

## Message from the Chairman



# dynamic structure

Esteemed Stakeholders,

Apparently, the Turkish economy ends up 2021 year as a period to strive to exit from the pandemic conditions. The fact is that the economy and the markets are gradually re-opening in line with on-going vaccination pace. In addition to that, the year is also characterized with high volatility in the financial markets that we witnessed especially in the last quarter. The good news is that, despite the volatility the economy has succeeded to stay in the positive zone. According to incoming data set, export inflows continue to expand, both in the form of goods and services like tourism, and increasing global interest due to supply chain replacement gives extra boost for the economy to grow further. Generally speaking, accelerating pandemic across the globe is not only providing opportunity for improving export performance of the country, from

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## New strategic period

Continuation of same business segments, also with full dedication to the new initiatives

Concentration on to realization of potential niche markets

Delivering value to all stakeholders by yielding higher financial performance

other hand it is returning as rising inflation due to price surge in commodities. Subsequent price increase in commodities and even historical high records at some are pushing up consumer and producer prices. But in its turn efforts with respect to monetary policy normalization, strong export performance, stimulus agenda of the government for the recovery is feeding the positive expectations going forward. Therefore, it is not a coincidence that, some international organizations are revising growth outlook of Turkey on upward side which is typically reflecting expectations on strong rebound narrative.

On the back of above mentioned economic landscape, the overall banking system succeeded to maintain risks within the acceptable levels, and profitability at two-digit territory. According to latest data, the total assets of the system in the last 12 month has increased by 51% as opposed to prior year and reached TL 9,213 billion. The same trend applies to credit portfolio. Total credits of the industry reached TL 5,205 billion with 36% increase.

It is a tradition, therefore, we are proud to say that PASHA Bank as a dynamic market player keeps going on its healthy expansion. In general, continuous investments onto strengthening of internal capabilities, starting from building core competencies for managing business to increasing human capital potential of the Bank, has already demonstrated its strategic return in the form of capable navigation through the

stressful times. As a result, total assets of the Bank increased by 63% to reach TL 3,563 million when compared to the same period of the prior year. Our gross cash loan and leasing receivables portfolio, comprising 68% of total assets, reached TL 2,422 million with a 62% increase.

Due to effective risk management framework, and prudent credit policy pursued by the Bank we have been successful in preserving low level of NPL in our balance sheet. It is worth to underline that flexible revisiting of credit policy, adjusting tactics of credit and underwriting policy to the current realities of macroeconomic environment etc. are forming substance of the overall risk approach of the Bank. Moreover, it is worth to underline that the proactive approach of the regulator to risk management has also expanded the ability of the banks managing credit risks in a proper way.

The Bank has successfully completed the strategy formulation process and the prepared strategy document with attraction of internationally well-known consulting company has been approved by the Board of Directors. In general, the 2023 strategy rises on the foundation of values like integrity, quality, collaboration, entrepreneurship and profitability, builds up with the vision to create new and enduring values in the business world and society, focuses as the mission to become a cross-border bank empowering its customers.

## Message from the Chairman

New strategic period in its essence is characterized with continuation of same business segments, also with full dedication to the new initiatives. Coming to the latter, it actually concentrates on to realization of potential niche markets. Financing investment into the real estate market in the countries of operations via the mortgage lending, investment into the venture capital in order to materialize technological return in the greater scale of the entire Group business etc. are examples in this regard. In addition to diversifying its funding side, the structure also covers main business enablers which are actually the main assets of bank in the way of execution of the strategy. It is our privilege to state that, the proper strategy formulation is expected to yield higher financial performance that has basically been the case in the previous strategic periods. Both profit side indicators, and also expense ratios are forecasted to perform positive trend promising higher profitability for its shareholders, and stability for other stakeholders.

While executing the strategy, we would continue to make substantial investments to the information technologies, risk management, credit management, fund raising, talent acquisition etc. and development of our employees that are of foremost importance. In overall, agility and know-how regarding focus sectors are expected to be differentiating capabilities of the Bank. It is worth to mention that the operational agility of the Bank yields its return even in the core operations. The typical example could be budgeting process of the Bank for the next year. Due to above-mentioned volatility in the financial market the Bank needed to revise the budget and re-organize as institution in order to be able quickly react to the conditions and get approval of the budget in a due course.

We will continue to make efforts to diversify the Bank's funding structure and expand our correspondent network and investor base. In this regard, it is important to emphasize competitive advantage of the Bank which goes beyond the country borders, and comes with the strength of the Group's presence across the region. It is really a privilege to us to witness expanding business opportunities on the back of increasing regional

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## agility and know-how

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economic relationships after the great victory of Azerbaijan. Signing free trade agreement between Azerbaijan and Turkey, announcing foreign trade target by 2025, increasing FDI flows, active participation of Turkish firms in reconstruction process of liberated areas etc. are the examples for the above mentioned economic ties. In its turn, this expanding economic base is providing a feasible opportunity for the Bank to materialize promising business perspectives in this regard.

In addition to that, the Bank has opportunity to attract funding from both Azerbaijan and Georgia, in case it sees favorable interest rate developments there, and this potential is being materialized during the current strategic period. We will maintain our prudent approach to managing credit risks so that the asset quality of the Bank is not affected by the current environment characterized with increasing volatility in the market. We shall continue our efforts of offering products and services that are tailored to our customers' needs to make banking experience a gainful experience with PASHA Bank.

I am truly looking forward to share prosperous operating environment with all stakeholders which provides enormous benefit to all parts, and serves to build business relationships based on mutual interest.

I would like to take this opportunity to thank our valued employees and our management team for their dedicated professional work, our customers for their confidence in PASHA Bank and our shareholders and all business partners for their valuable support.

It is definitely their goodwill that renews our belief in ourselves and our potential to be more.

Sincerely yours,



Jalal Gasimov  
Chairman

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## tailored products

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We shall continue our efforts of offering products and services that are tailored to our customers' needs.

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We will make banking experience a gainful experience with PASHA Bank.