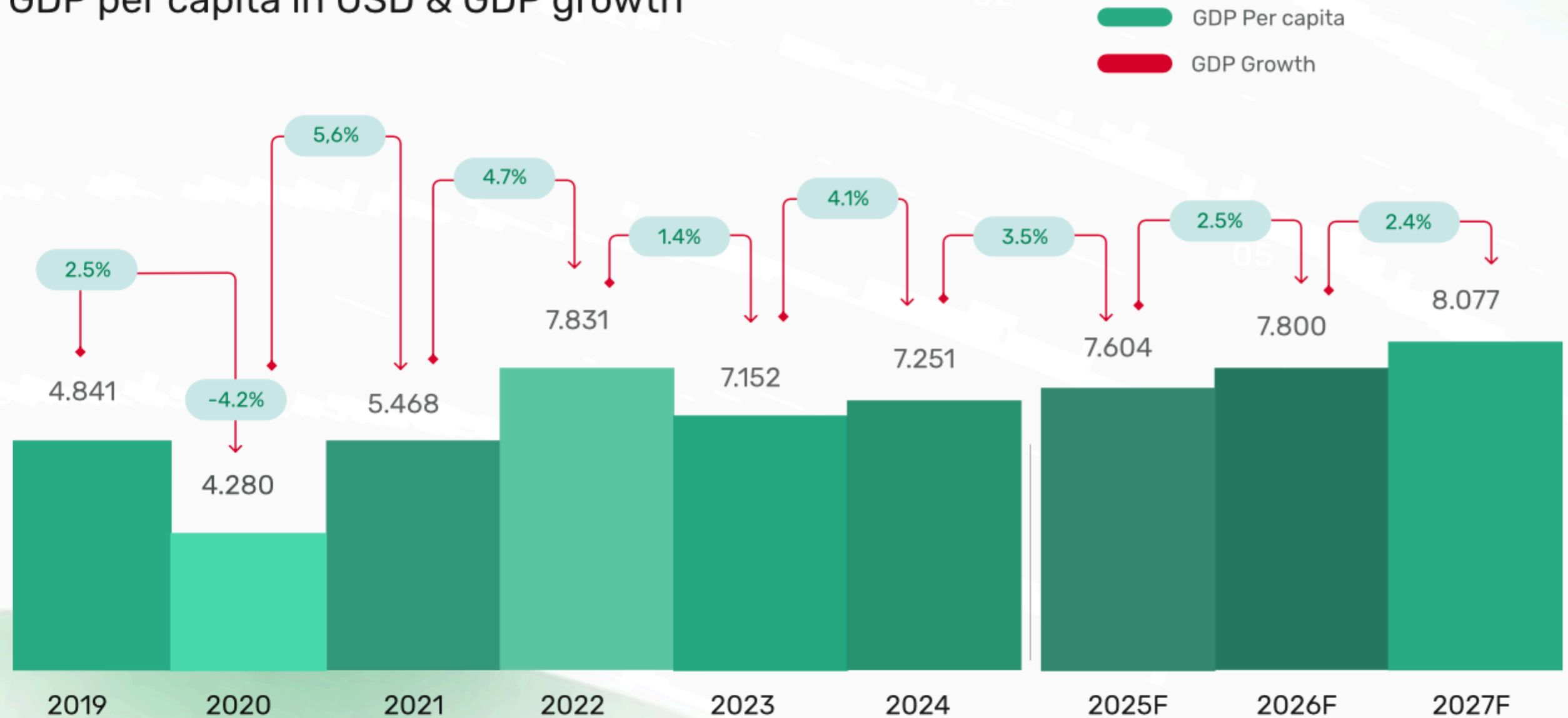
- Excellent leadership team with a proven track record of building resilient, opportunity-driven organizations
- Robust governance with an international board, including 2 independent directors out of 5 total members
- Highly skilled and diverse workforce with strong focus on people development, engagement, and talent retention

Stable and reliable macro and political environment in Azerbaijan

Azerbaijan's Sustainable Macro Environment

Marked by stable growth, controlled inflation, and reduced oil dependence – offers a strong foundation with clear upside potential for capital market development

GDP per capita in USD & GDP growth

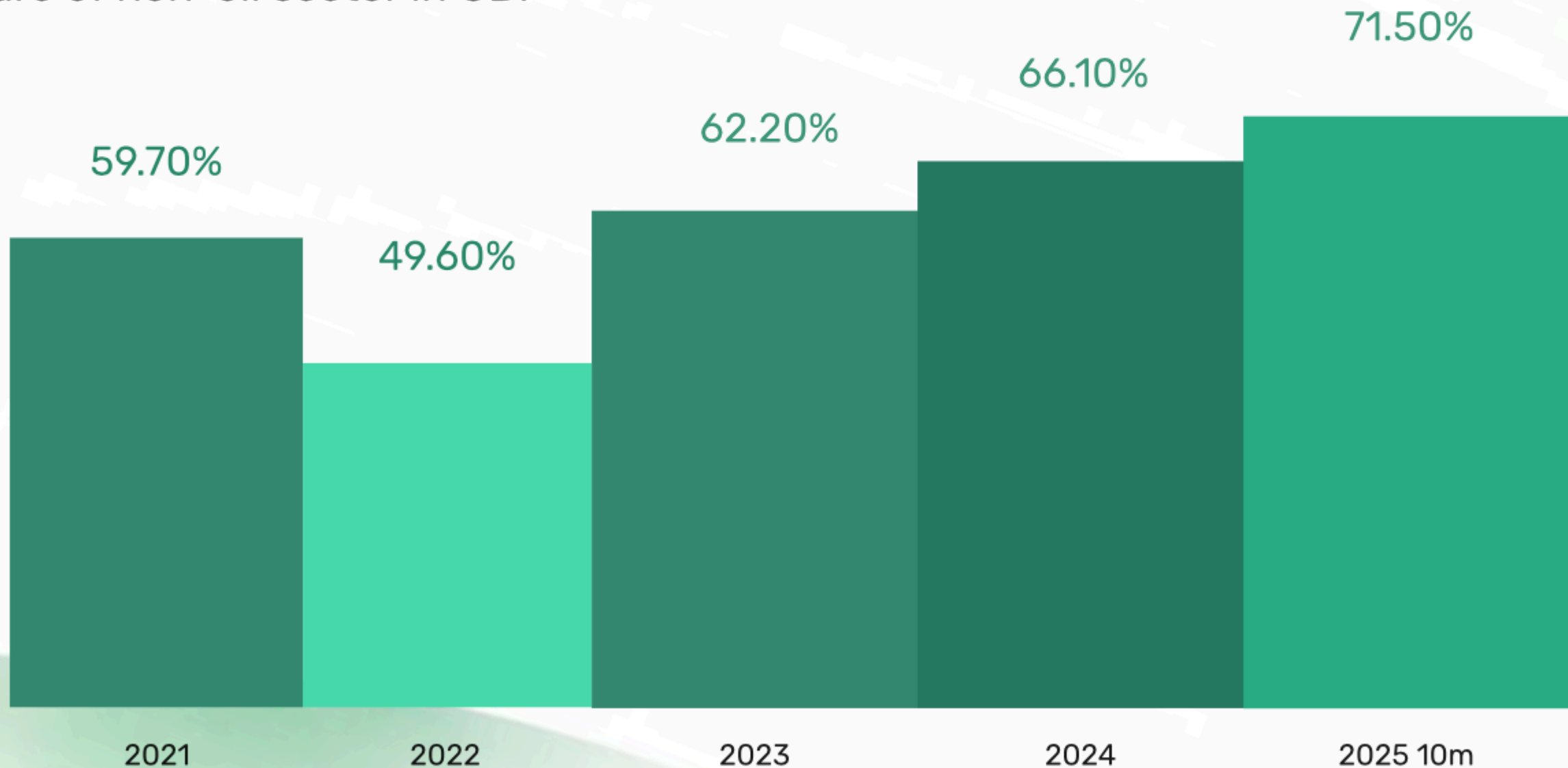


Stable and reliable macro and political environment in Azerbaijan

Azerbaijan's Sustainable Macro Environment

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Share of non-oil sector in GDP



Stable and reliable macro and political environment in Azerbaijan

Azerbaijan's Sustainable Macro Environment

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Inflation and monetary policy rate



Key highlights

Marked by stable growth, controlled inflation, and reduced oil dependence – offers a strong foundation with clear upside potential for capital market development

Robust GDP growth:

Non-oil sectors drove +2.7% growth in 2025. Medium-term growth potential remains solid (2.5–3.5%), supported by infrastructure and logistics projects

Stable credit rating:

Fitch affirms BBB– with a stable outlook, based on the country's strong financial reserves and careful government budgeting. In 2025 Moody's upgraded Azerbaijan's sovereign credit rating from Ba1 to Baa3, marking its transition to investment-grade status for the first time

Inflation under control:

In 2025 12-month inflation stood at 5.2%, down from previous highs. It is in Central Bank of Azerbaijan's 4% $\pm$ 2% target range

Increased non-oil sector share:

The non-oil sector's share of GDP has steadily increased, reaching 71.5% in 2025 – a result of Azerbaijan's efforts to build a more balanced and sustainable economy

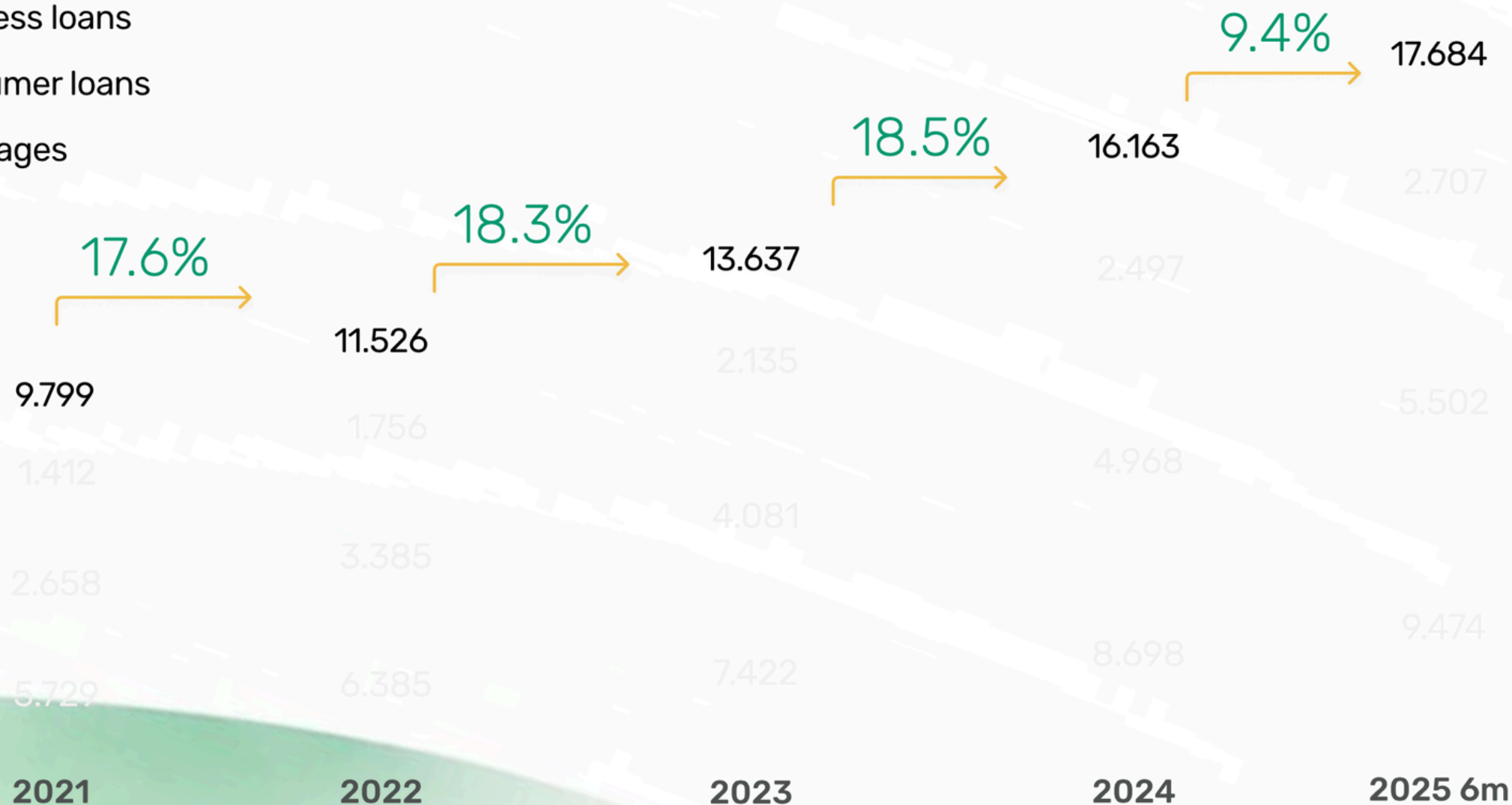
Stable and reliable macro and political environment in Azerbaijan

Highly Profitable and Underpenetrated Banking Sector

The financial sector is showing strong momentum, with growing profitability, solid loan growth, and decreasing NPL levels. With just a 24.5% domestic private sector credit to GDP ratio, there is ample headroom for increasing penetration

Banking sector loans (mln USD)

- Business loans
- Consumer loans
- Mortgages

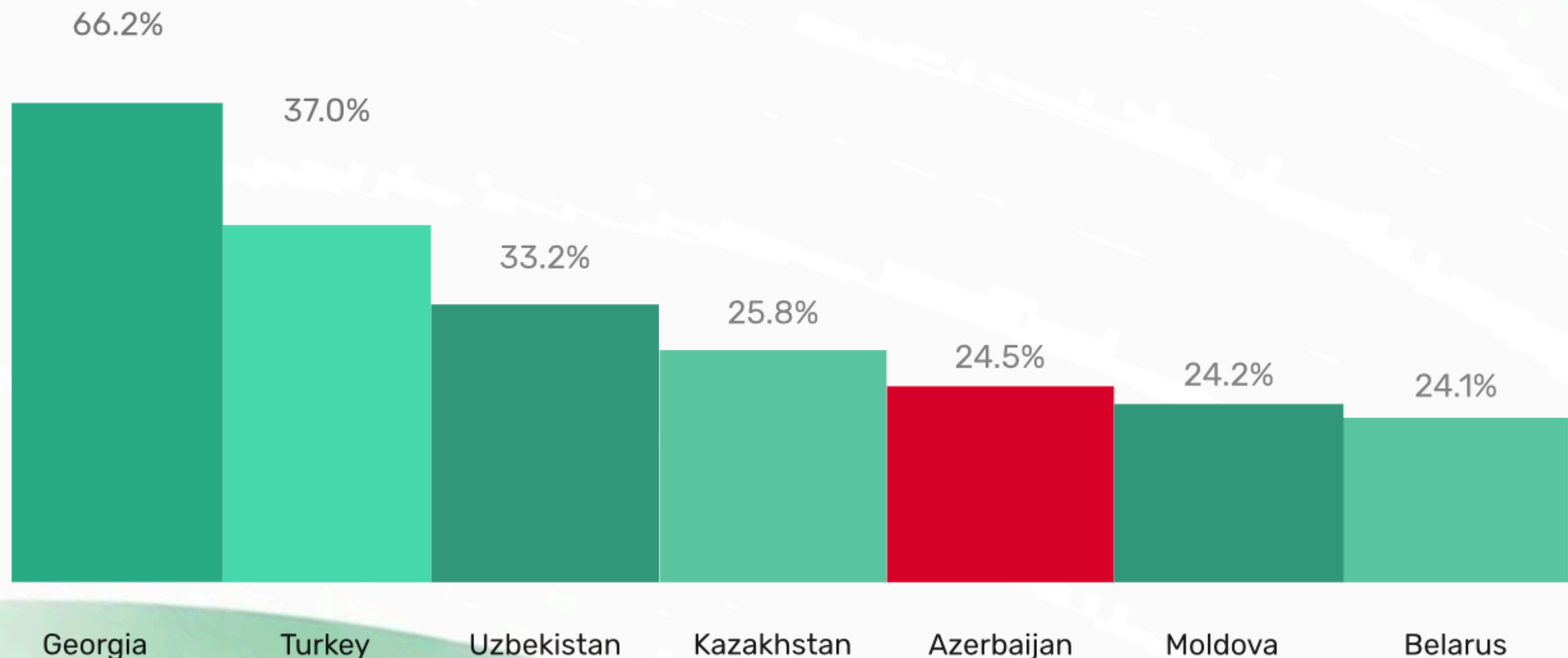


Stable and reliable macro and political environment in Azerbaijan

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Domestic credit to private sector by banks 2024 (% of GDP)

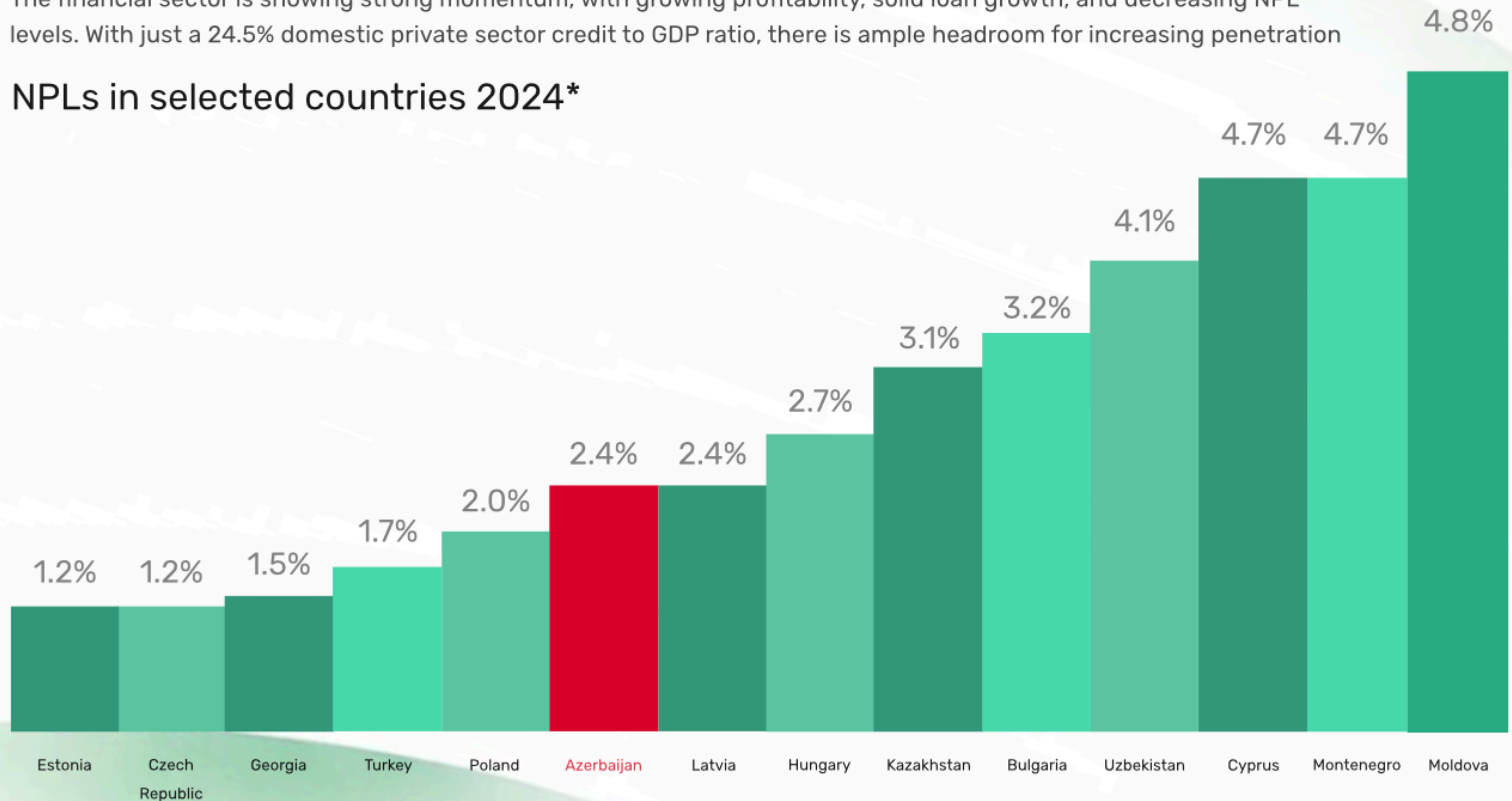


Stable and reliable macro and political environment in Azerbaijan

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NPLs in selected countries 2024*



Key highlights

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Strong profitability & banking dominance

Banks continue to dominate the financial system, holding 95% of total assets. In 2024 profitability of banks remained high, with ROE exceeding 15%

Low and improving NPLs:

Non-performing loans declined to 2.4% in 2024, down from 4.5% in 2021 - reflecting prudent risk management. Azerbaijan now ranks among the region's better performers on this metric

Sustained loan growth:

Banking sector loans expanded by 9.4% in 2025, driven by growth in corporate, mortgage, consumer, and SME lending, over 80% of loans are in local currency

Low penetration:

Azerbaijan still has one of the lowest credit penetration levels in the CIS+ region, with a Banks loans to private amounting to 24.5% of GDP in 2024, this provides banks with room to expand volumes and strengthen revenues in the coming years



Leading corporate bank with premium brand and ecosystem offering



Leading corporate bank of Azerbaijan

Leading corporate bank, with a stable credit rating supported by the country's largest investment holding

Leading corporate bank with premium brand and ecosystem offering

Leading corporate bank of Azerbaijan

About PASHA Bank OJSC

ESTABLISHED IN
2007

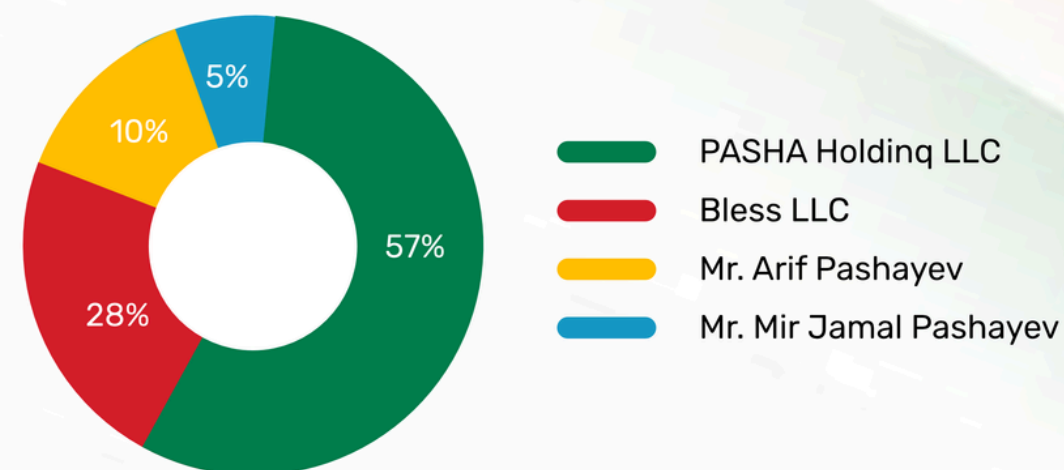
PASHA Bank OJSC (established in 2007) is Azerbaijan's leading corporate bank and a member of PASHA Group, the country's largest investment group. 3rd largest bank by assets and 2nd largest bank by business loans in Azerbaijan.

- **PASHA Bank** is designated as a systemically important bank by the regulator.
- Headquartered in Baku, with a presence in **Georgia (est. 2013)** and **Turkey (est. 2015)**
- Main business lines include Corporate Banking, SME Banking and Private Banking.
- PASHA Bank has an international team of over **1,400 professionals**



In 2026, S&P Global Rating affirmed long-term rating of PASHA Bank at "BB-" & upgraded outlook "positive". The agency indicates solid market position of PASHA Bank in corporate banking sector, large liquidity buffers and stable customer deposits

Current shareholders of PASHA Bank OJSC



Subsidiaries of PASHA Bank OJSC

PASHA Bank Georgia
established in 2013

85.06% Ownership

PASHA Bank Turkey
established in 2015

28.21% ownership

INTERNATIONAL AWARDS:

The Best Bank in
Azerbaijan 2025

The Best Private Bank
of Azerbaijan 2024

GLOBAL
FINANCE

Long Term Sustainable **Competitive Advantages**

The company has built a strong franchise in Azerbaijan's banking sector, supported by strong funding and capital, a trusted reputation and the backing of group synergies to support strategic growth

01 **Market Leadership in Corporate Banking**

- #2 in business loan portfolio with USD 1.9 bn (2024 Dec)
- Strong corporate and regional client base
- Expertise in structured finance, syndications and trade finance creating high entry barriers for competitors
- Leading POS acquiring network: PASHA Bank held 39% of Azerbaijan's POS turnover in 1H 2025 (46% in 2024).

02 **Stable Corporate Funding Base**

- Deposit portfolio of USD 4.0 bn (2024 Dec), mainly corporates
- Stable funding, low reliance on volatile retail deposit
- Ability to Support cross-sell of treasury, FX and Cash management products to these depositors

03 **Diversified & Growing Fee-based Income**

- USD 54.8 (2024 Dec) mln non-interest income (#3 in market)
- Balanced revenue model across LC/LG commissions, FX and transaction banking
- Strategy focused on expansion in Private Banking, SME services and digital platforms

04 **Ecosystem Leverage within Group**

- Synergies with Kapital Bank, PASHA Insurance, PASHA Life Insurance, PASHA Capital, etc.
- Shared & optimized infrastructure & technology development
- Group presence in insurance, AM and investment services enables bundling offerings

05 **Advanced Technology and Data initiatives**

- Lakehouse analytics and platform across core domains
- In-house AI tools and speech-to-text solutions to enhance customer service efficiency
- Investments in CRM, data governance and digital loan processing

06 **Reputation and Relationships**

- Trusted partner for corporates and HNWI
- Track record in arranging complex financial structures
- Strong role in cross-border trade flows
- BCG-led RM Lab (2024) enhanced sales capabilities, improving RM development, client segmentation, and relationship management

Modern management culture and disciplined policies

Modern Management & **Disciplined Policies**

Performance-driven, risk-conscious, and digitally enabled management approach

◆ **Management & Governance**

01

Agile Leadership

Since 2018, PASHA Bank has adopted Agile methodology at scale, enabling faster decision-making through scrum teams, tribes, and squads

02

Strategic & Talent Focus

Leadership sets clear goals through OKRs, fosters internal growth via mentorship and Leadership Labs

03

Ethical & Transparent Governance

Strong ESG focus, open communication culture, and independent board oversight

Modern management culture and disciplined policies

Modern Management & **Disciplined Policies**

Performance-driven, risk-conscious, and digitally enabled management approach

◆ **Disciplined & Digital Operations**

01

Robust IT Infrastructure

Tier 3 data centers, AWS cloud, Oracle Flexcube core banking with 99.8% + uptime

02

Digital Banking

96% of SME and corporate clients use digital channels; in-house mobile apps

03

Data-Driven Risk Management

AI models, RPA, and proprietary loan lifecycle system (2.9-day SME loan processing)

04

Disciplined Lending

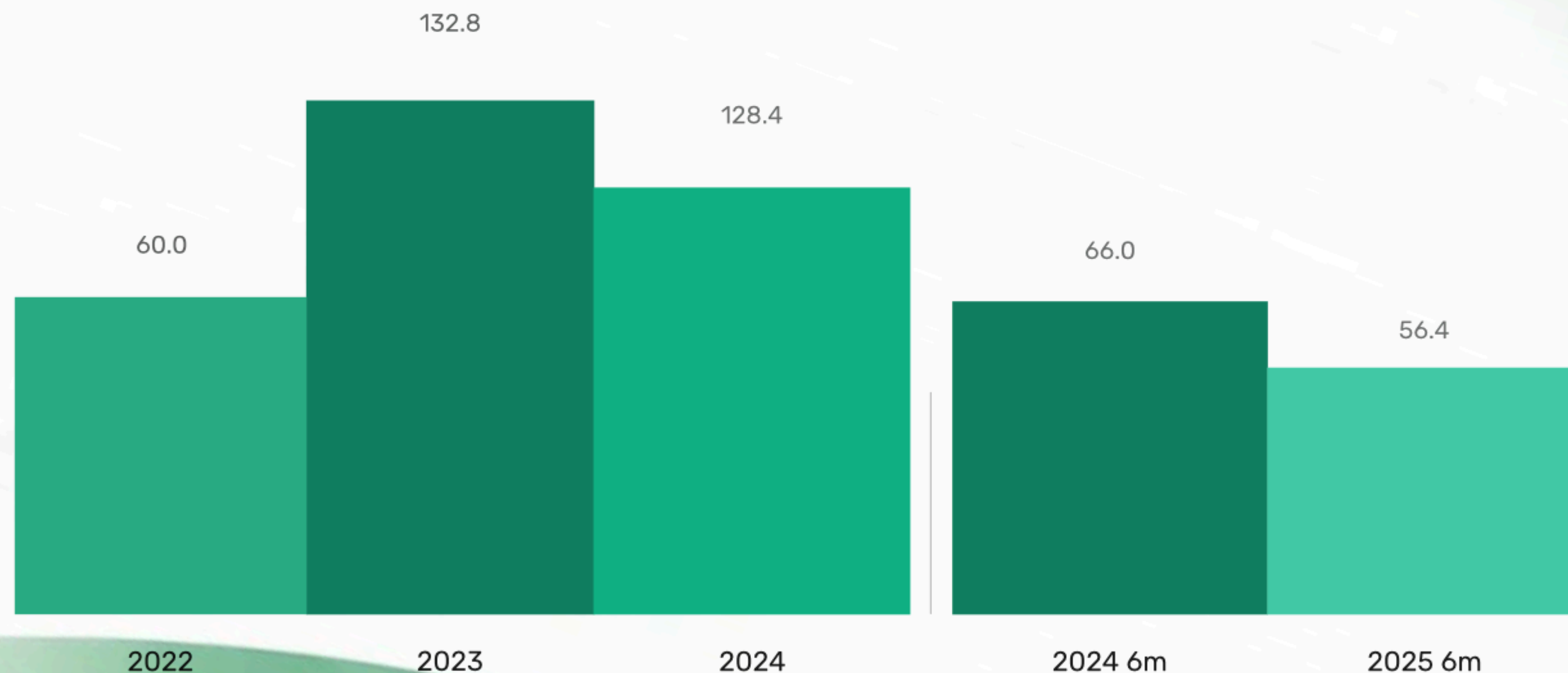
Prudent credit philosophy, structured process, Basel III-aligned risk ratings, and sectoral diversification

Well capitalized, powering high profitability and dividend payout

Robust Profitability

Net income remained strong at USD 128M in 2024, supported by resilient core operations, high yield environment, some recoveries and solid returns with ROAE at 25%. In 1H 2025, profitability softened to USD 56M, mainly reflecting increasing cost of funds

Net Income (USD mln)



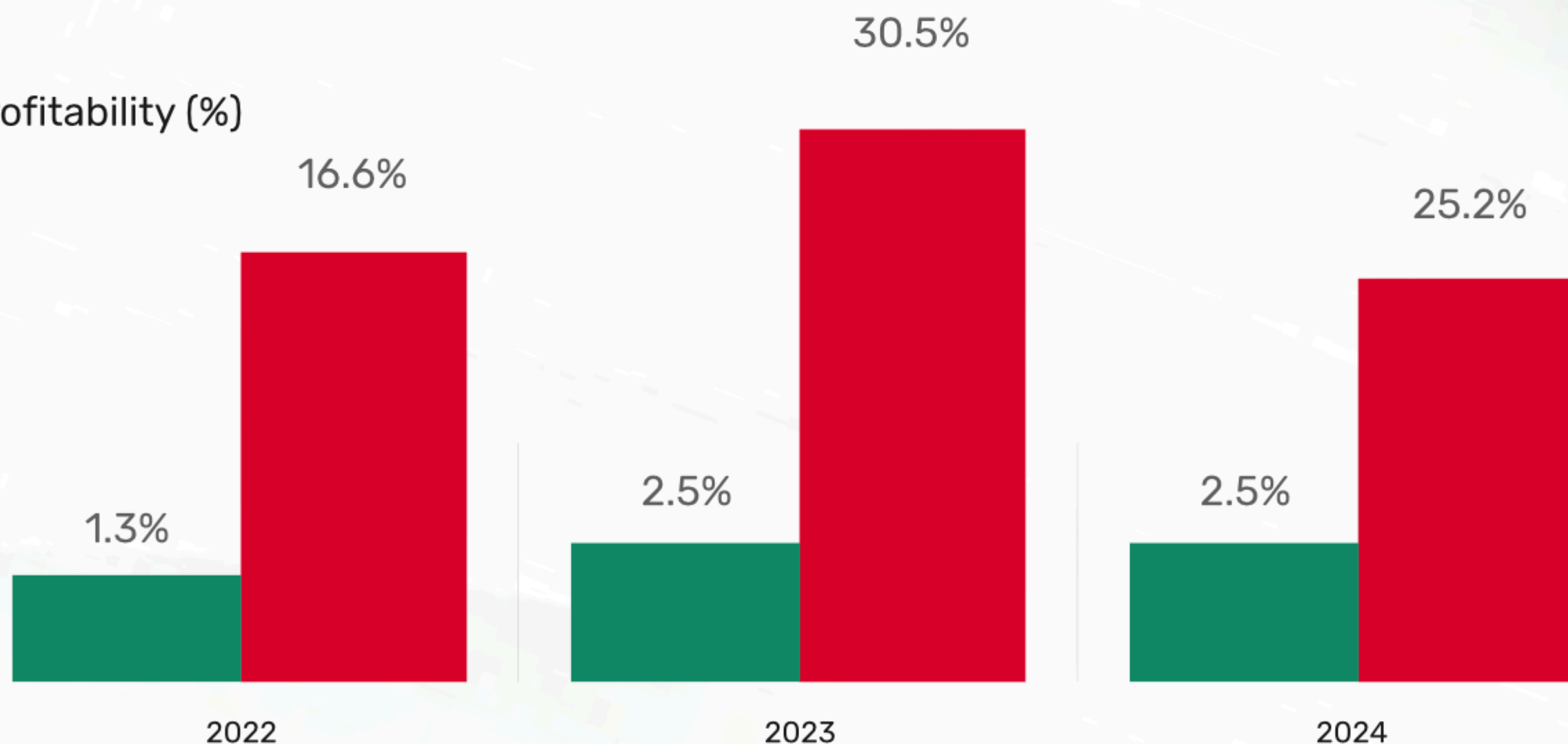
Well capitalized, powering high profitability and dividend payout

Robust Profitability

Net income remained. In 1H 2025, profitability softened to USD 56M, mainly reflecting increasing cost of funds

● ROAA ● ROAE

Profitability (%)



Well capitalized, powering high profitability and dividend payout

Key highlights

Net income remained strong at USD 128M in 2024, supported by resilient core operations, high yield environment, some recoveries and solid returns with ROAE at 25%. In 1H 2025, profitability softened to USD 56M, mainly reflecting increasing cost of funds

Net income reached USD 128M in 2024

maintaining strong profitability after record 2023 results. In 1H 2025, net income declined to USD 56M, mainly driven by lower net interest income

Profitability stayed solid

with **ROAA at 2.5%** and **ROAE at 25.2%**, showing sustained returns despite a slight dip from 2023 highs

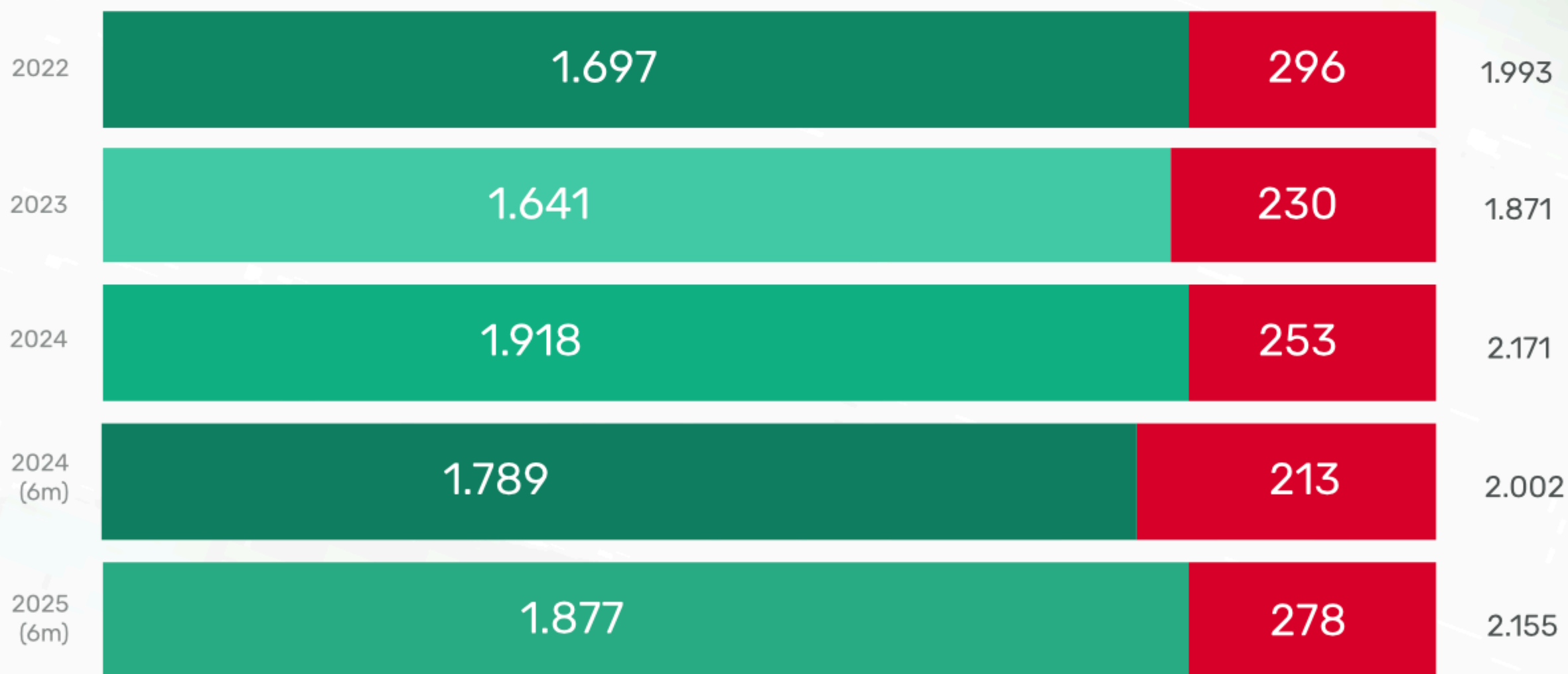
Well capitalized, powering high profitability and dividend payout

Stable Balance Sheet

Stable portfolio and deposits underpin the sustained position among the country's Top 3 banks

Gross Loan portfolio (USD mln)

● Business loans ● Consumer loans

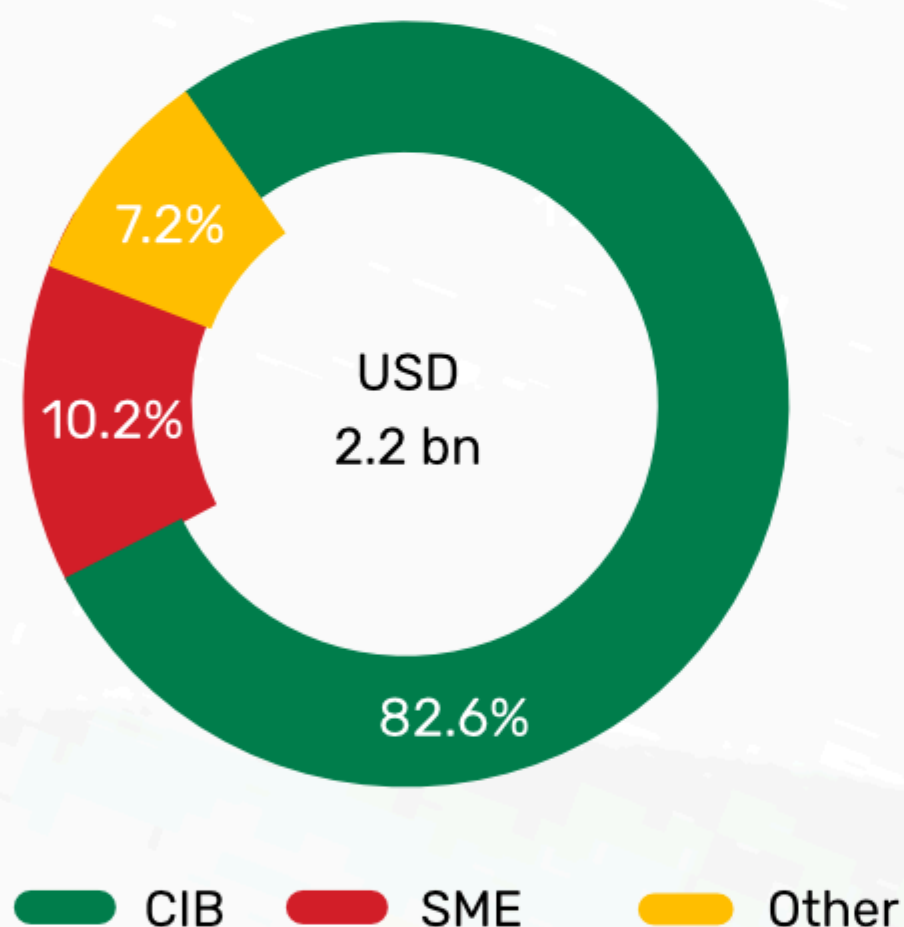


Well capitalized, powering high profitability and dividend payout

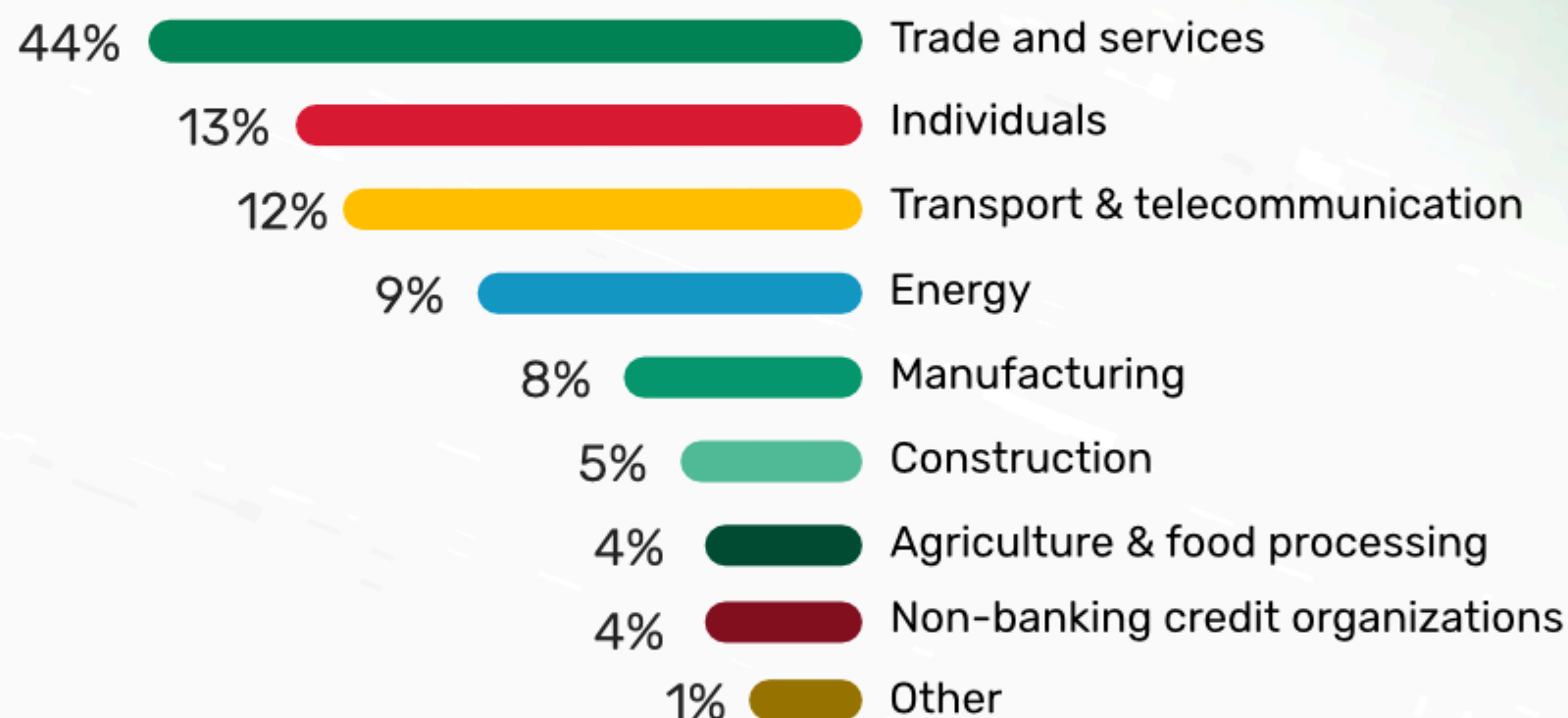
Stable Balance Sheet

Stable portfolio and deposits underpin the sustained position among the country's Top 3 banks

Total Loan Portfolio
Breakdown 2024 (USD bn)



Gross Loan Sectoral breakdown (2025 6m)



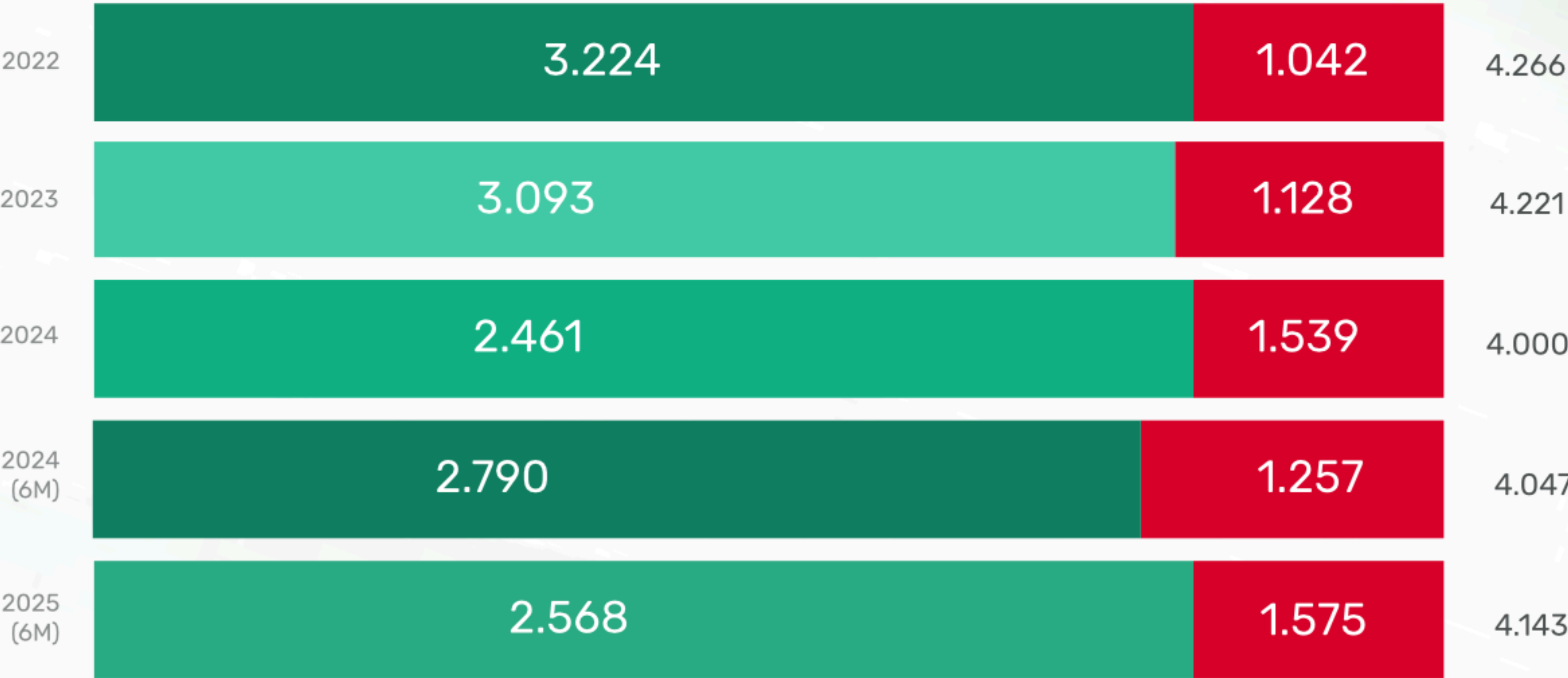
Well capitalized, powering high profitability and dividend payout

Stable Balance Sheet

Stable portfolio and deposits underpin the sustained position among the country's Top 3 banks

Customer Deposit Portfolio (USD mln)

● Demand Deposits ● Time Deposits

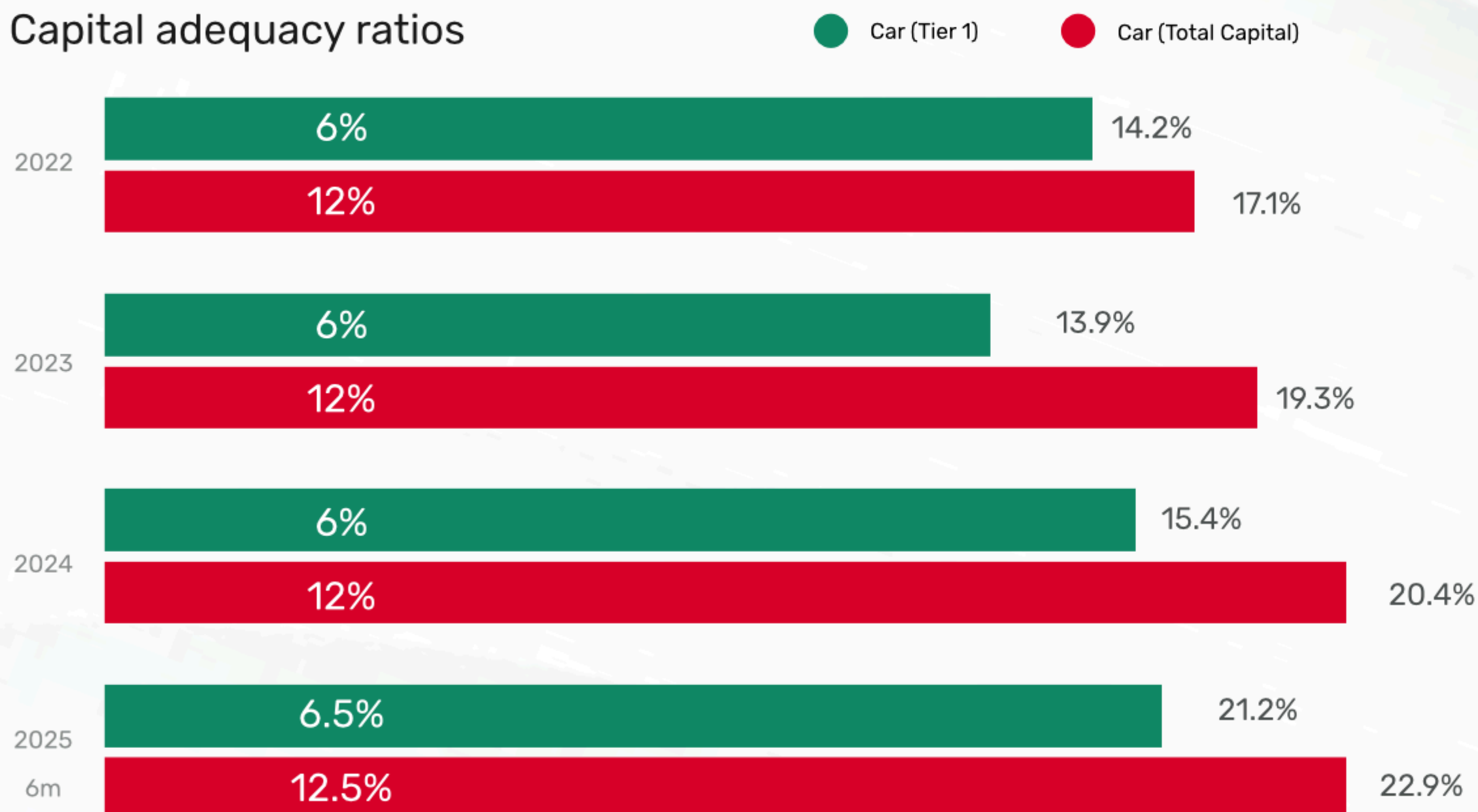


Well capitalized, powering high profitability and dividend payout

Well Capitalized and Highly Liquid

Robustly capitalized (22.9% CAR) and highly liquid – ensuring resilience and flexibility

Capital adequacy ratios

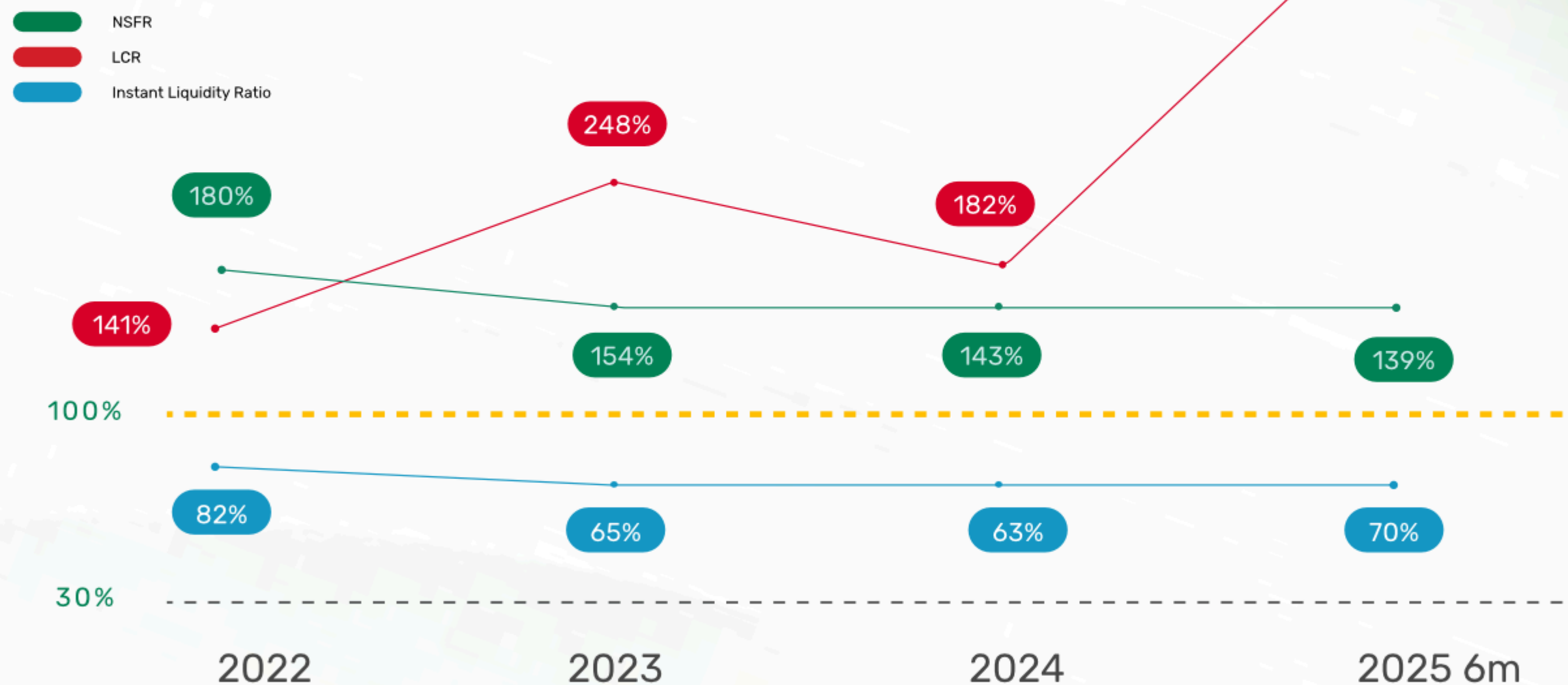


Well capitalized, powering high profitability and dividend payout

Well Capitalized and Highly Liquid

Robustly capitalized (22.9% CAR) and highly liquid – ensuring resilience and flexibility

Liquidity ratios



Source: Standalone IFRS Audit report, Standalone Management reports as of 2024
Since 2023 LCR is calculated by using CBAR norms (internal LCR as of 2023 was 171.6% and as of 2024 it was 140.1%)

Well capitalized, powering high profitability and dividend payout

Key highlights

Robustly capitalized (22.9% CAR) and highly liquid – ensuring resilience and flexibility

High Capital adequacy ratio

CAR consistently above regulatory thresholds (Tier 1 > 6.5%, Total > 12.5%), reflecting strong capitalization and resilience

Strong liquidity position:

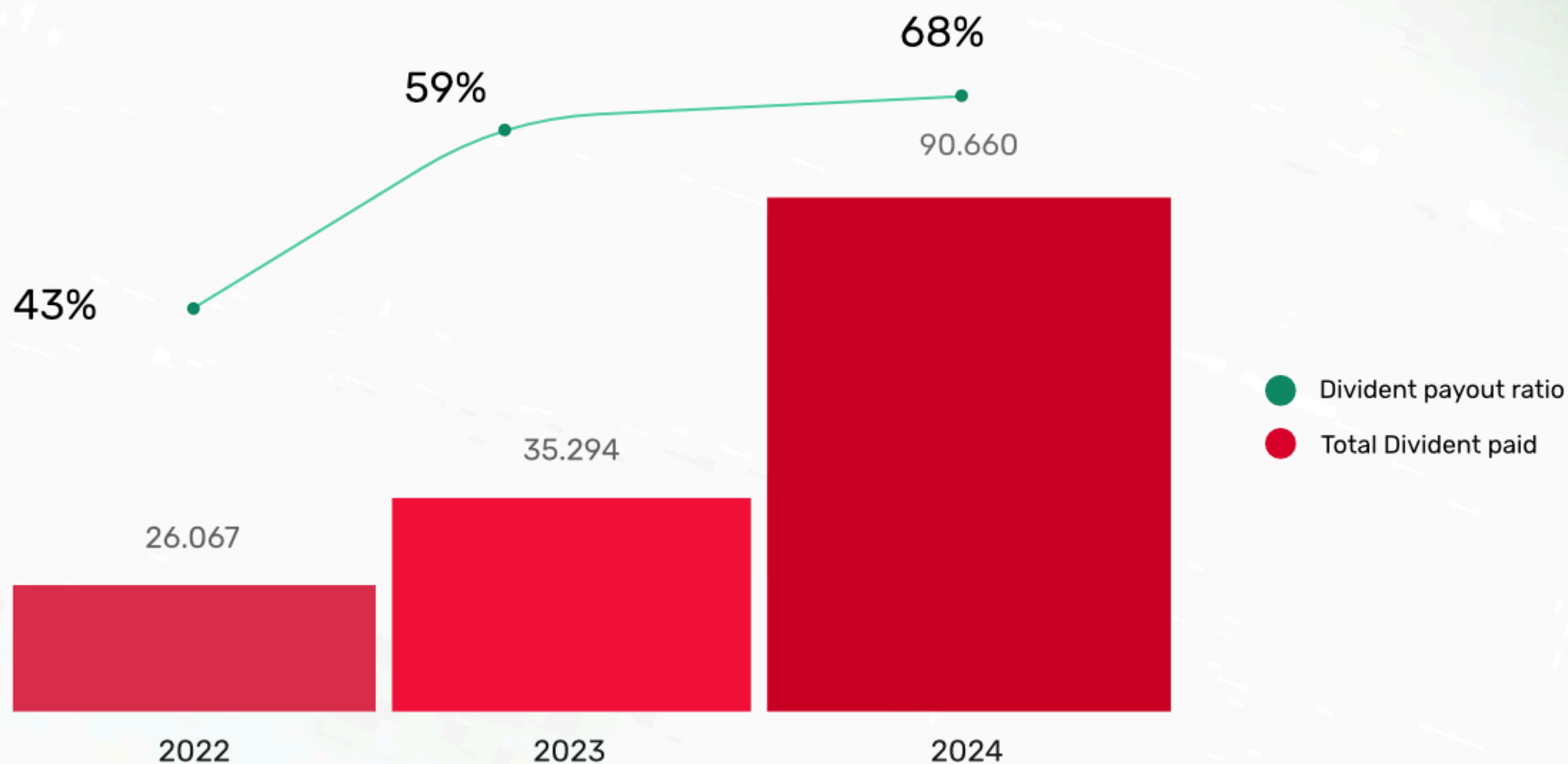
Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) well above 100%, while Instant liquidity ratio stands well above 30%, underscoring strong liquidity and stable funding profile. High LCR in 1H 2025 reflects higher holdings in liquid assets

Well capitalized, powering high profitability and dividend payout

History of Stable Dividends

Historically high dividend payout policy with future guidance of min. 30-40%

Dividend payout ratio* (USD '000)



Source: Consolidated IFRS Audit report

*Dividend payout ratio is based on prior year's profit after tax

Well capitalized, powering high profitability and dividend payout

Key highlights

Historically high dividend payout policy with future guidance of min. 30-40%

Consistent dividends:

The company has a **consistent track record of paying dividends every year**, reflecting stability and reliability for shareholders

Strong payout ratio:

Historically, the dividend payout ratio has exceeded 40%, demonstrating a strong commitment to rewarding investors

Future outlook:

Going forward, the company intends to maintain a dividend payout of **min. 30%-40% annually**, ensuring continued attractive returns to shareholders

Investor appeal:

Such a policy provides **predictable cash flows for investors**, making the company especially appealing for those seeking steady income

Strongly positioned for long-term upsides with underpenetrated business lines and digitalization

Positioned For **Future Long-Term Upsides**

Growth will be driven by core corporate lending given a strong position on an underpenetrated market, accelerated SME expansion, rising fee income from trade and card services, and stronger digital and private banking capabilities

01

Growing Corporate and SME Lending

- **Core engine of growth:** Corporate lending makes up over 80% of the bank's total loans. PASHA Bank plans to deepen relationships with key clients while selectively expanding its base
- **SME opportunity:** The bank sees substantial room to grow its lending for SMEs and aims to grow loan portfolio to more than 353 mln USD by 2026, more than doubling its loan book from 2022. This will contribute significantly to asset growth and also diversify the bank's customer base

02

Increasing Commission & Fee Income

- **Fee income push:** Bank is actively growing fee income through trade finance, cash management, capital markets services and card acquiring, key drivers of profitability
- **Strong momentum:** In 2024, the bank earned 97 mln USD in net fees and commissions, 25% CAGR over 2021 – 2024 period. This is expected to grow further with greater product uptake

03

Private Banking Expansion

- **Large untapped market:** Azerbaijan's wealthy segment remains significantly underpenetrated
- **Growth potential:** PASHA Bank sees strong opportunity to expand its private banking and wealth management offerings to capture this segment

04

Technology & Digital Capabilities

- **Digital-first strategy:** PASHA is rolling out digital onboarding and lending platforms for SMEs and retail to improve efficiency and client reach
- **Smart systems:** Investments in centralized credit decisioning and CRM systems are expected to enhance client targeting, segmentation, and efficiency
- **Automation & data:** Actively deploying RPA and expanding data use cases and infrastructure to drive process efficiency and advanced analytics

Talented team and excellent leadership with a robust governance

Executive Board

Excellent leadership team with a proven track record of building resilient, opportunity-driven organizations



Appointed: 09 June, 2022

Javid Gouliyev

Chairman of the Executive Board
Chief Executive Officer

- British Bank of the Middle East, a subsidiary of HSBC in 1996
- Unibank in 2003
- Bank Standard in 2004
- Capital Resources Advisors, Azerbaijan Branch in 2012
- PASHA Holding 2014
- PASHA Bank since 2016



Appointed: 21 July, 2022

Bahruz Naghiyev

Member of the Executive Board,
Deputy CEO

- George Washington University in 2009
- Aztexnika company in 2010
- PASHA Bank since 2011



Appointed: 21 July, 2022

Murad Suleymanov

Member of the Executive Board,
Chief Financial Officer

- Ernst & Young Holdings in 2008
- "PASHA Insurance" OJSC in 2011
- "PASHA Holding" LLC in 2019
- PASHA Bank since 2022



Appointed: July 18, 2023

Parvin Ahadzadeh

Member of the Executive Board
Chief Risk Officer

- ATA Bank in 2003
- Central Bank of the Republic of Azerbaijan in 2016
- PASHA Holding in 2015
- Kapital Bank in 2015
- PASHA Bank in 2016

Talented team and excellent leadership with a robust governance

Talented Team and HR Policies

Growth will be driven by core corporate lending given a strong position on an underpenetrated market, accelerated SME expansion, rising fee income from trade and card services, and stronger digital and private banking capabilities

01

Talent Development & Early Careers

- Talent Academy launched with camps for credit analysts and engineers
- Strong university partnerships: ambassador programs, employability weeks and hackathons

02

Compensation & Work Environment

- Competitive benefit packages including insurance options
- Support for education and wellness
- Flexible working routines and a democratic, growth-oriented culture
- Investment in new HQ & co-working spaces

03

Inclusive Hiring & Leadership Growth

- Focusing on growing leaders internally
- Summer internships feed junior hiring
- Diversity & female leadership program launched; women's share in leadership roles is rising
- Average tenure 3 years; total turnover 13%
- Mobility program: Enables employees to move across PASHA Holding companies, fostering career growth and retention

04

Engagement & Organizational Health

- Organizational Health Index ranked in the top decile within the sector
- Annual engagement survey with mid-year follow-ups; each department builds action plans
- Rich engagement culture: social clubs, sports, hackathons, football championships, team-building events
- Overall Performance Index (OPI): Scored 4.3, reflecting strong employee satisfaction and performance

05

Digital HR Transformation

- Bank moving toward fully digital HR processes (employee portal, online learning content)
- Setting minimum HR standards across the holding; only regulatory tasks remain non-digital

Female

41.7%

1,416

Staff members

Robust governance and international board with 2 out of 5 independent directors

Supervisory Board



Təyinat: 18 mart 2025

Rovshan Allahverdiyev

Chairman of Supervisory Board

- Khayal Cooperative Bank in 1992
- Arkobank JSB in 1996
- Zamin Commercial Bank and later Caucasus Development Bank in 2002
- Texnikabank's in 2003-2006
- Kapital Bank 2006-2007 / 2013-2023
- PASHA Bank between 2007-2013
- PASHA Bank Georgia since 2023



Appointed: 06 March, 2025

Shirin Aliyeva

Independent Member of Supervisory Board

- Nobel Oil in 2005
- PASHA Bank 2011-2018
- PASHA Investments LLC – 2018-2021
- Sumgayit Technologies Park 2019-2021
- Azercell Telecom LLC – 2021-2024



Appointed: 28 November, 2024

Georges Joseph Haimari

Independent Member of Supervisory Board

- Banque Audi SAL in 1995
- Citigroup in 1997
- Booz & Company in 2002 – 2014
- McKinsey & Company in 2014
- Co-founder of Phoenician VC in 2019
- Boubyan Bank Group in 2021 and co-founded Nomo Bank



Appointed: 5 August, 2025

Asef Huseynov

Member of Supervisory Board

- Central Bank of Azerbaijan in 2009
- Unibank OJSC in 2015-2019
- Supervisory Board Member, Baku Stock Exchange, 2016-2020
- Supervisory Board of Azerbaijan Credit Bureau, Chairman in 2018-2019
- PASHA Bank Georgia, Board Member & CRO, 2019-2021
- PASHA Holding LLC, Chief Risk Officer, since 2021
- PASHA Insurance OJSC, Board Member, since 2023



Appointed: 1 March, 2018

Shahin Mammadov

Member of Supervisory Board

- Yapi Kredi Bank Azerbaijan in 2003
- Deloitte & Touche in 2005
- PASHA Bank 2009
- PASHA Holding since 2018

Forward Looking **Long-Term Guidance**

Bank targets sustainable growth driven by Azerbaijan's economic expansion, SME and private banking development, revenue diversification, and efficiency gains through digitalization

01 **Growth Aligned with Economic Expansion**

The Bank expects to grow in line with Azerbaijan's GDP, supported by resilient corporate performance and a stable macroeconomic environment

02 **Strengthening SME and Private Banking**

Expansion to be driven by increased SME penetration and private banking development, supported by cross-sell opportunities within PASHA ecosystem

03 **Scaling Fee-Based and Digital Revenues**

Fee income to rise through continued growth in POS network, digital payments, and transaction banking solutions

04 **Enhancing Margins through Efficiency Gains**

Operational efficiency and AI-driven digitalization expected to support margin expansion despite upward pressure on deposit costs



Thank you!