
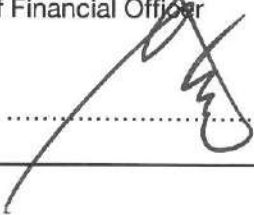


Interim operational report /Form 2/						
Article 20 of the Securities Market Law legislates the common obligations of the issuer, and the issuer is responsible for submitting information to the Financial Regulatory Committee as well as the listed exchange in the form stipulated below, and to publish information to the public through its own website.						
Reporting period:	Jan 01, 2023 - Jun 30, 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/					
	<table border="1" style="width: 100%;"> <tr> <td style="width: 30%;">Balance Statement</td> <td rowspan="4" style="text-align: center; vertical-align: middle;">Interim financial reports as of Jun 30, 2023 are attached /Appendix №1/</td> </tr> <tr> <td>Income Statement</td> </tr> <tr> <td>Equity Statement</td> </tr> <tr> <td>Cashflow Statement</td> </tr> </table>	Balance Statement	Interim financial reports as of Jun 30, 2023 are attached /Appendix №1/	Income Statement	Equity Statement	Cashflow Statement
Balance Statement	Interim financial reports as of Jun 30, 2023 are attached /Appendix №1/					
Income Statement						
Equity Statement						
Cashflow Statement						
2.	Board resolution approving interm operational reports and audit committee reports					
	Interm financial reports of XacBank as of 30 Jun 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/					
	XacBank's half-year net profit after tax closed with MNT 62.2 billion, up by 27% from same period last year. The earnings per share (EPS) is MNT 59.1 for semi-annual 2023. During the period total asset reached MNT 4,251 billion, total liabilities reached MNT 3,710 billion and total equity closed MNT 541 billion, up by 8.1%, 7.4%, and 13.8% from the year end 2022, respectively. Gross loan portfolio reached MNT 2,544 billion or up by 23.9%, current account and deposits reached MNT 2,422 billion up by 0.2%. Senior debt from international lenders has reached USD 288 million (MNT 988.6 billion equivalent) or up by 37.3%. During the reporting period, the bank was able to consistently reduce the non-performing asset where NPL ratio has reached 2.9% by June 30, 2023.					

		In % unless otherwise stated.	Minimum threshold	2023.06
3.2.	Liquidity and Capital Adequacy.	Tier 1 Capital Ratio	>12.5%	19.1%
		Capital Adequacy Ratio	>12.0%	19.1%
		Liquidity Ratio	>25%	36.6%
		Foreign Currency Exposure Ratio (Single Currency)	+/- 15%	4.4%
		Foreign Currency Exposure Ratio (Total)	+/- 30%	4.7%
		Credit Concentration Ratio	<300%	37.1%
		Deposit Concentration Ratio	<25%	7.0%
3.3.	The external and internal factors affecting the operations of the issuer, its market share in the operating industry, changes or developments in the range of products and services, and measures planned to be taken by the issuer in response to changes and development.	<p>During the reporting period, Retail, Corporate, and Lesing portfolio grew by 26.0%, 8.1%, and 40.8% respectively. The portfolio growth of Retail lending mainly supported by "Tablet Banking Service" launched during the period. For the Leasing business improved transportation condition in country's trade (both export and import) created demand in equipments and passengar car busiess in the market. Key highlights during the period:</p> <ol style="list-style-type: none"> 1. Renewed the terms and conditions of loan products to women-led business owners. 2. Introduced new online products such as salary loan and salary savings. 3. Accredited by Green Climate Fund for the second time. 4. Introduced passenger vehicle and housing loan products with swift underwriting process to the market. In this framework, cooperation with Century 21 was signed and 2 new credit centres opened. 5. Obtained total of USD 105 million senior debt funding from international lenders. <p>for detailed information, please refer to "Financial and operational result as of June 30, 2023"</p>		
3.4.	Information on off-balance sheet items	Appendix №2		
4.	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/			
	During the first half of 2023, the Board of Directors have approved total of 9 conflict of interest transactions. It is confirmed that all approved transactions have met the requirement stipulated on Clause 17.9 of the Banking Law regarding arms-length transactions. Furthermore the Bank publishes detailed information on loans and other equivalent assets provided to the related parties on its website as per the Banking Law.			

5.	Information on utilization of use of proceeds from the IPO.
	Please refer to Appendix №3 for the utilization report on use of proceeds.
6.	Information on corporate governance of the issuer
	<p>Eril Versavel, an Independent member of the Bank's Board of Directors, resigned. His request to resign was discussed by the Shareholders in their meeting on June 12, 2023, and accepted effective as of the date of the meeting. In this regard, the Financial Regulation Committee and the Stock Exchange were notified within 1 working day, and the Bank of Mongolia within 3 working days, or within the time specified by laws and regulations. The selection of independent member was announced to the public on June 22, 2023 through the Bank's websites and daily newspapers. Selection process will be overseen by the GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE of the Board. Further more the information was announced to the public through the "Zuunii Medee", the "Daily Newspaper", the "Today Newspaper" and the websites such as www.ikon.mn, www.gogo.mn, and www.xacbank.</p>
7.	Reports on corporate governance of the issuer
	<p>In line with the legal requirement for listed companies on MSE, specifically, Governance Codex approved by the resolution 145 of Financial Regulatory Committee dated 2022, amendment and update of 16 internal policies as a part of 2023-2026 plan was approved by the Board of Directores on thier meeting on July 7th, 2023.</p>
Accuracy and validty of the report confirmed by:	
<p>Name: Tsevegjav G.</p> <p>Title: Chief Executive Officer</p> <p>Signature:</p> <p>(corporate seal)</p> 	
Prepared by:	
<p>Name: Erdenebayar G.</p> <p>Title: Chief Financial Officer</p> <p>Signature:</p> 	



STATEMENT OF FINANCIAL POSITION

As of 30 June 2023

(in MNT)

	Items of the statement of financial position	Beginning balance /31 December 2022/	Ending balance /30 June 2023/
1	ASSETS		
1.1	Cash and cash equivalents	1,277,711,125,330.34	1,180,741,459,444.50
1.1.1	Cash on hand	100,774,591,743.98	41,091,490,571.28
1.1.2	Due from banks and financial institutions	612,027,384,270.16	380,153,104,798.10
1.1.3	Cash equivalents	564,137,017,190.58	758,263,171,150.25
1.1.4	Accrued interest on cash and cash equivalents	772,132,125.63	1,233,692,924.87
1.2	Due from banks and financial institutions	255,682,836,623.36	229,542,938,577.17
1.2.1	Due from the Bank of Mongolia	256,086,933,009.69	229,905,721,911.45
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)	(362,783,334.28)
1.3	Investment	120,830,123,902.62	104,827,575,497.80
1.3.1	Trading securities (FVTPL)	-	-
1.3.2	Available for sale securities	91,044,888,945.30	98,368,403,649.70
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	-
1.3.7	Accrued interest on investment	8,519,337,947.60	9,174,131,511.20
1.3.8	Provision for impairment of investment	(3,013,102,990.28)	(2,714,959,663.10)
1.4	Loan (net)	2,002,817,445,688.36	2,497,857,871,705.17
1.4.1	Loan within due	1,911,717,012,107.82	2,409,101,187,779.50
1.4.2	Past due loan	60,727,231,904.68	60,673,433,739.15
1.4.3	Substandard loan	10,153,790,906.68	10,343,420,111.11
1.4.4	Doubtful loan	21,575,232,546.46	17,431,777,044.68
1.4.5	Loss loan	49,878,158,874.41	47,048,081,774.68
1.4.6	Deferred transaction cost (fees on loans)	(8,271,205,308.33)	(11,800,868,239.57)
1.4.7	Accrued interest on loan	31,570,832,312.50	38,005,159,406.56
1.4.8	Loan loss provision	(74,533,607,655.86)	(72,944,319,910.95)
1.5	Derivative financial assets	107,798,729,692.39	71,216,601,079.20
1.6	Other financial assets	14,286,075,670.40	11,319,276,884.75
1.6.1	Receivables from others (net)	14,286,075,670.40	11,319,276,884.75
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	70,542,766,989.10
1.7.1	Other settlements	21,987,106,736.59	31,321,436,205.72
1.7.2	Inventories materials and valuables (excluding precious materials)	1,983,807,244.65	2,201,906,548.42
1.7.3	Gold and other precious metals (net)	94,439,362.68	250,329,981.96
1.7.4	Repossessed collaterals – non financial assets (net)	33,153,931,641.67	21,738,374,644.37
1.7.5	Current income tax prepayment	21,925,455.76	21,364,244.77
1.7.6	Deferred income tax assets	5,232,743,421.79	4,629,903,880.29
1.7.7	Other non financial assets	6,293,563,176.78	10,379,451,483.57
1.8	Property, plant and equipment	61,927,693,943.12	64,040,182,500.43
1.9	Investment properties	-	-
1.10	Non-current asset held for sale	2,063,167,155.40	2,027,082,699.40
1.11	Intangible asset	18,895,588,438.64	18,983,293,788.51
	Total assets	3,930,780,303,484.54	4,251,099,049,166.03
2	LIABILITIES		
2.1	Current accounts	599,905,003,467.57	562,805,853,923.13
2.1.1	Nominal amount	599,905,003,467.57	562,805,853,923.13
2.1.2	Accrued interest payable on current accounts	-	-
2.2	Savings accounts	1,771,382,449,842.60	1,828,033,045,227.75
2.2.1	Demand deposit savings	142,277,592,644.74	162,087,606,638.92
2.2.2	Time deposit savings	1,607,526,693,126.36	1,643,347,173,243.24
2.2.3	Other types of current and savings accounts	12,213,869,569.20	12,171,000,823.02
2.2.4	Accrued interest payable on savings accounts	9,364,294,502.30	10,427,264,522.57

	Items of the statement of financial position	Beginning balance /31 December 2022/	Ending balance /30 June 2023/
2.3	Due to banks and financial institutions	937,549,491,990.06	1,181,388,942,607.90
2.3.1	Deposits placed by other banks and financial institutions	106,383,363,477.73	103,083,972,861.92
2.3.2	Loan from other banks and financial institutions	830,172,876,661.84	1,075,594,966,368.72
2.3.3	Deferred transaction fee	(4,979,285,699.67)	(9,499,306,955.16)
2.3.4	Accrued interest payable on due to banks and financial institutions	5,972,537,550.16	12,209,310,332.42
2.4	Other borrowed funds	39,660,166,538.02	26,683,855,117.77
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	14,562,028,412.55
2.4.4	Repurchase agreements (repos)	9,999,283,086.03	-
2.4.5	Syndicated fund	363,732,899.06	406,554,666.65
2.4.6	Other	12,764,489,484.54	11,395,718,196.94
2.4.7	Deferred transaction fee	-	-
2.4.8	Accrued interest payable on other borrowed funds	1,498,896,886.16	319,553,841.63
2.5	Derivative financial liabilities	1,639,595,288.69	4,449,050,000.00
2.6	Other financial liabilities	50,434,909,536.04	56,815,307,811.20
2.7	Other non-financial liabilities	54,521,027,007.90	49,425,455,324.31
2.8	Subordinated debt	-	-
2.9	Preferred shares (liability)	-	-
	Total liabilities	3,455,092,643,670.88	3,709,601,510,012.07
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	325,513,921,070.70
3.6	Other components of equity	77,179,488,781.95	61,598,236,716.79
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	47,660,340,021.80
3.6.5	Reserve for staff social development funds	-	-
3.6.6	Convertible liabilities	-	-
3.6.7	Share backed loan	-	-
3.6.8	Other	2,919,903,299.20	2,498,489,327.50
3.7	Total owners' equity	475,687,659,813.59	541,497,539,153.95
	Total liabilities and equity	3,930,780,303,484.47	4,251,099,049,166.03

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER



TSEVEGJAV.G

ERDENEBAVAR.G

As of 30 June 2023

(in MNT)

	Items of income and expense	Prior period amount /31 December 2022/	Current period amount /30 June 2023/
1	Interest income	375,306,477,653.35	240,360,178,377.07
1.1	Interest income of due from the Bank of Mongolia	7,359,332,809.35	8,693,965,113.98
1.2	Interest income of due from other banks and financial institutions	1,031,482,540.80	717,107,381.50
1.3	Interest income of investment	66,667,587,500.93	51,035,986,119.02
1.4	Interest income of loan	290,232,727,007.36	172,465,238,873.57
1.5	Other interest income	10,015,347,794.91	7,447,880,889.01
2	Interest expense	160,682,894,200.64	132,715,267,460.12
2.1	Interest expense of current accounts	-	529,162,639.85
2.2	Interest expense of savings	111,705,166,881.99	74,206,732,970.91
2.3	Interest expense of borrowings	37,775,226,655.18	42,145,074,381.10
2.4	Interest expense of debt instruments	332,121,096.36	282,457,249.29
2.5	Other interest expense	10,870,379,567.11	15,551,840,218.97
3	Net interest income/expense [(1)-(2)]	214,623,583,452.72	107,644,910,916.95
4	Impairment loss on	10,326,230,541.11	131,476,071.90
4.1	Due from banks and financial institutions	485,285,379.61	117,585,466.63
4.2	Investment	1,451,972,562.09	13,890,605.27
4.3	Loans	8,388,972,599.41	-
5	Net income after impairment loss [(3)-(4)]	204,297,352,911.60	107,513,434,845.05
6	Other revenue	59,689,634,346.60	32,329,577,216.72
6.1	<i>Non-interest income</i>	55,252,049,444.71	29,923,438,685.76
6.1.1	Gain or (loss) on trading of financial instruments	15,112,730,232.03	4,943,589,447.30
6.1.2	Gain or (loss) on translation or revaluation of financial instruments	152,817,339.66	657,606,559.74
6.1.3	Income from service fee and charges	38,725,827,574.41	22,521,668,222.22
6.1.4	Other non-interest income	1,260,674,298.61	1,800,574,456.50
6.2	<i>Other income and gains</i>	4,437,584,901.89	2,406,138,530.96
7	Other expense	117,297,712,285.54	56,246,521,104.02
7.1	<i>Non-interest expense</i>	114,919,912,998.58	55,173,755,678.33
7.1.1	Other impairment loss	305,921,866.23	39,549,878.50
7.1.2	Gain or (loss) on trading	-	-
7.1.3	Gain or (loss) on translation or revaluation	-	-
7.1.4	Expenses of service fee and charges	11,572,938,661.41	6,312,317,267.52
7.1.5	Other operating expenses	103,041,052,470.94	48,821,888,532.31
7.2	<i>Other expense and loss</i>	2,377,799,286.96	1,072,765,425.69
8	Profit or (loss) before tax (5+6-7)	146,689,274,972.67	83,596,490,957.75
9	Income tax expense	40,850,688,811.59	21,404,192,465.66
10	Profit or (loss) after tax (8-9)	105,838,586,161.08	62,192,298,492.09
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	62,192,298,492.09
13	Other comprehensive income	854,230,310.01	(421,413,971.70)
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	(421,413,971.70)
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	61,770,884,520.38

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER




TSEVEGJAV.G

ERDENEБAYAR.G

STATEMENT OF CHANGES IN EQUITY

As of 30 June 2023

(in MNT)

Equity items	Share capital	Paid-in capital	Treasury share	Revaluation surplus	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	105,838,586,161.08
Other comprehensive income	-	-	-	-	10,251,459,407.83	(10,251,459,407.83)	854,230,310.01
Changes in equity	-	-	-	-	10,251,459,407.83	(10,251,459,407.83)	-
Distributed dividends	-	-	-	-	-	(15,000,000,000.00)	(15,000,000,000.00)
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							
Adjusted balance	100,000,000,000.00	1,817,773,344.70	-	18,528,613,201.77	77,179,488,781.95	278,161,784,485.17	475,687,659,813.59
Net profit or loss for the period	-	-	-	-	(421,413,971.70)	62,192,298,492.09	62,192,298,492.09
Other comprehensive income	-	-	-	-	(15,159,838,093.46)	15,159,838,093.46	(421,413,971.70)
Changes in equity	-	-	-	-	(15,159,838,093.46)	15,159,838,093.46	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 30 June 2023	105,270,000,000.00	30,586,768,164.70	-	18,528,613,201.77	61,598,236,716.79	325,513,921,070.72	541,497,539,153.97

CHIEF EXECUTIVE OFFICER

TSEVEGJAV.G

CHIEF FINANCIAL OFFICER

ERDENEBAYAR.G



As of 30 June 2023

(in MNT)

	Items	Prior period amount /31 December 2022/ ***	Current period amount /30 June 2023/ ***
1	Cash flows from operating activities:		
1.1	Profit or (loss) after tax	148,071,320,949.90	82,853,180,092.35
1.2	Adjustments of gain or loss:	(196,931,218,438.58)	(105,511,554,696.88)
1.2.1	Impairment loss (+)	9,246,082,215.64	(1,988,274,935.41)
1.2.2	Depreciation and amortization expense (+)	8,237,113,823.79	4,892,453,591.46
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)	(240,360,178,377.07)
1.2.5	Accrued interest expense (+)	160,682,894,200.64	132,715,267,460.12
1.2.6	Gains (-) or losses (+) on disposal of assets	315,321,867.10	(770,822,435.98)
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)	(408,039,986,784.83)
1.3.1	Increase (-) or decrease (+) in due to banks and financial institutions	(41,677,850,565.31)	26,181,211,098.24
1.3.2	Increase (-) or decrease (+) in trading securities	-	-
1.3.3	Increase (-) or decrease (+) in loans	(202,713,557,293.35)	(487,016,811,177.84)
1.3.4	Increase (-) or decrease (+) in other financial assets	(67,705,034,405.49)	39,509,377,520.35
1.3.5	Increase (-) or decrease (+) in other non-financial assets	(1,622,485,554.42)	(2,316,931,106.80)
1.3.6	Increase (+) or decrease (-) in current accounts and savings accounts	166,437,551,573.69	18,488,475,820.43
1.3.7	Increase (+) or decrease (-) in due to banks and financial institutions	122,624,379,285.23	(15,187,405,971.98)
1.3.8	Increase (+) or decrease (-) in other financial liabilities	4,659,813,539.33	9,189,852,986.48
1.3.9	Increase (+) or decrease (-) in other non-financial liabilities	(601,698,949.16)	3,112,244,046.29
1.4	Other adjustments:	171,665,781,840.01	78,515,754,996.52
1.4.1	Interest received (+)	358,360,333,497.43	233,271,057,719.40
1.4.2	Interest paid (-)	(156,546,990,324.76)	(126,594,867,702.12)
1.4.3	Payment of income tax (-)	(23,098,641,251.06)	(28,160,435,020.76)
1.4.4	Written-off loan and receivables with loan loss provision (-)	(7,048,920,081.61)	-
1.4.5			
1.5	Net cash flows from operating activities	102,207,001,981.85	(352,182,606,392.84)
2	Cash flows from investing activities:		
2.1	Total cash inflows (+)	22,800,871,676.40	25,186,236,391.81
2.1.1	Proceeds from disposal of PPE	40,451,771.75	3,535,000.00
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	903,701,391.81
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	12,279,000,000.00
2.2	Total cash outflows (-)	(19,599,178,724.63)	(15,005,406,136.66)
2.2.1	Acquisition of PPE	8,197,713,700.37	5,482,839,760.43
2.2.2	Acquisition of intangible assets	5,509,236,391.88	1,509,451,948.27
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	7,815,518,503.93
2.2.7	Acquisition of securities held to maturity	-	-
2.2.8	Acquisition of other non-current assets	1,991,328,632.35	197,595,924.03
2.2.9	Other outflows	-	-
2.3	Net cash flows from investing activities	3,201,692,951.77	10,180,830,255.15
3	Cash flows from financing activities:		
3.1	Total cash inflows (+)	368,524,930,695.15	503,349,894,820.00
3.1.1	Repayment of other borrowed funds	368,524,930,695.15	469,310,900,000.00
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)	(258,317,784,568.15)
3.2.1	Repayment of other borrowed funds	344,835,821,693.02	228,317,784,568.15
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	245,032,110,251.85
4	Effect of exchange rate changes on cash and cash equivalents		
5	Net cash flows	114,097,803,935.76	(96,969,665,885.84)
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	1,180,741,459,444.50

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

TSEVEGJAV.G

ERDENE BAYAR.G



As of 30 June 2023

(in MNT)

№	Items of off-balance sheet	Amount
1	Credit related commitments	170,026,886,701.9
2	Collateral received	2,525,990,444,030.3
3	Written-off loan and other assets	84,812,123,245.9
4	Derivative financial instruments	1,154,320,370,868.0
5	Fiduciary assets	-
6	Assets pledged	-
7	Other off-balance sheet accounts	333,819,350,603.0
	Total	4,268,969,175,449.1

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER



 TSEVEGJAV.G

ERDENEBAJAR.G

"XACBANK" REPORT ON UTILIZATION OF USE OF PROCEEDS
(As of 30 June 2023)



1. Utilization plan for the use of proceeds

XacBank has successfully traded 52,700,000 shares to the public through its IPO, raising total of MNT 35,667,900,000. The total direct costs associated with the IPO has 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 June 2023
Retail loans	66%	22,465,736,581	17,836,323,782
Corporate loans	19%	6,467,409,016	410,959
Finance leases	15%	5,105,849,223	2,738,483,452
Total	100%	34,038,994,820	20,575,218,193

* Outstanding balance of loans and leases

Net un-utilized amount is MNT 13,463,776,627.

XacBank



FINANCIAL AND OPERATIONAL RESULT

AS OF JUNE 30, 2023



Financial summary

<p>Net profit</p> <p>62.2 MNT billion</p> <p>▲ 27.0% YOY</p>	<p>Total assets</p> <p>4,251.1 MNT billion</p> <p>▲ 8.1% YTD</p>	<p>NPL***</p> <p>2.9%</p>	<p>Foreign debt</p> <p>288.0 USD million</p> <p>▲ 37.7% YTD</p>
<p>EPS*</p> <p>59.1 MNT</p>	<p>ROE**</p> <p>26.1%</p>	<p>Deposits</p> <p>2,421.8 MNT billion</p> <p>▲ 0.2% YTD</p>	<p>Loans, financial leasing</p> <p>2,544.6 MNT billion</p> <p>▲ 23.9% YTD</p>
<p>Core capital adequacy ratio</p> <p>19.1%</p>	<p>Liquidity ratio</p> <p>36.6%</p>		

YOY Year on year comparison.

YTD Year to date comparison.

* Earnings per share – annualized net profit divided by total outstanding shares.

** Annualized net profit divided by the equity at the beginning of the reporting period.

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

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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.



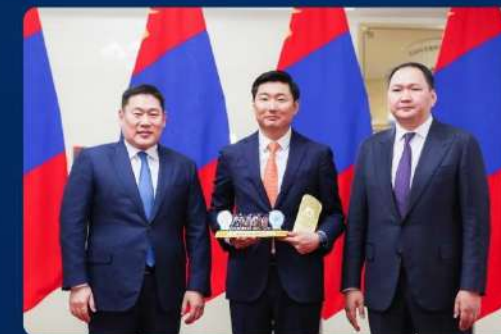
Raised USD105 million senior debt

XacBank has successfully raised USD 105 million from IFC and FMO 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



Accredited for the second time by GCF

Signed a Master agreement of Accreditation with GCF.



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



Salary deposit

Salary saving deposit with higher returns and longer duration is introduced in Apr via our digital banking platform which allows customers to open an account using the app.



Online salary loan

In March, we enabled Salary loan approves through digital bank. It is available for anyone who has salary income.

Disbursed loan: **58.8** MNT billion



Mortgage loan

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



Food and Agriculture loan

Started disbursing the subsidized loans with an interest rate of 5% and 6% for working capital and investment to support the food and agriculture sector in cooperation with Ministry of Agriculture and Rural Affairs and the Bank of Mongolia.

Disbursed loan: **73.7** MNT billion



Cashback

Seasonal campaigns were organized for our cardholders which allowed them to receive cashbacks for using XacBank cards for their payment at XacBank merchants.



Loan to support women entrepreneurs

Unsecured loans up to 50 million MNT with reduced interest rate are being processed and disbursed within 8 working ours for women entrepreneurs.

Disbursed loan: **202** MNT billion

Digital users
▲ **27.1%**

POS terminal
▲ **28.0%**

Total transactions
▲ **17.0%**

Highlights



Leasing Division portfolio

Total GLP in Half year, Leasing Division has reached MNT 313.3 billion, up by 41% or MNT 90.8 billion from the 2022 year-end.



Car loan center

In May 2023, "Car loan center" branches were established in "22 auto trade center" and "Da Huree auto trade center" respectively. Car loan centers make loan decisions within 2 hours.



Eco Leasing

Eco-friendly electric cars are financed by leasing on favorable terms. Total of 7.0 billion MNT electric car leasing disbursed.



MADA – Autoshow 2023

Participated in "Ulaanbaatar Auto Show 2023" as a "Financial Partner Organization". 17 brands of new cars were presented at the Auto Expo, and a total of about 10,000 guests attended.



XacMortgage – House loan

XacMortgage introduced a House loan product – "Loan decision in 1 DAY". In addition to houses, the Apartment (+80m²) loan is settled in 1 day.



Collaboration– Century 21

XacBank has started cooperation with Century 21 Mongolia, a respectable international real estate agency.

- 1 | Highlights
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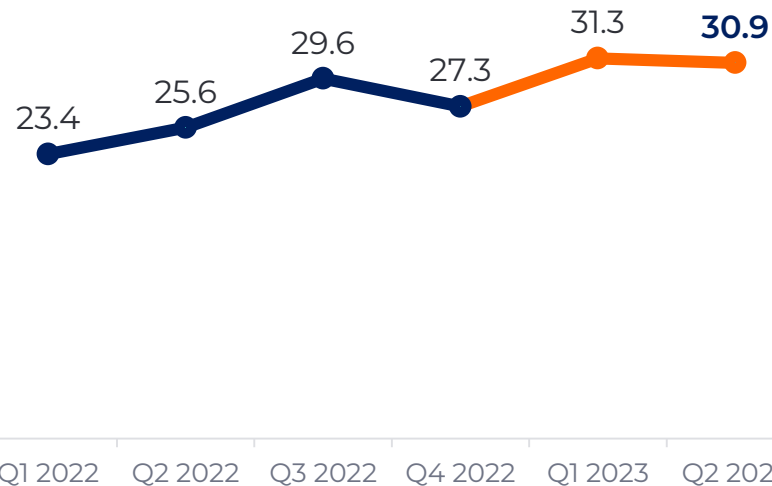


Profitability

Strategic approach of the bank in the recent years have focused in improving the profitability of the bank through optimization of the balance structure. Despite the negative pressure on the net interest margin from increased funding cost in connection with tight monetary policy as well as increased USD funding cost, the bank was able to achieve quarterly net profit of over MNT 30 million in the first 2 quarters of 2023 through actively reducing the non-performing assets in addition to increasing the revenue generating assets in the balance structure.

Net profit (quarterly)

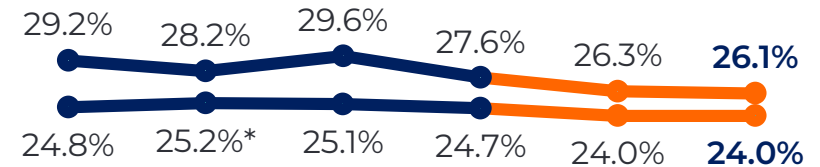
In MNT billions



Return of Equity (ROE)

Based on annualized net profit

Net profit/Equity at the beginning of the year*



Net profit/Average Equity



*As per BDO Audit LLC methodology, ROE was calculated based on the Equity balance at the beginning of the reporting period.



Assets

Balance sheet optimization initiative, which includes increasing the revenue generating assets by growing the loan portfolio or reducing the non-performing asset has yielded net positive impact on the efficiency and profitability of the balance sheet. Result is evident especially in the environment where external factors such as policy rate and foreign funding cost has been continuously putting downward pressure on the net interest margin of the Bank.

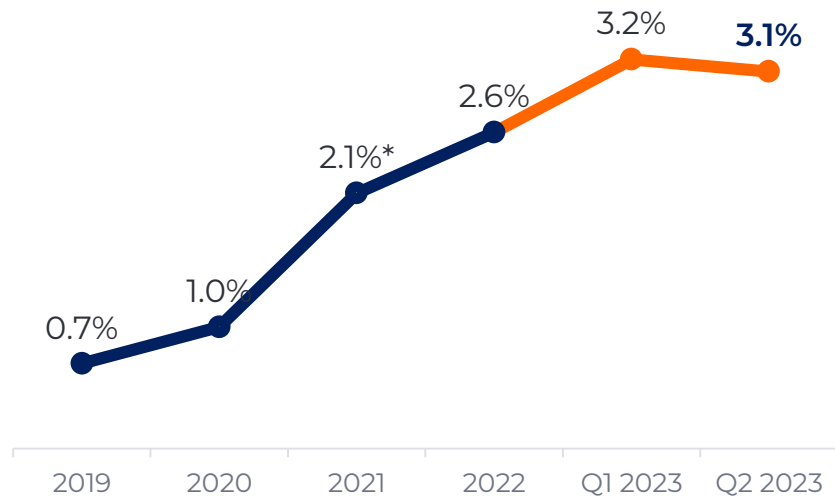
Total Assets

In MNT billions



Return of average Assets (aROA)

Based on annualized net profit



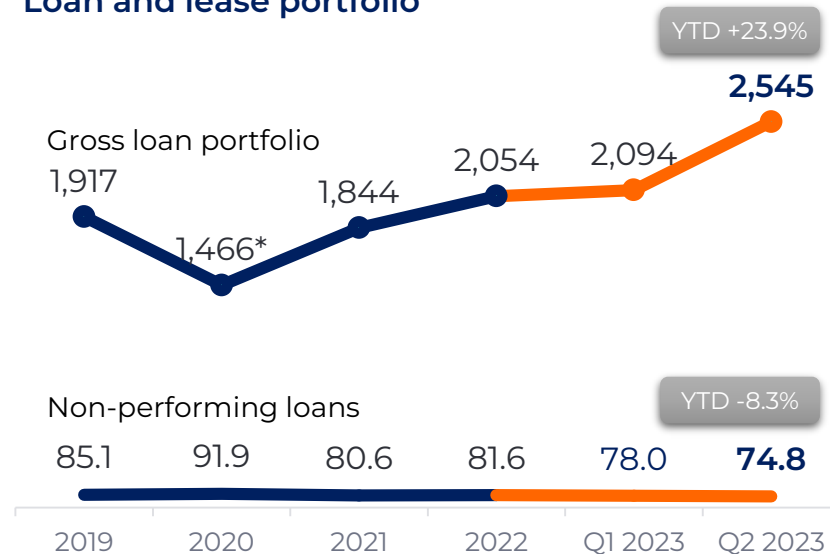
*In 2019 and 2020, the bank focused on repayment of assets which could have higher risk in the near future.



Loan and Lease portfolio

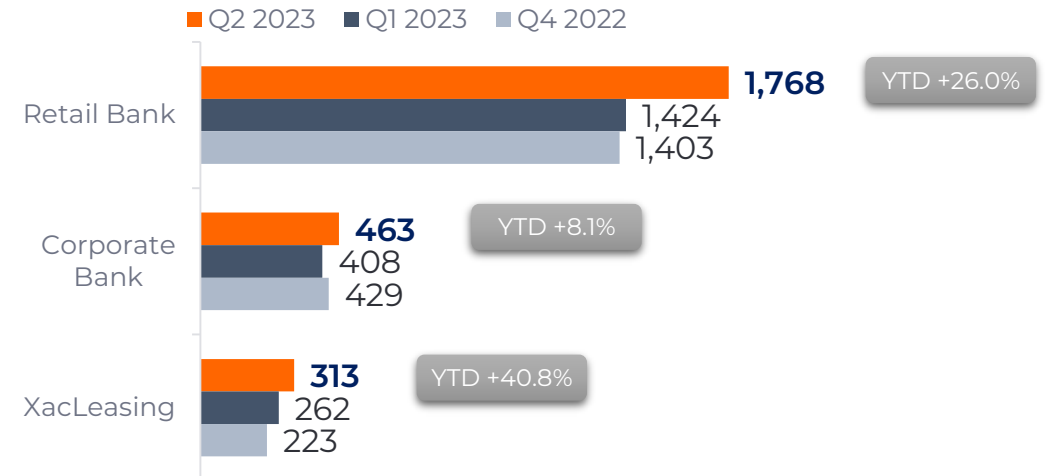
Lending activities of the bank is separated into 3 branches which are retail lending, corporate lending and XacLeasing (financial leases). As of Q2 of 2023, the retail loan portfolio grew 26.0%, corporate loan portfolio grew 8.1%, and financial lease portfolio grew 40.8%. The growth of retail loan portfolio was largely influenced by the "Tablet Banking" service the bank provides. For the growth of leasing portfolio, normalization of external trade routes of Mongolia with neighboring countries and subsequent steady inventory of passenger vehicles and machineries at the key vendors has positively impacted. During the reporting period, the bank was able to successfully improve its asset quality where Non-performing loan to gross loan ratio has reached 2.9%.

Loan and lease portfolio



Segment breakdown

In MNT billions



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

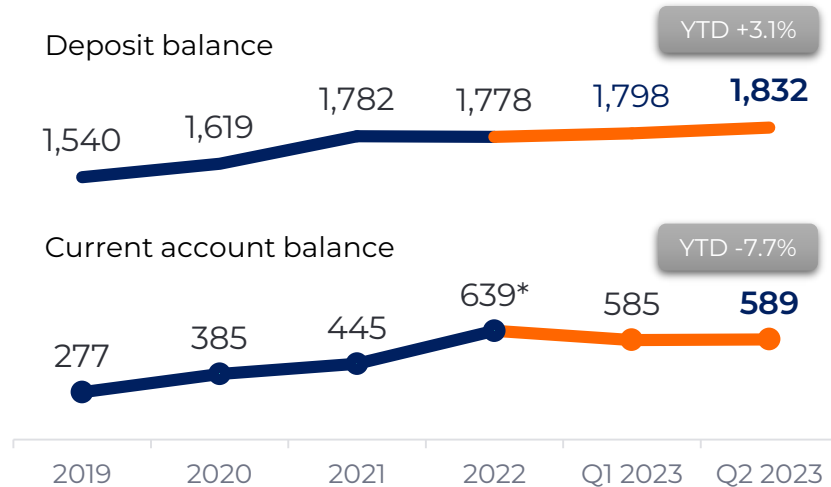


Current Accounts and Deposits

Customers of XacBank are able to access their current account which is both reliable and easy to manage with the help of both traditional and digital channels. Deposits services that the Bank provides include demand deposits, term deposits with monthly withdrawals or long-term child deposits. As of Q2 of 2023, the term deposit has grown 3.1% while current account has decreased by 7.7%. Current account balance fluctuates heavily based on the business needs of our customers.

Current Accounts, Deposits

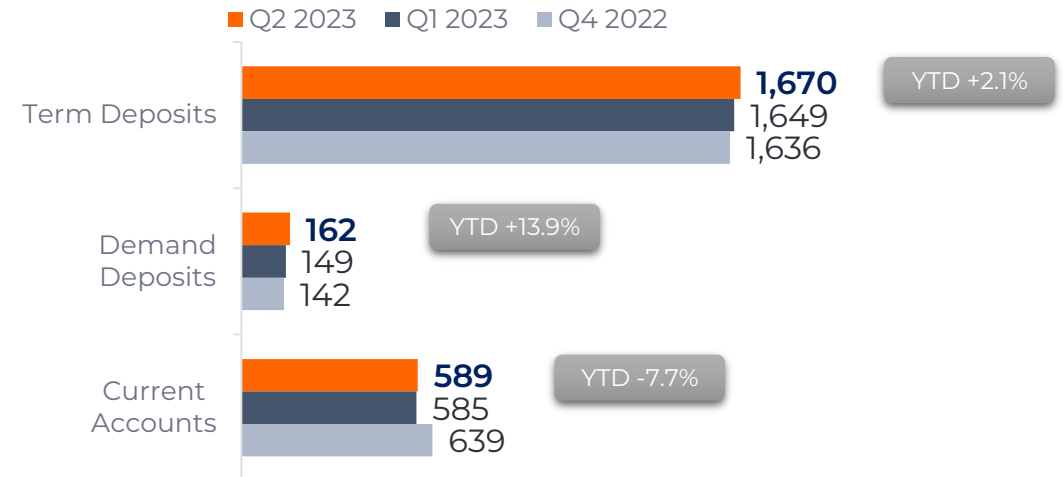
In MNT billion



* Current account balance temporary increased at the end of 2022.

Breakdown by product

In MNT billion





Foreign funds

In order to service the need for long-term financing of the customers, XacBank actively engages with foreign funds and international financial institutions. In 2022, the bank has closed several large deals with international partners such as USD 80 million syndicated facility from IFC, USD 50 million senior debt from FMO, USD 50 million senior debt in two tranches from EBRD, USD 30 million senior debt from BlueOrchard, USD 11 million senior debt from DWM Income Fund, USD 10 million fund from Incofin Mikrofinanz Fund, and USD 7.5 million senior debt from Symbiotics.

Foreign funds
In USD millions



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.

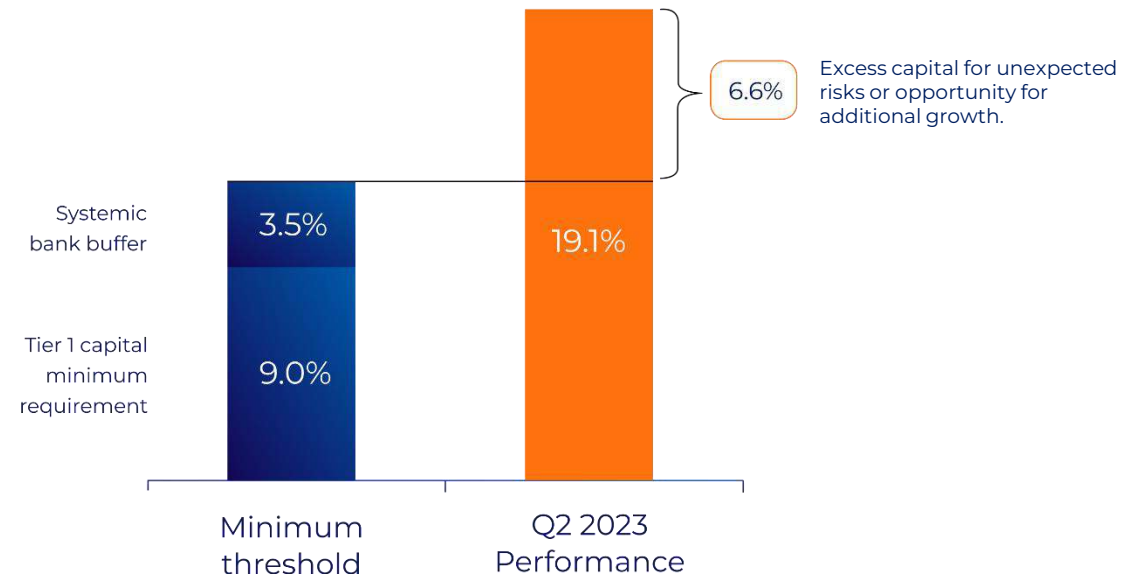
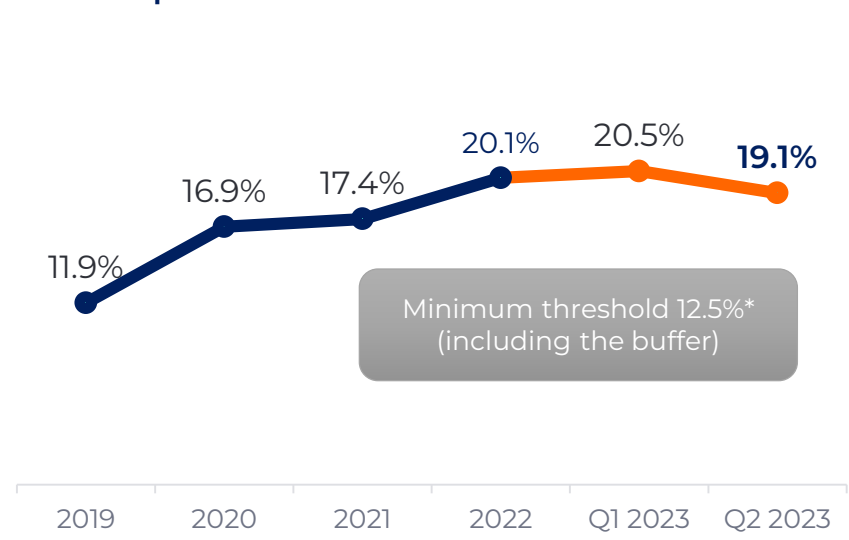
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Prudential ratios: Capital Adequacy Ratio

Tier 1 Capital ratio has minimum threshold of 9% as per Bank of Mongolia's regulation. In addition, systemic banks must have buffer on top of the minimum requirement which is set at 3.5%. Therefore, overall Tier 1 capital requirement for the Bank is currently 12.5%. As of Q2 of 2023, the Tier 1 capital ratio of XacBank is 19.1% which is 6.6% above the prudential requirement of Bank of Mongolia. Higher buffer means better protection from various risk events for the Bank.

Tier 1 Capital ratio



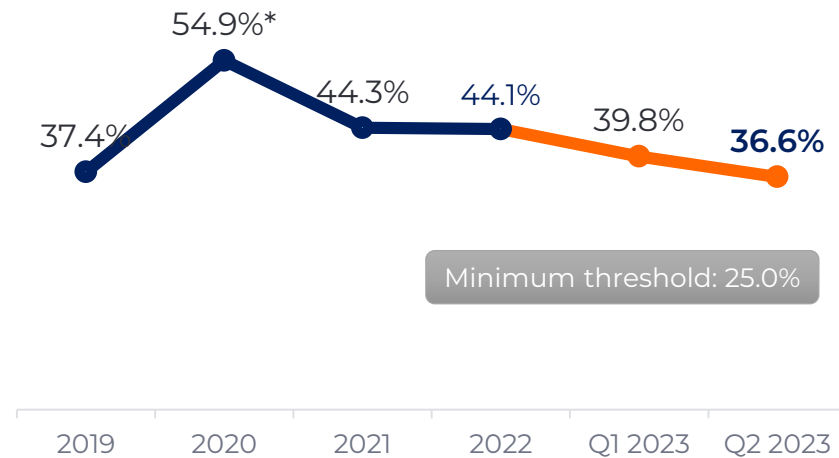
*Buffer requirement was implemented since 2019 by the Bank of Mongolia .



Prudential ratios: Liquidity Ratio

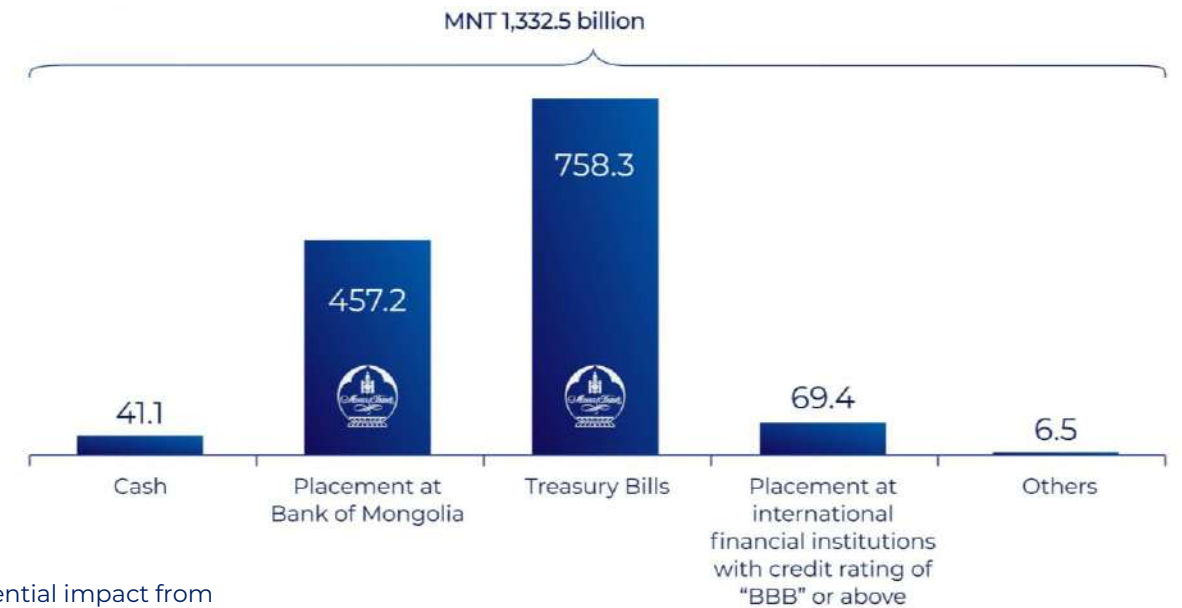
Bank of Mongolia requires the commercial banks to have minimum liquidity ratio of 25%. Liquidity ratio is calculated by dividing liquid assets by total liabilities to clients and 3rd parties. As of 30 June 2023, the XacBank's liquid asset was MNT 1,332.5 billion, while the total liabilities to clients and 3rd parties was MNT 3,654.6 billion. The Bank manages its liquidity by placing the liquid asset in cash or cash equivalent and risk free instruments.

Liquidity Ratio



*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

Liquid Assets





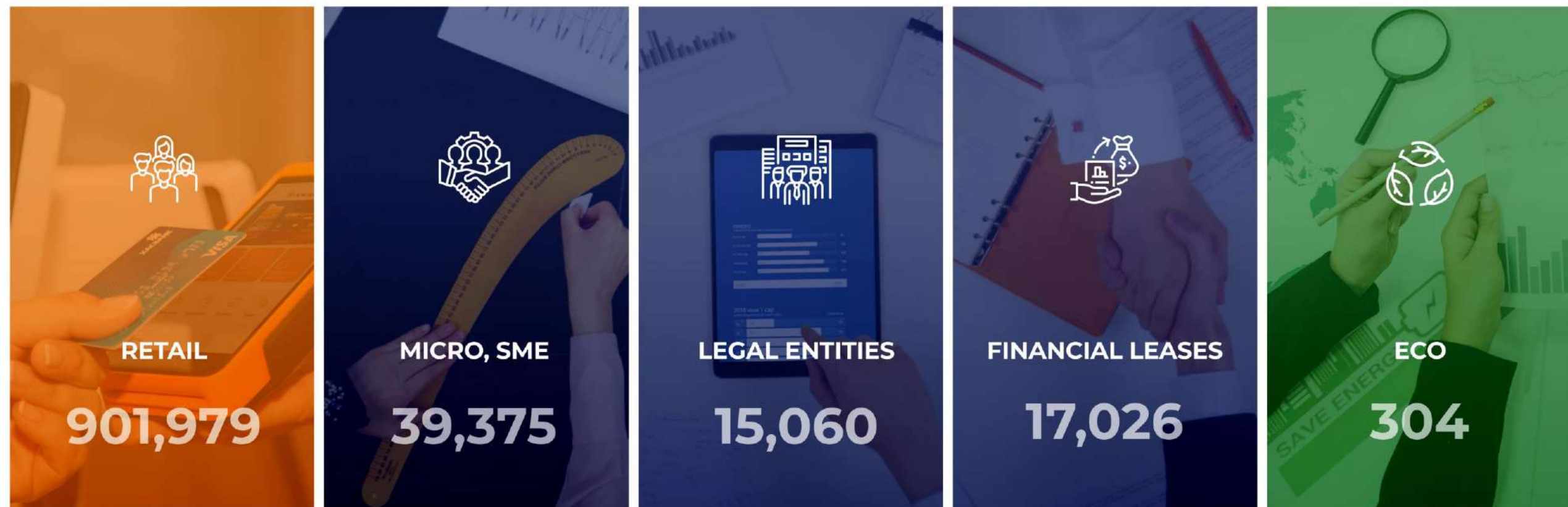
Prudential ratios: other ratios

In Percent, unless otherwise specified	As of 31 December 2020	As of 31 December 2021	As of 31 December 2022	As of 31 March 2023	As of 30 Jun 2023
Foreign currency exposure ratio (single currency) +/- 15%	-1.8%	-1.1%	6.2%	9.4%	4.4%
Foreign currency exposure ratio (total) +/- 30%	-4.2%	-2.2%	6.9%	14.5%	4.7%
Credit concentration ratio <300%	77.2%	72.8%	66.6%	39.1%	37.1%
Fixed asset to total assets ratio <8%	2.5%	1.7%	1.7%	1.6%	1.6%
Deposit concentration ratio <25%	7.0%	7.1%	7.7%	8.8%	7.0%

In Percent, unless otherwise specified	As of 31 December 2020	As of 31 December 2021	As of 31 December 2022	As of 31 March 2023	As of 30 Jun 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%	0.0%	0.0%
Key management personnel	0.2%	0.1%	0.1%	0.1%	0.1%
Other related parties	1.8%	1.8%	1.6%	2.4%	3.6%
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%	0.0%	0.0%
Key management personnel	0.5%	0.4%	0.3%	0.3%	0.3%
Other related parties	3.6%	4.5%	3.8%	3.9%	5.9%

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Our customers



Total clients

65%

of clients are women. XacBank actively supports women business owners through innovative and tailor made products and services.

Extensive coverage in Mongolia

Serving over 1 million clients

Through both digital and traditional channels.



1,175
employees



360
ATM



72
branches



+7,000
POS, Merchant

Green Financing

Supports energy efficient business projects and environmentally friendly consumptions with the central aim of reducing the emission of greenhouse gas .

Since 2013

2,340,220

 tons

CO₂ equivalent of greenhouse gas emission was reduced.

This equates to growing

168,601,802

Deciduous and coniferous trees for over **10 years.**

If

300

 trees

Were planted in an 1 hectare land, total of **168,601,802** trees would cover the Ulaanbaatar city **1.2** times.



National accredited entity of
Green Client Fund

2016:

Became the first accredited commercial bank not only in Mongolia, but also in the world by Green Client Fund.

2022:

Accredited by Green Client Fund for the second time.

During the first 5 years of accreditation, the bank has implemented 9 projects in cooperation with GCF financing total of USD87.4 million of which USD32.4 million was provided by GCF.

9 Projects

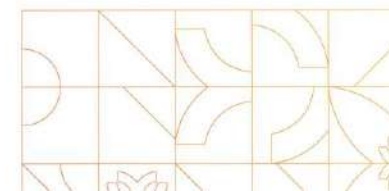
87.4 Million USD

5 completed

4 ongoing

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.





Credit Rating

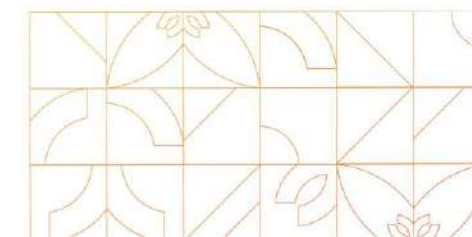
The Bank has been continuously rated by world renowned credit rating agencies such as Moody's Investor Services and Fitch Ratings since 2008.

MOODY'S INVESTORS SERVICE

	XacBank	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

Fitch Ratings

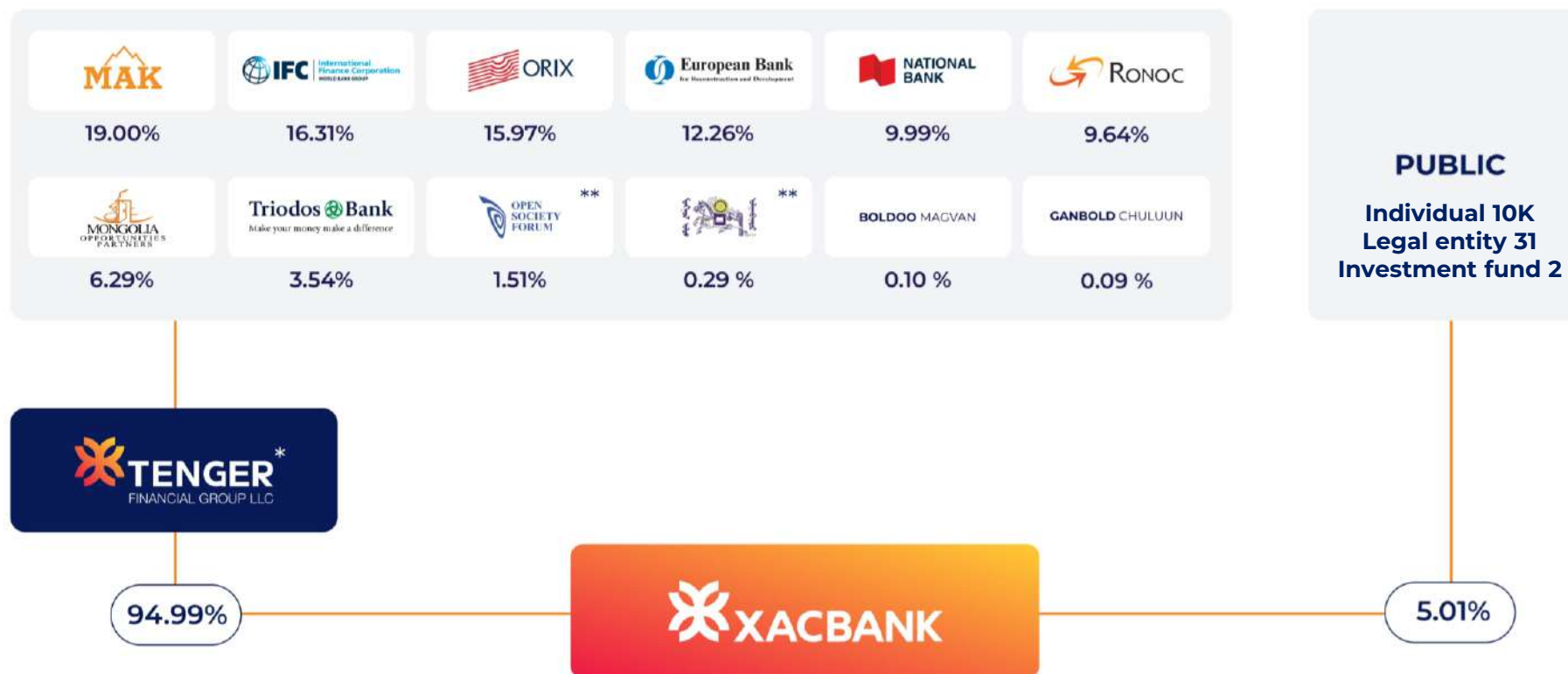
	XacBank	Government
Long term foreign currency Issuer Default Rating	B/Stable	B/Stable
Short term foreign currency Issuer Default Rating	B	B
Long term local currency Issuer Default Rating	B/Stable	B/Stable



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Shareholders structure

As of June 30, 2023



* Corporate restructuring will take place after completion of the IPO through which shareholders of Tenger Financial Group will be direct shareholder of XacBank. Corporate restructuring is expected to be finalized in full by 31 December 2023.

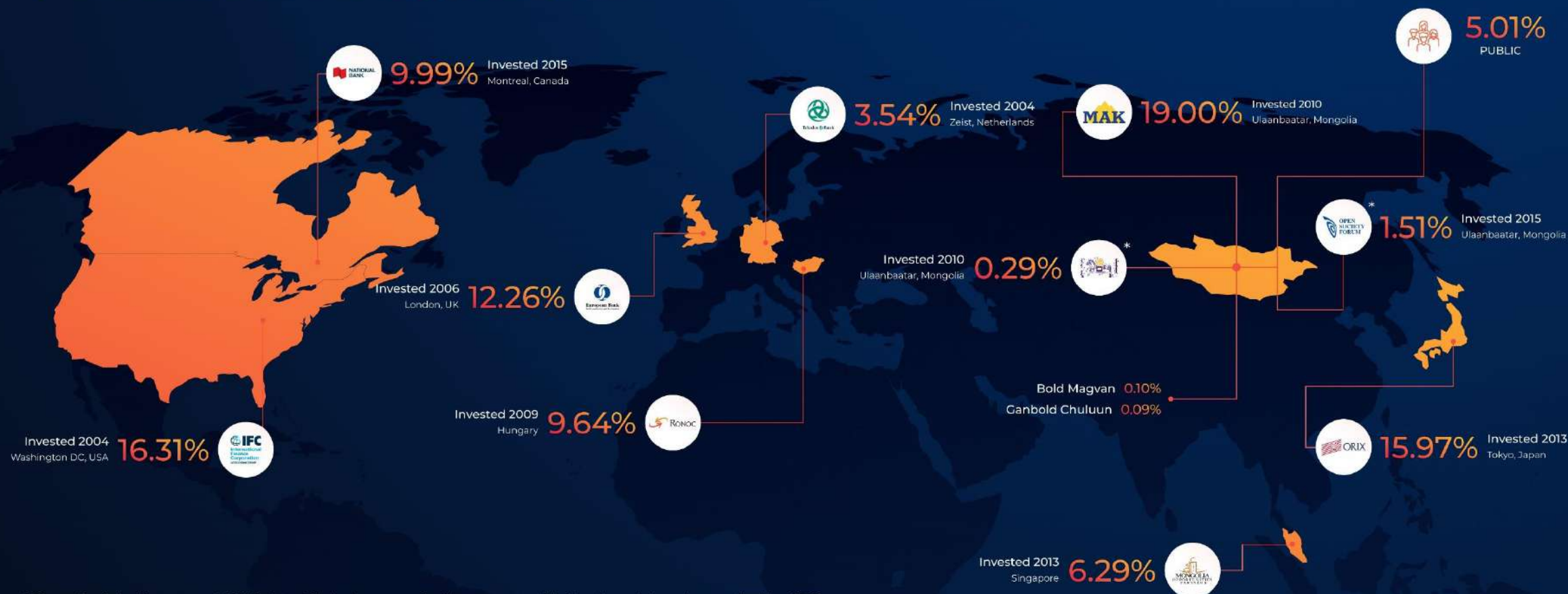
** Open Society Forum and UB Rotary Club shares are in the process of being bought and cancelled by TFG. Bank of Mongolia approval has been obtained and we hope to complete the transaction in the next few weeks.



Shareholders

National corporation, multilateral entities and international financial institutions

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



*Open Society Forum and UB Rotar Club shares are in the process of being bought and cancelled by TFG. Bank of Mongolia approval has been obtained and we hope to complete the transaction in the next few weeks.



Board of Directors



Sanjay Gupta
CHAIRMAN

Since: 2017
Experience: over 40 years



Michael Madden
NON-EXECUTIVE DIRECTOR
Ranoc Partners

Since: 2009
Experience: over 30 years



Tselmuun Nyamtaishir
NON-EXECUTIVE DIRECTOR
Mongolyn Alt (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
Appointment of new Independent director is pending.



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



Executive Management Team

Average
employment tenor
with the Bank

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TSEVEGJAV Gumenjav
CHIEF EXECUTIVE OFFICER

Since: 2011
Experience: 19 years



ERDENEBAVAR 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



<https://www.xacbank.mn/page/investor-relations>
Contract: InvestorRelation@xacbank.mn
+(976)-75771888 -(888)