

2024

SUSTAINABILITY REPORT



**TRADITION EMPOWERING
SUSTAINABLE DEVELOPMENT**

TABLE OF CONTENTS

Address by the Chairman of the Board of Directors3

Address by the Chairman of the Management Board5



1. Bank profile 10

General Information about the Bank.....11

Bank performance results for 2024.....14

Key events of the reporting period16



2. Corporate governance17

Corporate governance system.....18

Risk management and internal control34

About the report.....7

Reporting boundaries.....7

Approach to determine material topics.....7



3. Responsible business 49

Creating economic value.....50

Enhancing the accessibility
and quality of financial services.....56

Ensuring information security
and personal data protection.....65



4. Social impact 67

Employees of the Bank68

Diversity and equal opportunity73

Training and development of personnel.....77

Occupational health and safety79



5. Environmental care81

Environmental impact management.....82

Energy efficiency83

Water resources84

Waste.....84

Climate change85



Appendices 93

Appendix 1: GRI Content Index.....94

Appendix 2: Information disclosure index
according to KSE Guidelines.....110

Appendix 3: Information disclosure index
according to IFRS S1 standard.....112

Appendix 4: Information disclosure index
according to IFRS S2 standard113

Appendix 5: SASB industry indicators.....114

Appendix 6: Glossary.....116

Appendix 7: Contact details.....119



ADDRESS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear shareholders, partners, and clients,

The past year marked an important stage for OJSC “Aiyl Bank”, a period of strengthening resilience, renewing strategic priorities, and redefining our role in the socio-economic development of Kyrgyzstan. Despite external challenges and the transformation of the financial market, Aiyl Bank reaffirmed its status as a reliable financial institution that supports the real sector, agriculture, and small business.

The Board of Directors gives priority to long-term sustainability, strengthening corporate governance, and creating value for shareholders and society. In 2024, the ESG Strategy and the Sustainable Development Policy were approved, establishing the foundation for a systematic approach to integrating the principles of responsible banking into the Bank’s operations. These documents define the key priorities: management of environmental and social risks, enhancement of financial inclusion, development of green products, and strengthening of business ethics.

The financial results of 2024 reflect stable growth and the strengthening of the Bank’s position. Total assets exceeded KGS 158 billion, almost doubling over two years. The loan portfolio reached KGS 47.4 billion, the deposit base grew to KGS 119 billion, and the Bank’s capital increased to KGS 25.2 billion. The generated economic value amounted to KGS 17.9 billion, which is 41% higher than the previous year.

OJSC “Aiyl Bank” remains a pillar of the national economy and regional development. The Bank actively participates in the implementation of state programs, supporting the agricultural sector, entrepreneurs, and socially significant projects. At the same time, particular attention is paid to financial stability and the quality of corporate governance. The Board of Directors focuses on further improving risk management efficiency, strengthening internal control, and developing a culture of responsibility at all levels.

**ORALBEK
CHOMOKOV**

Chairman of the Board
of Directors OJSC “Aiyl Bank”

Aiyl Bank continues to take confident steps toward international sustainable development standards. Joining the UNEP FI initiative confirmed the Bank's commitment to the global principles of responsible banking and its aspiration to strengthen Kyrgyzstan's position as a participant in the international sustainable finance community.

Ahead lies a new stage of development. The Board of Directors is committed to further improving strategic management, strengthening the trust of clients and partners, and enhancing transparency and operational efficiency. We see our mission as ensuring that Aiyl Bank remains not just a financial institution but a driver of sustainable growth that supports entrepreneurship, social initiatives, and the well-being of the citizens of our country.

Thank you for the trust and cooperation that inspire us to move forward.

Sincerely,

Oralbek Chomokov

Chairman of the Board of Directors OJSC "Aiyl Bank"





ADDRESS BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear colleagues, partners and clients!

2024 marked a period of sustainable growth, meaningful transformation, and confident forward momentum for OJSC "Aiyl Bank." We once again demonstrated that a modern financial institution must not only pursue growth but also continuously evolve, delivering a new standard of service that is more convenient, technology-driven, and client-centric. As a state-owned and trusted financial institution, Aiyl Bank remains committed to strengthening the principles of transparency, accountability, and long-term trust.

The COVID-19 pandemic reshaped the way businesses operate and significantly elevated customer expectations. In today's fast-paced environment, driven by an accelerating lifestyle and rapid urban growth, people increasingly value solutions that help them save time. This is why the client remains at the center of everything we do at Aiyl Bank. We continue to expand our digital services, integrating core offerings into a single application and making them accessible from anywhere in the country – for retail clients, individual entrepreneurs, and large corporate clients alike.

I would like to highlight that Aiyl Bank closed 2024 on a strong note, reporting a net profit of KGS 7,285 million. The Bank contributed KGS 682 million to the state budget in taxes and paid dividends totaling KGS 6,994 million. These results demonstrate Aiyl Bank's significant contribution to the country's economic development and its role as one of the key financial institutions of the Kyrgyz Republic.

We have not only strengthened our market position but have also become one of the key players in the banking sector. This growth has been made possible by a well-considered strategy, a diversified portfolio of products and services, and the professionalism and strong performance of our team.

Enhancing internal processes, improving service quality, and investing in employee development remain key priorities for the Bank. The vast majority of staff members completed training programs and capacity-building sessions, strengthening core competencies and helping to build a strong and motivated team. Our workforce reached 2,177 employees, while the number of staff members receiving social support increased by one-third.

TILEK ALIMDZHANOV

Chairman of the Management
Board OJSC "Aiyl Bank"

compared to 2023. These outcomes reaffirm that supporting our people is an integral element of Aiyl Bank's corporate culture.

We continue to place particular emphasis on integrating ESG principles into our operations. The Bank is implementing environmental and social risk assessment procedures, supporting green initiatives, and expanding socially oriented financial products. In 2024, the volume of green loans reached KGS 162.18 million, while social lending exceeded KGS 1 billion, contributing to the country's sustainable development.

I would like to express my sincere appreciation to the employees of OJSC "Aiyl Bank" for their professionalism, dedication, and continued commitment. I am equally grateful to our clients and partners for the trust they place in us, which guides our efforts and shapes the Bank's ongoing progress.

We remain firmly committed to building a bank that combines the stability of a state-owned institution with modern technologies and provides solutions that genuinely simplify everyday life. Aiyl Bank continues to be a reliable financial partner focused on people, on progress, and on the future.

Sincerely,

Tilek Alimdzhанov

Chairman of the Management Board OJSC "Aiyl Bank"



ABOUT THE REPORT

REPORTING BOUNDARIES

GRI 2-2, 2-3, 2-5

OJSC “Aiyl Bank” (hereinafter, the Bank or Aiyl Bank) follows the principles of sustainable development, paying special attention to attracting sustainable investments and developing a green economy in the Kyrgyz Republic. The Bank’s commitment to systematizing these approaches and enhancing transparency served as the foundation for preparing its first Sustainability Report (hereinafter, the Report).

This Report for 2024 has been prepared to ensure transparent disclosure of information on the Bank’s activities in the field of sustainable development. The document reflects the Bank’s strategic approach to environmental, social, and corporate governance issues and demonstrates progress in integrating sustainability principles into its business model and operational activities.

The preparation of the Report enabled the Bank to structure its existing practices and lay the foundation for further improvement of the reporting system in line with international and national standards. The Report has been prepared in accordance with the Global Reporting

Initiative (GRI) Standards (2021). In developing the Report, the Bank also took into account IFRS S1 “General Requirements for Disclosure of Sustainability-related Financial Information” and IFRS S2 “Climate-related Disclosures,” as well as the industry standards for the financial sector (Commercial Banks) developed by the Sustainability Accounting Standards Board (SASB). In addition, the Bank considered the Guidelines for Preparing and Publishing Reports on Climate, Sustainability, and Corporate Governance issued by the Kyrgyz Stock Exchange.

The reporting boundaries are limited exclusively to the activities of OJSC “Aiyl Bank” within the Kyrgyz Republic. The reporting period covers the timeframe from January 1 to December 31, 2024, and coincides with the Bank’s financial reporting cycle.

The Report has not undergone external assurance. However, the Bank considers the possibility of introducing an independent verification procedure in subsequent years, recognizing its importance for confirming the reliability of disclosed information and strengthening stakeholder trust.

APPROACH TO DETERMINE MATERIAL TOPICS

GRI 3-1, 3-2

The identification of material topics is a key element in preparing the Sustainability Report, as it enables the Bank to determine the most significant issues in the areas of environmental protection, social responsibility, and corporate governance. In preparing the Report, Aiyl Bank conducted a double materiality assessment, which involved analyzing sustainability topics both in terms of their impact on the economy, society, and the environment, and in terms of their financial relevance to the Bank. Conducting a comprehensive assessment allows the Bank to develop a holistic understanding of risks and opportunities associated with ESG factors while simultaneously taking into account the expectations of stakeholders and the Bank’s own strategic priorities.

At the first stage, the Bank developed an expanded list of ESG topics based on the disclosure practices of comparable banks in the same industry and of similar

scale. This list was taken as a foundation and further expanded to include the requirements of international standards and best market practices. As a result, an extended list of 26 topics was formed, including 7 environmental topics, 7 social topics, and 12 corporate governance topics.

At the next stage, each topic was analyzed in terms of its substance and potential impact on the Bank’s activities. The analysis identified both positive and negative impacts of the Bank on the environment and society, as well as their actual and potential manifestations. In parallel, financial risks and opportunities associated with each sustainability topic were determined.

To identify the most material topics, the Bank conducted a stakeholder survey in which participants were asked to assess the significance of the previously identified impacts, risks, and opportunities. More than 200 people took part in the survey, with the majority represented by the Bank’s employees and clients. In parallel with the survey, an expert analysis was carried out to assess the scale of the identified impacts as well as the likelihood of related risks and opportunities.

As a result of this work, a double materiality matrix was developed, which made it possible to determine the most significant topics both in terms of their impact on the environment and society and in terms of their financial materiality for the Bank.

DOUBLE MATERIALITY MATRIX



Based on the results obtained, the final list of material topics was compiled. During the systematization process, individual issues with similar content were combined into thematic blocks. For example, the topics “Greenhouse gas emissions,” “Financed greenhouse gas emissions,” and “Climate risks and opportunities” were consolidated into a single topic titled “Climate change.”



THE FINAL LIST INCLUDES 16 MATERIAL TOPICS:

01
Climate change

02
Energy efficiency

03
Waste

04
Water resources

05
Accessibility of financial services

06
Employment

07
Employee training and development

08
Diversity and equal opportunities

09
Occupational health and safety

10
Sustainable financing

11
Data confidentiality and security

12
Economic value creation

13
Anti-corruption practices

14
Taxes

15
Digitalization

16
Customer satisfaction



BANK PROFILE

General Information about the Bank.....	11
Bank performance results for 2024	14
Key events of the reporting period.....	16

1. BANK PROFILE

GENERAL INFORMATION
ABOUT THE BANK

GRI 2-1

OJSC “Aiyl Bank” is one of the leading financial institutions in the Kyrgyz Republic, playing a strategic role in supporting the agro-industrial sector and promoting the country’s sustainable socio-economic development. The Bank ensures financial accessibility for the population, contributes to the development of rural regions, and implements modern digital financial solutions.

Aiyl Bank provides a wide range of banking products and services, including lending to businesses and individuals, accepting deposits, settlement and cash services, domestic and international transfers, investment and leasing products, as well as Islamic finance solutions.

History of the Bank

The history of Aiyl Bank spans nearly three decades and reflects the consistent development of the financial sector in the Kyrgyz Republic, from supporting agriculture to introducing innovative digital solutions.

1996-2001

The Bank was established by the Government of the Kyrgyz Republic with financial and technical support from the World Bank in 1996 as the financial and credit institution “Kyrgyz Agricultural Finance Corporation (KAFC)” to develop farms and producers in the country. The institution received a license from the National Bank of the Kyrgyz Republic to conduct credit operations. At this stage, the main focus was on providing agricultural producers with access to financial resources. By 2001, the loan portfolio reached USD 13 million.

2002-2007

The KAFC project was recognized as one of the World Bank’s ten best projects worldwide. Considering its importance in agricultural financing and the need to expand banking services for the rural population, the Board of the National Bank of the Kyrgyz Republic, by Resolution No. 43/1 dated December 27, 2006, decided to establish the Bank based on the OJSC “Kyrgyz Agricultural Finance Corporation.” By 2007, more than 100 Bank offices were operating across the country.

2008-2013

The Bank began actively introducing innovations: the “Bereke” money transfer system was launched, internet banking was implemented, and leasing operations for farmers were initiated, resulting in the issuance of more than 1,800 units of agricultural machinery. By this period, the Bank’s assets had grown to USD 63 million.

2014-2024

Aiyl Bank became one of the national leaders in Islamic finance and digital technology. The Bank launched remote client identification, integrated with the state “Tunduk” system, and obtained a license to conduct operations with precious metals. During this period, the Bank introduced a new Automated Banking System (ABS), launched the mobile applications “AB24” and “AB Business,” as well as an internet acquiring system and MasterCard and Visa payment cards. By the end of 2024, the Bank’s loan portfolio reached USD 591 million, and its assets amounted to USD 1.8 billion.

Development strategy

The mission of the Bank is to promote the development of the agricultural sector and improve the well-being of the population by providing affordable, high-quality banking products based on modern technologies.

In 2020, the Bank approved the Development strategy for 2025–2021 (hereinafter, the Development strategy), which defines the following key objectives:

- Implementation of programs to support and ensure the sustainable development of entrepreneurship and agricultural cooperation, as well as to expand public access to financial resources and improve financial literacy.
- Transformation into a financial technology company through the creation of partnerships and an ecosystem of services with potential to enhance people's well-being and digital literacy.
- Aspiration to become the bank of first choice for individuals and businesses by offering a wide range of financial and non-financial solutions tailored to client needs.

In 2024, the Bank continued implementing the Development Strategy, successfully delivering several projects and introducing strategically significant initiatives:

- Launch of the Bereke mobile application, a digital solution for small and medium-sized businesses designed to effectively manage finances and streamline business processes.
- Decision to issue Elkart contactless cards for fast and convenient payments.
- Expansion of the range of banking products, including new loan and mortgage programs, products for entrepreneurs, and special projects in sustainable and “green” finance, such as:
 - Concessional gasification, a lending program for the installation of gas boilers;
 - Green Technology Financing Program, loans aimed at preserving and improving the environment;
 - Uluttuk-Avto, concessional auto loans.
- The Bank continued the systematic development of its leasing portfolio and product line including:

- Programs of the Kyrgyz Republic Development Bank (KRDB) Leasing through partner banks, Financial and Credit Funds (FCFs) and other financial institutions (FIs);
- AB-Leasing;
- Leasing-Credit;
- Express Leasing.
- The Bank focused on developing Islamic finance with the launch of new products in line with Islamic finance principles including:
 - Deposit products Keremet-Mudaraba and Kench-Mudaraba;
 - Financing products Eco Murabaha and Ayim Finance.

The Bank successfully achieved its key financial indicators projected in the Development Strategy:

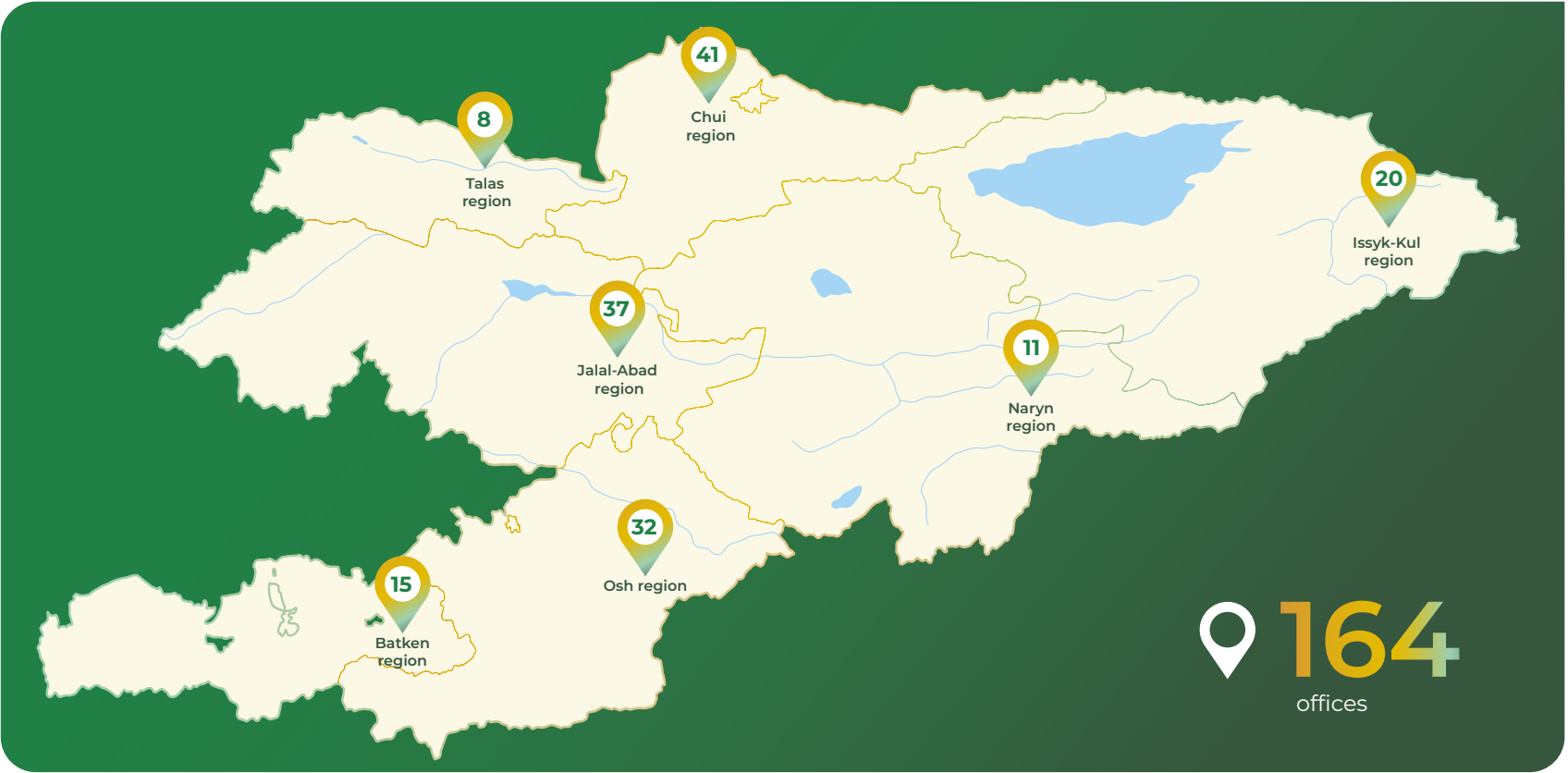
- record net profit of KGS 7,284.55 million, 10% above the forecast;
- asset indicators exceeded the forecast by 9%;
- capital indicators matched projections;
- liabilities were 10% higher than the projected level at the end of the reporting period.



Regional presence

GRI 2-1, 2-6

Aiyl Bank is a dynamically developing universal bank with an extensive nationwide network, which provides access to modern financial products and services even in the most remote areas.



BANK PERFORMANCE RESULTS FOR 2024

Awards



E-com Launch: a special award from Visa for the successful launch of online payments. This project enhanced the convenience of online transactions and strengthened the Bank's position as an innovative player in the financial market.

Visa Infinite Card Launch: an honorary award for the introduction of the premium Visa Infinite card. The award recognizes the Bank's ability to successfully launch advanced premium products that meet international quality standards.

High Brand Risk Acquirer Visa: recognition for meeting Visa's stringent requirements in risk management, capital, and compliance standards. The status of Acquirer for high-reputation and high-risk categories confirms the Bank's strong credibility with the international payment system.



From CJSC "Interbank Processing Center" (based on the results of the annual "Results of the Year" ceremony dedicated to the company's 20th anniversary):

Partner of the Year: awarded for the active implementation of new Elcart products, including modern payment devices such as rings, bracelets, and NFC stickers, which make cashless payments more convenient and innovative for clients.

Elcart Money Transfer Bank of the Year: awarded for the high level of customer trust and the Bank's leading role in providing fast and reliable domestic money transfer services.

Key ESG indicators for 2024

Economic aspect:

KGS **17,910.5** million
created direct economic value

KGS **7,284.55** million
net profit, 34.3% higher than in 2023

+22%

growth of the client
loan portfolio
compared to 2023

+44%

increase in total
assets of the Bank
compared to 2023

Environmental aspect:

0.284 GJ per million KGS
energy intensity per revenue

125.99 tCO₂e
direct emissions (scope 1)

2.27 tCO₂e
indirect energy emissions (scope 2)

1,668.67 tCO₂e
indirect greenhouse gas emissions (scope 3)
in the upstream segment

Financed emissions:

88,085.76
tCO₂e
emissions from the loan
portfolio

87,183.05
tCO₂e
emissions from the investment
portfolio (excluding LULUCF)

Sustainable finance:

KGS **162.18**
million
volume of issued
green loans

KGS **1,062.64**
million
volume of issued
social loans

3.3 %
share of issued ESG products
in total volume

+8 %
growth in the volume
of funds issued under ESG products
compared to 2023

Social aspect:

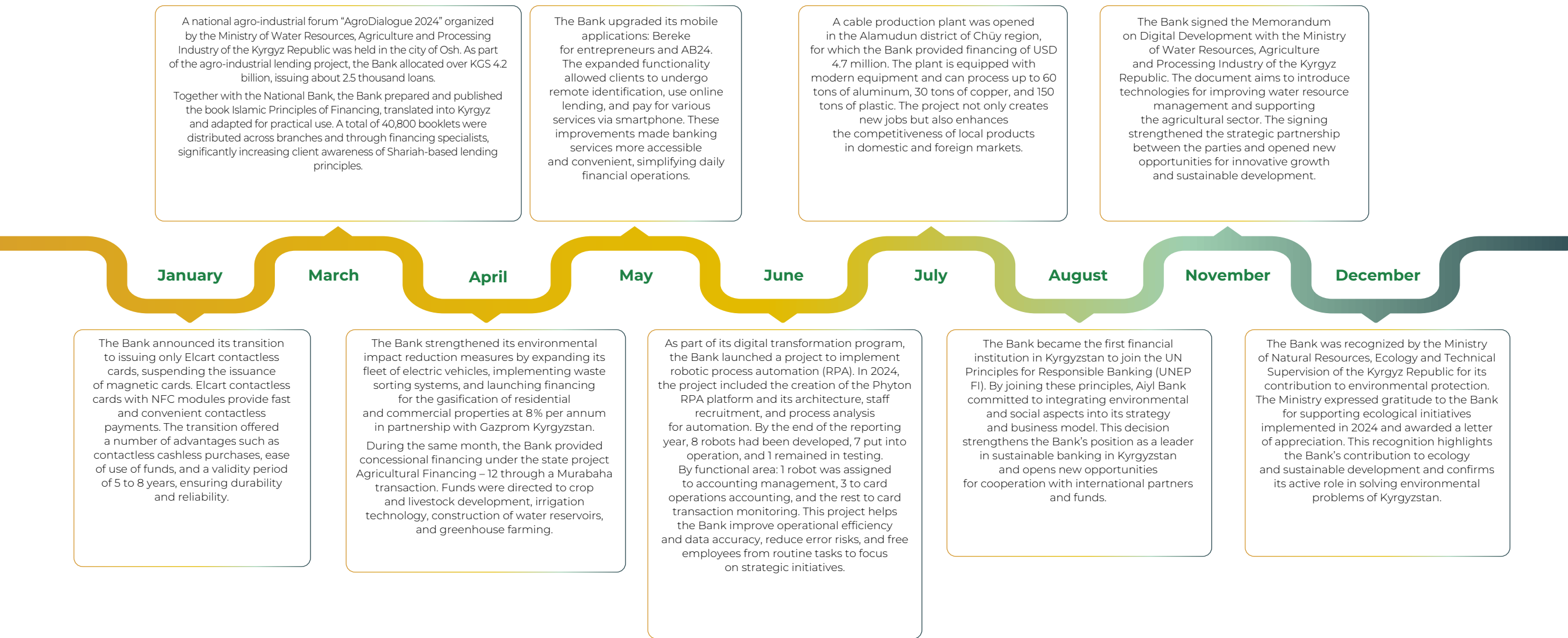
2,177 employees
total headcount

35 %
share of women
in management
positions

65 %
customer service points across
the country adapted for people with
disabilities

85 %
share of procurement
from local suppliers.

KEY EVENTS OF THE REPORTING PERIOD





CORPORATE GOVERNANCE

Corporate governance system.....	18
Risk management and internal control.....	34

2. CORPORATE GOVERNANCE

CORPORATE GOVERNANCE SYSTEM

Corporate governance at OJSC “Aiyl Bank” is built on the principles of transparency, accountability, and long-term sustainable development. This approach makes it possible to maintain a balance of interests among the State as a shareholder, the governing bodies, clients, partners, and society as a whole. The foundation of corporate governance lies in the Bank’s commitment to achieving its strategic goals, strengthening trust in the Bank as a development institution, reducing risks, and enhancing the efficiency of its business model and internal control system.

In line with best international practices, the Bank has established the position of corporate secretary, who ensures compliance with corporate governance procedures and facilitates effective interaction between the shareholder, the Board of Directors, and the executive bodies.

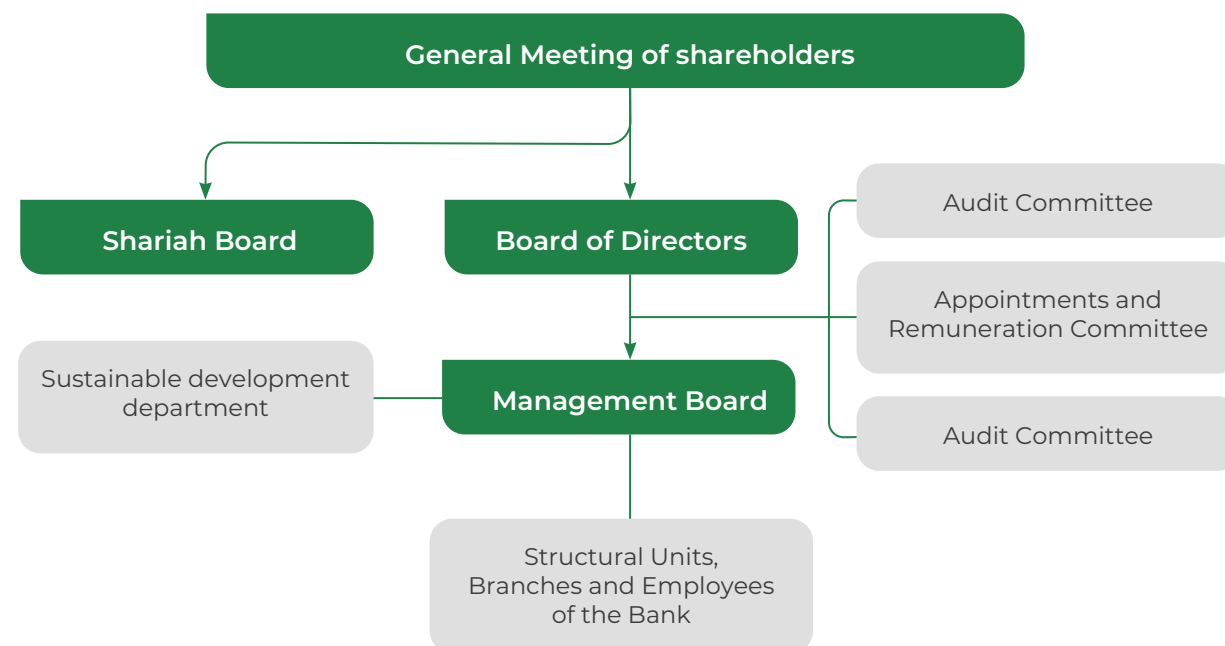
Governing bodies

GRI 2-1, 2-9, 2-10

In accordance with the Charter of Aiyl Bank, the corporate governance system comprises three levels:

- The supreme governing body is the General Meeting of Shareholders of the Bank;
- The supervisory body is the Board of Directors of the Bank;
- The executive body is the Management Board of the Bank.

CORPORATE GOVERNANCE SYSTEM OF OJSC “AIYL BANK”



General Meeting of shareholders

The sole shareholder of the Bank is the State agency on management of state-owned property under the Cabinet of Ministers of the Kyrgyz Republic, acting on behalf of the State.

The competence of the General Meeting of Shareholders covers key issues of strategic importance, including the approval of annual reports, profit distribution, election and termination of powers of the members of the Board of Directors, approval of amendments to the Charter and internal regulatory documents, as well as the adoption of decisions on matters that, under the legislation and the Charter, fall within the exclusive competence of the supreme governing body. Decisions are made in accordance with the legislation of the Kyrgyz Republic and the Bank's internal documents.

Board of Directors

GRI 2-9, 2-10, 2-11, 2-18

The Board of Directors is the governing body of AiyI Bank that determines the main directions of the Bank's activities and provides overall management of the Bank between the General Meetings of Shareholders. The Board of Directors exercises strategic management of the Bank, defines the key principles and approaches to the organization of the Bank's risk management and internal control system, oversees the activities of the Management Board, and performs other key functions established by the legislation of the Kyrgyz Republic.

Members of the Board of Directors are required to demonstrate loyalty to the Bank, act with due care and integrity, maintain the necessary level of qualification and competence, and devote sufficient time to the performance of their duties. All newly elected members of the Board receive comprehensive information about the Bank's activities and the work of the Board of Directors in the shortest possible time.



The Board of Directors includes professionals with experience in the banking sector, public administration, economics, finance, audit, corporate governance, and sustainable development.

As of December 31, 2024, the Board of Directors of the Bank consisted of five members, two of whom were independent.

Composition of the Board of Directors of the Bank as of December 31, 2024



**ERZHANOV
MAKSAT SOVETBEKOVICH**

Chairman of the Board of Directors

Work Experience:

2023 – August 2025 – Chairman of the Board of Directors, OJSC “Aiyl Bank”;

April 2023 – August 2023 – Deputy Chairman of the Management Board, OJSC “Keremet Bank”;

August 2022 – November 2022 – Chairman of the Management Board, OJSC “Aiyl Bank”;

April 2022 – August 2022 – Deputy Chairman of the Management Board, OJSC “Aiyl Bank”;

June 2021 – April 2022 – Director of the “Kudaibergen” Branch, CJSC “Bank of Asia”;

March 2018 – June 2021 – Deputy Director of the “Abdrakhmanova 101” Branch, CJSC “Bank of Asia”;

June 2016 – March 2018 – Head of the Credit Division of a Branch, CJSC “Bank of Asia”.

Committee Membership: Member of the Risk Management Committee.



**TAGAEV
DAMIR KURMANBEKOVICH**

Independent Member of the Board
of Directors

Work Experience:

March 2023 – present – Member
of the Board of Directors, OJSC “Aiyl Bank”;

November 2002 – March 2023 – Officer,
State Committee for National Security
of the Kyrgyz Republic.

Committee Membership: Chairman
of the Risk Management Committee,
Member of the Audit Committee, Member
of the Appointments and Remuneration
Committee.



**SULTANOV
MIRLAN KUSHCHUBAEVICH**

Member of the Board of Directors

Work Experience:

March 2024 – present – Member
of the Board of Directors,
OJSC “Aiyl Bank”;

2014 – 2023 – Employee of the Treasury
Department, OJSC “Aiyl Bank”;

2013 – 2014 – Director, Zolotoe Taxi LLC.

Committee Membership: Chairman
of the Appointments and Remuneration
Committee.



**SUYUMBAEVA
ALTYNAI KAZYBAEVNA**

Independent Member of the Board
of Directors

Work Experience:

August 2023 – present – Member of the Board of Directors, OJSC “Aiyl Bank”;
2023 – Chief Specialist, Accounting and Reporting Department;
2015 – 2023 – Chief Accountant, “MRF” Branch, OJSC “Commercial Bank Kyrgyzstan”
2010 – 2015 – Chief Accountant, “Semetey” Branch, OJSC “Commercial Bank Kyrgyzstan”;
2005 – 2010 – Deputy Chief Accountant, “Uchkun” Branch, JSCB “Kyrgyzstan”;
2004 – 2005 – Deputy Chief Accountant – Head of Back Office Division of the Head Operational Office;
2003 – 2004 – Deputy Chief Accountant – Head of the Administrative and Management Expenses Division of the Main Operations and Production Directorate;
2001 – 2002 – Head of Cash Operations of the Head Operational Office;
2001 – Acting Deputy Chief Accountant – Head of the Administrative Department, Head Operational Office;
2000 – 2001 – Chief Specialist of the Head Operational Office;
1995 – 2000 – Chief Accountant, “Uchkun” Branch, JSCB “Kyrgyzstan”.

Committee Membership: Chairperson of the Audit Committee, Member of the Risk Management Committee.



**JANYBEKOV
ASKARBEK SAPARBEKOVICH**

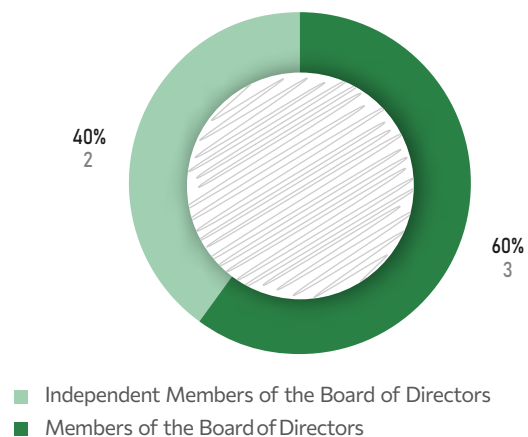
Member of the Board of Directors

Work Experience:

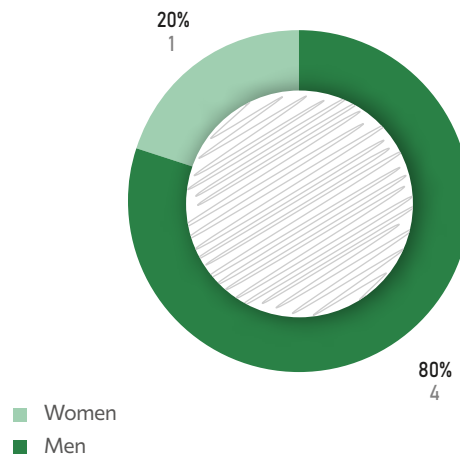
2024 – present – Member of the Board of Directors, OJSC “Aiyl Bank”;
2021 – 2023 – Minister of Agriculture of the Kyrgyz Republic;
2012 – 2020 – Chairman, Reina-Kench Breeding Farm;
March – September 2012 – Minister of Agriculture and Melioration of the Kyrgyz Republic;
2011 – 2012 – Chairman, Reina-Kench Breeding Farm;
2005 – 2011 – Deputy General Director for Finance, General Director, “Shumkar-YKKF” OJSC;
2004 – 2005 – Chairman, Reina-Kench Breeding Farm;
2003 – 2004 – Deputy Head, Issyk-Kul Regional State Administration;
1996 – 2003 – Head, Ak-Suu Water Management Department.

Committee Membership: Chairman of the Appointments and Remuneration Committee.

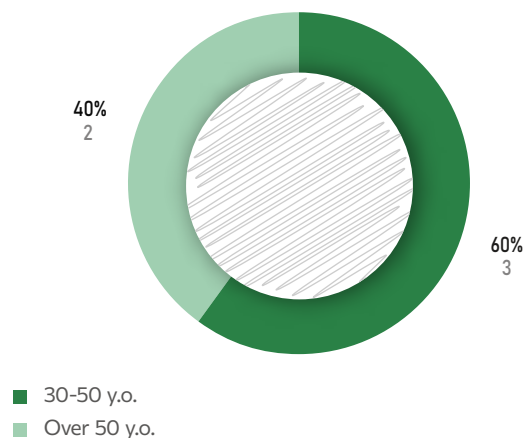
The composition of the Board of Directors by independence status, %



The composition of the Board of Directors by gender, %



The composition of the Board of Directors by age, %



Procedure for electing members of the Board of Directors

GRI 2-10, 2-11

The Board of Directors of the Bank consists of five members elected by the General Meeting of Shareholders for a four-year term. The election is carried out through cumulative voting, which allows for consideration of different viewpoints and ensures a balanced representation within the Board of Directors.

Only individuals with full legal capacity who meet the requirements of the National Bank of the Kyrgyz Republic (NBKR) may be nominated as candidates. At least one third of the Board members must be independent directors. To be recognized as an independent director, a candidate must meet a number of criteria such as:

- not to be an employee of the Bank or related legal entities within the last five years;
- not to hold positions in the Management Board of the Bank or related organizations within the last five years;
- not to receive significant remuneration from the Bank or its affiliates, except for reimbursement of expenses related to performing duties as a member of the Board of Directors;

- not to have major business relations with the Bank or its affiliates within the last five years;
- not to be a partner or employee of the current or former external auditor of the Bank;
- not to be affiliated with a shareholder that holds a significant share or control in the Bank;
- not to be a member of the Board of Directors of the Bank within the last five years;
- not to be a close relative of any person mentioned above.

In addition, the legislation and internal documents set a number of restrictions: persons with an unexpunged or outstanding conviction, experience of managing bankrupt organizations, or a lost business reputation cannot be members of the Board of Directors.

The Chairman of the Board of Directors is elected from among its members and does not combine this role with positions in the executive bodies of Aiy Bank, which prevents conflicts of interest and ensures functional independence.

Evaluation of the performance of the Board of Directors

GRI 2-18

The Board of Directors annually presents a report on its activities at the Annual General Meeting of Shareholders of the Bank. The performance of the Board of Directors and each of its members is evaluated against several criteria, including regular attendance at meetings, preparedness for discussions, activeness in deliberations, independence and objectivity of judgments, and adherence to ethical standards.

The evaluation is both collective and individual. The procedure takes into account the number of meetings held, the quality and timeliness of decisions made, and each member's contribution to achieving the Aiyl Bank's goals. The Chairman of the Board of Directors informs the shareholder about the regularity of meetings and the participation of each member in the work of the Board.

This procedure is conducted by the Board of Directors itself in accordance with the approved Methodology for Evaluating the Performance of the Board of Directors. The methodology defines the principles of regularity, objectivity, comprehensiveness, and comparability, and provides for the use of questionnaires and surveys as well as the possibility of individual interviews. Information processing is coordinated by the Corporate Secretary, with external consultants involved if necessary. The collected data are aggregated, summarized in reports, and submitted for discussion at the Board meeting.

The results of the evaluation are used to identify the strengths and weaknesses of the Board's performance, to prepare recommendations for improving its efficiency, and to develop an action plan, which is included in the Board's work plan for the following year. The evaluation report is submitted to the shareholder and presented to the General Meeting of Shareholders.

Committees of the Board of Directors

GRI 2-9, 2-10, 2-16

To improve the effectiveness of corporate governance and ensure collegial decision-making, three permanent committees operate under the Board of Directors of the Bank:

1. Audit Committee;
2. Risk Management Committee;
3. Appointments and Remuneration Committee.

The purpose of establishing the committees is to conduct a preliminary review of the most important issues of the Bank's activities and to prepare recommendations for the Board of Directors. The committees are formed by a decision of the Board of Directors and consist of at least three members. Only members of the Board of Directors may serve on the committees; however, experts and consultants without voting rights may be invited to participate in the discussion of specific matters when necessary. This format allows combining an independent perspective with practical expertise.

The committees prepare semi-annual reports on their activities. These reports record the issues reviewed, decisions made, and recommendations provided. The reports are submitted to the Board of Directors in writing. Certain materials of strategic importance are presented to the Board of Directors for individual review and approval.

In accordance with internal regulations, the Compliance Control Department regularly informs the Board of Directors about the results of audits, significant deficiencies identified in the compliance control system, and compliance risks. In case of a critical risk, information is immediately communicated to the Board of Directors along with proposed response measures.

Risk Management Committee

The Risk Management Committee (RMC) advises the Board of Directors on matters related to risk appetite and monitors compliance with the Risk Appetite Policy. The Committee's responsibilities include reviewing regular reports from the Risk Management Department on various types of risks, including the status of limits, results of GAP and stress testing, as well as information on liquidity and interest rate risk analysis provided as part of the Bank's risk reporting.

Composition of the Risk Management Committee as of December 31, 2024:

- **Tagaev Damir Kurmanbekovich**, Chairman of the Committee;
- **Erzhanov Maksat Sovetbekovich**, Member of the Committee;
- **Suyumbaeva Altynai Kazybaevna**, Member of the Committee.

The Committee provided recommendations to the Board of Directors on reducing credit, operational, liquidity, sanctions, and reputational risks, adjusting internal limits, and strengthening preventive control measures.

In 2024, the Committee held 19 meetings, during which it reviewed:

- monthly and quarterly reports on risk positions;
- results of liquidity and interest rate risk analysis;
- reports on correspondent banks and countries;
- results of business process self-assessment;
- updates to the risk appetite policy;
- information security risk map.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is an advisory body under the Board of Directors that conducts preliminary review of personnel and remuneration matters and prepares recommendations for the Board of Directors.

Composition of the Committee as of December 31, 2024:

- **Janybekov Askarbek Saparbekovich**, Chairman of the Committee;
- **Sultanov Mirlan Kushchubaeovich**, Member of the Committee;
- **Tagaev Damir Kurmanbekovich**, Member of the Committee.

In 2024, the Committee held 28 meetings, at which 70 issues were considered. Key topics included:

- election and re-election of members of the Management Board and the Corporate Secretary;
- approval of changes in the organizational structure;
- personnel decisions on key positions;
- extension of fixed-term employment contracts;
- adjustments to internal HR regulations and remuneration system;
- employee bonus matters;
- rotation of branch directors.

Audit Committee

The Audit Committee ensures independent oversight of the accuracy of financial reporting, the effectiveness of the internal control system, and the performance of both internal and external audits. Its responsibilities include reviewing reports from the Internal Audit units, interacting with external auditors, and developing recommendations for improving control procedures.

Composition of the Audit Committee as of December 31, 2024:

- **Suyumbaeva Altynai Kazybaevna**, Chairperson of the Committee;
- **Tagaev Damir Kurmanbekovich**, Member of the Committee;
- **Janybekov Askarbek Saparbekovich**, Member of the Committee.

The Committee paid special attention to the analysis of violations of legislation, regulatory acts of the National Bank, and internal regulatory documents of Aiyl Bank. Identified deficiencies in accounting procedures and algorithms were reviewed, and significant accounting and internal control matters were evaluated.

Based on the results of its work, action plans for eliminating identified violations and implementing recommendations were approved. This contributed to improving the quality of internal control and reducing the level of operational risks.

In 2024, the Audit Committee held 11 meetings at which 30 issues were reviewed. Key areas of work included:

- **reports of the Internal Audit Department (IAD) reports and implementation of the audit plan;**
- **analysis of activities of key Bank units, including the IT Department, Treasury, the Islamic Window Department, and the Risk Management Department;**
- **consideration of matters related to deposit operations, lending, leasing, and management of pledged assets;**
- **evaluation of compliance with the requirements and recommendations of the National Bank of the Kyrgyz Republic;**
- **monitoring of corrective action plans aimed at eliminating identified deficiencies;**
- **review of reports on network security audits, information risk management, and card business operations.**

Shariah Board

GRI 2-9, 2-10

The Shariah Board of Aiyl Bank is a permanent collegial body of the Bank's "Islamic Window" in the field of Islamic finance. It is responsible for ensuring that the policies, standard agreements, and operations of the Islamic Window comply with the Shariah standards. Its functions include the review and approval of internal regulatory documents, products, and standard contracts developed within the Islamic Window, as well as issuing the Shariah rulings (fatwas) on the Bank's Islamic Window operations and policies. The Shariah Board reports to the General Meeting of Shareholders and operates in accordance with the Regulation on the Shariah Board, developed in compliance with the legislation of the Kyrgyz Republic, the regulations of the National Bank, and the AAOIFI standards¹.

The activities of the Shariah Board are aimed at aligning the documents and practices of the Islamic Window with the Shariah requirements, ensuring that products and services meet the Islamic standards, and building public confidence in the Bank's Islamic operations.

The Shariah Board closely cooperates with the Board of Directors and the Management Board, maintaining a balance between the interests of shareholders, clients, and depositors while ensuring compliance with both the Shariah principles and the national legislation. For the purpose of monitoring and coordinating its activities, the Bank has established the Shariah Control Division, which submits reports to the Shariah Board, the Board of Directors, and the Audit Committee, while also informing the Management Board as necessary.



¹ AAOIFI – Accounting and Auditing Organization for Islamic Financial Institutions.

The functions and powers of the Shariah Board include:

- approval of the plans, policies, and internal regulations governing the activities of the Islamic Window;
- issuing the fatwas on products, operations, and transactions to ensure their compliance with the Islamic finance standards;
- approval of the Head and staff of the Shariah Control Division and review of their reports;
- providing advice to the Bank’s management and employees on Islamic finance and the Shariah standards;
- cooperation with the National Bank and other relevant authorities on Islamic finance regulation matters;
- participation in the review and approval of the draft regulatory acts on Islamic finance prepared by the National Bank (when submitted to the Bank).

The operating procedure provides for regular meetings at least once every six months, as well as extraordinary meetings convened at the initiative of the Board of Directors, the Management Board, or members of the Shariah Board. Decisions are made by a majority vote in the presence of a quorum; in the event of a tie, the Chairman has the casting vote.

The Shariah Board is appointed by the General Meeting of Shareholders for a term of five years. The number of members is determined by the General Meeting, but the composition must be odd and include at least three members.

Candidates must be individuals with full legal capacity who meet the qualification requirements: higher education, proven knowledge of the Islamic banking and finance principles, and experience in financial institutions, educational, or religious organizations. The Board may include both local and foreign experts. At least one third of the members must be independent, with independence criteria defined by the National Bank of the Kyrgyz Republic. At least one member must be a citizen of the Kyrgyz Republic who is fluent in the state and/or official language.

The Chairman of the Shariah Board is elected from among its members by a simple majority vote. In the absence of the Chairman, his functions are performed by the Deputy or another member of the Board. For organizational purposes, a secretary is appointed, responsible for preparing materials, maintaining documentation, and monitoring the implementation of decisions.

Composition of the Shariah Board as of December 31, 2024:

Chairman: Zhorobai Esanovich Shergaziev, Independent Member of the Shariah Board

Member of the Shariah Board:

- **Nematilla Pusurmankulovich Zheenbekov, Independent Member of the Shariah Board**
- **Akmatzhan Zhumadyl, Independent Member of the Shariah Board**

The activities of the Shariah Board are subject to regular evaluation through a system of reporting and control.

The Board reports to the General Meeting of Shareholders and submits a report on its activities on the annual basis, which includes information on the issued fatwas, reviewed documents, and the results of its interaction with the Bank’s governing bodies. If necessary, the report may be presented at an Extraordinary General Meeting of Shareholders.

The effectiveness of the Shariah Board is evaluated in accordance with the regulatory requirements of the National Bank of the Kyrgyz Republic, including compliance with the proportion of independent members, qualification and independence requirements, and alignment with the international Shariah standards of AAOIFI. This evaluation is supported by the following established procedures:

- holding regular meetings at least once every six months, including one mandatory in-person meeting per year;
- mandatory recording of decisions and maintaining documentation, which ensures subsequent monitoring of their implementation;
- the existence of a mechanism for reviewing previously issued fatwas in case of errors, ensuring the relevance and reliability of the Shariah opinions;
- interaction with the Board of Directors and the Management Board of the Bank, including receiving reports from the Shariah Control Division and participating in discussions on relevant matters.

Management Board

The Management Board is the collegial executive body of the Bank and is responsible for the day-to-day management of its operations in accordance with the Charter, the Corporate Governance Code, the Development Strategy, and the Bank's internal regulations. In its work, the Management Board adheres to the principles of transparency, accountability, and efficiency, ensuring the sustainable fulfillment of the objectives


set by the shareholder and the Board of Directors.

The Management Board reports to the Board of Directors and is responsible for implementing the Strategy, the Business Plan, and the resolutions adopted by the General Meeting of Shareholders. The Management Board submits monthly, quarterly, semi-annual, and annual reports to the Board of Directors (no later than one month following the reporting period), as well as an annual assessment of strategic risk.

The work of the Management Board is organized on a regular basis: meetings are held at least once a month and may be convened at the initiative of the Chairman, the Board of Directors, a member of the Management Board, the Head of the Internal Audit Department, the Risk Manager, or the Head of the Compliance Control Department. The procedure for preparing agendas and materials is defined by the Regulation on the Management Board of the Bank. Decisions are recorded in detailed minutes,


formalized as resolutions, and submitted to the Board of Directors within one business day after signing. Decisions are made by a simple majority vote; in the event of a tie, the Chairman has the casting vote. If the information provided is insufficient, the issue may be postponed and submitted to an extraordinary meeting in accordance with the established procedure.

Composition of the Management Board as of December 31, 2024:




**Tilek Burombaevich
ALIMDZHANOV**

Chairman
of the Management Board




**Zhanar Zholdosbekovich
NORUZBAEV**

Deputy Chairman
of the Management Board




**Nurdin Sootbekovich
MUSURALIEV**

Deputy Chairman
of the Management Board




**Ulan Anarbekovich
BOROMBAYEV**

Deputy Chairman
of the Management Board



**Aigul Tolenbergenovna
TELEUSHEVA**

Deputy Chairman
of the Management Board



**Diana Radmirovna
TURBATOVA**

Deputy Chairman
of the Management Board

Remuneration of members of the Board of Directors and the Management Board

GRI 2-19, 2-20

The remuneration system for the members of the Board of Directors and the Management Board of the Bank is designed to ensure fair compensation for the performance of their duties in strategic management and day-to-day administration of the Bank.

The remuneration of the members of the Board of Directors is fixed and approved by a Shareholder's decision. The remuneration of the members of the Management Board includes both fixed and variable components, with the corresponding decision made by the Board of Directors based on the recommendations of the Appointments and Remuneration Committee.

The variable component (bonuses) is determined by the results of achieving the KPIs approved by the shareholder in the Instruction for Top Management, also approved by the Shareholder. The sole KPI is the Bank's net profit indicator. The target values are set during the approval of the budget and business plan. The Board of Directors monitors the achievement

of the KPI by the Management Board and reports to the Shareholder.

At present, the KPI system takes into account only financial results. Indicators related to sustainable development, customer service, or ESG are not applied. In the future, the inclusion of non-financial KPIs may be considered.

Additional forms of compensation for senior management such as hiring bonuses, pension programs, special severance payments, or clawback mechanisms are not applied. The possibility of compensation upon termination of an employment contract is considered on an individual basis in accordance with the Labor Code of the Kyrgyz Republic.

The remuneration system is developed internally, without the involvement of external consultants or a feedback mechanism from stakeholders.

Business ethics

GRI 2-23

The Bank regards compliance with business ethics standards as a foundation of its corporate culture, effective operations, and the maintenance of trust from clients, partners, the shareholder, and society.

The Bank's approach to business ethics is set out in the Code of Conduct for Employees, approved by the Board of Directors. The provisions of the Code are mandatory for all Bank employees, regardless of position, and govern:

- rules of conduct in the performance of official duties;
- standards of interaction with clients, partners, colleagues, government bodies, and other stakeholders;
- requirements for maintaining the confidentiality of information;
- procedures for preventing and resolving conflicts of interest;
- norms for the use of the Bank's property and resources;
- prohibitions against corruption and the receipt of undue benefits.

The key ethical principles set out in the Code include:

- maintaining a positive image of the Bank and avoiding statements or actions that could cause reputational, moral, material, or other damage;
- performing duties in good faith and with professionalism;
- strengthening personal credibility and the Bank's reputation through respectful interaction with colleagues, clients, and partners;
- creating a favorable working atmosphere, adhering to standards of business etiquette, and using polite forms of communication;
- keeping personal matters separate from work processes and preventing their impact on professional activities;
- preserving traditions based on mutual respect and cooperation, and observing generally accepted standards of conduct;
- striving for constructive resolution of conflicts and, when necessary, referring them to management for objective consideration;
- avoiding actions or omissions that could lead to insult, humiliation, or discrimination;
- maintaining confidentiality and refraining from disclosing commercial, banking, or other legally protected secrets, as well as from using official information for personal purposes;

- ensuring the safety of the Bank's property and equipment and using them exclusively for work-related purposes;
- preventing inaccuracies or deliberate misrepresentation of data in financial or other documents;
- using the workplace solely for official functions;
- observing labor discipline, punctuality, and compliance with the business dress code;
- following the Code's standards and requirements, the Bank's internal regulations, the legislation of the Kyrgyz Republic, and the terms of contracts and agreements.

The Bank considers respect for human rights and dignity as a fundamental principle of its activities and a key element of its corporate culture. Adherence to these principles is essential for creating a trusting and safe working environment, as well as for building ethical and sustainable relationships with employees, clients, partners, and other stakeholders.

Anti-corruption

GRI 3-3, 205-1 205-2, 205-3

Aiyl Bank views anti-corruption efforts as an integral part of corporate governance, internal control, and a culture of responsible business conduct. Corruption practices can lead to significant negative consequences: they undermine economic stability and business reputation, restrict clients' equal access to financial services, and create risks for the rights and lawful interests of employees and partners. At the same time, consistent implementation of the anti-corruption policy delivers positive effects such as greater transparency, increased trust from clients and counterparties, and the development of a zero-tolerance culture toward corruption.

The Bank has the Anti-Corruption Policy approved by the Board of Directors and reviewed annually to reflect amendments to the legislation of the Kyrgyz Republic and best compliance practices. The Policy establishes mandatory compliance with legal norms, protection of the interests

of the shareholder, clients, and partners, promotion of a culture of openness, and the inevitability of liability for violations. The Anti-Corruption Policy applies to employees at all levels, members of governing bodies, and business partners.

Implementation of anti-corruption measures follows the three lines of defense model:

1. The first line includes security functions that identify and prevent potential violations in day-to-day operations.
2. The second line is represented by the Compliance Control Department, which develops and implements internal procedures and coordinates the monitoring of transactions and contracts.
3. The third line is Internal Audit, which provides an independent assessment of the overall system's effectiveness, reviews the accuracy of the first two lines, and issues recommendations to the Board of Directors.

In 2024, 360 transactions were reviewed for corruption risks, accounting for 5.7% of the Bank's total operations.

For comparison, 120 transactions (3%) were analyzed in 2023. The significant increase is due to the fact that transaction monitoring began in the second half of 2023 and was conducted on a regular basis throughout 2024. No material corruption risks were identified during the inspection.

To mitigate risks in vulnerable processes, a number of measures is implemented. In procurement activities, a three-stage control system is applied: preliminary review of procurement plans, verification of transaction justification at the current stage, and subsequent review of supplementary agreements and complaints. Counterparties undergo comprehensive due diligence, including disclosure of ownership chains and reputation checks, and contracts include anti-corruption clauses. In lending and operational activities, the Bank monitors compliance with client service standards and lending procedures, conducts selective borrower surveys, and performs checks for possible cases of extortion. To prevent falsifications, strict accounting control is maintained to exclude the use of forged documents and double reporting.

The Bank systematically works to raise awareness and train its employees. In 2024, the provisions of the Anti-Corruption Policy were communicated to:

- 14 representatives of governing bodies, including the Shariah Board;
- 40 heads of Head office departments;
- 283 branch network employees.

Information is disseminated via corporate email, semi-annual meetings, and onboarding sessions: each new employee must familiarize himself/herself with the list of internal regulations and sign a commitment to comply with the Policy.

The Anti-Corruption Policy is also communicated to business partners. The document is published on the Bank's official website² and provided to counterparties upon request. When entering into agreements, partner reputation and their commitment to ethical standards are analyzed, and anti-corruption clauses are included where necessary.

Issues of minimizing corruption risks are discussed at regular semi-annual meetings, where measures to improve internal control and enhance employee awareness are reviewed.

During the reporting period, no confirmed cases of corruption were recorded in the Bank.

Conflict of interest management

GRI 2-15

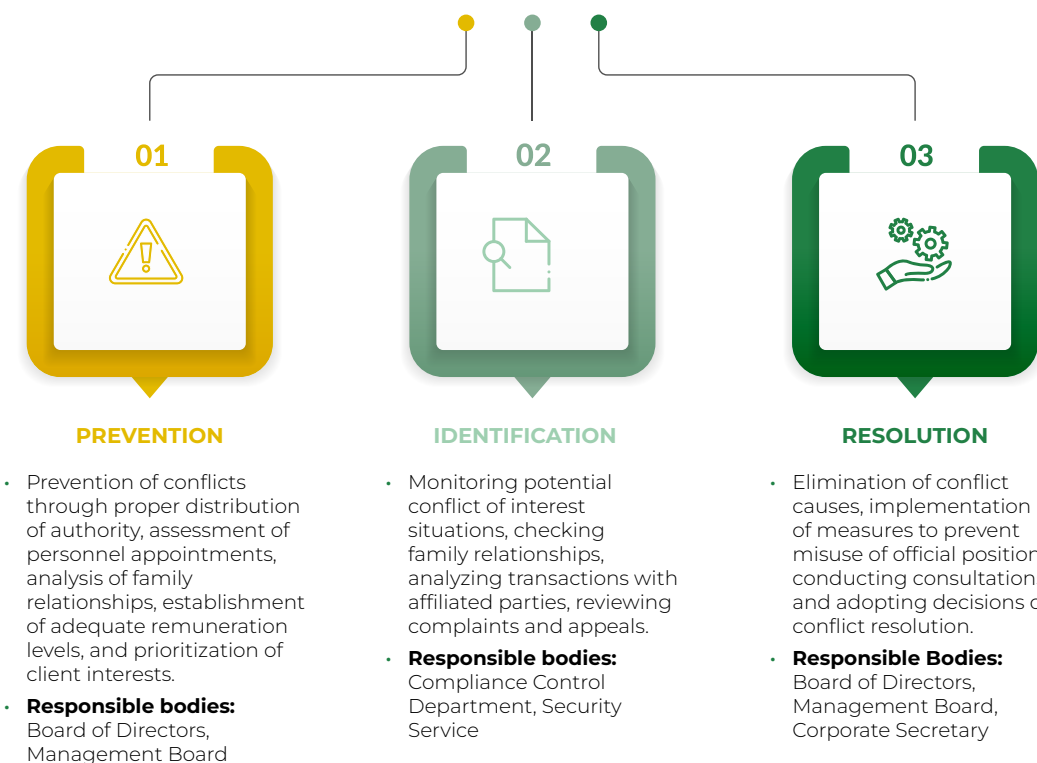
Conflict of interest management in the Bank is carried out in accordance with the Conflict of Interest Policy approved by the Board of Directors and is mandatory for all employees and officers of the Bank. The Bank's approach aims to prevent situations where personal interest could affect the objectivity of decision-making and ensures that the interests of clients and the Bank take priority. The Board of Directors and the Management Board

establish corporate standards and a culture designed to prevent conflicts of interest, adhering to the "four eyes" principle in the distribution of managerial authority. The Compliance Control Department coordinates the process, maintains a register of identified cases, monitors

transactions with affiliated and related parties, and conducts employee surveys to identify family relationships and other risk factors.

The Bank's conflict of interest management system includes three consecutive stages:

STAGES OF CONFLICT OF INTEREST MANAGEMENT



² <https://www.ab.kg/about/normativnye-akty>

In accordance with the Corporate Governance Code of Aiyl Bank, members of the Board of Directors are required to act in good faith and with due care and diligence in the interests of the Bank, its shareholder, and depositors. Their fiduciary duties include:

- timely notification of the Bank's governing bodies of any conflict of interest or personal interest arising;
- abstaining from discussions and voting on matters affecting their interests;
- an obligation to inform the National Bank of the Kyrgyz Republic if, in their opinion, decisions being made threaten the Bank's financial stability or the lawful interests of depositors;
- adherence to the principle of equal treatment of all shareholders without granting preferences to specific groups;
- mandatory written notification of the Chair of the Board of Directors or the Corporate Secretary of any conflict of interest, followed by consideration of the matter at a Board of Directors meeting.

All employees and officers of the Bank are prohibited from accepting gifts or donations, except as permitted by the legislation of the Kyrgyz Republic and the Conflict of Interest Policy, as well as from using their official position for personal purposes.

The Compliance Control Department regularly informs the Management Board and the Board of Directors about identified conflicts of interest and the measures taken, and also provides summarized information for proper oversight and adjustment of the corporate procedures.

Compliance with laws and regulations

GRI 2-27

The Bank attaches paramount importance to compliance with the legislation of the Kyrgyz Republic and the regulatory requirements of the authorized bodies. Maintaining a high level of legal discipline is regarded by the Bank as an integral part of responsible business conduct and a key condition for sustainable corporate governance.

During the reporting period, no significant cases of non-compliance with laws or regulations were recorded in relation to the Bank, and no administrative fines or other sanctions were imposed for violations of applicable requirements.

These results confirm the effectiveness of the existing internal control system and the compliance of Aiyl Bank with established regulatory standards. The Bank will continue to enhance its compliance control and monitoring mechanisms to further reduce regulatory risks.

Feedback mechanisms

GRI 2-12, 2-25, 2-26

The Bank operates a comprehensive system for receiving and reviewing inquiries and complaints from clients, employees, and other stakeholders. This system is based on the principles of transparency, confidentiality, and timeliness, which ensures that all submissions are recorded and reviewed within established timeframes. The procedure for receiving, registering, analyzing, and responding to inquiries is defined in the Procedure for Reviewing Consumer Requests, approved by a resolution of the Bank's Management Board.

Inquiries are accepted in Kyrgyz and Russian in various formats:

- orally: in-person meetings or by phone, including via the "hotline," where all calls are recorded;
- in writing: submitted at Bank branches, by mail, fax, or through the Complaints and Suggestions Book;
- electronically: via corporate email, online chats, the feedback window in the "Service Quality" section on the Bank's official website³, as well as through the "Help and Support" module of the AB24 mobile application⁴.

³ <https://ab.kg/service>

⁴ <https://www.ab.kg/bankovskie-uslugi-chastnim-lisam/mobile-banking-ru>

Anonymous inquiries containing threats, insults, or lacking contact information are not subject to review.

Bank employees may report violations through internal channels. For this purpose, they can contact the relevant units such as the Human Resources Department and the Security Department. In accordance with the Code of Ethics and Business Conduct, employees are also required to inform their direct supervisors.

Additionally, reports may be submitted through confidential communication channels:

- telephone: +996 (312) 68 00 00
- internal line: 5511 (toll-free within the country)

For clients and other stakeholders, external feedback channels are available. Inquiries can be submitted through the Bank's Contact Center or other communication tools:

- mobile numbers of the Contact Center: +996 (312) 68 00 00
- Hotline: +996 990 55 11 00 (WhatsApp)
- email: office@ab.kg
- "Service Quality" section on the Bank's official website
- "Help and Support" module of the AB24 mobile application
- Complaints and Suggestions Book available at all Bank units

All inquiries received by the Bank are recorded in the vTiger/CRM system, which allows tracking every stage of their review. Written complaints submitted to the head office are registered by the General Division, and those received in branches are recorded by administrative officers. Even complaints from the Complaints and Suggestions Books are uploaded daily into the CRM system with attached scanned copies to ensure that no message is left unattended. The maximum period for reviewing a complaint is seven working days, which may be extended, if necessary, by a decision of the responsible member of the Management Board. Responses are prepared on the Bank's official letterhead, approved by managers, and provided to the applicant in the most convenient form. If a complaint contains signs of corruption or fraud, it is forwarded to the Security Department and the Compliance Control Department for thorough investigation.

The entire procedure is structured to ensure control and personal accountability at every level. The Service Quality Management Division maintains a unified database that serves as the basis for regular reports to the National Bank and for internal analysis. The Compliance Control Department not only monitors incoming complaints but also identifies their root causes and develops proposals for process improvement. At the branch level, the work with inquiries is supervised by unit directors. In cases where a complaint indicates violations or misconduct, the Security Department is involved to conduct internal investigations.

This approach enables the Bank not merely to process complaints formally but to view them as a development tool: every message from clients and employees helps make processes more transparent, service more efficient, and public trust stronger.

KEY PERFORMANCE INDICATORS OF COMPLAINT HANDLING:



RISK MANAGEMENT AND INTERNAL CONTROL

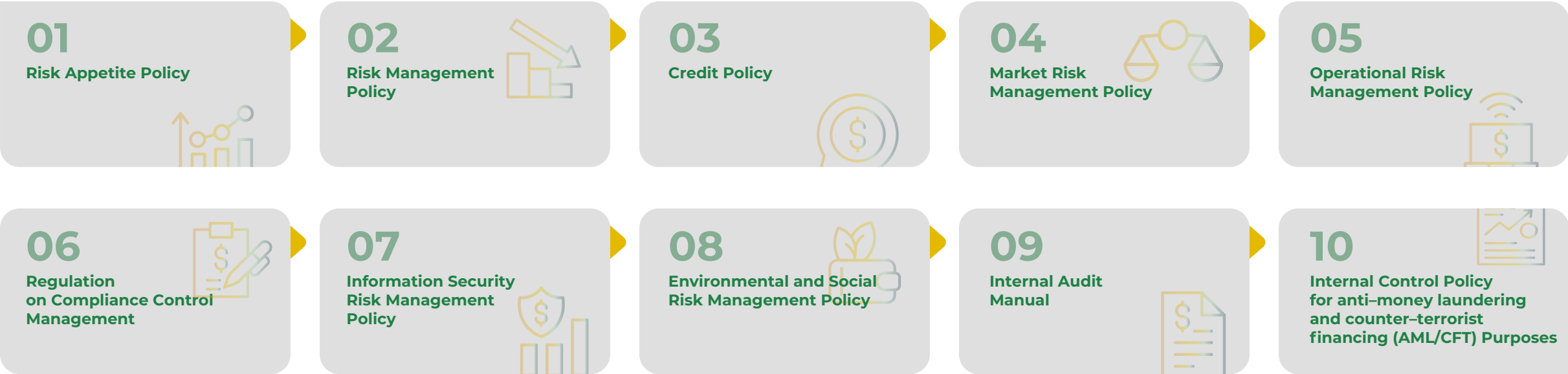
To ensure financial stability and sustainable operations, OJSC “Aiyl Bank” has implemented a risk management and internal control system based on a combination of internal procedures, processes, policies, and dedicated structural units. The system is designed to identify,

assess, control, and monitor risks in a timely manner and fully complies with the legislation of the Kyrgyz Republic and the regulatory requirements of the National Bank of the Kyrgyz Republic.

The Board of Directors is responsible for establishing and maintaining the risk management and internal control system, while the direct implementation of these functions is carried out by the Management

Board, the Risk Management Committee, and the Bank’s specialized units, namely, the Risk Management Department, the Compliance Control Department, and the Internal Audit Department.

KEY DOCUMENTS REGULATING THE BANK’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM:



Risk management framework

The Bank’s risk management activities are aimed at protecting against risks that may threaten its profitability, capital, and reputation, and are aligned with the Bank’s business strategy and established objectives.

Risk management in the Bank is carried out comprehensively and simultaneously at all levels:

- Strategic level, which covers the functions of the Board of Directors and the Management Board, including risk identification, setting acceptable risk levels for the Bank, defining the strategy and risk management procedures, and establishing adequate control systems. At the strategic level, the Board of Directors approves the Risk Management Policy, while the Management Board approves the procedures that include risk management mechanisms and the creation of adequate control systems.

- Macro level which encompasses the functions of the Bank’s structural units, mid-level managers, and functional units engaged in risk review.
- Micro level which includes the activities of individuals or employees who assume risks on behalf of the Bank, limited by adherence to operational procedures, internal control procedures, and other instructions set by the Bank’s management.

The Bank’s Risk Management Department conducts daily activities related

to the identification, measurement, monitoring, and control of banking risks. The Management Board (supervising members) and/or structural units responsible for specific risk types bear direct responsibility for risk management.



THE KEY TYPES OF RISKS COVERED BY THE BANK’S CURRENT RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM INCLUDE:

01 Credit risk	02 Market risk (including price risk, interest rate risk, and foreign exchange risk)	03 Country risk (including transfer risk and sovereign risk)	04 Liquidity risk	05 Operational risk
06 Strategic risk	07 Compliance risk	08 AML/CFT risk	09 Information security risk	10 Reputational risk

Risk management process

The risk management process at Aiyl Bank is organized on the basis of a consistent and systematic approach defined in internal regulatory documents for each material type of risk. This approach ensures timely identification, objective assessment, and effective response to risks within the established level of risk appetite.

THE BANK APPLIES AN END-TO-END RISK MANAGEMENT CYCLE CONSISTING OF THE FOLLOWING STAGES:

01

Identification and Assessment

The Bank continuously identifies risks associated both with ongoing operations and with the launch of new products and services. At this stage, adverse scenarios and potential sources of risk are identified, the required amount of information and processing methods are determined, and the ratio of potential losses to benefits is assessed. Accurate risk assessment forms the basis for a reliable understanding of the Bank's financial position and for making strategic decisions.

02

Measurement

Risk measurement is carried out taking into account both internal and external operating conditions of the Bank. The tools used reflect the complexity and level of the risks assumed and are reviewed regularly.

For each type of risk, an appropriate measurement methodology is applied, ranging from quantitative indicators (such as ratios, limits, rating assessments) to qualitative characteristics ("low," "moderate," "high" level of risk). This approach allows not only for assessing the magnitude of risk but also for tracking its dynamics.

Risk measurement is based on the economic standards and limits established by the regulator (NBKR), the Board of Directors, and the Bank's internal documents.

03

Control

Based on the results of measurement and assessment, methods for mitigating or neutralizing each type of risk are applied. For this purpose:

- limits are established for volumes, terms, and other operational parameters;
- internal procedures and rules defining employee responsibilities are implemented;
- a combination of methods from simple restrictions to complex econometric tools is used.

Control activities are carried out at all business levels and form part of day-to-day operations. The system of limits helps to detect deviations promptly and ensures timely management response in case of breaches of established thresholds.

04

Monitoring

Risk monitoring covers all levels of the Bank's activities and aims to identify trends and take corrective measures in a timely manner. The main monitoring mechanisms include:

- regular reports from structural units on limits and risk levels;
- submission of reports to the Risk Committee (monthly) and the Board of Directors (quarterly);
- provision of information to the Management Board for decision-making purposes.

The monitoring system is based on a clear distribution of powers and responsibilities among units. The Risk Management Department operates independently, being solely responsible for identifying, measuring, controlling, and monitoring risks.

Risk appetite establishment

The overall level and types of risks that the Bank is willing to accept or intends to avoid in order to achieve its strategic objectives and fulfill its business plan are defined in the Risk Appetite Policy approved by the Board of Directors.

The risk appetite is determined taking into account the Bank's key operational parameters and includes both qualitative and quantitative indicators such as:

- return on assets and capital;
- capital adequacy;
- liquidity ratios;
- concentration limits for loans and foreign currency positions;
- acceptable levels of operational, compliance, and reputational risks.

The established risk appetite is integrated into strategic and budget planning and is used to assess risk exposure, compare actual values with forecast parameters, and monitor compliance with limits. The Board of Directors reviews risk appetite levels at least once a year.

Internal control

The Bank's internal control system is designed to ensure timely detection and prevention of violations, compliance with the legislation of the Kyrgyz Republic, regulatory acts of the National Bank, and the Bank's internal documents.

The internal control system covers all areas of activity and includes organizational measures, procedures, and policies that ensure:

- monitoring and control of key processes and operations;
- allocation of powers and responsibilities among management bodies, units, and employees;
- control over financial accounting and reporting, including engagement of an external auditor;
- operational control, including management of sustainability-related risks and interaction with stakeholders;
- adherence to compliance control procedures and to the AML/CFT principles.

The Bank's Board of Directors is responsible for the proper organization and functioning of the internal control system, including oversight of risk management

and compliance matters. The Audit Committee reviews the results of internal audit activities and reports prepared by the Internal Audit Department (IAD). Compliance reporting is submitted quarterly to the Board of Directors. The IAD prepares semiannual reports on its work and presents audit results for discussion to the Audit Committee, the Management Board, and the Board of Directors.

External audit is conducted on the annual basis. Following the results of the tender, Grant Thornton LLP was selected as the Bank's external auditor for 2024 which meets the independence and qualification requirements.

The Bank's internal control system is based on the following principles:

- involvement of all employees, units, and branches in internal control processes within their functional responsibilities;
- comprehensive coverage that provides control over all operations and business processes;
- continuity ensuring preliminary, current, and subsequent control of the Bank's activities.

Internal audit management

The Bank has an Internal Audit Department (IAD) whose activities are aimed at providing an independent assessment of the effectiveness of the internal control and risk management systems.

The main functions of the IAD include:

- monitoring the implementation of the National Bank of the Kyrgyz Republic's requirements, including issues of cash discipline and comprehensive inspections of the Bank;
- assessing the effectiveness of internal control in the area of AML/CFT, conducted at least once a year;
- monitoring compliance with the risk management procedures set out in the Bank's internal documents;
- evaluating the adequacy and effectiveness of the overall risk management system.

The IAD assists the Board of Directors in overseeing the quality of corporate governance, internal control, and risk management. The IAD submits reports to the Board of Directors twice a year: following the results of the first and second half of the year as well as upon completion of planned audits of branches or business

processes. The results of audit activities are presented for review to the Audit Committee, the Management Board, and the Board of Directors.

Management of ESG risks in financing

GRI 2-12, 2-14

Ayil Bank views the management of environmental and social (E&S) risks as an integral part of its sustainability strategy and corporate responsibility. The Bank's approach aims to reduce the potential negative impact of financed projects and enhance their positive effects on society and the environment.

Since 2020, the Bank has been consistently developing its E&S risk management system, which is based on the following key documents:

- Environmental and Social Risk Management Policy defines the Bank's goals, principles, and approaches in the field of E&S risks, including the refusal to finance socially and environmentally harmful activities,

the classification of projects by impact category, and the establishment of borrower requirements for impact assessment and the implementation of measures to prevent or mitigate negative effects.

- Regulation on Environmental and Social Impact Assessment regulates the practical procedure for conducting environmental and social assessments of projects, including preliminary screening and classification by risk category (A, B, C), development of Environmental and Social Action Plans (ESAPs), monitoring procedures, and the responsibility of the Bank's units for implementation and control over the fulfillment of requirements.

The Bank applies the following mandatory requirements to financed projects:

- compliance with national environmental and social standards;
- exclusion of activities listed in the Prohibited List (such as weapons production, use of child labor, projects related to hazardous waste, etc.);
- availability of all necessary permits and licenses.

Priority is given to projects that:

- comply with IFC Performance Standards or EBRD requirements;
- provide for environmentally friendly technologies, improved energy efficiency, reduced emissions, and the use of renewable energy sources;
- create socially significant effects (jobs, access to education, water, housing, transport).

The process of assessing environmental and social risks and impacts in the Bank includes sequential stages ensuring comprehensive analysis and control over financed projects:

1. Preliminary screening and classification

At the first stage, projects are selected and initially checked for compliance with environmental and social requirements, including exclusion of activities from the Prohibited List. Each project is classified by risk level (low, medium, high), taking into account both potential threats and opportunities for society and the environment.

2. Categorization

Projects are assigned to categories A, B, or C depending on the degree of impact:

- Category A: projects with potentially significant adverse impacts requiring a mandatory Environmental and Social Impact Assessment (ESIA) by independent experts.
- Category B: projects with a medium level of risks for which an internal environmental and social analysis is conducted by the Bank's credit units.
- Category C: projects with minimal or no impact that do not require further assessment.

In addition, the Bank may identify projects that have a positive environmental or social impact (for example, projects on energy efficiency, renewable energy, or job creation).

3. Determining project requirements

Based on the analysis, environmental and/or social requirements, which must be met by the borrower during the project implementation, are formulated.

4. Agreement conclusion

Financing terms include an Environmental and Social Action Plan (ESAP) and other borrower obligations. The ESAP sets out measures to prevent, mitigate, or compensate for negative impacts. Implementation of the ESAP is a mandatory part of the loan agreement.

5. Monitoring of the fulfillment of obligations

The Loan Administration Unit conducts regular monitoring of Category A projects, as well as other projects with a high level of impact. Monitoring includes checking the fulfillment of ESAP conditions, on-site visits, and, if necessary, the involvement of independent consultants. The procedure and frequency of monitoring are determined by the Bank’s internal Regulation on Loan Monitoring and Classification.

SUSTAINABLE DEVELOPMENT MANAGEMENT

GRI 2-9, 2-12, 2-13, 2-14

OJSC “Ayil Bank” builds a systematic approach to sustainable development, viewing it as an integral part of its corporate governance and long-term strategy. In 2024, the Bank approved key documents: the ESG Strategy and the Roadmap for its implementation (the ESG Strategy), as well as the Sustainable Development Policy. These documents established the priorities, goals, and mechanisms for integrating environmental, social, and governance factors into the Bank’s activities.

The Board of Directors is responsible for establishing the ESG system within the Bank. The Management Board ensures the implementation of the approved goals and objectives, coordinating their execution across units and the branch network. Operational management and coordination in the field of sustainable development are carried out

by the Sustainable Development Department. Its functions include:

- development of ESG initiatives and implementation of related projects;
- coordination of structural units to ensure the implementation of the ESG Strategy;
- mobilization of resources and grant support;
- cooperation with government and international institutions;
- participation in the development of new ESG banking products and internal policies;
- monitoring of regulatory requirements and preparation of annual reports;
- implementation of measures to reduce the Bank’s environmental footprint;
- promotion of sustainable finance practices.

The Sustainable Development Department, which oversees the Bank’s impact on the economy, society, and the environment, functionally reports to the Deputy Chairman of the Management Board, who approves decisions, coordinates activities in this area, and is responsible

for presenting initiatives at the top management level.

The Bank’s systematic approach to sustainable development is based on the following principles:

- alignment with national and international sustainable development goals;
- long-term sustainability of the Bank and support for the real sector of the economy;
- attentive treatment of employees and equal opportunities for their development;
- care for the environment;
- promotion of responsible financing and investment practices;
- implementation of best corporate governance practices, including anti-corruption measures and information security;
- adherence to the UN Principles for Responsible Banking.



Corporate sustainable development documents

GRI 2-23, 2-24

Sustainable development management at Aiyl Bank is based on an internal regulatory framework that establishes a unified approach to integrating ESG principles into the Bank's strategy, operations, and risk management system.

The Sustainable Development Policy defines Aiyl Bank's goals and principles in the ESG domain, identifies key stakeholder groups and priority UN

Sustainable Development Goals, and outlines mechanisms for implementing the ESG agenda, including organizational structure and monitoring systems. The document sets forth the approach to integrating ESG factors into corporate governance, operations, stakeholder engagement, and internal control.

The key internal regulatory documents governing the Bank's approach to managing sustainability issues include:

- ESG Strategy and Roadmap for its Implementation
- Sustainable Development Policy
- Environmental and Social Risk Management Policy
- Corporate Governance Code
- Employee Code of Conduct
- Anti-Corruption Policy
- Regulation on Charitable and Sponsorship Activities.

The provisions set out in these documents are mandatory for all employees and officers of the Bank and are taken into account in the implementation of projects, as well as in interactions with clients, partners, and other stakeholders.

Sustainable development strategy

The Bank’s ESG Strategy reflects national priorities and regulatory frameworks of the Kyrgyz Republic, the recommendations of the National Bank and the Kyrgyz Stock Exchange, as well as international initiatives such as the United Nations Sustainable Development Goals (SDGs), the Paris Climate Agreement, and the UNEP FI Principles for Responsible Banking.

THE STRATEGY IS BUILT AROUND THREE CORE PILLARS THAT FORM THE FOUNDATION OF THE BANK’S ESG AGENDA:



15%

is target share of “green” financing in the Bank’s total portfolio by 2030–2032, in accordance with the Bank’s ESG Strategy

For each area, short-term (up to 1 year), medium-term (1–3 years), and long-term (3–5 years) actions are defined, along with performance indicators, target values, and responsible units.

The ESG Strategy defines the expected outcomes of its initiatives over the short-, medium-, and long-term perspectives.

The approach is based on a sequence of steps from immediate measures aimed at launching key initiatives to institutional changes and the consolidation of sustainable practices. This format allows Aiyi Bank to consider its priorities and available resources, ensuring steady progress toward its goals.

The ESG Strategy and Roadmap serve as the foundation for establishing the internal sustainability management system, integrating ESG approaches into operational processes, and ensuring transparency and consistency in the Bank’s external positioning in the field of sustainable development.

AS PART OF THE ESG STRATEGY IMPLEMENTATION, THE FOLLOWING KEY RESULTS WERE ACHIEVED IN 2024:



the Sustainable Development Policy was approved

formalized procedures for assessing and accounting for ESG risks were introduced

the priority Sustainable Development Goals (SDGs) that guide the Bank’s activities were defined

preparations began for the establishment of ESG data collection and internal disclosure mechanisms

the implementation of the Environmental and Social Risk Management Policy continued, with the latest revision approved in October 2024

efforts were made to raise employee awareness and engage units in implementing the ESG agenda

Stakeholder engagement

GRI 2-29

Aiyi Bank views stakeholder engagement as an integral component of its sustainability management system. Building a structured dialogue with stakeholders helps strengthen trust, enhance transparency, and ensure a balance of interests in the decision-making process.

Stakeholder engagement

Stakeholders	Purpose of Engagement	Mechanisms of Engagement
Shareholder	<ul style="list-style-type: none">• Management of the Bank's activities in accordance with the law and the Charter• Ensuring transparency and accountability	<ul style="list-style-type: none">• Annual General Meeting of Shareholders• Extraordinary meetings• Reporting and responses to inquiries
Employees	<ul style="list-style-type: none">• Development of human capital and professional advancement• Maintaining employee engagement and motivation• Ensuring fair working conditions	<ul style="list-style-type: none">• Engagement and satisfaction surveys• Training and development programs• Internal communications, meetings, and corporate portal
Clients	<ul style="list-style-type: none">• Provision of accessible and high-quality banking services• Enhancement of customer satisfaction and trust• Support for financial inclusion	<ul style="list-style-type: none">• Branches and outlets• Internet banking and mobile applications• Contact center, hotline, and online feedback forms• Focus groups and customer surveys
Suppliers	<ul style="list-style-type: none">• Development of partnership relations• Implementation of responsible procurement practices	<ul style="list-style-type: none">• Long-term contracts and negotiations• Meetings and consultations• Communication channels for feedback
Government authorities (including the NBKR and relevant ministries)	<ul style="list-style-type: none">• Compliance with regulatory requirements and legislation• Participation in the implementation of state programs	<ul style="list-style-type: none">• Regular reporting (monthly, quarterly)• Working meetings• Joint projects
Creditors and investors	<ul style="list-style-type: none">• Strengthening confidence in the Bank• Access to international financing practices and ESG standards	<ul style="list-style-type: none">• Negotiations and agreements• Reporting and disclosure• Participation in international initiatives (e.g., UNEP FI)
Public organizations	<ul style="list-style-type: none">• Support for social, environmental, and educational initiatives• Development of corporate social responsibility	<ul style="list-style-type: none">• Partnership projects• Charity and sponsorship programs• Participation in public events
Local communities in the Bank's regions of operation	<ul style="list-style-type: none">• Promoting socio-economic development of the regions• Supporting entrepreneurship and job creation	<ul style="list-style-type: none">• Lending programs for SMEs and agricultural producers• Social and charitable projects• Public reporting through the media and social networks

In the ESG Strategy and the Sustainable Development Policy, key areas of engagement with stakeholders aimed at ensuring transparency and regulatory compliance are defined. The Bank's work in this area is focused on the following directions:

- disclosure of information through public reports and the official website, including annual reports and corporate governance disclosures;
- engagement with the shareholder through the annual General Meeting of Shareholders, submission of reports, and consideration of matters within the meeting's competence;
- coordination with government authorities, including the National Bank of the Kyrgyz Republic, through regular reporting and adherence to legal and regulatory requirements.



The Bank’s Contribution to Achieving the Sustainable Development Goals

The Bank views the United Nations Sustainable Development Goals (SDGs) as the foundation for defining the priorities of its ESG Strategy. The approved documents identify six priority SDGs that align with the Bank’s profile and mission:



Task
1.4 Ensure that all men and women have equal rights to economic resources including financial services.

The Bank’s Approach to Achieving the SDGs
The Bank expands access to credit, savings products, and digital services for rural populations, focusing on support for the agricultural sector and small farms.

The Bank’s Contribution to Achieving the SDGs in 2024

- 4,686 loans totaling KGS 10.1 billion were issued under the “Support for Value Chains in the Agricultural Sector” project.
- More than 170 service points across the country, including remote areas, ensured financial inclusion.



Task
5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels.

The Bank’s Approach to Achieving the SDGs
The Bank supports women's entrepreneurship and promotes the principles of Diversity and Inclusion, including in its HR policy.

The Bank’s Contribution to Achieving the SDGs in 2024

- Women account for 35% of the Bank’s governing bodies



Task
8.10 Strengthen the capacity of domestic financial institutions to encourage access to financial services.

The Bank’s Approach to Achieving the SDGs
The Bank contributes to economic growth through business financing, regional development, and the introduction of new products and digital solutions

The Bank’s Contribution to Achieving the SDGs in 2024

- The loan portfolio increased to KGS 50.5 billion.
- Mobile applications AB24 and Bereke were launched.
- A business process robotization project was implemented (8 robots deployed).



Task
11.1 Ensure access to safe and affordable housing.

The Bank’s Approach to Achieving the SDGs
The Bank participates in mortgage programs and finances infrastructure projects aimed at improving the quality of life in cities and regions.

The Bank’s Contribution to Achieving the SDGs in 2024

- A mortgage project was launched jointly with the Municipal Enterprise of the Osh City Mayor’s Office.
- Financing of residential and commercial gasification projects at 8% annual interest rate.



Task
12.6 Encourage companies to adopt sustainable practices and to publish their sustainability reports.

The Bank’s Approach to Achieving the SDGs
The Bank develops green products, implements waste separation practices, and applies environmental standards in its operations.

The Bank’s Contribution to Achieving the SDGs in 2024

- Transition of the Bank’s vehicle fleet to electric cars.
- Implementation of a waste separation system.



Task
13.2 Integrate climate change measures into national strategies and planning.

The Bank’s Approach to Achieving the SDGs
The Bank mitigates climate risks by managing ESG factors, introducing green loan products, and supporting “green” projects.

The Bank’s Contribution to Achieving the SDGs in 2024

- Launch of the Eco-Murabaha product, based on the Islamic principles, to promote sustainable products.
- Expansion of the “green loan” portfolio and sustainable solutions.

Membership in associations

GRI 2-28

The Bank actively participates in national and international initiatives in the field of sustainable development and the financial sector. Membership in professional associations enables the Bank to exchange experience, adopt best practices, and contribute to the development of the industry.



Association for the Development of the Agro-Industrial Complex

The Bank is a member of the Association for the Development of the Agro-Industrial Complex (AIC)⁵ of the Kyrgyz Republic, reflecting its strategic priority which is to support domestic agricultural producers and promoting the development of the country's agrarian sector. Membership in the AIC enables the Bank to contribute to shaping sectoral policies, exchange experience with other

participants, and offer financial solutions aimed at improving the sustainability and competitiveness of agriculture.

The AIC plays a key role in ensuring the stability and prosperity of the agro-industrial sector by bringing together government bodies, businesses, and financial institutions to address issues of industry modernization and support for farming enterprises. As part of joint initiatives, the Bank provided KGS 10.1 billion in financing through 4,686 loans under the project "Support for Value Chains in the Agro-Sector through

the Development of Small and Medium-Sized Enterprises."

An important part of this work is the Bank's participation in AIC events, where strategic issues of agro-industrial development and the role of the financial sector in addressing them are discussed.

Participation of the Bank in AIC Events is 2024:

Date	AIC Events	Event Description
July 24, 2024	Meeting of the Board on Marine Water Resources, Agriculture, and Processing Industry of the Kyrgyz Republic	The Bank participated in the meeting, which addressed issues related to the development of the agro-industrial complex, investment agreements, and cooperation with farmers' cooperatives.
September 11, 2024	Meeting of the Working Group and Interdepartmental Working Group under Presidential Decree No. 202	The Working Group discussed ways to improve concessional lending and project financing through banks.
October 23, 2024	Meeting of the Board on Marine Water Resources, Agriculture, and Processing Industry of the Kyrgyz Republic	The Bank participated in discussions on fertilizer quality control, identification of smuggling cases, anti-crisis measures in the agro-industrial complex, and enhancing transparency of financial indicators.

⁵ <https://agroprom.kg/members/>



**Green Alliance
of Kyrgyzstan**

The Bank is a member of the Green Alliance of Kyrgyzstan (GAK), an association uniting more than 50 organizations and civic initiatives working in the field of ecology and climate policy. Membership in the GAK allows the Bank to take an active part in the national environmental agenda, build partnerships, and implement joint projects aimed at sustainable development and the “green” transformation of the economy.

The Bank participates in seminars, round tables, and working meetings that discuss practical steps for implementing environmental initiatives. This participation helps the Bank not only to develop its own environmentally oriented products and services but also to contribute to fostering a responsible approach to the development of the country’s financial sector.



**Union of Banks
of Kyrgyzstan**

The Bank actively cooperates with the Union of Banks of Kyrgyzstan (UBK)⁶, an industry platform that promotes dialogue, knowledge exchange, and professional development among participants in the national financial market. Membership in UBK enables the Bank to contribute to developing unified approaches to strengthening the banking system, introducing modern standards of corporate governance, and improving employee professional qualifications.

As part of UBK activities, the Bank’s employees participate in the Sustainable Development Academy programs, including seminars and webinars on ESG, green finance, and sustainable banking. This helps enhance staff competencies and supports the implementation of best practices essential for long-term growth and building greater trust among clients and partners.

⁶ <https://ub.kg/ru/category/chleny-sbk/>



United Nations Environment Programme Finance Initiative (UNEP FI)

On August 16, 2024, the Bank became the first financial institution in the Kyrgyz Republic to join the UNEP FI Principles for Responsible Banking⁷, a global initiative that brings together more than 500 financial organizations worldwide. Signing the Principles marked an important milestone in the Bank’s strategic transformation and confirmed its commitment to integrating the Sustainable Development Goals and climate agenda into its core business processes.

By joining UNEP FI, the Bank undertook commitments to implement the six Principles for Responsible Banking, which define global standards for integrating sustainability into banking activities. To fulfill these principles, the Bank has developed goals and actions formalized in its strategic documents and implemented through operational practices.

Joining the UNEP FI initiative reaffirms the Bank’s commitment to the Principles for Responsible Banking and provides a solid foundation for enhancing its approaches to sustainability management. Implementation of the UNEP FI commitments is aimed at strengthening the Bank’s position in sustainable finance, developing internal expertise, and building long-term relationships with clients, partners, and society.

The Bank’s Approach to Implementing the UNEP FI Principles

UNEP FI Principles	Bank’s approach
<div>01</div> Alignment Alignment of the business strategy to be consistent with the Sustainable Development Goals including SDGs’ and the Paris Climate Agreement	<ul style="list-style-type: none">• In 2024, the Board of Directors approved the Bank’s ESG Strategy developed with the support of the Asian Development Bank (ADB).• The Sustainable Development Policy was approved.• The Bank’s strategy was aligned with the Sustainable Development Goals, the Paris Agreement, and national ESG frameworks.• It is planned to integrate ESG into the corporate strategy and key business objectives.
<div>02</div> Impact and Target Setting Continuously increasing of positive impacts while reducing the negative impacts by means of target setting in the key areas	<ul style="list-style-type: none">• Sustainable development goals were established, including achieving a 15% share of the “green” portfolio within 5–7 years.• Work on implementing methodologies for assessing environmental and social risks was commenced.• The Bank participated in the development of the National Taxonomy and the Sustainable Finance Roadmap.• The development of the Green Finance Policy was scheduled.
<div>03</div> Clients and Customers Working with clients to encourage sustainable practices	<ul style="list-style-type: none">• Focus on the agricultural sector, inclusion, and support for SMEs in lending.• Expansion of the product line in mortgage, trade finance, and consumer lending.• Development of financial literacy programs tailored to the needs of vulnerable and underserved population groups.• Provision of concessional loans and sustainable financing programs (including “green” loans).
<div>04</div> Stakeholders Proactive and responsible engagement of and partnership with Stakeholders	<ul style="list-style-type: none">• Cooperation with the NBKR, the Ministry of Economy and Commerce, the Ministry of Natural Resources, and the Climate Finance Center (CFC) under the Cabinet of Ministers of the Kyrgyz Republic.• Participation in consultations on green finance and the national taxonomy.• Partnership with international organizations: UNDP, GIZ, GGGI, and the CFC.• Membership in the Union of Banks of the Kyrgyz Republic and participation in the Sustainable Development Academy.
<div>05</div> Governance and Culture Integration of the Principles into the Corporate Governance System and Promotion of a Culture of Responsible Banking	<ul style="list-style-type: none">• Since 2017, the Bank has implemented a Corporate Governance Code, updated in 2024.• A dedicated Sustainable Development structural unit was established.• ESG training sessions for employees were conducted in 2024–2025.• It is planned to implement ESG KPIs for top management.
<div>06</div> Transparency and accountability Disclosure of Progress in Achieving Sustainable Development Goals and Adhering to the Principles for Responsible Banking	<ul style="list-style-type: none">• ESG reporting will be published on an annual basis.• Disclosure of information on KPIs, the green portfolio, and sustainable products.

⁷ <https://www.unepfi.org/member/aiyl-bank/>



3

RESPONSIBLE BUSINESS

Creating economic value.....	50
Enhancing the accessibility and quality of financial services.....	56
Ensuring information security and personal data protection.....	65

3.

RESPONSIBLE BUSINESS

CREATING ECONOMIC VALUE

GRI 3-3, 201-1, 201-4

OJSC “Aiyl Bank” ensures stable financial performance and creates long-term value for the economy of the Kyrgyz Republic. The main areas of activity include lending to the agro-industrial complex, supporting small and medium-sized enterprises, implementing mortgage programs, developing Islamic finance, and introducing modern retail products. The stability of business processes enables the Bank

to properly fulfill its obligations to clients, employees, and partners, contributing to the socio-economic development of the country.

The Bank’s financial results demonstrate positive dynamics including the expansion of the loan portfolio, growth of the deposit base, and strengthening of capital. The Bank continues to play an active role in implementing government programs, providing financing for socially significant projects and supporting key sectors of the economy. Systematic development of Islamic products has formed a new

market segment that is showing strong growth rates.

In 2022–2024, Aiyl Bank demonstrated steady growth across key financial indicators. Total assets nearly doubled, exceeding KGS 158 billion by the end of 2024. The main driver of growth was lending, with the volume of funds provided to clients reaching KGS 47.4 billion.

The deposit base showed consistent expansion: over two years, inflows of deposits from individuals and businesses exceeded KGS 41 billion, reflecting a high

level of trust in the Bank. Islamic products developed actively as well: the volume of funds issued through Islamic financing increased from KGS 314.7 million in 2023 to KGS 2.45 billion in 2024, while deposits placed under Islamic principles grew sixfold.

The Bank’s capital more than doubled over three years, reaching KGS 25.2 billion, ensuring financial stability and a strong capital buffer. Liabilities to the Ministry of Finance of the Kyrgyz Republic remained stable, amounting to KGS 5.4 billion in 2024.

Key Performance Indicators, thousand KGS

Indicator	2022	2023	2024
Total assets	81,823,351	109,789,192	158,190,706
Loans to clients	30,944,499	38,898,909	47,389,592
Islamic financing provided to clients	–	314,725	2,454,372
Client deposits	57,248,504	77,430,060	119,185,138
Islamic financing funds attracted by the Bank	–	3,542	22,580
Bank capital	12,347,261	19,315,779	25,241,316

The direct economic value created in 2024 amounted to KGS 17.9 billion, an increase of 41% compared to 2023. The growth was driven by the expansion of the loan portfolio and a 30% increase in fee and commission income due to the intensification of settlement operations.

The distributed economic value increased by 41.6% to KGS 13.4 billion. The main growth factors were higher employee compensation and benefits (+37%), an increase in tax payments (+103%) due to record profits, and the expansion of the deposit base, which led to a 51% rise in interest expenses.

The amount of dividends paid grew by 28%, reflecting the Bank's strong financial performance.

The retained economic value in 2024 reached KGS 4.48 billion, representing the funds remaining at the Bank's disposal after fulfilling all obligations to the state,

employees, investors, and society. This indicates the Bank's strengthened capacity for further development and reinvestment of profits in sustainable growth.

Created and Distributed Direct Economic Value, mln KGS

Indicator	2022	2023	2024
Created direct economic value	11,065.92	12,691.36	17,910.47
Interest income	5,322.90	8,710.90	11,529.71
Fee and commission income	764.35	1,106.90	1,435.79
Amortization of government subsidy	330.18	313.96	140.31
Income under Islamic financing principles	–	7.19	102.94
Net profit from foreign exchange operations	4,614.70	2,459.06	4,648.87
Other income	33.78	93.36	52.84
Distributed economic value	4,601.57	9,480.86	13,426.38
Salaries and benefits	1,303.79	1,838.49	2,516.03
Tax expenses	1,064.20	665.83	1,350.24
Interest expenses	2,029.00	2,738.70	4,131.20
Dividends	201.09	4,236.28	5,426.08
Social expenses and charitable contributions	3.49	1.56	2.84
Retained economic value	6,464.35	3,210.50	4,484.08



During the reporting period, the Bank received government support in the form of subsidized interest rates and an increase in the charter capital. The main mechanisms of state assistance included:

Financing of Agriculture (FA)

In 2022–2023, funds were allocated to subsidize interest rates on loans, ensuring the availability of borrowing resources for the agricultural sector. In 2024, the amount of support decreased as the government modified the subsidy mechanism: instead of direct interest rate financing, funds were provided through the Bank’s capitalization under the AICL project.

Agro-Industrial Complex Lending (AICL)

In 2022, the Bank received KGS 1.8 billion, and in 2023 KGS 4.5 billion. In 2024, no new funds were allocated; lending was carried out using the revolving resources previously provided.



Total amount of government support, million KGS

Indicator	2022	2023	2024
FA	365.31	215.44	71.08
AICL	1,800.00	4,512.20	–

Charity

Ayil Bank views charitable activities as an important part of its social responsibility, aimed at supporting vulnerable groups of the population and contributing to the sustainable development of society.

Expenditures on social and charitable projects in 2024 amounted to KGS 2.84 mln.

The Bank provides charitable support in accordance with its Regulation on Charitable Activities and Sponsorship Assistance. Under this regulation, assistance may be provided in the form of direct financial or material support to institutions, public associations, or individuals in difficult life circumstances. Priority is given to persons with disabilities, orphans, children from shelters, residents of nursing homes, and animal shelters.

In 2024, the Bank continued implementing social initiatives focused on supporting vulnerable groups of population and promoting socially significant projects. Among them was an initiative to support orphans: the government plans to allocate KGS 500,000 to each child, with funds to be placed in accounts at Ayil Bank. Upon reaching the age of 18, the children will be able to use these funds to pay for education or purchase housing. In addition, the Bank provided material assistance to the Irada Family Children's Home in the city of Karakol by supplying the necessary equipment and furniture, including new beds, wardrobes, carpets, a sofa, chairs, curtains, a kitchen set, a refrigerator, a gas stove, shoe cabinets, and steam irons.

In July, Ayil Bank provided food assistance to 210 people as part of an initiative by the Public Association "Society of the Disabled of the Pervomaisky District of Bishkek," which supports persons with disabilities of groups I, II, and III of all ages. In honor of the International Day of Persons with Disabilities, the Bank also donated kitchen equipment to the Tokmok Psychoneurological Institution.

Special attention is paid to employee involvement in charitable initiatives. In 2024, the Bank's employees took part in a blood donation campaign, donating blood at the Republican Blood Center to support people in need of emergency medical assistance.



Through such initiatives, the Bank emphasizes its commitment to social responsibility, its intention to uphold economic and human values, and its aspiration to contribute to building a fairer and more inclusive society.

Taxes

GRI 3-3, 207-1, 207-2, 207-3

Ayil Bank adheres to a responsible approach to taxation, ensuring compliance with the legislation of the Kyrgyz Republic, transparency of tax practices, and effective management of tax risks.

The Bank's tax system is regulated by the Tax Accounting Policy approved by the Board of Directors. This document defines the principles of tax accounting, the procedure for fulfilling obligations to government authorities, and approaches to tax planning. The policy applies to all structural units of the Bank and ensures the uniform application of the current legal requirements.

The Bank's approach to regulatory compliance is based on building a sustainable tax management system that ensures adherence to the provisions of the Tax Code of the Kyrgyz Republic and other regulatory acts. Within this system, the Tax Accounting Sector is responsible for the accuracy of calculations and timely submission of reports, while

the Chief Accountant coordinates its work and provides strategic oversight. The effectiveness of tax management is assessed by internal auditors through regular inspections and audits.

An important element of the Bank's tax practice is interaction with tax authorities based on the principles of openness and professional dialogue. All information is provided accurately, comprehensively, and on time. The Bank also participates in the discussion and development of tax legislation through legitimate channels of communication with government bodies, presenting its position on matters affecting business and sustainable development.

Tax risk management

GRI 3-3, 207-2

Ayil Bank considers tax risk management an integral part of responsible corporate governance. Tax risks are associated with the possibility of financial or reputational losses resulting from non-compliance with regulatory requirements, the existence of uncertain tax positions,

changes in legislation, or the application of aggressive tax practices.

A systematic approach is used to minimize risks:

- analysis of changes in tax legislation and regulatory acts;
- assessment of the tax implications of new business initiatives and transactions;
- monitoring of operations for potential violations;
- ongoing interaction with tax authorities to prevent disputes.

Compliance with the Bank's Tax Accounting Policy is monitored through verification of timely tax and fee payments, analysis of potential arrears and penalties, and regular audits of processes conducted by internal auditors. All inquiries related to tax compliance are received through the call center and forwarded to the relevant departments for review.

Disclosure of tax information is carried out by the Chief Accountant and the Tax Accounting Sector. The report includes data on obligations, tax benefits, and comments

on tax policy. During the reporting period, a separate external assurance process for tax disclosures was not conducted. However, the Bank ensures the accuracy and completeness of its tax data as part of the annual financial audit.

Procurement and supply chain management

GRI 2-6

Ayil Bank develops sustainable supply chains involving local counterparties, which helps enhance operational stability, support national entrepreneurship, and contribute to regional economic growth.

Procurement activities are carried out in accordance with the Regulation on the Procurement of Goods, Works, and Services and the Model Procedure for Organizing and Conducting Procurement by State and Municipal Enterprises. These documents regulate all stages of the process, from publishing tender conditions to signing contracts and monitoring their implementation.

In its procurement activities, the Bank adheres to the following principles:

- openness and transparency at all stages of the procurement process;
 - ensuring equal access for suppliers and preventing discrimination;
- independence of the tender committee when evaluating bids;
 - consideration of the product life cycle cost to minimize environmental impact;
 - compliance with the legislation of the Kyrgyz Republic and tender documentation requirements.

Supplier engagement indicators

Indicator	2022	2023	2024
Total number of suppliers	382	424	431
Number of local suppliers	374	400	409
Share of local suppliers, %	98	94	95

Procurement performance indicators, thousand KGS

Indicator	2022	2023	2024
Total value of purchases from suppliers	542,220,582	548,975,761	1,339,200,238
Total value of purchases from local suppliers	395,770,163	358,097,777	1,144,488,469
Share of purchases from local suppliers, %	73	65	85

In 2024, local suppliers accounted for 95% of the Bank’s total counterparties, while purchases from them represented 85% of total procurement. This result reflects the Bank’s priority of working with Kyrgyz Republic residents and its focus on supporting the local economy.

The largest procurement categories during the reporting period were the acquisition of buildings, construction, and renovation works, which reflect significant investments in the development of the branch network and infrastructure.

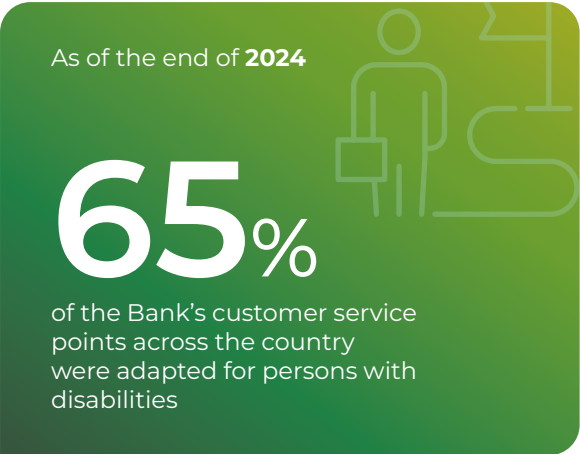


ENHANCING
THE ACCESSIBILITY
AND QUALITY
OF FINANCIAL SERVICES

Accessibility
of financial services

GRI 3-3

OJSC “Aiyl Bank” pays particular attention to ensuring equal access to its services for all client groups, including persons with disabilities. The Bank continues to modernize its service infrastructure, creating conditions that take into account the mobility and information accessibility needs of different population groups.



As of the end of 2024, 87 of 133 service points across the country (65% of the total) had been adapted for persons with disabilities, demonstrating the Bank's commitment to creating an inclusive environment and expanding access to financial services.

To further improve digital accessibility, the Bank's official website includes a special version for visually impaired users, providing convenient access to information about products and services online.

Financial literacy

GRI 3-3

Aiyl Bank places strong emphasis on enhancing financial literacy as an essential tool for protecting clients from risks and encouraging their active participation in the country's economic life. The Bank's educational initiatives aim to build basic knowledge of safe financial practices, increase trust in the banking system, and develop skills in managing personal and business finances.

Since 2023, the Bank has been implementing financial literacy initiatives as part of its social responsibility

and contribution to the development of sustainable local communities. Educational activities cover a wide range of participants, including students and schoolchildren. In 2024, there were conducted events within the framework of Global Money Week, an international awareness campaign aimed at improving

Number of Participants in Financial Literacy Initiatives

Indicator	2023	2024
Total number of participants:	150	320
Clients not using banking services	100	200
Clients with limited access	50	120

In 2024, the increase in the number of participants was primarily driven by the involvement of clients with limited access to financial services, as well as individuals who had not previously used banking services.

The Bank is building a systematic approach to financial literacy by combining educational events for the general population with specialized programs for specific client segments.

financial literacy among young people. During the reporting period, the Bank also implemented training programs for entrepreneurs focused on developing financial management skills and effective use of banking products to support their businesses.

Digitalization

GRI 3-3

The Bank consistently develops digital service channels viewing them as a key tool for improving access to financial services and enhancing the customer experience. In 2024, the main focus was on improving remote banking services for both individuals and legal entities.

For retail clients, the AB24 mobile application enables remote identification and the opening of demand deposit accounts without visiting a branch. Clients use the service for internal and interbank transfers, including international payments via the SWIFT system, as well as for a wide range of payments, from utilities to taxes and fees. The app also offers “smart transfers” by phone number or card, online currency exchange, and personalized offers.

For corporate clients, the Bank provides online banking and the AB Business mobile application. These services allow account management, statement generation, payments in the national currency and via SWIFT, as well as foreign exchange transactions and payroll registry formation.

Aiyl Bank’s digital services feature a multilingual interface and user-friendly navigation, enhancing client engagement and making app usage intuitive. Regular updates ensure service stability and security, while also expanding functionality in line with user needs.

Customer satisfaction

GRI 3-3

Aiyl Bank views service quality as a key element in building sustainable relationships with clients and strengthening their trust. The priority is to create a comfortable service environment where clients receive not only products and services but also professional advice and personalized attention from employees who are ready to offer professional consultations and effective solutions.

To objectively assess service quality, a “Mystery Shopper” survey was conducted in 2024. The study covered 38 branches and 59 specialized cash offices, with a total of 530 visits across 10 scenarios. The assessment was based on the Service Quality Index (SQI), which measures division impressions, employee appearance and engagement, quality of consultation, product knowledge, and completion of consultation.

The results showed that the average SQI stood at 77.5% and remained stable throughout the year. The highest scores were achieved for employee product knowledge and first impressions of service, reaching 95.3% and 95.6% respectively in the second wave of the survey. At the same time, lower scores were observed at the consultation completion stage, indicating potential for further development of employee skills in strengthening client interaction and improving communication effectiveness.

Based on the monitoring results, the Bank conducted additional staff training on service standards and products, as well as

on internal regulatory documents governing customer interactions. The best branches and individual employees were recognized with certificates and financial rewards.

Thus, in 2024 Aiyl Bank maintained a stable level of service quality and identified areas for improvement, placing particular emphasis on staff training and the development of a customer-oriented approach. Systematic monitoring will continue in the coming years, enabling the Bank to strengthen customer trust and enhance service standards.

Customer Service Quality Monitoring Results, %

Indicator	1 st wave	2 nd wave
Impression of a division	81.1	84.6
Impression of employees	87.4	95.6
Consultation level	80.3	75.7
Product knowledge	90.5	95.3
Consultation completion	54.5	47.7
SQI	77.5	77.5

SUSTAINABLE FINANCE DEVELOPMENT

Banking products overview

GRI 2-6

OJSC “Aiyl Bank” offers a wide range of financial services for individuals and legal entities, covering both basic needs in savings and payments and specialized products for the agro-industrial sector and small and medium-sized businesses. The Bank’s product line supports the development of agriculture, promotes financial inclusion, and contributes to the long-term economic sustainability of its clients. An important feature is that Aiyl Bank’s services are available in all regions of the Kyrgyz Republic, including rural areas, which helps strengthen regional development and reduce disparities in access to financial resources.

Products and services for individuals

Deposits:

- **Kench, Term Deposit:** placement of funds for a period from 1 to 36 months with an increased interest rate
- **Ardager, Pension Deposit:** for pension-age clients with monthly interest payments
- **Keremet, Savings Deposit:** designed for regular replenishment and stable income
- **Nariste, Children’s Deposit:** savings for a child’s future
- **Altyn, Savings and Spending Deposit:** partial withdrawals allowed while maintaining a balance
- **Demand Deposit:** free access to funds at any time
- **Araketke-Bereket, Savings Deposit:** savings with the option of a preferential loan

Loans:

- **Consumer Loan:** a loan for any personal purposes with flexible terms: up to KGS 200,000 unsecured, up to KGS 300,000 with guarantors, and up to 60 months under real-estate collateral, with rates ranging from 17% to 24% per annum.
- **Online Loan:** for payroll clients, up to KGS 200,000, term from 2 to 24 months, rate 22% per annum.
- **Agro Loan:** for farmers and agricultural enterprises to develop crop production, livestock breeding, and agribusiness. Currency: KGS, USD, EUR, RUB. Term: up to 60 months. Rate: from 12% per annum for amounts over KGS 1,000,000,000, from 7% in USD and EUR. Main documents:
 - Identity documents;
 - Proof of income and assets;
 - Collateral documentation.
- **Mortgage Loan:** for the purchase of residential or commercial real estate, rate 17–19% depending on the down payment amount; refinancing of mortgage loans from other banks available (18% per annum).
- **Business Loan:** for financing business operations and expanding working capital; term up to 5 years, rate from 18% per annum in KGS; for amounts exceeding KGS 1,000,000,000 from 12% per annum.
- **Social Loans:** products for socially vulnerable groups and women entrepreneurs:
 - Aiyym Credit: for women entrepreneurs, KGS 100,000–500,000, term up to 3 years, up to KGS 200,000 unsecured, rate from 18% per annum.
 - Kumtor Chakan: for rural residents, up to KGS 100,000 (Batken region, up to KGS 150,000), term up to 2 years, rate 10% per annum, unsecured.
- **Government program loans:** concessional financing under the AICL program at the interest rate of 6% per annum for up to 5 years; under the Agriculture Financing Programs 1–12 at the interest rate of 10% per annum for up to 3 years; and under the Returnable Financial Assistance Program at the interest rate of 0% per annum for up to 3 years;
- **Green Loans:** for the purchase of energy-efficient equipment, installation of gas boilers and solar panels, and the purchase of electric vehicles; amount from KGS 300,001 to KGS 20,000,000, term up to 60 months, rate 10% per annum.

Cards

Elcard A national payment card



Elcard A national payment card that provides convenient access to funds and favorable service terms.

The issuance fee is	
KGS 100	
The annual maintenance fee is	
KGS 200	
Cash withdrawals at the Bank's ATMs are charged at	Cash withdrawals at other banks are charged at
0,3%	0,6%
Cashless payments for goods and services are commission-free.	

Mastercard an international card



Mastercard An international card that enables payments and cash withdrawals in KGS, USD, and EUR.

The issuance fee is	
free of charge	
The annual maintenance fee is	
KGS 500/ USD 5/EUR 5	
Cash withdrawal fee at the Bank's ATMs is	Fee at other banks' ATMs is
0,3%	1%
Cashless payments are free of charge.	

Visa Infinite



A premium card that provides access to the global system of privileges of **Visa International**. Cardholders have access to consultations with a personal manager, as well as discounts and special offers worldwide*.

The issuance fee is	
free of charge	
The annual maintenance fee is	
KGS 10,000 or the first year and KGS 8,000 for subsequent years	
The cash withdrawal fee at the Bank's ATMs is	The fee at other banks' ATMs is
0%	0%
Cashless payments are free of charge.	

* Full information about Visa Infinite and other Bank cards is available on the website.

Islamic financing

Aiyi Bank develops a range of Islamic financial products that are provided in accordance with the Shariah principles. These products exclude the charging and payment of interest (riba) and the financing of prohibited activities, and they are based on the principles of partnership, profit and loss sharing, honesty, and transparency.

• Financing:

- **Eco Murabaha:** financing for environmentally responsible businesses and green technologies, including energy-efficient equipment, solar panels, sustainable agriculture, waste recycling, and other environmental projects. Term up to 60 months, amount up to KGS 20,000,000, and rate 10% per annum.
- **Aiyim Finance:** special financing for women entrepreneurs for small business development, equipment purchases, or launching new business activities. Term up to 36 months, amount from KGS 30,000 to 500,000, profit rate 16–17% per annum.

- **Auto Financing** (under the Murabaha principle): financing for the purchase of vehicles for personal or commercial purposes. Initial payment 35–40% depending on vehicle age, term up to 60 months, currency: KGS or USD.
- **Mortgage Financing** (under the Murabaha principle): enables the purchase of residential or commercial real estate secured by the acquired property. Term up to 120 months, amount from KGS 100,000 or USD 1,500, initial payment not less than 30%.
- **Agro Financing** (under the Murabaha principle): to support farmers and agro-enterprises in acquiring machinery, equipment, livestock, and feed. Term up to 60 months, currency KGS; an initial payment is required when purchasing machinery.
- **Business Financing** (under the Murabaha principle): provides funds for working capital replenishment, investment, and business development. Term up to 60 months, amount from KGS 5,000, currency KGS, USD, or RUB.

• Deposits:

- **Mudaraba** is an investment deposit under which the depositor transfers funds to the Bank for fiduciary management and investment in projects permitted by Shariah. Profit is distributed between the parties in accordance with the contract terms.
- The types of Mudaraba deposits include Keremet-Mudaraba and Kench-Mudaraba.

• Other products:

- **Ijarah:** refers to leasing with subsequent purchase

- **Card account:** for keeping funds without interest accrual

In 2024, the Islamic Window Department introduced four new products: Keremet-Mudaraba, Kench-Mudaraba, Eco Murabaha, and Aiyim Finance.

To promote Islamic finance and increase clients' awareness, the Bank issued 40,800 booklets dedicated to the principles of Islamic finance. These materials were distributed through branches and financing specialists, ensuring wide audience coverage.



New products introduced in 2024

In 2024, Aiyl Bank continued expanding its product line, focusing on addressing social and economic objectives, supporting government initiatives, and implementing modern tools for clients. Within the strategic priorities, the Bank developed and launched new loan and mortgage programs, products for entrepreneurs, and special projects for sustainable and green financing.

- **Preferential Gasification-2** (Decree of the Cabinet of Ministers of the Kyrgyz Republic No. 97-r dated March 15, 2024) is aimed at gasification and installation of gas boilers in private households to reduce smog in Bishkek and the Chüy Region, as well as refinancing previously issued gasification loans.
- **Business Overdraft** provides lending to legal entities and individual entrepreneurs with stable businesses in trade and services operating for at least six months.
- **Card Overdraft** is offered to participants of payroll projects.

- **Mekendesh Mortgage** provides mortgage loans for citizens of the Kyrgyz Republic working in Russia and the Czech Republic.
- **Uluttuk-Auto** provides preferential auto financing in accordance with Decree of the Cabinet of Ministers of the Kyrgyz Republic No. 228-r dated May 10, 2024).
- **Green Technology Financing** provides loans aimed at environmental protection and rehabilitation and offers financial support to entrepreneurs engaged in the production of eco-friendly products and raw material recycling without negative environmental impact.
- **Zero 0% Installment Payment offers** installment purchases of goods without interest charges.

For legal entities, the Bank provides services for bank money transfers, including SWIFT, clearing, and gross settlement systems, as well as account opening and access to modern Internet banking services. Bank money transfers include SWIFT, clearing, and gross settlement systems.

Corporate products and services

Deposits

- Corporate Term Deposit provides placement of temporarily available funds for a fixed period at an agreed rate.
- Araketke-Bereket, Savings Deposit is a savings account that allows subsequent access to preferential financing.

Loans

- **Agro Loans:** financing provided for enterprises and farmers in the agricultural sector for the development of crop production, livestock breeding, and processing of agricultural goods and services.
- **Business Loans:** financing provided for investment purposes, working capital replenishment, and expansion of production and business operations.
- **Loans under Government Programs:** preferential financing within the framework of programs of the State Crop Financing Fund (CAPF), the State Rural Development Fund (SRDF), preferential lending for participants of social assistance, the Emergency Support Project for Micro, Small and Medium Enterprises, and other instruments supporting small and medium-sized businesses (hereinafter, MSMEs).
- **Mortgage Products:** loans secured by real estate for the purchase, construction, or modernization of production and office premises.
- **Green Loans:** financing in the following seven key categories:
 1. Green transport;
 2. Renewable energy sources;
 3. Energy efficiency;
 4. Green buildings;
 5. Air quality improvement;
 6. Sustainable water and waste management;
 7. Sustainable agriculture.

Leasing Programs

- Program of the State State Development Bank of the Kyrgyz Republic Leasing through Partner Banks, the Financial Credit Fund, and other financial and credit organizations: preferential financing for enterprises in key sectors including agribusiness, industry, transport, energy, etc.). Rate from 12% per annum, term up to 10 years.
- AB-Leasing (KGS): leasing of machinery, equipment, and vehicles for businesses. Rate 19–21% per annum, term up to 6 years.
- AB-Leasing (USD): a similar product in foreign currency, rate 12–14% per annum.
- EDB–EurAsEC: a joint program with the Eurasian Development Bank that provides financing for the purchase of agricultural machinery and equipment. Rate 6% per annum, term up to 7 years.
- Leasing Credit: loans to pay the initial down payment under leasing contracts or insurance premiums; term up to 3 years, rate 20% per annum.
- Express Leasing (KGS and USD): a simplified leasing procedure for vehicles and machinery; rate 19–21% per annum in KGS and 12–14% per annum in USD, term up to 5 years.

- HBS (High-Productivity Breeding Stock): financing for the purchase of breeding cattle, livestock, and poultry. The term is up to 5 years (16% per annum) and, in certain cases, up to 7 years (6% per annum under the CAPF program).

ESG products and services

Aiyl Bank consistently develops sustainable financing areas, expanding its range of products and services aimed at supporting environmental initiatives, developing local communities, and enhancing social resilience. These programs contribute to achieving the Bank’s sustainable development goals, improving access to financial

resources for vulnerable population groups, and promoting the transition to an environmentally oriented economy.

Social lending remains a key component of the Bank’s ESG products. The Aiyim Credit and Kumtor Chakan products are aimed at supporting women’s entrepreneurship, developing small businesses, and strengthening rural communities. During the reporting period, the volume of social loans amounted to KGS 1,062.6 million, representing 3% of the total volume of loans issued. The indicator decreased by 5.8% compared to 2023 due to the natural completion of several programs and moderate demand for preferential financing in regional branches. The overdue amount for social

Green and social loans issued, million KGS

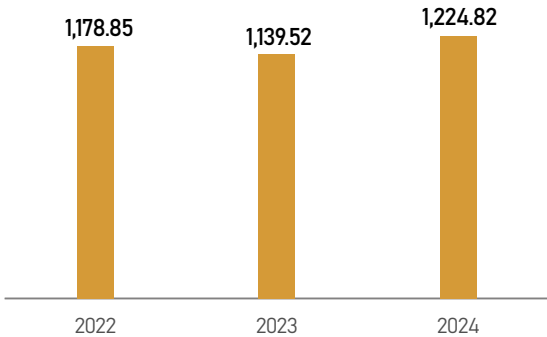
Indicator	2022	2023	2024
Volume of green loans issued	11.15	11.73	162.18
Volume of social loans issued	1,167.66	1,127.79	1,062.64
Total volume of ESG products and services issued	1,178.85	1,139.52	1,224.82
Total loan portfolio	23,677.38	31,843.80	36,727.75

Green loans in circulation, million KGS

Indicator	2022	2023	2024
Total amount of green loans in circulation	–	–	134.25
Total loan portfolio in circulation	33,038.95	41,548.03	47,389.59



Volume of financing of ESG products, million KGS



loans totaled KGS 1.46 million, which is 44% lower than the previous year's level (KGS 2.61 million). The repayment rate for social products remains consistently high at around 99%, reflecting the quality of borrower management and the effectiveness of support mechanisms.

In the reporting year, the volume of green loans issued by the Bank reached KGS 162.18 million, accounting for 0.44% of the total volume of loans issued. The main areas included financing for the purchase of electric vehicles, installation of gas boilers under government programs aimed at reducing smog in Bishkek, and support for energy-efficient solutions and green technologies. As of the end of 2024, green loans in circulation amounted to KGS 134.25 million, representing 0,28% of the Bank's loan portfolio. No overdue or non-performing loans were recorded in this category, which indicates the high quality of new ESG products and stable client demand. The growth in green loan indicators in 2024 was driven by the launch of electric vehicle financing.

Retail ESG Products

Priority areas in retail ESG products include car loans for electric vehicles and residential gasification, including within the framework of government programs supporting households. In the structure of retail ESG

products, 80% accounts for car loans for electric vehicles, and 15% accounts for preferential residential gasification programs. The development of these areas forms the basis for further expansion of the Bank's green lending.

Key Indicators of Retail ESG Products, million KGS

Indicator	2024
Preferential gasification	23.65
Gasification on credit	1.17
Green technology financing:	137.35
Car loans for electric vehicles	130.24
Green buildings	1.05
Sustainable agriculture	5
Refinancing	1.06

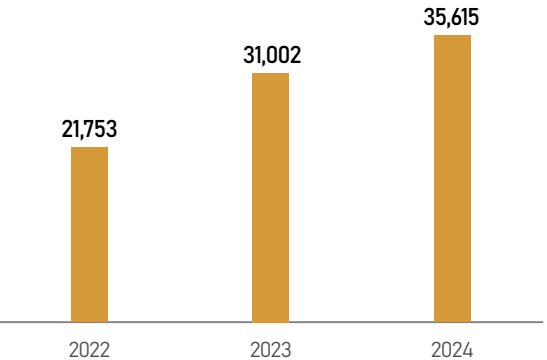
Corporate ESG products

In 2024, the number of loans issued under programs for small business and community development increased by 7.3% compared to 2023, while the number of loans under government programs increased by 30%. At the same time, the total amount of financing grew by 15% compared to the previous year, and the volume of funds allocated under government programs increased by 28%. This growth confirms the importance of support instruments for entrepreneurs and local communities.

However, a positive trend was observed in overdue and restructured loans: in 2024, the indicator decreased by 20%. The volume of debt on such loans decreased by 45%, from KGS 1,773 million in 2023 to KGS 971 million during the reporting period.



Volume of lending under programs for MSMEs and community development, million KGS



Aiyl Bank also implements a lending program for MSMEs supported by international organizations such as the World Bank and the Asian Infrastructure Investment Bank. During 2022–2024, within these projects, the Bank issued over 3.3 billion KGS to support MSMEs. During the reporting period, within this program, the Bank issued 835.30 million KGS as part of social financing.

Lending Programs for MSMEs and Community Development, million KGS

Indicator	2022	2023	2024
Number of loans issued under programs for micro, small, and medium enterprises and/or community development	54,981	67,637	72,602
<i>Incl. government program</i>	6,098	6,692	8,715
Amount of loans issued under these programs	21,753	31,002	35,615
<i>Incl. government program</i>	4,408	5,946	7,626
Number of overdue or restructured loans under these programs	696	505	404
Amount of debt under such loans	2,225	1,773,	971



ENSURING INFORMATION SECURITY AND PERSONAL DATA PROTECTION

GRI 3-3

OJSC “Aiyl Bank” considers information security (IS) as a key element in protecting clients’ interests and ensuring the integrity of business processes. Management in this area is carried out through a system of specialized policies, procedures, and technical solutions, as well as through regular interaction among relevant departments to ensure comprehensive control.

The main internal regulatory documents governing IS management include:

- Information Security Policy;
- Regulation on the Information Security and Change Management Committee within the automated information system.

The Bank’s Information Security Policy regulates the protection of information at all stages of its life cycle and establishes uniform requirements for employees

and counterparties. The document defines the following key principles:

- compliance with legislation and internal regulations;
- continuous application of security measures;
- comprehensive coverage of all levels of infrastructure;
- provision of the minimum necessary access level;
- personal responsibility of employees;
- coordination of actions among divisions;
- systematic monitoring of the effectiveness of applied measures.

To achieve its objectives, the Bank has established the information security system consisting of two main components:

- Information Security Management System (ISMS);
- Information Security Assurance System (ISAS).

The main ISMS objective is the management aspect of IS, focused on strategic and organizational elements, while the ISAS addresses the technical component of IS, based on the definition

of specific technical measures and operational aspects.

Aiyl Bank pays special attention to the physical protection of its information infrastructure, the control of privileged access, and the protection of user credentials. The ISMS ensures a continuous process of improving the quality of protection of the Bank’s information assets from relevant IS threats. The ISMS is based on a continuous improvement cycle, also known as the Deming Cycle (“plan – do – check – act” (PDCA)). When ensuring and managing the ISAS, the Deming model must be followed at all stages. This management system allows Aiyl Bank to maintain a high level of information infrastructure security and ensure the continuity of business processes.

The practical implementation of the ISMS and ISAS is ensured through a set of technical and organizational measures, including network perimeter protection and corporate network segmentation, access and user account management, antivirus protection and the use of cryptographic tools, regular data backup, and business recovery plans.

Additionally, Aiyl Bank applies procedures for IS event monitoring, vulnerability testing, incident response, employee training, and the development of a culture of responsible data handling.

In accordance with the Information Security Policy, the Board of Directors and the Management Board approve the strategic directions and make key decisions regarding ISMS and ISAS management.

The Information Security and Change Management Committee within the automated information system (hereinafter the Committee) is responsible for implementing the ISMS and ISAS objectives.



The Committee's responsibilities include regulating the level of protection of information assets, authorizing changes in the IT infrastructure, reviewing incidents and business recovery plans in emergency situations, and approving key internal documents and regulations in the field of IS. The Committee is also a collegial body that coordinates the work of the Information Security Department and the Information Technology Department.

The Information Security Department is responsible for ensuring the confidentiality, integrity, and availability of information assets, analyzing the effectiveness of existing measures, preparing reports, and conducting investigations in case of violations.

The Information Technology Department ensures the uninterrupted operation of automated systems, their development, technical support, and interaction with users.

Personal data processing

GRI 3-3, 418-1

Aiyl Bank processes clients' personal data in strict compliance with the legislation of the Kyrgyz Republic and internal documents, including the Privacy Policy. This document regulates the collection, processing, storage, and transfer of personal data within the use of banking products and remote service systems.

The Privacy Policy defines the main concepts and rules for data management: data collection is carried out solely for the purpose of providing banking services, client identification, and compliance with legal requirements. The document establishes the procedure for client authentication and authorization, conditions for transferring information to third parties (for example, to government authorities or the Bank's partners), as well as rules for data storage and destruction after the processing objectives have been achieved.

The use of personal information is limited to established purposes, and access is granted only to authorized employees. Technical and organizational measures including encryption, user authentication, and monitoring of mobile applications and Internet banking operations are applied to protect data.

The Privacy Policy is published on the Bank's website⁸ and is mandatory for all users of remote service systems. A client confirms consent to data processing when logging into the system, which is equivalent to an electronic signature.

The measures implemented allowed Aiyl Bank to ensure a high level of personal data protection. During the reporting period, no substantiated complaints regarding confidentiality violations and no confirmed cases of leakage, loss, or unauthorized use of personal data were recorded.



⁸ https://www.ab.kg/uploads/documents/files/1743407742_62370300.pdf



SOCIAL IMPACT

Employees of the Bank	68
Diversity and equal opportunity	73
Training and development of personnel	77
Occupational health and safety	79

4. SOCIAL IMPACT

EMPLOYEES OF THE BANK

GRI 3-3

OJSC “Aiyl Bank” recognizes that success in achieving its long-term strategic goals directly depends on its employees. Therefore, the Bank consistently builds a sustainable and supportive working environment where every employee feels engaged, supported, and provided with opportunities for growth.

The Bank ensures equal working conditions and professional growth opportunities, develops its training and professional development system, and implements a fair remuneration system that strengthens motivation and employee loyalty. An important part of the Bank’s corporate culture is fostering team spirit and strengthening internal connections among employees.

In the reporting year, the Bank carried out several initiatives aimed at supporting and developing its staff:

- A teambuilding event at Lake Issyk-Kul with the participation of 650 employees

from all units. According to the survey results, 95% of participants noted that the event helped them get to know their colleagues better, unite the team, and create a friendly atmosphere.

- Free vision screening for Head Office employees. The campaign was organized jointly with the Kudret Koz Medical Center, and 430 employees took part.
- Distribution of branded New Year gifts for the children of all Bank employees.

The following were defined as the most prioritized areas of the Bank’s human resources (hereinafter, HR) management system:

- ensuring consistency and transparency in the implementation of HR policy and decision-making;
- maintaining an adequate remuneration system that motivates employees to achieve results;
- providing equal working conditions;
- further strengthening corporate culture and team spirit.





The main internal Bank's regulatory documents governing employee management and relations include:

- HR Policy;
- Personnel Regulations;
- Appointments and Remuneration Committee Regulations;
- Labor Remuneration Regulations;
- Leave Regulations;
- Employee Training Regulations;
- Certification Regulations;
- Payroll Accounting Procedure;

- Employee Dress Code Regulations;
- Rewards Regulations.

The HR Policy is the key internal regulatory document that defines the management system, principles, key directions, and approaches to the development of the Bank's human potential. The Policy is approved by the Board of Directors and reviewed, when necessary, in accordance with amendments to the labor legislation of the Kyrgyz Republic, the Bank's Charter, and its Strategy, but not less than once a year.

THE MAIN PRINCIPLES OF THE BANK'S HR POLICY ARE AS FOLLOWS:

01

Human resources

Economic feasibility of investments related to attracting, training, and creating conditions for the full realization of employees' abilities and potential.

02

Objectivity

Rejection of preferences or privileges based on personal sympathies or other subjective reasons when hiring, rotating staff, and providing equal opportunities for every employee to demonstrate initiative and professional potential.

03

Corporateness

Alignment of the interests of all staff categories to realize the Bank's potential, ensure stability and sustainability, and consequently increase profitability.

04

Fair remuneration

Payment of wages based on employees' qualifications identified during selection and evaluation, and in line with labor market conditions.

05

Discipline

Strict compliance with the labor legislation of the Kyrgyz Republic and the Bank's internal regulatory documents in labor relations.

06

Inclusive employment

The process of integrating persons with disabilities into full social participation, including expanding employment opportunities and developing practical solutions to ensure their equal participation.

The following bodies are responsible for implementing the HR Policy within their respective areas of authority:

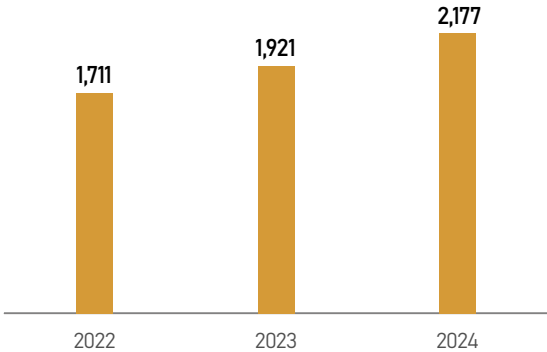
- Bank’s Management Board;
- Human Resources Management Committee;
- Human Resources Department (hereinafter, HR Department);
- Heads of structural units.

Staff profile

GRI 2-7, 2-8, 401-1, 401-2, 401-3, 405-1

As of the end of 2024, the total number of employees was 2,177, which is 13.3% higher than in 2023 (1,921 employees). Over the past three years, the number of employees has shown steady growth due to the expansion of the regional network.

Actual staff number, people



The Head Office employed 607 people, while regional branches accounted for 1,570 employees.

The total number of employees with open-ended (permanent) labor contracts was 2,059, of which 54.3% were women and 45.7% were men.

Number of employees by gender, persons

	Men	Women
By type of labor contract		
Employees with permanent labor contracts	941	1,118
Employees with fix-term labor contracts	99	19
By type of employment:		
Full-time employees	1,040	1,137
Part-time employees	–	–
Employees with non-guaranteed working hours	–	–

Recruitment

GRI 401-1

Aiyl Bank takes a responsible approach to staff recruitment, viewing it as a key element in building a sustainable corporate culture and a professional team. The recruitment process is based on the principles of objectivity, transparency, and equal opportunities,

Employees with fixed-term labor contracts totaled 118 people, 83.9% of whom were men. This gender imbalance was explained by the specifics of temporary positions, which were predominantly held by men.

As of the end of the reporting period, the number of non-staff employees was 118.

ensuring that candidates meet the Bank’s business and ethical standards.

The Bank is guided by the Labor Code of the Kyrgyz Republic, as well as its internal documents: the Bank’s HR Policy and the Bank’s Personnel Regulations, which define the procedures for conducting competitions, interviews, employment formalization, and the employee adaptation period.

More than half of them (58.5%) were drivers, 27.1% worked in the Bank’s representative office in Russia, and the remaining part included technical staff (6.8%) and interns (7.6%).

According to internal requirements, candidate selection takes into account:

- professional training and qualifications;
- education level and work experience;
- references from previous employers;
- alignment with the proposed salary level.

For young professionals, the key criteria are education level and development potential, while for experienced candidates the focus

is on the depth of professional knowledge and experience in the banking sector.

The Bank strictly adheres to the principle of non-discrimination in hiring and termination. No candidate's rights may be restricted based on gender, nationality, language, social status, place of residence, political or religious beliefs, disability, or any other characteristics not related to professional qualities.

Responsibility for organizing the recruitment process lies with the HR Department, which decides whether candidates proceed to the next stage of selection or are declined if they do not meet established requirements. Interviews are conducted by heads of structural units, the Head of HRD, and, if necessary, the supervising member of the Management Board. Interviews are held individually and are aimed at a comprehensive assessment

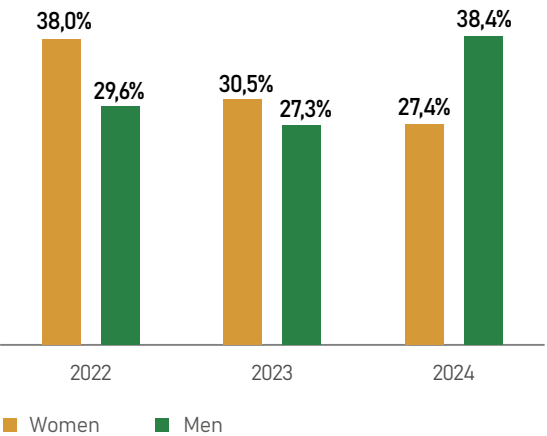
of professional and personal competencies. In addition to competitive selection, employment may also occur through transfers from other organizations by mutual written agreement between employers.

In terms of age composition, employees over 50 accounted for 3%, the 30–50 age group for 40%, while the majority of new hires (57%) were under 30 years old. The employment growth rate among men was 38.4%, while among women it was 27.4%.

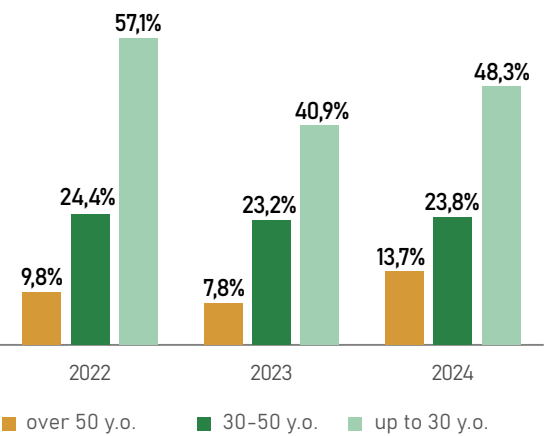
The employment growth rate for the over-50 age group was 13.7%, reflecting positive dynamics compared to the previous year. In the 30–50 age group, the rate reached 23.8%, showing relative stability over the past three years. The highest employment growth was observed among employees under 30, reaching 48.3%.



Employment growth rate by gender, %



Employment growth rate by age, %



Staff turnover

GRI 401-1

The total number of employees who left the Bank in 2024 was 373, of which 47% were men and 53% were women. Among those who left, employees over 50 years old accounted for 6%, while the 30–50 and under-30 age groups accounted for 48% and 46% respectively.

By gender, the turnover rate among men and women remained at the same level, 19%.

During the reporting year, the turnover rate in the over-50 age group was 16.8%, while in the 30–50 age group it reached 16.9%. The highest rate remained among employees under 30 at 23%, but this figure shows a positive trend, decreasing from 29% recorded in 2022 and 2023.

Social support

GRI 401-2, 401-3

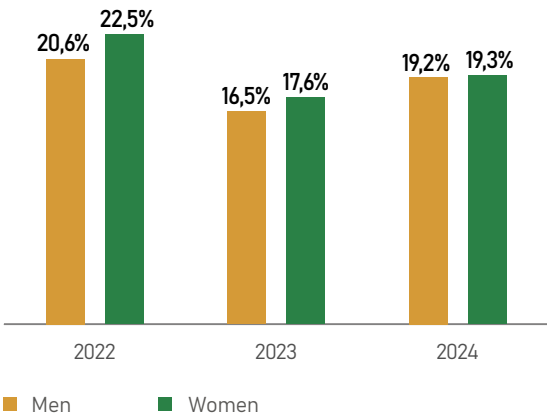
Aiyl Bank places special emphasis on supporting its employees by providing various forms of social assistance. Categories of financial support include assistance upon the birth of a child and in the event of the death of a close family member.

In 2024, 146 employees received financial assistance from the Bank, which is 34%

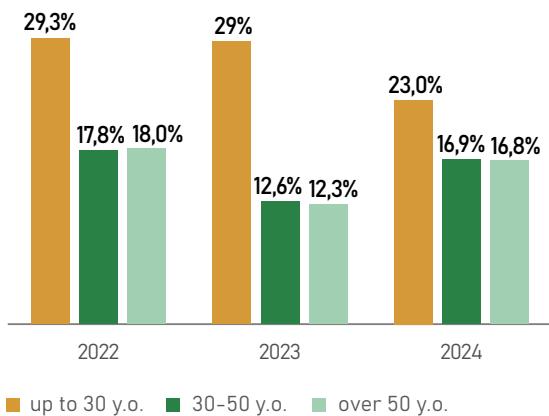
higher than in 2023. The total amount of financial assistance reached KGS 1,003,200, including KGS 694,200 in connection with the death of a close family member and KGS 309,000 upon the birth of a child.

In accordance with the Labor Code of the Kyrgyz Republic, all full-time employees have the right to take parental leave. In 2024, 113 employees took maternity leave, and 1 employee took paternity leave.

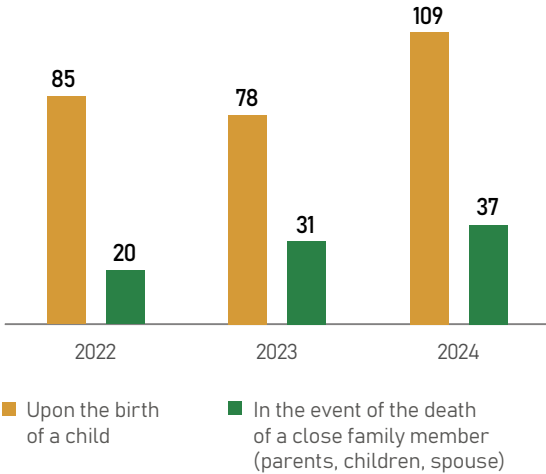
Staff turnover by gender, %



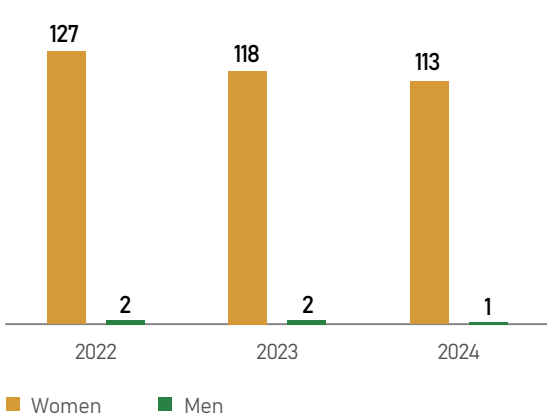
Staff turnover by age, %



Number of employees who received financial assistance, persons



The number of employees who took maternity or paternity leave, by gender, persons



DIVERSITY AND EQUAL OPPORTUNITY

GRI 3-3, 405-1

OJSC “Aiyl Bank” places particular emphasis on diversity and inclusion, ensuring equal opportunities for professional and career development for all employees, regardless of gender, age, or other personal characteristics. The Bank strives to create a work environment based on respect, equality, and zero tolerance for discrimination.

To implement these principles and strengthen an inclusive corporate culture, the Bank follows the following internal documents:

- Gender Equality, Diversity and Inclusion Policy⁹;
- Bank’s HR Policy.

According to these policies, the Bank’s key priorities in the field of gender equality, diversity, and inclusion are:

- ensuring an inclusive environment and fostering an inclusive and diverse culture;
- providing equal opportunities for development regardless of gender;
- creating a comfortable and safe work environment.

The Bank has established a management system for gender equality, diversity, and inclusion that covers all levels of corporate governance. Each governing body and unit performs clearly defined functions to ensure consistent policy implementation.

The Board of Directors defines the Bank’s development strategy, including equal opportunity issues, approves key policy directions, and oversees the implementation of these principles across the organization.

The Management Board ensures operational management and execution of the strategy approved by the Board

of Directors, monitors the implementation of key initiatives, allocates resources, and creates conditions for program implementation.

The Human Resources Management Committee is responsible for personnel-related matters, including aspects of gender equality, diversity, and inclusion.

In turn, the HR Department develops and implements internal programs, organizes employee and management training on gender equality and diversity,

and promotes an inclusive corporate culture through dedicated projects and initiatives.

Other structural units operate within their areas of responsibility, ensuring the application of equality principles in daily work.



⁹ The Gender Equality, Diversity and Inclusion Policy of OJSC “Aiyl Bank” came into force on January 22, 2025.

Staff composition by gender and age

GRI 405-1

As of the end of 2024, women accounted for 52% of the Bank’s workforce and men for 48%. Compared to the previous year, the number of women increased by 12.4% and the number of men by 14.4%.

In terms of age composition, the largest share of employees falls within the 30–50 age group, accounting for 61%, which is 7.3% higher than the previous year. Employees under 30 represent 32%, showing a significant increase of 38.9% compared to the previous period. The share of employees over 50 years old stands at 7%.

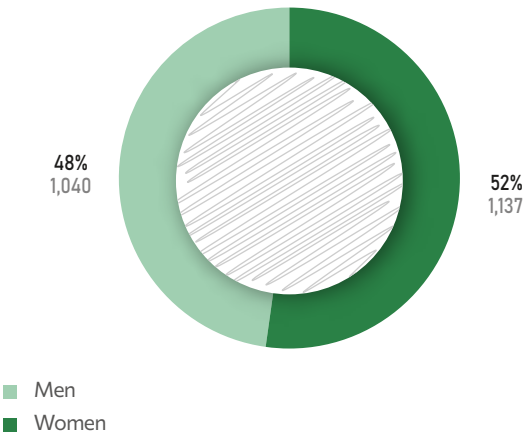
Composition of the top management

Men make up 80% of the Board of Directors and women account for 20%. In the age composition of the Board, the 30–50 age group

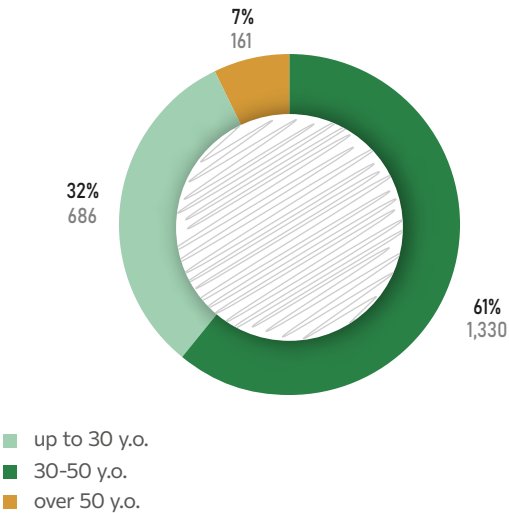
prevails with 60%, while members over 50 years old account for 40%.

The Management Board consists of 71% men and 29% women. All members of the Management Board are between the ages of 30 and 50.

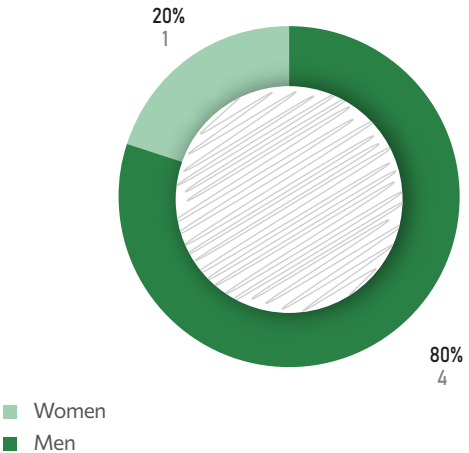
Headcount by gender, persons, %



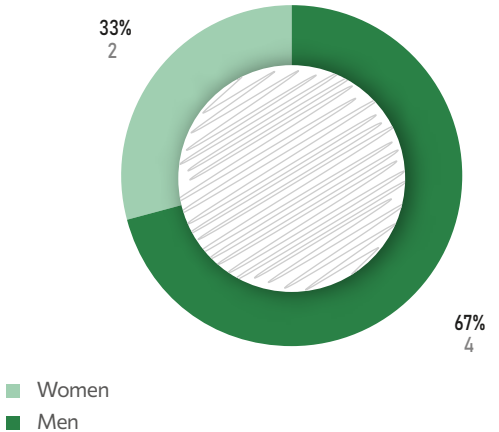
Headcount by age, persons, %



The composition of the Board of Directors by gender, persons, %



The composition of the Management Board by gender, persons, %



Composition of staff by job category

The share of women in senior positions¹⁰ is 35%, while in line positions it is 54 percent. The share of men in senior positions is 65%, and in line positions it is 46%.

In the age composition of managerial positions, most employees are between 30 and 50 years old, representing 86% of the total. Those under 30 account for 12%, and employees over 50 account for 2%.

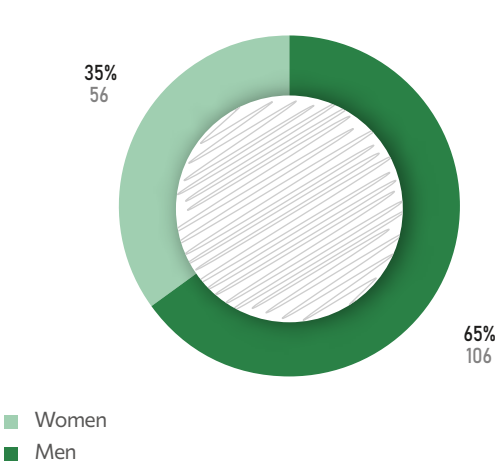
These proportions have remained consistent over the past three years.

A similar pattern is observed among line positions, where the 30 to 50 age group also prevails with 59%. Employees under 30 constitute 34%, while those over 50 account for 7%.

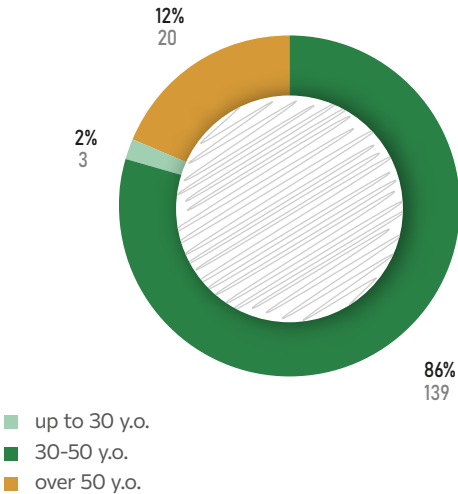
Employees with disabilities account for 0.3% (6 persons) of line positions and 0.6% (1 person) of senior positions.



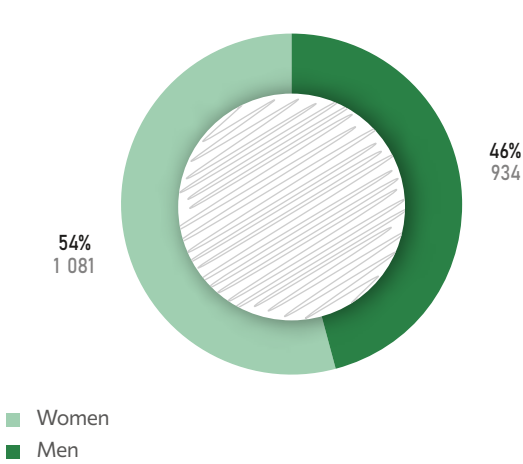
The composition of senior positions by gender, persons, %



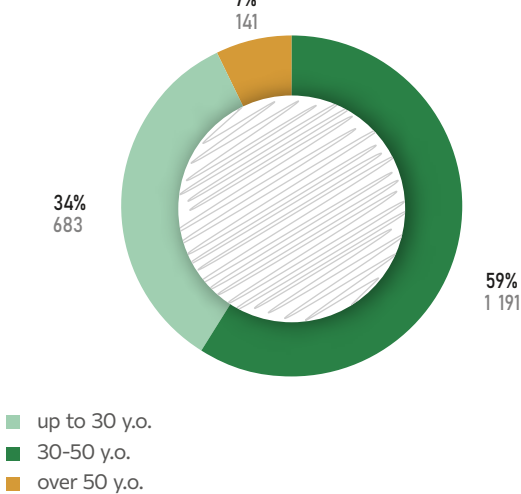
The composition of senior positions by age, persons, %



The composition of line positions by gender, persons, %



The composition of line positions by age, persons, %



¹⁰ Senior positions includes middle- and top-level managers.

Salary and remuneration

GRI 3-3, 405-2

The main internal regulatory document governing remuneration is the “Regulation on Remuneration.” The Regulation on Remuneration is developed in accordance with the Labor Code of the Kyrgyz Republic, other relevant national regulations, and the Bank’s HR Policy. This document is approved by the resolution of the Management Board.

The Regulation on Remuneration defines the overall remuneration system of Aiyi Bank, including the types, conditions, and procedures for employee payments, as well as the rules for awarding performance-based bonuses for financial results over a given period.

According to this document, the remuneration system applies to all employees who have signed an employment contract. Compensation in high-mountain and remote or hard-to-reach areas includes percentage allowances to base salaries and regional coefficients. The size and payment procedure of these coefficients are determined by the regulatory legal acts of the Kyrgyz Republic.

Employee remuneration consists of two main types: guaranteed and non-guaranteed payments.

Guaranteed payments include:

- base salary;
- paid leave;
- payments for temporary disability, maternity, and childbirth;
- percentage allowances for work experience in high-mountain, remote, and hard-to-reach areas;
- regional coefficient to salaries for work in high-mountain, remote, and hard-to-reach areas;
- additional payments provided by the labor legislation of the Kyrgyz Republic.

Non-guaranteed payments include:

- monthly KPI-based bonuses;
- monthly overperformance bonuses;
- one-time allowances;
- individual one-off bonuses;
- Bank’s performance-based bonuses for the reporting period;
- financial assistance.

Average base salary and remuneration ratio by gender

Among senior management, the ratio of the average base salary of women to men in 2024 was 1.33, and the remuneration ratio was 0.83.

Among managerial positions, the ratio of base salary was 0.89, and remuneration was 0.88. At the same time, for line employees, the base salary ratio was 0.71, matching the level of the previous year. The remuneration ratio for the reporting period was 0.78.

Average base salary and remuneration ratio by employee category

Employee Category	2022	2023	2024
Average base salary ratio			
Top management	1.23	1.47	1.33
Senior positions	0.57	0.88	0.89
Line positions	0.78	0.71	0.71
Average remuneration ratio			
Top management	0.94	0.69	0.83
Senior positions	0.67	0.89	0.88
Line positions	0.76	0.74	0.78

TRAINING AND DEVELOPMENT OF PERSONNEL

GRI 3-3, 404-1, 404-2

OJSC “Aiyl Bank” consistently invests in the development of its employees’ professional competencies, viewing training as a key tool for strengthening corporate culture and enhancing the team’s expertise. Training and professional development programs are implemented systematically and are based on the Bank’s internal regulatory documents that ensure a strategic and methodological approach to staff development:

- Employee Training Regulation;
- Employee Appraisal Regulation.

The Employee Appraisal Regulation is an important HR management tool aimed at assessing employees’ compliance with their job positions. The appraisal process contributes to improving recruitment and staff placement, increasing motivation for effective performance, and identifying employees’ potential for further professional development and career growth.

Internal and external training programs are organized through the Bank’s Training Center and in partnership with specialized educational institutions. Training needs are identified in accordance with the legal requirements of the Kyrgyz Republic and the strategic objectives of Aiyl Bank. The Head of the Training Center develops an annual training plan based on written proposals from heads of structural units and branch directors, in coordination with the relevant members of the Management Board.

According to the Employee Training Regulation, the main forms of training at the Bank include:

- seminars and workshops;
- academic/technical courses;
- experience exchange;
- temporary assignments (related to mastering new functions);
- internships;
- special programs (conducted by local/international training centers);
- conferences and forums;
- distance learning (online);
- mentoring.

In 2024, the total number of training hours reached 33,684, a 47% increase compared to 2023 (22,928 hours). On average, each employee received 15.5 hours of training, up from 11.9 hours the previous year.

On average, each male employee received 19.3 hours of training, which is 47% higher than in the previous year. The average training hours per female employee amounted to 12 hours, which is 10% higher than in 2023. This gap is explained by the specifics of job functions, particularly the higher participation of men in IT-related roles requiring additional technical preparation.

The average number of training hours for senior management in 2024 was 14 hours, which is 34% lower than in 2023. Employees in managerial positions received 24 hours of training on average, which is 21% higher than the previous year. This increase reflects the targeted focus on developing managerial competencies and enhancing the qualifications of unit heads. Line employees received 19 hours of training on average, which is 8% higher than in the previous year.

The total number of training hours among

20,058
among men

13,626
among women





Training hours by job category

Categories	Year	Total number of training hours	Average number of hours per employee
Line Positions	2024	4,560	19
	2023	4,936	17
	2022	6,737	21
Senior positions	2024	7,268	24
	2023	2,772	20
	2022	2,985	20
Top Management	2024	56	14
	2023	64	21
	2022	40	10

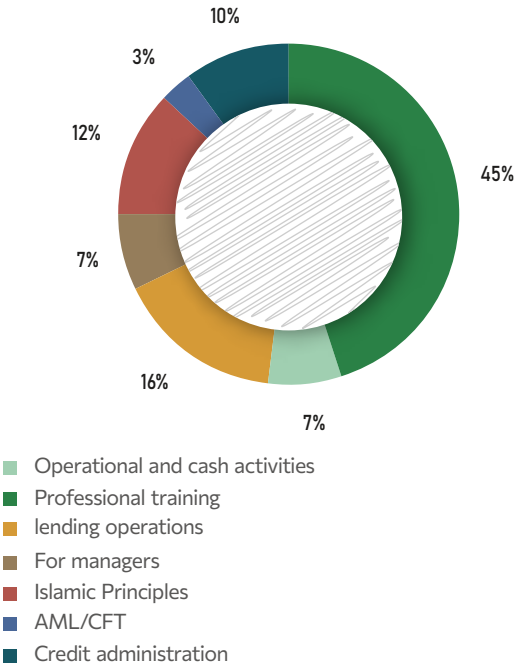
In 2024, significant organizational changes took place in the Aiyi Bank's corporate training system. The training sector for lending was divided into two areas. The Islamic Window Department was established and began providing employee training on Islamic principles, while traditional lending programs were retained.

This restructuring led to a substantial increase in the number of training sessions on Islamic products: nine times higher than in the previous year. In addition, there was a significant rise in professional training: fivefold. This category includes specialized areas such as risk management, compliance, procurement, and IT.

The growth was driven both by an increase in the number of employees and by targeted efforts to enhance the qualifications of unit heads.

Special attention was paid to the development of soft skills. In 2024, the Bank conducted more than 30 training sessions on communication, leadership, teamwork and customer orientation, attended by 1,578 employees. In addition, the development of online courses available for self-study was launched.

Key areas of employee training programs in 2024, %



OCCUPATIONAL
HEALTH AND SAFETY

GRI 3-3, 403-1, 403-2, 403-5, 403-6, 403-8, 403-9

OJSC “Aiyl Bank” takes a responsible approach to occupational health and employee safety. All employees of the Head Office and the branch network are covered by the occupational health and safety management system, established in strict accordance with the Law of the Kyrgyz Republic “On Occupational Safety”, the Labor Code of the Kyrgyz Republic, as well as internal documents such as the “Regulation on Personnel and Facility Safety” and the “Fire Safety Instruction”.

The Bank’s Management Board approves the “Regulation on Personnel and Facility Safety” as well as the “Occupational Health and Fire Safety Instructions”. All amendments and additions to these documents are approved by resolutions of the Management Board, ensuring that the system remains up to date and compliant with legal requirements.

The Bank has implemented a security system that covers various areas of banking security. Its participants include the Bank’s Security Service, the Risk Management Department and the Human Resources Department. Since the Bank does not have a separate occupational safety department, its functions are distributed among these structural units.



KEY INTERNAL REGULATORY DOCUMENTS IN THE FIELD
OF OCCUPATIONAL HEALTH AND SAFETY:

Regulation
on Personnel
and Facility Safety

Fire Safety
Instruction

Workplace Safety
Instruction

Heads of branches and units are responsible for the practical implementation of safety measures on site, including conducting briefings and monitoring working conditions. Each employee, in turn, must be familiar with and strictly follow the established instructions and promptly report any identified violations.

The main areas of the security system are the protection of business processes, information and analytical work, information protection, technical safety, physical security and fire safety.

The security system performs tasks in the following areas:

- Security threat management: forecasting, identifying and eliminating threats to personnel, resources and operations;

- Information and resource protection: classifying confidential information and resources according to vulnerability levels;
- Mitigation of consequences of security breaches: implementing measures to neutralize threats, minimize damage and achieve strategic goals.

To develop and implement effective occupational safety and protection measures, the Bank in addition to maintaining its own internal system engages qualified consultants and specialized organizations holding relevant state licenses and practical experience in this area.

Occupational health and safety risk management

GRI 3-3, 403-2, 403-6

Aiyl Bank regularly monitors occupational health and safety (OHS) performance through internal control and risk analysis mechanisms.

Potential OHS Risks:

- violations of occupational safety and employee health protection requirements;
- damage to the Bank’s physical assets (e.g., due to natural disasters or fires);
- external environmental impacts (natural or political events);
- power outages;
- failures on the part of service providers.

The Risk Management Department collects data on risk events each month, including incidents related to OHS compliance. The operational risk incident database is maintained in the cloud storage. Monthly reports include the classification of risk events, their descriptions with dates, causes, and corrective actions taken.

The compiled data are submitted to the Risk Management Committee, the Board of Directors, and the Management Board, as well as to the National Bank of the Kyrgyz Republic, ensuring transparency and continuous system improvement.

A comprehensive set of measures aimed at prevention of threats and mitigation of workplace hazards is integrated into the Bank’s practices. Twice a year, the Bank inspects fire safety systems, alarms, and notification systems. All office buildings are equipped with primary fire extinguishing means, while server rooms, vaults, and depositories are fitted with gas and aerosol fire suppression systems. The Bank continuously upgrades its units with modern equipment, video surveillance, and other necessary tools for effective operations.

Aiyl Bank places strong emphasis on employee health protection, regularly implementing preventive healthcare programs focused on early disease detection. These include medical examinations, vision screenings, chest X-rays, and consultations with specialists. In 2024, for instance, a vision screening campaign was conducted at the Head Office with 430 participants.

Employee training and awareness in occupational health and safety

GRI 403-5

To enhance employees’ awareness and competence in occupational safety, the Bank conducts induction briefings for new hires, publishes relevant regulatory documents on its internal portal, and organizes specialized fire safety training in cooperation with the Ministry of Emergency Situations.

All Bank premises are equipped with automatic fire alarm systems and display evacuation plans and shelter zones. In case of emergency, employees must act according to internal instructions: immediately inform their supervisor and the Security Department, call the fire service (101), and follow safe evacuation procedures.

Occupational health and safety management system

GRI 403-8, 403-9

Aiyl Bank ensures full employee coverage under its occupational health and safety management system. No workplace injuries were recorded in 2024. All workplaces were inspected for compliance with sanitary and ergonomic standards, including microclimate, noise levels, lighting, and office equipment safety.

Maintaining a zero-incident record over the past three years confirms the effectiveness of the Bank’s occupational health and safety management system.



5 ENVIRONMENTAL CARE

Environmental impact management	82
Energy efficiency	83
Water resources	84
Waste	84
Climate change	85

6. ENVIRONMENTAL CARE

ENVIRONMENTAL IMPACT MANAGEMENT

GRI 3-3

OJSC “Aiyl Bank” recognizes its responsibility for the impact on the environment and manages both its own (direct) operational aspects and indirect impacts arising from financed projects and lending activities. This approach enables the Bank to minimize environmental risks, contribute to the sustainable development of the regions where it operates, and support the transition to a low-carbon economy.

Issues related to the efficient use of resources and environmental impact assessment are regulated by the Bank’s internal documents:

- Environmental and Social Risk Management Policy;
- Regulation on Environmental and Social Impact Assessment.

These documents establish a unified procedure for classifying projects according to the level of potential environmental

and social risks, as well as the requirements for conducting impact assessments. Based on these criteria, the Bank conducts environmental and social due diligence, monitoring, and structuring of transactions in accordance with the principles of sustainable development and the minimization of negative environmental impacts.

The Bank applies the principle of responsible financing and does not support projects that have a significant negative impact on the environment. Priority in lending is given to projects implemented in the field of environmental protection, including modernization, innovation, environmentally friendly production and resource management, environmental protection technologies, reduction of harmful emissions, and the use of renewable energy sources.

In addition to managing impacts through its financial activities, the Bank also reduces its own environmental footprint by focusing on energy efficiency, waste reduction, and the rational use of water resources.



ENERGY EFFICIENCY

GRI 3-3, 302-1, 302-2, 302-3

In 2024, the total energy consumption at the Head Office of OJSC “Aiyl Bank” amounted to 5,081.6 GJ. In the structure of energy consumption, the main share was accounted for by electricity (50.1%), gasoline (22.6%), and thermal energy (15.3%).

Diesel fuel consumption in 2024 decreased by 24.6% compared to 2023 (589.5 GJ).

The dynamics of gasoline consumption show a slight decrease of 5.3% compared to the previous year (1,212.4 GJ). The reduction in liquid fuel consumption indicators is associated with the introduction of electric vehicles into the Bank’s fleet.

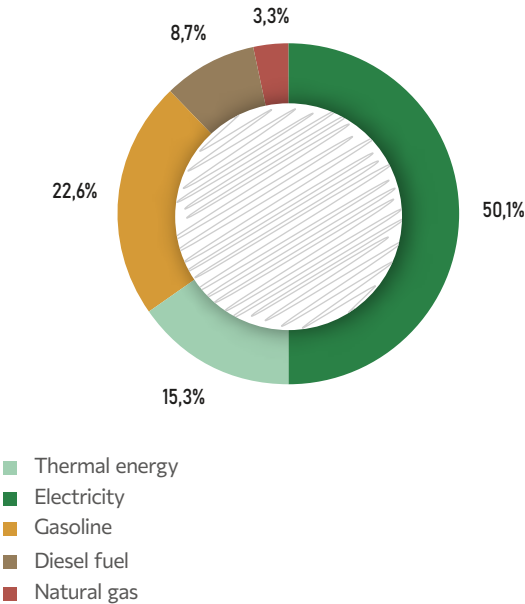
During the reporting period, 63% (3,216.2 GJ) of total fuel and energy resource (FER) consumption was accounted for by the electricity and thermal energy used by the Bank’s leased facilities.

Fuel and Energy Resource Consumption in 2024, GJ^{11,12}

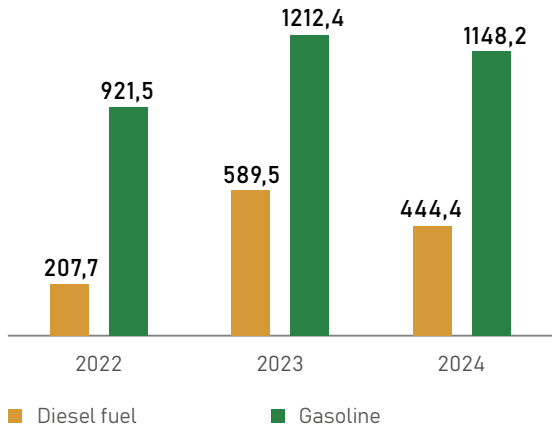
Type of Energy Resource	2024
Liquid fuel, including:	1,592.6
<i>Gasoline</i>	1,148.2
<i>Diesel fuel</i>	444.4
Liquefied petroleum gas	168.6
Electricity	2,544.5
Thermal energy	775.9
Total	5,081.6

¹¹ The following density values were used to convert fuel from volumetric to mass units: 847.31 kg/m³ for diesel fuel, 742.39 kg/m³ for gasoline, and 520 kg/m³ for liquefied petroleum gas (LPG).
¹² The conversion of fuel and energy resource (FER) consumption into gigajoules (GJ) was carried out:
· for fuels: using the lower heating values (LHV) in accordance with the 2006 IPCC Guidelines (Volume 2, Chapter 1);
· for electricity and thermal energy, using the conversion factors of 1 kWh = 0.0036 GJ and 1 Gcal = 4.1868 GJ.

Structure of energy consumption in 2024, %



Liquid fuel consumption, GJ



5,081.6 GJ

total energy consumption in 2024

24.6 %

reduction in diesel fuel consumption in 2024

0.284

GJ per million KGS

the Bank's energy intensity per revenue¹³ in 2024

¹³ Includes interest income, commission income, and other revenues (see GRI 201-1)

WATER RESOURCES

GRI 3-3, GRI 303-3

OJSC “Aiyl Bank” takes a rational approach to the use of water resources, recognizing their scarcity and importance for sustainable development. Water is supplied exclusively through a centralized water supply system, and the Bank does not conduct direct water withdrawal from surface or underground natural sources.

The main water consumption is associated with the operation of office premises,

including the use of hot and cold water for employees’ domestic and sanitary needs. To ensure transparent monitoring of resource consumption, water meters are installed in all offices, allowing regular tracking of consumption volumes.

In 2024, the total volume of water consumption amounted to 3.24 thousand m³, which is 20.4% higher than in 2023 (2.69 thousand m³). The increase in water consumption volumes is explained by the growth in the number of the Bank’s employees.

Water withdrawal volume, thousand m³

Type	2022	2023	2024
Total volume of water withdrawal	3.10	2.69	3.24
Cold water	2.75	2.28	2.80
Hot water	0.35	0.41	0.44



WASTE

GRI 3-3, 306-3, 306-4, 306-5

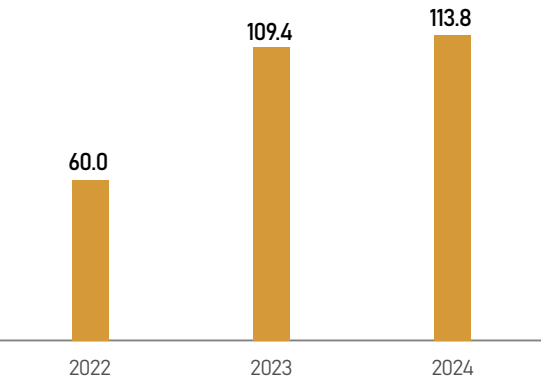
OJSC “Aiyl Bank” implements a set of measures aimed at reducing waste volumes, promoting a culture of waste separation, and improving the efficiency of resource use. One of the key areas is the reduction of paper waste through the introduction of an electronic document management system, which has significantly decreased paper consumption in the Bank’s daily operations.

As part of its ESG strategy, in 2024, the Bank organized training sessions on waste segregation for employees of the Head Office and the Bishkek branches in cooperation with the Tazar Public Foundation. As a result, special containers for waste sorting were installed, and paper waste is currently being collected separately. In the future, the waste separation system will be expanded to include the recycling of plastic, glass, and aluminum.

The collection and accounting of solid municipal waste (SMW) volumes are carried out jointly with the municipal service Tazalyk based on calculation methods applied by this organization. Information on the amount of paper waste sent for recycling is provided by Office Service Company, which is a permanent partner of the Bank.

The Bank’s operations generate non-hazardous waste (mainly SMW) and hazardous waste, including vehicle tires and electronic equipment. Although a systematic accounting of hazardous waste has not yet been implemented, a contract has been signed with the Kant Tire Recycling Plant to ensure safe disposal.

Volume of solid municipal waste generation, tons



¹⁴ To convert the volume (m³) of generated solid municipal waste (SMW) into mass (tons), a density factor for mixed household waste of 0.2 tons per cubic meter (t/m³) was applied

In 2024, the total volume of SMW amounted to 113.8 tons, which is 4% higher than in the previous year and 90% higher than in 2022, due to the increase in the number of employees. The main share of non-hazardous waste consisted of SMW, accounting for 99.6%.

During the reporting year, the Bank sent 0.39 tons of paper waste for recycling. The collection process is as follows: once the containers are filled, representatives of Office Service Company weigh and remove the paper. For each kilogram of paper waste, the Bank receives KGS 15, which is used to purchase office supplies, including sanitary and hygiene products.

Non-hazardous waste, tons

Type of Waste	2022	2023	2024
SMW	60.0	109.4	113.8
Paper waste	0.42	0.35	0.39
Total	60.4	109.7	114.2



CLIMATE CHANGE

Greenhouse gas emissions

GRI 3-3, 305-1, 305-2, 305-3, 305-4

OJSC “Aiyl Bank” has developed a systematic approach to managing greenhouse gas (GHG) emissions, viewing them as one of the key areas of environmental responsibility. The Bank manages its carbon footprint across both its own operations and its financial activities, through which it exerts indirect influence on the climate.

To calculate and assess emissions, the Bank applies internationally recognized standards:

- Greenhouse Gas Protocol (GHG Protocol);
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories;
- GHG Corporate Value Chain (scope 3) Accounting and Reporting Corporate Standard;
- Partnership for Carbon Accounting Financials (PCAF) Standard.

The organizational boundaries of the GHG assessment cover the activities of the Head Office and all the Aiyl Bank branches located in the Kyrgyz Republic.

The operational boundaries include the following emissions:

- Scope 1 (direct emissions): emissions from the use of vehicles owned by the Bank.
- Scope 2 (indirect emissions): emissions related to the consumption of electricity and heat by Bank facilities.
- Scope 3 (other indirect emissions): emissions occurring outside the Bank’s direct control, including:
 - Category 1: purchased goods and services (office paper);
 - Category 5: waste generated in operations;
 - Category 6: business travel;
 - Category 7: employee commuting;
 - Category 8: leased assets (upstream);
 - Category 15: financed emissions.

Emissions for scopes 1 and 2 are calculated for the Head Office, while certain categories of scope 3 include branches, covering both the operational and financial impacts of the Bank.

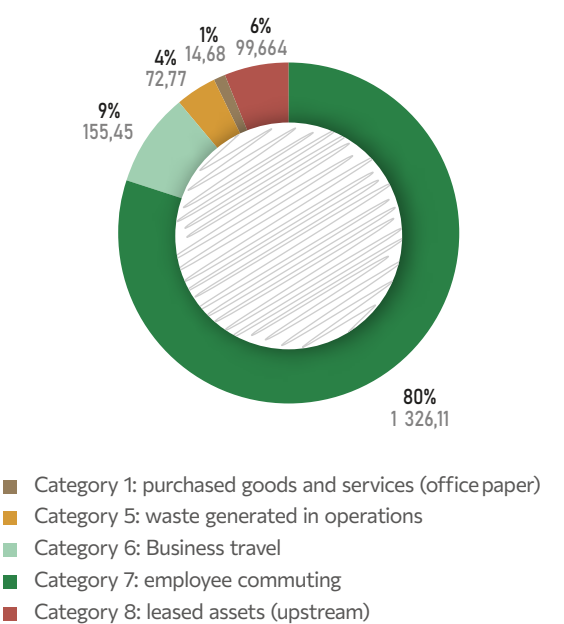
The Bank's greenhouse gas emissions are expressed in tons of carbon dioxide equivalent (tCO₂e) and include the following greenhouse gases: carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O)¹⁵. To convert GHG emissions

to tons of CO₂ equivalent, the Bank used global warming potential (GWP) values from the IPCC Fifth Assessment Report¹⁶.

In 2024, scope 1 emissions amounted to 125.99 tCO₂e. The source of these emissions is the Bank's vehicle fleet. The majority (64.8%) came from gasoline-powered vehicles (81.61 tCO₂e), followed by diesel-powered vehicles (33.44 tCO₂e or 26.5%), and gas-powered vehicles (10.94 tCO₂e or 8.7%).

scope 2 emissions amounted to 2.27 tCO₂e, including 1.63 tCO₂e (72 %) from electricity consumption and 0.64 tCO₂e (28 %) from heat consumption.

Scope 3 (upstream) emissions by category in 2024, tCO₂e, %



Greenhouse gas emissions of scopes 1, 2, and 3 (upstream) for 2024, by gas type, tons

Indicator	CO ₂	CH ₄	N ₂ O	CO ₂ e
Scope 1 emissions	123.14	0.05	0.01	125.99
Emissions from vehicles owned by the Bank	123.14	0.05	0.01	125.99
Scope 2 emissions	0.64	0.000008	0.000008	2.27
Electricity consumption	–	–	–	1.63
Heat consumption	0.64	0.000008	0.000008	0.64
Scope 3 emissions (upstream)	1,472.86	0.04	0.03	1,668.67
Category 1: purchased goods and services ¹⁷	–	–	–	14.68
Category 5: waste generated in operations	–	–	–	72.77
Category 6: business travel	154.39	0.003	0.004	155.45
Category 7: employee commuting	1,318.47	0.04	0.03	1,326.11
Category 8: leased assets (upstream segment)	–	–	–	99.66
Total GHG emissions (scope 1+ scope 2 + scope 3 upstream)	1,473.50	0.04	0.03	1,796.93

0.01

tCO₂e per million KGS

intensity of scope 1 and scope 2 emissions per revenue

0.09

tCO₂e per million KGS

intensity of scope 3 (upstream) emissions per revenue

¹⁵ With the exception of emissions from investments in government bonds (sovereign debt), which include CO₂, CH₄, N₂O, HFCs, and PFCs.
¹⁶ The global warming potential (GWP) values applied were CH₄ = 28 and N₂O = 265.
¹⁷ The calculation includes emissions from the production of purchased office paper and plastic used for bank cards.

Operational scope 3 (upstream)¹⁸ emissions amounted to 1,668.67 tCO₂e, of which 80%, or 1,326.11 tCO₂e, were employee commuting emissions (Category 7). Business travel (Category 6) accounted for 9%, or 155.45 tCO₂e, while emissions from leased assets (Category 8) made up 6%, or 99.66 tCO₂e. Waste generated in operations (Category 5) accounted for 4%, or 72.77 tCO₂e, and purchased goods and services (Category 1) for 1%, or 14.68 tCO₂e.



¹⁸ Emissions in the upstream segment include emission categories related to the acquisition of resources necessary to support the Bank's operational activities.

Financed emissions

Greenhouse gas emissions resulting from Aiyi Bank's lending and investment activities (financed emissions) represent the largest share of the Bank's total carbon footprint. Quantitative assessment of financed emissions (scope 3, category 15) was carried out in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard and included the following asset classes:

- Real estate lending (including mortgage and commercial real estate);
- Auto lending;
- Business loans;
- Sovereign debt (government bonds).

Greenhouse gas emissions from lending included in the financed emissions assessment accounted for 41% of the Bank's total loan portfolio. The remaining 59% comprised loans for which the necessary data for calculation were unavailable, as well as other non-targeted consumer loans, for which an assessment methodology had not yet been developed at the time of this Report. The Bank's investment portfolio was fully included in the financed emissions assessment.

As of December 31, 2024, emissions from the Bank's loan portfolio amounted to 88,085.76 tCO₂e, of which 76,672.49 tCO₂e (87%) came from business loans, 5,721.31 tCO₂e (6.5%) from auto and special equipment loans, and 5,691.96 tCO₂e (6.5%) from real estate lending.

The carbon footprint of the Bank's investment portfolio represents greenhouse gas emissions arising from investments in government bonds (sovereign debt). The volume of GHG emissions from sovereign debt amounted to 87,183.05 tCO₂e excluding LULUCF and 73,691.79 tCO₂e including LULUCF¹⁹.

Financed emissions of the Bank as of December 31, 2024

Asset class	tCO ₂ e
Loan portfolio, including:	88,085.76
Real estate lending	5,691.96
Auto lending	5,721.31
Business loans	76,672.49
Investment portfolio, including:	
Sovereign debt (excluding LULUCF*)	87,183.05
Sovereign debt (including LULUCF*)	73,691.79

* LULUCF – land use, land-use change, and forestry

Intensity of the Bank's financed emissions

Asset class	kgCO ₂ e/thousand KGS	kgCO ₂ e / \$ ²⁰
Real estate lending	0.68	0.06
Auto lending	10.28	0.89
Business loans	7.79	0.68
Sovereign debt (excluding LULUCF*)	4.33	0.38

¹⁹ According to the PCAF Standard, sovereign emissions must be disclosed both with and without LULUCF to ensure transparency for stakeholders in decision-making.
²⁰ The intensity of GHG emissions in USD was calculated based on the official exchange rate of the National Bank of the Kyrgyz Republic as of December 31, 2024 (1 USD = 87 KGS).



Climate risks

GRI 3-3

Climate change increasingly affects natural systems, the economy, and the social stability of the Kyrgyz Republic. The most significant climate-related challenges for the country remain floods and flash floods, droughts, landslides, periods of abnormally high temperatures, water shortages, and ecosystem degradation. These processes are intensified by global warming and have a direct impact on food security, infrastructure, and financial stability.

Physical climate risks are particularly relevant for Aiyl Bank's clients and partners operating in the agricultural sector, livestock farming, logistics, and related industries:

- Floods and landslides damage production facilities, warehouses, roads, and irrigation channels, disrupting logistics and reducing the liquidity of collateral.
- Droughts and heatwaves reduce crop yields and increase the likelihood of nonpayment, raising clients' financial risks.
- Water shortages and pasture degradation increase production costs,

accelerate equipment wear, and reduce project profitability.

In addition to physical risks, Aiyl Bank also considers transition climate risks associated with changes in regulatory frameworks, tariff and tax policies, and the growing requirements for disclosure and decarbonization from investors and international partners.

According to the updated Nationally Determined Contribution (NDC 3.0) of the Kyrgyz Republic, the country has committed to reducing greenhouse gas emissions by 18% by 2030 using domestic resources and up to 30% with international support compared to 2017 levels. NDC 3.0 also includes strengthening adaptive capacity, developing water supply systems, improving agricultural resilience, managing disaster risks, and ensuring the sustainable use of land resources. These objectives define strategic priorities for the financial sector and create new opportunities for financing adaptation and low-carbon development projects, in which Aiyl Bank sees significant potential.

Aiyl Bank is developing a comprehensive system for managing climate-related issues, integrating them into corporate governance, strategic planning, and credit analysis processes. As part of the Bank's ESG roadmap, a number of measures have been defined to mitigate climate risks:

- introducing procedures for identifying and assessing climate risks;
- integrating climate factors into risk management and stress testing;
- establishing a mechanism for monitoring and assessing the impact of climate risks on the loan portfolio;
- raising awareness among employees and clients about climate risks and adaptation measures.

The Bank continues to strengthen its climate management system aiming to reduce the impact of climate risks, enhance client resilience, and support the transition to a low-carbon economy.

As part of the preparation of this Report, the Bank identified climate risks that may affect its operations, financial performance, and loan portfolio.



Climate Risks and Their Impact on the Bank’s Operations

Climate risk category	Risk subcategory (examples)	Key impacts on the Bank’s operations	Impact horizon	Impact level
Physical risks	Acute (floods, inundations, periods of abnormal heat)	<ul style="list-style-type: none">• Disruptions in the operations of the branch network in affected areas, including temporary suspension of customer service and ATM downtime.• Increase in overdue debt in the agricultural portfolio and among MSME clients due to damage to crops, property, and infrastructure.• Decrease in liquidity and market value of collateral (land, warehouses, machinery) in flood and erosion zones.• Additional expenses to ensure comfortable working conditions (cooling systems, backup power) and to protect personnel during extreme heat periods.	Short-term (up to 2 years)	Medium
	Chronic (droughts, land degradation, water shortages)	<ul style="list-style-type: none">• Increased costs and reduced profitability of financed agricultural projects due to water shortages, lower yields, and higher irrigation and energy expenses.• Higher probability of defaults on long-term loans due to declining borrower income.• Depreciation of agricultural land used as collateral and an increase in the share of illiquid assets.• Socioeconomic migration from rural areas, which may reduce demand for banking services and require optimization of the branch network.	Long-term (up to 5 years)	High

Climate risk category	Risk subcategory (examples)	Key impacts on the Bank’s operations	Impact horizon	Impact level
Transition risks	Regulatory (new requirements for decarbonization and reporting)	<ul style="list-style-type: none">• Increase in clients’ operating costs to comply with environmental standards and energy efficiency requirements.• Growth of the Bank’s administrative expenses related to compliance with national and international ESG disclosure, data verification, and reporting requirements (including IFRS S1 and S2).• Need for systematic staff training and enhanced competencies of risk managers in climate risk management.	Medium-term (2–5 years)	Medium
	Technological (implementation of green technologies, new reporting standards)	<ul style="list-style-type: none">• Increase in clients’ capital expenditures for modernization of production processes, transition to energy-efficient equipment, and use of renewable energy sources.• Need to update the Bank’s internal IT systems for collecting, analyzing, and disclosing ESG data.• Growing demand for specialized expertise to assess green projects and their climate impacts.	Medium-term (2–5 years)	Medium
	Reputational (investor and public expectations regarding ESG transparency)	<ul style="list-style-type: none">• Deterioration of public perception of the Bank in case of insufficient integration of the climate agenda and lack of public emission reduction targets.• Loss of trust from international financial institutions and investors if ESG disclosure and transparency requirements are not met.	Long-term (up to 5 years)	High
	Market (changing preferences of clients and investors)	<ul style="list-style-type: none">• Changes in the structure of demand for banking products: increased interest in loans for energy-efficient and water-saving technologies, and reduced demand for standard products without ESG components.• Increased volatility of energy prices, affecting the solvency of borrowers in energy-intensive sectors and increasing default risks.• Growing competition from financial institutions offering green and climate-resilient products.	Medium-term (2–5 years)	Medium

Climate risk scenario analysis

Aiyl Bank assessed the vulnerability of its real estate loan portfolio (including mortgage and commercial property loans) to physical climate risks. The analysis covered the impact of river floods and wildfires for the years 2030 and 2050 under two climate change scenarios developed by the Intergovernmental Panel on Climate Change (IPCC):

1. RCP 2.6 Scenario

This scenario reflects a global transition toward sustainable energy and a reduction in greenhouse gas emissions. The goal of achieving carbon neutrality is reached by 2100, limiting radiative forcing to about 2.6 W/m². Under these conditions, the increase in global average temperature by the end of the century remains below 2°C (ranging from 0.9°C to 2.4°C) relative to the pre-industrial level. This scenario is characterized by moderate physical risks, active implementation of adaptation measures, the development of renewable energy, and a long-term decline in the intensity of extreme weather events.

2. RCP 8.5 Scenario

This scenario describes a development pathway in the absence of significant emission reduction measures and with continued reliance of the global economy on fossil fuels. In these conditions, the atmospheric concentration of carbon dioxide exceeds 900 ppm by 2100, corresponding to radiative forcing of approximately 8.5 W/m². The expected rise in global temperature averages +4.3°C (ranging from 3.2°C to 5.4°C) compared to pre-industrial levels. The RCP 8.5 scenario is associated with high physical risks, including an increase in the frequency and intensity of floods, droughts, heatwaves, and wildfires.

The vulnerability assessment was conducted based on data on exposure to climate risks under the specified scenarios²¹ and the spatial distribution of the Bank’s collateral assets. The main indicator used was the share of the real estate portfolio exposed to a high level²² of climate risk. The analysis assumed a static portfolio structure, without accounting for potential growth or changes in geography through 2050.

²¹ Climate Analytics — Climate impact explorer
²² Loans exposed to high risk were defined as the upper 33% of the risk exposure range.

Results of the Scenario Analysis of Physical Climate Risks

Risk type	Scenario	Year	Loans Exposed to High Risk	
			Outstanding loan balance, thousand KGS	Portfolio share, %
Floods	RCP 2.6	2030	3,214,501.5	38.6%
Floods	RCP 8.5	2030	3,214,501.5	38.6%
Floods	RCP 2.6	2050	3,131,376.7	37.6%
Floods	RCP 8.5	2050	2,066,684.1	24.8%
Fires	RCP 2.6	2030	2,165,656.5	25.9%
Fires	RCP 8.5	2030	2,165,656.5	25.9%
Fires	RCP 2.6	2050	966,247.2	11.6%
Fires	RCP 8.5	2050	2,398,454.3	28.8%

Based on the results of the scenario analysis, it was established that the share of the Bank’s loan portfolio exposed to a high level of climate risk varies depending on the scenario and the time horizon. In the period up to 2030, differences between the scenarios are minimal: under both RCP 2.6 and RCP 8.5, the share of assets exposed to a high flood risk is about 38.6%. This indicates the persistence of vulnerability in certain regions where the Bank’s collateral assets are located (Issyk-Kul, Jalal-Abad, and Chüy regions).

By 2050, the dynamics differ significantly depending on the trajectory of global emissions. Under the RCP 2.6 scenario, which

reflects the successful implementation of measures to limit global warming, the share of assets exposed to a high flood risk decreases slightly to 37.6%, indicating stabilization of hydrological conditions and the effectiveness of adaptation measures. At the same time, under the RCP 8.5 scenario, characterized by the absence of global mitigation measures, the share of assets exposed to a high flood risk decreases to 24.8%, not due to climate improvement but because of risk redistribution. Some territories shift from the “high” to “medium” risk category amid the overall intensification of adverse climate events and the expansion of affected areas.

A similar trend is observed in the assessment of wildfire exposure. In 2030, under both scenarios, about 26% of the loan portfolio is exposed to a high level of risk. By 2050, under the RCP 2.6 scenario, the share of assets exposed to a high wildfire risk decreases to 11.6%. Conversely, under the RCP 8.5 scenario, the share of the portfolio exposed to a high level of risk increases to 28.8%, indicating a significant increase in the frequency and scale of wildfires under conditions of warming and landscape degradation.

Overall, the analysis results show that physical climate risks may have a material impact on the Bank’s loan portfolio in the long term, particularly under the unfavorable RCP 8.5 scenario. Despite a moderate reduction in the share of assets in the “high risk” category by 2050, the overall climate vulnerability of the portfolio increases due to the expansion of areas exposed to extreme weather events and the redistribution of risks between regions.

In the future, the Bank plans to continue developing quantitative approaches to climate risk assessment and to integrate climate factors into credit analysis, collateral management, and strategic planning processes.

Climate opportunities

Aiyl Bank views climate change not only as a source of risks but also as a strategic opportunity to strengthen its competitive position and expand its product range. The transition of the Kyrgyz economy toward a sustainable and low-carbon model creates growing demand for green finance and climate-focused solutions, opening new development directions for the Bank and reinforcing its role as a key partner in promoting the country’s sustainable growth.

The development of climate opportunities enables the Bank to simultaneously enhance its own resilience and support clients in transitioning to environmentally and socially responsible business models. In this context, the Bank sees its potential in three key areas:

1. Expansion of the sustainable finance portfolio by supporting projects in energy efficiency, water conservation, sustainable agriculture, and renewable energy.

2. Innovation in banking products and services aimed at climate adaptation and decarbonization goals.

3. Improvement of internal efficiency and further development of ESG practices, including the reduction of the carbon footprint from the Bank’s operations and the digitalization of ESG monitoring and reporting processes.

Climate opportunities for the Bank

Category	Climate opportunities	Potential effect for the Bank
Improving energy efficiency	<ul style="list-style-type: none">Financing the modernization of clients’ equipment and infrastructure.Implementing energy-saving technologies in the Bank’s offices.	<ul style="list-style-type: none">Growth of the green loan portfolio.Reduction of operating expenses.
Transition to renewable energy sources	<ul style="list-style-type: none">Lending to projects aimed at the development of renewable energy sources.	<ul style="list-style-type: none">Diversification of the loan portfolio and enhancement of client resilience
Development of new products and services	<ul style="list-style-type: none">Creation and promotion of ESG products, including green loans, bonds, and adaptation and climate finance instruments.	<ul style="list-style-type: none">Expansion of the client base, increased revenue from innovative products, and improved investment attractiveness.
Access to new markets	<ul style="list-style-type: none">Participation in emerging sustainable finance markets.	<ul style="list-style-type: none">Expansion of the partner network, attraction of long-term capital, and increasing liquidity.
Strengthening business resilience	<ul style="list-style-type: none">Integration of climate aspects into credit policy, implementation of stress testing, and client vulnerability assessments.	<ul style="list-style-type: none">Improved reliability of the loan portfolio and reputational resilience.



APPENDICES

Appendix 1: GRI Content Index	94
Appendix 2: Information disclosure index according to KSE Guidelines	110
Appendix 3: Information disclosure index according to IFRS S1 standard	112
Appendix 4: Information disclosure index according to IFRS S2 standard	113
Appendix 5: SASB industry indicators	114
Appendix 6: Glossary	116
Appendix 7: Contact details	119

APPENDICES

APPENDIX 1: GRI CONTENT INDEX

Conformance statement	OJSC “Aiyl Bank” has prepared the Sustainability Report for the year 2024 (from January 1 to December 31) in accordance with the GRI Standards.
Applied GRI 1	GRI 1: Foundation 2021
GRI Industry Standard	N/A

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
General disclosures					
GRI 2: General disclosures 2021	2-1 Information about the organization	General information about the Bank Regional presence			
	2-2 Entities included in the organization's sustainability reporting	About the Report			
	2-3 Reporting period, frequency and contact point	About the Report			
	2-4 Restatements of information				2-4 a. No restatement of information was required, as this Report represents the Bank's first sustainability disclosure.
	2-5 External assurance	About the Report			
	2-6 Activities, value chain and other business relationships	Procurement and supply chain management Banking products overview			
	2-7 Employees	Personnel profile			2.7 b. Information on employees by region is presented in the ESG Databook .

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
GRI 2: General disclosures 2021	2-8 Workers who are not employees	Personnel profile			
	2-9 Governance structure and composition	Governance bodies Board of Directors Committees under the Board of Directors Shariah Board Sustainable development management			2-9 c.vi. There are no members representing underrepresented social groups within the Bank's highest governing body or its committees.
	2-10 Nomination and selection to the highest governance body	Governance bodies Board of Directors The procedure for electing members of the Board of Directors Committees under the Board of Directors Shariah Board			
	2-11 Chair of the highest governance body	Board of Directors The procedure for electing members of the Board of Directors			
	2-12 Role of the highest governance body in overseeing the management of impacts	Feedback mechanisms Internal audit ESG risk management in financing Sustainable development management			2-12 c. The assessment by the Board of Directors of the effectiveness of the processes for identifying and managing the Bank's impacts on the economy, society and the environment is not carried out on a regular basis but as needed.
	2-13 Delegation of responsibility for managing impacts	Corporate governance structure Sustainable development management			2-13 b. Sustainability reporting is submitted to the Board of Directors for review by the Sustainability Department on an annual basis.

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
GRI 2: General disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	Corporate governance structure ESG risk management Sustainable development management			2-14 a-b. The Sustainability Report, including the material topics, is approved by the Board of Directors on an annual basis.
	2-15 Conflicts of interest	Conflict of interest management			2-15 b.i. Members of the Board of Directors do not serve on the boards of other organizations. 2-15 b.ii. Members of the Board of Directors do not hold shares or equity stakes in supplier companies or other entities interacting with the Bank. 2-15 b.iv. The Bank's reporting does not include separate lists of related parties, their relationships, transactions or obligations. Such disclosures are made in accordance with applicable regulatory requirements.
	2-16 Communication of critical concerns	Committees under the Board of Directors			2-16 a. Critical matters are communicated to the Board of Directors through the Compliance Control Department. The Department regularly informs the Board of Directors and the Management Board about inspection results, identified significant violations and deficiencies in the compliance control system. If compliance risks are identified, the head of the Department informs the management immediately and provides the proposed response measures. 2-16 b. No critical matters requiring consideration by the Board of Directors were identified during the reporting period.
	2-17 Collective knowledge of the highest governance body				2-17 a. During the reporting period, no training of the members of the Board of Directors on sustainability matters was conducted.
	2-18 Evaluation of the performance of the highest governance body	Evaluation of the performance of the Board of Directors			

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
GRI 2: General disclosures 2021	2-19 Remuneration policy	Remuneration of the members of the Board of Directors and the Management Board			2-19 b. At the end of the reporting period, sustainability-related key performance indicators were not applied in the remuneration framework.
	2-20 Process to determine remuneration	Remuneration of the members of the Board of Directors and the Management Board			
	2-21 Annual total compensation ratio		2-21	Confidentiality	
	2-22 Statement on sustainable development strategy	Address by the Chairperson of the Board of Directors Address by the Chairperson of the Management Board			
	2-23 Business policy commitments	Business ethics Corporate documents in the field of sustainable development			2-23 a. The Bank conducts its activities in accordance with the six Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative. 2-23 b.i. The Bank does not have human rights commitments that refer to internationally recognized documents. 2-23 b.ii. The Bank has not defined stakeholder categories, including vulnerable groups, that receive special attention within the framework of human rights commitments. 2-23 c. Certain internal documents on responsible business conduct are published on the Bank's official website: https://www.ab.kg/about/normativnye-akty . 2-23 f. The commitments are communicated to employees through training and familiarization with internal regulatory documents, and to clients and partners through publication on the Bank's official website.
	2-24 Embedding business policy commitments	Corporate documents in the field of sustainable development			2-24 a.iv. The Bank provides regular training for employees and senior management, including on sustainability matters.

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
GRI 2: General disclosures 2021	2-25 Processes to remediate negative impacts	Feedback mechanisms			2-25 d. Stakeholder engagement in the development, revision and improvement of feedback mechanisms at the Bank is not conducted.
	2-26 Mechanisms for seeking advice and raising concerns	Feedback mechanisms			
	2-27 Compliance with laws and regulations	Compliance with the law			
	2-28 Membership associations	Membership in associations			
	2-29 Approach to stakeholder engagement	Stakeholder engagement			
	2-30 Collective bargaining agreements				2-30 a-b. The Bank does not have a practice of entering into collective agreements.
Material topics					
GRI 3: Material topics 2021	3-1 Process to determine material topics	About the Report			
	3-2 List of material topics	About the Report			
Creating economic value					
GRI 3: Material topics 2021	3-3 Management of material topics	Creating economic value			3-3 f. Stakeholder engagement in managing economic performance matters is not conducted.

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
GRI 201: Economic performance 2016	201-1 Direct economic value: created and distributed	Creating economic value			
	201-4 Financial assistance received from government	Creating economic value			201-4 b. Financial support during the reporting period was received exclusively within the territory of the Kyrgyz Republic. 201-4 c. The sole shareholder of the Bank is the State Agency for the Management of State Property under the Cabinet of Ministers of the Kyrgyz Republic, acting on behalf of the state.
Anti-corruption					
GRI 3: Material topics 2021	3-3 Management of material topics	Anti-corruption			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for corruption-related risks	Anti-corruption			
	205-2 Communication and training on anti-corruption policies and procedures	Anti-corruption	205-2 c	Information unavailable / incomplete	205-2 a. All members of the governing bodies to whom the anti-corruption policies and procedures were communicated are located at the Head Office in Bishkek. 205-2 b. Data on the number of branch network employees to whom the anti-corruption policies and procedures were communicated, broken down by region, are presented in the ESG Databook . 205-2 c. Records of the number of business partners to whom anti-corruption policies and procedures were communicated, broken down by partner types and regions, are not maintained. 205-2 d. During the reporting period, members of governance bodies did not undergo training on anti-corruption. 205-2 e. During the reporting period, employees did not undergo training on anti-corruption.
	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption			

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
Taxes					
GRI 3: Material topics 2021	3-3 Management of material topics	Taxes Tax risk management			3-3 e.ii. Quantitative targets and indicators for assessing the effectiveness of the tax policy and tax risk management are not applied at this time.
GRI 207: Taxes 2019	207-1 Approach to taxation	Taxes			
	207-2 Tax governance, control, and risk management	Taxes Tax risk management			
	207-3 Stakeholder engagement and management of concerns related to taxation	Taxes			
Energy efficiency					
GRI 3: Material topics2021	3-3 Management of material topics	Environmental impact management			3-3 e. The practice of assessing the effectiveness of measures taken in the area of energy efficiency and resource management (processes, targets, KPIs, lessons learned) was not applied during the reporting period. 3-3 f. The practice of systematically involving stakeholders in the development and evaluation of approaches to energy efficiency management was not applied during the reporting period.
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy efficiency			302-1 c.iii-iv. The Bank does not consume energy types such as cooling or steam. 302-1 d. The Bank does not sell energy.
	302-2 Energy consumption outside of the organization	Energy efficiency			
	302-3 Energy intensity	Energy efficiency			302-3 c. The Bank’s energy intensity indicator includes the consumption of fuel, electricity and heat. 302-3 d. The energy intensity indicator includes energy consumption both within and outside the Bank.

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
Water resources					
GRI 3: Material topics 2021	3-3 Management of material topics	Environmental impact management Water resources			3-3 e. The practice of assessing the effectiveness of measures taken in the area of water resource management (processes, targets, KPIs, lessons learned) was not applied during the reporting period. 3-3 f. The practice of systematically involving stakeholders in the development and evaluation of approaches to water resource management was not applied during the reporting period.
GRI 303: Water and wastewater 2018	303-3 Water withdrawal	Water resources			303-3 b. All of the Bank’s water withdrawal is located in a region with a high level of water stress according to Aqueduct Country Rankings. 303-3 c. All of the Bank’s water withdrawal consists only of freshwater.
Climate change					
GRI 3: Material topics 2021	3-3 Management of material topics	Greenhouse gas emissions Climate risks			3-3 c. The Bank does not have a separate policy regulating climate change matters. 3-3 e. The Bank assesses the effectiveness of measures implemented to reduce greenhouse gas emissions and manage climate risks by monitoring the achievement of targets and objectives set in the ESG Roadmap. 3-3 f. The practice of systematically involving stakeholders in the development and evaluation of approaches to climate change management was not applied during the reporting period.
GRI 305: Emissions 2016	305-1 Direct GHG emissions (scope 1)	Greenhouse gas emissions			305-1 c. The Bank does not have biogenic sources of carbon dioxide emissions. 305-1 d. The year 2024 was adopted as the baseline, as it is the first year for which the Bank has quantitative data on scope 1, scope 2 and scope 3 emissions. 305-1 f. The Bank applies an emissions consolidation method based on operational control.

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
GRI 305: Emissions 2016	305-2 Indirect GHG emissions (scope 2)	Greenhouse gas emissions			305-2 b. The market-based method for assessing scope 2 emissions was not applied due to the absence of electricity procurement through contractual instruments (for example, green certificates) in Kyrgyzstan. 305-2 d. The year 2024 was adopted as the baseline, as it is the first year for which the Bank has quantitative data on scope 1, scope 2 and scope 3 emissions. 305-2 f. The Bank applies an emissions consolidation method based on operational control.
	305-3 Other indirect GHG emissions (scope 3)	Greenhouse gas emissions Financed emissions			305-3 c. Biogenic carbon dioxide emissions are not included in the Bank's scope 3 emissions. 305-3 e. The year 2024 was adopted as the baseline, as it is the first year for which the Bank has quantitative data on scope 1, scope 2 and scope 3 emissions.
	305-4 GHG emissions intensity	Greenhouse gas emissions Financed emissions			
Waste					
GRI 3: Material topics 2021	3-3 Management of material topics	Waste			3-3 e. The practice of assessing the effectiveness of measures taken in the area of waste management (processes, targets, KPIs, lessons learned) was not applied during the reporting period. 3-3 f. The practice of systematically involving stakeholders in the development and evaluation of approaches to waste management was not applied during the reporting period.
GRI 306: Waste 2020	306-3 Waste generated	Waste			
	306-4 Waste not diverted to disposal	Waste	306-4 b.	Lack or incompleteness of information	306-4 b. The Bank does not track the volumes of hazardous waste generated. 306-4 c. The Bank does not use other methods of non-hazardous waste recovery apart from recycling. 306-4 d. All waste recovery operations are carried out by specialized organizations outside the Bank.

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
GRI 306: Waste 2020	306-5 Waste diverted to disposal	Waste			306-5 b. The Bank does not use hazardous waste disposal methods such as incineration or landfilling. 306-5 c. The entire volume of non-hazardous waste (MSW) generated is sent for landfilling. 306-5 d. All waste disposal operations are carried out by specialized organizations outside the Bank.
Employment					
GRI 3: Material topics 2021	3-3 Management of material topics	HR management			3-3 e. The effectiveness of labor resource management is assessed based on regular analysis of personnel data. The Human Resources Department prepares and submits monthly statistical reports that include the number of employees, staff turnover, the share of new and departing employees, gender distribution, and data on employees on parental leave. 3-3 f. Systematic stakeholder engagement in developing and assessing approaches to labor relations management was not practiced during the reporting period.
GRI 401: Employment 2016	401-1 New employee hires and staff turnover	Recruitment Staff turnover			401-1 a-b. Hiring and turnover indicators by region are presented in the ESG Databook .
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees social support			401-2 b. Significant locations of the Bank’s operations refer to the Head Office located in Bishkek and the regional branches operating within the Kyrgyz Republic.
	401-3 Parental leave	Employees social support	401-3 c-e	Lack or incompleteness of information	The Bank does not track return-to-work indicators for employees after maternity/paternity leave

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
Occupational health and safety					
GRI 3: Material topics 2021	3-3 Management of material topics	Occupational health and safety management system Occupational health and safety risk management			
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Occupational health and safety management system			
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety management system Occupational health and safety risk management			
	403-5 Worker training on occupational health and safety	Employee training and awareness in occupational health and safety			
	403-6 Promotion of worker health	Occupational health and safety risk management			
	403-8 Workers covered by an occupational health and safety management system	Occupational health and safety management system			403-8 a.i. The occupational health and safety management system covers only the Bank's employees. 403-8 a.ii–iii. The Bank's occupational health and safety management system has not undergone internal or external audits.
	403-9 Occupational injuries	Occupational health and safety management system			

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
Training and education					
GRI 3: Material topics 2021	3-3 Management of material topics	Training and development of personnel			3-3 e. The effectiveness of managing employee training and development is assessed based on the implementation of the Internal Training Plan. The Plan is developed by the Training Center under the Human Resources Department and approved by the Management Board of the Bank. 3-3 f. A systematic practice of involving stakeholders in the development and evaluation of approaches to employee training and development was not applied during the reporting period.
	404-1 Average hours of training per year per employee, split by gender and categories	Training and development of personnel			
GRI 404: Training and education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Training and development of personnel			404-2 b. The Bank provides the following support at the end of an employee’s career: 1. Employees retiring (due to age or length of service) upon termination: those who have worked at the Bank for more than five years receive a benefit equal to two monthly salaries; those who have worked for less than five years may receive a benefit by decision of the Chair of the Management Board, not exceeding one monthly salary. 2.For employees retiring due to disability, if the disability occurred during employment at the Bank and is not related to the performance of their duties, a one-time benefit is paid regardless of length of service, not exceeding two monthly salaries. 3. A monetary payment of KGS 5000 is provided to retirees who left for retirement as a result of ending their employment at the Bank, on the occasion of the International Day of Older Persons.

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
Diversity and equal opportunities					
GRI 3: Material topics 2021	3-3 Management of material topics	Diversity and equal opportunites			3-3 d. Diversity and inclusion are among the Bank's strategic priorities. Under the ESG Roadmap, several measures have been identified, including the introduction of inclusive hiring practices, the creation of a barrier-free environment for people with disabilities, monitoring and preventing workplace discrimination, and others. 3-3 e. The effectiveness of these measures is assessed by the Board of Directors twice a year at scheduled meetings. During the discussions, progress toward key objectives and reasons for delays are reviewed, and adjustments to plans are made when necessary. 3-3 f. A systematic practice of involving stakeholders in the development and evaluation of approaches to diversity management was not applied during the reporting period.
	405-1 Composition of governance bodies and main personnel categories	Staff composition by gender and age Composition of the top management			
GRI 405: Diversity and equal opportunities 2016	405-2 Ratio of basic salary and remuneration of women to men	Salary and remuneration Average base salary and remuneration ratio by gender			405-2 b. Significant locations of the Bank's operations include the Head Office located in Bishkek, as well as regional branches operating within the Kyrgyz Republic.

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
Data privacy and security					
GRI 3: Material topics 2021	3-3 Management of material topics	Ensuring information security and personal data protection			3-3 d. Confidentiality and data security are among the Bank's strategic priorities. As part of the ESG Roadmap, measures have been introduced, including comprehensive assessments of data-security vulnerabilities, staff training on confidentiality, implementation of monitoring systems for timely threat detection, and other activities. 3-3 e. The effectiveness of these measures is assessed by the Board of Directors twice a year at scheduled meetings. During the review, progress on key tasks and reasons for deviations from established timelines are analyzed, and adjustments are made to the plans where necessary. 3-3 f. Systematic stakeholder engagement in the development and assessment of approaches to managing confidentiality and data security was not practiced during the reporting period.
GRI 418: Customers' personal data privacy 2016	418-1 Substantiated complaints concerning breaches of client data confidentiality and loss of personal information	Personal data processing			

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
Access to financial services					
GRI 3: Material topics 2021	3-3 Management of material topics	Access to financial services Financial literacy			3-3 d. Financial accessibility is one of the Bank’s strategic priorities. As part of the ESG Roadmap, a number of activities have been introduced, including programs to improve financial literacy, advisory programs for borrowers, and the exploration of digital solutions to expand access to financial services, among others. 3-3 e. The effectiveness of these measures is assessed by the Board of Directors twice a year at scheduled meetings. During the review, progress on key tasks and reasons for deviations from established timelines are analyzed, and adjustments are made to the plans where necessary. 3-3 f. Systematic stakeholder engagement in the development and assessment of approaches to managing financial accessibility was not practiced during the reporting period.
Customer satisfaction					
GRI 3: Material topics 2021	3-3 Management of material topics	Customer satisfaction			3-3 d. Customer satisfaction is one of the Bank’s strategic priorities. As part of the ESG Roadmap, a number of measures have been introduced, including analyzing client data and feedback, proactive communication on new products, implementing technological solutions to improve service quality, and other activities. 3-3 e. The effectiveness of these measures is assessed by the Board of Directors twice a year at scheduled meetings. During the review, progress on key tasks and reasons for deviations from established timelines are analyzed, and adjustments are made to the plans where necessary.

GRI Standard	Indicator	Section in the Report	Omission		Comments
			Indicator	Reason	
Sustainable financing					
GRI 3: Material topics 2021	3-3 Management of material topics	ESG products and services			3-3 d. The development of green finance is one of the Bank's strategic priorities. As part of the ESG Roadmap, a number of measures have been introduced, including developing the Green Finance Policy, creating new green banking products, forming a portfolio of green projects, and other activities. 3-3 e. The effectiveness of these measures is assessed by the Board of Directors twice a year at scheduled meetings. During the review, progress on key tasks and reasons for deviations from established timelines are analyzed, and adjustments are made to the plans where necessary. 3-3 f. The systematic involvement of stakeholders in the development and evaluation of approaches to managing sustainable finance was not applied during the reporting period.
Digitalization					
GRI 3: Material topics 2021	3-3 Management of material topics	Digitalization			3-3 e. The practice of assessing the effectiveness of implemented digitalization measures (processes, goals, KPIs, lessons learned) is not applied at this time. 3-3 f. The systematic involvement of stakeholders in the development and evaluation of approaches to managing digitalization was not applied during the reporting period.

APPENDIX 2: INFORMATION DISCLOSURE INDEX ACCORDING TO KSE GUIDELINES

Indicator	Section in the Report
INFORMATION ABOUT MANAGEMENT OF RISKS AND OPPORTUNITIES RELATED TO CLIMATE AND SUSTAINABLE DEVELOPMENT	
Management of Sustainable Development Issues	
Body responsible for oversight in sustainable development	Sustainability development management
Role of management in sustainable development governance	Sustainable development management
Strategy	
Assessment of risks and opportunities related to sustainable development	Climate risks Climate opportunities
Management of risks and opportunities related to sustainable development	Sustainable development management Corporate documents in the field of sustainable development Sustainable Development Strategy
Risk management	
Risk identification process	ESG risk management in financing
Risk management	ESG risk management in financing
Performance indicators and targets	
Sustainability performance indicators	Key ESG indicators for 2024
Sustainability targets	Sustainable Development Strategy
DISCLOSURE OF ESSENTIAL INFORMATION ABOUT SUSTAINABLE DEVELOPMENT	
Social responsibility information	
Energy consumption and energy savings	Energy efficiency
Greenhouse gas emissions	Greenhouse gas emissions
Water consumption	Water resources
Waste management	Waste
Climate change	Climate risks Climate opportunities

Indicator	Section in the Report
Information by social responsibility criteria	
Employment	Personnel profile Recruitment Employee turnover
Workers' rights, labor relations and employee treatment	Social support Diversity and equal opportunities
Occupational health and workplace safety	Occupational health and safety
Improving educational and professional technical levels, professional development	Employees training and education
Diversity, equal opportunities and non-discrimination	Diversity and equal opportunities Salary and remuneration
Engagement with local communities and mechanisms for receiving and handling complaints	Feedback mechanisms
Data privacy and security	Information security and client data protection
Anti-corruption practices	Anti-corruption
Sources and supply chain	Procurement and supply chain management
Information by corporate governance criteria	
Corporate governance structure	Governance bodies Sustainable development management Corporate documents in the field of sustainable development
Composition of the Board of Directors and the Committees	Board of Directors Risk Management Committee Appointments and Remuneration Committee Audit Committee
Independent members and assessment of the Board of Directors' performance	Board of Directors Evaluation of the performance of the Board of Directors
Planning and reporting of the Board of Directors and its Committees	Committees under the Board of Directors
Control environment	Risk management and internal control
Shareholder rights:	General meeting of shareholders
Stakeholder engagement and sustainable development	Stakeholder engagement

APPENDIX 3: INFORMATION DISCLOSURE INDEX ACCORDING TO IFRS S1²³ STANDARD

Block	Paragraph	IFRS S1 Disclosure Element	Report Section / Comments
Corporate governance	§27(a)	Governance bodies or individuals responsible for overseeing risks and opportunities in the field of sustainable development	The Board of Directors currently coordinates the development of the Bank's ESG strategy and oversees the implementation of its key areas. Within its authority, the Board of Directors also approves internal documents regulating the processes for managing environmental and social risks.
	§27(b)	Role of executive management in processes and procedures for managing and overseeing risks and opportunities in the field of sustainable development	The Sustainable Development Department reports to the Deputy Chairman of the Management Board who coordinates the Bank's work in the field of sustainable development and presents relevant initiatives for consideration by senior management. Going forward, the Bank plans to expand executive-level functions by assigning responsibility for managing risks and opportunities in the field of sustainable development.
Strategy	§29(a)	Risks and opportunities in the field of sustainable development that could reasonably be expected to affect the organization's prospects over the short, medium and long term	At the current stage, the Bank considers environmental and social risks as part of the borrower credit risk assessment process. In the future, the Bank plans to conduct a comprehensive identification of ESG risks across the loan portfolio and to develop measures for their effective management.
Risks management	§44(a)	Description of processes and policies for identifying and assessing risks in the field of sustainable development	ESG risks management in financing
	§44(c)	Extent to which processes for identifying, assessing, prioritizing and monitoring risks and opportunities in the field of sustainable development are integrated into the overall risk management system	ESG risks management in financing
Metrics and targets	§45-46	Disclosure of quantitative metrics and targets used to monitor and manage risks and opportunities in the field of sustainable development	As part of the environmental and social risk management system, the Bank has set a strategic target of achieving a 15% share of green financing in the total credit portfolio by 2030–2032 in line with the ESG strategy.

²³ The table provides standard requirements disclosed in this Report only. The Bank continues improving its system to manage issues in the field of sustainable development to have an opportunity to disclose the remaining standard elements in future reporting periods.

APPENDIX 4: INFORMATION DISCLOSURE INDEX ACCORDING TO IFRS S2²⁴ STANDARD

Block	Paragraph	IFRS S1 Disclosure Element	Report Section / Comments
Corporate governance	§6(a)	Governance bodies or individuals responsible for overseeing climate risks and opportunities	The Board of Directors considers matters related to climate change on an annual basis as part of the approval of the Sustainability Report. At the same time, governance bodies or designated officers responsible for overseeing climate risks and opportunities have not yet been determined, but there is a plan to formalize these functions at the level of the Board of Directors and its committees.
	§6(b)	Role of executive management in processes and procedures for managing and overseeing climate risks and opportunities	In 2024 responsibility for the management of climate risks and opportunities was not assigned at the executive level. In the future the Bank plans to implement a climate issue management system by defining the authorities and areas of responsibility of the Management Board and relevant departments.
Strategy	§9(a) §10(a)-(d)	Climate risks and opportunities that could reasonably be expected to affect the organization's prospects over the short, medium and long term	Climate risks Climate opportunities
	§22(a)-(b)	Impact of climate risks and opportunities on the Bank's business model and strategy over the short, medium and long term	Climate risk scenario analysis
Risks management	§25(a)	Description of processes and policies for identifying and assessing climate risks	Climate risks Climate risk scenario analysis
	§25(b)	Description of processes and policies for identifying and assessing climate opportunities	Climate opportunities
Metrics and targets	§29(a)	Information related to cross-industry metrics	Greenhouse gas emissions Financed emissions

²⁴ The table provides standard requirements disclosed in this Report only. The Bank continues improving its system to manage issues in the field of sustainable development to have an opportunity to disclose the remaining standard elements in future reporting periods.

113

APPENDIX 5: SASB INDUSTRY INDICATORS

Indicator	Report section
Data security	
FN-CB-230a.1. (1) Number of data breach incidents; (2) proportion involving the breach of personal data; (3) number of affected account holders.	Personal data processing
FN-CB-230a.2. Description of the approach to identifying and managing information security risks.	Ensuring information security and personal data protection Risk management framework Risk management process
Financial accessibility	
FN-CB-240a.1. (1) Number of loans issued under small business and community development support programs; (2) total volume of such loans.	ESG products and services
FN-CB-240a.2. (1) Number of past-due loans, non-accrual loans or loans under restructuring that fall under small business and community development support programs; (2) total volume of such loans.	ESG products and services
FN-CB-240a.4. Number of participants in financial literacy programs among unbanked, underbanked or underserved clients.	Financial literacy
Financed emissions	
FN-CB-410b.1. scope of greenhouse gas emissions by category: (1) emissions (scope 1); (2) emissions (scope 2); (3) emissions (scope 3).	Greenhouse gas emissions
FN-CB-410b.3. Proportion of the credit and investment portfolio included in the calculation of financed greenhouse gas emissions	Financed emissions
FN-CB-410b.4. Description of the methodology applied for calculating financed greenhouse gas emissions	Financed emissions

Indicator	Report section
Business ethics	
FN-CB-510a.1. Total amount of financial losses resulting from legal proceedings related to fraud, insider trading, antitrust violations, anti-competitive behavior, market manipulation, unfair practices, or other breaches of laws and regulations governing the financial sector.	Compliance with laws and regulations Anti-corruption
FN-CB-510a.2. Description of policies and procedures governing the mechanism for handling submissions.	Feedback mechanisms



APPENDIX 6: GLOSSARY

Abbreviation	Full description
AIC	Association for the Development of the Agro-Industrial Complex of the Kyrgyz Republic
IAD	Internal Audit Department
HPBL	High-Productivity Breeding Livestock
SDBKR	State Development Bank of the Kyrgyz Republic
EADB	Eurasian Development Bank
EBRD	European Bank for Reconstruction and Development
EurAsEC	Eurasian Economic Community
GAK	Green Alliance of Kyrgyzstan
LULUCF	Land Use, Land-Use Change and Forestry
IAS	Information Automation System
IS	Information Security
IT	Information Technology
AICL	Agro-Industrial Complex Lending
CIS	Committee for Information Security and Change Management in the IAS
KR	Kyrgyz Republic
KAFC	Kyrgyz Agricultural Finance Corporation
RMC	Risk Management Committee
PWD	Persons with Disabilities
MSME	Micro, Small and Medium Enterprises
SME	Small and Medium Enterprises

Abbreviation	Full description
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	Climate-related Disclosures
IFC	International Finance Corporation
NBKR	National Bank of the Kyrgyz Republic
OJSC	Open Joint-Stock Company
ESIA	Environmental and Social Impact Assessment
NDC	Nationally Determined Contribution
UN	United Nations
LLC	Limited Liability Company
GHG	Greenhouse Gases
GWP	Global Warming Potential
ESMP	Environmental and Social Management Plan
CFT/AML	Countering the Financing of Terrorism / Anti-Money Laundering
UBK	Union of Banks of Kyrgyzstan
BoD	Board of Directors
ISAS	Information Security Assurance System
ISMS	Information Security Management System
MSW	Municipal Solid Waste
HR Department	Human Resources Department
FCI	Financial and Credit Institutions
FCF	Financial and Credit Funds

Abbreviation	Full description
AF	Agricultural Finance
SDGs	Sustainable Development Goals
E&S	Environmental and Social (Risks)
AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
ABS	Automated Banking System
CRM	Customer Relationship Management
ESG	Environmental, Social and Governance
EUR	Euro
GRI	Global Reporting Initiative
IPCC	Intergovernmental Panel on Climate Change
KGS	Kyrgyz som
KPI	Key Performance Indicators
KSE	Kyrgyz Stock Exchange
PCAF	Partnership for Carbon Accounting Financials
RCP	Representative Concentration Pathway
RUB	Russian ruble
SASB	Sustainability Accounting Standards Board
SQI	Service Quality Index
SWIFT	Society for Worldwide Interbank Financial Telecommunication
UNEP FI	United Nations Environment Programme Finance Initiative
USD	US dollar

APPENDIX 7: CONTACT DETAILS

GRI 2-3

Aiyl Bank values feedback. If you have any questions or suggestions regarding the 2024 Sustainability Report, please contact us using the communication channels listed below.

Open Joint Stock Company “Aiyl Bank”

Address: 720040, Kyrgyz Republic, Bishkek, 14 Yakov Logvinenko Street

Bank unit responsible for preparing the Sustainability Report: Sustainable Development Department.

Telephone: 5511 (OI, Beeline, Megacom), +996 (312) 68 00 00

Fax: 0 (312) 66-54-03

WhatsApp: +996 990 55 11 00

Email for feedback: office@ab.kg

Corporate website: <https://www.ab.kg/>

YouTube: www.youtube.com/@АйылБанк-АБ, www.youtube.com/@АйылБанк-е7p

Instagram: https://www.instagram.com/aiyl_bank/?hl=ru

