

# FINANCIAL PERFORMANCE Q3'2023

**/Unaudited, BOM based/**

Oct 9, 2023

## FINANCIAL HIGHLIGHTS /Jan'2023-Sep'2023/

In the beginning of 2023, with the end of the coronavirus pandemic and the opening of the border with China, coal exports recovered and the trade balance returned to surplus. Foreign exchange reserves have recovered, the exchange rate has stabilized, and Mongolia's economy has begun to recover. Meanwhile, although the inflation rate is on the decline, it remains at double-digit levels. The Central Bank of Mongolia maintained the policy interest rate at a high level of 13%.

During this period, the Bank's deposits and loans increased by 20% and 14%, respectively, above target, and the banking sector's market share\* stood at 19.7% and 16.3%, respectively.

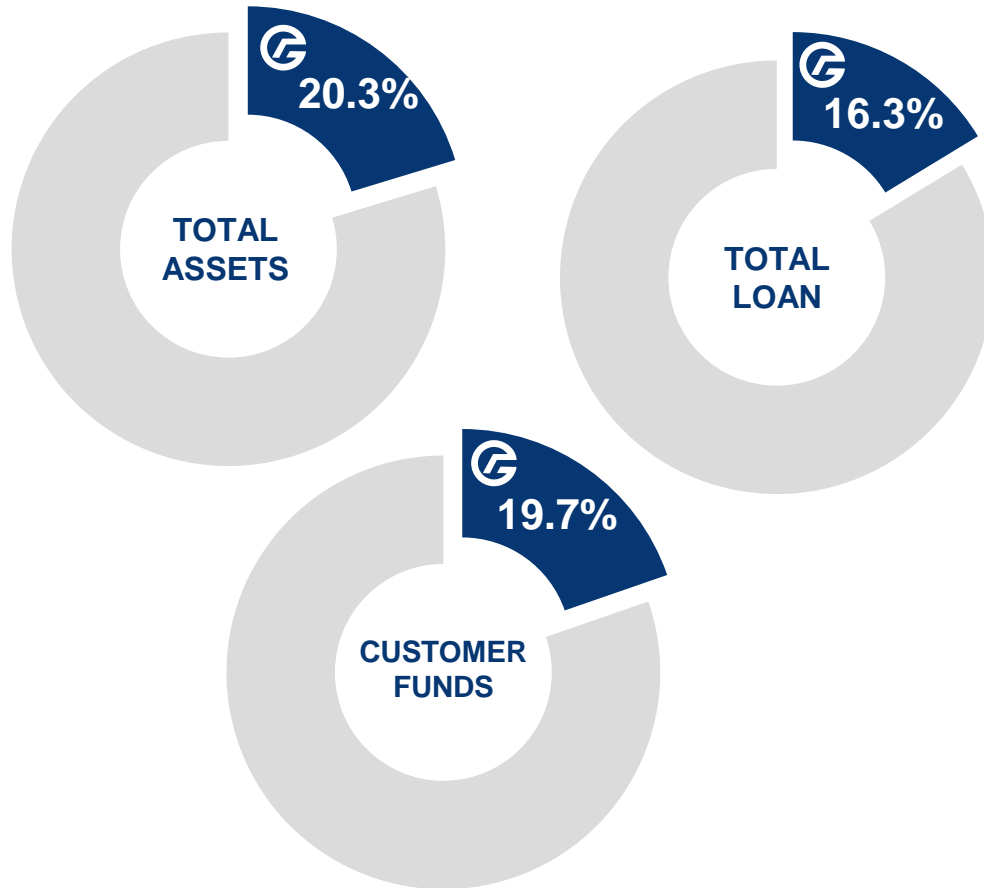
Under the high interest rate market environment, interest income as end of Sep'2023 increased by 47% year-on-year, and net interest income increased by 28% to 334.8 billion. Regarding non-interest income, fee and commission income increased by 21% YOY. The stable exchange rate made it more difficult to generate profits than last year and trading gain was 40.1 billion, 47% lower than the same period last year. Expenses were well controlled, with net operating profit reaching 275.5 billion excluding swap losses (up 6% YOY) and 190.1 billion including swap losses (down 10% YOY).

Since bad assets were cleared by the end of 2022, provision and valuation costs decreased by 76% YOY to 25.6 billion, and net profit increased by 66% YOY to 130.4 billion as end of Q3'2023. Net interest margin increased to 6.3% from 5.7% at the end of 2022. ROE reached 20.1%.

As the high interest rate market environment is expected to continue in the end of 2023, interest income is expected to expand. As interest rates and exchange rates change would be moderate, fluctuation of swap fair value is expected to be limited and credit costs are expected to be at a low level, so net profit of FY2023 is expected to exceed the forecast figure of 140 billion.

*\*as end of Aug'2023*

# FINANCIAL MARKET SHARES Aug'2023



Trading volume  
**26%**



Mortgage loan  
**24%**



Credit card  
**44%**

E-commerce transaction  
#, amount  
**68%, 45%**  
*As: H1'2023*



LC volume  
**63%**

Custodian banking  
# of customer  
**44%**



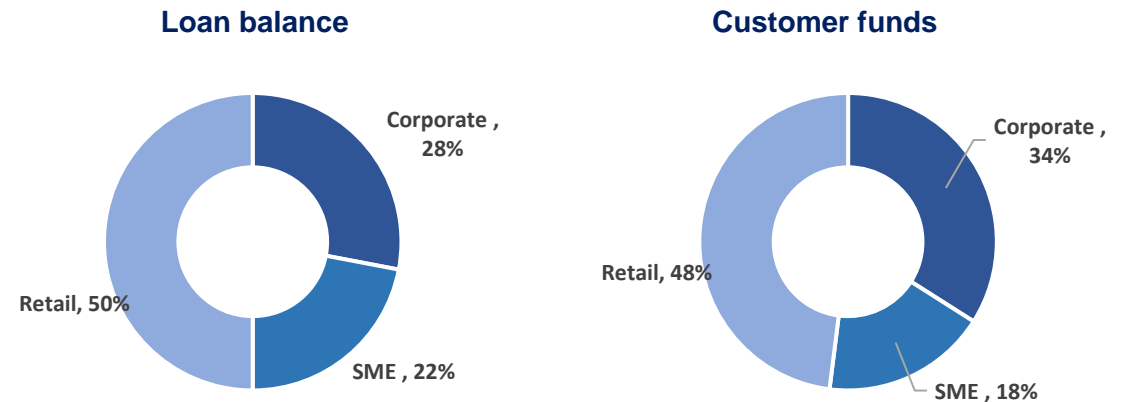
# BALANCE PERFORMANCE Q3'2023

BALANCE SHEET (MNT bln)	2022Q3	2022Q4	2023Q3	YTD	%
Cash and cash equivalents	1,997	2,238	2,701	463	21%
Due from banks	1,365	1,439	1,153	(285)	-20%
Investment securities	539	699	838	139	20%
<b>Loans (net)</b>	<b>3,674</b>	<b>3,608</b>	<b>4,095</b>	<b>487</b>	<b>14%</b>
Fixed assets	383	385	510	125	32%
Other asset	509	556	350	(206)	-37%
<b>TOTAL ASSET</b>	<b>8,467</b>	<b>8,925</b>	<b>9,648</b>	<b>723</b>	<b>8%</b>
<b>Due to customers</b>	<b>5,527</b>	<b>5,620</b>	<b>6,749</b>	<b>1,129</b>	<b>20%</b>
Current accounts	2,443	2,703	3,347	644	24%
Savings	3,084	2,917	3,402	485	17%
Due to banks	1,825	1,999	1,598	(401)	-20%
Other funds	304	306	253	(53)	-17%
Other liabilities	106	156	151	(5)	-3%
<b>TOTAL LIABILITIES</b>	<b>7,762</b>	<b>8,082</b>	<b>8,751</b>	<b>670</b>	<b>8%</b>
<b>TOTAL EQUITY</b>	<b>705</b>	<b>844</b>	<b>897</b>	<b>53</b>	<b>6%</b>
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NPL	7.6%	6.9%	6.1%		
NPL coverage ratio (%)	70.6%	96.4%	101.4%		
Car-Tier 1	14.2%	17.7%	16.4%		
Liquidty ratio	34.7%	36.3%	39.0%		

## Balance performance

- Customer funds increased by ₮1.1T /+20%/ YTD to ₮6.7T. 68% of the increase was from Corporate segment, 19% from Retail segment, and the remaining 13% from SME segment.
- Net loan increased by ₮487B /+14%/ YTD to ₮4.1T. 65% of the total loan increase was from Retail segment.
- In April, the bank distributed dividend of ₮50 per share, or total ₮40.4B /DPR=40%/.

### Segment structure (%) \*



\* By internal segment policy

# PROFIT PERFORMANCE Q3'2023

INCOME STATEMENT (MNT bln)	2022Q3	2022Q4	2023Q3	YoY	%
Interest income	480.9	669.5	704.8	223.8	47%
Interest expense	218.5	307.9	370.0	151.5	69%
<b>Net interest income</b>	<b>262.4</b>	<b>361.6</b>	<b>334.8</b>	<b>72.4</b>	<b>28%</b>
<b>Net non interest income</b>	<b>65.1</b>	<b>150.9</b>	<b>(4.3)</b>	<b>(69.4)</b>	<b>-107%</b>
Fee and commission income	62.5	85.1	75.8	13.3	21%
Net trading gain	26.7	100.4	(45.2)	(71.9)	-269%
Trading gain	75.4	106.0	40.1	(35.2)	-47%
SWAP impact	(48.6)	(5.6)	(85.3)	(36.7)	75%
Other non-interest income	16.1	20.5	9.4	(6.7)	-42%
Non-interest expense	40.3	55.1	44.4	4.1	10%
<b>Operating income</b>	<b>327.5</b>	<b>512.5</b>	<b>330.4</b>	<b>2.9</b>	<b>1%</b>
<b>Operating income -without SWAP</b>	<b>376.1</b>	<b>518.1</b>	<b>415.8</b>	<b>39.6</b>	<b>11%</b>
Operation expense	115.6	165.9	140.3	24.7	21%
<b>Operating profit</b>	<b>211.9</b>	<b>346.6</b>	<b>190.1</b>	<b>(21.8)</b>	<b>-10%</b>
<b>Operating profit -without SWAP</b>	<b>260.5</b>	<b>352.2</b>	<b>275.5</b>	<b>14.9</b>	<b>6%</b>
Provision expense	105.7	192.6	25.6	(80.1)	-76%
<b>Profit before tax</b>	<b>106.2</b>	<b>154.0</b>	<b>164.5</b>	<b>58.3</b>	<b>55%</b>
Tax	27.7	53.5	34.1	6.3	23%
<b>Profit after tax</b>	<b>78.5</b>	<b>100.5</b>	<b>130.4</b>	<b>52.0</b>	<b>66%</b>
NIM*	5.5%	5.7%	6.3%		
CIR without SWAP	30.7%	32.0%	33.7%		
ROE	15.8%	14.4%	20.1%		
ROA	1.3%	1.2%	1.9%		

\* By internal method

## Profit performance:

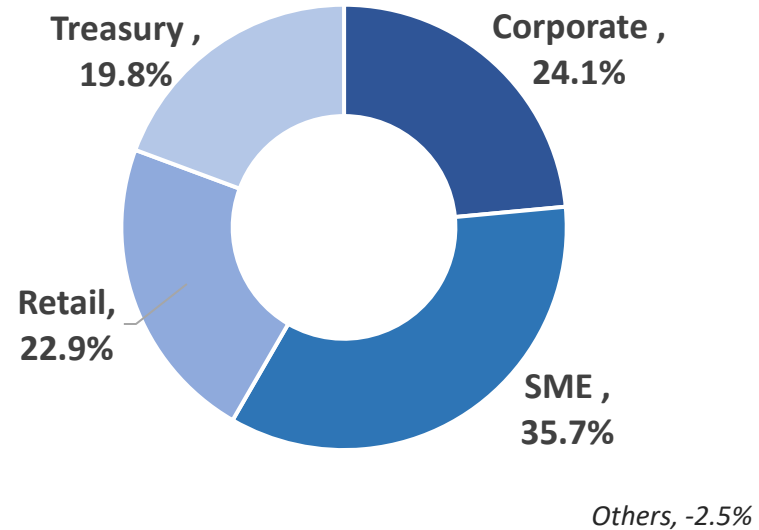
- Net interest income was 334.8B, 28% increase YOY.
- Net non-interest income was -4.3B. It was 81B excluding currency swap impact (-85.3B).
  - Fee and commission income was 75.8B, 21% increase YOY.
  - Trading gain was 40.1B, -47% YOY due to market environment changes from last year.
  - Currency swaps impact was -85.3B YOY due to market environment changes from last year.
- Net operating profit before provisioning expense was 190.1B /-10%/ YOY. It was 275.5B /+6%/ YOY excluding currency swap impact (-85.3B).
- Net profit was ₮130.4B, 66% increase from 78.5B YOY.
- Profitability ratios such as NIM(6.3%), ROE(20.1%) and ROA(1.9%) improved YOY.
- All regulatory prudential ratios were fulfilled.

## Currency swaps impact:

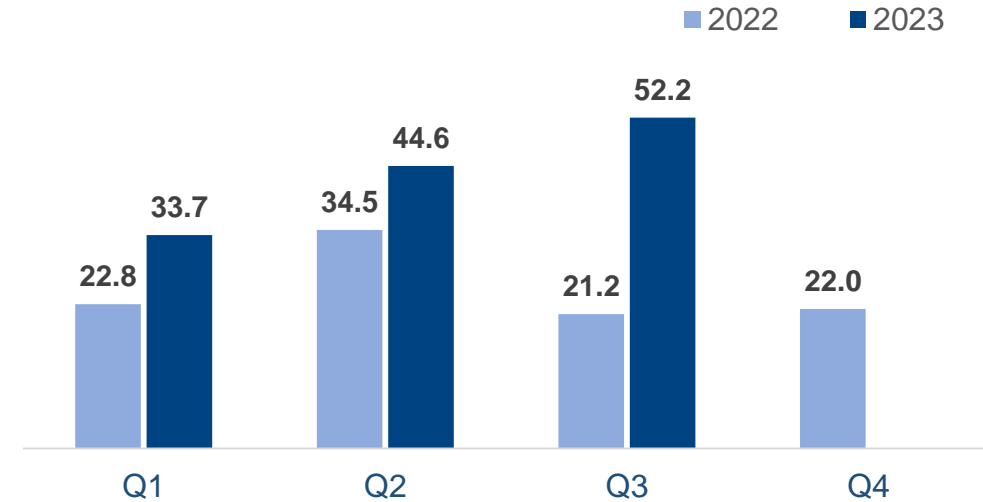
Currency swaps fair value evaluation impact was negative ₮85.3B YTD, due to market environment.

# PROFIT PERFORMANCE Q3'2023

## Net Operating Profit without SWAP -by segment



## Quarterly net profit (bIn ₺)

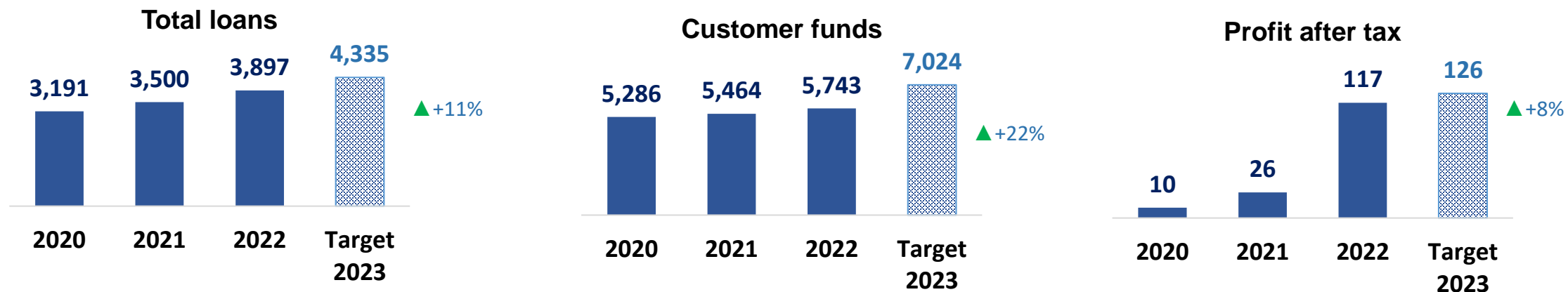


## Quarterly net profit change 2022/2023

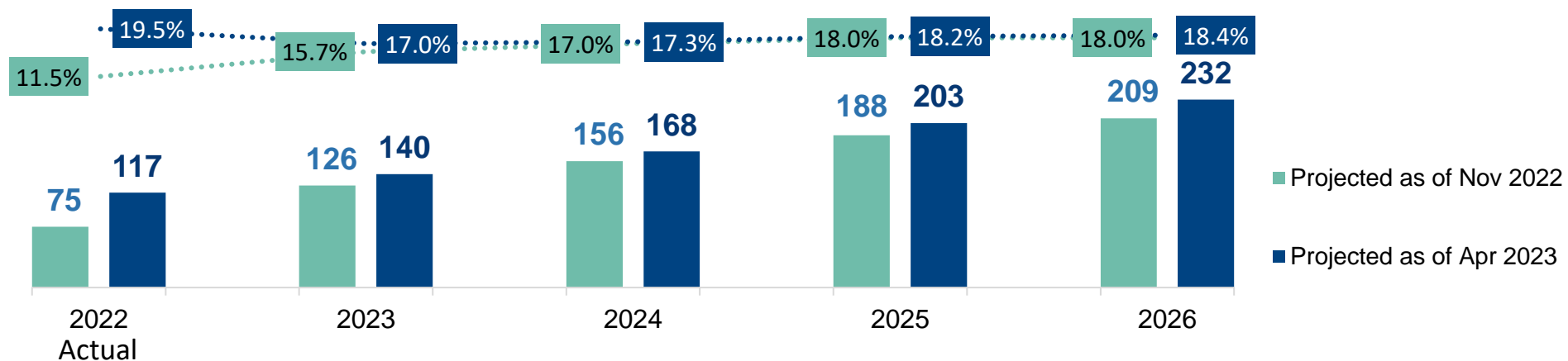
1Q2023/1Q2022 +47.6%  
 2Q2023/2Q2022 +29.2%  
 3Q2023/3Q2022 +146.7%

# PROJECTION /IFRS based/

Financial targets 2023 based on IPO prospectus /bln ¥/



Net profit /bln ¥/ and ROE/%/



## **DISCLAIMER**

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YOUR ATTENTION**