



PASHA
Bank

2024 SUSTAINABILITY REPORT

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Abbreviation List

ABA	Azerbaijan Bank Association
ACCA	Association of Chartered Certified Accountants
AI	Artificial Intelligence
AML	Anti-Money Laundering
API	Application Programming Interface
AWITA	Azerbaijani Women in IT Awards
AZN	Azerbaijani Manat
B2B	Business-to-Business
BCDR	Business Continuity and Disaster Recovery
BHOS	Baku Higher Oil School
BNEF	BloombergNEF
CBAR	Central Bank of the Republic of Azerbaijan
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFA	Chartered Financial Analyst
CFT	Countering the Financing of Terrorism
CIA	Confidentiality, Integrity, Availability
CIB	Corporate and Institutional Banking
CJM	Customer Journey Mapping
CN	Combined Nomenclature
CNG	Compressed Natural Gas
COBIT	Control Objectives for Information Technologies
CoCE	Center of Customer Excellence
CoE	Agile Center of Excellence
COP	Convention on Climate Change
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CRISC	Certified in Risk and Information Systems Control
CRM	Customer Relationship Management
CRO	Chief Risk Officer
CSI	Customer Satisfaction Index
CSR	Corporate Social Responsibility
CVV	Card Verification Value
CX	Customer Experience
DEI	Diversity, Equity, and Inclusion
DEIA	Diversity, Equity, Inclusion, and Accessibility
DLP	Data Loss Prevention
DnD	Develop & Deliver
EAI	Enterprise Agility Index
EDR	Endpoint Detection and Response
EM-EMEA	Emerging Market Europe, Middle East, and Africa Banks
EN	European Standard
ERM	Enterprise Risk Management

ERP	Enterprise Resource Planning
ESG	Environmental, Social, and Governance
ETL	Extract, Transform, Load
EV	Electric Vehicle
FAQ	Frequently Asked Questions
FinTech	Financial Technology
FMCG	Fast-Moving Consumer Goods
FMS	Fraud Management System
FTE	Full-Time Employee
FX	Foreign Exchange
GDP	Gross domestic product
GHG	Greenhouse Gas
GRC	Governance, Risk, and Compliance
GRI	Global Reporting Initiative
G-SIB	Global Systemically Important Banks
HoReCa	Hotel/Restaurant/Catering
HSE	Health, Safety, and Environment
HR	Human Resources
ICAAP	Internal Capital Adequacy Assessment Process
ID	Identity Document
ILO	International Labour Organization
ISO	International Organization for Standardization
IT	Information Technology
ITIL	Information Technology Infrastructure Library
KPI	Key Performance Indicator
KRI	Key Risk Indicator
KYC	Know-Your-Customer
LC	Letter of Credit
LCR	Liquidity Coverage Ratio
LeSS	Large-Scale Scrum
LMS	Learning Management System
M&A	Mergers and Acquisitions
MFA	Multi-Factor Authentication
ML	Money Laundering
MLRO	Money Laundering Reporting Officer
MRC	Minimum Required Capital
MVP	Minimum Viable Product
NEF	New Energy Finance
NFR	Non-Financial Risk
NGO	Nongovernmental Organization
NIST CSF	NIST Cybersecurity Framework
NPL	Non-Performing Loan
NPS	Net Promoter Score
NSFR	Net Stable Funding Ratio
OHI	Organizational Health Index

OJSC	Open Joint-Stock Company
PAF	Performance Assessment Form
PAM	Privileged Access Management
PAR	Portfolio at Risk
PCI DSS	Payment Card Industry Data Security Standard
PEPs	Politically Exposed Persons
POS	Point of Sale
PR	Purchase Requisition
QAIP	Quality Assurance and Improvement Program
QBR	Quarterly Business Reviews
RAS	Risk Appetite Statement
RBAC	Role-Based Access Control
RCOP	Replacement Cost Operating Profit
RCSA	Risk Control Self-Assessment
RFP	Request for Proposal
RM Academy	Relationship Manager Academy
RM LAB	Relationship Manager Laboratory
ROTE	Return on Tangible Equity
RWA	Risk-Weighted Assets
SA	Strategic Asset
SDG	Sustainable Development Goals
SIBOS	SWIFT International Banking Operations Seminar
SIEM	Security Information and Event Management
SIPA	Securities Investor Protection Act
SME	Small and Medium-sized Enterprises
SOC	Security Operations Center
SWIFT	Society for Worldwide Interbank Financial Telecommunications
TF	Terrorist Financing
TIN	Tax Identification Number
TLS/SSL	Transport Layer Security and Secure Sockets Layer
UFAZ	French-Azerbaijani University
UI	User Interface
UN	United Nations
UNDP	United Nations Development Program
UNEC	Azerbaijan State University of Economics
UX	User Experience
VAS	Value-Added Services
VNR	Voluntary National Review
WAF	Web Application Firewalls
WoW	Ways of Working

1.0 Message from the CEO

The year 2024 was a milestone for PASHA Bank, marked by strong financial performance and innovation. Our loan portfolio reached AZN 3.3 billion, total assets stood at AZN 8.2 billion, and net profit amounted to AZN 210.5 million. With a capital adequacy ratio of 20.4%, the Bank remains well above regulatory requirements, ensuring sustainable growth.

These results reflect the overall stability of Azerbaijan's economy. In 2024, non-oil GDP grew by nearly 10%, while strategic currency reserves approached USD 72 billion - clear indicators of the country's sustainable growth potential.

The year also brought significant progress in international markets. We executed the first syndicated loan in the local market, supporting the non-oil sector. To empower SMEs, we introduced digital loans of up to AZN 250,000 and strengthened liquidity through factoring and supply chain financing solutions.

A key highlight of 2024 was COP29, which showcased Azerbaijan's green energy potential globally. PASHA Bank actively supported this process by committing AZN 2 billion in green financing.

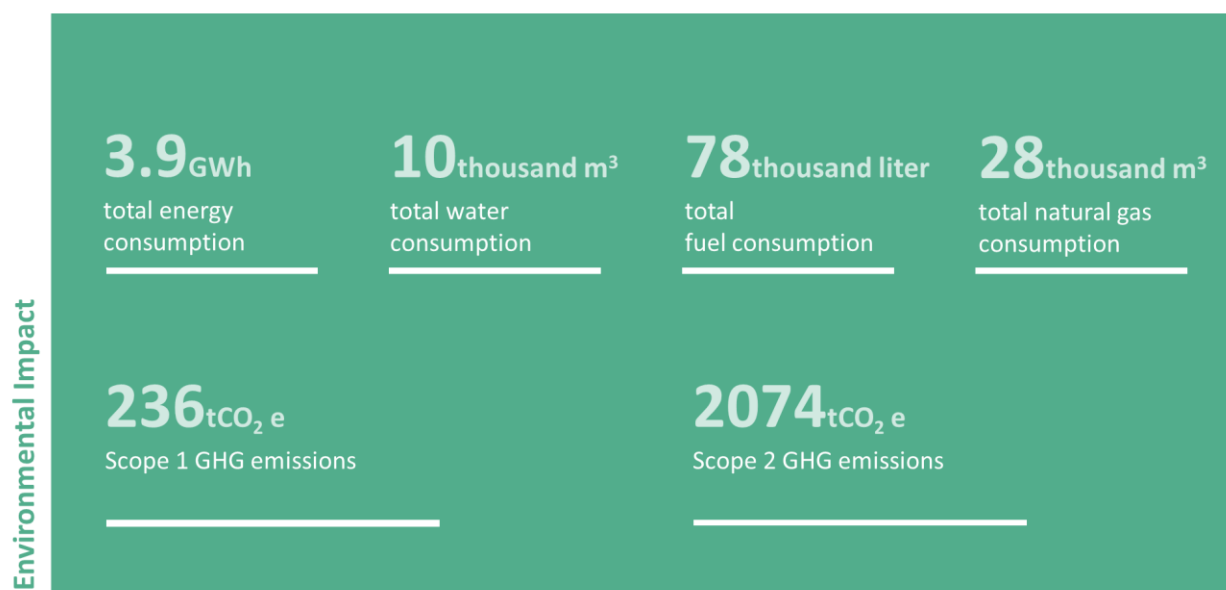
For us, success is measured not only by financial results but also by customer satisfaction, transparency, and responsibility. In 2025, we will continue to uphold these values and contribute to Azerbaijan's economic and social progress.

Javid Gouliyev

Chairman of the Executive Board / CEO, PASHA Bank

2.0 A Year in Review





S&P Global Ratings

Long-Term Rating	BB-	Outlook	Stable
Short-Term Rating	B		

Figure 1. Key Numbers

3.0 About the Report

3.1. Scope and Boundaries

Legal name and form of the organization	"PASHA Bank" Open Joint Stock Company
Headquarters	Baku, Azerbaijan
Reporting cycle	Annual
Reporting period	1 January 2024 - 31 December 2024
Reporting boundary	PASHA Bank (Stand-Alone Entity - 8 branches located in Azerbaijan)
Reporting frameworks	Global Reporting Initiative (GRI) Standards (2021 Revised)
Available language(s)	English, Azerbaijani

Table 1. Report Overview

3.2. Reporting on Sustainability

We at PASHA Bank are proud to present our 7th Sustainability Report, providing an overview of the Bank's 2024 performance in environmental, social, and governance (ESG) areas. The report is based on reliable data and aims to give stakeholders a clear view of how sustainability is being incorporated into our business practices.

Covering the period from January 1 to December 31, 2024, the report has been prepared in accordance with the GRI Standards and is aligned with the United Nations Sustainable Development Goals (UN SDGs), which serve as a global framework guiding our initiatives.

From reducing our environmental footprint to supporting inclusive economic growth, the report displays how we are actively responding to the challenges and responsibilities of today's world. This achievement is the result of close collaboration across all departments, including the valuable input from our key stakeholders. It reflects our belief that long-term success depends on a responsible and ethical corporate citizenship, one that leads with purpose and delivers impact.

3.3. Assessing Materiality

This section outlines PASHA Bank's key material topics, aligned with stakeholder expectations. By focusing on these areas, the Bank demonstrates its commitment to long-term value creation, transparency, and constructive engagement. The report provides an integrated view of the Bank's economic, environmental, and social impacts, applying the materiality principle to ensure that the issues covered reflect both their current importance and their future relevance. In this way, the content addresses the Bank's strategic focus areas while also incorporating the broader interests and concerns of stakeholders.

The prioritization of material topics was guided by the principles outlined in GRI 3 Standard: Process to Determine Material Topics (Figure 2). The first three steps, Understand, Identify, and Assess, are part of the organization's ongoing activities to recognize and evaluate actual and potential impacts. These steps involve analyzing the organization's strategic and operational context, engaging with relevant stakeholders, and assessing the significance of identified impacts. The insights gained from these steps inform step 4 where the organization determines its most significant impacts for disclosure, aligning the final list of material topics with reporting requirements and sector standards.

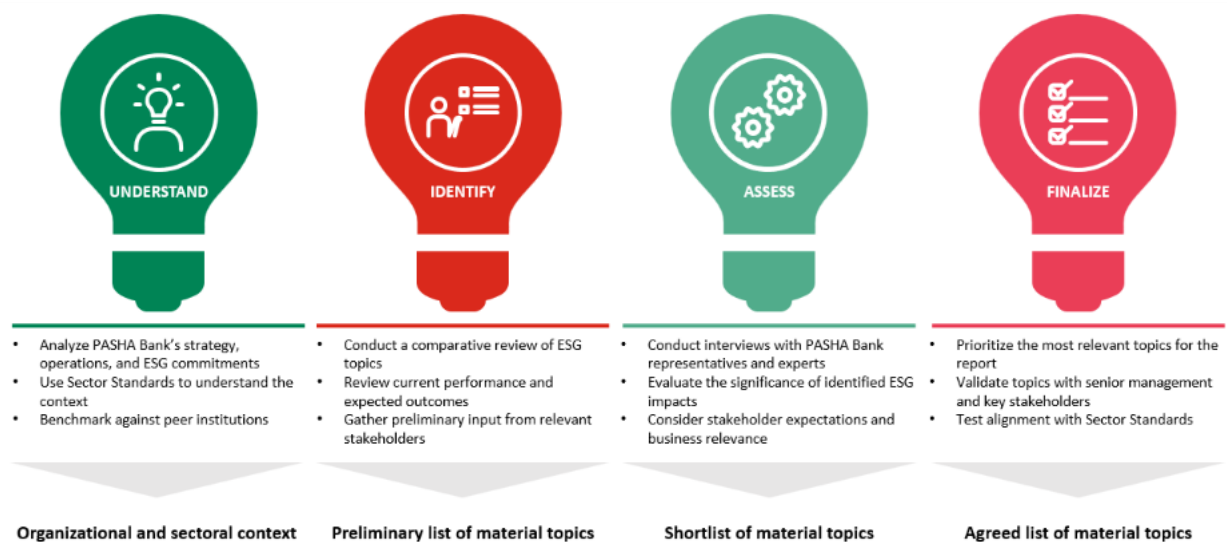


Figure 2. Identification of Key Material Topics

During the identification process, we considered PASHA Bank's strategic direction as well as insights gained from benchmarking against industry peers, which served as the basis for formulating initial ESG topics. Our process was further strengthened through direct engagement with both internal process owners and key external stakeholders via interviews, ensuring a comprehensive understanding of their diverse perspectives and expectations. For the last step, the final list of prioritized topics was confirmed with senior management approval.

As a result of the materiality assessment of PASHA Bank, we identified 15 material topics deemed most critical for transparent and impactful reporting (Table 2).

Topic	How
Governance	
Compliance with Law	Our company has implemented several policies, including the Anti-Corruption Policy, Anti-Money Laundering Policy, Whistleblowing Policy, Conflict of Interests Policy, and Compliance Policy. These policies are designed to foster a culture of accountability, minimize compliance risks, and reinforce stakeholder trust.
Business Ethics	Through our detailed Code of Conduct, we at PASHA Bank enforce a strong ethical framework that promotes transparency, integrity and accountability in all our business dealings and at every organizational level.
Data Privacy and Cybersecurity	We take a proactive and structured approach to safeguarding data privacy and cybersecurity. Our strategy is guided by clear goals, regular reviews, and alignment with international standards such as the Payment Card Industry Data Security Standards (PCI DSS) and ISO 27001. Key measures include robust system protections, continuous employee awareness training, and independent assessments. Together, these actions strengthen resilience and reinforce trust in our data protection practices.
Risk Management	We place strong emphasis on effective risk management through the implementation of a robust Enterprise Risk Management (ERM) Policy. This policy is supported by a multi-tiered methodology that enables the systematic detection, evaluation, and mitigation of risks across all areas of our operations. Structured planning and forward-looking practices help us maintain resilience, stability, and long-term sustainability. In this way, we ensure that the interests of our stakeholders are consistently protected.
Data Management	We ensure secure and efficient data management through advanced technologies, strict access protocols, and robust encryption methods. PASHA Bank's data governance framework includes layered data classification, continuous quality monitoring, and annual evaluations to assess system maturity. The use of artificial intelligence accelerates data acquisition and enhances risk control. In addition, ongoing employee training and collaboration with industry partners support innovation while ensuring full regulatory compliance.
Corporate Governance and Accountability	At PASHA Bank, we take a transparent approach to corporate governance and accountability, ensuring clarity and integrity from the Shareholders' General Meeting to executive leadership committees. Our governance framework features regular evaluations of both governing bodies and individual members to uphold ethical standards, enhance decision-making, and reinforce responsibility. A

	comprehensive set of policies and procedures further strengthens the system, guiding operations, risk oversight, and strategic direction.
Economic and Operational	
Financial Performance	Our 2024 financial results highlight the Bank's resilience and ability to perform effectively under complex economic conditions, reinforcing our role as a key player in Azerbaijan's financial sector. Total deposits reached 6.56 billion AZN, securing the second-largest market share nationwide. Total assets grew to 8.25 billion AZN, while net profit stood at 214.5 million AZN. Revenue growth was driven primarily by higher loan disbursements and improved returns from investment securities. This strong performance reflects our focus on operational excellence, strategic capital allocation, and long-term value creation for stakeholders.
Digitalization	At PASHA Bank, we have advanced digitalization by prioritizing scalability, adaptability, and client-centric growth. Our focus is on enhancing customer experience through personalized digital channels and seamless interactions across all banking services. Innovation drives our approach, not only in developing new financial solutions but also in improving existing ones to meet evolving market needs. By embracing technology and leveraging data-driven insights, we continue to strengthen our position as a leader in the digital banking space.
Social	
Diversity, Equity, and Inclusion	We foster an inclusive and equitable workplace by upholding the principles of diversity, fairness, and mutual respect. This commitment is reflected in equal access to opportunities, active promotion of gender equity, and a strict zero-tolerance policy toward discrimination and harassment. Our approach includes fair recruitment, leadership development, and inclusive training programs designed to address disparities and empower all employees. We also provide tailored benefits and dedicated support for people with disabilities, reinforcing our commitment to an accessible and supportive work environment. Beyond the workplace, we extend this principle to financial inclusion by ensuring that individuals from diverse backgrounds can access the same resources and opportunities.
Customer Satisfaction and Advocacy	We view our clients as valued partners rather than just customers. By actively seeking and incorporating their feedback, particularly in the development and enhancement of our products, we ensure that our offerings remain closely aligned with their evolving needs and expectations.
Employee Engagement	We are committed to fostering strong employee engagement by promoting a positive and inclusive workplace culture built on transparency, collaboration, and accountability. To continuously enhance employee well-being and satisfaction, we use structured feedback mechanisms such as the Organizational Health Index (OHI) and the Employee Engagement Score. Insights from these tools guide the design of targeted training, team building, and wellness initiatives. Collectively, these efforts create a supportive, high-performing environment where employees are empowered to thrive both personally and professionally.
Employee Training and Development	We place strong emphasis on employee learning and development by designing training programs tailored to the specific needs of different roles and departments. Our diverse learning initiatives cover a wide range of topics, fostering well-rounded skill sets and supporting continuous professional growth.

	Through ongoing and personalized training, we provide employees with the knowledge, resources, and confidence needed to excel in their roles.
Human Rights	Human rights are embedded into our core policies and daily operations, guided by international standards such as the Universal Declaration of Human Rights and International Labour Organization (ILO) Conventions. We are committed to fairness, openness, and respect for diversity, fostering an inclusive workplace free from discrimination and harassment. Our recruitment and employment practices are strictly merit-based, promoting equal opportunity and ensuring that all individuals are treated with dignity and impartiality.
Environmental	
Green Financing	We actively promote environmentally friendly projects in key sectors such as agriculture, energy, mining, and transportation by providing financial solutions that encourage eco-efficient technologies, energy-saving practices, and reduced environmental footprints. Our green financing initiatives include supporting compressed natural gas (CNG) and electric buses, investing in geothermal energy, upgrading irrigation systems, and replacing diesel generators in the mining sector with electric alternatives. Through these efforts, we help clients transition to lower-carbon technologies, thereby reducing financed emissions and contributing to the broader reduction of indirect emissions across our operations.
Waste and Water Management	Waste management is a key priority for our company, and we have taken significant steps to reduce paper consumption. The digitalization of daily operations has greatly minimized reliance on physical documents, reflecting our commitment to sustainability. This transition not only improves efficiency but also reduces our environmental footprint.
Energy Consumption and GHG Emissions	PASHA Bank is committed to reducing its environmental footprint by optimizing energy consumption and minimizing GHG emissions. The Bank has equipped its office with smart systems to optimize energy usage and reduce electricity consumption. Additionally, 30-40% of the corporate vehicle fleet has been converted to hybrids, with plans for further expansion. These initiatives, alongside improvements in energy efficiency, have contributed to a reduction in the Bank's GHG emissions.

Table 2. Our Material Topics

3.4. Engaging with our Stakeholders

At PASHA Bank, we view stakeholders as key partners, ranging from individuals to organizations, who are linked to us through various forms of engagement, whether directly or indirectly. We are committed to operating transparently, ensuring all stakeholders have fair and consistent access to information about what we do. This goal is achieved by maintaining open lines of communication, which encourages honest dialogue that not only builds mutual trust but also helps us continuously improve our practices and decisions. Since meaningful engagement is crucial for identifying stakeholder expectations, and addressing their concerns, we tailor our approach to each stakeholder group separately (Table 3), recognizing that each one plays a unique role in our Bank.

We place particular emphasis on gathering feedback around key topics such as financial inclusion, environmental responsibility, and corporate social responsibility (CSR). By involving stakeholders in these conversations, we strive to align our actions with broader societal and environmental priorities,

helping to create a positive impact in the communities we serve. This ongoing dialogue allows us to integrate stakeholder perspectives into our decisions in a way that's thoughtful and impactful.

On a strategic level, stakeholder feedback directly shapes our long-term goals and corporate direction, whereas on an operational level, we engage with stakeholders during the planning and execution of projects, as well as during product development, to ensure we are addressing their real needs. At the community level, we work together with local groups, regulators, and other partners to find solutions to social and environmental challenges. Stakeholder engagement is integrated into the Bank's operations and growth, supporting its contribution to society.

Key Stakeholder	Interaction frequency	Engagement Content	Communication Channels
Shareholders 	<i>Annual and bi-annual bases: As part of business conduct</i>	We are dedicated to generating long-term, sustainable value for our shareholders by focusing on business growth, consistent profitability, and stability strategies. Accountability and transparency are present in everything we do: we keep our stakeholders informed about both our financial results and our future direction through regular updates and open dialogue.	General meetings, financial and non-financial reports, sustainability reports, regulatory submissions.
Governmental Agencies 	<i>Ad hoc basis: As part of regulatory compliance</i>	We maintain a collaborative and transparent dialogue with governance agencies, fully complying with legal mandates and exemplifying sound corporate governance. Through proactive engagement and alignment with both international standards and Azerbaijani legislation, we help strengthen a resilient and compliant financial environment.	Reports to Central Bank of the Republic of Azerbaijan (CBAR), sustainability reports, participation in regulatory roundtables, official statements, data reporting, compliance documentation.
Investors 	<i>Ad hoc basis: As part of investor engagement efforts</i>	We stay actively engaged with our investors by sharing timely, clear, and comprehensive reports that align with our ESG practices. Our focus is on building trust through consistent transparency, accountability, and a shared vision of sustainable growth. We guarantee long-term value creation by practicing responsible financial management, and position ourselves as a reliable, forward-thinking investment partner.	Investor meetings, formal presentations, conferences, sustainability reports, official website.
Suppliers & Contractors	<i>Daily basis: As part of business conduct</i>	We cultivate reliable supplier and contractor relationships by upholding principles of integrity, openness, and mutual respect as outlined in our Code of Ethics. Our approach emphasizes responsible sourcing, proactive and clear	Supplier evaluations, annual transparency reports, pre-bid meetings, signed contracts, supplier

		communication, and a commitment to fostering trustable and sustainable cooperation.	management systems, sustainability reports.
Employees 	<i>Daily basis: As part of business conduct</i>	We strive to foster a work environment where everyone feels welcome, respected, and empowered to grow. By embracing the values of diversity, equity, and inclusion (DEI), we create spaces where individuals from all backgrounds have equal opportunities to thrive. Our efforts include comprehensive training, initiatives for career development, and a strong focus on employee wellness and mental health programs.	Company intranet, performance evaluations, employee surveys, training sessions, social engagement events, sustainability reports, official website.
Clients 	<i>Available 24/7: As part of customer service</i>	We prioritize building meaningful, long-term relationships with our clients by offering customized financial solutions designed to fit their unique needs. Our approach centers on listening actively, acting quickly, and continuously improving based on client feedback. To better achieve this, we have embedded regular customer feedback tools into our digital services so we can respond efficiently and make sure that every client feels heard and valued.	Physical PASHA Bank branches, mobile apps, live events, customer service representatives, sustainability reports, ongoing communication via emails, text messages, and official website.
Media 	<i>Ad hoc basis: As part of public relations</i>	We keep an open and cooperative relationship with media outlets, acknowledging their importance in public engagement. Through transparent reporting, we ensure the public receives up-to-date and accurate insights into our performance, milestones, and strategic efforts.	Media announcements, website, sustainability reports, active presence across social platforms including LinkedIn, X, Facebook, Instagram, and YouTube.
Local Communities 	<i>Regular basis: As part of corporate social responsibility</i>	We support local communities by investing in programs that drive both social and economic progress. Our contributions include initiatives that enhance education standards, empower women, and promote environmentally responsible practices, all aimed at delivering sustainable, long-term benefits. Recent efforts include hosting the international conference “The Role of Women in the Sustainable Development of	CSR campaigns, community volunteering, sustainability reports, outreach events, official website.

		the Economy and Society” to strengthen women’s participation in the economy, launching youth-focused development programs such as the Analytics Zone training camp, the “Parla” summer internship program, and joint professional workshops with UFAZ, and drawing attention to children’s rights and wellbeing through projects dedicated to International Children’s Day. We have also advanced environmental awareness by organizing a high-level dialogue with Bloomberg NEF experts on “Transition to Net-Zero Emissions”, providing a platform for discussing decarbonization strategies ahead of COP29.	
Rating Agencies 	<i>Annual basis: As part of business conduct</i>	We maintained active engagement with rating agencies by delivering transparent and precise data on our financial results and business operations. Our commitment to strong governance, responsible risk oversight, and sustainable practices strengthened our reputation, resulting in consistent, credible ratings that showcase our firm's market standing.	Official financial disclosures, sustainability & regulatory compliance reports, pre-rating meetings, conference calls.

Table 3. Stakeholder Engagement

3.5. Contributing to the UN Sustainable Development Goals

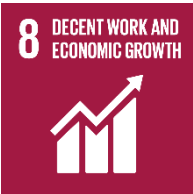
PASHA Bank incorporates the ESG principles into its daily operations in order to enhance accountability and responsible decision-making across all levels of the organization, thus reflecting the contribution towards the UN SDGs. Our primary goal is to align and diversify our product portfolio in line with international sustainability practices, ensuring it meets the various demands of our stakeholders.

We envision a future built on fairness, environmental stewardship, and long-term economic stability, and therefore we are continuously taking meaningful steps to turn this vision into reality. From promoting financial inclusion and ethical governance to taking action for the environment, we ensure that our daily operations align with these priorities.

One of the ways we do this is by embedding ESG principles into everything we do, whether it is through making our services more accessible via digital platforms, fostering a fair and inclusive workplace, or supporting local communities. This not only strengthens our positive impact but also creates long-term value for our clients, partners, and the communities we serve.

The table below highlights the specific SDG targets we are aligned with, illustrating our commitment to sustainable and responsible banking (Table 4).

UN SDG	UN SDG Targets	PASHA Bank's Contribution	Stakeholders
	4.4: By 2030, substantially increase the number of youth and adults who have relevant skills for employment, decent jobs, and entrepreneurship	➤ In terms of talent acquisition initiatives, the 2024 summer "Parla" Internship Program hosted 70 selected participants. Of these, 57 successfully completed the program, and 30 were offered employment opportunities. Additionally, as a result of the company's participation in ADA University's 'Employer Week,' 5 interns were recruited, mainly specializing in finance, treasury, and human resources (HR). Regarding the cybersecurity track, PASHA Cup VI Programming Competition and "PASHA Hackathon 4.0" were organized. ➤ PASHA Bank provided 43,514 digital training resources through the Learning Management System (LMS), including online courses, audiobooks, live streams, and certification prep. ➤ The Bank launched the "Analytics Zone" training camp, providing young individuals with opportunities to enhance their analytical skills through structured learning sessions. ➤ As part of the Azerbaijan Banks Association's financial literacy campaign and in collaboration with the Central Bank, PASHA Bank launched an instructional film and awareness video to educate customers on fraud prevention and safe digital payment practices.	Employees Local Communities
	5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making	➤ In 2024, PASHA Bank has increased the representation of women in leadership positions, which now stands at 10%. In addition, women account for 26% of the total number of individuals within the governance bodies. ➤ PASHA Bank launched a new social project in 2024 called "Women in Change" in collaboration with ADA University and ADA University Foundation. ➤ As part of our collaboration with DanceAbility Azerbaijan, a workshop titled "All Bodies Speak" was held for employees. The event marked an	Employees Local Communities

	important step in advancing DEI by fostering a culture of inclusivity and valuing every individual's unique potential. ➤ The "Support for Women in Technology" (Femmes Digitales) initiative was sponsored by PASHA Bank, which also participated in the award ceremony of AWITA 2024. ➤ PASHA Bank co-hosted an international conference in Baku with the United Nations Development Program (UNDP) and Women in Tech, promoting gender equality and women's contributions to sustainable economic and social development. Topics included inclusive growth, entrepreneurship, and leadership. ➤ The international conference "The Role of Women in the Sustainable Development of the Economy and Society" was organized by PASHA Bank, fostering dialogue on women's contributions to socio-economic transformation and promoting their active participation in economic life.
 8 DECENT WORK AND ECONOMIC GROWTH 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, and small and medium-sized enterprise (SME) growth 8.5: By 2030, achieve full and productive employment and decent work for all women and men 8.10: Strengthen the capacity of domestic	➤ PASHA Bank strengthened its support for SMEs by introducing multiple campaigns offering preferential financing solutions, including online loans and factoring services with 0% fees, no collateral, and same-day payouts of up to 250,000 AZN. ➤ To further boost SME competitiveness, PASHA Bank launched the "City Light" campaign, provided up to 80% discounts on tenders and guarantees, and introduced digital factoring services, culminating in the creation of Azerbaijan's first "Factoring Club." ➤ PASHA Bank organized a joint training session for its employees focused on trade finance and treasury skills in collaboration with Germany's Commerzbank. ➤ Private banking clients now have access to 8% interest on AZN deposits and 3% on USD deposits via the Bank's private banking services, encouraging capital retention and reinvestment in the local economy. Employees Clients Suppliers Investors

	financial institutions to expand access to banking, insurance, and financial services for all	
	9.3: Increase the access of small-scale industrial and other enterprises to financial services and their integration into value chains and markets 9.5: Enhance scientific research, upgrade technological capabilities of industrial sectors in all countries 9.b: Support domestic technology development, research and innovation in developing countries	➤ PASHA Bank actively participated in the VIII International Banking Forum held in Baku, where discussions focused on digitalization, innovation, and the future of finance and banking. ➤ “PASHA Bank Cup VI” competition was conducted, aimed at developing the Information Technology (IT) competencies of youth and nurturing innovation-focused skill sets critical for digital transformation. ➤ On October 10, 2024, PASHA Bank joined the region’s largest innovation event, InMerge, showcasing technological advancements, participated in the SIBOS 2024 Banking Conference on October 21, 2024, and was a platinum sponsor of the "Agile Azerbaijan International Summit 2024" held in Baku on October 22, 2024. ➤ PASHA Bank collaborated with AZAI Tech to develop VocalAI, an Azerbaijani-language large language model, strengthening local technological capabilities through partnership. Additionally, collaborations with startups such as E-prorab, Letitbid, and App for Apartment were aimed to improve efficiency in construction, property, and household service sectors. Also new digital services such as the Giftim platform and VocalAI were introduced. Clients Contractors Suppliers Investors
	13.2: Integrate climate change measures into national policies, strategies, and planning 13.3: Improve education, awareness-raising, and human and institutional	➤ PASHA Bank participated in 4 panel discussions on sustainability and climate-related topics during the 29th session of the UN Framework Convention on Climate Change (COP29): “Corporate Sustainability”, “Aligning Climate Finance with National Development Goals: A Pathway for Azerbaijan”, “Shaping Governance through Digital Transformation: Global Trends in the Financial Sector”, and “Capacity Building on Sustainability”. Governmental Agencies Employees Local Communities

	capacity on climate change mitigation	➤ A major conference in collaboration with BloombergNEF on the topic: "Net-zero transition: Building business models for a sustainable future" was hosted, supporting business-sector dialogue on decarbonization strategies. ➤ Transition of the corporate vehicle fleet to hybrid and electric vehicles is ongoing. ➤ Participated in the Green Finance and Sustainable Development Forum held in Baku on October 18, 2024, which brought together representatives from the Central Bank, the UN in Azerbaijan, and leading financial institutions. ➤ By facilitating conversations between government, financial institutions, and the private sector, PASHA Bank helped increase awareness of the business risks and opportunities related to climate change, promoting proactive climate strategies across industries. ➤ On October 23, a national conference on climate finance titled "Climate Finance in Azerbaijan: Pathways to Sustainable Economic Development" was held, which gathered stakeholders to discuss climate-related funding, legal tools, and macroeconomic implications.	
	17.17: Encourage and promote effective public, public-private, and civil society partnerships 17.19: Build on existing initiatives to develop measurements of progress on sustainable development	➤ The Bank collaborates with various partners, including universities, IT companies, knowledge-based organizations, government agencies, and Nongovernmental Organizations (NGOs) to implement CSR programs. ➤ By organizing a conference on alternative investments in Azerbaijan in November 2024, PASHA Bank facilitated meaningful dialogue between local market participants and international financial institutions, strengthening global partnerships and fostering cross-border cooperation.	Governmental Agencies Investors Media Clients

Table 4. PASHA Bank's Contributions to UN SDGs

4.0 Macroeconomic Analysis of the Banking Sector

4.1. Global Banking Today

In 2024, the global banking sector continued to demonstrate resilience and operational stability, effectively navigating persistent macroeconomic headwinds, evolving regulatory demands, and a shifting competitive landscape. Strengthening of capital and liquidity positions, maintenance of profitability, and enhanced focus on proactive risk management were defining characteristics of global banking throughout the year. However, persistent pressure on traditional revenue streams, particularly in transaction banking, drove institutions to diversify income sources and accelerate the transition toward digitally integrated service models. The past two years have been the best for banking since before the global financial crisis of 2007-2009, marked by healthy profitability, capital, and liquidity, evidenced by \$7 trillion in industry revenue, \$1.1 trillion in net income, and an average return on tangible equity (ROTE) of 11.7%. The global Gross domestic product (GDP) growth is projected at 3.3% in both 2025 and 2026, slightly below the historical average of 3.7%. Furthermore, headline inflation is expected to ease to 4.2% in 2025 and 3.5% in 2026, with core inflation remaining elevated, supporting a “higher-for-longer” interest rate narrative.

Capital strength improved across major global banks. By mid-2024, the average Common Equity Tier 1 (CET1) ratio for the largest banks rose to 13.4% from 13.1% in 2023, reflecting faster growth in capital than risk-weighted assets. Liquidity positions also remained strong as the Bank for International Settlements reported that the average Liquidity Coverage Ratio (LCR) across these institutions stood at 136%, exceeding the regulatory minimum of 100%, indicating broad compliance and stability in liquidity management. Group 2 banks, typically smaller or less internationally active, reported an even stronger average LCR of 194%. Meanwhile, the Net Stable Funding Ratio (NSFR) averaged 123.6% for Group 1 banks and 138.1% for Group 2, comfortably exceeding the 100% requirement. Global banking profitability remained resilient in 2024, sustained by strong net interest margins, effective cost management, and healthy asset quality, despite rising pressure on traditional revenue streams like transaction banking. Banks globally maintained robust returns on assets across diverse markets. The Basel III leverage ratio held firm at approximately 6.1% for Group 1 banks, comfortably doubling the 3% minimum, signaling solid balance sheet strength. However, profitability varied across business lines, with transaction banking especially challenged by market saturation and pricing pressure in trade finance and cash management.

Regulation shaped much of the landscape. Full Basel III reforms raised minimum required capital by 1.9% for large global banks and 5.2% for smaller ones. Global Systemically Important Banks (G-SIBs) faced higher buffers, stronger loss-absorbing capacity, and tougher oversight. While these steps boosted resilience, they also increased the cost of doing business and raised barriers for new entrants. While these measures are intended to bolster the resilience of the largest, internationally active banks, the operating environment has become more demanding, creating higher barriers for new market entrants. Although regulatory developments shape the global landscape, banks in specific regions also contend with structural and macroeconomic pressures.



Figure 3. EMEA Key Risks for Banks

In the EMEA region, banks face particularly high risks in 2024-2025. Persistently high interest rates are squeezing margins, raising funding costs, and increasing refinancing risks. Heavy reliance on external debt leaves many banks vulnerable to changes in global liquidity and investor sentiment. At the same time, geopolitical instability and shifting domestic policies add uncertainty for cross-border operations and credit growth. At the same time, a sustained dependence on external debt or the buildup of such liabilities leaves many banks exposed to shifts in global liquidity and investor sentiment, particularly if global financial conditions tighten further. Compounding these pressures, geopolitical risks and domestic policy decisions, ranging from regulatory changes to fiscal interventions pose additional uncertainty for cross-border operations, capital flows, and credit growth. Together, these factors underscore the need for emerging market Europe, Middle East, and Africa Banks (EM-EMEA) banks to maintain robust capital buffers, strengthen liquidity management frameworks, and ensure governance structures are agile enough to adapt quickly to evolving market, policy, and geopolitical conditions.

Alongside broader macroeconomic pressures, the global banking sector faces a combination of cyclical and structural industry-specific risks that could shape performance in the near term. Key threats include potential deviations from baseline economic forecasts, such as a sharp slowdown in labor markets, U.S. dollar volatility, and escalating geopolitical tensions, which could precipitate a hard landing in several markets. Sector vulnerabilities are further amplified by accelerating weakness in commercial real estate, most notably in the U.S. office segment, posing asset quality concerns. Elevated corporate and government leverage levels risk triggering higher insolvencies and constraining fiscal capacity to support economic activity. At the same time, banks are grappling with disruptive forces such as digitalization, the emergence of generative Artificial Intelligence (AI), climate change, and rising cyber threats, all of which test the resilience of existing business models and risk management frameworks. Structurally, productivity growth in banking has been uneven, despite the sector allocating the largest share of revenues to technology investment across industries. Ongoing regulatory changes worldwide continue to necessitate significant compliance-related spending, while profitable business segments face intensifying competition from specialized non-bank players in private credit, payments, and wealth management. Furthermore, the recent uplift in sector performance has been driven in part by higher interest rates rather than sustainable operational gains. Over the past decade, the industry has cumulatively eroded economic value when returns are measured against the cost of capital, underscoring the importance of structural transformation and strategic repositioning to secure long-term value creation.

Throughout 2024, banks accelerated efforts in strategic diversification, digital transformation, and sustainable finance. Global investment in technology accelerated as institutions worked to enhance operational efficiency, improve customer engagement, and modernize digital infrastructure. ESG priorities gained prominence within corporate strategies, although the depth of integration and quality of

disclosures continued to vary by region. While progress is evident, ESG integration remained uneven and closely linked with regulatory requirements and investor priorities.

At the same time, risk landscape for global became more complex and dynamic. Geopolitical tensions, particularly in Europe and Asia, heightened financial market volatility and contributed to operational uncertainty. Inflationary pressure, though moderating in some markets, continued to weigh on asset quality and credit risk. Cybersecurity threats intensified in both frequency and sophistication, leading to expanded investment in cyber defense capabilities, data protection measures, and organizational resilience. These emerging risks underscored the need for robust governance and adaptive strategies to maintain financial and operational stability in a changing global environment.

4.2. Azerbaijani Banking Industry

In 2024, Azerbaijan's banking sector demonstrated stable and resilient performance despite uncertainties stemming from complex geopolitical developments. Capital and liquidity indicators significantly exceeded regulatory norms, reflecting the sector's capacity to support economic activity without undermining macroeconomic and financial stability. As of 31 December 2024, there were 22 active banks, including two state-owned institutions, with nine banks having foreign capital participation in their ownership structures. The sector operated through 485 branches, 88 divisions (including currency exchange offices), 3,230 ATMs, and employed 25,363 people. Total regulatory capital rose by 10.8% (AZN 0.6 billion) to AZN 6.2 billion, while the capital adequacy ratio stood at 17.6%, approximately 1.7 times above the regulatory minimum of 12% for systemically important banks and 10% for others. Liquidity remained robust, with the instant liquidity ratio at 51.9% against a 30% minimum requirement, liquid assets amounting to AZN 14.2 billion (26.9% of total assets), and the aggregate liquidity coverage ratio at 150% (178% for foreign currency), well above the regulatory thresholds of 90% and 80% respectively.

The loan portfolio expanded by 18.5% (AZN 4.3 billion) to AZN 27.5 billion, driven by broad-based growth across segments. Consumer lending rose by 21.7%, mortgage loans by 17%, and business loans by 17.2%, with business lending comprising 53.8% of total loans. Asset quality remained strong, with the non-performing loan (NPL) ratio at 2.4% by year-end, supported by prudent risk management and strengthened provisioning. Profitability indicators were equally robust, with the sector reporting a net profit of AZN 1.044 billion as of November 2024, return on equity of 18.1%, and return on assets of 2.1%. Deposits made up 81.3% of total liabilities, including AZN 14.3 billion in deposits from individuals (excluding entrepreneurs), which increased by 13.6% over the year. Dollarization was actively monitored, with foreign currency loans accounting for 16.1% of total lending, while foreign currency deposits represented 34.3% of household savings and 39.5% of corporate deposits.

Supervisory oversight by the Central Bank of Azerbaijan remained strong, focusing on credit risks, foreign exchange (FX) market developments, dollarization trends, and payment channels affected by geopolitical dynamics. Regulatory frameworks were strengthened through new requirements for related-party transactions, the introduction of the agent banking model, and measures to reduce life insurance risks for consumer loan borrowers. Amendments to the Corporate Governance Standards enhanced criteria for independent supervisory board members and updated bank committee requirements, complemented by the adoption of Recommendations on Corporate Governance Standards outlining the Central Bank's long-term reform vision. A regulatory framework for using behavioral models in lending was introduced, aimed at improving loan accessibility, reducing operational costs, and enhancing risk assessment accuracy. Additionally, macroprudential measures such as the introduction of a countercyclical capital buffer, aligned

with Basel Committee standards, were applied to strengthen resilience against potential shocks while ensuring continued lending. External vulnerabilities remained low, with foreign term debt increasing by 23.3% to USD 619 million, accounting for only 2.3% of total liabilities.

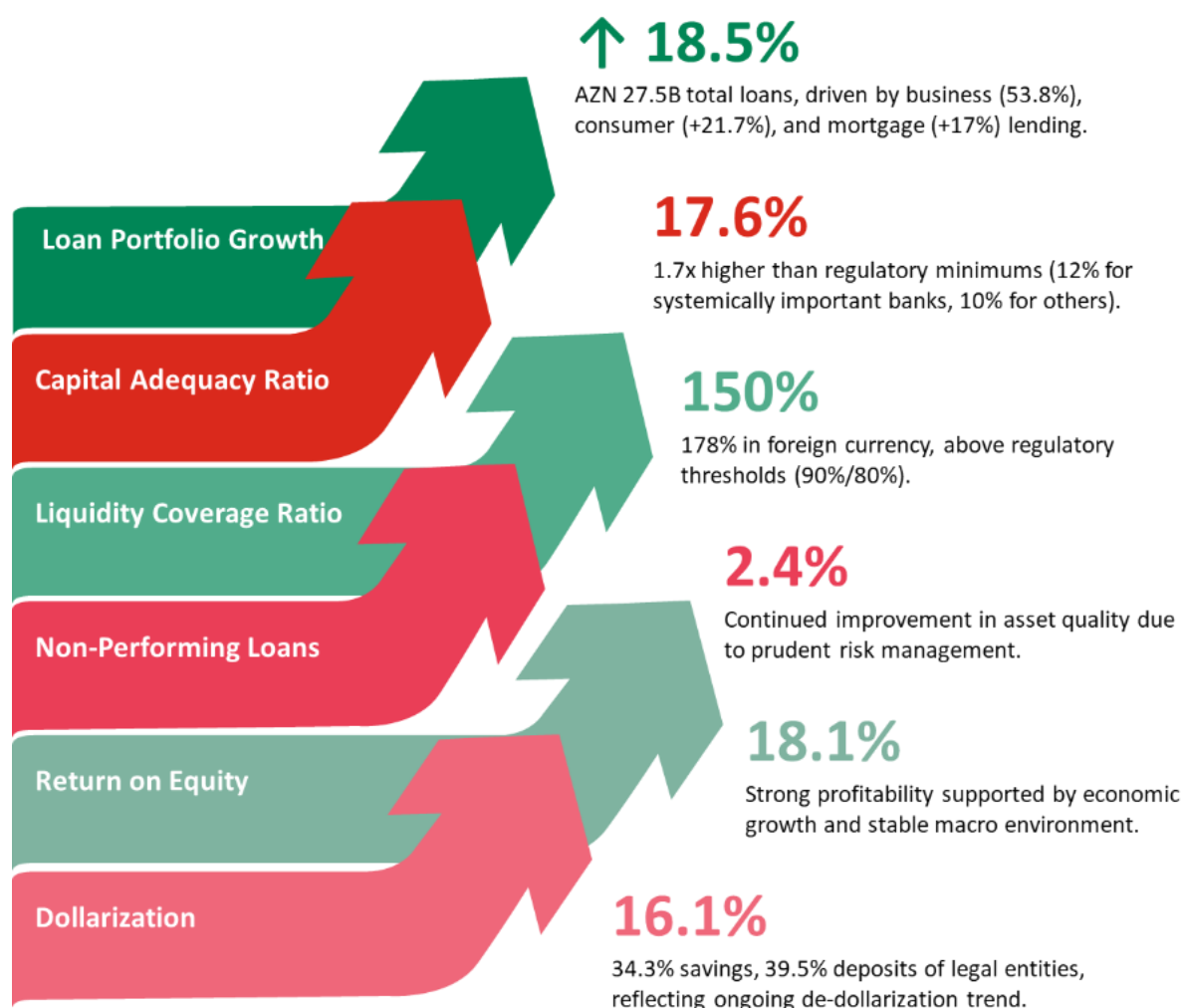


Figure 4. Azerbaijan Banking Industry Key Metrics

5.0 About Us

PASHA Bank is one of the leading financial institutions in Azerbaijan and the wider region, operating as a core entity within the diversified PASHA Group. The Bank plays an essential role in advancing long-term economic value creation by supporting entrepreneurship, financing infrastructure, facilitating trade flows, and promoting the growth of the non-oil economy. This position is underpinned by a strategic focus on its core business lines, namely Corporate and Institutional Banking (CIB) and the SME segment. The Bank continues to expand the risk-adjusted quality of its portfolio while diversifying value-added services tailored to the evolving needs of its clients. Through a combination of prudent risk management, selective sectoral engagement, and product innovation, PASHA Bank has built a reputation as a trusted partner for enterprises across multiple industries.

The Bank’s operational strategy is anchored in three core pillars: responsible growth, end-to-end digital transformation, and cross-functional innovation. These priorities are embedded within a robust governance and risk framework that aligns with the regulatory requirements of the Central Bank of Azerbaijan and with international best practices in credit, market, and operational risk management. Compliance with anti-money laundering, countering the financing of terrorism (AML/CFT), and sanctions regulations is supported by advanced monitoring systems and a disciplined remediation approach. Business continuity and cyber-security remain central priorities, with enterprise-wide frameworks in place to safeguard operational resilience and keep uninterrupted client service under various stress scenarios. In response to the growing expectation for financial institutions to align with sustainability goals, PASHA Bank is integrating ESG considerations into its corporate strategy, risk appetite, and product design. This includes the development of green and transition-finance instruments, sustainability-linked credit facilities, and responsible lending practices. The Bank applies clear governance mechanisms, taxonomy-based eligibility criteria for sustainable finance, and structured impact measurement frameworks to ensure that environmental and social considerations are embedded in decision-making. This commitment is reinforced through scenario analysis, client engagement programs, and collaboration with institutional partners. As of 2024, the Bank reported a Tier 1 capital adequacy ratio of 15.39% and a total capital adequacy ratio of 20.41% exceeding the minimum regulatory requirements of 6% and 12% established by the Central Bank of Azerbaijan. These levels support the Bank’s ability to manage macroeconomic uncertainties and continue delivering on its strategic priorities.

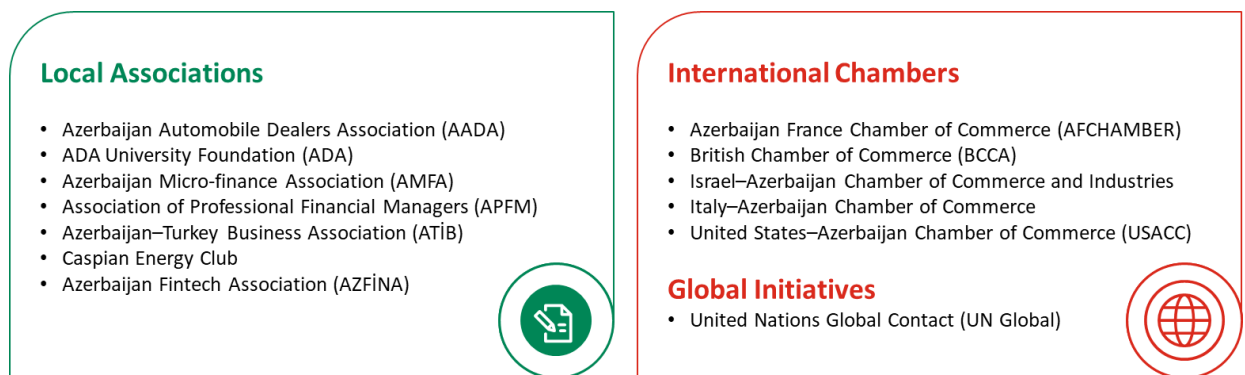


Figure 5. PASHA Bank’s Memberships

PASHA Bank’s broad network of memberships reflects its commitment to collaboration, knowledge sharing, and alignment with global best practices. By engaging with local associations, international chambers of commerce, and global initiatives, the Bank strengthens its influence across different markets while supporting the development of Azerbaijan’s financial sector. These memberships also provide a platform to exchange expertise, foster cross-border partnerships, and advance sustainable business practices in line with international standards.

5.1 Geographical Presence

PASHA Bank operates a regionally connected platform that is rooted in Azerbaijan and extended through Georgia and Türkiye, strategically positioned along the key trade and investment corridors of the South Caucasus. Headquartered in Baku, the Bank manages a network of eight branches within the country, configured to maximize customer accessibility and operational efficiency. These domestic locations serve as primary contact points for corporate and SME clients, enabling direct access to relationship managers, transactional banking services, and financing solutions. Beyond our national

presence, we have established a significant regional footprint through its subsidiaries and branches. In 2013, the Bank launched operations in Georgia, with its Tbilisi office serving as a strategic bridge for cross-border trade and investment between Azerbaijan and Georgia. The Bank's presence in Türkiye was solidified in 2014 with the opening of its Istanbul branch, which operates under PASHA Bank's common governance, risk culture, and technology backbone while adapting to local market dynamics. Our regional offices work in close coordination, enabling clients to conduct cross-market operations with a consistent service experience and streamlined risk oversight.

The tri-hub model, centered in Baku, Tbilisi and Istanbul, enables Pasha Bank to provide cross-border financial services, support regional corporate expansion, and offer harmonized products across multiple jurisdictions. This structure allows the Bank to serve clients active along the Baku-Tbilisi-Istanbul commercial corridor and to operate effectively in both domestic and regional markets.



Figure 6. PASHA Bank Locations

5.2 Our Mission, Vision, and Core Values

PASHA Bank's mission and vision reflect its long-term strategic orientation and the principles that guide its growth. Our vision is to be recognized as a leading Azerbaijani financial institution that contributes to the country's economic development by exploring the next horizon of banking. This ambition is rooted in customer centricity, seamless delivery of services, and the continuous introduction of innovative product offerings. The vision establishes a forward-looking direction, emphasizing the Bank's role not only as a service provider but also as a catalyst for economic progress and innovation in the financial sector. Aligned with this vision, our mission rests on four priorities that guide how the Bank creates value for its stakeholders and for society. We are committed to supporting clients through a customer-focused approach that combines high-quality products with the latest technologies. We place strong emphasis on people, attracting and retaining talent, nurturing leadership, and creating an environment that encourages professional growth. We also integrate cultural, social, and environmental initiatives into our activities, reinforcing the role of sustainable finance for the benefit of present and

future generations. At the same time, we maintain resilience and transparency in our business practices, generating lasting value for shareholders while upholding strong governance.

Our core values form the cultural foundation of the organization and ensure that its strategy is implemented with consistency and accountability. Integrity emphasizes adherence to laws, regulations, and ethical standards, contributing to trust with clients, partners and colleagues. Profitability reflects our recognition that sustainable earnings are important both for shareholder returns and for maintaining long-term competitiveness, where value creation is measured not only in revenue but also in efficiency and prudent cost management. Entrepreneurship highlights readiness to adapt, pursue new opportunities, and embrace change responsibly to support the Bank's success, while quality represents our commitment to professionalism, high standards, and continuous improvement, ensuring that we consistently deliver on our promises to clients and stakeholders. Finally, collaboration highlights the strength of teamwork, both across departments and business units as well as with clients, partners, and suppliers, enabling PASHA Bank to achieve results that far exceed individual contributions.

Taken together, Bank's mission, vision, and core values define its strategic framework and ensure alignment between long-term aspirations, day-to-day operations, and stakeholder expectations. These guiding principles serve as the basis for resilience, sustainable growth, and innovation, positioning PASHA Bank as a trusted financial partner and a key contributor to Azerbaijan's evolving financial landscape.

Our Vision

PASHA Bank aspires to be the leading Azerbaijani bank that fuels economic progress by redefining the future of banking. Our vision emphasizes customer centricity, seamless delivery of services, and innovative product solutions, positioning the Bank as a trusted partner in driving growth and shaping new opportunities for the financial sector.

Our Mission

- Empowering clients with innovative technologies and high-quality products to support their growth and resilience.
- Investing in people by attracting and developing top talent, fostering leadership, and building capabilities that drive long-term success.
- Championing sustainability by embedding cultural, social, and environmental responsibility into our operations for the benefit of future generations.
- Delivering resilience and transparency in all aspects of business, enhancing shareholder value through sound governance and capturing emerging opportunities.

Figure 7. PASHA Bank's Vision & Mission

5.3 Awards and Recognitions

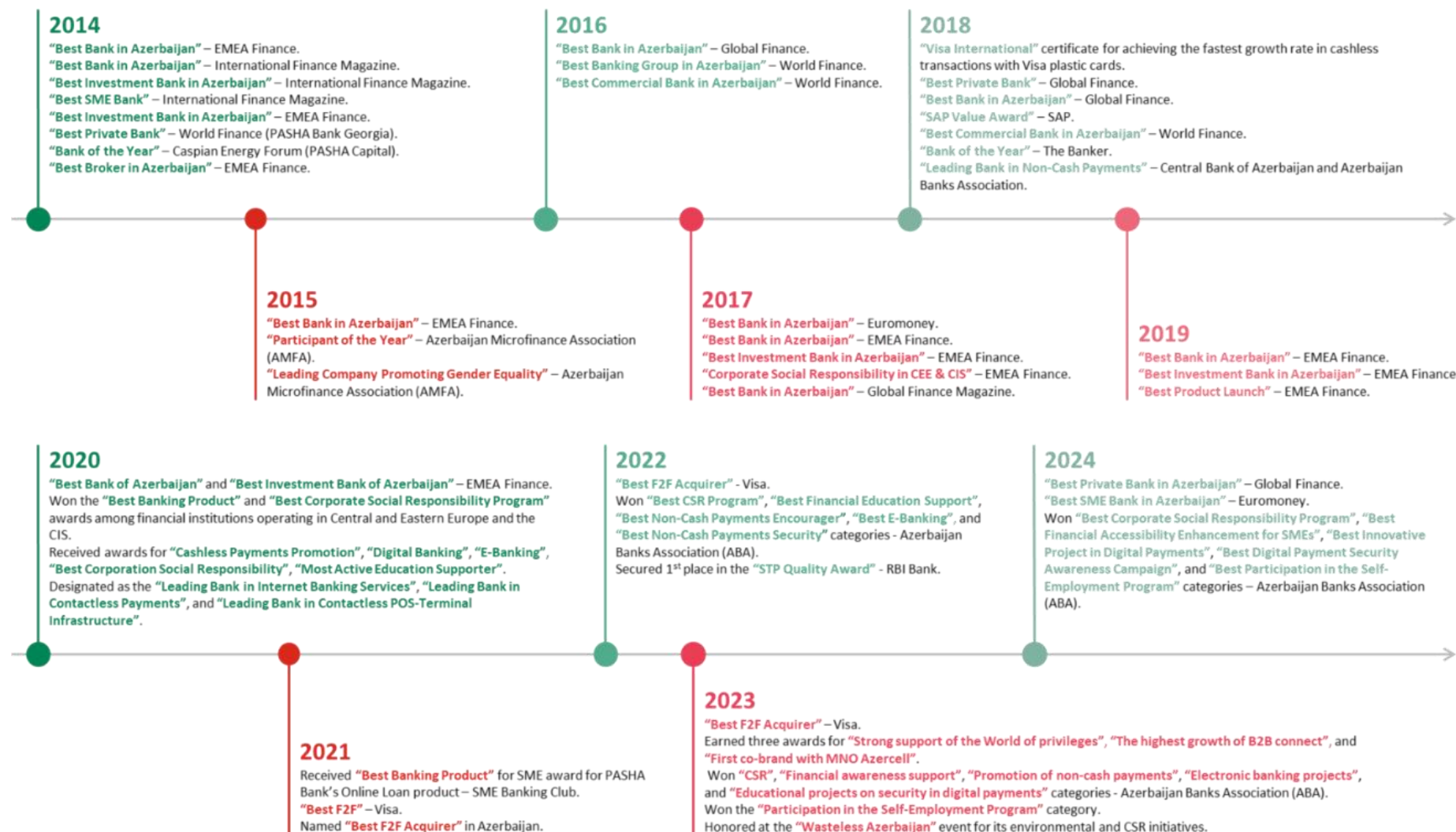


Figure 8. Awards and Recognitions of PASHA Bank throughout the years

PASHA Bank has consistently demonstrated leadership across its operations, innovation, and corporate responsibility, earning numerous awards and recognitions over the years. These awards reflect the trust



of our clients, the dedication of our employees, and the effectiveness of our long-term strategy. They also affirm our position as one of the leading financial institutions in Azerbaijan, setting benchmarks in operational excellence, governance, and technological advancement. The recognition we earned this year inspires us to continue evolving and delivering value to all our stakeholders.

In 2024, Global Finance magazine named PASHA Private Banking the Best Private Bank in Azerbaijan by recognizing its excellence in delivering bespoke wealth management services. Meanwhile, due to its strong commitment to supporting the growth of small and medium-sized enterprises, Euromoney awarded the Bank the title of Best SME Bank in Azerbaijan.

On the national level, the Azerbaijan Banks Association (ABA) acknowledged PASHA Bank’s substantial contributions across a diverse set of strategic domains. These included awards for Corporate Social Responsibility, reflecting the Bank’s community engagement and sustainability efforts, Enhancing Financial Accessibility for SMEs, recognizing its work in expanding access to finance for underserved business segments, and Implementation of Innovative Projects in Digital Payments, highlighting the Bank’s its leadership in advancing digital banking infrastructure. The Bank was also recognized for its Awareness Campaigns on Digital Payment Security, aimed at promoting secure digital transactions, as well as for its Participation in the Self-Employment Program, supporting inclusive economic development and entrepreneurship.

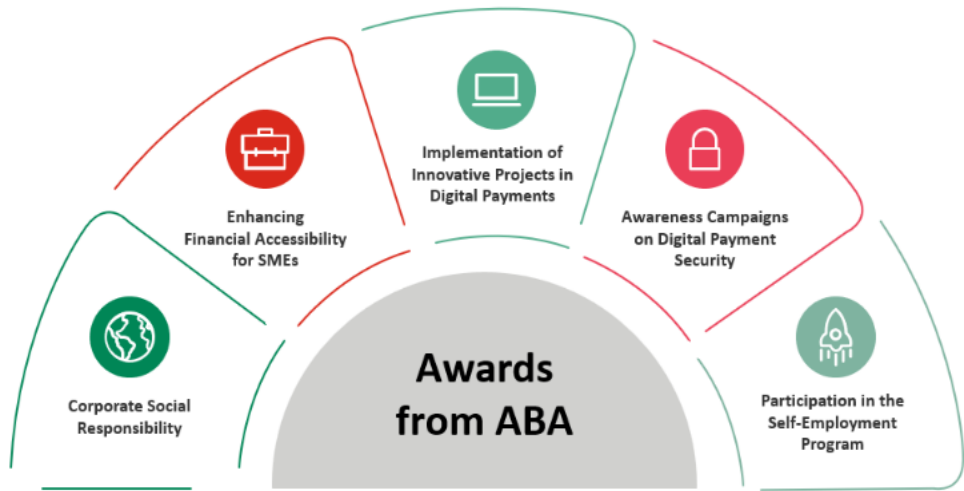


Figure 9. PASHA Bank’s Awards from ABA in 2024

6.0 Overview of our Business Strategy

At PASHA Bank, strategic planning is governed by a structured and multi-tiered governance process that aligns institutional vision with disciplined execution. Each three-year strategy cycle is initiated

by the Supervisory Board, which communicates the shareholders’ aspirations and long-term priorities (Figure 10). The Executive Board subsequently communicates this vision to the Strategy Department, triggering a collaborative planning process conducted in close coordination with the Risk, Finance, and other relevant departments to ensure cross-functional alignment.

The resulting strategic plan undergoes a rigorous approval process, beginning with a detailed review by the Strategy and Budget Expert Group, which assesses its coherence, feasibility, and alignment with institutional priorities. If no further comments or revisions are deemed necessary, the plan is then submitted to the Supervisory Board for final approval. Once approved by the Supervisory Board, the plan is formally enacted and serves as the guiding framework for the Bank’s operations over the strategic cycle.

The strategy is subject to systematic monitoring and periodic reassessment to ensure its continued relevance and effectiveness. Progress is reviewed through regularly scheduled sponsor alignment meetings, as well as quarterly meetings of the Executive Board, the Strategy and Budget Expert Group, and the Supervisory Board. In addition to these planned engagements, ad-hoc or expedited strategic discussions may be convened in response to material deviations in strategic direction, substantial shifts in performance targets, or significant changes in macroeconomic, regulatory, or political conditions. In such circumstances, additional meetings may be held, or coordination may be conducted through written correspondence to facilitate timely decision-making and alignment. This integrated approach to both approval and ongoing review ensures strategic coherence, institutional agility, and sustained commitment from the Bank’s highest governing bodies.



Figure 10. Strategic Development Process

In 2024, PASHA Bank adopted a new strategic roadmap for the period 2024-2026, developed in direct response to shifting market dynamics, regulatory requirements, and evolving sustainability standards. It defines the Bank’s positioning through 2026 and outlines the actions required to deliver on its long-term vision with focus and clarity.

The 2024-2026 strategy comprises 22 core initiatives, all of which were launched during the reporting year. In total, 11 large-scale projects were initiated within the same period. Each initiative and program is further broken down into specific tasks, ensuring a structured, step-by-step approach to achieving our overall

strategic goals. During 2024, four projects were successfully completed, including the launch of RM LAB and the full adoption of the Control Objectives for Information Technologies (COBIT) framework, which embedded international standards for IT governance and performance into the Bank's operations. In parallel, a targeted program to enhance risk culture across business lines was executed, incorporating structured training and revised accountability frameworks. Finally, the end-to-end optimization of the lending cycle automated processes, improved turnaround times, and strengthened credit process transparency. The remaining 7 projects, customer relationship management (CRM), Performance Management, Data Lakehouse, Transactional Banking (new payment hub), Process Revamp and Documentation, Credit Decision Framework, and HR Business Model Redesign, are currently in progress. By the end of the strategic period, we plan to initiate several additional key projects, including Governance, Risk, and Compliance (GRC), ESG, Career Architecture, Internal Capital Adequacy Assessment Process (ICAAP), and others. Each initiative is supported by clear governance mechanisms, measurable indicators, and a phased implementation timeline to ensure effective delivery.

In order to remain competitive in the Azerbaijani banking landscape, the Bank has defined six strategic pillars for 2024-2026 (Figure 11) which together provide a clear roadmap for sustainable growth and resilience. We are prioritizing Customer Centricity to deliver best-in-class products and services and leveraging cross-segment synergies to boost profitability. A strong emphasis is placed on sustaining Market Leadership in core segments while achieving further growth. Strengthening Organizational Health and enhancing Internal Synergy across business lines foster collaboration, operational efficiency, and shared value creation. At the same time, a focus on Innovation and Digitalization enables the Bank to stay ahead of technological trends and deliver advanced, secure, and efficient solutions. Finally, the commitment to Corporate Resilience underpins the entire strategy, promoting a strong and adaptive foundation capable of withstanding evolving market risks. These priorities translate long-term objectives into actionable plans with clearly defined targets and timelines, ensuring disciplined execution and growth.

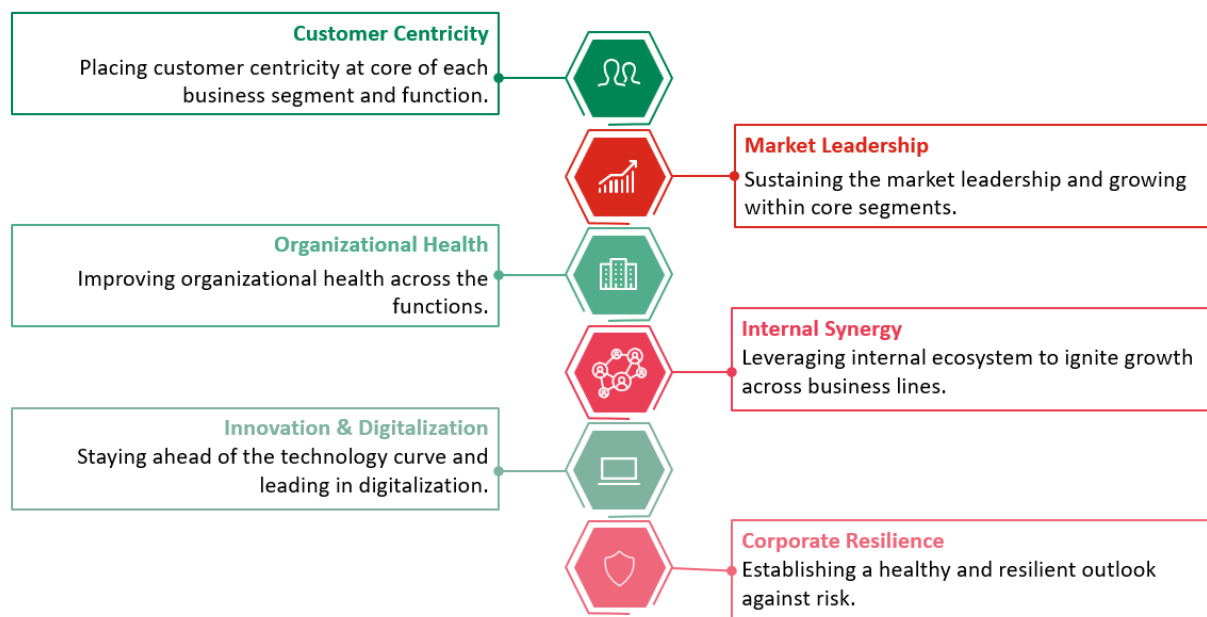


Figure 11. Six Strategic Priorities (2024-2026)

Sustainability is embedded as a core strategic priority for the 2024-2026 period, guiding our long-term direction and initiatives. The Bank has defined three key areas in which it is developing its ESG-related activities: building sustainable finance capabilities, enabling inclusive rural development, and supporting low-carbon infrastructure. These pillars are reflected in the Bank's financial activities and have contributed to the financing of projects with long-term impact, such as the import of CNG and electric public transport vehicles, a geothermal energy development program, and the modernization of irrigation systems to support water resource sustainability in the agricultural sector. A detailed overview of these projects is provided in the Green Finance section of this report.

Throughout 2024, PASHA Bank has reinforced its strategic positioning by focusing on institutional performance, digital scalability, and long-term market competitiveness. By combining focused execution with strategic foresight, the Bank continues to strengthen its role as a responsible financial leader in Azerbaijan.

7.0 Our Business Model

PASHA Bank's business model is built around delivering high-impact financial solutions tailored to the needs of its diverse client base. Our approach is centered on maintaining a leading position in the sector by safeguarding our business portfolio, while leveraging a strong team structure and an innovative business model. Throughout its history, PASHA Bank has consistently introduced innovations to the banking sector, particularly in enhancing customer experience, which continues to differentiate the Bank in the market. Through clearly defined offerings for large corporates, SMEs, retail customers, and private clients, the Bank aims to foster inclusive growth and contribute to the long-term development of Azerbaijan's financial sector (Figure 12).

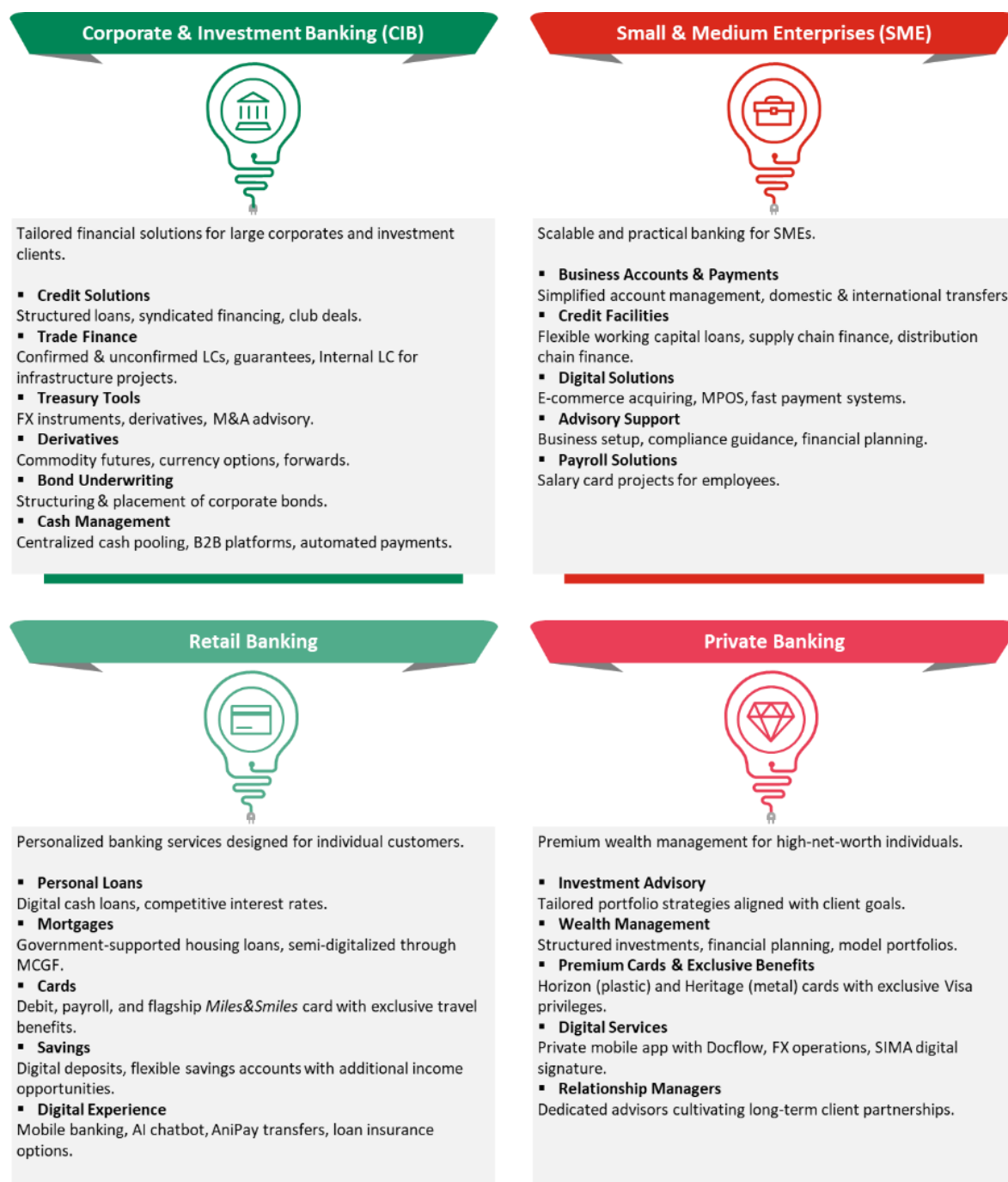


Figure 12. Our Banking Segments and Client Services.

Our approach is underpinned by a strong institutional foundation and a focus on responsiveness, agility, and digital innovation. In 2024, the Bank continued to evolve its core business pillars in response to shifting market dynamics, placing greater emphasis on non-oil sector financing, and expanding access to credit through targeted products and services. The Bank's commitment to operational excellence was reinforced by its fully digitalized infrastructure, with over 80% of transactions now conducted via mobile and internet

banking platforms. These channels enhance client convenience while supporting sustainability by reducing reliance on paper-based processes.

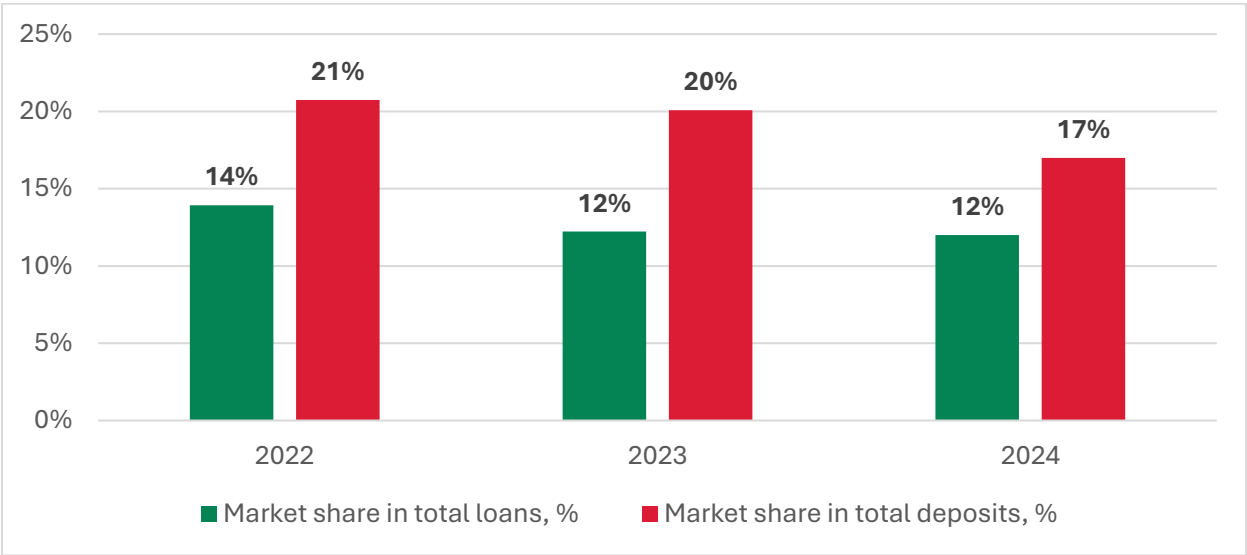


Figure 13. Market Share in Loans and Deposits (2022-2024)

In 2024, in terms of market position, the Bank’s share in loans held steady at 12%, while its share in deposits decreased from 20% to 17% (Figure 13). In addition, key structural refinements were introduced during the year to strengthen internal alignment and enhance service delivery. The Retail and Private Banking operations were brought under a single leadership structure, enabling more streamlined service delivery and enhanced coordination across shared client segments. The SME business structure was repositioned into a sales-focused model with a sharper commercial focus, supported by new talent and integrated digital tools. These adjustments reflect PASHA Bank’s broader strategic intent of strengthening responsiveness, increasing productivity, and scaling client-centric innovations across all business lines.

Strategically, the Bank’s core business remains corporate banking, particularly SMEs, which account for approximately 95% of the portfolio. While retail and private banking are not considered core areas, they continue to be developed to provide comprehensive service coverage and complement the Bank’s overall value proposition. In line with its strong governance and ethical standards, PASHA Bank adheres to strict internal policies regarding client eligibility. As per policy, the Bank does not provide services to entities engaged in gambling or military-related activities.

Within corporate banking, activities are organized across two main segments: Corporate and Commercial. These are further differentiated into small, medium, and micro enterprises. Industry-specific segmentation is applied across the corporate and commercial portfolios, with customers grouped according to the sectors in which they operate. In the SME segment, while such detailed segmentation is not applied, the Bank continuously monitors clients’ industry-related financial metrics to support sound decision-making and risk management.

7.1 Corporate Institutional Banking

The CIB segment remains at the core of PASHA Bank's business, serving as the largest contributor to revenue and a key driver of strategic growth. As mentioned previously, this segment is organized into two tribes: Commercial Banking, which serves clients with an annual turnover between AZN 15 and 100 million, and Corporate Banking, which focuses on clients with turnover exceeding AZN 100 million. The team is led by an Industry Lead, a professional with deep sector knowledge and experience. Relationship Managers are responsible for client acquisition and the day-to-day management of client relationships, while Credit Analysts structure the team's credit requests. Trade Finance Specialists design and deliver tailored trade finance solutions, and Cash Management Specialists provide support on transactional banking products. Together with Product Managers, these roles ensure that clients receive comprehensive, sector-aligned services across their financial needs.

Within the Corporate Tribe, the Bank has established eight dedicated industry-specific squads designed to respond effectively to sectoral dynamics and client needs (Figure 14). These include Manufactory, Fast-Moving Consumer Goods (FMCG) and Pharmaceuticals covering the full distribution chain, Auto, Telecom, and Logistics, which collaborate closely and serve as a best-practice model. The Retail and hotel/restaurant/catering (HoReCa) squad serve clients in clothing, restaurants, and hotels, while the Agriculture squad manages a credit portfolio exceeding AZN 200 million and represents a segment less favored by competitors. Financial Institutions and Services is another area where market coverage is relatively limited, whereas the Construction squad focuses on infrastructure, homebuilding, and real estate with a particular emphasis on leasing solutions. Finally, the Energy squad has shifted its orientation from traditional Oil & Gas to large-scale renewable projects such as MASDAR, where the environmental component of ESG is actively integrated, although governance and social aspects remain less emphasized. These squads work in close collaboration with Relationship Managers and product specialists to ensure that financial solutions are tailored to each sector's specific business models and market conditions, thereby reinforcing PASHA Bank's ability to deliver industry-relevant, client-centric services.



Figure 14. Corporate Tribe - Industry-Specific Squads

PASHA Bank offers a wide range of financial services designed to meet the evolving needs of CIB clients (Figure 15). Our sales approach is rooted in leveraging deep industry knowledge, strong capital base, and

tailored structuring expertise to provide high-value risk products. This enables us to deliver profitable and secure services supported by A-rated correspondent relationships, robust IT infrastructure, and a user-friendly Internet Banking platform. Clients benefit from value-added services including cash pooling arrangements and customized FX solutions.

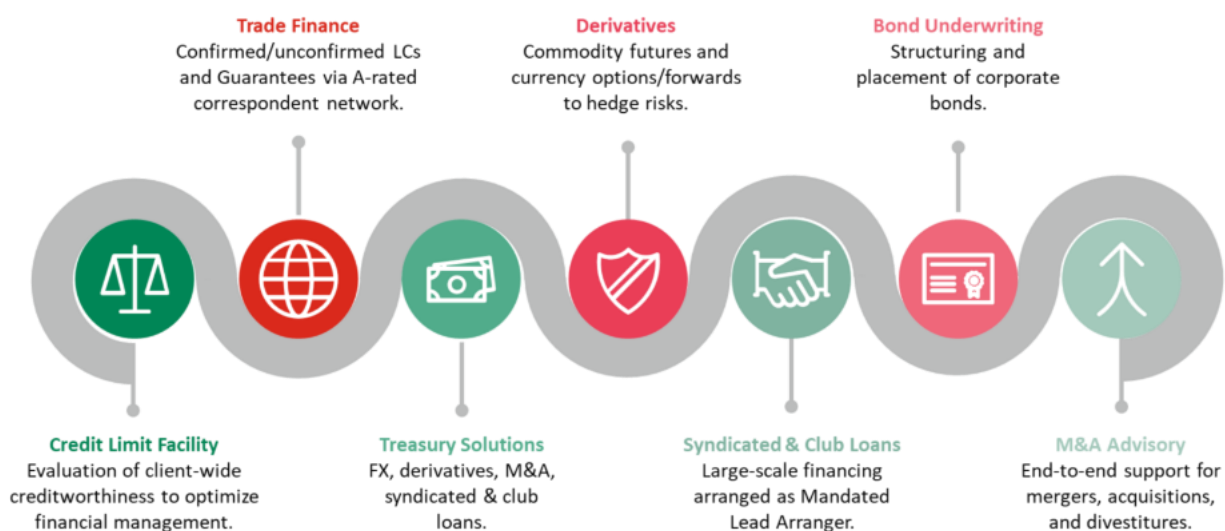


Figure 15. Main Financial Products for CIB

Credit solutions are developed through a holistic assessment of client credibility across the entire banking sector, enabling enterprises to manage their obligations more effectively. Beyond term and working capital loans, the Bank structures sector-specific financing solutions that align with clients' long-term strategies. In trade finance, PASHA Bank draws on its global correspondent network to provide guarantees and letters of credit, both confirmed and unconfirmed, across a wide range of markets, including emerging and non-traditional jurisdictions. Rather than responding passively to requests, the Bank proactively designs safer and more efficient solutions, exemplified by the introduction of the Internal LC for a national infrastructure project, which secured the interests of the financier, the client, and the contractor simultaneously.

The Bank's treasury and foreign exchange services extend from basic FX transactions to more sophisticated instruments such as derivatives, syndicated loans, club deals, and mergers and acquisitions (M&A) advisory. Clients with significant FX exposures benefit from access to a dedicated treasury desk that offers tailor-made rates and broad currency coverage. Derivative instruments, particularly commodity futures and currency options or forwards, are widely used to hedge procurement costs and foreign currency risks in large-scale projects.

Capital market and advisory services form another core element of the Bank's product offering. As Mandated Lead Arranger, the Bank mobilizes syndicated and club loans for companies whose financing needs exceed the limits of a single institution. Notably, the Bank's large business loan portfolio grew by 27% between 2022 and 2024, reflecting its commitment to corporate financing and supporting business growth (Figure 16).

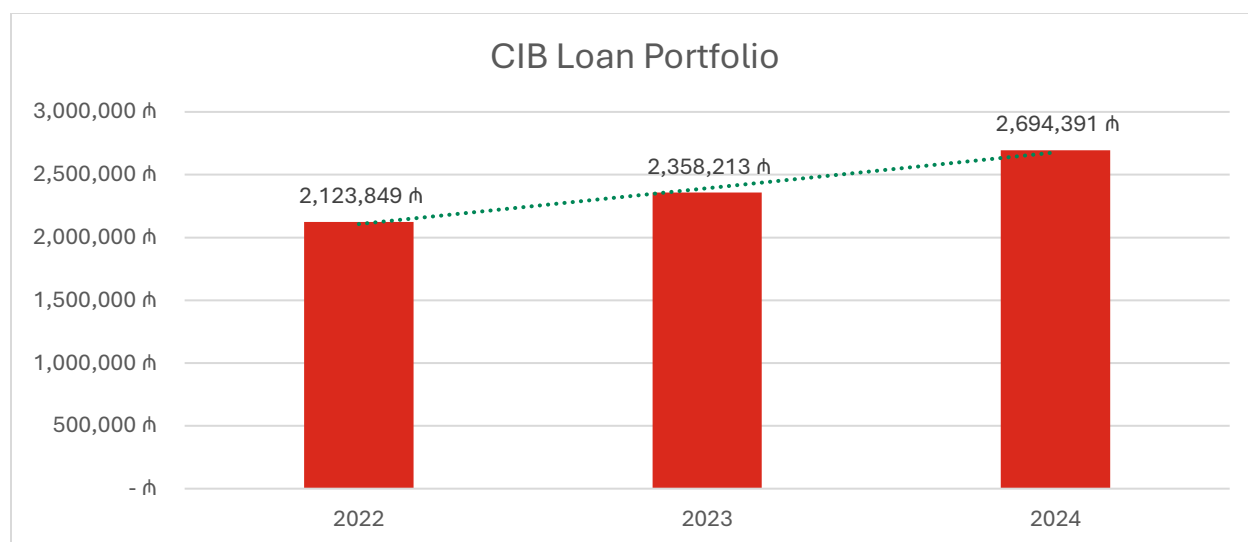


Figure 16. CIB Portfolio Figures for 2022-2024 (thousand AZN)

PASHA Bank also provides underwriting services for bond issuance and supports mergers and acquisitions through end-to-end advisory, underwriting, and financing. Furthermore, cash management and transactional banking capabilities are similarly advanced. The Bank offers a centralized cash management platform that enables holding companies to monitor and control the financial flows of multiple subsidiaries. Its Internet Banking and business-to-business (B2B) solutions distinguish themselves from market alternatives by combining user-friendly design with broad functionality. In acquiring, the Bank maintains a leading market share, supported by mobile Point of Sale (POS) devices integrated with cash registers and a multi-merchant e-commerce platform that uniquely allows multiple merchants' turnovers to be processed automatically within a single system. Furthermore, the Fast Payment System enables automated and integrated B2B transactions, significantly enhancing payment efficiency for clients. Clients benefit from value-added services including cash pooling arrangements and customized FX solutions.

While credit-based income continues to form the foundation of CIB revenue, PASHA Bank is actively working toward a more balanced income structure. The goal is to achieve a near 50/50 ratio between interest and non-interest income, whereas the current share of non-interest income stands at 38%. In support of this, the Bank has introduced and expanded value-added offerings such as commodity-linked derivative products, structured treasury instruments, and hedging tools that are gaining traction among corporate clients.

The segment also benefits from a strong correspondent banking network that facilitates cross-border trade and multi-currency operations. This is further strengthened through collaboration with PASHA Capital, which provides corporate clients with access to capital markets, investment services, and structured finance products. In fact, PASHA Capital accounted for 48% of total market transactions, underscoring its leading role in Azerbaijan's financial sector. The Bank has also acted as the first lender to many of the country's businesses, establishing long-standing relationships that remain highly attractive for both clients and banking partners.

Digitalization remains a key area of focus, with corporate clients increasingly using the Bank's digital channels to monitor loan positions, execute payments, and generate operational reports in real time. The Bank's digitalization strategy is structured around multi-year transformation cycles, with the current cycle focused on establishing a robust CRM infrastructure to integrate client-facing support, back-office operations, and Replacement Cost Operating Profit (RCOP) into a single digital platform. Alongside this, significant progress has been made in transactional banking, including the automation of payment pathways, the expansion of digital factoring services, and the introduction of new lending products. In acquiring and payment services, development has centered on mobile POS solutions, supported by fraud management systems to ensure security and efficiency. Partnerships with advanced service providers such as KorpON for cash-in machines, as well as direct integrations with financial technologies (FinTechs) and e-commerce platforms, have further enhanced corporate cash management and settlement capabilities. The Bank is also investing in AI-driven solutions, including decision engines for lending and data analytics for product development, supported by ongoing chatbot development for client interactions.

Notably, PASHA Bank's digitalization and service improvement initiatives have translated into measurable client satisfaction. According to the 2024 Customer Satisfaction Index (CSI) survey, 90% of clients rated products and services as high quality, 88% confirmed offerings meet their needs, and 87% found services easy to use without unnecessary bureaucracy. Additionally, 84% agreed that costs are aligned with quality, while 77% considered pricing reasonable. These results demonstrate the success of the Bank's client-focused strategy and reinforce the impact of continuous digital and service enhancements.

In line with Azerbaijan's broader transition agenda, the Bank is also supporting clients in the renewable energy, infrastructure, and sustainability-linked sectors. These projects are evaluated in close coordination with internal risk, credit, legal, and compliance teams to ensure regulatory adherence, transparency, and scalability. While the primary focus remains on Azerbaijani businesses, the Bank also provides support to foreign entities when required. Through the PASHA triangle structure, covering Azerbaijan, Georgia, and Turkey, assistance is extended to clients of subsidiary banks whenever needed. As the business landscape continues to evolve, PASHA Bank's Corporate and Institutional Banking segment remains well-positioned to provide long-term, strategic financial partnership to its clients.

7.2 Small and Medium Enterprise Banking

PASHA Bank views SMEs as a foundation of Azerbaijan's economic ecosystem and continues to deepen its commitment to supporting this segment. The SME Banking division operates through segmented teams for micro, small, and mid-sized enterprises. Its staff maintain close engagement with clients through regular meetings and in-depth reviews of their businesses, enabling a precise understanding of client needs and the provision of tailored financial solutions. Client service is delivered via both digital and traditional channels, combining a digital lending squad for automated solutions with relationship managers for more complex cases. Close collaboration with product owners ensures alignment with credit, digital transformation, and risk teams. The division is also supported by key specialist units covering lending, product development, data science, portfolio management, digital marketing, and recovery. In early 2024, the SME structure was repositioned with a clearer sales mandate, supported by newly recruited commercial staff, while subsegments were reviewed to better differentiate

micro, small, and medium clients, leading to improved risk models and more tailored product alignment. The Bank also expanded its digital loan offering, increasing the share of online business loans issued without the need for collateral or financial reports.

SMEs are offered a comprehensive range of both credit and non-credit financial services. Credit solutions include business loans, factoring, and invoice discounting, while non-credit services encompass payroll and business cards, POS and mobile POS terminals, domestic and international transfers, and currency exchange. These products are designed based on client needs through operational lending practices, accessibility via online channels, and product terms that reflect real market conditions. Among the main financial products of PASHA Bank (Figure 18), Digital Standard Loans represent a fully online, unsecured product that requires no financial analysis, providing fast and convenient financing for smaller businesses. These loans are supported by the Bank’s end-to-end digital lending process, which begins with an eligibility check based on tax data, behavioral data, and internal scores generated through the Bank’s Decision Engine. Clients can then submit a simplified loan application via mobile or web without the need to visit a branch. Limits are calculated and approved instantly or within the same day through AI-driven scoring models and predefined thresholds. Loan agreements are finalized through digital contract e-signing, which incorporates enhanced signature and identity document (ID) verification, and disbursement is executed directly to the SME account with automated notifications, ensuring a fully seamless and efficient borrowing experience. The process requires the utilization of several tools, including an AI-powered credit scoring engine, digital document verification, integration with tax and bureau data, and an e-contract generation and signature system. From 2022 to 2024, the Bank’s SME loan portfolio expanded by 11%, underscoring its focus on supporting SMEs and fostering sustainable economic growth (Figure 17).

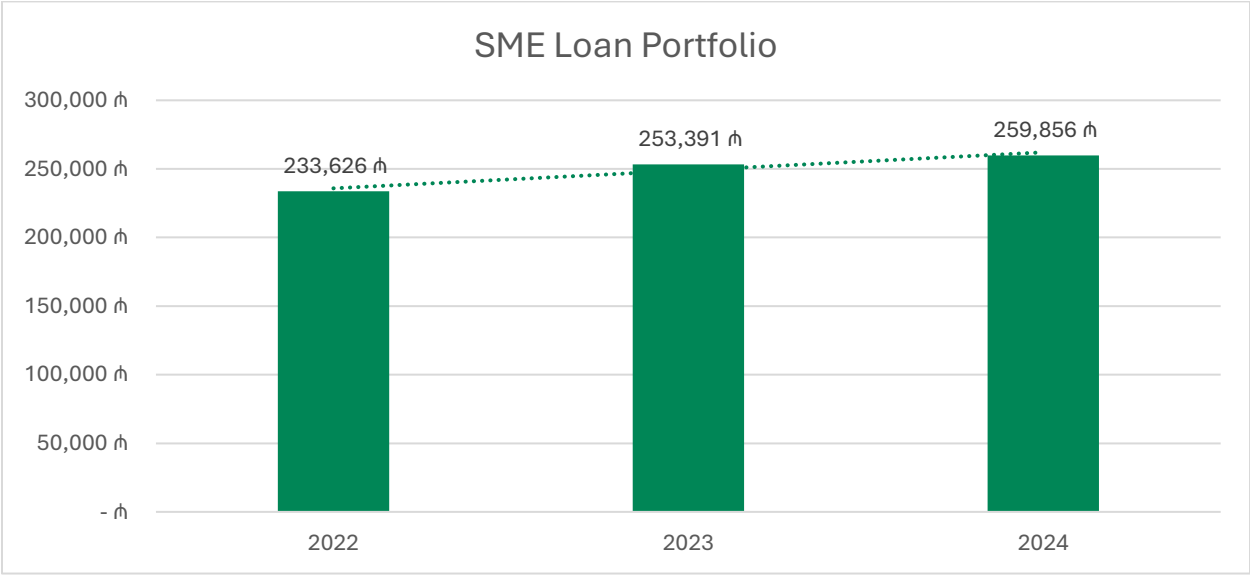


Figure 17. SME Portfolio Figures for 2022-2024 (thousand AZN)

For clients whose profiles fall between automated and traditional eligibility criteria, Hybrid Loans combine digital disbursement channels with conventional underwriting processes, offering an inclusive solution for borderline cases. Supply Chain Finance has been fully digitalized, enabling invoice-based financing fully integrated with the State Tax Application Programming Interface (API), while Distribution Chain Finance

provides short-term working capital to resellers and distributors, with approximately 10% of the product offered online. Trade finance services have also been enhanced through the digital issuance of letters of credit and guarantees, extending SMEs' ability to participate in both domestic and international commerce.



Figure 18. Main Financial Products for SMEs

The delivery and continual improvement of these products are underpinned by close cross-departmental collaboration. SME Banking works in synergy with Risk Management, which co-develops scoring models and tracks NPL performance at both product and segment levels. Strong coordination with Digital Engineering and Digital Channels ensures that client-facing platforms are optimized, and third-party APIs are integrated seamlessly, reinforcing the Bank's technological agility. Marketing contributes by designing digital campaigns, producing client education content, and managing lead-generation funnels, thereby supporting product adoption. Legal and Compliance functions ensure that digital contracts and onboarding processes remain aligned with regulatory requirements, while product development teams run discovery sprints jointly with SME Banking to identify emerging needs and shape new offerings. This integrated approach not only strengthens the Bank's SME value proposition but also ensures that product innovation is balanced with prudent risk oversight and regulatory compliance.

In terms of 2024, PASHA Bank advanced its digital capabilities by introducing and enhancing several tools and services designed to strengthen support for SME clients (Figure 19). A fully automated Digital Supply Chain Financing platform was launched, integrated with the State Tax API, which enables SMEs to obtain funding directly based on real-time electronic invoices. The Bank also introduced a Hybrid Lending Model to accommodate SMEs that do not qualify for unsecured loans, allowing them to access financing through partial collateral and simplified digital documentation. At the same time, the Business Credit Scoring Engine was upgraded with AI-based functionalities that incorporate behavioral data, open banking information, and payment histories, reducing credit decision times from several days to only a few hours. Furthermore, the mobile SME platform was upgraded for micro clients operating within distribution chains, providing them with the ability to monitor their entire credit lifecycle, including limits, utilization,

and repayment, and to submit new loan or limit requests seamlessly through the mobile application. The Bank has also increased the accessibility of digital products for SMEs, ensuring that factoring and invoice discount financing can be processed and formalized within a maximum of 3 hours.

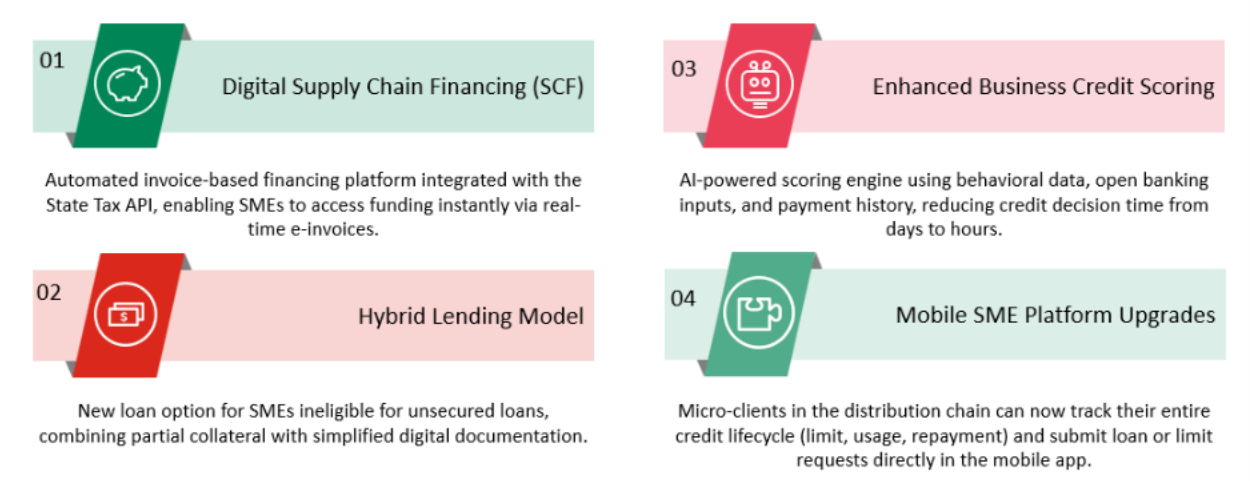


Figure 19. Digital Tools for SMEs Enhanced in 2024

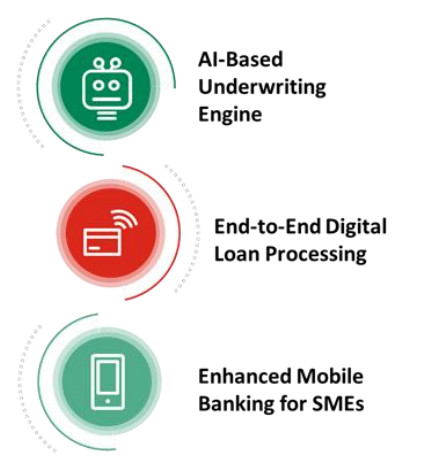


Figure 20. Digital Services for SMEs Developed in 2024

In addition to these initiatives, a broader suite of digital services was developed in 2024 to reinforce further efficiency (Figure 20). These included the launch of an AI-based underwriting engine and the roll-out of end-to-end digital loan processing, both of which streamlined the approval and disbursement cycle. Mobile banking for SMEs was enhanced with upgraded features, while comprehensive improvements were made across mobile and internet banking platforms. These upgrades introduced personalized dashboards, real-time limit tracking, fast-track refinancing options, and integrated client support, thereby providing SMEs with a more transparent, efficient, and user-friendly digital experience. When digitalizing these SME services, PASHA Bank applies criteria which include customer demand, efficiency gains, platform scalability, sustainability impact, and alignment with government priorities (Figure 21).

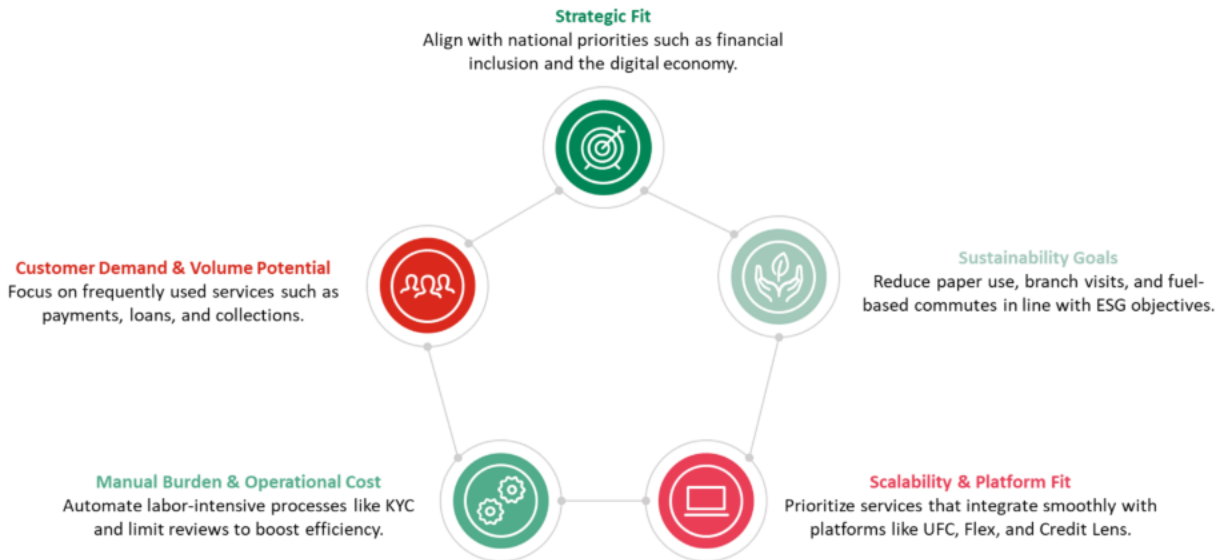


Figure 21. Criteria for Digitalizing SME Banking Services

The Bank applies a systematic feedback loop to ensure that client insights directly inform product development and user experience enhancements. Feedback is collected through a variety of methods, including surveys and questionnaires that are regularly distributed via email, SMS, and mobile applications. These surveys cover topics such as satisfaction with digital banking services, ease of use of interfaces, and demand for additional functionalities, for example, automatic payments or enhanced POS services. In addition, selected SME clients participate in user experience (UX) research panels to test prototypes and beta features, providing early-stage input into product design. Insights are consolidated into quarterly Voice of Customer reports, which are shared with product and executive teams to guide prioritization within the digital roadmap. Through this structured process, feedback is translated into tangible updates and continuous improvements across the Bank's SME platforms.

Collaboration with FinTech has also played a significant role in strengthening PASHA Bank's innovation agenda and expanding its scoring capabilities through alternative data. Joint product development is carried out with FutureLab, the Bank's dedicated innovation arm, which pilots AI-based underwriting tools and explores embedded lending opportunities within partner ecosystems. In parallel, the Bank engages with both local and international startups to test alternative data-driven credit scoring models, thereby broadening lending eligibility for SMEs that may fall outside traditional assessment criteria. Recent collaborations have included partnerships with Uplink and AKB, which provide localized expertise and innovative methodologies for integrating non-traditional data sources into risk assessments. These initiatives not only enhance the accuracy and inclusiveness of credit scoring but also reflect the Bank's strategic commitment to leveraging external partnerships in driving digital transformation.

Internal KPIs were realigned across both frontline and back-office teams to strengthen accountability and sharpen organizational focus. The SME Division now monitors performance through a comprehensive KPI framework that includes credit portfolio growth, the number of active SME clients, and asset quality indicators such as the NPL ratio and the percentage of loans past due by more than 30 days (PAR 30+). Digitalization progress is measured through digital loan penetration, which tracks the share of loans

originated via online channels, while client-centricity is assessed through the CSI. Operational efficiency is evaluated using metrics such as time to cash, which captures the period from loan application to disbursement, the product utilization ratio that compares approved limits to actual usage, and end-to-end process rates. Finally, system reliability and resilience are reflected in downtime indicators. Together, these KPIs provide a balanced view of growth, risk, efficiency, client satisfaction, and technological performance.

7.3 Retail and Private Banking

While corporate and SME banking remain the primary focus of PASHA Bank, the Retail and Private Banking segments play a complementary role in the Bank’s overall strategy. Retail services are primarily concentrated in mortgage lending, including state-subsidized mortgage programs, and payroll card services for employees of corporate clients. General-purpose loans are selectively offered, and while card products are not a primary focus, the Miles & Smiles card remains a flagship offering. Developed in partnership with Turkish Airlines, this co-branded loyalty program provides customers with exclusive travel benefits, rewards, and enhanced experiences, making it a distinctive proposition for frequent travelers and aviation enthusiasts. Furthermore, in 2024, a new segment, “Affluence Clients,” was created and is currently in the development phase, with strategic plans being developed to support the future growth of this client category.

The Private Banking division continues to serve high-net-worth clients with tailored investment advisory, aligning investment strategies with individual income levels, risk appetites, and long-term goals, model portfolio management, and access to premium financial products. These plans define the type and frequency of investments required to achieve client targets, creating a structured pathway toward sustainable wealth accumulation. The division’s primary objective is to strengthen customer loyalty, which is largely driven by relationship managers who cultivate long-term partnerships with clients. Resolute relationship managers provide guidance across structured investments, wealth planning, and premium card solutions such as Horizon and Heritage. The Horizon card, positioned as a mid-tier plastic option, and the Heritage card, a premium metal edition, both offer miles accumulation and exclusive travel rewards. The Heritage card further emphasizes security, with a discreet design that hides the Visa logo and Card Verification Value (CVV) code for enhanced protection. It is worth mentioning that for the first time globally, Visa agreed to remove its logo entirely at the Bank’s request to ensure visual integrity and discretion. Approximately 20% of Private Banking clients actively use advisory services. The Partnership team further reinforces loyalty by building strategic collaborations that expand the range of exclusive benefits available to clients. The Bank’s premium card offerings are designed in partnership with Visa and feature exclusive benefits that distinguish them from competitors. Unlike other banks, clients are not required to maintain a minimum balance or meet turnover thresholds to unlock privileges, benefits remain accessible even if the account balance is zero. Moreover, these privileges are not limited to the cardholder, designated individuals can also take advantage of them. For example, one of these benefits includes complimentary annual access to Securities Investor Protection Act (SIPA).

Requirement	2022	2023	2024
Number of debit cards	415,496	555,697	792,611

Number of credit cards	8,362	9,216	7,552
Number of salary cards	334,793	350,852	391,854

Table 5. Number of Active Cards, by Type

In the area of Mortgage Loans, the Bank continues to leverage government-supported funding mechanisms to provide financing primarily to corporate clients within the Holding and other institutional segments. Credit limits allocated by the government are accessed via the E-Gov portal, and each application is carefully evaluated by Bank analysts prior to issuance. In 2024, approximately AZN 39 million in mortgage sales were recorded, with targets not only achieved but also optimized. While this product is widely utilized within the Holding, it remains open to the public, with any customer holding an official documented income eligible to apply. The Bank's mortgage portfolio currently stands at AZN 182 million, underlining the significance of this segment as a stable growth driver.

Cash Loans represented another active retail product in 2024. The first half of the year was marked by limitations related to MPO score restrictions, particularly around interest rates and borrower eligibility for customers with monthly incomes below AZN 1,000. However, following adjustments in June, sales rebounded strongly. Although year-end targets were not fully achieved, the shortfall was marginal, and performance stabilized with consistent monthly volumes of AZN 1.5-1.6 million, driven by payroll card holders.

The Miles card program, a flagship offering, faced notable challenges in 2024 following structural changes to its bonus and miles calculation mechanisms. Sales were temporarily suspended, leading to disruptions in partner acquisition and client engagement, which lasted until September. Although recovery efforts began in the second half of the year, through renewed commercial partnerships and targeted communication campaigns, overall results fell short of expectations, making the Miles segment the main underperformer within the retail portfolio.

In 2024, significant enhancements were introduced to the mobile platforms of both segments, furthering the Bank's objective of minimizing branch dependency, reducing environmental impact, and delivering seamless customer experiences. The retail mobile app now offers fully digitalized loan processing: whereas a cash loan application in 2020-2021 required over an hour, it can now be completed entirely through the mobile app within approximately 10-15 minutes. Mortgages, while still partially dependent on government platforms, have also been streamlined through the State Mortgage and Credit Guarantee Fund (MCGF) portal. Several previously paper-based documents are now submitted electronically, and property registration is fully digitalized, though physical visits remain necessary for valuation and certain state-issued documents. In addition, video verification for salary card holders has eliminated the need for in-person branch visits, and customers are now able to become full cardholders remotely, which is a milestone in the Bank's digital transformation agenda.

Beyond lending, new features have expanded the scope of digital banking services (Figure 22). Retail clients can now open and manage deposit accounts digitally through the app, access loan insurance products, and even request embassy letters without branch interaction. A 24/7 AI-powered chatbot provides immediate support by answering frequently asked questions, guiding users through banking

processes, and reducing reliance on call centers. For private banking clients, the mobile application introduces further specialized capabilities, including digital FX transactions in multiple currencies, a docflow function that allows documents to be signed electronically via SIMA's secure digital signature, and enhanced cash management options through AniPay transfers. Both retail and private clients benefit from the integration of AniPay for fast, reliable money transfers, while the SIMA KYC biometric verification process enhances security and minimizes fraud risks across both applications.

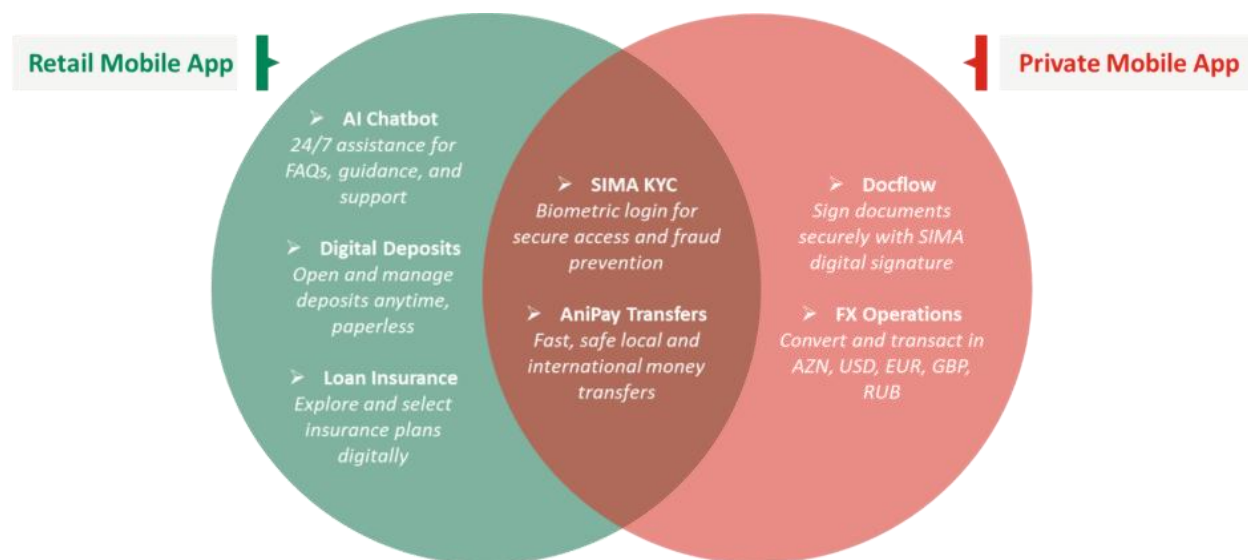


Figure 22. Digital Banking Services in Retail & Private Banking

Security and risk management remain central to the Bank's digital approach. Transactions across distance banking services are monitored by a dedicated Fraud Management System (FMS), which validates each customer's action to ensure compliance with Central Bank requirements and to detect potential malware threats. While a Google-implemented tool currently supports advanced customer identification, the Bank is actively seeking even more secure and efficient alternatives. The adoption of SIMA digital signatures has also supported the Bank's transition away from paper-based carriers, enabling relationship managers to execute client requests digitally and forward them to secure in-app signatures. This not only ensures higher levels of security and traceability but also simplifies client interactions, significantly reducing the need for branch visits or physical documentation.

Furthermore, to ensure that employees can effectively support digitization efforts, the Bank places strong emphasis on training and continuous knowledge-sharing. Staff members are equipped with platforms such as LMS and Yammer, which provide quick access to information and responsibilities, while user manuals serve as reliable references for day-to-day interactions. In addition, regular awareness trainings are organized, and in 2024, quarterly demo sessions were introduced to showcase new features and digital innovations. These sessions, along with follow-up reviews and detailed presentations, ensure that all teams remain fully informed and capable of guiding clients through both traditional services and the Bank's evolving digital platforms.

Performance in both Retail and Private Banking is continuously monitored through a structured set of metrics and feedback mechanisms. Customer satisfaction is assessed via interviews, feedback requests

across multiple channels, and onboarding experience reviews. Service quality is further tracked through call recordings, contact center monitoring, and staff KPIs tied to client feedback. In addition, the Customer Excellence team provides monthly reports, with client complaints remaining nearly zero and typically resolved immediately by dedicated Relationship Managers. Adoption and effectiveness of digital tools are measured through campaign-specific data analysis, with results presented and reviewed in monthly and quarterly sessions to ensure continuous improvement in client experience and service quality.

8.0 Financing a Green Tomorrow

At PASHA Bank, we recognize that sustainable growth is inseparable from environmental responsibility. As a financial institution, the Bank directs resources to projects that aim to generate both economic and ecological benefits, supporting Azerbaijan's transition towards a more sustainable economy. For us, sustainability is not a standalone initiative but is embedded in our business model and long-term strategy.

In 2024, PASHA Bank's green finance strategy was guided by the Central Bank of Azerbaijan's Sustainable Finance Roadmap and international sustainability standards. Financing activity was concentrated in sectors with capacity to achieve measurable environmental improvements alongside commercially viable outcomes, ensuring that investment decisions supported both growth and climate objectives. We made consistent effort to embed environmental considerations into credit assessments, sectoral allocations, and product development, thereby linking financing with the country's wider transition toward a low-carbon and resource-efficient economy.

A central focus of our work is reducing the environmental footprint of urban transportation by financing low-emission mobility solutions that target one of the largest sources of carbon emissions in Azerbaijan. Detailed assessments confirm that these investments are translating into measurable reductions in emissions while also contributing to healthier living conditions and more sustainable urban development. Since 2021, EUR 9.046 million has been allocated for the procurement of 50 CNG buses for Xaliq Faiqoğlu LLC, followed by AZN 2.439 million in 2024 for five electric buses. Independent assessments confirmed that CNG buses emit 14% less CO₂ than diesel equivalents, resulting in an approximate reduction of 731 kg of CO₂ emissions on a 72 km route. Electric buses achieve a 33% reduction compared to diesel, preventing 240 kg of CO₂ per 100 km relative to diesel and 140 kg relative to CNG. These projects contribute to cleaner air quality, more sustainable public transportation systems, and enhanced quality of life in urban areas.

At the same time, we are committed to diversifying the country's renewable energy portfolio by financing geothermal projects, investing in underutilized but highly promising resources that enhance national energy security, reduce reliance on fossil fuels, and help build a more stable and climate-friendly energy system. An allocation of AZN 10 million was directed toward the construction of a heated reservoir using geothermal waters as part of a wider AZN 30 million project, creating infrastructure that diversifies the renewable energy mix. The initiative also supports energy resilience by introducing an alternative base-load renewable source that complements solar and wind generation.

Our sustainability efforts also extend to agriculture and financial innovation, where investments in drip and pivot irrigation systems have eased pressure on water resources while improving productivity and resilience in a sector vital to Azerbaijan's economic and social stability, illustrating how environmentally conscious financing can deliver both sustainability benefits and significant economic returns. Recognizing the sector's vulnerability to water scarcity, we financed the deployment of advanced irrigation technologies, including AZN 15 million for drip irrigation systems across 3,000 hectares of orchards and AZN 17 million for pivot irrigation systems covering 1,500-2,000 hectares. Drip irrigation can reduce water usage by 30-50% compared to traditional methods, while pivot systems optimize water distribution for large-scale operations. These measures not only safeguard water resources but also support higher yields and improved agricultural resilience. The economic impact is equally notable, with an estimated USD 1 billion potential GDP contribution underscoring the value of integrating sustainability into agricultural finance.

In the mining sector, the Bank supported decarbonization by financing the replacement of diesel generators with electric substations. This transition directly reduces operational emissions, lowers fuel costs, and advances cleaner industrial practices in one of the most carbon-intensive sectors. By promoting electrification, the Bank is enabling mining companies to align operations with emerging environmental standards while maintaining competitiveness.

Going forward, the Bank aims to broaden the scope of sustainable finance by introducing new instruments and solutions that strengthen the link between capital flows and environmental outcomes. Preparations are in progress for the issuance of green bonds, providing investors with opportunities to support renewable energy and energy-efficiency projects. In addition, the Bank is advancing the development of carbon scoring services to give businesses a clearer understanding of their emissions profiles, enabling them to improve environmental management and meet evolving regulatory requirements. These initiatives are designed to widen access to sustainable finance and encourage greater alignment of business practices with environmental standards, while also directing capital toward projects that address climate challenges and contribute to long-term economic resilience.

9.0 Economic Insights

In 2024, PASHA Bank continued to maintain solid financial performance, supporting the economic growth and stability in Azerbaijan. Despite ongoing global uncertainties, including geopolitical tensions and commodity market fluctuations, the country maintained positive progress, with GDP growth accelerating from 1.8% in 2023 to 4.1% in 2024. Azerbaijan is also successfully expanding its economic base beyond hydrocarbons thereby decreasing its dependence on fuel exports.

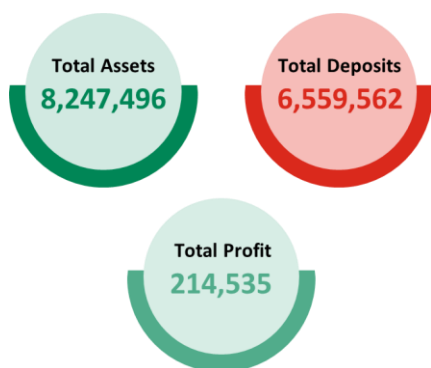


Figure 23. Key Financial Metrics, thousand AZN

As of year-end, PASHA Bank reported total assets of 8.25 billion AZN, supported by a strong deposit base of 6.56 billion AZN (Figure 23). This solid financial foundation enabled the Bank to deliver a total profit of 214.54 million AZN, reflecting its resilience and commitment to sustainable growth. However, in comparison with the previous year, the Bank recorded decreases across total assets, deposits, and profits, primarily due to higher funding costs and increased investment in strategic initiatives. Nevertheless, the Bank has strengthened its capital base showcasing an increase in total equity to 873 million AZN, a 7.5% increase compared to 2023 (Figure 24). In addition, PASHA Bank expanded its core business activity - the loan portfolio grew by 18.2%, while total fee and commission income rose by 14.8%. Our financial performance in 2024 reflects PASHA Bank's commitment to creating long-term value for stakeholders and its ability to deliver sustainable growth in a dynamic environment.



Figure 24. Annual Growth of PASHA Bank in Loans, Equity, and Fee Income

As illustrated in Figure 26, PASHA Bank's loan portfolio demonstrates strong diversification across key industries. In 2024, trade and services accounted for 1.57 billion AZN, followed by transport and telecommunications at 399 million AZN, and manufacturing at 269 million AZN. The Bank also supported the country's energy diversification efforts, with financing for the energy sector rising more than threefold to 333 million AZN. Lending to individuals expanded to 429 million AZN, enhancing access to finance for households. Overall, PASHA Bank's loan portfolio increased to 3.36 billion AZN, maintaining a balanced and forward-looking credit strategy and supporting long-term economic progress (Figure 25).

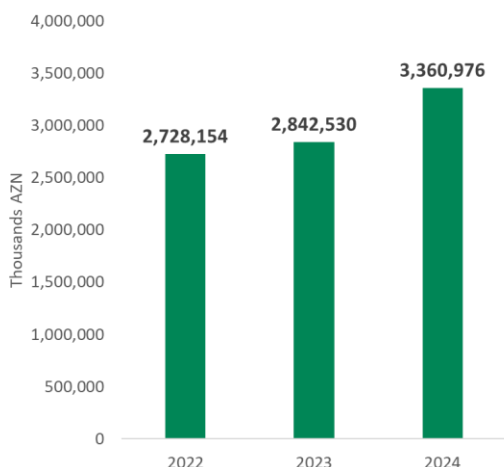


Figure 25. Loan Portfolio over the Years

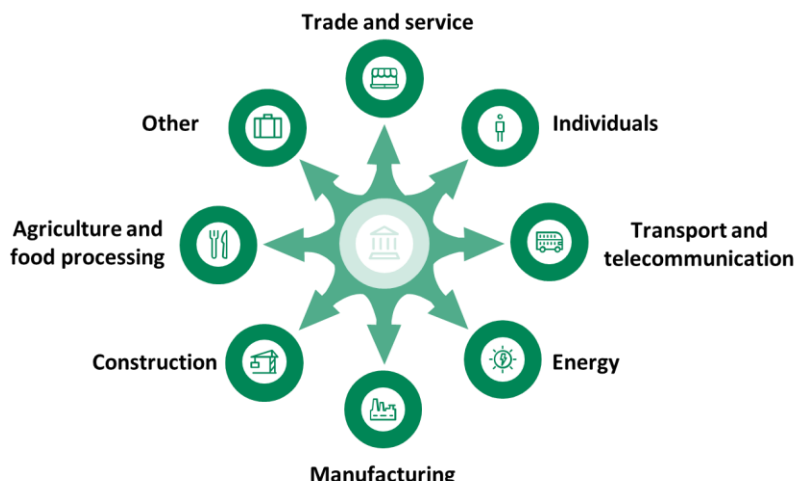


Figure 26. Loan Portfolio Breakdown by Industries



Figure 27. PASHA Bank's Economic Value Distribution

In 2024, a significant portion of the 556 million AZN revenue generated was allocated to operating costs, personnel expenses, payments to providers of capital, and tax contributions (Figure 27). Personnel expenses increased from AZN 95,605 thousand in 2023 to AZN 100,173 thousand in 2024, marking a 4.8% rise. Dividends paid on ordinary shares grew sharply from AZN 60,000 thousand in 2023 to AZN 154,122 thousand in 2024, representing a 2.6-fold increase. The company's economic value generated and distributed (EVG&D) highlights

PASHA Bank's contribution to Azerbaijan's sustainable development by supporting fiscal stability, creating decent employment, and reinforcing local supply chains.

PASHA Bank delivers strong value for shareholders as evidenced by Return on Equity (ROE) of 31.09%, which remains above the national banking sector average of 18.1% (Figure 28). Return on Assets (ROA) also increased to 3.29%, passing the industry average of 2.1%, which shows the Bank's effective utilization of assets to generate profits. By achieving these figures, PASHA Bank demonstrates its commitment to delivering sustainable returns for stakeholders.

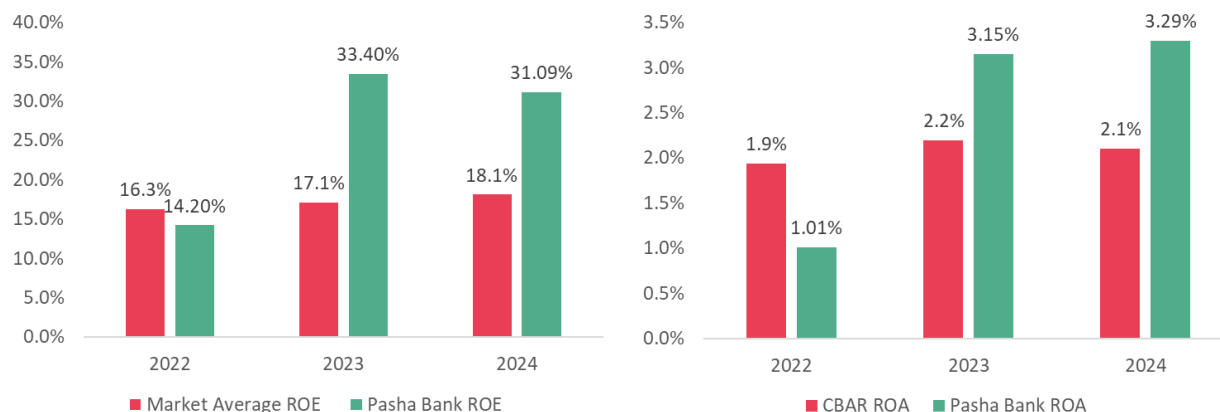


Figure 28. PASHA Bank vs Market Performance (ROE & ROA, 2022-2024)

PASHA Bank maintains a structured and transparent tax policy fully aligned with the Tax Code of Azerbaijan and international best practices. The policy is overseen by the Supervisory Board, with regular management conducted by the financial team, ensuring compliance with statutory requirements, internal Tax Policy, and the Bank's Code of Conduct. By adhering strictly to applicable tax laws, the Bank contributes to the national economy through timely and accurate payments, while robust internal controls safeguard against tax evasion and non-compliance risks. Coordination with independent third parties and ongoing oversight reinforce transparency and accountability, protecting the Bank from potential financial penalties and reputational risks.

In 2024, the Bank's total contribution to the state budget amounted to 114,558 thousand AZN, including income tax of 83,229 thousand AZN, property tax of 243 thousand AZN, and withholding tax of 11,685 thousand AZN. Tax risks are continuously monitored through an integrated governance framework, supported by regular reviews from internal teams and external consultants. The Bank prioritizes ongoing staff training to strengthen tax knowledge and maintains transparent disclosures, audited annually as part of the financial statement review. By engaging with regulators, seeking expert advice on complex matters, and participating in professional forums, the Bank ensures it remains aligned with ethical tax practices and sustainable financial governance, thereby reinforcing its long-term commitment to compliance and national development.

As we move into the future, PASHA Bank will continue to build its solid foundations to create lasting value for clients, partners, and the wider community. By advancing digital transformation, strengthening financial resilience, and applying sustainable practices, we are determined to play an important role in driving Azerbaijan's long-term prosperity and global competitiveness.

10.0 Client Centricity

At PASHA Bank, client centricity is a core operating principle and a strategic orientation that guides decisions across the enterprise, based on the belief that value is created when client needs are understood in context and addressed with precision. We recognize that sustainable growth and long-term value creation depend on our capacity to understand, anticipate, and at the right moments exceed client expectations. The Bank builds this understanding through structured discovery that combines sector

insight, financial analysis and direct dialogue with decision makers, and then translates it into propositions that are relevant, timely and practicable for each relationship. Our approach is both systematic and human-focused, with client feedback flowing into defined improvement loops that guide service improvements, digital innovation, and cultural transformation across the Bank.

Customer centricity at PASHA Bank begins with a clear intent to understand the context in which each client operates and to shape our engagement around their objectives, constraints, and ambition for the future. This philosophy is embedded in strategy, governance, and the conduct of our teams, creating a consistent way of working that values long term relationships and defines success through client outcomes as much as through financial returns. Insight must translate into action; therefore, relationship managers and product specialists collaborate to convert understanding into structured financing, treasury, and advisory solutions. This cycle of listening, designing, and refining strengthens the quality of our approach and positions the Bank distinctly in the marketplace as clients recognize coherence between their needs and our delivery.

10.1 Customer Excellence

Customer Excellence at PASHA Bank serves as the operational anchor of our client agenda, translating intent into disciplined execution through a structured and evidence-based model overseen by the Center of Customer Excellence (CoCE). By treating quality as a managed system, we direct attention to the points that matter most for clients and for the Bank, and we create the conditions in which improvement becomes continuous, measurable, and visible in outcomes. To embed this approach, three dedicated teams work within a single governance frame that was strengthened in 2024: Voice of Customer, Customer Experience, and Customer Communication & Appearance. Combined into a unified framework, they monitor and enhance the quality of service at every touchpoint.

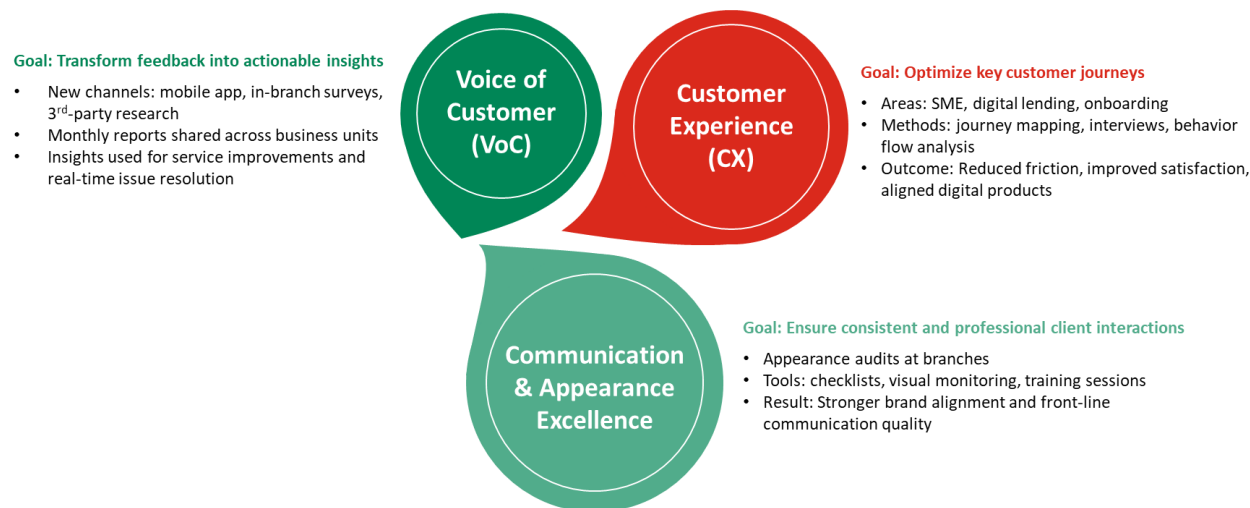


Figure 29. Core Functions of the Customer Excellence Model

The Voice of Customer team expanded its reach in 2024, complementing existing inputs with feedback captured through mobile applications, in branch surveys, and independent research, thereby forming a more complete picture that spans products and segments. Findings are synthesized each month into a

standardized report that circulates to business leaders and delivery teams, enabling rapid responses to issues that require immediate attention.

The Customer Experience (CX) team focuses on the systematic design and refinement of seamless, end-to-end journeys that extend across all digital and physical touchpoints, ensuring that every stage of interaction remains efficient, intuitive, and closely aligned with evolving client needs. Throughout the reporting period, the team regularly carried out Customer Journey Mapping (CJM) to clearly visualize how customers interact with the Bank across different channels. This helped them better understand customer experience patterns in detail and use those insights to make targeted improvements to customer journeys and internal operational processes. In parallel, to track journey-specific indicators, including Net Promoter Score (NPS) and Customer Satisfaction Index (CSI), thereby ensuring that adjustments translated into measurable improvements, the team maintained continuous KPI monitoring. This process was complemented by targeted flow optimization, in which friction points were identified through analysis of drop-off rates, support ticket trends, and behavioral flow data. The ongoing integration of collaboration with agile squads, with CX specialists embedded in product development teams from the initial stages, allowed design decisions to remain consistently aligned with customer expectations.

In 2024, the Communication and Appearance Excellence team significantly contributed to delivering a consistent and high-quality client-facing experience. Monitoring, branch-level trainings, and standardized checklists were used to evaluate service interactions, brand alignment, and adherence to communication standards, with the findings were translated into actionable improvements and incorporated into coaching sessions for front-office staff.

At PASHA Bank, customer sentiment is continuously evaluated through a structured framework that integrates the NPS and the CSI to provide a comprehensive view of client perceptions across both credit and non-credit services. These metrics are monitored in real time through the Grafana dashboard, enabling the Customer Experience, Business Development, and Strategy teams to spot developing patterns and respond quickly to areas requiring improvement. The NPS assesses overall satisfaction, referral propensity, and service feedback, while the CSI measures the quality of relationship management, branch interactions, and credit product performance. In October 2024, a refined methodology for calculating the Net Promoter Score was introduced, enhancing the accuracy and relevance of insights derived from this measure. Alongside NPS and CSI, additional performance indicators such as handling time and cross-functional service metrics are closely tracked to ensure that improvement initiatives are targeted, measurable, and aligned with strategic priorities. Complementing these client-focused assessments, the Bank also applies the Performance Assessment Form (PAF), an evaluation tool designed specifically for employees across all first-line support channels.

Moreover, the Bank wide “Customer First” vision was launched at the end of 2024 as a structured program to embed client centric principles throughout the organization. The project reflects our commitment to the Bank’s strategic vision by bringing together the pillars of Human Resources, Customer Excellence, and Marketing. Several initiatives were launched under this framework, including the Customer Excellence Internship Program, the Customer First Champions network, the review of customer journeys for the most-used products, and the development of enhanced marketing communications aligned with client

expectations. It also aligned internal campaigns with external brand messaging to strengthen service consistency and promote a shared cultural understanding of excellence across departments. Implementation advanced through staged rollouts and targeted learning sessions that equipped teams to apply the principles within day-to-day processes. While the formal articulation of this initiative sits within the 2025 vision, foundational elements were already operating during 2024, which allowed early practice to inform refinements to policy, enabling systems, and measurement.

10.2 Enhancing Client Satisfaction

In 2024, PASHA Bank advanced its commitment to delivering a consistently high standard of service by strengthening the systems, processes, and initiatives that shape the client experience. Throughout the year, we placed particular emphasis on gathering accurate insights, streamlining resolution pathways, and expanding the accessibility of our services across physical and digital channels to refine operational practices, respond effectively to evolving needs, and reinforce the trust that underpins long-term client relationships. Complementing these efforts, a dedicated project was undertaken to restructure and update the Bank's interactive Frequently Asked Questions (FAQ). Aligning presentation with the requirements of the new CRM platform, the revised format divides information into internal and external sections. In parallel, PASHA Bank has adopted a comprehensive end-to-end customer journey framework that guides the design and monitoring of service delivery and maps core stages of client interaction - onboarding, usage, support, offboarding.

In 2024, PASHA Bank also advanced its customer-centric strategy by introducing a suite of additional digital solutions designed to streamline processes and deliver greater convenience for corporate clients. These included SME Digital Onboarding for remote company registration, a CRM platform supporting personalized service across all customer touchpoints, and new tools within the PASHA Business mobile app such as Digital Business Card, mPOS, and Tarifim. Building on this expanded digital ecosystem, lending processes for Digital Standard Loans and Distribution Chain Finance were optimized for greater speed and efficiency, while the fully digital Financial Guide was launched to simplify tax management for entrepreneurs through automated calculations, pre-filled forms, deadline tracking, and scheduling features. Each of these efforts throughout the year reflects the Bank's ongoing commitment to listening, learning, and delivering meaningful improvements in how it serves clients across every product, channel, and interaction.

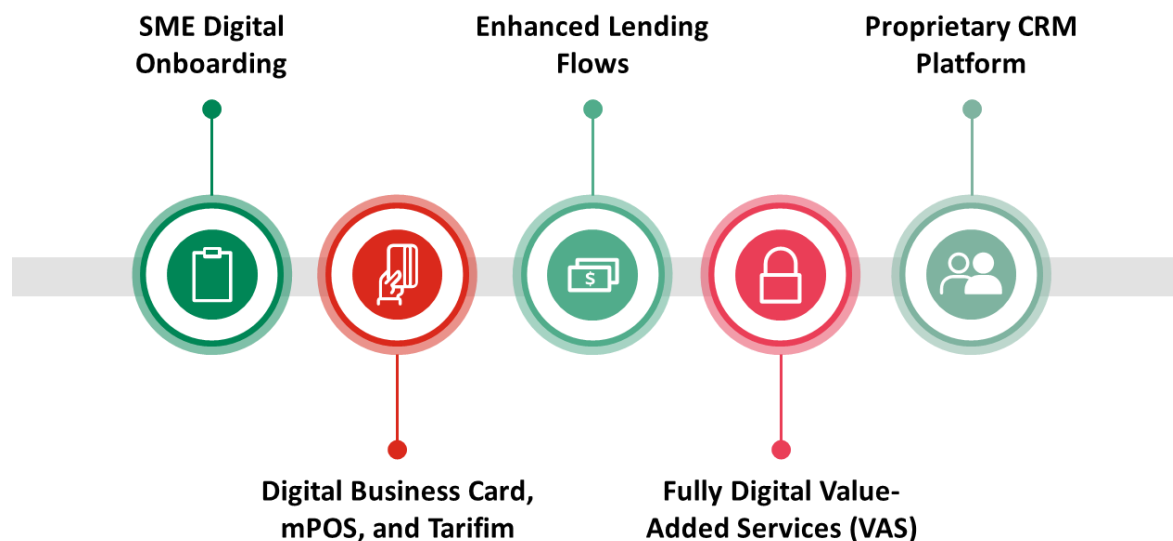


Figure 30. Digital Solutions Introduced in 2024 to Enhance Customer Experience

As part of our ongoing commitment to enhancing client satisfaction, PASHA Bank has strengthened its focus on service quality requirements when evaluating client interactions. We have introduced a structured approach to call evaluations that goes beyond basic compliance checks and measures the overall quality of service delivery. Each interaction is assessed across multiple dimensions, including the resolution of the client’s appeal, the effectiveness and clarity of communication, and the overall conversational style adopted by our representatives. Through this approach, PASHA Bank continues to raise service standards and deliver more consistent, client-focused experiences

11.0 Corporate Governance

PASHA Bank’s approach to corporate governance is built on a clear and robust structure that supports effective management, strategic oversight, and the creation of long-term value. This structure is shaped by a combination of external legal requirements and the Bank’s internal governance principles, ensuring that decisions are made with integrity, accountability, and a focus on long-term outcomes. Central to this governance model is a commitment to ethical business practices and transparency at all levels of the organization. The Bank’s ownership structure further reinforces this framework by clearly outlining the distribution of control and influence, thereby shaping governance practices and ensuring alignment with the interests of key stakeholders (Figure 31).

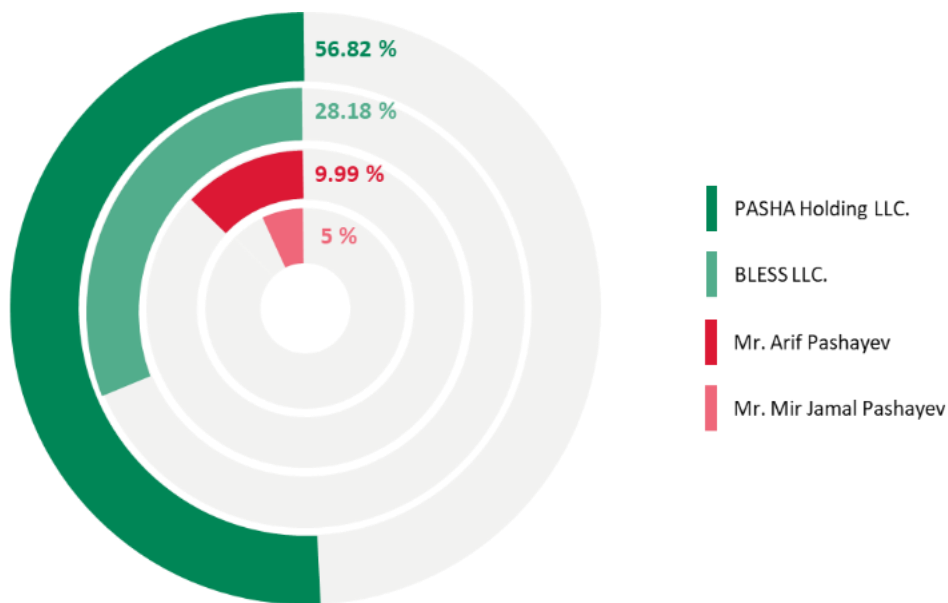


Figure 31. Ownership Structure of PASHA Bank

Our governance principles focus on protecting stakeholder interests, maintaining strong internal controls, and encouraging transparent communication across the organization. These principles are reflected in the Bank's organizational structure, which outlines key governance bodies, reporting lines, and decision-making responsibilities (Figure 32). To support this structure, the Bank has developed internal codes and policies that go beyond compliance, reflecting its commitment to high standards of corporate governance while staying responsive to the evolving expectations of stakeholders and the broader community.

The Bank's governance practices are grounded in both national legislation such as the Law of the Republic of Azerbaijan on Banks and the Civil Code and international frameworks like the Basel Corporate Governance Principles for Banks. Moreover, the processes for nominating and appointing members of the highest governance bodies and their committees are governed by a comprehensive set of rules, including the Law on Banks, the Central Bank's Corporate Management Standards, the Bank's Charter, and internal regulations.

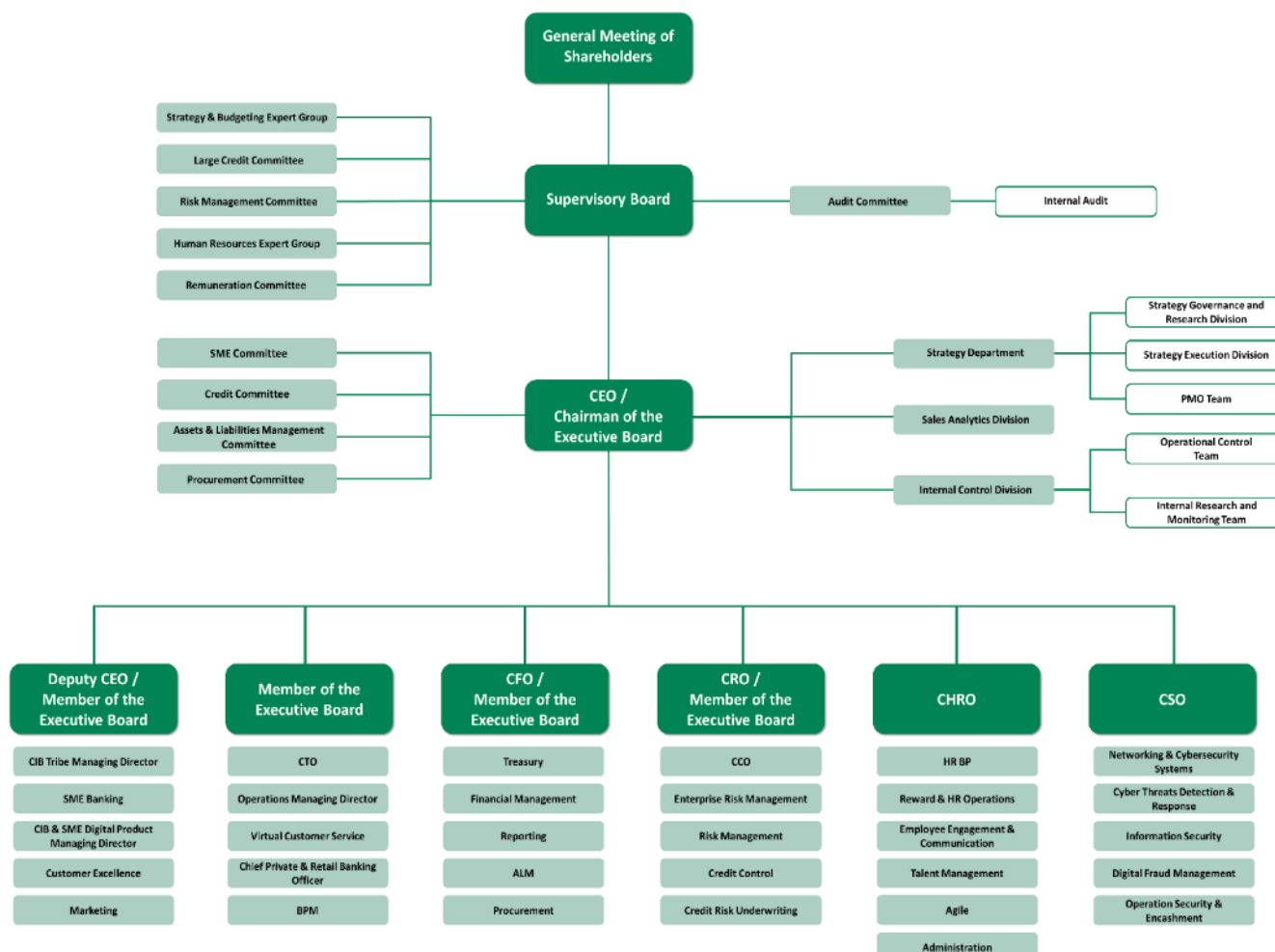


Figure 32. Organizational Structure of PASHA Bank

11.1 Shareholders' General Meeting

The Shareholders' General Meeting at PASHA Bank plays a central role in shaping the Bank's strategic direction and safeguarding its governance integrity. As the highest decision-making body, the General Meeting is entrusted with critical responsibilities that extend beyond approving policies, ensuring adherence to legal and regulatory frameworks while promoting transparency and accountability throughout the Bank. Its oversight function includes evaluating the performance of the Supervisory and Executive Boards in alignment with strategic objectives, risk appetite, and operational standards (Figure 33).



Figure 33. Key Functions and Oversight Areas of the Shareholders' General Meeting

The Shareholders' General Meeting holds comprehensive authority over strategic governance, encompassing structural, regulatory, and financial oversight functions. Its responsibilities span the formulation of foundational directives, the supervision of executive leadership, and the sanctioning of key operational and fiscal actions to ensure alignment with legal and organizational mandates. Through these functions, the meeting directly shapes the Bank's long-term direction, safeguards its financial integrity, and enforces accountability at the highest levels of decision-making.

11.2 Supervisory Board and Oversight Entities

The Supervisory Board of PASHA Bank operates under the authority of the Shareholders' General Meeting, providing independent oversight of the Bank's strategic direction, executive actions, and compliance with regulatory and corporate governance standards. Appointed for a term of three years with the option for re-election, the Board is composed of five seasoned professionals, including one independent member, all bringing substantial experience in banking, finance, risk management, and corporate strategy. This breadth of expertise ensures a well-rounded and informed decision-making process, supporting the Bank's long-term growth and risk oversight objectives (Figure 34).



Mir Jamal Pashayev
Chairman of the
Supervisory Board

Education

Mir Jamal Pashayev graduated from the Physics Department of Moscow State University in 1993. He continued his studies in the United States, earning a Master of Science in Engineering from the University of California in 1996. He later obtained a Master of Business Administration from American University in Washington, D.C., in 1998.

Career

In 1998, Mir Jamal Pashayev began his professional career as a Business Project Consultant with Mobil Corporation, working in the company's Dallas and Washington offices. In 1999, he moved to Baku, where he assumed the role of Consultant to the Central Bank of Azerbaijan. He joined the European Bank for Reconstruction and Development (EBRD) in 2000 as a Financial Analyst and was soon promoted to Banker, focusing on infrastructure projects. Between 2005 and 2008, he worked as a consultant on large-scale investment initiatives in infrastructure, telecommunications, and financial services. Since 2006, Mir Jamal Pashayev has served as the Managing Director of PASHA Holding. He also holds the position of Chairman of the Board of Directors at PASHA Insurance.

Education

Farid Akhundov graduated from the Institute of Economics of Azerbaijan in 1992. He later completed management courses at Nottingham Trent University. In 1994, he became one of the first Azerbaijani recipients of the prestigious Chevening Scholarship—an award funded by the UK Government through the Foreign and Commonwealth Office. In 1995, he earned his MBA from the University of Salford in Manchester, United Kingdom.

Career

Farid Akhundov began his professional journey in 1991 as an Economist at a metal plant. A year later, he joined the Azerbaijan Republic State Committee on Economics and Planning, where he worked as a Senior Economist focused on foreign economic relations. From 1996 to 2003, he held a series of senior roles at the British Bank of the Middle East (a subsidiary of HSBC), progressing from Financial Control Manager to Head of Customer Services and Corporate Banking, eventually becoming Deputy CEO of HSBC Azerbaijan. In 2003, he was appointed Chairman of the Executive Board at Most Bank Azerbaijan. During his tenure, he led the bank's restructuring and rebranding into Bank Standard JSC, which went on to become one of the country's leading commercial banks at the time. Farid Akhundov joined PASHA Bank in 2007 as Chairman of the Executive Board and was later appointed to the Supervisory Board on July 1, 2015.



Farid Akhundov
Member of the
Supervisory Board



Georges Joseph Haimari
Independent Member of the
Supervisory Board

Education

Georges Joseph Haimari earned a License in Economics from Université Saint-Joseph in 1994. He continued his academic journey at the American University of Beirut, where he obtained an MBA in 1997. He is fluent in French, Arabic, and English.

Career

George began his professional career in 1995 as a Credit Officer at Banque Audi SAL, focusing on lending services for middle-market and large corporate clients. In 1997, he joined Citigroup as a Senior Relationship Manager, overseeing portfolios for both major local companies and global clients across Lebanon and the UAE. In 2002, he moved into management consulting with Booz & Company, where he became a Partner in the Middle East Financial Services Practice. During his 12 years at the firm, he led large-scale strategic and operational transformation projects for prominent financial institutions across the region. In 2014, George joined McKinsey & Company as a Partner and Head of the Financial Institutions Practice in the Middle East. There, he advised leading banks and financial groups on strategy development and digital transformation. In 2019, he co-founded Phoenixian VC, a venture capital fund with a focus on FinTech and digital financial services. Since January 2021, George has served as CEO of International Digital Banking at Boubyan Bank Group. In this role, he co-founded Nomo Bank and Nomo FinTech, and currently leads all international digital banking initiatives, driving innovation and expansion in the FinTech space.

Education

Nariman Sardarli earned a Bachelor's degree in Business, Management, and Finance from Brooklyn College, City University of New York, in 2004. In 2012, he was awarded a scholarship under the State Program to pursue a Master of Business Administration at IE Business School. As part of this program, he also participated in an exchange with the Kellogg School of Management at Northwestern University.

Career

Nariman began his professional career in 2004 as an Audit Associate at Deloitte in Azerbaijan. The following year, he joined the Baku office of PwC, continuing his work in audit. In 2007, he joined the newly established PASHA Bank as an Expert in the Financial Management Department, where he was responsible for internal and external financial reporting through Management Information Systems (MIS). In 2009, he moved to PASHA Holding, taking on the role of Investment Manager in the Investments and Projects Department, focusing on the development of the company's private equity and venture capital initiatives. Also in 2009, he was appointed Head of the Audit Committee at PASHA Bank, and in 2010, he became a member of the bank's Supervisory Board. On February 1, 2015, Nariman Sardarli was appointed Director of the Investments and Projects Department at PASHA Holding, a role he continues to hold, overseeing key investment initiatives and strategic projects.



Nariman Sardarli
Member of the
Supervisory Board



Shahin Mammadov
Member of the
Supervisory Board

Education

Shahin Mammadov has completed a range of executive education programs at several leading business schools as part of PASHA Holding's High Potential Leadership Program, launched in 2013. In 2012, he enrolled in the Program for Leadership Development at Harvard Business School (Executive Education), earning alumni status in July 2017. He holds both a Bachelor's and Master's degree in Accounting and Audit from Azerbaijan State Economic University and earned his Ph.D. in Economics from the Academy of Sciences of the Republic of Azerbaijan. In addition, he has been a member of the Association of Chartered Certified Accountants (ACCA) since 2014.

Career

Shahin Mammadov began his professional career in 2003 as an Accountant and was later promoted to Deputy Chief Accountant at Yapi Kredi Bank Azerbaijan. In 2005, he joined Deloitte & Touche as an Associate Auditor and advanced to the role of Audit Manager. In 2009, he joined PASHA Bank Azerbaijan as Director of the Financial Management Department. By 2011, he was appointed Chief Financial Officer and became a Member of the Executive Board. In 2013, he joined the Board of Directors of PASHA Bank Georgia, where he was responsible for supervising business development activities. In July 2014, he was appointed CEO and Chairman of the Board of Directors at PASHA Bank Georgia. Since March 2015, he has been serving as a Member of the Supervisory Board of PASHA Bank Turkey. In January 2018, he assumed the role of PASHA Support Director and Deputy CEO at PASHA Holding. He became a Member of the Supervisory Board of PASHA Bank Azerbaijan on March 1, 2018, and of PASHA Bank Georgia on May 30, 2018.

Figure 34. Overview of Supervisory Board Members

Convening monthly, the Supervisory Board conducts a thorough review of the Bank's performance, deliberates on significant strategic and operational issues, and addresses emerging concerns, thereby ensuring proactive and consistent oversight. By virtue of its extensive remit, the Board preserves PASHA Bank's long-term objectives and reinforces its standing for disciplined and responsible governance (Figure 35).



Figure 35. Key Functions and Oversight Areas of the Supervisory Board

At PASHA Bank, the Supervisory Board is supported by a set of specialized committees, each tasked with overseeing key areas of governance and strategic management. These committees and expert groups provide focused oversight, conduct in-depth evaluations, and contribute to informed decision-making across the Bank's operations. By aligning their work with both regulatory requirements and the Bank's internal objectives, they play a critical role in shaping policies, guiding strategic initiatives, and reinforcing a culture of transparency and accountability. Their contributions are essential to strengthening the overall effectiveness of PASHA Bank's corporate governance framework (Figure 36).



Figure 36. Committees under the Supervisory Board

To maintain high standards of governance, PASHA Bank implements a systematic performance evaluation process for the Supervisory Board and its individual members. After each meeting, members complete an evaluation survey covering key areas such as meeting organization, time management, engagement levels, and peer performance. In line with best practices, a 360-degree evaluation approach is also applied for leadership roles to ensure more comprehensive and balanced feedback. Survey responses are aggregated quarterly into statistical reports, which are submitted to the Bank's corporate center for institutional review. These reports are shared with all Supervisory Board members to foster transparency and shared accountability, while individual assessments are submitted directly to the Chair of the Supervisory Board for deeper analysis and follow-up. Through this structured evaluation mechanism, PASHA Bank ensures that its highest governing body remains effective, responsive, and aligned with the evolving needs of the

organization and its stakeholders, while reinforcing continuous improvement in governance practices and strengthening the Bank's adaptability in a dynamic financial environment.

11.3 Executive Leadership and Decision-Making

The Executive Board is the principal authority responsible for the day-to-day management of PASHA Bank and the execution of its strategic agenda. Comprising five members, including the Chief Executive Officer (CEO) who serves as Chair, the Board operates under the authority of the Supervisory Board and pursuant to the Bank's Charter and national legislation. It addresses all operational matters not explicitly delegated to the General Meeting of Shareholders, Supervisory Board, or specialized committees, thereby ensuring coordinated execution of the Bank's operational and strategic priorities (Figure 37).

Board members are appointed for three-year terms, with reappointment subject to performance and institutional needs. The Chairman, selected from among the members, is responsible for directing the Board's activities. Decisions require a quorum of more than half the members, with each holding equal voting power. Resolutions are passed by majority vote; in the event of a tie, the Chairman's vote prevails. In cases of potential conflict of interest, members abstain from voting to uphold transparency and integrity.

The Executive Board collectively oversees the Bank's financial performance, operational processes, and risk management framework. It maintains a financial control structure that complies with reporting and budgetary requirements, while positioning the Bank to address both present and anticipated risks. This remit encompasses the establishment of robust internal reporting arrangements, the development of effective organizational structures, and the allocation of responsibilities in alignment with strategic priorities. Meetings are convened as required, but no less than once each month, to review performance, approve new products, evaluate strategic initiatives, and consider operational or process-related matters. Regular and comprehensive reporting during these sessions supports informed decision-making and timely strategic adjustments. As Chair of the Executive Board, the CEO ensures operational alignment, strategic coherence, and adherence to sustainability and ESG commitments, reinforcing PASHA Bank's responsible governance.



Javid Gouliyev
Chairman of the Executive Board, CEO

Education

Javid Gouliyev is a graduate of both the Azerbaijan University of Languages and the Azerbaijan State Economic University, where he majored in Finance and Credit. In 1999, he also completed advanced management training at the HSBC Group's Higher School of Management (HSBC Group Training Management College).

Career

Javid Gouliyev began his professional journey in 1996 at the British Bank of the Middle East, a subsidiary of HSBC, where he served as Head of the Clients Department. In 1999, he was appointed Head of the Financial Control Department at the same bank.

In 2003, he joined Unibank as an Advisor to the Board, and in 2004, he was promoted to First Deputy Chairman. From 2005 to 2012, he served as First Deputy Chairman at Bank Standard.

In 2012, Javid Gouliyev became Executive Finance Director at the Azerbaijan branch of Capital Resources Advisors. He joined PASHA Holding in 2014 as Chief Advisor.

His career at PASHA Bank began in 2015, when he took on the role of Business Development Advisor to the Chairman of the Executive Board.

On February 23, 2016, he was appointed Deputy Chairman of the Executive Board, and on March 5, 2018, he assumed the position of Chief Commercial Officer.

On April 12, 2022, he was named Acting Chairman of the Executive Board of PASHA Bank. Following the decision of the Bank's General Meeting of Shareholders, Javid Gouliyev was officially appointed Chief Executive Officer and Chairman of the Executive Board on June 9, 2022.

Education

Bahrz Naghiyev earned his Bachelor's degree in Business Administration with a concentration in Finance from George Washington University in 2008. In 2020, he completed an Executive MBA through the joint program of Columbia University and London Business School. Additionally, he has successfully completed Executive Leadership Programs at London Business School, IE Madrid, and Ashridge University in London. He is also a CFA Level 1 charterholder.

Career

Bahrz Naghiyev began his career in 2009 as a Financial Operations Coordinator at George Washington University. In 2010, he returned to Azerbaijan and joined Aztexnika as a Financial and Accounting Analyst.

In 2011, he joined PASHA Bank as a Treasury Control Expert. Two years later, in 2013, he was promoted to Expert in Management Information Systems and Budgeting. In 2014, he was appointed Director of the Treasury and Capital Markets Department.

Over the years at PASHA Bank, Bahrz Naghiyev has built broad expertise across key functions including accounting, internal and external reporting, treasury operations, and both front and back office roles. On March 29, 2018, he was appointed Chief Financial Officer and became a member of the Executive Board.

On July 21, 2022, he was promoted to Deputy CEO, taking responsibility for leading the bank's sales, business innovation, and marketing functions.



Bahrz Naghiyev
Deputy CEO



Jalal Orujov
Member of the Executive Board

Education

Jalal Orujov graduated from the Faculty of Finance and Credit at Azerbaijan State University of Economics in 1999.

Career

He began his professional career in 2001 as a Lead Expert at the Coordination Bureau of the European Union's TACIS Program. Between 2002 and 2005, he worked at the Central Bank of the Republic of Azerbaijan in the Payments Systems and Information Technologies Department, initially as a Lead Expert and later as Head of Division. From 2005 to 2006, he served as Director of the Central Bank's "Millikart" Processing Centre.

Between 2006 and 2016, Jalal Orujov held the role of Executive Director at "Millikart" LLC Processing Centre. He continued his career in the banking sector as Chief Technology Officer at Unibank in 2016–2017, and then as Managing Director at the International Bank of Azerbaijan from 2017 to 2018.

In 2018, he joined PASHA Bank as Chief Operations Officer and Member of the Executive Board.

Education

Murad Suleymanov is a graduate of the Azerbaijan State Oil Academy. He earned his Bachelor's degree in Engineering Economics and Management in 2007 and completed his Master's degree in the same field with honors in 2009.

Career

From 2008 to 2011, Murad Suleymanov worked as a Financial Auditor at the Azerbaijan branch of Ernst & Young Holdings (SiAyEs) Bi.Vi. In October 2011, he joined PASHA Insurance OJSC, where he held several leadership roles, including Deputy Director of Finance and MIS, and later, Finance Director and Member of the Management Board. In these roles, he oversaw departments such as finance, actuarial, investment management, administrative services, procurement, and risk management.

Between 2015 and 2017, he participated in various management development programs, including leadership modules under PASHA Holding's "High Potential Leadership" initiative. In May 2019, he was appointed Director of the Group Finance and IT Department at PASHA Holding LLC, where he managed functions including accounting, tax, procurement, treasury, financial reporting, budgeting, and IT operations.

Murad Suleymanov also plays an active governance role across the PASHA Group. He serves as Chairman of the Strategy and Budget Committees, Procurement Committees, and Investment Committees in several group companies. Additionally, he is a member of the Human Resources Committee, the Innovation Advisory Council, and the Supervisory Boards of PASHA Technology LLC and PASHA Capital.

Since July 21, 2022, Murad Suleymanov has served as Chief Financial Officer and Member of the Executive Board at PASHA Bank OJSC.



Murad Suleymanov
Member of the Executive Board



Parvin Ahadzadeh
Member of the Executive Board

Education

Parvin Ahadzadeh holds both bachelor's and master's degrees from Azerbaijan State University of Economics. He later pursued further studies at the University of Oxford, Saïd Business School, where he earned an MBA degree.

Career

Parvin Ahadzadeh began his professional career in 2003 at ATA Bank. He subsequently spent nine years at the Central Bank of the Republic of Azerbaijan, gaining extensive experience in the financial sector.

In 2015, he joined PASHA Holding as a Consultant and, in the same year, served as Chairman of the Audit Committee at Kapital Bank. In 2016, he took on the same role at PASHA Bank. Since 2020, he has led the Group Audit Department at PASHA Holding.

On July 18, 2023, Parvin Ahadzadeh was appointed Chief Risk Officer and became a member of the Executive Board at PASHA Bank.

Figure 37. Overview of Executive Board Members

PASHA Bank's executive committees form an integral part of the governance framework, providing structured support to the Executive Board and senior management in areas of strategic and operational significance. These bodies operate within clearly defined mandates, each with a targeted remit over functions such as credit management, procurement, and asset-liability oversight. Their activities are governed by specific performance indicators, facilitating systematic monitoring, in-depth evaluation, and consistent alignment with the Bank's overarching strategic objectives. By fostering coordinated engagement across business lines, reinforcing accountability at all levels, and embedding transparency into decision-making processes, the committees strengthen operational discipline and contribute to the sustained advancement of the Bank's governance framework (Figure 38).



Figure 38. Committees under the Executive Board

12.0 Ethics and Compliance at PASHA Bank

PASHA Bank focuses heavily on its ethical behavior, integrating it into its corporate culture through a detailed Code of Conduct. Rather than simply outlining basic rules, this Code empowers our teams with practical guidance for everyday decisions, ensuring that all actions align with our ethical principles and legal responsibilities. At its core, the Code is supported by five essential policies: Compliance Policy, the Anti-Corruption Policy, Anti-Money Laundering Policy, Conflict of Interest Policy, and Whistleblowing Policy. When combined, these policies reinforce our integrity-driven approach by promoting transparency, tackling corruption, upholding legal standards, deterring financial crimes, and effectively managing ethical risks. The Code of Conduct reflects not just our expectations, but our collective responsibility to uphold trust and pursue sustainable success guided by high moral standards.



Figure 39. Policies Supporting PASHA Bank's Code of Conduct

In addition to governance and compliance matters, PASHA Bank's Code of Conduct also addresses key principles of workplace behavior and ethical standards. These include maintaining a respectful and supportive work environment, upholding human rights, ensuring equal opportunities, and prohibiting any form of discrimination. The Code sets clear rules on the confidentiality of remuneration and rewards, as well as the prohibition of alcohol, narcotics, and gambling in the workplace. It further emphasizes occupational health and safety, punctuality, and responsible working hours. Practical guidelines such as the use of mobile phones and the internet during work, maintaining a clean desk, and adhering to appropriate dress codes are also included. In 2024, no substantiated cases of workplace discrimination were reported, reflecting the Bank's commitment to fostering a safe, respectful, and inclusive work environment.

12.1 Compliance

PASHA Bank's Compliance Policy serves as a framework for aligning our operations with legal, regulatory, and ethical obligations. It outlines a structured approach that ensures our processes and behaviors consistently reflect external requirements and internal standards, thereby mitigating reputational and legal risks (Figure 40).

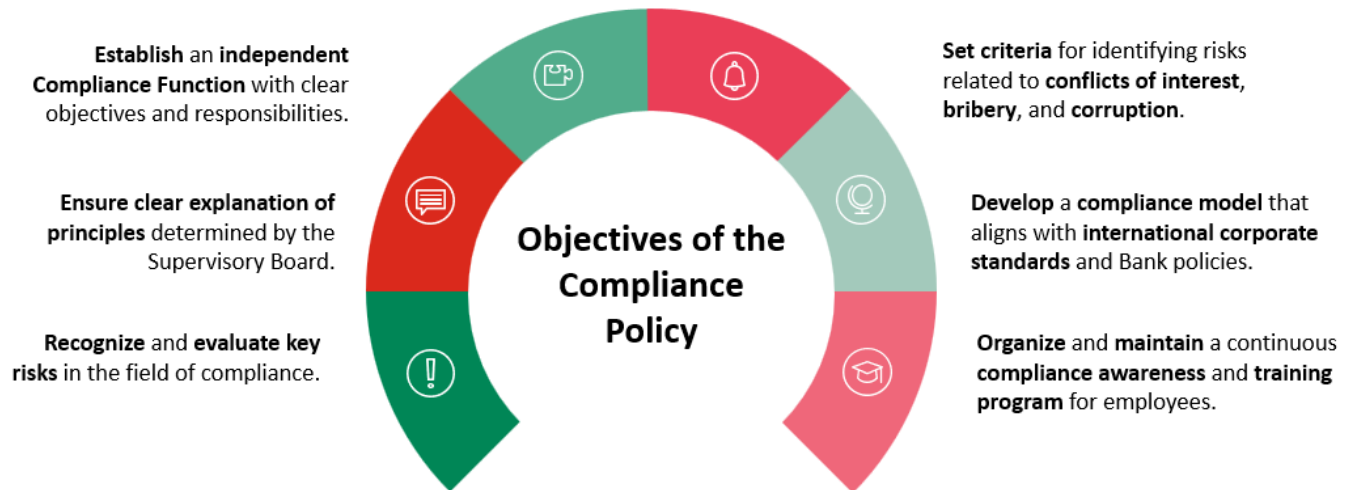


Figure 40. Key Objectives of the Compliance Policy

The Compliance Policy covers all employees of PASHA Bank, including those working at its headquarters, branches, and representative offices, as well as individuals providing services on behalf of the Bank. It also extends to business partners, suppliers, and contractors along with their staff who are involved in business interactions with the Bank. Within the scope of compliance, the policy covers several key risk categories. One such category is the risk of ethical misconduct, which refers to breaches of principles such as honesty, integrity, and transparency as required under local and international ethical standards. Another category is regulatory risk, which may arise in cases of non-compliance with applicable laws, internal regulations, or contractual obligations, potentially leading to sanctions. The policy also addresses reputational risk, which can stem from negative publicity, misconduct, or legal non-compliance, with potential implications for public trust and stakeholder confidence. These categories are closely interlinked, as the occurrence of one may trigger or intensify another, underscoring the interconnected nature of compliance-related vulnerabilities.

Furthermore, the Bank upholds the highest standards of fair competition by acting in full compliance with all applicable competition and anti-monopoly laws in the countries where it operates. In line with its Code of Conduct, the Bank ensures that partners and suppliers are treated with equality, fairness, and impartiality when providing services, awarding contracts, or delivering goods. Information regarding competitors and business partners is collected and used only within legal and ethical boundaries, and employees are strictly prohibited from sharing confidential or non-public information with rival companies. Any direct engagement with competitors is subject to prior review and approval by the Bank's Chief Compliance Officer to prevent risks of anti-competitive behavior. In 2024, no legal actions related to anti-competitive behavior, anti-trust, or monopoly practices were recorded against the Bank.

The Compliance Function, operating within the Compliance and Governance Division, is responsible for ensuring adherence to applicable laws and regulations, mitigating compliance risks, and fostering a culture of integrity across the organization. The key responsibilities of the Compliance Function are given in Figure 41.

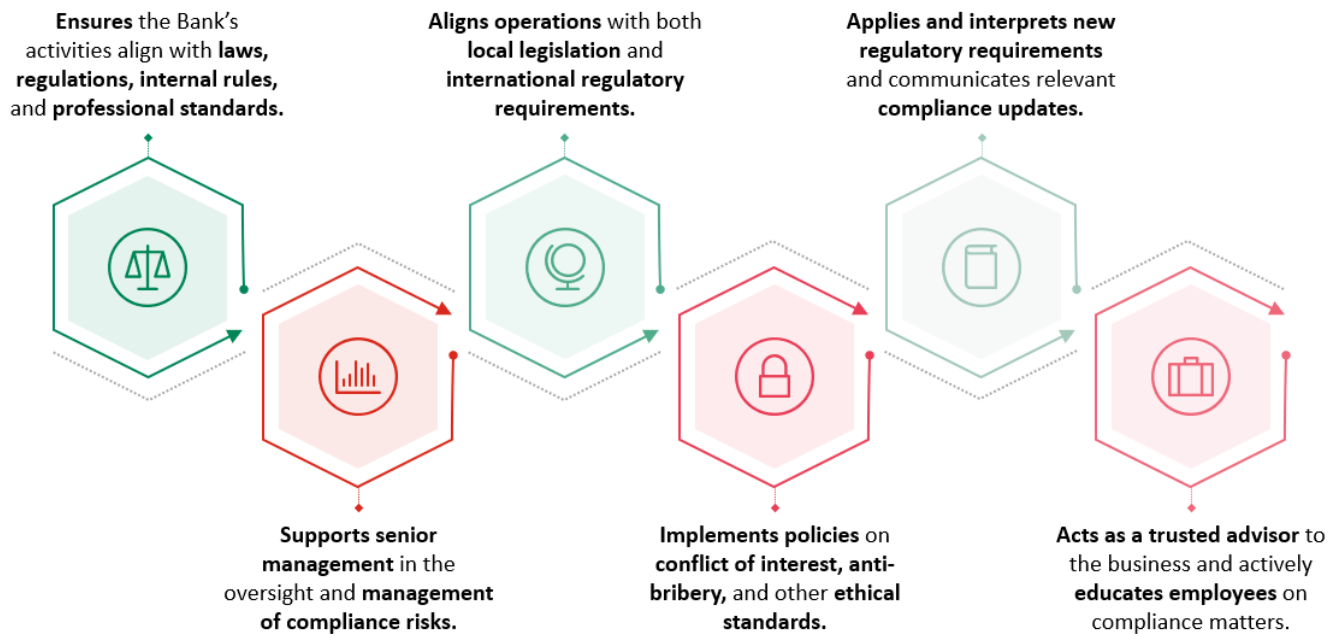


Figure 41. Key Roles of the Compliance Function

Responsibility for enforcing and implementing the compliance framework lies with the appointed Compliance Officer, who is charged with ensuring its effective application across all areas of the Bank and operates under the direction of the Head of Compliance and Governance. The officer monitors adherence with the policy, offers regulatory guidance to staff, and reports any concerns to senior management, acting as the central authority for compliance matters. To maintain independence, the Compliance Officer must hold a senior-level position and not be affiliated with other departments. Updates are provided to the Bank's Executive Management, and in exceptional cases, to the Supervisory Board. The Compliance Officer also provides regular reports to the Bank's leadership on compliance incidents and other related matters, depending on their urgency and severity.

PASHA Bank also has established the Ethics and Compliance Committee, who is responsible for assessing and overseeing the implementation of ethical conduct standards and compliance norms across the Bank. While the Compliance Function is responsible for the implementation and monitoring of compliance policies, the Ethics and Compliance Committee provides high-level oversight and strategic decision-making on ethical and compliance-related matters. Its core duties include addressing potential conflicts of interest, ensuring adherence to the Code of Ethics, handling complaints related to unfair or discriminatory decisions, and overseeing anti-bribery and corruption measures.

In 2024, PASHA Bank was subject to two regulatory measures by the CBAR: a financial sanction of 3,108.98 AZN for not fully meeting mandatory foreign currency reserve requirements during the December 2023-January 2024 maintenance period, and an administrative fine of 1,500 AZN imposed on a Bank official for non-compliance with borrower data reporting obligations to the Centralized Credit Registry. While these cases highlight areas for improvement, they also underscore the importance of the Bank's Compliance Policy, which emphasizes that effective compliance cannot rest solely with the Compliance Function. Rather, it requires the concerted engagement of all business units and employees, as responsibilities for

ethical conduct and regulatory adherence extend across the entire organization. Every employee is expected to act with integrity, report potential or actual breaches, avoid conflicts of interest, and stay informed about relevant regulatory developments. To ensure its relevance and effectiveness, The Compliance Policy is reviewed at least once a year and updated as needed in response to regulatory developments or organizational changes.

12.2 Anti-Bribery and Anti-Corruption

In PASHA Bank, we firmly adhere to a strict “zero-tolerance” principle - rejecting any form of bribery or corruption under all circumstances. To support this commitment, a comprehensive Anti-Bribery and Corruption Policy has implemented to uphold our corporate reputation and establish clear procedures for detecting and preventing unethical conduct. This policy applies universally across the Bank, covering all employees, departments, and branches, as well as third parties such as vendors, suppliers, contractors, and business associates engaged in activities on behalf of the Bank, who are equally required to comply with its anti-corruption principles. Strict enforcement mechanisms are in place to respond to any breaches, reinforcing our dedication to integrity. Violations, whether by staff or external parties, are subject to disciplinary consequences, which may include contract termination or legal action, depending on the severity of the offense.

The Anti-Bribery and Corruption Policy sets out clear procedures for employees to report suspected unethical conduct or corrupt practices, highlighting the significance of confidentiality and ensuring whistleblowers are protected against retaliation. Employees are provided with secure and accessible channels to submit concerns, which, upon receipt, are subject to a systematic investigation process encompassing the collection of relevant evidence, strict adherence to due process, and, where appropriate, the involvement of competent authorities, with overall oversight entrusted to The Compliance Function of the Bank. Notably, no confirmed corruption incidents were recorded in 2024.



The policy also outlines specific areas vulnerable to corruption, including procurement, gift-giving and hospitality, sponsorship arrangements, and political donations. To tackle risks in these areas, the Bank implements strict controls such as conducting due diligence on vendors, limiting certain types of payments, and carrying out regular internal audits. Particular attention is given to high-risk roles such as senior leadership and front-office staff, with regular risk assessments conducted in collaboration with relevant departments to evaluate potential exposure to corruption. The Compliance Function also oversees the recruitment of politically exposed persons (PEPs) and their close relatives, ensuring these hires comply with internal integrity standards.

All employees are required to complete training sessions that reinforce their understanding of anti-corruption responsibilities and practices. These training initiatives are mandatory and held at least once every two years across the whole organization. For new employees, anti-corruption training is conducted within the first three months of joining the Bank. In addition, ongoing business activity monitoring and scheduled audits help the Bank stay proactive in detecting and addressing potential corruption threats.

12.3 Anti-Money Laundering

PASHA Bank's Anti-Money Laundering Policy outlines an effective strategy to prevent money laundering (ML) and tackle terrorist financing (TF) activities (Figure 42). Integrated into the broader risk management framework, the policy aims to protect the Bank from financial crime while ensuring full compliance with both local and international regulatory requirements. Through well-defined procedures for AML risk assessment, internal controls, and continuous monitoring, the Bank is well equipped to identify and report suspicious activities, which is monitored by a designated Money Laundering Reporting Officer (MLRO) that provides oversight and expert guidance on AML-related matters. The MLRO, who also serves as the Chief Compliance and Governance Officer, reports directly to the Bank's Chief Executive Officer and leads a dedicated AML & Monitoring team that collaborates with business units to develop tailored policies, ensure compliance with regulatory requirements, and file suspicious activity reports with authorities. The team works closely with internal departments and government agencies to uphold AML standards.

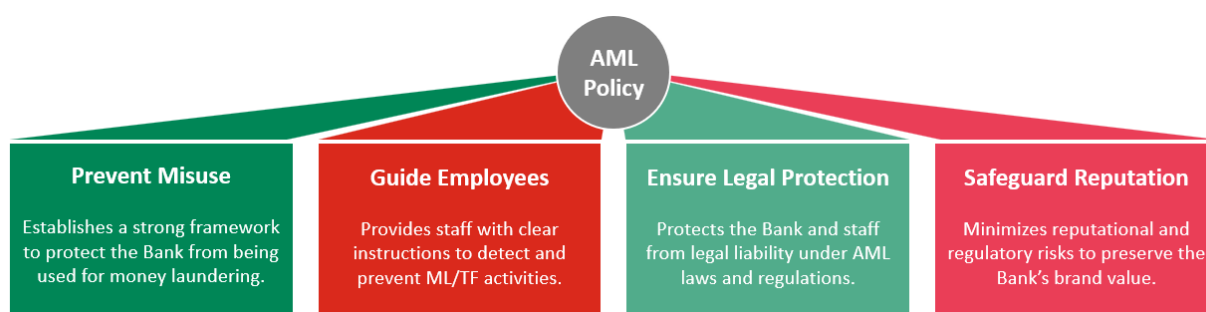


Figure 42. Main Objectives of the AML Policy

The Bank's AML Policy is framed in accordance with the applicable AML/CTF legislation of the Republic of Azerbaijan and other jurisdictions in which it operates and is further aligned with the recommendations of the Financial Action Task Force, the requirements of the Basel Committee, and internationally recognized standards. One of the key components of the AML Policy is the implementation of Know-Your-Customer (KYC) protocols, involving thorough verification of clients and identification of ultimate beneficial owners, supported by a structured set of practices that uphold effective customer due diligence (Figure 43).



Figure 43. Customer Due Diligence: Key KYC Measures

PASHA Bank reinforces strict due diligence and background checks by monitoring the intent and nature of client relationships and carefully reviewing transactional behavior. We deliberately avoid initiating or maintaining business relations with clients who fail to provide sufficient documentation to verify their identity or ultimate beneficial ownership. In addition, the Bank does not permit the opening of anonymous accounts, accounts associated with shell companies, or payable-through accounts. Similarly, we refuse to accept funds or assets that are known or suspected to originate from illegal activities. The integration of these preventive measures shows that the AML policy is designed to preserve the Bank’s regulatory integrity and reputation while supporting compliance with ethical and legal standards.

12.4 Conflict of Interests

Recognizing the importance of addressing risks such as impaired objectivity, biased decision-making, misuse of authority, unauthorized disclosure of confidential information, and the potential erosion of stakeholder trust, PASHA Bank has established a comprehensive Conflict of Interests Policy. This Policy serves as a structured framework for identifying, disclosing, and effectively managing actual or potential conflicts across all levels of the organization (Figure 44).

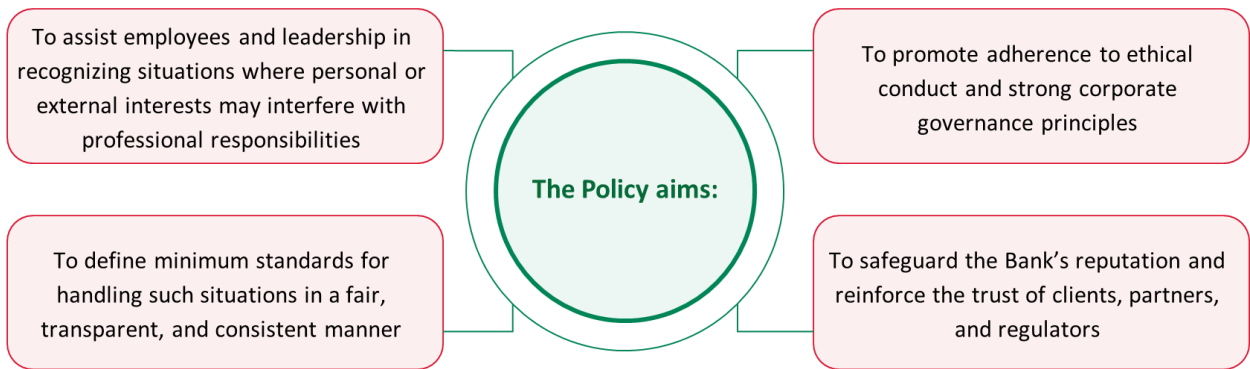


Figure 44. Key functions of the Conflict of Interests Policy

The scope of the Policy extends to all employees, business areas, and activities of the Bank, as well as dealings with related legal entities that could significantly influence its operations. Employees are expected to prioritize the Bank’s interests over personal considerations and to refrain from exploiting their position, resources, or insider information for personal benefit.

Oversight and implementation are managed by the Compliance Division, which is responsible for identifying potential conflicts, monitoring risk exposure, applying mitigation measures, and delivering ongoing training and guidance to employees. By embedding this Policy into its organizational culture, PASHA Bank demonstrates a consistent commitment to operating with integrity, transparency, and accountability.

12.5 Code of Conduct and Whistleblowing

Internal Whistleblowing Policy of PASHA Bank serves as a structured and inclusive framework to reinforce transparency, ethical conduct, and regulatory compliance and ensures alignment with the Bank’s evolving ethical standards and legal responsibilities through regular reviews and updates. Applicable to all

employees, including senior management and members of the Supervisory Board, the Internal Whistleblowing Policy offers secure and accessible network for reporting unethical, unlawful, or non-compliant behavior by guaranteeing confidentiality and protection against retaliation. Any form of retaliation, whether direct or indirect, against individuals who report concerns in good faith is strictly prohibited and treated as a serious violation of the Bank's ethical standards, subject to disciplinary measures up to and including suspension or termination. To ensure transparency and accountability, the Bank has established a structured whistleblowing procedure involving six key steps, from initial submission to follow-up reporting (Figure 45).



Figure 45. How PASHA Bank Handles Whistleblowing

Violations such as fraud, corruption, misuse of authority, or regulatory breaches can be reported via multiple confidential channels, including an internal hotline, email, or direct meetings. The choice of communication channel is determined by personal preferences and accessibility, with all methods structured to safeguard the identity of the whistleblower while providing ease of access. In 2024, the Bank received one whistleblowing report related to the use of its parking area. The matter was reviewed, and appropriate actions were taken to address the issue.

The responsibility for managing reports rests with designated officials, who are members of the Compliance Division or the Supervisory Board, who are entrusted with investigating and resolving cases independently, confidentially, and in a timely manner. Complaints are monitored through a structured reporting process designed to ensure objectivity and avoid conflicts of interest. Regular updates are provided to the relevant governing bodies, enabling them to assess the status of investigations and recommend appropriate actions where necessary. This reporting framework supports transparency, accountability, and timely responses while safeguarding confidentiality. The Internal Whistleblowing Policy is reviewed at least once a year and updated as necessary to ensure compliance with current laws and ethical standards.

13.0 Risk Management

PASHA Bank's risk management approach focuses on the proactive identification, comprehensive assessment, and effective mitigation of risks, ensuring compliance with regulatory requirements, corporate governance principles, and international best practices. Rather than viewing risk management

solely as a compliance obligation, it is embedded into strategic decision-making to support sustainable growth, strengthen operational resilience, and foster a risk-aware culture. This approach is reinforced through ongoing investment in professional expertise and a systematic process designed to ensure that risks are consistently identified, evaluated, addressed, and monitored in a manner aligned with the Bank's strategic objectives.

The Bank actively invests in the professional development of its risk management staff through a combination of formal certifications and specialized training programs (Figure 46). Several employees have obtained globally recognized certifications, including Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM, Information Technology Infrastructure Library (ITIL) v4 Foundation Course and Exam Certification, ITIL® 4 Foundation: Introduction, and ITIL®: Key Concepts and the Four Dimensions of Service Management, CRISC 2023 modules covering IT Governance, IT Baselines, Data Classification, Data Privacy, Authentication, and Risk Management, CompTIA A+ Core 1 Awareness Benchmark, and finance-focused qualifications such as CFA Level 1 & 2 and ACCA F3. These certifications enhance technical competence in risk oversight, IT security, and financial analysis. In addition to certifications, employees have participated in targeted masterclasses and trainings such as Basel III & ICAAP Implementation, Stress-Testing Masterclass, Root Cause Analysis, Tableau Training, and Financial Statement Analysis for Non-financial Professionals. Together, these certifications and trainings demonstrate the Bank's strong emphasis on risk governance, technical expertise, and a proactive approach to developing a risk-aware organizational culture.

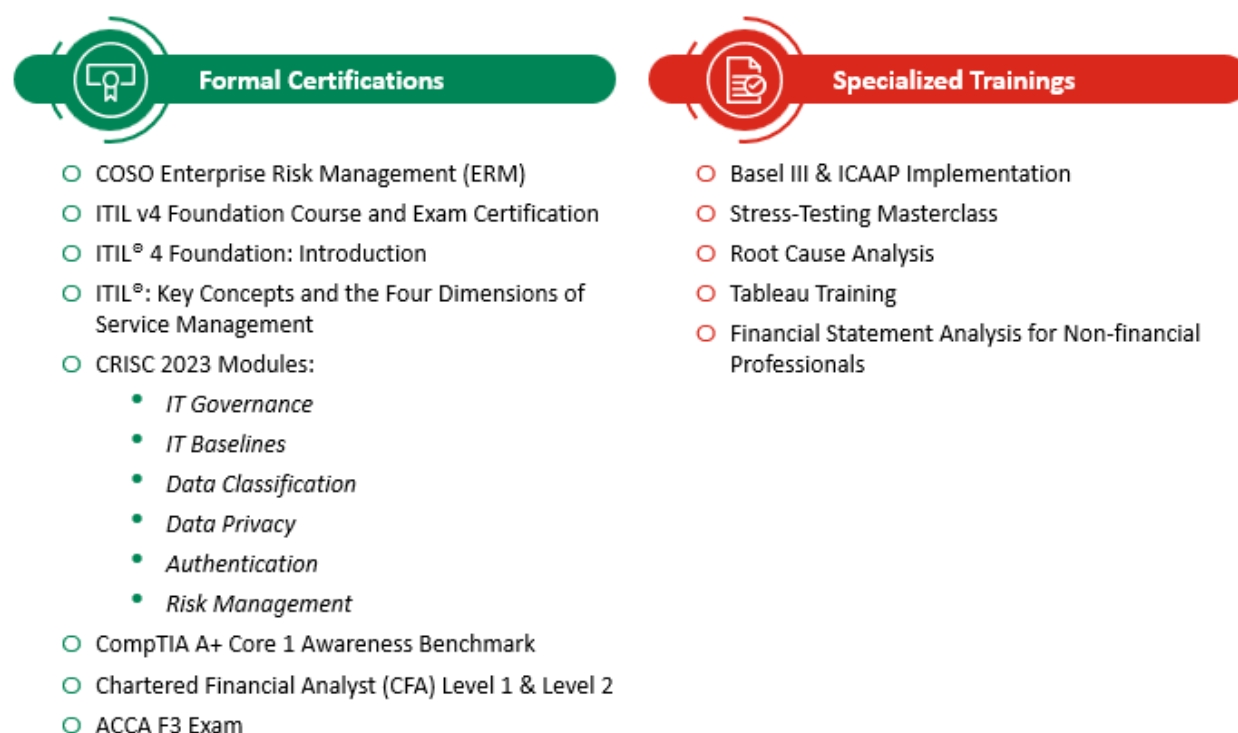


Figure 46. Risk Management Certifications & Trainings

Additionally, PASHA Bank's commitment to fostering a risk-aware culture was reinforced this year through the revision of its long-term roadmap. Originally developed in 2020 in partnership with a third-party

consultant, the roadmap was re-assessed in 2024 by another independent advisor, leading to the implementation of updated risk action plans and a risk culture score of 86%. A new tool was also introduced, enabling the Bank to conduct future assessments internally. During the year, third-party experts facilitated interactive awareness sessions to raise risk awareness across the Bank, while preliminary work was initiated for the development of division-specific training modules and case studies to be rolled out in subsequent periods. Risk training is now mandatory for all new employees and is offered in both online and offline formats across the Bank.

PASHA Bank’s risk management function (Figure 47) is carried out by a dedicated unit responsible for identifying, assessing, managing, and monitoring risks that may affect the achievement of strategic objectives. Its structure is designed to align with the Bank’s size, operational complexity, and business model, ensuring clear accountability, effective oversight, and coordinated risk governance across all levels. One of the most significant structural changes in 2024 was the separation of financial and non-financial risks, along with the segmentation of the previously centralized Risk Management function into distinct units: Operational Risk, Credit Risk, Market Risk, and other risk management functions, enabling more targeted risk oversight.

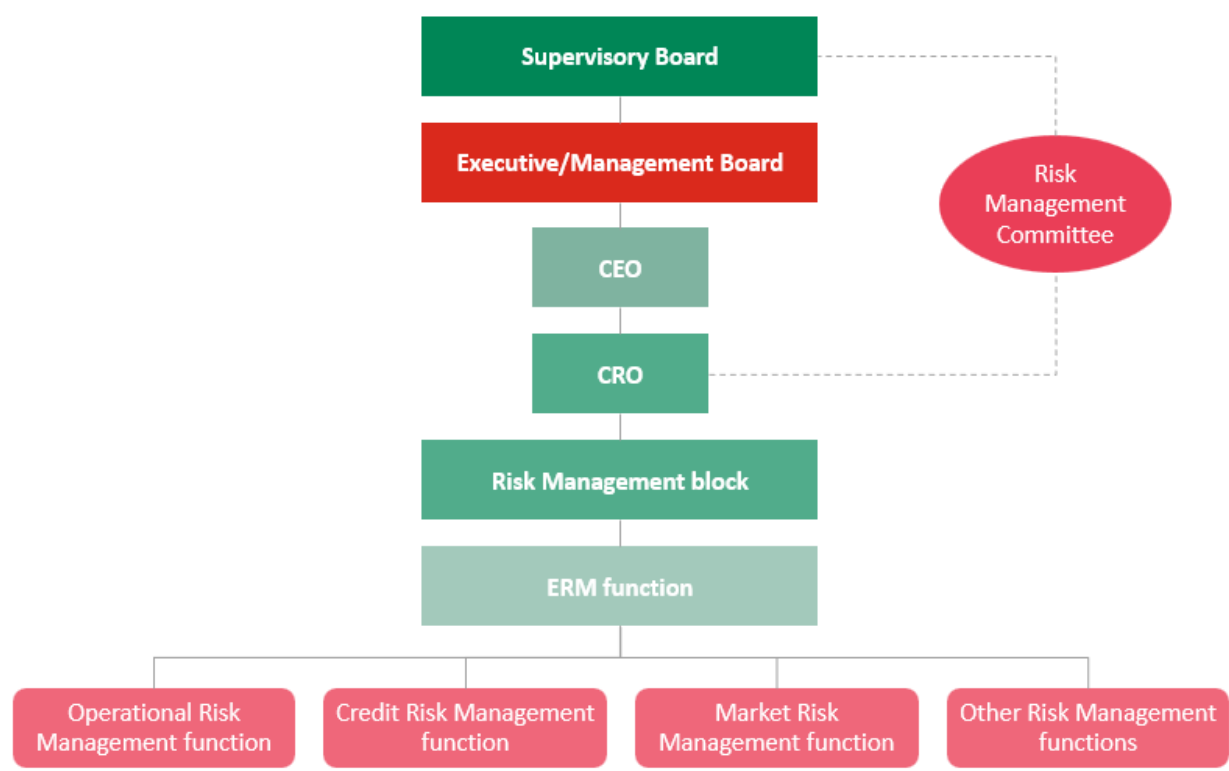


Figure 47. Organizational Structure of Risk Management Department

The Risk Management Committee of PASHA Bank operates in accordance with the Law of the Republic of Azerbaijan "On Banks," the corporate governance standards set by the Central Bank, and other relevant normative legal acts and internal regulations of the Bank. It functions as a collaborative body tasked with

enhancing the effectiveness of governance and strengthening oversight over risk-related matters. The Committee is independent in its activities from the Executive Board and reports directly to the Supervisory Board, who appoints its members with at least three individuals, predominantly from among independent or non-executive members of the Supervisory Board. The Committee Chairperson and members are required to act objectively and independently of their personal interests, particularly in situations where potential conflicts of interest may arise. Working closely with this Committee, the Chief Risk Officer (CRO) supports the review of risk mitigation strategies, capital adequacy plans, and risk trend assessments. Within the Executive Board, the CRO assumes a critical leadership role by embedding risk considerations into strategic and operational decision-making.

The Committee is also responsible for maintaining the confidentiality of all information related to its work and ensuring that its decisions and recommendations are formulated in an unbiased and informed manner. In terms of accountability, the Committee receives regular reports from the Risk Management Department and other structural units of the Bank, with the format and frequency of reporting governed by internal policies and confirmed by the Committee's decisions. Additionally, the Committee is obliged to present quarterly reports to the Supervisory Board, outlining its activities, the current status of risk management, and any issues or inconsistencies encountered, along with its recommendations for improvement.

13.1 Enterprise Risk Management Framework

The risk management strategy of PASHA Bank is built on the ERM Framework and a structured Risk Management Policy. When combined, these tools help us to identify, assess, and manage risks effectively while fostering a culture of accountability. Our approach emphasizes early risk detection, alignment with global standards, and strong governance to maintain operational agility.

To stay resilient in a changing business landscape, seize opportunities, and ensure long-term success, the Bank's risk management is guided by five core principles: strong governance and culture, alignment of risk appetite with strategy, risk-based decision-making to protect asset quality and profitability, continuous review and refinement of practices, and timely, transparent risk communication (Figure 48).



Figure 48. Core Principles of Risk Management

The ERM framework is built upon a combination of internal normative documentation and Holding-level policies and aims to accomplish two main goals. First, it encourages an environment where risks are not only recognized and managed but also seen as potential opportunities for growth and innovation. Secondly, it creates a culture of risk awareness throughout the organization, empowering the Bank to respond effectively to uncertainties and challenges. The examination of both the positive and negative sides of risk lead the Bank to identify new opportunities and better prepare for potential obstacles, thereby increasing its strategic flexibility. Initially introduced in 2021, the ERM policy has since been updated multiple times to reflect the evolving risk landscape, including emerging ESG-related and climate risks.

Our ERM Policy employs The Three Lines of Defense model which provides a structured approach to risk management by clearly defining roles and responsibilities across the organization (Figure 49). It supports the development of effective risk and control systems, ensuring that risks are properly identified, evaluated, and addressed. At the same time, it reinforces a culture of transparency, accountability, and regulatory compliance.



Figure 49. Three Lines of Defense Model for ERM

The first line of defense consists of business units that report directly to the Executive Board and are responsible for executing daily operations. As the primary risk owners, they play an important role in identifying, assessing, managing, mitigating, and reporting risks within their specific areas. Their active involvement ensures that risks are addressed at the source, as part of routine business processes. The second line of defense includes Risk, Compliance and Internal Control functions that oversee and support the first line by offering guidance and monitoring to ensure effective risk management practices are in place. They report to both the Executive Board and the Supervisory Board/Audit Committee, and their primary role is to guarantee that risk and control activities are properly designed, consistently applied, and compliant with internal policies and external regulations throughout the organization. The third line of defense is an independent internal audit function. It is responsible for objectively assessing the effectiveness of both the first and second lines by conducting general or risk-based audits, which includes reviewing risk management practices, internal control systems, and the broader governance framework.

The Three Lines of Defense framework assigns clearly defined responsibilities to each layer in managing risks and upholding sound governance. These responsibilities are outlined in Figure 50:

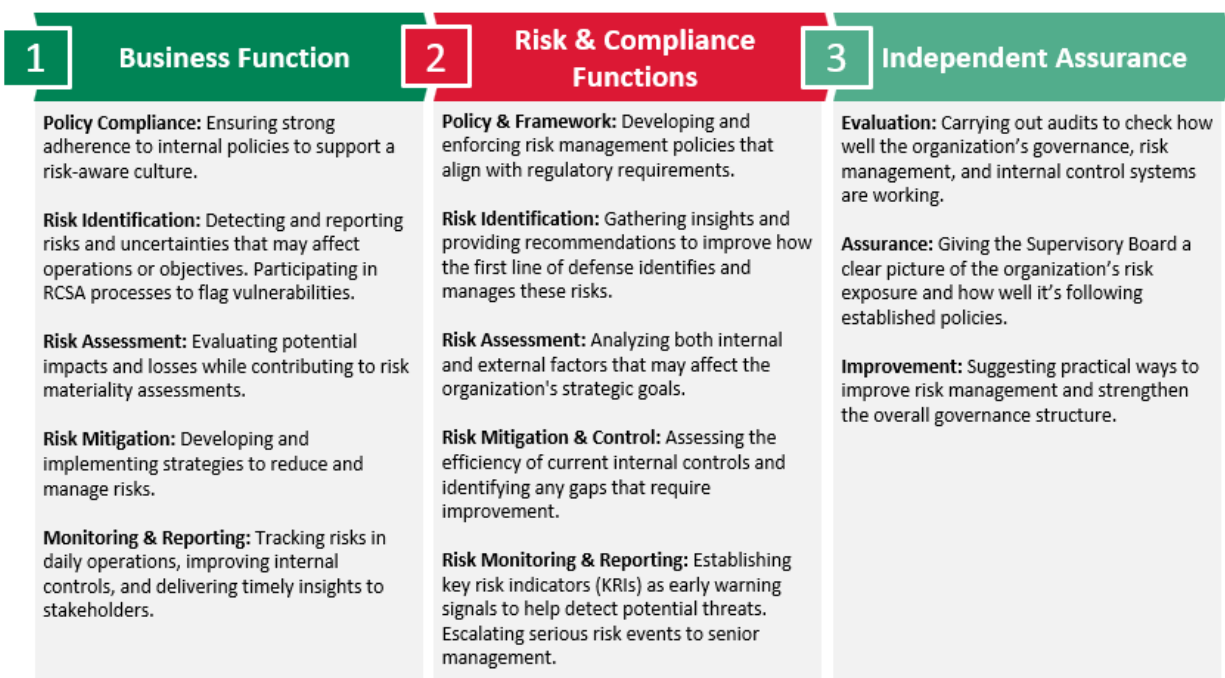


Figure 50. Key Responsibilities of Three Lines of Defense

13.2 Risk Identification, Assessment, and Mitigation

The risk identification process of PASHA Bank is designed to detect all risks that are material to a Strategic Asset (SA) as well as those at the operational level, ensuring appropriate management actions can be implemented. The procedure is developed in line with internal regulations, local legal requirements, and international best practices, including the Basel III and Solvency II. Its implementation integrates multiple tools, such as Risk Control Self-Assessment (RCSA), Incident Management System, and a regulatory compliance system aligned with CBAR requirements.

Risks are categorized into two main categories: relevant and material. Relevant risks are those to which the SA is exposed under its current risk profile, whereas material risks are capital-related downside risks with significant potential to affect capital adequacy. Material risks require the development of a dedicated management framework, the establishment of risk metrics within the risk appetite statement, regular reporting to senior management and the Supervisory Board, and mandatory stress testing for financial risks.

In order to ensure comprehensive risk identification and coverage, the Bank conducts annual reviews and carries out additional assessments whenever significant changes arise, whether from the market, strategic decisions, or internal developments. The process follows a structured methodology (Figure 51), beginning with the development of a comprehensive, Holding-wide list of potential risks, which is updated at least annually by the SAs' risk managers. This list incorporates inputs from the RCSA process and considers a range of economic, political, geopolitical, and operational factors. Each SA then identifies risks relevant to its operations based on expert judgment, followed by a materiality assessment using a combination of quantitative, regulatory, and expert-based approaches. This assessment evaluates the potential impact of

each risk on capital adequacy, financial stability, reputation, and liquidity, with results visualized in a two-dimensional risk map to support prioritization, monitoring, and management across the Bank. The final risk taxonomy is approved by the Chief Risk Officer and documented in a formal risk identification report, summarizing methodologies, relevance justifications, and materiality outcomes. The report is submitted to the Executive Board, the Risk Management Committee, and ultimately the Supervisory Board for approval, ensuring informed and timely decision-making. Notably, the Bank conducted its first materiality assessment in 2024, marking a key step toward a more transparent and structured risk evaluation framework.



Figure 51. Risk Identification Steps

Furthermore, stress testing plays a crucial role in assessing the Bank’s vulnerability to extreme yet plausible events. To capture a comprehensive risk profile, both sensitivity and scenario analyses are applied. The former assesses the effect of individual risk factors, while the latter evaluates the broader impact of multiple risks occurring simultaneously. The process is carried out by a separate team and follows both top-down and bottom-up approaches. At the macroeconomic level, risks are projected using internal forecasting models aligned with established methodology for the banking sector, and are tested against three predefined scenarios: baseline, adverse, and extremely adverse, which helps to assess the Bank’s performance under varying economic conditions. Meanwhile, bottom-up and ad-hoc stress tests are performed at the customer level to ensure detailed risk capture. Results from these stress tests offer critical insights into the Bank’s capital and liquidity needs, helping inform planning and maintaining financial stability.

Another key element of risk management is the Risk Appetite Statement (RAS), which defines acceptable risk levels across strategic areas through a combination of quantitative measures and qualitative statements that address both measurable and non-quantifiable risks. The RAS segments risk into green (acceptable), yellow (cautionary), and red (critical) zones. Acceptable risks require no action, cautionary risks indicate elevated exposure and necessitate the Bank to provide in-depth analysis with defined corrective measures, while critical risks demand immediate escalation to the appropriate governing bodies. These testing results underpin these thresholds to ensure resilience under stress conditions. Approved annually by the Supervisory Board, the RAS is an integral part of the Bank’s decision-making process. Once established, these thresholds are continuously monitored, and any deviations are systematically reported to ensure timely responses and alignment with the Bank’s overall risk management objectives.

13.3 Risk Monitoring and Reporting

Risk monitoring at PASHA Bank is both proactive and thorough, driven by Key Risk Indicators (KRIs), the Incident Management System, RAS, and activities carried out by the first and second lines of defense, as well as audit reviews and continuous oversight. The focus is placed on ongoing surveillance of potential risks that could lead to uncertainties if not addressed promptly.

KRIs serve as a proactive tool which helps PASHA Bank detect any changes regarding risk conditions before they escalate into major issues. The frequency of KRI reporting is determined based on the requirements of multiple stakeholders and the kind of risks being monitored. In order to ensure effectiveness, the development of KRIs follows a structured process that involves several steps, including identifying enterprise-level risks, choosing appropriate indicators, setting thresholds and ranges, establishing reporting frequency, designing data collection approaches, and tracking and evaluating performance (Figure 52).

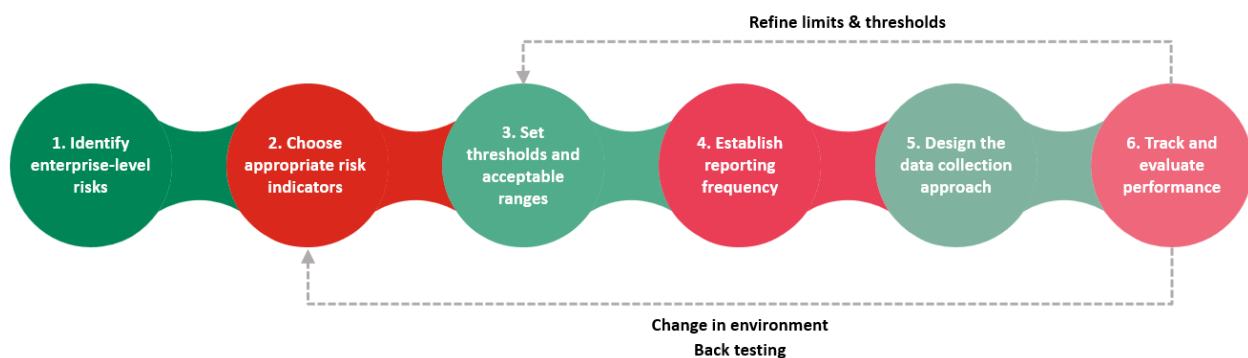


Figure 52. Main phases in the development of KRIs

This systematic approach equips the Bank with the capability to anticipate, detect, and respond to risks in a timely and effective manner. Each phase of the process, from identifying potential risk indicators to validating their relevance, setting thresholds, and establishing monitoring and reporting mechanisms, is designed to ensure that the selected KRIs are relevant, actionable, and aligned with organizational objectives.

The development of KRIs begins with a comprehensive understanding of enterprise-level risks by identifying key threats that could hinder strategic objectives. These risks are assessed based on their likelihood and potential impact, ensuring that the KRIs developed reflect the organization's most critical vulnerabilities. Once risks are identified, appropriate indicators are selected to act as measurable signals of risk exposure. The selection process can either follow a top-down approach, where senior leadership aligns KRIs with strategic goals, or a bottom-up approach, where business units define indicators based on operational risks. However, a combination of both is often used to ensure strategic coherence and operational relevance. KRIs are typically categorized as leading, lagging, or current, depending on whether they indicate emerging, past, or present risk conditions (Figure 53).



Figure 53. Three Categories of KRIs

After selection, KRIs must be assigned thresholds to determine acceptable levels of risk exposure. These thresholds are often color-coded: green for acceptable, yellow for caution, and red for critical levels requiring immediate intervention. Setting these thresholds involves analyzing historical trends, understanding the risk context, and assessing the potential impact and probability of occurrence. With regards to fourth step, the frequency with which KRIs are monitored depends on the nature of the risk, the organization's reporting cycles, regulatory obligations, resource capacity, and the availability of data. Dynamic or rapidly changing risks demand more frequent monitoring, whereas more stable risks can be tracked less frequently. However, the most important part of effective KRI development is an accurate data collection. Organizations must identify reliable data sources and determine suitable collection methods, which range from automated data feeds to manual input. Data must be updated regularly and checked for quality and consistency to maintain the integrity of risk monitoring processes.

Finally, KRIs must be regularly reviewed and enhanced to remain effective. This involves analyzing performance data to assess whether the indicators are accurately reflecting risk conditions and benchmarking them against industry standards to identify areas for improvement. Two approaches guide KRI selection: the risk root causes approach, which focuses on indicators linked to underlying causes of risk, and the preventive measures approach, which evaluates the effectiveness of existing controls. Together, these approaches provide a comprehensive view of risk, enabling PASHA Bank to manage and mitigate threats proactively.

Insights gained from KRI monitoring directly inform the Bank's internal control function, enabling the timely identification of weaknesses and the implementation of targeted corrective actions. The control function is carried out by PASHA Bank's internal team through periodic audits and ongoing monitoring of corrective action plans tailored to specific risk. Newly implemented controls are tested at least once within a 12-month period following their execution to verify that they operate as intended and effectively mitigate the associated risks, with progress updates regularly reported to senior management. Following implementation, these actions are subjected to control testing to evaluate their effectiveness. Upon completion of the testing phase, the control team provides structured feedback to the risk management team, typically in the format of documented evaluations indicating whether the measures taken are adequate. In instances where the control measures are assessed as insufficient, the residual risk rating is

accordingly increased. This iterative feedback loop strengthens the Bank's risk mitigation framework by ensuring that risk levels accurately reflect the effectiveness of internal controls.

Risk reporting plays a key role in ensuring transparency and accountability within PASHA Bank's risk management structure, ensuring stakeholders are regularly informed about the Bank's overall risk exposure and its alignment with the RAS. These reports highlight any breaches of established thresholds and outline the corrective actions taken, enabling informed decision-making by senior management. Multiple different reports are provided by PASHA Bank, such as monthly reports on risk management, risk appetite and KRI status, annual reports on RCSA results, stress testing, risk culture and awareness, and internal audit, as well as incident and breach reports which are reported based on escalation thresholds. This structured reporting process establishes a consistent and efficient risk management framework within the Bank.

Report Type	Frequency
Risk management reports	Monthly
Risk appetite report	Monthly/Quarterly/Whenever breach occurs
KRI status report	Monthly/Quarterly
RCSA results report	Annual
Stress testing reports	Annual
Incident and breach report	Based on escalation thresholds
Risk culture and awareness report	Annual
Internal Audit report	Annual

Table 6. Frequency of reporting for each report type

Risk monitoring in 2024 was significantly enhanced with the digitalization of risk reporting processes. Previously submitted via email in 2023, risk reports are now managed entirely through JIRA-based workflows, where the Bank's full risk register is maintained. All risk processes are documented within Jira, including impact assessments, controls, and escalation procedures. Risks are categorized according to Basel classifications, such as credit, market, and operational risks, and further assessed through an impact table covering financial, regulatory, reputational, personnel, health & safety, IT, and fraud dimensions, with fraud managed under a strict zero-tolerance approach. This ensures greater traceability, timely escalation of overdue items, and a more structured risk categorization process. A new GRC tool is currently under evaluation to further streamline reporting and documentation processes.

The Risk Health Index is a comprehensive tool that consolidates nearly 200 KRIs and is used to evaluate the current risks and their potential impact areas to develop a proactive response. It continues to be reported quarterly through quantitative and annually through qualitative metrics, ensuring balanced coverage across all areas of the Bank's business. As quantitative elements are susceptible to external factors, such as political, economic, legal, and other variables, they tend to be more sensitive than qualitative ones. In order to ensure complete coverage of the risks, the output of such tools is reviewed regularly. In 2024, ESG-related risk indicators, such as the female-to-male employee ratio, were incorporated into this index, reinforcing the integration of sustainability into enterprise risk management.

14.0 Internal Audit and Control Mechanisms

A strong internal control environment is essential to ensuring transparency, effective risk management, and operational integrity at PASHA Bank, with the internal audit function playing a central role by providing independent and objective assurance on the effectiveness of governance, controls, and risk management across the organization.

Operating under a robust regulatory and ethical framework, the internal audit function is governed by the Laws of the Republic of Azerbaijan “On Banks” and “On Internal Audit,” normative acts of the financial markets’ supervisory authority, the Bank’s Charter, internal regulations, and globally recognized standards, including the Core Principles and Code of Conduct of the Institute of Internal Auditors and the Global Internal Audit Standards. This comprehensive framework ensures that all audit activities are conducted with objectivity, professionalism, and in accordance with both national and international best practices.

The department operates with full autonomy from executive management and reports directly to the Audit Committee. This governance arrangement preserves its independence, allowing it to function without external influence and to remain fully aligned with the Bank’s strategic priorities and ethical values. The internal audit function follows a risk-based annual audit plan approved by the Audit Committee, with a strong focus on areas that present the most significant risks to the Bank’s compliance, operational soundness, and reputational standing. Moreover, the internal audit function submits factual and concise reports to the Audit Committee on a monthly basis, detailing identified risks, audit results, and the status of remediation actions. These reports are also shared with senior management to ensure accountability and timely implementation of corrective measures. In addition, an annual report on the activities of the Audit Committee is presented to the Supervisory Board, ensuring oversight at the highest governance level. Where required, audit outcomes are communicated to the Central Bank in line with regulatory requirements. Additionally, the internal audit function administers the Bank’s whistleblowing channel, such as “Internal Hotline”, which enables confidential reporting of concerns and promotes a culture of integrity and transparency.

The scope of internal audit at PASHA Bank is extensive, encompassing assurance and advisory roles. The function is authorized to access all necessary documentation, records, and information related to any area of the Bank’s activities, including decisions and reports from the Shareholders’ General Meeting, the Supervisory Board, and internal committees. This access enables comprehensive evaluations of the Bank’s adherence to internal policies, legal and regulatory obligations, and strategic objectives. Where necessary, the function investigates incidents of non-compliance, legal breaches, or policy violations, helping to reinforce internal accountability.

In its assurance capacity, the internal audit department assesses the adequacy and effectiveness of internal control systems, the reliability of financial and operational reporting, and compliance with internal and external requirements. It also monitors critical areas such as capital sustainability, AML compliance, procurement, and business continuity. Simultaneously, the function offers consultative support by providing insights on risk mitigation, process enhancements, and governance improvements. Recommendations may also extend to employee performance evaluation and incentive mechanisms,

updates to internal policies, and, where relevant, suggestions regarding adjustments to organizational processes to better align resources with strategic priorities.

To reinforce credibility and maintain high professional standards, the internal audit function is governed by strict ethical principles, including independence, integrity, and confidentiality. Safeguards such as periodic declarations of independence and conflict-of-interest controls are established. Sensitive audit documentation and findings are securely stored and only shared with authorized individuals to uphold information confidentiality and comply with data protection obligations and ensure secure handling of audit information.

To continuously elevate audit performance, the function has developed and implemented a comprehensive Quality Assurance and Improvement Program (QAIP). This program evaluates the efficiency and effectiveness of internal audit activities, identifies areas for enhancement, and ensures full compliance with international audit standards. Through its disciplined oversight, commitment to integrity, and strategic support functions, internal audit serves as a cornerstone of PASHA Bank's governance structure. Its work reinforces the Bank's dedication to transparency, accountability, and sustainable value creation.

15.0 Responsible Procurement and Supply Chain Practices

In 2024, PASHA Bank maintained its strong focus on ethical and sustainable procurement by deepening its reliance on local suppliers and further accelerating its digital transformation. Our supply chain operations are guided by a commitment to integrity, transparency, and adherence to global standards, ensuring that procurement remains a key pillar of responsible business conduct throughout the Bank.

This year marked a significant milestone in our digital transformation journey with the gradual implementation of the ASAN Imza platform for digital procurement contract signing. Alongside our existing tender platform, e-procurement system, and purchase requisition (PR) request process, this development has enabled end-to-end digitalization across procurement workflows. By eliminating physical paperwork, including the complete digitalization of act signing, we have improved traceability, reduced turnaround times, and contributed to our ongoing efforts to minimize paper consumption.

Integrity in supplier engagement continued to be safeguarded through our structured request for proposal (RFP) process, supported by strong anti-bribery controls. Each vendor undergoes thorough assessment prior to engagement, based on criteria such as financial stability, technical capability, compliance with legal and regulatory requirements, past performance, and alignment with the Bank's ethical standards. To uphold integrity across the supply chain, the Bank applies stringent policies for the prevention, detection, and remediation of any misconduct. Any unethical activity leads to immediate blacklisting, while employees are required to report any violations and hold accountable to the highest ethical standards. Over the past few years, regular internal audits have consistently confirmed the absence of procurement irregularities. This outcome has been supported by multi-layered approval flows, particularly for lower-value purchases under 5,000 AZN, provided an additional layer of control.

Environmental considerations remain central in our procurement choices. We have maintained a strong focus on incorporating circular economy principles by favoring recyclable and eco-conscious materials such as eco-leather and eco-certified construction materials, particularly for future infrastructure upgrades in accordance with comprehensive environmental standards. At the same time, we have reinforced digital practices to reduce environmental impact. These initiatives are not only environmentally responsible but also support long-term operational sustainability and resilience.

In 2024, 77.5% of the Bank’s procurement expenditure was allocated to local suppliers, reflecting a strong commitment to supporting the domestic market. Additionally, local vendors made up 83.1% of our total supplier base, reinforcing the Bank’s strategic focus on regional sourcing partnerships (Figures 54 and 55). At the same time, we retained the flexibility to work with international suppliers for specialized or niche requirements, ensuring access to the best available expertise and products. Notably, the total procurement budget experienced a significant increase in 2024, reaching AZN 29.23 million compared to AZN 18.33 million in 2023. This growth reflects both the scale and strategic nature of procurement activities during the year, driven by ongoing infrastructure upgrades, investment in eco-certified materials, and the diversification of supplier capabilities to meet evolving operational needs.

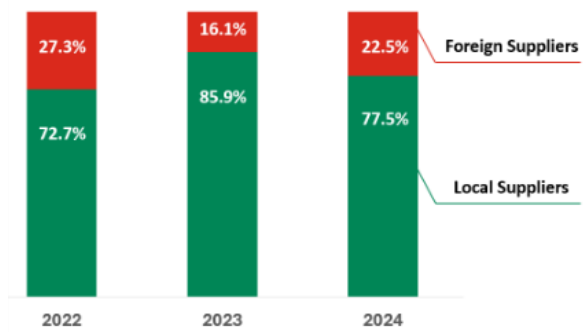


Figure 54. The share of allocated budget

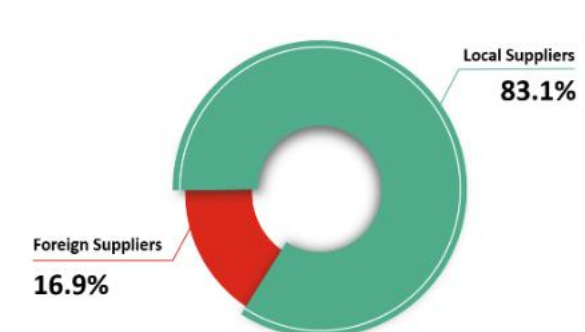


Figure 55. The share of suppliers in 2024

Looking ahead, we are committed to further strengthening the governance of our procurement framework. By 2025, we plan to implement a comprehensive Vendor Code of Conduct, enhance due diligence procedures related to anti-bribery and corruption, and deploy a centralized enterprise resource planning (ERP) system to enhance visibility and integration across procurement activities. These initiatives aim to build a more robust, transparent, and accountable procurement environment that effectively supports both our stakeholders and our operational goals.

By embedding transparency, digital innovation, and support for the local economy into our procurement model, the Bank aims to improve internal efficiency while aligning procurement with sustainability, governance, and community priorities.

16.0 Agility and Innovation in Banking

16.1 Advancing Agility for Operational Excellence

PASHA Bank’s adoption of Agile originated as a strategic commitment to accelerate the delivery of products and services, strengthen adaptability in a dynamic market environment, and embed customer

needs at the core of its development approach. The transformation started in 2018 with a clear goal: complete the Bank's digital transformation and launch modern products that would increase the share of digital transactions. To achieve this, we established an independent Digital Lab, designed to enable smart and rapid delivery, foster experimentation, and capture direct customer feedback in a flexible and innovation-driven environment. Agile was first introduced in small, cross-functional teams, and positive outcomes from these pilots led to a gradual expansion of Agile practices across the Bank. Between 2018 and 2019, the Digital Lab delivered Azerbaijan's first end-to-end Online Bank for business clients, including all payment types, real-time statements, fully digital onboarding, salary-card issuance, SME lending, and acquiring services. In late 2018, we established the region's first Agile Tribe within Corporate Sales, organizing squads across eight industries, each composed of diverse roles working together with the same objective: to implement a new approach to sales. This included introducing innovative monitoring tools, Agile ceremonies, and collaborative practices that empowered teams to deliver value iteratively while enhancing customer focus. By early 2020, the Digital Lab had achieved all its KPIs and closed on schedule, with its product squads integrated into SME Banking. At the same time, implementing Agile in CIB Sales teams enabled a stronger focus on collaboration with our corporate clients. To support this approach, new product teams were established, driving innovations across payments and issuing, including the creation of new digital card solutions. This initiative not only enhanced client engagement but also led to multiple internal innovations, reinforcing a culture of continuous improvement and customer-centric delivery. By the end of 2022, agile coaching support concluded within CIB teams. Some Agile practices and data-driven habits remained, while others faded, shaping the next phase of improvement. Today, we are advancing a product-led culture across all business lines, supported by continuous delivery pipelines that provide daily value to clients and a structured build-measure-learn methodology that drives disciplined, ongoing innovation (Figure 56).

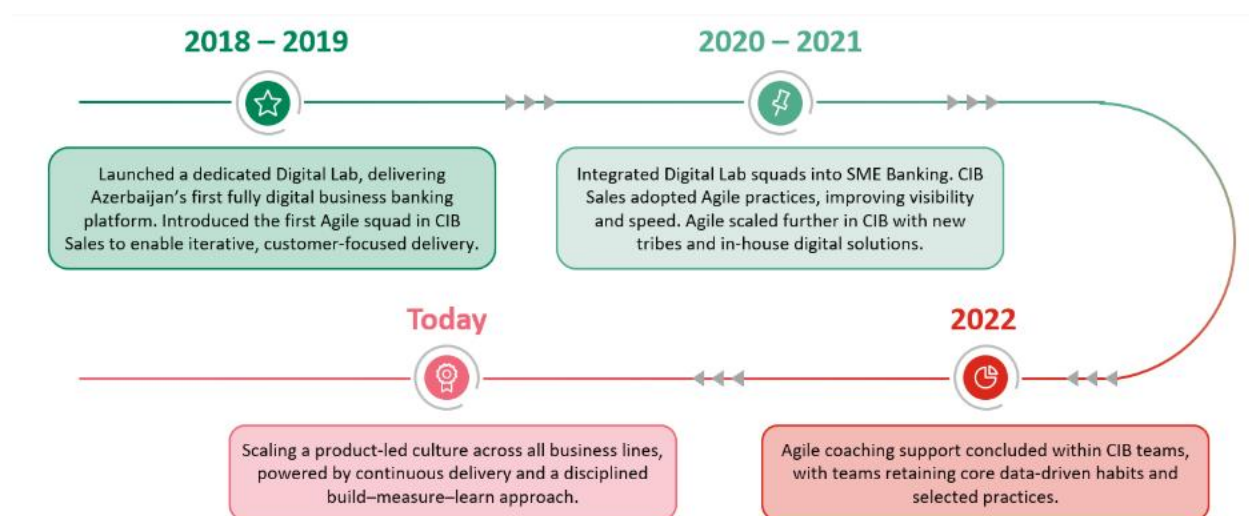


Figure 56. Agile Transformation Roadmap

Operating Structure and Governance

At the core of PASHA Bank's Agile framework is the Agile Center of Excellence (CoE), which provides strategic oversight and delivery enablement by translating organizational objectives into actionable delivery structures. Through regular curator updates, the CoE equips senior leadership with real-time

visibility into product team performance, emerging challenges, and delivery risks, enabling faster, evidence-based decision-making. By combining advisory insights with practical support, the CoE ensures alignment between business priorities and Agile execution, driving consistent value delivery across the organization. The CoE also ensures alignment between Agile delivery and business priorities by defining maturity standards, setting delivery principles, and conducting regular health checks across tribes and squads. A key improvement driven by the CoE has been enhancing delivery transparency and process efficiency, enabling teams to optimize workflows while simplifying monitoring through dashboards and performance metrics. This structured approach also supports smoother product handovers to IT Support, ensuring that technical documentation, operational protocols, and knowledge transfer are consistently captured and accessible. This institutionalized approach has strengthened post-implementation stability, reduced post-go-live issues, accelerated incident resolution, and safeguarded service quality. The Agile Compass or The Agile Ways of Working (WoW) Framework, developed and maintained by the CoE, serves as the Bank's internal playbook and clearly defines roles, ceremonies, deliverables, maturity expectations, and decision-making guardrails, ensuring a unified, transparent, and scalable Agile model across the Bank.

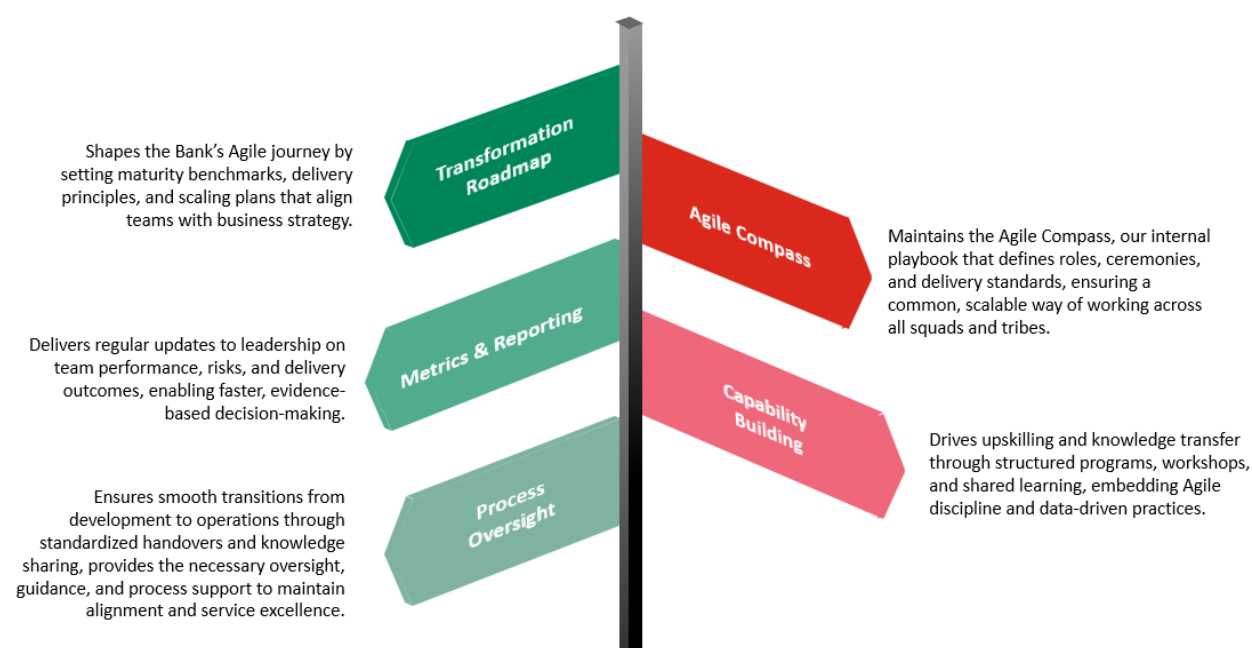


Figure 57. The Role of the Agile CoE at PASHA Bank

The Bank's operating structure is built on three interconnected layers, tribes, chapter, and squads. Tribes function as autonomous business units aligned to specific customer segments or service lines and are composed of cross-functional squads responsible for delivering end-to-end value. Chapters bring together professionals with similar expertise to maintain capability standards and share knowledge, while squads act as focused delivery teams led by Product Owners and supported by Scrum Masters. Within this structure, the Payments, Cash Management & Fintech tribe comprises eight squads and delivers initiatives across acquiring, B2B solutions, bundled offerings, digital platform development, e-commerce, issuing, the PASHA Business mobile app, and core payments. The Lending, Service Optimization & Innovation tribe has five squads working on digital supply chain finance, distribution chain finance, digital trade finance, digital CIB services, and digital standard loan products. The Retail & Private cluster also operates five squads,

focusing on daily banking, digital channels, digital deposits, premium cards, salary cards, and retail lending. The Business Innovation (BI) cluster, with three squads, advances initiatives such as Giftim, Liquidity Pool, and an AI Agent. The CRM cluster concentrates on CRM Core, CRM Remote Sales, and CRM Support to strengthen customer relationship management.

The Bank's Agile governance is supported by policies in product management, risk, legal, and compliance, which have been adapted to enable incremental delivery, experimentation, and rapid feedback. Decision-making is a decentralized, data-driven model, with Product Owners empowered to make customer-focused decisions within clearly defined boundaries, while Quarterly Business Reviews (QBRs) ensure strategic alignment and flexibility to pivot when necessary. Within Agile adoption, change management has been institutionalized through structured communication frameworks, iterative stakeholder engagement mechanisms such as demos, and early participation in backlog prioritization, thereby embedding risk anticipation and issue mitigation directly into the development cycle. Active participation of senior leadership and key stakeholders in Agile ceremonies strengthens organizational transparency and sustains alignment across all levels, while performance metrics such as lead time, team velocity, value delivery, and customer satisfaction are systematically embedded into governance reporting to provide a comprehensive basis for oversight and strategic decision-making. Governance dashboards provide category-based views of performance (e.g., support and incidents), allowing leadership to identify trends, pinpoint bottlenecks, and allocate resources more effectively that grounds governance decisions in real-time, segmented data rather than broad averages, reducing delays and enabling timely interventions.

In 2024, the first year of a new three-year strategic period, the Agile transformation entered a new phase, moving from building the foundations to refining the operating model and structure. Changes were designed to improve customer outcomes and accelerate delivery. The structure shifted toward more tribes and fewer clusters, giving teams greater ownership, shortening decision-making processes, and aligning delivery more closely with customer needs. The Bank also placed a stronger emphasis on Agile Customer Experience, making NPS the main KPI for the reporting period (Figure 58). Another important change in 2024 was the formalization of the Scrum Master role within the CoE, making it a permanent team position to continuously improve delivery effectiveness.

Agile Drivers and Measurable Outcomes

Our transition to Agile practices reflected a deliberate effort to accelerate value delivery, enhance organizational flexibility, and strengthen collaboration across business lines (Figure 59). The approach established a development environment rooted in transparency and collective accountability, where customer priorities shaped both product design and execution.

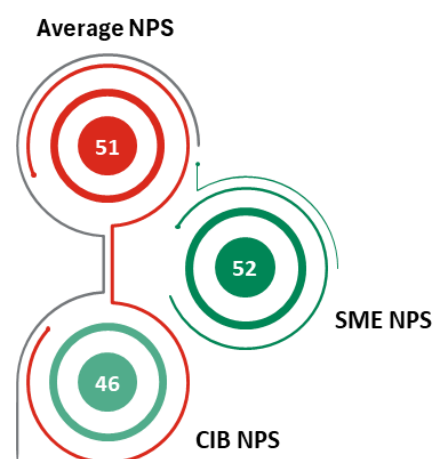


Figure 58. NPS Score of Agile Teams in 2024

One of the main drivers was innovation - using continuous feedback loops, short delivery cycles, and early value release to test ideas, adapt quickly, and focus on the features that bring the most impact. This approach has encouraged a culture of experimentation and learning across the Bank. Another driver was operational efficiency, achieved through clear prioritization, regular backlog refinement, and synchronized team routines such as daily stand-ups, retrospectives, and planning sessions. Agile also directly supports customer satisfaction by involving clients early and often in the delivery process. Regular demonstrations and reviews enable their feedback to be incorporated quickly, ensuring solutions meet actual needs and building trust over time. From a risk perspective, Agile improves business agility by breaking down work into smaller increments that are confirmed continuously, reducing the likelihood of large-scale failures and enabling quicker responses to regulatory or market changes. Finally, Agile gives teams greater autonomy, encourages ownership, and promotes collaboration, supporting improvements in productivity and adaptability.

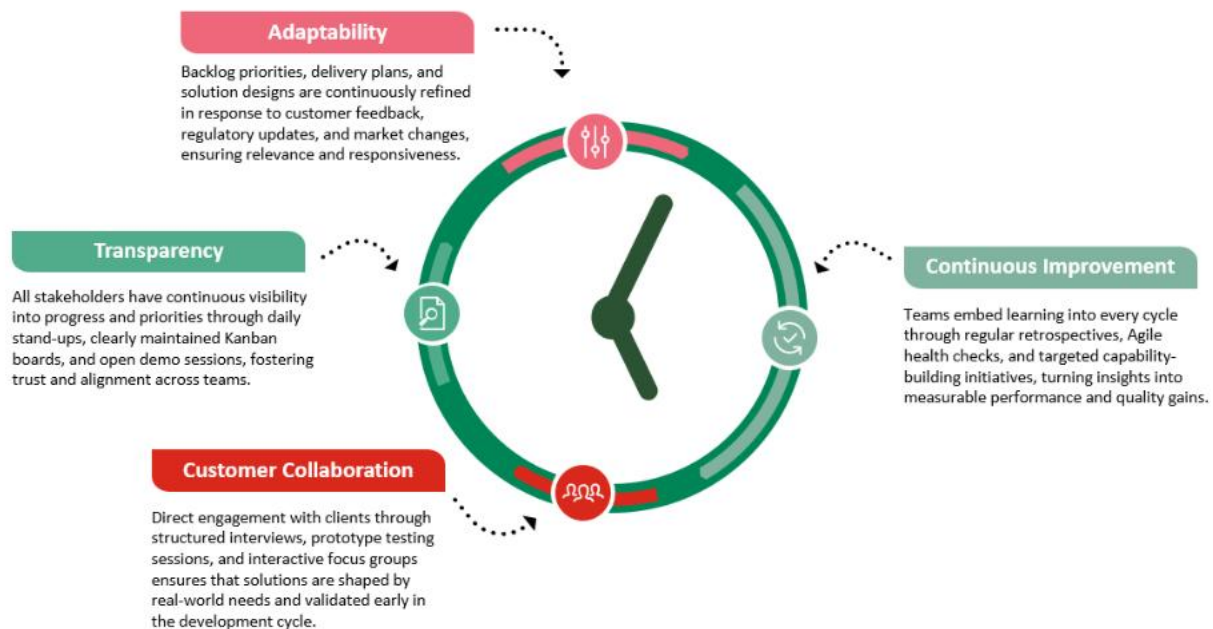


Figure 59. Agile Principles in Action

Since its implementation, Agile has delivered measurable results across the organization. Delivery velocity has advanced markedly, with release cycles shifting from quarterly schedules to weekly and in many cases daily deployments. Every squad now delivers a production-ready increment at least every two weeks. The role of Product Owners has been standardized across the Bank, with defined role levels and clear career paths that strengthen product management capability and improve value delivery. Cost efficiency has been achieved through the end-to-end digitization of core daily-banking transactions, which has eliminated manual steps, shortened turnaround times, and reduced time-to-market. Agile's emphasis on early hypothesis testing and frequent delivery has allowed for more informed, data-driven decisions, while incremental delivery ensures value is realized faster. Well-structured alignment loops help manage dependencies between Agile and non-Agile teams, while delivery streams identify and address bottlenecks to increase output. Moreover, the focus on value-based prioritization has ensured that delivery efforts are

directed toward the highest-impact initiatives, while iterative delivery has proven more effective in managing uncertainty. The impact of the Bank's Agile practices is also evidenced by the Enterprise Agility Index (EAI) score, assessed quarterly by a third-party vendor. This metric measures the extent of Agile mindset and cultural adoption across the Bank, with scores improving from 2.99 in 2022 to 3.51 in 2024 (Figure 60). These consistent year-on-year improvements demonstrate sustained progress and provide leadership with regular, data-driven insights to guide ongoing development.

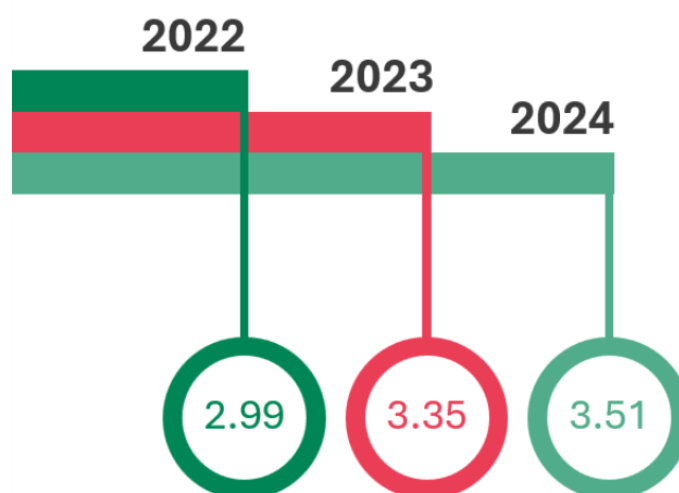


Figure 60. Enterprise Agility Index

Our agile initiatives have also generated meaningful impact for clients, partners, and regulators. For example, corporate sales squads work closely with product teams to co-create digital banking solutions, engaging clients through interviews, prototype testing, and focus groups. Regular live demos allow clients to experience new features early, fostering trust and enabling rapid iteration based on their feedback. Through joint refinement of the backlog and the prioritization of work based on business value, PASHA Bank has been able to balance speed with quality, shifting from fragmented operations to a collaborative model in which stakeholders remain actively engaged across the entire product lifecycle. This approach has accelerated the delivery of high-quality and compliant solutions, reinforced customer confidence, and strengthened the Bank's competitive positioning in the market.

Embedding a Culture of Continuous Improvement

PASHA Bank embeds the continuous refinement and institutionalization of Agile practices into its daily operations through a structured, people-centered approach that was combined by directly confronting and overcoming the challenges of the early transformation phase. Initial skepticism toward the stand-alone Digital Lab was overcome through bi-weekly, in-person stakeholder reviews that highlighted quick, measurable results and built executive support. The local talent gap, particularly the absence of a defined Product Owner role, was addressed through the integration of third-party consultants into squads, the retraining of internal staff, the selective recruitment of local user experience and user interface (UX/UI) designers and engineers, and the establishment of clear career paths to develop and retain product

management talent. These measures laid a foundation for institutional capability building and the systematic scaling of Agile practices across the organization.

Capability development is structured as a continuous process in which Agile Coaches collaborate closely with teams and leadership, providing hands-on guidance, facilitating workshops and retrospectives, and delivering tailored training programs aligned with identified organizational needs. Knowledge sharing is promoted through internal Co-Talks and Communities of Practice, while experience-sharing sessions with Product Owners, Agile Coaches, and Designers from international institutions introduce global perspectives and disseminate proven methodologies.

Feedback and learning are embedded in every delivery cycle, with each sprint and program increment concluding in a retrospective that examines processes, challenges, and outcomes while agreed improvements are tracked to ensure they are implemented and deliver measurable benefits. Regular demo sessions are open to all team members to gather broad feedback, and stakeholders are invited to sprint reviews, so their input contributes directly to the refinement of priorities and the advancement of delivery quality. Leadership engagement supports this learning culture through quarterly business reviews and Agile health dashboards, which keep leaders informed about delivery performance and ensure continued alignment with strategic objectives.

At PASHA Bank, the scaling of Agile is pursued through a deliberate approach that reflects the institution's cultural fabric and strategic priorities, placing people-driven transformation at the center of organizational change. The Agile Ambassador program is a strategic initiative targeting non-Agile teams, designed to instill a deep understanding of Agile principles, embed Agile values, and enable teams to incorporate them effectively into their ways of working. Complementing this, the Agile Advocate program focuses on developing high-potential Agile practitioners, equipping them to act as internal change agents, coach teams across the organization, and drive sustained, high-impact Agile adoption. Together, these programs reinforce a culture of agility, ensuring that Agile is not just a methodology, but a way of working that consistently delivers value aligned with business objectives. Building on this foundation, the Agile Roadmap 2025 defines a series of strategic initiatives aimed at deepening Agile adoption and advancing organizational maturity. This includes targeted capability development, process optimization, enhancements to delivery tools, and cultural interventions designed to strengthen organizational resilience, accelerate value delivery, and ensure the Bank remains customer-centric and innovation-driven. To complement these efforts and embed consistency across the organization, Agile Guilds are being formalized as cross-functional communities of practice where members from different squads and tribes collaborate on shared challenges, exchange effective practices, and create common standards.

Cross-department integration is a central element of scaling, with Agile embedded across sales, risk, IT, and compliance through collaborative squads and tribes that strengthen coordination, accelerate decision-making, and align priorities with the Bank's strategic objectives. The same iterative approach supports the Bank's sustainability goals by enabling the fast development of digital-first services and environmentally friendly products, delivering early value and adapting quickly to changing standards. Delivery methods are chosen based on the needs of each initiative: Scrum and Kanban are most used, while the Innovation Cluster is piloting Large-Scale Scrum (LeSS) to improve collaboration between multiple teams and support larger-scale initiatives.

Continuous improvement is measured and managed using business-aligned metrics. Regular Agile maturity assessments at squad, tribe, and organizational levels, based on standard frameworks and health checks, identify strengths and areas for improvement, guiding targeted coaching and training. Performance is monitored through metrics linked to key outcomes such as customer satisfaction, time-to-market, and product adoption, ensuring that decisions are data-driven, and processes are refined continuously. Teams are also encouraged to set aside time for innovation and experimentation, using a “fail-fast, learn-fast” approach with pilot projects and proof-of-concept work before wider rollout. Together, these practices ensure that capability building, scaling, and continuous improvement reinforce each other, keeping the Bank’s Agile approach effective, adaptable, and aligned with both strategic priorities and customer needs.

16.2 Innovation in Action

In the rapidly evolving financial sector, innovation is a strategic priority. At Pasha Bank, it involves not only technology adoption but also a culture of continuous improvement, cross-functional collaboration, and forward-looking practices. Innovation supports the Bank in addressing client needs with greater agility and effectiveness, while developing solutions that are aligned with long-term economic and sustainability objectives.

Our innovation approach combines external and internal frameworks, which integrate agility, advanced technology, and sustainability into a cohesive approach (Figure 61). It operates through two strategic directions, attracting external innovations via targeted investments and strategic partnerships while simultaneously developing in-house projects that expand the Bank’s capabilities and generate entirely new solutions. External collaborations provide access to emerging technologies and market best practices, while internal expertise enables the effective adaptation, integration, and scaling of these innovations. This integrated approach drives the expansion of fully digital services, reducing in-branch visits and lowering the carbon footprint, while embedding sustainability principles, particularly in green and socially inclusive technologies. Together, these frameworks and directions ensure a balanced pipeline of initiatives that deliver value and support the Bank’s long-term vision of resilient, innovation-driven growth.

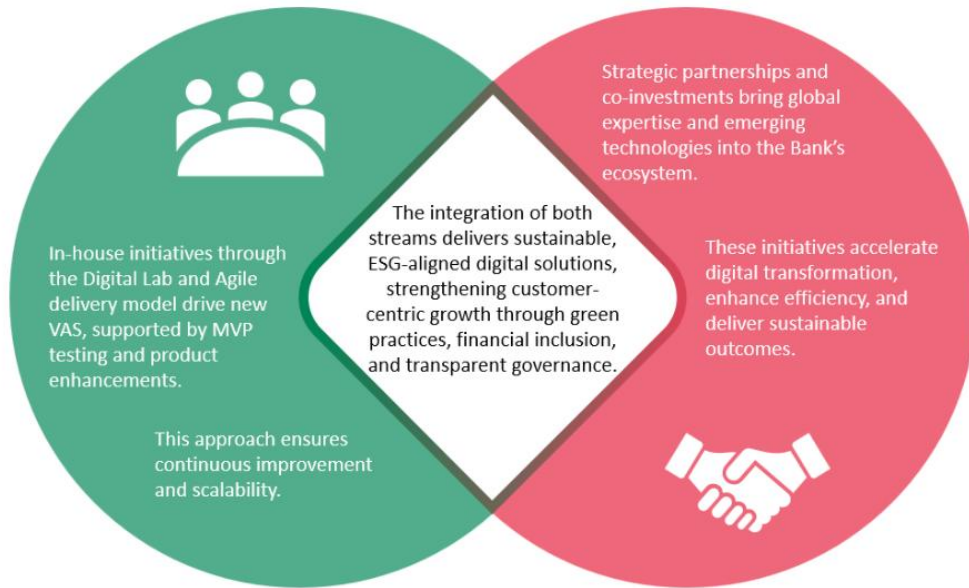


Figure 61. Dual Innovation Model

To translate innovative concepts into tangible outcomes, we follow a structured governance framework that ensures transparency, strategic alignment, and measurable value creation. The Bank's innovation pipeline is fueled by multiple channels, including cross-departmental collaboration, cross-group solutions, cost-efficiency initiatives, inter-industry projects, and partnerships with external market players and startups. Product owners play a leading role in identifying and validating potential digital products and solutions through structured discovery processes. Once an idea is validated, it moves into development, enhancement of existing products, or, in the case of external collaborations, startup acceleration and integration. Sources of innovation range from internal business units and operational teams to emerging market trends in sectors, including fintech, legal tech, real estate, cryptocurrency, blockchain, and artificial intelligence. Following the submission of ideas, funding is allocated based on established criteria to ensure resources are directed toward the most strategically relevant and high-potential projects. The core principle is to achieve a minimum viable product (MVP) that can be used effectively in practice, with the dedicated innovation budget covering all related expenses, including feasibility studies, development, and market testing. The MVP stage serves as a critical checkpoint for confirming the concept before full-scale implementation. Each proposal undergoes rigorous evaluation against predefined strategic and operational criteria to ensure relevance and alignment with business objectives. Feasibility studies assess technical, operational, and financial viability, with oversight provided by the Innovation Management Board. Meetings are held monthly, or more frequently if required, to review and evaluate initiatives. Final approval is granted by the Innovation Management Board, ensuring all projects are consistent with the Bank's long-term strategic priorities.

Our innovation practices are formalized through the Innovations Playbook, which provides a clear framework for managing the entire lifecycle of innovation projects. It defines governance structures, portfolio management principles, marketing strategies, and key performance indicators, ensuring that all initiatives are developed and delivered in a consistent and transparent manner. Agile methodologies

underpin this approach, enabling rapid iteration and seamless progression from the MVP stage to full market launch. Furthermore, budget utilization is monitored at every stage, from initial concept and feasibility studies to development, testing, and commercial rollout, to ensure disciplined resource allocation.

PASHA Bank's approach to innovation is grounded in delivering comprehensive, 360-degree services that address the full spectrum of business banking needs. By leveraging its Business Online Bank platform and integrating advanced digital capabilities, the Bank enables clients to manage operations more efficiently, access tailored tools for growth, and reduce administrative burdens. The emphasis is on creating solutions that go beyond traditional banking by embedding financial, operational, and regulatory support into a single ecosystem. This approach not only enhances the customer experience but also strengthens long-term client relationships through convenience, speed, and value creation. We offer a comprehensive suite of value-added solutions that enable businesses to streamline operations, manage risks, and access essential services entirely within a digital environment. The Counterparty Check tool consolidates data from multiple sources to evaluate the reliability of business partners, while the Financial Guide supports SMEs by automating tax calculations and delivering actionable financial insights. For complex corporate structures, Cash Management provides advanced capabilities for liquidity reviews and cash flow forecasting. The Business Registration service fully digitizes and accelerates the company formation process through the Bank's website, and E-Contract Management offers a secure platform for creating, signing, and managing contracts online. Collectively, these solutions create an integrated digital ecosystem that promotes regulatory compliance, informed decision-making, and a seamless client experience.

Complementing these tools is a robust payment and transaction ecosystem, accessible via both the Business Online Bank and the Business Mobile App, designed to provide flexibility, scalability, and security for businesses of all sizes. This ecosystem covers the full spectrum of payment needs, from internal transfers and Society for Worldwide Interbank Financial Telecommunications (SWIFT) payments to tax and salary disbursements, as well as bulk transactions of up to 1,000 payments across multiple currencies. Acquiring solutions through traditional POS and mobile POS devices support physical and digital commerce, while e-commerce capabilities, including a "Pay by Link" option, offer convenience for smaller enterprises. Issuing services, such as salary projects and tailored business card solutions, are enhanced through strategic partnerships, including the aCard developed with Azercell. API-enabled services under Open Banking, B2B, and Agent Banking allow direct integration of banking functions into clients' ERP systems, simplifying payroll and payment processes. Furthermore, we remain a market leader in digital onboarding, being the first to combine fully online corporate account opening with regulatory-compliant video verification, while our PASHA Business App provides clients with real-time account management and instant payments, ensuring a smooth banking experience on the go.

The Bank's innovation agenda has been further strengthened through strategic partnerships, which play a pivotal role in expanding capabilities and addressing ESG priorities. In 2024, a landmark example of this approach was the joint venture with AZAI Tech to launch VocalAI - the first Azerbaijani-language large language model integrating voice transcription with messaging platform connectivity for SMEs and corporates. This solution reduces paperwork, enhances communication efficiency, and accelerates digital transformation. Other collaborations, such as those with E-prorab, Letitbid, and App for Apartment, have

focused on optimizing processes in construction, property management, and household services, delivering tangible benefits such as reduced waste, improved resource allocation, and shorter delivery timelines. These partnerships are supported by the Bank's broader startup initiatives, which provide funding, technical advisory, MVP testing platforms like Kickbox, and strategic co-investments to accelerate impactful, sustainable innovation. ESG principles are embedded throughout this process, from promoting paperless workflows to supporting green technologies, with upcoming plans to introduce ESG-linked scoring tools to further enhance sustainable financing offerings (Figure 62).

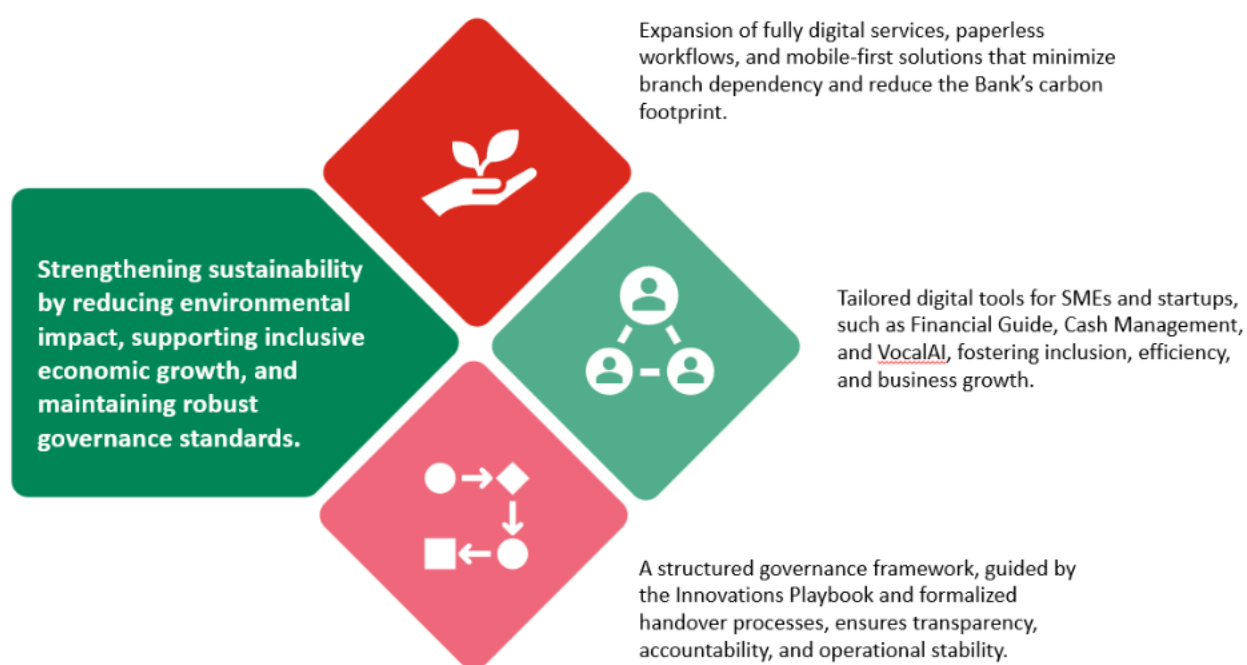


Figure 62. ESG-Driven Innovation at PASHA Bank

The impact of this innovation-driven approach was evident in several high-profile launches during 2024. Alongside VocalAI, the Bank introduced Giftim, a digital B2B gift card platform that enabled over 1,100 cards to be purchased and distributed by 15 corporate clients, reducing reliance on physical vouchers and supporting environmental goals. Another key addition was Digital Contract Management, a secure solution for managing the full contract lifecycle, with 250 contracts created by 90 customers in its first year.

These developments are part of a broader strategic pipeline aimed at expanding PASHA Bank's Value-Added Services (VAS) ecosystem and strengthening its role as a trusted innovation partner for businesses. In 2025, the Bank plans to launch a loyalty platform to boost SME engagement, a liquidity pool to optimize corporate capital allocation, AI-powered agents for automated client support, a real estate fractional investment platform to democratize property ownership, and a simplified business registration service covering Tax Identification Number (TIN) setup, tax configuration, and legal structure guidance. Alongside these innovations, the Bank is advancing its ESG agenda by expanding fully digital processes to reduce branch visits and carbon emissions and exploring ESG scoring tools to enable sustainability-linked financing. This growth reflects a focus on VAS, aligning with the Bank's goal to achieve 5% VAS utilization across SME and corporate clients, while building a resilient, sustainable, and innovation-driven banking

ecosystem. Together, these efforts reinforce our vision of shaping a forward-looking, sustainable, and innovation-driven banking landscape that delivers lasting impact for businesses and society.

17.0 Our Approach to Safeguarding Data

In a digital era defined by exponential data growth, evolving regulatory expectations, and cybersecurity threats, PASHA Bank remains steadfast in its commitment to data stewardship. Safeguarding data is essential to maintaining operational integrity and earning client trust. The Bank’s comprehensive approach ensures the security and reliability of the data, while enabling informed, strategic decision-making at all levels of the organization. Through the integration of leading technologies, industry-aligned governance frameworks, and a dedicated data management infrastructure, we ensure that data across the Bank remains secure, accurate, accessible, and aligned with strategic priorities.

17.1 Data Management

The Data Management Department is integral to ensuring that PASHA Bank’s information assets are reliable, accessible, and strategically leveraged. Structured into four specialized functional areas, such as Data Governance, Data Engineering, Data Analytics, and Data Science, the department provides end-to-end oversight of how data is governed, processed, analyzed, and applied across the organization. Through automated validation rules, advanced data profiling, and systematic quality checks, we safeguard the accuracy, integrity, and consistency of its data. Dedicated Data Stewards oversee critical data domains, perform root cause analyses, and drive continuous enhancements, enabling informed, timely, and evidence-based decision-making at both operational and strategic levels.



Figure 63. Data Integrity Controls

As the banking industry continues to be transformed by digitization and real-time intelligence, PASHA Bank has adopted a progressive and structured approach to data management that balances innovation with accountability. In 2024, this commitment was further reinforced through the introduction of new data domains aligned with evolving operational requirements, each assigned to dedicated owners to ensure

end-to-end lifecycle accountability. The Bank also initiated the development of an internal Reporting Catalog to standardize reporting practices across all departments, enhancing transparency, consistency, and auditability. These advancements collectively strengthen the Bank's data ecosystem, enabling more informed decision-making and supporting agile responses to emerging business needs.

We follow the DAMA-DMBOK-based Data Governance framework, with clearly defined ownership, policies for data quality and access rights, and mechanisms for regulatory compliance. This framework is overseen by the Data Governance team, which adheres to industry best practices, delivers regular internal trainings and audits, and fosters a culture of data awareness across the Bank. By continuously monitoring and integrating emerging international trends in data governance, we ensure that the data management practices remain aligned with global standards.

To support these governance efforts, the Bank utilizes Oracle, PostgreSQL, and MySQL databases to facilitate efficient data management and enable informed, data-driven decision-making across all levels of the organization. This database infrastructure is complemented by Oracle-based systems and a secure on-premises data warehouse, ensuring reliable storage, controlled accessibility, and robust protection of critical information. Real-time extract, transform, load (ETL) processes and log aggregation tools are used to process high-volume transactional data, particularly in response to the increasing use of digital banking services. Informatica tools are used to support metadata management, track data lineage, and monitor quality standards, helping maintain traceable, structured, and consistent data across all systems. In parallel, PASHA Bank is continuing the phased development of a Data Lakehouse, which is expected to be fully implemented by 2026, to unify transactional and analytical data and enhance scalability and advanced analytics capabilities. Data integration across banking platforms, mobile applications, CRM systems, and analytics tools is ensured through APIs and middleware solutions, promoting consistency, reducing latency, and enabling seamless cross-platform functionality. Reporting and analytics are supported by Oracle BI and Tableau, which serve as key tools for generating insights, while AI-based models continue to support strategic forecasting, customer engagement, and performance planning. The Bank relies on data-driven KPIs to evaluate and optimize operations across departments. Core KPIs include data monetization, focusing on identifying and leveraging opportunities to generate value and revenue from data, and time-to-market for data acquisition. In line with this, the Bank has set a strategic goal to reduce the average data acquisition timeframe from 15 days to 9 days by 2026, thereby improving responsiveness to market demands.

Regulatory compliance and ethical data handling are central to PASHA Bank's data management approach. Data is retained only for as long as necessary to meet legal or operational requirements, in alignment with policies that comply with Central Bank regulations. After this period, data is securely archived or deleted. To further mitigate data-related risks, the Bank conducts regular internal audits, validation controls, and exception handling protocols that enable the timely identification and resolution of incomplete or inaccurate data. Identified issues are addressed by Data Stewards, and outcomes are incorporated into continuous improvement processes.

The Bank continues to invest in employee capacity building. Targeted internal trainings were delivered to staff on data privacy, artificial intelligence, and secure digital practices, while awareness campaigns were also held to educate clients on responsible banking behaviors and online security. This dual approach

supports the Bank's commitment to fostering a digitally aware and responsible culture both internally and externally.

Looking ahead, PASHA Bank plans to adopt cloud-native platforms, increase automation in data quality monitoring, and expand the availability of self-service BI tools. These initiatives form part of the Bank's broader vision to democratize data access, strengthen responsiveness, and align with international best practices. By embedding a secure, transparent, and forward-looking data culture into its operations, PASHA Bank continues to position itself as a regional leader in responsible data stewardship and long-term digital resilience.

17.2 Strengthening Cybersecurity Measures

PASHA Bank continues to prioritize cybersecurity as a critical component of its operational resilience and digital trust strategy. In 2024, PASHA Bank strengthened its cybersecurity function through a series of structural, process, and strategic enhancements designed to meet the growing complexity of digital threats. A major milestone was the transformation of the Identity and Access Management process, where manual approvals were replaced with a fully automated, matrix-based model. This shift ensures that access rights are granted according to roles and positions, significantly improving both efficiency and oversight across critical systems. Alongside this, the Bank introduced a comprehensive Brand Protection Strategy, developed jointly by the Marketing, Cybersecurity, and Brand Governance teams. This initiative broadened the scope of cybersecurity beyond technical defenses to include protection of reputation and customer trust. Advanced monitoring tools were deployed to detect stolen credentials and payment card data, monitor illegal use of the Bank's logo, and analyze phishing or spoofing attempts, all aimed at preventing reputational harm and safeguarding digital interactions. To further align practices with international standards, the Bank launched the NIST project in August 2024. This began with third-party stakeholder interviews and a detailed gap analysis, followed by the creation of an action plan for 2025. A six-month follow-up assessment will measure the effectiveness of applied actions, while management has set KPIs to track continuous improvement. In parallel, a Cybersecurity Maturity Assessment was initiated to benchmark current capabilities and guide future strategy. These initiatives were reinforced by important structural changes. The Information Security unit was reorganized into a dedicated Access Management Division and a new Information Security and Compliance direction within GRC. At the same time, the Threat Intelligence team is being elevated to a full department, reflecting its critical role in proactive risk detection and response. Complementing these developments, all cybersecurity-related policies and documents underwent a comprehensive review, ensuing robustness, relevance, and regulatory compliance.

PASHA Bank's cybersecurity governance framework combines global standards with national regulatory requirements to ensure comprehensive oversight. External experts conduct third-party assessments in line with international frameworks such as the NIST Cybersecurity Framework (NIST CSF) and COBIT, while compliance with the Payment Card Industry Data Security Standard is maintained through annual pass/fail certification processes. At the national level, the Bank adheres to the CBAR regulatory guidelines through regular internal audits and continuous monitoring activities, reinforcing alignment with both local and global expectations. In line with these regulatory standards, PASHA Bank ensures compliance through

annual third-party evaluations, integrated IT audits as part of its financial audit cycle, and routine reassessment of security certifications. This is further supported by a structured three-layer control system that incorporates both technical and non-technical measures for robust protection and governance.

PASHA Bank's cybersecurity function is organized across five strategic directions: three dedicated to core cybersecurity activities, one focused on digital fraud prevention, and one on application security. These directions are underpinned by a centralized Security Operations Center (SOC), which operates through specialized teams responsible for 24/7 monitoring, advanced threat detection, and rapid incident response. This centralized approach enables the Bank to maintain a layered cybersecurity defense model designed to detect, prevent, and mitigate threats across its entire infrastructure (Figure 64). To achieve this, the Bank employs a comprehensive suite of integrated cybersecurity tools that work in concert with its broader risk management framework. These include Security Information and Event Management (SIEM) systems for real-time analytics and incident correlation, Endpoint Detection and Response (EDR) for advanced malware and intrusion defense, Data Loss Prevention (DLP) solutions to safeguard sensitive information, Web Application Firewalls (WAF) to protect online services, and vulnerability management tools to proactively identify and remediate weaknesses. The Bank also conducts phishing simulation exercises and awareness campaigns to strengthen human defenses against social engineering threats. These technologies are embedded into PASHA Bank's cybersecurity governance and operational processes, ensuring they directly support early threat detection, rapid response, and continuous protection. This integration also enhances the Bank's ability to detect anomalies, defend against malware, prevent data leakage, and maintain a proactive vulnerability management framework. Securing client interactions, particularly for corporate accounts and documentary operations such as bank guarantees or letters of credit, remains a top priority. To ensure the confidentiality, integrity, and authenticity of such high-value transactions, the Bank applies strict access and identity management protocols. These include multi-factor authentication (MFA), the four-eyes principle for dual authorization, role-based access control (RBAC) to restrict permissions, Transport Layer Security and Secure Sockets Layer (TLS/SSL) encryption for secure data transmission, comprehensive log management, and audit trails to maintain accountability. Additionally, Financial Messaging Systems are protected under these same controls to prevent unauthorized access and manipulation. External data transfers are regulated under a formal Data Exchange Management process, which mandates legal approval and encrypted transmission for all sensitive communications. Notably, no major data leakage incidents were recorded in 2024, reflecting the strength, maturity, and effectiveness of PASHA Bank's cybersecurity strategy.

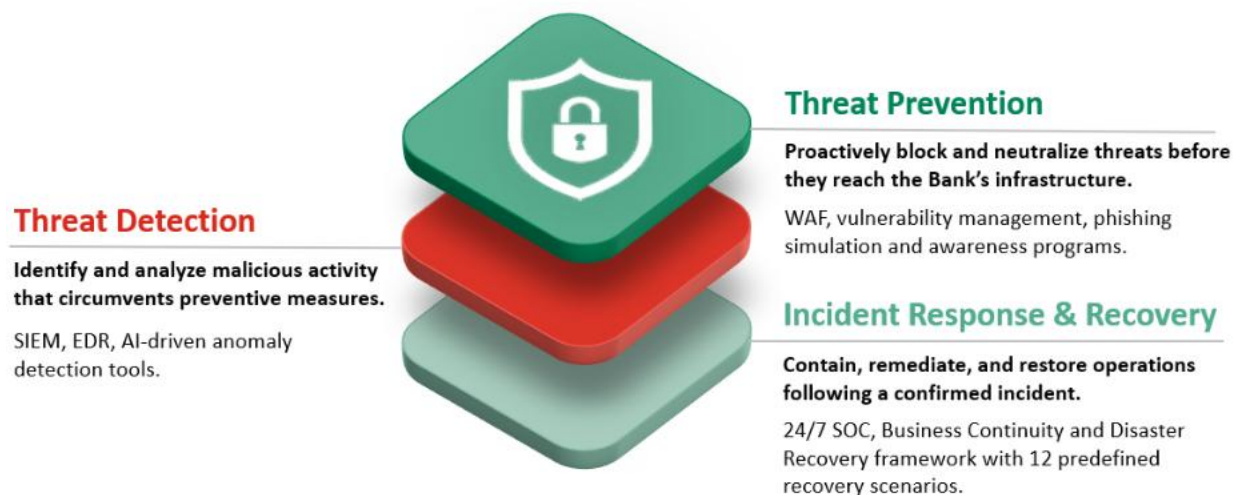


Figure 64. Layered Cyber Defense Model

Effective cybersecurity risk management is critical for safeguarding PASHA Bank's operations, protecting client trust, and ensuring long-term resilience. All cybersecurity risks are systematically recorded in a formal Risk Register, maintained from 2021 as part of the Bank's ERM framework and overseen by the Non-Financial Risk (NFR) Department. The Bank identifies, assesses, and mitigates these risks through a coordinated process led primarily by the NFR function in close collaboration with the Information Security team. Risk identification is carried out via multiple complementary mechanisms, including incident management, fully managed by the Risk team through an integrated Risk and Incident Management system with automated dashboards, such as exception management, RCSA, and a dedicated Cyber Risk Assessment process that maps business assets to relevant threats and vulnerabilities. Risk assessment follows a formal probability-impact methodology, in which the impact dimension considers reputational, financial, regulatory, operational (system availability), HR, and customer data confidentiality factors, thereby inherently incorporating the Confidentiality, Integrity, Availability (CIA) triad. Risks are initially assessed by the Risk team, with the Information Security team evaluating the effectiveness of existing controls. Assessments are reviewed whenever relevant risks materialize or specific triggers occur, ensuring the process remains responsive to emerging threats. Risk mitigation is ensured through a comprehensive control environment that includes SIEM systems, a 24/7 SOC, firewalls, antivirus solutions, DLP tools, Privileged Access Management (PAM), and robust access control mechanisms. These measures collectively provide continuous monitoring, rapid threat detection, and proactive prevention against potential incidents.

The Bank also enforces Zero Trust and Least Privilege Access principles across its systems, minimizing exposure by ensuring that users and processes have only the access strictly necessary for their roles. Incident preparedness is strengthened through 12 predefined recovery scenarios under the Business Continuity and Disaster Recovery (BCDR) framework, ensuring operational resilience in the event of major disruptions. Once identified and assessed, risks are monitored and reported on a regular basis. The Security Operations Center compiles monthly reports on cybersecurity events and performance metrics, which are escalated to C-level executives for strategic oversight. In addition, the Bank conducts ongoing

monitoring of system downtimes, while asset classification efforts are underway through a dedicated project, supported by plans to implement automated discovery tools for enhanced risk visibility.

Cybersecurity due diligence is also extended to third-party vendors and service providers. Before integration, a formal cybersecurity risk assessment is conducted to classify suppliers by criticality. Access to internal systems is permitted only upon successful completion of mandatory training programs, delivered via secure digital platforms. This approach ensures that third-party access is held to the same standards as internal operations, protecting the Bank's extended IT environment. To foster a strong security culture, PASHA Bank implements organization-wide awareness and training programs. Staff members are required to complete cybersecurity awareness training four times a year, while phishing simulations are conducted biannually in accordance with CBAR regulations. These efforts are not only critical for regulatory compliance but also help embed a security-first mindset across all levels of the Bank.

As PASHA Bank advances its digital transformation journey, its cybersecurity strategy will continue to evolve as part of the broader enterprise roadmap, which is reviewed and updated every three years. Looking ahead, the strategic agenda will focus on three key priorities, such as strengthening proactive security capabilities, ensuring full alignment with evolving regulatory requirements, and advancing automation and operational efficiency (Figure 65).

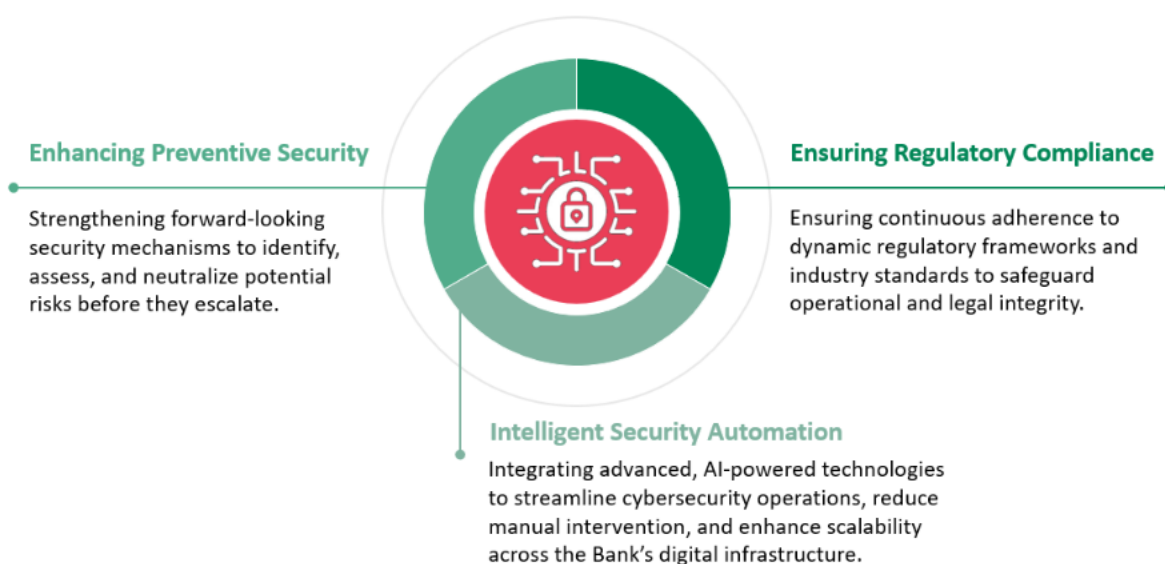


Figure 65. Strategic Priorities in Cybersecurity Agenda

Importantly, cybersecurity at PASHA Bank is positioned as both a technical and strategic function, supporting the continuity of business operations and secure digital interactions. Security is embedded into the design of products, fraud prevention mechanisms, and customer-facing platforms to align with the governance and social dimensions of the Bank's ESG commitments. These efforts are intended to strengthen governance, support operational sustainability and enhance the reliability of digital services.

18.0 Investing in Human Capital

At PASHA Bank, we view our employees as the driving force behind our capacity to innovate, grow, and deliver long-term value. Consistent with previous years, in 2024, we reinforced our commitment to attracting qualified talent, further advancing capability development, and cultivating an inclusive environment where every employee can contribute meaningfully and feel empowered. Our strategy is centered on building a resilient, engaged and future-ready workforce that can easily adapt to fluctuating market conditions and lead PASHA Bank into its next chapter.

During the reporting year, our workforce expanded to 1,416 employees, comprising 827 male and 589 female staff members, reflecting both the growth of our operations and the success of our talent acquisition efforts. Alongside this expansion, we have preserved the qualities that define our culture, namely inclusivity, collaboration, and a shared sense of purpose. By providing a foundation where both the organization and its people can thrive, PASHA Bank addresses current business needs while equipping employees with the mindset and skills required to become the leaders of tomorrow.

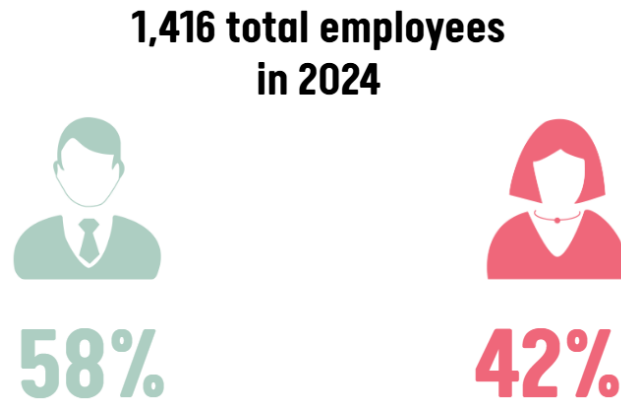


Figure 66. Total Number of Employees in 2024

In 2024 the transition to the new operating model was implemented through a comprehensive review of the organizational structure, encompassing the development of an updated organizational chart, the revision of roles and responsibilities, and the execution of the grading project in line with the Korn Ferry methodology. As part of this transformation, 110 charters and 796 job descriptions were revised, based on which the career architecture was updated within the broader Target Operating Model framework. SAP SuccessFactors continued to serve as the core platform for employee data management, complemented by Jira for task tracking and workflow oversight, while recruitment activities were administered through a cloud-based Employment Tracking System. Key functionalities across these platforms covered the automation of leave requests, monitoring of leave balances, and digital reflection of the organizational structure. During the reporting period, no material challenges were encountered; however, since full system centralization has not yet been achieved, certain reports were still prepared manually in alternative formats. Further integration efforts are planned to consolidate processes and enhance data consistency across the organization.

18.1 Talent Acquisition and Development

Positioned as a deliberate process for shaping our future capabilities, leadership trajectory, and cultural resilience, recruitment at PASHA Bank is conceived as a strategic lever for institutional advancement, aligning talent acquisition with long-term workforce architecture and organizational transformation. The Our recruitment model combines internal mobility, where career opportunities are first offered to existing employees to support professional growth and succession planning, with external outreach through academic partnerships, branding initiatives, social media campaigns, bootcamps, and headhunting, all underpinned by a bias-mitigating process of panel evaluations and a centralized career portal. Recruitment is therefore viewed not as a transactional activity but as an instrument of institutional transformation and in 2024, this philosophy materialized in the addition of 333 new employees to the Bank’s workforce, a significant expansion that reflected both operational growth and the success of talent acquisition strategies. Among these, 235 employees were under the age of 30 (71%), showcasing PASHA Bank’s determination to invest in young professionals who will form the backbone of future leadership and innovation capacity. Furthermore, around 40% of hires were females, reflecting the institution’s commitment to advancing diversity and embedding inclusivity as a structural principle of workforce composition.

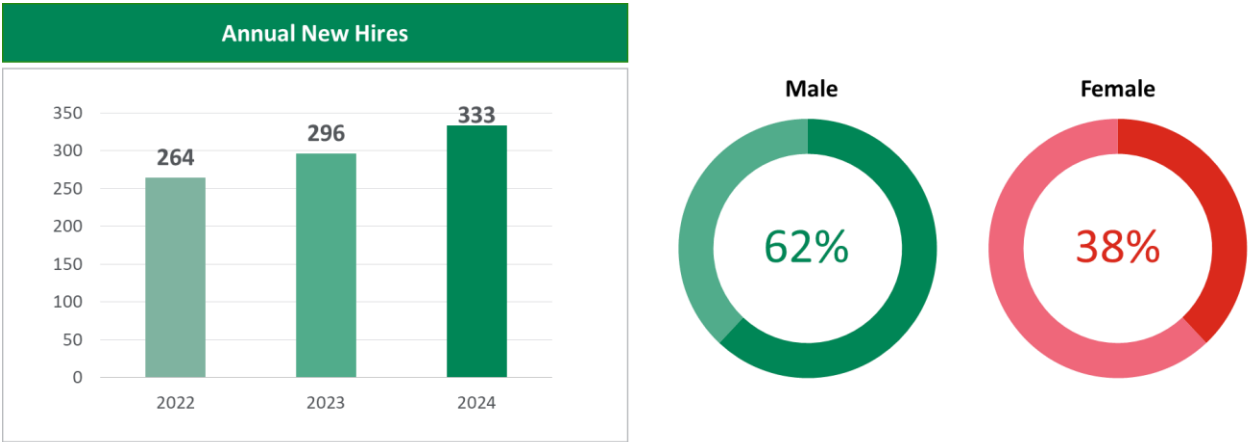


Figure 67. Recruitment Overview of PASHA Bank

To strengthen its talent acquisition pipeline, particularly among young professionals, PASHA Bank invests in targeted development programs, internships, and university collaborations. The Bank’s flagship summer internship initiatives, including “Analytics Zone” and “Parla,” were conducted in 2024, with successful participants offered employment opportunities upon completion. The “Parla” Summer Internship Program was specifically designed and implemented to attract young talent, build a strong candidate pool, and strengthen the Bank’s employer brand. Targeted at final-year bachelor’s students, master’s students, and recent graduates (2022-2023), the program ensured a diverse mix of participants from various academic backgrounds. From over 8,000 applications, 70 participants were selected, of these, 57 successfully completed the program, and 30 were offered employment opportunities. Beyond internships, we actively participated in career exhibitions and employer weeks at leading universities such as ADA, Azerbaijan State University of Economics (UNEC), Baku Higher Oil School (BHOS), and French-Azerbaijani University (UFAZ), where it contributes through career fairs, guest lectures, and collaborative internship programs. To expand outreach in specialized areas, the Bank organized hackathons in partnership with UFAZ, particularly focusing on cybersecurity, alongside broader talent initiatives such as the “Digital Engineering: Recruitment Excellence” workshop, the PASHA Baku Hackathon 2024, the PASHA Cup VI Programming

Competition, and inclusion-focused activities like the “DanceAbility” Workshop and the “Soft Skills in Engineering” program.

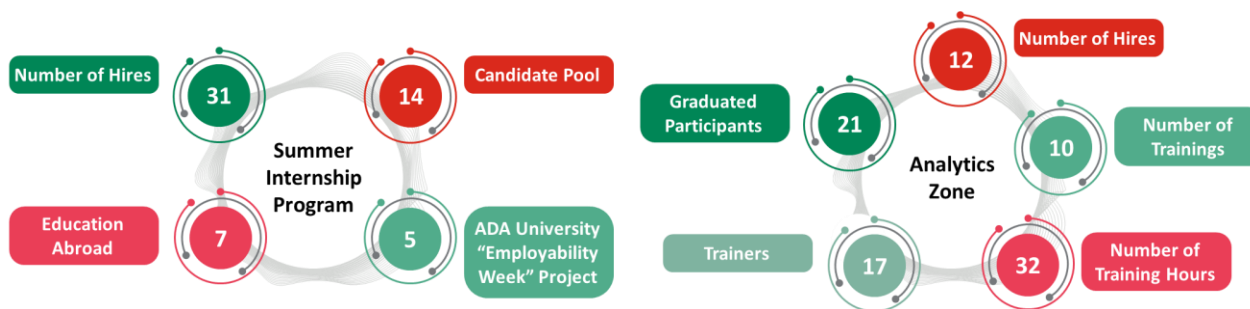


Figure 68. Summer Internship Program & Analytics Zone

Employee retention strategies proved effective, as reflected in the overall decline in turnover (Figure 69), with the majority of departures were concentrated among employees under the age of 30, who accounted for 85 exits, representing 48.8% of total attrition. While this distribution aligns with common industry patterns linked to early-career mobility, it also highlights the Bank’s ongoing emphasis on strengthening engagement, onboarding, and retention initiatives tailored to younger professionals.

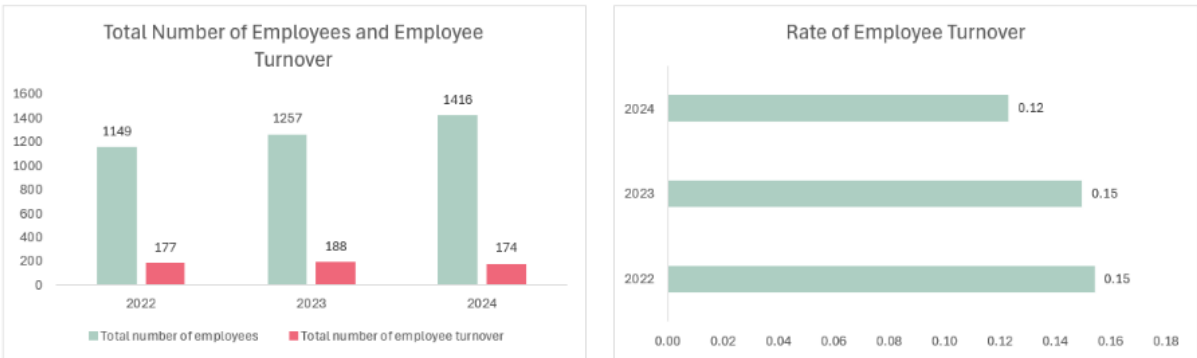


Figure 69. Employee Dynamics

PASHA Bank places strong emphasis on the continuous development of its employees through a structured portfolio of learning opportunities that combine accessibility with breadth of content. In 2024, training was consolidated under the LMS, which provides 43,514 resources across diverse formats, including online courses, books, audiobooks, certification preparation modules, live-streamed sessions, and a skill benchmarking program. The platform also offers the Percipio mobile application and AI Mentor functionality, supporting learning in a flexible, integrated manner. To complement these resources, annual development plans are created individually for each employee, reflecting their career trajectory, promotion pathways, and personal growth objectives.

PASHA Talent Academy has developed an integrated portfolio of capacity-building initiatives designed to strengthen both technical expertise and interpersonal competencies across diverse business domains. Within this framework, the RM Academy conducted 21 training modules for SME/CIB professionals with the participation of 72 individuals, alongside 14 modules for private banking specialists attended by 18 participants, addressing a breadth of subject matter encompassing finance and investment, client

relationship management, industry and product expertise, risk and compliance, as well as collaborative communication. The Limitless Learning Program, with an enrollment of 177 participants, encompassed a curriculum spanning data foundations, credit risk management, effective time allocation, cognitive agility, and customer experience management. Complementing these initiatives, the Knowledge Camp Program engaged 151 participants in advanced training on financial acumen for non-financial practitioners, agile methodologies, banking law, team dynamics, and the institutional data ecosystem of PASHA Bank. In addition, 28 participants successfully completed the Training of Trainers Program, thereby reinforcing the academy's capacity to institutionalize knowledge dissemination and sustain a continuous cycle of organizational learning.

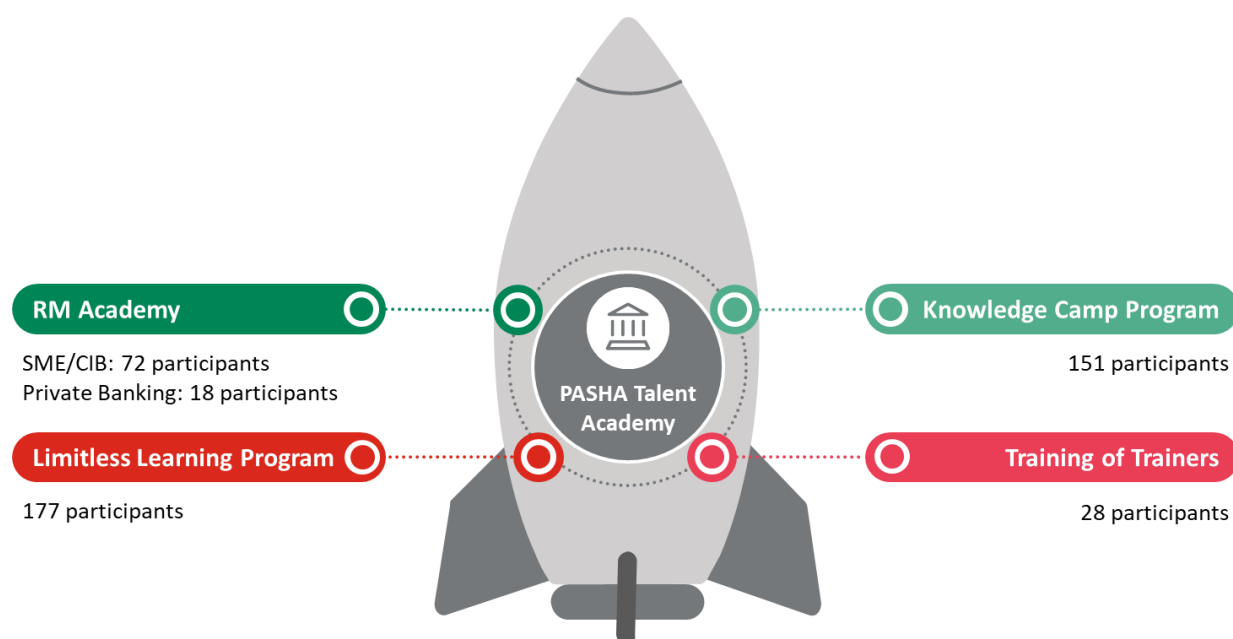


Figure 70. Trainings Offered at PASHA Talent Academy

18.2 Employee Satisfaction and Workplace Wellbeing

PASHA Bank places emphasis on supporting employee wellbeing and engagement recognizing the role of a supportive work environment in fostering productivity. We offer a range of wellness and work-life balance initiatives, including hybrid work arrangements, parental leave for all employees and mental health awareness campaigns. Only the technical staff are required to provide a medical certificate and other necessary documents. Other employee groups are evaluated based on competencies, and during motivation assessments, attention is paid to ensuring that their mental health is in a normal condition. Our employee benefits are designed to promote both professional fulfillment and personal well-being in today's competitive landscape as well as attract and retain top talents.

We take a comprehensive approach to employee well-being through the provision of flexible benefits structured around three customizable packages covering healthcare, life insurance, and supplementary wellness services, thereby allowing adaptation to individual circumstances and life stages. Alongside these benefits, the Bank applies a hybrid work regime available to all employees, reflecting an approach that balances organizational objectives with personal needs. Employee engagement and feedback are assessed

through the OHI survey, conducted annually by third party, which combines quantitative measures with open-ended questions to capture perceptions and suggestions. In addition to formal mechanisms, a range of social and cultural initiatives, including the Novruz Fair, Summer Fest, various employee-led social clubs, and the “Dəyər Yarat” recognition program, contribute to strengthening organizational cohesion and reinforcing a culture of acknowledgment and appreciation.

The Bank’s Remuneration Policy is designed to ensure fair, transparent, and performance-driven compensation that aligns with regulatory requirements and the long-term interests of stakeholders. This policy establishes a specific framework for rewarding employees who belong to the special category, which is defined in accordance with the regulations of the CBAR. Within this framework, the criteria for identifying participants, the method of determining the remuneration fund, and the procedure for calculating initial payments are clearly regulated to ensure transparency and fairness. Fixed remuneration is determined by role responsibilities and market benchmarks, while variable pay is performance-based and directly linked to strategic objectives and key performance indicators. Senior executives’ remuneration is tied to both financial and non-financial outcomes, including the Bank’s broader economic and social impact. Oversight of remuneration matters is maintained through strong governance mechanisms, including claw back provisions where appropriate, ensuring fairness, transparency, and adherence to best practices. Furthermore, the Bank incorporates stakeholder perspectives into its remuneration practices through a 360-degree appraisal process, integrating feedback from peers, subordinates, and supervisors into performance assessments. By combining regulatory compliance, fair and competitive pay structures, and employee-focused initiatives such as training and flexible benefits, we foster a culture of accountability, professional growth, and long-term organizational sustainability.

Furthermore, monetary and non-monetary recognition practices at PASHA Bank are structured to reinforce both individual performance and collective engagement. Salaries are differentiated according to annual performance outcomes, supported by a program that systematically records individual contributions and allocates performance-based bonuses. Complementary benefits, including mortgage support and the Push30 health initiative, further extend the scope of financial and well-being provisions. Employee motivation is also fostered through competitive recognition platforms such as Customer First Champion and Sales Star, which highlight outstanding contributions in service and sales. Beyond formal recognition, cultural and seasonal practices are maintained through the dissemination of greetings and appreciation messages, including dedicated acknowledgments on International Women’s Day. Team-building initiatives form a recurring component of organizational culture, with dedicated events arranged for different teams annually. Broader engagement with society is reflected in partnerships with external organizations, among which was the Bank’s support for the 2025 “Beat the Wind” marathon. In addition, large-scale gatherings, such as the Summer Fest in 2024 and a planned team-building event in 2025, serve to consolidate a sense of cohesion and shared identity across the workforce.

In 2023, PASHA Bank launched its employee engagement survey to better understand employee needs and assess the overall workplace experience, including employee's motivation and connection to the organization. This survey enabled employees to share their perspective on various aspects of the work environment, leadership, career growth opportunities and workplace environment. The latest results revealed high engagement score of 89, reflecting a positive shift in employee sentiment compared to 87 in the previous year and provided valuable input for shaping future initiatives. Each year, an action plan is prepared on the basis of the survey results, formally endorsed by the Management Board, developed with the participation of function heads, and subsequently discussed with business partners to outline and address potential changes.



Figure 71. Employee Engagement Score

In addition to the comprehensive wellbeing initiatives, our performance management framework ensures that employees receive the necessary feedback and guidance to realize their full potential. Administered through SAP SuccessFactors, the process incorporates biannual evaluations, KPI-based assessments, and 360-degree feedback, while performance calibration is undertaken prior to the release of results to preserve consistency and equity across the organization.

18.3 Human Rights and Fair Labor Practices

PASHA Bank is committed to upholding human rights and fair labor practices, guided by the Constitution of the Republic of Azerbaijan, ILO Conventions, and international best practices. Our internal Code of Ethics and HR policies ensure fairness, equality, and respect in all employment-related matters and guide our workplace policies, supplier relationships, and community engagement. The organizational culture is grounded in the core values of PASHA Group and is systematically reinforced across all levels of the company. Leadership development is guided by a unified framework that establishes consistent expectations for all leaders, operationalized through the four-phase Develop & Deliver (DnD) model, which serves as the cornerstone of the leadership program. Ethical labor standards are embedded within both recruitment and employment practices, with dedicated processes designed to safeguard equality, uphold gender balance, and promote fair treatment across the workforce. Equal opportunity principles are rigorously monitored, including within recruitment procedures, to ensure integrity and consistency in the application of these commitments.

In 2024, we reaffirmed our zero-tolerance policy against harassment, discrimination and workplace misconduct and organized mandatory trainings on workplace ethics, grievance mechanisms, and anti-harassment protocols. Throughout the reporting period, no incidents of discrimination were recorded which reflects the positive and inclusive environment at PASHA Bank. We aim to continue fostering a safe, equitable workplace for all through our ongoing commitment to awareness, education and open communication.

Building on these commitments, tangible progress was achieved across key inclusion and diversity indicators. The number of employees with disabilities at PASHA Bank doubled, while gender representation continued to improve, with women comprising more than 40% of the workforce. We have

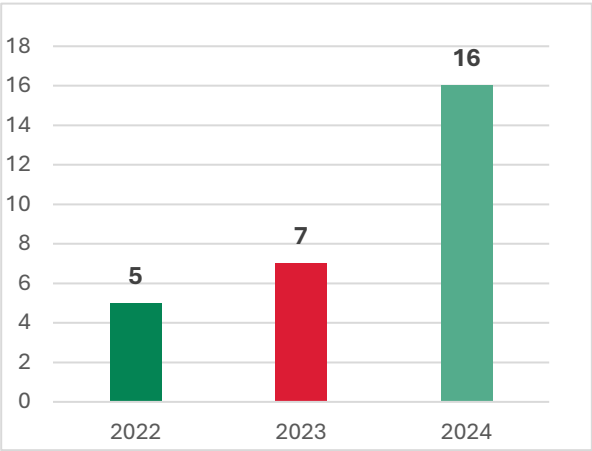


Figure 72. Number of employees with disabilities

also implemented targeted development programs and gender-balanced promotion pipeline. In addition, parental leave is made available to all genders, including five days of paternity leave for male employees to support shared caregiving responsibilities.

PASHA Bank continues to align its labor practices with national priorities and global sustainability standards. All employee

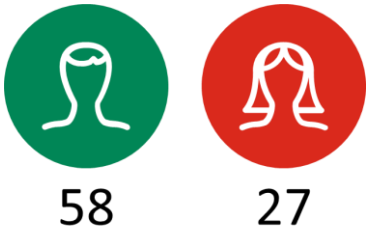


Figure 73. Parental Leave in 2024

retirement benefits are provided in accordance with the Law on Labor Pensions of the Republic of Azerbaijan, which mandates employer contributions to the State Social Protection Fund. By fostering fairness, transparency, and accountability, we strive to create a workplace that not only supports individual dignity but also strengthens institutional integrity.

The Health, Safety, and Environment (HSE) policy is aimed at providing employees with a safe and healthy workplace, while continuously improving conditions and reducing occupational risks. The policy emphasizes the importance of safeguarding employee well-being, raising awareness of health, safety, and environmental protection, and providing regular training, including induction sessions for new staff. As ergonomics represents the most significant long-term occupational risk for employees, internal communication channels are used to share guidance on proper sitting posture at desks, correct computer height adjustment, and other workplace practices that help prevent ergonomic issues. Active employee participation in safety processes and the incorporation of staff feedback are considered essential for creating a secure workplace. The Bank also prioritizes technical safety within its administrative buildings by maintaining fire protection systems, ventilation, electrical devices, and other engineering equipment, as well as by preparing evacuation plans and conducting regular drills. Environmental responsibility is reflected in the commitment to a zero-emission target, while the overall effectiveness of the HSE management system is measured at least annually to support sustainable development. The successful implementation of this policy relies on the collaboration and accountability of the management board, department heads, and all employees, both permanent and temporary. Oversight is provided by the chair of the management board, who also acts as the HSE curator and civil defense coordinator, ensuring compliance with internal procedures, risk assessments, and regulatory requirements. The policy is subject to periodic review and approval in accordance with the out internal governance framework, with updates becoming effective upon the decision of the supervisory board.

19.0 Corporate Social Responsibility

PASHA Bank continues to demonstrate its dedication to supporting communities across Azerbaijan through a well-defined Corporate Social Responsibility framework, developed in alignment with the national sustainable development priorities of the Republic of Azerbaijan, the UN Global Compact agenda, the Bank's own strategic and commercial objectives, as well as the business interests of its partners and clients. In recognition of these efforts, the Bank was honored in 2024 by the Azerbaijan Banks Association with the award for Best Corporate Social Responsibility Program. In the new strategic period (2024-2026), CSR initiatives place greater emphasis on balancing commercial goals with social values, strengthening the Bank's market reputation, enhancing customer loyalty, and contributing to long-term sustainable growth. The CSR directions are developed by the Bank's Marketing Department and formally approved by the department's Curator. The process of defining, coordinating, and endorsing the CSR strategy involves both the Marketing Department and the Executive Board. Within the Marketing Department, responsibilities rest with the Head of the Department, the Head of the Marketing Communications Division, and the Head of the External Communications Unit. From the Executive Board, the Chairperson and the Deputy Chairperson provide oversight, ensuring that CSR initiatives are strategically aligned with the Bank's broader objectives. The results of CSR activities are reflected annually in the Bank's Sustainability Report, which is prepared in accordance with international standards and approved internally, then published on the Bank's corporate website. During the reporting period, there were no incidents of non-compliance related to marketing communications.

The CSR project portfolio is shaped based on three UN SDGs identified by the Bank (**Error! Reference source not found.**Figure 74). Under SDG 9 (Industry, Innovation, and Infrastructure), the Bank focuses on delivering value-added services, providing professional advisory solutions, sharing innovative business practices, and fostering collaboration with established industry networks. In line with SDG 8 (Decent Work and Economic Growth), it promotes equal employment opportunities, supports gender equality, invests in developing youth entrepreneurship skills, and strengthens partnerships with media to advance transparency and public engagement. Finally, for SDG 13 (Climate Action), the Bank drives green solutions, including the introduction of Green Bonds, promotes sustainable technologies, and works closely with public institutions to support environmental protection and the responsible management of natural resources.



Promoting inclusive economic growth, full and productive employment, and decent work for all.



Encouraging sustainable industrialization and supporting innovation and resilient infrastructure.



Taking urgent action to combat climate change and its impacts.

Figure 74. Key UN SDGs Shaping PASHA Bank's CSR Strategy

In 2024, Azerbaijan submitted its 4th Voluntary National Review (VNR) to the United Nations, outlining the country's progress towards achieving the SDGs, including initiatives aimed at fostering economic growth, protecting the environment, and enhancing social well-being. In this context, as a member of the UN Global Compact and a leading corporate financial institution in Azerbaijan, PASHA Bank reaffirmed its commitment to sustainable practices and global development goals. Notably, the Bank was among the first financial institutions in the country to voluntarily join this global initiative and has already submitted its first 'Annual Progress Report' to the UN Global Compact platform. PASHA Bank is currently preparing its second progress report, further demonstrating its ongoing efforts to advance sustainability and strengthen its impact at both national and international levels.

UN SDG 8: Decent Work and Economics Growth



Figure 75. “The Role of Women in the Sustainable Development of the Economy and Society” conference conducted by PASHA Bank

In 2024, PASHA Bank undertook several impactful initiatives aimed at enhancing inclusive economic growth and promoting equal participation in the labor market, with a specific focus on gender equality and youth empowerment. As part of its commitment to strengthening women's economic and social standing, the Bank organized an international conference titled “The Role of Women in the Sustainable Development of the Economy and Society” to mark International Women's Day on March 8th. This event gathered female leaders who shared experiences and insights on fostering greater female participation in economic and social transformation processes. The Bank also collaborated with the “Women in Tech” platform to encourage women's involvement in the technology sector and support

their leadership development in this domain. Additionally, the “Eco Empower: Women's Leadership in Environmental Sustainability” initiative further emphasized the importance of female-led efforts in environmental management, conservation, and climate action.

To promote youth development, PASHA Bank launched a series of programs aimed at developing professional and analytical skills among young people. These included the “Analytics Zone” training camp and collaborative training sessions with the UFAZ, which provided young professionals with practical learning opportunities. Additionally, the “Parla” summer internship program was conducted to facilitate youth engagement with real-world work environments, offering valuable experience and mentorship. The three-month internship, conducted from June to August, provided participants with real corporate work experience, structured learning plans, and dedicated mentor support. Interns also attended a series of training sessions delivered by PASHA Bank experts on topics such as Agile methodologies, Emotional Intelligence, and Artificial Intelligence, among others. Innovation-based competitions, including the

“PASHA Bank Hackathon” and “PASHA Bank Cup VI”, were organized to foster the development of technological skills among youth. These initiatives were designed to foster greater engagement in digital innovation, while also contributing to the development of human capital and the promotion of sustainable employment pathways in Azerbaijan.

UN SDG 9: Industry, Innovation and Infrastructure

PASHA Bank has demonstrated a strong commitment to promoting innovation and supporting the development of infrastructure that supports sustainable industrial development. Through the organization of hackathons, coding competitions, and skills development programs targeting youth, the Bank has played an instrumental role in fostering a new generation of innovators equipped to meet the demands of a rapidly evolving digital economy. The implementation of such programs encourages creative problem-solving skills and supports the development of a more innovative and resilient industrial ecosystem in Azerbaijan.

Furthermore, in 2024, PASHA Bank, in collaboration with BloombergNEF (BNEF), hosted a high-profile forum in Baku under the theme “Net-zero transition: shaping business models for a sustainable future.” The event served as a strategic platform for cross-sectoral dialogue on critical themes such as infrastructure modernization, decarbonization pathways, and the adoption of clean technologies, thereby facilitating the alignment of business strategies with long-term sustainable development objectives. The successful organization of this forum further underscored the Bank’s steadfast commitment to advancing innovation-driven growth and fostering transformative change across industries.



Figure 76. “Net-zero transition: shaping business models for a sustainable future” event held by PASHA Bank in collaboration with BloombergNEF

UN SDG 13: Climate Action

Climate responsibility continues to be a key focus of PASHA Bank’s CSR efforts, with a variety of initiatives implemented in 2024 aimed at mitigating climate change and promoting environmental sustainability.

PASHA Bank demonstrated its proactive stance on climate action through multiple initiatives designed to raise awareness and mobilize financial and institutional resources for environmental sustainability. These included projects in support of green investments and eco-friendly development strategies, affirming PASHA Bank's leadership in this direction. On October 23rd, the Bank organized a conference titled "Climate Finance in Azerbaijan: Pathways to Sustainable Economic Development," where key issues in the field of climate finance were discussed. The event addressed topics such as national priorities linked to socio-economic development, the impact of climate finance on businesses, and the role of collaboration between the government, banks, and the private sector. Legal instruments supporting climate finance and broader macroeconomic challenges were also among the central points of discussion.

Furthermore, the Bank played an active role in COP29, held in Azerbaijan, by organizing four panel discussions during the event: "Corporate Sustainability", "Aligning Climate Finance with National Development Goals: A Pathway for Azerbaijan", "Shaping Governance through Digital Transformation: Global Trends in the Financial Sector", and "Capacity Building on Sustainability". Our main aim was to bring forward impactful initiatives with multi-segment reach and long-term sustainability. By facilitating these high-level dialogues, the conduction of these sessions provided a platform for engaged dialogue on green investments, energy transition, and sustainable finance, reinforcing the Bank's thought leadership in climate-related policy discourse.



Figure 77. "Aligning Climate Finance with National Development Goals: A Pathway for Azerbaijan" - COP29 Panel conducted by PASHA Bank on 14th of November 2024.

These collective actions further reaffirm PASHA Bank's strong commitment to building a sustainable future, and through them, the Bank not only contributes to environmental protection but also actively supports efforts to mitigate the adverse impacts of climate change.

In 2024, PASHA Bank strengthened its commitment to corporate social responsibility by supporting a range of charitable initiatives across education, community development, and social welfare. Throughout the year, the Bank donated a total of 110,173.04 AZN to various organizations and causes. Key contributions included donations to the ADA University Fund (30,000 AZN), Together and Healthy Public Union (5,000 AZN), the Red Hearts Charity Foundation (5,000 AZN), and the Azerbaijan Banks Association to support educational initiatives (1,676 AZN). In addition, a donation of AZN 50,000 was made to the YASHAT Fund. Notably, 18,497.04 AZN was donated to the Bilasuvar Kindergarten-School-Lyceum Complex named after the National Hero of Azerbaijan, Mubariz Ibrahimov. Of this amount, 7,992.04 AZN was allocated for renovation works, and 10,505 AZN was directed to support the education of the children of martyrs and veterans.

20.0 Our Environmental Footprint

In the context of the banking sector, environmental challenges, driven largely by climate change, have emerged as a critical factor influencing investment decisions, risk management strategies, and long-term business resilience. As one of the leading financial institutions in the region, we understand the influence we hold and the responsibility we bear in contributing to environmental sustainability. Therefore, PASHA Bank is committed to integrating sustainable practices across all aspects of our operations.

Although the banking sector does not consume large amounts of energy directly, the majority of our environmental footprint comes from the activities we finance. Nevertheless, we are taking a holistic approach to reducing our environmental footprint, one that involves rethinking how we work across the entire bank. An important component of this shift includes integrating digital tools and automating core processes to cut down on resource use and waste. We follow clear environmental principles that align with global sustainability frameworks, including the UN Sustainable Development Goals and the Paris Agreement, demonstrating our commitment to sustainable development.

Energy

PASHA Bank incorporates energy efficiency into its operational practices, embedding resource optimization and environmental responsibility into day-to-day business activities. All energy is sourced from the national grid through the supplier Azerishiq OJSC. Beyond our own operations, we have been actively supporting initiatives that promote clean energy. In 2024, the Bank's focus areas included promoting renewable energy, reducing environmental pollution, and encouraging use of eco-friendly materials.

PASHA Bank's energy consumption patterns over the past three years reflect both operational growth and ongoing efficiency efforts. Total electricity consumption increased to 3,883,233.69 kWh in 2024, compared to 3,644,053.89 kWh in 2023 and 3,583,156.34 kWh in 2022 (Table 7). The increase in electricity use is

mainly associated with the expansion of the Bank's operations, including a higher number of employees, extended use of office equipment and digital infrastructure, and increased occupancy across branches and office facilities. At the same time, the Bank continued implementing energy efficiency measures, such as smart lighting systems, electricity management solutions for unoccupied areas, and the "Think before print" initiative, which helped optimize electricity consumption despite operational growth. In contrast, natural gas consumption remained relatively stable over the reporting period, amounting to 27,578.00 m³ in 2024 compared to 27,878.03 m³ in 2023 and 27,634.49 m³ in 2022. The slight decrease indicates the impact of heating optimization measures, more efficient energy management practices, and potentially milder weather conditions, which helped limit additional heating demand associated with operational growth.

Total fuel consumption increased slightly from 76,245.88 liters in 2023 to 78,358.00 liters in 2024, mainly reflecting ongoing operational needs. At the same time, the Bank has launched a key initiative to transform its gasoline-powered fleet and parking facilities into electric vehicle (EV)-compatible infrastructure over a five-year period, with a focus on transitioning to low-emission vehicles. This initiative is expected to contribute to reduced fuel consumption in the medium to long term.

Energy intensity demonstrated gradual improvement over the reporting period, decreasing from 13.92 GJ per full-time employee (FTE) in 2022 to 13.29 GJ per FTE in 2023 and further to 12.45 GJ per FTE in 2024 (Table 8). This downward trend indicates more effective resource management and a steady reduction in energy demand per employee, underscoring the Bank's commitment to aligning operational growth with improved environmental performance.

Indicator	Unit	2022	2023	2024
Total energy consumption	GJ	15,994.93	16,706.93	17,624.63
Total electricity consumption	kWh	3,583,156.34	3,644,053.89	3,883,233.69
	GJ	12,899.36	13,118.59	13,979.64
Total natural gas consumption	m ³	27,634.49	27,878.03	27,578.00
	GJ	1,050.11	1,059.37	1,047.96
Total fuel consumption	l	61,591.00	76,245.88	78,358.00
	GJ	2,045.45	2,528.97	2,597.02
Diesel	l	7,072.50	8,203.25	8,082.00
	GJ	270.88	314.18	309.54
Gasoline	l	54,518.50	68,042.63	70,276.00
	GJ	1,774.58	2,214.79	2,287.48

Table 7. Energy Indicators

Indicator	Unit	2022	2023	2024
Total energy intensity	GJ per FTE	13.92	13.29	12.45

Table 8. Total Energy Intensity

Emissions

An important climate protection objective for PASHA Bank is the reduction of both direct and indirect greenhouse gas (GHG) emissions. To support this, 30-40% of the corporate vehicle fleet has already been converted to hybrids, with further expansion planned in the coming years.

In 2024, the Bank's total greenhouse gas emissions increased to 2,309.37 tCO₂e, compared to 2,177.41 tCO₂e from previous year (Table 9). The increase was primarily driven by higher electricity consumption associated with operational growth, though despite the increase in total emissions, the Bank continued implementing measures aimed at improving energy efficiency and reducing direct fuel-related emissions, including the ongoing transition of its corporate vehicle fleet to hybrid models.

At the same time, emissions intensity demonstrated continued improvement, decreasing from 1.84 tCO₂e per FTE in 2022 to 1.73 in 2023 and further to 1.63 in 2024 (Table 10). This trend indicates that emissions growth remained lower than the rate of workforce expansion, reflecting improved operational efficiency.

Indicator	Unit	2022	2023	2024
Total scope 1 emission	tCO ₂ e	196.92	231.48	235.73
Total scope 2 emission	tCO ₂ e	1,913.41	1,945.92	2,073.65
Total emissions	tCO ₂ e	2,110.32	2,177.41	2,309.37

Table 9. Emissions Indicators

Indicator	Unit	2022	2023	2024
Total Emission Intensity	tCO ₂ e per FTE	1.84	1.73	1.63

Table 10. Total Emissions Intensity

Water

To encourage responsible water usage among employees, the Bank has been displaying educational materials from Azersu OJSC starting this year. These materials aim to raise awareness about water conservation and promote mindful consumption within our offices.

Over the past three years, the Bank's total water withdrawal has demonstrated effective resource management. While withdrawals reached 7,436.06 m³ in 2022 and rose to 11,920.71 m³ in 2023 due to expanded operations, a reduction was achieved in 2024, with total withdrawal declining to 10,211.03 m³ (Table 11). This decrease highlights the Bank's commitment to improving efficiency and optimizing water consumption, even amid sustained business activity.

Indicator	Unit	2022	2023	2024
Total water withdrawal	m ³	7,436.06	11,920.71	10,211.03
Total water discharge	m ³	7,436.06	11,920.71	10,211.03

Table 11. Water Indicators

Waste

As a non-production-based organization, PASHA Bank generates minimal waste, primarily limited to office materials such as paper, used batteries and printer toner. However, despite the limited volume of

our waste, we emphasize waste management and have implemented a range of measures to minimize our environmental impact.

Our waste separation practices are aligned with national regulatory requirements, including the Law of the Republic of Azerbaijan “On Waste”, and are implemented in partnership with a third-party waste management provider that handles the sorting and disposal of office waste. We have also implemented internal recycling initiatives, including the collection and recycling of used paper, which is sent to Azersun, as well as the recycling of toner cartridges.

With the aim of reducing paper usage, the Bank fully transitioned to digital documentation in 2024, ensuring that all records are maintained electronically. As part of our awareness efforts, all employee email signatures include a prompt encouraging recipients to consider the environmental impact before printing.

Regarding our waste, in 2024, PASHA Bank generated a total of 967.42 m³ of waste, reflecting an increase compared to 2023, yet remaining below the levels recorded in 2022 (Table 12).

Indicator	Unit	2022	2023	2024
Total weight of waste generated	m ³	1,228.82	859.81	967.42

Table 12. Waste Indicators

Another planned initiative by the Bank is the relocation to a more environmentally friendly building that will be certified under BREEAM, an internationally recognized sustainability standard. From structural earthquake resistance to the types of paints used, all construction elements were designed with environmental safety in mind, including provisions for responsible disposal and recyclability. The building is also equipped with electric vehicle charging stations to support sustainable transportation. During the construction, all equipment and materials met ISO, the Combined Nomenclature (CN), and European Standard (EN) standards, with fire-resistant materials applied particularly around emergency exits and tempered glass installed for enhanced safety and durability. Overall, every step of the process has been carried out with a strong focus on environmental sustainability and employee health. The exact moving date to the new building is still to be confirmed, with the relocation tentatively planned for the beginning of 2026 or possibly December 2025. The move may initially take place in stages, however, once the building is fully ready, the entire office will relocate.

21.0 Future Outlook

Looking ahead, we remain committed to advancing sustainability in every dimension of our business. Our goal is to offer financial products and services that empower customers in their transition toward a more sustainable future, thereby making a tangible contribution to society. Recognizing the importance of being a responsible partner in economic development, we will continue to engage with our clients to encourage sustainable practices and support economic activities that foster shared prosperity across generations. Our intention is to ensure that the positive outcomes of our financial services extend beyond the individual, strengthening communities and enabling more inclusive growth.

To support this vision, we will continue to expand our digital capabilities by introducing new tools to improve operational efficiency and user experience, with the aim of simplifying financial processes and

offering personalized digital solutions that consider the practical needs of both businesses and individuals. We will also further expand our digital infrastructure to provide greater operational flexibility and improve customer service by implementing advanced cloud solutions to better manage data and improve data governance efficiency, ensuring accuracy and transparency.

As one of Azerbaijan's major financial institutions, we acknowledge the strategic role the banking sector plays in driving sustainability. For this reason, we will continue to develop infrastructure, advisory services, and product offerings tailored to help retail and corporate clients meet their own sustainability and climate objectives. Our innovation platforms are evolving to better align with ESG standards, enabling scalable paperless processes, expanding digital self-service capabilities, and facilitating targeted support for cleantech start-ups. Our future product roadmap is shaped by both regulatory changes and evolving market expectations. By pursuing these focused and integrated actions, we will strengthen our role in shaping a responsible financial future-driving environmental progress, supporting digital evolution, and enabling shared prosperity across all segments of society.

22.0 Performance Tables

Governance

Economic Indicators (thousand, AZN)	2022	2023	2024
Capital Investment	39,049	32,390	30,009
Total assets	8,433,415	8,622,096	8,247,496
Total capitalization	8,433,415	8,622,096	8,247,496
Total revenues	389,307	547,090	556,196
Economic value distributed	223,858	294,078	383,067
Operating expenses	46,546	51,635	53,740
Employee wages and benefits	62,096	95,605	100,173
Payments to the state budget, including	53,493	79,335	114,558
Income tax	37,082	54,507	83,229
Property tax	320	945	243
Withholding tax	6,434	9,846	11,685
Land tax	0	0	0
SSPF charges	9,657	14,037	19,401
Interest payments	53,938	67,146	114,352
Community investments, including	7,756	337	234
Contributions to charities, NGOs and research institutes (unrelated to the organization's commercial research and development)	7,635.50	92.35	110.17

Funds to support community infrastructure, such as recreational facilities	-	-	-
Direct costs of social programs, including arts and educational events	90.78	224.64	114.12
Other expenses	29.50	19.90	10.00
Economic value retained	165,449	253,012	173,129

Loan Indicators (thousand, AZN)	2022	2023	2024
Retail loan portfolio amount	359,482	191,336	225,168
Loan portfolio amount, by category			
Large business loan portfolio amount	2,123,849	2,358,213	2,694,391
SME loan portfolio amount	233,626	253,391	259,856
Mortgage portfolio amount	108,816	155,233	181,561
Total deposit portfolio amount	7,028,896	6,993,725	6,559,562
Total Investment portfolio	1,873	2,091	1,847
Fixed Assets	1,764	2,008	1,763
Equities	109	83	83

Supply chain indicators	2022	2023	2024
Total number of suppliers	292	235	225
Total number of local suppliers	242	196	187
Total number of foreign suppliers	50	39	38
Proportion of suppliers by location, % from total:			
Local suppliers	82.9%	83.4%	83.1%
Foreign suppliers	17.1%	16.6%	16.9%
Total procurement budget, AZN	14,037,457.37	18,331,037.08	29,231,256.99
Share of the procurement budget that is spent on local suppliers/contractors, % from total budget	73%	86%	78%

Market Position and Asset Quality	2022	2023	2024
Market share in total loans, %	14%	12%	12%
Market share in total deposits, %	21%	20%	17%
NPL ratio	7%	7%	5%

Service and Cards	2022	2023	2024
Percentage of transactions processed through digital channels. (Percentage of transactions performed via the mobile application using PASHA Bank cards to the total transactions conducted with PASHA Bank cards.)	8%	8%	9%

Number of branches, by location	9	8	8
Baku	6	5	5
Regions	3	3	3
Number of debit cards	415,496	555,697	792,611
Number of credit cards	8,362	9,216	7,552
Number of salary cards	334,793	350,852	391,854

Digital services and mobile app	2022	2023	2024
Amount of cashback returned to customers, AZN	645,889.22	869,021.45	1,004,757.23
Number of newly registered mobile users	134,688	99,265	77,959
Total number of incoming calls	437,575	378,520	286,420
Total number of incoming calls (Retail)	252,356	200,156	150,125
Total number of incoming calls (SME/CIB segment)	185,219	178,364	136,295
Number of online messages (SME segment)	64,369	90,611	94,203

Anti-Corruption	2022	2023	2024
Percentage of operations assessed for risks related to corruption	100%	100%	100%
Total number of governance body members that the organization's anti-corruption policies and procedures have been communicated to	All	All	All
Percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Total number of employees that the organization's anti-corruption policies and procedures have been communicated to	All	All	All
Percentage of employees that the organization's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Total number of business partners (e.g. suppliers) that the organization's anti-corruption policies and procedures have been communicated to	All	All	All
Percentage of business partners (e.g. suppliers) that the organization's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Total number of governance body members that have received training on anti-corruption	All	All	All
Percentage of governance body members that have received training on anti-corruption	100%	100%	100%
Total number of employees that have received training on anti-corruption	All	All	All
Percentage of employees that have received training on anti-corruption	100%	100%	100%
Total number of confirmed incidents of corruption	0	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0

Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0	0
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Social

Employee Indicators	2022	2023	2024
Total number of employees	1149	1257	1416

Employee Indicators, by gender	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Total number of employees, by gender and category	682	467	734	523	827	589
Executive	10	1	10	0	9	1
Managerial staff	93	39	101	42	125	46
Specialist	546	416	593	475	635	501
Other	33	11	30	6	58	41
Total number of employees by employment type	682	467	734	523	827	589
Total number of permanent employees	193	151	244	190	276	207
Total number of temporary employees	489	316	490	333	551	382
Total number of employees by employment contract	682	467	734	523	827	589
Total number of full-time employees	682	467	734	523	827	589
Total number of part-time employees	0	0	0	0	0	0

Employee Indicators, by age	2022			2023			2024		
	Under 30	30-50	Over 50	Under 30	30-50	Over 50	Under 30	30-50	Over 50
Total number of employees , by age and by category	531	581	37	588	623	46	660	709	47
Executive	0	10	1	0	8	2	0	8	2
Managerial staff	12	117	3	7	130	6	14	151	6
Specialist	510	438	14	581	468	19	599	519	18
Other	9	16	19	0	17	19	47	31	21

Health and Safety Training Indicators	2022	2023	2024
Number of conducted OHS trainings	100	100	76
OHS training hours	100	100	76

Health and Safety Investments	2022	2023	2024
Total investments into improving working conditions (<i>please specify currency</i>), AZN	13,848	17,413	21,000
Total investments into personal protective equipment (<i>please specify currency</i>), AZN	1,500	1,500	1,500

Occupational Health and Safety	2022	2023	2024
Number of fatalities	0	0	0
Fatality rate	0	0	0
Number of recordable injuries	0	1	0
Number of Lost Time Injuries (LTI)	0	0	0
Number of days lost due to injury/accident	0	0	0
Number of fatalities as a result of work-related ill health	0	0	0
Number of cases of recordable work-related ill health	0	0	0

Parental Leave	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Total number of employees that were entitled to parental leave, by gender	682	467	734	523	827	589
Total number of employees that took parental leave, by gender	46	59	50	68	58	27
Total number of employees that returned to work in the reporting period after parental leave ended	46	42	50	35	58	37
Total number of employees due to return to work after taking parental leave, by gender	46	42	50	35	58	33
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender	35	66	40	55	46	32

Return to work rate of employees that took parental leave, by gender	100	100	100	100	100	112.12
Retention rate of employees that took parental leave, by gender	76.09	157.14	80	157.14	79.31	96.97

Hires and Turnover	2022	2023	2024
Total number of employees	264	296	333
Total number of employee turnover	177	188	174

Hires and Turnover, by gender	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Total number of new employee hires	153	111	170	126	205	128
Total number of employee turnover	106	71	118	70	113	61
Employee turnover rate	0.16	0.15	0.16	0.13	0.14	0.10

Hires and Turnover, by age	2022			2023			2024		
	Under 30	30-50	Over 50	Under 30	30-50	Over 50	Under 30	30-50	Over 50
Total number of new employee hires	203	60	1	216	79	1	235	96	2
Total number of employee turnover	113	62	2	101	84	3	85	88	1
Employee turnover rate	0.21	0.11	0.05	0.17	0.13	0.07	0.13	0.12	0.02

Senior Management Hired from Local Community	2022	2023	2024
Percentage of senior management hired from the local community	100%	100%	-
Senior management hired, total	3	3	0

Talent Development	2022		2023		2024	
	Male	Female	Male	Female	Male	Female

Percentage of total employees who received a regular performance and career development review, by category	100%	100%	100%	100%	100%	100%
Executive	100%	100%	100%	100%	100%	100%
Managerial staff	100%	100%	100%	100%	100%	100%
Specialist	100%	100%	100%	100%	100%	100%
Other	100%	100%	100%	100%	100%	100%

Employee engagement		2022		2023		2024	
Organizational health index (OHI) score		78		84		83	
Engagement score		N/A		87		89	
Diversity of Governance Bodies, by gender		2022		2023		2024	
		Male	Female	Male	Female	Male	Female
Total number of individuals within the governance bodies, by gender		103	40	111	42	134	47

Diversity of Governance Bodies, by age	2022			2023			2024		
	Under 30	30-50	Over 50	Under 30	30-50	Over 50	Under 30	30-50	Over 50
Number of individuals within the governance bodies, by age	12	127	4	7	138	8	14	159	8

Diversity of Employees		2022	2023	2024
Number of employees with disabilities		5	7	16
Percentage of employees with disabilities		0.44%	0.56%	1.13%

Environmental

Energy	2022	2023	2024
Electrical electricity consumption, kWh	3,583,156.34	3,644,053.89	3,883,233.69
Total natural gas consumption, m ³	27,634.49	27,878.03	27,578.00
Total fuel consumption, l, including	61,591.00	76,245.88	78,358.00
Diesel, l	7,072.50	8,203.25	8,082.00
Petroleum, l	54,518.50	68,042.63	70,276.00

Energy	2022	2023	2024
Total energy consumption, GJ	15,994.93	16,706.93	17,624.63
Total electricity consumption, GJ	12,899.36	13,118.59	13,979.64
Total natural gas consumption, GJ	1,050.11	1,059.37	1,047.96
Total fuel consumption, GJ, including	2,045.45	2,528.97	2,597.02
Diesel, GJ	270.88	314.18	309.54
Petroleum, GJ	1,774.58	2,214.79	2,287.48
Energy Intensity, GJ per FTE	13.92	13.29	12.45
Energy Intensity, GJ per revenue (million, AZN)	41.09	30.54	31.69

Water	2022	2023	2024
Total water withdrawal, m ³	7,436.06	11,920.71	10,211.03
Total water discharge, m ³	7,436.06	11,920.71	10,211.03

Emissions	2022	2023	2024
Scope 1, tCO ₂ e	196.92	231.48	235.73
Scope 2, tCO ₂ e	1,913.41	1,945.92	2,073.65
GHG emissions intensity, tCO ₂ e per FTE	1.84	1.73	1.63
GHG emissions intensity, tCO ₂ e per revenue (million, AZN)	5.42	3.98	4.15

Waste	2022	2023	2024
Total weight of waste generated, m ³	1228.82	859.81	967.42

23.0 GRI Index

Statement of Use		PASHA Bank has reported in accordance with GRI standards for the period: 01.01.2024 - 31.01.2024	
GRI 1 used		GRI 1: Foundation 2021	
GRI Standard / Other source	Disclosure	Status	Section
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	Disclosed	2.0 PASHA Bank Overview
	2-2 Entities included in the organization's sustainability reporting	Disclosed	3.0 About the Report
	2-3 Reporting period, frequency and contact point	Disclosed	3.0 About the Report
	2-4 Restatements of information	Disclosed	Throughout the Report
	2-5 External assurance	Disclosed	External Assurance

	2-6 Activities, value chain and other business relationships	Disclosed	2.0 A Year in Review 15.0 Responsible Procurement and Supply Chain Practices
	2-7 Employees	Disclosed	18.0 Investing in Human Capital
	2-8 Workers who are not employees	Not Applicable	PASHA Bank do not have employees who are not official workers
	2-9 Governance structure and composition	Disclosed	11.0 Corporate Governance
	2-10 Nomination and selection of the highest governance body	Disclosed	11.0 Corporate Governance
	2-11 Chair of the highest governance body	Disclosed	11.0 Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Partially Disclosed	11.0 Corporate Governance
	2-13 Delegation of responsibility for managing impacts	Partially Disclosed	11.0 Corporate Governance
	2-14 Role of the highest governance body in sustainability reporting	Disclosed	3.3 Assessing Materiality
	2-15 Conflicts of interest	Disclosed	12.0 Ethics and Compliance at PASHA Bank
	2-16 Communication of critical concerns	Disclosed	12.5 Code of Conduct and Whistleblowing
	2-17 Collective knowledge of the highest governance body	Disclosed	11.0 Corporate Governance
	2-18 Evaluation of the performance of the highest governance body	Disclosed	11.0 Corporate Governance
	2-19 Remuneration policies	Disclosed	18.2 Employee Satisfaction and Workplace Wellbeing
	2-20 Process to determine remuneration	Disclosed	18.2 Employee Satisfaction and Workplace Wellbeing
	2-21 Annual total compensation ratio	Not Disclosed	
	2-22 Statement on sustainable development strategy	Disclosed	1.0 Message from the CEO
	2-23 Policy commitments	Disclosed	12.0 Ethics and Compliance at PASHA Bank
	2-24 Embedding policy commitments	Disclosed	12.0 Ethics and Compliance at PASHA Bank

	2-25 Processes to remediate negative impacts	Partially Disclosed	11.0 Corporate Governance
	2-26 Mechanisms for seeking advice and raising concerns	Disclosed	18.0 Investing in Human Capital
	2-27 Compliance with laws and regulations	Disclosed	11.0 Corporate Governance
	2-28 Membership associations	Disclosed	5.0 About Us
	2-29 Approach to stakeholder engagement	Disclosed	3.4 Engaging with our Stakeholders
	2-30 Collective bargaining agreements	Disclosed	PASHA Bank is committed to upholding internationally recognized human rights, in line with the Constitution of the Republic of Azerbaijan, the Universal Declaration of Human Rights, the European Convention on Human Rights, and the core conventions of the International Labor Organization. In this context, the Bank fully respects employees' rights to freedom of association and collective bargaining and ensures fair and equitable working conditions through national labor legislation and internal policies. While no employees are currently covered by collective bargaining agreements, the Bank's policies and practices remain firmly aligned with the principles of human rights, ensuring that all employees can exercise their rights freely, without discrimination or restriction.
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Disclosed	3.3 Assessing Materiality
	3-2 List of material topics	Disclosed	3.3 Assessing Materiality
	3-3 Management of material topics	Disclosed	3.3 Assessing Materiality

Economic Performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	9.0 Economic Insights
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Disclosed	9.0 Economic Insights
	201-2 Financial implications and other risks and opportunities due to climate change	Not Disclosed	
	201-3 Defined benefit plan obligations and other retirement plans	Disclosed	Retirement benefits for PASHA Bank employees are regulated by the Law on Labor Pensions of the Republic of Azerbaijan (2003, No. 560-IIQ). The Bank fulfills its obligations through mandatory contributions to the State Social Protection Fund, as required by national legislation.
	201-4 Financial assistance received from government	Not Disclosed	
Market Presence			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not Disclosed	
	202-2 Proportion of senior management hired from the local community	Disclosed	22.0 Performance Tables
Indirect Economic Impact			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Partially Disclosed	19.0 Corporate Social Responsibility
	203-2 Significant indirect economic impacts	Not Disclosed	
Procurement Practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	15.0 Responsible Procurement and Supply Chain Practices
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Disclosed	15.0 Responsible Procurement and Supply Chain Practices
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	11.0 Corporate Governance

GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Disclosed	12.0 Ethics and Compliance at PASHA Bank 22.0 Performance Tables
	205-2 Communication and training about anti-corruption policies and procedures	Disclosed	12.0 Ethics and Compliance at PASHA Bank 22.0 Performance Tables
	205-3 Confirmed incidents of corruption and actions taken	Disclosed	12.0 Ethics and Compliance at PASHA Bank 22.0 Performance Tables
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	11.0 Corporate Governance
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Disclosed	12.0 Ethics and Compliance at PASHA Bank 22.0 Performance Tables
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	9.0 Economic Insights
GRI 207: Tax 2019	207-1 Approach to tax	Disclosed	9.0 Economic Insights
	207-2 Tax governance, control, and risk management	Disclosed	9.0 Economic Insights
	207-3 Stakeholder engagement and management of concerns related to tax	Disclosed	9.0 Economic Insights
	207-4 Country-by-country reporting	Not disclosed	The scope of this report covers only PASHA Bank’s operations in Azerbaijan. No activities outside Azerbaijan are included within the reporting boundaries.
Materials			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Not Disclosed	This disclosure is not applicable, as the Bank does not manufacture physical products or packaging materials. Our operations are service-based and focused primarily on providing financial products and services.
	301-2 Recycled input materials used	Not Disclosed	
	301-3 Reclaimed products and their packaging materials	Not Applicable	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	20.0 Our Environmental Footprint

GRI 302: Energy 2016	302-1 Energy consumption within the organization	Disclosed	20.0 Our Environmental Footprint
	302-2 Energy consumption outside of the organization	Not Disclosed	
	302-3 Energy intensity	Disclosed	20.0 Our Environmental Footprint 22.0 Performance Tables
	302-4 Reduction of energy consumption	Disclosed	20.0 Our Environmental Footprint
GRI 302: Energy 2016	302-5 Reductions in energy requirements of products and services	Not Disclosed	
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	Partially Disclosed	20.0 Our Environmental Footprint
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Not Disclosed	As a service-based organization, the Bank's operations have a minimal impact on water resources and are not directly linked to significant water withdrawal or intensive water use.
	303-2 Management of water discharge related impacts	Disclosed	Water used in the Bank's operations is sourced from the public water supply and discharged into the public sewer system. Given the nature of banking activities, water discharge-related impacts are not considered material.
	303-3 Water withdrawal	Disclosed	20.0 Our Environmental Footprint 22. Performance Tables
	303-4 Water discharge	Disclosed	20.0 Our Environmental Footprint 22. Performance Tables
	303-5 Water consumption	Not Disclosed	
Biodiversity			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Applicable	PASHA Bank does not have branches, offices, or data centers located in protected areas or in areas of high biodiversity value. Therefore, the Bank's operations have a

	304-2 Significant impacts of activities, products, and services on biodiversity	Not Applicable	negligible impact on biodiversity.
	304-3 Habitats protected or restored	Not Applicable	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Applicable	
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	Partially Disclosed	20.0 Our Environmental Footprint
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Disclosed	20.0 Our Environmental Footprint 22. Performance Tables
	305-2 Energy indirect (Scope 2) GHG emissions	Disclosed	20.0 Our Environmental Footprint 22. Performance Tables
	305-3 Other indirect (Scope 3) GHG emissions	Not Disclosed	As PASHA Bank, we are working to collect and disclose this information in future reports.
	305-4 GHG emissions intensity	Disclosed	20.0 Our Environmental Footprint 22. Performance Tables
	305-5 Reduction of GHG emissions	Disclosed	20.0 Our Environmental Footprint
	305-6 Emissions of ozone-depleting substances (ODS)	Not Applicable	PASHA Bank does not operate industrial facilities, manufacturing plants, or power generation units that would emit ozone-depleting substances, nitrogen oxides, sulfur oxides, or other significant air pollutants. The Bank's activities are limited to office-based operations and IT infrastructure, which have a negligible impact on air quality.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not Applicable	
Waste			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impact	Disclosed	As a service-based organization, PASHA Bank does not generate significant industrial waste. Waste arises mainly from office activities such as paper, packaging, electronic equipment, and general office materials, and is

			limited to the Bank's own operations without upstream or downstream impacts. No significant negative waste-related impacts were identified during the reporting period.
	306-2 Management of significant waste-related impacts	Not Disclosed	
	306-3 Waste generated	Disclosed	20.0 Our Environmental Footprint 22.0 Performance Tables
	306-4 Waste diverted from disposal	Not Disclosed	
	306-5 Waste directed to disposal	Not Disclosed	
Supplier environmental assessment			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Not Disclosed	
	308-2 Negative environmental impacts in the supply chain and actions taken	Disclosed	No significant negative social impacts were identified in the supply chain during the reporting period.
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	18.0 Investing in Human Capital
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Disclosed	18.1 Talent Acquisition and Development 22.0 Performance Tables
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Disclosed	18.2 Employee Satisfaction and Workplace Wellbeing
	401-3 Parental leave	Disclosed	22.0 Performance Tables
Labor/management relations			
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Disclosed	Regulated by Azerbaijani law
Occupational health and safety			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Not Disclosed	

	403-2 Hazard identification, risk assessment, and incident investigation	Not Disclosed	
	403-3 Occupational health services	Disclosed	18.3 Human Rights and Fair Labor Practices
	403-4 Worker participation, consultation, and communication on occupational health and safety	Disclosed	18.3 Human Rights and Fair Labor Practices
	403-5 Worker training on occupational health and safety	Disclosed	18.3 Human Rights and Fair Labor Practices 22.0 Performance Tables
	403-6 Promotion of worker health	Disclosed	18.3 Human Rights and Fair Labor Practices
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Disclosed	PASHA Bank's operations are office-based and therefore considered low risk in terms of occupational health and safety. The Bank maintains internal workplace safety policies, requiring employees, contractors, and visitors to comply with health and safety standards, including adherence to posted safety rules.
	403-8 Workers covered by an occupational health and safety management system	Disclosed	22.0 Performance Tables
	403-9 Work-related injuries	Disclosed	22.0 Performance Tables
	403-10 Work-related ill health	Disclosed	22.0 Performance Tables
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	18.1 Talent Acquisition and Development
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Not Disclosed	
	404-2 Programs for upgrading employee skills and transition assistance programs	Disclosed	18.1 Talent Acquisition and Development

	404-3 Percentage of employees receiving regular performance and career development reviews	Disclosed	22.0 Performance Tables
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	18.3 Human Rights and Fair Labor Practices
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Disclosed	22.0 Performance Tables
	405-2 Ratio of basic salary and remuneration of women to men	Not Disclosed	
Non-discrimination			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Disclosed	18.3 Human Rights and Fair Labor Practices
Freedom of association and collective bargaining			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Disclosed	PASHA Bank fully respects employees' rights to freedom of association and collective bargaining. However, no employees are currently covered by collective bargaining agreements, as no unions are active in the banking sector.
Child labor			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Partially Disclosed	PASHA Bank is firmly opposed to child labor and adheres to both legal requirements and internal regulations to prevent its occurrence.
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	15.0 Responsible Procurement and Supply Chain Practices
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not Disclosed	
Security practices			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Not Applicable	All security personnel of PASHA Bank are engaged through outsourcing arrangements and are not considered employees of the Bank.

Rights of Indigenous peoples			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of Indigenous peoples	Not Applicable	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	19.0 Corporate Social Responsibility
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Disclosed	19.0 Corporate Social Responsibility
	413-2 Operations with significant actual and potential negative impacts on local communities	Disclosed	No significant negative social impacts on local communities were identified from the Bank's operations during the reporting period.
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	15.0 Responsible Procurement and Supply Chain Practices
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Disclosed	15.0 Responsible Procurement and Supply Chain Practices
	414-2 Negative social impacts in the supply chain and actions taken	Disclosed	No significant negative social impacts were identified in the supply chain during the reporting period.
Public policy			
GRI 415: Public Policy 2016	415-1 Political contributions	Not Disclosed	The Bank does not make any political contributions.
Customer health and safety			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Not Applicable	This aspect is not material to the Bank, as its products and services do not pose direct health and safety impacts on customers.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable	
Marketing and labeling			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not Applicable	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Disclosed	19.0 Corporate Social Responsibility

	417-3 Incidents of non-compliance concerning marketing communications	Disclosed	19.0 Corporate Social Responsibility
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	17.0 Our Approach to Safeguarding Data
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Disclosed	17.0 Our Approach to Safeguarding Data

Contact Info

We value recommendations and comments from our stakeholders. We are open to any suggestions and appreciate significant input that would help improve our report and performance.

Contact person for suggestions:

Amir Mammadov | Team Leader

Marketing Communication

External Communication | Marketing

13, Yusif Mammadaliyev str., Baku, AZ1005, Azerbaijan

amir.mammadov@pashabank.az | www.pashabank.az