



Corporate Governance Code of “BAKAI BANK” OJSC

Contents

1. General Provisions	2
2. Shareholders and the General Meeting of Shareholders of the Bank	3
3. Board of Directors of the Bank	4
4. Corporate Secretary	4
5. Sharia Board	5
6. Management Board of the Bank	5
7. Organization of the Internal Control and Risk Management System in the Bank	6
8. Disclosure of Information and Management Transparency of the Bank	7
9. Major Corporate Actions	7
10. Professional Ethics and Conflict of Interest Prevention	8
11. Sustainable Development of the Bank	8
12. Final Provisions	9

1. General Provisions

1. Recognizing the importance of high standards of corporate governance and to ensure the sustainable development of the Bank, as well as understanding the significance of protecting the rights and lawful interests of shareholders, creditors, depositors, and other clients of the Bank, “BAKAI BANK” OJSC (hereinafter – the Bank) has developed this Corporate Governance Code (hereinafter – the Code), which defines the key approaches and guidelines underlying the Bank’s corporate governance system, as well as voluntarily adopted standards establishing and regulating corporate relations.

2. This Code is developed in accordance with the Laws of the Kyrgyz Republic “On the National Bank of the Kyrgyz Republic”, “On Banks and Banking Activities”, “On Joint Stock Companies”, the regulations of the National Bank of the Kyrgyz Republic (hereinafter – NBKR Regulations), internal regulatory documents of the Bank, as well as taking into account the recommendations of the Basel Committee on Banking Supervision and international best practices in corporate governance, ethical standards, and the specific needs and conditions of the Bank’s operations.

3. The Code aims to ensure the Bank’s compliance with and effective protection of the legal rights and interests of all shareholders, creditors, depositors, and other clients of the Bank, fair treatment to them, increased decision-making transparency, professional and ethical responsibility of members of the Board of Directors, Management Board, Sharia Board, other officials and employees of the Bank, as well as the expansion of informational transparency, social and environmental responsibility, and the development of standards of business and professional ethics.

4. Corporate governance in the Bank refers to the system of relationships between shareholders, the Board of Directors, the Management Board, and the Sharia Board of the Bank, which establishes the rules and procedures for making corporate decisions to ensure the governance and control of the Bank’s activities for its long-term sustainable development.

5. Key points of corporate governance in the Bank include:

- Defining the strategy and main directions of the Bank’s activities, ways to achieve them, and control over achieving the set goals;
- Establishing target financial indicators of the Bank’s sustainability;
- Creating labor incentives that ensure management bodies and employees take all necessary actions to achieve the Bank’s strategic objectives;

- Achieving stable development of the Bank while maintaining a balance of interests among shareholders, creditors, and depositors;
- Ensuring compliance with the legislation of the Kyrgyz Republic (hereinafter – KR) and the internal regulatory documents of the Bank (hereinafter – IRD of the Bank).

6. The Bank has established the following core principles of effective corporate governance:

- Delineation of authority and responsibility between the management and executive bodies of the Bank for efficient governance;
- Effective and transparent operation of the Board of Directors;
- Accountability and control of executive bodies;
- Transparent and balanced remuneration system for the Management Board and key employees;
- Defining and observing standards of corporate culture and professional ethics;
- Informational transparency through accessibility and disclosure of reliable information;
- Establishing an effective internal control and risk management system;
- Adherence to international standards and principles of sustainable development and ESG principles.

7. The Bank’s corporate governance bodies carry out their activities in accordance with the applicable laws of the KR, NBKR regulations, the Bank’s Charter, and IRD of the Bank.

8. The Bank has the right to engage advisors and consultants (specialists, experts, etc.) for preparing analytical, reference, informational materials and recommendations. When engaging such advisors and consultants, the Bank must be guided by the applicable legislation of the KR, including the Regulation “On Minimum Requirements for the Corporate Governance Code of Commercial Banks of the Kyrgyz Republic.”

2. Shareholders and the General Meeting of Shareholders of the Bank

9. The supreme governing body of the Bank is the General Meeting of Shareholders (hereinafter – GMS).

10. As owners of the Bank’s shares, shareholders possess a set of rights in relation to the Bank, the observance and protection of which must be ensured by the Board of Directors and the Management Board.

11. Shareholders of the Bank must exercise their rights and fulfill their obligations in good faith and reasonably, with the aim of ensuring safe, sound, and reliable operations of the Bank.

12. Shareholders have the inalienable right to participate in the management of the Bank, primarily by making decisions at the GMS on the most important issues of the Bank’s activities.

13. Any shareholder or their representative has the right to express their opinion and ask questions to the Chairperson of the Management Board and members of the Board of Directors, as well as the head of the external audit company.

14. Expressed action or inaction by shareholders must not violate the rights of the Bank’s clients and cause harm to other shareholders of the Bank.

15. Matters falling within the exclusive competence of the GMS, as well as the procedure for conducting regular and extraordinary shareholders’ meetings, are defined by the legislation of the Kyrgyz Republic and the Bank’s Charter. Issues within the exclusive competence of the GMS may not be transferred to other governing bodies of the Bank.

16. During the preparation for the GMS, the Board of Directors must create the necessary favorable organizational and technical conditions to ensure shareholders have access to materials related to the meeting agenda.

17. Dividends payments to the Bank’s shareholders are carried out in accordance with the standards and requirements of the current laws of the Kyrgyz Republic, the Dividend Policy of “BAKAI BANK” OJSC, and based on the relevant decision of the GMS.

18. Dividend payments must be economically justified and must not negatively affect the stability and solvency of the Bank. When deciding on the amount of proposed annual dividends, the Bank takes into account the net profit earned for the previous financial year, the business plan (strategy), the financial plan, capital expenditure plans, and their ratio to the Bank’s net profit.

19. In making decisions on dividend amounts, shareholders of the Bank must be guided by the priorities of the Bank’s long-term sustainable development, the need for constant capital growth, and implementation of the Bank’s strategic development plans.

3. Board of Directors of the Bank

20. The Board of Directors (hereinafter – BD) is a collegial governing body of the Bank, which exercises general supervision over its activities between General Meetings of Shareholders, except for issues that fall within the exclusive competence of the GMS as determined by the legislation of the Kyrgyz Republic and the Bank’s Charter.

21. The Board of Directors of the Bank provides strategic management of the Bank, defines the main principles for organizing the risk management and internal control systems in the Bank, controls the activities of executive bodies, and performs other key functions.

22. The main task of the BD is to ensure the protection of the rights and legitimate interests of all shareholders as a whole by supervising the implementation of GMS decisions and overall management of the Bank.

23. Members of the BD have the possibility to request and obtain information on the Bank’s financial and business operations from the Management Board, the Audit Committee and other committees of the Bank, the internal audit division, the risk management and compliance control departments, and from the Bank’s officials and heads of its separate and structural subdivisions, to fulfill their responsibilities as defined by the legislation of the Kyrgyz Republic, the Charter, and the Bank’s internal regulatory documents.

24. The personal composition of the BD must be balanced in terms of members’ skills, experience, knowledge, personal qualities, age, and gender diversity to ensure independent judgment by each member and allow the BD to make independent, objective, and effective decisions in the interests of the Bank and its shareholders.

25. Formation of the BD, procedure for election and termination of powers of its members, powers, functions of activity and tasks assigned to the BD members, as well as rights, duties and responsibilities are determined by the legislation of the Kyrgyz Republic, the Charter of the Bank and the Regulation on the Board of Directors of “BAKAI BANK” OJSC.

4. Corporate Secretary

26. The Corporate Secretary is an officer of the Bank who ensures and organizes the work (meetings and records management) and effective ongoing interaction between the General Meeting of Shareholders, the Board of Directors, and the Management Board, as well as coordinates the Bank’s actions to protect the rights and interests of shareholders.

27. The effectiveness of the BD of the Bank significantly depends on the quality and timeliness of the information it receives. By organizing and setting the agenda of BD meetings, the Corporate Secretary ensures that the most important issues are brought to discussion and that comprehensive informational materials are provided to BD members in time. The Corporate Secretary also monitors the execution of decisions made by

the General Meeting of Shareholders and the BD of the Bank.

28. To fulfill the assigned duties properly, the Corporate Secretary must possess sufficient knowledge, experience, and qualifications, as well as enjoy the trust of the Bank’s shareholders. The Secretary must have the necessary powers and resources to carry out the assigned tasks and must act in good faith and reasonably in the best interests of the Bank, which implies fulfilling fiduciary duties as prescribed by the current laws of the Kyrgyz Republic and the Secretary’s job description.

29. The Corporate Secretary performs duties in accordance with the laws of the Kyrgyz Republic, the Regulation on the Board of Directors of “BAKAI BANK” OJSC the Regulation on the Secretariat of the Board of Directors of “BAKAI BANK” OJSC and the Job Description of the Corporate Secretary of “BAKAI BANK” OJSC.

5. Sharia Board

30. The Sharia Council of the Bank is a permanent collegial body established for the purpose of creating conditions in the Bank for carrying out operations in accordance with Islamic principles of banking and financing, and is responsible for compliance with Sharia standards of IRD and standard agreements of the Bank, transactions and terms of products related to the provision of Islamic financial services.

31. Members of the Sharia Board may simultaneously be on the Sharia Board of one commercial bank and two non-banking financial and credit institutions registered in the Kyrgyz Republic.

32. The Regulation on the Sharia Board of “BAKAI BANK” OJSC defines the legal status, objectives, composition, powers, responsibilities, and responsibility of the Sharia Board, as well as the procedure for its formation, functioning, and decision-making, in accordance with the laws of the Kyrgyz Republic, NBKR regulations, the Sharia standards of the Accounting and Auditing Organization of Islamic Financial Institutions (hereinafter - AAOIFI), the Bank’s Charter, and other internal regulatory documents.

33. The Sharia Board of the Bank should actively promote understanding of Islamic banking principles and Sharia standards within the Bank, including through the organization of educational seminars.

6. Management Board of the Bank

34. The Management Board of the Bank (hereinafter – the Management Board) is the collegial executive body of the Bank, accountable to the Board of Directors, and is responsible for managing the Bank’s current operations, except for matters that fall within the exclusive competence of the General Meeting of Shareholders and the Board of Directors.

35. The Management Board acts in accordance with the financial plans of the Bank, which are prepared annually by the Board of Directors and approved by the General Meeting of Shareholders.

36. Members of the Management Board must meet the requirements established by the laws of the Kyrgyz Republic, NBKR regulations, and the Bank’s IRD. They must possess high professional and personal qualities, have a spotless reputation, adhere to high ethical standards, and act in the best interest of the Bank rather than in their own interests or those of individual shareholders, Bank’s officials, or third parties. They must make every effort to ensure sound and safe banking practices. The Management Board of the Bank must enjoy the trust of the shareholders.

37. The Chairperson and members of the Management Board shall not engage in any other activities without the consent of the Board of Directors, except for those related to the management of the Bank’s current operations. Persons with a conflict of interest in the Bank cannot be members of the Management Board.

38. The number of members of the Management Board is determined by the Board of Directors so that it allows for productive and constructive work, timely and well-balanced decision-making, and effective Bank operations.

39. The formation of the Management Board, the procedure for electing and terminating its members, the functions and tasks assigned to its members, as well as their rights and obligations are defined by the legislation of the Kyrgyz Republic, the Bank's Charter, and the Regulation on the Management Board of "BAKAI BANK" OJSC.

7. Organization of the Internal Control and Risk Management System in the Bank

40. The BD is responsible for organizing and ensuring the proper functioning of an effective internal control and risk management system in the Bank.

41. The BD reviews and approves the Bank's IRD regarding the organization and functioning of the internal control and risk management systems, establishes structural units responsible for the direct operation of these systems, and resolves organizational and financial matters necessary for their effective functioning.

42. Together with the Management Board and subordinate structural units (Internal Audit Department, Risk Management Department, and Compliance Control Department), the BD conducts regular analysis of the internal control system to identify gaps and eliminate them, as well as to address other issues requiring attention. The BD ensures that these subordinate units have appropriate status, independence, staffing, funding, and the ability to perform their functions effectively.

43. The BD's obligation to ensure an adequate internal control and risk management system in the Bank is set forth in the Bank's Charter. The methods, techniques, and tools used to implement this function are established in the legislation of the Kyrgyz Republic and the Bank's IRD and include, but are not limited to, the following:

- Approval of policies (regulations) on internal control and risk management;
- Assigning responsibility to the Management Board to establish and maintain effective risk management and internal control systems in accordance with the approved policies, including the responsibility to promptly notify the BD of any significant deficiencies;
- Participating jointly with the Management Board in risk assessments and establishing the Bank's acceptable risk level (risk appetite);
- BD's striving for an optimal balance between risk and return in the overall interests of the Bank when approving risk management documents, ensuring compliance with the legislation of the Kyrgyz Republic, the Bank's IRD, and Charter, and creating adequate incentives for the Management Board, structural subdivisions, and key personnel;
- Requiring the Management Board to report periodically to the BD on risk management and promptly inform the BD's members of any indications of potential risk events or actual risk events.

44. To ensure the effectiveness of control measures, the Management Board ensures that internal documents (policies, procedures) are communicated to the employees who must apply them in their work and organizes staff training on the relevant internal control procedures.

45. As part of internal control in the Bank, the following committees operate under the leadership of the Board of Directors: the Audit Committee, the Nomination and Remuneration Committee, and the Risk Management Committee. The powers, functions, and responsibilities of these committees are defined by the applicable laws of the Kyrgyz Republic and the relevant IRD of the Bank.

46. In addition, the Bank has the following operational committees: the Assets and Liabilities Management Committee, the Credit Committee, the Islamic Finance Principles Committee, the Tender Committee, the Innovation Council, and the Budget Committee. The requirements, functions, and responsibilities of these

bodies are defined in the respective internal documents of the Bank.

8. Disclosure of Information and Management Transparency of the Bank

47. The Bank is committed to enhancing the informational transparency of its activities, which is based on the principles of completeness, accuracy, accessibility, regularity, and timeliness of disclosed information.

48. The Bank’s corporate governance practices ensure timely disclosure of complete and reliable information about the Bank in order to enable the Bank’s shareholders and investors to make informed decisions, as well as to inform stakeholders about the Bank’s activities.

49. To ensure transparency in corporate governance, the Bank may disclose information on its official website or publish it in annual and periodic reports, as specified by the regulations of the National Bank of the Kyrgyz Republic (NBKR).

50. The most important methods of information disclosure include the Bank’s annual financial statements and non-financial reports published on the Bank’s official website.

51. The Bank’s official website also serves as an important tool for disclosing both financial and non-financial information. It ensures regular and timely information disclosure and provides unrestricted access to relevant data for all interested parties.

52. Control of the Bank’s information disclosure and the provision of information to shareholders is carried out by the BD through the development, approval, and supervision of the Bank’s information policy. This policy defines the mechanisms for disclosure to ensure that it is conducted fairly, timely, and appropriately, while maintaining a reasonable balance between the Bank’s openness and the protection of its commercial interests.

53. The Bank’s official website contains sufficient information to form an objective understanding of the Bank and its key activities.

54. The Bank ensures the regularity and promptness of information disclosure, which includes but is not limited to:

- The shortest possible timeframes for disclosing information that may significantly affect the Bank’s evaluation and the value of its securities;
- Simultaneous disclosure of material information in the Kyrgyz Republic and abroad if the Bank’s securities are traded on foreign regulated markets;
- Providing information on the Bank’s position regarding rumors or false data that may distort public perception of the Bank’s value or endanger the interests of shareholders and investors.

55. The reliability and comparability of the Bank’s disclosed data are achieved through the Bank’s efforts to ensure that:

- Information provided by the Bank is objective and balanced. When covering its activities, the Bank must not avoid disclosing negative material information that is significant for shareholders and investors;
- Financial and other information is disclosed in a neutral manner, i.e., independent of the interests of any particular individuals or groups.

9. Major Corporate Actions

56. When the Bank undertakes certain actions that may result in fundamental corporate changes, including

changes to shareholders' rights (hereinafter – major corporate actions), such actions must be conducted with maximum openness and transparency, and only with due observance of and respect for the rights of shareholders and depositors of the Bank.

57. Major corporate actions primarily include:

- Reorganization of the Bank;
- Execution of major transactions by the Bank: significant transactions and related-party transactions, increase in the number of outstanding shares, listing and delisting of shares and other securities issued by the Bank;
- Other actions that may worsen the position of the Bank's shareholders or depositors.

58. The rules and procedures related to the Bank's major corporate actions are developed by the Board of Directors and formalized in IRD of the Bank, which are approved by the Board or the General Meeting of Shareholders.

59. Major transactions executed by the Bank must be carried out at fair market value and on transparent terms, ensuring the protection of the interests of the Bank and all its shareholders.

10. Professional Ethics and Conflict of Interest Prevention

60. An essential factor in achieving the Bank's strategic objectives is the activity of the Board of Directors and the Management Board, aimed at establishing standards of professional ethics that emphasize the importance of the following aspects of corporate governance:

1. Ensuring an effective internal control system at all levels of Bank management, including matters related to combating the financing of criminal activities and the laundering of criminal proceeds;
2. Implementing sound and secure banking practices;
3. Protecting the Bank from improper or unlawful actions by shareholders, Bank officials, and other individuals who may influence the Bank's activities;
4. Compliance with the legislation of the Kyrgyz Republic, NBKR regulations, and the Bank's IRD;
5. Preventing conflicts of interest and identifying situations and areas where such conflicts may arise;
6. Establishing compensation, reward, and incentive systems for employees (including the Board of Directors and the Management Board), taking into account both the Bank's performance results and alignment with its strategic goals and professional ethics standards;
7. Ensuring the safety and reliability of the Bank when providing loans to employees and officials of the Bank;
8. Implementing mechanisms that allow employees to raise concerns about illegal, unethical, or questionable actions by management, while ensuring protection from potential retaliation by management.

61. The standards of professional ethics must be communicated to all employees to ensure their positive impact on the level of corporate governance and must be observed at all levels.

62. The Bank has developed mechanisms to ensure compliance with the laws of the Kyrgyz Republic and NBKR regulations on preventing conflicts of interest and regulating transactions with affiliated and related parties, including members of the Management Board, the Board of Directors, other officials, significant shareholders, and individuals connected to those persons by shared interests.

11. Sustainable Development of the Bank

63. A part of the overall corporate governance system is the **Ecological Social Management System (ESMS)**, which consists of a set of procedures and practical measures ensuring the consistent implementation

of best practices for managing environmental and social risks in the course of business operations.

64. The Bank is committed to increasing its value in the long term while ensuring alignment between its economic, environmental, and social goals and maintaining a balance of interests between the Bank and its stakeholders.

65. The Bank’s sustainable development activities are based on the principles of openness, accountability, transparency, ethical behavior, respect for stakeholder interests, legality, human rights, zero tolerance for corruption, and the inadmissibility of conflicts of interest.

66. The BD and the Management Board are responsible for developing and implementing appropriate policies and systems in the area of sustainable development. All employees and officials of the Bank at all levels are expected to contribute to sustainable development.

67. The Board of Directors is responsible for establishing the Bank’s corporate, environmental, and social governance (ESG) system.

68. The Bank discloses information related to sustainable development annually to ensure clarity and transparency of its activities for stakeholders, taking into account the protection of service, commercial, and other legally protected confidential information.

69. The Bank encourages the adoption of sustainable development principles by its partners and clients and facilitates their implementation.

12. Final Provisions

70. The provisions of this Code are mandatory for all officials and employees of the Bank.

71. This Code is reviewed at least once a year to ensure its relevance, as well as in response to changes in the legislation of the Kyrgyz Republic that may significantly affect corporate governance and/or require amendments to the Code.

72. This Code is subject to approval by the Management Board and the Board of Directors of the Bank and is adopted by the General Meeting of Shareholders.

73. If, as a result of amendments to the legislation of the Kyrgyz Republic, certain provisions of this Code conflict with the new legislation, the applicable legal norms of the Kyrgyz Republic shall prevail until corresponding changes are made to this Code.