



Creating a better future
for Kyrgyzstan

SUSTAINABILITY REPORT 2023



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Terms and Abbreviations Used

AAOIFI – Accounting and Auditing Organization for Islamic Financial Institutions.

AML/CFT – anti-money laundering and combating the financing of terrorism.

Bank – Eldik Bank OJSC.

Business ethics – set of ethical principles, values and norms of business conduct that Eldik Bank OJSC and its employees follow in their activities.

Climate-related risks – potential risks that may arise because of climate change (physical risks) or measures to minimize its consequences (transition risks).

Counterparty – any legal entity with which Eldik Bank OJSC enters contractual relations, or any individual with whom Eldik Bank OJSC enters contractual relations, except for labor relations.

CO₂ – carbon dioxide.

CO₂-eq. – carbon dioxide equivalent.

Decarbonization – reduction of greenhouse gas emissions expressed in tons of CO₂ equivalent.

Discrimination – any illegal restriction or infringement of human rights and freedoms based on individual characteristics, as well as provision of any advantages depending on circumstances not related to business qualities of an employee.

Employees – employees of the Head office, branches, savings-banks of Eldik Bank OJSC who work on the basis of an employment contract signed with Eldik Bank OJSC.

ESG – sustainability factors that the Bank takes into account in its activities, namely social factors, corporate governance factors and environmental factors including climate factors.

ESRM process – process of assessing and managing environmental and social risks of borrowers and financed projects (Environmental and Social Risk Management).

Generation of long-term value – orientation of the business to the long-term perspective and generation of value over a long period of time. On a global scale, the prevailing paradigm is that the main goal for large businesses is the generation of long-term sustainable value for all stakeholders, rather than focusing on short-term profit and other short-term financial results, where the priority is the generation of value exclusively for shareholders.

GRI – Global Reporting Initiative.

HR – human resources management.

Human rights – inalienable rights of every person based on recognition of the dignity inherent in the human person, as well as freedom and equality of all people.

IFRS – International Financial Reporting Standards.

LLC – limited liability company.

LTIFR – Lost Time Injury Frequency Rate, the frequency rate of injuries with lost working time.

OJSC – open joint-stock company.

Responsible banking – systematic consideration of the UN Sustainable Development Goals, social and environmental aspects by Eldik Bank OJSC in the decision-making and strategic planning processes, promotion of ethical and sustainable approaches for effective response to strategic and long-term challenges and problems of economic, environmental and social nature, implementation of advanced practices of corporate governance and risk

management by the Bank, as well as positioning by Eldik Bank OJSC of the long-term well-being of its stakeholders and taking into account their interests as a more significant value compared to short-term corporate financial performance.

Report – Eldik Bank OJSC Sustainability Report for 2023.

Personal data – information recorded on a tangible medium about a specific person, identified with a specific person or which can be identified with a specific person, allowing to identify the person directly or indirectly, by reference to one or more factors specific to his/her biological, economic, cultural, civil or social identity.

Risk appetite – maximum amount of risk that Eldik Bank OJSC is ready to accept to achieve business goals. Risk appetite is determined by a set of quantitative and qualitative indicators, as well as their maximum values on a specific time horizon.

Risk management – set of procedures for identifying inherent and potential risks, determining significant risks, their assessment, monitoring, control and reporting, as well as measures to minimize risk.

Risk mitigation – implementation of measures to reduce exposure to potential risks and reduce the likelihood of risk recurrence.

SCO – Shanghai Cooperation Organization.

Stakeholders – individuals and legal entities, as well as groups of such entities, involved to varying degrees in interaction with Eldik Bank OJSC that influence the activities of Eldik Bank OJSC and/or are influenced in their decisions and activities by Eldik Bank OJSC.

STEM (Science, technology, engineering and mathematics) – positions related to use of science, technology, engineering or mathematics knowledge and competencies. Among other things, it includes programmers, web developers,

software developers, information and cybersecurity specialists, data analysts, engineers.

Sustainable development – development in which Eldik Bank OJSC 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 time, without compromising the ability of future generations to meet their own needs.

TCFD – Task Force on Climate-Related Financial Disclosures.

UN – United Nations.

UN SDGs – UN Sustainable Development Goals.

UN Sustainable Development Goals – global development goals defined by the Declaration “Transforming our world: the 2030 Agenda for Sustainable Development” that was adopted by the United Nations General Assembly Resolution No. 70/1 on September 25, 2015.

Message from the Chairman of the Board of Directors of Eldik Bank OJSC



Dear partners, clients and colleagues!

Nowadays commitments to the principles of ESG and responsible business conduct are an integral part of a modern, transparent and efficient business, capable of quickly adapting and using emerging new growth opportunities.

Being one of the largest, steadily progressing and systemically important financial institutions in the Kyrgyz Republic, Eldik Bank OJSC considers sustainable development as a long-term priority and strategic element of our corporate philosophy. We intend to expand our contribution to the prosperity of the Kyrgyz Republic, including the implementation of large-scale and long-term national programs and initiatives related to achieving the United Nations Sustainable Development Goals and fulfilling climate commitments under the Paris Climate Agreement. Eldik Bank OJSC is aware of its special role and responsibility in creating a sustainable and predictable future for Kyrgyz society.

Our Bank continues to implement an ambitious corporate ESG transformation program, the interim results of which are presented in the Sustainability Report. The Board of Directors fully supports the focus of Eldik Bank OJSC on advanced sustainability practices, including annual disclosure of non-financial information in accordance with international standards. Ensuring openness in interactions with stakeholders, including the government as the shareholder, clients, employees, business partners, and local communities, is an important component of leadership in the financial market and positioning Eldik Bank OJSC as a first-choice financial institution.

The long-term goal of the Bank is to expand sustainable financing, including through active mutually beneficial cooperation with international partners. It will further accelerate the emergence of projects and companies with a high positive social and environmental impact in the Kyrgyz Republic, increase competitiveness, stimulate modernization and support the decarbonization of the national economy as a whole. We see great potential in terms of the role of Eldik Bank OJSC as a key provider of sustainable capital in the country, including through the expansion and popularization of a range of financial products and services related to sustainable development for various categories of clients, small and medium-sized businesses in particular.

Together with stakeholders, we will strive to establish and expand multi-faceted sustainable development cooperation, as well as to promote ESG principles among our clients and counterparties. In 2023, the Bank was the first of the companies in the financial sector of the Kyrgyz Republic to join the United Nations Global Compact, the largest international sustainable development association. Participation in such international initiatives is certainly a significant driver for the involvement of the Bank in the global ESG agenda.

Eldik Bank OJSC is focused on consistent implementation of best practices in corporate governance, constantly improving it to increase the stability of its activities, taking into account state interests and the ability to quickly respond to emerging challenges.

We will continue to focus our efforts on promoting responsible and client-centric business. I am convinced that effective interaction with stakeholders and dedication of our professional team will allow Eldik Bank OJSC to demonstrate high results in sustainable development.

Djyrgalbek Ermeev,

Chairman of the Board of Directors of Eldik Bank OJSC

Message from the Chairman of the Management Board of Eldik Bank OJSC



Dear readers!

I am pleased to present to you the first Sustainability Report of Eldik Bank OJSC that was prepared in accordance with international standards for non-financial information disclosure.

By introducing the practice of annual non-financial reporting, which is a noticeable indicator of high-quality corporate governance, Eldik Bank not only increases business transparency and communication efficiency, but also clearly demonstrates the importance of sustainable development and ESG principles as an integral part of its corporate culture and value system.

As a leading bank in the Kyrgyz Republic, Eldik Bank clearly understands its long-term responsibility to society and the state as its shareholder. For almost 30 years of our history, we have been true to our purpose that is to support stable growth of the national economy and the well-being of the population.

We strive to be the first-choice financial partner for our clients, improve the client experience at every stage of service, build trusting relationships with employees and counterparties, adhere to generally accepted moral and ethical standards, strictly comply with the law and human rights, and ensure the reliability of banking processes.

The corporate ESG transformation initiated in 2023 is designed to enhance the long-term predictability of development of Eldik Bank as a systemically important financial institution, improve the ability to adapt to a dynamically changing external environment, and expand the positive social and environmental impact of our operations. Together, we have already managed to do significant work on ESG transformation at all organizational levels.

Sustainability is not only a tool for us to strengthen our reputation and provide a balanced response to new challenges. It also systematizes promising opportunities for further business development, entering new market segments, taking into

account the priorities and commitments of the Kyrgyz Republic within the framework of the UN Sustainable Development Goals and the Paris Climate Agreement.

I believe that Eldik Bank, as a capital provider, has a great potential to support the transition of the Kyrgyz Republic to a sustainable and low-carbon economic growth, and to help improve the quality of life in the country. Being a client-centric and socially responsible company, we strive to become a leading bank in the Kyrgyz Republic in sustainable financing and stimulating ESG transformation of national business.

The Bank began to actively introduce new affordable financial products and services related to sustainable development for various categories of clients. We predict a strong growth in demand for sustainable financing in the coming years, as well as for non-financial assistance and advising in terms of transferring our accumulated ESG competencies to clients.

Eldik Bank is ready for mutually beneficial partnerships in this sphere with various stakeholders, including the government, banks, business community and international financial institutions. I can say that the last several years have become a turning point in the collective awareness of the importance of joint efforts in the sustainability area.

A full-scale digital transformation of business and operations of Eldik Bank is underway that through various technological innovations, such as mobile banking for individuals, Internet banking for legal entities, the Ishker24 application for entrepreneurs, increases the efficiency of the Bank, provides clients with high-quality and affordable digital products, and strengthens social and financial inclusion. We also understand that digitalization allows both Eldik Bank and our clients and partners to reduce the negative impact on the climate and the environment.

It is worth paying attention to the accession of Eldik Bank to the UN Global Compact in 2023 and our readiness to comply with its 10 principles focused on fair labor relations, environmental protection and fight against corruption, respect for human rights. Given the scale of that international association, covering more than 25 thousand companies and organizations, participation in it is both an ambitious challenge and new prospects for us. Together with other participants of the UN Global Compact, Eldik Bank can make a tangible contribution to creating a better and predictable future for the Kyrgyz Republic.

Eldik Bank continues to improve its activities, including in terms of ensuring information security and protecting personal data, assessing non-financial risks of borrowers, and disclosing information. In this context, we will also focus on

further improving the corporate sustainability management system. I would like to emphasize that the UN Sustainable Development Goals are an important vector for Eldik Bank. We intend to take them into account when forming strategic priorities and making corporate decisions.

In a short period of time, the Bank made significant progress in integrating the climate agenda into its activities, taking into account its importance for the Kyrgyz Republic and the world as a whole. In particular, we have introduced a practice of annual carbon footprint assessment, identified and assessed climate risks. As a leader in the domestic financial sector, Eldik Bank is ready to do everything possible to help the Kyrgyz Republic achieve carbon neutrality by 2050, including in terms of scaling up lending for green projects and economic activities.

I would like to express my gratitude to our stakeholders for their support, mutually beneficial cooperation and contribution to the progress of Eldik Bank. For our part, we will continue to focus our efforts on developing a sustainable, predictable and responsible business.

Ulanbek Nogaev,

Chairman of the Management Board of Eldik Bank OJSC

Profile of the Bank



Eldik Bank OJSC (hereinafter referred to as Eldik Bank, the Bank) was founded on July 22, 1996. In 2024, the Bank rebranded (previous name is RSK Bank OJSC).

The Bank operates in the Kyrgyz Republic and has a developed regional network of 53 branches. The head office is in Bishkek.

During the reporting period, activities were carried out in accordance with the license of the National Bank of the Kyrgyz Republic No. 033 dated June 22, 2017 granting the right to conduct banking operations in national and / or foreign currencies. The Bank has the right to conduct banking operations in accordance with the principles of Islamic banking and financing through the «Islamic window» under license No. 033/1 dated August 10, 2022. Financing

according to Islamic principles is organized in accordance with the principles of AAOIFI and Sharia requirements.

Retail clients

- Deposits, current accounts and cash management services.
- Collateral lending.
- Consumer lending.
- Internet banking.
- Card products.
- Islamic finance for consumer purposes.

SME and corporate clients

- Deposits, current accounts and cash management services.
- Lending for various purposes.
- Financing according to Islamic principles.
- Leasing.
- Issuance of bank guarantees.
- Internet banking, Internet acquiring.

Eldik Bank aims to build a competitive business that meets the principles of social and environmental responsibility, contributing to the sustainable development of the Kyrgyz Republic in the long term.

The Bank provides services in retail and corporate segments and is one of the systemically important credit institutions. As of December 31, 2023, assets of Eldik Bank account for 11.5% of the total assets of the banking sector of the Kyrgyz Republic.

Despite the continued high key rate and external economic pressure in the reporting period, Eldik Bank ensured the high quality of the loan portfolio of its clients. The share of loans with a payment delay of 90+ days is low. The Bank has a diversified product line and a diversified portfolio of SMEs and corporate loans by industry. It is a member of the state deposit insurance system in the Kyrgyz Republic.

Realizing its role in the development of the national economy, Eldik Bank strives to become a leading bank in the retail services market and in the small and medium business segment by providing high-quality and popular services and focusing on needs of clients. The number of clients was almost 970 thousand, of which 940 thousand were individuals. In the reporting period, 321 thousand bank cards were issued. As of December 31, 2023, 291 ATMs and 2,086 POS terminals were operating.

As of the end of the reporting period, the Bank has one shareholder. As of December 31, 2023, 100% of the Bank's shares (18,801,644 shares) are owned by the Cabinet of Ministers of the Kyrgyz Republic represented by the State Agency for State Property Management under the Cabinet of Ministers of the Kyrgyz Republic. During the reporting period, members of the Board of Directors and members of the Management Board did not own shares of Eldik Bank.

All shares of Eldik Bank are ordinary shares. The number of declared and placed ordinary shares is 18,801,644 shares. There are no preferred shares. The securities are listed on the Kyrgyz Stock Exchange.

Eldik Bank is not on the list of Global Systemically Important Banks.

In 2024, Eldik Bank became the first state-owned banking institution in the Kyrgyz Republic to be assigned an international credit rating from the international rating agency Fitch Ratings, at the level of B- with stable outlook.

To develop dialogue and exchange best practices and experience, Eldik Bank is a member of a number of associations and unions, including industry ones. The Bank believes that cooperation and collaboration are an important factor in achieving international and national priorities and sustainable development goals.

At the time of the Report preparation, Eldik Bank participated and interacted with the following major associations and organizations:



UN Global Compact



Union of Banks of Kyrgyzstan



World Savings and Retail Banking Institute



SCO Interbank Consortium



E-commerce Association of Kyrgyzstan



A mountainous, rocky massif in the Kok-Kyya valley

Key ESG Indicators of 2023

as of December 31, 2023



* before allowance for expected credit loss.

** including payroll taxes.

*** for 2022.

Contribution to Achieving the UN Sustainable Development Goals

As a state-owned financial institution actively involved in supporting the stable and predictable development of the Kyrgyz Republic, Eldik Bank considers the UN global sustainable development agenda as one of the priorities in determining key areas of activity and strategic guidelines for the period up to 2030, including in terms of interaction with stakeholders. The Bank strives to monitor the compliance of its activities and operations with the UN Sustainable Development Goals to expand its contribution to their achievement.

The Bank believes it is necessary to contribute to the achievement of all UN Sustainable Development Goals. At the same time, the Bank has identified priority UN Sustainable Development Goals on which it can have the strongest positive impact, taking into account the specifics of its operations.



End poverty in all its forms everywhere

Targets:

1.4 Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

Contribution of the Bank:

Financing of retail clients, micro and small businesses, including on preferential terms.

Implementation of measures, including digital solutions, to expand access of vulnerable groups to financial services and products, in particular in remote areas.

Implementation of measures to improve the financial literacy of the Bank’s clients and the population.



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Targets:

2.3 Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

2.4 Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate

change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

Contribution of the Bank:

Financing of rural clients and agro-industrial micro and small businesses.

Financing green and sustainable projects in agriculture.



Ensure healthy lives and promote well-being for all at all ages

Targets:

3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

Contribution of the Bank:

Ensuring employee safety in the workplace, implementing internal standards and conducting occupational safety training.

Providing employees with free access to medical services, implementing support measures (voluntary health insurance, etc.).

Implementing measures to promote a healthy lifestyle (sports events, etc.)



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Targets:

4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

Contribution of the Bank:

Training and professional development of employees.

Employment of young specialists.

Cooperation with educational institutions.



Achieve gender equality and empower all women and girls

Targets:

5.1 End all forms of discrimination against all women and girls everywhere.

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Contribution of the Bank:

Ensuring equal career development opportunities for men and women.

Equal remuneration for men and women for equal value work.

Increasing a proportion of women in management bodies and the personnel structure.

Financing women’s businesses.



Ensure access to affordable, reliable, sustainable and modern energy for all

Targets:

7.2 Increase substantially the share of renewable energy in the global energy mix.

7.3 Double the global rate of improvement in energy efficiency.

Contribution of the Bank:

Financing projects and activities related to renewable energy and energy efficiency.

Increasing the energy efficiency of own activities and operations of the Bank.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Targets:

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors.

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms.

8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

Contribution of the Bank:

Creation of jobs with decent working conditions and employment in the regions where the Bank operates.

Compliance with the labor legislation of the Kyrgyz Republic, prevention of forced labor and child labor.

Compliance with human rights in course of activities of the Bank and its interaction with stakeholders, prevention of any forms of discrimination and harassment in the workplace.

Ensuring equal career opportunities for men and women.

Equal remuneration for men and women for equal value work.

Financial products and services aimed at expanding financial inclusion.

Provision of digital financial services and products.

Financing of micro, small and medium businesses.

Lending to the real sector of the economy.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Targets:

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Contribution of the Bank:

Financing of micro, small and medium businesses.

Financing of industrial enterprises.

Financing of green and sustainable projects.

Financing of development and modernization of infrastructure facilities.



Reduce inequality within and among countries

Targets:

10.1 Progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

Contribution of the Bank:

Creation of jobs with decent working conditions and employment in the regions where the Bank operates.

Respect for human rights in activities of the Bank and its interactions with stakeholders, prevention of any forms of discrimination and harassment in the workplace.

Financing of micro, small and medium businesses, corporate clients, allowing to increase incomes and employment opportunities for the population.



Make cities and human settlements inclusive, safe, resilient and sustainable

Targets:

11.1 Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

Contribution of the Bank:

Mortgage lending for improving housing conditions, purchasing comfortable and safe housing.

Financing projects and activities aimed at reducing environmental risks (including green transport, waste management), decarbonization and reducing negative climate impact.

Reducing the negative environmental impact of facilities and infrastructure of the Bank on the environment.



Ensure sustainable consumption and production patterns

Targets:

12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.

Contribution of the Bank:

Implementation of separate waste collection, increasing the share of waste sent for recycling and disposal.

Raising awareness of Bank employees on sustainable waste management issues.



Take urgent action to combat climate change and its impacts

Targets:

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

13.2 Integrate climate change measures into national policies, strategies and planning.

Contribution of the Bank:

Taking into account the priorities and commitments of the Kyrgyz Republic in the sphere of climate and achieving carbon neutrality within the framework of strategic planning.

Financing projects and activities aimed at decarbonization and reducing negative climate impacts.

Implementation of climate impact management practices at the corporate level, including annual assessment of greenhouse gas emissions in accordance with international standards; identification and assessment of climate-related risks and opportunities, their integration into activities of the Bank.

Annual reporting in accordance with international standards for disclosure of climate information.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Targets:

16.4 Significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.

16.5 Substantially reduce corruption and bribery in all their forms.

Contribution of the Bank:

Compliance with anti-corruption legislation, combating corruption based on the principle of zero tolerance.

Implementation of systemic AML/CFT measures by the Bank.

Regular training of employees on AML/CFT and combating corruption.



Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Targets:

17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.

17.11 Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020.

17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.

Contribution of the Bank:

Participation and support of national and international sustainable development initiatives.

Timely and full payment of taxes and other payments, compliance with the tax legislation of the Kyrgyz Republic.

Payment of dividends to the government (the state) as the shareholder of the Bank.

Financing of micro, small and medium businesses, corporate clients, including those focused on the export of goods and services.

Provision by the Bank of timely and complete information on its activities to stakeholders.



Pamir Mountains

Stakeholders Engagement

Eldik Bank considers a reliable partnership with all stakeholders and support of effective dialogue with them as an important priority in the sustainability area, striving to respect the interests of stakeholders.

The Bank expresses its readiness to maintain interaction and consult in good faith with stakeholders, take into account opinions of stakeholders during decision-making, provide feedback on issues related to the Bank’s activities and impact on stakeholders, including various aspects of sustainable development. The opinions and proposals of stakeholders are taken into account in strategic planning.

Eldik Bank considers a reliable and timely disclosure of information, which is provided for by the legislation of the Kyrgyz Republic and internal corporate documents, as well as information on significant aspects of its activities, including financial position, ownership structure and management, as an important factor in respecting the interests of stakeholders.

The key stakeholders of the Bank are provided in the table below.

Stakeholder	Interests and expectations of the stakeholder	Ways of interaction	Responsible bodies and units of the Bank
Shareholder	<ul style="list-style-type: none"> → Consistently strong operational and financial results. → Vision of prospects and development vector of the Bank. → Low exposure of the Bank to risks. → Significant contribution to the stable development of the Kyrgyz Republic. → Leading positions in the domestic banking sector. 	<ul style="list-style-type: none"> - General meeting of shareholders. - Meetings with the representatives of the shareholder. - Disclosure of financial and non-financial information in accordance with international standards and practices. - Provision of timely and sufficient information on shareholder requests and agenda items of the general meeting of shareholders. - Publication of information on the website of the Bank and the Kyrgyz Stock Exchange, information mailings. 	<ul style="list-style-type: none"> Board of Directors. Management Board. Corporate Secretary.

Clients	<ul style="list-style-type: none"> → Obtaining complete and reliable information about the Bank's products and services. → Providing professional advice. → Client-oriented innovations, digitalization. → Prompt response to clients' requests and problems. → Reliability and financial stability of the Bank. → High level of information security. 	<ul style="list-style-type: none"> - Sales of products and services using physical and digital channels, including Internet banking, the Bank's mobile application. - Informational messages by e-mail or phone, interaction in social networks. - 24/7 call center, regular feedback on clients' questions and requests (as they are received), consulting clients on banking services. - Face-to-face interaction with clients in the Bank's offices. - Study of clients' preferences. - Development of new types of popular products and services. - Financial and non-financial reporting. 	<p>Credit Department. Business Development Department. Innovation Development Division. Service Quality Unit.</p>
Employees	<ul style="list-style-type: none"> → Compliance with labor laws and employment contracts by the Bank. → Fair wages. → Safe working conditions. → Ensuring equal opportunities. → Career growth prospects. → Stability of the Bank as an employer. 	<ul style="list-style-type: none"> - Informing and collecting feedback through communication channels, reviewing requests sent through trust channels. - Corporate events. - Regular training and workshops. - Communications with the Bank's top management. - Annual measurement of the level of involvement. - Financial and non-financial reporting. 	<p>HR Department.</p>
Suppliers	<ul style="list-style-type: none"> → Availability of participation in the Bank's procurement procedures. → Fulfilment of conditions of concluded contracts. → Improving the processes of interaction with suppliers. 	<ul style="list-style-type: none"> - Negotiations and meetings with suppliers. - Information on tenders and procurement plans (as needed), development of competitive procurement procedures. - Information messages and written requests via communication channels. - Publication of information on the website of the Bank. 	<p>Administrative Division. Procurement Unit.</p>

<p>Population of regions of presence (local communities)</p>	<ul style="list-style-type: none"> → Increasing the number of jobs available to residents of the regions of operational activity, employment opportunities. → Support for small and medium-sized businesses. → Significant amount of taxes to the budget. → Participation of the Bank in implementation of projects of national importance. → Expansion of contribution of the Bank to the social development of the regions of presence, implementation of charitable projects. 	<ul style="list-style-type: none"> - Information messages in the media and social networks. - Call center. - Joint projects with non-profit and charitable organizations. - Financial and non-financial reporting 	<p>Business Development Department.</p>
<p>Government authorities, regulators</p>	<ul style="list-style-type: none"> → Compliance with the legislation of the Kyrgyz Republic and regulatory requirements for the banking sector, availability of licenses. → Ensuring the provision of up-to-date and reliable information on results of economic and financial activities. → Timely and complete tax payments. → Business support, job creation, including through lending by the Bank to the economy and clients. 	<ul style="list-style-type: none"> - Organization of direct dialogue and meetings with authorities and regulators. - Participation in conferences, forums, expert events and their organization. - Participation in state social projects and working groups. - Financial and non-financial reporting, other mandatory reporting. 	<p>Board of Directors. Management Board. Accounting and Reporting Department. Compliance Control Division.</p>
<p>Stock exchange</p>	<ul style="list-style-type: none"> → Compliance with stock exchange requirements for securities placed. → Compliance with stock exchange requirements for volume, timing and quality of disclosed information, including non-financial data. 	<ul style="list-style-type: none"> - Provision of financial and non-financial information. - Provision of corporate information in accordance with requirements and requests of the stock exchange. - Conducting meetings, conferences, negotiations. 	<p>Investment Attraction Group of the Treasury Department.</p>
<p>International partners</p>	<ul style="list-style-type: none"> → Financial stability of the Bank, predictability of corporate decisions. → Business transparency, disclosure of financial and non-financial information in accordance with international standards. → Implementation of systemic sustainability initiatives of a joint nature. → Compliance with international standards and best practices in the ESG area. 	<ul style="list-style-type: none"> - Provision of financial and non-financial information. - Negotiations and meetings. - Responding to inquiries. 	<p>Board of Directors. Management Board. Business Development Department. Investment Attraction Group of the Treasury Department.</p>

<p>Mass media</p> <ul style="list-style-type: none"> → Transparency of the Bank. → Provision of reliable information affecting various stakeholders by the Bank. → Availability of newsbreaks. 	<ul style="list-style-type: none"> - Maintaining direct regular interaction through press conferences, press tours, interviews with the Bank's management, corporate presentations, press releases on important events. - Responding to inquiries. - Informing through the corporate website and social networks. 	<p>Business Development Department.</p>
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Generation of economic value for stakeholders during the reporting period

Direct Economic Value Generated and Economic Value Distributed are indicators that characterize, respectively, the value created by Eldik Bank during its activities and the subsequent distribution of revenue among stakeholders, such as the Bank's shareholder and employees, suppliers, the state, local communities, etc.

<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Direct Economic Value Generated</td> <td style="text-align: right;">8 147.5 million soms</td> </tr> <tr> <td>Interest income</td> <td style="text-align: right;">5 299.9 million soms</td> </tr> <tr> <td>Commission income</td> <td style="text-align: right;">1 366.5 million soms</td> </tr> <tr> <td>Net income from operations with foreign currency</td> <td style="text-align: right;">1 481.1 million soms</td> </tr> <tr> <td>Economic Value Distributed</td> <td style="text-align: right;">6 896.8 million soms</td> </tr> <tr> <td>Interest expenses</td> <td style="text-align: right;">1 743.8 million soms</td> </tr> <tr> <td>Commission expenses</td> <td style="text-align: right;">644.4 million soms</td> </tr> </table>	Direct Economic Value Generated	8 147.5 million soms	Interest income	5 299.9 million soms	Commission income	1 366.5 million soms	Net income from operations with foreign currency	1 481.1 million soms	Economic Value Distributed	6 896.8 million soms	Interest expenses	1 743.8 million soms	Commission expenses	644.4 million soms	<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Operational expenses</td> <td style="text-align: right;">3 118.0 млн сом</td> </tr> <tr> <td>personnel expenses</td> <td style="text-align: right;">2 195.1* million soms</td> </tr> <tr> <td>charity and sponsorship</td> <td style="text-align: right;">0.9 million soms</td> </tr> <tr> <td>taxes other than income tax and payroll taxes</td> <td style="text-align: right;">4.5 million soms</td> </tr> <tr> <td>Income tax</td> <td style="text-align: right;">295.1 million soms</td> </tr> <tr> <td>Dividends declared</td> <td style="text-align: right;">1 095.5 million soms</td> </tr> <tr> <td>Economic Value Retained</td> <td style="text-align: right;">1 250.7 million soms</td> </tr> <tr> <td colspan="2">*including payroll taxes.</td> </tr> </table>	Operational expenses	3 118.0 млн сом	personnel expenses	2 195.1* million soms	charity and sponsorship	0.9 million soms	taxes other than income tax and payroll taxes	4.5 million soms	Income tax	295.1 million soms	Dividends declared	1 095.5 million soms	Economic Value Retained	1 250.7 million soms	*including payroll taxes.	
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Kyrgyz-Ata National Park

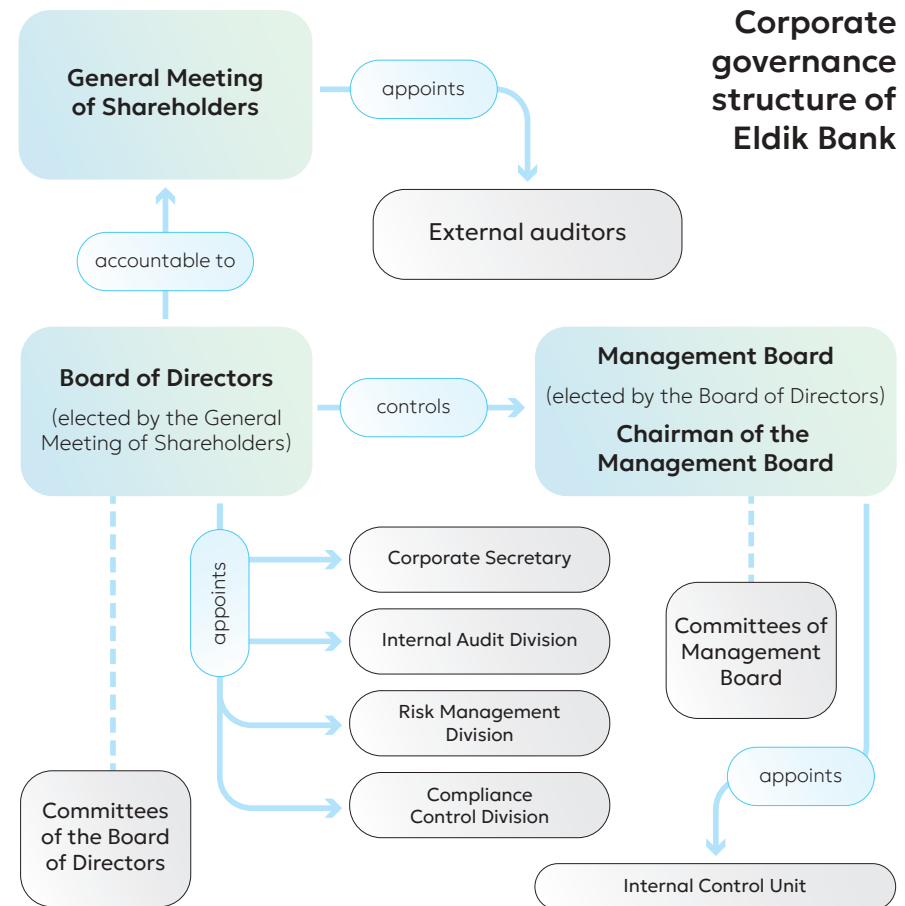
Corporate Governance

The current corporate governance structure of Eldik Bank complies with requirements of the legislation of the Kyrgyz Republic. The Bank adheres to the principle of continuous improvement of corporate governance practices and strives to take into account the recommendations of the Basel Committee on Banking Supervision and other best international practices, generally accepted standards of business ethics and business customs, as well as recognized sustainability requirements and approaches.

The main internal documents that determine the functioning of the corporate governance system are the Charter and the Corporate Governance Code. In 2024, a new version of the Corporate Governance Code was approved to further improve corporate governance. Among other documents in the sphere of corporate governance, the Regulation on the Board of Directors, the regulations on the committees of the Board of Directors and the Regulation on the Management Board can be highlighted.

Key principles of corporate governance

- The principle of sustainable increase in the value of shareholder capital in the long term, but with mandatory consideration of legitimate rights and interests of shareholders.
- The principle of sustainable development of the Bank, which implies the need to take into account both financial and social and environmental aspects of activities of the Bank in decision-making, as well as to assess consequences of such decisions for the position of shareholders.



The governance bodies of Eldik Bank are the General Meeting of Shareholders, the Board of Directors and the Management Board.

All members of the Board of Directors and the Management Board have the experience, knowledge, competencies and skills necessary for the effective management of the Bank. The competencies of the Board of Directors and the Management Board in relation to sustainability are supported through regular analysis of industry-wide trends, changes in requirements of applicable legislation and participation in relevant thematic conferences, forums and educational events. In the reporting period, the Board of Directors and the Management Board included only representatives of the local population, i.e. citizens of the Kyrgyz Republic.

During the reporting period, there were no legal proceedings or disputes concerning the Bank in the area of compliance with corporate governance standards and practices, cases of inappropriate behavior of members of the Board of Directors or members of the Management Board, as well as conflicts of interest that affect them.

Eldik Bank makes reasonable efforts to insure the liability of its officials at its own expense so that in the event of losses caused to the Bank or third parties by their actions, these losses can be compensated.

General meeting of shareholders

The General Meeting of Shareholders is the supreme governing body. Shareholder exercises the right to participate in governance by voting at the General Meeting of Shareholders. The powers of the General Meeting of Shareholders include approval of the annual budget and annual financial statements, election and early termination of powers of members of the Board of Directors, approval of the amount of remuneration and compensation paid to members of the Board of Directors, approval of major transactions, and decisions on other important issues. The Annual General Meeting of Shareholders makes a decision on the payment of dividends, amount of dividends and possible form of their payment, based on a recommendation of the Board of Directors.

The Annual General Meeting of Shareholders was held on March 31, 2023. In the reporting year, 6 extraordinary General Meetings of Shareholders were organized.

The date and procedure for holding the General Meeting of Shareholders, the procedure for notifying shareholders of its holding, a list of information provided

to the shareholder in preparation for the General Meeting of Shareholders are established by the Board of Directors. The Board of Directors is responsible for providing the shareholder with up-to-date and material information about the Bank and the proper preparation of materials for the General Meeting of Shareholders. A mandatory presence at the General Meeting of Shareholders of members of the Board of Directors, the Audit Committee, the Management Board, as well as candidates for elected bodies, along with the presence of the Bank's auditor, is established.

It is important that the Board of Directors annually organizes an assessment of the effectiveness of the risk management and internal control system and submits a report on the results of such assessment to the shareholder.

During the reporting period, the Bank did not refuse to satisfy requests of the shareholder for information. The shareholder was given an opportunity to ask questions to the members of the Board of Directors and the Management Board during the preparation and holding of the General Meeting. The shareholder is provided with an opportunity to send requests to the Chairman of the Board of Directors and receive feedback on them. The Bank did not take any actions that could lead to a deterioration in the shareholder's dividend rights, and did not prevent the shareholder from disposing of the shares.

Board of Directors

The Board of Directors is the governance body that carries out general governance of Eldik Bank between general meetings of shareholders. The Board of Directors demonstrates professionalism and responsibility, active participation in the governance of the Bank.

The Board of Directors approves and monitors the implementation of strategic goals, risk management strategy, corporate governance and corporate values. The Board of Directors is responsible for making decisions related to the appointment and dismissal of the Chairman and members of the Management Board, monitors activities of the Management Board, and ensures the proper organization and functioning of the risk management and internal control system in the Bank. The exclusive powers of the Board of Directors include the following issues among other things:

- Approval of the organizational structure of the Bank.

- Conducting audits of activities of the executive bodies of the Bank, taking measures based on results of these audits.
- Reviewing results and taking measures based on results of inspections of the National Bank, as well as internal and external audit.
- Approval of heads of internal audit, risk management and compliance control units, determining the terms of their remuneration.

The Board of Directors at least once a year conducts an assessment of corporate governance practices in the Bank, considers results of such assessment at its meeting and makes decisions aimed at its improvement.

According to the Charter and the Regulation on the Board of Directors, members of the Board of Directors are elected by the General Meeting of Shareholders on an individual basis for a term of four years. The Board of Directors must consist of at least five members, an odd number. At least one member of the Board of Directors must be a citizen of the Kyrgyz Republic, fluent in the state and/or official language. The Chairman of the Board of Directors is elected by the members of the Board of Directors from among themselves by a majority of votes. The powers of a member of the Board of Directors may not be transferred to another person.

100%

share of independent
directors as of
December 31, 2023

20%

share of women in the
Board of Directors as of
December 31, 2023

The following persons shall not be members of the Board of Directors:

- Members of the Management Board or those who hold other positions in the Bank.
- An official or a significant shareholder (participant) of another bank or other entity supervised by the National Bank of the Kyrgyz Republic, or those who hold positions in other competing financial institutions.
- A person who does not meet requirements established by the National Bank of the Kyrgyz Republic, as well as person who is prohibited from holding such positions by law or a court decision.

Taking into account the above circumstances, the Board of Directors does not include executive directors (members of the Board of Directors who are members of the Management Board or other employees of the Bank).

If, because of early termination of the powers of the members of the Board of Directors, its composition decreases to a number less than the established quorum, the Management Board shall decide to convene an extraordinary General Meeting of Shareholders to elect a new Board of Directors within five days from the date of termination of the powers of the members of the Board of Directors.

As of December 31, 2023, the Board of Directors of Eldik Bank consisted of 5 people, including 1 woman. The average age of the Board of Directors was 53 years. There was 1 member of the Board of Directors aged 30–50 years, and 4 members over 50 years old. The average term of service of the members of the Board of Directors is one and a half years. None of the members of the Board of Directors participated in the highest corporate governance bodies of other public joint-stock companies.

To ensure objectivity and independence in making decisions, independent directors are elected to the Board of Directors. According to the Charter and the Regulation on the Board of Directors, at least one third of the total composition of the Board of Directors must be independent directors. As of December 31, 2023, the members of the Board of Directors, were independent directors including the Chairman of the Board of Directors. The Board of Directors is responsible for disclosing information about who of its members are independent directors.

The Bank adheres to the criteria for director independence, which are formulated in the Law of the Kyrgyz Republic «On Banks and Banking Activities». An independent director is a member of the Board of Directors who, at the time of election:

- Is not and has not been an employee of the Bank or an employee of any legal entity related to the Bank over the past five years.
- Is not and has not been a member of the Management Board of the Bank or a member of the Management Board of any legal entity related to the Bank over the past five years.
- Has not received, directly or indirectly, any significant additional remuneration, compensation, benefits or donations, except for 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 over the past five years.
- Has no significant business ties (including the provision and receipt of loans, credits) with the Bank or any of the persons related to the Bank, either directly or as a partner over the past five years.
- 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 over the past five 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.
- Has not been the member of the Board of Directors, the Shariah Board of the Bank or any of the legal entities related to the Bank during the last four years.
- Is not closely related to the persons mentioned in the previous paragraphs.

All members of the Board of Directors are equally provided with access to documents and information about Eldik Bank. Newly elected members of the Board of Directors are provided with the necessary information on the Bank's activities and the work of the Board of Directors as soon as possible after their election.

The effectiveness of the Board of Directors is assessed periodically, and appropriate corrective measures are taken based on the results. In accordance with the Regulation on the assessment of the activities of the Board of Directors approved in 2024, the Board of Directors carries out the following types of assessment: assessment of the work of the Board of Directors as a governance body and assessment of members of the Board of Directors (individual assessment in a form of anonymous surveying).

Meetings of the Board of Directors are held regularly in accordance with the work plan of the Board of Directors, as necessary, but at least once per quarter. Meetings of the Board of Directors are considered competent if at least two-thirds of its members participate in them.

During the reporting period, 75 meetings of the Board of Directors were held. Among other things, in 2023, the Board of Directors meetings considered issues related to the implementation of the corporate strategy, approval and control of the budget. The average attendance of the Board of Directors members at meetings during the reporting period was 100%.

Members of the Board of Directors have the right to receive information and documents necessary to perform their duties, and the Bank's executive management is obliged to ensure the provision of relevant information and documents. During the reporting period, members of the Board of Directors were given the opportunity to participate in the discussion of agenda and vote remotely, except for issues that must be considered at in-person meetings of the Board of Directors.

During the reporting period, 3 committees of the Board of Directors operated on a permanent basis. All committees were headed by independent directors. Only members of the Board of Directors are elected to the committees of the Board of Directors. Members of the Management Board and employees of the Bank are not allowed to join them. However, experts and consultants may be involved in the work of the committees of the Board of Directors on a temporary or permanent basis, but they do not have the right to vote when making decisions on issues within the competence of a particular committee.

Risk Management Committee

Chairman – Almazbek B. Toktorbaev.

Meetings of the Committee during the reporting period – 14. Number of issues considered – 24.

The Committee is established by the Board of Directors and must consist of at least three members of the Board of Directors. Two members of the Committee must be elected from among the independent members of the Board of Directors, one of whom is the Chairman of the Risk Management Committee and does not head the Audit Committee. The Committee must include at least one member of the Board of Directors with knowledge/experience in the field of Islamic principles of banking and finance.

The competence of the Committee includes assisting the Board of Directors in determining priorities of activity in the sphere of banking risks and assisting in creating conditions for proper risk management.

Audit Committee

Chairman – Talgar S. Kyshybaev.

Meetings of the Committee during the reporting period – 33. Number of issues considered – 74.

The Committee is established by the Board of Directors and must consist of three members of the Board of Directors, two of whom must be independent members of the Board of Directors who meet the criteria established by the legislation of the Kyrgyz Republic. In that case, the Chairman of the Committee must be one of the independent members of the Board of Directors who does not head the Risk Management Committee.

The Audit Committee must be convened by the Board of Directors or two members of the Audit Committee at least once a quarter.

The competence of the Committee includes control over the internal control system, assistance in increasing the reliability of financial reporting and the efficiency of activities of the Bank, improving interaction between members of the Board of Directors, the Bank's management, the internal audit unit, and external audit.

Nomination and Remuneration Committee

Chairman – Djyrgalbek S. Ermeev.

Meetings of the Committee during the reporting period – 26. Number of issues considered – 44.

The Committee is established by the Board of Directors and must consist of three members of the Board of Directors, one of whom must be independent.

The competence of the Committee includes developing recommendations for the Board of Directors and planning on personnel appointments with respect to key employees of the Bank, determining the level and criteria for remuneration of key employees, assessing their compliance with the corporate strategy, the nature and scale of operations, and the results of activities of the Bank.

Composition of the Board of Directors of Eldik Bank (as of December 31, 2023)



Djyrgalbek S. Ermeev
Chairman of the Board of Directors

Born in 1971.
Citizenship: Kyrgyz Republic.
Date of election: March 1, 2022.

Participation in the committees of the Board of Directors in the reporting period: Chairman of the Nomination and Remuneration Committee, member of the Audit Committee.



Talgar S. Kyishybaev
Member of the Board of Directors

Born in 1966.
Citizenship: Kyrgyz Republic.
Date of election: March 1, 2022.

Participation in the committees of the Board of Directors in the reporting period: Chairman of the Audit Committee, member of the Risk Management Committee.



Almazbek B. Toktorbaev
Member of the Board of Directors

Born in 1971.
Citizenship: Kyrgyz Republic.
Date of election: March 1, 2022.

Participation in the committees of the Board of Directors in the reporting period: Chairman of the Risk Management Committee, member of the Nomination and Remuneration Committee.



Kubanychbek K. Kolbaev
Member of the Board of Directors

Born in 1979.
Citizenship: Kyrgyz Republic.
Date of election: March 30, 2023.

Participation in the committees of the Board of Directors in the reporting period: member of the Risk Management Committee.



Cholpon B. Mazhitova
Member of the Board of Directors

Born in 1964.
Citizenship: Kyrgyz Republic.
Date of election: September 23, 2022.

Participation in the committees of the Board of Directors in the reporting period: member of the Audit Committee, member of the Nomination and Remuneration Committee.

Composition of the Management Board of Eldik Bank (as of December 31, 2023)



Ulanbek M. Nogaev
Chairman of the
Management Board

Born in 1982.
Citizenship: Kyrgyz Republic.
Date of election:
February 9, 2023.



Akylbek B. Turdaliev
First Deputy Chairman
of the Management Board

Born in 1981.
Citizenship: Kyrgyz Republic.
Date of election:
March 14, 2022.



Aichurek Zh. Zhakypova
Deputy Chairman of the
Management Board

Born in 1972.
Citizenship: Kyrgyz Republic.
Date of election:
August 16, 2021.



Oralbek K. Chomokov
Deputy Chairman of the
Management Board

Born in 1989.
Citizenship: Kyrgyz Republic.
Date of election:
July 1, 2022.



Medet M. Tairov
Deputy Chairman of the
Management Board

Born in 1987.
Citizenship: Kyrgyz Republic.
Date of election:
February 28, 2023.

Management Board

The Management Board resolves issues of current activities, except for those that are within the competence of the General Meeting of Shareholders and the Board of Directors, reports to them and organizes implementation of decisions of higher governance bodies. The Management Board acts based on the Charter and the Regulation on the Management Board, which establishes the terms, procedure for convening, holding meetings of the Management Board and making decisions. The competence of the Management Board is divided into the competence of the collegial body and the head of the collegial body.

The Management Board acts in accordance with the strategy (business plan) approved by the Board of Directors, and the budget of the Bank (financial plan), while internal documents regulate the procedure for making decisions and disclosing information on transactions that go beyond its normal activities and/or budget.

The Management Board is formed by decision of the Board of Directors that determines the quantitative and personal composition of the Management Board, and the Board of Directors also has the right to early terminate the powers of its members at any time. Members of the Management Board may be reappointed.

It is required that the Management Board must consist of at least five people. The following persons may not be members of the Management Board:

- A person who is a member of the Board of Directors, 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 (participant) 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 who is prohibited from holding such positions by law or a court decision.

As of December 31, 2023, the Management Board of Eldik Bank included 5 people (the share of women was 20%), the average age of the members of the Management Board was 41 years.

Internal documents approved by the Board of Directors reflect the holding of scheduled meetings at least once a week. At the same time, any member of the Management Board has the right to make proposals to convene a meeting and propose issues for consideration. During the reporting period, 79 meetings of the Management Board were held, 656 issues were considered.

The Management Board has a number of committees, and their tasks include implementing a coordinated policy in various areas of operating activities of the Bank: the Credit Committee, the Asset and Liability Management Committee, the Tariff Committee, and the Islamic Window Financing Committee. Meetings of the committees under the Management Board are held in accordance with the regulations on the committees, which are approved by the Management Board.

The Board of Directors regularly evaluates the activities of the Management Board. The main evaluation criteria correspond to requirements established in the Rules for the Formation of the Internal Control and Internal Audit System in Banks and Non-Bank Financial and Credit Organizations Licensed and Regulated by the National Bank of the Kyrgyz Republic.

Corporate secretary

To coordinate corporate governance processes that ensure the rights and protection of the interests of the shareholder, as well as to organize proper interaction between the shareholder and the Bank, a Corporate Secretary is appointed at Eldik Bank. The Corporate Secretary participates in the process of preparing and holding general meetings of shareholders, keeps minutes of the general meeting of shareholders and the Board of Directors, monitors implementation of their decisions and exercises other powers.

The Corporate Secretary has sufficient independence from the Management Board of the Bank and the necessary powers to perform the tasks assigned. The Board of Directors approves the candidacy of the Corporate Secretary and terminates powers, evaluates the work of the Corporate Secretary and approves reports on work of the Corporate Secretary.

Since September 2015, Baktygul A. Amanova has been the Corporate Secretary.

Internal audit

The Bank has the Internal Audit Division formed to assess the internal control system, corporate governance and risk management processes, taking into account the principle of continuity of activity.

The Internal Audit Division is independent of the Management Board and structural divisions of the Bank. The independence and objectivity of the Internal Audit Division is ensured by its functional subordination to the Board of Directors. The Board of Directors appoints and dismisses the head of the Division.

The Board of Directors and its Audit Committee develop and approve an internal audit plan that meets the Bank's goals using a risk-oriented approach. The Internal Audit Division conducts regular audits in all areas of activities of the Bank as part of the internal audit plan. It is envisaged to conduct extraordinary control procedures at the request of the Board of Directors or the Audit Committee, including based on information received on the Bank's hotline. The head of the Internal Audit Division provides the Board of Directors with reports on the audit results. During the reporting period, as part of the internal audit, an assessment was made of the reliability and effectiveness of the risk management and internal control system, and individual corporate governance practices.

During the reporting period, no restrictions on the powers of the Internal Audit Division were identified that could negatively affect the effective implementation of this internal audit function.

The Internal Audit Division coordinates activities with the external auditor, as well as with persons providing consulting services to the Bank in the spheres of risk management, internal control and corporate governance.

External audit

To verify the reliability of financial and economic activities and confirm the information in the financial statements, the Bank annually engages an independent audit organization. The auditor is approved at the annual General Meeting of Shareholders. The Board of Directors selects audit organizations and auditor candidates for submission to the General Meeting of Shareholders for consideration. External audit cannot be carried out by the same audit organization for more than five years in a row.

An external auditor can only be an audit organization included in the Unified State Register of Auditors, Audit Organizations and Professional Audit Associations in the territory of the Kyrgyz Republic and meeting requirements for auditing banks established by the National Bank of the Kyrgyz Republic.

The external audit of the financial statements of the Bank is carried out by Baker Tilly Bishkek LLC. Neither the audit company itself, nor any of its auditors or other employees had any conflict of interest with the Bank as a client, are independent and not connected with the Bank and its officials in any way. The external auditor meets the independence criteria established by the Law of the Kyrgyz Republic «On the National Bank of the Kyrgyz Republic, banks and banking activities».

During the reporting period, the audit organization did not provide consulting services not related to the audit of the financial statements of the Bank.

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

The procedure, amount and conditions for payment of remuneration, compensation of expenses of the members of the Board of Directors (including independent directors) for the performance of their duties shall be established by a decision of the General Meeting of Shareholders. The amount of additional remuneration for members of the Board of Directors shall be established by a decision of the General Meeting of Shareholders taking into account the results of activities of the Bank, based on the results of the financial year and effective participation of directors in the activities of the Board of Directors. Employment contracts with members of the Board of Directors are not concluded.

The system of remuneration of members of the Management Board is regulated by the Regulation on remuneration and other types of payments to employees of Eldik Bank OJSC.

The procedure for calculating the amount of remuneration for members of the Board of Directors and the Management Board is also regulated by the Instructions for the application of key performance indicators to assess financial stability and efficiency. The variable (non-guaranteed) part of remuneration is determined based on the results of achieving the planned values of the Bank's key performance indicators.

Information on the total amount of remuneration of members of the Board of Directors and members of the Management Board for the reporting period is disclosed in the 2023 audited financial statements of the Bank.

During the reporting period, members of the Board of Directors were not paid remuneration for participation in individual meetings of the Board of Directors and committees of the Board of Directors. Eldik Bank does not provide for any compensation or additional payments in the event of early termination of powers of members of the Board of Directors under various circumstances.

Employment contract with members of the Management Board may not provide for compensation or similar payments in the event of early termination of the agreement due to the violation by a member of the Management Board of the obligation to act in good faith and reasonably in the interests of the Bank.

Sustainability management system

Eldik Bank believes that effective sustainability management promotes inclusive economic growth and implementation of the strategic goals of the Kyrgyz Republic, equitable social development, ensuring environmental sustainability, and also allows creating long-term value and reducing exposure to risks.

Stage-by-stage integration of sustainability principles and factors into the overall strategy and corporate governance system, including the risk management and internal control system, is carried out. The corporate position, enshrined in internal documents, is that the use of international ESG standards is considered a necessary condition for ensuring that the Bank's activities comply with best international practice and achieve the goals and objectives of its development.

In that context, it is taken into account that international partners and potential investors analyze the development and effectiveness of governance and risk management of processes, events and sustainability factors in the Bank, including from the point of view of its financial and investment attractiveness and ability to create long-term value for stakeholders. In addition, a significant tightening of regulatory requirements in the Kyrgyz Republic in the sustainable development area, including the integration of ESG risks into prudential regulation and supervision, cannot be ruled out in the foreseeable future.

The Bank focuses on:

- Inclusion of sustainability issues in the activities of the Board of Directors, as well as consideration of sustainability risks and opportunities when developing corporate strategy.
- Improvement of the corporate governance system and risk assessment in the sustainability area, taking into account advanced global practices.

Taking it into account, to improve management efficiency and reduce exposure to risks, Eldik Bank is gradually forming a comprehensive sustainability management system that involves the Board of Directors, the Management Board, various structural units, between which responsibilities are distributed, and authorities are delegated.

Within the framework of that system, the Board of Directors approves sustainability strategies and important internal documents, makes strategic decisions related to sustainability activities of the Bank, etc.

The Management Board supervises sustainability activities of structural units and branches and integration of requirements of approved internal documents in the sustainability area into business processes, ensures implementation of strategic decisions of the Board of Directors in terms of managing issues related to sustainability, etc. The sustainability curator at the Management Board level is the Deputy Chairman of the Management Board. It should be noted that in the current committees of the Management Board, such as the Credit Committee, the Tariff Committee and others, members of the committees are responsible for supporting the specialized ESG agenda.

Structural units carry out planning and direct activities in the sustainability area. The main coordinator of the ESG agenda in the Bank is the Project Tasks and ESG Unit, and its specialists have significant sustainability competencies.

For practical and regular coordination of activities of the Bank and formation of sustainability proposals, the Sustainability Working Group under the Chairman of the Management Board was established. It includes the heads of the structural units of Eldik Bank. The Working Group assists the senior

management in organizing and coordinating work in the sustainability area, accompanies the process of interaction between structural units, initiates new ideas and solutions that contribute to the development of the ESG agenda.

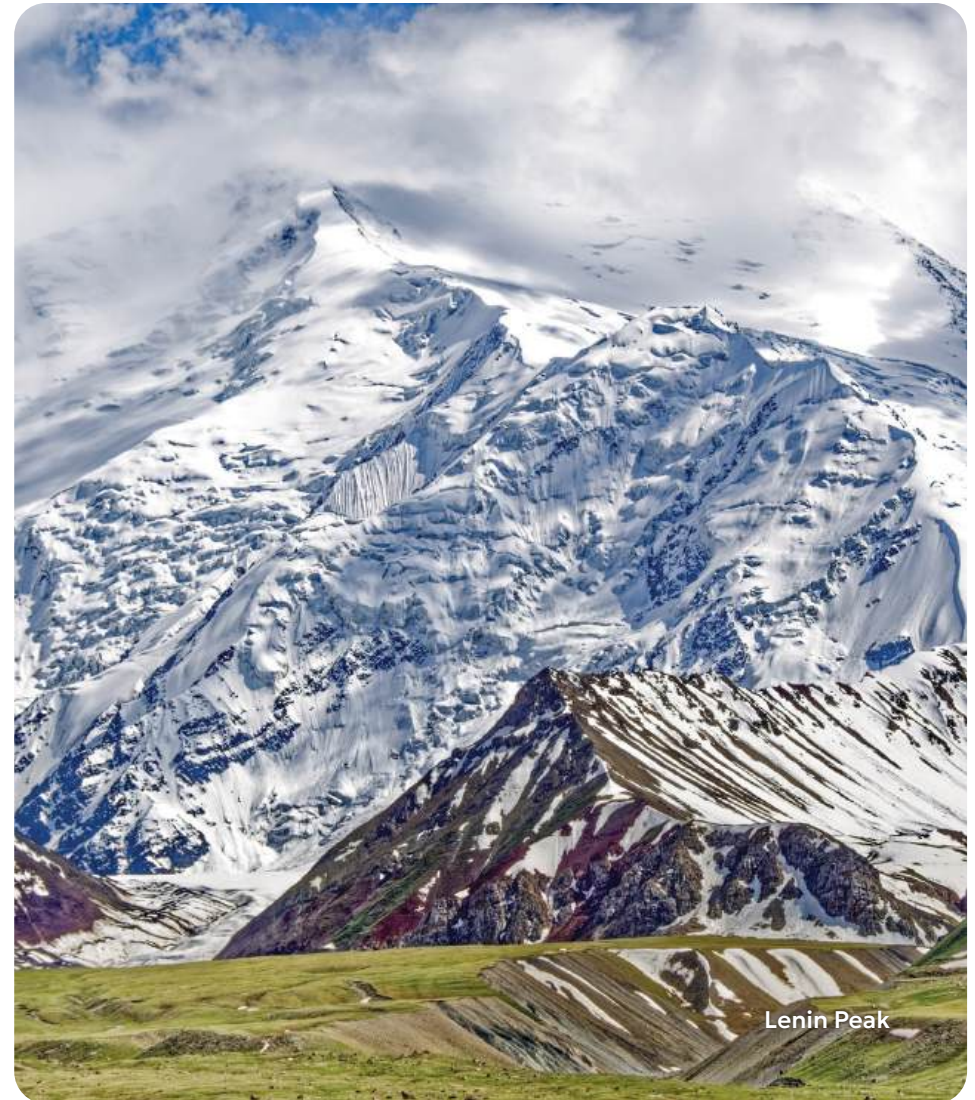
Eldik Bank is studying the inclusion of sustainability aspects, including those related to the UN Sustainable Development Goals, in the system of key performance indicators for management and employees.

The Bank strives to ensure a systematic approach to the regulatory framework for various sustainability aspects and carries out a phased development of the system of internal documents in that area, including development of new and updating of existing internal documents.

At the time of preparing the Report, a number of internal documents were in effect that regulate and specify the Bank's approaches in corporate ESG agenda, in particular:

- Corporate Governance Code.
- Code of Business Ethics of Eldik Bank OJSC.
- Code of Corporate Ethics of Employees.
- Environmental and Social Policy.
- Anti-Corruption Policy.
- Conflict of Interest Management Policy.
- HR Policy.
- Personal Data Policy.
- Information Security Regulations.

The listed internal documents that all employees are required to comply with were developed based on the legislation of the Kyrgyz Republic, taking into account international practices and corporate experience in sustainable development.



Risk Management

Eldik Bank considers effective risk management as a key condition for stable and predictable business development and its ability to create long-term value for key stakeholders.

The internal regulatory framework and risk management practices comply with provisions of the legislation of the Kyrgyz Republic and requirements of the National Bank of the Kyrgyz Republic in terms of risk management and internal control.

The principles and approaches to organizing the risk management and internal control system in the Bank are defined by the Board of Directors and enshrined in the internal documents of the Bank that determine the risk management and internal control policy, primarily in the Risk Management Policy, the Compliance Risk Management Policy, and the Policy on the Internal Control System. The main goal in relation to risk management is to achieve an optimal level of return-to-risk ratio for the operations of the Bank. Risk management is implemented based on the principle of economic feasibility, within the framework of which the cost of risk control measures does not exceed the amount of possible losses from risks.

To ensure an effective decision-making process and minimize exposure to risks, a hierarchy of governance bodies and structural units in risk management has been organized.

The collegial governance bodies of the risk management system include the Board of Directors, the specialized committee of the Board of Directors, and the Management Board.

The Board of Directors approves the risk and capital management strategy, including the procedure for managing significant risks, and exercises control over risk and capital management. The Board of Directors is responsible for establishing effective systems for assessing, monitoring and controlling to

maintain an adequate level of capital in accordance with the risks in the Bank's activities, and also approves the risk appetite. The Risk Appetite Policy is in effect, and it establishes the risk appetite of the Bank in the form of a set of indicators with established limit and signal values on the planning horizon. The Board of Directors periodically reviews risk reports and reports of the Internal Audit Service. It allows the Board of Directors to effectively monitor the functioning of the risk management and internal control system.

At the same time, the Board of Directors approves the heads and employees of the Risk Management Division, the Internal Audit Division and the Compliance Control Division, determines the terms of their remuneration, approves the staffing schedule, structure and internal regulatory documents of the mentioned units.

Among other things, the Management Board ensures implementation of decisions of the Board of Directors in the risk and capital management, and is responsible for monitoring and implementing risk mitigation measures if necessary, determines the level of authority of structural units responsible for the level of risk, distributes duties and responsibilities between heads of structural units for specific risk management and internal control procedures.

The Bank implements a three-line defense model:

- **Third line of defense.** Internal and external audit. The participants of the line of defense conduct an independent risk management assessment, identify violations and develop proposals for improving the risk management system. To conduct internal audit, the Bank established a separate structural unit, the Internal Audit Division, functionally accountable to the Board of Directors. Internal audit concerning risk management is conducted on an annual basis. Among other things, the Internal Audit Division checks the activities of units involved in risk management processes and informs the Board of Directors of

identified deficiencies in the functioning of the risk management and capital adequacy system and actions taken to eliminate them. Scheduled audits are conducted in accordance with the audit plan, in the manner established by the Bank's internal documents.

- **Second line of defense.** Risk management. Reporting to the Board of Directors, the Risk Management Division is responsible on daily basis for the functioning of the risk management system, general risk management, ensuring the application of uniform principles and methods for identifying, assessing, managing and informing the Bank's governance bodies, and also provides advice and carries out continuous monitoring of the relevance of risk profiles of structural units and the correctness of the assessment of the levels of identified risks. The Head of the Risk Management Department communicates information on the results of the risk and capital management system to the governance bodies on a regular and prompt basis. The Compliance Control Division also belongs to the second line of defense.
- **First line of defense.** Risk ownership and management. The structural units of Eldik Bank that carry out operations and transactions are involved in identification, assessment and monitoring of risks, comply with requirements of the internal documents in terms of risk management, and take into account the level of risks in their activities. In particular, business units carry out operations related to accepting risks within the limits set by the Bank, within their established powers, and also implement identification, detection and primary assessment of risks when carrying out operations and transactions.

Conflicts of interest in the risk management process are not allowed. Eldik Bank distributes functions (authorities) for accepting and managing risks between structural units in such a way that operations related to accepting risks and risk management are not carried out by one structural unit. In particular, internal procedures stipulate a clear delineation of functions between units accepting credit risk (initiation of business processes) and controlling it (credit administration and risk management).

The risk management system includes risk identification, determination and assessment of significant risks, aggregation of significant risks, assessment of the adequacy of available capital in normal and stress conditions using current and planned values, determination of risk appetite, as well as monitoring, control and reporting on risk appetite indicators, limits on individual types of risks.

Significant risks are clearly defined, i.e. those risks, implementation of which may lead to failure to achieve the key business goals of the Bank, including the requirements of financial regulators. First of all, significant risks include credit risk, market risk, operational risk, liquidity risk, and reputational risk. For each significant risk, an assessment methodology has been developed, risk appetite and risk management procedures for these types of risks have been approved, including an approach to an individual assessment of the amount of required capital. The Bank defines credit risk as the most significant since it accounts for the largest share of capital.

In the reporting period, there were no changes in the corporate business model, and, as a result, there were no changes in the list of risks recognized by the Bank as significant, compared to the previous year. Eldik Bank did not allow violations of risk appetite indicators and their signal values.

As part of its internal capital adequacy assessment procedures, Eldik Bank assesses capital adequacy in relation to significant risks under stress conditions in form of annual stress tests that form a realistic assessment of the sensitivity of capital and financial performance to various risk categories, determining the need for capital using scenarios of the impact of various risk factors. Stress testing is carried out based on approved methods. Based on the results of the stress testing, a report is prepared and sent to the Board of Directors and the Management Board for review.

Responsible structural units monitor compliance with mandatory standards and established limit values on a daily basis. Employees of the Risk Management Division promptly inform the management of the Bank if the limits of significant risks are not met.

Mandatory assessment of potential inherent risks is carried out when launching new products and services. This assessment is regulated by a number of internal documents, primarily the Methodology for assessing the potential level of operational risks when introducing new banking products and services. Approval and launch of products and services without risk assessment is prohibited. The Risk Management Division participates in the development of new products, processes and operations of the Bank in terms of assessing the risks potentially inherent to them. In the process of developing new products and services, structural units are required to obtain a conclusion from the Compliance Control Division on compliance risks.

Significant risk	Assets and operations at risk	Examples of risk management
<p>Credit risk</p> <p>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.</p>	<p>Retail lending.</p> <p>SME lending.</p> <p>Corporate lending.</p>	<p>Setting limits on operations subject to credit risk.</p> <p>Assessment and regular monitoring of the financial position of borrowers.</p> <p>Determining the amount of requirements for the capital of the Bank.</p> <p>Use of collateral, as well as specific requirements for collateral for obligations of the borrowers.</p> <p>Approval of the methodology for assessing and determining the amount of capital required to cover residual credit risk.</p> <p>Diversification of the loan portfolio.</p> <p>Formation of provisions for loan impairment.</p>
<p>Liquidity risk</p> <p>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 realizing assets, which would result in unacceptable losses), including the inability to manage unplanned changes in funding sources.</p>	<p>-</p>	<p>Analysis of asset liquidity and liability stability, forecasting cash flows for assets, liabilities and off-balance sheet items over various time intervals.</p> <p>Liquidity management procedures of a daily nature and over longer time intervals.</p> <p>Determination of liquidity risk factors.</p> <p>Maintaining highly liquid assets at a certain level.</p>

Market risk

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

Operations and transactions that form the Bank's open currency transactions.

Operations for the purchase and sale of securities.

Operations for the purchase and sale of derivative financial instruments.

Use of methods for measuring market risk and determining capital requirements in relation to market risk.

The current 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.

Operational risk

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

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

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 personnel qualifications or their number, errors and violations by employees, conflicts of interest.

Sustainability risks

As part of risk management, Eldik Bank strives to gradually integrate the management of environmental and social factors, closely monitors ESG requirements and recommendations from the financial regulator of the Kyrgyz Republic, the Kyrgyz Stock Exchange, and the international financial sector. The Bank focuses on integrating risk management in the sustainability area into the risk management system on three lines of defense, as well as integrating sustainability factors into the credit risk assessment model.

To manage and minimize potential negative impacts, Eldik Bank is implementing procedures for identifying and assessing sustainability-linked risks, which are not yet considered significant risks due to their limited impact on activities and operations of the Bank. In particular, physical and transition climate-related risks have been identified and assessed in accordance with international approaches (see the Climate Impact Management section of this Report). Analysis of physical and transition climate-related risks shows that assets and operations of the Bank are not exposed to significant climate-related risks in the short term. In the medium term, the Bank plans to elaborate a climate strategy for more effective climate risk management.

The Bank is developing a methodology for identifying and monitoring ESG risks.

The Bank has the main impact on stakeholders indirectly, primarily through clients and the loan portfolio. In that context, a pilot implementation of the borrower environmental and social risk management system (ESRM) has been launched that is aimed at reducing the long-term exposure of the loan portfolio to sustainability-linked risks.

Emerging (new) risks

In accordance with the risk categorization defined in the World Economic Forum's Global Risks Report https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf, the Bank believes that the following potential new risks, in particular, may have a potential impact on the Bank's activities over the next 3-5 years and over longer time horizons:

- 1. Environmental risk. Strengthening regulatory and external requirements in the sphere of greenhouse gas emissions management (reduction) and climate information disclosure.**

Today, financial institutions in the Kyrgyz Republic are not covered by regulatory requirements to reduce greenhouse gas emissions and manage financed emissions, as well as to disclose climate information in public corporate reporting.

At the same time, given the commitments of the Kyrgyz Republic to achieve carbon neutrality by 2050, that, considering the tightening of the policy of the country's key external partners to control implementation of decarbonization goals of their economies and increased pressure from international financial institutions, may lead to accelerated implementation of sectoral regulatory requirements for financial institutions to ensure the decarbonization of their own activities and reduction of financed emissions, including based on the criteria of the international Science Based Targets initiative.

These potential processes are considered by the Bank as financially and organizationally costly, as well as entailing the need to adjust the corporate business strategy. Potential obligations to reduce financed emissions will encourage banks to refuse financing or significantly reduce it in relation to carbon-intensive sectors of the economy. In addition, the directive acceleration of decarbonization of the national economy, along with the influence of some external factors (limited accessibility of developed countries' markets for companies, their products and services with a high carbon footprint, etc.), may negatively affect the long-term financial stability of borrowers from among companies representing carbon-intensive industries and may lead to a drop in demand for financial products and services from them. As a result, there is a potential negative impact on the financial performance of Eldik Bank, including because of a reduction in the ability of some of these borrowers to fulfill their loan obligations.

The international partners of the Bank are expected to switch to reporting under the IFRS S2 climate standard. It significantly increases the need for Eldik Bank to implement actions to comply with that international standard in a fairly short time frame, including in corporate governance and risk management, and the corporate climate strategy. That circumstance may entail additional financial costs and organizational changes for Eldik Bank.

To reduce exposure to the risk, the Bank initiated a number of measures, including:

- Annual assessment of greenhouse gas emissions Scope 1, Scope 2, Scope 3, starting in 2023.

- Identification and assessment of transition climate risks.
- Implementation of the practice of annual disclosure of information in accordance with the TCFD recommendations.
- Annual assessment of concentration of lending in carbon-intensive sectors of the economy.
- Monitoring legislative and regulatory changes at the national and international levels.

2. Economic risk. The impact of climate change on the macroeconomic stability of the Kyrgyz Republic.

Given a high exposure of the Kyrgyz Republic as the Bank's main region of operations to the negative impact of climate change (melting glaciers, increased intensity and frequency of seasonal droughts, potential shortage of water resources in the long term, etc.), a deterioration in macroeconomic trends is potentially possible over the next 3-10 years and beyond, including from the point of view of the stability of key sectors for the Bank (agriculture, etc.).

Such a deterioration in macroeconomic conditions may lead to a reduction/volatility in the overall demand for financial products and services, and an increase in credit and market risks. Increased risks to financial stability and the ability to fulfill loan obligations may arise with particular emphasis on potential clients from the corporate and SME segments that operate in sectors more exposed to physical climate risks.

Risk mitigation measures:

- Financial and organizational support for the efforts of the Kyrgyz Republic to decarbonize the economy, implement mitigation and adaptation measures, including the Bank's own program to reduce greenhouse gas emissions.
- Integration of climate-related factors into the risk management system and proper management of climate risks by the Bank, including assessment, control and monitoring of climate risks within the loan portfolio.
- Activation of partnerships with international financial and other organizations, private companies to reduce the exposure of the Kyrgyz Republic and Eldik Bank to the negative impact of climate change.





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Business Ethics

Eldik Bank adheres to the principles of ethical business conduct, builds trusting long-term relationships with shareholders, clients, international partners, and contractors. The development of a unified corporate culture that is supported by all employees and forms a cohesive workforce continues.

In 2024, the Code of Business Ethics was approved that defines the obligations and approaches of Eldik Bank, as a large financial institution, in the sphere of business ethics and relations with stakeholders. The Code of Corporate Ethics of Employees is also in effect and it reflects standards, ethical norms and rules of conduct of employees adopted in the Bank both in interaction with each other and with stakeholders of Eldik Bank.

The provisions of these interrelated internal documents are mandatory for familiarization and compliance by all employees. All other documents of the Bank are developed and approved taking into account the provisions of the above Codes. The HR Department and the Compliance Control Division organize familiarization of employees with the Code of Business Ethics and the Code of Corporate Ethics of Employees.

The Board of Directors and the Management Board maintain the “tone from the top” by demonstrating ethical personal and professional behavior, strict compliance with the law and provisions of internal documents. The Board of Directors ensures strategic management in the sphere of business ethics, including on issues of combating corruption and respect for human rights, and approves key documents in that sphere. The Management Board exercises constant control over implementation of the approved internal documents and business ethics approaches of the Bank.

Eldik Bank is focused on responsible banking, supporting its stakeholders, in particular through sustainable financing of green and social projects and activities, lending to micro, small and medium businesses, improving financial literacy and financial inclusion. The Bank demonstrates its willingness to take

Corporate values of Eldik Bank

- Client focus. Our priorities should complement the system of partners' priorities, each Client is our partner. The success of the partners is the success of the Bank.
- Result orientation. The ability of our employees to combine the Bank's goal with self-motivation in a well-organized work process, the result of which can be measured quantitatively and qualitatively. Employees focused on a specific result have the right to decent pay with agreed remuneration: bonuses, bonuses, the amount of which directly depends on the achieved result.
- Responsibility. Responsibility is the ability to influence the course of events. We take responsibility for ourselves and for what happens around us.
- Initiative. “Initiative is punishable” is not our case! We are a team of like-minded people with broad powers to promote a common cause, united by the principle of one-man management, headed by the corporate code of the Bank's employees. Our cause is the successful and sustainable development of the Bank, team members - employees and our partners - clients.
- Predictability. We act as expected of us. Our business is not tied to a specific period of time, our results have been systematically built and achieved. The rules on reasonableness and admissibility of risks are certainly observed.

on voluntary long-term commitments that can have a significant positive social and environmental impact, as well as to follow priority international sustainability standards, social and environmental responsibility.

Since 2023, Eldik Bank has been participating in the UN Global Compact and adheres to its 10 principles in the field of combating corruption, labor relations, human rights, and the environment, integrating them into its daily activities. The Bank strives to promote and popularize the principles of the UN Global Compact among its stakeholders.

The Bank adheres to the principle of strict compliance with applicable legislation and regulatory requirements, promotes a strong compliance culture. During the reporting period, all applicable prudential standards were met in compliance with regulatory values. The requirements of government and regulatory authorities based on the norms of the legislation of the Kyrgyz Republic are fully and timely fulfilled. The use of illegal methods or instruments of influence on the decisions of state bodies is prohibited.

Eldik Bank strives to ensure antimonopoly behavior and adheres to the practice of fair competition, complying with the corresponding legislation of the Kyrgyz Republic. The Bank supports free competition and strives to build relationships with competitors based on the principle of mutual respect, refrains from unethical methods of obtaining competitive advantages and abuse of position, and focuses on resolving potential disagreements through good faith negotiations and mutually beneficial solutions. In 2023, no violations of antitrust laws or legal proceedings arising from obstruction of competition were recorded against the Bank.

The Bank guarantees that its financial products and services comply with requirements of the legislation of the Kyrgyz Republic. In particular, it is not allowed to provide clients and other stakeholders with unapproved or undeveloped financial products and services in terms of risks. At the same time, clients and counterparties are not provided with benefits and privileges that are unreasonable or prohibited by the legislation of the Kyrgyz Republic.

To ensure a high quality of client service in various segments, a quality management system has been implemented in specialized units interacting with

clients, and measures are being taken to improve the client focus of employees. The Bank intends to regularly organize surveys to assess client satisfaction. Eldik Bank demonstrates openness in terms of receiving ideas from clients aimed at improving the quality of service.

In 2023, Eldik Bank did not directly or indirectly participate in political activities, in particular participation in political organizations (political parties, movements, etc.), related organizations and foundations, making sponsorship, charitable and other financial payments in favor of political parties and movements, related organizations and foundations, politically significant persons. Such activities are prohibited by the Bank's internal documents. During the reporting period, no expenses related to lobbying activities were incurred.

At the same time, the Bank respects the civil rights of employees and recognizes their right to participate in political activities as individuals. The political views of employees and their participation in political activities as individuals should not affect the performance of their job duties and create a conflict of interest.

If there are legal grounds, disciplinary measures may be applied to employees who fail to fulfill their obligations to comply with the provisions of internal documents regulating business ethics issues in the manner prescribed by the labor legislation of the Kyrgyz Republic.

To improve corporate governance and reduce exposure to compliance, reputational and other risks, the Bank is attentive to involvement of stakeholders in counteracting and identifying potential violations of business ethics, internal documents of the Bank, anti-corruption legislation, responsible banking practices and other violations and abuses that concern Eldik Bank.

Stakeholders can send inquiries on ethics issues, possible violations and illegal practices to the e-mail risk_compliance@rsk.kg or by the hotline +996 (312) 35-55-55 that is posted on the official website of Eldik Bank in the Contacts section. Confidentiality of consideration of incoming messages is guaranteed, as well as the fact that no request will be ignored.



Combating Corruption and Illegal Financial Operations

Focusing on responsible business management, Eldik Bank considers combating corruption and illegal financial transactions as an important factor in reducing the exposure of its activities to long-term risks and ensuring the interests of stakeholders.

Eldik Bank follows the principles of transparency and integrity in business and has zero tolerance for any forms and manifestations of corruption, including on the part of its employees and counterparties. The anti-corruption system is implemented at all levels of the Bank and takes into account requirements of the legislation of the Kyrgyz Republic.

In the reporting period, the Bank did not record any confirmed cases of corruption, including those that entailed monetary or other penalties, or as a result of which employees were dismissed or brought to disciplinary or other liability for committing corruption offenses.

To prevent and combat corruption, the Board of Directors approved the Anti-Corruption Policy that establishes the obligation of employees and their personal responsibility to comply with requirements of the relevant legislation of the Kyrgyz Republic, the Anti-Corruption Policy and related anti-corruption procedures. The policy is published on the official website of the Bank to inform stakeholders about the approaches applied to combating corruption. The Anti-Corruption Policy is reviewed annually.

Based on the Anti-Corruption Policy, the Bank has an established anti-corruption system and conducts internal audit, and also organizes the work of communication channels. The structural unit responsible for combating corruption is the Compliance Control Division that, among other things, conducts ongoing monitoring and control over compliance with anti-corruption requirements and procedures, identifies business processes and areas of activity with a significant level of corruption risks. No significant corruption risks were identified in the reporting period.

Compliance with the Anti-Corruption Policy is verified by the Internal Audit Division and the Internal Control Unit. In addition, regular employee surveys are conducted using the Anti-Corruption Policy Implementation Assessment Questionnaire. Regular assessment of corruption risks specific to activities of the Bank is organized, and their results are a basis for implementing measures aimed at preventing potential corruption offenses.

Corruption actions include any actions that violate the legislation of the Kyrgyz Republic in the sphere of combating corruption, in particular bribery and commercial bribery, regardless of the purpose, including simplification of administrative and other procedures, ensuring competitive and other advantages, in relation to the Bank and its employees or on behalf of or in the interests of the Bank in relation to government agencies and their employees, clients, counterparties of the Bank, as well as other legal entities, their employees and representatives.

Employees are prohibited from:

- Committing any corrupt acts, including directly or indirectly, personally or through third parties, offering, giving, promising, asking for and receiving bribes or making payments to simplify administrative, bureaucratic and other formalities in any form, in particular in the form of money, valuables, services or other benefits, to any persons and from any persons, including government agencies and their employees, the clients of the Bank, the counterparties of the Bank.
- Extorting or accepting an undue benefit from any person for the purpose of committing or refraining from committing an act related to official duties.
- Coercing any person to commit a corrupt act, including by using violence or making threats.

Material topics: Combating corruption and illegal financial operations | Business ethics and responsible banking

Employees are required to refuse any kind of illegal incentive, without allowing such refusal to be interpreted in an ambiguous way. Any offer or attempt to offer such illegal incentive must be immediately reported by the employee to his/her immediate supervisor. Employees are also required to refrain from behavior that may be interpreted by others as a willingness to commit or participate in the commission of corruption and other offenses in their own interests and/or in the interests of the Bank. Eldik Bank has established rules regarding gifts offered and received.

Employees are involved in identifying corruption risks and are required to report each potential and identified case of violation of requirements of the legislation of the Kyrgyz Republic in the sphere of combating corruption and provisions of the Anti-Corruption Policy by sending a message to the Compliance Control Division (by e-mail risk_compliance@rsk.kg). Prosecution and punishment of employees and other persons who have responsibly reported potential violations of the legislation of the Kyrgyz Republic in combating corruption or facts of corruption in Eldik Bank is not permitted. Heads of structural units bear personal responsibility for preventing employees from transmitting information about potential violations of the Anti-Corruption Policy, corruption violations, suspicions of damage to the interests or reputation of the Bank, as well as for applying disciplinary and other measures to employees in connection with their submission of such information.

Official investigations are conducted for each reasonable suspicion or established fact of corruption within the limits permitted by the legislation of the Kyrgyz Republic. Eldik Bank undertakes to report to the relevant law enforcement agencies cases of corruption offenses that the Bank has become aware of, as well as to assist in investigation of corruption facts by law enforcement agencies. The Security Department ensures interaction with law enforcement agencies on identified facts of corruption.

For corruption offenses, disciplinary, administrative, criminal liability measures may be applied to employees in accordance with the legislation of the Kyrgyz Republic, as well as corporate action measures in accordance with the internal regulatory documents of the Bank.

With the support of the Compliance Control Division, the HR Department regularly familiarizes members of the governing bodies and employees with issues related to anti-corruption behavior and compliance with the current Anti-Corruption Policy. As of the end of the reporting period, members of the

governing bodies and employees were familiar with anti-corruption policies and methods.

Conflict of interest

Eldik Bank is focused on timely and effective prevention, detection and management of cases of conflict of interest, which, if they arise, may provoke corruption offenses, in particular. In 2023, there were no confirmed cases of conflict of interest that could provoke corruption offenses.

For the timely prevention, detection and resolution of conflicts of interest, the Bank has approved procedures and measures that are defined in the Conflict of Interest Management Policy approved by the Board of Directors. Among other things, in order to identify and prevent conflicts of interest, procedures were developed for informing the Board of Directors and the Management Board about potential threats in the Bank's activities related to conflicts of interest, provision of information about close relatives by officials and employees of the Bank prior to appointment or election to office is ensured, and a database of confirmed facts of conflicts of interest is maintained.

Employees must not allow conflicts of interest to arise and are responsible for the occurrence of situations that entail a conflict of interest. In addition, employees are not entitled to use their employment with the Bank for personal gain or in the interests of affiliated persons.

In their activities, the Bank and its employees proceed from the principle of mandatory disclosure of information on a real or potential conflict of interest, including on transactions or deals performed or planned, in relation to which employees may be recognized as interested parties. Employees are obliged to immediately inform the head of their structural unit or another person in the Bank about the presence or occurrence of a conflict of interest in the performance of official duties.

The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts, in particular between the executive bodies and employees of Eldik Bank. The Board of Directors ensures control over the system of identification and prevention of conflicts of interest. Members of the Board of Directors are obliged to notify the Board of Directors if they have a conflict of interest in relation to any issue on the agenda of a meeting of the Board of Directors, before the start of discussion of the relevant issue on the agenda, and are also obliged to refrain from voting on any issue in which they have a conflict of interest.

Eldik Bank limits the ability of an employee who finds himself in a situation of conflict of interest to make independent decisions and take independent actions. In the event of a conflict of interest being detected, the Bank employee is suspended or voluntarily refuses to participate in discussion and decision-making on issues that are influenced by the conflict of interest, and the employee's job responsibilities may be changed, or the employee may be temporarily transferred to another position.

The Bank implements procedures for identifying transactions related to a conflict of interest, as well as measures aimed at resolving such conflicts.

Combating illegal financial operations

Eldik Bank approved a management and internal control system to combat the financing of terrorist activities and the legalization (laundering) of criminal proceeds. It is organized in accordance with requirements of the legislation of the Kyrgyz Republic, taking into account the approaches of the Financial Action Task Force on Money Laundering (FATF) and the Wolfsberg Group. The Board of Directors approved the Policy on Organization of internal control to combat the financing of terrorist activities and the legalization (laundering) of criminal proceeds».

The AML/CFT system implies:

- Identification of clients, representatives of clients, beneficiaries, beneficial owners.
- Studying clients within the framework of the «Know Your Client» principle, taking into account due diligence measures and client due diligence measures.
- Using a risk-oriented approach based on the «three lines of defense» model.
- Monitoring and controlling client transactions to identify transactions that raise suspicion that they are carried out for ML/FT purposes.

Compliance control and financial monitoring are the functions of the Compliance Control Division that reports to the Board of Directors. The AML/CFT Unit that is structurally part of the above-mentioned Division, is directly responsible for monitoring compliance with the AML/CFT requirements and financial monitoring.

The Bank conducts initial AML/CFT training of employees and carries out regular scheduled training of employees in that area. Unscheduled training is also provided, taking into account changes in the relevant legislation of the Kyrgyz Republic.

Reporting is provided to the supervisory authority, including information on suspicious transactions, as well as transactions subject to mandatory control in accordance with the legislation of the Kyrgyz Republic.

Failure of the employees of the Bank to comply with the AML/CFT requirements and rules may be grounds for liability, including disciplinary action and other measures against such employees.

According to the internal AML/CFT control program, information and documents containing details about clients and beneficial owners, including business correspondence, obtained during the AML/CFT control procedures, should be kept by the Bank for at least 5 years after the termination of the Bank's relationship with them.

Human Rights

Eldik Bank recognizes the inviolability of the rights of every person, respects his/her dignity, and promotes an inclusive and diverse work environment where all employees are treated fairly based on honest and dignified partnership.

The Bank adheres to the human rights requirements and principles that are enshrined in the legislation of the Kyrgyz Republic, as well as in the following international documents and initiatives:

- Universal Declaration of Human Rights.
- International Covenant on Economic, Social and Cultural Rights.
- Declaration of Fundamental Principles and Rights at Work of the International Labor Organization.
- UN Guiding Principles on Business and Human Rights.
- UN Global Compact.

The main internal document regulating the observance of human rights is the Code of Business Ethics that applies to all employees and all types of activities of Eldik Bank. The Bank organizes the work of mechanisms that ensure proper observance of human rights, including implementation of relevant systems and procedures. The Bank seeks to avoid causing or contributing to adverse impacts on human rights during its activities. If risks are identified, or human rights violations occur, measures are taken to eliminate the negative consequences, as well as measures to improve human rights protection practices.

The Bank prohibits any form of discrimination based on gender, religion, age, ethnicity or nationality, marital status, political beliefs, social origin and other individual characteristics. It applies to both the Bank's employees and other stakeholders. Any manifestation of physical, verbal, sexual or psychological pressure or harassment, aggression, abuse or threats in the workforce is absolutely unacceptable.

There were no cases of discrimination recorded at Eldik Bank during the reporting period.

Labor rights of employees are recognized as an integral part of human rights, as a result of which the Bank complies with the labor rights of employees established by law in its activities, in particular recognizing the right of employees to decent remuneration for their work results. The Bank strives to create a working environment that ensures equal opportunities and freedom from discrimination on any grounds in all aspects of labor relations, as well as based on other circumstances not related to business qualities, except in cases where the nature of the selection of individual employees of the Bank is determined by the current labor or other legislation of the Kyrgyz Republic. Eldik Bank does not use child labor. The minimum age of employees corresponds to the minimum statutory age for concluding an employment contract. The use of forced labor and modern forms of slavery is also prohibited. Performing any involuntary work under the threat of any punishment is unacceptable. The need of each employee to achieve a balance between the personal and professional aspects of life is recognized, and the right to privacy of personal life is respected.

The Bank respects the right of employees to collective bargaining and participation in trade union activities, freedom of assembly and association, freedom of opinion and expression, including the obligation to provide employee representatives with the information necessary for collective bargaining and conclusion of collective agreements.

Eldik Bank negatively perceives human rights violations in the value chain and expects suppliers, contractors and other counterparties to comply with the legislation of the Kyrgyz Republic and international human rights standards. The Bank reserves the right to request information from counterparties regarding their compliance with human rights, non-discrimination of employees, the use of forced and child labor, and other issues related to human rights.

Material topics: Human rights and non-discrimination | Employment promotion and decent working conditions

The importance of regularly identifying and assessing potential impacts on human rights by the Bank is recognized, including for the purpose of implementing timely preventive measures before adverse consequences occur. To summarize the above information, Eldik Bank implements various measures to minimize negative impacts on human rights, including:

- Consolidation of detailed public of human rights commitments and requirements in key internal documents, such as the Code of Business Ethics and the HR Policy.
- Implementation of corporate human rights due diligence procedures.
- Establishing of a hotline allowing employees and other stakeholders to inform the Bank about potential human rights violations.

Human rights risk assessment

To identify, assess, minimize and prevent risks related to human rights, Eldik Bank is focused on gradual implementation of a due diligence system based on the UN Guiding Principles on Business and Human Rights (https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_ru.pdf). The due diligence system provides for a set of measures to identify and assess the risks of non-observance of human rights, their management and monitoring to prevent and mitigate adverse impacts on human rights.

In accordance with Principle 17 of the UN Guiding Principles on Business and Human Rights, Eldik Bank conducted a pilot identification and assessment of potential risks as part of human rights due diligence with the support of external sustainability experts.

Eldik Bank believes that its activities may have potential direct and indirect impacts on human rights, primarily concerning employees, clients, suppliers, as well as potential indirect impacts on the human rights of others through the Bank's lending to its clients.

At the same time, as a result of the assessment and analysis of requests through feedback channels, the Bank did not find evidence of any actual negative impact on human rights caused by our activities.

Overall, stakeholders are exposed to low human rights impacts (including labor rights of employees) within the framework of own activities and operations of Eldik Bank. Among other things, that conclusion is based on the fact that Eldik

Bank does not operate in jurisdictions with a high level of human rights risk, and its activities are subject to strict supervision by state regulatory authorities of the Kyrgyz Republic, in particular on the issue of compliance with the labor rights of employees and the rights of clients.

The Bank is not exposed to significant risks associated with child labor, forced labor and other modern forms of slavery within the framework of its own activities. No structural units with significant risk of child, forced or compulsory labor were identified.

No local communities at risk that can be affected by activities, operations, products or services of the Bank have been identified, including taking into account its activities in the financial (non-manufacturing) sector and its minimal direct environmental impact on the population and the environment in the regions where it operates.

The risk assessment as part of human rights due diligence is carried out based on the following stages:

- Identification of the most relevant human rights aspects for the Bank's activities by analyzing industry benchmarks, risks within the geography of operations, and human rights-related issues specific to the financial sector.
- Assessment of the significance and likelihood of risks inherent in the Bank's activities, risk prioritization and identification of significant (salient) risks, analysis of existing mitigation measures, especially with respect to significant risks.

As part of the risk assessment, Eldik Bank identifies salient human rights risks. Salient human rights risks are those that have a more serious actual or potential negative impact on individuals or groups of individuals compared to other identified risks.

Eldik Bank believes that salient human rights risks at the time of the assessment are limited to information security and data privacy (Right to privacy, including digital rights). That conclusion is based on the potential number of affected stakeholders, as well as the potential level of impact on them in the event of risks being realized, if the right of affected stakeholders to information security and data privacy is violated. Potentially more exposed stakeholders are primarily employees and clients of the Bank.

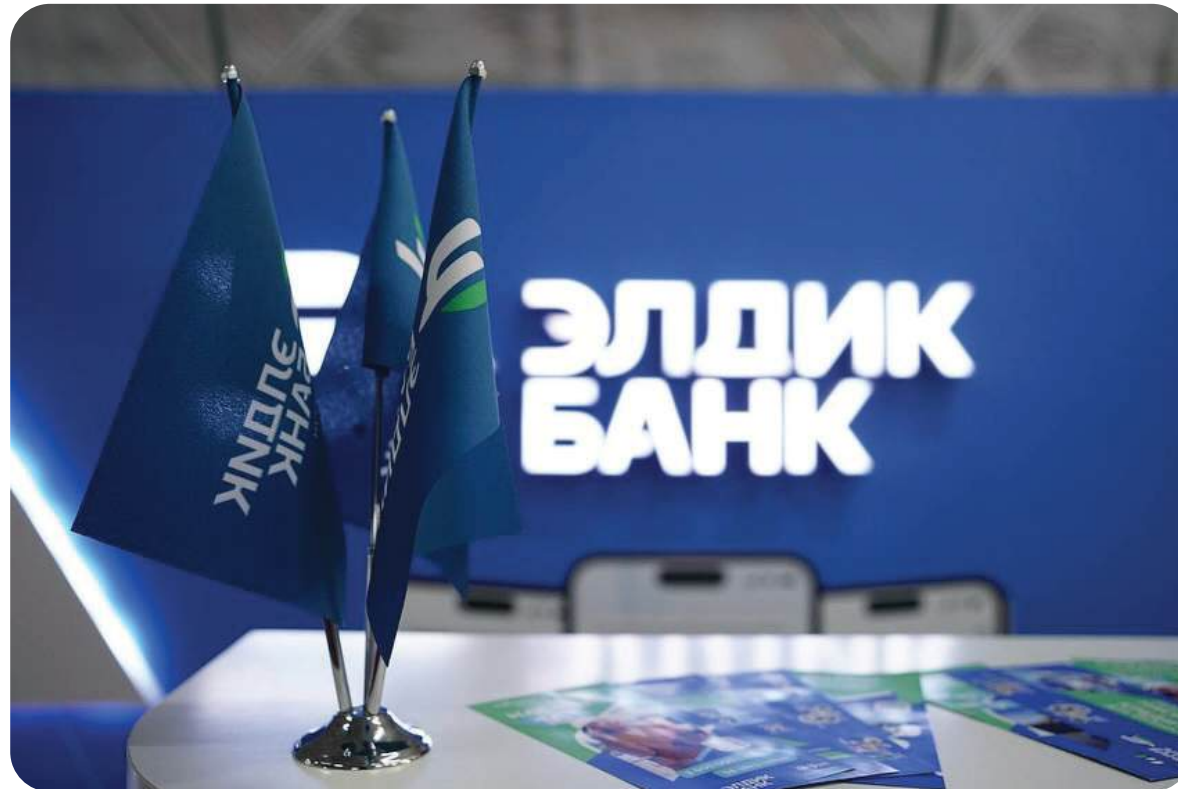
Material topics: Human rights and non-discrimination | Employment promotion and decent working conditions

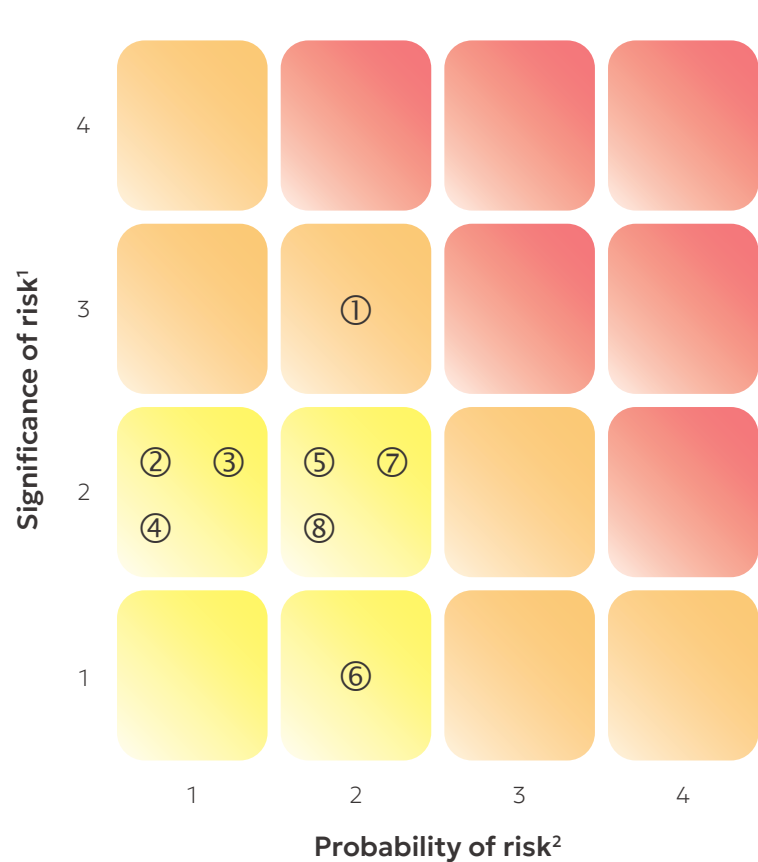
At the same time, the Bank does not consider the probability of any potential information security and data confidentiality violations and incidents to be significant. The existing control mechanisms, information security management systems and specialized employee training of the Bank ensure an adequate level of protection. At the same time, additional measures are planned to further strengthen information security, in particular certification according to the ISO 27 000 standard.

The measures implemented to mitigate that risk in Eldik Bank include policies related to information security and ensuring the confidentiality of stakeholder data that were adopted, including the Information Security Regulation. The Board of Directors exercises control over information security and related risks, and the risk management in the Bank is built based on three lines of

defense. Procedures are implemented to ensure an adequate level of protection of processed data. Specialized education and training are conducted for employees. All employees involved in the processing of confidential information and personal data are required to comply with the relevant requirements and rules established by the Bank. Failure by employees to comply with the requirements and rules in the sphere of information security and data confidentiality may result in disciplinary measures against them. There are mechanisms in place to report violations and make them accessible to various stakeholders.

Human rights risks are assessed using the 4x4 matrix below, where the Y-axis represents the significance of the risk, and the X-axis represents the likelihood of the risk occurring.





Risk Levels

High – human rights risks require additional prevention/mitigation measures by the Bank, potentially affect a large number of stakeholders or representatives of a specific stakeholder if they occur, and remediation options may be limited or unavailable.

Medium – human rights risks at the Bank are prevented/mitigated, in some cases may affect a significant number of stakeholders or representatives of a specific stakeholder if they occur, and remediation options are adequate or require targeted strengthening.

Low – human rights risks at the Bank are prevented/mitigated, do not affect a significant number of stakeholders or representatives of a specific stakeholder if they occur, and remediation options are adequate.

Risks

1. Information security and data privacy (Right to privacy, including digital rights).
2. Freedom of association and recognition of the right to collective bargaining (Right to engage in collective bargaining; Right to peaceful assembly and association).
3. Discrimination in employment (Right to be free from discrimination).
4. Discrimination against clients (Right to be free from discrimination).
5. Gender equality and women’s rights (Right to equal work, pay and opportunities for women; Right to be free from discrimination).
6. Safe working environment (Right to safe and healthy living and working conditions).
7. Working conditions (Right to decent wages, benefits and working hours; Right to access vocational training and education; Right to freedom from harassment, intimidation and exploitation in the workplace; Right to access grievance mechanisms and remedies; Right to freedom of information).
8. Indirect impact on the environment through financed projects and client activities (Right to health, Right to decent standard of living).

¹ According to the UN Guiding Principles on Business and Human Rights, the significance (severity) of a risk is not an absolute value, but is related to other identified human rights risks and impacts. The significance of identified human rights risks should be considered based on three characteristics: a) scale: how serious the impact is, for example on the right to life or the health and safety of individual workers; b) scope: how many people are or will be affected – for example, the impact on individual workers or the entire workforce in terms of labour rights; c) remediability: how difficult it is to restore affected people to a position equivalent to their pre-impact position.

² Criteria of probability of risk: 1) very unlikely – similar human rights issues have never occurred in the bank’s operations, but isolated cases have been or are being recorded in other companies in the financial sector; 2) unlikely – similar human rights issues have occasionally occurred in the bank or financial sector in the past, and also occasionally occur at present; 3) likely – similar human rights issues have frequently occurred in the bank or financial sector in the past, and also frequently occur at present; 4) very likely – similar human rights issues in the bank or financial sector are ongoing, both in the past and at present.



Grigorievskoe gorge

Information Security

In the context of digitalization development and constant growth of information and cyber risks, Eldik Bank considers information security as an important strategic and operational aspect, including from the point of view of preventing disruption of business continuity. The security of operations, products and services, uninterrupted operation of business processes and guarantees of safety of financial funds are perceived by clients and partners of the Bank as an important criterion.

During the reporting period, there were no significant information security incidents that led to leaks of confidential information of the Bank and clients of the Bank, fraud, theft, system hacking and other threats that are able to cause significant losses and reputational costs. Also, there were no fines or orders from the regulator related to information security violations.

Eldik Bank has an information security management system that covers all business processes, in particular information exchange processes with clients and counterparties of the Bank, as well as all employees, including employees of the Bank's counterparties in the event of performing work or providing services in infrastructure of the Bank, or when processing information provided by the Bank.

The Bank strives to ensure ongoing improvement of information security systems to continuously monitor and promptly respond to any threats or realized incidents.

The main internal information security document is the Regulation on Information Security. The Policy on Ensuring the Security of the Electronic Payment System was also approved.

The Board of Directors considers key information security issues, including changes in the level of information security risks as part of operational risk.

Information Security Risk Management

The Bank adheres to a risk-oriented approach to organizing information security.

The information security risk management system is built based on three lines of defense:

- Third line of defense. The Internal Audit Division is responsible for assessing the quality and effectiveness of the information security management system and information security risks.
- Second line of defense. The Risk Management Division, reporting to the Board of Directors, as well as the Information Security Service as a structural unit of the Bank with special expertise.
- First line of defense. Risk-owning structural units of the Bank.

The Chairman of the Audit Committee of the Board of Directors Talgar S. Kyshybaev oversees the information security.

The Management Board coordinates the activities of structural units to organize and maintain an appropriate level of information security. The Chairman of the Management Board oversees information security and cybersecurity issues in the Bank.



cloud technologies and services. The risk assessment includes an analysis of all available information about the service provider company.

Within the scope of their authority, the Internal Audit Division and the Internal Control Unit carry out checks and audits of structural units and branches of the Bank for information security compliance.

To ensure business continuity, the Bank develops a business continuity policy that contains the necessary guidelines for ensuring business continuity and distribution of powers between responsible structural units to perform the tasks assigned to them. Business owners of information systems are responsible for compliance with information security requirements when creating, implementing, and providing products and services to clients of the Bank.

100%

of employees of the Bank are informed about information security requirements and procedure.

The Information Security Service that reports to the Management Board of the Bank bears functional and organizational responsibility for direct management of information security. The specialists of the Information Security Service, including with the support of other structural units of the Bank, such as the IT Infrastructure Operation and Monitoring Service and the Information Systems Maintenance Service, ensure the continuity of work and protection of the IT infrastructure, network resources and business processes of the Bank, and minimize damage from potential information security incidents. The requirements of the Information Security Service for ensuring information security apply to all structural units and branches of the Bank.

Together with the heads of structural units of the Bank, the unit responsible for information security risks conducts an annual assessment of information security risks. Based on the risk analysis, a schedule of measures is drawn up to eliminate risks if they are identified. In the reporting period, no increase in information security risks was detected. Mandatory risk assessment is also carried out when using information security outsourcing, including data processing centers,

The Bank implemented protection of critical infrastructure and information systems, technical administration procedures, as well as procedures for managing access rights to information infrastructure objects and procedures for continuous monitoring of data access and use by employees of the Bank. The plan has been developed to ensure the smooth functioning of the information infrastructure and procedures for action in the event of incidents. To identify and effectively eliminate vulnerabilities in IT defense and analyze weaknesses, the information security system is regularly tested. The Bank uses only licensed software.

Taking into account the update of the regulatory requirements of the National Bank of the Kyrgyz Republic, Eldik Bank intends to undergo an external information security audit annually. At the same time, to further improve risk management and reduce potential information security risks (operational risk), the Bank has begun implementing a set of measures to ensure that activities

and facilities of the Bank comply with the requirements of the ISO 27001 Information Security Systems standard.

Failure to comply or improper compliance by employees of the Bank with requirements to ensure information security shall be considered as failure to perform official duties.

Eldik Bank provides support to clients on information security issues if necessary and promptly responds to submitted requests and complaints. Suspicious transactions are monitored for early detection and prevention of fraud. At the same time, clients are regularly informed about security measures when using financial services and products, including related potential risks.

Employees are required to strictly comply with the current procedures and regulations for receiving, storing and using confidential information, including preventing any unauthorized access to confidential information and immediately reporting cases of unfair provision, receipt, abuse of confidential information or cases of its other improper use. Employees are prohibited from transferring confidential and insider information, information constituting a commercial secret of the Bank or counterparties of the Bank to any third parties, except in cases where the transfer of such information is authorized by the Bank's management and is carried out based on the requirements of the legislation of the Kyrgyz Republic.

The Regulation on Information Security stipulates that all employees are required to familiarize themselves in writing with the requirements for ensuring information security and maintaining data confidentiality. The responsibilities of personnel to comply with the requirements for ensuring information security are included in the job descriptions.

Each employee who notices a violation must immediately notify the head of their structural unit and the Information Security Service of all cases of violation of authority in the information system. Facts of violation of information security requirements by employees and facts of serious violations and failures in information systems are analyzed by security personnel of the Bank. Upon request, those facts must be communicated to the Risk Management Division and the Internal Audit Division.

The Bank may initiate disciplinary and other liability for employees' failure to comply or improper compliance with requirements for ensuring information security, as well as for violation of confidentiality of information classified as confidential. Heads of structural units are personally responsible for monitoring compliance with the requirements of regulatory documents on information security in their structural units, compliance with the clauses of the Regulation on Information Security that apply to them, creating conditions for the safe work of their employees and providing information about violations by employees of requirements specified in regulatory documents.

To develop a culture of information security, employees involved in ensuring information security regularly undergo mandatory training on information security issues. All employees of Eldik Bank participate in briefings on information security issues, in particular to develop their proper understanding of importance of information security measures and their personal responsibility for their compliance.

Personal Data Protection

Eldik Bank interacts with numerous individuals (clients, employees, representatives of legal entities, etc.) on a daily basis, including online, that entails the need for an effective personal data processing and protection system. Potential risks of leaks and theft of personal data of subjects of personal data may lead to adverse consequences for the business, in particular associated financial, legal and reputational costs.

The Bank ensures the protection and processing of personal data, including in digital form, in compliance with the requirements of the legislation of the Kyrgyz Republic and internal documents of the Bank concerning personal data.

In 2023, the Bank did not record any incidents related to breach of confidentiality and illegal transfer of personal data, including data that can be used to identify clients, employees and other stakeholders. There were no appeals from subjects of personal data from among employees and clients of the Bank regarding data leaks and breaches of confidentiality. The work of the Bank with the data of subjects of personal data is regulated by the Personal Data Policy and the Methodology for Ensuring the Security and Protection of Personal Information of the Personal Data Subject that are developed taking into account the requirements of the legislation of the Kyrgyz Republic.

The Bank's structural unit responsible for organizing and coordinating the personal data protection system is the Information Security Service. The personal data management system is integrated into the corporate risk management system.

The Bank collects and processes only those data that are necessary for interaction with clients, employees and other subjects of personal data. Collection and processing of personal data is carried out only with the personal consent of the subject of personal data. The subject of personal data has the right to revoke such consent. In case of revocation of consent to the collection

and processing of personal data in the absence of other legal grounds for their processing, the processing is terminated, and such personal data are destroyed.

Personal data of the following categories of subjects of personal data are collected and processed:

- Clients of the Bank, as well as executives, participants (shareholders) or employees of legal entities that are clients of the Bank.
- Counterparties of the Bank, as well as managers, participants (shareholders) or employees of legal entities that are counterparties of the Bank.
- Potential clients and counterparties of the Bank, including personal data necessary to the Bank for the purpose of considering issues related to concluding contracts, conducting operations and transactions with potential clients and counterparties.
- Representatives of clients, beneficiaries, beneficial owners.
- Employees of the Bank in terms of personal data required by the Bank in connection with employment relations and concerning a specific employee.
- Candidates for employment at the Bank from the point of view of personal data required by the Bank to make a decision on the candidate's compliance with the established requirements.
- Employees of the Bank with whom employment relations are terminated, in terms of personal data, the processing of which the Bank is obliged to carry out after the termination of the employment contract with the employee in cases established by the legislation of the Kyrgyz Republic.
- Affiliated persons, managers, shareholders or employees of a legal entity who are affiliated persons with respect to the Bank.

- Visitors of the official website of the Bank from the point of view of the visitors' use of the feedback form on the official website of the Bank.
- Other individuals whose personal data processing is necessary to the Bank to achieve the goals stipulated by the legislation of the Kyrgyz Republic, to implement and fulfill its functions, powers and obligations in accordance with the legislation of the Kyrgyz Republic.

As the holder of personal data, the Bank familiarizes subjects of personal data with the list of data collected, the grounds and purposes of their collection and use. Clients are notified of the storage period (use) of their personal data.

The collection and processing of personal data is carried out for the purposes of:

- Compliance with the requirements of the legislation of the Kyrgyz Republic and international treaties with the participation of the Kyrgyz Republic concerning personal data area.
- Provision of banking services and products, opening and maintaining bank accounts, carrying out banking operations in accordance with the Charter and licenses.
- Identification of the clients and beneficiaries of the Bank when carrying out banking operations.
- Assessing the solvency of clients, verifying the accuracy of client data and combating fraud.
- Conclusion of civil law transactions in accordance with the legislation of the Kyrgyz Republic.
- Organizing the registration of Bank employees, attracting and selecting candidates for work in the Bank.
- Conclusion of civil law contracts.
- Organizing the work of the Bank's official website and the digital applications of the Bank.
- Consideration of requests from clients and other stakeholders.
- Other purposes not prohibited by the legislation of the Kyrgyz Republic.

Except for cases established by the legislation of the Kyrgyz Republic, personal data related to such special categories as racial or ethnic origin, nationality, political views, religious or philosophical beliefs, as well as those related to health and sexual inclinations, are not processed solely for the purpose of identifying these factors.

Subjects of personal data have the right to demand clarification of their personal data, blocking or destruction of personal data if the personal data is incomplete, outdated, inaccurate, illegally obtained or is not necessary for the stated purpose of processing.

Eldik Bank does not disclose personal data of the subject of personal data to third parties and does not distribute personal data without the consent of the subject of personal data, unless otherwise provided by the legislation of the Kyrgyz Republic.

Employees guilty of violating the requirements for the processing and protection of personal data bear material, disciplinary, administrative and other liability in the manner established by the legislation of the Kyrgyz Republic and the internal documents of the Bank.



Digitalization

As part of its digital transformation, Eldik Bank strives to expand its offering of its own digital technologies, products and services to clients. In 2023, development of digital services for individuals and legal entities was continued. In addition to solving business problems and the need to expand the client experience, the Bank perceives digitalization as an important element in reducing the negative impact on the environment and climate.

Eldik Bank aims to position itself as a priority banking platform for various client segments in the Kyrgyz Republic by developing and launching functional and convenient online services.

The Bank's digital innovations automate and simplify interactions with clients, allow for settlement and cash services, and use products and services for different categories of clients, including people with limited mobility and clients from remote areas. Currently, clients can use a significant part of the products and services of the Bank through digital channels without visiting its branches and savings-banks, thus shortening the «client journey». It is planned to further develop remote banking systems, accelerate the launch of new client-oriented digital initiatives that are resistant to information security risks, that will further strengthen the long-term competitiveness of Eldik Bank. To improve the quality and speed of client service, as well as to further automate processes, the Bank intends to focus on the use of artificial intelligence, robotic systems and chatbots.

At the same time, in the foreseeable future, the Bank is focused on a harmonious combination of digital services and the format of personal one-on-one interaction with clients.

Eldik Bank clients successfully use the RSK24 mobile application that can be downloaded from Google Play and AppStore. The application offers more than 800 services, including instant transfers to cards of Eldik Bank and other banks, payment for purchases using a QR code, opening term deposits, replenishing a

Digitalization management in the Bank

The digitalization and information technology sphere of the Bank is supervised by the Managing Director.

Digital transformation in the Bank is carried out by cross-functional teams. Digitalization management issues are handled by the Innovative Development Division and other structural units specializing in information technology.

To accelerate digital transformation, in February 2024, the Bank registered a 100% subsidiary, RSK Technologies LLC, and its main activity is the provision of services for development of financial technologies for implementation of banking services.

In cooperation with the specialized structural divisions of the Bank, the subsidiary will expand corporate capabilities for the information technology development.

mobile phone balance, paying for utilities, payments to the state budget, etc. A presentation of a new mobile application with expanded convenience, new functionality, and an improved user interface is planned for the fall of 2024.

The Bank has Internet banking for individuals and legal entities that is a remote banking system that allows its users to exchange electronic documents and perform banking transactions via the Internet.

The Bank sees significant prospects in issuing digital cards for retail and business clients. Their implementation is being prepared, and, among other things, it

Material topics: Digitalization | Information security

will not only expand the digital banking capabilities of clients, but also reduce the consumption of plastic that is used for «traditional» bank cards. For the first time in Kyrgyzstan, Eldik Bank launched a service for paying for goods and services using Google Pay via a smartphone in one touch based on Visa and MC payment card.

The Bank supports the digitalization of the Kyrgyz Republic. It should be noted that in collaboration with the state-owned company MEGA, Eldik Bank has successfully launched a major socially oriented digital project on the local market - the Ishker24 unified state mobile application based on the «single window» principle with a wide range of tax, financial and other services for entrepreneurs (<https://www.ishker24.kg/>). That application, available for both iOS and Android

users, supports entrepreneurs 24 hours a day at all stages of their activities, in particular allowing them to register new individual entrepreneurs, obtain a cloud electronic signature, open accounts, accept payments and pay via QR code, issue and submit tax reports. Using the mobile application is free with a zero service fee.

As part of the digital transformation, Eldik Bank is implementing solutions to optimize internal business processes, including from the point of view of making informed management decisions based on high-quality data analysis. Digitalization of workplaces and processes allows to enhance financial and operational efficiency of the Bank in the long term.





Ala-Kul Lake

Responsible Financing

Eldik Bank aims to finance activities and projects aimed at reducing the negative impact on the environment, as well as supporting clients in achieving their sustainability goals by providing relevant services and products. The Bank takes into account that the financial sector as a provider of capital plays a key role in achieving the Sustainable Development Goals and successful transition to a low-carbon and resource-efficient economy. By financing sustainable projects and ESG transformation of clients, Eldik Bank thereby increases the efficiency of managing its indirect impact on the environment and social processes. The importance of developing a system of such financing is recorded in the Strategic Development Plan for the period 2022-2024.

In 2023, active preparations were made for the development and implementation of various products and services in the sphere of sustainable financing, and the mass offer of them to clients started in 2024.

At the time of preparing the Report, the Bank compiled a list of sustainable financing products, namely green and social loans intended to finance specific projects with a positive environmental or social impact, as well as for ESG transformation and decarbonization of clients' businesses. It should be noted that attention is paid to lending to sustainable projects, in particular those related to water conservation, energy conservation and afforestation, and agriculture and forestry as one of the priority sectors of the economy for Eldik Bank. The Bank strives to communicate information about the positive impact and features of financial products related to sustainable development to its clients. We expect the official adoption of the national Green Taxonomy in the Kyrgyz Republic that will allow for formation of a uniform structuring and understanding of green lending in the financial sector and among various categories of borrowers.

In 2023, the total volume of green lending from the Bank is estimated at 121.9 million soms.

With the financial support of Eldik Bank, the construction of several renewable energy projects was launched, in particular the Issyk-Ata-1 small hydroelectric power station and the Kozho-Kayyr mini-hydroelectric power station.

In partnership with the State Development Bank of the Kyrgyz Republic («Targeted financing of projects according to green criteria» program), Eldik Bank began providing clients with the opportunity to receive green loans at a rate below the market rate, that is no more than 11% per annum, with the possibility of returning 1% per annum at the end of a loan term if a borrower meets all the requirements for a green project. The loan amount is from 5 million to 150 million soms per borrower, with a financing period of up to 96 months. Among the directions of lending are projects in renewable energy, energy efficiency, green transport, sustainable agriculture and others. In the event of improper use of loan by the borrower, the interest rate increases significantly.

Sustainable lending is carried out by the Bank not only with an emphasis on SMEs and corporate business, but also on individuals, for example, financing the construction or acquisition of real estate where energy-efficient and energy-saving technologies are used. Unsecured preferential loans are provided for the installation of gas heating boilers in private homes and the conversion of vehicles for the installation of gas-cylinder equipment. The practice of car loans for the purchase of vehicles with electric traction and gas-cylinder equipment was also introduced.

Separately, it should be noted that Eldik Bank has intensified cooperation with international financial institutions and initiatives in the sphere of green and climate financing, in particular with the Green Climate Fund. The Bank interacts with the Climate Finance Center under the Cabinet of Ministers of the Kyrgyz Republic and the Community Development and Investment Agency of the Kyrgyz Republic on the preparation of climate projects and attracting financing.

As a credit institution with an extensive local branch network, Eldik Bank is

Material topics: Responsible financing | Risk management

actively involved in lending, including preferential lending, to micro, small and medium businesses that are the «driving force» of the economy.

As of the end of 2023, lending to SME clients amounted to 13.45 billion soms, or about 44% of total lending of the Bank. It is a large-scale practical contribution to the stable growth of the national economy, improving the well-being of society and achieving the UN Sustainable Development Goals. Among the most popular products are loans for replenishing working capital, investment purposes, as well as preferential lending under government programs.

The Bank is a significant participant in government programs to support business and specific sectors of the economy, such as the Agricultural Financing Program, the Agro-Industrial Complex Lending Program, and others. It allows to provide clients with preferential loans for agricultural development, SME support, and other purposes, most of which are related to achieving the UN Sustainable Development Goals. In addition, it is worth noting the program «Emergency support for micro, small and medium entrepreneurship» that is interest-free financing of SMEs on a repayable basis.

Eldik Bank supports a number of categories of clients. In particular, the volume of financing for social mortgages for various groups of the population amounted to 621 million soms. For example, mortgage lending programs are being implemented, and also within the framework of cooperation between Eldik Bank and the German Development Bank (KfW), one of the products of which is financing of purchase of housing with its subsequent reconstruction to improve environmental friendliness and energy efficiency. Women's entrepreneurship is actively financed, including through the Ishker Aiyim credit product, in which the target groups are individual female entrepreneurs and legal entities where women are main shareholders or participants (share more than 50%). Moreover, social enterprises involved in the management of household waste (collection, transportation, sorting, processing and disposal) are provided with a reduced interest rate. In total, funding for women's entrepreneurship amounted to 149.5 million soms in 2023.

Eldik Bank started to pilot the process of taking into account social and environmental factors when making decisions on financing clients and projects within the framework of the current system of managing environmental and social risks of borrowers. Responsible structural units conduct a preliminary analysis of potential clients and projects in accordance with the criteria and standards formulated in internal documents of the Bank. As part of the ESRM

process, categorization of clients and projects by the degree of exposure to environmental and social risks is introduced.

The Bank approved a List of Exceptions that establishes a ban on financing certain types of economic activities with increased negative social and environmental impact. In particular, in addition to the types of activities prohibited by the legislation of the Kyrgyz Republic, small and medium-sized businesses and corporate businesses whose activities and projects are related to the following categories are not financed:

- Mine extraction of thermal coal or electricity generation using coal-fired units.
- Oil exploration.
- Oil field development projects, except in rare and exceptional circumstances where funds allocated for the project are intended solely to reduce greenhouse gas emissions or gas flaring at existing fields.
- Mercury and mercury compound exports, as well as the production, export and import of a wide range of mercury-added products.

The Bank is focused on consolidating internal expertise that will strengthen the capacity to more effectively assist clients in the future on complex issues related to promoting their sustainable development. In that context, in addition to introducing and popularizing its own sustainable financial products, Eldik Bank seeks to disseminate its accumulated experience, including by participating in various responsible banking and financing events and in ESG partnerships.

Financial inclusion

Focusing on inclusive banking practices, Eldik Bank is interested in ensuring digital, functional and territorial accessibility of financial products and services for various categories of clients, including development of remote servicing mechanisms and formation of infrastructure for groups of the population with limited access to financial services. For example, in 2023, Eldik Bank continued to form a barrier-free financial environment for people with disabilities, elderly and people with limited mobility, including by equipping bank offices and branches with ramps, handrails and call buttons at the entrance. The number of services available online and in a mobile application has increased significantly, and it is especially important for clients living in remote areas.

Material topics: [Responsible financing](#) | [Risk management](#)

A developed branch network and remote services (hotlines, etc.) allow the Bank to respond quite effectively to changes in client preferences, including by receiving direct feedback from them. Eldik Bank takes a responsible approach to regularly training its employees in ethical and honest interaction with clients, in particular orienting them to inadmissibility of misselling practices, aggressive imposition of various financial products and services on clients. Employees are prohibited from discriminating against clients and from showing a disrespectful attitude when interacting with clients, including in the event of any controversial situations.

Procedures are implemented to prevent excessive indebtedness of both retail and corporate clients. For example, according to the Credit Policy of the Bank, when calculating the loan amount recommended for issuance to a client, the Bank takes into account all contributions on parallel (outstanding) loans, including in other financial institutions, calculates the contribution coverage ratio, and offers to issue a loan amount subject to mandatory compliance with the ratio of at least the value established by internal regulatory documents.

Among other things, the free Elkart - Social Payments social bank card can be highlighted that ensures convenience and security of receiving social payments and benefits for vulnerable categories of the population, as well as expand their access to financial services.

The Bank educates clients and the local population on financial literacy, also in partnership with other stakeholders, with an emphasis on promoting financial literacy through online resources, including social networks and a corporate website that allows reaching a large number of target groups of the population. At the same time, we would like to especially note that branches across the country hold open days for students from schools, colleges and universities on World Savings Day and Global Money Week, – it allows the younger generation to develop more responsible approaches to financial planning and security.



Tax Management

Eldik Bank complies with the tax legislation of the Kyrgyz Republic and follows recognized tax standards, pays taxes in good faith. The position of the Bank is that full and timely payment of taxes is an important factor for successful achievement of the strategic goals of the Kyrgyz Republic, including ones related to sustainable development.

The Bank has a Tax Policy approved by the Board of Directors that complies with the requirements of the legislation of the Kyrgyz Republic. The Accounting and Reporting Department is responsible for managing tax issues.

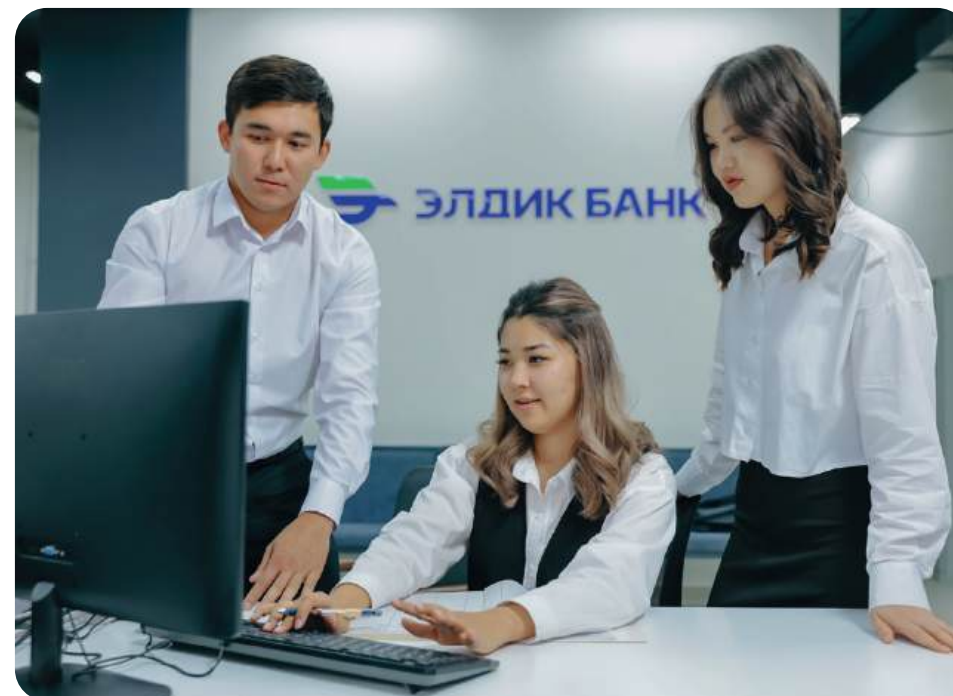
Information on the Bank's expenses on taxes and other payments under IFRS, in particular income tax, is disclosed in the financial statements of the Bank, which undergo external audit. Internal tax compliance processes are subject to audit assessment.

The established income tax rate in Kyrgyzstan in 2023 was 10%. During the reporting period, the income tax expenses of Eldik Bank amounted to 295.1 million soms. Except for income tax and taxes on employee salaries, other taxes amounted to 4.5 million soms in the reporting period.

In 2023, no complaints related to possible tax violations were received regarding Eldik Bank. Stakeholders have the right to inform the Bank about unethical behavior in relation to taxation through existing communication channels.

The Bank's relations with tax authorities are built in the course of tax control, when receiving clarifications on tax legislation. Eldik Bank interacts with tax authorities and promptly responds to requests from them. In the case of

identifying significant risks in the taxation area, the Bank takes measures to reduce and eliminate them. Responsible structural units regularly monitor changes in tax legislation to prevent potential risks associated with taxation.



Procurement Management

Eldik Bank strives to build long-term and mutually beneficial relationships with its suppliers, while reserving the right to refuse to cooperate with those of them that are involved in corruption and other activities violating the requirements of the legislation of the Kyrgyz Republic.

While managing procurement activities, long-term priorities are transparency of the procurement process of goods, works and services, as well as fairness, absence of discrimination and unreasonable restriction of competition in relation to suppliers. Procurement activities are carried out based on the internal regulations of the Bank in accordance with the principle of equal participation of suppliers. Eldik Bank publishes information on purchases and tenders on public electronic resources.

The main structural unit responsible for coordinating the procurement process in the Bank is the Procurement Unit that reports to the Managing Director. Principles of working with suppliers are stipulated by the Regulation on the purchase of goods, works and services.

The total number of suppliers in the reporting period was more than 300 companies and individual entrepreneurs. By selecting local suppliers, which are suppliers registered and operating in the Kyrgyz Republic, the Bank makes an additional contribution to the economic and social development of the regions where it operates and the country as a whole. The share of local suppliers in the total number of suppliers is estimated at 95%, and in the total procurement budget – more than 94%.

The Code of Business Ethics of the Counterparty was developed that provides detailed sustainability recommendations and requirements in relation to potential and existing counterparties supplying goods, performing work or providing services for Eldik Bank on the basis of contracts concluded following the results of tenders for the purchase of goods, works and services. The document will be aimed at expanding the positive indirect impact of the

Bank and encouraging suppliers to enhance their contribution to sustainable development. The issue of further introduction of ESG risk assessment of suppliers, including risk categorization of suppliers to identify companies with a high level of social and environmental risks, is being studied. In 2023, there were no cases of termination of business cooperation between Eldik Bank and suppliers as a result of corruption, breaches of information security or other violations in the sustainability area on the part of suppliers.



Interaction with the Labor Collective

The sustainability principles of Eldik Bank are based on concern for the workforce and each employee – the most important long-term asset and success factor for the Bank.

In addition to providing employment to the population of the Kyrgyz Republic, an important priority is to promote the employer brand to enhance the attractiveness and recognition of Eldik Bank as an employer of first choice. The Bank focuses on planning and timely provision of its needs for highly qualified personnel.

Eldik Bank strictly complies with the labor legislation of the Kyrgyz Republic. In the reporting year, there were no cases of non-compliance with labor legislation by the Bank.

The Bank has a system for managing the workforce and labor relations that is documented in the HR Policy and other internal documents. HR records management is conducted in accordance with the labor legislation of the Kyrgyz Republic.

The Board of Directors approves key documents in the given area and considers important labor relations issues, primarily regarding general aspects of HR policy and corporate senior management. The activities of the Nomination and Remuneration Committee are aimed at strengthening control over appointments and remuneration of key employees of the Bank. The Committee provides the Board of Directors with recommendations on candidates for inclusion in the composition of key employees of the Bank, taking into account the requirements established by the National Bank of the Kyrgyz Republic.

Control over implementation of the HR policy is carried out by the Management Board. The HR Department is a structural unit that is responsible for organizing the HR management system and implementing labor relations decisions of the governance bodies.

Fixed (guaranteed) payments to employees

- Salary.
- Vacation pay.
- Payments for temporary disability and maternity leave.
- Payment of a regional coefficient to the salary and a percentage premium to the salary of an employee working and living in high-altitude and remote areas.
- Other guaranteed payments in accordance with labor legislation (payment for overtime and night work, work on weekends and non-working holidays, reimbursement of expenses related to a business trip, reimbursement of expenses for the use of employees' personal property, etc.).

Incentive payments to employees

- Bonuses and premiums for effective and efficient implementation of Bank projects, active client attraction and promotion of Bank services, implementation of activities aimed at increasing the profitability of the Bank and for high-quality and prompt execution of particularly important and urgent tasks/work, for performing additional work.
- Social and motivational payments aimed at providing social guarantees and benefits for Bank employees. These include financial assistance and one-time benefits.

The Bank is developing a management succession and training plan to ensure the stability of the management system, which also applies to key mid-level management positions.

It is important that the Bank has an Employee Development Foundation that is a trade union in the form of a voluntary public association of employees based on common interests in their field of activity to protect the labor and socio-economic rights and interests of its members. 99% of the total number of employees are members of that trade union.

To increase employee productivity and their interest in the effective performance of job responsibilities, a practice of assessing and increasing the employees engagement is introduced. The first measurement of the engagement level was carried out in 2024. In addition, studies are being conducted on the market level of remuneration and the main trends in the labor market, which allows for more effective management of the motivation of the workforce.

Personnel structure

As of December 31, 2023, Eldik Bank employed 2,055 people, of whom 29% worked at the Head Office. Of the total number of employees, there were 191 managers (senior, middle and junior), 1,733 employees in the Specialists category and 131 employees related to administrative personnel. The average headcount for the reporting year was 1,945 employees.

In terms of regions, the largest number of employees is concentrated in Bishkek and in branches located in the Chui region – 587 and 524 employees, respectively.

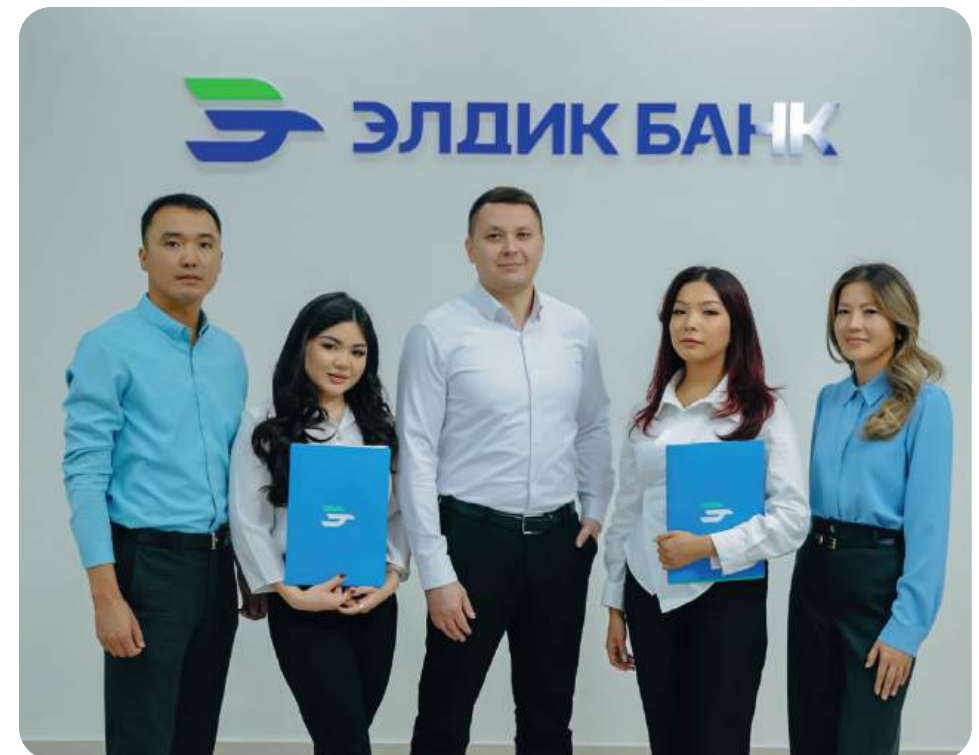
As of the end of the reporting period, the Bank employed 1,212 women, or 59% of the total number of employees. The share of women:

- In all management positions, including junior, middle and senior management positions – 42% of the total number of management positions.
- In senior management positions, i.e. a maximum of two levels below the Chairman of the Management Board – 29% of the total number of senior management positions.
- In positions classified as STEM – 40% of the total number of these positions.

Eldik Bank employs 18 people with disabilities, half of whom are women.

During the reporting period, 649 new employees joined the workforce. The processes and standards for recruiting employees are standardized, while the HR Department interacts with the heads of structural units of the Bank to better understand the needs for personnel. The average cost of hiring for a full-time equivalent is estimated at 1.28 thousand soms. To support and adapt new employees, a mentoring system is used with the involvement of more experienced colleagues. The Bank focuses on attracting young specialists, including through internship programs.

The overall staff turnover in the reporting period was less than 20%. The Bank strives to understand the reasons and factors for employee dismissal, attempting to retain talented specialists. In 2023, staff turnover due to reasons



Material topics: Employment promotion and decent working conditions | Employee motivation and remuneration | Talent development and employee training | Human rights and non-discrimination

related to discrimination and violation of human rights, including labor rights, was not recorded. The absenteeism rate in the reporting period was 1.1%.

In accordance with the legislation of the Kyrgyz Republic, the principles of the UN Global Compact, the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work, Eldik Bank guarantees equal opportunities to employees. Any forms of discrimination and harassment among employees are not allowed. The Bank strives to ensure equality for all

team members at every stage of interaction with them, including not applying unreasonable preferences based on criteria that are not related to professional activities, as well as guaranteeing protection against unjustified dismissal.

Employees who believe that they have been discriminated against in the labor sphere by the Bank have the right to apply to the court with a corresponding statement on the restoration of violated rights, compensation for material damages and compensation for moral damages.

Number of employees at the Head office and branches of Eldik Bank, by gender, as of December 31, 2023

	Total number of employees	Number of women	Number of men
Head office of the Bank	587	305	282
Branch network, total	1 468	930	538
including:			
Chuy region			
Belovodsk branch	20	12	8
Ilbirs branch	85	70	15
Zhaiyl branch	23	20	3
Kant branch	34	24	10

Material topics: Employment promotion and decent working conditions | Employee motivation and remuneration | Talent development and employee training | Human rights and non-discrimination

Kemin branch	20	17	3
Muras branch	100	85	15
Tokmok branch	27	17	10
Sokuluk branch	24	19	5
Yrisky branch	95	81	14
Chuy branch	81	61	20
Kaindy branch	15	9	6
Naryn region			
Ak-Tala branch	11	7	4
At-Bashy branch	19	11	8
Kochkor branch	24	11	13
Naryn branch	32	23	9
Chaek branch	18	9	9
Issyk-Kul region			
Balykchy branch	21	15	6
Issyk-Kul branch	39	29	10
Kyzyl-Suu branch	19	9	10
Teploklyuchensky branch	16	13	3

Interaction with the Labor Collective

GRI 2-7, 2-19, 2-20, 401-1, 401-3, 403-6, 404-1, 404-2, 405-1, 405-2, 406-1

Material topics: Employment promotion and decent working conditions | Employee motivation and remuneration | Talent development and employee training | Human rights and non-discrimination

Tyup branch	14	8	6
Cholpon-Ata branch	24	17	7
Bokonbaev branch	18	11	7
Batken region			
Batken branch	31	16	15
Isfana branch	22	9	13
Kyzyl-Kiya branch	19	13	6
Kadamjai branch	19	8	11
Sulukta branch	13	5	8
Talas region			
Bakai-Ata branch	16	11	5
Manas branch	14	8	6
Talas branch	31	23	8
Kara-Buura branch	17	11	6
Jalal-Abad region			
Ala-Buka branch	19	8	11
Bazar-Korgon branch	21	9	12
Jalal-Abad branch	49	24	25

Material topics: Employment promotion and decent working conditions | Employee motivation and remuneration | Talent development and employee training | Human rights and non-discrimination

Kazarman branch	13	7	6
Kanysh-Kiya branch	12	5	7
Kerben branch	22	9	13
Mailuu-Suu branch	13	8	5
Nooken branch	26	13	13
Suzak branch	21	11	10
Toktogul branch	20	11	9
Kara-Kul branch	14	11	3
Osh region			
Aravan branch	19	10	9
Gulchin branch	15	5	10
Kara-Kulzha branch	16	6	10
Kara-Suu branch	35	16	19
Nookat branch	24	8	16
Ozgon branch	28	16	12
Osh branch	97	53	44
Osh-Center branch	27	15	12
Chon-Alai branch	16	3	13

Material topics: Employment promotion and decent working conditions | Employee motivation and remuneration | Talent development and employee training | Human rights and non-discrimination

Personnel of the Bank by position and gender, as of December 31, 2023

Managers (senior, middle and junior levels), including:	191
women	80
men	111
Specialists, including:	1733
women	1062
men	671
Administrative personnel, including:	131
women	78
men	53

Personnel of the Bank by employment agreement, as of December 31, 2023

Employees with open-ended employment contracts	929
Employees with fixed-term employment contracts	1 126
Full-time employees	2 055
Part-time employees	0

Employee turnover in 2023

Overall turnover rate	19,9%
including voluntary turnover	19,7%
Total number of newly hired employees	649
Number of positions filled by internal candidates	195
Total number of employees dismissed and voluntarily resigned	387

Motivation and remuneration of employees

Eldik Bank strives to maintain a competitive level of remuneration, thereby ensuring the attraction and retention of qualified employees.

The Bank has a Regulation on Remuneration and Other Types of Payments to Employees that is the main internal document regulating the procedure for forming remuneration for work performed.

The employee remuneration system includes a fixed part of remuneration and a non-fixed part of remuneration that is aimed at encouraging the achievement of corporate goals of the Bank and individual goals of employees. In addition to compliance with legal requirements for remuneration, the corporate remuneration system is tied to the performance of employees and their compliance with job competencies that creates more fair and equal opportunities for personnel development.

For example, to motivate employees, there are incentives aimed at achieving maximum profitability and a stable financial position of the Bank through the achievement of annual KPIs defined by the spheres of responsibility of each structural unit. Such incentives include one-time bonuses for the timely and high-quality performance of official duties, one-time bonuses for conscientious fulfillment of established tasks and activities, bonuses based on the results of

activities for the reporting period, bonuses based on the results of work for the year.

The incentive system provides for a possibility of changing the amount of premiums (bonuses) paid taking into account risks, including violations of risk appetite limits, internal procedures or regulatory requirements. Eldik Bank applies a flexible bonus payment policy for all employees, in particular employees accepting risks, and may also decide not to pay bonuses, for example, in the event of a negative financial result of the Bank as a whole and/or for a particular area of its activities. The right of an employee to receive a bonus arises after two months of work at the Bank.

For employees of structural units implementing internal control and risk management, the independence of the wage fund from the financial result of the structural units responsible for accepting risks for which they exercise control functions is ensured.

During the reporting period, individual appraisal of employees was carried out in the form of online testing for functional responsibilities. A total of 756 employees passed the appraisal procedure. Employees who had not worked in their last position for 1 year, pregnant women, those returning from parental leave, and those who had worked for less than 1 year did not participate in the appraisal.

The Bank strives to ensure equal pay for men and women performing the same job responsibilities and achieving comparable results, adhering to the principle of equal pay for equal work regardless of gender and other discriminatory factors.

Information on the total expenses on remuneration of employees of the Bank for the reporting period is disclosed in the 2023 audited financial statements of the Bank

The gender gap between salary of women and men is 27.2%, including 1.7% among senior, middle and junior managers, 26.5% among specialists, and 32.1% among employees of the administrative personnel. The gender gap in average pay is inter alia explained by the higher representation of men in management positions that are generally characterized by higher remuneration.

Eldik Bank cares about the well-being of its workforce by implementing internal social benefits for employees. Upon agreement with management, employees can work remotely or choose a hybrid schedule. Such initiatives are aimed at creating a comfortable working environment, caring for the health of employees and the balance between work and personal life.

Various sports events and healthy lifestyle initiatives are organized for employees by the Bank. Among other things, sport teams of employees of Eldik Bank took part in a number of national-level sports events during the reporting period, including the Futsal Cup of Kyrgyzstan Banks, the Table Tennis Tournament for the Kyrgyzstan Banks Cup, the Team Tournament for the Kyrgyzstan Banks Cup under FIDE rules in rapid chess, and other sports events.

Taking into account the specifics of the legislation of the Kyrgyz Republic (maternity leave can be used by the child’s mother or father, grandmother, grandfather, other relative or guardian actually caring for the child), each employee has the opportunity to take unpaid parental leave of any duration until the child reaches the age of 3. At the same time, the Bank ensures that the employee retains his/her job position and takes the leave into account in the employee’s work experience.

Social support system for employees

- Insurance for certain categories of employees.
- One-time allowance for employees who have received work-related injuries, not due to the fault of the employer that resulted in loss of ability to work for a period of more than one calendar week.
- Allowance for an employee’s family in the event of his/her death not related to the performance of the job duties.
- Allowance for the payment of funeral expenses in the event of the death of close relatives of an employee.
- Payments in the event of the birth of children.
- Financial assistance for labor leave.
- Consumer loan, mortgage with minimal interest rates.

Parental leave statistics of employees of the Bank in 2023

Total number of employees that took parental leave in 2023	119
including women	119
including men	-
Total number of employees that returned to work in 2023 after parental leave ended	46
including women	46
including men	-
Total number of employees due to return to work in 2023 after taking parental leave	58
including women	58
including men	-
Return to work rate of employees that took parental leave	79%

Training and professional development of employees

Eldik Bank provides its employees with diversified opportunities for mandatory and optional training and advanced training through internal and external educational programs, thereby increasing labor productivity and workforce with strong professional competencies. The Bank does not accept potential discriminatory practices when providing training opportunities for employees.

In 2023, the total number of training hours at the Bank for internal and external

training events amounted to 7,771 hours, while Eldik Bank intends to improve the procedure for recording internal training, including that conducted through internal corporate electronic channels. The average number of training hours per employee in the reporting period is 4 hours. The expenses of the Bank on training of employees in the reporting period are estimated at 3.2 million soms.

Employees of various structural units and branches of the Bank have access to educational programs in various areas, both remote and in-person. In addition to internal programs, external educational opportunities are used. The Bank

pays for expenses related to the training and advanced training of employees sent to seminars, courses, internships, with time off from work.

In addition to mandatory training, the Bank implements educational activities to develop professional skills (hard skills) and personal and business competencies (soft skills) of employees.

In July 2023, the Eldik Bank Academy was established within the HR Department. It is both an internal educational center and an open platform for the exchange of experience, knowledge and advanced training of employees through functional trainers and external providers. Functional trainers are Bank employees whose goals, in agreement with the Academy, include conducting, updating, adapting and compiling trainings and other formats of face-to-face and distance learning.

For example, during the reporting period, the Academy, implemented the Introduction to the Kaizen lean technology system project together with an external consultant on the Kaizen system, within the framework of which more than 700 employees were trained in two stages. Particular attention was paid to improving communication and level of client service. The Academy pays special attention to heads of structural units and branches. Every year, managers undergo mandatory training in effective management, effective negotiations and other aspects. The Academy launched the Leadership Academy project, which involved 35 heads of structural units. The project is aimed at «pumping up» leadership qualities and developing management skills.





Ala-Archa Gorge

Occupational Health and Safety

Eldik Bank has an occupational safety and health management system in accordance with the requirements of the legislation of the Kyrgyz Republic. All employees are covered by the occupational safety and health management system at the workplace, and it also applies to counterparties, for example suppliers, agents, consultants, representatives and other persons, in cases where the relevant responsibilities are stipulated in contracts with them or directly follow from the nature of interaction with them (for example, the work of contractors on the Bank's territory).

In 2023, Eldik Bank recorded a zero injury rate (LTIFR – 0), including no cases of fatal injuries. There were no occupational diseases among employees. The Bank constantly monitors changes in relevant labor protection legislation to make the necessary changes to internal documents and procedures.

Internal labor protection documents were approved, including the Regulation on the Basic Requirements for Organizing the Safety of Personnel and Facilities, the Fire Safety Instructions, and others, that together form the overall approaches and requirements for organizing the occupational safety and health management system for employees of structural units and branches.

Various structural units of the Bank are involved in the proper functioning of labor protection at the workplace.

Employees are informed about the working conditions at their workplaces, including mandatory briefings and training on labor safety issues. Employees who have not undergone briefings and training, as well as testing of knowledge of occupational safety and health requirements, are not allowed to work. Employees involved in the spheres of labor protection undergo annual training and advanced training. Procedures have been introduced for admitting personnel of contractors to perform work and provide services in the offices and on the territory of the Bank.

Eldik Bank adheres to the principle of zero injuries, that is any injury is positioned as an emergency indicating problems in the management systems and organization of safe work performance by employees. To reduce the likelihood of incidents and other occupational safety and health risks, regular internal inspections on labor safety issues are organized. Comprehensive measures to respond to possible emergencies that may arise during activities of the Bank and action plans for the restoration of its activities were developed.

The Bank investigates the circumstances of accidents that occur during the performance of official duties by employees. For this purpose, procedures for investigating accidents and other incidents were elaborated. In particular, in the event of an accident, the Bank is required to create a commission based on the decision of the Personnel Committee and conducts an investigation within the framework provided for by the labor legislation of the Kyrgyz Republic with the participation of the commission, and in cases established by law – with the participation of representatives of specially authorized state bodies and other stakeholders. Unhindered access of representatives of relevant state agencies to conduct accident investigations and checks of work to prevent injuries is ensured. For each accident, an analysis of the factors and causes of injuries is conducted, and measures are developed to prevent them in the future.

The Bank encourages active involvement of employees in identifying potential occupational safety and health risks. In particular, employees can report any occupational safety and health violations that they proactively identified in the Bank, as well as share proposals for ensuring safe working conditions. An employee has the right to refuse to perform work that clearly threatens his or her life and health, in connection with occupational safety requirements, while simultaneously informing the relevant manager about this.

At the same time, employees are obliged to immediately notify their immediate or superior manager about any situation that threatens the life and health of people, and about every accident that occurs in the Bank, or about deterioration of their own health.

Disciplinary measures are provided for employees (in particular, termination of the employment contract) in the event of their violation of officially established occupational safety and health requirements, procedures and instructions.



Environmental Responsibility

Eldik Bank pays special attention to minimizing the negative impact on the environment, including promoting sustainable environmental practices among its employees and business partners.

Powers and functions in the environmental responsibility are distributed between the governance bodies and specialized structural units of the Bank.

In particular, the Board of Directors approves key internal documents and approves strategic priorities concerning sustainable development. The Management Board monitors current sustainability activities of the Bank, including environmental issues, integrating the requirements of approved internal documents into the work of structural units and business processes. The Sustainability Working Group and the Project Tasks and ESG Unit coordinate activities on environmental issues. The Administrative Division and the structural unit that coordinates the activities of branches are primarily

involved in monitoring and controlling corporate indicators in ecology and resource consumption.

At the same time, Eldik Bank strives to reduce the indirect negative impact on the environment through environmentally responsible management of the loan portfolio, for example, through a ban on financing environmentally hazardous projects and activities. The Responsible Financing section of the Report provides a list of exceptions, where readers of the Report can get more detailed information.

Accounting and monitoring of the consumption of electric and thermal energy, water, and generation of waste are carried out by the Administrative Department and the structural unit that coordinates the activities of branches. The Project Tasks and ESG Unit is involved in development and implementation of efficient consumption and use of resources measures.

Consumption of main types of energy by the Bank in 2023

Electric energy, kW/h	2 220 030
Thermal energy, Gcal	113
Total energy consumption, GJ	8 465

It should be noted that Eldik Bank also used coal to generate heat in certain branches in the reporting period, a total of 212 tons. Diesel and gasoline consumption amounted to 38.5 thousand liters and 210.5 thousand liters, respectively.

There is no consumption of fuel and energy resources outside the Bank. There was no documented consumption of electricity and heat from renewable sources. At the same time, Eldik Bank intends to develop an energy efficiency culture and use the opportunities to increase a share of electricity and heat generated using low-carbon renewable energy in the overall corporate energy balance.

Given the specifics of its activities, Eldik Bank does not have a significant impact on water resources. In 2023, water withdrawal amounted to 170.87 thousand cubic meters (170.87 million liters). The main suppliers of water for facilities of the Bank are centralized water supply systems. Only fresh water is withdrawn. The volume of water consumption is equal to the volume of water withdrawal (the volume of purchased drinking and utility water). In addition, the consumption of bottled water in the Head office and branches amounted to 95.8 thousand liters in the reporting period. The Bank only discharges fresh water. Wastewater treatment is not performed independently, the discharged wastewater is sent to specialized organizations with which the relevant agreements have been concluded. Eldik Bank does not reuse water in closed water circulation systems, that practice is not relevant for the activities of financial institutions.

Waste is recorded and inventoried in accordance with the procedure established by the Law of the Kyrgyz Republic «On Production and Consumption Waste» dated August 15, 2023. The person responsible for waste management has been appointed – an employee of the Administrative Division. Companies that collect and dispose of the Bank’s waste have the appropriate licenses and operate in accordance with the legislation of the Kyrgyz Republic.

The main share of waste generated during activities of the Bank is non-hazardous waste, such as paper waste. In the reporting period, 242 tons of solid municipal waste were generated (at the rate of 0.2 tons / cubic meter) without branches data, while 4.6 tons were disposed of or recycled.

Despite the low volume of waste generated, Eldik Bank focuses on implementation of sustainable waste management practices based on the concept of three Rs (Reduce, Reuse, Recycle) to support of the circular economy, given the specifics of the Bank’s activities as a financial institution.

In particular, the Bank implements separate waste collection at the Head office and branches, where there is an accessible infrastructure for their processing. Separately collected waste is collected by licensed companies that then dispose of it and process it for reuse. Eldik Bank is a member of the national WasteNet.kg network for organizing a waste management system. Measures are being taken to reduce the volume of waste generated. For example, the Bank is implementing a transition to electronic document management, automation and digitalization of external and internal processes to reduce the use of paper. The Bank takes into account that implementation of measures to minimize the use of non-recyclable materials and rational waste management, including separate collection of recyclable fractions, also allows for more efficient management of the carbon footprint in the long term.

In 2023, the absolute consumption of paper in Eldik Bank amounted to 84.9 tons, and of plastic (issuing bank cards) – 1.6 tons.

Climate Impact Management

One of the most pressing issues of sustainable development is the global climate crisis that is capable of having a significant impact on the global and national economy and human well-being in the coming decades.

In view of the ambitious low-carbon development commitments of the Kyrgyz Republic and the increased attention of stakeholders to reducing the anthropogenic impact on the climate, Eldik Bank seeks to be actively involved in the management of the entire range of corporate issues related to the climate, including in terms of providing financing to businesses and the population for implementation of projects and initiatives aimed at solving climate problems. Against the background of the initiation of the process of decarbonization of the national economy, Eldik Bank, as a conductor of the interests of the state, intends to make efforts to reduce greenhouse gas emissions and its carbon footprint by implementing special measures in the foreseeable future and targeted management of the loan portfolio taking into account climate factors.

Eldik Bank began to form a full-fledged system for managing climate issues and distributing responsibility for the corporate climate agenda, which includes the Board of Directors, the Management Board and specialized structural units, and also involves external experts.

If necessary, the Board of Directors discusses and makes decisions on climate-related issues that are material to the Bank, and the Risk Management Committee of the Board of Directors, as part of general control over the risk management system, considers material climate-related risks. The Chairman of the Management Board oversees implementation of the climate agenda in activities of the Bank. Currently, the main role in direct coordination on climate issues, including in terms of preparing climate reporting, is played by the Sustainability Working Group and the Project Tasks and ESG Unit.

At the same time, the Bank recognizes the importance of annual disclosure of corporate indicators of climate change impact and the climate agenda

management system, including climate risk management, mitigation and adaptation measures, based on internationally recognized climate reporting standards and recommendations.

Since 2023, Eldik Bank has initiated an annual assessment of greenhouse gas emissions for Scope 1, Scope 2, Scope 3 in accordance with the GHG Protocol, the international standard ISO 14064 and the IPCC Guidelines for National Greenhouse Gas Inventories. Thanks to this, the Bank forms a holistic view of the main sources of greenhouse gas emissions and their level that further allows setting specific quantitative strategic goals for corporate decarbonization.

The following are used to estimate emissions:

- GHG Protocol Corporate Accounting and Reporting Standard.
- Scope 2 Guidance, location-based method.
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
- Technical Guidance for Calculating Scope 3 Emissions.

In 2023, the measurement covers the following types of greenhouse gases: CO₂, CH₄, N₂O, HFCs. Scope 3 emissions are calculated by following categories: Waste generated in operations (12.9 tons of CO₂-eq in 2023), Purchased goods and services (90.89 tons of CO₂-eq in 2023), Employee Commuting (266.01 tons of CO₂-eq in 2023), Business travel (86.48 tons of CO₂-eq in 2023).

The number of employees was chosen as the main denominator in calculating the intensity of greenhouse gas emissions, since dividing by the number of products is not applicable to the financial sector. The Bank's greenhouse gas emissions directly depend on the number of employees.

Greenhouse gas emissions by the Bank in 2023, tons of CO₂-eq.

Scope 1	4 132.68
Scope 2	501,55
Scope 3	456.28
Scope 1 + Scope 2 + Scope 3	5 090.50
Scope 1 + Scope 2	4 634.23
Greenhouse gas emissions intensity Scope 1 and Scope 2, tons CO ₂ -eq/FTE (per employee)	2.38
Greenhouse gas emissions intensity Scope 1 and Scope 2, tons CO ₂ -eq / 1 million US dollars of assets *	5.77

* average exchange rate in 2023: 1 US dollar = 87.86 som. Bank assets as of December 31, 2023 amounted to 70,512,415,000 soms or 802,554,234 US dollars

To improve the efficiency of the climate-related decision-making process, Eldik Bank strives to take into account the internal price of carbon. The internal price of carbon is an internal tool that is used at the corporate level to determine the potential monetary value of greenhouse gas emissions and to manage the decision-making process regarding the impacts, risks and opportunities of climate change.

The reasons for introducing the internal price of carbon include the need for a clearer understanding of the potential financial costs of Eldik Bank OJSC related to greenhouse gas emissions, preparation for stricter carbon regulation, improvement of climate-related risk management, primarily in the context of transition climate-related risks, a change in the internal culture in the Bank as part of the corporate ESG transformation, as well as the desire to take into account expectations of stakeholders, including investors and international financial institutions.

The priority of the Bank is the shadow carbon price. The shadow carbon price is a theoretical cost of greenhouse gas emissions and is voluntarily used to assess sensitivity of Eldik Bank to possible future carbon pricing and the impact of the hypothetical cost of emissions on the Bank and its financial performance. Although a preliminary price determination is required, no actual monetary transactions occur. The target internal carbon price is 25 US dollars per ton of CO₂e, in line with the International Monetary Fund's target for a carbon tax in low-income countries by 2030.³ The shadow price of carbon covers Scope 1 and Scope 2 greenhouse gas emissions.

As of December 31, 2023, carbon-related lending amounted to 8.57 billion soms or 27.9% of total lending portfolio of the Bank, including loans with a maturity of up to 3 years amounting to 6.32 billion soms (20.6% of total lending portfolio of the Bank). Carbon-related industries are defined in accordance with the TCFD recommendations. Given that in the reporting period, loans with a maturity of up to 3 years accounted for almost 74% of our carbon-related lending, the Bank can be characterized as having limited exposure to associated risks, primarily related to the impact of transition climate-related risks on clients from carbon-intensive industries.

Climate-related risks

Climate change, especially in the long term, is rightly considered by the international community as a factor of additional financial risks and as a systemic threat to financial stability in general. In particular, climate-related risks can be realized through traditional financial risks, such as credit, market, operational, and liquidity risks.

Banks traditionally have a two-way connection with the climate agenda, that is climate change can entail risk consequences for the activities and loan portfolio of banks, while bank lending affects the climate through the financing provided.

The processes of identifying, analyzing and assessing climate-related risks are currently coordinated by the Project Tasks and ESG Unit of the Bank. The processes of controlling and monitoring sustainability-related risks, in particular climate-related risks, are at the stage of integration into the work of the Risk Management Division.

To manage climate risks, the Bank applies scenario analysis based on the climate scenarios of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. It is worth noting that the TCFD recommendations indicate the need to use at least two scenarios, one of which must be consistent with the goals of the Paris Climate Agreement (global temperature increase will not exceed 2°C by the end of the century).

- SSP1-2.6 Scenario is consistent with the Paris Agreement goals to limit warming to below 2.0°C and assumes accelerated measures to sharply curb anthropogenic greenhouse gas emissions. Greenhouse gas emissions become negative in net terms by the end of this century. It is considered the most ambitious scenario in terms of achieving the goals of the Paris Agreement and will lead to significant adjustments in activities of the Bank.

³ IMF Staff Climate Note 2022/006 Carbon Taxes or Emissions Trading Systems? Instrument Choice and Design <https://www.elibrary.imf.org/view/journals/066/2022/006/066.2022.issue-006-en.xml>

- SSP2-4.5 Scenario focuses on maintaining current socio-economic and technological trends, but assumes systematic global action aimed at reducing greenhouse gas emissions during the 21st century, sufficient to stabilize their concentrations by about 2100. It is a less radical scenario compared to SSP1-2.6. It is considered by the Bank as a baseline scenario.
- SSP5-8.5 Scenario is a scenario of rapid technological change and economic growth, reflecting a high CO₂ emissions pathway without climate mitigation, assuming that annual global emissions will continue to grow throughout the 21st century. The scenario does not require the Bank to implement significant changes to its operations; it assumes a “business as usual” situation.

In analyzing and assessing climate-related risks, the Bank takes into account both physical and transition climate-related risks in line with international best practice.

In accordance with the TCFD recommendations, climate-related risks are defined by Eldik Bank using the following time horizons, which differ from the time horizons used to define “traditional” risks, and for operational and strategic planning:

- Short-term (0-3 years).
- Medium-term (3-10 years).
- Long-term (10-30 years).

Eldik Bank intends to use the following basic indicators for climate-related risk management:

- Carbon footprint – total and specific greenhouse gas emissions according to Scope 1, Scope 2 and Scope 3.

- Lending volume to carbon-intensive sectors, share of lending to carbon-intensive sectors in total lending.
- Lending volume to green projects and activities in accordance with the Green Taxonomy of the Kyrgyz Republic (after its official approval), share of lending to green projects and activities in total lending.
- Internal carbon price.

Based on the results of the analysis and assessment of materiality, in the short-term perspective (the next 3 years), both physical and transition climatic-related risks are not significant for Eldik Bank and, as a result, are not included in the current risk appetite.

At the same time, the annual reassessment of climate-related risks is planned, including an annual update of the list of climate-related risks and planning horizons, in order to improve responsiveness to changes and factors related to the climate agenda and reduce exposure of the Bank to potential negative impacts from climate-related risks, especially in terms of monitoring and responding to transition climate-related risks, which are more variable and capable of sharply intensifying in the short and medium term.

A description of the risks analyzed and potential consequences for the Bank are presented in the relevant tables.

Potential impact of physical climate-related risks on the activities, operations and assets of Eldik Bank under the SSP2-4.5 baseline scenario

Physical risks – the probability of losses and other impacts associated with natural processes and phenomena arising from climate change. The main significant risks affected are credit risk, market risk, liquidity risk, operational risk.

Risk impact gradation used in the table:

- 1 – No impact, or minimal episodic impact.
- 2 – Minor – potential impact is minor and may result in short-term reversible consequences for financial performance of Eldik Bank after the risk occurred.
- 3 – Moderate – potential impact is moderate and may result in reversible systemic consequences, primarily short-term, for financial performance of Eldik Bank after the risk occurred.
- 4 – Significant – potential impact is significant and may result in reversible systemic consequences, including medium-term/long-term, for financial performance of Eldik Bank after the risk occurred, and significant financial, organizational and other measures will be required to minimize the consequences of such impact.
- 5 – Critical – potential impact is critical, including as a result of multiple manifestations of risk factors, the consequences may affect the overall financial stability of Eldik Bank and will be irreversible, and may also lead to emergence of aggravating factors, such as revocation of the license in the event of failure to comply with regulatory requirements, and so on, depending on the risk factor.

Сценарий SSP2-4.5

Physical climate-related risk category	Сценарий SSP2-4.5		
	Short-term time horizon (0-3 years)	Medium-term time horizon (3-10 years)	Long-term time horizon (10-30 years)
Acute risks			
Potential impact of risks on activities, operations and assets of Eldik Bank:			
<ul style="list-style-type: none"> • Impact of climatic events or circumstances on ability of the Bank to ensure business continuity and operational losses, including unavailability or limited availability of offices of Eldik Bank for clients, reduction in working hours or temporary cessation of work of 	2	2	3

structural units and branches, physical damage to infrastructure of the Bank, interruption of communication services, operation of servers and data processing centers during the period of exposure to emergency risks.

- Loss or decrease in the value of assets of Eldik Bank, including collateral, due to damage or destruction because of exposure to emergency risks.
- Increased exposure of clients to default because of exposure to physical risks, decrease in the value of collateral for clients exposed to physical climatic risks.
- Increased need for clients to finance (withdrawal of deposits, increased demand for loans to eliminate damage) as a result of damage caused by climatic events, that may affect the net cash outflow of Eldik Bank.
- Negative public opinion due to potentially insufficient support from Eldik Bank for clients affected by climate events, disruptions to business continuity, affecting the confidence of clients and counterparties.
- Revaluation, including sharp, of foreign exchange rates, market value of financial instruments because of extreme climate events and long-term climate change.
- Threat to health and safety of staff and clients because of extreme climate events.

Chronic risks

Potential impact of risks on activities, operations and assets of Eldik Bank:

- | | | | |
|--|---|---|---|
| • Loss or decrease in the value of assets of the Bank, for example collateral, primarily in regions exposed to increased chronic risks. | 2 | 2 | 3 |
| • Destabilizing impact on certain regions of presence of Eldik Bank (social, economic and environmental degradation), highly exposed to chronic risks. | | | |

- Increase in operating expenses of Eldik Bank, including due to a decrease in functionality of offices and equipment, as well as a sharp increase in the need for air conditioning (abnormally hot summer) or heating (abnormally cold winter).
- Increased exposure of clients to default because of exposure to chronic risks, decrease in the value of collateral for borrowers exposed to chronic risks.
- Manifestation of macroeconomic shocks under the influence of chronic risks.

Potential impact of transition climate-related risks on operations, activities and assets of Eldik Bank under the SSP2-4.5 baseline scenario

Transition risks – the possibility of losses and other impacts associated with the transition to a low-carbon economy, including those associated with measures taken by governments and regulators to prevent climate change. The main significant risks affected are credit risk, market risk, liquidity risk, operational risk, reputational risk.

Risk impact gradation used in the table:

- 1 – No impact, or minimal episodic impact.
- 2 – Minor – potential impact is minor and may result in short-term reversible consequences for financial performance of Eldik Bank after the risk occurred.
- 3 – Moderate – potential impact is moderate and may result in reversible systemic consequences, primarily short-term, for financial performance of Eldik Bank after the risk occurred.
- 4 – Significant – potential impact is significant and may result in reversible systemic consequences, including medium-term/long-term, for financial performance of Eldik Bank after the risk occurred, and significant financial, organizational and other measures will be required to minimize the consequences of such impact.
- 5 – Critical – potential impact is critical, including as a result of multiple manifestations of risk factors, the consequences may affect the overall financial stability of Eldik Bank and will be irreversible, and may also lead to emergence of aggravating factors, such as revocation of the license in the event of failure to comply with regulatory requirements, and so on, depending on the risk factor.

SSP2-4.5 scenario

Transition climate-related risk category	SSP2-4.5 scenario		
	Short-term time horizon (0-3 years)	Medium-term time horizon (3-10 years)	Long-term time horizon (10-30 years)
<p>Policy and legal risks</p> <p>Potential impact of risks on activities, operations and assets of Eldik Bank:</p> <ul style="list-style-type: none"> The need to properly comply with the climate-related requirements of the financial regulator and international partners, including standardized disclosure of climate information by Eldik Bank, implementation of procedures for climate/environmental screening of clients and monitoring their compliance with climate requirements. Emergence of financial losses (or lost profits) by Eldik Bank due to potential full or partial non-compliance with national regulatory and international requirements for disclosure of information on the management of climate risks and greenhouse gas emissions. Increase in operating expenses for facilities of Eldik Bank, high capital expenditures on measures to improve climate resilience and reduce carbon emissions. Increase in personnel and organizational costs for studying and monitoring clients, monitoring their compliance with climate/environmental requirements. Different prudential treatment of financial assets in terms of risk-weighted assets based on their exposure to physical and transition risks. Write-offs, impairments and early retirements of existing assets of Eldik Bank due to changes in political and regulatory requirements. Reduction in revenues and client base of Eldik Bank because of stricter climate regulation (including for clients and projects in carbon-intensive sectors), as well as inclusion of activities with increased negative climate/environmental impact in the list of exclusions from financing. Strengthening of credit requirements for clients related to carbon-intensive sectors in the event of stricter national and international climate regulation. 	2	3	3

- Increased exposure of clients to default because of exposure to political, legal and regulatory risks, as well as a decrease in the value of collateral for clients exposed to political, legal and regulatory risks. Financial risks for clients whose liquidity or revenues may be affected by the need for higher spending and investments in carbon neutralization because of regulatory changes.

Market risk

Potential impact of risks on activities, operations and assets of Eldik Bank:

- Market imbalances affecting the value or ability of Eldik Bank to monetize liquidity buffers and regulate the outflow of client funds (deposits) because of transition risk factors.
- Fall in demand for products and services of Eldik Bank that do not correspond to the concept of sustainable and green development, as well as the potential inability of Eldik Bank to fully meet client demand for sustainable financing (green lending, etc.).
- Reduction in the client base as a result of tightening climate regulation and market conditions, as well as a decrease in income due to reduction in financing of carbon-intensive sectors or the outflow of clients associated with carbon-intensive sectors.
- Fall in the value of financial instruments in the portfolio of Eldik Bank, an increase in losses from increased portfolio volatility under the influence of transition of the global and national economy to low-carbon development.

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Technology risk

Potential impact of risks on activities, operations and assets of Eldik Bank:

- The need for expenses on the modernization of offices, branches, equipment of Eldik Bank, implementation of measures to reduce greenhouse gas emissions, including expenses on introduction of technological solutions in the sphere of renewable energy and energy efficiency.

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- Development of response plans for potential emergency situations associated with physical risks.
- Monitoring the working conditions of personnel with the aim of changing them in a timely manner.
- Monitoring changes in legislation in the Kyrgyz Republic in the sphere of climate and decarbonization, monitoring the requirements of international climate-related standards.
- Regular disclosure of information on climate-related management and greenhouse gas emissions based on stakeholder requests.
- Timely informing the Board of Directors and other governance bodies about exposure of Eldik Bank to climate risks, developing the competencies of members of the Board of Directors and employees of the Bank in the sphere of climate change.
- Improving the energy efficiency of activities and operations of Eldik Bank through energy saving, energy management, and process optimization.
- Elaboration of the climate policy (strategy) of Eldik Bank.
- Annual assessment and verification of Scope 1, Scope 2, Scope 3 greenhouse gas emissions in accordance with the GHG Protocol.
- Introduction of the internal carbon price in corporate practice.

Climate-related opportunities

As part of the conducted analysis of climate opportunities, Eldik Bank preliminarily identified several priorities that are already capable of having a significant synergistic positive impact on both the business of the Bank and its stakeholders in the short and medium term:

- Expanding the volume of green loans that correspond to the national taxonomy being developed, taking into account the projected expansion of demand.
- Implementing projects to finance the transition to a low-carbon economy jointly with the international partners of the Bank, including positioning as a financial intermediary in distribution of international climate capital attracted to the Kyrgyz Republic
- Issuing green and other types of sustainable bonds both to finance its own corporate decarbonization program and to expand lending to clients of the Bank.
- Consulting clients on green lending issues.
- Participation of the Bank in international associations and unions with a climate focus to establish partnerships and improve competencies in the sphere of climate agenda management.
- Increased stakeholder loyalty in relation to actions of the Bank to promote low-carbon development.



About the Report

The Report demonstrates the main results of sustainability activities of Eldik Bank for the period from January 1, 2023 to December 31, 2023, as well as information on significant events and processes outside the specified reporting period that are significant for understanding activities and priorities of the Bank in the sustainability area.

The Report has been prepared in accordance with the Global Reporting Initiative (GRI) standards, as amended in 2021. The Bank adheres to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) when describing its approach to climate change issues.

In addition, the Guidelines for the preparation and publication of reports on environmental friendliness, social responsibility and corporate governance criteria, approved by the Kyrgyz Stock Exchange on May 3, 2023, as well as certain disclosures of non-financial information provided for by the S&P Global Corporate Sustainability Assessment methodology, were used while preparing the Report. The thematic sections of the Report contain information on the contribution of the Bank to achieving the priority UN Sustainable Development Goals.

The Report is addressed to various stakeholders to inform them about the principles, goals, main results and plans of the Bank in the sustainability area.

The Bank publishes financial statements annually in accordance with international IFRS standards that undergo the audit procedure by an independent auditor. The financial statements are published on the corporate website of Eldik Bank.

The financial data presented in the Report are based on separate financial statements for 2023 prepared in accordance with IFRS and are disclosed mainly in Kyrgyz soms. Recalculation of indicators into US dollars, if necessary, was made at the average annual exchange rate of the National Bank of the Kyrgyz Republic for 2023. The reporting period coincides with the reporting period of the Bank under IFRS.

The disclosure perimeter of sustainability data includes the Head office and branches of Eldik Bank, without covering subsidiaries and dependent companies. If the reporting boundaries for a particular material topic differ from those established, then an explanation is provided in the text of the Report. Since the Report is the first for the Bank, information on data revisions and significant changes is not provided.

The process of preparing the Report is supervised by the Project Tasks and ESG Unit of the Bank. The specialized structural units of Eldik Bank participate in the preparation of the Report, providing verified qualitative and quantitative data for disclosure in the Report.

The Report was approved by the Board of Directors of Eldik Bank on November 28, 2024. The publication of the Report on the corporate website is provided in Kyrgyz, Russian and English versions. The Report is published only in electronic format.

Principles of the Report preparation

In the process of preparing the Report, the Bank was guided by the reporting principles set out in the GRI 1: Foundation (2021) standard, and also took into account other principles for determining the content and ensuring the quality of the Report.

Principle	Description
Sustainability context	The report discloses information on the sustainability of Eldik Bank. The report presents ESG data by environmental, social and governance aspects.
Materiality	The structure of the Report is based on sustainability topics that are essential for the Bank and its stakeholders. In the future, Eldik Bank intends to disclose significant indicators in three-year dynamics to properly reflect trends and ongoing changes.
Completeness of disclosure	Statistics used in the Report and the reporting boundaries are informative and sufficient to demonstrate the sustainability impact of the Bank.
Stakeholder engagement	The opinion of stakeholders is an important factor for the Bank in deciding on the approach to preparing the Sustainability Report.
Quantitative assessment	The significant sustainability activities of the Bank are supported by quantitative data.
Consistency	Eldik Bank intends to further ensure sufficient consistency between sustainability reports in the approach to their preparation and structure. The most significant indicators will be disclosed similarly to the previous reporting period in year-on-year dynamics for comparability of annual values.
Balance	The results of activities of the Bank are disclosed, including not concealing undesirable results and avoiding the deliberate presentation of information in such a way that it could be interpreted incorrectly.

Definition of the material topics of the Report

While preparing the Report, the Bank identified material topics in accordance with the requirements of the GRI standards in the 2021 edition, including taking into account its own impacts and the interests of stakeholders.

The Bank intends to analyze and revise material topics annually based on the principle of double materiality.

Identification of material topics for the Report was carried out in three stages.

Определение существенных тем для Отчета проведено в три этапа.

→ **First stage.** Compilation of an expanded list of potentially material sustainability topics based on the principle of double materiality and on the results of assessment and analysis of key industry trends, practices of benchmark banks and comparable banks, risks and opportunities, the

business model of Eldik Bank, results of interviews with top managers and employees of the Bank, identification of negative and positive impacts of the Bank and its key stakeholders.

→ **Second stage.** Identification of a final list of material topics based on expert opinions and on the results of interviews with key stakeholders. In particular, the topics identified reflect the main impacts of the Bank on the economy, the environment or people, including human rights.

→ **Third stage.** The final stage involves clarification of the priority of material topics, consideration and approval of the final list of material topics by the Management Board.

Eldik Bank collaborated with external sustainability consultants to better understand and identify material topics that are most important to the Bank and its stakeholders.

Material topics of the Report

The most material topics are designated as the first priority topics, topics of “medium” materiality as the second priority topics, and the “least” material topics as the third priority topics.

Priority 1	Priority 2	Priority 3
<ul style="list-style-type: none"> • Corporate governance. • Risk management. • Information security. • Human rights and non-discrimination. • Responsible financing. • Combating corruption and illegal financial operations. • Business ethics and responsible banking. 	<ul style="list-style-type: none"> • Digitalization. • Talent development and employee training. • Employee motivation and remuneration. • Employment promotion and decent working conditions. • Personal data protection. • Climate impact management. • Tax management. 	<ul style="list-style-type: none"> • Waste management. • Occupational health and safety. • Procurement management.

GRI Standards Index

The Eldik Bank OJSC Sustainability Report for 2023 was prepared in accordance with the GRI Standards 2021. The GRI 1 standard used is GRI 1: Foundation 2021.

Disclosure	GRI Standard	Corresponding section of the Report. Comments
GRI 2 GENERAL DISCLOSURES 2021		
1. THE ORGANIZATION AND ITS REPORTING PRACTICES		
2-1	Organizational details	Profile of the Bank Contacts
2-2	Entities included in the organization’s sustainability reporting	About the Report
2-3	Reporting period, frequency and contact point	About the Report Contacts
2-4	Restatements of information	About the Report
2-5	External assurance	About the Report

2.ACTIVITIES AND WORKERS

2-6	Activities, value chain and other business relationships	Profile of the Bank Procurement Management
2-7	Employees	Interaction with the Labor Collective Comment: The information is incomplete, and, in particular, age statistics were not consolidated in the reporting period. The Bank is working on the possibility of providing full analytics in the following reporting periods.
2-8	Workers who are not employees	Comment: Eldik Bank does not have a significant number of employees who are not its full-time employees but whose work is related to its activities and which the Bank controls.

3. GOVERNANCE

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 Comment: The Chairman of the Board of Directors, as the governance body that carries out general governing of Eldik Bank in periods between general meetings of shareholders, is not the Chairman of the Management Board of Eldik Bank.
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Risk Management

2-13	Delegation of responsibility for managing impacts	Corporate Governance Risk Management
2-14	Role of the highest governance body in sustainability reporting	About the Report
2-15	Conflicts of interest	Corporate Governance Combating Corruption and Illegal Financial Operations
2-16	Communication of critical concerns	Business Ethics
2-17	Collective knowledge of the highest governance body	Corporate Governance
2-18	Evaluation of the performance of the highest governance body	Corporate Governance
2-19	Remuneration policies	Corporate Governance Interaction with the Labor Collective
2-20	Process to determine remuneration	Corporate Governance Interaction with the Labor Collective
2-21	Annual total compensation ratio	Information is not disclosed because of confidentiality and personal data protection issues

4. STRATEGY, POLICIES AND PRACTICES

2-22	Statement on sustainable development strategy	<p>Message from the Chairman of the Board of Directors of Eldik Bank OJSC</p> <p>Message from the Chairman of the Management Board of Eldik Bank OJSC</p> <p>Contribution to Achieving the UN Sustainable Development Goals</p>
2-23	Policy commitments	<p>Corporate Governance</p> <p>Risk Management</p> <p>Business Ethics</p> <p>Combating Corruption and Illegal Financial Operations</p> <p>Information Security</p> <p>Personal Data Protection</p> <p>Comment: Main commitments of Eldik Bank are disclosed in the description of the management approach to the relevant topics of the Report. The main principles, approaches to their implementation, as well as responsible units are indicated directly in the policies themselves, some of which are publicly available on the corporate website of the Bank.</p>
2-24	Embedding policy commitments	<p>Comment: Main commitments of Eldik Bank are disclosed in the description of the management approach to the relevant topics of the Report. The main principles, approaches to their implementation, as well as responsible units are indicated directly in the policies themselves, some of which are publicly available on the corporate website of the Bank.</p>
2-25	Processes to remediate negative impacts	<p>Business Ethics</p> <p>Combating Corruption and Illegal Financial Operations</p> <p>Climate Impact Management</p>

2-26	Mechanisms for seeking advice and raising concerns	Business Ethics
2-27	Compliance with laws and regulations	<p>Corporate Governance</p> <p>Business Ethics</p> <p>Combating Corruption and Illegal Financial Operations</p> <p>Tax Management</p> <p>Environmental Responsibility</p> <p>Comment: During the reporting period, the Bank did not commit any significant violations of banking legislation, and no significant fines were imposed.</p>
2-28	Membership associations	Profile of the Bank

5. STAKEHOLDER ENGAGEMENT

2-29	Approach to stakeholder engagement	Stakeholders Engagement
2-30	Collective bargaining agreements	<p>Comment: During the reporting period, the Bank did not apply the practice of concluding collective agreements, however, the employees' rights to initiate and participate in collective agreements are not restricted.</p>

GRI 3 MATERIAL TOPICS 2021

3-1	Process to determine material topics	About the Report
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3-2	List of material topics	About the Report
3-3	Management of material topics	Comment: Approaches to managing material topics is described at the beginning of 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	Stakeholders Engagement
201-2	Financial implications and other risks and opportunities due to climate change	Climate Impact Management
201-4	Financial assistance received from government	Profile of the Bank

GRI 202: Market Presence 2016

202-2	Proportion of senior management hired from the local community	Corporate Governance Comment: Local population refers to citizens of the Kyrgyz Republic.
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GRI 204: Procurement Practices 2016

204-1	Proportion of spending on local suppliers	Procurement Management
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GRI 205: Anti-corruption 2016

205-1	Operations assessed for risks related to corruption	Combating Corruption and Illegal Financial Operations
205-2	Communication and training about anti-corruption policies and procedures	Combating Corruption and Illegal Financial Operations Comment: The Bank does not keep track of the proportion of business partners that are informed of anti-corruption policies and methods.
205-3	Confirmed incidents of corruption and actions taken	Combating Corruption and Illegal Financial Operations

GRI 206: Anti-competitive Behavior 2016

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics
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GRI 207: Tax 2019

207-1	Approach to tax	Tax Management
207-2	Tax governance, control, and risk management	Tax Management
207-3	Stakeholder engagement and management of concerns related to tax	Tax Management
207-4	Country-by-country reporting	Comment: The Bank operates only in the Kyrgyz Republic, as a result taxes are paid to the budget of the Kyrgyz Republic.

GRI 300: ENVIRONMENT CATEGORY

GRI 302: Energy 2016

302-1	Energy consumption within the organization	Environmental Responsibility
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302-2	Energy consumption outside of the organization	Environmental Responsibility
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GRI 303: Water and Effluents 2018

303-2	Management of water discharge-related impacts	Environmental Responsibility
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303-3	Water withdrawal	Environmental Responsibility Comment: Most regions of the Kyrgyz Republic are not considered to be water-deficient regions.
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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	Commentary: The Bank has no operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas.
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GRI 305: Emissions 2016

305-1	Direct (Scope 1) GHG emissions	Climate Impact Management
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305-2	Energy indirect (Scope 2) GHG emissions	Climate Impact Management
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305-3	Other indirect (Scope 3) GHG emissions	Climate Impact Management
305-4	GHG emissions intensity	Climate Impact Management
305-5	Reduction of GHG emissions	Comment: The Bank is working on formulating commitments to reduce greenhouse gas emissions and decarbonization. It is envisaged to develop a corporate climate strategy.
305-6	Emissions of ozone-depleting substances (ODS)	Comment: The Bank's activities do not involve emissions of ozone-depleting substances.

GRI 306: Waste 2020

306-1	Waste generation and significant waste-related impacts	Environmental Responsibility
306-3	Waste generated	Environmental Responsibility Comment: During the reporting period, data for individual branches were not consolidated – the Bank intends to improve the accounting system.
306-4	Waste diverted from disposal	Environmental Responsibility

GRI 308: Supplier Environmental Assessment 2016

308-1	New suppliers that were screened using environmental criteria	Comment: Eldik Bank strives to prioritize interactions with suppliers that have a low environmental impact where possible and economically feasible. A monitoring system for that is currently being developed.
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GRI 400: SOCIAL CATEGORY

GRI 401: Employment 2016

401-1	New employee hires and employee turnover	Interaction with the Labor Collective
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Comment: The Bank aims to provide its employees with all benefits stipulated by the legislation of the Kyrgyz Republic. Additional benefits depend on the specific role of the employee and the format of his/her employment and may vary depending on various factors.
401-3	Parental leave	Interaction with the Labor Collective

GRI 402 Labor/Management Relations 2016

402-1	Minimum notice periods regarding operational changes	Comment: In accordance with the labor legislation of the Kyrgyz Republic, the Bank, as an employer, is obliged to notify employees of changes in essential working conditions no later than 1 month in advance.
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GRI 403: Occupational Health and Safety 2018

403-1	Occupational health and safety management system	Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Comment: The Bank does not have any health and safety committees with joint participation of management and employees.
403-5	Worker training on occupational health and safety	Occupational Health and Safety

403-6	Promotion of worker health	Occupational Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
403-8	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
403-9	Work-related injuries	Occupational Health and Safety Comment: The LTIFR indicator includes cases of temporary loss of working capacity injuries related to the Bank's activities registered by the Bank during the reporting period. The coefficient is calculated as the ratio of a number of personnel affected by accidents with loss of working time N to the total number of hours worked by all employees T, normalized to 1 million man-hours (formula $N * 1,000,000 / T$).
403-10	Work-related ill health	Occupational Health and Safety

GRI 404: Training and Education 2016

404-1	Average hours of training per year per employee	Interaction with the Labor Collective
404-2	Programs for upgrading employee skills and transition assistance programs	Interaction with the Labor Collective

GRI 405: Diversity and Equal Opportunity 2016

405-1	Diversity of governance bodies and employees	Corporate Governance Interaction with the Labor Collective
405-2	Ratio of basic salary and remuneration of women to men	Interaction with the Labor Collective

GRI 406: Non-discrimination 2016

406-1	Incidents of discrimination and corrective actions taken	Human Rights Interaction with the Labor Collective
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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	Comment: No significant risks or violations of employees' rights to freedom of association and collective bargaining were identified in the Bank's structural units during the reporting period. No such assessment was conducted with respect to suppliers.
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GRI 408: Child Labor 2016

408-1	Operations and suppliers at significant risk for incidents of child labor	Comment: No significant risks or cases of child labor were identified in the Bank's structural units during the reporting period. No such assessment was conducted with respect to suppliers.
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GRI 409: Forced or Compulsory Labor 2016

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Comment: No significant risks or cases of forced or compulsory labor were identified in the Bank's structural units during the reporting period. No such assessment was conducted with respect to suppliers.
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GRI 410 Security Practices 2016

410-1	Security personnel trained in human rights policies or procedures	Comment: The security service is not involved in human rights training.
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GRI 413: Local Communities 2016

413-2	Operations with significant actual and potential negative impacts on local communities	Comment: During the reporting period, there were no cases when the Bank's activities had a direct negative impact on local communities.
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GRI 415 Public Policy 2016

415-1	Political contributions	Comment: Eldik Bank does not participate in political activities and does not finance participants in political processes.
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GRI 416: Customer Health and Safety 2016

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Comment: No such cases were recorded during the reporting year.
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GRI 417: Marketing and Labeling 2016

417-3	Incidents of non-compliance concerning marketing communications	Comment: No such cases were recorded during the reporting year.
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GRI 418: Customer Privacy 2016

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Comment: During the reporting year, no complaints were recorded regarding violation of consumer privacy and loss of consumer data.
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TCFD Correspondence Table

The Bank is in the process of integrating TCFD recommendations into its activities and operations.

TCFD Recommendations	Reporting Element	Location in the Report
Governance		
Disclose the organization’s governance around climate-related risks and opportunities.	a. Describe the board’s oversight of climate-related risks and opportunities.	<p>The description of the sustainability management system is presented in the "Corporate Governance" section of the Report.</p> <p>The Board of Directors of Eldik Bank carries out strategic management and control over implementation of sustainability and climate agenda including approving the main internal documents in that area. At present, the management of climate risks and opportunities is at the stage of integration into the control functions of the Board of Directors.</p>
	b. Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>The description of the sustainability management system is presented in the "Corporate Governance" section of the Report.</p> <p>The Management Board of the Bank ensures the formation of a sustainability and associated risk management system at the operational level including from the point of view of monitoring the activities of structural divisions involved in implementation of the corporate environmental and climate agenda.</p>

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.

The description of climate-related risks and opportunities identified by the Bank in the short, medium and long term is presented in the "Climate Impact Management" section of the Report.

- b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

The Bank has identified and assessed climate-related risks and opportunities in terms of their impact on business, strategy and financial planning. Brief assessment results are presented in the "Climate Impact Management" section of the Report. Climate risk management is being integrated into the overall risk management system of the Bank.

- c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The Bank has identified and assessed climate risks taking into account the generally accepted IPCC scenarios including a scenario in which the temperature increase does not exceed 2°C. See the "Climate Impact Management" section of the Report.

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.

The description of the existing processes of the Bank for identifying and assessing climate-related risks is presented in the "Climate Impact Management" section of the Report.

- b. Describe the organization's processes for managing climate-related risks.

The climate-related risk management processes are at the stage of integration into the overall risk management system of the Bank including the Risk Management Policy that sets out the main principles of risk management.

- c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.

The climate risk management processes are at the stage of integration into the overall risk management system of the Bank including the Risk Management Policy that sets out the main principles of risk management.

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.

Currently, the key quantitative indicators of the Bank are volumes of greenhouse gas emissions and share of lending to carbon-intensive sectors in total lending. See the "Climate Impact Management" section of the Report.

- b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Since 2023, the Bank has been calculating its Scope 1, Scope 2 and Scope 3 greenhouse gas emissions based on the GHG Protocol methodology. See the "Climate Impact Management" section of the Report.

- c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

The objectives of the Bank for managing climate-related risks and opportunities are under development. In particular, the Bank plans to develop and approve a Climate Strategy.

Contacts

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Eldik Bank will be happy to answer any questions regarding the Sustainability Report and corporate sustainability plans.