



SUSTAINABILITY AND ESG REPORT 2024



Statement

This report presents the sustainable finance initiatives and the environmental, social, and governance (ESG) activities undertaken by Capitron Bank during the financial year spanning from January 1, 2024 to December 31, 2024. Guided by our commitment to transparency and responsible business practices, we are pleased to voluntarily prepare and publish this report, commencing in 2025.

The report provides comprehensive information on Capitron Bank's ESG strategy, policy implementation, climate change mitigation efforts, sustainable financing initiatives, positive social impact, and operations grounded in sound corporate governance principles. It has been prepared in accordance with the ESG and Sustainability Reporting Guideline (2022), the United Nations Sustainable Development Goals (SDGs), the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as well as other relevant international standards.

¹ESG and Sustainability Reporting Guidance For Mongolian Companies

Content

Abbreviations	4	Capitron Bank in Numbers	9	2024 highlights	17
Glossary	4	GHG emission	10	Gender equality policy has been adopted	18
Message from the Chairman of the Board	5	Sustainability timeline	16	Women's mentoring program	18
Message from the Chief Executive Officer	6			Certified to ISO/IEC 27001:2022 standard	19
About us	7			Co-hosted the ESG forum in collaboration with AmCham	19

Governance	20	Social	32	Environment	36	Sustainable and green finance	39
Policies and Regulation in effect	22	Corporate Social Responsibility Initiatives	33	Around the National Billion Tree Campaign	37	In collaboration with International Development partners	40
Shareholders	24	“Junior Internship” Program 2024	33	Signed MoU with “SOAP II” Project	38	Own initiatives and products	41
Board of Directors	24	The “Student Banker” program	33	Commenced Climate Change Scenario Analysis	38	Appendix	42
Sustainability structure and Governance	25	“Memorandum of Cooperation signed with the Mongolian Mathematical Olympiad Committee”	34	Waste Management	38		
Capitron Bank's credit ratings	26	Provided Financial Support for the Children's Book Festival	35				
Ecotron Program	27	Capitron Student League 2023-2024	35				
Credit ESG Risk Management	27						
Sustainable workplace	28						
Health and Well being	29						
Education and professional development	29						
Remuneration and Benefits	30						

Abbreviations

ADB	Asian Development Bank
AmCham	American Chamber of Commerce
BoD	Board of Directors
CSR	Corporate Social Responsibility
ESG	Environment, Social, Governance
GHG	Greenhouse gas
GoM	Government of Mongolia
JICA	Japan International Cooperation Agency
IPCC	Intergovernmental Panel on Climate Change
MSFA	Mongolian Sustainable Finance Association
NGO	Non-governmental organization
PCAF	Partnership for Carbon Accounting Financials
SDG	Sustainable Development Goals
UNESCAP	UN Economic and Social Commission for Asia and the Pacific
FATF	Financial Action Task Force

Glossary

Climate change	means a change in climate attributable, directly or indirectly, to human activity that alters the composition of the global atmosphere, and that occurs in addition to natural climate variability observed over comparable time periods.
Greenhouse gas	A greenhouse gas is a natural or human-induced atmospheric component that has the property of absorbing and re-emitting infrared radiation. These include, but are not limited to, water vapor, carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrochlorofluorocarbons (HCFCs), ozone (O ₃), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF ₆).
Scope 1	Direct greenhouse gas emissions that occur from sources owned or controlled by the organization, i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.
Scope 2	Indirect greenhouse gas emissions from the consumption of purchased electricity, heat, steam or cooling.
Scope 3	This encompasses greenhouse gas emissions that are not produced by the company itself and do not result from assets it owns or controls. Instead, they arise from activities across the company's upstream and downstream value chain. For example, purchased goods and services, employee commuting, business travel, water use and treatment in operations, and, for financial institutions, financed emissions from the loan and investment portfolio.

Message from the Chairman of the Board

Dear shareholders, valued customers and partners,

Building a sustainable future is not only our aspiration, it is our responsibility. Over the past 24 years, Capitron Bank has grown and evolved with a steadfast commitment to responsible business practices. Recognizing early on the challenges and opportunities brought about by climate change, in 2013, we became one of the founding members of the Mongolian Sustainable Finance Association, introducing a new paradigm of sustainable and responsible financing to Mongolian financial sector. This milestone represented not only progress for Capitron Bank but also a turning point for the wider industry, laying the foundation for sustainability principles to take root in Mongolian financial system.

Today, the world is witnessing the tangible and escalating impacts of climate change. Global average temperatures have already risen by 1.2°C compared to pre-industrial baseline, and without immediate and substantial reductions in greenhouse gas emissions, there is a high probability of surpassing 1.5°C between 2030 and 2040. Even a seemingly moderate warming of 1–2°C carries severe consequences for the stability of global ecosystems, economies, and societies, as history has repeatedly shown. Against this backdrop, financial institutions bear an unprecedented responsibility to adopt policies and make decisions that foster socially responsible, environmentally sustainable, and climate-resilient development.

At Capitron Bank, we continuously align our operations with international best practices and standards, embedding sustainable finance principles across our policies, procedures, and strategic frameworks. Our efforts extend beyond internal processes, we strive to create a lasting, meaningful impact for our customers, partners, and the broader Mongolian financial sector. We are committed to measuring financial sustainability not solely through numerical indicators, but through holistic value creation grounded in the integrated consideration of environmental, social, and governance (ESG) factors.

In 2024, we strengthened our corporate governance by establishing a Green Development Committee under the Board of Directors. This committee is entrusted with providing strategic direction and oversight for the effective implementation of Sustainable Finance and ESG principles across the Bank's operations.

This Sustainability and ESG Report not only reflects the outcomes of the initiatives we have undertaken but also serves as a strategic roadmap for our future goals and plans. We firmly believe that the future is shaped by the decisions we make today. Therefore, together with our customers and partners, we remain committed to fostering a more responsible and sustainable financial system and contributing to a development path that is environmentally sound and beneficial for future generations.

Sincerely,



Chairman of the Board of Directors,
Capitron Bank
GANBOLD T.



“ Responsibly Managing Climate-Related Risks and Opportunities ”

Message from the Chief Executive Officer

Over the past decades, the global climate, economic, and social landscapes have undergone profound and rapid transformations. With shifting consumer expectations, increasing resource constraints, and tightening regulatory requirements, businesses across all sectors face a pressing need to strategically transform their operations to ensure resilience and sustainability.

In this evolving context, “Sustainability and ESG reporting” has become an essential platform for communicating an organization’s long-term vision, progress, and commitment to transparency and accountability.

As a financial institution, Capitron Bank is dedicated not only to fostering economic growth but also to conducting its operations with fairness and a long-term sustainable perspective. Since its inception, the Bank has demonstrated steady growth and continuous development.

Society at large, including customers, investors, and regulators demands greater transparency, accountability, and socially responsible business practices. Therefore, we have embedded ESG principles into our core business strategies to proactively manage risks and seize opportunities that drive long-term value creation.

Over the past year, we restructured the “Green Development Committee” at the executive management level, expanding it into the “Green Development and Gender Committee.” This transformation reflects our commitment to more closely align the Bank’s operations with sustainability principles, make tangible contributions to green development and gender equality, and reinforces executive accountability.

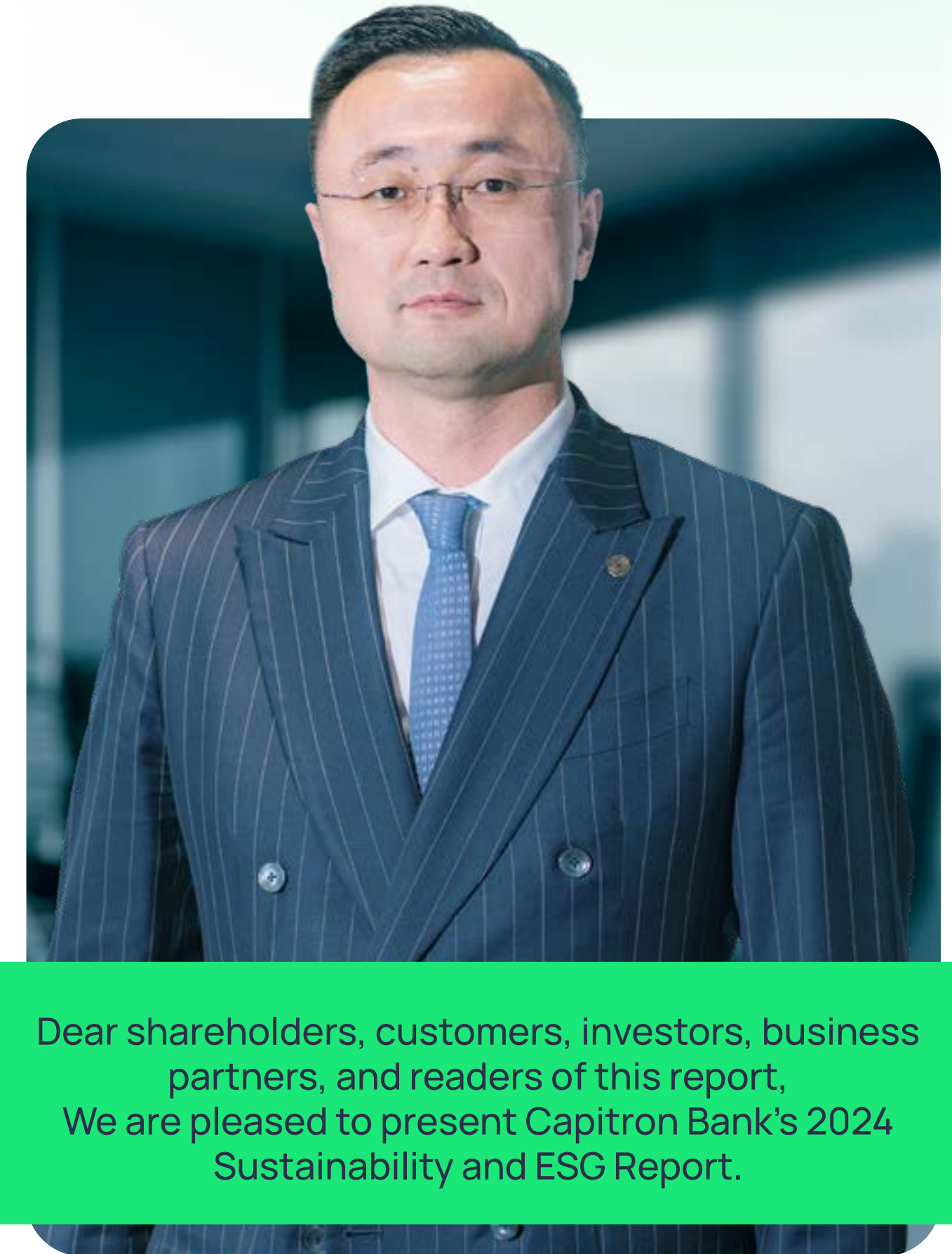
Furthermore, we have consistently supported social responsibility, sustainable development, and projects of significant socio-economic value, including initiatives in education, sports, arts, and culture. As we continue our journey toward sustainable growth, I extend my heartfelt gratitude to our valued customers, business partners, shareholders, and colleagues who accompany us on this path. I am confident that together, we will achieve even greater success in the future, making meaningful contributions to society, the economy, and the nation’s development while building a lasting legacy of shared value.

Sustainable development is not a one-time goal—it is a continuous journey that requires ongoing progress and commitment. Capitron Bank remains dedicated to learning, evolving, and enhancing our practices and solutions based on environmental, social, and governance principles. We sincerely thank all our stakeholders for their support and collaboration, and we invite you to join us in building a more responsible and sustainable financial future.

Sincerely,



Chief Executive Officer
UUR TSAIKHBAATAR B.



“ Dear shareholders, customers, investors, business partners, and readers of this report, We are pleased to present Capitron Bank’s 2024 Sustainability and ESG Report. ”

About us

Since its establishment in 2001, Capitron Bank has maintained sustainable operations within Mongolia's banking and financial sector. As of 2024, the Bank employs 566 and serves the trust of over 220,000 valued customers. We remain committed to providing financial services that are responsible, reliable, timely, and solutions tailored to meet our clients' specific needs.

Beyond maintaining our own financial stability, we place great importance on supporting the well-being of our customers, promoting financial stability, offering financial advisory services, and guiding clients in their decision-making processes. In this regard, we work closely with both domestic and international partners to continuously improve the quality and accessibility of our products and services.

In 2024, Capitron Bank continues to offer a comprehensive suite of financial products and solutions including, various loan programs, current and savings accounts, payment services, and other tailored financial offerings designed to meet customers' evolving life cycles and financial needs. We aim not only to enhance financial inclusion but also to remain a trusted, long-term financial partner for our clients.

VISION



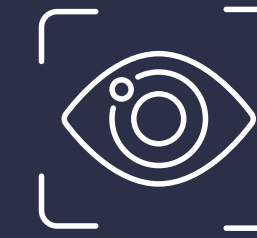
Creating the value of the new era.

MISSION



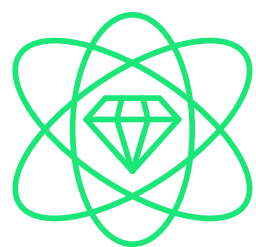
We are a team driven by customer-centric, innovative solutions, empowered by fresh perspectives and strong collaboration.

MOTTO



Aiming towards a smart future

CORE VALUES



Continuous Growth

We embrace change, adapt readily, and strive for continuous improvement.

Customized Service

We treat our customers as valued friends and aim to provide products and services that exceed their expectations.

Responsibility

We adhere to principles of honesty, integrity, and professional ethics.

Speed

We operate efficiently and swiftly, creating a competitive advantage.

Capitron bank in numbers



566

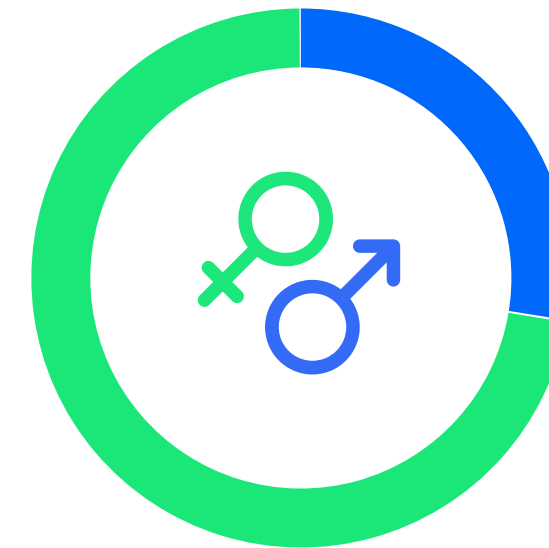
Total employees

Special needs



0.007%

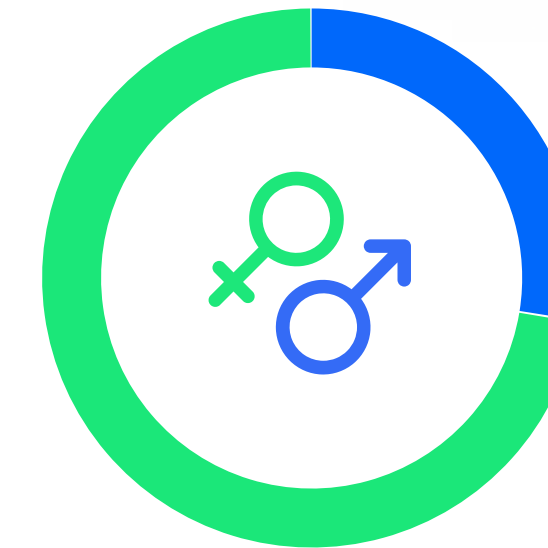
Gender ratio



72%
Female

28%
Male

Management gender composition:



26.6%
Female

73.4%
Male

(as of Q4, 2024)

Greenhouse gas emission

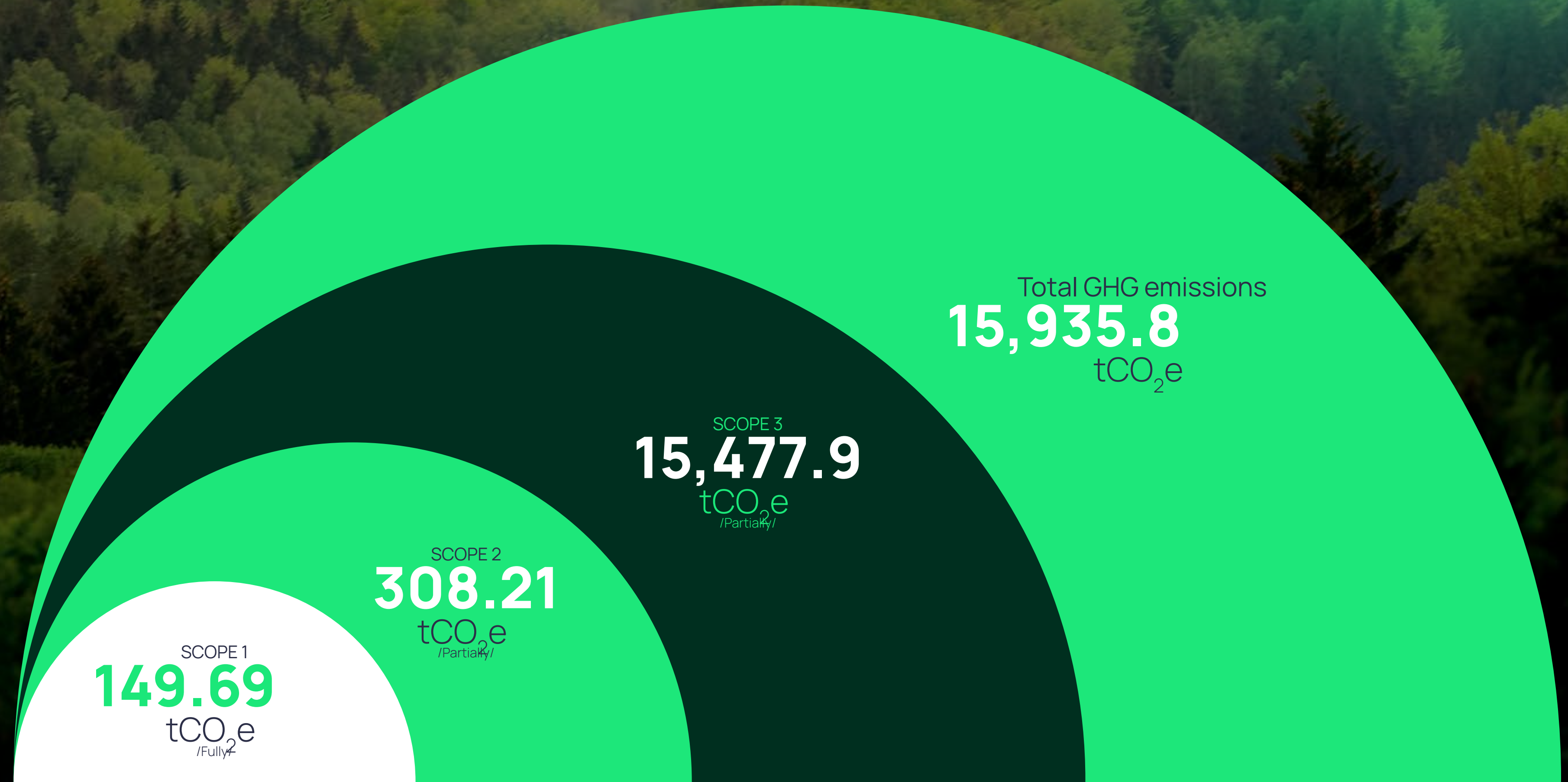
Avoided emission

Under the "National Billion Trees Campaign"

 **18,055**
trees and absorbed 82,5 tCO₂

In 2024, through digital products and services,

 **3.36 tCO₂e**
of GHG emissions were avoided, and 153 trees were saved from being cut down.



Capitron Bank's green and sustainable development loan portfolio



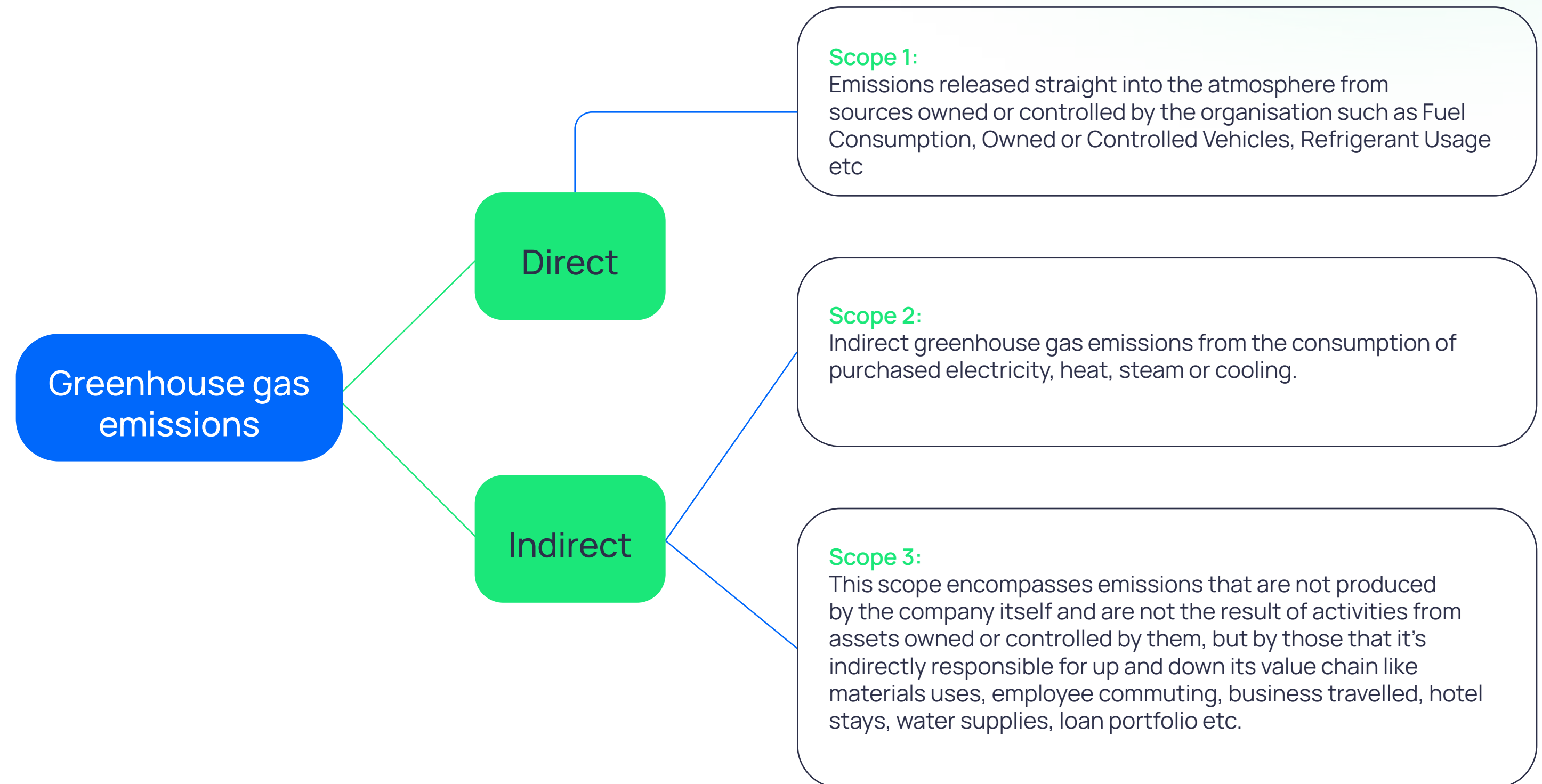
GHG emissions disclosure and metrics

2024

Sustainable development and environmental protection have become critical global priorities, making the measurement and reduction of carbon footprints an essential responsibility across all sectors.

Therefore, our focus is first to thoroughly assess our current emissions profile, followed by defining clear goals, measurable objectives, and a structured transition plan to reduce GHG emissions generated through our investments and operations.

In this report, we disclose Capitron Bank's operational GHG emissions (Scope 1 and Scope 2), as well as financed emissions (Scope 3). All calculations and reporting have been conducted in alignment with internationally recognized standards developed by the Partnership for Carbon Accounting Financials (PCAF), ensuring accuracy, consistency, and transparency in our climate-related disclosures.



²Organization upstream and downstream GHG emissions and activities can be found in the linked source

Methodology

Capitron Bank has adopted the internationally recognized PCAF standards to calculate its GHG emissions. Our methodology combines actual consumption data from our operations with attribution factors specific to Mongolia, ensuring the highest level of accuracy and contextual relevance.

In instances where official or attribution factors were unavailable due to limitations in local datasets, we applied publicly accessible and transparent socio-economic indicators for Mongolia that offer comparable reliability. In such cases, we followed PCAF-approved alternative methodologies to maintain consistency, traceability, and credibility in our calculations.

01 Scope

it covers direct GHG emissions resulting from the consumption of fuels owned or controlled by the organization. At the baseline stage, we have involved the only direct fuel consumption. These emissions were calculated using the following formula:

$$\text{GHG emissions (tCO}_2\text{e)} = \text{Fuel consumption} \times \text{Emission factor}$$

02 Scope

this category covers indirect GHG emissions resulting from the consumption of own and control zone electricity, heat, waste services, and hot and cold water. Due to limited availability of relevant data, GHG emissions were calculated for electricity and heat consumption using the following PCAF-recommended formula:

$$\text{GHG emissions (tCO}_2\text{e)} = \text{Electricity, heat consumption} \times \text{Emission factor}$$

03 Scope

GHG emissions encompass indirect emissions that occur across the Bank's value chain, both upstream and downstream, which are not directly produced by the Bank's own operations.


Upstream Scope 3 emissions typically include those from employee business travel, such as domestic and international transportation and accommodation related to official travel. Downstream emissions primarily relate to financed emissions those associated with the Bank's lending and investment activities.

In the reporting year, upstream Scope 3 emissions were not calculated. For downstream emissions, comprehensive data limitations prevented a full assessment. To address these gaps, the Bank employed the PCAF methodology, supplemented by authoritative global data from the Intergovernmental Panel on Climate Change (IPCC), to provide estimations where primary data was limited. Financed emissions were partially calculated based on available portfolio data, specifically covering vehicle loans, mortgage loans, and herders' loan products.

³A greenhouse gas (sometimes abbreviated GHG) is a gas that absorbs and emits radiant energy within the thermal infrared range. Greenhouse gases cause the greenhouse effect[1] on planets. The primary greenhouse gases in Earth's atmosphere are water vapor (H2O), carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), and ozone (O3).

Financed Emissions Calculation Methodology


Financed emissions were partially calculated for the following loan portfolios: vehicle loans, mortgage loans, and herders' loans. The formulas used are based on PCAF's guidance.



Vehicle Loans

Consumer loans

Financed emissions on vehicle loans are calculated using the average vehicle emissions per km and average annual distance driven, scaled by the proportional outstanding loan amount:

$$\text{Financed Emissions} = \sum \text{Attribution Factor} \times (\text{Annual Vehicle Emissions (tCO}_2\text{/year)})$$



Residential Real Estate Loans

including mortgage and private housing

PCAF recommends using energy use intensity (EUI) and emission factors for residential buildings:

$$\text{Financed Emissions} = \sum \text{Attribution Factor} \times (\text{Building Emissions (tCO}_2\text{/year)})$$

When energy consumption data is unavailable, national averages or modeled estimates (e.g., IPCC Tier 1) are used.



Herders' Loan Products

Agricultural Lending

Due to the specific nature of herders' loans, emissions are estimated based on livestock ownership and emissions using IPCC agricultural emission factors:

$$\text{Financed Emissions} = \sum \text{Attribution Factor} \times (\text{Total Herd Livestock Emissions (tCO}_2\text{e/year)})$$

Emission factors are sourced from IPCC Guidelines for National GHG Inventories (Tier 1 default values). The following table presents the GHG emission metrics for the year 2024.

GHG emission metrics

Scope	Activities	Measurement	2024	Unit	Data score
Scope 1	Owned vehicles	Fully	149.69	tCO ₂ e	2
	Total		149.69	tCO ₂ e	
Scope 2	Purchased electricity	Partially	263.08	tCO ₂ e	4
	Heat		45.31	tCO ₂ e	5
	Water		NA		
	Cooling (Refrigerator, air conditioner)		NA	tCO ₂ e	
	Total		308.21	tCO ₂ e	
Scope 3 /Financed emissions/	Vehicle loan	Partially	3446.75	tCO ₂ e	3
	Residential Real Estate loan		6144.57	tCO ₂ e	5
	Herders loan		5886.58	tCO ₂ e	5
	Corporate loan (MSME, Corporate)		NA		
	Total		15477.9	tCO ₂ e	

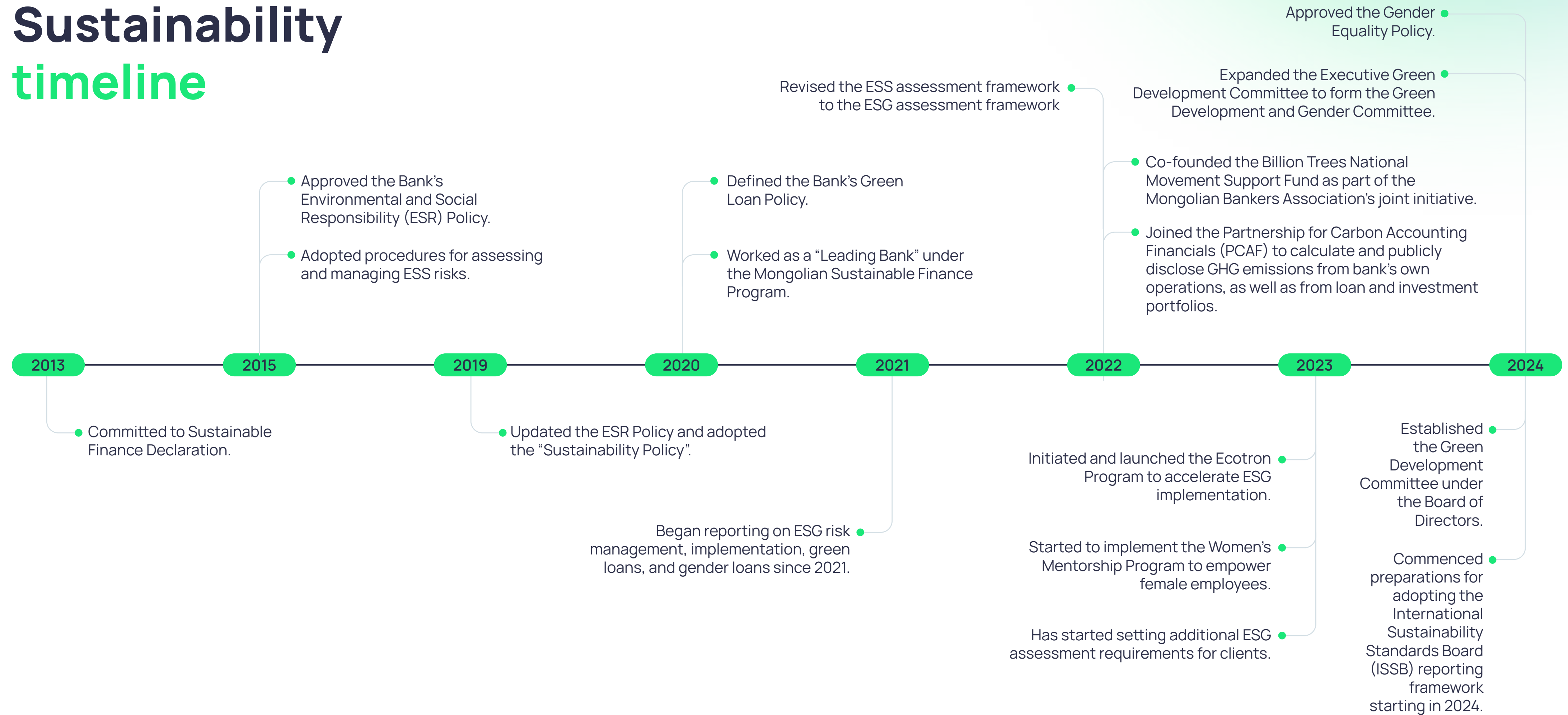
Partners



Memberships



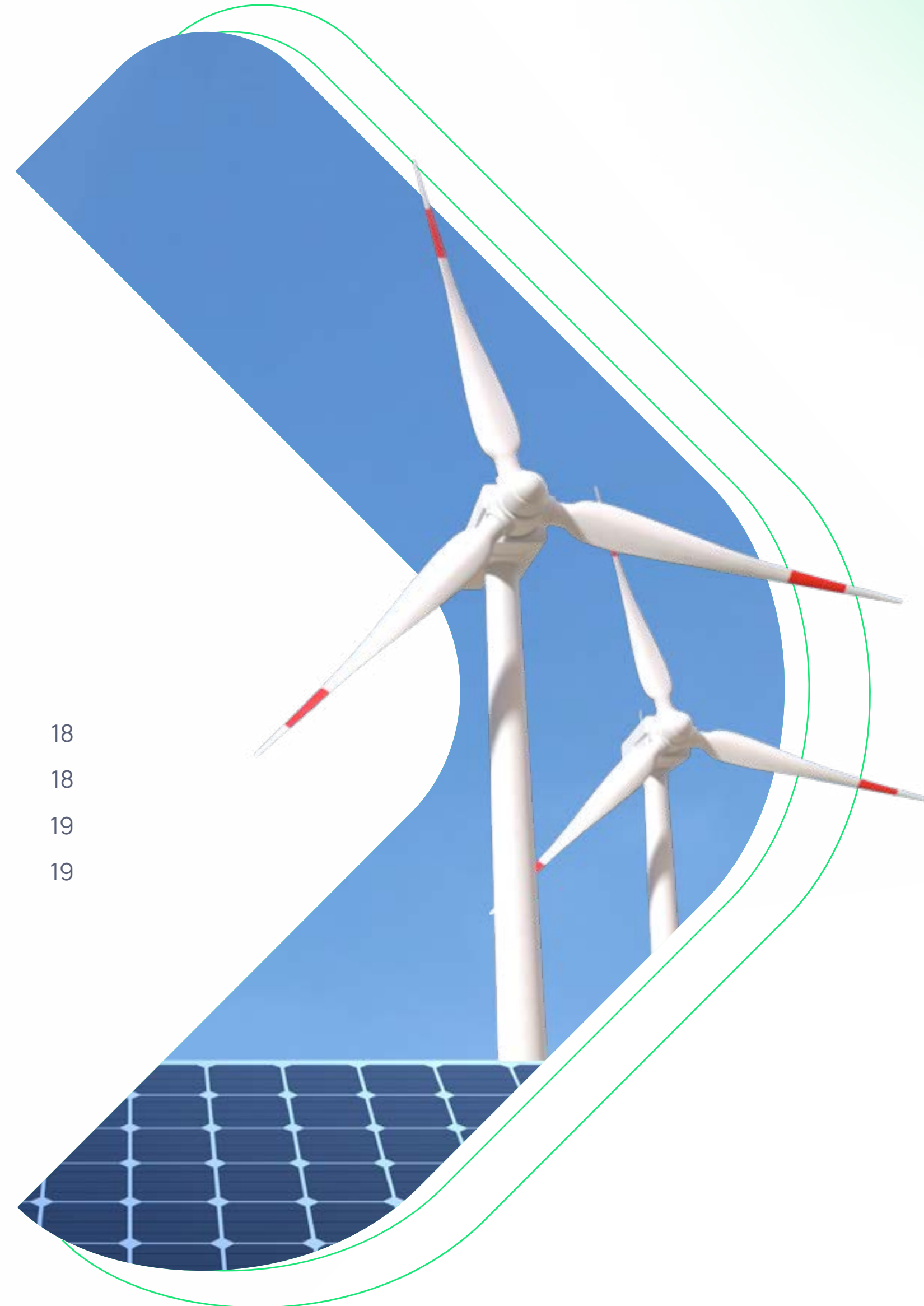
Sustainability timeline



2024 HIGHLIGHTS



Gender equality policy has been adopted	18
Women's mentoring program	18
Certified to ISO/IEC 27001:2022 standard	19
Co-hosted the ESG forum in collaboration with AmCham	19



2024 highlights

5 Gender equality policy has been adopted



Gender equality is not only a fundamental human right but also a key driver of sustainable economic growth and organizational success. In line with our ESG principles, we officially adopted our Gender Equality Policy in December 2024 with the aim of fostering a diverse, inclusive, and equitable working environment.

This policy is designed to promote fairness, equal opportunities, and an inclusive organizational culture at all levels of the Bank. It incorporates a gender lens into both our internal and external operations, taking into account the specific characteristics of the banking and financial sector.

To ensure the effective implementation of this policy, we plan to conduct capacity-building programs and awareness initiatives for all employees. These efforts will not only empower women but also strengthen men's understanding of gender equality, fostering collaboration and shared responsibility across the organization.

As part of our sustainable development journey, Capitron Bank remains committed to transparency, accountability, and partnership in creating a more equitable and inclusive financial sector. We will continue to share our progress, expand our impact, and work towards generating meaningful, long-term positive change, both within our organization and in the broader society in which we operate.

5 Women's mentoring program



Capitron Bank successfully organized its "Women's Mentorship Program" for the second consecutive year, bringing together 12 mentors and 12 outstanding mentees under a shared purpose of growth, knowledge exchange, and empowerment. The program not only focused on developing professional skills but also on supporting the multifaceted roles of women, promoting balanced and sustainable personal development.

A key highlight of this year's program was the integration of modern technological solutions with traditional mentoring approaches, including an AI-powered hackathon event, designed to foster creativity and innovation. Mentees also utilized the SMART matrix framework to set clear goals, develop tailored personal development plans, and achieve measurable progress, demonstrating the program's tangible impact.

Throughout the program, six comprehensive training sessions and workshops were delivered, significantly contributing to the personal and professional growth of participants. Mentors actively shared their expertise and experience, creating an atmosphere of mutual learning, support, and collaboration.

Overall, the Women's Mentorship Program provided participants with a valuable platform to discover their potential, embrace new challenges, and set long-term goals, leaving a lasting positive impact on their personal and career development journeys.

2024 highlights

17 **Capitron Bank Certified To ISO/IEC 27001:2022 Standard**



Capitron Bank has successfully implemented the updated international ISO/IEC 27001:2022 Information Security Management System (ISMS) standard and officially received its certification from SIS Certification of the Republic of India on July 4, 2024.

The adoption of the ISO/IEC 27001:2022 standard significantly enhances the Bank's operational security, strengthens customer trust in the Bank's systems, and contributes to the overall stability and sustainability of its business operations.

8 **5** **17** **Co-hosted the ESG forum in collaboration with amcham**

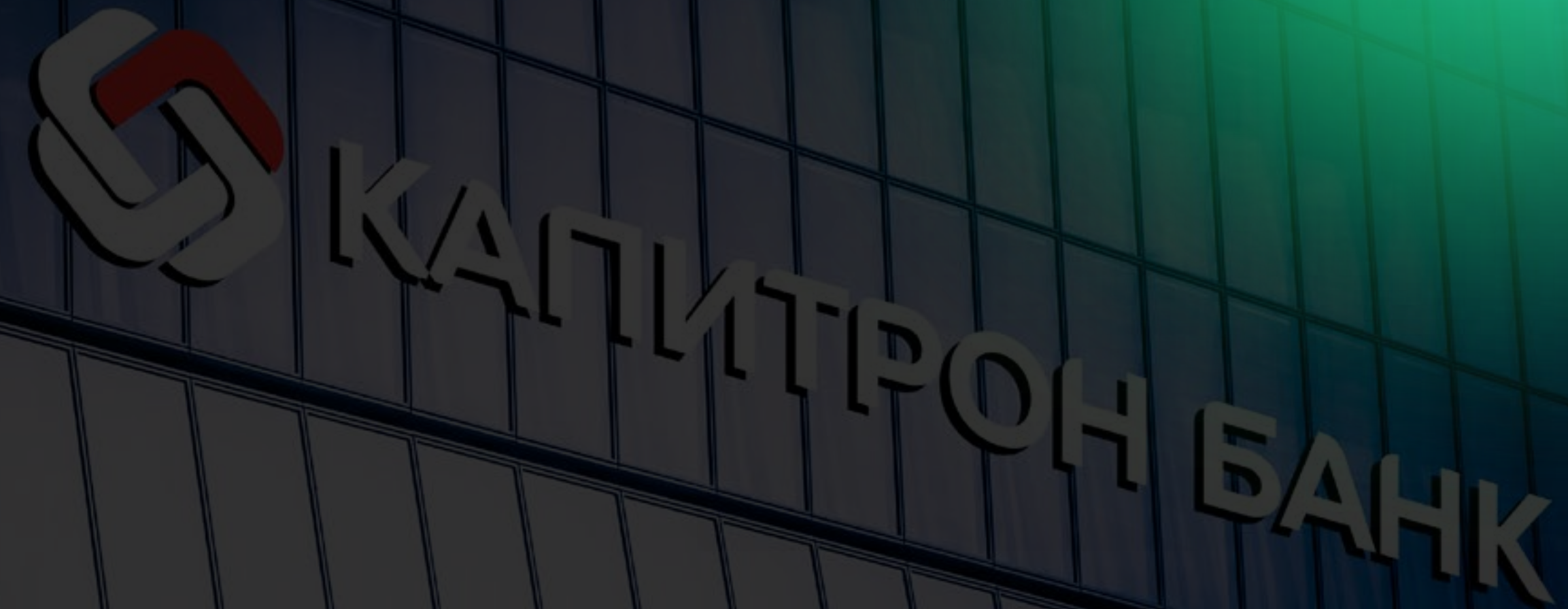


Chamber of Commerce in Mongolia (AmCham Mongolia), successfully organized an ESG forum under the theme "Green Finance, Environment, Sustainable Development, and Governance Practices."

The primary objective of the forum was to promote green transition, raise public awareness about the significance of sustainable finance, and discuss practical solutions. The event was opened by Mr. Enkhbat.Ch Capitron Bank's Chief Financial Officer, and Mrs.Oyunsuren S., Director of the Green Climate Fund, who presented insights on the economic impact of climate change and global trends.

Presentations were delivered by organizations including the Mongolian Sustainable Finance Association and ORDA Wealth Tech, with discussions covering topics such as climate risks, opportunities, and systemic developments.

Capitron Bank plans to make this an annual forum, reaffirming its commitment to empowering clients, fostering collaboration, and advancing green and sustainable finance in Mongolia.



GOVERNANCE

Policies and Regulations in effect	22
Shareholders	24
Board of Directors	24
Sustainability structure and Governance	25
Capitron Bank's credit ratings	26
Ecotron Program	27
Credit ESG Risk Management	27
Sustainable workplace	28

Governance

Capitron Bank is committed to implementing the principles of good corporate governance through transparent, responsible, fair, and efficient management practices. In our decision-making processes, we carefully consider the interests of all stakeholders and place high value on ethical, responsible, and open communication.

The Bank continuously aligns its operations with Mongolian laws and regulations, as well as international standards and best practices, operating under the framework of more than 200 regulatory documents.

Core Principles of Corporate Governance



Transparency

Providing accurate, clear, and timely information to public regarding Bank's financial performance and operation.



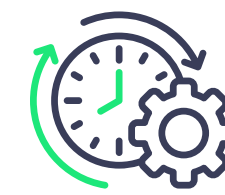
Accountability

Ensure that the BoD and Executive management take full responsibility for the company's activities and decisions.



Fairness

Safeguarding the Stakeholders' Rights, Safeguarding the legitimate rights and interest of shareholders, employees, and other stakeholders without bias or conflict of interest.



Efficiency

Establishing a good governance framework to manage resources, operations, and decision-making for sustainable profitably growth.



Protection of stakeholders' Rights

Ensuring that the company's operations serve not only shareholders but also employees, clients, society, and the environment, fostering fairness and sustainability for all stakeholders.

Policies and regulations in effect

Corporate Governance Regulation for the Bank

In alignment with the laws and regulations of Mongolia and the requirements of regulatory authorities, this document was approved in 2017 to establish detailed guidance on Capitron Bank's good corporate governance framework. It defines the principles, components, and key elements of good governance within the Bank and outlines measures for their effective implementation.

Code of Conducts

Adopted in 2020, the "Capitron Bank's Code of Conduct" establishes ethical norms and standards to be upheld in daily operations and employee relations. It ensures that all employees act in accordance with the principles of rule of law, fairness, accountability, transparency, and mutual respect at all organizational levels.

In addition, the Bank implements the "Employee Code of Ethics" and the "Regulations of the Ethics Committee," which support ethical conduct at all organizational levels.

Whistleblowing Policy

The bank has approved Whistleblowing policy in 2019 and revised in 2021. The policy purpose is to enable employees to confidentially and promptly report any actions or practices that may harm the Bank's reputation, violate laws, internal regulations, or ethical standards, thereby facilitating early detection, prevention, and mitigation of potential risks.

Policy on Prevention of Conflict of Interest and Anti-Corruption Procedure

Approved in 2022, these documents aim to mitigate corruption and bribery risks, effectively manage potential conflict-of-interest situations, and uphold fairness and integrity across all operations of the Bank.

Those internal legal documents are closely aligned with the Bank's Corporate Governance Implementation Procedure, Code of Conduct, and Employee Code of Ethics. To ensure effective implementation, all employees are regularly informed and trained on these policies through internal training programs, reinforcing a strong culture of ethics and compliance throughout the organization.

Policy on Anti-Fraud

Approved in 2024, this policy is designed to enhance employee awareness of fraudulent activities, protect the Bank, its employees, and clients from fraud-related crimes, and establish procedures for the detecting, preventing, and mitigating fraudulent acts. It provides a clear framework to ensure timely and effective responses to potential fraud risks within the organization.

Policies and regulations in effect

Compliance Policy

The Compliance Policy is designed to safeguard the interests of the Bank's shareholders, employees, clients, and investors by ensuring the delivery of responsible, reliable, and fully compliant banking services. In 2024, the policy was revised to further strengthen its framework for the effective management, monitoring, and preventing compliance risks across all operations.

To ensure effective implementation, the Bank conducts regular internal training programs and awareness initiatives for employees, fostering a strong compliance culture and minimizing potential risks. Furthermore, in alignment with this policy and in accordance with FATF recommendations, the Bank rigorously enforces its Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Policy throughout all business activities.

Policy on Customer Protection

Adopted in 2017, the policy aims to build customer trust and satisfaction and is based on principles of fairness and non-discrimination. It emphasizes gender equality, efficient service delivery, and mechanisms for resolving customer complaints. Related procedures and regulations have been developed to ensure effective implementation.

Internal Audit and its framework

Initially approved in 2006 and most recently updated in 2024 and 2025, this framework establishes the mandate, independence, scope, authority, and responsibilities of Capitron Bank's Internal Audit function, ensuring clarity and transparency for all stakeholders.

The Bank's internal audit activities are conducted in full compliance with the laws and regulations of Mongolia, applicable regulatory requirements, and the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA). In addition, they are guided by the Bank's Charter, the Board Audit Committee Charter, and other Board-approved documents governing internal audit operations, ensuring adherence to international best practices and robust governance standards.

Information Security and Personal Data Protection Policy

Implemented since 2017, this policy aims to ensure the confidentiality, integrity, and availability of information while safeguarding cybersecurity within the Bank. In 2024, Capitron Bank successfully adopted the ISO/IEC 27001 and ISO/IEC 27701 international standards for information security and personal data management systems, establishing a robust framework for data protection and secure information management across all operations.

Sustainability Policy

The "Sustainability Policy," approved in 2019, aims to support the bank's ethical and socially responsible operations by integrating Environmental, Social, and Governance (ESG) issues into policies and decision-making processes. This policy was developed in alignment with Mongolia's national strategic documents, including "Vision 2050" and the "Taxonomy for Sustainable Development Goals Financing."

Shareholders

Capitron Bank, a 100% Mongolian-owned financial institution, stands among the country's longest-established commercial banks, consistently contributing to Mongolia's economic growth and financial development.

"AJNAI CORPORATION" LLC Shareholding percentage: 38.53%	Bat-Erdenen D. Shareholding percentage: 22.97%
	Erdenebayar D. Shareholding percentage: 16.79%
	Munkhsaikhan D. Shareholding percentage: 16.71%
	Amarbaatar Ch. Shareholding percentage: 5%

Board of Directors

Capitron Bank's Board of Directors (BoD) is dedicated to implementing the best principles of corporate governance. The BoD strictly adheres to the Law on Companies, the Banking Law, relevant regulations and guidelines issued by the Bank of Mongolia, the Corporate Governance Code, the Bank's Charter, and BoD's Rules of Procedure, ensuring independence, accountability, and transparency in establishing sound corporate governance practices.

All members of Capitron Bank's Board of Directors have completed certified corporate governance training and fully meet the legal requirements. The BoD has the authority to review and approve major transactions and those involving potential conflicts of interest in compliance with the applicable laws and regulations of Mongolia. The remuneration and incentives of BoD members are approved by the General Meeting of Shareholders, in accordance with Article 29.2.9 of the Banking Law, Clause 8.5.10 of the Bank's Charter, and Chapter 11 of the BoD's Rules of Procedure.

The BoD consists of 10 members, three of whom are independent members. To enhance strategic oversight, risk management, ethical conduct, and corporate governance practices, the BoD has established four key committees:



Sustainability Structure and Governance

In 2024, Capitron Bank established the Green Development Committee under the Board of Directors to further enhance its governance framework for directing and overseeing the implementation of Sustainable Finance and ESG principles at the organizational leadership level.

At the Chief executive management level, the existing Green Development Committee was restructured and expanded into the Green Development and Gender Committee. This committee is tasked with developing the Bank's Gender Equality Policy, conducting relevant research and analysis, defining the scope of related policies, and drafting strategic documents to strengthen gender mainstreaming efforts within the Bank. Furthermore, the Eco Banking Unit ensures the implementation and monitoring of activities related to green and sustainable finance and ESG. To raise awareness of sustainable and green development concepts among employees at all organizational levels, strengthen internal capacity, and align operations with international ESG standards, the Bank has been implementing the Ecotron program since 2023.

Sustainability governance and management



Capitron Bank's Credit Rating Upgraded

Moody's Rating Category	Rating
Long-Term Counterparty Risk Assessment	B2
Long-Term Deposit Rating	B3
Baseline Credit Assessment (BCA)	B3
Adjusted BCA	B3

In 2024, Capitron Bank once again received a B3/Stable rating from the international credit rating agency Moody's, marking the sixth consecutive year of maintaining this rating. This achievement reflects the Bank's sustainable operations, strong financial discipline, and sound governance practices.

Additionally, Moody's upgraded the Bank's local currency funding deposit rating by one notch, from B3 to B2, underscoring the Bank's strengthened financial stability and growing confidence it commands in the market.

Moody's credit rating assessment is based on multiple factors, including the Bank's financial stability, governance capabilities, and risk management framework, with sustainable finance indicators playing a particularly significant role. Specifically, international rating agencies take into account the Bank's ability to adapt to climate change, its green lending portfolio, policies on socially impactful financing, and the ESG measures it implements.

Moving forward, Capitron Bank will continue to strengthen its financial discipline, transparency, and responsible governance practices, with the goal of further improving its credit rating.

ECOTRON program



Within the framework of its Sustainability Policy, Capitron Bank launched the Ecotron Program in 2023 to raise awareness, expand knowledge, and enhance employee skills in sustainable development. The program is designed to advance the Bank's strategic sustainability objectives while strengthening key indicators related to Sustainable Finance, ESG practices, and the implementation of its Gender Equality Policy.

As part of the initiative, a comprehensive GAP analysis is conducted to identify deficiencies in meeting baseline sustainability requirements and international investors' due diligence standards.

Based on the findings, the Bank implements phased, targeted measures to address these gaps across both of its internal operations and external activities. To do so effectively, the Bank leverages its core strengths—including human capital, financial resources, technological infrastructure, and brand equity—to deliver robust and practical solutions.

Recognizing that the success of sustainable development in any organization is directly tied to the growth of its people, Capitron Bank has revised its training programs, increased training hours, and continuously enrolled specialized staff in domestic and international professional courses in recent years to deepen their expertise in ESG and sustainable finance.

Furthermore, to ensure effective ESG governance, the Bank has assessed its infrastructure requirements for technology-driven solutions and is systematically implementing initiatives aimed at building the next level of organizational capacity.

Credit ESG Risk Management



As a key participant in implementing Mongolia's Sustainable Finance Principles, Capitron Bank places strong emphasis on minimizing negative environmental and social impacts and promoting responsible financing practices. The Bank refrains from funding projects and programs listed under its prohibited activities and conducts ESG risk assessments of client operations. Where necessary, the Bank imposes additional monitoring requirements and conditions to mitigate potential ESG risks.

To ensure effective assessment and management of ESG risks, the Bank employs a three-tier risk evaluation methodology. In 2024, ESG risk assessments were conducted for 350 business and project loans totaling MNT 328 billion. Of these 38

loans, amounting to MNT 85.2 billion, were identified as high-risk and were subject to additional conditions and mitigation measures. Furthermore, 100% of all targeted loans underwent a full ESG risk evaluation and received formal conclusions, demonstrating the Bank's strong commitment to responsible and sustainable financing.

To enhance internal capacity, the Bank conducted five induction training sessions in 2024 for newly hired employees to raise awareness of ESG and Sustainable Financing principles, along with nine specialized training programs for credit officers to strengthen their expertise in ESG risk management.

Sustainable Workplace



A sustainable workplace is one that nurtures long-term, stable, and mutually beneficial relationships between employees and the employer. At Capitron Bank, we strive to create a supportive and resilient work environment where employees feel valued, engaged, and empowered to grow both personally and professionally.

To achieve this, we conduct an “Employee Satisfaction Survey” every year, using the findings to guide decision-making and strengthen our human resources practices. Our goal is to foster a workplace that promotes employee well-being, ensures work-life balance, and provides a stable foundation for long-term employment.

In 2024, we revised our “Human Resources Policy” to introduce additional measures aimed at supporting employees and their families, encouraging personal development, and creating favorable conditions for maintaining a healthy and sustainable work environment. For example:



Sustainable Workplace



HEALTH AND WELL-BEING



Healthy employees are the foundation of sustainable growth. As part of our commitment to safeguarding the health and well-being of our people, the most valuable asset of the Bank, provides annual comprehensive health screenings for all employees.

In 2024, more than 500 employees underwent preventive health check-ups at leading domestic medical institutions. Additionally, all employees were tested for Hepatitis B and C and were fully covered under preventive immunization programs.

Looking ahead, based on data collected from medical examinations over the past two years, we plan to introduce targeted initiatives to strengthen both the physical and mental health resilience of our employees. These programs will be tailored to employee age, gender, and specific occupational needs, contributing to a healthier and more sustainable workplace environment.

EDUCATION AND PROFESSIONAL DEVELOPMENT

We believe that continuous learning is essential for building a sustainable workplace. To meet employees' real needs for professional growth, Capitron Bank regularly provides training opportunities aimed at enhancing their knowledge and skills.

In 2024, over 2,300 employees (counting multiple participations) took part in various training programs conducted in collaboration with both domestic and international institutions, further advancing their expertise and professional competencies.

“GROWING TOGETHER” Master’s Scholarship Program

To support the academic and professional development of its employees, Capitron Bank offers the “Growing Together” scholarship program for staff pursuing a Master’s degree or higher at domestic universities. Between 2021 and 2024, a total of 10 employees received scholarships under this program, enabling them to advance their expertise and long-term career growth.

Capacity-Building Training in Sustainable financing:

As a member of the MSFA, Capitron Bank actively supports its employees in gaining specialized expertise in sustainable finance. In partnership with the Frankfurt School of Finance and Management, the Bank has enrolled three employees since 2022 in six-month certified online training programs focused on Sustainable Finance, ESG, and Impact Investment. This initiative strengthens the Bank’s internal capacity to deliver on its sustainable financing commitments.

E-learning Platform:

As part of the “Learning Together, Continuously” initiative, Capitron Bank successfully introduced an e-learning platform that allows employees across all branches and units to participate in training programs simultaneously, regardless of location. The platform has also enabled the digitalization of mandatory onboarding training modules for new hires, significantly improving accessibility and ensuring consistent learning opportunities for all staff.

By the end of 2024, a total of 215 training sessions were conducted via the e-learning platform, with a combined participation count of 4,205 employees, delivering a total of 5,520 academic hours of training. This resulted in an average of 70.6 learning hours per employee, while the average satisfaction rating for training content, relevance, and accessibility reached 91.7%, highlighting the quality and effectiveness of the Bank’s learning initiatives.

Stakeholders in Capacity-Building Partnerships:

Domestic



International



Sustainable Workplace



REMUNERATION AND BENEFITS:

Capitron Bank provides its employees with competitive salaries and performance-based bonuses, which are distributed on a quarterly or semi-annual basis. In 2024, considering the prevailing socio-economic conditions, rising inflation rates, and findings from both internal and external salary benchmarking studies, the Bank increased employee salaries by an average of 25%, with proportionally higher adjustments for lower-level positions to help ensure employees' financial well-being and a stable standard of living.

Additionally, to support employee social and financial needs, the Bank offered preferential conditions on mortgage loans, salary loans, and other financial products and services, further strengthening its commitment to fostering a sustainable and supportive workplace environment.

Paid leave benefits:

Capitron Bank offers a range of paid leave options, tailored to employees' personal circumstances and cultural backgrounds, including:

- Paid leave for employees' and their children's birthdays
- One week of paid leave for employees who have worked continuously for seven years
- Parental leave for attending parent-teacher meetings
- 10 days of paid leave for fathers upon the birth of a child
- Paid leave for Kazakh employees during the Nauryz celebration
- Study leave for employees pursuing postgraduate degrees
- Three days of leave for employees getting married

Sports initiatives:

Every year, Capitron Bank organizes its traditional Sports Festival to promote employee health, teamwork, and a positive workplace culture. The event features various sports, including basketball, football, volleyball, chess, and table tennis, with active participation from employees across all branches and units, both in Ulaanbaatar and regional offices.

In 2024, our men's and women's football teams proudly won bronze medals at the Banker-2024 Sports Games, an industrywide tournament dedicated to celebrating the 100th anniversary of the banking sector in Mongolia.

Flexible working hours:

Since 2023, Capitron Bank has successfully implemented a flexible working hours system aimed at helping employees achieve a better work-life balance. This system allows employees to adjust their schedules to accommodate morning meetings or training sessions, finish work earlier in the evening, participate in sports and health programs, or attend evening classes. By providing more personal time, reducing the stress of peak-hour commuting, and enabling employees to dedicate additional time to their families, the initiative has had a positive impact on overall work-life quality and employee well-being.

CAPIMOM Program:

Launched in June 2024, the CAPIMOM Program is designed to support employees on extended childcare leave by providing opportunities to earn income, maintain and develop their knowledge and skills, and achieve a healthy work-life balance while caring for their children. Under this program, five employees have been successfully engaged in remote, project-based roles, allowing them to contribute productively to the Bank while balancing family responsibilities.

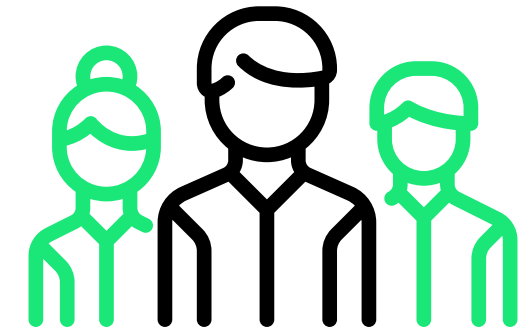
Benefits of CAPIMOM Program

Promoting corporate social responsibility

Reducing workload for existing staff

Supporting short-term project implementation

Addressing temporary human resource gaps



Our Core Value – **People**

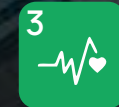
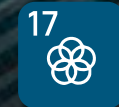
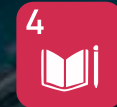
At Capitron Bank, we are committed to creating a comfortable, positive, and professional work environment where employees can think freely, have their skills recognized fairly, and are fully supported in continuous learning and personal development. This goal is achieved through well-designed human resources policies and the active engagement of HR managers who understand, support, and empower our people.



Growing Sustainably, **Together**

Since its establishment, Capitron Bank has steadily advanced within Mongolia's banking and financial sector, continuously enhancing its human resources policies to keep pace with its sustainable growth. As a result, the Bank has consistently improved its financial performance year after year, further strengthening its position in the market and ensuring long-term success alongside its employees.

SOCIAL



At Capitron Bank, we regard social responsibility as an integral part of our operations. We continuously implement practical activities and initiatives aimed at contributing to social development.

This section presents the key achievements and initiatives undertaken in 2024 as part of the Bank's commitment to social responsibility.

Corporate Social Responsibility Initiatives	33
“Junior Internship” Program 2024	33
The “Student Banker” program	33
“Memorandum of Cooperation signed with the Mongolian Mathematical Olympiad Committee”	34
Provided Financial Support for the Children's Book Festival	35
Capitron Student League 2023-2024	35



Corporate social responsibility (CSR) initiatives

In 2024, Capitron Bank placed particular focus on education as part of its corporate social responsibility initiatives. Below are some of the key projects and programs implemented under our social responsibility commitments:

“Junior internship” program 2024



Project background

Since 2017, the Zorig Foundation has been implementing the Junior Internship Program (JIP) aimed at helping 10th and 11th-grade students from Secondary schools in Ulaanbaatar make informed decisions about their future career paths. Capitron Bank has proudly partnered as the main sponsor of this program for two consecutive years.

Objective

The program aims to provide 10th and 11th-grade students in general education schools with career guidance, help them make informed decisions about their future professions, and offer opportunities to participate in personal development training sessions. Additionally, the program enables students to undertake short-term introductory internships in organizations related to their desired career fields.

Implementation

As the General Sponsor, Capitron Bank supported 23 selected students in undergoing a “Skills and Attitude Assessment Test” to better understand their personal strengths and aptitudes. Each student was matched with a mentor from the Bank and completed a short-term introductory internship within different departments and divisions of Capitron Bank, gaining firsthand exposure to the banking profession.

Conclusion

Each year, selected students participate in the program over a three-month period, during which they complete short-term introductory internships at various organizations, receive guidance and insights from industry professionals, and gain clarity on their future career paths. The program also helps participants expand their social networks and make more informed choices about their future education and career paths.

The “Banker Student” program



Project background

As part of its “MyCapitron” initiative, Capitron Bank launched the “Banker Student” Program in 2021, aimed at enhancing the professional skills of third-year university students majoring in Information Technology and Finance from accredited higher education institutions in Mongolia who maintain a Grade Point Average (GPA) of 3.0 or above.

Objective

For university students, securing a meaningful internship, gaining practical experience, and developing a deeper understanding of their chosen profession are crucial milestones. While universities provide the necessary theoretical knowledge, true practical skills are acquired in the workplace.

With this in mind, Capitron Bank launched the “Banker Student” Program to support students in taking their first steps into the professional world and to help them successfully begin their careers.

Implementation

The program provides university students with opportunities to gain practical work experience in their chosen fields, learn about corporate culture, connect with and learn from industry professionals, and acquire hands-on experience using the banking software and systems employed at the Bank.

In 2024, 10 students were selected for the program and placed in 8-departments of the Bank for a 2-month paid internship, where they worked closely with professionals, learned from experienced mentors, and gained exposure to the banking systems used in daily operations.

Conclusion

Since launching the “Banker Student” paid internship program in 2021, Capitron Bank has supported 23 university students in building their knowledge and skills. Several participants have since transitioned into full-time roles at the Bank, continuing their careers in fields aligned with their studies.



Corporate social responsibility (CSR) initiatives

In 2024, Capitron Bank placed particular focus on education as part of its corporate social responsibility initiatives. Below are some of the key projects and programs implemented under our social responsibility commitments:

“Memorandum of Understanding signed with the Mongolian mathematical olympiad committee”



Project background

As part of its social responsibility commitment, Capitron Bank aims to make a long-term contribution to the field of education, with a particular focus on supporting mathematics as a fundamental science. In November 2024, the Bank signed a Memorandum of Understanding (MoU) with the Mongolian Mathematical Olympiad Committee to establish a strategic partnership.

In addition, Capitron Bank continues to sponsor the Honored teacher Mr. Tsagaan S. Mathematics Olympiad in Ulaanbaatar, contributing to the advancement of mathematics education and fostering young talents in this field. In 2024, the bank allocated MNT 5 million to sponsor this Olympiad.

Objective

Through this long-term collaboration, Capitron Bank seeks to promote and advance mathematics among school students, encourage broader engagement with the subject, and support the development of highly skilled professionals capable of competing at an international level in science and mathematics.

Implementation

As part of this partnership, the Mongolian Mathematical Olympiad Committee successfully organized the first stage of a selection process to identify students representing Mongolia at the 14th European Girls' Mathematical Olympiad. Capitron Bank awarded special prizes to five outstanding students who excelled in this qualifying round.

Conclusion

The Ministry of Education and Science of Mongolia has officially submitted its bid to the International Mathematical Olympiad Committee to host the 2029 International Mathematical Olympiad in Mongolia. As part of this initiative, Capitron Bank will actively collaborate on a range of prestigious and high-responsibility projects to support the successful organization of this major global event.



Corporate social responsibility (CSR) initiatives

In 2024, Capitron Bank placed particular focus on education as part of its corporate social responsibility initiatives. Below are some of the key projects and programs implemented under our social responsibility commitments:

Provided financial support for the children's book festival.



Capitron Bank provided financial support of MNT 3 million for the first-place award in a children's art contest jointly organized by "Lucky Paw" NGO and the "World of Books Club". The initiative aims to promote safe, healthy, and positive relationships between humans, dogs, and cats, fostering kindness and compassion towards animals.

Additionally, "Lucky Paw" NGO utilizes Capitron Bank's "Transparent Account" service, ensuring that every donation made by animal lovers is tracked transparently, allowing the public to view all incoming and outgoing transactions related to animal welfare activities.

Capitron student league 2023-2024 successfully organized



Capitron Bank signed a cooperation agreement with the Mongolian Student Basketball Association and served as the General Sponsor of Mongolian national student basketball team, which represented the country at the "Chengdu 2021" International University Games.

As part of its social responsibility and commitment to supporting arts and sports development, the Bank proudly sponsored and successfully organized the 2023-2024 Student Basketball League, officially titled the "Capitron Student League."

The league brought together 54 university teams and more than 1,000 student athletes, competing over a six-month period, with the final matches held from April 28-30, 2024, at UG Arena, where the champions were crowned.

During the three-day finals, Capitron Bank introduced its "Just Move" Card, designed for sports enthusiasts and individuals who value an active, healthy lifestyle. Visitors to the Bank's booth participated in engaging activities, further promoting fitness and well-being among youth.

In the women's division, the "Falcons" team from the National University of Mongolia successfully defended their championship title, while in the men's division, the "Ayanga" team from Citi University, a three-time champion (2016-2018), once again claimed the league trophy.

The tournament concluded successfully, leaving a positive impact on the student sports community and reinforcing Capitron Bank's dedication to empowering youth through education, sports, and healthy living initiatives.

ENVIRONMENT



This section presents the activities carried out by Capitron Bank through its internal and external operations in the areas of climate and environmental sectors.

Around the National Billion Tree Campaign	37
Signed MoU with “SOAP II” Project	38
Commenced Climate Change Scenario Analysis	38
Waste Management	38



Around the national billion tree campaign



Launched in 2021 under the initiative of the President of Mongolia, the “Billion Trees” national movement aims to combat climate change, desertification, and land degradation. The banking and financial sector has pledged to plant 50 million trees as part of this nationwide effort.

To support this objective, the Bank of Mongolia and member institutions of the Mongolian Bankers Association established the “Billion Trees” Fund in March 2022, with Capitron Bank being one of its founding contributors.

In 2024, Capitron Bank continues its cooperation by supporting projects against climate change and desertification implemented by the “Billion Trees” fund. Within the scope of projects carried out by the Billion Trees fund, 80% of the planted trees were pine trees planted in areas undergoing large-scale reforestation. The remaining 20% were various deciduous trees planted in the bank’s grove, gardens, and green areas outside schools.

Environmental requirements in loan policy
Capitron Bank also applies environmental requirements under its Environmental and Social Loan policy. For instance, certain sector borrowers are required to improve air quality, reduce dust pollution, and increase green areas. The bank monitors compliance to ensure that sustainable financing aligns with tangible implementation.

Between 2022 and 2024, the Capitron Bank team planted more than 340 trees, while the Bank financed the planting of an additional 17,711 trees, including:

- 80%, or 14,169 pine trees, planted in reforestation zones, estimated to absorb approximately 65,000 kg of greenhouse gases.
- The remaining 20%, or 3,542 deciduous trees, were planted in the bank’s grove, gardens, and around schools, creating green areas estimated to absorb 16,250 kg of greenhouse gases.

In 2024, the bank continues to support projects against climate change and desertification implemented by the “Billion Trees” fund, making a tangible contribution to sustainable green development.



Capitron Bank signs memorandum of understanding with “SOAP II” project



Funded by the European Union’s SWITCH-Asia program, the SOAP project, implemented by Geres INGO since 2018, has been working to insulate private houses in six central districts of Ulaanbaatar’s ger areas. By reducing heat loss, the project aims to contribute to reducing air pollution.

In June 2024, Capitron Bank signed a Memorandum of Understanding (MoU) with the SOAP II project to further reduce household energy costs, lower greenhouse gas emissions, and support climate change mitigation efforts. This collaboration focuses on providing households with affordable financing solutions to implement energy-efficient insulation upgrades.



Climate change scenario analysis has been conducted



In collaboration with the Bank of Mongolia and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), a Climate Change Scenario Analysis Project is being implemented among commercial banks. The aim is to assess and manage climate-related risks within the financial sector. Scenario analysis plays a crucial role in identifying the potential magnitude and scale of climate-related risks over the long term for the banking industry.

As part of this project, Capitron Bank has measured its financed emissions using methodologies developed under the project based on the Partnership for Carbon Accounting Financials (PCAF) standard.

Furthermore, the Bank has initiated climate scenario analysis for its loan portfolio and has begun preparations for the implementation of the IFRS Sustainability Reporting Standards.



Waste management



Starting from April 2024, Capitron Bank partnered with New Method LLC to ensure the safe disposal of hazardous waste. The organization operates a dedicated processing facility that collects and properly treats eight categories of hazardous waste, including electronic devices, batteries, and electrical cables.

In 2024, the Bank handed over approximately 2 tons of hazardous electronic waste for proper disposal. Moving forward, Capitron Bank plans to implement a comprehensive waste management system across its operations to enhance environmental responsibility and sustainable practices.

SUSTAINABLE AND GREEN FINANCING



Capitron Bank is gradually implementing its strategic commitment to “Responsible and Sustainable Development” through various internal and external projects and programs.

Our green loan products aim to promote responsible consumption and environmentally friendly choices among clients by offering preferential interest rates and flexible terms, thereby generating a positive impact on both society and the environment.

Unlike conventional loans, green loans require certain additional criteria, which serve as a key mechanism for aligning our operations with sustainability goals and policies.

In collaboration with International Development partners	40
Own initiatives and products	41
Appendix	42



By external sourced financing



According to Clause 2 of the Government Resolution No. 73 (2018), relevant enterprises in Ulaanbaatar are required to install pre-treatment facilities to meet wastewater discharge standards and introduce technologies to reuse treated water. In support of this directive and to encourage efficient water use and environmentally friendly technology, Capitron Bank has provided **greywater recycling equipment loans to car wash operations and hospitality businesses** since 2023. This initiative was made possible through the support of the **Government of Mongolia**, the **Japan International Cooperation Agency (JICA)**, and the **Asian Development Bank (ADB)**.



Although nearly half of Mongolia's working-age population is women, their employment and especially entrepreneurial participation remain lower than men's. To bridge this gap, enhance women's economic engagement, and overcome collateral constraints, Capitron Bank partnered with **Premium Nexus LLC** and the **Credit Guarantee Fund** to launch special **franchise loans under the CU brand** aimed at supporting female entrepreneurs. As a result, **over 50 women** have successfully launched their businesses.

“Mongolian Statistical Information Service Data



By internal sourced financing

In contribution to Mongolia's national target of reducing greenhouse gas emissions by 22.7% by 2030, Capitron Bank has been offering five types of green loan products to individuals since 2023.

Those including, green housing, green vehicles, green consumption, greywater equipment and green business initiatives.

Loans to Support Women Entrepreneurs



To promote women's economic participation in rural areas, Capitron Bank launched a low-interest, flexible green loan product tailored to female entrepreneurs. In 2024, more than 70 rural women entrepreneurs received this loan product, contributing to new job creation and greater employment opportunities for women in rural areas.

Provided loan for Mining Rehabilitation Efforts



Across Mongolia, it is estimated that a total of 30.7 thousand hectares of land have been degraded by mining activities and require reclamation. In response, the Government of Mongolia included a goal in its 2023–2024 action plan to rehabilitate 8,000 hectares of land that have been damaged and left abandoned for many years due to mining operations.

Within the scope of this initiative, Capitron Bank provided working capital financing to the project of Jinji Mining LLC, which, in cooperation with Erdenet Mining Corporation SOE, undertook technical rehabilitation of 1,578.3 hectares of land in Yeröö soum, Selenge Province. This area is now recognized as the largest territory in the country where land rehabilitation has been carried out in accordance with national standards.

As a result of the reclamation work, the living environment for local residents improved, biodiversity was positively impacted, and a tangible contribution made to the restoration of ecological balance.

⁵12,000 hectares of land degraded by mining operations have been rehabilitated / Mongolian Economy

Supporting Micro, Small, and Medium Enterprises (MSMEs)



According to the 2023 report by the NSO, titled “The Contribution of MSMEs to Economic Development,” MSMEs account for 6.2% of Mongolia's GDP and provide employment for 70-80% of the total workforce, making a significant contribution to local development. For Capitron Bank, MSME entrepreneurs represent 43.5% of the total client base, and supporting them is of high strategic importance to the bank. Therefore, we offer several types of loan products with flexible terms, including working capital loans and green business loans, specifically designed to support MSME entrepreneurs.

APPENDIX

APPENDIX: ESG Disclosure

Appendix 1. Sustainability management system indicators

Nº	Area	Indicators	Performance (2024)	Unit	Description	GRI standard	
SUSTAINABILITY MANAGEMENT SYSTEM INDICATORS							
MS1.1	Sustainability Management System	Senior Management commitment	Does your company have a sustainability commitment statement in place?	Yes	Yes/No	The "Sustainability Policy" was first approved in 2019.	GRI 102-14
MS2.1		Sustainability policy and procedures	Does your company have a sustainability policy with targets?	Yes	Yes/No	The "Sustainability Policy" includes relevant goals and objectives.	
MS2.2			Does your company have a set of sustainability procedures?		Yes/No		
MS3.1		Governance structure	Does your company have dedicated committees that are entirely/partially responsible for sustainability?	Yes	Yes/No	Matters related to sustainable development are discussed by the "Green Development Committee" under the BoD and the "Green Development and Gender Committee" under the Executive Management.	GRI 102-22
MS3.2			Does your company have a dedicated ESG/sustainability director/s (full-time/part-time) at the board level?	Yes	Yes/No	Three board members of the Green Development Committee are responsible for overseeing ESG and sustainability-related matters.	
MS3.3			Does your company have a dedicated ESG/sustainability manager/s (full-time/parttime) at the executive level?	Yes	Yes/No	According to Executive Director's Order No. A/41 of 2023, the Green Development Committee consists of the following members: 1. First Deputy Executive Officer 2. Head of Operations Department 3. Head of Digital Transformation Department 4. Head of Risk Management Department 5. Head of Organizational Development and Human Resources Department 6. Head of Retail Banking Department	
MS3.4			Does your company have a dedicated ESG/sustainability officers (full-time/part-time) at the operational level?	Yes	Yes/No	The Eco Banking Division is responsible for ensuring the implementation of sustainable development, ESG principles, and sustainable finance initiatives. For lending activities, an ESG risk analyst is designated to assess and manage related risks.	
MS3.5	Does your company cover sustainability issues in board meetings as part of the official agenda on a regular basis?		Yes	Yes/No	Related matters are included in the meeting agenda of the "Green Development Committee" under the BoD.		

APPENDIX: ESG Disclosure

Appendix 1. Sustainability management system indicators

MS4.1	Sustainability Management System	Materiality assessment	Does your company have materiality, process, assessment and/or matrix, explaining how your company avoids, mitigates, or remediates negative impacts to the economy, environment, and society, and enhances positive ones?	No	Yes/No	In 2024, the bank began developing a model to assess climate-related risks, opportunities, and impacts.	GRI 102-15
MS5.1		Organizational capacity	Annual average hours of sustainability training per employee (hr)	2	Hours	In 2024, related to the Sustainable Financing Program, a total of 17 training sessions were conducted across four main areas, with 233 employees participating (76 men and 157 women). On average, each employee received approximately 1.9 hours of training.	GRI 102-16
MS6.1		Monitoring	Is sustainability included under the scope of the audit committee and internal control functions	Yes	Yes/No	These provisions are set forth in the Internal Audit Regulations, the Internal Audit Department's Rules of Procedure, and the Audit Committee's Charter.	GRI 102-31
MS7.1		Sustainability reporting and verification	Does your company disclose a sustainability report (stand-alone/or integrated into annual report) at least annually?	Yes	Yes/No	The "Sustainability and ESG Report 2024" is being published for the first time in 2025.	GRI 102
MS7.2			Does the company prepare a TCFD-aligned climate disclosure?	Yes	Yes/No	The report is prepared in alignment with the ESG and Sustainability Reporting Guidelines (2022), the UN's SDGs, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and other relevant international standards.	
MS7.3			Are the sustainability data assured by an independent third-party?	No	Yes/No		
MS9.1		Membership	Number of sustainability associations, networks, and national or international advocacy organizations in which the company participates with a significant role including business declaration on human rights.	8	no.	At the national level, Capitrion Bank collaborates with the Credit Guarantee Fund, MSFA, the Mongolian Green Finance Corporation, the American Chamber of Commerce in Mongolia, EuroChamber and the Zorig Foundation. At the international level, the bank works in partnership with the PCAF, the JICA, and the ADB.	GRI 102

APPENDIX: ESG Disclosure

Appendix 2. Environmental indicators

Nº	Indicators	Criteria		Performance (2024)	Unit	Additional Information	GRI standard
ENVIRONMENTAL INDICATORS							
E1.1	Energy consumption	Total energy consumption	Total energy consumption	348,650.54	kWh	Capitron Bank sources its electricity from the central power plant and, during the reporting year, consumed 416,102 kWh of electricity, amounting to 132,353,097MNT. Total energy consumption was calculated based on both electricity and heating usage.	GRI 302
				132,353,097.46	MNT		
E1.2		Electricity	Total electricity consumption (kWh), and reduction (year-to-year)	297,601.27	kWh	The calculation was based on electricity bills from the Bank's two headquarters buildings and 32 branch offices.	
E1.3		Heat	Total heat consumption, (Gj - Gegajoule or kWh), and reduction (year-to-year)	51,049.27	kWh	The calculation was based on heating bills from the Bank's two headquarters buildings and 32 branch offices.	
E1.4		Fuel	Total fuel or coal, gas consumption and reduction (year-to-year) for heating	67,451.56	L	The calculation was based on the fuel expenses and usage types of all 26 vehicles owned and operated by the Bank.	
E1.5		Non-Renewable energy	Share of non-renewable energy consumption	100	%		
E1.6		Renewable energy	Share of renewable energy consumption	-	%	Currently, no initiatives are being undertaken.	
E2.1	GHG Emission	Total Scope 1	The report on total amount of greenhouse gases emitted under scope 1	149.68	tCO ₂ e	In 2024, the calculation was based on the fuel consumption of all 26 vehicles used in the Bank's operations.	GRI 305
E2.1			The report on total amount of reduced greenhouse gas emissions under scope 1	-	tCO ₂ e	Incorporated an electric vehicle into our daily operations to reduce environmental impact.	
E2.1		Total Scope 2	The report on total amount of greenhouse gases emitted under scope 2	308.21	tCO ₂ e	For Scope 2, the calculation was based on the electricity and heating consumption of Capitron Bank's 32 branches. Therefore, the Scope 2 GHG emissions presented in this report represent a partially estimated value.	
E2.2			The report on total amount of reduced greenhouse gas emissions under scope 2	-	tCO ₂ e	Currently, no initiatives are being undertaken.	

APPENDIX: ESG Disclosure

Appendix 2. Environmental indicators

E2.3	GHG emissions	Total Scope 3	The report on total amount of greenhouse gases emitted under scope 3	15477.9	tCO ₂ e	Scope 3 GHG emissions were calculated based on financed emissions. Due to limitations in data availability, the calculation focused on the most feasible sectors. As of 2024, this included loan portfolios with outstanding balances in the categories of vehicle loans, mortgage loans, and herder loans.	GRI 305
E2.4			The report on total amount of avoided greenhouse gas emissions under scope 3	139.2	tCO ₂ e	139.2 tons of CO ₂ e were avoided through energy-efficient housing financing provided since 2023 in accordance with the GHG Protocol.	GRI 302; GHG protocol, Category 15
		3.36		tCO ₂ e	Increased use of digital products and services avoided 3.36 tons CO ₂ e in accordance with the GHG Protocol.	GRI 302; GHG protocol, Category 1	
E2.5		Carbon offset	A reduction in total carbon offsets or offsets (such as tree planting programs or supporting external projects to reduce greenhouse gas emissions)	81.3	tCO ₂ e	Under the banking sector's "Billion Trees" initiative, the Bank avoided 81.3 tons of GHG emissions.	GRI 302
E3.1	Climate Change	Climate Policy	Does your company have a stand-alone/integrated climate change policy?	No	Yes/No	In the reporting year, the Bank has been developing a "Regulation on Climate Risk" which is scheduled for approval in 2025.	GRI 201
E3.2		Climate Risk and Opportunity Assessment	Did your company conduct a climate risk and opportunity assessment (scenario analysis, stress test, set science-based targets etc.)?	Yes	Yes/No	In accordance with the climate stress testing methodology issued by the Bank of Mongolia, Capitron Bank conducted a stress test and reported the results to its internal management team.	
E3.3		Economic loss	Total amount of economic loss faced due to climate related disasters and events	-	MNT	During the reporting year, no economic losses were incurred as a result of climate change-related disasters or events.	
E3.4		Climate investment	Total amount invested in climate-related infrastructure, resilience, and product development	9,569.77	MNT	Loan amount provided for equipment, energy efficiency, water management and mining rehabilitation.	
E3.5		Prevention/ adaptation to climate change	Have you identified the measures/steps you will take to prevent and (if prevention is not possible) adapt to climate change risks affecting your company's profitability or the quality of your products and services?	No		As of the reporting year, no climate change prevention or transition plan has been developed.	

APPENDIX: ESG Disclosure

Appendix 2. Environmental indicators

E4.1	Water	Water used	Total amount of water withdrawn/used	5,137,333.62	m ³ /L	During the reporting year, the Bank's total water consumption was calculated based solely on the usage data from its two headquarters buildings. Specifically, water usage data from the 32 branches that operated in 2024 was not included in the calculation due to significant gaps and limitations in data availability.	GRI 303
E4.2		Water saved	Total amount of water saved due to conservation and efficiency improvements	-	m ³ /L	Currently, no initiatives are being undertaken.	
E4.3		Recycled water	Percentage and total volume of water recycled and reused	-	%	Currently, no initiatives are being undertaken.	
E4.4		Water discharged	Total amount and percentage of greywater generated by the organization that is supplied to third parties.	-	m ³ /L, %	Currently, no initiatives are being undertaken.	
E5.1	Waste	Waste discharged	Total amount of waste discharged	-	tons	As of the reporting year, it was not possible to estimate the total amount of waste generated by the organization.	GRI 306
E5.2		Recycled waste	Percentage of waste recycled	1.4	%	As part of its goal to fully digitalize internal operations, the Bank implemented IT solutions to reduce paper consumption by 20% compared to 2023 levels, and delivered 1.4 tons of paper to a recycling facility during the reporting year.	
E5.3		Hazardous waste	Total amount and percentage of hazardous waste (including e-waste) discharged	2	tons / %	As part of its commitment to environmental sustainability, the Bank has begun transferring hazardous waste, including batteries, expired electrical appliances, and electrical wires, to a professional recycling organization on a contractual basis since April 2024. Please see the details in "Waste management" section of the report.	

APPENDIX: ESG Disclosure

Appendix 2. Environmental indicators

E6.1	Biodiversity	Landscape planning design greenery	Proportion of the total area of the public area or built-up green space that is used in an environmentally sustainable manner	-	%	Within the scope of financed projects and programs, based on the specific characteristics of the operation site, the Bank requires that 10–20% of the total area be designated for green landscaping in accordance with ESG requirements. Compliance with this requirement is regularly monitored.	GRI 304
E7.4		Protection of wild plants and animals	Number of species conserved	-	no./MNT	Currently, no tracking is being undertaken.	
E7.5		Activities negatively affecting biodiversity sensitivity	Share of operational sites owned, leased, managed or adjacent to protected areas, areas of high biological diversity and cultural value	-	%	The Bank does not own any land in Protected Areas or regions of high biodiversity and cultural value, nor does it conduct any operations in such areas.	

APPENDIX: ESG Disclosure

Appendix 3. Social indicators

Nº	Indicators	Criteria		Performance (2024)	Unit	Additional Information	GRI Standard	
SOCIAL INDICATORS								
S1.1	Human Capital Development	Employee turnover	Year-over-year change of full-time employees	13.56	%		GRI 401	
S1.2		Jobs created	Increase in the total number of full-time employees compared to the same period of the previous year	18	no.			
S1.3		Training	Annual average hours of training per employee	70.6	hr	As of the end of 2024, a total of 215 training sessions were conducted, reaching 4,205 participants (including repeat attendees) and delivering 5,520 academic hours of training. On average, each employee received 70.6 participant-hours of training, with an average training evaluation score of 91.7%.		
S2.1	Occupational Health and Safety	OHS policy	Does your company have an OHS policy (stand-alone or integrated)?	No	Yes/No	The process flowchart in the Internal Labor Regulations includes provisions for OHS training.	GRI 403	
S2.2		Incidents	Annual work-related injury rate	-	no.	No work-related injuries were recorded during the reporting year.		
S2.3		OHS training	Annual average hours of OHS training per employee	-	hr			
S2.4		Health programs	Percentage of employees covered by voluntary health programs such as medical checks		553	no.		To promote employees' health, the Bank annually offers medical examination packages tailored to age and gender, enabling employees to undergo comprehensive diagnostics of their choice, including detailed blood tests, ultrasound, tomography, and cardiovascular examinations.
S2.5					259	no.		Number of employees who participated in voluntary hepatitis B and C testing
S2.6					130	no.		Number of employees vaccinated against hepatitis B and C
S2.7					250	no.		The "Cultural Magnet" Club, a youth volunteer group committed to contributing to the Bank's social responsibility initiatives, organized a vitamin distribution event and provided immunity-boosting supplements to 250 employees.

APPENDIX: ESG Disclosure

Appendix 3. Social indicators

S3.1	Equal Opportunity	Gender Policy	Are there gender policies and procedures (separate policies and procedures or integrated into one procedure)?	Yes	Yes/No	The Gender Equality Policy was approved and put into effect in December 2024.	GRI 405
S3.2		Anti-sexual harassment policy	Does your company have an anti-sexual harassment policy (stand-alone/integrated)?	Yes	Yes/No	The Gender Equality Policy and the Internal Labor Regulations respectively include provisions related to PSEAH.	
S3.3		Non-discrimination policies and procedures	Does your company have a non-discrimination policy (stand-alone/integrated)?	Yes	Yes/No	The Internal Labor Regulations, Gender Equality Policy, Code of Ethics, Credit Policy, and Operational Procedures each include provisions against discrimination.	
S3.4		Gender balance	Percentage of total employee headcount by men and women	68/32	%	As of the reporting year, the Bank's total workforce consists of 68% women and 32% men.	
S3.5		Board level gender balance	Percentage of board-level positions held by men and women	20/80	%	During the reporting year, the gender composition of the Board of Directors was 20% women and 80% men.	
S3.6		C-level gender balance	Percentage of C-level positions held by men and women	27/73	%	As of 2024, women hold 27% of C-level positions, while men occupy 73%.	
S3.7		Junior level gender balance	Percentage of junior-level positions held by men and women	71/29	%	As of the reporting year, the gender ratio of employees in middle and entry-level positions was 71% women and 29% men.	
S3.8		The gender pay gap	Ratio of average male salary to average female salary.	-	MNT	Related information is regularly reported to investors.	

APPENDIX: ESG Disclosure

Appendix 3. Social indicators

S4.1	Access & Inclusion	Disability policy	Does your company have a publicly available Disability policy (stand-alone/integrated)?	Yes	Yes/No	Indicated in the Internal Labor Regulations and Gender Equality Policy.	GRI 406
S4.2		Employees with disability	Percentage of employees with disability	0.01	%		
S4.3		Access to facilities	Assessment of facility accessibility	No	Yes/No	The main entrances of the headquarters buildings are equipped with wheel-chair-accessible pathways.	
S4.4		Fines	Amount of fines paid for noncompliance with laws and regulations regarding disability.	-	MNT	As of the reporting year, no legal violations have occurred, and no fines have been imposed.	
S5.1	Community engagement & disclosure	Stakeholder engagement	Does your company have a stakeholder/community engagement policy approved by the Board?	Yes	Yes/No		GRI 413
S5.2		Policy and process for social impact assessment and land acquisition	Does your company have a policy to process for social impact assessment and land acquisition?	Yes	Yes/No	ESG assessment.	
S5.3		Grievance policy	Does your company have a grievance policy/ mechanism?	Yes	Yes/No	The Internal Labor Regulations include provisions for receiving and addressing feedback and complaints. In addition, the Bank has approved and implemented its Whistleblowing Policy since 2019. The Bank's internal operations system contains a dedicated channel for whistleblowing as well as for receiving employee feedback and complaints.	
S5.4		Disclosure to communities	Does your company have a mechanism and system to disclose relevant information to affected communities and stakeholders?	Yes	Yes/No	The Bank handles complaints in accordance with the "Procedure for Receiving and Addressing Customer Feedback" and reports them directly to senior management.	
S5.5		Worker/community complaints	Percentage of employee complaints addressed and resolved	91.40	%	The Internal Labor Regulation stipulates provisions for receiving and addressing suggestions and complaints. In addition, the Whistleblowing Policy has been approved and implemented since 2019. The Bank's integrated internal operations system includes a dedicated channel for whistleblowing as well as for receiving employee suggestions and complaints.	
	Percentage of community complaints addressed and resolved		99.7	%	The Bank addresses complaints in accordance with the "Procedure for Receiving and Resolving the Voice of Capitron Bank Customers" and reports the outcomes directly to senior management.		

APPENDIX: ESG Disclosure

Appendix 3. Social indicators

S5.6	Community engagement & disclosure	Community investments	Percentage of revenue invested in community programs and initiatives, by SDG breakdown	0.09	%	Within the framework of its CSR, Capitron Bank has continued to support and collaborate on socially and economically significant projects and programs, as well as numerous cultural and sports initiatives, thereby fulfilling its role as an ethical and responsible enterprise. The Bank actively engages in projects aimed at supporting the education, arts and sports through joint project implementation, sponsorship, and donations. For more details, please refer to the "SOCIAL" section of this report.	GRI 413
S6.1	Supply Chain Management	Procurement Policy	Does your company have a policy in place to related to local procurement and supply chain ESG risk and opportunity management?	Yes	Yes/No	Indicated in the Procurement procedure of Capitron Bank.	GRI 201, GRI 414
S6.2		Local procurement share	Percentage of the procurement budget used for significant locations of operation that is spent on local suppliers"	-	%		
S6.3		Sustainable and green procurement	Percentage of suppliers selected by ESG/sustainability criteria	-	%	The Bank is developing a "Sustainable and Green Procurement Evaluation Form" to identify goods and products and to register and monitor sustainable and green procurement practices.	

APPENDIX: ESG Disclosure

Appendix 4. Governance indicators

Nº	Indicators	Criteria	Performance (2024)	Unit	Additional Information	GRI Standard	
GOVERNANCE INDICATORS							
G1.1	Corporate Governance	Corporate governance policy	Does your company have a corporate governance policy/codes?	Yes	Yes/No	The Bank's Corporate Governance Principles Implementation Procedure: initially approved in 2017.	
G1.4		Board independence	Percentage of board seats occupied by independent members	30	%		
G1.7		Treatment/Rights of minority shareholders	Does your company have a policy to protect minority shareholders?	No	Yes/No		NA
G2.1	Corruption and Code of Ethics	Anti-corruption policy	Does your company have an Anti-corruption policy and/or Code of Ethics?	Yes	Yes/No	Anti-Corruption Procedure: initially approved in 2022.	GRI 201
G3.1	Compliance	Compliance Policy	Does your company have Compliance policy?	Yes	Yes/No	Compliance Policy: initially approved in 2021 and revised in 2024.	GRI 201
G3.2		Compliance program/procedures	Does your company have a compliance program including information on employee training, auditing, and monitoring systems, reporting violations, guidance for conflicts of interest, sanctions etc?	Yes	Yes/No	Capitron Bank implements a wide range of policies and procedures, including the Employee Code of Ethics, Bank Code of Ethics, Anti-Money Laundering and Counter-Terrorism Financing Policy, the related Risk Assessment and Prevention Procedure, Whistleblowing Policy, Conflict of Interest and Anti-Corruption Policy, and Compliance Policy and Program. In addition, the Bank has established an Ethics Committee and approved its operational procedures. These policies, procedures, and the committee function as oversight mechanisms, outlining specific processes for implementation, reporting, and submission. Their enforcement is monitored and audited in accordance with the "three lines of defense" principle, with recommendations developed to ensure continuous improvement.	

APPENDIX: ESG Disclosure

Appendix 5. Financial sector indicators

Nº	Indicators	Criteria	Performance (2024)	Unit	Additional Information	GRI Standard	
ADDITIONAL SECTOR SPECIFIC INDICATORS							
FS1	Financial services	Access to finance	Annual number of participants in financial literacy and inclusion initiatives		no.		NA
FS2		E&S risk management	Percentage of transactions assessed by ESG risk criteria and Exclusion lists	100	%	A 100% ESG risk assessment was conducted for the targeted loan portfolio.	NA
FS3		Sustainable issuance	Share of green/sustainable loans in compliance with Mongolia green/SDG taxonomy as of total loan portfolio		%		NA