

State Development Bank of the Kyrgyz Republic

# Statement of Corporate Intent (2026–2028)

Approved by the Shareholder's Decision dated 30.12.2025.

## **Statement of Corporate Intent**

### **JSC State Development Bank of the Kyrgyz Republic**

This Statement of Corporate Intent of JSC State Development Bank of the Kyrgyz Republic has been prepared in accordance with Article 21, Part 9 of the Law "On the State Development Bank of the Kyrgyz Republic".

#### **About the Bank**

The State Development Bank of the Kyrgyz Republic (hereinafter referred to as the Bank) was established based on Resolution No. 286 of the Cabinet of Ministers of the Kyrgyz Republic dated May 31, 2022. Following the completion of the charter capital formation procedure and share issue registration, the Bank commenced operations in April 2023.

The Bank's activities are regulated by the Law of the Kyrgyz Republic "On the State Development Bank of the Kyrgyz Republic" and the Regulation on the Bank's Activities, approved by Resolution No. 533 of the Cabinet of Ministers of the Kyrgyz Republic dated October 9, 2023.

The Cabinet of Ministers of the Kyrgyz Republic, represented by the Ministry of Finance of the Kyrgyz Republic, is the Bank's sole shareholder. As of December 1, 2025, the Bank's charter capital was 21.4 billion KGS.

The Bank enjoys institutional and operational independence and operates independently within the powers provided by law. Interference by government agencies and their officials in the Bank's activities is prohibited, except in cases expressly provided for by the laws of the Kyrgyz Republic.

Given its special status, the Bank functions without a license from the National Bank of the Kyrgyz Republic, acting as a regulated financial institution that complies with the prudential standards and requirements approved by the Cabinet of Ministers of the Kyrgyz Republic.

Profit generation is not the primary objective of the Bank's activities. However, the Bank is required to remain financially stable, cover operating and capital expenses, and fulfill its statutory objectives.

The Bank's dividend policy is based on the expectation that no more than 100% of net profit for 2025 will be allocated to dividend payments, in accordance with the decisions of the sole shareholder, with the expectation of capitalization by the shareholder in 2026 to support the Bank's ongoing development. As a new financial institution, the Bank requires sufficient funds for its ongoing development and growth. Therefore, it is planned to retain the majority of net profit in the Bank's possession in 2027-2028 and allocate 25% of net profit to dividend payments in accordance with Kyrgyz Republic legislation.

The Bank's accounting and reporting are maintained in accordance with international financial reporting standards and are verified by an independent external audit conducted by an internationally recognized audit firm. The Bank consolidates the financial statements of all subsidiaries, and the consolidated financial statements are also verified by an audit firm with international reputations.

In the medium term, the Bank plans to implement IFRS 9 methodology for calculating financial assets and change the pricing policy for calculating loan interest rates, taking into account the financial market situation.

The ratio of equity to total assets will be maintained at 45% - 50%.

The Bank provides the Shareholder with the following types of reporting:

- Annual report on the Bank's performance;
- Quarterly regulatory report and report on compliance with regulatory requirements established by the Cabinet of Ministers of the Kyrgyz Republic;
- Report on Bank's budget performance;
- Other reports upon request.

## **Goals and objectives of the Bank**

The Bank is a specialized development financial institution whose primary goal is to diversify the economy and stimulate sustainable growth.

The Bank's primary objective is to finance projects that cannot be implemented solely on market terms due to long payback periods, capital intensity, high risks, or strategic importance to the state. The Bank does not compete with commercial banks, but rather complements the financial market by providing access to long-term resources, supporting export-oriented and innovative projects, and financing infrastructure initiatives and projects with high socio-economic impact.

The Bank's goals and objectives are particularly important and relevant for maintaining positive economic growth, increasing its potential, minimizing the impact of external economic shocks, and strengthening resilience to other negative consequences.

In order to achieve its statutory objectives, the Bank plans to actively participate in the implementation of state investment policy within the framework of its key policy documents:

- National Development Program of the Kyrgyz Republic until 2030;
- Action Plan of the Cabinet of Ministers of the Kyrgyz Republic for the implementation of the National Development Program of the Kyrgyz Republic until 2030;
- Program for the development of a green economy in the Kyrgyz Republic until 2029.

## **The Bank's priority areas of activity are**

In 2026–2028, the Bank will focus its activities on the following **priority sectors** of the economy:

- Industry and manufacturing;
- Mining and raw material processing;
- Green finance and renewable energy development;
- Education, medicine, and tourism;
- Urban and regional infrastructure development;
- Information technology and e-commerce;
- Transport and logistics.

## **When selecting projects, priority will be given to initiatives:**

- with a significant socio-economic impact;
- with creation, expansion, or modernization of production infrastructure;
- with export-oriented and high added value;
- aimed at increasing the country's energy potential;
- with high import substitution potential.

The Bank plans to actively raise external and internal borrowed funds on favorable terms. In 2026, the implementation of the "Development of a Sustainable Financial Market for MSME (micro, small and medium enterprises) in the Kyrgyz Republic" project by International Development Association will begin, providing for the financing of green projects of small and medium-sized businesses at preferential rates through partner banks.

In the medium term, the Bank will continue to perform the functions of a key financial conduit for state development priorities, ensuring the transformation of the economy, increasing its stability, developing export potential, and strengthening regional growth. The Bank will act as the core of the sustainable financing system, connecting state programs, the resources of international financial institutions, and the needs of the real sector.

Currently, the Bank carries out direct financing of projects using its own funds and is forming the tools of an apex development institution, providing the financial sector (partner banks) with medium- and long-term resources to support entrepreneurship. In parallel, the implementation of green financing mechanisms, participation in the development of state programs, the development of subsidiaries, as well as work to attract long-term inexpensive resources through cooperation with international financial institutions, is being carried out.

The formation of the credit and investment portfolio will be carried out taking into account the Bank's risk appetite, ensuring diversification by industries, terms, instruments, and regions. The Bank will apply stress-testing methods, a comprehensive assessment of credit and market risks, as well as currency risk hedging mechanisms when attracting external resources. This will increase the stability of the portfolio under conditions of possible external and macro-financial fluctuations.

The Bank's subsidiaries — CJSC "Alpha Telecom" and OJSC "State Leasing Company" — are considered strategic assets involved in achieving national development goals. Medium-term performance indicators have been developed for them, including asset growth, expansion of the product line, introduction of digital services, increased operational efficiency, and strengthening of market positions. The Bank will ensure corporate control and strategic management in accordance with best practices for managing state assets.

To promote the development of entrepreneurial activity in the regions, the Bank will continue implementing programs jointly with regional development funds, including financing through the Entrepreneurship Development Fund.

By 2028, the Bank intends to occupy the position of the leading apex development institution in the country, as well as become an effective financial institution for financing large national projects of strategic importance to the Kyrgyz Republic.

### **Strategic Development Directions 2026–2028**

To implement its goal and tasks, the Bank will consistently continue work in the following 3 strategic directions:

- I. Assisting the development and diversification of the economy.
- II. Institutional development.

### III. Development of the Bank's internal potential.

#### **I. Assisting the development and diversification of the economy**

To implement the tasks for the development and diversification of the economy, the Bank will carry out the following measures in 2026–2028:

- Financing of investment projects in priority sectors of the economy.
- Formation of an apex development institution by providing medium- and long-term resources to the financial sector.
- Development of interaction with international development funds, development banks, and export credit agencies to attract long-term financial resources and introduce advanced practices.
- Assistance to the growth of business and investment activity in the regions through direct project financing and joint programs with regional development funds.
- Financing of anchor regional projects that create value-added chains and contribute to the formation of industry clusters.
- Development of specialized financing programs in the fields of tourism, medicine, education, as well as support for the high-altitude regions of the country.
- Financing of projects in the field of renewable energy sources, including the construction of power generation and transmission facilities.
- Support for projects in the sphere of transport and urban infrastructure aimed at increasing mobility and the quality of the urban environment.
- Development and implementation of trade finance instruments and support for export-import operations, including factoring for exporters, improvement of company working capital, and access to preferential financing.
- Investing in projects of priority sectors of the economy, improving the mechanisms for participation in the capital of legal entities on the principles of financial sustainability, break-even performance, and effective risk management.
- Support for large businesses in terms of financing working capital for the importation of critically important products.
- Financing of green projects within the framework of the program "Development of a Sustainable Financial Market for MSMEs in the Kyrgyz Republic" through partner banks.
- Systematic development of subsidiaries — CJSC "Alpha Telecom" and OJSC "State Leasing Company".
- Stimulation of investment in domestic enterprises, including project preparation and the provision of investment consulting.
- Acquisition of corporate target bonds on the stock market to assist in the development of the national stock market.

The implementation of these measures will be accompanied by the expansion of the Bank's product line, the introduction of long-term financing instruments, the development of a project approach, the deepening of industry expertise, and the integration of international project assessment practices (including ESG standards, economic and social analysis, and cost-benefit analysis). Particular attention will be paid to ensuring high standards of monitoring, transparency, and reporting for each project.

#### **II. Institutional Development**

Within the framework of institutional development, the Bank will strengthen its role as a key development institution for the economy of the Kyrgyz Republic and one of the leading participants in the financial market. A set of measures will be implemented aimed at

expanding the potential, functions, and areas of the Bank's activities, as well as its recognition at the national and international levels.

### **1) Development of the mechanism for green financing and sustainable development**

The Bank will continue the formation of a green financing ecosystem and the buildup of institutional experience by studying international practice and attracting specialized consultants. Particular attention will be paid to:

- Improving green financing mechanisms.
- Implementing the "Development of a Sustainable Financial Market for Small, Micro, and Medium-sized Enterprises in the Kyrgyz Republic" project by the World Bank.
- Assisting the Green Finance Fund in its activities.

In accordance with global trends in sustainable development and reputational obligations, the Bank will implement international standards for managing environmental and social risks, including ESG principles.

Cooperation with state, private, and international organizations will be strengthened to create conditions for the effective use of green financial instruments.

### **2) Cooperation and Interaction**

The Bank will continue to actively strengthen cooperation with international financial institutions (hereinafter — IFI) by concluding memorandums of understanding and partnership agreements with organizations such as the World Bank, Asian Development Bank, Asian Infrastructure Investment Bank, Exim Bank of China (Exim Bank of the PRC), European Investment Bank, UNDP, European Bank for Reconstruction and Development, as well as a number of other development institutions from Asian and European countries.

From the beginning of 2026, the Bank will proceed to implement the project "Development of Sustainable Financial Markets for Micro, Small, and Medium Enterprises of the Kyrgyz Republic" for the amount of 60.0 million USD of concessional financing provided by the International Development Association (World Bank Group).

As part of the project's implementation, the Bank will also begin the utilization of additional funds from the Asian Infrastructure Investment Bank in the volume of 50.0 million USD, with which work had previously been conducted to attract investment into the country's economy. The total volume of the project will be 110.0 million USD.

During this period, the Bank will continue work on the practical implementation of agreements regarding the utilization of resources from the European Investment Bank (50.0 million EUR), the ECO Trade and Development Bank (10.0 million EUR), as well as financial institutions in Europe, China, and CIS countries with which active consultations are being held.

In parallel, the Bank will continue interaction with partners on issues of attracting technical assistance and grants aimed at strengthening the Bank's institutional capacity, preparing its participation in infrastructure and climate projects, as well as in country and regional scale programs implemented with the support of IFIs.

In 2026–2028, the Bank plans to expand interaction with the Interbank Consortium of the Shanghai Cooperation Organization (IBC SCO) in order to raise financial resources, participate in joint initiatives, and implement projects of regional and strategic importance.

Cooperation with international development institutions will allow for broader access to long-term financing and activate participation in cross-border infrastructure, energy, transport, and innovation projects.

The Bank intends to participate in the exchange of experience, expert events, and initiatives, and is also considering the possibility of preparing joint project proposals and attracting financing on terms that correspond to the best international practices.

### **3) Increasing the Country's Investment Attractiveness**

In support of the state bodies of the Kyrgyz Republic, the Bank will continue to make efforts to increase the investment attractiveness of the country, in particular:

- Assisting state bodies in improving the credit rating of the Kyrgyz Republic.
- Assisting in the development of a strategy and cooperation on the development of the stock market with the Kyrgyz Stock Exchange.
- Popularizing investments in the securities of national projects to increase confidence in the securities market.
- Providing financial, investment, and analytical consulting services for economic entities

### **4) Development of a New Edition of the Law on the State Development Bank of the Kyrgyz Republic**

In 2026, the Bank, together with the World Bank and the Ministry of Finance of the Kyrgyz Republic, will continue work on developing and promoting a new edition of the Law of the Kyrgyz Republic "On the State Development Bank of the Kyrgyz Republic". The new edition will take into account the OECD Guidelines on Corporate Governance of State-Owned Enterprises, the Basel Principles for Effective Banking Supervision, and the standards of the World Bank and other international financial institutions.

The adoption of the new edition of the Law will create a stable legal basis for the Bank's strategic development and the expansion of its role in the country's economy, as well as ensure the Bank's institutional independence, transparency of processes, a modern model of corporate governance, and effective mechanisms for regulation and supervision.

### **5) Preparation of Conditions for Potential Issuance of Bonds (IBO) and Shares (IPO) in the Medium Term**

As part of institutional development, the Bank will carry out step-by-step preparation to create the legal, organizational, and financial conditions necessary for a possible entry into the public capital market in the medium term (IBO and IPO). Preparatory work will include strengthening corporate governance, increasing transparency and information disclosure standards, and improving the system of internal control and asset quality.

The decision to conduct an IBO and IPO will be made by the Shareholder, taking into account macroeconomic conditions, the state of the stock market, the level of maturity of corporate governance, and the Bank's readiness to function as a public company. This process will provide the Bank with the opportunity in the future to attract long-term capital on competitive terms and strengthen its role in the country's financial system.

### **III. Development of the Bank's Internal Potential**

In 2026–2028, further development of the Bank's activities is planned, including strengthening the role of strategic planning, increasing the efficiency and independence of the internal audit, introducing an integrated risk management system, as well as the consistent implementation of ESG principles in corporate processes. The Bank will adhere to corporate governance standards that correspond to OECD recommendations for state-owned enterprises.

A vital element of internal development will be the improvement of the Bank's personnel policy, including increasing the qualifications of employees and forming a competitive system of remuneration, and developing competencies in the fields of project analysis, risk management, green financing, digital technologies, and financial analytics. The Bank will continue the formation of a corporate culture oriented toward professionalism, responsibility, efficiency, and high ethical standards.

The Bank will consistently increase the level of transparency and accountability, including the disclosure of information on credit and investment operations, the publication of annual and quarterly reports, compliance with international financial reporting standards, and the conduct of an independent external audit. Particular attention will be paid to preventing conflicts of interest, ensuring anti-corruption stability, and complying with high ethical standards.

### **IV. Expected Socio-Economic and Integration Effect from the Bank's Activities by 2028**

Based on the results of the Bank's activities in 2026–2028, an increase in total assets to 27.4 billion KGS is expected, and an increase in the credit and investment portfolio to 24.8 billion KGS. Preliminary forecasts show that the economic effect from the activities of legal entities that received financing from the Bank will be:

- Total revenue — more than 36.5 billion KGS.
- Created jobs (including indirect and seasonal) — over 3,944 people.
- Total tax and social contributions to the budget of the Kyrgyz Republic — more than 2.7 billion KGS.

The Bank's activities in 2026–2028 will contribute to increasing the stability of the country's economy, expanding the participation of the Kyrgyz Republic in international economic chains, developing regional infrastructure, and strengthening the competitiveness of domestic enterprises. The Bank will contribute to the achievement of national development goals, including increasing the share of non-resource exports, developing the green economy, and achieving target indicators of social development.

Thus, the Bank's activities will have a pronounced socio-economic character, providing a multiplier effect reflected in employment growth, increased tax and social contributions, activation of economic activity, development of regions, and the creation of prerequisites for reducing the economy's dependence on external shocks, strengthening its long-term stability.