

UN  
environment  
programme



finance  
initiative

Principles for  
Responsible Banking

# Responsible Banking Progress Statement for PRB Signatories



# Aiyl Bank 2024

Principle 1: Alignment	Principle 2: Impact & Target Setting	Principle 3: Clients & Customers
<p><b>Content</b></p> <p>Briefly describe your bank's sustainability strategy, and which international, regional or national frameworks and UN Sustainable Development Goals it aims to align with. Note any changes in the reporting year.</p> <p><i>Aiyl Bank's ESG strategy was developed with technical assistance of Asian Development Bank and adopted by Board of Directors in April 2024.</i></p> <p><i>Sustainability aspects of Aiyl Bank are elaborated in medium- and long-term development plans.</i></p> <p><i>In order to further promote responsible banking practices of the Bank, the Sustainable Development Policy of Aiyl Bank OJSC was developed and approved by the Board of Directors of the Bank.</i></p> <p><i>The main objectives of the Policy are to comply with the advanced requirements and recommendations of the National Bank of the Kyrgyz Republic in all aspects of environmental, social and corporate governance, to contribute to the achievement of the SDGs, goals of the Paris Agreement and to define the Bank's approach in the field of Sustainable Development.</i></p>	<p><b>Content</b></p> <p>Briefly describe the bank's most significant impact areas and the steps taken to identify, measure and manage them—including impact analysis results, targets set (including sectors, portfolio coverage, and KPIs), actions taken, and progress against the targets. Where targets have been set, share details of the bank's transition/action plan, and progress made. Explain how the bank addressed interlink- ages between impact areas where possible.</p> <p><b>Example Progress Indicators</b></p> <ul style="list-style-type: none"> <li>▪ % of bank's portfolio covered by the impact analysis and each set target</li> <li>▪ Updated values of KPIs defined by bank to measure progress against targets</li> </ul> <p><i>Aiyl Bank's mission is to develop the agricultural sector of the country and improve the welfare of the population by providing affordable and high-quality banking products based on modern technologies. It has 168 branches in all regions of the Kyrgyz Republic, including hard-to-reach and remote locations in the country. It successfully implements a number of public, private and international projects in the field of providing a traditional type of lending to a significant part of the country's population.</i></p>	<p><b>Content</b></p> <p>Briefly describe how the bank works responsibly with clients and customers in relation to significant impacts, including products and services offered, internal policies and processes and engagement to implement targets/action plans/transition plans to encourage sustainable practices/economic activities. Note any changes in the reporting year.</p> <p><b>Example Progress Indicators</b></p> <ul style="list-style-type: none"> <li>▪ % of clients and/or customers engaged in key sectors in areas of significant impact.</li> <li>▪ USD sustainable finance volume mobilized and/or as a percentage of the global or sector portfolio</li> </ul> <p><i>In fulfilling its objectives for the reporting period, the Bank not only maintained its focus on the agricultural sector, but also diversified its financial offerings, enabling it to attract a broader customer base.</i></p> <p><i>The expansion of the loan portfolio in the agricultural sector, as well as in the consumer lending, trade, and mortgage segments, ensured stable growth and diversification of the business.</i></p>
<p><b>Links &amp; references</b></p> <p>[References to where additional information can be found in external reporting. Include links and page numbers,]</p> <p><a href="#"><u>Sustainable development</u></a></p>	<p><b>Links &amp; references</b></p> <p>[References to where additional information can be found in external reporting. Include links and page numbers,]</p> <p><a href="#"><u>ayyl-sr-2024-en-final.pdf</u></a></p>	<p><b>Links &amp; references</b></p> <p>[References to where additional information can be found in external reporting. Include links and page numbers,]</p> <p><a href="#"><u>ayyl-sr-2024-en-final.pdf</u></a></p>

<a href="#"><u>ayyl-sr-2024-en-final.pdf</u></a> <i>The Bank's contribution to achieving the SDGs</i> <i>Pages 44-45</i>	<i>Bank profile</i> <i>Pages 11-13</i>	<i>Stakeholder engagement</i> <i>Pages 43-44</i> <i>Sustainable finance development</i> <i>Page 58</i>
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<b>Principle 4: Stakeholders</b>	<b>Principle 5: Governance &amp; Culture</b>	<b>Principle 6: Transparency &amp; Accountability</b>
<p><b>Content</b></p> <p>Briefly describe how the bank consults, engages and collaborates/partners with relevant stakeholders for the purpose of implementing the Principles. This could include understanding impacts, setting ambitious targets, advocating for enabling regulatory/policy environments, and creating partnerships that contribute to addressing significant impacts. Note any changes in the reporting year.</p> <p><i>Aiyl Bank, engages with stakeholders to align its business strategy with sustainability goals. The bank's approach involves consultation, engagement, and collaboration with a range of stakeholders, including clients, employees, and government bodies.</i></p> <p><i>The Bank's commitment to the PRB includes identifying and managing both positive and negative impacts on people and the environment. This is reflected in its focus on financing the agricultural sector with growing emphasis on green finance.</i></p> <p><i>The Bank works with government partners, such as the State Development Bank of the Kyrgyz Republic, the Ministry of Economy and Commerce, the Ministry of Natural Resources, Ecology and Technical Supervision, National Bank of the Kyrgyz Republic, Climate Finance Center to implement green economy programs. The bank's engagement in such partnerships helps to shape the financial landscape and promote sustainable development.</i></p>	<p><b>Content</b></p> <p>Briefly describe the key governance structures in place (Board and Executive level) and related accountability mechanisms to implement the Principles. This could include how governance supports your bank's management of significant impacts and risks, including target implementation and monitoring of action/transition plans. In addition, briefly describe how a culture of responsible banking is driven internally (e.g. via employee learning &amp; development). Note any changes or progress in the reporting period.</p> <p><b>Example Progress Indicators</b></p> <ul style="list-style-type: none"> <li>▪ Details of remuneration practices linked to sustainability targets.</li> <li>▪ % of employees trained on responsible banking topics.</li> </ul> <p><i>According to the Bank's Charter, the supreme management body of the Bank is the General Meeting of Shareholders.</i></p> <p><i>The main documents regulating the activities and determining the powers of the General Meeting of Shareholders are the Law "On Joint Stock Companies", regulations of the National Bank of the Kyrgyz Republic and the Charter of the Bank. According to the Charter, the Board of Directors of the Bank represents all shareholders, performs strategic management of the Bank, determines the main principles and approaches to the organization of the risk management and internal control system in the Bank, controls the activities of the Management Board of the Bank, as well as implements other key functions established by</i></p>	<p><b>Content</b></p> <p>Provide reference to additional relevant reports, if not listed as references with P1–P5.</p> <p>Briefly note whether/where assurance of sustainability information has been undertaken (optional).</p>

<p><i>The Bank actively partnering with various entities. This includes working with the Union of Banks of Kyrgyzstan's Sustainability Academy for employee training on climate and ESG issues. The Bank also engaging with GIZ, UNDP, GGGI, CFC on sustainable finance development topics.</i></p> <p><i>The Bank recognizes the importance of its employees in implementing its sustainability strategy. In 2024 and 2025 the bank conducted trainings on ESG to engage and raise the knowledge of its employees.</i></p> <p><i>The Bank has introduced new financial product "Financing Green Technologies".</i></p>	<p><i>the legislation of the Kyrgyz Republic.</i></p> <p><i>The main documents regulating the activities and determining the powers of the Board of Directors are the Law "On Joint Stock Companies", regulations of the National Bank, the Charter of the Bank, and the Regulations on the Board of Directors.</i></p> <p><i>In order to ensure sound and effective decision-making, the Board of Directors of the Bank establishes committees. Currently, the following committees have been established under the Board of Directors of the Bank:</i></p> <ul style="list-style-type: none"> <li><i>- Audit Committee</i></li> <li><i>- Risk Management Committee</i></li> <li><i>- Nomination and Remuneration Committee</i></li> </ul> <p><i>The executive body of the Bank is the Management Board of the Bank.</i></p> <p><i>The main documents regulating the activities and determining the powers of the executive bodies are the Law "On Banks and Banking Activities", "On Joint Stock Companies", regulations of the National Bank of the Kyrgyz Republic, the Charter of the Bank, and the Regulations on the Management Board.</i></p> <p><i>The Board of Directors and the Management Board are responsible for compliance with the principles of corporate governance.</i></p>	
<p><b>Links &amp; references</b></p> <p>[References to where additional information can be found in external reporting. Include links and page numbers,]</p> <p><a href="#">ayyl-sr-2024-en-final.pdf</a></p> <p>Stakeholder engagement</p> <p>Pages 43-44</p>	<p><b>Links &amp; references</b></p> <p>[References to where additional information can be found in external reporting. Include links and page numbers,]</p> <p><a href="#">ayyl-sr-2024-en-final.pdf</a></p> <p>Corporate governance</p> <p>Pages 18-19</p>	<p><b>Links &amp; references</b></p> <p>[References to where additional information can be found in external reporting. Include links and page numbers,]</p>

# Supplements

## Aiyl Bank 2024

### Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

#### Business model

Describe (high-level) your bank's business model, including the main business lines, customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, business areas or by disclosing the number of customers and clients served.

#### Links & references

[ayyl-sr-2024-en-final.pdf](#)

Bank profile

Pages 11-13

#### Response

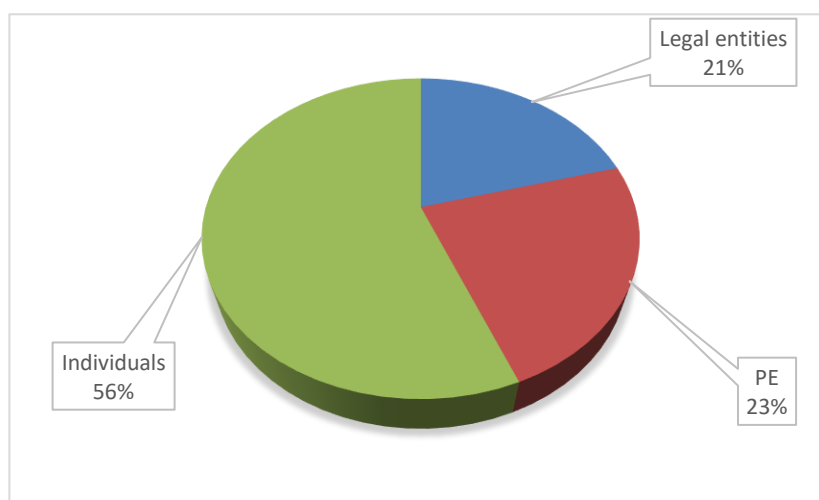
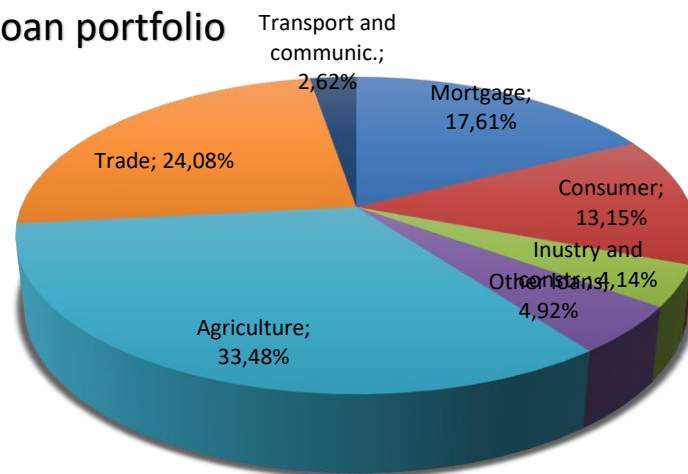
*Aiyl Bank was founded by the Government of the Kyrgyz Republic with the financial and technical aid of the World Bank in 1996 in order to provide loans to agricultural entities within the Kyrgyz Republic. During the 29 years of its operation, Aiyl Bank has achieved significant success in providing access to loans for a significant part of the rural population of the country. Today, the Bank is one of the leading financial institutions whose mission is to develop the agricultural sector of the country and improve the welfare of the population by providing affordable and high-quality banking products based on modern technologies. It has 169 branches in all regions of the Republic, including hard-to-reach and remote locations in the country. The Bank is constantly working to improve its products and expand its geographical coverage for timely and high-quality provision of a full range of banking services. The Bank conducts work to attract more affordable and long-term resources in order to finance investment goals and replenish the working capital of borrowers. It successfully implements a number of public, private and international projects in the field of providing a traditional type of lending to a significant part of the country's population.*

*Aiyl Bank operates in the Kyrgyz Republic and the following is the Bank's portfolio in terms of country geographies.*

<i>Regions of the Kyrgyz Republic</i>	<i>100%</i>
<i>Bishkek city</i>	<i>36,11%</i>
<i>Chui region</i>	<i>10,92%</i>
<i>Ysyk-Kol region</i>	<i>9,48%</i>

<i>Osh region</i>	<i>16,08%</i>
<i>Zhalal-Abad region</i>	<i>13,07%</i>
<i>Talas region</i>	<i>4,19%</i>
<i>Naryn region</i>	<i>4,42%</i>
<i>Batken region</i>	<i>5,74%</i>

## Loan portfolio



## Strategy alignment

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and other international frameworks such as the Kunming-Montreal Global Biodiversity Framework (GBF), the United Nations Guiding Principles on Business and Human Right (UNGPs), the forthcoming instrument on plastic pollution etc.

Include any other national and/or regional frameworks that your bank has a strategy to align with where relevant.

Links & references

[Sustainable development](#)

[ayyl-sr-2024-en-final.pdf](#)

*The Bank's contribution to achieving the SDGs*

*Pages 44-45*

#### Response

*According to its 2040 vision, Kyrgyzstan seeks to have a competitive economy, which is focused on application of innovation and environmentally friendly technologies, diversified, balanced and inclusive economy with favorable environment for investments. The aspiration is to turn the country into an "investment oasis" which will be an attractive investment destination that has a competitive advantage in comparison with other countries of the region. The Government of Kyrgyzstan intends to achieve this aspiration taking following additional factors into consideration:*

*-reduce unconditional emission by 16.63% in 2025 and by 15.97% in 2030*

*-achieve carbon neutrality by 2050*

*-proactively assess and prepare for climate change and natural hazards such as mudslides, landslides, avalanches and earthquakes to which the country is extremely susceptible to.*

*In response, the country has already defined what is meant by 'green economy' and has identified priority sectors for green development such as green energy, green agriculture, green industry, sustainable tourism, low-emission transport, waste management, green cities, and green energy. The priority of the country is to create an environment that is favorable for human life where there is rational use of natural resources, and preservation of ecosystems. Nevertheless, financial institutions will play an important role in developing a 'green economy' by financing these projects.*

*Also, the National Bank of the Kyrgyz Republic has approved 'Recommendations on Identification, Monitoring and Disclosure of Financial Risks associated with ESG, which set out minimum standards for the safe and sound management of ESG risks for banks.*

*Besides, National Bank of the Kyrgyz Republic has adopted the Roadmap for the development of sustainable finance and the implementation of ESG principles in the banking sector of the Kyrgyz Republic.*

*In this context, it is crucial for Aiyl Bank to understand ESG risks and opportunities, formulate an action plan to mitigate risks and strengthen themselves to leverage green finance opportunities.*

*Aiyl Bank developed ESG strategy and implementation roadmap in April 2024.*

*Activities are elaborated in short-, medium- and long-term development plans.*

*Sustainable Development Policy of Aiyl Bank OJSC was developed and approved by the Board of Directors of the Bank.*

*The main objectives of the Policy are to comply with the advanced requirements and recommendations of the National Bank of the Kyrgyz Republic in all aspects of environmental, social and corporate governance, to contribute to the achievement of the SDGs, goals of the Paris Agreement and to define the Bank's approach in the field of Sustainable Development.*

#### *Risk management*

*Effective risk management is one of the key factors of the Bank's sustainable development and fulfillment of its strategic objectives. The Bank has a Risk Management Department, which performs risk management activities.*

*The main document regulating risk management in the Bank is the Risk Management Policy approved by the Board of Directors of the Bank.*



## Principle 2: Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### Impact Analysis

Show how your bank has identified, prioritized and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority areas for target-setting. Include details regarding: Scope, Portfolio Composition, Context, and Performance Measurement.

The impact analysis should include assessment of the relevance of the four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector](#), as part of its initial or ongoing impact analysis.

### Links & references

[ayyl-sr-2024-en-final.pdf](#)

Bank profile

Pages 11-13

### Response

*Recognizing that a successful transition requires strong policies in the broader economy, the Bank is collaborating with outside partners. The goal is to clarify the role of banks and determine how the Bank can best serve its customers. In developing its future strategy, the Bank is also reviewing different voluntary transition frameworks and criteria. It believes a standardized framework would make the process simpler for both the bank and the wider industry.*

*The Bank participated in all meetings and discussions organized by ministries, regulatory bodies, development partners on green taxonomy of the Kyrgyz Republic. The Bank also provided written comments, proposals to the final document of national green taxonomy.*

*As a working group member to develop a Roadmap to develop sustainable finance and ESG adoption in banking sector of the Kyrgyz Republic the Bank contributed to development and adoption of this document by the National Bank of the Kyrgyz Republic.*

### Targets, Target Implementation, and Action Plans/Transition plans

Show that your bank has set and published a minimum of two SMART targets which address at least two different areas of most significant impact that your bank identified in its impact analysis. Once targets are set, explain the actions taken and progress made. Include details regarding: Alignment, Baselines, Targets, Target Implementation & Monitoring (and KPIs), Action Plans/ Transition plans and Milestones.

Banks are encouraged to disclose information regarding actions they are taking in four priorities laid out in [Leading the Way to a Sustainable Future: Priorities for a Global Responsible Banking Sector \(2024\)](#).

### Links & references

[ayyl-sr-2024-en-final.pdf](#)

Bank profile

Pages 11-13

### Response

*The Bank focuses in two main areas: climate change (as part of our ESG strategy) and healthy and inclusive economies (as part of the mission of the Bank).*

*Our primary goals are to make a positive impact in these areas:*

*Boosting the financial health and stability of our clients and population in regions of presence.*

*Increasing the financial education of all participants in our programs.*

*Enhancing the well-being of our employees, including their working conditions and work-life balance.*

*Strengthening our digital capabilities by improving employee skills, client accessibility, and the bank's security response.*

*Contributing to climate change mitigation and supporting our clients' transition efforts.*

## Principle 3: Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### Client and Customer engagement

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on the client engagement strategy including but not limited to the impact areas identified/ targets set, awareness raising activities with clients and customers, relevant policies and processes, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

Links & references

[ayyl-sr-2024-en-final.pdf](#)

Stakeholder engagement

Pages 43-44

Sustainable finance development

Page 58

### Response

*As a universal bank in the Kyrgyz Republic, Aiy Bank provides a full range of services. We're uniquely positioned to drive behavioral change and help clients in high-emitting sectors, like agriculture, transition to more sustainable practices. Our goal is to integrate ESG principles into our daily operations.*

*We were the first Kyrgyz bank to sign the Principles for Responsible Banking (PRB), and we're dedicated to supporting communities and vulnerable people. We offer financial education programs to increase economic awareness and close social gaps. Through concessional lending, state programs, partnerships, and corporate social responsibility (CSR) initiatives like charity and sponsorship, we empower communities and aim to make a lasting difference.*

*At Aiy Bank, we believe sustainability is central to our strategy. We're committed to providing fair service to our customers and actively equipping our employees with the knowledge and skills they need to drive positive change. Capacity building is one of the main challenges in broadening ESG practices into crediting and procurement practices. We are planning to increase efforts in this regard as well.*

### Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how your bank has developed these in the reporting period. Provide information on sustainability-related products and services and frameworks in place that support the transition needs of clients, size of the sustainable finance portfolio in USD or local currency and/or as a % of your bank's portfolio,\* and which SDGs or impact areas you bank is striving to make a positive impact on (e.g. green mortgages—climate, social, sustainability bonds—financial inclusion, etc.).

\* Provide information on the sustainable finance frameworks/standards/taxonomies used to label sustainable finance volumes

Links & references

[ayyl-sr-2024-en-final.pdf](#)

Stakeholder engagement

Pages 43-44

Sustainable finance development

Page 58

## Response

*We're also committed to creating a positive social impact. As a social actor, we help our clients and communities build a more sustainable, inclusive, and equitable society. To date, our green portfolio is \$11 million, and we plan to grow it further by setting specific ESG targets for our lending, investment products, and sustainable bonds. Beyond financing, we are planning education of our clients and stakeholders on ESG topics and their role in protecting the environment.*

*In order to preserve and improve the environment, as well as to provide financial support to entrepreneurs engaged in the production of environmentally friendly products and processing of raw materials without negative impact on nature, and in general to stimulate the development of green economy and green finance market, we allocated KGS 1 billion (USD 11.5 mln) for the loan product "Green Technology Financing".*

*Purposes of the loan:*

- o Green transportation;*
- o Renewable energy;*
- o Energy efficiency, reduction of energy consumption and/or technical losses;*
- o Green buildings;*
- o Improvement of air quality;*
- o Sustainable use of water and waste;*
- o Sustainable agriculture;*

*Allocated KGS 1 billion KGS is only about 2% of the portfolio. There are many loans that can be verified as 'green' loans issued previously. Such loans include stable nursing systems, purchase of pedigree animals, drip irrigation systems, etc. in agriculture sector. Lack of internal verification system, absence of national green taxonomy in 2024 made it difficult to indicate exact amount of green portfolio. We plan to verify our green portfolio by attracting third parties.*

*Loan product "Green Technology Financing" was developed guided by internal green taxonomy of the State Development Bank of the Kyrgyz Republic*

## Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### Stakeholder identification and consultation

Describe which stakeholders (or groups/types of stakeholders) your bank has identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of the bank's engagement strategy following criteria for effective engagement and advocacy, how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

### Links & references

[ayyl-sr-2024-en-final.pdf](#)

*Stakeholder engagement*

*Pages 43-44*

### Response

*Our Bank seeks feedback from our stakeholders and we are committed to responding to their concerns quickly and accurately. We believe that this engagement provides us with valuable insights, helps us manage risks and opportunities, and is essential to our long-term sustainability.*

### *Engaging with clients*

*We are dedicated to putting our clients at the center of everything we do. Our complaint management system allows us to quickly identify and resolve issues, reinforcing our commitment to customer satisfaction and consumer protection.*

### *Interacting with institutional and regulatory bodies*

*In 2024, we proactively engaged with regulators and governmental bodies to promote sustainable finance in the Kyrgyz Republic. We contributed to discussions on creating a framework that facilitates the transition to a low-carbon economy. This included participating in the development of a Green taxonomy of the Kyrgyz Republic and a Roadmap for the development of sustainable finance and the implementation of ESG principles in the banking sector of the Kyrgyz Republic designed to meet the needs of all stakeholders.*

### *Engaging with investors*

*Investors are increasingly prioritizing environmental, social, and governance (ESG) factors in their decision-making. To reflect this, we have strengthened our relationships with external analysts and ESG ratings agencies. We recognize that strong ESG ratings and scores are crucial for attracting sustainable investment and influencing investment strategies.*

## Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

### Governance Structure for Implementation of the Principles

Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts (including accountability at the executive leadership level, clearly defined roles and responsibilities for sustainability matters in internal processes, etc.) and support the effective implementation of the Principles.

#### Links & references

[ayyl-sr-2024-en-final.pdf](#)

Corporate governance

Pages 18-19

#### Response

*Corporate governance system ensures transparency, accountability, and adherence to standards in the bank's operations. It supports sustainable growth and long-term stability in the bank's activities.*

#### *Corporate governance system*

*Openness of activities, compliance with international principles and practices in the field of corporate governance are the conditions for successful sustainable development of the Bank. Corporate governance covers the system of relations between the Bank's executive bodies, the Board of Directors, shareholders and other stakeholders.*

*In 2017, the General Meeting of Shareholders of the Bank approved the Code of Corporate Governance of Aiy Bank OJSC. In 2024, the Code was updated in accordance with global practices and the Corporate Governance Code of the Kyrgyz Republic.*

#### *Principles of corporate governance*

- The principle of sustainable increase in the value of shareholder capital in the long term.*
- The principle of sustainable development implies the need to take into account financial, as well as environmental, social and governance aspects in decision-making.*
- G20/OECD Principles of Corporate Governance (2015).*
- OECD Guidelines on Corporate Governance for State-Owned Enterprises.*

#### *Management Bodies of the Bank*

*In their activities, the Bank's Management Bodies strictly adhere to the principle of respect for the rights and legitimate interests of the Bank's shareholder and are aimed at increasing the value of assets, improving the Bank's financial stability and profitability.*

*According to the Bank's Charter, the supreme management body of the Bank is the General Meeting of Shareholders.*

*The main documents regulating the activities and determining the powers of the General Meeting of Shareholders are the Law "On Joint Stock Companies", regulations of the National Bank of the Kyrgyz Republic and the Charter of the Bank.*

*According to the Charter, the Board of Directors of the Bank represents all shareholders, performs strategic management of the Bank, determines the main principles and approaches to the organization of the risk management and internal control system in the Bank, controls the activities of the Management Board of the Bank, as well as implements other key functions established by the legislation of the Kyrgyz Republic.*

*The main documents regulating the activities and determining the powers of the Board of Directors are the Law "On Joint Stock Companies", regulations of the National Bank, the Charter of the Bank, and the Regulations on the Board of Directors.*

*In order to ensure sound and effective decision-making, the Board of Directors of the Bank establishes committees. Currently, the following committees have been established under the Board of Directors of the Bank:*

- Audit Committee
- Risk Management Committee
- Nomination and Remuneration Committee

*The executive body of the Bank is the Management Board of the Bank.*

*The main documents regulating the activities and determining the powers of the executive bodies are the Law "On Banks and Banking Activities", "On Joint Stock Companies", regulations of the National Bank of the Kyrgyz Republic, the Charter of the Bank, and the Regulations on the Management Board.*

*The Board of Directors and the Management Board are responsible for compliance with the principles of corporate governance.*

*Corporate Secretary*

*The Bank provides for the position of a Corporate Secretary due to the following factors:*

- increasing the scope of tasks to comply with the rules and procedures established by the legislation, as well as the Bank's internal documents, aimed at ensuring the rights and protecting the interests of shareholders;*
- increase of the Bank's responsibility for non-compliance and violation of the norms of the current legislation and its internal documents;*
- increase in the volume of tasks to support the work of the Board of Directors.*

*The Corporate Secretary has sufficient independence from the executive management of the Bank, reporting directly to the Board of Directors, which does not imply combining his/her tasks with other functions in the Bank. The Corporate Secretary is an officer of the Bank and has the experience, knowledge, qualifications necessary to perform his/her duties, impeccable reputation and enjoys the confidence of shareholders.*

*The Corporate Secretary is also an advisor to the Board on corporate governance issues: it is the Secretary who provides recommendations and assistance to the Chairman, members and committees of the Board of Directors, as well as to the Board as a whole in the performance of their functions.*

*Helpline and Helpline for Employees*

*In order to improve the quality of corporate governance and to provide stakeholders with an opportunity to freely send information to the Bank about corruption offenses committed by the Bank's employees, as well as to provide all employees of the Bank with an opportunity to bring to the attention of the Bank's governing bodies and managers reliable information about all violations of the legislation of the Kyrgyz Republic, cases of abuse, the Bank operates a "Helpline" and "Helpline for employees".*

*The Bank accepts claims from partners, counterparties and other (individuals and legal entities) about possible facts of corruption using an interactive channel of interaction with applicants through the "Helpline".*

*The Bank accepts appeals of the Bank's employees on possible facts of corruption using an interactive channel of interaction with applicants through the "Employee Helpline".*

*All reports of a corruption nature are received by the Security Service and the Compliance Control Department for further informing the Bank's Management Board and the Board of Directors.*

*The Bank guarantees non-disclosure of the employee's identity and information specified in the message.*

*Responsible departments of the Bank analyze incoming information on an ongoing basis and, if necessary, carry out verification measures.*

#### **Promoting a culture of responsible banking:**

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, learning & development, sustainability training for relevant teams, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Links & references

[ayyl-sr-2024-en-final.pdf](#)

Training and development of personnel

Pages 77-78



## Response

*Within the frame of adoption of the Bank's ESG strategy in 2024 we have organized trainings on ESG topics for Board of Directors, Management Board members and department heads of the Bank's HQ.*

*Board of Directors attended additional trainings by London Reporting Academy on sustainability indexes and ratings.*

*Bank's personnel undergo various trainings topics which cover different aspects banking services and works. We plan to enhance sustainability and responsible banking related trainings to all staff members through educational platform of the Bank.*

## Risk and due diligence processes and policies

Describe what processes your bank has installed to identify and manage environmental and social risks associated with your bank's portfolio. This can include aspects such as identification of significant/salient risks, due diligence processes, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures your bank has in place to oversee these risks.

## Links & references

[ayyl-sr-2024-en-final.pdf](#)

Corporate governance

Pages 25-27

## Response

*Environment and social risk management Policy. Regulation regarding assessment of impact on environment and society.*

*Both documents were approved in 2020 and regulate the Bank's activities and procedures during project approval for financing.*

### *Internal control and risk management bodies*

*In accordance with the requirements of the current legislation of the Kyrgyz Republic, the Bank organizes an internal control and risk management system, which is a set of bodies and areas of internal control and risk management, in order to achieve:*

- efficiency and effectiveness of the Bank's activities, ensuring safety of assets, effective risk management;*
- ensuring reliability, completeness, objectivity and timeliness of preparation and presentation of financial and other reports for stakeholders;*
- compliance of the Bank's activities with the legislation and internal documents of the Bank.*

*The internal control bodies include:*

- Compliance Control Department acting on the basis of the Bank's Charter, Regulations on the Compliance Control Department.*
- Internal Audit Department acting on the basis of the Bank's Charter, Regulations on the Internal Audit Department*
- Internal Control Department acting on the basis of the Regulations on the Internal Control Department.*
- Other bodies, subdivisions and employees of the Bank performing functions within the internal control system in accordance with the Charter of the Bank (including the Chief Accountant of the Bank, an independent structural unit for anti-money laundering and countering financing of terrorism).*

### *Risk management*

*Effective risk management is one of the key factors of the Bank's sustainable development and fulfillment of its strategic objectives. The Bank has a Risk Management Department, which performs risk management activities.*

*The main document regulating risk management in the Bank is the Risk Management Policy approved by the Board of Directors of the Bank.*



Principle 6:  
**Transparency & Accountability**

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

The information provided in the Responsible Banking Progress Statement is sufficient. If third-party assurance has been undertaken, provide details on the scope of assurance and the reference/link to the Independent (Limited) Assurance Report