

Banking system news in Mongolia

07.06 – The Bank of Mongolia(BoM) and the People's Bank of China renewed a currency swap agreement that allows the two central banks to swap 15 billion yuan for 5.4 trillion Mongolian tugriks. mongolbank.mn

07.26 – Representatives of the “Swift” organized a seminar on “Customer Security Program” among Mongolian financial institutions. mongolbank.mn

07.26 – Khan bank improved the Smart Bank application by introducing finger print access. khanbank.com

07.28 – Arig Bank introduced the “Eco Car” loan service. arigbank.mn

08.02 – Trade and Development Bank(TDB) and Agricultural Bank of China signed a Memorandum of Understanding on extending USD transactions. tdbm.mn

08.04 – BoM received initial USD 100 million from the Asian Development Bank(ADB) as part of the International Monetary Fund program. mongolbank.mn

08.29 – TDB and China Construction Bank signed “Border Trade Loan Agreement” which validates extensive trade financing opportunities to business entities handling import and export of equipment and goods between Mongolia and China. tdbm.mn

08.29 – Foreign currency exchange rate information is now available to get from the state self-service machine. Citizens and legal entities make 1500 request per year of official foreign currency exchange rate from the BoM. mongolbank.com

09.06 – XacBank organized the first Annual Green Financing Forum with support from the Green Climate Fund (GCF), Ministry of Environment and Tourism of Mongolia, and the Environment and Climate Fund of Mongolia. xacbank.mn

09.08 – Khan Bank and leading national airline MIAT are offering a mileage incentive card program for the first time in Mongolia. khanbank.com

09.14 – Golomt Bank signed an 8 year credit agreement with WorldBusiness Capital Inc. (WBC) under a guarantee from the U.S. Overseas Private Investment Corporation (OPIC) as part of Golomt Bank’s commitment to developing SMEs in Mongolia. golomtbank.mn

09.14 – Mongolian Sustainable Finance Forum 2017 was held. mba.mn

09.15 – XacBank and Mobicom are cooperating to release “Candy” payment card. xacbank.mn

09.19 – The European Bank for Reconstruction and Development and Khan Bank signed a package of three facility agreements for a total amount of USD 50 million to support SMEs. khanbank.com

09.19 – BoM established a working group of ‘Preparing document of strategy of lending rate reduction’. The document will be released before February, 2018. mongolbank.mn

09.21 – National Investment Bank announced “Little financier” saving campaign. nibank.mn

09.28 – Golomt Bank and Turk Eximbank signed a revolving Facility Agreement to provide financing to Mongolian companies that import Turkish goods and services to Mongolia. golomtbank.mn

09.28 – Golomt Bank and ICBC - Inner Mongolia Branch signed “MNT Loro Account Agreement”. golomtbank.mn

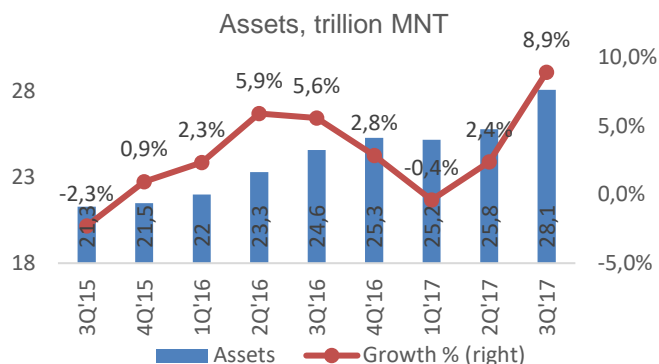
09.28 – TDB with Visa International introduced the international golden card with a “Visa PayWave” technology. tdbm.mn

09.29 – BoM released a statement on cryptocurrency, stating that it is not a official payment instrument and not regulated by the law. mongolbank.mn

09.29 – The ADB financed “Credit Guarantees Fund” with USD 60 million and started “Increasing employment and diversifying economy through supporting credit guarantee system” project. Credit Guarantees Fund made a contract of on-lending with TDB and State bank. igf.mn

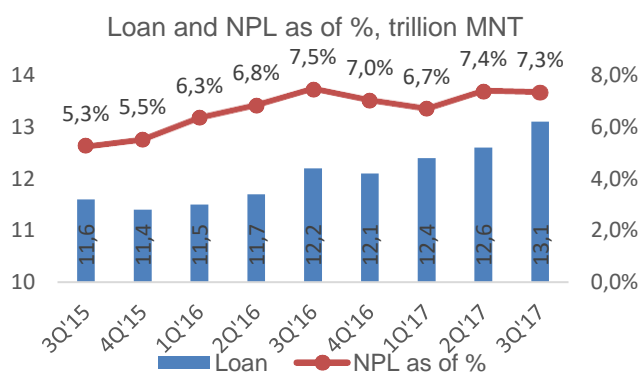
Key indicators of banking sector

/excluding banks in liquidation/



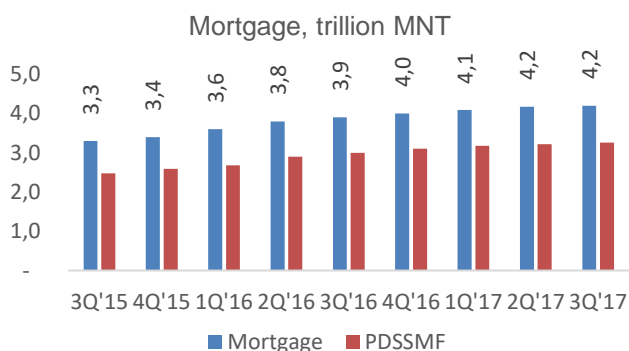
Total assets = MNT 28.1 trillion

Total assets of banking sector increased to MNT 28.1 trillion as of Q3, 2017, MNT 2.3 trillion (8.9%) higher than the previous quarter, and MNT 3.5 trillion (14.2%) higher than Q3, 2016.



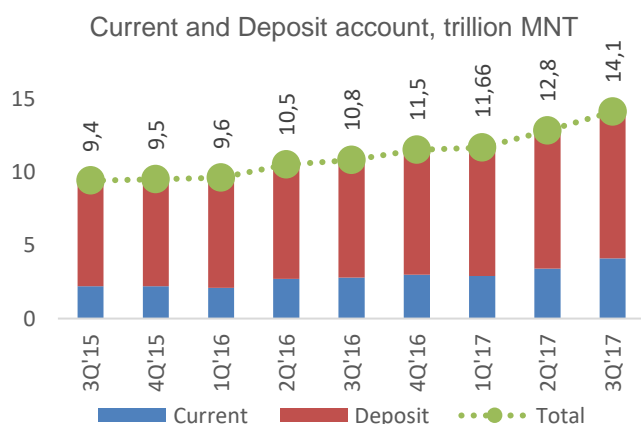
7.3% Non-Performing Loans

Total loans reached MNT 13.1 trillion as of Q3, 2017, MNT 0.5 trillion (4%) higher than the previous quarter, and MNT 0.9 trillion (7.4%) higher than Q3, 2016. Total NPL reached MNT 0.96 trillion. NPL% has decreased but it's increased by MNT 0.03 trillion in terms of total amount.



Mortgage = MNT 4.2 trillion

Total mortgage loan reached MNT 4.2 trillion as of Q3, 2017 and MNT 3.26 trillion is financed by the 'Program on the Development of Sustainable System of Mortgage Financing' (PDSSMF). Total mortgages have increased constantly since the program was implemented.



Current+Deposit= MNT 14.1 trillion

Total current and deposit accounts reached MNT 14.1 trillion, MNT 1.3 trillion (10.2%) higher than the previous quarter, and MNT 3.3 trillion (30.6%) higher than Q3, 2016. This figure has been increasing constantly since 3Q, 2015.

BANKING COMPETITION REVIEW

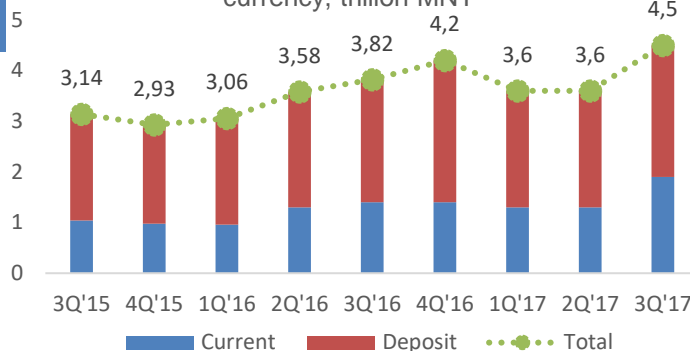
2017 – Q3



Current and deposit account (foreign currency) = MNT 4.5 trillion

Foreign currency current and deposit accounts increased to MNT 4.5 trillion, MNT 0.9 trillion higher (25%) than the previous quarter, and MNT 0.68 trillion higher (17.8%) than Q3, 2016. Foreign currency current and deposit accounts rose 46.2% and 13% respectively compared to the Q3, 2016.

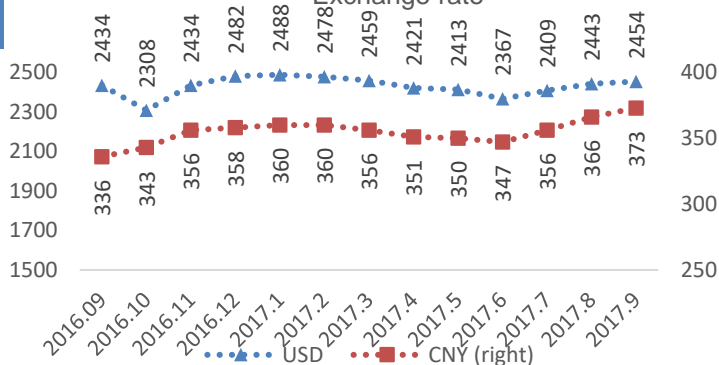
Current and Deposit account with foreign currency, trillion MNT



1 USD=2454 MNT 1 YUAN=373 MNT

Monthly average of official Foreign Exchange Rates: USD reached 2454 MNT whereas CNY reached 373 MNT as of Q3, 2016. USD to MNT rose by 20 MNT, YUAN to MNT rose by 37 MNT compared to the same period of the previous year.

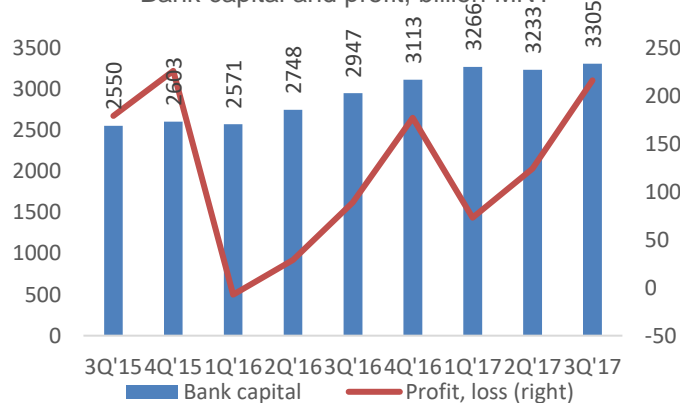
Exchange rate



Profit = 216 billion MNT

Bank capital has reached MNT 3.3 trillion as of Q3, 2017 which is 12.1% higher Q3, 2016. Banking sector's profits reached MNT 216 billion as of 3Q, 2017, MNT 127 billion higher (142%) than the Q3, 2016.

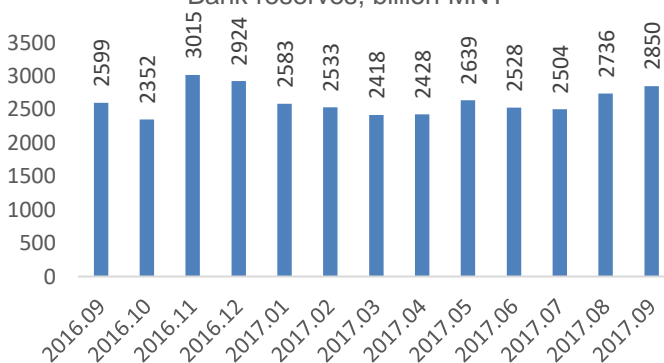
Bank capital and profit, billion MNT



Bank reserves = 2.8 trillion MNT

Bank reserves reached MNT 2.8 trillion as of Q3, 2017. Bank reserves fluctuated over the last year.

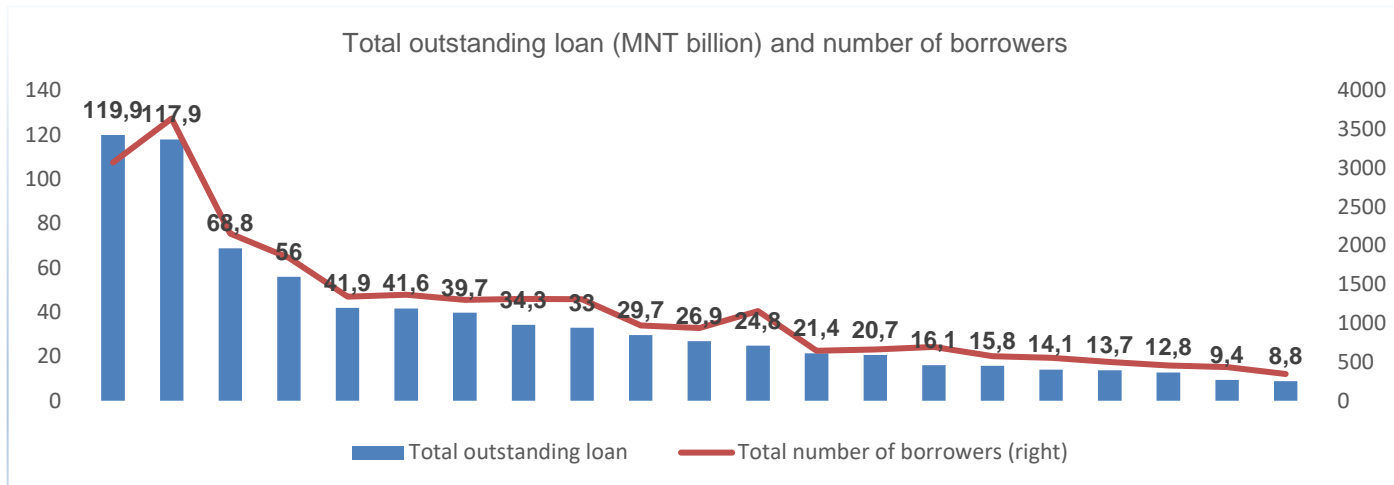
Bank reserves, billion MNT



Featured: Mortgage loans to the provinces

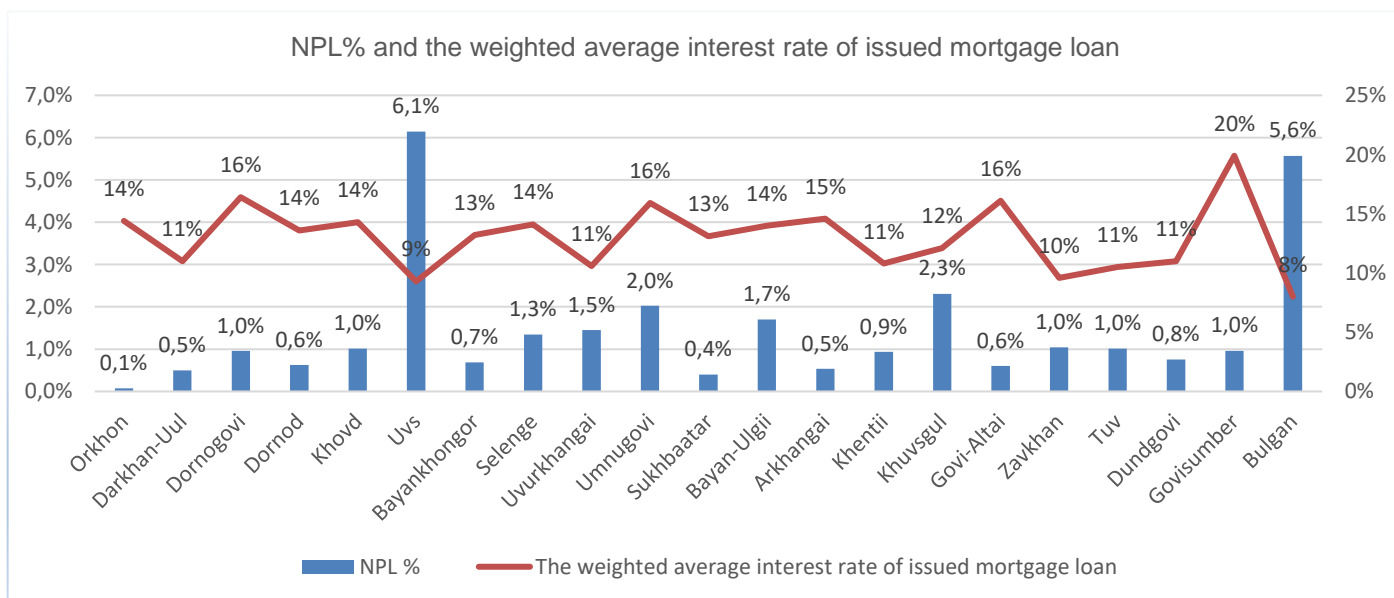
Banks issued mortgage loans which worth 767 billion MNT to 25266 provincial residents as of September, 2017. The weighted average interest rate of issued mortgage loans to provinces is 12.9% and non-performing loan rate (NPL) is 1.1%.

Orkhon province has the most total mortgage loan among provinces which is 120 billion MNT whereas Bulgan province has the lowest total loan worth 8.8 billion MNT.



Average interest rate vary across provinces. Average interest rate is the highest (20%) in the Govisumber province. Bulgan province has the lowest average interest rate at 8%.

Non-performing mortgage loan rate in Uvs and Bulgan provinces are 6.1% and 5.6% respectively whereas the average rate of provinces is 1.1%. 81.7% of total outstanding loan are issued in Ulaanbaatar city and the rest are issued in the provinces.



Banking system competition


Currently 14 commercial banks are operating in Mongolia. Khan, TDB, Golomt, Xacbank, State Bank, Ulaanbaatar City Bank are systematically important banks according to Bank of Mongolia. These banks account for more than 90 percent of the banking system in terms of assets.

Quarterly financial reports of banks were used in this report and compared by the following indicators:

- Assets
- Loan
- Current account, Deposit
- Profit

The banks were classified as Top 3, Medium 3 and small banks, depending on their total amount of assets. Capital bank is not included in this report.

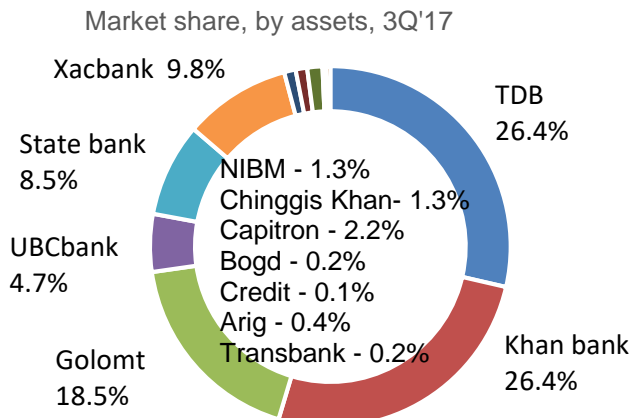
The figure below ranks the 14 banks, according to total assets under control. The banks were classified as Top 3, Medium 3 and Small banks. Only Capital bank is not included in this report.

	TOTAL ASSETS	BANKS
TOP-3 BANK	>3 trillion MNT	Trade and Development Bank Khan Bank Golomt Bank
MEDIUM-3 BANK	1-3 trillion MNT	Xacbank State Bank Ulaanbaatar City Bank
SMALL BANKS	<1 trillion MNT	Capital Bank Chinggis Khan Bank Capitron Bank National Investment Bank Arig Bank Bogd Bank Credit Bank Trans Bank

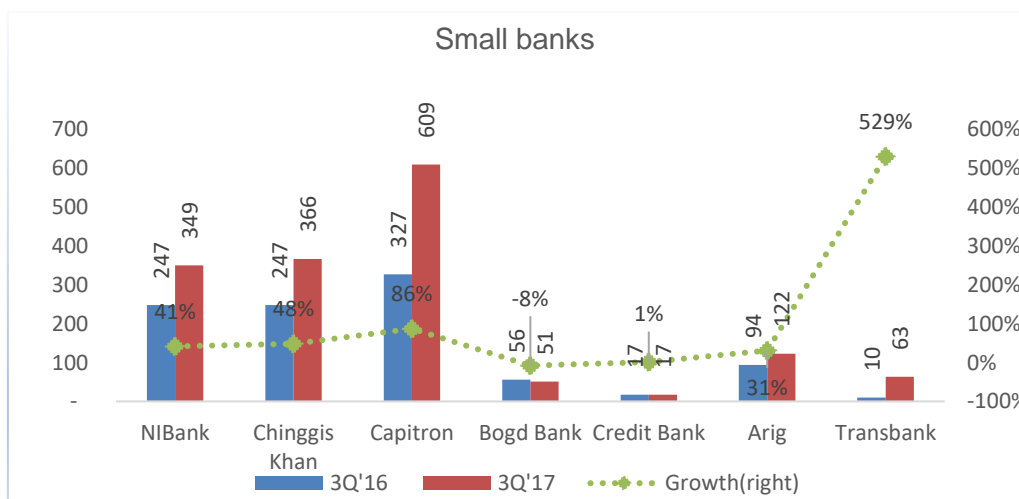
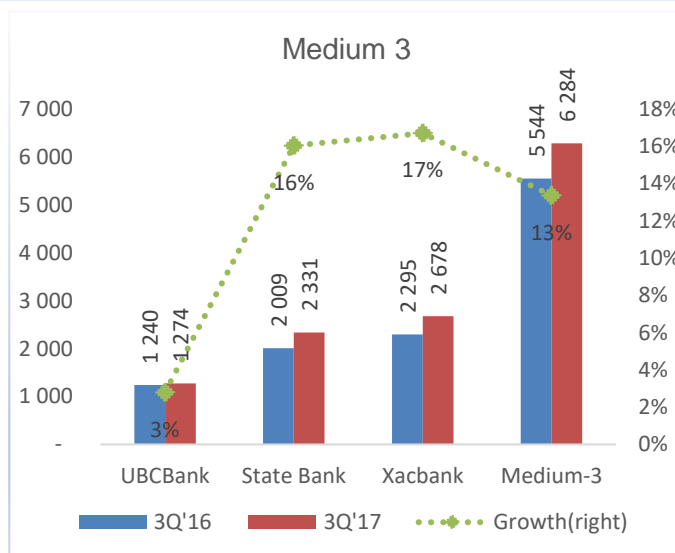
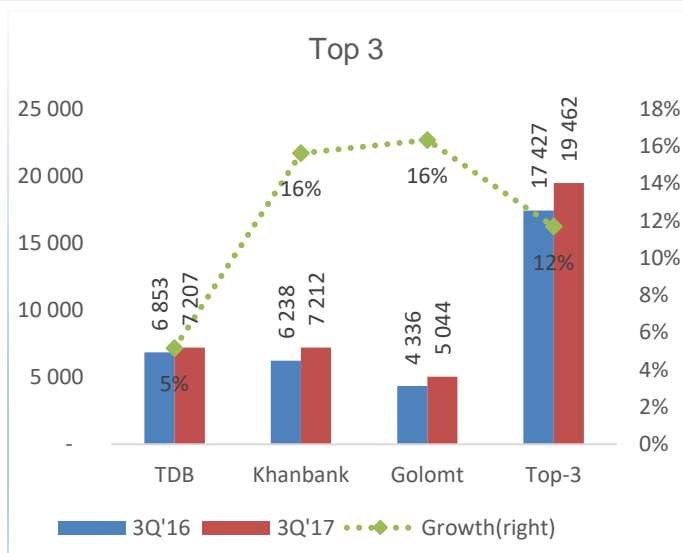
Assets

Total assets of the 13 commercial banks included in this review have reached MNT 27.3 trillion. Top-3 banks, medium-3 banks and small banks account for 71%, 23% and 6% of the sector respectively.

Total assets of top-3, medium 3 and small banks have risen 11.6%, 13.3% and 58% respectively.



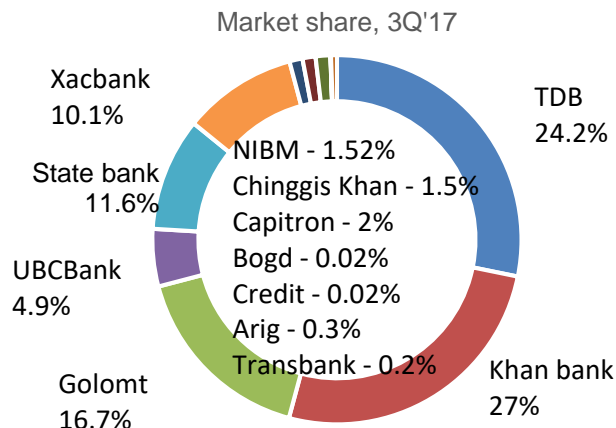
Assets, billion MNT and growth %



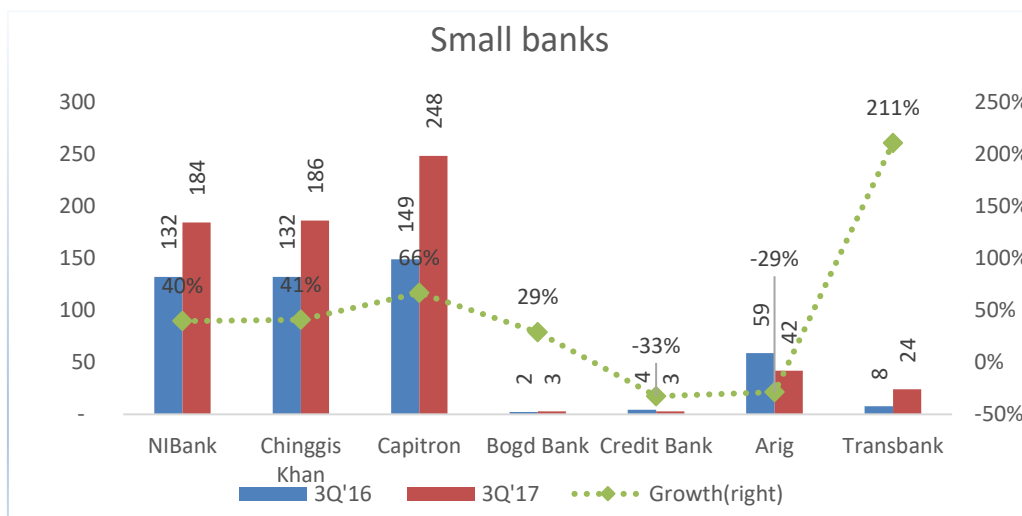
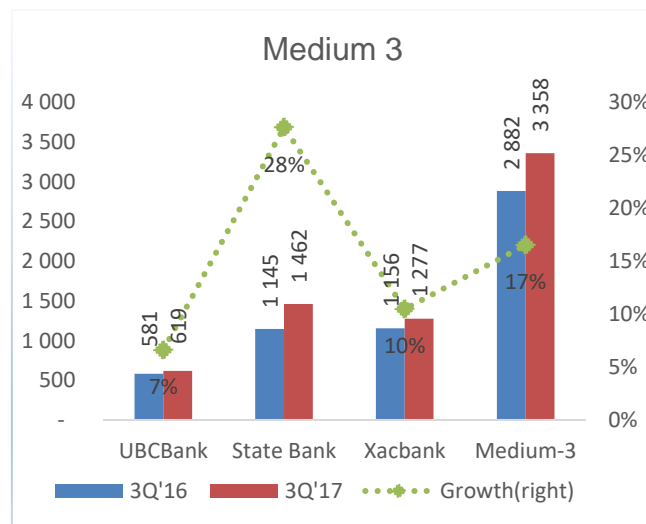
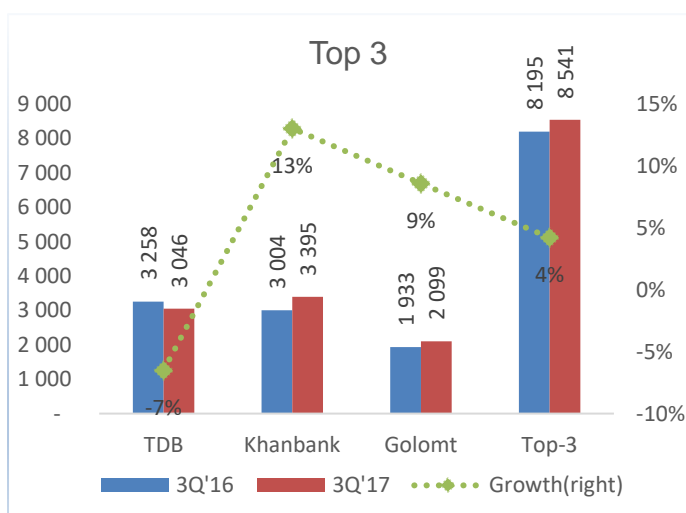
Loans

Total loans of the 13 commercial banks reached 12.6 trillion MNT as of Q3, 2017. Top-3, medium-3 and small banks account for 67.8%, 26.7%, 5.5% of total loans respectively.

Top-3, medium-3 and small banks increased their total loans by 4.2%, 16.5% and 42% respectively compared to Q3, 2016. Overall total loans of these 13 commercial banks increased by 8.9%.



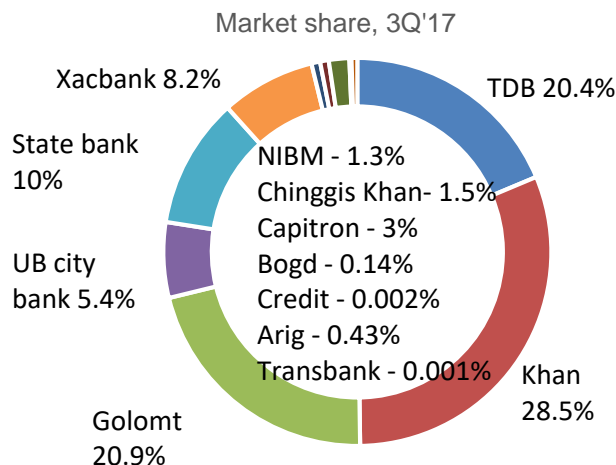
Loan, billion MNT and growth %



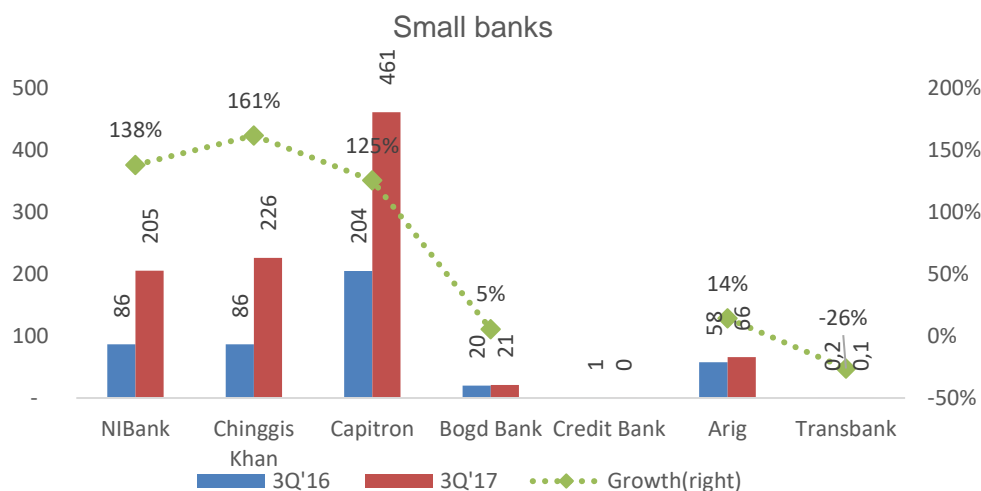
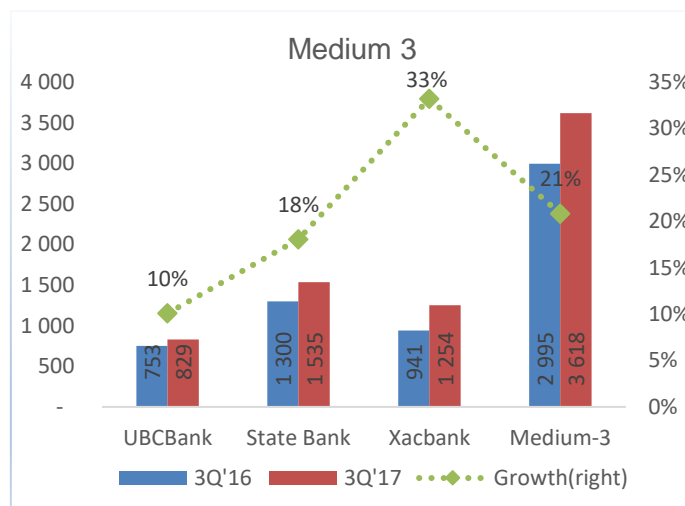
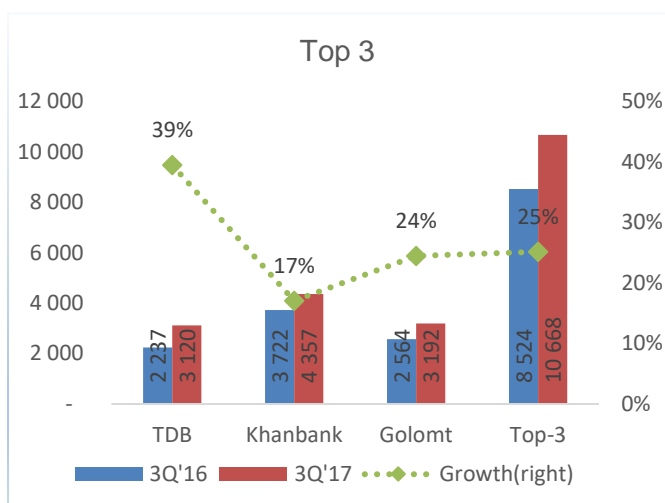
Current and deposit account

Total current and deposit accounts of the 13 commercial banks reached 15.2 trillion MNT. Top-3, medium-3 and small banks account for 69.9%, 23.7%, 6.4% of total current and deposit account respectively.

Top-3, medium 3 and small banks increased their current and deposit accounts by 25%, 21% and 115% respectively compared. Total current and deposit accounts of these 13 commercial banks increased by 27.5%.



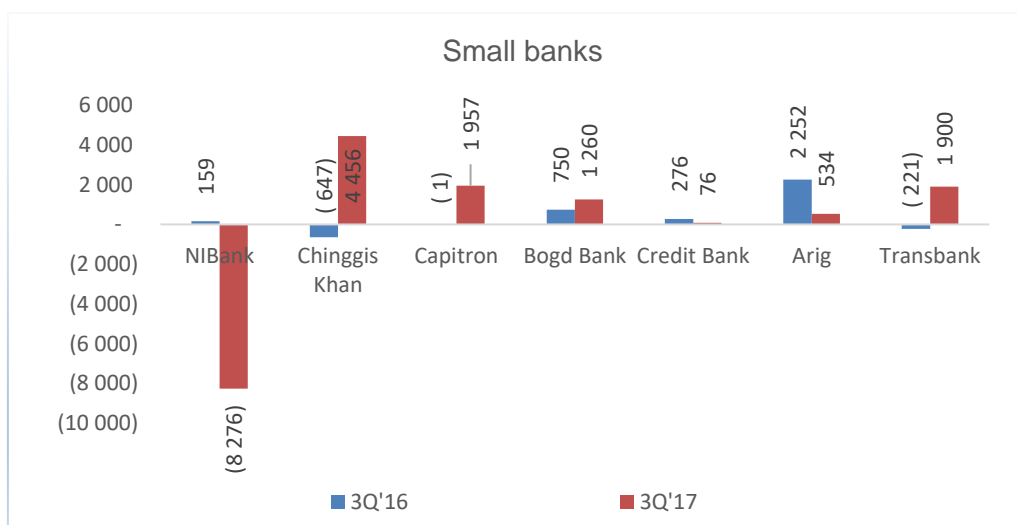
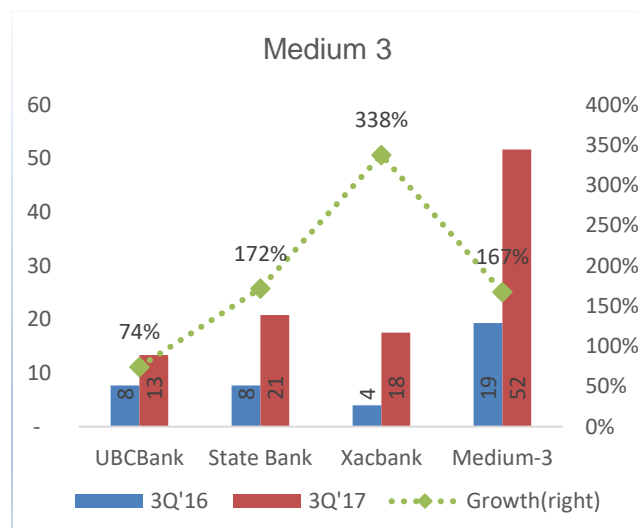
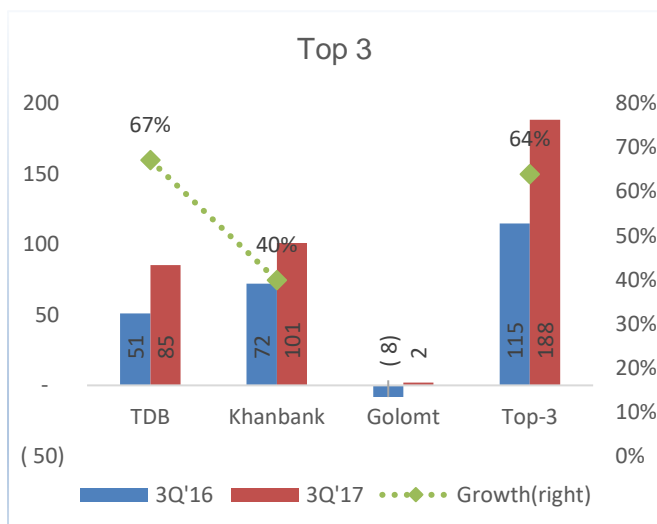
Current and deposit account, billion MNT and growth %



Profitability

Total net profit of the 13 commercial banks included in this review reached MNT 242 billion (after tax), MNT 105 billion higher Q3, 2016. Big-3 banks and medium-3 banks have increased their profit by 64% and 67%, respectively, compared to Q3, 2016. Profit of small banks were decreased by 26%, because of NIBank's huge loss.

Profit and loss by billion MNT and growth %



Sources:

1. Mortgage loan report, September 2017, Bank of Mongolia
2. Key indicators of banking system consolidated balance sheet, September 2017, Bank of Mongolia
3. Monthly foreign exchange rate, September 2017 Bank of Mongolia
4. Quarterly financial report of commercial banks, 3rd quarter of 2017
5. Loan report of banks, September 2017, Bank of Mongolia