



GOLOMT BANK

MONGOLIAN GROWTH STORY

February 2012

MONGOLIA



- ✓ **Borders:** Russia 3,485 km long, China 4,677 km long
- ✓ **East - West:** 2,392 km (1,487 miles) = Washington – Denver, Moscow – London
- ✓ **North - South:** 1,259 km (782 miles) = New York, NY - Charleston, SC, Hamburg – Venice
- ✓ **Total Area** – 1.54 million sq.km, roughly the same size as Alaska (1.7 million sq. km); 3 times the size of France (550,000 sq.km)
- ✓ **Population** – 2.8 million, of which over 1.2 million in Ulaanbaatar;
- ✓ **World's least densely populated country** – 1.6 individuals per sq. km;
- ✓ **Literacy rate** – 97.8%.

Mongolian Legal System

CONSTITUTION

- Parliamentary democracy with unicameral legislation
- President + Prime Minister + Cabinet + Speaker = Separation of Powers
- 76 MPs, Current composition: 46 MPRP, 28 Democratic Party and 2 Others
- Since August 2008, Cabinet has functioned as a joint MPRP/ Democratic coalition
- Parliamentary election to be held in June, 2012

LEGAL SYSTEM

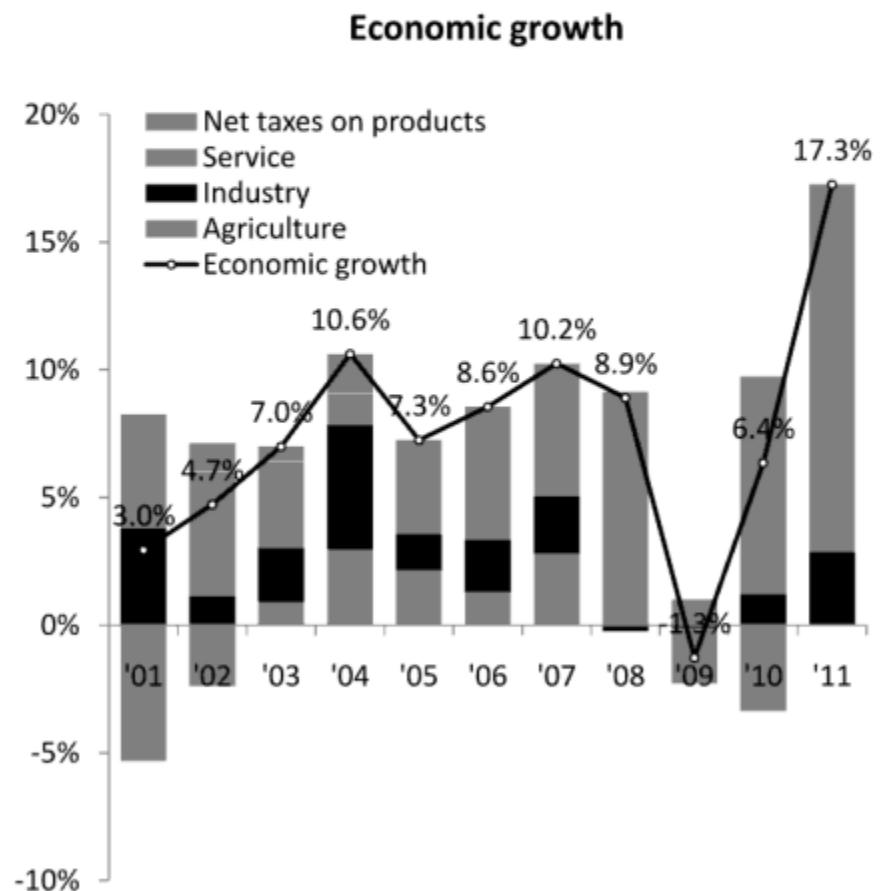
- Rule of law
- Independent judiciary
- Protection of foreign assets from expropriation
- Transparent regulatory process
- Strong proponent of highest standards of corporate governance

Favorable Macroeconomic Outlook

Sustained Real GDP Growth

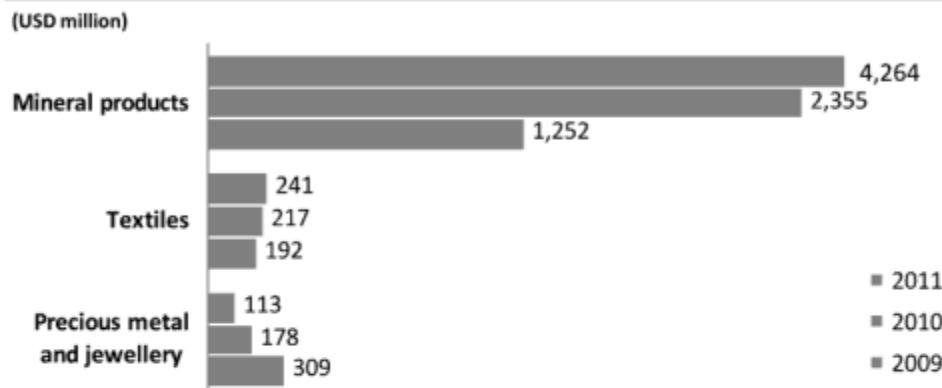
- ❑ Nominal GDP 2011 = MNT 10.8 trillion = USD 7.8 billion (up by +28.7% yoy in nominal terms)
- ❑ Real GDP Growth 2011 = +17.3%
 - ✓ Agriculture: +0.3%
 - ✓ Industry: +9.9%
 - ✓ Construction: +14.3%
 - ✓ Service: +17.1%
 - ✓ Budget revenue: +52.2%
- ❑ 2011 Exports = USD 4.8 bln; +64.4% yoy; (2010 Exports = USD 2.9 bln)
 - ✓ Coal = USD 2,250 mln; 21,105,600 tonnes
(2010: USD 882 mln; 16,726,200 tonnes)
 - ✓ Copper = USD 964 mln; 572,800 tonnes
(2010: USD 771 mln; 568,700 tonnes)
 - ✓ Iron ore = USD 437 mln; 5,753,100 tonnes
(2010: USD 254 mln; 3,563,700 tonnes)
 - ✓ Zinc concentrate = USD 143 mln; 120,700 tonnes
(2010: USD 134 mln; 119,800 tonnes)
- ❑ 2011 Imports = USD 6.5 bln; +104% yoy; (2010 Imports = USD 3.2 bln)
 - ✓ Machine - USD 1,016 mln; (2010: USD 373 mln)
 - ✓ Petrol – USD 1,052 mln; (2010: USD 626 mln)
- ❑ Total Trade Turnover = USD 11.3 bln; +85% yoy; (2010: USD 6.1 bln)

Mongolia has witnessed steady economic growth driven by an influx of foreign investment and abundant natural resources

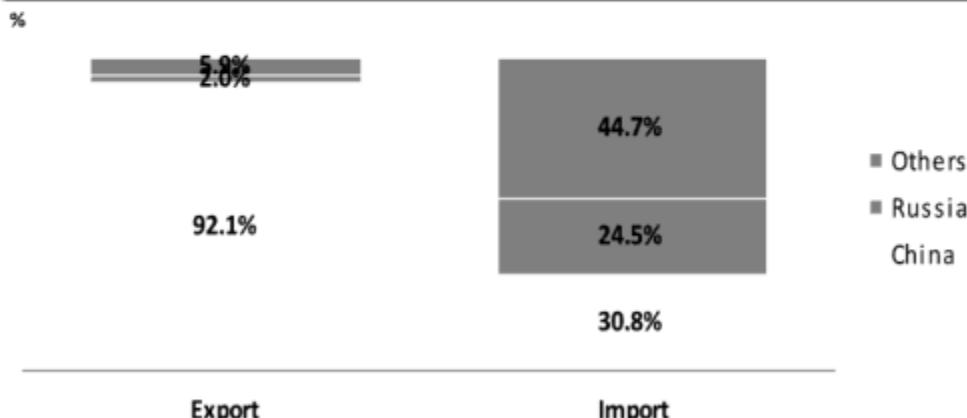


Overview of the Mongolian Economy

Historical Trend of Principal Exports



Principal Exports and Imports by Counterparty Country



Source: NSO Bulletin, December 2011

Highlights

- ❖ Mongolia is very closely correlated with China
- ❖ Common denominator = extensive trade with China
- ❖ Mineral products continue to form the majority of the Mongolian exports, with copper and coal accounting for more than half of the total mineral exports
- ❖ China and Russia have been major counterparties for Mongolia with nearly 92.1% of the exports accounted for by China

Fiscal Developments

2011 Budget Highlights

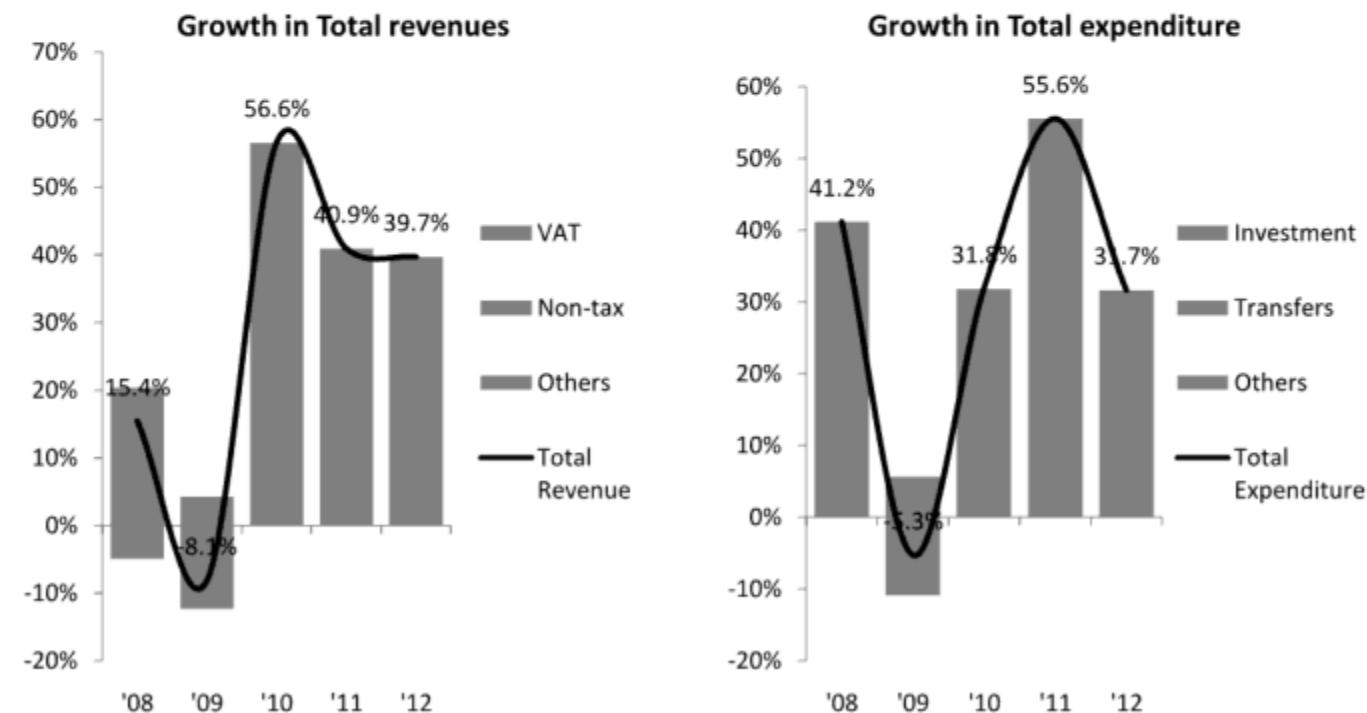
- 2011 Revenue = MNT 4.4 trillion = USD 3.2 billion; +40.9% yoy;
(2010 = MNT 3.12 trillion)
- 2011 Expenditure = MNT 4.8 trillion = USD 3.4 billion; +55.6% yoy;
(2010 = MNT 3.08 trillion)
- Deficit = MNT 0.4 trillion (3.6% of GDP)

□ Revenues boosted by receipts from the mining sector and a fast growing economy

□ Expenditures at record levels due to Human Development Fund, capital expenditures, tuition etc.

2012 Draft Budget

- Increase of +53% state employees salary
- Revenue: MNT 5,826 billion = USD 4,172 million (36.1% of GDP)
- Expenditures: MNT 6,309 billion = USD 4,519 million (39.1% of GDP)
- Target Deficit: 3.0% of GDP



China's Economy – 2nd largest in the world

- 2011 Total GDP growth: +8.9% with Total GDP at USD 5.9 trillion
- **Annualized growth**
 - ✓ At 8% GDP growth = USD 384 billion = 80 x Mongolia's GDP
 - ✓ At 10% GDP growth = USD 480 billion = 100 x Mongolia's GDP
- **December 2011 Foreign Reserves:** USD 3.2 trillion
- **World's #1 Exporter (2011 export growth = +20.3%)**
- **World's #1 Energy User**
- **2010 steel consumption** = 626.7 mln.tonnes (44% of the world consumption)
- **2010 iron ore consumption** = 132.4 mln tonnes (41.4% yoy)
- **2011 Industrial Production** = +12.8% yoy
- **January 2012 PMI** = 50.5%
- Controlled growth with decelerating strategy to avoid overheating
- Demand for commodities remain very robust in terms of:
 - Iron ore + metallurgical coal (= Steel) + Copper (= white goods/electricals/vehicles)

Neighbouring Provinces – Inner Mongolia (orange), Gansu (blue) and Xinjiang (yellow)



❑ **Inner Mongolia** is the fastest growing province in China

- ✓ 2011 GDP growth: +14.8%, GDP = USD 220.6 billion
(2011 November Industry growth: +18.7%)

- ✓ Average annual GDP growth since 2003: 20%

❑ **Gansu** is the centre of China's steel industry.

- ✓ 2011Q3 GDP growth: 12.7%
(2011 November Industry growth: +16.5%)

❑ **Xinjiang**

- ✓ 2010 GDP growth: 10.6 %
(2011 November Industry growth: +11.2%)
- ✓ Recipient of major policy expenditure programs

✓ Each benefiting from the increasing centrally-directed policy expenditure to develop the infrastructure of the Western and Northern Provinces.

Planned Rail Expansion Programme



Sourced with acknowledgement from SouthGobi Energy Resources Co.Ltd

Legend

- Existing railway line
- Planned railway line in 2010
- Planned railway line in 2011
- Planned railway line in 2015

China's Railway Connections with Mongolia



Source: Ministry of Road and Transportaion, Construction and Urban Development of Mongolia

- ✓ New rail link from Ukhaa Khudag to Choibalsan to link with existing connection to Trans – Siberian
- ✓ 1,100 km at estimated cost of USD 2.5 million per km – capex of USD 2.75 billion.
- ✓ Construction basis BOT or BT under the new Concession (Public/Private Partnership) Law
- ✓ Planned for capacity to ship coal output of up to 100 million tonnes per year

Mining and Minerals

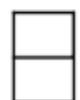
Periodic table of the elements (Mendeleyev)																		
1. Hydrogen	2. Helium	3. Lithium	4. Beryllium	5. Boron	6. Carbon	7. Nitrogen	8. Oxygen	9. Fluorine	10. Neon	11. Sodium	12. Magnesium	13. Aluminum	14. Silicon	15. Phosphorus	16. Sulfur	17. Chlorine	18. Argon	
19. Potassium	20. Calcium	21. Scandium	22. Titanium	23. Vanadium	24. Chromium	25. Manganese	26. Iron	27. Cobalt	28. Nickel	29. Copper	30. Zinc	31. Gallium	32. Germanium	33. Arsenic	34. Selenium	35. Bromine	36. Krypton	
37. Rubidium	38. Strontium	39. Yttrium	40. Zirconium	41. Niobium	42. Molybdenum	43. Technetium	44. Ruthenium	45. Rhodium	46. Palladium	47. Silver	48. Cadmium	49. Indium	50. Tin	51. Antimony	52. Tellurium	53. Polonium	54. Xenon	
55. Cesium	56. Barium	57-70. Lanthanide series	71. Lanthanum	72. Cerium	73. Praseodymium	74. Neodymium	75. Promethium	76. Samarium	77. Europium	78. Gadolinium	79. Terbium	80. Dysprosium	81. Holmium	82. Erbium	83. Thulium	84. Ytterbium	85. Lutetium	86. Rhenium
87. Francium	88. Radon	89-102. Actinide series	103. Actinium	104. Thorium	105. Protactinium	106. Uranium	107. Neptunium	108. Plutonium	109. Americium	110. Curium	111. Neptunium	112. Americium	113. Curium	114. Neptunium	115. Americium	116. Curium	117-123. Ununoctium	
124. 125.	126. 127.	128. 129.	130. 131.	132. 133.	134. 135.	136. 137.	138. 139.	139. 140.	141. 142.	142. 143.	143. 144.	144. 145.	145. 146.	146. 147.	147. 148.	148. 149.	149. 150.	

* Lanthanide series

57. La	58. Ce	59. Pr	60. Nd	61. Pm	62. Sm	63. Eu	64. Gd	65. Tb	66. Dy	67. Ho	68. Er	69. Tm	70. Yb
89. Ac	90. Th	91. Pa	92. U	93. Np	94. Pu	95. Am	96. Cm	97. Bk	98. Cf	99. Es	100. Fm	101. Md	102. No
123. 124.	125. 126.	126. 127.	127. 128.	128. 129.	129. 130.	130. 131.	131. 132.	132. 133.	133. 134.	134. 135.	135. 136.	136. 137.	137. 138.

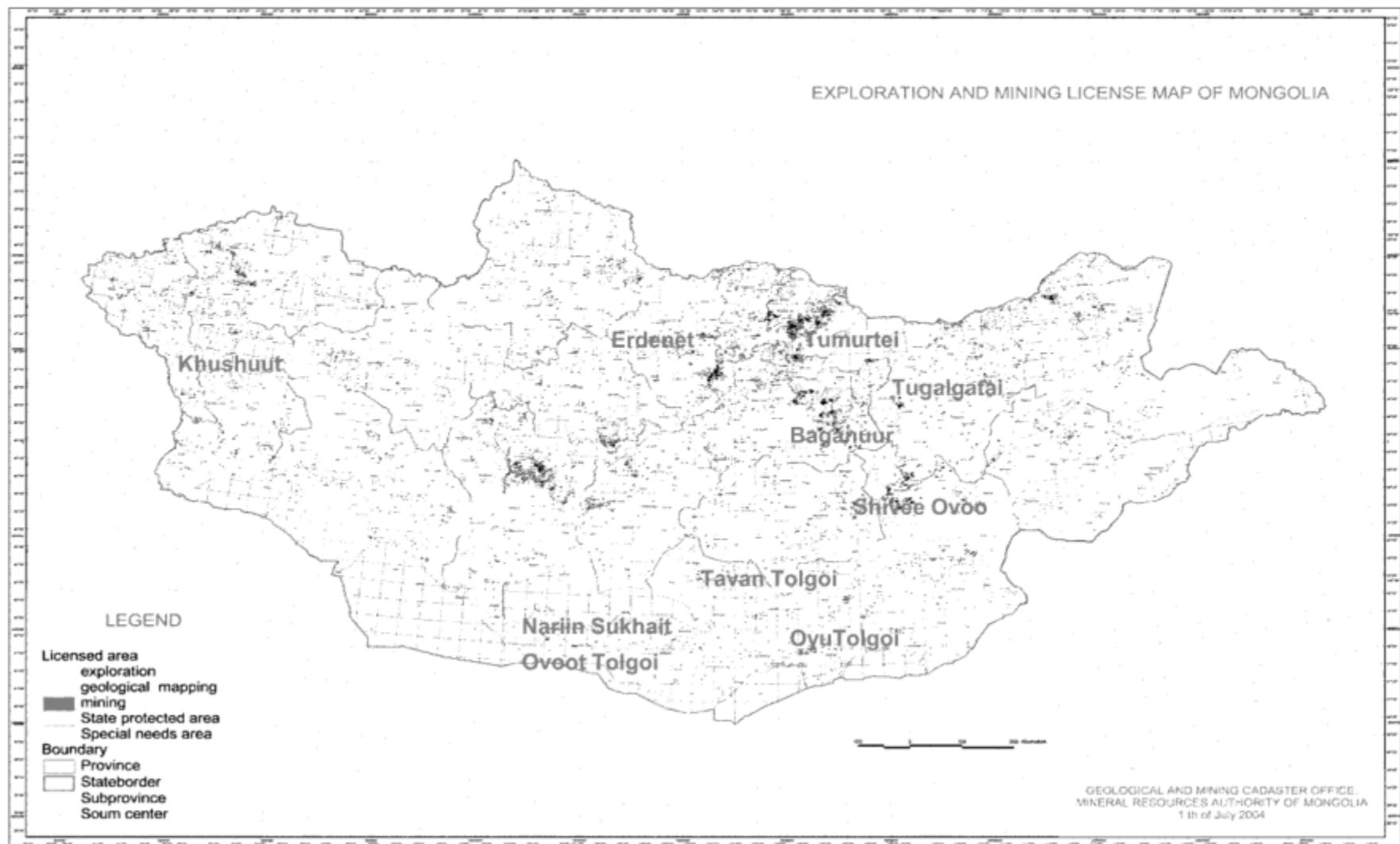
** Actinide series

Source: Mongolian Central Geological Laboratory
Mining Department, Golomt Bank

 Elements discovered and studied in Mongolia
 Elements not discovered in Mongolia

- 82 of the total 111 elements of the Periodic Table i.e. 73% of all elements are found in Mongolian commercially exploitable volumes.
- 25 or 62.5% of the 40 heavy elements are found in Mongolia.

Ten Largest Proven Mineral Deposits



Ten Largest Proven Mineral Deposits

□ Per Capita Mineral Resource Value of USD 1.0 mln

#	NAME	MINERAL TYPE	RESERVE	VALUE (USD bln)
1	Tavan Tolgoi	coking/thermal coal	6.4 bln tonnes	905.6
2	Shivee Ovoo	thermal coal	5.6 bln tonnes	735.3
3	Oyu Tolgoi	Cu, Au	39 mln tonnes, 58 mln ounces	499.5
4	Tugalgatai	thermal coal	3 bln tonnes	393.9
5	Baganuur	thermal coal	512.8 mln tonnes	67.3
6	Erdenet	Cu, Mo	4.87 mln tonnes	50.9
7	Ovoot Tolgoi	coking, thermal coal	364 mln tonnes	49.6
8	Tumurtei	Fe, Zn	229.9 mln tonnes	40.7
9	Nariin Sukhait	coking, thermal coal	220 mln tonnes	31.0
10	Khushuut	coking coal	149 mln tonnes	25.2
TOTAL				\$2,799

These 10 reserves alone contain deposits valued at > 423X current GDP

Source: Mineral Resource and Petroleum Authority of Mongolia, 2011
 Calculation: Golomt Bank Mining Department (Market value Nov, 2011)

Valuation: Oyu Tolgoi and Tavan Tolgoi

Copper	7608.00	\$/tonne	34.98	266.1	4.02	30.6	39	296.7
Gold	1771.61	\$/oz	47.8	84.7	10.6	18.8	58.4	103.5
Sub Total			350.8			49.4		400.2
Coking Coal	169.3	\$/tonne	0.9	146.97	0.8	135.44	1.7	287.81
Thermal Coal	131.3	\$/tonne	0.6	78.78	4	525.2	4.6	603.98
Sub Total			1.5	225.75	4.8	660.64	6.3	891.79
Net Total				576.55		710.04		1291.99

Source: Mineral Resource Authority of Mongolia, 2011

Valuation: Golomt Bank Mining Department, Nov 2011

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Valuation: Erdenet Copper and Molybdenum Deposits

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Copper	7608	\$/tonne	4.7 mln tonnes	35.76
Molybdenum	17	\$/lb	326,000 pounds	5.5
Total				\$48.5

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Concentrate production/tonnes	515,777	537,743	543,190	525,264	533,083	522,033
Copper price /average	3,679	6,722	7,119	6956	5,150	7534.8
Erdenet sales /mln USD	383	697	851	765	572	850.1
Mongolian GDP /mln USD	2,306	3,132	3,929	5,257	4,200	6,604
Erdenet/ GDP ratio	17%	22%	22%	15%	14%	13%

Source: Erdenet Mining Corporation website, 2011
 Valuation: Golomt Bank Mining Department, Nov 2011

Oyu Tolgoi Earnings at Current Commodity Prices

	550	550	550	550	550	550	800	800	800	800	800	800
Copper /'000 tonnes	550	550	550	550	550	550	800	800	800	800	800	800
Copper price per tonne	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143	9,143
Total (mln)	5,029	5,029	5,029	5,029	5,029	5,029	7,314	7,314	7,314	7,314	7,314	7,314
Gold /'000 ounces	650	650	650	650	650	650	1,100	1,100	1,100	1,100	1,100	1,100
Gold /kg	20,897	20,897	20,897	20,897	20,897	35,370	35,370	35,370	35,370	35,370	35,370	35,370
Gold price per ounce	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,827
Total (mln)	1,187	1,187	1,187	1,187	1,187	1,187	2,010	2,010	2,010	2,010	2,010	2,010
Net (mln)	6,216	6,216	6,216	6,216	6,216	6,216	9,324	9,324	9,324	9,324	9,324	9,324

- The above calculation is based on the Nov 2011 commodity prices and a steady production growth which reaches its peak level in 2019.
- Based on this calculation, total earnings for the first 10 years will be **USD 74.6 bln**

Prospective Oil and Gas Exploration Blocks



Source: www.ivanhoe-energy.com

- ✓ 35 Licenses have been issued for hydro – carbons exploration
- ✓ Ivanhoe Energy Inc holds Block 16 in Khentii Aimag, covering 16,839 square kilometres.

RARE EARTH ELEMENTS

- Contrary to their name, Rare Earth Elements are more common than precious metals
- Embracing 17 elements required in hybrid vehicles', catalysts and major contribution to high-tech, low carbon economy
- China produces 97% of the world's REE production and has 48% of the world's discovered reserves
- China produces 95% of global output
- China's Inner Mongolia produces more than 50% of the country's REE output
- China has reduced its REE production and cut exports by 72% in order to increase price of REE
- Force foreign consumers of REE to establish production lines in China thereby introducing
- Fears of a supply crunch in 2012
- The average price of REE oxide by June 2011 was USD 203,600/tonne
- Research on REE is insufficient due to China's tight grip on the commodity
- Chinese demand has increased by 28% annually since 2002
- Deng Xiaoping – 1992 “ Middle East has oil, China has rare earth”
- Japan depends on China for 96% of its rare-earth minerals
 - Japan seeks to diversify sources of materials needed for high-tech products
 - Japan will cooperate in promoting projects to develop rare-earth minerals in Mongolia
 - Governments agreed on such cooperation

WORLD RESERVES OF RARE EARTH ELEMENTS

Year	2008	%	2009	%	2008	2009	2008	2009	2008	2009	2008	2011
China	130,000	97.20%	120,000	96.99%	89,000,000	89,000,000	48.03	48.03	5.00%	5.00%	50,739	906,020
Mongolia	-	-	-	-	31,074,000	31,074,000	16.77	16.77	3.00%	3.00%	10,629	189,799
CIS**	-	-	-	-	21,000,000	21,000,000	11.33	11.33	2.00%	2.00%	4,789	85,512
United States	-	-	-	-	14,000,000	14,000,000	7.56	7.556	1.50%	1.50%	2,394	42,756
Australia	-	-	-	-	5,800,000	5,800,000	3.13	3.13	2.00%	2.00%	1,323	23,617
India	2,700	2.00%	2,700	2.18%	1,300,000	1,300,000	0.7	0.7	1.30%	1.30%	193	3,440
Brazil	650	0.48%	650	0.53%	84,000	84,000	0.05	0.05	1.80%	1.80%	17	307
Malaysia	380	0.28%	380	0.31%	35,000	35,000	0.02	0.02	0.80%	0.80%	3	57
Other					23,000,000	23,000,000	12.41	12.41	1.10%	1.10%	2,885	51,510
TOTAL	133,730		123,730		185,293,000	185,293,000	100	100			72,972	1,303,018

*2008 average price of Rare Earth Metal Oxide from China's Bao Tou mine was USD 11,402/tonne, However, due to the Chinese monopoly on the world supply of rare earth, the average Mt Weld Composition price of REE oxide by June.16.2011 rose to USD 203,600/tonne.

**Comprised of
Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan

Source: US Geological Survey, Main Commodity Summary, Jan 2009; Jan 2010

Calculation: Golomt Bank Mining Department, Sep 2010

URANIUM

Country	Uranium Reserves (Tonnes)	Current Values* (million USD)
Australia	1,243,000.00	142.2
Mongolia (inferred)	1,000,000.00	114.4
Canada	817,000.00	93.5
Kazakhstan	546,000.00	62.5
South Africa	435,000.00	49.8
Brazil	423,000.00	48.4
Namibia	342,000.00	39.1
Uzbekistan	278,000.00	31.8
USA	275,000.00	31.5
Niger	274,000.00	31.3
Russia	200,000.00	22.9
Jordan	112,000.00	12.8
Ukraine	111,000.00	12.7
Mongolia (proven)	76,110.00	8.7
India	73,000.00	8.4
China	68,000.00	7.8
Other	210,000.00	24
Total	6,483,110.00	741.8

*Uranium price as of 09th Nov 2011: \$52/lb (\$114.4/kg)

Source: World Nuclear Association, 2011

URANIUM SECTOR

- ✓ In July 2009 a new Nuclear Energy Law was passed establishing the new state owned company “Mon Atom” LLC
- ✓ All of Mongolia’s total proven reserves (76,110 tonnes) are held by Khan Resources, Western Prospector, RosAtom and MonAtom
- ✓ Mongolia’s projected uranium reserve: 150 million tonnes
- ✓ RosAtom and MonAtom established a joint venture to extract uranium from Dornod Uranium deposit in August 2009.
- ✓ Amount of time to establish the legal framework for yellow cake export is 6-12 months
- ✓ Russia mined 590 thousand tonnes of ore from the Dornod Uranium mine between 1988 and 1995.
- ✓ Current uranium price = USD 57.6/lb (USD127/kg)

Agro-Products

Mongolia has vast untapped

land:



- Territory = 156 mln hectares 1.5 million sq.km
- Density = 1.6 persons per sq.km
- Total cultivated crop land = 1.2 million hectares
- Total sown area = 0.2 million hectares, 16% of total cultivated crop land
- Main crop products =
 - Cereals, potatoes, vegetables, fodder

- Traditional nomadic livestock culture
- Agricultural sector generated 13% of GDP and employed about 40% of the labour force
- Total harvests of cereals, potatoes and vegetables was 446 thousand tonnes (+25.6%), 201.6 thousand tonnes (+20.1%), and 99 thousand tonnes (+20.3%).
- Main livestock products: Meat, milk, cashmere, wool
- In 2010, because of the harsh winter number of livestock declined by 11.3 million, but increased by 3.6 million to 36.3 million in 2011.

Renewable Energy Sector

□ June 2005

Parliament of Mongolia approved “National Renewable Energy Program”
to promote and extend renewable energy development in Mongolia

□ January 2007

Parliament of Mongolia approved “Renewable Energy Law”

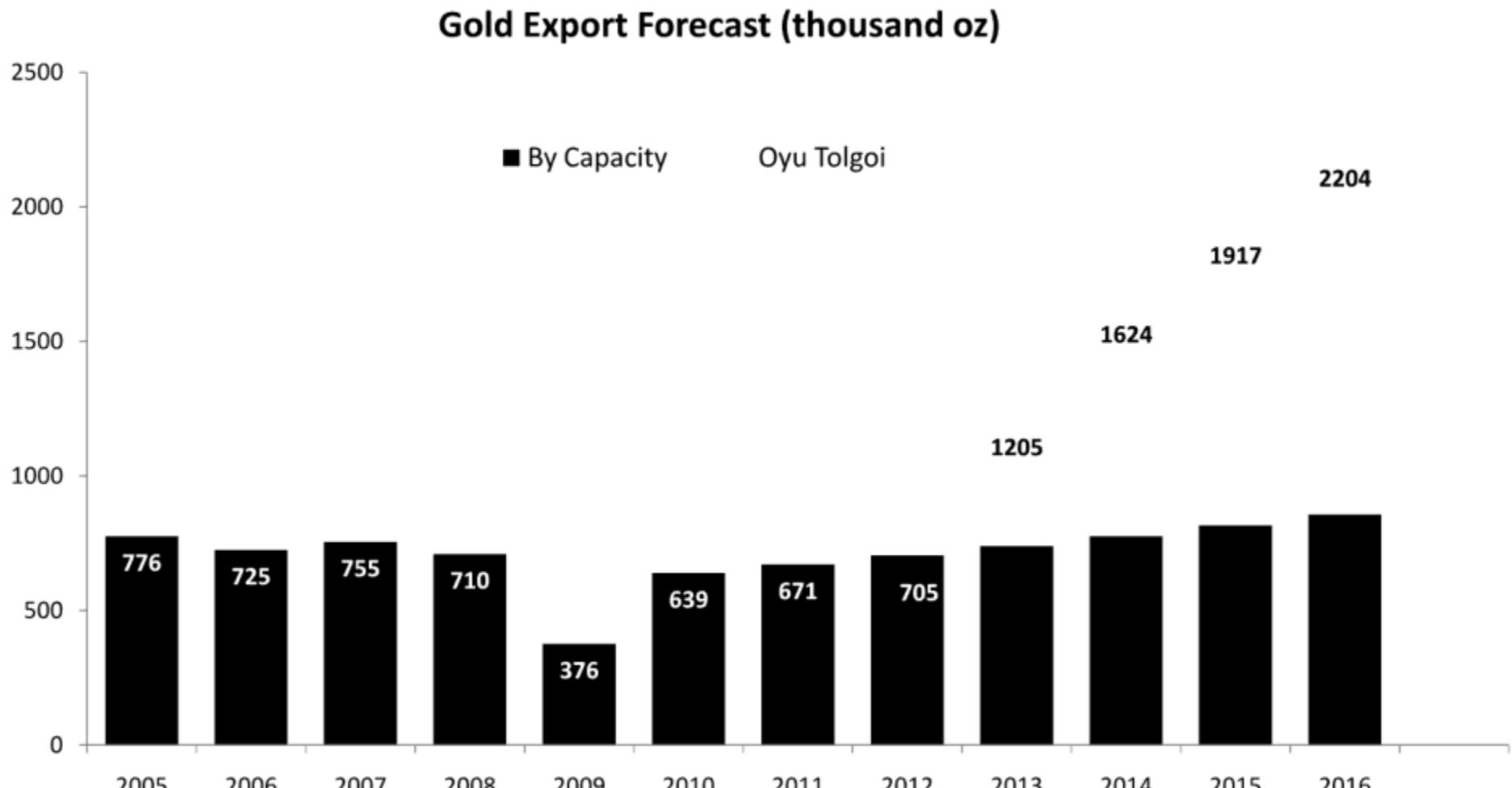
– Objective of program:

- Reduce unemployment and poverty
- Create conditions for ensuring ecological balance
- Sustainable social and economic development

□ H.E. Prime Minister Batbold S.

“Renewable energy could generate calorific equivalent of > 40 million tonnes coal with
favourable environment consequences” (Gobi August 2010)

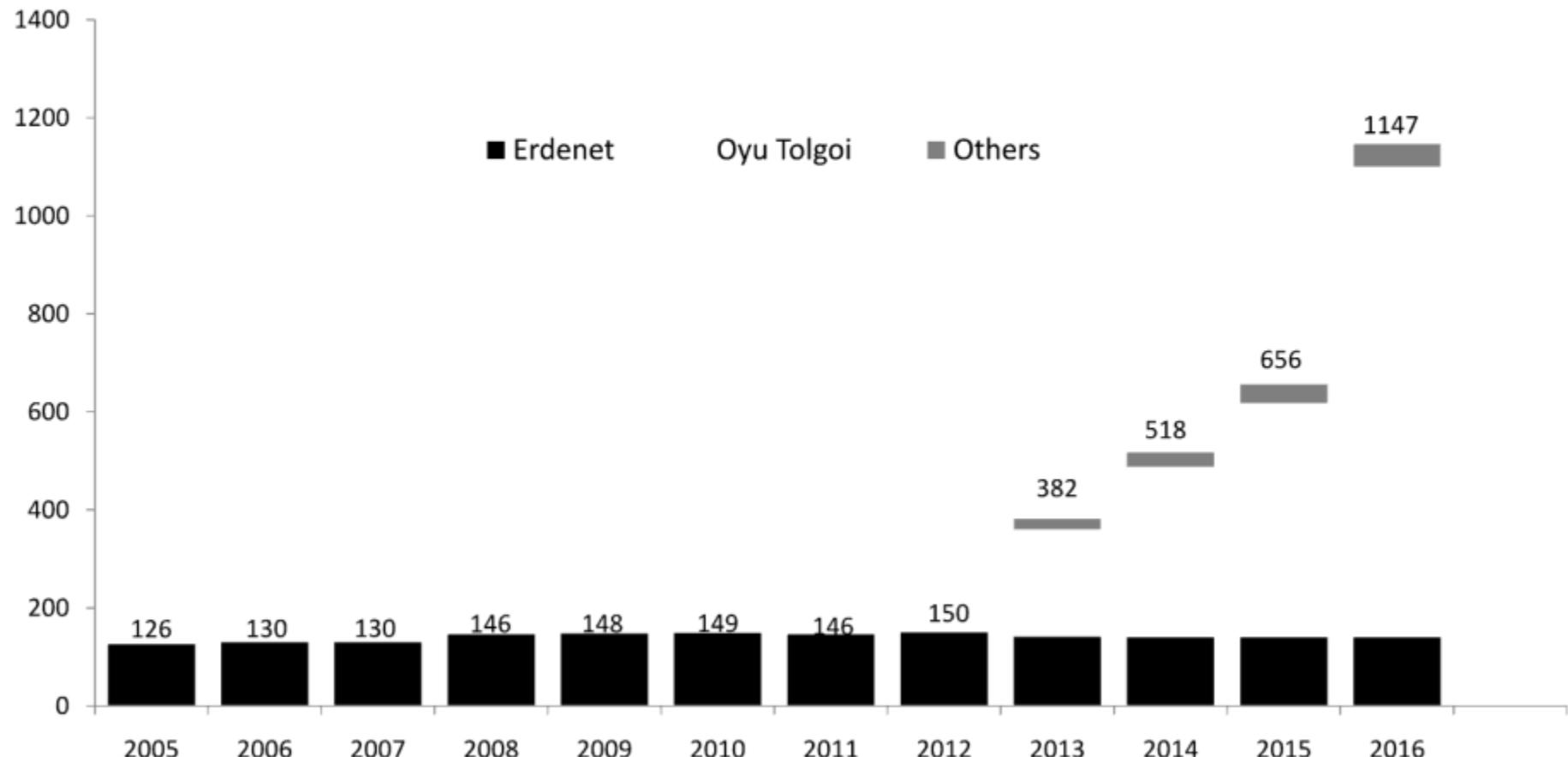
Gold Exports



Source: Mineral Resource and Petroleum Authority of Mongolia, 2011
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Copper Exports

Copper Exports Forecast (thousand tonnes)

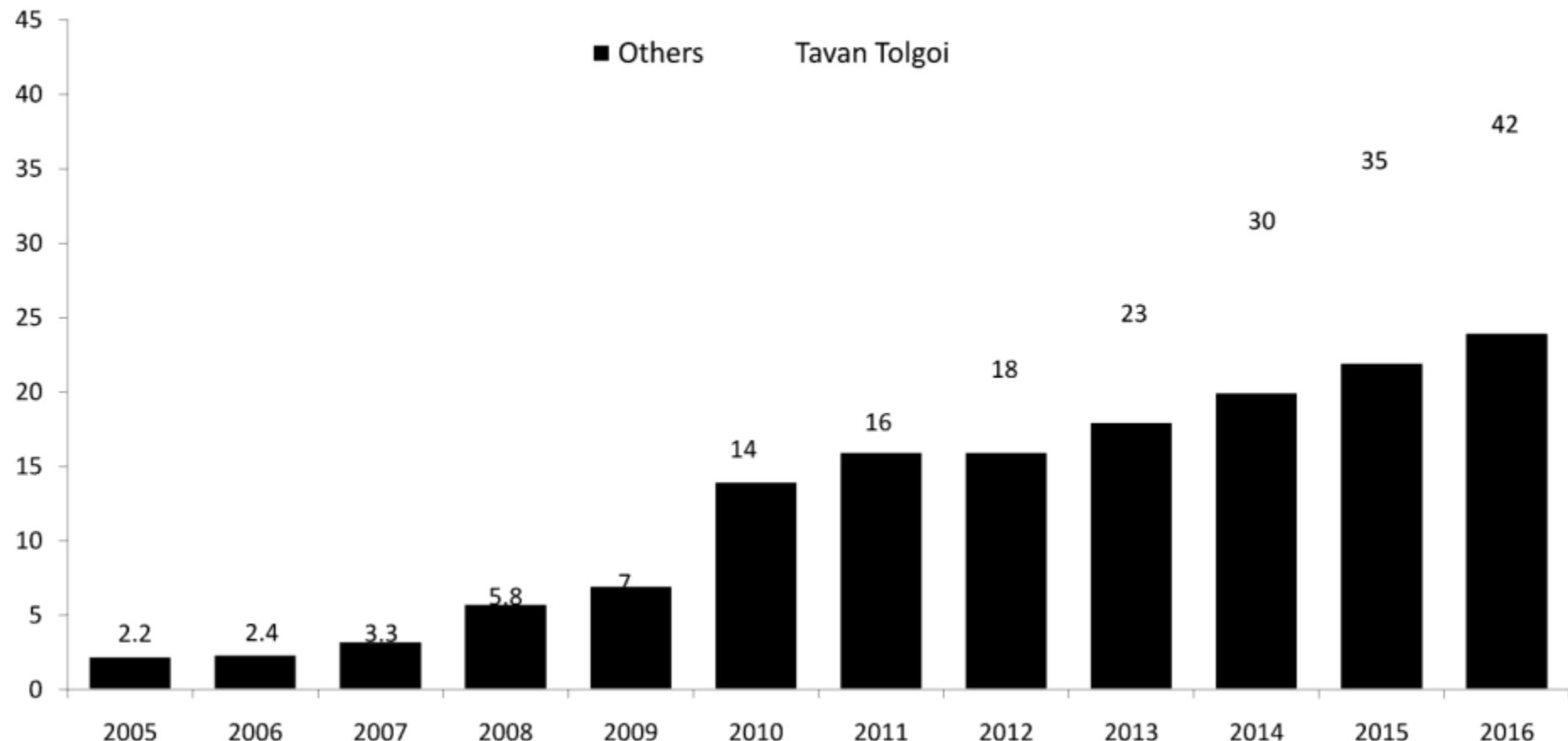


Source: Mineral Resource and Petroleum Authority of Mongolia, 2011

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Coal Exports

Coal Exports Forecast (mln tonnes)



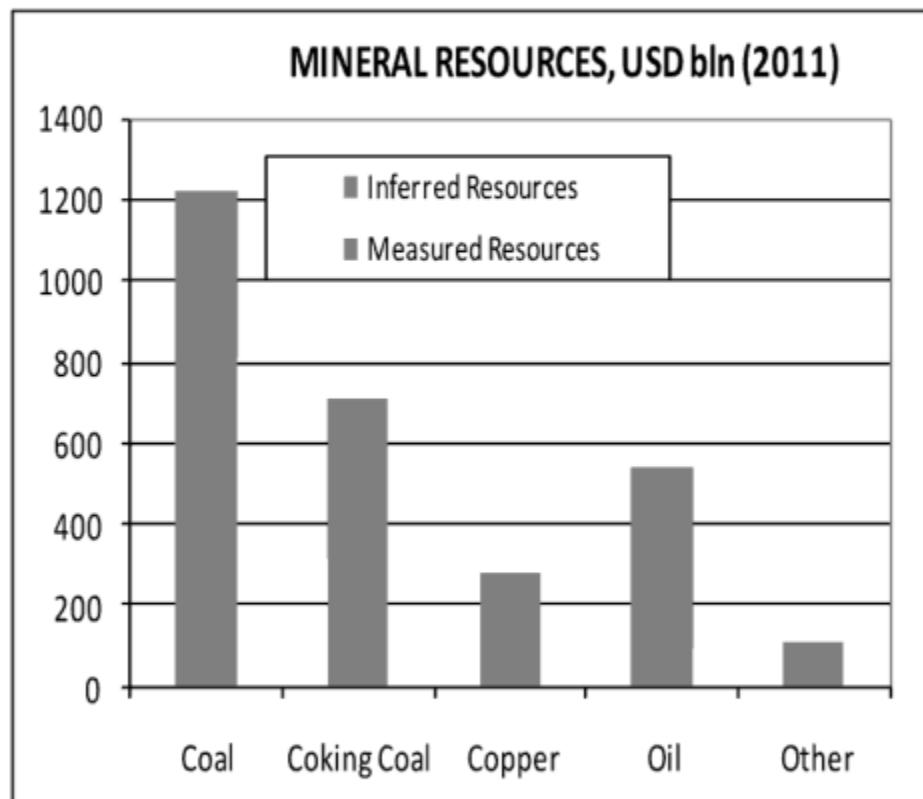
Source: Mineral Resource and Petroleum Authority of Mongolia, 2011

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Mineral Exports Projection



Source: Mineral Resource and Petroleum Authority of Mongolia, 2011

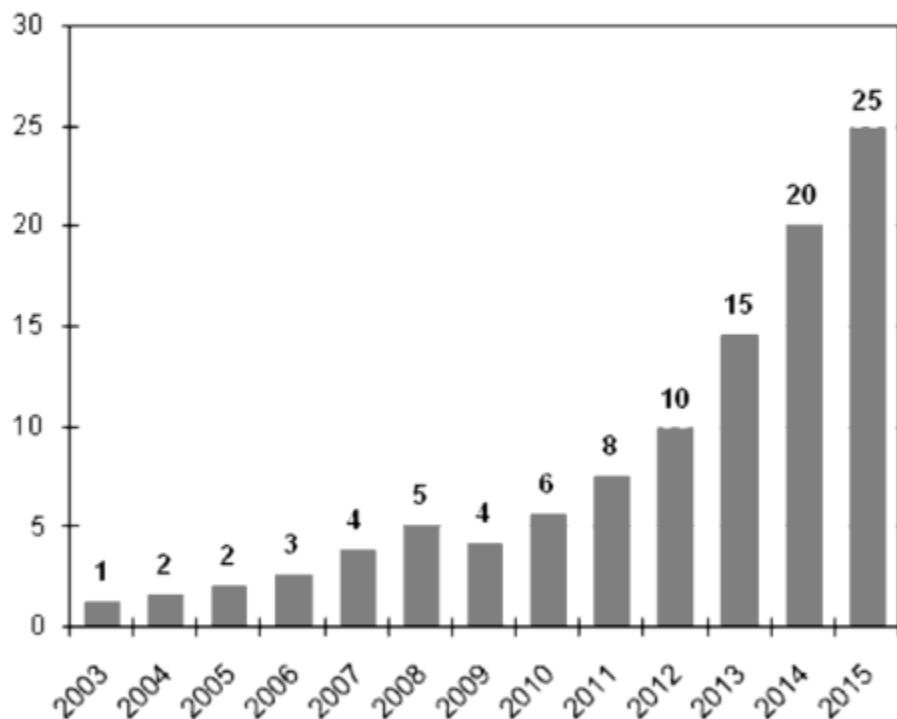
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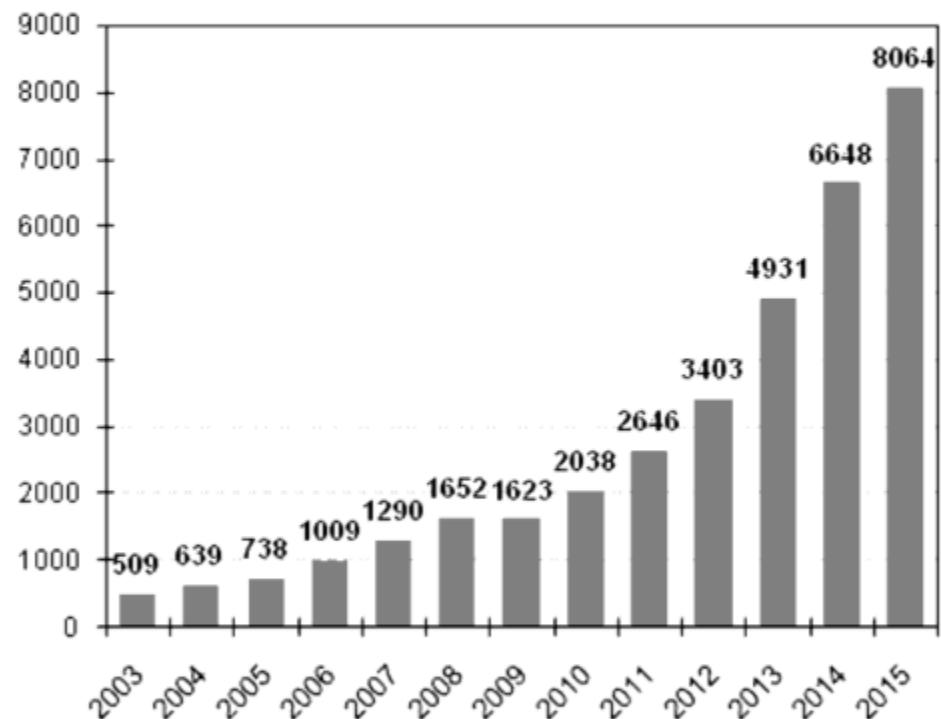
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Nominal GDP Forecast

Nominal GDP, USD bln



GDP per capita, USD



- Average population growth is 2-3%
- Nominal GDP average growth is 35%

Development Economics – Reality in Resource Rich Transformational Economies

Real GDP Growth Rates:

	1980 – 2009	1995 – 2009	2005 – 2009	2009-2010
Qatar	11.1%	11.5%	17.4%	9.2%
China	9.9%	9.7%	8.4%	9.7%
Kuwait	2.7%	4.3%	4.4%	3.1%
Azerbaijan			21.2%	

Source: IMF Article 4 Reports

*Botswana erroneously cited by the World Bank as the 2nd fastest-growing economy over the past 30 years, and advanced as their development model for Mongolia. Golomt Bank considers there are better models!

	Base	Current	Multiple	Years	Compounded Annual Growth Rate	Annualized Growth
Kuwait	1991-\$ 10.8 bln	2010- \$135.1 bln	12.5X	19	14.2%	19 years x 61%
United Arab Emirates	1973-\$ 2.8 bln	2010-\$261 bln	93.2X	37	13%	37 years x 249%
Qatar	1995 - \$7 bln	2010- \$98.3 bln	14X	15	19.3%	15 years x 83%

Development Economics – Reality in Resource Rich Transformational Economies

Golomt Bank Forecast	Base	Forecast	Multiple	Years	CAGR	Annualized Growth
Mongolia	2010 - \$ 6.6bln	2020? - \$ 62 bln	9.4X	10?	25.1%	10 years x 84%

?

?

✓ Government Forecast

2007 – 2015 : 14% p.a

2015 – 2021: 24% with GDP of US\$ 74 billion by 2021

Per Capita GDP - 2015 = \$8,170: 2021+ \$24,400

✓ IMF & World Bank now forecasting GDP growth of c. 20% p.a.

Finance

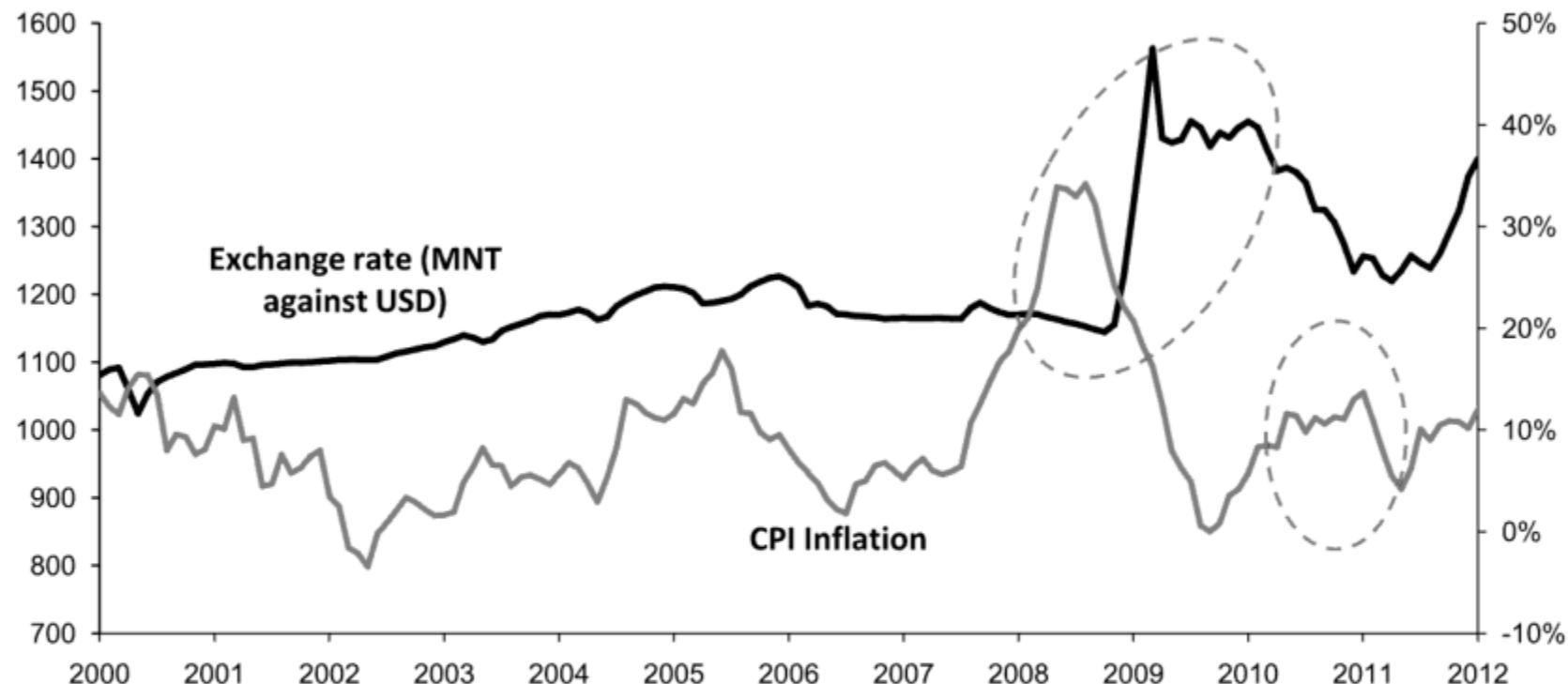
External

- Foreign Currency Reserves = USD 2.5 billion
- External debt to GDP = 29.5% (almost all long-term concessionary debt with maturities extending to 2050)
- Peak debt service burden in 2020
- Only 12% of banking sector assets are owned by foreigners
- Classified as “Minor Risk” according to IMF & World Bank

Fiscal

- Fiscal balance is in deficit and reached 3.6% of GDP in 2011.
- Human Development Fund – current and inter generational savings and development fund to compensate for depletion of non-renewable factor resources.
- Large Foreign Direct Investment flows related to the development of OT
2010: USD 1.69 billion and 2011:USD 3.82 billion
- Successfully exited IMF Stand – By Arrangement (SBA)

Currency & Inflation



- CPI Inflation well slightly above the 10% target of 2011, and was at 10.2% yoy in December 2011.
- From 2000 until H1'2008 the MNT against USD averaged 1,147.7
- The Atlantic Recession impacted Mongolia from Q3'2008 contributing to devaluation of the MNT to a low of MNT 1,590.7 in March 2009
- From April 2009 until March 2010 the MNT stabilized within a 2% band of MNT 1,400 = USD.
- Last year it depreciated by 11.4% yoy due to the huge increase of imports.

Banking Sector

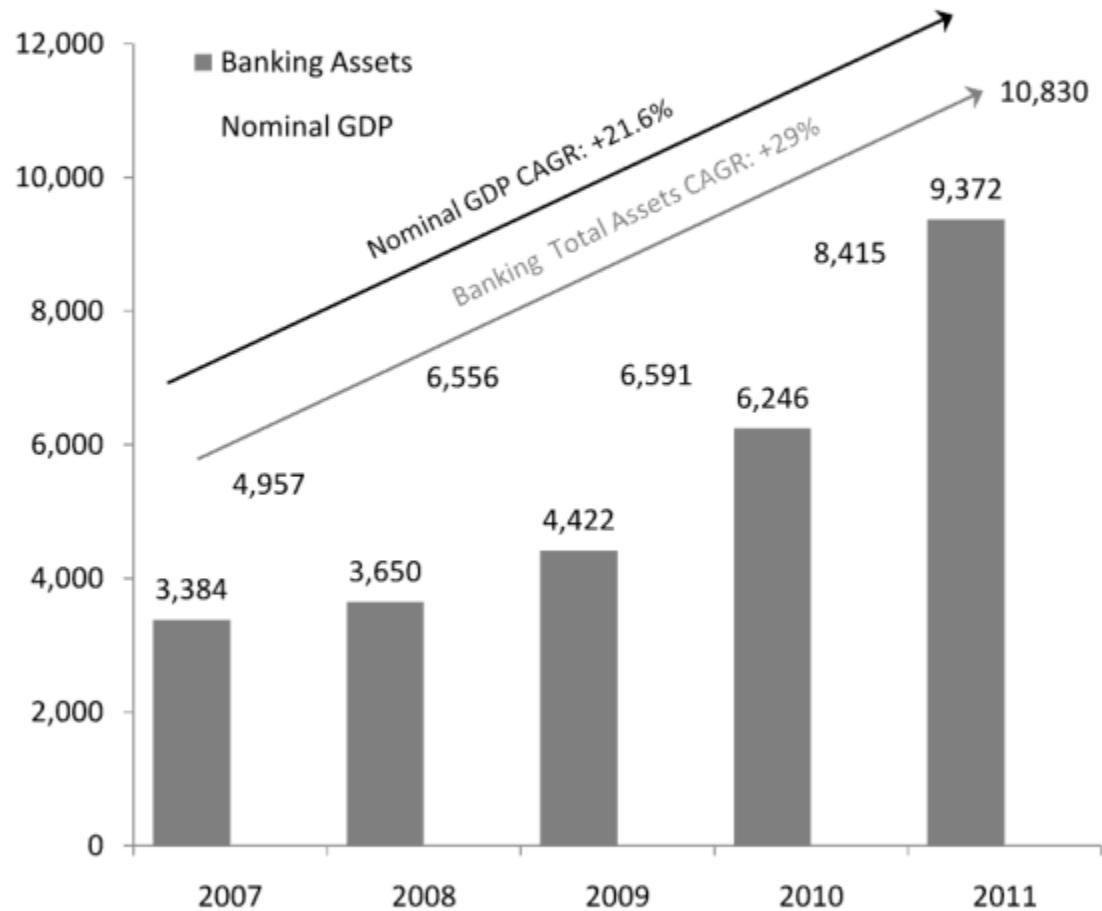
Financial Stability

❖ Mongolia's banking sector has significantly outperformed the economy and has grown faster than the economy in the last three years

❖ 2009 Stand-by Arrangement from the IMF has helped restore the financial stability in the system

❖ Significant progress in the restructuring of the banking sector with a return to profitability in 2010

Significant Growth in Banking Assets



Banking System Total Deposits

Total Deposits	2009	2010	2011	Market Share: 2011	Growth % ('10-'11)
Banking System	2,917	4,530	6,430	100%	41.9%
Golomt Bank	752	1,289	1,801	28.0%	39.7%
Khan Bank	848	1,289	1,773	27.6%	37.6%
TDB	574	905	1,438	22.4%	58.8%
Xac Bank	126	235	410	6.4%	74.4%
Savings Bank	115	325	568	8.8%	75.0%
Total Capital	2009	2010	2011	Market Share: 2011	Growth % ('10-'11)
Banking System	461	618	912	100%	47.6%
Golomt Bank	79	128	188	20.6%	46.9%
Khan Bank	128	149	247	27.1%	65.6%
TDB	67	120	178	19.5%	49.2%
Xac Bank	30	36	83	9.1%	127.3%
Savings Bank	25	55	65	7.1%	17.7%

- As of 2011, GB subordinated debt was MNT 48.9 bln, while that of Khan and TDB were at MNT 58.6 bln and MNT 41.7 bln, respectively.

Banking System Key ratios:

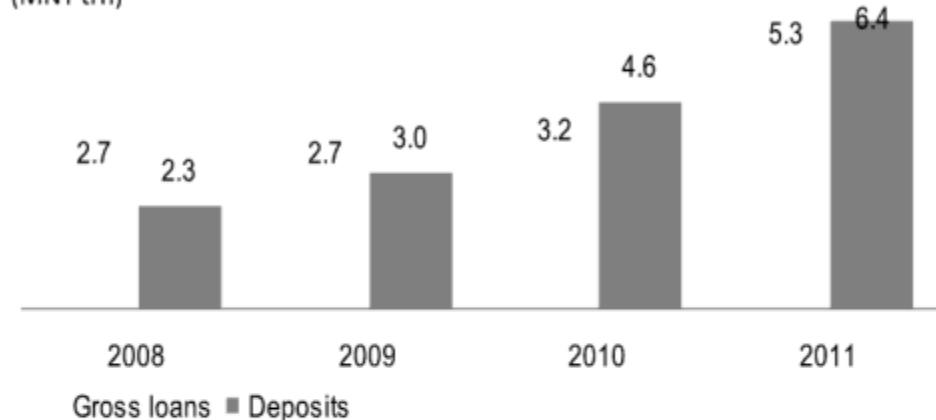
	PDL	NPL	Liquidity ratio	Loans to Deposits ratio	ROAC	ROAE	ROAA	Gearing ratio
System	1.3%	3.2%	36.8%	83.4%	34.8%	49.8%	2.4%	12.8
GB	1.3%	2.0%	38.9%	68.4%	19.6%	27.7%	1.7%	10.2
Khan	1.6%	2.3%	37.5%	77.0%	29.4%	37.6%	3.1%	8.1
TDB	0.5%	2.5%	38.9%	78.4%	32.8%	43.6%	2.8%	10.7

- GB and TDB were joint highest as liquidity ratio
- In terms of non-performing loans to total loans ratio, GB was at 2.0% in 2011 from 2.1% in 2010 and 4.2% in 2009.

Banking Sector

Gross Loans and Deposits

(MNT trn)



Highlights

- Credit growth is higher than the underlying growth in the real economy as gross loans rose by 73 percent yoy in real terms.
- More than 70% of the real GDP growth is resulted by growth in the banking sector.
- Mongolia's banking sector is well capitalized with improving asset quality to support the growing demand in credit
- Banks are in a stronger position compared to 2008 – 2009 with regard to capital buffers and currently CAR stands at 15% compared to 12% required by the Central Bank.

The Overall Banking System is Well Capitalised

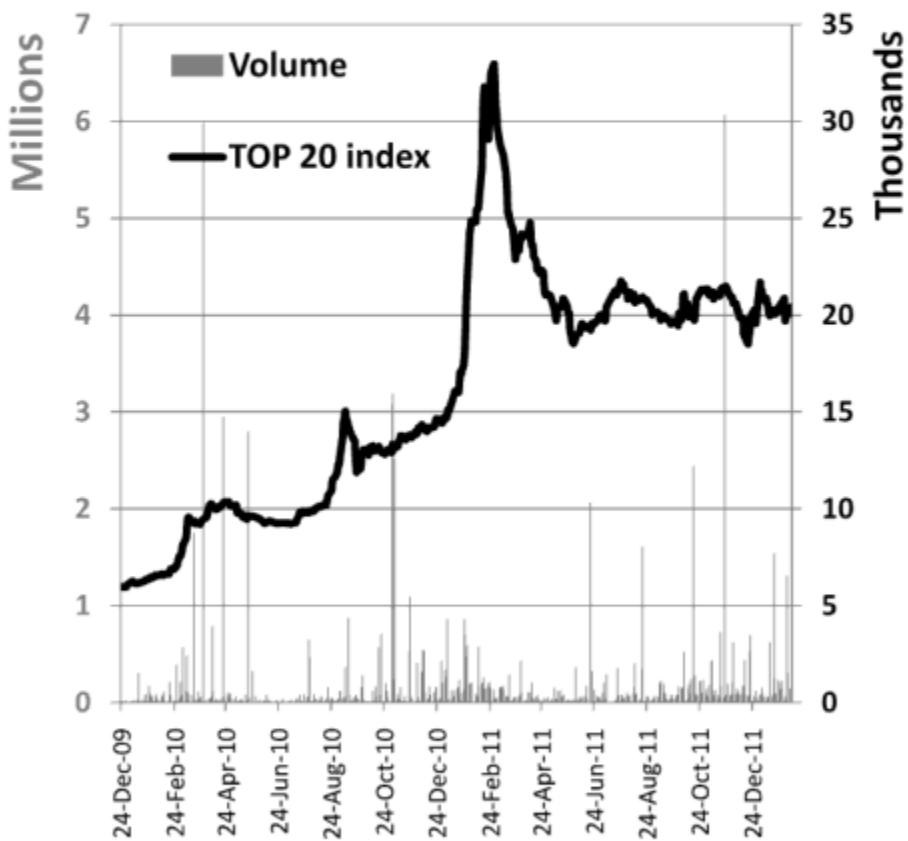
(CAR, %)

	13.3	15.1	15.0%
11.1			

2008	2009	2010	2011
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Mongolian Stock Exchange

MSE TOP-20 Index

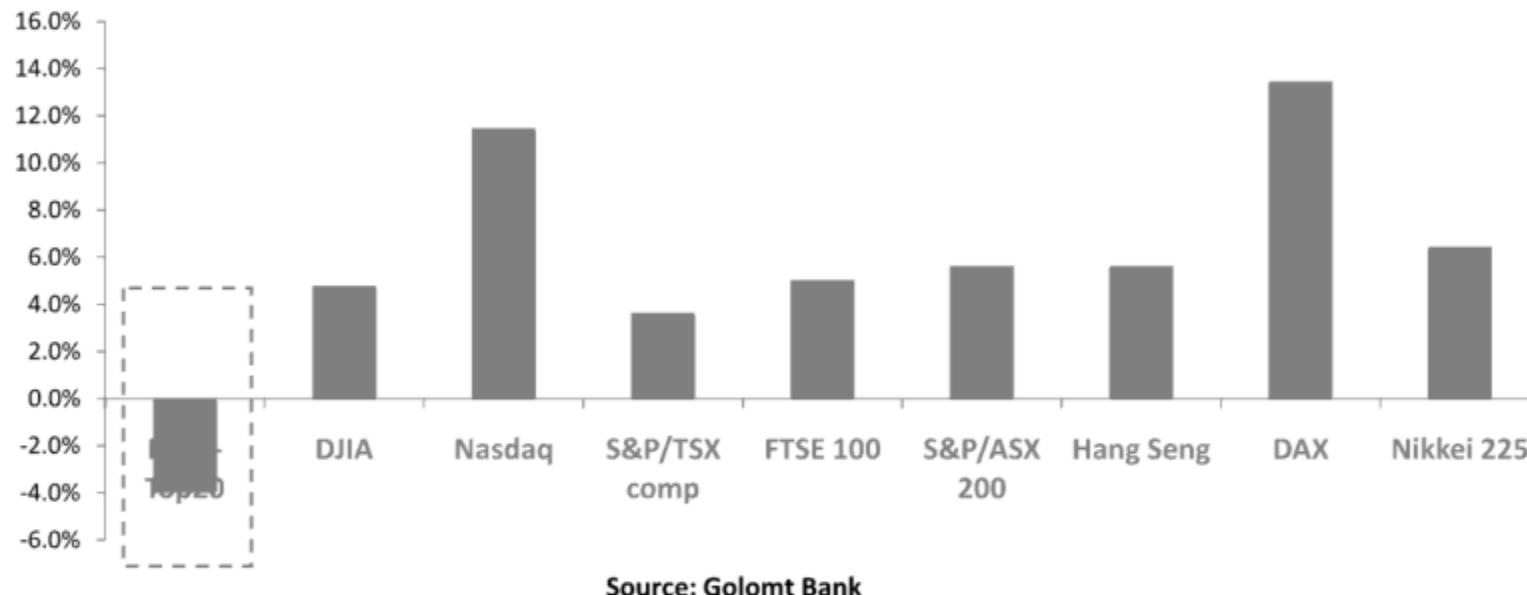


- Total Market Capitalization is USD 1.6 billion as of December 2011, equal to 20 percent of 2011 GDP.
- There are totally 332 listed companies which are composed of 23 wholly state-owned, 29 partially state-owned and 280 private companies.
- Stock turnover year to date is MNT 109.1 billion (USD 81.4 million) and daily stock trade average is MNT 427.8 million (USD 319,15 thousand).
- Year to date Government bond trade is MNT 236.7 billion (USD 176.6 million).
- Year to date Corporate bond trade is MNT 4.39 billion (USD 3.27 million).
- Government of Mongolia established new board and announced the Management Tender Bid to restructure Mongolia Stock Exchange and to create a viable medium of capital formation and exchange. State Property Committee is signed on MOU with London Stock Exchange.

*Source: Bank of Mongolia (www.mongolbank.mn)

*All statistics are calculated as of December 2011

MSE TOP 20

Year to Date Percentage Changes in Various Stock Market Indices

As of June 23rd, 2011	YTD	1 Yr	3 Yr
MSCI INDEX (FRONTIER MARKETS)	1.16%	-21.00%	7.77%
MSCI INDEX (FRONTIER EMERGING MARKETS)	7.03%	-10.19%	15.25%
MSE TOP20 INDEX	-3.99%	-18.62%	350.3%

Source: Bank of Mongolia and MSCI Inc. www.msclarra.com

Sovereign Credit Ratings

	Foreign Currency Debt	Local Currency Debt	Outlook
Moody's	B1	B1	Stable
Standard & Poor's	BB-	BB-	Stable
Fitch Ratings	B+	B+	Stable

Should be Stellar!

Ratings of Golomt Bank

MOODY'S

Moody's

Bank financial Strength Rating	D-
Foreign Currency Debt	Ba3
Foreign currency long term deposit ratings	B2
Foreign currency long-term issuer rating	Ba3
Global local currency long-term issuer rating	Ba3
Foreign currency senior unsecured debt rating	Ba3

**STANDARD
&POOR'S**

Standard & Poor's

Long Term counterparty credit rating	BB-
Short Term counterparty credit rating	B

Key Investment Sectors

1. Minerals

- Copper
- Gold
- Coal
- Rare Earth
- Iron Ore

2. Beneficiation/Processing/Added Val. Mineral Exports

3. Concessions Law = Public / Private Partnership

- Industry
- Power Generation
- Water Treatment
- Transportation – Rail

4. Real Estate

- Residential
- Commercial
- Offices
- Hotels
- Leisure

5. Agriculture

- Health Care
- Tourism
- Aviation

9. Mining Supply Chain / Logistics

10. Entertainment / Leisure

Keys:

- Capital Intensive
- High Technology
- Management
- Access to New Markets

Investment Fundamentals

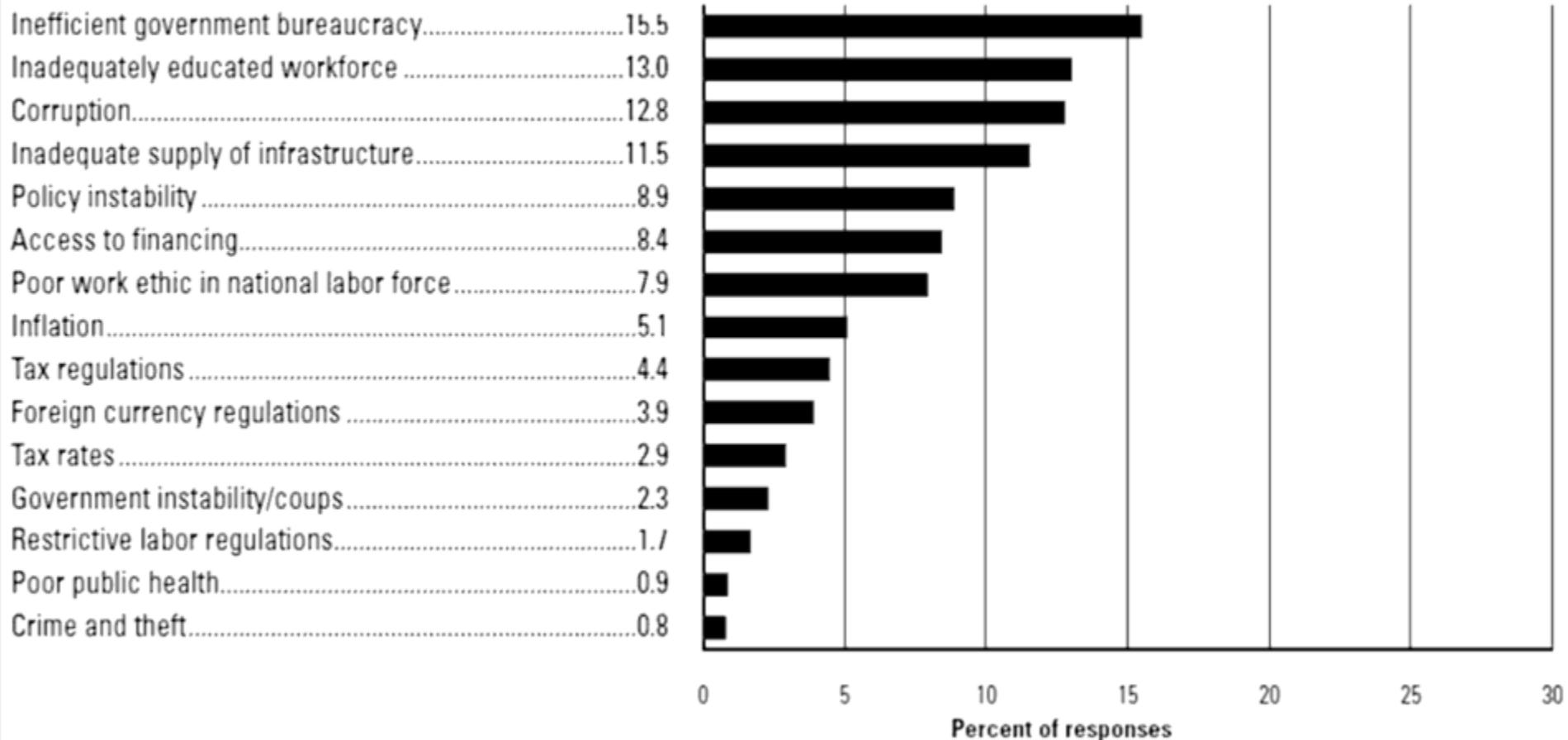
- Mongolia constitutes a unique case of a resource-rich country whose potential has only begun to be exploited.
- Mongolia has a uniquely favourable geographic location in North East Asia (with its sustained high growth rates) between two of the world's largest economies, most importantly next to China, the world's largest emerging economy.
- Up 3 places to #96 in the world in World Economic Forum (WEF) out of 142 countries 2011 Competitiveness ranking
- Mongolia will enjoy exponential economic growth over the next decade.
- Mongolia offers exceptional opportunities for global asset diversification into minerals.
- Mongolia is described as the “alpha” on China’s “beta”
- Mongolia’s development is predicated upon the effective combination of:
 - Resources
 - Capital
 - Expertise and technical capacity
 - Training and human development
 - Access to markets

Possible Problems

- Reuters Analysis of 2nd August 2010 cited 4 major risks:*
 - ✓ **Political Instability** – highly unlikely after 4 democratic elections since 1992 and considering the current coalition government
 - ✓ **Regulatory Risk** – lessons learned from windfall tax experience
 - ✓ **Dependency on China/Russia** – offset by “Third neighbour” policy, transport diversification and engagement of third country majors such as Rio Tinto and Ivanhoe Energy
 - ✓ **Balancing Third Neighbours - ?**
- Omits possible natural disasters e.g. sustained drought /earthquake/ floods/ food shortages or terrorism (all assessed as extremely remote hypotheses)
- Official agencies repeatedly cite collapse in commodity prices but low production and transportation costs, coupled with extremely high-quality mineral resources and low strip ratios mean that volume growth and robust operating margins will materially outpace the risk of falling prices.
- Unfortunately corruption remains an issue which is being addressed at the highest level under the auspices of the President in order to reduce and eradicate its impact

Possible Problems

The most problematic factors for doing business



Global Competitiveness Report 2011 – 2012, Mongolia
World Economic Forum

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Conclusion

- Over the next decade Mongolia will generate the fastest rate of GDP growth in the world.
- This creates exceptional financing and investment opportunities for far-sighted adroit early-mover investors such as our own strategic investors Credit Suisse and Abu Dhabi Investment Council.
- Golomt Bank is at your service in order to assist you participate in and benefiting from these opportunities.

CONTACT DETAILS

Sukhbaatar Square
Ulaanbaatar 210260A, Mongolia
Phone: +976-11-311971, 311530 ext. 220
Fax: +976-11-324535
Email: mail@golomtbank.com
Website: www.golomtbank.com

Corporate Banking Division:	(976) 11 311 971 x 321
Investment Banking Division:	(976) 11 311 971 x 818
Treasury Banking Division:	(976) 11 311 971 x 412
Retail Banking Division:	(976) 11 311 971 x 410
Private Banking Division:	(976) 11 311 971 x 504

Golomt Bank Distribution Network



100 ATM outlets in Mongolia and 1 mobile ATM



Online banking services



74 branches and 24-hour banking offices

