

FINANCIAL PERFORMANCE 1ST HALF OF 2023

/Unaudited, BOM based/

FINANCIAL HIGHLIGHTS 1H2023

In the first half 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%.

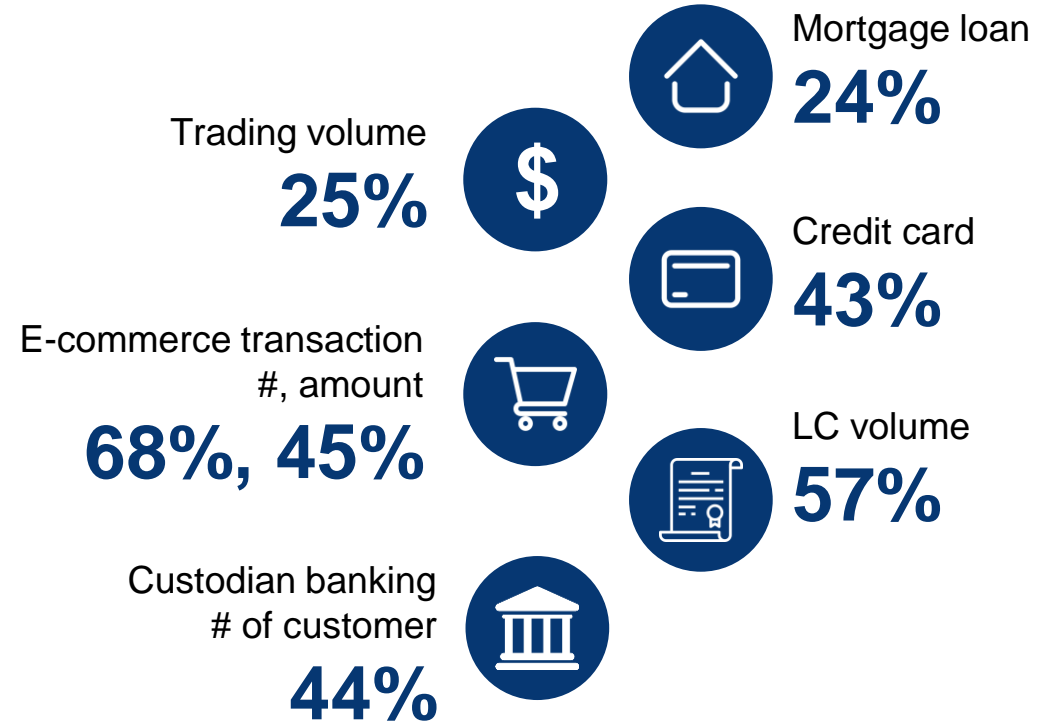
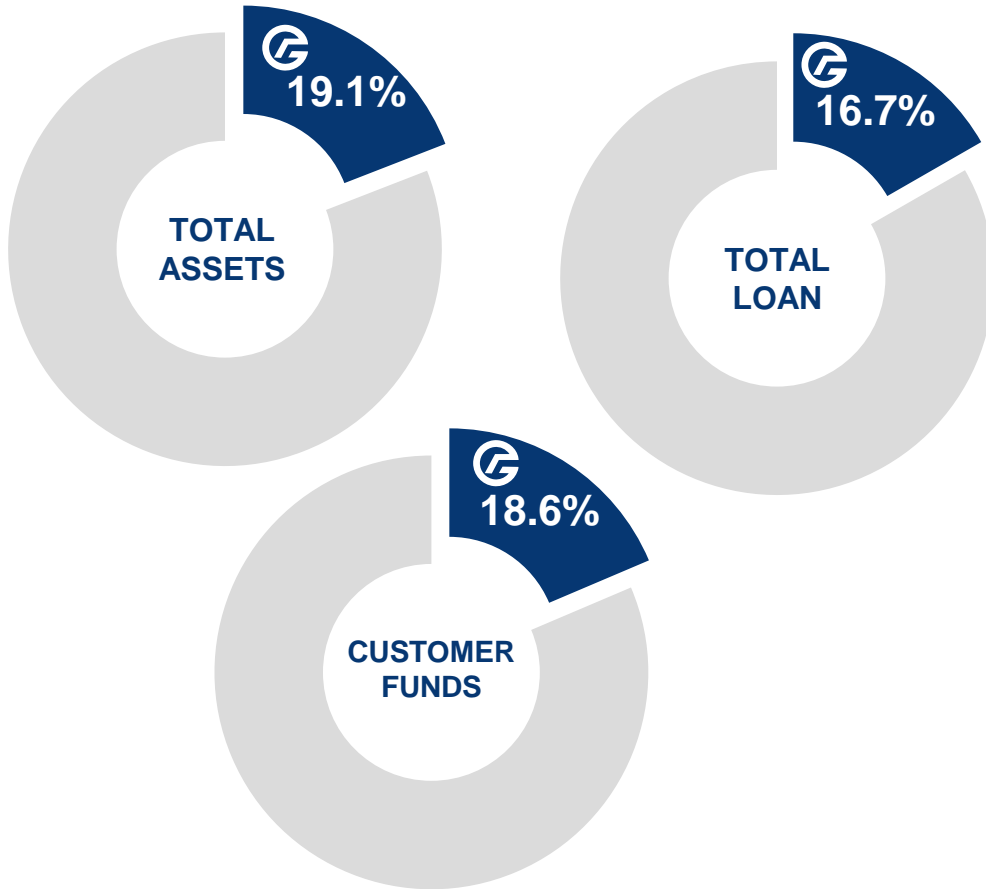
During this period, the Bank's deposits and loans increased by 8% and 12%, respectively, almost as planned, and the banking sector's market share stood at 18.6% and 16.7%, respectively.

Under the high interest rate market environment, interest income in the first half of 2023 increased by 45% year-on-year, and net interest income increased by 28% to 213.5 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 28.3 billion, 38% lower than the same period last year. Expenses were well controlled, with net operating profit reaching 178 billion excluding swap losses (up 16% YOY) and 116.2 billion including swap losses (down 14% YOY).

Since bad assets were cleared by the end of 2022, credit costs decreased by 61% YOY to 20.1 billion, and net profit for the first half of 2023 increased by 37% YOY to 78.2 billion. Net interest margin increased to 6.1% from 5.7% at the end of 2022. ROE reached 18.3%.

As the high interest rate market environment is expected to continue in the second half 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.

 **FINANCIAL MARKET SHARES 1H2023**





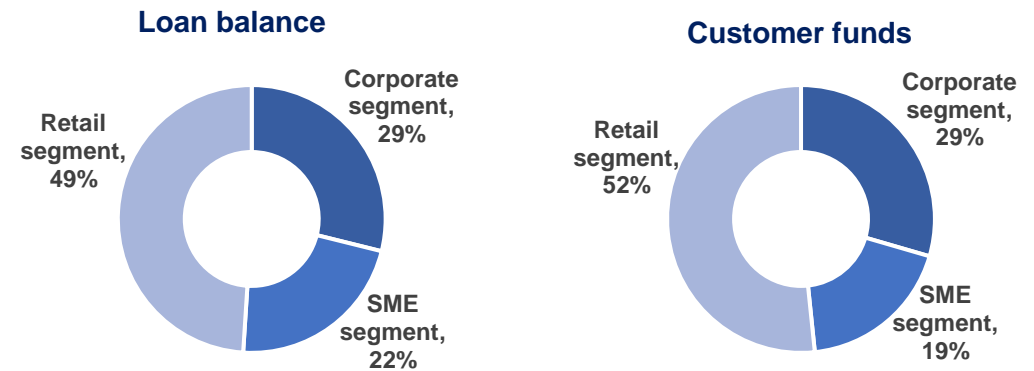
BALANCE PERFORMANCE 1H2023

| BALANCE SHEET (MNT bln) | 2022Q2 | 2022Q4 | 2023Q2 | YTD | % |
|---------------------------|--------------|--------------|--------------|------------|------------|
| Cash and cash equivalents | 2,325 | 2,238 | 1,941 | (297) | -13% |
| Due from banks | 1,312 | 1,439 | 1,430 | (9) | -1% |
| Investment securities | 494 | 699 | 854 | 154 | 22% |
| Loans (net) | 3,538 | 3,608 | 4,035 | 427 | 12% |
| Fixed assets | 387 | 385 | 470 | 84 | 22% |
| Other asset | 520 | 556 | 459 | (97) | -18% |
| TOTAL ASSET | 8,575 | 8,925 | 9,187 | 262 | 3% |
| Due to customers | 5,618 | 5,620 | 6,045 | 425 | 8% |
| Current accounts | 2,038 | 2,703 | 2,928 | 225 | 8% |
| Savings | 3,580 | 2,917 | 3,117 | 200 | 7% |
| Due to banks | 1,743 | 1,999 | 1,895 | (105) | -5% |
| Other funds | 353 | 306 | 277 | (29) | -9% |
| Other liabilities | 146 | 156 | 125 | (32) | -20% |
| TOTAL LIABILITIES | 7,860 | 8,082 | 8,341 | 260 | 3% |
| TOTAL EQUITY | 715 | 844 | 846 | 3 | 0% |
| NPL | 7.2% | 6.9% | 7.3% | | |
| NPL coverage ratio (%) | 67.6% | 96.4% | 83.8% | | |
| CAR | 14.4% | 17.7% | 16.3% | | |
| Liquidty ratio | 38.3% | 36.3% | 33.3% | | |

Balance performance

- Customer funds increased by ₮425B /+8%/ YTD to ₮6.0T. 47% of the increase was from Corporate segment, 40% from Retail segment, and the remaining 13% from SME segment.
- Net loan increased by ₮427B /+12%/ YTD to ₮4.0T. 58% 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 1H2023

| INCOME STATEMENT (MNT bln) | 2022Q2 | 2022Q4 | 2023Q2 | YoY | % |
|---------------------------------------|--------------|--------------|--------------|---------------|--------------|
| Interest income | 309 | 669 | 449 | 139.9 | 45% |
| Interest expense | 142.6 | 307.9 | 235.4 | 92.7 | 65% |
| Net interest income | 166.3 | 361.6 | 213.5 | 47.1 | 28% |
| Net non interest income | 44.9 | 150.9 | (4.7) | (49.6) | -110% |
| Fee and commission income | 40.5 | 85.1 | 48.8 | 8.3 | 21% |
| Net trading gain | 26.0 | 100.4 | (33.4) | (59.5) | -228% |
| Trading gain | 45.4 | 106.0 | 28.3 | (17.0) | -38% |
| SWAP impact | (19.3) | (5.6) | (61.8) | (42.4) | 219% |
| Other non-interest income | 7.1 | 20.5 | 7.8 | 0.7 | 10% |
| Non-interest expense | 28.8 | 55.1 | 27.9 | (0.9) | -3% |
| Operating income | 211.2 | 512.5 | 208.8 | (2.4) | -1% |
| Operating income -without SWAP | 230.5 | 518.1 | 270.5 | 40.0 | 17% |
| Operation expense | 76.8 | 165.9 | 92.6 | 15.8 | 21% |
| Operating profit | 134.4 | 346.6 | 116.2 | (18.2) | -14% |
| Operating profit -without SWAP | 153.8 | 352.2 | 178.0 | 24.2 | 16% |
| Provision expense | 51.3 | 192.6 | 20.1 | (31.2) | -61% |
| Profit before tax | 83.1 | 154.0 | 96.1 | 13.0 | 16% |
| Tax | 25.8 | 53.5 | 17.9 | (8.0) | -31% |
| Profit after tax | 57.3 | 100.5 | 78.2 | 20.9 | 37% |
| NIM* | 5.3% | 5.7% | 6.1% | | |
| CIR without SWAP | 33.3% | 32.0% | 34.2% | | |
| ROE | 17.7% | 14.4% | 18.3% | | |
| ROA | 1.4% | 1.2% | 1.8% | | |

* By internal method

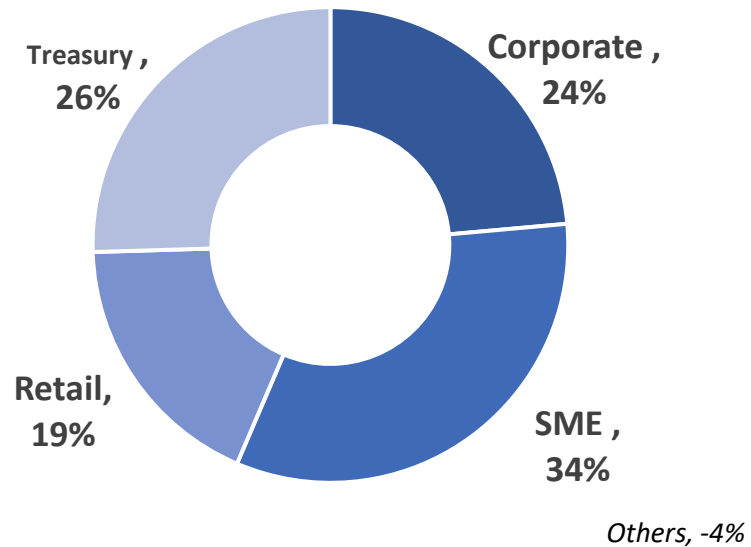
Profit performance:

- Net interest income was 213.5B, 28% increase YOY.
- Net non-interest income was -4.7B. It was 57B excluding currency swap impact (-61.8B).
 - Fee and commission income was 48.8B, 21% increase YOY.
 - Trading gain was 28.3B, -38% YOY due to market environment changes from last year.
 - Currency swaps impact was -61.8B YOY due to market environment changes from last year.
- Net operating profit before provisioning expense was 116B /-14%/ YOY. It was 178B /+16%/ YOY excluding currency swap impact (-61.8B).
- Net profit was ₺78.2B, 37% increase from 57.3B YOY.
- Profitability ratios such as NIM(6.1%), CIR(34.2%) and ROE(18.3%) improved YOY.
- All regulatory prudential ratios were fulfilled.

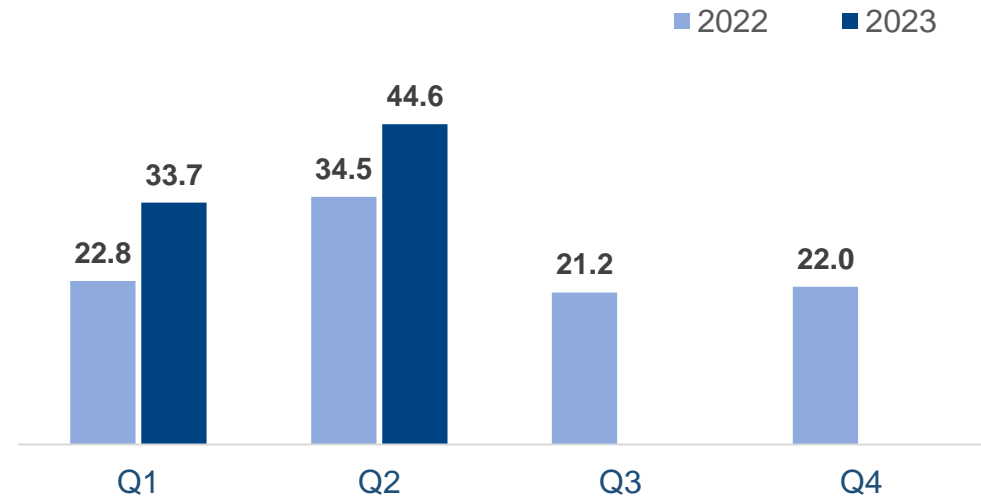
Currency swaps impact:

Currency swaps fair value evaluation impact was negative ₺61.8B YTD, due to market environment.

Net Operating Profit by segment



Quarterly net profit (bln ₺)



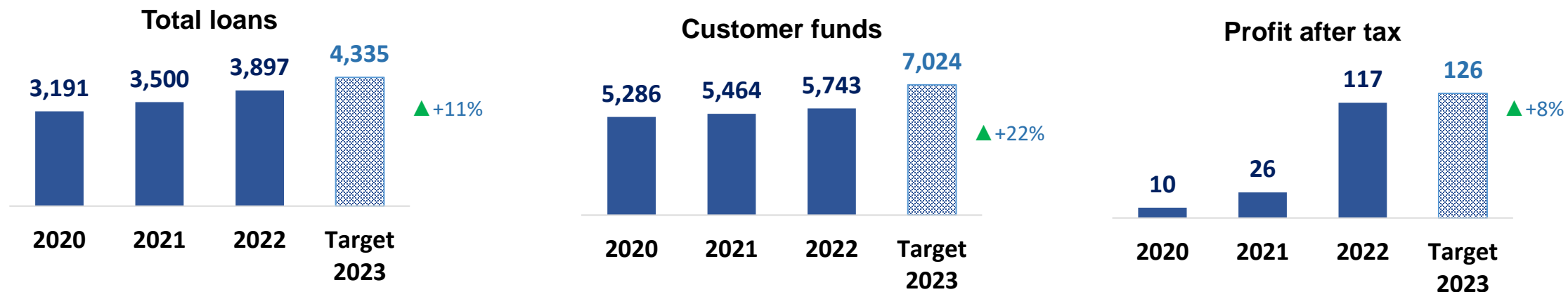
Quarterly net profit change 2022/2023

1Q2023/1Q2022 +47.6%

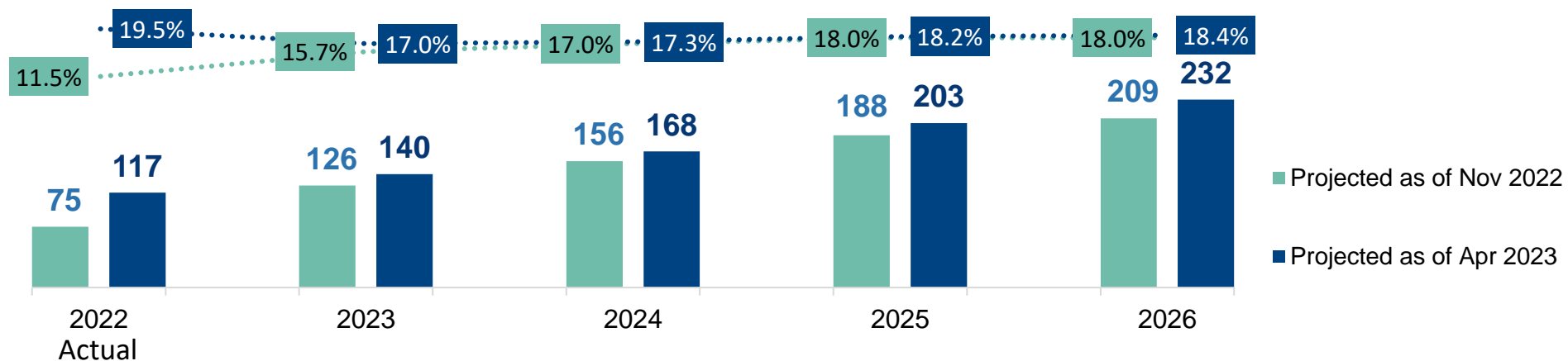
2Q2023/2Q2022 +29.2%

PROJECTION /IFRS based/

Financial targets 2023 based on IPO prospectus /bln ¥/



Net profit /bln ¥/ and ROE/%/



DISCLAIMER

According to the Accounting Law of Mongolia, enterprises and organizations follow the International Financial Reporting Standards (IFRS), while the Commercial Banks follow the "Accounting Package Materials" approved by the joint decree of the President of the Bank of Mongolia and the Minister of Finance. This regulation does not include changes in some standards updated since 2017 (IFRS-9, IFRS-15, IFRS-16, etc.). Therefore, the quarterly reports prepared in accordance with the above regulation may be different from the IFRS based financial reports. Also, the segment structure of loans, customer funds and operating profit is based on internal methodology. Certain information set forth in this presentation, including financial projections, expectations and forecasts, contains forward-looking statements which are based on previous period reports, company valuations, beliefs and other market factors. Therefore, actual results may differ or materially differ from those anticipated due to unexpected risks and uncertainties. The anticipations are not guarantees of any future performance and undue reliance should not be placed on them.

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YOUR ATTENTION**