



PASHA Bank in Azerbaijan bond market

21 May 2015



**PASHA
Bank**

Introduction to Azerbaijan and Overview of Key Economic Indicators

Azerbaijan: At A Glance

Key Facts:

- Establishment: 28 May 1918
- Independence: 18 October 1991
- Area: 86.6 thsd km²
- Population: 9.680 million
- Language: Azerbaijani
- Currency: Manat

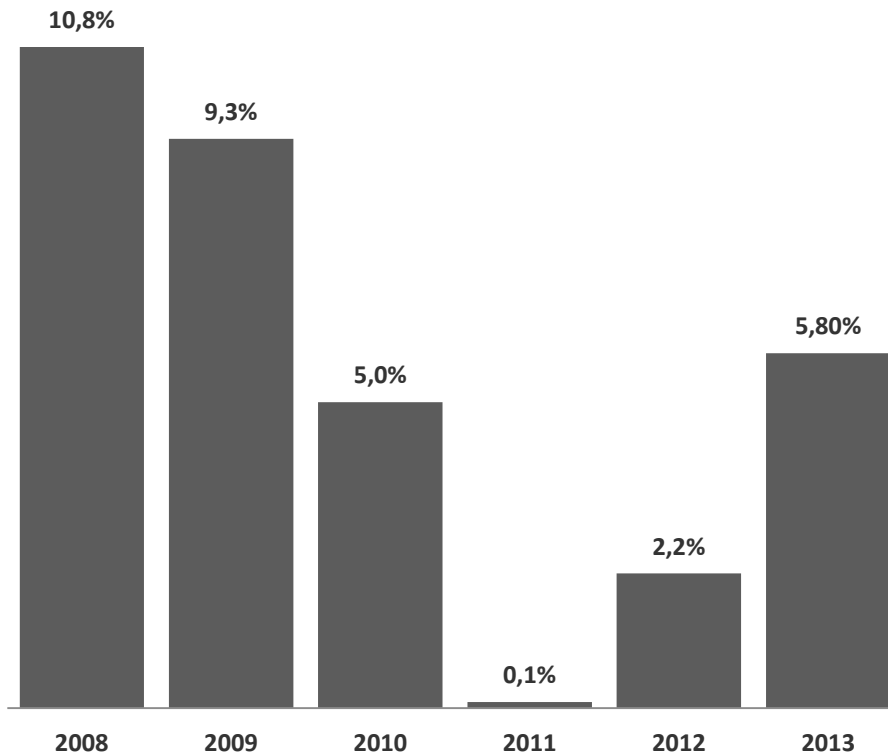
Country Ratings

- Fitch: “BBB-” Stable
- Moody’s: “Baa3” Stable
- S&P: “BBB-” Negative

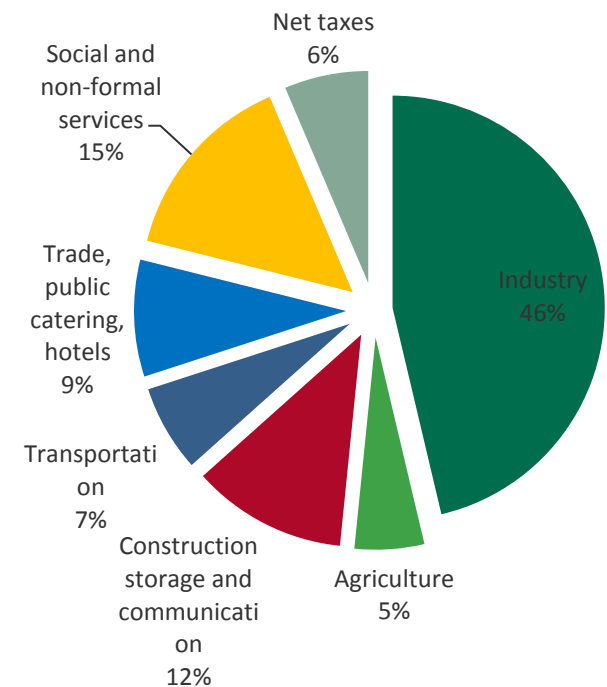


Economy of Azerbaijan: Key Indicators

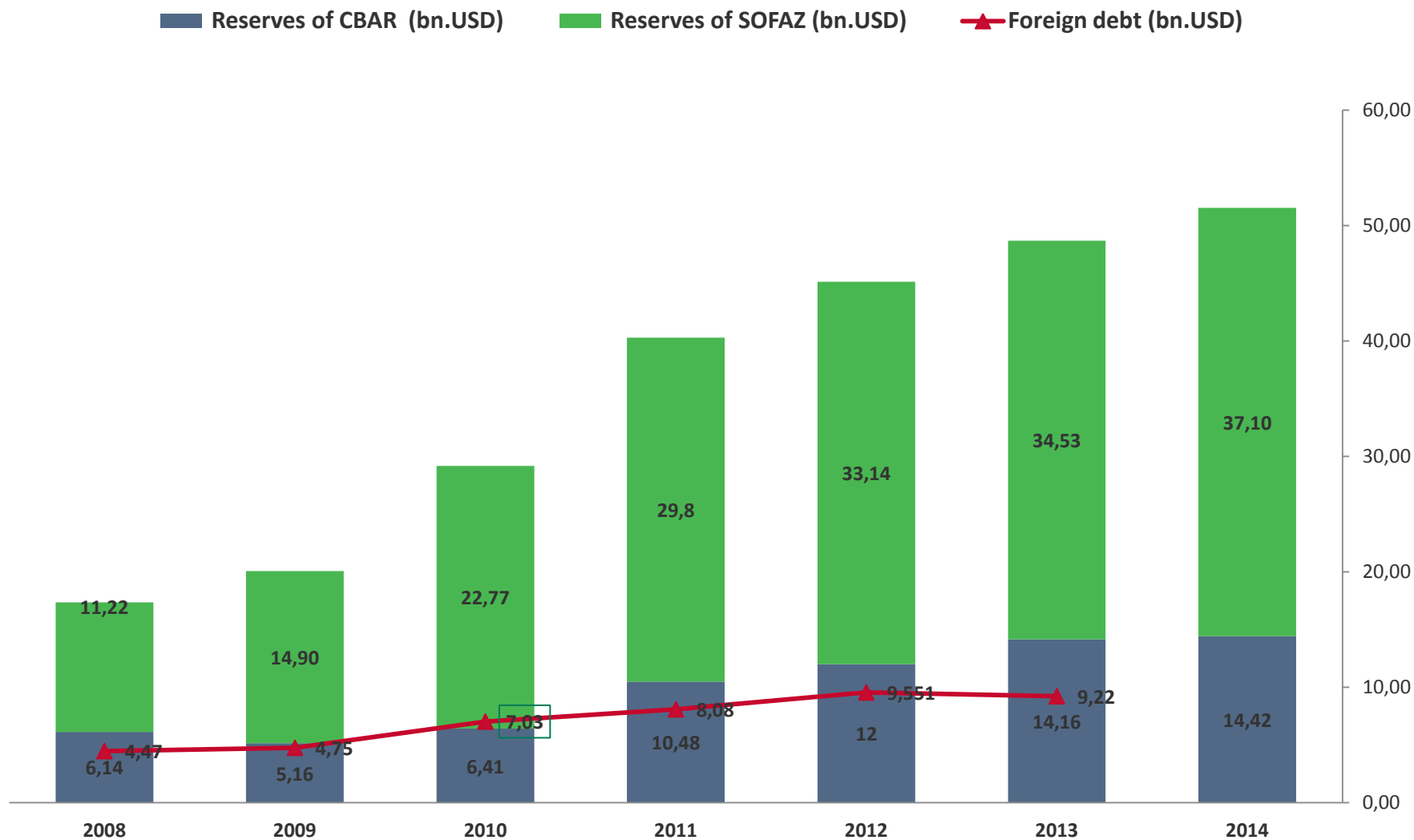
■ GDP growth



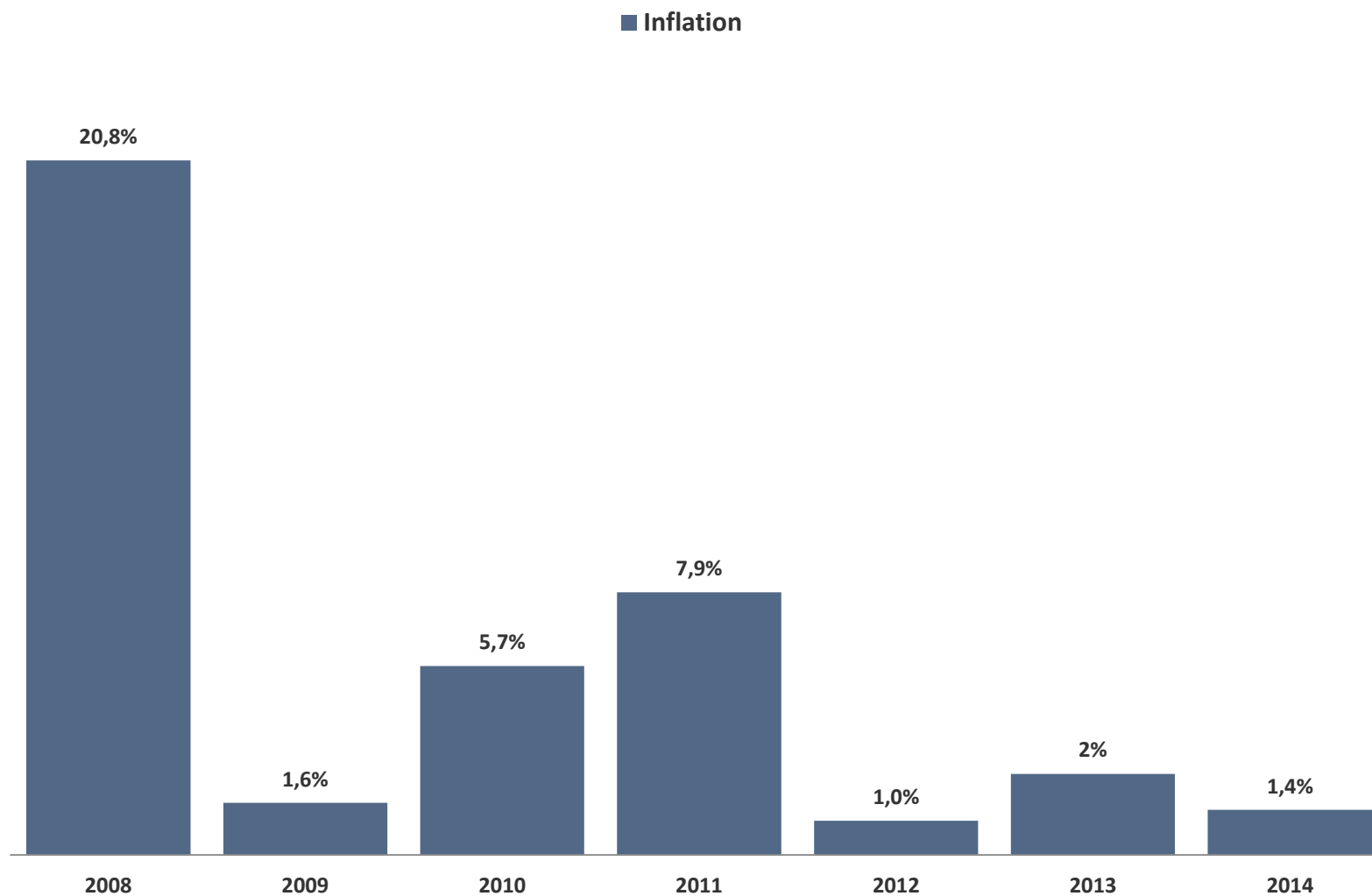
2013 GDP Components



Economy of Azerbaijan: Key Indicators



Economy of Azerbaijan: Key Indicators



PASHA Bank: a gateway to Azerbaijan

PASHA Holding



PASHA Bank was founded in 2007 and provides a range of corporate banking services including loans, securities, current account and treasury services both to its domestic clients and foreign companies looking to do business in the region. With a dedicated focus on trade and corporate finance, it offers a range of financial products backed by trade finance-related partnerships with international financial institutions and international banks.

PASHA Travel was founded in 2003 and provides premium quality travel services to companies and individuals.

PASHA Construction was established in 2006 and is a full service construction and development company with an issued share capital of AZN 10.4 mln. The company has delivered some of the most prestigious projects in Baku and has over 1,000,000 sq.m of projects, with 756,000 sq.m currently under construction.

PASHA Life was established in 2010 under the name PASHA Insurance and has an issued share capital of AZN 7 mln. The company operates in line with the insurance regulations set out under The Republic of Azerbaijan's Law.

PASHA Insurance is an open joint stock company (OJSC) with an issued share capital of AZN 35 mln. PASHA Insurance provides 30 classes of mandatory and voluntary insurance to both corporate and individual customers.

PASHA Holding is the controlling shareholder of **Kapital Bank** with 99.75% of share capital. Formerly known as the United Universal Joint-Stock Bank, Kapital Bank was formed in 2000 as a result of a merger between the three major Azerbaijani governmental banks: Agro-Investment Bank, Industrial-Investment Bank and Savings Bank. It was renamed Kapital Bank in 2005.

PASHA Capital was founded in 2012. PASHA Capital provides broker, dealer, underwriting and consulting services to individuals and companies.

About PASHA Bank

- Leading investment and corporate bank in Azerbaijan, owned by PASHA Holding
- Established in 2007
- Opened its first branch in Georgia in February 2013 and in Turkey in 2015

Credit Ratings:

- - S&P: "BB-" long-term and "B" short-term counterparty credit rating with a Stable outlook
- - Fitch Ratings: "B+" long-term foreign currency Issuer Default Ratings (IDRs) with a Stable outlook; and "B" short-term foreign-currency IDR, viability rating - at "B+"

"The Best Private Bank in Azerbaijan"
in 2013, World Finance Journal

"The Best Local Bank in Azerbaijan" in 2012,
Eurasian Bank Survey, BNE

"Azerbaijan's Best Investment Bank" in 2011
& 2012, 2013 EMEA Finance

"Best CSR Program in Europe" in 2012
EMEA Finance

Key Financial Highlights (2014)*

Net Profit	US\$ 10.8 mn
Loan Portfolio (gross)	US\$ 514.6 mn
Total Capital	US\$ 325.9 mn
Total Assets	US\$ 1,220.8 mn

**calculated on the basis of profit before tax and provision, unaudited*



About PASHA Capital

- Leading brokerage house in Azerbaijan
- Established in 2012
- Was a lead manager for 17 successful issues
- Average monthly turnover has increased from 62 million in 2013 AZN to 189 million AZN in 2014
- Brought first international investor having invested in AZN denominated bonds since 2008

***“Azerbaijan’s Best Broker”** in 2013 by EMEA Finance*



Full-Service Financial Institution

Institutional Banking

- Extensive cooperation with export agencies and relations with a range of international financial institutions
- Post-financing and financing projects with foreign financial institutions and the Bank's partners
- A 22% increase in the trade-financing portfolio (including post financing) compared to 2010

Corporate Banking

- Tailored corporate banking solutions to large enterprises
- Pioneered delivery of corporate banking services through dedicated Relationship Managers
- Developed expertise in the economy's high growth industries

Commercial Banking

- Supporting the growth of medium sized businesses through a wide range of services
- Business finance solutions contributing to the diversification of the economy

Investment Banking

- Investment Banking manages AZN 615mn and generates 24% of the AZN 15mn interest income of the Bank, earns 46% of the Bank's AZN4 6.8mn total non-interest income;
- The Bank issued bonds amounting to AZN 82mn and successfully placed them publicly in the securities market in 2014;
- The Bank provides daily liquidity for the above mentioned AZN 82mn bonds by providing market making services.



Private Banking

- The first truly dedicated private banking operation in the Azerbaijani market
- Customer -focused financial and non-financial services in Azerbaijan and abroad
- Growth and protection of personal wealth, as well as transfer of wealth to future generations

Business Banking

- Loan program based on the best practices of small enterprise lending in emerging markets
- Specialized credit risk management system
- Developed expertise in the high growth industries of the economy

PASHA Bank's role in corporate financing of the country



PASHA Bank covered 48% of the total corporate bond market turnover (1.283 bn AZN) in



PASHA Bank ranked among TOP 3 banks on Trade Finance in Azerbaijan



PASHA Bank holds 4.6% share in total Corporate Lending Market (as of November 2014)

Introduction to the Azeri Security Market

Total turnover of the securities market (2014)

- US\$10.9 bn – total securities
 - US\$ 5.3 bn – state securities
 - The regulatory body - the State Committee for Securities (SCS) under the President of Azerbaijan
 - Trading takes place at the Baku Stock Exchange (BSE), established in 2000, and over the counter
 - 14 brokerages, 2 registrars, 2 depositories, 3 asset managers
 - BSE organises trades in company shares, corporate bonds, treasury bills and bonds, and the Central Bank of Azerbaijan notes
- PASHA Bank underwrote the largest public bond issue** (AZN40 mn) for the country's second largest telecommunication company
- The most recent transaction was AZN 20 mn public bond issuance by Unibank.



PASHA Bank first started to offer market-making services for the bond issuances and created liquidity for market participants

Azerbaijan's financial market timeline

1991

Azerbaijan gains independence



2007

PASHA Bank is founded

2000

Baku Stock Exchange begins operations



2004

Central Bank of Azerbaijan Republic made a first issue of notes

2009

First issuance of bonds (AZN 55mn) of Azerbaijan Mortgage Fund under CBA

2008

First international capital markets bond issue for an Azeri issuer – Micro Finance Bank of Azerbaijan

2013

First REPO deal with Corporate bonds

Arranged bond issue of FINCA Azerbaijan, a non-banking credit organization. Bond proceeds will finance loans to SME sector



2011 unleasing

First issuance of corporate bonds Unileasing (AZN 5mn) where PASHA Bank acted both as underwriter and market maker.

Biggest issuance of corporate bonds telecommunication sector, Bakcell (AZN 40 mn) in AR where PASHA Bank acted both as underwriter and market maker.



2015

For the 2015 We are planning to take part in implementation of new rules and legislation to the market and to be part of the upcoming changes

2014

First issuance of corporate bonds for furniture sector EmbaWood (AZN 10 mn)

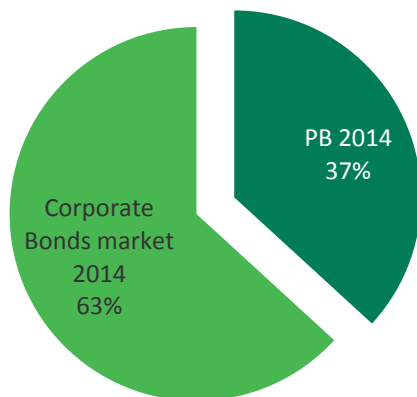


Renewal of Bakcell Bonds AZN 40 mn

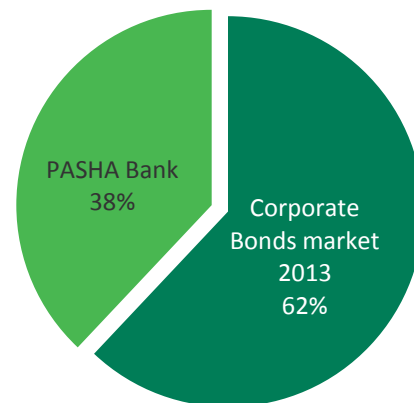


PASHA Bank share in domestic bond market

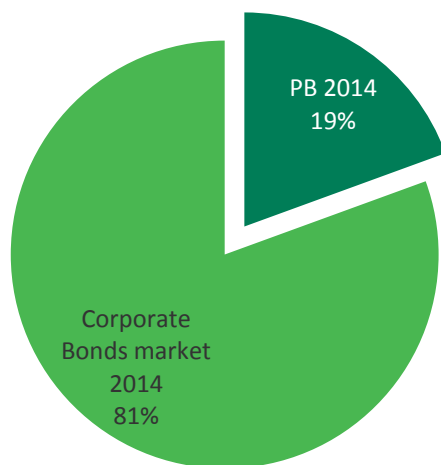
Number of deals for 2014



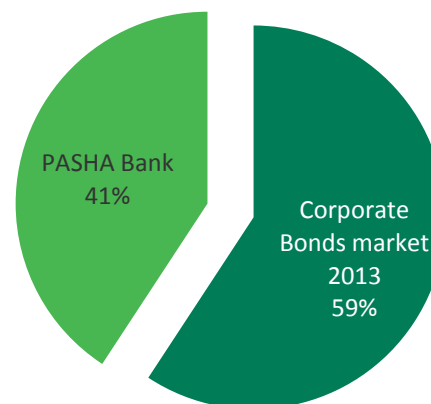
Number of deals 2013



Market Volume in 2014



Market Volume in 2013



Operations on Domestic Financial Market



Leasing
May 2011
AZN5,000,000
1.5 years
Market maker / Underwriter:
PASHA Bank



Banking
December 2011
AZN 20,000,000
3 years
Market maker / Underwriter:
PASHA Bank



Telecommunication
December 2011
AZN 40,000,000
3 years
Market maker / Underwriter:
PASHA Bank



Leasing
December 2010
AZN 400,000
2 years
Underwriter: PASHA Bank



Leasing
June 2011
AZN 5,000,000
1 year
Market maker / Underwriter:
PASHA Bank



Non-Banking Credit organization
July 2013
10,000,000 AZN
3 years
Market maker / Underwriter:
PASHA Bank



Banking
December 2012
10,000,000 AZN
3 Years
Market maker / Underwriter:
PASHA Bank



Banking
April 2013
12,000,000 AZN
3 Year
Market maker / Underwriter:
PASHA Bank



Banking
May 2013
AZN 5,000,000
5 year
Market maker / Underwriter:
PASHA Bank

Operations on Domestic Financial Market: Continued



FinansLizing
Leasing
January 2013
400,000 AZN
2 years
Underwriter: PASHA Bank



Leasing
August 2013
4,000,000 AZN
1 year
Market maker / Underwriter:
PASHA Bank



Banking
December 2013
10,000,000 AZN
1 year
Market maker / Underwriter:
PASHA Bank



Banking
June 2014
10,000,000 AZN
1 year
Market maker / Underwriter:
PASHA Bank



Furniture
August 2014
10,000,000 AZN
1 year
Market maker / Underwriter:
PASHA Bank



Banking
December 2014
12,000,000 AZN
1 year
Market maker / Underwriter:
PASHA Bank



Telecommunication
December 2014
AZN 40,000,000
3 years
Market maker / Underwriter:
PASHA Bank



Banking
December 2014
AZN 20,000,000
2 year
Market maker / Underwriter:
PASHA Bank



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