

# FINANCIAL PERFORMANCE Q4'2023

**/Unaudited, BOM based/**

Jan 15, 2024

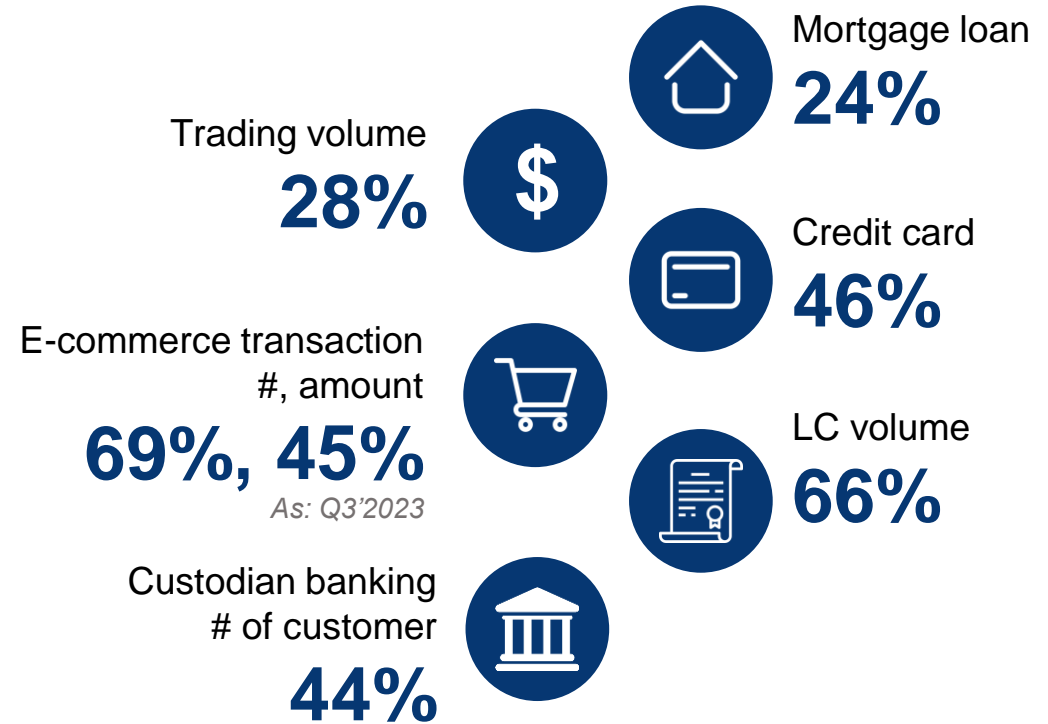
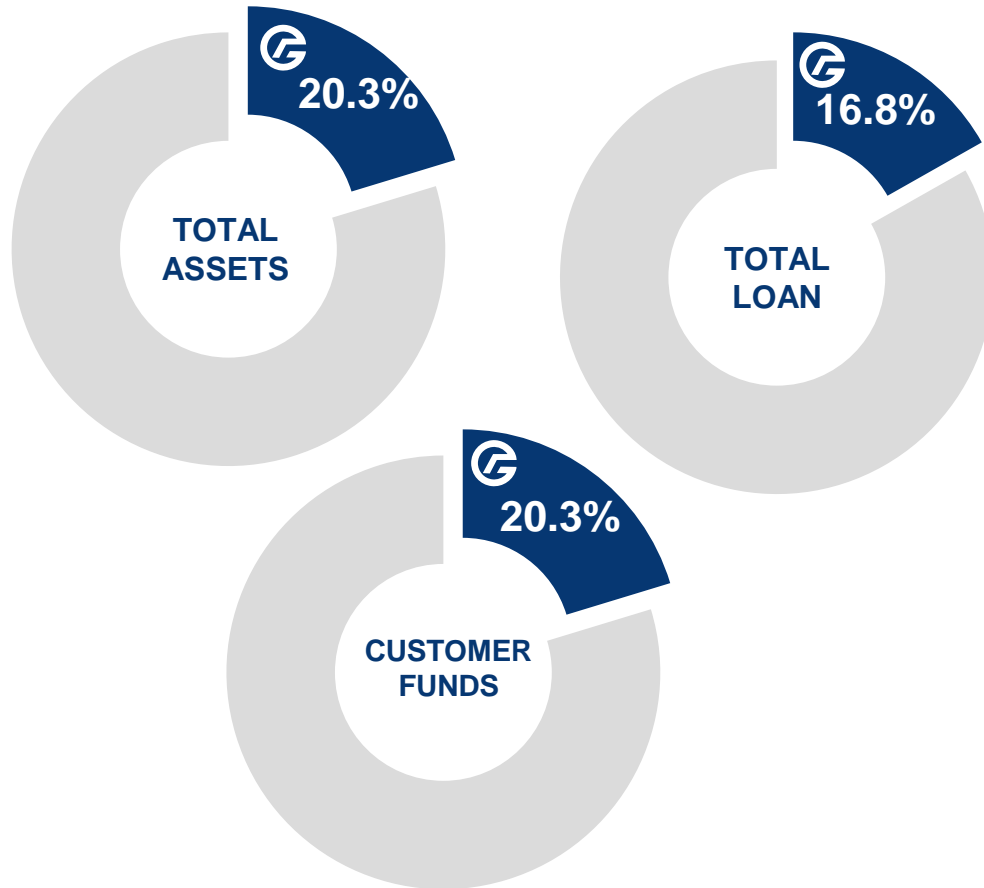
## FINANCIAL HIGHLIGHTS /2023/

In 2023, Mongolia experienced economic growth primarily driven by the thriving mining sector. By the third quarter, the economy had expanded by an impressive 6.9%. Notably, coal exports surged to a historic high of 66.7 million tons in 2023. The balance of payments, which was in deficit in 2022, turned into a surplus of 964 million US dollars as of the end of November. Consequently, the state's foreign currency reserves increased to 4.9 billion US dollars as of the end of 2023, and the MNT was appreciated slightly against the US dollar from March 2023 onwards. To mitigate the risk of inflation, the policy interest rate remained high at 13% throughout 2023. As a result, inflation, which had persisted in double digits for 21 months, dropped to 7.9 percent by December.

The bank witnessed a significant uptick in deposits and net loans from last year, registering increases of 37.5% and 26.8%, respectively. Market shares for deposits and total loans stood at 20.3% and 16.8% respectively as of November. As of the end of 2023, interest income surged by 43.7%, and net interest income rose by 25.7% to MNT 454.7 billion due to high interest rates in the market. Non-interest income, specifically fee and commission income, saw a notable increase of 21.4%. Trading profit experienced a decline of 44.4% to MNT 59.0 billion compared to the previous year, attributed to the relatively stable exchange rate. The cost-income ratio was effectively maintained at 35.0% through cost control measures. Operating profit, excluding the impact of currency swaps and before credit expenses, increased by 4.7%, reaching MNT 368.8 billion.

The successful implementation of asset quality management led to a reduction in the Non-performing loans (NPL) ratio from 6.9% to 5.0%, accompanied by an 88.4% decrease in provision expenses, totaling 22.4 billion. Profit after tax saw a 80.0% increase, reaching 180.8 billion by the end of 2023. Net interest margin also improved, rising from 5.7% to 6.3%, and the return on equity (ROE) increased from 14.4% to 20.5%. Earnings per share (EPS) surged to MNT 223.6.

# FINANCIAL MARKET SHARES as of November 2023



Source: based on BOM statistics



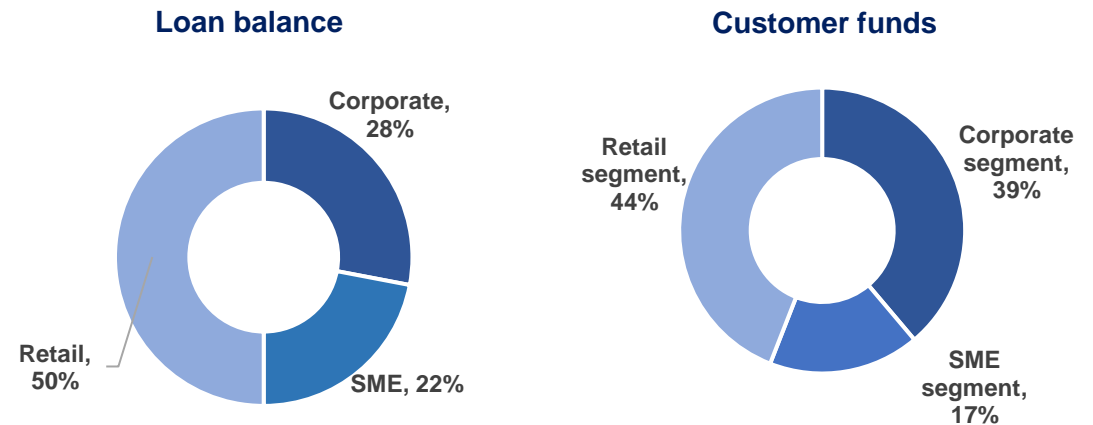
# BALANCE PERFORMANCE Q4'2023

BALANCE SHEET (MNT bln)	2022Q4	2023Q4	YoY	%
Cash and cash equivalents	2,238	3,614	1,375.1	61.4%
Due from banks	1,439	1,203	(236.1)	-16.4%
Investment securities	699	1,175	475.7	68.0%
<b>Loans (net)</b>	<b>3,608</b>	<b>4,576</b>	<b>968.3</b>	<b>26.8%</b>
Fixed assets	385	559	173.8	45.1%
Other asset	556	343	(213.3)	-38.4%
<b><u>TOTAL ASSET</u></b>	<b><u>8,925</u></b>	<b><u>11,469</u></b>	<b><u>2,543.4</u></b>	<b><u>28.5%</u></b>
<b>Due to customers</b>	<b>5,620</b>	<b>7,725</b>	<b>2,105.0</b>	<b>37.5%</b>
Current accounts	2,703	3,979	1,276.6	47.2%
Savings	2,917	3,745	828.4	28.4%
Due to banks	1,999	2,193	193.3	9.7%
Other funds	306	380	73.4	24.0%
Other liabilities	156	225	68.4	43.8%
<b><u>TOTAL LIABILITIES</u></b>	<b><u>8,082</u></b>	<b><u>10,522</u></b>	<b><u>2,440.2</u></b>	<b><u>30.2%</u></b>
<b><u>TOTAL EQUITY</u></b>	<b><u>844</u></b>	<b><u>947</u></b>	<b><u>103.2</u></b>	<b><u>12.2%</u></b>
NPL	6.9%	5.0%		
NPL coverage ratio (%)	96.4%	106.2%		
CAR, Tier 1 (%)	17.7%	15.9%		
Liquidiy ratio	36.3%	38.3%		

## Balance performance

- Customer funds increased by ₹2.1 trillion /37.5%/ to ₹7.7 trillion. 66% of the increase was from Corporate segment, 21% from Retail segment, and the remaining 13% from SME segment.
- Net loan increased by ₹968.3 billion /26.8%/ to ₹4.6 trillion. 55% 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%/ . CAR, Tier1 ratio was 15.9% as of the end of 2023.

## Segment structure (%) \*



\* By internal segment policy



# PROFIT PERFORMANCE Q4'2023

INCOME STATEMENT (MNT bln)	2022Q4	2023Q4	YoY	%
Interest income	669.5	962.0	292.6	43.7%
Interest expense	307.9	507.3	199.5	64.8%
<b>Net interest income</b>	<b>361.6</b>	<b>454.7</b>	<b>93.1</b>	<b>25.7%</b>
<b>Net non interest income</b>	<b>150.9</b>	<b>(3.1)</b>	<b>(153.9)</b>	<b>-102.0%</b>
Fee and commission income	85.1	103.3	18.2	21.4%
Net trading gain	100.4	(56.4)	(156.8)	-156.1%
Trading gain	106.0	59.0	(47.0)	-44.4%
SWAP impact	(5.6)	(115.4)	(109.7)	1949.0%
Other non-interest income	20.5	13.0	(7.4)	-36.3%
Non-interest expense	55.1	63.0	7.9	14.3%
<b>Operating income</b>	<b>512.5</b>	<b>451.6</b>	<b>(60.8)</b>	<b>-11.9%</b>
<b>Operating income -without SWAP</b>	<b>518.1</b>	<b>567.0</b>	<b>48.9</b>	<b>9.4%</b>
Operation expense	165.9	198.3	32.3	19.5%
<b>Operating profit</b>	<b>346.6</b>	<b>253.4</b>	<b>(93.2)</b>	<b>-26.9%</b>
<b>Operating profit -without SWAP</b>	<b>352.2</b>	<b>368.8</b>	<b>16.6</b>	<b>4.7%</b>
Provision expense	192.6	22.4	(170.2)	-88.4%
<b>Profit before tax</b>	<b>154.0</b>	<b>231.0</b>	<b>77.0</b>	<b>50.0%</b>
Tax	53.5	50.2	(3.3)	-6.2%
<b>Profit after tax</b>	<b>100.5</b>	<b>180.8</b>	<b>80.3</b>	<b>80.0%</b>
NIM*	5.7%	6.3%		
CIR without SWAP	32.0%	35.0%		
ROE	14.4%	20.5%		
ROA	1.2%	1.9%		

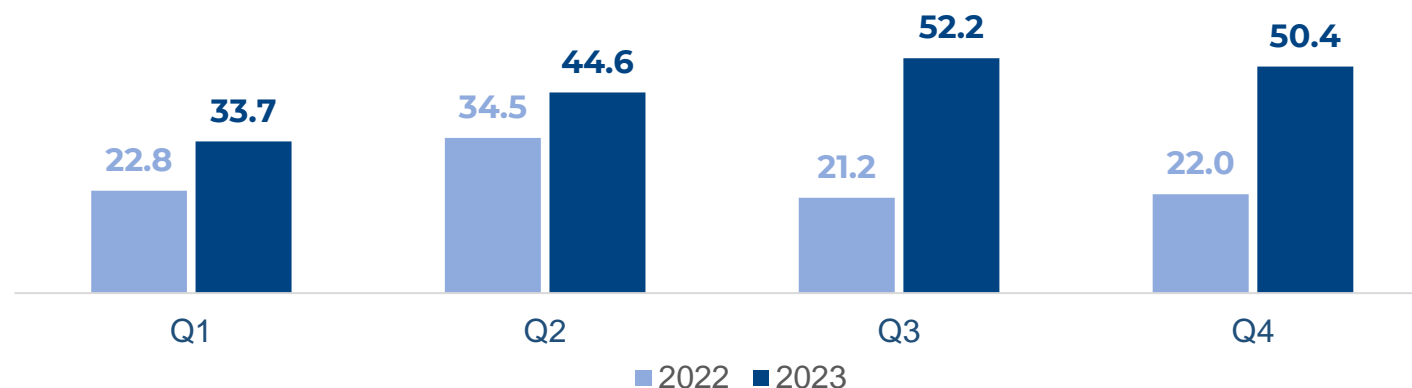
\* By internal method

## Profit performance:

- Net interest income was ₮454.7 billion, 25.7% increase YOY.
- Net non-interest income was ₮3.1 billion. It was ₮112.3 billion excluding currency swap impact.
  - Fee and commission income increased by 21.4% and reached to ₮103.3 billion.
  - Trading gain decreased by 44.4% and reached ₮59.0 billion due to market environment changes from previous year.
  - Currency swaps impact was negative due to market environment changes from previous year.
- Net operating profit before provisioning expense increased by 4.7% and reached to ₮368.8 billion.
- Net profit after tax increased by 80.0% to ₮180.8 billion.
- Profitability ratios such as NIM(6.3%), ROE(20.5%) improved from previous year. EPS increased to ₮223.6.

# FINANCIAL PERFORMANCE 2023

## Quarterly net profit /bln ₺/ -BOM



### Quarterly net profit change (QOQ)

Q1'2023/Q1'2022 +47.6%

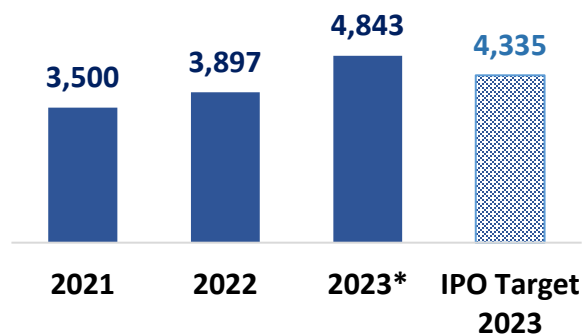
Q2'2023/Q2'2022 +29.2%

Q3'2023/Q3'2022 +146.7%

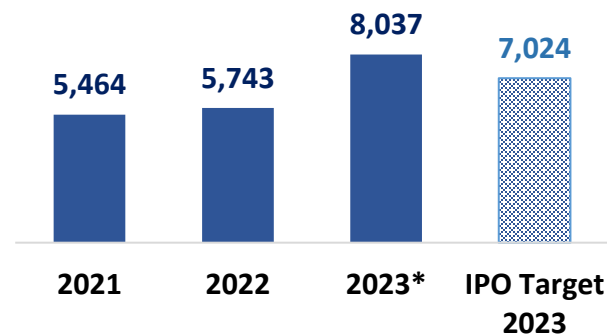
Q4'2023/Q4'2022 +128.8%

## Financial performance 2023 compared with IPO prospectus /bln ₺/ -IFRS

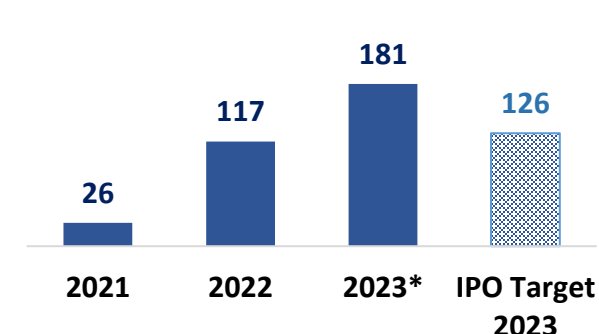
**Total loans:** 12% above target



**Customer funds:** 14% above target



**Net profit:** 44% above target



\* Unaudited IFRS



## Disclaimer

According to the Accounting Law of Mongolia, enterprises and organizations follow the International Financial Reporting Standards (IFRS), while the Commercial Banks follows 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.



**THANK YOU FOR  
YOUR ATTENTION**