



# **PRE-READING MATERIALS FOR THE 2025 ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF XACBANK JSC**

April 29th, 2025



# CONTENTS



Announcement of the 2025 Annual General Meeting of XacBank Shareholders ("AGM")	03
The Board of Directors' (the "Board") Resolution announcing the 2025 AGM	04
2025 AGM Protocol	06
2025 AGM Agenda:	
<b>Decision items:</b>	
1. Approval of the Board Review of the Annual Operational Report of XacBank for 2024;	07
2. Approval of the Board Review of the Audited Financial Statements of XacBank for 2024;	53
<b>Presentation:</b>	
1. Independent Directors' Report.	59
<b>Decision items:</b>	
3. Approval of Distribution of Final Dividend from the 2024 Year-End Bank Earnings;	62
4. Approval of Amendments to the Charter of XacBank:	66
a. Separation of the Governance, Nomination, and Compensation Committee into the Nomination Committee and the Governance and Compensation Committee;	67
b. Inclusion of Elderly fund matter;	71
5. Approval of Amendment Agreement to the Merger Agreement and Amendment to the Merger Terms and Conditions;	73
6. Approval of the Board Budget for 2025.	91
Draft Shareholders' Resolutions	95
Composition of the AGM Tabulating Committee	106
AGM Ballot Template	107

# ANNOUNCEMENT OF THE ANNUAL GENERAL MEETING OF XACBANK JSC SHAREHOLDERS

The Board of Directors (the “Board”) of XacBank JSC has announced the 2025 annual general meeting of the shareholders (the “AGM”) by its Resolution No. R-2025-18 dated 17 March 2025, pursuant to Article 59.4 of the Company Law.

**XacBank official address:** XacBank HQ Bldg, Prime Minister Amar’s Street, Sukhbaatar District, Ulaanbaatar-14200, Post Branch 20A, PO Box-72, Mongolia

**AGM venue, date and time:** The meeting will be organized in a hybrid format, both in-person and virtual on 29 April 2025 at 09:00 hours (Ulaanbaatar city time), at the Ball Room of Shangri-La Hotel located at 19 Olympic Street, Sukhbaatar District 1, Ulaanbaatar, Mongolia.

**Record date of Shareholders:** Record date for registering shareholders eligible to participate in the AGM is set on 10 April 2025.

## Presentation:

1. Independent Directors’ Report.

## Decision items:

1. Approval of the Board Review of the Annual Operational Report of XacBank for 2024;
2. Approval of the Board Review of the Audited Financial Statements of XacBank for 2024;
3. Approval of Distribution of Final Dividend from the 2024 Year-End Bank Earnings;
4. Approval of Amendments to the Charter of XacBank:
  - Separation of the Governance, Nomination, and Compensation Committee into the Nomination Committee and the Governance and Compensation Committee;
  - Inclusion of Elderly fund matter;
5. Approval of Amendment Agreement to the Merger Agreement and Amendment to the Merger Terms and Conditions;
6. Approval of the Board Budget for 2025.

Starting from 26 March 2025, shareholders may review the pre-reading materials through the Bank’s website ([www.xacbank.mn](http://www.xacbank.mn)), or, on weekdays at securities companies that are convenient for them.

Shareholders who are unable to attend the AGM virtually or in-person, may submit their advance ballot votes from 09:00 hours on 11 April 2025 to 16:00 hours on 27 April 2025 through their securities companies or any branches of XacBank. Shareholders opting to submit their ballot votes electronically may vote so until the AGM ends.

## Contact details:

Phone number: +(976)-8508-1888

E-mail address: [investor-relations@xacbank.mn](mailto:investor-relations@xacbank.mn)

Workig hours: between 10:00 a.m. and 17:00 p.m. on working days.

21 March 2025

AGM ORGANIZING COMMITTEE



## THE BOARD RESOLUTION ANNOUNCING THE 2025 AGM

### BOARD OF DIRECTORS RESOLUTION



Date: 17 March 2025

No. R-2025-18

Ulaanbaatar

Announcement of the 2025 Annual General Meeting  
of the Shareholders of XacBank

Based on Articles 59.4 and 60.1 of the Company Law, Article 2.1 of the Procedure for delivering the announcement of a shareholders' meeting of joint-stock companies approved by Financial Regulatory Commission (the "FRC") by its Resolution No.377 dated 14 December 2018, and pursuant to decisions made through its online voting held between 13-17 March 2025, the Board of Directors (the "Board") of XacBank JSC (the "Bank") hereby adopts the following resolutions:

#### IT IS NOTED THAT:

1. **WHEREAS**, the Board shall announce and hold the Annual General Meeting of the Shareholders (the "AGM") within four months following the end of each financial year as per Article 59.4 of the Company Law, and the Board now wishes to adopt the following.

#### NOW THEREFORE BE IT RESOLVED THAT:

1. The AGM of the Bank shall be convened on 29 April 2025 at 09:00 hours (Ulaanbaatar city time), at the Ball Room of Shangri-La Hotel located at 19 Olympic Street, Sukhbaatar District 1, Ulaanbaatar, Mongolia.
2. The meeting shall be organized in a hybrid format, both in-person and virtual.
3. The Chairman of the Board of Directors of the Bank, Sanjay Gupta, is hereby announced as the Chairman of the AGM.
4. The Chief Auditor, Undarmaa Enkhbayar, is hereby appointed the Chair of the AGM Organizing Committee. The Chief Executive Officer, Tsevegjav Gumenjav, shall appoint the members of the AGM Organizing Committee pursuant to applicable internal rules and policies.
5. The Board Secretariat is hereby directed to submit the notice of the AGM to the FRC and the Mongolian Stock Exchange (the "MSE") by 19 March 2025.
6. The AGM Organizing Committee, is hereby directed to publish the notice of the AGM on the website of MSE, daily newspapers, the Bank's official website ([www.xacbank.mn](http://www.xacbank.mn)), official social media addresses, and other media outlets by 21 March 2025, and to re-publish the notice in the same form as the original 15 days following the initial publication.
7. The record date for registering shareholders eligible to participate in the AGM shall be set on 10 April 2025.



8. The AGM Organizing Committee is hereby directed to deliver the agenda of the AGM, draft resolutions, presentations for the AGM, the ballot, and any other related documents to the securities broker and dealer companies by 26 March 2025.
9. The agenda of the AGM as Annex 1, the list of documents pertaining to the agenda of the AGM as Annex 2, the composition of the AGM Tabulating Committee as Annex 3, the AGM Protocol as Annex 4, and the Ballot of the AGM as Annex 5 are hereby approved.
10. The AGM Organizing Committee is hereby directed to ensure that all advance ballot votes from eligible shareholders for the AGM are received from 09:00 hours on 11 April 2025 to 16:00 hours on 27 April 2025, regardless of whether submitted via a broker-dealer company or through any of the Bank's branches. Shareholders opting to electronically submit their ballot votes are permitted to do so until the AGM ends.
11. The Tabulating Committee is hereby directed to consolidate the advance ballot votes cast by shareholders, either on paper or electronically, and integrate them into the final tally.
12. The Board Secretariat is hereby directed to submit the resolutions adopted at the AGM and other relevant documents to the MSE and the FRC within the time specified in the Company Law, Law on Securities Market, and other relevant regulations.

CHAIRMAN OF THE  
BOARD OF DIRECTORS

GENERAL COUNSEL,  
CORPORATE SECRETARY



SANJAY GUPTA

N.MUNKHTSELMEG

## THE AGM PROTOCOL

Time	#	Agenda Items	Responsible
8:30-9:00	1	Shareholders' registration for AGM	Tabulating Committee
9:00 and onwards	2	Announcement of the AGM quorum	Tabulating Committee
	3	Welcome address	Chairman
	4	Presentation of the AGM Protocol	CEO
	5	The Board Review of the XacBank's Annual Operational Report for 2024	CEO
	6	Q&A	
	7	The Board Review of the XacBank's Audited Financial Statements for 2024	CFO
	8	Q&A	
	9	Independent Directors' Report	Independent Directors
	10	Q&A	
	11	Presentation on the Distribution of Final Dividend from the 2024 Year-End Bank Earnings;	CEO
	12	Q&A	
	13	Presentation of the Amendments to the Charter of XacBank	General Counsel/Corporate Secretary
	14	Q&A	
	15	Presentation of the Amendment Agreement to the Merger Agreement and Amendment to the Merger Terms and Conditions	CEO
	16	Q&A	
	17	Presentation of the Board Budget for 2025	General Counsel/ Corporate Secretary
	18	Q&A	
	19	Close of Voting	Chairman
	20	Break (Vote Counting)	Tabulating Committee
	21	Announcement of voting results	Tabulating Committee
	22	Closing Remarks	Chairman

**Voting/counting principle:** Shareholders have the option to vote on the agenda item either on paper or electronically in advance. Advance paper ballots will be accepted before 16:00 hours on 27 April 2025. Shareholders opting to submit their ballot votes electronically may vote so until the AGM ends. During the AGM, Shareholders who did not cast their votes in advance may cast their votes for each agenda item before the Close of Voting period ends.

**Prohibition:** The shareholders are prohibited from disrupting the order of the meeting, such as speaking out of turn, introducing off-agenda topics, or causing disturbances.



## **Decision item No.1:**

**Approval of the Board Review of the Annual Operational  
Report of XacBank for 2024**





# XACBANK JSC FINANCIAL AND OPERATIONAL RESULTS

As of DECEMBER 31, 2024

## Content

- Operational highlights
- Financial results
- Prudential ratios
- Corporate governance





## Operational highlights



### Secured USD 236 million in Senior Debt Financing

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



### Credit Rating Upgraded

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



### Received Global Climate Partnership Award

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



### Share Buyback Program

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

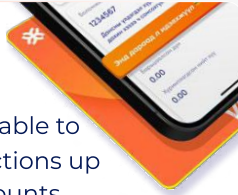


# Operational highlights

## I New products and services

### #Odoo Asuudalgui 🕶️

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



### Target Savings

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



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



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



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

### POS Revenue Backed Loans

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



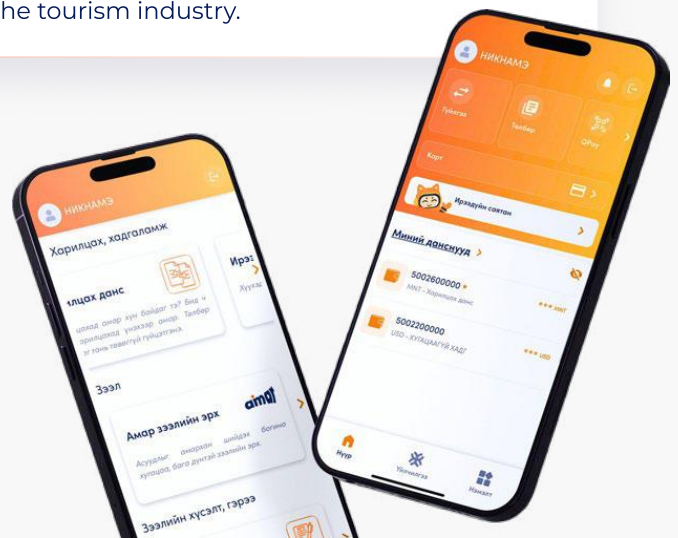
### Partnership with Oyu Tolgoi Catalyst Fund for Khanbogd Development (OTCF)

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



### Project Loans

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



# Operational highlights

## I New card products



### Temuulel card



The Temuulel Card, designed for children and teenagers aged from 7 to 18, was updated to allow access to public transportation at child fares, manage accounts via digital banking application, and earn cashback and participate in other promotions.



### Broncos card

A limited-edition "Broncos Card" was released for basketball enthusiasts and fans of the team, the 8-time champions of the National Basketball League.



### Future card

A new environmentally friendly card made from recycled plastic was introduced for students. It has reached 12,000 students from more than 80 universities.



### Co-branding cards

The co-branding cards was released for the 30th anniversary of Mongolyn Alt (MAK) LLC, the 75th anniversary of the Ulaanbaatar Railway, and for the herders and farmers who are supplier of Suu JSC.



### Olymp card

A limited-edition card dedicated to the Paris 2024 Summer Olympics was released.



# Financial performance

As of December 31, 2024

Net profit	ROE	XAC (stock price)	EPS	Tier 1 ratio	Liquidity ratio
171.7 MNT billions	25.7%	826.0 MNT	163.1 MNT	19.2% >12.5%	38.4% >25.0%

## Profitability

- In 2024, the bank's net profit after tax reached MNT 171.7 billion, a 20.9% increase year-on-year (YoY). The growth in the bank's loan portfolio and the improvement in asset quality were the main factors contributing to the increase in profit.
- As of December 31, 2024, the Bank's Return on equity (ROE) is 25.7%, and the earnings per share (EPS) is MNT 163.1.
- During the reporting period, the bank paid dividends three times: MNT 14.75 per share or MNT 15.5 billion from the retained earnings of 1H 2023, MNT 25.25 per share or MNT 26.6 billion from the retained earnings of 2H 2023, and MNT 18 per share or MNT 18.9 billion from the retained earnings of 1H 2024. The total cash dividend disbursed was MNT 61 billion or MNT 58 per share since IPO.

## Balance sheet

- The gross loan portfolio reached MNT 3,697 billion, up by 34.5% YoY.
- The retail banking loan portfolio grew by 34.6%, reaching MNT 2,587 billion, driven by strong growth in consumer loans and lending for women-owned businesses.
- Better collaboration with vendor companies and solid performance of new leasing branches for used cars have resulted in 36.1% growth for leasing portfolio, reaching MNT 467 billion in 2024.
- The corporate banking loan portfolio reached MNT 643 billion, up by 32.7% in 2024.
- In 2024, current accounts and deposits reached MNT 3,425 billion (up 19.1% YoY), while senior debt increased by 35.8% to USD 449 million.

## Ratios

- As of the end of 2024, all regulatory metrics set by the Bank of Mongolia are within the limit.
- Tier 1 capital ratio is 19.2%, 6.7 ppts above the regulatory minimum requirement of 12.5%.
- The liquidity ratio is 38.4% (regulatory limit >25%).
- NPL ratio was further improved to 2.0% as of end of 2024.

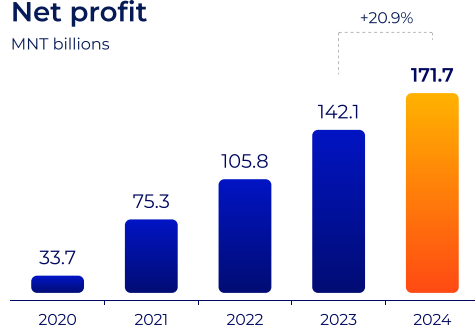


# Key indicators

As of December 31, 2024

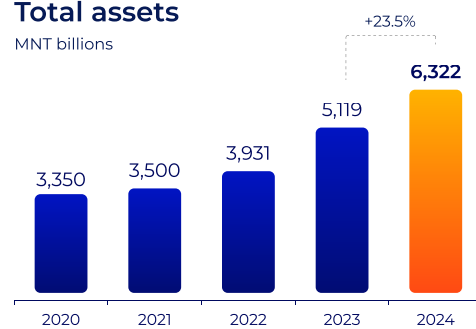
## Net profit

MNT billions



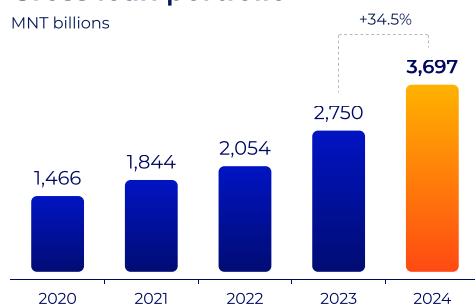
## Total assets

MNT billions



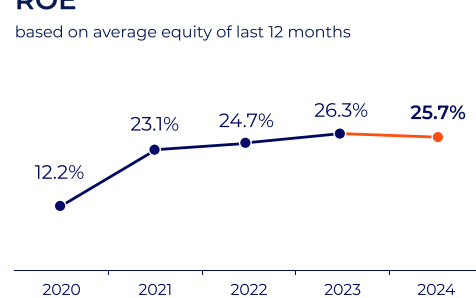
## Gross loan portfolio

MNT billions

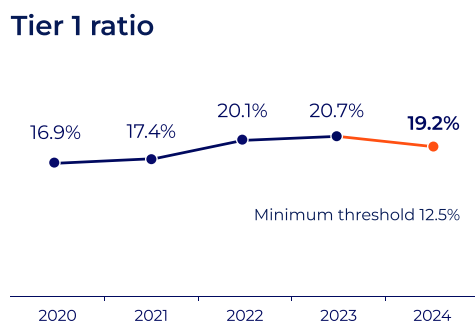


## ROE

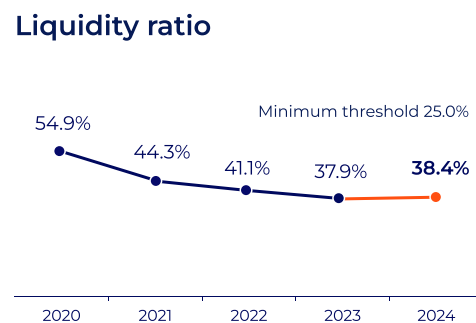
based on average equity of last 12 months



## Tier 1 ratio



## Liquidity ratio



# Lending

As of December 31, 2024

## Number of loan accounts

**188K** ▲ 14.5% YoY

## Number of digital loan accounts

**112K** ▲ 17.5% YoY

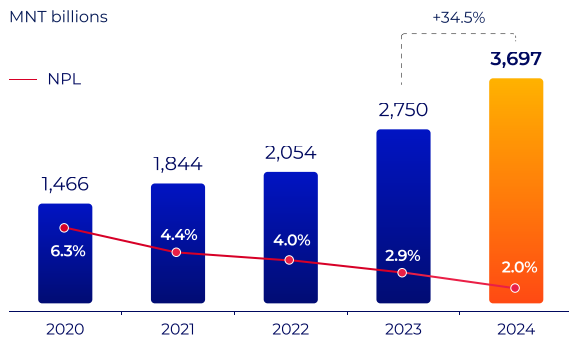
## Interest income from loan

**575.8** MNT billions ▲ 39.9% YoY

## Gross loan portfolio

MNT billions

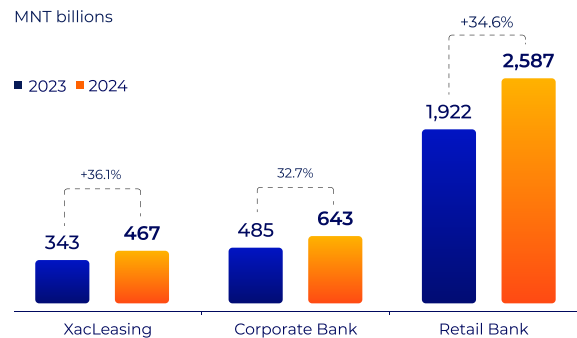
— NPL



## By segment

MNT billions

■ 2023 ■ 2024



- In 2024, the growth in the loan portfolio was primarily driven by increases in micro and small business loans, consumer loans, and the leasing portfolio.
- The NPL ratio has consistently decreased in recent years, reaching 2.0% as of December 31, 2024, due to the overall growth of the loan portfolio and effective measures implemented in the loan recovery process.

# Current accounts and deposits

As of December 31, 2024

## Number of accounts

**1.4 millions** ▲ 8.6% YoY

## Number deposit accounts

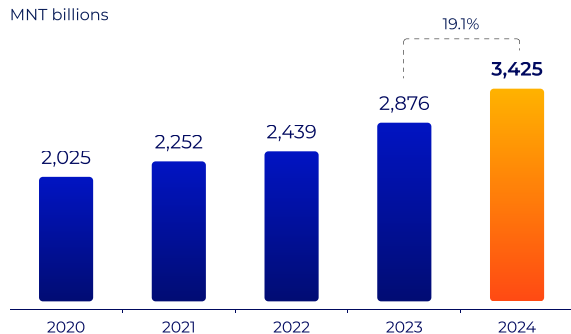
**531K** ▲ 5.1% YoY

## Interest paid to customers

**211.8 MNT billions** ▲ 35.6% YoY

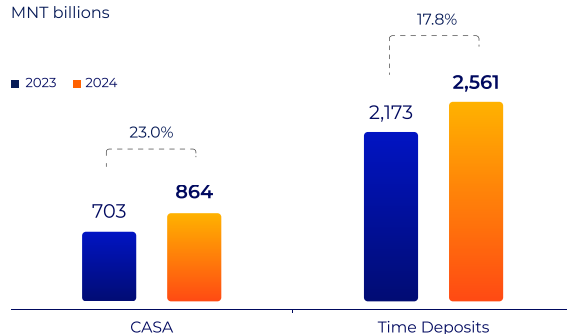
## CASA & Deposits

MNT billions



## By products

MNT billions



- XacBank offers wide range of current account and deposit products that meet the specific needs of the customers while maintaining steady growth over the past years.
- Through the successful implementation of promotion programs for deposit holders, the bank's total current account and deposits grew by 19.1% in 2024.



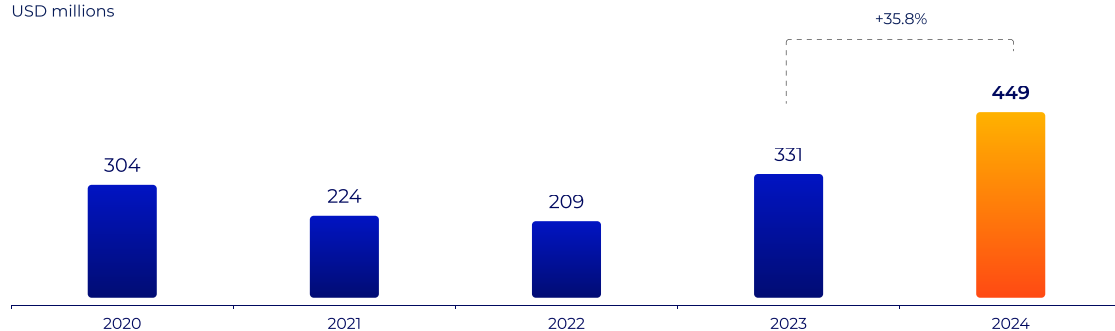
# Senior debt

As of December 31, 2024

In 2024, the bank signed loan agreements with leading DFIs and IFIs, including FMO, ADB, DEG, EBRD, Proparco, responsAbility, Finnfund, TripleJump, DWM, and Symbiotics, totaling USD 236 million, of which USD 176 million was disbursed to XacBank in 2024. The remaining USD 60 million is expected to be disbursed in early 2025.

## Senior debt

USD millions



## New senior debts in 2024

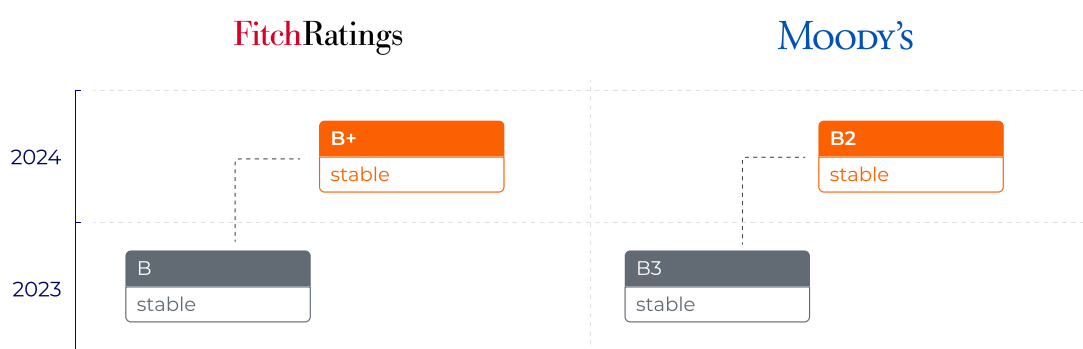


# Credit rating

As of December 31, 2024

Since 2008, XacBank has continuously had its credit rating assessed by the international rating agencies, Moody's Investors Service and Fitch Ratings. In 2024, alongside the upgrade of Mongolia's sovereign credit rating, XacBank's credit rating was improved by one notch to "B2 stable" from Moody's and "B+ stable" from Fitch Ratings.

## Credit rating



The rating agencies considered the following factors when upgrading XacBank's credit rating:\*

- **Better OE:** Improved business prospects for the banking sector, driven by Mongolia's steady medium-term economic growth.
- **Robust growth:** XacBank continues to sustain its loan portfolio growth while maintaining better than average asset quality and capital adequacy compared to industry.
- **Asset quality:** Latest reported regulatory non-performing loan ratio fell to 2.2% by end-1H24, well below the system average of 5.9%.
- **Sustained profitability:** Net income is likely to increase further in 2024 on loan growth after a 34% increase in 2023.
- **Higher-than-peer capital buffer:** Profitability continues to support its above-average capitalisation, notwithstanding rapid loan growth and its dividend payment policy.
- **Funding and liquidity:** Funding from international financial institutions rose by 57% in 2023 to account for 27% of XacBank's total funding at end-2023.

\* Source: Fitch Ratings report

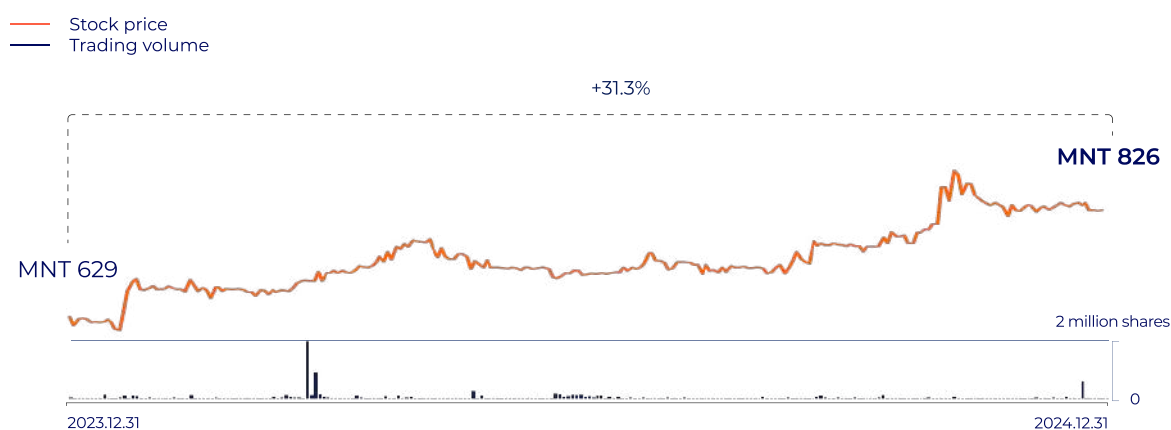
# Stock information

As of December 31, 2024

As of December 31, 2024, the closing price of XacBank's shares was MNT 826.0, up by 31.3% compared to the previous year's closing price.

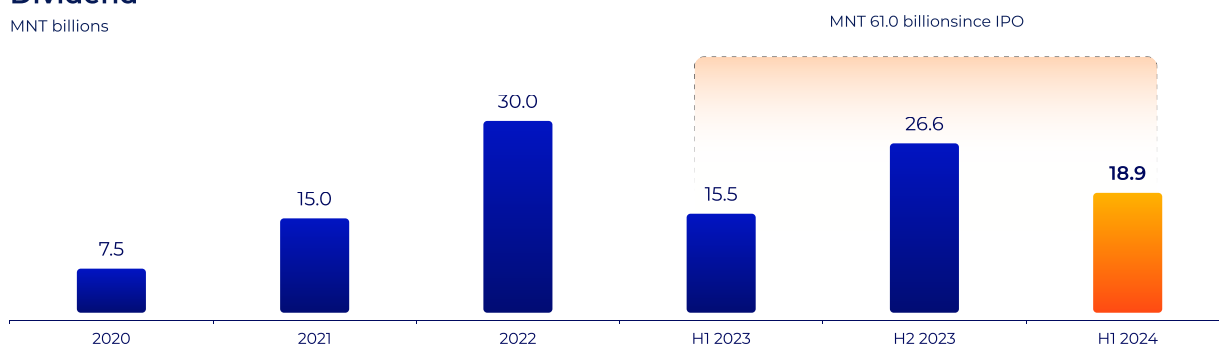
During the reporting period, the bank paid dividends three times: MNT 14.75 per share or MNT 15.5 billion from the retained earnings of 1H 2023, MNT 25.25 per share or MNT 26.6 billion from the retained earnings of 2H 2023, and MNT 18 per share or MNT 18.9 billion from the retained earnings of 1H 2024. The total cash dividend disbursed was MNT 61 billion or MNT 58 per share since IPO.

## XAC stock price and trading volume



## Dividend

MNT billions



\*The dividend yield was calculated by comparing the total dividend per share distributed in 2024 to the closing price of shares as of December 31, 2023.

# Prudential requirements: CAR, liquidity ratio

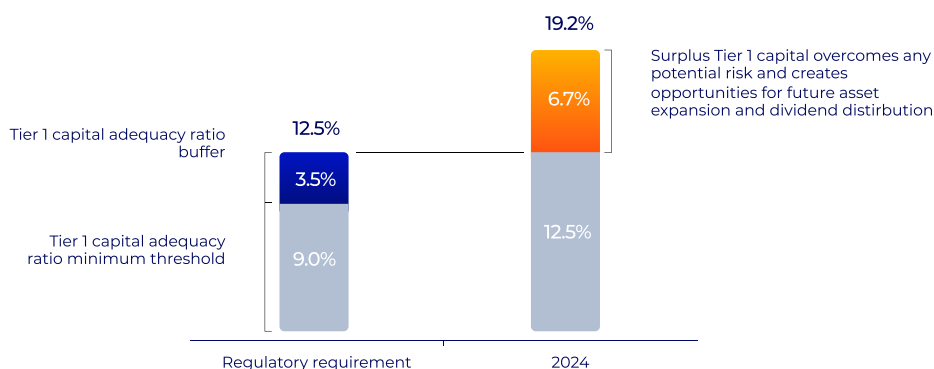
As of December 31, 2024

## Tier 1 capital adequacy ratio

**19.2%** Minimum threshold 12.5%

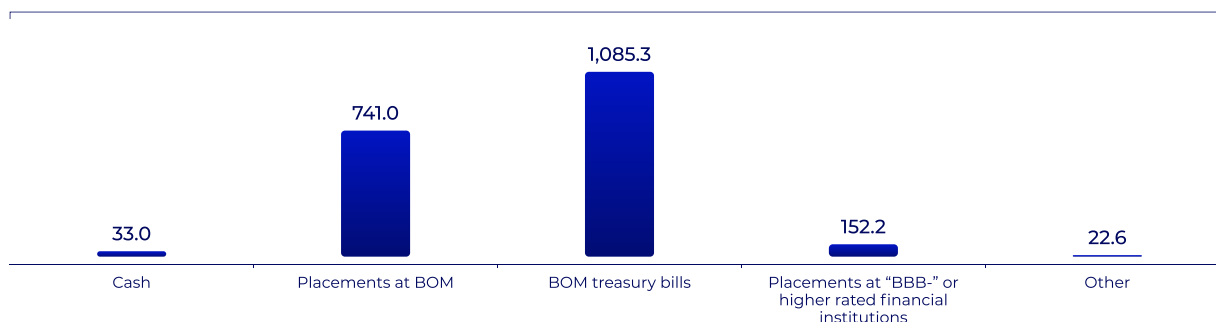
## Liquidity ratio

**38.4%** Minimum threshold 25.0%



## Liquid assets

MNT 2,034.2 billions





## Prudential requirements: other ratios

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

	2022	2023	2024
Loans to bank related party and employees and other assets equivalent to the loan (less than 5% of capital)			
Bank shareholders	0.0%	0.8%	2.2%
Key management personnel	0.1%	0.1%	0.1%
Other related parties	1.6%	3.2%	0.0%
Total loans to bank related parties and employees and other assets equivalent to the loan (less than 20% of capital)			
Bank shareholders	0.0%	0.8%	2.3%
Key management personnel	0.3%	0.3%	0.3%
Other related parties	3.8%	3.2%	0.1%

# Written-off Loans

As of December 31, 2024

## Write-offs by Loan Product

Product	Written-off loans (in MNT millions)	# of loans
Micro & small business loan	151	9
Housing loan	223	2
Consumer loan	1,370	169
Car leasing	18	3
<b>Total</b>	<b>1,761</b>	<b>183</b>

### Key Notes

- In November 2024, the Board of Directors made the decision to write-off the loans;
- All write-offs were complied with requirements to write-off a loan as stated in Bank of Mongolia Regulation on Asset Classification and Provisioning;
- The write-off does not impair the collection; so,
- The legal processes and collections are in-progress for the write-offs.



# GOVERNANCE REPORT OF XACBANK JSC

## OPERATIONAL REPORT OF BOARD OF DIRECTORS

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

# 1. GOVERNANCE OVERVIEW

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



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



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



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

New and amended policies approved by the Board	
Amended and Restated	Newly adopted
<ul style="list-style-type: none"><li>• Board Action Plan (After-Evaluation) for 2024 and the Board Evaluation Policy</li><li>• Charter of the Audit Committee of the Board of Directors</li><li>• Internal Audit Charter of the Bank</li><li>• Board Director Selection and Nomination Policy</li></ul>	<ul style="list-style-type: none"><li>• Stakeholder Engagement Policy</li><li>• Succession Policy for Executive Management</li></ul>

## EVALUATION OF CORPORATE GOVERNANCE CODE IMPLEMENTATION

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

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

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



## 2. XACBANK GOVERNANCE

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

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



### General Governance Structure

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

### 3. ASSURANCE FRAMEWORK

#### INTERNAL AUDIT STRUCTURE

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

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

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

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



## RISK MANAGEMENT

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

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



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



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



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

### Credit risk management

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

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

### Operational risk management

The risk appetite for operational risk is approved by the Board of Directors and documented in the Risk management framework. The Bank's operational risk policy and procedures ensure and complement the approved risk appetite. Each business units of the Bank actively manages operational risk within their activities by assessing risk and taking appropriate measures to mitigate it. As a result, the Bank effectively manages and prevents operational risk which arises from inadequate or failed internal processes, human errors, and information system failures.

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

## **Social, environmental, and climate risk management**

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

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

## **Compliance risk**

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

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

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

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

## **4. SHAREHOLDERS' STRUCTURE AND MERGER PROCESS**

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

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





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

## 5. SHAREHOLDERS' MEETING

The supreme governing body of the Bank shall be the Shareholders' meeting. The quorum for the Shareholders' meeting shall be the presence in person or by proxy of the shareholders holding equal to or more than a simple majority of the total issued and outstanding shares of the Bank at the record date. The Shareholders' meeting shall be either a regular or an extraordinary meeting.

The matters that are subject to the shareholders' meeting are as follows:

- Section 29.2 of Article 29 of the Banking Law;
- Section 62.1 of Article 62 of the Company Law;
- Clause 8.6 of the Bank Charter.

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

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

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

## 6. DIVIDEND INFORMATION

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

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

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

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

## 7. SHARE REPURCHASE PROGRAM

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

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

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

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

## 8. THE BOARD OF DIRECTORS

### COMPOSITION OF THE BOARD

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



### SANJAY GUPTA

#### CHAIRMAN

**Field of Expertise:**

Economics and Finance

**Experience in the financial markets:**

43 years

**Education:**

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

**Work experience:**

1981-2001

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

2001-2005

Head of Corporate Origination for the Asia Pacific, Credit Lyonnais

2006-2015

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

2017-2019

Non-Executive Board member of XacBank and TFG

Since 2019

Chairman of XacBank and TFG

**Shareholding in XacBank**

850,541 shares (0.08%)



## AMY CHOI

### Independent Non-Executive Director

Member of the BRMC, BAC and GNCC

#### Field of Expertise:

Information system Analysis and Design, Business analysis

#### Experience in the financial markets:

40 years

#### Education:

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

#### Work experience:

1982-1993	System Engineer/ Senior Engineer/ Financial Services System Solutions Manager, focusing on automation implementation for banking and insurance systems, IBM, Hong Kong,
1994-2010	Various positions: Branch manager, Team Head, International Personal Banking, Managing Director
2010-2013	Executive Vice President, Retail Banking, Guangfa Bank, China
2013-2017	Vice President, Retail Banking, Ping An Bank Co.,
2017-2020	Deputy Chief Executive, The Bank of East Asia (China) Limited
Since 2023	Independent Non-Executive Director of XacBank

#### Shareholding in XacBank

Does not hold shares.



## NIRAJ VEDWA

### Independent Non-Executive Director

Member of the BRMC, BAC and GNCC

#### Field of Expertise:

IT, Trading, Business

#### Experience in the financial markets:

30 years

**Education:**

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

**Work experience:**

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

**Shareholding in XacBank**

Does not hold shares.

**STEWART DONALD HALL****Independent Non-Executive Director**

Member of the BRMC, BAC and GNCC

**Field of Expertise:**

Finance, Accounting

**Experience in the financial markets:**

41 years

**Education:**

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

**Work experience:**

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



Since 2018  
Since 2024

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

**Shareholding in XacBank**

Does not hold shares.



**ULAMBAYAR BAYANSAN**

**Independent Non-Executive Director**

Chair of BAC, Member of the BRMC and GNCC

**Field of Expertise:**

Business administration

**Experience in the financial markets:**

18 years

**Education:**

Bachelor and Master degree in Electronics engineering, Tokyo Institute of Technology.

MBA, University of Chicago Booth School of Business, USA

**Work experience:**

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

**Shareholding in XacBank**

Does not hold shares.



## TSEVEGJAV GUMENJAV

**Executive Director/CEO**

**Field of Expertise:**

Banking, Finance

**Experience in the financial markets:**

20 years

**Education:**

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

**Work experience:**

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

**Shareholding in XacBank**

1,887,582 shares (0.18%)



## ALBERTUS BRUGGINK

**Non-Executive Director**

Chair of BRMC, nominated by ORIX Group

**Field of Expertise:**

Finance

**Experience in the financial markets**

38 years

**Education:**

MBA and Phd Business Administration, Twente University of Technology

**Work experience:**

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

**Shareholding in XacBank**

Does not hold shares.



## ANDRZEJ WITAK

### Non-Executive Director

Member of BAC, Nominated by EBRD

#### Field of Expertise:

Banking, Finance

#### Experience in the financial markets:

39 years

#### Education:

Master in Law, University of Silesia, Poland

#### Work experience:

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

#### Shareholding in XacBank

Does not hold shares.



## MICHAEL MADDEN

### Non-Executive Director

Chair of GNCC, Nominated by Ronoc Partners Kft

#### Field of Expertise:

Finance, Investment

#### Experience in the financial markets:

31 years

#### Education:

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

#### Work experience:

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

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

#### Shareholding in XacBank

Does not hold shares directly.



## TSELMUUN NYAMTAISHIR

### Non-Executive Director

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

#### Field of Expertise:

Investment, Business

#### Experience in the financial markets:

19 years

#### Education:

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

#### Work experience:

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

#### Shareholding in XacBank

Does not hold shares directly.



## SUZANNAH HERRING CARR

### Non-Executive Director

Member of BAC, nominated by IFC

#### Field of Expertise:

Investment, Finance

**Experience in the financial markets:**

37 years

**Education:**

Bachelor Degree in Economic, Duke University.

**Work experience:**

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

**Shareholding in XacBank**

Does not hold shares.

**DOMINIC JACQUES****Non-Executive Director**

Member of BRMC, nominated by NBC

**Field of Expertise:**

Banking, Finance and Audit

**Experience in the financial markets:**

23 years

**Education:**

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

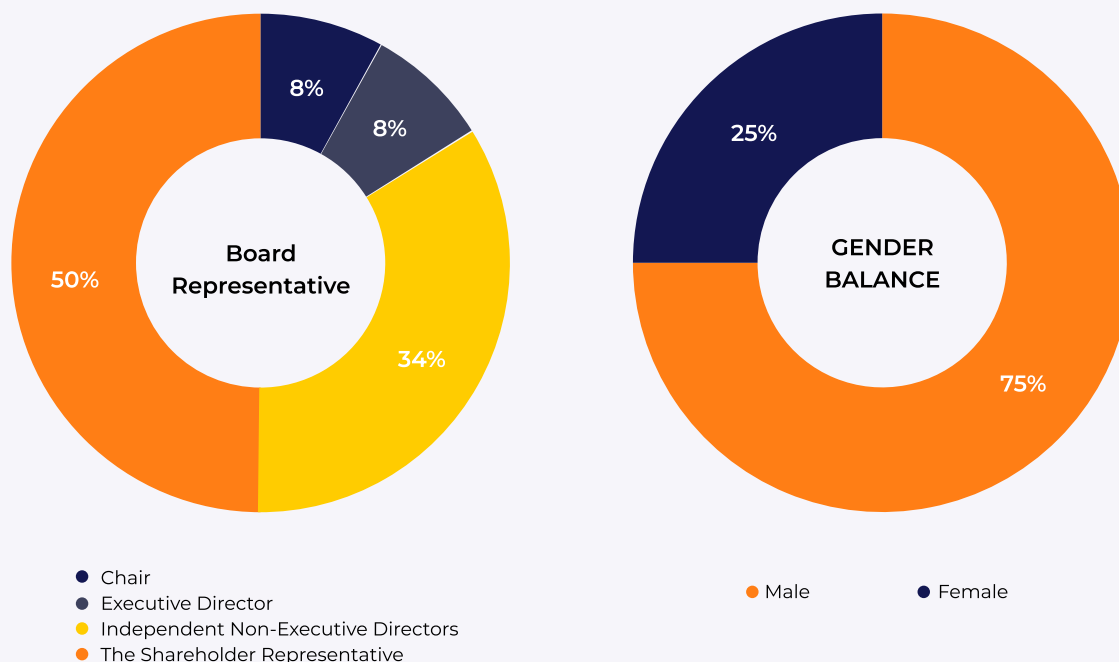
**Work experience:**

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

**Shareholding in XacBank**

Does not hold shares.





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

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

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

#### CHANGES IN THE COMPOSITION OF THE BOARD.

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

Board meeting

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

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

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

DIRECTORS' REMUNERATION

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

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

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

THE BOARD EVALUATION

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

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

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

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

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

## TRAINING OF THE BOARD DIRECTORS

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



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

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

## 9. THE BOARD COMMITTEES

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

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

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

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

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

### GOVERNANCE, NOMINATION, AND COMPENSATION COMMITTEE ("GNCC")

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

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

## GNCC Activities Report

Total No.of Meeting

6

Agenda Item

21

### Attendance

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

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

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

## RISK MANAGEMENT COMMITTEE ("BRMC")

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

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

## BRMC Activities Report

Total No.of Meeting

20

Agenda Item

36

### Attendance

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

The following items are regularly discussed at the BRMC meetings:

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



## AUDIT COMMITTEE (“BAC”)

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

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

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

### BAC Activities Report

Total No.of Meeting

6

Agenda Item

36

#### Attendance

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

The following items are regularly discussed at the BAC meetings:

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

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

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

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

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

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

## CONFLICT OF INTEREST TRANSACTION

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

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

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

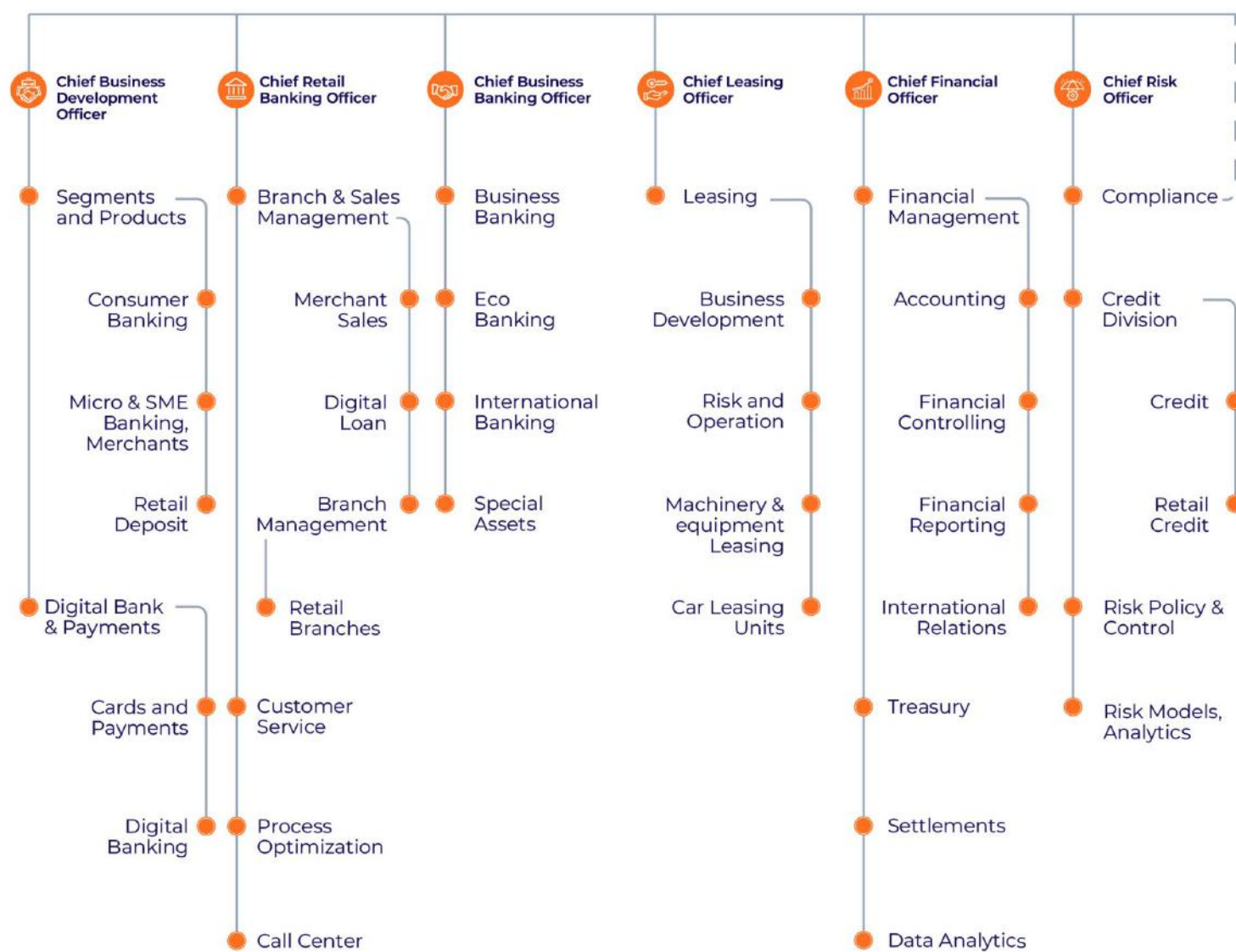
*The list of conflicts of interest and related party transactions approved during the reporting period:*

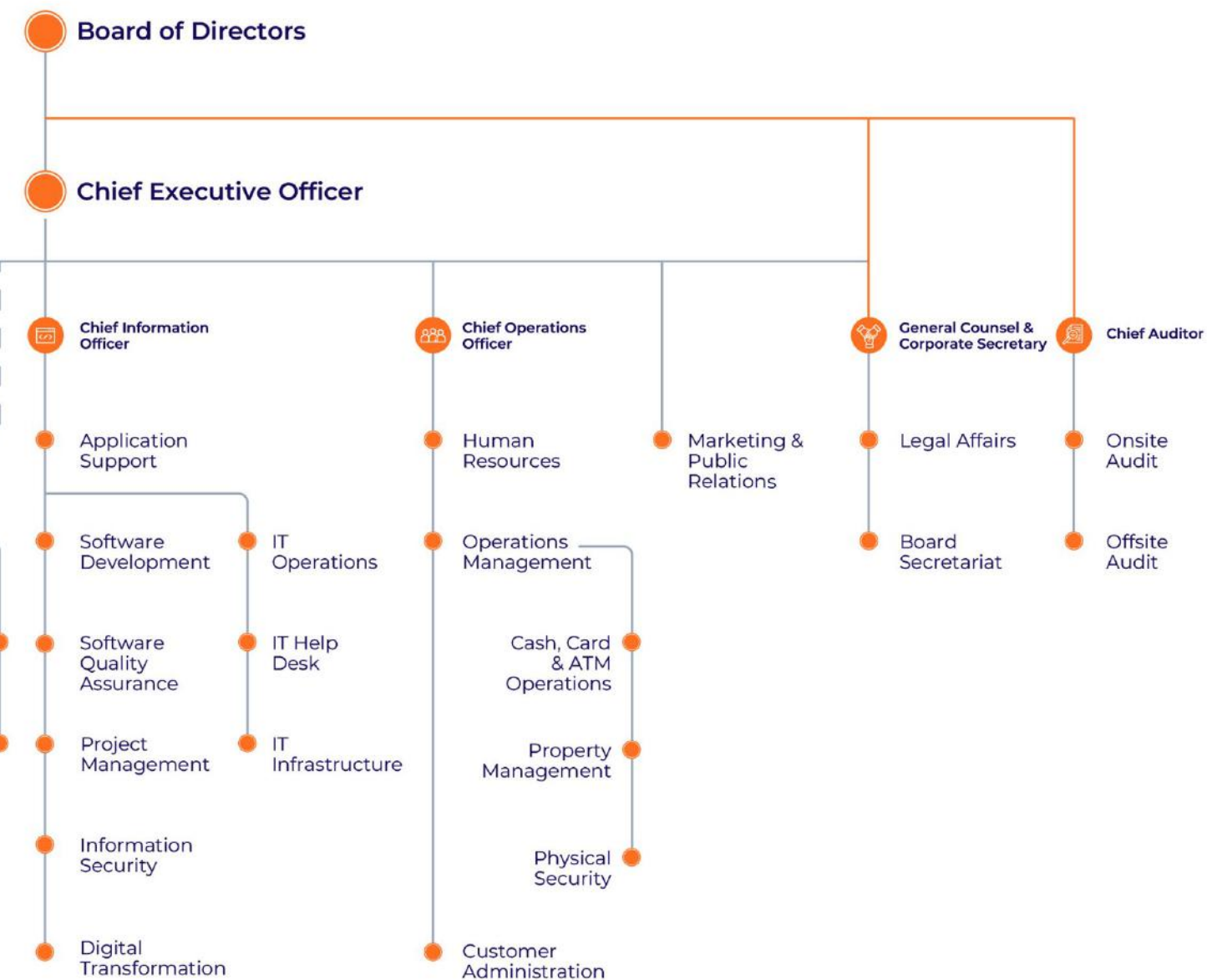
Nº	Relationship	Amount of the deal (MNT)
1	A governing person of the bank	10,000,000
2	A related party of the banking group	580,000,000
3	A related party of the banking group <sup>1</sup>	19,270,100,000
4	A governing person of the bank	100,000,000
5	A related party of a governing person of the bank	50,000,000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

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

During the reporting period, no major transactions were approved.

11. THE COMPANY STRUCTURE







## 12. SENIOR MANAGEMENT TEAM



**TSEVEGJAV Gumenjav**  
CHIEF EXECUTIVE OFFICER

Since: 2011  
Experience: 20 years



**ERDENEBAIYAR Ganzorig**  
CHIEF FINANCIAL OFFICER

Since: 2005  
Experience: 21 years



**ULAMBAYAR Enebish**  
CHIEF RETAIL BANKING OFFICER

Since: 2013  
Experience: 24 years



**ERKIN Bavaan**  
CHIEF BUSINESS BANKING  
OFFICER

Since: 2002  
Experience: 21 years



**DAURYENBYEK Syerikjan**  
CHIEF LEASING OFFICER

Since: 2000  
Experience: 26 years



**Iliya AVRAMOV**  
CHIEF RISK OFFICER

Since: 2019  
Experience: 27 years



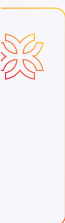
**ZUL Ganzorig**  
CHIEF OPERATIONS OFFICER

Since: 1999  
Experience: 25 years



**UNURBAT Khurelbaatar**  
CHIEF INFORMATION  
TECHNOLOGY OFFICER

Since: 2012  
Experience: 21 years



Average  
employment tenor  
with the Bank

15



**MUNKHTSELMEG Nyamsuren**  
GENERAL COUNSEL / CORPORATE  
SECRETARY

Since: 2022  
Experience: 17 years



**UNDARMAA Enkhbayar**  
CHIEF AUDITOR

Since: 2008  
Experience: 26 years

### Remuneration of the chief executive officer

The CEO's remuneration consists of a fixed salary and variable compensation based on annual performance. The Board annually evaluates the Chief Executive Officer's performance, considering the terms of the CEO's contract and recommendations from the Governance, Nomination, and Compensation Committee. This evaluation is based on key performance indicators<sup>2</sup> and the Bank's strategic objectives serves as the basis for determining the CEO's compensation package.

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

<sup>2</sup>Evaluation criteria are confidential to the organization, hence not detailed herein.



☎ (976)-75771888-(888)

✉ investor-relations@xacbank.mn

🌐 <https://www.xacbank.mn>



## BOARD OF DIRECTORS RESOLUTION



Date: 05 March 2025

No. R-2025-09

Ulaanbaatar

Approval of the Annual Operational Report for 2024

Based on Article 76.1.11 of the Company Law and pursuant to decisions made at its regular meeting held on 05 March 2025, the Board of Directors (the "**Board**") of XacBank JSC (the "**Bank**") hereby adopts the following resolutions:

### IT IS NOTED THAT:

1. **WHEREAS**, the management of the Bank has prepared the Annual Operational Report for 2024 (the "**Annual Operational Report 2024**") as attached to this Resolution and the Board has reviewed and discussed the Annual Operational Report 2024 and is satisfied that it provides a fair and transparent overview of the Bank's operational performance (the "**Board Review**").

### NOW THEREFORE BE IT RESOLVED THAT:

1. The Annual Operational Report 2024 of the Bank as attached to this Resolution, inclusive of the Board Review stated above, is hereby approved for submission to the shareholders of the Bank.
2. Tsevegjav Gumenjav, the Chief Executive Officer, is hereby authorized and directed to take all necessary actions to ensure compliance with this resolution, including the distribution of the Annual Operational Report 2024 to the shareholders, and to prepare and present the same for adoption and approval at the Bank's Annual General Meeting.

CHAIRMAN OF THE  
BOARD OF DIRECTORS



SANJAY GUPTA

GENERAL COUNSEL,  
CORPORATE SECRETARY

N.MUNKHTSELMEG



## **Decision item No.2:**

Approval of the Board Review of the Audited Financial  
Statements of XacBank for 2024



Ernst & young Mongolia Audit LLC  
15/f, Altan Joloo Tower  
Seoul Street 13/A  
Ulaanbaatar 14252, Mongolia

Tel: +976 11 314032 / +976 11 312005  
ey.com

## REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY OF FINANCIAL STATEMENTS

### To the shareholders of XacBank JSC

#### Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2024 and the summary statement of profit or loss and other comprehensive income for the year then ended are derived from the audited financial statements of XacBank JSC ("the Bank") for the year ended 31 December 2024.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in the Note "Basis for preparation".

#### Summary financial statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

#### The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 17 March 2025. That report also includes:

- The communication of a key audit matter. Key audit matter is the matter that, in our professional judgment, were of most significance in our audit of the financial statements of the current year which is "Allowance for loan losses".

#### Management's responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the basis described in the Note "Basis of preparation".

#### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing ("ISA") 810 (Revised), *Engagements to Report on Summary Financial Statements*.

  
*Ernst & Young Mongolia Audit LLC*  
ERNST & YOUNG MONGOLIA AUDIT LLC  
Certified Public Accountants

Signed by

Khabykhairat Bulanbai  
Director

Approved by

Adrian Chu  
Partner

Ulaanbaatar, Mongolia  
Date: 17 March 2025



For the year ended 31 December 2024

➤ **Summary statement of profit or loss and other comprehensive income**

	2024 MNT'000	2023 MNT'000
Interest and similar income from financial assets at AC	703,265,483	526,401,210
Interest and similar income from financial instruments at FVTPL	12,974,358	12,159,064
Interest and similar expense	(396,254,799)	(278,569,871)
<b>Net interest income</b>	<b>319,985,042</b>	<b>259,990,403</b>
Fees and commission income	44,072,758	36,904,130
Fees and commission expenses	(15,935,071)	(13,509,402)
<b>Net fees and commission income</b>	<b>28,137,687</b>	<b>23,394,728</b>
Net trading income	15,983,088	13,612,534
Net income from other financial instruments at FVTPL	7,639,026	5,376,193
Net other operating income	10,962,475	4,777,551
<b>Total operating income</b>	<b>382,707,318</b>	<b>307,151,409</b>
Net credit loss reversal	2,129,641	8,118,712
<b>Net operating income</b>	<b>384,836,959</b>	<b>315,270,121</b>
Operating expenses	(154,856,979)	(125,711,392)
Amortisation of deferred grants	484,712	1,129,888
<b>Profit before tax</b>	<b>230,464,692</b>	<b>190,688,617</b>
Income tax expense	(58,784,404)	(48,629,972)
<b>Profit for the year</b>	<b>171,680,288</b>	<b>142,058,645</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
<i>Movement in investment revaluation reserve, net of tax</i>		
Movement in investment revaluation reserve, net of tax	(856,106)	277,438
<b>Other comprehensive income for the year, net of tax</b>	<b>(856,106)</b>	<b>277,438</b>
<b>Total comprehensive income for the year</b>	<b>170,824,182</b>	<b>142,336,083</b>
<b>Earnings per share (MNT):</b>		
Basic earnings per share	163.10	138.05
Diluted earnings per share	163.10	138.05

Approved for issue and signed as authorised by Board of Directors on 17 March 2025.



ERDENE BAYAR GANZORIG  
(Chief Financial Officer)

**Note "Basis of preparation".** These summary financial statements of the Bank have been prepared by extraction, without any modification, of the statement of financial position, and the statement of profit or loss and comprehensive income from the audited financial statements of the Bank prepared in accordance with IFRSs.



	2024 MNT'000	2023 MNT'000
<b>ASSETS</b>		
Cash and balances with BoM	33,914,061	358,359,279
Mandatory cash balances with BoM	397,890,873	239,378,375
Financial instruments at FVTPL		
Derivative financial instruments	10,050,723	56,800,918
Financial instruments	112,300,780	110,309,146
Loans and advances to customers	209,855,668	93,116,520
Financial assets at FVTOCI		
Equity instruments	3,910,731	5,052,206
Financial assets at amortised cost		
Due from banks	776,096,768	393,769,064
Reverse repurchase agreements	-	99,740,669
Debt instruments	1,133,892,280	960,070,624
Loans and advances to customers	3,472,735,003	2,627,234,410
Other assets	61,573,787	71,277,148
Properties held for sale	1,089,949	1,387,250
Property, equipment and right-of-use assets	79,706,337	75,388,849
Intangible assets	16,833,961	18,667,114
Deferred tax assets	11,942,798	8,870,069
<b>TOTAL ASSETS</b>	<b>6,321,793,719</b>	<b>5,119,421,641</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Financial instruments at FVTPL		
Derivative financial instruments	9,542,837	14,332,115
Financial liabilities at amortised cost		
Repurchase agreements	-	149,611,113
Due to banks	276,333,956	36,937,419
Due to customers	3,424,786,562	2,876,117,299
Borrowed funds	1,727,756,398	1,238,768,595
Deferred grants	12,397,895	12,564,957
Lease liabilities	7,233,884	7,675,609
Other liabilities	105,974,775	131,592,516
Income tax payable	26,164,657	29,759,280
<b>TOTAL LIABILITIES</b>	<b>5,590,190,964</b>	<b>4,497,358,903</b>
<b>EQUITY</b>		
Ordinary shares	105,270,000	105,270,000
Treasury shares	(29,668)	-
Share premium	30,388,871	30,586,768
Reserves	80,566,643	86,418,906
Retained earnings	515,406,909	399,787,064
<b>TOTAL EQUITY</b>	<b>731,602,755</b>	<b>622,062,738</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,321,793,719</b>	<b>5,119,421,641</b>

Approved for issue and signed as authorised by Board of Directors on 17 March 2025.



TSEVEGJAV GUMENJAV  
(Chief Executive Officer)



ERDENEBAYAR GANZORIG  
(Chief Financial Officer)

**Note "Basis of preparation".** These summary financial statements of the Bank have been prepared by extraction, without any modification, of the statement of financial position, and the statement of profit or loss and comprehensive income from the audited financial statements of the Bank prepared in accordance with IFRSs.

## BOARD OF DIRECTORS RESOLUTION



Date: 17 March 2025

No. R-2025-17

Ulaanbaatar

### Approval of the Audited Financial Statements for 2024

Based on Article 76.1.11 of the Company Law and pursuant to decisions made through its online voting held between 13-17 March 2025, the Board of Directors (the "Board") of XacBank JSC (the "Bank") hereby adopts the following resolutions:

#### IT IS NOTED THAT:

1. **WHEREAS**, the financial statements of the Bank for the fiscal year ended 2024, prepared in accordance with IFRS and IAS, have been reviewed by Ernst and Young Mongolia Audit LLC (the "Audited Financial Statements 2024") and they have issued an unqualified audit opinion;
2. **WHEREAS**, the Bank Audit Committee, after its deliberation at its regular meeting held on 05 March 2025, is satisfied that the Audited Financial Statements provide a fair and transparent position of the Bank's financial position in accordance with IFRS and IAS and the Audit Committee has recommended to the Board to approve the Audited Financial Statements 2024; and
3. **WHEREAS**, the Board has reviewed and discussed the Audited Financial Statements 2024, including the auditor's report attached thereto, and is satisfied that they provide a fair and transparent overview of the Bank's financial position in accordance with IFRS and IAS (the "Board Review").

#### NOW THEREFORE BE IT RESOLVED THAT:

1. The Audited Financial Statements 2024 of the Bank as attached to this Resolution, inclusive of the Board Review above, are hereby approved for submission to the shareholders of the Bank.
2. Tsevegjav Gumenjav, the Chief Executive Officer, and Erdenebayar Ganzorig, the Chief Financial Officer, are hereby authorized to sign the Audited Financial Statements 2024 of the Bank.
3. Tsevegjav Gumenjav, the Chief Executive Officer, and Erdenebayar Ganzorig, the Chief Financial Officer, are hereby authorized and directed to take all necessary actions to ensure compliance with this resolution, including the distribution of the Audited Financial

XacBank HQ Building,  
Prime Minister Amar's Street,  
Post branch No.20A, P.O.Box-72,  
Ulaanbaatar-14200, Mongolia.

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Telephone: +(976)-7577-1888  
Web: [www.xacbank.mn](http://www.xacbank.mn)  
E-mail: [info@xacbank.mn](mailto:info@xacbank.mn)

Statements 2024 to the shareholders, and to prepare and present the same for adoption and approval at the Bank's Annual General Meeting.

CHAIRMAN OF THE  
BOARD OF DIRECTORS

GENERAL COUNSEL,  
CORPORATE SECRETARY



SANJAY GUPTA

N.MUNKHTSELMEG



## **Presentation:**

Independent Directors' Report

## INDEPENDENT DIRECTORS' REPORT



Dear Shareholders,

On behalf of the Independent Non-Executive Directors (INEDs), I am pleased to present our report for the financial year 2024.

We extend our sincere appreciation to the Board for its strategic vision, governance leadership, and commitment to sustainable growth. We also commend the CEO, management, and staff for their dedication and effective execution of the bank's strategy, which has led to another year of strong performance for XacBank.

### Key Performance Metrics

XacBank's outstanding performance in FY 2024 is reflected in key financial indicators & metrics.

- Net Profit: MNT 171.7 billion (20.9% YoY growth)
- Non-Performing Loan (NPL) Ratio: 2% (maintaining a consistent downward trend)
- Tier 1 Capital Ratio: 19.2%
- Liquidity Ratio: 38.4%
- Gross loan portfolio increased by 34.5% YoY
- Customer deposits and current account expanded by 19.1%;
- Moody's and Fitch Ratings upgraded with stable outlook.

Additionally, XacBank has demonstrated consistent, high-quality growth since 2020, as reflected in its compound annual growth rate (CAGR). Thankful to Chairman for laying out a clear defined vision and roadmap and the guidance from Board which has resulted in a positive transformation of XacBank over last 4 years.

- Operating Income - CAGR 30.3%
- Net Profit: Increased from MNT 33.7 billion in 2020 to MNT 171.7 billion in 2024 (CAGR: 50.2%)
- Return on Equity (ROE): Improved from 12.2% in 2020 to 25.7% in 2024;
- Balance sheet - CAGR 17.2%

### Strategic Initiatives & Digital Transformation

XacBank continues to innovate, introducing new products to enhance its portfolio and meet evolving customer needs. Recent product launches include:

- Asuudalgui, Target Savings, Amar, SLICE, and Buy Now Pay Later (BNPL) solutions
- A range of new card products, including Temuulel, Broncos, Olymp, Future, and Co-Branding Cards

These initiatives have significantly expanded XacBank's CASA, loan, and deposit customer base.

The bank has also made substantial investments in digital transformation, improving customer experience through intuitive digital interfaces, seamless access to financial products, and straight-through processing. Additionally, enhanced marketing and brand visibility efforts, leveraging social media platforms such as



Facebook and Instagram, as well as participation in industry events—have strengthened XacBank’s market presence.

### **Governance & Board Activities**

From a governance perspective, the Board remained highly engaged throughout the year, holding:

- 7 Board Meetings
- 16 Online Voting Meetings
- 53 Resolutions approved and signed

Key governance observations include:

- Strict oversight of related-party lending, with minimal exposure and a robust, independent approval process.
- Strong regulatory compliance, as evidenced by the Financial Regulatory Commission’s (FRC) review and a 93.1% rating, marking an improvement from 2023.
- Protection of small shareholder interests, particularly through the Buyback Program, which was transparently approved by regulators to enhance liquidity in an otherwise illiquid stock market.
- Commitment to governance excellence, with the Chairman ensuring that Independent Directors are treated as equal contributors to Board discussions and decision-making.
- Progress on the merger of TFG into XacBank, in compliance with banking law requirements.

### **Concluding Remarks**

XacBank continues to foster a high-performance culture, with a low staff attrition rate, reflecting a positive and rewarding work environment. With a clear short, medium, and long-term strategy, along with a highly competent management team and staff, XacBank remains well-positioned to achieve its budgeted targets and sustain its growth trajectory.

We extend our gratitude to all stakeholders for their trust and support.

With warm regards,



**Niraj Vedwa**

(Independent Non-Executive Director)

On Behalf of All INEDs



## **Decision item No.3:**

Approval of Distribution of Final Dividend from the  
2024 Year-End Bank Earnings

# Summary

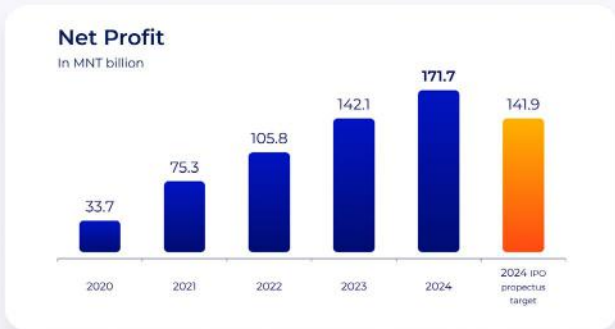
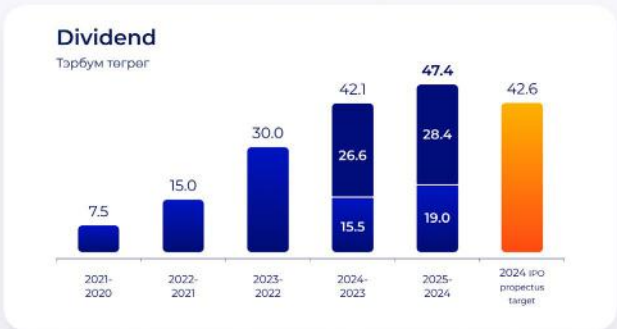
## Dividend Proposal for 2H 2024

Based on Articles 46.1 and 46.5 of the Company Law and Clause 8.6 (ii) of the Charter of XacBank JSC, and pursuant to its Resolution No. R-2025-03 dated Feb 18, 2025, the Board of Directors recommends distributing cash dividends to the shareholders as follows:

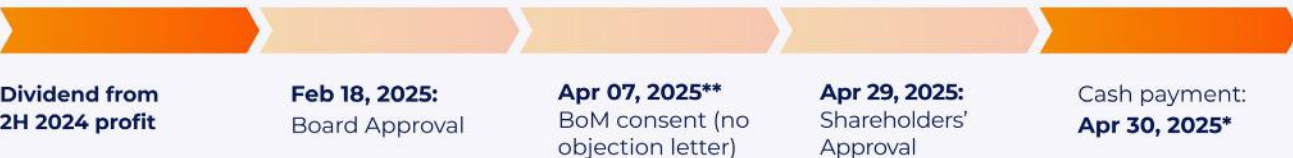
Dividend Amount Per Share	MNT 27.00
Total Dividend Amount	MNT 28.42 billion
Dividend Payment Date	Apr 30, 2025*: subject to related approvals
Dividend Payment Method	Via Mongolian Central Securities Depository
Record Date for Shareholders	The record date registering shareholders eligible to participate in the AGM, set on <b>Apr 10, 2025</b> , shall concurrently be established as the Record Date for shareholders entitled to the disbursement of the said dividend.

## Dividend Payout History

The Bank has distributed MNT 61.0bn in dividends in the financial year 2024 (MNT 42.1bn from 2H2023' profit and MNT 18.9bn from 1H2024' profit). Upon distributing MNT 27 per share, totaling MNT 28.4bn, in dividends to the shareholders, the Bank will have distributed MNT 45 per share, totaling 47.4bl, in dividends to the shareholders from YE2024' profit.



## Estimated Dividend Payment Date



\* The Bank is planning to disburse the dividend to the Mongolian Central Securities Depository (the "MCSD") by April 30, 2025, upon obtaining the Bank of Mongolia (the "BoM") consent and final approval from the shareholders per the Bank Charter. Following this, the MCSD shall distribute the dividends to the shareholders' nominal accounts.

\*\* The Bank has submitted dividend-related documents to the BoM for consent on March 07, 2015, and is expecting to receive a response from them within 30 days as per BoM regulation.

## BOARD OF DIRECTORS RESOLUTION



Date: 18 February 2025

No. R-2025-03

Ulaanbaatar

### Recommendation of Year-End Dividend for 2024

Based on Article 46.1 and 46.5 of the Company Law and Clause 8.6 (ii) of the Charter of XacBank JSC (the “Bank”), and pursuant to decisions made at its extraordinary meeting held on 18 February 2025, the Board of Directors (the “Board”) of the Bank hereby adopts the following resolutions:

#### IT IS NOTED THAT:

1. **WHEREAS**, pursuant to Clauses 46.5 and 46.8 of the Company Law, it is mandatory for the Board to make a decision on a dividend distribution from the net profit of the company within 50 days of the end of the financial year on an after-tax basis;
2. **WHEREAS**, the Bank had distributed an interim dividend of MNT 18.00 (eighteen) per share based on the half yearly audited accounts of 2024;
3. **WHEREAS**, the Management of the Bank has proposed to the Board the distribution of a final cash dividend from the Bank’s earnings for the financial year 2024 to the shareholders of the Bank (the “Year-End Dividend”) in the amount specified below, and this proposed amount could be ascertained only after the audited financial statements for the year 2024 are finalized; and
4. **WHEREAS**, as per Clause 8.6 (ii) of the Charter of the Bank, dividend distribution is a Strategic Matter and is ultimately to be decided by the shareholders; therefore, contingent upon the 2024 year-end audited financial statements results, the Board now wishes to recommend to the shareholders to approve the declaration and distribution of the Year-End Dividend in the amount as stated below.

#### NOW THEREFORE BE IT RESOLVED THAT:

1. Contingent upon the 2024 year-end audited financial statement results, approval of the declaration and distribution of Year-End Dividend is hereby recommended in the amount of MNT 27.00 (twenty-seven tugrugs) per share, subject to the Bank of Mongolia and the shareholders’ final approvals.
2. Subject to the shareholders’ approval, the date upon which shareholders are deemed eligible for participation in the Annual General Meeting shall concurrently be established as the Record Date for the shareholders entitled to the disbursement of the said Year-End Dividend.

3. The Year-End Dividend shall be paid in cash, within 7 days of the later of obtaining of the Bank of Mongolia's consent or the shareholders' approval. The funds will be disbursed via Mongolian Central Securities Depository unless a shareholder expressly requests in writing the disbursement to be made through their bank account.

CHAIRMAN OF THE  
BOARD OF DIRECTORS

GENERAL COUNSEL,  
CORPORATE SECRETARY



SANJAY GUPTA

N.MUNKHTSELMEG



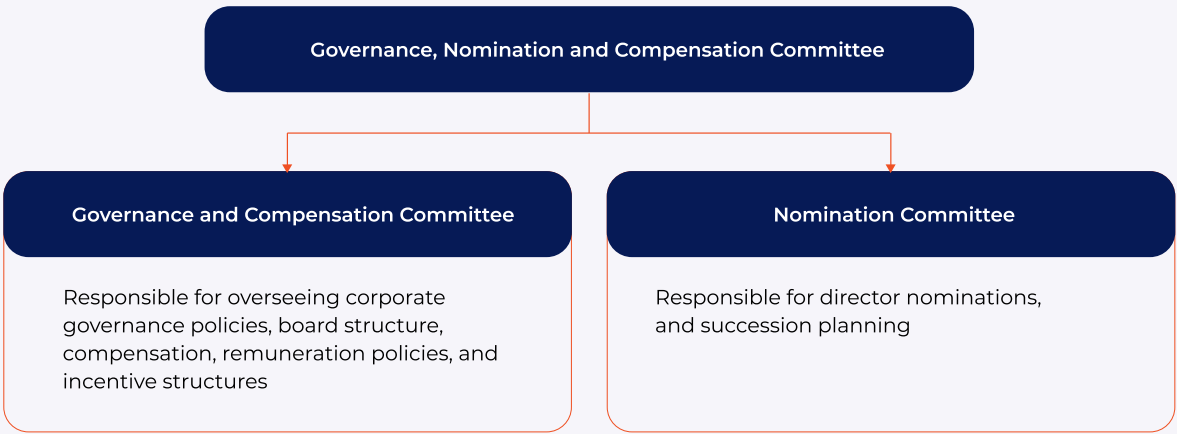
## **Decision item No.4:**

Approval of Amendments to the Charter of XacBank



AMENDMENT TO XACBANK CHARTER:  
(A) GNCC SPLIT PER FRC EVALUATION

- The Financial Regulatory Commission has issued recommendations by its Governance Codex Evaluation advising the **separation of nomination functions from compensation-related oversight** pursuant to Clauses 81.5 and 81.6 of the Company Law.
- Hence, the current Governance, Nomination and Compensation Committee (“GNCC”) needs to be **separated into 2 distinct committees** (as shown below).



- XacBank Charter must be amended accordingly to reflect the separation of the GNCC as follows:

Current Formulation	Amended Formulation
8.14. No less than 1/3 (one third) of members of the BoD must be independent members, each of whom shall be selected and nominated by the Governance, Nomination and Compensation Committee who shall meet the requirements set forth in the Company Law, Banking Law and the relevant requirements set out by the BoM and the FRC. The independent members of the BoD shall exercise the right and responsibilities provided for in the Company Law, the Banking Law, the Securities Market Law and all other Applicable Laws including, but not limited to rules and regulations approved by the BoM, the FRC, and the MSE.	8.14. No less than 1/3 (one third) of members of the BoD must be independent members, each of whom shall be selected and nominated by the <del>Governance, Nomination and Compensation Committee</del> <u>Nomination Committee</u> who shall meet the requirements set forth in the Company Law, Banking Law and the relevant requirements set out by the BoM and the FRC. The independent members of the BoD shall exercise the right and responsibilities provided for in the Company Law, the Banking Law, the Securities Market Law and all other Applicable Laws including, but not limited to rules and regulations approved by the BoM, the FRC, and the MSE.

<p>8.29. The BoD shall have “Audit”, “Risk Management”, “Governance, Nomination and Compensation Committee” Committees and such other committees as the BoD may deem necessary or as required by the Applicable Laws (solely “Committee”, together “Committees”). The BoD may delegate some of its authorities to the committees and this shall be regulated by the procedures of the Committees.</p>	<p>8.29. The BoD shall have “<del>Audit</del>”, “<del>Risk Management</del>”, “<del>Governance, Nomination and Compensation Committee</del>” <del>Committees and such other</del> committees as the BoD may deem necessary or as required by the Applicable Laws (solely “Committee”, together “Committees”). The BoD may delegate some of its authorities to the committees and this shall be regulated by the procedures of the Committees.</p>
<p>8.30. No less than 2/3 (two thirds) of the members of the Audit Committee and, Governance, Nomination and Compensation Committee shall be comprised of independent members of the BoD as stipulated under the Company Law, Article 81.2.</p>	<p>8.30. No less than 2/3 (two thirds) of the members of the Audit Committee, <del>and, Governance, Nomination and Compensation Committee</del> <u>Nomination Committee, and Governance and Compensation Committee</u> shall be comprised of independent members of the BoD as stipulated under the Company Law, Article 81.2.</p>
<p>8.40. The Chief Executive Officer shall be prohibited to be a member of the Audit, Governance, Nomination and Compensation Committees and shall not have any voting rights on decisions which are related to appointment, selection and dismissal of the the Chief Executive Officer, its power and authority, as well as the supervision of his/her and performance.</p>	<p>8.40. The Chief Executive Officer shall be prohibited to be a member of the Audit, <del>Governance, Nomination, Nomination,</del> and <u>Governance and</u> Compensation Committees and shall not have any voting rights on decisions which are related to appointment, selection and dismissal of the Chief Executive Officer, its power and authority, as well as the supervision of his/her and performance.</p>

## BOARD OF DIRECTORS RESOLUTION



Date: 05 March 2025

No. R-2025-08

Ulaanbaatar

### Recommendation of Amendment to XacBank JSC Charter

Pursuant to decisions made at its regular meeting held on 05 March 2024, the Board of Directors (the "Board") of XacBank JSC (the "Bank") hereby adopts the following resolutions:

#### IT IS NOTED THAT:

1. WHEREAS, the Financial Regulatory Commission ("FRC") has issued recommendations by its Governance Codex Evaluation advising the separation of nomination functions from compensation-related oversight pursuant to Clauses 81.5 and 81.6 of the Company Law;
2. WHEREAS, the Board has determined that separating these functions into two distinct committees is in the best interest of the Bank; and
3. WHEREAS, the Bank Charter must be amended accordingly to reflect the separation of the Governance, Nomination, and Compensation Committee into two independent committees: (a) The Nomination Committee, responsible for overseeing director nominations, and succession planning; and (b) the Governance and Compensation Committee, responsible for overseeing corporate governance policies, board structure, compensation, remuneration policies, and incentive structures.

#### NOW THEREFORE BE IT RESOLVED THAT:

1. Subject to the approval of the Shareholders, the following clauses the Bank Charter shall be amended as follows:

Current Formulation	Amended Formulation
8.14. No less than 1/3 (one third) of members of the BoD must be independent members, each of whom shall be selected and nominated by the Governance, Nomination and Compensation Committee who shall meet the requirements set forth in the Company Law, Banking Law and the relevant requirements set out by the BoM and the FRC. The independent members of the BoD shall exercise the right and responsibilities provided for in the Company Law, the Banking Law, the Securities Market Law and all other Applicable Laws including, but not limited to rules and regulations approved by the BoM, the FRC, and the MSE.	8.14. No less than 1/3 (one third) of members of the BoD must be independent members, each of whom shall be selected and nominated by the <b>Governance, Nomination and Compensation Committee</b> who shall meet the requirements set forth in the Company Law, Banking Law and the relevant requirements set out by the BoM and the FRC. The independent members of the BoD shall exercise the right and responsibilities provided for in the Company Law, the Banking Law, the Securities Market Law and all other Applicable Laws including, but not limited to rules and regulations approved by the BoM, the FRC, and the MSE.
8.29. The BoD shall have "Audit", "Risk Management", "Governance, Nomination and Compensation Committee"	8.29. The BoD shall have <b>"Audit", "Risk Management", "Governance, Nomination and Compensation Committee"</b>

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Committees and such other committees as the BoD may deem necessary or as required by the Applicable Laws (solely "Committee", together "Committees"). The BoD may delegate some of its authorities to the committees and this shall be regulated by the procedures of the Committees.	<del>Committees and such other</del> committees as the BoD may deem necessary or as required by the Applicable Laws (solely "Committee", together "Committees"). The BoD may delegate some of its authorities to the committees and this shall be regulated by the procedures of the Committees.
8.30. No less than 2/3 (two thirds) of the members of the Audit Committee and, Governance, Nomination and Compensation Committee shall be comprised of independent members of the BoD as stipulated under the Company Law, Article 81.2.	8.30. No less than 2/3 (two thirds) of the members of the Audit Committee, <del>and, Governance, Nomination and Compensation Committee</del> <u>Nomination Committee, and Governance and Compensation Committee</u> shall be comprised of independent members of the BoD as stipulated under the Company Law, Article 81.2.
8.40. The Chief Executive Officer shall be prohibited to be a member of the Audit, Governance, Nomination and Compensation Committees and shall not have any voting rights on decisions which are related to appointment, selection and dismissal of the the Chief Executive Officer, its power and authority, as well as the supervision of his/her and performance.	8.40. The Chief Executive Officer shall be prohibited to be a member of the Audit, <del>Governance, Nomination, Nomination, and Governance</del> <u>and</u> Compensation Committees and shall not have any voting rights on decisions which are related to appointment, selection and dismissal of the the Chief Executive Officer, its power and authority, as well as the supervision of his/her and performance.

2. The aforementioned amendments to the Bank Charter, are hereby recommended to the shareholders for their approval.
3. Upon Shareholders' approval, each newly established committee shall operate under a revised charter, which shall be prepared and submitted for Board approval. The Board shall appoint the members and chairs of the Nomination Committee and the Governance and Compensation Committee in compliance with relevant regulatory requirements and best governance practices. The committees shall report to the Board in accordance with their respective charters and provide regular updates on their activities, findings, and recommendations.
4. Upon Shareholders' approval, the necessary amendments to internal governance policies, including the Board Internal Rules and other relevant documents, shall be drafted and submitted for Board approval by the Board Secretariat.

CHAIRMAN OF THE  
BOARD OF DIRECTORS

GENERAL COUNSEL  
CORPORATE SECRETARY



SANJAY GUPTA

N.MUNKHTSELMEG

**AMENDMENT TO XACBANK CHARTER:  
(B) ELDERLY FUND MATTERS**

- XacBank has an Elderly fund under Elder Law (2017). The Fund is created for providing assistance and support to retirees of the Bank;
- **Company Law and Elder Law were amended** on June 05, 2024:  
Required companies to explicitly include in their charters the establishment of an Elderly fund and to allocate an amount of up to three percent (3%) of the company's total salary fund respectively;
- **XacBank Charter thus needs to be amended** to formally acknowledge the existing Elderly Fund and reflect the legislative change.
- XacBank Charter shall be amended by **adding Clause 5.5** with the following content:

**Added Formulation in the Charter**

5.5. The Bank shall maintain an Elderly Fund in compliance with the Company Law and Elder Law, and the fund shall be financed with an amount of up to three percent (3%) of the Bank's total salary fund, depending on the number of retirees of the Bank.

## BOARD OF DIRECTORS RESOLUTION



Date: 05 March 2025

No. R-2025-11

Ulaanbaatar

### Recommendation of Amendment to XacBank JSC Charter

Pursuant to decisions made at its regular meeting held on 05 March 2025, the Board of Directors (the "Board") of XacBank JSC (the "Bank") hereby adopts the following resolutions:

#### IT IS NOTED THAT:

1. **WHEREAS** the Bank has an Elderly fund under Elder Law (2017), a fund created for providing assistance and support to retirees of the Bank (the "Elderly Fund");
2. **WHEREAS**, the Company Law and Elder Law were amended on June 05, 2024, requiring companies to explicitly include in their charters the establishment of an Elderly fund and to allocate an amount of up to three percent (3%) of the company's total salary fund respectively; and
3. **WHEREAS**, the Board now wishes to recommend amending the Bank Charter to formally acknowledge the existing Elderly Fund and reflect the legislative change.

#### NOW THEREFORE BE IT RESOLVED THAT:

1. Subject to the approval of the Shareholders, the Bank Charter shall be amended by adding Clause 5.5 with the following content:

##### Formulation of the added clause

5.5. The Bank shall maintain an Elderly Fund in compliance with the Company Law and Elder Law, and the fund shall be financed with an amount of up to three percent (3%) of the Bank's total salary fund, depending on the number of retirees of the Bank.

2. The aforementioned amendment to the Bank Charter is hereby recommended to the shareholders for their approval.

CHAIRMAN OF THE  
BOARD OF DIRECTORS

SANJAY GUPTA

GENERAL COUNSEL,  
CORPORATE SECRETARY

N. MUNKHTSELMEG





## **Decision item No.5:**

**Approval of Amendment Agreement to the Merger Agreement and Amendment to the Merger Terms and Conditions**

## **AMENDMENT AGREEMENT TO THE MERGER AGREEMENT AND AMENDMENT TO THE MERGER TERMS AND CONDITIONS**

Pursuant to the Banking Law, all systemic banks are required to comply with the requirement that “any shareholder individually or jointly together with its affiliated persons must own no more than 20% of the bank’s total issued shares” prior to 31 December 2026.

The Shareholders of XacBank, having discussed the above-mentioned, resolved to fulfill the Banking Law Requirement by way of merging TenGer Financial Group LLC (“TFG”), the parent company of XacBank, with or into XacBank on 29 April 2024. Consequently, the shareholders of TFG would become direct shareholders of XacBank, thereby fulfilling the Banking Law requirement.

In the course of the Bank of Mongolia reviewing the merger request, in one of TFG shareholders, Mongolyn Alt LLC (“MAK”), a shareholder owning 20.39% of TFG’s total issued shares through its subsidiary (MAK Invest Kft), the shareholding structure was changed (the “MAK Shareholding Change”). However, the MAK Shareholding Change necessitated another restructuring so that its indirect shareholding in XacBank complies with the Banking Law. Therefore, the TFG shareholder restructuring was carried out (the “TFG Shareholder Restructuring”). As a result, one of MAK’s UBOs is no longer a TFG UBO, thereby complying with the Banking Law.

In connection with the above restructuring, MAK Invest SG has now become the shareholder owning 20.39% of TFG shares in place of MAK Invest Kft.

Hence, considering that the Merger Agreement between XacBank and TFG shall be amended to reflect the TFG Shareholder Restructuring, it is hereby presented to the Shareholders to amend the Merger Agreement and the Merger Terms and Conditions approved in connection therewith, respectively, as recommended by the Board Resolution No. R-2025-10.



**BATBAYAR AND  
PARTNERS LLP**  
(ATTORNEYS AT LAW)

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MR. TSEVEGJAV GUMENJAV,  
THE CHIEF EXECUTIVE OFFICER  
OF XACBANK JSC

Date: 2025.03.25  
Ref.number: BNP-34/25  
Subject: Summary of Legal Opinion



SUMMARY OF LEGAL OPINION  
REGARDING THE CHANGE TO THE SECURITIES  
REGISTER OF XACBANK JSC

**One. Whether the Resolution on Changes to the Securities Register complies with the Applicable Laws and Regulations:**

Regarding whether the resolution to amend the securities register complies with legal requirements, the shareholders' meeting of XacBank JSC approved Resolution No. [●] on [Month] [Date], 2024.

**[This section will be provided following the shareholders' meeting decision.]**

**Two. Whether the purchase agreements, supply agreements, credit agreements, and other agreement critical to the issuer's operations comply with relevant laws, and if there are any potential consequences that could adversely impact the Bank.**

The loan contracts require XacBank JSC to notify the other party in writing and obtain a response when undergoing reorganization through a merger. Therefore, the Law Firm recommends that XacBank JSC fulfill its contractual obligation by delivering a formal notice to the creditors regarding the Bank's reorganization through merger and obtaining a response.

The sale, lease, work performance (contractor) agreements, insurance contracts, and other contracts critical to XacBank JSC's operations comply with applicable laws, and no potential adverse consequences for the Bank have been identified.

**Three. Whether the major and conflict of interest agreements that were concluded within the last 3 (three) years are in compliance with the procedures stipulated by the applicable laws:**

Based on Article 85 of the Law on Company, letter of affidavit issued by the Chief Executive Officer, and the amount equal to 25 percent of the most recent active balance sheet of the financial statements of XacBank JSC prior to the transaction, the Law Firm concludes that no major agreements have been executed as of the cut-off date.



Based on Article 92 of the Law on Company and Article 17 of the Law on Banking, a total of 68 conflict-of-interest contracts and agreements were concluded as of the cut-off date. These agreements were approved by the Bank's Board of Directors. There are also 21 (twenty-one) conflict of interest contracts and agreements that were concluded before January 1, 2022 but are still in effect as of the cut-off date. The Bank's Board of Directors has authorized/approved the above conflict of interest transactions.

In summary, the Board of Directors has authorized/approved the 68 (sixty-eight) conflict-of-interest agreements entered into by XacBank JSC with related parties. Therefore, it is reasonable to conclude that these agreements comply with the relevant laws.

**Four. Whether the requirements set forth in the Corporate Governance Code approved by FRC have been complied with in its operations, obligations of the Bank towards the shareholders by law, whether measures were taken to protect their rights:**

The Law Firm concluded that the 27 (twenty-seven) rules and regulations pertaining to corporate governance adopted by XacBank JSC in its operations meet the requirements set forth in the Corporate Governance Code.

In summary, the Charter of XacBank JSC and the rules and regulations related to governance were approved within the framework of the requirements specified in the Corporate Governance Code, and the contents of the rules and regulations of the Bank complied with the Corporate Governance Code, and the Bank has complied with other requirements regulated by the Corporate Governance Code in its operations. The Law Firm also concluded that the Bank has taken measures to protect its shareholders' rights and obligations under the law.

**Five. Whether the decision to change the Securities Register and the actions related to its implementation meet the legal interests of investors and shareholders and whether the conditions for exercising the right to demand are met:**

Shareholders' meeting of XacBank JSC issued No. [●] on [month] [date], 2025, resolving to [●].

**[The conclusion of this section will be provided following the shareholders' meeting decision.]**

**Six. Legal Opinion on the operation of TenGer Financial Group LLC, legal entity merging with the XacBank JSC shall be written on the following issues:**

- (i) Whether the Company's state registration certificate and the information of the shareholders are registered in the state registry and valid:

The Law Firm concludes that as of the date of issuing the Legal opinion, TenGer Financial Group LLC is operating as a limited liability company, and the company's state registration certificate and shareholder information are valid and registered in the state registry.

- (ii) Whether shares, securities convertible into shares, options, and securities considered as shares announced and issued by the Company are valid:

TenGer Financial Group LLC has 24,685,859 (twenty-four million six hundred eighty five eight hundred fifty nine) announced shares with a nominal value of 1,000 (one thousand) MNT and issued 16,270,503 (sixteen million two hundred seventy thousand five hundred and three) shares with a nominal value of 1,000 (one thousand) MNT. The Law Firm concludes that the company has not issued any securities convertible into shares, options or securities related to shares.

The Law Firm concludes that based on the documents submitted by TenGer Financial Group LLC, the Company has not issued any securities, options or securities related to shares, and the



announced and issued shares of TenGer Financial Group LLC are not obligated to fulfill any obligations as of the date of the Legal opinion.

- (iii) Whether the contracts and agreements with significance to the Company's operation comply with the applicable laws:

According to the documents submitted by TenGer Financial Group LLC, a total of 7 (seven) contracts are effective as of the cut-off date.

- (iv) Whether major agreements and agreements with conflict of interest that were concluded within the last 3 (three) years are executed in accordance with the applicable laws:

Based on the letter of affidavit from TenGer Financial Group LLC, the Law Firm concludes that, as of the cut-off date, TenGer Financial Group LLC did not enter into any major agreements or conflict-of-interest agreements in the past three years.

- (v) Whether the Company's operational permits, licences, copyrights, patents, trademarks, and service marks are valid and whether there is any licensing contracts and intellectual property disputes:

As of the date of the Legal Opinion, TenGer Financial Group LLC has not been granted any special permits by the state authorities. Therefore, the Law Firm believes that no concrete or adverse conditions exist concerning any activities requiring a special permit.

There are no special permits issued in the Company's name, nor are there any licenses, copyrights, or patents. Furthermore, no intellectual property rights protection has been carried out. However, six (6) registered trademarks have expired, and no obligations have been imposed in relation to them.

- (vi) Whether the ownership rights over securities, immovable properties, and other assets are valid and whether there is any existing binding obligations to third parties:

Based on the information provided by TenGer Financial Group LLC, Reference No. 02 issued by the Central Depository of Securities Central LLC on February 04 2025, and data obtained from the electronic database of the General State Registration Office, TenGer Financial Group LLC holds 1 (one) type of share, totaling 1,000,000,000 (one billion) shares. The right to ownership of these shares remains valid. Accordingly, the Law Firm concludes that no obligations have been imposed requiring the fulfillment of any performance obligations.

Additionally, based on the information submitted by TenGer Financial Group LLC, the property registration inquiry dated February 6, 2025, from the General State Registration Office, and the tax reference for enterprises and organizations dated February 11, 2025, it is determined that TenGer Financial Group LLC does not own any immovable property.

- (vii) Whether the Company's employment contracts, employee benefit plans, employee stock ownership plans, and contingent liability policies comply with applicable laws:

The Law Firm has concluded that the Service Agreement signed between TenGer Financial Group LLC and the Chairman of the Board of Directors complies with the Civil Code. Additionally, the employment contract signed with the Executive Director and the Accountant comply with the Labor Law. However, TenGer Financial Group LLC did not submit internal labor regulations, an employee benefit plan, an employee share ownership plan, or a contingent liability policy to the Law Firm. As a result, the Law Firm considers that these plans and documents have not been approved or implemented.

- (viii) Whether the Company complies with environmental laws:

According to Edict No. A-30/2011, issued by the Executive Director of TenGer Financial Group LLC on July 20, 2011, the "Social and Environmental Management Policy" was approved for implementation in the company's operations and those of its invested entities.



In assessing this matter, the Law Firm reviewed whether TenGer Financial Group LLC's environmental procedures comply with applicable laws. Given that TenGer Financial Group LLC operates as an investment advisor, the Law Firm concludes that compliance with environmental regulations is not a legally mandated requirement for the Company.

(ix) Whether the Company's insurance policies meet the requirements of applicable laws:

TenGer Financial Group LLC signed the General Insurance Agreement No.2024/002 and the Executive Liability Insurance Agreement, which is a sub-agreement of this agreement with Tenger Insurance LLC on May 22, 2024, which is effective as of the cut-off date.

As for the executive liability insurance sub-contract, it will be effective until 23:59 on May 23, 2025, and the insurance value will be equal to 10,000,000 (ten million) US dollars.

In the sub-agreement, TenGer Financial Group LLC is required to pay the amount equal to 60,588 (sixty thousand, five hundred and eighty-eight) US dollars to the insurer by May 30, 2024.

Therefore, the Law Firm considered that it is reasonable to believe that TenGer Financial Group LLC has fully fulfilled its obligations to pay insurance premiums stipulated in the Executive Liability Insurance sub-contract signed with TenGer Insurance LLC. The validity of the insurance contract and how to inherit the right to demand, terminate, and cancel the contract were studied in detail.

Upon termination of this General Insurance Agreement and its sub-contract, the Executive Liability Insurance Agreement, in accordance with Clause 2.4.2 of Article 2 of the General Insurance Agreement, the premium for the period in which the insurer assumed the risk, the expenses incurred in connection with the insurance, and the fee for the services provided, shall be deducted from the premium in the sub-contract will have the effect of refunding as indicated. However, in the case of receiving compensation from TenGer Financial Group LLC during the term of this general insurance contract, the contract specifically stipulates that the premium will not be refunded, assuming that the insurer has fulfilled its contractual obligations.

(x) Whether there is any pending, resolved or ongoing litigation against the Company:

In summary, TenGer Financial Group LLC has not been criminally liable as of the cut-off date, and has not participated in civil or administrative proceedings as a plaintiff, defendant, or third party. Also, as of the date of this legal opinion, the Law Firm has concluded that TenGer Financial Group LLC has not been investigated for any crime or violation.

(xi) Whether the Company has any debts and liability before the tax, social insurance, and court enforcement authorities:

The Law Firm has reviewed the debts of TenGer Financial Group LLC related to taxes, social insurance, court enforcement authorities, and other liabilities. As part of this review, detailed inquiries and references were obtained from the relevant state authorities.

According to the electronic inquiry and reference of enterprises and organizations No. 25.1003.7d68694e-5317-4104-a696-ba1a05da33a3, issued by the Mongolian Tax Authority on February 11, 2025 of the, TenGer Financial Group LLC has an outstanding tax payment of MNT 981,194.1 (nine hundred eighty-one thousand one hundred ninety-four point ten) and an excess payment of MNT 67,804,942.88 (sixty-seven million eight hundred four thousand nine hundred forty-two point eighty-eight).

Based on the inquiries and references obtained from the above-mentioned government authorities, the Law Firm concludes that, except for the outstanding tax payment mentioned above, TenGer Financial Group LLC has no debts owed to social insurance and court enforcement authorities.

In summary, the Law Firm concludes that XacBank JSC [●] the criteria for making changes to the Securities Register as set by the Securities Registration Regulations of the Financial Regulatory Commission and the Mongolian Stock Exchange.





This Legal Opinion shall not be considered an assessment of the Bank's business operations, as it is specifically limited to the reorganization of XacBank JSC through its merger with TenGer Financial Group LLC, and is prepared within the framework of government requirements related to changes in the Securities Register.

SINCERELY,

MANAGING PARTNER



NYAMBAYAR JAMIYAN



BOARD OF DIRECTORS  
RESOLUTION



Date: 05 March 2025

No. R-2025-10

Ulaanbaatar

Recommendation for Amendment to the Merger Agreement  
between TenGer Financial Group LLC and XacBank JSC

Based on Clause 8.6(b) of the Merger Agreement between TenGer Financial Group LLC ("TFG") and XacBank JSC ("**XacBank**") dated 17 May 2024, and pursuant to decisions made at its regular meeting held on 05 March 2025, the Board of Directors (the "**Board**") of XacBank hereby adopts the following resolutions:

IT IS NOTED THAT:

1. **WHEREAS**, it is mandatory for XacBank and its parent company TFG, a company currently holding 94.99% of XacBank's total issued and outstanding shares, to comply with Article 36.1 of the Banking Law with respect to the requirement of any shareholder individually or jointly together with its affiliated persons owning no more than 20% of the bank's total issued shares (the "**Statutory Mandate**");
2. **WHEREAS**, the Shareholders of XacBank have previously resolved pursuant to their Resolution No. SR-2024-09 to fulfill the Statutory Mandate through a merger of TFG and XacBank by executing a Merger Agreement, provided that XacBank shall have entered into each of (i) a Framework Agreement with European Bank for Reconstruction and Development, and (ii) a Policy Agreement with International Financial Corporation, on or prior to the date of the signing of the Merger Agreement (the "**Preconditions for the Merger**"). Consequently, XacBank would be the surviving entity and the shareholders of TFG would become direct shareholders of XacBank (the "**Reorganization of XacBank through Merger**");
3. **WHEREAS**, the Shareholders of XacBank, by their Resolutions No. SR-2024-07 and No. SR-2024-08, have resolved to fulfill the Preconditions for the Merger;
4. **WHEREAS**, following the fulfillment of the Preconditions for the Merger and passing of both TFG and XacBank's Shareholders' Meetings Resolutions approving the Reorganization of XacBank through Merger, the Merger Agreement was entered into between XacBank and TFG on 17 May 2024 and submitted to the Bank of Mongolia (the "**BoM**") for further approval;
5. **WHEREAS**, in the course of the BoM reviewing the merger, a development concerning one of TFG shareholders, MAK Invest Kft, a shareholder owning 20.39% of TFG's total issued shares, necessitated a restructuring of its ownership to achieve compliance with the Banking Law, which has been addressed through transferring of its entire shareholding held in TFG to a newly incorporated separate entity, MAK Invest SG Pte Ltd. ("**MAK Invest SG**"), which maintains substantially the same ultimate ownership structure, except for the removal of one UBO in compliance with the requirements under the Banking Law ("**TFG Shareholder Restructuring**");

**Approval of Amendment Agreement to the Merger Agreement and Amendment to the Merger Terms and Conditions**

6. **WHEREAS**, in connection with the TFG Shareholder Restructuring, the Shareholders of TFG have accepted MAK Invest SG as a direct shareholder of TFG holding 20.39% of its share capital and voting rights by their Resolution No. SGR-2025-01; and
7. **WHEREAS**, considering that the Merger agreement with TFG shall be amended to reflect TFG Shareholder Restructuring, the Board now wishes to recommend to the shareholders to approve an amendment agreement to the Merger Agreement (the "**Amendment Agreement**").

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Amendment Agreement to the Merger Agreement between TFG and XacBank as attached herewith as Annex 1, is hereby recommended to the Shareholders for their approval.
2. In connection with the Amendment Agreement to the Merger Agreement, an amendment to the document prepared solely for formal submission to the Financial Regulatory Commission and the Mongolian Stock Exchange as part of the required documentation for the Merger process, "Reorganization through Merger: Terms and Conditions", as attached herewith as Annex 2, is hereby recommended to the Shareholders for their approval.
3. Subject to the Shareholders' approval, Tsevegjav Gumenjav, the Chief Executive Officer of XacBank is hereby authorized and directed to execute the Amendment Agreement to the Merger Agreement in the form as attached herewith as Annex 1, together with any documents required to be executed in connection therewith, on behalf of XacBank.

CHAIRMAN OF THE  
BOARD OF DIRECTORS

GENERAL COUNSEL,  
CORPORATE SECRETARY



A handwritten signature in black ink, appearing to read 'Sanjay Gupta'.

SANJAY GUPTA

A handwritten signature in black ink, appearing to read 'N. Munkhtselmeg'.

N. MUNKHTSELMEG

**Approval of Amendment Agreement to the Merger Agreement and Amendment to the Merger Terms and Conditions**



Annex 1 to XacBank Board Resolution R-2025-10  
dated 05 March 2025

**DATED**

**2025**

**Tenger Financial Group LLC**

- and -

**XacBank JSC**

**AMENDMENT AGREEMENT TO THE MERGER  
AGREEMENT DATED 17 MAY 2024**

Ulaanbaatar, Mongolia

## Approval of Amendment Agreement to the Merger Agreement and Amendment to the Merger Terms and Conditions

– 1 –

This Amendment Agreement to the Merger Agreement dated 17 May 2024 (the “**Amendment Agreement**”) is made on \_\_\_\_\_ 2025 (the “**Effective Date**”)

by and between:

- (1) Tenger Financial Group LLC, a limited liability company registered and organized under the laws of Mongolia with registration number 2595788 whose registered address is at 16<sup>th</sup> Floor, International Commercial Center, Jamiyan Gun Street, Sukhbaatar District, Ulaanbaatar (“**TFG**”); and
- (2) XacBank JSC, an open joint stock company registered and organized under the laws of Mongolia with registration number 2578697 whose registered address is at XacBank Building, Prime Minister Amar Street, Khoroo 8, Sukhbaatar District (“**XacBank**”)

(collectively referred to as the “**Parties**” and each individually as a “**Party**”).

### PREAMBLE

- A. **WHEREAS** XacBank is a commercial bank licensed to conduct banking activities under the Banking Law, and TFG is the majority shareholder of XacBank currently holding 1,000,000,000 (one billion) XacBank Shares constituting 94.99 percent of the total issued and outstanding XacBank Shares;
- B. **WHEREAS** TFG and XacBank are required to comply with Article 36.1 of the Banking Law and Article 5 of the Law on Implementation of the Amendments to the Banking Law prior to 31 December 2026 with respect to the requirement that any person individually or jointly together with its affiliated persons must own no more than 20 percent of the bank’s total issued shares (the “**Banking Law Requirement**”);
- C. **WHEREAS** in order to fulfill the Banking Law Requirement, TFG and XacBank entered into the Merger Agreement on 17 May 2024 (the “**Merger Agreement**”), pursuant to which TFG merges with or into XacBank by ceasing TFG’s operation as a dissolving entity and continuing XacBank’s operation as a surviving entity, as a result of which TFG shareholders would become the direct shareholders of XacBank (the “**Merger**”);
- D. **WHEREAS** MAK Invest Kft, a company established under the laws of Hungary with registration number 01-09-407609 and registered address at 1062 Budapest, Vaci ut 1-3.A.ep.6.em (“**MAK Invest Kft**”), is a shareholder of TFG, which holds 3,316,985 common shares constituting 20.39% of the total issued and outstanding common shares of TFG (“**MAK Shares**”);
- E. **WHEREAS** on 31 October 2024, MAK Invest Kft has entered into the Share Transfer Agreement and Rights Transfer Agreement, respectively, with MAK Invest SG Pte. Ltd., a company incorporated under the laws of Singapore with company registration number 202444045G and its registered office at 8 Cross Street, No. 24-03/04, Manulife Tower 048424, Singapore (“**MAK Invest SG**”), pursuant to which MAK Invest Kft transfers to MAK Invest SG the MAK Shares and their associated rights and responsibilities in full;
- F. **WHEREAS** on 19 February 2025, TFG and MAK Invest SG entered into an Accession Agreement, whereby MAK Invest SG agreed to be bound by the terms and conditions of the



– 2 –

Fourth Amended and Restated Shareholders' Agreement of TFG dated 01 October 2013 as amended from time to time ("**SHA**") and agreed to become a party to the SHA by assuming all rights and obligations of MAK Invest Kft under the SHA ("**Accession Agreement**");

- G. **WHEREAS** in line with the conclusion of the Accession Agreement and MAK Invest SG becoming a shareholder of TFG in place of MAK Invest Kft, the Parties wish to amend the Merger Agreement on and subject to the provisions of this Amendment Agreement,

**NOW THEREFORE**, it is agreed as follows:

1. **DEFINITIONS AND INTERPRETATION**

- (a) In this Agreement,

"**Amendments**" mean the amendments made or to be made pursuant to Section 2 of this Agreement.

- (b) Terms defined in the Merger Agreement (whether directly or by reference to any other agreement or instrument) shall, unless otherwise defined herein, have the same meaning in this Amendment Agreement.

- (c) The Merger Agreement and this Amendment Agreement shall be read and construed as a single document.

2. **AMENDMENT**

With effect on and from the Effective Date, the Merger Agreement shall be amended by the Amendments set out in Schedule 1 to this Amendment Agreement.

3. **EFFECTIVE DATE**

This Amendment Agreement shall become effective from the Effective Date.

4. **FURTHER ASSURANCES**

The Parties shall at their own expense do all such acts and things necessary or desirable to give effect to the Amendments effected or to be effected pursuant to this Amendment Agreement, including obtainment of necessary corporate approvals and registration and/or notification to the FRC, MSE, MSCD, Bank of Mongolia and any other relevant Governmental Authority in accordance with the Applicable Laws of and about the relevant changes to the securities registration of XacBank made and/or to be made in accordance with the execution of this Amendment Agreement.

5. **GOVERNING LAW, JURISDICTION AND ENGLISH LANGUAGE**

Clauses 8.4, 8.5 and 8.8 of the Merger Agreement shall apply to this Agreement as if set out in full herein.



– 3 –

6. **MISCELLANEOUS**

- (a) This Agreement and the documents referred to herein constitute the entire obligation of the Parties hereto with respect to the subject matter hereof and shall supersede any prior expressions of intent or understandings with respect to their subject matter.
- (b) This Agreement may be amended only by an instrument in writing duly executed by the Parties hereto.
- (c) This Amendment Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
- (d) All terms and conditions of the Merger Agreement, except those amended in accordance with this Amendment Agreement, shall remain unchanged, in full effect and force and valid.

– 4 –

## SCHEDULE 1

### AMENDMENTS TO THE MERGER AGREEMENT

The Merger Agreement shall be amended as follows:

- (1) Recital B in Preamble of the Merger Agreement is hereby amended to replace the reference to “31 December 2023” with “31 December 2026”;
- (2) Clause 3.4 of the Merger Agreement is hereby to replace “MAK Invest Kft” with “MAK Invest SG”; and
- (3) Schedule 3 of the Merger Agreement (*Post-Merger Consolidated Balance Sheet of XacBank*) is hereby deleted in its entirety and replaced with the following:

[\*\*\*\*]<sup>1</sup>

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<sup>1</sup> Consolidated Balance Sheet based on Audited Accounts as of December 31, 2024.

## Approval of Amendment Agreement to the Merger Agreement and Amendment to the Merger Terms and Conditions

Annex 3

### XACBANK JSC MERGED STATEMENT OF FINANCIAL POSITION

As of 31 December 2024

(in Mongolian Togrog)

	Items	XacBank JSC	Tenger Financial Group LLC	Eliminations	XacBank JSC Merged
<b>1</b>	<b>ASSETS</b>				
<b>1.1</b>	<b>Cash and cash equivalents</b>	<b>1,895,273,697,466.20</b>		-	<b>1,895,273,697,466.20</b>
1.1.1	Cash on hand	33,011,522,688.03			33,011,522,688.03
1.1.2	Due from banks and financial institutions	773,667,632,339.11			773,667,632,339.11
1.1.3	Cash equivalents	1,085,262,868,849.46			1,085,262,868,849.46
1.1.4	Accrued interest on cash and cash equivalents	3,331,673,589.60			3,331,673,589.60
<b>1.2</b>	<b>Due from banks and financial institutions</b>	<b>397,890,873,112.18</b>		-	<b>397,890,873,112.18</b>
1.2.1	Due from the Bank of Mongolia	398,103,270,284.07			398,103,270,284.07
1.2.2	Due from other banks and financial institutions	-			-
1.2.3	Other assets	-			-
1.2.4	Accrued interest on due from banks and financial institutions	-			-
1.2.5	Provision for impairment of due from banks and financial institutions	(212,397,171.89)			(212,397,171.89)
<b>1.3</b>	<b>Investment</b>	<b>164,840,923,389.61</b>	<b>101,817,773,344.70</b>	<b>(101,817,773,344.70)</b>	<b>164,840,923,389.61</b>
1.3.1	Trading securities (FVTPL)	-			-
1.3.2	Available for sale securities	110,519,731,431.07			110,519,731,431.07
1.3.3	Securities held to maturity	40,000,000,000.00			40,000,000,000.00
1.3.4	Securities classified as loan and receivables	-			-
1.3.5	Investment in subsidiary, associate, and joint venture	-	101,817,773,344.70	(101,817,773,344.70)	-
1.3.6	Encumbered securities	9,000,000,000.00			9,000,000,000.00
1.3.7	Accrued interest on investment	7,014,934,028.89			7,014,934,028.89
1.3.8	Provision for impairment of investment	(1,693,742,070.35)			(1,693,742,070.35)
<b>1.4</b>	<b>Loans and advances to customers (net)</b>	<b>3,682,590,671,960.92</b>		-	<b>3,682,590,671,960.92</b>
1.4.1	Loan within due	3,555,205,923,094.54			3,555,205,923,094.54
1.4.2	Past due loan	67,879,360,313.83			67,879,360,313.83
1.4.3	Substandard loan	14,110,460,955.16			14,110,460,955.16
1.4.4	Doubtful loan	12,813,432,207.54			12,813,432,207.54
1.4.5	Loss loan	47,383,379,858.50			47,383,379,858.50
1.4.6	Deferred transaction cost (fees on loans)	(18,472,474,486.19)			(18,472,474,486.19)
1.4.7	Accrued interest on loan	62,436,985,777.13			62,436,985,777.13
1.4.8	Loan loss provision	(58,766,395,759.58)			(58,766,395,759.58)
<b>1.5</b>	<b>Derivative financial assets</b>	<b>10,050,723,082.09</b>			<b>10,050,723,082.09</b>
<b>1.6</b>	<b>Other financial assets</b>	<b>15,847,030,662.03</b>		-	<b>15,847,030,662.03</b>
1.6.1	Receivables from others (net)	15,847,030,662.03			15,847,030,662.03
1.6.2	Interbank receivables	-			-
1.6.3	Repossessed collaterals – financial assets (net)	-			-
1.6.4	Other financial assets	-			-
<b>1.7</b>	<b>Other non-financial assets</b>	<b>66,304,075,963.19</b>		-	<b>66,304,075,963.19</b>
1.7.1	Other settlements	38,137,976,591.44			38,137,976,591.44
1.7.2	Inventories materials and valuables (excluding precious materials)	2,913,396,664.02			2,913,396,664.02
1.7.3	Gold and other precious metals (net)	724,526,844.53			724,526,844.53
1.7.4	Repossessed collaterals – non financial assets (net)	3,901,079,873.91			3,901,079,873.91
1.7.5	Current income tax prepayment	49,774,584.08			49,774,584.08
1.7.6	Deferred income tax assets	11,942,798,351.54			11,942,798,351.54
1.7.7	Other non financial assets	8,634,523,053.68			8,634,523,053.68
<b>1.8</b>	<b>Property, plant and equipment</b>	<b>71,071,813,851.88</b>		-	<b>71,071,813,851.88</b>
<b>1.9</b>	<b>Investment properties</b>	<b>-</b>		-	<b>-</b>
<b>1.10</b>	<b>Non-current asset held for sale</b>	<b>1,089,948,722.66</b>		-	<b>1,089,948,722.66</b>
<b>1.11</b>	<b>Intangible asset</b>	<b>16,833,960,840.69</b>		-	<b>16,833,960,840.69</b>
	<b>Total assets</b>	<b>6,321,793,719,051.46</b>	<b>101,817,773,344.70</b>	<b>(101,817,773,344.70)</b>	<b>6,321,793,719,051.46</b>
<b>2</b>	<b>LIABILITIES</b>				
<b>2.1</b>	<b>Current accounts</b>	<b>817,461,963,217.99</b>		-	<b>817,461,963,217.99</b>
2.1.1	Nominal amount	817,461,963,217.99			817,461,963,217.99
2.1.2	Accrued interest payable on current accounts	-			-
<b>2.2</b>	<b>Savings accounts</b>	<b>2,535,432,581,681.66</b>		-	<b>2,535,432,581,681.66</b>
2.2.1	Demand deposit savings	200,924,056,034.28			200,924,056,034.28
2.2.2	Time deposit savings	2,305,572,882,340.47			2,305,572,882,340.47
2.2.3	Other types of current and savings accounts	13,361,723,903.61			13,361,723,903.61
2.2.4	Accrued interest payable on savings accounts	15,573,919,403.30			15,573,919,403.30
<b>2.3</b>	<b>Due to banks and financial institutions</b>	<b>2,036,158,841,263.56</b>		-	<b>2,036,158,841,263.56</b>
2.3.1	Deposits placed by other banks and financial institutions	332,372,220,873.02			332,372,220,873.02
2.3.2	Loan from other banks and financial institutions	1,688,771,138,578.17			1,688,771,138,578.17
2.3.3	Deferred transaction fee	(11,196,777,411.89)			(11,196,777,411.89)
2.3.4	Accrued interest payable on due to banks and financial institutions	26,212,259,224.26			26,212,259,224.26
<b>2.4</b>	<b>Other borrowed funds</b>	<b>40,229,669,289.86</b>		-	<b>40,229,669,289.86</b>
2.4.1	Bonds and bills issued by the bank	-			-

## Approval of Amendment Agreement to the Merger Agreement and Amendment to the Merger Terms and Conditions

2.4.2	Securities issued by the bank	-			-
2.4.3	Project loan financing	14,996,157,806.96			14,996,157,806.96
2.4.4	Repurchase agreements (repos)	8,880,066,833.29			8,880,066,833.29
2.4.5	Syndicated fund	406,139,892.73			406,139,892.73
2.4.6	Other	15,303,350,706.88			15,303,350,706.88
2.4.7	Deferred transaction fee	-			-
2.4.8	Accrued interest payable on other borrowed funds	643,954,050.00			643,954,050.00
2.5	<b>Derivative financial liabilities</b>	<b>9,542,836,602.61</b>			<b>9,542,836,602.61</b>
2.6	<b>Other financial liabilities</b>	<b>68,812,286,617.39</b>			<b>68,812,286,617.39</b>
2.7	<b>Other non-financial liabilities</b>	<b>82,552,785,616.99</b>			<b>82,552,785,616.99</b>
2.8	<b>Subordinated debt</b>	<b>-</b>			<b>-</b>
2.9	<b>Preferred shares (liability)</b>	<b>-</b>			<b>-</b>
	<b>Total liabilities</b>	<b>5,590,190,964,290.06</b>		<b>-</b>	<b>5,590,190,964,290.06</b>
3	<b>EQUITY</b>				
3.1	<b>Share capital</b>	<b>105,270,000,000.00</b>	<b>16,270,503,000.00</b>	<b>(16,270,503,000.00)</b>	<b>105,270,000,000.00</b>
3.1.1	Preferred shares (equity)	-			-
3.1.2	Common shares	105,270,000,000.00	16,270,503,000.00	(16,270,503,000.00)	105,270,000,000.00
3.2	<b>Paid-in capital</b>	<b>30,388,870,985.26</b>	<b>85,547,270,344.70</b>	<b>(85,547,270,344.70)</b>	<b>30,388,870,985.26</b>
3.3	<b>Treasury share</b>	<b>(29,667,800.00)</b>	<b>-</b>	<b>-</b>	<b>(29,667,800.00)</b>
3.4	<b>Revaluation surplus</b>	<b>18,352,368,952.90</b>	<b>-</b>	<b>-</b>	<b>18,352,368,952.90</b>
3.5	<b>Retained earnings</b>	<b>515,406,908,425.24</b>	<b>-</b>	<b>-</b>	<b>515,406,908,425.24</b>
3.6	<b>Other components of equity</b>	<b>62,214,274,198.01</b>	<b>-</b>	<b>-</b>	<b>62,214,274,198.01</b>
3.6.1	Share option	-	-	-	-
3.6.2	Reserve funds	11,439,407,367.49	-	-	11,439,407,367.49
3.6.3	Reserve of translation and revaluation	-	-	-	-
3.6.4	Non-distributable regulatory reserve for BOM loan loss provisions	48,433,631,666.99	-	-	48,433,631,666.99
3.6.5	Reserve for staff social development funds	-	-	-	-
3.6.6	Equity part of convertible debt instrument	-	-	-	-
3.6.7	Equity part of convertible borrowings	-	-	-	-
3.6.8	Other	2,341,235,163.53	-	-	2,341,235,163.53
3.7	<b>Total equity</b>	<b>731,602,754,761.41</b>	<b>101,817,773,344.70</b>	<b>(101,817,773,344.70)</b>	<b>731,602,754,761.41</b>
	<b>Total liabilities and equity</b>	<b>6,321,793,719,051.46</b>	<b>101,817,773,344.70</b>	<b>(101,817,773,344.70)</b>	<b>6,321,793,719,051.46</b>

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER



TSEVEGJAV GUMENJAV

ERDENEBAIYAR GANZORIG

– 5 –

**IN WITNESS WHEREOF**, this Amendment Agreement has been duly executed by the Parties and it shall take effect on the date stated at the beginning of this Amendment Agreement.

**For and on behalf of XacBank JSC**

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Name: G. TSEVEGJAV  
Title: CHIEF EXECUTIVE OFFICER

**For and on behalf of Tenger Financial Group LLC**

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Name: N. OTGONCHULUUN  
Title: ACCOUNTANT

AND

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Name: *[insert name]*  
Title: *[insert title]*



## Approval of Amendment Agreement to the Merger Agreement and Amendment to the Merger Terms and Conditions



Annex 2 to XacBank Board Resolution R-2025-10  
dated 05 March 2025

### AMENDMENT TO THE "REORGANIZATION THROUGH MERGER: TERMS AND CONDITIONS"

#### 1. Preamble

- 1.1 As part of the required documentation for the merger process (the "**Merger**") between TenGer Financial Group LLC (the "**TFG**") and XacBank JSC (the "**XacBank**") (collectively, the "**Parties**") under the Merger Agreement executed between the Parties on 17 May 2024, as amended (the "**Merger Agreement**") and for the purposes of formal submission to the Financial Regulatory Commission (the "**FRC**") and the Mongolian Stock Exchange (the "**MSE**"), the Parties jointly prepared the document titled "Reorganization through Merger: Terms and Conditions" and submitted it to the FRC and MSE in June 2024 (the "**Reorganization through Merger: Terms and Conditions**").
- 1.2 The "Reorganization through Merger: Terms and Conditions", which outlines certain terms and conditions of the Merger, was approved by the Shareholders Meeting Resolution of TFG No. SGR-2024-03, dated 15 February 2024 and Shareholders Meeting Resolution of XacBank No. SR-2024-09, dated 29 April 2024, respectively.
- 1.3 On 31 October 2024, the shareholder of TFG, MAK Invest Kft (*company registration number 01-09-407609*) entered into the Share Transfer Agreement and Rights Transfer Agreement with MAK Invest SG Pte. Ltd (*company registration number 202444045G*) ("**MAK Invest SG**"), pursuant to which MAK Invest Kft transferred all ordinary shares, which the former held in TFG, to MAK Invest SG with all associated rights and responsibilities (the "**TFG Shareholder Change**").
- 1.4 Certain clauses of the Merger Agreement are being amended to reflect the TFG Shareholder Change, among others (the "**Amendment to the Merger Agreement**").
- 1.5 In connection with the TFG Shareholder Change and the Amendment to the Merger Agreement, the "Reorganization through Merger: Terms and Conditions" shall be amended as set out in Section 2.1 below.

#### 2. Amendments

- 2.1 The "Reorganization through Merger: Terms and Conditions" shall be amended as follows:
  - (a) Clause 1.1 (*General Provisions*) is hereby amended to add "*as amended*" after "...under the Merger Agreement executed between the Parties..."; and
  - (b) Clause 4.3 is hereby amended to replace "*MAK Invest Kft*" with "*MAK Invest SG*".
- 2.2 All terms and conditions of the Merger specified in the "Reorganization through Merger: Terms and Conditions" shall remain the same and unchanged, except those amended in accordance with this document.

#### 3. Miscellaneous

All provisions of the Merger Agreement, whether or not expressly incorporated herein, shall be deemed to be an integral part of this document. These Terms shall be read and interpreted as including all such provisions of the Merger Agreement, and they shall be regarded as fully effective as if set forth herein in full.





## **Decision item No.6:**

Approval of the Board Budget for 2025

## APPROVAL OF THE BOARD BUDGET FOR 2025

According to Clause 8.6(v) of the Charter of XacBank, the authority to approve the Board of Directors' budget (the "Board Budget") resides with the shareholders. Therefore, the Board hereby recommends for approval to the shareholders, the Board Budget in the total amount of MNT 7,250 million for the year 2025.

The Board Budget for the year 2024 was approved for MNT 6,773 million, and the actual performance was MNT 6,704 million.

The Board Budget composes of (i) fees, supplements and bonuses (this includes fees, supplements and bonuses payable to the Chairman and the Directors of the Board, however, the CEO does not get paid any fees, supplements or bonuses for serving as a member on the Board), and (ii) other expenses (such as taxes, social insurance premiums, travel and lodging expenses, meeting organizational expenses and fees for services provided by external organizations to the Board).

	Budget for 2024	Performance of 2024	Budget for 2025
MNT (in millions)	6,773.5	6,704.6	7,250.8

## BOARD OF DIRECTORS RESOLUTION



Date: 05 March 2025

No. R-2025-07

Ulaanbaatar

Recommendation to the Shareholders for Approval of the  
2025 Budget of the Board of Directors of XacBank

Based on Articles 8.4 and 8.6 (v) of the Charter of XacBank JSC (the "**Bank**") and pursuant to decisions made at its regular meeting held on 05 March 2025, the Board of Directors (the "**Board**") of the Bank hereby adopts the following resolutions:

### IT IS NOTED THAT:

1. **WHEREAS**, the Governance, Nomination and Compensation Committee (the "**GNCC**"), after its deliberation at its meeting held on 05 March 2025, has recommended the budget of the Bank Board for the fiscal year 2025 (the "**Board Budget 2025**") as attached to this Resolution; and
2. **WHEREAS**, the Board now wishes to recommend to the Shareholders of the Bank for their approval the Board Budget 2025 as recommended by the GNCC.

### NOW THEREFORE BE IT RESOLVED THAT:

1. The Board Budget 2025, as attached to this Resolution, be and is hereby recommended and submitted to the Shareholders of the Bank for their further approval.

CHAIRMAN OF THE  
BOARD OF DIRECTORS

GENERAL COUNSEL,  
CORPORATE SECRETARY



SANJAY GUPTA

N.MUNKHTSELMEG

XacBank HQ Building,  
Prime Minister Amar's Street,  
Post branch No.20A, P.O.Box-72,  
Ulaanbaatar-14200, Mongolia.

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Telephone: +(976)-7577-1888  
Web: [www.xacbank.mn](http://www.xacbank.mn)  
E-mail: [info@xacbank.mn](mailto:info@xacbank.mn)

Annex to XacBank Board Resolution R-2025-07  
dated 05 March 2025



**XACBANK BOARD BUDGET  
RECOMMENDATION FOR 2025**  
(For further approval of the XacBank Shareholders)

№	Items	Amount in MNT (in millions)
1	Fees <sup>1</sup>	5,523.00
2	Other expenses	1,727.8
	<b>Total</b>	<b>7,250.8</b>

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<sup>1</sup> Fees include Director Fees, payable pursuant to applicable shareholders' resolutions, and Chairman fees and bonus, payable as per the terms of the effective Service Agreement.

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## **Draft Shareholders' Resolutions**

## SHAREHOLDERS MEETING RESOLUTION

[Draft-1]

Approval of the Board Review of the  
Annual Operational Report for 2024

Based on Article 62.1.9 of the Company Law and pursuant to decisions made at its Annual General Meeting held on 29 April 2025, the Shareholders of XacBank JSC (the "Bank") hereby adopt the following resolutions:

### IT IS NOTED THAT:

1. **WHEREAS**, pursuant to Clause 76.1.11 of the Company Law, the Board of Directors of the Bank (the "**Board**") has reviewed the Annual Operational Report for 2024 (the "**Annual Operational Report 2024**") and submitted to the Shareholders that the Annual Operational Report 2024 provides a fair and transparent overview of the Bank's operational performance (the "**Board Review**") by its Resolution No. R-2025-09 dated 05 March 2025; and
2. **WHEREAS**, pursuant to Article 62.1.9 of the Company Law, the Shareholders of the Bank have the authority to approve the Board Review of the Annual Operational Report 2024 of the Bank.

### NOW THEREFORE BE IT RESOLVED THAT:

1. The Annual Operational Report 2024 of the Bank as attached to this Resolution, inclusive of the Board Review above, are hereby approved.

CHAIRMAN OF THE  
SHAREHOLDERS' MEETING

SANJAY GUPTA



## SHAREHOLDERS MEETING RESOLUTION

[Draft-2]

Approval of the Board Review of the  
Audited Financial Statements for 2024

Based on Article 62.1.9 of the Company Law and pursuant to decisions made at its Annual General Meeting held on 29 April 2025, the Shareholders of XacBank JSC (the “**Bank**”), hereby adopt the following resolutions:

### IT IS NOTED THAT:

1. **WHEREAS**, after consideration and review of the financial statements of the Bank for the fiscal year ended 2024, which have been audited by Ernst and Young Mongolia Audit LLC (the “**Audited Financial Statements 2024**”) with an unqualified opinion, the Board of Directors (the “**Board**”) of the Bank has submitted to the Shareholders that the Audited Financial Statements 2024 provide a fair and transparent overview of the Bank’s financial position in accordance with IFRS and IAS (the “**Board Review**”) by its Resolution No. R-2025-17 dated 17 March 2025; and
2. **WHEREAS**, pursuant to Article 62.1.9 of the Company Law, the Shareholders of the Bank have the authority to approve the Board Review of the Audited Financial Statements 2024 of the Bank.

### NOW THEREFORE BE IT RESOLVED THAT:

1. The Audited Financial Statements 2024 of the Bank as attached to this Resolution, inclusive of the Board Review above, are hereby approved.

CHAIRMAN OF THE  
SHAREHOLDERS’ MEETING

SANJAY GUPTA

# SHAREHOLDERS MEETING RESOLUTION

[Draft-3]

## Declaration and Distribution of Year-End Dividend from the 2024 Bank Earnings

Based on Article 46.1 of the Company Law and Clause 8.6(ii) of the Charter of XacBank JSC (the “**Bank**”), and pursuant to decisions made at its Annual General Meeting (“**AGM**”) held on 29 April 2025, the Shareholders of the Bank hereby adopt the following resolutions:

IT IS NOTED THAT:

1. **WHEREAS**, dividend distribution is considered a Strategic Matter as defined in the Bank Charter, and it is thereby required that such decisions receive the approval of the Shareholders of the Bank;
2. **WHEREAS**, the Board of Directors (the “**Board**”) of the Bank, by its Resolution No. R-2025-03 dated 18 February 2025, has recommended to the Shareholders the distribution of a cash dividend from the Bank’s earnings for the financial year 2024 to the Shareholders of the Bank, contingent upon the 2024 year-end audited financial statements’ results (the “**Year-End Dividend**”);
3. **WHEREAS**, the Board, by its Resolution No. R-2025-17 dated 17 March 2025, has approved the audited financial statements for the year 2024, and furthermore, no material change was reflected in the said results; and
4. **WHEREAS**, as per Clause 8.6(ii) of the Charter of the Bank and subject to the Bank of Mongolia’s consent, the Shareholders now wish to declare and distribute the Year-End Dividend in the amount as stated below, as recommended by the Board.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The declaration and distribution of Year-End Dividend is hereby approved in the amount of MNT 27.00 (twenty-seven) per share.
2. It is hereby approved that the record date for registering shareholders eligible to participate in the AGM, which is set on 10 April 2025, shall concurrently be established as the Record Date for shareholders entitled to the disbursement of the said Year-End Dividend.
3. It is hereby approved that the Year-End Dividend shall be paid in cash within a period not exceeding 7 days subsequent to the latter of either obtaining the Bank of Mongolia consent or the date of this Resolution. The funds will be disbursed to the shareholders via Mongolian Central Securities Depository unless a shareholder expressly requests in writing the disbursement to be made through their bank account.

CHAIRMAN OF THE  
SHAREHOLDERS’ MEETING

SANJAY GUPTA

# SHAREHOLDERS MEETING RESOLUTION

[Draft-4.a]

## Approval of Amendment to XacBank JSC Charter

Pursuant to decisions made at its Annual General Meeting held on 29 April 2025, the Shareholders of XacBank JSC (the “**Bank**”) hereby adopt the following resolutions:

IT IS NOTED THAT:

1. **WHEREAS**, the Financial Regulatory Commission (“**FRC**”) has issued recommendations by its Governance Codex Evaluation advising the separation of nomination functions from compensation-related oversight pursuant to Clauses 81.5 and 81.6 of the Company Law;
2. **WHEREAS**, the Board of Directors (the “**Board**”), by its Resolution No. R-2025-08, has recommended the separation of the Governance, Nomination, and Compensation Committee into two distinct committees: (a) The Nomination Committee, responsible for overseeing director nominations, and succession planning; and (b) the Governance and Compensation Committee, responsible for overseeing corporate governance policies, board structure, compensation, remuneration policies, and incentive structures, and amend the Bank Charter to reflect such changes; and
3. **WHEREAS**, the Shareholders now wish to amend the Bank Charter accordingly as recommended by the Board.

NOW THEREFORE BE IT RESOLVED THAT:

1. Pursuant to the foregoing, the following clauses the Bank Charter shall be amended as follows

Current Formulation	Amended Formulation
8.14. No less than 1/3 (one third) of members of the BoD must be independent members, each of whom shall be selected and nominated by the Governance, Nomination and Compensation Committee who shall meet the requirements set forth in the Company Law, Banking Law and the relevant requirements set out by the BoM and the FRC. The independent members of the BoD shall exercise the right and responsibilities provided for in the Company Law, the Banking Law, the Securities Market Law and all other Applicable Laws including, but not limited to rules and regulations approved by the BoM, the FRC, and the MSE.	8.14. No less than 1/3 (one third) of members of the BoD must be independent members, each of whom shall be selected and nominated by the <del>Governance, Nomination and Compensation Committee</del> <u>Nomination Committee</u> who shall meet the requirements set forth in the Company Law, Banking Law and the relevant requirements set out by the BoM and the FRC. The independent members of the BoD shall exercise the right and responsibilities provided for in the Company Law, the Banking Law, the Securities Market Law and all other Applicable Laws including, but not limited to rules and regulations approved by the BoM, the FRC, and the MSE.

<p>8.29. The BoD shall have "Audit", "Risk Management", "Governance, Nomination and Compensation Committee" Committees and such other committees as the BoD may deem necessary or as required by the Applicable Laws (solely "<b>Committee</b>", together "<b>Committees</b>"). The BoD may delegate some of its authorities to the committees and this shall be regulated by the procedures of the Committees.</p>	<p>8.29. The BoD shall have "<del>Audit</del>", "<del>Risk Management</del>", "<del>Governance, Nomination and Compensation Committee</del>" Committees and <del>such other</del> committees as the BoD may deem necessary or as required by the Applicable Laws (solely "<b>Committee</b>", together "<b>Committees</b>"). The BoD may delegate some of its authorities to the committees and this shall be regulated by the procedures of the Committees.</p>
<p>8.30. No less than 2/3 (two thirds) of the members of the Audit Committee and, Governance, Nomination and Compensation Committee shall be comprised of independent members of the BoD as stipulated under the Company Law, Article 81.2.</p>	<p>8.30. No less than 2/3 (two thirds) of the members of the Audit Committee, <del>and, Governance, Nomination and Compensation Committee</del> <u>Nomination Committee, and Governance and Compensation Committee</u> shall be comprised of independent members of the BoD as stipulated under the Company Law, Article 81.2.</p>
<p>8.40. The Chief Executive Officer shall be prohibited to be a member of the Audit, Governance, Nomination and Compensation Committees and shall not have any voting rights on decisions which are related to appointment, selection and dismissal of the the Chief Executive Officer, its power and authority, as well as the supervision of his/her and performance.</p>	<p>8.40. The Chief Executive Officer shall be prohibited to be a member of the Audit, <del>Governance, Nomination, Nomination</del>, and <u>Governance and Compensation</u> Committees and shall not have any voting rights on decisions which are related to appointment, selection and dismissal of the the Chief Executive Officer, its power and authority, as well as the supervision of his/her and performance.</p>

2. Munkhtselmeg N., the General Counsel and Corporate Secretary, is hereby instructed and authorized to submit and register the Amendment to the Charter aforementioned with the Bank of Mongolia and the Legal Entity Registration Office in accordance with relevant laws and regulations and to deliver any and all documents related thereto on behalf of the Bank

CHAIRMAN OF THE  
SHAREHOLDERS' MEETING

SANJAY GUPTA

## Approval of Amendment to XacBank JSC Charter

Pursuant to decisions made at its Annual General Meeting held on 29 April 2025, the Shareholders of XacBank JSC (the “**Bank**”) hereby adopt the following resolutions:

### IT IS NOTED THAT:

1. **WHEREAS** the Bank has an Elderly fund under Elder Law (2017), a fund created for providing assistance and support to retirees of the Bank (the “**Elderly Fund**”);
2. **WHEREAS**, the Company Law and Elder Law were amended on June 05, 2024, requiring companies to explicitly include in their charters the establishment of an Elderly fund and to allocate an amount of up to three percent (3%) of the company’s total salary fund respectively; and
3. **WHEREAS**, the Shareholders now wish to approve the amendment to the Bank Charter to formally acknowledge the existing Elderly Fund and to reflect the legislate change, as recommended by the Board of Directors’ Resolution No. R-2025-11.

### NOW THEREFORE BE IT RESOLVED THAT:

1. Pursuant to the foregoing, the Bank Charter shall be amended by adding Clause 5.5 with the following content:

#### Formulation of the added clause

5.5. The Bank shall maintain an Elderly Fund in compliance with the Company Law and Elder Law, and the fund shall be financed with an amount of up to three percent (3%) of the Bank’s total salary fund, depending on the number of retirees of the Bank.

2. Munkhtselmeg N., the General Counsel and Corporate Secretary, is hereby instructed and authorized to submit and register the Amendment to the Charter aforementioned with the Bank of Mongolia and the Legal Entity Registration Office in accordance with relevant laws and regulations and to deliver any and all documents related thereto on behalf of the Bank.

CHAIRMAN OF THE  
SHAREHOLDERS’ MEETING

SANJAY GUPTA

## Approval of Amendment to the Merger Agreement between TenGer Financial Group LLC and XacBank JSC

Based on Clause 8.6 (b) of the Merger Agreement between TenGer Financial Group LLC ("**TFG**") and XacBank JSC ("**XacBank**") dated 17 May 2024, and pursuant to decisions made at its Annual General Meeting held on 29 April 2025, the Shareholders of XacBank hereby adopt the following resolutions:

### IT IS NOTED THAT:

1. **WHEREAS**, it is mandatory for XacBank and its parent company TFG, a company currently holding 94.99% of XacBank's total issued and outstanding shares, to comply with Article 36.1 of the Banking Law with respect to the requirement of any shareholder individually or jointly together with its affiliated persons owning no more than 20% of the bank's total issued shares (the "**Statutory Mandate**");
2. **WHEREAS**, the Shareholders of XacBank have previously resolved pursuant to their Resolution No. SR-2024-09 to fulfill the Statutory Mandate through a merger of TFG and XacBank by executing a Merger Agreement, provided that XacBank shall have entered into each of (i) a Framework Agreement with European Bank for Reconstruction and Development, and (ii) a Policy Agreement with International Financial Corporation, on or prior to the date of the signing of the Merger Agreement (the "**Preconditions for the Merger**"). Consequently, XacBank would be the surviving entity and the shareholders of TFG would become direct shareholders of XacBank (the "**Reorganization of XacBank through Merger**");
3. **WHEREAS**, the Shareholders of XacBank, by their Resolutions No. SR-2024-07 and No. SR-2024-08, have resolved to fulfill the Preconditions for the Merger;
4. **WHEREAS**, following the fulfillment of the Preconditions for the Merger and passing of both TFG and XacBank's Shareholders' Meetings Resolutions approving the Reorganization of XacBank through Merger, the Merger Agreement was entered into between XacBank and TFG on 17 May 2024 and submitted to the Bank of Mongolia (the "**BoM**") for further approval;
5. **WHEREAS**, in the course of the BoM reviewing the merger, a development concerning one of TFG shareholders, MAK Invest Kft, a shareholder owning 20.39% of TFG's total issued shares, necessitated a restructuring of its ownership to achieve compliance with the Banking Law, which has been addressed through transferring of its entire shareholding held in TFG to a newly incorporated separate entity, MAK Invest SG Pte Ltd. ("**MAK Invest SG**"), which maintains substantially the same ultimate ownership structure, except for the removal of one UBO in compliance with the requirements under the Banking Law ("**TFG Shareholder Restructuring**");
6. **WHEREAS**, in connection with the TFG Shareholder Restructuring, the Shareholders of TFG have accepted MAK Invest SG as a direct shareholder of TFG holding 20.39% of its share capital and voting rights by their Resolution No. SGR-2025-01; and
7. **WHEREAS**, considering that the Merger agreement with TFG shall be amended to reflect TFG Shareholder Restructuring, the Shareholders now wish to approve an amendment agreement to the Merger Agreement (the "**Amendment Agreement**") as recommended by the Board of Directors' Resolution No. R-2025-10.



**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Amendment Agreement to the Merger Agreement between TFG and XacBank as attached herewith as Annex 1, is hereby approved.
2. In connection with the Amendment Agreement to the Merger Agreement, an amendment to the document prepared solely for formal submission to the Financial Regulatory Commission and the Mongolian Stock Exchange as part of the required documentation for the Merger process, "Reorganization through Merger: Terms and Conditions", as attached herewith as Annex 2, is hereby approved.
3. Tsevegjav Gumenjav, the Chief Executive Officer (the "**CEO**") of XacBank is hereby authorized and directed to execute the Amendment Agreement to the Merger Agreement in the form as attached herewith as Annex 1, together with any documents required to be executed in connection therewith, on behalf of XacBank.
4. Upon execution of the Amendment Agreement to the Merger Agreement, the aforementioned alongside any and all other documents related thereto shall be delivered and submitted to the Bank of Mongolia, the Financial Regulatory Commission, the Mongolian Stock Exchange, the Legal Entity Registration Office and other related Authorities in accordance with relevant laws and regulations by the Reorganization Committee on behalf of XacBank.

CHAIRMAN OF THE  
SHAREHOLDERS' MEETING

SANJAY GUPTA

## SHAREHOLDERS MEETING RESOLUTION

[Draft-6]

Approval of the 2025 Budget of the  
Board of Directors of XacBank

Based on Article 62.1.13 of the Company Law, Clause 29.2.9 of the Banking Law, Articles 8.4 and 8.6(v) of the Charter of XacBank JSC (the **"Bank"**), and pursuant to decisions made at its Annual General Meeting held on 29 April 2025, the Shareholders of the Bank hereby adopt the following resolutions:

### IT IS NOTED THAT:

1. WHEREAS, the Board of Directors (the "Board") of the Bank has recommended to the Shareholders the Budget of the Board for the fiscal year 2025 by its Resolution No. R-2025-07 dated 05 March 2025 (the "Board Budget 2025"), and has submitted the same to the Shareholders for their final approval.

### NOW THEREFORE BE IT RESOLVED THAT:

1. The Board Budget 2025, as attached to this Resolution, is hereby approved.

CHAIRMAN OF THE  
SHAREHOLDERS' MEETING

SANJAY GUPTA

## XACBANK BOARD BUDGET FOR 2025

Д	Items	Amount in MNT (in millions)
1	Fees <sup>1</sup>	5,523.00
2	Other expenses	1,727.8
	<b>Total</b>	<b>7,250.8</b>

-oOo-

<sup>1</sup> Fees include Director Fees, payable pursuant to applicable shareholders' resolutions, and Chairman fees and bonus, payable as per the terms of the effective Service Agreement.

## COMPOSITION OF THE AGM TABULATING COMMITTEE

Attachment 3 to XacBank Board Resolution R-2025-18  
dated 17 March 2025

Chair of the Committee:	Anand B., Partner, KE Partners LLP
Committee members:	Otgon T., Associate, KE Partners LLP
	Khajidmaa G., Legal specialist, KE Partners LLP

# BALLOT TEMPLATE



Name of the Company: XacBank JSC

Surname and given name of the shareholder: \_\_\_\_\_

Registration number of the shareholder: \_\_\_\_\_

Type of shares held: \_\_\_\_\_

Number of shares held: \_\_\_\_\_

The Annual General Meeting of the Shareholders of XacBank JSC will be held on 29 April 2025 at 09:00 hours (Ulaanbaatar time) in a hybrid format, both in-person and virtual.

No.	Agenda items	In favor	Against	Abstain
1.	Board Review of the Annual Operational Report of XacBank for 2024	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Board Review of the Audited Financial Statements of XacBank for 2024	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Distribution of Final Dividend from the 2024 Year-End Bank Earnings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a	Amendment to the Charter of XacBank: - Separation of the Governance, Nomination, and Compensation Committee into the Nomination Committee and the Governance and Compensation Committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b	Amendment to the Charter of XacBank: - Inclusion of Elderly fund matters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Amendment Agreement to the Merger Agreement and Amendment to the Merger Terms and Conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Board Budget for 2025	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Questions/Comments for the AGM\*

\*Depending on the availability of time, some questions and comments may be taken up at the AGM. This applies to advance ballot votes only. Shareholders attending the AGM physically may raise their questions directly at the AGM.

Name and signature of the shareholder: \_\_\_\_\_ / \_\_\_\_\_

Registered by (securities company): \_\_\_\_\_

Name and signature of the authorized person who received the ballot:

\_\_\_\_\_ / \_\_\_\_\_

[...] [...] 2025

Notes/Remarks:

1. When filling out the ballot, indicate your choice by marking the section (✓) corresponding to your selection. Your vote will be calculated by multiplying the number of shares held by you on the Record Date for each decision item.
2. You may submit your vote through a broker-dealer company, or through the designated branches of XacBank situated in Ulaanbaatar city and local areas, on paper or electronically within the specified period.
3. If you're submitting your vote through a Proxy, it shall be considered valid only if the Proxy submits the vote with a Power of Attorney as well, in accordance with the laws of Mongolia.
4. The votes are considered invalid if corrected, marked multiple times, or incorrectly marked.

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*This section shall be completed by the Tabulating Committee of the Shareholders' Meeting.*

*Whether or not the ballot is considered valid and counted (underline): Yes / No*

Name and signature of the Chair of the Tabulating Committee: \_\_\_\_\_ / \_\_\_\_\_

Grounds for invalidating the ballot: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_