



TDB Presentation

September 2023

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> **Mongolian Macroeconomic Developments**

Banking Industry

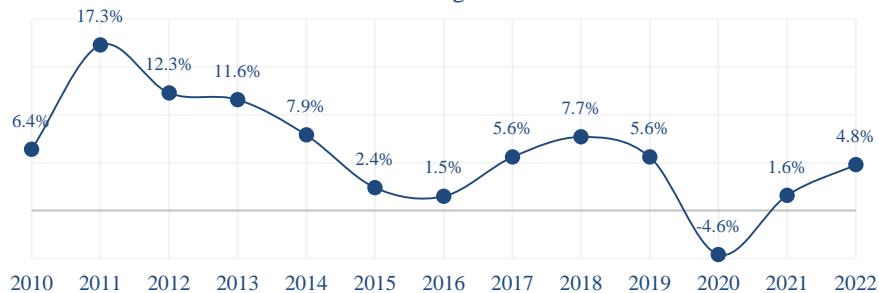
TDB Overview

Green and Social Finance

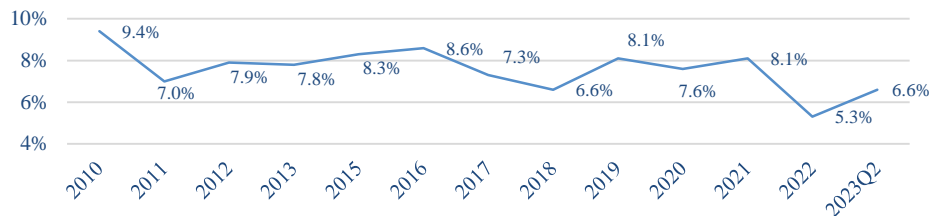
Mongolia's Macroeconomic Overview

Main macroeconomic indicators' historical data

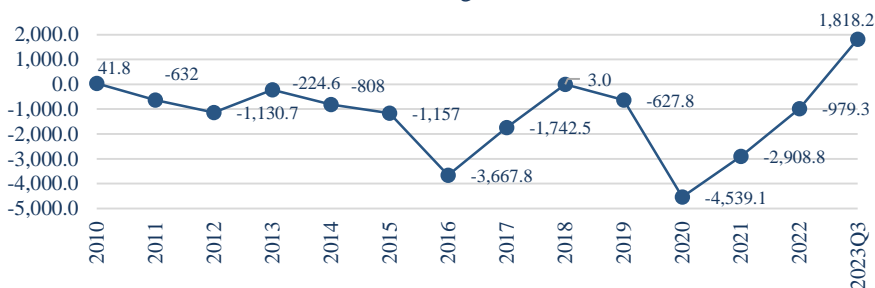
Real GDP growth



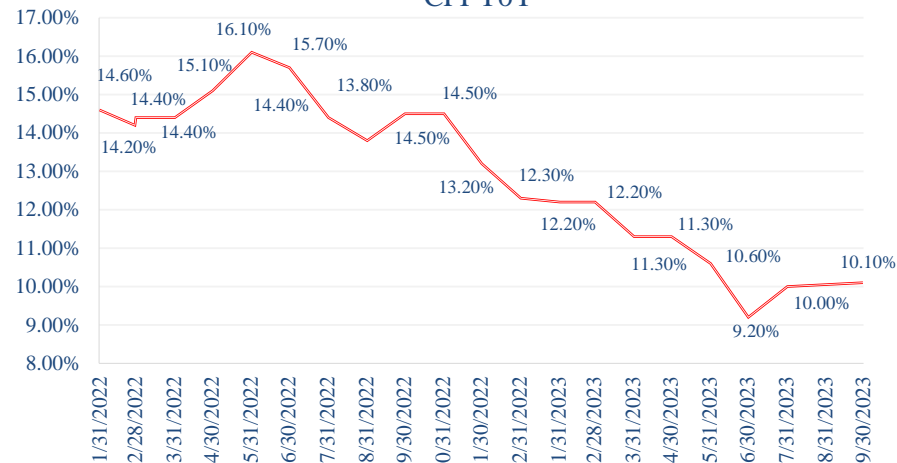
Unemployment rate



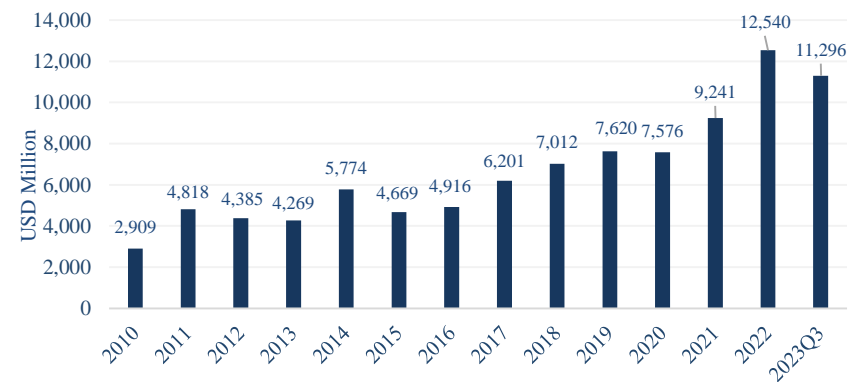
Government Budget Balance



CPI YoY

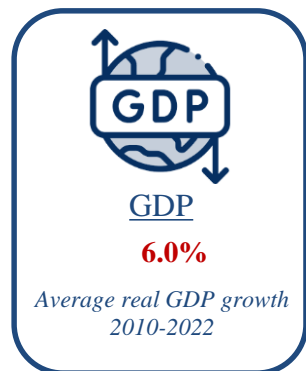


Export



Mongolia's Macroeconomic Overview

Main macroeconomic indicators

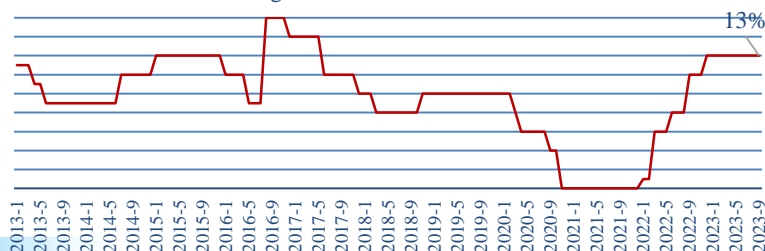


Mongolia's economic summary

Mongolia's GDP growth improved from 1.6% YoY in 2021 to 4.8% YoY in 2022. In the 4th quarter of 2022, Mongolia's economic activity was stronger than anticipated, owing to the easing of Zero-Covid policy in PRC and higher growth in all economic sectors. As easing border restrictions and intensifying activities in the mining sector, the economic growth outlook has been upgraded in comparison with the previous projections. The labor market has returned to its pre-pandemic levels, and household consumption has been steadily increasing for the past 4 consecutive quarters. The outlook for foreign demand and process of main export commodities have improved.

Policy Interest Rate is 13.0%

On September 15th, 2023, MPC decided to keep the policy rate steady at 13.0%, with consideration of the current state of the economy and financial markets as well as the outlook and risks to the domestic and foreign economic environment.



Source: Bank of Mongolia, National Statistical Office

Trade balance surplus reached USD 4,540.7 million

In September 2023, the total turnover of goods reached to USD 18 billion or increased by 18.13% from the same period last year. While exports increased by 21% from previous year, imports increased by 6.28%. The trade surplus reached USD 4,057.10 million by the end of Q3 2023, an increase of 76.8% or USD 1,972.87 million from Q3 2022.

The budget balance results in surplus

Government revenues outgrow expenditures for the first time in the last four and a half years, resulting in surplus of MNT 2,157.9 billion. This surplus is mainly driven by increase in exports boosted by sales of mineral products. As of Q3 2023, the government revenues reached MNT 17.7 trillion which is up 40.7% YoY.

Inflation rate rises to 10.2%

In Q3 2023, the inflation rose from 9.2% to 10.2% in due to tuition fees rising by more than 20%, which is twice the long-term average.

Economic diversification policies

Mongolia has identified leading economic policies for 2023 to address fluctuations in commodity prices and dependency. These include restructuring the macroeconomy, boosting exports to pre-pandemic levels, improving outputs of agricultural and mining products, liberalizing lower growth sectors, and supporting the private sector and entrepreneurial activity.

Laying the Foundations for Long-Term Growth

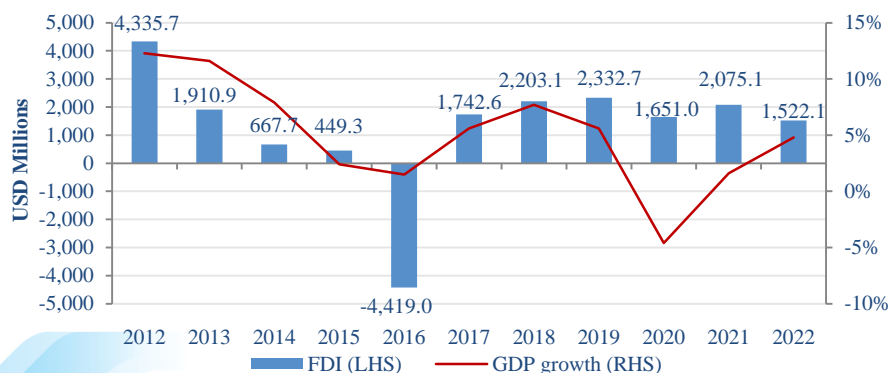
Supported by strong post-pandemic recovery, future holds promising prospects.

Projections of Mongolia's economy by MDBs and leading international financial institutions

- In World Bank's outlook, Mongolia's economy is projected to accelerate to 5.2 percent growth in 2023 as mining and exports expand and the post-pandemic recovery in services continues.
- According to World Bank's latest Mongolia Economic Update, economic growth is also anticipated to be supported this year by household consumption, which is expected to remain steady as the labor market improves, along with substantial public investment. Services, particularly tourism, are projected to continue recovering from restrictions associated with pandemic, offsetting sluggish agricultural production due to the recent harsh winter.
- As per EBRD's outlook on Mongolia's economy, Mongolia's real GDP is forecast to grow by 7.5 percent in 2024. The tourism industry has experienced a complete resurgence, contributing to the enhancement of the performance of the hospitality and cashmere sectors. Increased growth in exports, mining and tourism could potentially bolster the overall outlook.
- In 2022, despite weak performance in the early months of the year, Mongolia's economy grew by 4.8 percent. China's re-opening in the second half of 2022 enabled a rapid expansion of mining and quarrying activities, providing a major boost for coal exports. The strong recovery continued in early 2023 with a boost from high industrial output, increased export activity, and rescinded travel restrictions.

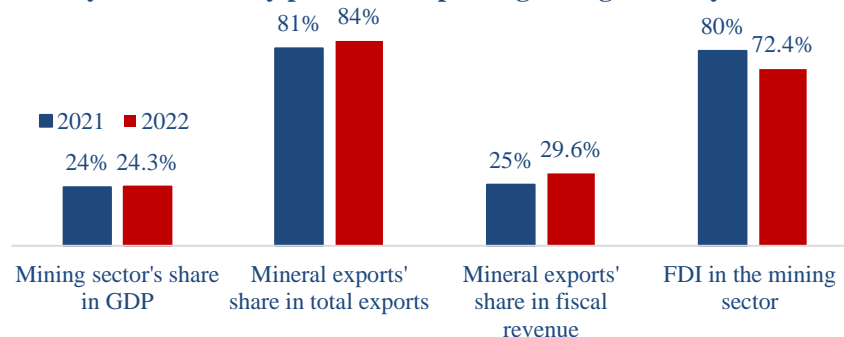
MDBs/IFIs	Mongolia GDP growth rate, % per year				
	2020	2021	2022	2023	2024
ADB	4.6%	1.6%	4.8%	forecast as of April 2023	forecast as of September 2023
				5.7%	5.9%
WB				forecast as of April 2023	forecast as of September 2023
				5.2%	6.1%
IMF	forecast as of April 2023	forecast as of September 2023			
	5.5%	4.5%			
EBRD	forecast as of April 2023	forecast as of September 2023			
	7.2%	7.5%			

Net FDI inflow steadily growing since COVID-19 pandemic



Source: ADB – ADO 2022, IMF, EBRD, WB Outlook

Buoyant commodity prices underpinning strong recovery

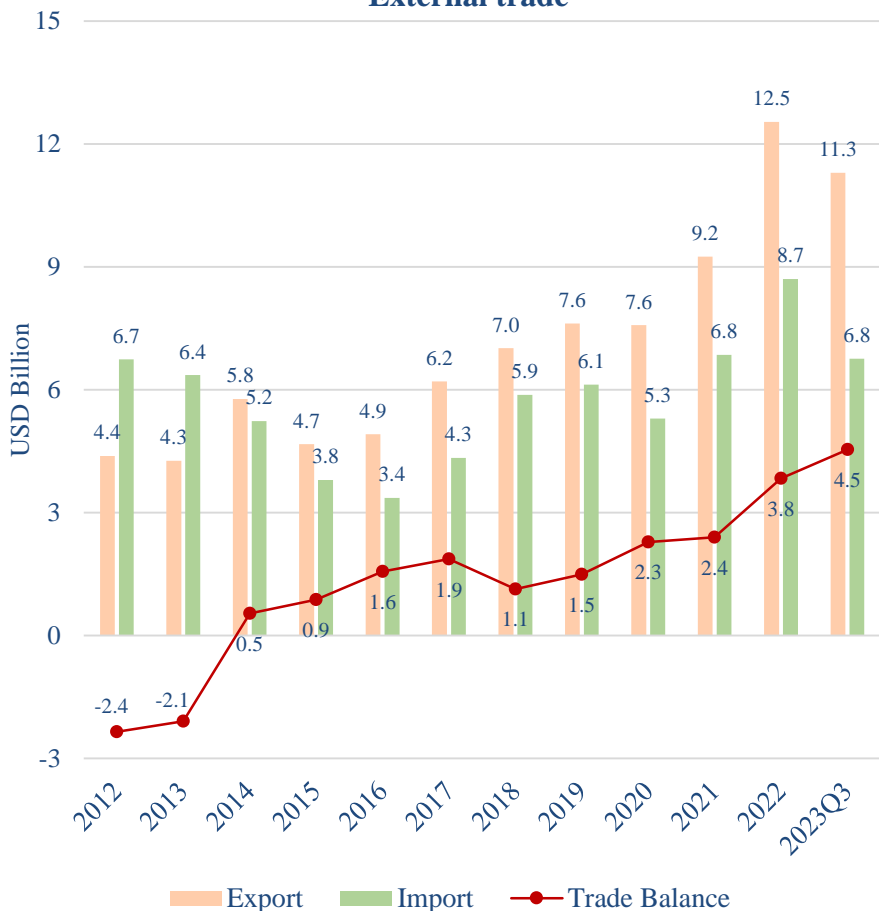


Trade Balance Continues to Show Surplus

The main commodities export increase as economy recovery continues.

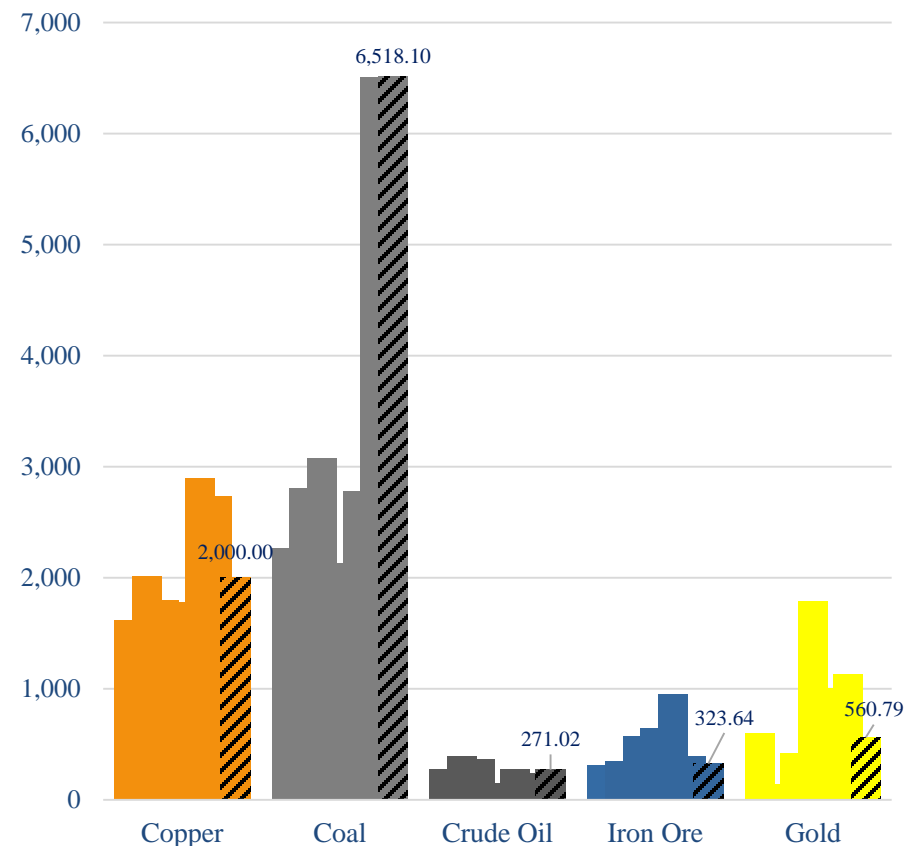
By the end of September 2023, both export and import increased respectively.

External trade



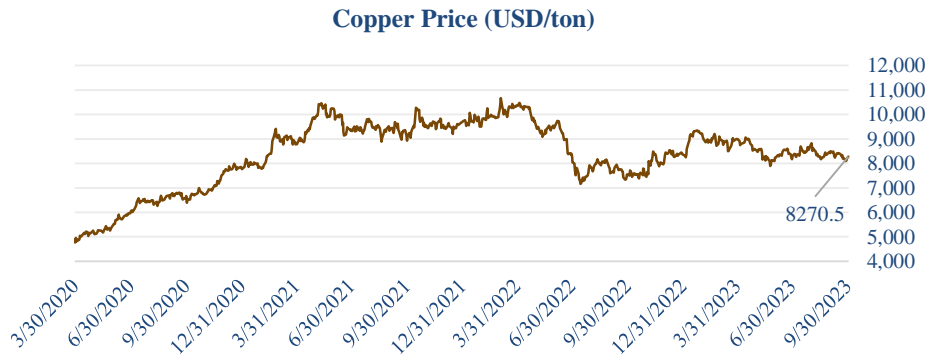
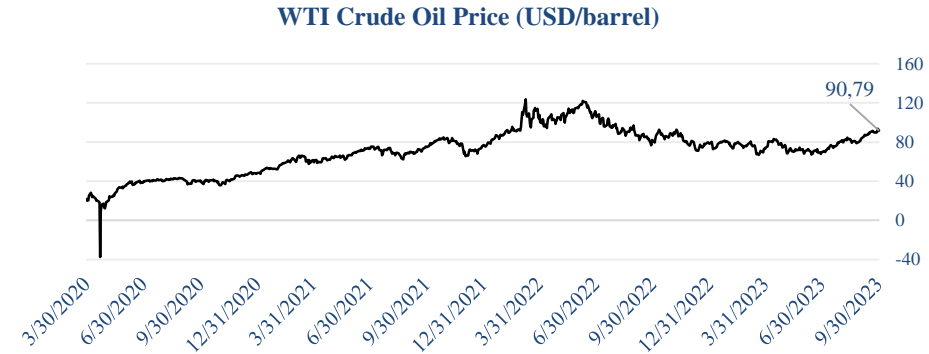
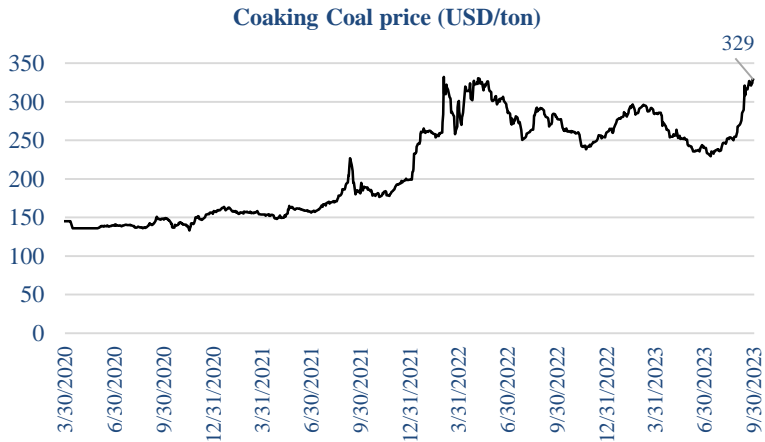
As pandemic restrictions ease, export of some commodities continue to grow, boosting post-pandemic recovery.

Export of main commodities (2016 through 2022 and 2023 Q3)



Update on Current Price of Main Export Commodities

Some of the main commodity exports has increased from the same period of the previous year.

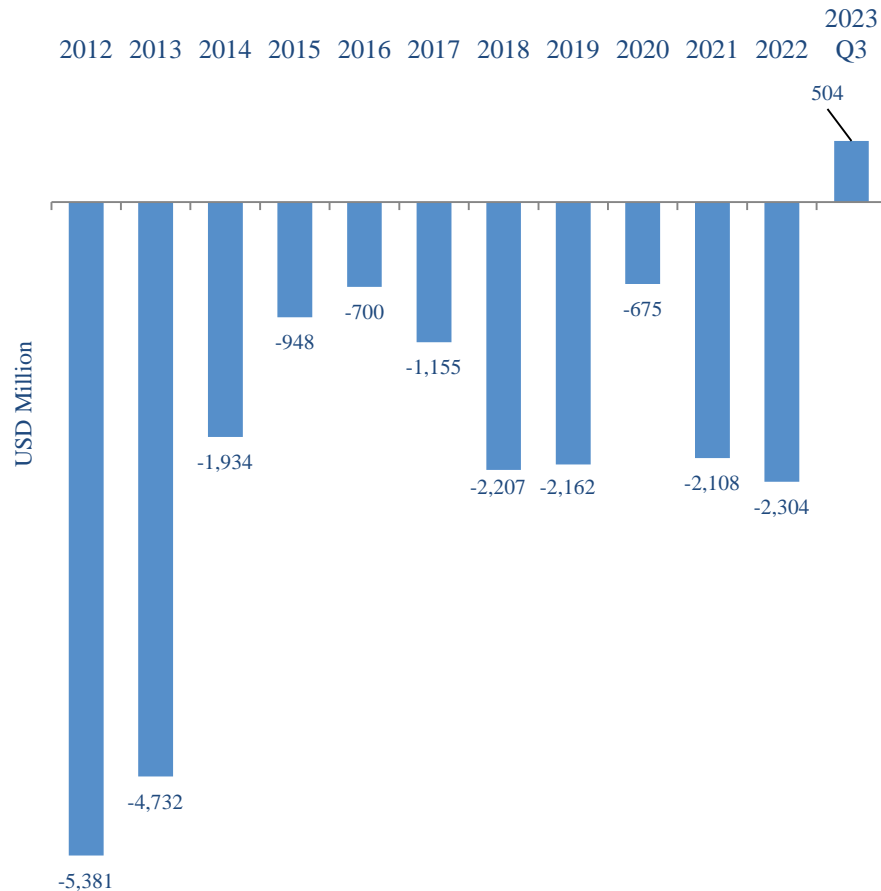


External Accounts Have Stabilized

Balance of payments

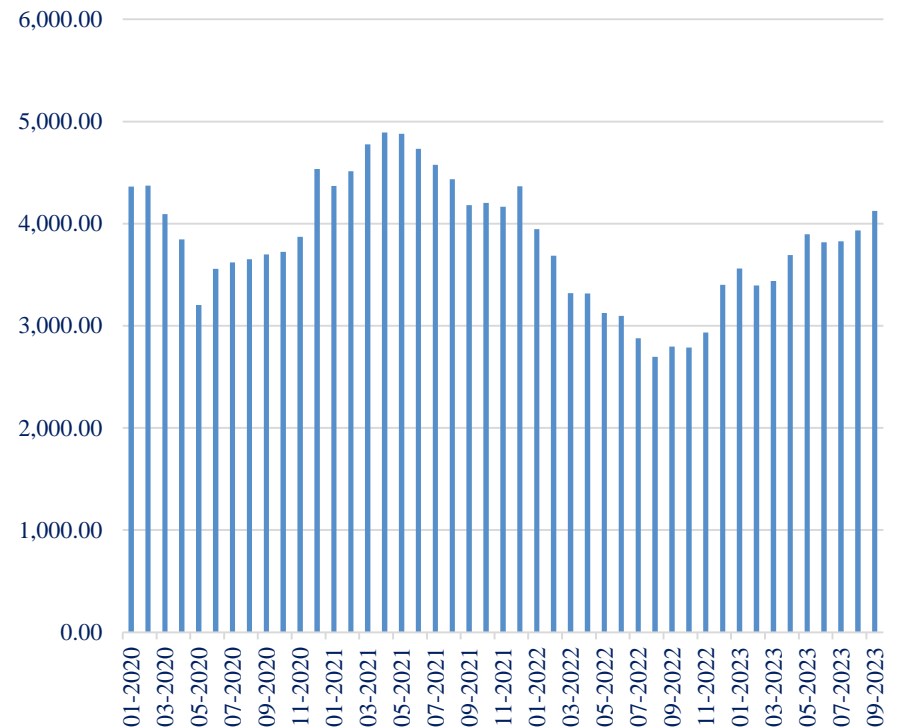
The country's current account balance has recorded a surplus in 2023.

Current Account Balance



FX reserves are enough to cover imports for 5 months

Gross Foreign Exchange Reserve (September 2023)



Gross Domestic Product, by Sectors

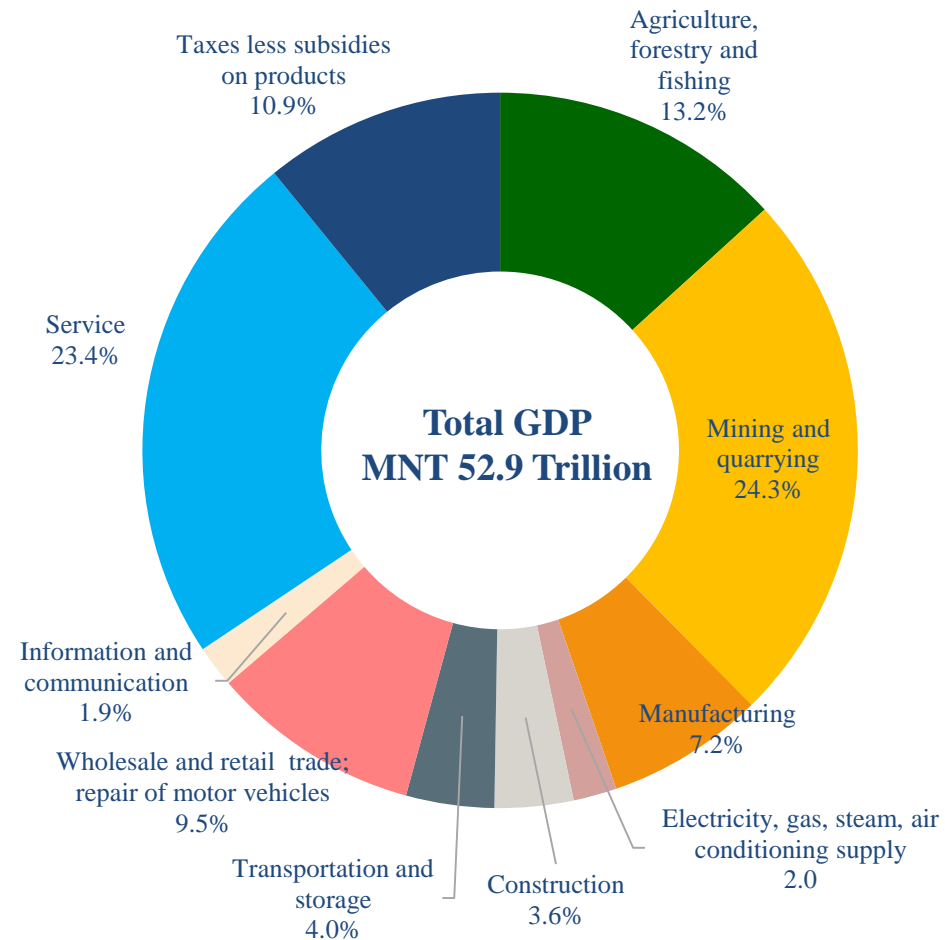
Government of Mongolia is diversifying the economy

GDP Summary

The National Statistical Office reported Mongolia's GDP increased by 4.8%, to MNT 52.9 trillion in 2022.

GDP Composition by sectors	2017	2018	2019	2020	2021	2022
Agriculture, forestry and fishing	10%	10.9%	11%	8.6%	13.2%	13.2%
Mining and quarrying	23%	23.7%	23.8%	26.5%	24.3%	24.3%
Manufacturing	9%	9.2%	9.6%	15.9%	7.6%	7.2%
Electricity, gas, steam, air conditioning supply	2%	2.1%	1.7%	3.0%	2.4%	2.0%
Construction	4%	3.3%	3.6%	7.0%	2.8%	3.6%
Transportation and storage	5%	4.7%	4.6%	2.9%	3.1%	4.0%
Wholesale and retail trade, repair of motor vehicles	10%	9.7%	9.2%	12.9%	9.7%	9.5%
Information and communication	2%	1.8%	1.8%	1.6%	1.9%	1.9%
Service	26%	23.7%	24%	16.2%	24.9%	23.4%
Taxes less subsidies on products	9%	11%	10.9%	6.1%	10.2%	10.9%

GDP composition by sectors /2022/



Comprehensive infrastructure development to boost exports and to provide long-term economic development platform

Production Facility for Cathode Copper from Oxidized Ore



Large scale copper production plant supported by USD 529 million investment

- Implemented by Erdenet Mining Corporation SOE (“EMC”)
- Serves to accommodate increasing ore resources to provide lower cost to boost cathode copper production for export
- Operation of the plant will create 139 jobs
- Expected completion is 2024H1

Mongol Refinery



USD 1.2 billion “Oil Refinery Construction” project to lay foundation for new petrochemical industry in Mongolia

- Expected production capacity if 1.5Mtpa oil, 43Ktpa liquified gas, 339Ktpa of 95-octane gasoline, 864Ktpa diesel and 40Ktpa jet, furnace fuel each
- GDP forecasted to rise, oil imports are expected to reduce, SMEs will prosper, foreign exchange outflows will be reduced at least by 20%
- Financed through a line of credit from the Government of India
- Implemented by Mongol Refinery State Owned LLC
- MEIL has clinched a significant deal in Mongolia. The company received a Letter of Agreement (LOA) for constructing a state-of-the-art crude oil refinery plant. The total value of the four projects is put at \$1.4bn

Erdeneburen Hydro Power Plant



Construction of 90MW Hydro Power Plant with USD 275 million investment

- Designed to meet increasing energy demand from a reliable renewable source to substitute high-cost power imports and become energy independent
- Located at the intersection of Khovd, Bayar-Ulgii and Uvs provinces
- Expected to generate an average of 366GWh of electricity per year and is expected to fully satisfy local energy demands
- Construction began in April 2022, and expected to be operational in 2027
- Expected to offer 800-1000 temporary, 60-80 permanent job vacancy, diminishing cost of 18-20billion MNT paid to Russia

Tavan Tolgoi-Gashuunsukhait Railway



267 km railway project financed by the USD 1 billion Preferential Buyer’s Credit Loan Agreement

- Commenced operation in September 2022
- Class 1 railway capable of transporting up to 30Mtpa to the border
- Boosts mining export to Japan, South Korea, India through Chinese ports
- Connected to UBTZ (Ulaanbaatar Railway) railway network and built in 1,520mm broad gauge

Tavan Tolgoi-Zuunbayan Railway



414.6 km railway supported by USD 316 million investment

- Began trail operations on March 15, 2022
- First major railway construction with 100% domestic power and resources
- Connects Tavan Tolgoi with the Trans Mongolian Railway, allowing exports to eastern China through Zamiin-Uud and to Russia through Sukhbaatar province
- Part of the UBTZ (Ulaanbaatar Railway) railway network
- Railway will be capable of 15Mtpa of mining export at a materially lower cost than road infrastructure

“Oyu Tolgoi” Project

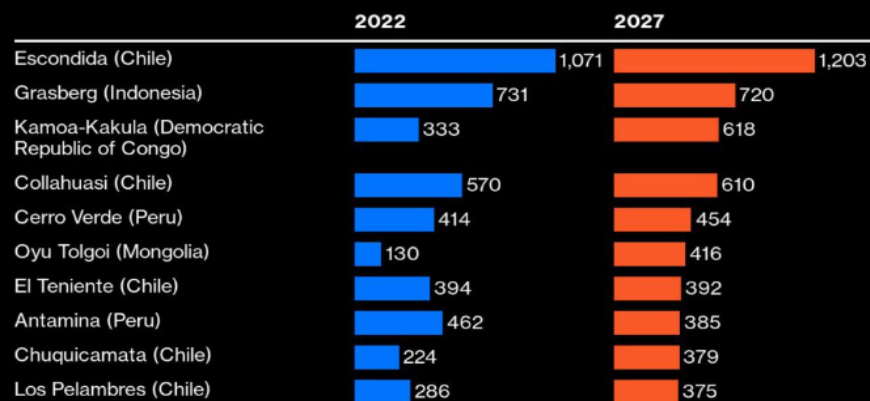
Oyu Tolgoi (OT) copper and gold mine project

- OT is one of the largest high-grade copper deposits in the world, located 80 km north of Chinese border. Third largest copper mine after expansion. Estimated 2.7 million tons of recoverable copper and 1.7 million ounces of recoverable gold in reserves.
- Comprehensive Investment Agreement was signed in 2009. Government of Mongolia owns 34% and Rio Tinto owns 66% through Turquoise Hill Resources.
- Approximately USD 6.2 billion invested in the first phase development (OT Phase I) as of March 31, 2014.
- OT started exporting copper concentrate from its open-pit operation in July 2013.
- In May 2015, Government of Mongolia and Rio Tinto signed OT Underground Mine Development and Financing Plan (OT Phase II).
- USD 4.4 billion OT Phase II project financing facility agreement was signed on December 15, 2015. The project financing was closed on May 25, 2016, with full disbursement and the underground work has commenced.
- IMF estimates OT will generate up to 1/3 of Mongolia’s GDP once it reaches full production.
- On December 13, 2021, Rio Tinto and Mongolia settled dispute over Oyu Tolgoi copper mine, allowing the underground mining project to move forward. As a part of the deal, Rio Tinto confirmed to write off Mongolia’s USD 2.4 billion of debt obligated to its share (34%) in the Oyu Tolgoi copper-gold project.
- Within the industrial recovery policy, a part of the New Recovery Policy of the Government, OT’s underground mining development has commenced on January 25, 2022.

Oyu Tolgoi’s underground mine

The World's Largest Copper Mines

Oyu Tolgoi's expansion will place it among global giants even before it hits a projected 500,000 tons a year from 2028.



Source: CRU
Global ranking based on projected 2027 copper concentrate production, provided in thousand metric tons. Escondida figure includes copper concentrate and cathode.

Bloomberg

- On March 13, 2022, The underground mine commenced operations, extracting ore from a depth of 1.3 kilometers beneath the Gobi desert’s surface.
- Preliminary estimates suggest that Oyu Tolgoi LLC will have sales worth about USD 5 billion, with tripled royalties to Mongolia, reaching MNT 700 billion per year.
- Oyu Tolgoi is expected to become the fourth-largest copper mine in the world by 2030, operating in the first quartile of the copper equivalent cost curve.
- Developing the underground mine is an investment of over USD 7 billion, unlocking the most valuable part of the copper resource. The mine is expected to produce around 500,000 tons of copper per year, on average, from 2028 to 2036.

Renewable Energy (RE) Development in Mongolia

The renewable energy sector in Mongolia

- In 2015, the Parliament of Mongolia set the country’s mid-to-long term targets in the energy sector and its plan for 2015-2030. According to which, Mongolia aims to increase the share of renewable energy generation in its total installed capacity to 20% by 2023 and 30% by 2030.
- Mongolia can use its vast renewable energy resources to bolster energy security, reduce pollution, meet global climate commitments and develop regional electricity exports.
- The National Renewable Energy Center estimates Mongolia’s total renewable energy potential at 2,600 gigawatts (GW) of installed capacity of clean electricity generation per year. This is a potentially huge resource base for electricity production and export, which in the long-term could rely on the solar and wind potential of the country’s Gobi Desert. Also, new policies promise to rapidly accelerate renewable energy development in the country.
- The amount is enough to meet the country’s energy demand and can meet northeast Asia’s regional energy demand with a suitable transmission infrastructure.



Wind Power Plants operating in Mongolia:

Installed capacity - 154.6 MW

- ✓ 49.6 MW Salkhit (2013)
- ✓ 50 MW Tsetsii (2017)
- ✓ 55 MW Sainshand (2019)

Solar Power Plants operating in Mongolia:

Installed capacity - 60 MW

- ✓ 10 MW Monnaran (2015)
- ✓ 10 MW Darkhan (2017)
- ✓ 15 MW Gegeen (2017)
- ✓ 15 MW Bukhug (2018)
- ✓ 10 MW Sumer (2019)

Installed power capacity in Mongolia

Installed power capacity (2019) – 1329.9 MW (~1.3 GW)

Thermal power plants (total)	1,090.0 MW	82.03%
Renewable power plants (total)	237.6 MW	17.8%
Diesel power plants (total)	2.3 MW	0.17%





Mongolia Macroeconomic Developments

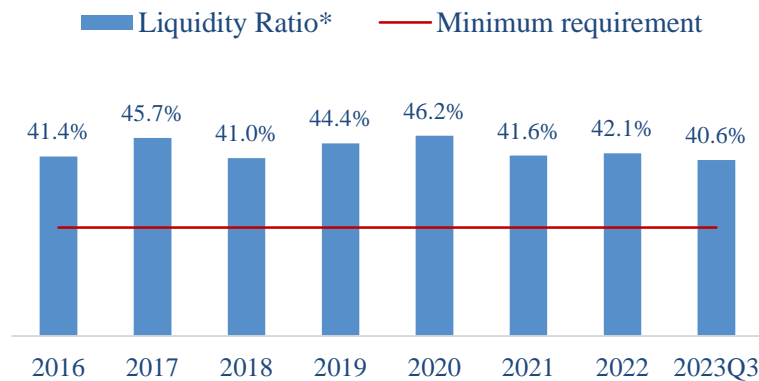
> Banking Industry

TDB Overview

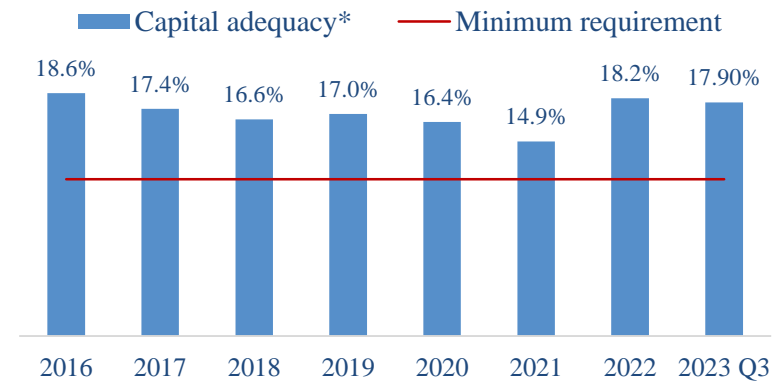
Green and Social Finance

Proactive Management of Banking Sector amidst Challenging Market Backdrop

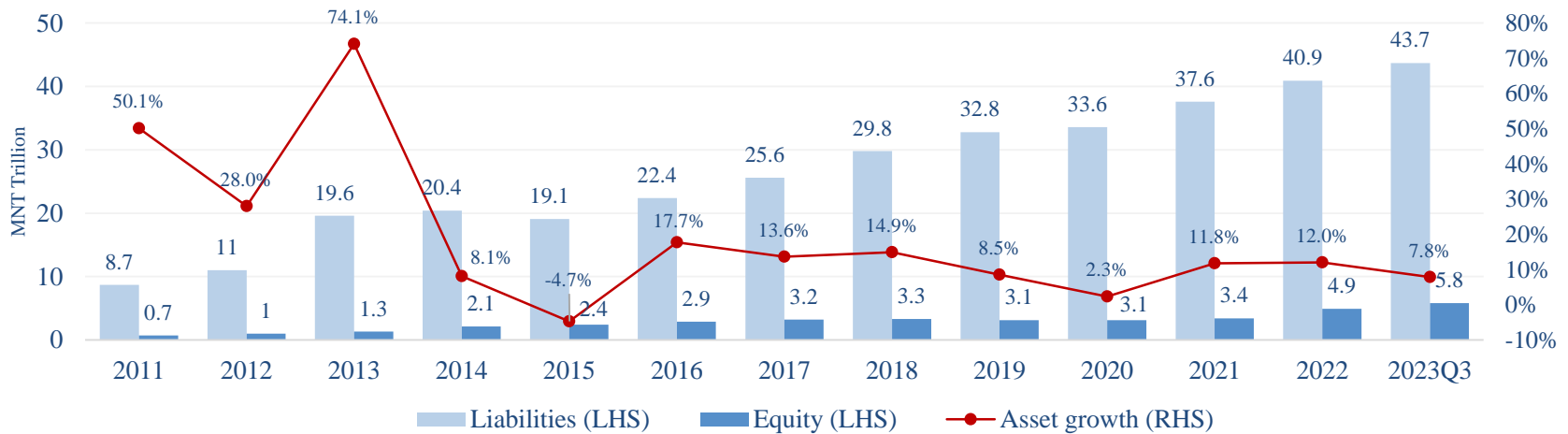
Banking sector remains liquid



Strong Capital Position



Banking sector asset growth has reached 12% by the end of 2022



Source: Bank of Mongolia, Official websites of commercial banks in Mongolia

* (Banking sector weighted average ratios) - due to lack of information, some quarterly data were substituted by its prior quarter's or average value for National Investment Bank and Chinggis Khan Bank. However, the miscalculation would be minimal since NIB and CKBank collectively makes up 0.87% of the banking sector total assets.

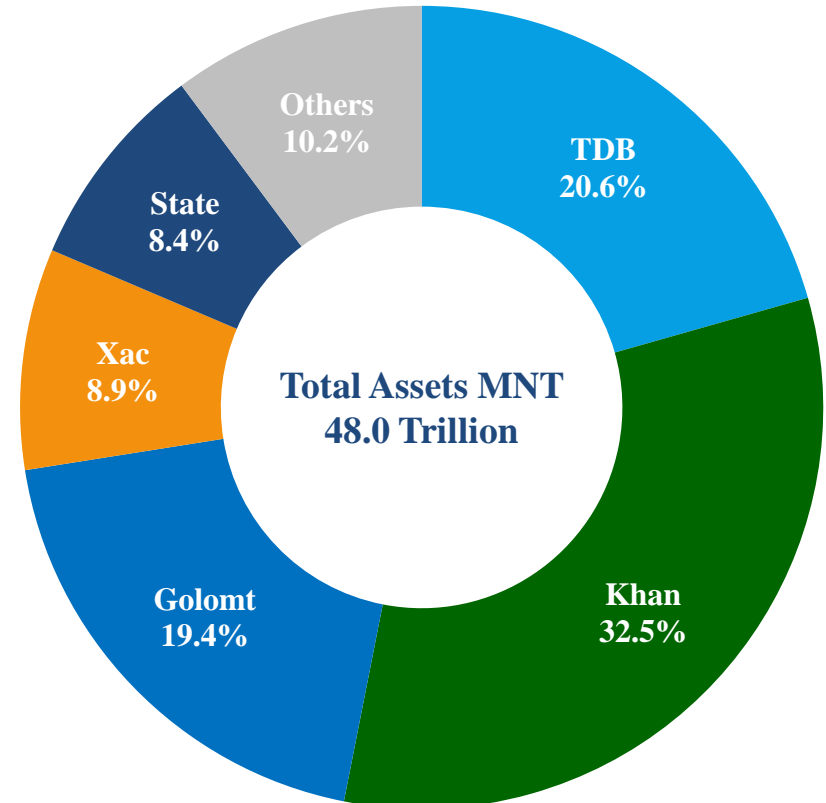
Banking Sector in Mongolia: Overview

TDB and four other banks are classified as systematically important banks

Banks play the largest role in Mongolia's financial system

- Commercial banks are the most important integral part of Mongolia's overall financial system, accounting for approximately 90% of the system by assets.
- There are 12 commercial banks and one policy bank in Mongolia.
- Commercial banks are regulated by the Bank of Mongolia.
- Key players:
 - **TDB** was the number one corporate bank in 2022, with the highest share in the corporate loans market and increasing SME/retail banking share.
 - **Khan Bank** and **State Bank** have large branch networks and focus on retail banking.
 - **Golomt Bank** focuses on corporate banking.
 - **XacBank** focuses on microfinance and SME lending.
- TDB remains the only commercial bank to have accessed international bond markets.

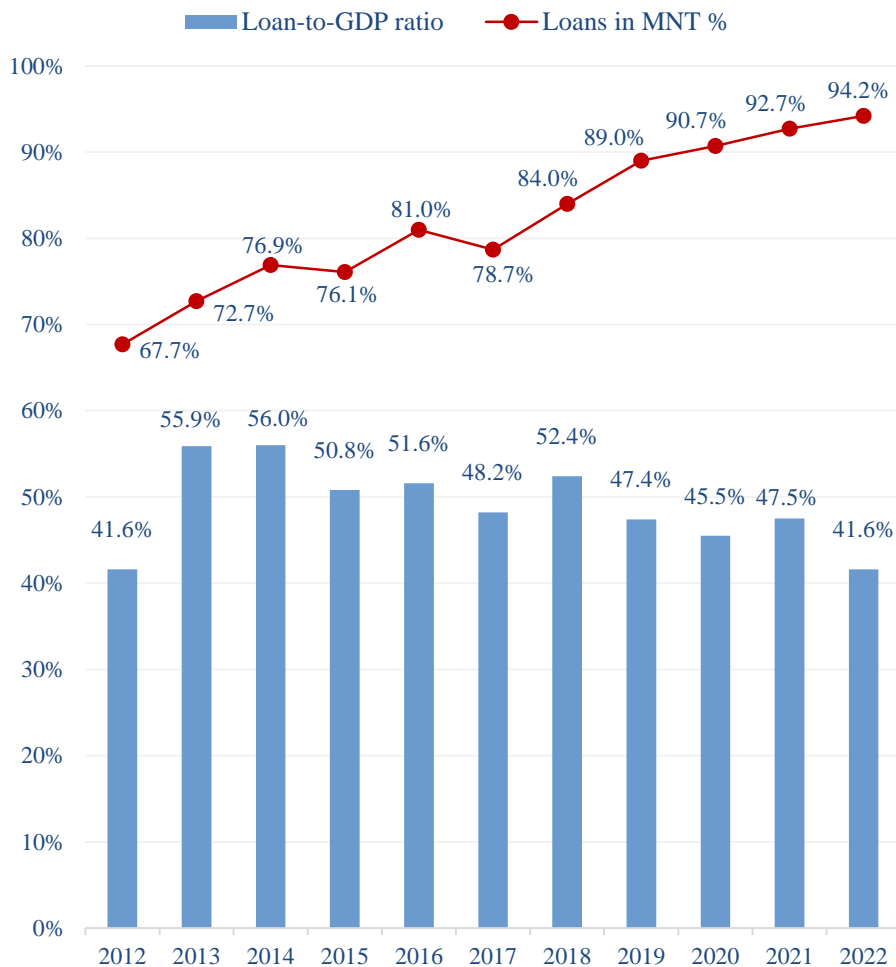
Five largest banks account for 90.1% of the sector by total assets (2023 H1)



Banks are Navigating a Changing Environment

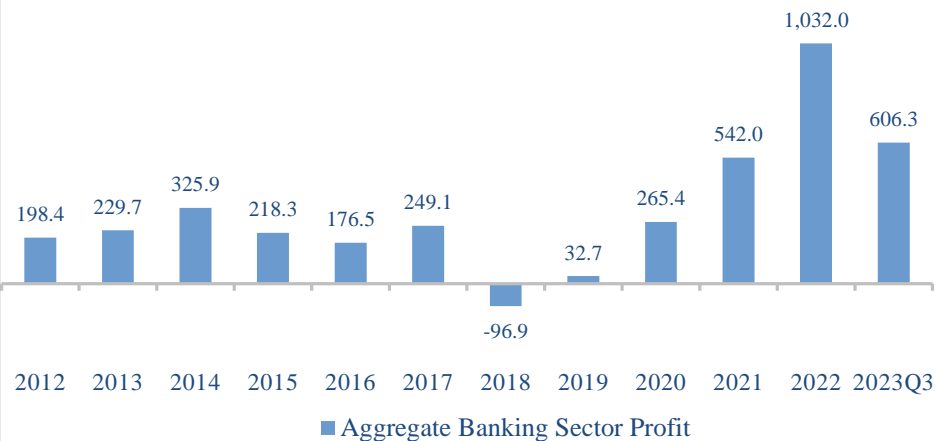
Despite a challenging macro environment, sector is managing well

Banks play a prominent role in the economy with structural shift to increasing Tugrik loans

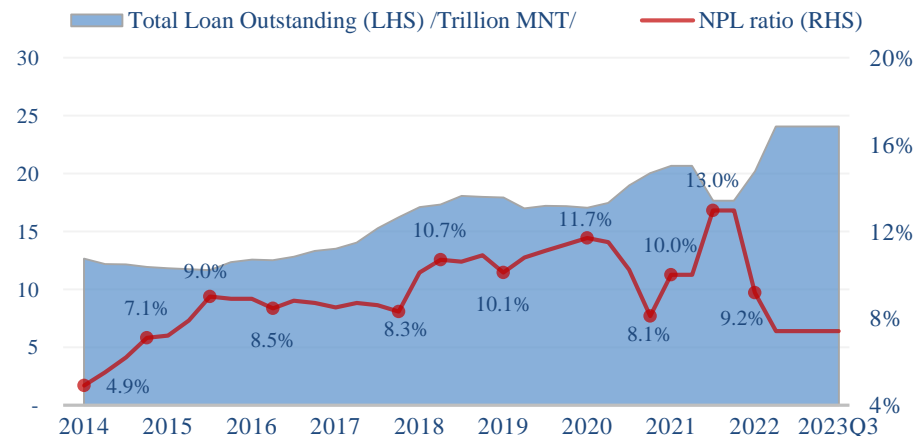


Banking Sector Profit

MNT Billion



NPL level



Banking Law Amendments to Strengthen Mongolian Banks' Governance

In accordance with the amendments of Banking Law on January 29th, 2021, five systemically important banks (D-SIB) were initially required to become open joint stock companies by June 2022, the deadline was extended by one year to June 2023.

In April 2022, IMF expressed its support for the idea of commercial banks launching IPO but advised to postpone this work in consideration of the current pandemic situation and the international crisis.

In May 2022, Bank of Mongolia viewed it necessary to re-evaluate the quality of banks' assets and take measures to reflect the results of the assessment in the financial statements of banks. The Standing Committee on Economy passed a resolution on May 3rd, 2022, proposing to the Prime Minister to extend the period for transforming banks into open joint stock companies. In particular, the draft amendment proposal extends the deadline for the transition of banks to an open joint stock company until June 30th, 2023.

As stipulated in the amendments to Banking Law, D-SIBs are required to have at least nine members on their board, with no less than one-third of the directors to be independent. In addition to that, all commercial banks are required to reduce shareholder concentration by end-2023 with a cap of 20% on banks' shares held individually or jointly.

Fitch Ratings believes that the new amendments to Mongolia's Banking Law, when fully implemented, will improve transparency and strengthen the banking system's corporate governance in the medium-to-longer term, ultimately contributing to the banking system's stability.

By the beginning of June 2023, all D-SIBs have been listed on Mongolian Stock Exchange, progressing greatly towards banking sector transformation. Looking ahead, D-SIBs are required to decentralize their shareholder concentration to 20% or less.





Mongolia Macroeconomic Developments

Banking Industry

> **TDB Overview**

Green and Social Finance

Leading Bank in Mongolia

A premier financial institution in the country, celebrating 33rd year

- Most experienced and largest bank in corporate banking by corporate lending market share.
- Serves approximately **2,400** major Mongolian corporations in nearly every major sector.
- Well-established network of **87** branches and settlement centers, 282 ATMs and **11,983** POS terminals as of September 30th, 2023.
- Direct correspondent relationships with **344** foreign banks and financial institutions.
- Leading virtual banking services, e.g., internet banking service, mobile banking service, e-billing.
- The only commercial bank that has successfully issued bonds internationally, to date five USD and one CNH international bond issuances.

Bank Ratings by Moody's (Jun. 2023)

Senior Unsecured MTN	B3
LT/ST Bank Deposits (domestic currency)	B2
LT/ST Bank Deposits (foreign currency)	B3
LT/ST Issuer Rating	B3
Outlook	Stable

Bank Ratings by Standard & Poor's (Sep. 2023)

Issuer Credit Rating	B/Stable/B
Senior Unsecured	B

Source: Trade & Development Bank of Mongolia

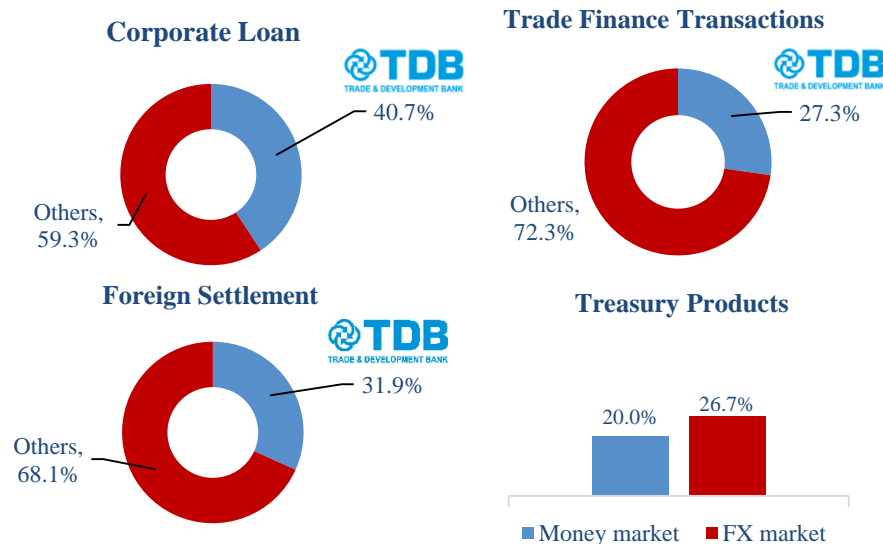
Note: *Unaudited financials,

**Including all existing bonds issued

Financial Results (USD millions)

	2018	2019	2020	2021	2022	2023 Q3*
Total Assets	2,756.0	2,862.1	2,848.5	3,361.4	2,802.9	2,954.8
Total Loans (net)	1,155.8	1,281.6	1,441.9	1,590.7	1,201.1	1,258.5
Total Deposits**	1,885.8	1,960.1	1,920.2	2,288.1	1,811.7	2,236.2
Total Equity	351.4	257.4	357.1	375.4	342.0	365.5
Net Profit	16.8	23.6	7.4	31.6	56.4	31.5
Capital Adequacy Ratio	19.5%	17.0%	16.3%	15.1%	15.2%	16.7%
ROAE	5.4%	7.0%	2.6%	8.6%	17.7%	12.0%
ROAA	0.6%	0.8%	0.3%	1.0%	2.0%	1.5%
MNT/USD	2,642.92	2,733.52	2,849.51	2,848.80	3,444.60	3,459.50

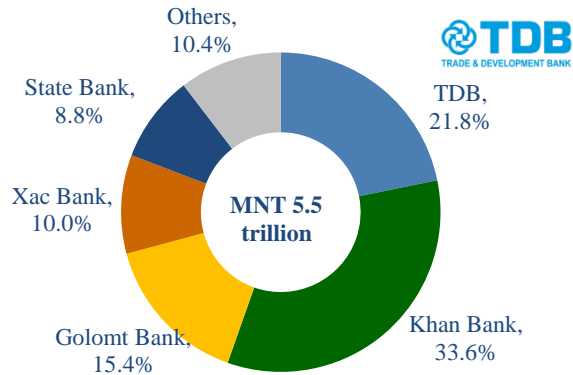
TDB market shares 2022



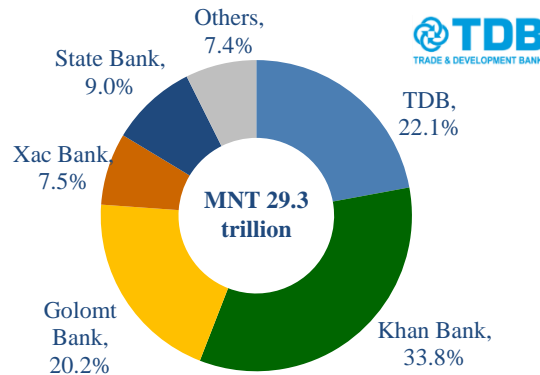
Key Players and Performance

TDB is one of the leaders by key measures (2023 Q3)

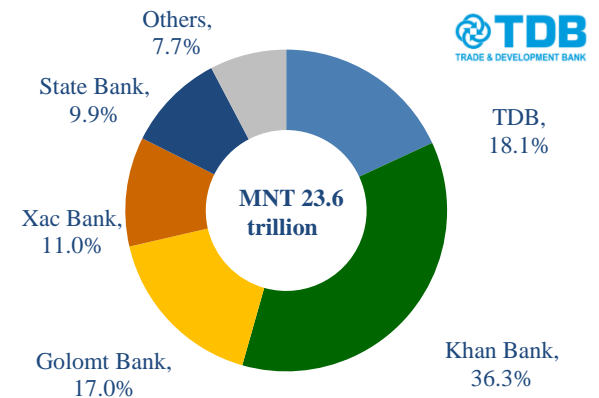
Shareholders' equity market share (2023 Q3)



Deposits market share (2023 Q3)

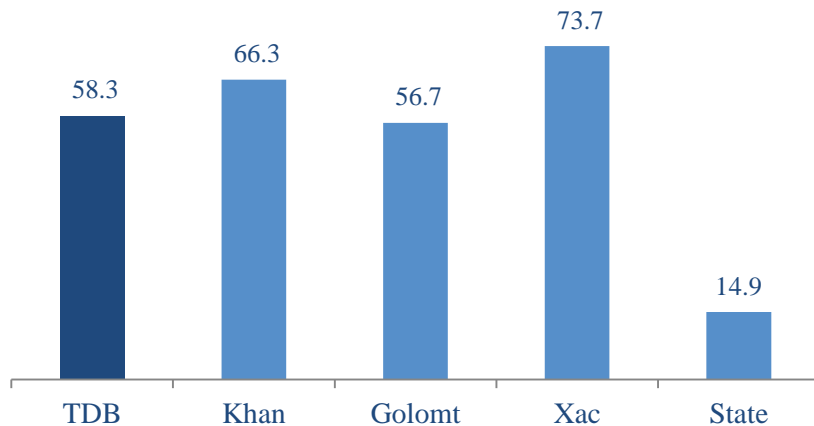


Loans (net) market share (2023 Q3)

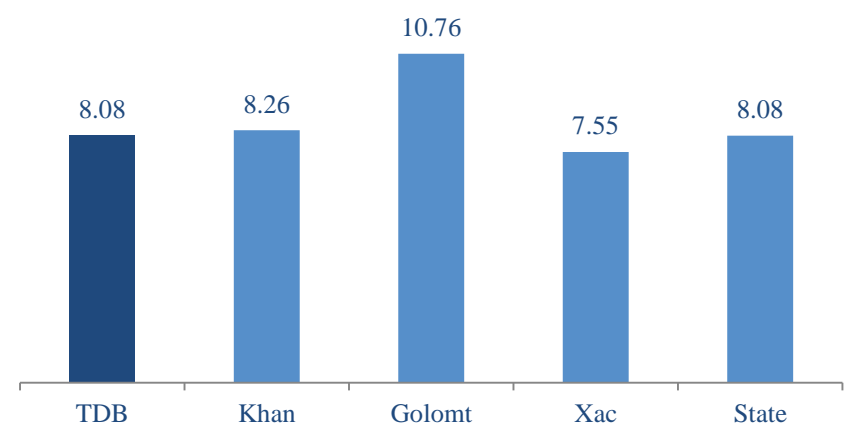


Net profit per employee (2023 Q3)

MNT Millions



Leverage (2023Q3)



Source: Bank of Mongolia, website of each commercial bank financial reports as of June 30, 2023

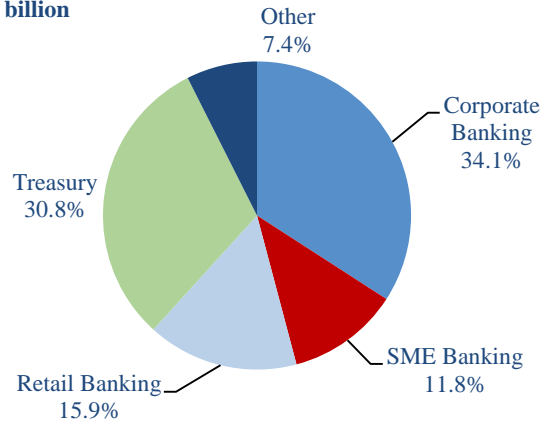
Note: * Leverage = Total Assets / Total Equity

Strong Fundamentals (1)

Diversified and reliable throughout business cycles

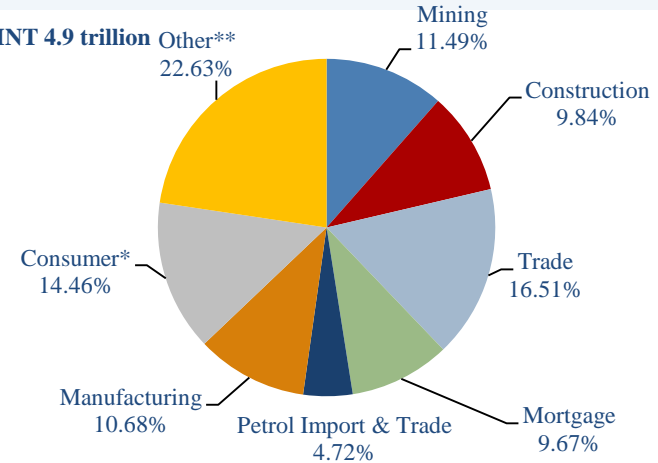
Segment revenue (2023 Q3)

Total MNT 640.2 billion

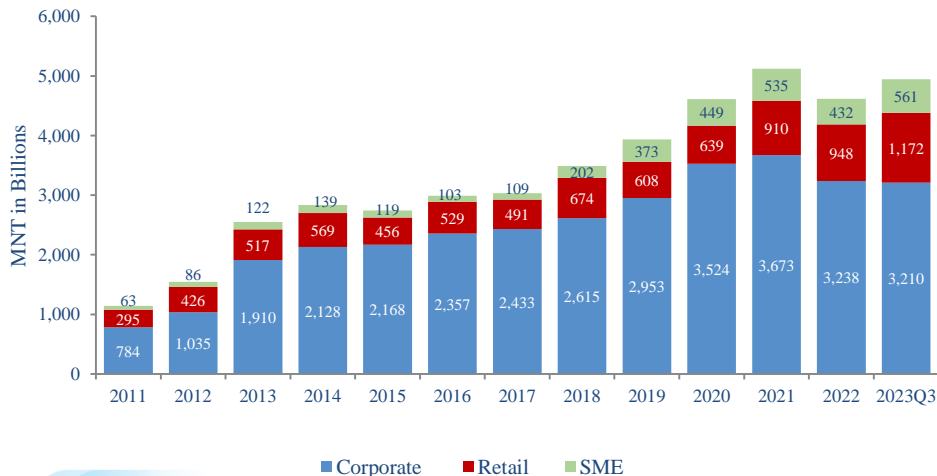


Diversified loan portfolio (2023 Q3)

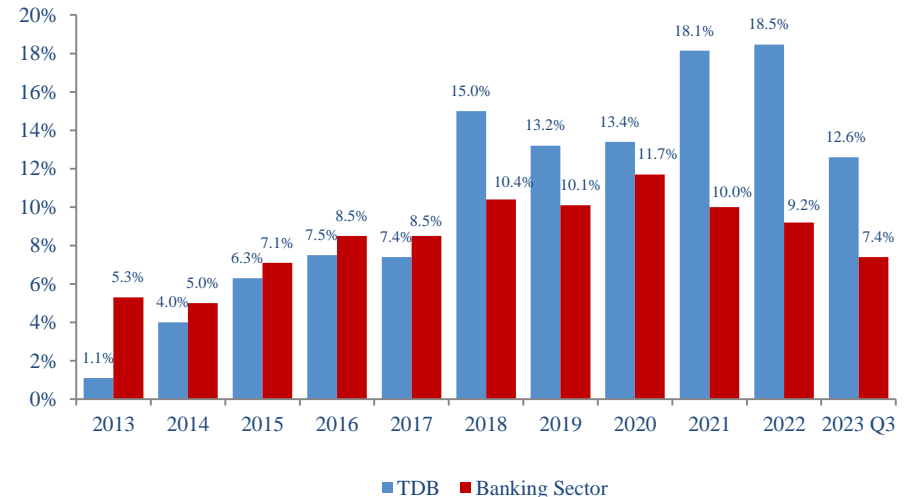
Total MNT 4.9 trillion



Managed growth in total loans (2023 Q3)



Non-performing loans compared to sector average (2023 Q3)



Source: Bank of Mongolia, Trade & Development Bank of Mongolia

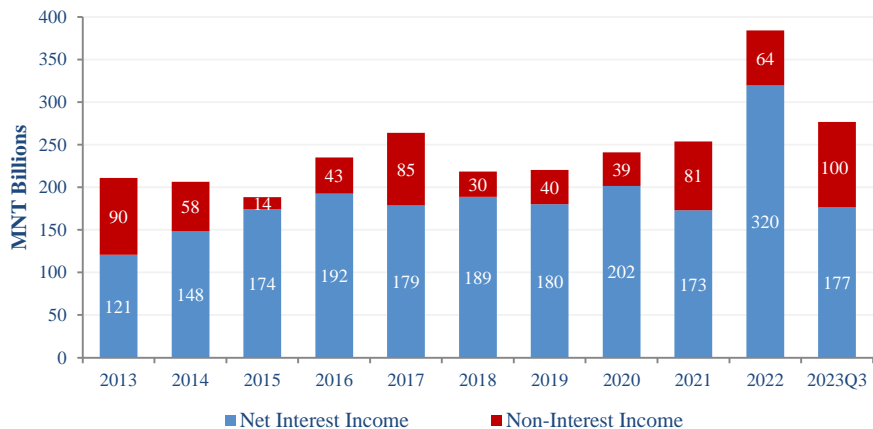
Note: * Consumer loan includes card loan and saving collateralized loan

** Other loan includes transportation and communication; hotel, restaurant and tourism; financial services; agriculture; electricity and thermal energy; health; education and other services

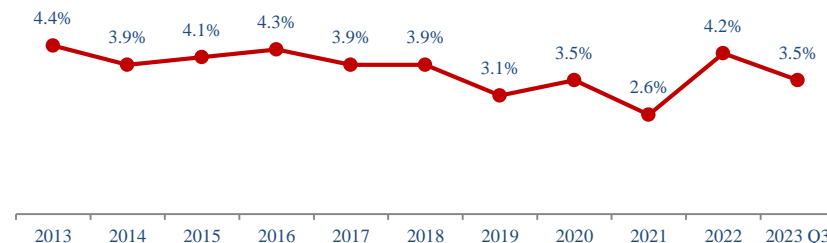
Strong Fundamentals (2)

Profitable, efficient and reliable

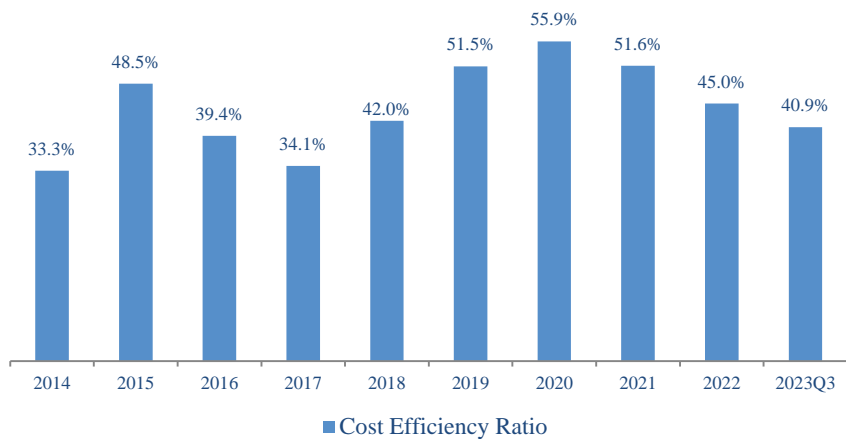
Operating income remains strong by the end of 2022, largely supported by net interest income



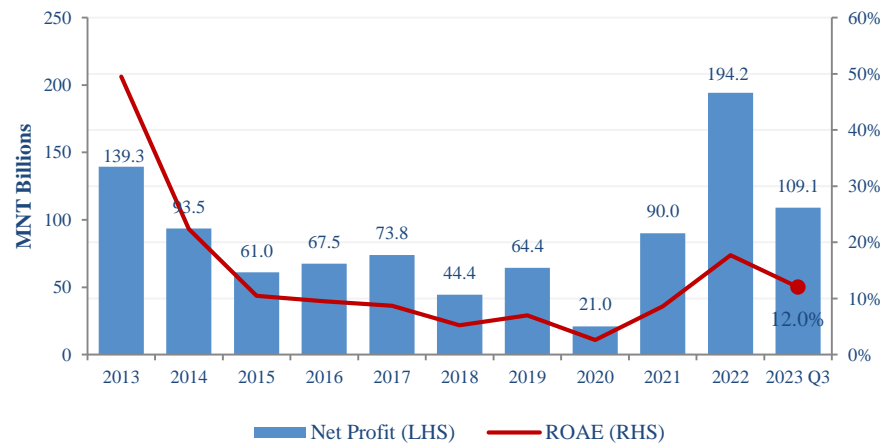
Net Interest Margin (2023 Q3)



Best-in-class operating efficiency (2023 Q3)



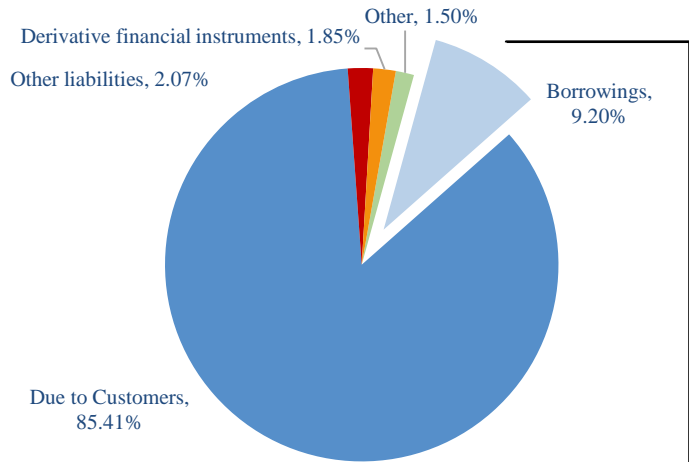
Net profit and ROAE (2023 Q3)



Low Cost and Diversified Funding Base

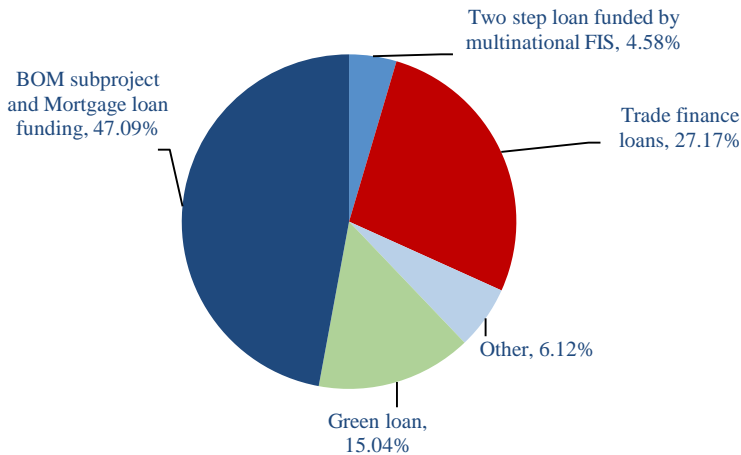
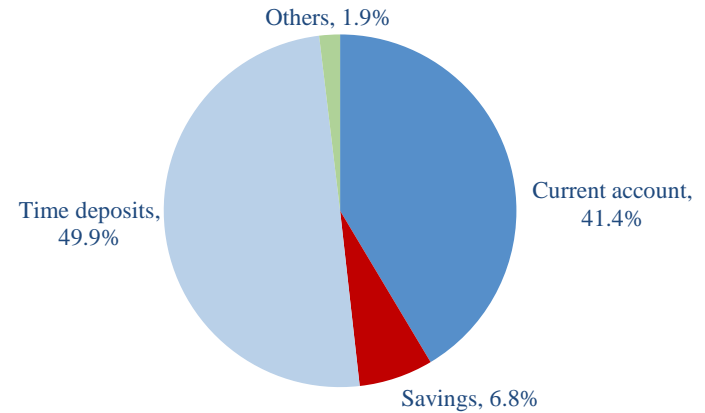
Strong and prudent balance sheet management (2023 Q3)

Funding base (2023 Q3)

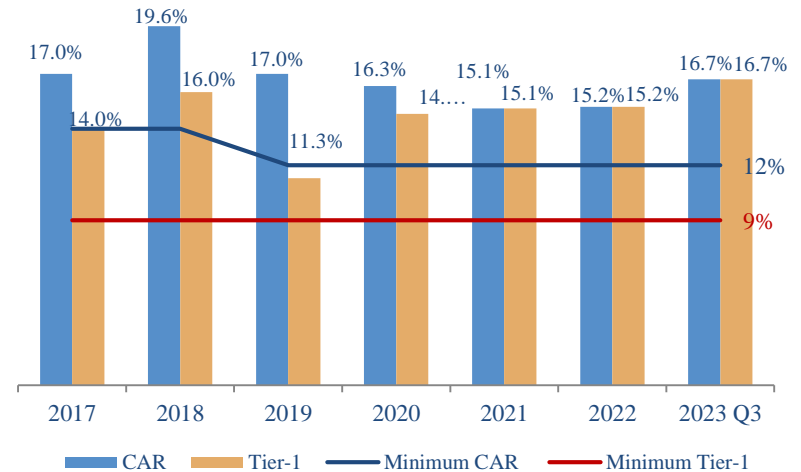


High contribution of low-cost deposits (2023 Q3)

Total MNT 7.7 trillion



Strong capital base, above regulatory thresholds (2023 Q3)



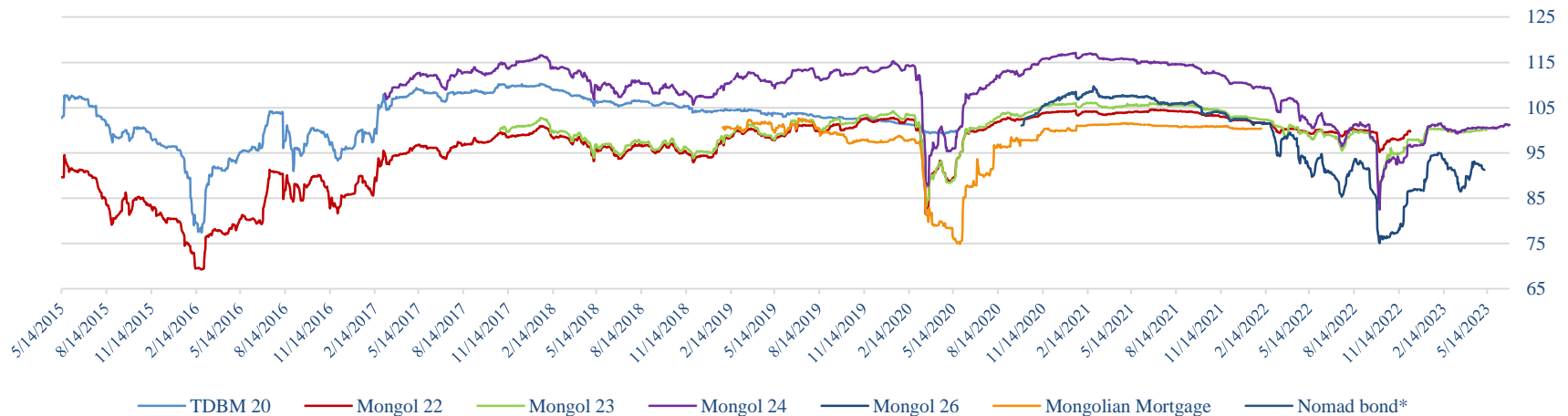
Established Track Record of Debt Transactions

Market recognition of TDBs commitment to the performance of its bonds

- TDB is the only Mongolian commercial bank that has successfully issued bonds internationally.
- USD 1.24 billion have been raised through five USD and one Dim Sum bond as well as a syndicate loan from the international markets.
- This consistent approach to maintain a diversified funding portfolio is beneficial and allows TDB to weather changing market conditions better than its peers.

<p>USD 75,000,000 8.625% Senior Notes, due in 2010</p> <p>USD 150,000,000 EMTN Programme <i>Fully repaid in 2010</i></p> <p>ING January 2007</p>	<p>USD 150,000,000 8.500% Senior Notes, due in 2013</p> <p>USD 300,000,000 EMTN Programme <i>Fully repaid in 2013</i></p> <p>ING October 2010</p>	<p>USD 25,000,000 12.500% Subordinated Notes, due in 2015</p> <p>USD 300,000,000 EMTN Programme <i>Fully repaid in 2015</i></p> <p>ING October 2010</p>	<p>USD 300,000,000 8.500% Senior Notes, due in 2015</p> <p>USD 700,000,000 EMTN Programme <i>Fully repaid in 2015</i></p> <p>Bank of America Merrill Lynch ING September 2012</p>	<p>USD 82,000,000 Syndicated A/B Term Loan Facility</p> <p>USD 82,000,000 Syndicated Loan <i>Fully repaid in 2018</i></p> <p>FMO ING September 2013</p>	<p>CNH 700,000,000 10.000% Senior Notes, due in 2017</p> <p>USD 700,000,000 EMTN Programme <i>Fully repaid in 2017</i></p> <p>CLSA Deutsche Bank ING January 2014</p>	<p>USD 500,000,000 9.375% Senior Notes, due in 2020</p> <p>Guaranteed by the GoM USD 500,000,000 GMTN Programme <i>Fully repaid in 2020</i></p> <p>Bank of America Merrill Lynch Deutsche Bank ING May 2015</p>
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Performance of Mongolia's international bonds



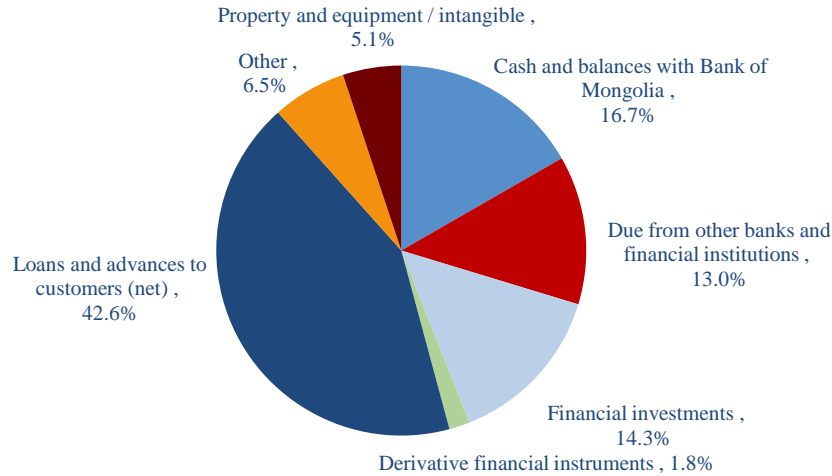
Source: Trade & Development Bank of Mongolia, Bloomberg

*Note: On September 29, 2020, the Government of Mongolia together with the Bank of Mongolia issued 5.5-year 'Nomad' sovereign bond with 5.125 percent of annual coupon rate, raising USD 600 million on international capital market.

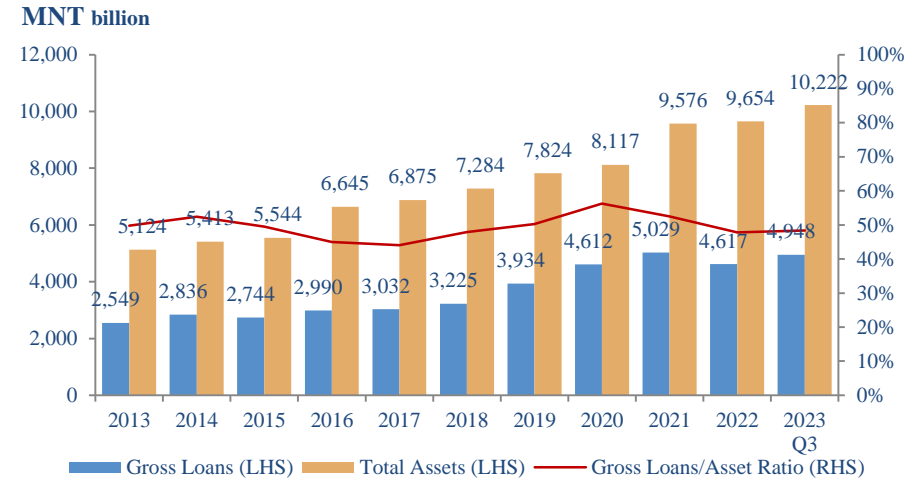
Tight Control on Asset Composition

Focus on quality loans, prudent asset management and liquidity (2023 Q3)

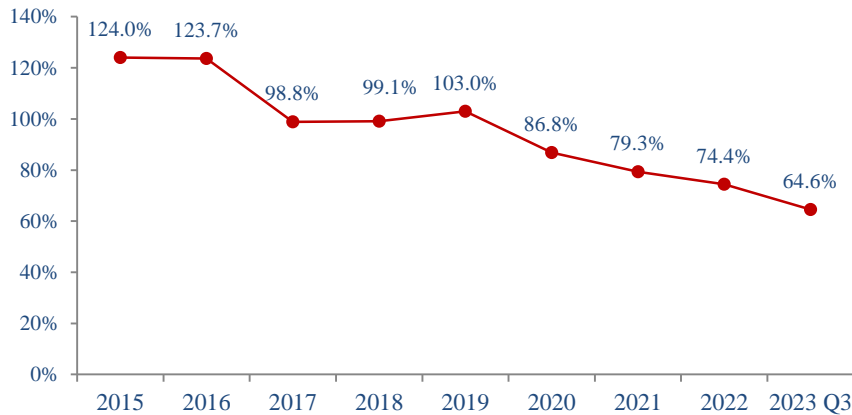
Balance asset composition



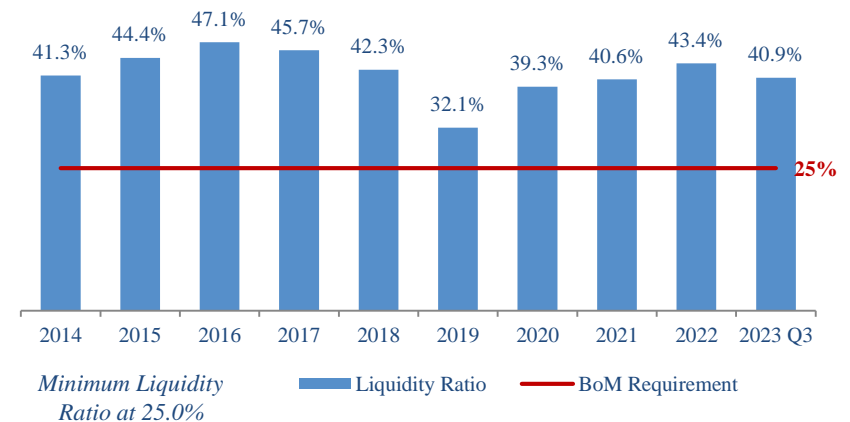
Gross Loans /Assets Ratio managed below 60%



Loan-to-deposit ratio



Liquid assets significantly above regulatory thresholds



International Recognition

Strong cross-border franchise, established network and recognized brand name

Cooperation with international FIs (2022)

- Maintains 88 nostro accounts in 16 currencies at 41 top rated foreign banks in 16 countries.
- Direct correspondent banking relationship with 344 foreign financial institutions
- Combined USD554.3 million Trade Finance line from over 40 foreign financial institutions.
- Cooperation with Visa, MasterCard, UnionPay, JCB, Diners Club and Discover.



International awards received

	Asian Development Bank 2015-2017 “Leading Partner Bank in Mongolia”		Global Finance Magazine 2015 “Best Trade Finance Provider Mongolia” 2019 “Best Sub-Custodian Bank” in Mongolia” 2019 “Safest Bank” in Mongolia
	Green Trade Review 2012-2016 “Best Trade Finance Bank in Mongolia”		Asiamoney 2017, “Best Corporate and Investment Bank”, “Best Private Bank” in Mongolia 2018, “Best Private Bank” in Mongolia 2019, “Best Commercial Bank” in Mongolia 2022, “Best Corporate Bank, “Best Bank for ESG” & “Best Bank for CSR”
	International Investment Bank 2020 “The Most Active Issuing Bank in Mongolia” under the TFSP		VISA VISA 2017 “Best Innovative Product” VISA Risk Management Award 2018 “Best Acquirer” in Mongolia
	Green Climate Fund 2020 “Accredited Entity of the GCF”		Financial and Banking Association of Euro-Asian Cooperation “Standard of Stability”
	The World Economic Forum honoured TDB as a Global Growth Company		Global Banking & Finance Review 2013-2020 “Best Commercial Bank in Mongolia”
	Euromoney 2017, 2015, 2013 “Best Bank in Mongolia”		
	FinanceAsia 2016 “Best High Yield Bond” 2014-2016 “Best Bank of Mongolia” 2016 “Best Domestic Bank of Mongolia”		

Experienced Management Team

With extensive industry experience in Mongolia and overseas, the management team has successfully steered the Bank through growth and downturns

Vision and Strategy

Mr. Randolph S. Koppa	Mr. Orkhon Onon	Mr. Rahn Wood	Mr. Banzragch Orig	Mrs. Enkhmend Avgaan	Mr. Stéphane Lamoureux
					
<i>Chairman</i>	<i>Chief Executive Officer</i>	<i>President</i>	<i>First Deputy CEO</i>	<i>First Deputy CEO</i>	<i>First Deputy CEO</i>
<i>55+ years of experience</i>	<i>25+ years of experience</i>	<i>35+ years of experience</i>	<i>20+ years of experience</i>	<i>25+ years of experience</i>	<i>29+ years of experience</i>

Strong Execution Capability and Industry Expertise

Mrs. Gantsetseg Ganbold	Mr. Ganbayar Tsognyam	Mr. Munkhnast Purevdorj	Mr. Gantumur Lkhagvajav	Mrs. Solongo Chuluunbaatar	Mr. Baatar Sukhbaatar
<i>Deputy CEO</i>	<i>Deputy CEO</i>	<i>Deputy CEO</i>	<i>Deputy CEO</i>	<i>Deputy CEO</i>	<i>Deputy CEO</i>
<i>17+ years of experience</i>	<i>20+ years of experience</i>	<i>18+ years of experience</i>	<i>17+ years of experience</i>	<i>15+ years of experience</i>	<i>15+ years of experience</i>

An experienced and dedicated management team:

- The management team of TDB consists of Executives with significant experience.
- Proven success in maintaining TDB’s strong leadership in corporate and international banking.
- Good mix of foreign and domestic banking experience.
- Successfully established strong relationships with a wide range of international financial institutions.

TDB's Vision and Mission

Long term strategy to be a customer-centric, international and platform bank

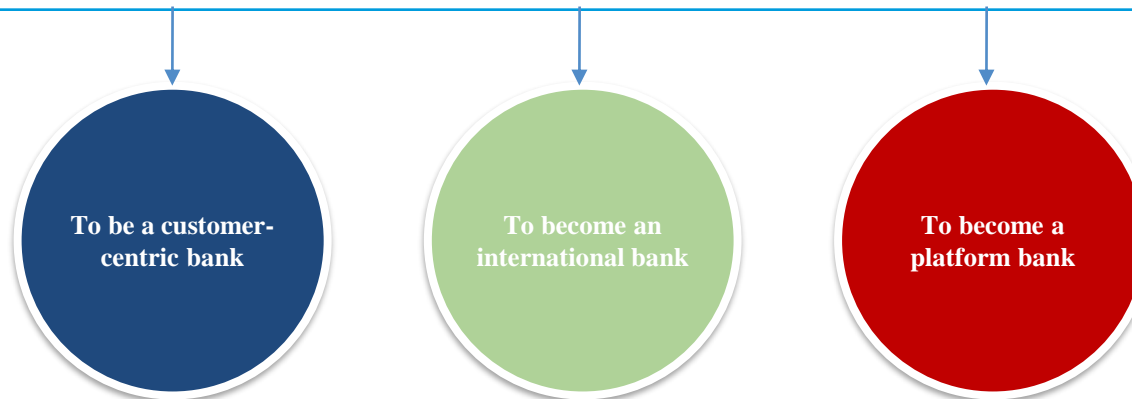
Our Vision

To provide comprehensive financial services that exceed customer expectation through advanced technology for customers to achieve their aspirations.

Our Mission

To be the leading bank in prosperities of developing Mongolia.

Long Term Strategy



TDB's Medium-Term Strategy



Robust Risk Management Framework

Leading risk management framework & robust corporate governance structure

Market leader in risk management

- First Mongolian Bank to introduce an independent Risk Management Committee.
- Appointed Chief Risk Officer to oversee risk governance framework reporting to the RGB and Risk Management Committee on quarterly basis.
- Strive to apply Basel II / III principles for corporate loan portfolio and to be the most advanced bank in Mongolia to move towards international banking standards.

Strong corporate governance structure

- Established Audit Committee and Risk Committee in 2011.
- Established General Audit Unit, Special Audit Unit and Information Technology Audit Unit to provide independent and objective assurance and consulting services.
- Based on PwC recommendations implemented comprehensive compliance programs.
- Delgersaikhan Jamsrandorj was appointed on April 28, 2017, as an independent member on the RGB.
- Bolormaa Jalbaa was appointed on April 29, 2016, as an independent member on the RGB
- Mrs. Narantuya Zagdkhuu was appointed as an independent member of the Board on March 14th, 2023, and subsequently as the Chairwoman of the Risk Committee on May 29th, 2023.

Compliance management

- Back in 2010, TDB developed its AML/CTF policy in compliance with Mongolian AML law and other international regulations, and since then it was updated in 2013, 2016 and 2020, respectively. All policies and procedures had been approved by the Board of Directors.
- The TDB compliance-related policies and procedures include:

Customer acceptance and
KYC/CDD policy

Transaction
monitoring/sanction
screening

Suspicious transaction
reporting

Risk based approach, risk
rating

Staff training

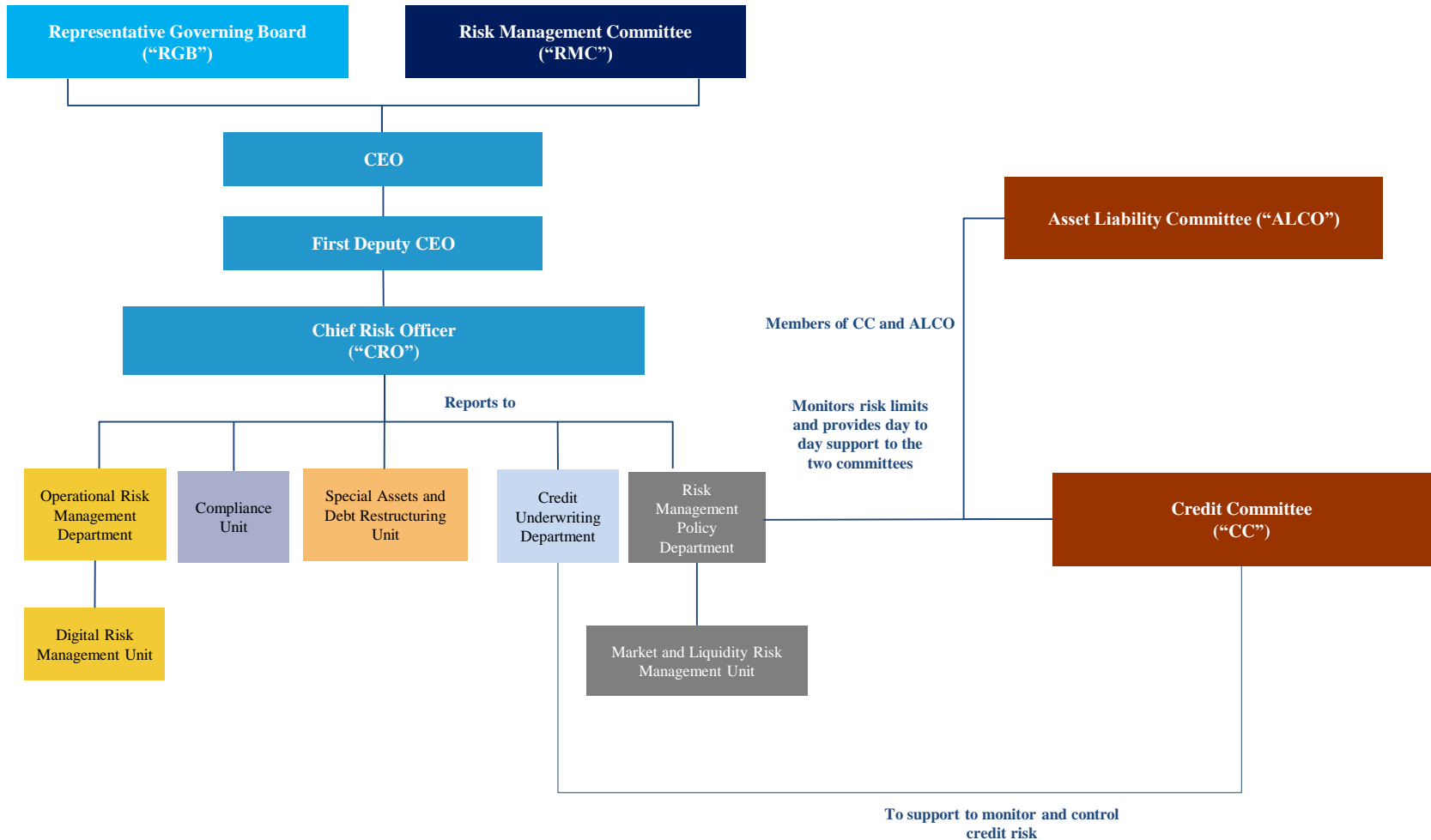
Record keeping

- In addition, TDB requires from its each employee to be a compliance officer, following Mongolian law and legislature along with the Bank's internal rules and regulations as well as compliance culture, thus, increasing the value and reputation of the Bank.

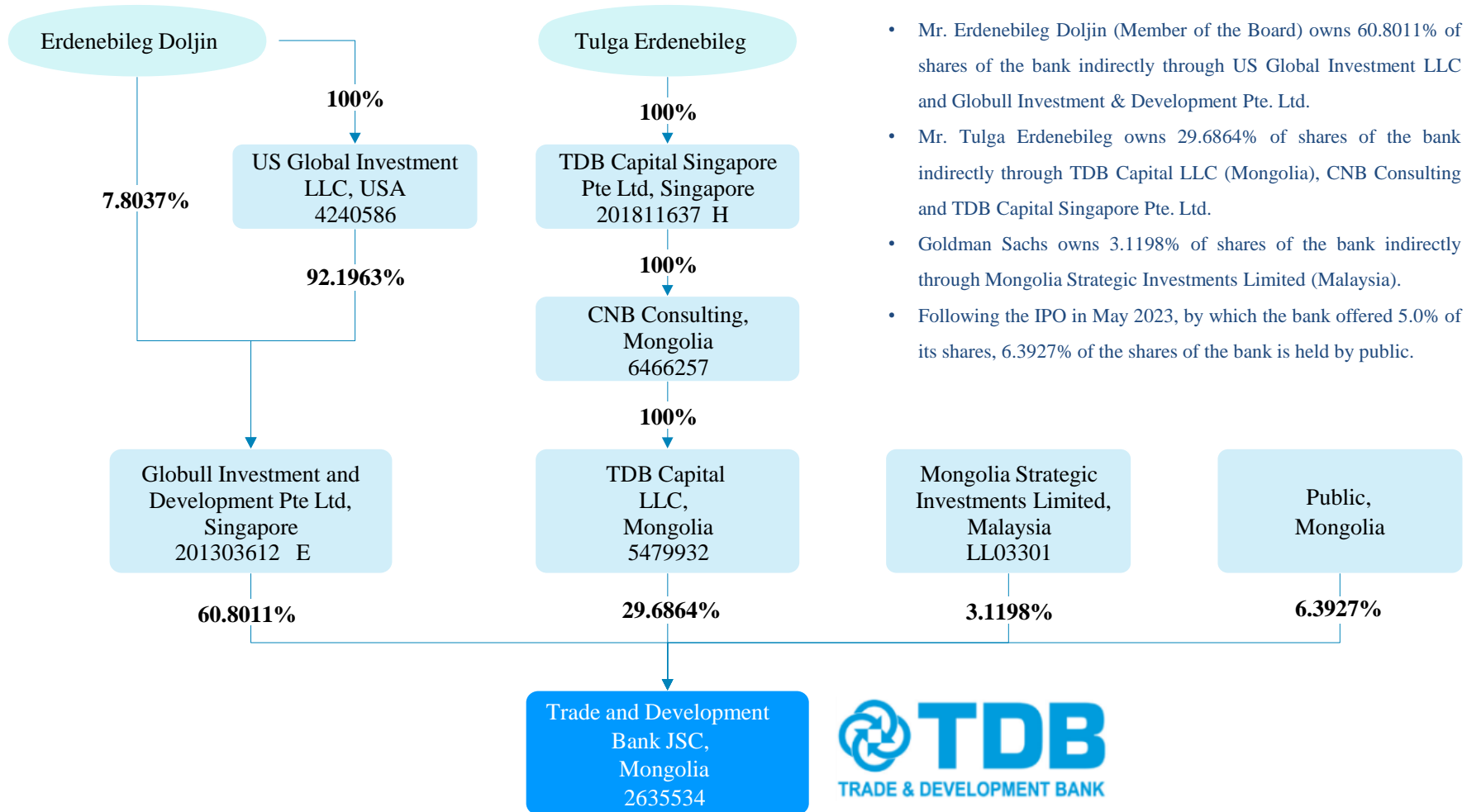
Robust Risk Management Framework

Leading risk management framework and robust corporate governance structure

Risk governance framework



Stable Ownership Structure



- Mr. Erdenebileg Doljin (Member of the Board) owns 60.8011% of shares of the bank indirectly through US Global Investment LLC and Globull Investment & Development Pte. Ltd.
- Mr. Tulga Erdenebileg owns 29.6864% of shares of the bank indirectly through TDB Capital LLC (Mongolia), CNB Consulting and TDB Capital Singapore Pte. Ltd.
- Goldman Sachs owns 3.1198% of shares of the bank indirectly through Mongolia Strategic Investments Limited (Malaysia).
- Following the IPO in May 2023, by which the bank offered 5.0% of its shares, 6.3927% of the shares of the bank is held by public.



Mongolia Macroeconomic Developments

Banking Industry

TDBM Overview

> Sustainable Finance

Green Taxonomy of Mongolia

Sustainable finance in Mongolia has been driven by both the public sector, which has a strong sustainable development vision and national greenhouse gas (GHG) reduction targets, and the private sector, which has adopted sustainable finance principles and tracks sustainable finance according to the Green Taxonomy.

Mongolian Government has an aim to be among the **top 30** countries in the Global Green Economy Index (GGEI), and country’s nationally determined contribution (NDC) targets a **23% reduction** in GHG emissions by 2030. As the Government of Mongolia reports, **USD 11.5 billion** is estimated to be required for NDC implementation.

Key private sector initiatives include the **Mongolian Sustainable Finance Initiative**, which aims to advance sustainable finance in the country. **Sustainable Finance Principles**, launched in 2013, are designed to help identify and manage risks in lending and promote green finance and have been adopted by all banks in the country. Private-sector led **Mongolian Green Taxonomy** was published in **2019** and classifies environmentally sustainable projects and investments.

INTRODUCTION	RENEWABLE ENERGY	LOW POLLUTION ENERGY
3	8	10
ENERGY EFFICIENCY	GREEN BUILDINGS	POLLUTION PREVENTION & CONTROL
11	13	14
SUSTAINABLE WATER AND WASTE USE	SUSTAINABLE AGRICULTURE, LAND USE, FORESTRY & ECO TOURISM	CLEAN TRANSPORT
15	17	19

Overview: Sustainable Development and Finance

In March 2022, the Government of Mongolia organized the Regional Forum on Green Financing, during which Ministry of Finance, Bank of Mongolia, and Financial Regulatory Commission signed a “Roadmap on the development of Sustainable Finance in Mongolia” that sets a commitment to increase green loans to **10% in the banking sector of Mongolia by 2030**. In June 2023, during the "Sustainable Finance Week” forum hosted by the Mongolian Sustainable Finance Association (MSFA), the Mongolia **SDG Finance Taxonomy** was adopted by the Financial Stability Council of Mongolia supported by UNDP Mongolia and MSFA.

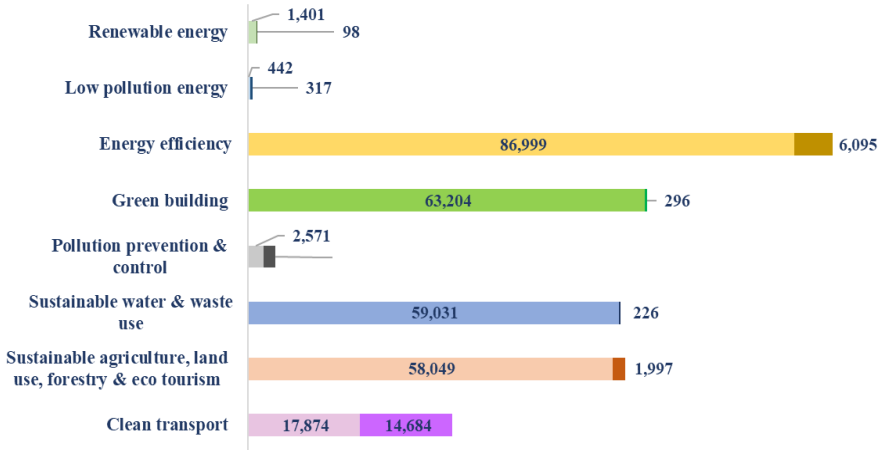
In third quarter, **green loans of all commercial banks** represented **2.4%** of Mongolia’s total loans, which resulted in an increase of green loan portfolio of the country's banking sector by 100.5% YoY and by 94.5% YTD.

TDBM’s green loans represented **1.2%** of its own total loan portfolio, while its outstanding green loans accumulated to near **9.3%** of total green loan portfolio of the banking sector, and by the number of outstanding green loans TDBM disbursed around **29.0%** of total green loans of all commercial banks in Mongolia in third quarter.

Although are still present barriers to scaling sustainable finance such as high interest rates of funding, short tenors, as well as underdeveloped toolkit for policymakers, and limited technical capacity of market actors, going forward, **significant green investment demand is anticipated** in various sectors of the country.



LOAN PORTFOLIO HELD BY BANKS classified by Mongolia’s Green Taxonomy categories (Q3 2023)



Companies and individuals (outstanding loans, in million MNT)

Source: United Nations Environment Programme, International Finance Corporation (IFC), Sustainable Banking Network (SBN), University of Edinburgh, Mongolian Sustainable Finance Association (MSFA), Central Bank of Mongolia, Government of Mongolia, Ministry of Environment of Mongolia, Financial Regulatory Commission

Milestone for Sustainability

2012 -2013

- Became the first bank in Mongolia to implement Environmental and Social Risk Management System (ESRMS) fully into its banking operation, in partnership with the Dutch Development Bank (FMO).
- Launched its internal Environmental and Social Responsibility policy with corresponding procedures and evaluations (in accordance with IFC Performance Standard-8).
- TDBM along with all other commercial banks of Mongolia joined the *Mongolian Sustainable Finance Initiative*, making a big step towards the development of sustainable finance in Mongolia.

2016, 2017, 2019

- “*Best Sustainable Financing Bank*” - awarded by the Mongolian Sustainable Finance Association (MSFA) and the Bank of Mongolia.
- Signed up to the Green Investment Principles (GIP).
- Joined the Mongolian Renewables Industries Association and became the first ever bank to become its member.
- Launched its Gender Equality Policy

2021

- Obtained a SPO on the Sustainability Framework, provided by then-Vigeo Eiris (V.E.), now re-branded as Moody’s ESG.
- First Green Finance Forum, with the participation of the UNDP, Bank of Mongolia, and other respective organizations.
- Launched its Green Business Loan and Women Entrepreneurship Support Loan products for SME and Corporate clients.
- Contributed to the ER tool development project of Mongolian Sustainable Finance Association (MSFA) and the Asia LEDS Partnership, to assess the emission reduction projects in Mongolia. ER tool is currently in use for TDBM’s Green business loans, to calculate baseline emissions/energy and potential GHG reduction from implementing low emission projects.
- “*Honorable Sustainable Finance Bank*”, “*Leading Sustainable Finance Bank*” – awarded by the MSFA and the Bank of Mongolia.

2020

- Accredited Entity of the Green Climate Fund (GCF).
- Established its Green Funding Office.

2022

- Collaborated with Forbes Mongolia on “Forbes Mongolia Women’s Summit 2022”.
- Partnered with University of Edinburgh on Carbon and Environmental consulting project, developed a guidance for the Bank to address key challenges in becoming a “Green Bank”.
- Participated in GCF’s Global Programming Conference 2022 and Global Impact Investing Network’s Investor Forum 2022.
- TDBM, in collaboration with MSFA, has commenced implementation of the Readiness program on “Upscaling sustainable and green finance practices in Mongolia” approved by the GCF Board.
- “*Leading Bank in Gender Equality*” – awarded by MSFA.
- “*Best company for advancing women’s career*” in Mongolia received from “Good workplace awards 2022” by Mongolia’s fastest-growing HR platform, Nitotech LLC.
- “*Best Bank for ESG*”, “*Best Bank for CSR*” in Mongolia – awarded by AsiaMoney.

2014-2015

- Implementation of its Environmental and Social Responsibility policy with corresponding procedures and evaluations.

2023

- Organized its first stakeholder meeting on the Concept Note of TDBM’s “Climate 30+ Initiative: Green Recovery Program for Mongolian Corporates”, developed for GCF;
- TDBM has been cooperating with the Asian Development Bank on co-financing of the construction project of an energy-efficient hypermarket in UB, the aim of which is to reduce GHG emissions by using energy-efficient equipment and to ensure food security through facilitating sustainable agriculture production of the hypermarket’s suppliers.
- TDBM participated as one of the main sponsors and co-hosted “Sustainable Finance week 2023” international forum event.
- We got an approval of the “Readiness proposal: Supporting Green Regional Development in Mongolia” from the Green Climate Fund.
- Bank’s Initial Public Offering was launched successfully with 5% of its total issued shares being offered. Net proceeds from the offering are expected to be utilized for expanding green and sustainable lending operations of TDB in accordance with its medium-term strategy of becoming a “Green Bank”.
- TDBM was awarded “Outstanding Service Award of 2023” by GIP of the Belt and Road Initiative.
- TDBM issued its first Sustainability Report for year 2022.



Trade and Development Bank of Mongolia was approved as the Accredited Entity of the Green Climate Fund in 2020.

- Modes of access: Direct access entity (National)
- Size: Medium (USD 50-250 million)
- Financial instrument: Loan, Guarantee, Grant (TA)
- E&S risk category: Category B (medium risk)*



TDBM's ESMS policy

In 2012, TDBM became the first bank in Mongolia to fully implement **Environmental and Social Responsibility Management System (ESMS)**, in partnership with the Dutch Development Bank (FMO). TDBM has been continuously improving the ESMS to manage and reduce our clients' environmental and social risks and impacts. In addition to complying with the relevant laws and regulations of Mongolia, TDBM aims to implement and adhere to the following principles:

- Ten principles of the UN Global Compact;
- UNEP Finance Initiative: Statement by financial institutions on the environment and sustainable development;
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO);
- Eight Performance Standards of International Finance Corporation (IFC);
- Eight principles of Sustainable Finance of the Mongolian Sustainable Finance Association (MSFA/ToC);
- Green Investment Principles for the Belt and Road Initiative in its operations and financial transactions.

**Note: According to the [GCF's ESS policy](#), risk category B means that activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures.*

TDBM launched its Sustainability Framework in April 2021, which describes the process of issuing Green, Social and Sustainability bonds (“GSS Bonds”) and selecting loans that can be financed within Eligible Categories according to the Green Taxonomy of Mongolia.

TDBM’s Framework addresses the four key pillars of the **International Capital Market Association (ICMA) Green Bond Principles 2018, Social Bond Principles 2020 and Sustainability Bond Guidelines 2018.**

1 Use of proceeds	2 Project evaluation and selection	3 Management of proceeds	4 Reporting
<p>Eligible green categories:</p> <ul style="list-style-type: none"> • Renewable energy • Low pollution energy • Energy efficiency • Green buildings <p>• Sustainable water and waste use and treatment</p> <p>• Sustainable agriculture, land use, forestry & biodiversity conservation</p> <ul style="list-style-type: none"> • Clean transport <p>Eligible social categories:</p> <ul style="list-style-type: none"> • Affordable basic infrastructure <ul style="list-style-type: none"> • Affordable housing • Access to essential services • SME financing and microfinance 	<ul style="list-style-type: none"> • Potential eligible project identification by TDBM business segments • Green Funding Office to assess environmental and social impacts <ul style="list-style-type: none"> • Additional assessment of environmental and social risk through ESG officer and Credit Committee • ESG controversy monitoring across three pillars: Environmental; Human Rights & Community; Governance 	<ul style="list-style-type: none"> • Bond proceeds tracked and recorded through a dedicated GSS Bonds Account • Net proceeds to be fully allocated to eligible projects 24 months from the bond’s issuance <ul style="list-style-type: none"> • In the case of project postponement or divestment from allocated eligible projects, proceeds will be reallocated towards other eligible projects within 6 months, or within the full allocation period, whichever comes latest 	<ul style="list-style-type: none"> • Publishing of allocation and impact reporting on at least an annual basis or in the case of any material developments, until maturity of the bond • Verification of allocation reporting by external auditor on an annual basis • Verification of impact reporting at the bond maturity



TDBM obtained a Second Party Opinion from then Vigeo Eiris (V.E.), now re-branded as Moody’s ESG, and confirmed its alignment to the **International Capital Market Association (ICMA) Green Bond Principles 2018 and the Social Bond Principles 2020.**

Governance Strategy: Road to Becoming Green Bank



By 2025, TDBM will implement international climate-related risk management and disclosure standards in its banking operations (**Task Force on Climate-related Financial Disclosures (TCFD)/ International Sustainability Standards Board’s IFRS S1 and S2 standards**).

By 2030, TDBM will provide **sustainable financing worth of USD 2 billion** to its SME, Corporate and retail clients and, thus, profoundly contributing to inclusive and sustainable economic growth of the country.

The main impact of TDBM’s sustainable financing is facilitating climate change mitigation/adaptation in Mongolia, which enables the transition of normal supply chains of Mongolian companies into sustainable business cycles, by adapting climate-centric practices, operations and governance in **agriculture, manufacturing, mining (non-fossil fuel), logistics, energy & renewable energy, solid waste, water management and infrastructure sectors**.






TDBM is planning to reach “Net-Zero” by 2050, through implementing various green projects and programs, undertaking actions towards reducing carbon footprint from its activities.






TDBM has included the following four Sustainable Development Goals in its long-term strategy: SDG #4 (Quality education), SDG #5 (Gender equality), SDG #8 (Decent work and economic growth) and SDG #13 (Climate action).

Social impact areas

-  1. Affordable basic infrastructure
-  2. Financial Inclusion
-  3. Food security
-  4. SME Financing and microfinance
-  5. Socioeconomic advancement and empowerment (reduced inequalities, gender equality)

Green impact areas

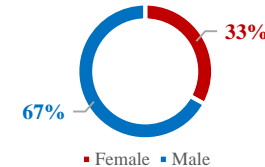
-  1. Renewable energy, Low pollution energy, Energy efficiency
-  2. Green buildings & green infrastructure
-  3. Clean transport
-  4. Sustainable agriculture & biodiversity conservation
-  5. Sustainable water & water treatment
-  6. Waste management

- ✓ **GCF's Readiness program on "Upscaling sustainable and green finance practices in Mongolia"**
 - 21 employees of 15 local FIs, NBFIs and financial regulatory offices were enrolled in certified courses of the Frankfurt University.
- ✓ **Collaboration with local brands for green development**
 - In collaboration with Mobicom, Bank organized "Save the Planet" campaign aimed at promoting the return of used cards to the bank.
- ✓ **Library project**
 - 53 libraries of local universities, schools and kindergartens renovated.
- ✓ **Sustainable Finance Week 2023 – Green Forum**
 - TDB was one of the main sponsors and co-host of the forum held on June 13th-16th.
 - Welcomed more than 800 participants from over 40 countries in person, while 250 individuals participated remotely.
- ✓ **TDB's Sustainability Report for 2022**
 - Bank successfully published its first Sustainability Report, apart from its Annual Report.
- ✓ **Green consumption loans**
 - Since 2020, TDBM has been issuing its green consumption loans to individuals for their purchases of environmentally friendly products and services.

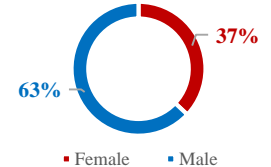


- ✓ **Sustainable waste management**
 - TDB successfully started the supply of its internal plastic waste disposal as a raw material to one of the leading plastic recycling factories in the country.
- ✓ **Gender related information of Bank and its clients as of Q3 2023**
 - TDB developed its Gender Equality Policy in 2019, and also established its Gender Committee, responsible for supporting and implementing the policy within the organization.

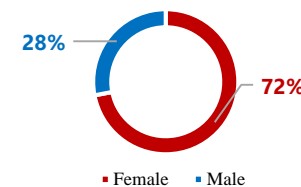
Corporate clients by gender



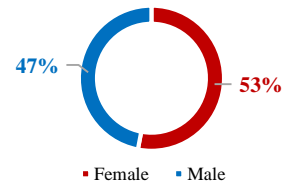
SMB clients by gender



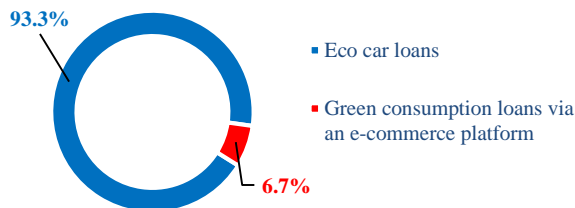
Retail clients with business loans by gender



Retail clients with retail loans by gender

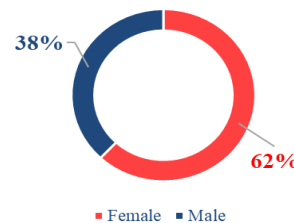


TDBM's outstanding green consumption loans (by product types) /as of Q3 2023/

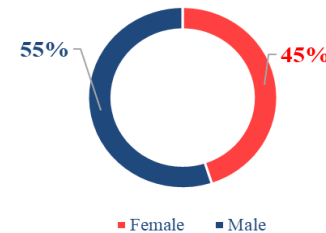


TDBM Employee Gender Ratio (Q3 2023)

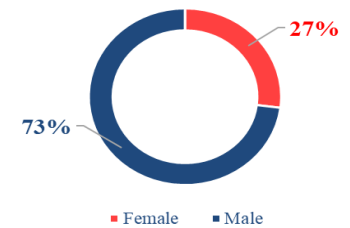
Staff by gender



Middle management by gender



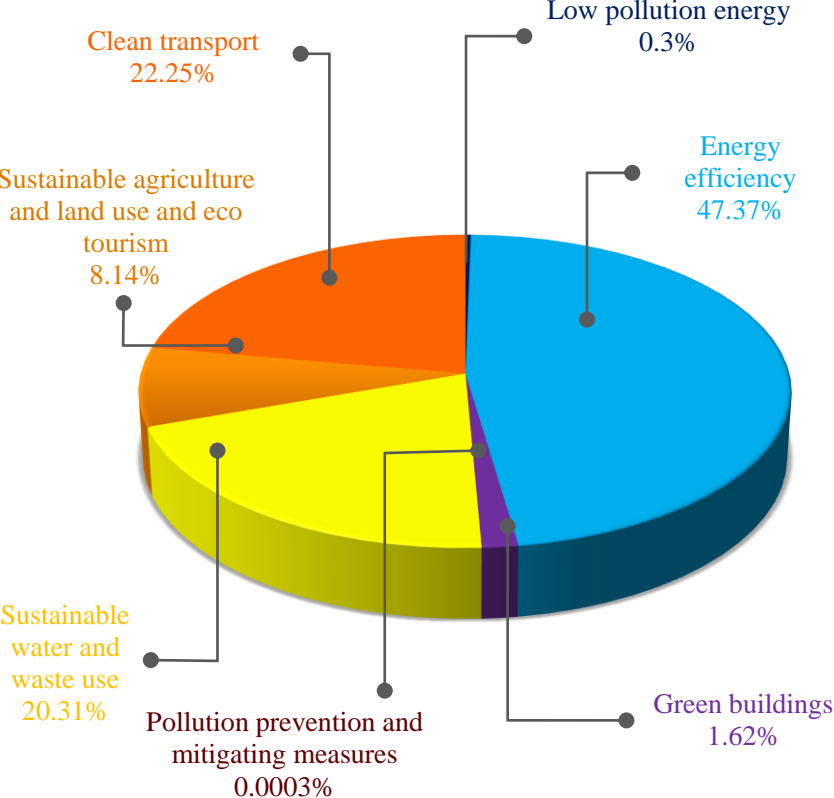
C-level executives by gender



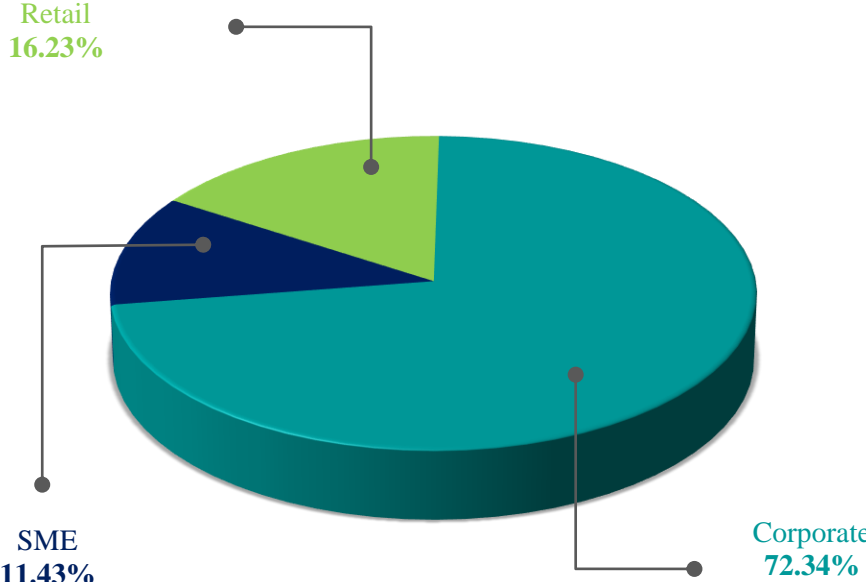
Green Loan Portfolio

TDBM’s outstanding green loans amounted to MNT 56.9 billion (eq. to approximately USD 16.5 million) in Q3 2023, which resulted in increase of the Bank’s green loan portfolio by 21% YoY and by 8.4% YTD.

Green Loans by Categories (Q3 2023)



Green Loans by Segments (Q3 2023)



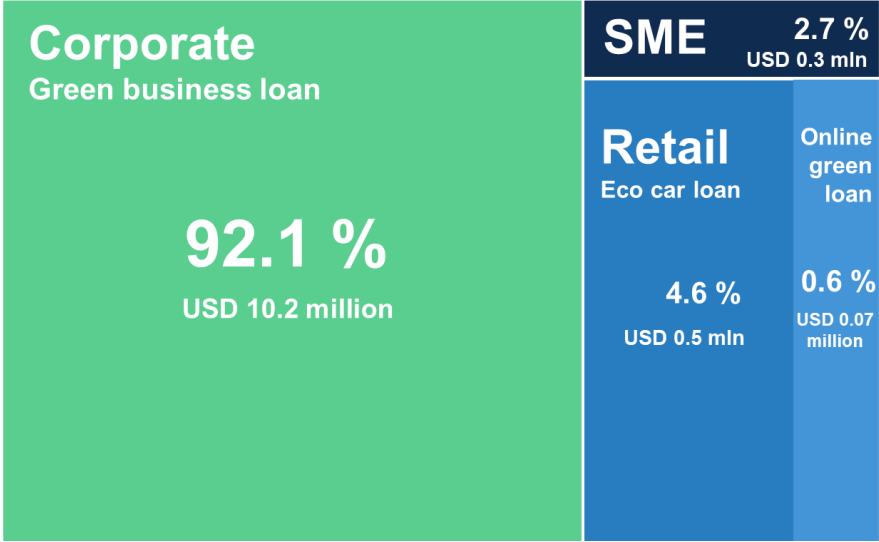
Source: Trade & Development Bank of Mongolia

Green and Women-Targeted Loan Products

Green Business Loan

In August 2021, TDBM launched its **Green Business Loan** product within the framework of its **Green Loan Program (GLP)**, which aims to achieve sustainable development and green growth in Mongolia by enabling access to longer-term green loan offerings to Mongolian corporates, SMEs and retail clients.

Bank’s Green Business Loan product enhances financing of green projects and activities of enterprises, operating their businesses in an environmentally-friendly way according to green categories described in Mongolia Green Taxonomy and TDBM’s Sustainability Framework.

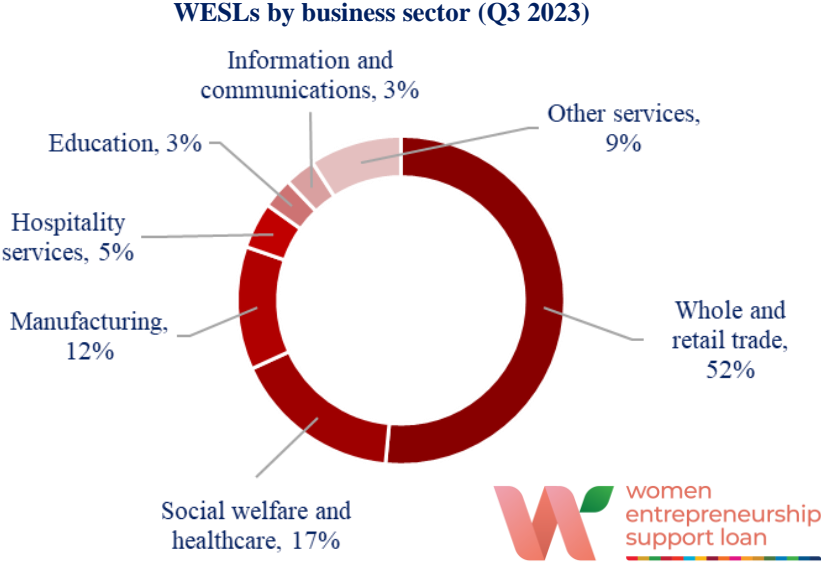


*Green business loan and retail loan portfolio, as of Q3 2023, financed by foreign fund

Women Entrepreneurship Support Loan

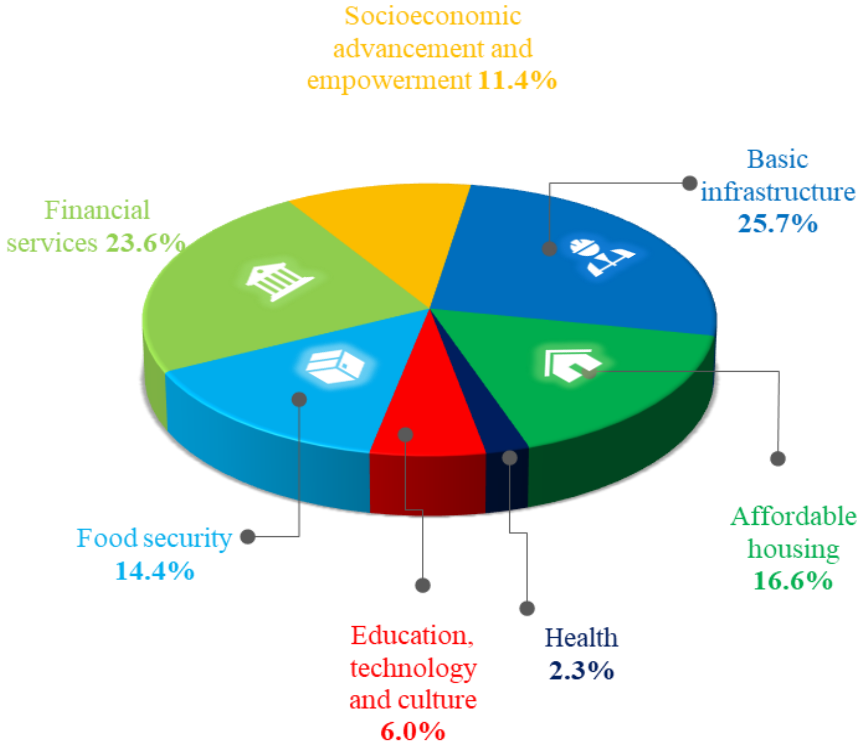
In October 2021, the Bank launched its **Women Entrepreneurship Support Loan (WESL)** banking product through the implementation of its **Women Entrepreneurship Support Program (WESP)**, targeting solely women-owned and women-led Mongolian SMEs, particularly those with insufficient collateral-worthy assets to access financial services.

Bank facilitates much needed sustainable development and inclusive growth in the country amid the pandemics through its Green Business Loan product and Women Entrepreneurship Support Loan.

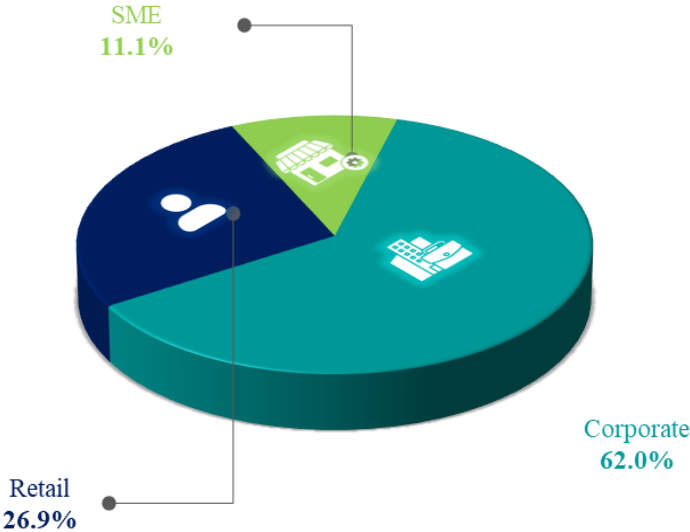


TDBM’s social loans outstanding, including its Women Entrepreneurship Support Loans, amounted to MNT 1.131 trillion (eq. to approximately USD 326.8 million) in Q3 2023, representing 23.6% of the bank’s total loans.

Social Loans by categories (Q3 2023)



Social Loans by segments (Q3 2023)



Source: Trade & Development Bank of Mongolia

GHG Emission Reduction



As of Q3 2023, through our Green Business Loans only, total of 47,833.92 tons of CO2 greenhouse gas emissions are expected to be reduced annually.

Connecting ger areas to the district heating network
27.46%

Sustainable water and waste use
34.46%

Energy efficiency
34.10%

Low pollution energy
3.98%



For Green Business Loan clients, eligible green projects are assessed with Emission reduction calculation tool developed by South Pole Carbon Asset Management Ltd., to define whether these projects qualify with requirements of TDBM's Sustainability Framework, the Mongolian Green Taxonomy, and to estimate its potential emission reduction.

Partnership in Sustainable Development





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