“TRADE AND DEVELOPMENT BANK” JSC
REPORT OF THE INDEPENDENT MEMBER OF THE BOARD OF DIRECTORS
REPORT FOR THE SECOND HALF OF 2025

Report prepared by: BOLORMAA. J

I served during the reporting period as an Independent Member of the Board of Directors (BOD), as Chair of the Remuneration and Nomination Committee (RNC) under the Board of Directors, and as a member of the Audit Committee, in accordance with the “Regulation on Nominating, Appointing, and Releasing Independent Members of a Bank’s Board of Directors,” approved by order of the Governor of the Bank of Mongolia.

During the reporting period, I participated in regular and extraordinary meetings of the Board of Directors, the RNC, and the Audit Committee by electronic means and by submitting written votes, and voted on the relevant matters.

1. The Board of Directors held meetings on the following dates.

1.1. July 4, 2025;
1.2. July 25, 2025;
1.3. August 8, 2025;
1.4. September 12, 2025;
1.5. September 26, 2025;
1.6. October 28, 2025;
1.7. November 14, 2025;
1.8. December 19, 2025;
1.9. December 25, 2025.

I reviewed the matters discussed at the above meetings and, when casting my votes, participated in decision-making as an independent member in compliance with the Company Law, the Banking Law, and other legislation. The following types of matters were discussed and the relevant decisions were made. These included:

1. Reviewing and evaluating Trade and Development Bank’s strategic objectives, budget performance, and quarterly operational reports;
2. Discussing and approving TDB’s Risk Appetite for 2026;
3. Discussing and approving policies, procedures, and instructions related to bank governance;
4. Determining the market value of Bank’s property and property rights and granting permission for sale;
5. Granting permission to sell shares owned by the Bank;
6. Discussing and approving the Bank’s 2026 strategic objectives and financial budget;
7. Resolving requests on whether to approve conflict-of-interest transactions;
8. Transactions to raise funding from foreign banks and financial institutions;
9. Re-approving the composition of the committees under the Board of Directors;
10. Reviewing quarterly reports on anti-money laundering and counter-terrorism financing activities;
11. Other matters to be resolved by the Board of Directors.

During the reporting period, the RNC met a total of four times and discussed and resolved matters such as changes to the members of the Bank's committees, appointments to the Executive Management team, and nominations for independent members. The Audit Committee discussed matters including TDB's operations and financial statements for the first half of 2025 and whether to amend the Internal Audit Department's 2025 Audit Work Plan.

There were no dissenting opinions of principle regarding the decisions made above, and I worked to ensure that legally compliant decisions were made and cast my votes accordingly.

Conflict-of-interest transactions:

In accordance with Article 76.1.17 of the Company Law, I provided my vote on conflict-of-interest transactions.

During the reporting period, namely the second half of 2025, I voted on a total of 14 conflict-of-interest transaction matters, and there were no dissenting opinions of principle; these decisions were in compliance with legislation.

Within the scope of the rights and functions of a member set forth in the Company Law, the Banking Law, the Bank's Charter, and the Board of Directors' Operating Procedure, during the reporting period there were no requirements raised to eliminate any violations or deficiencies or to exercise oversight. Comments made on the matters discussed were accepted by the Office under the Board of Directors and by the Bank's management, departments, and units, and were corrected and implemented in each case. I was guided by the need to perform the additional duties and responsibilities incumbent upon an Independent Member of the Board of Directors.

Report prepared by: DELGERSAIKHAN. J

I prepared this Report in accordance with the Company Law; the relevant regulations of the Bank of Mongolia, including the "Regulation on Monitoring and Inspection of the Implementation of Principles of Sound Bank Governance" and the "Regulation on Nominating, Appointing, and Releasing Independent Members of a Bank's Board of Directors"; TDB's Charter; and other relevant governance policies and principles.

During the reporting period, until my release from position on October 28, 2025, I participated in the following regular and extraordinary meetings of the Board of Directors, the Audit Committee, and the Risk Management Committee by electronic means and by submitting written votes on draft resolutions, and contributed my votes to the adoption of relevant decisions.

1. Participated in the following regular and extraordinary meetings of the Board of Directors.

1.1. July 4, 2025;
1.2. July 25, 2025;
1.3. August 8, 2025;
1.4. September 12, 2025;
1.5. September 26, 2025;
1.6. October 28, 2025.

2. The Audit Committee held meetings on the following dates.

2.1. July 8, 2025;
2.2. July 22, 2025;
2.3. September 25, 2025.

3. Meetings held by the Risk Management Committee.

3.1. July 25, 2025;
3.2. October 23, 2025;

I supported the following decisions arising in connection with the matters discussed at the above meetings and had no differing position. These included:

1. Election of the Chair of the Board of Directors;
2. Establishment of committees under the Board of Directors and appointment of their members;
3. Sale of assets repossessed for loan obligations;
4. Amending the Bank's income, expense, and investment budgets and plans, monitoring their implementation, reviewing quarterly and semi-annual performance, and providing comments and recommendations;
5. Determining the market value of Trade and Development Bank's property and property rights and granting permission for sale;
6. Approving policies and procedures related to TDB governance;

7. Resolving, supporting, and ratifying requests to approve conflict-of-interest transactions;
8. Selecting an organization to conduct the external audit of TDB's financial statements and granting permission to enter into a contract;
9. Making changes to the Bank's structure;
10. Amending the Internal Audit Department's Audit Plan;
11. Granting permission to raise financing from foreign banks and financial institutions.

Conflict-of-interest transactions:

During the reporting period, 14 conflict-of-interest transactions were submitted to and discussed by the Board of Directors, and I participated in each meeting and cast my vote. In the course of discussing these conflict-of-interest transactions, within the scope of my duties as an Independent Member of the Board of Directors, I sought clarifications and received explanations regarding legal compliance, implementation of orders and decisions of the Bank of Mongolia, and compliance-related conformity.

During the reporting period, when participating in meetings, I worked by asking questions, expressing comments and recommendations, and giving assignments in the following areas. These included:

- *Bank operations, management, and organization,*
- *Bank policy, strategy, and planning implementation matters;*
- *Bank operations and risk management;*
- *Company performance and related monitoring and evaluation matters;*
- *Improving internal audit activities and reporting;*
- *Rules and procedures of the committees and office under the Board of Directors;*

Also, as Chair of the Audit Committee and a member of the Risk Committee, I focused on the following areas. These included:

- *Improving the audit plan and performance and making reporting more effective*
- *Criteria for selecting the organization to conduct the external audit of the financial statements;*
- *The Bank's recovery plan, risk appetite, and its performance;*

While serving as a independent member of the Board of Directors and the Risk Management Committee and as Chair of the Audit Committee, I endeavored to perform the rights and duties of an Independent Member of the Board of Directors to oversee whether the activities, policies, and decisions of the Board of Directors and Executive Management could adversely affect the interests of the Bank and whether they complied with legislation, in order to protect the interests of the Bank's stakeholders, including shareholders, customers, depositors, and employees.

Report prepared by: BATJARGAL. G

I, Batjargal. G, was appointed and served as an Independent Member of the Board of Directors (Board of Directors) of "Trade and Development Bank" JSC from July 1, 2025, and during the past period also served as Chair of the Risk Management Committee under the Board of Directors and as a member of the Remuneration and Nomination Committee.

During the second half of 2025, I participated in regular and extraordinary meetings of the Board of Directors, the RNC, and the Risk Management Committee by electronic means and by submitting written votes.

1. **The Board of Directors held a total of eight online meetings and collected votes once by ballot. These included:**

    1.1. July 4, 2025;
    1.2. July 25, 2025;
    1.3. August 8, 2025;
    1.4. September 12, 2025;
    1.5. September 26, 2025;
    1.6. October 28, 2025;
    1.7. November 14, 2025;
    1.8. December 19, 2025;
    1.9. December 25, 2025;

At the above meetings

- Election of the Chair of the Board of Directors;
- Establishment of committees under the Board of Directors and appointment of their members;
- Approving and amending the Bank's income, expense, and investment budgets, strategic objectives, and plans; monitoring them; and reviewing quarterly and annual performance;
- Determining the market value of Trade and Development Bank's property and property rights and granting permission for sale;
- Approving the operating procedure of the Sustainable Development Committee;
- Raising funding from foreign banks and financial institutions;
- Approving and ratifying conflict-of-interest transactions;
- The Bank's report on activities to combat money laundering, terrorist financing, and financing of the proliferation of weapons of mass destruction;
- Progress of project and program implementation;
- Writing off loans and receivables from credit risk and receivables risk provisions;
- Approving TDB's risk appetite for 2026;
- In discussing other matters to be resolved within the authority of the Board of Directors, I reviewed the meeting materials one by one and, where necessary, obtained additional clarification before providing my opinions and conclusions.

2. Work performed as Chair of the Risk Management Committee:

During the reporting period, the Risk Management Committee met a total of two times and discussed and resolved the repeal of TDB's Instruction on Managing Credit Portfolio Risk and the quarterly performance of the Bank's Risk Appetite.

3. Work performed as a member of the RNC:

As a committee member, I participated electronically in four meetings and voted on matters including changes to the Bank's structure, changes to committee members, release of an Independent Member of the Board of Directors, nomination of an independent member, and extension of the employment contract of the Chief Executive Officer.

There were no dissenting opinions of principle regarding the decisions made above, and I worked to ensure that legally compliant decisions were made and expressed my position accordingly.

Conflict-of-interest transactions:

During the reporting period, namely the second half of 2025, 13 conflict-of-interest transaction matters were discussed at meetings of the Board of Directors.

Within the scope of the rights and functions of a member set forth in the Company Law, the Banking Law, the Bank's Charter, and the Board of Directors' Operating Procedure, during the reporting period there were no requirements raised to eliminate any violations or deficiencies or to exercise oversight. Comments made on the matters discussed were accepted by the Office under the Board of Directors and by the Bank's management, departments, and units, and were corrected and implemented in each case. I was guided by the need to perform the additional duties and responsibilities incumbent upon an Independent Member of the Board of Directors.