





Global Outlook and Implications to Asia and Mongolia

September 2013











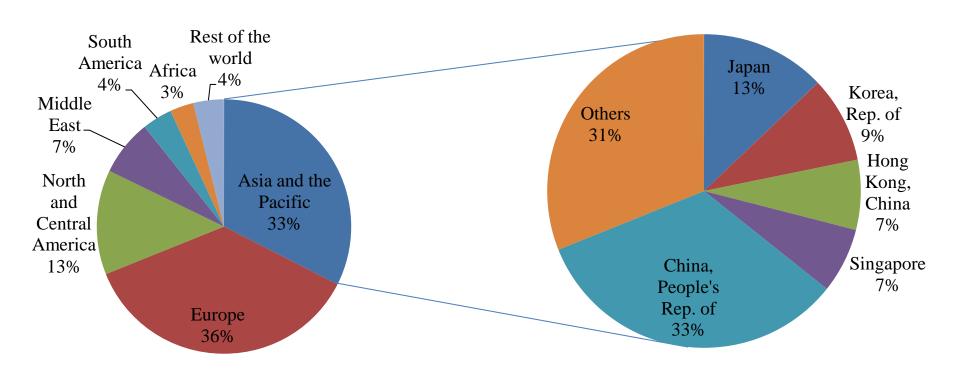
Country and Industry Overview

Company Overview



Merchandise trade flows within regions out perform flows between regions

Shares in total world exports, regions of the world and major exporters in the Asia and Pacific region, 2012



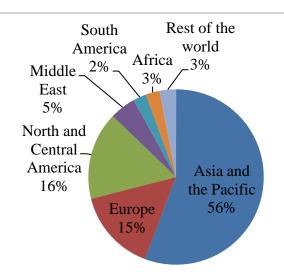
The Asia and Pacific region accounted for about one-third of the world's merchandise exports.

Source: Asian Development Bank



Short Term Global Outlook

- Weak external demand from USA and Europe;
- Federal Reserve System's policy on QE;
- Sell-off of the regional assets by international investors;
 - Equity prices
 - Bond prices
 - Asset prices



Implications to Asia and Mongolia

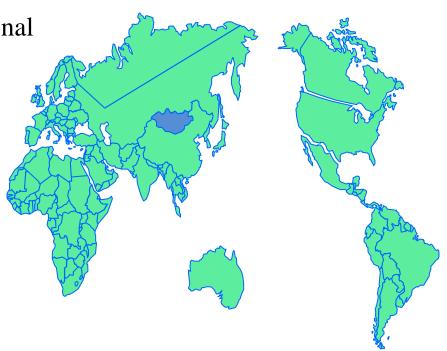
- •Lower GDP growth;
- Increased unemployment;
- •Currency fluctuations and mostly depreciation;
- •Increased budget deficit/ Decreased budget surplus;
- •Higher funding cost;
 - •Debt service burden on Government, private sector and households;
- •Higher inflation;

Intraregional trade remained high, with 55.8% of regional exports shipped to markets within Asia and the Pacific in 2012.



Implications to the sector

- Diminishing liquidity, specially international
- Increased cost of capital
- FX position change in a balance sheet
- Loan quality deterioration
 - Business deterioration
 - Loan to value deterioration
- Capital increase constraints











Country and Industry Overview

Company Overview





- Population 2,910,419
- Total area 1,564,116 km2
- GDP Per capital USD 3,340.01



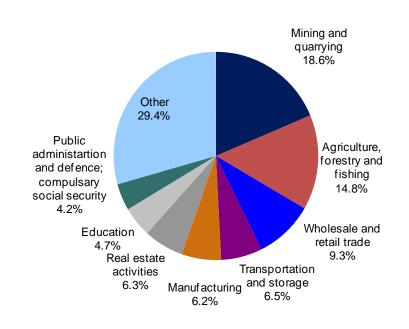
- Economic activity in Mongolia has traditionally been based on agriculture sector and light processing industry
- Mongolia has extensive mineral deposits: copper, coal, molybdenum, tin, tungsten, and gold account for a large part of industrial production.







GDP by Sector (2012)



Total GDP: US\$ 10.02 bn

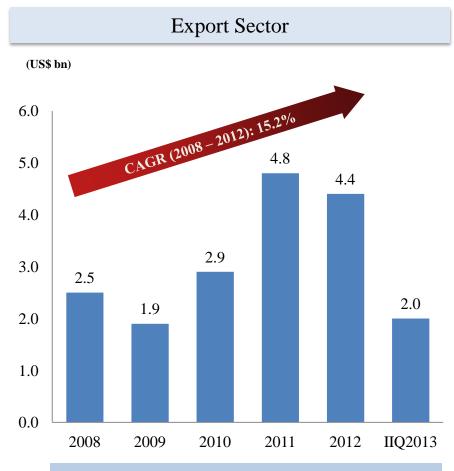
Robust economic growth with mining and quarrying being the major contributor to GDP







As of June 2013, 33% of FDI was placed as stakeholder's equity and 67% was loans from head company (intergroup liability and financing).



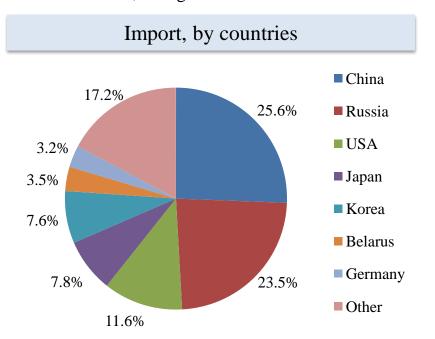
As of June 2013, the 80% of exports was solely mineral products.

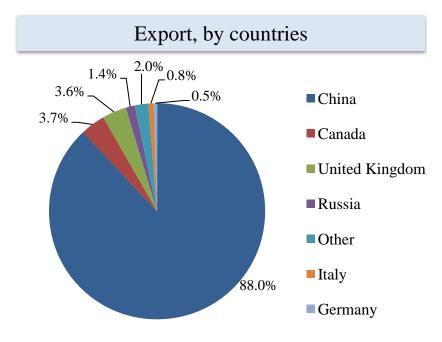
Growing mineral sector leads to growth of foreign direct investment and exports.





As of June 2013, Mongolia traded with 115 countries of all over the world.





Value	IIQ2012 mln.USD	2012 mln.USD	IIQ2013 mln.USD	Growth from IIQ2012
External trade turnover	5,566.40	11,123.00	5,094.50	(8.48%)
Export	2,253.18	4,384.70	2,023.74	(10.18%)
Import	3,313.26	6,738.30	3,070.74	(7.32%)





Export Volume

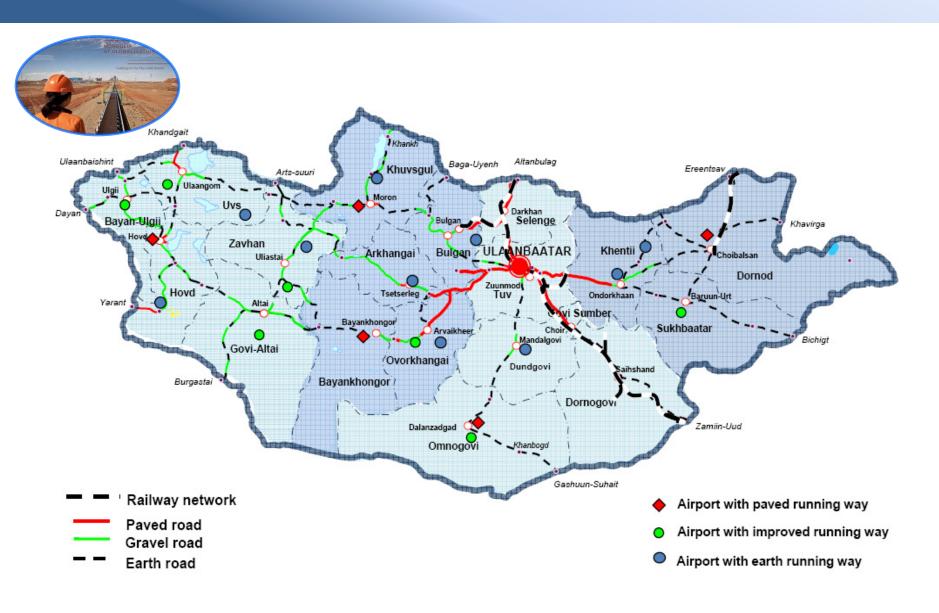
Mln Mt/brl	2010	2011	2012	IIQ2013	Growth from IIQ2012
Coal	16.7	21.1	20.9	7.5	(27%)
Copper	0.56	0.57	0.58	0.3	(1%)
Iron Ore	3.6	5.8	6.4	3.2	0.5%
Crude Oil	2.1	2.5	3.6	2.1	39%

Export Value

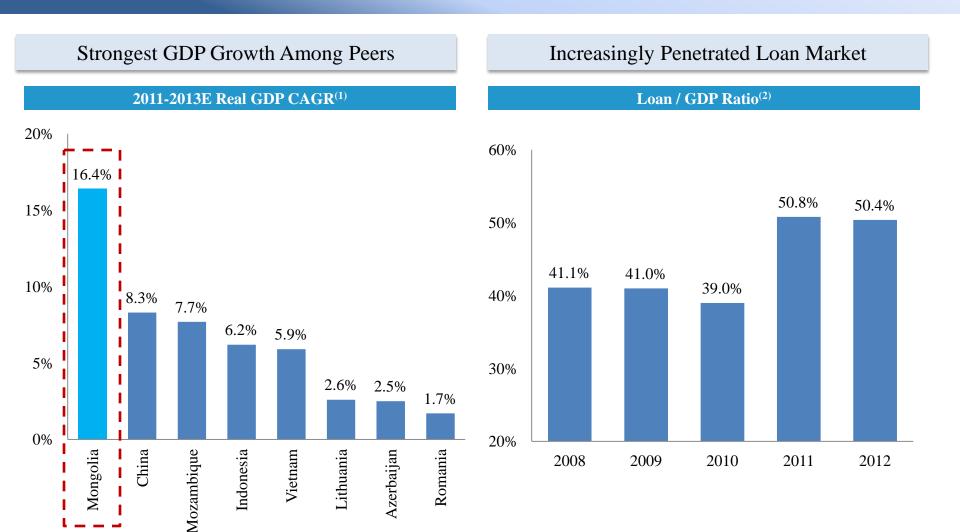
Value	2010	2011	2012	IIQ2013
Exports	+ 54%	+ 66%	- 8%	-10%
	USD 2.9 bln	USD 4.8 bln	USD 4.4 bln	USD 2.0 bln
Coking Coal	+ 188%	+ 155%	- 17%	-50%
	USD 0.88 bln	USD 2.27 bln	USD 1.90 bln	USD 0.54 bln
Iron ore	+ 186%	+ 72%	+ 25%	+43%
	USD 0.25 bln	USD 0.44 bln	USD 0.53 bln	USD 0.53 bln
Copper concentrate	+54%	+ 25%	- 13%	-4%
	USD 0.77 bln	USD 0.97 bln	USD 0.84 bln	USD 0.35 bln
Crude oil	+ 34%	+ 63%	+32%	+34%
	USD 0.15 bln	USD 0.25 bln	USD 0.34 bln	USD 0.20 bln

Transportation Network









The Mongolian banking sector will benefit from strong GDP growth and an increasingly penetrated loan market

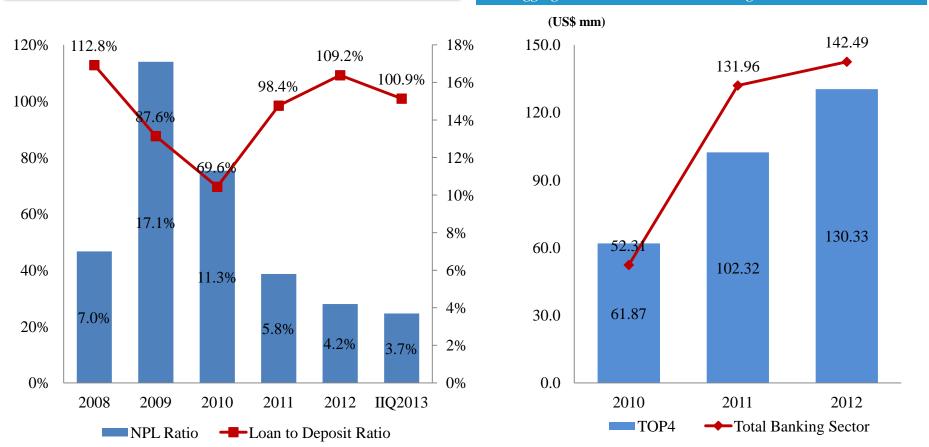


Favorable Mongolian Banking Industry Outlook with Strong Profitability

Improving Asset Quality and Rebounding Loan/Deposit Ratio⁽¹⁾

Drives Strong Profitability of the Banking Sector

Aggregate Net Profits of the 4 Leading Banks in the Sector(2)



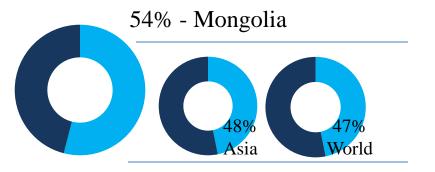
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Features of Mongolia



Young Population⁽¹⁾

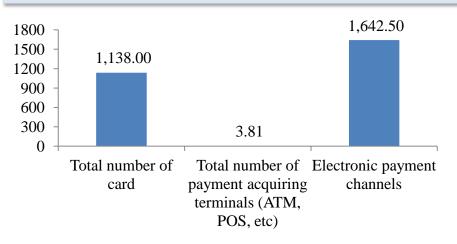
By the rate of young population, comprising of 15-40 year olds, Mongolia is slightly higher than the rate of Asia and World.



High Financial Service Penetration

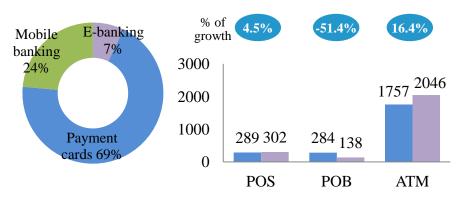
- High competition
 - 13 banks with 1,400 branches

Payment Channels, Terminals and Cards /per 1000 persons, as of IIQ2013/(2)



Structure of electronic payment channels

Total amount of transaction through payment acquiring terminals











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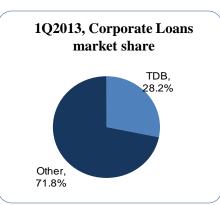


Corporate Banking

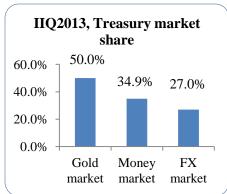
International Banking

Treasury

Retail and SME Banking









Unrivalled Relationships with International FIs

- •Maintains 41 nostro accounts in 14 currencies at 30 top rated foreign banks in 16 different countries
- •Direct correspondent relationships with >150 foreign financial institutions
- •Clean trade finance lines from 35 large foreign institutions

Wide Scope of Products and Services Provided

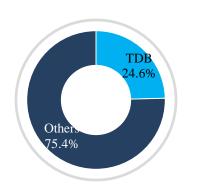
- •49 branches, 161 ATMs, 1138 merchants, 1957 point of sale terminals
- •Leading virtual banking services, such as Internet Banking service, Mobile Banking Service, E-Billing
- •Ability to process payments under Visa, MasterCard, JCB/Discover and Diners

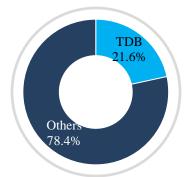
Company Highlights



Market Share

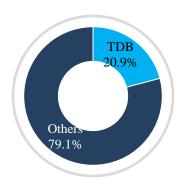
Market Share by Assets Market Share by Loan

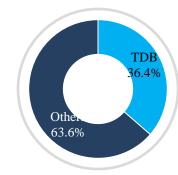




Market Share by Deposit

Market Share by Profit





Source: Based on Bank of Mongolia reports as of March 2013

Financial Results (mln. USD)

	2010	2011	2012	IIQ2013 ⁽¹⁾
Total Asset	1,065	1,518.7	1,939.9	2,642.11
Total Loans (net)	369.5	804.5	1,101.4	1,281.84
Total Deposits*	912.2	1,088.2	1,465.0	1,847.11
Total Equity	70.2	99.8	172.3	187.17
Net Profit	16.5	30.2	45.3	21.30
Capital Adequacy	16.3%	12.7%	15.1%	16.10%
ROAE	26.9%	39.8%	31.9%	24.05%
ROAA	2.3%	2.6%	2.8%	1.98%
MNT/USD	1257.18	1396.4	1392.1	1446.17
*Including bond				

Moody's rating

❖ Senior Unsecured EMTN (foreign currency)	B1
LT/ST Bank Deposits (foreign currency)	B2/NP
LT/ST Bank Deposits (domestic currency)	B1/NP
❖ LT/ST Issuer Rating	B1
Subordinated foreign currency issue	B2
Local currency bank deposit	B1
❖ Outlook	Stable

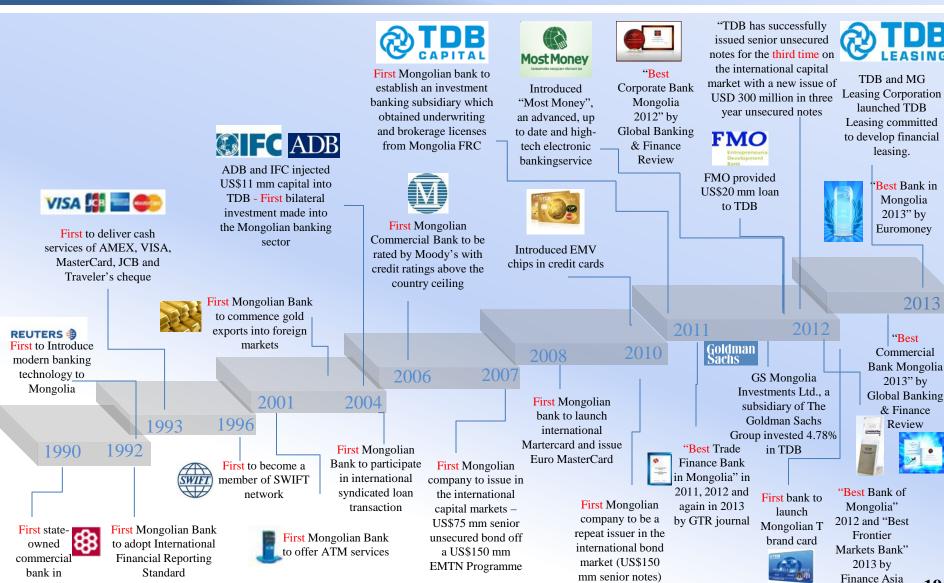
(1) TDB's unaudited consolidated financial information as of June 30, 2013 is unaudited and no auditor has opined that this unaudited information presents fairly, in all material respects, the financial position and the results of operations of the TDB in accordance with generally accepted accounting principles. TDB's audited consolidated financial statements as of and for such period may differ from the unaudited financial information presented herein.

Accomplishments

Mongolia

Continuously at the Forefront of Innovation





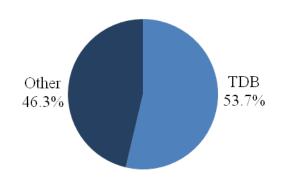
Company Highlights

The "International Face of Mongolia"

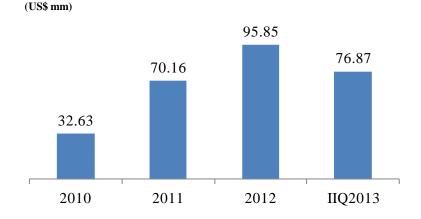


Top Trade Finance Bank in Mongolia

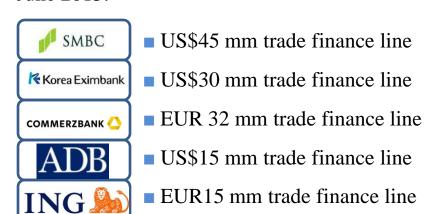
FY 2012 Market Share of Mongolian Trade Finance Transactions



Leading Bank by Borrowings from Foreign Institutions



- Maintains 41 nostro accounts in 14 currencies at 30 top rated foreign banks in 16 different countries.
- Direct correspondent relationship with >150 foreign financial institutions.
- Only Mongolian Bank which has arranged syndicated club deals with foreign banks for MNT58 bln and > USD170 mm since 2005.
- Clean trade finance lines from 34 large foreign institutions with amount of US\$294.4 mm as of June 2013.









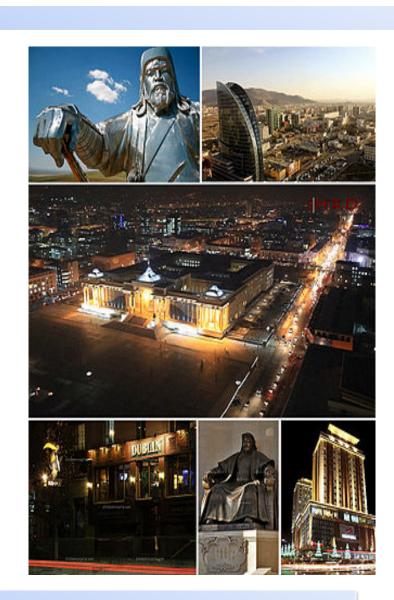


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- Banks need to take more prudential management actions for coming liquidity and market volatility challenges;
- Intra-regional trade is a key factor for the region's growth;
- Support the intra-regional trade growth
 - Increase the intra-regional financial service integration with enhanced trade finance facilities
 - Specially Chinese banks with Mongolian banks













Thank you