BOGD BANK

SUSTAINABILITY REPORT

2024

www.bogdbank.com

Contents

CEO's Message

At Bogd Bank, we believe that responsible banking practices and sustainable growth are essential to creating long-term value for our customers, employees, and society. Our Environmental, Social, and Governance (ESG) Policy guides every decision we make in pursuit of a more sustainable and inclusive future.

To minimize our environmental footprint, we actively implement green initiatives within our operations and support sustainable financing. Through our programs, we aim to improve resource efficiency, reduce greenhouse gas emissions, and contribute to the development of a green economy.

On the social front, we are committed to fostering inclusive participation and prioritizing employee satisfaction. Our flexible policies support work-life balance while promoting diversity and inclusion. We also invest in women-led businesses, helping to drive economic growth and equal opportunities.

In terms of governance, we adhere to the highest ethical standards that form the foundation of responsible banking. We ensure transparency, accountability, and sound risk management. By integrating ESG principles into our business strategy, we strive to build trust, enhance resilience, and achieve long-term success.

As of 2024, Bogd Bank continues to deepen the integration of ESG principles across all operations, steadfastly working toward a sustainable, responsible, and prosperous future—together.

Sincerely,

G. Saruul
Chief Executive Officer

About the Report

The "Sustainability Report" covers the financial years from January 1, 2024, to December 31, 2024, outlining Bogd Bank’s initiatives and activities within the scope of sustainable finance, environment, society, and governance (ESG). This report presents the bank’s actions and achievements in these areas.
The report is structured around 14 key topics, detailing our involvement, objectives, relevance to business and society, and the progress made so far.

About the Bank

- Established in 2014, Bogd Bank is one of the fastest growing banks in Mongolia.
- Bogd bank achieved a 7-year loan CAGR of 87.0%, with net loans reaching MNT 578.15 billion in 2024. Net income grew at CAGR of 61.5%, reaching MNT 40.2 billion in 2024.
- Bogd Bank became the first publicly listed bank on Mongolian Stock Exchange on 7th Dec 2021 as part of new banking reform, raising MNT 31.75 billion additional capital base from retail investors.
- Net Profit of MNT 40.2 billion as of YE2024, 42.4% increase from previous year.
- Aggregate growth rate of 46.3% in total assets over the last 8 years.

Our bank at a glance

Branches
17

Employees
250

Women
66%

Men
34%

ROA
4.52%

ROE
26.01%

Liquidity Ratio
30.42%

Capital Adequacy Ratio
21.20%

Credit Rating

Bogd Bank's latest credit rating by Moody's (22 November 2024)

Category	Moody's Rating
BOGD BANK JSC	
Outlook	Stable
Counterparty Risk Rating - Fgn Curr	B2/NP
Counterparty Risk Rating - Dom Curr	B1/NP
Bank Deposits	B2/NP
Baseline Credit Assessment	b2
Adjusted Baseline Credit Assessment	b2
Counterparty Risk Assessment	B1(cr)/NP(cr)

Source: Moody's Ratings

Bogd Bank's Baseline Credit Assessment ('BCA) at B2 puts Bogd Bank's credit rating on par with Mongolia's sovereign credit rating and on par or better than Mongolia's leading banks.

Financial Performance

- Total Assets
  MNT 1,1 trln — **USD 311.8 mln**
- Total Loan Portfolio
  MNT 577.8 bln — **USD 168.9 mln**
- NPL Ratio
  2.23%
- Total Deposits
  MNT 581.3 bln — **USD 170.0 mln**
- Net Profit
  MNT 40.2 bln — **USD 11.7 mln**
- Cost to Income ratio
  40.40%


SUSTAINABLE DEVELOPMENT
ESG
ESG
BOGD BANK

ESG Strategy, Framework and Governance

Our Approach to Sustainable Transformation

Bogd Bank prioritizes environmentally friendly operations, social responsibility, and transparency. We apply these criteria to the projects we finance and actively support them.

In line with this commitment, we joined Mongolia's Sustainable Finance (ToC) program and became an official member in 2015. Since then, Bogd Bank has continuously integrated sustainable development goals into its daily operations and services.

Under the "Sustainable Finance Policy," the bank adheres to sustainable finance principles in its lending activities and incorporates the Sustainable Development Goals into other banking operations to promote environmental and social responsibility. Within this policy, the bank strives to implement energy efficiency, reduce water and paper consumption, recycle waste, and provide inclusive services ensuring equal participation for all customers.

Additionally, we have enhanced accessibility by installing designated pathways and providing specialized eyewear for customers with special needs at our branches.

Bogd Bank's Commitment to Sustainability

Bogd Bank prioritizes environmentally friendly operations, social responsibility, and transparency. As part of this commitment, the bank became a core member of Mongolia's Sustainable Finance Initiative (ToC) in 2015 and has continuously integrated and improved sustainable development goals in its products, services, and daily operations.

Sustainable Finance Implementation Assessment

Bogd Bank has successfully implemented the 8 principles of the ToC Initiative in its operations. Each year, we submit a ToC implementation report to the ToC Association, which is reviewed and evaluated by the Bank of Mongolia and the International Finance Corporation (IFC).

Bogd Bank established a special working group to implement MSFA related activities. To enhance the understanding and expertise of its members in sustainable finance, the working group actively participated in MSFA's online training programs.

Green Bank

Green Financial Products Offered by Our Bank:

Eco car loan

Green Consumer Loan

Loans to Support Woman Entrepreneurs

Loan for Housing Insulation Retrofit

Securing DFI and Impact Financing for SME and Green Loans

Bogd bank successfully secured financing from multiple DFIs and impact leaders, specifically earmarked for SME lending and Green loans

- **USD 15 million** from DFC, put towards women led businesses and green sector. (Dec 2022)
- **USD 8 million** from DGGF, to support women-led SMEs. (Dec 2023)
- Total of **USD 17 million** from EMF for the support of the SMEs.
- **USD 15 million** from ADB to support MSMEs and green lending.
- **USD 5 million** from GGSF for the support of women-led SMEs. (Aug 2024)
- Established **USD 20 million** facility agreement with FMO for the support of agriculture, youth, women SMEs and green projects. (Dec 2024)

Triple Jump GGSF ADB DFC FMO

These funds are being utilized to support SMEs and will further strengthen Bogd Bank's efforts to foster the development of the SME and women-led business sectors.

IFC Perfomance Standards

IFC International Finance Corporation WORLD BANK GROUP

Asian Development Bank Safeguard Policy Statement:

ADB

ENVIRONMENT

- Green Financing
- Green Environment
- Resource Efficiency

Environment

Bogd Bank prioritizes green financing, resource efficiency, and eco-friendly operations. We support renewable energy, sustainable businesses, and waste reduction while promoting energy conservation and digital transformation.

Under our bank's Environmental, Social, and Governance (ESG) initiatives, our environmental financing includes Green Consumer Loan and Eco Car Loan and Insulation Loan, supporting sustainable choices for individuals. Through these products, we aim to reduce environmental impact, promote eco-friendly consumption, and contribute to a greener future.

Environment

GREEN FINANCING

During the reporting period, Bogd Bank successfully secured its first funding from the ***Triple Jump / Dutch Good Growth Fund*** to provide GREEN loans and concessional financing tailored for small and medium-sized enterprises (SMEs), with a specific focus on supporting women entrepreneurs.

As part of our commitment to sustainable finance, on March 27, 2024, Bogd Bank signed a Memorandum of Understanding (MoU) with the ***Mongolian Green Finance Corporation*** and ***GERES International NGO*** to jointly implement the ***"Thermal Solution 2"*** project. Through this collaboration, we aim to increase access to and financing for insulation products, thereby contributing to the reduction of greenhouse gas emissions and supporting efforts to combat climate change.

ENVIRONMENT

GGSF
Global Gender-Smart Fund

In line with our commitment to supporting SMEs, Bogd Bank successfully raised ***USD 5 million from the Triple Jump / Gender Global Smart Fund*** to support women entrepreneurs. This concessional funding will be allocated to provide tailored financial solutions for women-led SMEs and further enhance access to finance for micro, small, and medium enterprises.

Environment

GREEN FINANCING

Within the reporting period, Bogd Bank and the ***Asian Development Bank (ADB***) signed a ***USD 15 million*** loan agreement to expand financing opportunities for micro, small, and medium-sized enterprises (MSMEs) in Mongolia. The funding will primarily support women-led businesses and green loan products. The concessional financing, in combination with ADB funds, will be used to promote climate finance for MSMEs, including the acquisition of energy-efficient equipment and the installation of small-scale renewable energy systems.

As part of its strategic focus on inclusive and sustainable development, Bogd Bank has entered into a ***USD 20 million*** financing agreement with the ***Dutch Development Bank (FMO***). The funds will be directed toward supporting SMEs, particularly women entrepreneurs and green initiatives. A minimum of 30% of the financing will be allocated to environmentally friendly green projects, while the remaining 70% will be dedicated to supporting agriculture, youth entrepreneurship, and women-led SMEs.

Environment

GREEN ENVIRONMENT

Bogd Bank remains committed to supporting environmentally and socially responsible activities, while offering green products and services to its clients.

“ONE BILLION TREE” MOVEMENT

Within the framework of the national ***“One Billion Trees***” movement, Bogd Bank undertook maintenance and restoration work, including watering and revitalizing previously planted trees at Bumbat Spring in Songinokhairkhan District. In alignment with the government’s designation of the second Saturday of May and October as National Tree Planting Days, Bogd Bank, in cooperation with the “One Billion Trees” Support Fund, the Bank of Mongolia, the Mongolian Bankers Association, and other commercial banks, planted ***over 1,000 trees across 14 hectares*** in the Gachuurt International Eco Garden on May 12.

Bogd Bank also co-organized the Autumn Tree Planting Day in collaboration with fellow members of the banking sector. In celebration of the 100th anniversaries of Mongolia’s banking system and forestry sector, representatives from the Bank of Mongolia, the Mongolian Bankers Association, commercial banks, and the One Billion Trees initiative gathered at the International Garden of Mongolia located in Gachuurt. During the spring planting season, ***over 1,000 coniferous trees*** such as pine, larch, and spruce were planted. In the autumn, ***an additional 6,000*** deciduous and coniferous trees were planted, bringing the total to ***more than 7,000 trees*** planted at the site in 2024.

Environment

GREEN ENVIRONMENT

ENVIRONMENTALLY FRIENDLY NEW IDEAS:

To reduce urban traffic congestion, smart and eco-friendly solutions are being supported, such as the ***"Tapa" eco-transport*** service that rents bicycles and scooters.

Customers who recharge their wallets using the Bogd Bank app can receive a 50% refund on rental fees.

RESOURCE EFFICIENCY

As part of our commitment to resource efficiency, we strive to implement innovative ideas and initiatives every year. In support of paper reduction, the Bank has transitioned employee leave request forms to an electronic system. Additionally, in collaboration with the youth group TsoilogsoZ, our employees received training on waste management from the organization "Ungu Nemye'.

Environment

RESOURCE EFFICIENCY

The Bank regularly disseminates public awareness messages through its communication channels, encouraging environmental protection and water conservation.

As part of our ongoing resource efficiency efforts, we have continued our cooperation with a hazardous waste recycling facility to reduce paper usage and waste. Through this partnership, we have handed over used batteries for environmentally responsible disposal, thus fulfilling our duty to protect the environment

We continuously seek new ideas to enhance resource efficiency, particularly in reducing paper and waste. In this context, we became the first bank to introduce a fully online customer registration service at our branches. This initiative eliminates the need for customers to fill out five pages of paper-based forms, achieving a 100% transition to digital onboarding.

SOCIAL

- Focusing on SMEs
- Supporting Women-led Businesses
- Financial Education
- Employee Well-being
- Digital Innovation/ Transformation
- Corporate Social Responsibility

Social

Bogd bank is committed to driving positive social impact through ESG initiatives by supporting SME finance, empowering women, eco-green financing, rural development, and digitalization. We provide accessible financial solutions for small businesses, promote women's financial inclusion, facilitate sustainable investments, expand services to rural areas, and enhance digital banking to improve accessibility and inclusion.

Impact Focus Area

- With 32% of its loan portfolio being SMEs, Bogd Bank strives to support local businesses in varipus industries.
- We further make it our mission to target SMEs as we continue to grow.

- As an advocate of sustainability, Bogd Bank will continue to finance impactful green projects with impact.
- Bogd Bank does not work with clients involved in industries that cause environmental damages, such as mining

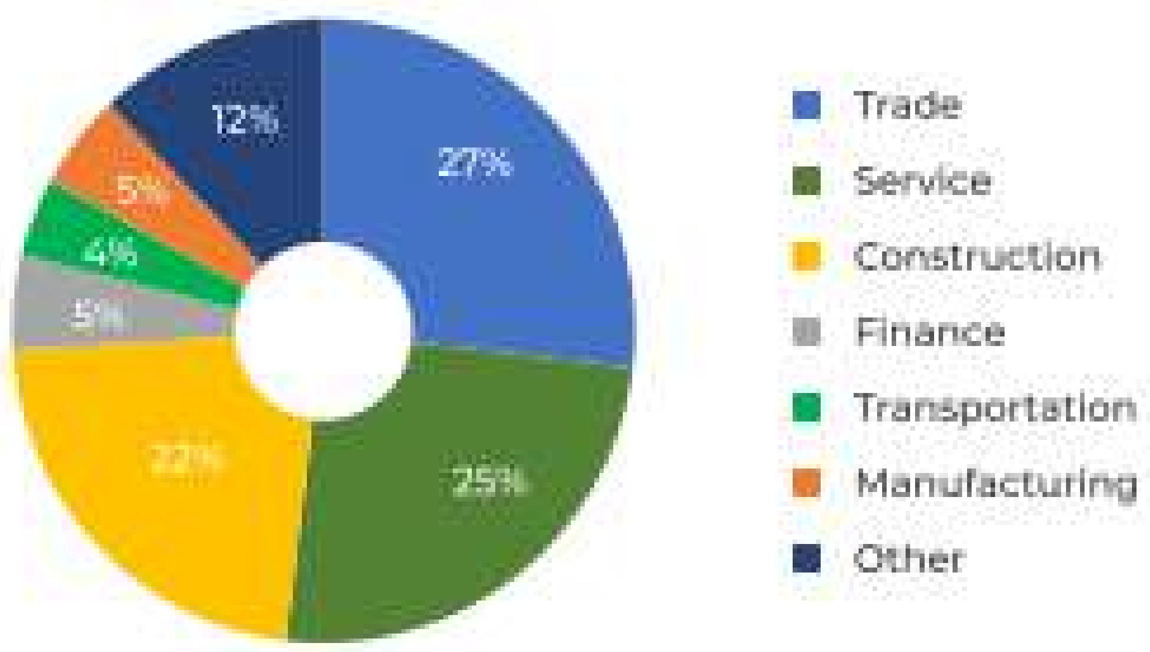
- 48% of Bogd Bank's SME clients are women-led businesses.
- Bogd bank will continue to support women-led businesses to promote equitable growth.
- About to 65% of Bogd Bank employees are women.

- Bogd Bank aims to expand its services to rural areas to support agriculture businesses.
- The Bank will achieve this through its expansion plan into all 21 provinces of Mongolia and now we have 2 branches in Darkhan provinces and erdenet province

Social

Focusing on SMEs

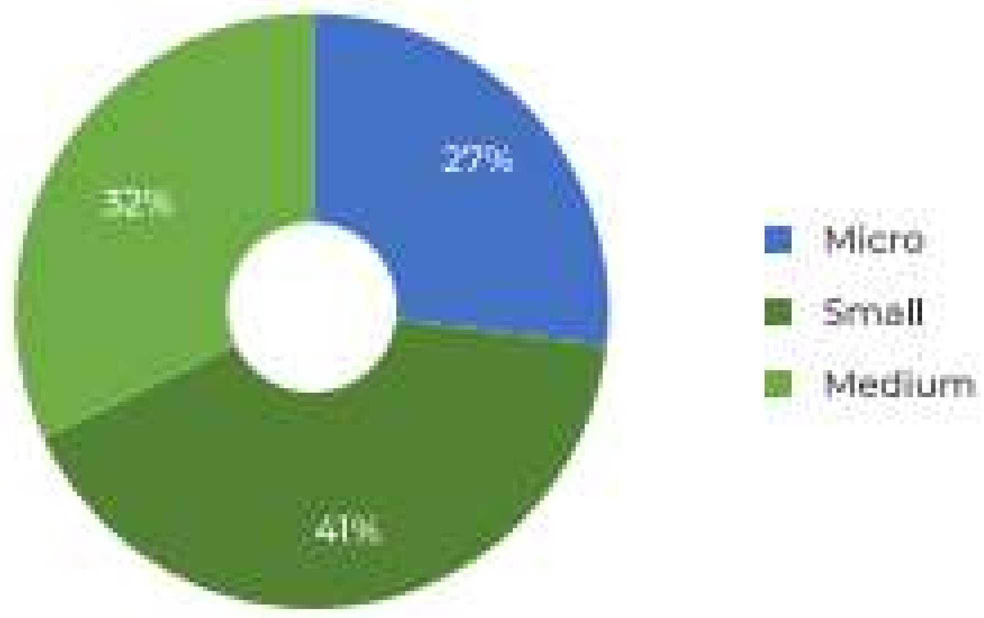
SME LOAN BY SECTOR (2024Q4)



as of December 31, 2024

- The Trade, Service, and Finance industries constitute over 74% of the total SME loan portfolio.

MICRO, SMALL AND MEDIUM LOANS (2024Q4)



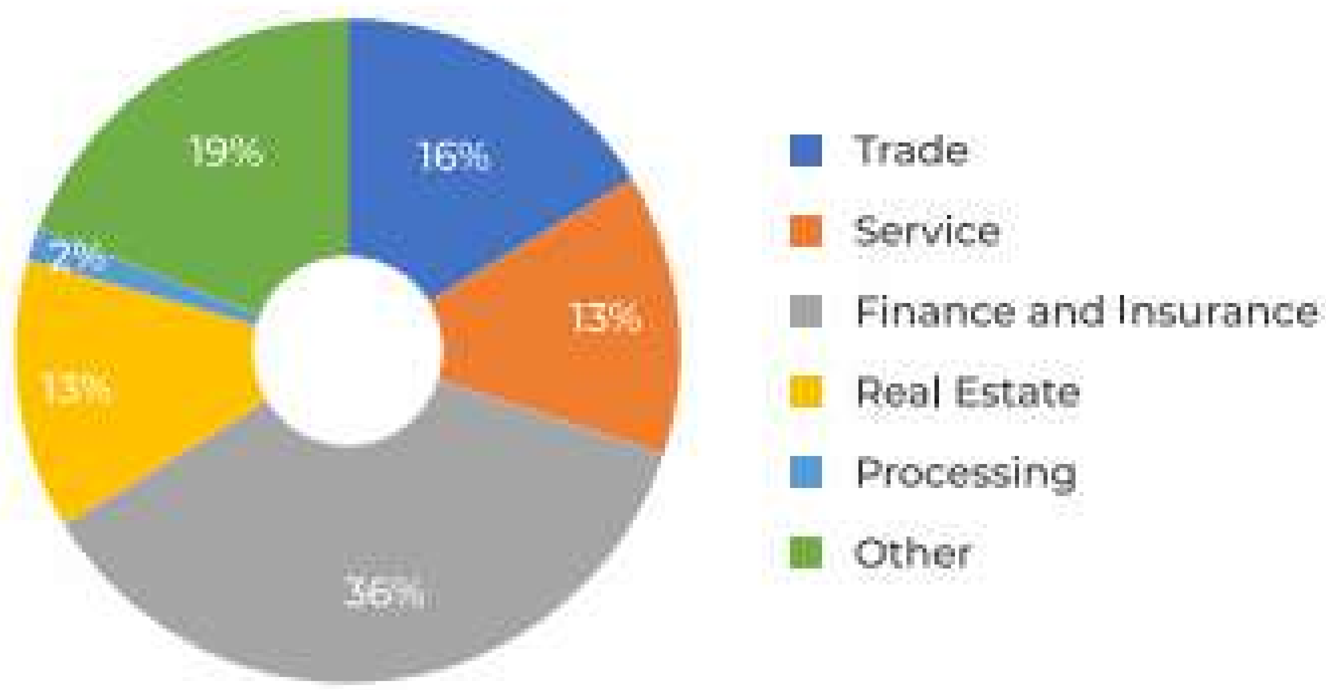
as of December 31, 2024

- Micro loans account for 27% (MNT 51.1 billion), small loans make up 41% (MNT 77.2 billion), and medium loans represent 32% (MNT 59.2 billion) of the SME loan portfolio.

Supporting Women-led Businesses

Bogd Bank is committed to support women-led businesses and women entrepreneurs through its strategic lending initiatives.

WOMEN-LED BUSINESSES BY SECTOR(2024Q4)



as of December 31, 2024

- Bogd Bank aims to increase lending to women and women-led businesses, targeting 70% and 50% of total disbursements.

as of December 31, 2024

46%
of Bogd Bank's borrowers are women

48%
of Bogd Bank's SME borrowers are women-led business

- The bank promotes economic growth by supporting household production and helping women turn home businesses into SMEs.
- It provides entrepreneurship training to foster new businesses and long-term client relationships.
- Bogd Bank has partnered with the Credit Guarantee Fund of Mongolia to support SME expansion through financial guarantees.

Social

Supporting Women-led Businesses

In September 2024, Bogd Bank JSC, in partnership with the Agency for Small and Medium-sized Enterprises, organized an initiative to empower women entrepreneurs by expanding their business opportunities, strengthening competitiveness and productivity, and enhancing access to financial resources. The event featured the introduction of a tailored loan product designed to meet the unique needs of these businesses, along with expert consultations and comprehensive financial guidance. Held at Bogd Tower, the event brought together over 80 participants, fostering valuable discussions and support for women-led enterprises.

Bogd Bank offers flexible working hours and paid leave to employees with young children, ensuring a healthy work-life balance for parents. This support helps them manage both their professional responsibilities and family commitments more effectively. In addition, the company implements a policy that allows pregnant employees to work remotely, providing them with the flexibility to maintain their productivity while prioritizing their health and well-being. These initiatives reflect our commitment to fostering an inclusive and supportive work environment for all employees.

Social

Financial Education

Bogd Bank has been actively participating in the World Savings Day campaign since 2021. In 2024, we ranked 3rd among all commercial banks in Mongolia based on our activities within this campaign.
As part of this initiative, Bogd Bank places great emphasis on enhancing financial literacy among the public. We actively support children, young students, and youth in developing a habit of saving by organizing various activities, promotional campaigns, and incentive programs.

Summary of In-Person Events Held

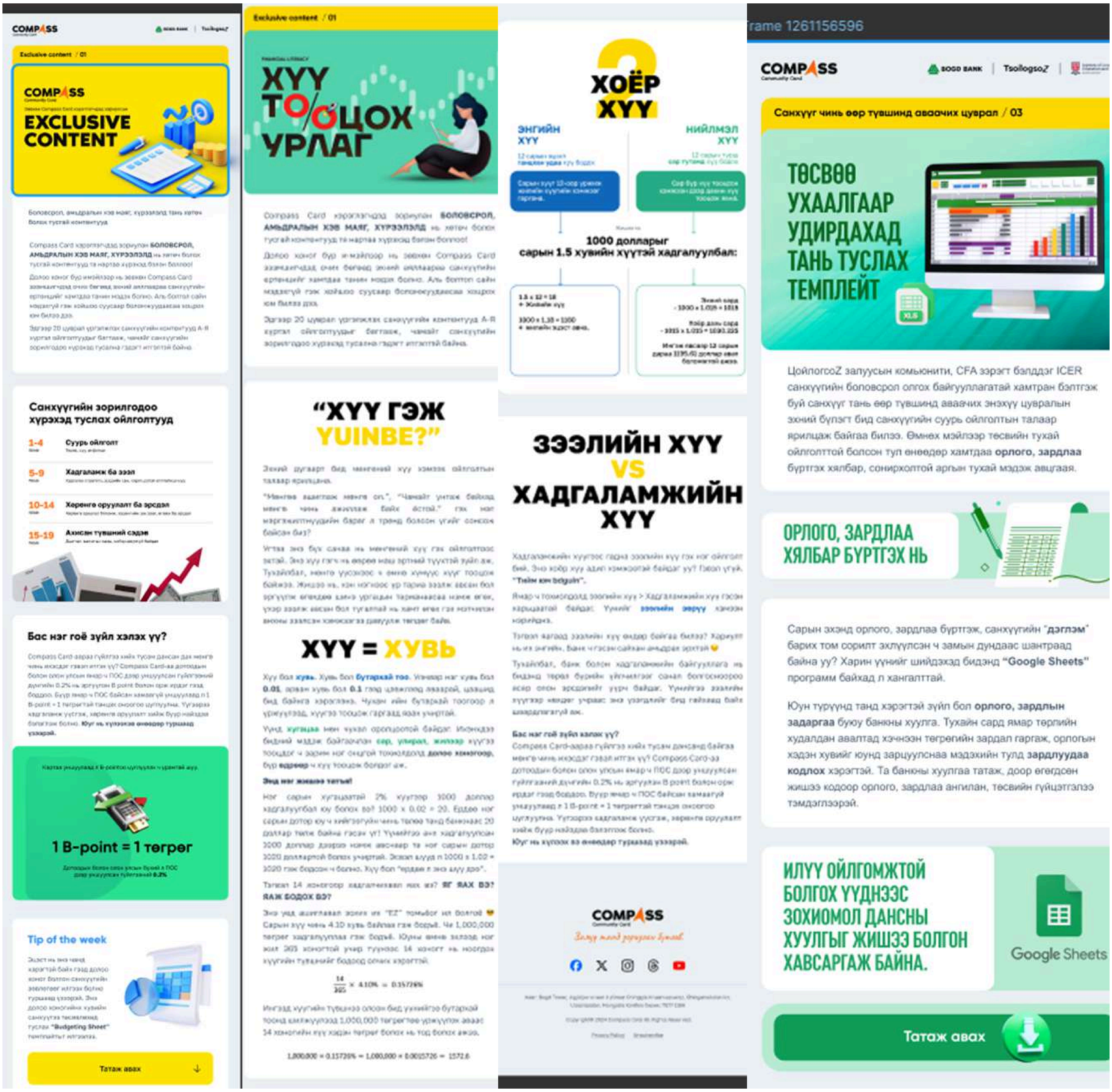
- Participated in an event organized for students of the Business School of MUST by setting up a booth.
- Hosted the **"Smart Budgeting"** event on personal budgeting, where around 100 young people, experts, and professionals shared their experiences.
- Organized the **"Investment 101"** event to provide fundamental financial education, attended by 300 young participants.
- Held the **"Financial Well-Being"** event to promote financial health, engaging 250 young people.
- Hosted the **"Coffee & Wine Tasting"** event aimed at introducing youth to culture and arts, attended by 50 young participants in a closed setting.
- Organized the **"Quiz Night"** event for youth interested in knowledge, information, and intellectual challenges, with 70 participants.
- Conducted the **"Unlocking Adventure"** event, introducing young people to travel culture and sharing experiences, with 200 attendees.
- Held the **"Olympic Watch Party"** event to support and cheer for Mongolian athletes competing in the Olympics, attended by 100 young participants.
- Organized the **"Last Summer Day"** event for high school students and young professionals to promote a healthier and more productive lifestyle while managing time efficiently, attended by 70 participants.
- Hosted the **"Youth Conference | To The World"** to encourage young people to take international-level initiatives, explore participation in the "Paris 2024" Olympic Games, and promote Mongolian athletes and cultural heritage, attended by 2,000 young participants.
- Conducted the **"Update 2024"** event, where young people analyzed social issues and discussed ways to bring positive change, attended by 600 participants.

Social

Financial Education

Summary of In-Person Events Held

In 2024, we regularly delivered financial literacy articles via email to over 4,000 clients (young individuals) of Bogd Bank.



Social

Financial Education

Summary of In-Person Events Held

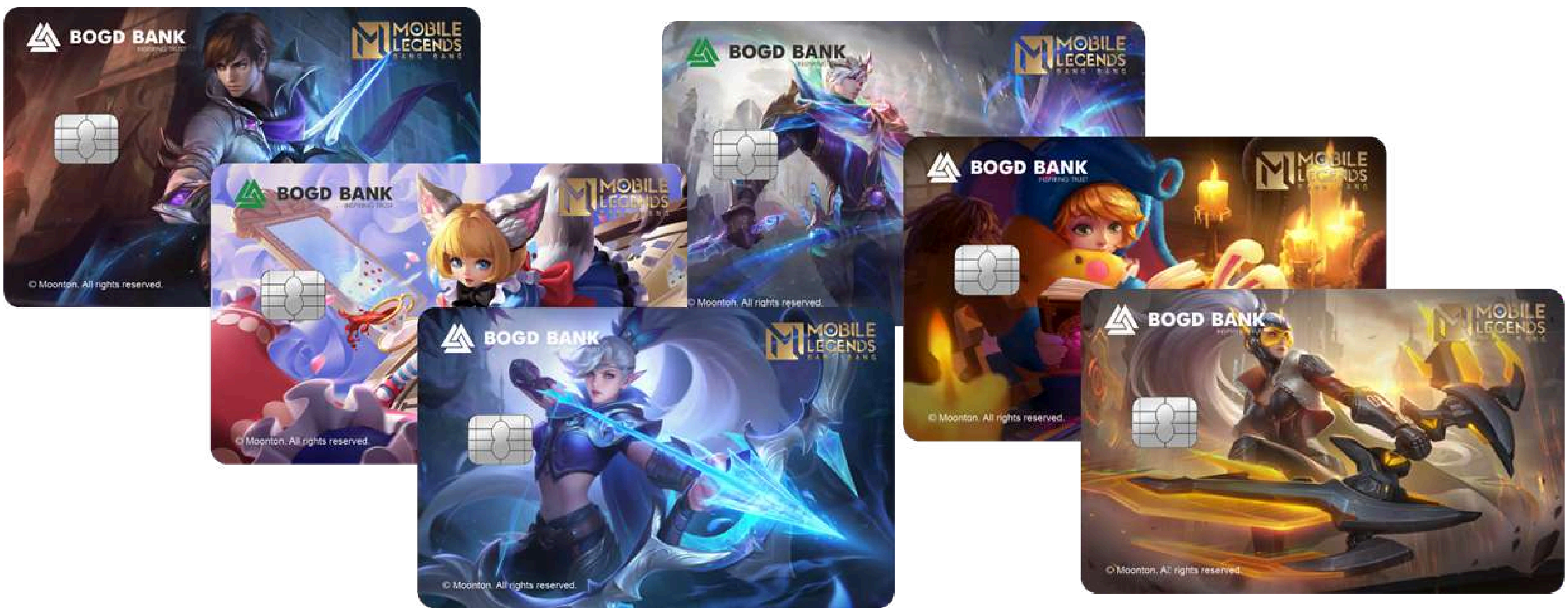
Bogd Bank successfully participated in the closing event of the "World Savings Day 2024" campaign held in Erdenet city, providing children with information on financial products and services.

Social

Financial Education

Bogd Bank is committed to promoting savings and responsible financial habits through engaging initiatives tailored to children's interests.

- In 2024, we successfully signed a partnership agreement with Mobile Legends.
- As part of this collaboration, we are introducing a special edition payment card exclusively for children with savings accounts, featuring a unique design not available to the public, further encouraging savings habits.



Employee Well-being

Our company places a strong emphasis on enhancing employee comfort, well-being, and overall job satisfaction by implementing a variety of initiatives designed to support work-life balance, promote relaxation, and encourage a healthy lifestyle. We believe that a positive and comfortable work environment leads to increased productivity, motivation, and overall happiness among our employees. To achieve this, we have introduced several programs and facilities aimed at ensuring our team members feel valued, supported, and empowered both inside and outside the workplace.

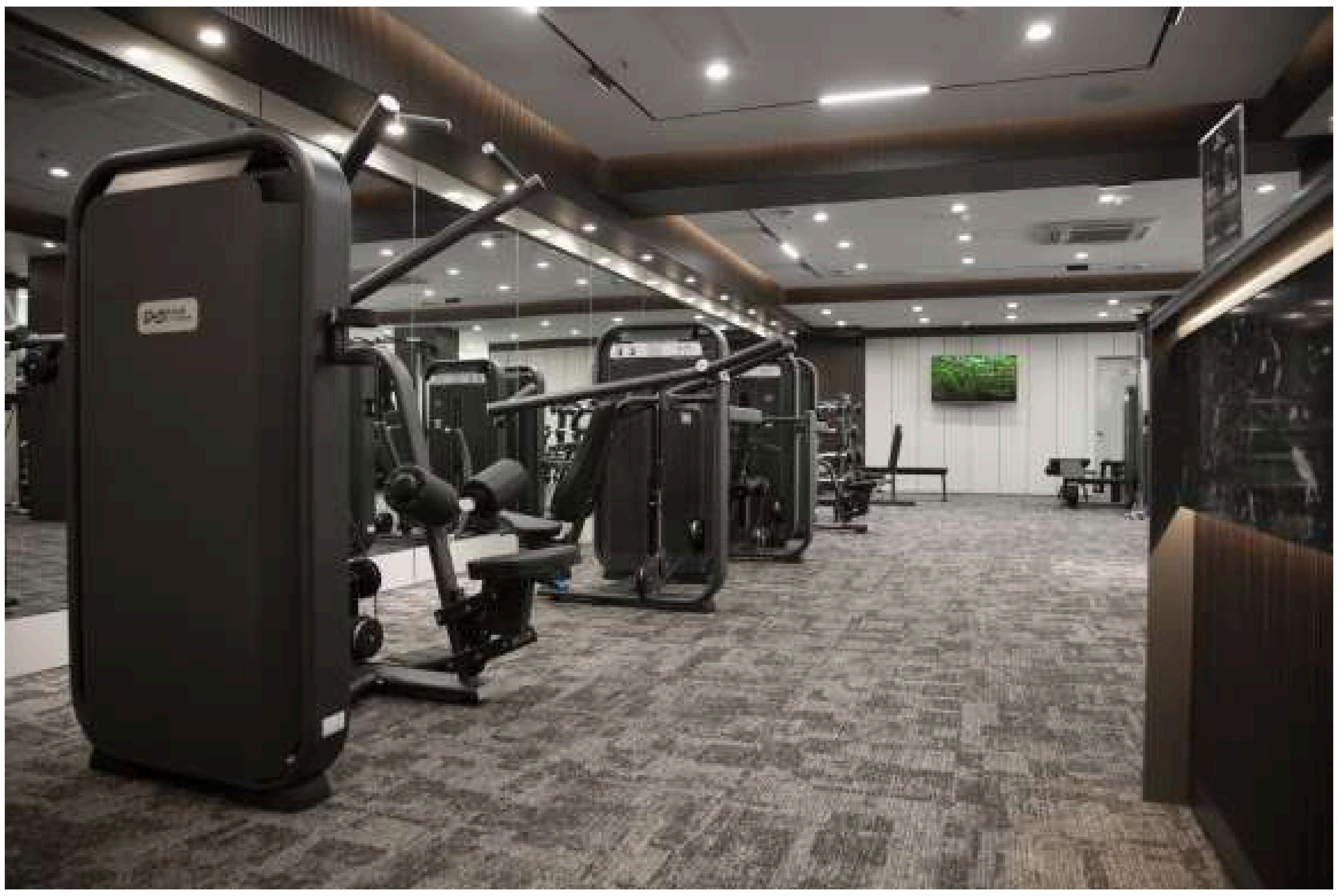
“Boss Day Off”

Once a year, employees are granted a fully paid leave day, allowing them to take time off without using their regular vacation days. This initiative promotes work-life balance and gives employees a well-deserved break.

Social

Employee Well-being

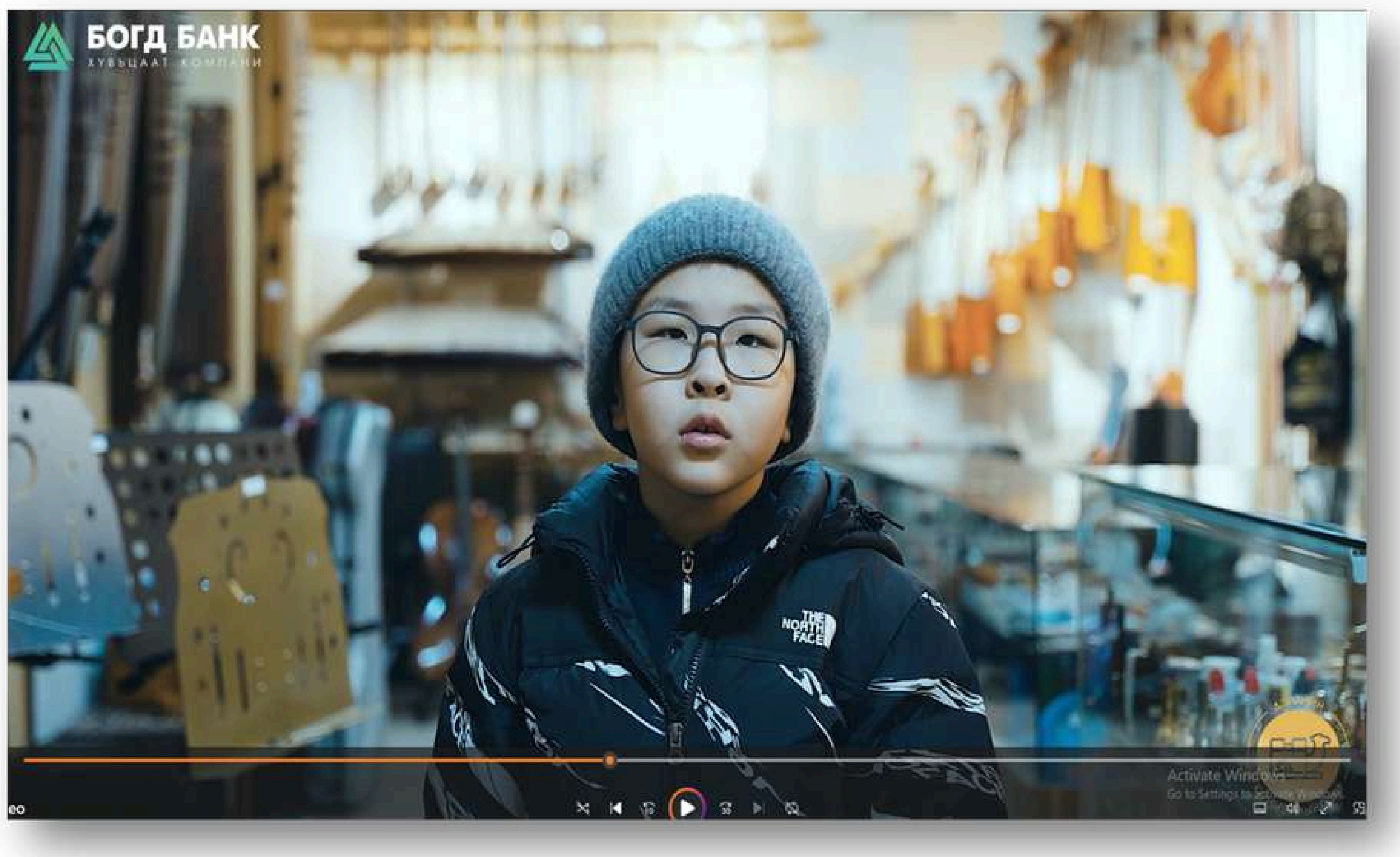
To enhance the comfort and overall workplace experience of our employees, our office is designed with well-maintained, clean, and fully equipped facilities. We have a cozy and hygienic kitchen area where employees can prepare or enjoy their meals in a pleasant setting. Additionally, we offer a dedicated relaxation room where employees can unwind and recharge. This space is thoughtfully designed to include various recreational activities such as board games, reading materials, and comfortable seating areas for relaxation or casual conversations with colleagues.
Additionally, we have equipped meeting rooms of various sizes to facilitate training sessions, seminars, and team discussions, creating a productive and collaborative workspace.

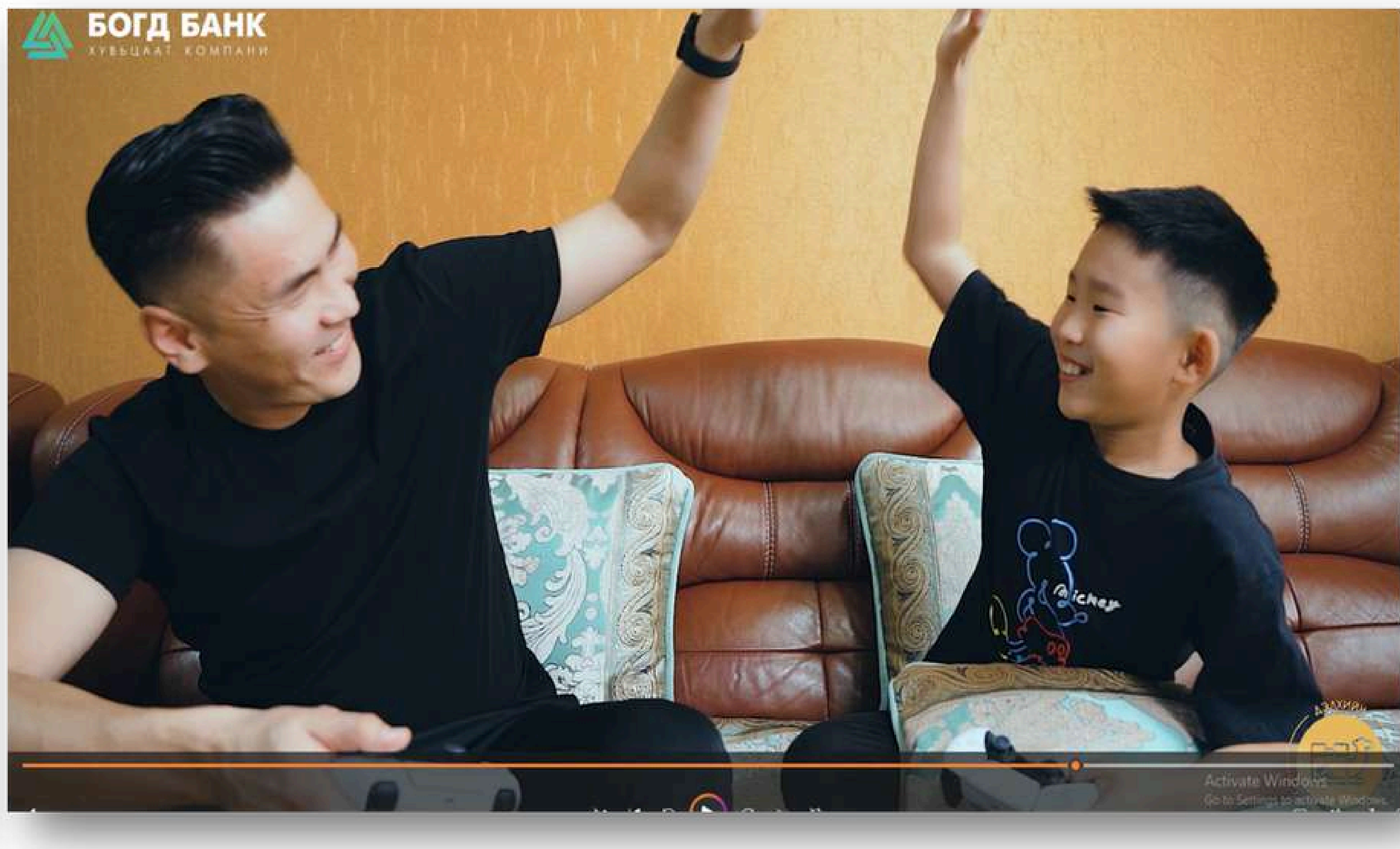


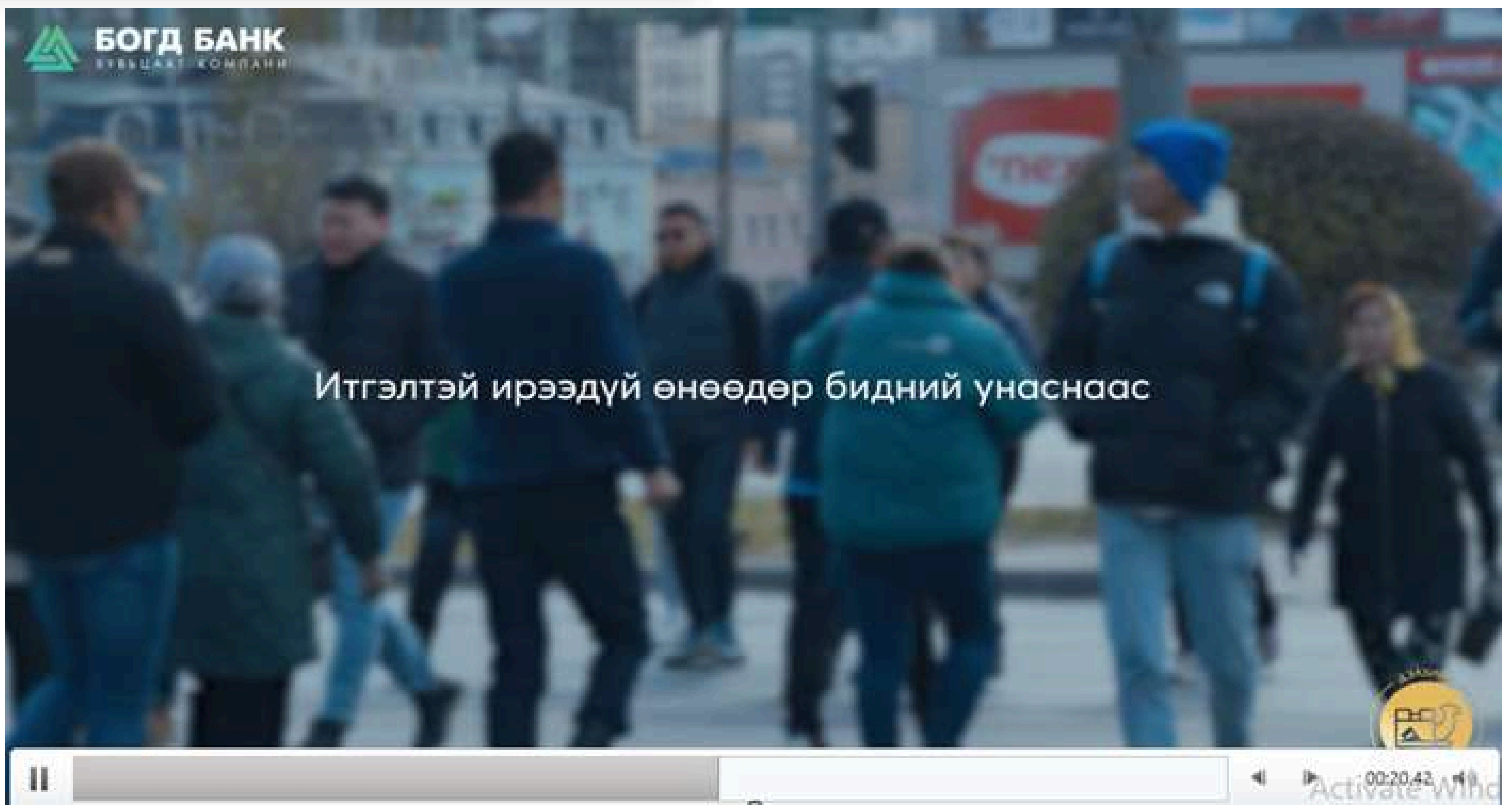
Social

Corporate Social Responsibility

As part of our World Savings Day 2024 campaign, we produced and widely shared purpose-driven video content to educate and encourage our customers on the value of saving with intention. This initiative reflects our corporate social responsibility (CSR) commitment to promoting financial literacy and long-term financial well-being within the community





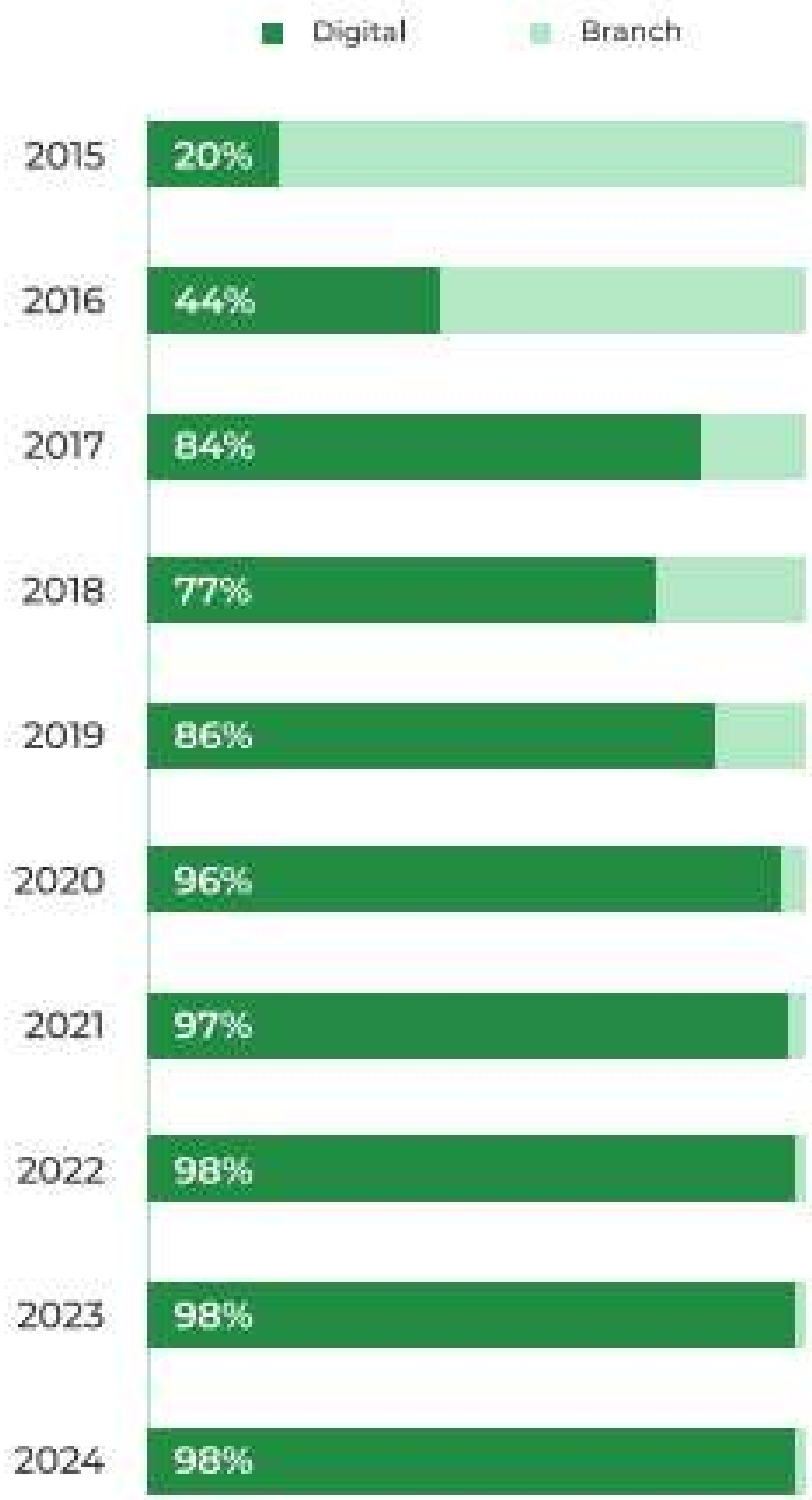


THE GLOBAL GOALS

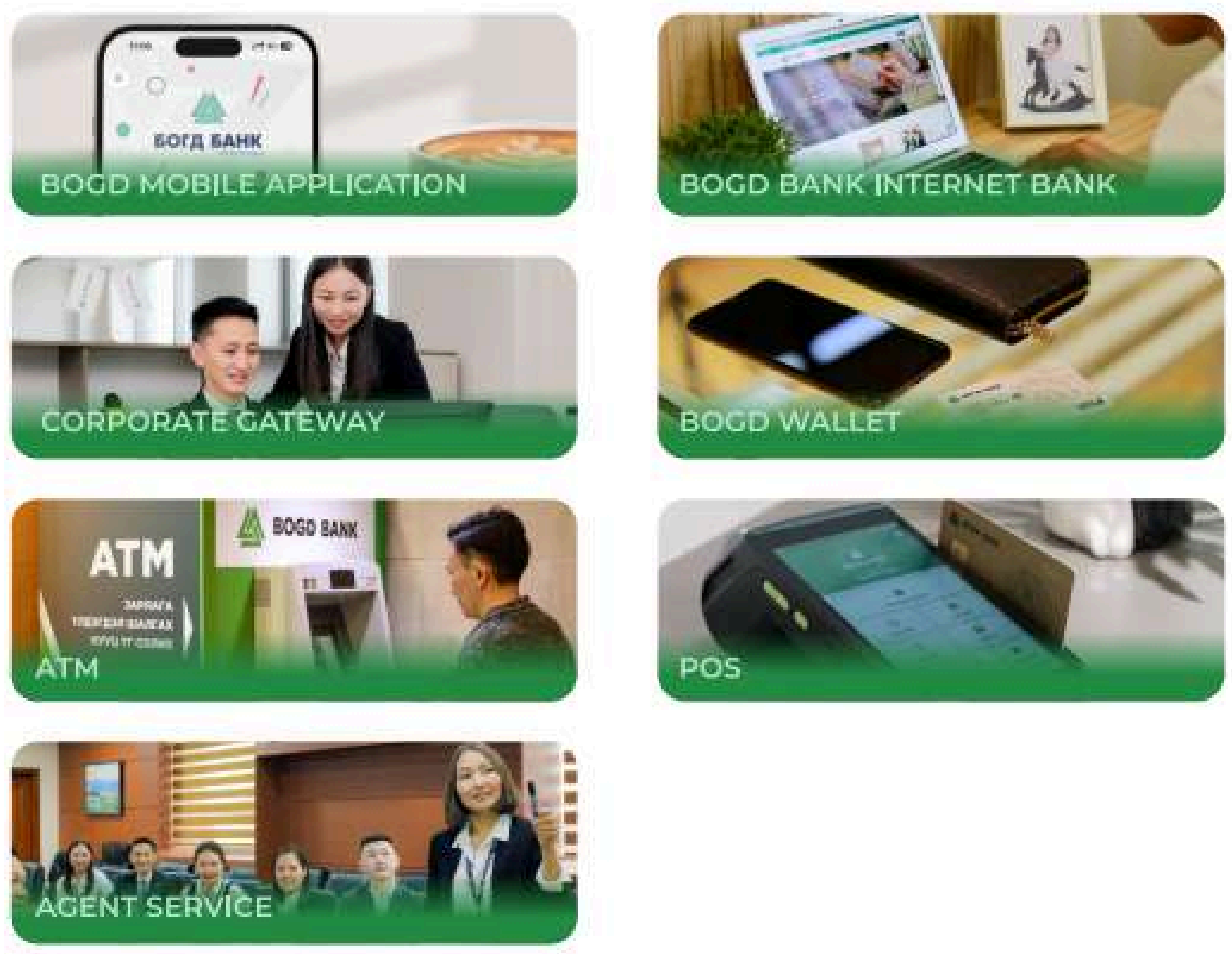
Social

Client Engagement and Digital Channels

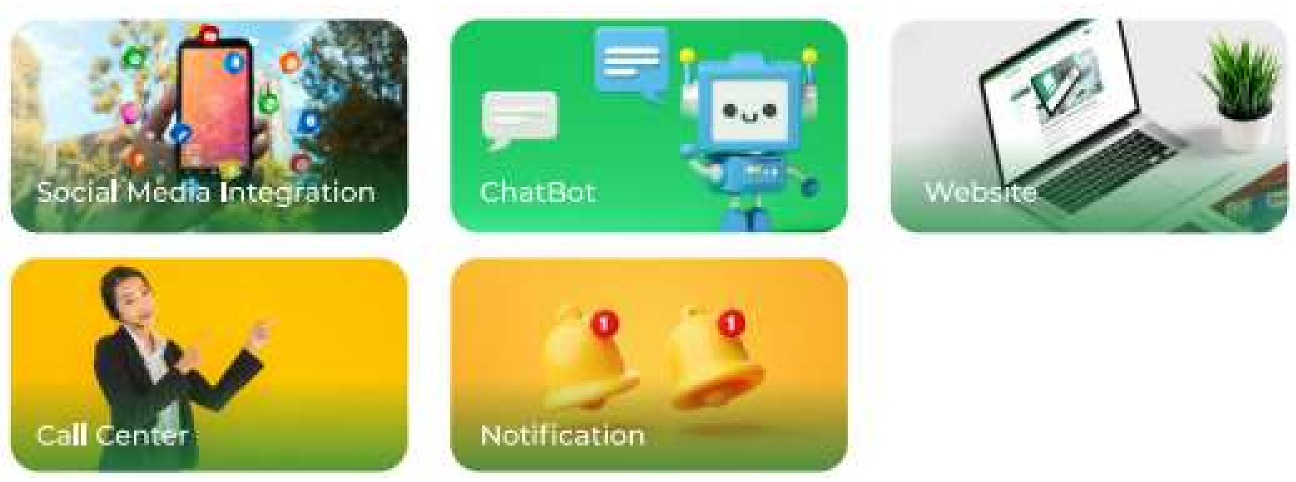
Increasing Digital Transactions:



Continually Expanding Digital Capabilities



Omni Channels



META (Virtual Bank Branch):

Social

Digital Transformation

AI (Artificial Intelligence

Bogd Bank is developing a virtual assistant (AI customer service agent) to enhance its operations

Payment Methods

Bogd Bank has introduced Q pay, Bogd Wallet and international remittance services through its app.

Personalization

Bogd Bank’s customer can personalize the app by changing themes, setting transaction limits, managing menu items and more.

Green Finance

Bogd Bank has uploaded customer agreements to the app via a cloud system to save resources.

Digital Privacy Policy

Our services are based on the trust of our customers, and we securely store our customer’s personal information in the digital environment. This Digital Privacy Policy explains what information we collect from you when you use our digital services, including Bogd Bank’s websites and mobile applications, how we collect it, who we share it with, how we use it, and how we protect it.

Security

- Bogd Bank is committed to maintaining the confidentiality of our customer’s personal information in the digital environment and will not disclose it except as required by law, as mandated by the relevant laws and regulations of Mongolia.
- To protect the privacy of our customers, Bogd Bank continuously updates and implements an international information security system in our digital operations.
- When working with external service providers, Bogd Bank makes it a top priority to ensure that all Information Security standards are followed according to international security guidelines in our digital activities. Regardless of where customer information is transmitted, we take all necessary measures to ensure the security of personal and confidential information.

GOVERNANCE

- Corporate Governance
- Bogd Bank's Environmental and Social Responsibility Policy
- Transparency

Governance

Bogd Bank upholds transparency, ethical banking, and responsible governance. We enhance financial disclosure, integrate ESG into operations, and support SMEs. Through digitalization and sustainable finance, we drive innovation, inclusivity, and long-term economic growth.

Board of Directors

BOLDKHUYAG L.
Chairman of the Board of Directors

- Co-founder of Bodi Corporation with over 25-years of experience in the Mongolian financial market
- Served as board member and Chairman of one of the largest commercial bank in Mongolia
- Honorary consul to the Kingdom of Sweden

Saruul G.
Board Member/Chief Executive Officer

Narantuya J.
Independent Board Member

Jan Thortsten Duser
Board Member

Bayasgalan R.
Board Member

Molomjamts D.
Board Member

Moyes Thomas Roger
Independent Board Member

Oigonjargal B.
Board Member

Byambajav E.
Independent Board Member

Governance

Experienced Management Team

Saruul G.
Board Member/Chief Executive Officer
- Over 20 years experience in the financial sector
- Served as Deputy CEO of the Mongolian Stock Exchange
- Served as Head of Asia, Russia and CIS at APM Futures and Rosenthal Collins Group
- Served as a Senior Banker at Mobium Mortgage Group

Altanbagana M.
Chief Business Banking Officer

Bat-Ulzii M.
Chief Financial Officer

Bilegt B.
Chief Corporate Banking Officer

Altanzurkh M.
Chief Information Technology Officer

Banchin Ch.
Chief Business Development Officer

Gan-Erdene E.
Chief Treasury and Investment Officer

Ulambayar Batbold
Chief Operating Officer

Tsetsegdelger E.
Head of Risk Divisions

Bogd Bank's ESG Policy

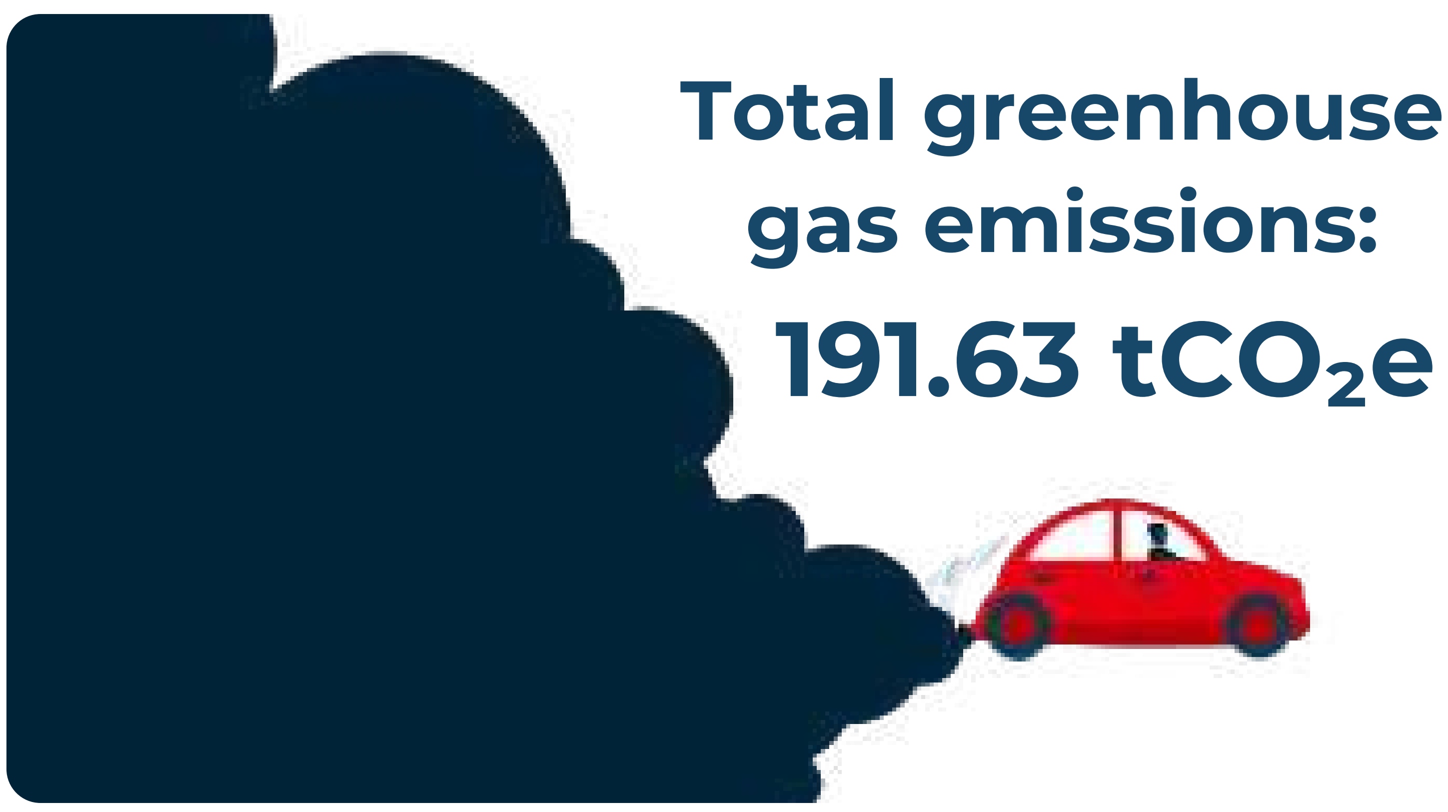
Bogd Bank's Environmental, Social Responsibility, and Gender Equality Policy was approved in 2022 to establish principles, guidelines, and the roles and responsibilities of the Bank's management, employees, and clients. The primary objective of this policy is to promote environmental and social responsibility by supporting individuals and businesses engaged in sustainable projects, products, and services. Through this commitment, the Bank aims to contribute to Mongolia's diversified economic development and foster sustainable financing practices.

Additionally, the policy regulates the management of environmental, social, and gender-related risks that may affect the Bank's operations and its clients. It serves as a fundamental document outlining the Bank's ESG principles, governance framework, and risk management mechanisms. Under this policy, the Environmental, Social Risk Evaluation, and Management Procedure was approved and most recently updated in 2024.

Governance

Transparency

Bogd Bank discloses its annual and semi-annual financial and operational reports in accordance with the Banking Law and the Securities Market Law. Since 2022, we have included sustainability-related financial activities in our reports, ensuring transparency.



In line with our goal to reduce greenhouse gas emissions, Bogd Bank has introduced electric vehicles into its operations. As of Q4 2024, the Bank emitted ***7.6 tCO_2e*** under ***Scope 1*** and ***184.04 tCO_2e*** under ***Scope 2***.

These emissions were measured in accordance with the **PCAF (Partnership for Carbon Accounting Financials) recommendations.**

BOGD BANK

Sustainability Report
2024