



DemirBank

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SUSTAINABILITY REPORT

2025

“Demir Kyrgyz International Bank ” CJSC

Bank for your life

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Dear customers, partners and shareholders,

It is a great honor for us to present DemirBank's first Sustainability Report, which reflects our systematic approach to integrating ESG principles and strengthening a culture of responsible business practices. For nearly thirty years, DemirBank has been making a prominent contribution to the development of the financial sector of the Kyrgyz Republic by supporting entrepreneurship, digitalization and access to banking services.

Today, the Bank is entering a new stage of development. Starting in 2025, we are implementing a phased program to integrate ESG principles into our core strategic and operational processes. The foundation for this transformation was laid by the results of an assessment conducted by an independent consultant with the support of Deutsche Sparkassenstiftung für internationale Kooperation e.V. (DSIK). The initial score of 0.87 out of 4 under the Sparkassen system helped us identify our current strengths and areas for improvement, as well as develop a comprehensive plan to enhance our internal systems and effectively manage climate risks.

We build on solid practical experience. Our long-standing strategic partnership with the European Bank for Reconstruction and Development (EBRD), the successful implementation of projects under the KyrSEFF program, and our close cooperation with the International Finance Corporation (IFC) confirm our ability to guide capital effectively for the benefit of the green economy. In 2025, the Bank attracted approximately USD 30 million to finance projects in energy efficiency, renewable energy, and entrepreneurship development. The Bank is actively developing digital and inclusive products, supporting small and medium-sized enterprises, and consistently reducing its own environmental footprint through service digitalization.

We would like to express our sincere gratitude to the DemirBank team for their professionalism, engagement and commitment to our shared values. We are confident that our joint efforts and the consistent implementation of our roadmap will strengthen the Bank's position as a leader in the responsible financial sector and a reliable partner in building a sustainable future for the Kyrgyz Republic.

Sincerely,

Ismail Hasan Akcakayalioglu

Chairman of the Board of Directors of "Demir Kyrgyz International Bank" CJSC

Lutfullah Sevki Sarilar

Chairman of the Bank Management of "Demir Kyrgyz International Bank" CJSC

Preparation Principles and Reporting Boundaries

This 2025 Sustainability Report (the “Report”) is the first public non-financial report of “Demir Kyrgyz International Bank” CJSC (hereinafter referred to as “DemirBank” or the “Bank”). The publication of this Report reflects the Bank’s commitment to the principles of transparency, openness and accountability to its customers, shareholders, regulator and society. The Report was approved by the Bank’s Board of Directors.

The disclosure of non-financial information marks the starting point of the Bank’s ESG activities. In subsequent reporting cycles, DemirBank plans to expand the scope of data and reflect the dynamics of key indicators.

Reporting period: From 1 January to December 31, 2025.

Frequency: The Bank plans to publish non-financial reports on an annual basis.

Report boundaries: The information covers the activities of the Head Office and DemirBank’s entire branch network within the Kyrgyz Republic.

Standards and Methodology

The Report has been prepared with reference to the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards, 2021 edition). In shaping the structure and content of the document, the Bank was guided by the following GRI principles:

- Sustainability context;
- Relevancy and completeness;
- Accuracy, clarity and balance;
- Comparability and verifiability.

The preparation of the Report also took into account the requirements and recommendations of the National Bank of the Kyrgyz Republic (NBKR) in the areas of corporate governance, ESG risk assessment and the climate transformation of the financial sector. The document includes information on DemirBank’s contribution to the achievement of the United Nations Sustainable Development Goals (UN SDGs) and reflects key elements of the TCFD recommendations regarding the disclosure of portfolio climate risks.

Data Sources and Verification

The economic and financial metrics presented in the Report are based on the Bank's separate financial statements for 2025, prepared in accordance with International Financial Reporting Standards (IFRS). Information on taxes and mandatory payments has been verified through an external financial audit — Ernst & Young Audit LLC, one of the "Big Four" international audit firms.

To assess the Bank's direct and indirect environmental footprint, data from administrative and facilities records and the international Greenhouse Gas Protocol (GHG Protocol) methodology were used. The scope of non-financial indicators included:

1. Direct greenhouse gas emissions (Scope 1): calculated based on the actual consumption of motor fuel by the Bank's corporate vehicles, as well as diesel fuel for generator units. Fugitive emissions (leaks of refrigerants from air-conditioning and cooling systems) were not calculated in the current reporting period due to the ongoing setup of systems for collecting detailed technical data. At the same time, the Bank has already completed a full inventory of climate control equipment in order to include these indicators in future reporting cycles.
2. Indirect energy emissions (Scope 2): calculated in full based on data on the actual consumption of electricity and heat energy by the Bank's offices and branches.
3. Other indirect emissions (Scope 3): The disclosure boundary includes indirect greenhouse gas emissions associated with employee commuting, the use of water resources (water consumption and wastewater discharge), as well as the collection and disposal of municipal waste. Category 15 "Investments" was excluded from the Scope 3 calculation.

03 Material Topics of the Report

In accordance with the requirements of the National Bank of the Kyrgyz Republic and the methodology of the GRI Standards, the Bank identified a list of key topics that reflect DemirBank's most significant impacts on the economy, society and the environment, and that also directly determine its long-term sustainability.

DemirBank's list of material topics for 2025 includes:

1. Corporate governance and ESG transformation: The phased integration of environmental, social and governance principles into the Bank's strategic and operational processes, as well as the implementation of the roadmap developed following the independent Sparkassen assessment.
2. Business ethics and compliance: Adherence to the highest standards of honest business conduct, anti-corruption measures, prevention of conflicts of interest, and strict compliance with regulatory requirements in the area of AML (anti-money laundering).
3. Tax transparency: Timely and full fulfillment of tax obligations and social contributions as an indicator of the Bank's direct contribution to public finance and the economic stability of the Kyrgyz Republic.
4. Responsible financing and portfolio risk management: This area includes the development of green lending, financing of energy-efficiency projects under the KyrSEFF program, support for women's entrepreneurship under the IFC credit line, and the implementation of a Heat Map to assess borrowers' climate risks in line with TCFD recommendations.
5. Support for SMEs and the regions: Financing of small and medium-sized businesses, promotion of women's entrepreneurship, and increased accessibility of banking services in the Bank's regions of presence.
6. Responsible customer relations and digitalization: Ensuring a high quality of service and developing a digital ecosystem and mobile banking solutions that increase financial inclusion for the population.
7. Information security: Ensuring continuity of IT processes and strict confidentiality of the Bank's customers' personal data in the context of digital transformation.
8. Human resources management and human capital: Ensuring fair remuneration, continuous training and development of employees, maintaining gender balance, and developing an inclusive corporate culture.
9. Contribution to social development: Implementation of charitable and sponsorship projects aimed at supporting local communities and promoting culture, sports and socially significant initiatives in the regions where the Bank operates.
10. Minimization of the Bank's own environmental footprint (Scope 1, 2, 3): Monitoring and optimization of energy consumption, fuel use for transport and generators, reduction of paper-based document flow, accounting for water consumption, waste management, and analysis of employee commuting.

3.1 Contribution to the UN Sustainable Development Goals

DemirBank views the United Nations Sustainable Development Goals (UN SDGs) as a universal reference point for building a responsible economy in the Kyrgyz Republic. Recognizing the role of the financial sector, the Bank consistently directs resources toward supporting a socially oriented, low-carbon and inclusive growth model.

During the reporting period, the Bank began to establish its foundational approaches to sustainable development. The phased integration of ESG factors into DemirBank's business model is being carried out in line with the regulatory requirements of the National Bank of the Kyrgyz Republic, the TCFD recommendations, and the international GRI sustainability reporting methodology. The development and approval of a unified internal ESG policy is planned as part of the implementation of the current plan to improve internal processes.

During the reporting period, the Bank identified the following priority UN SDGs to which it makes the most significant contribution:

SDG 5: Gender Equality

- Inclusive internal environment: DemirBank ensures equal rights, non-discrimination and fair working conditions for all employees. The Bank maintains a consistently high level of gender balance across all divisions.
- Reporting period metrics: Women accounted for 69% of DemirBank's total workforce. Women are widely represented at the level of department heads, branch directors and senior management, and actively participate in the Bank's key and strategic decision-making processes.

SDG 7: Affordable and Clean Energy

- Green financing: Through its long-standing strategic partnership with the European Bank for Reconstruction and Development (EBRD) under the KyrSEFF program, the Bank acts as an active channel for capital into energy-efficient technologies.
- Reporting period metrics: During the reporting year, the Bank financed 82 resource-efficiency and equipment modernization projects with a total value of 716 911,3 thousand som thereby contributing to lower energy intensity in local businesses.

SDG 8: Decent Work and Economic Growth

- Support for entrepreneurship: The Bank is a key partner for Kyrgyzstan's small and medium-sized business (SME) sector. As a transparent business, the Bank provides jobs, pays official salaries, and ensures stable tax revenues to the state budget of the Kyrgyz Republic.
- Reporting period metrics: The Bank provided stable employment to more than 1,025 employees. The volume of financing provided to SME customers for expanding operations and creating new jobs in the regions of the Kyrgyz Republic amounted to 1 668 958 thousand soms.

3.1 Contribution to the UN Sustainable Development Goals

SDG 9: Industry, Innovation and Infrastructure

- Technological leadership: Benefiting from the unique advantage of its own Processing Center, DemirBank continuously introduces innovative digital services, automating customer interactions and increasing access to banking services.
- Reporting period metrics: The share of banking transactions carried out remotely by customers through the upgraded mobile application reached 30.92%. The number of active users of the Bank's digital platforms amounted to 293,840.

SDG 13: Climate Action

- Impact management: The Bank minimizes its own environmental footprint and is gradually introducing tools to assess climate and environmental risks when analyzing its loan portfolio in accordance with the requirements of the NBKR.
- Reporting period metrics: During the reporting year, the Bank carried out its first detailed calculation of greenhouse gas emissions across Scope 1, Scope 2 and Scope 3 (including commuting, water and waste), thereby establishing a "baseline" for future environmental KPIs.

“Demir Kyrgyz International Bank” CJSC(DemirBank) is the first international commercial bank in the Kyrgyz Republic with 100% foreign capital and has been successfully operating in the financial market since 1997. As one of the most successful investment projects in the country, the Bank provides a full range of banking services to retail and corporate customers, as well as to the small and medium-sized business (SME) sector.

The Bank’s Shareholders:

- **Mr. Halit Cingillioglu — 92.5%.** As the principal shareholder of DemirBank for 30 years, he has operated in the financial sector in Türkiye, the Netherlands, Germany, Kazakhstan and the Kyrgyz Republic. He has substantial experience in the banking sector, brokerage agencies, leasing, factoring and insurance companies.
- **HCBG Holding (HCBG Holding B.V.) — 7.5%.** HCBG Holding B.V. is a private financial holding company operating under the laws of the Netherlands, incorporated on 16 May 2003 and headquartered in Amsterdam. The company invests and conducts proprietary operations in banking, art and real estate.



DemirBank operates under the single slogan “**Bank for your life**”, which reflects its aspiration to be a reliable and convenient part of the life of every client, partner and employee at every stage of their development. A unique competitive advantage of the Bank is its own Processing Center for servicing VISA and MasterCard payment cards, which has been operating successfully since 2002.

The Bank’s Strategic Missions

In its day-to-day operations and in the process of integrating ESG principles, DemirBank is guided by four key missions:

- *To be the best commercial bank in the Kyrgyz Republic and play a leading role in the development of the country's banking sector.*
- *To meet the needs of customers and partners, to be recognized for high quality service, innovative products and services.*
- *To be one of the main financial institutions in the transition economy of the Kyrgyz Republic and play a leading role in the development of the banking market.*
- *To be a major financial institution in the top three largest banks in the country in terms of assets, loans and profitability.*

Corporate Values

DemirBank’s five fundamental values form the basis of its corporate culture and define the Bank’s approach to sustainable development:

- **Responsibility**

DemirBank values its customers and partners, and understanding the importance of long-term and reliable partnership, takes responsibility and commitment for the quality of services provided. Our customers' success and their trust are key indicators of the Bank's team's professionalism.

- **Devotion**

DemirBank employees are the bank's most valuable asset, a strong team of professionals focused on achieving outstanding results. The bank, in turn, provides an effective organizational environment that enables employees to perform their duties to the highest standards and take the initiative:

1. highly qualified service taking into account international quality standards;
2. flexibility in decision making;
3. individual approach to customers;
4. partnership with mutually beneficial results.

- **Social activity**

DemirBank is a socially responsible bank, which, within the framework of its social policy, seeks to contribute to the development of society and the solution of acute problems. On an ongoing basis, the bank provides support to society and tries to increase the material and spiritual values of Kyrgyzstanis. Care and support for the society in which the Bank operates, customers and partners is one of the priority tasks of DemirBank.

- **Standards of professional ethics**

Since its founding, the Bank has built a reputation as a reliable financial institution. The Bank's ethical standards and codes of conduct for employees reinforce its organizational principles and foster trust among customers, partners, and employees.

- **Bank's conflicts of interest policy**

The Bank pays special attention to the timely identification, prevention, resolution and, if necessary, disclosure of conflicts of interest arising in various areas of its business.

4.1 The Bank's Geographic Presence

DemirBank has a developed infrastructure and a modern branch network that ensures broad access to financial services throughout the Kyrgyz Republic. As of the end of 2025, the regional service network included 34 service points across all key regions of the country, including 14 full-service branches, 16 outlets and 4 exit outlets. The Bank also has its own remote banking service infrastructure, which includes:

- 287 ATMs,
- 80 cash-in ATMs,
- 6 recycle ATMs,
- 2,382 POS terminals,
- 61 payment terminals.

Geography of Activities



14 Full-service branches

A total of 14 branch markers representing the bank's core operational footprint across the country.

Comprehensive Nationwide Branch Network

Branches are located in Talas, Naryn, Osh, Batken, Jalal-Abad and the city of Karakol.

4.2 Economic Sustainability and Tax Contribution to National Development

“Demir Kyrgyz International Bank” CJSC views long-term economic sustainability and the continuous growth of key balance-sheet indicators as the fundamental basis for implementing its ESG strategy. Sound management of assets and capital allows the Bank to remain a safe institution for depositors, a stable source of liquidity for borrowers and a reliable partner for the state. During the reporting period, DemirBank maintained strong growth momentum across all strategic areas of its activities.

As a major and conscientious taxpayer in the Kyrgyz Republic, DemirBank strictly fulfills its obligations to the state budget, guided by the principles of transparency and accountability. The Bank increases the volume of its tax payments every year, directly contributing to the financing of government social programs and the development of public infrastructure.

A particularly important part of our expense structure is mandatory contributions to the Social Fund of the Kyrgyz Republic, the volume of which shows a stable year-on-year upward trend. This directly reflects the Bank’s increased investment in its people, the creation of new jobs, the regular indexation of salaries and the provision of reliable social helps ensure for every employee in our large team.

In 2025, the Bank became the first bank in Kyrgyzstan to be included in the Register of Good Faith Entrepreneurs — a milestone that reinforces trust, compliance and business reputation, and underscores our position as a socially responsible and stable financial institution.

Dynamics of the Bank’s Key Financial and Tax Indicators

Below is consolidated information reflecting the consistent growth in the scale of DemirBank’s business and tax contribution over a three-year period:

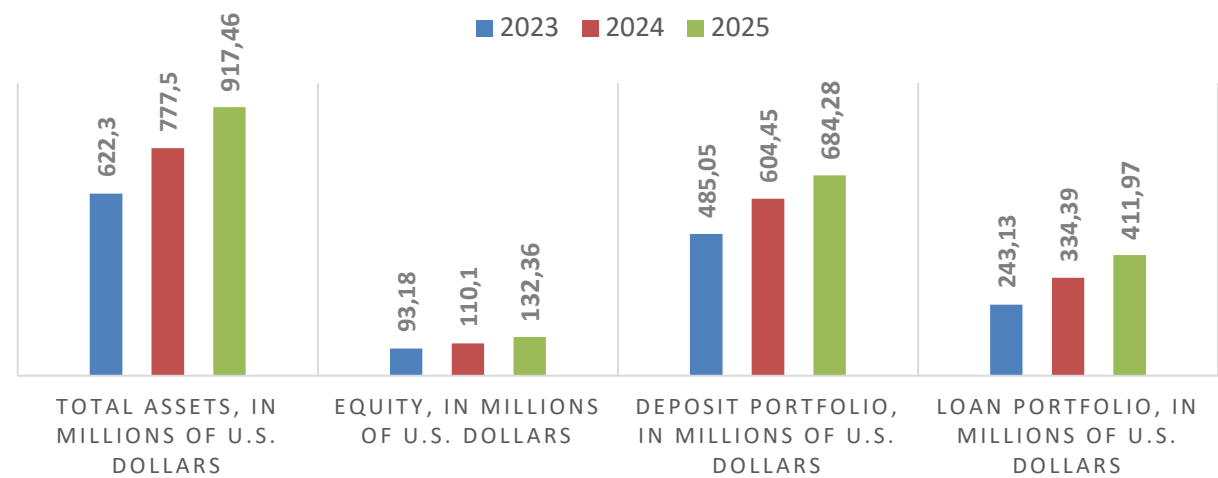
Financial indicators and tax payments (including contributions to the Social Fund), USD million.

No. / Year	Key Indicators	2023	2024	2025
1	Total assets	622,30	777,50	917,46
2	Equity	93,18	110,10	132,36
3	Deposit portfolio	485,05	604,45	684,28
4	Loan portfolio	243,13	334,39	411,97
5	Total tax payments, including contributions to the Social Fund	7,55	9,04	9,56

Note: the conversion of indicators into US dollars was carried out at the official exchange rate of the National Bank of the Kyrgyz Republic at the end of each respective reporting period.

4.2 Economic Sustainability and Tax Contribution to National Development

THE BANK'S FINANCIAL PERFORMANCE



4.3 Participation in Associations

DemirBank takes an active role in developing the institutional environment, improving the investment climate of the Kyrgyz Republic and promoting the principles of responsible business conduct at the national level. The Bank believes that the joint efforts of leading market participants make it possible to implement innovations and sustainable development standards more effectively.

During the reporting period, DemirBank acted as a long-term partner and active participant in key business, industry and international associations:

- Union of Banks of Kyrgyzstan (UBK): The Bank actively participates in modernizing the regulatory framework of the banking sector, developing the national payment infrastructure and conducting professional dialogue on the introduction of sustainable financing principles under the auspices of the NBKR.
- International Business Council (IBC): Cooperation within the association is aimed at fostering a favorable investment climate, protecting investors' rights and developing a constructive public-private dialogue on the country's economic growth.
- American Chamber of Commerce in the Kyrgyz Republic (AmCham): Participation in the Chamber allows the Bank to strengthen international business ties, integrate global best management practices into local business and support initiatives aimed at developing a transparent business environment.
- Deposit Protection Agency of the Kyrgyz Republic: As a participant in the mandatory state deposit insurance system, the Bank ensures a high level of reliability and contributes to maintaining the stability of the country's financial system.

DemirBank is also an official licensed partner and participant in the national payment system Elkart, as well as in the leading international payment systems VISA International and MasterCard Worldwide, ensuring their uninterrupted operation on the basis of its own Processing Center.

5.1 Overview of Corporate Governance

The corporate governance system of “Demir Kyrgyz International Bank” CJSC is built on the principles of legality, transparency, accountability and strict observance of the rights of shareholders and customers. Sound governance is the foundation of the Bank’s financial sustainability.

Key internal documents around corporate governance:

1. Bank Charter
2. Regulation on the Board of Directors
3. Regulation on the Bank Management
4. Regulation on the Nomination and Remuneration Committee
5. Regulation on the Asset and Liability Management Committee (ALCO)
6. Corporate Governance Code
7. Code of Ethics
8. Risk Management Policy
9. Information Security Policy
10. Conflict of Interest Regulation

The Bank’s corporate governance system integrates ESG principles. The Board of Directors oversees strategic sustainability matters, while employees at all levels participate in embedding relevant practices into day-to-day operations. In the course of business, the Bank applies an Environmental and Social Management System (ESMS) for the consistent control of risks and the promotion of responsible partner conduct. The Bank’s activities are aimed at long-term value creation while maintaining a balance of interests and aligning economic, environmental and social objectives. The ESG approach is grounded in the principles of transparency, accountability, ethical behavior, respect for human rights and zero tolerance for corruption.

The highest governing body of “Demir Kyrgyz International Bank” CJSC is the General Shareholders Meeting. With 100% foreign capital, the Bank relies on advanced international transparency standards, ensuring an effective balance of interests between business owners, strategic leadership and executive bodies.

Interaction among the elements of DemirBank’s corporate structure is organized according to a classic three-tier model in which each body is vested with clearly separated powers and levels of accountability. The Corporate Secretary ensures coordination among governing bodies and the protection of shareholders’ rights.

5.1 Overview of Corporate Governance

The Board of Directors of “Demir Kyrgyz International Bank” CJSC is a collegial body of strategic management. It determines the key directions of development, supervises the executive bodies and is responsible for the long-term sustainability of the business. Members of the Board of Directors are elected by the General Shareholders Meeting for a four-year term in accordance with the legislation of the Kyrgyz Republic. As of 2025, the Board of Directors consists of 5 members, 2 of whom are independent under the definition set out in the Regulation on the Board of Directors of “Demir Kyrgyz International Bank” CJSC. The share of independent directors amounts to 40% of the total Board composition.

Independent Board members possess professional experience and relevant knowledge in economic, financial and legal matters and meet the minimum requirements established by the National Bank of the Kyrgyz Republic for members of a bank’s Board of Directors. This contributes to the objectivity of decisions and the effectiveness of oversight over the executive body’s activities.

Composition of the Board of Directors:

Ismail Hasan Akcakayalioglu	Chairman of the Board of Directors
Abdraimov Kubanych Chorobekovich	Member of the Board of Directors
Hugo Willem Minderhoud	Member of the Board of Directors
Maksytbekov Azamat Kurbanalyevich	Independent Member of the Board of Directors
Mambetzhanov Melis Tulindyevich	Independent Member of the Board of Directors

Relevant committees have been established and operate within the structure of the Board of Directors, ensuring in-depth preliminary review of decisions, namely:

1. Audit Committee
2. Risk Management Committee
3. Nomination and Remuneration Committee
4. Related-Party Committee

5.2 The Bank Bank Management

The Bank Management is a permanent collegial executive body that manages the Bank's day-to-day activities, organizes its operations and acts in accordance with the legislation of the Kyrgyz Republic, the Bank's Charter, the relevant regulation and internal normative documents.

The Management ensures the conscientious, timely, effective and prompt implementation of decisions adopted by the General Shareholders Meeting, the Bank's Board of Directors, as well as recommendations provided by the committees of the Board of Directors.

The Bank Management is responsible for managing risks and opportunities related to sustainable development and climate. Operational coordination of these processes is delegated to the Internal Control Officer, who ensures the integration of relevant aspects into the risk management system and regularly informs the Management about key risks and measures to manage them.

Members of the Bank Management are appointed by decision of the Board of Directors in accordance with the requirements of the National Bank of the Kyrgyz Republic. The Management consists of at least 5 (five) persons, but not fewer than the number established by the legislation of the Kyrgyz Republic. The Management includes the General Manager, who serves as Chairman of the Management, Deputy General Managers and other members of the Management appointed by the Board of Directors.

Lutfullah Sevki Sarilar	General Manager
Omer Yunver	Deputy General Manager for Lending Activities
Kucheryavaya Galina Alexandrovna	Deputy General Manager for Legal and Organizational Affairs
Hasan Ufuk Dinc	Deputy General Manager for Digital Banking and Information Technologies
Trofimushkina Anastasya Valentinovna	Deputy General Manager for Operations
Chalbaev Seitek Azatovich	Managing Director for Business Transformation

5.3 Business Ethics

"Demir Kyrgyz International Bank" CJSC conducts its activities on the principles of impeccable business reputation, legality and transparency. The key documents governing the Bank's internal culture and external communications are the Corporate Governance Code and the Code of Ethics. These documents form a unified system of values that is mandatory for all officers and employees of the Bank. The Bank's goal is not only to comply with regulatory requirements, but also to uphold high standards of honest business conduct in Kyrgyzstan's financial sector.

5.3 Business Ethics

The Bank's sustainable development activities are based on five key principles that define our business priorities and standards of interaction with stakeholders: responsibility, dedication, social engagement, compliance with standards of professional ethics and the Bank's policy on conflicts of interest.

In accordance with the Corporate Governance Code, the Bank has established a system for the timely identification, control, resolution and disclosure of potential conflict situations.

5.4 Anti-Corruption Policy and Anti-Bribery Measures

As part of its commitment to the principles of openness and accountability, DemirBank operates a strict anti-corruption policy based on zero tolerance for any manifestations of corruption, bribery and commercial bribery. No incidents of corruption-related violations were identified or recorded by the Bank during the reporting period

1. Prohibition of any corrupt practices: The Bank strictly prohibits its employees, managers and representatives from offering, giving, promising, extorting or accepting any unlawful rewards, material assets, services or pecuniary advantages in relations with public authorities, business partners or customers.
2. Risk prevention in stakeholder relations: The Bank's corporate standards exclude the use of business gifts, hospitality expenses or charitable donations as a hidden form of bribery or an instrument for obtaining improper commercial advantages.
3. Protection of whistleblowers and feedback channels: The Bank has established a robust internal control system that ensures openness, accountability and the protection of stakeholders' rights. Any employee, partner or customer may report facts of corruption, compliance risks or violations of the Code of Ethics. The Bank guarantees confidentiality and protection against discrimination or retaliation for persons who report violations in good faith. The following channels are available for submissions, feedback or reports of violations:

For customers and external partners:

- Official website: completion of the feedback form in the dedicated section of the Bank's website <https://www.demirbank.kg/retail/feedback/form>.
- Book of comments and suggestions: submission of a written entry at any branch or outlet office of the Bank.

5.4 Anti-Corruption Policy and Anti-Bribery Measures

- Email: message to the Service Quality Department at ServiceQualityDepartment@demirbank.kg.
- Contact center: 24/7 calls at +996 (312) 610 610 or 2222 (calls from mobile phones are free of charge).
- WhatsApp messenger: text appeals at +996 770 610 610.
- Postal address: official letter to 245 Chuy Avenue, Bishkek, Kyrgyz Republic.
- Personal visit: direct appeal to the Bank through the responsible specialist or branch director.

For Bank employees:

- Internal communication channel: a dedicated secure channel of the Human Resources Department for the submission of confidential internal reports.

5.5 Conflict of Interest Management

“Demir Kyrgyz International Bank” CJSC gives priority attention to the transparency of financial transactions and the protection of the interests of customers and shareholders. The key instrument in this area is the Regulation on Conflicts of Interest approved by the Bank’s Board of Directors. The document was developed in accordance with the legislation of the Kyrgyz Republic, the Bank’s Charter, the Code of Ethics, the Policy on Transactions with Related and Affiliated Parties, as well as other internal normative documents. The purpose of the Regulation is to prevent, identify and resolve conflicts of interest arising in the Bank’s day-to-day activities, as well as in transactions and operations between the Bank, its customers, business partners and related parties.

Key Objectives of the Management System

To achieve this objective, the Bank ensures the implementation of the following key tasks:

- Regulation of procedures: establishing a clear process for identifying and resolving conflicts of interest arising among the Bank’s employees while performing their duties;
- Limitation of personal influence: developing and implementing measures to minimize the impact of private interests and employees’ personal interests on their work functions and business decisions;
- High ethical standards: maintaining the level of corporate governance and professional ethics necessary to achieve the Bank’s strategic objectives;
- Information transparency: ensuring clarity and openness of conflict-of-interest prevention processes for all stakeholders.

5.5 Conflict of Interest Management

Mandatory Compliance and Compliance Control

The Regulation is an important part of DemirBank's overall compliance risk management system. Its requirements are mandatory for all structural units, officers and employees of the Bank regardless of position or area of activity.

To maintain the relevance of the control system, the Regulation is reviewed and updated on a regular basis. All amendments and additions to the document are made exclusively by decision of the Bank's Board of Directors, which is also continuously informed by the Management Board about potential threats to operations related to conflicts of interest.

5.6 Countering Criminal Activity and Money Laundering (AML/CFT)

DemirBank strictly adheres to the principles of legality, transparency and accountability, supporting global efforts to combat financial crime. To minimize regulatory and reputational risks, the Bank applies a Regulation on Customer Due Diligence based on the international "Know Your Customer" principle.

This Regulation has been developed in accordance with the legislation of the Kyrgyz Republic, the regulatory legal acts of the National Bank of the Kyrgyz Republic in the field of combating the financing of terrorist activity and the laundering of criminal proceeds, as well as the Bank's internal normative documents.

The Regulation governs processes aimed at ensuring strict control and effective management of AML/CFT risks. These mechanisms are applied at all levels of the Bank's operations when onboarding customers and conducting transactions. The internal processes of the Compliance Control Department include the following key procedures:

- Identification and verification: establishing the customer's identity, verifying the submitted data and identifying the beneficial owner. The accuracy of information is verified using independent sources.
- Ongoing monitoring: continuous tracking of transactions on customers' accounts and assessment or reassessment of their risk level.
- Regular update of identification data: to keep information up to date, the Bank has implemented a schedule for the planned updating of client data depending on the assigned risk level:
 - High-risk customers — data is updated at least once a year;
 - Medium-risk customers — data is updated at least once every two years;
 - Low-risk customers — data is updated at least once every three years.

5.6 Countering Criminal Activity and Money Laundering (AML/CFT)

Effectiveness Criteria of the “Know Your Customer” Policy

The “Know Your Customer” policy is an integral part of DemirBank’s internal control system. It is considered successfully implemented if, because of customer due diligence measures, the Bank’s employees arrive at a clear and well-grounded understanding of:

- the customer’s reasonable and economically justified lawful activity;
- suspicious and economically unjustified activity requiring the immediate application of enhanced control and enhanced due diligence measures by the Bank.

By integrating the “Know Your Customer” principle into all business processes, DemirBank ensures high reliability of financial transactions and protects the banking ecosystem from involvement in unlawful activity.

5.7 Risk Management

In its daily operations, “Demir Kyrgyz International Bank” CJSC attaches primary importance to establishing and maintaining an effective risk management system. We view risk management as a continuous process and an integral part of all the Bank’s business processes and operating areas. The main objective of the risk management system is the timely identification, assessment and minimization of potential losses, as well as the prevention of any negative impact on the Bank’s operational activities, impeccable business reputation and financial sustainability. ESG and climate risk indicators are regularly brought to the attention of the Management as part of the Bank's risk management reporting system.

To ensure maximum transparency and reliability of the entire banking ecosystem, DemirBank has built an effective internal control system, an integral part and foundation of which is the internationally recognized “Three Lines” model. This approach makes it possible to clearly separate responsibilities between operational divisions (first line), compliance and risk management functions (second line), and independent internal audit (third line).

5.7 Risk Management

Process of Defining and Approving Risk Appetite

A key preventive risk management instrument is the annual preparation and approval of the risk appetite report for the coming year. This document establishes the overall level of all types of risk that DemirBank is willing to accept within its risk-bearing capacity in order to successfully achieve strategic objectives and implement the approved business plan.

As part of its comprehensive ESG strategy, DemirBank sets the boundaries of acceptable variation around its objectives. In determining risk appetite, the Bank takes into account not only direct financial indicators, but also difficult-to-measure non-financial risks that directly affect business sustainability:

- DemirBank's reputation in the financial market;
- Risks of unethical practices arising in the activities of employees or partners.

The process of developing, verifying and approving risk appetite is strictly regulated and includes four key stages:

1. Preparation: The Risk Management Department carries out the initial calculation, modeling and preparation of risk appetite indicators.
2. Preliminary review: DemirBank's Bank Management studies the draft document in detail for compliance with operational plans.
3. Assessment: The Risk Management Committee of the Board of Directors conducts a comprehensive expert review of the proposed risk levels.
4. Approval: DemirBank's Board of Directors formally approves the risk appetite report as part of the annual business planning and budgeting process.

The level of risk appetite established by the Board of Directors serves as a mandatory benchmark for the entire risk management framework and is taken into account in the subsequent development of all applicable internal limits, ratios and restrictions of DemirBank.



6.1 Responsible Attitude Toward customers

In pursuing its core mission—to be the best commercial bank in the Kyrgyz Republic and to play a leading role in the development of the country’s banking sector—DemirBank transforms service standards every day. We believe that responsibility to the customer is measured not by declarations, but by service reliability, infrastructure accessibility, data security, and a tangible contribution to the development of local entrepreneurship.

For DemirBank, trust is a long-term commitment. We take full responsibility for the technological sophistication and security of our financial services. The success of our customers is the only objective indicator of our professionalism. At the same time, in the dynamic economy of Kyrgyzstan, we maintain high speed in decision-making and adapt banking products to the unique needs of each partner—from retail depositors to large holdings.

Responsibility to the customer means the ability to receive high-quality financial services at any time and in any part of the country. As a technological leader in the market, DemirBank has developed an extensive self-service banking network, with particular attention to creating a barrier-free environment. Our branch network includes about 30 modern offices and outlets connecting the key regions of Kyrgyzstan. The Bank’s offices are being systematically equipped with ramps and accessibility features for customers with disabilities. Continuous access to funds is ensured by an extensive network of more than 250 ATMs, providing 24/7 access to cash and payment transactions in every major populated area of the republic. At the same time, one of the country’s largest networks, around 2,400 POS terminals (the vast majority of which support contactless NFC/PayWave payments), is actively promoting a culture of secure non-cash payments in the Kyrgyz Republic.

We also actively develop remote service channels, helping customers save time and the planet save resources. The DemirBank Mobile application and the upgraded internet banking platform make it possible to carry out the vast majority of basic transactions remotely, without the need to visit an office. The phased transition of document workflows into digital format as part of the move to non-paper technology allows the Bank and its customers to save significant amounts of paper every day, consistently reducing indirect environmental impacts.

The development of the small and medium-sized business (SME) sector is one of DemirBank’s main priorities within its ESG strategy. SMEs form the basis of the republic’s economic stability, and the Bank acts as a reliable accelerator for this segment. We offer entrepreneurs accessible targeted lending programs for business expansion and modernization, modern e-commerce tools for entering digital markets, and specialized settlement and cash management packages that minimize the costs of young companies.

6.1 Responsible Attitude Toward customers

For DemirBank, it is important that customers feel protected. On a continuous basis, we implement programs to enhance the financial and digital literacy of the population of the Kyrgyz Republic. The Bank regularly informs customers about methods of protection against cyber fraud and the rules for the secure use of payment cards through its official channels and social media, thereby minimizing social and operational risks for stakeholders.

6.2 Support for Women Entrepreneurs and the Development of an Inclusive Economy

A vivid confirmation of DemirBank's responsibility to its customers and the recognition of our high reliability at the global level was the signing of a strategic agreement with the International Finance Corporation. Under this large-scale partnership, the Bank attracted investments in the amount of fifteen million US dollars in national currency equivalent, fully directed toward the targeted support and qualitative development of small and medium-sized businesses in Kyrgyzstan. This joint project was designed with deep care for the long-term stability of domestic entrepreneurs and effectively addresses three key objectives.

First, it provides support for women entrepreneurs, as a special priority of the program is the financing of companies led by women, opening new horizons for the development of women's leadership and an inclusive economy in the country. Another critically important factor is that all lending is structured exclusively in soms, fully protecting local businesses from exchange-rate fluctuations and currency shocks. In addition, this financing will enable our customers to confidently expand production, modernize their businesses, and together create up to two thousand new jobs in the SME sector over five years, according to the forecast of the International Finance Corporation (IFC).

The practical results of this strategic partnership are already being reflected in the real sector of the economy of the Kyrgyz Republic. By the end of the reporting period, under the agreement with the International Finance Corporation, DemirBank had successfully issued **12** targeted loans totaling **14 000** thousand soms. The allocated resources enabled women entrepreneurs to strengthen the working capital of their businesses, modernize equipment, and implement more sustainable business practices. The successful completion of a comprehensive review by the International Finance Corporation demonstrates that DemirBank has implemented best global standards for protecting customers' interests, guaranteeing reliable, transparent, and stable financing for confident growth.

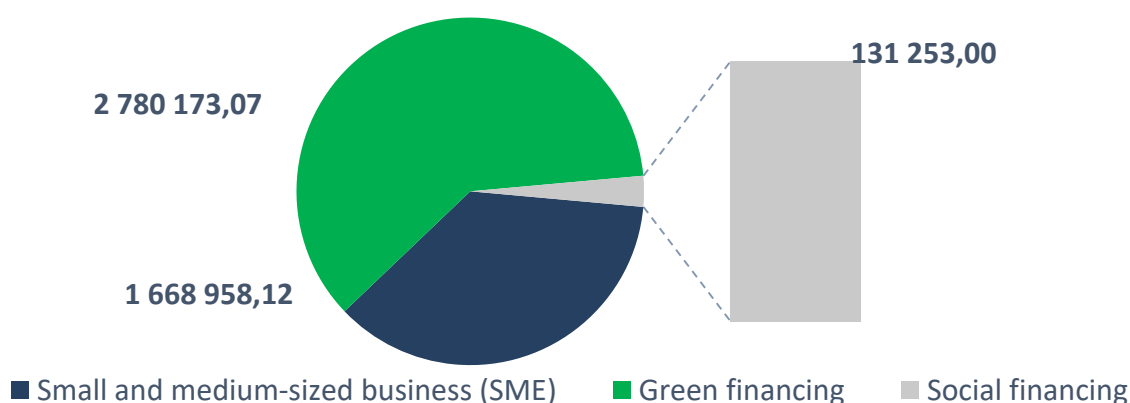
6.3 Responsible Financing

In 2025, DemirBank established a baseline ('zero level') for assessing the volume of sustainable financing. One of the largest projects financed during the reporting period was a loan of **1,529,773.084** thousand soms for the construction of a hydroelectric power station. In 2025, sustainable finance represented **21,7 %** of the Bank's total disbursed loan portfolio. The share of sustainable assets was calculated based on the Bank's total volume of disbursed loans during the reporting period, which amounted to **21 119 961,73** thousand soms.

Structure of DemirBank's loan portfolio for 2025

Portfolio Name	Amount of loans issued (thousand soms)	Share of total portfolio (%)	Type of contribution to sustainable development
Small and medium-sized business (SME)	1 668 958	7,9	Economic growth and employment support in the regions
Green financing: Financing of energy efficiency, renewable energy, and other environmentally beneficial projects under the KyrSEFF program and through the Bank's own funding.	2 780 173,07	13,2	Environment (E): energy efficiency and resource conservation
Social financing: Support for women's entrepreneurship through proprietary loan products ("Ayalzat" and "Aruuke"), as well as targeted credit lines in partnership with the IFC (International Finance Corporation).	131 253	0,6	Social sphere (S): support for women in business
Total ESG-aligned Disbursed Loans	2 517 122	21,7	Direct targeted ESG financing
Disbursed Loans	21 119 962	100	Baseline indicator for calculation

Sustainable financing framework



6.4 Information Security

The dynamic development of DemirBank's digital services is inseparably linked with the continuous strengthening of cyber resilience. We recognize that the trust of our customers and partners directly depends on our ability to ensure a high level of confidentiality, integrity and availability of their data and financial assets. DemirBank builds its information protection system in accordance with the legislation of the Kyrgyz Republic, the regulatory legal acts of the National Bank of the Kyrgyz Republic, and advanced international standards.

To minimize operational and cyber risks, DemirBank has developed and successfully implemented fundamental internal regulatory documents — the Information Security Policy and the Information Security Regulation. These documents are based on generally recognized international best practices in security assurance:

- Payment Card Industry Data Security Standard (PCI DSS);
- International standard ISO/IEC 27001 (Information Security Management Systems);
- Integrated NIST Cybersecurity Framework methodology.

An important milestone in confirming the reliability of our technological infrastructure is the Bank's successful certification and regular confirmation of compliance with the international PCI DSS payment card industry data security standard. The existence of this valid certificate guarantees customers and international partners the high level of protection when carrying out any payment card transactions during the reporting period.

Cybersecurity Culture and Digital Hygiene

DemirBank understands that amid the rapid development of technology, ensuring information security is no longer solely a technical task for information security units. It is a continuous process and a shared responsibility involving employees, partners and customers at all levels of interaction with the Bank. Cybersecurity culture is an integral part of our corporate culture and is built on two key areas:

- Internal ecosystem (for Bank employees): The human factor remains one of the main vulnerabilities in data protection worldwide. To minimize this risk, DemirBank has built an end-to-end system of continuous employee training. All full-time specialists and officers of the Bank, regardless of position, regularly undergo mandatory training in digital hygiene, secure password management, and methods for identifying sophisticated attacks, including phishing and social engineering. To monitor the effectiveness of training, the Bank regularly conducts cyberattack simulations and internal testing. This helps maintain the highest level of vigilance across the team and ensures that every employee clearly follows the requirements of the Information Security Regulation in the performance of their daily duties.

6.4 Information Security

- **External perimeter (for customers and partners):** DemirBank actively shares responsibility for the security of funds with its customers, acting as a reliable guide in the world of digital finance. The Bank carries out continuous awareness-raising and preventive work aimed at increasing the financial and digital literacy of the population of the Kyrgyz Republic. Through the official website, verified social media accounts, mailings and directly within the DemirBank Mobile application interfaces, we regularly inform users about new cyber fraud schemes. customers receive practical recommendations on the protection of personal data, payment card confidentiality rules, secure online purchases, and the importance of using two-factor authentication.

This two-way approach enables DemirBank to build a conscious and secure environment around its digital services, minimizing operational and social risks for all stakeholders.

Uncompromising Confidentiality and Data Protection

To prevent information leaks and external threats, DemirBank applies a comprehensive approach combining advanced technological solutions, strict internal control regulations, and continuous monitoring:

- **Infrastructure and transaction protection:** The Bank uses modern multi-layer data encryption systems, next-generation firewalls, and intrusion prevention systems. This guarantees the reliability of payments both through physical self-service devices and in remote channels.
- **Confidentiality compliance:** In accordance with the Information Security Policy, the Bank has implemented a strict system of access rights segregation for information resources. Robust protection is ensured for information constituting official, commercial, banking and other legally protected secrets, as well as the personal data of customers and employees.
- **Incident monitoring:** The Bank's relevant departments continuously monitor the IT perimeter in real time to prevent, detect early and immediately neutralize potential cyber threats and unauthorized access.

“Demir Kyrgyz International Bank” CJSC (DemirBank) fully shares the global concern over climate change and seeks to minimize its environmental impact. As a leading financial institution in the Kyrgyz Republic, the Bank does not exert direct large-scale industrial pressure on the environment. Nevertheless, we recognize our responsibility for the consumption of natural resources and the creation of a carbon footprint associated with maintaining our extensive office infrastructure, branch network and vehicle fleet. An important step for DemirBank on the path toward climate neutrality was the transition to the regular and systematic calculation of greenhouse gas emissions. This accounting enables us to quantify our current impact, identify the key emission sources and develop precise, measurable measures to reduce the carbon intensity of our business.

To assess the direct and indirect climate impact of assets under DemirBank’s operational control, data from administrative and facilities records and the international Greenhouse Gas Protocol methodology (GHG Protocol, ISO 14064, IPCC) were used, with quantitative indicators calculated in tCO₂e. The assessment perimeter included direct emissions from the consumption of motor fuel and diesel fuel by corporate vehicles and generator units, excluding fugitive refrigerant leaks (Scope 1); indirect energy emissions from purchased electricity and purchased heat energy for the needs of the branch network (Scope 2); as well as other indirect supply-chain emissions, including employee commuting, the use of bottled water and the disposal of operational waste (Scope 3).

7.1 Greenhouse Gas Emissions

Quantitative Indicators of Scope 1 and Scope 2 Greenhouse Gas Emissions

Based on the collected administrative and facilities data and the application of conversion factors in accordance with the Greenhouse Gas Protocol (GHG Protocol), DemirBank determined the exact baseline parameters of its direct and indirect energy-related carbon footprint for the reporting period:

- Direct greenhouse gas emissions (Scope 1): The total volume of emissions from sources controlled by the Bank (operation of corporate vehicles and fuel for generator units) amounted to 183.87 tCO₂e. As noted in the methodological boundaries, this indicator was calculated excluding fugitive refrigerant emissions, for which the inventory and collection of technical data will be fully completed by the next reporting cycle.
- Indirect energy emissions (Scope 2): The volume of emissions associated with the purchase of electricity and heat energy to ensure the uninterrupted operation of the Bank’s entire office and branch infrastructure amounted to 295.92 tCO₂e.

7.1 Greenhouse Gas Emissions

Analysis of Other Indirect Emissions (Scope 3)

During the reporting period, DemirBank for the first time assessed selected critical categories of indirect greenhouse gas emissions generated within Scope 3. This step enabled the Bank to move to a qualitatively new level of climate reporting and quantify environmental aspects related to employee commuting between home and work, as well as to waste generated as a result of our operating activities. In the reporting period, calculations of funded emissions (Scope 3, category 15 "Investments") were not carried out. Appropriate calculations are planned in the future, and information on funded emissions will be disclosed as data becomes available and methodological approaches develop.

Employee Commuting

To conduct an accurate assessment of greenhouse gas emissions from personnel transportation, DemirBank organized a large-scale internal survey covering the majority of the Bank's staff specialists. Based on the data obtained and international methodology, the total volume of indirect emissions in this category was calculated. According to the results of the analysis and the Greenhouse Gas Protocol methodology, total indirect emissions in this category amounted to **299.35 tCO₂e**. The analysis showed that around 70% of employees use private cars for commuting, and many live 10–20 km from their workplaces, making commuting distance the main driver of emissions.

As part of developing its social policy and reducing indirect greenhouse gas emissions, the Bank is considering the implementation of transportation services and mobility programs for employees.

During the reporting period, the Bank assessed greenhouse gas emissions associated with the management of operational waste. The calculation showed that total emissions in this category amounted to **13.02 tCO₂e**.

In parallel, during the reporting period DemirBank for the first time carried out a detailed assessment of indirect greenhouse gas emissions inextricably linked to the procurement and use of bottled drinking water to ensure convenient access to drinking water for customers and staff. This comprehensive calculation took into account the full product life cycle, including the production of plastic packaging, bottling processes and logistics to the Bank's points of presence, and amounted to **4.47 tCO₂e**.

7.1 Greenhouse Gas Emissions

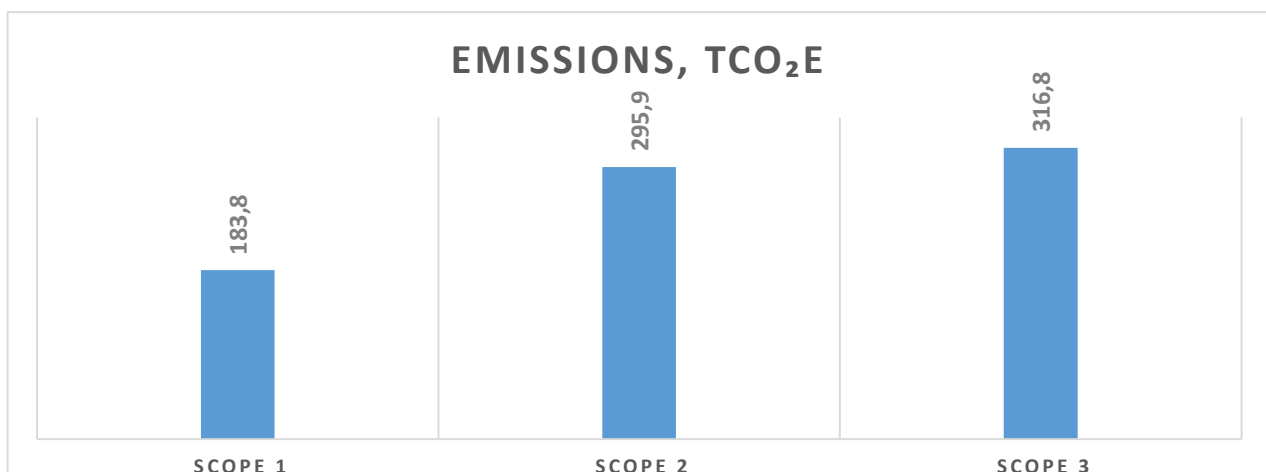
Thus, thanks to an in-depth analysis of the supply chain and operating processes, it was established that the total volume of greenhouse gas emissions directly associated with operational waste and bottled water consumption amounted to **17.49 tCO₂e**.

The Bank's Total Carbon Footprint Across the Three Emission Scopes

During the reporting period, DemirBank successfully digitized the basic parameters of its direct and indirect climate impact. Based on the consolidation of administrative and facilities data and the application of the international Greenhouse Gas Protocol methodology, the total quantitative emission indicators were distributed as follows:

- Direct emissions (Scope 1): amounted to **183.87 tCO₂e**. This indicator includes emissions from the combustion of motor fuel by corporate vehicles and diesel fuel by generator units. The calculation was performed excluding fugitive refrigerant emissions, for which the inventory of climate control equipment will be completed by the next reporting cycle.
- Indirect energy emissions (Scope 2): amounted to **295.92 tCO₂e**. This volume of emissions is associated with the purchase of electricity and district heating (heat energy) to support the functioning of the Bank's entire office and branch infrastructure.
- Other indirect emissions (Scope 3): amounted to **316.84 tCO₂e**. As part of expanding the reporting boundaries, the Bank for the first time accounted for associated emissions across the supply chain, including emissions from employee commuting between home and work, the transportation and disposal of operational waste, as well as the carbon footprint from the procurement of bottled drinking water for the needs of staff and customers.

The results obtained allow DemirBank to establish the basic level of total emissions across the three scopes at **796.63 tCO₂e** and to form an accurate digitized benchmark for the systematic reduction of the carbon intensity of the business, the introduction of energy-saving technologies and the transition to paperless office principles. During the reporting period, the specific intensity of the Bank's greenhouse gas emissions was **0,78 tCO₂e**. per employee.



7.2 Fuel and Energy Resource Consumption

Operational Accounting of Utility and Energy Resources

As part of implementing its environmental strategy, DemirBank maintains strict and centralized accounting of all utility and fuel-and-energy resources consumed across its entire network. The basis for data collection is formed by readings from certified metering devices, as well as actual administrative and facilities supply data.

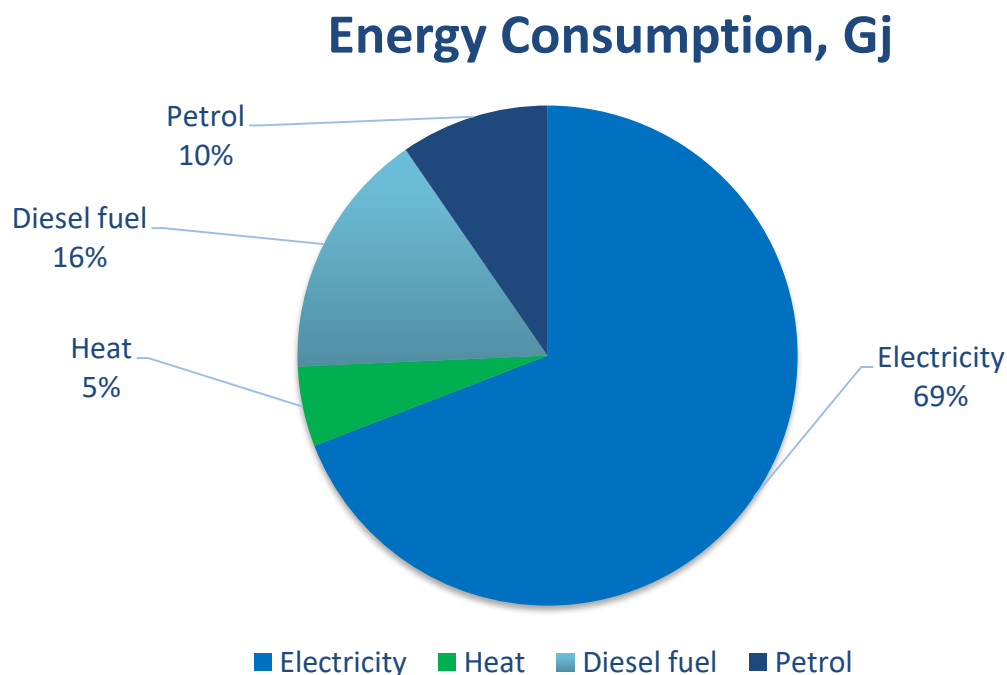
To ensure transparency and compliance with international reporting standards, the Bank consolidates data on the consumption of electricity, district heating, natural gas, motor fuel for the corporate fleet and diesel fuel for backup generator units. Converting all of these diverse resources into a single international denominator — gigajoules — allows the Bank to accurately assess the energy intensity of the business per employee, monitor efficient resource use in branches, and systematically reduce direct and indirect energy emissions.

Fuel and Energy Consumption

Electricity	
kWh	1940685,61
GJ	6986,47
Heat energy	
Gcal	125,12
GJ	523,40
Diesel fuel	
liters	45176,17
GJ	1626,34
Gasoline	
liters	26968,96
GJ	970,88
Total energy consumption, GJ	10 107,09

During the reporting period, the Bank's energy intensity indicator amounted to **9.86 GJ** per employee. Taking into account the specific nature of financial institutions' activities, this indicator corresponds to the level of energy consumption typical for the office sector. The value reflects the rational use of energy resources and indicates the absence of elevated energy intensity in the Bank's operating activities.

7.2 Fuel and Energy Resource Consumption



The level of energy consumption is influenced by the operation of office premises, computer equipment, server infrastructure, lighting, ventilation and air-conditioning systems. The Bank continues to implement energy-efficiency measures aimed at optimizing electricity consumption and reducing its carbon footprint.

7.3 Water Use

Providing drinking water for customers and staff, as well as maintaining the necessary sanitary and hygienic conditions throughout the Bank's extensive network, shapes the water consumption profile of "Demir Kyrgyz International Bank" CJSC. We share global and local responsibility for preserving the water resources of the Kyrgyz Republic and strive to use them as efficiently as possible. During the reporting period, the total volume of water consumption across all assets under the Bank's operational control amounted to **5.720** million liters

The main share of DemirBank's water consumption structure relates to the utility needs of buildings and branches, provided through centralized municipal water supply systems, the volume of which amounted to 5.705 million liters. Alongside this, the Bank maintains precise quantitative accounting of high-quality bottled drinking water supplied for coolers in customer service areas and office premises, the procurement volume of which during the reporting period amounted to **0.015** million liters.

7.3 Water Use

In order to optimize these parameters over the long term and consistently reduce related plastic packaging waste, DemirBank is implementing a phased program for the installation of modern stationary drinking water filters directly in its structural units. Digitizing water consumption volumes in millions of liters allows DemirBank not only to ensure strict compliance with international environmental reporting standards, but also to provide an objective basis for assessing the indirect Scope 3 climate footprint, reducing long-term logistics costs and introducing advanced water-saving technologies as part of the lean office concept.

Acting on the assumption that the entire volume of water resources consumed during operational activities is fully returned to the drainage system, the total volume of DemirBank's wastewater discharge into municipal sewer networks during the reporting period was also recorded at **5.720** million liters. Accurate accounting of this balance allows the Bank to transparently assess the load on urban utility infrastructure and minimize related environmental risks.



7.4 Responsible Waste Management and Resource Consumption

As part of the systematic implementation of circular economy principles, DemirBank pays special attention to minimizing the volume of waste generated, developing a lean office and fostering a culture of responsible consumption. Paper is the key material used in our operating activities, so its consumption is tracked by the Bank with maximum accuracy. During the reporting period, **4,525** packs of A4 paper (11.29 t, at a density of 80 g/m²) were used to support all DemirBank business processes. To reduce the associated environmental pressure, the Bank has successfully implemented an end-to-end separate waste collection system with subsequent mandatory transfer to specialized organizations. The practical results of this initiative show that during the reporting period the Bank collected and sent **7.667** tonnes (69% of the total volume) of paper waste for recycling. At the same time, DemirBank digitized the volume of plastic waste generated, which amounted to **0.544** tonnes; this indicator was calculated based on the total number of payment cards issued by the Bank.

The volume of municipal solid waste that at this stage cannot technically be sent for recycling and was directed to a licensed landfill amounted to **141.1** tonnes across the Bank's entire network of presence. In accordance with concluded contracts, this waste is transferred to specialized organizations that possess all the necessary official permits for collection, transportation, treatment, disposal and placement. Digitizing these parameters enables us to coordinate initiatives to reduce the Scope 3 climate footprint more precisely, including the calculation of greenhouse gas emissions generated during waste transportation and final disposal. At the same time, for the sake of absolute reporting transparency, DemirBank notes a methodological feature of data collection for the current period: indicators on waste generation volumes from some regional branches and outlets were not included in the calculation perimeter. This is due to the specifics of lease agreements under which utility services and waste management are centrally included in the fixed rent without the provision of detailed technical accounting to the Bank. Nevertheless, the Bank is already working to improve its environmental data collection system to include these indicators in future reporting cycles.

At the same time, DemirBank is implementing an important preventive environmental program to optimize drinking water supply. To consistently reduce indirect Scope 3 climate risks, the Bank is gradually replacing purchased bottled water with the installation of modern stationery drinking water filters directly in its divisions. This initiative is an important element of our long-term sustainable development strategy. The implementation of stationary filtration systems allows the Bank not only to significantly reduce logistics costs, but also directly prevents the procurement, transportation and subsequent generation of tonnes of plastic packaging waste. This comprehensive approach enables DemirBank to reduce its total carbon footprint, optimize the use of office resources and foster a conscious environmental culture among both employees and the Bank's customers.

7.5 Climate Risk Management

“Demir Kyrgyz International Bank” CJSC considers climate risk management to be a critically important element of ensuring long-term financial sustainability and sound corporate governance. In a changing global and local environment, the Bank recognizes that environmental and climate factors can have a direct and indirect impact on business continuity, asset values and the quality of the loan portfolio.

A new stage in the development of this area was the implementation of the sustainable development integration program launched based on a comprehensive independent analysis conducted by a consultant from the German organization Sparkassenstiftung. The initial assessment served as a starting point for DemirBank’s in-depth analysis of current processes and the formation of a systematic plan to improve internal control systems. The Bank is consistently implementing global best practices for identifying, assessing and minimizing risks, dividing them into two key categories: physical risks and transition risks.

Physical Climate Risks

Physical climate risks are associated with the direct impact of extreme weather events and long-term climate change on the Bank’s tangible assets, its customers and partners. DemirBank assesses and mitigates these risks in two directions:

- **Own infrastructure:** risks of damage to branch buildings and outlets or disruption of the stable operation of data processing centers as a result of temperature anomalies or emergencies. To minimize these threats, the Bank systematically invests in the modernization of engineering systems, improving the energy efficiency of offices, developing autonomous energy supply systems and implementing remote digital channels that ensure service continuity for customers under any conditions.
- **Collateral portfolio:** risks of a decline in customers’ solvency, especially in such climate-dependent sectors of the Kyrgyz Republic’s economy as agriculture, energy and tourism, due to droughts, water shortages or changes in hydrological patterns. The Bank takes these factors into account in long-term planning and borrower assessment.

7.5 Climate Risk Management

Transition Climate Risks

Transition risks are driven by the process of the state and the global community moving toward a low-carbon and green economy. For DemirBank, this risk perimeter includes several critical aspects:

- **Regulatory risks:** the emergence of new, more stringent requirements from the National Bank of the Kyrgyz Republic and the tightening of the country's environmental legislation in the area of non-financial reporting disclosure and carbon footprint control.
- **Market and reputational risks:** shifting preferences of investors, international partners and customers in favor of institutions with high ESG maturity.

To manage transition risks, DemirBank for the first time carried out a comprehensive calculation of its carbon footprint across Scopes 1, 2 and 3, including the quantification of emissions from employee commuting, utility water consumption and operational waste. The availability of clear baseline indicators allows the Bank to rely on accurate data in strategic decision-making, prevent capital from being involved in environmentally harmful projects and actively develop green financial instruments.

Many years of cooperation with the European Bank for Reconstruction and Development under the KyrSEFF green financing program and the new agreement with the International Finance Corporation (IFC) confirm DemirBank's ability to effectively mitigate transition risks, transforming them into new economic opportunities for sustainable business growth and customer support.

In 2025, the Bank established baseline values of key ESG indicators, including indicators of sustainable financing, environmental footprint, resource consumption, digitalization, financial inclusion and human capital development. Since this Report is the Bank's first public report on sustainable development, the disclosed indicators form the initial basis for subsequent monitoring of dynamics and assessment of progress.

The Bank is in the process of developing and approving strategic goals and quantitative metrics in the field of sustainable development. This work includes the identification of priority ESG areas, the selection of relevant indicators, the establishment of baseline values, planning horizons and targets applicable to the Bank's business model, the structure of its loan portfolio and operational activities.

Tools for Classifying and Filtering Environmental and Social Risks

To implement its sustainable development strategy in practice and prevent the financing of environmentally harmful or socially risky projects, DemirBank applies a rigorous system for screening and evaluating potential transactions. The Risk Management Department uses international standards, heat maps, and stop lists as key analytical tools:

- **Heat Map and Risk-Based Classification:** A ranking tool that allows projects to be categorized based on the extent of their environmental and social impacts. Particular attention is paid to identifying activities with high and moderate environmental risks, as well as risks related to public health and safety.
- **Measures to Prevent Adverse Impacts:** For each project classified as medium or high risk on the Heat Map, the Bank is required to develop and monitor the implementation of a set of measures to prevent adverse environmental and social impacts. If the borrower is unable to ensure compliance with these measures, project financing is rejected.
- **Exclusion Lists System:** DemirBank has implemented an end-to-end filter that completely blocks financing for activities deemed destructive at the local and global levels. Our filtering system consolidates the requirements of the following regulators:
 - The exclusion list of “Demir Kyrgyz International Bank” CJSC related to environmental and social risks;
 - The EBRD (European Bank for Reconstruction and Development) environmental and social exclusion list;
 - Regulatory requirements and restrictions of the National Bank of the Kyrgyz Republic (NBKR).
- **Compliance with the CITES Convention:** As part of its commitment to protecting biodiversity, DemirBank has an absolute and unconditional ban on providing financing, extending credit, or conducting any settlement transactions for companies whose activities are directly or indirectly related to the trade in endangered species of flora and fauna regulated by the CITES International Convention.

By using the Heat Map, mandatory measures to prevent negative impacts, and the strict exclusion lists of the EBRD, the NBKR, and CITES, DemirBank is able to completely rule out the Bank’s capital participation in projects that harm the ecosystem and society.

7.5 Climate Risk Management

Sectoral Assessment of the Loan Portfolio Using Heat Maps

As part of implementing the “Sectoral Heat Map Assessment based on the Loan Portfolio” tool, the Bank carried out a comprehensive classification of borrowers into four vulnerability levels. According to the results of the analysis, the structure of the loan portfolio was distributed as follows:

- Red zone (high-risk level) — **17.99%**

Industries with the greatest vulnerability to climate or transition factors, requiring enhanced monitoring and the application of strict ESG filters in underwriting.

- Yellow zone (moderate-risk level) — **27.81%**

Sectors of the economy with a medium degree of sensitivity to environmental changes, technological shifts and regulatory requirements.

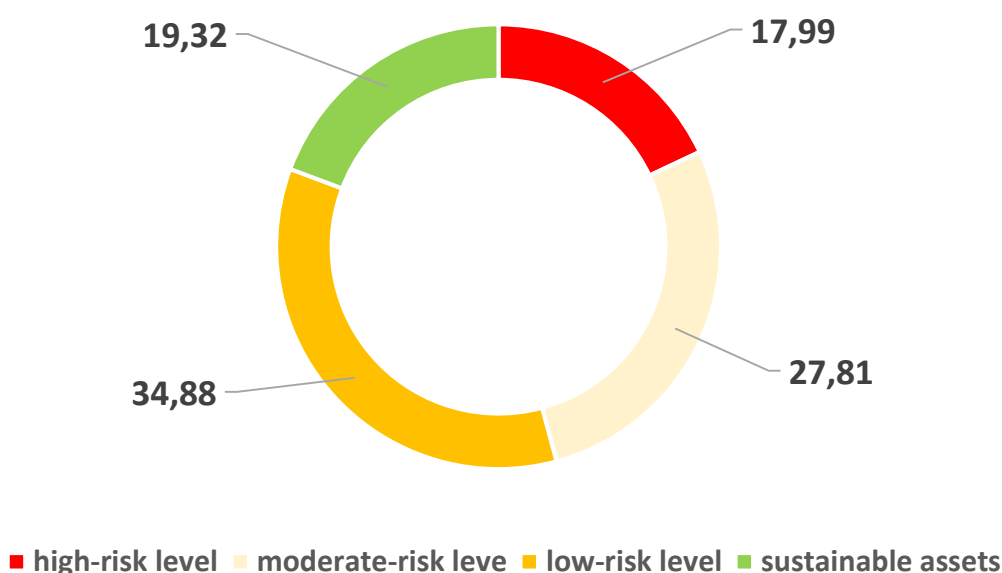
- Beige zone (low-risk level) — **34.88%**

Stable industries with minimal direct impact of climate factors on borrowers’ operating activities and financial sustainability.

- Green zone (sustainable assets) — **19.32%**

Environmentally efficient projects and targeted areas of financing directly contribute to the development of a low-carbon green economy.

Sectoral Assessment of the Loan Portfolio Using Heat Maps



This distribution demonstrates a high degree of diversification of the loan portfolio. The Bank successfully controls transition risks by limiting the share of high-risk sectors (17.99%) and at the same time forms a strong platform for growth through sustainable and green assets, which together account for more than 54% of the portfolio.

7.5 Climate Risk Management

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The Financial Impact of ESG Risks and Opportunities

The Bank recognizes that ESG risks and opportunities, including climate-related factors, may affect its financial position, financial results, cash flows, asset quality, cost of funding, operating expenses, and the long-term sustainability of its business model.

At this stage, the Bank does not disclose a quantitative assessment of the current and expected financial impact of ESG risks and opportunities, as such impact cannot yet be reliably separated from the effects of other macroeconomic, market, credit, operational, and regulatory factors. In addition, there remains a high degree of uncertainty regarding long-term forecasts due to the limited availability of industry data, insufficient historical observations, the development of national approaches to assessing climate risks, and the ongoing improvement of internal processes for collecting and analyzing ESG data.

In subsequent reporting periods, the Bank plans to gradually improve its methodology for assessing the financial impact of ESG risks and opportunities, expand its collection of data on borrowers and operating activities, and consider the possibility of quantitative disclosure of specific indicators as the necessary information is gathered and the reliability of its assessment approaches improves.

Employees are a key factor in the sustainable development of “Demir Kyrgyz International Bank” CJSC and the foundation of the Bank’s ability to provide high-quality customer service, manage risks effectively, and implement its strategic priorities. The Bank’s social policy is aimed at creating a safe, inclusive, and nurturing work environment that helps attract, develop, and retain qualified professionals.

The Bank’s approach to human resources management is based on the principles of equal opportunity, fair compensation, continuous professional development, and supporting employee well-being. These practices help strengthen the Bank’s human capital, increase employee engagement, and ensure the long-term sustainability of the business.

8.1 Human Capital and Employment

As of December 31, 2025, the Bank’s total number of full-time employees amounted to 1,025. Over the period from 2021 to 2025, the size of the Bank’s team grew from 857 to 1,025 employees. Thus, total staff growth amounted to 19.6%, while the compound annual growth rate (CAGR) reached 4.6%. This dynamic reflects the steady development of the business and the consistent expansion of the Bank’s operational activities.

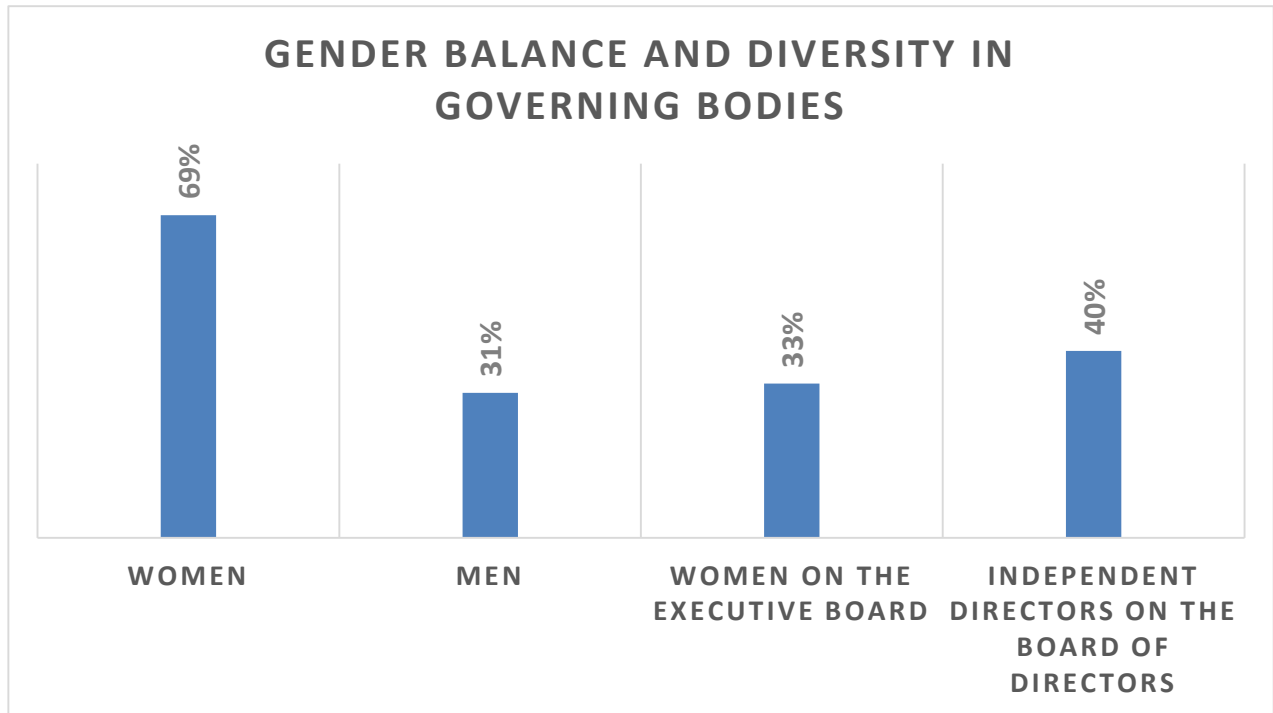
The bank adheres to a policy of equal opportunity and non-discrimination, ensuring an objective approach to hiring, development, and career advancement for its employees. Fostering a diverse work environment is viewed as an important element of sustainable development and a factor in improving the quality of management decisions.

Women account for 69% of the Bank’s total workforce, men – 31%. The principles of gender balance are also implemented at the management level. By the end of 2025, women occupied 33% of the Bank Management (2 out of 6 members), and are also represented in senior positions at the head office and branch network.

The Bank provides equal access to employment and professional development for all categories of employees, including people with disabilities. The organization of workplaces and social support for employees is carried out in accordance with the requirements of the legislation of the Kyrgyz Republic and the Bank’s internal standards.

In 2025, the Bank’s staff turnover rate was recorded at 27. The Bank considers this indicator as one of the indicators of human resource sustainability and regularly analyzes the factors affecting employee retention. To increase the attractiveness of the Bank as an employer, programs are being implemented to adapt new employees, develop internal career opportunities, increase engagement and support professional growth.

8.1 Employment and Human Capital Structure

**Human capital management and staff diversity**

DemirBank strives to create an inclusive and balanced work environment conducive to the professional development of talents of all generations. Disclosure of the age and gender structure of employees reflects the stability of corporate governance and the long-term sustainability of the Bank's business model.

1. The structure of governing bodies

As of the end of the reporting period, the total number of senior management bodies of the Bank (the Board of Directors and the Bank Management) amounted to 12 people. The age distribution demonstrates a high concentration of managerial experience necessary for the strategic stability of a financial institution:

- Over 50 years old: 11 people
- 35 to 50 years old: 1 person

8.1 Employment and Human Capital Structure

2. The age structure of the Bank's staff

DemirBank's overall staff is characterized by high dynamism and digital maturity. The predominance of young professionals ensures that the Bank is highly adaptable to innovation and customer demands.

Note: The data below reflect the structure of the Bank's full-time employees and do not include members of the Management, as well as external contractors working under civil law contracts.

- Under 35 years: 561 people (62.54%) — a key driver of operational activities and the introduction of digital technologies;
- 35 to 50 years old: 262 people (29.21%) — the basis of the middle management level and key relevant experts;
- Over 50 years of age: 74 people (8.25%) are custodians of institutional experience and mentors.

3. Dynamics of hiring new employees.

During the reporting period, DemirBank continued to actively expand its team, while maintaining a strong focus on supporting young professionals and ensuring gender equality in hiring. A total of 372 new employees were hired by the Bank (the data does not include appointments to governing bodies and recruitment of contract employees).

The structure of attracting new talent by age and gender:

- Category up to 35 years old: 330 people (109 men and 221 women);
- 35 to 50 years old category: 36 people (13 men and 23 women);
- Category over 50 years old: 6 people (3 men and 3 women).

The high proportion of women among new employees (66.6% of the total number hired) confirms DemirBank's commitment to the values of gender diversity at all stages of its career path.

8.2 Employee Remuneration, Development and Well-being

The Bank's remuneration system is part of an integrated approach to performance management and is aimed at ensuring internal equity, competitiveness in the labor market, and the relationship between employee performance and the achievement of the Bank's strategic goals.

The Bank annually reviews the salary level of its employees, taking into account performance results and inflationary factors. The consistent wage increase policy is aimed at maintaining the Bank's competitiveness as an employer, supporting the well-being of employees and increasing their long-term motivation.

The principles of remuneration are based on equal remuneration for work of equal value, transparency of approaches to evaluating work results and stimulating the achievement of business indicators. The motivation system supports the development of a culture of responsibility, customer orientation and continuous improvement of internal processes. The integration of the remuneration system with performance management ensures that the goals of employees are aligned with the Bank's business priorities and forms a unified approach to staff motivation, evaluation and development.

The Bank views the development of professional competencies as one of the key factors in maintaining operational stability and the quality of services provided. The training system includes mandatory programs related to regulatory requirements, compliance controls, information security, and risk management, as well as programs for developing professional, managerial, and digital skills.

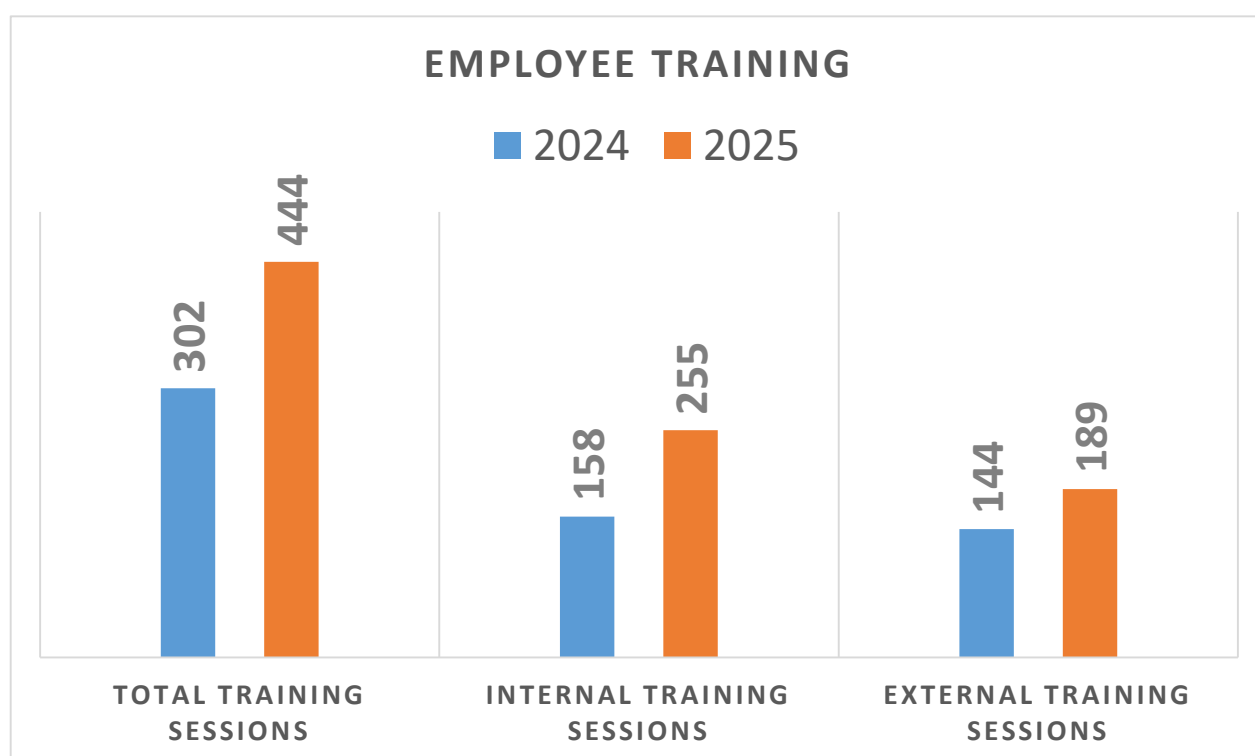
A separate component of the staff development system is English language training, which serves as a tool for improving the quality of business communication and ensuring compliance with international standards for interaction.

In 2025, **444** training events were held (302 in 2024), including 255 internal and 189 external training programs. The total number of participants was **5,167** (3,316 in 2024), of whom **4,396** took part in internal training programs and **771** in external educational initiatives. The increase in training activity compared to the previous year reflects the Bank's consistent expansion of investments in human capital development and the strengthening of employees' professional competencies.

8.2 Employee Remuneration, Development and Well-being

Caring for the health and well-being of employees is an integral part of the Bank's social policy. As part of the corporate benefits program, employees are eligible for reimbursement of medical expenses, including diagnostics and treatment at medical facilities in the Kyrgyz Republic. The program applies to all categories of staff and is designed to improve quality of life and mitigate factors that could affect the sustainability of the Bank's operations. In 2025, **51%** of employees took advantage of the voluntary health insurance program, confirming the demand for these social benefits and the Bank's strong commitment to employee health.

The Bank's social support system includes providing financial assistance to employees in connection with major life events, such as the birth of a child, marriage, and other socially significant circumstances. These measures help strengthen the social security of employees and their families, promote staff well-being, and foster a culture of corporate responsibility.



8.3 Corporate Culture

The effectiveness of the initiatives being implemented in the areas of corporate culture and employee engagement is confirmed by the results of regular employee satisfaction surveys. At the end of 2025, the eNPS (Employee Net Promoter Score) was **52%**, reflecting a high level of employee loyalty. This metric indicates employees' willingness to recommend the Bank as an employer and demonstrates a high degree of staff engagement.

The Bank's corporate culture is based on the principles of respect, openness, cooperation, and mutual responsibility. The Bank views corporate culture as a key element of its management system that influences the quality of interaction between departments, the level of employee engagement, and the effectiveness of achieving strategic goals.

Corporate culture is developed through a systematic set of practices aimed at strengthening horizontal links, fostering cross-functional collaboration, and improving the quality of internal communications throughout the Bank's organizational structure, including its branch network.

To strengthen teamwork, the Bank regularly holds corporate and off-site events that foster professional relationships, facilitate the exchange of experiences, and enhance organizational cohesion. These initiatives help maintain a high level of internal collaboration and create a positive work environment.

An important aspect of the corporate culture is promoting the principles of a healthy lifestyle. The bank supports employee participation in external sporting events and corporate initiatives, and also creates opportunities for regular physical activity and team sports.

These programs help strengthen employee engagement, foster a culture of collaboration, and reduce factors contributing to burnout. The Bank views these results as a significant contribution to sustaining its workforce, improving organizational effectiveness, and maintaining a high standard of customer service.

Below are the main terms and abbreviations used in this Sustainability Report of DemirBank.

Term / Abbreviation	Definition
ESG	Environmental, social and governance factors considered in business conduct and decision-making.
GRI	Global Reporting Initiative — an international system of standards for sustainability disclosure.
UN SDGs	United Nations Sustainable Development Goals.
TCFD	Recommendations for the disclosure of climate-related financial information.
GHG Protocol	International methodology for accounting and disclosure of greenhouse gas emissions.
Scope 1	Direct greenhouse gas emissions from sources under the Bank's operational control.
Scope 2	Indirect energy emissions are associated with the consumption of purchased electricity and heat.
Scope 3	Other indirect emissions arising in the value chain and related operating processes.
ESMS	Environmental and Social Management System is used to assess and control relevant risks.
AML/CFT	A system of measures to counter the laundering of criminal proceeds and the financing of terrorist activity.
SME	Small and medium-sized enterprises.
NBKR	National Bank of the Kyrgyz Republic.
IFRS	International Financial Reporting Standards.
KyrSEFF	Kyrgyzstan Sustainable Energy Financing Facility, a program supporting energy-efficient and environmentally sustainable projects.
IFC	International Finance Corporation, a member of the World Bank Group.
EBRD	European Bank for Reconstruction and Development.
PCI DSS	Payment Card Industry Data Security Standard.
ISO/IEC 27001	International standard for information security management systems.
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora.
Compliance	A system that ensures the Bank's activities comply with legal requirements, internal policies and ethical standards.

This GRI Content Index presents the alignment of the Report's material topics and disclosures with the applicable GRI Standards (2021).

GRI Standard / Disclosure	Report Sections	Comment
GRI 2: General Disclosures	2. About the Report; 4. About the Bank; 5.1 Overview of Corporate Governance	Contains information on the organization's profile, reporting approaches, governance structure and general operating principles.
GRI 3: Material Topics	3. Material Topics of the Report; 3.1 Contribution to the UN Sustainable Development Goals	Describes the list of material topics, related impacts and priority disclosure areas.
GRI 201: Economic Performance	4.2 Economic Sustainability and Tax Contribution to National Development	Discloses the Bank's financial indicators and economic contribution.
GRI 205: Anti-corruption	5.3 Business Ethics; 5.4 Anti-Corruption Policy and Anti-Bribery Measures	Describes approaches to business ethics, zero tolerance for corruption and channels for reporting violations.
GRI 206: Anti-competitive Behavior	5.3 Business Ethics	May be linked to sections on business ethics and fair conduct if the Bank decides to expand disclosure.
GRI 302: Energy	7.2 Fuel and Energy Resource Consumption	Covers data on electricity, heat and fuel consumption, as well as energy intensity.
GRI 303: Water and Effluents	7.3 Water Resource Use	Describes water consumption and wastewater discharge volumes.
GRI 305: Emissions	7.1 Greenhouse Gas Emissions; 7.5 Climate Risk Management	Includes the calculation of greenhouse gas emissions across Scopes 1, 2 and 3, as well as the description of climate risks.
GRI 306: Waste	7.4 Responsible Waste Management and Resource Consumption	Contains information on waste generation, recycling and transfer for disposal.

10 GRI Content Index

GRI Standard / Disclosure	Report Sections	Comment
GRI 401: Employment	8.1 Employment and Human Capital Structure	Covers headcount, employment dynamics and staff turnover.
GRI 401: Employment	8.1 Employment and Human Capital Structure	Covers headcount, employment dynamics and staff turnover.
GRI 404: Training and Education	8.2 Compensation, Training and Education of Employees	Describes the corporate learning system, competency development and training statistics.
GRI 405: Diversity and Equal Opportunity	6.2 Support for Women Entrepreneurs and the Development of an Inclusive Economy; 8.1 Employment and Human Capital Structure	Reflects gender balance, support for women and approaches to inclusive employment.
GRI 418: Customer Privacy	6.4 Information Security	Discloses the Bank's approaches to data protection, cybersecurity and the confidentiality of client information.

11 Contact Information

For questions related to this Sustainability Report, as well as for comments and suggestions, you may contact “Demir Kyrgyz International Bank” CJSC.

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