



# OPERATIONAL AND FINANCIAL REPORT 2023

April, 2024





In 2023, **Mongolia's GDP growth reached 7.0%**, notable increase from 5.0% in 2022.



**Inflation decreased to 7.9% in 2023** from 13.2% in 2022.



Bank of Mongolia maintained **policy rate at 13.0%** throughout 2023.

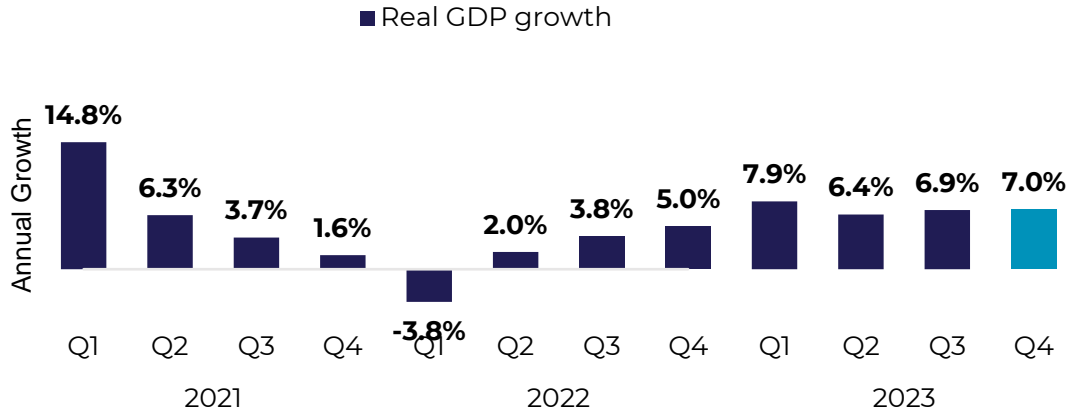


In 2023, foreign currency reserve increased to USD 4.9 billion. MNT exchange rate against USD was relatively stable and was slightly appreciated to **MNT3,410.7/USD** from MNT3,444.6 at the end of 2022.



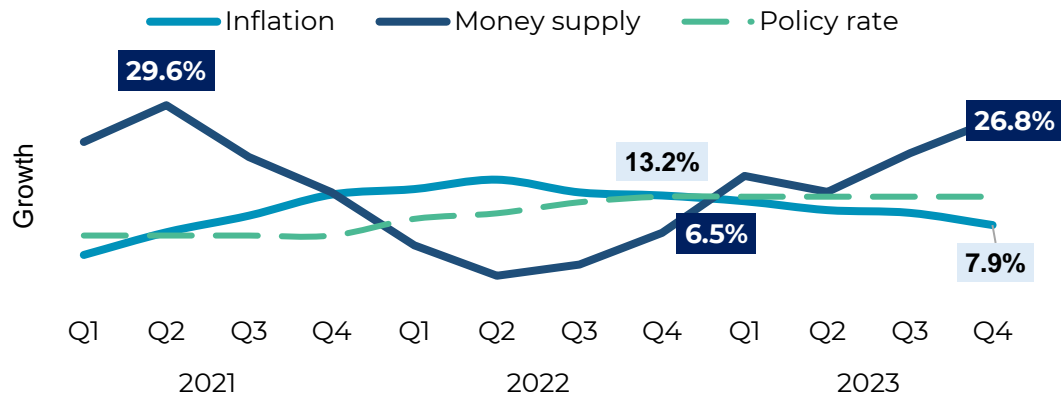
In accordance with amendment of Banking law, **3 systemic banks launched IPO and raised capital of 302.6 billion MNT.** Total 5 systemic banks /+Bogd Bank/ have become open joint-stock companies.

## Economic growth



Mongolian economy grew 7.0 percent in 2023. Mining and quarrying sector contributed growth of 2.6 percent, service & trading sector 2.1 percent and transportation & storage sector 1.8 percent. All sectors, except agriculture sector, have shown growth.

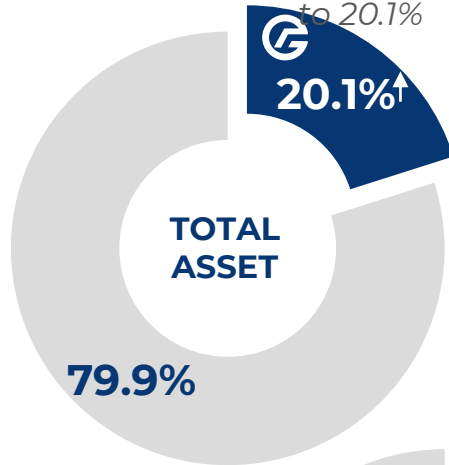
## Money supply and inflation



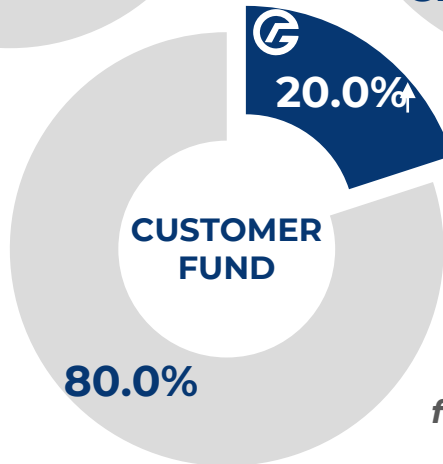
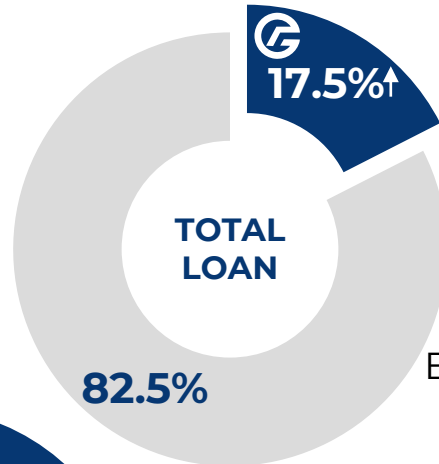
In order to reduce inflation and maintain the value of MNT, Bank of Mongolia remained policy rate at 13.0 percent throughout 2023. The inflation decreased from 13.2% to 7.9%. On the other hand, Money Supply grew 26.8% at the end of 2023

# MARKET SHARE 2023

**Market share of Total assets:** up from 19.4% in 2022 to 20.1%

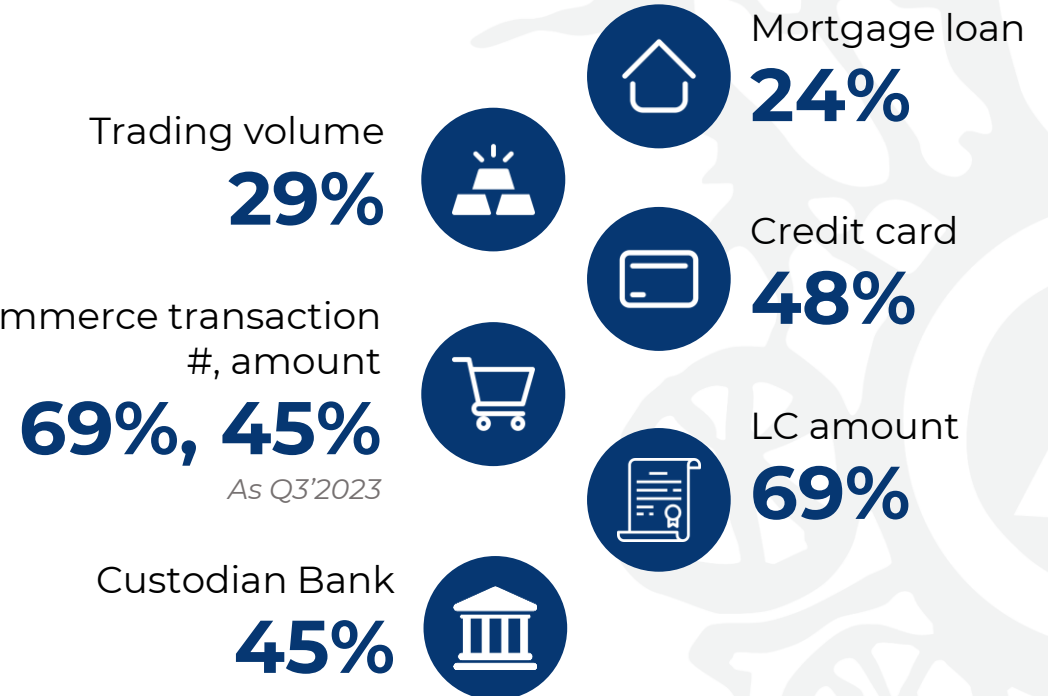


**Market share of Total loans:** up from 17.3% to 17.5%



**Market share of Customer funds:** up from 18.4% to 20.0%

**Products that Golomt Bank maintained top level market share**



Based on 2023 BOM statistics

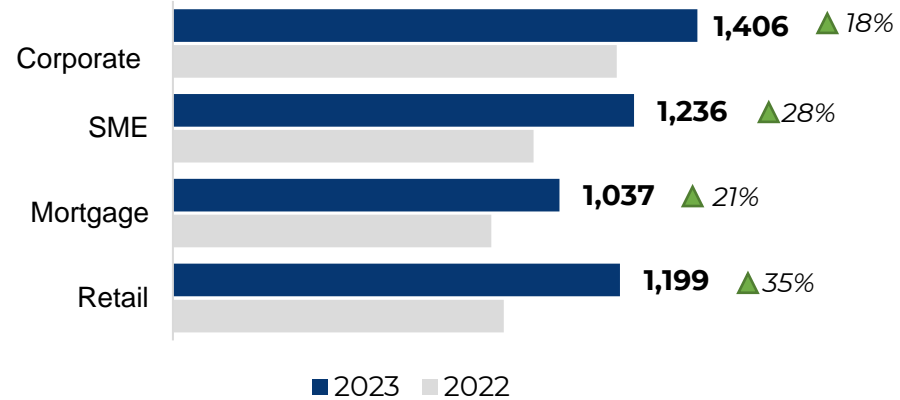
# AUDITED FINANCIALS (IFRS)

Key financial numbers (IFRS)	2019	2020	2021	2022	2023	Change YOY	
						Amount	%
<b>Balance indicators (MNT billion)</b>							
Total Assets	6,643	7,278	7,994	8,985	<b>11,628</b>	2,643	29%
Customer funds	4,901	5,286	5,464	5,743	<b>8,037</b>	2,293	40%
Net loans	3,307	3,031	3,339	3,698	<b>4,712</b>	1,014	27%
Total equity	635	632	659	862	<b>1,071</b>	209	24%
<b>Profitability Indicators (MNT billion)</b>							
Net Interest Income	211.9	204.4	282.0	385.6	<b>477.3</b>	91.7	24%
Net Non-Interest Income	81.0	82.5	48.6	141.7	<b>(23.5)</b>	(165.2)	-117%
SWAP impact	15.0	14.5	(21.8)	34.7	<b>(133.8)</b>	(168.5)	-485%
Operating Income	292.9	286.9	330.5	527.2	<b>453.8</b>	(73.5)	-14%
Operating Expense	122.0	121.0	137.1	175.3	<b>200.2</b>	24.8	14%
Operating Profit	170.9	165.9	193.4	351.9	<b>253.6</b>	(98.3)	-28%
Operating Profit -without swap	155.9	151.4	215.2	317.2	<b>387.4</b>	70.2	22%
Provisioning & valuation expense	146.0	143.4	140.8	158.1	<b>(12.4)</b>	(170.5)	
Pre-Tax Profit	24.9	22.5	52.6	193.8	<b>266.0</b>	72.2	37%
Post -Tax Profit	16.3	10.4	25.9	116.5	<b>209.2</b>	92.7	80%
<b>Prudential Ratios *</b>							
CAR > 12%	13.5%	14.2%	13.3%	17.6%	<b>15.9%</b>		
Tier1 >9% /buffer +4%/	9.0%	13.8%	13.0%	17.6%	<b>15.9%</b>		
Liquidity Ratio > 25%	32.6%	40.2%	41.3%	36.3%	<b>38.3%</b>		

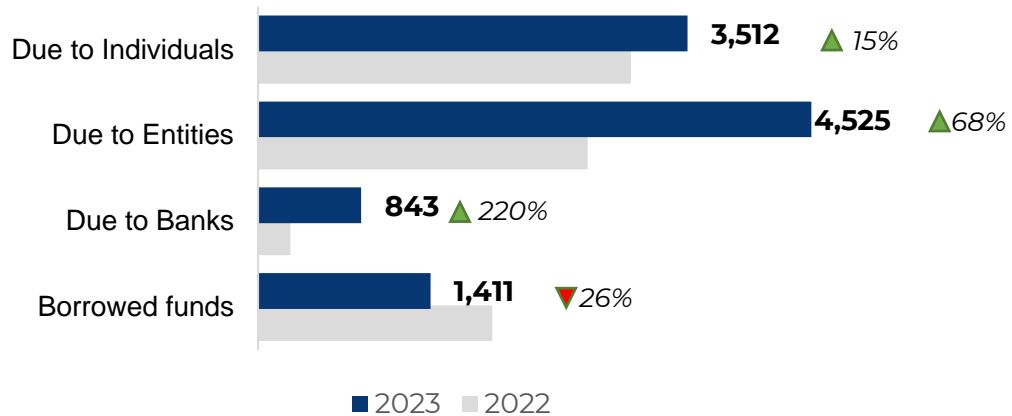
\* By Bank of Mongolia report

## BALANCE (MNT bln)

### Total loans (billion ₮)

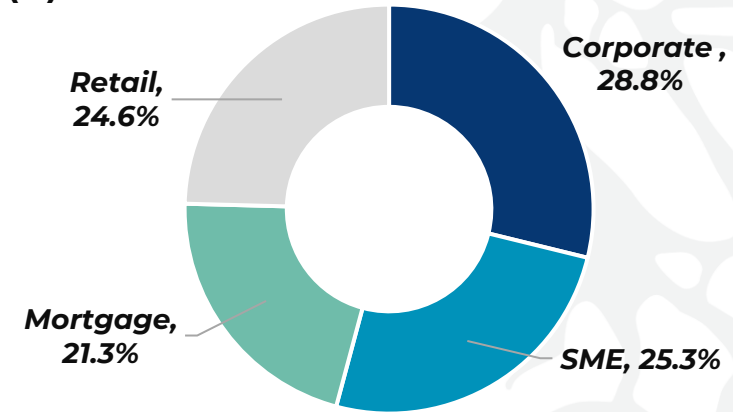


### Funding (billion ₮)

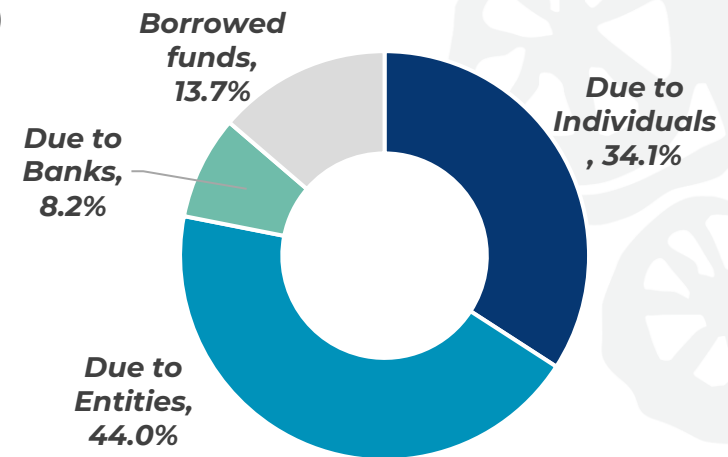


## STRUCTURE (%)

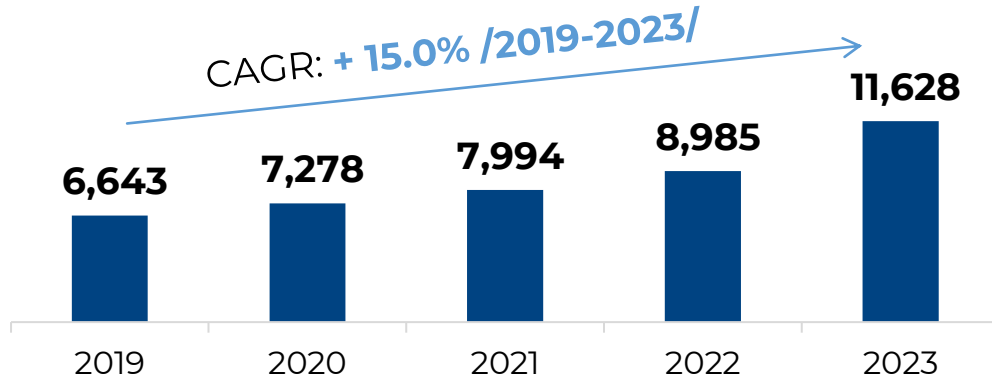
### Total loans (%)



### Funding (%)



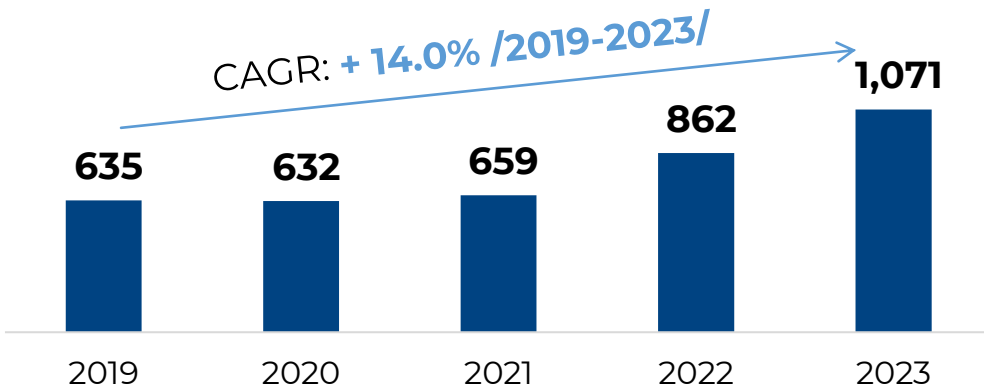
## Total asset (bln MNT)



**Total assets increased by 2.6 trillion MNT (29.4 percent) to reach 11.6 trillion MNT.**

The **market share increased from 19.4% to 20.1%**, showing the highest growth among peer banks /according to BOM statistics/.

## Total equity (bln MNT)

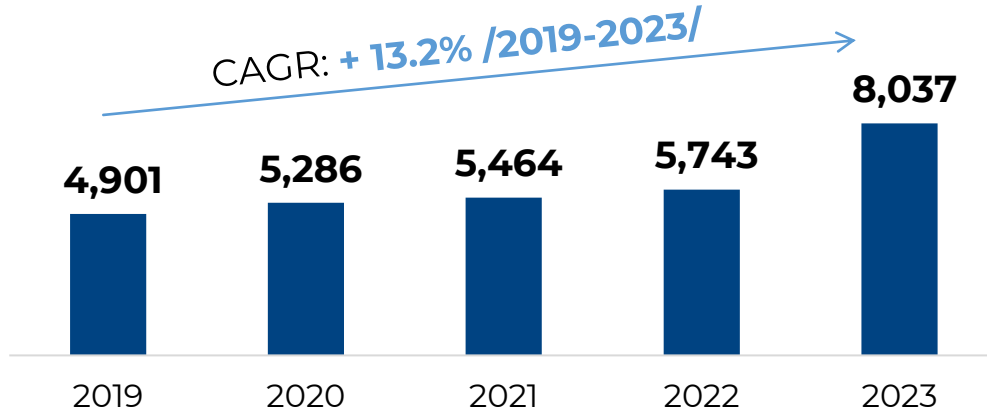


Golomt Bank generated a net profit of 209.2 billion MNT in 2023, and the total equity reached 1.1 trillion MNT.

In April 2023, the bank distributed a dividend of 50 MNT per share or a total of 40.4 billion MNT from the 2022 net profit.

- *The bank has announced to distribute a dividend of 90 MNT per share or a total of 72.8 billion MNT in 2024 from the net profit of 2023.*

## Customer fund (bln MNT)

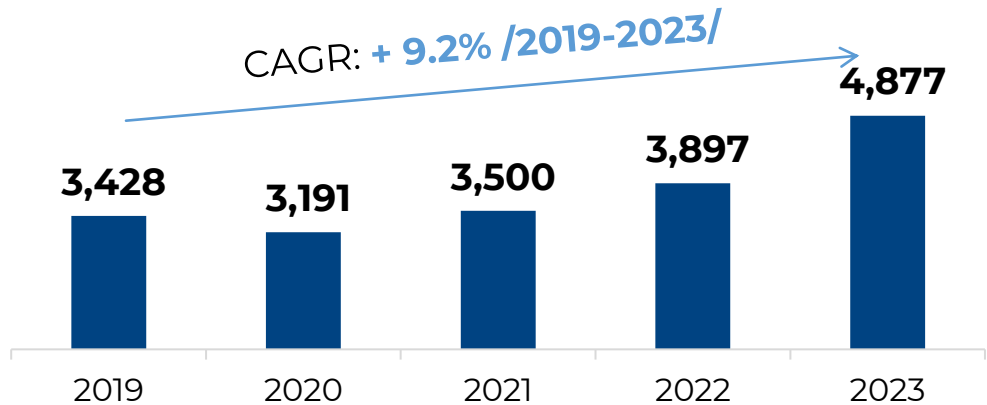


Customer fund **increased by 39.9 percent** to reach 8 trillion MNT.

80% of the total growth comes from corporate and 20% from individuals.

**Market share increased from 18.4% to 20.0%.**

## Total loan (bln MNT)



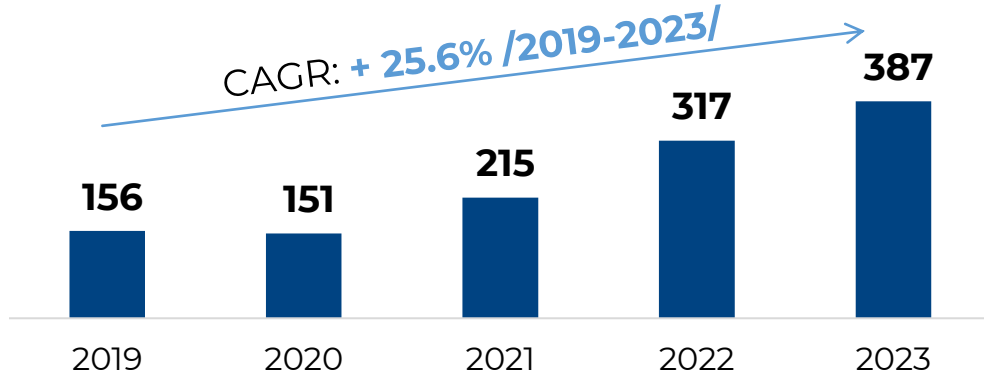
Total loan **increased by 25.2 percent** to 4.9 trillion MNT.

50% of the total growth comes from retail segment.

**Market share increased from 17.3% to 17.5 %.**

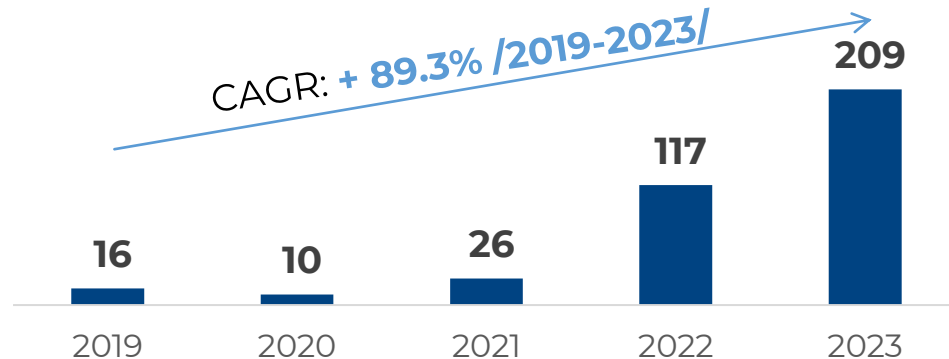


## Operating profit without SWAP impact (bln MNT)



Operating profit before provisioning expense (without swap) reached 387 billion MNT, **22.1 % increase** from 2022.

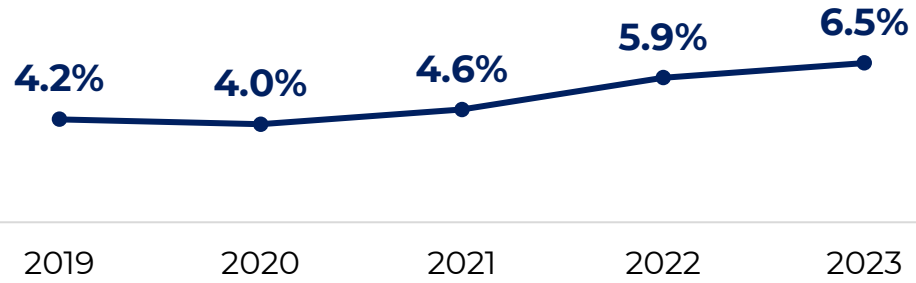
## Net profit (bln MNT)



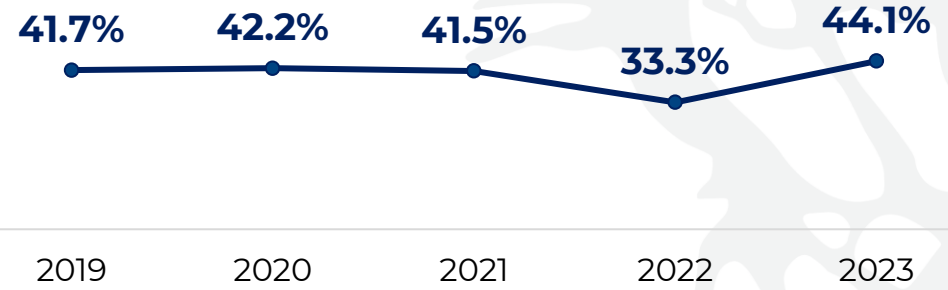
The Bank's net profit after tax reached **historically high MNT 209.2 billion**.

## Key ratios

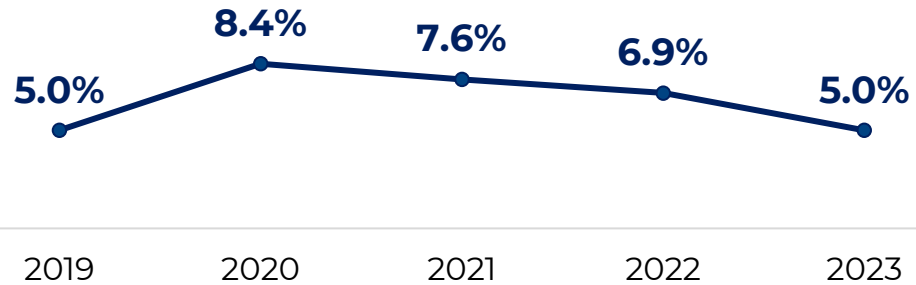
NIM (%)



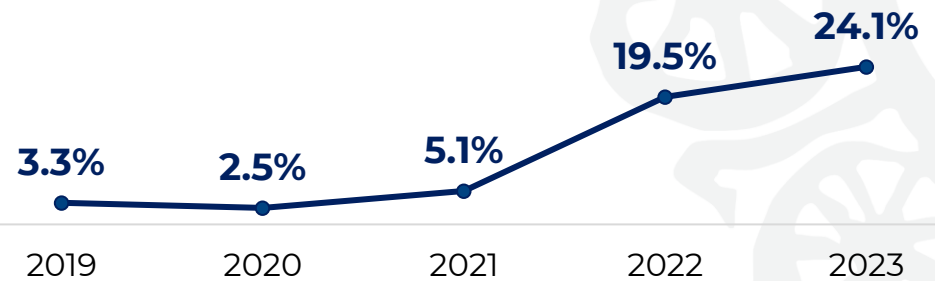
Cost income ratio (%)



NPL (%) \*



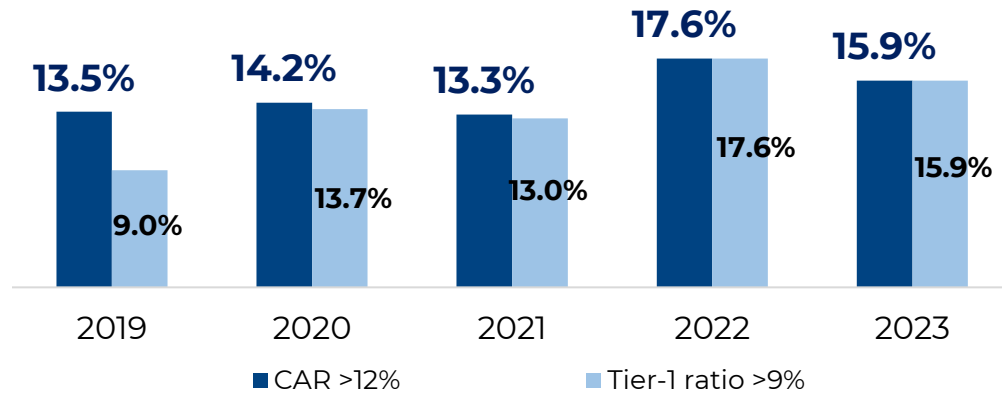
ROAE (%)



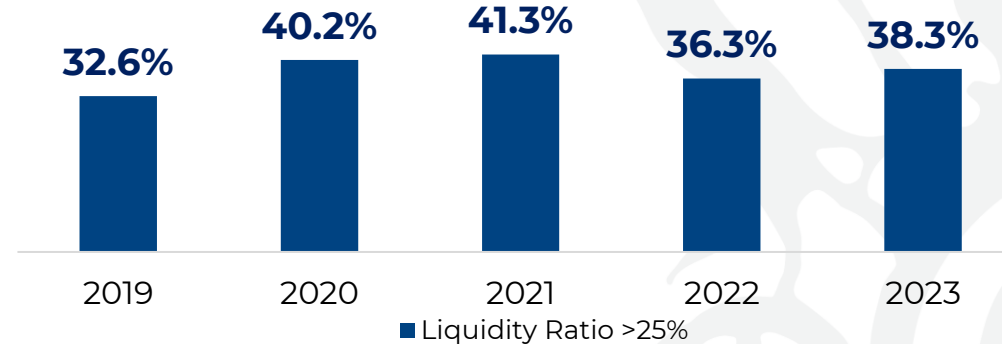
\* By Bank of Mongolia report

## Key prudential ratios

Capital adequacy ratio (%) \*



Liquidity ratio (%) \*



Price ratios	2022	2023
<b>BPS</b> (Book value Per Share)	1,039.9	1,301.2
<b>EPS**</b> (Earnings Per Share)	163.7	258.7
<b>PBR</b> (Price to BPS Ratio)	1.2	0.7
<b>PER</b> (Price to EPS Ratio)	7.8	3.5
Market price at year-end	1,274.00	906.74
# of shares outstanding	808,657,306	808,657,306

\*\* Calculated on average # of shares

We have fully met regulatory requirements of Bank of Mongolia; capital adequacy, credit concentration, solvency, foreign currency risk, etc.

Earnings per share up by YOY 58% and reached ₮258.7 at the end of 2023.

\* By Bank of Mongolia report

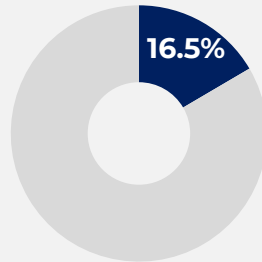
## INDIVIDUALS LOANS

**₮2.2 trillion**

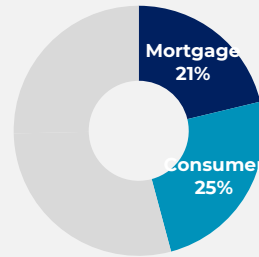
YTD %: +28%



*Market share %*



*% in Golomt total loan*



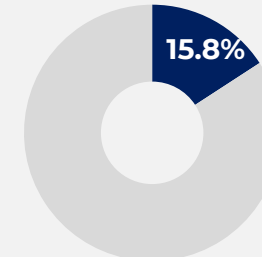
## DUE TO INDIVIDUALS

**₮3.5 trillion**

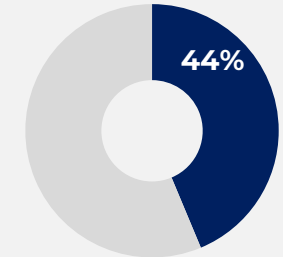
YTD %: +15%



*Market share %*



*% in Golomt total deposit*



## PROMOTION AND CAMPAIGN

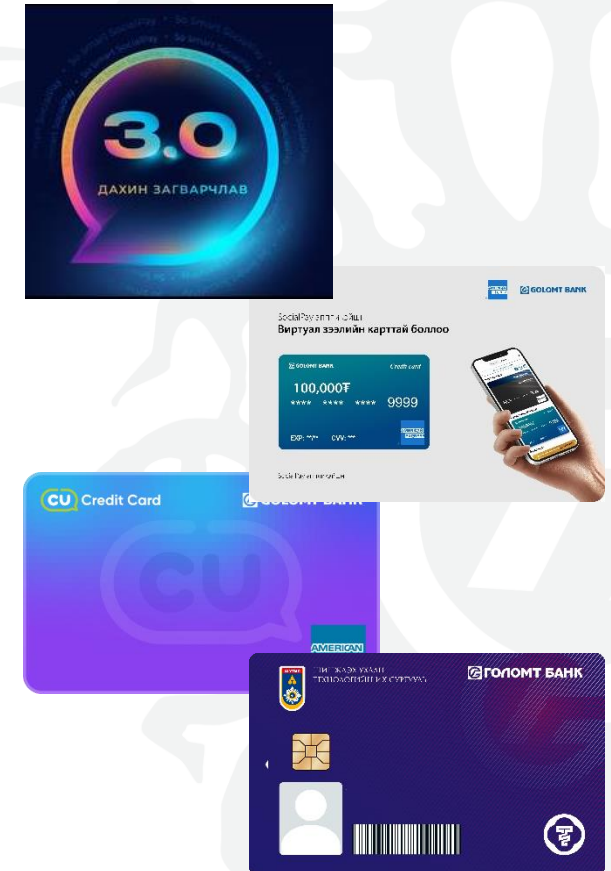
- In collaboration with 19 maternity hospitals in UB & rural area, we implemented **“NEW BORN II”** campaign to make new born children to become new customers of Golomt bank. As a result, we made more than 3,000 new mothers happy and sold 1,700 products of 1,300 new customers.
- **“GENZ LOYALTY”** program has been successfully implemented for the 2<sup>nd</sup> year in order to make younger generation become valuable customers of Golomt bank in the future, and introduce them innovative banking services. 69,000 customers, 7-25 aged, participated in this campaign.
- In order to activate total customers of Golomt bank, and to increase valuable loyal customers, incentive program **“BIG LOYALTY”** was successfully implemented for the 2<sup>nd</sup> year. Total of 930,000 customers participated and collected loyalty scores and other rewards.



## NEW FEATURES OF DIGITAL CHANNEL

- **SocialPay 3.0 version** has been introduced to the market.
- **The first virtual credit card** in the financial sector of Mongolia has been launched.
- The new features to get **pos backed loan, pension loan, and digital loan** services through digital channels has been added.
- In cooperation with State Bank and Capitron Bank, **ATM/CDM fees for transactions among the three banks have been reduced.**
- **Wechat and Alipay payment services** have been launched in Shangri-La Mall.
- A brand new **Soft Pos service** was introduced to accept card payments using mobile **phone NFC technology.**
- Introduced **Smart Kiosk devices** to the market, which include bank card and account statement services, and Government document services.
- **Digital signatures for organizations** have been added to the Corporate Gateway service.
- **Digital signature for individuals** has been added in Internet Bank.
- **Co-brand card:** "CU Virtual Credit Card" in cooperation with Central Express CU,

"All in one" card in cooperation with MUST



## DIGITAL EVENTS

- "Open Future" event was organized in Darkhan, Dornod, Khovd and Bayankhongor provinces.
- Golomt Bank's digital services and new solutions were selected as "BEST PRODUCTS AND SERVICES" at the "ICT EXPO" event.
- The SocialPay 3.0 version project was highlighted and awarded as "BEST PROJECT" by "PMI Mongolia Chapter".
- SocialPay application participated in "Singapore Fintech Festival," the largest fintech festival in Asia.



## INFORMATION TECHNOLOGY

- **Cobit5 IT Governance Framework:** The Cobit5 IT governance framework was implemented in the bank's IT operations, which was certified by PWC.



## LOANS

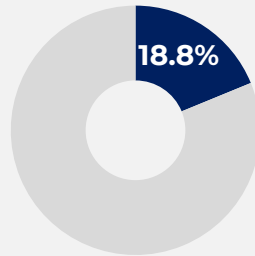
**Corporate:**  
**₮1.4 trillion**

YTD %: +18%

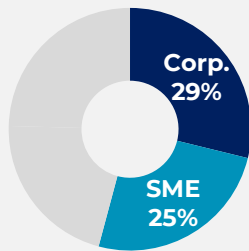
**SME:**  
**₮1.2 trillion**

YTD %: +28%

*Market share /Entities/ %*



*% in Golomt total loan*



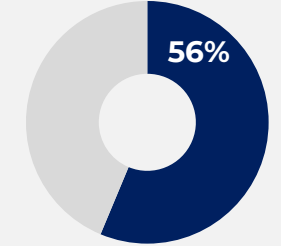
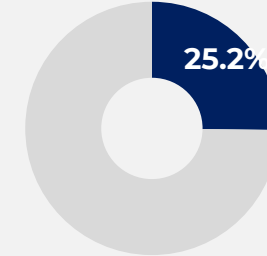
## FUNDS

**₮4.5 trillion**

YTD %: +68%



*Market share /Entities/ %* *% in Golomt total deposit*



## TRADE AND SERVICE SECTOR

- **"Loans to support food and agricultural production" program** : In 2023, MNT 173 billion loans were granted which is 21% share of total system.
- **620 jobs have been created** by providing a 100 billion MNT loan for financing the construction of a supermarket and shopping center.
- Cashier-less store: signed an agreement with **Magic Store** to cooperate and provide financing for vending machine payments.
- **"Chain store receivables backed loan"** product was launched to the market, and more than 300 small and medium enterprises have the opportunity to finance their working capital.

**620**

Create new job positions

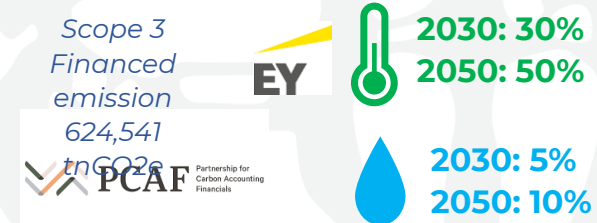
**MAGIC**  
Store

## MINING SECTOR

- In order to support the cooperation of companies, **148 billion MNT of loan granted to large mining companies.**
- As of 2023, 347 loans of 188 billion MNT have been granted to **organizations working as subcontractors and suppliers in the Oyutolgoi project.**
- **In order to protect customer' exchange rate risk,** bank made 7.0 million US dollars or 24.1 billion MNT of SWAP deals.

## STABILITY DEVELOPMENT

- We became the first bank in Mongolia to calculate our financed emissions in alignment with the international standard. The calculation has been reflected into the Principles for Responsible Banking Report issued by the United Nations Environment Programme – Financial Initiative (UNEP FI) and got it audited by Ernst & Young.
- With the impact analysis tool provided by the UNEP FI Principle for Responsible Banking (PRB), we set medium and long-term goals to reduce negative impact of our portfolio on the climate and water.
- Golomt Bank successfully organized the first day of “Climate Risk Management” session of the international convention of "Sustainable Financing Week" issued by the Mongolian Sustainable Finance Association (MSFA) under the auspices of the President of Mongolia.
- We organized B2C trainings on sustainable development, environmental and social impact for our customers.
- We assessed environmental and social risks for 1,177 loan requests of customers.
- Golomt Bank was named the “The Leading Gender Equality Bank” for 2023 issued by the Mongolian Sustainable Finance Association (MSFA), the Bank of Mongolia and the Financial Regulatory Commission.



## GREEN LOAN

- In order to promote green loan, the Bank increased the product types – introduced two new green products in 2023 offering in total of 5 green, sustainable loan products.
- We started to disburse targeted green loans with the Global Climate Partnership Fund and Water Equity Fund for organizations to expedite transition of our clients in energy efficiency and improve access to water, sanitation.
- The green loan portfolio was 95.8 billion in 2022 reaching to **183.04 billion MNT at the end of 2023** accounting for **4.0% of the total loan** portfolio.





## WE COOPERATED IN PROJECTS AND PROGRAMS AIMED AT THE EXPORT AND INFRASTRUCTURE OF MONGOLIA

- Golomt bank played a vital role in promoting the production and sales of Mongolia's key export commodities. In 2023, the Bank facilitated the issuance of import letter of credit totaling MNT 67 billion for mining equipment supply and export letter of credit amounting to MNT 233 billion for coal exports.
- Golomt Bank in collaboration with Bank of China (BoC), Agricultural Bank of China (ABOC), Industrial and Commercial Bank of China (ICBC), as well as Canada's Toronto Dominion Bank (TD) issued bid, advance payment, performance and warranty guarantees for the construction works of major infrastructure and industry development projects being implemented throughout Mongolia.
- Effectively facilitated the issuance of bid, performance, and warranty guarantees on behalf of Yutong Bus Co., Ltd., renowned as one of the premier public transport companies globally. In collaboration with Bank of China, supported the tender process for the supply of **600 public transport buses** in favor of Governor's Office of the Capital City.
- Golomt Bank has successfully issued the very first long-term (3 years) letter of credit with the confirmation of MPS Bank of Italy, supporting the project of purchasing sand washing plant and waste water treatment equipment for its' client's manufacturing facility.



## FOREIGN RELATIONS AND INTERNATIONAL COOPERATION

- Golomt Bank had joined International Finance Corporation and Asian Development Bank's trade and supply chain finance program as a member bank and re-established a guarantee line of USD 30.0 million.
- Successfully expanded its correspondent banking partnership with Oddo BHF Bank by opening USD and EUR nostro accounts to offer enhanced clearing account services to our clients, further by opening EUR and GBP accounts with Crown Agent Bank and Caixabank respectively. As a result, leads the market with the largest network of correspondence with 49 correspondent bank accounts.
- Raised a total of 127.7 million US dollars in loans from reputable investment funds and international financial institutions to support micro, small, and medium-sized enterprises, sustainable and green projects.

## AS PER SETTLEMENTS

- Successfully implemented Swift ISO20022 standard, payment messages being sent and received through the Swift network by the new standard;
- Swift Pre-validation service has been introduced to verify the recipient's account information before sending foreign transactions;



## GLOBAL CUSTODIAN RELATIONSHIP

- Enhancing custodial services for foreign securities, we facilitated the safekeeping and settlement of assets valued at approximately 100 million USD for clients. This was achieved by leveraging nominal accounts at global custodians, thereby expanding opportunities in the market.

## CUSTODIAN OPERATIONS

- As of 2023, the total amount of asset under custody reached 501 billion MNT.
- The infrastructure for the first mutual exchange-traded fund in Mongolian capital market was developed in collaboration with Ulaanbaatar Securities Exchange.
- Out of 6 mutual funds operating in the capital market of Mongolia, currently, we cooperate and provide services to 5 mutual funds.

J.P.Morgan



МАНДАЛ  
ИРЭЭДҮЙН ӨСӨЛТ  
ХӨРӨНГӨ ОРУУЛАЛТЫН САН



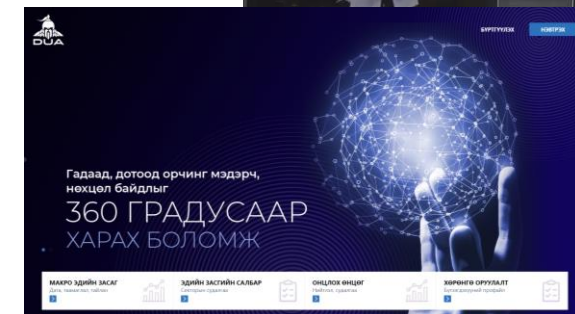
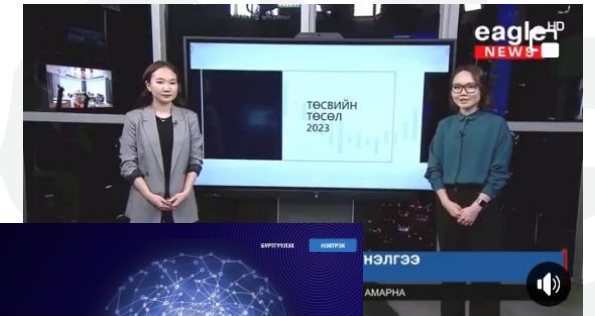
## EVENTS FOR CUSTOMER

- The "Golomt Gold Forum" event was impeccably orchestrated for the fourth consecutive occasion. In attendance were not only leading gold mining enterprises but also 300 representatives from 100 mining machinery and equipment manufacturers and suppliers. The deliberations centered around market dynamics and the prospective outlook for the industry.
- The annual FMC (Finance Managers Conference) and Business Conference were successfully organized for the fifth year, operating under the guiding principle of "Think Globally, Act Locally."
- "Women owned" symbol has been introduced.



## DELIVERING EXPERT COUNSEL TO COSTUMERS

- The "Mentorship" program was successfully launched for the second year in a row to advise small and medium-sized entrepreneurs to expand their operations and take their businesses to the next stage.
- [Dua.golomtbank.com](http://Dua.golomtbank.com) web page has been developed, along with regular content delivery in the fields of economy, investment and financial sector. Additionally, in an effort to engage with the younger demographic, DUA has inaugurated its official Instagram page.
- 13 times expert hour programs were successfully prepared with Eagle TV.



## RISK MANAGEMENT

- Following the methodology set by the Bank of Mongolia, the non-performing loans ratio was 5.0%, while the NPL coverage ratio was 106.2%. This performance aligns comprehensively with both quantitative and qualitative objectives for the loan portfolio.
- Capital Management and Liquidity Risk Management aligned with ICAAP (Internal Capital Adequacy Assessment Process) and ILAAP (Internal Liquidity Adequacy Assessment Process) respectively.
- In 2023, the internationally recognized ISO27001 Information Security, Personal Data Protection Law Requirements (GDPR), and Payment Card Security PCI-DSS standards were audited successfully.
- In order to prevent the crime of cyber fraud, the Bank organized the "Cyber Advice" campaign in 2023 in cooperation with the Mongolian Bankers Association, the General Police Department, and the Bank of Mongolia.
- The Bank joined "Paris Call for Trust and Security in Cyberspace", which is the most international cooperation project for unified cyber security



## HUMAN RESOURCE

- Within the framework of the **"Employee-Centric Bank"** policy, based on professional ethics and banking values, we are working to create a human resource management system that is friendly to each employee, creating opportunities for long-term and stable growth.
- In 2022, Golomt Bank was awarded the **"Best Place To Work"** certification from the internationally recognized "Great Place To Work Institute," the first in the banking and financial sector of Mongolia.





# BUSINESS PLAN



## Main pillars of the business strategy and plan in 2024-2026

Based on the **capital base strengthened** by the completion of non-performing loan disposals, successful IPO, and recovery of profitability in 2022 and 2023, the Bank aims to achieve **a new level of growth in assets, revenue, and profitability** in 2024 and beyond, to establish itself as the second-largest and second-profitable bank in the industry.

We aim to have **ROE at above 20%** and maintain **stable dividend payment for the shareholders benefits** considering the business performance, opportunities, environment and strategies in 2024-2026.

The following are the pillars of our business plan for 2024.

1. Further pursuit of digitalization
2. Speed up credit decision making and strengthen credit management
3. Introduction of new credit and other products
4. Strengthening SME business, Retail business
5. Promoting sustainable finance across the entire bank
6. Long-term fund raising
7. Information disclosure and communication with capital markets



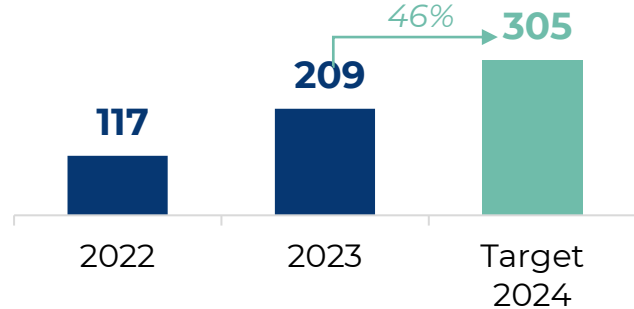
## ORGANIZATIONAL STRUCTURE CHANGE:

According to No. 00/35 of the regular meeting of the Board of Directors on 28<sup>th</sup> of December, 2023, the structure and organization changes of the Bank were implemented starting from 15<sup>th</sup> of January, 2024.

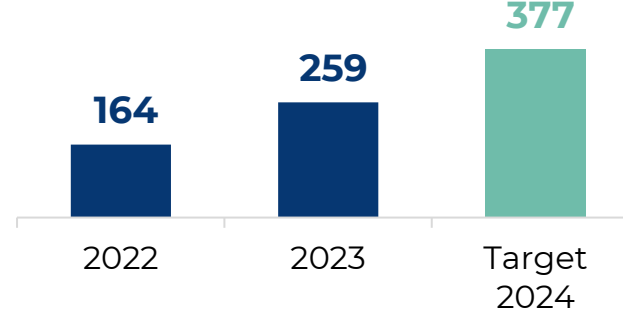
- Established "**Digital Transformation Division**" which has 3 departments; Process Management Department, Data Management Department and Project Management Department.
- Established "**Customer Registration Division**" which has the Credit Document Department, Customer Document Monitoring Department, and Archive Logistics Unit.
- Established "**Credit Collection Division**" which has Loan Collection Department, On-site Collection Department, and Special Assets Department, Registration Unit, and Asset Management Unit.
- Established "**Customer Experience Division**" which has Customer Service Department, Customer Experience Department and Complaint Management Department.
- Restructured "Credit Division" and "Business Process Management Department" into the abovementioned newly established Divisions. Changes were also made at the department level.

## 2024 BUSINESS PLAN

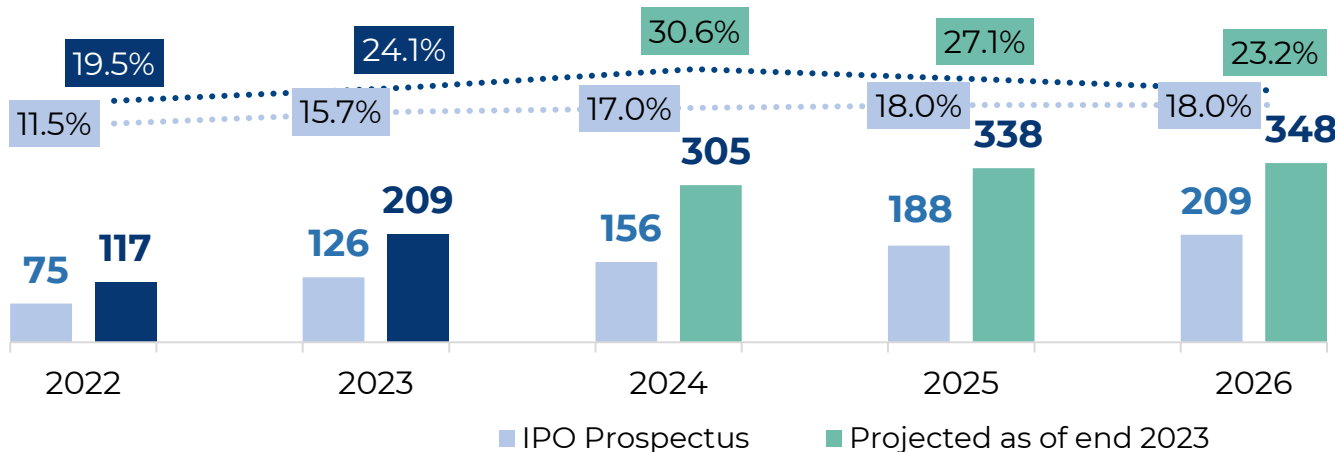
**Net profit**  
(billion ₮)



**Earning per share (₮)**



**Net profit /billion ₮/ and ROE /%/**



## DIVIDEND PAYMENTS AND POLICY

Dividend payments	2023	2024*
Dividend per share	50₮	90₮
Total dividend	40.4 bln ₮	72.8 bln ₮

*\*Declared from the 2023 profit*

- According to the decision of the board of directors, decided to pay dividend 90 MNT per share for 72.8 billion MNT in total. This is equal to 40.3 percent of the net profit under the Bank of Mongolia reporting rule.
- Dividend policy: We hold a policy to maintain stable dividend payment for the shareholders benefits considering the business performance, opportunities, environment and strategies.



 **ГОЛОМТ БАНК**  
*Сайн сайхныг санхүүжүүлнэ*

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