2023 SUSTAINABILITY REPORT

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ABBREVIATION LIST

ABA	Azerbaijan Banking Association
ADA	Azerbaijan Diplomatic Academy
AI	Artificial Intelligence
AmCHAM	The American Chamber of Commerce in Azerbaijan
AMFA	Azerbaijan Microfinance Association
AML	Anti-Money Laundering
ATM	Automated Teller Machine
B2B	Business to Business
BAS	Breach and Attack Simulation
BREEAM	Building Research Establishment Environmental Assessment Method
CBAR	Central Bank of Azerbaijan
CEO	Chief Executive Officer
CIA	Confidentiality, Integrity, and Availability
CIB	Corporate and Institutional Banking
CIS	Center for Internet Security
CIS-8	CIS Critical Security Controls Version 8
CNG	Compressed Natural Gas
COBIT	Control Objectives for Information and Related Technologies
CRM	Customer Relationship Management
CSI	Customer Satisfaction Index
CSR	Corporate Social Responsibility
DAST	Data Application Security Testing
DDoS	Distributed denial-of-service
DLP	Data Loss Prevention
DOST Agency	Agency for Sustainable and Operative Social Provision
EMEA Finance	Europe, Middle East, and Africa Finance
ERM	Enterprise Risk Management Framework
ERP	Enterprise Resource Planning
ESG	Environment, Social, and Governance
EVG&D	Economic Value Generated and Distributed
F2F	Face to face
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
HTTP	Hypertext Transfer Protocol
ICAP Project	International Carbon Action Partnership Project
ICT	Information and Communication Technology
ILO	International Labor Organization
IS	Information Security
ISM	Information System of Management
ISO	International Organization for Standardization
ISO 22301	International Standard for Business Continuity Management System
ISO 27001	International Standard for Information Security Management
IT	Information Technology
ITIL	Information Technology Infrastructure Library

KPI	Key Performance Indicator
KYC	Know-Your-Customer
LaR	Liquidity at Risk
LCR	Liquidity Coverage Ratio
M10	Online Payment Platform
MFA	Multi-factor Authentication
ML	Money Laundering
MLRO	Money Laundering Reporting Officer
NIST	National Institute of Standards and Technology
NIST CSS	NIST Cybersecurity Framework
NPS	Net Promoter Score
NSFR	Net Stable Funding Ratio
OHI	Organizational Health Index
OHS	Occupational Health and Safety
PAM	Privileged Access Management
PCI DSS	Payment Card Industry Data Security Standard
POS	Point of Sale
PR	Purchase Requisition
QR code	Quick Response code
RAS	Risk Appetite Statement
RFP	Request for Proposal
RHI	Risk Health Index
ROA	Return on Assets
ROE	Return on Equity
SA	Self-Assessment
SAP ARIBA	Strategic Sourcing Solution System
SAP	Human Capital Management Software
SAST	Static Application Security Testing
SDG	Sustainable Development Goal
SIEM	Security Information and Event Management
SIMA	Digital Signature Platform in Azerbaijan
SME	Small and Medium-sized Enterprises
SQL injection	Structured Query Language injection
STP	Straight Through Processing
SWIFT	Society for Worldwide Interbank Financial Telecommunications
UN	United Nations
UNEC	Azerbaijan State University of Economics
VaR	Liquidity Adjusted Value at Risk
VPN	Virtual Private Network
WAF	Web Application Firewall
XDR	Extended Detection and Response system
XSS	Cross-site Scripting

GUBA CARPETS

The Guba carpet-weaving school is an ancient handicraft tradition that encompasses **nearly 35 ornamented and compositional carpets**, including those from Gonagkend and Davachi districts.

These carpets stand out for their richness of patterns, the stylized depiction of geographical and floral motifs, and distinctive ornamental features, even when woven in neighboring villages. Examples such as **Gryz, Gimil, Gonagkend,** and **Shahnazarly** show that all the decorative elements of the composition serve a unified purpose.

1.0 MESSAGE FROM THE CEO

At PASHA Bank, sustainability is not a separate ambition—it is a foundational principle deeply embedded in our vision, mission, and day-to-day operations. As we look toward the future, our aim is to lead the Azerbaijani banking sector through customer-centric innovation, seamless digital services, and sustainable financial solutions that support inclusive economic growth for current and future generations.

Sustainability also means being deeply attuned to the evolving needs of our clients. For SMEs, we have launched new value-added services such as our PB Business Bundle—a subscription model offering exclusive access to banking solutions. For corporate clients, we are rolling out advanced CRM platforms and AI-driven tools to improve delivery speed, personalization, and efficiency. These investments are aligned with our goal of becoming the most customer-centric bank in Azerbaijan by 2026.

Digital transformation remains at the heart of our long-term strategy. We are deploying machine learning and generative AI tools to tailor offerings, assess customer satisfaction, and enhance operational agility. Our data-driven feedback systems and real-time behavioral analytics ensure we remain responsive to our clients' evolving expectations.

We are also proud to align with the Central Bank's upcoming Financial Sector Development Strategy (2024–2026), particularly in embedding ESG into our operations. Last years, we have expanded our involvement in clean energy projects—including solar and hydropower initiatives—and are actively supporting industrial clients in reducing energy dependency. We are also utilizing Azerbaijan's new Green Taxonomy to formalize our sustainable finance agenda and guide the development of ESG-aligned financial products.

Internally, we continue to foster a values-driven, inclusive workplace culture built on integrity, collaboration, and innovation. We conduct regular gender pay gap analyses and organizational health assessments, ensuring transparency, fairness, and continuous improvement. Our leadership development programs and modern reward systems reflect our commitment to employee growth, engagement, and recognition.

As we move forward, we remain dedicated to building a sustainable financial ecosystem—one that empowers businesses, uplifts communities, and protects the environment. At PASHA Bank, we don't just serve the economy; we help shape its future responsibly.

2.0 PASHA BANK OVERVIEW

FIGURE 1. KEY NUMBERS

Financial Overview, AZN

8.6 billion
total assets

547 million
total revenue

272 million
net profit

391 million
net interest income

7 billion
total deposits

3 billion
loans (net)

2.6 billion
corporate loan portfolio

813 million
shareholders' equity

Social Impact

296
new hires

100 hours
of OHS trainings conducted

1257
total number of employees

58%
male employess

42%
female employess

Green Financing, AZN

9.046 million
allocated since 2021 to support the import of eco-friendly buses

100 million
allocated for constructing a heated reservoir

15 million
invested in drip irrigation systems

17 million
allocated for pivot irrigation systems

S&P Global Ratings

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

2.0 PASHA BANK OVERVIEW

FIGURE 2. COMPANY PROFILE

Founding Year	**Established in 2007**, PASHA Bank is a member of PASHA Group, a diversified group of companies spanning a wide range of industries.
Headquarters	**Headquartered in Baku, Azerbaijan.**
Services Provided	PASHA Bank offers a wide range of **financial solutions**, including **investment banking, trade financing, asset management, credit and deposit services, treasury operations**, and **internet banking**-catering to large corporations, SMEs, private and retail clients.
Clientele	Supporting Azerbaijan's economic diversification, PASHA Bank serves companies in **key non-oil sectors** such as **agriculture, transportation, construction, logistics, retail** and etc.
Employees	PASHA Bank employs a dynamic team of more than 1,200 employees.

PASHA Bank stands as a leader in Azerbaijan's corporate banking landscape, blending innovation and sustainability to drive impactful growth for businesses and communities alike. As part of the distinguished PASHA Group, the Bank leverages its strong financial foundation to deliver tailored solutions to a diverse clientele ranging from Corporate and Institutional Banking (CIB) clients to Small and Medium-sized Enterprises (SMEs) private and individual customers. With a strong commitment to fostering growth across non-oil sectors and advancing social and environmental goals, PASHA Bank strives to become a trusted partner in driving Azerbaijan's sustainable development journey (FIGURE 2).

2.1 GEOGRAPHICAL PRESENCE

PASHA Bank is positioned to steady growth in expanding its regional footprint and catalyzing market growth. It operates across three countries – Azerbaijan, Georgia, and Türkiye – reflecting its growing regional presence and commitment to serving businesses across the Caucasus and beyond.

Headquartered in Baku, Azerbaijan, the Bank has 5 divisions and 3 branches strategically positioned across the country to support local clients and businesses.

The Bank established its first foreign office in Georgia in 2013, subsequently opening another in Türkiye in 2014. An integral component of our long-term regional strategy undermines the delivery of integrated banking operations to support the rapidly expanding commerce and transaction flow between Baku, Tbilisi, and Istanbul (FIGURE 3).

FIGURE 3. PASHA BANK'S BRANCHES

2.2 MISSION, VISION, AND CORE VALUES

PASHA Bank's mission, vision, and core values serve as the guiding principles that drive the Bank's operations, culture, and strategic growth. Our mission reflects our dedication to customer-centricity, agile transformation, and sustainable development, with a focus on delivering high-quality products and supporting resilient and transparent business practices. PASHA Bank's vision underscores its ambition to lead the Azerbaijani banking sector by exploring new frontiers of economic growth through seamless services and innovative solutions. Complementing these goals, our core values—Integrity, Profitability, Entrepreneurship, Collaboration, and Quality—define the foundation of our corporate identity, inspiring accountability, sustainability, and excellence in all aspects of our work. Together, these principles ensure PASHA Bank remains a trusted and forward-thinking financial partner for its stakeholders.

FIGURE 4. PASHA BANK'S MISSION, VISION, AND CORE VALUES

Our Mission

- Taking our clients to new heights through customer-centricity, quality products and the latest technologies.
- Attracting, and retaining the best talent, nurturing leadership, and fostering growth to propel a new era of capabilities.
- Nurturing sustainable finance via cultural, social, and environmental initiatives for the current and future generations.
- Establishing resilient business, driving shareholder value through capturing emerging opportunities, and fostering a transparent organization.

Our Vision

- PASHA Bank's vision is to be a leading Azerbaijani bank committed to economic growth by exploring next horizon of banking through customer centricity, seamless services, and innovative product offerings.

OUR CORE VALUES

INTEGRITY

At the core of our business stands the unshakeable commitment to integrity. For us, it means doing what is right. Every time. All the time. Even when no one sees you. At the very basic level, it is about respecting the laws and regulations of the country we operate in. It is about upholding our company's code of conduct even in the face of challenges. It means never sacrificing company interests for personal gains. It means being honest with ourselves, our colleagues, clients and partners and earning their trust.

ENTREPRENEURSHIP

The world around is constantly changing, so we often have to operate in ambiguity. We seek new opportunities and are ready to take bold steps – do things and go places others don't dare to. We don't fear challenges but view them as opportunities to grow. We are unafraid to take a personal responsibility for going an extra mile or doing something new. Our staff treat the company with care, passion, prudence – just like they would treat their own business.

QUALITY

The outside world will always judge us by the quality of the product or service we deliver. And the quality of our work is directly proportional to the dedication and professionalism of our staff. There is no way around it. That is why we always follow the standards we set. That is why we deliver what we promise - day in, day out – carefully balancing quality with efficiency for optimal results. That is why we try new things and strive to learn and improve - as individuals and as an organization.

PROFITABILITY

We generate profits for the benefit of our shareholders and the society at large. In fact, it is today's profit that lays the foundation of the sustainable business and serves for maintaining the competitive edge. Our staff understand that value comes not only in every manat earned but also every manat saved. However, in the pursuit of short-term business goals we never lose sight of our long-term aspiration – to create and maintain a sustainable global business. And this aspiration drives every strategic decision we make.

COLLABORATION

When we work as one team across departments, business units, and countries we produce phenomenal results. When we collaborate with clients, partners and suppliers we far exceed market expectations. The impact of these synergies far surpasses that of any individual contribution. Collaboration creates a sound working environment and leads to higher efficiency. It accelerates problem-solving and enables innovation. It nurtures trust and respect.

FIGURE 5. MEMBERSHIPS AND ASSOCIATIONS

CHAMBERS OF COMMERCE AND TRADE ASSOCIATIONS

- Azerbaijan-Italian Chamber of Commerce
- American Chamber of Commerce in Azerbaijan
- Azerbaijan-France Chamber of Commerce and Industry
- British Chamber of Commerce Azerbaijan
- German-Azerbaijani Chamber of Commerce
- Israel Azerbaijan Chamber of Commerce and Industry
- United States-Azerbaijan Chamber of Commerce
- Association of Turkish Businessmen of Azerbaijan

FINANCE AND BANKING

- Azerbaijan Micro-Finance Association
- Azerbaijan Fintech Association
- Small and Medium Enterprises Banking Club
- Association of Professional Financial Managers of Azerbaijan
- Azerbaijan Banks Association

ENERGY, INFRASTRUCTURE, AND TECHNOLOGY

- Caspian Energy
- FINTEX

SOCIAL, EDUCATIONAL, AND MULTILATERAL ORGANIZATIONS

- Azerbaijan Diplomatic Academy
- Fund for Support to Azerbaijani Diaspora
- UN Global Compact

2.3 PASHA BANK AWARDS AND RECOGNITIONS

2023

"Best F2F Acquirer" - Visa.

Earned three awards for **"Strong support of the World of privileges"**, **"The highest growth of B2B connect"**, and **"First co-brand with MNO Azercell"**.

Won **"CSR"**, **"Financial awareness support"**, **"Promotion of non-cash payments"**, **"Electronic banking projects"**, and **"Educationalprojects on security in digital payments"** categories - Azerbaijan Banks Association (ABA).

Won the **"Participation in the Self-Employment Program"** category.

Honored at the **"Wasteless Azerbaijan"** event for its environmental and CSR initiatives.

2022

"Best F2F Acquirer" - Visa.

Won **"Best CSR Program"**, **"Best Financial Education Support"**, **"Best Non-Cash Payments Encourager"**, **"Best E-Banking"**, and **"Best Non-Cash Payments Security"** categories - Azerbaijan Banks Association (ABA).

Secured 1* place in the **"STP Quality Award"** - RBI Bank.

2021

Received **"Best Banking Product"** for SME award for PASHA Bank's Online Loan product - SME Banking Club.

"Best F2F" - Visa.

Named **"Best F2F Acquirer"** in Azerbaijan.

2020

"Best Bank of Azerbaijan" and **"Best Investment Bank of Azerbaijan"** - EMEA Finance.

Won the **"Best Banking Product"** and **"Best Corporate Social Responsibility Program"** awards among financial institutions operating in Central and Eastern Europe and the CIS.

Received awards for **"Cashless Payments Promotion"**, **“Digital Banking”**, **“E-banking”**, **“Best Corporation Social Responsibility”**, **“Most Active Education Supporter”**.

Designed as the **“Leading Bank in Internet Banking Services"**, **"Leading Bank in Contactless Payments"**, and **"Leading Bank in Contactless POS-Terminal Infrastructure"**.

2019

"Best Bank in Azerbaijan" - EMEA Finance.

"Best Investment Bank in Azerbaijan" - EMEA Finance.

"Best Product Launch" - EMEA Finance.

"Corporate Social ResponsibilityProgram" and **"Most Active Education Supporter"** - ABA

2018

"Visa International" certificate for achieving the fastest growth rate in cashless transactions with Visa plastic cards.

"Best Private Bank" - Global Finance.

"Best Bank in Azerbaijan" - Global Finance.

"SAP Value Award" - SAP.

"Best Commercial Bank in Azerbaijan" - World Finance.

"Bank of the Year" - The Banker.

"Leading Bank in Non-Cash Payments" - Central Bank of Azerbaijan and Azerbaijan Banks Association.

2017

"Best Bank in Azerbaijan" - Euromoney.

"Best Bank in Azerbaijan" - EMEA Finance.

"Best Investment Bank in Azerbaijan" - EMEA Finance.

"Corporate Social Responsibility in CEE & CIS" - EMEA Finance.

"Best Bank in Azerbaijan" - Global Finance Magazine.

3.0 ABOUT THE REPORT

We are proud to present our 6th Sustainability Report, which will henceforth be prepared annually, reaffirming our commitment to integrating environmental, social, and governance (ESG) principles into our operations and business strategy.

Spanning the period from January 1, 2023, to December 31, 2023, the Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and aligns with the United Nations Sustainable Development Goals (SDGs). By adhering to the eight principles put forth by the GRI (FIGURE 6), we aim to deliver transparent, accurate, and reliable insights into our sustainability performance.

The present Report focuses solely on information pertaining to PASHA Bank as an organization, including its branches, without expanding its scope to cover the operations or details of its affiliates, or other assets.

Developed through active collaboration across all PASHA Bank departments and incorporating valuable input from key stakeholders, the Report provides a comprehensive overview of the Bank's sustainability practices, thereby reaffirming our role as a responsible financial institution committed to balancing profitability with purpose, strengthening trust, and demonstrating responsible corporate actions.

FIGURE 6. EIGHT PRINCIPLES OF REPORTING

VERIFIABILITY
The information is **gathered, recorded, compiled,** and **analyzed** in such a way that the information can be **examined** to establish its quality.

ACCURACY
The Report presents information that is **correct** and **sufficiently detailed** to allow an assessment of the PASHA Bank's impacts.

TIMELINESS
The information is reported on a **regular schedule** and is **available in time** for information users to make decisions.

BALANCE
The Report presents information in an **unbiased way** and provides a **fair representation** of PASHA Bank's negative and positive impacts.

SUSTAINABILITY CONTEXT
The Report presents information about PASHA Bank's impacts in the **wider context** of **sustainable development.**

CLARITY
The Report presents information in a way that is **accessible** and **understandable.**

COMPLETENESS
The Report provides **sufficient information** to enable an assessment of PASHA Bank's **impacts** during the reporting period.

COMPARABILITY
The information is **selected, compiled,** and **reported** consistently to enable an analysis of changes in PASHA Bank's impacts over time and an analysis of these impacts relative to other banks.

4.0 MATERIALITY ASSESSMENT

In the Report, we explore the key topics identified as material within PASHA Bank, aligning them with stakeholder expectations. By addressing these priorities, we, at PASHA Bank, aim to drive long-term value creation, maintain transparency, and further strengthen our relationships with all stakeholders.

The Report thoroughly covers the information outlining the specific impacts of PASHA Bank on the economy, environment, and people. The materiality concept was adopted to select the Report's content, ensuring a retrospective analysis, whereby topics having a substantial present or future, positive or negative impact with regards to our operations are covered. Thus, the Report will address not only our priorities, but also the interests of our stakeholders.

4.1 OUR MATERIAL TOPICS

The process of identification and prioritization of material topics is based upon the principles set out in GRI 3: Process to Determine Material Topics (FIGURE 7). During the identification process, we considered PASHA Bank's overall strategy and peer analysis. We conducted interviews with process owners as well as key stakeholders as part of our stakeholder engagement approach. Consequently, we were able to understand the multiple perspectives of key stakeholders and align our conclusions with their expectations. In fact, the use of this structured procedure enabled us to properly rank the shortlisted material topics and evaluate their actual and potential impact on the environment, society, and economy.

As a result of the materiality assessment, PASHA Bank identified 15 material topics (TABLE 1).

FIGURE 7. MATERIAL TOPICS SELECTION

Preliminary list of material topics

DEVELOPING

- Analysis of PASHA Bank's ESG activities and their impact.
- Benchmark analysis of material topics disclosed by similar banks.
- Identification of actual and potential impacts.

Shortlist of material topics

ASSESSING

- Interview conduction with representatives of the Bank.
- Assessment of the actual and potential impacts.

Agreed list of material topics

FINALIZING

- Prioritization of the most significant impacts for reporting.
- Approval of shortlisted material topics with senior management.

TABLE 1. OUR MATERIAL TOPICS

Material Topic	How we address it
GOVERNANCE	
Compliance with Law	With the primary aims of fostering a culture of accountability, minimizing compliance risks, and reinforcing stakeholder trust, we implement an array of policies, including an Anti-Corruption Policy, Anti-Money Laundering Policy, Whistleblowing Policy, and Compliance Policy.
Business Ethics	We uphold the highest standards of business ethics by implementing stringent policies through our comprehensive Code of Ethical Conduct, which guide our operations, maintaining transparency, integrity, and accountability in every aspect and across all levels of our business.
Data Management and Cybersecurity	We manage data securely and efficiently by utilizing advanced systems, imposing strict access controls, and data encryption. Our data governance includes tiered classification, quality monitoring, and annual maturity assessments, while AI reduces acquisition time and enhances risk management. Staff training and industry partnerships further support innovation and compliance. We address data privacy and cybersecurity through a comprehensive strategy that includes a structured roadmap, clear KPIs, and regular performance assessments to maintain ongoing protection of sensitive data systems. Key measures include 24/7 data monitoring, data encryption, multi-factor authentication, firewalls, and scenario-based testing to identify and mitigate vulnerabilities. We align with global standards like PCI DSS and ISO 27001, conduct employee training on cybersecurity risks, and undergo regular third-party evaluations to maintain a resilient approach to data privacy.
Risk Management	We prioritize effective risk management through a comprehensive Enterprise Risk Management (ERM) Policy and a multi-layered risk management methodology. Our well-thought-out approach allows us to identify, assess, and mitigate potential risks across all aspects of our operations. By adopting a structured and proactive approach, we keep the stability, resilience, and sustainability of our business while safeguarding the interests of our stakeholders.

TABLE 1. OUR MATERIAL TOPICS

Material Topic	How we address it
GOVERNANCE	
Corporate Governance and Accountability	We adopt a transparent approach to Corporate Governance and Accountability. Transparency underpins every layer of authority, from the Shareholders' General Meeting to executive committees. Governance bodies and individual members undergo regular and constructive evaluations to maintain compliance with ethical standards, enhance decision-making processes, and promote accountability. To further support a strong governance structure, we employ an array of policies and procedures that guide our decision-making, risk management, and operational practices.
ECONOMIC AND OPERATIONAL	
Financial Performance	Our financial performance in 2023 highlights our strength and ability to navigate complex economic conditions, reaffirming our position as a key component of Azerbaijan's financial sector. With our total deposits reaching 6.99 billion AZN, we secured the second largest market share in the country, whilst our total assets and profit amounted to 8.62 billion AZN and 271.6 million AZN respectively. Key revenue drivers included significant growth in interest income, which rose due to increased loan disbursements and improved returns on investment securities. This robust financial performance reflects the Bank's focus on operational efficiency, strategic investments, and stakeholder value creation.
Digitalization	PASHA Bank has advanced our digitalization by focusing on scalability, adaptability, and client-centric growth. We have prioritized enhancing customer experience through tailored digital channels and seamless interactions across all banking segments. Innovation plays a key role, with efforts directed at developing new financial solutions and improving existing services to meet evolving market demands. By leveraging technology and data-driven strategies, we continue to strengthen our position in the digital banking landscape.

TABLE 1. OUR MATERIAL TOPICS

Material Topic	How we address it
SOCIAL	
Diversity, Equity, and Inclusion	We encourage a culture of diversity, equity, and inclusion by guaranteeing equal opportunities, promoting gender equity, and maintaining zero tolerance for discrimination or harassment. We implement fair recruitment, leadership development, and inclusive training programs to empower employees and address workforce imbalances. Our tailored benefits structure and dedicated support for individuals with disabilities further strengthen our commitment to creating an inclusive environment. Additionally, we actively promote financial inclusivity by making certain that individuals from all backgrounds have access to equal resources and opportunities.
Customer Satisfaction and Advocacy	We view our clients as partners rather than just customers. By actively involving their opinions at every stage, especially when refining and developing new products, we ensure their needs and expectations are met. This collaborative approach is particularly important in fostering entrepreneurship, where we provide tailored support, advisory services, and access to financial tools that empower startups and small businesses to grow.
Employee Engagement	We prioritize employee engagement by promoting a positive workplace culture that emphasizes openness, collaboration, and accountability. Employee feedback tools, like the Organization Health Index and Employee Engagement Score aid in maintaining and improving workplace well-being and satisfaction. Training programs, team-building activities, and wellness initiatives further strengthen trust, productivity, and work-life balance contributing to a supportive environment where employees thrive.
Employee Training and Development	We place great emphasis on employee training and development, tailoring our programs to meet the unique needs of different positions and divisions. Our training initiatives are multifaceted, covering a wide range of topics to ensure comprehensive skill enhancement and professional growth. By investing in regular and customized training, we empower our employees with the knowledge and tools needed to excel in their roles.

TABLE 1. OUR MATERIAL TOPICS

Material Topic	How we address it
SOCIAL	
Human Rights	We integrate human rights into our policies and practices, guided by global frameworks like the Universal Declaration of Human Rights and the ILO Conventions. We embed the principles of fairness, transparency, and respect for individual differences, ensuring an inclusive, harassment-free workplace. Our recruitment and workplace practices are rooted in merit and non-discrimination promoting equal opportunities for all.
ENVIRONMENTAL	
Green Financing	We support the non-oil sector growth, specifically, the agriculture, energy, mining, and transportation sectors by providing financial solutions that promote eco-friendly technologies, energy efficiency, and reduce environmental impact. The Bank's sustainable financing initiatives—such as funding CNG and electric buses, investing in geothermal energy, supporting advanced irrigation systems, and decarbonizing the mining sector by replacing diesel generators with electric substations—have significantly reduced financed emissions by enabling clients to transition to lower-carbon technologies. These efforts collectively contribute to lowering indirect emissions across the Bank's value chain.
Waste Management	At PASHA Bank, we take waste management seriously and have made significant strides in reducing our paper usage. By digitalizing our day-to-day operations, we have greatly minimized our reliance on physical documents. This transition to paperless workflows is a key part of our commitment to sustainability, enabling us to operate more efficiently while reducing our environmental impact.

5.0 CONTRIBUTION TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

PASHA Bank is committed to transforming its professional conduct by embedding the Environmental, Social, and Governance (ESG) principles into its operations, thus, reflecting its contributions towards the United Nations Sustainable Development Goals (UN SDGs). Understanding the fundamental role financial institutions play in driving meaningful progress, we continuously strive to enhance our services as well as internal processes in alignment with international sustainability standards.

We integrate sustainable actions into our long-term vision towards a future where social equity, environmental responsibility, and economic resilience go hand in hand. To achieve this, we actively support a range of initiatives that prioritize financial inclusion, ethical governance, and environmental stewardship. To this end, through the ongoing digitalization of our services, equitable workplace practices, as well as financial inclusion, we diligently work towards embedding the ESG principles into our operations, thereby reinforcing our commitment to a greener future. In fact, our coordinated approach to contributing to the UN SDGs enables us to concentrate on initiatives where we can have the greatest impact, which eventually creates long-term value for our stakeholders, clients, and the community at large.

The following table outlines the key SDG targets PASHA Bank aligns with, demonstrating our ongoing dedication to responsible and sustainable banking practices (TABLE 2).

TABLE 2. PASHA BANK'S CONTRIBUTIONS TO UN SDGS

UN SDG	UN SDG Target	PASHA Bank's Contribution
	**Target 4.3.:** By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university **Target 4.4.:** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	PASHA Bank promotes equal access to education through partnerships with universities, such as ADA and UNEC, offering scholarships, internships, and career programs. We enhance workforce readiness with training initiatives like "Data Zone," "Dev Zone," and "Lead to Inspire," while competitions such as the PASHA Bank Cup and hackathons foster entrepreneurial and innovation-driven skills.

TABLE 2. PASHA BANK'S CONTRIBUTIONS TO UN SDGS

UN SDG	UN SDG Target	PASHA Bank's Contribution
5 GENDER EQUALITY	**Target 5.1.:** End all forms of discrimination against all women and girls everywhere.	PASHA Bank enforces a strict non-discrimination policy, ensuring fair employment, promotions, and training. Harassment is prohibited, with strong reporting mechanisms in place. We actively promote gender balance through leadership development programs, increasing female representation and fostering inclusivity.
7 AFFORDABLE AND CLEAN ENERGY	**Target 7.2.:** By 2030, increase substantially the share of renewable energy in the global energy mix.	PASHA Bank actively supports Azerbaijan's transition to renewable energy by financing green projects, particularly in geothermal energy. We have allocated 10 million AZN for the construction of a heated reservoir using geothermal waters.
8 DECENT WORK AND ECONOMIC GROWTH	**Target 8.2.:** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors. **Target 8.3.:** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	PASHA Bank plays a crucial role in advancing economic productivity by driving digital transformation and fostering agility in its core operations, enabling scalable and efficient banking services. The Bank's emphasis on development-oriented policies has supported SMEs through tailored financial solutions and digital platforms, promoting entrepreneurship and business growth. The Bank has enhanced financial accessibility by significantly expanding digital banking services, thereby offering seamless access to banking solutions for businesses and individuals alike.

TABLE 2. PASHA BANK'S CONTRIBUTIONS TO UN SDGS

UN SDG	UN SDG Target	PASHA Bank's Contribution
8 DECENT WORK AND ECONOMIC GROWTH	**Target 8.5.:** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. **Target 8.8.:** Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. **Target 8.10.:** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	We actively support inclusive employment opportunities and equal pay through our structured recruitment processes, strategic workforce planning, and professional development programs. PASHA Bank promotes diversity, equity, and inclusion by eliminating bias in hiring, offering leadership development initiatives, and providing career pathways for young graduates and individuals with disabilities. Additionally, PASHA Bank safeguards labor rights and maintains a safe, secure work environment though our OHS management system. We ensure compliance with international labor standards, implement risk assessments, and provide safety training for our employees. Our zero-tolerance policy on harassment and discrimination further reinforces a fair and secure workplace for everyone.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Target 9.2.:** Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries. **Target 9.3.:** Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.	PASHA Bank actively promotes inclusive and sustainable industrialization by financing SMEs and corporate enterprises, fostering economic diversification, and supporting Azerbaijan's transition to a non-oil economy. Through innovative digital banking solutions, strategic investments, and agile way of working, the Bank enhances the industry's contribution to employment and GDP growth while ensuring financial accessibility to businesses of all sizes. With a strong focus on expanding SME market share, the Bank is committed to strengthening the financial ecosystem by fostering innovation, improving digital banking accessibility, and aligning lending practices with sustainability goals.

TABLE 2. PASHA BANK'S CONTRIBUTIONS TO UN SDGS

UN SDG	UN SDG Target	PASHA Bank's Contribution
10 REDUCED INEQUALITIES	**Target 10.2.:** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. **Target 10.3.:** Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.	PASHA Bank promotes an inclusive workplace by providing all employees with equal opportunities, including for individuals with disabilities. Our merit-based and non-discriminatory recruitment ensures fair hiring practices, while accessible benefits, training, and career growth encourage workplace equity.
13 CLIMATE ACTION	**Target 13.3.:** Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	We promote climate awareness and sustainability through education and innovation. Through collaborations with institutions and supporting eco-friendly initiatives, such as e-vehicle financing and tree planting, we strive to reduce our environmental footprint.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Target 16.4.:** By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime. **Target 16.5.:** Substantially reduce corruption and bribery in all their forms. **Target 16.6.:** Develop effective, accountable and transparent institutions at all levels. **Target 16.7.:** Ensure responsive, inclusive, participatory and representative decision-making at all levels.	PASHA Bank is committed to combating illicit financial flows by implementing stringent Anti-Money Laundering (AML) controls, conducting thorough due diligence, and refraining from engaging with high-risk industries such as arms trade and gambling. To fight corruption and bribery, the Bank enforces a zero-tolerance policy backed with internal controls and disciplinary measures for any violations. The Bank's governance framework promotes transparency and accountability through compliance policies that require ethical decision-making, periodic audits, and ongoing risk assessments. Furthermore, PASHA Bank fosters inclusive decision-making by upholding its Conflict-of-Interest Policy.

6.0 STAKEHOLDER ENGAGEMENT APPROACH

PASHA Bank views its stakeholders as individuals or entities connected to the Bank through inherent interests arising from various forms of interaction, whether direct or indirect. We prioritize transparency in our operations by providing equitable access to information about our activities to all stakeholders. By fostering open communication, we create meaningful dialogue, allowing stakeholders to share valuable insights that contribute to the continuous improvement of our operations and decision-making.
We recognize that proactive engagement is essential to understanding stakeholder expectations, addressing their concerns, and building trust through a tailored approach to each stakeholder group (TABLE 3).

We place significant importance on stakeholder input regarding critical issues, including financial inclusion, environmental stewardship, and corporate social responsibility (CSR). By engaging stakeholders in these discussions, we aim to align our strategies with broader societal and environmental goals, contributing positively to the communities in which we operate. This collaborative dialogue serves as a foundation for embedding stakeholder perspectives into our actions, ensuring their concerns and insights are reflected in meaningful ways across the Bank (FIGURE 8). At the strategic level, we incorporate stakeholder feedback into the development of corporate strategies and long-term objectives, aligning our vision with their expectations. Operationally, we actively engage stakeholders during the planning and execution of projects as well as in the product development process to meet their needs and address their concerns. At the community level, we collaborate closely with local communities, regulators, and other groups to tackle societal and environmental challenges. This approach recognizes stakeholder input as an integral component shaping our operations and growth.

FIGURE 8. STAKEHOLDER CATEGORIZATION

COMMUNITY ADVOCATES

- Media
- Local Communities
- Rating Agencies

OPERATIONAL COLLABORATIONS

- Suppliers
- Employees
- Clients
- Contractors

STRATEGIC PARTNERS

- Shareholders
- Govermenral Agencies
- Investors

TABLE 3. STAKEHOLDER ENGAGEMENT

Key Stakeholder	Engagement Content	Communication Channel	Frequency
Clients	Focused on building strong relationships with our clients by providing **customized financial solutions** that cater to their specific needs. We are committed to client satisfaction through a **proactive approach to addressing feedback** and **resolving concerns promptly** and **effectively** through systematic customer surveys seamlessly ingrained into our digital products.	PASHA Bank branches, mobile banking, events, customer service representatives, sustainability reports, emails, SMS, website and SM channels.	24/7 basis, as part of customer service
Employees	Highlighted the importance of creating a workplace culture that values **diversity**, **equity**, and **inclusion (DEI)**. By fostering an environment that promotes equal opportunities and professional growth, we support our employees through **comprehensive training, career development initiatives**, and **well-being programs**.	Intranet, performance reviews, employee surveys, trainings, social events, sustainability reports, website.	Daily basis, as part of business conduct
Shareholders	Committed to delivering **sustainable value** to our shareholders through a strategic focus on **growth**, **profitability**, and **long-term stability**. We ensure **transparency** and **accountability** in our operations, providing regular updates on the Bank's financial performance at a point in time as well as its strategic outlook.	General meetings, annual financial & non-financial reports, sustainability reports, regulatory filings.	Annual and bi-annual basis, as part of business conduct

TABLE 3. STAKEHOLDER ENGAGEMENT

Key Stakeholder	Engagement Content	Communication Channel	Frequency
Investors	Actively engaged with its investors through providing timely and comprehensive reports aligning ESG practices with Bank operations to maintain **transparency**, **accountability**, and a **commitment to sustainable growth**. Through **responsible financial management**, we ensure **long-term value creation**, reinforcing our position as a reliable and attractive partner for investors.	Investor meetings, investor presentations, conferences, sustainability reports, website.	Ad hoc basis, as part of investor relations
Suppliers & Contractors	Fostered strong partnerships with our suppliers and contractors by promoting **fairness**, **transparency**, and **mutual respect** across all business dealings within the scope of our [Code of Ethics]. High priority is given to **ethical procurement practices**, ensuring **timely communication** to build **trust** and **long-term collaboration**.	Due diligence annual disclosures, supplier assessment, pre-bid meetings, signed contracts, order procedures, supplier platforms, sustainability reports.	Daily basis, as part of business conduct
Local Communities	Supported local communities by investing in initiatives that promote **social** and **economic development**. We actively contribute to projects focused on improvement of educational quality and **environmental sustainability**, fostering long-term positive impacts.	Social responsibility projects, volunteer programs, sustainability reports, social events, website.	Regular basis, as part of corporate social responsibility

TABLE 3. STAKEHOLDER ENGAGEMENT

Key Stakeholder	Engagement Content	Communication Channel	Frequency
Governmental Agencies	Maintained a **collaborative** and **transparent relationship** with governance agencies, adhering to regulatory requirements and upholding the highest standards of corporate governance. By fostering open communication and aligning with **international regulatory frameworks** as well as the **legislation of the Republic of Azerbaijan**, we contribute to a stable and well-regulated financial ecosystem.	Reports to CBAR, sustainability reports, roundtables, press releases, briefings, regulatory filings, data submissions.	Ad hoc basis, as part of regulatory compliance
Rating Agencies	Actively collaborated with rating agencies by providing accurate information about our **financial performance** and **operations** as well as **ensuring adherence to best practices in governance**, **risk management**, and **sustainability** to meet the expectations of these agencies. We enforced our **credibility** and achieved reliable ratings that reflect the Bank's **robust market position**.	Financial statements, sustainability reports, regulatory compliance reports, pre-rating meetings, conference calls.	Annual basis, as part of business conduct
Media	Maintained an open relationship with the media, recognizing its role as a key channel for communication with the public. We **maintain transparency** by providing **accurate information** about our **operations**, **achievements**, and **initiatives**.	Website, press releases, sustainability reports, LinkedIn, X, Facebook, Instagram, YouTube.	Ad hoc basis, as part of public relations

7.0 OUR STRATEGIC APPROACH

At PASHA Bank, our strategy is crafted to achieve long-term growth whilst maintaining our position as a leading financial institution in Azerbaijan. In 2023, we successfully concluded the implementation of the 2021-2023 strategy, which was designed to strengthen our market presence, enhance operational efficiency, and promote innovation.

The strategy development process begins with a comprehensive baseline analysis, assessing the Bank's current state, strengths, and weaknesses. This is complemented by an in-depth evaluation of external factors, such as market dynamics, emerging opportunities, and potential threats. Our strategic planning process emphasizes meticulous analysis and collaboration to keep alignment with the Bank's mission, vision, and operational environment (FIGURE 9). Regularly scheduled meetings corroborate alignment across all departments, while ad hoc meetings in response to urgent needs or significant changes in the market address any developments.
Additionally, the Bank employs "strategy circles", which are an adaptive internal approach, to provide a dynamic approach to planning, holding trigger-based meetings to address changes in the market conditions, macroeconomic trends, and regulatory developments.

TABLE 3. STAKEHOLDER ENGAGEMENT

STRATEGY DEVELOPMENT

- Analyze current situation: Assess internal factors, market conditions, and external influences.
- Collaborate with Stakeholders: Conduct meetings with stakeholders to align goals.

STAKEHOLDER INVOLVEMENT

- Board of Directors: Provide oversight and ensure alignment with overall goals.
- Alignment with Central Bank: Ensure compliance with regulatory goals.

SETTING GOALS

- Assess what targets to aim for: Set targets for the Bank's strategic goals.
- Set the direction for the Bank: Define the strategic vision and priorities.

CONTINUOUS EVALUATION

- Regular Reviews: Assess the strategy at pre-schedule interval, with adaptable revisions.
- Feedback Loop: Collect input from all stakeholders.

STRATEGY IMPLEMENTATION

- Execute Plans: Launch the products or services.
- Monitor Progress: Regular meetings and updates to ensure strategic alignment.

FIGURE 10. LOAN GROWTH

Loan Growth from 2021-2023 **15.88%**

A crucial element of our strategy development process is the collaborative involvement of the Supervisory Board and Management. Each member contributes their expertise to specific strategic areas, ensuring diverse perspectives and alignment with the Bank's overarching goals. They take responsibility for a specific block of the strategy, contributing their vision and detailed recommendations during planning discussions. This collaborative approach enriches our strategy development and ensures that we address both immediate priorities and long-term objectives.

Our 2021-2023 strategy focused on applying the "agile" way of working in management, ensuring a nearly full digital transformation in our services, and improving customer relationships. We aimed our efforts at improving the convenience of our financial products and services for the real sector of the economy, offering services through digital channels, and adopting the best international practices to support the development of Azerbaijan's market.
By introducing agile principles such as adaptability, cross-functional collaboration, and iterative problem-solving, we also made key structural changes, improving flexibility and decision-making efficiency.

The 2021-2023 strategy, focused on increasing growth in the SME segment and maintaining our corporate segment market share, was essential in transforming PASHA Bank into a leader in the industry. Our strengthened position as the leading bank in the corporate and SME segments caused significant growth in our loan portfolios and market share (FIGURE 10). By the end of 2023, almost all of our services were available via digital platforms, because of the introduction of innovative digital products and enhanced customer accessibility. Notable achievements included the development and implementation of new digital products. We also enhanced efficiency across all business segments, in 2023, contributing to improved key performance indicators, including customer acquisition and loan growth. Similarly, we prioritized creating the best workplace environment through flexible benefits packages, and initiatives aimed at enhancing employees' professional qualifications.

In 2023, we introduced new products and features to our clients, designed to enhance access to our services. Among these initiatives was the integration of SIMA digital signature into our mobile applications. This addition allowed our clients to swiftly access online banking services, simplifying loan applications, digital document signing, and other banking processes. Other digital products launched included "Financial Guide" and "Pay by Link" making our banking processes more streamlined. We also integrated M10 and QR payments into our POS terminals, further expanding the range of accepted payment options for businesses.

Looking ahead, our newly developed 2024-2026 strategy focuses on customer centricity, sustainability, innovation, and employee engagement. Our strategy is based on 6 main pillars:

- Placing **customer centricity at core** of each business segment and function
- Improving **organizational health** across the functions
- Sustaining the **market leadership** and growing within core segments
- Staying **ahead of the technology** curve and leading in digitalization
- Establishing a **healthy and resilient outlook** against risk
- Leveraging **internal ecosystem** to ignite growth across business lines

Additionally, the new strategy emphasizes is the introduction of green finance products, aligned with the Central Bank's Green Taxonomy, with green projects starting development from 2024. We will continue to prioritize the digitalization of our services, expanding our range of digital offerings and enhancing accessibility for our customers. This includes leveraging technology, such as our centralized data warehouse, as well as generative AI, to streamline our operations and provide a smooth banking experience. Furthermore, we aim to adapt our strategic plans to meet new regulatory requirements and sustainability standards. We are committed to developing and maintaining a supportive working environment that promotes engagement and growth. Our investments in training and professional development, over 1.1 million AZN in 2023, aim to equip our teams with the expertise to meet strategic objectives while simultaneously contributing to long-term success. Furthermore, we aim to preserve our leadership in the corporate banking sector while expanding our presence in the SME segment.

As part of our growth in the SME segment, we aim to double our market share within this segment over the next strategic period. Our investment in digital banking and IT infrastructure will be a key enabler in reaching this goal, as we believe digital solutions are crucial to addressing the needs of SMEs.

We have focused our efforts to also emphasize customer centricity, talent management, and employee development, guaranteeing that our workforce is fully prepared to achieve strategic objectives. Recognizing the importance of maintaining a strong focus on risk management and cybersecurity, we remain committed to protecting the Bank and our clients.

Building on achievements of the 2021-2023 strategy, we are taking concrete steps to expand our SME market share, introduce green finance products, and further enhance digital services.
With a strong emphasis on practical solutions, employee development, and risk management, PASHA Bank is well-prepared to address future challenges, support Azerbaijan's economic progress, and deliver long-term value to its clients and stakeholders.

8.0 OPERATIONAL OVERVIEW

We are a leading financial institution in Azerbaijan, recognized for our strong focus on corporate banking and its contribution to non-oil sectors. We offer a diverse range of services tailored to different client groups. When designing and modifying these services, we consider the macroenvironment and market shifts, ensuring they effectively meet the needs of clients. We provide a comprehensive range of financial services to support businesses across five primary segments (FIGURE 11).

FIGURE 11. BUSINESS SEGMENTS OF PASHA BANK

CORPORATE AND INSTITUTIONAL BANKING

Banking solutions tailored for large corporate clients.

- **Lending and Financing**
  Credit lines, corporate loans.
- **Transaction Services**
  Clearing and settlement, cash collection.
- **Corporate Cards**
  Payroll (salary) cards, corporate cards, customs cards, Tacir Kart.
- **Deposits**
  Current account interest, term, and capitalization deposits.
- **Digital Banking**
  Internet banking, B2B platforms, ATMs.

SMALL AND MEDIUM ENTERPRISES

Practical and scalable banking for SMEs.

- **Business Accounts and Payments**
  Business accounts with simplified management.
  Domestic and international payment services.
- **Employee Solutions**
  Salary projects for payroll management.
- **Business Cards and Digital Solutions**
  Corporate expense management
  POS-terminal services and E-commerce platforms, including "Pay by Link."
- **Advisory and Registration Support**
  Guidance on business setup and regulatory compliance.

RETAIL BANKING

Customized financial services designed for individual customers.

- **Personal Loans**
  Cash loans with competitive interest rates.
- **Debit and Credit Cards**
  A range of cards, including payroll, debit, and "Miles&Smiles" cards.
- **Savings Accounts Flexible**
  Savings accounts with digital deposit options, allowing customers to earn additional income.

INVESTMENT AND TREASURY BANKING

Comprehensive financial instruments for investment needs.

- **Securities Issuance**
  Supports equity and debt issuance for market access.
- **Derivatives**
  Forwards, options, and swaps to hedge risks.
- **Deposits**
  Current account interest, term, and capitalization deposits.
- **Commodity Futures**
  Hedging against commodity price volatility.
- **Liquidity Management**
  Custom solutions for optimal cash flow.

PRIVATE BANKING

Premium financial services for personal and high-net-worth clients.

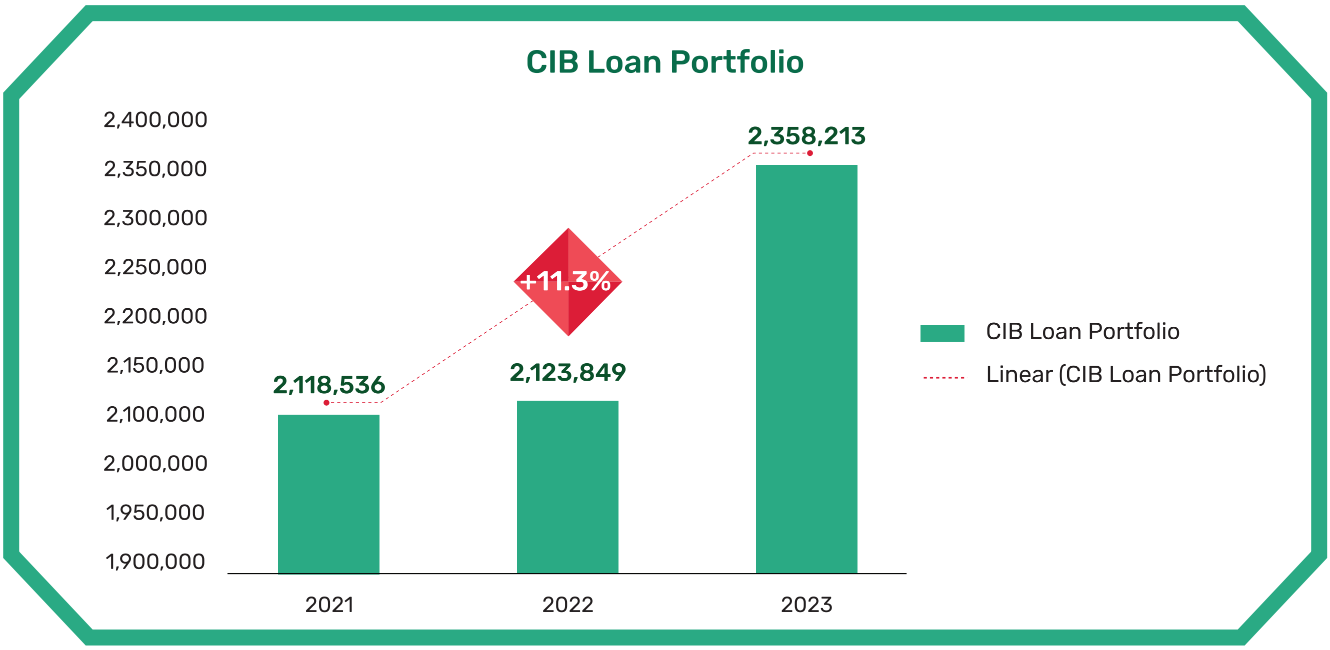
- **Personal Finance**
  Flexible digital deposits for savings.
  Cash loans and mortgages.
- **Cards and Digital Banking**
  Salary projects for payroll management.
- **Business Cards and Digital Solutions**
  Debit and specialized cards, payroll cards, and others.
  Digital platforms, internet banking, mobile apps, ATMs, and online payments.
- **Exclusive Benefits**
  Access to discount platforms and premium tariffs.

As the leading corporate bank in Azerbaijan, we demonstrate our status through strong operational performance. Each year, we consistently improve our services to solidify our position. At the same time, we closely monitor the changing needs of our current and potential clients to introduce new offerings in a timely manner. This approach is reflected in the increase in the number of our clients, highlighting the continued expansion of our operations and the positive trend in the number of CIB and SME clients over time.

Corporate and Institutional Banking

At the core of PASHA Bank's focus is the CIB segment, which provides a range of specialized solutions such as trade finance, cash management, corporate lending, and flexible deposit services to meet the complex financial needs of large corporations and institutions. This segment offers syndicated loans, which are structured financing solutions provided jointly by a group of lenders. This product is ideal for large-scale projects requiring substantial capital, allowing companies to diversify their funding sources and access competitive terms. This segment plays a pivotal role in the Bank's success, accounting for nearly 80% of its total revenue from segments in 2023. Notably, the Bank's large business loan portfolio expanded by 11.3% from 2021 to 2023, highlighting its strategic focus on corporate financing and promoting business prosperity (FIGURE 13). The Bank provides a wide array of corporate services, including clearing and settlement services, plastic card offerings, such as MasterCard and Visa, and corporate lending products including credit lines, corporate loans, and specialized lending for agriculture. PASHA Bank also offers factoring services, trade finance products, and comprehensive acquiring & payment services, such as POS terminals and e-commerce solutions, catering to the diverse needs of businesses in the region.
Success in this area is driven by the implementation of effective financial solutions. One of them is "Financial Guide", a platform that helps individual entrepreneurs manage their tax and budget payments. It provides features like tracking tax obligations, advance notifications for tax debts or delays, and updates on law changes. With an emphasis on secure, efficient, and modern banking solutions, PASHA Bank continues to shape the financial landscape for large corporate clients and institutions.

FIGURE 13. CIB PORTFOLIO AMOUNTS 2021-2023, THOUSAND AZN



Small and Medium-sized Enterprises

Recognizing the crucial role of Small and Medium-sized Enterprises (SMEs) in the economy, the Bank actively supports their growth and development. It offers practical and scalable banking solutions tailored to the needs of SMEs, such as flexible payment and transaction systems. These services include simplified management of business accounts, as well as domestic and international payment services. The Bank provides salary projects to streamline payroll management for employees. Corporate expense management tools are available through business cards, along with POS-terminal services and e-commerce platforms such as the "Pay by Link" feature.

Reflecting our strong commitment to SME financing, its SME loan portfolio has seen an increase of 19.5% from 2021 to 2023 (FIGURE 13), illustrating increased access to essential funding for business expansion.

By tailoring these offerings to the specific needs of SMEs, the Bank offers businesses of all sizes access to the resources necessary for sustainable growth. By tailoring these offerings to the specific needs of SMEs, the Bank ensures that businesses of all sizes can access the resources necessary for sustainable growth.

Retail Banking

While the Bank's primary focus is on corporate banking, it also provides a range of services through its Retail Banking segment. Many clients of this segment are employees of the Bank's corporate clients. Among these services are personal loans and mortgage options, which allow clients to access funds for various personal needs or property purchases.

The Bank provides tailored leasing solutions for the acquisition of equipment, vehicles, and machinery without the immediate burden of full ownership. Like other service segments, retail clients have access to PASHA Bank's digital banking platform, which includes internet banking and a mobile app, enabling them to manage accounts, make payments, and carry out transactions 24/7. The increase observed in the number of cards (TABLE 5) reflects the Bank's commitment to operational excellence and continuous improvement within the retail segment.

TABLE 5. NUMBER OF ACTIVE CARDS, BY TYPE

Number of cards, by card type	2021	2022	2023
Debit cards	533,619	656,885	844,205
Credit cards	6,017	9,020	10,176
Salary cards	324,611	353,076	379,264

Investment and Treasury

The Treasury department plays a significant role in managing the Bank's liquidity, investments, and financial risk exposures. By leveraging access to both local and international financial markets, we ensure the Bank's stable funding, optimal asset allocation, and effective risk mitigation in a dynamic financial environment. Through our FX desk, we offer derivative financial instruments—including forwards, options, swaps, and futures—that help our customers hedge exchange rate, interest rate, and credit risks, support flexible settlements, and safeguard minimum returns on invested funds. These instruments enable to manage market volatility and secure financial resilience through structured risk control. As reflected in our diversified portfolio over the years, the Trading desk plays a strategic role in balancing the Bank's risk-return profile by executing transactions in fixed income instruments, government bonds, and other marketable securities across domestic and international markets. Financial Institutions unit manages strategic relationships with international and domestic counterparties and participates in syndicated loan investments, strengthening the Bank's global market position.

Private Banking

PASHA Private Banking offers an exclusive wealth management experience, providing clients with tailored financial solutions that encompass financial advisory services. PASHA Private Banking operates as an investment consultant, offering advisory services from the ground up rather than merely facilitating trades. Around 30–40% of Private Banking customers actively use these wealth management and investment advisory services, reflecting a targeted and niche approach. Our financial advisory services are designed to offer personalized investment strategies that align clients' financial goals thereby maintain a structured approach to sustained wealth growth. Each customer benefits from a dedicated relationship manager who provides a highly personalized service, ensuring that investment decisions are tailored to their specific needs. Building on this personalized approach, financial advisory services at PASHA Bank includes five model portfolios catering to different risk profiles, diversifying investments across stocks, bonds, and commodities. Additionally, structured products allow clients to customize their investment approach by selecting asset types, risk levels, and profitability targets. Beyond wealth management, PASHA Private Banking provides a range of financial services to support clients' banking needs. Our Private Banking segment offers an exclusive range of premium card and loan services, designed to offer convenience, security, and prestige. Clients can access elite payment solutions through our Horizon and Heritage cards, which come with luxury privileges such as global concierge services and premium travel benefits. Moreover, tailored loan solutions offer clients flexibility, competitive rates, and personalized repayment options. The private banking mobile app enhances accessibility, allowing uninterrupted account management and unlimited transactions. Through these offerings, PASHA Bank remains dedicated to delivering a highly tailored private banking experience.

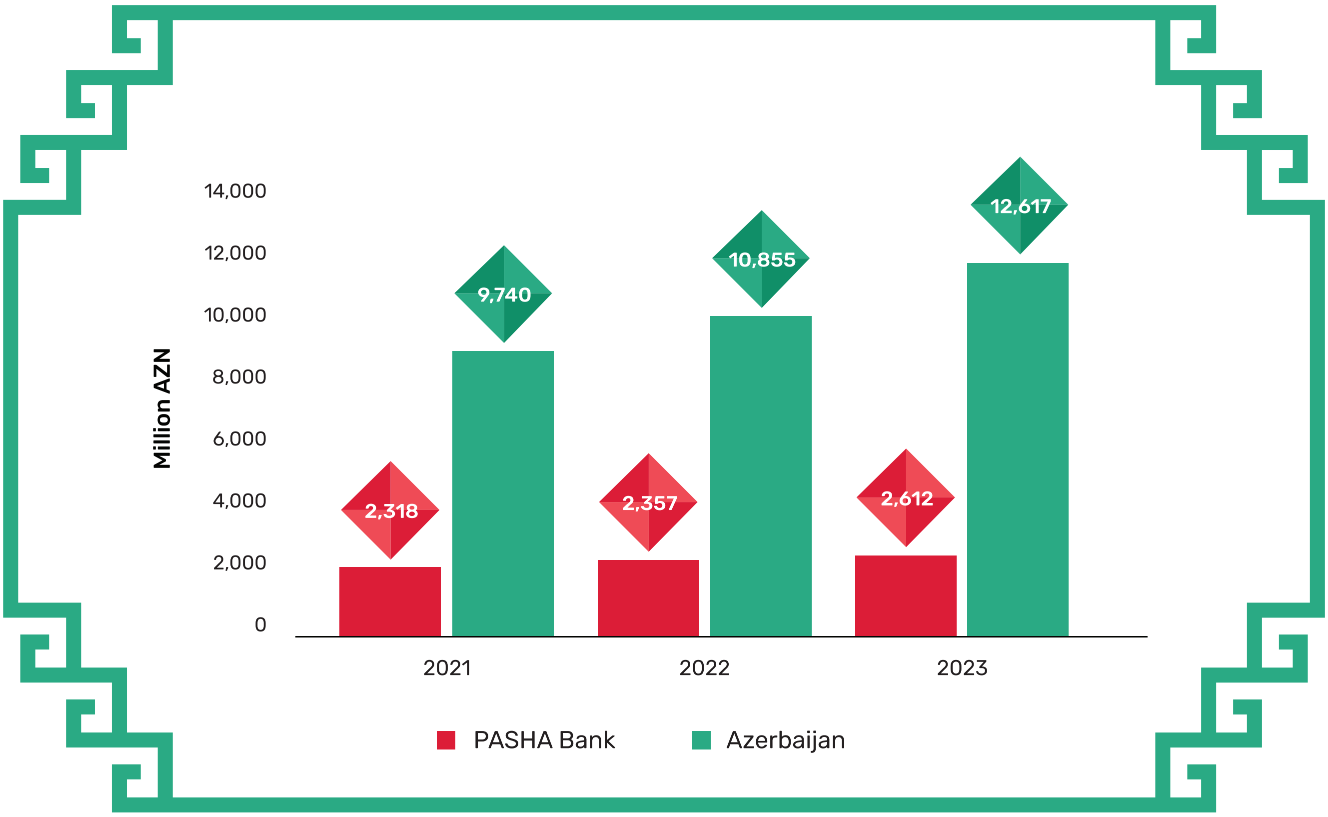
KARABAKH CARPETS

The Malibeyli carpets, attributed to the Shusha group of the Karabakh carpet-weaving school, take their name from **the village of Malibeyli**, located 15 km north of the city of Shusha. The men of this village were engaged in livestock breeding and farming, while the women were occupied with weaving carpets and rugs. Their carpets were famous throughout Karabakh. The carpet in question was woven not only in Malibeyli but also in other carpet-weaving centers of Karabakh. The village was renowned for producing various carpet-weaving products such as sacks, saddlebags, blankets, saddle covers, and more.

9.0 FINANCING A SUSTAINABLE FUTURE

We play a significant role in shaping Azerbaijan's economic landscape, particularly as the nation transitions towards non-oil sectors. In 2023, business loans constituted 54% of Azerbaijan's total loan portfolio, according to the Central Bank of Azerbaijan (CBAR). Our contribution is significant, with our business loan portfolio amounting to approximately 2.6 billion AZN - 21% of the country's total business loan market. Maintaining a market share exceeding 20% for the past three years, we demonstrate a steadfast commitment to facilitating business growth. This commitment extends to creating employment opportunities and promoting sustainable economic development.
These efforts are integral to financing a sustainable future, aligning economic expansion with environmental principles. (FIGURE 15).

FIGURE 15. DYNAMICS OF THE TOTAL BUSINESS LOAN PORTFOLIO OF AZERBAIJAN AND PASHA BANK

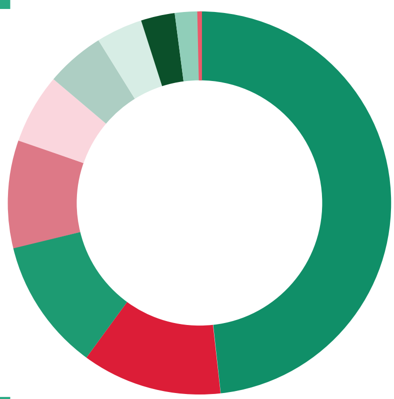


As Azerbaijan transitions towards a more sustainable economy, the role of financial institutions in shaping the trajectory of environmentally responsible investments becomes increasingly profound. We are leaving a positive footprint on the sustainable development of the country by allocating funds across different sectors, but mainly, key non-oil sectors, thereby, promoting cleaner public transportation and mining practices, fostering the integration of renewable energy sources, and optimizing agricultural processes.

With a total loan portfolio of 2.96 billion AZN (FIGURE 16), we are leveraging our financial influence and thereby indirectly driving sustainability in industries that are both economically significant and environmentally impactful. Notably, the trade and services industry constitutes the largest portion of our loan portfolio, reflecting its expansion over time. We are committed to supporting this sector's growth, recognizing its role in the country's progressive economic landscape. In 2023, loans to this sector increased to AZN 1.43 billion, representing nearly 48% of the Bank's total gross loan book.
This growth demonstrates the Bank's continued commitment to financing commercial enterprises, facilitating domestic and cross-border trade, and enhancing service sector capacity. Through targeted lending, the Bank enables businesses to scale operations, invest in infrastructure, and improve service delivery across Azerbaijan.

FIGURE 16. LOAN ALLOCATION BY INDUSTRY FOR 2023

TOTAL GROSS LOANS: 2,958,173 THOUSAND AZN



Industry	Loan Amount, thousand AZN	Portfolio share
Trade and services	1,426,801	48.2%
Individuals	346,568	11.7%
Transport and Telecommunacation	332,953	11.3%
Manufacturing	268,503	9.1%
Construction	173,486	5.9%
Agriculture and Food Processing	149,173	5.0%
Non-banking Credit organizations	112,570	3.8%
Energy	89,698	3.0%
Mining	51,212	1.7%
Other	7,209	0.2%

The transportation-related sector in Azerbaijan is contributing 8.3 million tons of CO_2 in 2023—accounting for 19% of the country's total emissions. Our Bank has directed substantial funding toward the adoption of cleaner public transportation as part of the Transportation and Telecommunication sector, accounting for 11.3% (332.9 million AZN) of our total loan portfolio. Since 2021, we have invested 9.046 million EUR in the procurement of 50 Compressed Natural Gas (CNG) buses and are planning to allocate an additional 2.439 million AZN in 2024 for five electric buses. According to our assessment, CNG buses emit 14% less CO_2 than diesel alternatives, and by replacing diesel buses, these vehicles cut emissions by 731kg of CO_2 per a 72km route.

Electric buses offer even greater efficiency, producing 33% fewer CO_2 emissions than diesel buses, and per a 100km route, they prevent 240kg of CO_2 emissions compared to diesel and 140kg compared to CNG. These investments highlight PASHA Bank's dedication to financing sustainable transportation solutions that contribute to cleaner air and much improved urban living environment.

Beyond transportation, PASHA Bank is also fostering the expansion of renewable energy sources, particularly geothermal energy. Within the Energy sector, which represents 3% (89.7 million AZN) of the Bank's loan portfolio, the Bank has allocated 10 million AZN toward the construction of a heated reservoir using geothermal waters. As part of this 30 million AZN project, we signify a further step to diversifying Azerbaijan's renewable energy sources, which have traditionally been dominated by oil and gas. Geothermal energy offers a stable and low-emission alternative to conventional heating methods, reducing the reliance on fossil fuels and contributing to a more sustainable energy grid. By financing such projects, PASHA Bank is enabling the development of underutilized renewable resources, thereby reinforcing Azerbaijan's long-term energy security.

Given that the Agriculture and Food Processing sector comprises 5% (149.2 million AZN) of PASHA Bank's total loan portfolio, the Bank's financing has contributed to advancements in sustainable agriculture. This sector is heavily reliant on water-intensive practices, and we have allocated 15 million AZN for drip irrigation systems covering 3,000 hectares of orchards and 17 million AZN for pivot irrigation systems across 1,500-2,000 hectares. These investments serve as a pathway to mitigating water scarcity and improving the efficiency of agricultural processes.
Drip irrigation, for instance, reduces water consumption by 30-50% compared to traditional irrigation methods, ensuring that water resources are used efficiently.
Furthermore, these advancements are projected to contribute USD 1 billion to GDP, demonstrating that sustainability and economic growth are not mutually exclusive.

The mining industry, often criticized for its high carbon footprint, is another area where PASHA Bank has taken steps to encourage cleaner practices. This sector accounts for 1.7% (51.2 million AZN) of the Bank's loan portfolio, and the Bank has substantially driven change herein, by financing the replacement of diesel generators with electric substations in mining operations. This transition significantly reduces emissions while simultaneously lowering operational costs for mining companies. In fact, given the industry's high reliance on fossil fuels, shifting toward electrified infrastructure leaves a positive footprint on the roadway to reduce Azerbaijan's overall industrial carbon footprint.

While PASHA Bank's current financing initiatives demonstrate a strong commitment to sustainability, the Bank is also looking ahead by developing innovative financial instruments to further integrate green investment into Azerbaijan's economy. Among its future plans is the introduction of green bonds, which would enable investors to directly support energy efficiency projects and renewable energy developments. Additionally, the Bank is working on carbon scoring services that will allow businesses to measure and manage their carbon footprints more effectively. These initiatives will not only align with global sustainability trends but also strengthen our position as a leader in the region's green finance movement.

10.0 CUSTOMER CENTRICITY

Customer centricity is a fundamental driver of success for a corporate bank, thus recognizing this, we at PASHA Bank have embedded a client-focused approach into our 2021-2023 strategy and made it a key priority in our upcoming 2024-2026 strategy. Our customer centric approach is based on the best practices demonstrating that continuous engagement with clients enables us to anticipate and meet evolving expectations, thereby enhancing customer retention and attracting new clients. Continuous refinement of our customer-centric model (FIGURE 17) guarantees its alignment with market trends and the support of our operational goals, resulting in a more robust, responsive, and efficient service framework.

FIGURE 17. OUR DIFFERENTIATED CUSTOMER CENTRIC APPROACH

Competitive advantage

By tailoring services to meet clients' unique needs, PASHA Bank gains a competitive edge. By providing high quality services and constantly innovating we differentiate ourselves from our competitors.

Improved reputation and brand

With a strong grasp of our client's business needs, we manage their credit portfolios effectively and provide tailored support during tough times. Showcasing our commitment to our clients and our robust reputation.

Increased bank resilience

PASHA Bank strives to provide positive customer experiences to reinforce our brand identity. We recognize that a strong brand helps attract new clients, thus we aim to maintain our brand identity in order to enhance our market position.

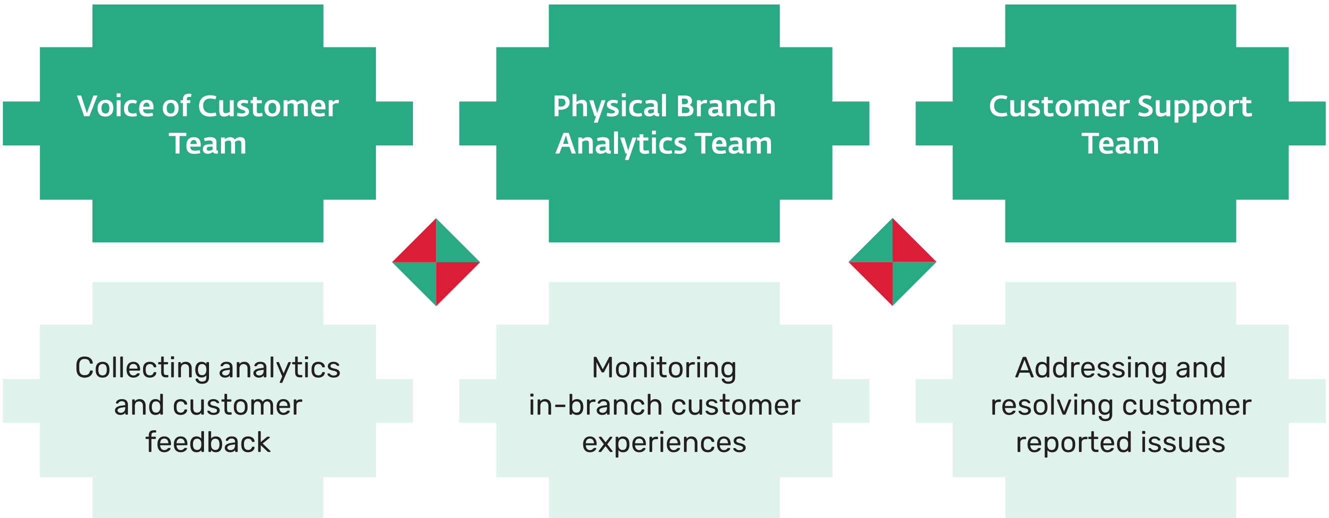
Monitoring customer satisfaction is critical to understanding customer needs and identifying areas for improvement. At PASHA Bank, we use Net Promoted Score (NPS) and Customer Satisfaction Index (CSI) as a basis for assessing our operations.

As part of our 2024-2026 strategic goal to improve customer satisfaction, we aim to expand our coverage across all service lines to better measure customer feedback. NPS is designed to measure key metrics such as overall customer satisfaction and referral rates within the bank, quality and efficiency of non-credit services and products.

CSI is designed to measure customer satisfaction with the bank, quality of services provided by relationship management, branches and all credit services and products. Both metrics are displayed in the Grafana dashboard in real time and are monitored by the Customer Experience (CX), Business Development squads and Strategy department.

To successfully embed customer centricity into our operations, we have established three dedicated teams: the Voice of Customer team, responsible for collecting and analyzing customer feedback; the Customer Experience team, focused on designing and developing end-to-end customer journeys and flows; and the Customer Communication & Appearance Excellence team, which ensures centralized communication across the bank and maintains quality standards. (FIGURE 18).

FIGURE 18. CENTER OF CUSTOMER EXCELLENCE



The Voice of Customer team collect feedback through both online and offline channels, including mobile app surveys and in-branch questionnaires. In addition, independent third parties conduct anonymous surveys annually to encourage transparency and collect unbiased feedback.

The Customer Experience (CX) team plays a central role in shaping how customers interact with our products and services.
Their core responsibility is to design and continuously improve seamless, end-to-end customer journeys across all touchpoints—both digital and physical. This includes mapping out customer flows, identifying pain points, and ensuring that every step in the journey is intuitive, efficient, and aligned with customer needs and expectations.

The Customer Communication & Appearance Excellence team is dedicated to ensuring that all customer-facing interactions and visual touchpoints consistently reflect the bank's brand, tone, and service quality standards. Their mission is twofold: to centralize and elevate customer communication across all channels, and to uphold a cohesive and high-quality service experience across branches and digital platforms. It is essential that customer-facing teams consistently provide accurate and aligned information to clients. Service levels should be regularly monitored, and timely training initiatives conducted to ensure teams maintain the expected standards.

Our customer-centric approach goes beyond traditional banking. We offer customized advisory services to our corporate clients, working closely with industry experts to support their business growth. We aim to introduce new digital solutions to improve our operational efficiency and customer satisfaction through innovation (FIGURE 19).

FIGURE 19. NPS IMPLEMENTATION

The new NPS methodology will be implemented in October 2024

In 2024, we will launch several digital products and features aimed at enhancing our customers' experience. The SME onboarding process will be significantly improved, enabling companies to register without the need to visit a branch. New offerings such as the Digital Business Card, mPOS, and a range of new features within the PASHA Business mobile app will have further streamline the experience—allowing businesses to access fast, fully digital services.

Similarly, we pioneered the local market by introducing Financial Guide, an innovative tool designed to help businesses with tax reporting and payment management. This feature reduces the administrative burden for entrepreneurs by streamlining their tax process. Financial Guide automatically calculates tax amounts based on tax and budget requirements, ensuring accuracy. It also automatically fills in key information, reducing manual entry and minimizing errors. The tool offers a flexible scheduling feature and a calendar to track deadlines, as well as notifications to remind users of important dates. These features simplify the tax process, allowing business owners to focus on growing their business.

Miles&Smiles

Our focus on customer centricity extends to offering products that deliver tangible value and align with client aspirations. A notable example is our partnership with Turkish Airlines, which allows us to offer the co-branded Miles&Smiles card. Designed to provide premium travel benefits, the Miles&Smiles cards cater to both frequent business travelers and leisure clients, enhancing their banking experience though exclusive rewards and privileges.

Cardholders earn Miles through everyday spending, flights with Turkish Airlines and its 26 partner airlines, as well as transactions with program partners such as hotels, car rentals, and selected retail stores. Our partnership with Miles&Smiles is unique in Azerbaijan, enhancing our customers' connectivity by allowing them to travel worldwide, using their Miles. Promotional periods offer bonus Miles, enabling customers to accumulate rewards faster. These Miles can be redeemed for various benefits, including award flights, ticket upgrades, and shopping for products and services via the program's online portal.

The Miles&Smiles program is structured into different membership tiers (FIGURE 20), each offering progressively upgraded benefits. To offer further flexibility, the program allows customers to combine cash and Miles when purchasing tickets, making it easier for travelers to maximize their rewards while continuing to earn additional Miles.

FIGURE 20. CARD ILLUSTRATIONS FOR EACH TIER

Platinum | **Black** | **Elite**

Beyond travel perks, the Miles&Smiles cards are integrated into a broader lifestyle ecosystem, giving customers exclusive discounts, special promotions, and concierge services. Whether booking a hotel stay, renting a car, or making purchases with partner merchants, customer can take advantage of seamless reward accumulation and redemption options. As we continue to enhance our customer-centric approach, we aim to expand the benefits and usability of the Miles&Smiles program, exploring additional partnerships and tailored offerings that align with the evolving needs of our clients. Our goal is to ensure that this program remains not just a travel reward initiative but a comprehensive value-added service that enhances our customers' financial and personal experience (FIGURE 20).

Looking ahead, we will strengthen our understanding of customer needs, enhance our service offerings, and expand digital innovations to create a more cohesive banking experience. Reinforcing data-driven decision-making and refining our customer engagement models will allow us to anticipate market shifts and respond with greater agility. Our emphasis on customer centricity is rooted in continuous improvement, developing meaningful client relationships, and practical solutions that drive real value. By staying aligned with evolving expectations and industry advancements, we will solidify our position as a trusted financial partner, delivering long-term benefits for our clients and stable growth for the Bank.

Miles&Smiles Advantages

FIGURE 21. MILES&SMILES ADVANTAGES

- Access to Star Alliance network
- Exclusive Membership Tiers
- Variety of way to Spend Miles
- Range of Travel Benefits
- Flexible payment options
- Various opportunities to earn extra Miles

11.0 GOVERNANCE: LEADING WITH INTEGRITY

11.1 ORGANIZATIONAL STRUCTURE

Corporate governance at PASHA Bank is built upon a comprehensive framework of rules and practices designed to maintain effective management and oversight of the Bank. These governing rules, established by both legal mandates and internal governance principles, outline the standards for responsible decision-making and long-term value creation. At its core, corporate governance reflects the Bank's commitment to transparency, accountability, and the ethical conduct of business. This commitment is embodied in our ownership structure, which delineates the distribution of ownership and influences governance decisions (FIGURE 22).

The principles guiding PASHA Bank's corporate governance are rooted in protecting stakeholder interests, ensuring efficient internal controls, and promoting open communication all throughout our organizational structure (FIGURE 23) PASHA Bank has developed internal codes and policies to supplement its adherence to legal and regulatory requirements, thereby underscoring the Bank's mission to maintain the highest standards of transparent corporate governance while adapting to the evolving needs of its stakeholders and the wider community.

Both national and international laws, including the Law of the Republic of Azerbaijan on Banks, the Basel Corporate Governance Principles for Banks, and other pertinent normative documents guide our corporate governance. The nomination and selection process for the highest governance body and its committees is governed by the Azerbaijan's Civil Code, the Law on Banks, the Central Bank's Corporate Management Standards, the Bank's Charter, and the Regulations of the Governance bodies and its committees.

FIGURE 22. OWNERSHIP STRUCTURE

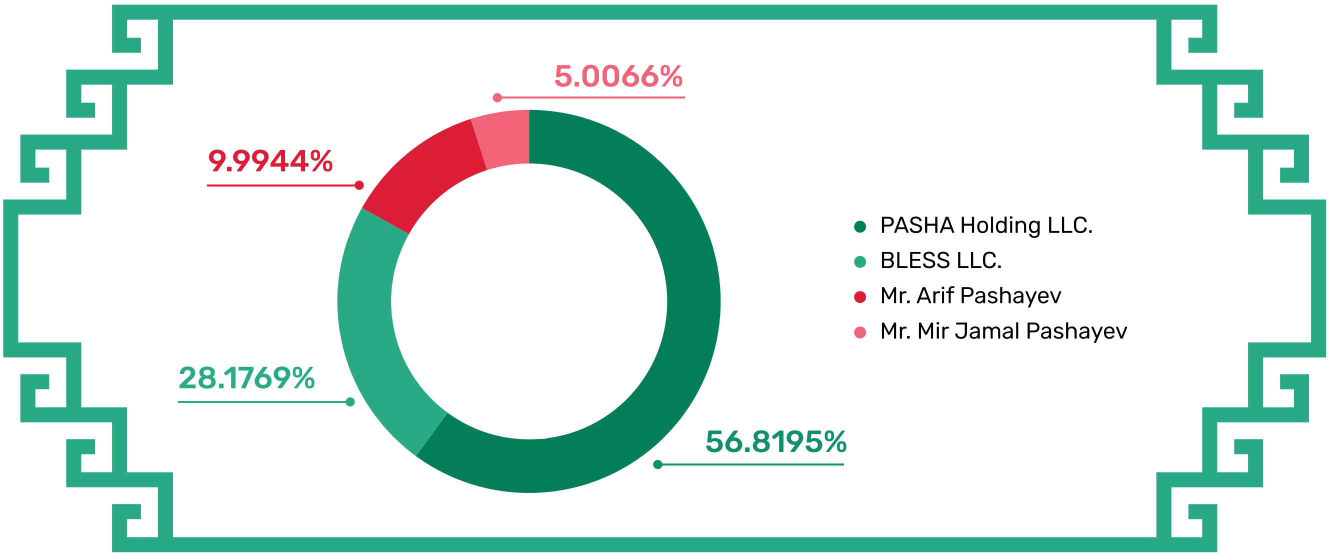
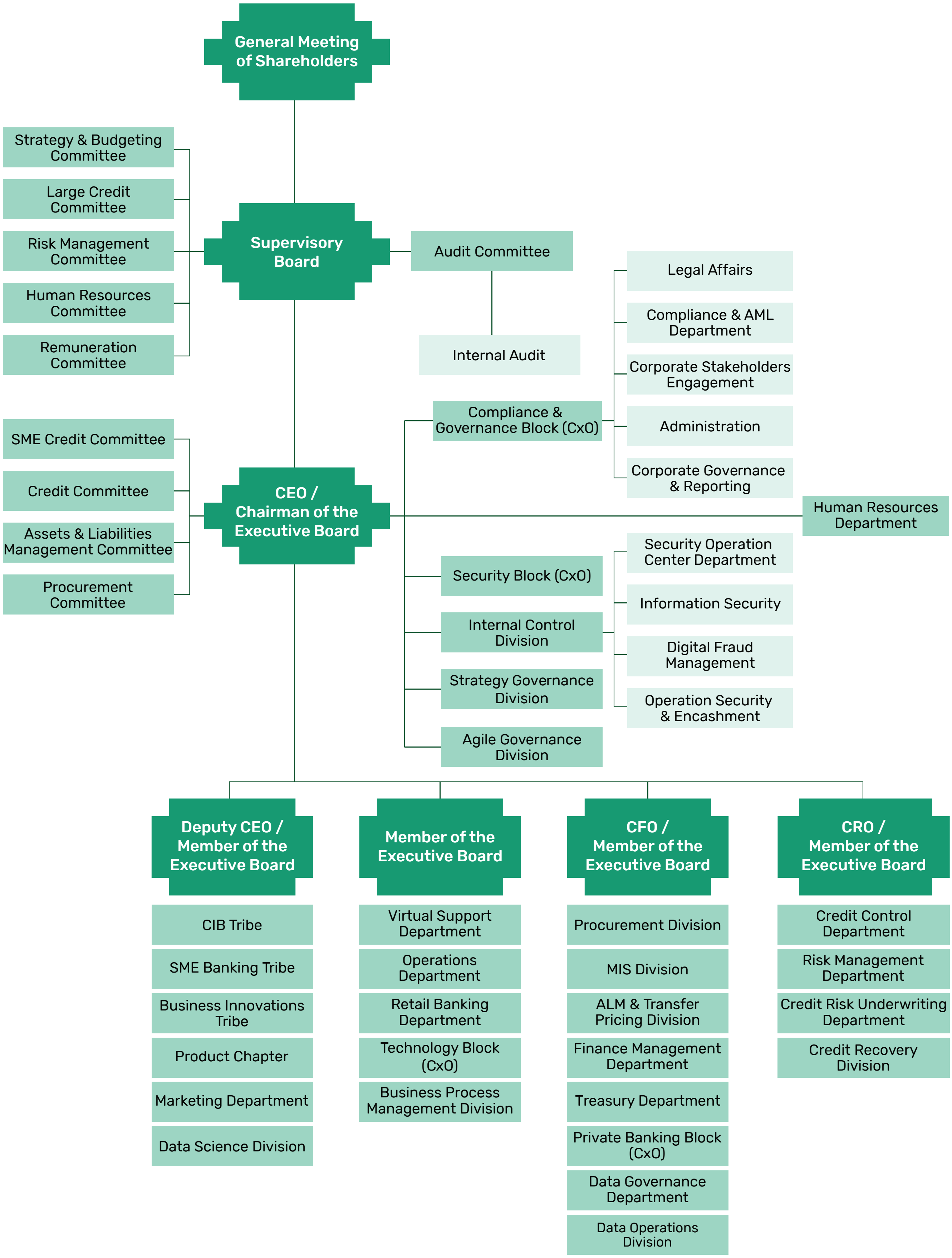


FIGURE 23. ORGANIZATIONAL STRUCTURE



General Meeting of Shareholders

The Shareholders' General Meeting at PASHA Bank holds the ultimate responsibility for making critical decisions that shape the Bank's activities and strategic direction. Its role extends beyond decision-making, as it acts as a cornerstone of oversight, ensuring that the Bank's operations comply with established regulations. This oversight encompasses a thorough review of the Board's adherence to the strategic objectives set, risk management policies, and operational procedures.

By maintaining this supervisory function, the General Meeting safeguards the Bank's long-term vision while fostering transparency and accountability (FIGURE 24).

FIGURE 24. ROLES AND RESPONSIBILITIES OF THE GENERAL MEETING OF SHAREHOLDERS

- Approval of the Bank's Charter and its amendments
- Overlooking the Bank's guidelines and regulations alongside carrying out any required modifications
- Review and approval of the credit and non-credit related matters of the Bank
- Approval and dismissal of the Supervisory Board members, its charter, and determination of labor relations with its members
- Establishing the executives' authority to assume responsibilities on the Bank's behalf, except for the Supervisory Board members
- Defining the Bank's interest rate, asset placement, and general financial, accounting, and administrative policies and procedures
- Appointing an external auditor for the execution of the law requiring the audit to be conducted
- Approval of the Bank's annual financial report, as verified by the external auditor and endorsed by the Audit Committee
- Approval and dismissal of the members of the Executive Board and its charter
- Settlement of other matters entrusted to the shareholders under the laws of the Republic of Azerbaijan and the Bank's charter

Supervisory Board

The Supervisory Board at PASHA Bank serves plays an important role in steering the Bank's strategic direction and ensuring its compliance with regulatory and governance standards. Appointed for a period of 3 years with a possibility of re-election and comprised of 5 professionals including 2 independent members with extensive experience in areas such as banking, finance, risk management, and corporate strategy, the Board provides diverse perspectives that strengthen decision-making processes (FIGURE 27). The Supervisory Board meets monthly to review the Bank's performance, discuss key strategic and operational matters, and address any pressing issues, ensuring consistent oversight and timely decision-making. This collective expertise shapes the functions of the Supervisory Board, enables it to address complex challenges, foster sustainable growth, and maintain the Bank's reputation for excellence and integrity within the financial sector (FIGURE 25).

To evaluate the performance of the highest governing body, a systematic assessment of the Supervisory Board and its individual members is conducted. Following each meeting, members are provided with a survey to evaluate various aspects, including the performance of other members, the quality of the meeting, the organization of physical meetings, the appropriateness of time allocation, and the engagement levels of both the organization and its members. The feedback collected from these surveys is compiled quarterly into statistical reports, which are sent to the corporate center for overall performance evaluation. Additionally, these reports are shared with the members of the Supervisory Board, while more detailed assessments, including individual evaluations for each member, are sent to the Chair of the Supervisory Board. This process guarantees continuous monitoring and improvement of governance practices.

FIGURE 25. MEMBERS OF THE SUPERVISORY BOARD

MIR JAMAL PASHAYEV
Chairman of the Supervisory Board

Mir Jamal Pashayev graduated from the Physics Department at Moscow State University in 1993 and went on to obtain his Master of Science in Engineering from the University of California in 1996, followed by a Master of Business Administration from American University in Washington D.C.
in 1998.

He joined the **Mobil Corporation** as a **Business Project Consultant** to the company's Dallas and Washington offices in 1998 before arriving in Baku in 1999, where he took on the position of Consultant to the **Central Bank of Azerbaijan**. In 2000 Mir Jamal Pashayev joined the **European Bank of Reconstruction and Development (EBRD)** as **Financial Analyst** in 2000 and was soon promoted to the position of **Banker on Infrastructure Projects**. From 2005 to 2008, he was engaged in consulting activities for **large-scale investment projects** in the fields of **infrastructure, telecommunications** and **financial services.**

Mir Jamal Pashayev has been the **Managing Director at PASHA Holding** since 2006. He is also **Chairman of the Board of Directors of PASHA Insurance.**

FARID AKHUNDOV
Member of the Supervisory Board

Farid Akhundov has graduated from the Institute of Economics of Azerbaijan in 1992. He is an alumnus of the Management courses of Nottingham Trent University. In 1994 Farid Akhundov was one of the first Azerbaijani citizens to win Chevening Scholarship; a prestigious UK Government award administrated by the Foreign and Commonwealth Office of Great Britain and in 1995 obtained MBA degree from Salford University, Manchester, UK.

He began his career in 1991 as an **Economist** at a **metal plant.** After a year he moved to the **Azerbaijan Republic State Committee on Economics and Planning** as a **Senior Economist** responsible for foreign economic relations. From 1996 to 2003, Farid Akhundov held several key positions at the **British Bank of the Middle East (subsidiary of HSBC),** where he moved from the position of **Financial Control Manager** to the **Head of Customer Services and Corporate Banking** departments and subsequently promoted to the **Deputy CEO of HSBC Azerbaijan.**

In 2003 Farid Akhundov joined **Most Bank Azerbaijan** as the **Chairman of the Executive Board** where he had overseen the restructuring and rebranding of Most Bank, Azerbaijan to **Bank Standard JSC** - one of the largest commercial banks of the country then.

Farid Akhundov joined **PASHA Bank** in 2007 as the **Chairman of the Executive Board** and was appointed to the **Supervisory Board** on 1 July 2015.

VADIM SHNEYER
Independent Member of the Supervisory Board

Vadim Shneyer graduated with honors from Baku State University's Law Department in 1991. He began his career as a **lawyer** in Azerbaijani and international companies, including **Baku Interbank Currency Exchange** and **Far East Levingston Shipbuilding.** From 1997 to 2001, he was **managing partner at Dr. Entezari & Associates in Baku,** then worked at **Michael Wilson & Partners in Almaty** until 2005 and at **BM Law Firm in Baku** until 2007.

In 2007, he joined **Pasha Holding LLC as Head of Legal Department** and became **Deputy Director** in 2011. Between 2008 and 2013, he also served as **Chairman of the Supervisory Council of Kapital Bank OJSC.**

NARIMAN SARDARLI
Member of the Supervisory Board

Nariman Sardarly graduated with Bachelor's Degree in Business, Management and Finance from Brooklyn College at City University of New-York in 2004. In the same year he commenced his professional career as an **Audit Associate in Deloitte, Azerbaijan**. In 2005 he joined **PwC Baku office as an auditor.**

In 2007 he joined newly established **PASHA Bank as an Expert in MIS in Financial Management Department,** responsible for internal and external financial reports. In 2009 he joined **PASHA Holding's Investments and Projects Department as Investment Manager** responsible for developing **PE/VC financing vehicle of PASHA Holding.** In March, 2009 he was appointed **Head of Audit Committee of PASHA Bank,** in 2010 - a **member** of **Supervisory Board of PASHA Bank.**

In 2012 he received scholarship from State Program to obtain his Master's degree in Business Administration from IE Business School participating in exchange program with Kellogg School of Mangement at Northwestern University.

In February 1, 2015 he was appointed **Director of Investments and Projects Department of PASHA Holding.**

SHAHIN MAMMADOV
Member of the Supervisory Board

Mr. Mammadov started his career as an **Accountant** in 2003 and was later promoted to **Deputy Chief Accountant at Yapi Kredi Bank Azerbaijan.** He joined **Deloitte & Touche** in 2005 as **Associate Auditor** and was subsequently promoted to **Audit Manager.**

In 2009, Mr. Mammadov was assigned to the position of **Director of the Financial Management Department at PASHA Bank Azerbaijan** and in 2011 he became **Chief Financial Officer** and **Member of the Executive Board.** In 2013, he joined the Board of Directors of PASHA Bank Georgia supervising the business development function. In July 2014, Mr. Mammadov was appointed the **CEO** and **Chairman of the Board of Directors at PASHA Bank Georgia.** Since March 2015, Shahin Mammadov has been a **Member of the Supervisory Board of PASHA Bank Turkey.** In January 2018 Mr. Mammadov was assigned to the position of **Business Support Director and Deputy CEO at PASHA Holding.** On March 1, 2018 Shahin Mammadov became **Member of the Supervisory Board of PASHA Bank Azerbaijan** and on May 30, 2018 became **Member of the Supervisory Board of PASHA Bank Georgia.**

Mr. Mammadov successfully completed several education programs in a number of top business schools as a part of High Potential Leadership Program organized by PASHA Holding in 2013.

In 2012 Shahin Mammadov enrolled in Harvard Business School's Program for Leadership Development (Executive Education Program).

Mr. Mammadov obtained Alumni Status from Harvard Business School in July 2017.

Shahin Mammadov is a Member of the Association of Chartered Certified Accountants (ACCA) since 2014.

FIGURE 26. ROLES AND RESPONSIBILITIES OF THE SUPERVISORY BOARD

Providing Recommendations to Governing Bodies

The Supervisory Board offers recommendations to the Shareholders' General Meeting and the Executive Board. These recommendations help shape strategic decisions and ensure that the Bank's activities align with its long-term goals and stakeholder interests.

Oversight of the Audit Committee

The Supervisory Board oversees the composition and performance of the Audit Committee. This includes appointing and dismissing members, as well as approving the Committee's Charter to ensure its effective operation. By doing so, the Board strengthens the Bank's internal audit and risk management frameworks.

Evaluation of Executive Board Members

The Supervisory Board has the authority to evaluate the performance of the Executive Board's members and, if necessary, replace them in accordance with the legislation. This function ensures that the Bank's leadership maintains high levels of competence and integrity.

Risk Oversight

The Supervisory Board ensures that the Bank's risk management strategies are properly implemented and regularly evaluated. This includes reviewing and approving risk management frameworks and making decisions aimed at mitigating potential risks to the Bank's stability and reputation.

Formulating Decisions on Capital Reserves

One of the Board's core responsibilities is making decisions related to the creation and maintenance of the Bank's capital reserves. This function ensures the financial stability and resilience of the Bank, enabling it to meet regulatory requirements and withstand economic challenges.

Ensuring Compliance

The Supervisory Board is responsible for ensuring that all activities within the Bank comply with applicable legal and regulatory frameworks. In case of any violations, the Board is tasked with notifying the Shareholders' General Meeting, Audit Committee, and the Board of Directors, thus upholding transparency and accountability.

Monitoring Financial and Operational Activities

The Supervisory Board regularly reviews reports on the Bank's financial and operational performance. This review process includes credit and non-credit matters, addressing urgent requests and regular submissions prepared for meetings. The Board assesses the implementation of strategic goals and evaluates management efficiency.

Addressing Organizational and HR Matters

The Supervisory Board oversees HR matters, including structural changes, the creation of new organizational structures, changes in curatorship, and appointments. The Board reviews membership committee reports, audit matters, and issues related to remuneration and salaries, ensuring that all human resource policies are aligned with the Bank's strategic goals.

Supervisory Board Committees

At PASHA Bank, the Supervisory Board is supported by specialized committees, each dedicated to a crucial aspect of the Bank's governance and strategic operations (FIGURE 27). These committees and expert groups play a pivotal role in providing oversight and detailed scrutiny, ensuring that all areas of the Bank's operation align with both regulatory requirements and internal goals. Their work is vital in shaping the bank's policies and strategies, enhancing transparency, and promoting effective corporate governance.

FIGURE 27. SUPERVISORY BOARD COMMITTEES

Strategy & Budgeting Expert Group

The Group plays a critical role in supporting PASHA Bank's governance and strategic objectives through its multifaceted functions. By facilitating structured feedback, comprehensive analysis, and strategic recommendations, the Group ensures alignment between the Bank's operational activities and its overarching goals.

Its responsibilities encompass creating essential documentation, providing guidance on the Bank's Business Plan and budget, and monitoring their execution. Through these efforts, the Group strengthens decision-making processes and enhances operational efficiency, serving as a key advisory body to the Supervisory Board.

Big Credit Committee

The primary function of the Committee is to assist the Supervisory Board in managing credit risk in line with the Bank's established lending policy. To achieve this, the Committee is entrusted with several key responsibilities. It has the authority to grant loans to legal entities and individual entrepreneurs, including opening credit lines, increasing credit line limits, extending terms, and altering other conditions (excluding credit restructuring), as well as securing guarantees for such loans within the limits determined by the Supervisory Board. Additionally, the Committee oversees decisions related to issuing letters of credit, guarantees, and other credit risk-bearing transactions, along with determining and extending validity periods or amending related terms, as specified by the Supervisory Board. When the total amount of limits on such matters exceeds the threshold set by the Supervisory Board for a client, the Committee provides initial comments and recommendations before submitting the matter for Supervisory Board consideration. Furthermore, the Committee offers comments and proposals on the Bank's credit policy to the Supervisory Board and carries out other tasks assigned by the Supervisory Board. Through these competencies, the Committee plays a vital role in ensuring prudent credit risk management.

Risk Management Committee

The Committee plays a pivotal role in ensuring robust risk management practices at PASHA Bank by overseeing the development, implementation, and continuous improvement of risk-related strategies and policies. Its responsibilities include preparing and presenting risk management strategies, policies, and regulatory frameworks for the approval of the Supervisory Board, as well as recommending modifications when necessary. The Committee is tasked with defining methodologies for risk identification and assessment, selecting appropriate tools, and determining their frequency of application.
Additionally, the Committee monitors the Bank's risk exposure to ensure alignment with the approved risk management strategy. It prepares detailed reports on the risks faced by the Bank and the effectiveness of the risk management system, submitting these findings to the Supervisory Board for review. The Committee also provides recommendations to enhance the risk management framework, evaluates the performance of the Risk Management Department, and advises on structural and departmental responsibilities for risk management functions. Further responsibilities include reviewing emergency response plans in coordination with the Executive Board, proposing candidates for the role of Director of the Risk Management Department, and carrying out other duties as mandated by law. Through these activities, the Committee ensures that PASHA Bank maintains a proactive and effective approach to risk governance.

Human Resources Expert Group

The Human Resources Committee at PASHA Bank is established to provide preliminary reviews and recommendations to the Supervisory Board regarding the Bank's key human resources policies and priorities. Operating within the powers delegated by the Supervisory Board, the Committee conducts its activities in compliance with the laws of the Republic of Azerbaijan, internal regulations, and resolutions approved by the General Meeting of Shareholders and the Board. Its responsibilities are carried out in alignment with the Bank's internal policies and governance framework, ensuring regular reporting to the Supervisory Board to maintain oversight and support informed decision-making on human resources matters.

Nomination and Remuneration Committee

The objectives of the Committee encompass reviewing and recommending principles, strategies, and policies for the remuneration and incentive schemes of the CEO, Deputy CEO, senior management, and staff, including the annual bonus pool, for Board approval. The Committee ensures compliance of remuneration policies with risk management regulations, oversees their implementation, and evaluates their efficiency in collaboration with the Risk Management Committee. It also nominates candidates for the Executive Board, reviews the Bank's Talent Matrix for succession planning and high-potential employees, verifies and submits KPIs of Executive Board members for approval, and conducts market analyses to compare salary levels and incentives with industry peers.

Audit Committee

The Audit Committee serves as a key governing body responsible for overseeing and regulating the audit processes within PASHA Bank, ensuring comprehensive control over its financial and economic activities. Through the Internal Audit Department, the Committee directly monitors the Bank's adherence to regulatory requirements, legal frameworks, and internal policies. It systematically evaluates the compliance of the Bank's structural subdivisions, employees, affiliates, and representative offices with applicable laws, focusing on risk management, control mechanisms, and operational efficiency. Furthermore, the Audit Committee plays a pivotal role in assisting the Supervisory and Executive Boards by ensuring the existence and adequacy of a robust internal control system.

Executive Board

The Executive Board of PASHA Bank is entrusted with the responsibility of managing the Bank's daily operations and executing its strategic objectives. Comprising 5 members, including the Chairman, the Board is appointed by the Supervisory Board and operates within the framework defined by the Bank's Charter and the laws of the Republic of Azerbaijan. The Executive Board is tasked with handling operational matters that do not fall under the jurisdiction of the Shareholders' General Meeting, Supervisory Board, or other committees, ensuring that the Bank functions efficiently and effectively.

The members of the Executive Board are appointed for a term of 3 years, with the possibility for re-election based on performance and the evolving needs of the Bank. The Chairman of the Executive Board is selected from among the members and plays a decisive role in guiding the Board's activities. For the Board to make decisions, a quorum of more than half of its members must be present, ensuring that deliberations are inclusive and representative. Each member holds equal voting rights, and decisions are made by majority vote. In cases where the vote is tied, the Chairman's decision is final. To maintain fairness and accountability, in instances of conflicts of interest, certain members of the Board refrain from voting.

The Executive Board works collaboratively to oversee the Bank's financial performance, operational processes, and risk management practices. The financial control system of the Bank must comply with financial management and reporting requirements, ensure the execution of the budget, and implement the necessary procedures for managing the risks the Bank faces and anticipates. For this purpose, the Executive Board, within the framework of its delegated rights and powers, ensures the distribution of functions and responsibilities, organizes the management reporting system, and implements an organizational structure that supports the efficient management and operation of the Bank. Meetings are held on an ad hoc basis and at least once a month to evaluate progress and address any outstanding challenges. These sessions cover the approval of new products, evaluation of new projects, process-related changes, and updates on the status of strategic initiatives, with relevant status reports presented for discussion.

The Chief Executive Officer (CEO), as the Chairman of the Executive Board, plays a central role in driving the Bank's operations and ensures that the responsibilities of each member are clearly defined and aligned with the Bank's overarching goals. In addition to overseeing the Bank's operational efficiency, the CEO is also responsible for ensuring compliance with sustainability principles, reviewing and approving reports related to the Bank's environmental, social, and governance (ESG) commitments (FIGURE 28).

FIGURE 28. MEMBERS OF THE EXECUTIVE BOARD

JAVID GOULIYEV
Chairman of the Executive Board, CEO

Mr. Gouliyev graduated from the Azerbaijan University of Languages and from the Azerbaijan State Economic University majoring in Finances and Credit. In 1999, he also graduated from the Higher School of Management of the HSBC Group (HSBC Group Training Management College).

Javid Gouliyev began his career in 1996 as **Head of Clients Department in British Bank of the Middle East,** a subsidiary of HSBC, and in 1999, he served as **Head of Financial Control Department** of the bank.

In 2003, J. Gouliyev joined **Unibank** first as advisor to the Board, and later, in 2004, he was appointed **First Deputy Chairman** of the bank. During the period between 2005 and 2012, Javid was **First Deputy Chairman of Bank Standard.**

In 2012, Mr. Gouliyev was appointed **Executive Finance Director at Capital Resources Advisors,** Azerbaijan Branch. In 2014, he joined **PASHA Holding** as **Chief Advisor.**

Javid Gouliyev began his career in **PASHA Bank** in 2015 as **Business Development Advisor** to the Chairman of the Bank's Board. On 23 February 2016, he was appointed **Deputy Chairman of the Executive Board of PASHA Bank.** On 5 March 2018 he was appointed **Chief Commercial Officer** of the Bank.

On 12 April 2022, he was appointed **Acting Chairman of the Executive Board of PASHA Bank.**

According to the decision of the General Meeting of Shareholders of the Bank, Javid Gouliyev was appointed as **Chief Executive Officer** and **Chairman of the Executive Board of PASHA Bank** on June 9, 2022.

BAHRUZ NAGHIYEV
Deputy CEO

Bahruz Naghiyev graduated from George Washington University (GWU), majoring in Business Administration in Finance in 2008. He received an EMBA degree from Columbia University & London Business School joint program in 2020. In addition, Mr. Naghiyev successfully completed the "Executive Leadership Programs" at London Business School, IE Madrid and Ashridge University London. B. Naghiyev is a CFA Level 1 charterholder.

Bahruz Naghiyev began his professional career in 2009 as **Financial Operations Coordinator** in George Washington University. In 2010, he returned back to Azerbaijan and started working as **Financial Analyst/Accounting analyst at Aztexnika.**

In 2011, he joined PASHA Bank initially as a **Treasury Control Expert.** Later, in 2013, he got promoted to **Expert in Management Information System/Budgeting function.** In 2014, Mr. Naghiyev was appointed as a **Director of the Treasury & Capital Markets Department of PASHA Bank.**

Throughout his journey at PASHA Bank, Mr. Naghiyev gained extensive professional experience in multiple areas of the business; including **accounting, internal** and **external reporting, treasury,** as well as **front** and **back office** functions. Mr. Naghiyev was promoted to the position of **Chief Financial Officer** and appointed to the Executive Board on March 29, 2018. In 21 July, 2022, Bahruz Naghiyev was promoted to the position of **Deputy CEO.** In this appointment, Bahruz Naghiyev leads the **sales, business innovations** and **marketing directions.**

JALAL ORUJOV
Member of the Executive Board

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

He started his career in 2001 at **European Union TACIS Program's Coordination Bureau as Lead Expert**. In the course of 2002-2005, J. Orujov worked as **Lead Expert** and was promoted to position of **Head of Division at Payments Systems and Information Technologies** department of **Central Bank of the Republic of Azerbaijan.** From 2005 to 2006 he was the **Director of "Millikart" Processing Centre of Central Bank.**

From 2006 to 2016, he was **Executive Director of "Millikart" LLC Processing Centre.** In 2016-2017, he worked as Chief Technology Officer of Unibank and in 2017-2018 he pursued his career as **Managing Director of International Bank of Azerbaijan.**

He started his career at PASHA Bank in 2018 as **Member of the Executive Board** and **Chief Operations Officer.**

MURAD SULEYMANOV
Member of the Executive Board

Murad Suleymanov is an alumnus of the Azerbaijan State Oil Academy. In 2007, Mr. Suleymanov achieved a bachelor's degree in Engineering Economics and Management. Later, in 2009, he completed his master's degree in the same major and graduated with honours.

In 2008-2011, Murad Suleymanov worked at the **Audit Department of Azerbaijan** branch of the **Ernst & Young Holdings** (SiAyEs) Bi.Vi company as a **financial auditor.**

In October 2011, Murad Suleymanov joined **"PASHA Insurance" OJSC** and worked in the roles of **Deputy Director of Finance and MIS,** as well as the Finance Director and the **Member of the Management Board.** In the latter role, he worked as a **curator of finance, actuarial, investment management, administrative management, procurement,** and r**isk management departments.**
In 2015-2017, he went through various training programs for managers and participated in leadership modules within the "High Potential Leadership" program of "PASHA Holding" LLC. In May 2019, Murad Suleymanov has been appointed as the **Director of the Group Finance** and **IT Department at "PASHA Holding" LLC** and has been managing accounting and taxes, procurement, treasury, reporting, budgeting, and IT management.

Murad Suleymanov is also a **Chairman of Strategy** and **Budget Committees, Chairman of Procurement Committees, Chairman of Investment Committees**, member of **Human Resources Committee,** member of **Innovation Advisory Council** in various enterprises of **PASHA Group,** as well as member of **Supervisory Boards in "PASHA Technology" LLC** and **"PASHA Capital".**

From July 21, 2022, Murad Suleymanov is a **Chief Financial Officer** and a member of the **Executive Board of "PASHA Bank" OJSC.**

PARVIN AHADZADE
Member of the Executive Board

Parvin Ahadzade graduated with bachelor's and master's degrees from Azerbaijan State University of Economics and subsequently continued his education at the University of Oxford, Said Business School, earning an MBA degree.

Ahadzade began his professional career with **ATA Bank** in 2003 and thereafter worked 9 years at the **Central Bank of the Republic of Azerbaijan.**

He began working as a Consultant for **PASHA Holding** in 2015. He also **chaired** the **audit committees at Kapital Bank** in 2015 and **PASHA Bank** in 2016. Furthermore, since 2020, he has served as the head of PASHA Holding's Group Audit Department.

Since July 18, 2023, Mr. Ahadzade has been a **member** of the **Executive Board** and **Chief Risk Officer** at PASHA Bank.

Executive Board Committees

Our executive committees play a vital role in effective governance, efficient decision-making, and robust oversight (FIGURE 29). These committees are designed to support the Executive Board and management in fulfilling their responsibilities by focusing on specific areas such as credit, procurement and assets and liabilities. Each committee operates within a clearly defined mandate, with each having a set of distinct KPIs, ensuring that key aspects of the Bank's operations are monitored, evaluated, and aligned with its strategic objectives. By fostering collaboration and accountability, the committees contribute to the Bank's commitment to transparency and operational excellence.

FIGURE 29. EXECUTIVE BOARD COMMITTEES

SME Credit Committee

The SME Committee is responsible for approving asset quality standards and general underwriting guidelines across all financing areas, maintaining consistency and compliance. It reviews and makes decisions on financing requests within the established limits, including those submitted by employees, in alignment with the credit policy. Additionally, the Committee evaluates and provides recommendations on the credit policy, addressing risks, limits, and reserves. It actively monitors the quality of the credit portfolio by assessing trends in credit quality, classified loans, written-off debts, and identifying any irregularities. The Committee also makes decisions regarding the reconsideration, adjustment, or cancellation of penalty interest on financing. Furthermore, it oversees the delegation of authority for operational functions or management personnel within financing limits set by the Bank's authorized decision-making body, ensuring these powers are used appropriately and effectively, while keeping the Executive Board informed.

Credit Committee

The Committee at PASHA Bank is tasked with ensuring the long-term security and stability of the Bank's financial activities. Its responsibilities include monitoring the financial situation to maintain stability and implementing rational risk management practices to safeguard the Bank's operations and strategic goals.

Assets & Liabilities Management Committee

The Committee at PASHA Bank is responsible for ensuring the effective management of the Bank's assets and market risk while maintaining oversight of its financial position. These functions are critical to supporting the Bank's financial stability and strategic objectives.

Procurement Committee

The Committee at PASHA Bank is responsible for providing feedback on critical technical and commercial aspects of procurement operations, ensuring their alignment with the Bank's objectives. It offers recommendations for the periodic updating and enhancement of procurement policies and procedures, reviews significant procurement strategies and contractual obligations, and evaluates award criteria. Additionally, the Committee proposes policies and rules for the procurement process and reviews and approves related instructions within its mandate.

11.2 BUSINESS ETHICS

Ethical business conduct is an integral component of PASHA Bank's corporate culture guiding its day-to-day activities through a comprehensive Code of Ethical Conduct (FIGURE 30). This Code reflects our dedication to maintaining trust with employees, stakeholders, and partners by providing all necessary guidelines for decision-making and encouraging actions that align with our values and legal obligations.
At the heart of our Code of Ethical Conduct there are five fundamental policies: Anti-Corruption Policy, Compliance Policy, Anti-Money Laundering (AML) Policy, Conflict of Interests Policy, and Whistleblowing Policy. Together, these policies form the ethical backbone by safeguarding transparency, preventing corruption, ensuring legal compliance, combating financial crimes, and addressing potential conflicts of interest.
In fact, our Code of Ethical Conduct is more than a set of rules – it is a pledge to operate with integrity and a shared commitment to achieving sustainable success while upholding the highest moral standards.

FIGURE 30. CODE OF ETHICAL CONDUCT

CODE OF ETHICAL CONDUCT

Compliance Policy

Manages **compliance risks**, promoting **integrity**, and maintaining high corporate governance principles within the Bank.

Anti-Bribery and Corruption Policy

Prevent, identify, and **manage** corruption and bribery risks within the Bank's operations, ensuring compliance with legal requirements.

Anti-Money Laundering Policy

Establishes a framework for **preventing** the Bank's involvement in **money laundering** and **terrorist financing** activities.

Conflict of Interests Policy

Identify, manage, and **disclose** potential and actual conflicts of interest to ensure **transparency** and **adherence** to corporate governance standards.

Whistleblowing Policy

Enables employees to **report unethical** or **illegal** behavior confidentially, ensuring such disclosures are handled appropriately and **without retaliation.**

Compliance

Our Compliance Policy aligns the Bank's operations with legal, regulatory, and ethical standards through an established framework listing the key functions that prioritize adherence to applicable laws, regulations, and professional norms, thereby protecting it from potential legal and reputational risks (FIGURE 31). With the aim of maintaining accountability and the collective effort required to put the policy into action, the Responsible Person for compliance is tasked with the implementation of the compliance framework across the Bank and at all levels. This individual monitor adherence to policies, provides guidance to employees on regulatory requirements, and reports any compliance issues to senior management. They serve as the central point of contact for all compliance-related matters.

All employees share a responsibility to uphold the principles set out in the Compliance Policy. The primary role of each employee includes demonstrating ethical behavior, reporting any observed or suspected violations, avoiding conflict of interests, and familiarizing themselves with updates in regulatory requirements.
In this way, the policy establishes a culture for shared accountability and continuous improvement by distributing responsibilities among all levels of the Bank.

FIGURE 31. KEY FUNCTIONS OF THE COMPLIANCE POLICY

Ensuring the Bank's compliance with **applicable laws, regulations,** and **professional standards**

Assisting in the management of **compliance risks** under the supervision of **senior management**

Maintaining alignment with **local legislation** as well as **international requirements**

Implementing the Bank's policies on **Conflict of Interest, Anti-Bribery** and **Corruption**, and other ethical standards

Obtaining information related to **new regulatory rules** applicable to the Bank and **implementing** those rules

Acting as a **trusted advisor** for ethical business conduct

Anti-Bribery and Corruption

We believe that it is our responsibility to advance the establishment of anti-bribery and anti-corruption policies and to uphold the “zero-tolerance” principle, which does not tolerate bribery and corruption in any form. Our Anti-Bribery and Corruption Policy has been put into effect to facilitate the maintenance of the Bank’s corporate reputation as well as to provide guidelines and standards for identifying and preventing potential cases of bribery and corruption. All employees, divisions, and branches of the Bank are subject to this policy, as are any external service providers, suppliers, employees, and business partners that conduct business with the Bank or perform services on its behalf.

Combating corruption extends beyond the internal operations of PASHA Bank. The Bank actively engages with third parties, mandating that all service providers, suppliers, and business partners align with its anti-corruption principles. We enforce stringent measures against any violations of the policy, protecting the integrity and deterring unethical practices.
Any breach of the policy, whether by an employee or an external entity, is met with disciplinary actions, which may include termination of employment or legal proceedings.

The Anti-Bribery and Corruption Policy provides clear guidelines for employees to report suspicions of corruption or unethical behavior, thereby emphasizing the importance of confidentiality and offering protection from retaliation for whistleblowers. Once an incident is reported, the policy details investigation procedures, which involve evidence collection, ensuring due process, and engaging relevant authorities when necessary. The compliance or ethics department is responsible for managing these reports and maintaining alignment with internal policies and legal regulations thereof. In 2023, there were no confirmed instances of corruption.

The policy identifies key areas where corruption risks are likely to arise, such as vendor selection, gifts and hospitality, sponsorships, and political contributions. To mitigate these risks, the policy requires comprehensive measures, including background checks on suppliers, restrictions on specific types of payments, and regular audits to detect irregularities. Mandatory employee trainings are in place to equip all staff members with a strong understanding of anti-corruption measures and their responsibilities in this relation. We prioritize regular trainings across all levels of the Bank (FIGURE 32). Moreover, to proactively identify and address corruption risks, PASHA Bank conducts continuous monitoring of business activities and periodic audits.

FIGURE 32. ANTI-BRIBERY AND CORRUPTION METRICS

100%

of **governance body members, employees,** and **business partners** have received communication on PASHA Bank’s anti-corruption and anti-bribery policies and procedures

100%

of **governance body members** and **employees** have received training on PASHA Bank’s anti-corruption and anti bribery policies and procedures

Anti-Money Laundering

The Anti-Money Laundering (AML) Policy at PASHA Bank puts forward a comprehensive approach to preventing money laundering (ML) and combatting the financing of terrorism (CFT). The policy is part of the broader risk management framework designed to safeguard the Bank against financial crimes while maintaining compliance with local and international regulations. The procedures for AML risk assessments, controls, and ongoing monitoring allow the Bank to detect and report suspicious activities through a designated Money Laundering Reporting Officer (MLRO) who provides leadership and guidance in AML practices. Key aspects of our approach include Know-Your-Customer (KYC) measures, which involve in-depth verification of clients and ultimate beneficial owners. As part of our KYC measures, we have established a list of efforts that we undertake to conduct customer due diligence (FIGURE 33).

FIGURE 33. STANDARD CUSTOMER DUE DILIGENCE PROCESS

1 CLIENT IDENTIFICATION
Identifying clients and verifying their identity using reliable and independent sources.

2 BENEFICIAL OWNERSHIP VERIFICATION
Identifying ultimate beneficial owners and verifying their identity, particularly for legal entities and structures.

3 ASSESSMENT OF THE CLIENT RELATIONSHIP'S NATURE
Obtaining information on the purpose and nature of the client's business relationship.

4 ONGOING MONITORING
Conducting continuous monitoring of business relationships, transactions, and risk profiles to ensure compliance.

The Bank enforces strict due diligence and background checks by monitoring the purpose and nature of client relationships as well as scrutinizing transactions. Moreover, the Bank refrains from forming or continuing business relationships with clients who fail to provide adequate documentation or information required to verify their identity or ultimate beneficial ownership.
The Bank avoids opening or maintaining anonymous accounts, accounts for shell entities, or payable-through accounts. Likewise, it does not accept funds or assets that are either known or suspected to originate from criminal activities. By embedding these controls, the AML Policy not only protects the Bank's reputation and regulatory standing but also represents its dedication to ethical and lawful business practices.

Conflict of Interests

The primary aim of the Conflict of Interests Policy at PASHA Bank is to establish a framework to identify, manage, and mitigate situations where employees' personal interests might conflict with their professional responsibilities.
We acknowledge the importance of managing such conflicts effectively to sustain high operational efficiency and maintain trust with customers and stakeholders.
By implementing structured procedures, we ensure transparency in decision-making and alignment with ethical and governance principles. PASHA Bank has a dedicated Compliance Department that is tasked with identifying and monitoring actual or potential conflicts, implementing measures to manage them fairly, and educating employees on recognizing and handling conflict of interests. The scope of the policy covers all employees, operations, and related legal entities of the Bank. Our employees prioritize the Bank's interests over personal gains and avoid misusing their authority, Bank resources, or confidential information for personal benefit.

Internal Whistleblowing

Our Internal Whistleblowing Policy is a comprehensive framework designed to promote transparency, ethical governance, and compliance within the Bank.
To keep it aligned with PASHA Bank's ethical and legal obligation, the Internal Whistleblowing Policy is periodically reviewed and refined. The policy is applicable to all employees, including senior executives and members of the Supervisory Board and it provides a mechanism for freely reporting unethical, illegal, or non-compliant behaviors.
The policy creates a safe and supportive environment for whistleblowers by handling all reports with confidentiality and without fear of retaliation. Under the policy, employees can report violations such as fraud, corruption, abuse of authority, or breaches of regulatory requirements through designated communication channels, including the internal hotline, email, or in-person meetings. These channels are designed to maintain the whistleblower's privacy and ensure easy access to reporting channels.

The policy assigns specific responsibilities to authorized individuals, such as members of the Compliance Department or Supervisory Board, who are tasked with receiving, investigating, and resolving complaints. These individuals respect confidentiality, maintain independence, and handle cases professionally and promptly.

The report submissions are tracked by the Registrar, who, on a quarterly basis, informs the Audit Committee on the status of the complaints.
These status reports include the complaints sent to investigators, but explicitly exclude complaints related to the Chairman of the Supervisory Board and the Audit Committee. This is done to maintain impartiality and therefore, avoid any conflict of interests. Upon the receipt of the quarterly reports, the Audit Committee proposes an action plan, when necessary, thereby effectively addressing the reported complaints.
Furthermore, through the second level of reporting, the investigators submit monthly reports to the Management Board, detailing the complaints received.
This regular reporting process enables a continuous flow of information to the Management Board and facilitates timely intervention.

11.3 INTERNAL AUDIT

The internal audit function at PASHA Bank plays an integral role in evaluating and improving the effectiveness of governance, risk management, and control processes throughout the organization. The regulation guiding the function adheres to the Laws of the Republic of Azerbaijan "On Banks" and "On Internal Audit", the normative acts adopted by the financial markets' supervisory authority, the Bank's Charter, internal procedures, core principles of The Institute of Internal Auditors, the Code of Ethics for Internal Auditors and Global Internal Audit Standards. The internal audit function operates with a wide scope of authority and responsibility, encompassing various aspects of the Bank's activities, policies, and processes. It is empowered to access all relevant information, records, and documentation related to the Bank's operations, both current and historical. This includes decisions made by the Shareholders' General Meeting, the Supervisory Board, and committees, as well as detailed reports from the Bank's structural divisions. This broad access allows the internal audit function to comprehensively review and evaluate the Bank's adherence to internal policies, regulatory requirements, and strategic objectives. The function has also authority to investigate cases of legal violations or internal policy breaches.

Risk management is an important area of focus for the internal audit function of PASHA Bank. It evaluates the Bank's internal control systems, measures the effectiveness of risk management processes, and ensures that these are aligned with both national legislation and international best practices. The function also assesses the Bank's capital resilience and its ability to withstand potential risks. As a further scope, internal audit at PASHA Bank provides advisory services, such as consulting on improving risk management processes and other governance aspects. By offering insights and recommendations, the function helps add value to the Bank's operations and enhances its overall effectiveness.

Equally important, internal audit is responsible for reporting to the Audit Committee on a monthly basis, providing updates on identified risks, audit findings, and the status of implemented recommendations. These reports are factual, objective, and concise, offering a clear picture of the Bank's operational and financial health. Moreover, the function emphasizes the importance of maintaining the confidentiality of sensitive information by securely storing audit findings and related documentation and only sharing them with authorized individuals. This commitment to confidentiality protects the Bank's integrity and safeguards against unauthorized disclosures.

In addition to its core responsibilities, the internal audit function actively develops, implements, and maintains a "Quality Assurance and Improvement Program" that covers all aspects of the internal audit aiming to evaluate the effectiveness of internal audits, address gaps identified during assessments, and align the function's activities with international standards and best practices.
It is crucial to mention that according to the last external assessment results, PASHA Bank's internal audit function received the highest score "General conformance", demonstrating its adherence to the Global Internal Audit Standards.

11.4 RISK MANAGEMENT

11.4.1 GUIDING PRINCIPLES OF ENTERPRISE RISK MANAGEMENT

Our approach to risk management is based on a comprehensive Enterprise Risk Management (ERM) Framework and a structured Risk Management Policy, which altogether, are designed to identify, assess, and address risks effectively while fostering a culture of accountability. Our policies and practices emphasize proactive risk identification, alignment with international standards, and clear governance structures to support the agility of our operations. Therefore, to navigate uncertainties, capture opportunities, and sustain a dynamic business environment, we have built a capacity that is guided by our core principles of risk management (FIGURE 34). These principles encompass risk-based decision-making, fostering a risk-aware culture, maintaining asset quality and profitability, and leveraging measured risks to achieve strategic goals.

FIGURE 34. CORE PRINCIPLES OF RISK MANAGEMENT

RISK-BASED DECISION MAKING

We employ a proactive and strategic approach to liquidity risk management, ensuring that decisions are grounded in a thorough risk assessment.

ASSET QUALITY AND PROFITABILITY

Sustaining high-quality assets and ensuring consistent profitability are central to our risk management framework, reinforcing our financial resilience.

RISK AWARE CULTURE

A culture of risk awareness is deeply embedded within our organization, promoting accountability and prudent risk-taking at all levels.

MEASURED RISKS

To achieve our strategic targets, we embrace calculated risks that are consistent with our overarching risk appetite.

Our stance on proactive risk identification and response reduces the likelihood of unexpected losses while maximizing gains from favorable developments, thereby equipping the Bank to adapt to change, withstand challenges, and thrive in a complex business environment, ensuring long-term sustainability.

Built upon several key principles (FIGURE 35), the ERM Policy is designed to achieve two primary objectives. First, it promotes an environment where risks are not only identified and mitigated but also viewed as opportunities for growth and innovation.

Second, it fosters a culture of risk awareness across all levels of the organization, enabling the Bank to navigate uncertainties and challenges effectively. By analyzing both favorable and unfavorable aspects of risks, the Bank can uncover new opportunities and anticipate challenges, enhancing its strategic agility.

FIGURE 35. KEY PRINCIPLES OF THE ERM POLICY

GOVERNANCE & CULTURE

Governance sets the tone for risk management by maintaining the **independence, competence**, and **oversight capabilities** of the Supervisory Board. The Bank promotes a **risk-sensitive culture** that values transparency and **timely communication of risks**, embedding these principles into its mission and vision.

STRATEGY & OBJECTIVE-SETTING

The policy seamlessly integrates risk management into the **strategic planning process**. By aligning risk appetite with business objectives, PASHA Bank ensures that its strategy is both **actionable** and **resilient**, enabling the organization to address risks dynamically while achieving operational excellence.

PERFORMANCE & RISK ASSESSMENT

Through **continuous monitoring** and **prioritization** of risks, the Bank can deploy timely responses to emerging risks. This includes evaluating the severity of risks and **optimizing resource allocation** to minimize disruptions while capitalizing on opportunities.

REVIEW & REVISION

PASHA Bank consistently **evaluates** its risk management capabilities and aligns them with evolving organizational goals. This **iterative approach** ensures that the ERM framework remains effective, particularly in response to significant changes in the business environment.

INFORMATION & COMMUNICATION

Effective risk management requires the **right information** to be delivered to the **right people** at the **right time**. The ERM policy emphasizes **clear communication** and **tailored reporting** to ensure informed decision-making across all levels of the organization.

Within our ERM policy, we employ the Three Lines of Defense Model, a structured framework designed for effective risk management and control processes (FIGURE 36). This model's foundation lies in its clear definition of roles and responsibilities for various stakeholders, including management and the representatives of the three lines of defense, which fosters an ecosystem of accountability. The first line of defense that comprises the business units directly is responsible for day-to-day operations. These units are the risk owners, tasked with identifying, managing, mitigating, and reporting risks within their areas. The second line of defense performs the monitoring function, providing oversight, guidance, and support to the first line and ensuring that risk management practices are effective and compliant with internal and external standards.

The third line of defense is an independent internal audit function that assures on the effectiveness of the risk management and control processes established by the first and second lines.

FIGURE 36. THREE LINES OF DEFENSE

BUSINESS FUNCTION

- **Policy Adherence:** Strictly following internal policies and procedures to promote a strong risk culture and minimize exposure.
- **Risk Identification:** Recognizing and reporting risks that arise during operational activities and participating in the Risk Control Self-Assessment Process.
- **Risk Assessment and Mitigation:** Analyzing risks, recommending mitigation strategies, and implementing controls to reduce risks to acceptable levels.
- **Monitoring and Reporting:** Continuously monitoring risks, implementing internal controls, and providing timely reports to stakeholders.

MONITORING FUNCTION

- **Policy Development:** Designing risk management policies and procedures, while ensuring regulatory compliance.
- **Risk Identification and Assessment:** Supporting the first line in identifying risks and analyzing the impact of risks on strategic objectives.
- **Control and Mitigation:** Evaluating the effectiveness of controls and recommending strategies to address control gaps.
- **Training and Awareness:** Promoting risk awareness through training and developing tools for effective risk management.
- **Reporting and Monitoring:** Establishing key risk indicators (KRIs), monitoring emerging risks, and escalating significant risk events to senior management.

INDEPENDENT FUNCTION

- **Evaluation:** Conducting audits to assess the governance framework, risk management practices, and internal controls.
- **Assurance:** Providing the Supervisory Board with insights into the organization’s risk profile, key exposures, and compliance with policies.
- **Improvement:** Offering recommendations to strengthen the organization’s overall risk management and governance frameworks.

11.4.2 RISK IDENTIFICATION, ASSESSMENT, AND MITIGATION

Our risk identification is a process aimed at uncovering all material risks that could impact its capital and operations. This structured approach, aligned with internal regulatory frameworks, local requirements, and international standards such as those of the Basel Committee on Banking Supervision and Solvency II, enables us to systematically identify and classify risks. Risks are categorized as either relevant, indicating they pertain to the Bank's activities but do not yet pose significant material impact, or material, signifying their potential to cause substantial financial losses or operational disruptions. As a result of regular annual reviews and ad hoc assessments triggered by market, strategic, or operational changes, all risks are promptly identified and addressed. The findings are consolidated into a comprehensive risk identification report, reviewed and approved by the Supervisory Board.

Once risks are identified, we assess their materiality using a combination of regulatory, quantitative, and expert approaches. Regulatory assessment prioritizes risks required by oversight bodies, such as credit, market, and operational risks. Quantitative assessment evaluates risks based on their potential impact and frequency of occurrence, with predefined thresholds guiding this classification. Expert assessments address non-quantifiable risks by leveraging historical data, scenario analysis, and consultations with stakeholders to determine their significance. These assessments include a risk map, which classifies risks into categories of materiality. Material risks are then monitored, controlled, and mitigated to maintain alignment with the Bank's strategic goals and operational resilience.

To further evaluate its risk exposure, we employ stress testing, which measures its capacity to withstand extreme but plausible adverse scenarios. Stress testing incorporates sensitivity analysis, which isolates the effects of specific risk factors, and scenario analysis and examines the combined impact of multiple factors. By evaluating both individual and aggregate risks, we have developed a comprehensive understanding of the Bank's vulnerability. Stress test results inform capital and liquidity planning, guiding the Bank in maintaining financial stability and operational integrity. Reports generated from stress testing are submitted semiannually to the Supervisory Board and other governing bodies, providing valuable insights into potential vulnerabilities and supporting proactive risk management.

Central to managing risks is the Risk Appetite Statement (RAS), which defines the aggregate level and types of risk that the Bank is willing to accept, or to avoid, in order to achieve its business objectives. The RAS is articulated through quantitative metrics, such as capital adequacy ratios and liquidity measures, as well qualitative statements addressing non-quantifiable risks. Risk appetite thresholds are divided into green, yellow, and red zones. The green zone represents acceptable risk levels requiring no action, the yellow zone signals heightened risk that necessitates caution and corrective measures, and the red zone indicates critical risk demanding immediate action. These thresholds are identified using stress testing to guarantee the Bank's resilience under adverse conditions. The Supervisory Board approves the RAS annually, embedding it into our strategic and operational decision-making processes.

Risk reporting upholds transparency and accountability within this structure, providing stakeholders with regular insights into the Bank's risk profile and adherence to the RAS. Reports presented to the stakeholders highlight deviations from thresholds and outline actions taken in response. Yellow zone breaches present detailed analysis and corrective measures, while red zone breaches necessitate immediate escalation to governing bodies. Monthly reporting to the Executive Board and Risk Management Committee, alongside quarterly reporting to the Supervisory Board, maintains oversight and informs decisions. By integrating stress testing outcomes into these reports, the Bank keeps its strategic and operational planning robust.

Risk treatment further enhances this integrated framework by addressing identified risks through acceptance, avoidance, transfer, or reduction strategies. Risk acceptance applies to low-impact risks within organizational limits, enabling resources to focus on more critical issues. For risks exceeding limits, avoidance strategies eliminate their source, such as exiting high-risk activities or enhancing risk awareness. Risk transfer involves shifting liability through methods like insurance, indemnification agreements, or outsourcing, reducing financial exposure without altering the likelihood of risk events. Risk reduction employs stringent controls, process optimization, and redundancy measures to decrease the probability or impact of risks. These treatment strategies are selected based on the level of risk, balancing organizational resilience with the pursuit of growth opportunities. By strategically managing risks, the Bank enhances its operational stability, safeguards its stakeholders, and reinforces its reputation as a trusted and reliable institution.

11.4.3 FOUR PRIMARY RISKS OF THE BANK

We identify Liquidity Risk, Operational Risk, Credit Risk, and Market Risk as our four primary areas of focus, each requiring specialized approaches.

Liquidity Risk

We prioritize liquidity risk management to maintain the stability and sustainability of its operations. Our approach integrates best-in-class practices, emphasizing proactive and effective strategies that align with our commitment to financial excellence. The Bank's liquidity risk management process encompasses identification, assessment, mitigation, monitoring, control, communication, and reporting. This process includes a framework for projecting cash flows across assets, liabilities, and off-balance sheet items. The above-mentioned projections are supported by comprehensive liquidity reports, which compare expected cash inflows with projected outflows to assess liquidity across short-, medium-, and long-term horizons. The reports also account for cash flow fluctuations during normal market conditions, ensuring a realistic and adaptive strategy. In fact, this holistic approach effectively manages liquidity levels, even during periods of market volatility, safeguarding the Bank's financial health and operational stability.

We address liquidity risks through a comprehensive Liquidity Management Policy that outlines the Bank's pathway to meet its obligations (FIGURE 37), both planned and unexpected.

This policy focuses on three core areas. Firstly, Intra-Day Liquidity Management ensures that the Bank has sufficient liquidity to meet payment and operational needs throughout the business day, as well as maintains sufficient diversification of refinancing sources and liquidity buffers.
This requires continuous monitoring and precise management of cash flows.
Secondly, Current Liquidity Management focuses on short-term requirements, ensuring that immediate financial obligations are met without delays or disruptions.
Lastly, Structural Liquidity Management aims to maintain a healthy balance between long-term assets and liabilities, safeguarding the Bank's financial stability over extended periods. To further reinforce its framework, we also conduct regular reviews to detect liquidity shortages early on and to maintain access to sustainable, high-quality liquidity buffers, even in times of market stress.

In managing liquidity risk, we employ a sophisticated array of tools and techniques. These include advanced methodologies like stress-testing and scenario analyses, helping us evaluate resilience. Additionally, Dynamic Liquidity Gap Analysis monitors mismatches between inflows and outflows of cash. Adherence to Basel guidelines is also evident with the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), as a result of which the Bank maintains adequate high-quality liquid assets and stable funding structures. Techniques such as risk budgeting, duration limits, and concentration limits establish clear boundaries for managing risk exposures. We also use lending and funding capacity limits to effectively allocate resources and deploys time-to-wall measures to manage refinancing needs efficiently. Through these tools, we continue to maintain a cushion of high-quality liquid assets capable of withstanding a range of stress events.

FIGURE 37. LIQUIDITY MANAGEMENT

Operational Risk

We integrate operational risk management as an important component of its risk management system, recognizing the potential impact of operational losses on its financial stability. Our operational risk management system is designed to achieve several objectives, among which is ensuring the timely and effective realization of strategic goals, optimizing technological processes, and adhering to legislative and contractual requirements.

We have established key missions around managing operational risks across three subsequent stages, reflecting the Bank's retrospective approach, thereby enabling it to proactively manage risks, reduce potential losses, and maintain uninterrupted financial operations (FIGURE 38). In line with these missions, we have developed a set of principles that govern operational risk management. These include setting procedures for risk identification, evaluation, and monitoring; maintaining acceptable risk levels through control and mitigation measures; ensuring robust information-sharing processes; and adapting risk management strategies for emerging technologies, remote banking, and new markets. Responsibility for managing operational risks is clearly distributed across the Supervisory Board, executive bodies, and employees, with procedures in place to evaluate the effectiveness of these efforts.

FIGURE 38. KEY MISSIONS OF OPERATIONAL RISK MANAGEMENT ACROSS THREE STAGES

1

PRELIMINARY STAGE

To **identify, evaluate** and **analyze** emerging operational risks

2

CURRENT STAGE

To minimize operational risks, through **standardized procedures** and **automation** of banking processes

3

SUBSEQUENT STAGE

To enhance the **overall efficiency** of banking processes

With regard to bringing operational risks to the minimum, we employ a variety of methods, including standardizing banking operations, implementing stringent internal controls, automating processes, and analyzing the impact of operational risks on performance indicators. Measures are designed not only to mitigate risks but also to enhance overall efficiency and resilience in the Bank's operations. Additionally, we emphasize professional development for our employees, clear allocation of responsibilities, and providing legal frameworks that align with domestic and international requirements. Equally important, incentives are used to encourage behaviors that reduce operational risks, creating an environment where proactive risk management is recognized and rewarded.

Along with minimizing operational risks, we prioritize keeping risks within acceptable thresholds and exercising control over them through a series of measures (FIGURE 39). A key focus area is the protection and integrity of the Bank's information systems and resources. To prevent simultaneous loss or damage, we separate primary and backup data storage and adhere to our Information Security Policy. Other protective measures include strict access controls, regular updates to operational procedures, and personnel training.

To maintain a comprehensive approach to operational risk management, we continuously assess the performance and the effectiveness of the systems in place. The Supervisory Board and the Board of Directors evaluate these practices at least semi-annually, while employees provide necessary information to facilitate these assessments. We also revise our internal processes and technologies regularly — at a minimum, every two years — to identify and address previously unrecognized sources of risk.

FIGURE 39. MEASURES FOR EXERCISING CONTROL OVER OPERATIONAL RISK

COMPLIANCE CONTROL

To monitor and ensure adherence to the established limits for banking operations and transactions.

This ensures that all banking activities remain within defined boundaries, safeguarding the Bank from excessive risk and maintaining regulatory compliance.

ACCESS PROCEDURE OVERSIGHT

To follow and enforce the approved protocols for accessing the Bank's information and material assets.

This ensures that access to the Bank's information and assets is securely managed, reducing the risk of unauthorized use or breaches.

PERSONNEL TRAINING

To provide appropriate training and development programs for employees.

This ensures employees are equipped with the necessary skills and knowledge to perform their roles effectively and mitigate potential risks.

DOCUMENT & ACCOUNT ALIGNMENT

To periodically review and update foundational documents and accounts related to banking operations and transactions.

This ensures that all operational documents and accounts remain accurate, up-to-date, and aligned with current banking practices and regulations.

Credit Risk

We implement a comprehensive and strategically developed Lending Policy to manage risks effectively while optimizing the placement of credit resources. The primary objective of this policy is to achieve rational and efficient allocation of monetary resources to maximize revenue with minimal risk, all while maintaining the Bank's required liquidity levels. The Lending Policy outlines clear goals and priorities for credit activities, establishing principles and procedures for their execution and oversight. A critical focus is placed on meeting customer demand for credit through diverse products while minimizing risks of non-repayment of principal and interest. Moreover, the policy aligns lending activities with our mission, corporate strategy, high ethical standards, and the regulatory requirements of the Central Bank of Azerbaijan.

The policy mandates a sequence in loan evaluation that commences with prioritizing quality, followed by evaluating the loan's profitability, and finally, assessing the portfolio growth. Integral to the Lending Policy are the risk management principles that guide sustainable portfolio growth (FIGURE 40).

We have developed an in-house rating system to evaluate borrowers, enabling segmentation of the credit portfolio and enhanced asset quality monitoring. Regular evaluations are conducted to identify potential asset depreciation, prompting the creation of reserves when necessary. If negative trends in the portfolio structure are detected, immediate corrective measures are implemented in line with the Lending and Risk Management Policies.
Furthermore, we account for all costs associated with credit operations, including resource engagement, processing, and maintenance in the pricing of loans, thereby allowing the Bank to maintain profitability while factoring in potential risks.

With regard to supervision, our lending activities are subject to rigorous oversight as part of the Bank's internal control framework. The Supervisory Board, Board of Directors, and specialized internal units, such as the Credit Committee, Risk Management Committee and departments for financial management, risk management, internal audits, and credit control, collectively ensure compliance and efficiency in lending operations. To this end, with the aim of enhancing credit risk management, the Bank operates an advanced Information System of Management (ISM). This system provides detailed insights into the structure and content of the credit portfolio, monitors established limits, and alerts authorized personnel when risk indicators approach critical thresholds.

FIGURE 40. FOUR PRINCIPLES OF THE LENDING POLICY

DELEGATION OF AUTHORITY IN LENDING ACTIVITIES

The Bank streamlines decision-making by delegating lending activities, ensuring efficiency and accountability in credit operations.

DIVERSIFICATION OF THE CREDIT PORTFOLIO

PASHA Bank underscores the importance of minimizing risk through a maintenance of a diversified credit portfolio, thereby avoiding over-reliance on specific sectors.

ESTABLISHMENT OF ROBUST RESERVES

PASHA Bank is committed to financial prudence by setting aside reserves to mitigate potential losses, ensuring compliance with global standards and local regulations

CONTINUOUS MONITORING OF THE CREDIT PORTFOLIO

The Bank is dedicated to regularly assessing its credit portfolio to identify and address risks promptly, ensuring stability and sound financial management

Market Risk

We employ a comprehensive and proactive approach to managing market risks, ensuring financial stability and sustainable profitability. The key objectives of our market risk management are built on the principles of identifying risk sources, defining responsibility, limiting potential losses, and centralizing risk oversight (FIGURE 41).

FIGURE 41. KEY OBJECTIVES OF MARKET RISK MANAGEMENT

MITIGATING MARKET FLUCTUATION LOSSES
The Bank actively minimizes potential financial losses by implementing strategies that address risks caused by market volatility.

ENSURING REGULATORY COMPLIANCE AND STABILITY
The Bank adheres to local and international standards, including those of the Central Bank of Azerbaijan, Basel regulations, and IFRS, to maintain financial stability and integrity.

ENHANCING ASSET AND INSTRUMENT VALUE
PASHA Bank aims to optimize the economic value of its assets and off-balance sheet instruments to strengthen its financial position.

PROTECTING STAKEHOLDER INTERESTS IN MARKET OPERATIONS
PASHA Bank safeguards the legitimate interests of its customers and stakeholders by ensuring responsible and transparent dealings in market instruments.

Coming to currency risk management, our approach revolves around analyzing the structure of foreign currency assets and liabilities, employing hedging strategies, and setting transaction-specific limits.
Currency risks are controlled through measures such as but not limited to a unified exchange rate policy and monitoring open currency positions, including general, investment, and trading currency exposures. We maintain compliance with regulatory requirements by limiting currency positions and mitigating risks through swap deposits and other financial instruments.

The Bank's interest rate risk arises primarily from misalignment in the maturity of interest-sensitive assets and liabilities. To address these risks, we implement a unified interest rate policy that considers internal factors, such as the comparison of asset and liability structures, and external factors, like market interest rates. We regularly monitor and manage the GAP, which represents the difference between interest-sensitive assets and liabilities, to minimize risk exposure.

For equity and fixed income securities, we utilize a system of limits as the primary instrument for managing price risks. This includes limits on issuers, securities in trading or investment portfolios, specific financial instruments, and stop-loss thresholds.
These limits are defined by internal regulations that outline procedures for setting and monitoring limits, along with the responsibilities of relevant departments.

11.5 RESPONSIBLE SUPPLY CHAIN

At PASHA Bank, our focus is to manage our supply chain responsibly. By prioritizing local suppliers and leveraging digital tools, we make certain that our procurement practices remain ethical, transparent, and aligned with international standards. In 2023, we enhanced supplier evaluation processes, improved diversity, and increased transparency, reflecting our alignment with responsible business operations.

Further digitalization, highlighted by our adoption of digital procurement tools, such as the tender platform, e-procurement system, and PR (purchase requisition) request process, has improved efficiency by streamlining workflows while maintaining accountability. Whilst our focus is on efficiency, screening and monitoring are also integral to our approach. All suppliers undergo rigorous evaluation through a fair RFP (request for proposal) process, with strict anti-bribery measures safeguarding ethical practices. Suppliers engaging in misconduct are blacklisted, and our employees are required to report any unethical behavior immediately, with profound consequences for non-compliance. Over the past two years, audits revealed no irregularities. Nevertheless, to mitigate risks, procurement actions pass through multiple levels of approval, including extra oversight for purchases under 5,000 AZN to safeguard against fraud.

To integrate circular economy principles, we emphasized the use of recyclable materials, such as eco-friendly leather, and also limited our paper usage. The transition to digital processes, including online document signing and digitalized act signing, significantly aided in reducing paper use in the Bank.

We remain committed to adapting procurement guidelines and are exploring the implementation of an ERP (enterprise resource planning) system for more comprehensive management. In 2023, 83.4% of our suppliers were local (FIGURE 42), reinforcing our commitment to supporting the regional economy while maintaining the flexibility to procure specialized international products when necessary. Our procurement budget was also mainly spent on our local suppliers, totaling 85.9% of our budget (FIGURE 43). Procurement is conducted transparently, with tenders assuring fair opportunities for all suppliers. Advanced digital systems, enhance the transparency of procurement processes by openly communicating tender requirements and terms. For critical procurements, additional scrutiny from our insurance arm further mitigates risks and affirms strategic oversight.

By 2025, we aim to implement the ASAN Imza platform for procurement contracts signing, apply code of conduct approval for each vendor, and develop robust anti-bribery and corruption due diligence processes. These measures will strengthen our supply chain practices and align them with global best practices. Our responsible supply chain initiatives not only create positive impacts but also contribute to a more sustainable and resilient future for our stakeholders and the communities we serve.

FIGURE 42. PROPORTION OF SUPPLIERS

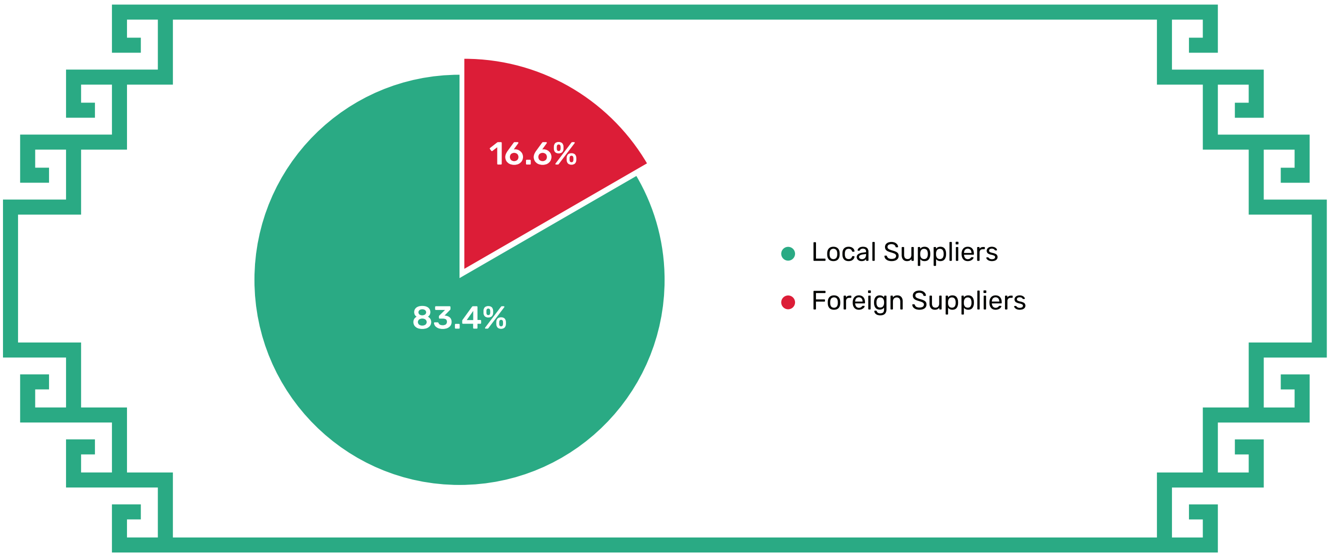
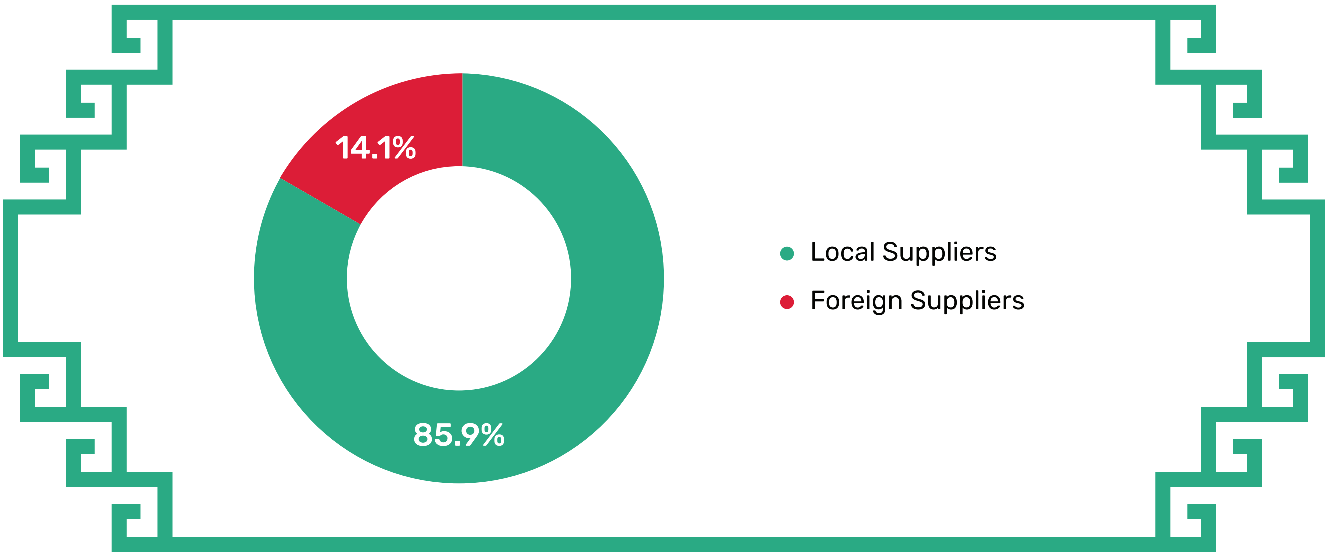


FIGURE 43. BUDGET ALLOCATION



11.6 OUR ECONOMIC VALUE

11.6.1 FINANCIAL PERFORMANCE

PASHA Bank remains focused in its efforts to driving economic growth and stability in Azerbaijan. We have continually innovated and invested strategically to encourage financial inclusion and empower businesses. Despite the global and regional challenges of 2023, including the Russia-Ukraine conflict and volatile hydrocarbon prices, Azerbaijan exhibited resilience with a GDP growth rate of 1.8%. We aligned our efforts with the government's diversification strategy to reduce hydrocarbon dependency and support a balanced economy.

TABLE 6. KEY FINANCIAL METRICS

Key Financial Metrics (Thousands AZN)	2022	2023
Total Assets	8,433,415	8,622,096
Total Deposits	7,028,896	6,993,725
Total Profit	85,319	271,551

Our financial performance in 2023 highlights the strength of our operations and our ability to adapt to a dynamic economic environment. With our total deposits reaching 6.99 billion AZN, reflecting a slight decline of 1%, we secured the second-largest market share in Azerbaijan (FIGURE 44). Ranking among the top three banks in total profit and total assets, we achieved a remarkable 218% increase in total profit, reaching 271.6 million AZN , while our total assets grew by 2% to 8.62 billion AZN. These results solidified our position as a key player in the financial sector of Azerbaijan (TABLE 6).

FIGURE 44. TOTAL DEPOSITS RANK

2nd

For total deposits in Azerbaijan

FIGURE 45. MULTIPLE FINANCIAL VALUES

Total Revenue
547,090 Thousand AZN

Net Interest Income
547,090 Thousand AZN

Total Comprehensive Income
273,768 Thousand AZN

In 2023, our net interest income experienced significant growth, reaching 391,352 thousand AZN, driven by an increase in loan disbursements and improved returns on investment securities (FIGURE 45). Non-interest income, including foreign currency gains and fee and commission, played a crucial role in strengthening our financial performance. This performance underscores our ability to create and sustain value for stakeholders while pursuing long-term expansion.

PASHA Bank's economic value generated and distributed (EVG&D) demonstrates our role as an integral part of the Azerbaijani economy. In 2023, our total revenue stood at 547,090 thousand AZN, with a substantial portion allocated to operating costs, personnel expenses, payments to providers of capital and tax contribution (FIGURE 46). These figures demonstrate not only our operational efficiency but also reflect our significant fiscal contributions to national development.

FIGURE 46. ECONOMIC VALUE DISTRIBUTION

ECONOMIC VALUE DISTRIBUTION

ECONOMIC VALUE DISTRIBUTION

- **Personnel Expenses:** Reached 95,605 thousand AZN
- **Tax Contributions:** 63,624 thousand AZN in income tax paid
- **Dividends:** Increased to 60,000 thousand AZN, from 44,314 thousand AZN in 2022

FIGURE 47. FINANCIAL DATA INDICATORS

43.5% Increase in Interest Income

Credit Loss Expense reversing to a gain in 2023

Debt Securities at amortized cost more than doubled to 1,193,058 thousand AZN

4 times greater Comprehensive Income in 2023

FIGURE 48. MARKET AVERAGE AND PASHA BANK ROE OVER THE YEARS

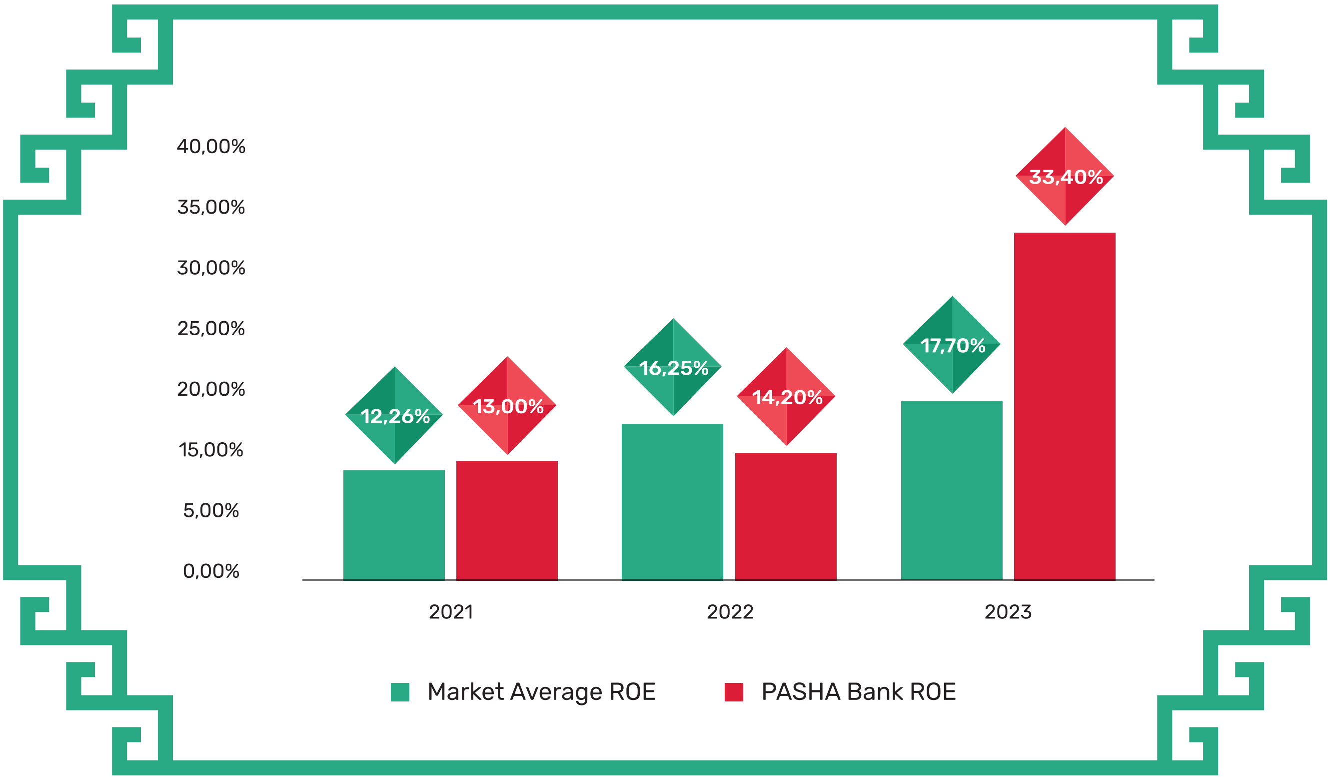
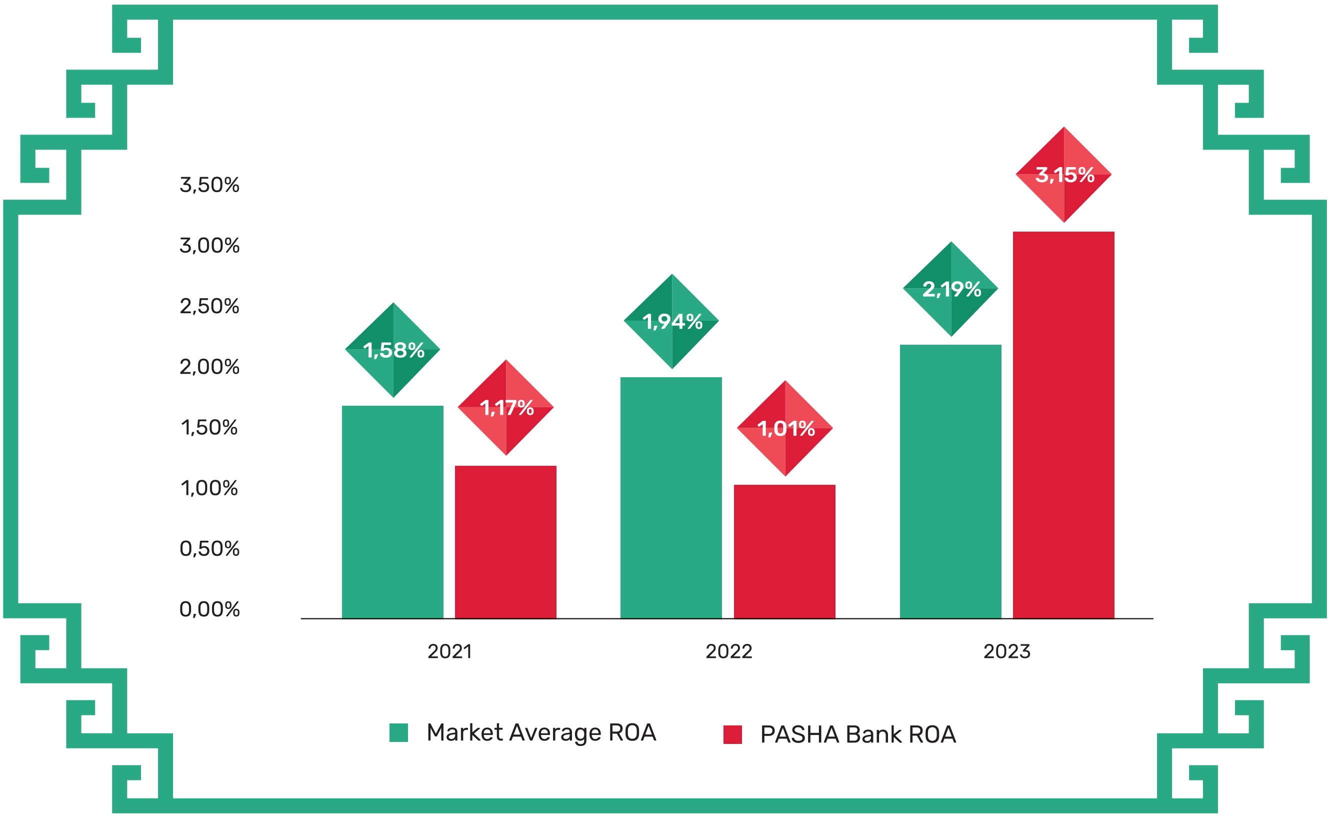


FIGURE 49. MARKET AVERAGE AND PASHA BANK ROA OVER THE YEARS



In 2023, our Return on Equity (ROE) reached an impressive 33.40%, surpassing Azerbaijan's banking industry average (FIGURE 48). This highlights our ability to generate substantial returns for shareholders. Similarly, our Return on Assets (ROA) of 3.15% reflects our efficiency in managing and utilizing assets to generate profits (FIGURE 49). Both our ROE and ROA in 2023 have seen significant growth compared to the years prior (FIGURES 48 AND 49). The results demonstrate PASHA Bank's strong position in the market and its attention to delivering sustained value to stakeholders.

As we look ahead, we remain dedicated to our role as financial leader in Azerbaijan. Through strategic investments and innovative solutions, we will continue to drive inclusive economic growth, strengthen our market presence, and support the country's transformation into a diversified and sustainable economy.

11.6.2 TAX OVERVIEW

PASHA Bank upholds a structured and transparent tax policy coordinated with the Tax Code of Azerbaijan and international best practices. Regular updates certify compliance with evolving regulations and corporate strategy, with reviews conducted by the CFO and approved by the Supervisory Board. Coordination with PASHA Holding and independent third parties help maintain regulatory compliance. The Bank fully adheres to tax laws, contributing to the national economy through timely and accurate payments.
By fostering a culture of compliance, we comply with industry standards and support social responsibility efforts.
Strict oversight helps mitigate non-compliance risks, including financial penalties and reputational damage. Aligned with statutory requirements, internal policies, and the Code of Conduct, we meet our tax obligations domestically and internationally. PASHA Bank also manages tax-related responsibilities with customers and partners through robust internal controls. We strictly reject tax evasion, guaranteeing compliance with all applicable laws and global initiatives. In 2023, we made significant contributions to the state budget through various tax payments. Our total payment to the state budget amounted to 80,642 thousand AZN, including income tax of 63,624, thousand AZN, property tax of 239 thousand AZN, withholding tax of 9,796 thousand AZN.

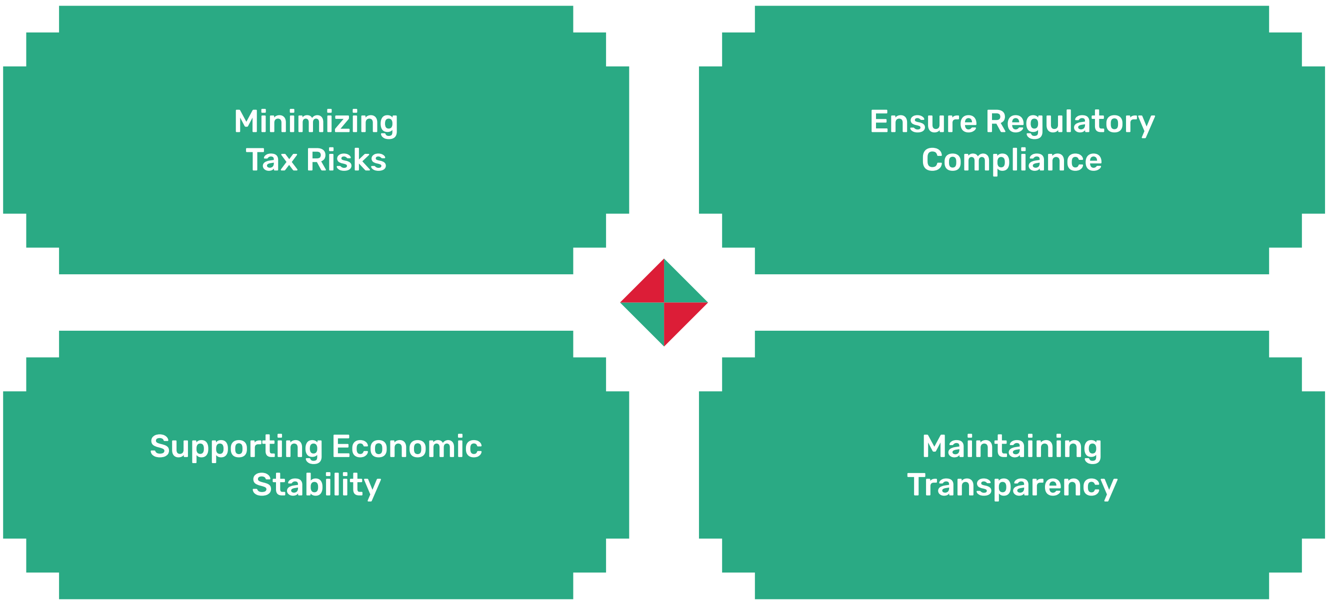
We also strengthened our tax control mechanisms, in 2023, to prevent potential abuse and evasion. These efforts include adherence to regulation, early detection of tax risks, and a commitment to timely and accurate compliance. The Supervisory Board holds ultimate responsibility for tax governance, whilst daily oversight is managed by the financial team. Tax risks are continuously assessed and monitored through an integrated governance framework, with regular evaluations conducted internally and by external consultants. We have been working with our tax consultants since 2017, and they have been conducting monthly reports to assess our tax compliance. The Bank prioritizes continuous staff training to enhance tax knowledge.
Employees receive ongoing education from in-house specialists and external advisors, helping them remain prepared for evolving tax regulations.

External audits further strengthen tax reporting and compliance.
To uphold ethical tax practices, we have introduced multiple reporting mechanisms, including a whistleblowing platform for reporting potential misconduct.
Reports can be submitted through internal or external channels. The Bank's tax disclosures are audited as part of its annual financial statement review, reinforcing transparency in financial reporting.
PASHA Bank collaborates with regulators during inspections and reviews to ensure full compliance. We also seek external expert opinions on complex tax matters and integrates stakeholder feedback into our decision-making. Regular interactions with government entities, such as tax authorities, help us stay ahead of regulatory developments and proactively address challenges. In person meetings with the government, sometimes accompanied by our tax consultant, allow us to evaluate any issues as efficiently as possible. By participating in tax committees and professional forums, we stay informed about legislative changes and adapts to evolving tax regulations.

This tax framework promotes transparency, compliance, mitigating risks, and sustainable financial governance, making sure the Bank remains aligned to ethical tax practices that support its broader objectives (FIGURE 50). By adapting to regulatory changes and collaborating with internal and external experts, the Bank minimizes risk and contributes to Azerbaijan's economy.

FIGURE 50. TAX OBJECTIVES

Main Tax Objectives

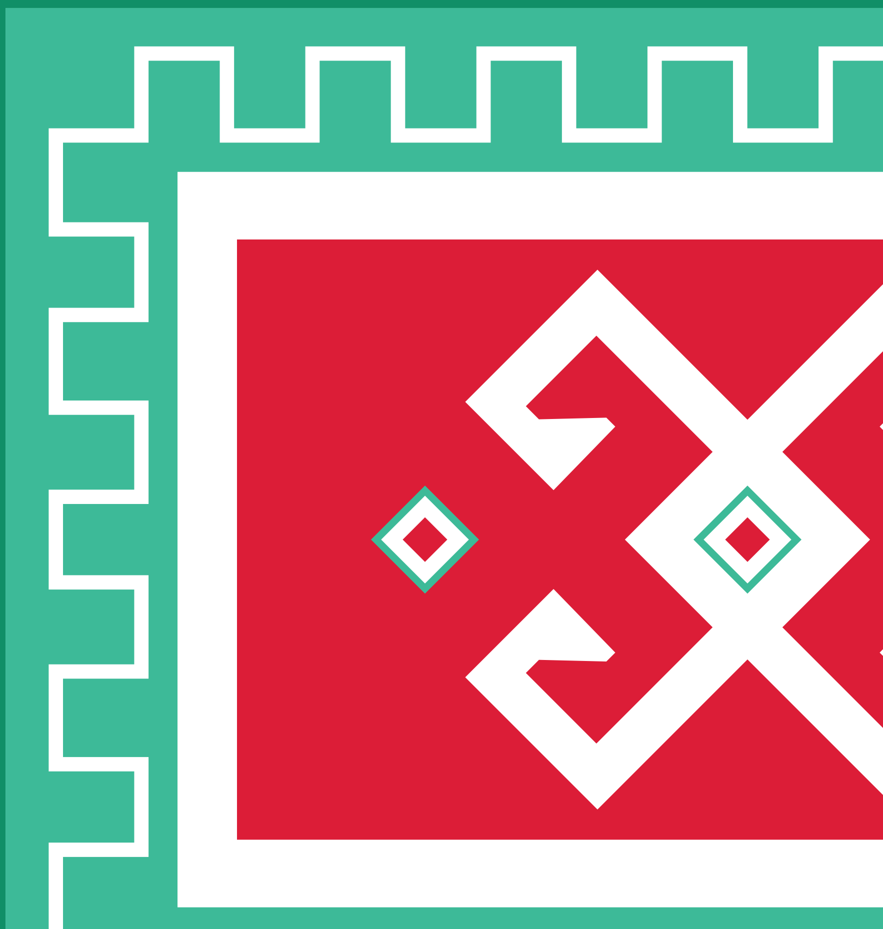


GANJA CARPETS

The composition, color selection, and arrangement of medallions in Ganja carpets vary, yet they possess distinctive features that set them apart from other carpets.

The first type of Ganja carpets features diagonal lines in the central field, with rows of buta motifs placed along these lines. This style is unique to Ganja carpets. From the **19th century** onwards, traces of this influence can also be observed in the patterns of the Karabakh carpet-weaving school, particularly in the Shusha type.

The second type of Ganja carpets is decorated with several **“göl”** (medallions) in the central field. These medallions are usually cross-shaped or octagonal in form. Sometimes star-like octagonal motifs are also used, borrowed from Mughan carpets.



Until the early 20th century, in the villages around Ganja, carpets such as **Kohnenakhish** and **Mughan** adorned with hook-like cross elements, were also woven. Such patterns are also found in Central Asian carpets, particularly those produced in Turkmenistan.

12.0 DIGITAL RESILIENCE

In today's rapidly evolving digital landscape, safeguarding client trust and operational excellence are the foundation of PASHA Bank's approach to Digital Resilience. Through robust data management and advanced cybersecurity frameworks, we keep our digital ecosystem secure, reliable, and innovative. The integration of cutting-edge technologies and stringent governance practices underscore PASHA Bank's focus on protecting sensitive information while enabling uninterrupted data accessibility. With a forward-looking approach to digital transformation, the Bank continues to set benchmarks in data security, risk management, and employee and client awareness, driving its mission to lead in the Azerbaijani banking sector.

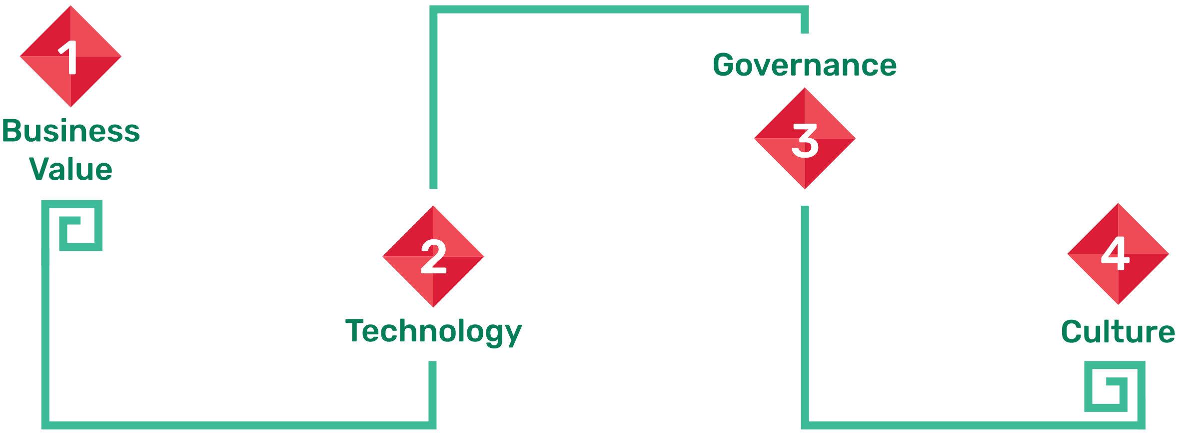
12.1 DATA MANAGEMENT

The data management ethos of the Bank is to maximize the efficiency and security of their client's experience, coupled with minimizing risk. The Data Department played a vital role in upholding data integrity, quality, ownership, security, protection, and accessibility through comprehensive oversight and systematic data classification of data into fourteen domains, each managed by designated owners and stewards. Data was stored securely using Oracle-based systems and a centralized on-premises data warehouse, enabling efficient storage and retrieval. Regular quality checks validate data accuracy, consistency, completeness, and reliability, with results integrated into governance protocols.
Advanced encryption and strict access controls protected client data, reinforcing our commitment to privacy and security. In addition to our Data Policy, we have a Data Exchange Management process to guide employees in ensuring data protection when communicating with external entities.

This process regulates the exchange of information between the Bank and external entities, making sure that confidential data is shared in an encrypted format aligned with legislation. It also requires employees to collaborate with the legal department to authorize the information that can be shared, maintain compliance and integrity. Data is classified into four tiers, with critical data (e.g. data used in the Bank's main reports and decision-making models) receiving the highest priority. An enterprise data catalog tracks data lineage and sources along with a business glossary, implemented in a data governance tool where the Bank's log-in and obtain relevant information regarding data elements. A green-amber-red system monitors data quality thresholds enabling swift identification and remediation of issues caused by technical problems, human errors, or business process inefficiencies. Data storage and accessibility are centralized using Oracle-based systems and a secure on-premises data warehouse, with plans to implement a data Lakehouse by 2026. Advanced encryption, strict access controls, and compliance measures reinforce data security and legal integrity. Data exchange management processes assures secure and compliant data sharing with third parties, using encrypting techniques to protect confidential information.

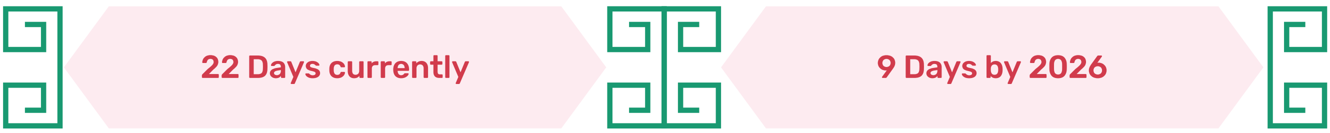
The governance framework spans the entire data lifecycle, covering policies for storage, retention, and monetization, with retention policies tailored to the Bank's priorities. Annual data maturity assessments, conducted since 2022, guide the Bank's evolving data roadmap and align with its four focus areas: business value, technology, governance, and culture (FIGURE 51).

FIGURE 51. DATA ROADMAP FOCUS AREAS



Machine learning and generative AI play a transformative role in our operations, supporting risk management, customer services, and operational optimization. These technologies are integral to reducing the average data acquisition time from the current 22 days to our target of 9 days by 2026 (FIGURE 52). The Bank continues to prioritize digital literacy. Staff participate in workshops and e-learning sessions on data security, privacy, and integration of AI and Data Science into daily tasks. Meanwhile, client campaigns raise awareness of secure banking practices, aiding in the prevention of threats like phishing and unauthorized access. PASHA Bank's collaboration with top-tier industry leaders enabled the integration of cutting-edge technologies, enhancing analytics, and improved machine learning operations for better decision-making. Looking ahead, the Bank aims to democratize data access, implement advanced cybersecurity awareness programs, and expand sustainability initiatives, reflecting the Bank's commitment to innovation and a culture of data-driven decision making, while ensuring security and compliance. By embedding robust data management into its operations, PASHA Bank sets a benchmark for the banking sector in Azerbaijan.

FIGURE 52. AVERAGE DATA ACQUISITION TIME TARGET



12.2 CYBERSECURITY

PASHA Bank prioritizes cybersecurity as a cornerstone of its operations. The Bank follows a three-year strategic cycle across all departments, with the 2023 period marking the successful conclusion of its cybersecurity strategy initiated in 2020. At the start of this three-year period, PASHA Bank developed a comprehensive cyber strategy, forming dedicated teams and establishing a detailed roadmap towards achieving the KPIs set, all guided by a comprehensive Information Security (IS) Policy that outlines principles and standards for protecting sensitive data and systems. The cybersecurity roadmap outlined projects, allocated resources and investments, aligning internal capabilities with external macroeconomic and regulatory factors. An integral part of our strategy were clearly defined KPIs that were assessed by reputable companies on annual basis based on globally recognized cybersecurity frameworks.

With the aim of maintaining a resilient cybersecurity system, the internal regulations of PASHA Bank on acceptable use of ICT resources guide the employment of advanced controls such as data encryption, multi-factor authentication (MFA), access control matrices, firewalls, VPNs, and 24/7 monitoring. These tests identify gaps, maintaining readiness and compliance with Central Bank of Azerbaijan (CBAR) regulations. Along with regular testing, external experts conduct third-party assessments in accordance with global standards, including the NIST Cybersecurity Framework (NIST CSS). All critical actions are verified by an additional party in the form of an IT audit within financial audit and by the annual reassessment of compliance certifications, aligning with Azerbaijani legislation and international standards like Payment Card Industry Data Security Standard (PCI DSS). In line with regular cybersecurity monitoring, audit reports, and penetration test reports, three-dimensional control categories for both technical and non-technical control methods are in place (FIGURE 53).

FIGURE 53. CONTROL CATEGORIES

Preventive Controls	Prevent attempts to violate security policies and include mechanisms such as physical and logical access controls, as well an encryption.
Detective Controls	Provide alerts regarding operational violations or attempts to breach security policies, including tools like audit logs, intrusion detection methods, and control summaries.
Corrective Controls	Encompass any measures taken to rectify damages or restore resources and capabilities to their original state after unauthorized or undesired activity. Applying system patches is an example of such controls.

Through our comprehensive approach to cybersecurity, we reflect our dedication to maintaining regulatory compliance, and mitigating risks in an ever-changing threat landscape. By combining strategic planning, advanced technological tools, employee training, and internal policies, the Bank has established a resilient cybersecurity framework. Our emphasis on proactive threat detection and continuous improvement positions us as a leader in the cybersecurity domain of the banking sector.

13.0 INNOVATION & AGILE TRANSFORMATION

PASHA Bank's agile transformation began in 2018 with the goal of creating a resilient, scalable, and digitally driven banking system. By 2023, the Bank had made significant strides in embedding agility into its core operations. This transformation was driven by a commitment to promoting a culture of continuous improvement and establishing client-centric growth. The Bank's agile aspirations (FIGURE 53) emphasize the importance of building a resilient digital platform, focusing on scalability and adaptability, designed to meet the demands of an expanding client base and rapidly fluctuating market conditions. Client experience was a key focus, with tailored channels created for retail, private, corporate clients. A unified front-end interface established seamless and consistent interactions across all touchpoints, while dedicated B2B platforms integrated with CRM and ERP systems cater specifically to our large corporate clients. Key performance indicators were prioritized, including conducting 95% of operations online, and achieving a CSI (Customer Satisfaction Index) score of 9.4 out of 10.

FIGURE 54. AGILE TRANSFORMATION ASPIRATIONS

Aspiration 1
We aspired to become the number 1 Bank in Azerbaijan and thus decided to undergo a full digital transformation along operations.

Aspiration 2
To develop a superior personalized customer service, we analyzed the strategies undertaken by other global corporate investment banks, who have started a digital transformation process and decided to follow suit.

Aspiration 3
Despite that the Bank did not have an extensive amount of product offerings at the time, we decided to create an ecosystem which brought together the existing product offerings in a single portfolio to enhance customer experience.

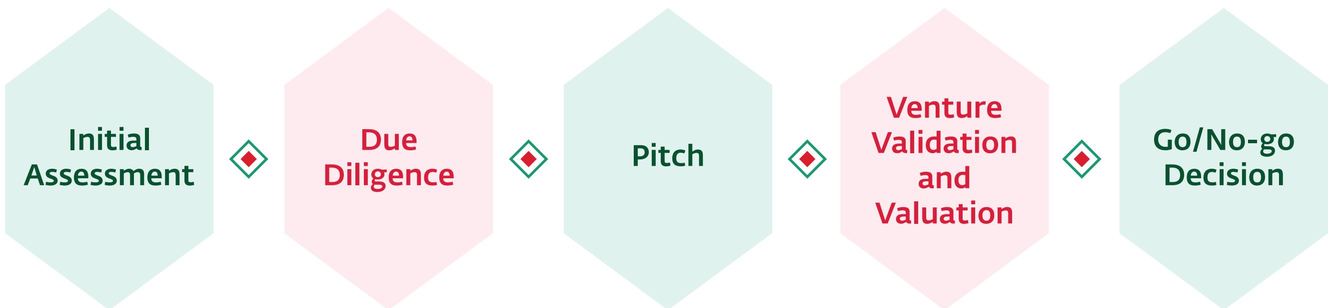
Aspiration 4
To make our digital platform and channels scalable to be able to accommodate the increased customer base in the future. This entailed ensuring that the technology can be easily modified.

PASHA Bank has advanced in being a benchmark Progressive Agility with an exciting score of 3.51 (assessed by third party company), showcasing sustained progress across all dimensions. Empowered and autonomous teams with continuous focus on clients are in place. Every team feels accountable from the outcome of their product and keeps a close eye on the data they are gathering with their actions supporting the empirical process. Teams can adapt their formation by forming new teams and splitting not needed not needed according to changing business needs. Pasha Bank's efforts and dedication to Agility with progression in all fronts deserves respect and discretion.

Customer centricity has become the focal point of strategy and is reflected on growth portfolio across all Tribes. On top of structural alignment, strategy execution has gained considerable traction thanks to streamlined alignment loops and transparency towards common goals. Agile CoE has become a trusted partner in the Bank and drives numerous initiatives to cultivate more “Being Agile” with a great ambition. People practices are in impressive progression on multiple fronts for enabling the Bank. Leadership’s courage and dedication in propelling the organization forward seems diffused more into organization.

A key part of this transformation was the Agile Compass, which evolved from the original Agile Bluebook. It evolved to 325 pages before being refined into a more practical 176-page guide. This evolution shows PASHA Bank’s commitment to continually improving its processes and operating models. The Agile Compass provides a dynamic roadmap for implementing and sustaining agile practices, maintaining alignment with the Bank’s broader organizational goals. It is a powerful source, offering clear direction and guidance to support and inspire employees within the agile structure. Building on this foundation of agile approach, the establishment of four product tribes reflects the Bank’s commitment to agility and collaboration across its operations. These tribes are structured to align with key business objectives, allowing the Bank to meet diverse client and market needs. The Sales Tribe focuses on planning and efficiency, the CIB and SME Product Tribe specialize in targeted product offerings, the Non-Credit and Credit Tribe enhance core banking functions, and the Retail and Private Tribe aims to improve customer satisfaction through personalized services. Lead agile coaches and scrum masters play a critical role in guiding these tribes, keeping up strategic alignment and smooth operations. Agile Ambassadors and Advocators is a promising initiative that is promising to facilitate the mindset shift, improve alignment, and leverage agility in the Bank. Agility is further reinforced by our robust approach to innovation, which is guided by two complementary frameworks, one for internal operations and the other for external engagements. These frameworks serve as a bridge between the Bank’s operational agility and its innovation strategy. Both frameworks focus on delivering value to clients, improving banking processes, and fostering a culture of innovation. The key elements of the innovation framework include sourcing ideas both internally and externally. External partnerships are guided by a five-stage process (FIGURE 55). These ideas encompass cross-departmental solutions, compliance enhancements, cost efficiency measures, cross-industry innovations, and exploring new business segments and markets.

FIGURE 55. EXTERNAL PARTNERSHIP FIVE STAGE PROCESS



Through initiatives like the KICKBOX innovation platform, we have funded eight internal projects, with three of these innovations already launched and ready for client use and three more in the development pipeline. Market-based initiatives complement these efforts, with projects also in development, offering additional services to clients.

Innovation focus areas and technologies emphasized by the Bank include fintech, regtech, agritech, realtech, and legaltech solutions. These efforts aim to develop new products and enhance existing ones, encourage the culture of innovation within the organization, accelerate startups through strategic partnerships and investments, and conduct research and experimentation to anticipate and adapt to future trends.

In 2023, PASHA Bank launched several notable innovations. The Counterparty Check Tool provides business with critical insights such as tax information, legal case records, and government tender data. The Cash Management Platform enables businesses to visualize cash flow in real-time and improve financial planning. The Financial Guide Service assists businesses with essential tasks like payments, tax calculations, and income management. Looking ahead, the Bank is developing a Business Registration Service to simplify understanding of business structures and tax obligations, and a Contract Management Solution to facilitate the creation, storage, and signing of contracts using advanced e-signature technologies.

PASHA Bank recognizes the importance of aligning its innovation and transformation goals with sustainability principles and has tailored its initiatives accordingly. Key initiatives include transitioning to paperless processes to reduce environmental impact, enabling clients to resolve queries digitally to minimize physical visits, and supporting startups focused on sustainability and green technologies.

Through our agile transformation and innovation frameworks, PASHA Bank continues to lead the way in building a sustainable and forward-thinking banking ecosystem. The Bank's commitment to adaptability, collaboration, and technological advancement creates long-term value creation for our clients and stakeholders.

14.0 SOCIAL STEWARDSHIP: EMPOWERING PEOPLE AND COMMUNITIES

14.1 EMPOWERING HUMAN CAPITAL

At PASHA Bank, empowering human capital is fundamental to our operational excellence and long-term sustainability. In 2023, we focused on attracting, retaining, as well as developing talented individuals while nurturing a supportive and inclusive workplace culture. Recruitment is an integral section of organizational success, as it determines the competency and the quality of the firm’s employees. It is key for driving innovation and achieving strategic objectives. By creating a robust recruitment system, organizations can create a competitive edge whilst simultaneously curating a culture of inclusivity and excellence.

Recruitment is also a way to select individuals that are the best fit for the organization. At PASHA Bank, our recruitment process was designed to bring in diverse and qualified candidates through strategies such as employee branding, partnerships with universities, social media outreach, and bootcamps. Vacancies are announced internally prior to being opened to external candidates, providing employees with enhanced mobility and growth opportunities. The recruitment process is inclusive and designed to eliminate bias through panel interviews. Active headhunting combined with internal recruiting, along with the use of a centralized career portal, further streamlined our hiring efforts. Strategic workforce planning allowed us to predict headcount requirements for the next three years, ensuring alignment with organizational goals. These organizational goals are centered on driving innovation, driving growth, and maintaining leadership in Azerbaijan’s banking sector. By aligning our recruitment strategies with long-term objectives, PASHA Bank certifies that it has the right talent in place to meet evolving business needs, support digital transformation, and deliver exceptional value to clients.

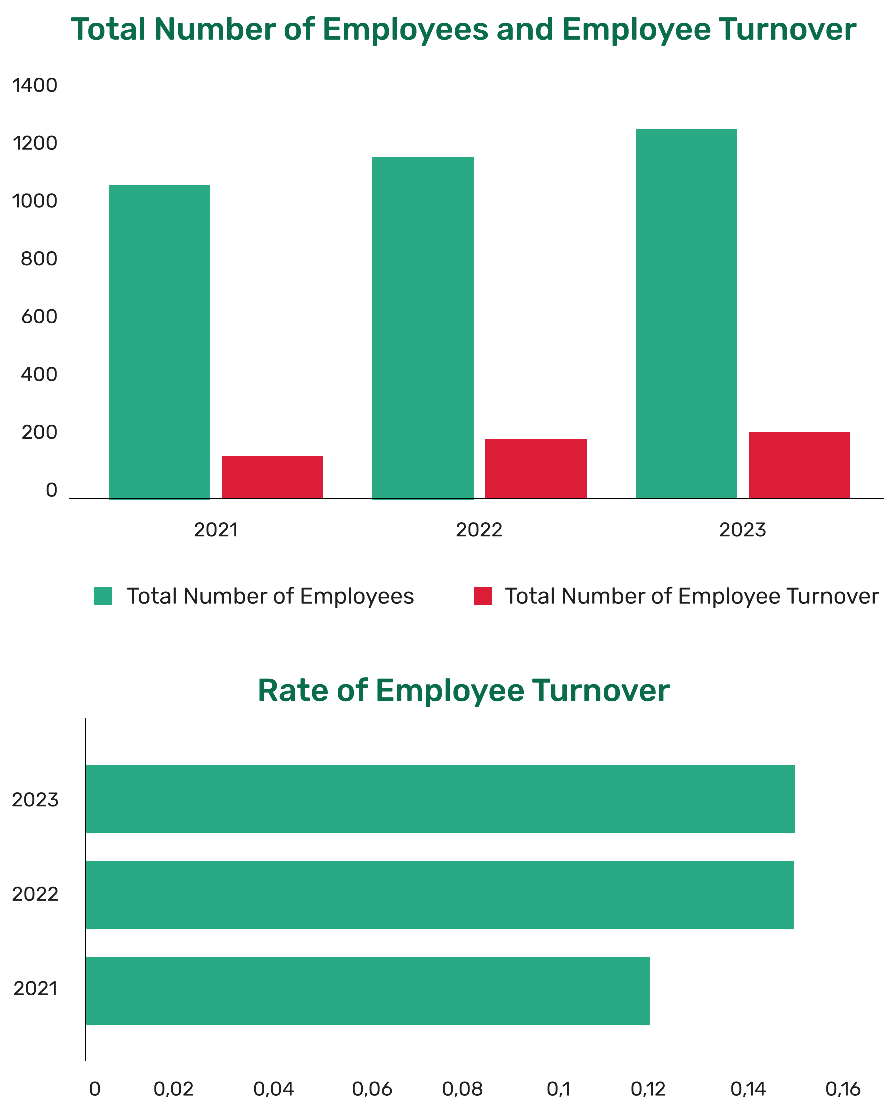
Partnerships with universities, such as ADA and UNEC, enable the Bank to offer career pathways to young graduates, providing career opportunities as well as a steady pipeline of fresh talent. The collaboration with ADA University includes contributing to organizing events offering career and internship opportunities, summer camps, and aiding the universities in conducting various professional and technical competitions. The Bank also provided scholarship opportunities to high-performing students, continuing on from previous years. Through our partnerships and supporting activities, we are able to maintain a healthy flow of talented young individuals into the bank and provide them with valuable job opportunities.

Effective performance management is vital for driving organizational success, as it confirms that employee contributions are aligned with strategic goals. By cultivating clear communication, providing regular feedback, and emphasizing accountability, performance management creates an environment where both individuals and the organization can thrive.

Performance management not only empowers employees to achieve their full potential but also supports the organization in meeting its goals effectively.

Recognizing this, we at PASHA Bank have implemented a centralized system that evaluates employees twice a year through structured assessments conducted via SAP SuccessFactors. This system incorporates 360-degree feedback and detailed KPI reviews, allowing employees to align their personal growth trajectories with the Bank's strategic objectives. These efforts have contributed to a stabilization in turnover rates (FIGURE 56), complemented by robust retention initiatives that promote wellness, work-life balance, and competitive remuneration. Bonuses are distributed according to a standardized policy, with amounts only varying based on grade levels.

FIGURE 56. EMPLOYEE DYNAMICS



A positive workplace culture is fundamental to encourage employee engagement and organizational success. It serves as the foundation for enhancing trust, productivity, and collaboration across all levels.

Being mindful of these priorities, the workplace culture at PASHA Bank is characterized by openness, accountability, and teamwork. Communication and collaboration were strengthened through team-building exercises and management training while wellness initiatives supported employee well-being.

14.1.1 DIVERSITY, EQUITY, AND INCLUSION

At PASHA Bank, one of our priorities is to create and maintain a culture that embraces diversity, equity, and inclusion, providing equal opportunities for all employees and creating a culture of belonging. We place greater emphasis on creating a workplace where every individual feels valued, respected, and supported in their professional journey. Our framework is underpinned by fairness, transparency, and respect for individual differences, while our commitment to human rights reflects our adherence to global principles and standards.

PASHA Bank respects the universality and importance of human rights. This commitment is guided by the Constitution of the Republic of Azerbaijan, the Universal Declaration of Human Rights, the European Convention on Human Rights and Fundamental Freedoms, and the declarations and conventions of the International Labor Organization (ILO). These principles shape our policies and actions, ensuring fairness in our interactions with all of our stakeholders. Human rights must be upheld everywhere, and at PASHA Bank, these values are woven into our policies, cultivating a culture of compassion, respect, and accountability.

Inclusivity begins with our recruitment strategy. Our recruitment philosophy is rooted in merit and non-discrimination. Panel interviews, which assess candidates based on qualifications and suitability, assuring fairness for all applicants. Additionally, our strategic approach helps address workforce imbalances, such as gender disparities, by tailoring our recruitment efforts accordingly.

Recognizing the importance of gender equity, PASHA Bank works to maintain balanced representation across departments, with our number of female employees continually increasing (TABLE 7). Leadership development programs empower employees of all genders, providing them with the tools and opportunities to thrive. Beyond recruitment, our culture strengthens inclusiveness through open communication and collaboration. Training programs enhance dialogue across all employee tiers, encouraging feedback and reinforcing a culture of respect and accountability. We also offer parental leave for all our employees, regardless of their gender. We provide 5 days of paid parental leave for our male employees, to support family wellbeing and promote workplace inclusivity.

TABLE 7. TOTAL NUMBER OF FEMALE EMPLOYEES

	2021	2022	2023
Total number of female employees	427	467	523

We at PASHA Bank do not tolerate discrimination or harassment on any ground. Employment decisions, including hiring, promotions, and training, are based solely on qualifications, skills, and job requirements in alignments with local laws.
Harassment – whether physical, verbal, or sexual – is strictly prohibited. Our zero-tolerance policy applies to all forms of harassment, regardless of whether it occurs in the workplace, off-site, or online. Employees experiencing or witnessing harassment are encouraged to report incidents to the Human Resources and Compliance Departments. Every report is handled confidentially and addressed promptly, with necessary protections and actions taken to safeguard employees. We have not encountered a single case of discrimination incidents in the Bank (FIGURE 57).

In 2023, PASHA Bank demonstrated its commitment to inclusivity by organizing initiatives that introduced individuals with disabilities to our workplace, offering them insight into our operations and further emphasizing inclusivity.
The aim of these initiatives was to nurture inclusivity and raise awareness.
Our benefits structure underscores our commitment to inclusivity and employee well-being. This approach provides equitable access to benefits that support the differentiating needs of our workforce, contributing to overall employee satisfaction and well-being. Alongside our benefits structure, our training programs enrich our employees to reach their full professional potential. These programs are designed to provide the trainings to every employee, regardless of their background, and has equal opportunities for growth and career development. Feedback and engagement from our employees are essential in maintaining our employee satisfaction and meeting their needs. We utilize our Organizational Health Index (OHI) and starting from 2023 we began to measure our Employee Engagement Score to tailor our approach to maximize employee wellbeing (FIGURE 58).

FIGURE 57. DISCRIMINATION INCIDENTS

0 Discrimination Incidents

FIGURE 58. ORGANIZATIONAL HEALTH INDEX

Organizational Health Index (OHI) since 2023

At PASHA Bank, we are committed to creating a workplace that respects human rights and guarantees the dignity of all employees. Through a combination of policies, training programs, and support systems, we strive to build a culture of respect, fairness, and inclusion. By embracing diversity, ensuring equity, and upholding inclusivity, we aim to create an environment where everyone can thrive and contribute meaningfully to our shared success.

14.1.2 INCLUSIVE GROWTH: TRAININGS AND BENEFITS

PASHA Bank is dedicated to nurturing a thriving and inclusive workplace by prioritizing the professional development, well-being, and career progression of its employees through innovative training programs and a range of employee benefits. The bank offers an extensive portfolio of online training programs, acquired by purchasing bulk subscriptions from platforms such as Udemy, LinkedIn, and Coursera, which are designed to enhance the Bank employees' digitals skills, compliance knowledge, and leadership capabilities. Signature initiatives such as "Data Zone", which focused on data-driven strategies, "Dev Zone", which built technical skills for development roles, and "Lead to Inspire", a leadership development program, reflect the Bank's dedication to empowering employees. In 2023, the "Soft Skills Marathon" was introduced to provide tailored training to employees that aligned with both individual growth goals and organizational KPIs. The Bank also provided over 400 different in-person training programs (FIGURE 59) throughout the year for their employees, encouraging their personal development in a large variety of spheres. Strategic workforce planning warrants that future skill requirements are anticipated and that employee capabilities are aligned with the evolving needs of the market.

FIGURE 59. CATEGORIZED TRAININGS

Business and Finance	Data Science and Machine Learning	Project Management and Leadership	Technology and IT Certifications
Certifications: CFA, ACCA, CFE, CBCA, FMVA. **Topics:** Corporate strategy, Pricing strategy, Financial reporting, Audit, and Assurance.	**Courses and Tools:** Applied Machine learning in Python, Data Science Foundations, etc. **Specialized Skills:** Mathematical Foundations of Machine learning.	**Project Management:** PMP, Scrum Master Certification, Risk Management. **Leadership skills:** Building Great Teams, Effective Decision-Making & Critical Thinking.	**Cloud &DevOps:** AWS, Microsoft Azure, Terraform, Kubernetes, etc. **Security:** CRISC, CASP+, Ethical Hacking, Malware Analysis Professional.
Marketing and Digital Tool	**Excel and Productivity**	**Programming and Software Development**	**Other**
Digital Marketing: Social Media Marketing, Brand Management. **Analytics and BI:** Google Analytics 4, Tableau, Power BI.	**Excel:** Skills for Business (Essentials to Advanced), VBA Programming, Data Analysis, etc. **Productivity:** Time Management, Presentation Skills, Creating Effective Resumes.	**Languages:** Python, Java, C++, JavaScript, HTML, CSS, Typescript, etc. **Framework and Tools:** Reach, Angular, MERN Stack, Spring Boot, Docker & Kubernetes, GitHub Actions, etc.	**Languages:** English, Azerbaijani, Russian. **Certifications in Niche Fields:** ISO 9001 Lead Auditor, Anti-Bribery and Corruption Management (ISO 37001), CSDG (Demand Guarantees Specialist), etc.

Recognizing that robust training programs are only part of the equation, the Bank complements these efforts by offering comprehensive and flexible employee benefits, ensuring that both professional growth and personal well-being are addressed holistically. Our comprehensive employee benefits play a crucial role in attracting and retaining top talents, while also enhancing job satisfaction and overall productivity. In today's competitive workplace landscape, offering a flexible and inclusive benefits system is not just an advantage, but a necessity for organizations striving to meet the diverse need of their workforce. Understanding the value of such an approach, the Bank's employee benefit packages are equally comprehensive, offering flexibility to cater to diver employee needs. Employees can choose from three customizable packages. Standard benefits encompass life insurance, healthcare, parental leave, and death-related leave. Moreover, a hybrid work regime is available to all employees, supporting work-life balance and flexibility.

Whilst benefits contribute significantly to creating a supportive work environment, remuneration practices play an equally, if not more important role in attracting, retaining, and motivating top talent. To make our pay structures fair and competitive, we at PASHA Bank align our remuneration structure with market standards and employee contributions, to attract and retain top talent. Fixed pay is determined based on the role's responsibilities and market benchmarks, while variable pay considers performance indicators aligned with strategic objectives. The remuneration policies are developed through a comprehensive process that ensures alignment with organizational goals, market competitiveness, and regulatory compliance. Key areas covered include the compensation structure and performance-linked rewards. Senior executives' KPIs and their remuneration policies are linked, which include managing the Bank's economic and social impacts. To adhere to best practices in governance, PASHA Bank includes mechanisms to address inappropriate payouts. Claw back provisions, where applicable, validate alignment with regulatory standards and internal policies.

The Bank's remuneration matters are overseen by PASHA Holding's Corporate Governance Committee. This committee maintains alignment with governance standards and supports fair and transparent decision making. The Bank also incorporates stakeholder feedback into its remuneration determination process through a 360-degree appraisal process. This system gathers feedback from a variety of sources, including peers, subordinates, and supervisors, which directly impacts employees' KPIs.

Our focus on innovative and comprehensive training programs, flexible benefits, and fair remuneration reflects our support for our employees' growth and well-being. By investing in our people, the Bank not only helps them succeed in their careers but also strengthens our foundations for long-term success.

14.2 PROMOTING SOCIETAL WELLBEING

PASHA Bank remains devoted to its commitment to uplifting Azerbaijani communities through strategic Corporate Social Responsibility (CSR) initiatives. These initiatives are designed in alignment with the UN Global Compact principles and national priorities. By integrating these global and local frameworks, PASHA Bank makes sure its CSR policy not only reflects the bank's values but also addresses the unique socio-economic challenges of Azerbaijan. The CSR strategy is built around three UN SDG's: Decent Work and Economic Growth (SDG 8), Industry, Innovation, and Infrastructure (SDG 9), and Climate Action (SDG 13). These goals form the foundation of the Bank's social stewardship and drive its activities.

UN SDG 8: Decent Work and Economic Growth

PASHA Bank actively contributes to supporting economic growth and creating job opportunities by supporting initiatives that empower youth and professionals. Through strategic collaborations with organizations such as AMCHAM, ADA University, UNEC, the British Council, and the "Ireli" Public Union, the Bank plays a pivotal role in skills development, professional growth, and entrepreneurship. Notable initiatives include hosting hackathons, such as the 2023 Hackathon that encouraged innovative digital solutions for societal challenges. Offering scholarships and skill-building programs that equip young professionals with essential skills for a competitive job market.

We also encourage entrepreneurial skills through initiatives like the PASHA Bank Cup and the Product Owner Marathon, as well as organizing educational events like the Call of Data Workshop. The Bank also supports programming enthusiasts with resources such as the "Bebras" informatic competition, contributing to the growth of a skilled workforce.

UN SDG 9: Industry, Innovation, and Infrastructure

PASHA Bank's emphasis on innovation and collaboration drives forward industry advancements. Through partnerships with the aforementioned institutions, the Bank also encourages the development of innovative solutions. These initiatives enable the development of skills and ideas that contribute to resilient infrastructure and industries in Azerbaijan.

Moreover, we support the creation of a robust technological ecosystem by backing initiatives that stimulate technological growth. The Bank's contribution to the development of digital art through the "The Next 100 Years" competition, dedicated to the national leader Heydar Aliyev, and its support for local talent through art exhibitions demonstrate the Bank's alignment with encouraging innovation and creativity in industries.

UN SDG 13: Climate Action

We assist in combatting climate change impact through various environmental initiatives. In 2023, the Bank participated in a tree-planting campaign organized by the Ministry of Ecology and Natural Resources, reinforcing its commitment to preserving the environment. The Bank also adopted eco-friendly practices such as reducing paper usage and upgrading its IT infrastructure to support sustainability. PASHA Bank also supports green mobility by offering loans for e-vehicles and e-buses, aiding in Azerbaijan's transition to a greener economy. These efforts align with global corporate sustainability initiatives and contribute to mitigating the adverse impacts of climate change.

Charity and Support

Charity and social support remain integral to PAHSA Bank's CSR Policy. The Bank has made significant contributions to support vulnerable populations, including participating in the "Joy of Novruz" charity campaign and sharing "Ramadan Joy" with the community. In response to pressing humanitarian needs from the devastating earthquake, PASHA Bank, along with PASHA Holding and subsidiaries, donated $1 million to support Türkiye. The Bank has consistently prioritized community well-being by visiting orphanages, gifting schoolchildren in remote villages, and supporting self-employment programs for disadvantaged groups. Notable initiatives in 2023 included the "Winter Miracle" charity event and various projects aligned with the International Day of Disabled Persons, showcasing the Bank's ongoing dedication to inclusivity and care.

Awards and Recognitions

PASHA Bank has been exemplary in its CSR initiatives since its inception and has been recognized for its effort's multiple times (FIGURE 60).

FIGURE 60. TIMELINE OF CSR AWARDS

2012
Best Corporate Social Responsibility Program in Europe

2015
Leading Company Promoting Gender Equality

2017, 2018
Corporate Social Responsibility in CEE & CIS

2020, 2022
Best CSR Program

2023
CSR Award from ABA

FIGURE 61. PASHA BANK AWARD FROM ABA

In 2023, PASHA Bank received several prestigious awards in recognition of its efforts for Corporate Social Responsibility and societal well-being.

The Bank's efforts were acknowledged at the Azerbaijan Banking Association's (ABA) Banking Awards (FIGURE 61), where it received the "CSR Award" for its extensive initiatives.

Additionally, PASHA Bank was honored for its contributions to enhancing financial literacy through its "Financial Awareness Support" initiatives and the Bank's commitment to public education on secure banking practices was also recognized with the award for "Educational Projects on Security in Digital Payments". For our role in supporting disadvantaged groups in achieving financial independence, PASHA Bank received the "Participation in the Self-Employment Program" award. The Bank's environmental efforts were celebrated at the "Wasteless Azerbaijan" event, where it was recognized for initiatives such as tree-planting campaigns, green mobility projects, and the adoption of sustainable practices. In addition to these efforts, PASHA Bank has supported social entrepreneurship in Azerbaijan, recognizing the transformative impact of combining education and charity. The Bank's focus on promoting innovation and financial inclusion has enabled vulnerable groups to achieve greater self-reliance. By integrating CSR activities across diverse domains, PASHA Bank continues to enhance its impacts, aligning with national priorities and UN Sustainable Development Goals.

FIGURE 62. CSR SPENDING

Over 2.2 Million AZN spent on CSR Initiatives in 2023

In 2023, PASHA Bank continued implementing various CSR projects (FIGURE 62). Impact metrics include increased SME engagement through tailored workshops and consultations, as well as positive feedback from beneficiaries, reflecting alignment with sector standards and community needs. While KPIs are not set for smaller-scale projects, the Bank employs sector benchmarks to gauge success. Larger projects undergo regular reviews to upkeep alignment with evolving stakeholder and market priorities. To reinforce our approach to our CSR initiatives, a new CSR policy for 2024-2026 has been developed to strengthen its commitment. This policy outlines a unified strategy that incorporates stakeholder interests, national priorities, and the Bank's business goals.

14.3 FOSTERING A CULTURE OF HEALTH AND SAFETY

We at PASHA Bank advanced our commitment to occupational health and safety (OHS) through the implementation and enhancement of the OHS Management System. This system was established to meet both legal requirements and international standards, creating a safe and healthy work environment for employees. The Bank's OHS underwent key developments during the reporting period, focusing on both physical safety and mental well-being. Notable milestones included increased employee training on safety protocols and the launch of initiatives aimed at supporting psychological health.

PASHA Bank systematically identifies work-related hazards and assesses risks using routine inspections, employee feedback, and risk evaluations for new or modified tasks. The hierarchy of control is rigorously applied to eliminate hazards or minimize risks, prioritizing measures such as elimination, substitution, and administrative controls. Employees are encouraged to report hazards through designated channels, including an incident management system, hotlines, and supervisors. The Bank enforces a robust anti-retaliation policy to ensure confidentiality and protect employees from reprisals, fostering a culture of open communication about safety concerns.

When incidents occur, thorough investigations are conducted to identify risks and determine root causes. Corrective actions are implemented based on the hierarchy of controls, and the OHS management system is continuously improved to prevent recurrence. Worker participation is integral to the OHS framework, with employees actively involved in the development, implementation, and evaluation of safety protocols. Regular consultations, feedback channels, and accessible communication assure that workers are informed and engaged in OHS-related matters. Training is a key aspect of PASHA Bank's OHS strategy. All employees receive general safety training during their induction, covering emergency procedures, basic safety measures, and fire safety. Additional specialized training is provided to address specific hazards, hazardous activities, or unique workplace risks. To further embed a culture of safety, the Bank integrates safety and emergency preparedness across its operations and value chain. Regular fire drills, risk assessments at each project phase, ongoing training, and continuous monitoring guarantee safety remains a priority throughout the project lifecycle. By maintaining a comprehensive and dynamic approach to occupational health and safety, PASHA Bank not only safeguards its workforce but also upholds its commitment to sustainability and responsible business practices.

15.0 OUR ENVIRONMENTAL IMPACT

Environmental issues worldwide are the focal point of attention due to significant difficulties caused by climate change. As the region's key financial institution, we recognize our responsibility and impact on the region's environmental sustainability, therefore, we at PASHA Bank aim to conduct our operations sustainably.

Since the banking sector is not inherently energy-intensive, most of our emissions stem from financed activities rather than direct operations. However, we remain committed to our aim of minimizing our environmental impact. To further this goal, we have also enhanced our digital services, reducing the need for paper-based processes and in-person visits, which helps lower overall resource consumption. From 2022 to 2023, our electricity consumption slightly increased, primarily driven by the increase in on-site work, with less employees having hybrid work regimes. Due to the hybrid work arrangements in 2022 our water consumption fell significantly, and as our employees returned to the office in 2023 water usage rebounded. We also focus on our waste management efforts and aim on minimizing our negative impact through responsible disposal via a third-party waste management provider that adheres to environmental standards (TABLE 8).

TABLE 8. ENVIRONMENTAL PERFORMANCE

Emissions	2021	2022	2023
Scope 1, tCO2 e	159.87	196.92	231.48
Scope 2, tCO2 e	1,789.54	1,899.07	1,931.35
Energy consumption	**2021**	**2022**	**2023**
Electrical energy consumption, kWh;	3,376,489.45	3,583,156.34	3,644,053.89
Total natural gas consumption, m^3	30,025.53	27,634.49	27,878.03
Water	**2021**	**2022**	**2023**
Total water withdrawal, m^3	6,417.78	7,436.06	11,920.71
Waste	**2021**	**2022**	**2023**
Total weight of waste generated, m^3	842.42	1,228.82	859.81

While our overall environmental impact has increased in recent years, we are in the process of mitigating its effects. A pivotal initiative in our effort is our planned transition to a single, centralized, sustainability-certified office building that will incorporate renewable energy sources such as solar panels. By centralizing our operations, we aim to lower our overall carbon footprint, improve resource management, and create a more environmentally responsible workplace. We have also planned to transition company vehicles to be all electric and have already begun the process of replacing our existing combustion engine vehicles.

We at PASHA Bank remain focused on striving to minimize our environmental impact and promoting sustainability in the financial sector. Through our efforts, we aim to integrate sustainability into our core operations and contribute to the region's environmental well-being.

16.0 VISION BEYOND TODAY

Our commitment to sustainability continues to shape and define our long-term vision. As we move forward, we will continue leaving a positive impact for all our stakeholder groups as well as the environment and community at large.

To better understand and serve our customers, we will further advance client data analytics and feedback mechanisms. By leveraging digital tools and artificial intelligence, we aim to gain deeper insights into client needs, improve service quality, and tailor our financial solutions. Moreover, we anticipate expanding our portfolio of green projects by increasing financing for renewable energy, sustainable infrastructure, and environmentally responsible businesses. Through targeted investments, we seek to accelerate the transition to a greener economy while supporting businesses that prioritize sustainability.
To further support sustainability, we will explore the issuance of green bonds to raise capital for green projects. Additionally, we aim to integrate carbon credit scoring into our risk assessment models, thereby incentivizing businesses to adopt sustainable practices.

Our employees are our most valuable asset, and we are dedicated to continually fostering a workplace culture that promotes well-being, diversity, and professional growth. We will continue enhancing our policies to support work-life balance, career development, and employee engagement. Investments in training and wellness will help PASHA Bank maintain its reputation as the employer of choice. As part of our social impact that extends beyond banking, we will further increase our CSR initiatives by supporting education, environmental conservation, and community development projects.

Through these targeted and well-structured initiatives, we will continue driving sustainability, innovation, and social responsibility – creating meaningful and measurable progress for a better future for all.

17.0 PERFORMANCE TABLES

GOVERNANCE

Economic Indicators (Thousands, AZN)	2021	2022	2023
Capital investment	45,246	39,049	32,390
Total assets	6,426,856	8,433,415	8,622,096
Total capitalization	6,426,856	8,433,415	8,622,096
Total revenues	325,503	389,307	547,090
Economic value distributed	226,406	226,608	293,793
Operating expenses	46,168	46,546	51,635
Employee wages and benefits	54,605	62,096	95,605
Payments to the state budget, including	48,333	59,322	81,722
Income tax	31,176	45,175	63,624
Property tax	352	319	239
Withholding tax	9,270	6,606	9,796
Land tax	6	3	3
SSPF charges	7,530	7,219	8,061
Interest payments	52,881	53,079	62,580
Community investments, including	24,419	5,565	2,251
Contributions to charities, NGOs and research institutes (unrelated to the organization's commercial research and development)	15,181.25	5,565.00	2,150.34
Funds to support community infrastructure, such as recreational facilities	9,146.44	-	51.00
Direct costs of social programs, including arts and educational events	91.30	-	49.54
Other expenses			
Economic value retained	31,906	85,619	153,978

Loan Indicators (thousand, AZN)	2021	2022	2023
Retail loan portfolio amount	226,959	359,482	191,336
Loan portfolio amount, by category			
Large business loan portfolio amount	2,118,536	2,123,849	2,358,213
SME loan portfolio amount	212,064	233,626	253,391
Mortgage portfolio amount	74,445	108,816	155,233
Total deposit portfolio amount	5,057,851	7,028,896	6,993,725
Total Investment portfolio, thsds AZN	1,930	1,873	2,091
Fixed Assets, thsds AZN	1,803.328	1,764.134	2,007.513
Equities, thsds AZN	127.006	109.179	83.156

Supply chain indicators	2021	2022	2023
Total number of suppliers	273	292	235
Total number of local suppliers	227	242	196
Total number of foreign suppliers	46	50	39
Proportion of suppliers by location, % from total:			
Local suppliers	83.2%	82.9%	83.4%
Foreign suppliers	16.8%	17.1%	16.6%
Total procurement budget, AZN	18,659,236.80	14,037,457.37	18,331,037.08
Share of the procurement budget that is spent on local suppliers/contractors, % from total budget	57%	73%	86%

Customers and Operational	2021	2022	2023
Market share in total loans, %	15%	14%	12%
Market share in total deposits, %	19%	21%	20%
NPL ratio	7%	7%	7%

Service and Cards	2021	2022	2023
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.)	N/A	8%	8%
Number of branches, by categories	9	9	8
Baku	6	6	5
Regions	3	3	3

Digital services and mobile app	2021	2022	2023
Amount of cashbacks returned to customers	112,114	711,558	859,483
Number of newly registered mobile users	20,372	134,232	99,081
Total number of incoming calls	N/A	185,219	178,364
Total number of incoming calls (SME/CIB segment)	N/A	185,219	178,364

Anti-Corruption	2021	2022	2023
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	100%	100%	100%
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, by category	100%	100%	100%
Percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, by category	100%	100%	100%
Total number of business partners (e.g. suppliers) that the organization's anti-corruption policies and procedures have been communicated to	100%	100%	100%
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	100%	100%	100%
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, by category	100%	100%	100%
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

SOCIAL

Employee Indicators, by gender	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Total number of employees, by gender and category	635	427	682	467	734	523
Executive	10	1	10	1	10	0
Managerial staff	78	38	93	39	101	42
Specialist	520	381	546	416	593	475
Other	27	7	33	11	30	6
Total number of employees by employment type	635	427	682	467	734	523
Total number of permanent employees	270	208	193	151	244	190
Total number of temporary employees	365	219	489	316	490	333
Total number of employees by employment contract	635	427	682	467	734	523
Total number of full-time employees	635	427	682	467	734	523
Total number of part-time employees	N/A	N/A	N/A	N/A	N/A	N/A

Employee Indicators, by age	2021			2022			2023		
	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	510	520	32	531	581	37	588	623	46
Executive	0	11	0	0	10	1	0	8	2
Managerial staff	13	102	1	12	117	3	7	130	6
Specialist	496	394	11	510	438	14	581	468	19
Other	1	13	20	9	16	19	0	17	19

Health and Safety Training Indicators	2021	2022	2023
Number of conducted OHS trainings	100	100	100
OHS training hours	100	100	100

Health and Safety Investments	2021	2022	2023
Total investments into improving working conditions (please specify currency), AZN	9,076	13,848	17,413
Total investments into personal protective equipment (please specify currency), AZN	1,500	1,500	1,500

Occupational Health and Safety	2021	2022	2023
Number of fatalities	0.00	0.00	0.00
Fatality rate	0	0	0
Number of recordable injuries	2	0	1
Number of Lost Time Injuries (LTI)	1	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	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Total number of employees that were entitled to parental leave, by gender	635	427	682	467	734	523
Total number of employees that took parental leave, by gender	22	53	46	59	50	68
Total number of employees that returned to work in the reporting period after parental leave ended	22	23	46	42	50	35
Total number of employees due to return to work after taking parental leave, by gender	22	23	46	42	50	35
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	18	61	35	66	40	55
Return to work rate of employees that took parental leave, by gender	100	100	100	100	100	100
Retention rate of employees that took parental leave, by gender	78.26	265.22	76.09	286.96	86.96	157.14

Hires and Turnover, by gender	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Total number of new employee hires	156	96	153	111	170	126
Total number of employee turnover	85	44	106	71	118	70
Rate of employee turnover	0.13	0.10	0.16	0.15	0.16	0.13

Hires and Turnover, by age	2021			2022			2023		
	Under 30	30-50	Over 50	Under 30	30-50	Over 50	Under 30	30-50	Over 50
Total number of new employee hires	193	57	2	203	60	1	216	79	1
Total number of employee turnover	70	56	3	113	62	2	101	84	3
Rate of employee turnover	0.14	0.11	0.09	0.21	0.11	0.05	0.17	0.13	0.07

Senior Management Hired from Local Community	2021	2022	2023
Percentage of senior management hired from the local community	100%	100%	100%
Senior management hired, total	2	3	3

Talent Development	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Percentage of total employees who received a regular performance and career development review, by category	635	427	682	467	734	523
Executive	10	1	10	1	10	0
Managerial staff	78	38	93	39	101	42
Specialist	520	381	546	416	593	475
Other	27	7	33	11	30	6

Employee engagement	2021	2022	2023
Organizational health indicator (OHI) score	83	78	84
Engagement score	N/A	N/A	87

Diversity of Governance Bodies, by gender	2021		2022		2023	
	Male	Female	Male	Female	Male	Female
Total number of individuals within the governance bodies, by gender	88	39	103	40	111	42

Diversity of Governance Bodies, by age	2021			2022			2023		
	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	13	113	1	12	127	4	7	138	8

Diversity of Employees	2021	2022	2023
Number of employees with disabilities	5	5	7

ENVIRONMENT

Energy consumption total, kWh	2021	2022	2023
Energy consumption total, kWh	3,376,489.45	3,583,156.34	3,644,053.89
Electrical energy consumption, kWh;	3,376,489.45	3,583,156.34	3,644,053.89
1) Electricity used in the office, kWh	3,376,489.45	3,583,156.34	3,644,053.89
Total natural gas consumption, m^3	30,025.53	27,634.49	27,878.03
Total fuel consumption, l, including	43,542.39	61,591.00	76,245.88
Diesel, l	6,790.85	7,072.50	8,203.25
Petroleum, l	36,751.54	54,518.50	68,042.63

Water	2021	2022	2023
Total water withdrawal, m^3	6,417.78	7,436.06	11,920.71

Emissions	2021	2022	2023
Scope 1, tCO2 e	159.87	196.92	231.48
Scope 2, tCO2 e	1,789.54	1,899.07	1,931.35

Waste	2021	2022	2023
Total weight of waste generated, m^3	842.42	1,228.82	859.81

18.0 GRI INDEX

Statement of Use		PASHA Bank has reported in accordance with GRI standards for the period: 01.01.2023 - 31.01.2023	
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	There was no assurance for 2023, but a third-party auditor is planned for the next reporting period
	2-6 Activities, value chain and other business relationships	Disclosed	2.0 PASHA Bank Overview 11.5 Responsible Supply Chain
	2-7 Employees	Disclosed	14.0 Social Stewardship: Empowering People and Communities
	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	11.1 Organizational Structure
	2-10 Nomination and selection of the highest governance body	Disclosed	11.1 Organizational Structure
	2-11 Chair of the highest governance body	Disclosed	11.1 Organizational Structure
	2-12 Role of the highest governance body in overseeing the management of impacts	Partially Disclosed	11.1 Organizational Structure
	2-13 Delegation of responsibility for managing impacts	Partially Disclosed	11.1 Organizational Structure

Statement of Use		PASHA Bank has reported in accordance with GRI standards for the period: 01.01.2023 - 31.01.2023	
GRI 1 used		GRI 1: Foundation 2021	
GRI Standard / Other source	**Disclosure**	**Status**	**Section**
General Disclosures			
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	Disclosed	4.0 Materiality Assessment
	2-15 Conflicts of interest	Disclosed	11.2. Business Ethics
	2-16 Communication of critical concerns	Partially Disclosed	11.2. Business Ethics
	2-17 Collective knowledge of the highest governance body	Disclosed	11.1 Organizational Structure
	2-18 Evaluation of the performance of the highest governance body	Disclosed	11.0 Governance: Leading with Integrity
	2-19 Remuneration policies	Disclosed	14.1.1 Inclusive Growth: Trainings and Benefits
	2-20 Process to determine remuneration	Disclosed	14.1.1 Inclusive Growth: Trainings and Benefits
	2-21 Annual total compensation ratio	Not Disclosed	
	2-22 Statement on sustainable development strategy	Disclosed	1.0 CEO Message
	2-23 Policy commitments	Disclosed	11.2 Business Ethics
	2-24 Embedding policy commitments	Disclosed	11.2 Business Ethics
	2-25 Processes to remediate negative impacts	Partially Disclosed	11.0 Governance: Leading with Integrity
	2-26 Mechanisms for seeking advice and raising concerns	Disclosed	14.0 Social Stewardship: Empowering People and Communities
	2-27 Compliance with laws and regulations	Disclosed	11.0 Governance: Leading with Integrity
	2-28 Membership associations	Disclosed	2.0 PASHA Bank Overview
	2-29 Approach to stakeholder engagement	Disclosed	5.0 Stakeholder Engagement Strategy
	2-30 Collective bargaining agreements	Not Disclosed	

Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Disclosed	4.0 Materiality Assessment
	3-2 List of material topics	Disclosed	4.0 Materiality Assessment
	3-3 Management of material topics	Disclosed	4.0 Materiality Assessment
Economic Performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	11.6.1 Financial Performance
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Disclosed	11.6.1 Financial Performance
	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	Not Disclosed	Defined by the relevant law of Azerbaijan Republic
	201-4 Financial assistance received from government	Not Applicable	
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	17.0 Performance Tables
Indirect Economic Impact			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Partially Disclosed	14.2 Promoting Societal Wellbeing
	203-2 Significant indirect economic impacts	Not Disclosed	
Procurement Practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	11.5 Responsible Supply Chain
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Disclosed	11.5 Responsible Supply Chain

Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	11.0 Governance: Leading with Integrity
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Disclosed	11.2 Business Ethics 17.0 Performance Tables
	205-2 Communication and training about anti-corruption policies and procedures	Disclosed	11.2 Business Ethics 17.0 Performance Tables
	205-3 Confirmed incidents of corruption and actions taken	Disclosed	11.2 Business Ethics 17.0 Performance Tables
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	11.0 Governance: Leading with Integrity
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Partially Disclosed	11.2 Business Ethics 17.0 Performance Tables
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	11.6.2 Tax Overview
GRI 207: Tax 2019	207-1 Approach to tax	Disclosed	11.6.2 Tax Overview
	207-2 Tax governance, control, and risk management	Disclosed	11.6.2 Tax Overview
	207-3 Stakeholder engagement and management of concerns related to tax	Disclosed	11.6.2 Tax Overview
	207-4 Country-by-country reporting	Not Disclosed	Not applicable to the scope of the report as it captures only operations in Azerbaijan
Materials			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Partially Disclosed	15.0 Our Environmental Impact
	301-2 Recycled input materials used	Not Disclosed	
	301-3 Reclaimed products and their packaging materials	Not Disclosed	

Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Partially Disclosed	15.0 Our Environmental Impact
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Disclosed	15.0 Our Environmental Impact
	302-2 Energy consumption outside of the organization	Not Disclosed	
	302-3 Energy intensity	Not Disclosed	
	302-4 Reduction of energy consumption	Partially Disclosed	15.0 Our Environmental Impact
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	15.0 Our Environmental Impact
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Not Disclosed	
	303-2 Management of water discharge related impacts	Not Disclosed	
	303-3 Water withdrawal	Not Disclosed	
	303-4 Water discharge	Not Disclosed	
	303-5 Water consumption	Disclosed	15.0 Our Environmental Impact
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 Disclosed	We are not disclosing this information as it is not material to PASHA Bank and does not have any significant impact on biodiversity.
	304-2 Significant impacts of activities, products, and services on biodiversity	Not Disclosed	
	304-3 Habitats protected or restored	Not Disclosed	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Disclosed	

Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	Partially Disclosed	15.0 Our Environmental Impact
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Disclosed	15.0 Our Environmental Impact
	305-2 Energy indirect (Scope 2) GHG emissions	Disclosed	15.0 Our Environmental Impact
	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	Not Disclosed	
	305-5 Reduction of GHG emissions	Partially Disclosed	15.0 Our Environmental Impact
	305-6 Emissions of ozone-depleting substances (ODS)	Not Disclosed	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not Disclosed	
Waste			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impact	Not Disclosed	
	306-2 Management of significant waste-related impacts	Not Disclosed	
	306-3 Waste generated	Disclosed	15.0 Our Environmental Impact
	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	Not Disclosed	

Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	14.0 Social Stewardship: Empowering People and Communities
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Disclosed	14.1 Empowering Human Capital 17.0 Performance Tables
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Disclosed	14.1.2 Inclusive Growth: Trainings and Benefits
	401-3 Parental leave	Disclosed	17.0 Performance Tables
Labor/management relations			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Not Disclosed	Regulated by Azerbaijani law
Occupational health and safety			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Disclosed	14.3 Fostering a Culture of Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Disclosed	14.3 Fostering a Culture of Health and Safety
	403-3 Occupational health services	Disclosed	14.3 Fostering a Culture of Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Disclosed	14.3 Fostering a Culture of Health and Safety
	403-5 Worker training on occupational health and safety	Disclosed	14.1.1 Inclusive Growth: Trainings and Benefits
	403-6 Promotion of worker health	Disclosed	14.3 Fostering a Culture of Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Partially Disclosed	14.3 Fostering a Culture of Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Disclosed	17.0 Performance Tables
	403-9 Work-related injuries	Disclosed	17.0 Performance Tables
	403-10 Work-related ill health	Disclosed	17.0 Performance Tables

Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	14.1.2 Inclusive Growth: Training and Benefits
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	14.1.2 Inclusive Growth: Trainings and Benefits
	404-3 Percentage of employees receiving regular performance and career development reviews	Disclosed	17.0 Performance Tables
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	14.1.2 Diversity, Equity, and Inclusion
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Disclosed	17.0 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	14.1.2 Diversity, Equity, and Inclusion
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	Not Disclosed	
Child labor			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	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	11.5 Responsible Supply Chain
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Disclosed	11.5 Responsible Supply Chain

Security practices			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Not Disclosed	
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	14.2 Promoting Societal Wellbeing (CSR Activities)
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Disclosed	14.2 Promoting Societal Wellbeing (CSR Activities)
	413-2 Operations with significant actual and potential negative impacts on local communities	Not Disclosed	
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	11.5 Responsible Supply Chain
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Partially Disclosed	11.5 Responsible Supply Chain
	414-2 Negative social impacts in the supply chain and actions taken	Not Disclosed	
Public policy			
GRI 415: Public Policy 2016	415-1 Political contributions	Not Disclosed	
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 Disclosed	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not Disclosed	

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	Not Applicable	
	417-3 Incidents of non-compliance concerning marketing communications	Not Applicable	
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	12.0 Digital Resilience
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Disclosed	12.0 Digital Resilience 17.0 Performance Tables

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.

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