

№ PB-OUT-04338-2026

30.07.2026

Summary of the AML Policy related to Anti-Money Laundering / Know-Your-Customer regulations and procedures

OJSC PASHA Bank (hereafter the “Bank”) has developed a risk-based AML/CTF program to prevent the Bank from involvement in money laundering (ML) and terrorist financing (TF) activities. This program includes written AML/CTF policies and procedures, AML risk assessment and controls, a designated MLRO and AML staff, employee training, KYC program, processes to conduct on going monitoring, reporting of suspicious transactions, record keeping and independent audit testing.

The AML policy (hereafter the “Policy”) applies to all employees working for the Bank, regardless of whether they are permanent, temporary or contracting staff. All employees of PASHA BANK must ensure that they do not involve the Bank in activities that they know, or ought to know, to be illegal or could damage the reputation of the Bank.

There is a designated MLRO appointed in the Bank. MLRO is the Director of the Compliance and AML Department and reports directly to the Chief Executive Officer of the Bank. AML & Monitoring staff has been assigned to each business unit and works with them to develop and review business-specific policies and to ensure ongoing compliance with bank policies and governmental policy. The staff has responsibility for filing suspicious activity reports with governmental authorities and works closely with the business units.

Main objectives of the Policy are:

- Prevent the Bank from being misused for ML purposes, by establishing a robust framework;
- Provide instructions to the Bank’s employees in relation to the prevention and the detection of ML/TF events;
- Protect the Bank and its employees against any corporate or personal liability arising under local laws or resolutions on AML issued by the responsible authorities;
- Protect the value and brand of the Bank by minimizing the reputation and regulatory risk of ML/TF

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It is the Policy of the Bank to institute appropriate regulations, procedures, and controls to comply with appropriate local AML/CTF Law of the Azerbaijan Republic and other jurisdictions in which the Bank has an operating presence, as well as FATF's recommendations, Basel's requirements and international standards.

The Policy outlines the elements of sound KYC procedures, and provides guidelines for obtaining and corroborating customer identification and other information. As part of its KYC measures, below is the minimum list of efforts made by the Bank in the course of standard customer due-diligence process:

- Identifying the clients and verifying the clients' identity on the basis of documents, data or information obtained from a reliable and independent source;
- Identifying, where applicable, the ultimate beneficial owner(s) and taking "reasonable measures" to verify their identity, in particular for legal persons, trusts and similar legal arrangements to understand the ownership and control structure of the clients;
- Obtaining information on the purpose and intended nature of the business relationship;
- Conducting on-going monitoring of the business relationship including the business and risk profile, scrutiny of transactions undertaken throughout the course of that relationship to ensure the transactions being conducted are consistent with the Bank's knowledge of the customer, the business and risk profile, including, where necessary, the source of funds and source of wealth and ensuring that the documents, data or information held are kept up-to-date.

The Bank does not enter into a business relationship and does terminate the existing one in instances where a client fails to provide sufficient information and documentation required to obtain identity information as well as information about shareholding structure and ultimate beneficial ownership. In particular, the Bank will not execute the following:

- Open and maintain anonymous or payable-through accounts or accounts for shell banks/companies;
- Accept funds or other assets known or suspected to be the proceeds of a criminal activity;

Enter into relationship with clients operating in the below industries:

- Weapon production and sale for military purposes;
- Gambling;

- Sport betting and similar industries (Except for lottery industry enterprises established by the Republic of Azerbaijan);
- Production and sale of narcotic and psychotropic substances;
- Individuals and legal entities which have Armenian residency or have principal activity in Armenia.
- Individuals and legal entities having residency or principal activity in countries which have no diplomatic relations with the Republic of Azerbaijan Environmentally damaging industry (industries that can cause environmental diseases, climate change, pollution to air, water and soil, health issues);
- Legal entities involved in production and sale of nuclear power and power energy for military purposes.
- Virtual assets (e.g., cryptocurrency) service providers;
- Sex trade;
- Adult entertainment.

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Note: This Summary is provided as an accommodation and is for information purposes only. It is subject to change without notice. Having provided this Summary to any party creates no duty on the Bank's part, and no party shall reply upon this Summary for any reason

Yours sincerely,


Aynura Ismayil-zada

Director of the Compliance and AML Department / MLRO

