

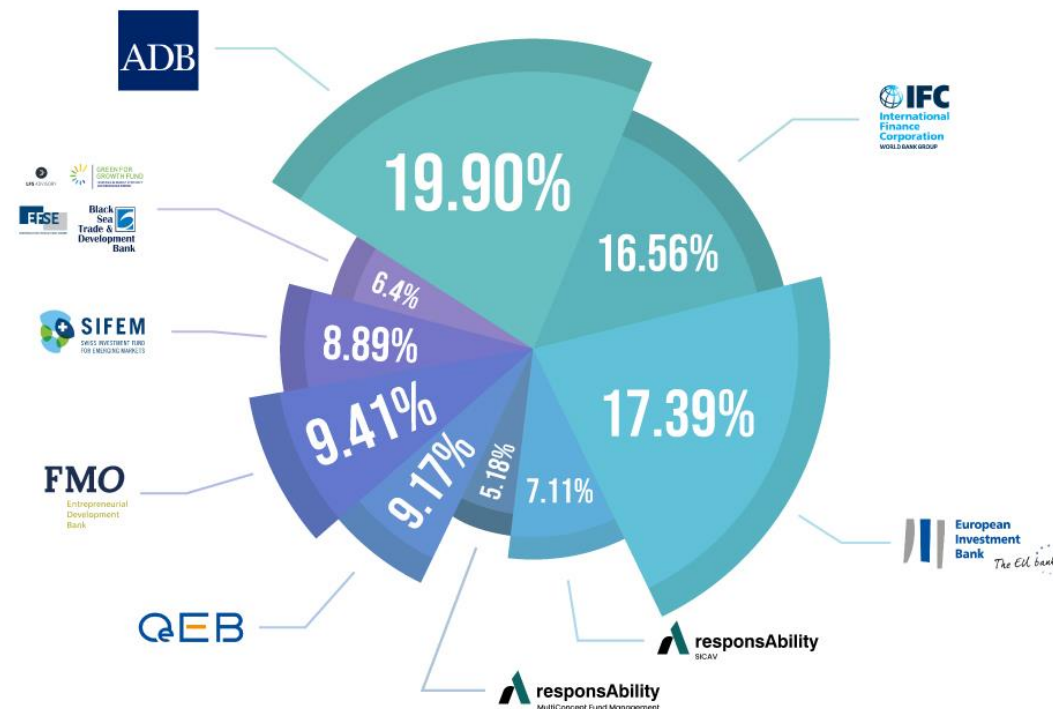
# Investor Brief

2024

*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.
- 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.



## 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;
- AccessBank joined a project dedicated to supporting women entrepreneurs in various regions of Azerbaijan. Funded by the US Embassy in Azerbaijan, the project is implemented by the Center for International Private Enterprise (CIPE) with the support of AccessBank. The project aims to support the social and economic participation and leadership of women by enhancing their knowledge and skills, fostering professional networks, and expanding their economic opportunities in entrepreneurship and quality employment;
- 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 our Micro & Small business line to support entrepreneurs in efficiency gains through investments in environmentally friendly technology, equipment and irrigation systems;
- AccessBank proudly announced its official membership in the United Nations Global Compact. This significant step reinforces AccessBank's commitment to advancing sustainable development goals and embracing ESG (Environmental, Social, and Governance) principles across its operations.

## Annual Results Snapshot

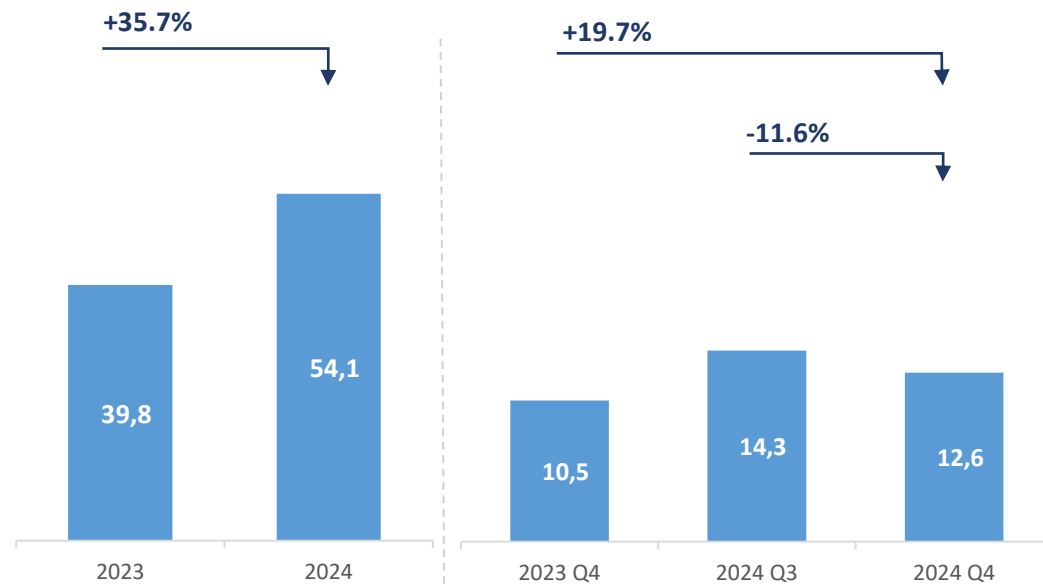
|      | Assets       | Loan portfolio | Deposits     | Regulatory Capital | # of borrowers |
|------|--------------|----------------|--------------|--------------------|----------------|
| 2024 | AZN 1,468.8m | AZN 1,157.3m   | AZN 1,040.6m | AZN 185.0m         | 104.5k         |
| 2023 | AZN 1,393.9m | AZN 1,013.8m   | AZN 1,063.9m | AZN 143.5m         | 99.4k          |

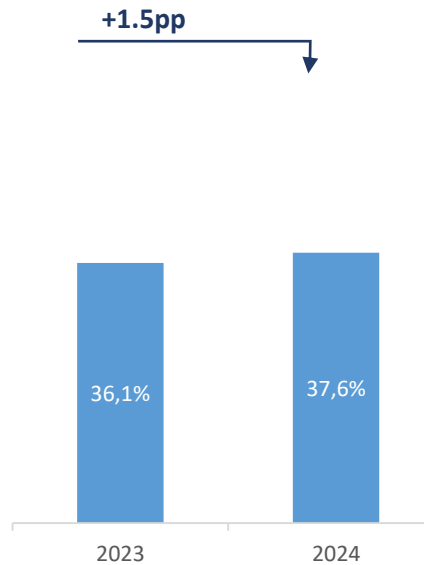
|      | Net income | Cost to income | ROE   | CAR   | COR  |
|------|------------|----------------|-------|-------|------|
| 2024 | AZN 54.1m  | 51.1%          | 37.6% | 14.8% | 1.4% |
| 2023 | AZN 39.8m  | 55.8%          | 36.1% | 13.5% | 1.5% |

## Consistent Profitability and high efficiency

Net Income (AZN mln)



ROE



Fact vs Target



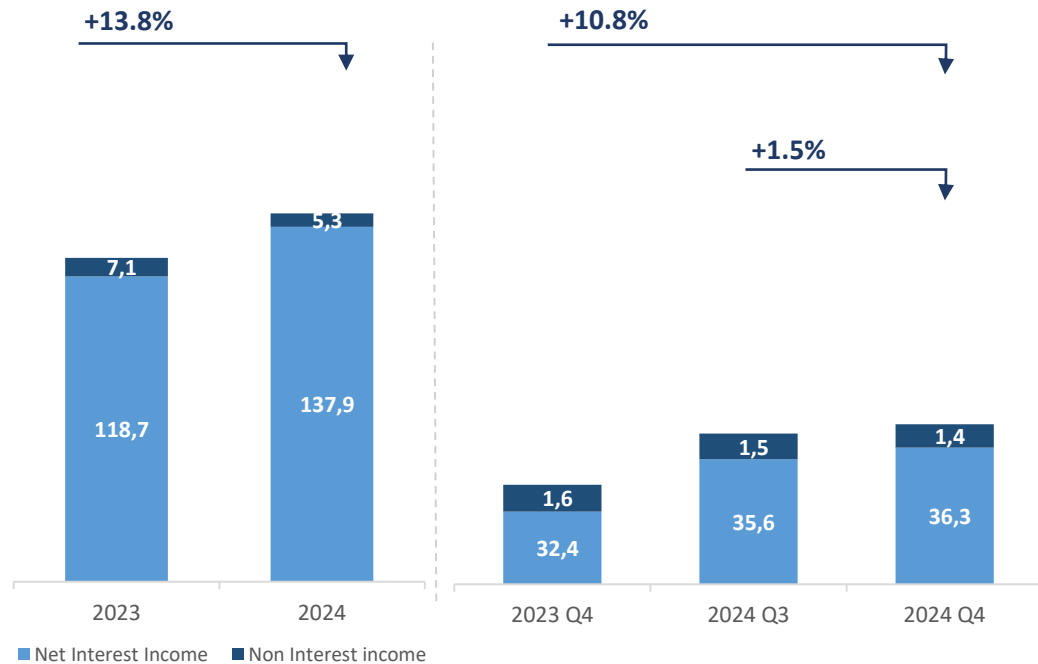
> 20,0%

Strategic Target

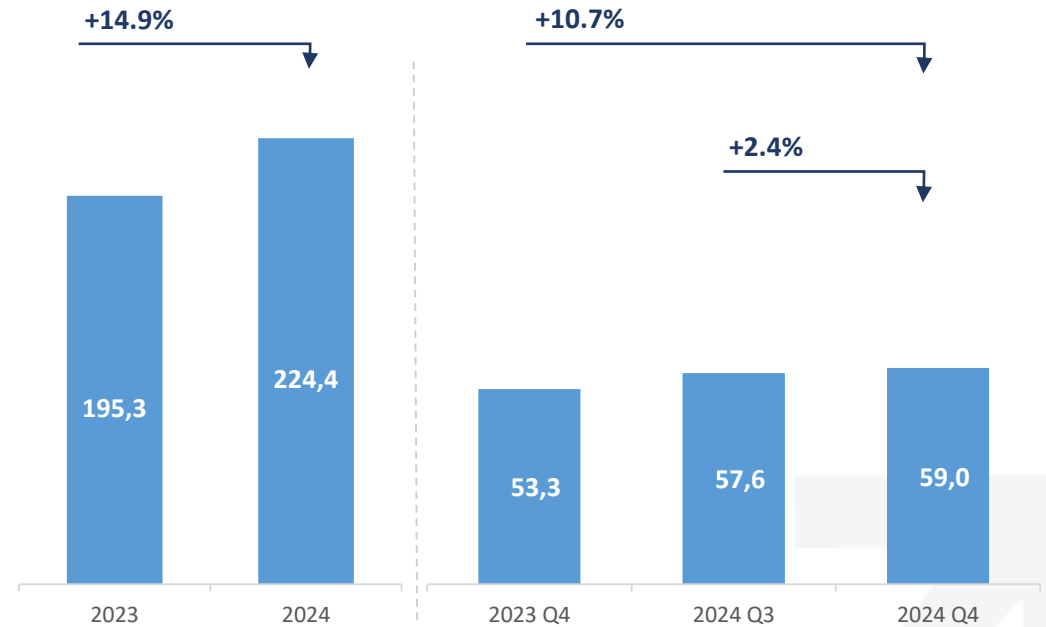
- Bank has positive trend of net income generation supported by economic growth in the country as well as well diversified and increasing client base both in asset and liability side
- High net income in Q3 was mainly driven with lower LLP charges. Operationally Q4 results are higher compare to Q3

## High efficiency and increasing Operating Income

Total Operating Income (AZN mln)

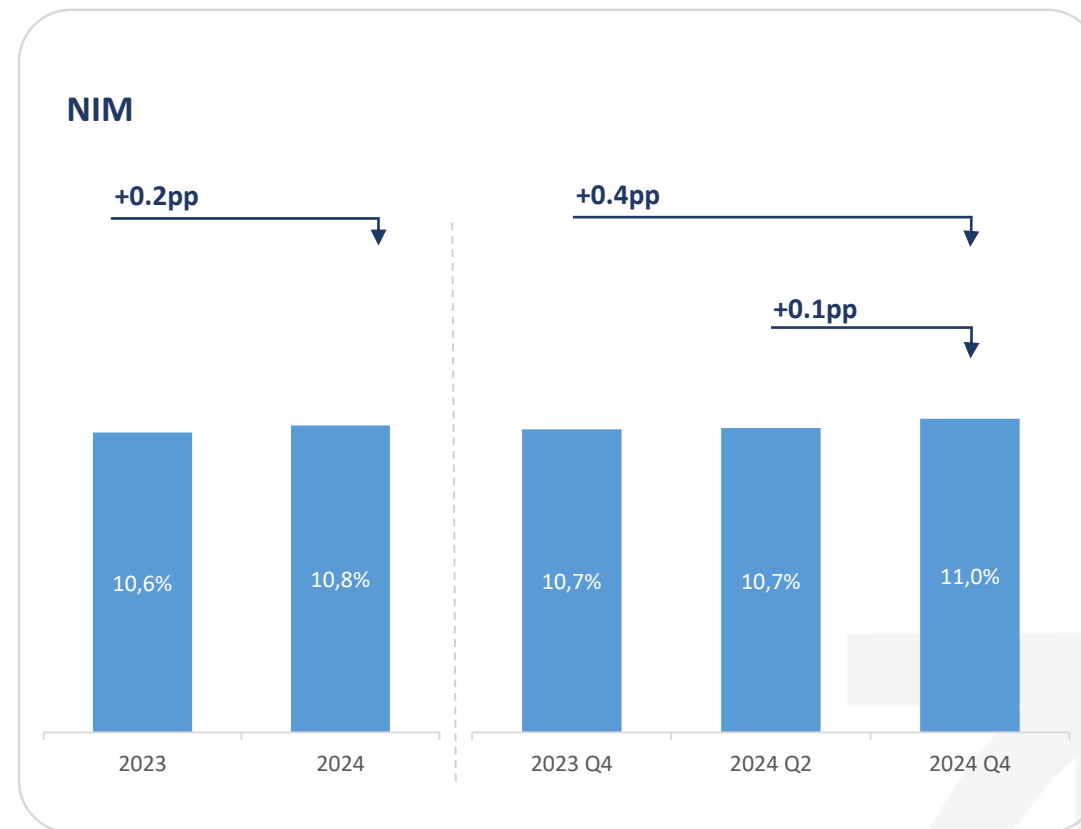
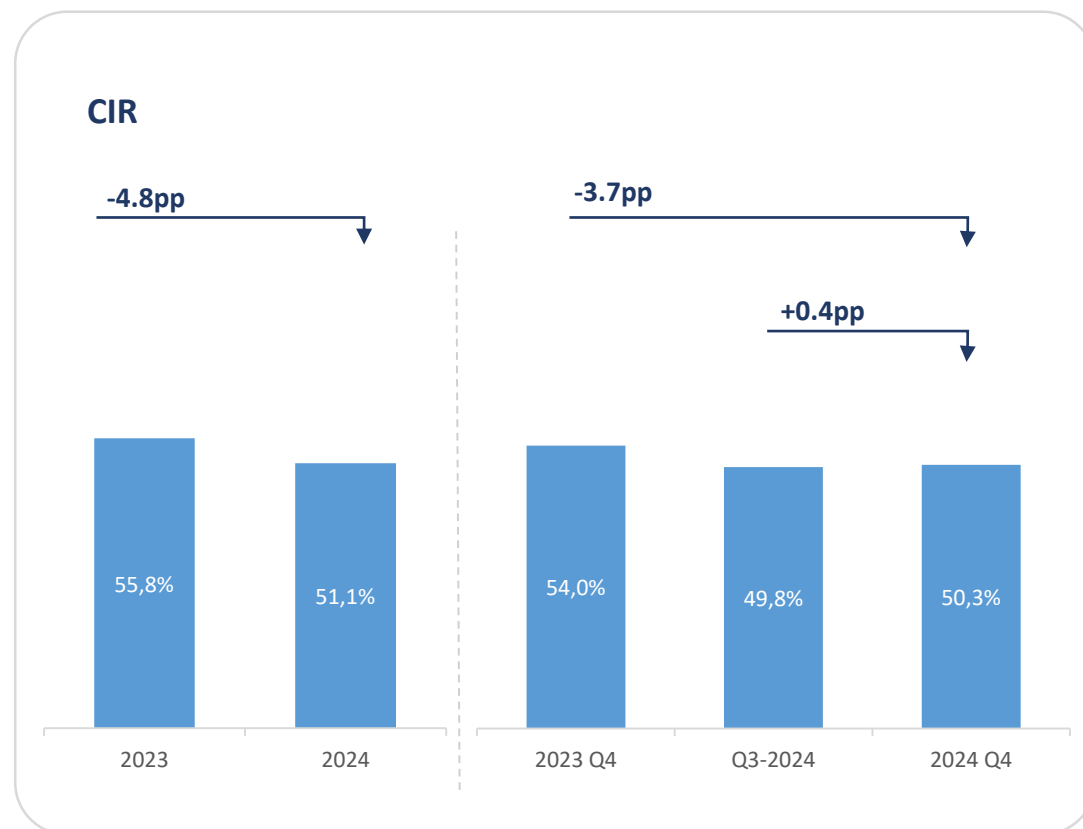


Interest Income (AZN mln)



- Efficiency indicators are increasing mainly driven by growing interest income from stable and diversified loan portfolio

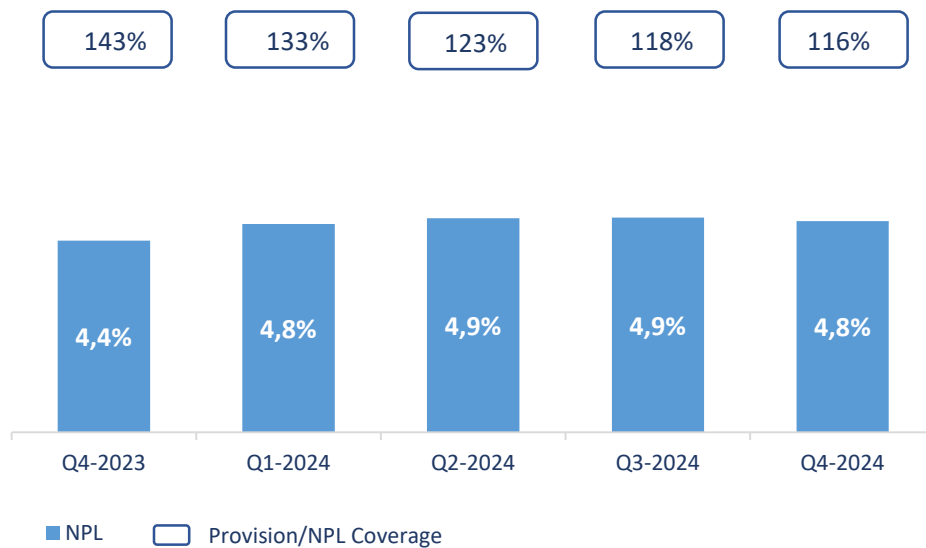
## Positive operational leverage



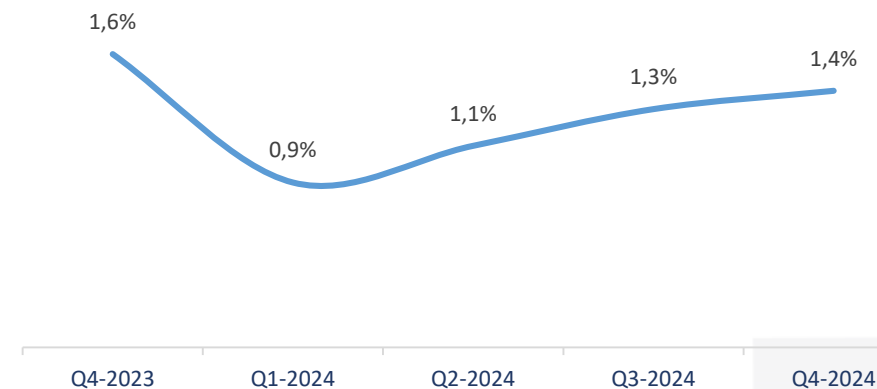
- In the light of stable net interest margin, as well as efficient cost to income structure Bank delivers positive operational leverage

## Stable Asset Quality with robust provisioning coverage

### NPLs



### COR

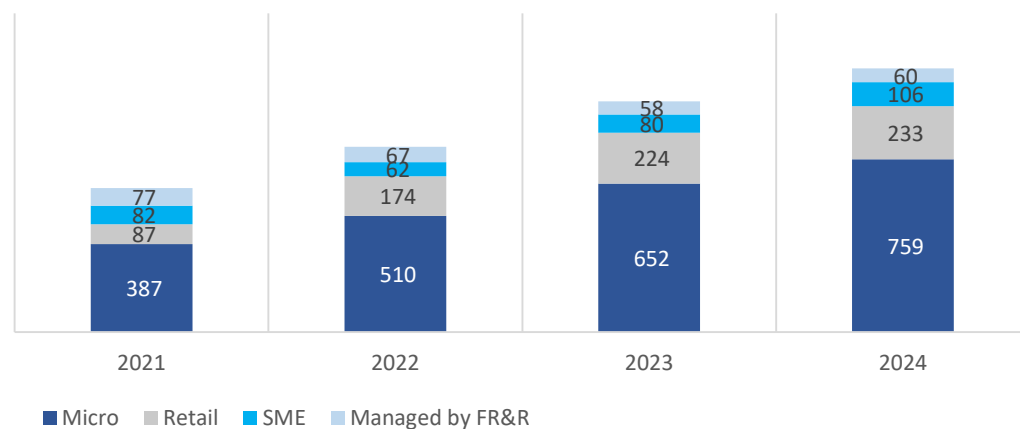


- Bank has created robust buffer of loan loss provisions considering qualitative measures to mitigate potential impact of future risks and to target stable cost of risk

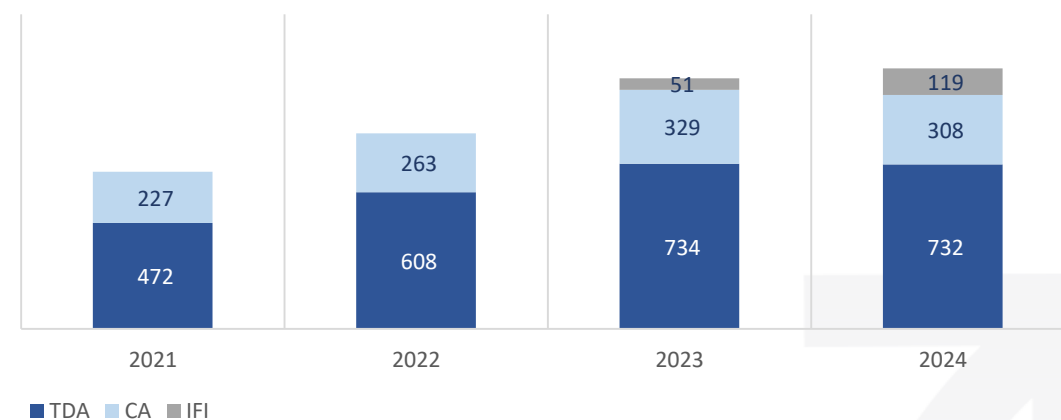


## Diversified and granular Loan Portfolio and Funding structure

Loan Portfolio by segments (AZN mln)



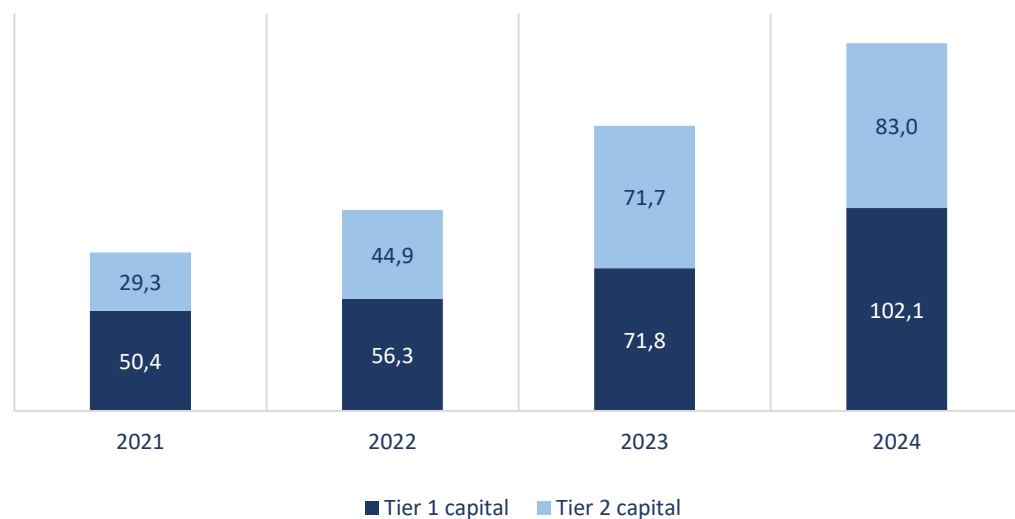
Funding (AZN mln)



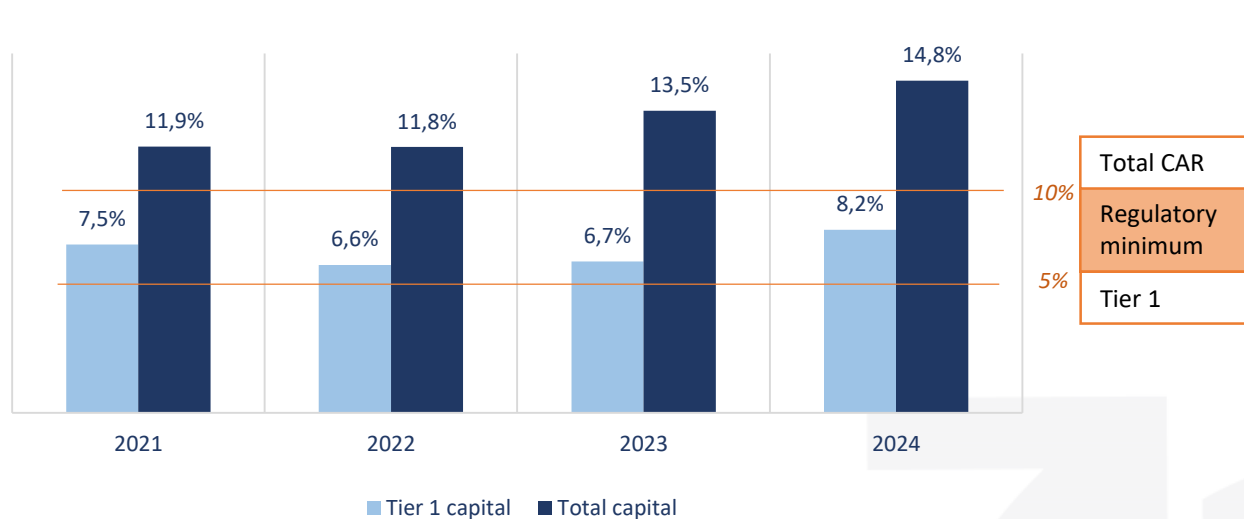
- AccessBank is a **Top 1 micro lender** in the market with 25% market share
- Since 2023 Bank has started active partnership with international funds with positive increasing trend of cooperation

## Strong Capital Adequacy position

Regulatory Capital



Capital Adequacy Ratio



- Internal capital generation continues and allows us to target further growth
- Very strong CET 1 and total capital position [CET 1 will account for 12.5% considering net income of the current year]

# AccessBank's first Sustainability Report



In November 2024, AccessBank introduced its inaugural Sustainability Report, showcasing the Bank's commitment to ESG principles. The report highlights achievements in Green Financing, Digitalization, and Financial Inclusion, aligning with international standards and Azerbaijan's Sustainable Development Goals. The report was introduced at the COP29 Conference in Baku.



## News

### AccessBank and KOBIA Sign Memorandum for "Bizdən Biznesə" Project



- AccessBank, in partnership with KOBIA, successfully concluded the "Bizdən Biznesə" startup competition.
- The initiative supports innovative and sustainable business ideas, fostering entrepreneurship and economic growth in Azerbaijan. Winners were awarded financial support and fee exemptions as part of the project.



## News

### AccessBank Launches Access2Success Project for the Third Time with EBRD Support

AccessBank has officially launched the third batch of the Access2Success project, a flagship initiative empowering women entrepreneurs across Azerbaijan. Supported by the European Bank for Reconstruction and Development (EBRD), this program builds on the success of the second batch, which provided training and mentorship to its participants, many of whom have achieved significant growth in their businesses. The third batch promises to enhance the program further, focusing on strategic planning, marketing, and financial management. Applications remain open for women entrepreneurs from all sectors.



## Strategic Partnerships

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### **AccessBank Secured \$10 Million Senior Loan to Boost MSME Financing**

On October 23, 2024, AccessBank has entered into a \$10 million senior loan agreement with funds managed by Invest in Visions, facilitated by Agents for Impact. This three-year loan will enhance AccessBank's capacity to finance micro, small, and medium-sized enterprises (MSMEs) in Azerbaijan, promoting sustainable economic development by providing entrepreneurs with essential resources to implement and expand their projects.



### **AccessBank Signs Loan Agreement with Financing for Healthier Lives to Support MSMEs and Low-Income Households**

On November 26, 2024, AccessBank finalized a USD 3,000,000 loan agreement with Financing for Healthier Lives, DAC. The funds will be directed toward on-lending to micro, small, and medium enterprises (MSMEs) and low-income households in rural and lower-income urban areas. AccessBank remains committed to upholding client protection and mitigating the risk of over-indebtedness while fostering economic growth and financial inclusion.

# Strategic Partnerships

## AccessBank and EBRD Partner to Support Private Entrepreneurship

On December 19, 2024, AccessBank signed a long-term loan agreement with the European Bank for Reconstruction and Development (EBRD) under the Risk Sharing Facility program. This partnership aims to jointly finance small and medium-sized enterprises (SMEs) in Azerbaijan, promoting business development and growth.



## AccessBank Partners with Global Gender-Smart Fund to Empower Women

On December 30, 2024, AccessBank entered into a USD 5,000,000 loan agreement with Global Gender-Smart Fund S.A., SICAV-SIF to support women in low-income households and microentrepreneurs. The financing aims to provide microloans and other financial support, fostering economic empowerment and improving living standards for women in Azerbaijan.

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## Annexes



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

| AZN '000                            | 2022          | 2023          | 2024          |
|-------------------------------------|---------------|---------------|---------------|
| Interest income                     | 140.6         | 195.3         | 224.4         |
| Interest expense                    | (62.2)        | (76.7)        | (86.5)        |
| <b>Net interest income</b>          | <b>78.4</b>   | <b>118.6</b>  | <b>137.9</b>  |
| Net fee & commission income         | 6.3           | 3.3           | 1.9           |
| FX related result                   | 2.5           | 3.8           | 3.4           |
| <b>Operating Income</b>             | <b>87.2</b>   | <b>125.7</b>  | <b>143.2</b>  |
| Personnel expenses                  | (36.6)        | (40.9)        | (43.8)        |
| Depreciation/Amortization           | (6.3)         | (7.3)         | (6.7)         |
| Other administrative expenses       | (20.5)        | (22.0)        | (22.6)        |
| <b>Total operating expenses</b>     | <b>(63.4)</b> | <b>(70.2)</b> | <b>(73.1)</b> |
| <b>Operating result before risk</b> | <b>23.7</b>   | <b>55.5</b>   | <b>70.1</b>   |
| LLP expenses                        | (3.4)         | (20.0)        | (7.5)         |
| Provision for repossessed assets    | (5.9)         | 3.1           | (0.0)         |
| Other income/expense                | 0.6           | 1.2           | 0.5           |
| <b>Taxes</b>                        | <b>0</b>      | <b>0</b>      | <b>(9.0)</b>  |
| <b>Net profit after risk</b>        | <b>15.0</b>   | <b>39.8</b>   | <b>54.1</b>   |

## Financial results: Balance Sheet (Regulatory)

| AZN m                    | 2022           | 2023           | 2024           |
|--------------------------|----------------|----------------|----------------|
| Liquid assets            | 246.8          | 327.7          | 300.0          |
| <b>Loans</b>             | 813.5          | 1,013.8        | 1,157.3        |
| Accrued interest         | 32.1           | 28.2           | 29.8           |
| Loan loss provisions     | (60.7)         | (72.7)         | (78.5)         |
| PPE and IA               | 47.5           | 46.7           | 47.5           |
| Other assets             | 32.8           | 23.0           | 12.7           |
| Collateralized deposits  | 52.7           | 27.2           | 0.0            |
| <b>Total Assets</b>      | <b>1,164.7</b> | <b>1,393.9</b> | <b>1,468.8</b> |
| Customer deposits        | 883.5          | 1,080.9        | 1,057.8        |
| <b>Borrowings</b>        | 115.0          | 135.5          | 185.3          |
| Local funds              | 36.2           | 26.6           | 19.9           |
| State funds              | 26.0           | 30.7           | 46.5           |
| Deposit SWAPs            | 52.7           | 27.2           | 0.0            |
| Borrowings from IFIs     | 0.0            | 51.0           | 118.9          |
| Repo agreements          | 18.0           | 0.0            | 0.0            |
| Bonds                    | 8.5            | 8.5            | 9.3            |
| Subordinated debt        | 22.0           | 22.0           | 22.7           |
| Other liabilities        | 12.8           | 19.7           | 23.9           |
| <b>Total Liabilities</b> | <b>1,059.9</b> | <b>1,266.7</b> | <b>1,298.9</b> |
| <b>Total Equity</b>      | <b>104.9</b>   | <b>127.2</b>   | <b>169.9</b>   |