

KHAN BANK JSC
2024 PERFORMANCE REPORT

Annual performance report /Form 1/	
Reporting period	From January 1 st to December 31 st of 2024
Issuer's information	Name: Khan Bank JSC SRCN: 000283102 Registration No.: 2693321 Securities symbol: MN0KHAN05637 Address: Khan Bank Tower, Chinggis Avenue-6, Stadium Orgil-1, Khan-Uul District, 15 khoroo, Ulaanbaatar 17010, Mongolia Tel: 1800-1917, 7515-3333/3221/, 7507-1917 E-mail: investor_relations@khanbank.com Website: www.khanbank.com
Name of listed exchange	Mongolian Stock Exchange JSC
Sector of business operation	Banking, financial sector
Name and date of registration of the audit company registered with the FRC that issued an audit opinion on the year-end financial statements	PricewaterhouseCoopers Audit LLC Date of registration – 2010
Total number of shares issued by the issuer	1,912,198,000 ordinary shares
Names of the specialist who prepared and the official who reviewed the annual report	Prepared by: Buyanbileg T. /Investor relations officer, Corporate Secretariat/ Reviewed by: Yanjinkham V. /Corporate Secretary/

1. Financial statement for the reporting period

BALANCE SHEET (in compliance with IFRS)

No	Balance item	Starting balance	Ending balance
1	Assets		
1.1	Cash and cash equivalents	4,893,765,124,731.80	5,387,120,262,705.89
1.1.1	Cash	201,506,285,091.90	169,843,089,445.23
1.1.2	Due from other banks and financial institutes - less than 3 months	1,651,159,067,622.82	960,978,152,925.38
1.1.3	Cash equivalents	3,039,684,494,739.99	4,256,092,323,238.35
1.1.4	Interest receivable recognized as cash assets	1,415,277,277.09	206,697,096.93
1.2	Due from other banks and financial institutes	1,108,415,858,389.79	1,640,325,618,759.00
1.2.1	Due from the Bank of Mongolia	1,103,720,017,548.10	1,652,362,154,950.86
1.2.2	Due from other banks and financial institutes	13,300,000,000.00	6,780,000,000.00
1.2.3	Other assets	0.00	0.00
1.2.4	Interest receivable accrued for the assets placed in banks and financial institutes	5,290,259,728.76	225,327,945.21
1.2.5	Provision of the assets placed in banks and financial institutes	(13,894,418,887.07)	(19,041,864,137.07)
1.3	Investment	1,668,119,450,256.36	1,360,074,533,989.11
1.3.1	Trading securities	0.00	0.00

1.3.2	Ready-to-sell securities	566,917,146,468.88	341,414,287,001.33
1.3.3	Held-to-maturity securities	997,631,604,481.65	912,850,109,459.04
1.3.4	Other securities classified as loan and receivable	6,992,034,776.94	0.00
1.3.5	Investment to affiliate, associate or subsidiary companies	0.00	0.00
1.3.6	Pledged security	68,104,991,830.46	85,111,769,264.22
1.3.7	Interest receivable accrued for securities	41,414,529,936.67	32,645,852,634.75
1.3.8	Provision for security	(12,940,857,238.23)	(11,947,484,370.23)
1.4	Loan (net amount)	9,016,974,854,640.45	11,195,929,983,967.60
1.4.1	Performing loan	8,938,214,949,869.21	11,157,561,811,383.70
1.4.2	Past-due loan	186,288,214,554.17	219,752,897,145.20
1.4.3	Sub-standard loan	123,998,884,160.04	112,294,049,458.13
1.4.4	Doubtful loan	82,652,114,083.62	72,235,443,436.84
1.4.5	Bad loan	303,334,333,077.43	332,009,641,510.35
1.4.6	Deferred loan repayment	-83,126,295,985.89	(103,587,293,505.28)
1.4.7	Interest receivable accrued for loan	118,062,549,835.40	140,791,052,504.34
1.4.8	Loan loss provision	(652,449,894,953.52)	(735,127,617,965.73)
1.5	Derivative financial instruments	46,521,649,848.03	29,176,723,444.80
1.6	Other financial assets	6,820,398,576.79	49,345,876,302.29
1.6.1	Receivables from others (net amount)	3,145,253,022.79	38,777,989,360.76
1.6.2	Inter-bank settlements	1,887,555,234.23	4,348,294,670.86
1.6.3	Other assets owned (net amount)	0.00	0.00
1.6.4	Other	1,787,590,319.77	6,219,592,270.67
1.7	Other non-financial assets	101,622,031,869.62	132,393,610,736.27
1.7.1	Other settlements	96,471,127,195.22	118,604,456,924.72
1.7.2	Inventories	5,150,904,674.40	13,789,153,811.55
1.7.3	Precious metals (net amount)	0.00	0.00
1.7.4	Other assets owned (net amount)	0.00	0.00
1.7.5	Tax receivables	0.00	0.00
1.7.6	Deferred tax assets	0.00	0.00
1.7.7	Other	0.00	0.00
1.8	Fixed assets	464,484,270,540.76	473,566,293,211.13
1.9	Real estates for investment purpose	0.00	0.00
1.10	Assets for sale	389,139,573.48	414,487,891.10
1.11	Intangible assets	43,529,293,922.69	34,377,217,100.52
1.12	Total assets	17,350,642,072,349.80	20,302,724,608,107.70
2	LIABILITIES		
2.1	Current	4,490,351,136,888.14	5,007,554,265,245.24
2.1.1	Nominal balance of current account	4,490,351,136,888.14	5,007,554,265,245.24
2.1.2	Interest payable accrued for current account	0.00	0.00
2.2	Deposits	7,638,617,568,980.25	8,891,415,790,781.43
2.2.1	Demand deposit	1,690,588,384,715.56	2,167,802,131,034.83
2.2.2	Time deposit	5,641,377,072,755.67	6,481,848,611,390.16
2.2.3	Other deposits	129,507,227,086.18	810,000,000.00
2.2.4	Interest payable accrued for deposit account	177,144,884,422.84	240,955,048,356.44
2.3	Due to banks and financial institutes	2,417,172,739,165.79	2,669,966,881,192.33
2.3.1	Current and deposits from banks and financial institutes	435,312,086,998.64	314,086,546,077.81
2.3.2	Loans from banks and financial institutes (including past-due loans)	1,940,677,492,772.24	2,320,627,795,268.83
2.3.3	Deferred payment of funding	(11,914,296,047.89)	(11,706,739,138.22)
2.3.4	Interest payable accrued for funding from banks and financial institutes	53,097,455,442.80	46,959,278,983.91
2.4	Other fundings	444,611,686,238.96	1,019,855,687,521.85

2.4.1	Bonds issued by the bank	53,876,315,000.00	35,912,625,000.00
2.4.2	Securities issued by the bank	221,641,400,000.00	752,353,750,000.00
2.4.3	Funding for project loans	77,414,762,111.73	81,041,535,593.75
2.4.4	Securities sold on buy-back condition (repo)	60,182,082,018.84	87,791,865,061.06
2.4.5	Funding for syndicate loan	0.00	0.00
2.4.6	Other	27,619,436,512.37	55,156,905,564.60
2.4.7	Deferred payments of other fundings	(2,290,267,923.87)	(6,428,107,647.63)
2.4.8	Interest payables accrued for other fundings	6,167,958,519.89	14,027,113,950.07
2.5	Derivative financial liabilities	721,212,990.00	0.00
2.6	Other financial liabilities	185,222,890,984.49	164,706,715,084.30
2.7	Other non-financial liabilities	82,209,478,725.80	84,567,020,937.35
2.8	Secondary payables	0.00	0.00
2.9	Preferred stock (liability)	0.00	0.00
2.10	Total liabilities	15,258,906,713,973.40	17,838,066,360,762.50
3	EQUITY		
3.1	Share capital	191,219,800,000.00	191,219,800,000.00
3.1.1	Preferred stock	0.00	0.00
3.1.2	Common shares	191,219,800,000.00	191,219,800,000.00
3.2	Paid-in capital	164,257,808,200.00	164,257,808,200.00
3.3	Treasury shares	0.00	0.00
3.4	Revaluation addition	86,182,451,827.22	84,328,874,854.19
3.5	Accrued profits and losses	1,649,038,590,069.83	2,018,390,801,117.22
3.6	Other equity	1,036,708,279.28	6,460,963,173.84
3.6.1	Share option	0.00	0.00
3.6.2	Reserves	0.00	0.00
3.6.3	FX and valuation reserves	0.00	0.00
3.6.4	Loss provision	0.00	0.00
3.6.5	Social development reserves	0.00	0.00
3.6.6	Convertible security (equity)	0.00	0.00
3.6.7	Convertible funding (equity)	0.00	0.00
3.6.8	Revaluation reserve of security ready for sale	0.00	0.00
3.6.9	Revaluation reserve of a hedge instrument	0.00	0.00
3.6.10	Other	1,036,708,279.28	6,460,963,173.84
3.7	Total equity	2,091,735,358,376.33	2,464,658,247,345.25
4	Total equity and liabilities	17,350,642,072,349.80	20,302,724,608,107.80

INCOME STATEMENT

No	Income & expense items	Starting balance	Ending balance
1	Interest income	2,052,185,427,491.23	2,553,680,935,641.85
1.1	From dues from the Bank of Mongolia	74,959,186,129.04	37,672,814,573.20
1.2	From dues from other banks & financial institutes	9,932,865,476.22	8,899,382,728.11
1.3	From security	432,193,414,132.68	576,803,745,148.97
1.4	From loan	1,357,423,490,412.65	1,767,941,598,644.73
1.5	Other interest income	177,676,471,340.64	162,363,394,546.84
2	Interest expenses	998,485,157,774.27	1,327,175,669,551.34
2.1	Interest paid to current accounts	11,134,540,742.23	36,708,697,932.76
2.2	Interest paid to deposit accounts	578,475,581,809.33	830,808,959,682.66
2.3	Expenses of loan interest	155,633,153,856.14	169,746,313,098.03
2.4	Expenses of security interest	28,981,270,534.07	45,604,474,203.03
2.5	Other interest expenses	224,260,610,832.50	244,307,224,634.86
3	Net income interest [(1)-(2)]	1,053,700,269,716.96	1,226,505,266,090.51
4	Loss provision expenses	85,928,621,468.68	101,665,509,802.56
4.1	Of dues from banks and financial institutions	106,582,070.00	5,147,445,250.00
4.2	Of securities	0.00	5,988,005,100.00

4.3	Of loans	85,822,039,398.68	90,530,059,452.56
5	Net income after loss provision [(3)-(4)]	967,771,648,248.28	1,124,839,756,287.95
6	Other income	472,189,685,708.19	464,947,315,337.56
6.1	Non-interest income	457,596,273,845.04	448,918,871,250.67
6.1.1	Trade income	64,518,893,737.39	56,255,864,794.90
6.1.2	FX and valuation adjustment income	77,722,352,301.57	56,625,505,207.29
6.1.3	Fee income in relation to banking products & services	315,355,027,806.08	336,037,501,248.48
6.1.4	Other non-interest income	0.00	0.00
6.2	Other incomes and gains	14,593,411,863.15	16,028,444,086.89
7	Other expenses	697,203,015,848.74	759,855,586,780.00
7.1	Non-interest expenses	686,787,833,393.09	746,049,866,324.68
7.1.1	Other loss provision expenses	4,451,712,761.65	12,684,500,238.29
7.1.2	Trade expense	38,538,526,620.67	24,906,761,288.71
7.1.3	FX and valuation adjustment expense	83,267,273,092.32	56,159,021,656.75
7.1.4	Fee expenses	38,269,699,500.32	46,221,390,223.35
7.1.5	Other operational expenses	522,260,621,418.13	606,078,192,917.58
7.2	Other expenses and losses	10,415,182,455.65	13,805,720,455.32
8	Pre-tax profit and loss (5+6-7)	742,758,318,107.73	829,931,484,845.51
9	Income tax expense	183,975,449,096.69	191,417,028,231.15
10	After tax profit and loss (8-9)	558,782,869,011.04	638,514,456,614.36
11	Net income/expense of terminated activities		0.00
12	Net profit and loss of the reporting period (10+11)	558,782,869,011.04	638,514,456,614.36
13	Other comprehensive income	12,707,700,092.74	3,570,677,921.53
13.1	Revaluation increase or decrease of fixed assets and intangible assets	(2,201,644,998.35)	(1,853,576,973.03)
13.2	Revaluation: increase or decrease of securities ready for sale		
13.3	FX & valuation adjustment increase or decrease		
13.4	Loss provision increase or decrease		
13.5	Other	14,909,345,091.09	5,424,254,894.56
14	Total comprehensive income of the reporting period (10+11)	571,490,569,103.78	642,085,134,535.89

STATEMENT OF CHANGE IN EQUITY
MNT
December 31, 2024

No.	Equity items	Share capital	Paid-in capital	Revaluation reserve for premises	Other reserves	Retained earnings	Total equity
	Balance as of 31 Dec, 2022	172,097,820,000.0	0.0	88,384,096,825.6	109,373,419,548.1	1,268,756,787,060.4	1,638,612,123,434.1
1	Accounting changes and error correction						0.0
2	Corrected balance	172,097,820,000.0	0.0	88,384,096,825.6	109,373,419,548.1	1,268,756,787,060.4	1,638,612,123,434.1
3	Net profit/loss of the reporting period	0.0	0.0	0.0	0.0	558,782,869,011.0	558,782,869,011.0
4	Other comprehensive income				(108,336,711,268.9)		(108,336,711,268.9)
5	Changes in equity	19,121,980,000.0	164,257,808,200.0				183,379,788,200.0
6	Dividend distributed	0.0		0.0	0.0	(180,702,711,000.0)	(180,702,711,000.0)
7	Realized amount of revaluation addition	0.0	0.0	(2,201,644,998.4)		2,201,644,998.4	0.0
	Balance as of 31 Dec, 2023	191,219,800,000.0	164,257,808,200.0	86,182,451,827.2	1,036,708,279.3	1,649,038,590,069.8	2,091,735,358,376.3
1	Accounting changes and error correction						0.0
2	Corrected balance	191,219,800,000.0	164,257,808,200.0	86,182,451,827.2	1,036,708,279.3	1,649,038,590,069.8	2,091,735,358,376.3
3	Net profit/loss of the reporting period	0.0	0.0	0.0	0.0	638,514,456,614.4	638,514,456,614.4
4	Other comprehensive income				5,424,254,894.6		5,424,254,894.6
5	Changes in equity						0.0
6	Dividend distributed	0.0		0.0	0.0	(271,015,822,540.0)	(271,015,822,540.0)
7	Realized amount of revaluation addition	0.0	0.0	(1,853,576,973.0)		1,853,576,973.0	0.0
	Balance as of 31 Dec, 2024	191,219,800,000.0	164,257,808,200.0	84,328,874,854.2	6,460,963,173.8	2,018,390,801,117.2	2,464,658,247,345.3

CASH FLOW STATEMENT

<i>MNT</i>			<i>December 31, 2024</i>
No.	ITEMS	Statement balance	Ending balance
1	Cash flow of the main business activities:		
1.1	Earning (loss) before income tax	742,758,318,107.73	830,231,484,845.51
1.2	Income & expense adjustment:	(800,165,567,911.19)	(1,013,578,240,916.08)
1.2.1	Loss provision expenses (+)	90,380,334,230.33	114,350,010,040.85
1.2.2	Depreciation expenses (+)	73,969,317,571.28	74,200,806,869.55
1.2.3	FX & valuation adjustment income (-), expense (+) (except cash and cash equivalents)	10,927,128,197.95	7,616,282,920.38
1.2.4	Accrued interest income (-)	(2,052,185,427,491.23)	(2,553,680,935,641.85)
1.2.5	Accrued interest expenses (+)	998,485,157,774.27	1,327,175,669,551.34
1.2.6	Asset write-off gain (-), loss (+)	73,081,393.07	90,005,200.14
1.2.7	Other gain (-), loss (+)	78,184,840,413.14	16,669,920,143.51
1.3	Asset & liability changes adjustment:	(39,648,177,498.17)	(906,102,404,633.75)
1.3.1	Increase (-) or decrease (+) of assets placed in bank or financial institutes	(136,412,532,763.73)	(542,122,137,402.76)
1.3.2	Increase (-) or decrease (+) of trade security	0.00	0.00
1.3.3	Loan increase (-), or decrease (+)	(1,669,169,674,800.17)	(2,238,888,156,632.27)
1.3.4	Increase (-), or decrease (+) of other financial assets	(4,142,287,520.48)	(42,525,477,725.50)
1.3.5	Increase (-), or decrease (+) of other non-financial assets	(32,234,571,610.89)	(43,456,079,104.94)
1.3.6	Increase (+), or decrease (-) of current and deposits	1,348,538,454,031.45	1,706,191,186,224.68
1.3.7	Increase (+), or decrease (-) of dues to banks and financial institutes	417,508,644,304.91	258,932,318,485.43
1.3.8	Increase (+), or decrease (-) of other financial liabilities	11,246,161,750.39	(22,999,099,530.70)
1.3.9	Increase (+), or decrease (-) of other non-financial liabilities	25,017,629,110.35	18,765,041,052.30
1.4	Other adjustments:	960,611,236,296.92	1,068,622,586,328.40
1.4.1	Interest received (+)	2,019,999,765,367.31	2,545,960,169,525.25
1.4.2	Interest paid (-)	(902,953,988,301.91)	(1,261,644,526,646.45)
1.4.3	Income tax paid (-)	(156,420,424,170.48)	(207,824,527,071.90)
1.4.4	Loans and receivables paid off from loss provision (-)	(14,116,598.00)	(7,868,529,478.50)
1.5	Net monetary transaction amount of main operations	863,555,808,995.29	(20,826,574,375.92)
2	Monetary transaction of investment activities:	***	***
2.1	Cash income amount (+)	(1,385,405,326.81)	292,473,907,769.96
2.1.1	Income from sales of fixed assets	1,114,003,317.77	394,254,084.79
2.1.2	Income from sales of intangible assets	0.00	0.00
2.1.3	Income from sales of investment-purpose assets	0.00	0.00
2.1.4	Income from sales of investment to subsidiary, affiliate or associate entity	0.00	0.00
2.1.5	Income from sales of other long-term assets	0.00	0.00
2.1.6	Income from sales of investment recorded with discounted cost under categorization of loan and receivable	0.00	0.00
2.1.7	Income from sales of securities ready for sale	0.00	0.00
2.1.8	Income from sales of held-to-maturity securities	0.00	0.00
2.1.9	Dividend received	0	0
2.1.10	Other cash income	0.00	0.00
2.2	Cash expense amount (-)	(2,499,408,644.58)	292,079,653,685.17
2.2.1	Paid to possess fixed assets	(69,275,098,605.00)	(74,661,218,732.66)
2.2.2	Paid to possess intangible assets	53,739,014,009.63	66,837,683,245.08
2.2.3	Paid to possess investment-purpose assets	15,536,084,595.37	7,823,535,487.58

2.2.4	Paid to possess investment to a subsidiary, affiliate, or associate entity	0.00	0.00
2.2.5	Paid to possess investment recorded with discounted cost under categorization of loan and receivable	0.00	0.00
2.2.6	Paid to possess securities ready for sale	0.00	0.00
2.2.7	Paid to possess held-to-maturity securities	0.00	0.00
2.2.8	Paid to possess other long-term assets	0.00	0.00
2.2.9	Other cash assets	0.00	0.00
2.3	Net cash transaction amount of investment activities	(70,660,503,931.81)	217,812,689,037.30
3	Cash transactions of financial activities:	***	***
3.1	Cash income amount (+)	183,379,788,200.00	567,384,845,852.71
3.1.1	Received as other fundings	0.00	0.00
3.1.2	Received from secondary payables	0.00	0.00
3.1.3	Received from the issuance of shares and other securities	183,379,788,200.00	0.00
3.1.4	Various donations	0.00	0.00
3.1.5	Other	0.00	567,384,845,852.71
3.2	Cash expense amount (-)	(274,843,253,797.72)	(271,015,822,540.00)
3.2.1	Paid to other fundings	94,140,542,797.72	0.00
3.2.2	Paid to secondary payables	0.00	0.00
3.2.3	Paid to financial lease payables	0.00	0.00
3.2.4	Paid to buy back shares	0.00	0.00
3.2.5	Paid dividend	180,702,711,000.00	271,015,822,540.00
3.2.6	Other	0.00	0.00
3.3	Net cash transaction amount of financial activities	(91,463,465,597.72)	296,369,023,312.71
4	FX difference		
5	Total net cash transaction	701,431,839,465.76	493,355,137,974.09
6	Starting balance of cash and cash equivalents	4,192,333,285,266.04	4,893,765,124,731.80
7	Ending balance of cash and cash equivalents	4,893,765,124,731.80	5,387,120,262,705.89

1.1. Audit report on annual financial statement

Page 3-9 of Khan Bank JSC (“Khan Bank”, “Bank”) audited financial statement.

1.2. Audit opinion letter

Page 3 of Khan Bank audited financial statement.

2. A brief description of factors affecting the issuer’s financial condition and results of operations during the reporting period, as well as the management’s assessment and the measures to be taken in the future.

2.1. Operational performance

Total assets:

As of December 2024, total assets reached MNT 20.3 trillion increase of 17.0% compared to 2023, leading the banking sector and accounting for 28.4% of the total banking system.

Total loans:

Compared to the end of the previous year, total loans increased by 23.4% or MNT 2.3 trillion and reached MNT 11.9 trillion as of December 2024.

Total deposits:

Total deposits of Khan Bank increased by 17.4% or MNT 2.6 trillion and reached MNT 17.6 trillion, where 81% are due to customers and 19% are borrowings from IFIs and other liabilities.

Equity:

Equity increased by 17.8%, or MNT 372.9 billion, to MNT 2.5 trillion compared to the end of the previous year.

Profitability:

As of December 2024, Khan Bank's NPAT was equal to MNT 638.5 billion. Net interest income increased by MNT 172.2 billion or 15.8% and reached MNT 1,259.7 billion.

ROA was 3.4% and ROE was 28.9%.

2.2. Liquidity ratios and financial resources

As of December 31, 2024, Khan Bank has complied with all Regulatory requirements.

CAR (>12%):

CAR capital adequacy ratio decreased by 0.9% from the end of the previous year and reached 17.8%.

Tier 1 (>13%):

Tier 1 capital adequacy ratio decreased by 0.9% from the end of the previous year and reached 17.8%.

Liquidity (>25%):

Liquidity ratio was 44.5%, well above the regulatory requirement.

NPL ratio:

Non-performing loans equal to MNT 516.5 billion or 4.3% of total loans, decreased by 0.95% from the end of the previous year.

	2023	2024
Profitability ratios		
ROE	31.7%	28.9%
ROA	3.5%	3.4%
Efficiency ratio	40.2%	40.9%
Loan quality ratios		
NPL	5.3%	4.3%
LLP	127.9%	142.3%
Bank of Mongolia Prudential ratios		
CAR(>12%)	18.6%	17.8%
Tier 1 ratio(>13%)	18.6%	17.8%
Liquidity(>25%)	46.5%	44.5%
Single foreign currency open position ratio(+/-15%)	-6.3%	-2.8%
Aggregate FC open position ratio (+/-30%)	-6.5%	-3.1%

2.3. The external and internal factors affecting the operations of the issuer, its market share in the operating industry, changes or developments in the range of products and services, and measures planned to be taken by the issuer in response to changes and development.

The ongoing geopolitical uncertainties and related risks, escalating U.S.–China trade war situation, have disrupted supply chains, increased container shipping costs, and driven up the prices of key imported goods like fuel, wheat, and energy. Despite the global elections in 2024 and the resulting heightened policy uncertainties, the global economy grew by 2.8%, although the growth varied by region.

Since early 2024, global economic activity has picked up, and increased demand for commodities has led to a renewed rise in prices of key commodities such as copper and iron ore. Growth in the mining sector has positively impacted transportation, trade, and service sectors, contributing to Mongolia's real economic growth of 4.9%, with nominal GDP reaching MNT 80.0 trillion. However, adverse weather events related to climate change, including severe winter conditions across most provinces, negatively impacted the agricultural sector and overall economic growth. Meanwhile, boosted domestic demand driven by economic activity and expansionary fiscal policy pushed inflation to 9.0% by year-end.

In June 2024, parliamentary elections were held, resulting in the formation of a coalition government. The government proposed to implement 14 mega projects, which are expected to serve as drivers for future economic growth. Furthermore,

state policies and initiatives are accelerating digital transformation across all business sectors. With increasing digital adoption, emerging social phenomena such as negative public sentiments and viral social media waves highlight the growing need to improve citizens' basic and financial literacy.

Similar to global banking trends, the competitive focus among Mongolian banks is centered on digital transformation and the development of AI-based business models. Banks are simplifying customer journeys, launching super apps and digital wallets, enhancing customer services through data analytics and artificial intelligence, and introducing new technologies such as GenAI-powered chatbots. In addition to critical infrastructure projects like core system upgrades and the automation of back-office operations through RPA and BPA, banks are paying greater attention to improving employees' digital competencies. These efforts are paving the way for developing into fully digital and open banking institutions aligned with global trends.

As a result of digital transformation, customer preferences, loyalty, and consumption behavior are rapidly evolving. In addition to traditional banking performance indicators, customers now prioritize system reliability for daily transactions, flexible product conditions, user-friendly and intuitive apps, and internet banking platforms, as well as reward and loyalty programs. Although this digital trend is reshaping retail banking models, banks are increasingly focusing on relationship-based services for corporate and SME clients. This includes optimizing branch networks to be closer and more accessible to customers, offering management and business advisory services, facilitating networking between business owners, and implementing customer development programs.

As of the end of 2024, Khan Bank remains a systemically impactful bank, holding 28.4% of total system assets, 32.4% of total loans, and 31.3% of total customer deposits.

Khan Bank has shifted from a customer-centric to a customer-experience-centric approach, aiming to deliver seamless and reliable digital channel experiences to all customer segments. It strives to offer lifestyle-aligned products and services based on artificial intelligence and data analytics. In 2024, the bank achieved the “Optimization” level certification for the international digital customer experience standard IDCXS2022:02. Moreover, the successful rollout of the AI-based digital assistant “Digi” has enabled customers to save time and quickly access necessary information.

Under its sustainable business strategy, Khan Bank continues to launch and enhance products and services that support sustainable development. The bank also receives international consultancy for developing its sustainability policy and climate action measures and continues to make foundational investments. In addition, it launched an online platform www.green.khanbank.com that consolidates information on green-compliant products and qualified suppliers. Khan Bank also introduced specific products to support SME financing, green loans, and women-owned businesses, and to foster agricultural value chains in cashmere, grains, dairy, and meat. To provide SMEs with both financial and non-financial services in one place, the bank established Business Centers in 18 locations in Ulaanbaatar and all 21 provinces. Furthermore, to support efficient international transactions for entrepreneurs, Khan Bank opened a U.S. dollar account with the internationally renowned Bank of New York Mellon (BNY Mellon).

Continuing its digital strategy, Khan Bank has introduced new payment solutions for both individuals and businesses as part of its effort to build a digital payment ecosystem. In 2024, the bank launched DigiPay, enabling users to create a unique, one-time-use “Digitag” for free, incentivized transactions. By the end of the reporting period, over 240,000 customers had adopted the service. In partnership with Alipay, a global digital payment platform, Khan Bank now accepts payments from e-wallet users across 12 countries via its POS terminals. To support business clients, the bank introduced DigiPOS, a mobile NFC-based app that enables contactless payments anytime, anywhere. As of the end of 2024, more than 15,000 merchant locations were actively using this service. To deliver innovative products, Khan Bank rebranded its card offerings in 2024 and introduced several new products: the Paris 2024 LED light card (Mongolia’s first LED card), the Easy Credit Card, the Digi Card (Mongolia’s first mobile virtual card), and the UnionPay “SplendorPlus” gold card, inspired by the Golden Gerge.

Khan Bank also defined its 2024–2026 Medium-Term Sustainable Business Strategy based on four strategic pillars, which are closely aligned with the Sustainable Development Policy and support all 17 UN Sustainable Development Goals. This strategy is grounded in the principles of the UN Global Compact and is designed to ensure a more sustainable and inclusive future across all areas of operation.

Focusing on delivering a simple, fast, and reliable digital channel experience to customers across all segments, maintaining relationships with stakeholders through effective partnerships and leadership, and implementing the best customer issue resolution process in accordance with the international customer experience standards. Additionally, provide financial education and advice using AI-based chatbots to enhance the best customer service, improve products and services aimed at increasing financial inclusion across all segments, and prioritize strategies to offer personalized products to customers based on data utilization and machine learning.

To drive business growth, we focus on balanced loan portfolio expansion, increasing green financing to support sustainable development, and aligning our risk management practices with international standards such as IFRS S1 & S2, ICAAP, and ILAAP. The strategy also includes transparent measurement of greenhouse gas emissions and a comprehensive approach to managing cyber, climate, physical, and transitional risks.

Within the digital strategy, we aim to simplify e-commerce payment experiences and develop the infrastructure for e-wallets and digital payments. Our goal is to create an integrated payment ecosystem driven by the latest technology that enhances financial accessibility for both individuals and businesses. We also set a strategic objective to boost operational efficiency by embracing modern technologies, including robotic process automation (RPA), no-code/low-code platforms, and end-to-end business process automation.

To support organizational development, Khan Bank is expanding its sustainable development policy in alignment with the SDGs and ESG priorities. We are setting measurable targets across ESG indicators and maintaining our position as a leading employer by focusing on employee experience, a positive work environment, satisfaction, and equal employment opportunities. Additionally, we are continuously enhancing digital literacy and data-driven capabilities among employees to foster productivity and achieve long-term business success through a resilient human capital strategy.

2.4.	Details of off-balance sheet transactions in the balance sheet and information on accounting policies	Pages 66-74 of Bank’s audited financial statement.
------	---	--

2.5.	Information on loan repayment received during the reporting period, and loan pledges and guarantees
------	---

During the reporting period of 2024, a total of USD 331.25 million was raised through long-term loans and debt instruments, all classified as senior, unsecured obligations. No repayments were made on the borrowings raised during the reporting period. The total repayments of USD 89.7 million were made on borrowings raised prior to 2024. As of the reporting date, the outstanding balance of total borrowings stood at USD 809.5 million.

3.	Information on conflict-of-interest and significant transactions conducted by the issuer during the reporting period, the importance and the purpose of the transaction, and information about the person with a conflict of interest
----	---

The Bank complies with relevant laws and adheres to its Conflict-of-Interest and Material Transactions policy—updated on February 15, 2024, and amended on September 20, 2024, by the Board of Directors—when managing conflicts of interest and material transactions.

December 31, 2024

MNT million

	Bank-related party	Category of assets	Balance	Share to capital
1	Loans and other loan-equivalent assets to the Bank’s related parties and employees (less than 5% of capital)			
1.1	Bank shareholders*	Loan/guarantee	41,032.4	1.66%
1.2	Key management personnel*	Loan	4,585.0	0.19%
1.3	Other related parties*	Loan/guarantee	19,136.3	1.99%
2.	Total loans and other loan-equivalent assets to the Bank’s related parties and employees (less than 20% of capital)			

2.1	Bank shareholders	Loan/guarantee	167,601.4	8.01%
2.2	Key management personnel	Loan	3,719.0	0.18%
2.3	Other related parties	Loan/guarantee	78,395.9	3.75%

* - Maximum loans and other assets equivalent to the loans to Bank's one related party (Shareholder, Key management personnel, other related party)

There were no significant transactions made during the reporting period.

4. Information on Remuneration

Chapter 4 of the Bank's Human Resources Policy outlines the salary structure, including base pay and the procedures for determining and adjusting it. It emphasizes that, in light of the competitive landscape of the Mongolian banking sector, the Bank aims to offer salaries that are on par with or slightly exceed those of rival institutions. In addition, when determining the salary of the main employee, the salary level of the foreign market, position level, rank, employee's skills and qualifications, foreign language knowledge, business needs of the Bank, economic opportunities, inflation, and living costs are taken into account.

The performance of the Bank's Executive Management is evaluated against financial and non-financial business goals approved by the Board of Directors (Board, BoD). The Board Nomination and Human Resources Committee reviews progress toward these objectives on a quarterly basis, with the final annual performance assessment conducted after the release of the Bank's audited financial statement.

The Board Nomination and Human Resources Committee evaluates the performance of the Executive Management, and based on the recommendation of the Board Governance and Remuneration Committee, the Board determines the base salary and overall compensation. In making this decision, the Bank adheres to the principles set out in its Remuneration Regulations, which include:

1. Fairness and equity;
2. Competitiveness;
3. Legal compliance;
4. Transparency in salary practices;
5. Confidentiality; and
6. Consistency with job grade and performance.

5. Information related to corporate governance

CORPORATE GOVERNANCE

Khan Bank prioritizes safeguarding the interests of investors and customers, along with cultivating enduring value over the long term. This commitment is demonstrated through the internalization of Mongolia's pertinent laws and internationally recognized principles and best practices in corporate governance. Such adherence enhances the Bank's standing with international rating agencies and within Mongolia. Moreover, maintaining its reputation as the leading systemic bank is crucial for accessing low-cost financing options and ensuring sustained long-term development.

As a publicly traded joint-stock company, we aim to set the standard for corporate governance excellence in our nation. We are committed to enhancing our governance framework continually, drawing insights from global best practices, and ensuring full compliance with applicable laws and regulations.

Khan Bank operates in strict compliance with the Company Law, Banking Law, Securities Market Law, and all other relevant legislation and regulatory frameworks. As part of its commitment to good corporate governance, the Bank submits annual governance implementation reports to its regulators — the Bank of Mongolia and the Financial Regulatory

Commission (FRC) — and consistently receives favorable evaluations. In accordance with the Khan Bank JSC Corporate Governance Code, the Bank adheres to the following four fundamental corporate governance principles. Those include:

- Responsibility – Fulfill the powers and obligations granted to the Bank while upholding its legal interests
- Transparency – Ensure transparency, accessibility, and clarity of information, allowing stakeholders to comprehend and trust the decisions and actions taken
- Reporting – Disseminate information to all stakeholders in a clear, structured, and professional manner through official documents, announcements, and formal communications
- Integrity – Ensure fair, equal, and non-discriminatory treatment for all participants and stakeholders of the Bank

CORPORATE GOVERNANCE ASSESSMENT

Khan Bank consistently engages in consultations with investors, shareholders, and stakeholders to enhance and strengthen its corporate governance practices. The Bank actively exchanges information and implements necessary measures based on these interactions. In compliance with the corporate governance principles outlined in the Company Law and the “Corporate Governance Code” approved by the FRC in 2022, Khan Bank conducts regular evaluations of its governance practices, which are subsequently reviewed and approved by the FRC.

As of 2024, the Bank assessed its Corporate Governance Code implementation, with the FRC reviewing and approving the results. Khan Bank received a score of 90.3, indicating strong governance with no risk. This reflects the Bank’s ongoing improvements in corporate governance, internal controls, risk management, ethical standards, and transparency. Moving forward, the Bank remains committed to enhancing its governance framework and safeguarding the interests of customers and investors.

Governance policies and procedures

1. Khan Bank JSC Charter
2. Khan Bank JSC Corporate Governance Code
3. Khan Bank J SC Corporate Governance Code Implementation Plan
4. Board Operational Procedure
5. Charter of the Governance and Remuneration Committee of the Board of Directors
6. Charter of the Nominating and Human Resource Committee of the Board of Directors
7. Charter of the Risk Committee of the Board of Directors
8. Charter of the Audit Committee of the Board of Directors
9. Procedure on Nomination of Independent Directors
10. Corporate Secretariat’s Operational Policy
11. Investor Relations Policy
12. Dividend Policy
13. Insider Trading Policy
14. Whistleblowing Policy
15. Conflict-of-Interest Transactions and Material Transactions Policy
16. Information Disclosure and Transparency Policy

BOARD OF DIRECTORS

In accordance with clause 75.1 of the Company Law and clause 9.1 of the Bank Charter, the Board of Directors is the governing body of the Bank between the shareholders' meetings. The Khan Bank Board exercises powers stipulated in clause 31.3 of the Banking Law.

The BoD consists of nine members with experience in financial services, blending local ability and understanding with knowledge and experience in international markets. The current Board was appointed for a term of 3 years at the Extraordinary Shareholders’ Meeting held on June 24, 2023. The Bank of Mongolia reviews and confirms the qualification requirements of Board Directors specified in clause 32.1 of the Banking Law. According to clause 33.1 of the Banking Law and clause 9.1 of the Khan Bank Charter, one-third of the Board of Directors consists of independent directors.

Functions of the Board of Directors

- set out, review, and amend the operational strategy of the Bank and approve the organizational structure, risk management policy, annual budget, business plan, and performance targets;
- call annual or extraordinary shareholders meetings;
- submit to the shareholders any matter to resolve by way of an external voting instead of conducting an extraordinary shareholders meeting in person;
- establish the agenda of a shareholders meeting and the list of the shareholders who have the voting rights at such meeting, and resolve other matters with respect to the convening of the shareholders meeting;
- issue the shares within the quantity and the type authorized by the shareholders at a shareholders meeting;
- issue the securities, provided such securities are not convertible to shares, within the quantity and type authorized by the shareholders at a shareholder meeting;
- determine the market value of tangible and intangible assets of the Bank in accordance with article 55 of the Company Law;
- approve a decision to buy back or redeem the Bank's own shares and other securities;
- appoint the executive management of the Bank upon the approval of the Governor of the BoM and set his/her powers;
- define the powers and responsibilities of the executive management, oversee its activities and approve its salary and bonuses;
- establish an internal audit unit of the Bank independently from the executive management, appoint the unit's management and staff, approve its budget and staffing, outline its operational rule(s), and approve its salary and bonuses;
- appoint the external auditor and establish the terms of the contract to be entered into with the external auditor;
- assess, and submit to the shareholders meeting for approval, the annual business operations and financial statements of the Bank;
- unless otherwise provided in the Bank's Charter, approve a decision whether to distribute a dividend, determine the amount of dividend payouts and the procedures for payments thereof;
- adopt operational as well as governance policies and procedures of the Bank, the Board and the executive management of the Bank, approve succession policy of them and oversee implementation thereof;
- establish branch(es) or representative office(s) of the Bank;
- prepare the draft of shareholders' resolution with respect to reorganization of the Bank and implement the approved resolution;
- approve a major transaction;
- approve a conflict of interest transaction;
- other matters specified in the Company Law, the Banking Law, the regulations of regulatory bodies and the Bank's Charter.

Each director of the Board of Directors of the Bank shall have, on top of the obligations specified in the Company Law and the Banking law, the following obligations:

- perform duties responsibly within the authority provided by laws, regulation and the Charter;
- prioritize the Bank's interest over interest of own and of shareholders who appointed him/her;
- not accept hidden benefit;
- avoid conflict of interest and, notify the Board if it's occurred;
- not to involve in day-to-day activities of the Bank;
- monitor CEO of the Bank, and discuss performance report of CEO at least once in a quarter, to treat shareholders equally;
- protect interests of shareholders, customers and deposit holders;
- determine the Bank's policy, strategy and risk appetite and make decision which is beneficial for the Bank;
- monitor CEO activities on matters such as the Bank's accounting and financial reporting system, independent and internal audits, risk management, financial and operational control, implementation of laws and regulations and the Bank's reorganization etc.

- fully reflect the monitoring and reporting system over rights, duties and responsibilities in the agreement to be signed between the Board and CEO, and assess implementation of the agreement on a quarterly basis;
- approve the plan to select the Bank's management and prepare their successors, to reflect professional requirements applicable to each of executive management positions clearly and sufficient preparation required to perform the duties efficiently;
- approve CEO bonus in line with implementation of the Bank's mission, long term purpose, strategic plan, code of conduct and the duties specified in the agreement;
- perform and strictly obey the job duties responsibly and honestly within the authority given under laws, regulations and the Bank Charter;
- not make any action or inaction that may interrupt proper implementation of obligations due to conflict of interest;
- select entity that meet the requirements specified in laws and regulations of Mongolia as well as international standard for independent auditing;
- discuss inspection acts, materials, and audit reports of the internal audit unit of the Bank on a timely manner, to give orders to CEO with regard to improve corporate governance and internal auditing system and to assess results of the actions taken;
- work with full effort, and all of his/her knowledge and capability, to implement the duties given.

Independent director of the Board of Directors of the Bank shall have, on top of the obligations specified in the Company Law and the Banking Law, the following obligations:

- ensure and review whether activities and decisions by the Board and the Executive Management have no negative impact to the Bank's interest, to notify the shareholders;
- review whether activities of the Board and the Executive Management comply with laws and regulations;
- protect interest of customers and deposit holders of the Bank;
- involve in discussion of conflict-of-interest transactions, related-party transactions and major transactions, which are specified in the Company Law, and give vote on a mandatory basis;
- if either any activity, policy or decision of the Board or Executive Management is found as affected the Bank's operations or caused breach of law or regulation, Independent Director of the Board shall demand related person to eliminate the breach and, if the demand is not performed, to raise the matter to the Board for resolution, and moreover, submit a demand to the Board to convene shareholders meeting;
- notify the Bank of Mongolia on each case where any activity, policy or decision of the Board or Executive Management affected the Bank's operations or caused breach of law or regulation, and moreover, to request inspection on the Bank;
- each Independent Director of the Board shall report his/her performance and implementation of the main obligations to the Bank of Mongolia and shareholders meeting not less than once every year;
- join in the Board Audit and Risk Committees, mandatorily.

The Board of Directors shall be prohibited to be involved in the Bank's operations in the following ways:

- attend in a Board meeting with voting rights if the Director, or a business entity or organization represented by the Director has any duty or payment, which is under a loan, guarantee, or warranty agreement signed with the Bank, classified as non-performing;
- participate in the day-to-day operations of the bank.

In case where CEO is appointed as a Board Director, CEO shall be prohibited to be involved in the Board operations in following ways:

- join in Audit Committee and/or Risk Committee with a voting right;
- approve power and responsibility of CEO or to monitor CEO activities or to approve the salary and remuneration of CEO;
- assess CEO performances.

BOARD COMPOSITION

Board independent directors:

- Daribum T. – Board Chair

Ms. Daribum was appointed as an Independent Director of Khan Bank in August 2020. She is a highly accomplished professional with over 30 years of experience in business management, financial services, and banking in Mongolia and North America. Ms. Daribum has worked for over a decade at TD Bank Group, the second-largest bank in Canada and the sixth-largest bank in North America. She holds a Master of Science in Finance (MSc) degree from Seattle University, USA. Ms. Daribum is a Chartered Professional Accountant (CPA).

- Hans Aart Jongejans

Mr. Hans Aart Jongejans was appointed as an Independent Director of the Khan Bank Board of Directors in July 2020. He has vast experience of more than 50 years in banking risk management. Mr. Aart holds diplomas from the Banking and Finance Institute of the Kingdom of the Netherlands and has previously served in various executive positions at ABN AMRO Bank (Netherlands), and BNP Paribas Bank (France), amongst other countries such as Australia, Thailand, Belgium, Saudi Arabia, and Bahrain.

- Tamir A.

Mr. Tamir, a Mongolian certified tax consultant and Mongolian certified accountant (CPA), was appointed as an Independent Director of the Khan Bank Board of Directors in July 2020. He is the founder and CEO of PKF-IFS Mongolia LLC, a Mongolian member company of PKF International, which provides consulting services in areas such as auditing, accounting, tax, and financial reporting, business planning, analysis, etc. Currently, he is the Vice President of the Asia Oceania Tax Consultants' Association (AOTCA) and an elected member of the Global Tax Advisors Platform (GTAP).

Board regular directors:

- Khulan D. – Deputy Chair

Mr. Hans Aart Jongejans was appointed as an Independent Director of the Khan Bank Board of Directors in July 2020. He has vast experience of more than 50 years in banking risk management. Mr. Aart holds diplomas from the Banking and Finance Institute of the Kingdom of the Netherlands and has previously served in various executive positions at ABN AMRO Bank (Netherlands), and BNP Paribas Bank (France), amongst other countries such as Australia, Thailand, Belgium, Saudi Arabia, and Bahrain.

- Ishii Kisaburo

Mr. Ishii Kisaburo was appointed as a Board Director of the Khan Bank Board of Directors, representing one of the Bank's shareholders, H.S. Holdings Co., Ltd, where he works as an Independent Outside Director. He holds a degree in Bachelor of Laws degree from the Tokyo University. Upon graduation, Mr. Kisaburo joined the Ministry of Construction (current Ministry of Land, Infrastructure and Transport), where he served as Director-General of the City Bureau, and retired as Vice-Minister of MLIT. Prior to this, he was appointed as Japanese Ambassador Extraordinary and Plenipotentiary to Romania between 2015-2018.

- Baatarsaikhan Ts.

Mr. Baatarsaikhan was appointed as a Board Director of the Khan Bank Board of Directors in March 2009, representing one of the shareholders, Tavan Bogd Holdings LLC. He is currently the President of Tavan Bogd Group and also one of its co-founders. Mr. Baatarsaikhan has graduated from Mongolian Polytechnic University and the University of Electro-communications, Tokyo, Japan. Previously, he held the positions of Managing Director at Japanese-Mongolian Altai Co., Ltd., Tokyo, Japan, and a Vice-President at MIAT Mongolian Airlines, a Mongolian national airline.

- Harada Yasunari

Mr. Harada Yasunari was appointed as a Board Director of the Khan Bank Board of Directors, representing one of the shareholders, H.S. International (Asia) Limited LLC, and is currently serving as the President & Representative Director of HS Holdings Co. Ltd. He has a Bachelor of Laws from Kyushu University, Japan. Upon graduation, Mr. Yasunari joined The Industrial Bank of Japan, Limited. After that, he worked in the investment banking industry at firms such as Morgan Stanley, BNP Paribas, and Société Générale.

- Amarsanaa B.

Prof. Dr. Amarsanaa, Dean and Professor of Law at the School of Law, National University of Mongolia, is a Board Regular Director of Khan Bank. Prior to this, he acted as an arbitrator, or chairperson of a tribunal, on several occasions and as a Mongolian law expert on arbitration cases administered by the International Criminal Court (ICC) and Hong Kong International Arbitration Centre (HKIAC). Moreover, he has extensive experience in drafting major statutes in Mongolia as being core member of the Legislative Council.

- John Law

Mr. John Law has extensive experience in corporate and investment banking, with more than 30 years of working in the financial sector. He served as a Principal Banking Specialist of Global Financial Markets at IFC and held several top managerial positions for the Asia-Pacific region at Citibank and J.P. Morgan & Co. Mr. Law holds an MBA degree from Indiana University, Bloomington, IN, USA. Mr. John Law has been appointed as a Regular Director of the Khan Bank Board of Directors since 2016.

BOARD OF DIRECTORS MEETING

The Board emphasizes transparency and integrity at all levels of the organization and implements the principles of open governance. It defines the Bank's strategy and vision and guides and supports decision-making and management processes to ensure the bank's operations are efficient and sustainable. Khan Bank Board operates by implementing corporate governance and complies with the laws and regulations of Mongolia, including the Company Law, Banking Law, Law on Securities, regulations, and other documents approved by the Bank of Mongolia, FRC, Mongolian Stock Exchange (“MSE”), the Khan Bank Charter, the Corporate Governance Code, the Board of Directors' operating procedure, and other relevant legal documents. The BoD meets no less frequently than a quarter, and if necessary, emergency meetings are held following relevant legislation.

During the reporting period, the BoD held a total of 9 meetings, and adopted 38 resolutions. In addition, within the scope of the Board’s functions, it provided suggestions and recommendations to the executive management team, assigned tasks, and closely monitored their implementation. Following the business plan approved by the end of 2023, the implementation of the plan will be monitored, and the management team will be guided optimally based on the financial and performance reports submitted by the executive management every month.

No.	Name	Number of meetings	Attendance	Number of resolutions approved
1.	Daribum T. (chair, independent director)	9	100%	38
2.	Khulan D. (deputy chair, director)		100%	
3.	Ishii Kisaburo (director)		100%	
4.	Harada Yasunari (director)		100%	
5.	Baatarsaikhan Ts. (director)		100%	
6.	John Law (director)		100%	
7.	Tamir A. (independent director)		97.4%	
8.	Hans Aart Jongejans (independent director)		100%	
9.	Amarsanaa B. (director)		100%	

Please refer to the table below for the agenda of the Board meetings held in 2024.

No.	Agenda
1.	<p>Within the framework of operational strategy, organizational structure, risk management policy, annual budget, business plan, and performance targets:</p> <ul style="list-style-type: none"> - Social Bond /by way of private placement outside/ - Amendments to the “Green Bond Program” - Updated Organizational Structure of Khan Bank - Khan Bank policy of Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP)” - Khan Bank Fraud Management Program - Khan Bank Recovery Plan - Preliminary “Internal Capital Adequacy Assessment Process (ICAAP)” report and “Internal Liquidity Adequacy Assessment Process (ILAAP)” report for 2023 - Amendments to the “Risk Appetite Statement for 2024” - Risk Appetite Statement for 2025 - Write off bad assets from the Loan Loss Provision - Business Plan for 2024 - Business Plan for 2025 - Financial Projection for 2025 - CAPEX 2025 - Midterm Financial Planning for 2025-2029
2.	<p>Within the framework of shareholders and international funding:</p> <ul style="list-style-type: none"> - Annual Shareholders Meeting - Dividend Distribution for shareholders - Action plan for the Working Group to Support Shareholders in Complying with the Requirements Stipulated in Article 36.1 of the Banking Law - Senior unsecured loan agreements with international financial institutions, including EBRD, BOMF, COVID Fund, German Investment and Development Agency (DEG), OeEB, and FMO Syndication
3.	<p>Within the framework of good governance:</p> <ul style="list-style-type: none"> - Updated composition of the Committees under the Board of Directors - Remuneration of the Chief Executive Officer - Corporate Secretary /newly appointed/ - Chief Audit Executive /re-appointed/ - Chief Executive Officer /approved to continue working/ - Conflict-of-interest transactions and Material transactions /approved in accordance with the Procedure/ - Khan Bank JSC Audited Financial Statements of 2023 - Khan Bank JSC Performance Reports of 2023

4. **Approved Governance Policies and Procedures:**
- Khan Bank JSC Corporate Secretariat’s Operational Policy
 - Khan Bank JSC Investor Relations Policy
 - Khan Bank JSC Conflict-of-interest and Material Transactions Policy
 - Khan Bank JSC Board of Directors’ Operational Procedure
 - Khan Bank JSC Whistleblowing Policy
 - Charter of the Governance and Remuneration Committee of the Board of Directors /revised/
 - Charter of the Nomination and Human Resource Committee of the Board of Directors /revised/
 - Khan Bank JSC Information Disclosure and Transparency Policy
 - Amendments to the “Khan Bank JSC Conflict-of-interest and Material transactions policy”

BOARD COMMITTEES

Pursuant to Article 81 of the Company Law, the Board of Khan Bank establishes and operates both permanent and temporary committees tasked with overseeing specific areas of the Bank’s operations to enhance specialized oversight and improve overall performance. Functions, activities, structure, members’ rights, requirements, and other issues of each Board committee are regulated in detail by their respective charters, the Bank’s Charter, and the Board of Directors’ operational procedure. To maintain the appropriateness of the relevant regulations and instructions, the committees review their charters and, if necessary, submit proposals for amendments and revisions to the Board.

In accordance with Article 81.2 of the Company Law, the recommendations of the Bank of Mongolia, and the “Corporate Governance Code” approved by the Financial Regulatory Commission, the composition of the committees was revised by Board Resolution No. 07, dated March 13, 2024. The revised composition took effect on the same date.

No	Board committees	Committee chair	Members
1	Audit Committee	Tamir A. (independent director)	Hans Aart Jongejans (independent director) Ishii Kisaburo
2	Risk Committee	Daribum T. (independent director)	Baatarsaikhan Ts. Hans Aart Jongejans (independent director)
3	Governance and Remuneration Committee	Tamir A. (independent director)	Harada Yasunari Daribum T. (independent director)
4	Nomination and Human Resources Committee	Hans Aart Jongejans (independent director)	Tamir A. (independent director) Khulan D.

- **Audit Committee**

The Committee reviews the Bank’s financial position and makes recommendations on a myriad of financial matters, including assessing the integrity and effectiveness of accounting methods, compliance, and other control systems. The Audit Committee ensures that all processes within Khan Bank are undertaken with the greatest consideration for profitability, accountability, and transparency.

No.	Name	Number of meetings	Attendance	Meetings’ Agenda
1.	Tamir A. (Chair, Independent director)	5	100% (each meeting)	Within the framework of Internal Audit: - Performance report of the Internal Audit Plan of 2023

2.	Hans Aart Jongejans (Independent director)		100% (each meeting)	<ul style="list-style-type: none"> - Internal Audit report of 2024H1 - Performance review of the Chief Audit Executive - Re-appointment of Chief Audit Executive - Internal Audit plan of 2025
3.	Ishii Kisaburo (Director)		100% (each meeting)	<p>Within the framework of the Bank's Financial Statements and Policies:</p> <ul style="list-style-type: none"> - Audited Financial Statement 2023 of the Bank by “PricewaterhouseCoopers Audit” LLC - Khan Bank JSC Conflict-of-interest and Material transactions policy

- Risk Committee

The Risk Committee oversees the Bank’s risk management, evaluates the risk control framework, approves risk policies, and monitors credit, market, liquidity, operational, compliance, reputational, and other risks, while providing recommendations based on potential risk growth and limit indicators.

No.	Name	Number of meetings	Attendance	Meetings’ Agenda
1.	Daribum T. (Chair, Independent director)	4	100% (each meeting)	<p>Within the scope of Risk Management and Control:</p> <ul style="list-style-type: none"> - KHAN Bank Recovery Plan - Amendments to the “Risk Appetite Statement for 2024” - Risk Appetite Statement for 2025 - Credit metrics of 2024 - Non-credit metrics of 2024: <ul style="list-style-type: none"> • IS (Information Security) risk limit • Strategic risk limit - Write-off bad assets from the Loan Loss Provision
2.	Hans Aart Jongejans (Independent director)		100% (each meeting)	<p>Within the framework of Risk Management Policies and Reports:</p> <ul style="list-style-type: none"> - Khan Bank policy of Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP)” - Khan Bank Fraud Management Program
3.	Baatarsaikhan Ts. (Director)		100% (each meeting)	<ul style="list-style-type: none"> - Preliminary “Internal Capital Adequacy Assessment Process (ICAAP)” report and “Internal Liquidity Adequacy Assessment Process (ILAAP)” report for 2023 - Report on the Evaluation of the Anti-Money Laundering and Counter-Terrorist Financing System, and the Financial Crime Technology System - Compliance report of 2024

- Nomination and Human Resource Committee

The Nomination and Human Resources Committee is responsible for overseeing the Bank’s human resources strategy, planning, key policies, succession and contingency management, the nomination and appointment of Board directors, Executive Management, and Board-appointed officers, as well as supporting the Board and Shareholders’ Meeting in evaluating their activities and performance.

No.	Name	Number of meetings	Attendance	Meetings' Agenda
1.	Hans Aart Jongejans (Chair, Independent director)	6	100% (each meeting)	Within the framework of Human Resources Strategy: <ul style="list-style-type: none"> - Updated Organizational Structure of KHAN Bank - All-Employee Salary Increase Proposal - HR overview of 2023 performances - HR overview of 2024 performances Within the framework of Performance Evaluation and Nomination: <ul style="list-style-type: none"> - CEO KPIs 2023 and 2024 - Proposal on CEO contract extension/continue working - CEO's bonus ranges allocation proposal for 2024 - Plan for the Appointment of a New Corporate Secretary and Candidate Introduction
2.	Tamir A. (Independent director)		100% (each meeting)	
3.	Khulan D. (Director)		100% (each meeting)	

- Governance and Remuneration Committee

The Governance and Remuneration Committee is responsible for overseeing the Bank's corporate governance principles, code of ethics, governance strategy, performance, and reporting; defining the objectives of the compensation system; setting maximum salary and compensation limits for the Board of Directors and Board-appointed officers; and supporting the Board and Shareholders' Meeting within the defined authority limits.

No.	Name	Number of meetings	Attendance	Meetings' Agenda
1.	Tamir A. (Chair, Independent director)	3	100% (each meeting)	Within the framework of Corporate Governance and ESG: <ul style="list-style-type: none"> - Khan Bank JSC Information Disclosure and Transparency Policy - Legal inconsistency issues related to the Banking Law and the Board of Directors - Training for Board Directors on Effective Governance - Governance Assessment of the Bank of Mongolia and the Financial Regulatory Commission - ESG Report for 2024 Within the scope of Remuneration: <ul style="list-style-type: none"> - Board of Directors Expenditure budget for 2024 - CEO's base salary for 2024 - CEO bonus for 2024
2.	Daribum T. (Independent director)		100% (each meeting)	
3.	Harada Yasunari (Director)		100% (each meeting)	

EXECUTIVE MANAGEMENT

The executive management of the Bank shall be exercised by the CEO, who is appointed by the Board. The CEO shall be responsible for the management and the day-to-day activities of the Bank. The CEO shall ensure that all decisions and resolutions of the shareholders and the Board are implemented accordingly. The CEO shall perform his/her duties under the terms of an agreement (clause 83.1 of the Company Law) entered into with and the PoA granted by the Board. The Bank's Executive management shall be appointed by the Board with the approval of the Bank of Mongolia (clause 31.3.2 of the Banking Law). Any Board Director, without the decision of the Board, shall be prohibited from reviewing the CEO's operations or giving orders to the CEO.

According to the Board Resolution No. 18 dated December 24, 2020, Ms. Munkhtuya R. was appointed as the CEO of Khan Bank, and her continuation in the role was approved by Board Resolution No. 31 dated November 1, 2024.

The CEO's daily and urgent operational tasks are implemented through the Management Committee and the Extended Management Committee. The Management Committee is composed of the CEO, the First Deputy CEO responsible for business, the Deputy CEO responsible for technology and operations, and the Deputy CEO responsible for risk management. The Extended Management Committee operates under the Management Committee, and its members are appointed by the decision of the CEO. These committees are responsible for ensuring the implementation of relevant laws and regulations of Mongolia, decisions made by regulatory authorities, resolutions passed by the Bank's shareholders' meeting, and the Board of Directors. They focus on discussing and making decisions on strategic goals, business plans, core operations, and other necessary matters to ensure the effective functioning and organization of the Bank. Within the scope of their primary responsibilities, the committees deliberate and exchange information on various issues in alignment with Mongolia's social, economic, political, and current circumstances.

Management Committee:

- Munkhtuya R. – Chief Executive Officer
- Erdenedelger B. – First Deputy CEO
- Munkhbayar G. – Deputy CEO Of Risk
- Sachin Nair – Deputy CEO of Technology and Operations

Extended Management Committee:

- Dugarbaatar D. – Chief Auditor Executive
- Yanjinkham V. – Corporate Secretary
- Ulzii-Ayush Sh. – EVP of Finance
- Ariunbat D. – EVP of Retail Distribution
- Uuganbayar T. – EVP of Wholesale Banking
- Ganbyamba Sh. – EVP of HR
- Tovuuudorj J. – EVP of SME Banking
- Chinbold Ch. – EVP of Business Development
- Ariunbold B. – EVP, CIO
- Ariuntulga O. – EVP of Enterprise Risk and Compliance
- Ulziijargal D. – EVP of Financial Risk
- Turmunkh Yu. – EVP of Strategy
- Enkh-Ireedui S. – EVP of Operations
- Nyamtsend E. – MD of Digital Banking
- Davaajargal D. – MD of Corporate Security
- Janibyek D. – MD of IT Service Reliability
- Ichinnorov R. – MD of Retail Bank-Rural

INTERNAL AUDIT OPERATIONS

In alignment with its objective to safeguard and enhance the Bank's value, Khan Bank's Internal Audit (IA) function delivers independent assurance services that support effective governance and risk management through an objective approach. IA operates in full compliance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics established by the Institute of Internal Auditors (IIA). During the third quarter of 2023, an independent quality assessment conducted by a leading international organization rated the internal audit activity as "Compliant" with both the IIA Standards and Code of Ethics.

In accordance with the Banking Law and principles of good corporate governance, the Bank's IA operates independently of executive management and reports directly to the Board Audit Committee. The independence and autonomy of the IA function are upheld by the Board and its Audit Committee through key responsibilities such as appointing the Chief Audit Executive, approving the Internal Audit Charter, strategic direction, and annual budget, as well as monitoring the IA

performance. IA contributes to the Bank’s long-term sustainability by promoting sound governance and supporting the effective execution of strategic objectives.

Khan Bank’s IA defines its medium-term strategy in alignment with the Bank’s overall strategic plan. In 2024, as part of its Policy and Planning framework, the IA scheduled audits that emphasize the Bank’s strategic direction, core business objectives, and risk management practices. These audits aim to support the execution of the Bank’s medium-term strategic goals and sustainable business development, while also providing actionable recommendations to enhance operational effectiveness.

The “Internal Audit Medium-Term Strategic Plan 2025–2027,” approved by the Board of Directors, outlines the objective of positioning Internal Audit as a value-adding strategic partner. This will be achieved through continued adherence to internal audit standards, enhancement of professional competencies, and the integration of technology-driven audit methodologies. Accordingly, Internal Audit is shaping its strategy to proactively evaluate and validate the Bank’s governance, risk management, and internal control systems with a forward-looking approach.

The Internal Audit Medium-Term Strategic Plan incorporates the objectives outlined in the Bank’s Sustainable Development Policy. In support of the goal to develop a highly qualified workforce, efforts are underway to train internal auditors in collaboration with internationally recognized ESG consultants and to support the attainment of globally acknowledged professional certifications.

Key functions of Internal Audit:

- Branch Audit Department: Audits governance, risk management, and internal control processes at retail banking branches, sub-branches, and related Head Office departments, units, and credit committees that support branch operations.
- Head Office Audit Department: Audits governance, risk management, and internal control processes related to operations, projects, and programs of the Head Office departments, units, and committees.
- IT Audit Department: Audits the Bank’s information technology and information systems, including their risk management and information security. Additionally, the IT Audit Department is responsible for system development, analysis, and data processing aimed at enhancing internal audit operations.

RISK MANAGEMENT

Khan Bank’s risk management framework aims to effectively manage risks by identifying, assessing, mitigating, reporting, and monitoring risks that may affect the Bank’s strategies and objectives within the risk appetite statement framework. It is being implemented through the following key objectives:

- Maintaining an optimal risk-to-return ratio
- Efficiently delegating responsibilities among risk management stakeholders
- Fostering a robust risk management culture across all levels of the Bank
- Identifying and proactively monitoring the Bank’s key risks
- Enhancing and implementing risk identification, analysis, treatment, and monitoring processes in accordance with international standards, recommendations, and best practices.

Khan Bank’s risk management framework encompasses risk appetite statement, risk governance, risk management processes, and relevant risk management policies, procedures, tools, and plans. The Bank continuously enhances and implements the risk management framework in alignment with international best practices, standards, recommendations, and the regulations and requirements set by Mongolian regulatory bodies.

As part of the Bank’s medium-term strategic objectives, the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) have been implemented per standardized methodologies under the Basel framework. These processes are designed to identify and mitigate potential risks and to establish a robust system capable of withstanding stress scenarios. The Bank of Mongolia’s monetary policy framework for 2024 specified establishing frameworks for internal assessment of key risks in banking operations within the scope of enhancing the

bank's good governance and optimizing risk management. This objective was included in the Bank's mid-term strategic objectives.

The Bank submitted preliminary Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP) reports to the Bank of Mongolia by the specified deadline for supervisory review and evaluation in 2024, meeting this regulatory requirement for the second consecutive year. The Bank has specified ICLAAP-related objectives in the Bank's mid-term strategy for 2024-2026 and 2024 business plan within the scope of effectively phased ICLAAP implementation. The Board of Directors approved a new ICLAAP policy in April 2024, covering ICLAAP components, principles, and responsibilities.

STAKEHOLDER ENGAGEMENT

- **Corporate Governance Code**

Khan Bank respects the interests of stakeholders in its activities and cultivates an organizational culture of collaboration with them. This is reflected in the Corporate Governance Code of Khan Bank JSC. The Board approves policy documents on communication and cooperation with stakeholders in the Bank's operations, correctly defines the interests and needs of stakeholders, and balances them appropriately. The Bank is committed to ensuring transparency for stakeholders and investors by disclosing information related to its business operations, governance, financial performance, forward-looking insights, and relevant non-financial matters. It actively fosters an organizational culture that respects stakeholder interests and encourages engagement. To support this commitment, the Bank has implemented 16 governance-related policies and procedures, including the Whistleblowing Policy, which enables the reporting of illegal activities, ethical violations, and unfair practices, and the Information Disclosure and Transparency Policy, which ensures the delivery of accurate, transparent, and timely information.

- **Corporate Governance Code Implementation Plan**

The Bank shall, when implementing the Corporate Governance Code, support the protection of the interests of investors and customers and the creation of long-term sustainable values through introducing the internationally recognized principles and best practices. The Corporate Governance Code Implementation Plan includes ensuring full adherence to the corporate governance code, protecting shareholder rights, and aligning the accountability framework of the Board of Directors, CEO, and key executives with international best practices. It also focuses on enhancing reporting and transparency, strengthening risk management, improving internal audit and control mechanisms, establishing a fair and effective remuneration and incentive policy, and ensuring strict compliance with the Bank's Code of Ethics. Through this plan, we strive to develop and implement the Bank's internal policies, rules, regulations, and instructions in alignment with the principles of the Corporate Governance Code of the FRC.

- **Code of Conduct**

Khan Bank's Code of Conduct was newly approved in 2023, and in accordance with Article 1.2 of the Code, to protect the interests of customers, business partners, shareholders, Board directors, and Bank employees, and define the basis of relations between them. The Code of Conduct is intended to strengthen the cherished values outlined in the Declaration of Values of Khan Bank, fulfill official duties and responsibilities to customers, business partners, shareholders, members of the board of directors, and employees, protect their interests, establish the basis of relations between them and implement the defined objectives. In accordance with Article 6.3 of the Code of Conduct of Khan Bank, the Bank works in compliance with the United Nations and International Labor Organization Conventions, which Mongolia is a member of, and other international norms to establish effective communication between stakeholders and implement good practices against illegal employment.

- **Investor Relations Policy**

As a public company listed on the MSE, the Bank intends to carry out its duty to provide clear, fair, and balanced information about its management, operations, financial status, future outlook, and vision. In this context, we have approved and implemented the "Khan Bank JSC Investor Relations Policy". The purpose of the policy is to provide actual and potential investors with information in making investment decisions and to represent the Bank fairly and accurately in conveying a balanced understanding of the Bank and its objectives to other stakeholders. The Bank actively engages with investors during shareholders' meetings by addressing relevant reports and information within the meeting's agenda.

This includes gathering votes, administering questionnaires, and receiving requests, suggestions, and complaints—online via the Bank’s official website and the MSE’s official website—as well as through physical channels. These interactions adhere to the applicable laws and regulations of Mongolia, regulations set forth by relevant regulatory authorities, the Bank’s Charter, and other relevant regulations and procedures.

- Information Disclosure and Transparency Policy

Khan Bank is committed to promoting transparency by ensuring the accurate, complete, impartial, and timely disclosure of its information to the public, investors, shareholders, customers, and regulatory bodies, following the “Khan Bank JSC Information Disclosure and Transparency Policy.” The Bank ensures that the information disclosed is accurate, timely, complete, and accessible while maintaining a balanced approach that includes both positive and negative aspects. It also strives to uphold transparency while protecting business interests, in compliance with applicable laws, regulatory procedures, the Bank’s Charter, above mentioned policy, and other internal documents. Information is disclosed through the Bank’s official website, the MSE’s website, public media, or any method that ensures easy access.

- Whistleblowing Policy

Khan Bank upholds corporate governance principles by fostering business ethics, transparency, accountability, and integrity across the organization. It operates in full compliance with the regulations set by governing bodies, as well as the applicable laws and regulations of Mongolia. Additionally, the Bank supports a whistleblowing system that enables employees, customers, and partners to report any illegal actions, ethical breaches, or unfair practices without fear of retaliation, ensuring the effective implementation of its “Khan Bank JSC Whistleblowing Policy.” In 2024, the whistleblowing process was digitalized, and a "Whistleblowing" section was incorporated into the bank's official website. This significant development enables customers, employees, and other stakeholders to report any misconduct or unlawful activities in a secure, confidential, and timely manner, enhancing the transparency of governance.

6.	Information on market risks
----	-----------------------------

Despite the Mongolian economy demonstrating robust growth in 2024, underpinned by the mining sector and domestic demand, it faced challenges related to external shocks and uncertainty, including high geopolitical risk, such as China’s property sector and weak domestic demand, and the Russian-Ukrainian war. However, within the framework of market risk management, the bank has managed the potential risk of loss that the value and future cashflows of financial instruments owned by the bank will fluctuate due to changes in market variables such as interest rates, foreign currency exchange rates and price changes, within the bank’s accepted risk appetite level.

The Bank maintains open position limits for single and total foreign currencies set by the Bank of Mongolia and uses the “value at risk” (VaR) approach when measuring and managing day-to-day risks to align potential losses from foreign exchange rate fluctuations with their respective risk-bearing capacities. Our VaR software, used to evaluate currency-related risks, estimates the risk of an open foreign currency position with a 99 percent confidence interval using variance-covariance and historical simulation methods. Regular development is done to ensure the accuracy of the information management system and risk evaluation in accordance with quantitative and qualitative criteria.

In addition, interest rate changes in the market have a direct short-term impact on the Bank’s net profit and a long-term impact on the economic value of equity. To limit the negative impacts of interest rate risk, the Bank measures potential risk exposures using the methodology developed by the Basel Committee on Banking Supervision and the interest rate standard or global shock scenarios defined therein. These include:

- To manage risks in the Bank’s investment instruments held for trading purposes due to market interest rate changes, constraints such as their allowed position limits and stop-loss limits being optimally used through a liquidity-adjusted VaR method; and
- Interest rate risks in the banking book are measured and managed using the earnings and the economic value perspectives.

The Bank performs quarterly stress testing on its financial and non-financial risks to assess the Bank’s risk-bearing capacity, to determine if the Bank has adequate capital and solvency to endure a loss due to major changes, to create a capital reserve for overcoming a crisis, and to improve the action plan’s effectiveness in emergency situations. We are

dedicated to continuously developing and implementing models and methodologies to measure market risk, set limits, and implement risk reduction measures in line with international best practices and standards.

7. Information on shareholders' ownership

ANNUAL SHAREHOLDERS MEETING

In accordance with Clause 59.1 of the Company Law of Mongolia and Clause 7.1, Article 7 of the Charter of Khan Bank JSC, the supreme authority of Khan Bank JSC is the Shareholders meeting. Shareholders exercise their powers through annual and extraordinary meetings, where they vote in proportion to the number of shares they hold.

Shareholders powers

The Bank's Shareholders Meeting is authorized to discuss and resolve matters in accordance with Article 29 of the Banking Law, Article 59 of the Company Law, and Article 7.2 of the Khan Bank JSC Charter.

Khan Bank convenes its Annual Shareholders Meeting (ASM) at least once a year in compliance with applicable laws and regulations. The 2024 ASM was successfully conducted on April 23 in a hybrid format, combining both in-person and online participation, with a quorum of 87.77 percent of voting shareholders. The following matters were discussed and approved during the meeting:

1. Endorsement of the Board of Directors' assessment of Khan Bank JSC's performance and financial report for 2023;
2. Board's 2024 expenditure budget;
3. A draft of the Khan JSC Board's operational procedures.

During the meeting, shareholders were presented with the relevant agenda items, reviewed the provided information and explanations, engaged in discussions through a question-and-answer session, and offered their comments. After that, they voted on the ballot paper and approved the resolution. Kindly refer to the materials and resolutions from the Shareholders' Meeting in the "Shareholders" subsection under the Investor Relations menu on the Khan Bank website.

SHAREHOLDING STRUCTURE

The Bank has a total of 3,000,000,000 authorized shares, with 1,912,198,000 issued shares. The issued shares are held by the following shareholders:

No	Shareholder name	Percentage of the Khan Bank's share capital	Number of shares
1	H.S. Holdings Co., Ltd	40.99%	783,882,300
2	H.S. International (Asia) Limited LLC	8.78%	167,856,050
3	Tavan Bogd Holdings LLC	22.78%	435,653,100
4	Khulan D. (individual)	13.22%	252,738,000
5	Public	14.23%	272,068,550
Total		100.00%	1,912,198,000

About shareholders:

H.S. Holdings Co., Ltd	H.S. Holdings Co., Ltd is a publicly listed financial holding company on the Tokyo Stock Exchange (8699.T) founded in 1958. The company primarily focuses on securities trading, brokerage, and related financial products. It also specializes in issuing and offering securities to businesses, facilitating trading services, and delivering a broad range of financial solutions, including banking, real estate, and investments in start-ups.
---------------------------	---

H.S. International (Asia) Limited LLC	H.S. International (Asia) Limited LLC is a 100 percent subsidiary of HS Holdings Co., Ltd, based in Hong Kong. The company is focused implementation of HS Holdings' strategy in the Asian market based on opportunities for the high growth of the Chinese and the Asian economy, and conducts market research in the region.
Tavan Bogd Holdings LLC	Tavan Bogd Holdings LLC is the parent company of Tavan Bogd Group, was established in 1997 to define the Group's strategies and management, develop new businesses, and provide investment and management support to its subsidiaries. Tavan Bogd Group works in the fields of trade and services, manufacturing, tourism and hotel, mining equipment preparation and supply, banking, and finance. Tavan Bogd Group's businesses include Gobi JSC, Ulaanbaatar Flour LLC, and Kempinski Khan Palace Hotel. Also, the Group is the official Mongolian distributor of Toyota, Volkswagen, Bridgestone, and Xerox, as well as KFC, Pizza Hut, and Subway franchising.
Ms.Khulan Dashdavaa (individual)	Ms. Khulan D., a Mongolian citizen, is the founder, Board Chairperson, and shareholder of Tavan Bogd Group. She became a shareholder of the Bank in December 2010 and currently serves as a Regular Director and Deputy Chairperson of the Bank's Board of Directors.
Public	In accordance with the law amendment to the Banking Law, in April 2023, Khan Bank offered its shares to the public and opened the initial trading. The Bank offered 10 percent of its total shares, or 191,219,800 shares, to the public, which became the highest-valued, most-subscribed, most-invested, and most accessible primary market transaction in the Mongolian capital market, where the stock is now publicly traded on the Mongolian Stock Exchange. Khan Bank's custodian registered, held, and segregated the shares of 4,136 employees who became shareholders through the Employee Share Purchase Program (ESPP). Following the end of the separation period on December 31, 2023, the shares were transferred to the shareholders' own securities accounts. Consequently, ESPP participants are now classified under the public sector of the shareholder structure, with the ability to trade their shares without any restrictions. As a result, 272,068,550 shares, standing for 14.23% of the Bank's total shares, are publicly owned

8. If the issuer had an IPO for the purpose of implementing a project, a report on the progress of project implementation and the use of funds raised during the period from the start of the project to its completion.

Khan Bank has raised a total of MNT 183,4 billion by offering 191,219,800 pcs of ordinary shares with par value of MNT 959 each to the public between April 13-19, 2023.

The Bank planned to invest 16 percent of its proceeds in information technology investment, 19 percent in digital product development and innovation to accelerate the digital transition of banking products and services, 34 percent in green projects and the remaining 31 percent in long-term investment loans and mortgages.

Also, in the medium term, the Bank aims to increase customer satisfaction, expand the range of remote delivery services, implement its digital transformation goals to improve its competitiveness, and maintain and expand its market position.

The disbursement of the funds raised from the IPO as of December 31, 2024, is as follows:

No	Use of proceeds	Percentage	Total amount /MNT/	Total disbursement	Available funding
1	IT investment	16%	29.3 bln	29.3 bln	0
2	Digital products development and innovation	19%	34.8 bln	34.8 bln	
3	Financing for green projects and programs	34%	62.4 bln	62.4 bln	
4	Long-term loans /Mortgage and investment loans/	31%	56.9 bln	56.9 bln	
	Total	100%	183.4 bln	183.4 bln	

The total raised funds have been fully disbursed.

9. Dividend information

The Dividend Policy of Khan Bank JSC was revised pursuant to Board Resolution No. 26, dated October 25, 2023. The Dividend Policy is purposed to determine the dividend policy, dividend distribution terms, and procedure of the Board of Directors of Khan Bank JSC in compliance with the Banking Law, the Company Law, other respective legislation, and relevant regulations approved by regulatory bodies. According to the policy, if it is decided to distribute dividends, the amount of dividend distribution shall be preferred to be more than 40 percent of the net profit after tax. As a regulated company, the Bank will have the right to distribute dividends to its shareholders after obtaining permission from the Bank of Mongolia.

As approved by the Board resolution No.04 of Khan Bank dated February 15, 2024, based on meeting the conditions for maintaining the Bank’s own risk-bearing capacity and appropriate equity ratio, It was decided to distribute a dividend amount of MNT 271 billion to a total of 1,912,198,000 ordinary shares, or MNT 141.73 per share, from the total net profit after tax of 2023 of MNT 558 billion. Following this decision, the cash distribution to shareholders was completed on April 23, 2024, after receiving approval from the regulatory body.

10. Information on the report of activities carried out by the issuer in the field of social responsibility during the reporting period

In 2007, Khan Bank established Khan Bank Foundation and has been systematically implementing social responsibility projects and programs, and during this period, it has provided MNT 16.2 billion in financing to a total of 523 projects and programs. Khan Bank Foundation has the following priority areas for implementing projects and programs. These include: 1. Protecting public health; 2. Supporting the education of children and youth; 3. Protecting the environment; 4. Supporting local development; 5. Supporting vulnerable groups; 6. Supporting culture and art; 7. Contributing to the Sustainable Development 17 Goals.

During the reporting period, Khan Bank Foundation financed MNT 3.5 billion to 13 projects, making a tangible contribution to the lives of citizens living in every corner of Mongolia.

- **Health:** The National Campaign Against Cancer implemented in collaboration with the National Cancer Center of Mongolia and the Mongolian National Broadcasting has been implemented for the 14th year, and 3,021 individuals in Bayan-Ulgii and Bayankhongor aimags were included in the campaign, including specialized examinations and diagnosis of cancer. Also, since 2017, the Campaign Against Hypertension implemented in collaboration with the State Third Central Hospital, the National Center for Public Health, and the Mongolian National Broadcasting has included 16,584 individuals in Khentii, Govisumber, Sukhbaatar, and Dornod provinces for examinations and health advice. The "Mental Health Education for Everyone Campaign" initiative by The National Center for Mental Health has been provided financial support by Khan Bank Foundation and 3 video contents have been created.
- **Education:** The Khan Bank Scholarship Program was announced for the 18th year, and 100 students were awarded tuition fee scholarships. Moreover Khan Bank successfully implemented the Rise Freshmen Development Program for new students who are starting their student journey from the student's desk for the 7th year, and in 2024, it was organized for the first time in Darkhan for local youth, and 500 students participated in the program. In cooperation with UNICEF Mongolia, we joined the donation to help herders and their children overcome the Dzud that has spread throughout the country. We also joined the UNICEF Mongolia's "Go Blue" campaign on World Children's Day on November 20 of each year, and office buildings has been lighted out with blue lights on that day. We also participated as a sponsor in the donation Gala event organized within the framework of the campaign and provided funding to the "Teacher with Tablet" initiative. Funded the printing of 1,000 copies of the children's book "Towards Mars", which tells the story of loving Earth, and donated it to the libraries of schools. In Mongolia, the Asia

Foundation, in collaboration with an international organization, implemented the "Newborn Book package" project and presented 400 packages to newborns at the Khuree Maternity Hospital in UB.

- Environment: Besides planting trees in the provinces through branches located throughout Mongolia, the last 16 hectares of afforestation project on a 40-hectare area located at the mouth of the Selbe River, the source of the Ikh Bayan River, was completed under the "Khan Bank Forest" afforestation program. Within the framework of the Billion Trees national movement initiated by the President of Mongolia, 435,709 trees were planted through the Billion Tree Fund established by the Bank of Mongolia and the Mongolian Banks Association.
- Local development: In 2021, Khan Bank established modern 3x3 basketball courts in 33 locations across Mongolia, and in 2024, for the third year friendly competitions were organized on these courts among high school students, with more than 2,300 children and youth participating. Another feature of this year was that a team of professional athletes and influencers organized 3x3 Basketball Open Day in Khuvsgul, Sukhbaatar, and Darkhan-Uul provinces. In order to create a comfortable environment for customers visiting the branch with infants, baby drying and breastfeeding corners were established in local branches.
- Vulnerable groups: In 2024, as part of the Para Boccia sports support project, its 6th year, financial support was provided to organize the Para Boccia National Championship and participate in international competitions. As a result of this cooperation, Mongolia has improved its world ranking from an international tournament to a medal in Para Boccia for the first time.
- Culture and arts: Khan Bank, in collaboration with the "Mongolian Arts Council", jointly implemented the "We Can - We Are Talented" short film project about young people with intellectual and physical disabilities through the film industry, and in 2024, the short film "The Road to the Rainbow" was produced with the participation of visually impaired children and professional filmmakers.

For more detailed information on the environmental, social, and economic factors that may impact the Bank's sustainable operations, please refer to the 'Stakeholder Engagement and Double Materiality Assessment' section of the Sustainable Development and ESG Report.

Within the framework of Khan Bank's 2024–2026 Mid-Term Business Plan, the following goals and objectives have been defined:

- Expand Khan Bank's Sustainable Development Policy in alignment with the Sustainable Development Goals (SDGs) and the Principles for Responsible Banking (PRB), and establish measurable targets under key ESG priorities and indicators.
- Develop the Sustainable Development and ESG reports in compliance with international standards.
- Contribute to the achievement of the 17 Sustainable Development Goals through sustainable social investment and corporate social responsibility initiatives.

The Bank actively manages and monitors traditional risks, with a stronger focus on emerging risks arising from digital transformation, environmental changes, and technological developments. As part of this, the Bank has been newly developing and enhancing relevant processes, policies, procedures, and tools, while also implementing methodologies for early detection of risk, assessment, and measurement.

Risk appetite is a core component of the Bank's risk management framework, with the Risk Appetite Statement (RAS) reviewed, updated, and approved annually to ensure alignment with the Bank's strategy and business objectives. The implementation and performance of the RAS are reported on a monthly basis to the Enterprise Risk Management Committee and the Board of Directors. In 2025, the Bank identified and approved climate risk mitigation indicators within the RAS to ensure that environmental and social risks—particularly those related to climate change—are maintained at a low level, minimizing potential adverse impacts on the Bank's business objectives and regulatory, IFI requirements. To

ensure operational resilience, the Bank has identified and approved related indicators to mitigate physical and information security risks.

Moreover, the Risk Dashboard serves as a key tool for managing and monitoring the Bank's main risks. "Climate Impact Risk" and "Information Security Risks" have been incorporated into the dashboard, with their risk levels assessed on a monthly basis. The Enterprise Risk Management Committee oversees the performance of the action plans each month. Additionally, the risk subcommittees responsible for the respective risk areas - the Operational Risk subcommittee and the Security risk subcommittee monitor and manage the risks within their scope and make relevant decisions.

The implementation of the Bank's social responsibility includes the following risks. Amongst these are:

- 1) Funding risky initiatives and projects and providing financial support - There is a risk that the Bank's reputation could suffer if it funds or donates to projects that have negative impacts on society;
- 2) Reputational risks linked with collaboration with private and public sector organisations - The implementation of joint projects and programs with stakeholders, including private and public organizations, carries the risk of operational and financial issues, as well as damage to reputation. Such issues can lead to project failure and contribute to a sinking in the Bank's reputation;

Risk of contractual terms - Upon signing into an agreement, certain issues may lack clear specification within the agreement, conducting to risks such as loss of confidential information and reveals of confidentiality agreements.

Signature of the person who prepared and submitted the information and the date:

Full name: Munkhtuya R.

Position: CEO

Signature:



Date: April 30, 2025