



Attachment to XacBank Board Resolution R-2023-42
dated 07 July 2023



Public Information Disclosure Policy

TABLE OF CONTENT

CONTENT

ARTICLE ONE. INTRODUCTION	3
ARTICLE TWO. DEFINITIONS	3
ARTICLE THREE. TRANSPARENCY PRINCIPLE	3
ARTICLE FOUR. PERIODIC REPORTING	3
ARTICLE FIVE. REGULAR REPORTING	5
ARTICLE SIX. INFORMATION ABOUT THE BANK	6
ARTICLE SEVEN. RESTRICTIONS AND PROHIBITIONS ON INFORMATION DISCLOSURE	6
ARTICLE EIGHT. RESPONSIBILITIES	7

ARTICLE ONE. INTRODUCTION

- 1.1 XacBank's Public Information Disclosure Policy ("the Policy") sets out the procedure to disclose the Bank's information and reporting to the shareholders of the Bank and governing bodies in line with the legal and regulatory requirements of frequencies and forms.
- 1.2 The Policy is developed in accordance with the Company Law of Mongolia, Banking Law of Mongolia and Securities Market Law of Mongolia, and respective legal acts of the regulatory bodies and the Bank's charter.
- 1.3 This Policy shall be reviewed and revised based on the respective changes in the regulations of Financial Regulatory Commission ("FRC"), Bank of Mongolia ("BOM") and Mongolian Stock Exchange ("MSE"), and shall be approved by the Bank's Board of Directors.
- 1.4 The Bank's Board of Directors shall ensure the implementation of this Policy.

ARTICLE TWO. DEFINITIONS

- 2.1. For the purposes of this Policy, the following definitions apply:
 - 2.1.1 "Insider information holder" as defined in Clause 77.1 of Securities Market Law, and Financial Regulatory Commission's (FRC) Regulation on Disclosure of Internal information of Securities Market;
 - 2.1.2 "Public information disclosure" is the disclosing of the information as per legal and regulatory requirements and this Policy through the websites of the Bank and the Mongolian Stock Exchange, and through other public media as deemed necessary by the FRC;
 - 2.1.3 "Periodic information and report" is the report and information of the Bank's operations to be disclosed at the Bank's Annual Shareholders Meeting to the shareholders; and
 - 2.1.4 "Ad hoc information disclosure" the procedure to disclose any information that may have an effect on the Bank's share price within ordinary possible timeline.

ARTICLE THREE. TRANSPARENCY PRINCIPLE

- 3.1 Following principles shall be applied for the information disclosure process, which are:
 - 3.1.1 To report the required information as per the respective legal and regulatory required forms, context and frequency efficiently;
 - 3.1.2 To report any material event and decision that may have positive and negative effect on the Bank's business timely manner;
 - 3.1.3 To provide all shareholders with equal and balanced information;
 - 3.1.4 To ensure a balance between the Bank's business confidentiality and information transparency.

ARTICLE FOUR. PERIODIC REPORTING

- 4.1 The Bank shall abide with the FRC's Regulation on Public Information Disclosure by "Regular release of information from Issuer of Securities to the public" and MSE's Guidance on "Policy of online reporting from Issuer of Securities".
- 4.2 Periodic information and report shall include the annual, semi-annual and quarterly information of the Bank's operations and financials.
- 4.3 The annual information of the Bank's operations and financial result shall be disclosed to the public with the following context and forms no later than 1st of April following year:
 - 4.3.1 Periodic financial information and analysis;

- 4.3.2 Financial information reviewed and audited by an external auditor, and its disclosures and auditor's opinion;
- 4.3.3 Information for loans (debt) received during the period, and collateral and guarantees issued by the Bank during the period;
- 4.3.4 Information for new debt raised from international lenders, and liquidity position and its management;
- 4.3.5 Information for compliance with the Bank of Mongolia's prudential ratios requirement;
- 4.3.6 Management's conclusion and analysis on internal and external environment;
- 4.3.7 Information about the business achievement and products and services developments;
- 4.3.8 Report on the use of IPO proceeds according to the Prospectus;
- 4.3.9 **Conflict of Interest Information:** Information about the conflict of interest transactions and significant transactions done in the reporting period, outcome of the transactions, and list individuals and entities under conflict of interest transactions;
- 4.3.10 **Remuneration Information:** Information about salaries, incentives and bonuses paid to the Bank's Board of Directors, including independent directors, and Senior Management, any stock options, and Remuneration Policy of Issuer of Securities;
- 4.3.11 **Governance Information:** (i) Information about the Chairman, Board of Directors, including independent directors and the Executive Management; (ii) changes in the structure and composition of the Bank's management, (iii) roles and responsibilities, of the committees of the Board and the Board committee members' education and work experiences; (iv) implementation of code of conduct and risk management; (v) the Shareholders' verdict on the reports of the Board and its committees ; (vi) the Board evaluation of the Executive Management's performance; (vii) the Board assessment of the internal audit reports; and (viii) internal assessment of governance done as per the FRC approved methodology as deemed necessary;
- 4.3.12 **Market Risk Information:** Information for financials and other transactions entered with third party to manage the market risk, methods to control and measure the market risk, and risk management framework;
- 4.3.13 **Shareholder Information:** (i) details on the identities, share quantities and concentration of both foreign and domestic individual and corporate shareholders which are ultimate beneficial owners, influential shareholders, or controlling shareholders during the reporting year; (ii) information on the subsidiaries and affiliate entities in which the bank holds shares, (iii) quantity and value of shares that have been redeemed as per exercise of share redemption rights in accordance with the Company Law within the reporting period.
- 4.3.14 **Dividends Information:** Information about dividend policy, dividend amount disbursed in the reporting period, form of dividend distribution, rationale in case of not distributing dividends, and dividend distribution information and report in case of distribution of dividends in previous year;
- 4.3.15 **Environmental and Social Responsibility:** Reports and information about the operations of the reporting period regarding the environmental and social responsibility.
- 4.4 Quarterly and semi-annual financial and operational reports shall have the following contexts and forms, and shall be disclosed to the public within 20th of the following month:
 - 4.4.1 Semi-annual financial information with disclosures as per the International Financial Reporting Standard ("IFRS") and respective legal and regulatory requirements;
 - 4.4.2 External and internal factors affecting the Bank's operations during the reporting period, analysis of financial statements and management report based on income, expenses and profit indicators;

- 4.4.3 Information for conflict of interest transactions and significant transactions during the reporting period;
- 4.4.4 The Board Audit Committee's opinion on half-year review financial statements;
- 4.4.5 Off-balance sheet items and transaction information;
- 4.4.6 Reports and information on the progress of project implementation using IPO proceeds, in case the Bank has issued shares from the public with the specific purpose to implement the project; and
- 4.4.7 (i) Information about the shares of the Bank held by the Governing person including Board of Directors, Executive Management and other governing persons; (ii) changes in the management structure and composition; (iii) the Board assessment of the internal audit reports; (iv) the Board evaluation of the Executive Management's performance; and (v) information about the ultimate beneficial owners and influential shareholders of the Bank;
- 4.5 The Chief Executive Officer is accountable for the accuracy of information specified in Clauses 4.3 and 4.4 of this Policy. The Bank's Corporate Secretary and the Chief Financial Officer shall carry the responsibility for disseminating this information through the Bank's website and the Mongolian Stock Exchange website.

ARTICLE FIVE. REGULAR REPORTING

- 5.1 In the event of a situation affecting the decision-making of a shareholder or investor, the Bank shall inform the public through the FRC, MSE and its own website within one working day of the situation. The following information to be reported on a timely basis:
 - 5.1.1 Shareholder's decision;
 - 5.1.2 Changes in the composition of Bank's Board of Directors and management;
 - 5.1.3 Information of 15 percent or more of all staff change, layoff, allocation or new hires;
 - 5.1.4 Corporate structure changes in the Bank and its subsidiary, associate and affiliate company;
 - 5.1.5 Contracts and agreements to attract funds from international financial institutions;
 - 5.1.6 The assets of the bank have been frozen or seized;
 - 5.1.7 Began to engage in other licensed activities, the Bank's license was suspended or revoked;
 - 5.1.8 Information on the cancellation or termination of any special license related to operations that affect 20 percent or more of the Bank's revenue, or any contract with a supplier or buyer;
 - 5.1.9 Change in the shares held by influential shareholders, their related parties and their shares in the company;
 - 5.1.10 Information on the change of shareholders holding 5 percent or more of the total issued shares of the Bank;
 - 5.1.11 Information on shareholdings of governing persons;
 - 5.1.12 The holder of insider information specified in Article 77 of the Securities Market Law and changes therein;
 - 5.1.13 Change of independent external auditor;
 - 5.1.14 Information related to contracts, deals, and transactions that create financial and non-financial rights and obligations related to off-balance accounting financial position shall be reported, and the information shall include the contract, contract term, price amount, terms of payment, summary of the transaction, rights and obligations and payments created from short and long-term lease contracts;
 - 5.1.15 In the event that the governing person of the issuer of securities decides to reassess the value of the company's assets in accordance with IFRS, the rationale for making

such decisions and calculation on impairment limit and amount by which the assets have decreased in value;

- 5.1.16 Information about the receipt of a notice of downgrading or deregistration due to failure to meet the registration criteria of the Trading. If the Bank has applied to remain listed on the stock exchange, the date of submission of the request and the measures implemented in accordance with the above notification, and information about contractual obligations that have been fulfilled or failed to fulfill during the registered period;
- 5.1.17 Information about the measures in which the bank's executive management and governing persons are removed of their duties, the prohibition for such individuals the sale and purchase of the Bank's shares on the stock exchange and over-the-counter market for period up to 1 year from the date of issue, other decisions and measures taken by the company's board of directors in this regard;
- 5.1.18 Information pertaining to the judicial body, prosecuting authority, or state agency that has brought charges against an authorized official of the Bank, its subsidiary, or affiliate company as a defendant, initiating an administrative or criminal proceeding; and information on instances where the court has appointed a bankruptcy trustee in accordance with the bankruptcy laws.
- 5.1.19 Other events that may affect the share price of the Bank and other information required by laws and regulations.
- 5.2 The Bank shall submit an official decision when making the information specified in clause 5.1 of this regulation open to public to FRC, BOM and MSE within one working day.
- 5.3 The Chief Executive Officer and the Corporate Secretary of the Bank shall be responsible for implementing the information disclosure process specified in Section 5.1 of this Policy.

ARTICLE SIX. INFORMATION ABOUT THE BANK

- 6.1 At the request of its shareholder, the Bank shall present to the shareholder the annual financial and operational report, the names of the Bank's affiliated parties, the type and number of shares held by them, and other information determined by the regulations of FRC and MSE.
- 6.2 Clause 6.1 of this regulation shall be implemented in accordance with Article 98 of the Company Law.

ARTICLE SEVEN. RESTRICTIONS AND PROHIBITIONS ON INFORMATION DISCLOSURE

- 7.1 Inside information refers to non-public information that impacts the stock price.
- 7.2 Inside information holder must not disclose or assist in disclosing such information before it has been released to the public in compliance with the applicable laws or this regulation.
- 7.3 According to the Securities Market Law, individuals who possess inside information shall bear the obligations and responsibilities specified in Articles 78 and 89.
- 7.4 Analysis based on publicly available information is not considered inside information, even if it can significantly influence the stock price and trading volume.
- 7.5 Individuals with access to inside information are not allowed to disclose it with others unless it is required of them due to their official capacity and responsibilities.
- 7.6 The Bank will follow MSE and FRC procedures when disclosing inside information with the public. Additionally, the Bank will also inform both parties when such information is disclosed.
- 7.7 When disclosing inside information to the public, the following methods shall be followed:
 - 7.7.1 Disclosure through the respective websites of the Bank, MSE and FRC;
 - 7.7.2 Disclosure according to the procedure established by the Committee;

- 7.7.3 Alternative methods to provide individuals concerned with unrestricted access to information.
- 7.8 "Insider Trading Policy" of the Bank separately regulates a trading activities of inside information holders.

ARTICLE EIGHT. RESPONSIBILITIES

- 8.1 Anyone who violates this regulation will be accountable under the Securities Market Law and other relevant laws and regulations.