

Annual Report
2024

Content

4

**Message from
Chairman**

6

**Statement by
CEO**

9

Bank Performance

Key financial results
Prudential ratios
Macroeconomic outlook
Banking sector
Ratings
Cyber security
Lending portfolio

- Retail banking
- Corporate banking
- XacLeasing
- Green financing

33

**Human capital
management**

39

Digitalization

42

Highlights

Operational highlights
Social responsibility

46

Corporate governance

Governance overview
XacBank governance
Assurance framework
Shareholders' structure and merger process
Shareholders' meeting
Dividend information
Share repurchase program
The Board of Directors (the "Board")
Committees under the Board
The code of conduct, conflict of interest and disclosure
The company structure
Senior management team

Message from Chairman

The strategy we put in place in 2019 and a disciplined execution of that has helped the Bank achieve record performance year after year. For 2024, our net profit was MNT 171.7bn, a 20.9% increase over the previous year, and one year ahead of the projections we had provided in our IPO prospectus.

I would like to take this opportunity to thank our customers for the trust they have placed in us. All our core business decisions are customer focussed. We believe that a Bank is as good as its customers. We also believe that only strong institutions can help their clients and customers on a reliable and consistent basis. Our Tier 1 Capital ratio is 19.2%, one of the best in the industry and double of what it was six years back. Despite such a strong capital position, our ROE was an impressive 25.7%. Our liquidity ratio was 38.4%. Our NPL ratio is 2.0%, the lowest in the industry. We also continue to maintain tight control



over expenses with a cost-to-income ratio of 38.9%, half of what it used to be six years back.

XacBank already has a unique position in the Mongolian Banking industry with no shareholder controlling more than 20% of its equity on a UBO basis. TFG, which used to own 100% of the Bank before the IPO, now owns just under 95% of the Bank. We hope to comply with the Banking Law provision 36.1. by bringing the TFG shareholders directly to the level of XacBank through the merger of TFG with XacBank in the next few quarters. To pave the way for this merger, TFG had earlier divested all of its assets other than the shares of XacBank and cash for its operations.

In 2024, we paid an interim dividend of MNT 18.9bn and the Board has recommended a final dividend of MNT 28.4bn or a total dividend of MNT 47.4bn for 2024, once again ahead of the projections as provided in our IPO prospectus.

I would like to thank our Board of Directors, our CEO, Tsevegjav and all of our employees, whose dedication and commitment have helped us navigate intricate challenges to deliver excellent performance in 2024. I would also like to take this opportunity to thank our Shareholders for their steadfast support.

Our results in the last six years have been exceptional and I am even very optimistic about the long term future of the Bank.

SANJAY GUPTA
Chairman



Statement by CEO

Continuous Execution of Strategic Initiatives to Drive Shareholders' Value

I want to start this letter with a sense of gratitude for the dedicated and unconditional support from the Employees, the Board of Directors, and the Shareholders. We continued the strong momentum from previous years, and I'm pleased to announce that we delivered well on strategic objectives once again in 2024.

I am delighted and proud to report that XacBank delivered a strong financial and operating performance in 2024, executing the strategic initiatives we set out last year.

After a successful IPO, 2024 marked the company's first full year as a publicly traded company. The company overachieved the profitability and loan portfolio targets set in the IPO Prospectus.

XacBank closed the year with MNT 171.7 billion in net income (20.9 percent growth from 2023) with an ROE of 25.7 percent and an ROA of 3.2 percent. To put the 2024 results in perspective, we forecasted a net income of MNT 141.9 billion for 2024 and MNT 164.9 billion for 2025 in the IPO prospectus. As a result of collective hard work, excellent trust in teamwork, and dedication, XacBank's profitability is one year ahead of the IPO prospectus projections. This also marks the fifth consecutive year of delivering record profits.

The Bank's capital position remains strong despite record cash dividends in the last four years, an effective treasury buyback program introduced in 2024 to help small shareholders

by adding liquidity to the stock exchange, strong loan portfolio growth, and good NPL and OREO coverage. Our Tier 1 capital ratio is 19.2 percent, 670 bps above the Bank of Mongolia capital requirement.

Behind the Numbers

Delivering great financial results is one thing, but it is equally essential to elaborate on how we delivered these results. The key highlights are that we did well across all business lines and aligned with our strategic segmentation mix.

The loan portfolio grew by 34.5 percent due to year-round growth in targeted customer segments: retail, corporate, and leasing within the set strategic segment mix. The retail segment, consisting of consumers and MSMEs, has seen impressive growth of 34.6 percent, primarily fueled by increased loans to women-owned businesses, innovative "Tablet Banking" services, and online consumer loans. Consumer loans increased due to the digitalization and automation of consumer loans.

The leasing business had another strong growth, 36.1 percent in 2024, behind increased demand for passenger vehicles and heavy equipment. The leasing business continues providing services for electric vehicle leasing, a one-stop finance shop at dealerships, and the opening of a VIP Premium Branch.

With improvements in the overall operating environment, corporate banking grew 32.7 percent within the risk parameters set by the Board. This growth reflects a broader trend of economic stability and expansion.

As we continued to work to make XacBank the safest bank in Mongolia, our depositors continued to show their loyalty and trust in XacBank. Customer deposits grew 19.1 percent, the highest growth since 2018.

We have delivered strong results in other key financial objectives as well. The liquidity ratio is 38.4 percent from a well-balanced mix of local deposits and foreign funding.

Our strategy of continued cost discipline and focus on variable expenses has provided us with an operating leverage over the last few years. The cost-to-income ratio was 39.9 percent.

We continued with our prudent credit policy and tight credit controls, which is reflected in our credit quality. The NPL ratio was 2.0 percent, again the best in the Mongolian Banking sector.

As part of our strategic objectives to make XacBank more digital, we have continued to invest heavily in IT and digital projects over the last few years. It is great to see the outcome of our IT investments: the number of digital users and digital transactions increased by 31.3 percent and 11.4 percent, respectively. Furthermore, we have seen an increased volume of digital loans and loans from collaboration with e-commerce partners.

The sustainability agenda continues to gather pace as Mongolia faces significant climate and environmental challenges. XacBank continues to lead the banking sector in green finance to support the Mongolian government's carbon emission reduction targets. In 2024, we started implementing a Paris Agreement transition roadmap for our bank, our blueprint moving forward.

Statement by CEO

As part of the banking sector reform, we are in the process of transferring the TFG shareholders from the TFG level to the XacBank level. Hopefully, before the end of 2025, we can complete the TFG merger with XacBank so that our TFG shareholders can have a direct shareholding in XacBank.

| Outlook for 2025

Looking forward to 2025, macroeconomic risks remain, such as the demand for Mongolian mining commodities, global commodity prices, and the impact of geopolitical issues.

Judging from the 2024 year-end macroeconomic indicators and the first two months of 2025, coal exports are weakening, inflation is in single digits, and FX reserves have built up to adequate levels; our outlook for the operating environment is cautiously optimistic.

We closely monitor policy rates from the Central Bank of Mongolia and the US Fed Reserve as they will impact our funding structure, net interest margins, and credit demand. However, reflecting our work over several years to reshape our asset-liability management, we believe our balance sheet is resilient to these changes.

Finally, reflecting our optimism and significant momentum heading into 2025, we aim to maintain strong ROE, loan growth, and sustainable dividend payments, aligning with the IPO prospectus.

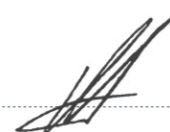
| In Conclusion

Behind every success is a great team. I want to thank Board Chairman Sanjay Gupta, the Board of Directors, and all the employees for their continuous support. As a public company, eleven thousand investors became XacBank shareholders. I want to thank all our shareholders for trusting in XacBank.

I want to highlight the remarkable efforts of our more than 1,300 colleagues. Their committed work ethic and resilience in some challenging circumstances have delivered outstanding service to our customers and communities, and they live by XacBank's brand promise.

Our strategy is clear: we will continue our profitable growth in a controlled manner and remain committed to delivering shareholder value in the coming years.

Chief Executive Officer



TSEVEGJAV (TJ) GUMENJAV

Bank Performance

Human Capital Management

Digitalization

Highlights

Corporate Governance

Key financial results

171.7 billion MNT

Net profit (after tax)

2023: MNT 142.1 billion ▲ +20.9%

MNT **6,322** billion

Total assets

2023: MNT 5,119 billion ▲ +23.5%

MNT **732** billion

Owner's equity

2023: MNT 622 billion ▲ +17.6%

3,697 billion MNT

Loan and lease portfolio

2023: MNT 2,750 billion ▲ +34.5%

MNT **3,425** billion

Current account and deposits

2023: MNT 2,876 billion ▲ +19.1%

P/E	5.1	EPS	163.1
-----	-----	-----	-------

25.7%

ROE

2023: 26.3% ▼ -0.6 ppts

3.2%

ROA

2023: 3.3% ▼ -0.1 ppts

19.2% Minimum threshold for XacBank >12.5%

Tier 1 capital ratio

2023: 20.7% ▼ -1.5 ppts

2.0%

Non-performing loan ratio

2023: 2.9% ▼ -0.9 ppts

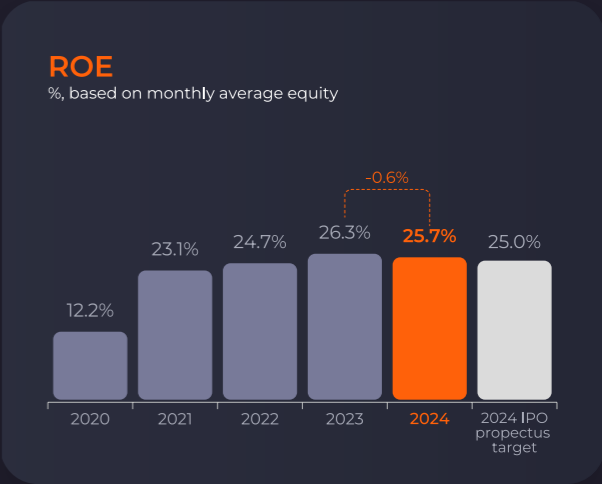
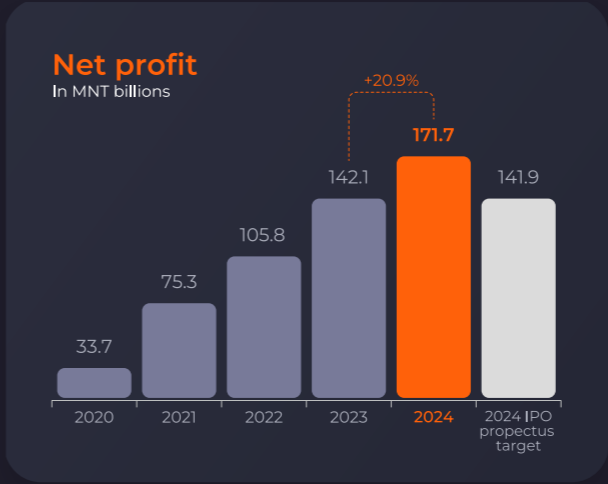
38.4% Minimum threshold for XacBank >25%

Liquidity ratio

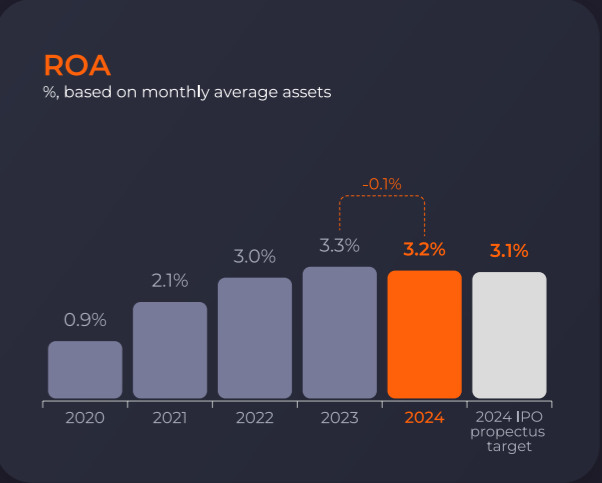
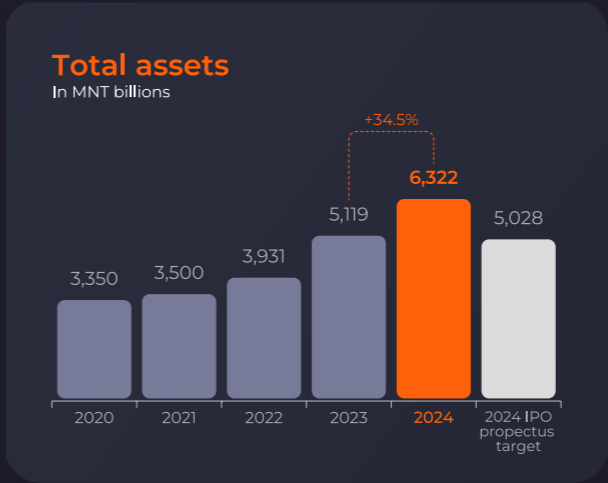
2023: 37.9% ▲ +0.6 ppts

Profitability

The Bank's total net profit reached MNT 171.7 billion in 2024, marking a 20.9% increase compared to the previous year, with a return on equity (ROE) of 25.7%. By improving the balance sheet structure and achieving growth at an optimal risk-return level, the Bank has managed to increase profitability for six consecutive years. Gross loan and lease portfolio, which make up a major portion of income-generating assets, grew by 34.5%, while the share of non-performing loans in these assets was reduced to 2.0%, down by 0.9 percentage points from the previous year—one of the key drivers of improved profitability. As of 2024, the Bank's earnings per share stood at MNT 163.1, with a price-to-earnings (P/E) ratio of 5.1.

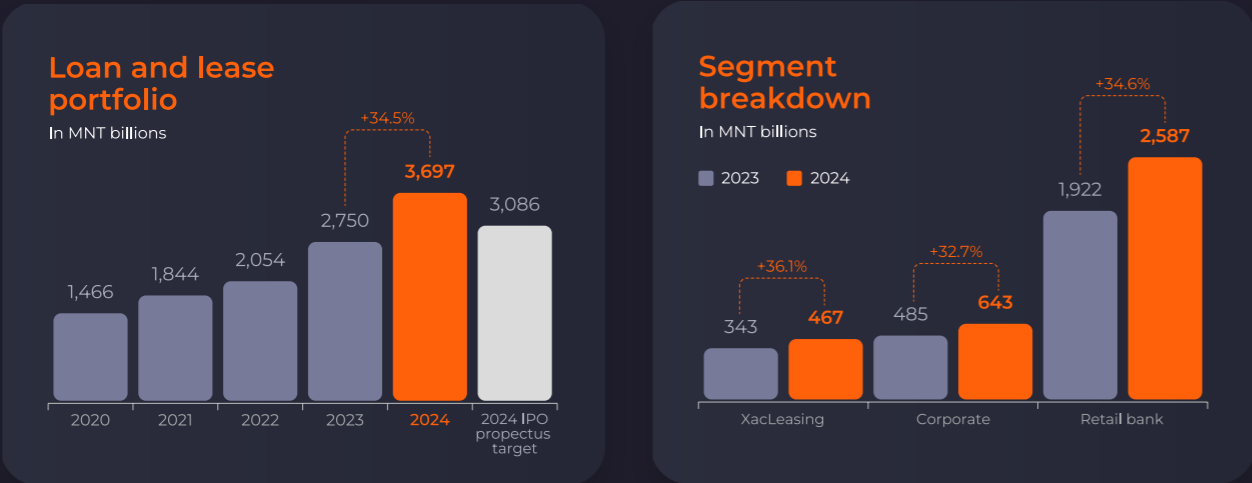


Assets



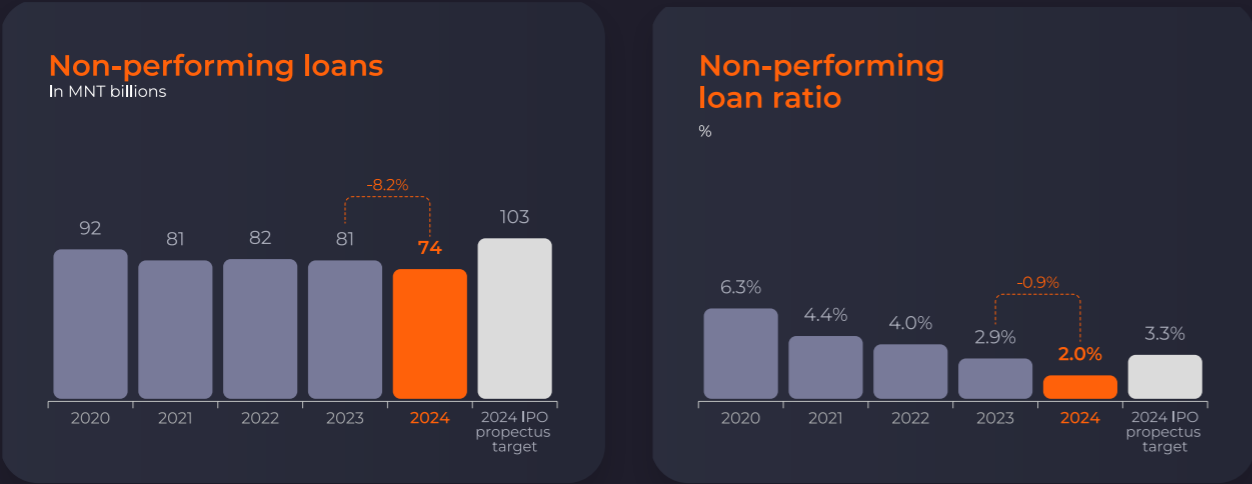
Loan and Lease portfolio

The Bank's gross loan and lease portfolio grew by 34.5% in 2024, reaching MNT 3,697 billion. The finance lease portfolio increased by 36.1% to MNT 467 billion, the corporate loan portfolio grew by 32.7% to MNT 643 billion, and the retail loan portfolio expanded by 34.6% to MNT 2,587 billion. Growth was driven by growth in MSME loans, digital loans and used car leases as a result of improvements in digital channels, as well as faster decision-making and streamlined disbursement processes.



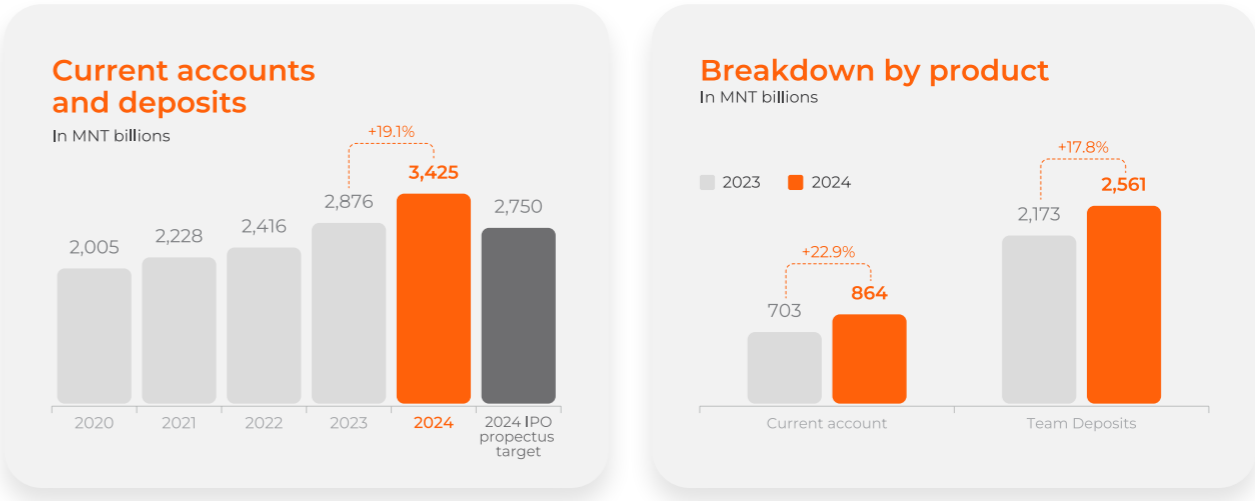
Asset quality

Asset quality remains a critical driver of a bank's financial health, directly impacting balance sheet strength, profitability, and overall risk profile. In 2024, XacBank prioritized proactive risk management by intensifying efforts to prevent the accumulation of new non-performing loans and recover legacy exposures. These initiatives led to a MNT 7 billion reduction in non-performing loans year-over-year, resulting in an improvement of the NPL ratio from 2.9% to 2.0%



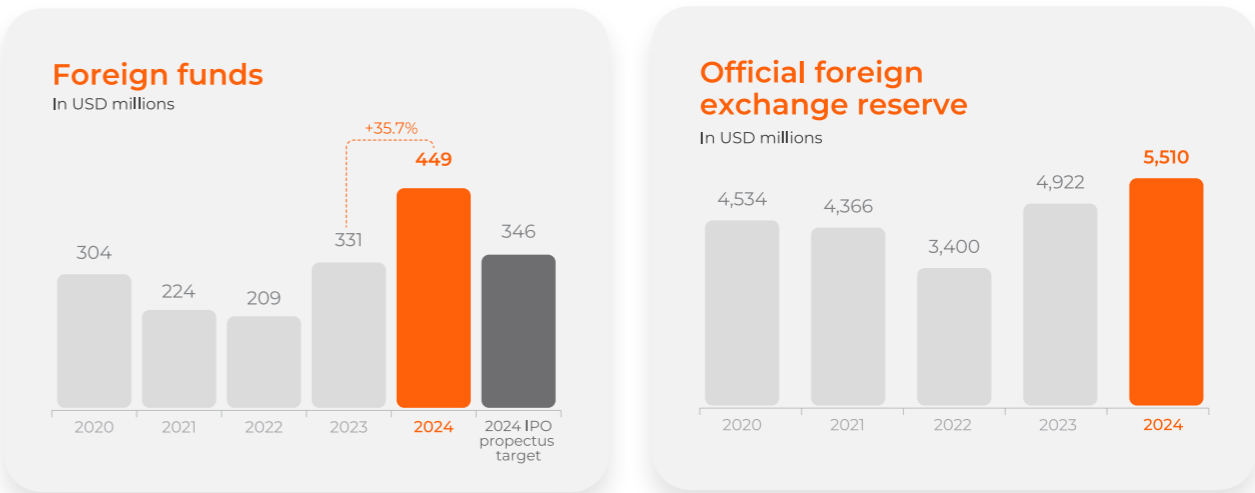
Current accounts and deposits

As of December 31, 2024, total customer deposits—including current and savings accounts—reached MNT 3,425 billion, marking a 19.1% increase year-over-year. The total number of deposit accounts grew by 8.6%, reaching 1.4 million. Throughout the reporting period, the Bank introduced a range of deposit products tailored to market needs, contributing to the growth in funding. In addition, long-term savings programs were launched in collaboration with major national corporations, designed specifically for their employees to support sustained financial well-being.

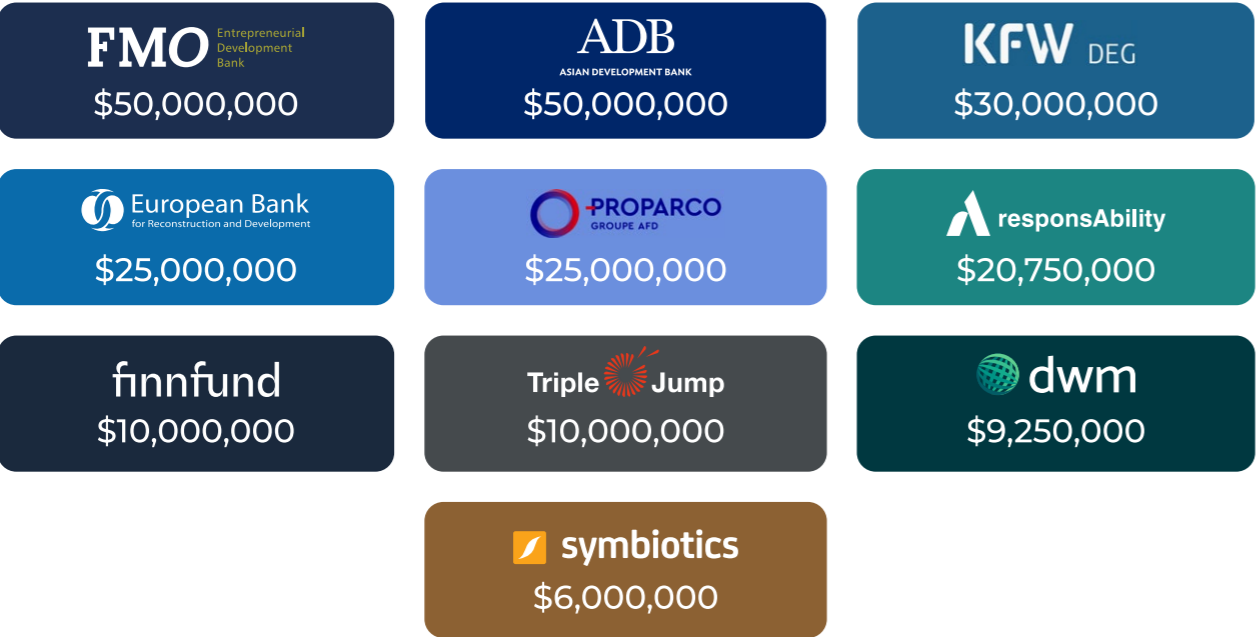


Foreign funds

In 2024, XacBank secured a total of USD 236.0 million in funding agreements with international financial partners including FMO, ADB, DEG, EBRD, Proparco, rA, Finnfund, Triple Jump, DWM, and Symbiotics. Of this amount, USD 176.0 million was disbursed during the year, with the remaining USD 60.0 million scheduled for drawdown in the first quarter of 2025.

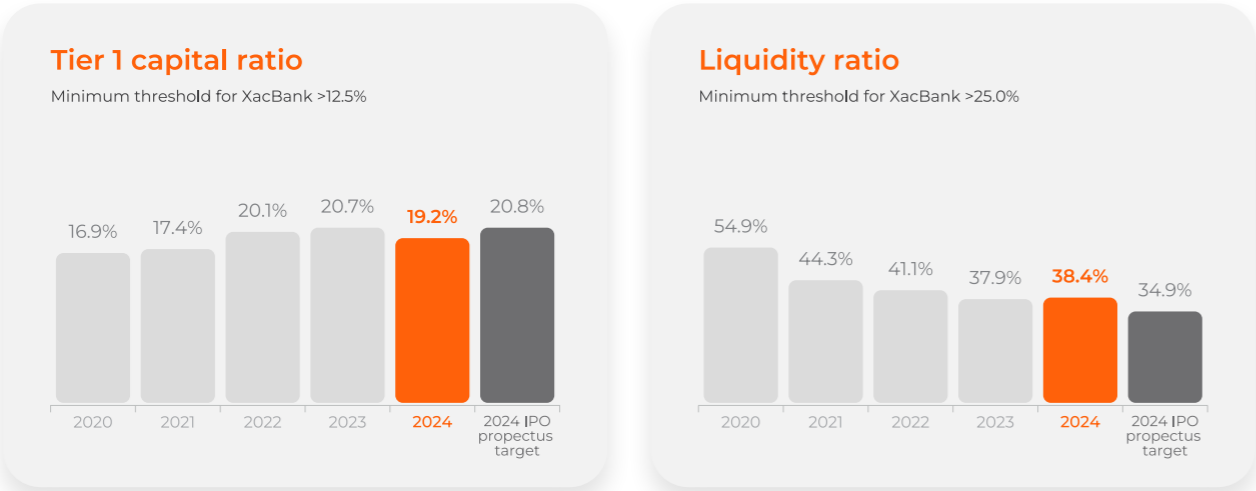


New senior debts in 2024



Prudential ratios

XacBank continues to maintain full compliance with all prudential ratios set by the Bank of Mongolia, supported by ongoing internal oversight. As a result of policy measures implemented since 2019, the Bank has steadily improved its financial efficiency and strengthened its resilience to risk. As of December 31, 2024, XacBank’s Tier 1 capital adequacy ratio stood at 19.2%, exceeding the regulatory minimum requirement of 12.5% by 6.7 percentage points. A strong capital buffer enhances the Bank’s ability to absorb potential risks and provides a solid foundation for future asset growth.



One key indicator of a commercial bank’s risk level is its concentration ratio. As of December 31, 2023, XacBank’s exposure to its largest borrowers stood at 41.7% of its Tier 1 capital, well below the regulatory limit of 300% set by the Bank of Mongolia. Additionally, the concentration of deposits and current accounts held by the Bank’s top 10 customers accounted for 7.9% of total assets, compared to the regulatory cap of 25%. These figures highlight XacBank’s prudent risk management practices and low exposure to concentration risk.

	2022	2023	2024
Foreign currency exposure ratio (single currency) +/-15%	6.2%	-1.3%	-1.7%
Foreign currency exposure ratio (total) +/-30%	6.9%	-1.4%	-2.0%
Credit concentration ratio <300%	66.6%	38.6%	41.7%
Fixed asset to total assets ratio <8%	1.7%	1.3%	1.2%
Deposit concentration ratio <25%	7.7%	7.8%	7.9%

	2022	2023	2024
Loans to bank’s related party and employees and other assets equivalent to the loan (less than 5% of capital)			
Bank shareholders	0.0%	0.8%	2.2%
Key management personnel	0.1%	0.1%	0.1%
Other related parties	1.6%	3.2%	0.0%

Total loans to bank’s related parties and employees and other assets equivalent to the loan (less than 20% of capital)			
Bank shareholders	0.0%	0.0%	2.3%
Key management personnel	0.3%	0.3%	0.3%
Other related parties	3.8%	3.2%	0.1%

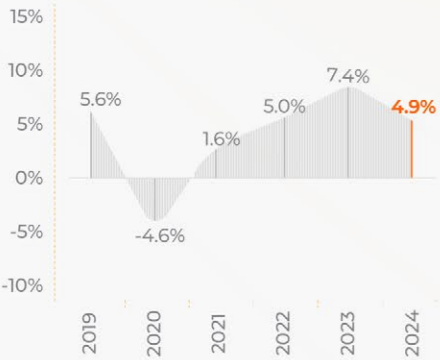
Macroeconomic outlook

Mongolia's economy expanded by 4.9% in 2024, driven primarily by growth in the services and mining sectors. In contrast, economic growth was constrained by a contraction in the agricultural sector, which faced challenges due to adverse weather conditions.

As of December 2024, Mongolia's nationwide inflation reached 9.0%, reflecting a 1.1 percentage point increase compared to the same period in the previous year. The primary driver of this inflationary rise was the increase in electricity prices. Additionally, higher prices for services, rent, and imported goods—linked to wage growth and overall economic expansion—further contributed to inflationary pressures.

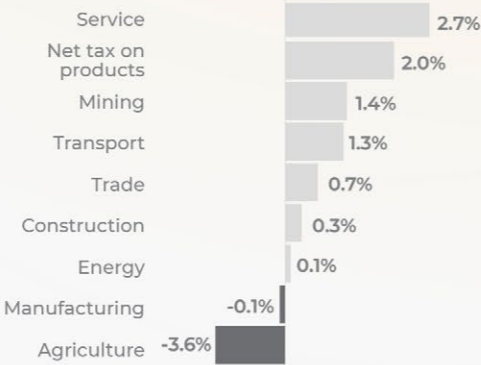
Economic growth

Source: National Statistics Office, (2015 base price)



Sectoral contribution to economic growth

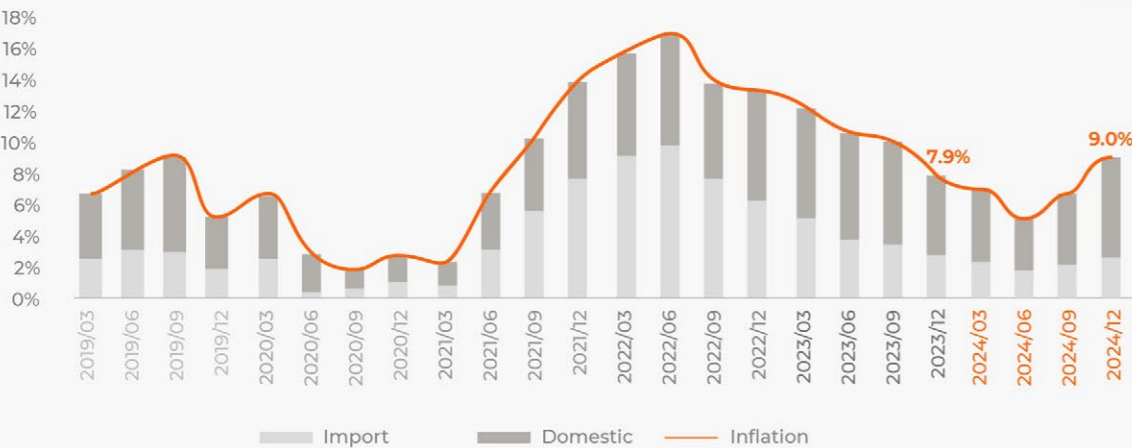
Source: National Statistics Office, (2015 base price)



In 2025, demand-side inflationary pressures are expected to intensify due to factors such as economic growth, increased government expenditures, and rising household and corporate spending. As a result, inflation is projected to exceed the Central Bank's target range throughout the year, with a gradual slowdown anticipated toward year-end, according to the Bank of Mongolia.

Inflation

Source: Bank of Mongolia



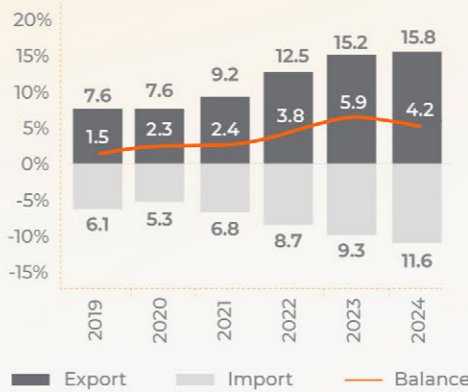
In 2024, Mongolia's total exports grew by 4% to USD 15.8 billion, while total imports surged by 25% to USD 11.6 billion. As a result, the trade surplus amounted to USD 4.2 billion, marking a 30% decline compared to the previous year.

Despite coal exports reaching a record high in volume, the total export value decreased by 3% year-on-year due to a decline in coal prices.

Trade balance

USD billions

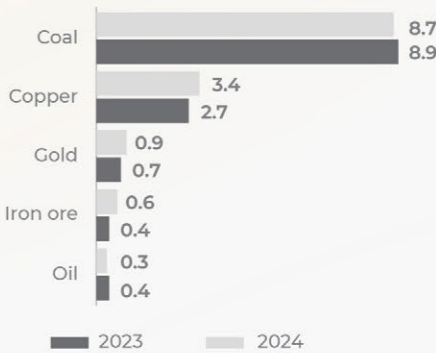
Source: Bank of Mongolia



Major export commodities

USD millions

Source: Bank of Mongolia

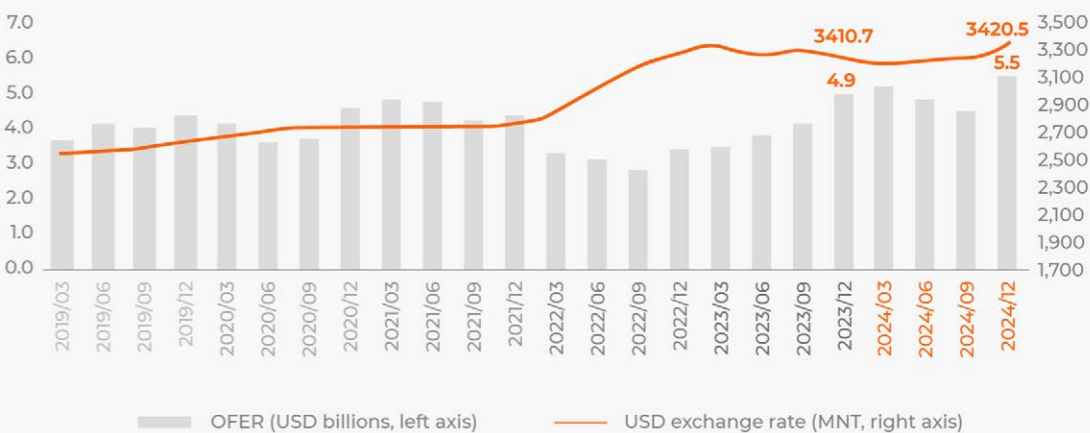


Mongolia's current account deficit widened to USD 2.4 billion in 2024, reflecting an increase of USD 2.5 billion compared to the previous year. However, a financial account surplus of USD 3.3 billion led to a balance of payments surplus of USD 0.6 billion by the end of the year. As a result, official foreign exchange reserves (OFER) grew by USD 0.6 billion, reaching USD 5.5 billion, marking a 12% increase from the previous year.

This positive balance of payments provided a foundation for relative stability in the exchange rate, with the US dollar appreciating by 0.3% year-on-year by the end of 2024.

OFER (USD billions) and USD exchange rate

Source: Bank of Mongolia



Banking sector

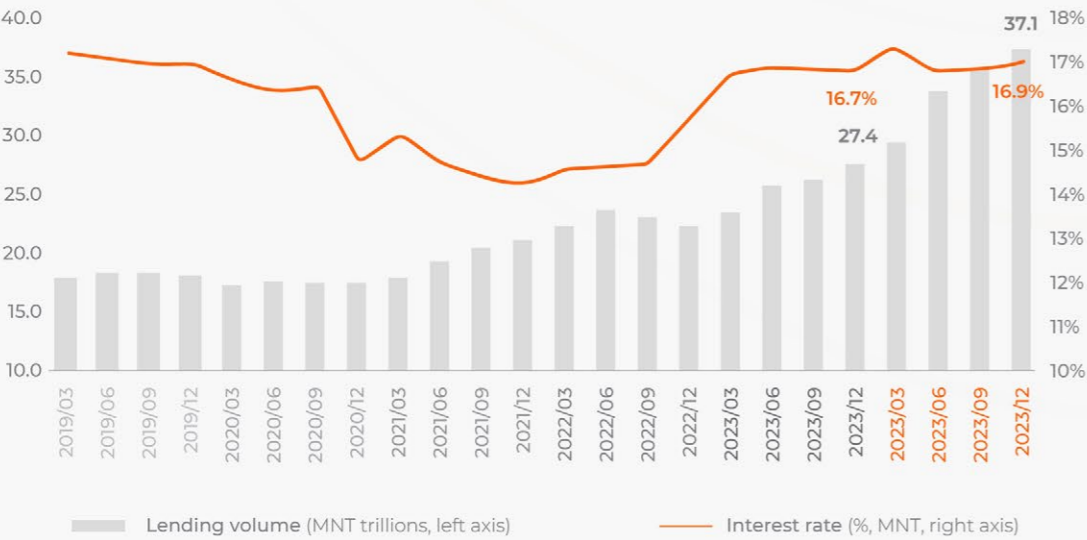
By the end of 2024, the total assets of commercial banks operating in Mongolia reached MNT 71.4 trillion, reflecting a 25.1% increase from the previous year. Five systemically important banks accounted for 89% of total assets. Additionally, commercial banks experienced improved profitability, with system-wide profits reaching MNT 1.7 trillion, which contributed significantly to an 18.7% increase in total equity, bringing it to MNT 7.3 trillion.

The total volume of loans in the banking sector stood at MNT 37.1 trillion, marking a 35.5% year-on-year increase. Loans to individuals grew by 42.1% to MNT 21.8 trillion, with consumer loans accounting for the majority of this growth. Meanwhile, loans to private institutions increased by 20.1%, driven primarily by growth in the mining, construction, and trade sectors.

As of December 2024, the weighted average interest rate on new MNT-denominated loans was 16.9%, reflecting a 0.2 percentage point increase from the previous year. Meanwhile, the weighted average interest rate on new foreign currency loans decreased by 0.4 percentage points to 9.6%. The interest rate on deposits in domestic currency stood at 11.9%, rising by 0.3 percentage points compared to the same period in the previous year.

Banking sector lending volume and interest rates

Source: National Statistics Office

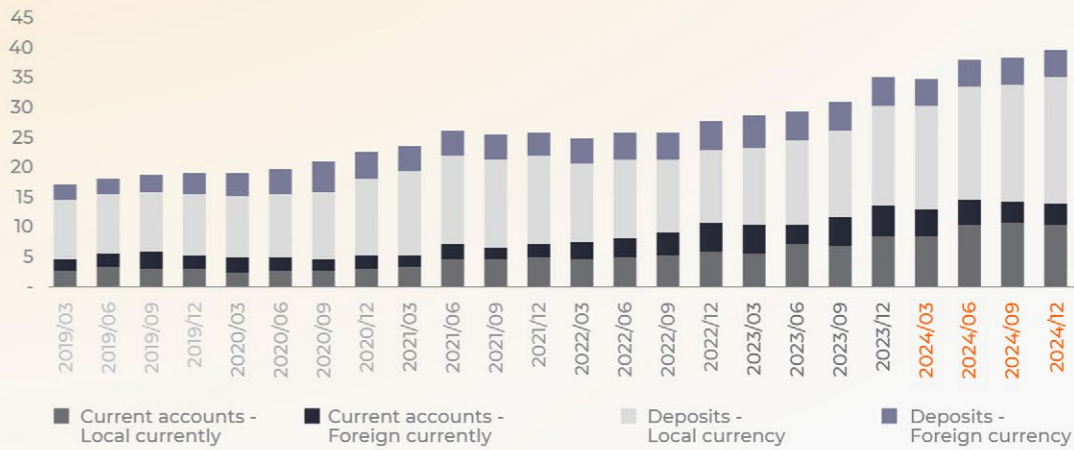


As of the end of 2024, current and savings deposits comprised 62% of the total liability in the banking sector. Additionally, the balance of total current deposits reached MNT 39.6 trillion by the end of the reporting year, marking a 13.3% increase from the previous year. This growth was driven solely by growth in public deposits in domestic currency.

Banking sector current accounts and deposits

Source: Bank of Mongolia

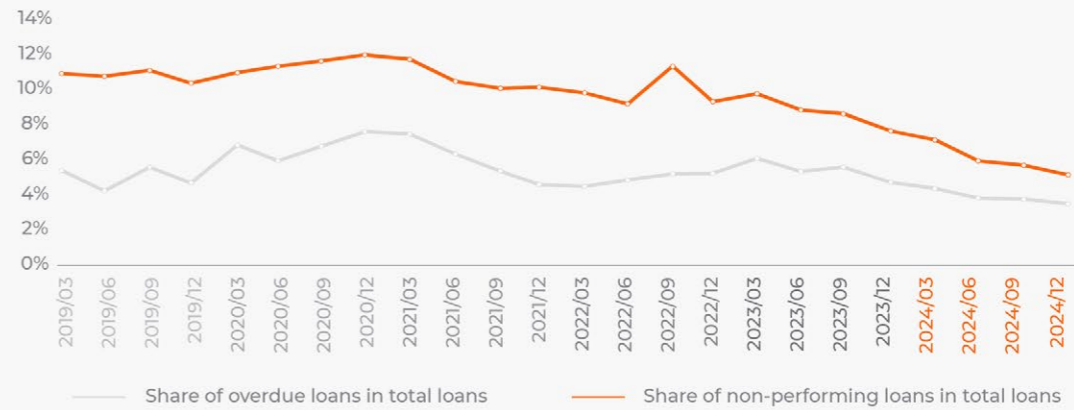
MNT, trillions



Despite the overall increase in total banking sector loans, the share of non-performing loans in the banking sector's total loans decreased to 5.1% as of December 2024, primarily due to the ongoing economic recovery. Similarly, overdue loans also declined to 3.5%.

Non-performing and overdue loans in the banking sector as a percentage of total loans

Source: Bank of Mongolia



Ratings

In 2024, international rating agencies Moody’s and Fitch Ratings upgraded XacBank’s credit rating by one notch, while confirming that the outlook remains stable.

The Bank maintains regular communication with relevant agencies and cooperates by providing timely updates on macroeconomic and banking sector data, legal environment changes, regulatory implementation, and other essential quantitative information. XacBank’s current credit rating remains aligned with the sovereign credit rating of Mongolia.

Latest Developments

- On September 20, 2024, Fitch Ratings announced an upgrade of the XacBank’s Long-Term Issuer Default Rating (IDR) to ‘B+’ and its Viability Rating to ‘b+’, both raised by one notch, with a stable outlook.
- On November 19, 2024, Moody’s, a leading international rating agency, reported an upgrade of the XacBank’s credit rating from ‘B3’ to ‘B2’, while maintaining a stable outlook.

Moody’s

Moody’s (www.moody.com) is an international rating agency that provides financial research and risk assessment services to businesses and government entities worldwide.

2024	
Counterparty Risk Rating – foreign currency	B2/NP
Counterparty Risk Rating – domestic currency	B1/NP
Bank Deposits	B2/NP
Baseline Credit Assessment	B2
Issuer Rating	B2
Outlook	Stable

FitchRatings

Fitch Ratings (www.fitchratings.com) is a global credit rating agency, which performs international financial research and risk analysis on commercial and government entities

2024	
Long term foreign currency Issuer Default Rating	B+/Stable
Short term foreign currency Issuer Default Rating	B
Long term local currency Issuer Default Rating	B+/Stable
Viability Rating	B+/Stable

Cyber Security



The Bank successfully implemented version 4.0 of the Payment Card Industry Data Security Standard (PCI DSS), with certification granted following a comprehensive audit conducted by ControlCase, a globally accredited assessment organization



To strengthen cybersecurity and safeguard customer information, the Bank has implemented a suite of next-generation security solutions, including a Security Information and Event Management (SIEM) system, a Threat Intelligence platform, an Endpoint Detection and Response (EDR) system, and a Secure Code Analysis tool



Lending portfolio

Retail banking

The retail loan portfolio expanded by 34.6%, reaching MNT 2,587 billion, while the number of borrowers increased by 10.5% to a total of 135,363. By the end of the reporting period, the number of loans extended to women-owned businesses under preferential collateral conditions reached 11,000, with the corresponding loan portfolio amounting to MNT 400 billion. The Bank continued to enhance its business services by facilitating the signing of business loan agreements and the disbursement process through online platforms. Notably, disbursement of POS income-secured loans was transitioned to a fully digital process. The Bank's online consumer loan products—namely Amar, Urtaar, and Slice—saw continued growth in demand. Furthermore, the Asuudalgui service was introduced, allowing customers to make payments up to a predetermined limit irrespective of the available balance in their current accounts. Online channels accounted for up to 73% of total consumer loan disbursements, while the consumer loan portfolio disbursed through digital platforms

increased by 32% year-over-year. In line with national development objectives, the Bank actively participated in government-subsidized loan initiatives, including the Food and Agriculture Sector Support Loan, the Cashmere Processing Support Loan, the Cooperative Herder Loan (in partnership with the Ministry of Food, Agriculture and Light Industry), and the Tourism Sector Support Loan (in collaboration with the Ministry of Culture, Sports, Tourism and Youth).

Additionally, the Bank, in cooperation with the Oyu Tolgoi Catalyst Fund for Khanbogd Development, started to implement business loan program to individuals and legal entities operating in Khanbogd soum of Umnugovi aimag, as well as to prospective entrepreneurs seeking to establish new ventures in the region. The Bank remains committed to supporting affordable housing by continuing the implementation of the Government's subsidized mortgage programs with interest rates of 3% and 6%.

Total loan portfolio

2,587.0 MNT billions ▲+34.6%

+11,000 Woman owned businesses

400.0 MNT billions

Corporate Bank

Corporate Banking focused on providing accessible, high-quality, and quick financial services to its clients in 2024, aiming to create sustainable financing and a green economy. As a result, the corporate loan portfolio increased by 32.7% compared to the previous year. By actively involving our clients in Government-subsidized loan programs and eco financing, the project loan portfolio reached MNT 158 billion. This not only helped entrepreneurs secure necessary funding but also had a multi-faceted impact, including creating stable jobs, improving food security, and increasing economic independence.

During the reporting period, as a result of focusing on expanding our customer base as well as growing cross-sale transactions, our corporate funding from clients grew

by 124% compared to the previous year. Additionally, we maintained stable revenues from foreign trade financing commissions.

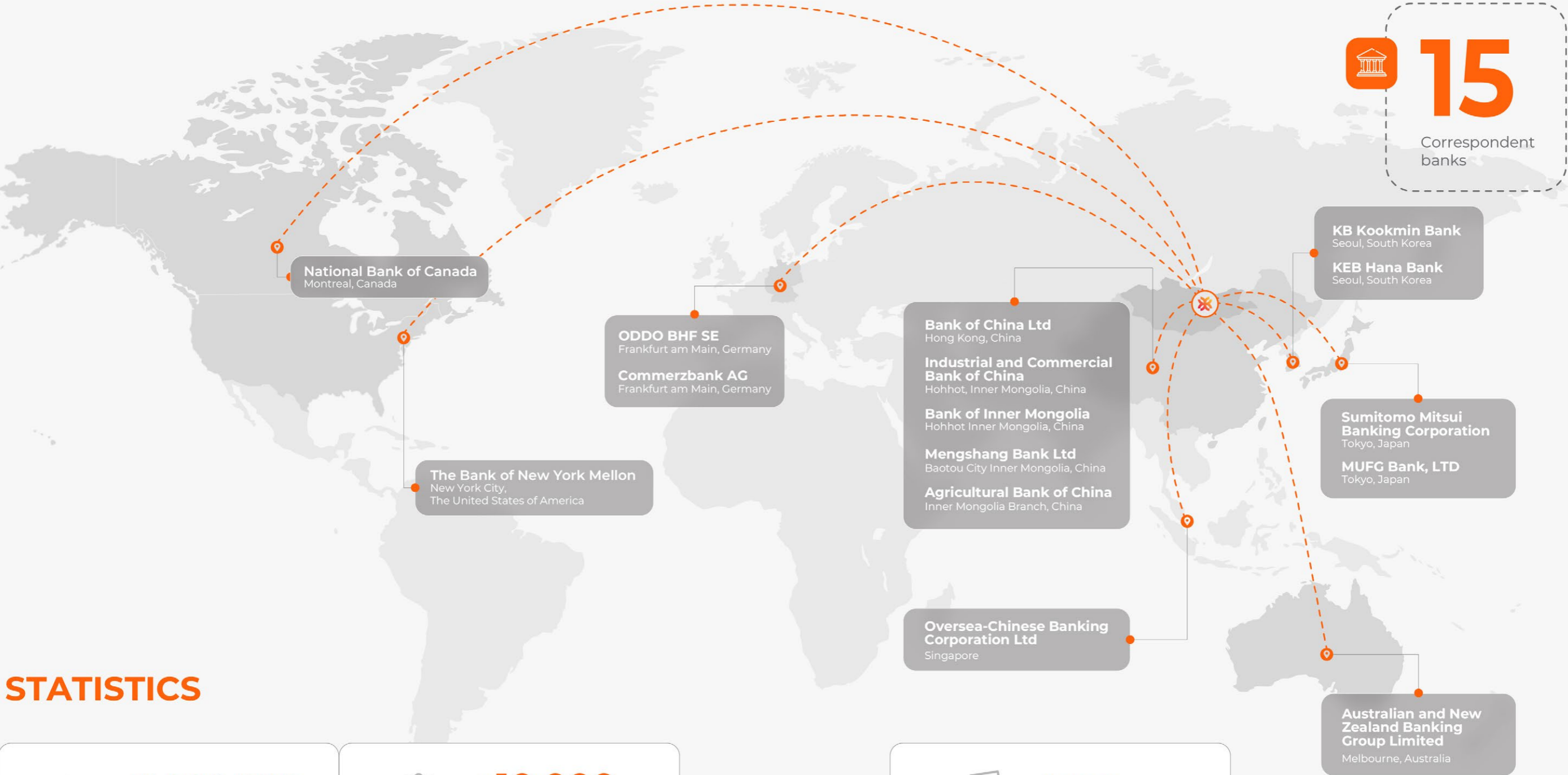
By establishing a direct relationship with BNY Mellon Bank of the United States, XacBank strengthened its ability to conduct foreign transactions and increased its capacity to support the economy and international trade of Mongolia. This correspondent relationship not only facilitates the smoother processing of international transactions but also provides businesses involved in foreign trade with the opportunity to expand their operations using international trade financing tools such as letters of credit and guarantees. This further affirms that XacBank's operations are in full compliance of international standards and regulations.

Total loan portfolio

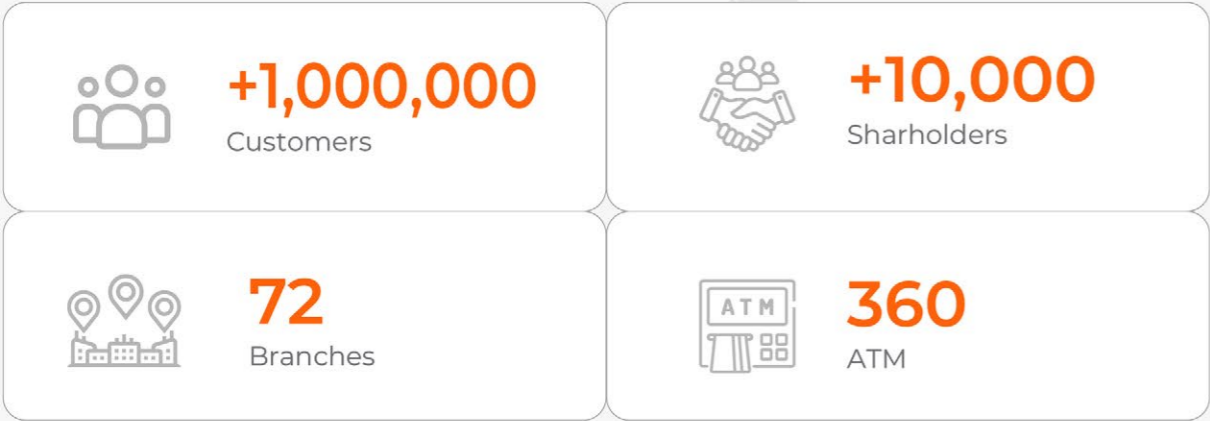
643.5 MNT billions ▲+32.7%

Newly disbursed loans

258.6 MNT billions



STATISTICS



Leasing division

Since 2007, XacLeasing™ has operated as a subsidiary of the parent company, Tenger Financial Group LLC. Following a group-wide restructuring, XacLeasing™ was integrated into XacBank in November 2021 and now operates as the Bank's Leasing Division.

In cooperation with certified vendors in Mongolia, the Leasing Division provides financial leasing services for internationally recognized automobiles and equipment to individuals and businesses. The service is designed to be swift, convenient, and easily accessible, enabling customers to obtain the assets they need without additional collateral requirement.

In 2024, the Premium Branch was established to deliver comprehensive financial services within a secure, private, and comfortable banking environment. This branch specializes in non-cash transactions, current and savings accounts, and personalized service for our valued customers.

The newly established Equipment Leasing Department focuses on developing customized leasing solutions for key sectors such as healthcare, road construction, infrastructure, and mining.

In addition to commercial vehicle leasing, the Equipment Leasing

Department also offers gold purchasing services and tailored financial solutions for mining companies and entrepreneurs, all within a private and personalized setting.

Thanks to improved loan offerings for used automobiles and strengthened partnerships with vendors, the portfolio of passenger vehicle leasing grew by 53.3% year-over-year. As a result, the gross lease portfolio expanded by 36.1% compared to the end of 2023.

We continue to broaden collaboration with vendors and expand financial leasing options for brand-new automobiles and equipment. Efforts are also underway to

introduce financing solutions for used vehicles, as well as mortgage loans for purchasing homes and apartments in selected areas.

Our commitment to maintaining high portfolio quality is reflected in our focus on providing financial leasing for marketable, brand-new assets in partnership with official distributors. By carefully managing asset concentration based on clients' business sectors, we ensure the non-performing lease portfolio remains consistently low—below 1% of the total.



Total loan and financial leases portfolio

466.8 ▲36.1%
MNT billion

Newly disbursed loan and financial leases

382.5 ▲43.0%
MNT billion

Number of clients

3,541 ▲44.2%



GREEN FINANCING

Since the Eco Banking Division's establishment in 2009, XacBank has been providing affordable financing aimed at decreasing air pollution, reducing greenhouse gas ("GHG") emissions, and promoting the developing renewable energy market, with green loans now constituting 4.1 percent of the bank's total loan portfolio.

Total amount of greenhouse gas emissions reduced as at the end of 2024

2,938,167 tonnes

Green business loan programm

Since its launch in 2013 the MSME Business Loan Program for GHG emissions has enabled a total reduction of 2,588,647 tonnes of CO2 equivalent by the close of 2024. As part of this program, XacBank builds stakeholders' capacity with regards to the measurement and verification required for financing energy efficiency and developing sustainable financing in Mongolia. Additionally, the bank offers complimentary financial accounting and tax training for MSMEs, equipping them with the knowledge and skills to both effectively and consciously run their businesses. A total of 1,574 participants benefited from these training activities from 2017. Moreover, in 2024, XacBank launched the "ISO Standard Implementation Program for Small and Medium Enterprises" to provide practical support to businesses aiming to expand their operations, improve product and service quality, enhance competitiveness, and ultimately supply goods for export. The bank has invested a total of 250 million MNT to 16 enterprises which have received up to 80% in funding for consulting services and certification costs

Green consumption loan programm

Implemented since 2019, the program has successfully reduced 31,601 tons of CO2 equivalent in GHG emissions by the end of 2024.

In addition to developing the options and promoting the adoption of energy efficient technologies such as electric heaters and housing insulation at the household level via concessional loans, we've also supported the construction of energy-efficient homes that use at least 20 percent less energy compared to the baseline as per the building norm effective in Mongolia. The programme recently achieved international recognition in 2024, the Global Climate Partnership Fund awarded XacBank the Global Partnership Award for contributions to sustainable development through inventive financial solutions with measurable environmental and social impacts. It was specifically noted that XacBank differentiated itself from other international candidates through the development of the energy-efficient construction lending sector and innovative financing mechanisms as part of its expansion of the market for energy-efficient housing in Mongolia.

As part of the program, we've engaged 1,975 individuals through training sessions and meetings to raise awareness on the benefits of energy conservation and housing insulation. Additionally, capacity-building activities for construction firms have been organized by the bank to ensure that compliance with energy efficiency standards are met throughout the entire construction process – which includes interim audits during. These efforts highlight our commitment to developing the energy-efficient housing market in the right direction from the outset.

Furthermore, in 2024, XacBank partnered with the Ministry of Environment and Tourism to provide subsidized green loans to households and businesses nationwide. These loans financed green technologies aimed at addressing the critical environmental concerns such as air and soil pollution.

Carbon financing

XacBank continues its carbon credit activities in the voluntary carbon market and under the UN's Clean Development Mechanism within the framework of the Energy-Efficient Product Distribution Program in collaboration with Micro Energy Credits Which makes it possible for

Xacbank to continue its global support to ensure enterprises to be able to reach their carbon emission reduction targets. Since 2009, XacBank has successfully sold a total of 1,313,632 carbon credits in the voluntary carbon market.

Bank Performance

Human Capital Management

Digitalization

Highlights

Corporate Governance

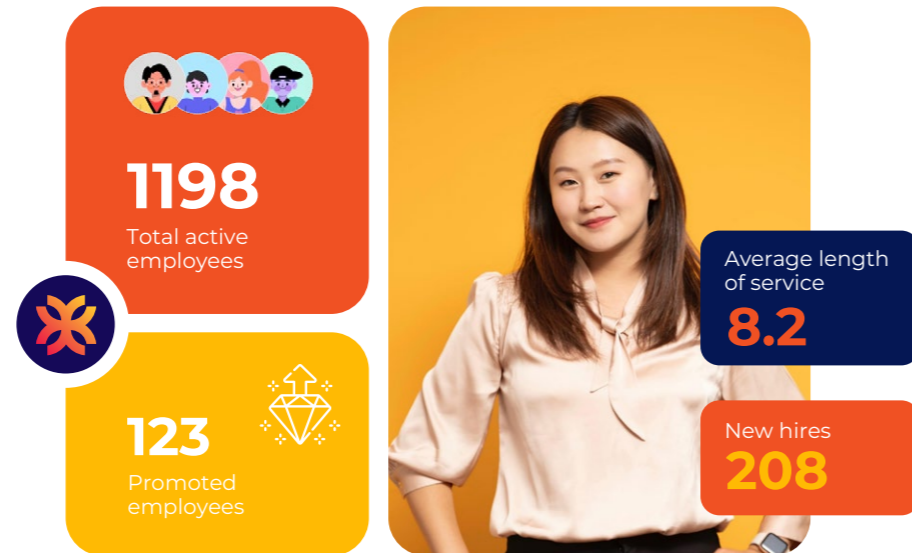
Human capital management

XacBank's Human resources policy supports a creative and diverse professional culture of highly skilled and talented employees and aims to provide a competitive remuneration system based on performance, create an environment that allows for openly express their opinions, value fair employment practices, and foster learning and development opportunities, as well as a healthy, safe, and comfortable workplace.

As of the end of 2024, our team comprises 1,198 full-time active employees, and the average age of employees is 35.2 years. As required by Mongolian labor law, more than

150 employees were retained on maternity leave throughout the year.

As a result of the comprehensive Human resources policy implemented in recent years, the employee turnover rate has slowed down, and the employees are

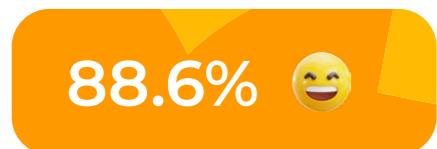


willing to stay in their jobs, and the average length of service at the bank was increased to 8.2 years.

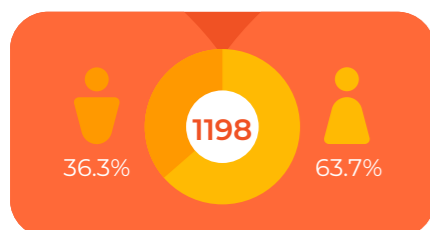
39.1% of all employees have been working for the bank for more than 10 years, while 208 new hires joined the bank during the reporting period. More than 80 new graduates from universities in 2024 started their careers with XacBank, while 123 employees were promoted internally through their career plans.

We openly value the voices of our employees at all levels and ensure their open participation. In 2024, the bank revised its compensation policy based on the revised job grades of all positions, and while the flexible working hours and remote working possibilities improved, some office working environments were renovated with modern facilities. The results of the last three years of employee engagement and satisfaction survey reached 88.6%.

Employee engagement and satisfaction



Gender equity across our bank



Our bank embraces gender equality and prioritizes women's empowerment and leadership.

As part of our gender equality policy, 63.7% of all employees and 51.1% of the management team are female.

As required by Mongolian labor law, 151 employees were retained on maternity leave throughout 2024, and 47 returned to work.

Employee well-being



Consistent high performance

We have consistently ensured a performance-based remuneration policy. Starting in 2024, the implementation of a quarterly and semi-annual performance-based incentive system has created the opportunity for employees to work with high performance and measure their performance in a short period of time.

In 2024, the base salary was increased by 15 percent on average, and the base salary of some entry-level positions was increased up to 25 percent in line with inflation rates and market conditions.

A lifelong learning culture

The bank continues to invest in international and domestic training and development programs to improve employees' professional knowledge and skills through classroom training and online learning platforms to strengthen the lifelong training culture and habits throughout the bank.

We organize monthly orientation training for new employees to orientate and train them in the banking culture.

We also provide continuous learning opportunities through an international e-learning platform (TalentLMS), with 98 types of training content prepared by our experienced internal trainers.



Some of the notable training and development programs organized during the reporting period include below

Financial education



The "financial education" international training program Aflaton for children, youth, and social has been revised, and 66 of our employees participated in 1,056 man/hour of training. 30 new local trainers have been trained and certified. In total 91 prepared local trainers trained 2500 children and 900 adults in the financial education program in 2024.



Customer experience training

We collaborated with the CMI training organization, a representative of the International Customer Experience Institute in Mongolia to enroll all UB branch employees in a comprehensive "Customer Experience Excellence" training program.

Management and Leadership training



Management and Leadership training

We collaborated with Dale Carnegie Mongolia to enroll 126 middle-level managers in 516 man/hour of Leadership, Management, and Coaching training programs to improve their leadership and managerial skills.



Manager as a Coach

Organized a joint "Manager as a Coach" training with Inspirance HR Consulting & Coaching, Luxembourg.



Leadership and Management

We also delivered a 4-day tailor-made training program based on international best practices in Management and Leadership to our Senior and Middle-level managers and collaborated with our long-time partner Frankfurt School of Finance & Management. Some of the managers participated in a one-on-one coaching session.



Succession training programm

Six modules of the "Succession" training program with 21 crucial subjects were developed internally and delivered to 20 successors to prepare branch managers' successors by internal and external experienced trainers. All participants completed the program and were certified successfully.



“Learning culture” program

Sharing is caring voluntary knowledge sharing program was delivered to promote a culture of collaborative learning and encourage employees to share their professional skills and experiences with others, 243 employees participated in a total of 1,418 man/hour in 2024.

Team Achievements

We highly support various team sports events and tournaments for our employee's physical well-being, and in 2024, our team strengthened and maintained its achievements in team sports.

Notably, our team won a gold medal for women and a bronze medal for men in the interbank Volleyball tournament, a gold medal in both field and futsal football, silver medals in chess and table tennis tournaments, bronze medals in archery and darts and placed in the prize-winning positions in E-sports and Billiard competitions.

Since 2023, XacBank has recognized the achievements of our best employees and awarded them with paid leave, and travel abroad. In 2024, the best 35 employees who led others in their work traveled to Bangkok, Pattaya in Thailand.

Collaboration

We implemented a Work-Based Internship Program in collaboration with the University of Finance and Economics in 2024 to support students' employment, gain real-world work experience, and support them in validating their theoretical knowledge in practice.

We also organized the “XacBank Challenge 2024: Virtual Assistant for LLM in Artificial Intelligence” Hackathon competition successfully in collaboration with the School of Information Technology and Electronics of the National University of Mongolia to support and prepare Information Technology students. 30 students participated in the competition, and 9 successful participants were awarded partial tuition scholarships and paid internship opportunities at XacBank.

Bank Performance
Human Capital Management

Digitalization

Highlights
Corporate Governance

Digital transformation

Payment cards

Co-branded cards have been launched in collaboration with partner organizations, including MAK LLC, UB Railway JVC, SUU JSC and Xac Broncos basketball team.

Additionally, "Temuulel" card for children and youth as well as "The Future" card for students, enabling students to pay for bus fares through the u-money function of the UB Smart LLC were released.

To benefit all cardholders, seven times of promotional campaigns in collaboration with over 80 merchants, offering 10-20% cashback on every purchase made at XacBank's merchants were implemented.

In partnership with Visa, the official partner of the Olympic Games, a limited edition Visa card for the Paris Olympics was introduced through campaigns "Share the Success", "Support the Success" and "Get Cashback".



Digital banking

During the reporting period, the Bank continuously upgraded and enhanced its digital banking services, achieving a 100% system readiness. As a result, the customer base grew by 28%. A new feature called "Asuudalgui" was introduced, allowing users to open targeted savings accounts and facilitates transactions even when the account balance is insufficient, ensuring seamless payment processing.

Customer base
▲ 28%

In comparison to the previous year, the number of active digital banking customers rose by 60%, while the transaction volume increased by 38%.

New product / automation



"Asuudalgui" product

Developed and implemented enhancements to integrate loan and current account processes with relevant transaction records across major systems, including the core banking system, digital banking, credit information database, XacInfo, and Auto Scoring



Integration with Regulatory authorities

The Bank has implemented integrations to ensure legal compliance, enhance customer service, and streamline employee processes with Executive Agency for Court Decision, the General Department of Taxation, the National Road Transport Center, and the Deposit Insurance Corporation.



U-Money card

It has introduced a public transport U-Money card in collaboration with Ulaanbaatar Smart Company.



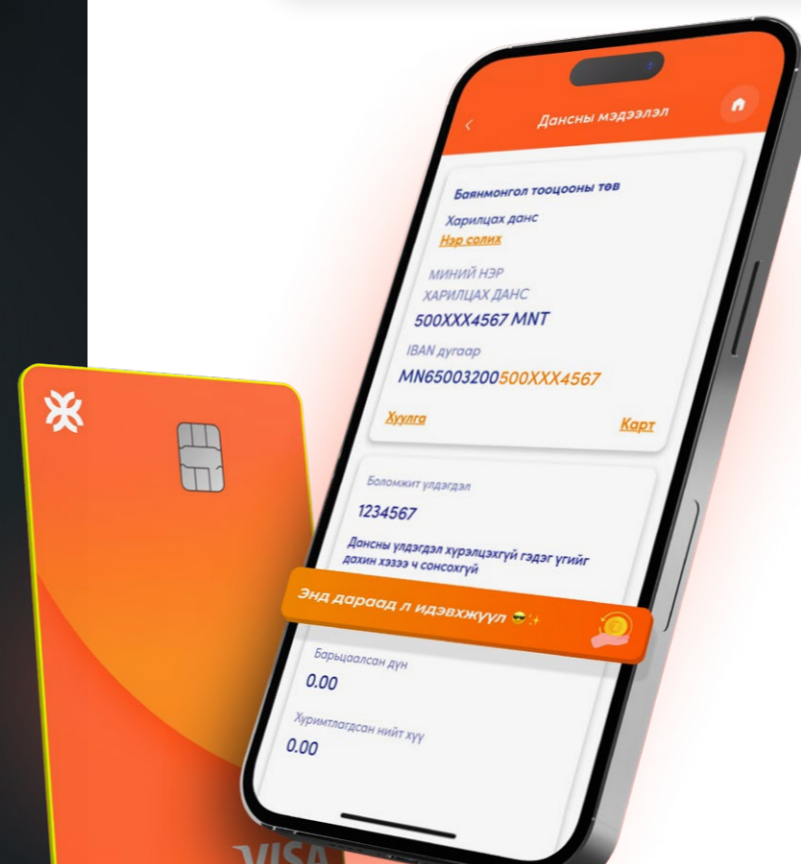
Online merchant loan

In 2024, we successfully implemented Online Merchant Loan that specifically designed for our POS terminal users. With this new online loan introduction, now our POS terminal users apply 24/7 for loan backed by their income earned through XacBank's POS terminals. Since the launch, loan portfolio of Online merchant loan increased by 30%.



Starlink payments

XacBank has become the official payment processor for Starlink in Mongolia.



Bank Performance
Human Capital Management
Digitalization

Highlights

Corporate Governance

Operational highlights



ISO standard implementation for SMEs

XacBank has launched “ISO standard implementation for SME” program in order to provide real assistance to small and medium-sized businesses to expand their operations, improve the quality of their goods for export. Within the framework of the program, 16 companies were selected and received the certificate that 80% of the consulting services and certifying costs required for the introduction of ISO standards are covered by XacBank.



Secured USD 236 million in Senior Debt Financing

To empower women entrepreneurs in micro, small, and medium enterprises (MSMEs) and advance energy-efficient businesses, a USD 236.0 million loan agreement was signed with leading DFIs and IFIs, including FMO, ADB, DEG, EBRD, Proparco, responsAbility, Finnfund, TripleJump, DWM, and Symbiotics. USD 176 million of the total funding was disbursed to XacBank in 2024.



Credit Rating Upgraded

Following the upgrade of Mongolia's credit rating by international agencies, XacBank's credit rating was also upgraded to “B2 Stable” by Moody's and “B+ Stable” by Fitch Ratings, respectively.



Received Global Climate Partnership Award

XacBank's Energy-Efficient Housing Project was recognized as the winning project of 2024 by the Global Climate Partnership Fund (GCPF). The award was presented during a ceremony held on October 18 in Zurich, Switzerland.



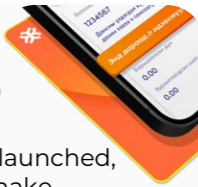
Share Buyback Program

In accordance with the decision of the Board of Directors and the approval of regulatory authorities, a share buyback program has been initiated to enhance the liquidity of shares held by minor shareholders by repurchasing a portion of publicly traded shares from the open market.

Operational highlights

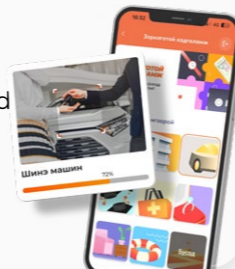
#Odoos Asuudalgui

An over-drafting service was launched, by which clients are able to make settlements and transactions up to certain limit on current accounts.



Target Savings

A new savings product with flexible terms, tailored to meet specific financial goals, was introduced on the digital banking application.



The Bank introduced the updated version of instant loan service, to address urgent and unexpected financial needs of our customers.



The POS revenue backed loan was improved and re-launched. The product is now 100% accessible via digital app.



In collaboration with Storepay (BNPL fin-tech company), we have successfully introduced the online loan service, allowing customers to purchase products with longer term, providing a fast and efficient digital solution.

POS Revenue Backed Loans

The "Slice" BNPL service was launched, allowing customers to make purchases in four installments without any interest or fees.

Partnership with Oyu Tolgoi Catalyst Fund for Khanbogd Development (OTCF)



Residents and legal entities operating or starting a business in Khanbogd sum, Umnugovi province, can now access business loans with preferential terms.

Project Loans

Number of lending programs were implemented in collaboration with the Ministry of Food, Agriculture, and Light Industry (MoFALI) to provide loans for herders, as well as with the Ministry of Environment and Tourism to support the tourism industry.



Social responsibility



We provided MNT 100 million in support to the 'The Heart Never Forgets' project, which carries the slogan 'Let's Gift Life to a Little Heart.'



We announced and implemented the 'Future Millionaire' scholarship program, selecting 100 undergraduate students from accredited domestic universities to receive tuition support of up to MNT 5 million.



We supported the ICOT-2024 international conference organized by the Mongolian Association for Organ Transplantation, held under the theme 'Transplantation Enhanced by Innovation'.



We have been proudly sponsoring and partnering with the professional basketball team 'Broncos' for 20 consecutive years since 2004.



In collaboration with the University of Finance and Economics, we signed a Memorandum of Understanding to implement the international ERASMUS program, focused on work-based learning, for a duration of six months.



We are collaborating with the Mongolian National Olympic Committee (MNOC) as a 'Gold Partner' organization for the 2023-2025 period.

Corporate Governance

Bank Performance
Human Capital Management
Digitalization
Highlights

GOVERNANCE REPORT OF XACBANK JSC

OPERATIONAL REPORT OF BOARD OF DIRECTORS

1. GOVERNANCE OVERVIEW
2. XACBANK GOVERNANCE
3. ASSURANCE FRAMEWORK
4. SHAREHOLDERS' STRUCTURE AND MERGER PROCESS
5. SHAREHOLDERS' MEETING
6. DIVIDEND INFORMATION
7. SHARE REPURCHASE PROGRAM
8. THE BOARD OF DIRECTORS (THE "BOARD")
9. COMMITTEES UNDER THE BOARD
10. THE CODE OF CONDUCT, CONFLICT OF INTEREST AND DISCLOSURE
11. THE COMPANY STRUCTURE
12. SENIOR MANAGEMENT TEAM

1. GOVERNANCE OVERVIEW

Over the past year, XacBank has made significant progress in strengthening good governance, enhancing transparency, and adapting to the evolving regulatory environment. Notable among these events were the election of the Board of Directors, which expanded by two new members, the approval of the Stakeholder Engagement Policy, and the shareholders' approval of the decision to merge XacBank with its parent company, Tenger Financial Group LLC. This merger was undertaken to comply with the requirements set forth in Article 36.1 of the Banking Law, which stipulates that no person, either individually or jointly with related parties, shall own more than 20 percent of the bank's total issued shares.



The shareholders of XacBank, at their regular meeting on April 29, 2024, decided to merge Tenger Financial Group LLC into XacBank JSC in order to fulfill the requirements outlined in Article 36.1 of the Banking Law. As part of this decision, the operations of XacBank JSC will continue, and the shareholders of Tenger Financial Group LLC will become direct shareholders of XacBank. The Bank of Mongolia is currently reviewing the merger request related to this decision.



The Board of Directors was elected and the Board consists of 12 members, with their tenure running from 2024 to 2026. Two new members were appointed to the Board—one an independent member and the other a regular member.



The Board of Directors revised and enhanced certain procedures in 2024 to strengthen the internal governance framework. In addition, a new "Stakeholder Engagement Policy" has been approved. The policy sets out clear directions and guidelines for effective communication and cooperation with both external and internal stakeholders through sustainable management activities to create long-term value.

New and amended policies approved by the Board	
Amended and Restated	Newly adopted
<ul style="list-style-type: none">Board Action Plan (After-Evaluation) for 2024 and the Board Evaluation PolicyCharter of the Audit Committee of the Board of DirectorsInternal Audit Charter of the BankBoard Director Selection and Nomination Policy	<ul style="list-style-type: none">Stakeholder Engagement PolicySuccession Policy for Executive Management

EVALUATION OF CORPORATE GOVERNANCE CODE IMPLEMENTATION

In accordance with the Corporate Governance Code guidelines assessment methodology approved by the Financial Regulatory Commission ("FRC"), the 2024 Report of XacBank "Implementation of the Corporate Governance Code" was reviewed and verified by the FRC and rated as 93.1%, indicating good and risk-free governance status.

The detailed governance evaluation report is available on the Mongolian Stock Exchange JSC website and the company's own website.

№	Category	Max points	As of 2023.06.30		As of 2024.12.31		Changes
			FRC's evaluation	Percentage	FRC's evaluation	Percentage	%
1	Board Structure and organization	12	9	75%	10	83.3%	8.3%
2	Board Committees and their functions	10	7	70%	7	70%	-
3	Reporting and information transparency	6	6	100%	6	100%	-
4	Audit and monitoring system	6	6	100%	6	100%	-
5	Risk management	8	8	100%	8	100%	-
6	Remuneration of governing persons	6	6	100%	6	100%	-
7	Stakeholder interests	8	8	100%	8	100%	-
8	Company culture	6	6	100%	6	100%	-
9	Shareholder rights	10	10	100%	10	100%	-
TOTAL		72	66	91.7%	67	93.1%	+1.4%

2. XACBANK GOVERNANCE

In accordance with the Corporate Governance Code of XacBank, the Bank defines **corporate governance** as a set of structures and processes for the direction and control, which involves a set of relationships between the Bank's shareholders, Board of Directors (the "Board"), and executive bodies with the purpose of creating long-term shareholder value.

The Bank's corporate governance framework is based on the following principles:



General Governance Structure

- The General Meeting of Shareholders (the "GMS") is the highest governing body of the Bank which allows the shareholders to participate in the governance of the Bank.
- The Board is entrusted with guiding the Bank's strategic path and overseeing its management. The Board is mandated to form committees on audit, risk management, and corporate governance nominations & remuneration.
- The Chief Executive Officer (the "CEO") and his/her team carry out the day-to-day management of the Bank and implement the strategy set by the Board and the shareholders.

3. ASSURANCE FRAMEWORK

INTERNAL AUDIT STRUCTURE

Internal Audit Ddivision of XacBank reports directly to the Audit Committee of the Board of Directors. The division consists from of Onsite Audit Department and Remote Audit Department, and has a total of 17 auditors.

The main purpose of the Internal Audit is to strengthen the bank's ability to increase, protect, and sustain value by providing independent, risk-based, objective assurance and consulting services. To achieve this goal, it assesses the bank's governance, internal control, and risk management systems, develops recommendations for improving operations, control, and efficiency, prepares and submits them to the auditee, and monitors their implementation.

In 2024, audit policy documents were revised in accordance with changes in international standards and approved by the Audit Committee of the Board of Directors. New methodologies and improvements are being introduced in audit activities in line with changing business conditions.

Mongolia Chapter of the Institute of Internal Auditors (the IIA) has recognized XacBank's Internal Audit Unit as the Best Unit of 2024.



RISK MANAGEMENT

Bank’s risk management aims to increase the shareholders’ value in the long term by further strengthening the sound risk governance and aligning its risk management appetite and policies with the Bank’s business strategy, and protecting the interests of its customers and depositors by implementing the risk management methodologies into the Bank’s business activities in line with international standards.

The Bank’s risk management framework encompasses the risk universe, risk appetite, three lines of defense principle, stress testing, risk control, and reporting. The “three lines of defense” principle serves as the basis of the Bank’s internal control environment and risk management, and the responsibilities are set out as follows:



First line of defense owns risk and manages risk within the scope of its assigned responsibilities on a daily basis;



Second line of defense oversees risk and sets the risk management framework, policies and procedures challenging risk appetite and limits, and monitors risk exposure. As such, the Second Line of Defense performs the ongoing monitoring of the design and operation of controls in the First Line of Defense, as well as providing advice and guidance;



Third Line of Defense provides independent assurance through a risk-based approach including assurance on the effectiveness of the risk management by the first and second lines of defense.

Credit risk management

Credit risk is one of the major risks that the Bank requires to effectively manage, given that the loan portfolio is a key component of the Bank’s asset. Credit risk refers to the potential loss resulting from the failure of a counterparty to meet its obligations to pay the bank in accordance with agreed terms, and the excessive credit exposure concentrations lead to the credit concentration risk.

The risk appetite for credit risk and credit concentration risk is discussed and approved by the Board of Directors. In order to implement credit operations within the approved credit risk appetite, the Bank’s credit risk policy sets the risk limits for each loan products and economic sector, which are then reviewed and revised in response to the economic outlook. Furthermore, the Bank ensures that its credit operations are within the limits stipulated by the law of Mongolia on banking, and monitors the limits, and delivers relevant reports to the Bank’s management and the regulatory bodies.

Operational risk management

The risk appetite for operational risk is approved by the Board of Directors and documented in the Risk management framework. The Bank’s operational risk policy and procedures ensure and complement the approved risk appetite. Each business units of the Bank actively manages operational risk within their

activities by assessing risk and taking appropriate measures to mitigate it. As a result, the Bank effectively manages and prevents operational risk which arises from inadequate or failed internal processes, human errors, and information system failures.

Operational risk unit aims to foster risk culture within the bank through training by raising awareness of operational risk management framework including risk identification, assessment, and reporting.

Social, environmental, and climate risk management

The Bank acknowledges the potential risk posed to its operation that arises from the social and environmental issues and the climate change, and defines the physical and transitional risks related to climate change in its risk universe. It develops a Board-approved Transition Plan addressing climate change.

The Bank conducted a climate change materiality assessment on its loan portfolio and has started calculating its own greenhouse gas (GHG) emissions as well as its financed emissions. Furthermore, the Bank has been working to define its risk appetite on climate change in line with Mongolia’s Nationally Determined Contribution that aims to contribute to the Paris Agreement’s targets.

Compliance risk

The mission of Bank’s Compliance function is to deliver the right outcomes for the Bank, its clients and communities by partnering internally and externally, and performing to the highest standards in order to enable sustainable business and to fight financial crime. It is responsible for fostering a culture of compliance, preventing regulatory breaches, and protecting the bank’s reputation by upholding ethical standards and legal obligations.

Compliance risk refers to the risk of the Bank not being able to successfully conduct its business because of failures to comply with the laws, regulatory requirements, industry codes or standards of business and professional conduct applicable to the financial sector. This includes, in particular, laws and regulations applicable to financial crimes such as money laundering and financing of terrorism, fraud and bribery/ corruption.

The Bank successfully implemented a comprehensive real-time transaction monitoring system in 2023, which includes customer risk assessment, real-time foreign transaction monitoring, and regulatory transaction reporting. In 2024, the program was further developed to better align with the control activities of the Compliance Division and to optimize the relevant controls. Regular training programs and awareness campaigns have been conducted for employees at all levels to keep them informed about compliance obligations and ethical conduct.

In 2024, the Compliance Department was expanded to Compliance Division, and the internal policies and procedures used in the operation and control have been constantly improving, based on previous experience and knowledge, to support the bank and its customers in detection and prevention of potential financial crime risks.

Market, Liquidity Risk Management and risk analysis

The Bank’s Risk Management Unit presents the Integrated Risk Report and related risk analysis to the Risk Management Committee (RMC) of the Board of Directors on a quarterly basis and to the RMC of the Bank’s executive management on a monthly basis. These presentations support decision-making and ensure continuous monitoring of the implementation of acceptable risk standards. Each year, the RMC of the Board of Directors approves the Bank’s risk appetite limits in alignment with its business plan and strategy, integrating them into operational practices.

In 2024, all financial and non-financial risk indicators consistently met both regulatory requirements and the Bank’s internal risk appetite.

As part of its liquidity risk management, the Bank has effectively managed liquidity ratios to ensure full compliance with the minimum prudential requirements set by the Bank of Mongolia. In addition, key liquidity indicators, including the liquidity buffer, short-term liquidity ratio, liquidity coverage ratio (LCR), and net stable funding ratio (NSFR), have been maintained within the Bank’s risk appetite limits.

During this period, the Bank fully complied with the foreign exchange position requirements established by the Bank of Mongolia. Additionally, we ensured that the profit and loss impact of net open positions, measured by Value-at-Risk (VaR), remained within our internal risk appetite.

To enhance decision-making in a dynamic economic environment, the Bank regularly conducts stress tests to assess the potential impact of unexpected adverse conditions on its financial position, capital adequacy, and liquidity. The results of these stress tests are incorporated into the Internal Capital Adequacy Assessment Process (ICAAP) report and the Internal Liquidity Adequacy Assessment Process (ILAAP) report. Furthermore, stress scenarios based on more severe conditions are integrated into the Bank’s recovery plan.

4. SHAREHOLDERS’ STRUCTURE AND MERGER PROCESS

As a systemic bank, XacBank must meet the requirement set forth in Article 36.1 of the Banking Law, which stipulates that no person, either individually or jointly with related parties, shall own more than 20 percent of the bank’s total issued shares by June 30, 2026.

We are currently in compliance with this requirement at the ultimate beneficial owner level. Tenger Financial Group LLC, which owns 94.99% of XacBank’s total issued and outstanding shares, has a total of 10 shareholders. These include international financial institutions, well-known domestic and foreign companies, investment funds, and individuals.



To ensure the compliance at the direct ownership level, the shareholders of XacBank made a decision to merge its parent company, TenGer Financial Group LLC, into XacBank. The necessary work is underway to implement this decision, and the Bank of Mongolia continues to review the relevant requests.

5. SHAREHOLDERS’ MEETING

- The supreme governing body of the Bank shall be the Shareholders’ meeting. The quorum for the Shareholders’ meeting shall be the presence in person or by proxy of the shareholders holding equal to or more than a simple majority of the total issued and outstanding shares of the Bank at the record date. The Shareholders’ meeting shall be either a regular or an extraordinary meeting.
- The matters that are subject to the shareholders’ meeting are as follows:
- Section 29.2 of Article 29 of the Banking Law;
- Section 62.1 of Article 62 of the Company Law;
- Clause 8.6 of the Bank Charter.

The Shareholders’ Meeting of XacBank was held on the following dates.

Date	Regular/ Extraordinary	Format	Attendance
2024.02.02	Extraordinary	Ballot voting	96.51%
2024.04.29	Regular	Combined format (In person and online)	95.88%
2024.07.25-09.04	Extraordinary	Ballot voting	95.64%

For the pre-reading materials and resolutions of the shareholders’ meeting, please access “AGM/EGM related materials” or “Shareholders Meeting Resolutions” sections of the Investor Relations menu on the XacBank website.

6. DIVIDEND INFORMATION

The XacBank considers dividends on a semiannual and annual basis (twice a year), taking into account various factors including, but not limited to, capital adequacy, liquidity and other regulatory requirements, future prospects of business expansion, and general economic and financial conditions.

In accordance with this dividend policy, the XacBank has distributed the following dividends in 2024:

Dividends	Dividend amount per share /MNT/	Resolution date	Date of deposit completion into shareholders’ accounts
Dividend distribution from the 2023 Year-End Bank Earnings	25.25	2024.04.29	2024.04.30
Interim Dividend distribution from the 2024 First Half-Year Earnings	18.00	2024.09.04	2024.09.10
Dividends expected to be distributed* from 2024 Year-End Bank Earnings	27.00	-	-

* By resolution No. R-2025-03 of the Board of Directors dated February 18, 2025, it was recommended to distribute dividend of MNT 27.00 (twenty-seven) per share from 2024 Year-End Bank Earnings to the shareholders, as the 2024 financial year-end dividend. The dividend is expected to be distributed following approval by the Bank of Mongolia and final approval at the shareholders’ meeting in accordance with the Bank Charter.

7. SHARE REPURCHASE PROGRAM

XacBank is continuing its share repurchase program, covering the period from the second half of 2024 until the end of the year, to enhance the liquidity of its retail shareholders’ shares, based on the board’s two separate decisions.

The Mongolian Stock Exchange is in its early stage of development as “public equity” is a relatively new investment asset class with limited liquidity, a small pool of investors. Consequently, many shareholders often face challenges in monetizing their holdings at reasonable prices without significant delays. The share repurchase program aims to improve liquidity in an open and transparent manner with the approval of the Regulators, and alleviate the hardships faced by the retail shareholders.

The aim of the program is not to reduce equity but only to help the retail shareholders. Therefore, the Bank will continue to implement its policy of maintaining a high Core Tier 1 capital ratio.

As of December 31, 2024, XacBank has repurchased 296,678 shares, representing 0.03% of the total issued shares of 1,052,700,000 shares. The reissuance of these treasury shares, in accordance with the Company Law, will be subject to the approval of the relevant regulatory authorities and will be subject to the approval of the Shareholders.

8. THE BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

According to the Bank’s Charter, the Board consists of 12 Directors. As of December 31, 2024, there are a total of 12 Directors, comprising 1 Chairman of the Board, 1 Director representing the Executive Management, 6 Directors nominated by Shareholders, and 4 independent Directors.



SANJAY GUPTA
CHAIRMAN

Field of Expertise:

Economics and Finance

Experience in the financial markets:

43 years

Education:

Bachelor of Science in Physics, St. Stephen’s College, Delhi, Master of Business Administration, Faculty of Management, University of Delhi

Work experience:

- 1981-2001

Bank of America in Hong Kong, London and India. Various positions: Head of Corporate Bank, Corporate Finance and Financial Institutions businesses for Bank of America in India; Senior Risk Officer for Europe Middle-East and Africa; Managing Director of Structured Credit Group for Europe Middle-East and Africa; Managing Director of Investment Banking Group Asia.
- 2001-2005

Head of Corporate Origination for the Asia Pacific, Credit Lyonnais
- 2006-2015

Co-Head of Structured Finance, Head of the Global Energy Group for Credit Agricole Group Asia.
- 2017-2019

Non-Executive Board member of XacBank and TFG
- Since 2019

Chairman of XacBank and TFG

Shareholding in XacBank

850,541 shares (0.08%)



AMY CHOI
Independent Non-Executive Director

Member of the BRMC, BAC and GNCC

Field of Expertise:

Information system Analysis and Design, Business analysis

Experience in the financial markets:

40 years

Education:

Hong Kong Higher Diploma, Information System Analysis and Design, The Hong Kong Polytechnic University
Master degree of Science, Business System Analysis and Design, City University of London, UK

Work experience:

- 1982-1993

System Engineer/ Senior Engineer/ Financial Services System Solutions Manager, focusing on automation implementation for banking and insurance systems, IBM, Hong Kong,
- 1994-2010

Various positions: Branch manager, Team Head, International Personal Banking, Managing Director
- 2010-2013

Executive Vice President, Retail Banking, Guangfa Bank, China
- 2013-2017

Vice President, Retail Banking, Ping An Bank Co.,
- 2017-2020

Deputy Chief Executive, The Bank of East Asia (China) Limited
- Since 2023

Independent Non-Executive Director of XacBank

Shareholding in XacBank

Does not hold shares.



NIRAJ VEDWA
Independent Non-Executive Director

Member of the BRMC, BAC and GNCC

Field of Expertise:

IT, Trading, Business

Experience in the financial markets:

30 years

Education:

Bachelor Degree in Economics, Hindu College, Delhi University, MBA, Sales Marketing IGNOU, India

Since 2018

Since 2024

Chief Executive Officer, Permata Bank in Indonesia
Independent Non-Executive Director of XacBank

Shareholding in XacBank

Does not hold shares.

Work experience:

- 1987-1994 Area Sales Manager, Network Limited.
- 1994-1997 Regional Sales Manager (North India& Nepal) ,TNT Express BV
- 1997-1999 National Sales Manager, Modicorp Ltd
- 1999-2011 Chief Operating Officer, Nucleus Software
- 2011-2013 Director , Temenos AG Switzerland, the Asia-Pacific region
- 2013 Globel Head, Tech Mahindra, India
- Since 2018 Independent Non-Executive Director of XacBank
- Since 2019 Founder& CEO, Acceleric FZ LLE

Shareholding in XacBank

Does not hold shares.



ULAMBAYAR BAYANSAN
Independent Non-Executive Director

Chair of BAC, Member of the BRMC and GNCC

Field of Expertise:

Business administration

Experience in the financial markets:

18 years

Education:

Bachelor and Master degree in Electronics engineering, Tokyo Institute of Technology.
MBA, University of Chicago Booth School of Business, USA

Work experience:

- 2001-2005 Engineer, Sony Corporation.
- 2007-2009 Investment Banker, Lehman Brothers and Nomura Securities in Tokyo
- 2009-2011 Chief Executive Officer, Altai Holding.
- 2011-2012 Director, Composite Capital.
- 2013 Co-Founder/Advisor, Gobi Business Finance LLC.
- 2014-2016 Senior Advisor, Draper Capital.
- Since 2015 Independent Non-Executive Director of XacBank

Shareholding in XacBank

Does not hold shares.



STEWART DONALD HALL
Independent Non-Executive Director

Member of the BRMC, BAC and GNCC

Field of Expertise:

Finance, Accounting

Experience in the financial markets:

41 years

Education:

Bachelor of Commerce, University of New South Wales, Australia
The Institute of Chartered Accountants, Australia

Work experience:

- 1886-1994 Director, American Express
- 1994-2005 Various Position, Chief Executive Officer, Global Markets Head in London, Indonesia, Standard Chartered bank
- 2005-2009 President Director- Permata Bank.
- 2009-2011 Chief Executive Officer in Philippines, Singapore, Standard Chartered Bank.
- 2011-2013 Board of Director, Asia Commercial bank in Vietnam
- 2013-2017 Chairman, DJM Capital Limited



TSEVEGJAV GUMENJAV

Executive Director/CEO

Field of Expertise:

Banking, Finance

Experience in the financial markets:

20 years

Education:

Bachelor Degree in Business Administration, University of Colorado
MBA Finance and Accounting, Regis University, USA

Work experience:

- 2004-2008
- Financial/Treasury Analyst Wagner Equipment, Inc.
- 2008-2010
- Treasury Manager Restoration Hardware, Bluefin Associates (PlumSlice), San Francisco.
- 2011-2019
- XacBank, Various Position Chief Retail Banking Officer, Chief Financial Officer, CEO of XacLeasing, Chairman of TenGer Insurance, Chief Financial Officer of TenGer Financial Group.
- Since 2019
- Chief Executive Officer of XacBank and TFG and member of the Board of Directors of XacBank

Shareholding in XacBank

1,887,582 shares (0.18%)



ALBERTUS BRUGGINK

Non-Executive Director

Chair of BRMC, nominated by ORIX Group

Field of Expertise:

Finance

Experience in the financial markets

38 years

Education:

MBA and Phd Business Administration, Twente University of Technology

Work experience:

- 1986- 2016
- Various Position, CRFO, Director Finance & Control, Rabo Bank
- Since 2016
- Board Advisor, ORIX Group, Tokyo
- Since 2021
- 2021 Non-Executive Director of XacBank and TFG

Shareholding in XacBank

Does not hold shares.



Non-Executive Director

Member of BAC, Nominated by EBRD

Field of Expertise:

Banking, Finance

Experience in the financial markets:

39 years

Education:

Master in Law, University of Silesia, Poland

Work experience:

- 1983-1984
- Export-Import Specialist, TWD
- 1985-1987
- Chief Financial Officer, Fosco.
- 1987-1990
- Consultant, Corect.
- 1990-1991
- Deputy President, Gliwicki Bank Handlowy sa.
- 1992-1997
- External manager and later Receiver appointed by the Governor of the National Bank of Poland (Central Bank), Bank Handlowo-Kredytowy s.a.
- 1997-2007
- Senior Banker, Deputy Director in Ukraine, EBRD
- Since 2007
- Self-employed consultant
- Since 2019
- Non-Executive Director of XacBank and TFG

Shareholding in XacBank

Does not hold shares.



MICHAEL MADDEN

Non-Executive Director

Chair of GNCC, Nominated by Ronoc Partners Kft

Field of Expertise:

Finance, Investment

Experience in the financial markets:

31 years

Education:

Diploma in Industrial Engineering, College of Management Studies, Ireland,
Corporate governance, Corporate Governance Development Center

Work experience:

- 1993-2003
- Various position, Vice President, American Express.
- 2003-2007
- Founding CEO, Bank Renaissance Credit

Since 2007 Founder & Managing Partner, Ronoc
Since 2009 Non-Executive Director of XacBank and TFG
Since 2015 Chairman & Founder, Ronoc Asia PTE Limited
Since 2024 Partner, Consello Group

Shareholding in XacBank

Does not hold shares directly.



TSELMUUN NYAMTAISHIR

Non-Executive Director

Member of GNCC, Nominated by Mongolyn Alt (MAK) LLC

Field of Expertise:

Investment, Business

Experience in the financial markets:

19 years

Education:

Bachelor Degree in Business administration, Valparaiso University, Indiana, USA,
Certificates in financial engineering from Stanford University Hong Kong and Harvard Business School.

Work experience:

2005-2007 Account Manager, TDB
2007-2010 Senior specialist, Mongolyn Alt (MAK) LLC
2010-2012 Director of the Department of Trade, Investment and Finance, Mongolyn Alt (MAK) LLC
2012-2016 Vice President, Mongolyn Alt (MAK) LLC
Since 2013 Non-Executive Director of XacBank and TFG
Since 2016 President/CEO, Mongolyn Alt (MAK) LLC

Shareholding in XacBank

Does not hold shares directly.



SUZANNAH HERRING CARR

Non-Executive Director

Member of BAC, nominated by IFC

Field of Expertise:

Investment, Finance

Work experience:

1987-1993 Investment Banker, First Fidelity Bancorporation/CMS Companies, Philadelphia, PA
1994-1995 Business Advisor, Solidarity Labor Union/US Peace Corps, Warsaw, Poland.
1996-2019 Various Position: From Senior Advisor to Principal/Senior/ Investment Officer, International Finance Corporation, a member of the World Bank Group,
2021-2022 Consultant, Independent Evaluation Group, The World Bank.
Since 2022 Non-Executive Director of XacBank

Experience in the financial markets:

37 years

Education:

Bachelor Degree in Economic, Duke University.

Shareholding in XacBank

Does not hold shares.



DOMINIC JACQUES

Non-Executive Director

Member of BRMC, nominated by NBC

Field of Expertise:

Banking, Finance and Audit

Experience in the financial markets:

23 years

Education:

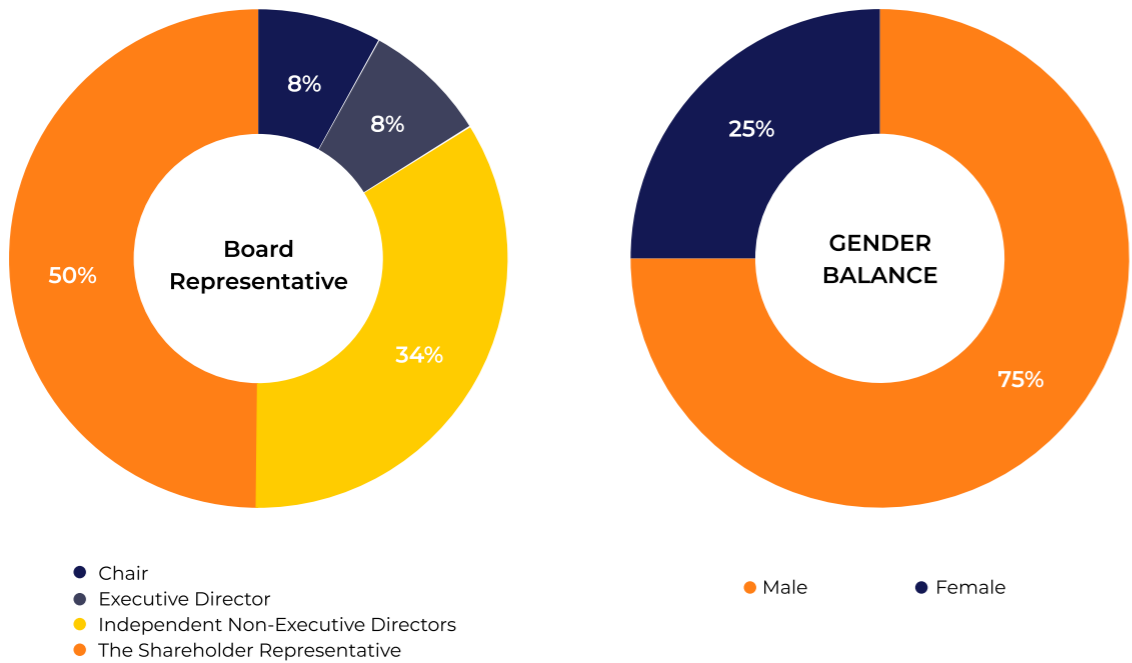
Bachelor Degree in Business Administration, HEC Montreal, Certified Professional Accountant (CPA), Chartered Financial Analyst (CFA).

Work experience:

2001-2009 Senior Analyst, Manager, Senior Manager, PRICEWATERHOUSECOOPERS
Since 2010 Senior manager, current position- Deputy Vice-President, International, National Bank of Canada
Since 2024 Non-Executive Director of XacBank

Shareholding in XacBank

Does not hold shares.



XacBank “Board Director Selection and Nomination Policy” was amended and restated on 07 November 2024, and is now being implemented in its operations. According to the policy The Board of XacBank shall be of an appropriate composition that allows to incorporate a variety of perspectives and skills, and to represent the best interests of XacBank as a whole rather than of individual shareholders or interest groups and at the same time ensures effective decision-making.

Board members are elected for a 2-year term at the regular Shareholders’ meeting and are eligible for re-election.

The term of Board concluded on the day of 2024 Annual General Meeting (“AGM”) of the XacBank Shareholders; therefore, the appointment of a new Board of Directors was discussed during the meeting.

CHANGES IN THE COMPOSITION OF THE BOARD.

Released from position	Newly appointed
1. Yves Jacquot- Non-Executive Director	1. Stewart Donald Hall- Independent Non-Executive Director
	2. Dominic Jacques - Non-Executive Director

Board meeting

Total meeting number	Meeting	Online votings	Agenda items	Number of approved resolutions
23	7	16	67	53

Board meeting attendance		Online voting participation	
100.00%	Stewart Hall	100.00%	
100.00%	Amy Choi	100.00%	
71.42%	Tselmuun Nyamtaishir	81.25%	
100.00%	Ulambayar Bayansan	93.75%	
100.00%	Suzannah Herring Carr	100.00%	
100.00%	Niraj Vedwa	100.00%	
100.00%	Michael Madden	81.25%	
80.00%	Dominic Jacques	69.23%	
85.71%	Tsevegjav Gumenjav*	100.00%	
100.00%	Andrzej Witak	100.00%	
100.00%	Albertus Bruggink	100.00%	
100.00%	Sanjay Gupta	100.00%	

* Board member and CEO Tsevegjav.G did not attend the regular meeting of the Board of Directors on August 21, 2024 due to health reasons.

DIRECTORS’ REMUNERATION

The remuneration of Directors is determined by the Shareholders’ Meeting. The amount payable to a board director during the year shall be determined based on their attendance records of board, committee, and shareholders’ meetings which they are required to attend. Remuneration is payable quarterly. In line with principles of good governance, the remuneration of an independent member of the Board of Directors is set to be no less than that of a Non-executive Director.

A Board member who does not hold a dual position in the Bank receives no other rewards or incentives except for the fee set by the shareholders and any increments associated with chairing a committee.

Board Director Remuneration were updated at the shareholders’ meeting on April 29, 2024. The resolution can be viewed [here](#).

THE BOARD EVALUATION

In accordance with the principles of good governance, the Board of Directors undergoes an annual performance evaluation that aims to assess its collective performance, pinpoint shortcomings, and

take specific measures to enhance operations in order to improve governance and Board operations. Additionally, Board members evaluate each other based on predefined criteria.

Evaluating the activities and members of the Board of Directors is considered a good corporate governance practice and it presents an opportunity to strengthen the Board, identify its weaknesses, enhance capabilities, boost outcomes, and foster dialogue among members regarding its organizational structure. It also serves to enhance the Board’s reputation among stakeholders and founders.

In 2024, the Board conducted an both the Board and its members covering the period from March 2023 to March 2024. Based on the results of this evaluation, a plan was developed, and 8 actions were identified and implemented.

Notably, as part of efforts to improve the transparency of the nomination process, the preparation of detailed reports on the nomination process for Board Directors who are non-members of the GNCC has been added into the Board Director Selection and Nomination Policy in November 2024.

TRAINING OF THE BOARD DIRECTORS

In accordance with the action plan developed following the Board of Directors’ evaluation, and as part of efforts to organize training for non-local directors on essential knowledge and skills related to the local perspective/local business environment, relevant training sessions were held. The first session, a combination of classroom and online formats, took place on November 8, 2024, and the second session was held online on December 16, 2024.



Candidates for the Board of Directors are given priority for corporate governance training (if they have not previously attended training in this area), which includes content on Mongolian corporate law and the specifics of corporate governance.

In addition, when a Board Director is appointed for the first time, he/she will receive: a) a set of materials to recognize the characteristics of XacBank, including documents such as the previous year’s operational result, financial statements, and minutes of previous meetings; b) for their further proper conduct, the following documents will be provided: the Code of Conduct and Conflict of Interest Policy, the Governance Code of XacBank, XacBank JSC Charter, the Board Internal Rules of Procedure, and the Insider Trading Policy, along with other corporate governance documents approved by the Bank of Mongolia. All directors can invite any of the executive management through the CEO to discuss any aspect of the Bank’s business provided that there is no interference with the Bank’s day-to-day operations.

9. THE BOARD COMMITTEES

Governance, nomination, and compensation committee	Risk management committee	Audit committee
<p>Chair: Michael Madden</p> <p>Members: Tselmuun N. Ulambayar B. (independent director) Amy Choi (independent director) Niraj Vedwa (independent director) Stewart Donald Hall (independent director)</p>	<p>Chair: Albertus Bruggink</p> <p>Members: Dominic Jacques Ulambayar B. (independent director) Amy Choi (independent director) Niraj Vedwa (independent director) Stewart Donald Hall (independent director)</p>	<p>Chair: Ulambayar B. (independent director)</p> <p>Members: Andrzej Witak Suzannah Herring Carr Amy Choi (independent director) Niraj Vedwa (independent director) Stewart Donald Hall (independent director)</p>

The Committees consist of five (5) or more members, who shall at all times be the Board Directors.

A member of the Board of Directors may serve on more than one committee. However, the CEO, who is also a member of the Board of Directors, does not serve on any committees of the Board.

The primary activity of the committees is conducting committee meetings, with decisions made in the form of recommendations to be presented to the Board.

The general provisions governing the committees’ activities are outlined in the Internal Rules of Procedure of the Board of Directors, while specific matters related to each committee are regulated by its respective charter.

GOVERNANCE, NOMINATION, AND COMPENSATION COMMITTEE (“GNCC”)

Activities and Responsibilities of the GNCC: The GNCC oversees corporate governance matters, including the establishment of principles and policies, ensuring transparent and stable operations of the bank that align with the interests of all stakeholders. It also designs a governance framework encompassing necessary structures and processes for effective monitoring and oversight.

Please refer to the GNCC Charter at the following link
<https://www.xacbank.mn/page/board-committees>

GNCC Activities Report

Total No.of Meeting 6

Attendance		
Michael Madden	<div></div>	83.33%
Tselmuun N.	<div></div>	100.00%
Ulbayar B.	<div></div>	100.00%
Amy Choi	<div></div>	100.00%
Niraj Vedwa	<div></div>	100.00%
Stewart Donald Hall	<div></div>	100.00%

Agenda Item 21

In accordance with the Corporate Governance Code, the following policies and procedures were proposed to be approved or amended by the Board:

- Amendment and Restatement of the Board Evaluation Policy (2019)
- Stakeholder Engagement Policy
- Succession Policy for Executive Management
- Amendment and Restatement of the Board Director Selection and Nomination Policy

RISK MANAGEMENT COMMITTEE (“BRMC”)

Activities and Responsibilities of the BRMC: The BRMC is tasked with establishing an appropriate internal control system for risk management and providing recommendations to the Board of Directors on risk-related matters. Its fundamental responsibilities include formulating risk management policies, devising plans to mitigate significant risks in each business line, assessing the effectiveness of the risk management function, setting risk-taking limits, ensuring the quality of the loan portfolio, and overseeing the authorization and closure of loans from the fund.

Please refer to the BRMC Charter at the following link: <https://www.xacbank.mn/page/board-committees>

BRMC Activities Report

Total No.of Meeting 20

Attendance		
Albertus Bruggink	<div></div>	100.00%
Dominic Jacques	<div></div>	100.00%
Ulbayar B.	<div></div>	100.00%
Amy Choi	<div></div>	100.00%
Niraj Vedwa	<div></div>	100.00%
Stewart Donald Hall	<div></div>	100.00%

Agenda Item 36

The following items are regularly discussed at the BRMC meetings:

- Risk management report
- Compliance Update/Report
- Overview of the Bank’s CMC credit approvals
- Recommendation for the ratification of any related party or conflict of interest transactions

AUDIT COMMITTEE (“BAC”)

Activities and Responsibilities of the BAC: The Audit Committee is tasked with overseeing the integrity, appropriateness, and effectiveness of the internal control system. Its responsibilities include appointing, re-appointing, or dismissing the external auditor, evaluating the performance of the internal audit department, ensuring compliance with financial reporting requirements and regulations, reviewing audited and unaudited annual and semi-annual financial statements, scrutinizing unusual transactions, monitoring changes in legislation affecting financial statements, and exercising primary responsibility for impact control. Additionally, the Audit Committee appoints the Chief Auditor and evaluates his/her performance..

The charter of the Audit Committee was amended and restated during the regular meeting of the Board of Directors on November 7, 2024.

Please refer to the BAC Charter at the following link: <https://www.xacbank.mn/page/board-committees>

BAC Activities Report

Total No.of Meeting 6

Attendance		
Ulbayar B.	<div></div>	100.00%
Andrzej Witak	<div></div>	100.00%
Amy Choi	<div></div>	100.00%
Niraj Vedwa	<div></div>	100.00%
Suzannah Herring Carr	<div></div>	100.00%
Stewart Donald Hall	<div></div>	100.00%

Agenda Item 36

The following items are regularly discussed at the BAC meetings:

- Audit reports
- Audited financial statements
- Related parties’ quarterly reporting (BoM Guidelines)
- Whistleblowing case

10. THE CODE OF CONDUCT, CONFLICT OF INTEREST AND DISCLOSURE

The bank’s Code of Conduct is grounded in the principles of honesty, integrity, fairness, and transparency. To ensure legal and ethical business practices, the Xacbank implements the “Code of Conduct and Conflict of Interest Policy” for directors and employees. This policy upholds the highest standards of internal ethical behavior and fosters a culture based on strong ethical values, which is actively practiced in the bank’s operations.

All members of the Board and the executive management promptly disclose any changes in their related parties’ information and **semiannually** prepares disclosure letter, facilitating the identification of potential conflicts of interest beforehand. Furthermore, members of the Board declare any conflict of interest both at the onset and during the course of board meetings. If such a conflict arises, the concerned member abstains from voting on relevant matters, as per the Company Law.

XacBank adheres to the “Conflict of Interest and Related Party Transaction Policy,” ensuring that transactions do not entail preferential terms compared to those offered to other parties within the bank’s regular operations.

XacBank has been disclosing its information regarding conflict of interest and related party transactions to the public through the bank’s and the Mongolian Stock Exchange’s website, pursuant to Article 56.2.4 of the Securities Market Law.

CONFLICT OF INTEREST TRANSACTION

The bank offers services to its affiliates and their related parties under the same terms and conditions as those provided to its customers.

Therefore, if the total exposure of a certain affiliated entity and its related parties is less than MNT 300 million (or less than MNT 200 million for mortgage loans), the loan will be approved in the ordinary course of business. However, these transactions will then be reviewed and ratified by the Board of Directors on a quarterly basis. If the loan amount exceeds these exposure limits, or if the terms and conditions differ from those offered to customers, the service will only be provided after prior review and approval by the Board.

The BRMC monitors transactions between affiliated parties and their related parties. The Board makes decisions on these transactions periodically, ensuring compliance with the requirements outlined in Article 17.9 of the Banking Law, which stipulates that transactions with other parties conducted in ordinary course of the bank’s business must not be granted preferential terms.

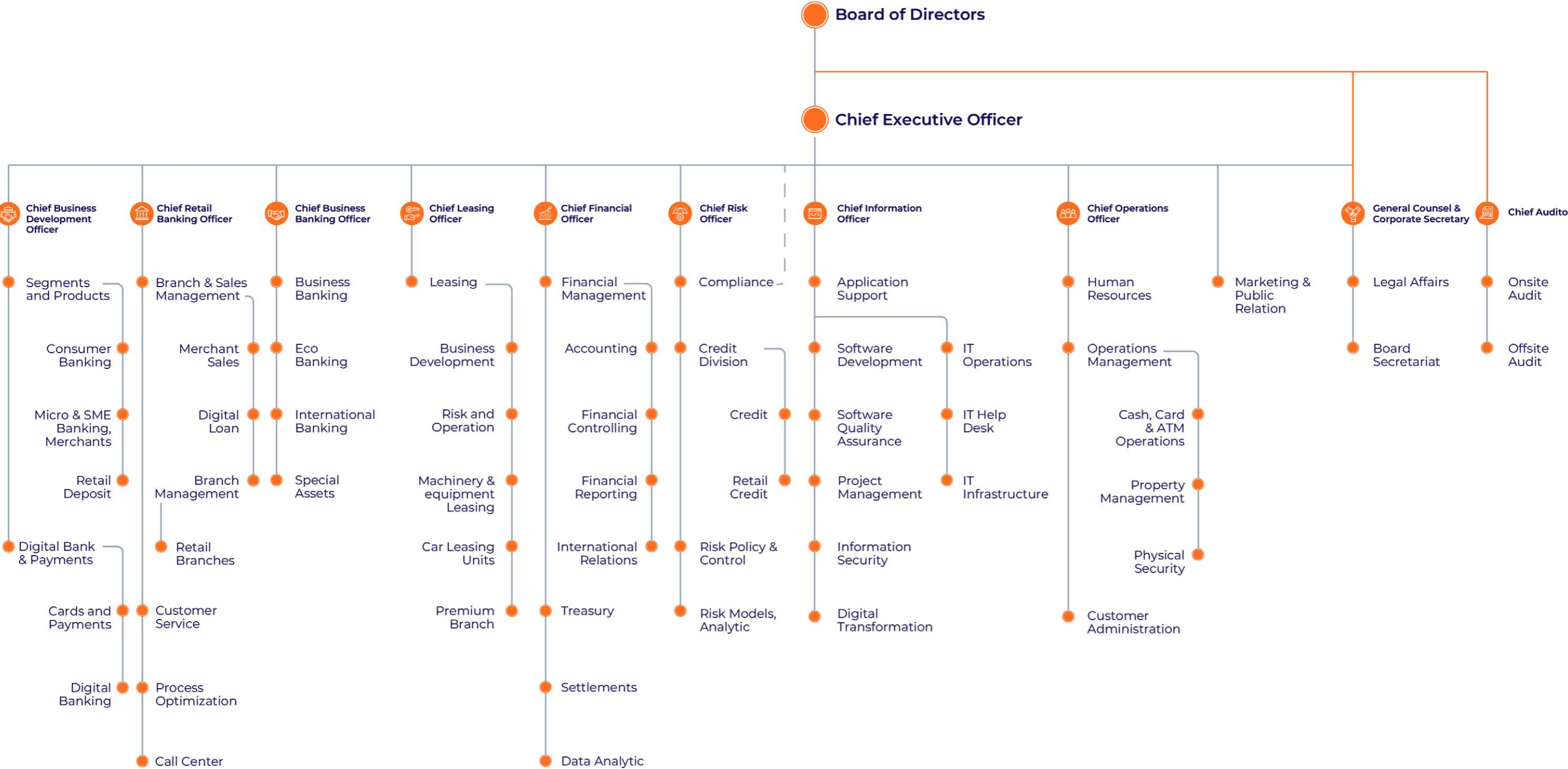
The list of conflicts of interest and related party transactions approved during the reporting period:

Nº	Relationship	Amount of the deal (MNT)
1	A governing person of the bank	10,000,000
2	A related party of the banking group	580,000,000
3	A related party of the banking group ¹	19,270,100,000
4	A governing person of the bank	100,000,000
5	A related party of a governing person of the bank	50,000,000
6	A related party of a governing person of the bank	50,000,000
7	A governing person of the bank	50,000,000
8	A related party of a governing person of the bank	45,000,000
9	A governing person of the bank	50,000,000
10	A related party of a governing person of the bank	173,000,000
11	A governing person of the bank	20,000,000
12	A governing person of the bank	200,000,000
13	A governing person of the bank	20,000,000

¹The entity listed as a related party is no longer a related party of the Bank. Consequently, this transaction is no longer considered a related party exposure as of December 31, 2024.

During the reporting period, no major transactions were approved.

11. THE COMPANY STRUCTURE



12. SENIOR MANAGEMENT TEAM



TSEVEGJAV Gumenjav
CHIEF EXECUTIVE OFFICER

Since: 2011
Experience: 20 years



ERDENEBAVAR Ganzorig
CHIEF FINANCIAL OFFICER

Since: 2005
Experience: 21 years



ULAMBAYAR Enebish
CHIEF RETAIL BANKING OFFICER

Since: 2013
Experience: 24 years



ERKIN Bavaan
CHIEF BUSINESS BANKING OFFICER

Since: 2002
Experience: 21 years



DAURYENBYEK Syerikjan
CHIEF LEASING OFFICER

Since: 2000
Experience: 26 years



ILIYA Avramov
CHIEF RISK OFFICER

Since: 2019
Experience: 27 years



ZUL Ganzorig
CHIEF OPERATIONS OFFICER

Since: 1999
Experience: 25 years



UNURBAT Khurelbaatar
CHIEF INFORMATION TECHNOLOGY OFFICER

Since: 2012
Experience: 21 years



MUNKHTSELMEG Nyamsuren
GENERAL COUNSEL / CORPORATE SECRETARY

Since: 2022
Experience: 17 years



UNDARMAA Enkhbayar
CHIEF AUDITOR

Since: 2008
Experience: 26 years

Average
employment tenor
with the Bank

15

Remuneration of the chief executive officer

The CEO's remuneration consists of a fixed salary and variable compensation based on annual performance. The Board annually evaluates the Chief Executive Officer's performance, considering the terms of the CEO's contract and recommendations from the Governance, Nomination, and Compensation Committee. This evaluation is based on key performance indicators² and the Bank's strategic objectives serves as the basis for determining the CEO's compensation package.

The Board of Directors and the GNCC conducted a review of the CEO's performance and approved his performance based variable-compensation for the year 2024.

²Evaluation criteria are confidential to the organization, hence not detailed herein.

