

The background of the slide is a photograph of a modern glass skyscraper at dusk. The building's facade is dark blue and reflects the city lights and the colorful sky. The XacBank logo is visible on one of the upper floors. The sky is a mix of orange, pink, and blue, with some clouds. In the distance, other city buildings and mountains are visible.

XacBank Financial Result - Q1 2024

As of March 31st, 2024



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Financial Performance

Q1 2024

ROE*
26.3%

Net profit
MNT 42.0 bn

XAC
MNT 710

EPS
MNT 39.9

CET 1 ratio
20.9%

Liquidity ratio
38.3%

Income statement:

- **Q1 net interest income of MNT 73.30bn** produced, +0.4% QoQ;
- Non-interest income (Net fees and FX income) has reached MNT 19.0bn, non-interest expense has reached to MNT 35.5bn or down by 27.5% and 21.1% respectively, due to seasonal effect.
- Profitability of the bank improved during the reporting period in line with better asset quality.

Balance sheet:

- **GLP grew by 5.9% in Q1.** Main growth segments >>> Consumer lending (+6%), mortgage (+14%), leasing (+7%) and MSME (+5%). Corporate book flat at MNT 490bn;
- **Funding:** Total deposit and current account balance increased by 3.3% in Q1 to MNT 2,246bn. Current account balance reached MNT 611bn or down by 12.9%.

Prudential ratios:

- As of Q1 2024, Tier 1 capital ratio is 20.95% (minimum threshold of 12.5%), liquidity ratio is 38.1% (minimum threshold of 25%).
- Credit concentration limit with regulatory threshold of 300% or less was 33% as of Q1 2024 indicating the low level of concentration in the bank's loan portfolio

Note:

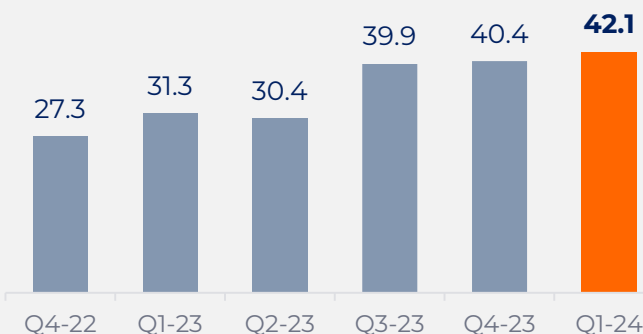
* ROE is calculated based on quarterly net profit after taxes divided by average equity for the period.
Numbers presented above are based on management account classifications.

Key Indicators

Q1 2024

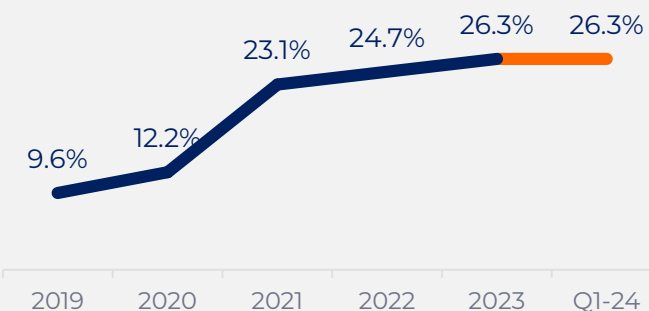
Net profit

In MNT billions



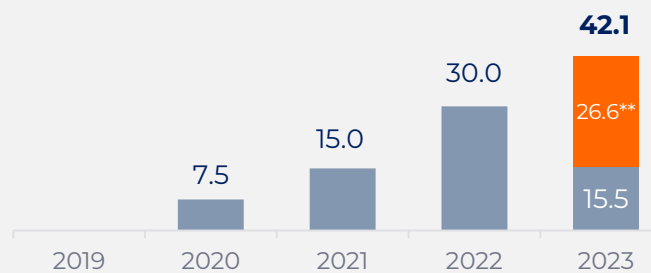
ROE*

Based on average equity



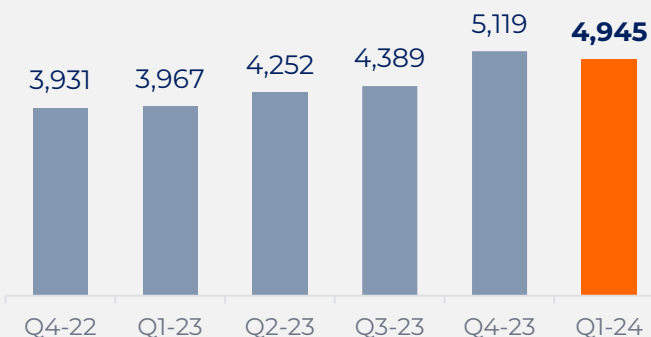
Dividend

In MNT billions



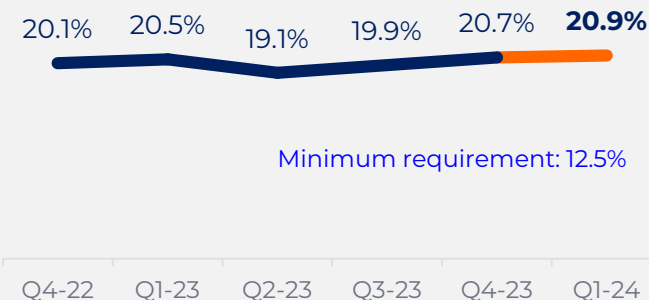
Total Assets

In MNT billions



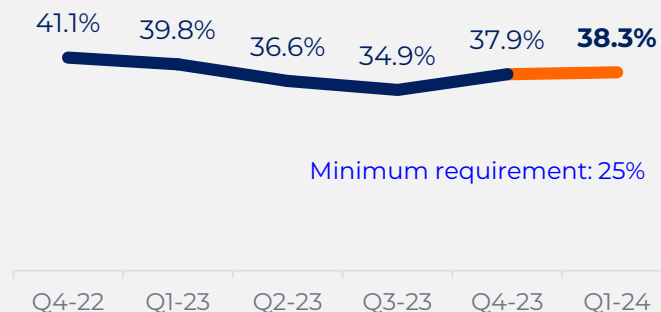
Tier 1 Capital Ratio

In %



Liquidity Ratio

In %



Note:

* ROE is calculated based on quarterly net profit after taxes divided by average equity for the period.

** Dividend distribution from retained earnings of second half of 2023 is expected to be approved by shareholders on 29th of April, 2024 during AGM.

Lending

Q1 2024

Gross loan and lease portfolio

2,911

In MNT billions

Number of loan accounts

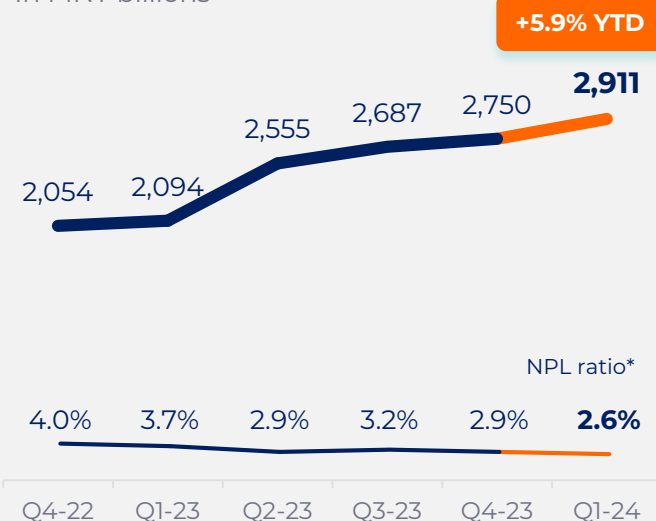
169k

Number of digital loan accounts

100k

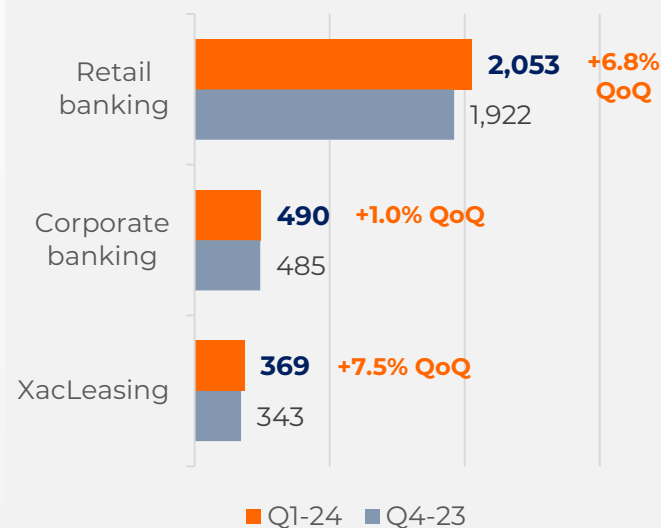
Gross loan & lease portfolio

In MNT billions



Segment

In MNT billions



Notes:

- In Q1, increase in GLP primarily driven by growth in MSME loans, mortgage, consumer loans, and finance leases;
- NPL ratio was below 3.0% in the previous quarters, which is the lowest in the banking sector of Mongolia.
- The performance is indicative of well diversified GLP in addition to best practice in governance and risk management employed by the Bank.

Notes:

*NPL ratio = PAR90 balance divided by gross loan and lease portfolio balance.

CASA & Deposits

Q1 2024

CASA & Deposits Balance

2,858

In MNT billions

Number of accounts

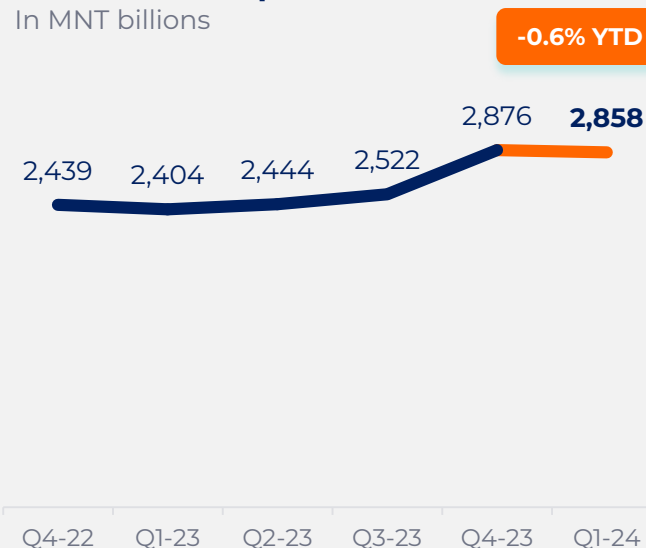
1,296k

Number of time deposit accounts

500k

CASA, term deposits

In MNT billions



By Products

In MNT billions



Notes:

- Funding of the Bank consists of current accounts, term deposits and senior debts from IFIs and DFIs.
- During the reporting period, current account balance decreased by MNT 99bn, while time deposits increased by MNT 173bn.
- Funding from local financial institution has decreased in the Q1 2024, as repayment of short-term money market instruments was made.

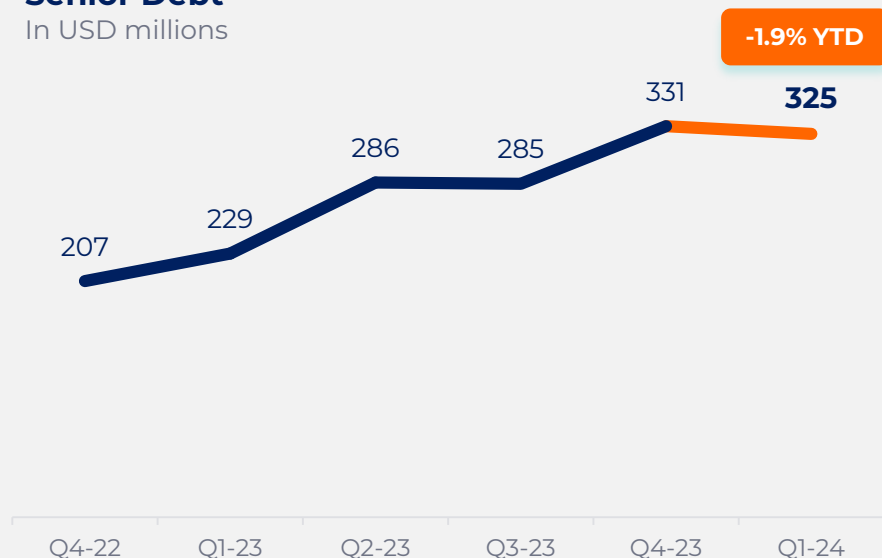
Senior Debt

Q1 2024

- To fulfill the long-term financing requirements of its customers, XacBank proactively collaborates with International Financial Institutions (IFIs). In 2023, a total of USD 205.5 million in new debt was raised including USD 130 million sourced from a long-term senior debt agreement signed with the International Finance Corporation (IFC) and the Netherlands Development Finance Company (FMO) in 2022. Remaining USD 75.5 million was sourced from new funding deals initiated in 2023. In Q1 2024, no new funding was disbursed from IFIs, meanwhile, USD 4.0 million was repaid according to the schedule.

Senior Debt

In USD millions



Lenders:



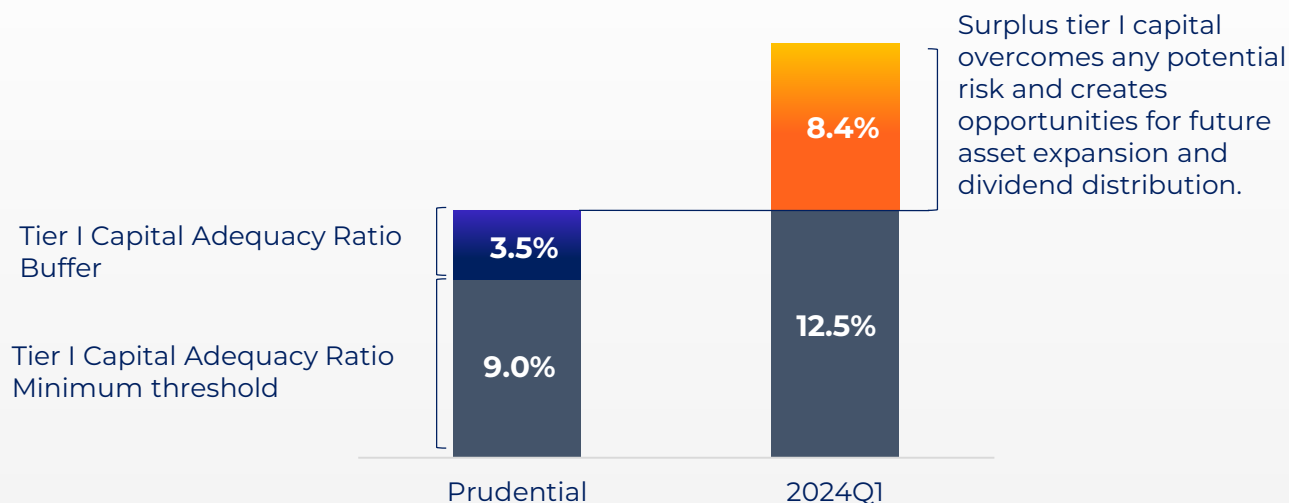
Prudential requirements: CAR, Liquidity ratio

Tier I Capital Adequacy Ratio

20.95%

Liquidity ratio

38.3%



34.5 Cash

1046.9



BoM treasury bills

420.0



Placements at BoM

97.8

"Placements at BBB-" or higher rated financial institutions

Liquid assets: MNT 1,599.3 billion

Prudential requirements: Concentration limits

In Percent, unless otherwise specified	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
Foreign currency exposure ratio (single currency) +/- 15%	9.4%	4.4%	4.3%	-1.3%	-1.9%
Foreign currency exposure ratio (total) +/- 30%	14.5%	4.7%	4.8%	-1.4%	-2.9%
Credit concentration ratio <300%	39.2%	37.1%	23.6%	38.6%	33.0%
Fixed asset to total assets ratio <8%	1.6%	1.6%	1.6%	1.3%	1.4%
Deposit concentration ratio <25%	8.8%	7.0%	6.9%	7.8%	7.8%

In Percent, unless otherwise specified	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
Loans to bank related party and employees and other assets equivalent to the loan (less than 5% of capital)					
Bank shareholders	0.0%	0.0%	1.3%	0.8%	0.9%
Key management personnel	0.1%	0.1%	0.1%	0.1%	0.1%
Other related parties	2.4%	3.6%	3.6%	3.2%	3.0%
Total loans to bank related parties and employees and other assets equivalent to the loan (less than 20% of capital)					
Bank shareholders	0.0%	0.0%	1.4%	0.9%	0.9%
Key management personnel	0.3%	0.3%	0.3%	0.3%	0.3%
Other related parties	3.9%	5.9%	3.6%	3.2%	3.0%

Income Statement

Q1 2024

In MNT millions	Q4 2023	Q1 2024	Change (%)
Interest Income	152,324	168,769	11%
Interest expenses	79,268	95,420	20%
Net Interest Income	73,055	73,349	0%
Credit loss expenses	-	-	-
Other income	27,506	19,907	-28%
Other expenses	45,930	36,168	-21%
Net profit before tax	54,631	57,088	4%
Corporate income tax	16,552	11,096	-33%
Deferred tax income (expense)	(2,342)	3,934	-268%
Net profit after tax	40,422	42,057	4%

Note:

- Interest income increased by 11% YTD in line with gross loan and lease growth of 5.9%.
- Increase in current account, time deposit interest rate in addition increase in funding cost have driven the interest expense up in Q1 2024.
- Net recovery of non performing loan in the reporting period has improved the asset quality of the Bank.
- Overall decline in other expense and other income in Q1 directly correlates to slower business activities in the winter season.

Balance Statement

Q1 2024

In MNT millions	Q4 2023	Q1 2024	Change (%)
Cash and cash equivalent	407,097	353,853	-13%
Placements	684,150	313,633	-54%
Investment	1,075,432	1,172,745	9%
Gross loan portfolio (net)	2,720,351	2,887,004	6%
Credit loss expenses	(62,486)	(59,006)	-6%
Other assets	232,391	218,244	-6%
TOTAL ASSETS	5,119,422	4,945,480	-3%
Current account, time deposits	2,876,117	2,857,690	-1%
Other liabilities	1,621,242	1,439,989	-11%
TOTAL LIABILITIES	4,497,359	4,297,678	-4%
EQUITY	622,063	647,802	4%
TOTAL LIABILITIES & EQUITY	5,119,422	4,945,480	-3%

Note:

- Maturity of short term money market instrument created in Q4 of 2023 for the purpose of treasury management caused the decline in total asset by 3% in Q1 2024.
- Total GLP has increased 6% in Q1, mainly driven by growth in MSME loans and online loans.
- Funding sourced from clients (CASA and time deposits) remained stable.
- Senior debt from IFIs declined 11% in Q1 2024 inline with scheduled repayments.

