

Interim operational report /Form 2/	
Article 20 of the Securities Market Law legislates the common obligations of the issuer, and the issuer is responsible for submitting information to the Financial Regulatory Committee as well as the listed exchange in the form stipulated below, and to publish information to the public through its own website.	
Reporting period:	July 01, 2023 - December 31, 2023
Issuer's name, state registration certificate number, securities symbol, phone number:	Issuer name: XacBank Registration number: 9016001007 Stock code: MN00XAC05687 Phone number: +976-75771888
Name of listed exchange:	Mongolian Stock Exchange
Sector of business operation:	Banking, Finance
Issued shares:	1,052,700,000
Prepared by: Reviewed by:	Prepared: Tamir G. /Head of Financial Management and International Relations Department/ Reviewed: Erdenebayar G. /Chief Financial Officer/
1.	Quarterly and Interim financial Reports /Attach financial statements/
	Balance Statement
	Income Statement
	Equity Statement
	Cashflow Statement
	Financial reports as of Dec 31, 2023 are attached /Appendix №1/
2.	Board resolution approving interm operational reports and audit committee reports
	Financial reports of XacBank as of 31 Dec 2023 are being reviewed by external auditor.
3.	Report and analysis on Internal and external factors affecting the financial performance of the Issuer.

3.1.	Operational performance /Financial ratios/	<p>XacBank's net profit after tax for the second half of the fiscal year 2023 concluded at MNT 79.8 billion, contributing to a year-to-date net profit of MNT 142.0 billion. The Earnings Per Share (EPS) for the year 2023 stands at MNT 138.0.</p> <p>Throughout this period, the total assets attained MNT 5,110 billion, total liabilities reached MNT 4,488 billion, and total equity closed at MNT 622 billion, these values show increments of 30.0%, 29.9%, and 30.8% from 2022.</p> <p>The gross loan portfolio ascended to MNT 2,750 billion, marking an increase of 8.1% from the semi-annual report of 2023 and 33.9% from 2022. Current accounts and deposits witnessed growth, reaching MNT 2,850 billion, a substantial rise of 17.9% from the figures recorded in 2022.</p> <p>Furthermore, the senior debt from international lenders reached USD 331 million (equivalent to MNT 1,128.1 billion), demonstrating a growth of 14.1% from the semi-annual report of 2023 and 56.6% surge from 2022.</p> <p>During the reporting period, the bank consistently reduced non-performing assets, resulting in an NPL ratio of 2.9% by December 31, 2023.</p>																									
3.2.	Liquidity and Capital Adequacy.	<table border="1"> <thead> <tr> <th data-bbox="735 1003 1141 1099">In % unless otherwise stated.</th> <th data-bbox="1141 1003 1273 1099">Minimum threshold</th> <th data-bbox="1273 1003 1439 1099">2023.12</th> </tr> </thead> <tbody> <tr> <td data-bbox="735 1099 1141 1171">Tier 1 Capital Ratio</td> <td data-bbox="1141 1099 1273 1171">>12.5%</td> <td data-bbox="1273 1099 1439 1171">20.7%</td> </tr> <tr> <td data-bbox="735 1171 1141 1243">Capital Adequacy Ratio</td> <td data-bbox="1141 1171 1273 1243">>12.0%</td> <td data-bbox="1273 1171 1439 1243">20.7%</td> </tr> <tr> <td data-bbox="735 1243 1141 1314">Liquidity Ratio</td> <td data-bbox="1141 1243 1273 1314">>25%</td> <td data-bbox="1273 1243 1439 1314">37.9%</td> </tr> <tr> <td data-bbox="735 1314 1141 1386">Foreign Currency Exposure Ratio (Single Currency)</td> <td data-bbox="1141 1314 1273 1386">+/- 15%</td> <td data-bbox="1273 1314 1439 1386">-1.3%</td> </tr> <tr> <td data-bbox="735 1386 1141 1458">Foreign Currency Exposure Ratio (Total)</td> <td data-bbox="1141 1386 1273 1458">+/- 30%</td> <td data-bbox="1273 1386 1439 1458">-1.4%</td> </tr> <tr> <td data-bbox="735 1458 1141 1529">Credit Concentration Ratio</td> <td data-bbox="1141 1458 1273 1529"><300%</td> <td data-bbox="1273 1458 1439 1529">38.6%</td> </tr> <tr> <td data-bbox="735 1529 1141 1601">Deposit Concentration Ratio</td> <td data-bbox="1141 1529 1273 1601"><25%</td> <td data-bbox="1273 1529 1439 1601">7.7%</td> </tr> </tbody> </table>	In % unless otherwise stated.	Minimum threshold	2023.12	Tier 1 Capital Ratio	>12.5%	20.7%	Capital Adequacy Ratio	>12.0%	20.7%	Liquidity Ratio	>25%	37.9%	Foreign Currency Exposure Ratio (Single Currency)	+/- 15%	-1.3%	Foreign Currency Exposure Ratio (Total)	+/- 30%	-1.4%	Credit Concentration Ratio	<300%	38.6%	Deposit Concentration Ratio	<25%	7.7%	
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3.3.	<p>The comprehensive evaluation encompasses both external and internal factors that impact the operations of the issuer. This involves scrutinizing the issuer's market share within the operating industry, monitoring changes or developments in the array of products and services offered, and delineating the measures planned to be undertaken by the issuer in response to these changes and developments.</p>	<p>During the reporting period of the second half of 2023, the Retail, Corporate, and Leasing portfolios experienced growth rates of 11.2%, 0.3%, and 9.5%, respectively. Alternatively, portfolios denote substantial increases of 37.0%, 13.1%, and 54.1% from 2022. The growth in the Retail lending portfolio was primarily propelled by the successful introduction of services such as "Tablet Banking Service," Woman-owned business loans, and online salary loans in the first half of 2023. Meanwhile, improved transportation conditions in the country's trade, both in terms of export and import, stimulated demand in equipment and passenger car leasing within the market. Key highlights during this reporting period include:</p> <ol style="list-style-type: none"> 1. Introduction of "Amar zeel" and "Urtaar" online loan products to the market. 2. Recognition by the "Mongolian Sustainable Finance Association," designating XacBank as the "Outstanding Sustainable Financing Bank in 2023." 3. Strategic collaboration with the Basel Agency for Sustainable Energy (BASE) and Tenger Insurance, introducing the innovative Energy Savings Insurance mechanism in Mongolia for the first time. 4. XacBank becomes re-accredited as a national direct access Accredited Entity of the Green Climate Fund by renewing the "Master Agreement" until 2028 for 5 years. 5. Successful acquisition of a total of USD 205.5 million in senior debt funding from international lenders. <p>For a more detailed understanding, kindly refer to the document titled "Financial and Operational Results as of December 31, 2023."</p>
3.4.	Information on off-balance sheet items	Appendix №2
4.	<p>Information on conflict of interest and significant transactions conducted by the issuer during the reporting period, the importance and the purpose of the transaction, and information about the person with a conflict of interest / all conflicts of interest transactions made during the reporting period shall be included/</p>	
	<p>In 2023, the Board approved a total of 27 conflict of interest and related party transactions. In accordance with Clause 56.2.4 of the Securities Market Law, following XacBank's transition to a public joint-stock company, information on related parties and conflicts of interest transaction have been consistently disclosed to the public on both the bank's website and the Mongolian Stock Exchange's website.</p> <p>Additionally, in accordance with the Banking Law, the Bank compiles a quarterly report concerning loans and other equivalent assets provided to the related parties, and subsequently makes this information available to the public on its website. Please refer to the following link: https://www.xacbank.mn/page/the-loans-and-other-equivalent-assets-provided-to-the-related-parties?lang=en</p>	
5.	<p>If the issuer has issued shares to the public for the purpose of implementing a project, a report on the progress of project implementation and the use of funds raised from the start of the project</p>	
	<p>Please refer to Appendix №3 for the utilization report on use of proceeds.</p>	
6.	<p>Information on corporate governance of the issuer</p>	

	<p>Following XacBank’s reorganization into a joint-stock company, the first Extraordinary General Meeting of the Shareholders (the “EGM”) of XacBank was convened on 15 September 2023, in the Diamond meeting room on the 3rd floor of Blue Sky Hotel. This meeting was organized through a combination of in person and virtual attendance. The EGM quorum was constituted with the attendance of 95.55% of the shareholders and considered valid. The decision items, which included the change in share capital of XacBank, increasing the amount to MNT 105,270,000,000 (one hundred and five billion two hundred and seventy million), as well as the Charter of XacBank JSC, were approved.</p> <p>TenGer Financial Group LLC (the “TFG”), currently holding 94.99% of XacBank's total issued and outstanding shares, has had changes in its shareholders' structure.</p> <ol style="list-style-type: none"> 1. To comply with the provisions of the Banking Law, which prohibits non-governmental organizations (“NGOs”) from directly owning shares in commercial banks, "Open Society Forum" NGO and "Ulaanbaatar Rotary Club" NGO, who previously held shares in TFG, had their shares repurchased by TFG in the anticipation of XacBank's merger with TFG. Consequently, these NGOs have been removed from TFG's shareholder register and are no longer considered indirect shareholders of XacBank. 2. TFG's shareholder, Mongolian Alt (MAK) LLC, has transferred all its TFG shareholdings to its subsidiary, MAK Invest KFT, a company incorporated in Hungary. Consequently, MAK Invest KFT has been officially registered as a shareholder of TFG. <p>The Governance, Nomination, and Compensation Committee (the “GNCC”) of the Board have completed the selection process for the vacant Independent Non-Executive Director position. On November 29, 2023, during the regular GNCC meeting, the committee supported the nomination of three new candidates as independent members of the Board of Directors of XacBank. Subsequently, GNCC submitted requests and materials to obtain the relevant consent from the Bank of Mongolia.</p>
7.	<p>Reports on corporate governance of the issuer</p>
	<p>Meetings of the Board and the Board's Committees</p> <p>In 2023, XacBank's Board convened a total of 13 meetings, including 5 regular meetings. At each of these regular meetings, the Board received updates on the measures implemented in accordance with the decisions and recommendations adopted at its previous meeting. Additionally, the GNCC held 10 meetings, the Board Audit Committee conducted 4 meetings, and the Risk Management Committee convened 4 meetings. Each committee provided relevant recommendations to the Board throughout these sessions.</p> <p>Information transparency</p> <p>In relation to XacBank’s reorganization into an open Joint-Stock Company, XacBank provides its investors with required information in accordance with regulatory requirements, upholding the principle of transparency. The Bank routinely updates the public through its website and the Mongolian Stock Exchange's platform.</p> <p>Corporate Governance</p> <p>The Board of XacBank approved the following internal policies in the third quarter of 2023, aligning with the applicable regulations for Joint-Stock Companies as specified in the Company Law, and the requirements outlined in the Corporate Governance Code approved by Resolution No. 145 of 2022 of the Financial Regulatory Commission. These regulations include:</p> <ol style="list-style-type: none"> 1. Corporate Governance Code; 2. Internal Rules of Procedure of the Board of Directors; 3. Charter of the Governance, Nomination and Compensation Committee of the Board of Directors; 4. Procedural Policy for Organizing/Holding General Meetings of Shareholders; 5. Charter of the Audit Committee of the Board of Directors; 6. Employee Loan Policy; 7. Directors’ Remuneration Payment and Travel Reimbursement Policy; 8. Internal Audit Charter of the Bank; 9. Internal Audit Policy of the Bank; 10. Procedure on Preventing Money Laundering and Terrorism Financing; 11. Information Disclosure Policy;

- 12. Know Your Customer Policy;
- 13. Code of Conduct and Conflict of Interest Policy for Directors and Employees;
- 14. Whistleblowing Policy;
- 15. Insider Trading Policy;
- 16. Conflict of Interest and Related Party Transaction Policy;
- 17. Governance Roadmap 2023-2026;
- 18. Charter of XacBank JSC;
- 19. Anti-Bribery and Anti-Corruption Policy;
- 20. Board Director Selection and Nomination Policy.

In the third quarter of 2023, The Board has amended and restated the following 2 policies:

- 1. Anti-Bribery and Anti-Corruption Policy – For compliance purposes, to further strengthen the company's commitment to ethical conduct, the Board has made certain amendments to the Policy, including the inclusion of a clause mandating compliance with U.S. and U.K. laws pertaining to anti-bribery and corruption.
- 2. Board Director Selection and Nomination Policy – made amendments to establish clear principles on addressing potential conflicts of interest arising from ties of a director (or a candidate for the position of a Director) to other Banks, other Financial Groups or Non-Banking Financial Institutions (NBFIs).

In the fourth quarter of 2023, the Board aims to standardize relations with XacBank's shareholders, a Shareholders direct communication policy has been approved.

The dividend policy change process is currently ongoing.

By its recommendation, the Board has submitted to the shareholders for their consideration to amend and restate Dividend Policy of XacBank to allow semi-annual dividend distribution. The Shareholders will decide on 2nd of February 2024, through their ballot voting EGM, whether to approve and adopt the amendment and restatement.

Accuracy and validity of the report confirmed by:

Name: Tsevegjav G.

Title: Chief Executive Officer

Signature:

(corporate seal)



Prepared by:

Name: Erdenebayar G.

Title: Chief Financial Officer

Signature:



STATEMENT OF FINANCIAL POSITION

As of 31 December 2023

(MNT)

	Items of the statement of financial position	Beginning balance /2022.12.31/	Ending balance /2023.12.31/
1	ASSETS		
1.1	Cash and cash equivalents	1,277,711,125,330.34	1,798,147,992,594.32
1.1.1	Cash on hand	100,774,591,743.98	67,977,909,064.34
1.1.2	Due from banks and financial institutions	612,027,384,270.16	681,381,802,075.26
1.1.3	Cash equivalents	564,137,017,190.58	1,046,019,649,335.77
1.1.4	Accrued interest on cash and cash equivalents	772,132,125.63	2,768,632,118.95
1.2	Due from banks and financial institutions	255,682,836,623.36	239,378,374,785.05
1.2.1	Due from the Bank of Mongolia	256,086,933,009.69	239,748,124,782.71
1.2.2	Due from other banks and financial institutions	-	-
1.2.3	Other assets	-	-
1.2.4	Accrued interest on due from banks and financial institutions	-	-
1.2.5	Provision for impairment of due from banks and financial institutions	(404,096,386.33)	(369,749,997.66)
1.3	Investment	120,830,123,902.62	129,156,767,259.93
1.3.1	Trading securities (FVTPL)	-	-
1.3.2	Available for sale securities	91,044,888,945.30	110,344,776,850.79
1.3.3	Securities held to maturity	12,000,000,000.00	-
1.3.4	Securities classified as loan and receivables	-	-
1.3.5	Investment in subsidiary, associate, and joint venture	-	-
1.3.6	Encumbered securities	12,279,000,000.00	13,000,000,000.00
1.3.7	Accrued interest on investment	8,519,337,947.60	8,611,935,846.58
1.3.8	Provision for impairment of investment	(3,013,102,990.28)	(2,799,945,437.44)
1.4	Loan (net)	2,002,817,445,688.36	2,716,680,685,745.91
1.4.1	Loan within due	1,911,717,012,107.82	2,598,497,195,012.58
1.4.2	Past due loan	60,727,231,904.68	70,274,791,549.97
1.4.3	Substandard loan	10,153,790,906.68	12,500,326,182.10
1.4.4	Doubtful loan	21,575,232,546.46	8,935,542,630.26
1.4.5	Loss loan	49,878,158,874.41	59,542,875,356.97
1.4.6	Deferred transaction cost (fees on loans)	(8,271,205,308.33)	(11,980,393,131.82)
1.4.7	Accrued interest on loan	31,570,832,312.50	45,712,172,337.38
1.4.8	Loan loss provision	(74,533,607,655.86)	(66,801,824,191.53)
1.5	Derivative financial assets	107,798,729,692.39	52,946,697,855.78
1.6	Other financial assets	14,286,075,670.40	29,518,800,532.50
1.6.1	Receivables from others (net)	14,286,075,670.40	29,518,800,532.50
1.6.2	Interbank receivables	-	-
1.6.3	Repossessed collaterals – financial assets (net)	-	-
1.6.4	Other financial assets	-	-
1.7	Other non-financial assets	68,767,517,039.92	58,213,787,781.56
1.7.1	Other settlements	21,987,106,736.59	29,038,797,471.50
1.7.2	Inventories materials and valuables (excluding precious materials)	1,983,807,244.65	2,598,458,154.79
1.7.3	Gold and other precious metals (net)	94,439,362.68	94,439,362.68
1.7.4	Repossessed collaterals – non financial assets (net)	33,153,931,641.67	9,443,968,093.99
1.7.5	Current income tax prepayment	21,925,455.76	25,631,356.00
1.7.6	Deferred income tax assets	5,232,743,421.79	7,905,395,976.20
1.7.7	Other non financial assets	6,293,563,176.78	9,107,097,366.41
1.8	Property, plant and equipment	61,927,693,943.12	66,281,751,529.55
1.9	Investment properties	-	-
1.10	Non-current asset held for sale	2,063,167,155.40	1,387,249,583.82
1.11	Intangible asset	18,895,588,438.64	18,667,114,054.76
	Total assets	3,930,780,303,484.54	5,110,379,221,723.18
2	LIABILITIES		
2.1	Current accounts	599,905,003,467.57	663,709,615,898.36
2.1.1	Nominal amount	599,905,003,467.57	663,709,615,898.36
2.1.2	Accrued interest payable on current accounts	-	-
2.2	Savings accounts	1,771,382,449,842.60	2,156,508,994,821.87
2.2.1	Demand deposit savings	142,277,592,644.74	170,993,684,035.36
2.2.2	Time deposit savings	1,607,526,693,126.36	1,959,803,296,756.07
2.2.3	Other types of current and savings accounts	12,213,869,569.20	13,088,144,288.41
2.2.4	Accrued interest payable on savings accounts	9,364,294,502.30	12,623,869,742.02
2.3	Due to banks and financial institutions	937,549,491,990.06	1,297,542,530,566.35
2.3.1	Deposits placed by other banks and financial institutions	106,383,363,477.73	79,443,211,983.04
2.3.2	Loan from other banks and financial institutions	830,172,876,661.84	1,211,903,841,708.19
2.3.3	Deferred transaction fee	(4,979,285,699.67)	(10,580,850,503.38)
2.3.4	Accrued interest payable on due to banks and financial institutions	5,972,537,550.16	16,776,327,378.50
2.4	Other borrowed funds	39,660,166,538.02	184,089,127,506.02

2.4.1	Bonds and bills issued by the bank	-	-
2.4.2	Securities issued by the bank	-	-
2.4.3	Project loan financing	15,033,764,182.22	7,966,933,135.20
2.4.4	Repurchase agreements (repos)	9,999,283,086.03	162,431,954,446.64
2.4.5	Syndicated fund	363,732,899.06	405,883,400.37
2.4.6	Other	12,764,489,484.54	13,264,265,143.65
2.4.7	Deferred transaction fee	-	-
2.4.8	Accrued interest payable on other borrowed funds	1,498,896,886.16	20,091,380.16
2.5	Derivative financial liabilities	1,639,595,288.69	10,417,065,058.13
2.6	Other financial liabilities	50,434,909,536.04	105,941,498,732.02
2.7	Other non-financial liabilities	54,521,027,007.90	70,124,411,827.10
2.8	Subordinated debt	-	-
2.9	Preferred shares (liability)	-	-
	Total liabilities	3,455,092,643,670.88	4,488,333,244,409.85
3	EQUITY		
3.1	Share capital	100,000,000,000.00	105,270,000,000.00
3.1.1	Preferred shares (equity)	-	-
3.1.2	Common shares	100,000,000,000.00	105,270,000,000.00
3.2	Paid-in capital	1,817,773,344.70	30,586,768,164.70
3.3	Treasury share	-	-
3.4	Revaluation surplus	18,528,613,201.77	18,528,613,201.77
3.5	Retained earnings	278,161,784,485.17	404,083,698,375.48
3.6	Other components of equity	77,179,488,781.95	63,576,897,571.38
3.6.1	Share option	-	-
3.6.2	Reserve funds	11,439,407,367.49	11,439,407,367.49
3.6.3	Reserve of translation and revaluation	-	-
3.6.4	Non-distributable regulatory reserve for BOM loan loss provisions	62,820,178,115.26	48,937,320,975.56
3.6.5	Reserve for staff social development funds	-	-
3.6.6	Equity part of convertible debt instrument	-	-
3.6.7	Equity part of convertible borrowings	-	-
3.6.8	Reserve for revaluation of available for sale securities	-	-
3.6.9	Reserve for revaluation of hedging instrument	-	-
3.6.10	Other	2,919,903,299.20	3,200,169,228.33
3.7	Total owners' equity	475,687,659,813.59	622,045,977,313.32
	Total liabilities and equity	3,930,780,303,484.47	5,110,379,221,723.18

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER



TSEVEGJAV GUMENJAV

ERDENEБAYAR GANZORIG

As of 31 December 2023

(MNT)

Д/д	Items of income and expense	Beginning balance /2022.12.31/	Ending balance /2023.12.31/
1	Interest income	375,306,477,653.35	534,708,738,450.31
1.1	Interest income of due from the Bank of Mongolia	7,359,332,809.35	18,493,666,754.83
1.2	Interest income of due from other banks and financial institutions	1,031,482,540.80	2,043,397,174.31
1.3	Interest income of investment	66,667,587,500.93	108,166,769,987.52
1.4	Interest income of loan	290,232,727,007.36	398,034,706,045.03
1.5	Other interest income	10,015,347,794.91	7,970,198,488.62
2	Interest expense	160,682,894,200.64	283,960,769,206.18
2.1	Interest expense of current accounts	-	2,048,818,003.17
2.2	Interest expense of savings	111,705,166,881.99	160,472,555,145.75
2.3	Interest expense of borrowings	37,775,226,655.18	90,524,753,751.60
2.4	Interest expense of debt instruments	332,121,096.36	755,740,806.45
2.5	Other interest expense	10,870,379,567.11	30,158,901,499.21
3	Net interest income/expense [(1)-(2)]	214,623,583,452.72	250,747,969,244.13
4	Impairment loss on	10,326,230,541.11	189,605,187.53
4.1	Due from banks and financial institutions	485,285,379.61	27,810,398.73
4.2	Investment	1,451,972,562.09	161,794,788.80
4.3	Loans	8,388,972,599.41	-
5	Net income after impairment loss [(3)-(4)]	204,297,352,911.60	250,558,364,056.60
6	Other revenue	59,689,634,346.60	75,079,811,977.46
6.1	<i>Non-interest income</i>	<i>55,252,049,444.71</i>	<i>70,840,430,237.98</i>
6.1.1	Gain or (loss) on trading of financial instruments	15,112,730,232.03	9,883,302,313.05
6.1.2	Gain or (loss) on translation or revaluation of financial instruments	152,817,339.66	-
6.1.3	Income from service fee and charges	38,725,827,574.41	50,216,255,097.62
6.1.4	Other non-interest income	1,260,674,298.61	10,740,872,827.31
6.2	<i>Other income and gains</i>	<i>4,437,584,901.89</i>	<i>4,239,381,739.48</i>
7	Other expense	117,297,712,285.54	135,021,277,623.99
7.1	<i>Non-interest expense</i>	<i>114,919,912,998.58</i>	<i>128,754,641,475.56</i>
7.1.1	Other impairment loss	305,921,866.23	124,223,853.81
7.1.2	Gain or (loss) on trading	-	-
7.1.3	Gain or (loss) on translation or revaluation	-	1,307,013,344.96
7.1.4	Expenses of service fee and charges	11,572,938,661.41	13,984,689,156.22
7.1.5	Other operating expenses	103,041,052,470.94	113,338,715,120.57
7.2	<i>Other expense and loss</i>	<i>2,377,799,286.96</i>	<i>6,266,636,148.43</i>
8	Profit or (loss) before tax (5+6-7)	146,689,274,972.67	190,616,898,410.06
9	Income tax expense	40,850,688,811.59	48,577,841,659.43
10	Profit or (loss) after tax (8-9)	105,838,586,161.08	142,039,056,750.63
11	Net profit or (loss) after tax from discontinued activities	-	-
12	Profit or (loss) for the reporting period (10+11)	105,838,586,161.08	142,039,056,750.63
13	Other comprehensive income	854,230,310.01	280,265,929.13
13.1	Increase or decrease of revaluation surplus of PPE and intangible assets	-	-
13.2	Increase or decrease of Reserve for revaluation of available for sale securities	854,230,310.01	280,265,929.13
13.3	Increase or decrease of reserve of translation and revaluation	-	-
13.4	Increase or decrease of non-distributable regulatory reserve for BOM loan loss provisions	-	-
13.5	Other	-	-
14	Profit or (loss) for the reporting period. (10+11)	106,692,816,471.09	142,319,322,679.75

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER



TSEVEGJAV GUMENJAV

ERDENEBAYAR GANZORIG



STATEMENT OF CHANGES IN EQUITY

As of 31 December 2023

Equity items	Share capital	Share premium	Treasury share	Revaluation reserve for premises	Other components of equity	Retained earnings	Total equity
balance as of 31 December 2021	100,000,000,000.00	1,817,773,344.70	-	18,528,613,201.77	66,073,799,064.11	197,574,657,731.92	383,994,843,342.50
Adjustment of changes in accounting policies and error							
Adjusted balance	100,000,000,000.00	1,817,773,344.70	-	18,528,613,201.77	66,073,799,064.11	197,574,657,731.92	383,994,843,342.50
Net profit or loss for the period	-	-	-	-	854,230,310.01	105,838,586,161.08	854,230,310.01
Other comprehensive income	-	-	-	-	10,251,459,407.83	(10,251,459,407.83)	-
Changes in equity	-	-	-	-	-	(15,000,000,000.00)	(15,000,000,000.00)
Distributed dividends	-	-	-	-	-	-	-
Realized amount of revaluation surplus	-	-	-	-	-	-	-
balance as of 31 December 2022	100,000,000,000.00	1,817,773,344.70	-	18,528,613,201.77	77,179,488,781.95	278,161,784,485.17	475,687,659,813.59
Adjustment of changes in accounting policies and error						(0.02)	(0.02)
Adjusted balance	100,000,000,000.00	1,817,773,344.70	-	18,528,613,201.77	77,179,488,781.95	278,161,784,485.15	475,687,659,813.57
Net profit or loss for the period	-	-	-	-	-	142,039,056,750.63	142,039,056,750.63
Other comprehensive income	-	-	-	-	280,265,929.13	280,265,929.13	280,265,929.13
Changes in equity	5,270,000,000.00	28,768,994,820.00	-	-	(13,882,857,139.70)	13,882,857,139.70	34,038,994,820.00
Distributed dividends	-	-	-	-	-	(30,000,000,000.00)	(30,000,000,000.00)
Realized amount of revaluation surplus	-	-	-	-	-	-	-
balance as of 31 December 2023	105,270,000,000.00	30,586,768,164.70	-	18,528,613,201.77	63,576,897,571.38	404,083,698,375.48	622,045,977,313.32

CHIEF EXECUTIVE OFFICER

TSEVEGJAV GUMENJAV

CHIEF FINANCIAL OFFICER

ERDENEBAIYAR GANZORIG



STATEMENT OF CASH FLOWS

(MNT)

	Items	Beginning balance /2022.12.31/ ***	Ending balance /2023.12.31/ ***
1	Cash flows from operating activities:		
1.1	Profit or (loss) after tax	148,071,320,949.90	193,382,972,940.84
1.2	Adjustments of gain or loss:	(196,931,218,438.58)	(248,428,641,141.76)
1.2.1	Impairment loss (+)	9,246,082,215.64	(10,800,206,599.24)
1.2.2	Depreciation and amortization expense (+)	8,237,113,823.79	10,146,808,585.81
1.2.3	Revaluation gain (-) or losses (+) on financial instruments excluding cash and cash equivalents	-	-
1.2.4	Accrued interest income (-)	(375,306,477,653.35)	(534,708,738,450.31)
1.2.5	Accrued interest expense (+)	160,682,894,200.64	283,960,769,206.18
1.2.6	Gains (-) or losses (+) on disposal of assets	315,321,867.10	2,972,726,115.79
1.2.7	Other gains (-) or losses (+)	(106,152,892.40)	-
1.3	Adjustments of changes in assets and liabilities:	(20,598,882,369.48)	4,052,911,970.13
1.3.1	Increase (-) or decrease (+) in due to banks and financial institutions	(41,677,850,565.31)	16,338,808,226.98
1.3.2	Increase (-) or decrease (+) in trading securities	-	-
1.3.3	Increase (-) or decrease (+) in loans	(202,713,557,293.35)	(681,456,804,868.79)
1.3.4	Increase (-) or decrease (+) in other financial assets	(67,705,034,405.49)	39,568,420,475.13
1.3.5	Increase (-) or decrease (+) in other non-financial assets	(1,622,485,554.42)	3,940,009,865.00
1.3.6	Increase (+) or decrease (-) in current accounts and savings accounts	166,437,551,573.69	445,671,582,170.33
1.3.7	Increase (+) or decrease (-) in due to banks and financial institutions	122,624,379,285.23	104,984,535,659.64
1.3.8	Increase (+) or decrease (-) in other financial liabilities	4,659,813,539.33	64,236,273,490.06
1.3.9	Increase (+) or decrease (-) in other non-financial liabilities	(601,698,949.16)	10,770,086,951.78
1.4	Other adjustments:	171,665,781,840.01	198,569,491,367.26
1.4.1	Interest received (+)	358,360,333,497.43	520,474,800,526.44
1.4.2	Interest paid (-)	(156,546,990,324.76)	(271,376,209,644.13)
1.4.3	Payment of income tax (-)	(23,098,641,251.06)	(46,509,627,955.51)
1.4.4	Written-off loan and receivables with loan loss provision (-)	(7,048,920,081.61)	(4,019,471,559.55)
1.4.5			
1.5	Net cash flows from operating activities	102,207,001,981.85	147,576,735,136.47
2	Cash flows from investing activities:		
2.1	Total cash inflows (+)	22,800,871,676.40	12,768,320,661.71
2.1.1	Proceeds from disposal of PPE	40,451,771.75	20,619,269.90
2.1.2	Proceeds from disposal of intangible assets	-	-
2.1.3	Proceeds from disposal of investment properties		
2.1.4	Proceeds from disposal of investment in subsidiary, associate, and joint venture		
2.1.5	Proceeds from disposal of other non-current assets	878,485,516.18	747,701,391.81
2.1.6	Proceeds from disposal of securities classified as loan and receivables		
2.1.7	Proceeds from disposal of securities available for sale	176,034,388.47	-
2.1.8	Proceeds from disposal of securities held to maturity	-	12,000,000,000.00
2.1.9	Dividend received		
2.1.10	Other proceeds	21,705,900,000.00	-
2.2	Total cash outflows (-)	(19,599,178,724.63)	(34,059,662,916.53)
2.2.1	Acquisition of PPE	8,197,713,700.37	11,710,523,343.41
2.2.2	Acquisition of intangible assets	5,509,236,391.88	2,701,939,573.12
2.2.3	Acquisition of investment properties	-	-
2.2.4	Acquisition of investment in subsidiary, associate, and joint venture		
2.2.5	Acquisition of securities classified as loan and receivables		
2.2.6	Acquisition of securities available for sale	3,900,900,000.03	18,926,200,000.00
2.2.7	Acquisition of securities held to maturity	-	-
2.2.8	Acquisition of other non-current assets	1,991,328,632.35	-
2.2.9	Other outflows	-	721,000,000.00
2.3	Net cash flows from investing activities	3,201,692,951.77	(21,291,342,254.81)
3	Cash flows from financing activities:		
3.1	Total cash inflows (+)	368,524,930,695.15	802,270,343,887.81
3.1.1	Repayment of other borrowed funds	368,524,930,695.15	768,231,349,067.81
3.1.2	Proceeds from subordinated debt	-	-
3.1.3	Proceeds from issuance of shares		34,038,994,820.00
3.1.4	Donation		
3.1.5	Other		
3.2	Total cash outflows (-)	(359,835,821,693.02)	(408,118,869,505.48)
3.2.1	Repayment of other borrowed funds	344,835,821,693.02	378,118,869,505.48
3.2.2	Repayment of subordinated debt		
3.2.3	Finance lease payment		
3.2.4	Repurchase of treasury shares		
3.2.5	Dividends paid	15,000,000,000.00	30,000,000,000.00
3.2.6	Other		
3.3	Net cash flows from financing activities	8,689,109,002.13	394,151,474,382.33
4	Effect of exchange rate changes on cash and cash equivalents		
5	Net cash flows	114,097,803,935.76	520,436,867,263.98
6	Cash and cash equivalents at the beginning of the period	1,163,613,321,394.59	1,277,711,125,330.34
7	Cash and cash equivalents at the end of the period	1,277,711,125,330.34	1,798,147,992,594.32

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER



TSEVEGJAV GUMENJAV

ERDENEBAVAR GANZORIG



STATEMENT OF OFF-BALANCE SHEET

As of 31 December 2023

(in MNT)

№	Items of off-balance sheet	Amount
1	Credit related commitments	196,890,618,105.8
2	Collateral received	5,281,287,004,008.3
3	Written-off loan and other assets	108,801,516,679.9
4	Derivative financial instruments	1,308,803,751,293.5
5	Fiduciary assets	-
6	Assets pledged	-
7	Other off-balance sheet accounts	372,204,057,601.2
	Total	7,267,986,947,688.7

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER



TSEVEGJAV GUMENJAV

ERDENEBAYAR GANZORIG

“XACBANK” REPORT ON UTILIZATION OF USE OF PROCEEDS
(As of 30 September 2023)



1. Utilization plan for the use of proceeds

XacBank has successfully traded 52,700,000 shares to the public through its IPO, raising a total of MNT 35,667,900,000. The total direct costs associated with the IPO have amounted to MNT 1,628,905,180, which was deducted from the proceeds in accordance with IFRS and regulation. The net proceeds are expected to be utilized for the growth of its loan and lease portfolio as per Prospectus. Costs and expenses directly associated with the IPO are:

- Underwriting fees to “Rhinos Investment SC LLC” and “Ulzii and Co Capital SC LLC”;
- Business valuation fee to “BDO Audit LLC” as per Article 2.1 of Securities Admission Rule of FRC;
- Audit Letter fee of to “E&Y Mongolia Audit LLC” as per Article 3.1.4 of Securities Admission Rule of FRC;
- Legal Opinion fee of to “B&P LLP” as per Article 2.1 of Securities Admission Rule of FRC;
- Registration and primary trading fee to MSE;
- Registration and primary trading fee SCD;
- Registration and primary trading fee other regulators.

Net proceeds after deducting direct costs associated with the offer is MNT 34,038,994,820.

2. Utilization status

Target segment	Target in percentage	Net Proceed to be utilized for the target segment	Utilization* status as 30 September 2023
Retail loans	66%	22,465,736,581	22,465,736,581
Corporate loans	19%	6,467,409,016	6,467,409,016
Finance leases	15%	5,105,849,223	5,105,849,223
Total	100%	34,038,994,820	34,038,994,820

* Outstanding balance of loans and leases

Net un-utilized amount is MNT 0.

XacBank



FINANCIAL AND OPERATIONAL RESULT

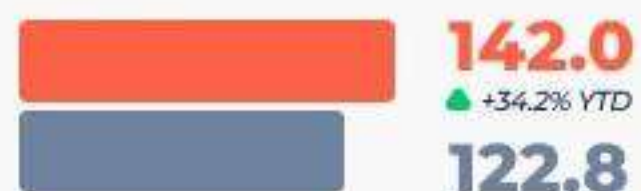
AS OF DEC 31, 2023

Financial summary

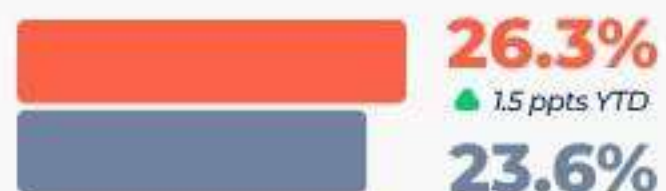
■ 2023 Actual
 ■ 2023 IPO prospectus target

Net profit

MNT billion



ROE*



P/E **4.66**

EPS
MNT **138.0**

Loans, financial leasing

MNT billion



Deposits

MNT billion



Liquidity ratio



Core capital adequacy ratio



YTD: Year to date comparison.

* Based on average of trailing 12 months equity.

** Non-performing loans as per Bank of Mongolia's classification divided by total gross loan portfolio.

Operational highlights

- Financial Results
- Prudential Requirements
- Governance

Highlights



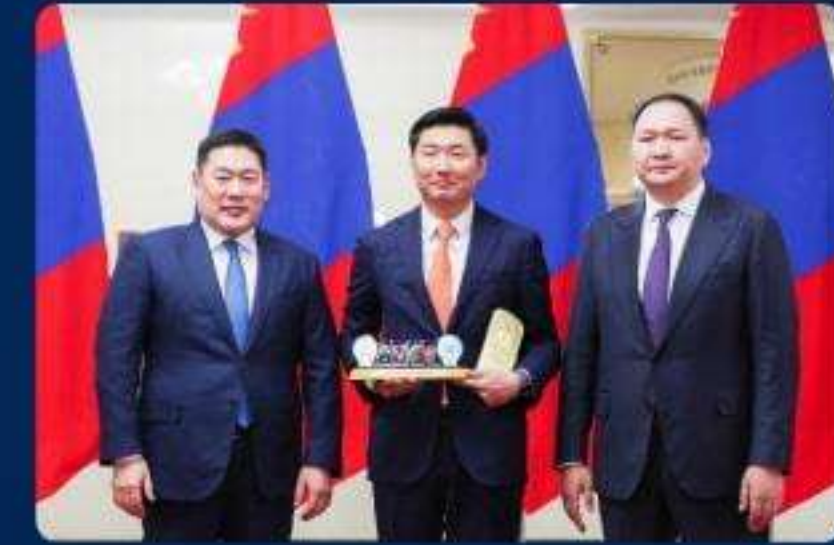
Became listed company

XacBank has offered 52.7 million shares to the public via MSE to raise MNT 35.7 billion during its IPO. The IPO was oversubscribed by 117.2% where 9,944 investors have submitted order totaling MNT 41.8 billion.



Raised USD205 million senior debt

XacBank has successfully raised USD 205 million from IFC, FMO, rA, GCPF, BlueOrchard, Symbiotics, Incofin, GCF with the aim of supporting women-led micro and SMEs. In addition, the loan will be utilized for financing energy efficient business or projects in Mongolia



Awarded Top-100 Enterprise

XacBank was awarded TOP-100 Enterprises which is organized by the Government of Mongolia and Mongolian National Chamber of Commerce and Industry.

Highlights



Started a cooperation on retirement savings fund

Signed a cooperation agreement with Oyu Tolgoi on "Retirement Savings Fund" through which employees of OT will be able to start saving for their retirement with XacBank.



Held its first EGM as Joint Stock Company

The EGM achieved a quorum with 95.55% attendance and the agenda items, which included reflecting the IPO proceeds in the share capital and setting the paid-in share capital of XacBank at MNT 105,270,000,000 (one hundred and five billion two hundred and seventy million), as well as approving the Charter of XacBank JSC, were approved.



Moody's affirms XacBank's B3 ratings; outlook remains stable

The affirmation of XacBank's ratings reflects Moody's expectation that the bank's credit profile will remain stable over the next 12-18 months.

Operational highlights



Online deposit:

The bank introduced online deposit function in to digital banking application. In addition to the attractive interest rate, it offers another benefits to customers to encourage their saving habit such as interest incentives for customers who are maintaining their savings account consistently and right to spend up to certain percent of deposit balance etc.



Online salary loan

Online salary loan was successfully introduced in the market and it is now available at digital banking application for our customers as well as the customers of other banks.

Disbursed loan: **258.8** MNT billion



Mortgage loan:

Mortgage loan product with 3% interest rate was introduced to the market in cooperation with Bank of Mongolia for local citizens in rural area.



Food and Agriculture loan:

We have successfully implemented subsidized lending program in cooperation with Ministry of Agriculture and Rural Affairs and the Bank of Mongolia. Annual interest rate to final borrower was offered with 5% for working capital and 6% investment loan respectively.



Instant loan

For individuals with salary income, instant loan have been introduced to meet their urgent and unexpected financial needs. This loan is available at Digital banking application at easiest convenience for our customers.



Women support loan

Unsecured or partially secured loans to support women entrepreneurs launched successfully in the market with lower interest rate than other SME loan products. Another key advantage of the product is shortened loan processing time up to 8 working hours.

Disbursed loan: **329.7** MNT billion



In collaboration with Store-Pay BNPL fin-tech Company, we have successfully introduced the online loan with longer term /30 months/ and higher credit limit /30 million/ in the market. Disbursed 13 customer's loan of MNT 31.2 mln in last two days of 2023.

Digital users
▲ **31.3%**

POS terminal
▲ **36.0%**

Total transactions
11.4%

Operational highlights



XacBank becomes re-accredited by the Green Climate Fund

XacBank becomes re-accredited as a national direct access Accredited Entity of the Green Climate Fund by renewing the "Master Agreement", this five-year extension enables us to continue and broaden our impact in addressing climate change and contributing to environmental protection within the region.

In line with this commitment, XacBank received an additional \$8 million USD in October for energy-efficient heating, insulation, and affordable housing financing program, which aims to foster sustainable living solutions and reduce environmental impact.



XacBank successfully reduced greenhouse gas emissions by a total of 5,557 tons in 2023 disbursing eco-consumption loans through the Energy Efficient Consumption Loan Program (EECLP), XacBank successfully reduced greenhouse gas emissions by a total of 5,557 tons in 2023.

"Green loan fair"

"In September 2023, XacBank launched the 'Green Loan Fair' event offering immediate access to eco-usage loans at an annual interest rate of 2-3%. This initiative was a pivotal step towards facilitating the adoption of green technologies, such as energy-efficient electric heaters, advanced insulation solutions, and sustainable waste treatment systems. The event included active participation from 28 supplier organizations, which showcased their products and helped informing the public about eco-friendly products and practices. This collaborative effort not only empowered individuals to make environmentally sound decisions but also bolstered local businesses dedicated to sustainability, thereby nurturing a community deeply rooted in environmental responsibility."

Operational highlights



"XacBank, in a strategic collaboration with the Basel Agency for Sustainable Energy (BASE) and Tenger Insurance, has introduced the innovative Energy Savings Insurance mechanism in Mongolia. This pioneering initiative marks a significant step forward in promoting sustainable energy solutions within the region."

The Energy Savings Insurance (ESI) is an insurance-based model that incentivizes micro, small and medium businesses (MSMEs) to choose energy-efficient solutions instead of cheaper, conventional appliances when installing or upgrading an equipment. The model guarantees the energy savings a high-performing system should deliver, reinforcing the trust in the long-term profitability of switching to energy-efficient appliances.



Outstanding sustainable financing Bank 2023

XacBank has been recognized as the "Outstanding Sustainable Financing Bank in 2023" by the "Mongolian Sustainable Finance Association", the Bank of Mongolia, and the Financial Regulatory Commission, is a testament to our steadfast commitment to leading the charge in sustainable finance and making impactful contributions to the implementation and development of Sustainable Financing policies.

Operational highlights



ECO leasing

Supporting the fight against global warming, XacBank provides green leasing with affordable rates. Total disbursement under the green lease has reached MNT 8.9 billion in 2023.



One-stop shop

In cooperation with vendor companies, one-stop shops are now operational in key vendors such as Toyota-Tavan Bogd, Benz-MSM, where full range of banking products and services are provided to the clients




XacMortgage – House loan

XacMortgage introduced a House loan product – “Loan decision in 1 Day”. In addition to houses, an apartment (+80m2) loan is approved within 1 business day.



Leasing center

Established in May 2023, 2 leasing centers have achieved rapid success where the portfolio under management has reached MNT 28.2 billion within this short time frame.

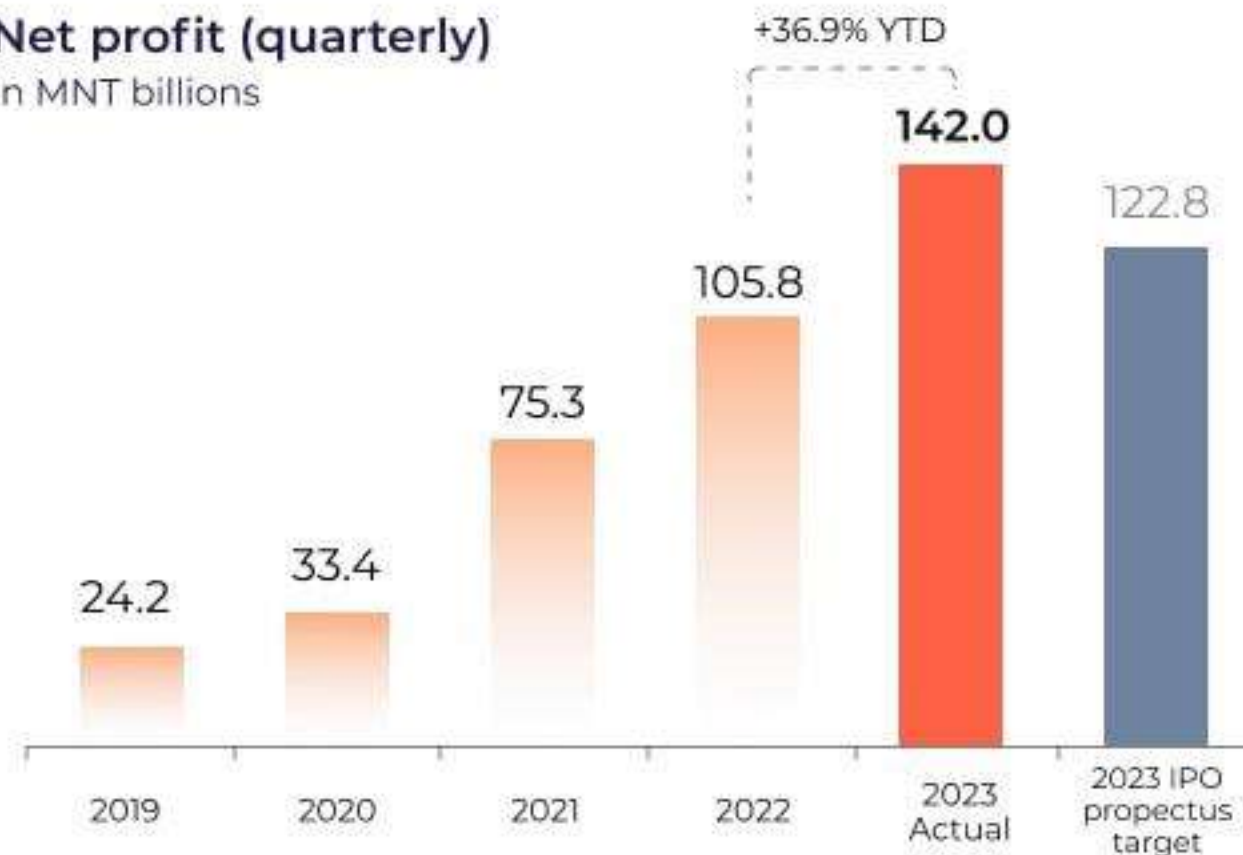
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- A large, thick, orange-to-red gradient wave graphic that starts from the bottom left, curves up and right, dips down, and then curves up and right again, ending at the top right of the slide.
- Operational highlights
 - **Financial Results**
 - Prudential Requirements
 - Governance

Profitability

The Bank's net profit rose to MNT 142 billion, marking a 34.2% increase from the previous year. This growth was attributed to the expansion of the Gross Loan Portfolio (GLP) by over 33.9% and improved balance sheet structure through systematic management of non-performing assets. Despite facing negative external pressures on profitability due to elevated central bank rates in both domestic and international markets, the Bank maintained its net interest margin at the same level as the previous year. This highlights the Bank's ability to navigate challenging market conditions and uphold stable financial performance

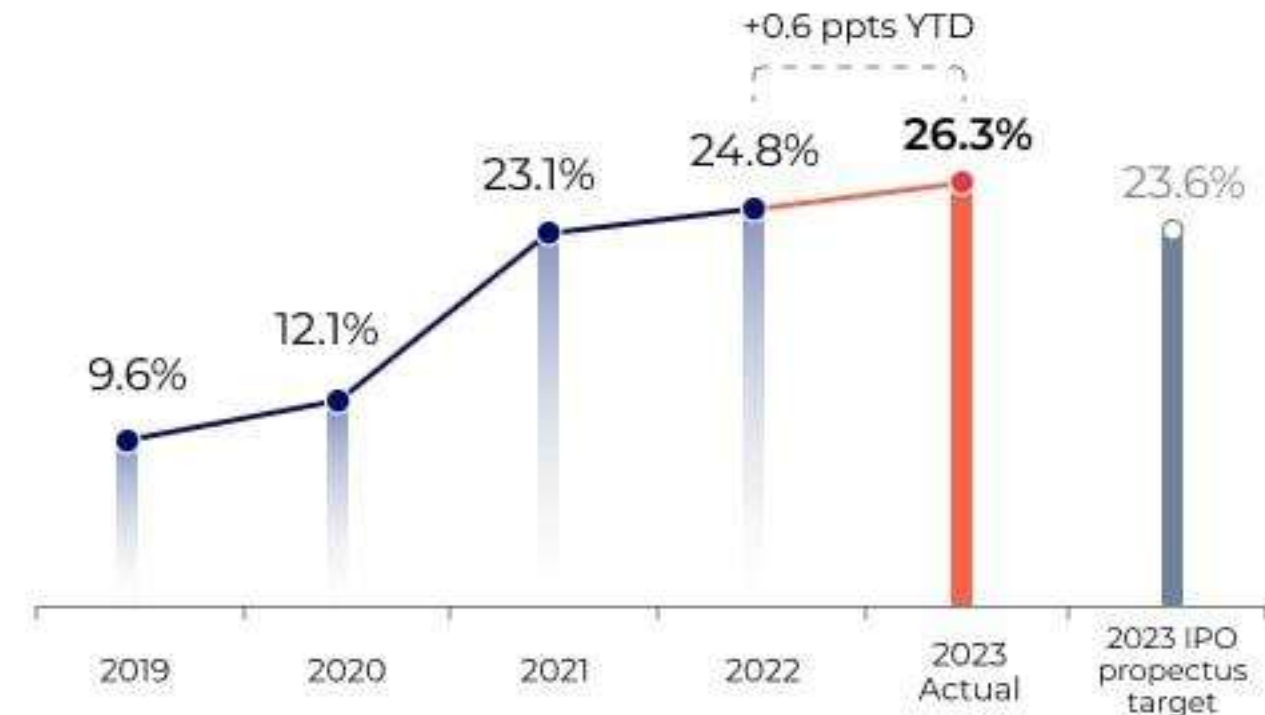
Net profit (quarterly)

In MNT billions



Return of Equity (ROE)

%

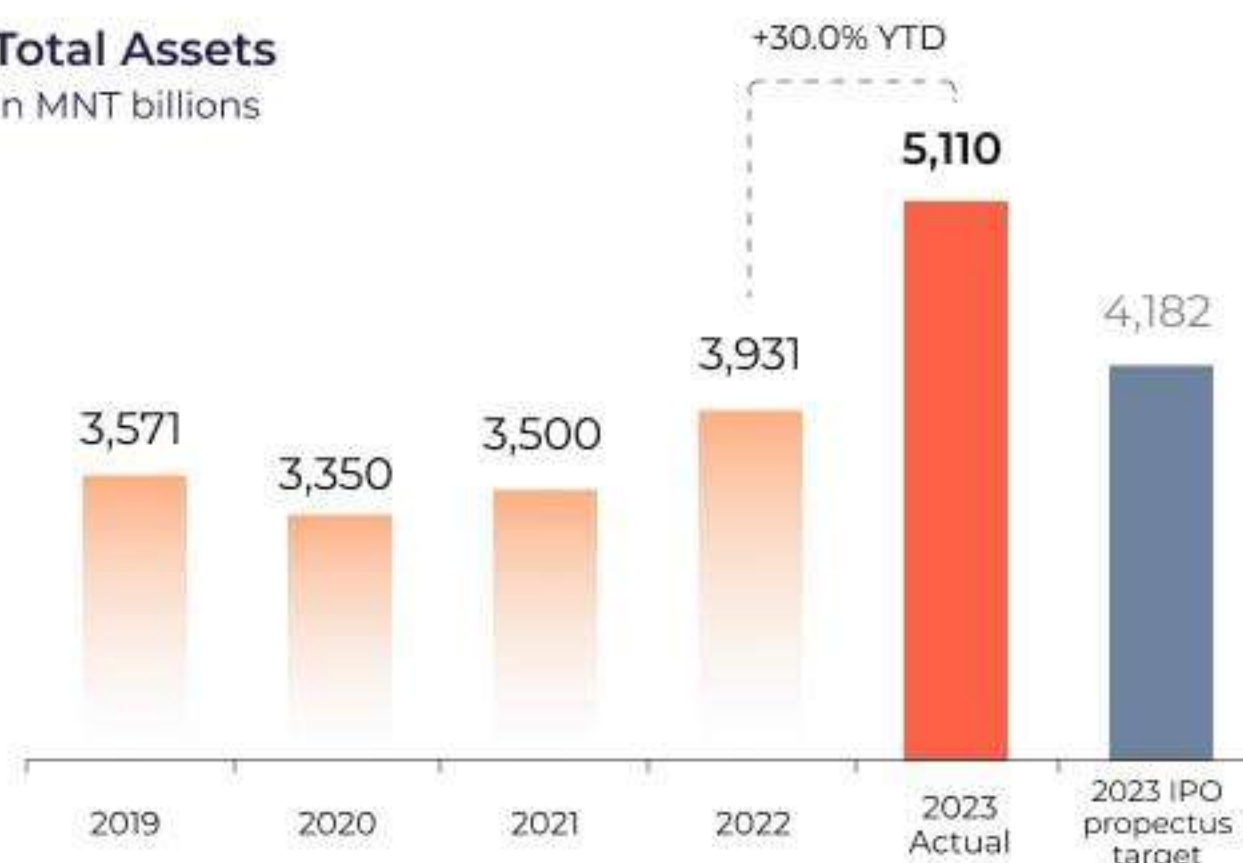


Assets

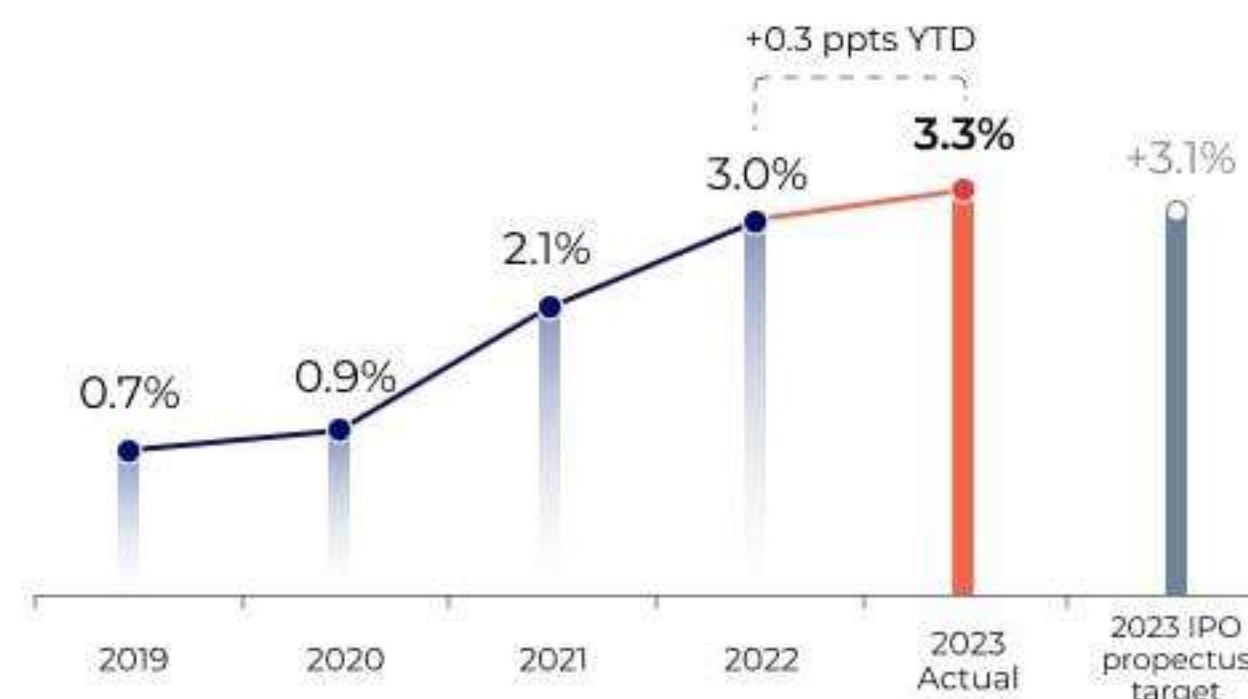


The Bank's total assets exceeded MNT 5 trillion in 2023, marking a substantial growth of 30.0% compared to the previous year. The total assets reached MNT 5,110 billion, primarily driven by an increase in revenue-generating assets, notably GLP and T-Bills, which experienced growth rates of 33.9% and 83.6%, respectively. Additionally, the bank demonstrated enhanced efficiency in utilizing its assets, as reflected in the 0.3 percentage point increase in Return on Assets (ROA) from the year-end of 2022. This improvement aligns with the expansion of revenue-generating assets within the total asset portfolio

Total Assets
In MNT billions

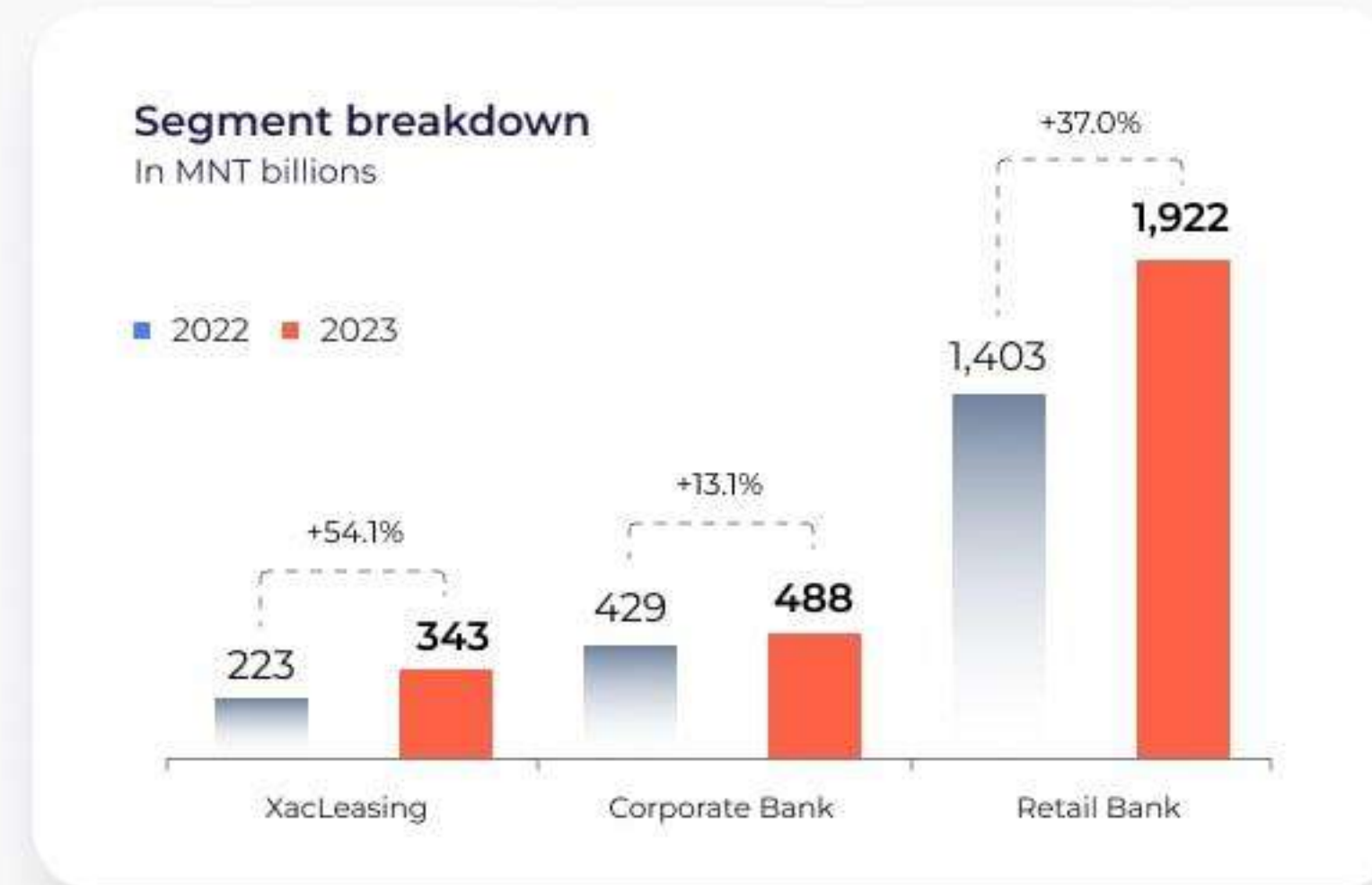
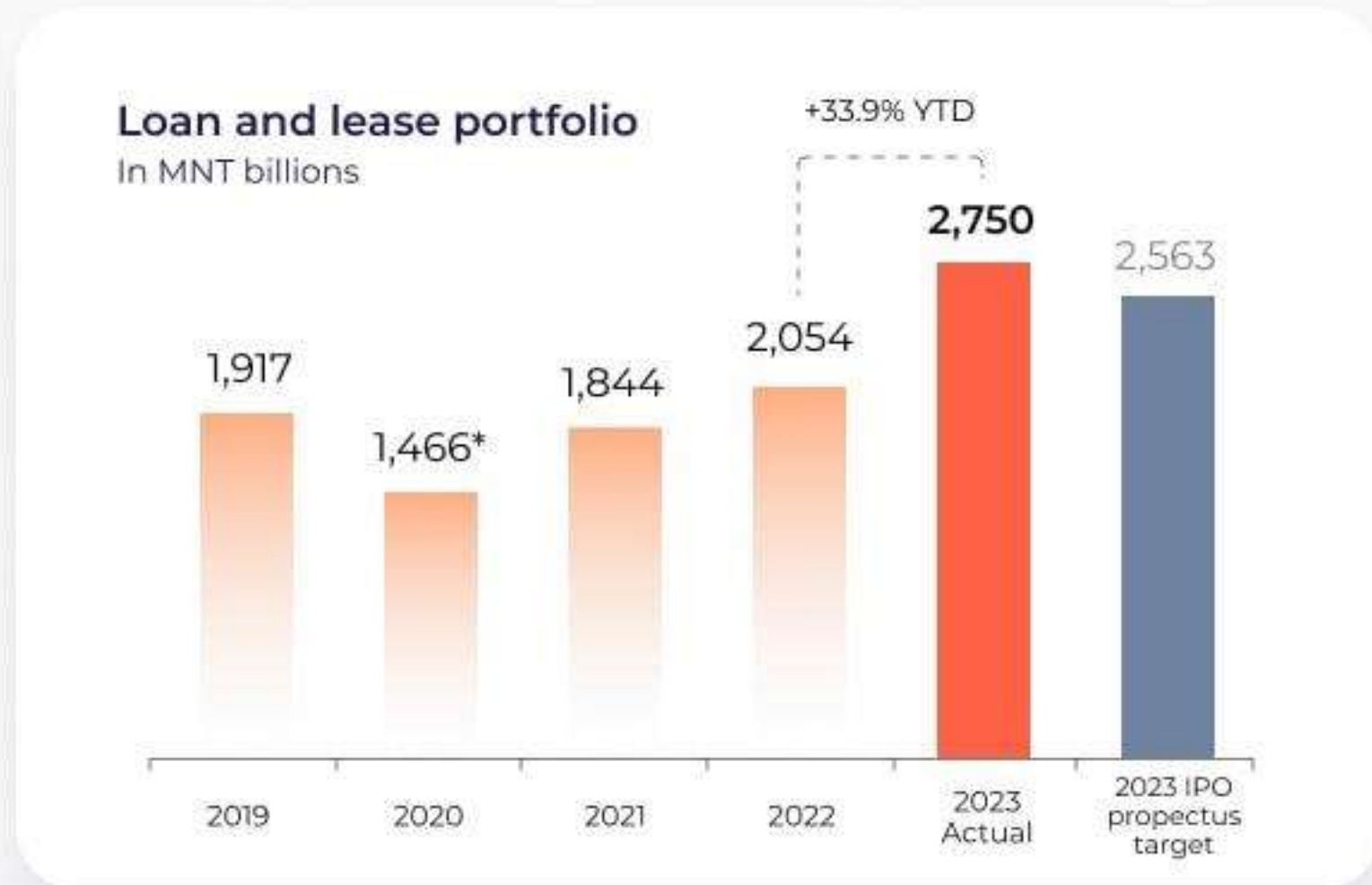


Return of average Assets (aROA)
Based on annualized net profit



Loan and Lease portfolio

The bank's lending activities are categorized into three branches: retail lending, corporate lending, and XacLeasing (financial leases). In 2023, the retail, corporate, and leasing sectors of the bank exhibited robust growth rates of 37.0%, 13.1%, and 54.1%, respectively. The expansion of the retail loan portfolio was primarily driven by increased loans to women-owned businesses facilitated by the "Tablet Banking" service offered by the bank. The growth in the leasing portfolio can be attributed to the normalization of external trade routes between Mongolia and neighboring countries. This normalization led to a consistent inventory of passenger vehicles and machinery at key vendors, positively impacting the leasing business.



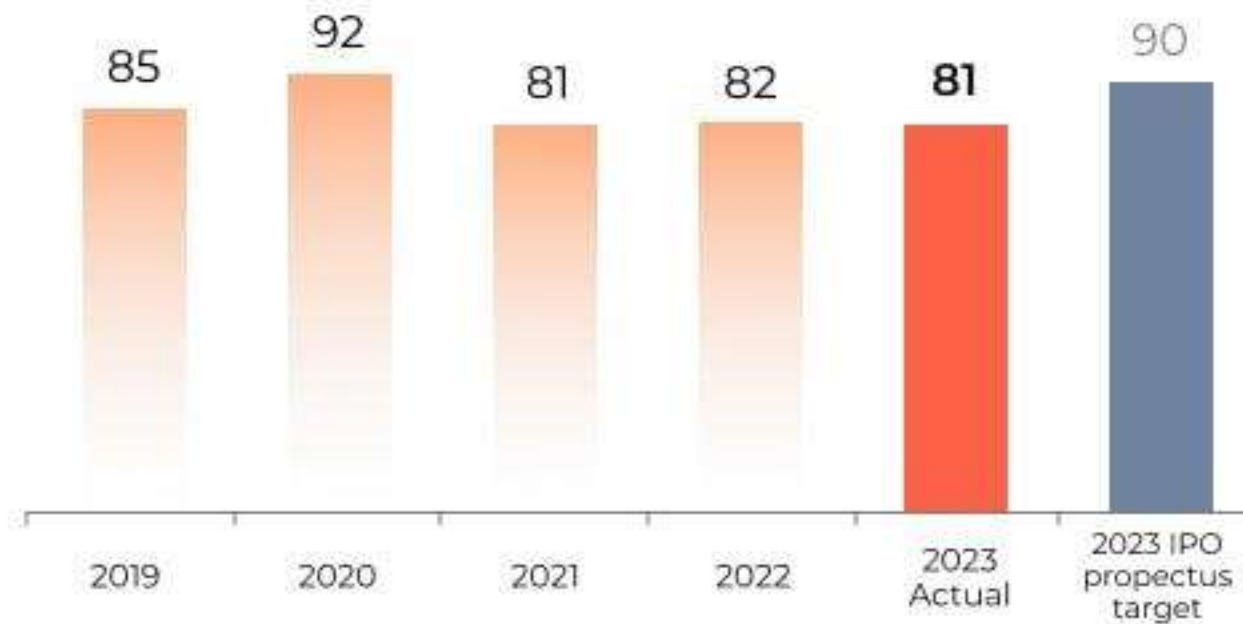
*In 2019 and 2020, the bank focused on repayment of assets which could have higher risk in the near future.

Asset Quality

Despite a robust growth of 33.9% in Gross Loan Portfolio (GLP), the bank effectively enhanced its asset quality by minimizing non-performing loans (NPL) and repossessed assets. By the end of 2023, NPL stood at MNT 80.9 billion, reflecting a decrease of -0.8% compared to 2022. This reduction, in conjunction with the substantial growth in total GLP, resulted in an NPL ratio of 2.9%, down from 4.0% in 2022.

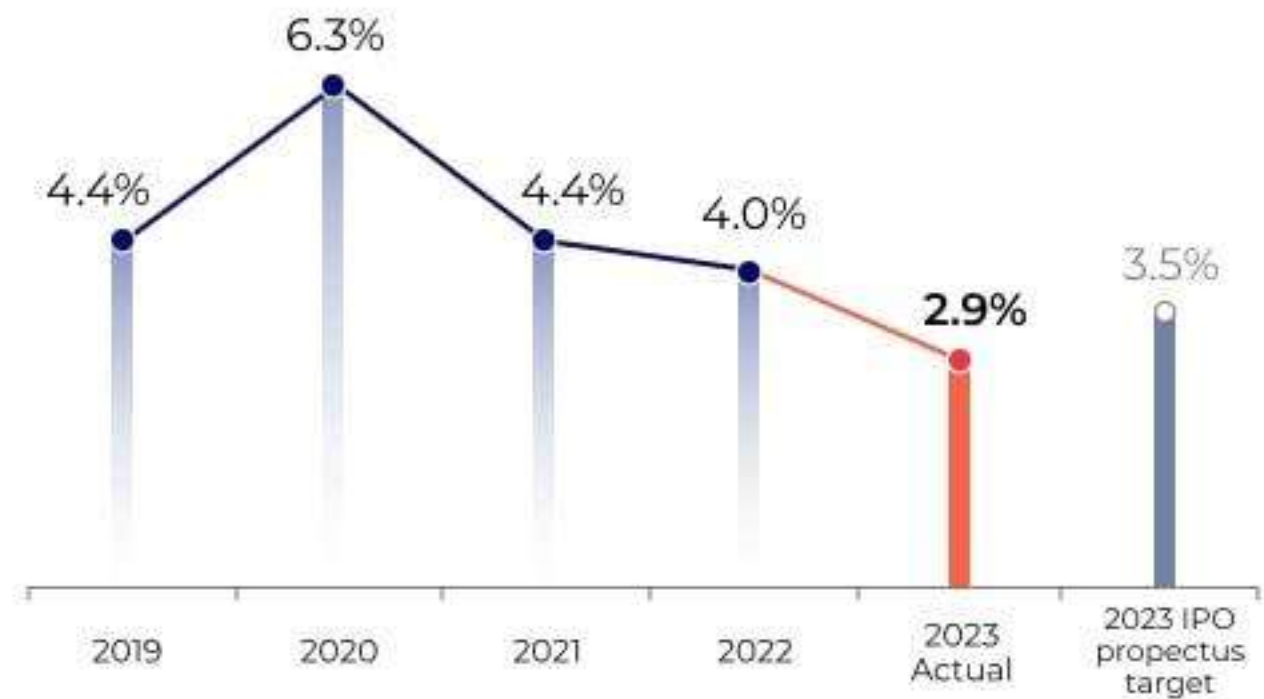
Non-performing loans

In MNT billions



Non-performing loan ratio

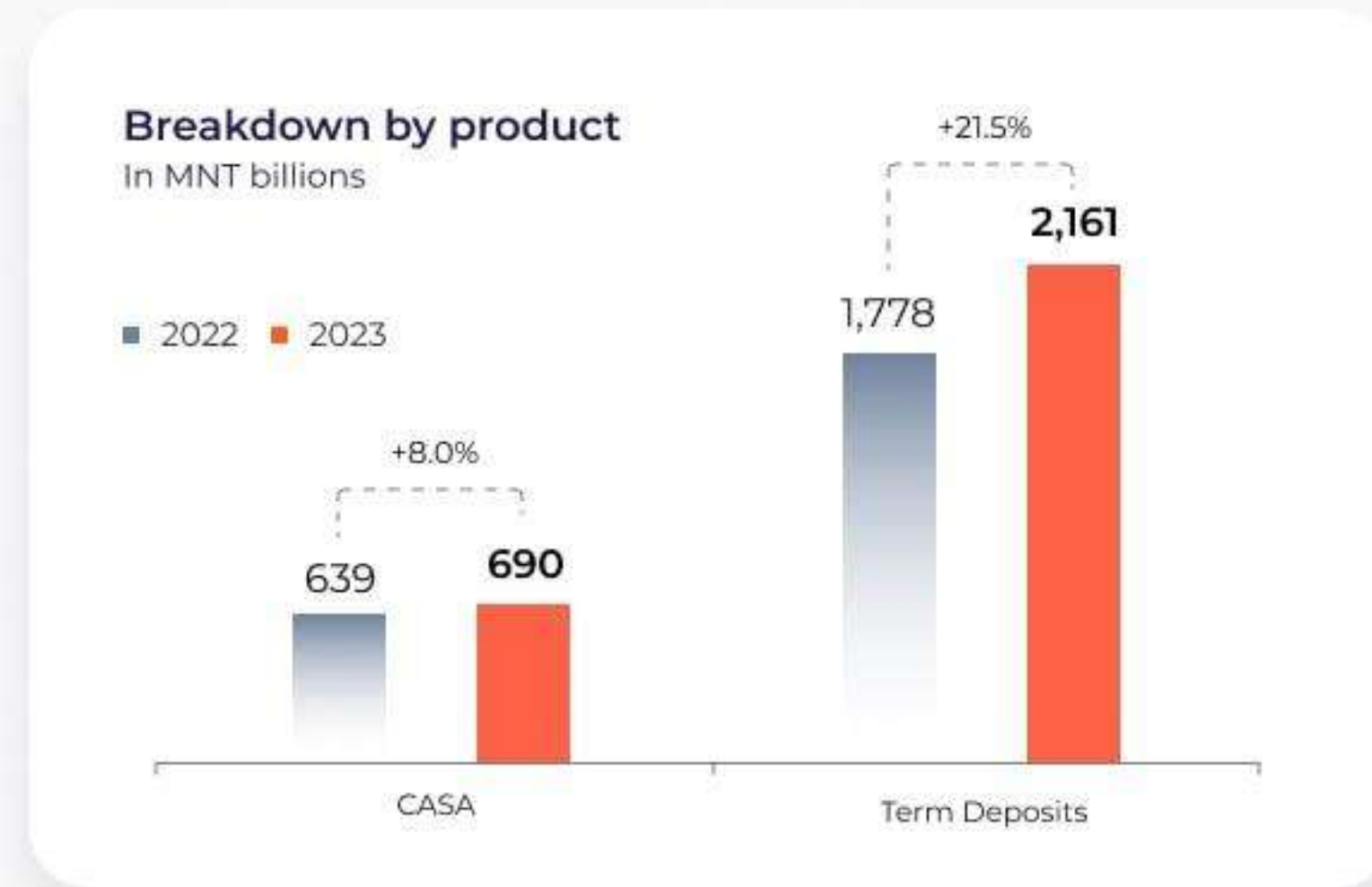
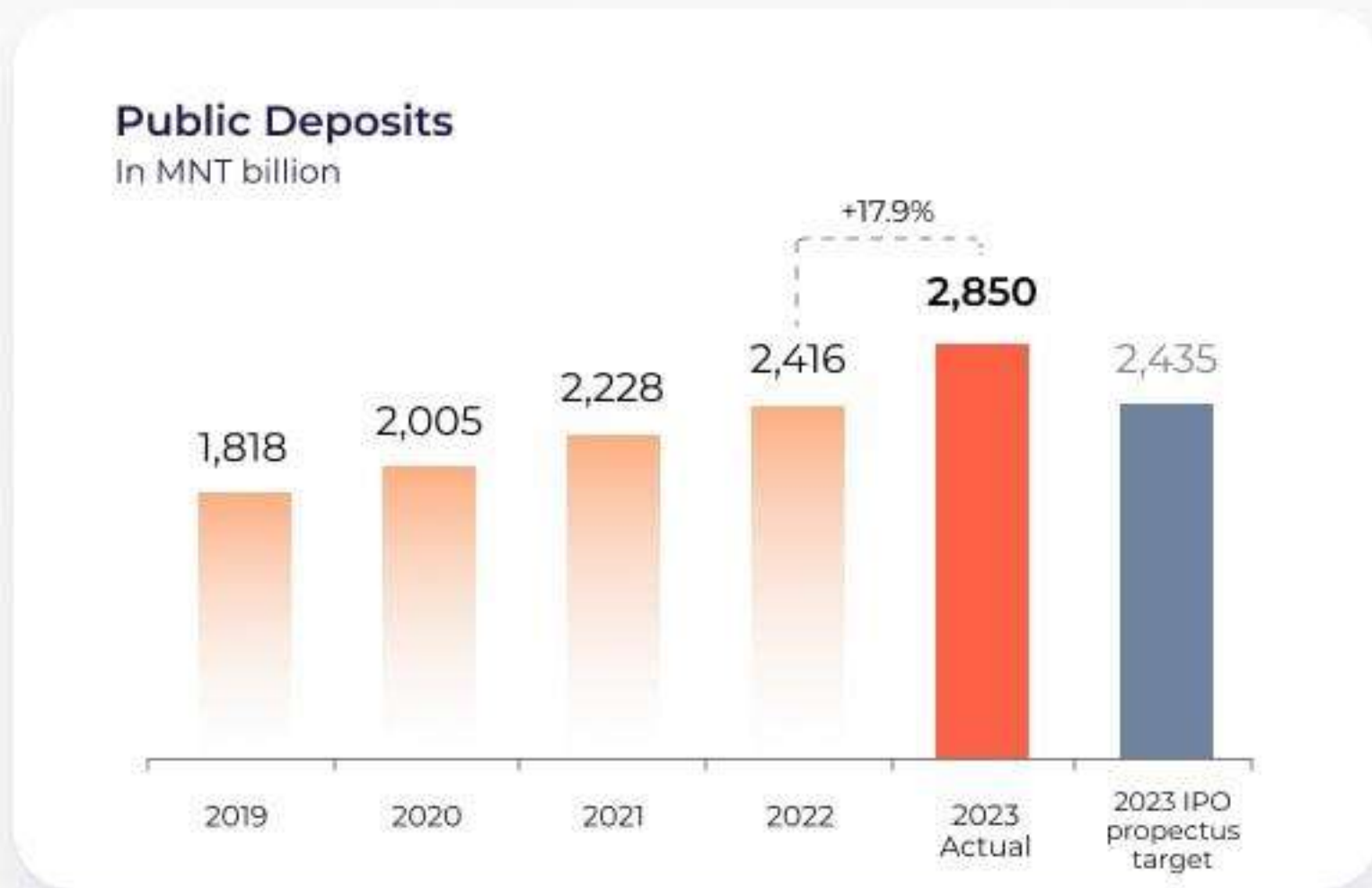
In %



Current Accounts and Deposits

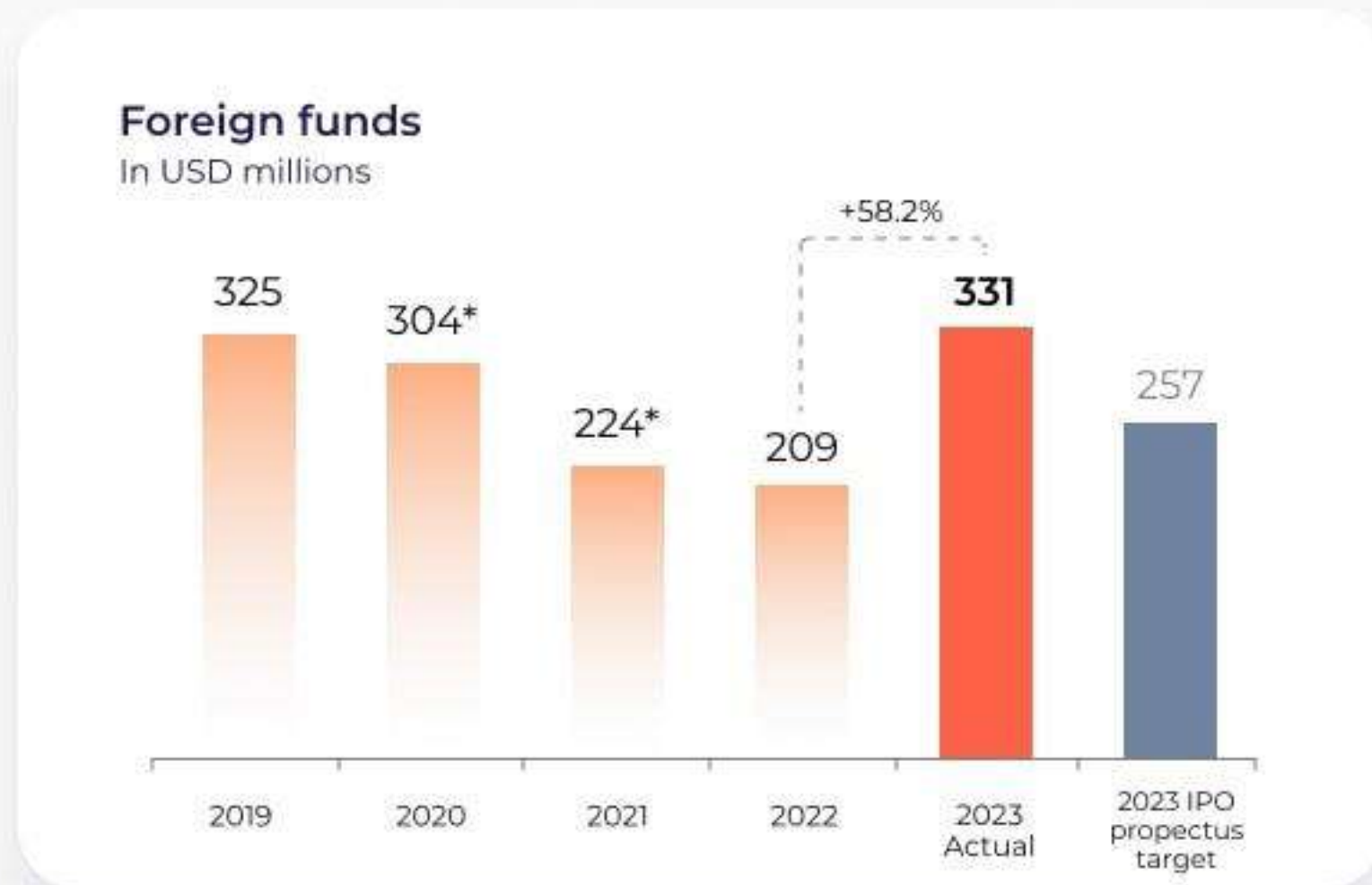


Customers of XacBank can conveniently manage their current accounts through both traditional and digital channels, ensuring a reliable and user-friendly experience. The Bank's deposit services encompass demand deposits, term deposits with monthly withdrawals, and long-term child deposits. Through continuous enhancements in digital accessibility and the user-friendliness of its products and services, the Bank achieved substantial growth in public deposits. In 2023, the Bank witnessed a noteworthy increase of 17.9% in public deposits, driven by a 21.5% growth in term deposits and an 8.0% increase in current accounts. This growth reflects the successful efforts of the Bank in optimizing digital platforms and improving overall service accessibility, contributing to the heightened satisfaction and engagement of its customer base.



Foreign funds

To fulfill the long-term financing requirements of its customers, XacBank proactively collaborates with foreign funds and international financial institutions (IFIs). The Bank's steadfast and reliable partnerships with IFIs and Development Finance Institutions (DFIs) enable it to secure ample funds as needed. In 2023, a total of USD 205.5 million in new debt was raised from foreign funds, with 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. This signifies the Bank's effective utilization of international partnerships to meet its financing objectives and support the diverse needs of its clientele.



Partnering entities



* Due to higher liquidity level of 54.1% in 2020 and 44.3% in 2021, the Bank chose to repay existing debts on schedule without raising new funds, resulting in reduced foreign funds during 2020-2021.

Credit Rating



The Bank has been continuously rated by world renowned credit rating agencies such as Moody's Investor Services and Fitch Ratings since 2008. In December 1st, 2023, Moody's Investors Services have reaffirmed the "B3/Stable" outlook of the Bank.

MOODY'S INVESTORS SERVICE

	XacBank	Mongolian Government
Counterparty Risk Rating – foreign currency	B3/NP	B3/NP
Counterparty Risk Rating – domestic currency	B2/NP	B3/NP
Bank Deposits	B3/NP	
Baseline Credit Assessment	B3	B3
Issuer Rating	B3	B3
Outlook	Stable	Stable

FitchRatings

	XacBank	Mongolian Government
Long term foreign currency Issuer Default Rating	B/Stable	B/Stable
Short term foreign currency Issuer Default Rating	B	B
Long term local currency Issuer Default Rating	B/Stable	B/Stable

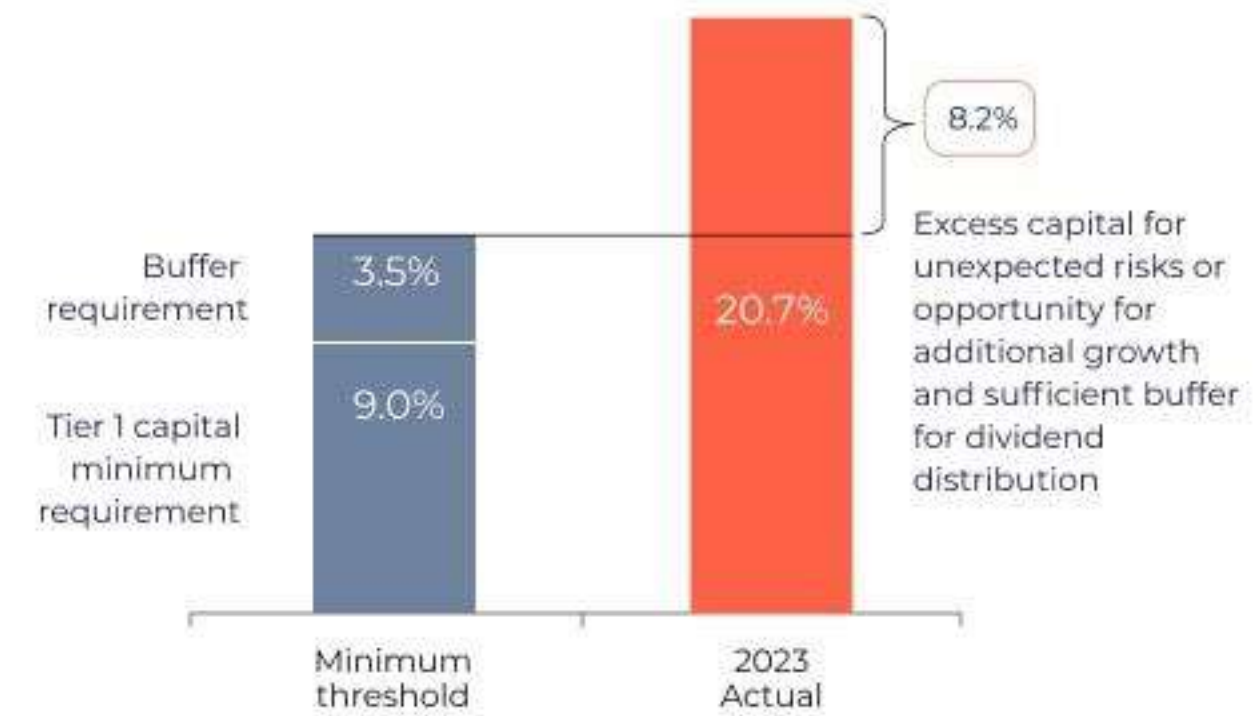
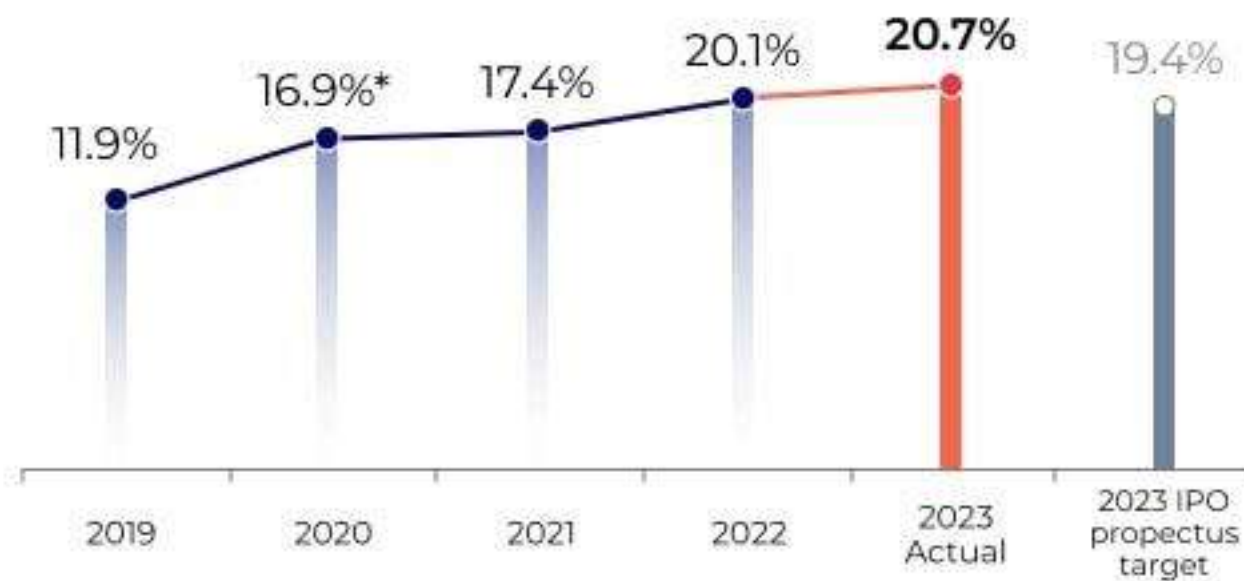
- Operational highlights
- Financial Results
- Prudential Requirements
- Governance

Prudential ratios: Capital Adequacy Ratio

According to the regulations set by the Bank of Mongolia, the Tier 1 Capital ratio must meet a minimum threshold of 9%. Additionally, systemic banks are required to maintain a buffer on top of this minimum requirement, set at 3.5%. Consequently, the overall Tier 1 Capital requirement for XacBank currently stands at 12.5%. As of the year-end in 2023, XacBank's Tier 1 Capital Ratio impressively stands at 20.7%, exceeding the prudential requirement of the Bank of Mongolia by a substantial margin of 8.2%. This robust capital position indicates the bank's strong financial health and capacity to absorb potential risks in the banking environment.

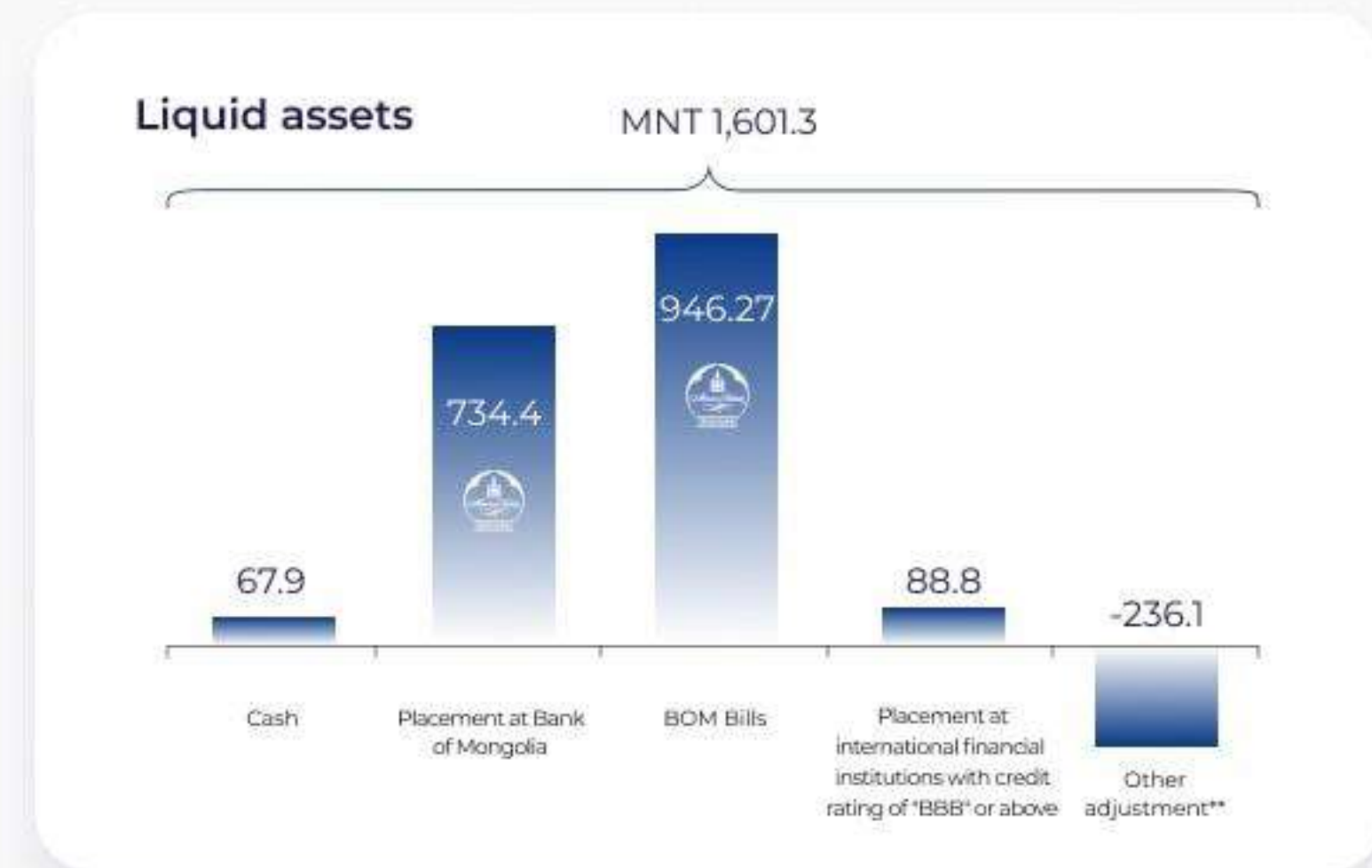
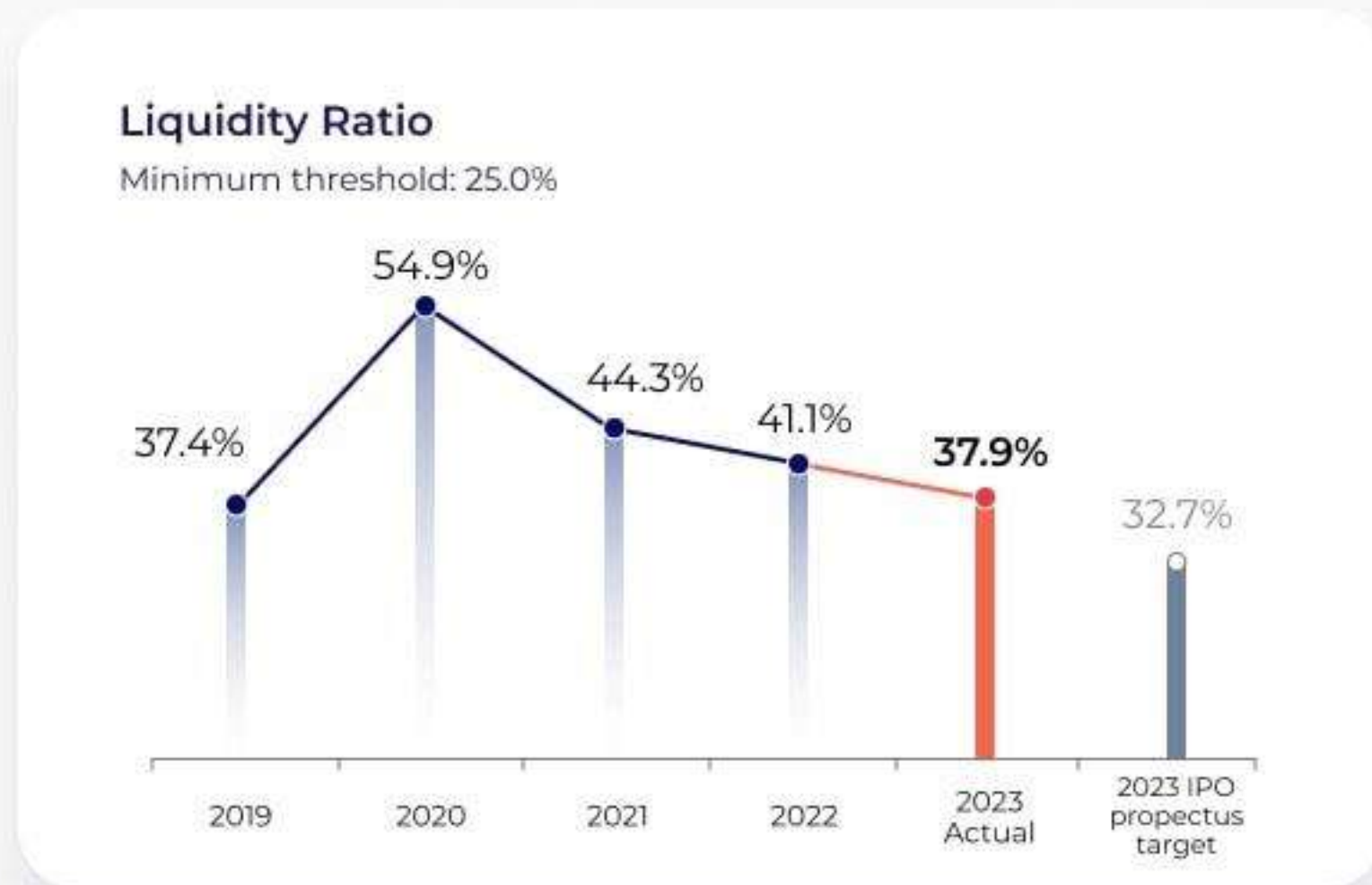
Tier 1 Capital Ratio

Minimum threshold: 12.5%



Prudential ratios: Liquidity Ratio

The Bank of Mongolia mandates that commercial banks maintain a minimum liquidity ratio of 25%. To effectively manage liquidity, the bank strategically allocates liquid assets into cash, cash equivalents, and low-risk instruments. This approach ensures that XacBank not only complies with regulatory requirements but also maintains a prudent and secure liquidity position.



- In 2020 liquidity ratio was maintained at elevated level in order to mitigate potential impact from COVID-19 by reducing the gross loan portfolio and increasing cash or cash equivalent assets.
- ** Includes BoM clearing account, collateral, cash in transit.

Prudential ratios: other ratios



In Percent, unless otherwise specified	2020	2021	2022	2023
Foreign currency exposure ratio (single currency) +/- 15%	-1.8%	-1.1%	6.2%	-1.3%
Foreign currency exposure ratio (total) +/- 30%	-4.2%	-2.2%	6.9%	-1.4%
Credit concentration ratio <300%	77.2%	72.8%	66.6%	38.6%
Fixed asset to total assets ratio <8%	2.5%	1.7%	1.7%	1.3%
Deposit concentration ratio <25%	7.0%	7.1%	7.7%	7.8%

In Percent, unless otherwise specified	2020	2021	2022	2023
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%	0.0%	0.8%
Key management personnel	0.2%	0.1%	0.1%	0.1%
Other related parties	1.8%	1.8%	1.6%	3.2%
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%	0.0%	0.8%
Key management personnel	0.5%	0.4%	0.3%	0.3%
Other related parties	3.6%	4.5%	3.8%	3.2%

- Operational highlights
- Financial Results
- Prudential Requirements

Governance

Shareholders

National corporation, multilateral entities and international financial institutions



The systemic bank in Mongolia that is currently meeting the maximum single shareholding requirement of **20%** in terms of UBO.



* For an illustrative purpose, shareholders of TFG which owns 94.99% of XacBank is shown at same level with public investors who holds 5.01% of TFG.

Board of Directors



Sanjay Gupta
CHAIRMAN

Since: 2017
Experience: over 40 years



Michael Madden
NON-EXECUTIVE DIRECTOR
Rencor Partners

Since: 2009
Experience: over 30 years



Tselmuun Nyamtaishir
NON-EXECUTIVE DIRECTOR
Mongolyn AIT (MAK) LLC

Since: 2012
Experience: over 20 years



Ulambayar Bayansan
INDEPENDENT NON-EXECUTIVE
DIRECTOR

Since: 2015
Experience: over 20 years



Yves Jacquot
NON-EXECUTIVE DIRECTOR
National Bank of Canada (NBC)

Since: 2016
Experience: over 40 years



Niraj Vedwa
INDEPENDENT NON-EXECUTIVE
DIRECTOR

Since: 2018
Experience: over 30 years



Andrzej Witak
NON-EXECUTIVE DIRECTOR
European Bank for Reconstruction and
Development (EBRD)

Since: 2019
Experience: over 30 years



TSEVEGJAV Gumenjav
EXECUTIVE DIRECTOR

Since: 2019
Experience: over 19 years



Albertus Bruggink
NON-EXECUTIVE DIRECTOR
ORIX Corporation

Since: 2020
Experience: over 30 years



Suzannah Herring Carr
NON-EXECUTIVE DIRECTOR
International Finance Corporation (IFC)

Since: 2022
Experience: over 30 years



Amy Choi
INDEPENDENT NON-EXECUTIVE
DIRECTOR

Since: 2023
Experience: over 25 years



INDEPENDENT NON-EXECUTIVE
DIRECTOR

Selection process
in progress

Board Committees



The Governance, Nomination and Compensation (“GNC”) Committee is responsible for overseeing matters of corporate governance, including formulating and recommending governance principles and policies, to ensure that a good corporate governance system with necessary structures and processes is in place for direction and control of a transparent and sustainable bank that aligns the interests of a wide range of different stakeholders. As the name implies, the other primary responsibilities of this committee are:

1. Select, evaluate and recommend to the Board qualified candidates for election to the Board and appointment of the Chief Executive Officer and;
2. Review performance and set compensation of Chief Executive Officer, oversee compensation policy and equity-based plans, review and make recommendations to the Board regarding board compensation; and
3. review employee loans terms and conditions.

Chair:
Michael Madden

Members:
Tselmuun Nyamtaishir
Ulambayar Bayansan (Independent Director)
Niraj Vedwa (Independent Director)
Amy Choi (Independent Director)



The Risk Management Committee is responsible for advising the Board on risk-related matters and risk governance and for establishing a sound system of risk oversight, management and internal control. The Committee review and assesses the risk management policy, adequacy of the plans for mitigation of material risks in the business lines, effectiveness of risk management functions, risk exposure limits, quality of the loan portfolio, credit approval limits and loan write-offs authorities, transactions and proposals exceeding limits detailed in the policies, loans and transactions with connected and related parties.

Chair:
Yves Jacquot

Members:
Albertus Bruggink
Ulambayar Bayansan (Independent Director)
Niraj Vedwa (Independent Director)
Amy Choi (Independent Director)



The Audit Committee is responsible for reviewing the completeness, appropriateness and effectiveness of the internal control system. The Committee reviews and makes recommendations to the Board in relation to the appointment, re-appointment and removal of external auditors, performance of the internal audit function and management's compliance with regulatory financial reporting, reviews annual audited and unaudited financial statements and interim financial reports, significant accounting and reporting issues, including significant or conflict of interest transactions, and recent professional and regulatory pronouncements and their impact on the financial statements. The Committee appoints the Chief Auditor and reviews his/her performance

Chair:
Ulambayar Bayansan (Independent Director)

Members:
Niraj Vedwa (Independent Director)
Amy Choi (Independent Director)
Andrzej Witak
Suzannah Herring Carr

Governance report



The Board of XacBank approved the following internal policies, aligning with the Corporate Governance Code approved by the Financial Regulatory Commission:

1. Corporate Governance Code;
2. Internal Rules of Procedure of the Board of Directors;
3. Charter of the Governance, Nomination and Compensation Committee of the Board of Directors;
4. Procedural Policy for Organizing/Holding General Meetings of Shareholders;
5. Charter of the Audit Committee of the Board of Directors;
6. Employee Loan Policy;
7. Directors' Remuneration Payment and Travel Reimbursement Policy;
8. Internal Audit Charter of the Bank;
9. Internal Audit Policy of the Bank;
10. Procedure on Preventing Money Laundering and Terrorism Financing;
11. Information Disclosure Policy;
12. Know Your Customer Policy;
13. Code of Conduct and Conflict of Interest Policy for Directors and Employees;
14. Whistleblowing Policy;
15. Insider Trading Policy;
16. Conflict of Interest and Related Party Transaction Policy;
17. Governance Roadmap 2023-2026;
18. Charter of XacBank JSC;
19. Anti-Bribery and Anti-Corruption Policy;
20. Board Director Selection and Nomination Policy.



The Board Activities:

- Board meeting: 13 in total (comprising 8 Extraordinary Meetings and 5 Regular Meetings)
- GNCC 10 meetings
- Audit Committee 4 meetings
- BRMC 4 meetings



The Board has also amended and restated the following 2 policies:

1. Anti-Bribery and Anti-Corruption Policy – For compliance purposes, to further strengthen the company's commitment to ethical conduct, the Board has made certain amendments to the Policy, including the inclusion of a clause mandating compliance with U.S. and U.K. laws pertaining to anti-bribery and corruption.
2. Board Director Selection and Nomination Policy – made amendments to establish clear principles on addressing potential conflicts of interest arising from ties of a director (or a candidate for the position of a Director) to other Banks, other Financial Groups or Non-Banking Financial Institutions (NBFIs).



Dividend Policy:

By its recommendation, the Board has submitted to the shareholders for their consideration to amend and restate Dividend Policy of XacBank to allow semi-annual dividend distribution. The Shareholders will decide on 2nd of February 2024, through their ballot voting EGM, whether to approve and adopt the amendment and restatement.

Executive Management Team

Average
employment tenor
with the Bank

14



TSEVEGJAV Gumenjav
CHIEF EXECUTIVE OFFICER

Since: 2011
Experience: 19 years



ERDENEBAYAR Ganzorig
CHIEF FINANCIAL OFFICER

Since: 2005
Experience: 18 years



ULAMBAYAR Enebish
CHIEF RETAIL BANKING OFFICER

Since: 2013
Experience: 23 years



ERKIN Bavaan
CHIEF BUSINESS BANKING
OFFICER

Since: 2002
Experience: 20 years



DAURYENBYEK Syerikjan
CHIEF LEASING OFFICER

Since: 2000
Experience: 25 years



Iliya AVRAMOV
CHIEF RISK OFFICER

Since: 2019
Experience: 25 years



ZUL Ganzorig
CHIEF OPERATIONS OFFICER

Since: 1999
Experience: 24 years



UNURBAT Khurelbaatar
CHIEF INFORMATION
TECHNOLOGY OFFICER

Since: 2012
Experience: 20 years



MUNKHTSELMEG Nyamsuren
GENERAL COUNSEL / CORPORATE
SECRETARY

Since: 2022
Experience: 16 years



UNDARMAA Enkhbayar
CHIEF AUDITOR

Since: 2008
Experience: 25 years

Human Resource policy

Since its establishment, XacBank has cultivated unique corporate culture, world class corporate governance practice which are constantly elevated through compact but efficient and high performance team of professionals who operates within the fair and stable working environment. This creates stable work force with average employment tenor of 7.8 years. Furthermore, 90% of current managers were promoted internally.





 <https://www.xacbank.mn>

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