

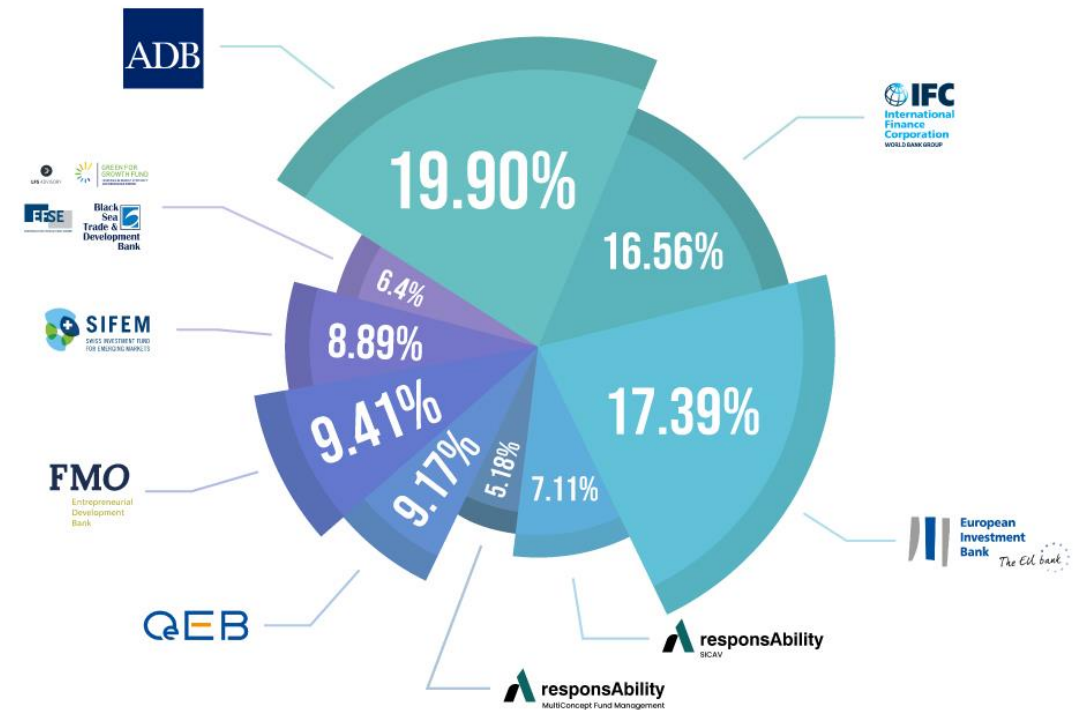
# Investor Brief

## 1H 2023

*All numbers based on local GAAP*

## About AccessBank

- AccessBank serves Azerbaijan MSME & Retail market since 2002 and is the largest Impact lender in the country through its Micro lending franchise. Throughout its 20-years of operations, AccessBank distinguished itself with its highest levels of transparency, ESG standards, top customer service levels and its contribution to small businesses and to the banking sector as a whole. The bank is also considered to be the best MSME banking school in the country.
- Devaluation of AZN** On the back of domestic currency (AZN) devaluation in 2015-16, AccessBank initiated recapitalization with current DFI shareholders. The capital of the bank was increased in 2019 and turnaround plan for the bank agreed. That said, strategic objectives of the bank were hindered by Covid restrictions in 2020.
- New Management Team** The new management team was introduced in Dec 2021, and with easing Covid restrictions execution of the turnaround plan was fully ahead. Within the first half of 2022 the team enhanced bank's automation, implemented robust cost-control and risk measures and managed to deliver large positive operating leverage. Since 3<sup>rd</sup> quarter of 2022 AccessBank further improved its financial standing by capitalizing on its leading position in micro lending, originating two times as much as in previous quarters through automation.
- The Bank continues its new cycle of development targeting enhanced digitalization, increased investments in ESG lending and best-tailored customer experience.



## Half Year Results Snapshot

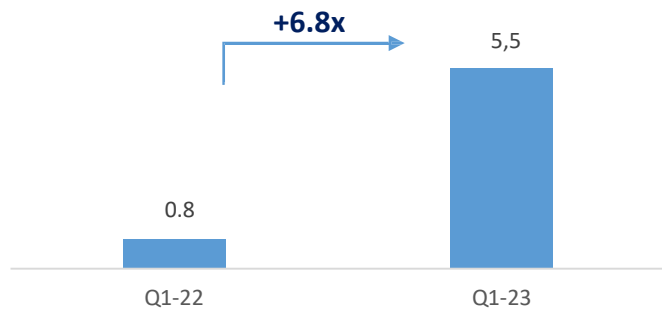
	Assets	Loan portfolio	Deposits	Regulatory Capital	# of borrowers
1H2023	AZN 1.3b	AZN 939m	AZN 1.0b	AZN 123m	96k
1H2022	AZN 1.0b	AZN 713m	AZN 0.8b	AZN 82m	84k
	Net income	Cost to income	ROE	CAR	COR
1H2023	AZN 19.5m	58.8%	38.6%	12.3%	1.7%
1H2022	AZN 1.8m	82.4%	8.8%	11.5%	1.0%

- AccessBank team continues to deliver high-quality growth based on the back of its strong distribution model, attracting clients both on the asset and liability sides
- In 1H 2023 Bank become #1 income and capital generating non D-SIB\* in Azerbaijan

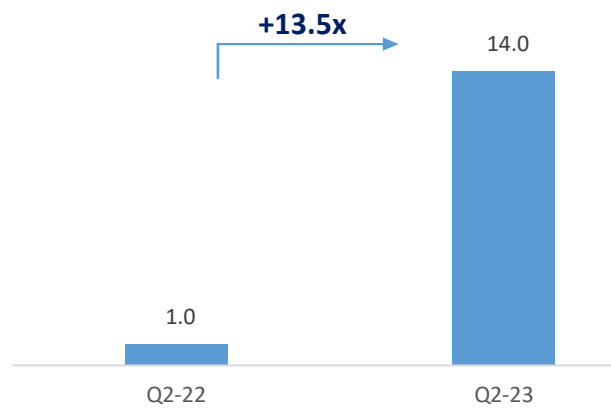
\* Non-systemic bank

# Net Income

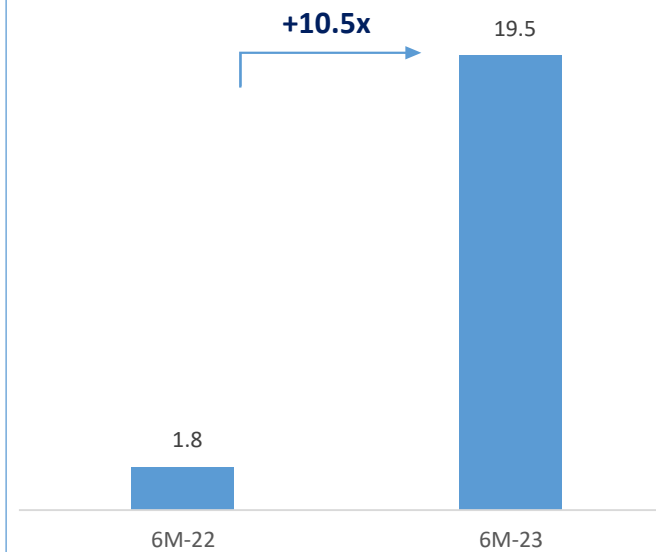
### 1<sup>st</sup> Quarter



### 2nd Quarter

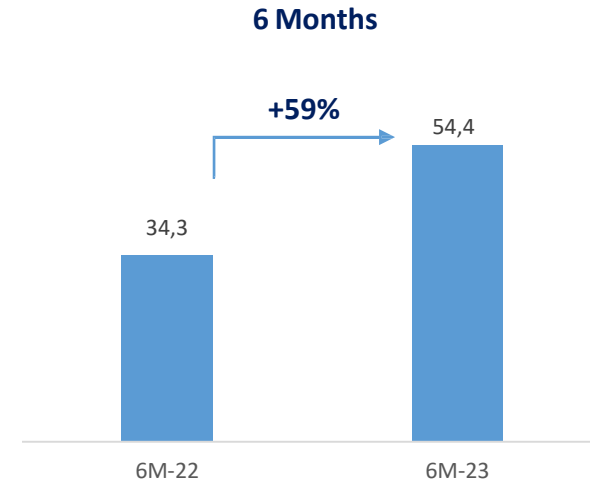
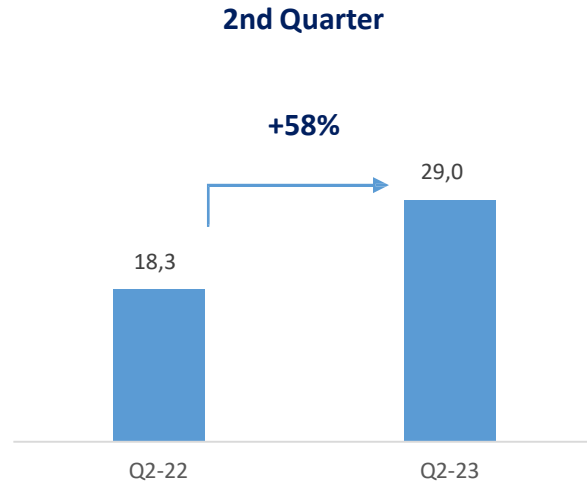
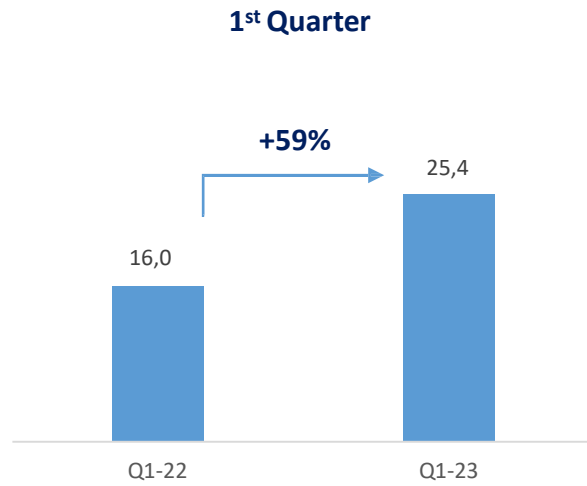


### 6 Months

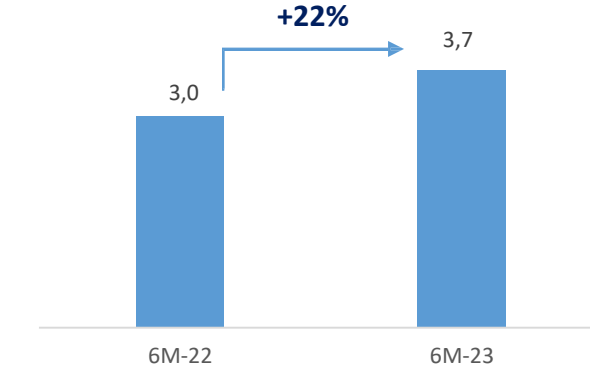
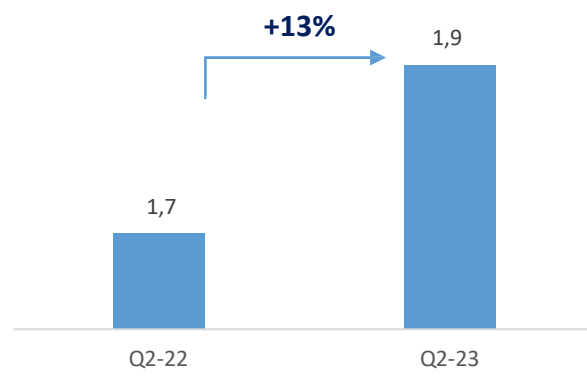
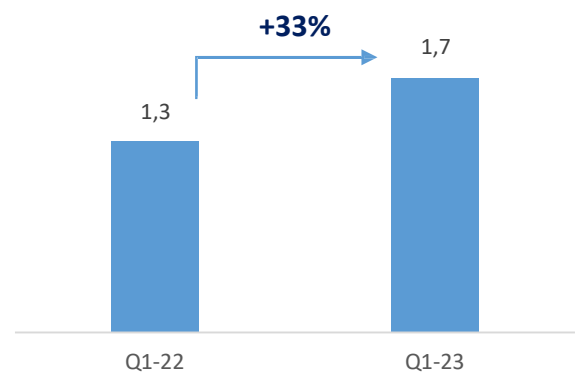


# Net Interest & Non-Interest Income

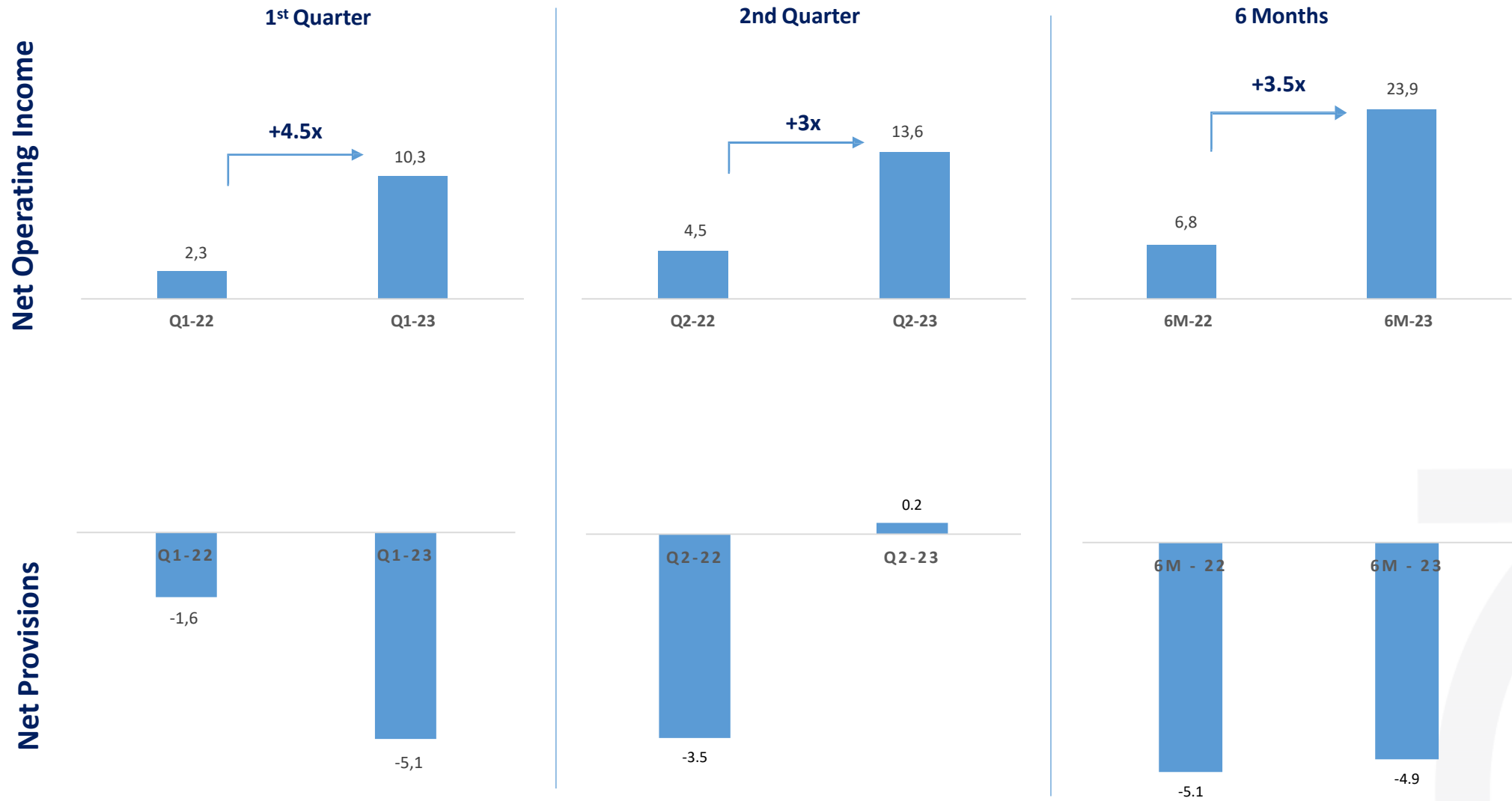
Net Interest Income



Net Non-Interest Income

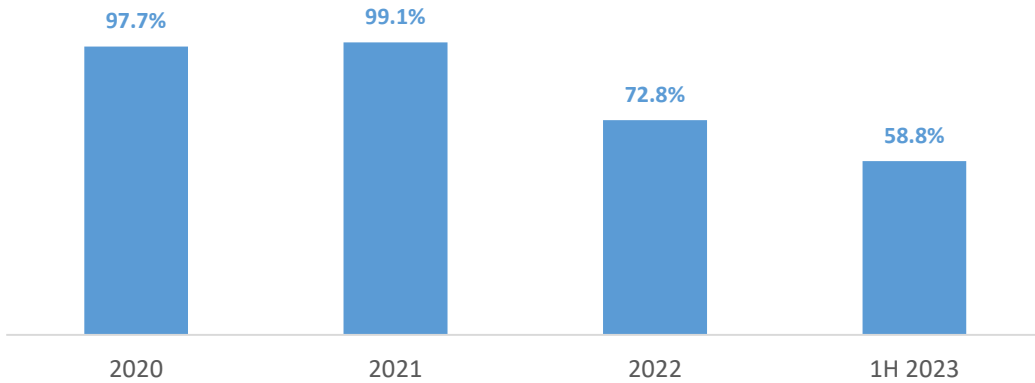


# Net Operating Income & Provisions

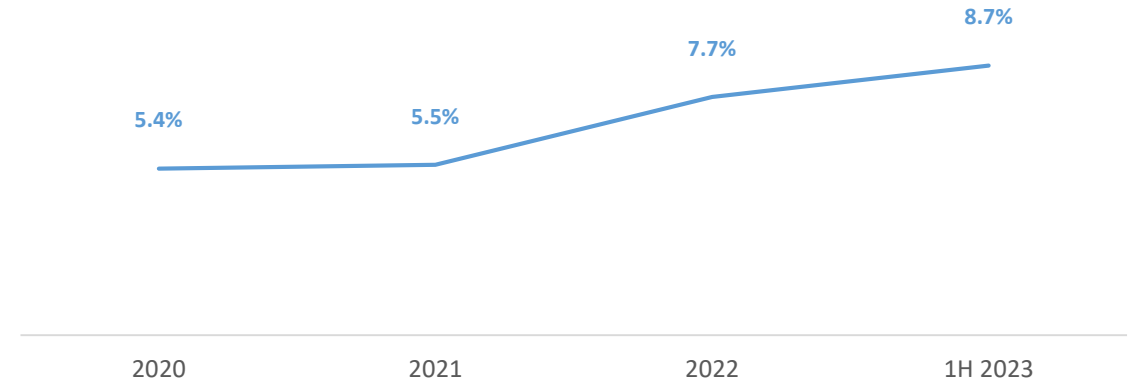


# Quality and efficiency

**CIR**

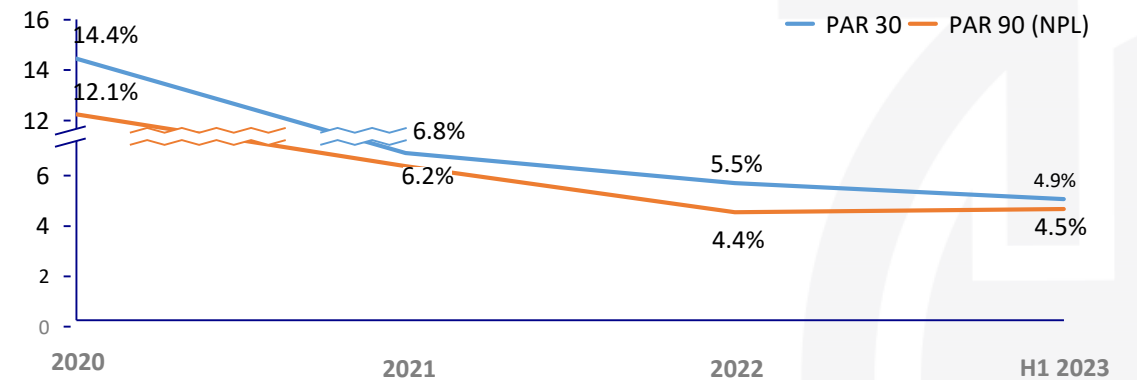


**NIM**



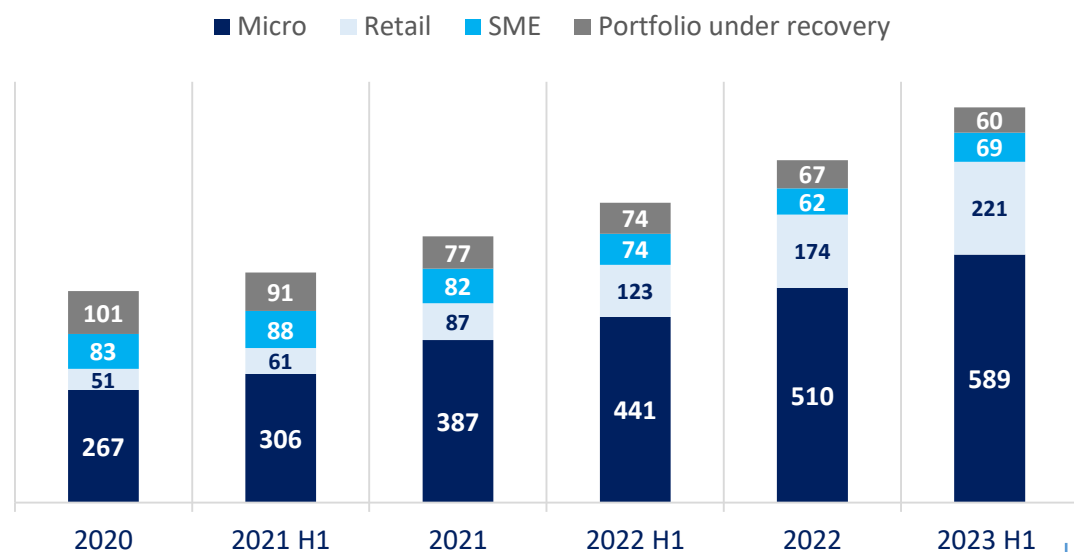
- The positive dynamics achieved in terms of efficiency indicators driven by positive effect of economies of scale and optimization of its funding structure continues
- In addition, portfolio quality is stable and majority of NPLs are dated from the AZN devaluation period of 2015/16. Book originated post devaluation exhibits stable performance with NPLs at <2% level

**NPL for Total Portfolio**

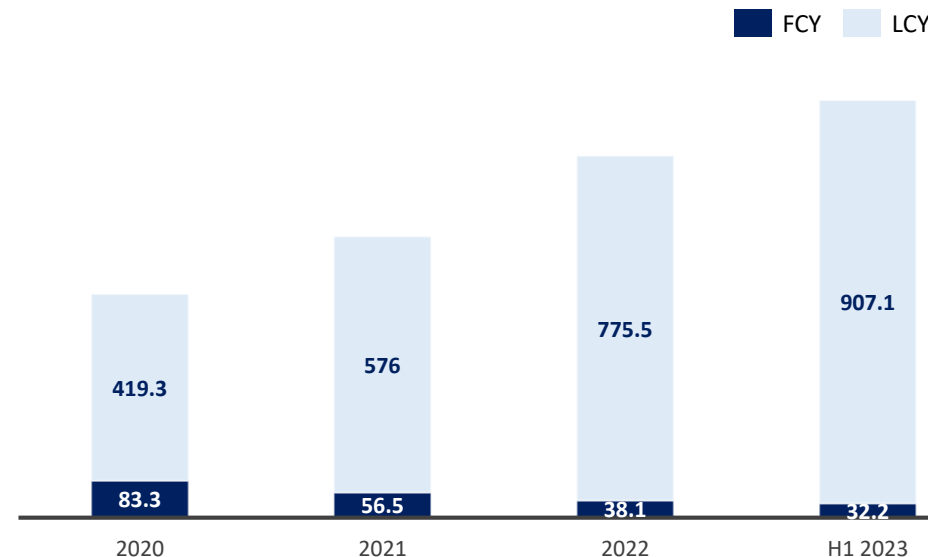


# Loan Portfolio Development & Forecast

## Loan Portfolio by segments, M AZN



## Loan Portfolio by currency, M AZN



- AccessBank is a **leading business and micro lender** in the market
- AccessBank has **significant competitive advantage** in micro-lending and **expects increasing demand** in the coming economic cycle

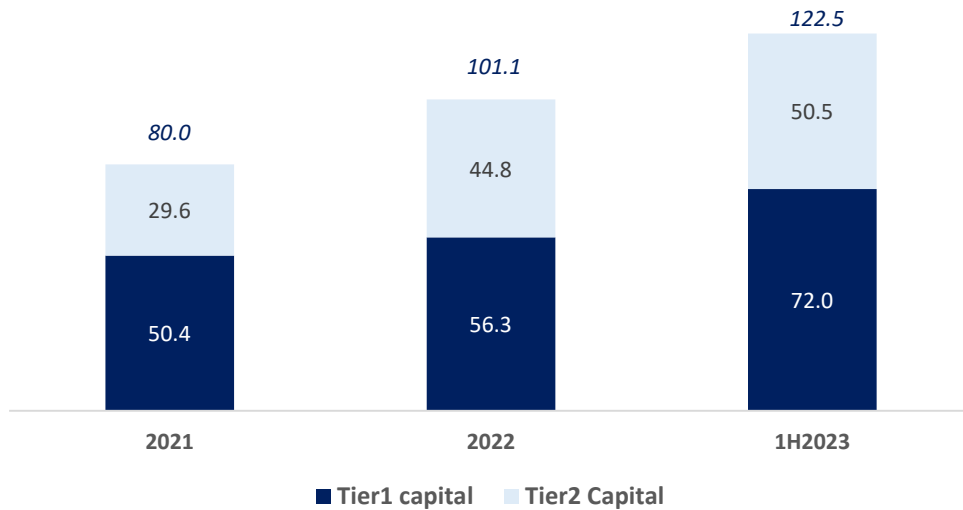
84% - business lending  
(TOP 5 in the market)

70% - micro lending  
(TOP 1 in the market)

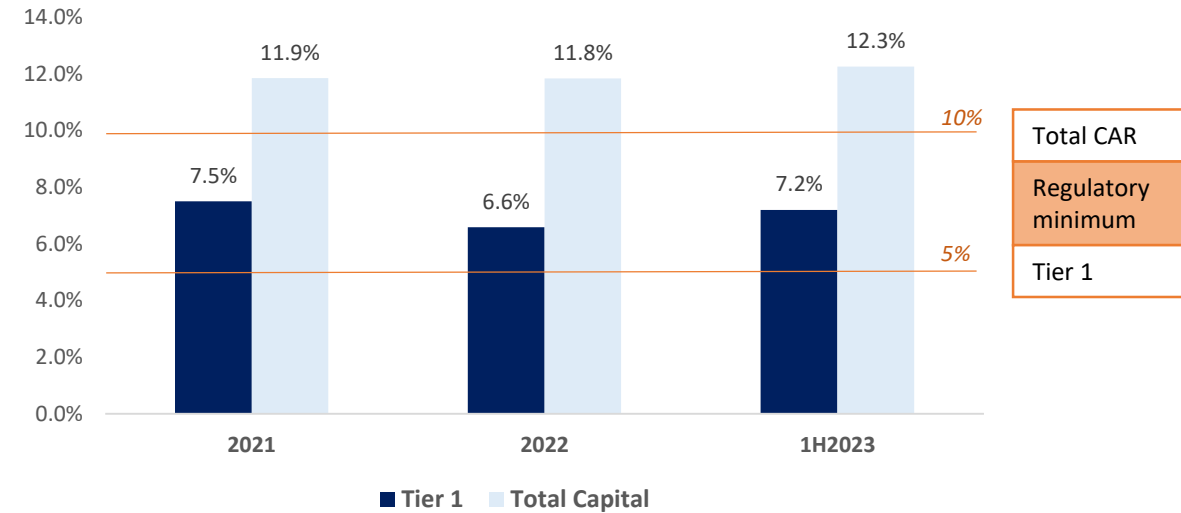


# Capital Adequacy

### Regulatory Capital



### Capital Adequacy Ratio



- Internal capital generation allows us to target further growth
- Very strong CET 1 position, automatically enhanced further at close of financial year [current year profit is reflected in Tier 2 until the full closure of the year]

## ESG Vision

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Our top shareholders are foreign financial institutions with the largest footprint in promoting environmental, social and governance (ESG) principals directly or through their investees. AccessBank is no exception, when it comes to endorsing ESG principals.

### **Certain initiatives:**

- We are the only Bank in Azerbaijan that joined the UN initiative - Women Empowerment Principals. We constantly promote gender equality within our institution and amongst our customers. We conduct regular trainings, such as Access2Success, aimed to develop necessary skills and knowledge for Women entrepreneurs and assist them with access to necessary financial instruments to develop their businesses;
- We actively support green lending within our MSME franchise, advice our clients on environmental considerations alongside generating commercial returns. We have funded numerous initiatives within or Micro & Small business line to support entrepreneurs in efficiency gains through investments in environmentally friendly technology, equipment and irrigation systems.

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## Annexes

## Financial results: Profit and Loss Statement (Regulatory)

AZN '000	2020	2021	2022	H1 2023	2021 vs 2022
Interest income	96,829	101,053	140,555	90 289	
Interest expense	- 49,554	- 52,36	- 62,203	- 35 909	
<b>Net interest income</b>	<b>47,275</b>	<b>48,917</b>	<b>78,352</b>	<b>54,379</b>	
Net fee & commission income	5,782	8,567	6,319		
FX related result	860	943	2,497		
<b>Operating Income</b>	<b>53,917</b>	<b>58,427</b>	<b>87,168</b>	<b>58 030</b>	<b>+49.2%</b>
Personnel expenses	- 28,293	- 31,015	- 36,636	- 19 821	
Depreciation/Amortization	- 5,992	- 5,963	- 6,331	- 3 639	
Other administrative expenses	- 18,382	- 20,899	- 20,481	- 10 683	
<b>Total operating expenses</b>	<b>- 52,667</b>	<b>- 57,877</b>	<b>- 63,448</b>	<b>- 34 144</b>	<b>+9.6%</b>
<b>Operating result before risk</b>	<b>1,249</b>	<b>550</b>	<b>23,721</b>	<b>23 886</b>	
LLP expenses	1,367	- 1,031	- 3,389	- 7 471	
Provision for repossessed assets	- 761	873	- 5,908	2 522	
Other income/expense	765	714	613	531	
<b>Net profit after risk</b>	<b>2,621</b>	<b>1,106</b>	<b>15,037</b>	<b>19 468</b>	

We aim to maintain positive operating leverage achieved in 2022, to further drive Cost to Income to < 60% in 2023

## Financial results: Profit and Loss Statement (IFRS)

AZN '000	1H 2023	1H 2022	2022
Interest income	89,927	64,998	138,780
Interest expense	(36,170)	(27,213)	(57,027)
<b>Net interest income</b>	<b>54,243</b>	<b>37,785</b>	<b>82,451</b>
Credit loss (expense)/ reversal	(1,332)	10,925	9,547
<b>Net interest income after credit loss reversal/(expense)</b>	<b>52,911</b>	<b>48,710</b>	<b>91,999</b>
Fee and commission income	7,485	6,644	15,092
Fee and commission expense	(5,728)	(3,344)	(11,570)
Net gains/(losses) from foreign currency operations	552	(4,136)	(1,066)
Other income & expense	426	(1,542)	(965)
<b>Non-interest income</b>	<b>2,736</b>	<b>(2,378)</b>	<b>1,491</b>
Personnel expenses	(20,301)	(18,736)	(36,105)
General and administrative expenses	(11,611)	(10,988)	(22,379)
Depreciation and amortization	(4,275)	(4,520)	(7,604)
Cost of debt recovery	(3,050)	(186)	(3,070)
<b>Other operating expenses</b>	<b>(39,237)</b>	<b>(34,429)</b>	<b>(69,158)</b>
<b>Profit for the period</b>	<b>16,409</b>	<b>11,903</b>	<b>20,495</b>

## Financial results: Balance Sheet (IFRS)

AZN m	1H 2023	2022
<b>Liquid Assets</b>	<b>353,527</b>	<b>246,464</b>
GLP	972,954	847,991
LLA	- 58,533	- 57,218
PPE and IA	46,803	47,486
Repossessed Collateral	10,724	16,913
Other Assets	37,580	25,967
<b>Total assets</b>	<b>1,363,054</b>	<b>1,127,604</b>
Amounts due to customers	1,012,464	883,618
Borrowings from IFIs	98,324	35,676
Borrowed funds	48,081	29,875
REPO	14,609	18,038
Debt Securities Issued	8,543	8,543
Subordinated loans	32,737	31,103
Other Liabilities	27,384	16,217
<b>Total liabilities</b>	<b>1,242,142</b>	<b>1,023,071</b>
<b>Total equity</b>	<b>120,912</b>	<b>104,533</b>