



KHAN BANK

**SUSTAINABLE
DEVELOPMENT
REPORT**

2022





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LETTER FROM THE CHAIRPERSON OF THE BOARD



With over 30 years of history Khan Bank has grown to become the leading bank in Mongolia guided by oversight of the Board of Directors, delivering value to our customers, employees, communities and shareholders. Khan Bank has strived to conduct our business in a sustainable manner and implement corporate social responsibility initiatives, from building a world-class green head office, to investing MNT 9.7 billion in over 500 projects such as National Campaign Against Cancer and Khan Bank Student Scholarship program.

On behalf of the Board, I am pleased to present this report outlining Khan Bank's sustainable development progress. In accordance with the Sustainable Development policy approved by the Board, in 2022 the Bank established a Sustainable Development Department and integrated sustainability values into the Bank's brand refresh. The Bank continues to invest in sustainable financing, operations and corporate social responsibility initiatives. With the goal of streamlining Environment, Social and Governance (ESG) strategy, the Bank received an ESG assessment by Moody's and will focus on implementing its recommendations.

The Board is committed to support further alignment of our ESG framework and sustainability with the Bank's strategy. Our employees have always been the driving force of sustainable innovation, helping our customers build a better, more sustainable country. Thank you for your interest in our sustainability journey.

Respectfully,



DARIBUM TUDEV

CHAIRPERSON OF THE BOARD

LETTER FROM THE CHIEF EXECUTIVE OFFICER



I am pleased to present Khan Bank's Annual Sustainable Development Report to our customers, partners, shareholders, and employees making Khan Bank history. This past year was a success for Khan Bank; we responsibly launched an IPO to become a public joint-stock company, continuously implemented the Bank's corporate social responsibility projects and programs, launched sustainable development proposals, and expanded its partnerships with domestic and international corporations.

In 2020, Khan Bank approved and began implementing its internal Sustainable Development Policy under the 17 Sustainable Development Goals (SDGs) defined by the United Nations, the 10 principles of the United Nations Global Compact, and the eight principles of the Mongolian Sustainable Finance Association. The Sustainable Development Department was established as an independent unit to intensively implement initiatives, develop sustainable development reporting meeting international standards, and expand policy implementation. The implementation of the Sustainable Development Policy at all levels of the bank's operations was supported by expanding the Sustainable Development Working Group with members from executive management and four sub-working groups.

In March 2022, the Financial Stability Council approved and implemented Mongolia's National Sustainable Finance Roadmap and set a goal of bringing the banking sector's green loan portfolio to 10 percent by 2030. Khan Bank has focused more on sustainable financing to meet this goal, increasing the scale of green loan products to reduce climate change and support the green economy, and intensively pursued green loan financing

from the international market. During the reporting year, a long-term investment total of 88 million USD was successfully acquired from the foreign market to finance green loans.

At the beginning of 2022, Khan Bank unveiled a brand refresh and redefined its vision, mission, and values, reflecting its understanding that “Sustainability is the future”.

We not only contribute to the SDGs through our core business but also have a positive impact through our internal operations, employees, and corporate social responsibility activities. Including ESG requirements and questionnaires in the Bank’s procurement policies and procedures has led to greater attention being paid to the sustainability of goods and services purchased by the Bank and training suppliers in this area to create positive change.

To create favorable working conditions for sustainable employment, we have conducted and analyzed an annual employee survey in cooperation with an external organization since 2017. As a result, we have started implementing procedures to ensure gender equality and a healthy and safe environment for our employees.

Khan Bank established the Khan Bank Foundation in 2007 to implement corporate social responsibility. Since then, it has provided 9.7 million MNT in financing to more than 500 projects and programs. In recognition of this long-term commitment, we were recognized by the Mongolian National Chamber of Commerce and Industry (MNCCI) as the Best Corporate Social Responsibility Implementer for the third year and by the American Chamber of Commerce in Mongolia (AmCham) as the

Leading Organization for Social Responsibility and Sustainable Development for the first time. In 2022, the Bank was named the Best ToC Organization by the Mongolian Sustainable Finance Association for the second year, and for the first time ever, Asian Development Bank (ADB) named Khan Bank the Gender Equality Leading Bank of the Trade Finance Support Program. I would like to express my sincere gratitude to all Khan Bank stakeholders and employees for making these achievements possible.

Another major ESG highlight was the Bank’s above-average global ranking in an environmental, social, and governance assessment conducted by an international organization. In the future, we strive to engage customers, corporations, employees, and shareholders in climate change mitigation and adaptation to contribute to achieving the Sustainable Development Goals being implemented worldwide.

In conclusion, I would like to present a review of Khan Bank’s 2022 results, initiatives, and achievements in sustainable development.

Respectfully,



MUNKHTUYA RENTSENBAT

CHIEF EXECUTIVE OFFICER



An aerial photograph of a vast mountain range. The foreground is dominated by a dense, lush green forest covering a hillside. In the background, multiple layers of mountain ridges are visible, each progressively more hazy and less distinct than the one in front, creating a sense of depth and scale. The overall color palette is dominated by various shades of green, from vibrant forest greens to pale, misty greens in the distance.

INTRODUCTION

INTRODUCTION

OVERVIEW

Focusing on the UN's SDGs and contributing to economic growth, social development, and the environment have long been important initiatives at Khan Bank. To transparently report on these activities, starting in 2019, we began publishing the annual Sustainable Development Report to share with stakeholders. The report includes information on activities carried out within the four main pillars of Khan Bank's Sustainable Development Policy: sustainable financing, sustainable operations, sustainable social investment, and sustainable partnership and reporting. As Khan Bank is committed to engaging in responsible engagement with domestic and international associations, initiatives, and communities in the area of sustainable development, we regularly report on activities to the Bank of Mongolia, Mongolian Sustainable Finance Association, United Nations Global Compact, Green Investment Principles, and international financial institutions and development banks, implementing the principles of transparency and cooperation. In this report, you can read detailed information about Khan Bank's sustainable development activities.

If you have any feedback on Khan Bank's sustainable development initiatives, feel free to send it to sustainability@khanbank.com





KHAN BANK HIGHLIGHTS

General highlights

(As of December 31, 2022)

Customers

2,813,965

Corporate customers

59,568

Pos machines

37,070

Cardholder organizations

29,072

ATM

1,428

Branches

545

Kiosk machines

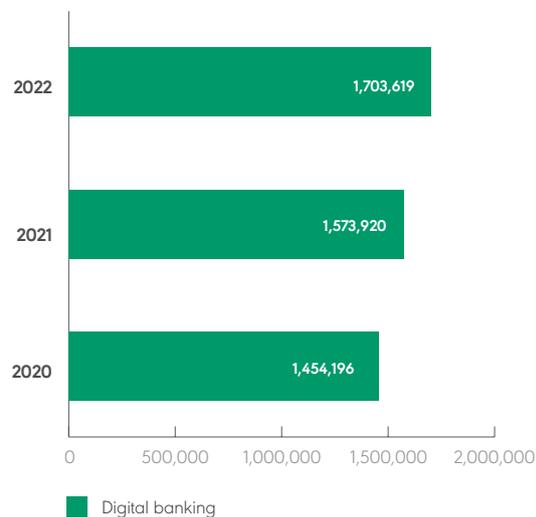
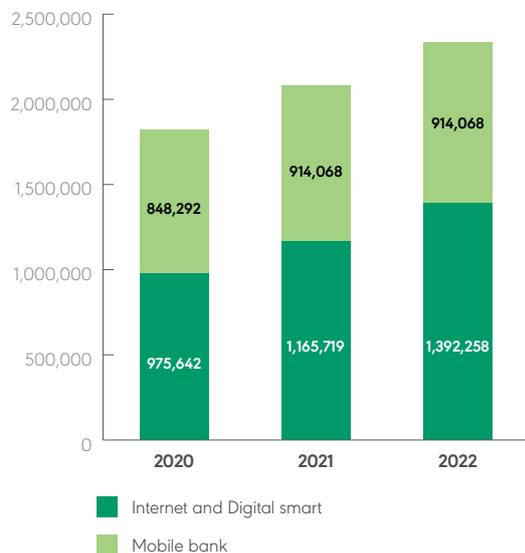
340

Employees

6,470

Khan Bank highlights

(As of December 31, 2022)



Average for total transactions	2020	2021	2022
Internet Banking	31,131	40,337	50,784
Smart Banking	501,636	732,102	1,357,228
Mobile Banking	316,036	358,250	382,334
Telephone Banking	2,609	2,390	2,305
E-billing	1,034	639	1,098
Kiosks	1,921	3,208	3,883
ATMs	236,605	188,945	204,865
Corporate Gateway	5,951	11,876	20,620
Total	1,096,923	1,337,746	2,023,116

FINANCIAL HIGHLIGHTS

	2020	2021	2022	
Profitability	ROE	13.4%	22.2%	29.5%
	ROA	1.5%	2.2%	3.4%
	Net interest margin	4.0%	4.8%	6.7%
	Efficiency ratio	53.6%	44.4%	38.1%
Loan quality	Non-performing loan ratio	6.7%	5.1%	5.3%
	Loan loss reserve to NPL ratio	103.8%	120.0%	135.1%
Bank of Mongolia ratio	Capital adequacy ratio (>12%)	18.9%	15.6%	16.7%
	Tier 1 capital adequacy ratio (>13%)	18.2%	15.6%	16.7%
	Liquidity (>25%)	57.2	46.9%	46%
	Single currency foreign exchange risk ratio (+-15%)	-5.0%	-1.9%	2.8%
	Aggregate foreign exchange risk ratio (+-30%)	-5.0%	-2.2%	3.0%
	Economic group exposure ratio (<20%)	18.0%	8.0%	7.8%
	Single related party exposure ratio (<5%)	3.9%	0.7%	3%

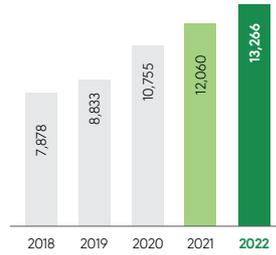
Total assets
(Billion)



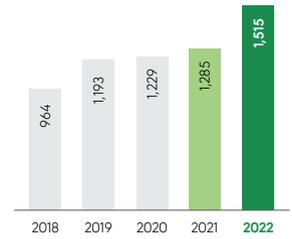
Total loan
(Billion)



Total deposits
(Billion)

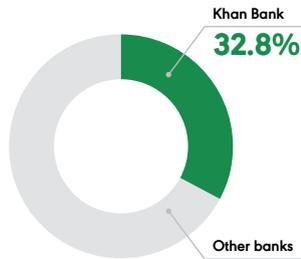


Total equity
(Billion)

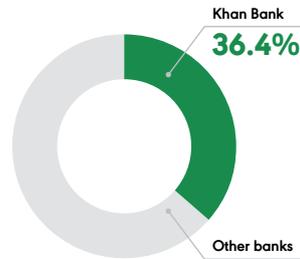


IN MARKET

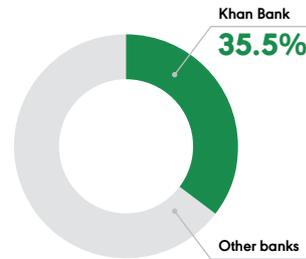
Total assets



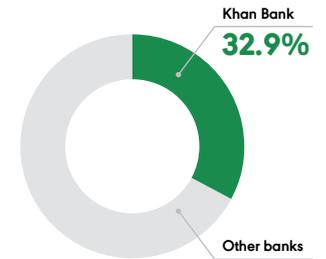
Total loan



Total deposits



Total equity



For more **INFORMATION**

ABOUT US

ABOUT THE BANK

For over three decades, since 1991, Khan Bank has remained dedicated to providing our valued customers and partners with comprehensive banking and financial services in the most efficient and convenient way.

Our goal is to ensure that our customers, whether pursuing personal aspirations, long-term goals, or business success, can rely on us to deliver the most valuable banking products and services. With an expansive network of 545 branches spread throughout every corner of Mongolia, we strive to continuously provide reliable and prompt banking solutions to 82 percent of households through digital and physical channels.

Khan Bank started implementing corporate social responsibility projects and programs in 2007. The Bank began assessing the ESG operations risk of corporate lenders when issuing loans in 2011 and began contributing to the UN's 17 SDGs in 2018, integrating them at all levels of the Bank's operations. We strive to support our clients' green business, helping them to make their operations environmentally friendly and contribute to the Sustainable Development Goals. Khan Bank is committed to making its operations harmless to nature, creating a healthy and safe environment, developing good corporate principles through the implementation of the SDGs, and aiming to lead other corporations and society in this field. In recent years, we have expanded our sustainable development initiatives, learned from domestic and international experience, and contributed to the priority areas of corporate social responsibility through the Khan Bank Foundation.





SUSTAINABLE DEVELOPMENT HIGHLIGHTS

Sustainable financing

Khan Bank provides banking services for its **2.8** million customers residing all across Mongolia.

During the reporting period, ESG assessment were carried out for 200 business loan applications totaling **629** billion MNT.

A total of **88** million USD in long-term funding were raised from international institutions to finance green loans.

During 2022, we have provided trainings about environment, social and governance risk for **218** employees.

Sustainable operations

In 2022, Khan Bank has provided 202 in person professional training to **6,866** employees.

According to the results of the 2022 Employee Satisfaction Survey, the training and development indicator increased by **1.9%** from the previous year.

Compared to 2021, we have reduced the paper consumption by **50%**.

Based on 2021 research, salaries were raised **twice** in 2022.

Sustainable social investment

In 2021, 180 employees planted pine saplings on **7** hectares near the headwaters of the Selbe River.

To change people's lives and contribute to society's welfare, as of today, Khan Bank Foundation has financed over 500 projects and programs with more than MNT **9.7** billion.

During the reporting period, total of 60 12th graders from rural and Ulaanbaatar received MNT **1.5** million scholarships each.

In 2022, 3x3 basketball courts were built in seven districts in Ulaanbaatar and two provinces, bringing the number of courts to **33**.

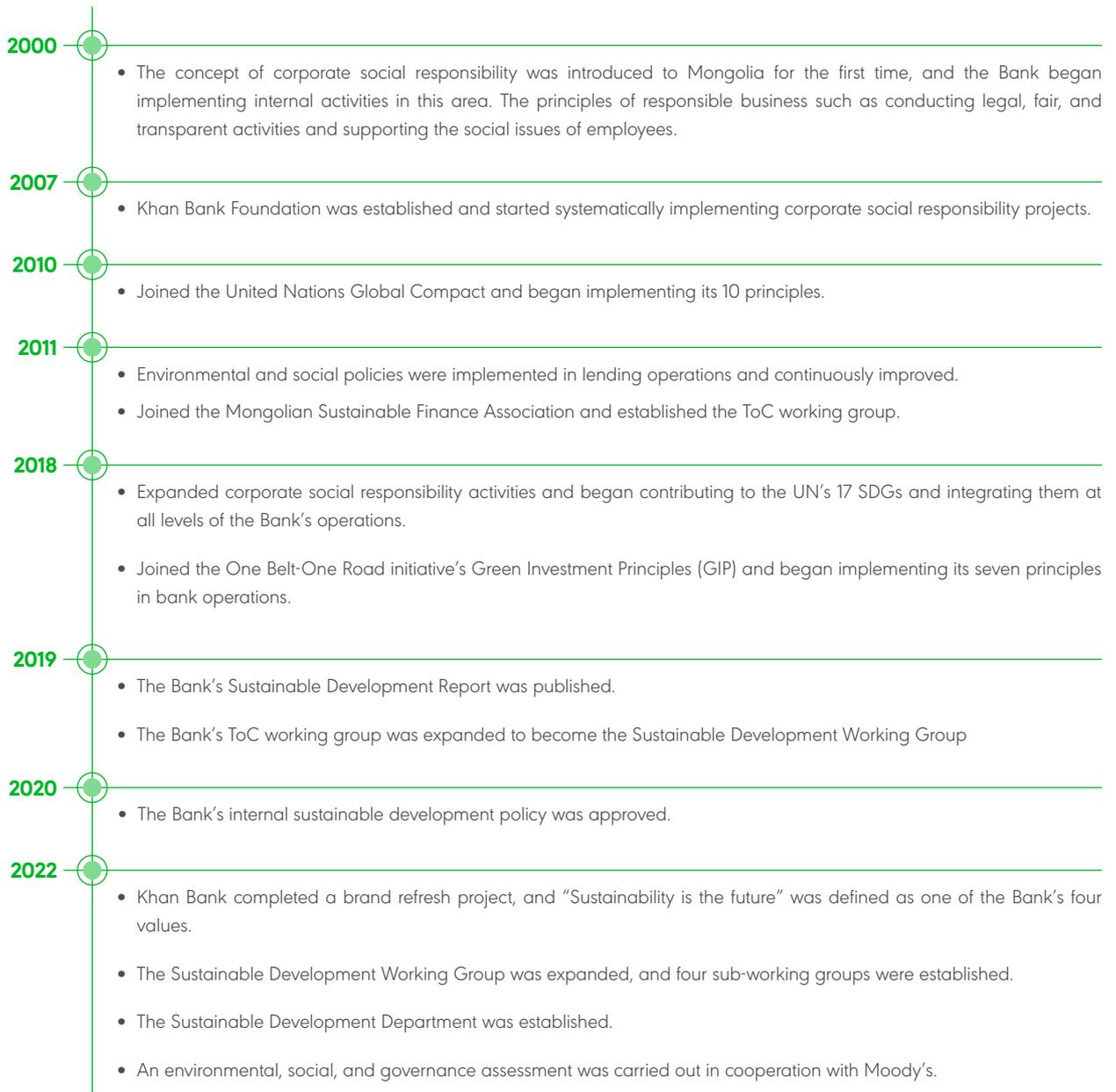
Sustainable partnerships and reporting

Khan Bank works in contrast cooperation with more than **200** international banks in the field of correspondent banking and more than 20 international banking financial institutions in the field of investment.currencies.

In 2022, Khan Bank delivered more than **250** reports to international institutions and credit rating agencies.

During the reporting year, Khan Bank signed trade financing rights agreements with international banks and financial institutions totaling more than **200** million USD.

SUSTAINABLE DEVELOPMENT TIMELINE



ACHIEVEMENTS AND RATINGS

Khan Bank made the following achievements in the field of sustainable development and corporate social responsibility:



Best ToC Bank award from the Mongolian Sustainable Finance Association 2021, 2022



Leading Organization in Social Responsibility and Sustainable Development award from the American Chamber of Commerce in Mongolia - 2022

Best Corporate Social Responsibility Implementer - Entrepreneur award from the MNCCI - 2020,2021,2022



Leading Bank in Gender Equality from the ADB's Trade Finance Support Program - 2022



ESG Assessment

During the reporting period, Khan Bank conducted an environmental, social, and governance assessment in cooperation with a professional assessment agency. Khan Bank's Sustainable Development Policy, implementation, and control system were benchmarked with international banking and financial institutions. Khan Bank will further improve its Sustainable Development Policy, improve governance in the Bank's operations, and continue to reduce negative impacts on the environment and society.

SUSTAINABLE DEVELOPMENT POLICY

Khan Bank’s Sustainable Development Policy

In 2020, Khan Bank began implementing its Sustainable Development Policy. Before developing the policy, the Bank implemented the Environmental and Social Policy, which was approved in 2011 and continuously improved to systematically

assess environmental and social risks during the lending process. Simultaneously, responsible business principles were followed in other parts of the business and internal operations. Khan Bank’s Sustainable Development Policy consists of four main sections:

SUSTAINABLE DEVELOPMENT POLICY FRAMEWORK



Sustainable financing

- Supporting responsible business
- Green products and services
- Environmental and social risk assessment
- Partnership and investment from international financial institutions
- International and internal sustainable development initiatives



Sustainable operations

- HR policy and sustainable employment
- Corporate governance
- Environment friendly workplace and employment
- Accessible operations and services
- Information security and control
- Harmonizing the SDGs with internal policy



Sustainable social investment

- Khan Bank Foundation
- Corporate social responsibility projects and programs

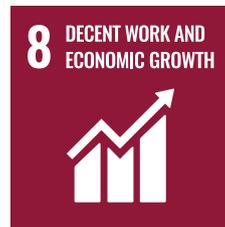


Sustainable operations

- Khan Bank Annual Report
- Khan Bank Sustainable Development Report
- Transparent reporting to regulators, investors, and lenders
- Membership in international and domestic organizations and transparent reporting

The Sustainable Development Policy is based on the 17 SDGs defined by the UN in 2015, the 10 principles of the UN Global

Compact adopted in 2000, and Eight principles defined by the Mongolian Sustainable Finance Program in 2013.



For more INFORMATION

The 10 Principles of the UNGlobal Compact graphic consists of five dark blue vertical panels. The first panel on the left is the largest and contains the text 'THE 10 PRINCIPLES OF THE UNGLOBAL COMPACT' in white. The following four panels are smaller and each feature a white icon and a label: 'HUMAN RIGHTS' (equality symbol), 'LABOUR' (snowflake symbol), 'ENVIRONMENT' (wavy lines symbol), and 'ANTI-CORRUPTION' (interlocking squares symbol).

For more **INFORMATION**

Mongolian Sustainable Financing Program's 8 Principles graphic consists of eight small colored squares with white icons and labels: Principle 1 (green, hand holding plant), Principle 2 (orange, umbrella over people), Principle 3 (teal, column), Principle 4 (light green, leaf with circuit), Principle 5 (teal, megaphone), Principle 6 (purple, yin-yang), Principle 7 (orange, lightbulb with plant), and Principle 8 (teal, person climbing stairs). To the right of these is a large dark blue panel with the text 'MONGOLIAN SUSTAINABLE FINANCING PROGRAM'S 8 PRINCIPLES' in white.

For more **INFORMATION**

MATERIALITY ASSESSMENT

Within the framework of developing the Sustainable Development Report, we conducted a survey among internal and external stakeholders to identify and analyze important issues for a materiality assessment. Sixteen major issues were defined by researching which issues were considered important by international

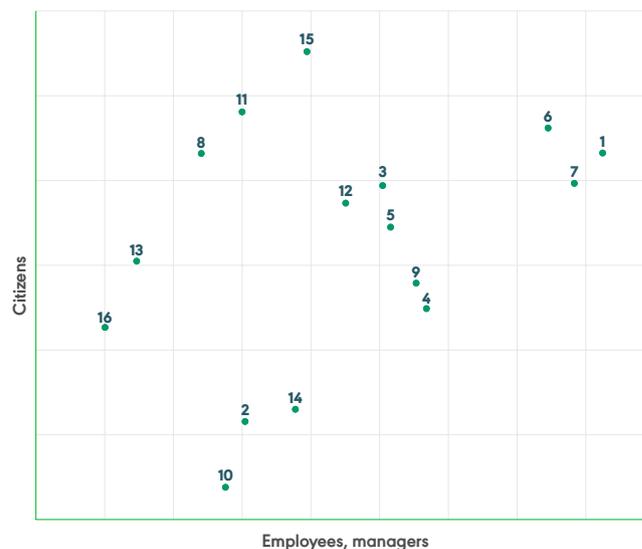
and Mongolian financial institutions. The external stakeholders surveyed included customers, while internal stakeholders included bank employees and managers. Stakeholders were surveyed online and by phone on the importance of sustainable development and 16 sustainability issues.

Materiality assessment:

1. Ensuring human rights and equality
2. Appropriate use of resources
3. Transparency
4. Good corporate social responsibility
5. Responsible reporting
6. Ethical standards
7. Implementing an anti-corruption and bribery policy
8. Accessible products and services
9. Meeting international standards
10. Green offices
11. Customer satisfaction
12. Employee satisfaction
13. Well-developed employee training
14. Availability of green loan products and services
15. Cyber security and information security
16. Providing financial education

Materiality assessment matrix

The most important issue for external stakeholders was ensuring cyber security and information security, while internal stakeholders prioritized ensuring human rights and equality.







CORPORATE GOVERNANCE



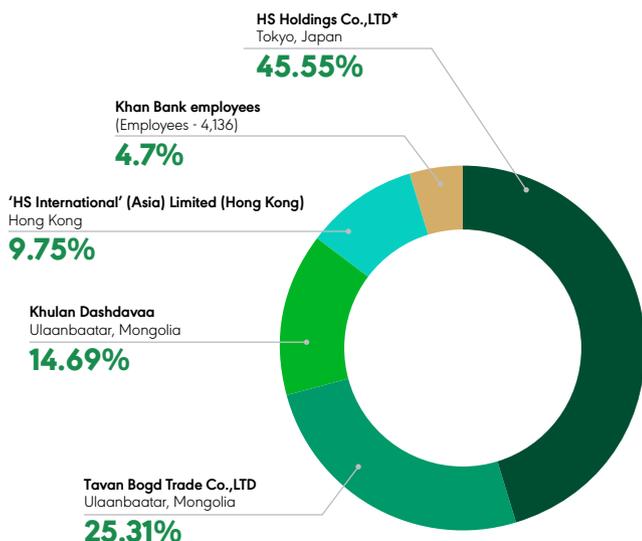
CORPORATE GOVERNANCE

KHAN BANK CORPORATE GOVERNANCE

ABOUT

Improved governance structures and processes help ensure quality decision-making, encourage effective succession planning for senior management, and enhance the longterm prosperity of companies, independent of the type of company and its sources of finance. Good corporate governance brings companies better performance. Khan Bank is truly committed to good corporate governance principles in both form and substance. By implementing substantive corporate governance practices, the Bank builds on its position as the leading bank in Mongolia, reduces its capital costs, and improves its efficiency and reputation with rating agencies. As one of Mongolia's leading banks, we aim to further enhance the Bank's corporate governance practices and maintain our position as a market leader. We are making necessary preparations to change the company's structure to become a publicly traded company by launching an IPO in the domestic market by June 30, 2023, in accordance with amendments to the Banking Law adopted by the Parliament of Mongolia on January 29, 2021.

SHAREHOLDERS



Sawada Holdings JSC changed its name to HS Holdings JSC during a special shareholders meeting held on December 14, 2021.

HS Holdings JSC and HS International LLC

HS Holdings Co., Ltd. is a publicly-listed financial holding company (8699: Tokyo Stock Exchange). The company was founded in 1958 and is engaged in securities trading and brokerage, banking (including Khan Bank), real estate, casualty insurance, venture capital, and other investment and financial services through its group companies. For detailed information, please visit <https://hs-hd.co.jp/>

Khulan Dashdavaa

Khulan Dashdavaa is a founder, shareholder, and Executive Vice President of Tavan Bogd Group. She has been a member of the Bank's Board of Directors since 2003 and a Khan Bank shareholder since 2010.

Tavan Bogd Trade Co., Ltd.

Tavan Bogd Trade Co., Ltd. (TBT) is the flagship company of Tavan Bogd Group, including 22 subsidiaries and four affiliated companies. Tavan Bogd Trade is Mongolia's leading company, working to improve the lifestyles of

Mongolians with support from its 12,000 employees. Founded in 1995 and headquartered in Ulaanbaatar, TBT and its subsidiaries and affiliates are engaged in trade and services, manufacturing, tourism and hospitality, mining equipment supply, and banking. In addition to Khan Bank, well-known TBT businesses include Gobi Cashmere, Goyo Cashmere, Ulaanbaatar Flour, Kempinski Hotel, and Khan Palace. It is the official Mongolian distributor of Toyota, Toto, Bridgestone, and Xerox, as well as KFC and Pizza Hut franchising. For more information: <https://tavanbogd.com/p/landingpage>

Ts. Baatarsaikhan represents Tavan Bogd Trade Co., Ltd, a major shareholder of the Bank since 2003. Baatarsaikhan is the President of Tavan Bogd Group and a founder of Tavan Bogd Trade Co., Ltd.

BOARD OF DIRECTORS

Khan Bank's Board of Directors (BoD) consists of nine members with a wealth of experience in financial services, blending local expertise and understanding with knowledge and experience in international markets. The Khan Bank Board is elected on an annual basis by Khan Bank shareholders.

The BoD meets on a monthly basis, and if necessary, emergency meetings are held in accordance with relevant legislation. To enhance the Board's overall effectiveness by ensuring focus, oversight, and monitoring of sensitive areas, the Board has created four committees: the Audit Committee, Risk Management Committee, Human Resources Committee, and the Governance and Remuneration Committee.

Audit Committee

The Audit Committee oversees accounting and internal audit matters and performs related duties as described in its charter. The Audit Committee reviews the Bank's financial position and makes recommendations on a myriad of financial matters, including assessing the integrity and effectiveness of accounting methods, compliance, and other control systems. The Audit Committee ensures that all processes within Khan Bank are undertaken with the greatest consideration for profitability, accountability, and transparency. Independent board member A.Tamir currently serves as chairperson of the committee.

Corporate Governance Committee

The Corporate Governance Committee assists the Board in developing comprehensive principles and a code of conduct for the Bank's corporate governance to ensure a healthy corporate culture. The committee is responsible for identifying potential candidates for the BoD, providing recommendations on the appointment of new board members, and also oversees the performance of the BoD and its committees. The committee is chaired by T. Daribum, an independent member of the BoD.

Risk Management Committee

The Risk Management Committee supports the BoD by monitoring the Bank's overall potential risk exposure. In addition, the committee makes appropriate recommendations based on the measurement, quantification, limitation, and amelioration of diverse elements of risk encountered in the Bank's operations and business. The Risk Management Committee reviews the monthly reports submitted by the Compliance Committee and ensures the implementation of the risk appetite and risk exposure limits set by the BoD. Aart Jongejans, an independent board member, serves as chairperson of the committee.

Human Resources Committee

The Human Resources Committee was established to provide support to the BoD. It reviews the performance and participation of the BoD and the Bank's executive management appointed by the Board. The committee supports the

sustainable and profitable operations of the Bank by providing recommendations on the appointment of executive management, establishing key performance indicators, and identifying skilled and experienced candidates for management. The committee is chaired by Khulan D., the deputy chairperson of the Board.

BOARD MEMBERS



DARIBUM TUDEV
Chairperson of the Board of
Directors, Independent Director



KHULAN DASHDAVAA
Deputy Chairperson, Director



HARADA YASUNARI
Director



BAATARSAIKHAN TSAGAACH
Director



ISHII KISABURO
Director



JOHN LAW
Director



AMARSANAA BATBOLD
Director



TAMIR AMARBAYASGALAN
Independent Director



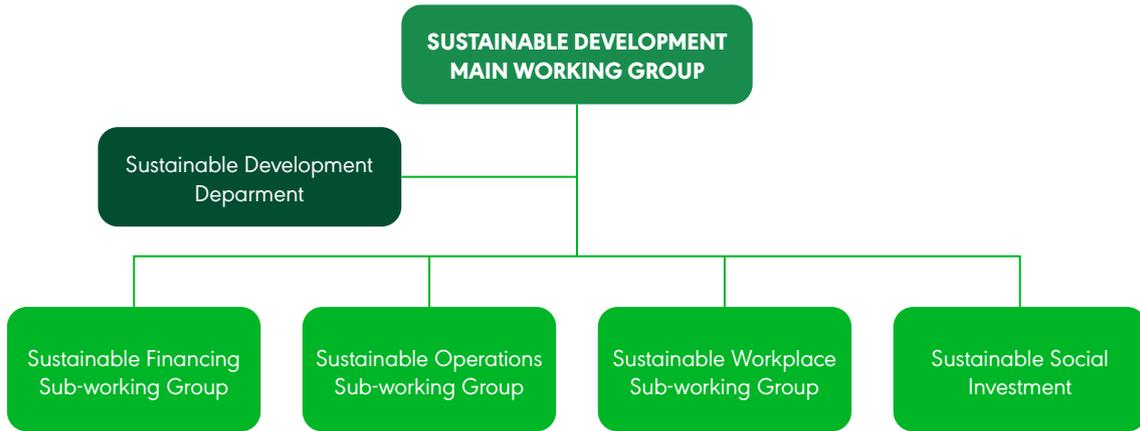
AART JONGEJANS
Independent Director

For more **INFORMATION**

SUSTAINABLE DEVELOPMENT FRAMEWORK

In 2022, Khan Bank changed the organization of the Bank and established a Sustainable Development Department in addition to expanding its Sustainable Development Working Group to include a main Sustainable Development Working Group and four sub-working groups. The department's responsibility is

significant. Members of the Bank's executive management team form the main sustainable development working group. Under the guidance of deputy directors, the sub-working groups are made up of directors, managers, and senior specialists from essential divisions.



The Ethics Committee, a BoD subcommittee, also receives yearly reports on the Bank's Sustainable Development initiatives, which

increases involvement and awareness in this area at the BoD level.

SUSTAINABLE DEVELOPMENT LEADERSHIP

Khan bank unveiled the brand refresh at the beginning of 2022, We have renewed our vision, mission, and values. One of the four values, “Sustainability is the future”, signifies that the Bank will continue to support the sustainable growth of the nation and banking industry. The most crucial aspect of this leadership is to raise awareness of sustainable development among the public, customers, and partners. By doing so, the Bank will keep contributing to sustainable development and investing in future generations.



A panel discussion about what sustainable development is and what actions are considered sustainable development took place at the Playtime 2022 Music Festival. Children and teenagers who attended the music festival were given a straightforward explanation of sustainable development.

The first SDG Open Day was organized in Ulaanbaatar by the United Nations Resident Coordinator Office in Mongolia, the Government of Mongolia, the Office of the Governor and the Mongolian National Chamber of Commerce and Industry (MNCCI). Khan Bank participated in the event’s activities and informed the attendees about Khan Bank’s sustainable development policies and initiatives, as well as the 17 Sustainable Development Goals.

The involvement of the Bank’s management is crucial for developing leadership. Over the course of the reporting period, Khan Bank’s Executive Management shared the Bank’s sustainable development policy, initiatives, and best practices with other businesses, individuals, and the general public.



CODE OF ETHICS

Khan Bank follows a Code of Ethics to establish the Bank's internal and external connections and ethical standards. To carry out the Bank's goals and objectives, the Code of Ethics sets uniform ethical standards for the Bank's owners, board chairs, board members, employees, contract employees, and international and domestic consultants.

For the second year, the Ethical Banker initiative was carried out within the guidelines of the Code of Ethics. This year, the initiative was put into practice in the areas of advocacy work, research, analysis, and classroom and online training to enhance all employees' ethical thinking through the management team. Its major objective is awareness.

Classroom training

- Over 600 executives participated in classroom training.
- More than 1,200 employees received classroom training from Business Development Managers working as ethics ambassadors in 28 industries.
- Training of external consultants and teachers for bank executives.

Online training

- Seven series of online courses were created and uploaded to the internal training platform, KB Academy, reaching more than 5,000 employees.
- The staff rated this series of courses as having the most intriguing content and benefits compared to other courses created by KB Academy.
- The project team members created the characters in the series of lessons, and other team members were responsible for adding music to the video, writing the script, editing, and making collages.

Making an impact

- Business development managers were designated as ethics ambassadors. The top 10 ambassadors were chosen in July, and the top five were chosen in December. Ethics ambassadors also underwent training, research, and impact activities in their branch units and performance reports twice a year.
- The Khenee and her Friends Ethical Tour was conducted among Central Bank employees, reaching over 1,400 people.
- The Ethical Banker project team interacted with almost 2,000 employees at two events hosted by the Bank's Human Resources Department.

Research

- Violation reports were generated and given to the appropriate authorities with suggestions to take appropriate action to stop the recurrence of violations in branches and units.
- The project team members researched global best practices, shared the results with ethics ambassadors and executives, and suggested research-based solutions.

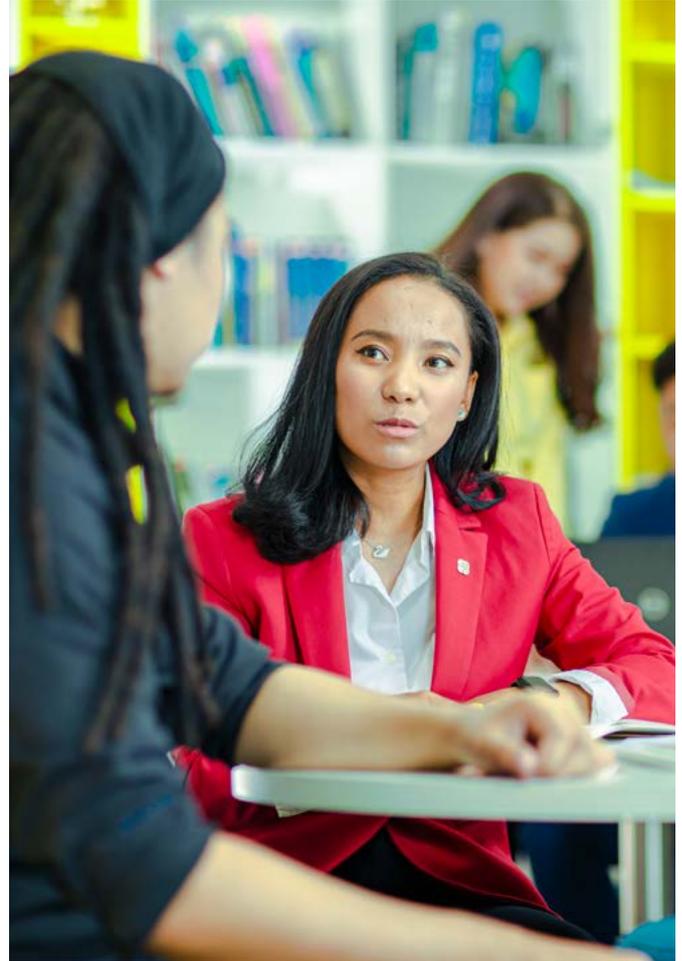
Documentation arrangement

- The Khan Bank Code of Ethics outlines the standards each employee must uphold on a daily basis.
- Khan Bank has listed six conduct standards that employees must adhere to. Being proactive, seeking advancement, respecting customers, having a digital mindset, concentrating on group achievement, and having a professional attitude is the responsibility of each employee.
- Addressing everything thoroughly, carefully, and responsibly, prioritizing ethics, is required to have a professional attitude. Employees are encouraged to enhance the value and standing of their profession and perform with excellence.

Disciplinary responsibility

- A legal and internal standards-based disciplinary accountability mechanism was put into place for infractions. In addition to changing employee attitudes, conduct, and ethics knowledge and education, a crucial component of the effort to promote ethics is the effective application of disciplinary accountability.
- Because Bank employees have a great responsibility, significant offenses like corruption and abuse of power are not tolerated. Employees are routinely given training materials and assignments to reduce risk for the Bank and employees.

About 95 percent of employees who responded to surveys in June and September 2022 said they were aware of the Ethical Banker project and knew how to uphold the daily standards for ethical work.



ANTI-BRIBERY AND CORRUPTION

Since Khan Bank prioritizes fairness and transparency, it is strictly forbidden for any employee or authorized representative to engage in any form of bribery or corruption.

Each employee commits to strictly abiding by the Khan Bank Code of Ethics, which defines the general ethical standards to be observed. In February 2020, Khan Bank adopted an anti-bribery and corruption policy in compliance with global norms and local legislation. The principles of detecting and combating corruption and bribery, and cooperating with third parties in accordance with these principles, are clearly reflected in the policy to protect Khan Bank's reputation and stability. In 2022, the following activities were undertaken:

- As part of strict investigation requirements, third parties who provide the Bank with goods and services are made aware of Khan Bank's anti-corruption and bribery policy; this is reflected in written contracts with third parties. Before establishing business relationships with third parties, in accordance with Khan Bank's procurement policy, the Bank verifies that the third party is not engaging in any corruption or bribery and is operating in a legal manner. In 2022, identical collaboration agreements were made with 56 different businesses. In accordance with the terms of third-party agreements, the Bank has the right to end a business connection at the suggestion of one party that the third party is connected to corruption or bribery.
- Khan Bank has taken steps to deliver anti-corruption and ethics training and information to 33 businesses that signed collaboration agreements. The overall presentation of the anti-corruption policy is available to the public on the Bank's website.
- Anti-corruption rules and obligations are included in Khan Bank's Code of Ethics, internal labor regulations, and employment contracts, and all employees are made aware of the repercussions of infractions. Khan Bank personnel are also required to report any suspicious activity, including bribery or corruption, using the Bank's designated whistle-blowing route.
- With the intention of strengthening and successfully executing the internal control system to combat money laundering and financial crimes, the Compliance Internal Control Program was revised and authorized for 2023-2025. The execution of anti-bribery compliance, risk assessment, and future action plans is a crucial part of this program.



CYBER SECURITY

Information security

Khan Bank implements international methods, initiatives, and standards to ensure the security of customers and the Bank's information. In addition, personnel and technical activities are given special attention to make the approach feasible. By implementing information security risk management, we identify future risks to the Bank in advance and take necessary measures.

In accordance with the information security management system, the international ISO 27005 guidelines are followed when implementing information security risk management. The relevant information security risk management policies and procedures were updated in 2021, and risk was effectively managed by assessing potential risks to information assets and implementing countermeasures. Khan Bank regularly provides information security training and recommendations to all employees to reduce and manage the risk of data loss. Through the Process When Convinced Campaign organized with the Bank of Mongolia, the Mongolian Bankers Association, the General Police Department, and commercial banks, the Bank regularly delivered recommendations to customers on ensuring privacy and not losing or disclosing information.

Information security technology controls and operations

The Information Security Control Center works 24/7 for real-time monitoring to stop, respond to, take countermeasures, and prevent attacks. Employee access to the Bank's data is implemented and regularly monitored through international security methods, processes, techniques, and systems. Cyber-attacks, targeted attacks, and other attacks detected by the international Open Web Application Security Project (OWASP), Common Vulnerabilities and Exposures (CVE), and Advanced Persistent Threat (APT) systems are stopped with the help of machine learning. By implementing security solutions for banking systems, networks, servers, and end-user devices, we regularly implement black, white, and gray box penetration testing and controls in cooperation with leading and internationally-recognized organizations.



INTERNATIONAL STANDARDS

PCI DSS – Payment Card Security Standard

Khan Bank meets all the requirements of PCI DSS v3.2.1, the latest version of payment card security. This standard has strict criteria, and its implementation is checked and verified annually by an internationally authorized auditing organization. The Bank successfully implemented the requirements of PCI DSS v3.2.1 and verified its certificate on November 30, 2021. This certification gives the Bank the right to use the Visa International digital logo for payment cards.



ISO27001:2013

Khan Bank has successfully implemented its information security management system since 2014 in accordance with the international standard ISO 27001:2013 to ensure information security and business continuity. Every year, an international audit organization conducts an internal audit of information security implementation. The Bank implements 114 controls in 14 groups of the ISO 27001:2013 standard and is constantly improving them.

GDPR

Khan Bank became the first organization in Mongolia to implement international standards for protecting the security of personal information under ISO 27701:2019 Privacy Information Management and General Data Protection Regulation (GDPR). Under the requirements of these standards, relevant controls have been successfully implemented in our main operations.



INTERNAL CONTROL AND AUDITING

INTERNAL CONTROL

In 2020, Khan Bank’s internal control policy was approved and started. This policy was created based on the global best practice COSO Internal Control Framework to increase the engagement of the BoD, executive management, and all employees in enhancing the Bank’s internal control system and ensure the opportunity to work more productively in the changing business model, economy, and competitive environment.

The following elements make up Khan Bank’s internal control system:

Components: monitoring, information and communication, risk assessment, and control activities

Goals: operations, reporting, and compliance

Framework: activities of the executive management team, the Board of Directors, all employees, and anybody else who represents the Bank or performs services under a contract are included in the scope of internal controls.

The following actions in relation to the internal control system have been taken:

1. 3 documents were approved: Internal control policy, Internal control policy implementation instructions, and Internal control evaluation methodology.
2. The methodology approved by the Chief risk officer is in operation internally to evaluate the internal control system, and a report is now being published. This policy was made under the COSO internal control architecture, a reliable global system.
3. We provided training materials for branch directors, Head office directors, executive management, and managers in charge of the branches as well as video content for all employees, to acquaint them with the internal control system and activities. We are performing a policy evaluation for the first time to assess the internal control system.
4. By conducting research and analysis, we are taking part in-timely efforts to enhance the internal control system.

Account No.	Description	Debit	Credit	Balance
3000	Capital		23386	92.00
3001	Reserves		46.00	
3002	Surplus		0.00	0.00
3003	Retained Earnings	510515	0.00	0.00
3004	Dividends	506781	0.00	0.00
3005	Provision for Loan Losses	92001	0.00	0.00
3006	Provision for Other Assets	95001	0.00	0.00
3007	Provision for Other Liabilities	94011	0.00	0.00
3008	Provision for Other Income	514278	0.00	0.00
3009	Provision for Other Expenses		0.00	0.00
3010	Provision for Other Assets		0.00	0.00
3011	Provision for Other Liabilities		0.00	0.00
3012	Provision for Other Income		0.00	0.00
3013	Provision for Other Expenses		0.00	0.00
3014	Provision for Other Assets		0.00	0.00
3015	Provision for Other Liabilities		0.00	0.00
3016	Provision for Other Income		0.00	0.00
3017	Provision for Other Expenses		0.00	0.00
3018	Provision for Other Assets		0.00	0.00
3019	Provision for Other Liabilities		0.00	0.00
3020	Provision for Other Income		0.00	0.00
3021	Provision for Other Expenses		0.00	0.00
3022	Provision for Other Assets		0.00	0.00
3023	Provision for Other Liabilities		0.00	0.00
3024	Provision for Other Income		0.00	0.00
3025	Provision for Other Expenses		0.00	0.00
3026	Provision for Other Assets		0.00	0.00
3027	Provision for Other Liabilities		0.00	0.00
3028	Provision for Other Income		0.00	0.00
3029	Provision for Other Expenses		0.00	0.00
3030	Provision for Other Assets		0.00	0.00
3031	Provision for Other Liabilities		0.00	0.00
3032	Provision for Other Income		0.00	0.00
3033	Provision for Other Expenses		0.00	0.00
3034	Provision for Other Assets		0.00	0.00
3035	Provision for Other Liabilities		0.00	0.00
3036	Provision for Other Income		0.00	0.00
3037	Provision for Other Expenses		0.00	0.00
3038	Provision for Other Assets		0.00	0.00
3039	Provision for Other Liabilities		0.00	0.00
3040	Provision for Other Income		0.00	0.00
3041	Provision for Other Expenses		0.00	0.00
3042	Provision for Other Assets		0.00	0.00
3043	Provision for Other Liabilities		0.00	0.00
3044	Provision for Other Income		0.00	0.00
3045	Provision for Other Expenses		0.00	0.00
3046	Provision for Other Assets		0.00	0.00
3047	Provision for Other Liabilities		0.00	0.00
3048	Provision for Other Income		0.00	0.00
3049	Provision for Other Expenses		0.00	0.00
3050	Provision for Other Assets		0.00	0.00
3051	Provision for Other Liabilities		0.00	0.00
3052	Provision for Other Income		0.00	0.00
3053	Provision for Other Expenses		0.00	0.00
3054	Provision for Other Assets		0.00	0.00
3055	Provision for Other Liabilities		0.00	0.00
3056	Provision for Other Income		0.00	0.00
3057	Provision for Other Expenses		0.00	0.00
3058	Provision for Other Assets		0.00	0.00
3059	Provision for Other Liabilities		0.00	0.00
3060	Provision for Other Income		0.00	0.00
3061	Provision for Other Expenses		0.00	0.00
3062	Provision for Other Assets		0.00	0.00
3063	Provision for Other Liabilities		0.00	0.00
3064	Provision for Other Income		0.00	0.00
3065	Provision for Other Expenses		0.00	0.00
3066	Provision for Other Assets		0.00	0.00
3067	Provision for Other Liabilities		0.00	0.00
3068	Provision for Other Income		0.00	0.00
3069	Provision for Other Expenses		0.00	0.00
3070	Provision for Other Assets		0.00	0.00
3071	Provision for Other Liabilities		0.00	0.00
3072	Provision for Other Income		0.00	0.00
3073	Provision for Other Expenses		0.00	0.00
3074	Provision for Other Assets		0.00	0.00
3075	Provision for Other Liabilities		0.00	0.00
3076	Provision for Other Income		0.00	0.00
3077	Provision for Other Expenses		0.00	0.00
3078	Provision for Other Assets		0.00	0.00
3079	Provision for Other Liabilities		0.00	0.00
3080	Provision for Other Income		0.00	0.00
3081	Provision for Other Expenses		0.00	0.00
3082	Provision for Other Assets		0.00	0.00
3083	Provision for Other Liabilities		0.00	0.00
3084	Provision for Other Income		0.00	0.00
3085	Provision for Other Expenses		0.00	0.00
3086	Provision for Other Assets		0.00	0.00
3087	Provision for Other Liabilities		0.00	0.00
3088	Provision for Other Income		0.00	0.00
3089	Provision for Other Expenses		0.00	0.00
3090	Provision for Other Assets		0.00	0.00
3091	Provision for Other Liabilities		0.00	0.00
3092	Provision for Other Income		0.00	0.00
3093	Provision for Other Expenses		0.00	0.00
3094	Provision for Other Assets		0.00	0.00
3095	Provision for Other Liabilities		0.00	0.00
3096	Provision for Other Income		0.00	0.00
3097	Provision for Other Expenses		0.00	0.00
3098	Provision for Other Assets		0.00	0.00
3099	Provision for Other Liabilities		0.00	0.00
3100	Provision for Other Income		0.00	0.00

INTERNAL AUDITING

Independent audit services for the Bank's governance, risk management, control systems, and internal auditing based on principles of protecting and increasing the value of the bank.

The International Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPA) standards and code of ethics are adhered to by the Bank's internal auditors.

Internal audit structure and organization

Internal audits are conducted independently of executive management, and directly reports to the BoD's Audit Committee (AC) in accordance with good governance principles.

The Audit Committee not only approves Internal Audit rules, strategic goals, risk-based audit plans, and resource budgets, but also monitors the execution and operation of audit plans and ensures the independence of Internal Audit.

Role:

- Delivers the best assurance and assistance possible to the Board of Directors regarding the effectiveness and efficiency of the Bank's governance, risk management, and internal control activities to achieve its strategic goals.

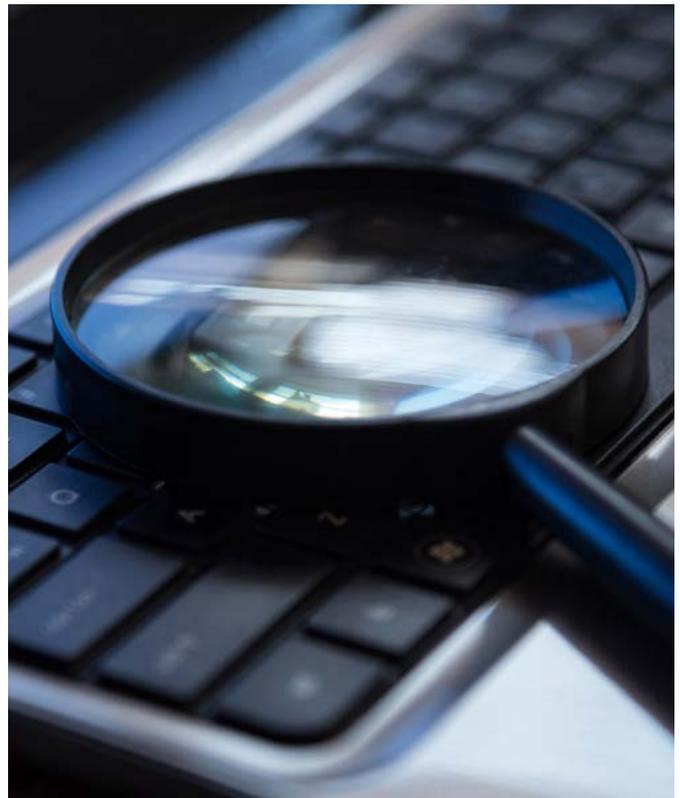
Scope:

- Assesses the bank's decision-making, policy definition, business and support processes, compliance and reporting activities.

During the reporting period, the following activities were carried out within the scope of internal audit activities:

- The Internal Audit Rules were amended to reflect the provision of consulting services, approved by the BoD's Audit Committee.
- Detailed policy documents, audit manuals, and guidelines for auditing procedures are being updated and improved.

- Continuous improvements are being made by implementing an automated internal audit system.
- Using machine learning and data analysis methods, automation of the audit process was carried out.
- The mid-term strategic plan for the next stage of development is being implemented, approved by the BoD's Audit Committee.
- Conducted a self-assessment and reported on activities in accordance with the quality assurance and improvement program and the standards of the International Organization for Standardization.







SUSTAINABLE FINANCING

SUSTAINABLE FINANCING



Within the framework of 4 key areas of Sustainable Development Policy, sustainable financing comprises following activities:

- Green sources from international financial institutions;
- Green products and services for individual business owners, companies;
- Environmental and social risk assessment;
- Expanding access to banking products and services.

Additionally, efforts are being made to provide customers with more financial products to advance Mongolia's green economy.

GREEN FUNDING

In order to finance the green loan in 2022, a long-term funding agreement of 88 million USD has been signed, and 58 million USD has been allocated so far.



Within the framework of the Green Economy Financing Facility, the EBRD has provided 15 million US dollars from the Green Climate Fund (GCF) within the framework of UNFCCC and 45 million US dollars from its own resources, totaling 60 million US dollars for environmentally friendly green projects. The loan financing agreement was signed with Khan Bank on October 19, 2022. The first funding of this resource, 30 million US dollars, was allocated in December 2022, and the remaining resources will be allocated in 2023.



In 2021, Khan Bank successfully started cooperation with Global Climate Partnership Fund (GCPF), managed by responsAbility Investments AG, a Swiss-based investment company, to mitigate climate change by supporting our business and retail clients' green projects. Khan Bank raised additional long-term funding of USD 8 million from GCPF upon the successful utilization of funding received in 2021. GCPF continues to collaborate with Khan Bank by providing necessary technical assistance to improve Khan Bank's green lending capacity and to give professional assistance in green lending and operations.



Under a USD 120 million syndicated loan facility agreement arranged by Dutch Development Bank (FMO) in 2021, the Bank obtained the second tranche of USD 60 million in the third quarter of 2022 from FMO, German Development Finance Institution (DEG), France's Development Finance Institution (Proparco), and Atlantic Forfaitierungs AG. The purpose of the loan facility is to finance SMEs and green loans.

GREEN PRODUCTS AND SERVICES

Also, Khan Bank has signed a memorandum of cooperation with international NGO “Jeres” to extend its cooperation for 5 years, with the goal of reducing heat loss by insulating houses in the neighborhood according to standards, creating energy savings, reducing air pollution, and reducing emissions from coal by 30 percent. started working together to implement the “Heat Solution” project on a larger scale.

Highlighted projects financed by Energy Efficiency Green Business Loans in 2022

Green loan supporting the sustainable supply of wool and cashmere:

Khan Bank, in cooperation with the Sustainable Wool and Cashmere Association (hereinafter referred to as SWCA), introduced a new product for cooperatives, “Green Loans to Support the Supply of Sustainable Wool and Cashmere”. The main purpose of the loan is to create a responsible and sustainable cashmere industry by adopting good practices in livestock production, well-being, proper use of pasture land, and the primary production of pure cashmere processing, to create a responsible and sustainable cashmere industry, to support the value chain, and to increase sustainable exports. Within the scope of this loan product, MNT 3.8 billion loans were granted to 19 cooperatives that received a Good Practice Compliance Certificate from the SWCA. A major challenge in the sustainable cashmere supply process is sustainable financing, and collateral is a problem in obtaining financing. By increasing the amount of cashmere to be supplied to the member organizations of SWCA by supporting only the income of the contract with green credit products, the bank will supply all exported cashmere at a high cost-inclusive price, supply sustainable raw materials to well-known international brands, and further create a value chain for washing, combing, spinning, and weaving. It is unique in that it provides opportunities to support sustainable operations, including multi-stage industries. The product was successfully implemented by receiving requests from March to July in accordance with business characteristics and seasons.

MONGEFF program to support green economy

Khan Bank signed a long-term financing agreement with the European Bank for Reconstruction and Development (EBRD) for 70 million USD on October 19, 2022. With the signing of the agreement, the EBRD will receive 15 million USD from the United Nations Green Climate Fund (GCF) and 45 million USD from its own resources to finance environmentally friendly green loans of up to 60 million USD as part of the Green Economy Financing Program. In addition, within the framework of the Women Entrepreneurs Support Program, 10 million US dollars were granted to Khan Bank to increase financial access. Within the framework of the program, green loan products will be aimed at financing green projects and supporting energy-efficient products that reduce greenhouse gas emissions, environment-friendly and water-efficient products for organizations, enterprises, small and medium-sized businesses and citizens.

Khan Bank collaborates with international and local consulting teams to determine if prospective borrowers meet the green loan criteria; measure their impact on the environment, energy savings, and carbon dioxide (CO₂) emissions; and provide technical assistance to reduce these adverse impacts. Borrowers receive these services free of charge.

In the future, we will develop green business, green consumption supporting loans and products and services aimed at reducing the negative impact on the environment, climate change, and greenhouse gas emissions, create a green financing ecosystem by making it known to the market, create a proper regulatory mechanism to measure efficiency, and create a green economy. We intend to take the lead by increasing the investment in the government.

Khan Bank can offer the following green loan products to customers. It includes:

Green loans	Purpose and definition
MONGEFF loan to support green economy	Green loan products under the MonGEFF program are designed for legal entities, SMEs, and individuals to support their green projects in energy efficiency, water and resource efficiency, pollution prevention and control, and renewable energy to reduce greenhouse gas emissions.
Green business loans to improve energy efficiency	Loans are designed for individual business owners, companies, and SMEs to support their energy-efficient business operations, promote the use of renewable energy, and reduce carbon dioxide emissions. In cooperation with international organizations, we provide technical consulting services, such as pre-disbursement energy assessment, and conduct an energy audit after project implementation to ensure that carbon dioxide emissions are reduced by at least 20 percent. These services are provided to borrowers free of charge.
Green business loans	The loan shall be granted to eligible individual business owners and/or legal entities to finance activities and/or business operations included in the Mongolian Green Taxonomy. The loan product is offered as an investment loan, working capital loan, technical support investment, or credit line.
Green Consumer loan	In order to reduce the negative impact of people on the environment and promote green consumption, the loan will be provided for the purchase of certain products specified by the bank from the green technology preparation and supply organization that has signed a cooperation agreement with Khan Bank.
Green credit to reduce air pollution	In cooperation with the Ministry of Environment and Tourism and the National Committee for Environmental Pollution Reduction, it will be dedicated to the purchase and installation of products determined by the National Committee for Environmental Pollution Reduction for entrepreneurs and enterprises in order to reduce air and environmental pollution.
Family green loan	<p>The loan product is designed to finance eligible energy-efficient home appliances defined by the Bank based on the baseline study conducted by international energy advisors, such as energy and water-efficient home appliances and renewable energy technology. Loan proceeds shall be used to finance the purchase and installation of eligible technologies from authorized vendors with valid cooperation agreements with the Bank. Eligible appliances include:</p> <ul style="list-style-type: none"> • Refrigerators and freezers • Electric ovens (oven and electric hob package) and hobs • Microwaves • Washing machines • Dishwashers • Solar panels (grid-connected) • Solar panels (water heating system)

Best practice of green loan

Some of the notable projects financed in 2022 with the Green Business Loan to improve Energy Efficiency include:

- To meet Mongolia's domestic demand for leafy green vegetables, a modern, fully automated winter greenhouse project using Dutch technology was financed. With a total area of 10,400 square meters, this greenhouse project with heating, irrigation systems, and humidity adjustment operates year-round. It has become one of the country's largest green projects with the potential to not only save 24 percent more energy than conventional winter greenhouses but also reduce greenhouse gas emissions by 50 percent and reduce water consumption by 66 percent.
- Khan Bank approved 60 billion MNT for financing Mongolia's first diversified food factory, the International Standard Export Processing Zone, with 39 billion MNT issued as a green loan. It is the largest green project in Mongolia. The green loan funded the purchase of new factory equipment, waste reduction, over 50 percent energy savings, an 8,000-ton reduction in greenhouse gas emissions, and the factory's capacity tripled. By replacing old equipment with new equipment, their electricity use decreased, efficiency was increased, and cost per unit decreased. By improving production capacity in this way, Mongolia's food export volume will increase, and foreign currency flow will improve.



Training

In 2022, Khan Bank also focused on educating its employees by providing knowledge about climate change, sustainability, and green financing. We organized 18 in-person and online training sessions for about 900 Ulaanbaatar and rural employees. The featured training was the Climate Change and Green Financing Interactive Workshop Module developed by Khan Bank in cooperation with an international consulting company to provide branch managers with a comprehensive understanding of climate change and green financing. A total of 75 branch managers have attended this training so far. Unlike regular green loan training, we studied stories and cases based on real-life situations, offering solutions to real-life problems with green financing. Many sectors of the green economy, and how they can be solved with green financing.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK MANAGEMENT

Khan Bank follows 27 activities prohibited from financing within the framework of “Credit Policy” and “Regulations of Credit Operations” and implements environmental, social and governance risk management of credit. The content of the environmental and social risk assessment was improved by incorporating gender, governance, and climate risk-related content into the IFC Performance Standards, aligning the assessment with the Sustainable Development Goals, and updating the assessment process and methodology. During the reporting period, environmental, social, and governance risk assessments were conducted for 200 loan applications amounting to 629.2

billion MNT. Gender, governance, and climate risk-related sections were aligned with the Sustainable Development Goals, objectives were added to the loan assessment questionnaire, and processes and approaches were revised.

During the reporting period, a total of 218 loan officers were trained in classrooms and online in order to improve employees’ understanding and knowledge of environmental, social, and governance risk management.



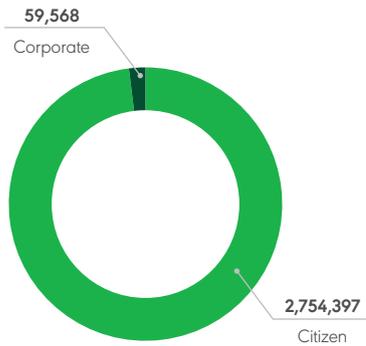
ACCESS TO FINANCE

ACCESSIBLE PRODUCTS AND SERVICES

Khan Bank provides continuous banking services to meet the financial needs of its 2.8 million customers in all corners of Mongolia and offers products and services.

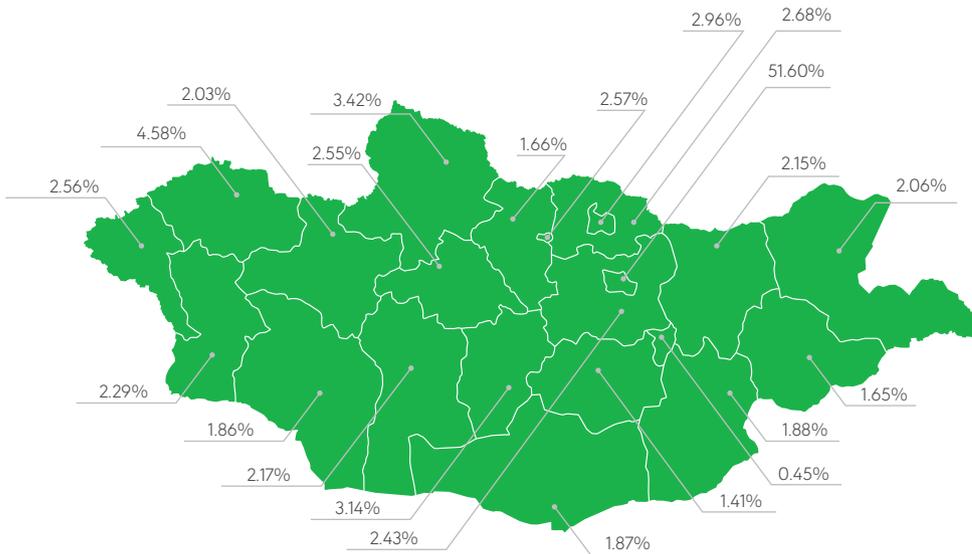
Khan Bank’s product and service availability and customer statistics are provided.

Customer type

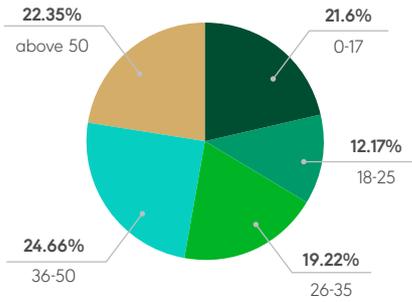


Customer segment

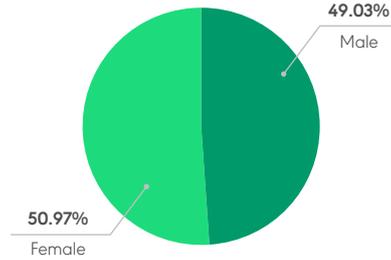
Nº	Segment	Percentage
1	Public	97.91%
2	Priority	0.25%
3	Signature	1.57%
4	Corporates	0.03%
5	SME	0.21%
6	Government organizations	0.01%
7	Financial organizations	0.02%



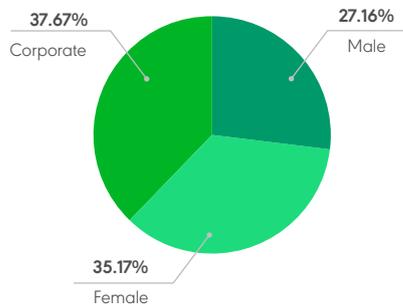
KB's customer (age)



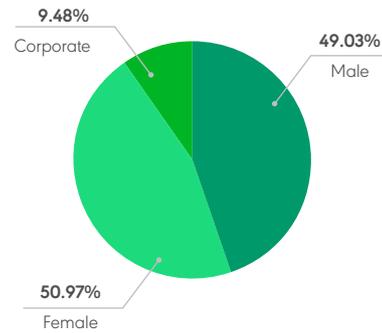
KB's customers (gender)



Loan



Deposit



Gender	2022					
	Digital Banking		Internet Banking		Telephone Banking	
Corporate	35,893	2%	35,574	3%	-	0%
Male	778,698	46%	607,887	44%	430,792	46%
Female	890,515	52%	750,165	54%	509,883	54%
Total	1,705,106	100%	1,393,626	100%	940,675	100%

FINANCIAL EDUCATION

Khan Bank, which has been providing financial education knowledge and information to its customers on a regular basis, and further supports financial safety and stability, has initiated the following events and campaigns for public financial education in 2022 as well.

“Global Money Week 2022” campaign

Bank of Mongolia, Financial Regulatory Commission, the Family, Child and Youth Development, National Center for Lifetime Education, Deposit Insurance Corporation, Sparkasse bank Fund in Mongolia, and commercial banks jointly organized the Global Money Week campaign from March 14 to 27, 2022. Khan bank provided. The campaign’s best organization, Khan Bank, was chosen to distribute information on matters like financial planning, financial education, and good money management for kids, new parents, self-employed business owners, and the general public.

“Unsend” campaign

The “Unsend” campaign, which is a continuation of the “The more persuasive, the more compact” and “The more compact, the safer” campaigns aimed at preventing citizens and the public from electronic fraud and financial violations, with the slogan “Don’t transfer”, the Ministry of Electronic Development and Communications, the Bank of Mongolia, the General Police Department, The Mongolian Banking Association and commercial banks jointly organized it from November 14-28, 2022. In the “Unsend” campaign, content, recommendations and knowledge about information security, prevention of cyber-attacks and crimes in the financial sector, issued by the Bank of Mongolia and the Bank of Mongolia, will be displayed on the website, on the LED screens of banks and branches, ATMs and kiosks. contributed to the distribution and presentation to the public.

“World Savings Day-2022” campaign

The Bank of Mongolia, the Mongolian Banking Association, the Deposit Insurance Corporation, Sparkasse Bank’s Mongolian

fund, commercial banks and other related organizations have successfully organized the “World Savings Day-2022” campaign from October 1 to 31, 2022. Within the framework of this campaign, we disseminated educational content, training, and knowledge to our customers about the importance and benefits of savings, and the local branches of Khan Bank actively participated in promoting the importance and benefits of saving in every corner of 21 provinces. As a result of the campaign, children have learned to deal with money properly and have savings habits, and small and medium-sized business owners and customers have received information on how to properly manage their finances and prevent unexpected financial risks.

Also, Khan Bank organizes various trainings, consulting services and programs to support small and medium business owners and women. As of 2022, a total of more than 1,700 customers were included in the training. Please read the detailed information below.



Nº	Program and course name	Content	Number of covered customers (Repeated numbers)	Gender	
				Female	Male
1	Comprehensive management program	<p>A 2-level online and classroom combined program has been implemented to provide accessible management consulting services and comprehensive business management skills.</p> <p>Program-1 Entrepreneurs were given the opportunity to learn how to properly manage their business through the four phases of diagnosis, planning, implementation, and improvement of five key functions: business strategy, marketing, operations, human resources, and finance.</p> <p>Program-2 The program provides opportunities to learn the skills of a CEO to manage a business, to lead a high-performance team, and to evaluate, measure, and grow performance.</p>	939	892	47
2	World class manager	The content of this course is to increase and develop the attitude and management skills of entrepreneurs and brand founders, to increase their thinking and leadership towards future success, and to strengthen their competitiveness. It has the advantage of delivering this international training to our customers free of charge in cooperation with the English "Global Growth Institute" and "Guren" Academy.	300	300	
3	Growing Together	<p>Aimed at providing the multi-faceted skills and knowledge needed to run a successful business for micro and small business owners. This program has the following 4 functions. It includes:</p> <ul style="list-style-type: none"> - Strategic consulting services - Financial consulting services - Marketing consulting services - Human resources consulting services 	474	284	190
4	Development program	This Development program is implemented in cooperation with BPN Foundation Mongolia, a Swiss SME supporter, to address the skills deficiencies of small and medium-sized enterprises and service providers. In addition to providing training and consulting services, we offered concessional loan products to program participants, comprehensively supporting the business activities of more than 20 business customers.	20	14	6
Total/average			1733	1490	243



An aerial photograph of a dense forest of evergreen trees, likely spruce or fir, with varying shades of green. The trees are packed closely together, creating a textured canopy. The lighting is bright, highlighting the tops of the trees and creating a sense of depth and density.

SUSTAINABLE OPERATIONS



SUSTAINABLE OPERATIONS



SUSTAINABLE EMPLOYMENT

EMPLOYEE SATISFACTION

A key element in determining an organization's success is giving employees a voice. Khan Bank regularly conducts courses and projects to improve employee satisfaction and engagement. In cooperation with external organizations, the Employee Satisfaction Survey was conducted for the sixth consecutive year to assess employee satisfaction and engagement.

We have carried out significant studies and activities over the past five years based on the findings of earlier studies. These include the following:

Leadership development programs for manager

Implemented the Workplace Coaching, LinkedIn Learning, World Class Manager, and Excellence programs, involving 1,129 executives in enhancing managers' leadership qualities.

Education and training

The Digital Banker project and Ethical Banker training series provided sales/relationship/consulting skills training, psychological wellness, and e-learning for six behaviors of success.

Ensuring work-life balance

To guarantee that employees have a healthy work-life balance, regulations on flexible work arrangements were authorized and are currently undergoing testing.

Accepting diversity

Newly approved documents, such as procedures for preventing and stopping workplace harassment and violence, receiving and resolving complaints, and Khan Bank's policy on ensuring employment equality, have been implemented to ensure equality in the workplace without discrimination, harassment, or violence.

Programs to promote the corporate culture

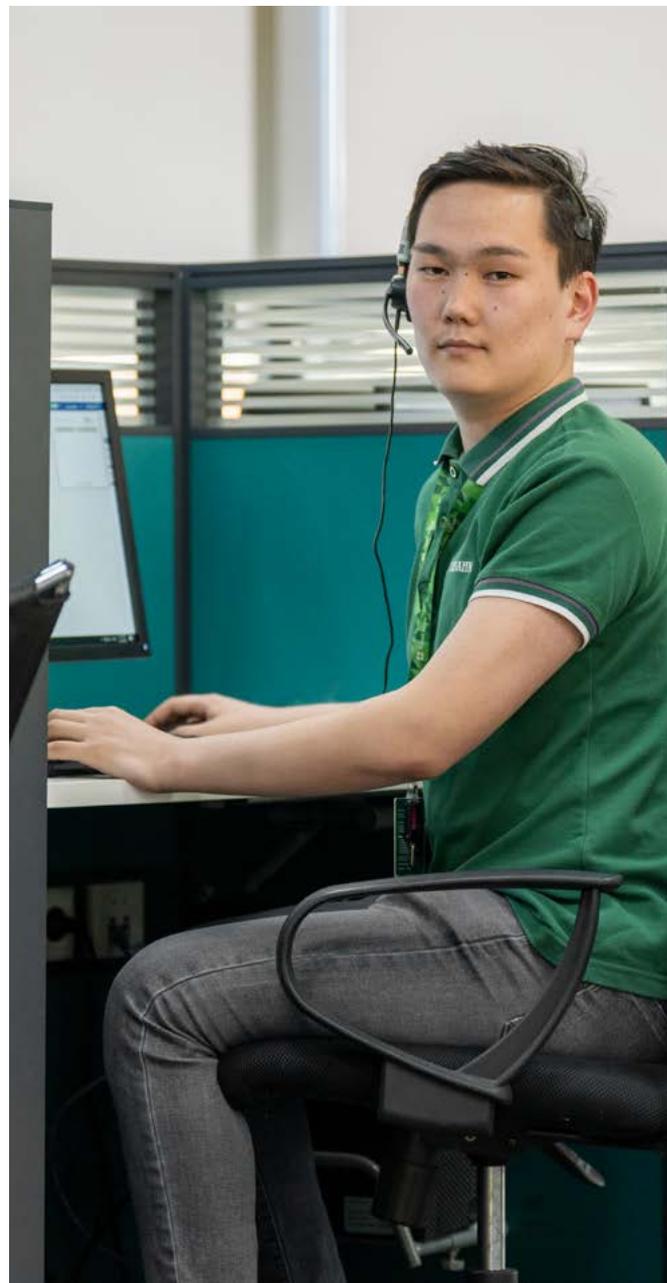
To successfully implement our digital banking strategy, "digital savvy" was identified as the key skill required for all employees. Six behaviors, including digital thinking, are included in the Five Behaviors Valued by Employees, which form the cornerstone of Khan Bank's corporate culture. These behaviors are framed by the strategy and goal of becoming "Digital bankers". A group of five deputy directors initiated and implemented six behavior awareness campaigns each month.

Performance at work

The Employee Performance Management Procedure was modified in response to requests and comments from the employee survey regarding performance assessments. With a new strategy, it is possible to monitor employee performance, continuously improve it, support personal development, and develop and implement a plan to improve performance in the event of inadequate performance. All managers, senior staff, and employees attended in-person and online training classes on the effective determination of performance goals and objectives using the OKR method and effective performance meetings and giving feedback.

Salary and incentives

Given the state of the market and the results of 2021 research, wages were increased twice in 2022. As a result, the Bank's entire salary fund increased by 10 percent. A balanced raise was adopted in May 2022 to provide IT employees and the Bank's top-performing employees with competitive pay. As a result of the hike in October 2022, some employees working in sales and head office services received a wage increase of up to 20 percent.



EMPLOYEE TRAINING AND DEVELOPMENT

Based on the 70/20/10 learning principle, Khan Bank strengthens the culture of continuous learning. The Bank incorporates this principle into its training and development policies and other training activities as part of its goal to be a learning organization in accordance with its medium and long-term strategies.

For professional and personal development in 2022, we enrolled 6,866 employees in 202 classroom training sessions and 212,239 employees in 138 e-learning programs.

The training and development indicator improved by 1.9 percent over the previous year, according to findings from the Employee Satisfaction Survey (ESS), surpassing our annual goal. As the role and participation of management are seen as crucial for all employees to work toward a single objective, a shared vision, satisfaction, and efficiency, a tiered management development program was also designed. Over the past five years, the executive skills index has gradually increased by an average of one percent.

Number of managers trained in 2022: 1,356

Time spent on organized training: 1,045 hours



Executive development training

The executive development program's objectives are to offer ongoing development and support opportunities, set an excellent example, be an employee-centered leader, and reinforce a healthy workplace culture. Executives have access to domestic and international leadership programs created as part of the program.

Number of managers trained in 2022: 1,124

Introduction to executive programs:

- To welcome newly appointed executives, guarantee their learning and development route is clear, and aid them in quickly adjusting to their jobs, a one-year step-by-step program is organized. A total of 39 new managers have gone through the program as of 2022.

World Class Manager program

- To provide equal and accessible opportunities to learn from international methods, regardless of location in rural areas or Ulaanbaatar, we offered Global Growth Institute's international online, 12-module program World Class Manager 1 & 2 to our senior officers and managers.

Excellence Leadership Program

An interactive domestic leadership program was developed with a third party to support employee role models and strengthen the Bank's culture, values, and mission.

In 2022, 102 managers were trained.



Executive Management Coaching Program

In this advanced coaching program, executive management is involved in developing skills to adapt to modern leadership styles.

To provide opportunities for continuous learning according to their needs and learning styles, in cooperation with LinkedIn Learning, we allowed all employees to participate in e-learning courses to develop professional and leadership skills starting in 2019. This was done in addition to encouraging a "Training to Learning" culture. Khan Bank employees are known for their commitment to lifelong learning, and among partner institutions in Asia and the Pacific, the LinkedIn Learning platform has become the benchmark for excellence.

The Bank also won the Digital Learning Transformation Award 2021 and Outstanding Learning Culture Award 2022. For two years in a row, the Bank was recognized as an organization that actively pursues the most training and content hours.

Number of employees trained in 2022: 333

Number of courses and content covered in 2022: 12,606



KB Academy

To foster a culture of learning and give all employees equal access to learning regardless of location or time, the e-learning system KB Academy was launched in September 2019. KB Academy 3.11 was launched in 2021 after improvements to make the platform more user-friendly, intelligible, accessible, and employee friendly. This creates the possibility for continuous online learning while also creating a learning path for career advancement for each employee and each role. We also created training materials and developed a health department and a psychiatric section in collaboration with 11 domestic and foreign training institutes. In addition to giving all Bank employees equal opportunity, continuous learning was offered during the pandemic, and training and counseling sessions with therapists were held once a month with an emphasis on psychological health.

Number of courses and content: 138

Number of employees trained in 2022: 49,174

Employees can also use KB Academy as a platform to exchange knowledge and skills, from basic Excel tutorials for everyday use at work to sharing knowledge from international certificate training with coworkers, assessing the training, leaving feedback, and participating in discussions.

Scholarship program for domestic universities

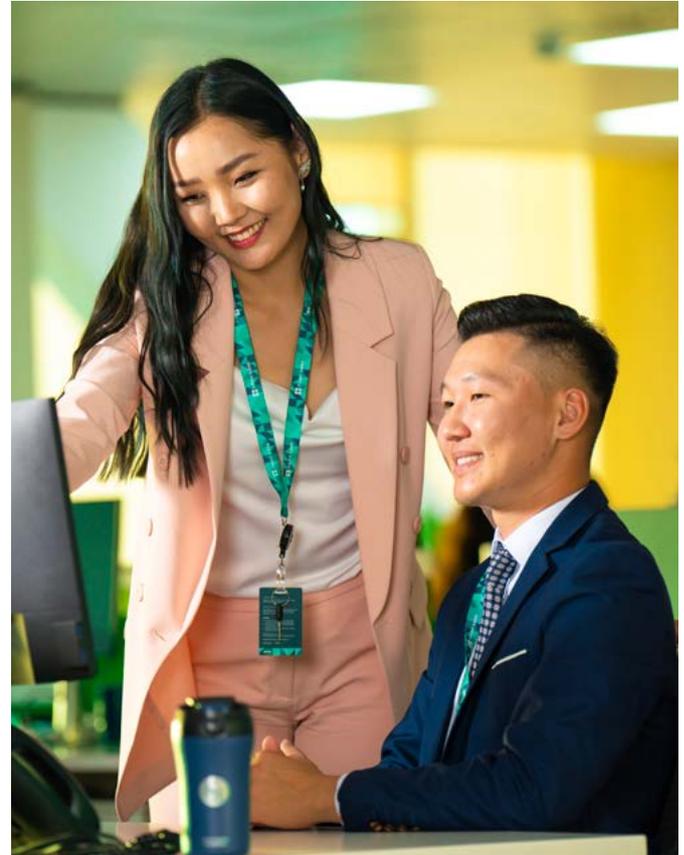
The scholarship program has been organized once a year since 2004 to improve the professional education of employees and to contribute to personal development and the Bank's development. This is the 10th year the scholarship has been awarded.

Number of employee scholarship recipients in 2022: 39

Workplace Coaching

- In collaboration with PwC, the Workplace Coaching program was launched in 2019 to successfully introduce and localize coaching, an internationally recognized leadership method, and develop employee-centered skills by listening to, recognizing, and developing employees more.

Number of managers trained in 2022: 32



Standard program

The Bank's standard program was successfully implemented for the third year as Reinforcement of Khan Bank Principles of Communication and Training for Advanced Skills. The program trains employees who provide services to customers with one standard program and aims to reduce the difference in their knowledge and skills. The program evaluates the skills of employees trained to be trusted advisors to customers. We also successfully implemented the Digital Banker and Ethical Banker projects, which were selected as the best projects of the year, paying particular attention to increasing the digital skills and ethical behavior of employees.

OCCUPATIONAL SAFETY AND HEALTH

Occupational safety and health (OSH) regulations are applied to ensure the occupational safety and health of Bank employees to establish a safe environment for serving and communicating with customers and guests.

Objectives:

- Approve safety, security, and hygiene protocols and guidelines for workers in accordance with laws and regulations
- Inform employees of the importance of preventive health checks to prevent occupational illnesses and accidents
- Perform a risk assessment to find and remove potential workplace hazards
- Educate and train staff



EMPLOYEE RIGHTS AND DIVERSITY

This policy covers ensuring gender equality, equality and diversity in employment relations, respect for everyone, encouraging participation, and preventing intolerable forms of discrimination. It also covers intentional defamation and discrimination. Khan Bank's guidelines have been established with the objective of producing long-term stable employment.

This policy is applicable to all Khan Bank employees, as well as contract employees and employees of businesses with which the bank has business relationships and those who partner to deliver the Bank's products and services. Any employee, contractor, partner, or guest of Khan Bank is forbidden from engaging in bullying, harassment, or any other form of discrimination on the Bank's premises.

This policy is applicable to all activities where interactions between parties have a significant effect on the workplace, including work-related events hosted by the Bank, travel abroad for business assignments, and other activities.

Within the framework of Khan Bank's policy on ensuring employment equality, all management staff received classroom training, information about the policy, and introductory advice. Through the Chamber's training, management staff have taken an oath to ensure equality in labor relations and are working to ensure the implementation of the policy every day.

HUMAN RESOUCRE DATA

Position	Female	Male	Total
Executives	42%	58%	100%
Directors/managers	49%	51%	100%
Others	73%	27%	100%
Total	72%	28%	100%

Employment status	Female	Male	Total
Full-time	71%	29%	100%
Contract	75%	25%	100%

Branch	Female	Male	Total
Rural	75%	25%	100%
Head Office	63%	37%	100%
Ulaanbaatar	78%	22%	100%

Employee status	Female	Male	Total
New employees	66%	34%	100%





SUSTAINABLE WORK ENVIRONMENT

GREEN OFFICE

About Khan Bank Tower

Sustainable workplace

Location: Khan-Uul District, District 15, Chinggis Avenue-6, Stadium Orgil-1, Khan Bank Tower

Project duration: 2 September 2010 to July 2017

Grade: Grade A

Design by: Aedas Interiors (Hong Kong)

Contractor: Khurd Group LLC

Earthquake resistance: 8 points

Number of floors: B2, B1, F1-F24

Building height: 112 meters

Total building area: 42,236m²

Functional building area: 34,780m² (Other 7,456.7m²)

Number of elevators:

- Passenger - 8 (1,600 kg - 6, 1,200 kg - 2)
- Service - 2 (1,000 kg - 1, 650 kg - 1)

Escalator: 4 (1st-3rd floor)

Khan Bank ownership: 54.13%

Number of outdoor parking spaces: 250

Activities implemented within the Green Office framework

- Building management system
- Lighting control system
- Motion sensor lights
- Time and energy-efficient elevator settings
- Settings to reduce inappropriate water consumption
- Heat exchange system
- Automatic time settings for heating, cooling, and air conditioning systems
- Digital meters for all electrical inputs and outputs
- Waste management

Office equipment

The building is equipped with air exchange equipment for water heating, cooling, and humidification, which is important for creating a healthy and comfortable work environment. This equipment filters fine particles in the air (PM10-PM2.5) through a three-stage filter. It is designed to keep the humidity in office spaces constant at 30 to 50 percent. The air exchange equipment discards a certain percentage of the used air in a room, mixes some of it with outside air, and moves it through a filter. The system works with seasonal and timed settings. If necessary, it can support the cooling system in summer and the heating system in winter. Water-cooled chillers and cooling units operate during the summer and adjust the indoor temperature depending on the outside air temperature. This functionality extends the service life of equipment, increases productivity, and cuts electricity costs:

- Three high-capacity units with 1,500 kW cooling capacity
- If the cooling fan load is low, it has a rest mode.
- If the difference in incoming temperature is low, the system enters rest mode.
- The bathroom is equipped with comfortable, cost-effective, and environmentally responsible hardware.
- Taps with automatic sensor
- Countertop sinks
- Urinals with automatic sensors
- Soap dispensers with automatic sensors
- Hand dryers with automatic sensors

As an energy-efficient building, water and heating units are equipped with fully automated systems:

- Heat meter
- Automatic temperature and pressure modification
- Variable flow pump
- Hydro-X water softener for the heating system
- High-precision manometer, thermometer, and balance brackets

FRP storage tanks for freshwater and hot water have been installed to supply the building with water in the event of a central water supply outage. In addition, we are working to install meters with automatic reporting of hot and cold water supply line status.

Khan Bank has automatic and manual fire suppression systems, and reserve tanks for the systems will be installed inside the building. In the future, sprinklers will be installed for the automatic system, and sprinklers directed at the ceiling and floor are planned for spaces with hollow floors. The manual system consists of a fire-fighting box, 65 mm hose, directional nozzles, and cut-off baffles. Hand-held signaling devices are placed next to each box. The automatic fire detectors are triple-sensor alarms that activate when smoke, heat, and carbon monoxide are detected at the same time. Other smoke extraction and excess pressure systems are installed in accordance with building codes.



Waste management

- Collect garbage from each table.
- Provide manuals and waste sorting training to employees
- Installation of a device to compost food scraps from the staff canteen
- Dumpster outside the office for sorted waste
- Oversee the planning of service personnel training for getting from the office to other locations
- A specialized waste sorting system owned by a contractor will include waste management, loading, and supervision.



Bicycle parking and Bike to Work 2022

A Khan Bank Tower bicycle parking lot was commissioned in July 2022.

General info:

- Parking for 30 bicycles
- Rain and sun-protection awning
- Lighting and security cameras

Khan Bank employees who help to reduce vehicle traffic and promote healthy and active movement were supported by Bike to Work 2022, which took place at the Head Office from August 29 to September 2, 2022. Aldar Bicycle Club's staff offered guidance, sales, and maintenance-related information about bicycles.

Employees at the Darkhan sub-branch also organized a cycling day.



Employee Library

The Employee Library on the 24th floor of Khan Bank Tower has been operating since 2019, enriching its collection of both domestic and international books and publications. The library is available to all Bank employees to spend their free time productively, gain access to information, and advance their education.

More than 690 books are currently available in the library. Employee book days and events are planned once or twice a year. A book sale and presentation day was organized with Alpha Bookstore in 2022.

SUPPLY CHAIN MANAGEMENT

Procurement Policy

According to Khan Bank's procurement policy, all parties involved in the procurement process must adhere to the Sustainable Development Policy. This means the Bank must prepare and comply with specific requirements and provisions for the goods and services it purchases from suppliers in addition to maintaining a Green Office that is staff and environment-friendly.

1. We are working toward a procurement policy reflected in the evaluation of suppliers and product quality criteria to prepare for the implementation of the sustainable development strategy.
2. The Bank's inventory and fixed assets are procured with an eye toward adhering to the Sustainable Development Policy. This includes the following:

Procurement Policy

- To practice energy efficiency, energy-saving LED lights that adhere to ISO standards and electronic devices that switch to energy-saving mode have been supplied to the Head Offices and branches.

- Battery-operated computer keyboards and mice have been replaced by battery-free devices to free up storage space and reduce environmentally harmful waste. To obtain supplies and services according to green criteria, we use paper, adhesives, and eco-friendly products that meet ISO standards.
- To implement standards for comfortable offices and units that meet modern standards, ergonomic chairs, eco-friendly Fundermax panels, and felt panels to reduce noise, focusing on creating a healthy and safe working environment. Appropriately-sized computer monitors have been installed to reduce eye strain.

Supplier selection

The third-party questionnaire submitted by applicants in accordance with Khan Bank's procurement policies and procedures informs the supplier of the risks and social responsibility associated with procurement. It also gathers data regarding the supplier's plans for managing those risks and social responsibility practices.



APPROPRIATE USE OF RESOURCES

Water		
Year	Water consumption (m3)	Water bill (MNT)
2020	8,639	22,287,787
2021	6,746	17,405,252
2022	9,829	38,040,036

Heat		
Year	Heat consumption (J)	Heating bill (MNT)
2020	12,545	91,286,472
2021	12,091	87,983,151
2022	12,175	88,594,273

Energy		
Year	Electricity consumption (kWh)	Electricity bill (MNT)
2020	2,844,057	458,908,544
2021	2,183,502	263,180,263
2022	2,972,547	530,908,102

Fuel		
Year	Fuel consumption (liter)	Fuel (MNT)
2020	267,121	615,982,377
2021	64,679	176,769,153
2022	103,508	398,507,511

Paper consumption at the Head Office and branches		
Year	Pieces of paper	Cost
2020	1.9 million	1.5 billion MNT
2021	770,000	1 billion MNT
2022	885,000	1.4 billion MNT

Note: Although the amount of paper consumed in 2022 decreased by 50% from 2020, the price difference is minimal due to price hikes. The pandemic lockdown in 2021 also reduced paper consumption.

CUSTOMER SERVICE

CUSTOMER SERVICE STANDARDS

Purpose

The customer service aims to provide comprehensive and customer-centered financial services which meet and exceed the customer demands and expectations through both physical and advanced digital channels while ensuring the customers happily enjoy the financial journey.

Goals

The following objectives will be achieved by branch and clearinghouse employees who consistently uphold high customer satisfaction standards, foster organizational culture in the workplace, and build and promote that culture:

Goals 1: All Khan Bank employees are expected to welcome, guide, and service each customer in accordance with the communication standards when providing customer service, and to fully master WAVE skills when seeing off the customer, in order to maintain a high level of communication satisfaction.

Goals 2: Each employee will dress to a certain standard to make a good first impression on customers.

Goals 3: Establish conditions for each client to receive services in a convenient setting.

Scope

Customer service standards must be followed by all Retail Bank branch and settlement center employees.

Communication standards	WAVE Welcoming Procedure
	The customer is the “king” principles
	Two-step greeting
Visibility standards	Dresscode
	Appearance
	Personal ethics and hygiene
Environmental standards	External and internal environment
	Service hall
	Workplace
	Restrooms and other facilities



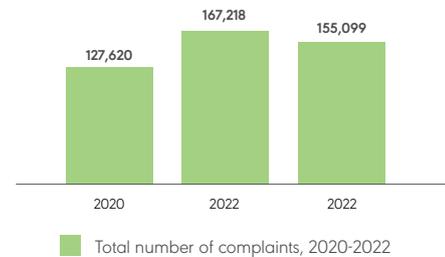
PAPERLESS SERVICE

Khan Bank now offers paperless services to its customers and offers 53 different services over the phone.

- 1,656,852 paperless services delivered
- 2.5 million pages of paper saved
- Five tons of wood saved
- 2,466 months of work saved per person
- 493 days of work saved per branch
- Ten minutes saved per customer
- Transportation cost savings of 1.4 billion MNT
- 3.5 million traffic



COMPLAINT MANAGEMENT



In 2022, 94 percent of all suggestions and complaints received were resolved during the reporting period, with more than 30 percent resolved on the initial attempt. This resulted from ongoing efforts to enhance the quality of resolution of customer suggestions and complaints and shorten customer wait times. We frequently analyze customer feedback and complaints and take action to stop further complaints. Three projects utilizing the global Lean Six Sigma technique were implemented in 2022. By implementing these initiatives, more than 131,000 customer complaints were avoided.



The background of the image is a monochromatic teal color. It features a close-up, abstract pattern of overlapping, curved shapes that resemble the veins and folds of large, tropical leaves. The lighting creates a sense of depth and texture, with some areas appearing brighter and others in soft shadow.

**SUSTAINABLE
SOCIAL
RESPONSIBILITY**

SUSTAINABLE SOCIAL RESPONSIBILITY



KHAN BANK FOUNDATION

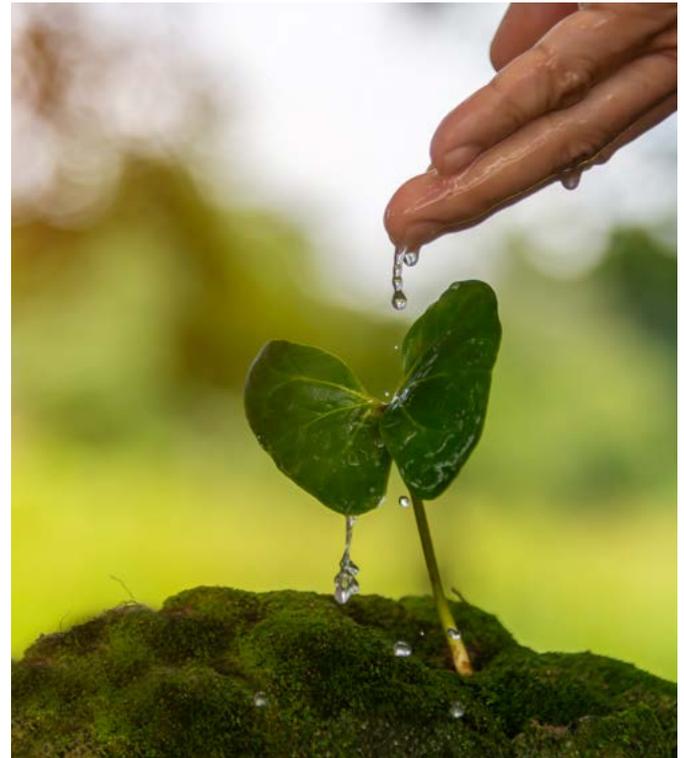
Sustainable social responsibility activities, one of the four main values of Khan Bank's Sustainable Development Policy, is one of the Bank's social responsibility initiatives. Khan Bank acknowledged its social responsibilities in 2007 and committed to genuinely improving every aspect of life for all.

The Khan Bank Foundation has funded 500 projects and programs with a total of 9.7 billion MNT since its founding. We increased our efforts and implemented 16 projects and programs in 2022 with funding of more than 1.6 billion MNT as the global pandemic declined and normal operations returned.

Khan Bank implements its policies in the following seven fields to effectively carry out its social responsibility initiatives:

1. Supporting the education of children and youth
2. Promoting public health
3. Protecting the environment
4. Supporting vulnerable groups
5. Promoting arts and culture
6. Supporting local development
7. Contributing to the UN's 17 Sustainable Development Goals

Customers who live and study in Mongolia have benefited from the projects and programs operated by the Khan Bank Foundation, which have resulted in beneficial changes and attitudes in their personal lives.



EDUCATION

RISE Freshman Development Program

The RISE new student development program, which gives young people entering student life energy and inspiration and encourages them to learn by sharing knowledge, information, and experience, was implemented for the fourth year.

The start of one's academic journey is one of the most interesting, exciting, and distinctive times in their life. The RISE program helps first-year students quickly adjust to their new environment, learn outside the classroom, build successful study routines, and

become balanced members of the university community. The RISE program aims to encourage autonomy among students. Interesting events, workshops, and group activities take place throughout the academic year.

The RISE opening ceremony, one of the biggest events of Fall, is an exciting and memorable event for students. Almost 800 new students participated in the ceremony for the start of the 2022-2023 academic year and shared their experiences and information.



The Khan Bank Scholarship Program

The Khan Bank Foundation announced the start of the 16th year of its scholarship program for university freshmen. It granted tuition scholarships to 60 high school graduates about to embark on new chapters in life.

Scholarships were awarded to students from the Baganuur District of Ulaanbaatar, Zamiin-Uud, Zuunkharaa, and Mongolia's 21 provinces. Students' grades, teacher details, participation

in extracurricular activities, athletic achievements, and the "My Contributions to Mongolia" essay were reviewed to select the scholarship recipients. About 2,000 scholarships totaling 2.0 billion MNT have been awarded by the Khan Bank Foundation over the past 15 years.

Mongolian Young Scholars Program 2022

Studies have shown that one of the many challenges preventing local and state-owned secondary school students from studying abroad is a lack of knowledge. Every year, more students choose to study abroad with the intention of returning to Mongolia to help their nation's development. However, the dreams of thousands of these students are hampered by a lack of resources and knowledge.

The Zorig Foundation's Young Scholars program receives support from Khan Bank to assist students with fewer opportunities to study abroad. The program's primary objective is to provide scholarships. The program invites students from Mongolia and other nations to be peer instructors; they not only set an example for the program's participants but also develop skills in leadership, reading, writing, thinking, and other areas. Seventy percent of the program's participants are able to study abroad thanks to scholarships. This year, 30 students took part in the seven-day program with a foreign teacher. The Khan Bank Foundation included financial education training in the curriculum.



Teach for Mongolia program

We provided financial support to the Teach for Mongolia program, which helps young leaders with degrees from top domestic and international universities who are eager to advance their knowledge and flexible enough to adapt to new environments to become teachers at local elementary schools.

The initiative was started by the non-profit organization Teach for Mongolia and strives to increase education access and quality through teacher training. It also assists students in overcoming challenges and creates opportunities for growth. The program's participants and alums collaborate during the course of their two-year assignment, learning from and supporting one another while sharing their professional knowledge.

Girls Code program

We sponsored the Girls Code program in 2022, which aims to stimulate the tech economy and encourage human resources development in the IT industry, including increasing the participation of young women.

The program's participants, chosen from Mongolia's 21 provinces and Ulaanbaatar's nine districts, spend eight weeks learning the fundamentals of web development and developing prototypes based on what they have learned about basic skills, algorithms, and coding.



HEALTH

Campaign Against Hypertension

One of Khan Bank's significant social responsibility programs, the Campaign Against Hypertension, was implemented in Umnugovi, Dornogovi, Orkhon, and Selenge provinces in 2022.

To prevent the leading cause of death in Mongolia, people receive free examinations and diagnosis end for cardiovascular disease. Since 2017, the Khan Bank Foundation, in cooperation with the Third State Central Hospital and the National Center for Public Health, has implemented the Campaign Against Hypertension nationwide.

The target population received early detection and diagnosis of high blood pressure, cardiovascular disease, and kidney and

digestive tract disorders, as well as health education training on high blood pressure and its risk factors. Doctors assessed more than 7,500 patients. The campaign also provided information on the causes and conditions of high blood pressure in the general population and capacity-building training for 420 local doctors and experts. The campaign's team consisted of specialists from the National Center for Public Health, qualified and experienced doctors from the Third State Central Hospital, Khan Bank Foundation employees, and journalists from Mongolian National Public Radio and Television, who prepared and delivered campaign news from the field.



Women's Development Program

The Women's Development Program was established by Khan Bank to promote gender equality, assist women in the workplace, foster personal and professional progress, educate society about women's roles, responsibilities, and advantages, and cultivate a positive outlook.

For its second year, the program provided nurses and other caregivers who served as the population's primary source of healthcare throughout the challenging COVID-19 pandemic the chance to refresh their knowledge, promote their careers, and expand their professional capabilities.

A total of 120 teachers were chosen for the program, and 38 of them received 90 percent scholarships for qualified programs. The participants studied personal development, English language, financial education, and psychological training.



Гэрэл зургийг itoim.mn

National Campaign Against Cancer

Khan Bank along with The National Campaign Against Cancer and the Mongolian National Broadcasting Channel has implemented the campaign against cancer since 2011, aims to prevent cancer - the second leading cause of death in Mongolia, to improve public health education, and the capacity of medical professionals. Since the start of the campaign, 130,500 people were screened, 610 cases of cancer were detected, and 10,238 medical professionals were trained.

Donation of immunology equipment to the Uvurkhangai Province Health Center

Khan Bank Foundation donated funds to the Bayangol Soum Medical Center in Uvurkhangai Province to purchase immunology equipment. The soum's 3,872 residents rely on the hospital's 15 beds, with 350-400 patients admitted each year. There are few options for rehabilitation and treatment since the soum population has a high prevalence of cancer, and most cases are discovered in the third and fourth stages. We contributed financing to purchase much-needed immunology equipment, which helps detect and treat tumors at an early stage when diagnosed during preventive checkups.

World Heart Day

Cardiovascular illness, one of the leading causes of death in Mongolia, affects people at younger and younger ages each year. Many patients who died from COVID-19 infection had chronic cardiovascular problems. Early screening for children at a young age, prompt treatment of those who test positive, and planning for a future with a healthy heart are all crucial in the fight against this illness. The World Heart Day project for children's heart disease research received funding from Century of Health Development NGO. In 2022, 1,297 6-year-old children in Uvs Province received early heart health screenings and physical examinations. The province health center's doctors, specialists, and school doctors also received training.

ENVIRONMENT

Khan Bank Forest program

The Khan Bank Foundation, which carries out the bank's sustainable development policy and corporate social responsibility initiatives, has been implementing the Khan Bank Forest program for the past 15 years, planting more than 29,000 trees and bushes across Mongolia in an effort to preserve nature and help the next generation inherit clean air and a healthy and green environment.

The team from Khan Bank started the afforestation of 40 hectares of Ikhbayan Goge in October 2021, with plans to plant 108,000 trees.

The Khan Bank Foundation coordinated a spring tree planting day for the project on May 7, 2022. Under the direction of experts, 180 Khan Bank employees planted pine tree saplings that had been fostered for two years in a greenhouse on seven hectares.

In collaboration with the City ENvironment Department and other expert groups, the trees planted will be maintained, replaced, and watched over for the next three years.

The first trees were planted by Khan Bank in the autumn of last year after efforts for the afforestation of the 40-hectare region, which has lost its ability to develop as a result of human activity and pests, began two years ago. It is crucial to maintain the balance of the forest ecosystem, restore the flow of the Selbe River's sources, and increase the flow of the Selbe River into the Tuul River by planting larch and pine trees in this area, which have a significant impact on lowering air pollution.



ARTS AND CULTURE

Khan Gallery

Khan Gallery has been operated by Khan Bank since 2006, supporting the arts. Each month, the gallery offers free public and client access to artist exhibitions. There are over 400 pieces in the collection, representing the work of many talented artists and craftspeople.

The following art exhibitions were held at Khan Gallery in 2022:



MARCH 2022

Numur
by Onongua E.



APRIL 2022

Quantum distance
by Enkhzaya E.



MAY 2022

Strand
by Otgonbat N.



JULY 2022

Agnest Dubart
by Alliance Française Oulan-Bator



AUGUST 2022

Sentiment
by Gan-Ochir M.



SEPTEMBER 2022

Shambala
by Atzori



OCTOBER 2022

Urbanization
by Azjargal D.



NOVEMBER 2022

A Country of Happiness
by Erdene-Ochir Kh.



DECEMBER 2022

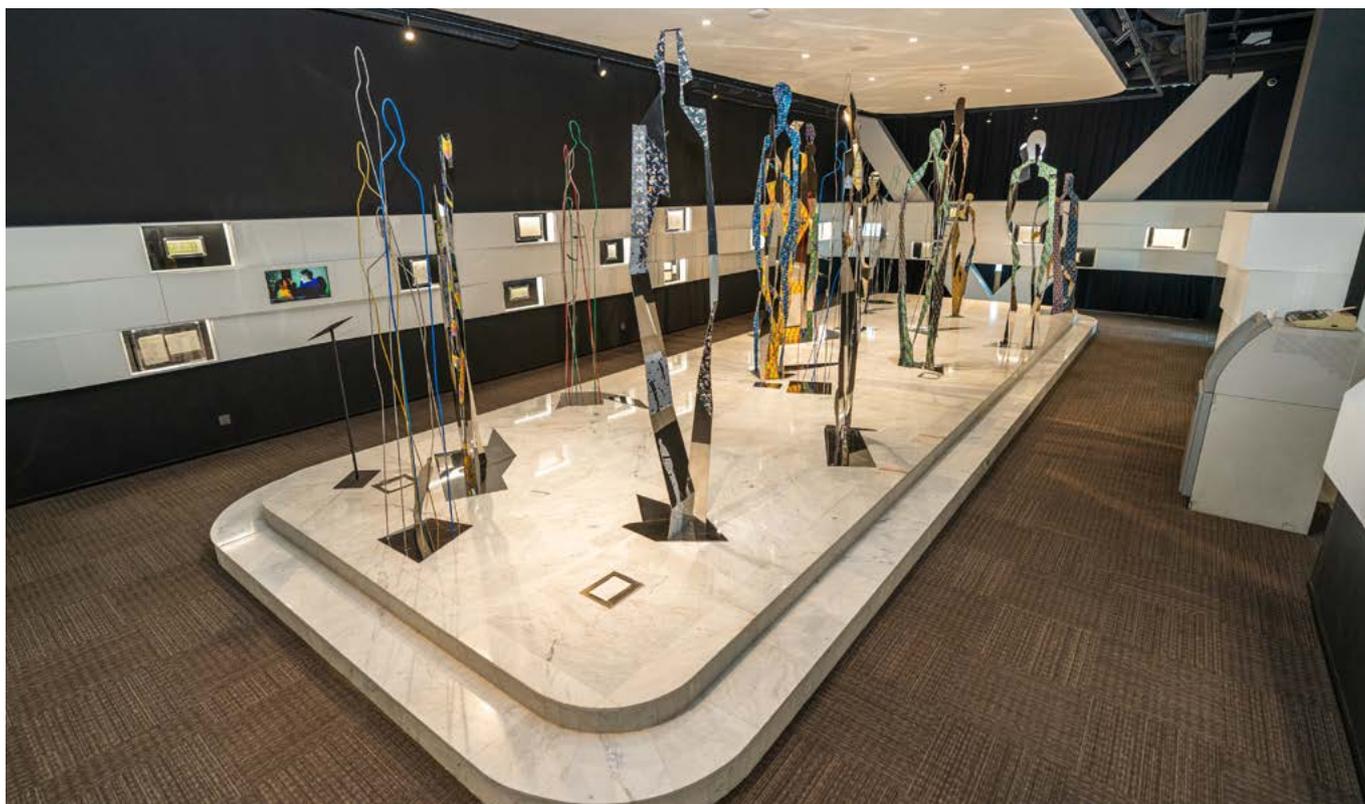
Landscape Photography of Mongolia

Khan Museum

Since its founding, Khan Bank has made a significant impact on society's well-being, the lives of individuals, and the introduction of cutting-edge financial services and products to the Mongolian market. The Khan Museum's goal is to educate the public about the Bank's complete historical development.

The museum exhibits fall into the following four categories:

1. Previous Path (1991-2001): An exhibit based on a historical timeline from the authorization of Agricultural Bank's establishment until 2001.
2. The Transformational Phase (2001-2011): The development of Khan Bank and the forward-thinking innovations made available to society.
3. The Renovation Phase (2011-2021): The history of delivering cutting-edge international technology to the general public, Khan Bank's commitment to society, and the debut of Khan Bank Tower.
4. The Community Section: Where the general public can find knowledge and information on financial education.



LOCAL DEVELOPMENT

Khan Bank 3x3 basketball courts

In 2021, Khan Bank built 3x3 basketball courts in Mongolia's 21 provinces and the Baganuur and Bagakhangai districts of Ulaanbaatar. Seven new courts were added to the capital in 2022, along with Zuunkharaa and Zamiin-Uud, and 33 new locations received new basketball courts.

In addition to using materials and equipment that adhere to international standards, we worked with reputable organizations to pay close attention to the health and safety of the children and teenagers who will use the basketball courts.

Province, city, and district governors, sports committees, and general education schools received the 3x3 basketball courts from Khan Bank.

Local basketball enthusiasts and 9th through 12th-grade students took part in a friendly nationwide 3x3 basketball tournament Khan Bank organized in September 2022. The winning team in the male and female categories won 1,000,000 MNT, the second-place team won 700,000 MNT, and the third-place team won 500,000 MNT.

We believe this project will provide opportunities for children and youth to spend their free time in a healthy and productive way, and strengthen their dreams and aspirations to become future champions who will represent our country in the world of basketball.









**SUSTAINABLE
PARTNERSHIP AND
REPORTING**

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DOMESTIC COOPERATION

By partnering with multiple domestic and international organizations and units, learning from others, and sharing the Bank's positive experiences, Khan Bank has been an active member and has served as an example of sustainable development and the effective implementation of corporate social

responsibility. We work with the following domestic organizations through active membership and transparent reporting in an effort to lead sustainable development, challenge others to grow and advance together, and collaborate:



INTERNATIONAL COOPERATION

Khan Bank has long received support and collaboration from international banking and financial institutions, development banks, and investment organizations.

Through 46 nostro accounts in 13 currencies at 28 foreign banks, Khan Bank has built relationships with more than 200 globally recognized banks in the field of correspondent banking to offer its customers trustworthy and prompt services for international settlement and foreign transactions.

Khan Bank has agreements for trade financing rights totaling more than 200 million USD signed with international banks and financial institutions as part of their cooperation in international trade financing. The Bank also supports the foreign trade operations of its clients and foreign trade enterprises. In accordance with the characteristics and volume of our customers' trade, we work together to offer payment instruments and financing services that are frequently used in international trade in accordance with standards like UCP600, URDG, and Incoterms 2020 issued by the International Chamber of Commerce and Industry. We have a long history of working with international banks, financial institutions, and major development banks like the International Finance Corporation (IFC), Asian Development Bank (ADB), and European Bank for Reconstruction and Development (EBRD) to finance and support our customers' international trade. More than 800 foreign banks can collaborate with the program's framework in the area of trade financing.

TRANSPARENCY AND REPORTING

Within the framework of sustainability reporting and transparency, Khan Bank annually publishes its Sustainable Development Report. Khan Bank not only fully complies with the Banking Law of Mongolia and the regulations and procedures set by the regulatory body, the Bank of Mongolia, but also regularly submits relevant reports in a timely manner.

In addition, Khan Bank regularly presents reports to cooperating IFIs, correspondent banks, and international credit rating agencies on its prudent and transparent corporate governance principles, environmental and social risk management system, protection of customer rights, and anti-money laundering and anti-terrorist financing measures comply with international standards.

In terms of loans financed for a specific purpose, Khan Bank duly cooperates with lenders by submitting quarterly reports containing information on the effectiveness and proper use of funding.

In 2022, Khan Bank delivered more than 250 reports to international lenders and credit rating agencies.



www.khanbank.com



1800-1917



sustainability@khanbank.com



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