

# FINANCIAL MARKET REVIEW

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THIRD QUARTER OF 2024

# CONTENTS

## I. Capital market

Securities  
market

8

Agricultural and  
Raw products  
market

14

Over the  
counter market

16

Mining products  
market

18

Profitability

20

Stability

24

Regulatory  
environment

24

## II. Insurance market

Financial market  
status

28

Accessibility

33

Products and  
services

37

Profitability

37

Stability

39

Regulatory  
environment

40

## III. NBFIs

Financial market  
status

44

Accessibility

49

Product and  
services

52

Profitability

55

Stability

57

Fintech and  
green loan

59

Regulatory  
environment

62

## IV. SCCs

Financial market  
status

66

Accessibility

68

Products and  
services

72

Profitability

76

Stability

78

Regulatory  
environment

80

## V. MONEY LOAN SERVICE PROVIDER

Financial market  
status

84

Accessibility

84

Regulatory  
environment

86

## VI. Credit guarantee fund

Financial market  
status

90

Accessibility

91

Products and  
services

93

Profitability

95

Stability

96

## VII. Real estate brokers

Financial  
market status

100

Accessibility

103

Profitability

104

Products and  
services

105

Regulatory  
environment

109

## VIII. Dealers in precious metals and stones

Financial market  
status

112

Accessibility

113

Products and  
services

114

Profitability

115

Regulatory  
environment

116

## IX. SANDBOX REGULATORY ENVIRONMENT

Products being tested in the  
sandbox

120

Regulatory  
environment

127

## X. VIRTUAL ASSET SERVICE PROVIDERS MARKET

Financial market  
status

130

Accessibility

131

Products and  
services

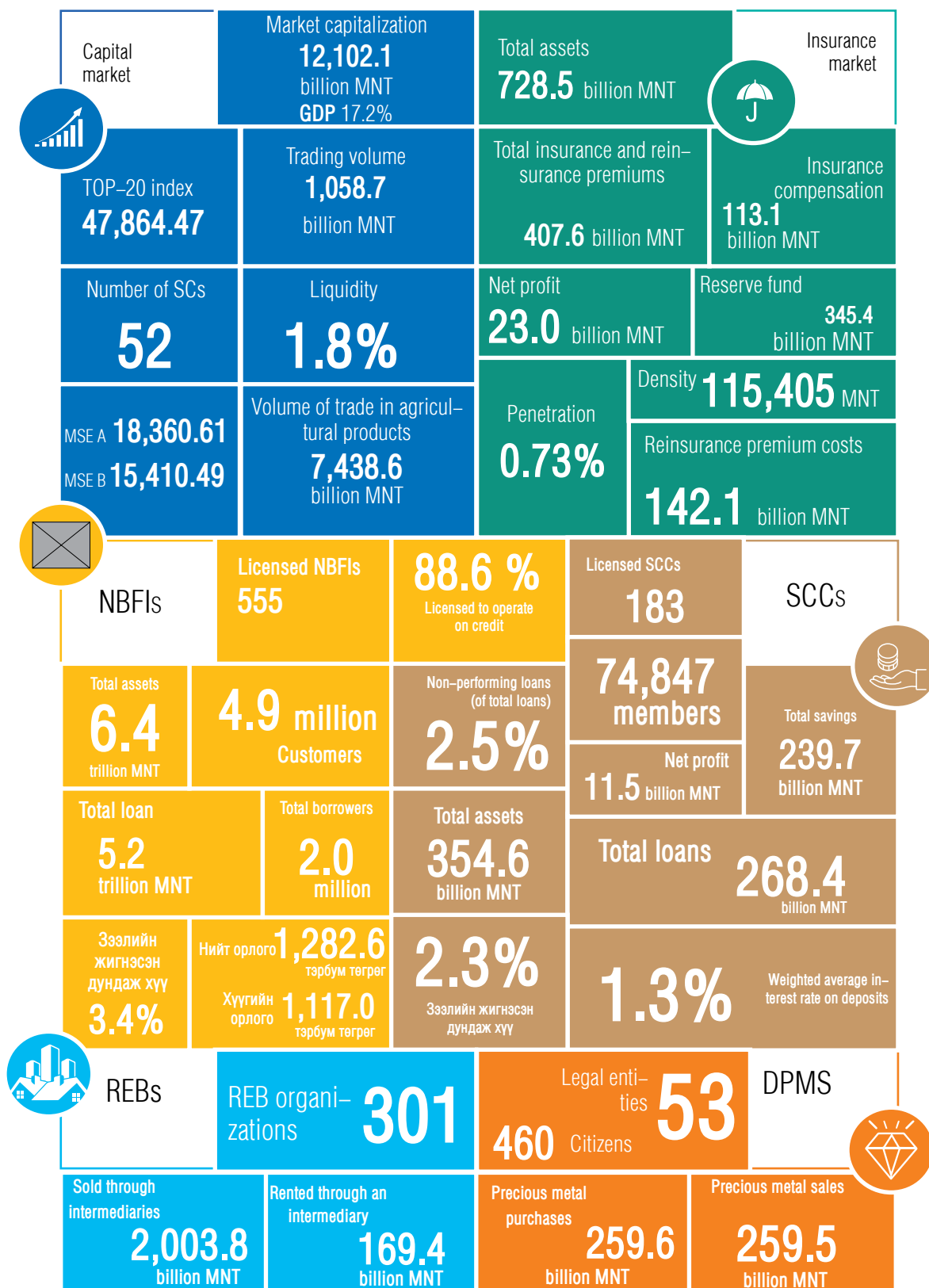
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Regulatory  
environment

133

# ABBREVIATIONS and ACRONYMS

|        |                                                                     |         |                                                                  |
|--------|---------------------------------------------------------------------|---------|------------------------------------------------------------------|
| AFI    | Alliance for Financial Inclusion                                    | RMBS    | Residential mortgage backed securities                           |
| ADB    | Asian Development Bank                                              | ROA     | Return on assets                                                 |
| ATM    | Automated teller machine                                            | ROE     | Return on equity                                                 |
| ESG    | Environmental, Social, Governance                                   | SC      | Securities company                                               |
| FPO    | Follow up on public offering                                        | SCC     | Saving and credit cooperative                                    |
| GIZ    | German corporation for int. Cooperation                             | SFC     | Securities Finance Corporation                                   |
| GDP    | Gross domestic product                                              | SPC     | Special purpose company                                          |
| GS     | Government securities                                               | UN      | United Nations                                                   |
| IAIS   | International Association of Insurance Supervisors                  | USA     | United States of America                                         |
| IPO    | Initial public offering                                             | UNEP FI | United Nations Environment Program Financing Initiative          |
| IFC    | International finance corporation                                   | WALIR   | Weighted average loan interest rate                              |
| IPO    | Initial public offering                                             | B2B     | Business to business                                             |
| JICA   | Japan International Cooperation Agency                              | IPO     | Initial public offering<br>/Олон нийтэд хувьцаагаа санал болгох/ |
| MV     | Market valuation                                                    | MSE     | Mongolian stock exchange<br>/Монголын хөрөнгийн бирж/            |
| MMC    | Mongolian Mortgage Corporation                                      | OTC     | Over the counter                                                 |
| MAPIX  | Mongolian agricultural commodity price index'                       | P2P     | Peer to peer                                                     |
| MSE    | "Mongolian Stock Exchange                                           |         |                                                                  |
| MCSD   | Central securities depository                                       |         |                                                                  |
| MSX    | Mongolian Securities Exchange                                       |         |                                                                  |
| NASCCM | National Association of Savings and Credit Cooperatives of Mongolia |         |                                                                  |
| NBFI   | Non-bank financial institution                                      |         |                                                                  |
| NFAT   | Net profit after tax                                                |         |                                                                  |
| PRC    | People's Republic of China                                          |         |                                                                  |
| P2P    | Peer to peer                                                        |         |                                                                  |
| QR     | Quick response code                                                 |         |                                                                  |
| REB    | Real estate brokers                                                 |         |                                                                  |
| ROK    | Republic of Korea                                                   |         |                                                                  |





# Capital market

Market valuation

**12,102.1**  
billion MNT



Financial market status

Accounts

**2,595,216**



Accessibility

Total trading

**1,058.7**  
billion MNT



Products and services

Profitability



Assets of SCs

**392.8**  
billion MNT

Tax collected from  
the state budget,  
social insurance  
contributions

**10.6**  
billion MNT

Stability



Market valuation **78.3%**  
Top-10 JSCs

Regulatory Environment



## FINANCIAL MARKET STATUS



There were  
613 regulated  
entities and  
JSCs operating  
in the securities  
market

## Infrastructure Organization

|                                                             |                                                  |                                                                |
|-------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------|
| Business organization<br><b>3</b>                           | Settlements<br><b>2</b> /1 duplicate/            | Central deposit and securities<br>trading payments<br><b>1</b> |
| Securities Settlement<br>Institution<br><b>1</b> /duplicate | Mining products exchange<br><b>1</b> /duplicate/ | Agricultural Exchange<br><b>1</b>                              |

## Professional participants

|                                                                        |                                |                                               |
|------------------------------------------------------------------------|--------------------------------|-----------------------------------------------|
| Securities firms<br><b>52</b>                                          | IMCs<br><b>33</b>              | Mutual Funds <b>6</b>                         |
| Custodian banks<br><b>3</b>                                            | Underwriting banks<br><b>2</b> | Agricultural<br>commodity brokers<br><b>9</b> |
| Exchange trading broker for mining products<br><b>11</b> /8 duplicate/ |                                | Financial Rating Agency <b>3</b>              |

## Asset-backed securities

|                                                      |                              |                                                            |
|------------------------------------------------------|------------------------------|------------------------------------------------------------|
| Asset-backed securities<br>issuer<br><b>63</b> /SPS/ | Asset management<br><b>8</b> | Accounts Payable Asset Portfolio<br>Controller<br><b>1</b> |
|------------------------------------------------------|------------------------------|------------------------------------------------------------|

## Registered

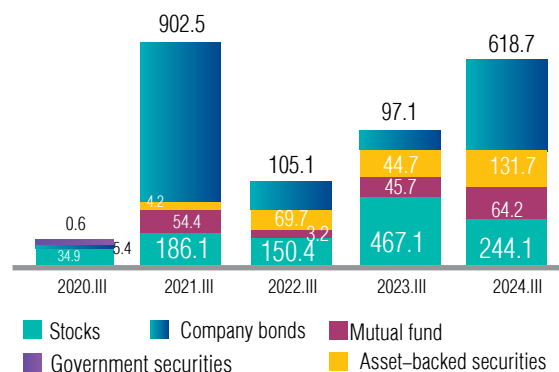
|                                                                                                                                     |                                                      |                                  |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------|
| Auditing firms<br><b>52</b> /7 duplicate/                                                                                           | Securities valuation firms<br><b>25</b> / duplicate/ | Legal consultancies<br><b>44</b> |
| JSCs <i>Listed on the Mongolian Stock Exchange – 171 JSCs</i><br><b>310</b> <i>Listed on the Ulaanbaatar Stock Exchange– 2 JSCs</i> |                                                      |                                  |

\* Securities firms include brokers and dealers, underwriters, and investment consultancy firms

## SECURITIES TRADING

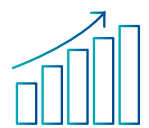
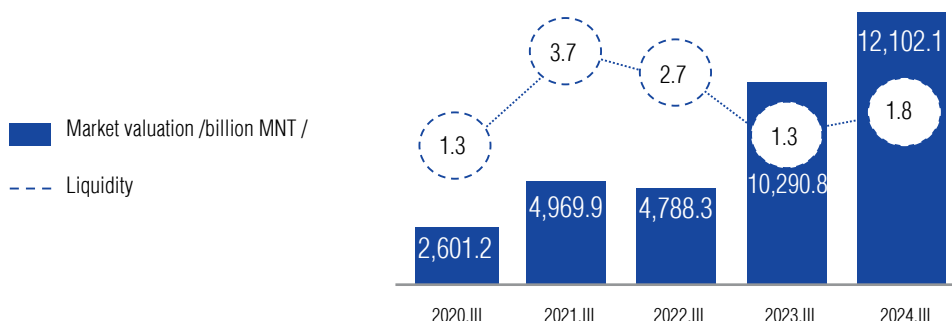
- o In the third quarter of 2024, securities trading totaled 1,058.7 billion MNT, representing a 61.7% increase from the previous year. Compared to the same period in 2020, this reflects a 25.9-fold growth. .
- o Of the total trades, shares accounted for 23.1%, investment fund units for 6.1%, corporate bonds for 58.4%, and asset-backed securities for 12.4%.

Securities trading (MNT, billions)



### Market capitalization and liquidity

- Market valuation grew by 17.6% compared to the same period last year, reaching 12,102.1 billion MNT. . Liquidity also improved, rising by 1.8%.



**TOP 20 47,864.47**

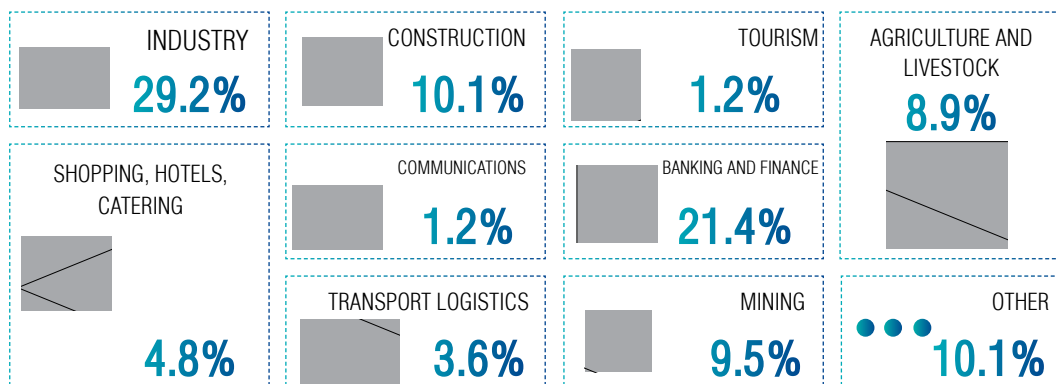
**MSE A 18,360.61**

**MSE B 15,410.49**

### Securities market index

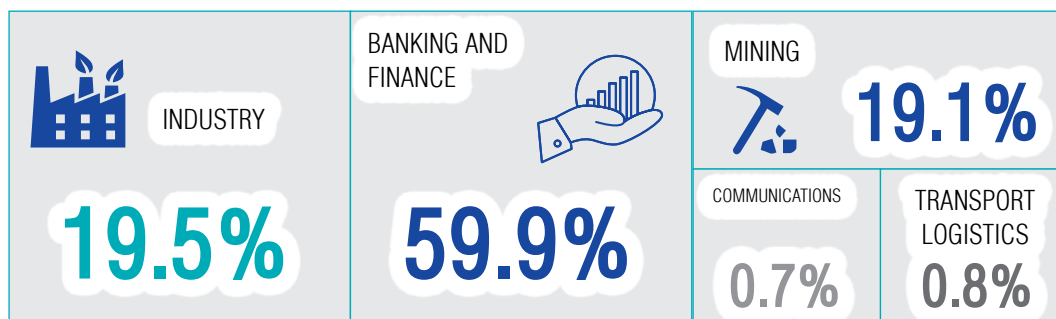
- The TOP–20 Index rose by 12,427.59 points, marking a 35.1% increase. .
- The MSE A index increased by 3,110.70 points (20.4%).
- The MSE B index grew by 3,212.71 points (26.3%).

### INDUSTRY CLASSIFICATION OF JSCs LISTED ON THE MONGOLIAN STOCK EXCHANGE

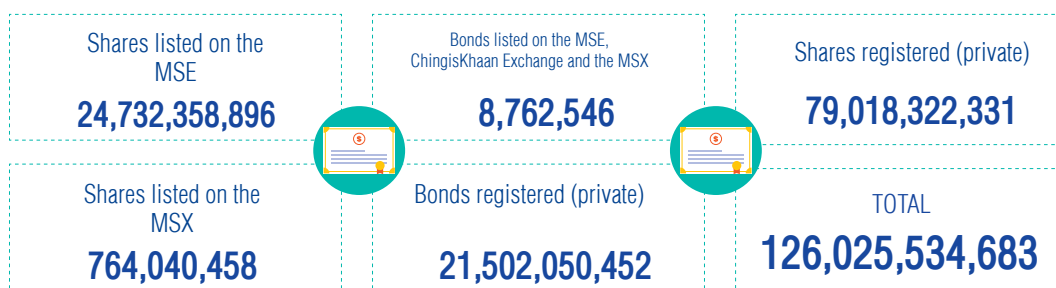


The TOP–20 index portfolio is determined based on market valuation, average daily turnover, number of trading days, and market concentration. In the third quarter of 2024, 21.4% of registered companies belonged to the banking and financial sector. However, this sector comprised 59.9% of the TOP–20 index portfolio.

## SECTOR CLASSIFICATION OF JSCs INCLUDED IN THE TOP-20 INDEX (BY MV)

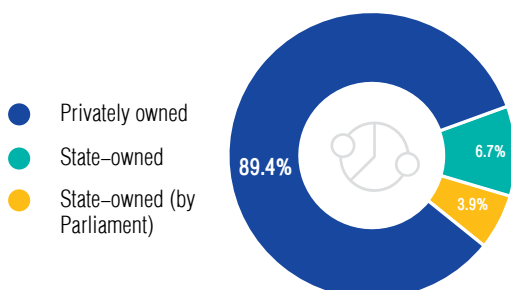
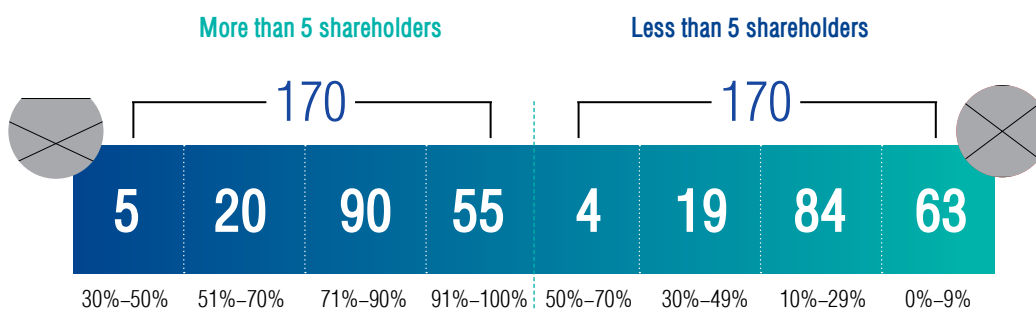


## SECURITIES REGISTERED IN A MCSD



## STOCK CONCENTRATION

The table below illustrates the ownership concentration of 170 JSCs actively traded on the stock exchange, showing the percentage of shareholders who own more than 5% or 5% and less.



## STOCKS, BY EQUITY STRUCTURE

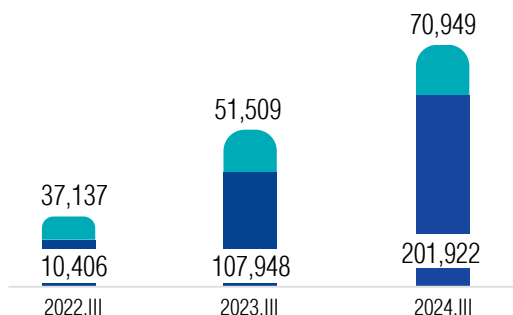
- As of the third quarter of 2024, 310 JSCs were registered with the FRC's securities registration. Of these 89.4 % were private, 6.7 % were state-owned, and 3.9% were owned by Parliament.

### NUMBER OF SECURITIES ACCOUNTS

- o A total of 201,922 new accounts were created: bringing the overall number of securities accounts to 2,595,216. Additionally 70,949 new escrow accounts were opened, increasin the total to 661,411.

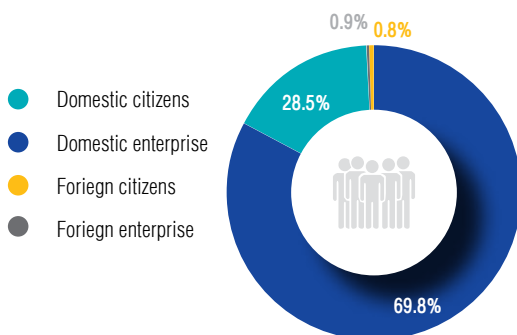
#### NUMBER OF OPENED ACCOUNTS

■ Connection account ■ New account



Number of opened accounts  
(growth in numbers)

# 2,595,216



### COMMERCIAL STRUCTURE

- o The majority of transactions (69.8%) were conducted by domestic entities, reflecting their high level of activity in the capital market. Domestic individuals accounted for 28.5% of transactions, while foreign individuals contributed 0.8%, and foreign entities accounted for 0.9%.

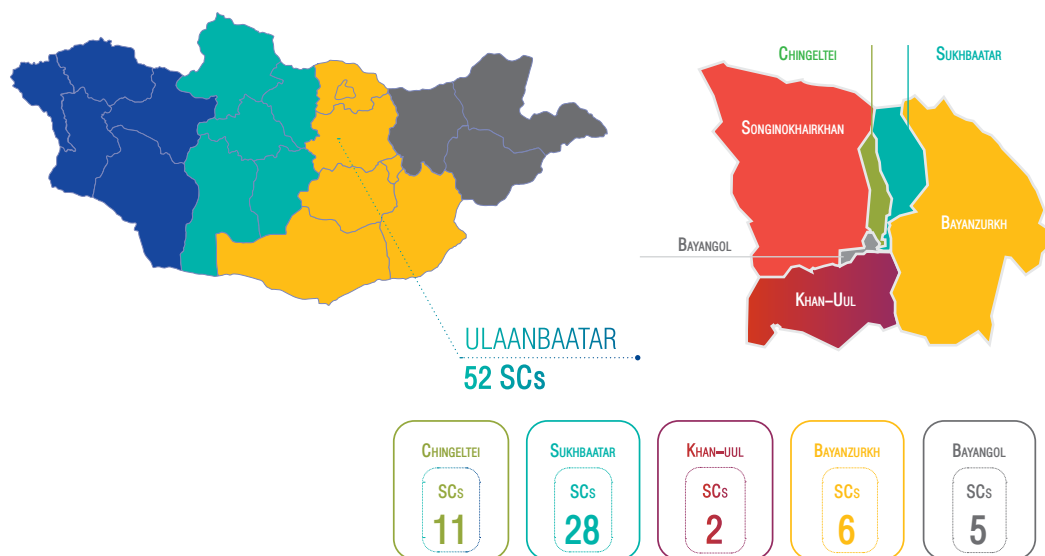
### NUMBER OF TRADE PARTICIPANTS

- o A total of 95,575 citizens and 1,873 entities participated in trading, resulting 248,699 trades. 97.4% of participants were domestic citizens, 1.8% were domestic entities, 0.7% were foreign citizens, and 0.1% were foreign entities.

|                     | Number of traders |        | Number of trades /duplicated/ |        |
|---------------------|-------------------|--------|-------------------------------|--------|
| FORIEGN ENTERPRISE  | 114               | 0.1%   | 729                           | 0.3%   |
| FORIEGN CITIZENS    | 708               | 0.7%   | 2,767                         | 1.1%   |
| DOMESTIC ENTERPRISE | 1,759             | 1.8%   | 13,723                        | 5.5%   |
| DOMESTIC CITIZENS   | 94,867            | 97.4%  | 231,480                       | 93.1%  |
| TOTAL               | 97,448            | 100.0% | 248,699                       | 100.0% |

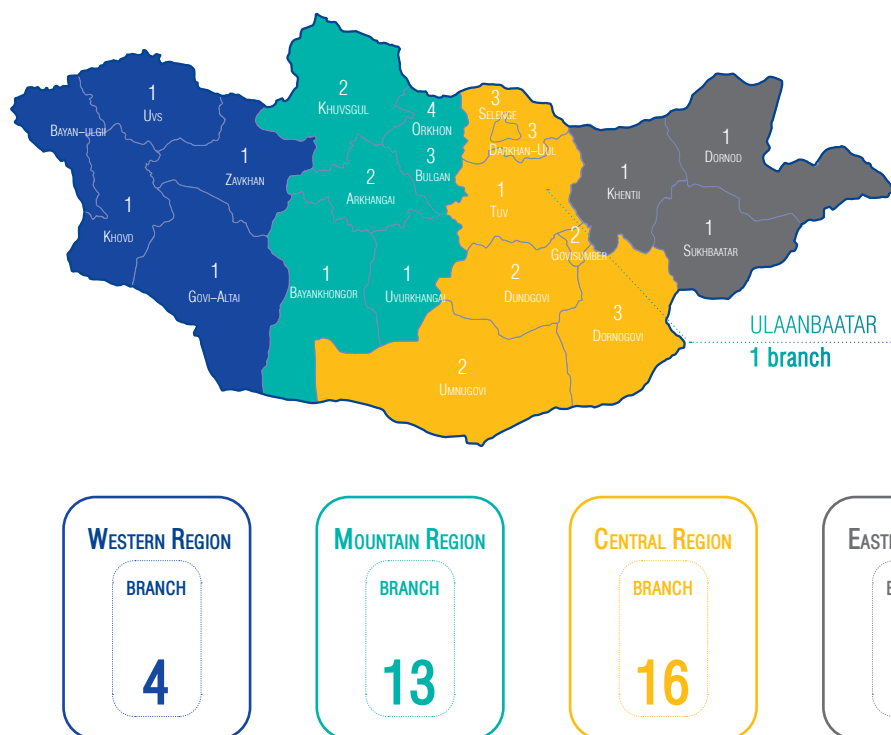
## LOCATION OF THE SECURITIES COMPANY

- 52 operational securities companies were located in Ulaanbaatar.



## LOCATION OF BRANCH REPRESENTATIVE OF SECURITIES COMPANY

- There are 37 branch representatives of securities companies, with 36 located in provinces and 1 in Ulaanbaatar

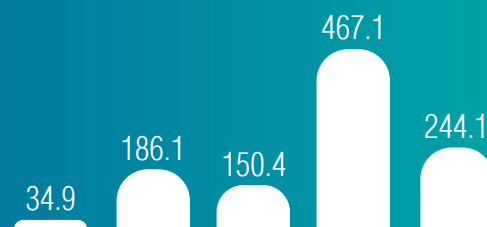


## PRODUCTS AND SERVICES

## STOCK TRADING

Stock trading totaled 244.1 billion MNT, representing a 47.7% decrease compared to the same period last year but a 7.0-fold increase compared to the same period in 2020.

■ Stock trading

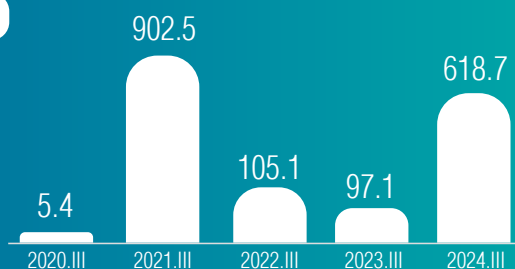


## IPO

| Company             | Registered | Amount collected from the public |
|---------------------|------------|----------------------------------|
| "Grand systems" LLC | 2023.09.04 | 675.0 million MNT                |

## DEBT INSTRUMENTS OF THE COMPANY

- Corporate bond trading reached 618.7 billion MNT, showing a 6.4-fold increase compared to the same period last year and a 115.3-fold increase compared to the same period in 2020.

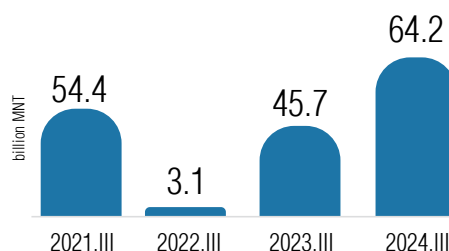


## TRADING IN NEWLY ISSUED DEBT INSTRUMENTS

| Company               | Registered | Debt instrument amount |
|-----------------------|------------|------------------------|
| "Sendly NBFI" JSC     | 2024.06.10 | 10.0 billion MNT       |
| "Ard Credit NBFI" JSC | 2024.08.02 | 13.5 billion MNT       |

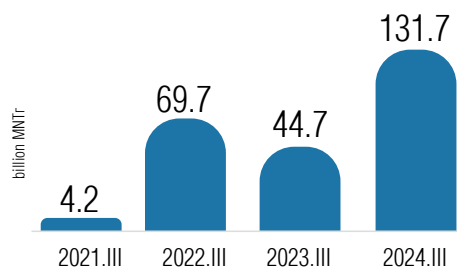
## INVESTMENT FUND TRADING

- The trading volume of investment funds totaled 64.2 billion MNT, reflecting a 40.6% increase compared to the same period last year.



## TRADING IN ASSET-BACKED SECURITIES

- o Asset-backed securities trading totaled 131.7 billion MNT, representing a 1.9-fold increase compared to the same period last year.



## NEWLY ISSUED CORPORATE DEBT INSTRUMENTS TRADING

| Company             | Registered | Debt instrument amount |
|---------------------|------------|------------------------|
| "InvesCore ABS" LLC | 2024.08.02 | 50.0 billion MNT       |

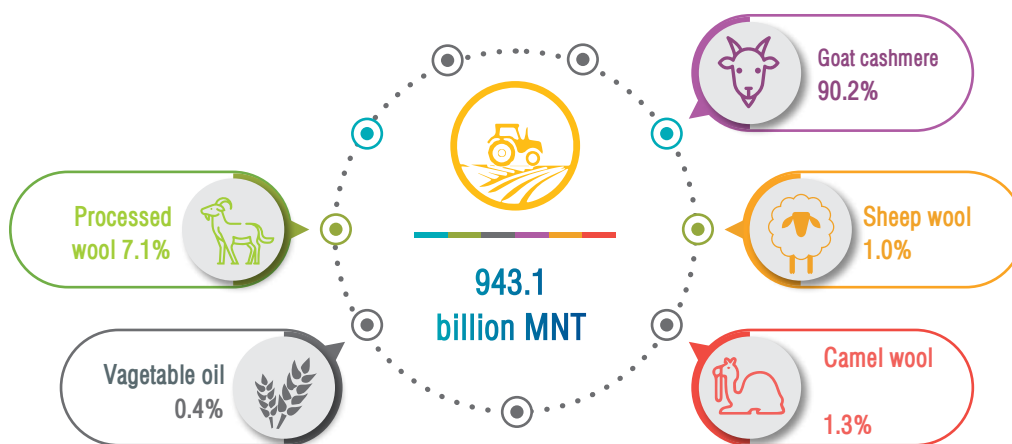
## NEWLY REGISTERED ASSET-BACKED SECURITIES /PRIVATE/

| Company                         | Registered | Debt instrument amount |
|---------------------------------|------------|------------------------|
| "MIK Asset Thirty-Five SPC" LLC | 2024.06.25 | 526.9 billion MNT      |
| "MIK Asset Thirty-Six SPC"      | 2024.08.30 | 201.4 billion MNT      |

## AGRICULTURAL AND RAW PRODUCTS MARKET

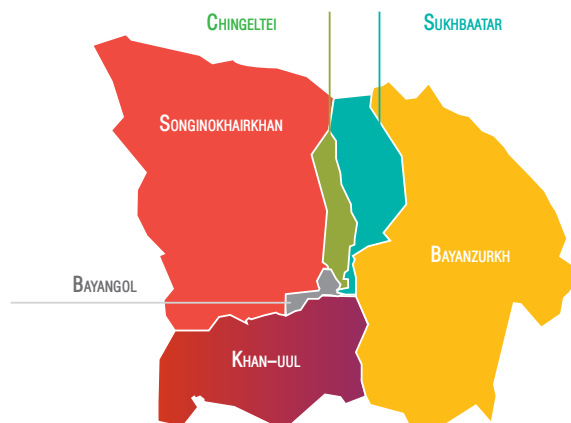
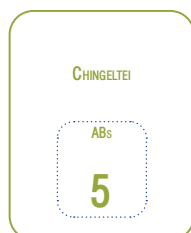
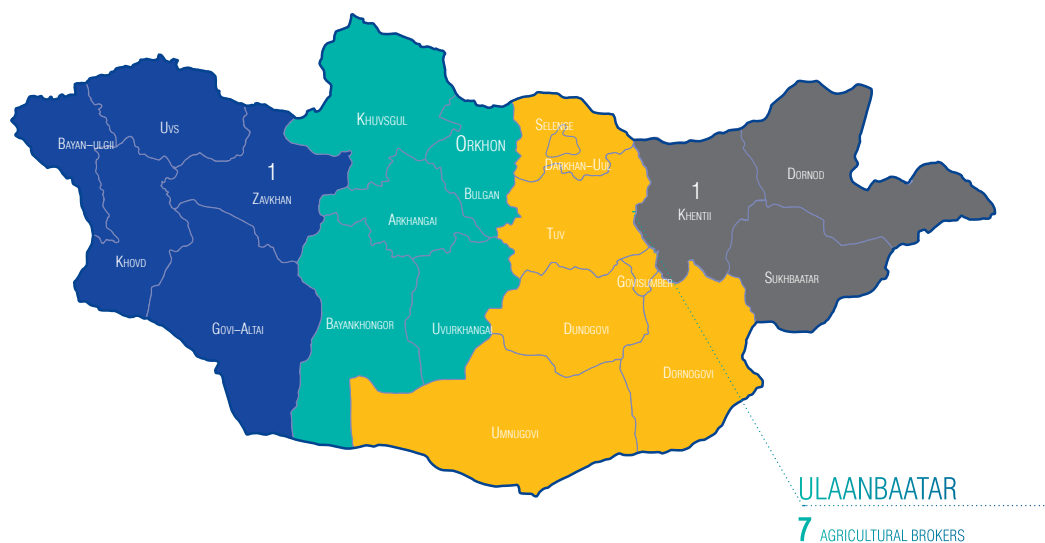


A total of six types of goods worth 943.1 billion MNT were traded on the Agricultural Exchange, marking an increase of 118.5 billion MNT (14.4 %) compared to the same period last year.



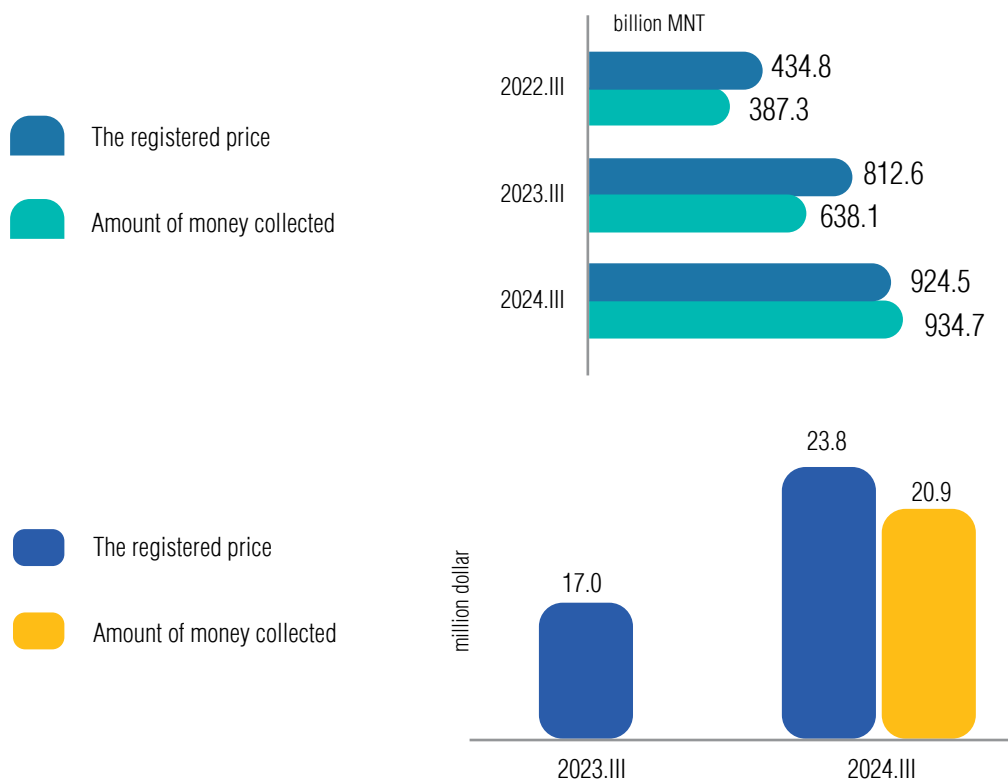
## LOCATION OF SCs AND AGRICULTURAL BROKERAGES

- 9 agricultural brokerages are currently operating, with 7 located in Ulaanbaatar and 2 in the provinces.

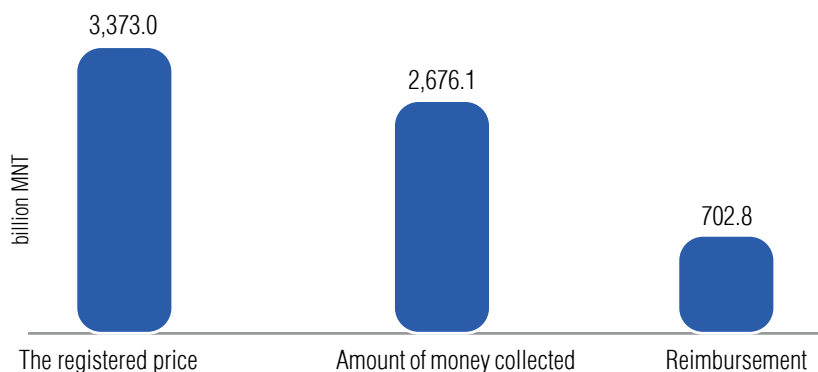


## OTC MARKET

A total of 67 securities issuers and 84 debt instruments were registered in the OTC market. 924.5 billion MNT worth of debt instruments were registered, and 934.7 billion MNT was collected. Additionally, 23.8 million USD worth of debt instruments were registered, with 20.9 million USD successfully collected.

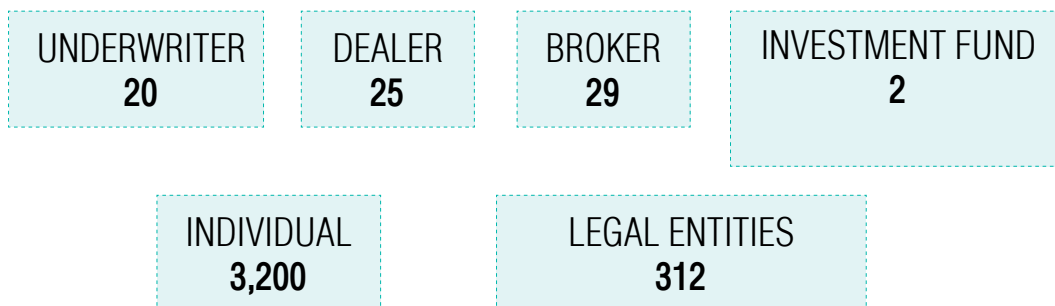


Since the start of OTC market trading in September 2021, following the registration of the first debt instruments, a total of 3,373.0 billion MNT in debt instruments have been registered, with 2,676.1 billion MNT collected. Furthermore, 102.8 million USD worth of debt instruments were registered, with 66.4 million USD successfully collected. A total of 702.8 billion MNT in debt instruments have expired and been successfully repaid.



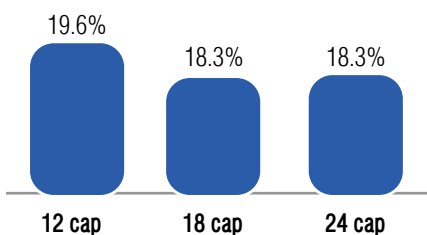
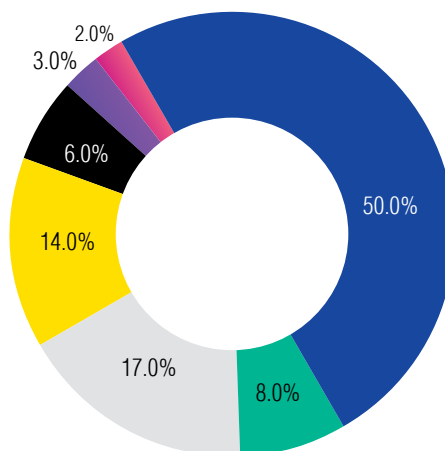
## OTC MARKET PARTICIPANTS

There are a total of 303 registered direct participants in the over-the-counter market of the Mongolian Association of Securities Dealers. Among them, 20 are underwriters, 25 are dealers, 29 are brokers, and 2 are investment fund companies. Additionally, there are 3,200 individual indirect participants and 312 legal entity indirect participants registered with the direct participants.



### BOND SECTOR CLASSIFICATION

- Non-bank
- Sales
- Mining
- Real estate
- Investment
- Trade and industry
- Other

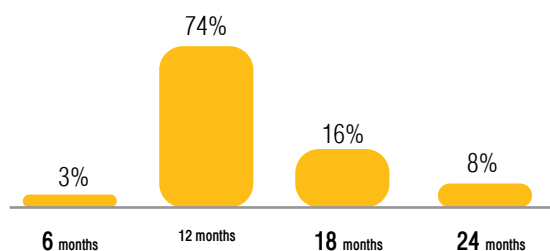


### WEIGHTED AVERAGE INTEREST RATE / BY TERM/

The overall average interest rate of bonds registered in MNT is 19%. Among them, the interest rate for a 24-month bond is 19.6%, for a 18-month bond is 18.3%, and for a 12-month bond is 18.3%.

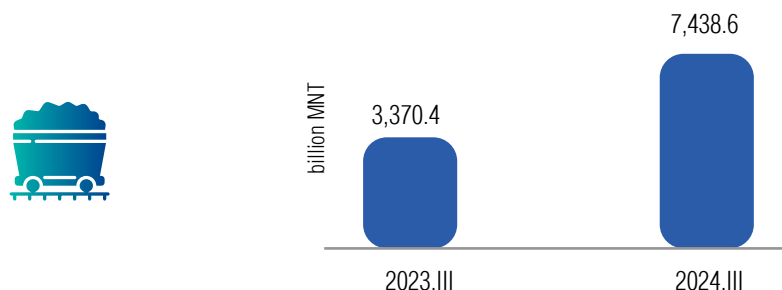
### BOND TERMS / BY TRANCHE/

In terms of bond duration, 3% of the bonds are 6 months, 74% are 12 months, 16% are 18 months, and 8% are 24 months.



## MINING PRODUCTS MARKET

A total of 451 trades involving 19.6 million tons of mining products were made, amounting to 7,438.6 billion MNT in transactions. This represents a 2.2-fold increase compared to the same period last year.



Of the total trade, 93.7% was in coal, 5.7% was in iron ore and concentrate, 0.5% was in copper concentrate, and 0.1% was in fluorspar.

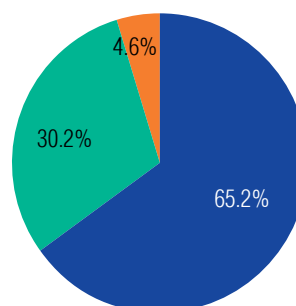
| Products                 | Number of packages | Size /thousand tons/ | Total amount /MNT, billion/ |
|--------------------------|--------------------|----------------------|-----------------------------|
| Coal                     | 2,781              | 17,798.4             | 6,966.3                     |
| Iron ore and concentrate | 546                | 1,778.7              | 423.6                       |
| Fluorite concentrate     | 237                | 15.4                 | 8.1                         |
| Copper concentrate       | 6                  | 6.0                  | 40.5                        |
| <b>Total</b>             | <b>3,570</b>       | <b>19,598.5</b>      | <b>7,438.6</b>              |

## SMELTER AND MINERALS TRADING

A total of 237 packages, equaling 15.4 thousand tons of fluorspar ore and concentrate, were traded for 8.1 billion MNT. Of the total trade:

- 65.2% consisted of CaF<sub>2</sub>-95% fluorspar concentrate,
- 30.2% consisted of CaF<sub>2</sub>-<42% fluorspar ore,
- 4.6% consisted of CaF<sub>2</sub>-55-63% fluorspar.

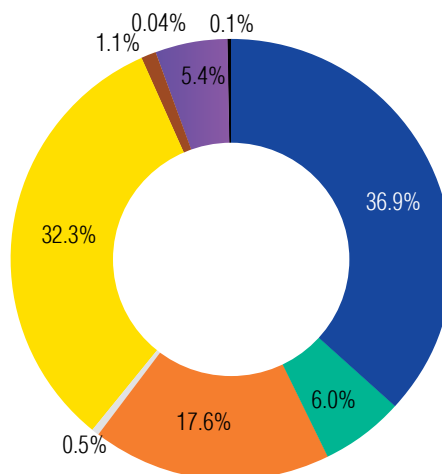
- Fluorine concentrate CaF<sub>2</sub>-95%
- CaF<sub>2</sub>- <42% fluorspar ore
- CaF<sub>2</sub>- 55-63% molten fluoride



## COAL TRADE

A total of 2,781 packages, or 17,798.4 thousand tons of coal, were traded for 6,966.3 billion MNT. The average price increase for coal traded through auction sales was 9.6%. A total of 247 coal auctions were conducted, with an average of 72.1 thousand tons of coal sold per auction, amounting to 28.2 billion MNT per auction. The coal trade includes the following types:

- 1/3 coking coal
- Semi-solid coking coal with concentrated medium ash
- Concentrated coking coal
- Concentrated weak coking coal
- Medium volatile coking coal
- Coal is the most volatile among gases.
- Coal with high volatile matter content
- Thermal coal
- Low moisture brown coal

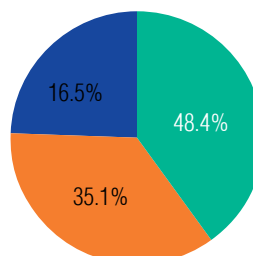


1/3 coking coal: 36.9% of the total trade, Medium volatile coking coal: 32.3%, concentrated coking coal: 17.6%, Semi-solid coking coal with concentrated medium ash: 6.0%, power coal: 5.4%, medium-high volatile coking coal: 1.1%, concentrated weak coking coal: 0.5%, low-moisture lignite coal: 0.1% and high volatile coking coal: 0.4%.

## IRON ORE AND RESOURCES TRADE

- Fe-65% iron concentrate
- Fe-58% iron concentrate
- Fe-52% iron ore

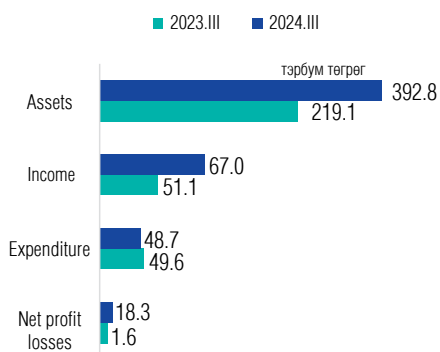
- Fe-65% Iron concentrate
- Fe-58% Iron concentrate
- Fe-52% Iron ore



## COPPER RESOURCES TRADE

A total of 6 packages, or 6.0 thousand tons, of a copper concentrate with a copper content of 22.35% were traded for 40.5 billion MNT.

## PROFITABILITY

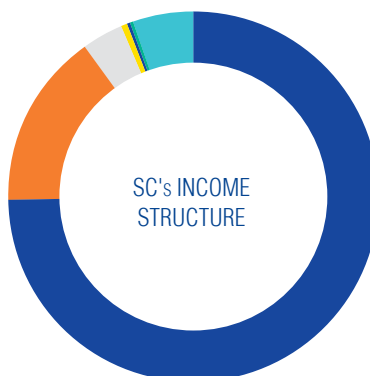


### PROFITABILITY OF SECURITIES COMPANIES

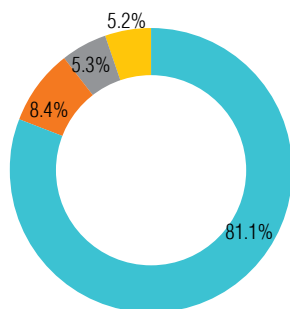
- The total assets of securities companies amounted to 392.8 billion MNT, reflecting a 79.2% increase compared to the same period last year.
- Compared to the previous year, income increased by 15.9 billion MNT, while expenses decreased by 0.9 billion MNT, resulting in a net profit of 18.3 billion MNT.

### SC's INCOME STRUCTURE

|                                       |       |
|---------------------------------------|-------|
| Operating income                      | 74.9% |
| Tax income                            | 15.3% |
| Dividend income                       | 3.6%  |
| Other income                          | 0.6%  |
| Foreign exchange gains                | 0.3%  |
| Gains from write-offs of fixed assets | 0.1%  |
| Other income                          | 5.2%  |

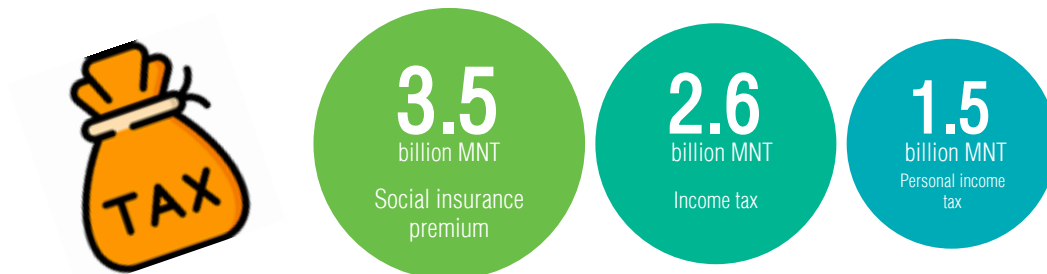


### SC's EXPENDITURE STRUCTURE



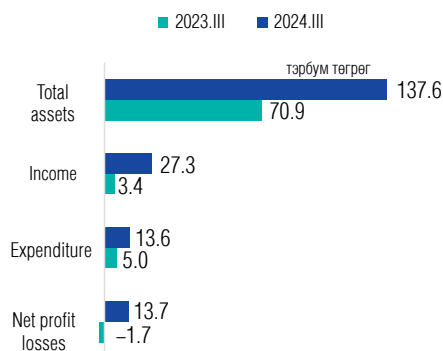
- Selling, marketing, general and administrative expenses
- Finance expenses
- Other expenses
- Income tax expenses

## CENTRALIZED TAXATION AND SOCIAL SECURITY CONTRIBUTIONS



- Securities companies paid 3.5 billion MNT for social insurance contributions, 1.5 billion MNT for personal income tax, and 2.6 billion MNT for corporate income tax. In total, securities companies contributed 7.6 billion MNT to the state budget

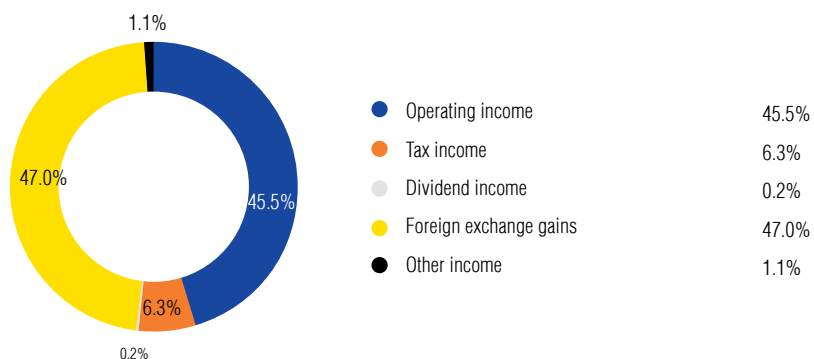
## PROFITABILITY OF INVESTMENT MANAGEMENT COMPANIES



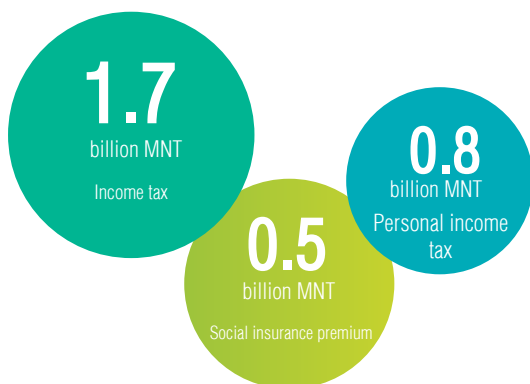
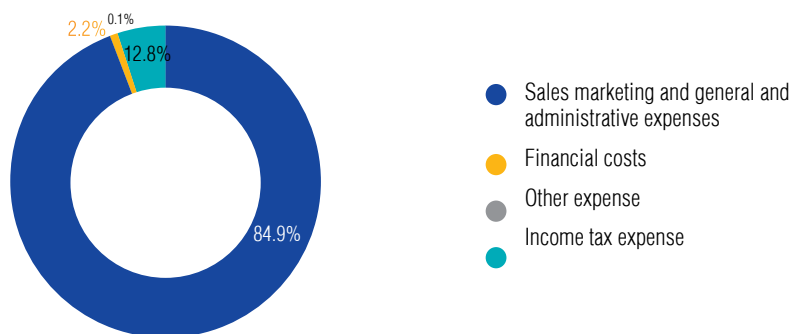
## PROFITABILITY OF SCs

- The total assets of investment management companies amounted to 137.6 billion MNT, reflecting a 94.0 % increase compared to the same period last year.
- Compared to the previous year, income increased by 23.9 billion MNT, while expenses rose by 8.6 billion MNT, resulting in a net profit of 13.7 billion MNT.

## IMC's REVENUE STRUCTURE

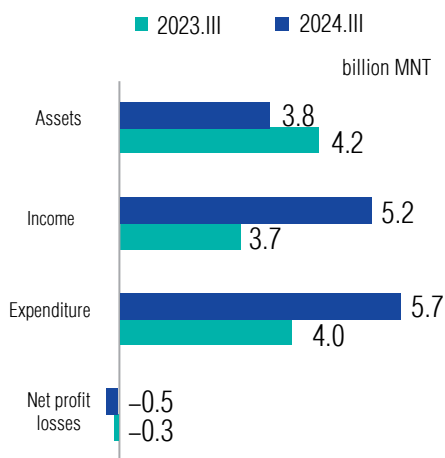


## IMC'S EXPENDITURE STRUCTURE



- Investment management companies paid 0.5 billion MNT for social insurance contributions, 0.8 billion MNT for personal income tax, and 1.7 billion MNT for corporate income tax. In total, investment management companies contributed 3.0 billion MNT to the state budget.

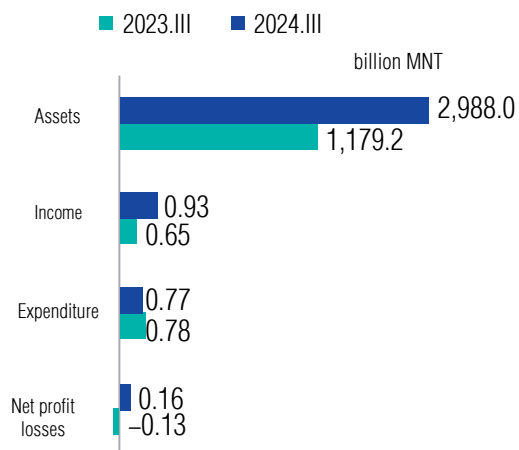
## PROFITABILITY OF AGRICULTURAL COMMODITY EXCHANGES



## PROFITABILITY OF AGRICULTURAL EXCHANGES

- The total assets of agricultural commodity exchanges amounted to 3.8 billion MNT, reflecting a 7.6 % decrease compared to the same period last year.
- Compared to the previous year, income increased by 1.6 billion MNT, while expenses rose by 1.7 billion MNT, resulting in a loss of 0.5 billion MNT.

## FINANCIAL STATEMENT INDICATORS OF CUSTODIANS

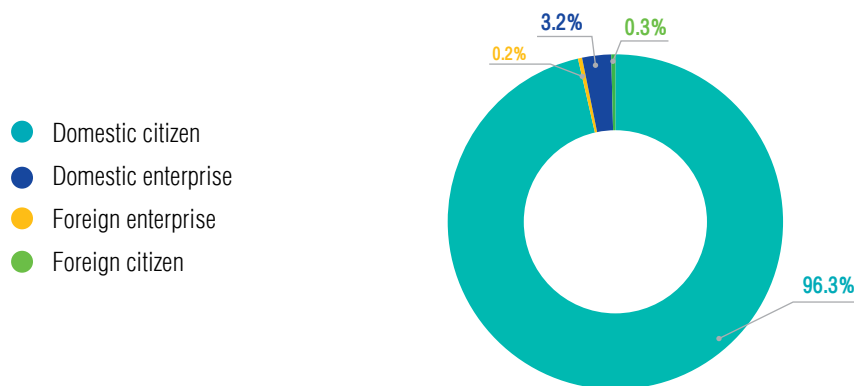


## PROFITABILITY OF CUSTODIAN BANKS

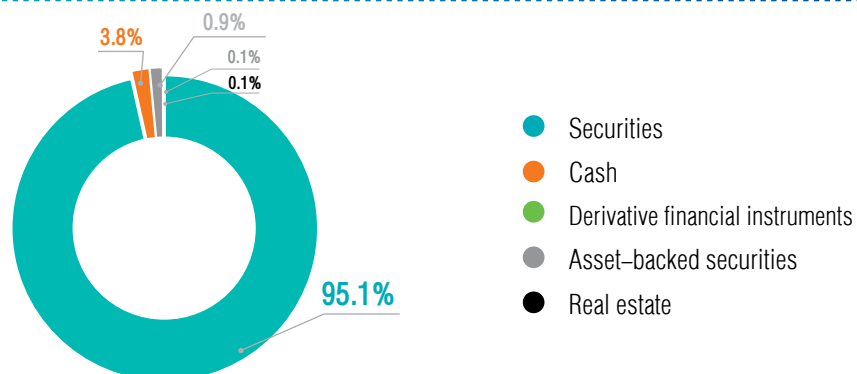
- o The total assets of custodian banks amounted to 2,988.0 billion MNT, marking a 2.5-fold increase compared to the same period last year.
- o Compared to the same period last year, income increased by 0.28 billion MNT, while expenses rose by 0.01 billion MNT, resulting in a profit of 0.16 billion MNT.

## CUSTOMER STRUCTURE OF CUSTODIAN BANKS

- o The majority (96.3 %) of customers were domestic citizens, 3.2% were domestic enterprises, 0.3 % were foreign citizens, and 0.2 % were foreign enterprises.

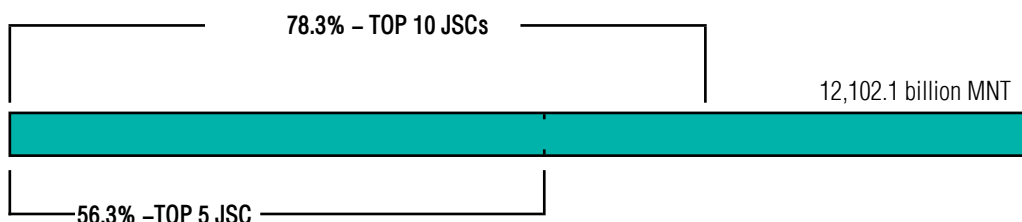


- o In terms of the classification of assets deposited in the custodian banks, 95.1% were securities, 0.9% were asset-backed securities, 0.1% were derivative financial instruments, 3.8% were cash and 0.1% were real-state.



## STABILITY

The 10 companies with the highest market valuation accounted for 78.3% of the total market value, while the 5 companies with the highest valuations represented 56.3%.



## REGULATORY ENVIRONMENT



### POLICY AND LEGISLATION

- On May 16, 2024, the Parliament finalized and approved the amendments and additions to the Law on the Securities Market, along with other related laws.
- In connection with this, the Financial Regulatory Commission (FRC) has developed several draft regulations, either newly drafted or amended, and published them on its official website for public feedback, in accordance with Article 62.1 of the General Administrative Law.:
  - The regulation for registering, trading, and reporting deposit certificates offered in the securities market
  - The regulation for gifting or bequeathing ownership rights certified by securities
  - The regulation for registering, maintaining, trading, and transferring ownership rights of shares in private companies
  - The regulation for securities lending
  - The regulation for the requirements and conditions for the operation of entities conducting equity crowdfunding and their software
  - The regulation for debt instrument registration
  - The regulation for establishing and licensing investment funds (Hedge Funds, Mutual Funds,) and monitoring their activities
  - The regulation for distributing dividends for joint-stock companies
  - The regulation for appointing members to the professional council and regulating its operations



## COOPERATION

The Financial Regulatory Commission (FRC) is placing particular focus on expanding international cooperation to attract foreign investors, particularly by connecting the capital market with foreign markets, promoting it to investors, and supporting domestic businesses in raising funds from international markets.

In this regard, the FRC is actively organizing a series of events aimed at enhancing collaboration with international regulatory organizations and promoting Mongolia's capital market on a global scale. For instance, last year, the "Mongolian Capital Markets Day-2023" was held in Shanghai, China, and the "Mongolia's Capital Market Connectivity" event took place in Hong Kong, China's Special Administrative Region. Additionally, in April of this year, the "Mongolia Investment Week" event was successfully organized in New York City, USA.

Through these events, the FRC aims to provide foreign investors, business entities, and other market participants with information about the current state of Mongolia's capital market, as well as opportunities to issue securities and list them on the stock exchanges of the host countries.



# INSURANCE MARKET

Total assets

**738.5** billion MNT

Capital growth **26.8%**



Financial market status

Insurance density

**115,405** MNT



Accessibility

Total fees for brokered  
insurance and reinsurance

**98.8** billion MNT



Products and services

Profitability



Net profit

**23.0**  
billion MNT

Tax collected  
by the state,  
Social security  
contributions

**13.4**  
billion MNT

Stability



Reinsurance  
premium cost

**35.5%**

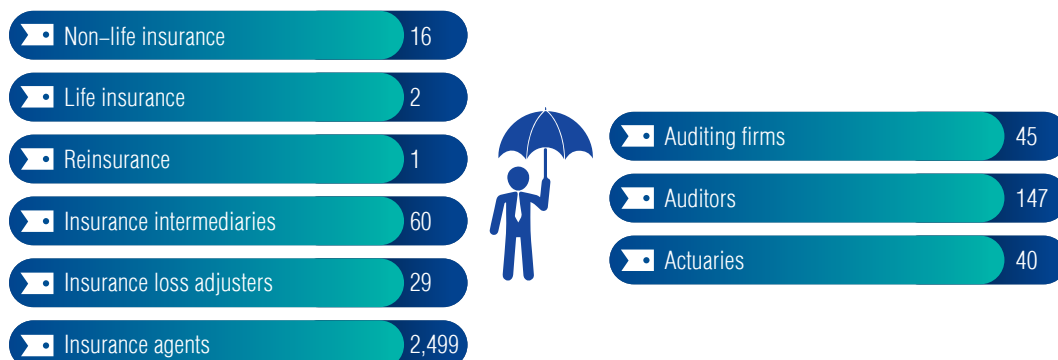
Regulatory environment



## FINANCIAL MARKET STATUS

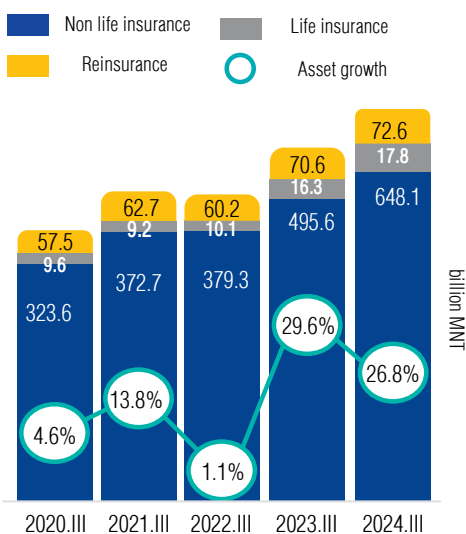
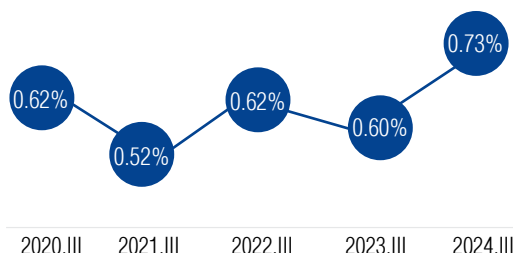
### INSURANCE SECTOR STRUCTURE

Based on special licenses, permits, and rights granted by the Financial Regulatory Commission, the following entities are currently operating: 340 insurance companies, brokers, loss assessors, audit companies, actuaries, and auditors, 2,499 insurance agents.



### INSURANCE DENSITY

- The insurance density reached 0.73%, reflecting a decrease of 0.13 percentage points compared to the same period last year, a decrease of 0.11 percentage points compared to the same period in 2020.



### TOTAL ASSETS OF INSURANCE COMPANIES

- In the reporting quarter, total assets increased by 26.8% compared to last year, reaching 738.5 billion MNT, which represents a 89.0% increase compared to the same period in 2020.
- Non-life insurance companies' total assets increased by 30.8% compared to the same period last year, reaching 648.1 billion MNT, and accounting for 87.8% of the sector's total assets.
- Reinsurance companies total assets increased by 2.8% compared to the same period last year, reaching 72.6 billion MNT, which accounts for 9.8% of the sector's total assets.
- Compared to the same period last year, the total capital of life insurance companies increased by 9.2%, reaching 17.8 billion MNT, and accounting for 2.4% of the sector.

### ASSET STRUCTURE AND MARKET SHARE (BY TOTAL ASSETS)

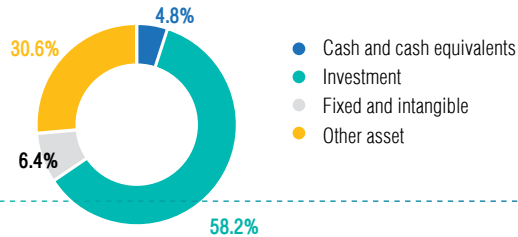
The asset structure of insurance companies is as follows,

Investments: 430.0 billion MNT (58.2%)

Other Assets: 225.5 billion MNT (30.6%)

Fixed and Intangible Assets (net amount): 47.3 billion MNT (6.4%)

Cash and Equivalent Assets: 35.7 billion MNT (4.8%)



Insurance companies are distributed based on their total assets' shares as follows:

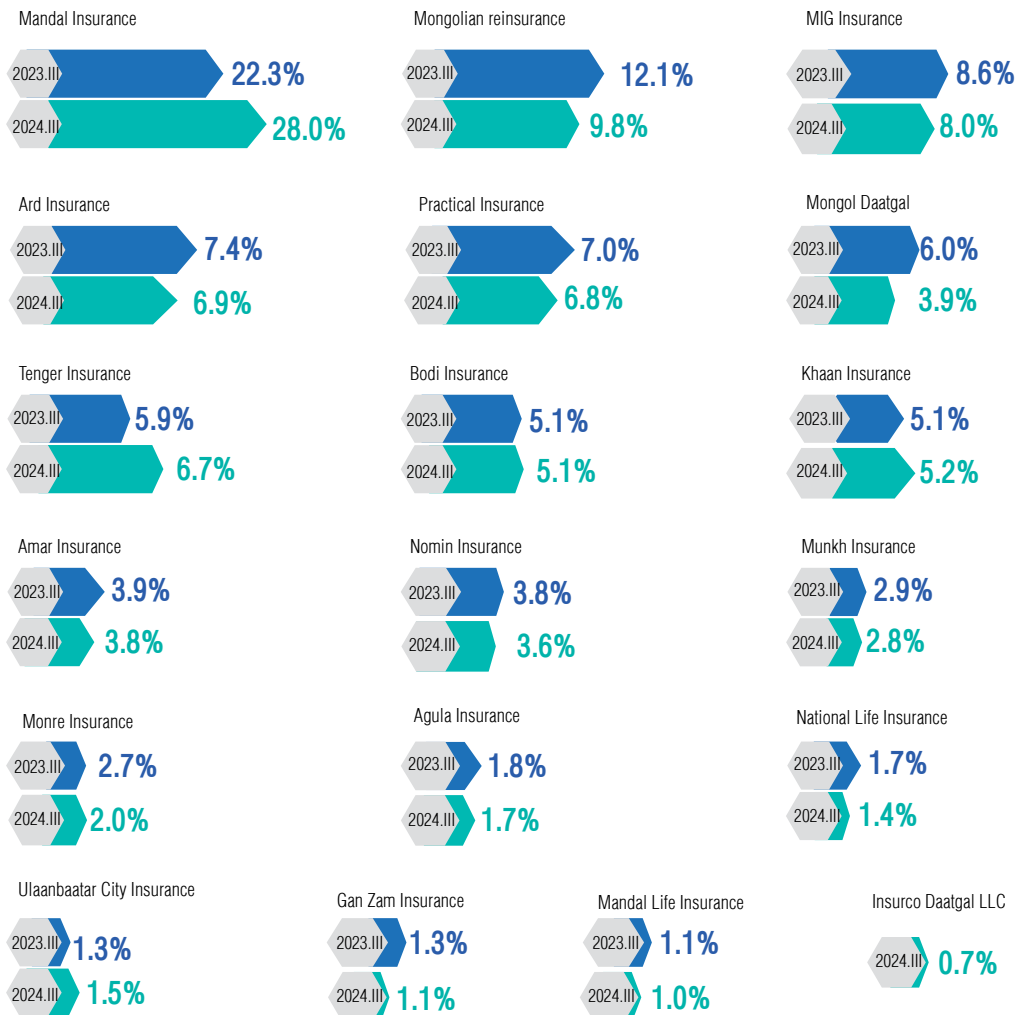
2 companies hold a share above 9%,

3 companies hold between 6 and 9%,

6 companies hold between 3 and 6%,

8 companies hold less than 3%.

### Percentage share of total assets of insurance and reinsurance companies

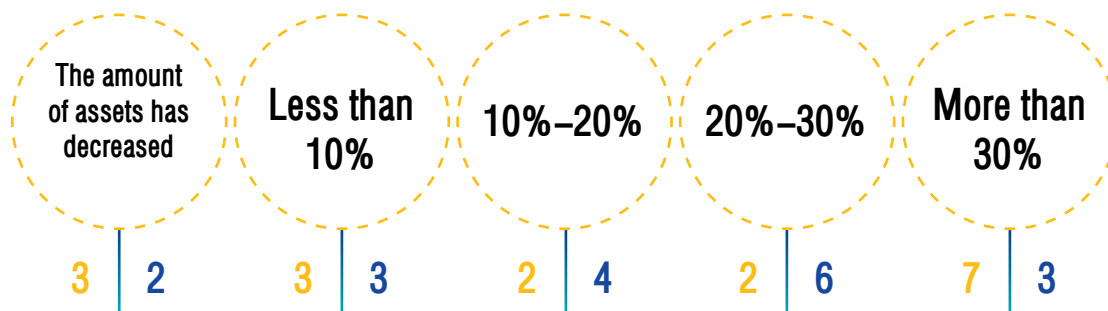


### ASSETS GROWTH DISTRIBUTION OF INSURANCE COMPANIES

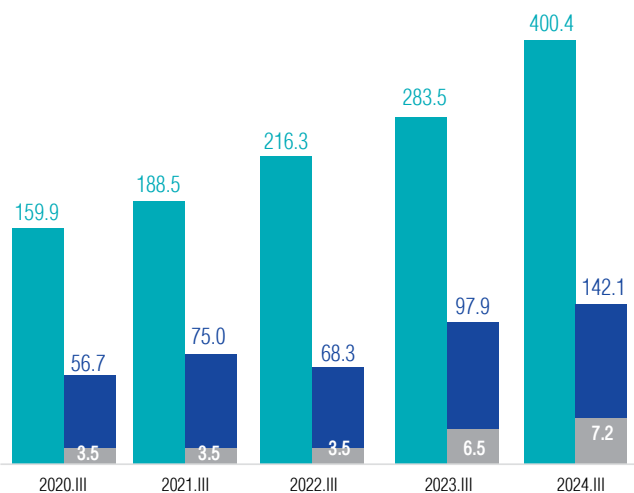
When grouped by capital growth:

3 companies experienced an increase of more than 30%, 6 companies saw growth between 20–30%, 4 companies had growth between 10–20%, 3 companies experienced less than 10% growth. Additionally, 2 insurance companies experienced a decrease in capital size.

2022.III–2023.III / 2023.III–2024.III



- Total premiums for non-life and life insurance (MNT, billions)
- Total reinsurance premiums for non-life and life insurance (MNT, billions)
- Total fees of domestic reinsurance companies (MNT, billions)



### TOTAL PREMIUMS

- Non-life and life insurance companies collected a total of 400.4 billion MNT, reflecting an increase of 41.2% from the same period last year and 150.0% compared to the same period in 2020.
- non-life insurance companies collected 397.3 billion MNT, accounting for 99.2% of the total. Life insurance companies collected 3.1 billion MNT, accounting for 0.8%.
- A total of 142.1 billion MNT was collected on reinsurance premiums, with 7.2 billion MNT, or 5.1%, paid to domestic reinsurers.

## Total non-life insurance premium

2023.III

2024.III

Property insurance



26.4%

28.7%

Motor vehicle



23.6%

25.0%

Mandatory driver's liability



13.0%

10.9%

Accident and medical treatment



13.3%

14.8%

Other



9.8%

7.7%

Liability



8.8%

8.0%

Aircraft liability



3.1%

2.0%

Construction



1.0%

2.1%

Life



1.0%

0.8%

2023.III

2024.III

## Non-life insurance indemnity

Mandatory driver's liability



31.1%

27.9%

Motor vehicle



33.0%

28.2%

Accident and medical treatment



19.5%

15.3%

Property insurance



3.8%

10.2%

Other



9.0%

15.4%

Financial



0.0%

0.0%

Life



2.0%

1.3%

Liability



1.6%

1.7%

Construction

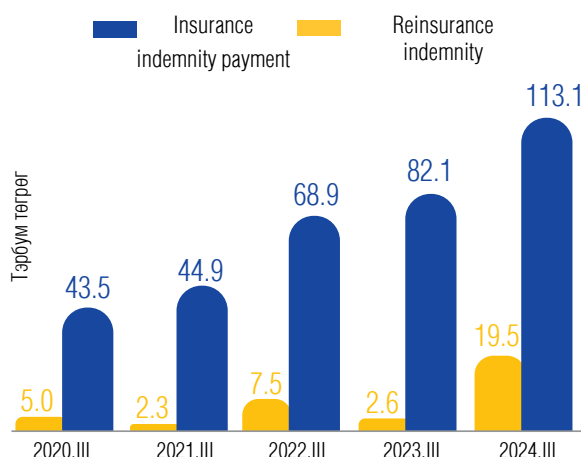


0.0%

0.0%

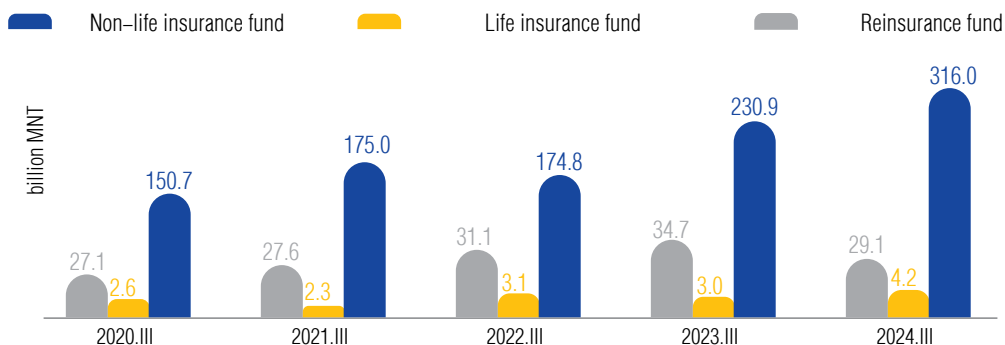
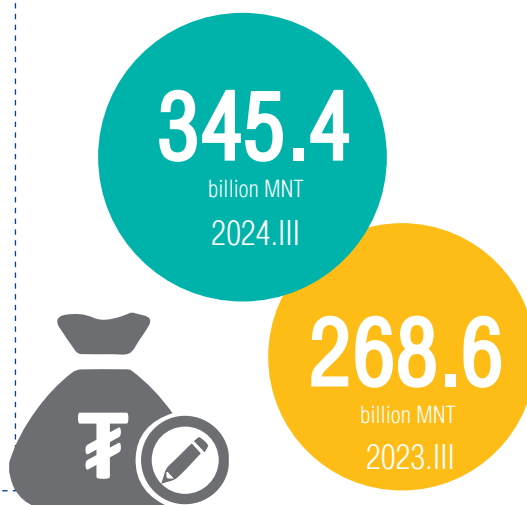
## REINSURANCE/INSURANCE REIMBURSEMENT

- o The total compensation expenditures of insurance companies amounted to 113.1 billion MNT, marking a 37.8% increase compared to the same period last year. Compared to the same period in 2020, this represents a 2.6-fold increase. Non-life insurance companies paid out 111.7 billion MNT in compensation, accounting for 98.7%.
- o The compensation expenditures handled by the reinsurer increased by 7.5-fold, reaching 19.5 billion MNT compared to the same period last year.



## RESERVES FUND

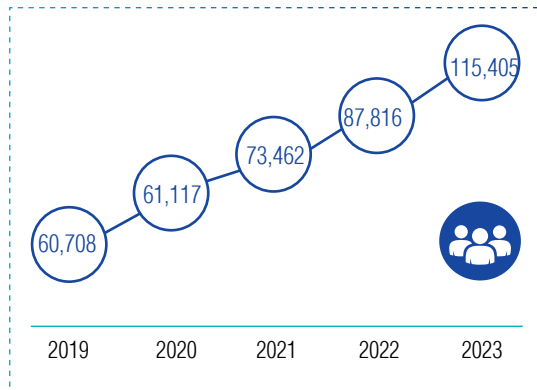
- o At the end of 2024, the total reserve fund of the insurance sector increased by 30.1% compared to last year, reaching 349.4 billion MNT.
- o The total reserve of non-life insurance companies increased by 36.9% from last year to reach 316.0 billion MNT. During the same period, life insurance companies' reserves increased by 40.2% to 4.2 billion MNT, while reinsurance companies' reserves decreased by 27.5% to 25.1 billion MNT.



## ACCESSIBILITY

### INSURANCE DENSITY

The insurance density indicator, which reflects the ratio of premium income per capita, provides insight into market availability and demand. Since the population is calculated annually, insurance density is not reported quarterly and will be estimated at the end of 2023.



- o The insurance density increased to 115,405 MNT, marking a 31.4% rise compared to 2022 and a 90.1% increase compared to 2019.
- o Non-life insurance premiums per capita increased by 31.5%, reaching 111,420 MNT, while life insurance premiums per capita grew by 16.5%, reaching 926 MNT.

### INSURANCE CONTRACT

A total of 1,348,703 insurance contracts were concluded. Of these, 81.1% (1,093,622 contracts) were with individuals, and 18.9% (255,081 contracts) were with legal entities.

Individuals **1,093,622**

Legal entities **255,081**

### Gender ratio of contracts concluded with individuals /percentage/

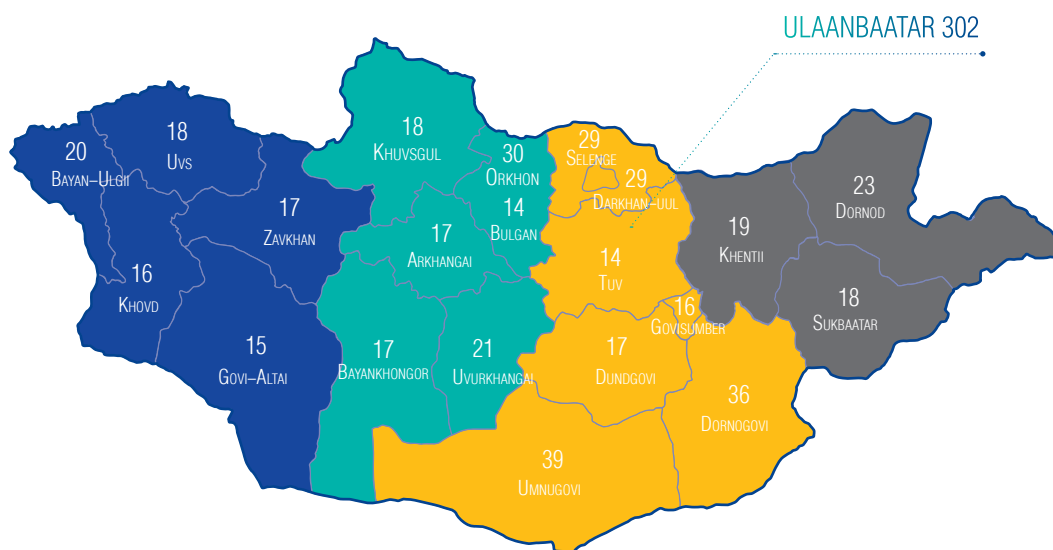


## BRANCH REPRESENTATIVE

Rural area

A total of 1,836 representatives and 443 branches are actively operating across insurance companies, intermediaries, and loss assessment companies, reflecting the availability and outreach of insurance services.

## LOCATION OF INSURANCE

WESTERN REGION  
INSURER

46

## INTERMEDIARY

35

## LOSS ADJUSTERS

5

MOUNTAIN REGION  
INSURER

56

## INTERMEDIARY

47

## LOSS ADJUSTERS

14

CENTRAL REGION  
INSURER

76

## INTERMEDIARY

82

## LOSS ADJUSTERS

22

EASTERN REGION  
INSURER

28

## INTERMEDIARY

25

## LOSS ADJUSTERS

7

## REPRESENTATIVES

507

597

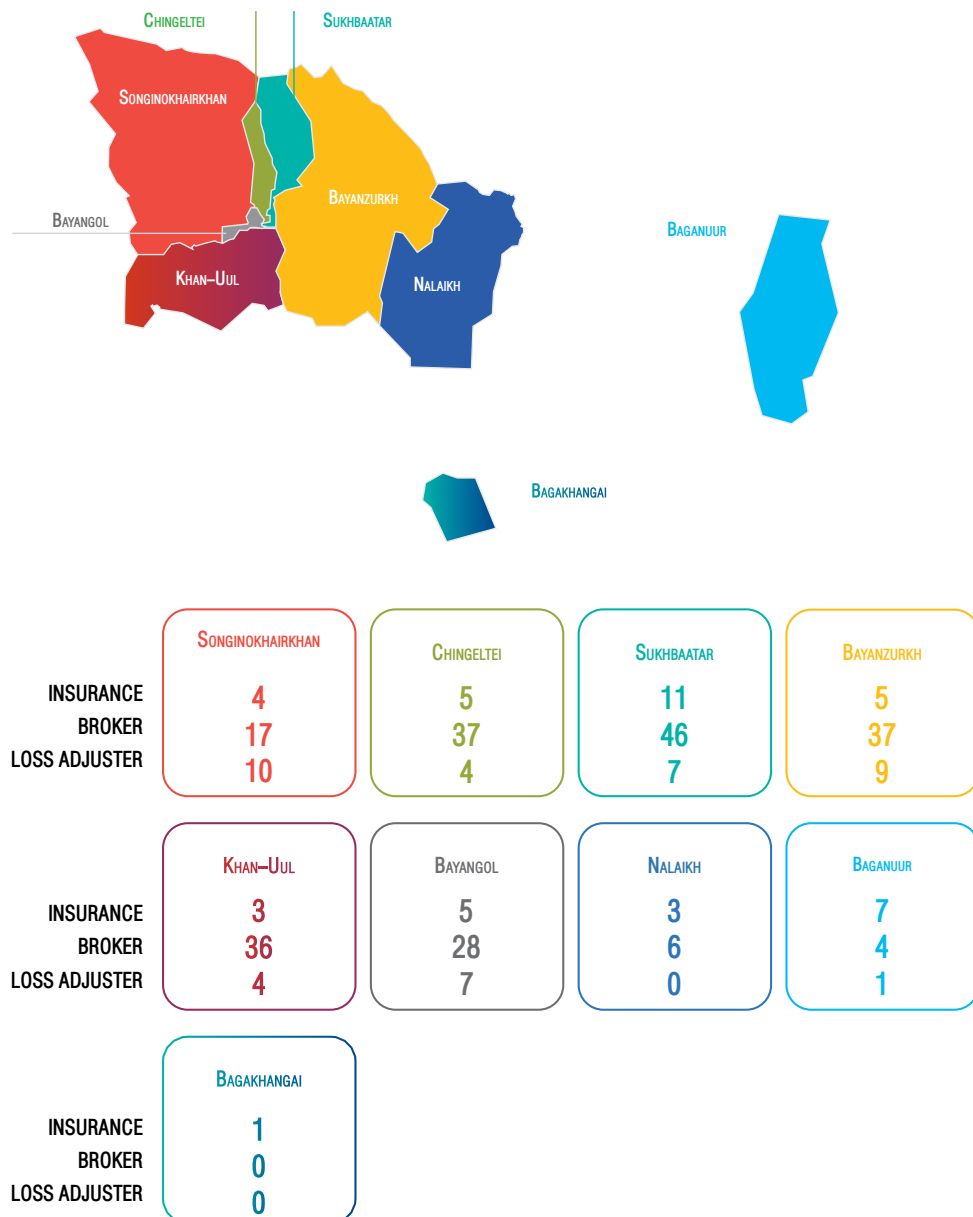
500

232

## BRANCH REPRESENTATIVE

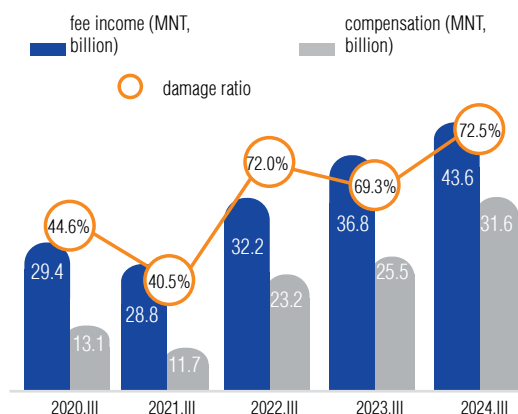
## ULAANBAATAR

- o A total of 302 representative offices were registered in Ulaanbaatar: including 43 branches of insurance companies, 215 branches of insurance brokers, and 44 branches of loss adjusters. Of these, 92.6% were located in the six central districts of the capital.
- o The total number of representative offices in Ulaanbaatar reached 663.
- o Additionally, 14 representative offices of insurance companies were registered with the Financial Regulatory Commission, with one office located in China and one in South Korea



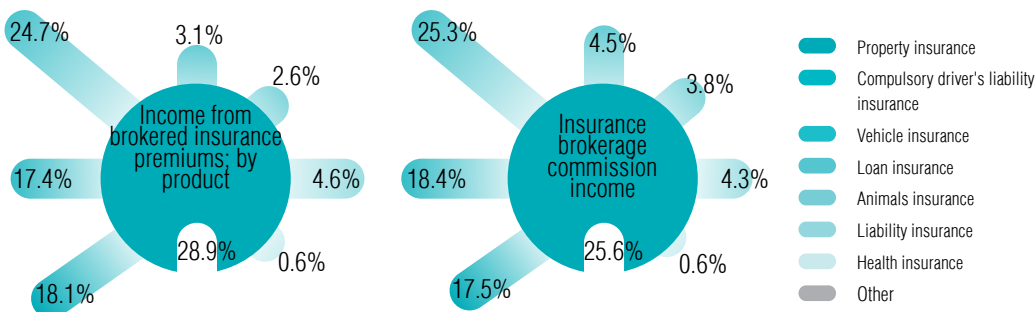
### COMPULSORY INSURANCE

- o The total premiums reached 43.6 billion MNT – reflecting an 18.5% increase compared to the same period last year. This represents 10.9% of the total insurance premium income.
- o Reimbursements increased by 23.9% compared to the same period last year, with 31.6 billion MNT was disbursed as compensation, accounting for 27.9% of the total compensation costs within the sector.



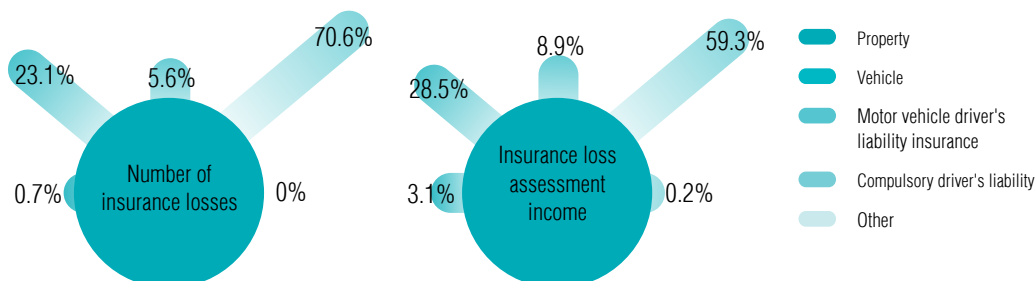
### INSURANCE BROKERS

The premiums collected by insurance brokers totaled 98.8 billion MNT. Notably, the premium income of insurance intermediaries increased by 36.6%, reaching 19.8 billion MNT in the reporting quarter (compared to 14.5 billion MNT in the same period last year).

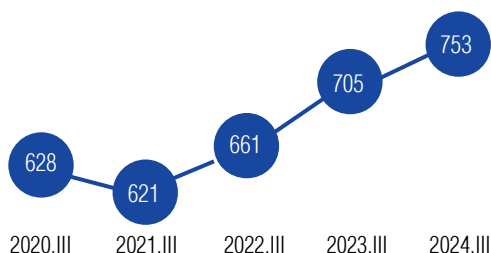
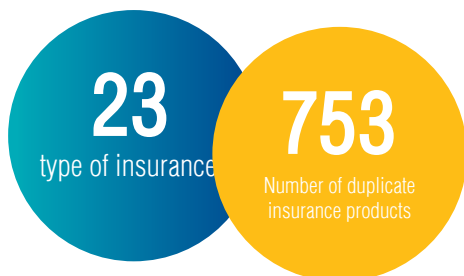


### INSURANCE DAMAGE ASSESSOR

- o A total of 31,616 cases were assessed, with a total value of 56.5 billion MNT. Income from insurance loss assessment increased by 18.1% compared to last year, reaching 3.6 billion MNT.



## PRODUCTS AND SERVICES

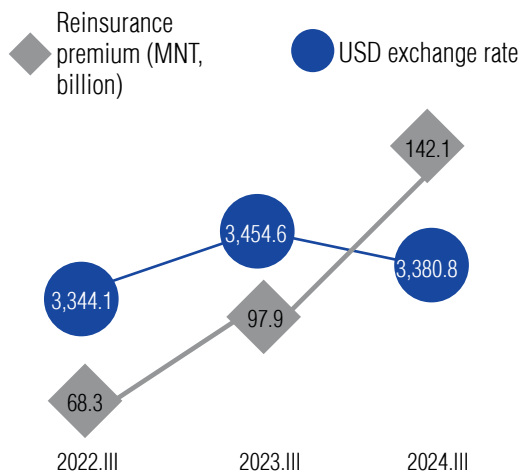
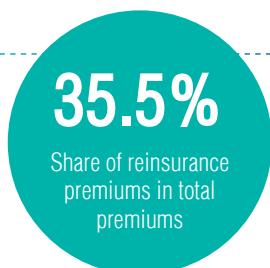


- There are 23 forms of non-life and life insurance are available, all of which are voluntary except for Compulsory Driver's Liability Insurance.
- The number of reinsurance products reached 753, marking an increase of 48 compared to the same period last year and a growth of 125 compared to the same period of 2020.

## STABILITY

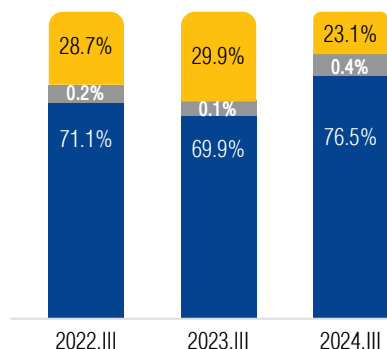
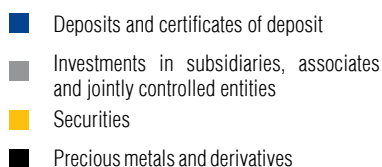
### MARKET RISK

- The majority of Mongolian insurance companies engaging in reinsurance abroad have transferred an annual average of over 74.1 billion MNT to foreign countries over the last three years.
- In the reporting quarter, reinsurance premiums sent abroad accounted for 35.5% of the total insurance premiums collected.



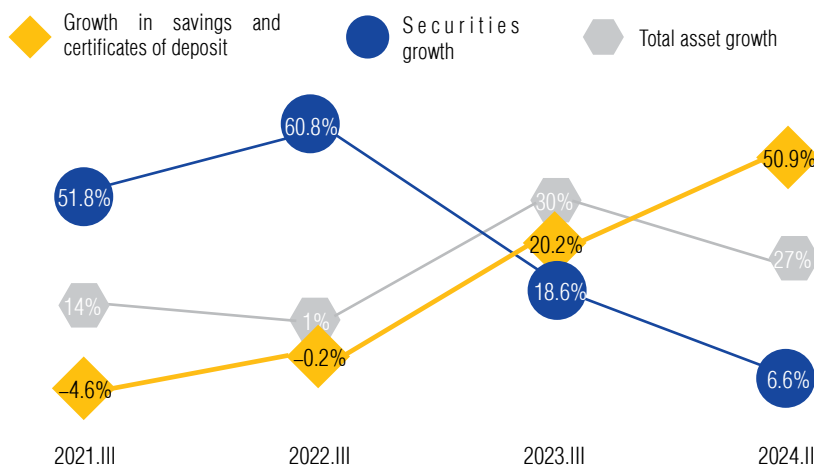
## INVESTMENT CLASSIFICATION OF INSURANCE COMPANIES /BY PERCENTAGE/

- o In the reporting quarter, investments in the capital market and derivatives totaled 99.4 billion MNT, accounting for 23.1% of total investments. Investments in the banking sector, however, accounted for 76.5% (328.7 billion MNT).



## GROWTH RATE OF INVESTMENT IN INSURANCE COMPANIES

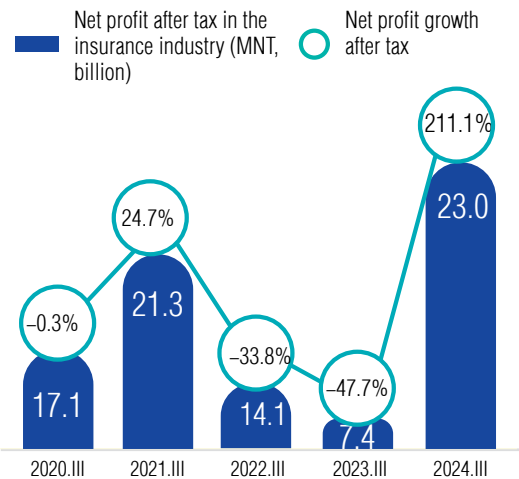
The percentage of investment growth in the capital market by insurance companies was highest at 60.8% in the third quarter of 2022. In contrast, investments in the deposit and deposit certificate (banking) sector, which had decreased in the third quarter of 2021, increased by 55.5 percentage points, reaching 50.9% in the reporting quarter.



## PROFITABILITY

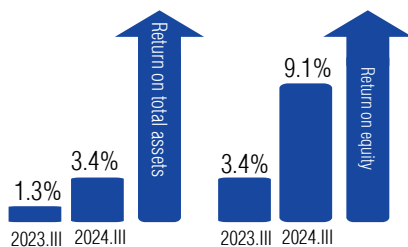
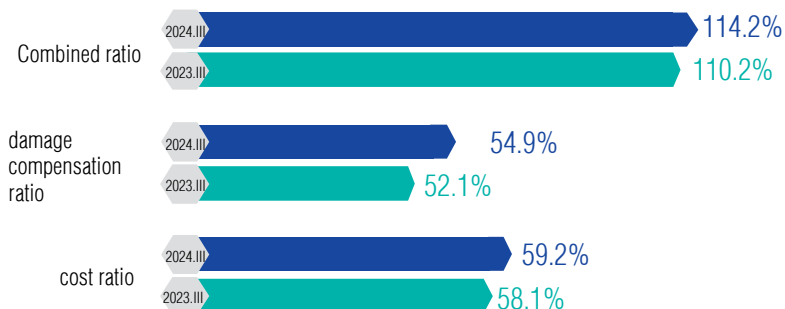
### NET PROFIT INDICATOR OF INSURANCE COMPANIES

- o The net profit of insurance companies increased 3.1-fold, reaching 23.0 billion MNT, which is a 1.4-fold increase compared to the same period in 2020.
- o Performance after tax: 12 companies reported a decrease in profit, 1 company saw an increase of up to 50%, and 2 companies experienced increases between 50–100%.
- o 3 companies had more than 100% profit growth.



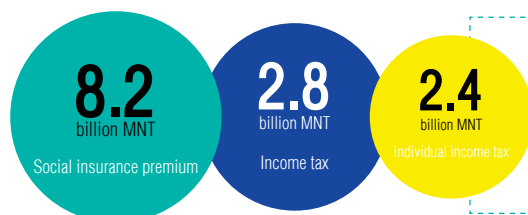
### KEY RATIOS

#### TYPICAL INSURANCE COMPANY RATIOS



### PROFITABILITY COEFFICIENT

- o Return on assets increased by 2.1 percentage points, reaching 3.4% compared to the same period last year. Return on equity increased by 5.7 percentage points, reaching 9.1%.



- o Social insurance premiums amounted to 8.2 billion MNT, personal income tax was 2.4 billion MNT, and corporate income tax was 2.8 billion MNT. In total, insurance companies contributed 13.4 billion MNT to the state budget..

## REGULATORY ENVIRONMENT



### POLICY AND LEGISLATION

- A new insurance package law, including draft laws on insurance, insurance brokerage, and driver's insurance, has been approved. The Financial Regulatory Commission (FRC) is working with the Ministry of Finance to finalize these draft laws. The next steps include presenting these drafts at the Government meeting and submitting them to the State Great Khural for approval.
- In accordance with the General Administrative Law, the FRC is revising and amending the following regulations governing insurance activities, incorporating public suggestions:
- Revising the "Insurance Package Rule" approved by FRC Resolution No. 2 of 2019.
- Revising the "Regulation on the use of indicators for calculating the driver's insurance premium", initially approved by FRC's Resolution No. 211 in 2018.
- Amending the "Regulation for drivers' insurance coverage for motor vehicle owners transiting or temporarily entering Mongolia".

Revising the following annexes to the Insurance Package Rules:

- Appendix 3 "Regulation for the Formation, Distribution and Control of Insurance Reserve Funds, Mandatory Insurance Funds and Other Funds",
- Appendix 8 "Regulation for granting license to practice actuarial activities, actuarial standards, assessments, and actuarial supervisions and reporting",
- Appendix 11 "Instructions for submitting reports, information and applications by insurers and insurance professional participants".



## INTERNATIONAL COOPERATION

- o ISBC Project Collaboration: Under the "Insuring Small and Medium Enterprises (SME) through Blockchain Technology (ISBC)" project, implemented by the German GIZ, representatives from the FRC participated in a team focused on the quality translation of five training manuals organized by the English Insurance Institute.
- o Representatives from the FRC contributed to the working group for establishing an economic partnership agreement between Mongolia and the Republic of Korea. They also participated in the 3rd round of negotiations held on September 10, 2024. This agreement aims to enhance market access for investors and business owners from both countries.



## MEETINGS

- o On September 6, 2024, a discussion with insurance sector participants was held to address amendments to the "Regulation on Mortgage Insurance" and Annex 1 of the Insurance Package Rule, titled "Requirements and Compliance Indicators for Insurers and Insurance Professional Participants."
- o For the first time in Mongolia's insurance sector, "Ard Insurance" JSC published an Environmental, Social, and Governance (ESG) report, which was made available to the public. On September 16, 2024, the FRC co-organized an information, training session, on ESG reporting with "Ard Daatgal" JSC for its employees. The FRC has also called on all insurance companies to issue and publicly report ESG information in the future.
- o On July 9–10, 2024, FRC representatives participated in a roundtable discussion on "Insurance and Retirement Savings in Asia" organized by the Asian Development Bank (ADB), the Organization for Economic Cooperation and Development (OECD), and the Indonesian Financial Services Authority (OJK).
- o From September 18–21, 2024, an FRC's representative delivered a presentation and shared insights at the "Climate and Disaster Risk Insurance" forum in Manila, Philippines. The event was organized by ADB, the Republic of Korea e-Asia and Knowledge Partnership Fund, and the Grand Duchy of Luxembourg, the Ministry of Finance.



# NBFIs

Total assets

**6.4** trillion MNT

Capital growth **50.7%**



Financial market status

Customers

**4.9** million

Average loan amount

**2.6** million MNT



Accessibility

Credit NBFIs

**88.6%**

Foreign currency exchange NBFIs

**10.8%**



Products and services

Profitability



Total income

**1,282.6**  
billion MNT

Tax collected by the  
state, social security  
contributions

**116.1**  
billion MNT

Stability



Z index

**19.4**

Percentage of non-  
performing loans

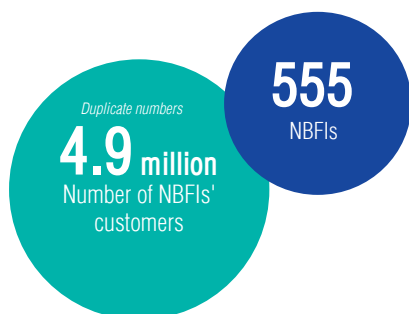
**6.2%**

Regulatory environment

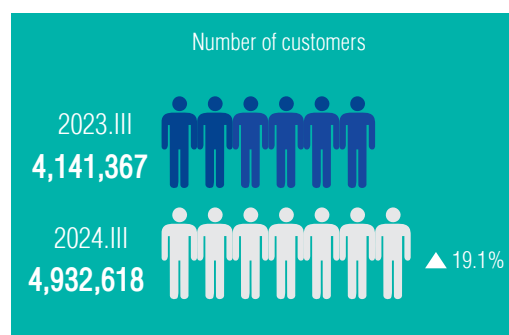
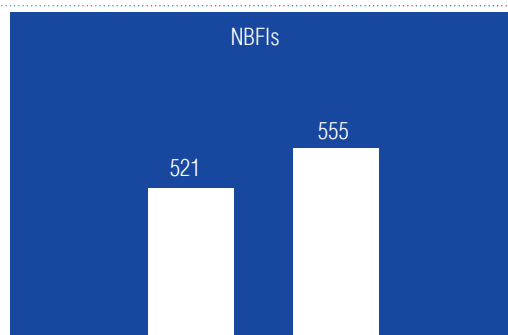


## FINANCIAL MARKET OUTLOOK

In the third quarter of 2024, the Financial Regulatory Commission licensed 555 NBFIs, marking a 6.5% increase compared to the same period last year.

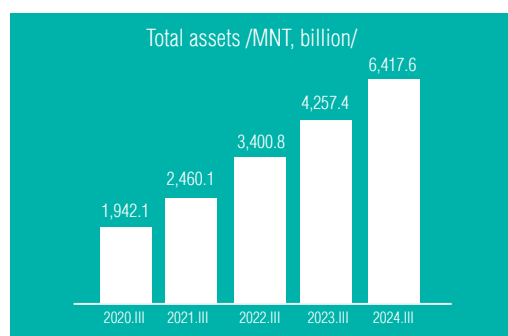
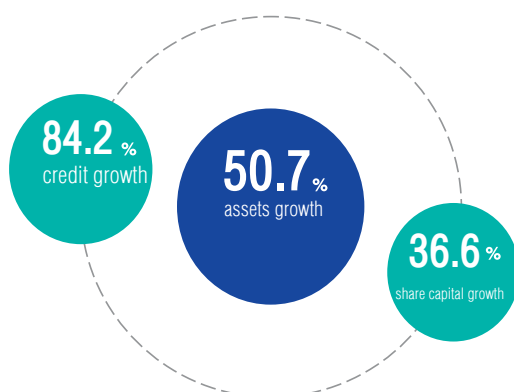


Of these, (4.9%) have international investments, while 95.1% have domestic investments.



### ASSETS OF NBFIs

The total assets of NBFIs reached 6.4 trillion MNT, reflecting a 2,160.2 billion MNT (50.7%) increase compared to from last year and a 3.3-fold increase compared to the third quarter of 2020.



## Assets structure of NBFI (billions MNT)

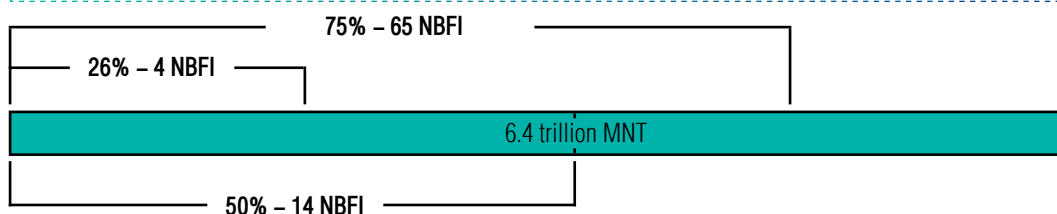
|                                        |                |               |  |
|----------------------------------------|----------------|---------------|--|
| <b>Total assets</b>                    | 6,151.6        | 95.9%         |  |
| Cash                                   | 726.7          | 11.3%         |  |
| Investment                             | 72.4           | 1.1%          |  |
| Credit (net)                           | 5,155.5        | 80.4%         |  |
| Factoring settlement receivables (net) | 18.0           | 0.3%          |  |
| Derivative financial assets            | 0.8            | 0.0%          |  |
| Other                                  | 178.2          | 2.8%          |  |
| AMOUNT OF NON-FINANCIAL ASSETS         | 266.0          | 4.1%          |  |
| <b>TOTAL ASSETS</b>                    | <b>6,417.6</b> | <b>100.0%</b> |  |

## Liability structure of NBFI (billions MNT)

|                                                               |                |               |  |
|---------------------------------------------------------------|----------------|---------------|--|
| <b>Total liabilities</b>                                      | <b>3,038.3</b> | <b>47.3%</b>  |  |
| <b>Liabilities</b>                                            | 2,866.5        | 44.7%         |  |
| Source of Trust Services                                      | 1,062.8        | 16.6%         |  |
| Resources drawn from banks and financial institutions         | 1,026.3        | 16.0%         |  |
| Other                                                         | 543.0          | 8.5%          |  |
| Derivative financial liabilities                              | 1.1            | 0.0%          |  |
| Other financial liabilities                                   | 232.9          | 3.6%          |  |
| Secondary debt                                                | 0.4            | 0.0%          |  |
| Preference shares (liabilities)                               | –              | 0.0%          |  |
| AMOUNT OF NON-FINANCIAL LIABILITIES                           | 171.8          | 2.6%          |  |
| <b>OWN EQUITY</b>                                             | <b>3,379.3</b> | <b>52.7%</b>  |  |
| Share capital                                                 | 1,714.9        | 26.7%         |  |
| Additional paid-in capital                                    | 85.7           | 1.3%          |  |
| Pocket stock                                                  | (2.5)          | 0.0%          |  |
| Addition to revaluation of fixed assets and intangible assets | 5.2            | 0.1%          |  |
| Retained earnings and losses                                  | 1,501.7        | 23.4%         |  |
| Other property                                                | 74.3           | 1.2%          |  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                           | <b>6,417.6</b> | <b>100.0%</b> |  |

The market share, in terms of total assets of the sector, was distributed as follows:

- The four largest NBFI accounted for 26% of total assets,
- 14 NBFI accounted for 50%.
- 65 NBFI accounted for 75%.



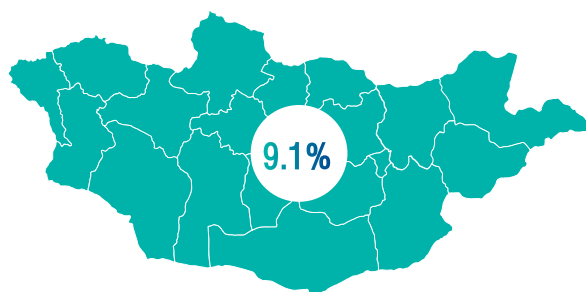
|                 | Number of NBFIs |        | Total assets           |        | Total loans            |        | Percentage of non-performing loans in loan portfolio | Customers |        |
|-----------------|-----------------|--------|------------------------|--------|------------------------|--------|------------------------------------------------------|-----------|--------|
|                 | No.             | %      | Amount (MNT, billions) | %      | Amount (MNT, billions) | %      |                                                      | No.       | %      |
| Top 26 %        | 4               | 0.7%   | 1,679.4                | 26.2%  | 1,355.9                | 26.1%  | 1.3%                                                 | 188,605   | 3.8%   |
| Top 50 %        | 14              | 2.5%   | 3,192.9                | 49.8%  | 2,644.2                | 50.9%  | 2.3%                                                 | 1,194,787 | 24.2%  |
| Top 75 %        | 65              | 11.7%  | 4,813.6                | 75.0%  | 4,021.1                | 77.4%  | 4.0%                                                 | 4,557,065 | 92.4%  |
| TOTAL OF SECTOR | 555             | 100.0% | 6,417.6                | 100.0% | 5,198.2                | 100.0% | 6.2%                                                 | 4,932,618 | 100.0% |

Loans of NBFIs, accounting 26%, 50% and 75% of the sector's total assets, made up 26.1%, 50.9%, and 77.4% of the total outstanding loans, respectively.

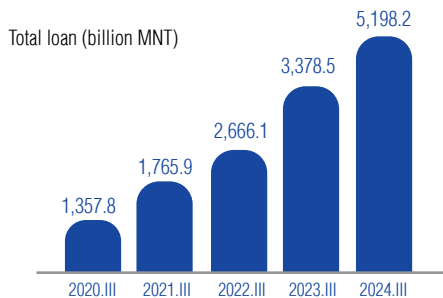
The loan quality of NBFIs with high sector percentages is below average compared to the sector average.

|                          | Number of NBFIs | Total assets           |       | Total loans            |       | Customers |       |
|--------------------------|-----------------|------------------------|-------|------------------------|-------|-----------|-------|
|                          |                 | Amount (MNT, billions) | %     | Amount (MNT, billions) | %     | No.       | %     |
| With domestic investment | 528             | 5,424.0                | 84.5% | 4,499.3                | 86.6% | 4,837,681 | 98.1% |
| With foreign investment  | 27              | 993.6                  | 15.5% | 698.9                  | 13.4% | 94,937    | 1.9%  |

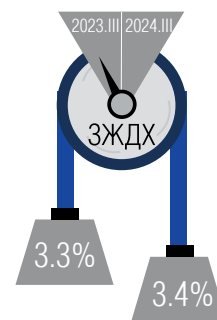
NBFIs with foreign investments included 13 (48.1%) from Japan, seven (25.9%) from South Korea, two from the US, and others from Seychelles, Malaysia, the UK, Canada, and China. Foreign-invested NBFIs accounted for 15.5% of the total sector assets and provided services to 1.9% of all customers.



- In the third quarter of 2024, the total assets of NBFIs accounted for 9.1% of Mongolia's GDP.



In the third quarter of 2024, the weighted average monthly interest rate on loans issued by NBFIs reached 3.4%, an increase of 0.1 percentage points compared to the same period last year.



### TOTAL LOAN

In the reporting quarter, the total value of loans in the non-bank financial sector increased by 1,819.7 billion MNT (53.9%) compared to the same period of last year and by 3.8 trillion MNT (282.8%) compared to the third quarter of 2020



NORMAL

90.1%

+1.1%



OVERDUE

3.7%

+0.2%



NON-PERFORMING

6.2%

-1.3%

8.5 trillion MNT

Issued loan

Paid loan

7.0 trillion MNT

Wholesale and retail



6.7%

6.0%

Construction



2.5%

2.4%

Mining



0.6%

0.6%

Cars and motorcycles  
repair services



1.6%

1.8%

Accommodation  
and catering



1.0%

1.0%

Processing factories



0.5%

0.5%

Agricultural



0.6%

0.6%

Other



86.5%

87.1%

## CITIZEN



89.7%

93.1%

93.1%

## LEGAL ENTITIES



10.3%

6.9%

6.9%

LOAN BALANCE

LOANS ISSUED

PAID LOAN

Approximately 89.7% of outstanding loans were issued to individuals, while 10.3% were issued to legal entities.

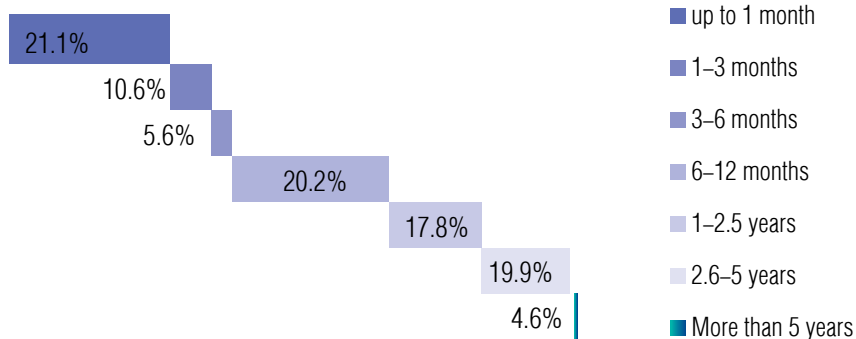
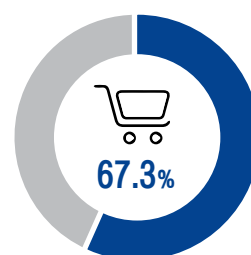


Loans issued

Paid loan

## CONSUMER LOANS

consumer loans accounted for 68.0% of granted loans and 67.3% of paid loans.

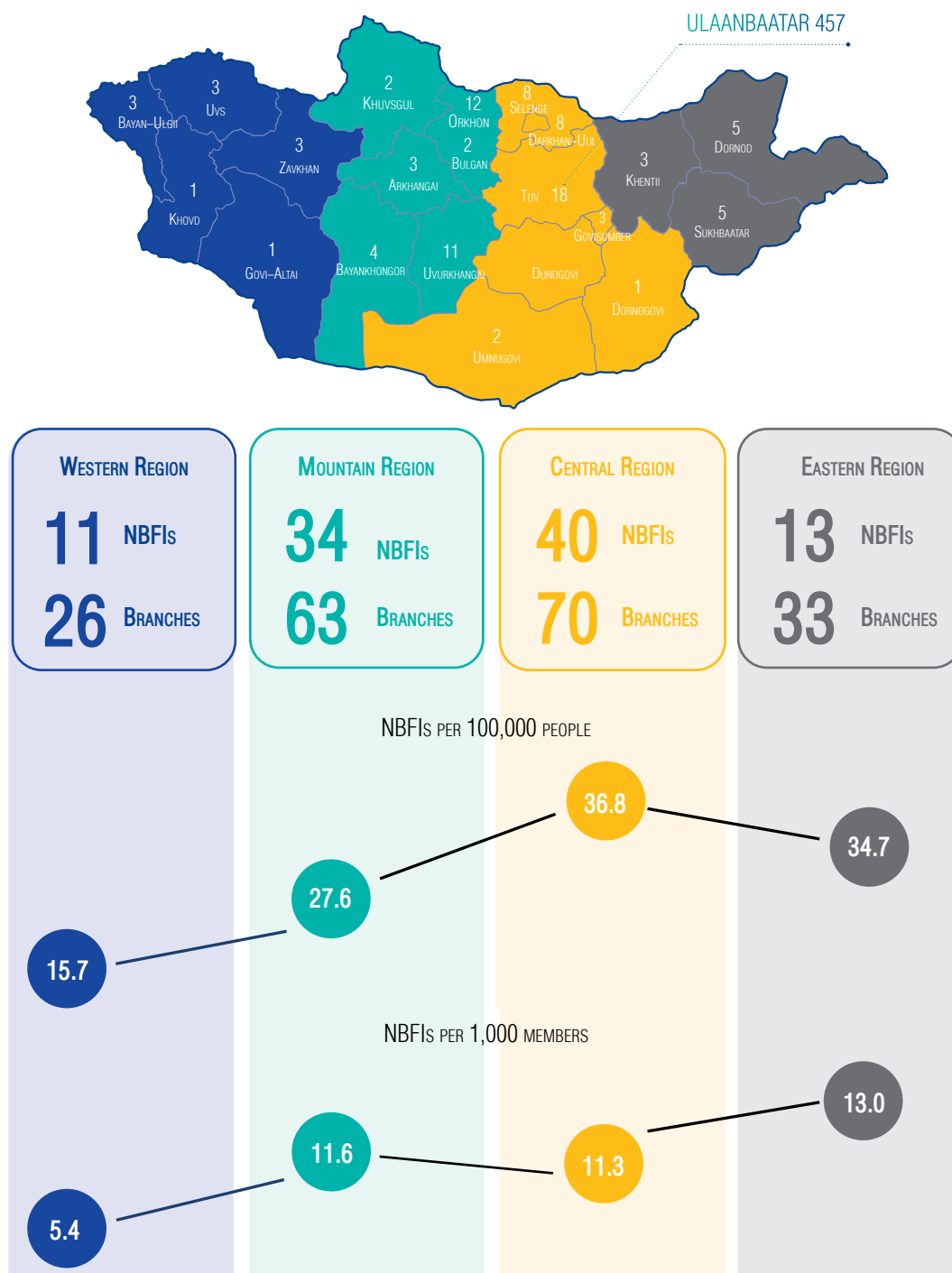


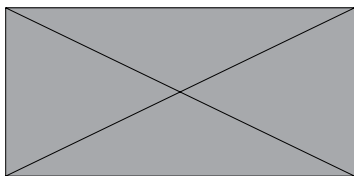
In terms of loan duration issued by the NBF1 sector, 21.1% have a duration of up to 1 month, 20.2% have a duration of 6–12 months, 19.9% have a duration of 2.6–5 years, and 17.8% have a duration of 1–2.5 years.

## ACCESSIBILITY

Nationwide, there are 555 licensed NBFIs, which include a total of 484 branches.

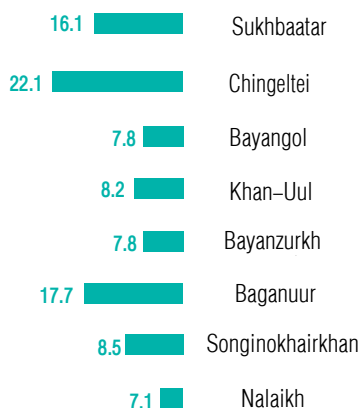
The majority (82.3%) of NBFIs operate in Ulaanbaatar.



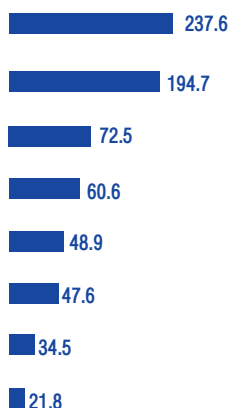


Sector accessibility is assessed using key financial inclusion indicators developed by the International Alliance for Financial Inclusion (AFI). 66.7% of the 21 provinces have 3 or more NBFIs.

Per 1,000 enterprises



Per 100,000 population



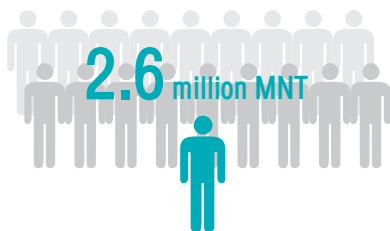
Among the 457 NBFIs operating in Ulaanbaatar, their distribution across districts is as follows: 33.9% in Sukhbaatar district, 27.6% in Chingeltei, 14.6% in Bayangol, 11.4% in Bayanzurkh, 10.3% in Khan Uul, 2.0% in Songinokhairkhan, and 0.2% in Baganuur district.

#### BY ACCESSIBILITY AND GEOGRAPHICAL LOCATION OF NBFIs

- o Nationwide, there were, on average, 52.9 NBFIs per 100,000 people aged 18–64 and 10.7 NBFIs per 1,000 businesses.
- o 28.5 NBFIs per 100,000 people, and
- o 10.2 NBFIs per 1,000 businesses.
- o In the Central Region, there were 36.8 NBFIs per 100,000 people, while Eastern Region recorded 13.0 NBFIs per 1,000 businesses, reflecting varying levels of access.
- o In Ulaanbaatar, there were 79.3 NBFIs per 100,000 people, and 10.9 NBFIs per 1,000 businesses, demonstrating better access compared to rural areas.

53 NBFIs per  
100,000  
people nationwide

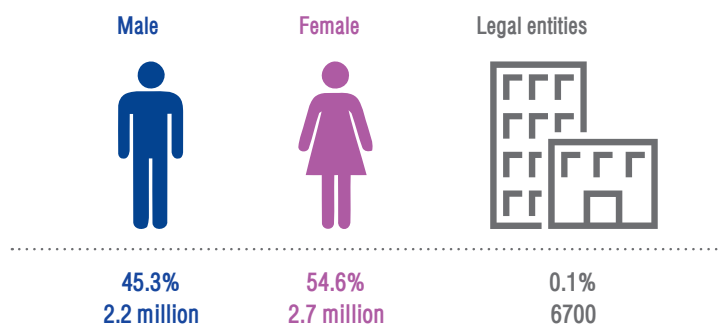
11 NBFIs per  
1,000 enterprises



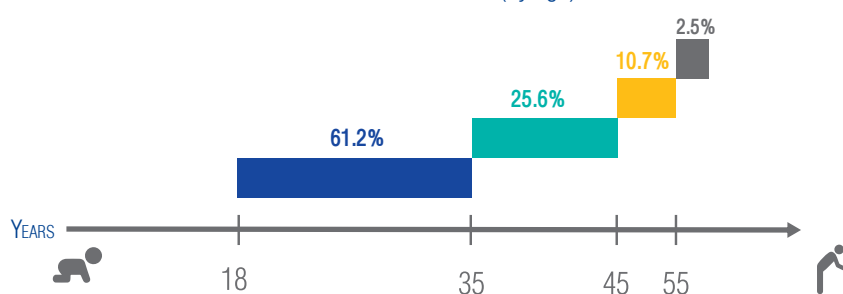
#### AVERAGE LOAN

- o The average NBFi borrower had a loan amount of 2.6 million MNT, with regional differences: 1.8 million MNT in rural areas, and 2.6 million MNT in Ulaanbaatar.
- o The average loan amount per borrower from NBFIs was 2.6 million MNT, compared to 2.3 million MNT nationwide during the same period last year, representing a 12.9% increase.
- o The total number of borrowers was 2.0 million, with an average of 101.5 loans per 100 individuals aged 18–64.

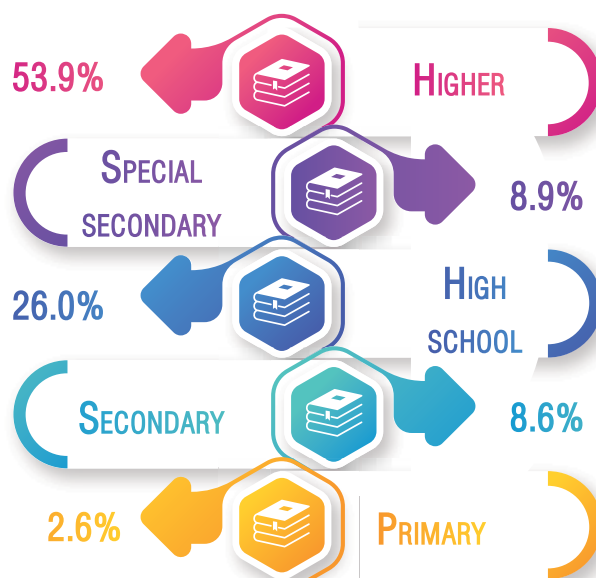
## Customers of NBFIs



## Borrowers of NBFIs (by age)



## Borrowers of NBFIs (by level of education)



## NBFI employees

Male  
41.8%

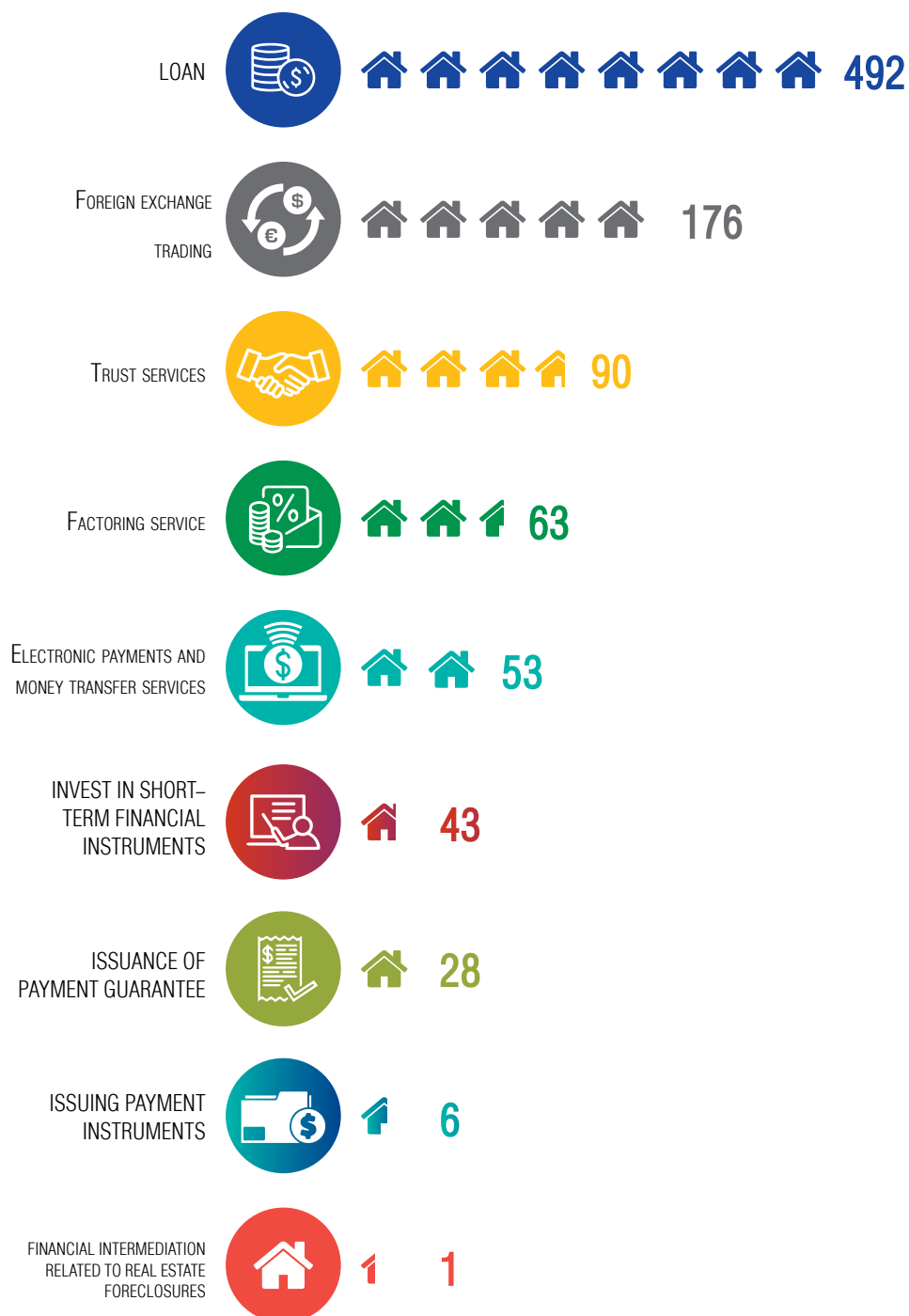


Female  
58.2%



## PRODUCTS AND SERVICES

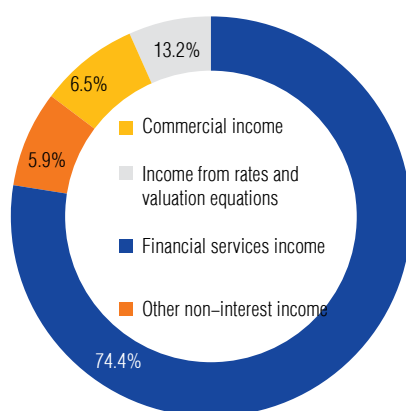
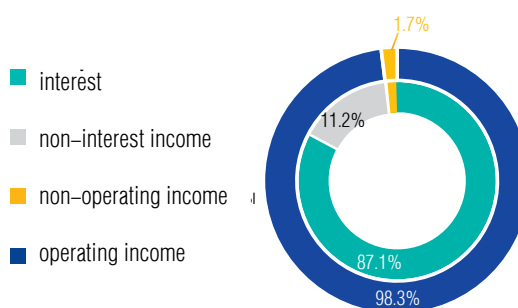
### NUMBER OF NBFIS AND TYPES OF SERVICES (WITH DOUBLE COUNTING)



## PRODUCT AND SERVICE REVENUE

The total income of NBFIs reached 1,282.6 billion MNT.

The majority of this revenue (98.3%) was generated from operating income, with 87.1% (1,117.0 billion MNT) from interest income, and 11.2% (143.6 billion MNT) from non-interest income.

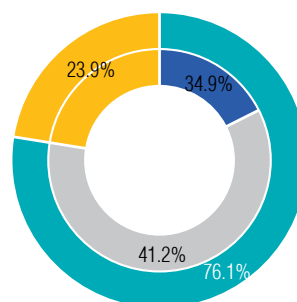


## BREAKDOWN OF NON-INTEREST INCOME

- o The breakdown of non-interest income was as follows: 74.4% from financial services income, 13.2% from foreign exchange rate and valuation adjustments, 6.5% from trading, and 5.9% from other non-interest income.

## COSTS OF PRODUCTS AND SERVICES

- o The total cost of NBFIs amounted to 783.3 billion MNT with 76.1% attributed to operating expenses, including 41.2% (322.8 billion MNT) for non-interest expenses, and 34.9% (273.3 billion MNT) for interest expenses.

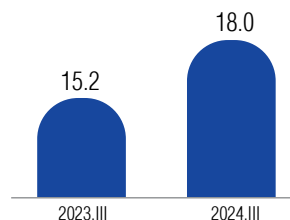


- interest
- non-interest income
- non-operating income
- operating income

Expenditures related to product and service risks amounted to 85.9 billion MNT, broken down as follows: 90.3% attributed to credit risk expenses, 4.3% for risk funds for assets placed in banks and financial institutions, 2.1% for other real estate risk expenses, 2.1% for receivables risk expenses, 0.2% for factoring service risk expenses, and 1.0% for other capital investment funds.

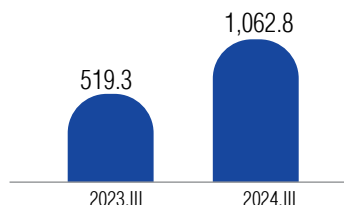
- o The sector registered a total of 18.0 billion MNT in net factoring receivables, marking an increase of 17.9% compared to the same period last year.

Net receivables for factoring services (billions MNT)

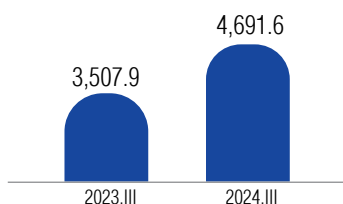


- o A total of 90 NBFIs provided trust services in the sector, with total liabilities for these services amounting to 1,062.8 billion MNT, representing a two fold increase compared to the same period last year.

Trust service payable (billions MNT)



Income from remittance services (million MNT)



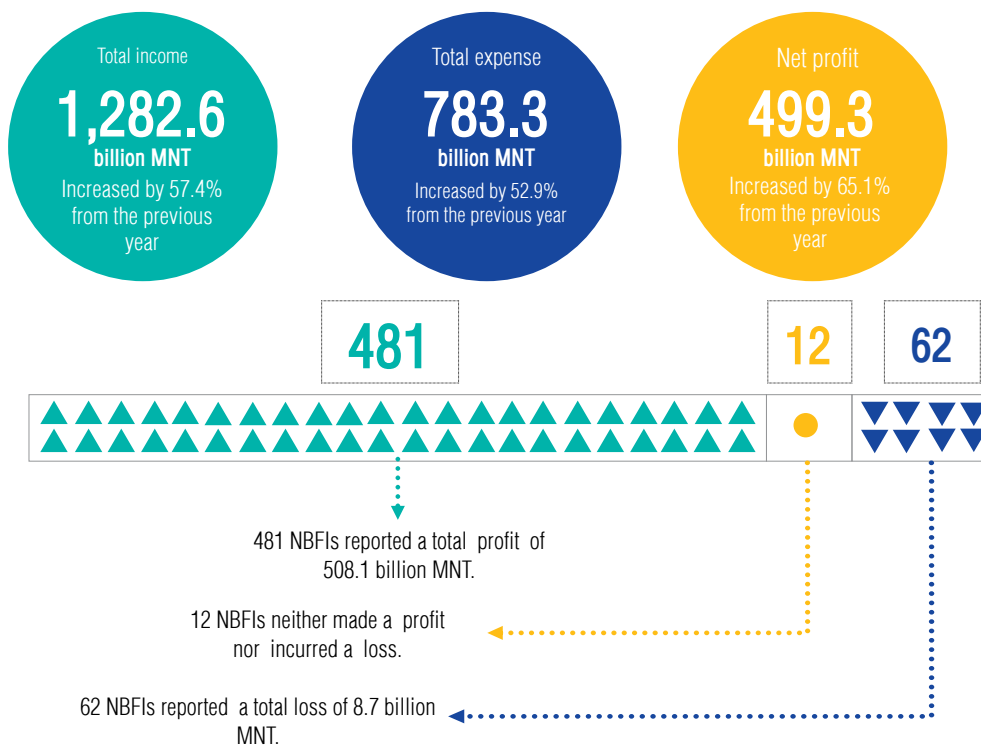
- o NBFIs earned 4.7 billion MNT in revenue from remittance services, an increase of 1.2 billion MNT compared to the same period last year. Additionally, 53 NBFIs are licensed to provide remittance services, with 13 generating revenue from these services.

## CURRENCY TRADING NEWS

NBFIs purchased a total of 1,470.1 billion MNT worth of currency and sold 1,391.6 billion MNT worth. The US dollar accounted for 52.2 % of the currency purchased and 49.9% of the currency sold.

| CURRENCY NAME | Bought                 | Sold                   |
|---------------|------------------------|------------------------|
|               | Result (MNT, billions) | Result (MNT, billions) |
| US DOLLARS    | 766.8                  | 694.5                  |
| CHINESE YUAN  | 463.0                  | 459.6                  |
| RUSSIAN RUBLE | 102.0                  | 97.8                   |
| EURO          | 73.7                   | 74.6                   |
| KOREAN WON    | 40.2                   | 40.9                   |
| JAPANESE YEN  | 17.4                   | 17.8                   |
| OTHER         | 7.1                    | 6.6                    |

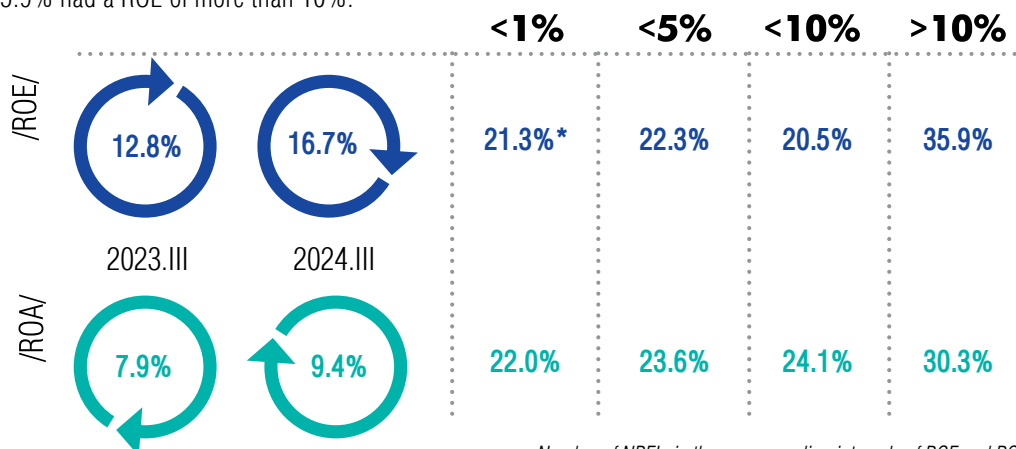
## PROFITABILITY



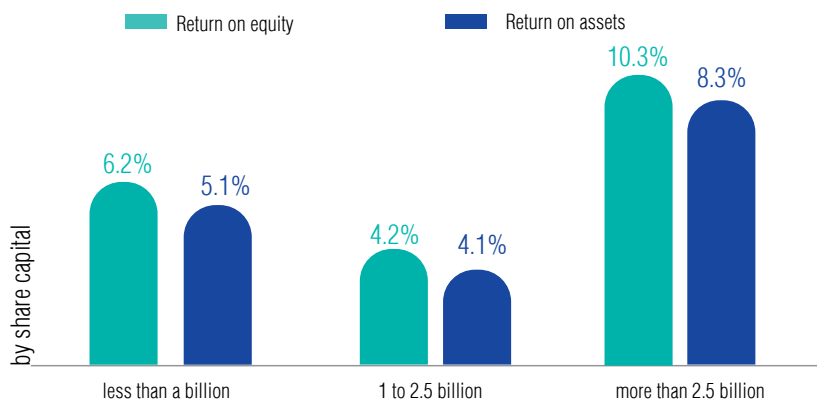
## DISTRIBUTION OF ROA AND ROE

The Return on Assets (ROA) of NBFIs reached 16.7%, an increase of 3.9 percentage points compared to the same period last year. The Return on Equity (ROE) reached 9.4%, an increase of 1.5 percentage points from the same period last year. The distribution of ROE across NBFIs was as follows:

- 21.3% had a ROE of less than 1%,
- 22.3% had a ROE of 1% to 5%,
- 20.5% had a ROE of 5% to 10%,
- 35.9% had a ROE of more than 10%.



Number of NBFIs in the corresponding intervals of ROE and ROA



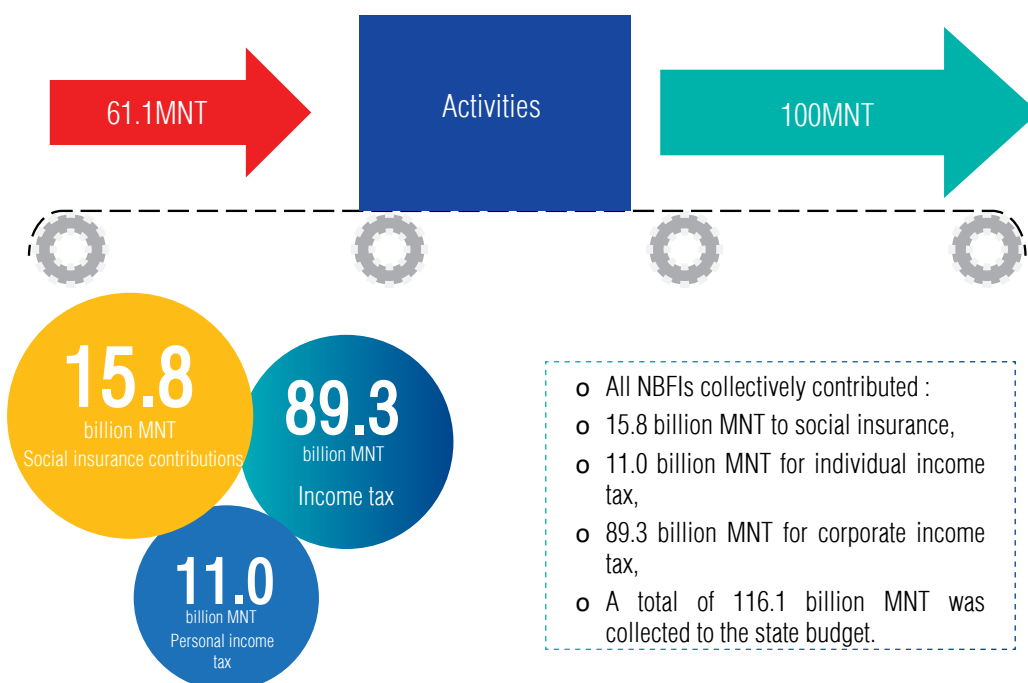
#### RETURN ON ASSETS AND RETURN ON EQUITY RATIO (BY ASSET CLASSIFICATION)

• In terms of ROA (return on asset) and the ROE (return on equity) by share capital, the data shows: half of NBFIs with equity of less than 1.0 billion MNT had a ROA of less than 5.1%. half of NBFIs with equity between 1.0 to 2.5 billion MNT had a ROA of less than 4.1%, half of NBFIs with equity of more than 2.5 billion MNT had a ROA of less than 8.3%.

Return on Equity ROE: NBFIs with equity of less than 1.0 billion MNT had an ROE of 6.2%. NBFIs with equity between 1.0 and 2.5 billion MNT had a ROE of 4.2%. NBFIs with equity of more than 2.5 billion MNT had a ROE of 10.3%.

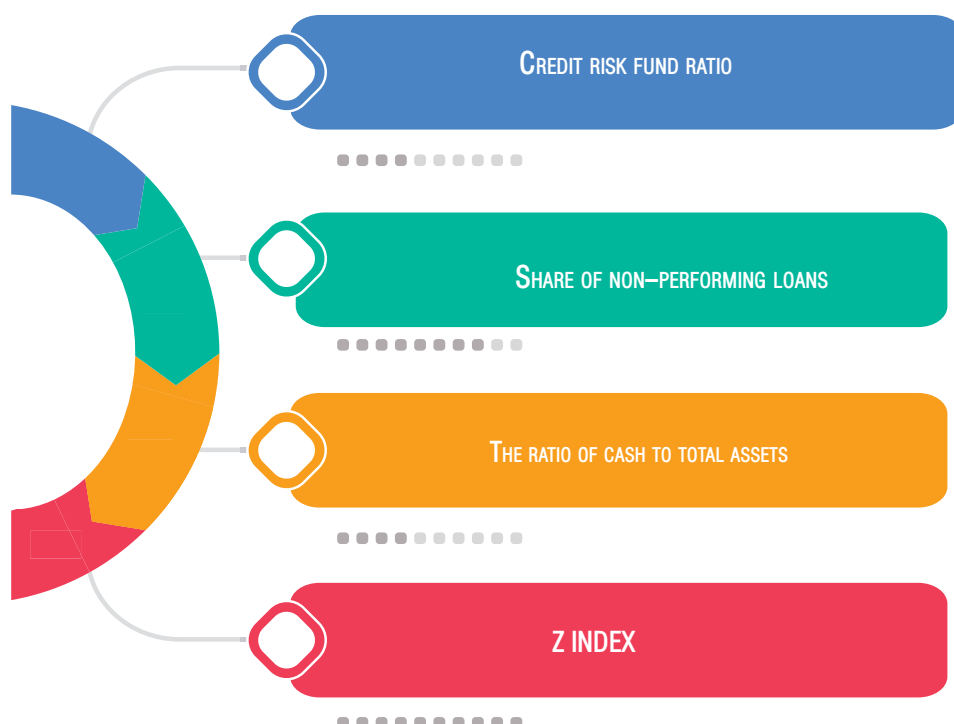
#### COST, REVENUE RATIO

The cost-to-income ratio, which measures the average amount spent by NBFIs to earn 1 MNT was 61.1%, a decrease of 1.8 percentage points compared to the same period last year. In other words, NBFIs spend an average of 61.1 MNT to earn 100.0 MNT.



## STABILITY

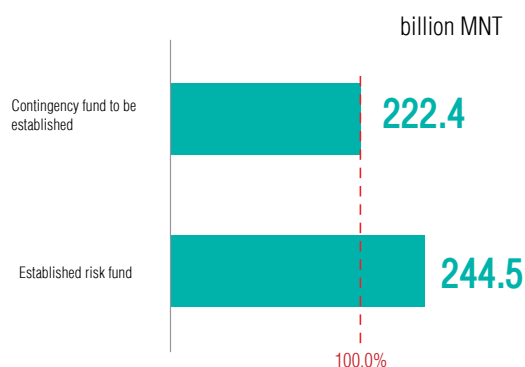
- Four key indicators of NBFI stability were calculated in accordance with AFI's guidelines to assess financial access and stability.



### CREDIT RISK FUND RATIO

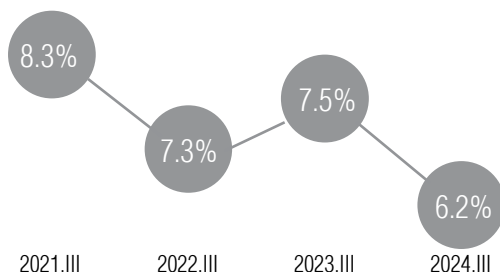
The credit risk fund ratio was 110.0%, supported by the creation of a contingency fund. This marks an increase of 1.6 percentage points compared to the same period last year.

**110.0%**



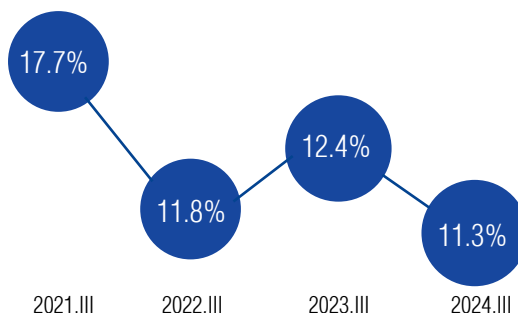
### NON-PERFORMING LOANS

During the reporting quarter, non-performing loans reached 322.2 billion MNT, accounting for 6.2% of total loans. This represents a decrease of 1.3 percentage points compared to the same period last year.



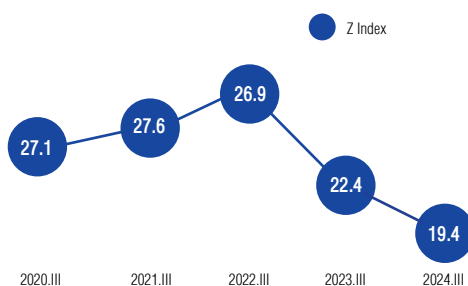
### TOTAL CASH ASSETS COMPARATIVE RATIO

- o The ratio of cash assets to total assets decreased by 1.1 percentage points, reaching 11.3% compared to the same period last year.



### Z INDEX

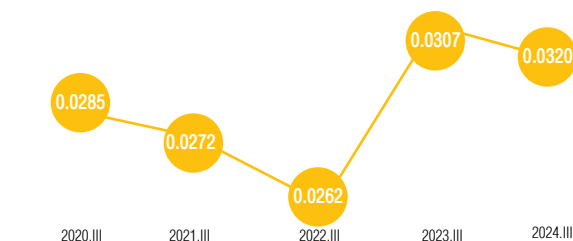
The Z index, which indicates the probability of an NBFIs going bankrupt, decreased by 3.0 percentage points reaching 19.4, compared to the same period last year.



### STANDARD DEVIATION

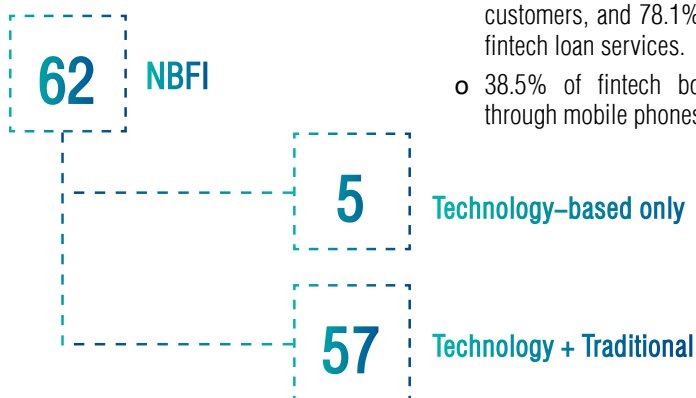
The standard deviation of ROA is calculated based on the returns of the last four quarters. It is a statistical measure of how much data deviates from the average. In the reporting quarter, the standard deviation was 0.0320, an increase of 0.0014 compared to the same period last year.

● Distribution of return standards

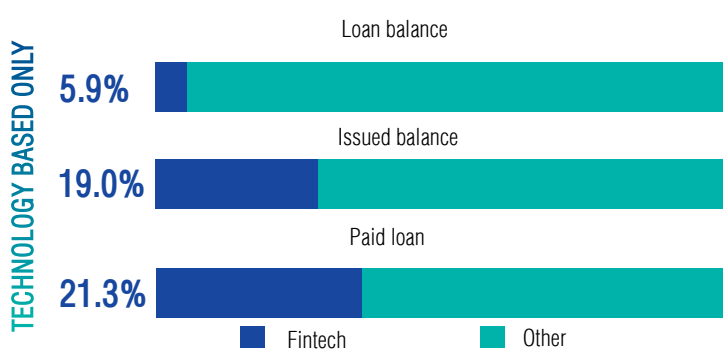
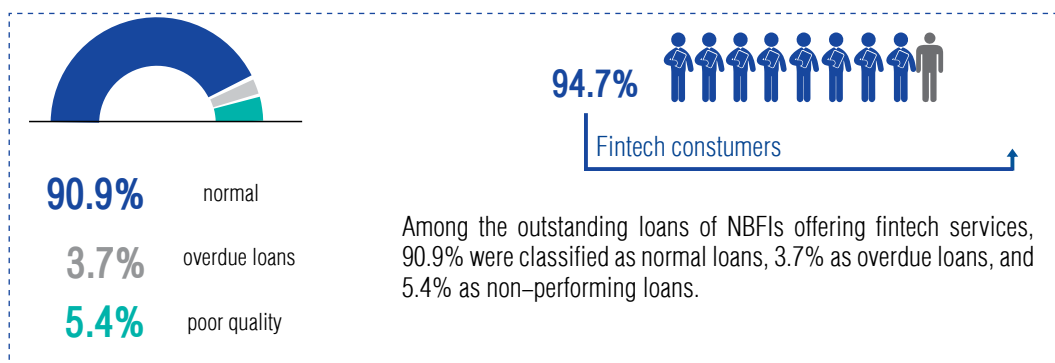


## FINTECH

|             | Total loans            |        | Borrowers |        | Average loan amount per borrower (MNT, thousands) |
|-------------|------------------------|--------|-----------|--------|---------------------------------------------------|
|             | Amount (MNT, billions) | %      | Number    | %      |                                                   |
| Fintech     | 1,244.8                | 23.9%  | 1,554.0   | 78.1%  | 801.0                                             |
| Traditional | 3,953.4                | 76.1%  | 436.8     | 21.9%  | 9,050.4                                           |
| TOTAL       | 5,198.2                | 100.0% | 1,990.8   | 100.0% | 2,611.0                                           |

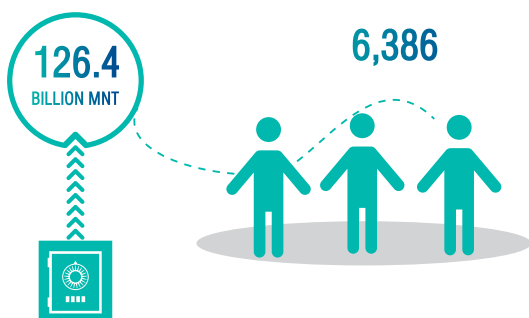


- o 94.7% of all customers in the NBFI sector are fintech customers, and 78.1% of all borrowers have access to fintech loan services.
- o 38.5% of fintech borrowers obtained loans solely through mobile phones.



For the 5 NBFIs that provide exclusively technology-based loans, they account for 38.5% of borrowers in the sector. Although these loans make up only 5.9% of the total loan balance, they represent 19.0% of the granted loans and 21.3% of the loans repaid, indicating strong credit turnover of these NBFIs.

## GREEN LOAN



The balance of 12 different green loan products amounted to 126.4 billion MNT, representing 2.4% of the total loan balance, and was granted to 6,386 borrowers.

|                                                                                                                                | Green loan (%) | Number of borrowers | Total loan balance /MNT, million/ |
|--------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------|-----------------------------------|
|  Energy supply and infrastructure             | 0.2%           | 132                 | 246.6                             |
|  Energy efficiency                            | 0.5%           | 57                  | 685.9                             |
|  Sustainable urban planning and construction | 9.4%           | 825                 | 11,924.5                          |
|  Pollution reduction and prevention         | 9.2%           | 138                 | 11,577.0                          |
|  Sustainable water and waste                | 0.0%           | –                   | –                                 |
|  Sustainable agriculture                    | 4.8%           | 514                 | 6,033.4                           |
|  Sustainable land use and biodiversity      | 0.7%           | 5                   | 919.9                             |
|  Transport with low carbon emissions        | 65.1%          | 4,707               | 82,244.9                          |
|  Information, communication and technology  | 0.0%           | –                   | –                                 |
|  Health                                     | 0.6%           | 3                   | 727.5                             |
|  Education and Culture                      | 1.7%           | 3                   | 2,149.3                           |
|  Accessible infrastructure                  | 7.8%           | 2                   | 9,855.1                           |



NORMAL

88.2%



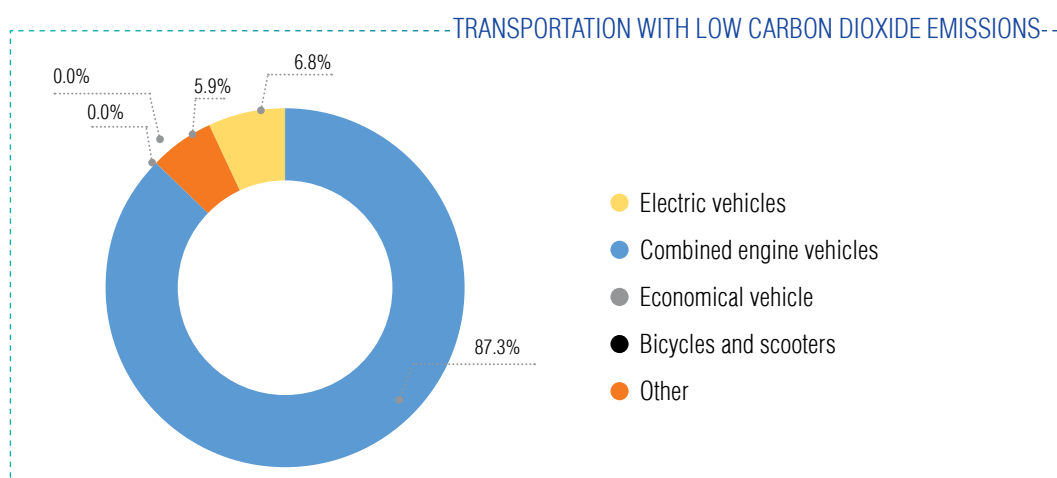
OVERDUE

8.0%



NON-PERFORMING

3.8%



## LOANS ISSUED /THIRD QUARTER OF 2024/

| Type                                        | Green loan (%) | Number of borrowers | Loan amount granted (million MNT) |
|---------------------------------------------|----------------|---------------------|-----------------------------------|
| Energy supply and infrastructure            | 0.4%           | 109                 | 223.0                             |
| Energy efficiency                           | 1.2%           | 28                  | 663.1                             |
| Sustainable urban planning and construction | 11.1%          | 305                 | 6,306.6                           |
| Pollution reduction and prevention          | 0.04%          | 1                   | 22.5                              |
| Sustainable agriculture                     | 0.5%           | 1                   | 300.0                             |
| Sustainable land use and biodiversity       | 0.8%           | 4                   | 450.6                             |
| Low-carbon transport                        | 80.8%          | 1,951               | 45,797.3                          |
| Health                                      | 1.1%           | 2                   | 600.0                             |
| Education and Culture                       | 4.1%           | 3                   | 2,330.5                           |

**Олгосон зээл:** Нэр бүхий 28 ББСБ 8 төрлийн ногоон бүтээгдэхүүнд 56.7 тэрбум төгрөгийн зээл олгожээ.



## POLICY AND LEGISLATION

- o The "Regulation for accounting to be followed by entities and organizations engaged in non-banking financial activities" was revised by Joint Order No. A/226/528 issued on December 8, 2023, by the Chairman of the Financial Regulatory Commission and the Minister of Finance.
- o IFRS-9 (Financial Instruments), IFRS-13 (Fair Value Measurement), and IFRS-7 (Financial Instruments): outline the classification, measurement, and recording of financial instruments, including non-current assets held for sale, discontinued operations, and the recognition of financial assets and liabilities. These are further detailed in IFRS-5.

### **Implementation of Clause 15.4 of Article 15 of the Law on Non-Banking Financial Activities.**

**External Audit Compliance:** In 2023, 491 NBFIs accounting for 95.3% of the total, fulfilled their obligation to verify financial statements through external audits.

**Public Disclosure Compliance:** Additionally, 448 NBFIs, representing 87.0% of the total, complied with the obligation to publicly disclose their financial information.

### **Implementation of the law on "Loan Information"**

**Mandates for NBFIs:** The Law on "Loan Information" requires non-banking financial institutions (NBFIs) to provide, receipt, and exchange of loan information through formal contracts with licensed loan information service providers authorized by the Bank of Mongolia.

In 2024, the Bank of Mongolia, along with "Buren Skor ZMS" LLC, and "Titan CRA ZMS" LLC signed agreements with 464 NBFIs, representing 95.5% of the 486 NBFIs involved in lending operations.

### **Implementation of the Law on Combating Money Laundering and Anti-Terrorism Financing**

In accordance with Article 7.1 of the Law on Combating Money Laundering and Anti-Terrorism Financing', 113 NBFIs reported transactions totaling 1.9 trillion MNT across 15,770 cases. Under Article 7.2, 8 NBFIs reported transactions totaling 3.3 trillion MNT across 338 cases to the Financial Information Office of the Bank of Mongolia, thereby fulfilling their legal obligations.

### **Implementation of the "Regulation for setting and centralizing fees for regulatory services"**

In 2024, 516 NBFIs collected regulatory service fees, totaling 1,293.0 million MNT. Of this, 1,282.3 million MNT (510 NBFIs), or 99.2% was deposited into the relevant account of the Financial Regulatory Commission.



## INTERNATIONAL COOPERATION

FRC's representatives participated in the 27th meeting of the AFI Consumer Empowerment & Market Conduct (CEMCWG) and the 10th meeting of the Inclusive Green Finance (IGFWG), held in Nadi, Republic of Fiji, from March 4–8, 2024. During the meetings, participants exchanged views on the impact of climate change on the country and the measures being taken to develop a green financial sector. They also expressed a strong willingness to cooperate in this direction. The FRC also discussed how to support SMEs within the framework of sustainable development, the possibility of providing green loan risk guarantees, the process of introducing green taxonomy, and the measures being taken in Mongolia for sustainable development.

The International Finance Corporation (IFC) and the Mongolian Association of Non-Banking Financial Institutions jointly organized a training for NBFIs on trends in the development of the ESG in Mongolia on March 13–15, 2024.

**Sustainability Workshop:** On April 30, 2024, the "Sustainability, Environment, and Climate Reporting Workshop and Discussion" was jointly organized by the Mongolian Sustainable Finance Association, the Bank of Mongolia, the FRC, and international partners, including GCF/TDBM, CTIF, UNDP, ESCAP, FC4S, and IFC. The event addressed various aspects of sustainability, environmental concerns, and climate reporting.

The ADB Funded project, titled "Knowledge and Support Technical Assistance on Developing Fintech Legal and Regulatory Frameworks for Mongolia" has been implemented since November 2023. On June 10, 2024, the project consulting company and ADB representatives held a meeting to discuss the draft of the first-stage recommendations developed within the project framework. During this meeting, the Financial Regulatory Commission discussed the fintech environment of NBFIs and introduced the legal framework.

### TRAINING:

- o The "Accounting regulation for entities and organizations engaged in non-bank financial activities" came into effect on January 1, 2024. On May 30, 2024, a training and discussion session was organized for more than 160 accountants of NBFIs, in collaboration with the FRC, the General Department of Taxation, the Mongolian Institute of Certified Public Accountants, and the Mongolian Association of Non-Banking Financial Institutions.
- o On April 29, 2024, the FRC participated in a roundtable discussion on strengthening public-private partnerships in Mongolia in the direction of sustainable development. The discussion addressed the real challenges faced by stakeholders related to new standards and trends in ESG reporting and ways to resolve them



# SCCs

Total assets

**354.6** billion MNT

Capital growth **17.1%**



Financial market status

Total branches **61**

Total members

**44.8%**  
higher education



Accessibility

Total savings

**239.7**  
billion MNT



Products and services

## Profitability



Net profit

**11.5**  
billion MNT

Tax collected by the  
state, Social security  
contributions

**3.5**  
billion MNT

## Stability



Percentage of non-performing  
loans (on total loans)

**2.5%**

Share of cash in total assets

**18.3%**

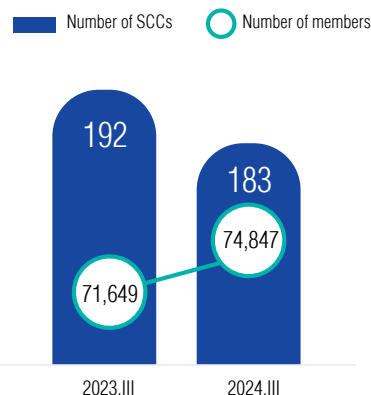
## Regulatory environment



## FINANCIAL MARKET STATUS

### NUMBER AND MEMBERS OF SCCs

- There were 183 licensed SCCs, a decrease of 9 (4.7%) compared to the same period last year.
- The number of SCC members increased by 4.5%, reaching 74,847, compared to 71,649 in the same period in 2023.
- In the reporting year, the number of SCCs decreased by 26.2% compared to 2020: however, the number of SCC members increased by 2.3%.



### EMPLOYEES

**800**

70.3% of total workers in SCCs are female, representing an increase of 18.7% from the same period last year.

### TOTAL MEMBERS

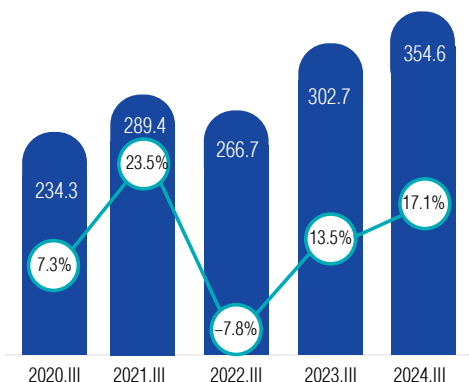
**30,328**

Borrowers

**44,944**

Depositors

■ Total assets (MNT, billions)    ○ Total assets growth (MNT, billions)



### TOTAL ASSETS AND THEIR GROWTH

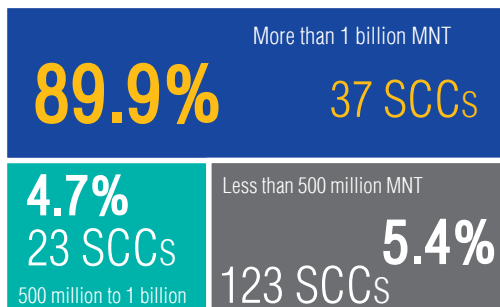
- In the reporting quarter, net worth increased by 17.1% compared to same period last year, rising to 354.6 billion MNT, reflecting a growth of 51.3% –compared to 2020.

Total loans  
268.4 billion MNT

Total savings  
239.7 billion MNT

## TOTAL MARKET SHARE

- 37 SCCs with net capital greater than 1 billion MNT each comprised 89.9% of the market.
- 23 SCCs with net capital ranging from 500 million MNT to 1 billion each comprised 4.7% of the market.
- 123 SCCs with net capital of less than 500 million MNT each comprised 5.4% of the market.

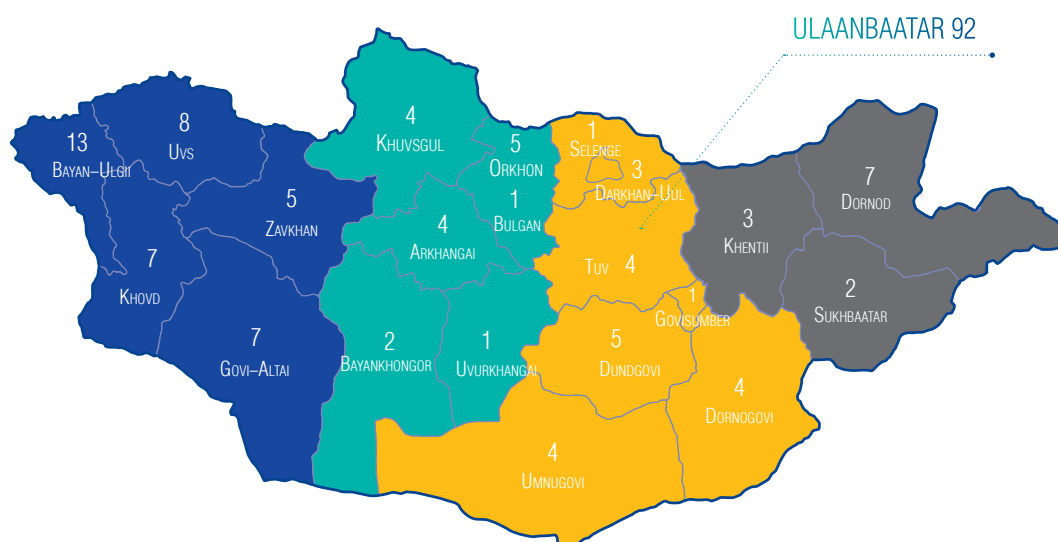


## Report structure (billion MNT)

|                                                              |              |               |
|--------------------------------------------------------------|--------------|---------------|
| <b>Total assets</b>                                          | <b>354.6</b> | <b>100.0%</b> |
| <b>Currents assets</b>                                       | <b>345.3</b> | <b>97.4%</b>  |
| Cash                                                         | 64.9         | 18.3%         |
| Loan /net/                                                   | 274.0        | 77.3%         |
| Other assets                                                 | 6.4          | 1.8%          |
| <b>Non-financial assets</b>                                  | <b>9.3</b>   | <b>2.6%</b>   |
| Tax receivables                                              | 0.4          | 0.1%          |
| Health and social security contributions receivable          | 0.0          | 0.0%          |
| <b>Prepaid expenses/bills</b>                                | <b>3.3</b>   | <b>0.9%</b>   |
| Inventory                                                    | 0.2          | 0.1%          |
| Other assets to be owned /net/                               | 0.6          | 0.2%          |
| Other non-financial assets                                   | 0.2          | 0.1%          |
| <b>Real estate for investment /net/</b>                      | <b>0.0</b>   | <b>0.0%</b>   |
| <b>Fixed assets /net/</b>                                    | <b>4.4</b>   | <b>1.2%</b>   |
| Intangible assets /net/                                      | 0.2          | 0.0%          |
| <b>Total liabilities and equity</b>                          | <b>354.6</b> | <b>100.0%</b> |
| <b>Financial liabilities</b>                                 | <b>272.6</b> | <b>76.9%</b>  |
| Savings                                                      | 256.0        | 72.2%         |
| <b>Resources drawn from banks and financial institutions</b> | <b>15.5</b>  | <b>4.4%</b>   |
| <b>Other financial liabilities</b>                           | <b>1.1</b>   | <b>0.3%</b>   |
| <b>Non-financial liabilities</b>                             | <b>3.0</b>   | <b>0.8%</b>   |
| Own assets                                                   | 79.0         | 22.3%         |
| Equity contributed by members                                | 28.6         | 8.1%          |
| Other parts of the property                                  | 0.5          | 0.1%          |
| Property of cooperatives                                     | 49.9         | 14.1%         |

- Current assets accounted for 97.4% of total assets, while non-current assets for 2.6%.
- Cash assets represented 18.3% of net capital, 77.3% of the loan balance, and 1.8% of other non-current assets.
- Liabilities accounted for 76.9% of finances, 22.3% of own assets, and 0.8% of other assets.

## ACCESSIBILITY



### WESTERN REGION

**40** SCCs  
**8** BRANCHES

### MOUNTAIN REGION

**17** SCCs  
**18** BRANCHES

### CENTRAL REGION

**22** SCCs  
**20** BRANCHES

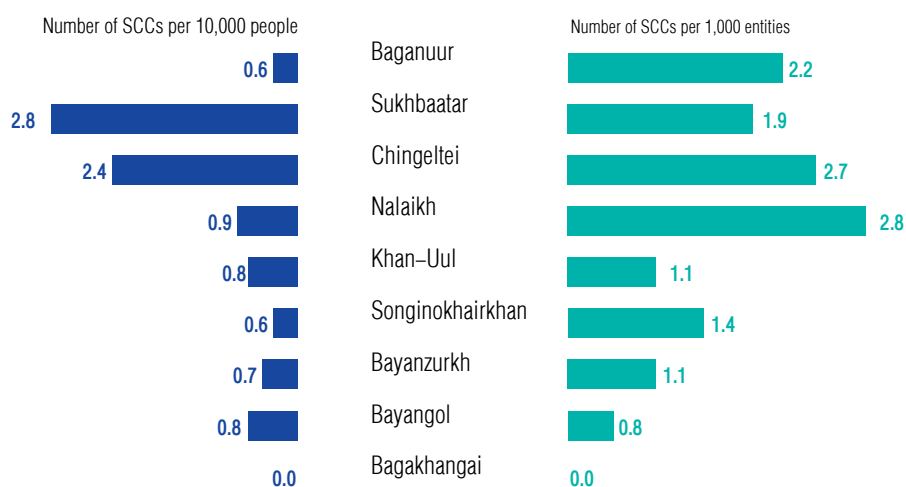
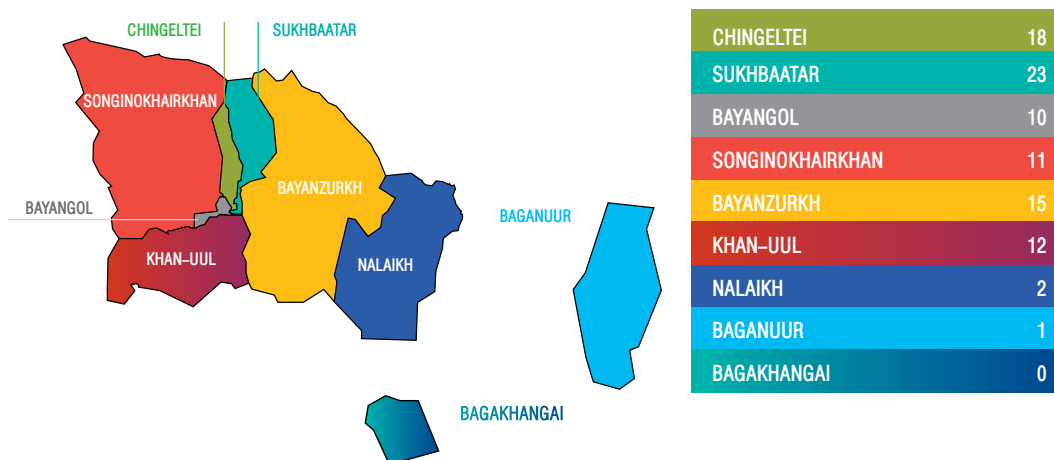
### EASTERN REGION

**12** SCCs  
**11** BRANCHES

### ULAANBAATAR

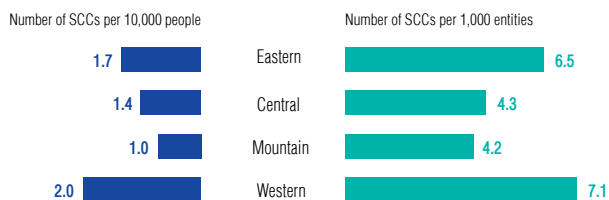
**92** SCCs  
**4** САЛБАР

- 92 SCCs are located in Ulaanbaatar, while 91 SCCs are in rural areas.
- Among the 91 SCCs in rural areas, the distribution is as follows: 44.0% in the Western Region, 24.1% in the Central Region, 18.7% in the Mountain Region, and 13.2% in the Eastern Region.
- Of the 92 SCCs in Ulaanbaatar, 96.7% are located in the central six districts, and the remaining 3.3% are in the three remote districts

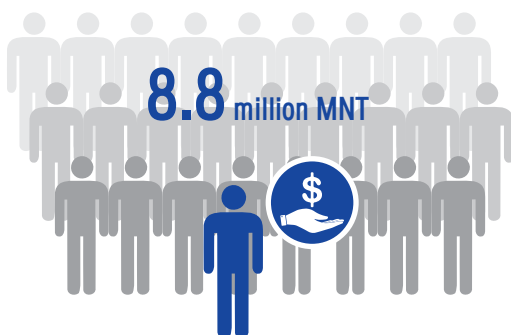


- o Nalaikh district 2.8 SCCs, Chingeltei district 2.7 SCCs and Bayangol district 0.8 SCCs 9the least).
- o number of SCCs per 10,000 people (aged 18 to 64 years): , Sukhbaatar district 2.8SCCs , Chingeltei district 2.4 SCCs .

<sup>1</sup> <https://www.afi-global.org/sites/default/files/publications/fidwg-core-set-measuring-fi.pdf>



### Average loan per member



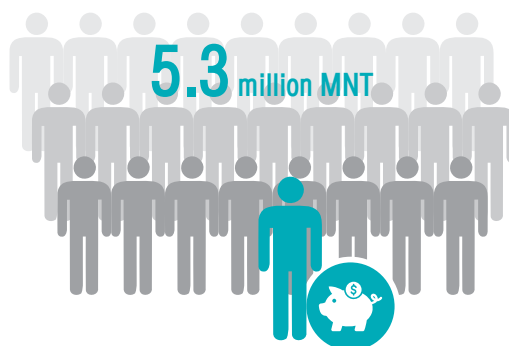
### ЗЭЭЛИЙН ҮЙЛЧИЛГЭЭНИЙ ХҮРТЭЭМЖ

- o one in 60 individuals aged 18 to 64 is both a member of an SCC and received a loan.
- o In rural areas, one in 57 individuals is a member of SCCs and has received a loan. Ulaanbaatar, one in 63 individuals is a member of an SCC and has received a loan.
- o Average loan amounts: 8.8 million MNT per individual loan.
- o Ulaanbaatar 14.9 million MNT per individual loan. rural areas 3.8 million MNT per individual loan.

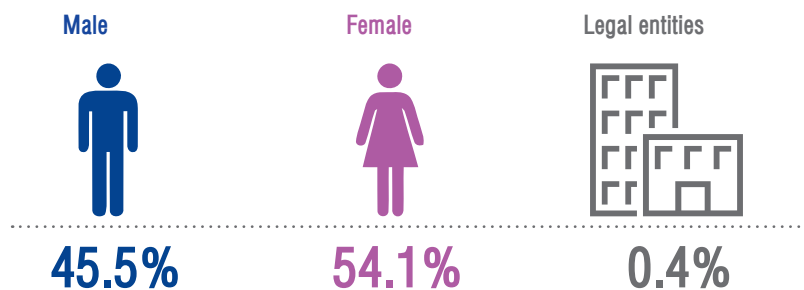
### ACCESS TO SAVINGS

- o National ratio, one in 44 individuals aged 18 to 64 is engaged in saving at an SCC.
- o rural areas: one in 49 individuals is engaged in saving at an SCCs, Ulaanbaatar: one in 39 individuals is engaged in saving at an SCCs.
- o Average savings amounts:
- o Nationwide: 5.3 million MNT per individual savings account.
- o Ulaanbaatar: 7.7 million MNT per individual savings account. Rural areas: 2.5 million MNT per individual savings account.

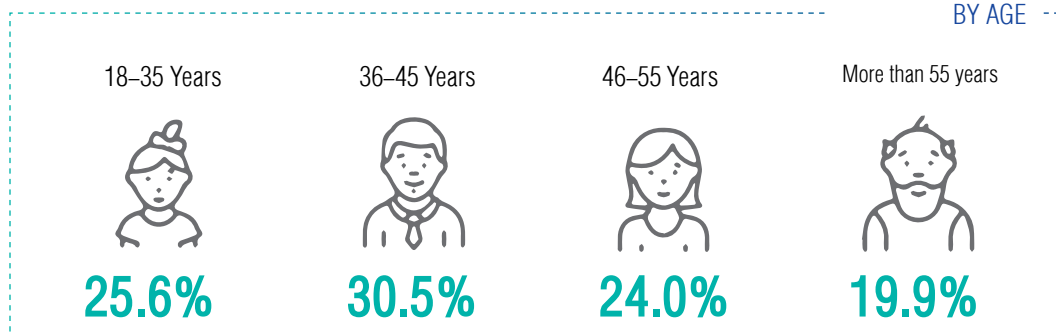
### Average amount of savings per member



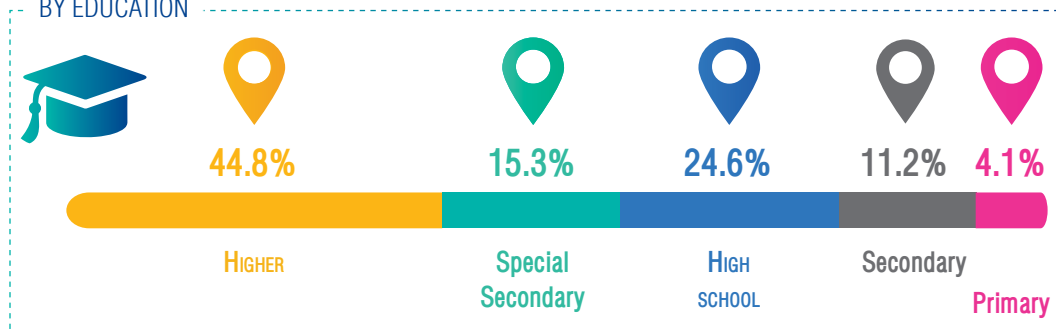
## MEMBERS OF SCCs



## BY AGE



## BY EDUCATION



Total number of employees 800



Female 562

Male 238



Total number of borrowers 30,328

Female 16,552

Male 13,658



Legal entities 118



Total number of depositors 44,944

Female 24,743

Male 20,138



Legal entities 63



Total number of members 74,847

Female 40,480

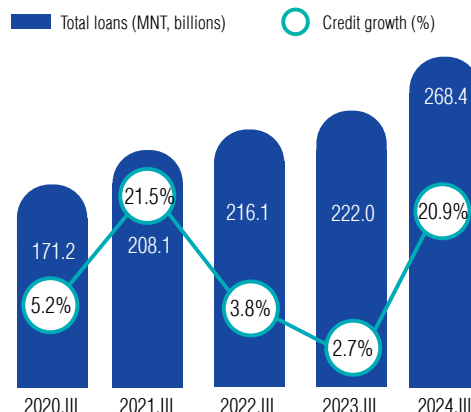
Male 34,056

Legal entities 311

## PRODUCTS AND SERVICES

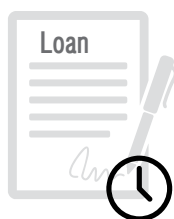
### LOANS FROM SCCs

- o Total loans: 268.4 billion MNT in the reporting quarter, marking a 20.9% increase from 2023 and a 56.8% increase from 2020.
- o Net Loans: 274.0 billion MNT
- o Credit risk fund 4.8 billion MNT.



**NORMAL**

**94.4%**



**OVERDUE**

**3.1%**



**NON-PERFORMING**

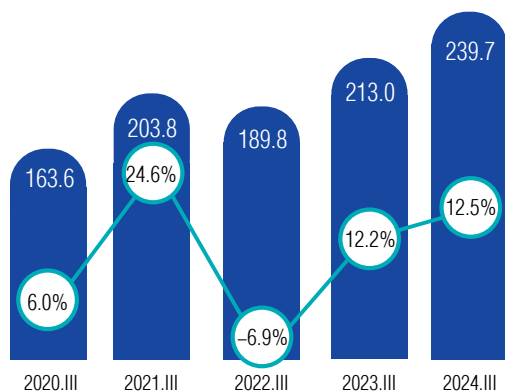
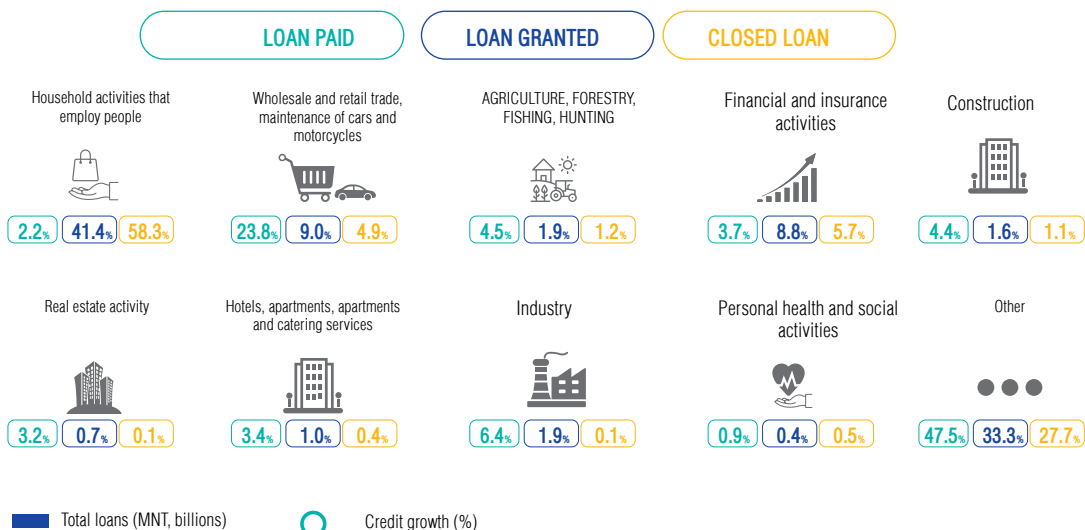
**2.5%**

### LOAN QUALITY OF SCCs

- o Normal loans increased by 22.8% to 253.4 billion MNT, accounting for 94.4% of total loans.
- o Overdue loans decreased by 4.6% to 8.3 billion MNT.
- o Non-performing loans decreased by 2.9% to 6.7 billion MNT.
- o Non-performing loans decreased by 8.2% (0.6 billion MNT) compared to the same period of 2020.

### PURPOSE OF SCC LOANS

- o 41.4% for general consumption.
- o 9.0% for wholesale and retail sectors.
- o 8.8% for financial and insurance purposes.
- o Repayment Sources:
  - o 23.8% from wholesale and retail trade and car/motorcycle maintenance.
  - o 6.4% from manufacturing.
  - o 4.5% from agriculture, forestry, fishing, and hunting.
- o Closed Loans:
  - o 58.3% from household activities.
  - o 5.7% from financial and insurance activities.
  - o 4.9% from wholesale and retail trade, and car/motorcycle maintenance.



### SCCs SAVINGS

- Total savings: 239.7 billion MNT, a 12.5% increase to compared to the same period in 2023.
- Total savings in increased by 76.1 billion MNT, (46.5 %) compared to the same period in 2020.

### TOTAL SAVINGS

- Term savings accounted for 96.8% of total savings.



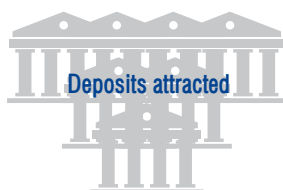
96.8%

term deposit



3.2%

fixed



182 SCCs

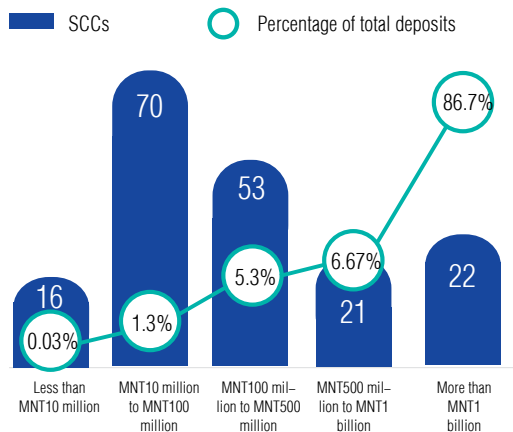


1 SCCs

- non-term savings accounted for 3.2 % of total savings.
- 182 SCCs (99.5%) had total savings of 239 billion MNT.
- 1 SCC (0.5%) had no deposits at all.

### PERCENTAGE OF TOTAL SAVINGS

- o 22 SCCs with savings over 1 billion MNT: 86.7% () of total deposits (207.9 billion MNT)
- o 144 SCCs with savings between 10 million MNT to 1 billion MNT: , 13.27 % of total deposits (31.7 billion MNT) () .
- o 16 SCCs with savings under 10 million MNT: 0.03% of total deposits (0.1 billion MNT)() .
- o 1 SCC had no collected savings.



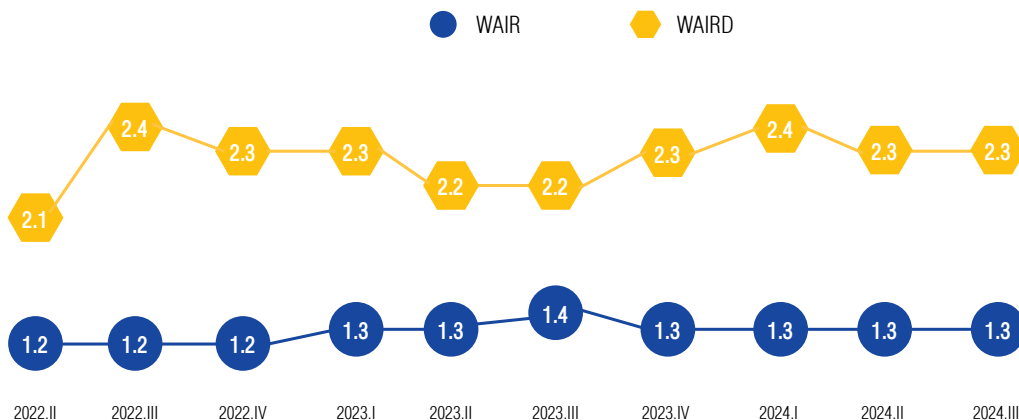
# 1.3%

Weighted average monthly interest rate  
on time deposits



# 2.3%

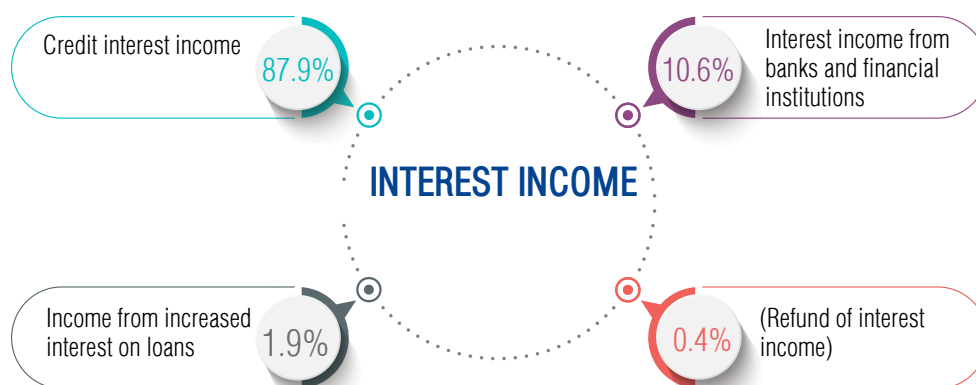
Weighted average monthly interest rate  
on the loan



## INCOME

Total interest income: 54.0 billion MNT (21.6%, increase from 2023) Loan interest income 47.5 billion MNT (87.9% of total interest income).

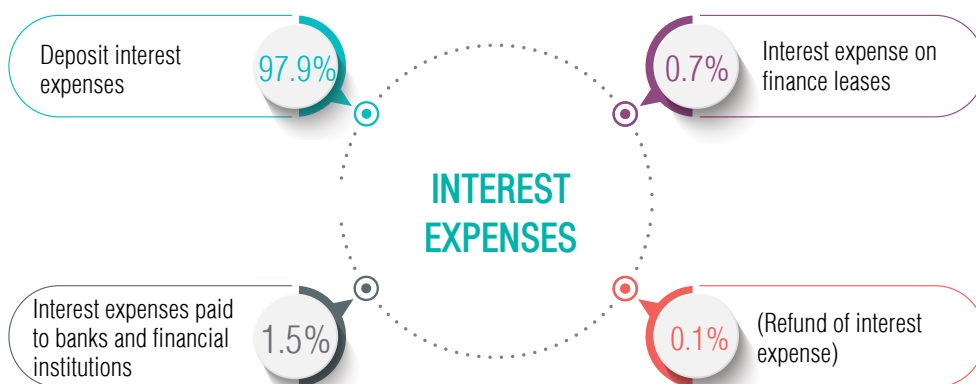
- o Interest income from banks and financial institutions: 5.7 billion MNT(10.6% of total interest income).
- o Increased interest income from loans: 1.0 billion MNT (1.9% of total interest income).
- o Loan interest income from securities: 0.2 billion MNT(0.4% of total interest income)



## Expenses

Total interest expenses of SCCs: 29.5 billion MNT (13.7% increase from 2023).

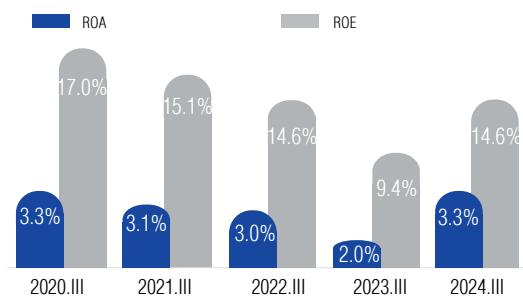
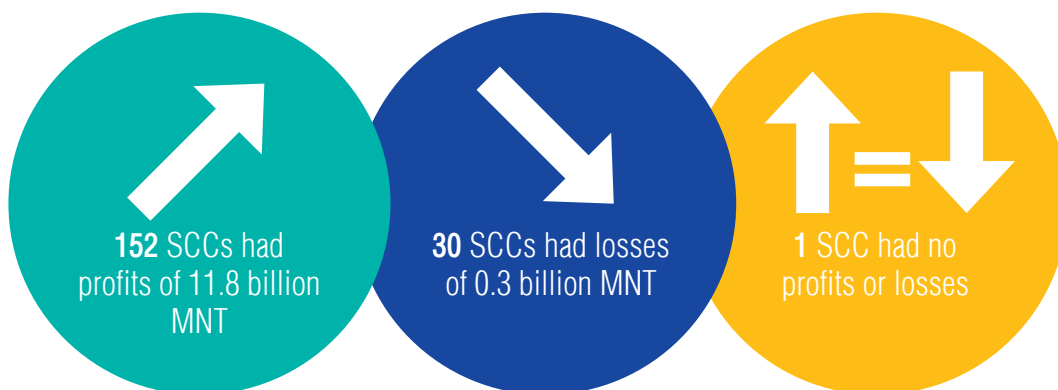
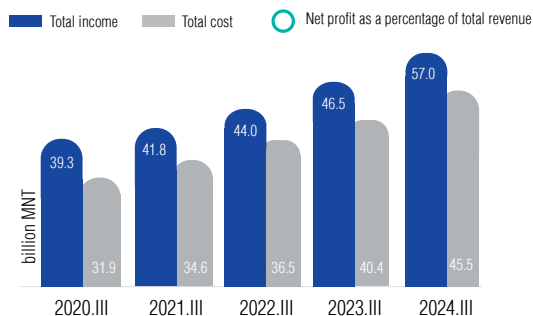
- o Deposit interest expenses: 28.9 billion MNT(97.9 % of total interest expenses).
- o Interest paid to banks and financial institutions and other expenses: 0.4 billion MNT (1.5% of total interest expenses).
- o Interest paid to banks and financial institutions: 0.2 billion MNT (0.7% of total interest expenses).
- o Refund of interest expenses: 0.03 billion MNT (0.1% of total interest expenses).



## PROFITABILITY

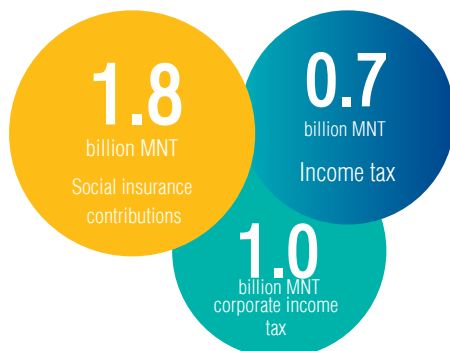
### INCOME AND EXPENSES OF SCCs

- Total Income: 57.0 billion MNT
- Total expenses: 45.5 billion MNT
- Net profit: 11.5 billion MNT.



### НИЙТ БОЛОН ӨӨРИЙН ХӨРӨНГИЙН ӨГӨӨЖ

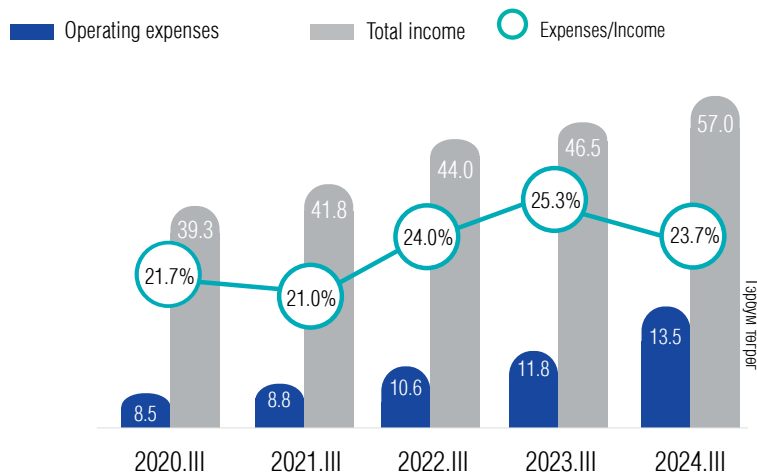
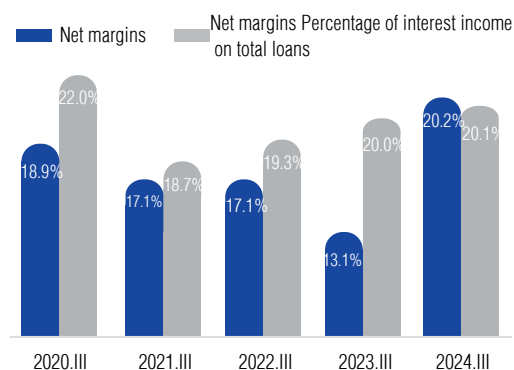
- ROE: 14.6% (5.2 percentage point increase compared to the previous year.
- Return on Assets (ROA) 3.3%.



- social insurance tax: 1.8 billion MNT
- personal income tax: 0.7 billion MNT
- Corporate Income Tax: 1.0 billion MNT.

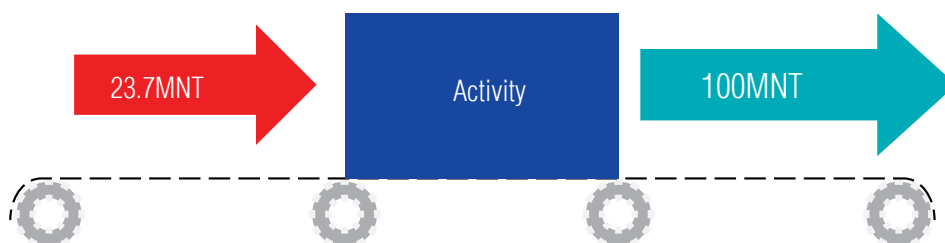
## KEY RATIOS

- o Share of interest income in total loans: increased by 0.1 percentage points to 20.1% compared to 2023.
- o Ratio of net income to total income: increased by 7.1 percentage points to 20.2% compared to 2023.



## COST REVENUE RATIO

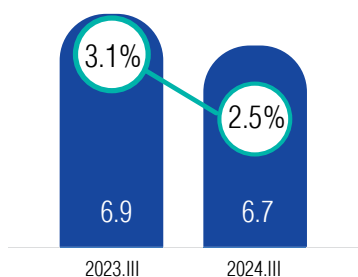
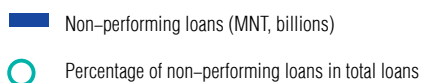
- o SCCs spent an average of 23.7 MNT to earn 100.0 MNT.



## STABILITY

The stability of SCCs is being assessed using the PEARLS methodology, focusing on four key indicators:

1. Asset quality and protection.
2. Effective financial structure.
3. Return and cost share.
4. Liquidity.

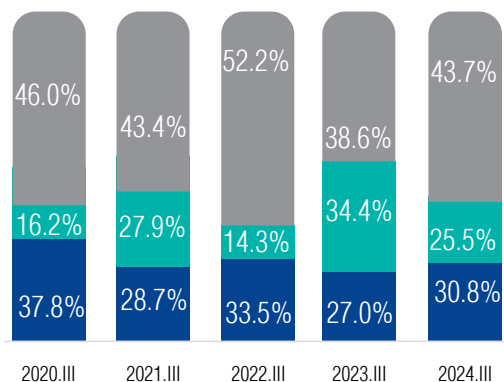
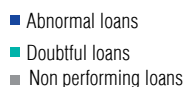


### NON-PERFORMING LOANS

- The total amount of non-performing loans has decreased by 0.2 billion MNT compared to 2023 reaching 6.7 billion MNT.
- The share of non-performing loans on total loans decreased by 0.6 percentage points, reaching 2.5%, which is below the prudential ratio standard of 5.0% for SCCs.

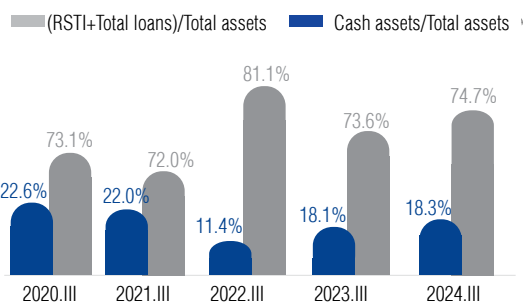
### CLASSIFICATION OF NON-PERFORMING LOANS

- Abnormal loans increased by 3.8 percentage points – compared to 2023, reaching 30.8% of total non-performing loans.
- Doubtful loans decreased by 8.9 percentage points, reaching 25.5%, which makes up 43.7% of non-performing loans, an increase of 5.1 percentage points compared to 2023.

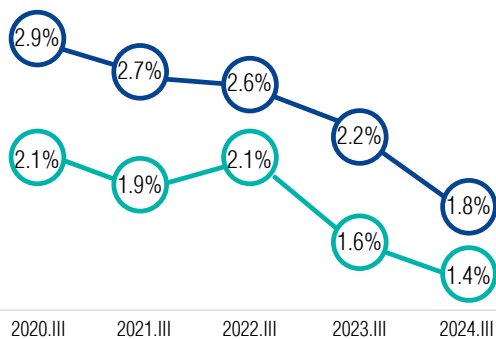


### LIQUIDITY OF SCCs

- monetary assets to total assets ratio: 18.3%.
- short-term investments and total loans to total assets ratio: 75.7%.



- Share of credit risk fund in total loans
- Share of credit risk fund in total assets



### CREDIT RISK FUND

- share of credit risk fund in total loans: 1.8%,
- share of credit risk fund in total assets 1.4%

| Ratio                                  | Adequate level | END OF THE YEAR |
|----------------------------------------|----------------|-----------------|
| Loans received from others/Total loans | <20%           | 5.7%            |
| Total savings/Total assets             | 20%–80%        | 67.6%           |
| Net loans/Total assets                 | 60%–85%        | 77.3%           |
| Equity of cooperatives/Total assets    | >5%            | 14.1%           |
| Reserve fund/Equity of cooperatives    | >3%            | 29.1%           |
| Operating expenses/Total assets        | <15%           | 3.8%            |

## REGULATORY ENVIRONMENT



### POLICY AND LEGISLATION

#### Implementation of Article 10, Clause 10.2.4 of the Law on Audit

- o 86.7% of SCCs (156 out of 180) submitted their 2023 year-end financial auditing reports to the Financial Regulatory Commission (FRC), demonstrating compliance with the law.

#### "Implementation of Article 2, Clause 2.1.2 of the Regulation for Conditions and requirements of operating a Savings and Credit Cooperative:

- o 97.2% of SCCs (175 out of 180) submitted their regular meeting reports, showing strong adherence to the operational reporting standards

#### Implementation of the Law on Credit Information

- o 59.0% of SCCs (108 out of 183) were included in the loan database and had signed cooperation agreements with licensed credit information service providers. This reflects the active participation of SCCs in providing and receiving essential credit data, with a notable division between rural and urban cooperatives (52.8% and 47.2%, respectively).

#### Implementation of the Law on Combating Money Laundering and Terrorism Financing

- o 7.1% of SCCs (13 out of 183) reported cash transactions worth 20 million MNT or more, totaling 19 billion MNT. No suspicious transactions were reported, indicating that SCCs are generally in compliance with anti-money laundering regulations.

#### "Implementation of the "Regulation for Determining and Collecting fees for regulatory services"

- o 88 SCCs were required to pay regulatory service fees totaling 42 billion MNT, and 98.3% (41 billion MNT) of this amount was collected into the relevant accounts of 85 SCCs, indicating high compliance with the fee payment system.



## INTERNATIONAL COOPERATION

- o The FRC representative's participation in the International Credit Union Regulators' Network (ICURN) 2024 Conference, held from 19 to 21 July 2024 in Nairobi, Kenya, highlights Mongolia's commitment to engaging with global regulatory practices and adapting to climate change within the financial sector. As a moderator in the session, the FRC representative facilitated an important discussion with regulators from Maryland, USA, and Seychelles, focusing on how regulatory agencies are addressing the challenges posed by climate change. This conversation likely provided valuable insights into how various regions are incorporating climate-related risks into their regulatory frameworks and how financial institutions, particularly savings and credit unions, are adapting to these challenges.



# MONEY LOAN SERVICE PROVIDER



Ulaanbaatar  
255  
Rural area  
146



Accessibility





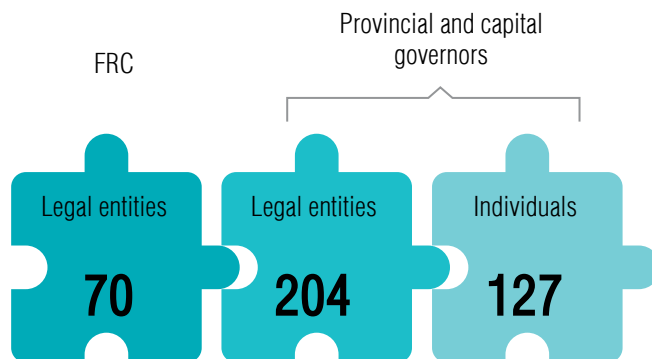
Regulatory environment



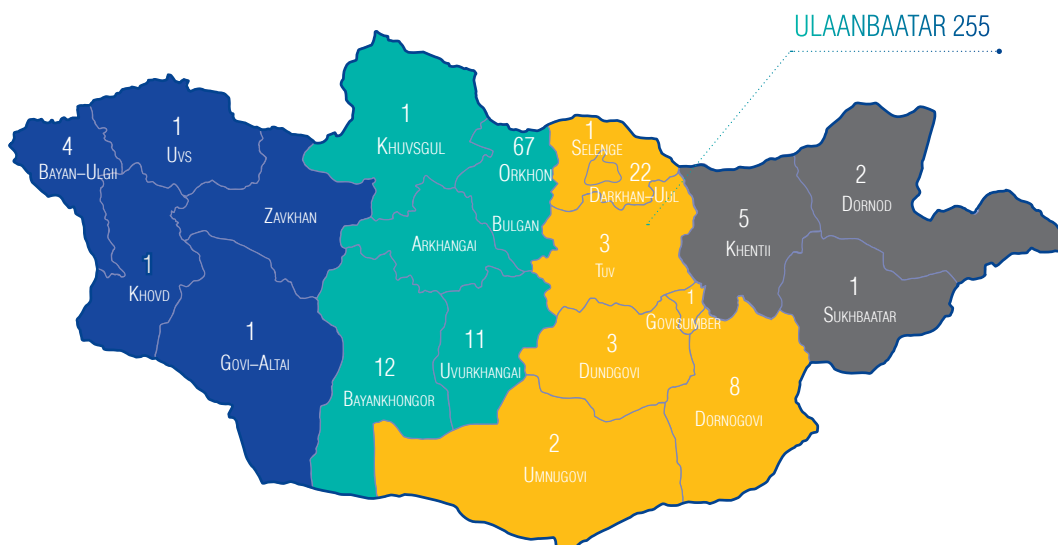
## FINANCIAL MARKET OUTLOOK

### Data information

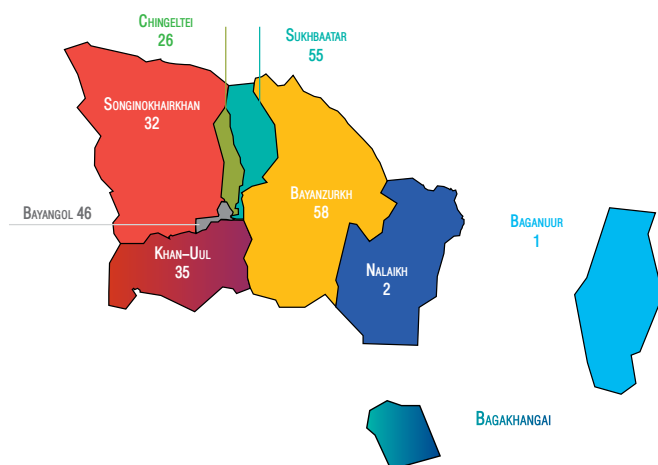
In the reporting quarter, 401 entities provided money loan services, including 274 legal entities and 127 individuals. Of the 274 legal entities, 70 are registered with the FRC, and 204 are registered with the provincial and capital governors.



## ACCESSIBILITY

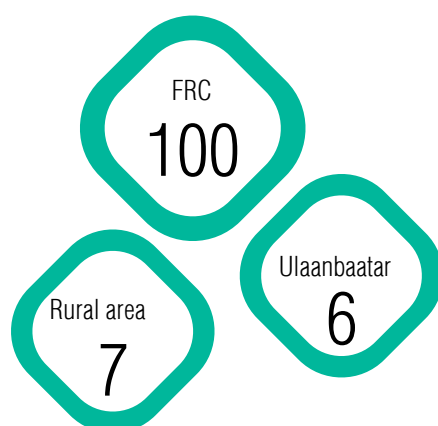


- o Nationwide, there were 401 licensed money loan service providers, with the majority (63.6%) located in Ulaanbaatar.
- o Regionally, 4 individuals and 3 entities were in the Western Region, 79 individuals and 11 legal entities in the Mountain Region, 11 individuals and 30 entities were in the Central Region, and 3 individuals and 5 entities were in the Eastern Region.



- o Of the 255 money loan service providers in Ulaanbaatar, 22.7% were in Bayanzurkh district, 21.6% in Sukhbaatar, 18.1% in Bayangol, 13.7% in Khan-Uul, 12.5% in Songinokhairkhan, 10.2% in Chingeltei, 0.8% in Nalaikh, and 0.4% in Baganuur district.
- o 30 of the money loan service providers are individuals and 225 are legal entities

Nationwide, there were 20 licensed money loan service providers with 113 branches, 69 were located in Ulaanbaatar and 44 were located in rural areas.



Of the 113 branches, 100 are registered with the FRC, 7 with the provincial governors, and 6 with the capital governors.

## REGULATORY ENVIRONMENT



### POLICY AND LEGISLATION

- The FRC approved five regulations to detail and determine specific of the Law on the regulation of money loans. These regulations were enforced on the activities of money loan service providers. A draft of the “Regulation of registration and activities of entities engaged in money loan” was developed to simplify the implementation of these regulations, eliminate regulatory duplication, and address the relationship between emerging electronic loan services. It is currently posted on the “Help” menu of the FRC website [www.frc.mn](http://www.frc.mn) for public comment.
- The Policy Council of Money Loans met on January 18, 2024, and set the maximum loan interest rate at 4.5 percent per month, which will be enforced starting March 1, 2024. However, the decision of the Chamber of Administrative Cases of the Supreme Court of Mongolia, dated September 23, 2024, temporarily suspended 1 of The Policy Council's resolutions made in January for a six –month period (until a new act is issued). As a result, research and public comment processes have begun to revise the act.



#### MEETINGS AND SEMINARS

- o Since April 2023, the FRC, in collaboration with the Financial Education HUB, has been organizing online training on laws, administrative regulations, and other rules for entities engaged in money loan activities and their relevant specialists. The online lessons are accessible anytime through the learning system, allowing participants to take exams online. The course duration does not exceed 72 hours. To date, 1,678 individuals have completed the training and obtained certifications, with 750 individuals completing it in 2024 alone.
- o On February 7–8, 2024, online training sessions were held for entities engaged in money loan activities in rural areas across the Western, Eastern, Central, and Mountain regions, with a total of 164 participants. Additionally, on March 19, 2024, the FRC organized a training session for specialists from the Finance and Treasury departments of nine districts, focusing on the guidelines for registering entities engaged in money loan activities and working within the electronic permit system.



# CREDIT GUARENTEE FUND

Total assets

**311.3**  
billion MNT



Financial market status

Average amount of  
one guarantee

**28.4**  
million MNT



Accessibility

Number of  
requests submitted

**10,775**



Products and services

Profitability



Total income

**21.6** billion MNT

Profit for the reporting period

**15.1** billion MNT

Stability



Percentage of non-performing  
guarantees

**1.8%**

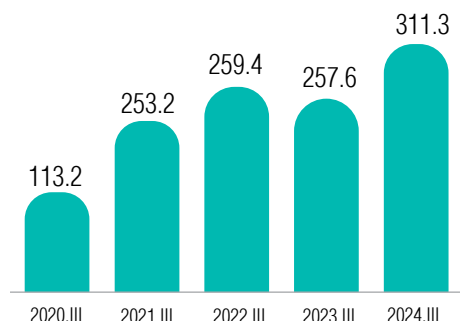
## FINANCIAL MARKET STATUS



Total Assets: 311.3 billion MNT

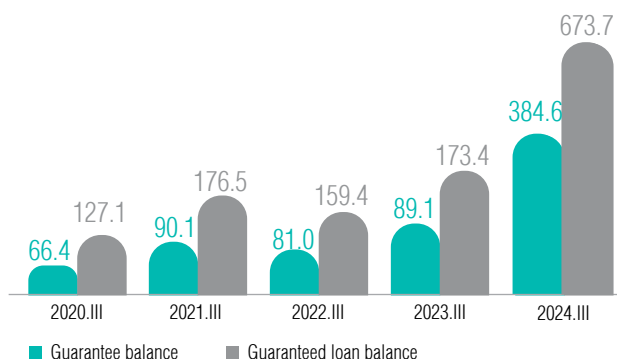
Increase: 20.8% (53.7 billion MNT) compared to the same period in 2023. Guarantee Balance: 384.6 billion MNT

Total assets (MNT, billions)

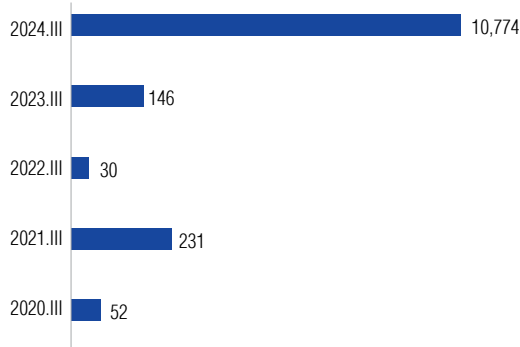


- Increase: 20.8% (53.7 billion MNT) compared to the same period in 2023. Guarantee Balance: 384.6 billion MNT
- Increase 295.5 billion MNT (4.3-fold) compared to the same period in 2023.
- Guaranteed Outstanding Balance: 673.7 billion MNT
- Increase: 500.3 billion MNT (3.9-fold) compared to the same period in 2023.

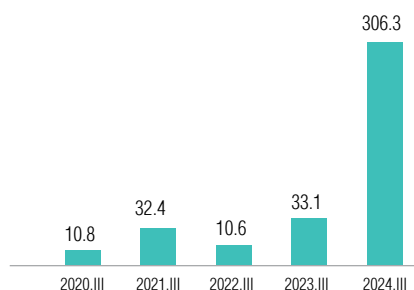
Guaranteed and guaranteed loan balances (billion MNT)



Number of guarantees issued

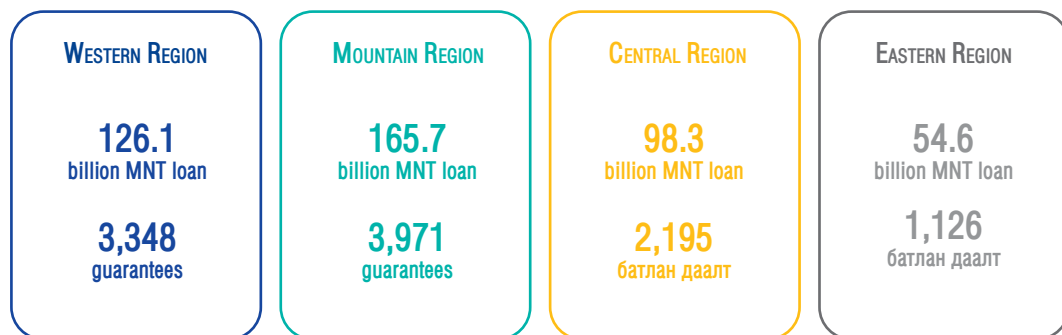
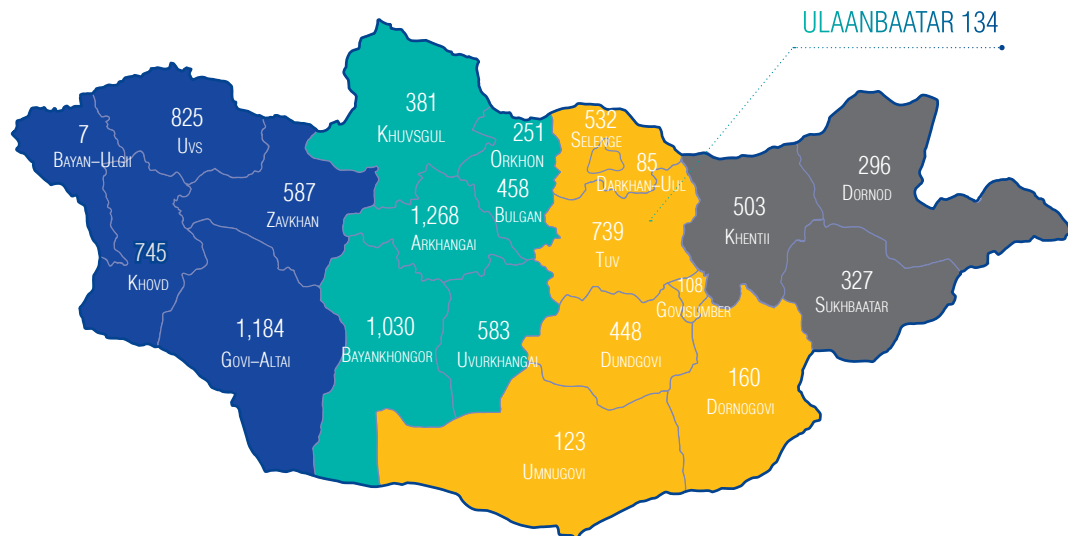


Amount of newly granted guarantee (billion MNT)

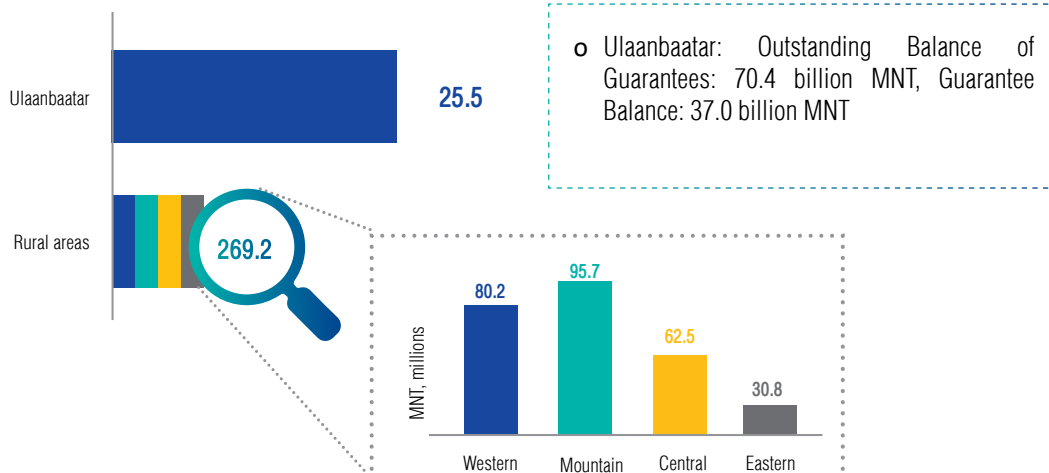


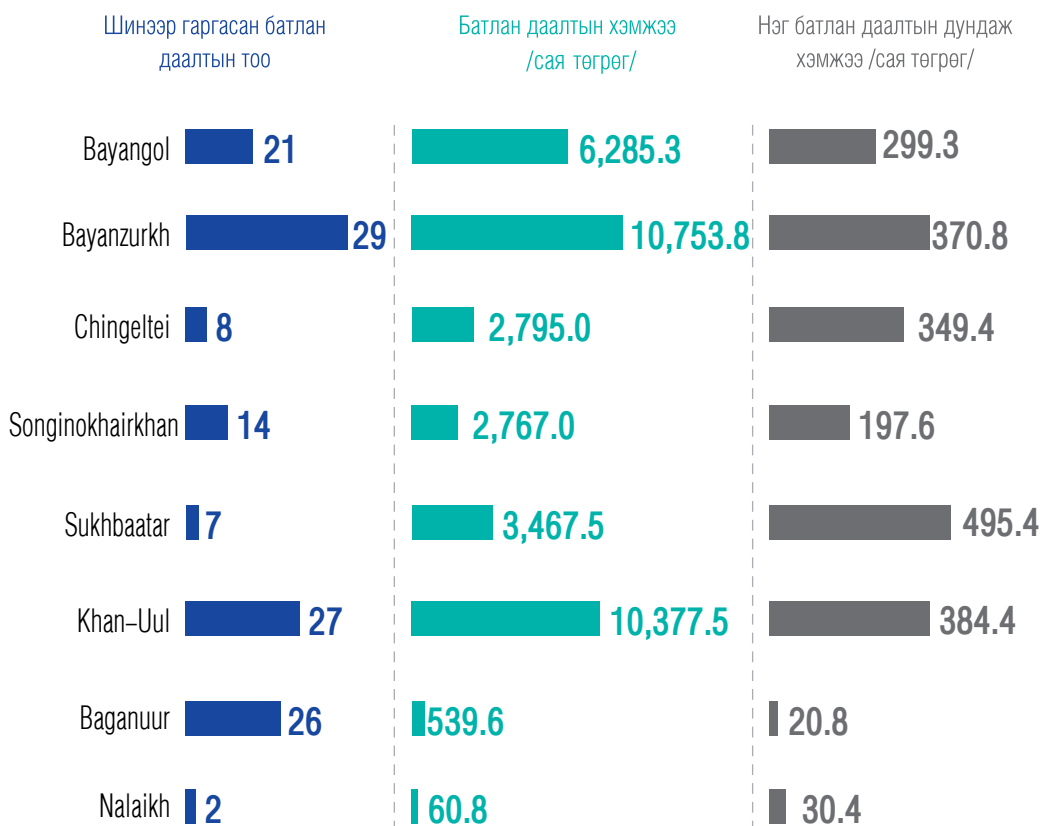
Credit Guarantees Issued: 306.3 billion MNT, Number of Credits: 10,774 Increase: 73.8-fold compared to the same period in 2023.

## ACCESSIBILITY



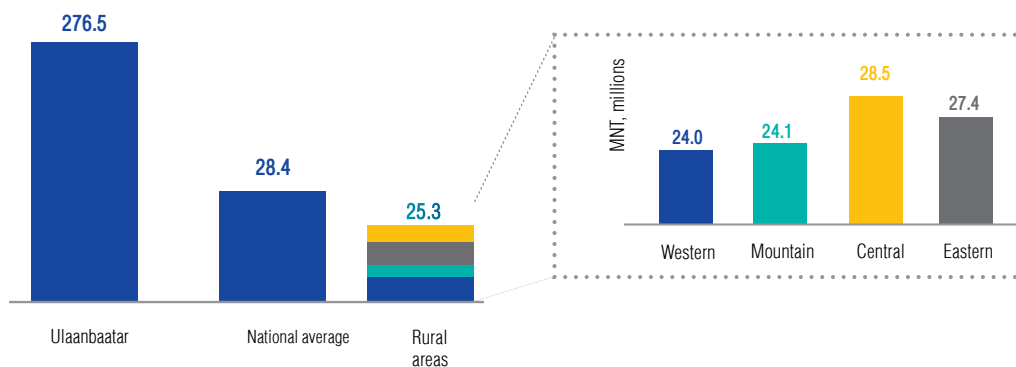
### TOTAL GUARANTEE AMOUNT (MNT, million)





#### AVERAGE AMOUNT OF GUARANTEE

- Ulaanbaatar: 276.5 million MNT,
- Rural Area: 25.3 million MNT,
- National Average: 28.4 million MNT.
- Highest Amount in Central Region: 28.5 million MNT.



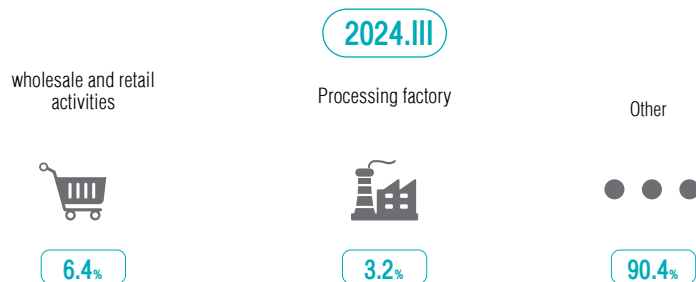
## PRODUCTS AND SERVICES

|          | Number of applications for a guarantee | Number of applications approved | Percentage |
|----------|----------------------------------------|---------------------------------|------------|
| 2021.III | 319                                    | 236                             | 74.0%      |
| 2022.III | 56                                     | 31                              | 55.4%      |
| 2023.III | 202                                    | 155                             | 76.7%      |
| 2024.III | 10,775                                 | 10,775                          | 100.0%     |

Total Received: 10,775

Approved: All received applications were approved

Increase: 53.3-fold compared to the same period in 2023.

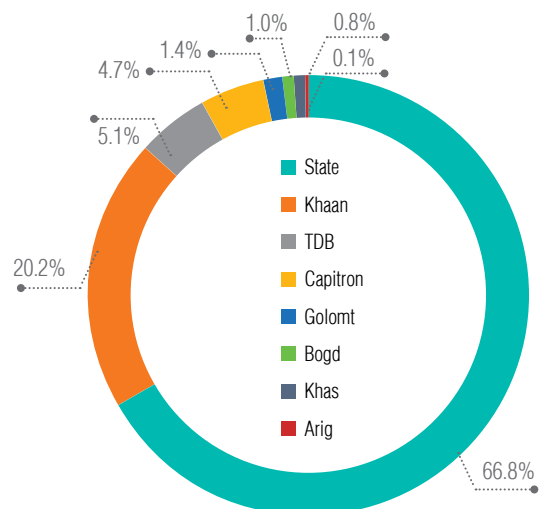


Sector Distribution of Guarantees: Wholesale and Retail: 6.4%,

Manufacturing: 3.2%.

Other Sectors: 90.4% (includes programs like "New Cooperative – Wealthy Herder" and mortgage guarantees).

Distribution by Banks: State Bank: 66.8%, Khan Bank: 20.2%, Trade Development Bank: 5.1%, Capitrone: 4.7%, Golomt Bank: 1.4%, Bogd Bank: 1.0%, Xac Bank: 0.8%, Arig Bank: 0.1%.

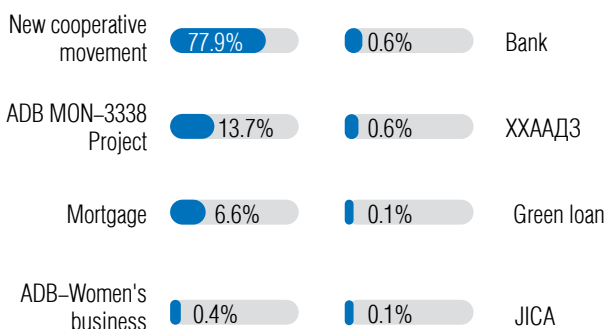


New Cooperative – Wealthy Herder Program: 77.9%, MON-3338 Project (ADB): 13.7%, Mortgages: 6.6%  
Banks: 0.6%, Project Supporting Food and agricultural industry: 0.6%, Other Loans and Projects: 0.6%.

- Average Term of Issued Guarantees: 79.4 months (approximately 6.6 years).
- Increase: 84.7 months (or 7.1 years) compared to the same period in 2023.

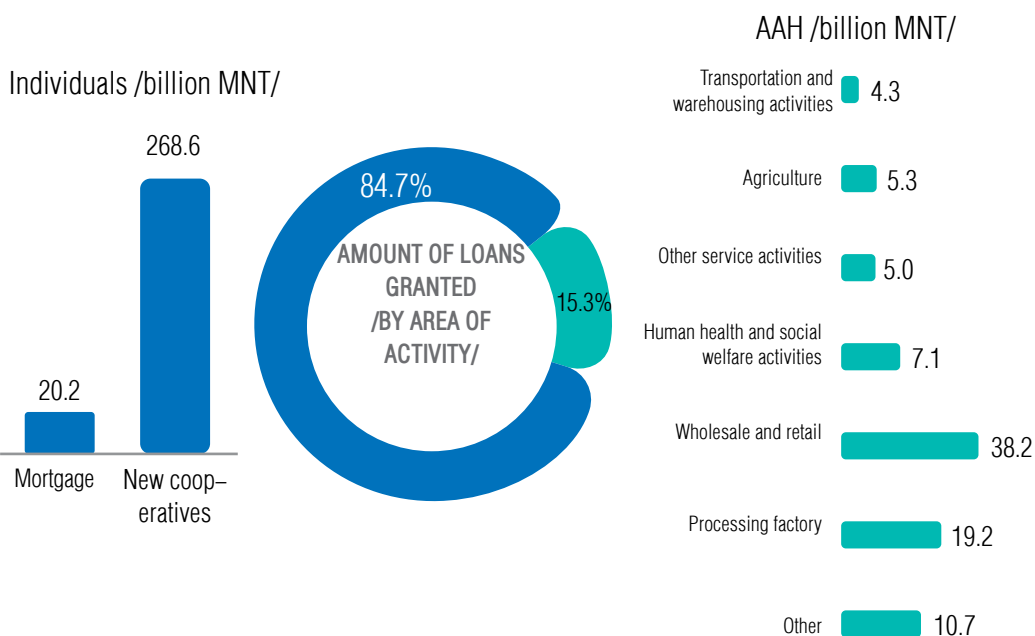
**79.4**  
MONTHS

#### Amount of guarantee provided

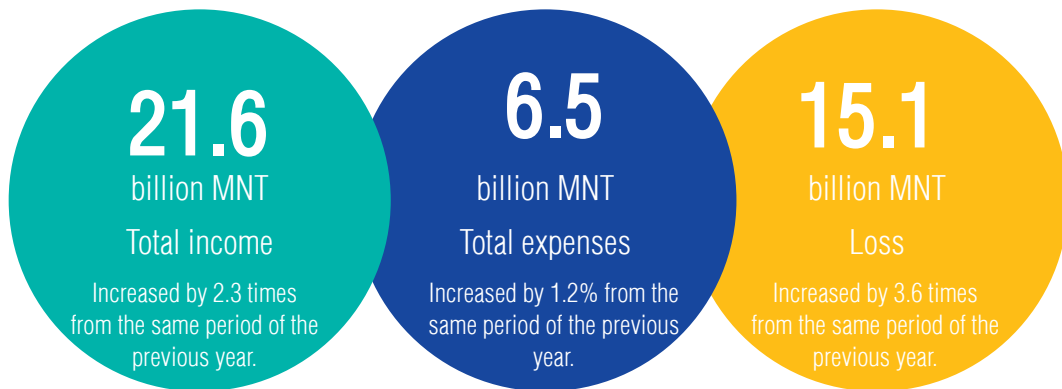


Guaranteed Loans Breakdown: 84.7% were citizens, 15.3 were entities. For entities; Wholesale and Retail: 38 billion MNT, Manufacturing: 19.2 billion MNT, Health Sector: 7.1 billion MNT, agriculture Sector: 5.3 billion MNT, service: 5.0 billion MNT, Transportation: 4.3 billion MNT, Other Sectors: 10.7 billion MNT.

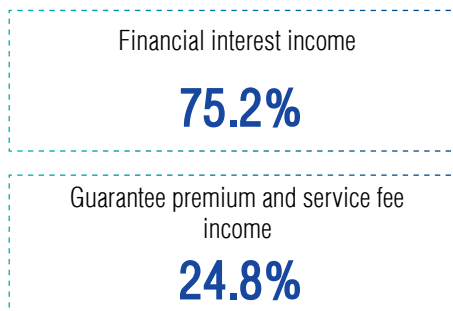
For citizens; Majority from New Cooperative – Wealthy Herder Program: 268.6 billion MNT and mortgage guarantees: 20.2 billion MNT.



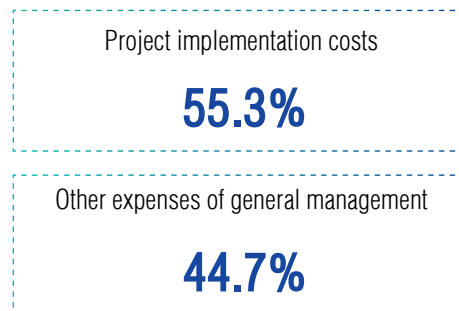
## PROFITABILITY



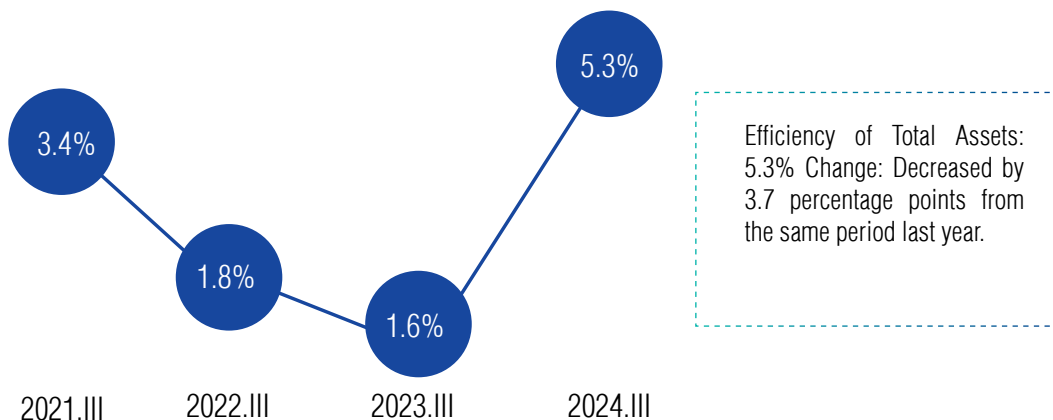
### Income structure



### Cost structure

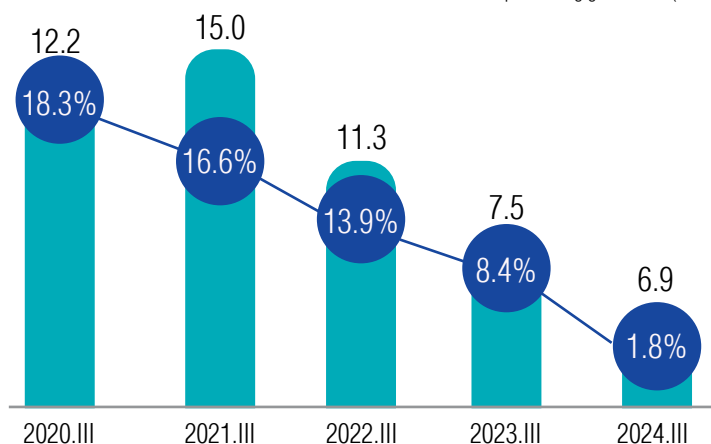


### Return on total assets



## STABILITY

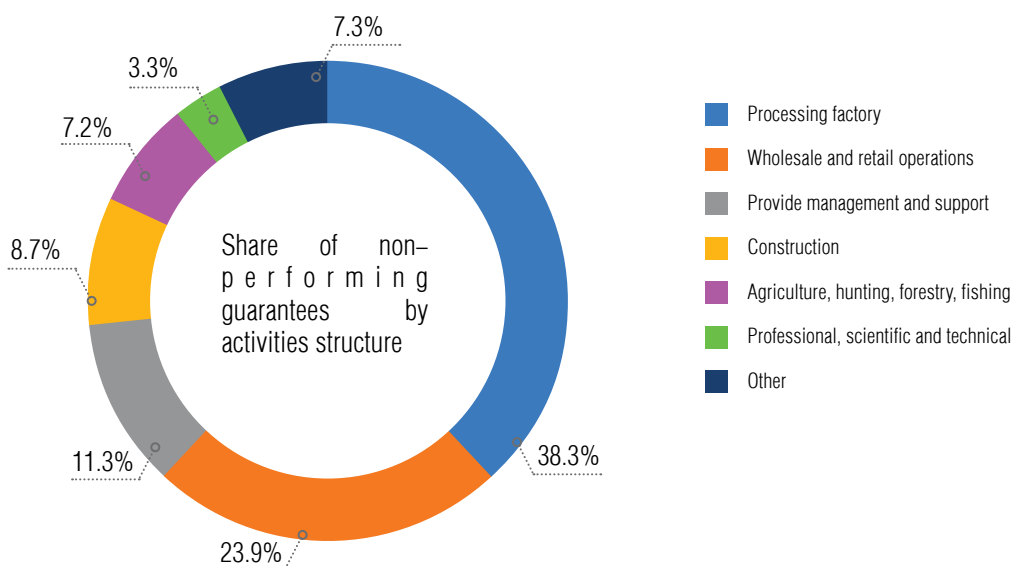
Balance of non-performing guarantees (billions MNT)



Balance of Non-Performing Guarantees: 6.9 billion MNT.

Share of Non-Performing Guarantees: 1.8% (decreased by 6.6 percentage points from the same period last year).

Distribution of Non-Performing Loans: Manufacturing: 38.3%, Wholesale and Retail: 23.9%, management and support: 11.3%, Construction Sector: 8.7%, Agricultural Sector: 7.2%, Education Sector: 3.3%, Other Sectors: 7.3%







# REAL ESTATE BROKERS (and AGENTS)

Regulated entities

**301**



Market outlook

ҮХЭХЗ-ын зуучлалын хэлцэл

**2,003.8**  
billion MNT



Product and service

Accessibility



98.7% of entities  
operated in Ulaanbaatar

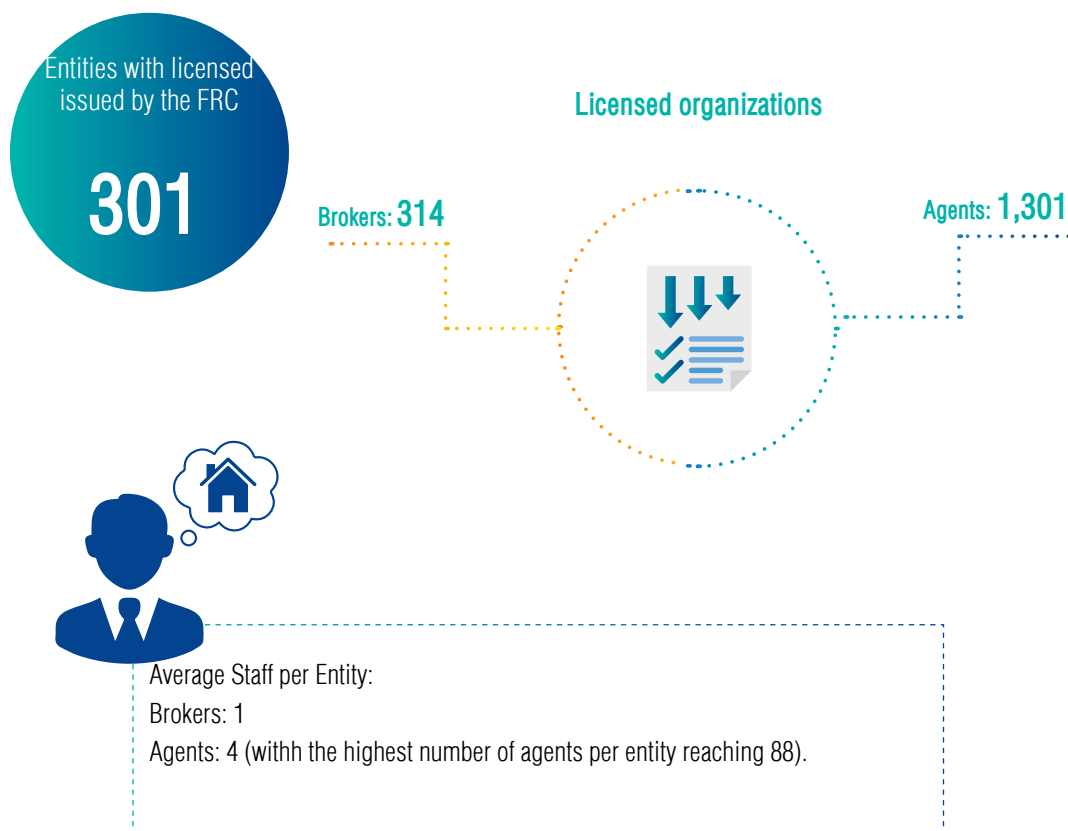
Regulated environment



## MARKET OUTLOOK



Operational Entities total Licensed Real Estate Entities: In 2024, there were 301 licensed real estate brokerages operating, a decrease of 13 entities (4.1%) from the same period last year.

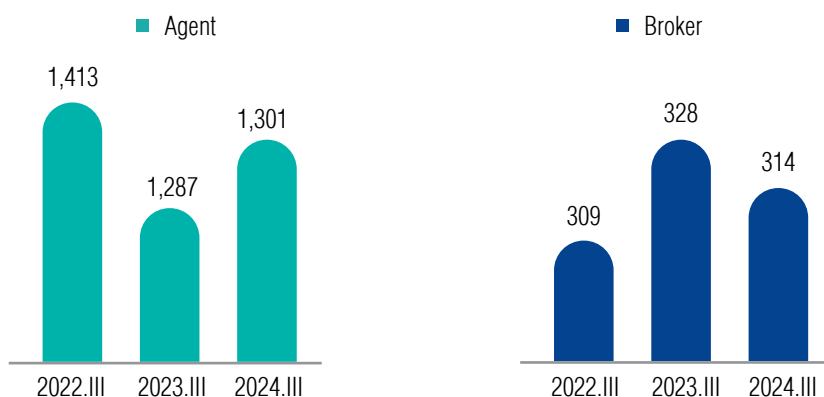


### SHARE CAPITAL

6.9 billion MNT with 450 shareholders



The number of brokers decreased by 14 (4.3%) compared to the same period last year, while the number of agents reached 1,301, an increase of 14 (1.1%) compared to the same period last year.



#### TOTAL ASSETS

Total Assets: 212.5 billion MNT

Current Assets: 175.0 billion MNT (82.3%)

Non-Current Assets: 37.5 billion MNT (17.7%)

Debt: 164.5 billion MNT (77.4%)

Owner's Capital: 48.0 billion MNT (22.6%)

| Classification of assets and resources | Amount (MNT, billion) | Proportion of assets and resources |
|----------------------------------------|-----------------------|------------------------------------|
| CURRENT ASSETS                         | 175.0                 | 82.3%                              |
| NON-CURRENT ASSETS                     | 37.5                  | 17.7%                              |
| LIABILITIES                            | 164.5                 | 77.4%                              |
| OWNER'S PROPERTY                       | 48.0                  | 22.6%                              |

### MARKET SHARE

15 companies account for 77.8% of the market.

60 companies account for 94.7% of the market.

109 companies with assets over 90 million MNT account for 97.6%.

22 companies with assets between 60 million MNT and 90 million MNT account for 0.8%.

170 companies with assets under 60 million MNT account for 1.6%.

### MARKET SHARE

| Amount of assets         | Organization | Market share |
|--------------------------|--------------|--------------|
| Up to 15 million MNT     | 80           | 0.4%         |
| Up to 30 million MNT     | 137          | 0.9%         |
| Up to 60 million MNT     | 170          | 1.6%         |
| Up to 90 million MNT     | 192          | 2.4%         |
| More than 90 million MNT | 109          | 97.6%        |

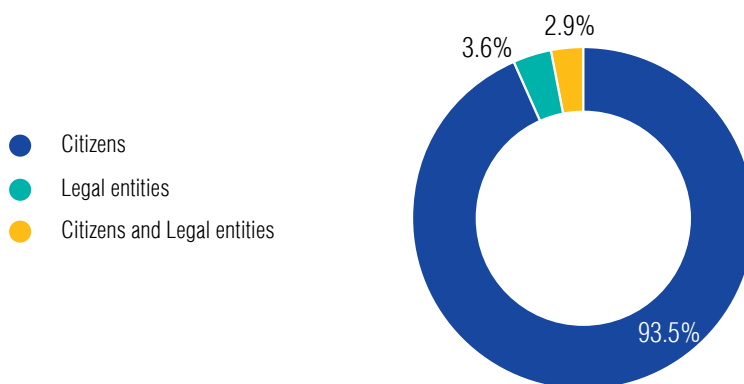
### SHARE CAPITAL DISTRIBUTION

Total share capital: 6.9 billion MNT from 450 shareholders.

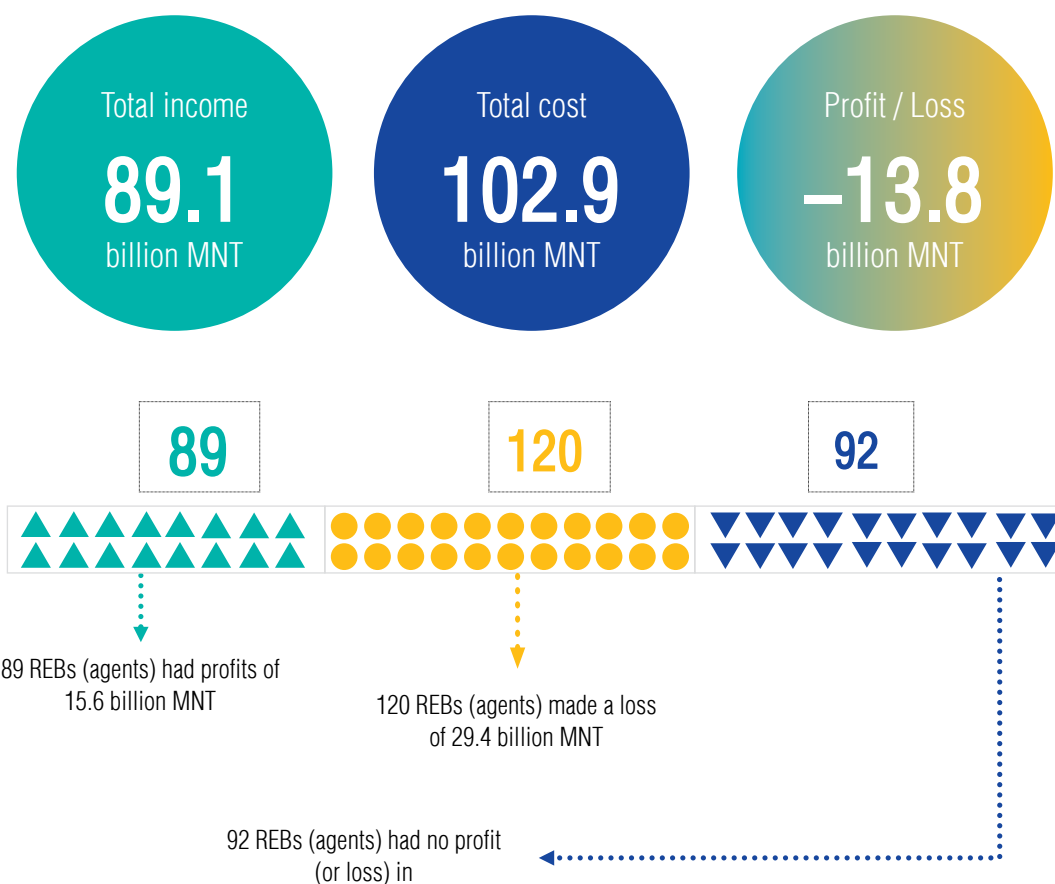
Individuals: 93.5%

Legal entities: 3.6%

Jointly Owned: 2.9% (individuals and legal entities).



## PROFITABILITY



|             | <1% | 1-5% | 5-10% | >10% |
|-------------|-----|------|-------|------|
| өгөөж /ROE/ | 221 | 15   | 20    | 45   |
| /ROA/       | 163 | 11   | 12    | 115  |

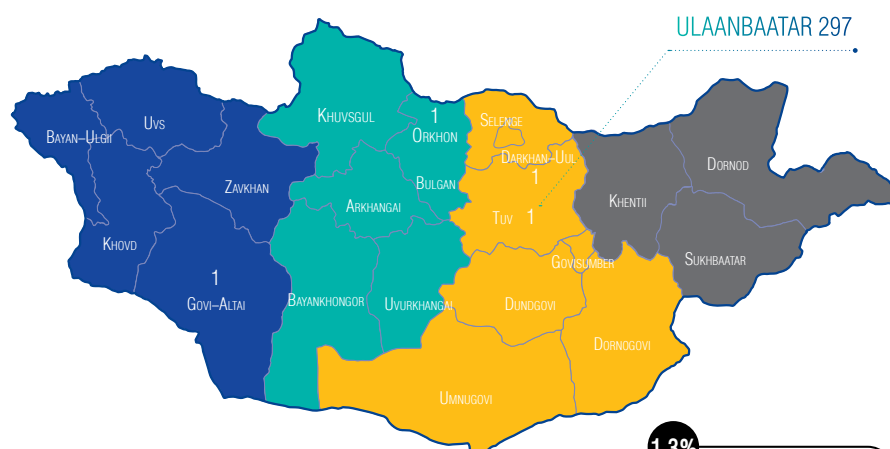
2024.III

-6.5%

-28.7%

## ACCESSIBILITY

### Geographical Distribution of Licensed Entities:

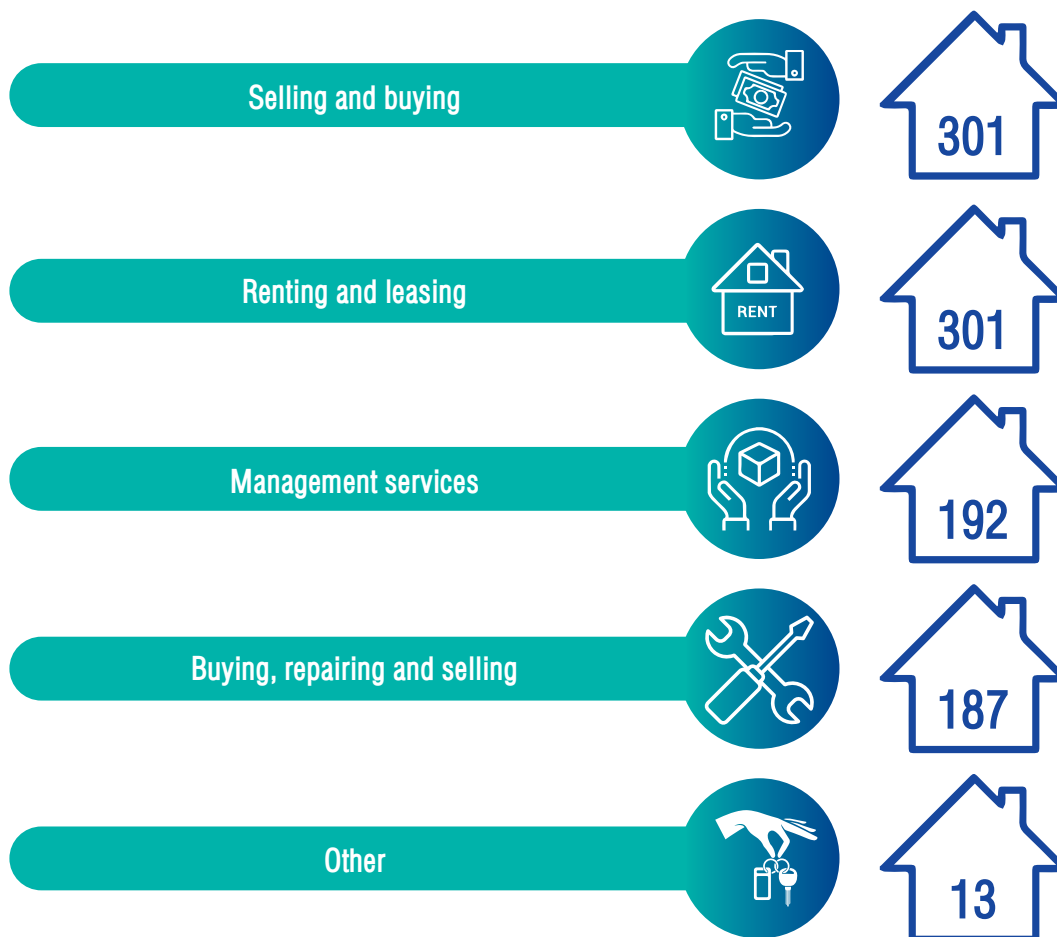


### Geographical Distribution of Licensed Entities

Sukhbaatar District: 32.0%, Khan Uul District: 26.6%, Bayanzurkh District: 18.9%, Bayangol District: 10.4%, Chingeltei District: 10.8%, Songinokhairkhan District: 1.3%, Provinces: 1.3% (4 entities).

## PRODUCTS AND SERVICES

### NUMBER OF REB AND AGENTS, AND TYPES OF SERVICES (DUPLICATED)



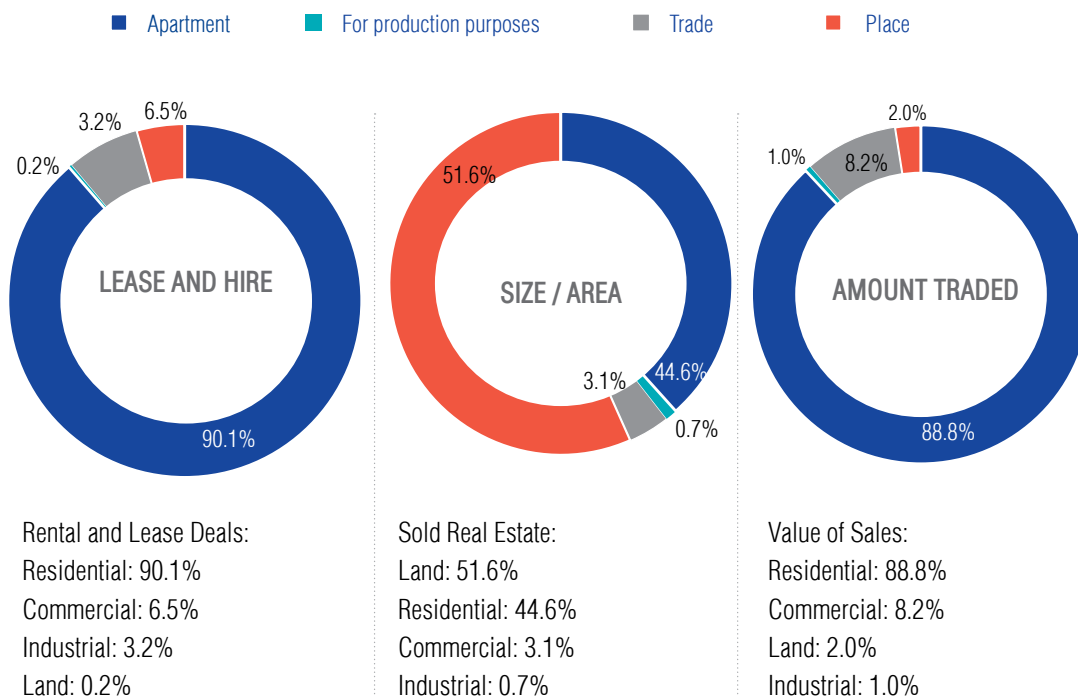
### NOTE

Public Apartment Average Price: 3,3 million MNT per square meter.

Luxury Apartment Average Price: 6.3 million MNT per square meter.

## PRODUCTS AND SERVICES

### RENTING AND LEASING, AND SELLING AND BUYING SERVICES



#### Size Distribution of Real Estate Sold

Less than 50 square meters: 22.4%  
 51 to 100 square meters: 49.6%  
 101 to 400 square meters: 18.2%  
 More than 401 square meters: 9.8%

#### Size Distribution of Real Estate Rented/Leased

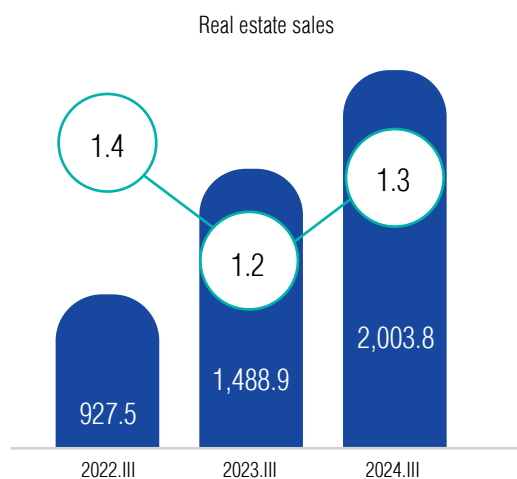
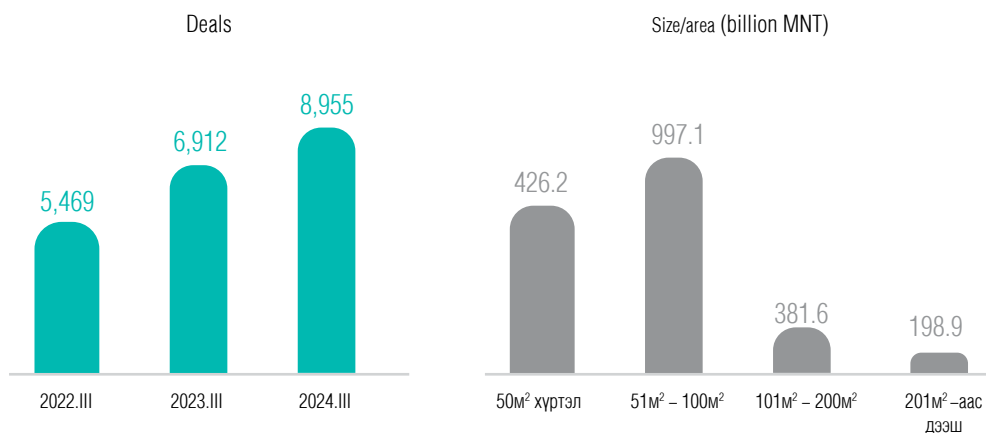
Less than 50 square meters: 21.4%  
 51 to 100 square meters: 38.7%  
 101 to 200 square meters: 22.0%  
 More than 201 square meters: 17.9%

### SELLING AND BUYING BROKERAGE

Total Deals: 8,955

Combined Area: 1,303.5 thousand square meters

Total Value: 2,003.8 billion MNT



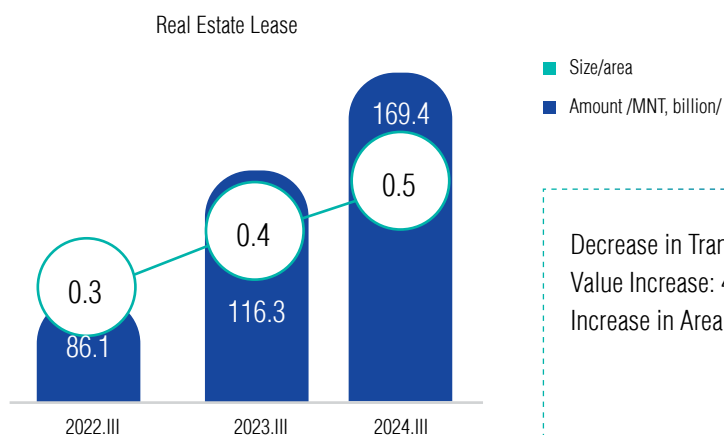
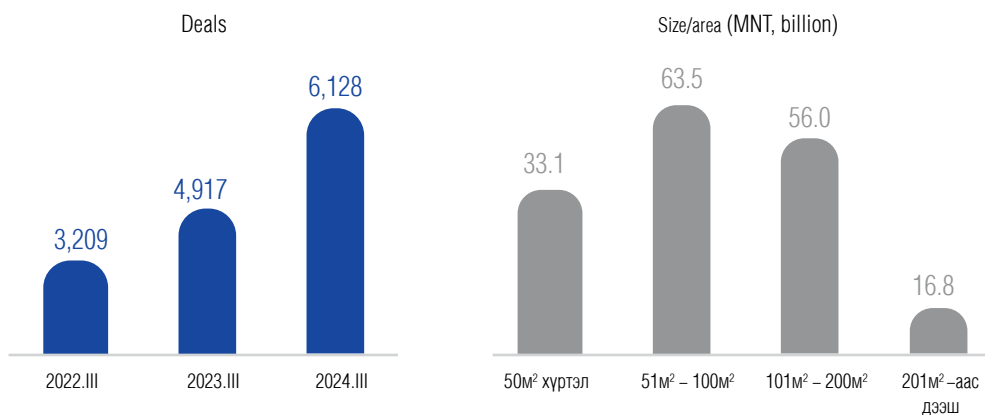
Increase in Transaction Amount:  
Value Increase: 34.6% (514.9 billion MNT)  
Area Increase: 8.3% (0.1 million square meters)

- Size/area
- Amount /MNT, billion/

## RENTING, LEASING, HIRING AND EMPLOYMENT SERVICES

Total Area Rented or Leased: 481.6 thousand square meters

Total Value: 169.4 billion MNT, Total Deals: 6,128



Decrease in Transaction Amount:

Value Increase: 45.7%

Increase in Area: 25.0%



## REGULATORY ENVIRONMENT



### POLICY AND LEGISLATION

- o In accordance with Resolution No. 235 of 2023 of the Financial Regulatory Commission (FRC), the "Regulation on Conducting on-site and off-Site Supervision of Real Estate Brokerage Organizations" has been updated.
- o As part of the implementation of a big data-based inspection system, the FRC has successfully completed the task of entering information related to 311 real estate brokerage organizations and 53 entities holding the "Ownership and Use Rights of State-Owned Property" into the State Unified Licensing System between 2020 and 2024



### MEETINGS AND SEMINARS

- o A total of 367 participants attended the 8-session training for obtaining a real estate brokerage license, where the Financial Regulatory Commission (FRC) provided training on related laws and regulations concerning sector oversight.
- o A meeting was held on September 27, 2024, with representatives from the Financial Regulatory Commission (FRC), the Mongolian Real Estate Management Academy, and the Umbrella Association of Real Estate Entrepreneurs. During this meeting, the upcoming session of the "Real Estate Brokerage Training Program" and plans for collaboration in 2025 were discussed.
- o In partnership with the Umbrella Association of Real Estate Entrepreneurs, FRC's designated five trainers to deliver lessons for the "Real Estate Brokerage License Training."
- o one of the lessons titled "Licensing, authorization, registration, and related regulations for real estate agencies" was recorded and posted on the Association's website as a Facebook Reels video. This recording was shared by 11 individuals and viewed by 2,000 individuals.



# DEALERS IN PRECIOUS METALS AND STONES

Number of dealers

**53**

Legal entities

**460**

Individuals



Market outlook

Precious metals sold  
and bought

**259.6**  
billion MNT



Products and services

Accessibility



73.5%

Operated in Ulaanbaatar

Regulatory environment



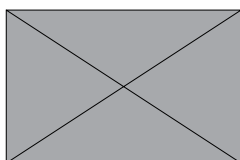
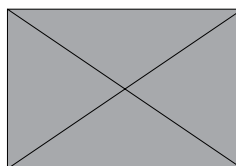
## MARKET OUTLOOK

### NUMBER OF ENTITIES WITH LICENSES

As of the reporting quarter, there were 53 legal entities with licenses (dealers in precious metals and stones or articles made from them), as well as 460 individuals with licenses.

Entities (dealers in precious metals and stones, and dealers in products made by them)

53

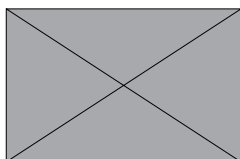
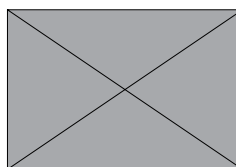


118

Individuals (dealers in precious metals and stones, and dealers in products made from them)

Individuals (dealers in precious metals and stones)

122



220

Individuals (dealers in products made from precious metals and stones)

### SHARE CAPITAL

The share capital for 85 shareholders in these 53 regulated entities amounted to 10.1 billion MNT.

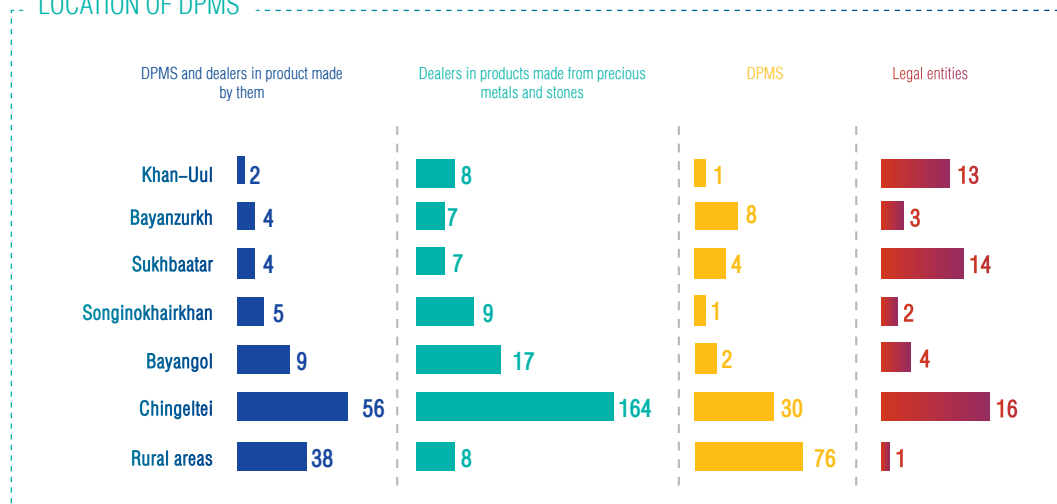
73.5% (338) of licensed dealers operated in Ulaanbaatar, while 26.5% (112) were based in rural areas.

IN ULAANBAATAR

73.5%

## ACCESSIBILITY

### LOCATION OF DPMS



- The majority of dealers in precious metals and stones are located in the provinces, comprising 62.3% of the total. In contrast, most dealers in products made from precious metals and stones are concentrated in Ulaanbaatar, where 37.7% of dealers are based.

### IN RURAL AREA

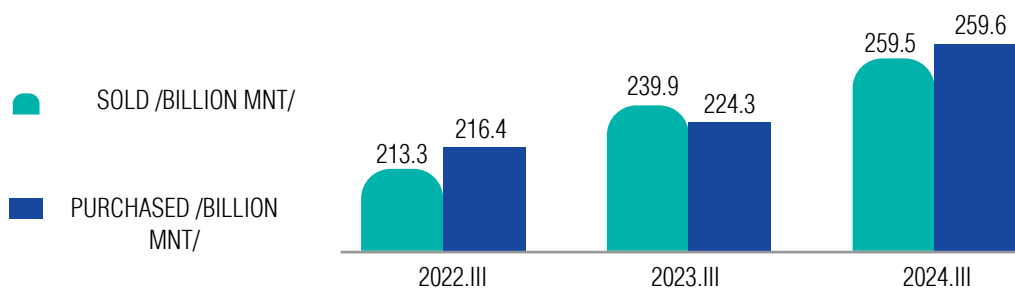
|                                                                                                                                                                                                                                                                                                |                                                                                                                                            |                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>DPMS and dealers in products made from precious metals and stones</p> <p><b>BAYAN-ULGII 2</b><br/> <b>BAYANKHONGOR 10</b><br/> <b>GOVI-ALTAI 3</b><br/> <b>DARKHAN-UUL 11</b><br/> <b>ORKHON 4</b><br/> <b>UMNUGOVI 4</b><br/> <b>SELENGE 1</b><br/> <b>UVS 2</b><br/> <b>KHENTII 1</b></p> | <p>Dealers in products made from precious metals and stones</p> <p><b>BAYANKHONGOR 1</b><br/> <b>DARKHAN-UUL 5</b><br/> <b>KHOVD 2</b></p> | <p>DPMS</p> <p><b>BAYANKHONGOR 13</b><br/> <b>GOVI-ALTAI 3</b><br/> <b>DARKHAN-UUL 10</b><br/> <b>DORNOGOVI 1</b><br/> <b>DORNOD 1</b><br/> <b>UVURKHANGAI 1</b><br/> <b>UMNUGOVI 5</b><br/> <b>SELENGE 22</b><br/> <b>TUV 14</b><br/> <b>UVS 2</b><br/> <b>KHOVD 4</b></p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## PRODUCTS AND SERVICES

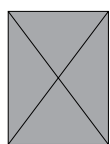
### METALS BOUGHT AND SOLD

In the reporting period, a total of 1.4 tons of metals, valued at 259.6 billion MNT, were purchased. Conversely, 1.1 tons of metals, valued at 259.5 billion MNT were sold. The amount of metals bought increased by 15.7%, while the amount sold increased by 8.1%.

### TRADE BETWEEN DEALERS IN PRECIOUS METALS, INDIVIDUALS AND ENTITIES



### AMOUNT OF JEWELRY BOUGHT AND SOLD



**AMOUNT OF  
PURCHASED PRICE**

**18.1** BILLION MNT

**SOLD PRICE  
AMOUNT**

**30.7** BILLION MNT

Specifically, jewelry worth 18.1 billion MNT was bought, and 30.7 billion MNT worth of jewelry was sold.

## PRECIOUS METAL SALES AMOUNT /MNT, BILLION/

**AMOUNT OF  
PURCHASED  
PRICE**

**259.6** MILLION MNT

**SOLD PRICE  
AMOUNT**

**259.5** MILLION MNT

Precious metals valued at 259.6 billion MNT were purchased, while precious metals worth 259.5 billion MNT were sold.

| CLASSIFICATION OF ASSETS AND RESOURCES | Amount<br>/MNT, billion/ | Proportion of assets and<br>resources |
|----------------------------------------|--------------------------|---------------------------------------|
| CURRENT ASSETS                         | 69.1                     | 84.3%                                 |
| NON-CURRENT ASSETS                     | 12.9                     | 15.7%                                 |
| LIABILITIES                            | 45.7                     | 55.7%                                 |
| OWNER'S PROPERTY                       | 36.3                     | 44.3%                                 |

## PROFITABILITY

Total income

**54.4**

BILLION MNT

Total cost

**44.5**

BILLION MNT

Net profit

**9.9**

BILLION MNT

## REGULATORY ENVIRONMENT



### POLICY AND LEGISLATION

- o The “Regulation for conducting on-site and off-site supervision of dealers in precious metals and stones or articles made from them” approved by Resolution No. 233 of 2023 of the FRC, has been revised.
- o As part of the effort to improve the legal environment, research on the legal environment of three countries (Canada, the Republic of India, and the United Arab Emirates) was conducted.



### MEETINGS AND SEMINARS

- o Under training contracts with the National Association of Precious Metals and Stones and Jewelry, lessons on sector regulations were provided to 215 participants across 7 training sessions.
- o As part of crime prevention efforts, trading information of 506 entities of dealers in precious metals and stones or articles made from them was provided to the Financial and Tax Crimes Division of the Criminal Police Service of the National Policy Agency on 26 August 2024.





# SANDBOX

23\*

Number of requests

Tested products

6



Market outlook

4

participants

9.3

BILLION MNT  
TRADING



OTC market trading system

1,383

by agreement

282.7

BILLION MNT TRADING



Repo brokerage services

P2P loan service



**8,860**

costumers

**2.9**

billion MNT loan

Mutual Funding Services



**4,460**

Investors

**282.9**

million MNT financing

B2B loan service



**128**

Registered customers

**32.5**

billion MNT loan

## TESTED PRODUCTS AND SERVICES

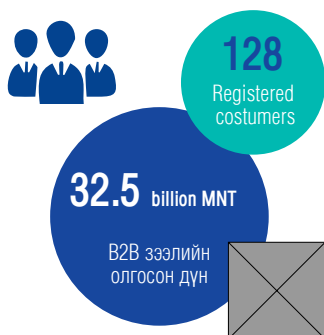
### Requests /by products and services/

Out of 23 product and service testing requests in the sandbox environment, 8 products were admitted, with 6 currently undergoing testing in the third quarter of 2024.



### B2B credit services

Launched in January 2024, the B2B service aims to meet the short-term financing needs of entities by circulating excess reserves.



As of the third quarter of 2024, it has registered 128 customers and facilitated loans totaling to 32.5 billion MNT, with 27.9 billion MNT repaid. The average interest rate for these loans is 1.5%, with terms of 14, 21, and 28 days.



## Repo brokerage services

Repo services have been in the sandbox since December 2021.

### Certificate of Deposit

From September 2023 to the third quarter of 2024, 108.9 million MNT in certificates of deposit .

Default trade amount

**96.8** million  
MNT

Secondary trading amount

**12.1** million MNT

### Trust

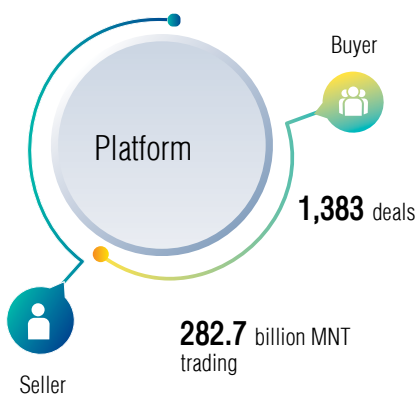
From September 2023 to the third quarter of 2024, 3.4 billion MNT in trust services were mediated..

Default trade amount

**2.7** billion MNT

Secondary trading amount

**788** million MNT



A total of 41 lenders and 32 borrowers participated in repurchase agreements, trading 282.7 billion MNT across 1,383 agreements. The average term for repo loans is 42 days, with an average interest rate of 17.9%.



Average repo interest rate

**17.9%**



Average term of repo loan

**42** days

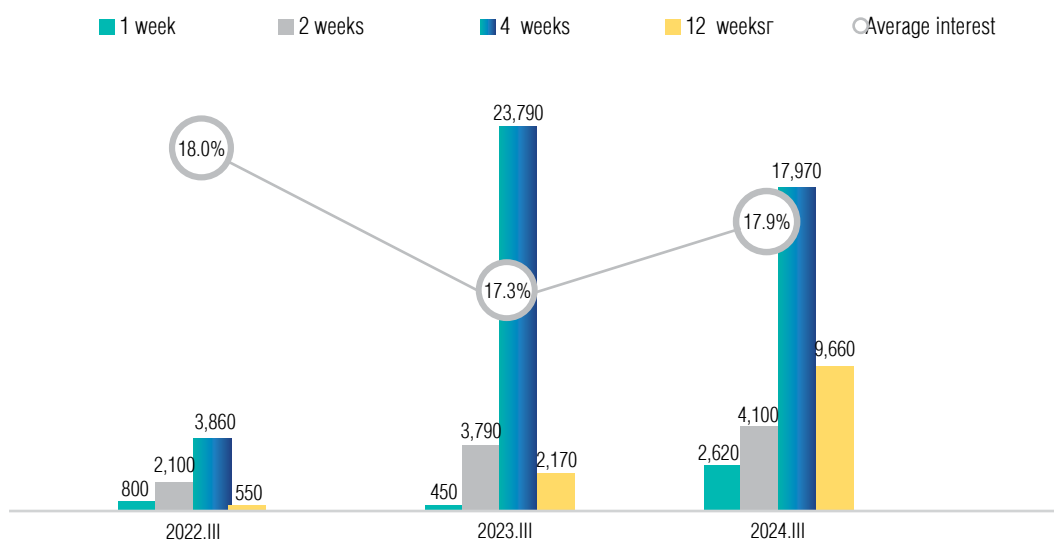


### Money market statistics

| Time     | Number of creditors | Number of borrowers | Number of trades | Trade amount   | Average interest | Average loan term |
|----------|---------------------|---------------------|------------------|----------------|------------------|-------------------|
| 2022.III | 13                  | 14                  | 164              | 24,280,000,000 | 21.4             | 26                |
| 2023.III | 16                  | 20                  | 140              | 30,840,000,000 | 18.4             | 35                |
| 2024.III | 18                  | 20                  | 114              | 27,310,000,000 | 17.9             | 42                |

In the reporting quarter, 114 repo transactions were completed, with a total value of 27.3 billion MNT, marking an 11% decrease in total transaction amount compared to last year.

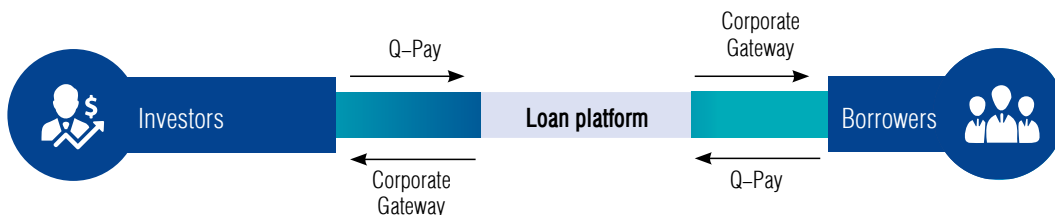
### Money market interest rate and trading amount, repo loan period /MNT, million/



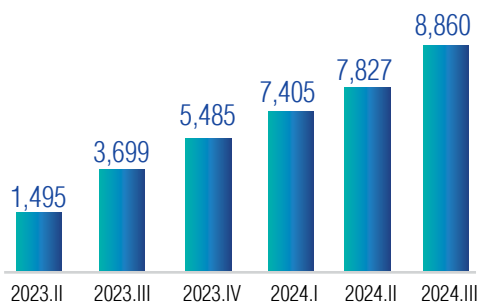
Most of the total repo transactions made in the same period last year 4-week transactions, while 1-week repo transactions were the least.

## P2P loan service

The P2P loan service, in testing since December 2022, utilizes AI and blockchain for credit evaluation.



Total number of P2P lending service customers



98.7%

Borrowers



1.3%

Investors

It has served 8,860 customers, 1.3% of are investors, while the remaining 98.7% are borrowers. A total of loans of 2.9 billion MNT in loans were granted, leaving 408.0 million MNT outstanding.



1-12 months

Loan amount granted

2.9 billion MNT

408.0 million MNT  
Loan balance



ЗЖДХ 2.0%



Normal  
97.9%

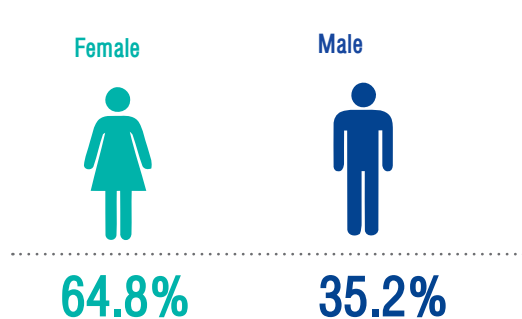


Overdue  
1.6%



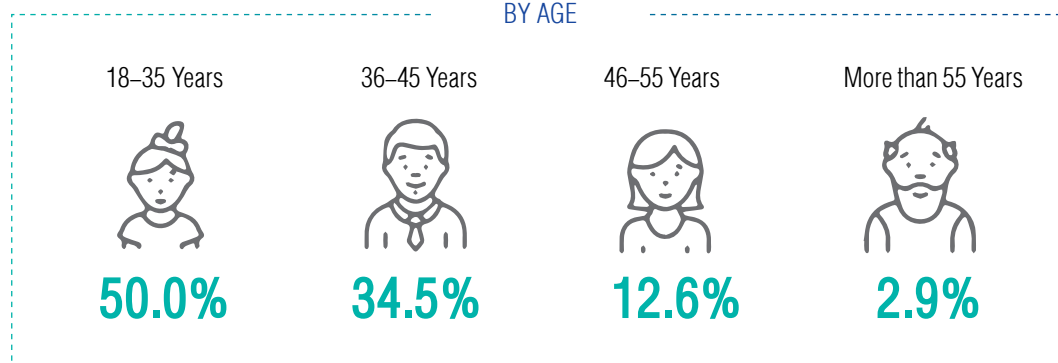
Non-performing  
0.5%

The average monthly interest rate is 2.0%.

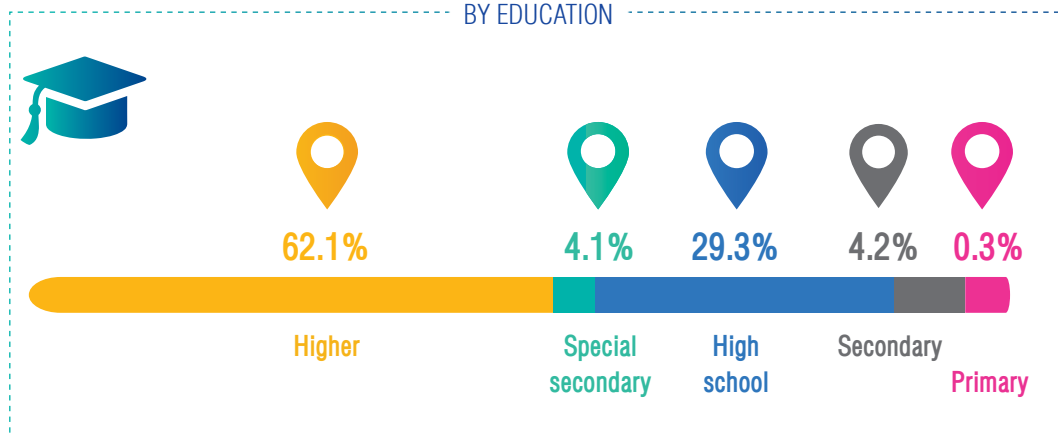


Demographically, 64.8% of customers are women, while 35.2% of customers are men.

#### BY AGE



#### BY EDUCATION

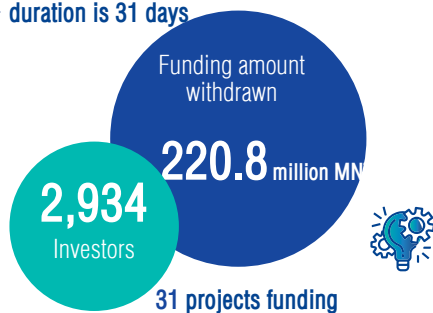


## Crowdfunding Services

Хамтын санхүүжилтийн үйлчилгээ үзүүлэгч 2 байгууллага 2022 оны 12 дугаар сар, 2023 оны 11 дүгээр сард сэндрбоксын орчинд орсон бөгөөд урамшуулал, зээл, хувьцаа, хандивт суурилсан хамтын санхүүжилтийн үйлчилгээ буюу краудфандинг үйлчилгээг үе шаттайгаар нэвтрүүлэн туршиж байна.

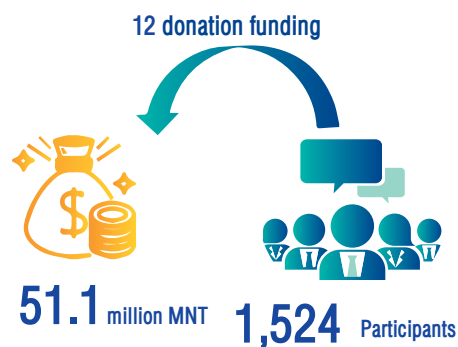


The average project duration is 31 days



Two companies are testing crowdfunding services, with incentive-based crowdfunding successfully raising 220.8 million MNT from 2,934 investors across 31 projects. The average funding realization rate is 30.4%.

Additionally, 14 donation-based projects raised 51.1 million MNT.



### INVESTORS (BY AGE)

18–35 Years



65.3%

36–45 Years



22.6%

46–55 Years



8.3%

More than 55 years

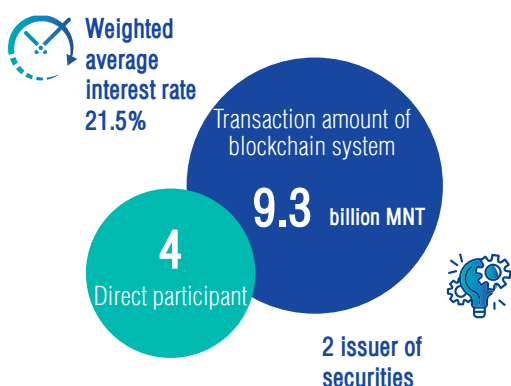


3.8%

Among the investors, 65.3% are aged 18–35 years, 22.6% are in the 36–45 age range, 8.3% are aged 46–55, and 3.8% are over 55 years old

## Blockchain trading system

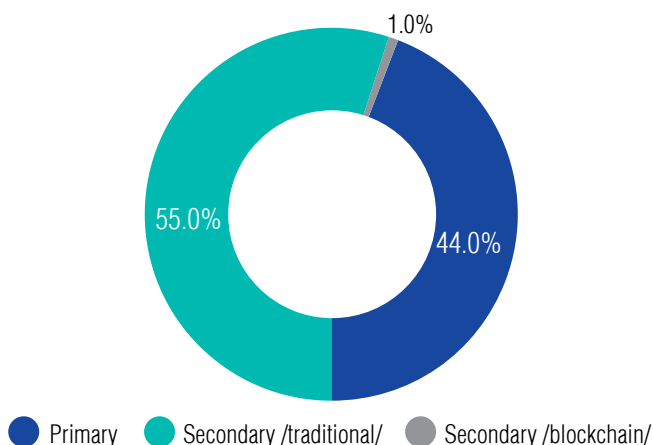
Биржийн бус зах зээлийн блокчэйн арилжааны систем нь 2023 оны 11 дүгээр сард сэндбоксын орчинд орсон. Биржийн бус зах зээлийн арилжаанд блокчэйн системийг нэвтрүүлснээр үнэт цаасны анхдагч болон хоёрдогч зах зээлийн арилжаа, төлбөр тооцоог автоматаар, цагийн хязгаарлалтгүй 24/7 гүйцэтгэх боломж бүрдэх юм.



The OTC blockchain trading system began operation in November 2023. As of the reporting quarter, 92,480 securities valued at 9.3 billion MNT have been traded, with a weighted average bond interest rate of 21.5%.

## Trading share of the blockchain system

In the reporting quarter, 44.0% of total trades conducted in the OTC market were primary market trades, 55.0% were secondary market trades executed through traditional means, and 1.0% were secondary market trades executed on a blockchain system.



## REGULATORY ENVIRONMENT

### In the framework of the improvement of the regulatory environment

The project titled "Professional and Technical Assistance Program for Developing the Legal and Regulatory Environment of the Fintech Sector in Mongolia," funded by the Asian Development Bank (ADB), aims to:

Prepare an evaluation report and policy recommendations necessary for the introduction of SupTech in financial supervision.

The project will be implemented until 2025, with the Financial Regulatory Commission (FRC) as the main implementer and the Central Bank of Mongolia and the Ministry of Finance as co-implementers. Draft reports and recommendations are being prepared, and discussions are being organized to gather feedback.

A draft amendment to the "Sandbox Regulatory Environment Rules," approved by Joint Decree No. 190/71/A-72 of 2023 issued by the Chairman of the Financial Regulatory Commission, the Minister of Finance, and the President of the Central Bank of Mongolia, is being developed.

### As part of the Public awareness of the sandbox environment:

Participated as a guest speaker at the "Technological Development and Regulation in Payment Systems" and "Payment System Regulators' Meeting" conferences organized by the Southeast Asian Central Banks (SEACEN) in July and September, presenting and introducing the topic of "The State of the Fintech Sector in Mongolia and Sandbox Regulation."

Delivered a presentation on "Technological Development in Financial Markets" at the national conference organized by the JCI community and conducted a training session on "Sandbox Regulation" for officials of the Anti-Corruption Agency.

Took part in the "Fintech Forum 2024" panel discussion on the topic of "The Role of Regulatory Organizations in Implementing RegTech" and provided public information on sandbox regulation.

### As part of monitoring and collaborating with participants in the sandbox environment:

A total of 76 meetings were held with 31 companies interested in testing their products and services within the sandbox environment.

Based on participant reports, the FRC has been regularly conducting on-site and off-site supervision of their activities.

The FRC regularly participates in trainings and meetings on fintech development and the regulatory environment.



A digital database is being developed to gather news and reports on a weekly, monthly, and quarterly basis, including reports and news forms tailored for each of the six testing areas.



The FRC regularly conducts research on the development and regulatory environment for testing products and services internationally.





# VIRTUAL ASSET SERVICES

Registered platform

12



Market outlook

Number of costumers

919,434



Accessibility

Day trading of  
foreign virtual assets

0.2 billion MNT



Products and services

Profitability



Total assets

**9.4** billion MNT

Net profit

**1.6** billion MNT

Regulatory environment

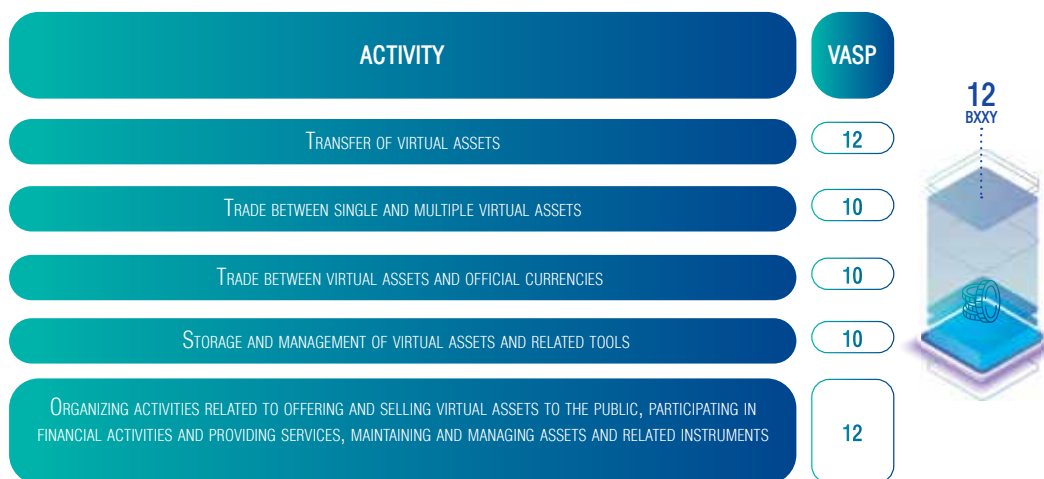


## MARKET OUTLOOK

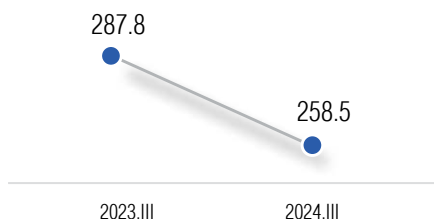
### NUMBER OF VIRTUAL ASSET SERVICE PROVIDERS

There are 12 VASPs operational, with a market valuation of 258.5 billion MNT, representing a 10.2% (29.3 billion MNT) decrease compared to the same period last year.

Areas of activity /duplicate/



### Market valuation (MNT, billion)

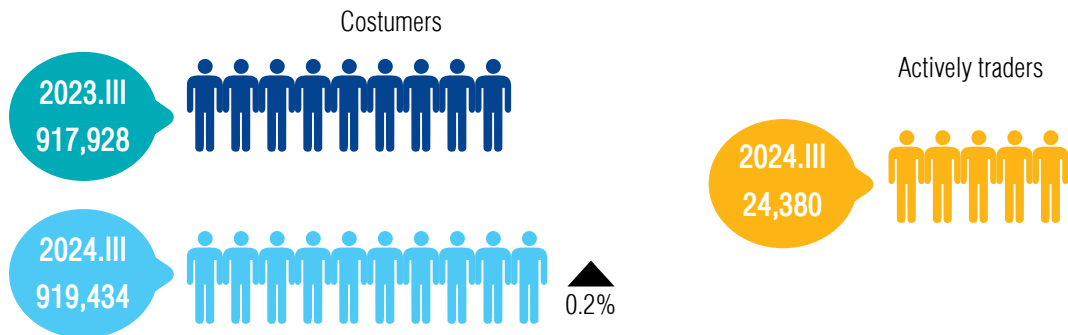


with a market valuation of 258.5 billion MNT, representing a 10.2% (29.3 billion MNT) decrease compared to the same period last year.

### MARKET SHARE (BY TOTAL TRADE)

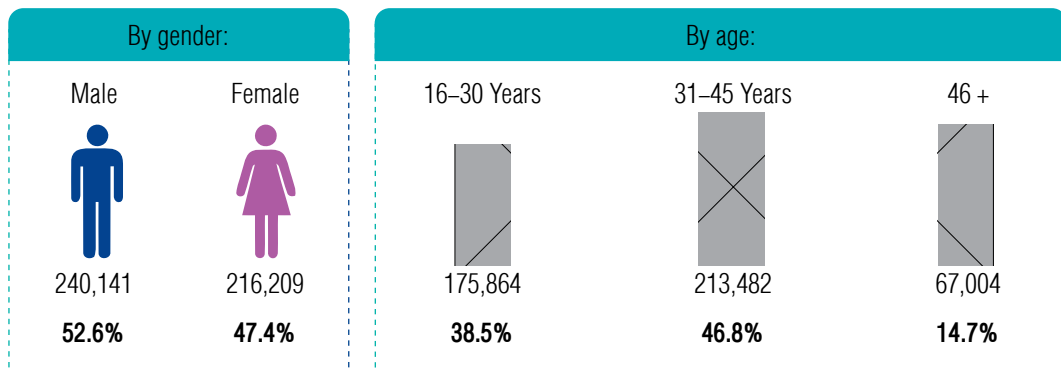
The 12 VASPs have 23 shareholders, and considering the percentage of ownerships, the breakdown is as follows: 100% ownership: 4 shareholders, 50–99% ownership–10 shareholders, 10–49% ownership –6 shareholders, less than 3% ownership –3 shareholders. Of the shareholders, 8 are individuals and 15 are entities.

## ACCESSIBILITY

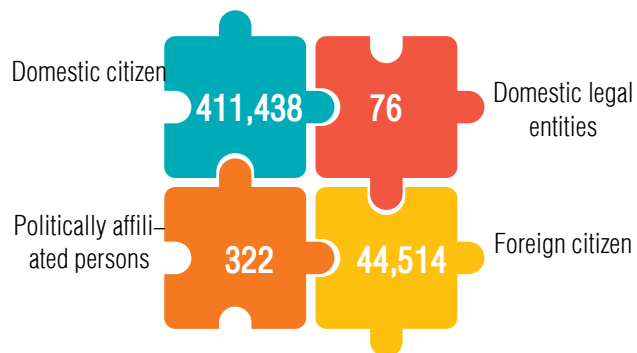


Licensed VASP costumers with duplicate numbers reached 919,434, an increase of 0.2% compared to the same period last year. Of these, 49.6% (456,350) are verified costumers, and 2.7% (24,380) are actively trading.

## CONFIRMED COSTUMERS



## CLASSIFICATION OF VERIFIED CUSTOMERS:



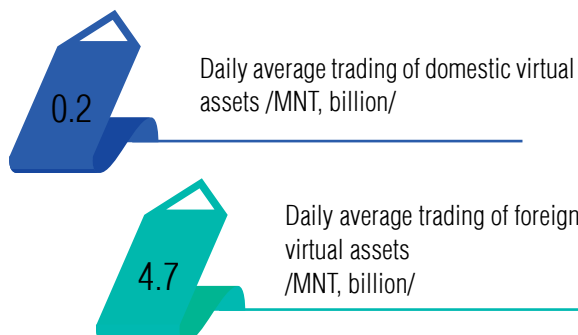
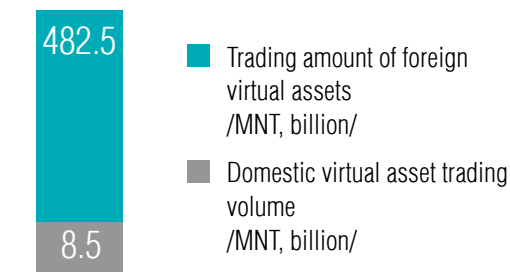
Of the 456,350 verified costumers, 411,438 (90.1%) are domestic individuals, 44,514 (9.8%) are foreign individuals, 322 (0.08%) are entities connected with politics, and 76 (0.02%) are domestic entities.

## PRODUCTS AND SERVICES

### VIRTUAL ASSET TRADING

A total of 491.0 billion MNT was traded on the registered virtual asset service provider. Of which:

- Foreign virtual assets trading amounted to 482.5 billion MNT or 98.3%.
- domestic virtual asset trading amounted to 8.5 billion MNT or 1.7% of the total trading.

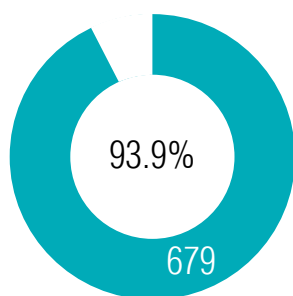


The average trade of foreign virtual assets was 4.7 billion MNT, and the average trade of domestic virtual assets was 0.2 billion MNT.

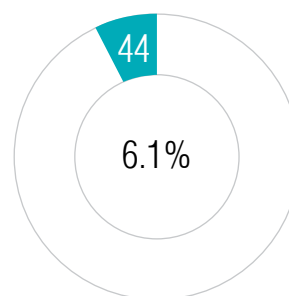


### NUMBER OF INTERNAL AND EXTERNAL VIRTUAL ASSETS TRADED ON THE VIRTUAL ASSET PROVIDER

A total of 723 VAs are being traded through 12 VASPs, of which 44 (6.1%) are domestic VAs, and 679 (93.9%) are foreign VAs.



Foreign VAs account for 93.9% of the total traded VAs. Domestic VAs increased by 12.8% from the same period last year.



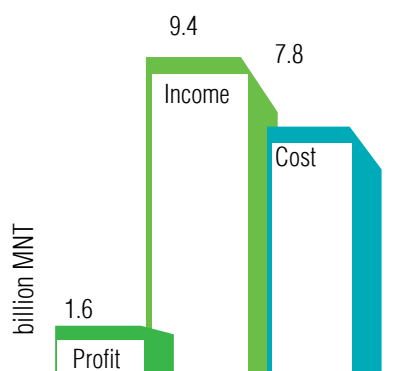
## ACCESSIBILITY

### TOTAL ASSETS

VASPs have total assets of 64.5 billion MNT, with 46.4 billion MNT (71.9%) classified as current assets and 18.1 billion MNT (28.1%) as non-current assets. Considering the source of assets, 42.2 billion MNT (65.4%) were debt, and 22.3 billion MNT (34.6%) were the property of the owners.

| Classification of assets and resources | Amount /MNT, billion/ | Proportion of assets and resources |
|----------------------------------------|-----------------------|------------------------------------|
| Current assets                         | 46.4                  | 71.9%                              |
| Non-current Assets                     | 18.1                  | 28.1%                              |
| Liabilities                            | 42.2                  | 65.4%                              |
| Owner's property                       | 22.3                  | 34.6%                              |

In the reporting quarter, VASPs earned a total of 9.4 billion MNT, spent 7.8 billion MNT, and made a profit of 1.6 billion MNT.





# APPENDIX



## CAPITAL MARKET DATA

| Statistics                                                 | 2022.III  | 2023.III  | 2024.III  |
|------------------------------------------------------------|-----------|-----------|-----------|
| Market valuation (MNT, billions)                           | 4,788.3   | 10,290.8  | 12,102.1  |
| MV/GDP                                                     | 11.1%     | 19.5%     | 17.2%     |
| Liquidity                                                  | 2.7%      | 1.3%      | 1.8%      |
| Stock trading (MNT, billions)                              | 150.4     | 467.1     | 244.1     |
| Debt instrument trading (MNT, billions)                    | 105.1     | 97.1      | 618.7     |
| Asset-backed securities trading (MNT, billions)            | 69.7      | 44.7      | 131.7     |
| Investment fund (MNT, billions)                            | 3.2       | 45.7      | 64.2      |
| TOP-20 index                                               | 34,024.26 | 35,436.88 | 47,864.47 |
| MSE A index                                                | 12,098.54 | 15,249.91 | 18,360.61 |
| MSE B index                                                | 11,972.15 | 12,197.78 | 15,410.49 |
| Number of JSCs                                             | 314       | 322       | 310       |
| Number of SCs                                              | 53        | 52        | 52        |
| Commercial value of agricultural products (MNT, billions)  | 1,034.2   | 824.6     | 943.1     |
| Trading volume of mining products exchange (MNT, billions) | –         | 3,370.4   | 7,438.6   |

## INSURANCE MARKET DATA

| Statistic                                                | 2022.III | 2023.III | 2024.III |
|----------------------------------------------------------|----------|----------|----------|
| Total assets (MNT, billions)                             | 449.6    | 582.5    | 738.5    |
| Total insurance and reinsurance premiums (MNT, billions) | 219.8    | 290.0    | 407.6    |
| Total compensation (MNT, billions)                       | 68.9     | 82.1     | 113.1    |
| Reserve fund (MNT, billions)                             | 209.0    | 268.6    | 345.4    |
| Reinsurance fee (MNT, billions)                          | 68.3     | 97.9     | 142.1    |
| Net profit (MNT, billions)                               | 14.1     | 7.4      | 23.0     |
| Professional participants:                               |          |          |          |
| Non-life insurance                                       | 15       | 15       | 16       |
| Life insurance                                           | 1        | 2        | 2        |
| Reinsurance                                              | 1        | 1        | 1        |
| Insurance agent                                          | 2,298    | 2,381    | 2,499    |
| Insurance broker                                         | 62       | 64       | 60       |
| Damage assessor                                          | 25       | 25       | 29       |
| Actuary                                                  | 40       | 40       | 40       |
| Auditor                                                  | 137      | 145      | 147      |
| Auditor's company                                        | 40       | 44       | 45       |

## NBFI DATA

billion MNT

| Statistic                                                          | 2022.III  | 2023.III  | 2024.III  |
|--------------------------------------------------------------------|-----------|-----------|-----------|
| Total assets                                                       | 3,400.8   | 4,257.4   | 6,417.6   |
| Current assets                                                     | 3,294.2   | 4,121.9   | 6,151.6   |
| Cash                                                               | 402.0     | 529.3     | 726.6     |
| Short-term investments                                             | 16.0      | 41.7      | 72.4      |
| Total loans                                                        | 2,666.1   | 3,378.5   | 5,198.2   |
| Normal loans                                                       | 2,360.3   | 3,007.0   | 4,686.0   |
| Overdue loans                                                      | 111.0     | 119.6     | 190.0     |
| Non-performing loans                                               | 194.7     | 251.9     | 322.2     |
| Credit risk fund                                                   | 142.1     | 188.8     | 244.5     |
| Other real estate to be owned and other property to be owned (net) | 19.7      | 21.5      | 31.9      |
| Non-current assets                                                 | 106.6     | 135.4     | 266.0     |
| Total liabilities                                                  | 1,276.1   | 1,667.7   | 3,038.3   |
| Trust service payable                                              | 354.0     | 519.3     | 1,062.8   |
| Payables to domestic and foreign banks and financial institutions  | 407.2     | 470.6     | 1,026.3   |
| Project loan financing                                             | 19.4      | 28.2      | 19.8      |
| Owner's property                                                   | 2,124.7   | 2,589.7   | 3,379.3   |
| Secondary charity                                                  | 70.5      | 76.0      | 75.2      |
| Share capital                                                      | 1,275.0   | 1,453.1   | 1,714.9   |
| Accumulated profit                                                 | 714.9     | 994.8     | 1,501.7   |
| Number of NBFIs                                                    | 522       | 521       | 555       |
| Ulaanbaatar                                                        | 431       | 428       | 457       |
| Provinces                                                          | 91        | 93        | 98        |
| Customers                                                          | 4,897,575 | 4,141,367 | 4,931,618 |
| Total income                                                       | 624.8     | 814.7     | 1,282.6   |
| Interest income                                                    | 500.6     | 694.3     | 1,117.0   |
| Non-interest income                                                | 110.0     | 102.7     | 143.6     |
| Non-operating income                                               | 13.9      | 17.4      | 21.9      |
| Total cost                                                         | 389.8     | 512.3     | 783.3     |
| Interest expenses                                                  | 68.6      | 98.3      | 273.3     |
| Non-interest expenses                                              | 234.9     | 292.7     | 322.8     |
| Potential risk costs                                               | 51.9      | 69.2      | 85.9      |
| Non-core operating expenses                                        | 4.9       | 7.2       | 101.3     |
| Net profit                                                         | 235.0     | 302.4     | 499.3     |

## SCC'S DATA

billion MNT

| Statistic                        | 2022.III     | 2023.III     | 2024.III     |
|----------------------------------|--------------|--------------|--------------|
| <b>Total assets</b>              | <b>266.7</b> | <b>302.7</b> | <b>354.6</b> |
| Current assets                   | 262.5        | 298.5        | 345.3        |
| Cash                             | 30.5         | 54.7         | 64.9         |
| Liability                        | 19.3         | 18.7         | 20.6         |
| Non-current Assets               | 4.1          | 4.1          | 9.3          |
| Fixed assets /net/               | 4.0          | 4.0          | 4.4          |
| Intangible assets /net/          | 0.2          | 0.1          | 0.2          |
| <b>Total loans</b>               | <b>216.1</b> | <b>222.0</b> | <b>268.4</b> |
| Normal loans                     | 203.0        | 206.4        | 253.4        |
| Overdue loans                    | 5.2          | 8.7          | 8.3          |
| Non-performing loans             | 7.8          | 6.9          | 6.7          |
| Liabilities                      | 210.6        | 238.0        | 272.6        |
| Total savings                    | 189.8        | 213.0        | 239.7        |
| Short and long term liabilities  | 20.9         | 24.9         | 15.5         |
| <b>Own assets</b>                | <b>56.1</b>  | <b>64.7</b>  | <b>79.0</b>  |
| Members' contributions           | 26.1         | 27.2         | 28.6         |
| Property of cooperatives         | 29.9         | 37.3         | 49.9         |
| Accumulated income /loss/        | 10.6         | 15.1         | 24.6         |
| <b>Total income</b>              | <b>44.0</b>  | <b>46.5</b>  | <b>57.0</b>  |
| Interest income                  | 41.7         | 44.4         | 54.0         |
| Non-operating income             | 0.7          | 0.7          | 1.1          |
| Other operating income           | 1.6          | 1.4          | 1.9          |
| <b>Total expenses</b>            | <b>36.5</b>  | <b>40.4</b>  | <b>45.5</b>  |
| Interest expenses                | 23.7         | 26.0         | 29.5         |
| Potential contingency fund costs | 1.4          |              | 1.5          |
| Operating costs                  | 10.6         | 11.8         | 13.5         |
| Non-operating expenses           | 0.1          | 0.1          | 0.0          |
| <b>Net income</b>                | <b>7.5</b>   | <b>6.1</b>   | <b>11.5</b>  |
| Number of SCCs                   | 202          | 192          | 183          |
| Number of Ulaanbaatar SCCs       | 110          | 101          | 92           |
| Number of local SCCs             | 92           | 91           | 91           |
| Members                          | 72,7720      | 71,649       | 74,847       |

## CREDIT GUARANTEE FUND

billion MNT

| Statistic                                      | 2022.III | 2023.III | 2024.III |
|------------------------------------------------|----------|----------|----------|
| Total assets                                   | 259.4    | 257.6    | 311.3    |
| Warranty balance                               | 81.0     | 89.1     | 384.8    |
| Of which: overdue                              | 7.3      | 2.9      | 3.6      |
| :non-performing                                | 11.3     | 7.5      | 6.9      |
| Guaranteed loan balance                        | 159.4    | 173.4    | 673.9    |
| Of which: overdue                              | 7.0      | 5.4      | 7.3      |
| :non-performing                                | 24.0     | 15.9     | 15.9     |
| Operating income                               | 7.5      | 9.5      | 21.6     |
| Operating expense                              | 3.0      | 5.3      | 6.5      |
| Operating result                               | 4.5      | 4.2      | 15.1     |
| Total guarantees                               | 30       | 146      | 10,774   |
| Amount of bail issued                          | 10.6     | 33.1     | 306.3    |
| of which: citizens                             | 0.0      | 0.9      | 258.8    |
| entities                                       | 10.6     | 32.2     | 47.5     |
| of which: agriculture                          | 0.3      | 0.5      | 2.9      |
| manufacturing                                  | 3.0      | 12.5     | 9.7      |
| wholesaling and retailing                      | 3.0      | 14.6     | 19.5     |
| services                                       | 3.6      | 2.0      | 2.9      |
| Average period of guarantee issued /in months/ | 88.9     | 164.1    | 79.4     |
| Number of requests submitted for bail          | 56       | 202      | 10,775   |
| Of which: Number of approved requests          | 31       | 155      | 10,775   |

## REBs DATA

| Statistic                                               | 2023.III | 2024.III |
|---------------------------------------------------------|----------|----------|
| REBs (including agencies)                               | 314      | 301      |
| Brokers                                                 | 328      | 314      |
| Agents                                                  | 1,287    | 1,301    |
| Area of real estate bought and sold (m <sup>2</sup> )   | 1,164.6  | 1,303.5  |
| Value of real estate bought and sold                    | 1,488.9  | 2,003.8  |
| Area of real estate rented and leased (m <sup>2</sup> ) | 397.4    | 481.6    |
| Value of real estate rented and leased                  | 116.3    | 169.4    |

## DPMS DATA

| Statistic                                                              | 2023.III | 2024.III |
|------------------------------------------------------------------------|----------|----------|
| Entities (DPMS, and dealers in products made from them)                | 50       | 53       |
| Individuals (DPMS, and dealers in products made from them)             | 72       | 118      |
| Individuals (dealers in products made from precious metals and stones) | 250      | 220      |
| Individuals (DPMS)                                                     | 139      | 122      |
| Weight of bought precious metals (kilogram)                            | 1,793.3  | 1,376.3  |
| Value of purchased precious metals (MNT, billion)                      | 224.3    | 259.6    |
| Weight of sold precious metals (kilogram)                              | 2,298.5  | 1,120.0  |
| Value of sold precious metals (MNT, billion)                           | 239.9    | 259.5    |
| Total value of bought products (MNT, billion)                          | 13.5     | 18.1     |
| Total value of sold products (MNT, billion)                            | 20.4     | 30.7     |

## VASP DATA

billion MNT

| Statistics                                                                                                        | 2023.III | 2024.III |
|-------------------------------------------------------------------------------------------------------------------|----------|----------|
| Number of VASP                                                                                                    | 12       | 12       |
| Costumers                                                                                                         | 917,928  | 919,434  |
| Of which: Actively trades                                                                                         | 20,204   | 24,380   |
| Confirmed                                                                                                         | 392,898  | 456,350  |
| Number of domestic virtual assets                                                                                 | 39       | 43       |
| Valuation of domestic virtual assets market                                                                       | 287.8    | 258.5    |
| Amount of domestic virtual asset trades performed on registered virtual asset service provider /increased amount/ | 12.1     | 8.5      |
| Share capital                                                                                                     | 24.9     | 24.9     |
| Total assets                                                                                                      | 48.5     | 64.5     |
| Operating Profit/Loss                                                                                             | (8.7)    | 1.6      |



