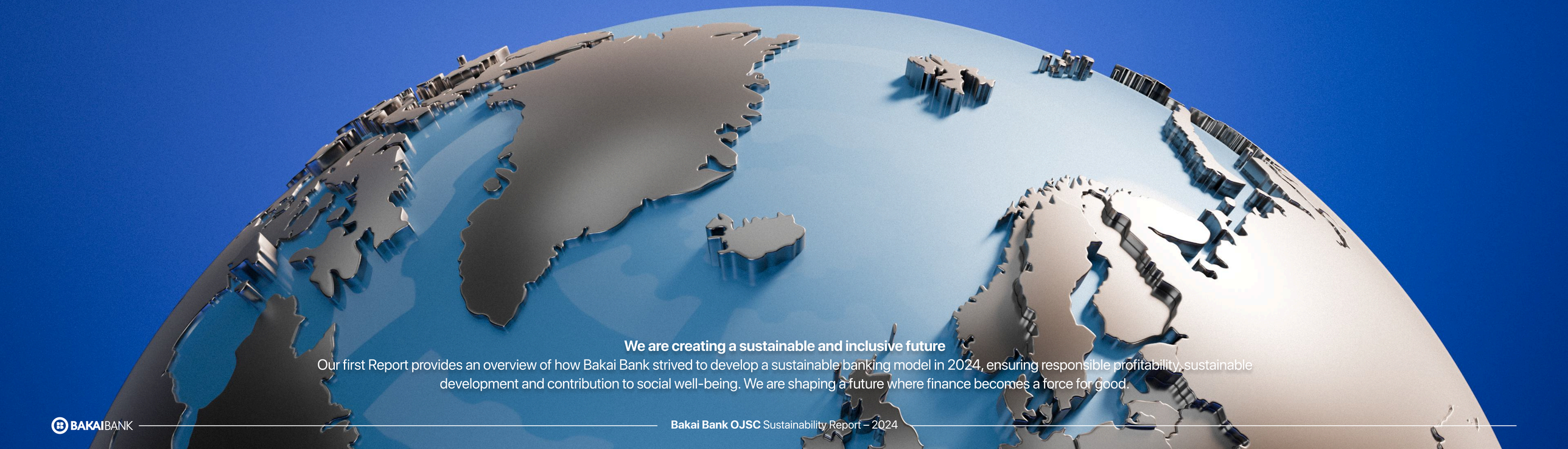
BAKAIBANK

Sustainability Report 2024



We are creating a sustainable and inclusive future

Our first Report provides an overview of how Bakai Bank strived to develop a sustainable banking model in 2024, ensuring responsible profitability, sustainable development and contribution to social well-being. We are shaping a future where finance becomes a force for good.

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About the Sustainability Report

The Sustainability Report (hereinafter referred to as the Report) contains information on the performance of Bakai Bank Open Joint Stock Company (hereinafter referred to as Bakai Bank, the Bank, we) in the areas of environmental protection, social responsibility and corporate governance for the period from January 1, 2024 to December 31, 2024, as well as material information beyond that period, such as forward-looking statements, estimates, plans and intentions, retrospective information, and certain ESG events for 2025 important at the time of preparing the Report. Scope of the sustainability reporting covers all activities of the Bank consolidated for financial reporting purposes.

The Report is published by the Bank for the first time and an annual reporting cycle is envisaged in the future. Due to the debut nature of the Report, it does not contain any changes to the approaches to calculating sustainability indicators. The feasibility of the forward-looking statements, estimates, plans and intentions contained in the Report largely depends on external factors, as a result of which actual results may differ, and goals and progress towards achieving them may be revised. The reporting periods of non-financial and financial statements of Bakai Bank coincide. The Report was prepared taking into account the perimeter of the audited financial statements of the Bank.

The Report was prepared in accordance with the GRI Standards as of 2021. The standard used is GRI 1 – GRI 1: Foundation 2021.

In addition to the GRI Standards, the following were used in preparing the Report:

- TCFD Recommendations.
- S&P Global Corporate Sustainability Assessment (CSA) scoring criteria.

The Report also reflects the contribution of the Bank to achieving the UN Sustainable Development Goals.

The material topics disclosed in the Report are included therein based on an analysis of market trends, opinions of external sustainability consultants and results of a survey of representatives of key stakeholders of the Bank.

The structural unit of Bakai Bank responsible for coordinating the process of collecting and confirming information and data for the Report is the ESG Development Office. Qualitative and quantitative data and indicators for disclosure in the Report are provided by specialized structural units.

External assurance of the sustainability reporting and data was not carried out, except for external verification of greenhouse gas emissions indicators by independent assurance provider. The information contained in the Report was verified by the structural units and data owners within Bakai Bank.

The Report was approved by the Management Board of Bank and published on the official website of Bakai Bank in the third quarter of 2025.



Principles of the Report preparation

- Completeness – volume of information contained in the Report is sufficient to assess the performance of the Bank during the reporting period.
- Clarity – information contained in the Report is presented in a manner that is accessible and understandable to various groups of the stakeholders of the Bank.
- Accuracy – correct and detailed data was used in preparing the Report.
- Balance – information contained in the Report covers both positive and negative impacts.
- Comparability – information contained in the Report enables comparison of the results of the reporting and previous periods and allows the performance of the Bank to be compared with the performance of other companies.
- Sustainability context – information contained in the Report covers a wide range of material sustainability topics.
- Timeliness – reporting and information on sustainability is provided to the stakeholders of the Bank on a regular basis to ensure timely decision-making.

Foreword by the Chairman of the Board of Directors of Bakai Bank OJSC

Dear readers!

Having successfully been present in the domestic banking market for over 25 years, Bakai Bank has established itself as a sought-after, dynamically growing and innovative financial and technological organization that adheres to the responsible and ethical approach to its activities and interaction with all stakeholders. We always strive to be a reliable partner for our clients, in relations with whom trust is a key value.

I would like to emphasize that the Board of Directors is focused on the formation of a predictable and stable business model that ensures a balance between the growth of financial indicators, balanced corporate governance, technological transformations and effective risk management.

In that context, we consider commitment to ESG and regular disclosure of non-financial information as an important component of the corporate development strategy and further strengthening of the reputation of Bakai Bank.

As one of the flagship banks of the Kyrgyz Republic, we actively implement ESG principles in our operations and the process of interaction with stakeholders. Ensuring an adequate contribution to the UN Sustainable Development Goals, using the best international practices of responsible banking are integral characteristics of a modern client-centric and innovative financial institution. We intend to take into account the sustainability priorities in the process of strategic planning and decision-making, which have a positive impact on the business of the Bank, our stakeholders and society as a whole. To more closely link our activities with the UN Sustainable Development Goals and the Paris Climate Agreement, to build sustainable development competencies and partnerships, we joined the UN Global Compact, the world's largest association of ESG-oriented companies. I believe that participation in such associations opens up additional potential for the Bank for long-term growth.

Bakai Bank continues to promote economic development and improve the well-being of the population of the Kyrgyz Republic, including through active lending to small and medium-sized businesses.

We are interested in increasing the volume of green and social financing for projects and borrowers with high positive social, environmental and climate impact. The Bank offers its clients a number of specialized products, for example Business Green lending, Business Green installments, and women's business lending, the demand for which will tend to grow in the foreseeable future. We are ready for mutually beneficial sustainable financing partnerships, for instance those aimed at decarbonizing the national economy.

A strategic priority for Bakai Bank is to ensure technological leadership in the domestic financial sector.

By developing digital products and services, including through the introduction of artificial intelligence technologies, we make a significant contribution to increasing their accessibility. I am pleased to see that our in-house developed digital solutions, such as the BakAI mobile application for individuals and the BakAI Business mobile application for businesses updated in 2024, are recognized and in demand in the Kyrgyz Republic. I would also like to note that in 2024 we switched to our own processing center that improved the environment for clients who are holders of Bakai Bank cards.

Against the backdrop of the active implementation of digital technologies and innovations, the Bank pays great attention to further strengthening information security and cybersecurity, as well as the protection of personal data of clients.

At the same time, the phygital banking model at the intersection of digital and physical experience remains relevant for us. As part of the phygital approach, in addition to digital solutions, we will continue to develop the accessibility and geography of our branch network, face-to-face contacts with retail and corporate clients. It allows us to guarantee coverage of wide client segments and thereby expand financial and social inclusion that is one of the key priorities of responsible banking.

In conclusion, I would like to thank our clients and partners for their trust in Bakai Bank, and my colleagues for their fruitful work. We intend to strengthen our position in the financial sector of the Kyrgyz Republic as a first-choice bank, within which compliance with the principles of sustainable development will play an important role.

Timur Ibragimov,
Chairman of the Board of Directors of Bakai Bank OJSC



Foreword by the Chairwoman of the Management Board of Bakai Bank OJSC

Dear shareholders, clients, colleagues and partners!

It is a great honor for me to present to you the first non-financial report of Bakai Bank, prepared in accordance with international standards and approaches. We plan to publish non-financial reports annually, strengthening trust in Bakai Bank, stimulating business transparency and improving corporate governance practices. Operating in an open, sustainable and ethical manner is fundamental to achieving our long-term business strategy.

Bakai Bank completed 2024 confidently, with reliable financial results and stable quality of the loan portfolio. We managed to achieve progress in all priority areas due to a balanced risk management system, strict compliance procedures, an effective corporate governance system and a strong corporate culture. We strive to be the first-choice bank for clients, employees and partners, while working to meet the needs of the community where we live and work. The ongoing corporate ESG transformation enhances the corporate advantages and competitiveness of Bakai Bank.

In the Kyrgyz Republic our brand is strongly associated with financial and technological innovations and digitalization. Modern, clear and convenient remote and digital services and products offered by the Bank enable clients to remain active participants in the financial system regardless of time and location, thereby expanding its accessibility and facilitating the daily life of citizens and the activities of companies. The Bank plans to continue improving innovative solutions and bring new products to the market with an emphasis on their independent development and high security of use. The Bank accumulated extensive competencies in the digital sphere, for example in such a breakthrough area as artificial intelligence.

Bakai Bank sees high growth potential in green lending for the Kyrgyz economy, given both the overall increase in clients interest in environmentally responsible business and the government's long-term commitment to achieving carbon neutrality by 2050. In addition to the positive impact on the environment and society, we want our sustainable financial products and services to provide clients with comprehensive support in the transition to sustainable business models. The Bank is ready to finance a wide range of activities and projects, including environmentally efficient buildings, renewable energy sources, clean electric transport, etc. That area opens great opportunities for financial cooperation with domestic and international banks and companies.

Our Bank is distinguished by a strong culture of charity. In 2024, Bakai Bank continued to support society and the regions where it operates through the implementation of various charitable initiatives. I would like to especially note the large-scale campaign "Give Good!" that made it possible to support a number of socially significant projects with the active participation of our clients.

An important component of success of Bakai Bank is its employees. We have created a strong team capable of solving strategic tasks and ensuring the long-term development of the Bank.

As a large and responsible employer, we focus on providing decent working conditions, attracting and retaining highly qualified specialists, developing the professional potential of our colleagues, encouraging long-term labor relations, and maintaining gender balance. The Bank creates a working environment in which it welcomes open dialogue, and which meets the expectations of employees, and intends to continue to develop a recognizable employer brand to expand its potential for further financial and technological progress. The conducted measurement of the level of employee engagement shows the high motivation of our colleagues and their interest in corporate success.

Bakai Bank strives to pay great attention to the environmental aspects of doing business. We were among the first in the financial sector of the Kyrgyz Republic to introduce an annual assessment of greenhouse gas emissions in accordance with international standards and conducted a climate risk assessment. Our green branch, where advanced green practices have been tested, continues to operate successfully. Digitalization of clients relations and internal business processes, transition to paperless document flow, and active issuance of digital cards allow us to significantly reduce direct and indirect impacts on the environment.

I am grateful to our team, shareholders, clients, and partners for continuing to support Bakai Bank. We will strive to continue to meet your expectations, ensuring the successful and sustainable development of Bakai Bank.

Umut Abakirova,
Chairwoman of the Management Board of Bakai Bank OJSC



Bakai Bank OJSC Portrait

Bakai Bank was founded in November 1998 and today is one of the leading universal commercial banks in the Kyrgyz Republic. Bakai Bank is included in the list of systemically important commercial banks of the country and has a credit rating of Moody's, one of the leading international rating agencies.

The activities are carried out based on the Charter and license No. 043 issued in June 2017 by the National Bank of the Kyrgyz Republic. In November 2017, license No. 043/1 was received for the right to conduct banking operations in accordance with the Islamic principles of banking and Islamic window financing in national and foreign currency.

Bakai Bank operates in the Kyrgyz Republic, and the branch network is represented by 20 branches. A vast geographic presence, along with an active focus on digitalization and advanced client-oriented technologies, is one of the most important factors determining the entry of the Bank into the leading financial institutions of the country. As of December 31, 2024, the assets of Bakai Bank accounted for about 11% of the total assets of the banking sector of the Kyrgyz Republic.

We provide a full range of banking services for corporate clients, small and medium businesses, and individuals. The Bank served almost 950 thousand clients, including more than 900 thousand retail clients, at the end of 2024.

The main activities are attracting deposits, opening and maintaining client accounts, providing loans and guarantees, providing settlement and cash services, and conducting transactions with securities.

As of December 31, 2024, the total number of outstanding common shares was 148 936 171 with a par value of 47 soms. Six individuals owned shareholdings exceeding 5% of the share capital. The founding and ultimate controlling party is the Ibragimov family.

The government does not own more than 5% of the shares of Bakai Bank. The Bank does not receive direct government financial support (subsidies, grants).

There is only one class of shares (common shares) that provide all shareholders with equal rights. Each share gives its holder one vote, and there are no dividend preferences. There are no restrictions on the number of votes that a shareholder can cast, or any other restrictions on the exercise of voting rights.

Bakai Bank is not included in the list of Global Systemically Important Banks.

Shares of major shareholders owning more than 5% of shares of the Bank, %

Sergey Mukhamedovich Ibragimov

as of December 31, 2024

21.1%

as of December 31, 2023

41.1%

Timur Sergeevich Ibragimov

as of December 31, 2024

20.0%

as of December 31, 2023

did not own more than 5% of the shares

Stella Nikolaevna Ibragimova

as of December 31, 2024

12.4%

as of December 31, 2023

12.4%

Alymbek Batyrbek uulu

as of December 31, 2024

7.3%

as of December 31, 2023

7.3%

Galina-Victoria Yurievna Ibragimova

as of December 31, 2024

7.1%

as of December 31, 2023

did not own more than 5% of the shares

Kira Sergeevna Ibragimova

as of December 31, 2024

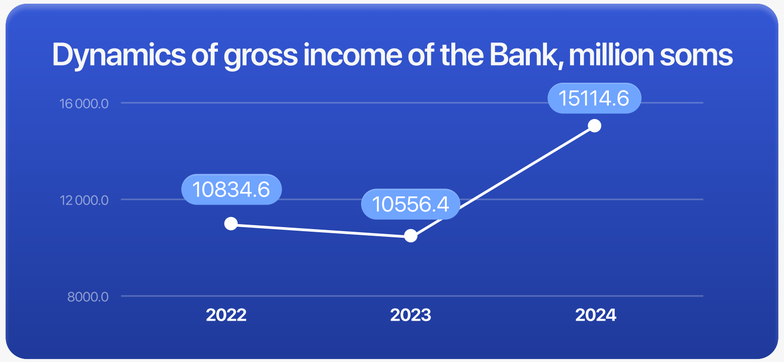
6.3%

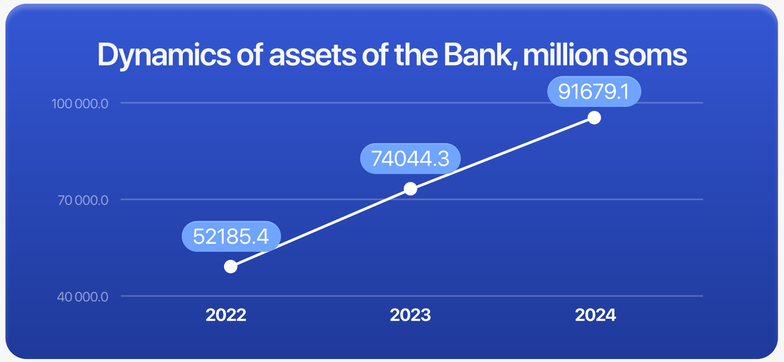
as of December 31, 2023

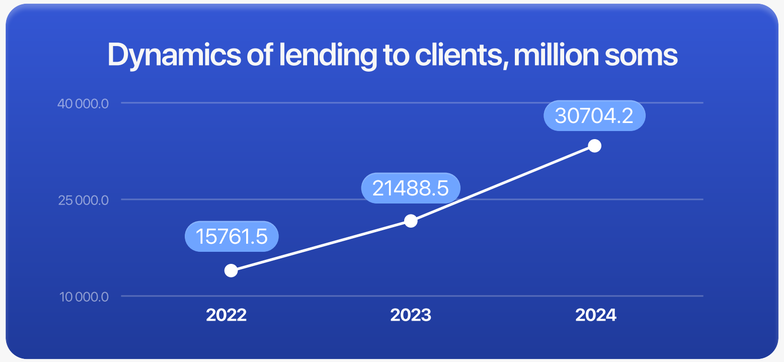
6.3%

Key Financial and Operational Indicators

as of December 31, 2024







91 679.1 million soms
assets

6 766.2 million soms
tier 1 captial[1]

7.38%
leverage ratio

10 752.2 million soms
retail lending

11 851.2 million soms
small and medium businesses lending

8 100.7 million soms
corporate lending

1 322.0 million soms
murabaha operations

42 588.3 million soms
current accounts and deposits of retail clients

26 843.9 million soms
current accounts and deposits of legal entities

147
operating ATMs

397.3 thousand
issued bank cards

1 277
operating POS terminals, payment terminals

Key business processes, products and services of the Bank

- Retail lending, including mortgage lending and car loans.
- SME and corporate lending.
- Cash management services.
- Deposits for retail clients.
- Deposits for SME and corporate business.
- Financial products and services based on Islamic banking principles.
- Mobile and Internet banking.
- Private banking.
- Securities transactions.
- Money transfers.
- Escrow accounts.
- Safe deposit services.
- Precious metals transactions

[1] – As of December 31, 2023, Tier 1 capital amounted to 5 281.9 million soms, leverage ratio – 7.13%.

Key Sustainability Outcomes for 2024

as of December 31, 2024

0
material violations of banking laws and regulations

67.3%
women in the workforce

1 177.6 million soms
total sustainable lending for clients in 2024

71%
customer satisfaction score **CSAT**

825 million soms
investments in digitalization in 2024

2 029
employees

0
corruption cases

0
information security incidents and personal data leaks

0
lost time injury frequency rate **(LTIFR)**

3 423.94
Scope 1 and Scope 2 greenhouse gas emissions, tons of CO_2-eq

76.1%
employee engagement level

0
human rights violations and cases of discrimination

Value distributed by the Bank in 2024, million soms

1 773.7	Interest paid to customers
2 273.5	Employee-related expenses*
434.3	Payments to suppliers**
393.4	Taxes***

* include taxes and other payroll payments
** consulting and other services, operating lease, communication services
*** excluding payroll taxes

Bakai Bank OJSC Achievements

Awards and Professional Rewards of the Bank

Visa Awards 2024

- In-house Processing Launch Special Award.
- Best Visa Premium Cards Issuer Nomination.
- Cross Border Best Approval Rate Nomination.

AmCham Awards – 2024 (Awards of the American Chamber of Commerce in the Kyrgyz Republic)

- Breakthrough of the Year.
- Excellence in Innovation and Technology.



Participation of the Bank in key associations and unions

- Union of Banks of Kyrgyzstan
- UN Global Compact
- American Chamber of Commerce in the Kyrgyz Republic
- Chamber of Commerce and Industry of the Kyrgyz Republic

Credit rating of the Bank

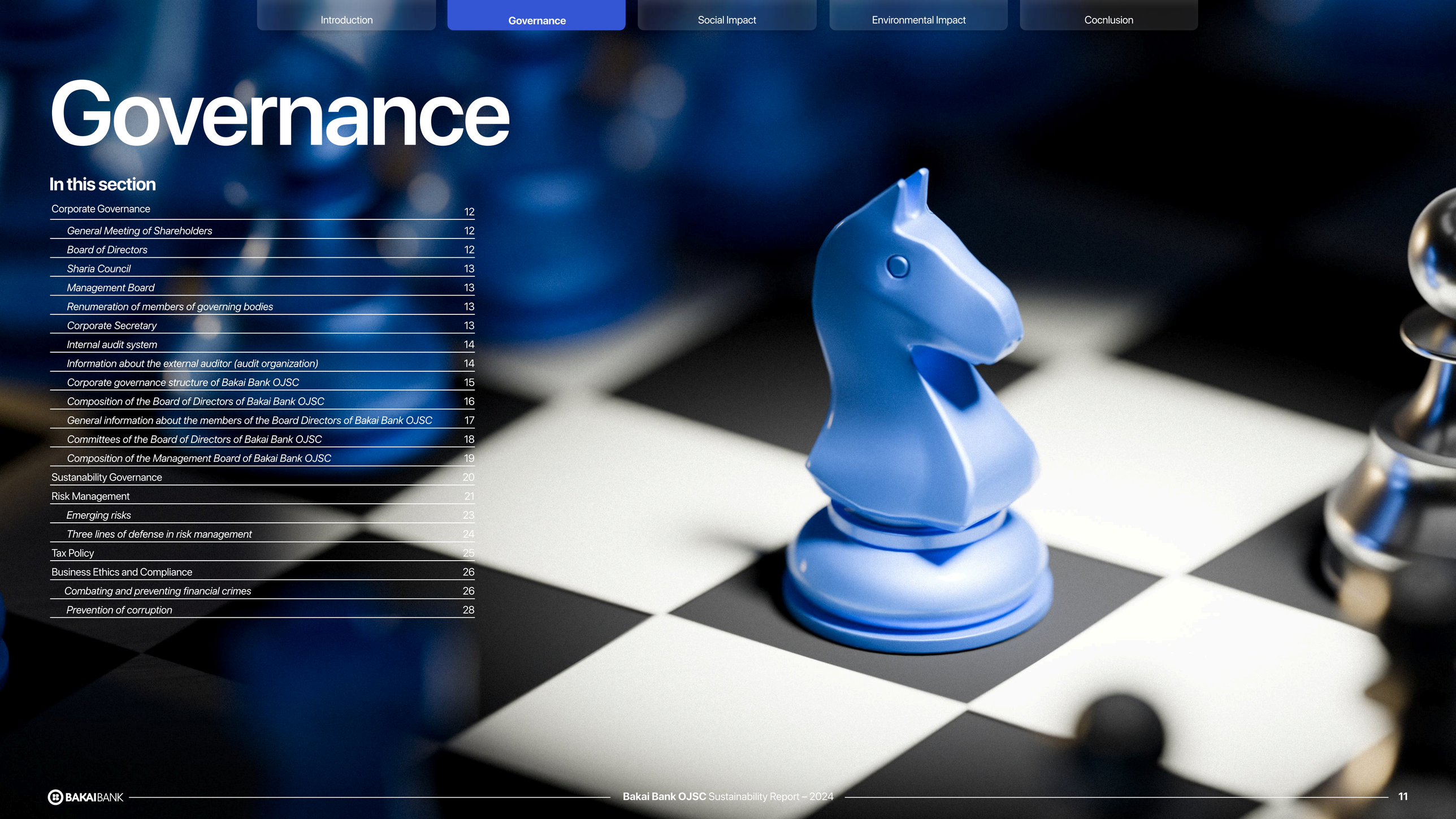
Moody's

- B3 long-term issuer deposit rating, stable outlook (May 2024).
- Bakai Bank is the only banking institution in the Kyrgyz Republic with an international credit rating from Moody's

Governance

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Corporate Governance

Strong corporate governance is critical to business success. The "G" in ESG stands for commitment to ensuring balanced decision-making that takes into account the interests of all stakeholders of Bakai Bank through implementation of an effective corporate strategy and appropriate distribution of roles and responsibilities among shareholders, the Board of Directors, executive management, structural units and employees. Corporate governance of Bakai Bank is focused on strict compliance with the legislation of the Kyrgyz Republic, while seeking to integrate the best global practices.

The documentary basis for the corporate governance system is the Charter, the Corporate Governance Code and other internal documents of the Bank, formulated taking into account the requirements of the legislation of the Kyrgyz Republic. The methodological basis for effective corporate governance is the recommendations of the Basel Committee on Banking Supervision and the Islamic Financial Services Council.

General Meeting of Shareholders

Bakai Bank recognizes the inalienable right of shareholders to participate in the corporate governance. Shareholders exercise their right to make decisions on issues related to the Bank at General Meetings of Shareholders that are the supreme decision-making body. The General Meeting of Shareholders is the supreme governing body of Bakai Bank.

The General Meeting of Shareholders is convened and held in the manner prescribed by the legislation of the Kyrgyz Republic. It is recognized as competent if shareholders or their legal representatives holding more than 60% of the votes of the outstanding voting shares of Bakai Bank participate in it. Among other things, the General Meeting of Shareholders makes amendments and additions to the Charter of Bakai Bank or approves the Charter in a new version.

An Annual General Meeting of Shareholders is mandatory every year. In 2024, the Annual General Meeting of Shareholders was held on March 28. In addition, an Extraordinary General Meeting of Shareholders was held on December 19, 2024. Bakai Bank provides relevant and appropriate information to meet the needs and expectations of our shareholders, striving to ensure that it is clear, sufficient and accurate. We ensure that the information disclosed to shareholders is transparent, truthful and complies with applicable laws.

Board of Directors

The Board of Directors is a governance body that determines the development strategy of Bakai Bank and is responsible for the formation of policies of the Bank. The activities of the Board of Directors are regulated by the legislation of the Kyrgyz Republic, the Charter of the Bank, decisions of the General Meeting of Shareholders and the Regulation on the Board of Directors approved by the General Meeting of Shareholders.

The number of members of the Board of Directors is determined by the decision of the General Meeting of Shareholders. In accordance with the decision of the Annual General Meeting of Shareholders held on March 31, 2025, the number of members of the Board of Directors is set at 5 persons.

Members of the Board of Directors are elected by the General Meeting of Shareholders individually by cumulative voting for a term of 4 years. It is required that at least one member of the Board of Directors should be a citizen of the Kyrgyz Republic, fluent in the state and/or official language. Candidates for the Board of Directors are nominated based on an assessment of skills, knowledge, specialized experience, as well as a high business reputation. Bakai Bank strives to maintain gender diversity of the Board of Directors.

Taking into account the requirements of the Law on Banks and Banking Activities, the following persons may not be elected to the Board of Directors:

- Members of the Management Board and persons holding other positions in Bakai Bank.
- Officials or significant shareholders of another bank or other person supervised by the National Bank of the Kyrgyz Republic, or holding positions in other competing financial institutions.
- Persons who do not meet the requirements established by the National Bank of the Kyrgyz Republic, as well as persons who are prohibited from holding such positions by law or a court decision.

To achieve a balance of interests of the Bank, the Board of Directors includes members of the Board of Directors who are independent directors and non-executive directors (taking into account the prohibition on electing members of the Management Board and other employees to the Board of Directors, there are no executive directors among the current members of the Board of Directors). In addition, the Bank has established a requirement that at least one member of the Board of Directors be a citizen of the Kyrgyz Republic.

As of May 1, 2025, the Board of Directors consists of 5 directors, two of whom are independent directors. The level of representation of independent directors on the Board of Directors fully complies with the requirements of the legislation of the Kyrgyz Republic and the internal documents of Bakai Bank. The average term of directors on the Board of Directors is 2 years and 6 months. Members of the Board of Directors have extensive and wide experience in business, including in the management of leading banks and companies of the Kyrgyz Republic. The average age of members of the Board of Directors is 44 years. Members of the current Board of Directors do not participate in the boards of directors of more than 4 other public companies.

In 2024, 91 meetings of the Board of Directors were held. Meetings are held as necessary, but at least once per quarter. The average attendance at meetings of the Board of Directors in the reporting period is 96%.

To improve the efficiency of its work and to provide a more detailed analysis of specialized issues, committees have been formed under the Board of Directors. Currently, there are several committees of the Board of Directors. The Risk Management Department, the Compliance Control Department and the Internal Audit Department report directly to the Board of Directors.

To strengthen its control functions, the Board of Directors holds regular discussions of the audit results with the external auditor (at least once a year), the internal auditor (at least once a quarter) and the Sharia Council (at least once a year).

Since 2025, a practice of annual assessment of the Board of Directors has been introduced to improve the efficiency of the Board of Directors, including an assessment of the performance of the Board of Directors as a governing body and an individual assessment of the performance of the members of the Board of Directors. The assessment is carried out by self-assessment through a questionnaire for all members of the Board of Directors on an anonymous basis. At the same time, an external assessment may be carried out with the involvement of external independent auditors to improve its quality, by a decision of the General Meeting of Shareholders. The results of the individual assessment of the performance of members of the Board of Directors may be taken into account when re-electing or early terminating their powers.

As of December 31, 2024, individual members of the Board of Directors own shares of Bakai Bank. During the reporting year, members of the Board of Directors made transactions to acquire or dispose of shares of the Bank.

Corporate Governance

Sharia Council

Bakai Bank operates in accordance with the Islamic principles of banking and financing, as a result, the Sharia Council operates in the Bank taking into account the requirements of the legislation.

The Sharia Council is the body responsible for the compliance of policies and standard agreements of the Bank with Sharia standards, consideration of issues and preparation of recommendations regarding operations according to the Islamic principles of banking and financing.

The Sharia Council includes only persons who meet the requirements established by the National Bank of the Kyrgyz Republic. Employment contracts or other similar agreements and contracts with members of the Sharia Council of the bank are not concluded, and the labor legislation of the Kyrgyz Republic does not apply to them. Members of the Sharia Council cannot hold positions of a member of the Sharia Council in more than one bank and two non-bank financial and credit organizations at the same time.

Management Board

The Management Board is a permanent collegial executive body of Bakai Bank, accountable to the Board of Directors, that manages the current activities of the Bank on the basis of the current legislation of the Kyrgyz Republic, the Charter of the Bank, the Regulation on the Management Board approved by the Board of Directors. The Management Board is vested with all the powers required to implement the operational management of the current activities of the Bank.

The quantitative and personal composition of the Management Board and the election of its members is carried out by a decision of the Board of Directors. The quantitative composition of the Management Board cannot be less than 5 people.
The Management Board is headed by the Chairwoman, appointed by the Board of Directors. The rights and obligations of the Chairwoman and members of the Management Board are fixed in the agreement concluded with each of them.

Taking into account the requirements of the Law on Banks and Banking Activities, the following persons cannot be members of the Management Board:

- A person who is a member of the Board of Directors of Bakai Bank, or a person who is an official of another bank or other legal entity supervised by the National Bank of the Kyrgyz Republic, or holds positions in other competing financial institutions.
- A shareholder with a significant participation in the capital of the Bank, or a person who is a significant shareholder of another bank or other legal entity supervised by the National Bank of the Kyrgyz Republic.
- Any other person who does not meet the requirements established by the National Bank of the Kyrgyz Republic, as well as a person whois prohibited from holding such positions according to the legislation of the Kyrgyz Republic or a court decision.

In 2024, 65 meetings of the Management Board were held, at which 816 issues were considered. Meetings of the Management Board are held as necessary, but not less than twice a month. During the reporting period, the members of the Board of Directors did not have any questions about compliance of the professional qualifications, skills and experience of the executive bodies with the current needs of the Bank, when reviewing the performance results of Bakai Bank.

As of December 31, 2024, the members of the Management Board did not own shares of Bakai Bank. During the reporting year, the members of the Management Board did not make any transactions to acquire or dispose of their shares.

Remuneration of members of governing bodies

The remuneration policy for members of the Board of Directors and the Management Board is implemented in accordance with the requirements of the legislation of the Kyrgyz Republic, the Charter of the Bank, and the Regulation on Remuneration.

Determination of the terms and amount of remuneration for members of the Board of Directors and the Sharia Council falls within the exclusive competence of the General Meeting of Shareholders. The amount of premiums and bonuses for members of the Board of Directors and the Sharia Council is established by a decision of the General Meeting of Shareholders taking into account the performance results of the Bank based on the results of the financial year and is approved by a decision of the General Meeting of Shareholders. Members of the Board of Directors may be paid remuneration and (or) compensated for expenses incurred in connection with the performance of their functions as members of the Board of Directors during the period of their duties, by decision of the General Meeting of Shareholders.

Establishment of the amount of remuneration paid and terms of remuneration for members of the Management Board falls within the exclusive competence of the Board of Directors taking into account recommendations and proposals of the Nomination and Remuneration Committee under the Board of Directors. The Board of Directors sets a level of remuneration for members of the Management Board: salary, profit sharing, reimbursement of off-budget representation expenses, commission fees and other additional payments. It is possible to increase remuneration, pay part of the remuneration in the form of premiums/bonuses or a long-term incentive payment program.

The amount of remuneration for members of the Board of Directors and the Management Board is indicated in the audited financial statements of the Bank for 2024.

Corporate Secretary

To ensure that the governance bodies and officials of Bakai Bank comply with the requirements of the legislation of the Kyrgyz Republic, the Charter and internal documents that guarantee implementation of the rights and legitimate interests of shareholders, the organization of interaction between the Bank and its shareholders, as well as between the management bodies of the Bank, the position of Corporate Secretary was established and the Secretariat of the Board of Directors operates.

Among other things, the Corporate Secretary organizes the preparation and holding of the General Meeting of Shareholders, ensures the organizational procedures for the proper work of the Board of Directors and committees under the Board of Directors are in place.

The Corporate Secretary is appointed and dismissed by the decision of the Board of Directors. The duties are defined in the Job Description of the Corporate Secretary. Combining the independent position of Corporate Secretary with the performance of other duties in the Bank is allowed only with the consent of the Board of Directors.

As of May 1, 2025, the Corporate Secretary is Gulnara Toktonazarovna Nazaralieva.

Corporate Governance

Internal audit system

The internal audit system is aimed at providing adequate assistance to the Board of Directors in fulfilling its responsibilities to achieve the priorities and objectives of the activities of the Bank by providing independent and objective data based on the analysis and assessment of the reliability and effectiveness of the internal control and risk management systems, as well as the corporate governance system.

The Bank has an Internal Audit Department that reports to and is accountable to the Board of Directors.

The Board of Directors annually reviews and approves the internal audit report that includes the results of an assessment of internal control, risk management and corporate governance systems as part of the audits carried out.

Information about the external auditor (audit organization)

By the decision of the General Meeting of Shareholders, KPMG Bishkek LLC was appointed as an audit organization to conduct the mandatory annual audit of the financial statements of the Bank for 2024. During the reporting period, the external auditor did not provide non-audit services to the Bank.

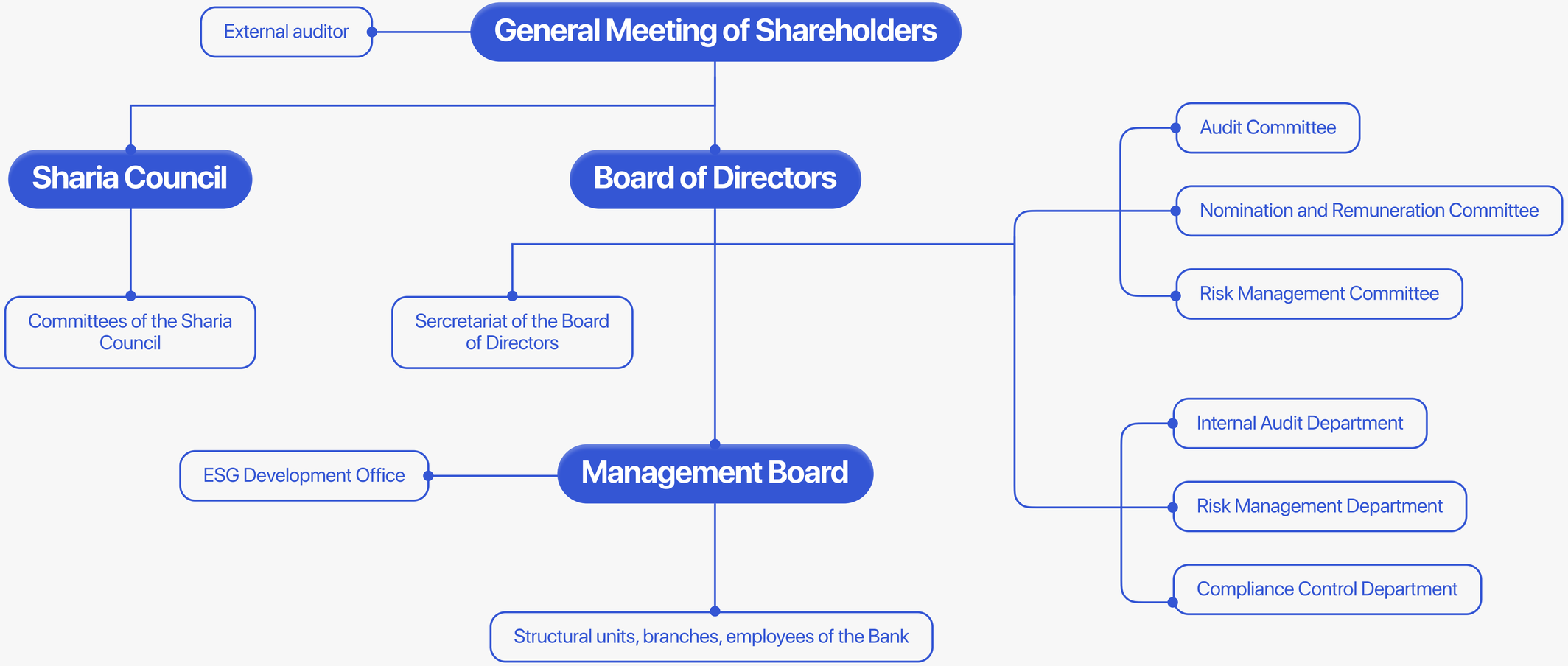
The rotation period of the external auditor, i.e. the period during which Bakai Bank may use the services of the same audit organization, is no more than 5 years. The audit organization selected for the audit must, among other things, have an appropriate license for the right to carry out audit activities in the Kyrgyz Republic, have at least three years of audit experience, and be independent of the Bank.

For the year ending December 31, 2024, audit expenses amounted to 23.49 million soms, with taxes.



Corporate governance structure of Bakai Bank OJSC

as of May 1, 2025



Composition of the Board of Directors of Bakai Bank OJSC

as of May 1, 2025

	Timur Sergeevich Ibragimov	Bakita Abdykalyevna Munduzbaeva	Kira Sergeevna Ibragimova	Aizhan Medetovna Sadyrkulova	Gulnara Turarovna Uskenbaeva
Position	Chairman of the Board of Directors	Deputy Chairwoman of the Board of Directors	Member of the Board of Directors	Member of the Board of Directors	Member of the Board of Directors
Date of initial election	March 10, 2023	February 24, 2020	January 20, 2022	March 10, 2023	March 31, 2025
Date of birth	August 30, 1999	July 5, 1969	May 15, 1989	April 15, 1979	July 18, 1964
Citizenship	Kyrgyz Republic	Kyrgyz Republic	Kyrgyz Republic	Kyrgyz Republic	Kyrgyz Republic
Independent director	No	No	No	Yes	Yes
Participation in committees of the Board of Directors	Chairman of the Nomination and Remuneration Committee. Member of the Risk Management Committee. Member of the Audit Committee.	Member of the Risk Management Committee. Member of the Nomination and Remuneration Committee.	Member of the Risk Management Committee.	Chairwoman of the Risk Management Committee. Member of the Audit Committee. Member of the Nomination and Remuneration Committee.	Chairwoman of the Audit Committee. Member of the Risk Management Committee.
Education	Higher education in management.	Higher education in economics.	Higher education in management.	Higher education in jurisprudence.	Higher education in economics.
Financial industry experience	Work experience in the banking sector since 2017. Specialist/senior specialist of the Financial Division, chief specialist of the Small and Medium Business Lending Division, head of the Precious Metals Unit, head of the Precious Metals Division of the Treasury Department of Bakai Bank OJSC. Since 2023, member/Chairman of the Board of Directors of Bakai Bank OJSC.	Work experience in the banking sector since 1991. From 2006 to 2009 – Chairwoman of the Management Board of Bank Bakai OJSC. From 2009 to 2019 – First Deputy Chairwoman of the Management Board of Bank Bakai OJSC. From 2019 to 2020 – Chairwoman of the Management Board of Bank Bakai OJSC.	From 2015 to 2019 – Chief Specialist of the Financial Division, Head of the Reporting and Budget Control Unit of the Financial Division. Afterwards, Member of the Board of Directors at Bakai Bank OJSC.	From 2004 to 2016 – at the National Bank of the Kyrgyz Republic as a lawyer, head of the legal unit, head of the legal division, and then as a member of the Management Board. Since 2016, has worked at the Accounts Chamber of the Kyrgyz Republic, including acting as the Chairman of the Accounts Chamber.	Work experience in various companies in the financial and audit industries. From 2014 to 2018 – Member of the Board of Directors of Eurasian Savings Bank OJSC. From 2018 to 2020 – Member of the Board of Directors of BTA Bank CJSC. From 2020 to 2025 – Member of the Board of Directors of EcoIslamicBank CJSC.

Notes:

The following changes in the composition of the Board of Directors occurred in the period from January 1, 2025 to May 1, 2025:

- On March 5, 2025, the powers of the member of the Board of Directors (independent director) Lada Dzhantayevna Orozbaeva were terminated in accordance with the submitted application at own will.
- On March 31, 2025, the powers of the member of the Board of Directors (independent director) Ermek Turatbekovich Ablasov were terminated due to expiration of the term of office.
- On March 31, 2025, the powers of the member of the Board of Directors Munara Artykovna Myrzabaeva were terminated in accordance with the submitted application at own will.
- On March 31, 2025, Gulnara Turarovna Uskenbaeva was elected as a member of the Board of Directors (independent director).

General information about the members of the Board of Directors of Bakai Bank OJSC

as of May 1, 2025

Independent directors

According to the requirements of the legislation of the Kyrgyz Republic, independent directors constitute at least one third of the Board of Directors of Bakai Bank.

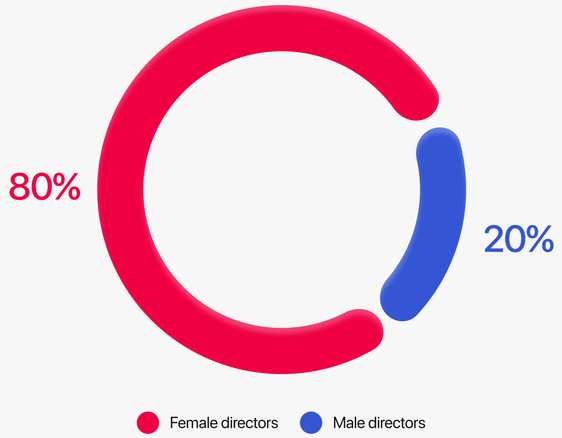
Opinions and positions of independent directors are important for the performance and decisions of the Board of Directors, as they are unbiased and independent, do not depend on the views of shareholders, other members of the Board of Directors and the executive management of the Bank, and are focused exclusively on improving the efficiency of the activities of the Bank.

Criteria for independence of members of the Board of Directors.

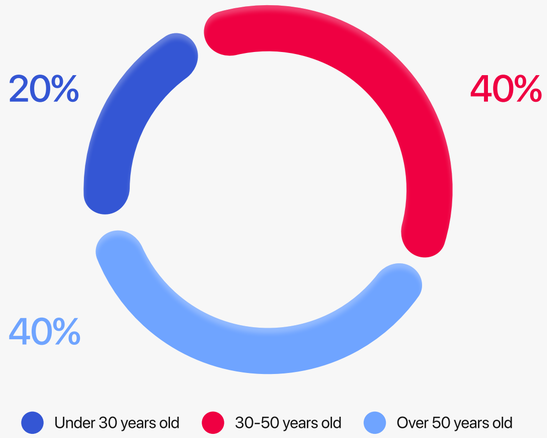
Independent status means that at the time of election as an independent director, a person:

- is not currently or has not been an employee of the Bank or an employee of any legal entity associated with it over the past 5 years;
- is not currently and has not been a member of the Management Board of the Bank or a member of the Management Board of any legal entity associated with the Bank over the past 5 years;
- has not been a member of the Board of Directors of the Bank over the past 5 years;
- has not received, directly or indirectly, any material additional remuneration, compensation, benefits or donations, other than reimbursement of expenses related to participation in meetings of the Board of Directors, from the Bank or persons related to the Bank, or on their behalf during the last 5 years;
- has no material business ties (including the provision and receipt of loans) with the Bank or any of the persons related to the Bank, either directly or as a partner, during the last 5 years;
- is not currently or has not been a partner or employee of the current or former external auditor of the Bank or any of the persons related to the Bank during the last 5 years;
- does not exercise significant participation or control over the Bank and does not in any way represent a shareholder exercising significant participation or control over the Bank;
- is not in close family relations with the persons mentioned above.

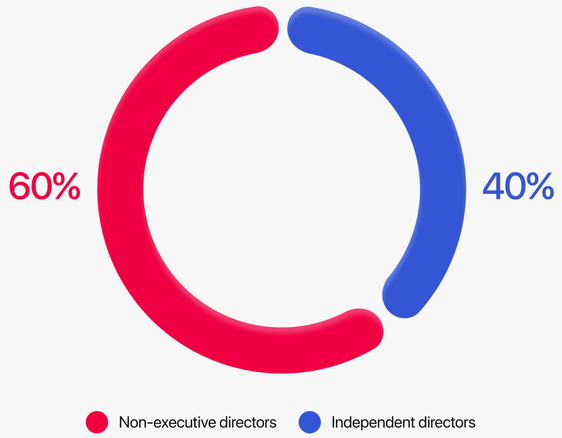
Gender composition



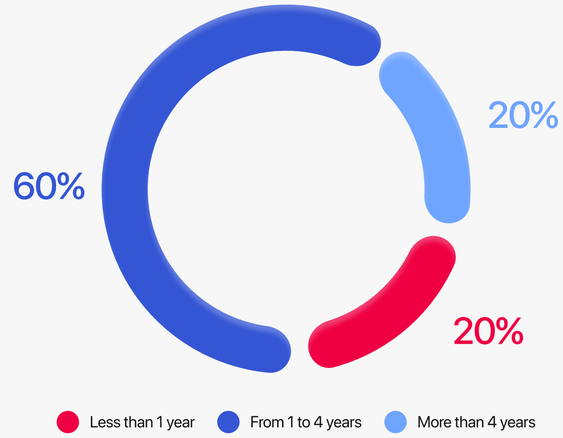
Age composition of the Board of Directors



Share of independent directors



Board of Directors Average Tenure



Committees of the Board of Directors of Bakai Bank OJSC

as of May 1, 2025

The status and composition of the committees of the Board of Directors are formed taking into account the requirements of the legislation of the Kyrgyz Republic, as well as the goals and scale of activities and the level of risks of the Bank.

	Nomination and Remuneration Committee	Risk Management Committee	Audit Committee
Description	The main objective of the Nomination and Remuneration Committee is to assist the Board of Directors in resolving personnel issues in the area of appointment and remuneration of members of the Board of Directors, the Management Board, heads and employees of the internal audit, risk management and compliance control departments, as well as employees subject to mandatory approval by the National Bank of the Kyrgyz Republic. Meetings are held as necessary.	The Risk Management Committee assists the Board of Directors in determining the priority areas of activity of the Bank in the area of banking risks and in creating conditions for proper risk management. Meetings are held monthly.	The main objective of the Audit Committee is to assist the Board of Directors in ensuring an appropriate system of internal control, control over accounting procedures and preparation of financial statements of Bakai Bank. Meetings are held at least monthly.
Participating members of the Board of Directors	• Timur Sergeevich Ibragimov (Chairman). • Bakita Abdykalyevna Munduzbaeva. • Aizhan Medetovna Sadyrkulova.	• Aizhan Medetovna Sadyrkulova (Chairwoman). • Timur Sergeevich Ibragimov. • Kira Sergeevna Ibragimova. • Bakita Abdykalyevna Munduzbaeva. • Gulnara Turarovna Uskenbaeva.	• Gulnara Turarovna Uskenbaeva (Chairwoman). • Timur Sergeevich Ibragimov. • Aizhan Medetovna Sadyrkulova.
Number of meetings in 2024	26 meetings (36 issues considered).	13 meetings (22 issues considered).	20 meetings (64 issues considered).

Composition of the Management Board of Bakai Bank OJSC

as of May 1, 2025

	Umut Anarbekovna Abakirova	Marat Salamatovich Kakeev	Nurdin Irizbaevich Alybaev	Larisa Georgievna Chengiz	Sergei Sergeevich Lazyuk	Pavel Vladimirovich Brylev	Dinara Temirovna Aitbaeva
Position	Chairwoman of the Management Board	First Deputy Chairman of the Management Board	Deputy Chairman of the Management Board	Deputy Chairwoman of the Management Board	Deputy Chairman of the Management Board	IT Director - Member of the Management Board	Financial Director - Member of the Management Board
Appointment date	October 10, 2023	August 1, 2022	September 1, 2022	March 4, 2021	December 4, 2023	April 17, 2020	October 10, 2023
Date of birth	February 24, 1982	January 16, 1976	July 30, 1981	February 26, 1971	February 17, 1979	April 5, 1981	September 24, 1977
Citizenship	Kyrgyz Republic	Kyrgyz Republic	Kyrgyz Republic	Kyrgyz Republic	Republic of Belarus	Kyrgyz Republic	Kyrgyz Republic
Education	Higher education in Business Management	Higher education in economics	Higher education in banking, legal affairs	Higher education in financial accounting, management accounting	Higher education in banking, international business management	Higher education in information technology	Higher education in economics
Financial industry experience	The career started at BTA Bank CJSC, in the Microcredit Unit under the EBRD program. In 2006, she was appointed Deputy Head of the Small and Medium Business Division. Since 2007 – Deputy Head of the Risk Management Division, afterwards – Head of the same Division. Since 2012 – Managing Director. After the merger with Bakai Bank OJSC – Director of Regional Development, Director of Retail Sales, then Director of Operations Control. In 2021 she was appointed as Deputy Chairman of the Management Board of Bakai Bank OJSC.	The banking career started in 1998 – at the National Bank of the Kyrgyz Republic. From 2007 to 2009, he held senior positions at Dos-Kredobank OJSC and FinanceCreditBank KAB OJSC. In 2017 – Member of the Board of Directors, then Chairman of the Board of Directors of Eurasian Savings Bank OJSC. Since 2017 – BTA Bank CJSC as Deputy Chairman of the Board of Directors. Since 2018 – First Deputy Chairman of the Management Board of BTA Bank CJSC. Since 2020 – Deputy Chairman of the Management Board of Bakai Bank OJSC.	The career started in 2004 as an intern in the corporate business unit of Ineximbank. From 2013 to 2020 – director of the branch of BTA Bank. From 2020 to August 2022 – director of the branch of Bakai Bank OJSC.	From 1993 to 2001, she specialized in accounting and tax accounting, financial control and methodology in various Kyrgyz commercial banks. From 2002 to 2005 – Chief Accountant of Ecobank OJSC, from 2005 to 2007 – Deputy Chairman of the Management Board - Director of the Department of Resources and Financial Control of Ecobank OJSC. From 2007 to 2020 – Managing Director of BTA Bank CJSC.	The banking career started at Priorbank (Raiffeisen Bank) in Belarus in May 2002. From 2007 to 2013, he held the position of Director of Internal Audit, and from 2013, Director of the Digital Service Channels Department at Priorbank. From 2019 to 2023 – Executive Director for Retail Business at Bank BelVEB in Belarus.	From 2002 to 2018, he worked at Optima Bank OJSC in the information technology sphere. Then he continued working at Dos-Kredobank OJSC as Director of the Information Technology Department, and in October 2019, he joined the Management Board of Dos-Kredobank OJSC. Since March 2020, he joined the Bakai Bank OJSC team as IT Director.	The career started at Bakai Bank OJSC as a specialist accountant for foreign exchange transactions. During her time at the Bank, she held such positions as Chief Accountant-Member of the Management Board, Managing Director, and Financial Director.

Sustainability Governance

Sustainability is an integral part of the activities of Bakai Bank. We recognize that strong corporate governance and proper management of sustainability risks and opportunities associated with our business are critical to creating long-term value for Bakai Bank and its stakeholders.

The corporate sustainability management structure defines roles and responsibilities that are designed to ensure sufficient progress in ESG transformation of Bakai Bank.

The Board of Directors approved the Sustainability Policy that sets priorities and areas of work, and clearly establishes the sustainability vision of the Bank, together with the Environmental and Social Risk Management Policy. The Sustainability Policy covers the main obligations, measures and actions of Bakai Bank in relation to colleagues, clients, suppliers and other stakeholders.

The Board of Directors defines the priority areas of activity of the Bank, approves or updates strategic goals and areas of activity, key documents related to sustainability. In addition, the Board of Directors formulates principles and approaches to organizing the risk management system, including sustainability sphere, and regularly reviews risk reporting, that allows making informed decisions based on the current risk profile. The Risk Management Committee supports the Board of Directors on issues related to sustainability and ESG risk management and helps monitor implementation of and compliance with the overall risk strategy of the Bank. The Board of Directors has a dedicated director who is responsible for strategic supervision of sustainability and ESG.

The Management Board ensures the execution of decisions of the General Meeting of Shareholders and the Board of Directors, implementation of the corporate development strategy, and makes operational sustainability decisions.

The Board of Directors and the Management Board are regularly informed by the ESG Development Office and other structural units as part of their core activities on various material sustainability issues, such as sustainability risks and opportunities, as well as changes in legislative requirements.

The Sustainable Development Working Group that includes heads of key units involved in the corporate ESG transformation, is responsible for coordinating the actions and tasks of the structural units in various sustainability areas, including ensuring high-quality formation of non-financial reporting and relationship between strategic initiatives.

The ESG Development Office, headed by the Chief Sustainability Officer, is a structural unit that bears day-to-day responsibility for sustainability and corporate social responsibility agenda, with the support of relevant units overseeing specialized areas such as HR, information security, etc. The Head of the ESG Development Office possesses practical and theoretical sustainability experience in the financial sector.

All structural units contribute to implementation of sustainability priorities of Bakai Bank. In particular, the structural units identify sustainability-related risks that may affect the achievement of its goals, also encompassing analyzing risk factors and determining an exhaustive list of consequences.

To properly understand and manage ESG issues, Bank employees undergo training seminars and workshops, including webinars with invited experts.

Key ESG documents of the Bank

- Corporate Governance Code.
- Corporate Code.
- Sustainability Policy.
- Environmental and Social Risk Management Policy.
- Anti-corruption Policy.
- HR Policy.
- Human Rights Policy.
- Personal Data Processing Policy.
- Information Security Risk Management Policy.



Risk Management

Risk management is an integral part of the banking business, and the commitment to increasing risk awareness is deeply rooted in the corporate culture of Bakai Bank.

Bakai Bank established a comprehensive risk, liquidity and capital management structure to meet regulatory requirements and ensure the stability of the financial position of the business. The purpose of capital and liquidity planning is to ensure that the Bank remains operational both in normal and stressful conditions. The risk management system is focused on achieving strategic priorities, improving the efficiency of operations and financial stability of the Bank, ensuring the continuity of business processes, unconditional and proper fulfillment of obligations and legal requirements.

We focus on improving the risk management system, taking into account that it corresponds to the level of development of operations of the Bank, the requirements of the legislation of the Kyrgyz Republic, as well as external conditions and the best international practices of risk and capital management.

Bakai Bank has a moderate risk tolerance that is supported by a strong risk culture extending to all areas of our activities.

The Bank has a Risk Management Policy and other internal regulations governing the risk management process. All significant risks to which the Bank is exposed or may be exposed must be identified and managed systematically and transparently. It is reflected in how structural units are responsible for managing their own risks and how it is monitored by the internal control functions of Bakai Bank.

Credit risk, liquidity risk, market risk, country risk, operational risk, reputational risk are significant risks for Bakai Bank. Risk appetites, scoring models, and key risk indicators have been established for them.

Bakai Bank assumes financial risks within the established limits and to the extent that the risk-adjusted return contributes to the achievement of the corporate financial goal.

Of the financial risks, credit risk is the most significant for the Bank, and the main source of that risk is lending operations to legal entities and individuals. Credit risk, market risk and liquidity risk are managed and controlled by a system of credit committees and an Asset and Liability Management Committee, both at the portfolio level and at the individual transaction level.

In addition, measures are being taken to minimize operational and compliance risks to the maximum extent possible, taking into account the associated costs. To prevent operational risks, contingency plans and business continuity plans are developed to ensure continuous operations and minimize losses in the event of an unexpected failure. All operational risk events are necessarily recorded in the operational risk database.

To manage the current risk profile, Bakai Bank formulates a corporate strategy-related risk appetite for significant risks and their acceptable levels. The risk appetite determines our target risk profile taking into account stress scenarios. The risk appetite is approved by the Board of Directors on an annual basis.

We focus on the consistency of strategic and business plans with the risk appetite through:

- Taking into account the risk appetite, strategic vision and risk culture when drawing up strategic and business plans.
- Comparison of strategic and business plans with risk appetite.
- Management through a three-line-of-defense model, in which risk appetite limits are subject to constant monitoring, and authorized structural units regularly report on the risk profile and compliance with limits to the Board of Directors.

The methods of responding to risk events are described in the Risk Event Management Rules that specify the actions of structural units of the Bank at the time of a risk event.

Stages of risk management in the Bank

1. **Identification of risks** that potentially have a significant impact on the financial stability of the Bank is identification of the main sources (risk factors) that have caused (may cause) losses or additional costs of the Bank. Identification is carried out on an ongoing basis by employees of the Bank in the performance of their official duties.
2. **Risk assessment** is carried out using quantitative and qualitative methods depending on the types of risk and the tasks of managing it.
3. **Risk monitoring** is a system of collecting, accumulating and analyzing information. Based on monitoring, risk assessment, control, reporting, and formation of a system of key risk indicators are carried out.
4. **Risk limitation** is the implementation of a set of measures aimed at reducing the probability of events that lead to losses and damages, up to and including the refusal to accept the risk or transferring it to a third party or reducing the amount of losses and damages if they occur. Risk appetite indicators and other limits are developed and approved for the purpose of limiting risks.
5. **Risk control** is control over compliance with risk management procedures and established limits.
6. **Risk planning and forecasting** is aimed at assessing the potential impact on finances and capital of the Bank of a number of exceptional (shock) but probable events. It is usually carried out by stress testing.
7. **Informing** is carried out by providing management reports at specified intervals.

Bakai Bank conducts stress tests on an ongoing basis, taking into account such factors as the macroeconomic and geopolitical situation, the current market situation, to be able to act at an early stage in the event of a deterioration in the liquidity or capital situation. Stress testing and scenario analysis allow senior management to understand the nature and scale of the vulnerabilities to which the Bank is exposed when implementing its strategy and business plan.

In the reporting year, stress testing was carried out for credit risk, all types of market risk and liquidity risk, and country risk. Based on the results of stress testing for 2024, Bakai Bank has sufficient capital to continue operations in the event of stress testing scenarios implementation.

The Board of Directors periodically, but at least once every six months, assesses the adequacy of the established risk levels, taking into account the performance of the Bank. The Risk Management Department reports to the Risk Management Committee of the Board of Directors at least monthly and to the Board of Directors quarterly (the Bank may set a different frequency for submitting such reports, but it shall not be less than the established “base” frequency). The reports cover the risks included in our corporate risk structure with all the necessary considerations for their proper assessment. They also provide a consolidated view of all risks, maintaining the quality and consistency of information in accordance with our corporate data structure. At least once a quarter, the Board of Directors and Risk Management Committee of the Board of Directors review the methods of risk measurement and assessment developed by the Risk Management Department and structural units and practiced by the Bank, including gap and stress testing separately for each type of risk.

The Internal Audit Department annually examines the established risk management system, and its results are submitted to the Board of Directors. Based on the results of the internal audit in 2024, there were no significant comments from the internal auditor. In addition, the Board of Directors receives annual risk assessment reports with opinions from external auditors on the risk management system of the Bank (credit, market and operational risks) based on the results of the annual audit conducted by an independent external auditor.

Risk Management

In cooperation with risk owners, the Risk Management Department assesses significant risks before introducing a new product, service or business process, as well as when making important changes to the existing products or services, business processes of the Bank. It helps to minimize their exposure to various risks, thereby contributing to improved client experience and compliance with regulatory requirements.

Based on the current Environmental and Social Risk Management Policy that is approved by the Board of Directors, the Bank manages environmental and social risks, primarily at the loan portfolio level. The management of these risks is not yet taken into account in the risk appetite. The said Policy facilitates the activities of the Bank to stimulate sustainability of clients' businesses and reduce environmental and social risks when carrying out operations to provide credit products. The Policy explains that environmental and social risks are considered as an integral part of the credit risk assessment.

We believe that ESG risk factors can impact financial risks over different time horizons. Therefore, it is important to identify, assess, manage and mitigate them in accordance with regulatory requirements and market best practices. Effective sustainability risk management helps reduce the potential losses and costs of the Bank, for example, by reducing potential losses caused by borrowers' inability to service their loans due to exposure to environmental and social risks.

Bakai Bank pays attention to improving the competencies and specialized training of employees in risk management on a systematic basis. In 2024, trainings were conducted in accordance with a training plan of the Bank and as part of the training of new personnel, for instance training on "Operational Risks in the Bank and Risk Culture", "Credit Risks", etc. In total, 450 employees of the Bank underwent training in banking risk management during the reporting period. We have launched specialized training for Board members and Management Board members on sustainability risk management, including climate risk, in response to the increasing importance of sustainability.

Specific risks that are significant for the Bank and methods to manage them

Significant risk | Assets and transactions exposed to risk | Examples of priority risk management methods

Credit risk

Significant risk

The risk that clients will fail to fulfill their obligations in accordance with the terms and conditions of the contract, that may have a negative impact on the capital of the Bank or its profit.

Assets and transactions exposed to risk

- *Lending to clients from various segments.*

Examples of priority risk management methods

- Credit risk analysis at the stage of loan applications reviewing.
- Financial analysis of borrowers, assessment and regular monitoring of the financial position of borrowers.
- Setting limits on transactions subject to credit risk.
- Determining the amount of requirements for the capital of the Bank.
- Minimizing credit risks through the accepted collateral.
- Approval of the methodology for assessing and determining the amount of capital required to cover residual credit risk.
- Diversification of the loan portfolio.
- Establishing provisions to cover possible losses due to credit risk.

Market risk

Significant risk

The probability of losses associated with an unfavorable change in the value of the assets and liabilities of the Bank as a result of changes in prices for raw materials, goods, changes in exchange rates, and share prices. Market risk includes price risk and currency risk.

Assets and transactions exposed to risk

- *Operations and transactions that form the open foreign exchange transactions of the Bank.*
- *Operations for the purchase and sale of securities.*
- *Operations for the purchase and sale of derivative financial instruments.*

Examples of priority risk management methods

- Use of methods for measuring market risk and determining capital requirements in relation to market risk.
- Existing system of limits (limiting transactions and positions subject to risk) and the procedure for establishing them, strict control over compliance with limits.
- Monitoring economic conditions to take the necessary measures to minimize risk.

Liquidity risk

Significant risk

The risk of loss to which the Bank is exposed in the event of its inability to meet its obligations on a timely basis without incurring unacceptable losses (i.e. achieving liquidity only by disposing of assets, that would result in unacceptable losses), including the inability to manage unplanned changes in funding sources.

Assets and transactions exposed to risk

- *Specific impact.*

Examples of priority risk management methods

- Analysis of asset liquidity and liability stability, forecasting cash flows for assets, liabilities and off-balance sheet items over various time intervals.
- Daily and longer-term liquidity management procedures.
- Determination of liquidity risk factors.
- Maintaining a diversified structure of funding sources.
- Maintaining high liquid assets at a certain level.
- Developing reserve plans to maintain liquidity and specified funding.
- Analysis of scenarios for the operations of the Bank in stressful liquidity risk situations.
- Monitoring compliance of liquidity indicators with statutory standards.

Operational risk

Significant risk

The risk of direct or indirect losses to which the Bank is exposed as a result of disruptions in the operations of the Bank or its subsidiaries caused by external events, human errors, as well as in result of inadequacy or breach of processes, procedures or control systems.

Assets and transactions exposed to risk

- *All operations and areas of activity of the Bank, regardless of the specifics and volume of operations and transactions carried out.*

Examples of priority risk management methods

- Identification of operational risk, collection and recording of information on operational risk events.
- Analysis of products, services and processes to identify operational risks, including early identification of risks during development and implementation of new products, services and processes.
- Monitoring of key risk indicators, operational risk level indicators, operational risk level control indicators and other metrics.
- Separation of duties and strict control of access rights to systems.
- Measures to ensure and improve information security, continuity of operation of information systems.
- Measures to minimize personnel risks associated with insufficient qualifications of personnel or their number, errors and violations by employees, conflicts of interest.

Risk Management

Emerging risks

By means of an analysis of emerging (new) risks, to which external consultants were involved, Bakai Bank seeks to identify possible new risks (in addition to financial, operational and compliance risks) for its strategic development in the long term. The categories of such emerging risks correspond to the categories defined in the World Economic Forum's Global Risks Report: economic, environmental, geopolitical, social and technological risks. [2]

Technological risk

Mass implementation of artificial intelligence in the banking sector

Against the background of growing interest in artificial intelligence, further active implementation of related technological solutions, including those based on generative artificial intelligence, is expected in various areas of financial companies' activities both globally and in the Kyrgyz Republic. Among other things, the capabilities of artificial intelligence allow for improved client service, risk assessment, fraud detection, and internal operational processes.

Bakai Bank is one of the pioneers in the implementation of artificial intelligence in the financial sector of the Kyrgyz Republic. In this context, the Bank believes that, along with significant opportunities, the manifestation of certain risks associated with the intensive penetration of these technologies into social and economic processes cannot be ruled out in the foreseeable future.

The potential impact and scale of such risks, which are external to the Bank and may be related to data security, biased results and data quality, disruptions, unbalanced and changing regulatory environment and other challenges, remain unclear given the novelty of the technologies. It complicates the implementation of balanced measures to properly prevent, mitigate and adapt to such risks. Thus, further improvement of artificial intelligence-based tools may simplify the implementation of cyber-attacks and fraudulent operations (for example, through the mass generation and distribution of more "plausible" phishing emails by artificial intelligence), increase their number and complexity.

It determines the need to ensure careful control over the use of artificial intelligence, including to prevent unexpected financial losses.

Bakai Bank is focused on the responsible use of technological solutions in the area of artificial intelligence and intends to ensure proper risk management in that area. In particular, we are implementing measures to improve the information security management system, expanding employee training on the use of new technologies, constantly monitoring relevant legislation, etc.



Environmental risk

Tightening of regulatory climate requirements for the banking sector of the Kyrgyz Republic

As of 2025, financial companies in the Kyrgyz Republic are not subject to any significant obligatory climate commitments, including in terms of annual/quarterly climate disclosures using advanced international standards such as IFRS S2. However, there is an initiative by the regulator to more actively regulate the banking sector on issues related to sustainable development and climate.

The international commitments of the Kyrgyz Republic to achieve carbon neutrality by 2050 and the need to actively attract green finance from external capital providers may potentially increase the likelihood of introducing significantly more ambitious requirements from the regulator and external partners for financial companies in the Kyrgyz Republic in the next few years in terms of regular climate disclosures under IFRS S2, mandatory advanced climate risk management systems (also at the loan portfolio level), fulfilling commitments to achieve carbon neutrality, etc.

This is a new risk for Bakai Bank and other financial institutions of the country. Such innovations in the Kyrgyz Republic, especially when implemented in a relatively short time frame, can lead to significant and diversified risk factors and additional financial costs for banks, especially in the event of the need to implement accelerated programs to decarbonize their own business and loan portfolio. In addition, they can affect the business model of banks, including their approaches to lending, for example, in the event of a need to sharply reduce financing of carbon-intensive sectors and activities.

At the same time, some uncertainty remains regarding the possibility and timing of specific climate regulation decisions that can complicate long-term planning and risk management.

Bakai Bank is aware of the importance of the global and national climate agenda. In this context, as a responsible financial company, the Bank has begun to implement priority climate measures, in particular the implementation of regular climate risk assessments, annual carbon footprint assessment practices based on international approaches, and climate information disclosure using the TCFD recommendations.

[2] https://reports.weforum.org/docs/WEF_Global_Risks_Report_2025.pdf

Risk Management

Three lines of defense in risk management

Bakai Bank is focused on maintaining an organizational structure that takes into account the requirements of the absence of conflicts of interest, thereby guaranteeing the separation of functions and powers of governance bodies, structural units and responsible employees in accepting and managing risks.

Board of Directors

The Board of Directors is responsible for risk management, the degree of risks that Bakai Bank accepts together with the measures to manage these risks. In addition, the Board of Directors reviews and approves the risk appetite of the Bank, developed jointly with the Management Board and the Head of the Risk Management Department, monitors compliance of the Bank with the requirements for risk appetite, risk policy and risk limits and promotes development of a stable risk culture in the Bank. The Risk Management Committee provides support to the Board of Directors on issues related to risk management in the Bank.

Management Board

With the support of the existing Management Board committees, the Management Board manages the risks to which Bakai Bank is exposed in accordance with the strategy and internal documents approved by the Board of Directors, including providing the Board of Directors with timely, reliable and complete reports on the management of significant risks, on compliance with procedures and ensuring control over the management of these risks.

Third line

As the third line of defense, the Internal Audit Department independently assesses an adequacy and effectiveness of the risk management and internal control system on an annual basis, including through regular reviews of the activities of the Risk Management Department and the Compliance Control Department. The Internal Audit Department reports to the Board of Directors that appoints its head. The findings of the internal audit, the actions to be taken and their status are regularly reported to the Board of Directors and the Audit Committee of the Board of Directors.

Second line

The structural units responsible for managing various types of risk, organizing and monitoring these types of risk constitute the second line of defense. The most important participants in the second line of defense are the Risk Management Department and the Compliance Control Department. They report to the Board of Directors that appoints the heads of these units. The Risk Management Department and the Compliance Control Department are independent and organizationally separate from the Management Board, from each other, and from the activities of other structural units of the Bank. The functions of the second line units include identifying and assessing risk types; developing and timely updating internal regulatory documents defining the risk management procedure; monitoring the risk level, forecasting it, and developing a system of restrictions, independent of the first line; organizing stress testing; developing measures to reduce the risk level; generating management reports at various levels.

First line

Employees of the Bank, business operations units and units that support business operations constitute the first line of defense responsible for managing and limiting the risks faced by the business in accordance with external and internal rules concerning internal control and risk control. Among other things, the functions of the first line units include the initial identification and assessment of risks when conducting transactions; forecasting the level of risk associated with strategic planning of activities, development of business processes, new products, portfolio analysis and analysis of the external environment; initial control of compliance of the accepted risk and the forecast level of risk with the established risk limits; development and implementation of measures necessary to comply with the established limits; acceptance of risk when conducting transactions and concluding deals within the established limits.

Tax Policy

Bakai Bank is a responsible taxpayer and strictly complies, for example in terms of timely and complete payment of taxes, with the Tax Code and other regulatory legal acts of the Kyrgyz Republic, ratified international treaties related to taxation, as well as the tax legislation of other jurisdictions if it also affects the activities and operations of the Bank.

Since Bakai Bank operates in one jurisdiction, tax payments are made exclusively in the Kyrgyz Republic. The income tax rate in the Kyrgyz Republic is set at 10%. In 2024, our effective tax rate was 9.7%, taking into account non-taxable income.

The Board of Directors approved the Tax Accounting Policy, that determines the procedure for accounting for taxes in the Bank. The Accounting and Reporting Department is the responsible structural unit for tax issues. General control over the accounting, correctness and timeliness of calculations made on taxation and deductions to the budget of the Kyrgyz Republic is assigned to the Chief Accountant.

Tax information is regularly disclosed to our stakeholders in the public financial statements of the Bank and is audited as part of the external annual audit of the financial statements.

Bakai Bank strongly opposes tax evasion practices, for instance the use of tax havens, and does not seek to participate in artificial transactions, as part of its own operations, the main purpose of which is to obtain tax advantages that contradict tax legislation. We do not create or acquire shares in structures registered in countries or territories that are low tax jurisdictions or jurisdictions that do not cooperate with the Kyrgyz Republic on tax issues. In addition, we do not use offshores or any structures without commercial substance that operate solely for the purpose of optimizing or avoiding taxes. Bakai Bank does not provide tax advice or planning strategies when marketing and selling financial products and services, and does not participate in transactions or activities that allow clients to evade paying taxes.

Timely provision of necessary and reliable information to tax authorities is carried out. In its tax reporting, Bakai Bank ensures disclosure of data that is mandatory for disclosure in accordance with the requirements of the tax legislation of the Kyrgyz Republic



Income tax, million soms



Business Ethics and Compliance

Bakai Bank is focused on maintaining a transparent business environment and high standards of business ethics. We operate in a strictly regulated industry, and compliance with legal and regulatory requirements is a key prerequisite for successful long-term business, maintaining the trust of our stakeholders and preventing negative impacts on them.

Bakai Bank strives to strictly comply with the legislation of the Kyrgyz Republic and follow the principles of cooperation and transparency with supervisory and regulatory authorities. Ethical behavior and proactive measures to prevent violations are an important part of our culture. All employees act in a way that maintains trust in the Bank, including through the conscientious performance of their job responsibilities. The key requirements, values and principles of ethical behavior of employees are enshrined in the Corporate Code approved by the Board of Directors.

A significant factor in this context is the presence of a balanced compliance risk management system based on three lines of defense. The functions of compliance control and financial monitoring are carried out by the Compliance Control Department.

In 2024, there were no cases of material violations by the Bank of current requirements in banking legislation and regulation, insider trading, as well as cases of imposition of significant fines and other sanctions on Bakai Bank by supervisory and regulatory authorities. There were no significant actual or pending legal proceedings against the Bank.

We support freedom of competition, for example not concluding any anticompetitive agreements with other market participants, either verbally or in writing, and did not violate the requirements of antitrust and competition laws in 2024. The Bank strictly observes the rules regarding insider information, and in 2023 and 2024, there were no cases of violations classified as insider trading.

Bakai Bank understands the importance of providing various stakeholder groups with the opportunity to report potential or actual violations.

For stakeholders who have information about potential violations of the law and business ethics in Bakai Bank, or who believe that their legitimate interests or the interests of the Bank are violated, several feedback and whistleblowing channels are in place, that are managed by the Compliance Control Department and the ESG Development Office. In particular, there is a channel for reporting violations ethics@bakai.kg, through which clients, employees and other stakeholders can communicate anonymously and confidentially about violations of business ethics, corporate conduct, and human rights.

All stakeholder requests, complaints, appeals and information are considered confidentially in accordance with the established procedure and, if necessary, official investigations are conducted to effectively respond to violations. We guarantee that no pressure or harassment is applied to a person who uses our reporting channels to provide information about possible violations.

The Bank and political activity

Bakai Bank does not participate directly or indirectly in any political activity.

There is a ban on financing political parties and organizations, political candidates, as well as foundations and other structures associated with them, election campaigns, including within the framework of our sponsorship activities.

In this context, in 2024, as in 2023, we did not finance political activities and did not make political contributions.

In addition, in 2023 and 2024, the Bank did not finance any lobbying organizations.

Documentary basis for managing business ethics and compliance in the Bank

- Corporate Code.
- Anti-corruption Policy.
- Internal Control Policy for the Purpose of Combating the Financing of Criminal Activity and the Legalization of Criminal Proceeds.
- Sustainability Policy.
- Human Rights Policy.
- Conflict of Interest Policy.

Combating and preventing financial crimes

An important area of activity and corporate social responsibility of Bakai Bank is the efforts to combat and prevent financial crimes, for example fraud, money laundering, financing of terrorism and extremism, proliferation of weapons of mass destruction within the framework of the existing responsibilities of the Bank established by the legislation of the Kyrgyz Republic and the requirements of the FATF. We strive to prevent any misuse of products, services and solutions of the Bank for illegal purposes.

In 2024, Bakai Bank did not violate the requirements of the AML/CFT legislation of the Kyrgyz Republic, including with respect to due diligence procedures related to clients.

The Bank has the Internal Control Policy for the Purpose of Combating the Financing of Criminal Activity and the Legalization of Criminal Proceeds, approved by the Board of Directors. An official employee responsible for the implementation of the AML/CFT policy was appointed and distribution of AML/CFT powers and responsibilities of employees was organized. The AML/CFT Compliance Control Unit, the Operations Monitoring and Analysis Unit, and the Payment Control Unit, which are part of the Compliance Control Department, are responsible for compliance with the requirements.

We monitor and control risks associated with financial crimes and implement adequate policies and procedures to effectively manage the business within the established risk appetite. The Bank strives to improve the AML/CFT internal control system and constantly automates the systems for monitoring and identifying suspicious activity and client transactions.

To combat financial crimes, Bakai Bank implements comprehensive measures to ensure that financial products and services remain safe and reliable for our clients. It includes advanced systems for identifying, assessing, monitoring, managing, mitigating and documenting risks associated with the legalization (laundering) of criminal proceeds and the financing of criminal activities, updating them, effectively responding to emerging incidents, cooperation with supervisory and law enforcement agencies, as well as targeted staff training.

Bakai Bank carries out mandatory initial verification and comprehensive due diligence, as well as monitoring of all clients and beneficial owners, in accordance with the legislation of the Kyrgyz Republic and the FATF recommendations. These procedures are also mandatory when establishing non-face-to-face relations with them through digital mobile and other remote platforms and solutions.

Business Ethics and Compliance

The Bank checks clients for their involvement in terrorist activity and terrorist financing by searching against and analyzing official sanctions lists of persons associated with terrorism and extremism. Mandatory procedures for the identification and regular monitoring of public officials (politically exposed persons) are implemented for all clients, while the establishment of business relations with public officials is carried out only after receiving approval from the senior management of the Bank.

If a client represents a potentially increased risk in accordance with the AML/CFT policy of the Bank, enhanced due diligence procedures are carried out through daily monitoring of transactions and operations, information analysis, review and recording of the purpose of funds, in order to identify signs of suspicious transactions and operations, as well as transactions and operations that do not have an obvious economic meaning or an obvious legitimate purpose. The results of such monitoring are reported to the Board of Directors and the Management Board.

We do not establish or maintain relationships with clients and other parties where information under the KYC procedures cannot be sufficiently established or where there are grounds to believe that a potential client intends to use the products or services of the Bank for illegal activities. Bakai Bank does not open or maintain anonymous accounts, bearer accounts and deposits, and does not carry out any transactions without identifying the correspondent bank, clients and establishing the beneficial owner in accordance with the requirements of applicable legislation.

Measures are applied to high-risk jurisdictions. Bakai Bank does not establish correspondent relations with banks, their affiliates, subsidiary banks and separate divisions that are not independent legal entities registered in high-risk jurisdictions, including offshore zones, the list of which is approved by the decision of the AML/CFT Commission at the suggestion of a financial intelligence agency and on the basis of the FATF Public Statement.

Effective compliance with the requirements in the area of combating and fighting financial crimes is ensured by systematic monitoring of clients and their transactions. If during the monitoring of clients and transactions suspicions of financial crimes are revealed, the Bank reports information about them in full to the relevant state authorities in accordance with the requirements of the legislation of the Kyrgyz Republic. In case of suspicions of money laundering, terrorist financing or fraud, Bakai Bank terminates relations with the client or introduces restrictions to prevent further use of our channels, services and products for such activities. If it is impossible to take measures to due diligence the client, business relations with such client are also not established.

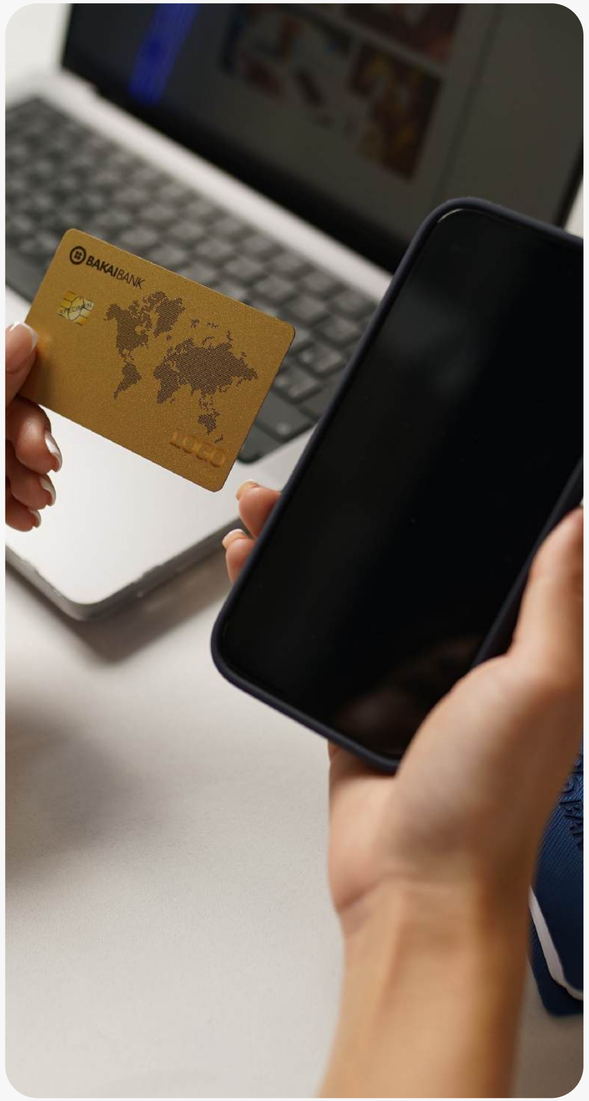
Documents and information related to the AML/CFT procedures, and results of due diligence and monitoring of clients are mandatorily registered and record kept in the Bank for at least 5 years.

Bakai Bank conducts training for employees on issues related to combating financial crimes. During 2024, 512 employees underwent internal training on compliance risk management and AML/CFT, and 59 employees underwent external training. If necessary, employees are required to be informed about the entry into force of new regulatory legal acts of the Kyrgyz Republic on AML/CFT issues.

All employees who become aware of violations of the AML/CFT legislation and requirements committed by other employees during transactions and operations immediately communicate these facts in writing to their immediate supervisor and the Compliance Control Department. Disclosure of the fact of an investigation is considered a breach of confidentiality and entails administrative liability in accordance with the internal regulatory documents of the Bank and relevant legislation.

In recent years, there has been an increase in fraudulent practices, including those using social engineering, aimed at illegal actions against clients of financial institutions.

To protect clients from common types of fraud, Bakai Bank is constantly working to properly inform clients about common risks and ways to protect themselves from fraudulent activities. Clients who have become victims of fraud can contact us for assistance in emergency measures, for example, to block banking products and services and to receive assistance in returning lost money to the extent possible. Bakai Bank provides advice on the steps that clients should take in the event of fraudulent activity.



Business Ethics and Compliance

Prevention of corruption

Bakai Bank does not engage in any illegal or unethical business practices, e.g. any involvement or connection with corruption, under any circumstances. Employees and other persons representing the Bank should act in a manner that maintains confidence in the Bakai Bank brand, including avoiding actions that may involve undue influence or corruption. It is prohibited to directly or indirectly, personally or through third parties, participate in the offer, promise, giving, solicitation or acceptance of a bribe, commercial bribery or other corruption offenses, as well as to act as an intermediary in bribery or commercial bribery.

In 2024, there were no confirmed cases of corruption or bribery, no legal proceedings for violation of anti-corruption legislation initiated against the Bank or its employees, no disciplinary measures or dismissals of employees, or termination of contracts with business partners or suppliers as a result of identified facts of corruption or bribery. This includes confirmed cases of giving and receiving bribes, breach of trust, commercial bribery and employees using their position to obtain an undue advantage for themselves or others.

Bakai Bank has an Anti-corruption Policy that is approved by the Board of Directors, is public and is reviewed on an annual basis. The Anti-corruption Policy, owned by the Compliance Control Department, sets forth the obligations and measures of the Bank related to combating corruption.

The requirements of that Policy apply to members of the Board of Directors and employees of the Bank. The Anti-corruption Policy should also be observed by the counterparties of the Bank, such as suppliers, agents, consultants and other persons, in cases where the relevant obligations are stipulated in contracts with them or directly follow from the applicable anti-corruption legislation. When concluding contracts with counterparties, Bakai Bank introduced the practice of including a mandatory anti-corruption clause in the text of such contracts.

Zero tolerance for corruption

Bakai Bank adheres to the principle of zero tolerance for bribery and corruption both within its organization and during interactions with business partners and clients.

0 cases of corruption in 2024 involving the Bank and its employees

0 cases of termination of contracts with business partners due to corruption violations in 2024



Violation of the Anti-corruption Policy is considered a serious offense that may lead to the application of disciplinary measures to employees, as well as measures of responsibility for violation of the anti-corruption legislation of the Kyrgyz Republic (criminal, administrative and other liability) at the initiative of the Bank, law enforcement agencies or other entities in the manner and on the grounds provided for by the anti-corruption legislation of the Kyrgyz Republic and internal documents.

If there is a reasonable suspicion that a corruption offence or a conflict of interest has occurred in the Bank, or that the services provided by the Bank to its clients are used or are intended to be used for corrupt purposes, employees should report the case of a corruption offence or suspicion thereof, with information describing the relevant violations attached, to the Compliance Control Department or to their immediate supervisor, except in cases where the relevant suspicions arise in relation to this supervisor. Bakai Bank welcomes the desire of clients, counterparties and other stakeholders who are not our employees to inform about a reasonable suspicion of a corruption offence. In that case, detailed information can be sent to the e-mail of the Bank – compliance@bakai.kg.

To ensure that the personnel of the Bank are aware of the provisions of the Anti-corruption Policy and the responsibility for its violation, a procedure is introduced for employees to sign a personal commitment to comply with that Policy. Employees are regularly trained in issues related to combating corruption and minimizing corruption risks.

To properly combat corruption, Bakai Bank has developed clear procedures and approaches for managing conflicts of interest and preventing negative impacts on the interests of the Bank and its stakeholders, including clients.

The Board of Directors approved the Regulation on Conflicts of Interest in Bakai Bank OJSC, that establishes the procedure for identifying and resolving conflicts of interest arising among employees while performing their work duties. The Regulation applies to members of the Board of Directors and all employees of the Bank, regardless of their position and length of service.

Employees are required to independently assess the possibility of conflicts of interest arising while performing their job duties. Each employee is responsible for avoiding situations that may lead to a conflict of interest or the appearance of a conflict of interest, and also assumes responsibility for informing the responsible units of the Bank about a potential or real conflict of interest. At the same time, employees should under no circumstances derive benefit for themselves or their close relatives by using their position in the Bank. Members of the Board of Directors and the Management Board should refrain from actions that will lead or are potentially capable of leading to a conflict between the interests of members of the Board of Directors or the Management Board and the interests of Bakai Bank, and in the event of such a conflict, they should immediately notify the Bank about it.

For each reasonably justified suspicion or confirmed fact of violation of the requirements related to conflict-of-interest management, internal investigations are conducted, if necessary. Violations of the requirements of the Regulation on Conflict of Interest and other internal regulatory documents of the Bank on conflict-of-interest management, as well as deliberate concealment of information about the existence of a potential conflict of interest in the performance of their official duties by employees may become grounds for their bringing to disciplinary, administrative, civil or criminal liability.

To avoid conflicts, Bakai Bank maintains lists of affiliated persons, and compiles lists of persons interested in transactions of the Bank. In addition, requirements for employees regarding offered and received gifts, participation in events were formulated.

Social Impact

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Human Rights

Human rights, enshrined in the legislation and labor market model of the Kyrgyz Republic, as well as in international conventions and treaties, form the natural basis of activities of Bakai Bank. We strictly comply with all legally established requirements, including those related to labor relations, and consider human rights to be the foundation of a safe, fair and equal society. The Bank adheres to the principles and provisions of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights and other international human rights documents.

In 2024, no human rights violations, cases of discrimination and persecution of clients, employees and other stakeholders were identified and registered during activities of Bakai Bank. There were no cases of discrimination against employees based on gender: when hiring and career development, we take into account only the professional skills of employees. There were no confirmed complaints from clients and employees regarding potential or actual violations of human rights and discrimination.

The Board of Directors approved the Human Rights Policy, that is published on the official website of Bakai Bank and is intended for mandatory familiarization and application by all governance bodies, structural units and employees of the Bank. The structural unit responsible for the corporate human rights policy is the ESG Development Office with the support of the HR Department and other units within the framework of their core activities.

Bakai Bank demonstrates zero tolerance for any form of discrimination or biased approach against employees, clients and other stakeholders based on gender, age, nationality, race, religious beliefs, social origin, property status, sexual orientation and other distinguishing characteristics. Harassment, threats and violence in any form, such as physical, sexual and psychological, are prohibited against any stakeholders.

We do not use forced labor or child labor. The minimum age of employees corresponds to the statutory age for concluding an employment contract.

Despite the fact that Bakai Bank does not participate in political activities and does not finance political parties and organizations, political candidates for elective office, funds associated with them and other structures, we respect the civil rights of employees and recognize their right to personal (not on behalf of the Bank) participation in political activities, if such personal participation does not create a conflict of interest.

We have implemented processes and mechanisms aimed at preventing or mitigating the impact of potential human rights risks, including monitoring corporate activities and operations, monitoring human rights legislation and international standards, periodic human rights risk assessments, disclosing relevant information in annual non-financial reporting, integrating human rights aspects into relevant corporate policies and other documents, and training employees in human rights and non-discrimination. These processes and mechanisms apply to the entire Bank.

If stakeholders encounter a situation or incident that may have a negative impact on human rights, dignity, life or health, there are several channels through which they can inform the Bank about it. The whistleblowing hotline ethics@bakai.kg is intended for use, including anonymously, by all our stakeholders who encounter potential or actual violations in human rights or business ethics in general. Bakai Bank provides protection from any pressure or persecution to a person who has submitted information about potential or actual violations, and guarantees that all complaints and appeals received are considered in accordance with the established procedure.

Inquiries received in 2024 through the reporting and whistleblowing channels of the Bank, including the contact center, did not contain information on cases of human rights violations and discrimination on gender, religious or other similar grounds.

When facts of violations related to the observance of human rights and prevention of discrimination are revealed, the Bank conducts internal investigations on each case. Customized actions and measures aimed at preventing similar incidents in the future and providing support to victims are developed and implemented without fail.

Employees are responsible for any actions and violations related to non-observance of human rights, disrespectful and discriminatory attitude towards any persons in the course of their work duties. If there are legal grounds, such employees may be subject to disciplinary measures.

Bakai Bank uses human rights due diligence procedures taking into account principle 17 of the UN Guiding Principles on Business and Human Rights to identify, assess, prevent, mitigate and report on the management of human rights impacts. Human rights risks are regularly mapped and periodically reviewed.

As part of its due diligence, Bakai Bank conducts a human rights risk assessment every three years. The assessment was conducted for the first time in the reporting period. Human rights due diligence procedures cover the following areas: child labor, forced labor; freedom of association and recognition of the right to collective bargaining, discrimination in labor relations; discrimination against clients; gender equality and women's rights; safe working environment. Groups covered: employees of the Bank, clients of the Bank, women, children, local communities. As part of the risk assessment, the Bank did not identify any salient human rights risks.

Human Rights Risks

1. Child labor.
2. Forced labor.
3. Freedom of association and recognition of the right to collective bargaining.
4. Discrimination in labor relations.
5. Discrimination against clients.
6. Gender equality and women's rights.
7. Safe working environment.

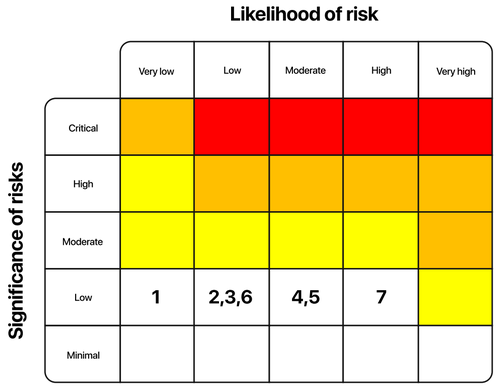
Risk levels

Low. The risks are not significant. No additional mitigation measures are required. Regular monitoring of exposure to risk factors related to the relevant risks is recommended.

Medium. Risks can be considered significant (salient). Development and implementation of key additional measures to reduce impact/avoid risks is highly recommended.

High. The risks are significant (salient), development and implementation of systemic measures to reduce impact/avoid risks is mandatory.

Very high. The risks are significant (salient). The implementation of risks can critically affect the human rights situation, immediate development and implementation of systemic measures to reduce the impact/avoid risks are required.



Sustainable Financing

Adequacy and availability of finance play an important role in the transition of the population, business and economy of the Kyrgyz Republic to a more sustainable and low-carbon development. As a responsible financial institution, we can effectively support the transition by providing, mobilizing and distributing financing related to solving social and environmental problems.

Bakai Bank is focused on expanding lending to clients, projects and activities aimed at positive environmental and social impact, as well as significant contribution to achieving the UN Sustainable Development Goals.

We predict high demand for green and social loans and other ESG-related financial products from the population and business of the Kyrgyz Republic. By combining a long-term business strategy with financial solutions in the area of sustainable development and climate, we help clients accelerate a sustainable transition in the sectors and activities that are most important for achieving the sustainability ambitions of the Bank.

Sustainable finance offerings of Bakai Bank include:

- Green loans for retail, SME and corporate clients, aimed at financing activities, transactions, operations, projects with certain environmental benefits, including climate-related, such as electric transport, energy-efficient buildings, renewable energy sources or environmental improvement activities. For business borrowers, Business Green lending and Business Green installments for up to 60 months are offered from the second half of 2024. Retail borrowers can borrow for the purchase of electric vehicles.
- Social loans for retail, SME and corporate clients, aimed at financing activities, transactions, operations, and projects with certain social benefits. In particular, the Bank provides specialized lending to support and develop women's entrepreneurship for up to 60 months. As part of retail credit products that contribute to social well-being, a socially oriented mortgage program for the purchase of housing at lower interest rates can be highlighted.
- The Bank provides Islamic financing related to sustainable development. For example, there is murabaha mortgage financing under the Affordable Mortgage program, under which 303 million soms were provided to retail clients as of December 31, 2024.

The Bank actively lends to micro and small businesses, that are an important driver of economic development in the Kyrgyz Republic and the well-being of the population in the regions where we operate. As of the end of 2024, small business lending amounted to 3.4 billion soms. Total lending to businesses owned or headed by women reached 8.4 billion soms as of the end of the reporting period.

The Sustainability Governance and Risk Management sections of the Report indicate that the Board of Directors of Bakai Bank approved the Sustainability Policy and the Environmental and Social Risk Management Policy.

These corporate documents consolidate the use by Bakai Bank of the practice of environmental and social assessment of clients, for example as part of preliminary due diligence procedures for potential borrowers. By performing a comprehensive ESG assessment of borrowers, we contribute to the dissemination of sustainable and responsible business practices among them.

Potential borrowers (projects) from the SME and corporate segments undergo a preliminary social and environmental assessment and analysis in order for the Bank to decide whether to provide them with financing. Bakai Bank assigns one of three categories to all borrowers it finances: high risk, medium risk or low risk. In the presence of significant social and environmental risks, ways to address them are determined, including through the implementation of corrective action plans for high-risk borrowers, if necessary. The risk distribution system by categories allows for assessment and monitoring of the degree of exposure to environmental and social risks, combined at the portfolio level.

Bakai Bank regularly monitors clients receiving loans and the risk category assigned to borrowers throughout the entire loan period, and changes the risk category to ensure its adequacy, if necessary.

The Sustainability Policy sets out the exclusion list of activities and projects that the Bank does not voluntarily finance due to increased negative environmental or social impact. **Among other things, a ban has been established on financing the following activities and projects:**

- Casinos, gambling business and other activities related to the organization of gambling and betting, including online.
- Production of weapons and military equipment and trade in them.
- Growing tobacco, manufacturing tobacco products.
- Exploration and production of crude oil.
- Use of forced labor and child labor that does not meet the requirements of the legislation of the Kyrgyz Republic.
- Trade in species of wild fauna and flora regulated by the CITES Convention (Convention on International Trade in Endangered Species of Wild Fauna and Flora of March 3, 1973).
- Direct financing of pawnbroker activities.

At the same time, we reserve the right to refuse to finance borrowers and projects outside the above-mentioned exclusion list in cases if they do not provide satisfactory solutions to the identified social or environmental problems within a time frame that the Bank believes is reasonable, or if the level of residual negative consequences is unacceptably high.

It should be noted that Bakai Bank is implementing measures to improve the financial literacy of our clients and the population of the regions where it operates, thanks to which its participants can improve their capital management capabilities and reduce their exposure to financial risks. As part of our own training center, we launched a pilot financial literacy program Banker's School in October 2024 is designed for students and graduates of educational institutions. 22 people participated in it in the reporting period.

Sustainable financing of clients by Bakai Bank as of December 31, 2024

Green and social financing for SMEs and corporate business

27 400 thousand soms

Green and social financing for retail clients

* excluding murabaha financing

1 150 204 thousand soms

Client Relations

Being a client-centric organization, Bakai Bank strives to constantly improve the quality of client service and their satisfaction, for example by providing them with convenient and functional digital solutions, an uncompromising level of online and offline service.

We have formed a professional team for effective client relationship management. The Bank has a functioning client experience management system that ensures an understanding of the needs of various client segments, including through regular client research and systematic work with client requests and complaints.

Bakai Bank attaches great importance to its accessibility for various categories of clients. Local presence combined with digital solutions allows the Bank to interact with clients daily, effectively and safely, regardless of whether the client visits our office or uses remote channels.

Among other things, we continued to expand the network of 24-hour self-service zones for clients, bringing their number to four by the end of the reporting year - three in Bishkek and one in Osh. It further improves client access to a wide range of banking services 24 hours a day, 7 days a week.

It should be noted that several years ago, Bakai Bank became the first "traditional" financial institution in the Kyrgyz Republic to receive a license to operate under Islamic principles. Entering the Islamic finance market allowed us to involve additional categories of clients in the financial system, expanding the overall availability of financial products and services.

The Bakai Bank Islamic Financial Center offers various financial products and services based on Islamic banking principles, including through digital channels, and operates in accordance with the Sharia standards of the Organization for Accounting and Auditing of Islamic Financial Institutions. At the same time, we adhere to the principle of non-discrimination meaning that anyone can use the services of the Islamic Financial Center, regardless of religion.

Bakai Bank is committed to developing financial and social inclusion, in particular expanding its contribution to the UN Sustainable Development Goals, that are enshrined in the Sustainability Policy and the Human Rights Policy.

It is achieved primarily through the development, implementation and improvement of specialized products and services that meet the interests and needs of specific client categories, in particularly financially vulnerable ones, based on regular research into the preferences and requests of various client groups, as well as the study of market processes and trends. In that context, we can highlight the following specialized solutions that we offered to financially vulnerable client groups in 2024:

- Pensioner bank card – free issue, reissue and annual service; monthly interest accrual (2%) on the balance of funds over 10 thousand soms; 1% cashback on all purchases and 5% on purchases in pharmacies on the territory of the Kyrgyz Republic. As of December 31, 2024, 46.4 thousand pension bank cards were used by our clients.
- Pensioner deposit for retail clients-pensioners aged 55 and older – 4-currencies deposit with increased profitability. As of December 31, 2024, there are 3 thousand deposit accounts in operation, in which clients deposited 3.03 billion soms.
- Children's deposit that is opened for children under 14 years of age by their parents or legal representatives – 4-currencies deposit with increased profitability. As of December 31, 2024, there are more than 660 deposit accounts in operation, with 87 million soms deposited.

We carefully analyze the financial stability of all borrowers and potential clients, preventing them from becoming over-indebted and excessively exposed to financial risks. This not only reduces the exposure of the Bank to associated risks, but also has a social function because it minimizes the negative impact of over-indebtedness on people and society as a whole. The Bank revises the terms of loans, for example, by extending the repayment period, changing the terms of interest payments, for clients experiencing financial difficulties to minimize the risk of default.

Client deposits are insured in a manner, amounts and under the conditions established by the legislation of the Kyrgyz Republic on the protection of bank deposits.

Bakai Bank adheres to the principle of responsible marketing ensuring that marketing and communications with clients are carried out responsibly, transparently and fairly. That approach covers all forms of marketing and communications, such as our official website, mobile and online banking, sponsorship, as well as social networks or mass media. In 2024, there were no significant cases of non-compliance with the requirements regarding marketing communications by the Bank.

We have a quality management system in place to maintain a high quality of client experience in all service segments and interaction channels. Employees who interact with clients are regularly trained in client-oriented behavior, in particular aimed at correctly building personal interaction and dialogue, in terms of preventing both aggressive practices in offering financial products and services, and disrespectful or discriminatory attitudes towards any categories of clients.

Client Satisfaction

The bank evaluates client satisfaction and service quality regularly during the year.

71% Customer Satisfaction Score (CSAT) in December 2024.

The target indicator for the CSAT score is at least 70%.

We use the results of the scoring to identify areas for improvement and take appropriate action to improve service quality management. .

Non-discriminatory approach to clients

Bakai Bank does not accept any form of discrimination against clients.

0 cases of client discrimination in 2024.

During the reporting period, no significant human rights violations or discriminatory incidents related to the activities of the Bank were recorded in relation to clients.

Client Relations

If clients have claims or complaints about the quality of the financial services and products provided, as well as other issues, we encourage them to contact the Bank through the following information channels:

- Email dialog@bakai.kg.
- Book of complaints and suggestions (in offices of the Bank).
- Form for submitting complaints and appeals on the official website of the Bank (not an anonymous channel).
- Contact center 6111.
- 24/7 online assistant of BakAi mobile application

Bakai Bank is interested in maintaining trusting relationships, therefore all client complaints and suggestions are registered and processed in accordance with established corporate procedures and rules. Under no circumstances does the Bank allow pressure on clients or their persecution in the event of a claim or complaint.

Protection of client deposits

123 million soms

payments to the deposit insurance fund in 2024.

Bakai Bank is a participant in the state deposit insurance system in the Kyrgyz Republic.



Own processing center of the Bank

In 2024, Bakai Bank launched its own processing center, that allows the Bank to process transactions on Visa cards.

It provides our clients with a number of significant advantages, including increased transaction processing speed and quick issuance of bank cards.



Information Security

Ever-increasing level of digitalization, growth of cybersecurity threats and tightening regulations place high demands on information security and data safety during operations of Bakai Bank.

A high level of information security is expected by clients, shareholders, business partners, regulators and society as a whole in terms of effectively countering threats and risks related to information security. The stakeholder survey of the Bank on material topics demonstrates their special attention to positioning information security as a critical material topic. Bakai Bank proceeds from the fact that improper management of information in a secure manner and information security risks can lead, in particular, to reputational and legal risks that may undermine our current or future competitiveness.

As a result, information security is a strategic priority for the Bank. A strong security culture is positioned as a central element in this regard. Operations and business planning are continually adapted to prevent information security risks, particularly those related to cybercrime and data breaches.

Information security and data protection activities of Bakai Bank comply with the laws and regulations in force in the Kyrgyz Republic. They are carried out continuously, systematically and using a risk-oriented approach. Assessments and analysis of potential risks, incidents and impacts are carried out and carefully documented. Changes in the regulatory framework are constantly monitored to update and consolidate criteria, methodologies and documents. The Bank developed plans to ensure business continuity in the event of significant information security incidents.

At the same time, we do not disclose detailed information on specific measures and initiatives to prevent and mitigate the consequences of cyber threats, as well as on related financial investments, since this creates a risk that such information may jeopardize the effectiveness of our information security strategy.

In the reporting period, Bakai Bank did not record any significant information security incidents, including those that could lead to financial losses for the Bank or cause a public outcry. As a result, our clients, employees and business partners were not affected by data leaks and confidential information in 2024. There were no registered complaints from retail and corporate clients about the Bank violating the confidentiality of their data.

The Board of Directors approved the Information Security Risk Management Policy, compliance with the requirements of which is mandatory for employees of the Bank, with special attention to the Information Security Department, all structural units of the information technology block, and units that own the information assets of the Bank. The Information Security Risk Management Policy is updated on an annual basis. During its implementation, the Bank focuses on continuous improvement of the information security system.

The Board of Directors and the Management Board represent the strategic level of information security risk management, which covers such functions as risk identification, setting the level of risk acceptable for Bakai Bank, approving relevant internal documents, risk management processes and creating adequate control systems. The Risk Management Committee of the Board of Directors participates in the information security risk control system.

The Chairwoman of the Management Board controls the information security sphere in the Bank, including the activities of the Information Security Division reporting to her.

The structural unit responsible for information security is the Information Security Division, that, among other things, organizes and coordinates the actions of structural units on information security issues, identifies and processes information security incidents, identifies information security risks, and assesses and monitors such risks together with the Risk Management Department and units that own information assets.

The Information Security Division reports directly to the Chairwoman of the Management Board. In turn, the Information Systems Operation Division, that reports to the IT Director-Member of the Management Board and is independent of the Information Security Division, ensures compliance with information security requirements for the comprehensive protection of information at all stages of the technological cycles of its creation, transfer to a medium, processing and transmission. The Information Security Sector of the Settlement Center is responsible for the protection of payment card data.

The Internal Audit Department annually audits the information security management system and informs the senior management of the Bank of its results. Based on the results of the internal audit conducted in 2024, no significant problems were identified in the functioning of the information security management system.

Every two years, we conduct an external information security audit with the involvement of a qualified auditor independent to the Bank, and in the future, taking into account the previously approved new requirements of the regulator for systemically important banks, such an external audit will be conducted annually.

On an annual basis, Bakai Bank conducts audits for compliance with PCI DSS and the SWIFT Customer Security Programme.

The Bank developed a plan to ensure the continuity of business processes and operations related to information security. Responsible units conduct regular analysis of information security vulnerabilities, the results of which are used to improve information security risk management procedures.

Information Security

Given the active implementation of artificial intelligence technologies by the Bank, in particular BakAI GPT, we publicly adhere to the obligation to maintain the confidentiality of information, including the personal data of our stakeholders, when developing and applying solutions related to artificial intelligence, including through the implementation of associated risk management mechanisms. The Bank has a system of protection against existing cyber threats that may be aimed at exploiting artificial intelligence vulnerabilities. We also provide our clients with the ability to identify data and solutions created using artificial intelligence, for example by posting relevant notifications in mobile applications and other Bank resources. At the same time, our employees, primarily colleagues from the information security unit, are involved in training on the proper use of artificial intelligence technologies. We intend to improve the set of measures applied for safe and reliable use of artificial intelligence technologies.

Regardless of their position and length of service, employees are responsible for compliance with internal documents and requirements in the area of information security and information protection. Violation of requirements may lead to disciplinary sanctions and other measures if there are legal grounds. Each employee upon hiring signs an employment contract, that sets out the obligations to comply with information security requirements and liability for violating these requirements. Employees should inform the responsible units of the Bank through existing corporate channels about identified information security problems and incidents.

At the same time, clearly formulated information security requirements are necessarily extended to our suppliers and other counterparties if there are such obligations in contracts.

We pay special attention to training employees in information security issues. Thanks to systemic measures to raise awareness and train employees on various information security issues, the Bank increases resilience to cyberattacks, more effectively protects confidential information and prevents risks associated with information security, and minimizes incidents associated with human errors. In 2024, all Bakai Bank employees underwent internal training in this area.

In addition, regular training events are implemented for employees to improve digital literacy and improve skills in working with digital technologies and solutions that are developed and used by the Bank. It ensures high efficiency of employees when interacting with such digital technologies and solutions, in particular in relation to client-oriented operations.

Through available channels, including mobile banking platforms, social networks, push messages and SMS messages, we inform clients about security measures when using financial products and possible risks.

Information security compliance in 2024

0 fines and orders from regulatory bodies related to information security violations

0 significant information security incidents, including those related to leaks of confidential information



Protection of Personal Data

It is of central importance in the business practices of Bakai Bank that clients, employees, business partners and other stakeholders have confidence in our ability to process the data we receive safely, responsibly and ethically, based on applicable laws. The data processed by the Bank largely consists of personal data, the majority of which comes from clients, and a smaller part from employees and other groups.

The right to the protection of personal data is one of the fundamental human rights and is guaranteed by the legislation of the Kyrgyz Republic, primarily the Law on Personal Information. When providing financial products and services, fulfilling its duties, Bakai Bank processes a significant amount of personal data and strives to strictly comply with legal requirements related to the collection, processing and use of personal data. We adhere to zero tolerance for personal data protection violations.

Bakai Bank strictly complies with the personal data legislation. In 2024, there were no cases of violation of the personal data rights of clients, employees and other stakeholders from among individuals. There were no confirmed incidents related to the leakage of personal data.

The Board of Directors approved the Personal Data Processing Policy of Bakai Bank OJSC, that is aimed at ensuring the protection of the rights and freedoms of personal data subjects when processing personal data, and applies to all operations with personal data carried out in the Bank, both in automated mode and without it. The Policy applies to the suppliers of the Bank if they are involved in management of personal data of our clients, employees and other stakeholders related to personal data subjects.

The Information Security Division, reporting to the Chairwoman of the Management Board, is a structural unit responsible for the proper organization of the personal data protection system in the Bank. At least once a year, an internal audit is conducted to check internal documents, processes and procedures for the protection and management of personal information and data, and to elaborate measures to improve the personal data management system.

Personal data is processed only subject to the consent of the personal data subject, except for cases established by law that provide for the possibility of the absence of such consent.

The Bank is required to familiarize the personal data subject (for example, a client when providing banking services) before providing their personal data with the list of data collected, the grounds and purposes of their collection and use, possibility of transferring personal data to a third party, and informs about other possible uses of personal data.

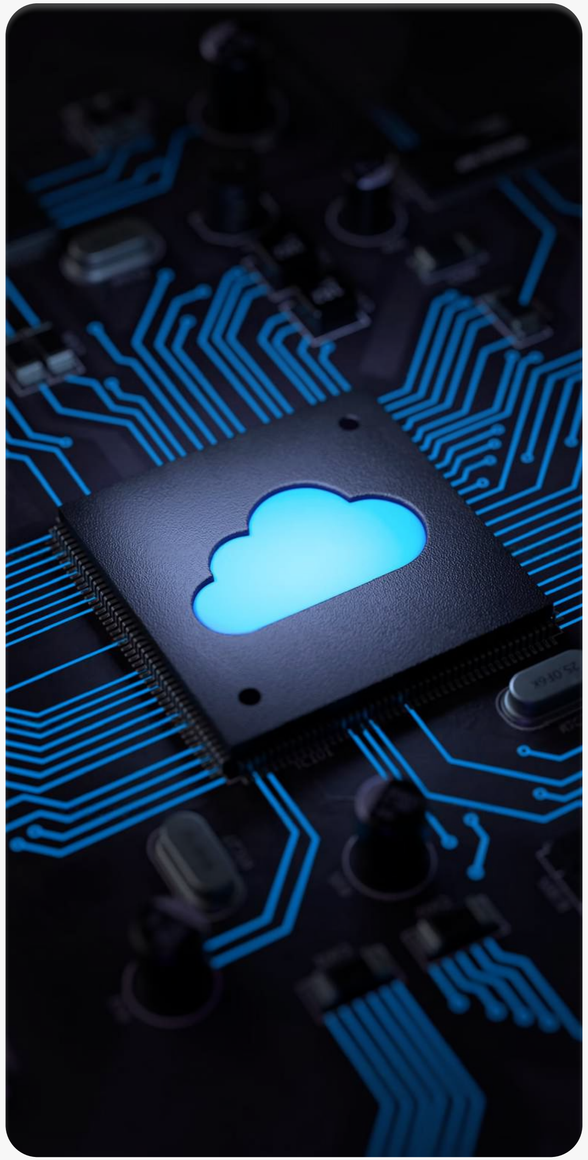
When interacting with us, clients, employees and other personal data subjects have the right to:

- Receive full information about their personal data processed by Bakai Bank.
- Access to their personal data, including the right to receive a copy of any record containing their personal data, except for cases provided for by the Law of the Kyrgyz Republic on Personal Information.
- Clarification of their personal data, their blocking or destruction in cases where the personal data is incomplete, outdated, inaccurate, illegally obtained or is not necessary for the stated purpose of processing.
- Taking measures provided by law to protect their rights, including contacting the authorized state body regulating personal data affairs.

At the written request of the personal data subject, Bakai Bank provides information on the personal data processing carried out, reflecting, among other things, information on confirmation of the fact of personal data processing, legal grounds and purposes of personal data processing, methods of personal data processing used, personal data processing periods, including their storage periods.

Bakai Bank does not process special categories of personal data that reveal racial or ethnic origin, nationality, political views, religious or philosophical beliefs, as well as those related to the health and intimate life of the personal data subject.

In case of violation of the rules and requirements of management and protection of personal data established by the legislation of the Kyrgyz Republic and internal documents of the Bank, employees may be subject to disciplinary measures and other liability if there are legal grounds.



Digitalization

In 2024, Bakai Bank continued to actively shape the digital landscape through digitalization of financial products and services, internal business processes, including the use of artificial intelligence technologies. Introduction and improvement of remote financial solutions strengthens our competitive position and increases client loyalty from various segments.

We offer clients convenient, understandable and secure digital formats for making payments, working with loans and deposits, general control over their finances, as well as access to government services.

The Bank takes into account that digital and remote solutions improve the availability of financial products and services for the population and businesses, including for low-mobility clients, allowing their 24/7 use anywhere in the world with an Internet connection. Our branches operate in many localities of the Kyrgyz Republic, but access to a large number of financial products and services can be effectively provided online through mobile applications of Bakai Bank. At the same time, digitalization of client-oriented solutions, as well as internal banking processes, makes it possible to further reduce greenhouse gas emissions, thereby increasing our contribution to solving global climate challenges.

In addition to online banking, the key digital platforms around which our ecosystem of financial products and services is built are:

- **BakAi mobile application** for retail clients.
- **BakAi Business mobile application** for business clients, that was launched in the summer of 2024

Our applications are available for download on App Store and Google Play. In May 2025, the rating of the BakAi mobile application on App Store and Google Play was 4.8, and the rating of the BakAi Business mobile application was 4.2 and 4.7 respectively.

As of December 31, 2024, the number of users of the BakAi mobile application was more than 800 thousand people, BakAi Business – more than 15 thousand legal entities and entrepreneurs.

In 2024, we completely updated the BakAi multi-service mobile application, improving the functionality, user interface and personalization options to name but a few. Bakai Bank clients now can use an intelligent chat assistant based on BakaiGPT – an artificial intelligence model used by the Bank based on the GPT (Generative Pre-trained Transformer) architecture.

Bakai Bank plans to continue developing mobile applications and remote client service capabilities and implement related innovations as the main point of contact with clients.

In addition, during the reporting period, we issued 58.9 thousand digital cards for various categories of clients that is almost 4 times more than in 2023. The issue of such a number of digital cards allowed us to avoid the usage of approximately 300 kg of plastic. It is our additional contribution to environmental responsibility.

BakAi

Mobile application for retail clients.

>800 000 Users

App Store ★ 4.8 | Google Play ★ 4.8

Key functions and capabilities:

- Account management: easy access to balances and transactions on corporate accounts.
- Opening a fixed term deposit, as well as a current account in an additional currency for a legal entity.
- Convenient payments: payment for a wide range of services, including utility bills, Internet, air tickets, mobile communications.
- Transfers of funds to individuals and legal entities, international Swift transfers, interbank clearing/ gross transfers.
- Digital signature: ability to sign documents with one touch via Face ID/Touch ID.
- Payment by QR for individual entrepreneurs.
- Crediting wages to employees of a legal entity.
- Independent connection to Bakai Kassa, that allows a client to open a point of sale with a cashier and accept payments by QR, monitor the performance of a point of sale, with formation of a report on activities.

BakAi Business

Mobile application for business clients

>15 000 Users

App Store ★ 4.2 | Google Play ★ 4.7

Key features and capabilities:

- Convenient payments: pay for a wide range of services, including utility bills, internet, air tickets, mobile communications, taxes and online games using transfers by phone number and QR codes.
- Government services: integration with government systems and access to basic government services, including debt verification, passport information and application status.
- Fast financial solutions: receiving online loans without visiting a bank office, fast money transfers to cards of certain foreign countries, as well as the ability to open a virtual card or order bank cards.
- Account management: managing accounts and cards easily and conveniently, track expenses and payments with just one touch.
- Islamic finance: provides access to Mudaraba and Murabaha banking products in compliance with Sharia standards.
- Innovative security: remote video identification 24/7.

Interaction with Employees

The financial sector is a highly competitive business, where the professionalism, engagement and productivity of employees are a strategic factor. The ability of Bakai Bank to create long-term value, maintain a strong position in the market and manage client experience largely depends on the effective and well-coordinated efforts of the workforce.

Therefore, attracting, developing and retaining talented and motivated specialists is critical to our success as a sought-after financial institution. Employees with different competencies, experience and views enable us to understand and respond to client needs, adapt to economic and regulatory changes. At the same time, being a large employer, the Bank directly contributes to ensuring employment in the regions of presence through the employment.

The key internal documents regulating the HR direction are the Corporate Code and the HR Policy. The structural unit responsible for labor relations is the HR Department, that reports to the Chairwoman of the Management Board. The Bank strictly observes the labor rights of employees and the labor legislation of the Kyrgyz Republic, and specifically regarding working hours and wages.

In particular, duration of working hours of employees may not exceed 40 hours per week, except for cases stipulated by the current labor legislation of the Kyrgyz Republic. In exceptional cases and only based on the written consent of employees, they may be involved in overtime work, as well as on weekends and holidays, and such overtime work is subject to mandatory increased pay. Working hours are constantly monitored, including documentation of overtime work performed by employees. All employees are provided with paid labor leave annually for 28 calendar days in accordance with the applicable labor legislation.

Any form of discrimination or harassment in labor relations is not permitted. We emphasize the importance of respectful treatment of all employees, regardless of ethnic or national origin, gender, faith, religion or other individual characteristics. As a responsible employer, the Bank recognizes the importance of an inclusive culture. We strive to ensure equal opportunities and a transparent approach to employment, promotion, remuneration and training of employees. Personnel are selected on a competitive basis. The employment criteria do not contain any discriminatory requirements regarding gender, age, nationality, religion or physical abilities.

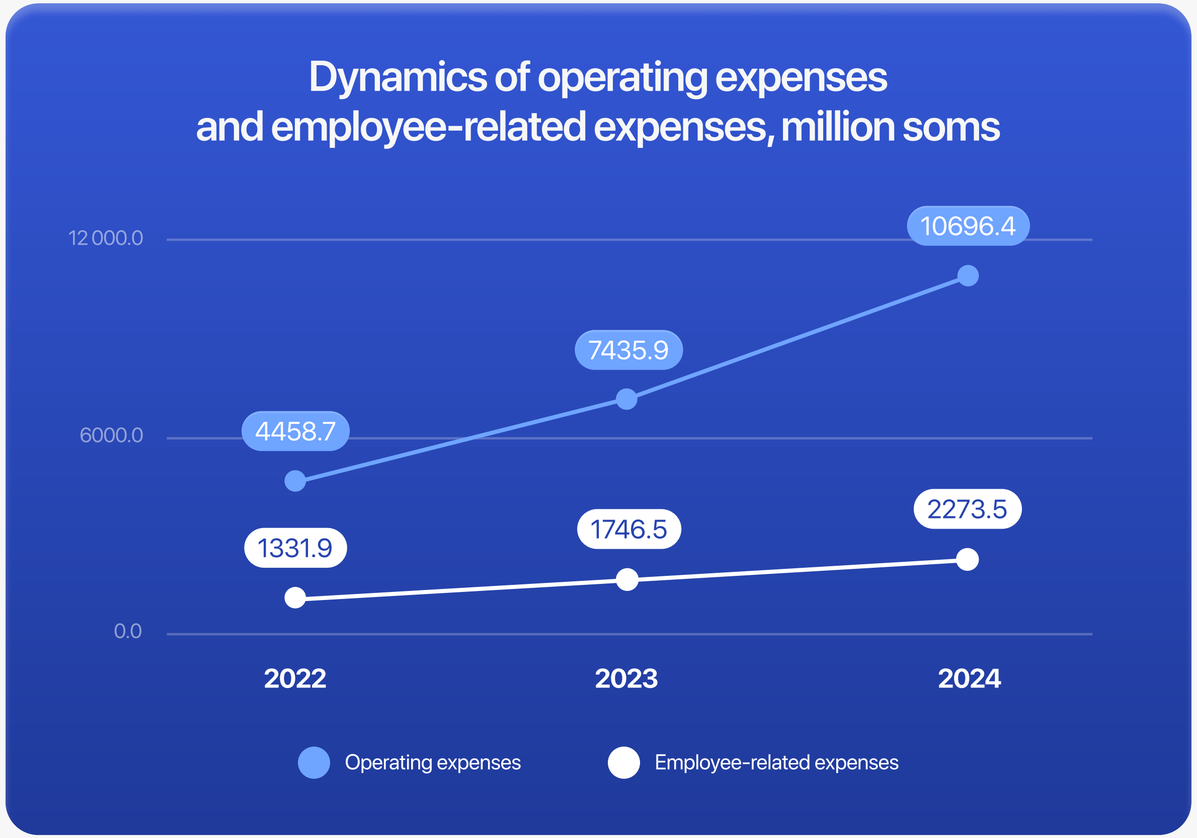
The Bank should notify employees in writing of any changes in essential working conditions, such as the system and amount of remuneration, work schedule, combination of positions, etc., no later than 1 month in advance, and the corresponding changes and additions are made to the employment contracts. When terminating an employment contract at the initiative of the Bank as an employer, employees are also notified in writing at least 1 month before dismissal.

Bakai Bank does hinder employees in exercising their right to collective bargaining, concluding collective agreements and creating a trade union. We value openness and dialogue between employees and management at all levels. In particular, the Bank regularly interacts with employees or their representatives on various issues related to working conditions.

Upon agreement with the management of the Bank, employees may be provided with such working conditions as remote work, as well as part-time employment.

A periodic assessment of the activities and professional level of employees (certification) is carried out to determine whether their qualifications correspond to the positions they hold, identify their potential and determine the need to improve their qualifications. The results of the assessment may serve as the basis for including a particular employee in the personnel reserve, promotion to a higher position, or dismissal.

Bakai Bank has an established reporting and whistleblowing process, within which employees can report labor relations problems. All complaints and appeals are registered, carefully analyzed, and internal investigations are conducted, if necessary.



We develop the Bakai Bank employer brand, and specifically among young people. We are actively building partnerships with large educational institutions of the Kyrgyz Republic, that allows us to attract young specialists to further work at the Bank. Thus, cooperation is developing with the Kyrgyz National University and other educational hubs.

By actively supporting sports in the Kyrgyz Republic and being a sponsor of the National Olympic Committee, Bakai Bank encourages a healthy lifestyle of employees. We hold various corporate sports events, and employees regularly participate in external competitions. In 2024, Bakai Bank sporting teams took the third places in the interbank football tournament and in the interbank table tennis tournament. In April 2024, many of our colleagues took part in the traditional Bakai Bank Jaz Demi mass run organized by the Bank.

Interaction with Employees



Employee Engagement

Bakai Bank initiated the practice of conducting an annual survey of the workforce to measure the employee engagement level and their views on the Bank as a place of work.

About 40% of employees of the Bank participated in the debut survey. The target indicator for the employee engagement level is set at no less than 70%.

Employees consider their work to be significant and have a positive attitude towards the strategic direction of development of the Bank. The survey shows strong confidence in the management team of Bakai Bank.

76.1%

employee engagement level

Number of employees of the Bank*

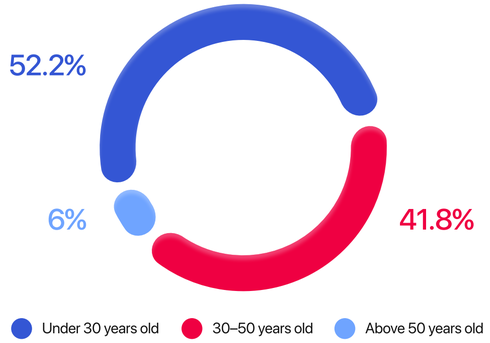
	2024	2023
Average number of employee	**1919**	**1798**
Managers of senior, middle and junior levels	437	428
Specialists	1431	1356
Administrative and support staff	51	14
Number of employees at the end of the reporting year	**2029**	**1861**
Managers of senior, middle and junior levels	421	423
Specialists	1560	1386
Administrative and support staff	48	52
Employed persons with disabilities at the end of the reporting year	**3**	**2**
Women	3	2

* The members of the Board of Directors are not included in the statistics, as they are not employees of the Bank (employment contracts are not concluded). The number of members of the Board of Directors is indicated in the Corporate Governance section of this Report.

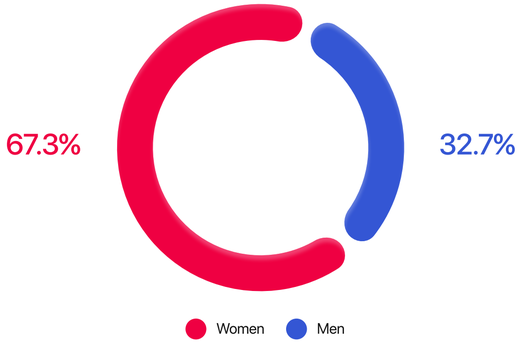
Employees by employment contract at the end of the reporting year

	2024	2023
Employees with open-ended employment contracts	**1 091**	**877**
Women	769	605
Men	322	272
Employees with fixed-term employment contracts	**938**	**984**
Women	607	641
Men	331	343
Full-time employees	**2025**	**1857**
Women	1373	1243
Men	652	614
Part-time employees	**4**	**4**
Women	3	3
Men	1	1

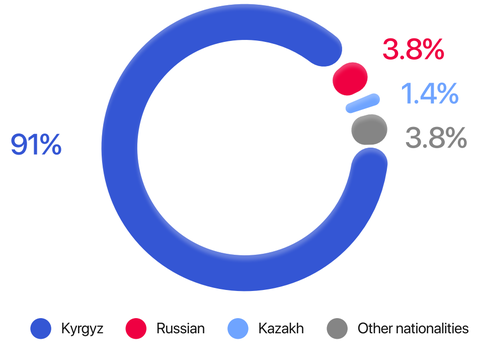
Share of employees by age as of December 31, 2024, %



Share of men and women in the workforce as of December 31, 2024, %



Employees by nationality as of December 31, 2024, %



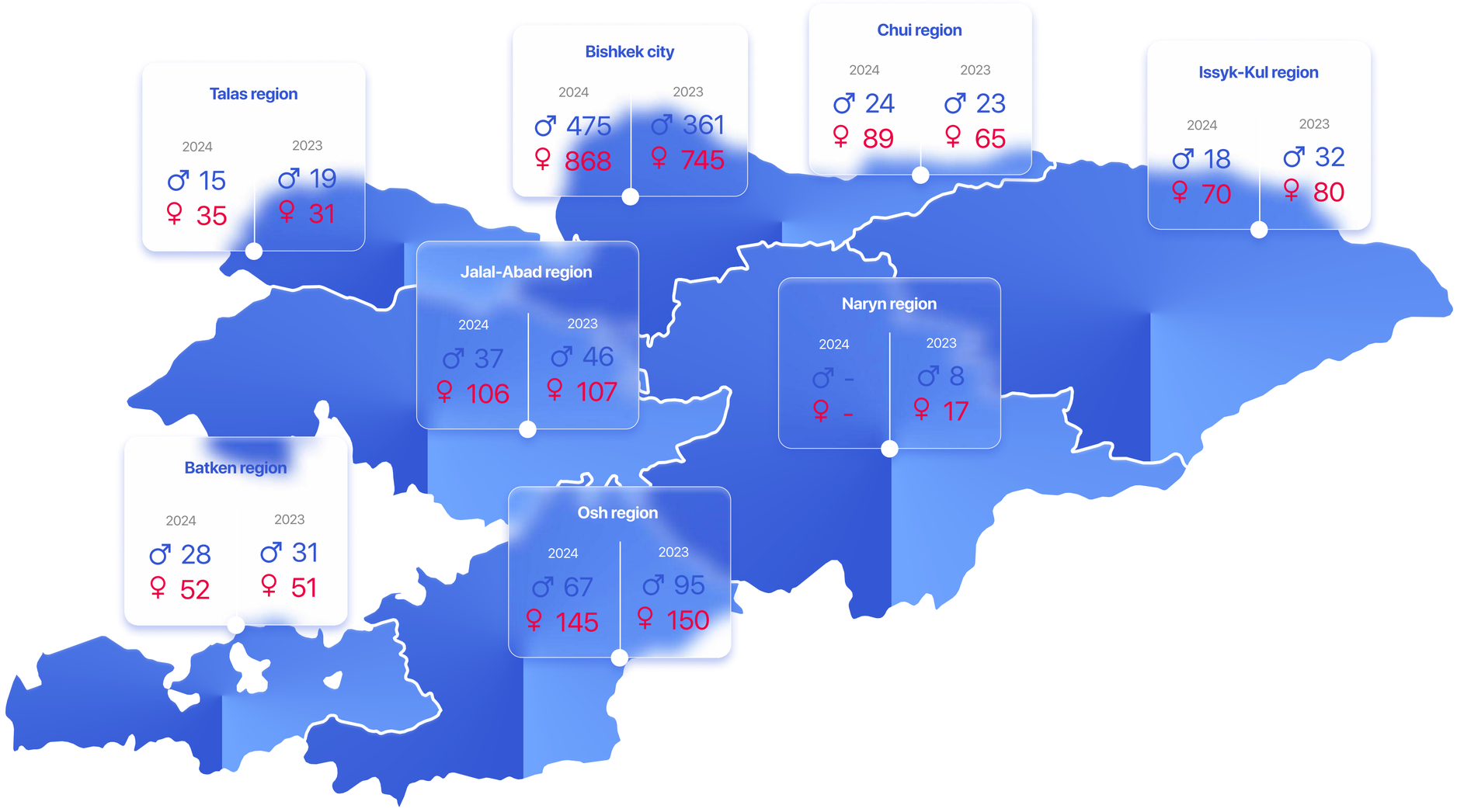
Gender structure of the workforce at the end of the reporting year

	2024	2023
Men	**664**	**615**
Women	**1365**	**1246**
Employees by gender and job position		
Managers of senior, middle and junior levels		
women	*285*	*275*
men	*136*	*148*
Specialists		
women	*1078*	*962*
men	*482*	*424*
Administrative and support staff		
women	*2*	*9*
men	*46*	*43*
Share of women in all management positions, as % of the total number of management positions in the Bank	**68%**	**65%**
Percentage of women among members of the Management Board	**43%**	**57%**
Share of women in senior management positions (maximum two levels away from the Chairwoman of the Management Board), as % of the total number of senior management positions in the Bank	**7%**	**8%**
Share of women in management positions in revenue-generating functions, as % of all management positions in revenue-generating functions	**44%**	**43%**
Share of women in STEM-related positions, as % of total STEM positions in the Bank	**33%**	**28%**

Age structure of the workforce at the end of the reporting year

	2024	2023
Employees by age at the end of the reporting year		
Under 30 years old	1059	993
women	*729*	*675*
men	*330*	*318*
30-50 years old	848	764
women	*563*	*514*
men	*285*	*250*
Above 50 years old	122	104
women	*74*	*57*
men	*48*	*47*
Employees by age and job position		
Managers of senior, middle and junior levels		
under 30 years old	*106*	*120*
30–50 years old	*288*	*276*
above 50 years old	*27*	*27*
Specialists		
under 30 years old	*954*	*870*
30–50 years old	*530*	*461*
above 50 years old	*76*	*55*
Administrative and support staff		
under 30 years old	*2*	*3*
30–50 years old	*28*	*27*
above 50 years old	*18*	*22*

Number of employees by regions of the presence of the Bank at the end of the reporting year



Parental leave

	2024
Total number of employees that took parental leave in the reporting year	**102**
Women	*102*
Men	*0*
Total number of employees that returned to work in the reporting year after parental leave ended	**62**
Women	*62*
Men	*0*
Total number of employees due to return to work in the reporting year after taking parental leave	**65**
Women	*65*
Men	*0*
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	**49**
Women	*49*
Men	*0*
Return to work rate of employees who took parental leave	**95%**





Employee Turnover

Employee Turnover	2024	2023
Total employee turnover rate	**36.5%**	**45.6%**
Voluntary employee turnover rate	**29.6%**	**38.1%**
Total employee turnover rate by gender		
Women	*36.3%*	*35.5%*
Men	*36.1%*	*47.5%*
Total employee turnover rate by age		
Under 30 years old	*36.7%*	*43.8%*
30–50 years old	*26.2%*	*36.7%*
Above 50 years old	*16.4%*	*27.7%*
Employee turnover due to discrimination and human rights violations, including labor rights	**0**	**0**
Total number of new employees	**802**	**849**
Women	*518*	*522*
Men	*284*	*327*
Under 30 years old	*538*	*592*
30–50 years old	*237*	*239*
Above 50 years old	*27*	*18*
Average hiring cost per FTE, som	**1 122 880**	**no data**
Absentee rate	**2.9%**	**3.1%**

Employee Development

In a constantly changing market environment it is important to maintain the skills and qualifications of employees at a high level. Bakai Bank carries out systematic training of employees to promote the development of their skills and professionalism.

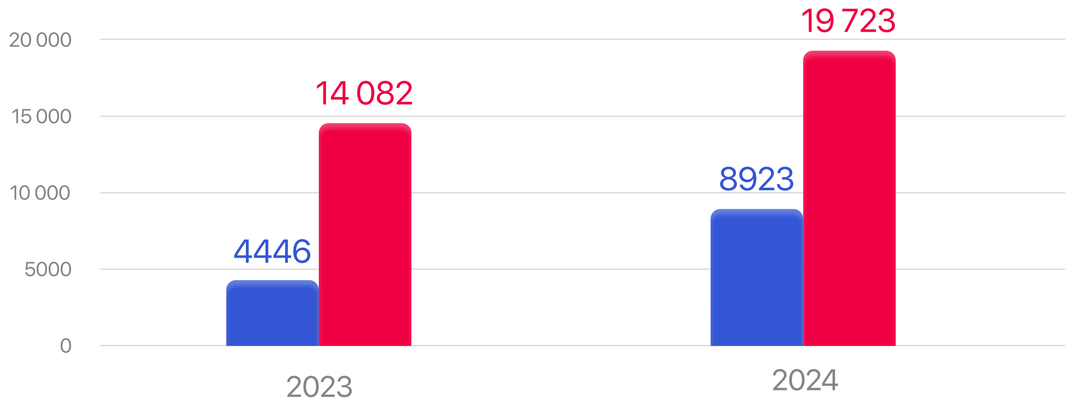
All planned activities and the budget for training all categories of personnel are reflected in the annual training plan, based on the needs, strategic goals and financial condition of the Bank. The procedure for organizing training is regulated by the Rules for training employees and internships at Bakai Bank OJSC.

We organize various internal and external trainings, courses and programs for employees. An important task is the implementation of employee development programs and initiatives adapted to business goals and management principles, as well as the introduction of new strong competencies, for example, related to new technologies. To ensure compliance with regulatory requirements and standards, a number of training areas are mandatory for certain categories of employees. There is a functional corporate digital training platform.

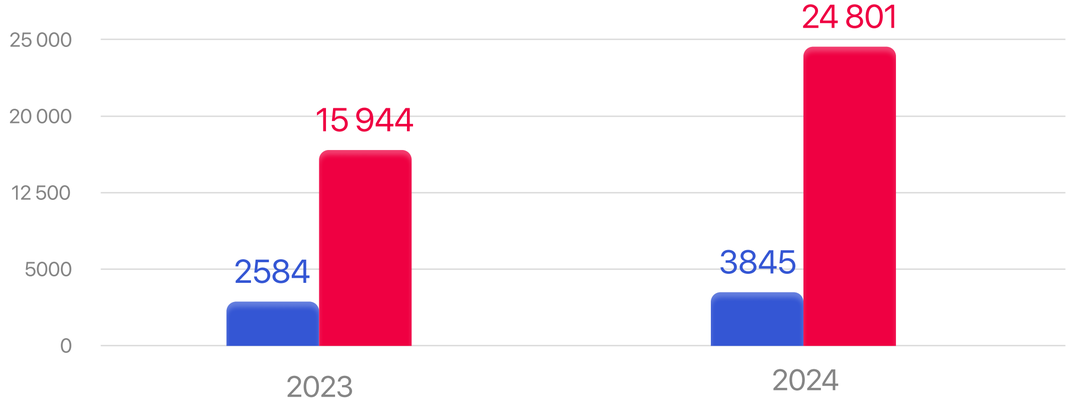


Employee Development

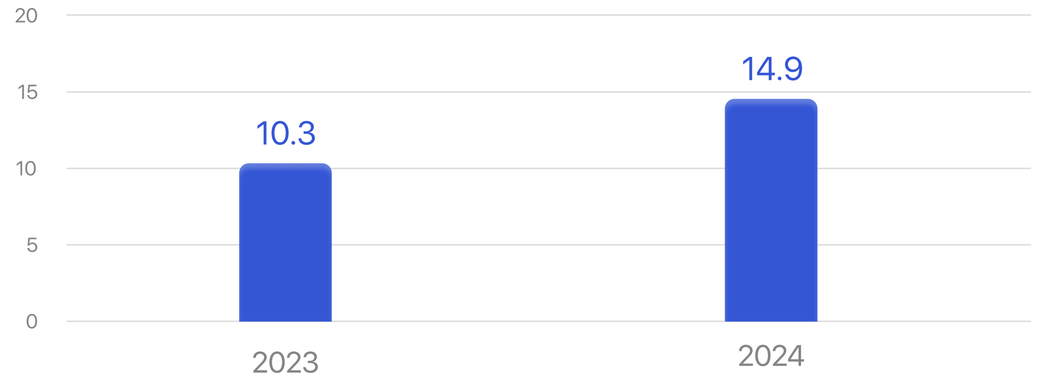
Total training hours of employees by gender



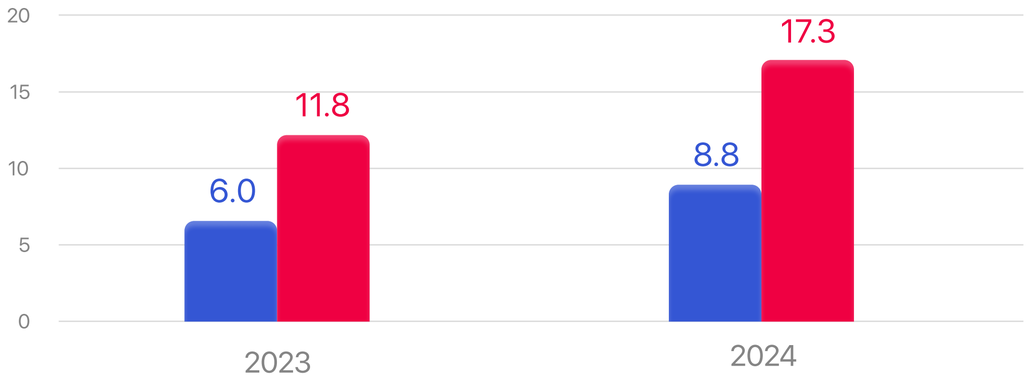
Total training hours of employees by job position



Average training hours per 1 employee



Average training hours per 1 employee by job position



Examples of training programs conducted by the Bank in 2024

Personnel Reserve Program

The program is aimed at developing the leadership competencies of employees who passed a rigorous selection process and are preparing for management positions. As part of the program, employees undergo a series of trainings, seminars and practical classes, where they develop leadership qualities, management skills and ability to make strategic decisions. As soon as a vacancy in a management position opens, these employees are ready to take it.

1% of employees of the Bank were covered by the Program.

- Development of leadership skills.
- Reduction of costs for external recruitment and search for candidates for management positions.
- Reduction of risks associated with unexpected dismissals or personnel changes due to the readiness of employees to move to management positions.
- Acceleration of internal growth and career development processes, that increases employee loyalty and improves corporate culture.

Effective Interview and Adaptation Methods for Hiring Managers Program

The program is designed to train managers involved in personnel selection in methods of conducting effective interviews and successfully adapting new employees. Participants in the program are taught strategies for effective candidate selection, interview questions, and methods for quickly and comfortably adapting new employees to the team.

3.5% of employees of the Bank were covered by the Program.

- Reduced time spent searching for and training new employees due to more accurate and efficient candidate selection.
- Reduced employee turnover, that reduces the costs of recruiting and training new employees.
- Increased satisfaction of new employees due to fast and high-quality onboarding process, that contributes to an improved corporate atmosphere.



Remuneration, social support, and motivation of employees

Employees have the right to fair remuneration for work and financial assistance in accordance with the labor legislation of the Kyrgyz Republic. The procedure for calculating and the terms of remuneration of employees are approved in the Regulation on Remuneration of Employees, approved by the Board of Directors. The salary of employees is established by an employment contract in accordance with the remuneration system in force in the Bank. General control over the implementation of requirements in that area is carried out by the HR Department and the Accounting and Reporting Department.

Determination of the amount of remuneration (including bonuses and premiums) and terms of remuneration for members of the Management Board, Managing Directors, Financial Director, Chief Accountant, employees of the Internal Audit Department, Risk Management Department and Compliance Control Department fall within the exclusive competence of the Board of Directors, taking into account the recommendations and proposals of its Nomination and Remuneration Committee. The staffing table for employees of the Head Office and branches that are not related to the above employees is approved by the Chairman of the Management Board.

We provide employees with adequate wages, in particular at a level above the projected subsistence minimum. The monthly salary of employees cannot be lower than the minimum wage established by the legislation of the Kyrgyz Republic.

The mean annual remuneration of employees of the Bank, excluding the Chairman of the Management Board, was 710.46 thousand soms in 2024. The ratio of the total annual remuneration of the Chairman of the Management Board to the mean annual remuneration of other employees (excluding the Chairman of the Management Board) is 8.57.

The Bank has implemented the practice of regular monitoring of the gender pay gap. In the reporting period, the gender pay gap was 31%. Bakai Bank works to ensure equal pay for equal work and to prevent any unfair differences in remuneration between women and men. Discrimination in setting wages is not allowed. One of the main reasons for the difference between the average gross earnings between men and women is that men are more represented in highly paid management positions.

Almost 75% of employees received a salary increase in 2024, with 31% average increase. We offer our employees various measures of material and social support, that are voluntary obligations of the Bank and help our colleagues in various life situations.

System of remuneration and guarantees for employees

Fixed part of labor compensation

- Base salary – monthly salary.
- Additional salary – payment for work on weekends and holidays; payment for work at night; payment for work during overtime hours.
- Allowances for work in high-mountain and remote areas.
- Additional payments for combining professions (positions) and performing the duties of a temporarily absent employee; additional payment for expanding service areas and increasing the volume of work performed.

Non-fixed part of labor compensation

- Bonuses (incentive payments).
- Premiums (remuneration based on work results).

Temporary disability guarantees

- Social security benefit (temporary disability).

Leaves for employees

- Annual basic paid labor leave of 28 calendar days.
- Annual additional paid leave, the procedure and conditions for provision of which are established in accordance with the requirements of the legislation of the Kyrgyz Republic.
- Paid maternity leave with payment of maternity benefits for the period of leave.

One-time financial assistance to employees

- Financial assistance in connection with the birth of a child.
- Financial assistance in connection with marriage (first marriage).
- Benefits to the employee's family in the event of his/her death.
- Financial assistance to cover the costs of funeral services in the event of the death of close relatives of the employee.
- Financial assistance to employees who find themselves in a difficult life situation (loss of home, serious illness, etc.).

Occupational health and safety

In its activities, Bakai Bank follows the principle of prioritizing the preservation of employees' health over any other results of labor activity, including financial ones.

The health and safety management system in force in Bakai Bank fully complies with the requirements of the legislation of the Kyrgyz Republic.

The Management Board approved the Occupational Health and Safety Rules for Employees of Bakai Bank OJSC, that are mandatory for all employees. These Rules contain mandatory requirements for occupational health and safety, that are also used for mandatory introductory training of employees. Occupational health and safety requirements also apply to suppliers and contractors that are allowed to carry out activities in the offices and on the territory of the Bank.

The employees responsible for monitoring compliance with the Occupational Health and Safety Rules are the head of the Security Department and the directors of the branches.

All new employees undergo mandatory introductory training on occupational health and safety. In addition, we organize scheduled fire safety briefings for employees, as well as unscheduled briefings when new labor protection standards and rules are introduced. Employees who have not been familiarized with the Occupational Health and Safety Rules in the established manner are not allowed to work.

Potential hazards in the workplace are regularly identified and assessed, and measures are determined to minimize and eliminate them, including through periodic internal inspections of facilities and workplaces by responsible employees of the Bank. Employees have the right to proactively propose ideas and voice opinions on ensuring labor safety and openly ask questions on this topic.

Emergency response plans and procedures were developed. At least once a year, a drill is conducted to practice evacuation skills in the event of various incidents. If necessary for certain types of work, employees are provided with personal and collective protective equipment free of charge.

At its own expense, Bakai Bank carries out mandatory periodic medical examinations of employees, as well as extraordinary medical examinations at the request of employees in accordance with medical recommendations, while preserving their jobs and average earnings for the period of undergoing these medical examinations in accordance with the procedure established by the legislation of the Kyrgyz Republic.

Employees are required to immediately notify their immediate or superior manager of any situation that threatens the life and health of people, of every incident that occurs in the workplace, of industrial injuries and diseases, or of deterioration of their health.

In case of incident in the workplace, the Chairwovman of the Management Board appoints an investigation committee in accordance with the procedures established by the legislation of the Kyrgyz Republic, headed by a member of the Management Board supervising the Safety Division. Based on the results of the investigation, a conclusion is prepared, in particular the main findings obtained during the investigation. One of the purposes of that conclusion is to inform all employees about potentially dangerous situations for the purpose of their further prevention.

Compliance with labor protection requirements and rules is one of job responsibilities of employees, and disciplinary measures may be applied to employees, up to and including dismissal, for violation of labor protection requirements.

Occupational health and safety in 2024

0 lost time injury frequency rate (LTIFR)

0 total recordable incident rate (TRIR)



Charity and Partnership Activities

Charity and sponsorship initiatives and projects are an important part of our business.

Business Case 2024

We supported the Business Case 2024 hackathon, that was held at the Ala-Too International University. Participants solved real business cases provided by companies, applying their skills and creative approach in a competitive environment. The hackathon became an effective platform for developing business skills, strengthening ties between youth and business, and generating innovative ideas.

Bakai Bank Jaz Demi

Bakai Bank organizes mass sports events for the population of the Kyrgyz Republic, instilling a culture of sports and a healthy lifestyle. Among them is the annual Bakai Bank Jaz Demi half marathon. In April 2025, the 6th Bakai Bank Jaz Demi was held in the capital of the country with the participation of more than 4 thousand people who covered various distances, from 5 and 10 km to half marathon (21.1 km). Children took part in races at various distances up to 1 km.

Islamic Financial Center

In 2024, the Islamic Financial Center of the Bank continued the practice of regularly transferring funds to various public funds because it is prohibited to accept penalties and fines in Islamic banking. The amounts generated by late payments are sent to institutions such as the Public Fund for Assistance to Orphans and the “Elym, barsynby?!” Public Fund, that helps citizens who are in a difficult social situation.

ЭЛИМ БАРСЫҢБЫ?!

Tazalyk

Bakai Bank continues to cooperate with the Tazalyk municipal enterprise, that is engaged in waste management in Bishkek city. In October 2024, we donated 7 electric trucks to the enterprise, that allows not only to support the work of the municipal waste management system, but also to reduce the carbon footprint of our partner.

Give Good! Campaign

In the summer of 2024, Bakai Bank launched Give Good! Campaign. For two and a half months, our clients voted daily through the BakAi app for one good activity supported by brand ambassadors.

We allocated 5 million soms for sponsoring good activities. Each project received 500 thousand soms from Bakai Bank, the remaining funds were accrued taking into account the votes collected in the BakAi app.

As part of the Campaign, several charitable initiatives were supported:

- Umüt rehabilitation center for children with special needs.
- Kindergarten-boarding school in Kara-Suu, the only specialized kindergarten for deaf children in the southern region.
- Rehabilitation center for animals in Asanbai Park that is a project to save animals from poachers.
- Supporting single mothers: training 70 women in in-demand IT skills to help them become financially independent.



Support for sports

Bakai Bank actively supports high-performance sports, contributing to enhancing the international prestige of the Kyrgyz Republic, developing domestic athletes and popularizing a healthy lifestyle.

KYRGYZ REPUBLIC

Official partner of the National Olympic Committee of the Kyrgyz Republic

During the 2024 Olympics, Bakai Bank organized a farewell ceremony for athletes, live broadcasts of the games on a big screen for a wide audience, and sponsorship of the Olympic Games broadcast on national television.

Following the Olympic Games, Bakai Bank awarded distinguished athletes with significant monetary awards and items of worth, including a Kyrgyz boxer who won the country's first silver medal in boxing.

Being a socially responsible business, the Bank allocated 594.8 million soms from its budget for the development of the social infrastructure in 2024.

Environmental Impact

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Environmental Stewardship

We understand that an important component of the corporate ESG agenda is identification, management, minimization and mitigation of adverse impacts of activities and operations of the Bank on the environment and climate. At the same time, it is taken into account that financial companies have a minimal direct impact on the environment, and the main risks may be associated with indirect impacts arising from client financing.

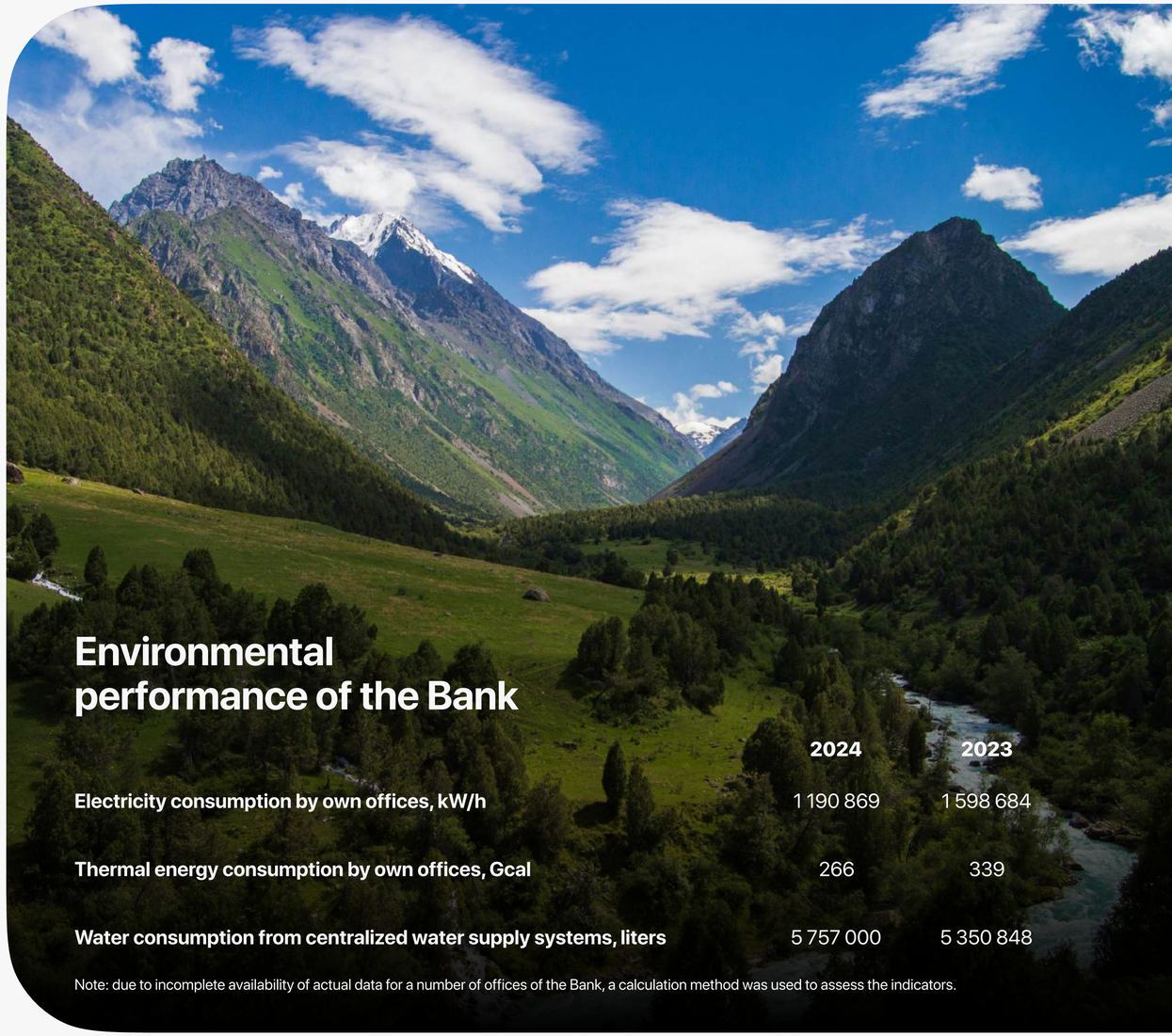
In addition to implementing environmental assessments of borrowers, Bakai Bank is implementing specific environmental measures designed to improve the environmental performance of its own activities.

We continued to operate a model green branch, Bakai Bank Green, that was opened in Bishkek city in the fall of 2023, where solutions were implemented concerning separate waste collection, energy-efficient lighting, heating and cooling systems, and usage of office paper from recycled materials, etc. We intend to gradually scale that experience to the whole branch network of Bakai Bank.

Energy efficiency improvements are of crucial importance for Bakai Bank, as they help reduce the climate impact of its own operations, meaning using less energy to achieve the same result. By reducing energy consumption in offices and premises, Scope 1 and Scope 2 emissions can be reduced. We are currently exploring further opportunities to improve energy efficiency and reduce our carbon footprint.

The ongoing transition of operations of the Bank, including client service, to a paperless electronic format and active digitalization of financial products and services provide an opportunity to significantly reduce waste generation, reduce operating costs, and improve the quality of client service.

During the reporting period, employees of the Bank participated in a number of corporate volunteer environmental events related to tree planting and other initiatives.



Environmental performance of the Bank

	2024	2023
Electricity consumption by own offices, kW/h	1 190 869	1 598 684
Thermal energy consumption by own offices, Gcal	266	339
Water consumption from centralized water supply systems, liters	5 757 000	5 350 848

Note: due to incomplete availability of actual data for a number of offices of the Bank, a calculation method was used to assess the indicators.

Climate agenda

Climate change and transition to a low-carbon economy present new risks and opportunities for the Bank, taking into account the international commitments of the Kyrgyz Republic to achieve carbon neutrality by 2050. It means that Bakai Bank should continue to develop its activities, for example, by enhancing competencies, providing new financial products and services, building dialogues with clients and improved processes for identifying, measuring and managing climate-related risks and opportunities.

Bakai Bank initiated the formation of a corporate climate agenda management system to comply with international best practices and standards.

- The Board of Directors exercises strategic control over the development strategy and risk management of the Bank. In that context, the Board of Directors considers and makes decisions, including on significant climate-related issues. The Risk Management Committee of the Board of Directors has the right to consider significant climate-related risks, in particular for the purpose of developing recommendations and proposals in relation to them.
- The Management Board monitors implementation of the climate agenda and decisions of the Board of Directors.
- Coordination of the activities of structural units on issues related to the corporate climate agenda, including the preparation of annual climate reporting, is carried out by the Sustainable Development Working Group. The structural unit directly responsible for ESG and climate is the ESG Development Office.

Bakai Bank is committed to supporting its clients on their path to net zero greenhouse gas emissions. An important part of that process is the development and adaptation of green finance products that facilitate and promote the low-carbon transition of clients. Combined with own efforts of the Bank to assess its carbon footprint and reduce its climate impact, it is central to our contribution to low-carbon development. In addition, Bakai Bank is tightening its lending criteria for certain activities and sectors with high greenhouse gas emissions, as they are not consistent with the global greenhouse gas emission reduction target to limit temperature rise to 1.5°C – for example, the Bank prohibits lending to borrowers and projects in the exploration and production of crude oil. In 2024 and at the time of the Report publication, Bakai Bank did not finance borrowers and projects related to unconventional oil and gas production (shale oil and gas, oil and gas from tar sands, etc.).

To take into account stakeholder expectations, stimulate consideration of climate-related issues in decision-making, understand the potential financial costs associated with greenhouse gas emissions, prepare for stricter carbon regulation, and further change the internal culture as part of the corporate ESG transformation, Bakai Bank introduced an internal carbon price in the format of a shadow carbon price. The internal carbon price covers greenhouse gas emissions of categories Scope 1 and Scope 2, and is set at 25 US dollars per 1 ton of CO_2-eq, in accordance with the carbon tax target recommended by the International Monetary Fund for introduction by 2030.



Greenhouse gas emissions

Bakai Bank implements an annual assessment of its carbon footprint. The greenhouse gas calculations are based on internationally recognized standards – the Greenhouse Gas Protocol (GHG Protocol), ISO 14064 and the IPCC Guidelines for National Greenhouse Gas Inventories. The assessment includes CO_2, CH_4, N_2O, HFCs.

Greenhouse gas emissions estimates for 2023 and 2024 have undergone external independent verification.

Greenhouse gas emissions of the Bank, tons of CO_2-eq.

	2024	2023
Scope 1	3 210.91	2 985.98
Scope 2, location-based	213.03	282.99
Scope 3	1 478.31	1 257.99
Scope 3 Purchased goods and services	62.39	65.95
Scope 3 Employee Commuting	1 307.83	1 093.12
Scope 3 Business travel	108.09	98.92
Total emissions Scope 1 и Scope 2 combined	3 423.94	3 268.97
Emissions intensity of Scope 1 and Scope 2, tons CO_2-eq per employee	1.69	1.76
Emissions intensity of Scope 1 and Scope 2, tons CO_2-eq per 1 million US dollars of assets *	3.25	3.88

* As of December 31, 2023, the assets of the Bank were 74 044 277 000 soms or 842 752 982 US dollars, taking into account the average exchange rate in 2023 (1 US dollar = 87.86 soms). As of December 31, 2024, the assets of the Bank were 91 679 126 000 soms or 1 052 090 039 US dollars, taking into account the average exchange rate in 2024 (1 US dollar = 87.14 soms).

Greenhouse gas emissions

Greenhouse gas emissions associated with our operations are classified into three Scopes, depending on operational control of the Bank over specific activities.

- Scope 1 – direct emissions from stationary combustion of fuels used by the Bank for heat production and backup power generation, mobile emissions from vehicles of the Bank, and refrigerant leaks.
- Scope 2 – indirect emissions from purchased electricity, heating and cooling at Bank-owned and leased facilities.
- Scope 3 – indirect emissions that occur in parts of the value and supply chain of the Bank (certain categories).

Climate-related risks

Bakai Bank carried out the identification and qualitative assessment of physical and transitional climate-related risks for the short, medium and long term (0–3 years, 4–10 years and 11–30 years, respectively).

Climate-related risk is the risk of reputational damage and/or financial losses or other harm arising from physical and transition climate-related risks for Bakai Bank, our clients and the communities where we operate.

Climate-related risks embrace:

- Physical risks that arise due to the consequences of climate change are divided into acute physical risks arising from extreme weather events that occur with increasing severity and frequency (mudflows, floods, etc.), and chronic physical risks arising from long-term, progressive changes in climate and environmental conditions (long-term increase in average temperature, aridization, water shortage, etc.).
- Transition risks arising from the process of transition to economy model based on low or zero greenhouse gas emissions, under the influence of new and emerging national and international climate-related requirements and regulations, changes in technology, market conditions, business and public requirements and preferences, stakeholder expectations.
- Climate risk and accompanying risk factors are a "cross-cutting" risk that can influence both financial (credit, market risks) and non-financial (compliance risks, operational, reputational risks) risks in the main risk categories of the Bank.

To analyze the climate-related risks of Bakai Bank, two climate scenarios were used in accordance with the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, SSP1-2.6 and SSP2-4.5:

- Scenario SSP1-2.6 (scenario within the framework of the Paris Agreement on climate, the probability of scenario implementation is 20%) implies accelerated adoption of measures to sharply limit anthropogenic greenhouse gas emissions. Greenhouse gas emissions by the end of the current century become negative in net terms.
- Scenario SSP2-4.5 (maintaining current socio-economic and technological trends, the probability of scenario implementation is 80%) assumes systematic global actions aimed at reducing greenhouse gas emissions during the 21st century, sufficient to stabilize their concentration by about 2100. Climate scenario SSP2-4.5 was chosen as the baseline scenario for Bakai Bank.

In addition, the NGFS Phase V scenarios of the Network for Greening the Financial System (NGFS) – Below 2°C and Fragmented World – were taken into account.

Based on the results of scenario modeling and analysis of prospective processes for the short term (0–3 years), both physical and transition climate-related risks are not significant for Bakai Bank, in particular from the point of view of lending to clients, despite the significant number of regions where we are present.

At the same time, within the framework of the baseline scenario SSP2-4.5 the exposure of the Bank to both physical and transition climate-related risks will potentially increase during the medium term (4–10 years).

Policy and legal risks as the most probable significant climate-related risks for Bakai Bank may lead to potential financial losses and costs in the event of further tightening of national and international requirements in the climate sphere. The main factor is the impossibility or significant limitation of the ability of the Bank as a financial intermediary to attract climate funding from international partners and climate funding from the government (due to non-compliance with requirements and covenants, including in terms of disclosing climate information and managing climate-related risks within the loan portfolio). Financial costs (lost profits) associated with that factor are preliminarily estimated at no less than 300 million soms annually.

To minimize exposure to policy and legal risks, the Bank started to implement the following measures:

- Annual preparation and publication of climate-related reporting based on international standards for climate-related information disclosure.
- Reduction or termination of financing of certain carbon-intensive activities and industries with a high carbon footprint.
- Regular assessment of the share of lending to carbon-intensive sectors and green lending in total lending.
- Implementation of procedures for assessing risks associated with climate change, including with respect to financed clients and projects.
- Continuous monitoring of changes in legislation in the Kyrgyz Republic and the requirements of international climate standards.
- Timely informing the Board of Directors and other management bodies about the exposure of Bakai Bank to climate risks, including policy and legal risks.
- Regular training of employees on issues related to climate-related regulation and reporting.
- Maintaining regular contact with the financial regulator on issues related to climate regulation of the banking sector.

Potential impact of physical and transition climate-related risks on operations and assets of the Bank

Risk category	Significance of risks within the scenarios used					
	SSP1-2.6 Scenario			SSP2-4.5 Scenario (baseline)		
	0 – 3 years	4 – 10 years	11 – 30 years	0 – 3 years	4 – 10 years	11 – 30 years
Physical climate-related risks Risks of financial losses due to natural climate factors and gradual climate change						
Acute risks • Damage to or destruction of real estate and property of Bakai Bank as a result of exposure to natural climate factors. • Decrease in solvency and financial stability of corporate clients of Bakai Bank operating in sectors of the economy exposed to exposure to physical risks (for example, agriculture). • Impairment, damage or loss of collateral as a result of exposure to natural climate factors. • Interruption of telecommunications services and operation of information systems, decrease in the reliability of energy supply as a result of exposure to natural climate factors. • Negative impact on liquidity reserves of Bakai Bank because of a sharp increase in demand for liquidity from households and businesses as a result of frequent and intense exposure of clients and the economy of the Kyrgyz Republic to natural climate factors.	++	++	++	++	++	+++
Chronic risks • Decrease in solvency and financial stability of corporate clients of Bakai Bank operating in sectors of the economy exposed to physical risks (for example, agriculture). • Instability in the development of sectors of the economy exposed to systemic changes in natural climate factors (for example, agriculture, hydropower, etc.). • Increased likelihood of macroeconomic shocks and imbalances, including regional and global ones, as a result of systemic climate changes, in particular in terms of increased water resource shortages.	+	++	++	+	++	+++

Potential impact of physical and transition climate-related risks on operations and assets of the Bank

Risk category	Significance of risks within the scenarios used					
	SSP1-2.6 Scenario			SSP2-4.5 Scenario (baseline)		
	0 – 3 years	4 – 10 years	11 – 30 years	0 – 3 years	4 – 10 years	11 – 30 years
Transition risks Risks of financial losses in the process of transition to a low-carbon economy						
Policy and legal risks • Tightening of the requirements of the legislation and financial regulator of the Kyrgyz Republic, as well as international partners of Bakai Bank for the activities and reporting of Bakai Bank in the area of decarbonization, climate-related risk and opportunity management, climate-related reporting. • Tightening of the requirements of the legislation of the Kyrgyz Republic for the activities and reporting of key clients of Bakai Bank in the area of decarbonization, climate-related risk and opportunity management, climate-related reporting. • Restriction of the availability of climate funding and climate finance partnerships in the event of inability of Bakai Bank to fully comply with the requirements of climate capital providers and international climate standards. • Reduction of client base of Bakai Bank as a result of tightening climate regulation and market conditions. • Decrease in solvency and financial stability of corporate clients of Bakai Bank operating in sectors of the economy that are associated with significant negative impact on the climate and are potentially subject to significant climate regulation.	++	++++	++++	++	+++	+++
Technology risks • The need to implement investment-cost programs and technological measures to decarbonize the activities and operations of Bakai Bank, and introduce low-carbon technologies.	+	+++	+++	+	++	+++

Risk category	Significance of risks within the scenarios used					
	SSP1-2.6 Scenario			SSP2-4.5 Scenario (baseline)		
	0 – 3 years	4 – 10 years	11 – 30 years	0 – 3 years	4 – 10 years	11 – 30 years
Transition risks Risks of financial losses in the process of transition to a low-carbon economy						
Market risks • Fall in demand for lending from carbon-intensive activities and industries. • Inability of Bakai Bank to meet client demand for green lending and other sustainable financing. • Increased volatility or decrease in the value of securities portfolios and derivative financial instruments under the influence of the transition of the global and national economy to low-carbon development. • Decrease in the value and market demand for carbon-intensive collateral.	+	+++	++++	+	++	+++
Reputation risks • Negative perception of activities of Bakai Bank by clients, business partners, international investors, the government and society in the event of active provision of financing (services) to companies or projects that have a high adverse impact on the climate. • Negative reputational consequences in the event of inability or unwillingness of Bakai Bank to fully comply with state regulatory requirements and requirements of external capital providers in the area of climate-related regulation and management of climate-related risks and opportunities.	+	+++	++++	++	++	+++

Risk impact grading

+ Minimal impact on the financial performance of Bakai Bank. Does not affect the achievement of strategic and operational goals. Bakai Bank can continue its activities as usual.

++ Low potential impact, that, in the event of the risk (risk factors) being realized, can lead mainly to short-term, easily mitigated (relatively low-cost) consequences for the financial performance of Bakai Bank as a result of the risk manifestation. It is necessary to develop certain key risk mitigation measures.

+++ Moderate potential impact, that can lead to reversible systemic consequences, mainly short-term/medium-term, for the financial performance of Bakai Bank as a result of the risk manifestation. There is a high probability of non-achieving certain operational goals. It is necessary to develop comprehensive risk mitigation measures, including those aimed at the long-term perspective.

++++ Strong potential impact that can lead to reversible systemic consequences, primarily medium-term/long-term, for the financial performance of Bakai Bank as a result of the risk manifestation. Inability to achieve operational goals, threat of failure to achieve strategic goals. There is a high probability of operational failures in certain areas of activity. It is necessary to implement significant financial, organizational, technological or other measures in a short time to minimize the consequences of such impacts or adapt the business to them.

+++++ Critical potential impact that can have uncontrollable consequences for the overall financial stability of Bakai Bank, its ability to achieve strategic goals, and that consequences may be irreversible.

Climate-related opportunities

Bakai Bank has identified several long-term market opportunities related to the climate agenda.

Primary opportunity:

- Increase in the volume of green lending to retail, SME and corporate clients in the Kyrgyz Republic, in particular through the development of partnerships with international financial institutions. That opportunity is preliminarily estimated at no less than 500 million soms annually.

Additional opportunities:

- Entry of Bakai Bank into the green bond market and bonds related to sustainable development as an issuer to fund client lending or implement its own projects to decarbonize corporate activities and operations.
- Expanding the availability of international financing related to climate and low-carbon development.



Conclusion

In this section

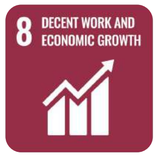
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Supporting the United Nations Sustainable Development Goals

Bakai Bank supports the United Nations Sustainable Development Goals, accepting their global and national significance, and strives to build its activities taking them into account.

Recognizing the importance of all 17 United Nations Sustainable Development Goals, we focus on seven of them that are most relevant for our business and the banking sector as a whole, as well as for effectively ensuring the interests of and interacting with stakeholders of Bakai Bank.

Priority United Nations Sustainable Development Goals	Examples of actions and initiatives of the Bank aimed at achieving the United Nations Sustainable Development Goals
 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Providing opportunities for personal and professional development of employees of the Bank. • Improving the financial and entrepreneurial literacy of clients of the Bank and the population in the regions of our presence. • Interaction of the Bank with higher education institutions on the issue of attracting qualified personnel.
 Achieve gender equality and empower all women and girls	• Preventing gender discrimination in hiring and career development of employees. • Ensuring women's representation in governance bodies of the Bank. • Equal remuneration for men and women for equal work. • Financing women's entrepreneurship.
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	• Financing of micro, small and medium businesses, as well as industrial enterprises. • Creating comfortable and safe workplaces for employees and promoting their professional development. • Compliance with the labor legislation of the Kyrgyz Republic, prevention of discrimination, forced and child labor. • Creation of jobs in the regions of our presence, including through business lending.

Supporting the United Nations Sustainable Development Goals

 **Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**	• Development of financial innovations and digitalization, that also are aimed at ensuring financial inclusion. • Financing of micro, small and medium businesses, as well as industrial enterprises. • Financing of construction, operation and modernization of infrastructure facilities.
 **Take urgent action to combat climate change and its impacts**	• Implementation of climate-related reporting and climate-related risk and opportunity management in the corporate governance system of the Bank and stakeholder engagement processes. • Annual assessment by the Bank of greenhouse emissions of categories Scope 1, Scope 2, Scope 3 based on international approaches. • Expanding financing for clients and projects in the area of decarbonization and low-carbon development.
 **Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**	• Zero tolerance for corruption, implementation of systemic measures to combat corruption at the corporate level. • Proper functioning of the system to combat money laundering and terrorist financing at the corporate level.
 **Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development**	• Participation in national and international sustainable development associations and organizations. • Expansion of financial partnerships with involvement of Bakai Bank aimed at financing sustainable development and responsible business practices. • Participation in the activities of the banking community to develop and promote sustainable development initiatives. • Responsible approach to paying taxes and complying with tax legislation.

Stakeholder Engagement

Continuous engagement with stakeholders ensures stable business development and influences the ability to generate long-term value. Among other things, understanding the interests and views of stakeholders helps define our strategy and business model. The opinions of stakeholders in key areas are communicated to the Board of Directors and the Management Board of the Bank.

Bakai Bank collects stakeholder opinions through ongoing dialogue opportunities with clients, employees, business partners, and other stakeholders. Targeted engagement with stakeholders is carried out in connection with the assessment of material topics and impacts.

We update the list of our key stakeholders on an annual basis. In 2024, six main stakeholder groups were identified.

Stakeholder categories	Why important	How engagement is built	Results
Shareholders and investors	• Shareholders and investors are the owners of the Bank and suppliers of capital. • Shareholders establish the structure and processes of governance and control of the Bank. • Shareholders and investors are interested in the financial efficiency and stable development of Bakai Bank.	• Holding General Meetings of Shareholders. • Presentations, online conferences. • Financial and non-financial reports.	• Effective understanding of the strategy and decisions of Bakai Bank by shareholders. • Providing comprehensive information on business of the Bank, for example on issues of corporate governance and risk management.
Clients	• The financial performance of the Bank and investment attractiveness depend on demand and the level of trust from clients. • Client retention is important given the strong competition for clients in the financial sector.	• Continuous dialogue and meetings with clients, including physically in branches, through the contact center, digitally and on social media. • Regular client satisfaction surveys.	• Maintaining close relationships with clients and increasing trust in the Bank, as well as increasing client satisfaction and loyalty. • Adapting Bakai Bank products and services to the needs, priorities and expectations of clients.

Stakeholder Engagement

Stakeholder categories	Why important	How engagement is built	Results
Employees	• Employees contribute to the success of the business with their skills, experience and involvement. • The well-being and satisfaction of employees affects the financial performance and reputation of Bakai Bank.	• Internal communication with employees, for example through the corporate portal. • Regular employee surveys. • Personal and group meetings with senior management of the Bank.	• Ensuring that the views and interests of employees are taken into account during decision-making. • Ability to implement initiatives that specifically promote employee engagement. • Identifying problems and shortcomings, for example in work processes. • Promoting a safe and healthy working environment, in particular through ongoing dialogue with employees.
State authorities and regulators	• Authorities and regulators monitor the activities of Bakai Bank, including its compliance with the requirements and standards of applicable legislation.	• Communication through official channels. • Conducting inspections and audits. • Regular submission of mandatory regulatory reporting. • Financial and non-financial reports. • Participation of the Bank in round tables, forums and conferences where authorities and regulators are represented to discuss issues of financial sector development.	• Compliance with regulatory requirements by the Bank. • Promoting responsible business practices. • Reducing reputational risk.

Stakeholder Engagement

Stakeholder categories	Why important	How engagement is built	Results
Business partners and suppliers	• Business partners and suppliers form a significant basis for the value proposition of the Bank to its clients.	• Tender procedures in the sphere of procurement. • Presentations, online conferences, newsletters. • Regular feedback during the execution of contracts.	• Ensuring accountability in supply chains and business practices. • Proper fulfillment of contractual obligations. • Ensuring compliance of business partners and suppliers with the ethical, anti-corruption and other standards of the Bank.
Local communities and NGOs	• Interaction and contacts with local communities and NGOs allow Bakai Bank to more effectively understand the needs of the regions where it operates, in particular building charitable activities.	• Social and charitable initiatives and partnerships at the local and national levels. • Dialogue with representatives of the local population and NGOs through meetings, online conferences.	• Strengthening the contribution of the Bank to the development of regions where it operates, implementing charitable and sponsorship initiatives. • Increasing the effectiveness of cooperation with local populations and non-profit organizations to solve social and environmental problems.

Defining Material Topics

The assessment of materiality is an integral part of the preparation of annual sustainability reporting.

The materiality of topics, risks and opportunities is defined based on economic, environmental and social impacts of the Bank, taking into account corporate governance factors. The revision of material topics and the analysis of materiality using the principle of double materiality is carried out annually.

To determine material topics, a stakeholder survey is conducted, in which key stakeholders of the Bank participate, including employees, clients, business partners. As part of the assessment of the materiality of impacts, the participation of external consultants is ensured to ensure the independence of opinions.

Material topics are ranked according to three priority levels, considering the opinions of stakeholders (based on the results of the survey) and approved by the Management Board of Bakai Bank.

Stages of Material Topics Assessment

Stage 1

- Analysis of non-financial reporting standards, requirements of regulators and ESG ratings.
- Analysis of peer companies, key market processes in the financial industry.
- Analysis of impacts of the Bank on key stakeholders, the economy, society and the environment.

Stage 2

- Formation of an extended list of material topics (22 material topics).
- Conducting a stakeholder survey.
- Final assessment for an extended list of material topics (22 material topics) based on the survey results.

Stage 3

- Formation of a final shortened list of material topics (16 material topics) that are of the highest priority for the Bank and stakeholders, taking into account the results of Stage 1 of the assessment of material topics.
- Ranking topics into three groups by priority.
- Review and approval of the final list of material topics by the Management Board of the Bank

List of material topics



Glossary of key terms, abbreviations and acronyms

AML/CFT – anti-money laundering and counter-terrorist financing.

Bank employees – employees of the Head Office, branches, structural units, representative offices of the Bank, who work based on an employment contract concluded with the Bank.

ESG (Environmental, Social and Governance) – sustainability factors taken into account by the Bank in its activities, namely environmental factors, including climate ones, social factors and corporate governance factors.

FATF – Financial Action Task Force on Money Laundering.

GRI – Global Reporting Initiative.

HR – human resources management.

Human rights – inalienable rights of every person that are based on the recognition of dignity, freedom and equality.

LTIFR – lost time injury frequency rate.

OJSC – open joint-stock company.

Significant risks – risks, realization of which may lead to a deterioration in the financial stability of the Bank.

SME – small and medium business.

Som – national currency of Kyrgyz Republic (KGS).

Stakeholders – legal entities and individuals who may be interested in the performance of the Bank and value creation and/or may have a significant impact on operations, products and services of the Bank, or whose decisions or actions may affect ability of the Bank to create value, successfully implement its strategies and achieve its goals, as well as individuals and legal entities affected by operations of the Bank.

STEM (Science, Technology, Engineering, Mathematics) – technical, scientific and engineering narrow-profile positions, in particular in the sphere of information security, programming and software development, web design, database analysis, artificial intelligence.

Sustainable development – development where the Bank manages the impact of its activities on the environment, economy, society and makes decisions taking into account the interests of stakeholders. Sustainable development should meet the needs of the present without compromising the ability of future generations to meet their own needs.

TCFD – Task Force on Climate-Related Financial Disclosures.

UN – the United Nations.

UN Sustainable Development Goals – global goals approved by the UN General Assembly Resolution "Transforming our world: the 2030 Agenda for Sustainable Development" dated September 25, 2015.

GRI Standard Index

Disclosure	Description of disclosure	Section of the Report where information is disclosed
GRI 2 GENERAL DISCLOSURES 2021		
2-1	Organizational details	Bakai Bank OJSC Portrait. Contact Information.
2-2	Entities included in the organization's sustainability reporting	About the Sustainability Report.
2-3	Reporting period, frequency and contact point	About the Sustainability Report. Contact Information.
2-4	Restatements of information	The Report has been prepared for the first time, and therefore there are no restatements of information disclosed in previous reporting periods.
2-5	External assurance	There is no external assurance of the Report, except for the assessment of greenhouse gas emissions for 2023 and 2024, carried out by an independent external verifier.
2-6	Activities, value chain and other business relationships	Bakai Bank OJSC Portrait. Key Financial and Operational Indicators. Key Sustainability Outcomes for 2024.
2-7	Employees	Interaction with Employees.
2-8	Workers who are not employees	Interaction with Employees.
2-9	Governance structure and composition	Corporate Governance.
2-10	Nomination and selection of the highest governance body	Corporate Governance.
2-11	Chair of the highest governance body	Corporate Governance. The Chairperson and members of the Management Board, as well as other employees of the Bank, cannot be elected to the Board of Directors.

GRI Standard Index

Disclosure	Description of disclosure	Section of the Report where information is disclosed
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance. Sustainability Governance. Risk Management.
2-13	Delegation of responsibility for managing impacts	Corporate Governance. Sustainability Governance. Risk Management.
2-14	Delegation of responsibility for managing impacts	About the Sustainability Report.
2-15	Role of the highest governance body in sustainability reporting	Business Ethics and Compliance. The Bank does not have any special mechanisms for public disclosure of conflicts of interest.
2-16	Conflicts of interest	Business Ethics and Compliance. To inform the Board of Directors about critical issues, provision is made for prompt distribution of up-to-date data, preparation of reports on aspects, etc.
2-17	Communication of critical concerns	The competence of the highest governance body in the sustainability sphere is supported through regular analysis of industry-wide trends, changes in legal requirements and other opportunities.
2-18	Collective knowledge of the highest governance body	Corporate Governance.
2-19	Evaluation of the performance of the highest governance body	Corporate Governance. Interaction with Employees.
2-20	Remuneration policies	Corporate Governance. Interaction with Employees.
2-21	Process to determine remuneration	Corporate Governance. Interaction with Employees.

GRI Standard Index

Disclosure	Description of disclosure	Section of the Report where information is disclosed
2-22	Statement on sustainable development strategy	Foreword by the Chairman of the Board of Directors of Bakai Bank OJSC. Foreword by the Chairwoman of the Management Board of Bakai Bank OJSC. Supporting the United Nations Sustainable Development Goals.
2-23	Policy commitments	Risk Management. Tax Policy. Business Ethics and Compliance. Human Rights. Information Security. Protection of Personal Data.
2-24	Embedding policy commitments	Risk Management. Tax Policy. Business Ethics and Compliance. Human Rights. Information Security. Protection of Personal Data.
2-25	Processes to remediate negative impacts	Business Ethics and Compliance. Human Rights. Interaction with Employees.
2-26	Mechanisms for seeking advice and raising concerns	Business Ethics and Compliance. Human Rights. Interaction with Employees.
2-27	Compliance with laws and regulations	In 2024, there were no significant cases of violation of the law by the Bank and no significant fines were imposed.
2-28	Membership associations	Bakai Bank OJSC Achievements. Comment: In 2024, the membership fees of the Bank for participation in business and industry associations (Chamber of Commerce and Industry of the Kyrgyz Republic, Union of Banks of Kyrgyzstan, and AmCham) totaled 782 thousand soms.
2-29	Approach to stakeholder engagement	Stakeholder Engagement.
2-30	Collective bargaining agreements	In 2024, there was no a collective agreement, but the Bank does not limit the possibility of its conclusion based on the requirements and conditions stipulated by the legislation of the Kyrgyz Republic.

GRI Standard Index

Disclosure	Description of disclosure	Section of the Report where information is disclosed
GRI 3 MATERIAL TOPICS 2021		
3-1	Process to determine material topics	Defining Material Topics.
3-2	List of material topics	Defining Material Topics.
3-3	Management of material topics	The approach to managing material topics is described in the sections of the Report relating to the relevant material topics.
GRI 200: Economic Category		
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	The indicators are disclosed in the financial statements. The Bank maintains records and discloses financial indicators in accordance with international financial reporting standards.
201-2	Financial implications and other risks and opportunities due to climate change	Environmental Stewardship.
201-4	Financial assistance received from government	Bakai Bank OJSC Portrait.
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	In 2024, the minimum wage at the Bank exceeded the statutory minimum wage in the country.
202-2	Proportion of senior management hired from the local community	Local population means citizens of the Kyrgyz Republic. As of May 1, 2025, 92% of the members of the Board of Directors and the Management Board were citizens of the Kyrgyz Republic.

GRI Standard Index

Disclosure	Description of disclosure	Section of the Report where information is disclosed
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	As part of the compliance procedures, the Bank continuously assesses and monitors risks associated with corruption in relation to all structural units.
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics and Compliance.
205-3	Confirmed incidents of corruption and actions taken	Business Ethics and Compliance.
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics and Compliance.
GRI 207: Tax 2019		
207-1	Approach to tax	Tax Policy.
207-2	Tax governance, control, and risk management	Tax Policy.
207-3	Stakeholder engagement and management of concerns related to tax	Tax Policy.
207-4	Country-by-country reporting	Tax Policy. Key tax information is disclosed in the financial statements of the Bank.

GRI Standard Index

Disclosure	Description of disclosure	Section of the Report where information is disclosed
GRI 300: Environment Category		
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Environmental Stewardship.
302-2	Energy consumption outside of the organization	The Bank does not record energy consumption outside the organization.
GRI 303: Water and Effluents 2018		
303-3	Water withdrawal	Environmental Stewardship.
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	As of the end of the reporting period, the Bank does not have such operational sites.
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Environmental Stewardship.
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Stewardship.
305-3	Other indirect (Scope 3) GHG emissions	Environmental Stewardship.
305-4	GHG emissions intensity	Environmental Stewardship.

GRI Standard Index

Disclosure	Description of disclosure	Section of the Report where information is disclosed
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	During the reporting period, new suppliers were not screened using environmental criteria.
GRI 400: Social Category		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Interaction with Employees.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	The Bank provides its employees with all benefits stipulated by law. Additional benefits may vary depending on various factors and their combinations. Benefits do not apply to external part-time workers and employees providing services under a civil law contract.
401-3	Parental leave	Interaction with Employees. Every employee has the right to parental leave in accordance with the legislation of the Kyrgyz Republic, regardless of gender.
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	The minimum period of notice of significant changes in working conditions is established in accordance with the legislation of the Kyrgyz Republic.
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Interaction with Employees.
403-2	Hazard identification, risk assessment, and incident investigation	Interaction with Employees.

GRI Standard Index

Disclosure	Description of disclosure	Section of the Report where information is disclosed
GRI 403: Occupational Health and Safety 2018		
403-4	Worker participation, consultation, and communication on occupational health and safety	Interaction with Employees. The Bank does not have any committees on labor protection issues with joint participation of management and employees.
403-5	Worker training on occupational health and safety	Interaction with Employees.
403-6	Promotion of worker health	Interaction with Employees.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Interaction with Employees.
403-8	Workers covered by an occupational health and safety management system	All Bank employees are covered by the occupational health and safety management system.
403-9	Work-related injuries	Interaction with Employees.
403-10	Work-related ill health	Working at the Bank does not lead to occupational diseases.
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Interaction with Employees.
404-2	Programs for upgrading employee skills and transition assistance programs	Information on transition assistance programs (programs to assist in the continued employment of laid-off employees or to manage career termination as a result of retirement) is not disclosed, since Bakai Bank does not implement such programs.

GRI Standard Index

Disclosure	Description of disclosure	Section of the Report where information is disclosed
GRI 405: Diversity and Equal Opportunity 2016		
405-1	**Diversity of governance bodies and employees**	Corporate Governance. Interaction with Employees.
405-2	**Ratio of basic salary and remuneration of women to men**	Interaction with Employees. The basic salary of women and men for work of equal value are no different at the Bank.
GRI 406: Non-discrimination 2016		
406-1	**Incidents of discrimination and corrective actions taken**	Human Rights. Interaction with Employees.
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	**Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk**	In 2024, no significant risks or violations of rights of employees to freedom of association and collective bargaining were registered in the units of the Bank or among its suppliers, taking into account the information available to the Bank.
GRI 408: Child Labor 2016		
408-1	**Operations and suppliers at significant risk for incidents of child labor**	In 2024, no significant risks or cases of child labor were registered in the units of the Bank or among its suppliers, taking into account the information available to the Bank.
GRI 409: Forced or Compulsory Labor 2016		
409-1	**Operations and suppliers at significant risk for incidents of forced or compulsory labor**	In 2024, no significant risks or cases of the use of forced or compulsory labor were registered in the units of the Bank and among its suppliers, taking into account the information available to the Bank.

GRI Standard Index

Disclosure	Description of disclosure	Section of the Report where information is disclosed
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	Security employees underwent training in the reporting year.
GRI 413: Local Communities 2016		
413-2	Operations with significant actual and potential negative impacts on local communities	In 2024, there were no cases where activities of the Bank exerted a negative impact on local communities.
GRI 415: Public Policy 2016		
415-1	Political contributions	Business Ethics and Compliance. The Bank does not participate in any political activity and does not finance political activity, taking into account the requirements of the legislation of the Kyrgyz Republic.
GRI 416: Customer Health and Safety 2016		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2024, there were no significant incidents of non-compliance with the requirements regarding the health and safety impacts of products and services
GRI 417: Marketing and Labeling 2016		
417-3	Incidents of non-compliance concerning marketing communications	Client Relations.
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2024, there were no significant incidents of privacy breaches or loss of customer data. The Bank does not use client information for any purposes for which they would not have given their consent subject to the requirements of the legislation of the Kyrgyz Republic.

TCFD Compliance Table

Bakai Bank started the integration of the TCFD recommendations into its own operations and decision-making process.

Recommendations	Section of the Report where information is disclosed
Governance **Disclose the organization's governance around climate-related risks and opportunities.**	
a. Describe the board's oversight of climate-related risks and opportunities.	Sustainability Governance. Environmental Stewardship.
b. Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability Governance. Environmental Stewardship.
Strategy **Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.**	
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Environmental Stewardship.
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Environmental Stewardship.
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Environmental Stewardship.

TCFD Compliance Table

Recommendations	Section of the Report where information is disclosed
Risk Management **Disclose how the organization identifies, assesses, and manages climate-related risks.**	
a. Describe the organization's processes for identifying and assessing climate-related risks.	Environmental Stewardship.
b. Describe the organization's processes for managing climate-related risks.	Environmental Stewardship. The Bank is in the preliminary stages of introducing climate risk management into the overall risk management system.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Environmental Stewardship. The Bank is in the preliminary stages of introducing climate risk management into the overall risk management system.
Metrics and Targets **Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.**	
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Environmental Stewardship.
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks	Environmental Stewardship.
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	The Bank is in the process of developing such targets.

BAKAIBANK



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You can request additional information on the 2024 Sustainability Report, ask questions of interest, and make suggestions for improving the non-financial reporting of Bakai Bank OJSC by contacting the ESG Development Office of Bakai Bank OJSC.

Take care of nature! Try to use only the electronic version of our Report, without the need to print it.