

	OPEN JOINT STOCK COMPANY “ABANK”
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**CORPORATE GOVERNANCE CODE
OF OPEN JOINT STOCK COMPANY “ABANK”**

Subject Matter:	The purpose of the Corporate Governance Code is to enhance transparency in decision-making and to ensure that the Bank observes and protects the legitimate rights and interests of all shareholders, creditors, depositors, and customers of the Bank.
Regulated Entities:	The requirements of this Code shall be binding upon all governing bodies of the Bank, its officers, and employees.
Owner:	Board of Directors, Corporate Secretary, Management Board, Shariah Board, Internal Audit Department, Risk Management Division, Compliance Control Division.
Developer:	Corporate Secretary A.M. Kerimkulova.
Endorsed by:	Legal Department, Risk Management Division, Compliance Control Division, Methodology and Process Robotization Division.
Approved by:	Annual General Meeting of Shareholders dated _____ 2026, Minutes No. _____.
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Review Period:	Annually.



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CHAPTER I. GENERAL PROVISIONS

1. This Corporate Governance Code (hereinafter referred to as the “Code”) of Open Joint Stock Company “ABank” shall constitute an internal document of OJSC “ABank” (hereinafter referred to as the “Bank”). The

Bank, acting through its governing and control bodies, shall make every reasonable effort to comply with the provisions of this Code. In its annual report, the Bank shall disclose information on compliance or non-compliance with the provisions of this Code.

2. Corporate governance is a concept that encompasses the system of relationships between the Bank's executive body, the Board of Directors, shareholders, and other stakeholders. With regard to the banking sector, corporate governance means the allocation of powers and responsibilities, namely the manner in which the Board of Directors and the Bank's executive body, namely the Management Board, direct and manage the Bank, including how:

- the Bank's strategy and objectives are determined, as well as the ways of achieving them and monitoring the achievement of such objectives;
- risk tolerance / risk appetite targets are established;
- day-to-day business operations are managed;
- labour incentives are created to ensure that the Bank's governing bodies and employees take all actions necessary to achieve the Bank's strategic objectives;
- a balance is achieved between the interests of the Bank's shareholders, its creditors, including depositors, and the Bank's stable development;
- compliance is ensured with the legislation of the Kyrgyz Republic, Shariah standards, and the Bank's internal documents;
- the Bank's business and conduct are structured with due regard to reasonable expectations that the Bank shall exercise prudence, maintain the stability of its financial position, demonstrate good faith, and comply with the requirements of the legislation of the Kyrgyz Republic.

3. Corporate governance in the Bank shall be based on the principle of sustainable long-term increase in shareholder value, with mandatory consideration of the legitimate rights and interests of the Bank's depositors. The principle of sustainable development of the Bank implies the need to consider, when making decisions, not only the financial aspects but also the social and environmental aspects of the Bank's activities, as well as to assess the consequences of such decisions for the position of the Bank's depositors.

4. The provisions of this Code are based on the G20/OECD Principles of Corporate Governance (2015), including the G20/OECD Principles of Corporate Governance, the OECD Guidelines on Corporate Governance of State-Owned Enterprises, 2015 Edition, the recommendations of the Basel Committee on Banking Supervision, the requirements of the legislation of the Kyrgyz Republic, the National Bank of the Kyrgyz Republic, and the AAOIFI Shariah Standards.

5. The purpose of the Corporate Governance Code is to enhance transparency in decision-making and to ensure that the Bank observes and protects the legitimate rights and interests of all shareholders, creditors, depositors, and customers of the Bank.

6. This Code shall be approved by the General Meeting of Shareholders and shall be reviewed for relevance at least once a year, as well as following any amendments to the legislation of the Kyrgyz Republic that may have a material impact on corporate governance and/or require amendments to be made. All amendments and additions shall be approved by resolutions of the General Meeting of Shareholders.

CHAPTER II. GENERAL MEETING OF SHAREHOLDERS, SHAREHOLDERS' RIGHTS, AND ASSISTANCE IN THE PROTECTION OF SHAREHOLDERS' RIGHTS

7. The supreme governing body of the Bank shall be the General Meeting of Shareholders. The Bank's shareholders shall exercise their rights and perform their obligations in good faith and reasonably, with a view to ensuring the safe, sound, and reliable operation of the Bank.

8. The Bank shall not be entitled to satisfy the interests of individual shareholders if doing so results in the violation of the rights or unlawful infringement of the interests of other shareholders. The Bank shall ensure that all shareholders have the opportunity to effectively protect their rights and to obtain compensation for losses caused by the violation of their rights by the Bank. Compensation for damage shall

be effected through judicial proceedings in accordance with the legislation of the Kyrgyz Republic.

9. The Bank shall create favourable conditions for shareholders to participate in the General Meeting of Shareholders, including the opportunity to form their own position, coordinate their actions, and express their opinions on all matters put to a vote, whether procedural or substantive.

10. The Bank shall establish and comply with the procedure for informing shareholders of an upcoming General Meeting of Shareholders, as well as the procedure and terms for providing materials on agenda items. The established procedure shall ensure that shareholders are able to prepare effectively for participation in the meeting and to ask questions to the Bank's management at all stages of preparation. Information on such procedure shall be publicly available.

11. The Bank shall provide shareholders with timely and complete information on the date, time, and venue of the General Meeting of Shareholders, as well as its agenda and the materials necessary to form a well-founded opinion on each agenda item. Notice to shareholders of the General Meeting shall be given in accordance with the Law of the Kyrgyz Republic "On Joint-Stock Companies".

12. The Bank shall not obstruct interaction among shareholders in preparation for the General Meeting of Shareholders and shall ensure equal opportunities for all attendees to express their opinions, ask questions to representatives of the Bank, and participate in voting, provided that they have the relevant voting right.

13. The Bank shall ensure that each shareholder, or his/her duly authorised representative, holding the right to vote is able to exercise such right without

hindrance. Voting procedures shall be effective and convenient for shareholders and shall not create obstacles or additional costs for participation in voting.

14. The competence of the General Meeting of Shareholders of the Bank shall be determined by the Laws of the Kyrgyz Republic “On Banks and Banking Activities” and “On Joint-Stock Companies”.

15. Matters falling within the exclusive competence of the General Meeting of Shareholders may not be transferred to other governing bodies.

16. Acts or omissions of shareholders shall not result in the violation of the rights of the Bank’s customers. Shareholders shall be prohibited from abusing their rights. In particular, actions aimed at causing harm to other shareholders or to the Bank shall be prohibited.

17. Interaction between shareholders and the Bank on matters relating to the Bank’s development policy and activities shall be carried out exclusively through the Board of Directors and the Corporate Secretary, where necessary.

Section 2.1. Convening and Preparation for Holding the General Meeting of Shareholders

18. The Board of Directors shall be responsible for applying such procedure for convening the General Meeting of Shareholders and such procedures for preparation for its holding as would enable shareholders to properly prepare for it. Such procedures shall be set forth in the internal documents of the Bank and shall include, but not be limited to, the following:

- the possibility for shareholders of the Bank to familiarise themselves with the list of persons entitled to participate in such meeting through the Corporate Secretary of the Bank;
- transparent consideration of proposals of all shareholders regarding agenda items and proposals on candidates to the elective bodies of the Bank, submitted in accordance with the requirements of legislation and the internal documents of the

Bank;

- notification of shareholders of the holding of the meeting with the provision of sufficient information enabling them to decide on participation in the meeting, on the method of such participation, namely personal attendance or issuance of a power of attorney, as well as to be informed of the method of obtaining access to materials on the agenda items of the meeting and of the position of the Board of Directors and each of its members on the agenda items of the meeting;
- use of the electronic form of notice of the holding of the General Meeting as an additional method of notification and distribution of materials, as well as their placement in free access on the official website of the Bank;
- establishment of the place and time of holding the meeting in a manner convenient for shareholders and ensuring their real and non-burdensome opportunity to participate in it;
- timely informing of the Bank's shareholders of draft resolutions on the agenda items of the General Meeting of Shareholders recommended to them. This shall be achieved by providing such information to each shareholder upon his/her registration for participation in the meeting.

Section 2.2. Holding the General Meeting of Shareholders

19. The rules of procedure of the General Meeting of Shareholders shall be developed by the Board of Directors and shall provide for, but not be limited to, the following:

- allocation of reasonable and sufficient time for reports on agenda items, time for discussion of such matters, as well as the opportunity for any shareholder wishing to do so to speak;
- the opportunity for shareholders to ask and receive answers to all their questions directly at the meeting, and if the complexity of a question does not allow it to be answered immediately, the person or persons to whom such question is addressed shall provide a written response to the relevant shareholder as soon as possible after the end of the General Meeting.

20. The procedures for holding the General Meeting of Shareholders of the

Bank shall provide for, but not be limited to, the following:

- provision of sufficient time for registration of all shareholders wishing to participate in the General Meeting, as well as the possibility of continuing registration after the start of the meeting so that shareholders have the right to participate in decision-making on matters put to vote after their registration;
- mandatory attendance at the meeting by members of the Board of Directors, the Executive Body, the auditor of the Bank, the chief accountant, as well as the attendance of candidates to elective bodies;
- the possibility of including representatives of shareholders in the list of candidates for membership of the Counting Commission of the Bank directly at the meeting;
- the possibility for the Bank to video record the course of the meeting in order to assist in preparing the minutes of the meeting;
- summarising the voting results and announcing the wording of the adopted resolutions before the close of the meeting.

21. Voting procedures during the General Meeting of Shareholders of the Bank shall provide for, but not be limited to, the following:

- the principle for assessing voting ballots: “a ballot from which the expression of will of a specific shareholder on a specific agenda item of the meeting clearly follows may not be declared invalid”;
- voting on procedural matters of the meeting agenda in the manner and on the principles similar to voting on agenda items of the meeting;
- the possibility of satisfying the request of a voting shareholder to make a copy of the ballot completed by him/her and to have such copy certified by the Counting Commission of the Bank;
- the possibility of using electronic means with remote voting technology for participation in the General Meeting, provided that there is technical capability and an established internal procedure for electronic voting, for unambiguous identification, or authentication, of persons participating in the General Meeting, and for recording their expression of will when decisions of the General Meeting

are adopted, namely during voting.

22. The Board of Directors shall be responsible for the proper preparation of materials for the General Meeting of Shareholders of the Bank and shall not have the right to shift such duty to the Executive Body of the Bank. The Board of Directors shall be responsible for disclosing such information by means acceptable to the majority of the Bank's shareholders, including but not limited to placing such information on the official website of the Bank.

23. The Board of Directors shall be responsible for timely informing shareholders of the results of:

- General Meetings of Shareholders held;
- meetings of the Board of Directors and the Executive Body of the Bank held, except in cases where the disclosed information is classified by an internal document of the Bank as its commercial secret.

Section 2.4. Determination of the Amount of Dividends on the Bank's Shares and the Procedure for Their Payment

24. The Board of Directors shall develop and approve the Dividend Policy of the Bank in the form of an internal document of the Bank. Such document shall provide for, but not be limited to, the following:

- a statement that the Bank's net profit for the reporting year indicates only the possibility of allocating part of it for the payment of dividends, but does not provide full certainty thereof;
- the need to take into account investments or capital expenditures planned by the Bank in subsequent periods when developing proposals to the General Meeting of Shareholders on the payment of dividends and their amount, as well as to take into account the requirements of the National Bank on this matter;
- the mandatory requirement to justify the recommended amount of dividends on the basis of an analysis of the Bank's forecast cash flows for upcoming periods;
- the procedure for payment of dividends that facilitates the exercise by shareholders of their right to receive them, while simultaneously complying with

all prudential standards established by the National Bank;

- the obligation of the Bank not to allow deterioration of the dividend rights of the Bank's existing shareholders when carrying out corporate actions, including dilution of the shares of existing shareholders without granting them the pre-emptive right to acquire newly issued shares of the Bank;
- the mandatory disclosure of the Bank's Dividend Policy on the official website of the Bank.

Section 2.5. Assistance to Shareholders in Restoring Their Violated Rights

25. A shareholder of the Bank shall make every possible effort to inform the Board of Directors of all violations of his/her rights as a shareholder of the Bank, and the Board of Directors shall create all necessary conditions for timely and comprehensive consideration of such information, with the aim of providing comprehensive assistance to the shareholder in restoring his/her violated rights.

26. If a shareholder of the Bank initiates court proceedings on matters relating to violation of his/her rights as a shareholder of the Bank against the Bank itself, represented by its officers, or challenges in court decisions adopted by the Bank, the Board of Directors shall make reasonable efforts to examine the validity of the claims brought by the shareholder and shall take measures for the prompt settlement of the disagreements that have arisen.

27. The Board of Directors shall create all necessary conditions for obtaining feedback from the Bank's shareholders, considering their appeals, and taking measures to prevent probable violations of shareholders' rights by the Bank and its officers.

CHAPTER III. BOARD OF DIRECTORS OF THE BANK

28. The Board of Directors of the Bank is the governing body of the Bank that exercises general management of the Bank during the period between General Meetings of Shareholders, in accordance with the Regulation on the Board of Directors of the Bank.

29. The Board of Directors of the Bank exercises strategic management of the Bank, determines the main principles and approaches to the organisation of the Bank's risk management and internal control system, oversees the activities of the Executive Body of the Bank, and performs other key functions.

30. Matters falling within the exclusive competence and responsibility of the Board of Directors shall be determined by the Laws of the Kyrgyz Republic "On Banks and Banking Activities" and "On Joint-Stock Companies".

31. In order to ensure effective corporate governance, the Board of Directors shall:

1) establish clear levels of authority, responsibility, and accountability within the organisational structure of the Bank;

2) establish an effective internal control system and ensure its proper functioning, adequate to the size, complexity of operations, structure, and risk profile of the Bank. For these purposes, the risk profile means a combination of the Bank's risk indicators based on collected, analysed, and systematised information that characterises the Bank's exposure to risks by areas of activity, taking into account the established priorities;

3) determine the principles and approaches to organising an effective risk management system that complies with the requirements established by the National Bank;

4) take measures to communicate information on the Bank's strategic objectives to all levels of the Bank's organisational structure;

5) ensure that the activities of the Bank and its governing bodies comply with the legislation of the Kyrgyz Republic, regulatory legal acts, and requirements of the National Bank;

6) review the results of external and internal inspections of the Bank's activities and take appropriate measures based on such results;

7) possess sufficient and reliable information in order to make objective and competent decisions and ensure that the recommendations and proposals of the Management Board, other collegial bodies, and officers of the Bank are justified and serve the interests of the Bank;

8) ensure that the rules and procedures for remuneration payments are aligned with the Bank's long-term objectives and strategy, as well as with the Bank's corporate culture and control environment;

- 9) establish the main long-term areas of the Bank's activities and their respective indicators;
- 10) elect the Executive Body of the Bank and plan its succession;
- 11) organise oversight over the Executive Body and officers of the Bank in order to ensure that their actions comply with the approved main areas of the Bank's development;
- 12) ensure the implementation of and compliance with a reliable Shariah governance system and Shariah standards;
- 13) approve business plans, determine and monitor the achievement of the Bank's key performance indicators;
- 14) determine the remuneration policy for the Executive Body, employees appointed by the Board of Directors, and key employees of the Bank;
- 15) carry out measures to prevent, identify, and resolve internal conflicts involving the Bank's bodies and officers, shareholders, and employees of the Bank;
- 16) approve the heads and employees of the internal audit, risk management and compliance control services, the Shariah control department, and the Corporate Secretary, and determine the terms of their remuneration;
- 17) ensure the independence and objectivity of the internal audit function;
- 18) ensure transparency of the Bank's activities, timely and complete disclosure of information, and the procedure for informing shareholders;
- 19) make decisions on the Bank's execution of major transactions, interested-party transactions, and other transactions that are not concluded within the ordinary course of the Bank's business;
- 20) interact with the Bank's external independent auditor;
- 21) oversee compliance with the provisions of this Code and the Bank's corporate standards in the field of business ethics, and ensure an appropriate level of corporate governance practice in the Bank.

32. The Board of Directors shall periodically:

- hear reports of the Executive Body of the Bank on the implementation of the strategy, paying attention to whether this process complies with the established criteria, at least once per quarter;
- assess the Bank’s development strategy for realism, taking into account the Bank’s strengths and weaknesses, as well as existing and forecast economic and financial operating conditions, at least once a year;
- hold meetings with the Shariah Board to address matters related to compliance with Shariah standards and rules, at least once a year;
- determine, at least once a year, the degree of effectiveness of its work and its compliance with the Bank’s development needs, including identification of management efficiency deficiencies and adoption of appropriate corrective actions, based on the assessment of the activities of the committees of the Board of Directors and its members.

33. In order to perform its duties, the Board of Directors shall:

- make sound and objective judgments, possess and maintain the required level of qualification, and demonstrate competence both collectively and individually;
- follow best practices of effective corporate governance in carrying out its own activities as the Board of Directors;
- rely on competent, reliable, and independent internal control and risk management systems, over the activities of which it shall exercise effective oversight;
- have sufficient time to properly perform its duties, including time to prepare for meetings / absentee voting for the adoption of decisions by the Board of Directors, as well as to participate in them;
- be equally provided with access to the Bank’s documents and information. Newly elected members of the Board of Directors shall be provided, as soon as practicable from the date of their election, with all necessary information on the Bank’s activities and the work of the Board of Directors.

34. Members of the Board of Directors shall perform the “duty of care” and the “duty of loyalty” to the Bank. Fulfilment of these duties implies active participation in the affairs of the Bank, awareness of all significant changes in the Bank’s business and its surrounding business environment, and protection of the Bank’s interests.

Members of the Board of Directors of the Bank shall act in good faith and reasonably, in the best interests of the Bank, its shareholders and depositors, on a fully informed basis, with due care and prudence.

35. Reasonable and good-faith actions of members of the Board of Directors shall imply the performance by them of the following fiduciary duties:

- to act within the scope of their powers in compliance with the requirements of the banking legislation of the Kyrgyz Republic and the Charter of the Bank;
- to use the powers granted to them for the purpose of performing the tasks and functions for which they were elected;
- to make well-considered decisions on the basis of their own qualifications and experience, after making every possible effort to obtain available information within a reasonable period of time;
- to comply with the requirements for preventing conflicts of interest and to timely notify the governing bodies of the Bank of the occurrence of a conflict of interest;
- to observe the principle of equality in relation to shareholders, without giving preference to the interests of some shareholders over the interests of others;
- to notify the governing bodies of the Bank of all known incidents threatening the financial stability of the Bank;
- if, in the opinion of a member of the Board of Directors, the decisions adopted by the Board of Directors pose a threat to the financial soundness and stability of the Bank, or to the rights and legitimate interests of depositors and other creditors, such member shall be obliged to inform the National Bank thereof.

36. The right of members of the Board of Directors to receive information on the activities of the Bank shall be established in the internal documents of the Bank in the form of rules that are mandatory for compliance by all officers and employees of the Bank, including sanctions for concealment, failure to provide, or improper provision of such information. The Board of Directors of the Bank shall establish requirements for the composition and time limits for the provision of such information, and, where necessary, any member of the Board of Directors shall have the right to request additional information when such information is necessary for making a well-considered decision, provided that:

- the presence of confidential information in the documents requested by a member of the Board of Directors, including information constituting a commercial or

banking secret of the Bank, shall not prevent such documents from being provided, and the member of the Board of Directors to whom such information is provided shall be obliged to maintain its confidentiality, which shall be reflected in the internal documents of the Bank;

- the Bank shall not refuse to provide information to members of the Board of Directors on the grounds that, in the opinion of the Bank, the requested information is not related to the agenda of the meeting or to the competence of the Board of Directors.

37. A conflict of interest shall mean any contradiction between the interests of the Bank and those of a member of the Board of Directors, including by virtue of his/her business, friendly, family and other ties and relationships. A conflict of interest may arise, in particular, from the conclusion of transactions in which a member of the Board of Directors is directly or indirectly interested, the acquisition of shares or participatory interests in legal entities competing with the Bank, as well as holding positions in such legal entities or entering into contractual relations with them.

38. The Board of Directors shall apply the following measures to overcome the negative impact of a conflict of interest in its activities, including but not limited to:

- prior written notification by a member of the Board of Directors addressed to the Chairperson of the Board of Directors or the Corporate Secretary regarding the existence of a conflict of interest and/or his/her interest, including the grounds for its occurrence;

- consideration of such notification at a meeting of the Board of Directors regarding the possibility of participation of the relevant member of the Board of Directors in voting on matters connected with the interest disclosed by him/her.

This shall be achieved by establishing the relevant requirements for members of the Board of Directors in the internal documents of the Bank.

39. The Board of Directors of the Bank shall act in the interests of the Bank and, in order to overcome the possibility of any external influence being exerted on a member of the Board of Directors with the aim of inducing him/her to perform an action or adopt a decision to the detriment of such interests, shall apply the following measures, including but not limited to:

- establishing restrictions or prohibitions on the acceptance by members of the Board of Directors and their close relatives of gifts from persons interested in the adoption of decisions, as well as on the use of any other direct or indirect benefits provided

by such persons, except for symbolic tokens of attention in accordance with generally accepted rules of courtesy or souvenirs during official events;

- mandatory notification by a member of the Board of Directors addressed to the Chairperson of the Board of Directors or the Corporate Secretary of the existence of circumstances that make it possible to consider such member of the Board of Directors to be under pressure.

Development of the Remuneration Policy for Members of the Board of Directors, Executive Bodies and Other Key Senior Executives of the Bank

40. The remuneration policy for the Board of Directors shall be based on encouraging the alignment of the interests of Directors and shareholders, and shall regulate all types of remuneration and reimbursement of expenses paid to members of the Board of Directors, including remuneration for participation in the work of committees, for performing the functions of the Chairperson of the Board of Directors and the chairperson of a committee, and shall be approved by the General Meeting of Shareholders.

41. The amount of additional remuneration payable to members of the Board of Directors shall be established by a resolution of the General Meeting of Shareholders, taking into account the results of the Bank's performance, the achievement of the Bank's strategic plans, and the effective participation of the relevant member of the Board of Directors in the implementation of the strategic plans.

42. The level of remuneration established by the Bank for members of the Board of Directors and key employees of the Bank shall create sufficient motivation for their effective work, enabling the Bank to attract and retain competent and qualified specialists.

43. The Bank, represented by the Board of Directors, shall develop and implement remuneration and/or compensation policies for its officers:

- members of the Executive Body;
- employees of the internal audit service;
- employees of the risk management service;
- employees of the compliance control service;

- the Corporate Secretary;

- key employees.

44. Approval of the above-mentioned policies shall be carried out by the governing body that elects or appoints the relevant officers of the Bank.

45. The Board of Directors shall keep the development and functioning of the remuneration payment system under constant control, monitor and assess the remuneration payment system in order to avoid deviations from the original intended purpose.

46. The remuneration system for the Executive Body and key employees shall be structured in accordance with the long-term interests of the Bank and shall be determined by the objective results of the Bank's activities. It shall define the composition of key senior executives, namely the list of positions to which this policy applies. The said policy shall regulate all forms of remuneration and other material benefits, including reimbursement of expenses, benefits, pension contributions, insurance premiums and other payments provided to members of executive bodies and other key senior executives of the Bank.

47. Remuneration policies for officers of the Bank shall include criteria for assessing their activities, namely key performance indicators, in the context of achieving collective and individual targets.

48. The Board of Directors of the Bank shall take actions aimed at recovering funds improperly received by members of the Executive Body from the Bank under short-term and/or long-term incentive programmes.

The Composition of the Board of Directors Shall Contribute to the Most Effective Performance of the Functions Assigned to the Board of Directors

49. The personal composition of the Board shall be formed with due regard to a balance of skills, experience, knowledge, personal characteristics and gender diversity among its members, ensuring the independence of judgment of each of them, as well as the adoption by the Board of independent, objective and effective decisions in the interests of the Bank and its shareholders.

50. The election of representatives of both sexes as members of the Board of Directors, in particular both men and women, with no more than 70% representation of one sex, ensuring gender diversity in the composition of the Board of Directors and comparable representation of both sexes on the Board of Directors, shall comply

with the recommendations of best corporate governance practice. Where the level of education, professional skills and experience of candidates for membership of the Board are comparable, it is recommended, when forming the personal composition of the Board, to give preference to balanced gender diversity in the personal composition of the Board.

51. The numerical composition of the Board of Directors of the Bank shall enable it to organize its work in the most effective manner, including the formation of committees of the Board of Directors with a view to making the maximum contribution to the successful development of the Bank.

52. comply with the minimum requirements, as well as the independence criteria established by the legislation of the Kyrgyz Republic and the requirements of the National Bank.

53. The Bank shall publicly disclose information on the requirements for candidates and members of the Board of Directors on its official website, and shall also disclose information on each member of the Board of Directors and other governing and control bodies of the Bank on its official website.

54. The Board of Directors shall ensure that a candidate for membership of the Board of Directors possesses the necessary qualifications and has the time and willingness to perform his/her duties as a member of the Board of Directors.

55. The Board of Directors of the Bank shall ensure the continuous professional development of its members under programmes specifically developed on designated topics, in order to maintain the knowledge and skills at the professional level necessary for the performance of their duties. For these purposes, the Bank shall allocate time, funds and other resources.

56. The internal documents of the Bank shall provide for an induction procedure for newly elected members of the Board of Directors, which shall provide for, but not be limited to, the following:

- familiarisation of newly elected members of the Board of Directors with the established practice of the activities of the Board of Directors, the internal documents of the Bank and the duties of members of the Board of Directors;
- the availability of a professional development programme in the field of

corporate governance and related areas for those members of the Board who are interested in it.

Independence of Members of the Board of Directors of the Bank

57. The Bank, represented by its shareholders and the Board of Directors, shall make efforts to ensure that:

- independent Directors constitute at least one-third of the numerical composition of the Board of Directors of the Bank;
- members of the Board of Directors who are authorised representatives of the controlling shareholders of the Bank, whether by virtue of an agreement or a power of attorney, have obligations to such controlling shareholders only in respect of a limited range of key matters relating to the management of the Bank;
- the list of obligations of members of the Board of Directors of the Bank to the controlling shareholder is disclosed by the Bank on its official website;
- the terms of agreements or powers of attorney under which the controlling shareholder authorises members of the Board of Directors to represent its interests provide for the limitation of liability of a member of the Board of Directors for any consequences arising as a result of the good-faith performance by such member of his/her duties in accordance with such agreements or powers of attorney.

58. The Board of Directors of the Bank shall be responsible for disclosing information as to which members of the Board of Directors of the Bank are independent and, with respect to its non-independent members, for disclosing information on the criteria of such dependence.

59. The key criteria used by the Bank for determining the independence of a member of the Board of Directors, namely the independence criteria for a member of the Board of Directors, shall be the criteria set forth in Article 38 of the Law “On Banks and Banking Activities”.

60. The Board of Directors shall assess the independence of candidates for membership of the Board of Directors and issue an opinion on the independence of each candidate, as well as monitor the compliance of elected independent members of the Board of Directors with the independence criteria.

61. An independent member of the Board of Directors shall refrain from taking any actions as a result of which he/she may cease to be independent. If, after the election of a person to the Board of Directors as an independent member of the Board of Directors, changes occur or circumstances arise as a result of which such person may lose, or does lose, the status of an independent member, such member of the Board of Directors shall be obliged to notify the Board of Directors, setting out such changes and circumstances, and the Board of Directors shall ensure disclosure of information on the loss by the member of the Board of Directors of the status of an independent member of the Board of Directors.

Organization of the Work of the Board of Directors

62. The Chairperson of the Board of Directors of the Bank shall facilitate the most effective performance of the functions assigned to the Board of Directors.

63. The key role of the Chairperson of the Board of Directors of the Bank shall include, but not be limited to, the performance of the following duties, which shall be set forth in an internal document of the Bank:

- developing the work plan of the Board of Directors, forming the agenda of its meetings, and holding regular meetings of the Board of Directors;
- monitoring the timely provision to members of the Board of Directors of the information necessary for making decisions on agenda items;
- facilitating the creation of an atmosphere of constructiveness and free discussion during meetings of the Board of Directors, including direct participation in the formulation of draft resolutions of the Board of Directors;
- organising and monitoring the timely and proper preparation of the minutes of meetings of the Board of Directors, including informing the Executive Body and the shareholder controlling the Bank of the adopted resolutions;
- monitoring the implementation of resolutions of the Board of Directors, including maintaining regular contact with other bodies and officers of the Bank for the purpose of timely obtaining the most complete and reliable information on the activities of the Bank.

64. The Chairperson of the Board of Directors of the Bank shall be responsible for organising free access for the Bank's shareholders to communicate with him/her.

65. Members of the Board of Directors of the Bank shall undertake to make efforts to actively participate in meetings of the Board of Directors and committees of the Board of Directors, resorting to the written survey method of decision-making, namely the absentee form of holding a meeting, only in exceptional cases.

66. The Board of Directors of the Bank shall have a calendar schedule for holding its meetings, consisting of, but not limited to, matters whose mandatory consideration is stipulated by the Charter and internal documents of the Bank, including this Code.

67. The Board of Directors and its Chairperson, as well as other persons entitled to convene a meeting of the Board of Directors, shall make efforts and strive to ensure that:

- the frequency of meetings is reasonable;
- the period provided to members of the Board of Directors for familiarisation with information on agenda items is sufficient for its comprehensive review;
- the likelihood of matters arising that require immediate decision-making by the Board of Directors remains low;
- members of the Board of Directors of the Bank are recommended to postpone discussion of an agenda item of a meeting if the necessary information has been provided to them late and they have not had sufficient time to review it, or if such information has not been provided, even if this requires the convening of an extraordinary meeting.

68. The Board of Directors shall make efforts to ensure that, at a minimum, the following matters are considered only at in-person meetings of the Board of Directors:

- approval of, and amendments and additions to, the Bank's development strategy and/or financial and economic plan, including the budget and business plan of the Bank, as well as consideration and approval of reports on their implementation;
- the entire range of matters relating to the procedure for convening and holding the General Meeting of Shareholders of the Bank;
- election, re-election, termination of powers, as well as appointment of persons acting as the Chairperson of the Board of Directors, members of the Executive Body, and the Corporate Secretary;

- granting permissions and/or approvals for major transactions or interested-party transactions, including matters relating to raising additional financing through the issue of securities and/or obtaining loans falling within the definition of a “major transaction”;
- consideration of material aspects of the activities of legal entities controlled by the Bank;
- consideration and approval of reports concerning the functioning of the internal control and risk management system.

69. The Chairperson and members of the Board of Directors of the Bank shall strive to ensure that meetings of the Board of Directors serve as the platform where decisions of the Board of Directors are developed, and shall make efforts to ensure that discussion of matters and the development of decisions on them occupy at least 80 percent of the time of meetings of the Board of Directors, with the remaining time being allocated to technical matters, such as reading out agenda items, reports, and voting.

Formalization of Resolutions Adopted by the Board of Directors of the Bank and Ensuring Consideration of the Opinion of Each of Its Members

70. The Board shall develop and approve an induction programme for newly elected members of the Board of Directors and a professional development programme for each member of the Board of Directors. The Corporate Secretary shall monitor that these programmes are implemented properly in accordance with the established requirements.

71. The Board of Directors shall organize regular assessment of the quality and effectiveness of its own work, the activities of its committees, members of the Board of Directors, and the Corporate Secretary. It is recommended that an external consultant or expert be engaged at least once every three years to conduct an independent assessment of the activities of the Board of Directors.

72. In order to ensure fair and comprehensive consideration of opinions expressed by members of the Board of Directors, the procedures for preparing the minutes of a meeting of the Board of Directors of the Bank shall provide for, but not be limited to, the following requirements:

- the minutes, namely a detailed written record of the statements made by the participants, of an in-person meeting of the Board of Directors of the Bank shall be signed by all members of the Board of Directors who participated in such meeting,

and members of the Board of Directors who were absent from such meeting shall be familiarised with the resolutions adopted at it;

- members of the Board of Directors who have opinions differing from the resolution adopted at the meeting, or who voted against the adoption of the resolution, shall have the right to have such opinion reflected in the minutes of the meeting.

73. The internal documents of the Bank shall provide for the following rules on informing officers of the Bank of resolutions adopted by the Board of Directors and on public disclosure of information thereon, including but not limited to:

- precise indication of the moment when a resolution of the Board of Directors enters into force;

- simple procedures and responsible persons for timely informing officers of the Bank of resolutions adopted by the Board of Directors of the Bank, including the forms and time limits of such informing, as well as limitation of liability of officers in the event of their improper notification and their liability for evasion of notification;

- disclosure of information on meetings of the Board of Directors held and resolutions adopted at such meetings through the Bank's official website.

The Board of Directors of the Bank Establishes Committees for Preliminary Consideration of the Most Important Matters Relating to the Bank's Activities

74. The purpose of establishing committees of the Board of Directors shall be the preliminary consideration of important matters relating to the Bank's activities and the development of recommendations for the Board of Directors of the Bank for the adoption of decisions falling within its competence. The functioning of committees of the Board of Directors and their recommendations on agenda items shall not release members of the Board from responsibility for decisions adopted within the competence of the Board of Directors.

75. The decision to establish committees accountable to the Board of Directors shall be adopted by the Board of Directors, provided that:

- the numerical composition of each committee shall not be fewer than three members of the Board of Directors;

- requirements for committee members regarding independence criteria established by the National Bank shall be complied with.

76. Only members of the Board of Directors of the Bank shall be elected to committees; however, experts and consultants may be engaged in the work of committees on a temporary or permanent basis, and such experts and consultants may not have voting rights when decisions are adopted on matters falling within the competence of the committee.

77. For the purpose of streamlining the activities of committees, the Board of Directors of the Bank shall approve an internal document defining the objectives of each committee, the procedure for their formation, their powers, organisation of work, as well as reporting and responsibility of committee members.

78. The Board of Directors of the Bank shall disclose information on the composition of its committees and their activities in the Bank's annual report, as well as on an ongoing basis through the Bank's website.

79. Meetings of committees of the Board of Directors and their decisions shall be documented, including minutes, summaries of discussions and adopted decisions. On the basis of these documents, the performance by committees of their duties and the effectiveness of their activities shall be assessed both by the Board of Directors and by the National Bank.

80. The specialization of committees of the Board of Directors of the Bank shall correspond to, but not be limited to, the following areas:

- audit;
- banking risks and risk management;
- nomination and remuneration;
- strategy;
- lending;
- asset and liability management;
- new products;
- compliance control;
- other areas.

Control over Corporate Governance Practice in the Bank and Assessment of the Effectiveness of Corporate Governance and the Activities of the Bank's Governing and Control Bodies

81. The Board of Directors of the Bank shall organise control over corporate governance practice in the Bank. Control procedures, their frequency, and the persons responsible for carrying out such procedures shall be established by the internal documents of the Bank. At least once a year, the Board of Directors of the Bank shall assess corporate governance practice in the Bank, consider the results of such assessment at its meeting, and adopt decisions aimed at improving such practice.

82. The areas of such assessment shall include, but not be limited to, assessment of the compliance of the Bank's corporate governance practice with:

- its goals and objectives, scale of activities, and risks assumed;
- the norms of the legislation of the Kyrgyz Republic and the provisions of this Code.

83. The Bank shall disclose information on activities aimed at improving corporate governance practice through its official website and in the Bank's annual report.

84. The Bank has implemented an assessment of the effectiveness of the activities of the Board of Directors and the Executive Body. The purpose of such assessment shall be to determine the degree of effectiveness of the work of the Board of Directors and the Executive Body of the Bank, the conformity of their work with the Bank's development needs, the activation of the work of the Bank's bodies, and the identification of areas in which their activities may be improved.

85. Assessment of the effectiveness of the activities of the Board of Directors shall include not only assessment of its work as a whole, but also assessment of the work of its committees and assessment of the work of each member of the Board of Directors, including its Chairperson.

86. In order to enhance the independence of such assessment, the Bank may engage independent experts in this field, while self-assessment shall be conducted annually.

CHAPTER IV. EXECUTIVE BODY OF THE BANK

87. The Executive Body, namely the Management Board, shall be accountable to the Board of Directors and shall manage the day-to-day activities of the Bank, represent

the Bank in relations with stakeholders and third parties, and be responsible for the implementation of the Strategy, the development plan, and the decisions adopted by the Board of Directors and the General Meeting, as well as for ensuring compliance with Shariah governance and the availability of sufficient resources for fulfilling obligations related to Shariah governance.

88. In order to ensure effective corporate governance, the Management Board shall be required to:

- 1) ensure a clear allocation of responsibility, powers, and accountability among the structural subdivisions, officers, and employees of the Bank;
- 2) establish effective systems for monitoring compliance with policies approved by the Board of Directors, procedures, and job descriptions at all executive levels of the organisational structure, and periodically assess the adequacy of such systems;
- 3) establish reliable information systems that ensure proper preparation and timely provision of information, including financial information, analysis of events and market conditions, and other information necessary for making management decisions;
- 4) provide the Board of Directors of the Bank with timely, substantive, and reliable reports on current activities, including actual results of financial and operating activities, enabling assessment of the fulfilment of forecast indicators of the business plan and the Bank's development strategy;
- 5) provide the Board of Directors, at least once a year, with a detailed assessment of the adequacy of the Bank's internal control system, including on matters of combating the financing of terrorist activities and the legalisation, or laundering, of criminal proceeds, as well as recommendations for improving the internal control system;
- 6) periodically provide the Board of Directors with reports and recommendations on risk management that will ensure the effectiveness and adequacy of the continuous risk management process;
- 7) immediately inform the Board of Directors of any deterioration in the economic position of the Bank or of any threat of such a situation arising;
- 8) inform the Board of Directors of all identified violations of legislation, regulatory legal acts of the National Bank, and internal policies approved by the Board of Directors.

89. The Chairperson and members of the Executive Body of the Bank shall possess high professional and personal qualities, have an impeccable business reputation, and adhere to high ethical standards.

90. The Board of Directors and the Executive Body shall interact in a spirit of cooperation, act in the interests of the Bank, and make decisions based on the principles of sustainable development, fair treatment of all shareholders, and consideration of the opinions of stakeholders, ensuring sustainable development and long-term growth in the value of the company's shares.

91. The Board shall conduct regular assessment of the activities of the Executive Body. The main assessment criteria shall be the implementation of the Development Strategy and the achievement of the approved key performance indicators, or KPIs, of the Bank.

92. Acting in accordance with the instructions of the Board of Directors of the Bank, the Executive Body shall ensure that the Bank's activities are carried out in accordance with the business strategy, risk tolerance targets / the maximum aggregate level of risk that the Bank may assume, namely risk appetite, and the policies approved by the Board of Directors.

93. The corporate governance system and practice of the Bank shall ensure that the Executive Body of the Bank is able to effectively manage the Bank's day-to-day activities reasonably, in good faith, and in the best interests of the Bank and its shareholders, and also to be accountable to the Board of Directors of the Bank, whereby:

- the duty to act in good faith and reasonably in the interests of the Bank means that members of the Executive Body, when exercising their rights and performing their duties defined in the Charter, shall demonstrate the degree of care and prudence that would be expected of a good manager in a similar situation and under similar circumstances;

- executive bodies shall be obliged to serve the interests of the Bank, meaning that members of the Executive Body shall act in the absence of any conflict of interest and shall be guided, when making decisions, exclusively by the interests of the Bank and its shareholders, and not by their personal interests;

- effective management of the Bank's day-to-day activities means managing the Bank's current activities in such a way as to ensure both the receipt by shareholders of acceptable dividends and the possibility of the Bank's own long-term development with a level of risk acceptable to shareholders;

- accountability to the Board of Directors and shareholders of the Bank means a clear and informative reporting system of the Executive Body of the Bank to the Board of Directors and the General Meeting of Shareholders of the Bank, established in the internal documents of the Bank and aimed at timely and complete informing of the said bodies on the state of affairs in the Bank.

94. The process of forming the Executive Body, as well as the procedure for its activities, shall include, but not be limited to, compliance with the following principles and criteria:

- a clear procedure for selecting and electing the head of the Executive Body, as well as a procedure for selecting and electing the other members of the Executive Body upon nomination by its head;

- application of requirements for professional competence and impeccable business reputation of candidates and members of the Executive Body of the Bank during their nomination, election, and assessment of the effectiveness of their activities;

- availability in the Bank of a succession plan for executive management and staff training for these purposes, extending also to key middle-management positions;

- division of the competence of the Executive Body of the Bank into the competence of the collegial body and the competence of the head of the collegial body;

- use of comprehensive motivation systems for members of the Executive Body of the Bank, including not only remuneration, but also social and compensation payments in respect of them;

- use of modern and effective methodologies for assessing the effectiveness of the activities of the Executive Body of the Bank and its members;

- the Board of Directors of the Bank shall develop and approve internal documents of the Bank regulating matters relating to the formation and functioning of the Executive Body of the Bank, using, but not limited to, the above-mentioned principles and criteria.

95. The Executive Body of the Bank shall act in accordance with the strategy, or business plan, approved by the Board of Directors of the Bank and with its budget, or financial plan, while the internal documents of the Bank shall regulate the procedure for making decisions and disclosing information on transactions that go beyond the scope of its ordinary activities and/or budget.

96. The activities of the Executive Body of the Bank and each of its members in the interests of the Bank require trust in them on the part of shareholders and, therefore, the exclusion of the possibility of any external influence being exerted with the aim of inducing them to perform actions or adopt decisions to the detriment of the interests of the Bank and its shareholders. In this regard, the Bank, represented by the Board of Directors and the Executive Body, shall make every reasonable effort, reflecting the relevant procedures and obligations in the internal documents of the Bank, to prevent the occurrence of such situations, including but not limited to:

- the obligation to disclose to the Bank the list of affiliated persons of its members;
- the obligation not to accept gifts, except for symbolic tokens of attention in accordance with generally accepted rules of courtesy and souvenirs during official events, or to receive any other direct or indirect benefits whose purpose is to influence the activities of executive bodies or the decisions adopted by them, with such obligation extending to their close relatives;
- ensuring that the Bank's activities are carried out in strict compliance with legislation, the Charter, and the internal documents of the Bank, as well as in accordance with the policy pursued by the Board of Directors of the Bank, including immediate notification of the Board of Directors of the Bank of all facts of illegal actions, incidents, payments, or working methods occurring in the Bank and in legal entities controlled by it;
- monthly reporting on its activities to the Board of Directors of the Bank, including such organisation of a system for collecting, processing, and providing up-to-date information on numerical financial and material indicators of the Bank's activities as would serve as an adequate basis for making well-founded management decisions.

97. The agreement, or contract, with members of the Executive Body of the Bank shall include, but not be limited to, the following:

- a detailed list of the rights and duties of such persons;
- separation of rights and duties between the position of member of the Executive Body and the position held by the same person under the Bank's staffing schedule, for example chief accountant, financial, technical or commercial director, chief engineer, technologist, if such combination of positions occurs in practice;
- grounds for termination, as well as the obligation of a member of the Executive Body to notify the Bank in advance of resignation at his/her own initiative;

- the procedure for handing over affairs to the person newly appointed to the relevant position;
- the possibility of holding positions in other organisations whose activities do not contradict the requirements of the banking legislation of the Kyrgyz Republic during the period of performance of duties as a member of the Executive Body of the Bank;
- a provision on compensation payments to which he/she shall be entitled in the event of early termination of the agreement at the initiative of the Bank;
- the agreement, or contract, with members of the Executive Body of the Bank may not provide for compensation or similar payments in the event of early termination of the agreement due to a breach by a member of the Executive Body of the duty to act in good faith and reasonably in the interests of the Bank.

98. Meetings shall be the practical form through which the Executive Body of the Bank performs its functions, during which comprehensive consideration and adoption of well-founded decisions on matters falling within its competence shall be carried out. The internal documents of the Bank approved by the Board of Directors of the Bank shall reflect, but not be limited to, the following principles and criteria for holding meetings of the Executive Body of the Bank:

- scheduled meetings shall be held at least once a week;
- any member of the Executive Body shall have the right to submit proposals for convening a meeting and to propose matters for consideration;
- conditions shall be ensured so that all members of the Executive Body receive prior notice of an upcoming meeting of the Management Board, indicating the agenda items and materials for each of them, and the period before the scheduled meeting shall be sufficient to allow members of the Executive Body to prepare for all agenda items;
- the quorum for a meeting of the Executive Body of the Bank and the responsibility of its members for failure to comply with the quorum shall be established;
- rules for preparing the minutes of a meeting of the Executive Body and the obligation to inform the Board of Directors of adopted decisions shall be established.

99. Members of the Executive Body of the Bank are recommended to postpone discussion of an agenda item of a meeting if the necessary information has been provided to them late and they have not had sufficient time to review it, or if such

information has not been provided, even if this requires convening an extraordinary meeting.

CHAPTER V. CORPORATE SECRETARY OF THE BANK

100. The Bank shall provide for the position of Corporate Secretary, which is determined by the following factors:

- an increase in the scope of tasks related to compliance with internal rules and procedures established by legislation, as well as by the internal documents of the Bank, aimed at ensuring the rights and protecting the interests of shareholders;
- increased responsibility of the Bank for non-compliance with and violation of the norms of applicable legislation and its internal documents;
- growth in the scope of tasks related to supporting the work of the Board of Directors.

101. If required by the scale of the Bank's activities, a separate Corporate Secretary unit may be established within the Bank for the purpose of performing the functions assigned to the Corporate Secretary, and the procedure for the establishment and functioning of such unit shall be set forth in the internal documents of the Bank approved by the Board of Directors.

Status of the Corporate Secretary

102. In order to perform the tasks assigned to him/her, the Corporate Secretary shall have sufficient independence from the Executive Body of the Bank and shall report directly to the Board of Directors of the Bank, which does not imply combining the tasks performed by him/her with the performance of other functions in the Bank. The Corporate Secretary shall be an officer of the Bank and shall possess the experience, knowledge and qualifications necessary to perform his/her duties, have an impeccable reputation and enjoy the trust of shareholders.

103. The independence of the Corporate Secretary shall be ensured by assigning to the competence of the Board of Directors of the Bank the entire range of matters concerning the Corporate Secretary of the Bank, including but not limited to the following matters:

- approval of the candidate for the position of Corporate Secretary, determination of the term of office and termination of his/her powers;

- assessment of the work of the Corporate Secretary and approval of reports on his/her work;

- determination of the amount of basic and additional remuneration payable to him/her.

104. The Board of Directors of the Bank shall pay special attention to the regulation of matters relating to the reporting line of the Corporate Secretary and the procedure for his/her interaction with the governing bodies and structural subdivisions of the Bank.

105. The Corporate Secretary shall provide recommendations on corporate governance matters and shall also assist the Chairperson, members and committees of the Board of Directors, as well as the Board as a whole, in the performance of their functions.

Requirements for the Candidate for the Position of Corporate Secretary

106. The Board of Directors of the Bank shall develop and approve requirements for the Corporate Secretary of the Bank, including but not limited to the following:

- the knowledge, experience and qualifications of the Corporate Secretary shall be sufficient for the performance of the duties assigned to him/her; an important personal skill of the Corporate Secretary shall be communication skills;

- compliance with the requirements established by the National Bank of the Kyrgyz Republic;

- the Corporate Secretary shall have an impeccable reputation and shall be a person not affiliated with the Bank, including its officers and/or controlling shareholder.

107. The Corporate Secretary shall observe the principle of equality in relation to shareholders and members of the Board of Directors, and shall also ensure systematic improvement of his/her qualifications. In addition, for the purpose of maintaining regular professional interaction, the Corporate Secretary is recommended to participate in and be a member of a professional association of Corporate Secretaries.

108. The Bank shall disclose information on the Corporate Secretary in the scope and by the methods provided for members of the Board of Directors and the Executive Body of the Bank.

Functions and Powers of the Corporate Secretary

109. The functions of the Corporate Secretary of the Bank, set forth in an internal document of the Bank approved by the Board of Directors, shall include, but not be limited to, the following functions:

- organising the preparation and holding of General Meetings of Shareholders of the Bank in accordance with the decisions of the Board of Directors of the Bank;
- organising meetings of the Board of Directors, mandatory attendance at such meetings, and ensuring the work of the Board of Directors;
- preparing resolutions and keeping verbatim minutes of meetings of the Board of Directors;
- ensuring disclosure of information and safekeeping of the Bank's corporate documents;
- ensuring interaction between the Bank and its shareholders and participating in the prevention of corporate conflicts;
- preparing an annual report on compliance with the principles and provisions of this Code and including such report in the annual report of the Board of Directors;
- ensuring interaction of the Bank with regulatory authorities, trading organisers, the registrar, and other professional participants of the securities market;
- ensuring the implementation and monitoring of compliance with procedures established by legislation and the internal documents of the Bank that ensure the exercise of the rights and legitimate interests of shareholders;
- participating in the improvement of corporate governance of the Bank;
- interacting with the National Bank on matters related to the activities of members of the Shariah Board and maintaining personal files of the Shariah Board.

110. In order to perform the functions assigned to him/her, the Corporate Secretary shall be vested with the following key powers, which shall be set forth in the internal documents of the Bank approved by its Board of Directors and shall include, but not be limited to, the following:

- to request and receive documents of the Bank;
- within his/her competence, to submit matters for consideration by the governing bodies of the Bank;
- to require officers and employees of the Bank to comply with legislation, the Charter and the internal documents of the Bank.

CHAPTER VI. INTERNAL CONTROL AND RISK MANAGEMENT

111. The Board of Directors of the Bank shall be responsible for the organisation and functioning of an adequate internal control and risk management system in the Bank, as well as for ensuring compliance with Shariah standards in the Bank.

112. The Board of Directors shall develop and approve the Bank's internal documents on the organisation and functioning of the internal control, Shariah control and risk management systems, establish structural subdivisions of the Bank responsible for the direct functioning of the above-mentioned systems, and resolve all organisational and financial matters necessary for their effective functioning.

113. On a quarterly basis, the Bank shall disclose information through its official website on the performance by members of the Board of Directors of duties related to their role in organising an effective system of internal control, Shariah control and risk management in the Bank.

114. The Board of Directors of the Bank, together with the Executive Body and the Bank's controlled subdivisions, namely the internal audit service, risk management service, Shariah control department and compliance service, shall conduct regular analysis of the policy and system of internal and Shariah control in order to identify gaps and eliminate them, as well as to identify hazardous risks and other issues requiring resolution. The Board of Directors shall ensure that the controlled subdivisions have the appropriate status, are properly staffed and financed, and perform their duties independently and effectively.

115. The duty of the Board of Directors to organize an adequate system of internal control, Shariah control and risk management in the Bank shall be established by the Charter of the Bank, while the methods, techniques and tools used for the practical implementation of this function shall be set forth in the internal documents of the Bank and shall include, but not be limited to, the following:

- approval by the Board of Directors of policies, or regulations, in the field of internal control, Shariah control and risk management;

- assigning to the Executive Body of the Bank responsibility before the Board of Directors for establishing and ensuring the functioning of an effective risk management and internal control system in accordance with the approved policies, including responsibility for timely notifying the Board of Directors of material deficiencies in such systems;

- the duty of the Board of Directors, together with the Executive Body of the Bank, to participate in risk assessment by establishing the acceptable level of risk for the Bank, namely risk appetite;

- the endeavour of the Board of Directors, when approving risk management procedures, to achieve an optimal balance between risk and return for the Bank as a whole, while complying with legislation, the requirements of internal documents and the Charter of the Bank, as well as to develop adequate incentives for the activities of the Executive Body of the Bank, its structural subdivisions and key employees;

- establishing the duty of the Executive Body of the Bank to periodically report to the Board of Directors on risk management and to timely inform members of the Board of Directors of the existence of prerequisites for the actual occurrence of a risk event or of the risk event itself.

116. Internal control in the Bank is a process carried out by the Board of Directors, the Executive Body and all personnel of the Bank for the purpose of achieving:

- efficiency and effectiveness of the Bank's activities, effective asset and liability management, safeguarding of assets, and effective risk management;

- ensuring the reliability, completeness, objectivity and timeliness of the preparation and submission of financial, regulatory and other reporting for internal and external users;

- compliance of the Bank's activities with legislation and the Bank's internal documents.

117. The Bank's internal control system shall necessarily contain procedures restricting the ability of employees and managers of the Bank to act at their own discretion, as well as procedures for reviewing their activities.

118. The internal control system shall be supported by qualified specialists, necessary information systems, and software and technical facilities that enable the collection, processing, analysis, transmission and protection of information used for internal control.

119. The Bank's internal control procedures shall also determine the extent to which the Bank accurately follows the approved policies and procedures, as well as the norms of applicable legislation, namely compliance procedures.

120. Risk management shall consist of the following:

- identification of the main risks to which the Bank is exposed;
- assessment of such risks and the degree of the Bank's exposure to them;
- monitoring risk volumes and calculating capital to cover them on an ongoing basis, that is, capital planning, for the purpose of clearly and transparently explaining, as well as continuously monitoring, the Bank's position and strategy with respect to capital and liquidity;
- monitoring and assessment of decisions on assuming certain risks, measures aimed at mitigating them, and the compliance of adopted decisions with the risk tolerance /risk appetite targets approved by the Board of Directors, as well as with the risk management policy and development of the risk map;
- submission of reports to the Executive Body and the Board of Directors on all the above-mentioned matters.

121. The Bank shall have functioning subdivisions for risk management, compliance control and internal audit, each of which shall be vested with the necessary powers, status, resources, independence and direct access to the Board of Directors, and also:

- risks shall be identified, assessed and monitored on an ongoing basis both at the level of individual organizations and within the group as a whole;
- a well-designed and effective internal control system shall function;
- the level of development of the risk management, compliance and internal audit infrastructures shall correspond to the Bank's risk profile, and any changes introduced shall reflect changes in the risk profile, including its increase, and in the external risk environment;
- open and timely exchange of information on risks shall function both among the Bank's subdivisions and through reports submitted to the Board of Directors and the Executive Body of the Bank.

122. Responsibility for determining the principles and approaches to organising the risk management and internal control system in the Bank shall rest with the Board of Directors of the Bank. On an annual basis, the Board of Directors shall organise an assessment of the effectiveness of the functioning of the risk management and internal control system and shall present a report on the results of such assessment to shareholders as part of the Bank's annual report. The Executive Body shall ensure the establishment and maintenance of the functioning of an effective risk management and internal control system in the Bank.

123. The Executive Body of the Bank shall allocate powers, duties and responsibility among the heads of the Bank's subdivisions for specific risk management and internal control procedures. The heads of the Bank's subdivisions, in accordance with their functional duties, shall be responsible for the development, documentation, implementation, monitoring and development of the risk management and internal control system in the functional areas of the Bank's activities entrusted to them.

124. Internal audit in the Bank shall be carried out for the purpose of assisting the governing bodies of the Bank in ensuring the effective and safe functioning of the Bank on the basis of objective and independent assessment and the provision of practical recommendations for improving the Bank's internal control system. Internal audit in the Bank shall be implemented through the establishment and functioning of the internal audit service, which shall be functionally and administratively accountable to the Board of Directors of the Bank, namely the Audit Committee. In its activities, the internal audit service shall apply generally accepted standards of internal audit practice.

125. Internal audit shall also be one of the most important elements of an effective control environment and proper corporate governance as a whole. Its mission shall be to preserve and enhance the value of the Bank by conducting objective internal audit reviews based on a risk-oriented approach, providing recommendations and sharing knowledge. The independence and objectivity of internal audit shall be determined by its accountability to the Board, as well as by the professionalism of its employees.

126. The Board of Directors shall develop and approve an internal document of the Bank regulating all matters related to the establishment and functioning of the Bank's internal audit service, including but not limited to the following:

- requirements for the qualifications and impeccable business and personal reputation of the Bank's internal auditors;

- the duty of the Board of Directors and the Audit Committee to develop and approve an activity plan for the internal audit service that corresponds to the objectives of the Bank and applies a risk-oriented approach;
- carrying out the planned activities of the internal audit service and conducting extraordinary control procedures at the request of the Board of Directors or the Audit Committee, including on the basis of information received through the Bank's hotline;
- requirements for preparing and submitting to the Board of Directors reports on the results of the activities of the internal audit service, including reports containing information on material risks, deficiencies, results and effectiveness of measures taken to eliminate identified deficiencies, results of implementation of the activity plan of the internal audit service, and results of assessment of the actual condition, reliability and effectiveness of the risk management, internal control and corporate governance system;
- assisting the Executive Body of the Bank and employees of the Bank in developing and monitoring the implementation of procedures and measures aimed at improving the risk management and internal control system and corporate governance of the Bank;
- coordinating activities with the Bank's external auditor, as well as with persons providing services to the Bank in the field of risk management, internal control and corporate governance consulting;
- verifying compliance by the Bank's officers and employees with the provisions of legislation and the Bank's internal policies concerning inside information and anti-corruption, including disclosure of affiliated persons and persons related to the Bank, countering the legalisation, or laundering, of criminal proceeds and the financing of terrorist or extremist activities, as well as compliance with the requirements of this Code;
- conducting internal audits, within the established procedure, of persons controlled by the Bank.

127. The Bank shall conduct an annual audit of its financial statements by engaging an independent and qualified licensed auditor, or audit organization, who, as an external party, shall provide stakeholders with an objective opinion on the reliability of the Bank's financial statements and their compliance with IFRS requirements. For the purpose of conducting an independent external audit, the external auditor shall be engaged on a competitive basis in accordance with the approved requirements of legislation.

CHAPTER VII. SHARIAH GOVERNANCE

128. The Board of Directors shall bear full responsibility for ensuring compliance with Shariah standards in respect of operations carried out in accordance with Islamic principles of banking and finance. The Board of Directors shall be aware of the risks associated with non-compliance with Shariah standards and their potential consequences for the Bank. Accordingly, the Board of Directors shall establish and ensure compliance with a Shariah governance system. Such system shall correspond to the scale, operational complexity and acceptable risk level of the Bank, ensuring compliance with Shariah standards.

129. The Bank shall have a functioning Shariah Board, which shall be entrusted with the duty to guide, review, monitor and supervise the Bank's activities in respect of operations carried out in accordance with Islamic principles of banking and finance, in order to ensure their compliance with Shariah rules and standards, as provided for by the regulatory legal acts of the National Bank and Shariah standards.

130. The composition of the Shariah Board shall be formed with due regard to a balance of skills, experience and knowledge that ensures the independence of judgment of each of its members, as well as the adoption by the Shariah Board of independent, objective and effective decisions in the interests of the Bank, shareholders and investment account holders.

131. Members of the Shariah Board shall comply with the minimum qualification requirements established by the National Bank.

132. Information on the composition of the Shariah Board, as well as on the skills and education of members of the Shariah Board, shall be published on the Bank's corporate website.

133. When carrying out operations in accordance with Islamic principles of banking and finance, the establishment of Shariah governance shall be fundamental. The Board of Directors, the Shariah Board and the Executive Body shall be responsible for implementing the three lines of defense, ensuring a comprehensive approach to managing the risks of non-compliance with Shariah rules and standards:

- the first line of defense, represented by the business line, which shall establish clear policies, procedures and controls, and shall consistently carry out banking activities in respect of operations conducted in accordance with Islamic principles of banking and finance in compliance with Shariah standards;

- the second line of defense, represented by the Shariah Control Department, whose functions include internal control over the Bank's compliance with Shariah standards in respect of operations carried out in accordance with Islamic principles of banking and finance, and which shall not organizationally form part of, or report to, any business subdivision;

- the third line of defense, represented by an authorized structural subdivision that conducts audits and assesses the Bank's activities in respect of operations carried out in accordance with Islamic principles of banking and finance for compliance with Shariah standards, and which shall not organizationally form part of, or report to, any business subdivision.

134. The Board of Directors shall be responsible for establishing an appropriate structure of the Bank carrying out operations in accordance with Islamic principles of banking and finance, namely the Bank's "Islamic window", with the formation of the relevant structures and committees. The existence of the Islamic Window Financing Committee, which makes decisions on all matters relating to the provision of financing, guarantees, commitments, sureties and other assets that are, by their nature, financing operations and entail the risk of losses, shall be mandatory. The activities of the Islamic Window Financing Committee shall be regulated in accordance with the legislation of the Kyrgyz Republic and the internal regulation on the Committee approved by the Board of Directors.

135. The Bank may establish an Investment Account Holders' Funds Management Committee, the purpose of which shall be to protect the interests of investment account holders, as well as to monitor the implementation of the investment strategy for managing the funds of investment account holders. In its work, the Investment Account Holders' Funds Management Committee shall interact with the Audit Committee and the Shariah Board and shall provide reports and recommendations to the Board of Directors. The Investment Account Holders' Funds Management Committee shall consist of at least three members:

- 1) a member of the Audit Committee;
- 2) an employee of the Shariah Control Department or a member of the Shariah Board;
- 3) an independent member of the Board of Directors.

136. In order to strengthen control functions, as well as to resolve matters related to compliance with Shariah standards and rules, the Board of Directors of the Bank and the Shariah Board shall hold regular meetings at least once a year.

137. The activities of the Shariah Board shall be regulated by the Regulation on the Shariah Board, which shall be approved by the Board of Directors of the Bank and shall determine:

138. The organization of the work of the Shariah Board: the composition of the Board and the procedure for holding meetings;

- 1) the powers and responsibilities of the Shariah Board;
- 2) the procedure for interaction with the Board of Directors, the Executive Body and the Bank's committees;
- 3) the procedure for holding meetings, which may be held in person or in absentia;
- 4) the procedure for early termination of powers of members of the Shariah Board.

140. The Shariah Board shall be fully committed to promoting and maintaining a sustainable culture of Shariah governance in the Bank in respect of operations carried out in accordance with Islamic principles of banking and finance, and shall adhere to high standards of business integrity and professionalism in performing its duties and responsibilities as the Shariah Board in accordance with this Code and Shariah standards.

141. The Shariah Board shall issue Shariah resolutions, or fatwas, which shall be binding in respect of the Bank's activities involving operations carried out in accordance with Islamic principles of banking and finance, as well as related agreements and documents, provided that they do not contradict the regulatory legal acts of the National Bank and Shariah standards.

142. The Shariah Board shall issue an annual report confirming the Bank's compliance with Shariah standards, which shall form an integral part of the annual report.

143. The internal documents of the Bank shall provide for an induction programme for newly elected members of the Shariah Board and shall determine a professional development plan for each member of the Shariah Board.

144. The professional development plan for each member of the Shariah Board shall be prepared in accordance with the strategic objectives of the Bank on the basis of professional training and development needs, including in matters of banking activities, banking legislation and international standards.

145. The Shariah Board shall monitor compliance with Shariah standards through the Shariah Control Department, which ensures the compliance of the Bank's activities carried out in accordance with Islamic principles of banking and finance with Shariah standards.

The Shariah Control Department shall be organizationally accountable, with respect to matters of appointment, promotion, bonus payments, performance assessment and removal from office, to the Board of Directors of the Bank in agreement with the Shariah Board, and shall be functionally accountable to the Shariah Board.

146. The Executive Body of the Bank shall ensure the implementation and management of the Bank's activities in respect of operations carried out in accordance with Islamic principles of banking and finance in compliance with Shariah standards by:

- submitting to the Shariah Board all matters related to compliance with Shariah standards in respect of the Bank's operations and activities carried out in accordance with Islamic principles of banking and finance, including policies, internal rules, the code of conduct, as well as the terms and conditions of domestic/international operations, services and products;
- implementing the fatwas and resolutions of the Shariah Board in respect of operations carried out in accordance with Islamic principles of banking and finance;
- providing complete, accurate and timely information on operations carried out in accordance with Islamic principles of banking and finance at the request of the Shariah Board, ensuring its transparency.

147. The Bank shall provide appropriate financial resources and human capacity corresponding to the size and nature of the Bank's activities in respect of operations carried out in accordance with Islamic principles of banking and finance, so that the Shariah Control Department can perform its work effectively and efficiently.

148. The Bank shall actively promote understanding of Islamic principles of banking and finance and Shariah standards within its organization. This activity shall include conducting educational seminars for the Bank's governing bodies with an emphasis on Islamic financial operations and the principles of compliance with Shariah standards.

CHAPTER VIII. SUSTAINABLE DEVELOPMENT AND THE ROLE OF STAKEHOLDERS

149. Part of the overall corporate governance system is the environmental and social management system, namely the Environmental and Social Management System / ESG, which represents a set of procedures and practical measures ensuring the consistent implementation of best practices for managing environmental and social risks in the course of the company's business activities.

150. The functioning of an environmental and social management system in the Bank is a new standard in conducting modern business. Such system enables support for the Bank's financial performance and forms a certain assurance that the Bank will grow and compete successfully. The implementation of such system contributes to the creation of the Bank's long-term value and to achieving synergy in addressing such objectives as innovation, the Bank's competitiveness, and business growth.

151. The Bank shall strive to increase its value in the long term, while ensuring the alignment of its economic, environmental, and social objectives over the long-term period, as well as maintaining a balance between the interests of the Bank and those of stakeholders.

152. The Bank's sustainable development activities shall be carried out in accordance with the principles of openness, accountability, transparency, ethical conduct, respect for the interests of stakeholders, legality, respect for human rights, zero tolerance for corruption, and inadmissibility of conflicts of interest.

153. The Board of Directors and the Executive Body shall ensure the formation of an appropriate policy and system in the field of sustainable development and its implementation. All employees and officers of the Bank at all levels shall contribute to sustainable development. The Board of Directors shall be responsible for establishing in the Bank a system of corporate, environmental, and social governance, namely ESG.

154. The Bank shall annually publish sustainability reporting in order to ensure clarity and transparency of its activities for stakeholders, taking into account the need to protect information constituting banking, commercial, and other legally protected secrets.

155. The Bank shall encourage the application of sustainable development principles by its partners and shall facilitate such application.

CHAPTER IX. DISCLOSURE OF INFORMATION ABOUT THE BANK

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

156. Transparency in the management of the Bank enables shareholders, depositors and other creditors of the Bank to monitor the activities of the governing bodies, and also supports the reputation of the Bank as an institution implementing effective corporate governance. This shall contribute to attracting new customers, investors and business partners.

157. In order to ensure transparency of corporate governance, the Bank may disclose on its official website or publish in its annual and periodic reports information that is subject to disclosure in accordance with the requirements of the legislation of the Kyrgyz Republic.

158. The most important means of disclosure of information shall be the Bank's annual financial report and non-financial reporting published on the official website of the Bank.

159. The official website of the Bank shall serve as an important tool for disclosing relevant financial and non-financial information. The official website shall ensure regular and timely disclosure of information and shall provide all stakeholders with unrestricted access to relevant information, without requiring excessive costs from the Bank, and shall have three language versions: in the state, official and English languages.

160. The Bank shall ensure regular and prompt disclosure of information, which shall include, but not be limited to, the following:

- ensuring continuity of the information disclosure process, for which purpose the internal documents of the Bank shall define a procedure ensuring coordination of the work of all subdivisions of the Bank connected with disclosure of information, or whose activities may give rise to the need to disclose information;

- the shortest possible time limits for disclosure of information that may materially affect the valuation of the Bank and the value of its securities;
- simultaneous disclosure of material information in the Kyrgyz Republic and beyond its borders, if the Bank's securities are traded on foreign organised markets;
- prompt provision of information on the Bank's position regarding rumours or unreliable data that create a distorted perception of the valuation of the Bank and the value of its securities, thereby exposing the interests of shareholders and investors to risk;
- the Board of Directors of the Bank shall be responsible for ensuring that the Bank has appropriate procedures subject to implementation.

161. Accessibility of information about the Bank shall be achieved through the use of all channels and methods of information disclosure, primarily electronic channels, including the official website, news agencies on the Internet, and social networks. Channels for disseminating information about the Bank shall ensure free and non-burdensome access of stakeholders to the information disclosed by the Bank, and access to information shall be provided free of charge and shall not require special procedures, such as obtaining passwords, registration or other technical restrictions, for obtaining and reviewing such information.

162. The reliability and comparability of data disclosed by the Bank shall be achieved by the Bank striving to ensure that:

- the disclosed information is clear and consistent, and the data are comparable, meaning that it is possible to compare the Bank's indicators across different periods of time, as well as to compare the Bank's indicators with those of similar companies;

- the information provided by the Bank is objective and balanced. When covering its activities, the Bank shall not avoid disclosing negative information about itself that is material for shareholders and investors;

- when disclosing financial and other information, its neutrality is ensured, meaning independence of the presentation of such information from the interests of any persons or groups of persons. Information shall not be neutral if the selection of its content or form of presentation is aimed at achieving certain results or consequences.

163. The completeness of information disclosed by the Bank shall ensure the ability of shareholders and investors to make informed decisions. In this regard, the Bank shall disclose material information about its activities even if publication of such information is not required by legislation; at the same time, the Bank shall disclose information not only about itself, but also about legal entities controlled by it that are of material significance to the Bank.

164. The Bank shall timely publish on its official website its audited annual financial statements in accordance with the requirements of the legislation of the Kyrgyz Republic. The report shall contain performance indicators, including material factors that affected the financial results.

CHAPTER X. PROFESSIONAL ETHICS AND PREVENTION OF CONFLICTS OF INTEREST

165. An important factor in achieving the strategic objectives of the Bank is the activity of the Board of Directors and the Executive Body aimed at establishing standards of professional ethics, which define the importance of the following aspects of corporate governance:

- 1) ensuring an effective internal control system, including on matters of combating the financing of terrorist activities and the legalisation, or laundering, of criminal proceeds, at all levels of management of the Bank;
- 2) carrying out sound and safe banking practices;

3) protecting the interests of the Bank from improper or unlawful actions of shareholders, officers of the Bank, and other persons who are able to influence the activities of the Bank;

4) compliance with the legislation of the Kyrgyz Republic, regulatory legal acts of the National Bank, and the internal documents of the Bank;

5) prevention of conflicts of interest and identification of situations and areas of activity where a conflict of interest may arise;

6) establishing salaries, remuneration and incentives for employees, including the Board of Directors and the Management Board, taking into account not only the results of the Bank's activities, but also the strategic objectives and compliance with the Bank's standards of professional ethics;

7) compliance with the requirements of safety and reliability of the Bank when lending to employees and officers of the Bank;

8) the availability of mechanisms enabling employees to express concerns about unlawful, unethical or questionable actions of management and ensuring protection against possible negative reaction from management.

166. Standards of professional ethics, in order to ensure their positive impact on the level of corporate governance of the Bank, shall be described in the Bank's Corporate Ethics Code. The requirements of the Bank's Corporate Ethics Code shall be communicated to all employees and complied with at all levels of the organizational structure of the Bank, including the Board of Directors and the Executive Body.

167. The Board of Directors of the Bank shall have a documented policy on conflicts of interest and the procedure for its implementation. This policy shall provide for:

- the duty of members of the Board of Directors to avoid activities that may create conditions for, or lead to the emergence of, a conflict of interest;

- a review or permission procedure for members of the Board of Directors who wish to engage in a particular activity, in order to avoid creating a conflict of interest;

- the duty of members of the Board of Directors to report facts that may cause or have already caused a conflict of interest;

- the duty of members of the Board of Directors to abstain from voting on matters that may lead to a conflict of interest or may affect their objectivity or ability to perform their duties in good faith in relation to the credit institution;
- the procedure for conducting transactions with related parties on an arm's-length basis;
- actions of the Board of Directors in the event of violation of the established requirements;
- ensuring that officers and employees of the Bank provide, prior to appointment or election to a position, information on close relatives, and maintaining a database of conflicts of interest that have occurred. For the purpose of preventing, identifying and resolving conflicts of interest in the Bank, including procedures for informing the Board of Directors and the Management Board of the Bank of potential threats in the Bank's activities related to conflicts of interest, a Conflict of Interest Policy has been developed.

168. The Board of Directors shall ensure public disclosure of information on the conflict-of-interest limitation policy and possible types of conflicts of interest, as well as information on methods for managing serious conflicts of interest that fall outside the scope of the approved policy and conflicts of interest arising from the Bank's affiliated status.

169. For the purpose of preventing and resolving internal conflicts among the governing and control bodies of the Bank, shareholders and employees of the Bank, the Board of Directors shall apply the following principles:

- establishing in the Charter of the Bank the duty of officers of the Bank and shareholders holding 5 percent or more of the Bank's shares to disclose to the Bank the list of their affiliated persons and to update it periodically;
- establishing the possibility for any shareholder of the Bank to directly address the Board of Directors, and ensuring consideration of such address no later than 10 days from the date of its receipt;
- taking all necessary and possible measures to prevent and resolve a conflict, as well as to minimise its consequences, between a body of the Bank and its shareholder or shareholders, as well as among shareholders, if such conflict affects the interests of the Bank, including the use of out-of-court dispute resolution procedures, including mediation;

- attaching special importance to the role of independent members of the Board of Directors of the Bank in preventing corporate conflicts; such members shall preliminarily assess actions and decisions of the Bank that may lead to the emergence of a corporate conflict, and where they issue a negative opinion, the relevant actions or decisions are not recommended to be performed or adopted;
- establishing the obligation of officers of the Bank to inform the Board of Directors of the emergence of a conflict of interest before the relevant decision is adopted and/or the relevant matter is considered;
- equal treatment of all shareholders of the Bank, including counteracting abuses by or in the interests of holders of a controlling block of shares, acting directly or indirectly.

CHAPTER XI. MATERIAL CORPORATE EVENTS

The performance by the Bank of a number of actions that may lead to fundamental corporate changes, including changes in shareholders' rights, namely material corporate actions, shall be accompanied by maximum openness and transparency and shall be carried out subject to the observance and protection of the rights of shareholders, as well as depositors of the Bank.

173. Material corporate events shall primarily include:

- reorganization of the Bank;
- acquisition of 20 percent or more of the voting shares of the Bank, namely takeover;
- execution by the Bank of material transactions: major transactions and transactions in the execution of which there is an interest, increase in the number of outstanding shares of the Bank, listing and delisting of shares and other securities issued by the Bank;

- other actions that may worsen the position of shareholders or depositors of the Bank.

171. Rules and procedures related to the implementation by the Bank of material corporate events shall be developed by the Board of Directors of the Bank and set forth in the internal documents of the Bank approved by the General Meeting of Shareholders or by the Board of Directors itself. When determining such rules and procedures, the Board of Directors shall be guided not only by compliance with the requirements of the legislation of the Kyrgyz Republic, but also by the principles of corporate governance set out in this Code.

Execution by the Bank of Material Transactions

172. The execution by the Bank of material transactions shall be carried out at fair prices and on transparent terms that ensure protection of the interests of the Bank and all its shareholders. This shall be achieved by including the following principles in the internal documents of the Bank:

- mechanisms for assigning to the competence of the Board of Directors of the Bank the consideration of transactions that do not meet the criteria for major transactions established by legislation, but are of material significance to the Bank, by extending to them the procedure established by legislation for the execution by the Bank of major transactions and/or by assigning them to the competence of the Board of Directors with a decision on their approval to be adopted by a qualified majority of its composition;

- approval of all material transactions before their execution;

- establishment of control by the Board of Directors not only over material transactions of the Bank, but also over material transactions of legal entities controlled by it;

- engagement by the Board of Directors of an independent appraiser having an impeccable reputation recognized by the market and experience in valuation in the relevant field, in order to determine the fair value of property to be acquired or disposed of, or provision of substantial grounds for not engaging an independent appraiser;

- extension of the procedure for approval by the Bank of interested-party transactions also to transactions:

a) concluded on behalf of third parties, but at the expense of the Bank;

b) concluded by the Bank with other companies whose material, or controlling, shareholder is the material, or controlling, shareholder of the Bank.

Reorganization of the Bank

173. A decision of the Board of Directors to submit the issue of reorganization of the Bank to the General Meeting of Shareholders shall be adopted only if the Board of Directors is confident of the necessity of the reorganization and the acceptability of the terms of the reorganization. When considering the admissibility of reorganization, the Board of Directors shall assess the terms of the reorganization for their compliance with the interests of shareholders, including shareholders holding insignificant blocks of shares, and shall also determine the fairness of conversion ratios resulting from the reorganization.

174. In order to determine the share conversion ratio in the course of reorganization, it is recommended to engage an independent appraiser. It is recommended that only those appraisers who have a good business reputation recognized by the market and experience in valuation in the relevant field be admitted to valuation in the course of reorganization. It is recommended that valuation in respect of each of the legal entities participating in the same reorganization be carried out by the same appraiser, including in order to ensure that, in comparable situations, the same approaches and assumptions are applied during valuation.

CHAPTER XII. FINAL PROVISIONS

175. The requirements of this Code shall be mandatory for execution by all governing bodies of the Bank, officers and employees of the Bank.

176. This Code shall be posted on the official website of the Bank.

177. The measure of liability of officers of the Bank shall be determined by the legislation of the Kyrgyz Republic.

