

STATE BANK'S FINANCIAL AND OPERATIONAL REPORT FOR THE FIRST HALF 2024

1. BANK'S OPERATIONAL REPORT

1. About the bank
2. Highlights
3. Bank's medium-term objectives
4. Supporting the middle class
 - Highlighted products and services
 - Events and activities
5. Sustainable development
6. Social responsibility

2. FINANCIAL PERFORMANCE



▣ Vision:

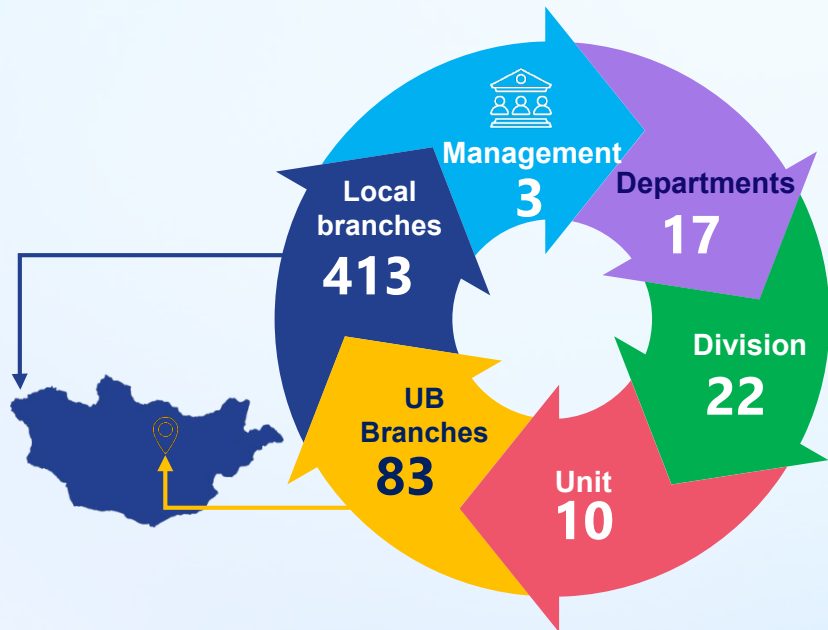
To be a leading national bank that supports the middle class.

Mission:

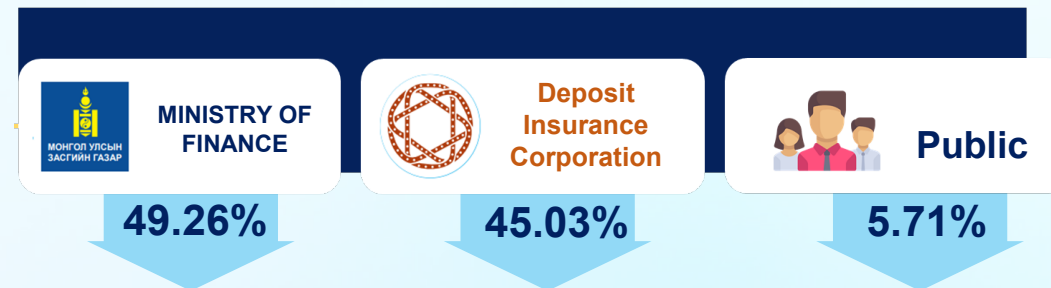
We enable equal accessibility of complex financial services using advanced technology in line with customer demand for eco-friendly, socially responsible, transparent services with good governance intended to support and nurture the middle class.

▣ Bank's management:

- A total of 3,420 employees are working at the bank as of June 30, 2024.



▣ Bank shareholders:



BANK SHAREHOLDERS: 9,295 as of June 30, 2024

▣ Shareholder's meeting:

The opinion of the Board of Directors regarding the 2023 operational and financial report of "State Bank" JSC was approved at the regular meeting of shareholders on April 29, 2024.

▣ Bank's dividend distribution:

In accordance with the Resolution No.10 of the Bank's Board of Directors dated February 19, 2024, a total of MNT 49.9 billion dividends from the net profit of 2023 was distributed to 9,211 shareholders on April 22, 2024 through "Mongolian Central Securities Depository" LLC and banks.

HIGHLIGHTS



The bank raised USD 31.5 million funding

State Bank has strengthened its cooperation with Cargill Financial Services International of the United States of America, has raised a total of USD 31.5 million funding to support agricultural sector.



“Human Resources policy” was newly approved

The bank’s Human Resource Policy was redefined and newly approved. Employees of local units have received an additional bonus of 5-30 percent, depending on the region.



The bank started to issue “Khorshoo’s member – Herder loan”

A total of MNT 198.9 billion “Khorshoo’s member – herder loans was issued to 5,595 borrowers as of June 30, 2024.



Herder loan’s term has been extended

Due to the worsening of winter and spring conditions in the country, the term of herder loans with the balance of MNT 674.0 billion in 57,069 loan accounts was extended by 12 months. Out of this, the loan interest rate payable by customer issued to herders with a balance of MNT 599.2 billion in 48,879 loan accounts, was changed to 6 percent in 2024.

The State bank set goals in accordance with the 3 priority areas of the strategy within the framework of the BUSINESS PLAN in 2024.

- **II. To provide financial education, advice and information aimed at supporting the middle-class, and improve digitalization for the accessibility of products and services.**

- **III. To focus on strengthening eco-friendly, socially responsible and solid governance of bank operations, and ensure business continuity.**

- **I. To expand the market and bring financial indicators to the target level**



Providing Financial services



+20,816 citizens have placed of MNT **103.3** billion savings.



MNT **2,308** billion loans were issued to borrowers **+83,702**.



+2,589 households got apartments.

- Mortgage loans – 1,923
- Housing loans– 611
- Loans for energy-efficient home and house - 55



+4,624 jobs have been saved.

Total of **104,518** citizens

Delivering products and services with accessibility



+86 Kiosk service to **391,648** citizens.



increased **+541** POS, total of **9,572**.



+53,855 citizens were newly registered **728,917** customers are using Gyalsbank.



+75,375 Citizens are using new cards.



Insurance brokerage **+43,528** contracts were concluded.

87% of all transactions made by online service.

Total of **564,406** citizens

Providing financial education, advice and information



“BRAND ADVERTIZING” delivered to **2.2 million** citizens.

2 aimag, **2** districts “Customer’s Day”



+4 contents

“Success Stories” 4 contents involving SMEs - **34.8 thousand** people on social media



+5,958 Entrepreneurs

Provided financial education as a client of the Incubator Center.

+56,603 students

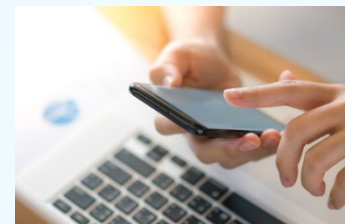
Total of **2,297,361** citizens

Financial advice and information

NEW, HIGHLIGHTED PRODUCTS



"**TAX REFUND**" service has been introduced to the market to provide tax refunds to tourists who stay in Mongolia for a period of up to 90 days.



Customers of State Bank living and working abroad can now open "**House**" term deposits online through the bank's website.



The bank increased the competitiveness of loan products and set the loan commission flexibly from **0.3% to 1.0%**.



The amount of "**Loan to support women entrepreneurs**" has been increased to MNT 200.0 million for individuals and MNT 500.0 million for legal entities.

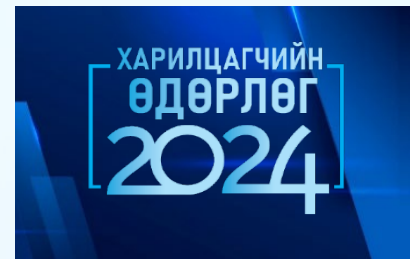


Customers with the "Healthy Citizen" deposit account and the "Healthy Citizen" card of the State Bank can use **up to 20% discount** at 70 hospitals that cooperate with "Dearim Saint Mary's" and "Medical Advice" hospital in South Korea.

PROMOTIONAL EVENT AND ACTIVITIES



"Paris 2024 Summer Olympics - Support the victory" visa card incentive campaign was organized between 05.03.2024 and 31.05.2024



102,500 customers received information and advice about the bank's products and services.



The "Sustainable Development-Green Future" exhibition was successfully organized in cooperation with the State Bank and Mongolian Center for Housing Innovation and Development.



The Bank participated in the "BARILGA EXPO 2024" International Construction Exhibition and worked as a mobile bank promoting green loan products and services.



On the occasion of the Lunar New Year, "My Mongolia -2024" trade fair was successfully organized for the second year, 322 customers and SMEs have been participated from Ulaanbaatar and the local areas.

Sustainable financing



Green loan portfolio

36.5
billion MNT

Increase from the previous year

42.0%

Loans for sustainable development

138.0
billion MNT

Increase from the previous year

49.5%

Greenhouse gas emissions



Scope 1 and 2
/Net emission/

11,805
tn CO2
2022

12,354
tn CO2
2023

Reporting



2023 Environmental, Social and Governance Report has been submitted to MSE.

WE SUPPORT



First report of Communication on Progress as we joined the UN Global Compact (UNGC)

Cooperation and commitments



Mongolian Sustainable Finance Association



UN Global Compact



Partnership for Carbon Accounting Financials



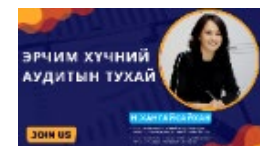
MUFG

"Sustainable Bank Financing Framework" is being developed by receiving technical consulting services.

Training



A total of 15 training modules on Gender equality, Business and human rights, Human rights due diligence and labor principles.



Training to improve understanding and knowledge of "Energy Efficiency".



Training on financed Emissions organized by Partnership for Carbon Accounting Financials.



Financial education training was provided to SME and people with disabilities in cooperation with the General Authority for Development of Persons with Disabilities and the University of Finance and Economics.

“Gyals cleaning-2024” campaign

Gyals cleaning campaign was organized in 330 soums across 21 provinces, involving all employees on May 18, 2024. A total of over 7,000 hectares was cleaned, resulting in the collection of about 800 tons of waste using 425 vehicles.



“Tree planting: the new trend -One Employee, One Tree”

State bank’s employees planted willow trees in the National park to support the “Billion Tree program”



“Helping herders” campaign

As part of a social responsibility initiative, the “Helping herders” campaign was organized, involving 4,000 employees. Vouchers totaling MNT 46,725,000 were donated to the National Emergency Management Agency, providing livestock blankets and financial assistance.



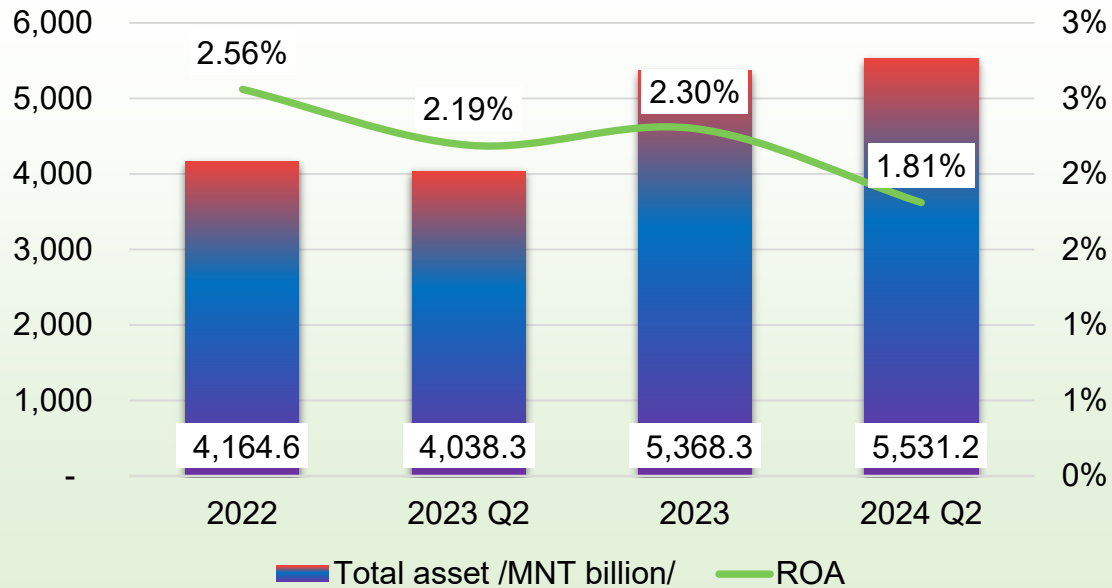
Children’s Day



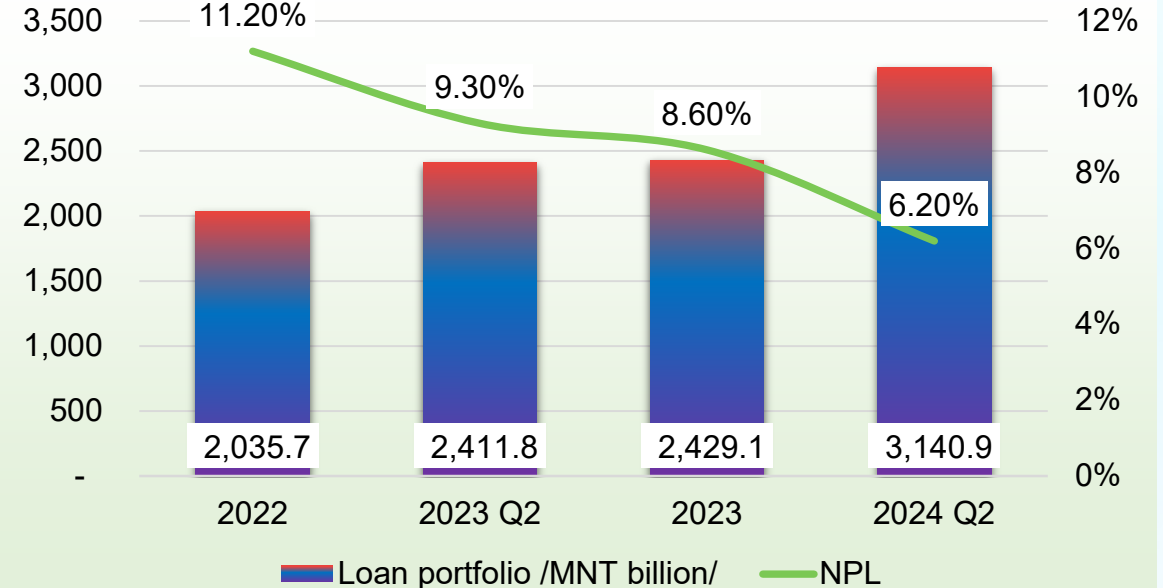
The Bank participated in the “Kids Art Festival 2024” event held at the National Sport Stadium in order to honor and support children, enhance its reputation, foster a positive attitude and impression of the bank, provide financial education, and promote its products and services aimed at children. State bank received “The Appreciation Letter” for jointly starting the “Kids Art Festival 2024” event and making valuable contribution to preparing creative citizens through visual art.



Total assets, Return on Assets (ROA)

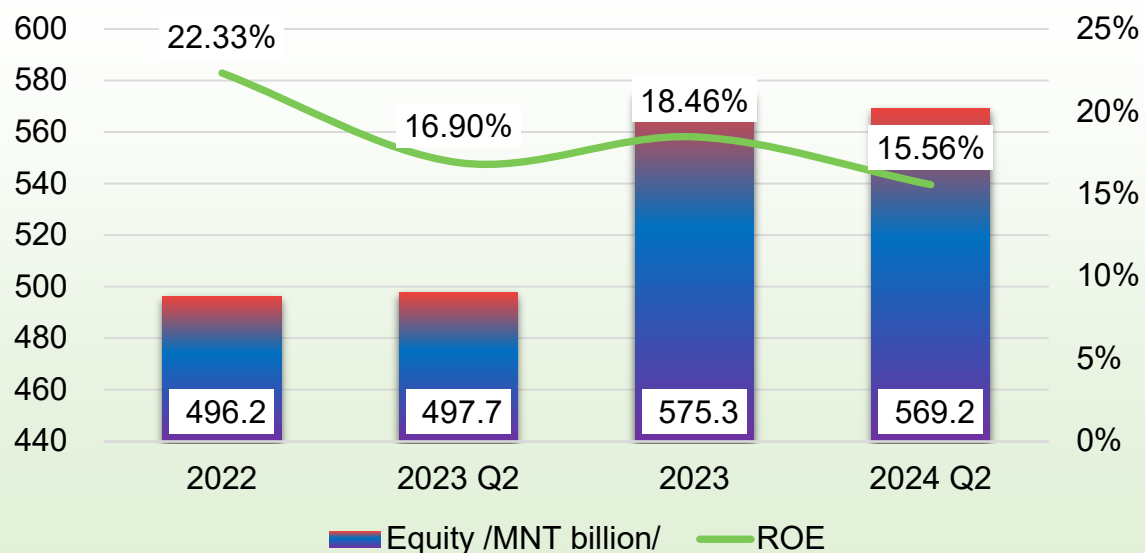


Loan portfolio, NPL percentage

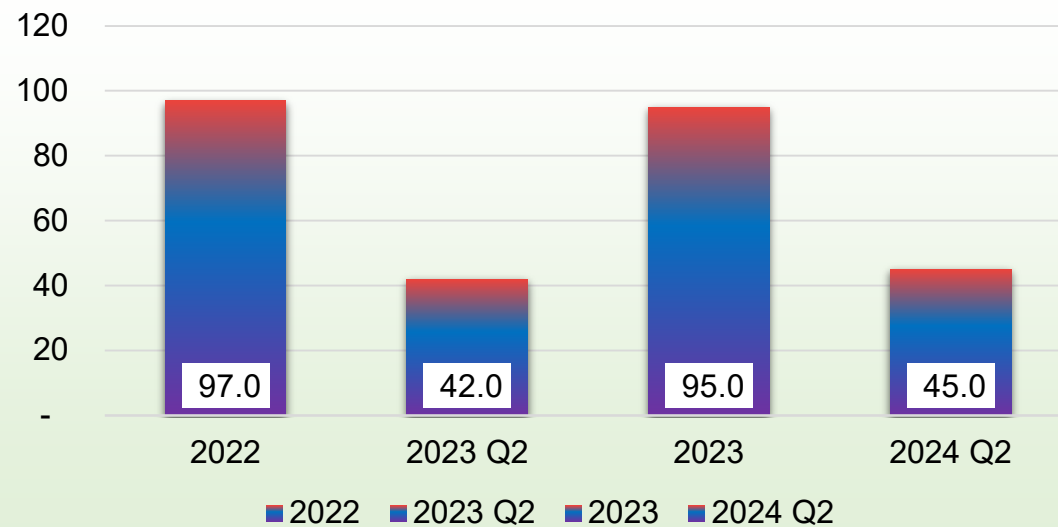


- As of June 30, 2024, the bank's total assets reached MNT 5,531.2 billion, an increase of 37 percent from the previous year, and the total loan portfolio reached MNT 3,140.9 billion, an increase of 30.2 percent from the previous year, the percentage of NPL was reduced by 3.1 percent from the previous year to 6.2 percent.

Equity, Return on Equity (ROE)



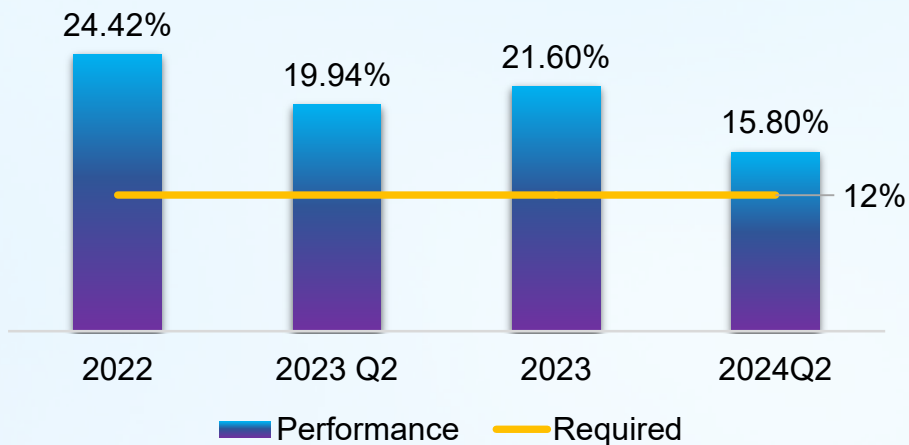
Profit after Tax



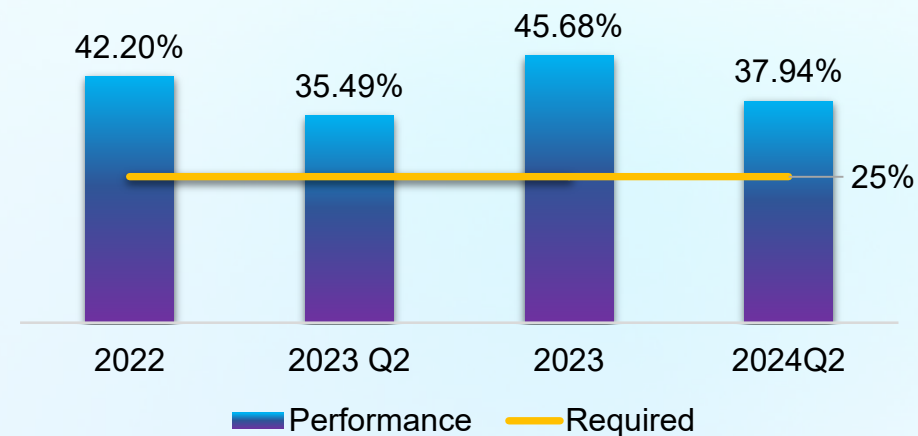
/MNT billion/

- ▣ The bank's equity reached MNT 569.2 billion, an increase of 14.4 percent from the same period last year and the profit after tax increased by 2.7 billion MNT from the previous year, making a net profit of MNT 44.8 billion.

Capital to risk-weighted assets ratio



Liquidity ratio



- State bank consistently meets all prudential ratios set by Bank of Mongolia with the indicators that are above the average compared to the group average of systemically important banks.
- In addition to consistently maintaining the capital to risk-weighted assets ratio, the bank has consistently outperformed the liquidity requirement.

THANK YOU!