



# SEMI-ANNUAL FINANCIAL AND OPERATIONAL REPORT

AS OF JUNE 30, 2024

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## Operational highlights

As of June 30, 2024



### 2024 Annual General Meeting

2024 Annual General Meeting (AGM) of XacBank JSC shareholders was held on April 29, in the Ball room of Shangri-La hotel with 95.88% attendance of shareholders and considered valid. During the meeting, 11 items including distribution of dividends from the net profit of 2023, merger of Tenger Financial Group and XacBank and electing the members of the board of directors were discussed and resolved.



### Raised USD 104.3 million senior debt

XacBank has successfully raised USD 104.3 million from FMO, Proparco, DWM, EBRD with the aim of supporting women-led micro and SMEs as well as supporting green businesses and consumption.

### Dividend disbursement-MNT 42.1 billion

Distributed a dividend of MNT 42.1 billion to shareholders from the retained earnings of 2023 through two separate payments



### Savings account

A cooperation agreement with MAK LLC was signed for a 'Retirement Saving Service Agreement,' which allows both the employer and employee to contribute to a nominal account held by the participating employee. As of June 30th, more than 10,000 clients are actively saving in their retirement accounts.

## Operational highlights

As of June 30, 2024



### ISO standard implementation for SMEs

XacBank has launched "ISO standard implementation for SME" program in order to provide real assistance to small and medium-sized businesses to expand their operations, improve the quality of their goods for export. Within the framework of the program, 16 companies were selected and received the certificate that 80% of the consulting services and certifying costs required for the introduction of ISO standards are covered by XacBank.



### Premium branch

Opened its' first Premium branch with the aim of providing complete banking services in a comfortable and reliable environment.

Supporting over 10,000 children in 2024 through six different projects which are aimed at improving the inclusion and educational quality, by joining the "Love Spreading RAV4" campaign launched by Toyota Mongolia Munkhada.



### Women entrepreneurs

Enabled women entrepreneurs to estimate their loan repayments through an online tool for ease of access and reduced the interest rate for women-led business loans.



### ERASMUS program

Signed a memorandum with University of Finance and Economics to run ERASMUS International program, workplace-based training program, at XacBank for 6 months.

# Digital banking



As of June 30, 2024

Number of digital bank users

▲ 24.3%

Active digital bank users

▲ 16.7%

Transactions of digital bank

▲ 37.0%

Corporate Gateway service users

▲ 2.1x

Accounts opened via digital bank

▲ 33.7%

Cards ordered via digital bank

▲ 68.1%

Out of total consumption loan disbursement

91.9% disbursed via digital bank

Note: Year-on-year comparison



Seasonal 10-20% cashback campaign was successfully organized in cooperation with partnering merchants.



Launched co-branding cards as well as limited edition card for 20th anniversary of Xac Broncos, an 8-time champion of Mongolian Basketball League.



Continuously improving the digital app with the latest technological innovations and user-friendly solutions, based on ever-changing customer needs and behaviors.

# Financial results



As of June 30, 2024

ROE  
**26.6%**

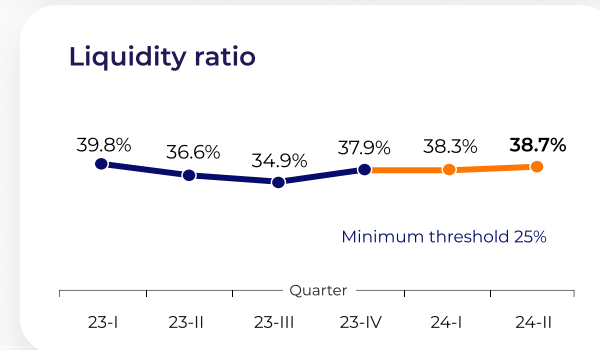
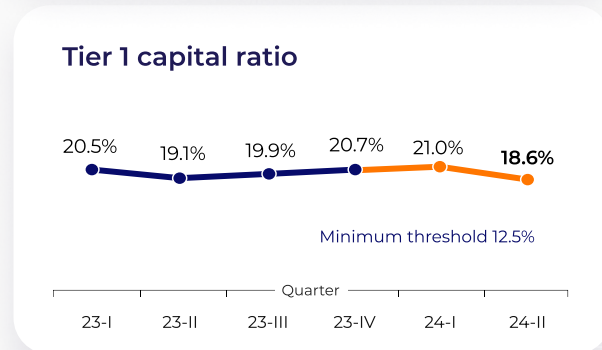
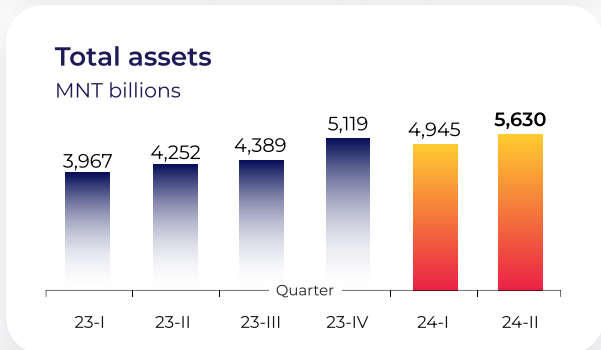
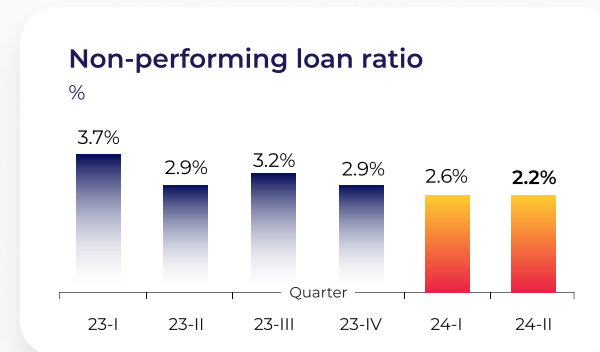
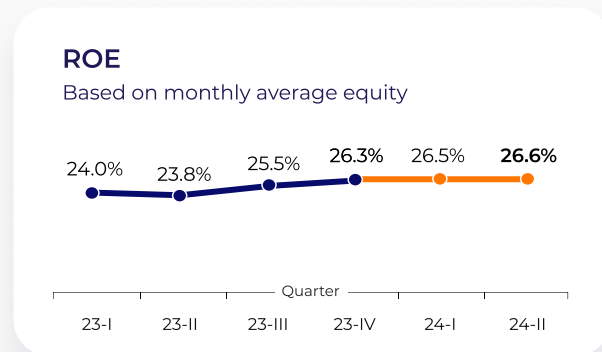
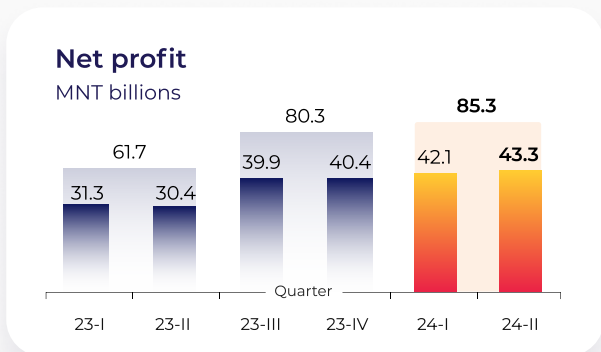
Net profit  
**85.3** MNT billions

EPS  
**81.0** MNT

XAC  
**707** MNT

Tier 1 capital ratio  
**18.6%**

Liquidity ratio  
**38.7%**



# Loan and lease portfolio

As of June 30, 2024

Loan and lease portfolio

**3,323** MNT billions

Number of loans

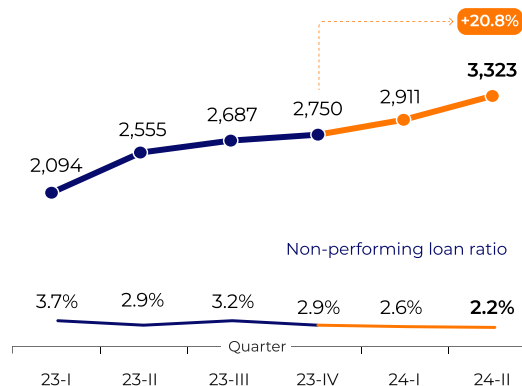
**169K**

Number of digital loans

**102K**

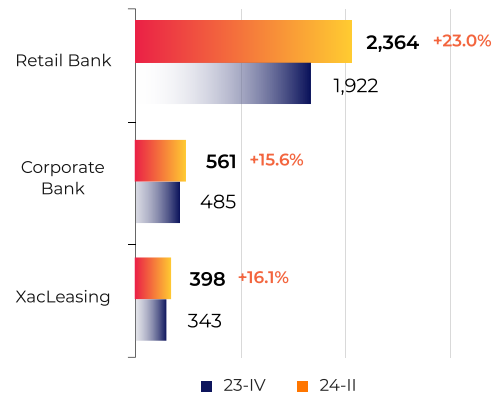
## Loan and lease portfolio

MNT billions



## Segment breakdown

MNT billions



## Notes:

- During the reporting period, growth in the loan and lease portfolio is primarily driven by SME loans, mortgage loans, consumption loans and financial leasing.
- The Bank's non-performing loan to gross loan portfolio ratio further improved to 2.2%, which is one of the best performance in the banking sector. Efficient risk management and prevention of credit concentration reflected in the asset quality.

Notes: Non-performing loan ratio is calculated by dividing total non-performing loans to gross loan portfolio

# Current accounts and deposits



As of June 30, 2024

CASA & Deposits balance

**3,200** MNT billions

Number of accounts

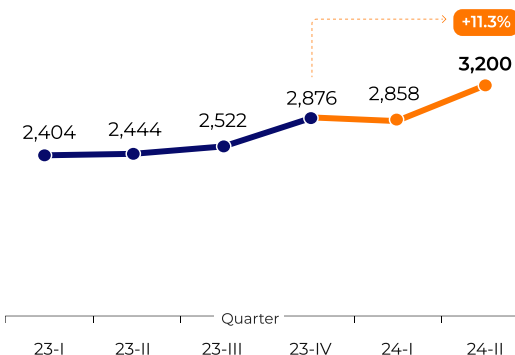
**1,330K**

Number of time deposit accounts

**524K**

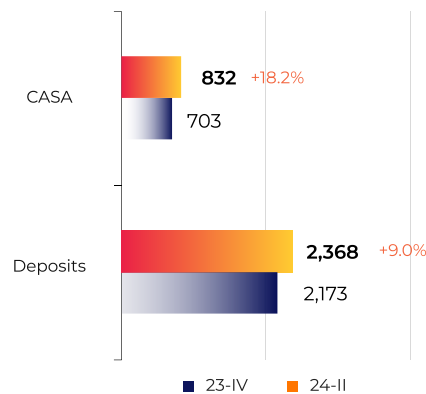
## CASA & Deposits

MNT billions



## By products

MNT billions



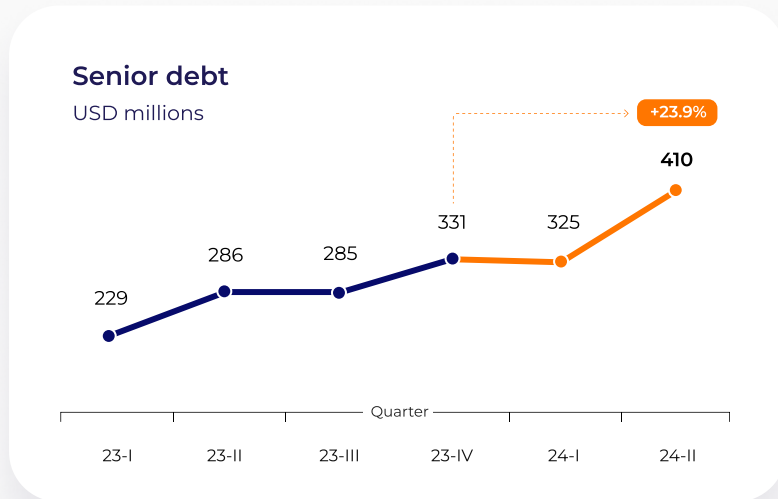
## Notes:

- XacBank offers current accounts service to customers for managing their personal and business accounts efficiently and accurately. Savings account products range from regular demand deposit to expendable term deposit that withdraws interest income and long-term deposit product for children.
- By expanding its digital channels for accessing the Bank's products and services in parallel with successful marketing campaigns, the Bank was able to increase its total deposits and current account balance to MNT 3,200 or 11.3% YTD.

# Foreign debt

As of June 30, 2024

XacBank cooperates with internationally renowned financial institutions to provide long-term financing to its customers. In the first half of 2024, USD 104.3 million were raised in senior debt, of which USD 25.0 million is from the long-term fund established with EBRD in 2023 and the remaining USD 79.3 million is newly signed agreements in 2024.



## Lenders:



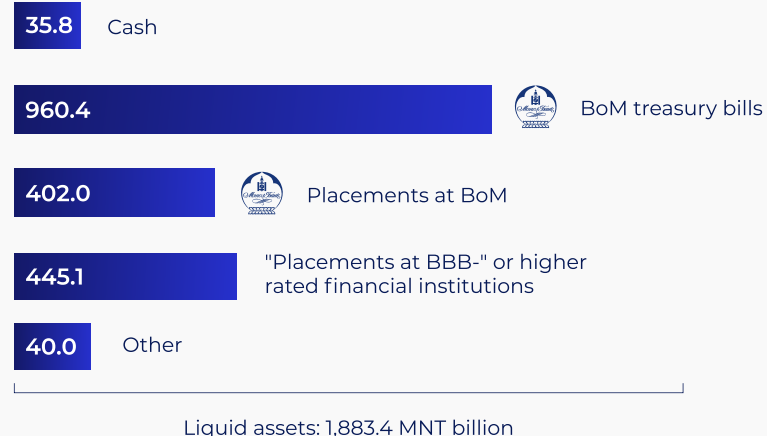
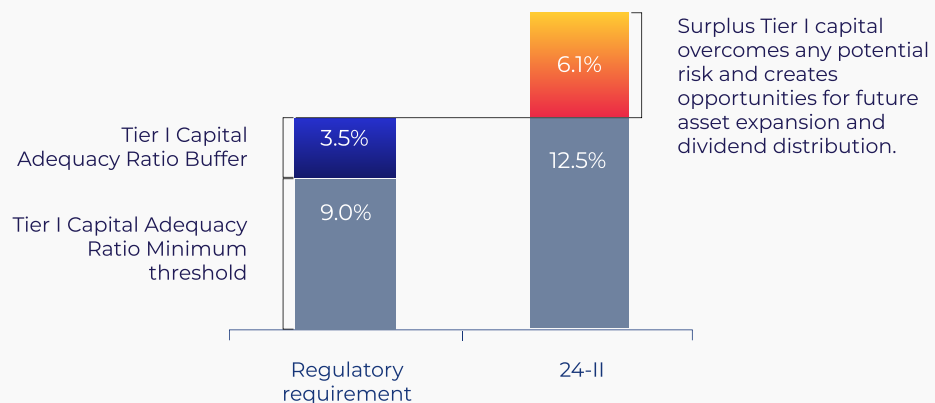
# Prudential requirements: CAR, Liquidity ratio



As of June 30, 2024

Tier I Capital Adequacy Ratio  
**18.6%**

Liquidity Ratio  
**38.7%**



# Prudential ratios: other ratios



In percent, unless otherwise specified	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
Foreign currency exposure ratio (single currency) +/- 15%	4.4%	4.3%	-1.3%	-1.9%	-2.3%
Foreign currency exposure ratio (total) +/- 30%	4.7%	4.8%	-1.4%	-2.9%	-3.3%
Credit concentration ratio <300%	37.1%	23.6%	38.6%	33.0%	52.9%
Fixed asset to total assets ratio <8%	1.6%	1.6%	1.3%	1.4%	1.2%
Deposit concentration ratio <25%	7.0%	6.9%	7.8%	7.8%	7.9%

In percent, unless otherwise specified	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2
Loans to bank related party and employees and other assets equivalent to the loan (less than 5% of capital)					
Bank shareholders	0.0%	1.3%	0.8%	0.9%	0.7%
Key management personnel	0.1%	0.1%	0.1%	0.1%	0.1%
Other related parties	3.6%	3.6%	3.2%	3.0%	2.9%
Total loans to bank related parties and employees and other assets equivalent to the loan (less than 20% of capital)					
Bank shareholders	0.0%	1.4%	0.9%	0.9%	0.7%
Key management personnel	0.3%	0.3%	0.3%	0.3%	0.5%
Other related parties	5.9%	3.6%	3.2%	3.0%	2.9%

# Income statement



As of June 30, 2024

In MNT millions	2023 Q2	2024 Q2	Change % (YoY)
Interest income	240,080	339,760	+41.5%
Interest expenses	(132,715)	(191,086)	+44.0%
<b>Net interest income</b>	<b>107,365</b>	<b>148,674</b>	<b>+38.5%</b>
Credit loss expenses	-	-	0.0%
Other income	33,913	41,510	+22.4%
Other expenses	(57,706)	(76,693)	+32.9%
<b>Net profit before tax</b>	<b>83,572</b>	<b>113,492</b>	<b>+35.8%</b>
Corporate income tax	(21,079)	(26,913)	+27.7%
Deferred tax income (expense)	(798)	(1,270)	+59.1%
<b>Net profit after tax</b>	<b>61,695</b>	<b>85,309</b>	<b>+38.3%</b>

# Balance sheet



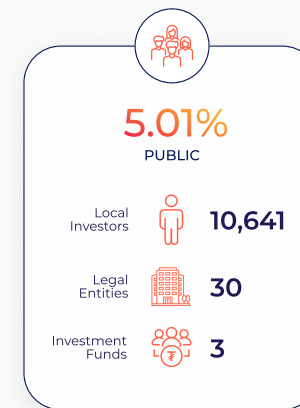
As of June 30, 2024

In MNT millions	2023 Q4	2024 Q2	Change % YTD
<b>Assets</b>			
Cash and cash equivalent	407,097	359,360	-11.7%
Placements	684,150	620,500	-9.3%
Investment	1,075,432	1,123,556	+4.5%
Loan portfolio (net)	2,720,351	3,301,125	+21.3%
Credit loss expense	(62,486)	(58,979)	-5.6%
Other assets	232,391	225,111	-3.1%
<b>TOTAL ASSETS</b>	<b>5,119,422</b>	<b>5,629,652</b>	<b>+10.0%</b>
<b>Liabilities &amp; equity</b>			
Current account, time deposits	2,876,117	3,199,748	+11.3%
Other liabilities	1,621,242	1,765,391	+8.9%
<b>TOTAL LIABILITIES</b>	<b>4,497,359</b>	<b>4,965,138</b>	<b>+10.4%</b>
Equity	622,063	664,514	+6.8%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>5,119,422</b>	<b>5,629,652</b>	<b>+10.0%</b>

# Corporate governance



Shareholding structure, as of June 30, 2024



94.99%



5.01%

# Board of directors



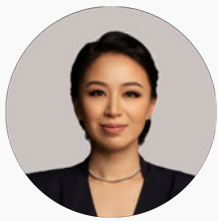
Board of XacBank for tenure until 2026 Annual General Meeting



**SANJAY Gupta**  
CHAIRMAN



**MICHAEL Madden**  
NON-EXECUTIVE DIRECTOR



**TSELMUUN Nyamtaishir**  
NON-EXECUTIVE DIRECTOR



**ULAMBAYAR Bayansan**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR



**NIRAJ Vedwa**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR



**ANDRZEJ Witak**  
NON-EXECUTIVE DIRECTOR



**TSEVEGJAV Gumenjav**  
EXECUTIVE DIRECTOR



**ALBERTUS Bruggink**  
NON-EXECUTIVE DIRECTOR



**SUZANNAH Herring Carr**  
NON-EXECUTIVE DIRECTOR



**AMY Choi**  
INDEPENDENT NON-  
EXECUTIVE DIRECTOR



**DOMINIC Jacques**  
NON-EXECUTIVE DIRECTOR



**STEWART Donald Hall**  
INDEPENDENT NON-  
EXECUTIVE DIRECTOR

## THE GOVERNANCE, NOMINATION AND COMPENSATION ("GNC") COMMITTEE

### Chair:

Michael Madden

### Members:

Tselmuun Nyamtaishir  
Ulambayar Bayansan (Independent Director)  
Niraj Vedwa (Independent Director)  
Amy Choi (Independent Director)  
Stewart Donald Hall (Independent Director)

## THE RISK MANAGEMENT COMMITTEE

### Chair:

Albertus Bruggink

### Members:

Ulambayar Bayansan (Independent Director)  
Niraj Vedwa (Independent Director)  
Amy Choi (Independent Director)  
Stewart Donald Hall (Independent Director)  
Dominic Jacques

## THE AUDIT COMMITTEE

### Chair:

Ulambayar Bayansan (Independent Director)

### Members:

Niraj Vedwa (Independent Director)  
Amy Choi (Independent Director)  
Andrzej Witak  
Suzannah Herring Carr  
Stewart Donald Hall (Independent Director)



# Executive management team



**TSEVEGJAV Gumenjav**  
CHIEF EXECUTIVE OFFICER



**ERDENEBAYAR Ganzorig**  
CHIEF FINANCIAL OFFICER



**ULAMBAYAR Enebish**  
CHIEF RETAIL BANKING OFFICER



**ERKIN Bavaan**  
CHIEF BUSINESS BANKING OFFICER



**DAURYENBYEK Syerikjan**  
CHIEF LEASING OFFICER



**MUNKHSAIKHAN Jargalsaikhan**  
CHIEF BUSINESS DEVELOPMENT  
OFFICER



**ILLIYA Avramov**  
CHIEF RISK OFFICER



**ZUL Ganzorig**  
CHIEF OPERATIONS OFFICER



**UNURBAT Khurelbaatar**  
CHIEF INFORMATION  
TECHNOLOGY OFFICER



**MUNKHTSELMEG Nyamsuren**  
GENERAL COUNSEL / CORPORATE  
SECRETARY



**UNDARMAA Enkhbayar**  
CHIEF AUDITOR

# The Annual General Meeting of the shareholders



Following XacBank's reorganization into a joint-stock company, the first Annual General Meeting of the Shareholders (the "AGM") of XacBank was convened on 29 April 2024, in the Ball room of Shangri-La Hotel. This meeting was organized through a combination of in person and virtual attendance. The AGM quorum was constituted with the attendance of 95.88% of the shareholders and considered valid. The following 10 decisions were adopted by the shareholders.

**01**

The operational report for 2023 and the Board review were approved.

**02**

The audited financial statements for 2023 and the Board review were approved.

**03**

The declaration and distribution of dividend from the Bank's earnings for the financial year 2023 to the shareholders was approved in the total amount of MNT 26.6 billion.

**04**

Amendment to the Dividend Policy of XacBank JSC was approved.

**05**

Entry into the Framework Agreement by XacBank with EBRD was approved.

**06**

Entry into the Policy Agreement by XacBank with IFC was approved.

**07**

Reorganization of XacBank through merging Tenger Financial Group LLC into XacBank was approved.

**08**

Directors on the Board of XacBank for tenure until 2026 AGM were elected.

**09**

The Board remuneration update was approved.




**10**

The Board budget for the fiscal year 2024 was approved.



# The operation of Board of Directors

As of June 30, 2024

<b>4</b>	<b>Board Of Directors Meetings</b> 2 regular meetings
<b>11</b>	<b>Online votings</b>
<b>32</b>	<b>Resolutions</b>
	<b>The Governance, Nomination and Compensation Committee</b> 3 meetings, 4 online votings
	<b>Risk Management Committee</b> 3 meetings, 8 online votings
	<b>Audit Committee</b> 3 meetings



## Newly adopted:

1. Transition Planning Roadmap of Climate Risk Management 2023-2025
2. Share Redemption Procedures for Shareholders of XacBank
3. Stakeholder Engagement Policy
4. Board Training Program for 2024
5. Board Action Plan after evaluation for 2024



## Amended:

1. Insider Trading Policy





## Amended and Restated:

1. Board Evaluation Policy
2. Dividend Policy of XacBank /*approved by the shareholders at the AGM/*





 <https://www.xacbank.mn>

 [InvestorRelation@xacbank.mn](mailto:InvestorRelation@xacbank.mn)

 (976)-75771888-(888)