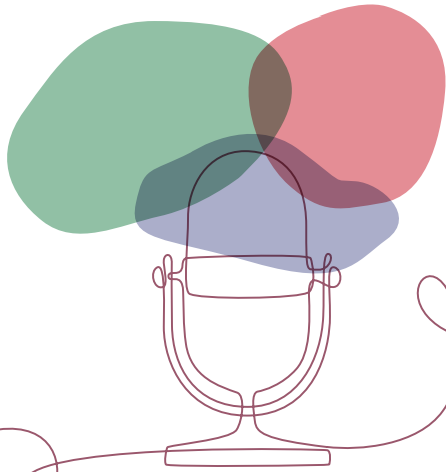


## Message from the CEO



### **we supported the real sector**

Our support for the real sector continued by increasing in 2022.

### **we achieved our targets**

We achieved our targets in the second year of our 3-year strategy.

### **asset-backed security issuance transactions continued**

We continued Asset-backed Security issuance transactions at full speed.





# with success

Esteemed stakeholders,

When we take a look at 2022, we can clearly state that the most significant development directly affecting all economies of the world was Russia's invasion of Ukraine in February and impacts of this afterwards. After the invasion of Russia, various countries, primarily USA and European Union declared tough sanctions against Russia and as a response, Russia requested these countries to make their natural gas payments in Ruble in return. With all these sanctions and increased tension, oil prices increased to USD 120 and gold prices also cruised at high levels during the year due to expectations of an inflationary environment and continuance of this war. Rapid increases in food and commodity prices resulted in US Central Bank, Fed's increasing of the policy interest 7 times from 0%-0.25% to 4.25%-4.5% and European Central Bank's increasing the policy interest at negative levels to 2.50%. Other central banks also returned back to tight monetary policy regimes. While feeling the impacts of high inflation in our country, we followed the steps taken and changes in regulations by BRSA, Central Bank and the Government and worked on adapting these applications and regulations to the banking system. Even though various new regulations,

such as currency-protected deposit, security establishment in required reserves, required reserves against asset items made foreign currencies somewhat stable, inflation took a high course during the year. As of year-end, annual inflation rate decreased to 64.27% and we expect economic growth for 2022 will be announced between 4.5%-5%, stronger than other economies. We also expect acceleration of inflation will slow down in 2023 and be at the range of 30%-35%.

PASHA Bank completed the second year of its 3-year strategy period which covers 2021-2023. We achieved our targets in the second year of our strategy which included our goals of achieving a healthy and sustainable growth, increasing the quality of our product variety and service provided to customers, strengthening our role at the capital markets and increasing our share of foreign trade financing in the region. In September, credit rating institution, JCR Eurasia Rating, assessed PASHA Bank's long-term National Credit Score as A(tur), Compliance with Corporate Governance Principles Score as 9.24 and outlook as "Stable".

AS PASHA Bank, we increased our asset size by 73% and reached TL 6,156 million in accordance with our goal of

sustainable growth. Our support for the real sector continued by increasing during this period. Cash credit size of our bank increased by 50% in comparison with 2021 and reached TL 3,638 million. We closed the year with a profit of TL 204 million.

Despite rapidly changing market conditions, we continued security and bond issuances both in our country and abroad. Furthermore, USD 25 million 10-year subordinated loan extended to our bank by our majority shareholder PASHA Holding LLC demonstrated, once again, our shareholders' trust in Turkish economy and our bank. We discussed our country and opportunities in our country with investors during our investor visits in Baku. Our launch of the mortgage campaign for Azerbaijan citizens with the motto "Don't be a Guest in the Sister Country, Be a Homeowner" attracted a lot of attention in Azerbaijan and accordingly, we started mortgage transactions for this region. As in the prior years, PASHA Bank played a significant role in foreign trade financing in the triangle of Turkey-Azerbaijan and Georgia this year. In accordance with our strategy, we press on with our goal of "being the first bank which comes to mind in the region".

## the first bank which comes to mind in the region

We press on with our goal of “being the first bank which comes to mind in the region”.

Our bank continued to take steps in increasing its activities in investment banking. We continued Asset-backed Security issuance transactions at full speed which we started in 2020. We brought together a total of TL 1.2 billion of financial resources with our customers operating in agriculture and automotive industries from the beginning. Behind these issuances designed for our customers are a strong and multiple guarantee structure and an attractive return opportunity for investors. We will continue to provide support for the real sector in the following year by using capital market instruments.

Despite the ongoing pandemic impacts in 2022, though at a decreasing trend, we closely monitored the digitalization process and digital transformation of the new period and realized technological infrastructural investments required. Our goal is to take a competitive role in developing global and local trends and maintain sustainability in secure and high quality technological infrastructural

developments by continuing to develop new ideas to increase profitability, efficiency and interaction in the triangle of Turkey-Azerbaijan and Georgia

Our bank continued its support for art this year as well as in prior years since its establishment and took part in another project in digital art which lately broke out. We were the main sponsor of the İstanbul Digital Art Festival organized for the second time at Fişekhane. At the festival curated by artificial intelligence for the first time in Turkey, we brought together technology and art and presented it to the art lovers.

We continued our activities this year in the sustainability area. We keep on implementing corporate social responsibility projects and our waste management system which provides benefits for the environment. With each project we participate in we remind our sensitivity for the nature and environment to ourselves and our employees. We support green

*strong support*

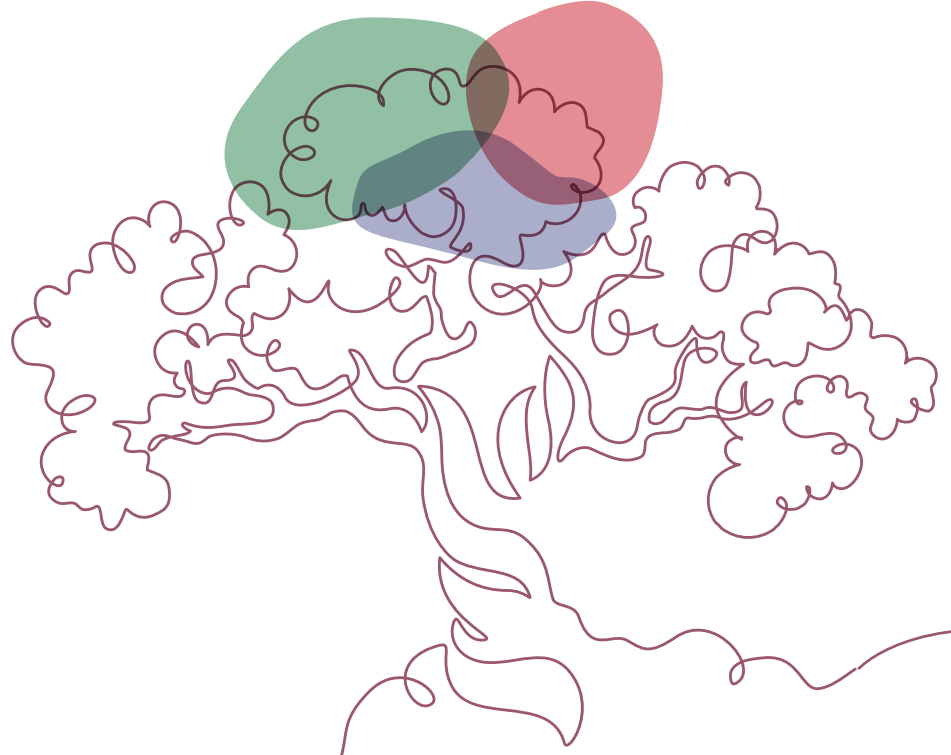


transformation by building a bridge between today and tomorrow in accordance with our goal of a sustainable future.

As we say goodbye to 2022, I would like to express my gratitude to my colleagues, customers, members of our Board of Directors and shareholders for their support in carrying our Bank to this day and I wish 2023 to be a good year for our country.

Sincerely,

H. Cenk Eynehan  
CEO and Member of the Board of Directors



# sustainable

We support green transformation by building a bridge between today and tomorrow in accordance with our goal of a sustainable future.