

KHAN BANK JSC 2025 SEMI-ANNUAL OPERATIONAL REPORT

Semi-annual operational report /Form 2/			
Reporting period		From January 1 st to June 30 th , 2025	
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	
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 report		Prepared by: T. Buyanbileg /Investor Relations Officer, Corporate Secretariat/ Reviewed by: V. Yanjinkham /Corporate Secretary/	
1.	The semi-annual financial report /fill out the summary report indicators and attach the financial statement/		
1.1	Balance sheet		
KHAN BANK BALANCE SHEET (in compliance with IFRS) <i>In MNT</i>			
No.	Balance item	Starting Balance	Ending Balance /non-audited/
1	ASSETS		
1.1	Cash and cash equivalent	5,387,120,262,705.89	4,581,119,938,361.75
1.1.1	Cash	169,843,089,445.23	234,382,480,116.82
1.1.2	Due from other banks and financial institutes - less than 3 months	960,978,152,925.38	965,248,893,645.37
1.1.3	Cash equivalents	4,256,092,323,238.35	3,381,377,363,645.31
1.1.4	Interest receivable recognized as cash assets	206,697,096.93	111,200,954.25
1.2	Due from other banks and financial institutes	1,640,325,618,759.00	1,855,359,482,406.92
1.2.1	Due from the Bank of Mongolia	1,652,362,154,950.86	1,876,549,459,410.77
1.2.2	Due from other banks and financial institutes	6,780,000,000.00	520,000,000.00
1.2.3	Other assets	-	-

1.2.4	Interest receivable accrued for the assets placed in banks and financial institutes	225,327,945.21	18,107,397.22
1.2.5	Provision of the assets placed in banks and financial institutes	(19,041,864,137.07)	(21,728,084,401.07)
1.3	Investment	1,360,074,533,989.11	1,217,340,919,448.48
1.3.1	Trading securities	-	-
1.3.2	Ready-to-sell securities	341,414,287,001.33	362,240,111,307.16
1.3.3	Held-to-maturity securities	912,850,109,459.04	739,079,758,457.82
1.3.4	Other securities classified as loan and receivable	-	-
1.3.5	Investment to affiliate, associate, or subsidiary companies	-	-
1.3.6	Pledged security	85,111,769,264.22	93,530,165,762.87
1.3.7	Interest receivable accrued for securities	32,645,852,634.75	29,859,875,378.86
1.3.8	Provision for security	(11,947,484,370.23)	(7,368,991,458.23)
1.4	Loan (net amount)	11,195,929,983,967.60	12,942,615,649,664.90
1.4.1	Performing loan	11,157,561,811,383.70	12,793,699,669,584.40
1.4.2	Past-due loan	219,752,897,145.20	337,605,231,435.15
1.4.3	Sub-standard loan	112,294,049,458.13	107,490,559,916.30
1.4.4	Doubtful loan	72,235,443,436.84	84,938,525,907.51
1.4.5	Bad loan	332,009,641,510.35	347,171,024,004.07
1.4.6	Deferred loan repayment	(103,587,293,505.28)	(106,668,940,778.64)
1.4.7	Interest receivable accrued for loan	140,791,052,504.34	137,113,826,041.92
1.4.8	Loan loss provision	(735,127,617,965.73)	(758,734,246,445.79)
1.5	Derivative financial instruments	29,176,723,444.80	116,516,032,659.24
1.6	Other financial assets	49,345,876,302.29	35,395,032,560.84
1.6.1	Receivables from others (net amount)	38,777,989,360.76	31,726,875,696.54
1.6.2	Inter-bank settlements	4,348,294,670.86	-
1.6.3	Other assets owned (net amount)	-	-
1.6.4	Other	6,219,592,270.67	3,668,156,864.30
1.7	Other non-financial assets	132,393,610,736.27	159,226,925,548.49
1.7.1	Other settlements	118,604,456,924.72	143,490,902,312.19
1.7.2	Inventories	13,789,153,811.55	15,736,023,236.30
1.7.3	Precious metals (net amount)	-	-
1.7.4	Other assets owned (net amount)	-	-
1.7.5	Tax receivables	-	-
1.7.6	Deferred tax assets	-	-
1.7.7	Other	-	-
1.8	Fixed assets	473,566,293,211.13	462,601,842,730.04
1.9	Real estates for investment purpose	-	-
1.10	Assets for sale	414,487,891.10	798,469,034.32
1.11	Intangible assets	34,377,217,100.52	31,261,628,936.57
1.12	Total assets	20,302,724,608,107.70	21,402,235,921,351.50
2	LIABILITIES		

2.1	Current	5,007,554,265,245.24	4,934,142,445,562.66
2.1.1	Nominal balance of current account	5,007,554,265,245.24	4,923,345,170,515.28
2.1.2	Interest payable accrued for current account	-	10,797,275,047.38
2.2	Deposits	8,891,415,790,781.43	8,994,306,129,557.27
2.2.1	Demand deposit	2,167,802,131,034.83	2,143,431,325,385.48
2.2.2	Time deposit	6,481,848,611,390.16	6,553,470,788,476.31
2.2.3	Other deposits	810,000,000.00	342,001,210.96
2.2.4	Interest payable accrued for deposit account	240,955,048,356.44	297,062,014,484.52
2.3	Due to banks and financial institutes	2,669,966,881,192.33	3,655,398,365,609.38
2.3.1	Current and deposits from banks and financial institutes	314,086,546,077.81	397,524,709,093.02
2.3.2	Loans from banks and financial institutes (including past-due loans)	2,320,627,795,268.83	3,232,240,197,985.14
2.3.3	Deferred payment of funding	(11,706,739,138.22)	(22,086,676,965.21)
2.3.4	Interest payable accrued for funding from banks and financial institutes	46,959,278,983.91	47,720,135,496.43
2.4	Other fundings	1,019,855,687,521.80	1,042,168,038,593.36
2.4.1	Bonds issued by the bank	35,912,625,000.00	28,645,395,000.00
2.4.2	Securities issued by the bank	752,353,750,000.00	756,160,850,148.34
2.4.3	Funding for project loans	81,041,535,593.75	79,434,177,586.24
2.4.4	Securities sold on buy-back condition (repo)	87,791,865,061.06	92,972,222,594.36
2.4.5	Funding for syndicate loan	-	-
2.4.6	Other	55,156,905,564.55	77,069,635,349.26
2.4.7	Deferred payments of other fundings	(6,428,107,647.63)	(4,876,823,330.88)
2.4.8	Interest payables accrued for other fundings	14,027,113,950.07	12,762,581,246.04
2.5	Derivative financial liabilities	-	6,542,574,293.60
2.6	Other financial liabilities	164,706,715,084.30	268,806,015,790.59
2.7	Other non-financial liabilities	84,567,020,937.35	60,583,740,647.28
2.8	Secondary payables	-	-
2.9	Preferred stock (liability)	-	-
2.10	Total liabilities	17,838,066,360,762.45	18,961,947,310,054.14
3	EQUITY		
3.1	Share capital	191,219,800,000.00	191,219,800,000.00
3.1.1	Preferred stock	-	-
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	-	-
3.4	Revaluation addition	84,328,874,854.19	83,300,304,484.01
3.5	Accrued profits and losses	2,018,390,801,117.22	1,999,591,495,395.23
3.6	Other equity	6,460,963,173.84	1,919,203,218.12
3.6.1	Share option	-	-
3.6.2	Reserves	-	-
3.6.3	FX and valuation reserves	-	-
3.6.4	Loss provision	-	-
3.6.5	Social development reserves	-	-
3.6.6	Convertible security (equity)	-	-

3.6.7	Convertible funding (equity)	-	-
3.6.8	Revaluation reserve of security ready for sale	7,029,919,942.60	5,667,803,287.00
3.6.9	Revaluation reserve of hedge instrument	(568,956,768.76)	(3,748,600,068.88)
3.6.10	Other	-	-
3.7	Total equity	2,464,658,247,345.25	2,440,288,611,297.36
4	Total equity and liabilities	20,302,724,608,107.70	21,402,235,921,351.50

1.2	Income statement
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In MNT

No	Income & expense items	Starting balance	Ending balance
1	Interest income	2,553,680,935,641.85	1,374,151,698,705.78
1.1	From dues from the Bank of Mongolia	37,672,814,573.20	5,098,899,527.69
1.2	From dues from other banks & financial institutes	8,899,382,728.11	3,587,425,972.37
1.3	From security	576,803,745,148.97	241,437,297,588.44
1.4	From loan	1,767,941,598,644.73	1,039,427,914,274.06
1.5	Other interest income	162,363,394,546.84	84,600,161,343.22
2	Interest expenses	1,327,175,669,551.34	733,374,676,965.30
2.1	Interest paid to current accounts	36,708,697,932.76	17,165,073,460.70
2.2	Interest paid to deposit accounts	830,808,959,682.66	409,495,914,488.07
2.3	Expenses of loan interest	169,746,313,098.03	109,856,336,138.20
2.4	Expenses of security interest	45,604,474,203.03	38,587,027,271.22
2.5	Other interest expenses	244,307,224,634.86	158,270,325,607.11
3	Net income interest [(1)-(2)]	1,226,505,266,090.51	640,777,021,740.48
4	Loss provision expenses	101,665,509,802.56	26,212,918,378.01
4.1	Of dues from banks and financial institutes	5,147,445,250.00	2,686,223,772.00
4.2	Of securities	5,988,005,100.00	-
4.3	Of loans	90,530,059,452.56	23,526,694,606.01
5	Net income after loss provision [(3)-(4)]	1,124,839,756,287.95	614,564,103,362.47
6	Other income	464,947,315,337.56	341,044,062,064.00
6.1	Non-interest income	448,918,871,250.67	319,114,371,698.69
6.1.1	Trade income	56,255,864,794.90	45,615,739,875.84
6.1.2	FX and valuation adjustment income	56,625,505,207.29	96,481,863,300.80
6.1.3	Fee income in relation with banking products & services	336,037,501,248.48	177,016,768,522.05
6.1.4	Other non-interest income	-	-
6.2	Other incomes and gains	16,028,444,086.89	21,929,690,365.31
7	Other expenses	759,855,586,780.00	500,943,025,303.44
7.1	Non-interest expenses	746,049,866,324.68	498,332,495,909.44
7.1.1	Other loss provision expenses	12,684,500,238.29	1,261,292,945.68

7.1.2	Trade expense	24,906,761,288.71	28,057,554,846.87
7.1.3	FX and valuation adjustment expense	56,159,021,656.75	95,777,213,787.90
7.1.4	Fee expenses	46,221,390,223.35	25,974,390,914.55
7.1.5	Other operational expenses	606,078,192,917.58	347,262,043,414.44
7.2	Other expenses and losses	13,805,720,455.32	2,610,529,394.00
8	Pre-tax profit and loss (5+6-7)	829,931,484,845.51	454,665,140,123.03
9	Income tax expense	191,417,028,231.15	100,945,136,915.20
10	After tax profit and loss (8-9)	638,514,456,614.36	353,720,003,207.83
11	Net income/expense of terminated activities	-	-
12	Net profit and loss of the reporting period (10+11)	638,514,456,614.36	353,720,003,207.83
13	Other comprehensive income	3,570,677,921.53	(5,570,330,325.90)
13.1	Revaluation increase or decrease of fixed assets and intangible assets	(1,853,576,973.03)	(1,028,570,370.18)
13.2	Revaluation increase or decrease of securities ready for sale	3,263,229,899.79	(1,362,116,655.60)
13.3	FX & valuation adjustment increase or decrease		
13.4	Loss provision increase or decrease	-	-
13.5	Other	2,161,024,994.77	(3,179,643,300.12)
14	Total comprehensive income of the reporting period (10+11)	642,085,134,535.89	348,149,672,881.93
1.3	Statements of change in equity		

	Equity items	Share capital	Paid-in capital	Revaluation reserve for premises	Other reserves	Retained earnings	Total equity
1	Balance as of 31 Dec, 2023	191,219,800,000.00	164,257,808,200.00	86,182,451,827.22	1,036,708,279.28	1,649,038,590,069.83	2,091,735,358,376.33
2	Accounting changes and error correction						-
3	Corrected balance	191,219,800,000.00	164,257,808,200.00	86,182,451,827.22	1,036,708,279.28	1,649,038,590,069.83	2,091,735,358,376.33
4	Net profit/loss of the reporting period	-	-	-	-	638,514,456,614.36	638,514,456,614.36
5	Other comprehensive income	-	-	-	5,424,254,894.56		5,424,254,894.56
6	Changes in equity						-
7	Dividend distributed	-		-	-	(271,015,822,540.00)	(271,015,822,540.00)
8	Realized amount of revaluation addition	-	-	(1,853,576,973.03)		1,853,576,973.03	-
9	Balance as of 31 Dec, 2024	191,219,800,000.00	164,257,808,200.00	84,328,874,854.19	6,460,963,173.84	2,018,390,801,117.22	2,464,658,247,345.25
10	Accounting changes and error correction						-
11	Corrected balance	191,219,800,000.00	164,257,808,200.00	84,328,874,854.19	6,460,963,173.84	2,018,390,801,117.22	2,464,658,247,345.25
12	Net profit/loss of the reporting period	-	-	-	-	353,720,003,207.83	353,720,003,207.83
13	Other comprehensive income	-	-	-	(4,541,759,955.72)		(4,541,759,955.72)
14	Changes in equity						-
15	Dividend distributed	-		-	-	(373,547,879,300.00)	(373,547,879,300.00)
16	Realized amount of revaluation addition	-	-	(1,028,570,370.18)		1,028,570,370.18	-
17	Balance as of 30 June, 2025	191,219,800,000.00	164,257,808,200.00	83,300,304,484.01	1,919,203,218.12	1,999,591,495,395.23	2,440,288,611,297.36

1.4	Cash flow statement		
In MNT			
№	ITEMS	Statement balance	Ending balance
1	Cash flow of the main business activities:		
1.1	Earnings (loss) before income tax	830,231,484,845.51	454,665,140,123.03
1.2	Income& expense adjustment:	(1,013,578,240,916.08)	(662,319,385,905.56)
1.2.1	Loss provision expenses (+)	114,350,010,040.85	27,474,211,323.69
1.2.2	Depreciation expenses (+)	74,200,806,869.55	37,407,427,201.79
1.2.3	FX & valuation adjustment income (-), expense (+) (except cash and cash equivalents)	7,616,282,920.38	(6,055,424,487.00)
1.2.4	Accrued interest income (-)	(2,553,680,935,641.85)	(1,374,151,698,705.78)
1.2.5	Accrued interest expenses (+)	1,327,175,669,551.34	733,374,676,965.30
1.2.6	Asset write-off gain (-), loss (+)	90,005,200.14	(23,265.43)
1.2.7	Other gain (-), loss (+)	16,669,920,143.51	(80,368,554,938.13)
1.3	Asset & liability changes adjustment:	(906,102,404,633.75)	(975,564,071,140.62)
1.3.1	Increase (-) or decrease (+) of assets placed in bank or financial institutes	(542,122,137,402.76)	(217,927,307,967.91)
1.3.2	Increase (-) or decrease (+) of trade security	-	-
1.3.3	Loan increase (-), or decrease (+)	(2,238,888,156,632.27)	(1,773,882,603,370.34)
1.3.4	Increase (-), or decrease (+) of other financial assets	(42,525,477,725.50)	13,950,843,741.45
1.3.5	Increase (-), or decrease (+) of other non-financial assets	(43,456,079,104.94)	(28,094,607,757.90)
1.3.6	Increase (+), or decrease (-) of current and deposits	1,706,191,186,224.68	(37,425,722,082.20)
1.3.7	Increase (+), or decrease (-) of dues to banks and financial institutes	258,932,318,485.43	984,670,627,904.53
1.3.8	Increase (+), or decrease (-) of other financial liabilities	(22,999,099,530.70)	104,455,352,627.73
1.3.9	Increase (+), or decrease (-) of other non-financial liabilities	18,765,041,052.30	(21,310,654,235.98)
1.4	Other adjustments:	1,068,622,586,328.40	611,092,392,235.23
1.4.1	Interest received (+)	2,545,960,169,525.25	1,381,691,250,581.21
1.4.2	Interest paid (-)	(1,261,644,526,646.45)	(666,974,111,981.35)
1.4.3	Income tax paid (-)	(207,824,527,071.90)	(103,617,762,969.25)
1.4.4	Loans and receivables paid off from loss provision (-)	(7,868,529,478.50)	(6,983,395.38)
1.5	Net monetary transaction amount of main operations	(20,826,574,375.92)	(572,125,924,687.92)
2	Monetary transaction of investment activities:	***	***
2.1	Cash income amount (+)	292,473,907,769.96	140,382,217,219.23
2.1.1	Income from sales of fixed assets	394,254,084.79	530,076,077.17
2.1.2	Income from sales of intangible assets	-	-
2.1.3	Income from sales of investment-purpose assets	-	-
2.1.4	Income from sales of investment to subsidiary, affiliate, or associate entity	-	-

2.1.5	Income from sales of other long-term assets	-	-
2.1.6	Income from sales of investment recorded with discounted cost under categorization of loan and receivable	-	-
2.1.7	Income from sales of securities ready for sale	-	-
2.1.8	Income from sales of held-to-maturity securities	-	-
2.1.9	Dividend received	-	-
2.1.10	Other cash income	292,079,653,685.17	139,852,141,142.06
2.2	Cash expense amount (-)	(74,661,218,732.66)	(24,285,621,350.99)
2.2.1	Paid to possess fixed assets	66,837,683,245.08	20,763,066,020.00
2.2.2	Paid to possess intangible assets	7,823,535,487.58	3,522,555,330.99
2.2.3	Paid to possess investment-purpose assets	-	-
2.2.4	Paid to possess investment to subsidiary, affiliate, or associate entity	-	-
2.2.5	Paid to possess investment recorded with discounted cost under categorization of loan and receivable	-	-
2.2.6	Paid to possess securities ready for sale	-	-
2.2.7	Paid to possess held-to-maturity securities	-	-
2.2.8	Paid to possess other long-term assets	-	-
2.2.9	Other cash assets	-	-
2.3	Net cash transaction amount of investment activities	217,812,689,037.30	116,096,595,868.24
3	Cash transaction of financial activities:	***	***
3.1	Cash income amount (+)	567,384,845,852.71	23,576,883,775.54
3.1.1	Received as other fundings	-	-
3.1.2	Received from secondary payables	-	-
3.1.3	Received from issuance of shares and other securities	-	-
3.1.4	Various donations	-	-
3.1.5	Other	567,384,845,852.71	23,576,883,775.54
3.2	Cash expense amount (-)	(271,015,822,540.00)	(373,547,879,300.00)
3.2.1	Paid to other fundings	-	-
3.2.2	Paid to secondary payables	-	-
3.2.3	Paid to financial lease payables	-	-
3.2.4	Paid to buy back shares	-	-
3.2.5	Paid dividend	271,015,822,540.00	373,547,879,300.00
3.2.6	Other	-	-
3.3	Net cash transaction amount of financial activities	296,369,023,312.71	(349,970,995,524.46)
4	FX difference	-	-
5	Total net cash transaction	493,355,137,974.09	(806,000,324,344.14)
6	Starting balance of cash and cash equivalents	4,893,765,124,731.80	5,387,120,262,705.89

7	Ending balance of cash and cash equivalents	5,387,120,262,705.89	4,581,119,938,361.75																					
2.	The Audit Committee opinion on the semi-annual financial statement, which was reviewed and confirmed																							
The Board of Directors Audit Committee has approved the 2025 semi-annual financial report of Khan Bank JSC (Bank, Khan Bank) on July 09, 2025.																								
3.	External and internal factors affecting the issuer's financial operations during the reporting period, management reports and opinions based on analysis of financial statements, income, expenses, and profit indicators																							
3.1	Operational performance																							
Total assets: As of the first half of 2025, total assets reached MNT 21.4 trillion, an increase of 5.4% compared to 2024, leading the banking sector and accounting for 28.3% of the total banking system in the first quarter of 2025.																								
Total loans: Compared to the end of the previous year, total loans increased by 14.8% or MNT 1.8 trillion and reached MNT 13.7 trillion as of June 2025.																								
Total deposits: Total deposits of KHAN bank increased by 5.7% or MNT 1.0 trillion and reached MNT 18.6 trillion, where 75% are due to customers, and 25% are borrowings from IFIs and other liabilities.																								
Equity: Compared to the end of the previous year, equity decreased by 1.0% or MNT 24.4 billion and reached MNT 2.4 trillion.																								
Profitability: As of the first half of 2025, KHAN Bank's NPAT was equal to MNT 353.7 billion. Net interest income increased by MNT 52.9 billion or 9.0% and reached MNT 640.8 billion. ROA was 3.5%, and ROE was 29.5%.																								
3.2	Liquidity ratios and financial resources																							
As of 30 June 2025, KHAN Bank has complied with all Regulatory requirements.																								
CAR (>12%): CAR capital adequacy ratio decreased by 2.0% from the end of the previous year and reached 15.81%.																								
Tier 1 (>13%): Tier 1 capital adequacy ratio decreased by 2.0% from the end of the previous year and reached 15.81%.																								
Liquidity (>25%): Liquidity ratio was 37.5%, well above the regulatory requirement.																								
NPL ratio: Non-performing loans equal to MNT 539.6 billion, or 3.9% of total loans, decreased by 0.4% from the end of the previous year.																								
<table><tr><td></td><td>2024</td><td>2025.06</td></tr><tr><td colspan="3">Profitability ratios</td></tr><tr><td>ROE</td><td>28.9%</td><td>29.5%</td></tr><tr><td>ROA</td><td>3.4%</td><td>3.5%</td></tr><tr><td>Efficiency ratio</td><td>40.9%</td><td>44.7%</td></tr><tr><td colspan="3">Loan quality ratios</td></tr><tr><td>NPL</td><td>4.3%</td><td>3.9%</td></tr></table>					2024	2025.06	Profitability ratios			ROE	28.9%	29.5%	ROA	3.4%	3.5%	Efficiency ratio	40.9%	44.7%	Loan quality ratios			NPL	4.3%	3.9%
	2024	2025.06																						
Profitability ratios																								
ROE	28.9%	29.5%																						
ROA	3.4%	3.5%																						
Efficiency ratio	40.9%	44.7%																						
Loan quality ratios																								
NPL	4.3%	3.9%																						

LLP	142.3%	140.6%
Bank of Mongolia Prudential ratios		
CAR	17.8%	15.8%
TIER 1 ratio	17.8%	15.8%
Liquidity	44.5%	37.5%
Single foreign currency open position ratio	-2.8%	-2.9%
Aggregate FC open position ratio	-3.1%	-3.0%

3.3

The external and internal factors affecting the activities of the issuer, changes in the range of its products and services, and measures planned to be taken by the issuer in response to these changes

1. Overview of the global economy, trends, and the banking sector

Impact of U.S. Tariff policy: Since the implementation of international trade policy by U.S. President Donald Trump, significant volatility has been observed in the capital markets. From the beginning of 2025, the U.S. dollar has depreciated by approximately 9%, reflecting a decline in investor confidence and a net capital outflow from the markets.

Banking Regulatory changes: The Basel III “Endgame” reforms are scheduled to take effect on July 1, 2025. These revisions will increase Common Equity Tier 1 (CET1) capital requirements for major banks by 16%, and risk-weighted asset requirements by 20% (Investopedia, 2025). As a result, while the reforms are expected to enhance the overall stability of the banking system and mitigate systemic risks, they may also constrain lending capacity and exert downward pressure on profitability.

Technological advancements and Digitalization: Banks are increasingly adopting artificial intelligence to improve customer experience, optimize operations, and strengthen risk management. This technological transformation is reshaping bank operations by improving personalized products and services and enhancing operational efficiency. Leading digital banks have successfully reduced operational expenses by 40–50% (Deloitte, 2025), thereby enhancing their competitiveness and profitability.

Credit quality and Risk management: Global credit losses are forecasted to rise by approximately 7%, reaching USD 850 billion, emphasizing the need for efficient risk management systems. As of March 2025, for Mongolian commercial banks, special-mention loans accounted for 4%, and non-performing loans accounted for 5.3% of the total outstanding loan portfolio.

2. Overview of the Mongolian economy and banking sector

As of the first quarter of 2025, Mongolia’s GDP increased by 2.4% from the beginning of the year, reaching MNT 19 trillion. This growth was primarily driven by the agricultural sector, which expanded by 35.6% and contributed 1.0 percentage point to overall GDP growth. In contrast, the mining and services sectors recorded relatively weaker performance, impacted by rising inflation, exchange rate volatility, declining coal prices, and an increase in the policy rate to 12% by the Bank of Mongolia.

Notably, inflation rose to 9.6% in January 2025 due to increases in electricity prices, service fees, rents, and the cost of imported goods. In response to mounting inflationary pressures and declining coal prices, the Monetary Policy Committee of the Bank of Mongolia decided on March 7, 2025, to raise the policy rate to 12%. As of May 2025, the weighted average interest rate stood at 17.2% for loans denominated in domestic currency (MNT) and 10.9% for those in foreign currencies. As of the same period, total newly issued loans by commercial banks reached MNT 26.3 trillion.

In line with global banking trends, the competitive focus among Mongolian banks centers on digital transformation and the development of AI-based business models. Banks are simplifying customer journeys by launching super apps and digital wallets, enhancing customer service through data analytics and artificial intelligence, and introducing new technologies such as GenAI-powered chatbots. In addition to critical infrastructure projects such as core system upgrades and the automation of back-office operations through Robotic Process Automation (RPA) and Business

Process Automation (BPA), banks are increasingly focusing on enhancing employees' digital competencies. These efforts aim to position Mongolian banks as globally aligned digital and open banking institutions.

3. Khan Bank's operational performance

Khan Bank has performed well in line with its mission, vision, and Sustainable growth themed business plan during the period.

Customer experience goal performance: Khan Bank is 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 complaint 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.

By resolution of the Bank of Mongolia's Monetary Policy Committee dated March 7, 2025, the debt-to-income ratio cap for consumer loans was reduced to 50%. The resolution aimed to align banking system with international best practices, and to guide banks to prioritize business lending over consumer loans, to support employment, and to promote sustainable economic. In compliance with this decision, Khan Bank has updated its calculation methodologies for consumer and pension loans across both traditional and digital channels.

From April 1, 2025, all commercial banks in Mongolia commenced a step-by-step transition to the 20-digit IBAN system for bank accounts in accordance with ISO 3166-1, 2 standards. Khan Bank was the first to implement this standard. The adoption of IBAN facilitates faster transactions, eliminates account duplication, prevents discrepancies between customer names and account numbers, and minimizes the risk of transaction delays.

Also, during the period, Khan Bank continued its card rebranding efforts aimed at delivering innovative products and services to its customers. During the rebranding, the Glamour credit card was redesigned, successfully launching Mongolia's first scented Glamour cards available in Classic and Premium plastics, as well as Mongolia's first bejeweled, travel-oriented Travel credit cards to the market. As of the first quarter of 2025, Khan Bank held a 56.6% share of the domestic payment card market.

Khan Bank has increased the number of "Digi Go" tellerless digital branches equipped with self-service smart devices, including kiosks, ATMs, and tablets. Currently, seven digital branches operate across Ulaanbaatar. To better serve SMEs through a one-stop approach for financial and non-financial services, the Bank has restructured its branch operations, established regional loan assessment and call centers in rural areas, and trained relationship managers with consultative expertise to streamline the business loan process.

Growing business and managing risk goal performance: The Bank has prioritized the balanced expansion of its loan portfolio, with a particular focus on increasing green and gender-inclusive lending to promote sustainable financing. During the reporting period, the maximum limit for online business loans for individual entrepreneurs was raised from MNT 100 million to MNT 200 million. In addition, the Bank introduced low-interest loans to support sustainable agricultural production. Specifically, the Bank has commenced the issuance and refinancing of new working capital loans to ensure the stable operations of individuals and enterprises engaged in agricultural activities, as well as investment loans aimed at enhancing productivity, expanding capacity, and improving operational efficiency. Furthermore, both green and conventional investment loans have been made available to heating production enterprises operating in Ulaanbaatar. These loan products are intended for technological upgrades and for refinancing existing loans previously obtained from the Bank for similar purposes.

- As of June 30, 2025, Khan Bank's total loan portfolio increased by 14.9% compared to year-end 2024, with a market share of 31.6% as of May.
- Total deposits grew by 5.6% during the same period, resulting in a market share of 30.4%. The Bank holds 29.6% of total system assets, maintaining its status as a systemically important bank.
- Among Mongolia's top five banks in the first quarter of 2025, Khan Bank ranked:
 - First in net profit margin at 22.5%

- Second in return on equity at 29.4%
- Second in liquidity ratio at 39.9%.

During the reporting period, Khan Bank successfully secured USD 145 million in financing from the European Bank for Reconstruction and Development (EBRD) to support green businesses and women entrepreneurs. The Bank continues to adopt international standards in risk management - including IFRS S1 and S2, ICAAP, and ILAAP - while maintaining a strong focus on cybersecurity. As part of its efforts, the Bank completed 27 modules and 107 sub-tasks under the Information Security Maturity Framework, earning “Bronze Level” certification for its cybersecurity operations.

On June 26, 2025, Khan Bank received approval from the Mongolian Stock Exchange and the Financial Regulatory Commission to issue the first gender bond in the domestic capital market. The proceeds from the bond will be used to finance initiatives that promote gender equality, inclusive economic growth, decent job creation, women’s entrepreneurship, and leadership.

Enabling digital banking and automating process’s goal performance: Khan Bank continues to implement its digital strategy by expanding the digital payment ecosystem and advancing toward the development of a super app. The “DigiPay” application, which enables customers to generate a unique, one-time “Digitag” for seamless, zero fee, and incentivized transactions, has been enhanced with new functionalities tailored to user needs. As of the reporting period, integrated 58 mini apps and had over 398,000 users. In addition, the Bank developed the Digi Pay reward program, allowing customers to earn and redeem points through various activities such as purchases, transfers, sending gifts, and inviting friends.

Khan Bank has broadly adopted Robotic Process Automation (RPA), Business Process Management (BPM), and Prime BPM to automate internal operations. These initiatives have significantly improved staff productivity, optimized workflows, and enhanced operational efficiency. As a result, the Bank saved over 140,000 sheets of paper—equivalent to conserving 1.4 million liters of water otherwise used in paper production.

Organizational Development: The Bank strategically supports the 17 Sustainable Development Goals. It continues foundational investments in sustainable development and climate action with guidance from international consultancy partners. The Bank prepared 2024 Sustainability and ESG Report in alignment with IFRS S1 and disclosed transparently and launched internal campaigns to enhance employee understanding of sustainability, ESG, climate risk, and resilience.

In the first half of 2025, the Khan Bank Foundation celebrated its 15th year of supporting the National Cancer Awareness Campaign and the 19th year of its scholarship program. The Foundation also sponsored national and youth Paralympic tournaments, provided support for sports equipment, and facilitated Mongolian athletes’ participation in international competitions. In collaboration with UNICEF, the Foundation funded the Primary School in Rural project and committed to Mongolia’s national “Billion Trees” initiative by planning to plant 1.2 million trees in 2025 to contribute to greenhouse gas reduction targets.

As part of employer goals, the Bank is implementing a competency-based career development system focused on employee-centric experience, workplace satisfaction, equal employment opportunities, and data-driven decision-making. Through continuous digital skill enhancement and technology adoption, Khan Bank aims to improve productivity and sustain long-term business success, reinforcing its position as a leading employer.

3.4 Details of off-balance sheet transactions and information on accounting policies

Contingent liabilities and obligations

The Bank undertakes various contingent liabilities and obligations for the financial needs of its customers. Although these liabilities are not reflected in the statement of financial position, they carry a certain amount of risk and are considered part of the Bank's overall risk.

	30-Jun-25			31-Dec-24		
<i>In thousands of MNT</i>	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount

Contingent Liabilities						
Financial guarantees issued	86,422,319	(382,593)	86,039,726	76,814,247	(2,250,010)	74,564,237
Performance guarantees issued	101,698,773	(1,635,787)	100,062,986	85,163,613	(293,696)	84,869,917
Letters of credit	36,890,189	(154,374)	36,735,815	43,232,816	(230,593)	43,002,223
Undrawn credit lines	1,214,460,807	(11,926,471)	1,202,534,336	1,476,885,258	(16,649,400)	1,460,235,858
Undrawn credit cards	37,412,076	(122,313)	37,289,763	36,315,445	(120,075)	36,195,370
Factoring receivable	26,934,250	(76,558)	26,857,692	8,851,654	(26,160)	8,825,494
Total contingent liabilities	1,503,818,414	(14,298,096)	1,489,520,318	1,727,263,033	(19,569,934)	1,707,693,099
Capital related commitments						
Property and equipment	11,553,862		11,553,862	1,072,349		1,072,349
Total	1,515,372,276	(14,298,096)	1,501,074,180	1,728,335,382	(19,569,934)	1,708,765,448

Funding costs for expected exposure to off-balance sheet liabilities:

<i>in thousands of MNT</i>	Undrawn credit lines	Undrawn credit cards	Financial guarantees issued	Performance guarantees issued	Letters of credit	Factoring receivable	Total
At 01 January 2025	1,476,885,258	36,315,445	76,814,247	85,163,613	43,232,816	8,851,654	1,727,263,033
New originated or purchased/increases	1,983,450,633	50,451,337	196,904,035	106,789,839	15,669,660	22,583,391	2,375,848,895
Exposures derecognized or matured/lapsed	(2,245,875,084)	(49,354,706)	(187,295,963)	(90,254,679)	(22,012,287)	(4,500,795)	(2,599,293,514)
At 30 June 2025 (unaudited)	1,214,460,807	37,412,076	86,422,320	101,698,775	36,890,191	26,934,250	1,503,818,419
At 01 January 2025 credit loss allowance	16,649,400	120,075	2,250,010	293,696	230,593	26,160	19,569,934
New originated or purchased/increases	16,489,637	199,776	1,312,276	1,182,555	105,348	65,530	19,355,122
Exposures derecognized or matured/lapsed	(21,197,666)	(226,590)	(3,179,693)	(237,151)	(181,567)	(15,132)	(25,037,799)
Transfers between stages	(14,900)	29,052	-	396,687	-	-	410,839
Net charge for the period	(4,722,929)	2,238	(1,867,417)	1,342,091	(76,219)	50,398	(5,271,838)
At 30 June 2025 (unaudited)	11,926,471	122,313	382,593	1,635,787	154,374	76,558	14,298,096

Duty

Obligation refers to the Bank's contractual obligations to grant loans and open credit lines. Such obligations have fixed expiration dates or other types of termination provisions. The amount specified in the contract is not intended to represent future cash requirements, as the loan obligation may have expired before it was fulfilled.

4.	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
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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.

As of June 30, 2025 (MNT million)

	Bank related party	Category of assets	Balance (MNT mln)	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	23,720.2	0.97%
1.2	Key management personnel	Loan	4,701.5	0.19%
1.3	Other related parties	Loan/guarantee	78,158.0	3.20%
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	23,720.2	0.97%
2.2	Key management personnel	Loan	12,220.3	0.50%
2.3	Other related parties	Loan/guarantee	78,327.0	3.21%

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

5.	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 from the public
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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.

No	Use of proceeds	Percentage	Total amount /MNT/	Total disbursement
1	IT investment	16%	29.3 bln	29.3 bln
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
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The total raised funds have been fully disbursed by the third quarter of 2024.

6.	Information related to corporate governance
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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.

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 (BoM) 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

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 meeting 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.

Annual Shareholders Meeting (ASM)

Khan Bank JSC convenes its ASM at least once a year in compliance with applicable laws and regulations. The ASM for 2025 was conducted on April 24 in a hybrid format – both in-person and online.

The following matters were presented to the shareholders:

- Khan Bank JSC 2024 performance and financial reports;
- Dividend distribution to shareholders;
- Write-off loans in 2024;
- 2024 financial statements audited by PricewaterhouseCoopers Audit LLC.

Following the presentation, the shareholders entitled to vote and present at the meeting discussed and approved the following matters:

- The Board of Directors opinion on the 2024 performance and financial reports;
- The Board of Directors expenditure budget for 2025;
- The Khan Bank JSC Action plan for changing shareholding structure and share capital amount.

The ASM resolutions are available on the Khan Bank website under the “Investor Relations” menu, in the “Shareholders” section.

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 its 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, responsible for defining policy and strategy, developing new businesses, making investments, and providing management support to its subsidiaries. Tavan Bogd Group operates in various sectors, including cashmere, automotive and mining equipment, food service, banking and finance, international trade, manufacturing, tourism, construction, information technology, and healthcare services. The 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 amendments to the Banking Law, Khan Bank successfully offered 10% of its total shares—amounting to 191,219,800 shares—to the public in 2023, marking the largest, most oversubscribed, most widely held, and most accessible initial public offering in the history of the Mongolian capital market.

Under the Employee Share Purchase Program (ESPP), the Bank had held, and segregated shares owned by 4,136 employees; upon the expiration of the lock-up period, these shares were transferred to the respective shareholders' securities accounts, thereby enabling ESPP participants to freely trade their shares and resulting in their reclassification under the "public" category within the shareholder structure.

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 (BoD, Board) 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.

Board composition

Board independent directors:

- Daribum T. – Board chair, independent director
- Hans Aart Jongejans – independent director
- Tamir A. – independent director

Board regular directors:

- Khulan D. – Board deputy chair, regular director
- Ishii Kisaburo – regular director
- Baatarsaikhan Ts. – regular director
- Harada Yasunari – regular director
- Amarsanaa B. – regular director
- John Law – regular director

Board 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 4 meetings, and adopted 16 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.

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 BoM, and the “Corporate Governance Code” approved by the FRC, 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	Nominating and Human resources committee	Hans Aart Jongejans (independent director)	Tamir A. (independent director) Khulan D.

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, 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.

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 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 Audit 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

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, Bank conducts regular evaluations of its governance practices, which are subsequently reviewed and approved by the FRC.

As of the first quarter of 2025, the Bank’s implementation report on the “Corporate Governance Code” was reviewed and validated by the FRC, receiving a score of 97.2—indicating strong governance with no risks—which reflects the Bank’s continued improvement in corporate governance quality and the effective implementation of its oversight and management systems. Moving forward, the Bank remains committed to enhancing its governance framework and safeguarding the interests of customers and investors.

The corporate governance assessment report is available on the Mongolian Stock Exchange and the Bank’s official website.

Governance policies and procedures

1. Khan Bank JSC Charter
2. Khan Bank JSC Corporate Governance Code
3. Khan Bank JSC 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

INFORMATION TRANSPARENCY

- 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.

- 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.

During the reporting period, more than 20 reports and disclosures were submitted to the Financial Regulatory Commission and the Mongolian Stock Exchange within the timelines specified by applicable laws and regulations, and were publicly disclosed. These include:

- 2024 Annual Performance Report
- 2024 Year-End Audited Financial Statements
- 2024 Sustainability and ESG Report
- 2024 Annual Bond Report
- 2024 Annual Green Bond Report
- Q1 2025 Financial Statements
- Q1 2025 Bond Report
- Reports and disclosures related to organization of the 2025 ASM
- Timely disclosures as required

In addition, to enhance transparency and stakeholder engagement, the Bank co-hosted an Earnings Call event with Capital Markets Mongolia and delivered a public presentation of its 2024 year-end performance and financial results in collaboration with the Mongolian Stock Exchange, targeting capital market participants, shareholders, and the general public.

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 13, 2025, based on meeting the conditions for maintaining the Bank's own risk-bearing capacity and appropriate equity ratio, It was resolved to distribute dividends totaling MNT 373.5 billion from the Bank's NPAT for 2024, which amounted to MNT 638.5 billion. As a result, a dividend of MNT 195.35 per share was declared for 1,912,198,000 common shares. In accordance with this resolution, the dividends were fully distributed in cash to shareholders within the legally prescribed period after receiving the necessary approvals from the relevant authorities.

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

Full name: Munkhbayar G.

Position: Deputy CEO of Risk, Khan Bank JSC

Signature:

Date: July 18, 2025

