FINANCIAL REGULATORY COMMISSION

FINANCIAL MARKET REVIEW

2024

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ABBREVIATIONS and ACRONYMS

AFI	Alliance for Financial Inclusion
ADB	Asian Development Bank
ATM	Automated teller machine
ESG	Environmental, Social, Governance
FPO	Follow up on public offering
GIZ	German corporation for int. Cooperation
GDP	Gross domestic product
GS	Government securities
IAIS	International Association of Insurance Supervisors
IPO	Initial public offering
IFC	International finance corporation
IPO	Initial public offering
JICA	Japan International Cooperation Agency
MV	Market valuation
MMC	Mongolian Mortgage Corporation
MAPIX	Mongolian agricultural commodity price index'
MSE	“Mongolian Stock Exchange
MCSD	Central securities depository
MLSP	Money loan service providers
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
RMBS	Residential mortgage backed securities
ROA	Return on assets
ROE	Return on equity
SC	Securities company
SCC	Saving and credit cooperative
SFC	Securities Finance Corporation
SPC	Special purpose company
UN	United Nations
USA	United States of America
UNEP FI	United Nations Environment Program Financing Initiative
WALIR	Weighted average loan interest rate
B2B	Business to business
IPO	Initial public offering /Олон нийтэд хувьцаагаа санал болгох/
MSE	Mongolian stock exchange /Монголын хөрөнгийн бирж/
OTC	Over the counter
P2P	Peer to peer

Capital market

Market capitalization
13,022.7 billion MNT
GDP 15.2%

TOP–20 index
51,296.39

Trading volume
1,579.9 billion MNT

Number of SCs
53

Liquidity
2.5%

MSE A 19,795.97
MSE B 15,197.38

Volume of trade in agricultural products
8,894.3 billion MNT

Insurance market

Number of insurance companies
20

Total assets
662.8 billion MNT

Number of insurance contracts
1,604,319

Total insurance and reinsurance premiums
510.6 billion MNT

Insurance compensation
160.4 billion MNT

Reserve fund
329.7 billion MNT

Net profit
25.6 billion MNT

Reinsurance premium costs
165.4 billion MNT

Density 142,736 MNT

NBFIs

Licensed NBFIs
573

88.8 %
Licensed to operate on credit

Total assets
7.1 trillion MNT

5.4 сая
costumers

Non–performing loans (of total loans)
2.3%

Total loan
5.8 trillion MNT

Total borrowers
2.3 million

Total assets
356.8 billion MNT

Weighted average interest rate on loans
3.5%

Total income 1,828.2 billion MNT
Interest income 1,644.1 billion MNT

2.4%
Weighted average interest rate on loans

SCCs

Licensed SCCs
178

75,252 members

Total savings
248.6 billion MNT

Net profit
15.3 billion MNT

TOTAL LOAN 258.7 billion MNT

1.4%
Weighted average interest rate on deposits

REBs

REB organizations 312

Legal entities 55
Citizens 473

Sold through intermediaries
2,850.1 billion MNT

Rented through an intermediary
234.9 billion MNT

DPMS

Precious metal purchases
323.3 billion MNT

Precious metal sales
324.6 billion MNT

Capital market

Market valuation

13,022.7
billion MNT

Financial market status

Accounts

2,598,064

Accessibility

Total trading

1,579.9
billion MNT

Products and services

Profitability
Assets of SCs
470.6
billion MNT
Tax collected from the state budget, social insurance contributions
13.1
billion MNT
Stability
Centralized
Market valuation 78.4%
Top–10 JSCs
Regulatory environment

FINANCIAL MARKET STATUS

The securities market comprised 618 regulated entities, including Joint Stock Companies (JSCs).

Infrastructure Organization

Business organization **3**	Settlements **2** /1 duplicate/	Central deposit and securities trading payments **1**
Securities Settlement Institution **1** /duplicate/	Mining products exchange 1 /duplicate/	Agricultural Exchange 1

Professional participants

Securities firms **53**	IMCs **34**	Mutual Funds **6**
Custodian banks **3**	Underwriting banks **2** /1 duplicate/	Agricultural commodity brokers **9**
Exchange trading broker for mining products **13** /9 duplicate/		Financial Rating Agency **3**

Asset–backed securities

Asset–backed securities issuer **64 /SPS/**	Asset management **8**	Accounts Payable Asset Portfolio Controller **1**

Registered

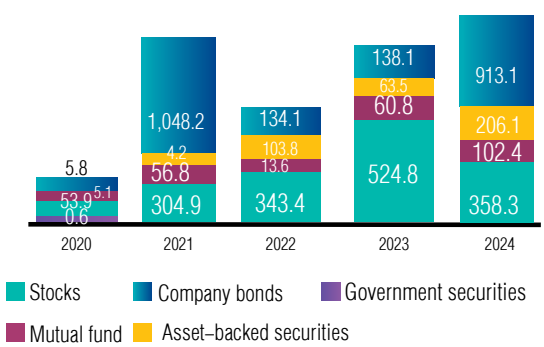
Auditing firms **54** /7 duplicate/	Securities valuation firms **24** /duplicate/	Legal consultancies **44**
JSCs **311** *Listed on the Mongolian Stock Exchange – 172 JSCs* *Listed on the Ulaanbaatar Stock Exchange– 2 JSCs*		

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

SECURITIES TRADING

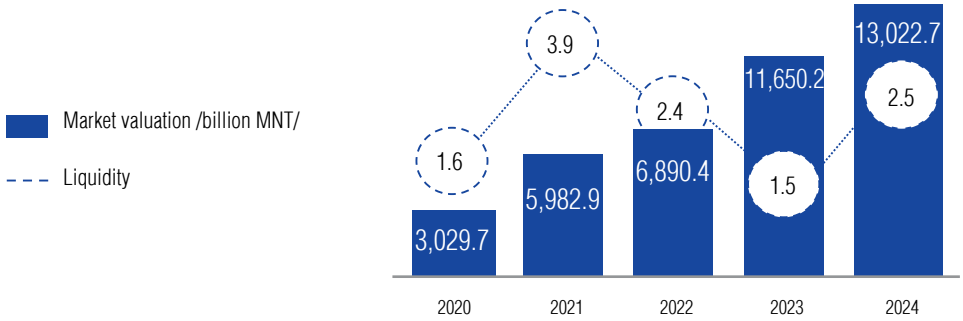
- In 2024, securities trading totaled 1,579.9 billion MNT, marking a 2–fold increase from the previous year. Compared to the same period in 2020, this represents a 24.2–fold growth.
- Of the total trades, shares accounted for 22.7%, investment fund units for 6.5%, corporate bonds for 57.8%, and asset–backed securities for 13.0%.

Securities trading (billion, MNT)



Market capitalization and liquidity

- Market valuation increased by 11.8% compared to the same period last year, reaching 13,022.7 billion MNT. Liquidity also improved, rising by 2.5%.



TOP 20 51,296.39

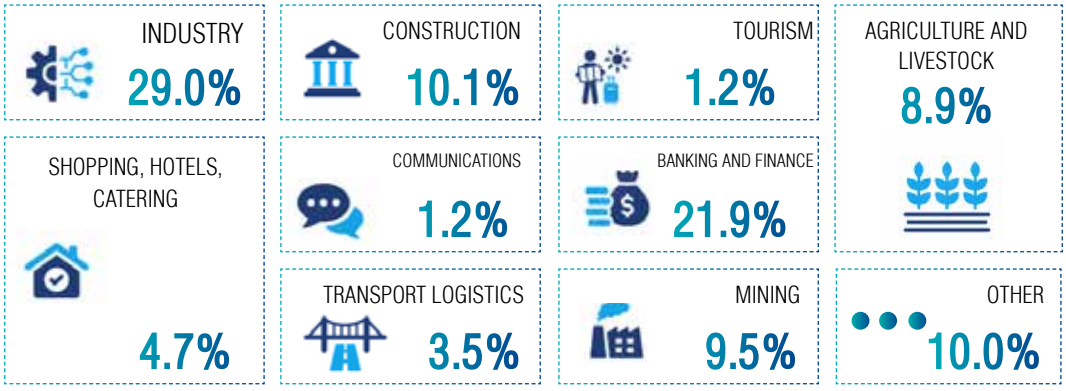
MSE A 19,795.97

MSE B 15,197.38

Securities market index

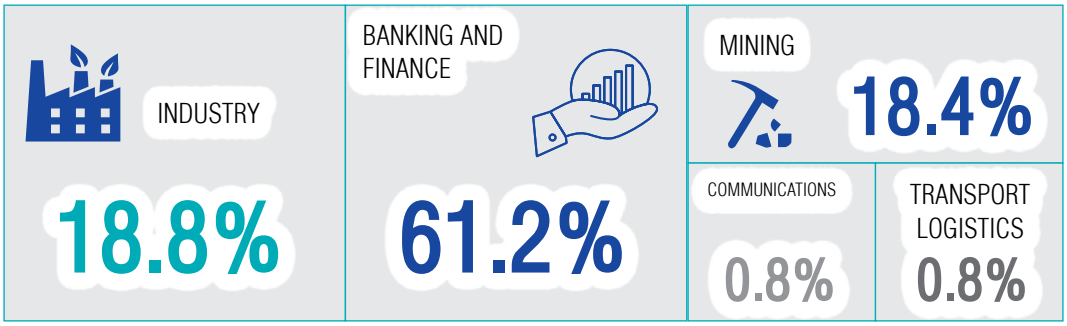
- The TOP–20 Index rose by 9,858.97 points, marking a 23.8% increase. .
- The MSE A index increased by 2,211.44 points (12.6%).
- The MSE B index grew by 3,870.24 points (34.2%).

INDUSTRY CLASSIFICATION OF JSCs LISTED ON THE MONGOLIAN STOCK EXCHANGE



The composition of the TOP–20 index portfolio is determined by market valuation, average daily turnover, number of trading days, and market concentration. In 2024, 21.9% of registered companies were in the banking and financial sector. However, this sector accounted for 61.2% of the TOP–20 index portfolio.

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

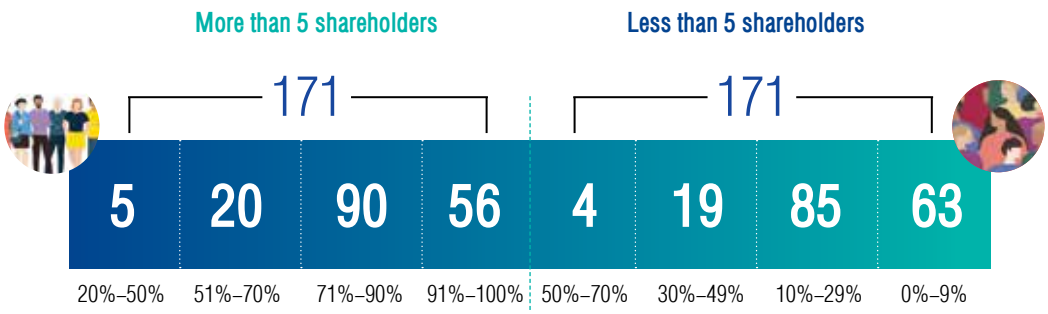


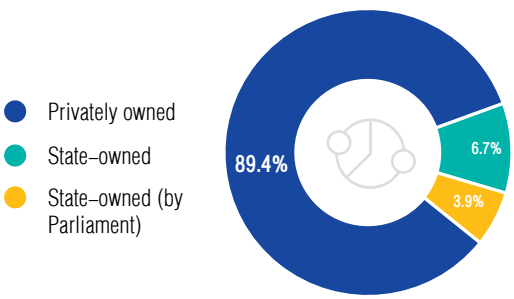
SECURITIES REGISTERED IN A MCSD

Shares listed on the MSE **23,795,982,273**	Bonds listed on the MSE, ChingisKhaan Exchange and the Ulaanbaatar Echange **8,505,000**	Shares registered (private) **80,018,842,331**
Shares listed on the Ulaanbaatar Echange **764,040,458**	Bonds registered (private) **21,501,303,826**	Total **126,088,673,888**

STOCK CONCENTRATION

The table below illustrates the ownership concentration of 171 JSCs actively traded on the stock exchange, highlighting the percentage of shareholders who own more than 5% or 5% or less.





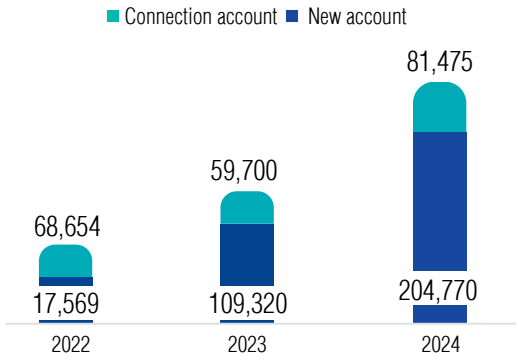
STOCKS, BY EQUITY STRUCTURE

- In 2024, 311 JSCs were registered with the FRC's securities registry. Of these 89.4 % were privately owned, 6.7 % were state–owned, and 3.9% were owned by Parliament.

NUMBER OF SECURITIES

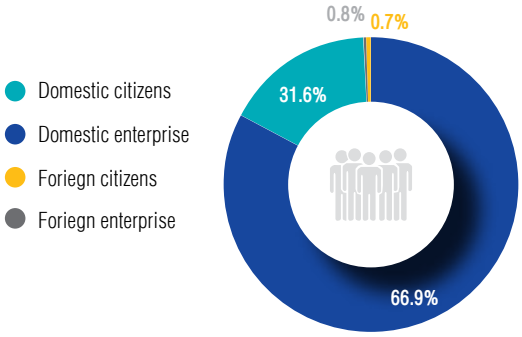
- In 2024, 204,770 new securities accounts were opened : bringing the total to 2,598,064. Additionally, 81,475 new escrow accounts were created, increasing the overall number to 671,937.

NUMBER OF OPENED ACCOUNTS



Number of opened accounts (growth in numbers)

2,598,064



COMMERCIAL STRUCTURE

- Domestic entities conducted the majority of transactions (66.9%), highlighting their strong presence in the capital market. Domestic individuals accounted for 31.6% of total trades, while foreign individuals and foreign entities contributed 0.8%, and 0.7%, respectfully.

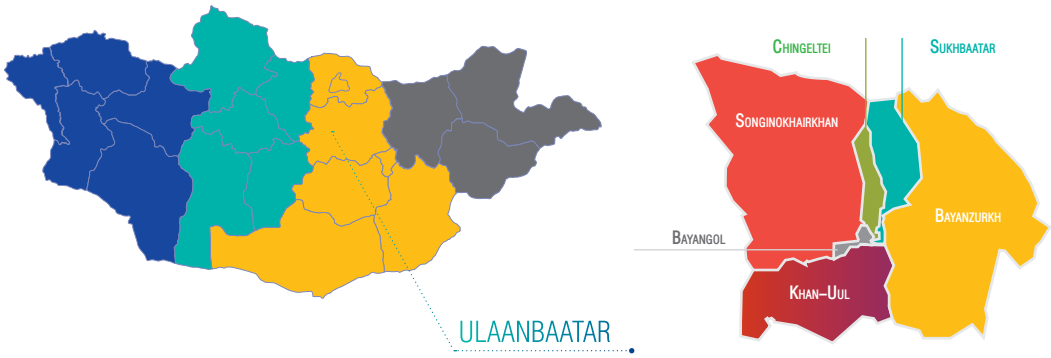
NUMBER OF TRADE PARTICIPANTS

- A total of 128,492 citizens and 2,489 entities participated in trading, resulting 331,433 trades. Among the participants 97.4% of 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	146	0.1%	836	0.3%
FORIEGN CITIZENS	914	0.7%	3,461	1.0%
DOMESTIC ENTERPRISE	2,343	1.8%	17,986	5.4%
DOMESTIC CITIZENS	127,578	97.4%	309,150	93.3%
TOTAL	130,981	100.0%	331,433	100.0%

LOCATION OF THE SECURITIES COMPANY

- 53 operational securities companies were located in Ulaanbaatar.

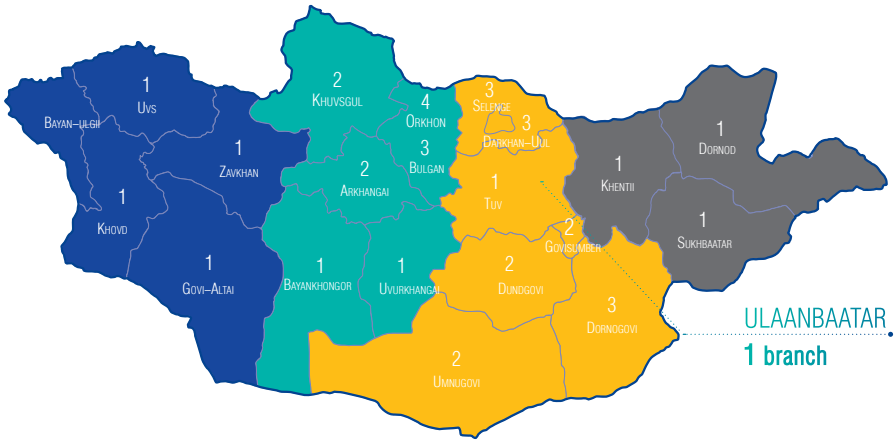


53 SCs

CHINGELTEI	SUKHBAATAR	KHAN–UUL	BAYANZURKH	BAYANGOL
SCs 10	SCs 29	SCs 3	SCs 7	SCs 4

LOCATION OF BRANCH REPRESENTATIVE OF SECURITIES

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



WESTERN REGION	MOUNTAIN REGION	CENTRAL REGION	EASTERN REGION
BRANCH 4	BRANCH 13	BRANCH 16	BRANCH 3

PRODUCTS AND SERVICES

STOCK TRADING

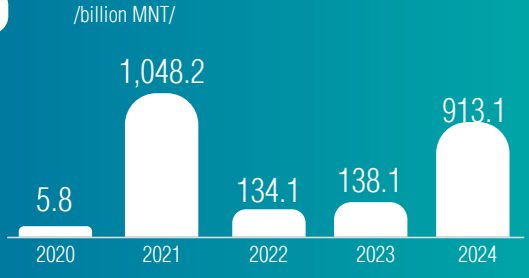
Stock trading totaled 358.3 billion MNT, reflecting a 31.7% decline compared to the same period last year but a 6.7–fold increase compared from the same period in 2020.

IPO

Company	Registered	Amount collected from the public
“Grand systems” JSC	2023.12.28	0.7
“MGL AQUA” JSC	2024.04.29	15.2
“Tenger Daatgal” JSC	2024.08.30	10.0

DEBT INSTRUMENTS OF THE COMPANY

- Corporate bond trading reached 913.1 billion MNT, marking a 6.6–fold increase from the same period last year and a 157.6–fold surge compared to 2020. In the second quarter of 2024, 54.8% of total bond trading was attributed to debt instruments issued under the “Capital Governor’s Program”.



TRADING IN NEWLY ISSUED DEBT INSTRUMENTS

Company	Registered	Debt instrument amount
"Ashid Capital NBFI" LLC	2024.02.23	20.0
“Capital Governor’s Program”	2024.06.05	500.0
"Sendly NBFI" JSC	2024.06.10	10.0
“Ard Credit NBFI” JSC	2024.08.02	13.5
“Shunkhlai” LLC	2024.11.25	80.0

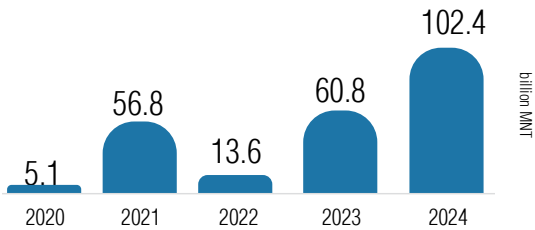
Green Bond

Green bonds are a type of sustainable financial instrument designed to support environmentally friendly projects, climate change effects, and promote the green economy.

Issued company	Bond name	Registered Date	Interest Rate	Amount of debt instrument
“Khanbank” JSC	Green bond	2023.06.13	13.8%–14.8% (Annual)	17.0 billion MNT
			6–month CME Term SOFR interest (3.40+3.85)	25.0 million USD
“TJBT” LTD	Green Recycle Bond	2024.07.05	up to 10.0% (Annual)	15.0 million USD

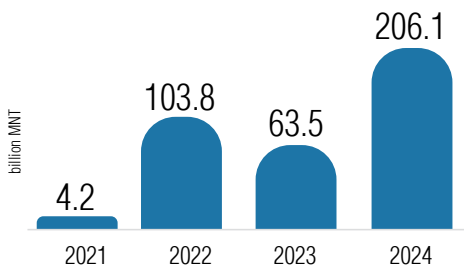
INVESMENT FUND TRADING

- Investment fund trading totaled 102.4 billion MNT, marking s 1.7–fold increase from the previous year and a 20.1–fold surge compared to 2020.



ASSET–BACKED SECURITIES TRADING

- Asset–backed securities trading totaled 206.1 billion MNT, marking a 3.3–fold increase from the same period last year.

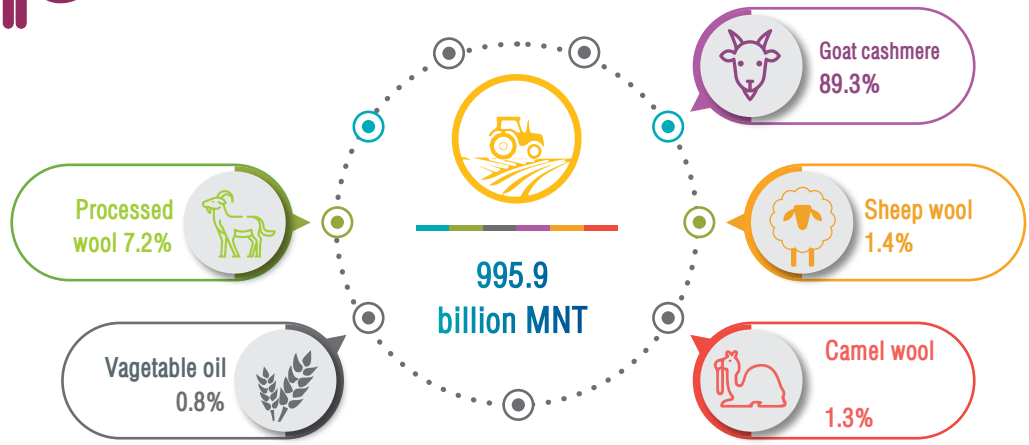


NEWLY ISSUED DEBT INSTRUMENTS OF THE COMPANY

Issued company	Registered date	Amount of debt instrument /billion MNT/
“Bers ABS loyalty TZK” LLC	2023.12.22	15.0
“Bichil ABS loyalty TZK” LLC	2024.03.22	20.0
“BID asset TZK” LLC	2024.03.29	15.0
“Invescore ABS” LLC	2024.08.02	50.0
“Bichil ABS pro TZK” LLC		20.0

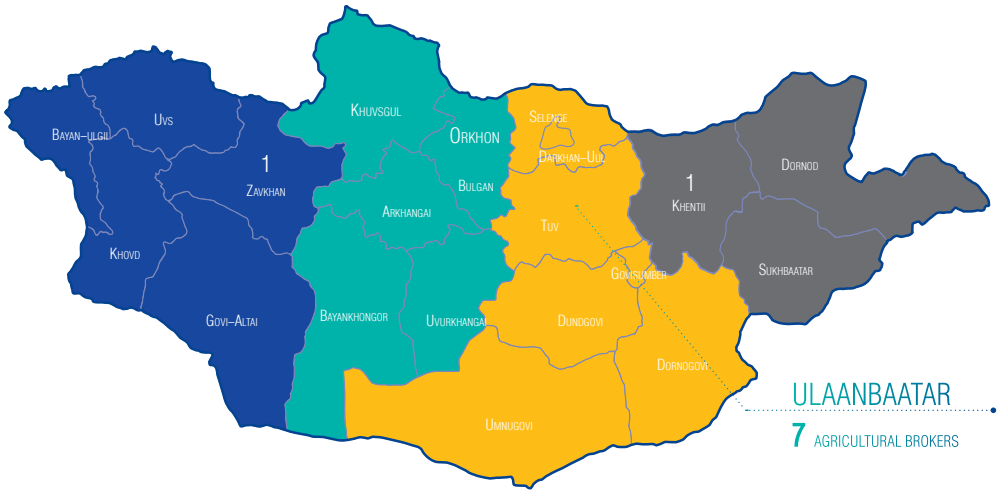
AGRICULTURAL AND RAW PRODUCTS MARKET

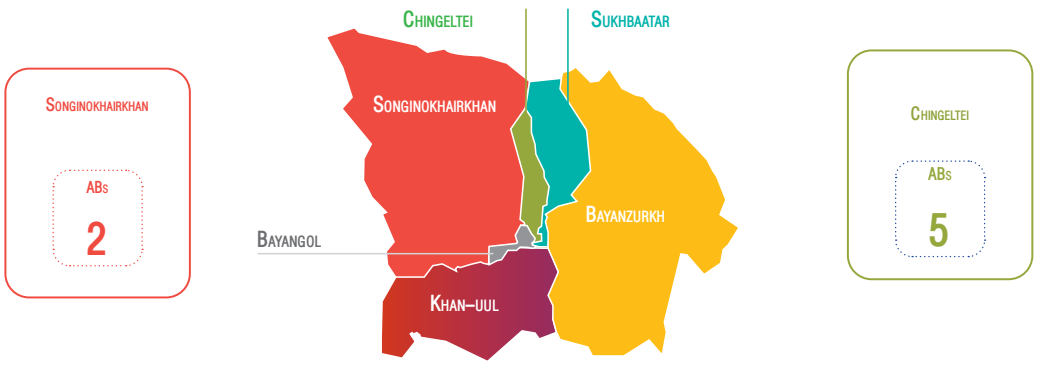
A total of seven types of goods valued at 995.9 billion MNT were traded on the Agricultural Exchange, reflecting an increase of 27.6 billion MNT (2.9 %) compared to the same period last year.



LOCATION OF SCs AND AGRICULTURAL BROKERAGES

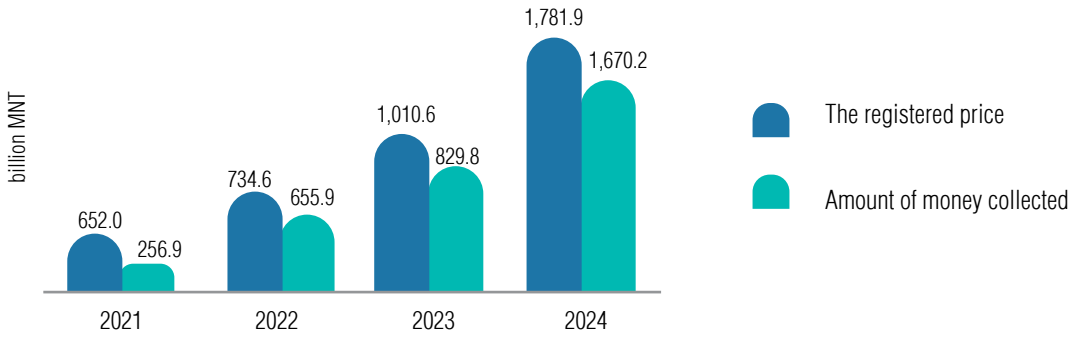
- Nine agricultural brokerages are currently operation, with seven based in Ulaanbaatar and two in the provinces.

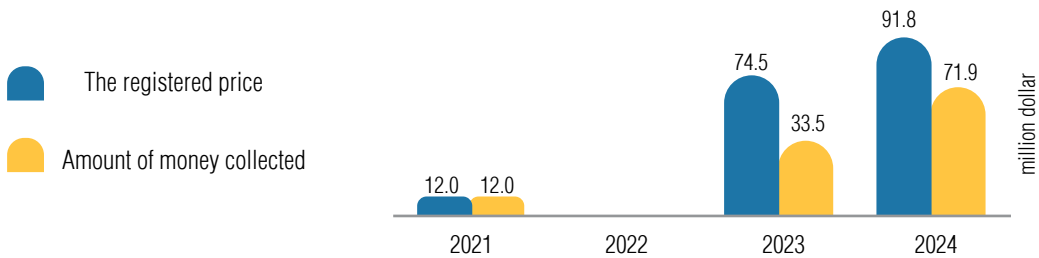




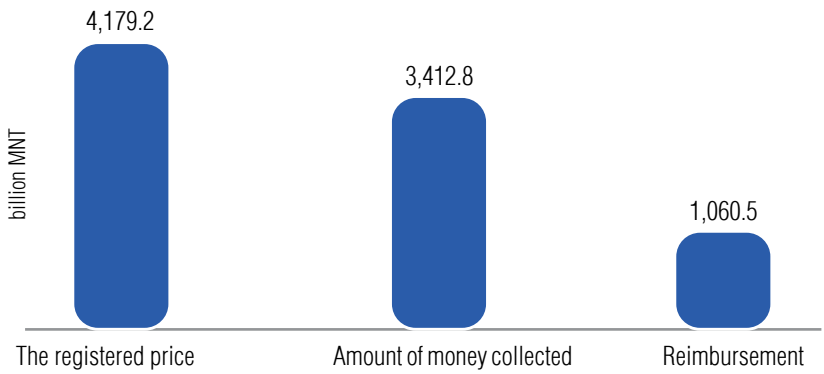
OTC MARKET

A total of 95 securities issuers and 131 debt instruments were registered in the OTC market. Debt instruments worth 1,781.9 billion MNT were registered, with 1,670.2 billion MNT successfully collected. Additionally, 91.8 million USD worth of debt instruments were registered, of which 71.9 million USD was collected.





Since the launch of OTC market trading in September 2021, following the registration of the first debt instruments, a total of 4,179.2 billion MNT in debt instruments have been registered, with 3,412.8 billion MNT successfully collected. Additionally , 178.3 million USD worth of debt instruments were registered, with 117.5 million USD collected. A total of 1,060.5 billion MNT in debt instruments have expired and been successfully repaid.



OTC MARKET PARTICIPANTS

There are a total of 34 registered direct participants in the over–the–counter market of the Mongolian Association of Securities Dealers. Among them, some operate: 24 are underwriters, 24 are dealers, 30 are brokers, and 2 are investment fund companies. Additionally, 3,425 individual indirect participants and 339 legal entity indirect participants are registered with the direct participants.

UNDERWRITER	DEALER	BROKER	INVESTMENT FUND
24	**24**	**30**	**2**

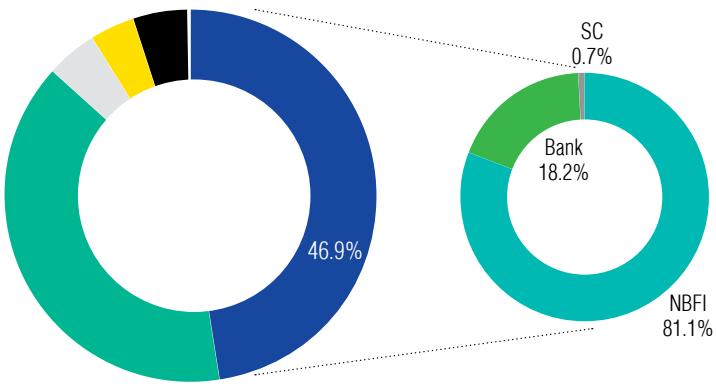
INDIVIDUAL	LEGAL ENTITIES
3,425	**339**

BOND SECTOR CLASSIFICATION

46.9% of total bonds belong to the financial sector, followed by the energy sector (38.4%), trade and services (4.8%), construction (4.5%), mining (3.6%), manufacturing (0.6%), agriculture (0.6%) information and communication (0.5%), and and. education and health (0.1%),

BOND SECTOR CLASSIFICATION

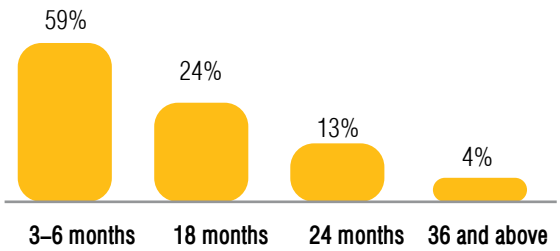
Non–bank	46.9%
Energy	38.4%
Construction	4.5%
Mining	3.6%
Trade and industry	4.8%
Education and health	0.1%
Information and contact	0.5%
Industry	0.6%
Agriculture	0.6%



In the financial sector, 81.1% of bonds are held by NBFIs, 18.2% by private banks, and 0.7% by security companies.

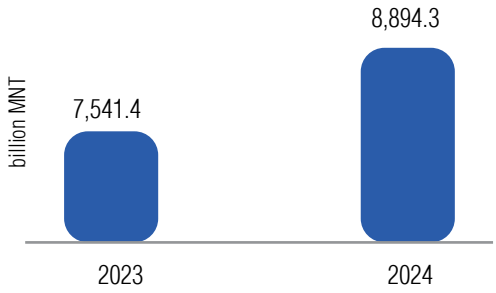
BONDS TERM

In terms of bond duration, 59% of the bonds have terms of 3–12 months, 24% have terms of 18 months, 13% have terms of 24months, and 4% have terms of more than 36 months.



MINING PRODUCTS MARKET

A total of 571 trades involving 24.8 million tons of mining products were made, amounting to 8,894.3 billion MNT in transactions. This represents a 17.9% increase compared to the same period last year.



Of the total trade, 93.0% was in coal, 6.4% 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	3,495	22,368.0	8,276.0
Iron ore and concentrate	742	2,425.5	567.8
Fluorite concentrate	271	17.6	10.0
Copper concentrate	6	6.0	40.5
Total	**4,514**	**24,817.1**	**8,894.3**

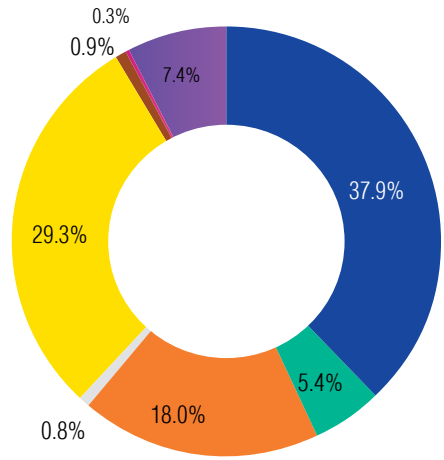
TRADE OF FLUORSPAR ORE AND CONCENTRATE

A total of 742 packages, equaling 2425.5 thousand tons of fluorspar ore and concentrate, were traded for 567.8 billion MNT. Of the total trade in iron concerate: 48.8% are Fe–58%, 33.8% are Fe–52%, 17.4% are Fe–65%.

COAL TRADE

A total of 3,495 packages, or 22,368.0 thousand tons of coal, were traded for 8,276.0 billion MNT. The breakdown of coal types by percentage of the total trade is as follows: 1/3 coking coal: 37.9%; of the total trade, Medium volatile coking coal: 29.3%; concentrated coking coal: 18.0%; Semi–solid coking coal with concentrated medium ash: 5.4%; power coal: 7.4%; medium–high volatile coking coal: 0.9%; concentrated weak coking coal: 0.3%; low–moisture lignite coal: 0.1%. COAL TYPES: 1/3 coking coal, Semi–solid coking coal with concentrated medium ash, Concentrated coking coal, Concentrated weak coking coal, Medium volatile coking coal, Medium–high volatile coking coal, High volatile coking coal, Power coal, Low–moisture lignite coal.

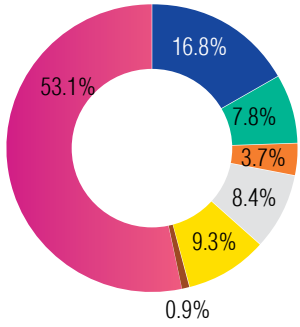
- 1/3 coking coal
- Semi–solid coking coal with concentrated medium ash
- Concentrated coking coal
- Concentrated weak coking coal
- Medium volatile coking coal
- Coal is the most volatile among gases.
- Coal with high volatile matter content
- Thermal coal



SMELTER AND MINERALS TRADING

A total of 271 packages, equaling 17.6 thousand tons of fluorspar ore and concentrate, were traded for 10.0 billion MNT. Of the total trade: 53.1% consisted of CaF2–95% fluospar concentrate; 16.8% consisted of CaF2–<42% flourspar ore; 9.3% consisted of CaF2–85% whole flourspar; 8.4% consisted of CaF2–78% whole flourspar; 7.8% consisted of CaF2–35–40% flourspar ore; 3.7% consisted of CaF2–55–63% flourspar; 0.9% consisted of CaF2–78% flourspar ore.

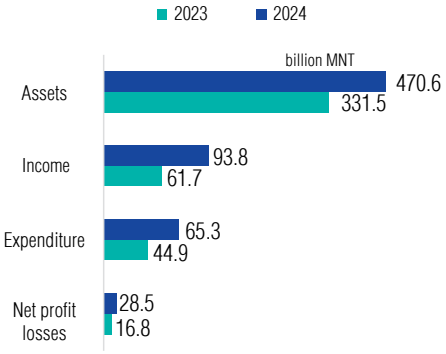
- CaF2– <42% Fluorspar ore
- CaF2– 35–40% Fluorspar ore
- CaF2– 55–63% Fluoride
- CaF2– 78% Whole melt fluorite
- CaF2– 85% Whole melt fluorite
- Fluorine concentrate CaF2– 78%
- Fluorine concentrate CaF2– 95%



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.

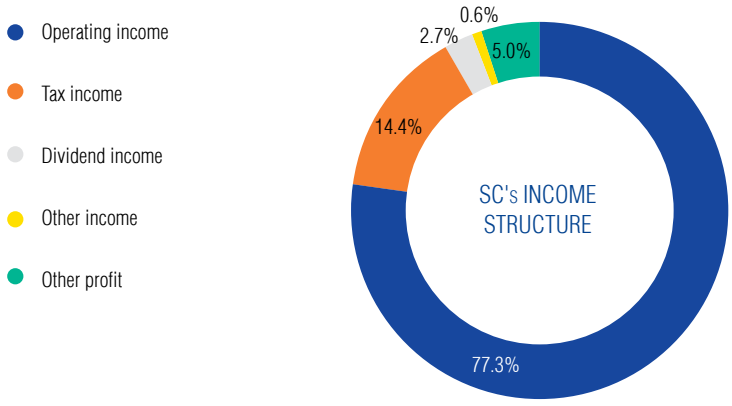
PROFITABILITY



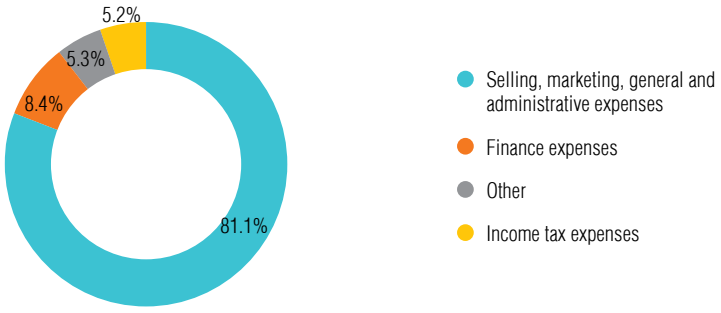
PROFITABILITY OF SECURITIES

- The total assets of securities companies amounted to 470.6 billion MNT, reflecting a 42.0% increase compared to the same period last year.
- Compared to the previous year, income increased by 32.1 billion MNT, while expenses rose by 20.4 billion MNT, resulting in a net profit of 28.5 billion MNT.

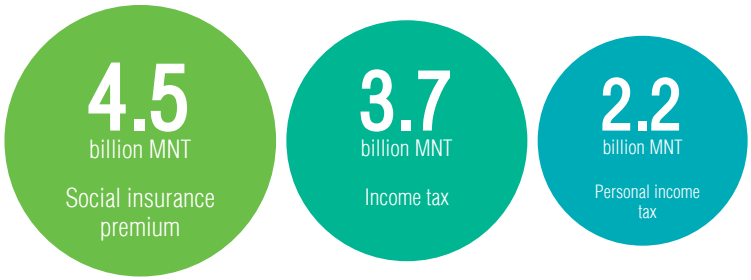
SC's INCOME STRUCTURE



SC's EXPENDITURE STRUCTURE

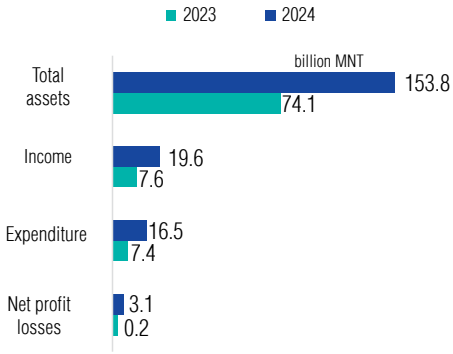


CENTRALIZED TAXATION AND SOCIAL SECURITY CONTRIBUTIONS



- Securities companies paid 4.5 billion MNT for social insurance contributions, 2.2 billion MNT for personal income tax, and 3.7 billion MNT for corporate income tax. In total, securities companies contributed 10.4 billion MNT to the state budget.

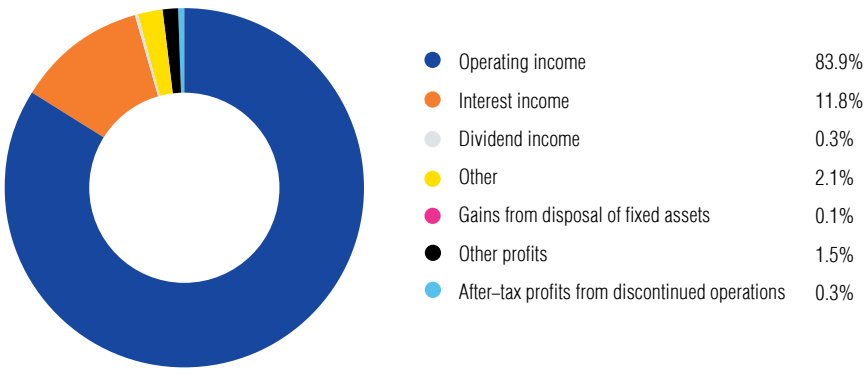
PROFITABILITY OF INVESTMENT MANAGEMENT



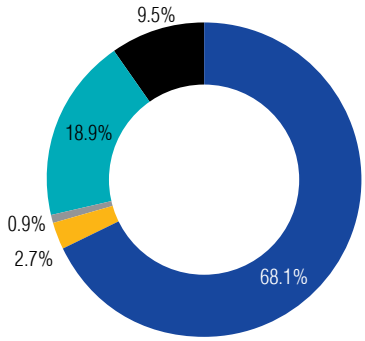
PROFITABILITY OF SCs

- The total assets of investment management companies amounted to 153.8 billion MNT, reflecting a 2.1–fold increase compared to the same period last year.
- Compared to the previous year, income increased by 12.1 billion MNT, while expenses rose by 9.1 billion MNT, resulting in a net profit of 3.1 billion MNT.

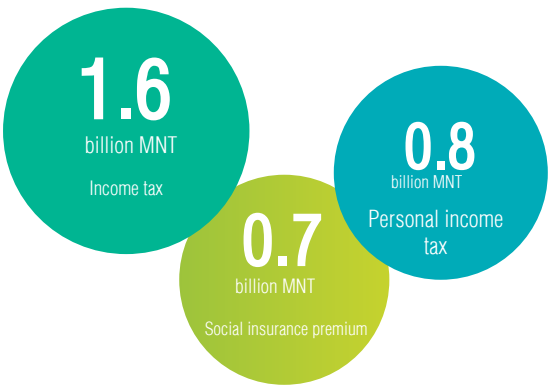
IMC's REVENUE STRUCTURE



IMC'S EXPENDITURE STRUCTURE

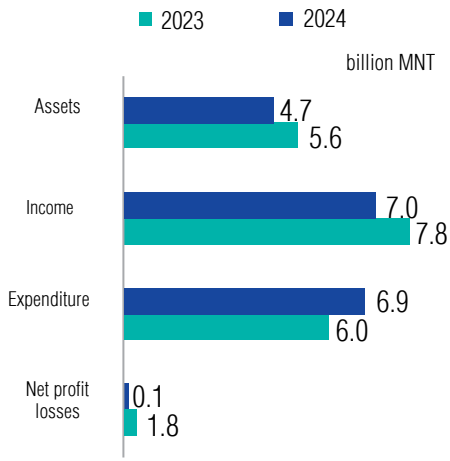


- Sales marketing and general and administrative expenses
- Financial costs
- Other
- Foreign exchange gain/loss/
- Income tax expense



- Investment management companies contributed 0.7 billion MNT towards social insurance, 0.8 billion MNT in personal income tax, and 1.6 billion MNT in corporate income tax. In total, their contributions to the state budget amounted to 2.7 billion MNT .

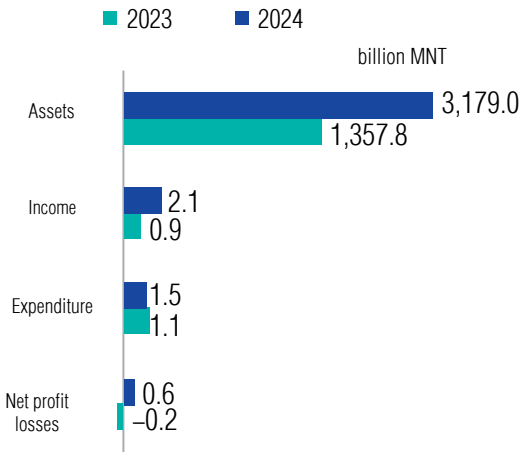
PROFITABILITY OF AGRICULTURAL COMMODITY



PROFITABILITY OF AGRICULTURAL

- The total assets of agricultural commodity exchanges amounted to 4.7 billion MNT, reflecting a 16.2 % decrease compared to the same period last year.
- Compared to the previous year, income decreased by 0.8 billion MNT, while expenses rose by 0.9 billion MNT, resulting in a net profit of 0.1 billion MNT.

FINANCIAL STATEMENT INDICATORS OF CUSTODIANS

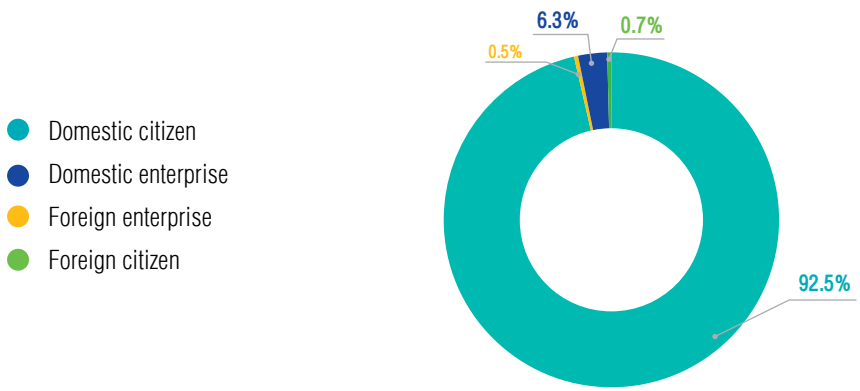


PROFITABILITY OF CUSTODIAN BANKS

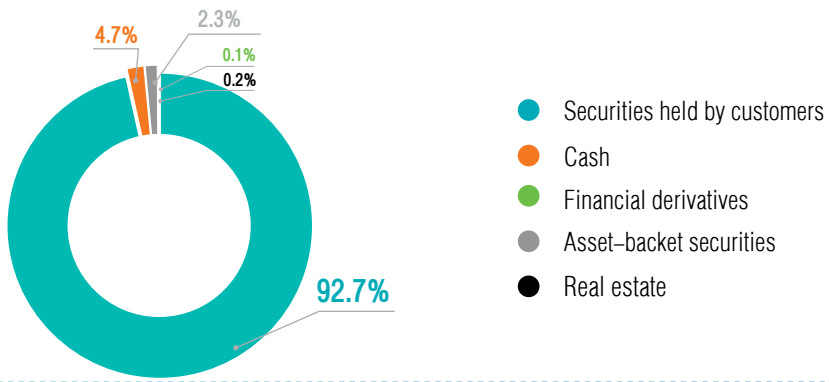
- The total assets of custodian banks amounted to 3,179.0 billion MNT, marking a 2.3–fold increase compared to the same period last year.
- Compared to the same period last year, income increased by 1.2 billion MNT, while expenses rose by 0.4 billion MNT, resulting in a profit of 0.6 billion MNT.

CUSTOMER STRUCTURE OF CUSTODIAN BANKS

- The majority (92.5 %) of customers were domestic citizens, 6.3% were domestic entities, 0.7 % were foreign citizens, and 0.5 % were foreign entities.

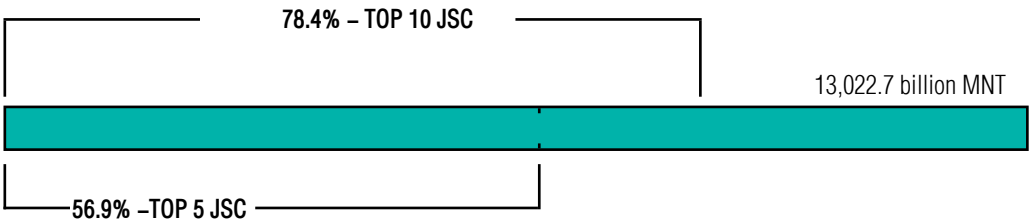


- In terms of the classification of assets deposited in the custodian banks, 92.7% were securities, 2.3% were asset–backed securities, 0.1% were derivative financial instruments, 4.7% were cash and 0.2% were realstate.



STABILITY

The 10 companies with the highest market valuation accounted for 78.4% of the total market value, while the 5 companies with



REGULATORY ENVIRONMENT

POLICY AND LEGISLATION

The Parliament approved amendments and additions to the Securities Market Law and related legislative drafts on May 16, 2024. These changes will simplify and expedite the process for domestic businesses to issue securities to the public, improve coordination between regulatory authorities and trading organizations, align regulations with international standards, and foster the development of financial technology–based products and services. Additionally, the amendments will strengthen the roles of securities issuers and underwriting companies, improve the regulation of securities trading, and streamline settlement, centralized processes, and specific registration – all contributing positively to the capital market. Following the law's approval, the Financial Regulatory Commission (FRC) has been working step–by–step to draft, revise, and approve relevant regulations and procedures. Among these:

- The "Regulation on the Special Notation and Registration of an Asset–Backed Securities Portfolio" was updated to improve the regulatory framework and was approved as a joint order (No. 94/A/62) on March 4, 2024, by the Chairman of the FRC and the Minister of Justice and Internal Affairs.
- The revised Law on Asset Valuation, approved by Parliament in June 2022 has been in effect since January 1, 2023. In connection with its implementation, some companies engaged in asset valuation had to restructure, transfer their activities to another legal entity, or establish new entities to comply with the law and register as asset valuation legal entities. However, certain companies have faced challenges in meeting the conditions and requirements outlined in the "Securities Registration Procedure," adopted by FRC Resolution No. 225 in 2021. To address these challenges, amendments and additions to the same procedure were made by FRC Resolution No. 248, dated June 5, 2024.
- • On November 10, 2023, the Parliament approved amendments to the Law on Corporate Income Tax and the Law on Personal Income Tax. According to Article 18.14 of the amended Law on Corporate Income Tax: "The procedure for determining, withholding, paying, and reporting taxable income on revenues from the sale of debt instruments (bonds), stocks, and other securities issued by the government, provinces, the capital city, or taxpayers located in Mongolia, traded on the primary and secondary domestic securities

REGULATORY ENVIRONMENT

markets, shall be jointly approved by the Minister responsible for financial and budgetary matters and the Chairman of the Financial Regulatory Commission." In line with this provision, the relevant procedure was developed jointly with the Ministry of Finance and approved by the Minister of Finance and the Chairman of the Financial Regulatory Commission under Joint Order No. A/105/239 on June 7, 2024.

COOPERATION

- The Financial Regulatory Commission has signed the following memorandums of cooperation to enhance policy regulation and supervision in the financial market, strengthen capacity building, and expand international cooperation:

- On February 28, 2024, the Financial Regulatory Commission and the National Bank of the Kyrgyz Republic signed a memorandum of understanding to supportenterprises, especiallyfintech companies, operating in the financial markets of both countries through policy measures. The collaboration also includes exchanging data on cross–border financial activities, assisting with on–site financial oversight and inspections, and promoting human resource development.

- On March 7, 2024, the Financial Regulatory Commission and the Central Bank of Hungary signed a memorandum of understanding to collaborateon fostering policy support for the growth of the capital markets in both countries. The cooperation focuses on s promoting financial products and service innovation, attracting both domestic and international investors, exchanging information on cross–border financial operations, offering mutual assistance in supervisory proesses, and developinghuman resources and institutional capacity. .

- The Financial Regulatory Commission and the Mongolian National Chamber of Commerce and Industry are jointly implementing a program designed to increase the participation of TOP–100 enterprises in the capital market, thereby to enhancing their access to funding. As part of this initiative, efforts are being made to simplify the process of issuing securities, such as IPOs and corporate bonds, by reducing regulatory requirements, conditions, and timelines. This includes eliminating the need for asset valuation before IPOs and removingcollateral or guarantee requirements for both public and private bond issuances. Relevant rules and procedures reflecting these regulatory changes will be amended and made publicly available. Feedback will be solicited via the Commission's website starting April 24, 2024, in accordance with Article 62.1 of the Administrative General Law, before final approval.

INSURANCE MARKET

Total assets

662.8 billion MNT

Capital growth 20.2%

Financial market status

Insurance density

*142,736 MNT

Accessibility

Total fees for brokered insurance and reinsurance

131.1 billion MNT

Products and services

Profitability

Net profit

25.5
billion MNT

Tax collected
by the state,
Social security

20.5
billion MNT

Stability

Reinsurance
premium cost

32.9%

Regulatory

FINANCIAL MARKET STATUS

INSURANCE SECTOR STRUCTURE

As of 2024, the Financial Regulatory Commission has granted special licenses, permits, and rights, to the following entities operating in the insurance sector:

–347 licensed entities, including insurance companies, brokers, loss assessors, audit firms, actuaries, and auditors; 2,504 insurance agents.

- Non–life insurance 17
- Life insurance 2
- Reinsurance 1
- Insurance intermediaries 60
- Insurance loss adjusters 29
- Insurance agents 2,504

- Auditing firms 47
- Auditors 151
- Actuaries 40

NUMBER OF INSURANCE

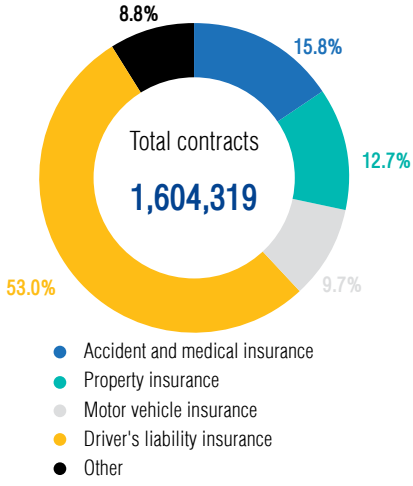
A total of 1,604,319 insurance contracts were issued, distributed as follows:

– 79.8% (1,279,592 contracts) with individuals.

–20.2% (324,727 contracts)with legal entities.

Individuals **1,279,592**

Legal Entities **324,727**



Gender ratio of contracts concluded with individuals /percentage/

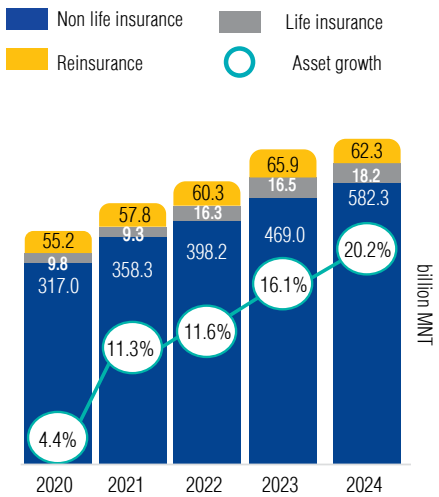
72% A total of 1,279,592 insurance contracts were issued to individuals. Of these:

– 72.0% were male policyholders.

–28.0% were female policyholders.

TOTAL ASSETS OF INSURANCE COMPANIES

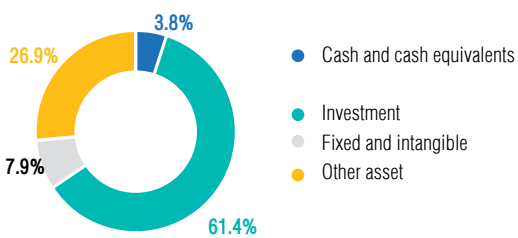
- In 2024, total assets of the insurance sector grew by 20.2% year–on–year, reaching 662.8 billion MNT, reflecting a 73.5% increase compared to the same period in 2020.
- Non–life insurance companies recorded a 24.2% casset growth, reaching 582.3 billion MNT, accounting for 87.9% of the sector's total assets.
- the total capital of life insurance companies increased by 10.4%, reaching 18.2 billion MNT, representing 2.7% of the sector's total assets.
- Reinsurance companies' total assets declined by 5.4% compared to last year, standing at 62.3 billion MNT, making up 9.4% of the sector's total assets.



ASSET STRUCTURE AND MARKET SHARE (BY TOTAL ASSETS)

The distribution of insurance companies' total assets is as follows:

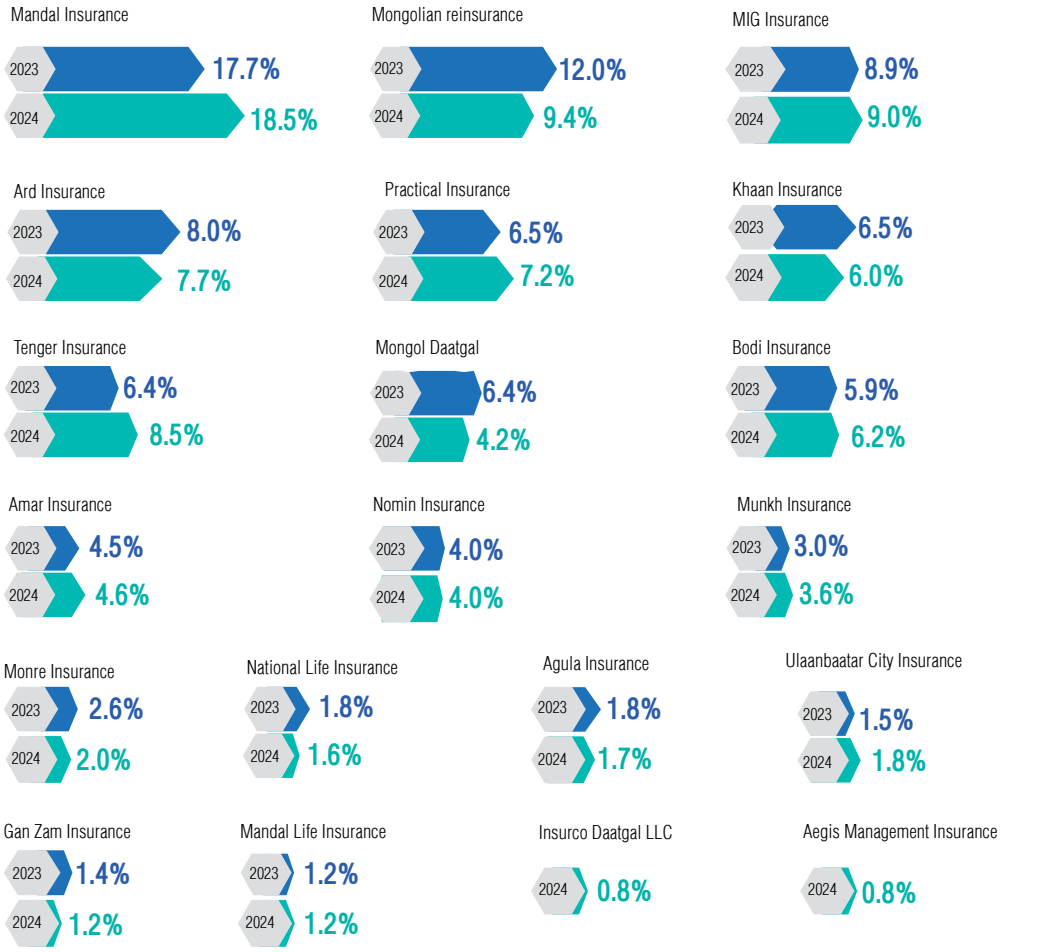
–Cash and Equivalent Assets: 25.3 billion MNT (3.8%); Investments: 406.6 billion MNT (61.4%); Fixed and Intangible Assets (net): 52.5 billion MNT (7.9%); Other Assets: 178.4 billion MNT (26.9%).



Insurance companies are categorized based on their share of total assets:

2 companies hold a market share above 9%; 5 companies hold a share between 6 and 9%; 5 companies hold a share between 3 and 6%; 8 companies hold a share below 3%.

Percentage share of total assets of insurance and reinsurance companies



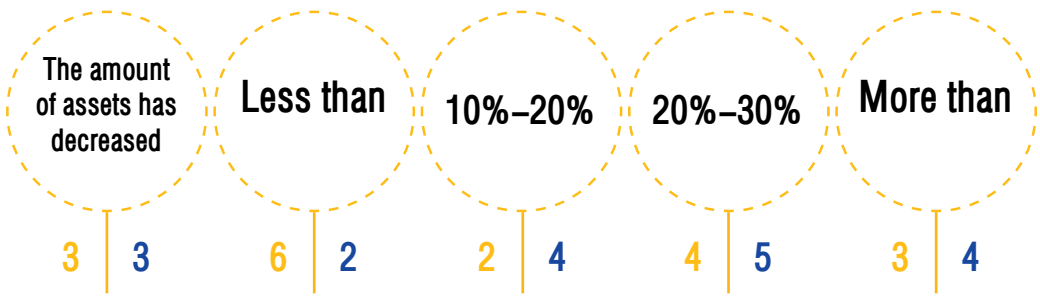
ASSETS GROWTH DISTRIBUTION OF INSURANCE COMPANIES

When categorized by capital growth:

4 companies recorded an increase of over 30%, 5 companies experienced growth of 20–30%, 4 companies had growth between 10–20%, 2 companies reported growth of less than 10%.

Additionally, 3 insurance companies experienced a decline in capital size.

2022–2023 / 2023–2024

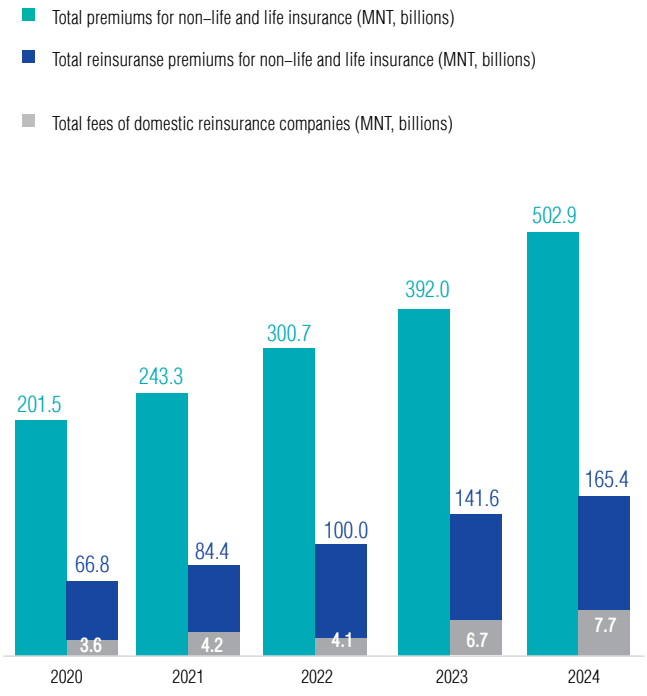


TOTAL PREMIUMS

- In 2024, total premiums collected by non–life and life insurance companies reached 502.9 billion MNT, representing: A 28.3% increase from the previous year, A 150.0% increase compared to 2020.

Breakdown by Insurance Type:

- non–life insurance companies collected 498.3 billion MNT, accounting for 99.1% of total premiums.
- Life insurance companies collected 4.5 billion MNT, making up 0.9% of the total.
- Total premiums grew by 30.4% compared to last year and by 99.4% compared to 2019.
- A total of 165.4 billion MNT was collected on reinsurance premiums,
- Of this, 7.7 billion MNT, (4.7%), was paid to domestic reinsurers.

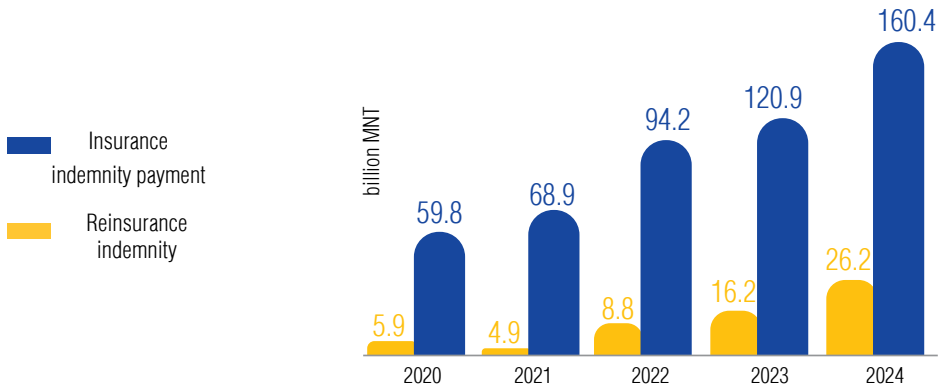


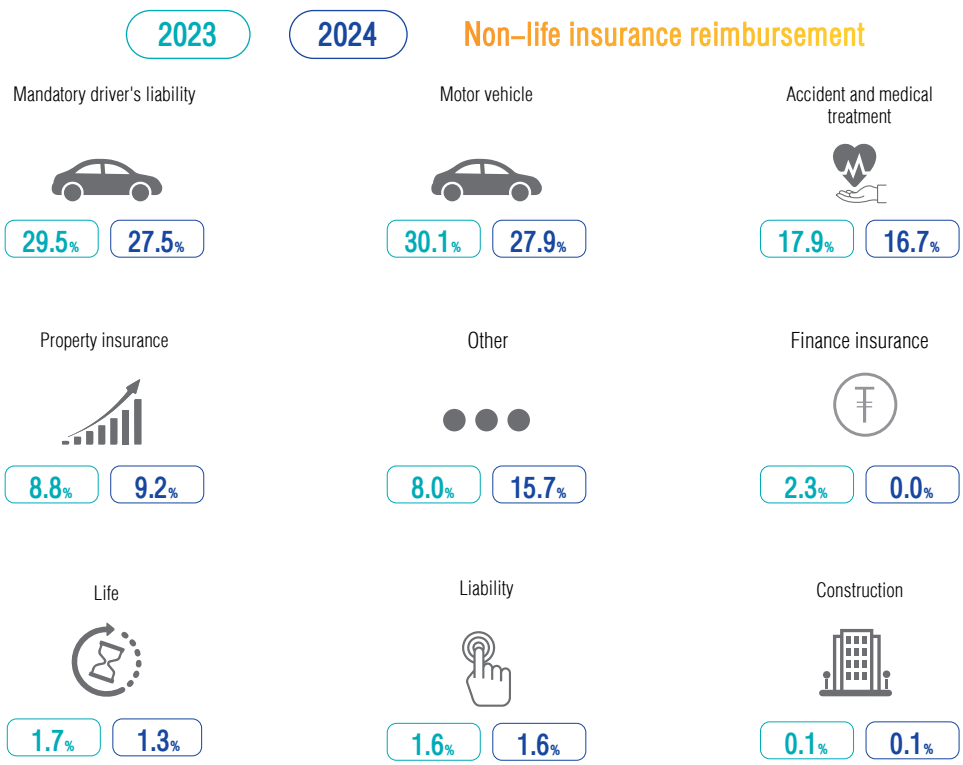
Total non–life insurance premium

	2023	2024
Property insurance	22.3%	25.6%
Motor vehicle	24.0%	26.8%
Mandatory driver's liability	12.0%	11.0%
Accident and medical treatment	14.4%	15.0%
Other	9.5%	8.3%
Liability	7.6%	8.4%
Aircraft liability	3.2%	1.9%
Construction	6.2%	2.0%
Life	0.8%	0.8%

REINSURANCE/INSURANCE REIMBURSEMENT

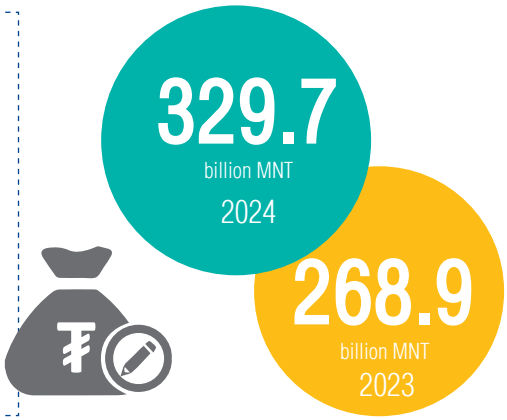
- Total compensation expenditures by insurance companies reached 160.4 billion MNT, reflecting: A 32.7% increase from compared to last year., A 1.7–fold increase compared to 2020.
- Non–life insurance companies paid out 158.3 billion MNT, accounting for 98.7% of total compensation expenditures.
- reinsurer–handled compensation expenditures increased by 61.6%, reaching 26.2 billion MNT compared to last year.

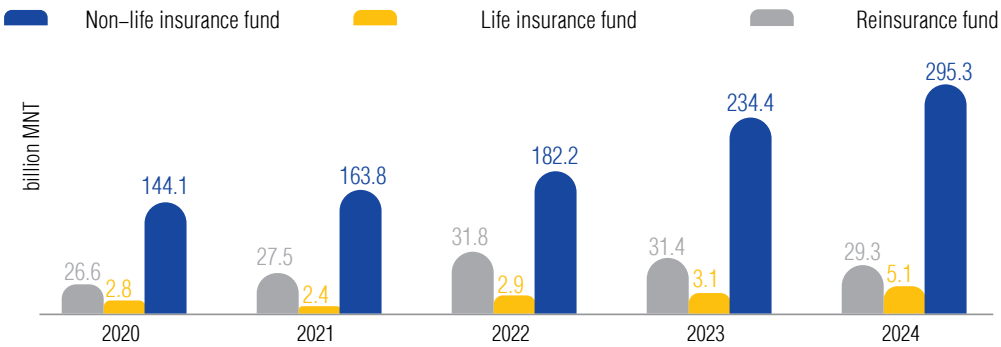




RESERVES FUND

- In 2024, the total reserve fund of the insurance sector increased by 22.6% year–on–year, reaching 329.7 billion MNT.
- non–life insurance companies reserves grew by 26.0%, reaching 295.3 billion MNT.
- life insurance companies' reserves increased by 63.3% reaching 5.1 billion MNT.
- reinsurance companies' reserves declined by 6.9%, standing at 29.2 billion MNT.

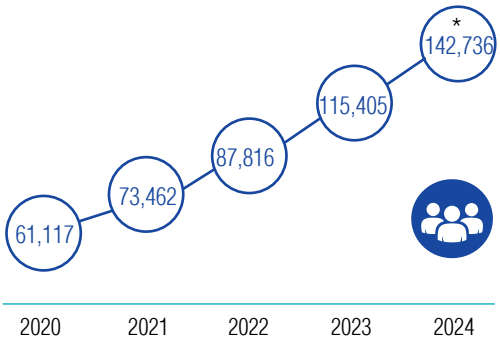




ACCESSIBILITY

INSURANCE DENSITY

The insurance density indicator, which measures premium income per capita, provides insight into market availability and demand. Since the population data is calculated annually, insurance will be estimated at the end of 2024 rather than reported quarterly.



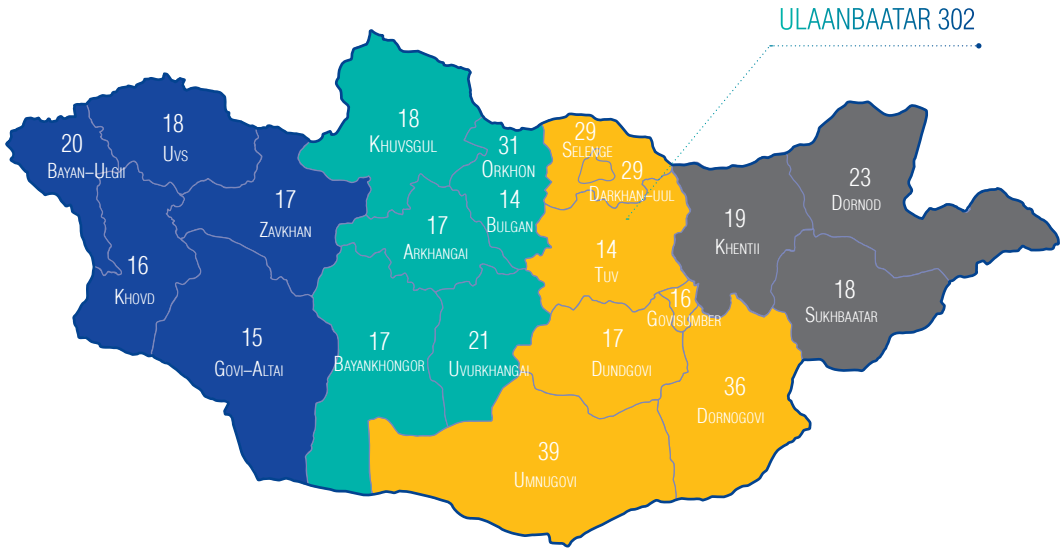
- insurance density increased to 142,736 MNT, reflecting:
- A 23.7% increase from last year.
- A 133.5% increase compared to 2020.
- per capita premiums by sector:
- Non–life insurance: 141,451 MNT(+23.6% year–on–year).
- life insurance: 1,285 MNT (+38.7% year–on–year).

Note: The preliminary estimate of Mongolia's total population for 2024 was reviewed based on the updated Population Projections for 2015–2045 report published by the National Statistics Office of Mongolia. Tthe population density used for this calculation follows the projections under scenario "A".

BRANCH REPRESENTATIVE — Rural area

A total of 1,840 representatives and 444 branches are actively operating across insurance companies, intermediaries, and loss assessment companies, reflecting the availability and outreach of insurance services.

LOCATION OF INSURANCE



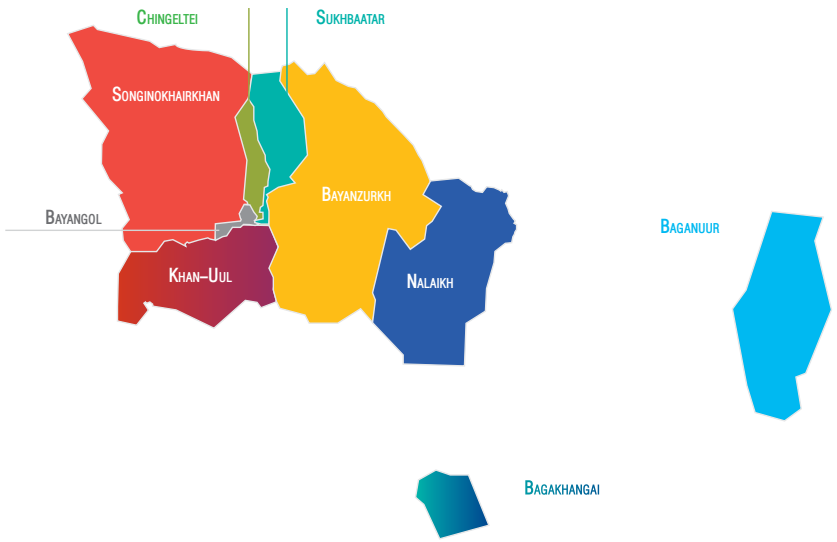
Western Region	Mountain Region	Central Region	Eastern Region
INSURER 46	INSURER 57	INSURER 76	INSURER 28
INTERMEDIARY 35	INTERMEDIARY 47	INTERMEDIARY 82	INTERMEDIARY 25
LOSS ADJUSTERS 5	LOSS ADJUSTERS 14	LOSS ADJUSTERS 22	LOSS ADJUSTERS 7

REPRESENTATIVES

508	600	500	232

BRANCH REPRESENTATIVE — ULAANBAATAR

- A total of 302 representative offices were registered in Ulaanbaatar, including:
- 44 branches of insurance companies,
- 215 branches of insurance brokers,
- 43 branches of loss assessors.
- 92.7% Of these, offices are located in the six central districts of the capital.
- The total number of representative offices in Ulaanbaatar reached 664.
- Additionally, 15 representative offices of insurance companies were registered with the Financial Regulatory Commission, including one office each in China andSouth Korea.



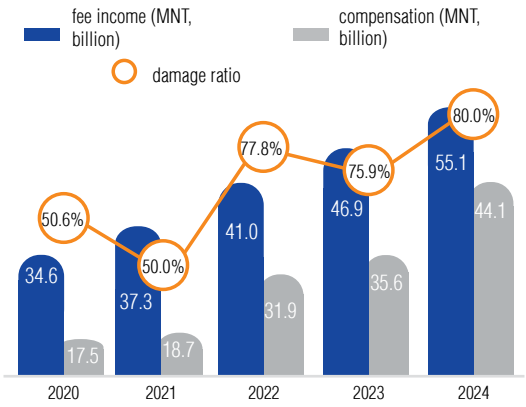
	SONGINOKHAIRKHAN	CHINGELTEI	SUKHBAATAR	BAYANZURKH
INSURANCE	4	5	11	5
BROKER	17	37	47	39
LOSS ADJUSTER	10	4	7	9

	KHAN–UUL	BAYANGOL	NALAIKH	BAGANUUR
INSURANCE	3	5	3	7
BROKER	36	29	6	4
LOSS ADJUSTER	5	7	0	1

	BAGAKHANGAI
INSURANCE	1
BROKER	0
LOSS ADJUSTER	0

COMPULSORY INSURANCE

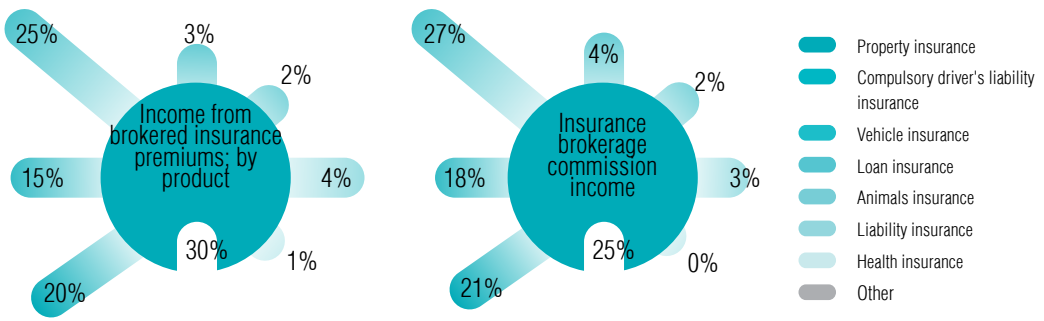
- Total premiums reached 55.1 billion MNT, marking a 17.5% increase compared to last year. This accounts for 11.0% of the total insurance premium income.
- Reimbursements rose by 23.9% year–on–year, with 44.1 billion MNT disbursed as compensation. This represents27.5% of the total compensation costs within the sector.



INSURANCE BROKERS

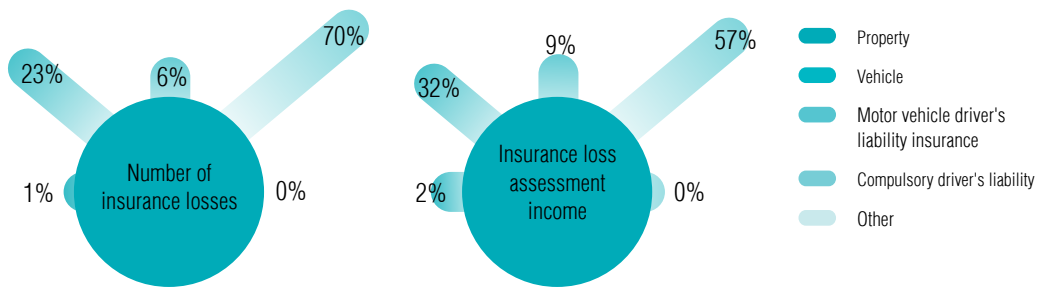
Insurance brokers collected a total of 131.1 billion MNT in premiums.

Premium income from of insurance intermediaries increased by 39.3%, reaching 27.0 billion MNT in the reporting quarter, compared to 19.4 billion MNT in the last year.

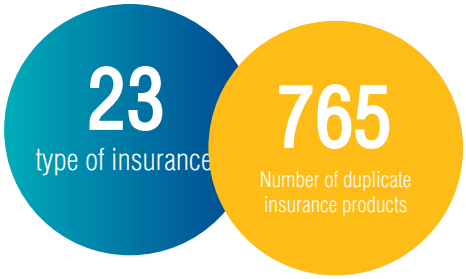


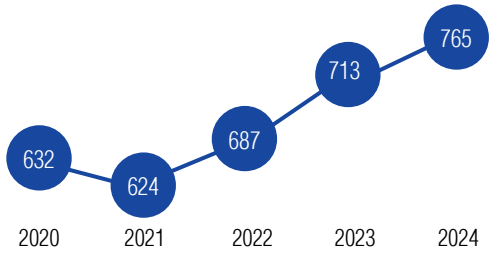
INSURANCE DAMAGE ASSESSOR

- A total of 42,989 cases were assessed, with a combined value of 84.9 billion MNT.
- Revenue from insurance loss assessments grew by 20.0% year–on–year, reaching 5.1 billion MNT.



PRODUCTS AND SERVICES





- A total of 23 types of non–life and life insurance products are available, with Compulsory Driver's Liability Insurance being the only mandatory products; all others are voluntary.
- The number of reinsurance products reached 765, reflecting an increase of 52 compared to last year and 78 more than in 2020

INSURANCE GUARANTEE

Five insurance companies issued guarantees totaling 22.5 billion MNT.

Tender guarantee
9.8 billion MNT

Performance guarantee
9.5 billion MNT

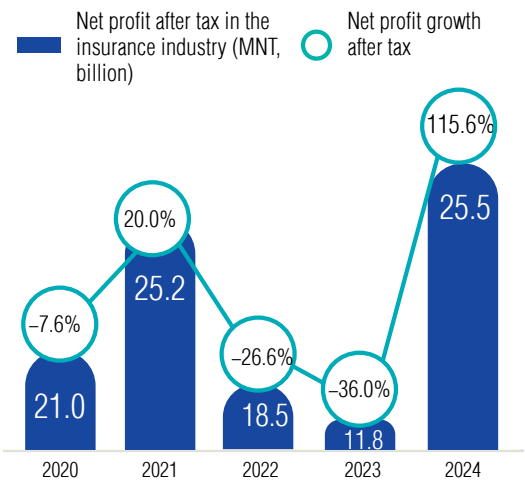
Advance payment guarantee
3.2 billion MNT

These products play a crucial role in enhancing citizens' access to mortgage loans and providing insurance guarantees to enterprises and SMEs participating in tenders.

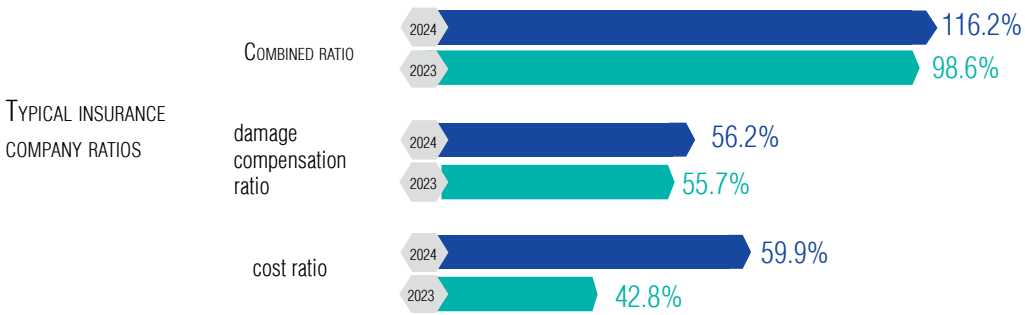
PROFITABILITY

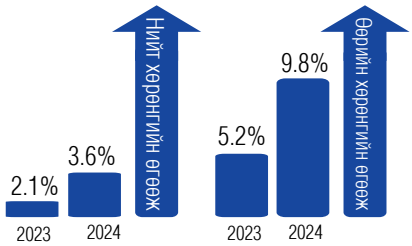
NET PROFIT INDICATOR OF INSURANCE COMPANIES

- The net profit of insurance companies grew by 115.6% year–on year, reaching 25.5 billion MNT–with a 21.3% increase compared to 2020;
- Post–tax Performance;
- 7 companies reported a decline in profit;
- 5 companies saw an increase of up to 50%;
- 1 company experienced growth between 50 and 100%;
- 5 companies achieved more than 100% profit growth;
- In the reporting year, Insurco and Agis Management Insurance Companies began operations.



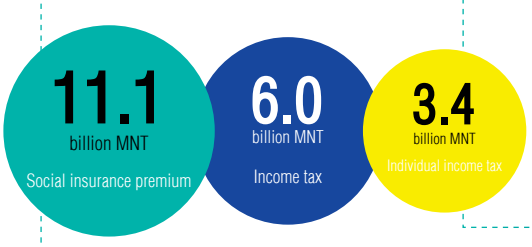
KEY RATIOS





PROFITABILITY COEFFICIENT

- Return on assets (ROA) increased by 1.5 percentage points, reaching 3.6% year–on–year. Return on equity (ROE) rose by 4.6 percentage points, reaching 9.8%.



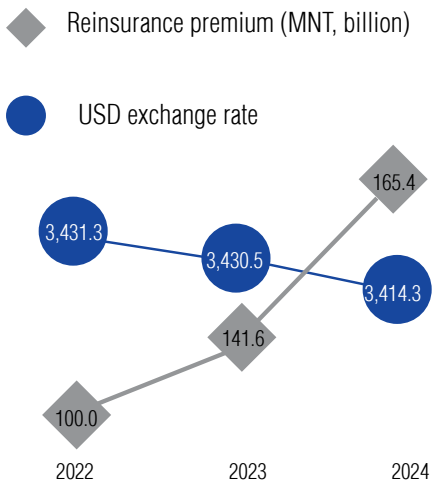
- Total contributions to the state budget:
- Social insurance premiums:11.1 billion MNT,
- personal income tax:3.4 billion MNT,
- corporate income tax:6.0 billion MNT,
- Total tax contribution:20.5 billion MNT.

STABILITY

MARKET RISK

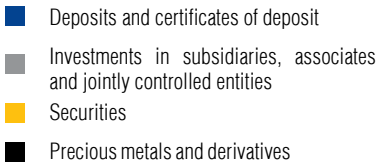
- In the reporting year, non–life and life insurance companies transferred 7.7 billion MNT of the total 165.4 billion MNT in reinsurers, while the remaining 157.7 billion MNT was ceded to foreign reinsurance companies.
- During the reporting quarter, reinsurance premiums sent abroad accounted for 32.9% of total insurance premiums collected.
- Currency exchange rate risk remains a major challenge for insurance companies in Mongolia, particularly those engaged in international transactions such as reinsurance.

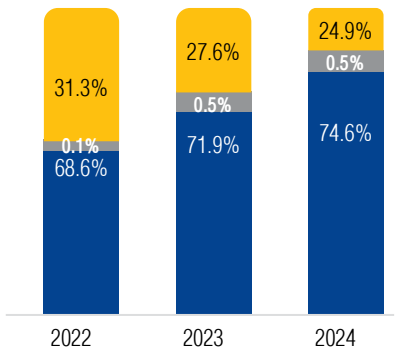
32.9% Share of reinsurance premiums in total



INVESTMENT CLASSIFICATION OF INSURANCE COMPANIES /BY PERCENTAGE/

- In the reporting quarter:
- investments in the capital market and derivatives totaled 101.3 billion MNT, representing 24.9% of total investments.
- Investments in the banking sector, accounted for 74.6% totaling 303.4 billion MNT.

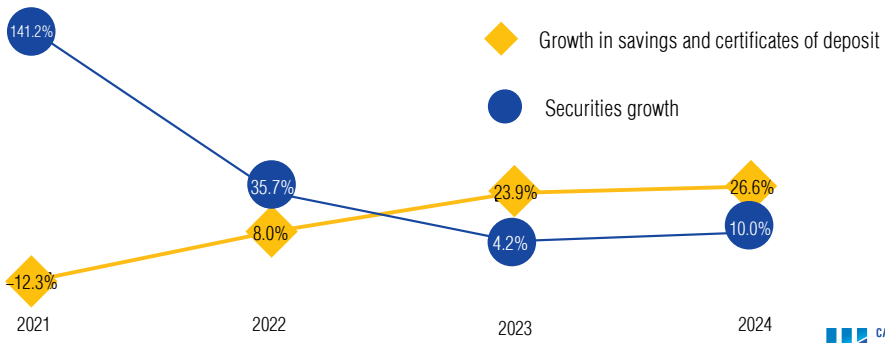




GROWTH RATE OF INVESTMENT IN INSURANCE COMPANIES

investment growth in the capital market peaked at 141.2% in 2021;

investments in deposits and deposit certificates (banking secto)r, increased by 2.7 percentage points compared to last year, reaching 26.6%.



REGULATORY ENVIRONMETN

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 collaborating with the Ministry of Finance to finalize these draft laws. The next steps include presenting the drafts at a Government meeting and submitting them to the State Great Khural for approval.

- to enhance the regulations in the insurance sector and align them with international trends, the Financial Regulatory Commission (FRC) approved the "Insurance Package Rules" by Resolution No. 632 dated December 27, 2024. The following key changes are reflected in Annex 1 of the Insurance Package Rules, titled "Requirements and Compliance Indicators for Insurers and Insurance Professional Participants".

    1. A regulation requiring transparency, in the percentage of insurance premium income, mandating the board of directors to set and monitor this percentage, , and obligating the insurance company publicly disclose it on its website;

    2. Regulation on the use of digital and advanced technology in insurance activities;

    3. Regulation on the activities of bancassurance intermediaries to enhance the requirements for insurance professionals;

    4. Measures to address issues related to mortgage borrower insurance, strengthen this type of insurance, and support insurance products and services that meet policyholders' needs.

- Amended the "Regulation for drivers' insurance coverage for motor vehicle owners transiting or temporarily entering Mongolia".

- Revised the following annexes to the Insurance Package Rules, with the draft posted on the Financial Regulatory Commission's website for public comment in accordance with the General Administrative Law: Appendix 3 "Regulation for the Formation, Distribution and Control of Insurance Reserve Funds, Mandatory Insurance Funds and Other Funds", Appendix 8 "Regulation for granting licenses 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 professionals".

INTERNATIONAL COOPERATION

- 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 2nd and 3rd rounds of negotiation. This agreement aims to enhance market access for investors and business owners from both countries.
- ISBC Project Collaboration: Under the "Insuring Small and Medium Enterprises (SME) through Blockchain Technology (ISBC)" project, implemented by the German GIZ, representatives were involved in a team focused on ensuring the high –quality translation of five training manuals developed by the English Insurance Institute.

MEETINGS AND SEMINARS

- To mark the 90th anniversary of Mongolia's insurance sector, the FRC, in collaboration with insurance professional organizations,organized the "Insurance – Socioeconomic Immunity" forum on November 21, 2024. The forum facilitated open discussions on enhancing the positive socioeconomic impact of the insurance sector and addressing key challenges.
- Discussion on Regulatory Amendments (October 8, 2024):
- A discussion with sector participants was held on October 8, 2024, to review proposed amendments to key regulations, including: Revision of the "Insurance package rules"
- Amendment the "Regulation for drivers' insurance coverage for motor vehicle owners transiting or temporarily entering Mongolia".
- Insurance Policy Council Meeting (November 12, 2024):
- The Insurance Policy Council convened on November 12, 2024, to discuss measures for supporting the proper functioning of the insurance sector. The Council recommended initiatives , to promote the Fair treatment of customers principle among sector participants. Additionally within the framework of the sustainable development goals (SDGs), a draft proposal was submitted to insurance organizations for review.

NBFIs

Total assets

7.1 trillion MNT

Capital growth **52.5%**

Financial market status

Customers

5.4 million

Average loan amount

2.5 million MNT

Accessibility

Credit NBFIs

88.8%

Foreign currency exchange NBFIs

10.6%

Products and services

Profitability

Total income

1,828.2

billion MNT

Tax collected by the state, social security contributions

175.7

billion MNT

Stability

Z index

17.4

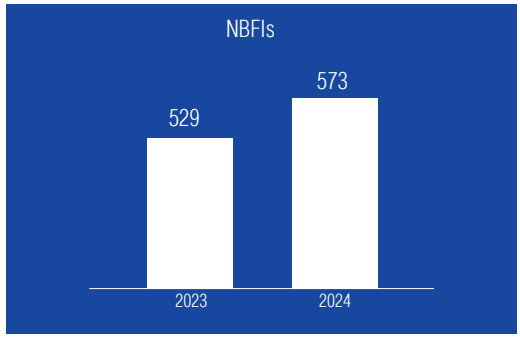
Percentage of non–performing loans

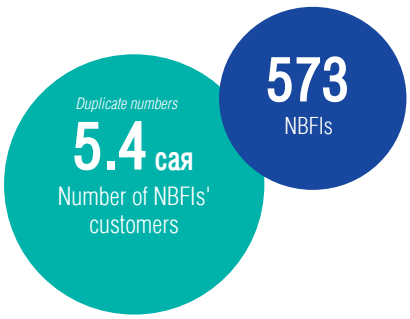
6.1%

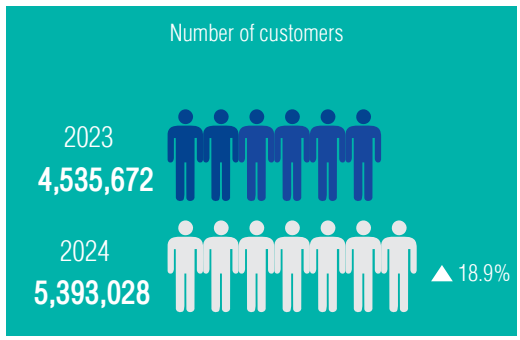
Regulatory environment

FINANCIAL MARKET OUTLOOK

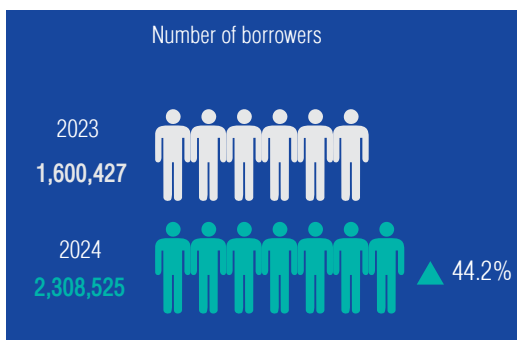
In 2024, the Financial Regulatory Commission licensed 573 NBFIs, marking an 8.3% increase compared to the last year.





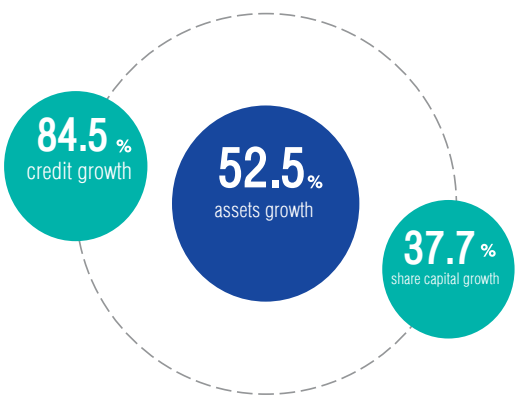


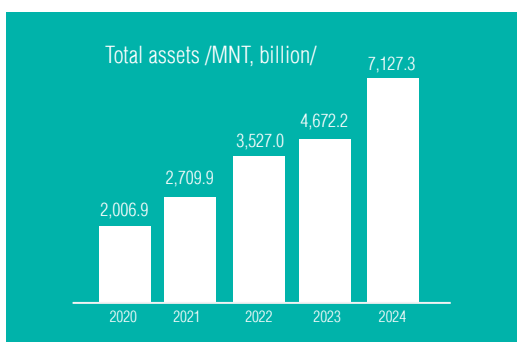
Of these, (4.9%) have international investments, while 95.1% are domestically funded.



ASSETS OF NBFIs

The total assets of NBFIs reached 7.1 trillion MNT, reflecting an increase 2,455.1 billion MNT (52.5%) compared to last year and a 3.6–fold increase since 2020.





Assets structure of NBFIs (billions MNT)

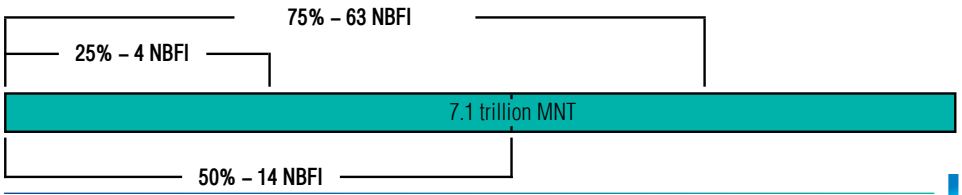
FINANCIAL ASSETS VALUE	6,808.6	95.5%
Cash	825.7	11.6%
Investment	68.3	1.0%
Credit (net)	5,703.6	80.0%
Factoring settlement receivables (net)	54.3	0.7%
Derivative financial assets	0.6	0.0%
Other	156.1	2.2%
AMOUNT OF NON–FINANCIAL ASSETS	318.7	4.5%
TOTAL ASSETS	7,127.3	100.0%

- The total assets of the NBFI sector reached 7.1 trillion MNT, reflecting an increase of 2.5 trillion MNT (52.5%) compared to the previous year. This growth was driven by an 84.5% increase in loans.

Liability structure of NBFIs (billions MNT)

Total liabilities	**3,456.0**	**48.5%**
Liabilities	3,262.0	45.8%
Source of Trust Services	1,189.0	16.7%
Resources drawn from banks and financial institutions	1,240.5	17.4%
Other	597.6	8.4%
Derivative financial liabilities	0.5	0.0%
Other financial liabilities	233.1	3.3%
Secondary debt	1.3	0.0%
Preference shares (liabilities)	–	0.0%
AMOUNT OF NON–FINANCIAL LIABILITIES	194.0	2.7%
OWN EQUITY	**3,671.3**	**51.5%**
Share capital	1,790.4	25.1%
Additional paid–in capital	87.5	1.2%
Pocket stock	2.6	0.0%
Addition to revaluation of fixed assets and intangible assets	5.3	0.1%
Retained earnings and losses	1,706.3	23.9%
Other property	84.4	1.2%
TOTAL LIABILITIES AND EQUITY	7,127.3	100.0%

- The sector's liabilities and equity rose by 2.5 trillion MNT (52.5%) compared to the previous year. Of this, 62.3% was attributed to an increase in liabilities, while 37.7% was due to an increase in equity.
- Funding sources saw significant growth:
- trust service source increased by 82.4%, sources from banks and financial institutions grew 2.1–fold, debt certificates issued by NBFIs rose by 71.4%.



	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%	1,736.3	24.4%	1,441.3	25.1%	1.1%	307,721	5.7%
Top 50 %	16	2.4%	3,527.9	49.5%	2,950.0	51.3%	2.1%	1,399,880	26.0%
Top 75 %	63	11.0%	5,347.5	75.0%	4,462.3	77.6%	3.9%	4,969,138	92.1%
TOTAL OF SECTOR	**573**	**100.0%**	**7,127.3**	**100.0%**	**5,750.4**	**100.0%**	**6.1%**	**5,393,028**	**100.0%**

Loans issued by NBFIs, representing 25%, 50% and 75% of the sector's total assets, accounted for 25.1%, 51.3%, and 77.6% of total outstanding loans, respectively.

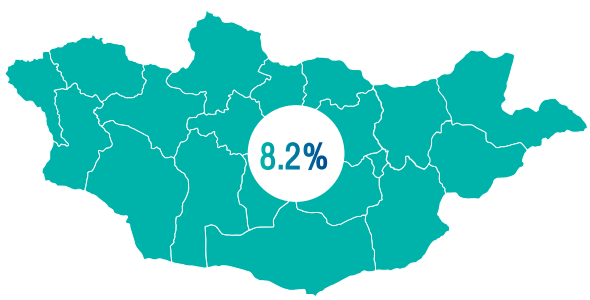
The loan quality of NBFIs with a high share of the sector's total assets was below the sector average.

	Number of NBFIs	Total assets		Total loans		Costumers	
		Amount (MNT, billions)	%	Amount (MNT, billions)	%	No.	%
With domestic investment	545	6,189.2	86.8%	5,028.4	87.4%	5,195,674	96.3%
With foreign investment	28	938.1	13.2%	722.0	12.6%	197,354	3.7%

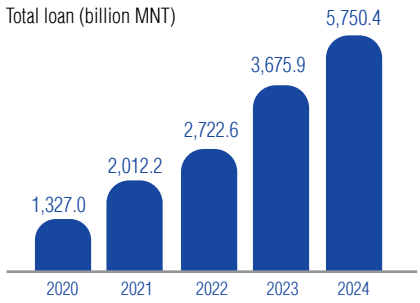
Foreign–invested NBFIs included:

12 (42.9%) from Japan, 7 (25.0%) from South Korea, 2 (7.1%) from the United States, 3 (10.7%) from China, Others from Seychelles, Malaysia, the UK and Canada.

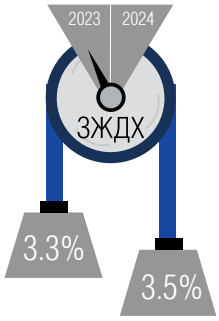
These foreign–invested NBFIs accounted for 13.2% of the sector's total assets and served 3.7% of all customers.



In 2024, the total assets of NBFIs represented 8.2% of Mongolia's GDP.



Loan interest: In 2024, the weighted average monthly interest rate on loans issued by NBFIs reached 3.5%, marking an increase of 0.2 percentage points compared to the previous year.



TOTAL LOAN

In 2024, the total value of loans in the non–bank financial sector reached 5,750.4 billion MNT, reflecting an increased of 2,074.5 billion MNT (56.4%) compared to the previous year and a 4.3–fold increase (4.4 trillion MNT) compared to 2020.

NORMAL

90.8%

+1.1%

OVERDUE

3.1%

-0.2%

NON–PERFORMING

6.1%

-0.9%

12.2 trillion MNT	Issued loan	Paid loan	10.1 trillion MNT

	Wholesale and retail	Construction	Financial and insurance activities	Cars and motorcycles repair services
12.2 trillion MNT	6.8%	2.4%	1.8%	1.8%
10.1 trillion MNT	6.1%	2.4%	1.9%	1.6%

	Hotel, accommodation, housing and catering services	Accommodation and catering	Mining	Other
12.2 trillion MNT	1.2%	1.0%	0.7%	84.3%
10.1 trillion MNT	1.5%	1.2%	0.7%	84.6%

CITIZEN		LEGAL ENTITIES
90.5%	LOAN BALANCE	9.5%
93.6%	LOANS ISSUED	6.4%
93.3%	PAID LOAN	6.7%

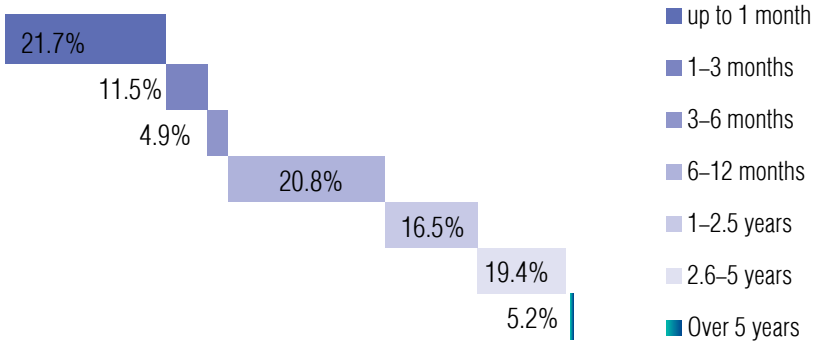
90.5% of outstanding loans were issued to individuals, 9.5% were issued to legal entities.

Loans issued

Paid loan

CONSUMER LOANS

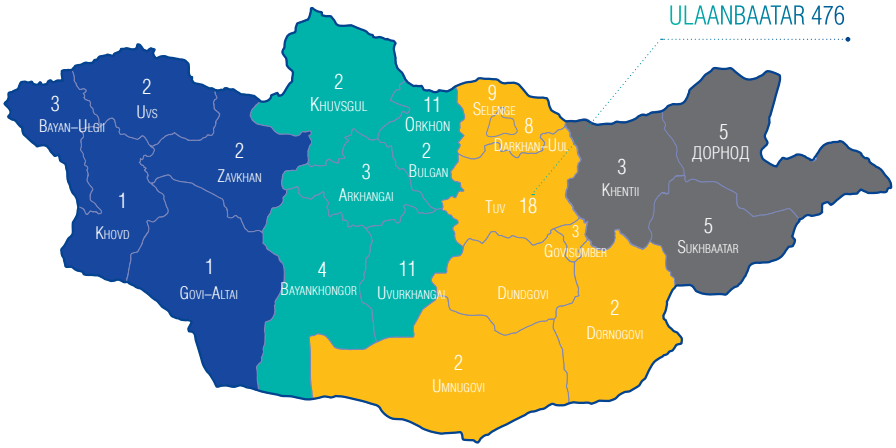
consumer loans accounted for 69.6% of granted loans and 69.1% of paid loans.

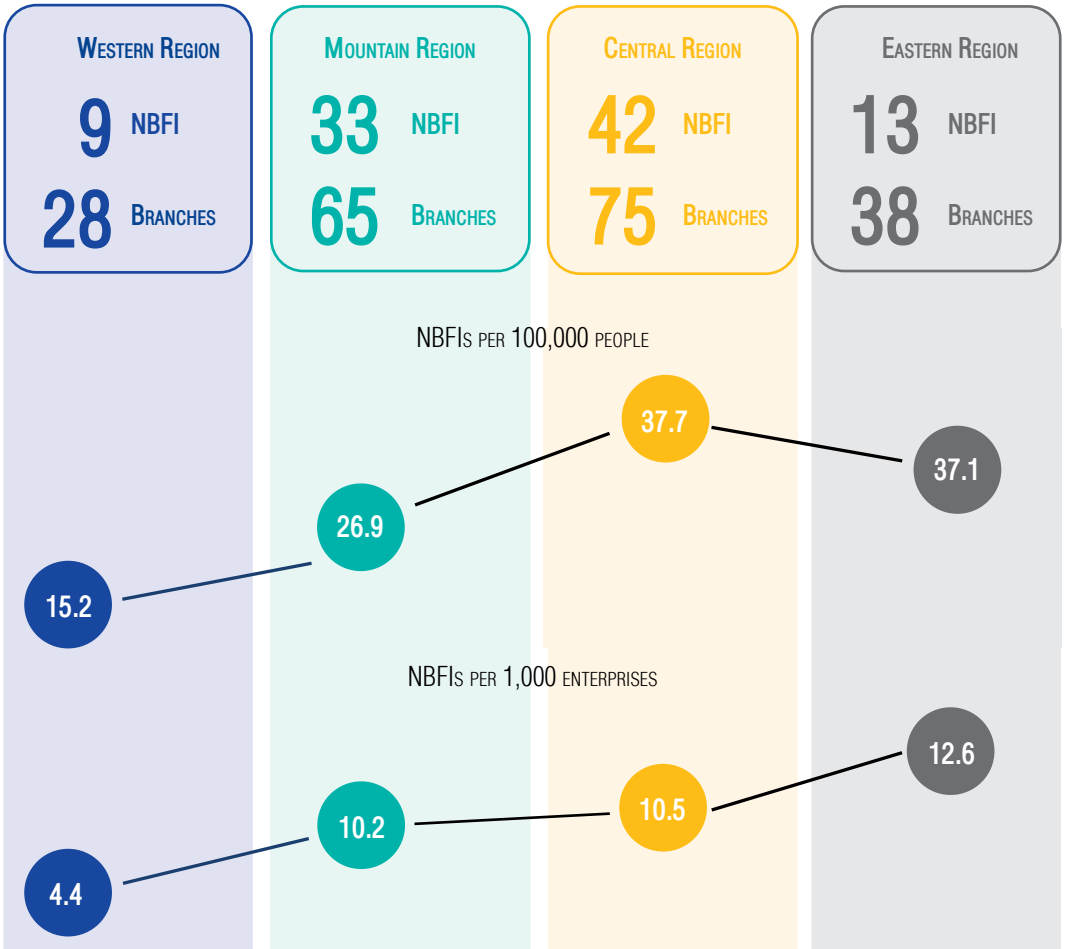


loan duration (NBFI sector): 21.7% up to 1 month,
20.8% :6–12 months,
19.4% :2.6–5 years,
16.5% :1–2.5 years.

ACCESSIBILITY

Nationwide, there are 573 licensed NBFIs, with a total of 521 branches. The majority (83.1%) of these NBFIs operate in Ulaanbaatar.

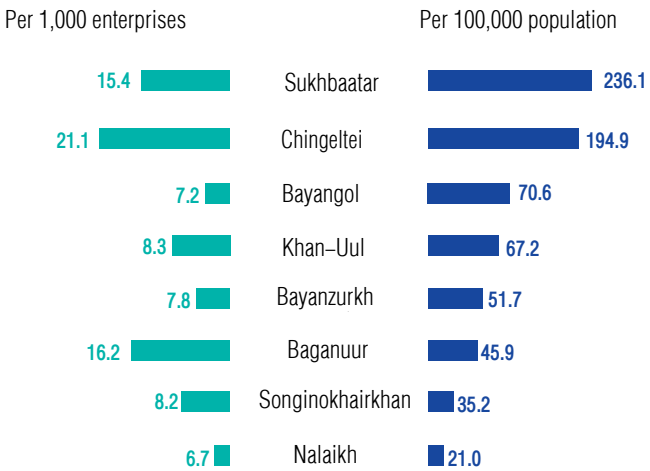




Note: The preliminary estimate of Mongolia's total population for 2024 was reviewed from the updated Population Projections for 2015–2045 report published by the National Statistics Office of Mongolia and the population density was based on the "A" scenario.

Sector accessibility is assessed using key financial inclusion indicators developed by the International Alliance for Financial Inclusion (AFI).

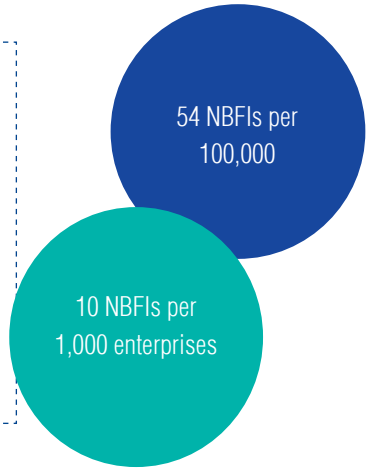
57.1% of the 21 provinces have 3 or more NBFIs.

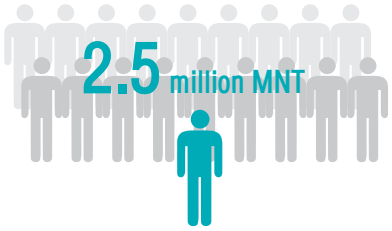


Distribution of NBFIs in Ulaanbaatar (457 NBFIs): 33.0% in Sukhbaatar district, 27.3% in Chingeltei, 13.9% in Bayangol, 11.7% in Bayanzurkh, 12.0% in Khan Uul, 1.9% in Songinokhairkhan, and 0.2% in Baganuur district.

BY ACCESSIBILITY AND GEOGRAPHICAL LOCATION OF

- Nationwide, there were, on average, 53.7 NBFIs per 100,000 people aged 18–64 and 10.1 NBFIs per 1,000 businesses.
- In the Central Region, there were 37.7 NBFIs per 100,000 people, while the Eastern Region recorded 12.6 NBFIs per 1,000 businesses, reflecting varying levels of access.
- In Ulaanbaatar, there were 80.7 NBFIs per 100,000 people, and 10.5 NBFIs per 1,000 businesses, demonstrating better access compared to rural areas.

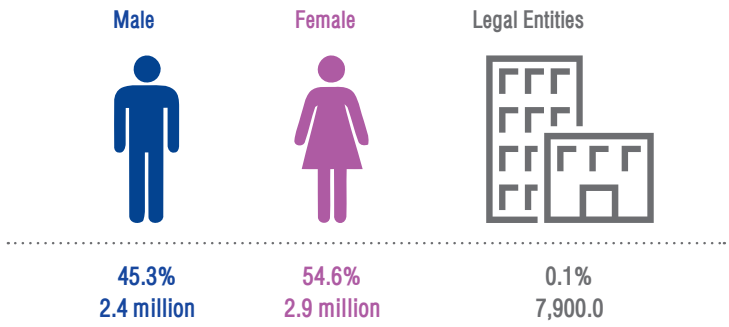




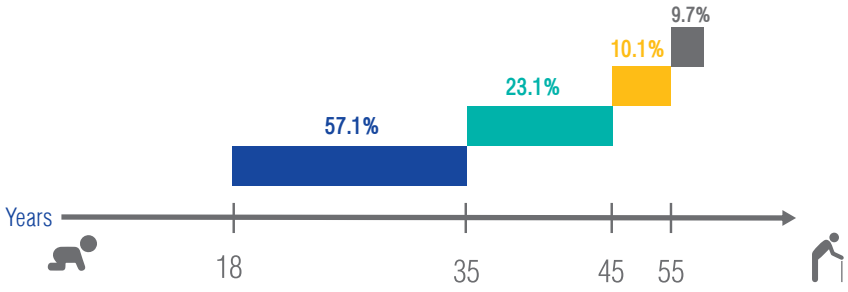
AVERAGE LOAN

- The average loan amount for an NBFI borrower was 2.5 million MNT, with regional differences: 1.5 million MNT in rural areas, and 2.5 million MNT in Ulaanbaatar.
- Nationwide, this indicator was 2.3 million MNT last year, reflecting a 6.9% increase in the reporting year.

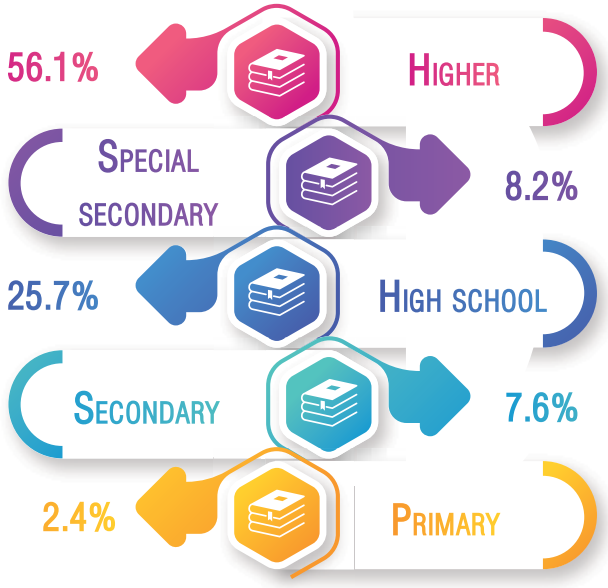
Customers of NBFIs



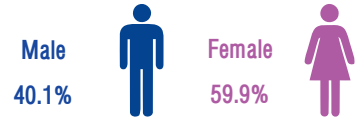
Borrowers of NBFIs (by age)



Borrowers of NBFIs (by level of education)

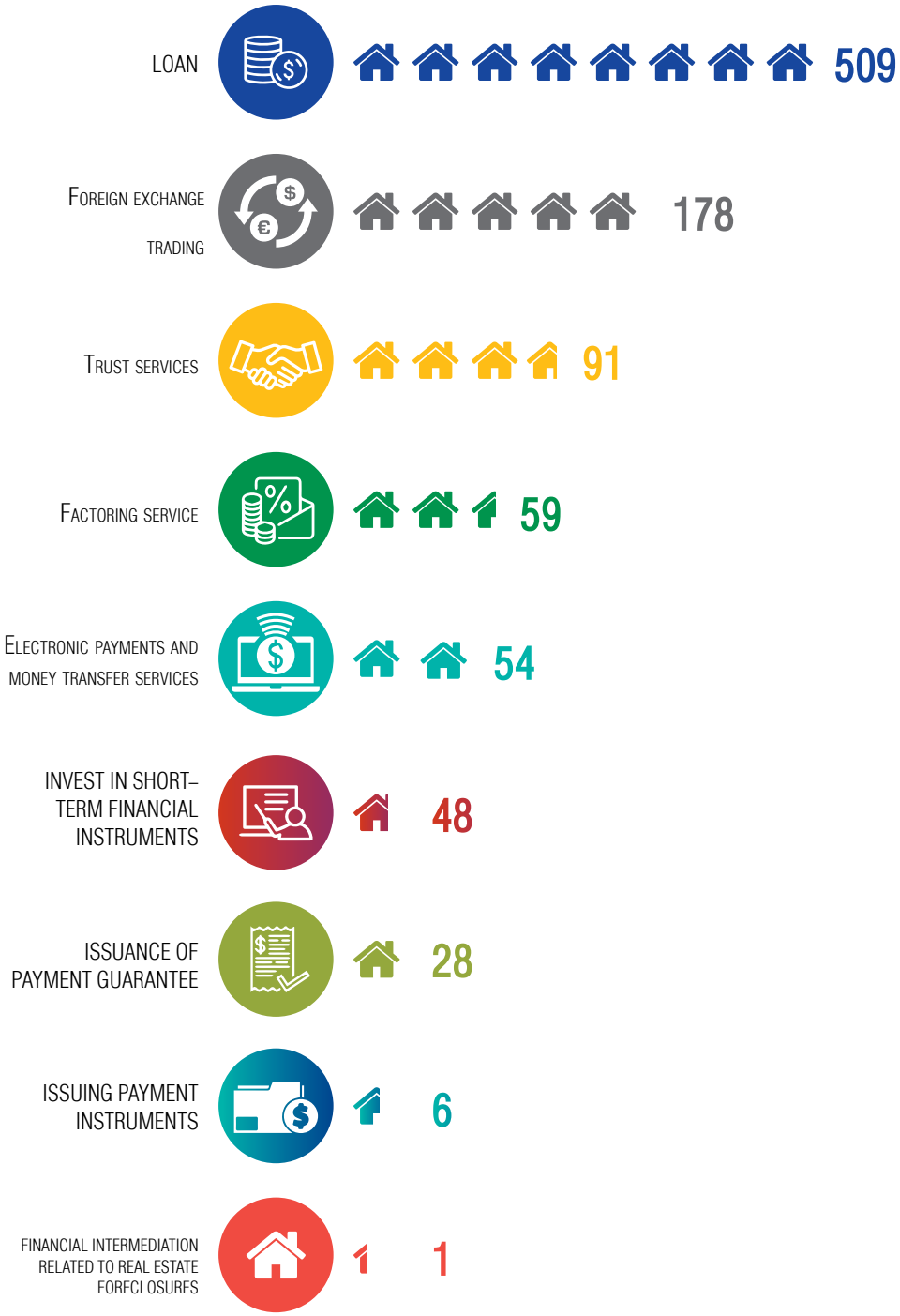


NBFI employees



PRODUCTS AND SERVICES

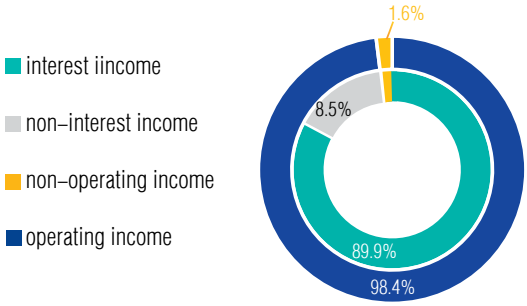
NUMBER OF NBFIS AND TYPES OF SERVICES (WITH DOUBLE COUNTING)

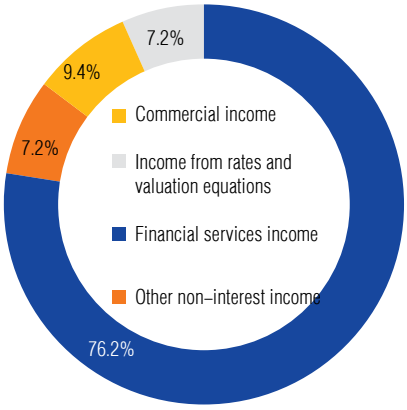


PRODUCT AND SERVICE REVENUE

The total income of NBFIs reached 1,828.2 billion MNT.

The majority of this revenue (98.4%) was generated from operating income, with 89.9% (1,644.1 billion MNT) from interest income, and 8.5% (154.5 billion MNT) from non–interest income.



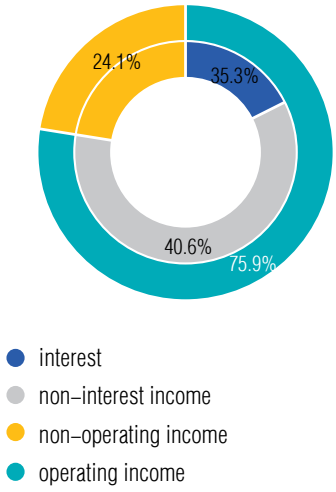


BREAKDOWN OF NON–INTEREST INCOME

- The non–interest income was broken down as follows: 76.2% from financial services premiums, 7.2% from foreign exchange rate and valuation adjustments, 9.4% from trading, and 7.2% from other non–interest income.

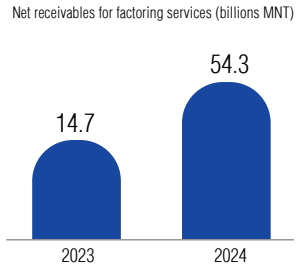
COSTS OF PRODUCTS AND SERVICES

- The total cost of NBFIs amounted to 1,130.3 billion MNT with 75.9% attributed to operating expenses, including 40.6% (459.0 billion MNT for non–interest expenses, and 35.3% (398.8 billion MNT) for interest expenses.

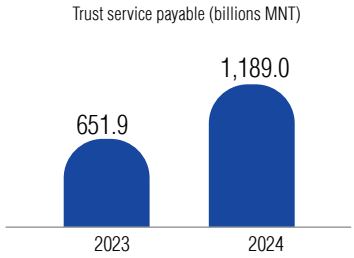


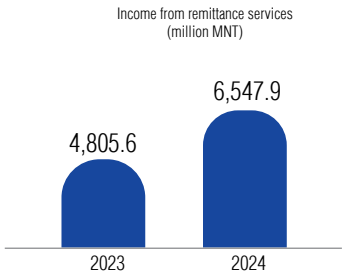
Expenditures related to product and service risks amounted to 114.5 billion MNT, broken down as follows: 94.5% for credit risk expenses, 0.6% for risk funds for assets placed in banks and financial institutions, 1.8% for other real estate risk expenses, 2.2% for receivables risk expenses, 0.1% for factoring service risk expenses, and 0.8% for other capital investment funds.

- There are 59 banks and NBFIs with special licenses to provide factoring services at the FRC. The sector registered a total of 54.3 billion MNT in net factoring receivables, marking a 3.7–fold increase compared to last year.



- A total of 91 NBFIs provided trust services in the sector, with total liabilities for these services amounting to 1,189.0 billion MNT, representing an 82.4% increase compared to last year.





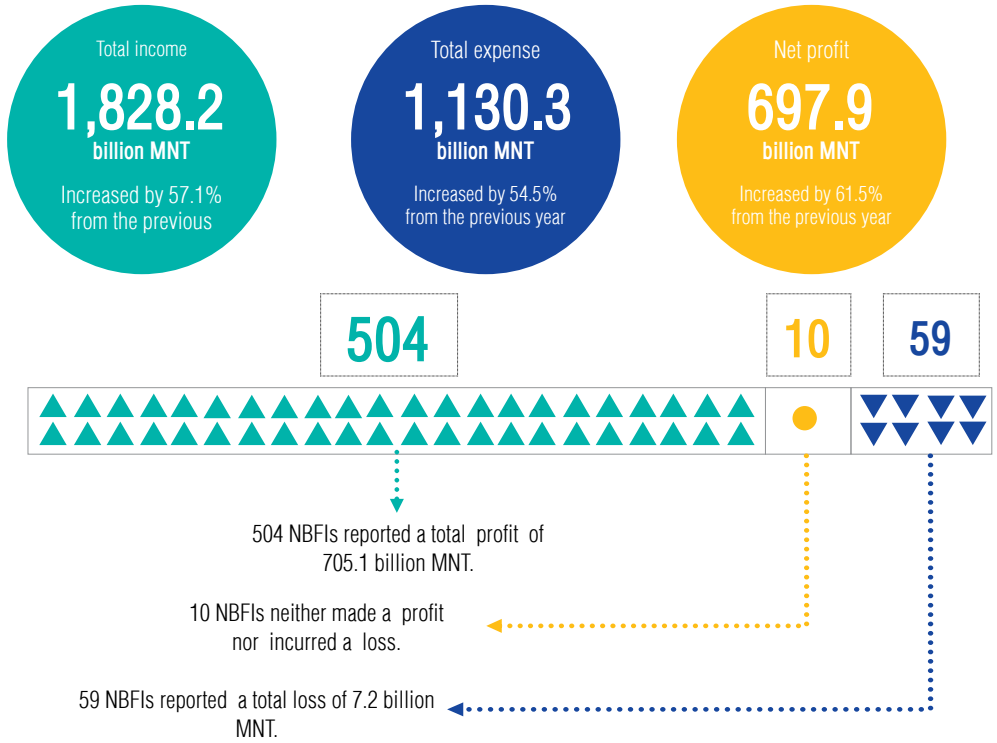
- NBFIs earned 6.5 billion MNT in revenue from remittance services, an increase of 1.7 billion MNT compared to last year. Additionally, 54 NBFIs are licensed to provide remittance services, with 12 generating revenue from these services.

CURRENCY TRADING NEWS

NBFIs purchased a total of 1,353.9 billion MNT worth of currency and sold 1,340.5 billion MNT worth. The US dollar accounted for 52.5 % of the currency purchased and 51.8% of the currency sold.

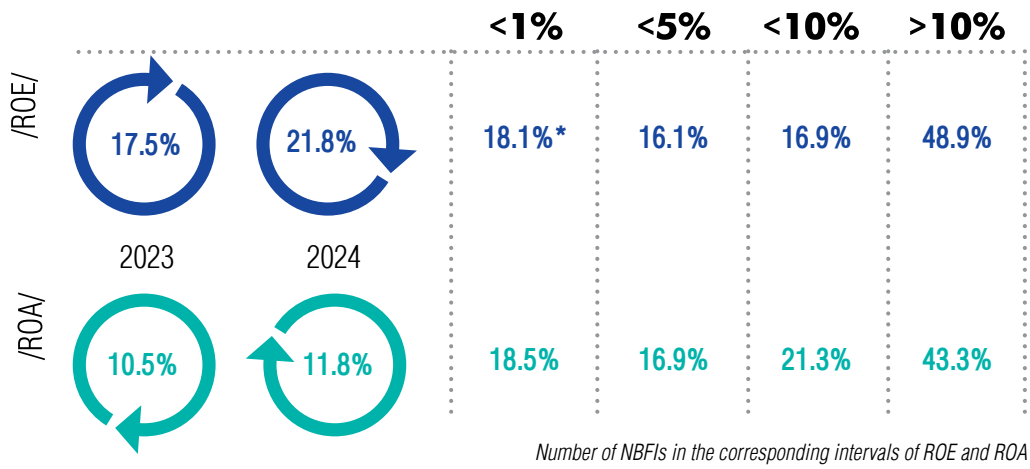
Currency name	Bought Result (MNT, billions)	Sold Result (MNT, billions)
Us dollars	710.5	693.9
Chinese yuan	431.7	436.3
russian ruble	111.8	107.5
EURO	50.8	54.9
Korean won	24.6	24.7
Japanese Yen	17.1	16.1
OTHER	7.4	7.1

PROFITABILITY

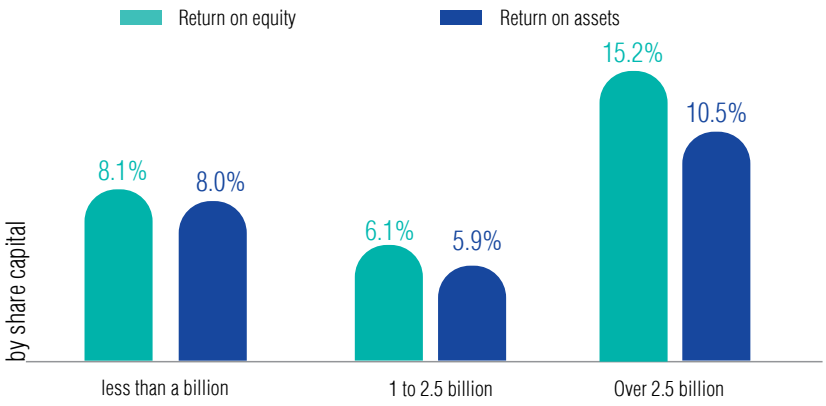


DISTRIBUTION OF ROA AND ROE

The Return on Assets (ROA) of NBFIs reached 21.8%, an increase of 4.3 percentage points compared to last year. The Return on Equity (ROE) reached 11.8%, an increase of 1.3 percentage points from last year. The distribution of ROE across NBFIs was as follows: 18.1% had a ROE of less than 1%, 16.1% had a ROE of 1% to 5%, 16.9% had a ROE of 5% to 10%, 48.9% had a ROE of more than 10%.
The distribution of ROA across NBFIs was as follows: 18.5% had a ROE of less than 1%, 16.9% had a ROE of 1% to 5%, 21.3% had a ROE of 5% to 10%, 43.3% had a ROE of more than 10%.



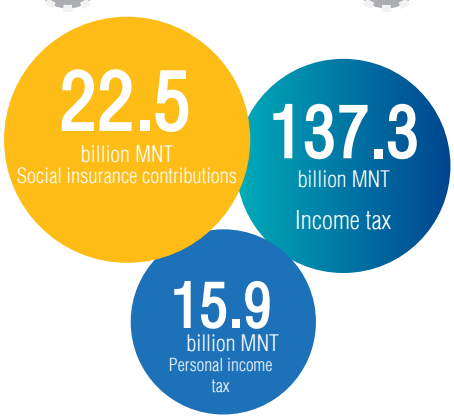
Number of NBFIs in the corresponding intervals of ROE and ROA



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 8%. half of NBFIs with equity between 1.0 to 2.5 billion MNT had a ROA of less than 5.9%, half of NBFIs with equity of more than 2.5 billion MNT had a ROA of less than 10.5%. Return on Equity ROE: NBFIs with equity of less than 1.0 billion MNT had an ROE of 8.1%. NBFIs with equity between 1.0 and 2.5 billion MNT had a ROE of 6.1%. NBFIs with equity of more than 2.5 billion MNT had a ROE of 15.2%.

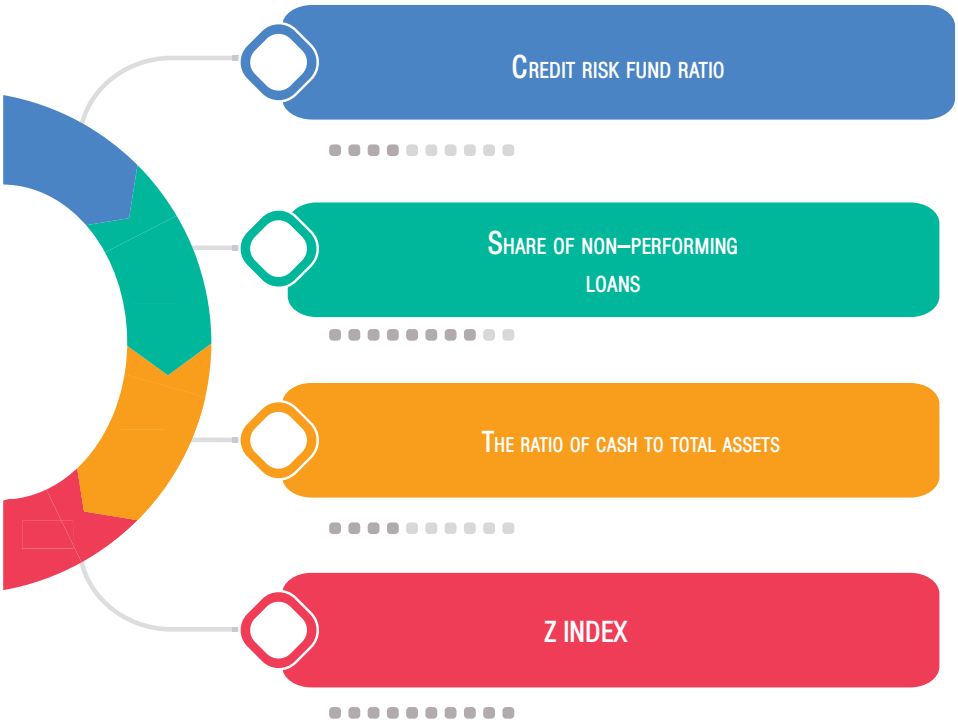
The cost–to–income ratio, which measures the average amount spent by NBFIs to earn 1 MNT was 61.8%, a decrease of 1.0 percentage points compared to last year. In other words, NBFIs spend an average of 61.8 MNT to earn 100.0 MNT.



- All NBFIs collectively contributed:
- 22.5 billion MNT to social insurance,
- 15.9 billion MNT for individual income tax,
- 137.3 billion MNT for corporate income tax,
- A total of 175.7 billion MNT was collected for the state budget.

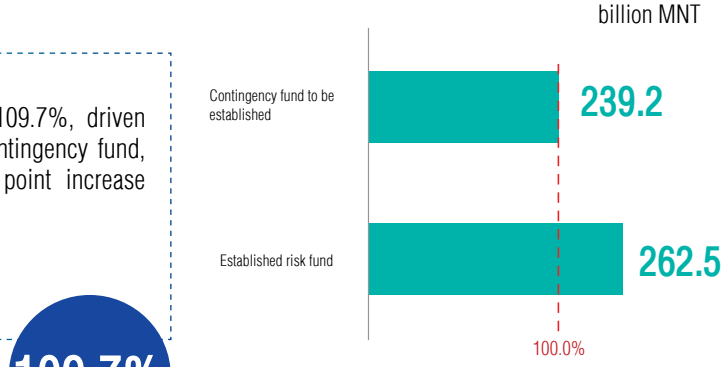
STABILITY

- Regarding stability, four key indicators of NBFIs were calculated following AFI's guidelines to assess financial access and financial stability.



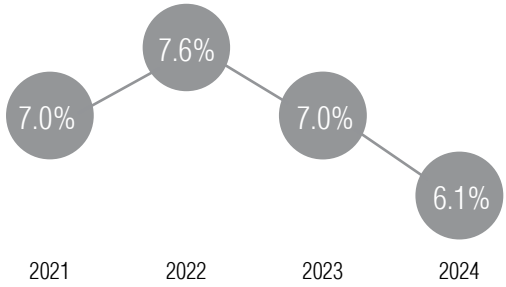
CREDIT RISK FUND RATIO

In 2024, the ratio reached 109.7%, driven by the establishment of a contingency fund, reflecting a 2.1 percentage point increase from the previous year.



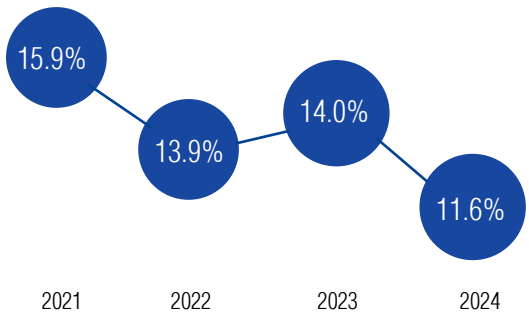
NON–PERFORMING LOANS

In the reporting year, non–performing loans totaled 351.0 billion MNT, accounting for 6.1% of total loans, reflecting a 0.9 percentage point decrease from the previous year.



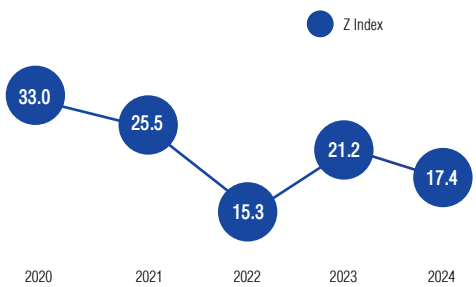
TOTAL CASH ASSETS COMPARATIVE RATIO

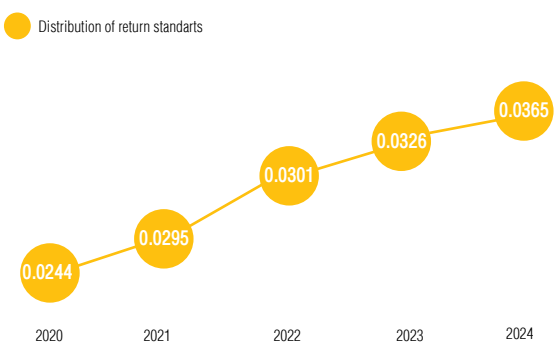
- The ratio of cash assets to total assets declined by 2.4 percentage points to 11.6% in the reporting year.



Z INDEX

The Z index – which measures the probability of an NBFI going bankrupt, is calculated by dividing the sum of ROA and ROE by the volatility of ROA. A higher Z index indicates lower risk and greater stability, as it reflects strong profitability and equity leverage, while a lower index suggests increased income uncertainty. In 2024, the Z index for the non–bank financial sector declined by 3.8 percentage points to 17.4 compared to the same period in the previous year.



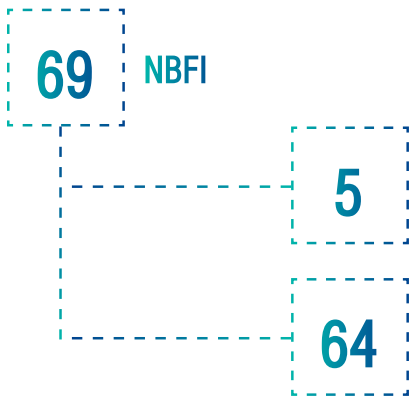


STANDARD DEVIATION

The standard deviation of ROA, calculated based on returns from the last four quarters, measures the extend of variation from the average. In the reporting year, the standard deviation was 0.0365, marking a 0.0039 percentage point increase from the previous year.

FINTECH

	Total loans		Borrowers		Average loan amount per borrower (MNT, thousands)
	Amount (MNT, billions)	%	Number	%	
Fintech	1,349.9	23.5%	1,749,538	75.8%	771.6
Traditional	4,400.5	76.5%	558,987	24.2%	7,872.3
TOTAL	**5,750.4**	**100.0%**	**2,308.5**	**100.0%**	**2,490.9**



- The majority of customers in the sector (94.4%) and 75.8% of borrowers are clients of NBFIs or recipients of technology–based loan services.
- In 2024, 31.3% of all borrowers obtained loans exclusively through mobile platforms.

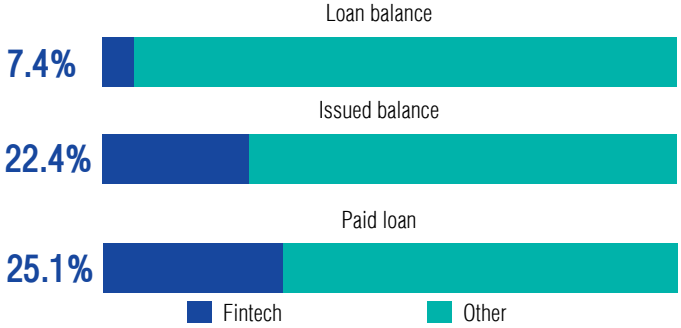
91.8% normal

3.0% overdue loans

5.2% poor quality

A mong theoutstanding loans of NBFIs utilizing technological advancement in financial services, 91.8% were categorized as normal loans, 3.0% as overdue loans, and 5.2% as non–performing loans.

TECHNOLOGY BASED ONLY



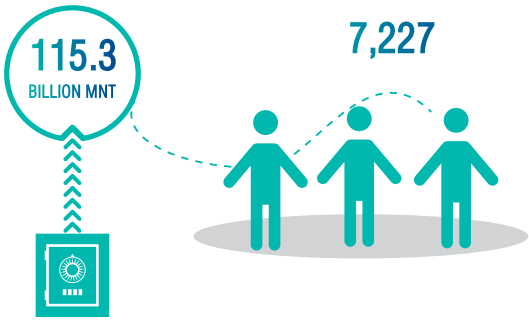
Despite fintech loans comprising a small share of the sector's total loan balance, lending and repayment trends among NBFIs remain generally favorable.

Among the fve NBFIs that provide exclusively technology–based loans:

–they serve 31.3% of borrowers in the sector.

–These loans account for only 7.4% of the total loan balance, but represent 22.4% of all loans granted and 25.1% of repaid loans, indicating strong credit turnover.

GREEN LOAN



The total balance of green loans reached 155.9 billion MNT, accounting for 4.2% of the total loan portfolio with 11,383 borrowers. Among them, 12 different green loan products had a combined balance of 115.3 billion MNT, making up 2.0% of the total loan portfolio and serving 7,227 borrowers.

	Green loan (%)	Number of borrowers	Total loan balance /MNT, million/
Energy supply and infrastructure	5.7%	3,073	6,616.0
Energy efficiency	1.9%	71	2,246.6
Sustainable urban planning and construction	19.4%	907	22,384.3
Pollution reduction and prevention	0.1%	1	111.6
Sustainable water and waste	0.6%	4	725.7
Sustainable agriculture	5.8%	425	6,665.8
Sustainable land use and biodiversity	0.5%	8	617.6
Transport with low carbon emissions	55.4%	2,724	63,821.7
Information, communication and technology	0.0%	1	3.4
Health	0.5%	6	621.9
Education and Culture	2.6%	4	2,969.4
Accessible infrastructure	7.4%	3	8,480.6

NORMAL

97.7%

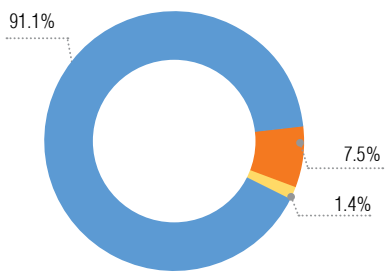
OVERDUE

1.5%

NON–PERFORMING

0.8%

TRANSPORTATION WITH LOW CARBON DIOXIDE



LOANS ISSUED /2024/

Type	Loan amount granted (million MNT)	Number of borrowers
Energy supply and infrastructure	31,072.37	13,335
Energy efficiency	1,728.68	53
Sustainable urban planning and construction	9,616.76	267
Pollution reduction and prevention	36.40	2
Sustainable water and waste	721.70	3
Sustainable agriculture	955.60	7
Sustainable land use and biodiversity	348.50	4
Low–carbon transport	69,327.92	2,954
Information, communication and technology	3.36	1
Health	333.80	4
Education and Culture	135.00	3
Нийт	114,280.09	16,633

REGULATORY ENVIRONMENT

POLICY AND LEGISLATION

By resolution No 55 of the Financial Regulatory Commission(FRC) approved on 25 November2024, the following revised regulations were adopted:

Regulations for calculating and monitoring non–bank financial activity and prudential ratio indicators,

“Regulations for increasing or reducing the amount of capital contributed by non–bank financial institutions, and for selling or transferring shares, Schedule for a phased increase in the share capital of non–bank financial institutions

Additionally, amendments to the Regulations on Non–Bank Financial Lending Activities were approved under FRC Resolution No. 556. These amendments and revised regulations were officially registered in the State Consolidated Fund of Administrative Norms under No. 6996 on December 16, 2024. The updated regulations are available on the FRC’s official website (www.frc.mn) and the National Legal Institute’s site (www.legalinfo.mn).

- The following amendments were introduced:Defining general and specific requirements for engaging in non–banking financial activities, In corporating regulations for conducting non–banking financial activities using advanced technology; Consolidating the FRC Resolutions No. 210 (2019), No. 495, No. 998 (2020), No. 136, No. 794 (2023), Establishing a reserve fund for NBFIs engaged in trust services, considering their risk–bearing capacity, improving asset classification, by categorizing assets based on time and quality indicators.modifying the reporting period of the FRC.
- The following amendments have been introduced: Regulating issues related to collection and concentration through secondary lending; establishing guidelines for determining the source of funds of shareholders who own 5% or more of an NBFI operating as a joint–stock company.

Amendments to the Non–Bank Financial Lending Regulations

Effective January, 1, 2025, the following changes–approved under FRC Resolution No. 160 (2022) have been implemente:

The debt–to–income ratio for consumer loan products issued by NBFIs shall not exceed 70%. The ratio of consumer loans secured by passenger cars to their valuation shall also not exceed 70%. Implementation of key legal provisions

Implementation of Clause 15.4 of Article 15 of the Law on Non–Banking Financial Activities

- External Audit Compliance: In 2024, a total of 495 NBFIs (96.1% all NBFIs) fulfilled their obligation to verify financial statements through external audits.
- Public Disclosure Compliance: Additionally, 471 NBFIs (91.4% of all NBFIs) complied with the requirement to publicly disclose their financial information.

Implementation of the law on “Loan Information”

- In 2024, the Bank of Mongolia, along with "Buren Skor ZMS" LLC, and "Titan CRA ZMS" LLC signed agreements with 453 NBFIs, representing 89.0% of the 509 NBFIs involved in lending operations.

Implementation of the Law on Combating Money Laundering and Anti–Terrorism Financing

- Under Article 7.1 of the Law, 119 NBFIs reported 18,513 transactions totaling 2.4 trillion MNT. Under Article 7.2, 11 NBFIs reported 1,791 transactions totaling 6.3 billion MNT to the Financial Information Office of the Bank of Mongolia, fulfilling their compliance obligations.

Implementation of the Regulation for setting and centralizing fees for regulatory services

- In 2024, 516 NBFIs collected regulatory service fees, totaling 1,292.18 million MNT. Of this amount, 1,291.41 million MNT (from 514 NBFIs), or 99.6%) was successfully deposited into desigated FRC account.

INTERNATIONAL COOPERATION

The Financial Regulatory Commission (FRC) is actively collaborating with various international organizations and associations to shape policies and regulations concerning Non–Bank Financial Institutions (NBFIs).

- AFI Meetings in Fiji: FRC's representatives attended 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 these meetings, participants exchanged perspectives on the impact of climate change on the country and discussed the measures being taken to develop a green financial sector. There was a strong mutual interest in further cooperation in this field. Key topics discussed included:. supporting SMEs within the framework of sustainable development, the possibility of providing green loan risk guarantees, the process of introducing green taxonomy, Ongoing sustainable development initiatives in Mongolia.
- Training on ESG Trends in Mongolia: on March 13–15, 2024, The International Finance Corporation (IFC) and the Mongolian Association of Non–Banking Financial Institutions jointly organized a training for NBFIs on the trends in the development of the ESG (Environmental, Social, Governance) in Mongolia.
- Roundtable on Strengthening Public–Private Partnerships: On April 29, 2024, FRC participated in a roundtable discussion aimed at strengthening public–private partnerships in Mongolia, focusing on sustainable development. The discussion highlighted the real challenges faced by stakeholders regarding new standards and trends in ESG reporting and explored ways to address these challenges.
- Sustainability Workshop: On April 30, 2024, a "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. Representatives from the Non–bank Financial Institutions Department participated in this important event.

SCCs

Total assets

356.8 billion MNT

Capital growth 16.4%

Financial market status

45.2%

higher education

Accessibility

97.9% of total deposits are term deposits.

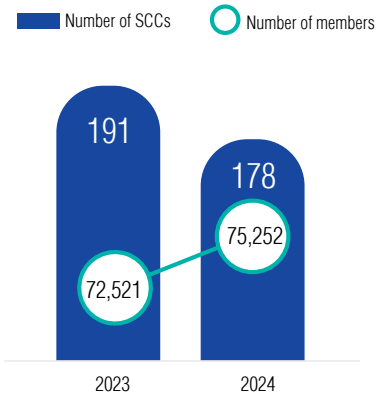
Products and services

Profitability
Net profit
15.3
billion MNT
Tax collected by the state, Social security contributions
5.1
billion MNT
Stability
Percentage of non–performing loans (on total loans)
2.3%
Share of cash in total assets
20.8%
Regulatory environment

FINANCIAL MARKET STATUS

NUMBER OF MEMBERS AND SCCs

- In 2024, There were 178 licensed SCCs, a decrease of 13 (6.8%) compared to the previous year.
- The number of SCC members increased by 3.8%, reaching 75,252 members.
- Compared to 2020: the number of SCCs decreased by 28.2% but the number of members increased by 3.6%.



EMPLOYEES

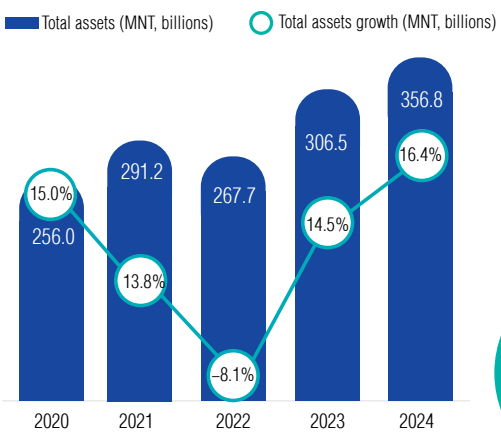
623

70.5% of total workers in SCCs are female, representing an increase of 39.8% from the same period last year.

TOTAL MEMBERS

28,918 Borrowers

45,579 Depositors



TOTAL ASSETS AND THEIR GROWTH

- in 2024, net worth grew by 16.4% compared to the previous year, reaching 356.6 billion MNT, reflecting a growth of 39.4% –compared to 2020.

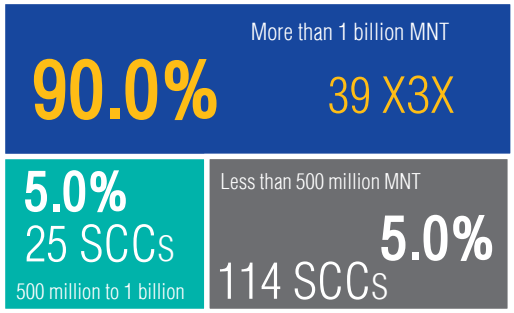
Total loans
258.7 billion MNT

Total savings
248.6 billion MNT

TOTAL MARKET SHARE

Total assets of the sector

- 39 SCCs with net capital greater than 1 billion MNT each comprised 90.0% of the market.
- 25 SCCs with net capital ranging from 500 million MNT to 1 billion each comprised 5.0% of the market.
- 114 SCCs with net capital of less than 500 million MNT each comprised 5.0% of the market.

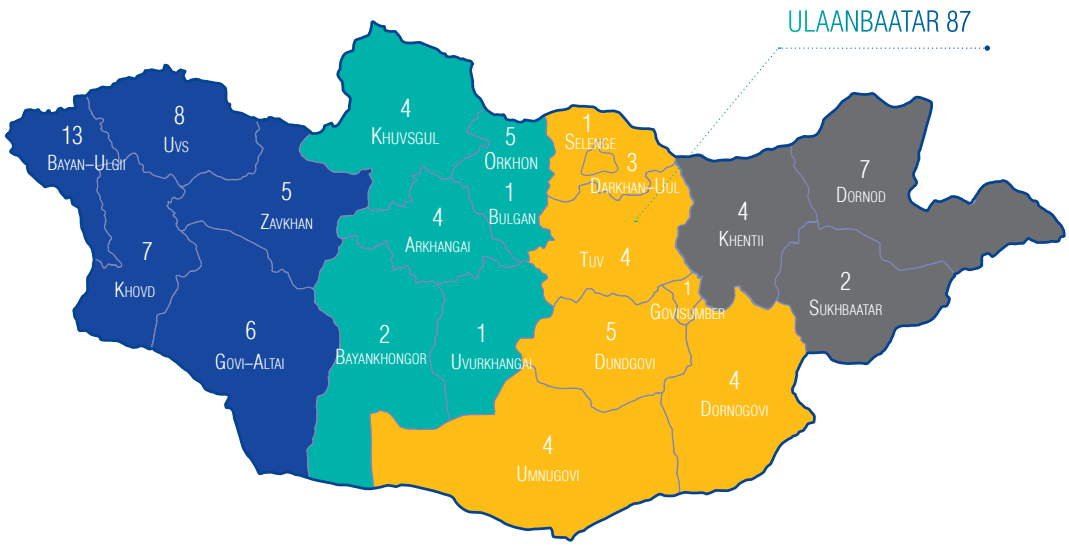


Report structure (billion MNT)

Total assets	**356.8**	**100.0%**
Currents assets	**345.1**	**96.7%**
Cash	74.1	20.8%
Loan /net/	264.8	74.2%
Other assets	6.1	1.7%
Non–financial assets	**11.7**	**3.3%**
Tax receivables	0.4	0.1%
Health and social security contributions receivable	0.0	0.0%
Prepaid expenses/bills	3.1	0.8%
Inventory	0.2	0.1%
Other assets to be owned /net/	1.0	0.3%
Other non–financial assets	1.7	0.5%
Investment property/net/	0.0	0.0%
Fixed assets /net/	4.4	1.2%
Intangible assets/net/	0.8	0.2%
Total liabilities and equity	**356.8**	**100.0%**
Financial liabilities	**270.6**	**75.8%**
Savings	266.7	74.7%
Sources from banks and financial institutions	3.0	0.8%
Other financial liabilities	0.9	0.3%
Non–financial liabilities	**3.4**	**1.0%**
Own assets	**82.7**	**23.2%**
Equity contributed by members	28.9	8.1%
Other parts of the property	0.4	0.1%
Property of cooperatives	53.4	15.0%

- Current assets made up 96.7% of total assets, while non–current assets accountyed for 3.3%.
- Cash assets represented 20.8% of net capital, 74.2% of the loan balance, and 1.7% of other non–current assets.
- Liabilities accounted for 75.8% of finances, 23.2% of own assets, and 1.0% of other assets.

ACCESSIBILITY



Western Region
39 SCCs
8 Branches

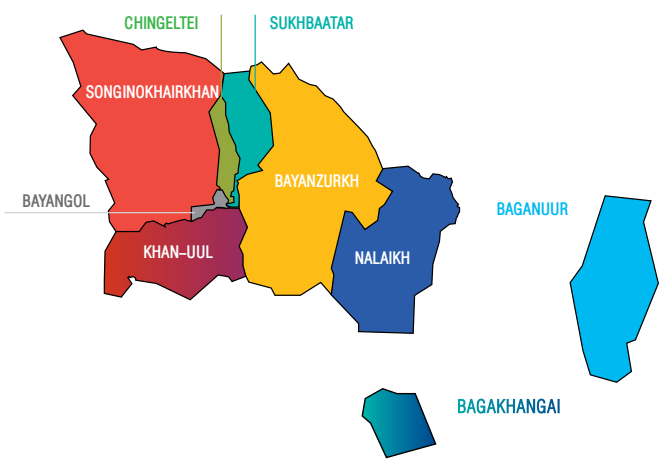
Mountain Region
17 SCCs
18 Branches

Central Region
22 SCCs
20 Branches

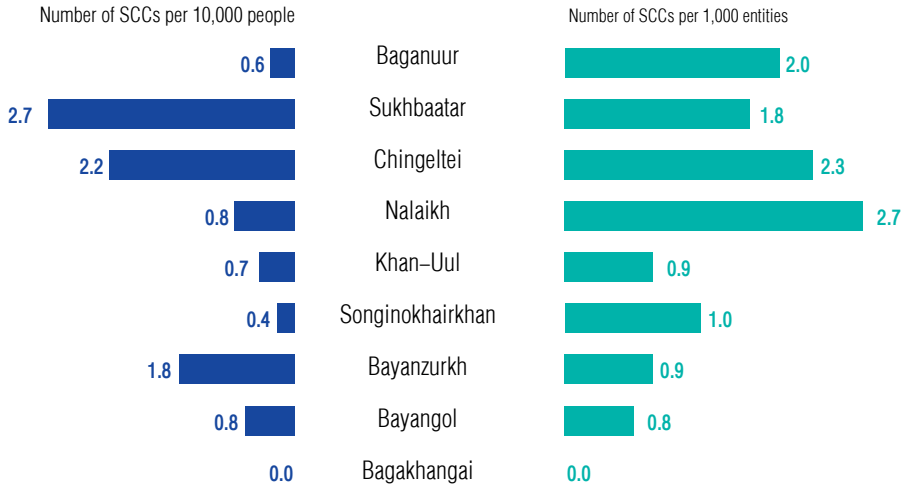
Eastern Region
13 SCCs
11 Branches

ULAANBAATAR
87 SCCs
4 Branches

- Ulaanbaatar: 87 SCCs are located in Ulaanbaatar, with 96.6% in the central six districts and the remaining 3.4% in three remote districts.
- Rural Areas: 91 SCCs are located in rural areas, distributed as follows: 42.9% in the Western Region, 24.2% in the Central Region, 18.6% in the Mountain Region ,14.3% in the Eastern Region.



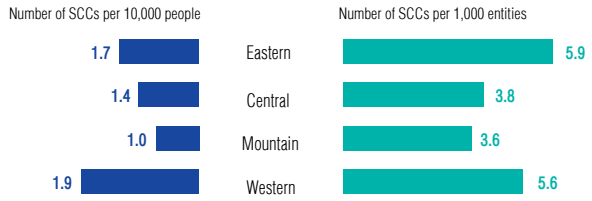
CHINGELTEI	17
SUKHBAATAR	23
BAYANGOL	11
SONGINOKHAIRKHAN	9
BAYANZURKH	13
KHAN–UUL	11
NALAIKH	2
BAGANUUR	1
BAGAKHANGAI	0



- SCC Distribution by District: Nalaikh district had 2.7 SCCs per 1,000 entities, Chingeltei district had 2.3 SCCs, and Bayangol district had the least with 0.8 SCCs.
- Regarding the number of SCCs per 10,000 people, Sukhbaatar and Chingeltei districts led with 2.7 and 2.2 SCCs, respectively.

[1] *https://www.afi-global.org/sites/default/files/publications/fidwg-core-set-measuring-fi.pdf*

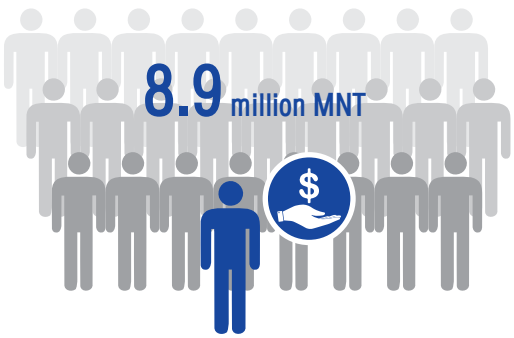
** https://www.1212.mn/mn/statistic/file-library/view/3315830*



The Western Region had the highest number of SCCs, per 10,000 people.

The Eastern Region had the highest number of SCCs, per 1,000 entities.

Average loan per member



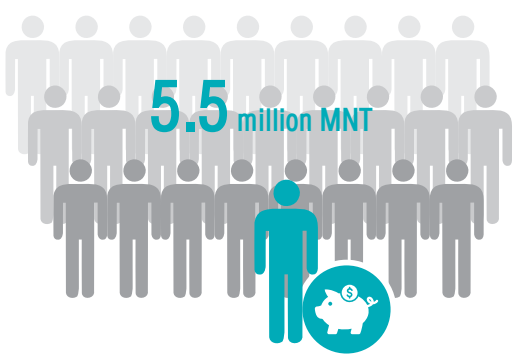
ACCESS TO CREDIT SERVICES

- one in 70 individuals aged 18 to 64– was both a member of an SCC and received a loan
- In rural areas, the ratio was 1 in 67, while in Ulaanbaatar it was 1 in 75 .
- The average loan among all members who received loans was 8.9 million MNT nationwide.
- in Ulaanbaatar The average loan was 14.6 million MNT, compared to 4.2 million MNT in rural areas.

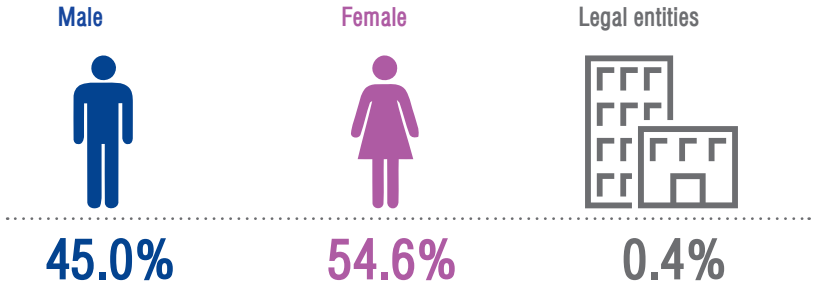
ACCESS TO SAVINGS

- Nationally, one in 45 individuals aged 18 –64 was engaged in saving at an SCC.
- In rural areas, the ratio was 1 in 49, while in Ulaanbaatar, it was slightly higher at 1in 41.
- The average savings among all members holding savings accounts was 5.5 million MNT.
- in Ulaanbaatar The average savings per member was 8.0 million MNT, compared to 2.6 million MNT in rural areas

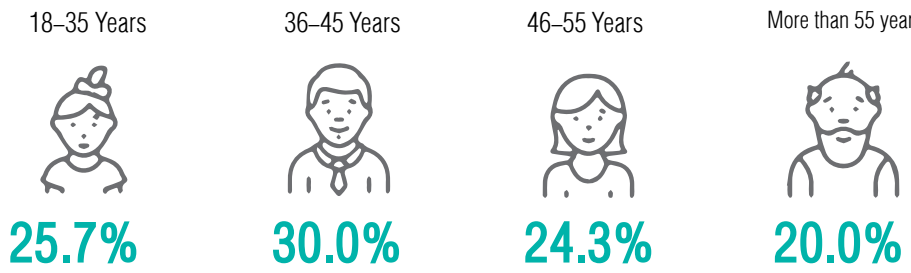
Average amount of savings per member



MEMBERS OF SCCs



BY AGE



BY EDUCATION

Total number of employees 623

Male 439
Female 184

Total number of borrowers 28,918

Female 16,617
Male 12,190
Legal entities 111

Total number of depositors 45,579

Male 25,929
Female 19,579
Legal entities 71

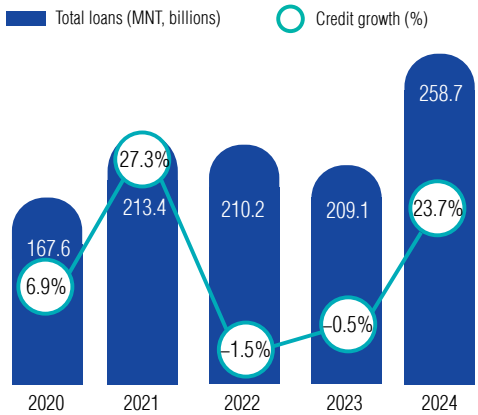
Total number of members 75,252

Male 41,072
Female 33,866
Legal entities 314

PRODUCTS AND SERVICES

LOANS FROM SCCS

- Total loans amounted to 258.7 billion MNT; increasing by 23.7% (49.6 billion MNT) compared to 2024, and 54.4% (91.1 billion MNT) compared to 2020.
- Net loans reached 264.8 billion MNT, with a credit risk fund ofwas 4.5 billion MNT compared to the previous year.



NORMAL

94.8%

OVERDUE

2.9%

NON–PERFORMING

2.3%

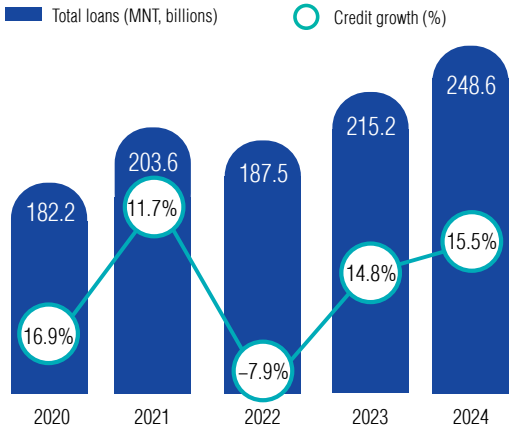
LOAN QUALITY OF SCCs

- Normal loans increased by 26.4%, totaling 245.1 billion MNT (94.8% of total loans).
- Overdue loans decreased by 11.6%; rising by 7.5 billion MNT from the previous year.
- Non–performing loans decreased by 9.2%; increasing by 6.1 billion MNT from the previous year.
- compared to 2020. non–performing loans decreased by 1.4 billion MNT (17.6%)

PURPOSE OF SCC LOANS

- The total loans; 17.1% of loans were for household activities; 10.5% were for the wholesale and retail sectors and car/motorcycle maintenance;11.1% for financial and insurance purposes.
- Repayment Sources; 19.9% from household activities; 9.2% from wholesale and retail sectors and car/motorcycle maintenance; 4.0% from manufacturing.
- Closed Loans: 15.3% from wholesale and retail sectors and car/motorcycle maintenance, 14.3% from financial and insurance activities, 6.4% from household activities.

	LOAN PAID	LOAN GRANTED	CLOSED LOAN
Household activities that employ people	19.9%	17.1%	6.4%
Wholesale and retail trade, maintenance of cars and motorcycles	9.2%	10.5%	15.3%
AGRICULTURE, FORESTRY, FISHING, HUNTING	1.8%	2.1%	3.6%
Financial and insurance activities	2.6%	11.1%	14.3%
Construction	2.8%	1.9%	2.7%
Real estate activity	2.0%	1.1%	0.1%
Hotels, apartments, apartments and catering services	2.0%	1.5%	2.0%
Industry	4.0%	2.8%	0.3%
Personal health and social activities	0.5%	0.5%	0.6%
Other	55.2%	51.4%	54.7%



SCCs SAVINGS

- Total savings: 248.6 billion MNT, a 15.5% increase compared to 2024.
- 66.4 billion MNT increase, or (36.4 %) compared to 2020.

TOTAL SAVINGS

- 97.9% of total savings are term savings , 2.1%. of total savings are non–term savings.

97.9%

term deposite

2.1%

fixed

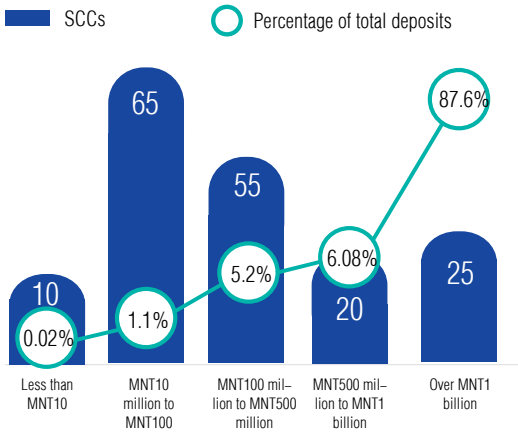
175 SCCs

3 SCCs

- 175 SCCs (98.3%) held total savings of 248.2 billion MNT.
- 3 SCC (1.7%) had no deposits.

PERCENTAGE OF TOTAL SAVINGS

- 25 SCCs with savings over 1 billion MNT: 87.6% of total deposits (217.7 billion MNT).
- 140 SCCs with savings between 10 million MNT to 1 billion MNT: 12.38 % of total deposits (30.8 billion MNT).
- 10 SCCs with savings under 10 million MNT: 0.02% of total deposits (0.1 billion MNT).
- 3 SCC had no collected savings.

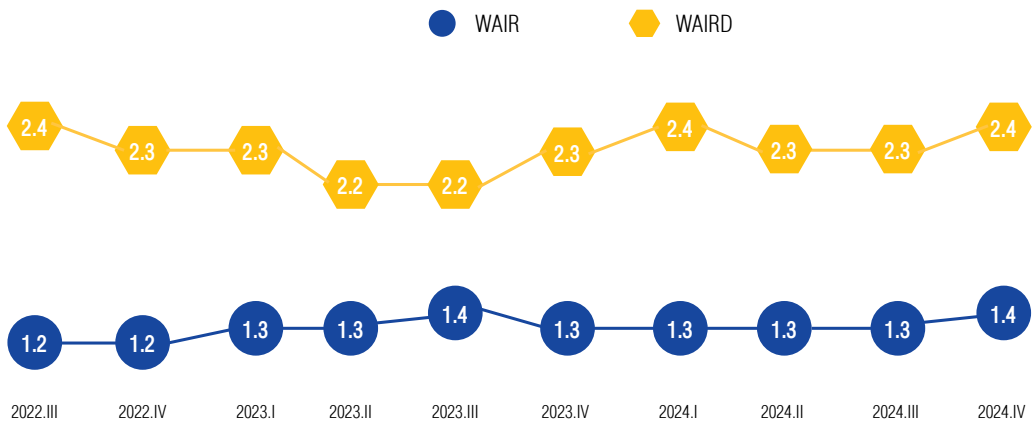


1.4%

Weighted average monthly interest rate on time deposits

2.4%

Weighted average monthly interest rate on the loan



INCOME

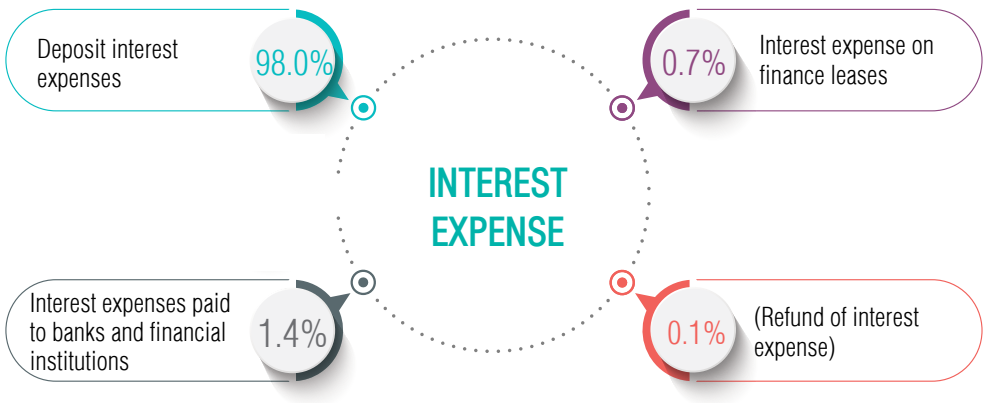
74.1 billion MNT, a 21.1% increase, compared to 2023

- 65.4 billion MNT (88.3%) from Loan interest
- 7.5 billion MNT(10.1%) from interest income from banks and financial institutions
- 1.5 million MNT (2.0%) from Increased interest income0.3 million MNT(0.4%), from interest income from securities

Expenses

40.8 billion MNT, a 19.2% increase compared to 2023.

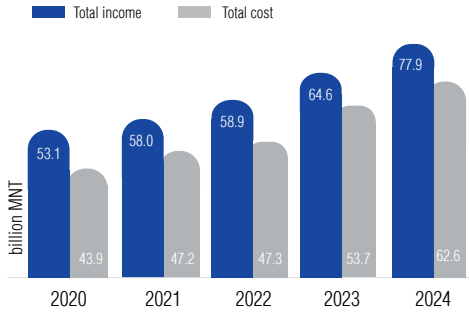
- 40.0 billion MNT(98.0%) paid as deposit interest:
- 0.6 billion MNT(1.4%) paid to banks and financial institutions
- 0.2 billion MNT(0.7%) paid to banks and financial institutions:
- 0.03 billion MNT (0.1%) as Refund of interest expenses:

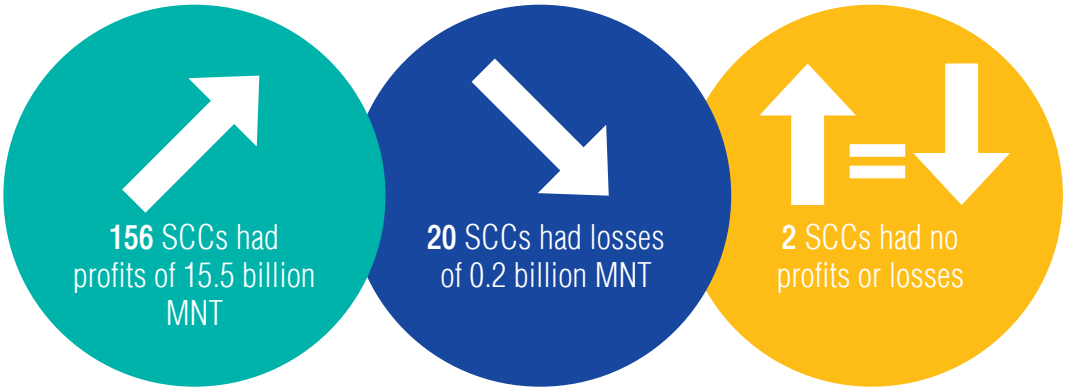


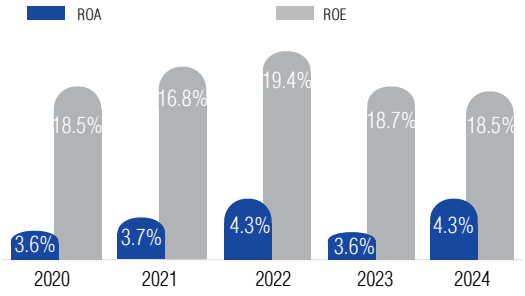
PROFITABILITY

INCOME AND EXPENSES OF SCCs

- Total Income: 77.9 billion MNT
- Total expenses: 62.6 billion MNT
- Net profit: 15.3 billion MNT.

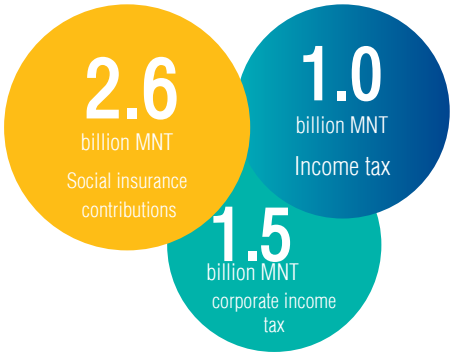






TOTAL RETURN ON EQUITY

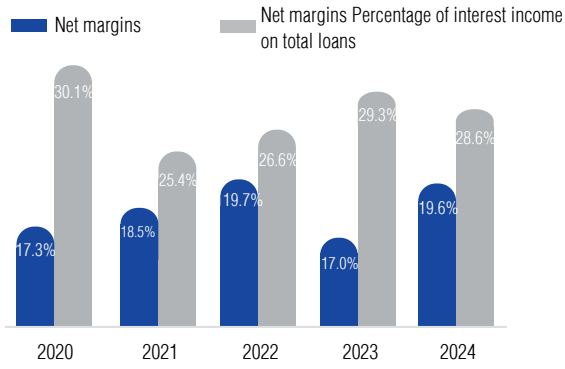
- ROE: 18.5% (0.2 percentage point decrease compared to the previous year).
- Return on Assets (ROA); 4.3%

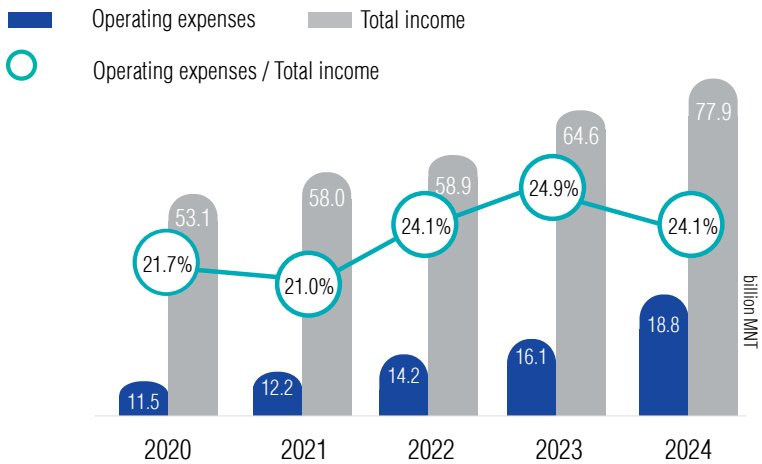


- A total of 5.1 billion MNT was collected for the state budget. Of which; social insurance tax: 2.6 billion MNT, personal income tax: 1.0 billion MNT, Corporate Income Tax: 1.5 billion MNT.

KEY RATIOS

- Share of interest income in total loans: decreased by 0.7 percentage points to 28.6% compared to 2023
- Ratio of net income to total income: increased by 2.6 percentage points to 19.6% compared to 2023.





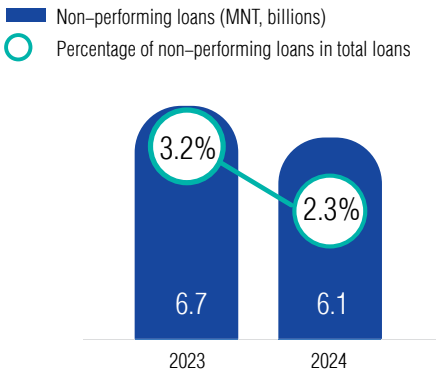
COST REVENUE RATIO

- SCCs spent an average of 24.1 MNT to earn 100.0 MNT.

STABILITY

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

1. Asset quality and protection indicators;
2. Indicators of efficient financial structure;
3. Indicators of profit and expense ratio;
4. Indicators of quick payment ability.

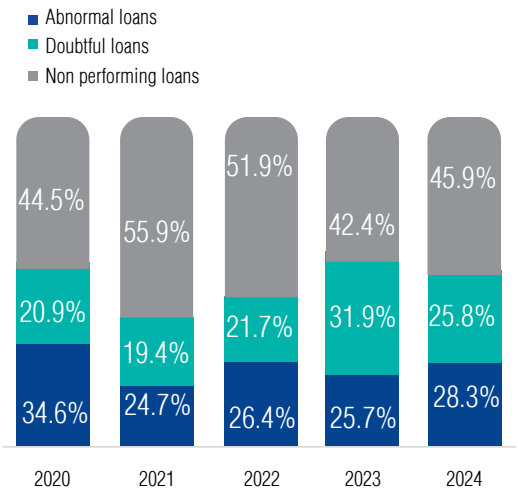


NON–PERFORMING LOANS

- The total amount of non–performing loans has decreased by 0.6 billion MNT compared to 2023 reaching 6.1 billion MNT.
- The share of non–performing loans on total loans decreased by 0.9 percentage points, reaching 2.3%, which is below the prudential ratio standard of 5.0% for SCCs.

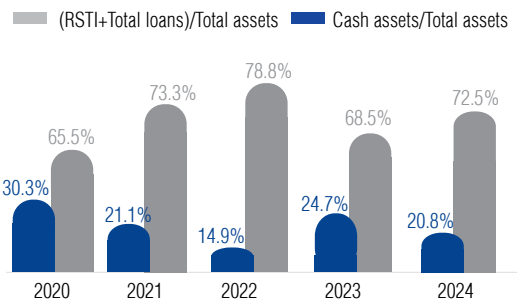
CLASSIFICATION OF NON–PERFORMING LOANS

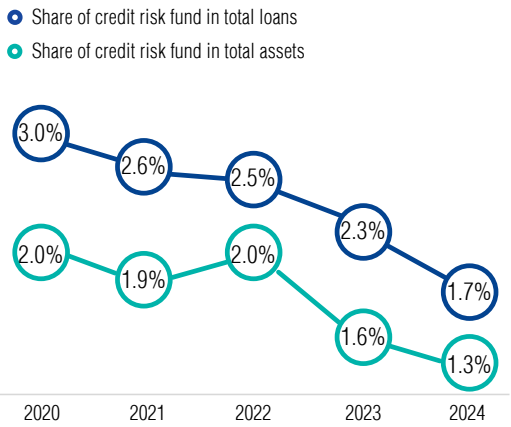
- Abnormal loans increased by 2.6 percentage points – reaching 28.3% of total non–performing loans.
- Doubtful loans decreased by 6.1 percentage points, reaching 25.8%, non–performing loans increased by 3.5% percentage points, reaching 45.9% compared to 2023.



LIQUIDITY OF SCCs

- monetary assets to total assets ratio: 20.8%.
- short–term investments and total loans to total assets ratio: 72.5%.





CREDIT RISK FUND

- share of credit risk fund in total loans: 1.7%,
- share of credit risk fund in total assets: 1.3%

Ratio	Adequate level	END OF THE YEAR
Loans received from others/Total loans	<20%	0.8%
Total savings/Total assets	40%–80%	69.7%
Net loans/Total assets	60%–85%	71.2%
Equity of cooperatives/Total assets	>5%	15.0%
Reserve fund/Equity of cooperatives	>3%	4.1%
Operating expenses/Total assets	<10%	5.3%

REGULATORY ENVIRONMENT

POLICY AND LEGISLATION

Implementation and revision of laws and regulation

- The revision of the "Conditions and Requirements for the Operation of Savings and Credit Cooperatives" was approved by the FRC Resolution No.505 on October 31, 2023 and was registered the State Consolidated Fund of General administrative laws on 15 November 2023. The previously approved version FRC Resolution No.159 of May 04, 2018) was repealed.

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

- 93.6% of SCCs (162 out of 173) submitted their 2024 year–end financial auditing reports to the Financial Regulatory Commission (FRC).

Implementation of the Law on Credit Information

- 61.8% of SCCs (110 out of 178) have signed cooperation agreements with licensed credit information service providers as mandated by the Bank of Mongolia. Of these, 52.7%, or 58 SCCs operate in the capital city, and 47.3 % or 52 SCCs operate in rural areas.

Implementation of the Law on Combating Money Laundering and Terrorism Financing

- 17 SCCs reported cash transactions of 23,223,583.98 MNT across 310 transactions) worth 20 million MNT or more to the Financial Information Unit of the Bank of Mongolia. No suspicious transactions were reported.

“Implementation of the “Regulation for Determining and Collecting fees for regulatory services”

- 42.1 billion MNT was collected by 86 SCCs. into the relevant accounts during the reporting period.

“Implementation of Article 2, Clause 2.1.2 of the Regulation for Conditions and requirement of operating a Savings and Credit Cooperative:

- 99.4% of SCCs (172 out of 173) submitted their regular meeting reports and fulfilled their obligations under the conditions and requirements of law.

INTERNATIONAL COOPERATION

- In line with Article 2.1.16 of the "Conditions and Requirements for the Operation of Savings and Credit Cooperatives", the National Association of Savings and Credit Cooperatives of Mongolia organized training courses on October 19, 28, and November 7, 2024.
- On December 4, 2024, the Microfinance Policy Council held a regular meeting. Based on a review of policy measures implemented in the SCC sector and research on technology–based products and services, policy recommendations were made.

MONEY LOAN SERVICE PROVIDER

Total assets

959.2 billion MNT

Financial market outlook

Ulaanbaatar

313

Rural area

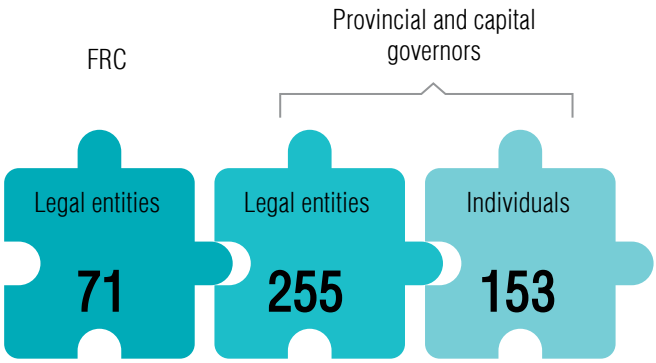
166

Accessibility

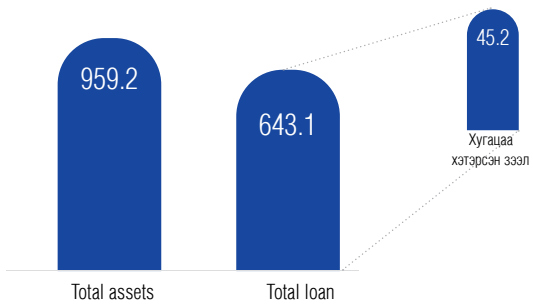
Protability
Total income
298.6
billion MNT
Regulatory environment

FINANCIAL MARKET OUTLOOK

In the reporting year, 479 entities provided money loan services, including 326 legal entities and 153 individuals, while 71 legal entities are registered with the FRC.



TOTAL ASSETS, TOTAL LOANS /BILLION MNT/



The total assets of the money loan service provider sector amounted to 959.2 billion MNT. The total outstanding loan debt is 643.1 billion MNT, of which 7% (45.2 billion MNT), are overdue loans.

Share capital / Total assets

Up to 100 million MNT		Up to 100–300 million MNT		300 million MNT–1 billion MNT		More than 1 billion MNT	
371	280	38	68	54	55	16	76

- In terms of equity capital, 371 entities have equity capital of up to 100 million MNT, 38 entities havebetween 100 million and 300 million MNT, 54 entities have between 300 million and 1 billion MNT, and 16 entities have equity capital exceeding 1 billion MNT.
- Regardingtotal assets, 280 entities have assets up to 100 million MNT, 68 entities have assets between 100 million and 300 million MNT, 55 entities have assets between 300 million and 1 billion MNT, and 76 entities have total assets exceeding 1 billion MNT.

Asset structure of MLSP /billion MNT/

CURRENT ASSETS	**894.5**	**93.3%**
CASH ASSETS	64.9	6.8%
TOTAL LOAN	643.1	67.0%
OTHER PROPERTY ASSETS	19.2	2.0%
OTHER	167.3	17.5%
NON–CURRENT ASSETS	**64.7**	**6.7%**
TOTAL ASSETS	**959.2**	**100.0%**

Money loan service providers have total assets of 894.5 billion MNT, with 93.3% of those being current assets. Of this current assets, 6.8% is cash, 67.0% is in loans, 2.0% is non–ownership assets, and 17.5% in other assets. On the other hand, 6.7% (or 64.7 billion MNT) of the total assets are non–current.

Passive structure of MLSP /billion MNT/

DEBT	**442.8**	**46.2%**
LOAN /CREDIT/	198.7	20.7%
DEBT INSTRUMENTS ISSUED	57.0	6.0%
OTHER DEBT	187.1	19.5%
OWNER'S EQUITY	**516.4**	**53.8%**
SHARE CAPITAL	90.1	9.4%
RETAINED PROFIT/LOSS	426.3	44.4%
TOTAL DEBT AND OWNER'S EQUITY	**959.2**	**100.0%**

46.2% of the total liabilities and equity is liabilities. Out of this, 20.7% are loans, 6.0% are issued bonds, and 19.5% are other liabilities. Meanwhile, equity accounts for 53.8% of the total liabilities and equity.

TOTAL LOAN

NORMAL

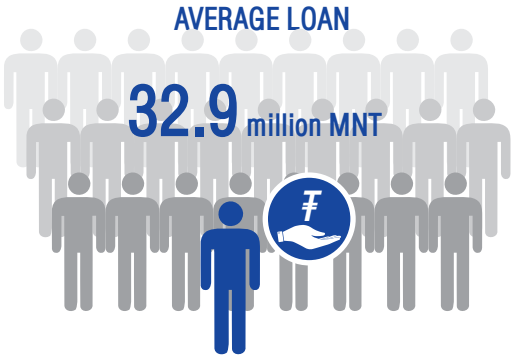
93.0%

NON-PERFORMING

7.0%

326 legal entities engaged in money loan services provided loans totaling 638.0 billion MNT to 495,010 borrowers. Meanwhile, 153 individuals in the money loan services sector provided loans totaling 5.0 billion MNT to 6,004 borrowers.

INDIVIDUALS		LEGAL ENTITIES
0.8%	LOAN BALANCE	99.2%
1.4%	LOAN GRANTED	98.6%
1.7%	LOAN PAID	98.3%

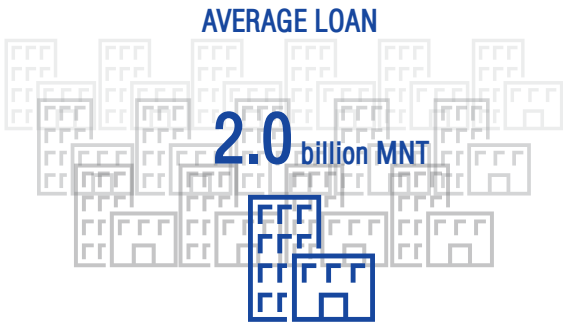


INDIVIDUALS

On average, individuals engaged in money loan services lent 32.9 million MNT, with 15.2 million MNT lent in rural areas and 72.9 million MNT in Ulaanbaatar.

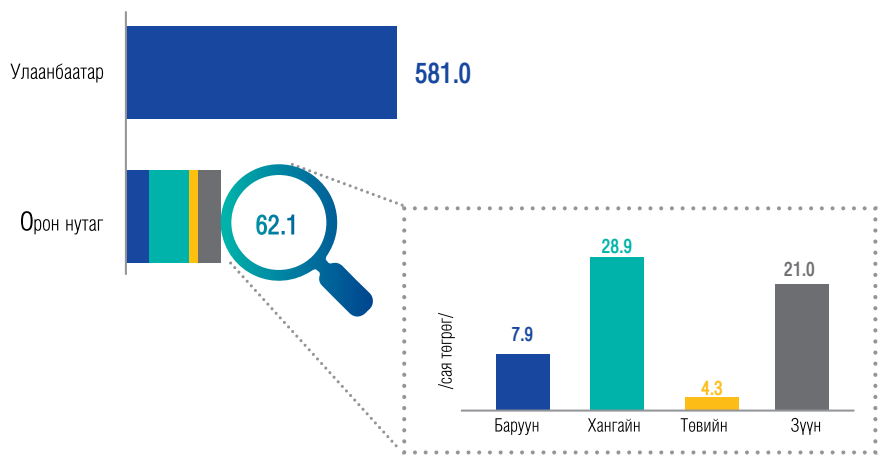
LEGAL ENTITIES

Legal entities engaged in money loan services lent an average of 2.0 billion MNT, with 1.0 billion MNT lent in rural areas and 2.2 billion MNT in Ulaanbaatar.



TOTAL LOAN /billion MNT/

- In Ulaanbaatar, the total remaining loan balance of all money loan service providers is 581.0 billion MNT, of which 577.5 billion MNT consists of loans issued by legal entities and 3.4 billion MNT by individuals.
- In rural areas, the total remaining loan balance is 62.1 billion MNT, with60.5 billion MNT issued by legal entities and 1.6 billion MNT by individuals.



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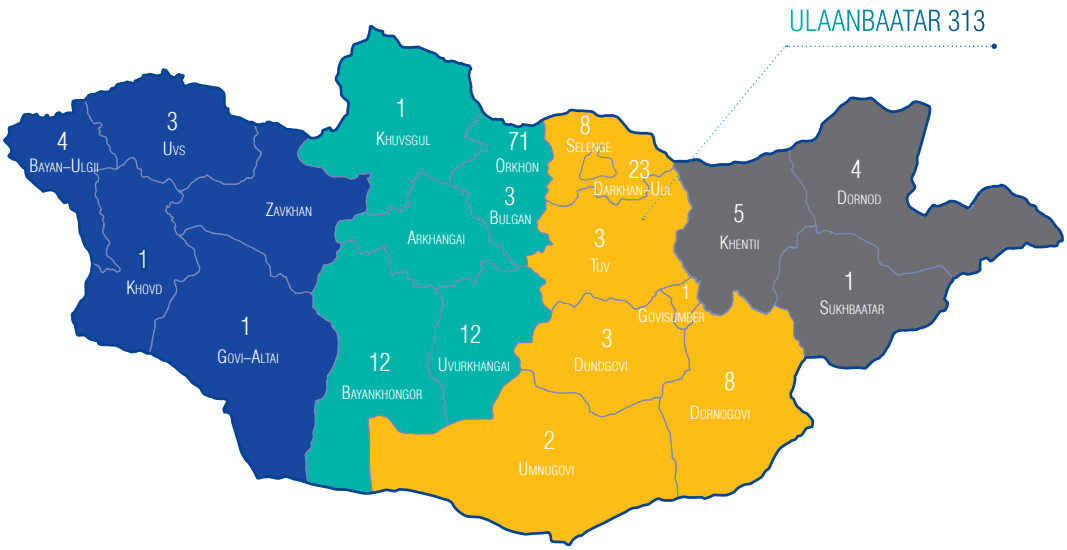


Western Region
9 MLSPs
5 Branches

Mountain region
99 MLSPs
13 Branches

Central region
48 MLSPs
22 Branches

Eastern region
10 MLSPs
5 Branches

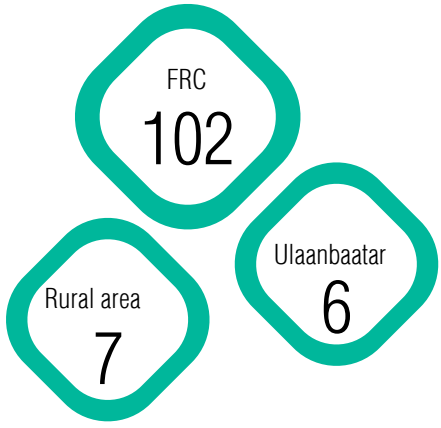
ULAANBAATAR
313 MLSPs
70 Branches

- 313 money loan service providers are registered in Ulaanbaatar, while 166 money loan service providers are registered in rural areas.
- Among the money loan service providers operating in rural areas, 1.9% are located in the Western region, 20.7% in the Central region, 10.0% in the Mountain region, and 2.1% in the Eastern region.
- Western region 6 individuals, 3 legal entities; Mountain region, 84 individuals, 5 legal entities; Central region, 13 individuals, 35 legal entities; Eastern region, 3 individuals, 7 legal entities.

- Among the 313 money loan service providers operating in Ulaanbaatar, 99.0% are located in the six central districts, while 1.0% are in the two remote districts.
- The distribution of money loan service providers in Ulaanbaatar by district is as follows: 24.3% in Bayanzurkh; 22.4% in Bayangol; 20.4% in Sukhbaatar; 11.5% in Khan–Uul; 10.6% in Chingeltei; 9.9% in Songinokhairkhan; 0.6% in Nalaikh; 0.3% in Baganuur.
- Out of the total , 47 are individuals and 266 are legal entities.

CHINGELTEI	11 САЛБАР
SUKHBAATAR	3 САЛБАР
BAYANGOL	12 САЛБАР
SONGINOKHAIRKHAN	11 САЛБАР
BAYANZURKH	21 САЛБАР
KHAN–UUL	7 САЛБАР
NALAIKH	2 САЛБАР
BAGANUUR	3 САЛБАР
BAGAKHANGAI	0

There are 21 money loan service providers across the country, operating through 115 branches. , Of these 70 are located in Ulaanbaatar, and 45 in rural areas.



Out of these, 102 are registered with the Financial Regulatory Commission (FRC).

PROFITABILITY

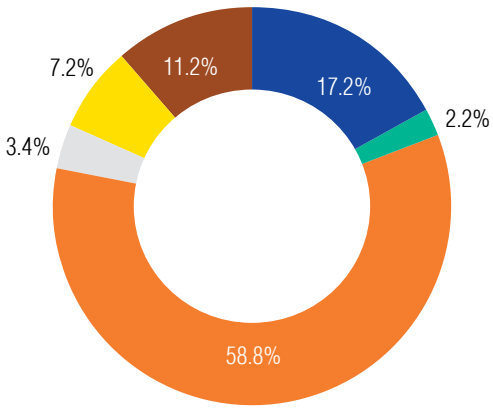
Total income
298.6
billion MNT

Total cost
135.8
billion MNT

Net profit
162.8
billion MNT

COST STRUCTURE

58.8% of total expenses were attributed to operational expenses, 17.2% to salaries, 11.2% to income tax, 3.4% to rent, 2.2% to social security and health insurance contributions, and 7.2% to other expenses.

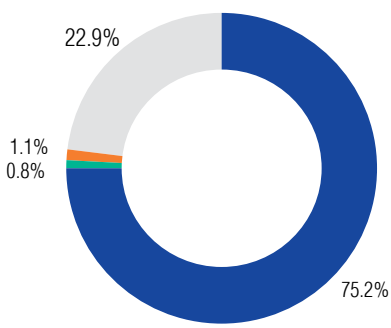


- Salary expenses
- Social security and health insurance premium costs
- Operating expenses
- Rental costs
- Other
- Income tax expenses

INCOME STRUCTURE

75.2% of total income was generated from loan interest, 0.8% from checking and savings interest, 1.1% from other interest income, and the remaining 22.9% from other income sources.

- Interest income
- Interest income from current accounts and savings accounts
- Other interest income
- Other income



REGULATORY ENVIRONMENT

POLICY AND LEGISLATION

- In 2023, the Financial Regulatory Commission approved three key regulations—– Resolution No. 81, which established the "Procedure for the Registration and Operation of Money Lending Entities"; Resolution No. 82, which outlined the "Procedure for Maintaining the Registration Book and Submitting Reports for Money Lending Services"; –Resolution No. 162 from 2024, which introduced the "Procedure for Assigning Personal Identification Numbers to Money Lending Entities."
- To streamline processes and avoid duplication in the registration of Money Lending Entities, the Financial Regulatory Commission consolidated these regulations into a unified procedure, the "Procedure for the Registration and Operation of Money Lending Entities," approved by Resolution No. 641 on December 27, 2024.
- As a result, overlapping provisions from previous procedures were eliminated, creatinga cohesive framework to regulate money lending services under a single, unified regulation.

CREDIT GUARENTEE FUND

Total assets

305.2
billion MNT

Financial market status

Average amount of one guarantee

28.0
million MNT

Accessibility

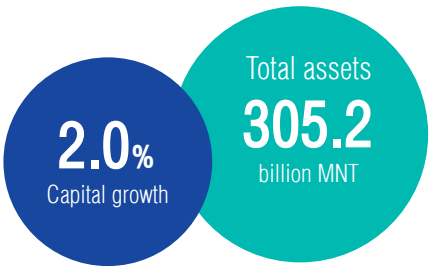
Number of requests

13,263

Products and services

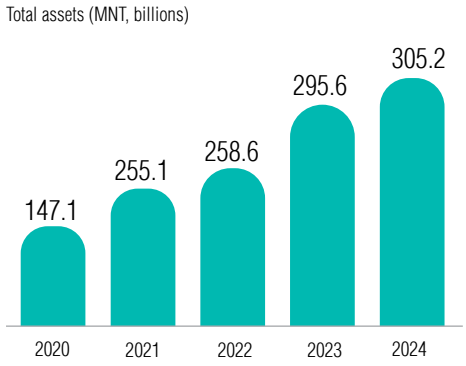
Profitability
Total income
26.7 billion MNT
Profit for the reporting period
14.2 billion MNT
Stability
Percentage of non–performing guarantees
1.2%

FINANCIAL MARKET STATUS

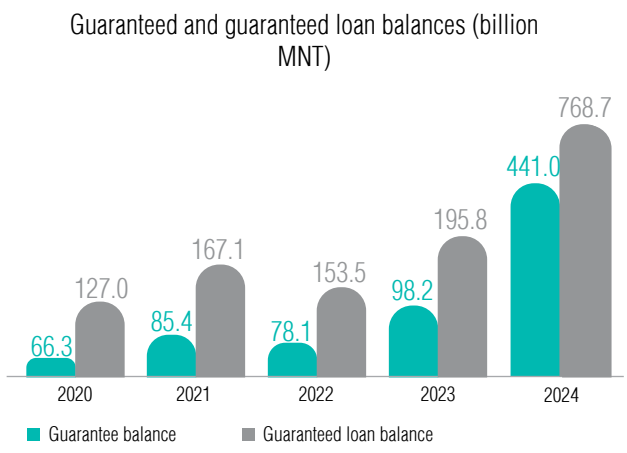


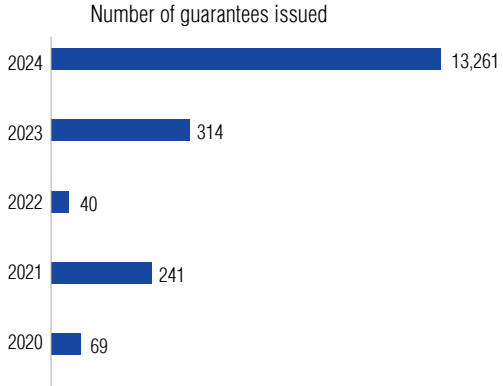
Total Assets: 305.2 billion MNT

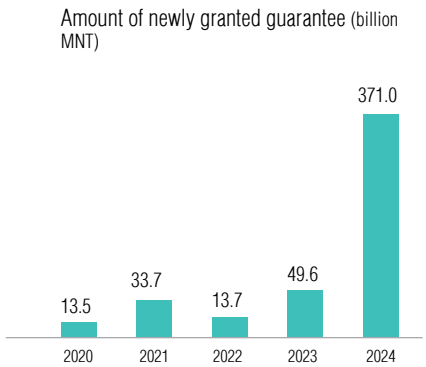
Increase: 3.3% (9.6 billion MNT) compared to the same period of the previous year.



- Guarantee Balance: 441.0 billion MNT
- Increase: 342.9 billion MNT (4.5–fold) increase.
- Guaranteed Outstanding Balance: 768.7 billion MNT
- Increase: 573.0 billion MNT (3.9–fold) increase.

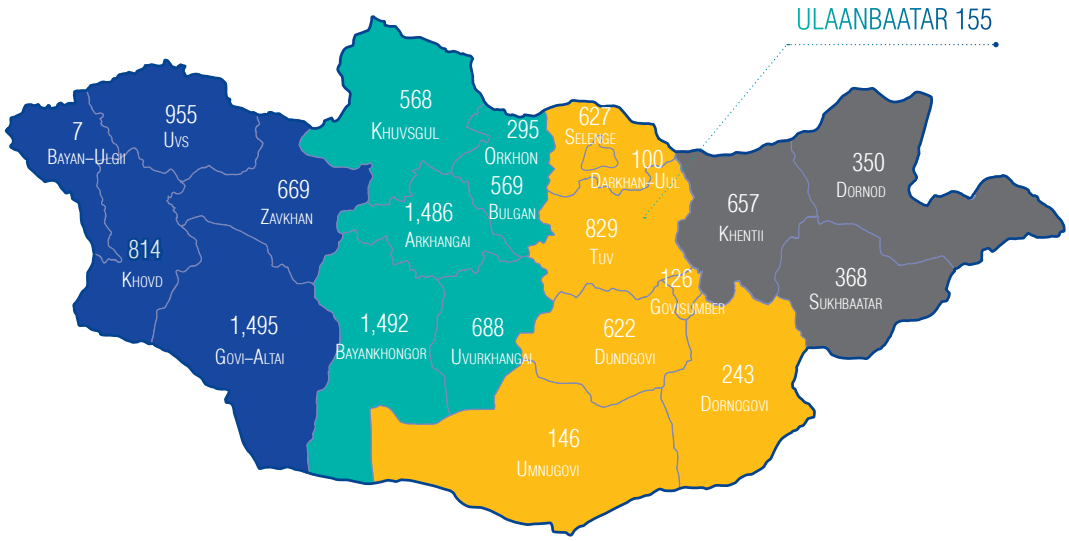






Credit Guarantees Issued: 371.0 billion MNT; Number of Credits: 13,261 Increase: 42.2–fold increase in the reporting year.

ACCESSIBILITY



Western Region

145.3 billion MNT loan

3,940 guarantees

Mountain Region

209.4 billion MNT loan

5,098 guarantees

Central Region

120.7 billion MNT loan

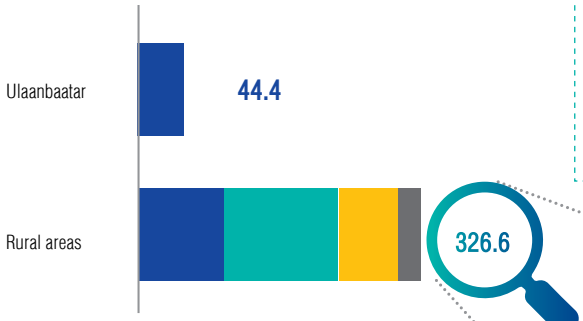
2,693 guarantees

Eastern Region

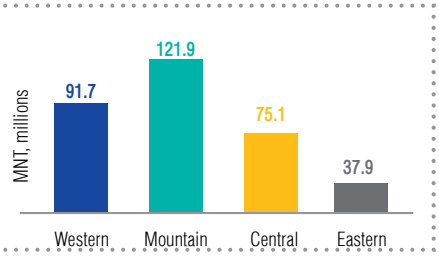
65.9 billion MNT loan

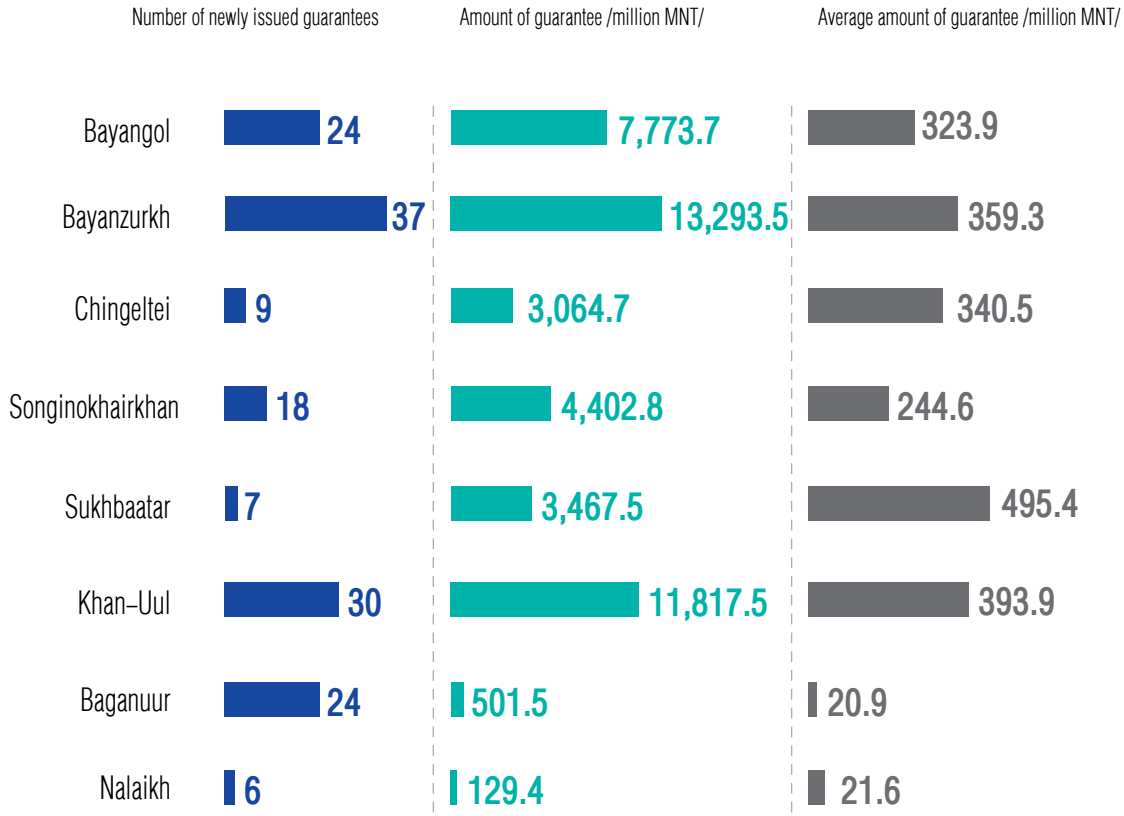
1,375 guarentees

TOTAL GUARANTEE AMOUNT (MNT, million)



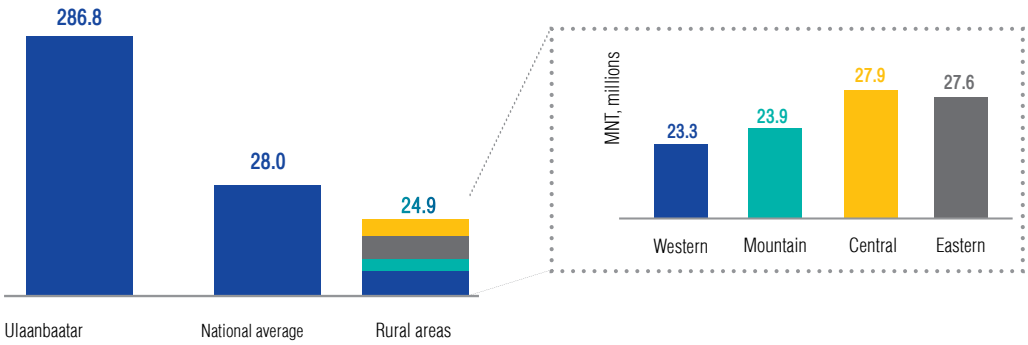
- Outstanding Balance of Guarantors in Ulaanbaatar: 155
- Outstanding Balance of Guarantees: 82.7 billion MNT,
- Guarantee Balance: 44.4 billion MNT





AVERAGE AMOUNT OF GUARANTEE

- Ulaanbaatar: 286.8 million MNT; Rural Area: 24.9 million MNT,
- National Average: 28.0 million MNT; Highest Amount in Central Region: 27.9 million MNT.



PRODUCTS AND SERVICES

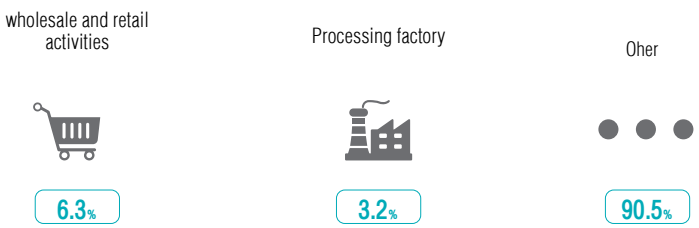
	Number of applications for a guarantee	Number of applications approved	Percentage
2021	334	244	73.1%
2022	75	42	56.0%
2023	440	355	80.7%
2024	13,263	13,261	99.9%

Applications for Guarantees:Total Received: 13,263

Approved: 99.9% received applications were approved

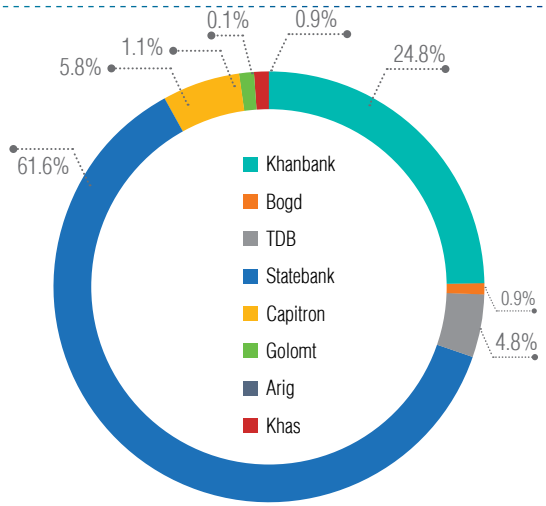
Increase: 30.1–fold increase compared to the same period of the previous year.

2024



Sector Distribution of Guarantees: Wholesale and Retail: 6.3%,
Manufacturing: 3.2%.
Other Sectors: 90.5% (includes programs like "New Cooperative – Wealthy Herder" and mortgage guarantees).

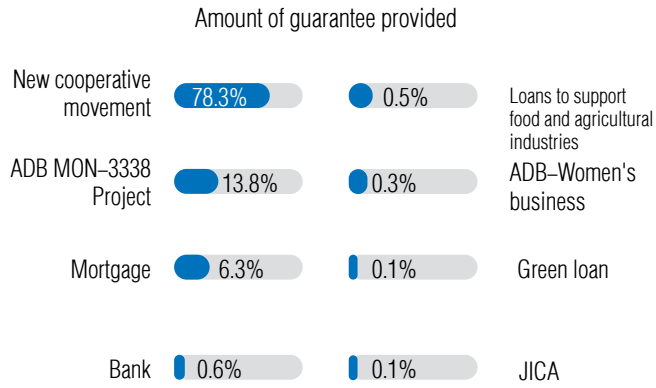
Distribution by Banks: State Bank: 61.6%, Khan Bank: 24.8%, Trade Development Bank: 4.8%, Capitron: 5.8%, Golomt Bank: 1.1%, Bogd Bank: 0.9%, Xac Bank: 0.9%, Arig Bank: 0.1%.



New Cooperative – Wealthy Herder Program: 78.3%, MON–3338 Project (ADB): 13.8%, Mortgages: 6.3%, Banks: 0.6%, Project Supporting Food and agricultural industry: 0.5%, Other Loans and Projects: 0.6%.

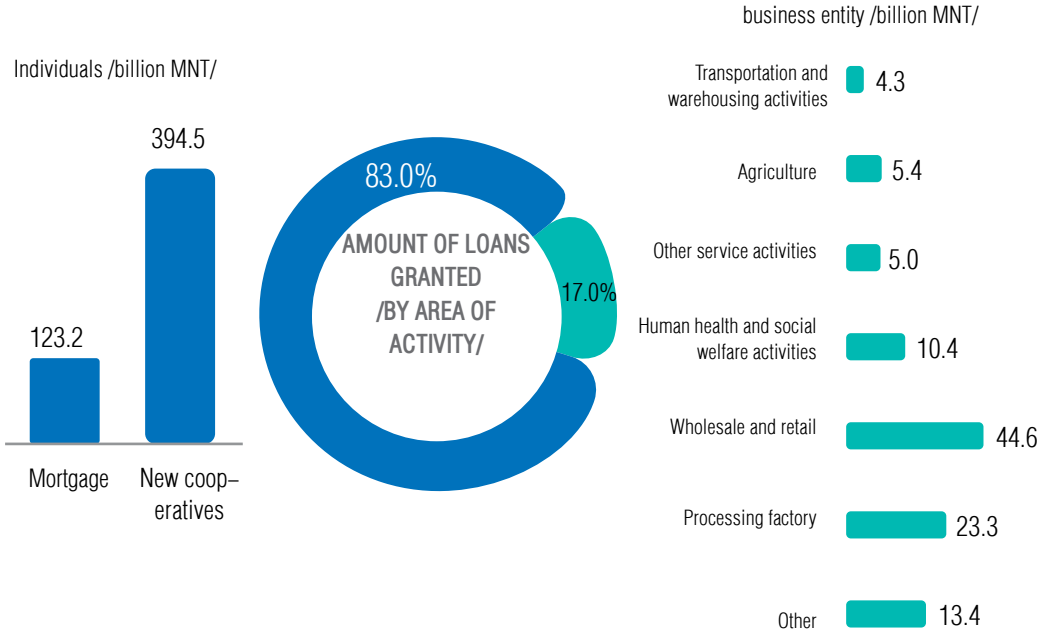
- Average Term of Issued Guarantees: 78.1 months (approximately 6.5 years).
- Decrease: 115.5 months (or 9.6 years) compared to the previous year.

78.1 MONTHS



Guaranteed Loans Breakdown: 83.0% were citizens, 17.0 were entities. For entities; Wholesale and Retail: 44.6 billion MNT, Manufacturing: 23.3 billion MNT, Health Sector: 10.4 billion MNT, agriculture Sector: 5.4 billion MNT, service: 5.0 billion MNT, Transportation: 4.3 billion MNT, Other Sectors: 13.4 billion MNT.

For citizens; Majority from New Cooperative – Wealthy Herder Program: 394.5 billion MNT and mortgage guarantees: 123.2 billion MNT



PROFITABILITY

26.7
billion MNT
Total income
Increased by 2.2 times from the same period of the previous

12.5
billion MNT
Total expenses
Increased by 2 times from the same period of the previous year.

14.2
billion MNT
Ашиг
Increased by 2.5 times from the same period of the previous year.

Income structure

Financial interest income
74.9%

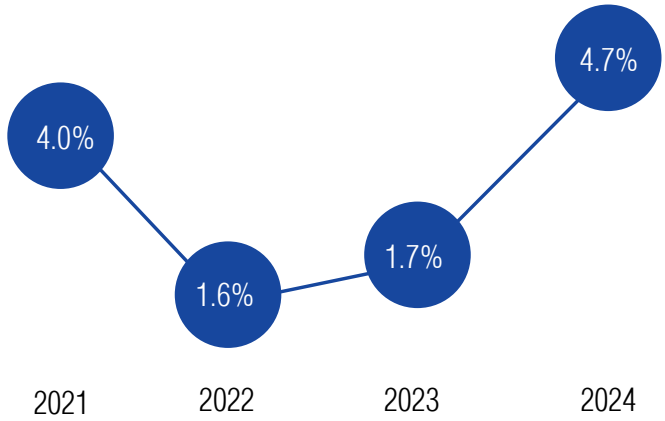
Guarantee premium and service fee income
25.1%

Cost structure

Project implementation costs
64.8%

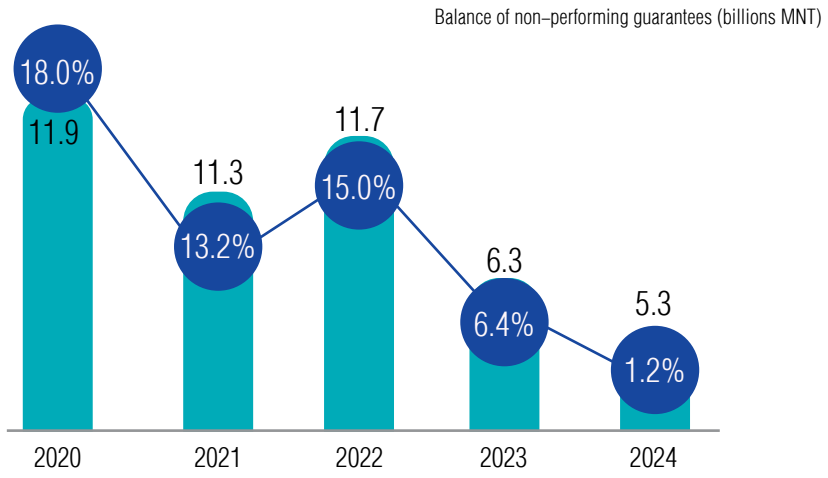
Other expenses of general management
35.2%

Return on total assets



Efficiency of Total Assets: 4.7% Change: Increased by 3.0 percentage points from the same period last year.

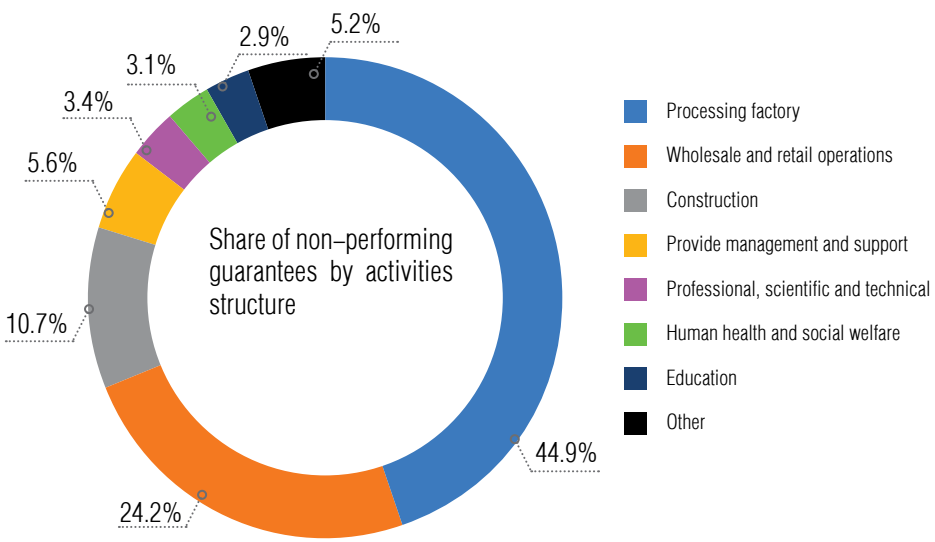
STABILITY



Balance of Non–Performing Guarantees: 5.3 billion MNT.

Share of Non–Performing Guarantees: 1.2% (decreased by 5.2 percentage points from the same period last year).

Distribution of Non–Performing Loans: Manufacturing: 44.9%, Wholesale and Retail: 24.2%, management and support: 5.6%, Construction Sector: 10.7%, Science and Technological sector: 3.4%, Health Sector: 3.1%, Education Sector: 2.9%, Other Sectors: 5.2%



REAL ESTATE BROKERS (and AGENTS)

Regulated entities

312

Market outlook

Brokerage deal

2,850.1

billion MNT

Products and services

Accessibility
98.4% of entities
operated in Ulaanbaatar
Regulated environment

MARKET OUTLOOK

In 2024, there were 312 licensed real estate brokerages operating, marking an increase of 4 entities (1.3%) from the previous year.

Entities with licensed issued by the FRC

312

Licensed organizations

Brokers: **329**

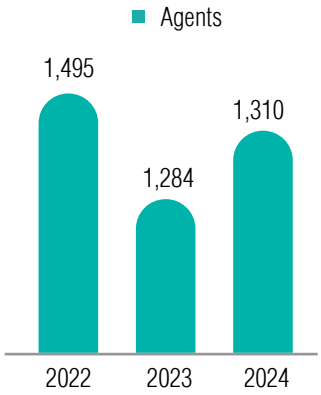
Agents: **1,310**

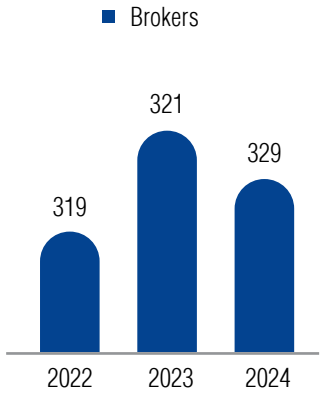
Average Staff per Entity: Brokers: 1
Agents: 4 (with the highest number of agents per entity reaching 88).

SHARE CAPITAL

7.3 billion MNT with 465 shareholders

The number of brokers increased by 8 (2.5%) compared to last year, while the number of agents reached 1,310, marking an increase of 26 (2%) from the previous year.





TOTAL ASSETS

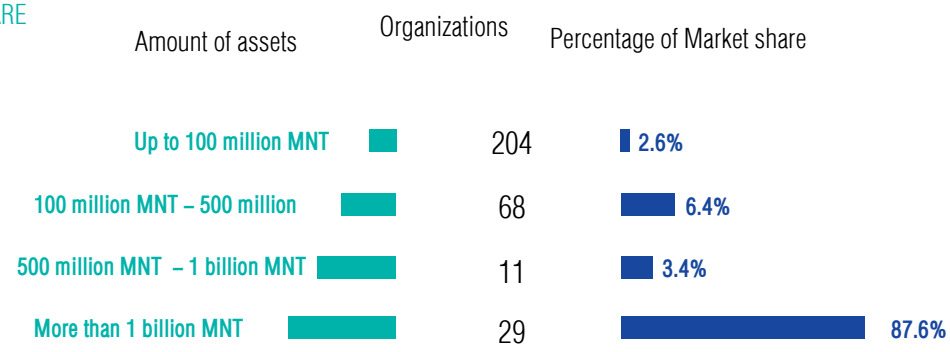
Total Assets: 224.6 billion MNT;
Current Assets: 169.9 billion MNT (75.6%);
Non–Current Assets: 54.8 billion MNT (24.4%);
Debt: 181.2 billion MNT (80.7%);
Owner's Capital: 43.4 billion MNT (19.3%).

Classification of assets and resources	Amount (billion, MNT)	Proportion of assets and resources
CURRENT ASSETS	169.9	75.6%
NON–CURRENT ASSETS	54.8	24.4%
LIABILITIES	181.3	80.7%
OWNER'S PROPERTY	43.4	19.3%

MARKET SHARE

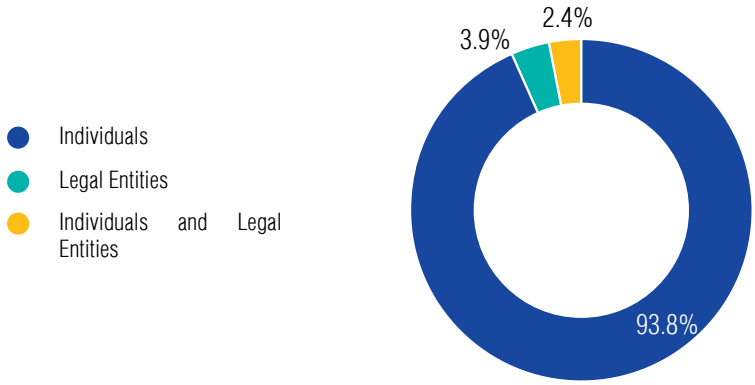
15 companies account for 77% of the market.
60 companies account for 94% of the market.
29 companies with assets over 1 billion MNT account for 87.6% of the market.
11 companies with assets between 500 million MNT and 1 billion MNT account for 3.4%.
68 companies with assets between 100 million MNT and 500 million MNT account for 6.4%.
204 companies with assets under 100 million MNT account for 2.6%.

PERCENTAGE OF MARKET SHARE



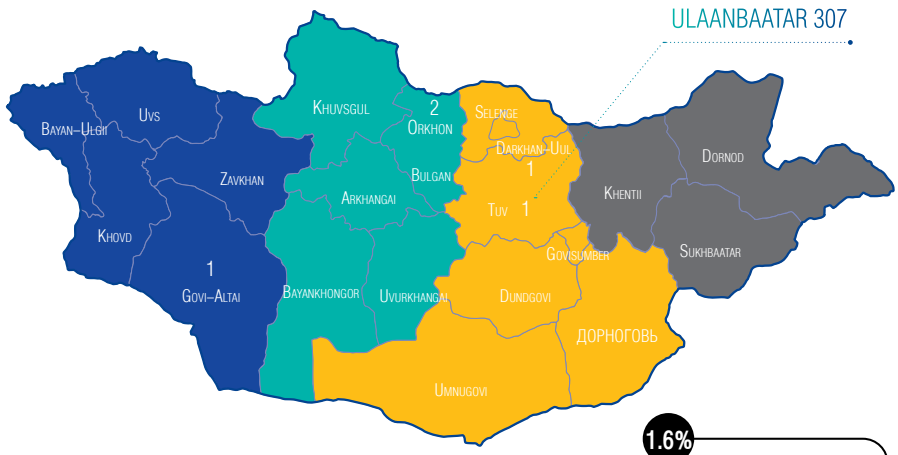
SHARE CAPITAL

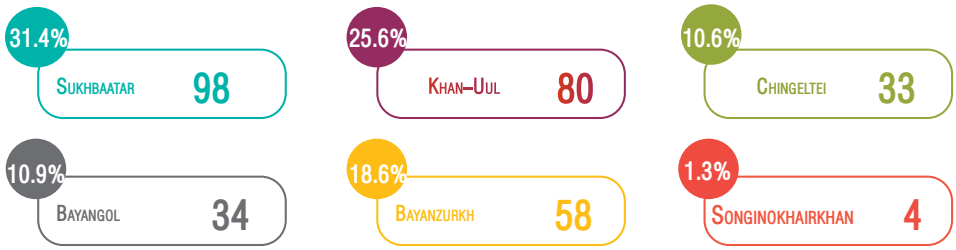
Total share capital: 7.3 billion MNT from 465 shareholders.
Individuals: 93.8%
Legal entities: 3.9%
Jointly Owned: 2.4% (individuals and legal entities)



ACCESSIBILITY

Geographical Distribution of Licensed Entities:

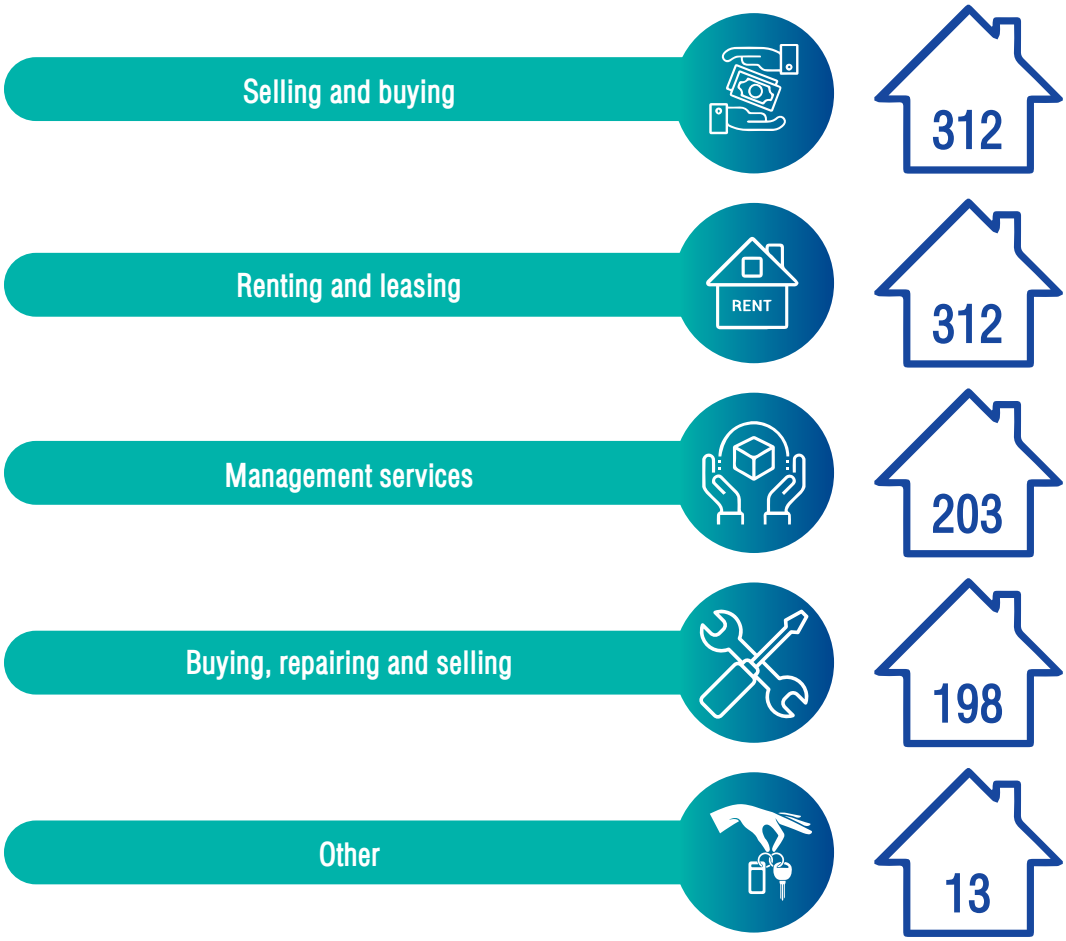




Sukhbaatar District: 31.4%, Khan Uul District: 25.6%, Bayanzurkh District: 18.6%, Bayangol District: 10.9%, Chingeltei District: 10.6%, Songinokhairkhan District: 1.3%, Provinces: 1.6% (5 entities).

PRODUCTS AND SERVICES

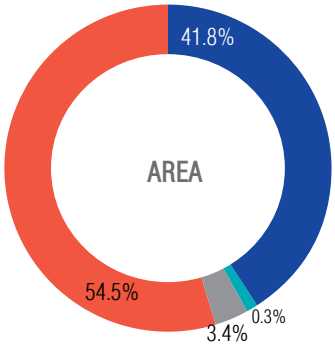
NUMBER OF REB AND AGENTS, AND TYPES OF SERVICES (DUPLICATED)

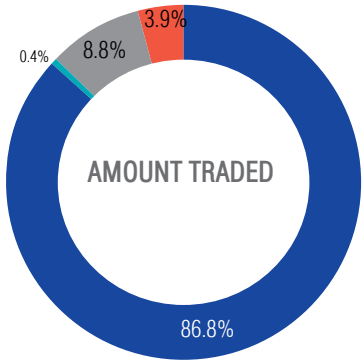


NOTE

Public Apartment Average Price: 3,5 million MNT per square meter.
Luxury Apartment Average Price: 5.9 million MNT per square meter.

SELLING AND BUYING SERVICES



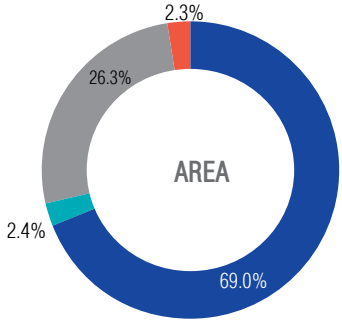


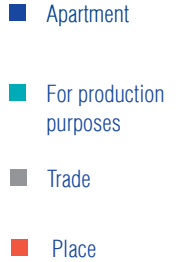
Sold Real Estate:
Land: 54.5%
Residential: 41.8%
Commercial: 3.4%
Industrial: 0.3%

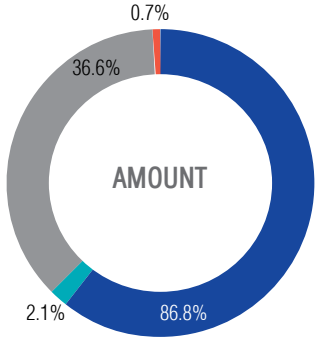
Value of Sales:
Residential: 86.8%
Commercial: 8.8%
Land: 3.9%
Industrial: 0.4%

Size Distribution of Real Estate Sold
Less than 50 square meters: 20.2%
51 to 100 square meters: 46.9%
101 to 200 square meters: 20.7%
More than 201 square meters: 12.2%

RENTING AND LEASING SERVICE







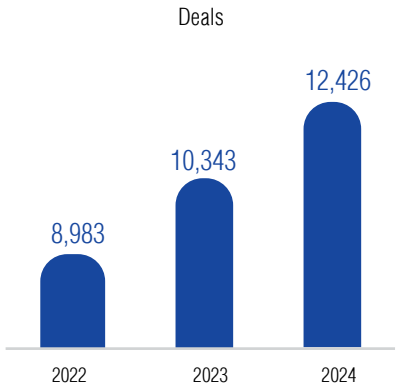
Rental and Lease Deals:
Residential: 69.0%
Commercial: 26.3%
Industrial: 2.4%
Land: 2.3%

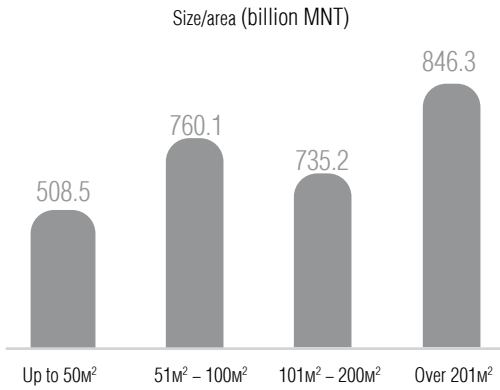
Value of Sales:
Residential: 60.7%
Commercial: 36.6%
Industrial: 2.1%
Land: 0.7%

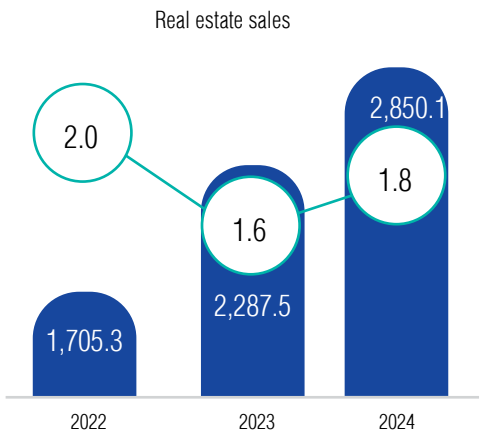
Size Distribution of Real Estate Rented/Leased
Less than 50 square meters: 19.4%
51 to 100 square meters: 35%
101 to 200 square meters: 19.8%
More than 201 square meters: 25.8%

SELLING AND BUYING BROKERAGE

Total Deals: 12,426 (of 312 entities)
Combined Area: 1,797.3 thousand square meters
Total Value: 2,850.1 billion MNT







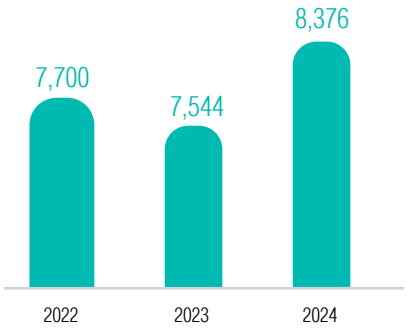
Size/area /million, м²/
Amount /billion, MNT/

Increase in Transaction Amount:
Value Increase: 24.6% (2.9 trillion MNT)
Area Increase: 12.5% (1.8 million square meters)

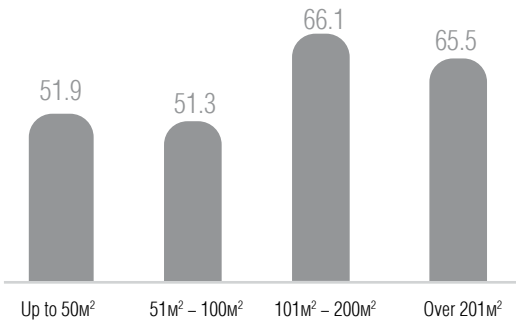
SELLING AND BUYING SERVICES

Total Area Rented or Leased: 659.1 thousand square meters
Total Value: 234.9 billion MNT,
Total Deals: 8,376 (of 312 entities)

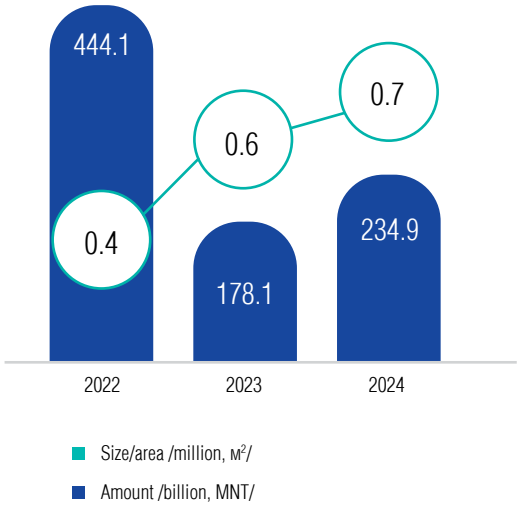
Deals



Size/area (MNT, billion)



Real Estate Lease

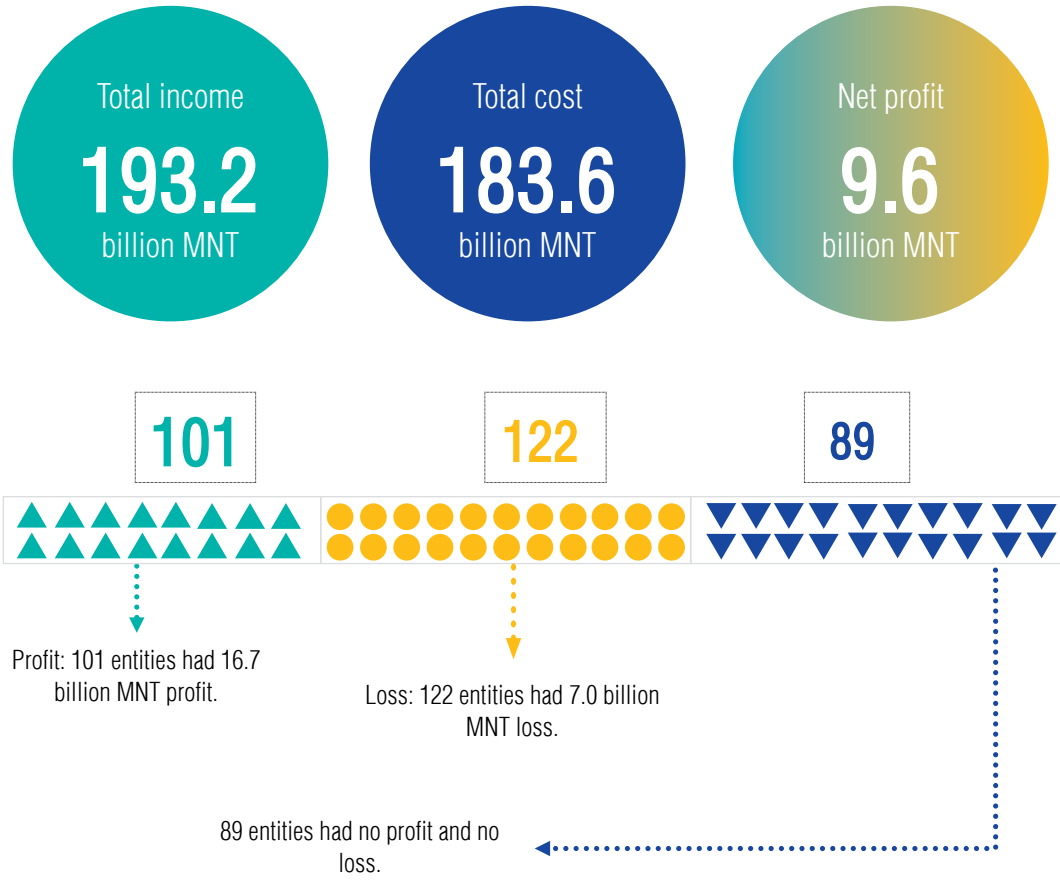


Increase in Transaction Amount:

Value Increase: 31.9% (234.9 billion MNT);

Increase in Area: 9.9% (0.7 million square meters).

PROFITABILITY



		<1%	1-5%	5-10%	>10%
/ROA/	22.4%	289	19	1	3
2024					
/ROE/	4.3%	308	3	1	0

REGULATORY ENVIRONMENT

POLICY AND LEGISLATION

- The following regulations were revised under FRC Resolution No. 648 of 2024. were revised.
- “Regulation on setting requirements for granting permits to real estate brokerage organizations”,
- “Regulation on setting requirements for professional associations”, and “Regulation on registration of legal advice and auditing services with the Commission”.
- Code of conduct for the Real Estate Brokerage Industry has been developed, incorporating best practices from South Korea, Singapore, and Japan.

MEETINGS AND SEMINARS

- A total of 531 participants attended the 11–session training for obtaining a real estate brokerage license in 2024.
- A total of 73 participants attended the two–session training, which covered topics such as “Off–site and onsite supervision”, “Instruction for reports” and “Implementation of the Law on conducting settlement in national currency” organized by the FRC.

DEALERS IN PRECIOUS METALS AND STONES

Number of dealers

55 Legal Entities

473 Individuals

Market outlook

Precious metals sold and bought

323.3 billion MNT

Products and services

Accessibility

73.2%

Operated in Ulaanbaatar

Regulatory environment

MARKET OUTLOOK

NUMBER OF ENTITIES WITH LICENSES

In 2024, there were 55 legal entities with licenses (dealers in precious metals and stones or articles made from them), as well as 473 individuals with licenses.

Entities (dealers in precious metals and stones, and dealers in products made by them) **55**

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

Individuals (dealers in precious metals and stones) **118**

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

SHARE CAPITAL

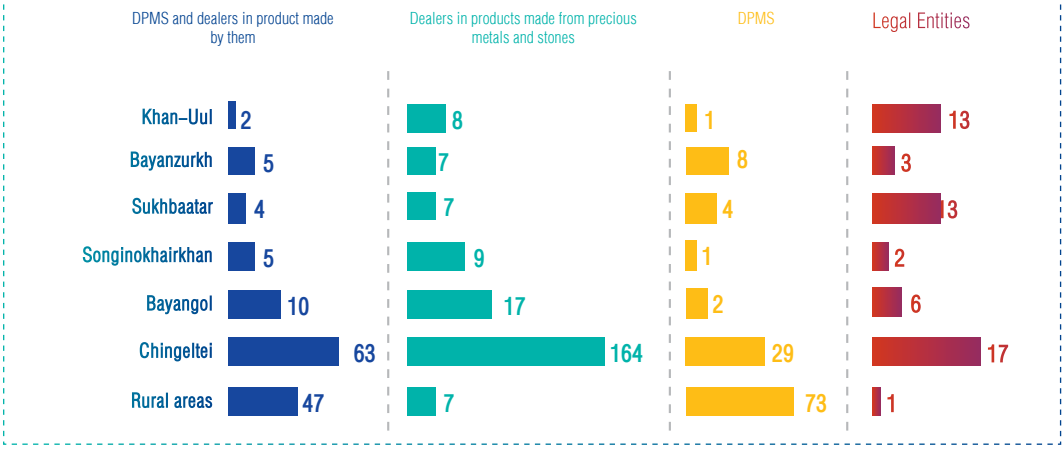
The share capital for 88 shareholders in these 55 regulated entities amounted to 10.2 billion MNT.

73.2% (346) of licensed dealers operated in Ulaanbaatar, while 26.8% (127) were based in rural areas.

in Ulaanbaatar **73.2%**

ACCESSIBILITY

LOCATION OF DPMS



- The majority of dealers in precious metals are located in the provinces, comprising 61.9% of the total. In contrast, most dealers in products made from precious metals and stones are concentrated in Ulaanbaatar, where 74.9% of dealers are based.

IN RURAL AREA

DPMS and dealers in products made from precious metals and stones

Bayan–Ulgii 4
Bayankhongor 10
Govi–Altai 3
Darkhan–Uul 12
Orkhon 6
Umnugovi 4
Selenge 2
Uvs 2
Khovd 1
Khentii 1

Dealers in products made from precious metals and stones

Bayankhongor 1
Darkhan–Uul 5
Khovd 2

DPMS

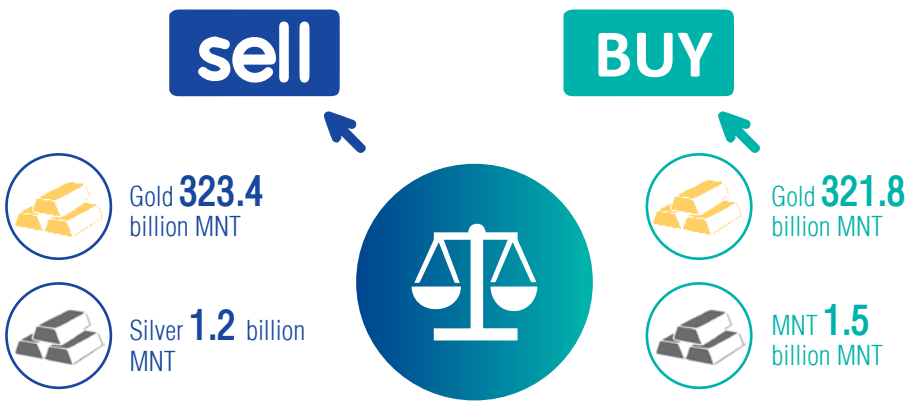
Bayankhongor 12
Govi–Altai 3
Darkhan–Uul 8
Dornogovi 1
Dornod 1
Uvurkhangai 1
Umnugovi 5
Selenge 22
Tuv 14
Uvs 2
Khovd 4

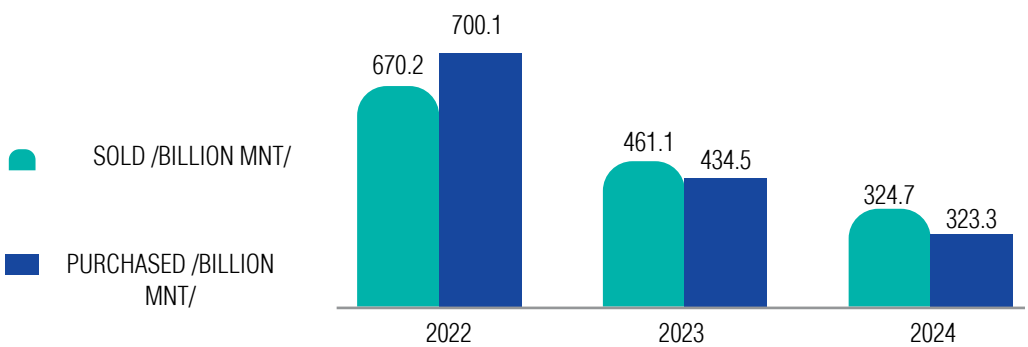
PRODUCTS AND SERVICES

METALS BOUGHT AND SOLD

In 2024, a total of 1.6 tons of metals, valued at 323.3 billion MNT, were purchased. Conversely, 1.4 tons of metals, valued at 324.7 billion MNT were sold. The amount of metals bought decreased by 25.6%, while the amount sold decreased by 29.6%.

TRADE BETWEEN DEALERS IN PRECIOUS METALS, INDIVIDUALS AND ENTITIES





PRECIOUS METAL SALES AMOUNT /MNT, BILLION/

AMOUNT OF PURCHASED PRICE

29.7 billion MNT

SOLD PRICE AMOUNT

48.6 billion MNT

JEWERLY transactions, jewelry worth 29.7 billion MNT was purchased, jewelry worth 48.6 billion MNT was sold.

ҮНЭТ МЕТАЛЛЫН БОРЛУУЛАЛТЫН ДҮН

AMOUNT OF PURCHASED PRICE

323.3 billion MNT

SOLD PRICE AMOUNT

324.7 billion MNT

Precious metals worth 323.3 billion MNT were purchased, precious metals worth 324.7 billion MNT were sold.

CLASSIFICATION OF ASSETS AND RESOURCES	Amount /MNT, billion/	Proportion of assets and resources
CURRENT ASSETS	68.8	83.9%
NON-CURRENT ASSETS	13.2	16.1%
LIABILITIES	50.1	61.1%
OWNER'S	31.9	38.9%

PROFITABILITY

Total income
73.7
BILLION MNT

Total cost
61.2
BILLION MNT

Net profit
12.5
BILLION MNT

REGULATORY ENVIRONMENT

POLICY AND LEGISLATION

- As part of effort to enhance the legal framework , research was conducted on the legal environment of six countries (the Republic of Korea, Canada, the Commonwealth of Australia, the Republic of India, the Republic of Ghana, and the United Arab Emirates).

MEETINGS AND SEMINARS

- As part of efforts to enhance draft of the "Regulations on the operation of DPMS" was revised, followed by a discussion with industry participants on November 14, 2024.
- In collabration with the National Association of Precious Metals and Stones and Jewelry, 8 training sessions were held, educating 240 participants on sector regulations.
- Training on “Off–site and onsite supervision”, “Instruction for reports” and “Implementation of the Law on conducting settlement in national currency” was held on November 27, 2024, in Orkhon province and on November 30, 2024, in Darkhan–Uul province.A total of 17 participants attended the training sessions.
- In collaboration with the Financial Information Unit of the Central Bank of Mongolia and law enforcement agencies, a training session was organized for reporting entities in non–banking sectors to improve the understanding of the AML/CFT roles, responsibilities, and risks, and to support the detection and reporting of suspicious transactions. The training was conducted on November 22, 2024, with 40 REBs and 10 DPMS attending.

SANDBOX

Number of requests **23***

Tested products **6**

Market outlook

4
participants

9.4
BILLION MNT
TRADING

OTC market trading system

1,555
by agreement

218.1
BILLION MNT TRADING

Repo brokerage services

P2P loan service
9,807
costumers
3.4
billion MNT loan
Mutual Funding Services
5,687
Investors
354.3
million MNT financing
B2B loan service
162
Registered customers
50.9
billion MNT loan

TESTED PRODUCTS AND SERVICES

Requests /by products and services/

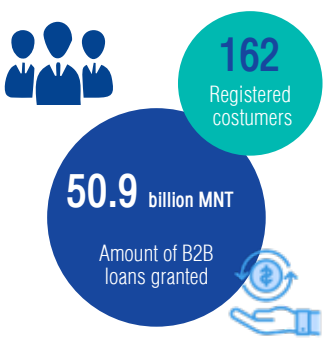
The Sandbox unit received a total of 23 requests to test products and services in the sandbox environment, including 4 were new requests in 2024.

6
Testing products

8*
Products, by Sandbox

B2B credit services

Launched in January 2024, the B2B credit service was designed to meet the short–term financing needs of entities by circulating excess reserves.



Since its operation began in February 2024, the service has registered 128 customers and facilitated loans totaling 50.9 billion MNT, of which 45.3 billion MNT has been repaid. The average interest rate for these loans is 1.5%, with loan terms of 14, 21, and 28 days.

B2B loan term
14, 21, 28 days

B2B average loan interest
1.5%

** Increased statistics*

Repo brokerage services

Repo services have been operating in the sandbox since December 2021.

Certificate of Deposit

From September 2023 to the end of 2024, a total of 114.5 million MNT in certificates of deposit were traded.

Default trade amount
102.4 million MNT

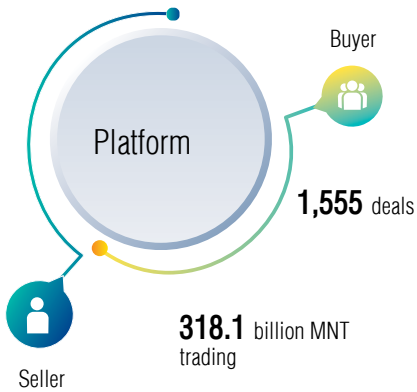
Secondary trading amount
12.1 million MNT

Trust

From October 2023 to the end of 2024, 4.4 billion MNT in trust services were mediated.

Default trade amount
3.5 billion MNT

Secondary trading amount
919 million MNT



Since December 2021,41 lenders and 32 borrowers participated in repurchase agreements, trading a total of 318.1 billion MNT across 1,555 agreements. The average term for repo loans is 42 days, with an average interest rate of 17.9%.

Repo transactions also showed 116 instances of excess supply, amounting 33 billion MNT and 9 instances of excess demand, amounting to 3.1 billion MNT. The average term for repo loans is 42 days, with an average interest rate of 17.9%.

Average repo interest rate

18.3%

Average term of repo loan

32 days

7 days | 14 days | 28 days | 84 days

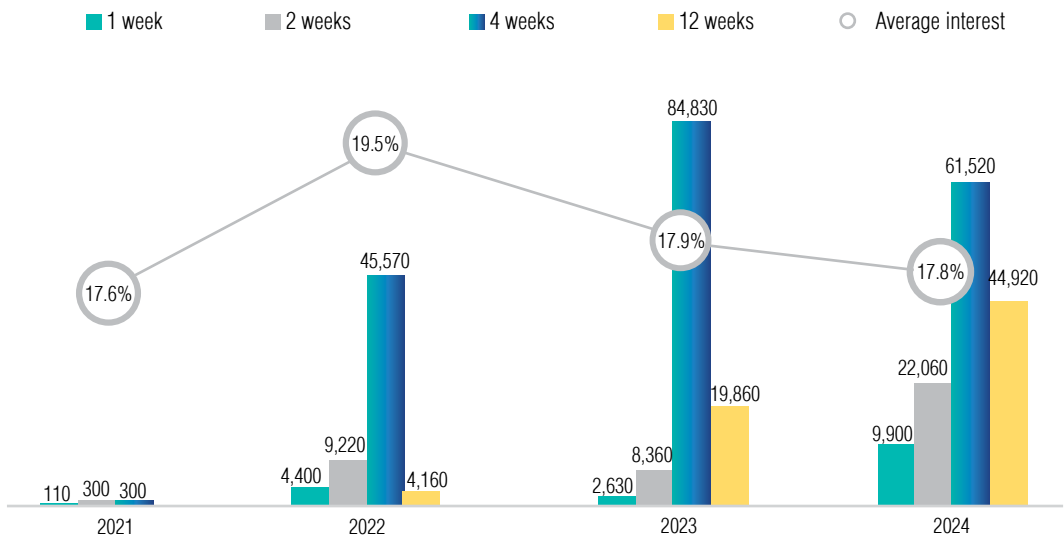
Money market statistics

Time	Number of creditors	Number of borrowers	Number of trades	Trade amount	Average interest	Average loan term
2021	4	3	7	710,000,000	17.6	16
2022	21	18	432	63,350,000,000	19.5	25
2023	28	28	533	115,680,000,000	17.9	34
2024	32	32	583	138,400,000,000	17.8	37

The Repo transaction figures show significant growth from 2021 to 2024.

Volume of repo loans increased from 710.0 million MNT in 2021 to 138.4 billion MNT in 2024. The average loan term has increased from 16 months to 37 months, indicating that the demand for long–term loans is getting

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



The weighted average interest rate on repo loans increased up to 19.5% in 2022, and decreased and remained relatively stable (17.8%–17.9%) in 2023 and 2024.

Out of the total repo loans:

4–week maturity: 60.4%;

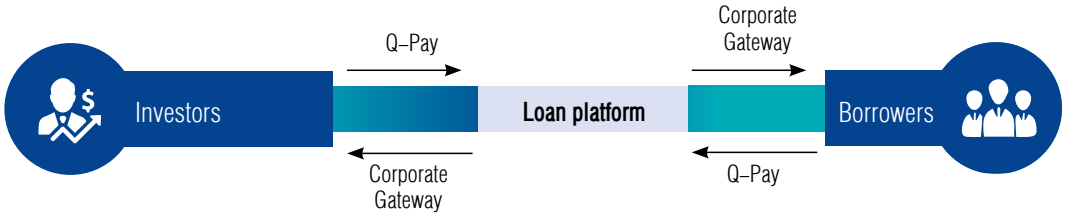
12–week maturity: 21.7%;

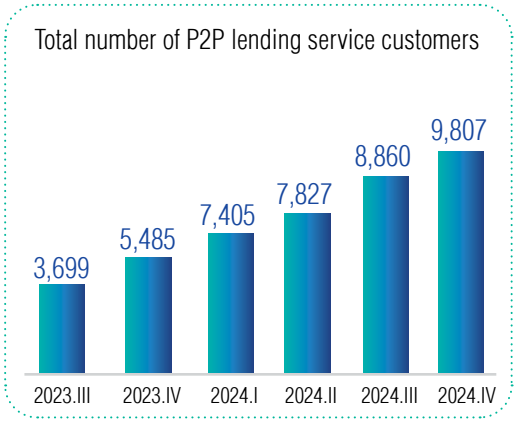
Two–week maturity: 12.6%;

One–week maturity: 5.4%.

P2P loan service

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



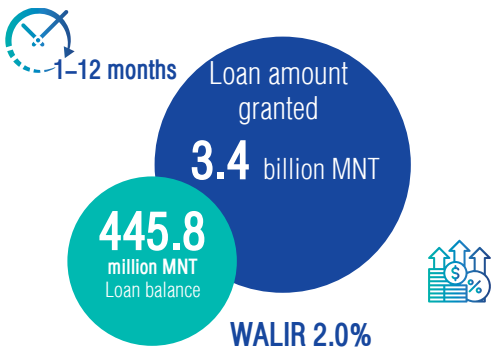


98.6% **borrowers**

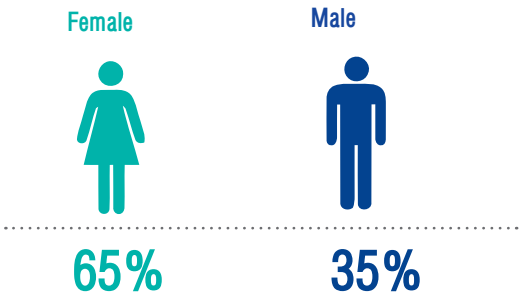
1.4% **investors**

It has served 9,807 customers, 1.4% of are investors, while the remaining 98.6% are borrowers.

A total of loans of 3.4 billion MNT in loans were granted, while 2.9 billion MNT were paid back leaving 445.8 million MNT outstanding.

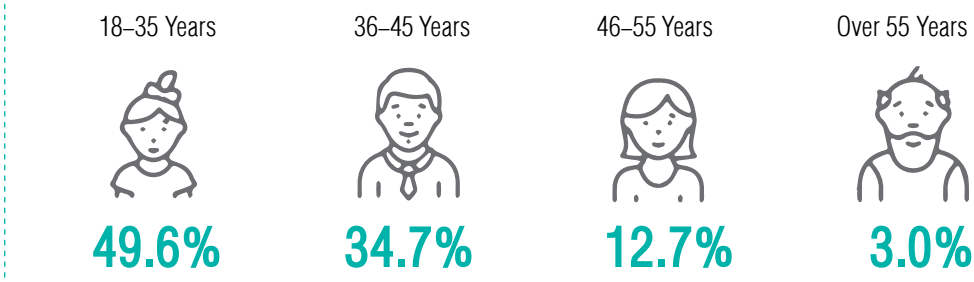


Out of total loan:
Normal loan: 98.6%
Overdue: 0.6%
Non–performing loan: 0.8%
The average monthly interest rate is 2.0%.

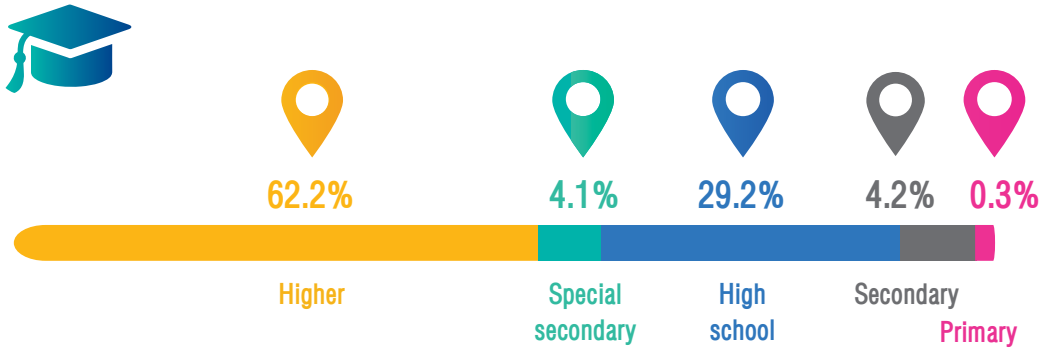


Demographically, 65% of customers are women, while 35% of customers are men.

BY AGE

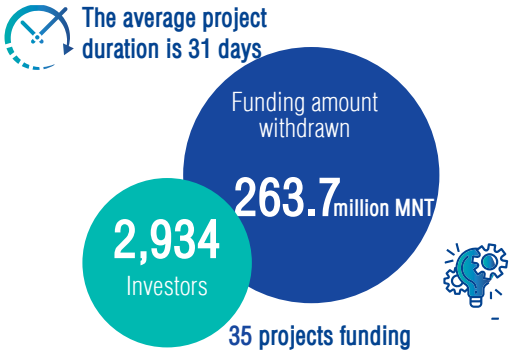


BY EDUCATION



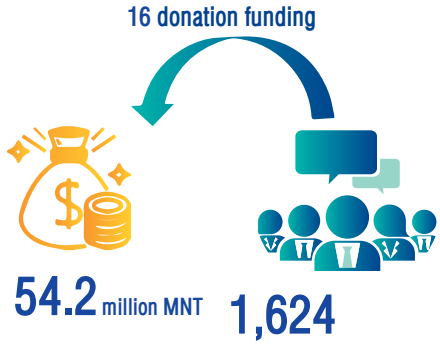
Crowdfunding

Launched in December 2022, two companies are testing crowdfunding services, with incentive–, loan– and donation–based crowdfunding.



354.3 million MNT was raised from 5,687 investors across 53 projects with a value of 1.9 billion MNT. Of these, 35 incentive–based projects raised 263.7 million MNT. The average funding realization rate is 35.1%.

- 54.2 million MNT was raised from 1,624 investors across 16 donation–based projects.
- 11.0 million MNT was raised from 2 investors under one loan–based project.
- A company raised 25 million MNT by offering its share of 2.5%.



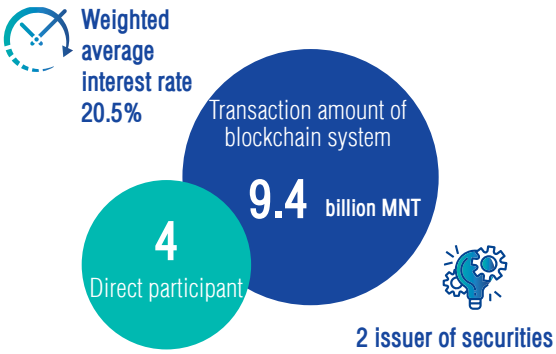
INVESTORS (BY AGE)

Among the investors, 65.9% are aged 18–35 years, 22.4% are in the 36–45 age range, 7.9% are aged 46–55, and 3.8% are over 55 years old.

Blockchain trading system

The OTC blockchain trading system, which began operations in November 2023, has significantly enhanced the efficiency of trading and securities settlement in both the primary and secondary markets. This system enables automated trading and eliminates time constraints, offering 24/7 availability.

Key Achievements in 2024:



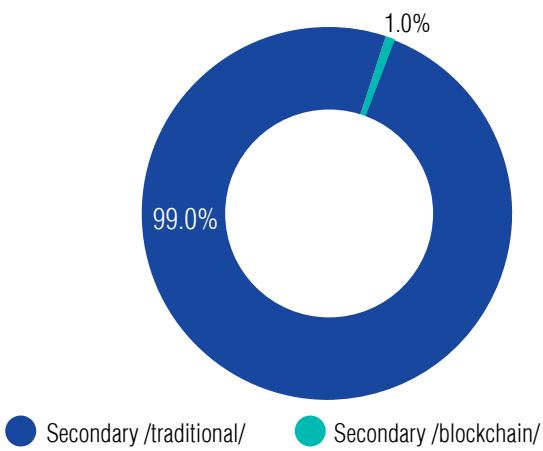
Securities Traded:

93,745 securities worth 9.4 billion MNT were traded on the blockchain.

The weighted average bond interest rate for these trades was 20.5%.

Market Participation:

There are 4 direct participants involved in secondary market blockchain trading.



REGULATORY ENVIRONMENT

In the framework of the improvement of the regulatory environment:

Amendments to the Sandbox Regulations: The FRC developed amendments to the “Regulation on Sandbox Regulatory Environment”, which included:

Regulations for products and services successfully tested in the sandbox.

Clarifications on the regulations that are now effective.

Consideration of participating organizations as reporting entities under Article 4 of the Law on Combating Money Laundering and Financing of Terrorism.

Regional Leadership: Mongolia is leading the Regional Sandbox Regulatory Framework Working Group to promote regional financial integration and reform by supporting financial technology innovation. This also aims to expand cross–border cooperation among Central Asian countries.

Public Awareness:

The FRC participated in 18 training sessions and discussions to inform the public about the sandbox regulatory environment and fintech market developments.

Representatives from the FRC attended major international conferences such as:

“Technological Development and Regulation in Payment Systems” and “Payment System Regulators' Meeting” conferences organized by Southeast Asian Central Banks (SEACEN).

“Implementing Sandbox Regulation: Challenges and Lessons” webinar organized by the Alliance for Financial Inclusion (AFI), where Mongolia shared its experiences in implementing sandbox regulations.

Industry Terminology Integration: Terms related to the fintech industry were integrated into the "Glossary of Economic and Financial Terms" developed by the Bank of Mongolia, Financial Regulatory Commission, and the University of Finance and Economics, enhancing the clarity and consistency of fintech terminology in the country.

Сэндбоксын орчны оролцогчдод хяналт тавих, хамтран ажиллах ажлын хүрээнд:

A total of 82 meetings were held with 31 companies interested in testing their products and services within the sandbox.

the FRC has been conducting both on–site and off–site supervision of participants activities based on their reports .

The FRC regularly participates in trainings and meetings focused on fintech development and the regulatory environment to stay updated.

The FRC is developing a digital database to collect news and reports on a weekly, monthly, and quarterly basis, with tailored reports for each of the six testing areas.

The FRC also conducts regular research on the development and regulatory environment for testing products and services, ensuring that their operations stay aligned with global

VIRTUAL ASSET SERVICES

VASPs

12

Market outlook

Costumers

932,252

Accessibility

Day trading of
foreign virtual assets

168.7 million MNT

Products and services

Profitability

Total income

13.4 billion MNT

Total profits

1.2 billion MNT

Regulatory environment

MARKET OUTLOOK

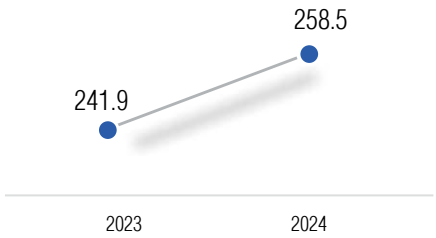
NUMBER OF VIRTUAL ASSET SERVICE PROVIDERS

There are 12 VASPs in operation, with a market valuation of 258.3 billion MNT, representing a 6.8% (16.4 billion MNT) compared to the same period last year.

Areas of activity /duplicate/

ACTIVITY	VASP
Transfer of virtual assets	12
Trade between single and multiple virtual assets	10
Trade between virtual assets and official currencies	12
Storage and management of virtual assets and related tools	12
Organizing activities related to offering and selling virtual assets to the public, participating in financial activities and providing services, maintaining and managing assets and related instruments	10

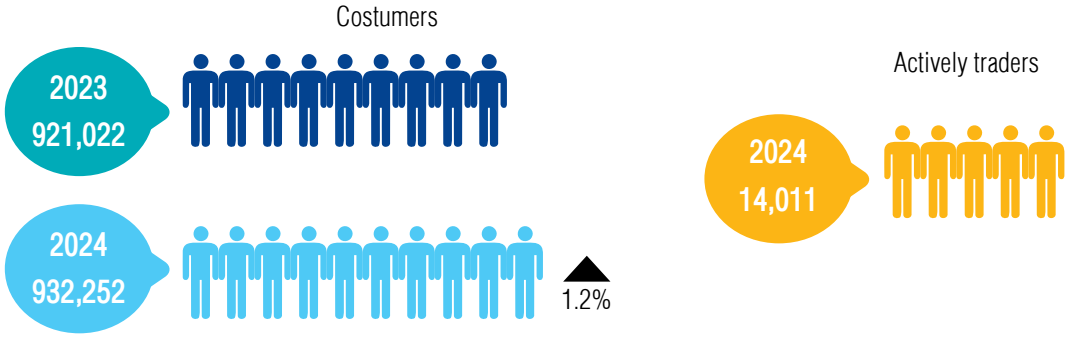
Market valuation (MNT, billion)



MARKET SHARE (BY TOTAL

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

ACCESSIBILITY

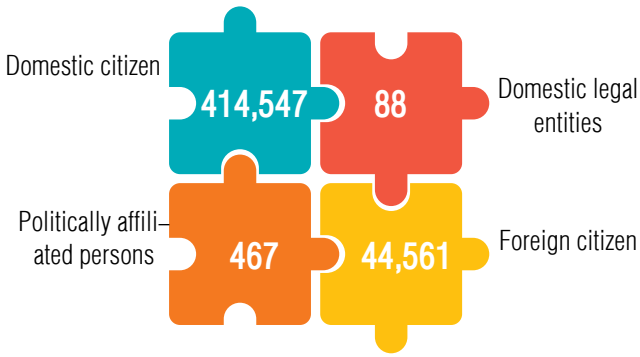


Total Licensed VASP customers reached 932,252, an increase of 1.2% compared to the same period last year., 49.3% (456.664)of these customres are verified , and 1.5% (14,011) of customers are actively trading.

CONFIRMED COSTUMERS

By gender:		By age		
Male	Female	16–30 years	31–45 years	46 +
243,216	216,448	170,138	221,495	68,031
52.9%	**47.1%**	**37.0%**	**48.2%**	**14.8%**

CLASSIFICATION OF VERIFIED CUSTOMERS:



Verified Customers Breakdown:

90.2% (414,547) of verified customers are domestic individuals.

9.7% (44,561) are foreign individuals.

0.1% (467) are entities connected with politics.

0.02% (88) are domestic entities.

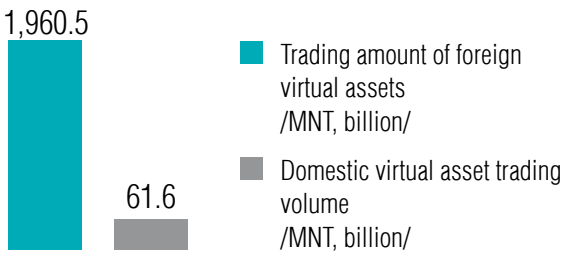
0.0002% (1) is a foreign entity.

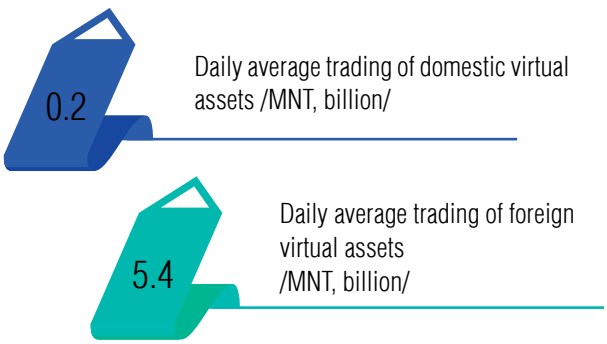
PRODUCTS AND SERVICES

VIRTUAL ASSET TRADING

A total of 2,0222.0 billion MNT was traded traded through VASPs:

- 1,960.5 billion MNT; 97.0% of this was from foreign virtual assets

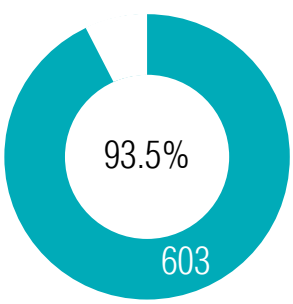




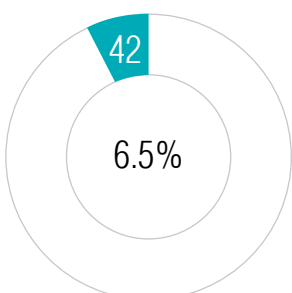
The average trade of foreign virtual assets was 5.4 billion MNT, and the average trade of domestic virtual assets was 0.2 billion MNT

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

645 VAs were traded through VASPs, 42 (6.5%) of these were domestic VAs, and 603 (93.5%) were foreign VAs.



Foreign VAs account for 93.5% of the total traded VAs. Domestic VAs increased by 14.3% from the same period last year.



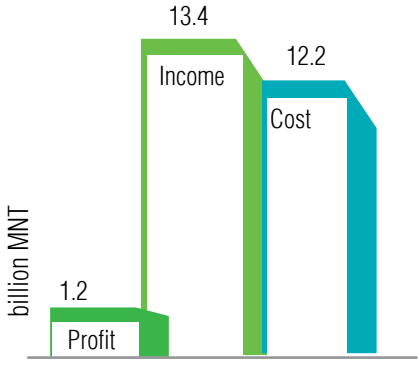
ACCESSIBILITY

TOTAL ASSETS

VASPs have total assets of 77.9 billion MNT, with 57.7 billion MNT (74.1%) classified as current assets and 20.2 billion MNT (25.9%) as non–current assets. Considering the source of assets, 54.1 billion MNT (69.4%) were debt, and 23.8 billion MNT (30.6%) were the property of the owners

Statistics	Amount /MNT, billion/	Proportion of assets and resources
Current assets	57.7	74.1%
Non–current Assets	20.2	25.9%
Liabilities	54.1	69.4%
Owner's property	23.8	30.6%

In the reporting quarter, VASPs earned 13.4 billion MNT, spent 12.2 billion MNT, and made a profit of 1.2 billion MNT.



REGULATORY ENVIRONMENT

POLICY AND LEGISLATION

- In response to the evolving market and legislative environment, the Financial Regulatory Commission (FRC) has focused on protecting the interests of investors and customers within regulated sectors. As part of this initiative: The regulations governing the activities of Virtual Asset Service Providers (VASPs) were diversified, consolidated, and amended to align with relevant laws and regulations.
- These changes were approved by the FRC's Resolution No. 657 in 2024 and are designed to: Ensure consistency with existing rules, regulations, and instructions under the General Administrative Law. Eliminate duplication and address any violations. This new regulation is titled "Regulations on the Operation of Virtual Asset Service Providers" and came into force on January 24, 2025, after being registered with the State Consolidated Fund of the General Administrative Laws by the Ministry of Justice and Home Affairs.

APPENDIX

CAPITAL MARKET DATA

Statistics	2022	2023	2024
Market valuation (MNT, billions)	6,890.4	11,650.2	13,022.7
MV/GDP	14.0%	16.9%	15.2%
Liquidity	2.4%	1.5%	2.5%
Stock trading (MNT, billions)	343.4	524.8	358.3
Dept instrument trading (MNT, billions)	134.1	138.1	913.1
Asset–backed securities trading (MNT, billions)	69.7	63.5	206.1
Investment fund (MNT, billions)	13.6	60.8	102.4
TOP–20 index	37,565.55	41,437.42	51,296.39
MSE A index	14,137.94	17,574.53	19,795.97
MSE B index	12,667.44	11,327.14	15,197.38
Number of JSCs	318	310	311
Number of SCs	52	52	53
Commercial value of agricultural products (MNT, billions)	1,110.0	968.3	995.9
Trading volume of mining products exchange (MNT, billions)	–	7,541.4	8,894.3

INSURANCE MARKET DATA

Statistics	2022	2023	2024
Total assets (MNT, billions)	474.9	551.4	662.8
Total insurance and reinsurance premiums (MNT, billions)	304.8	398.7	510.6
Total compensation (MNT, billions)	94.2	120.9	160.4
Reserve fund (MNT, billions)	216.9	268.9	329.7
Reinsurance fee (MNT, billions)	100.0	141.6	165.4
Net profit (MNT, billions)	18.5	11.8	25.5
Professional participants:			
Non–life insurance	15	15	17
Life insurance	2	2	2
Reinsurance	1	1	1
Insurance agent	2,376	2,416	2,504
Insurance broker	63	63	60
Damage assessor	25	24	29
Actuary	40	40	40
Auditor	137	147	151
Auditor's company	40	45	47

NBFI DATA

/Тэрбум төгрөг/

Statistics	2022	2023	2024
Total assets	3,527.0	4,672.2	7,127.3
Current assets	3,415.8	4,526.2	6,808.6
Cash	490.5	652.9	825.7
Short–term investments	29.1	50.7	68.3
Total loans	2,722.6	3,675.9	5,750.4
Normal loans	2,409.1	3,297.4	5,223.0
Overdue loans	106.5	119.4	176.4
Non–performing loans	207.0	259.1	351.0
Credit risk fund	151.4	199.9	262.5
Other real estate to be owned and other property to be owned (net)	24.2	25.9	39.8
Non–current assets	111.2	146.1	318.7
Total liabilities	1,335.4	1,926.9	3,456.0
Trust service payayble	381.1	651.9	1,189.0
Payables to domestic and foreign banks and financial institutions	396.8	586.4	1,240.5
Project loan financing	30.0	23.8	15.6
Owner's property	2,191.6	2,745.3	3,671.3
Secondary charity	76.0	76.0	74.3
Share capital	1,275.7	1,498.0	1,790.4
Accumulated profit	774.8	1,107.2	1,706.3
Number of NBFIs	513	529	573
Ulaanbaatar	420	434	476
Provinces	93	95	97
Customers	4,633,616	4,535,672	5,393,028
Total income	867.8	1,163.8	1,828.2
Interest income	701.9	999.1	1,644.1
Non–interest income	149.9	140.0	154.5
Non–operating income	15.8	24.5	29.6
Total cost	554.9	731.7	1,130.3
Interest expenses	95.6	140.0	398.8
Non–interest expenses	335.2	412.4	459.0
Potential risk costs	69.1	93.5	114.5
Non–core operating expenses	8.2	179.3	158.0
Net profit	312.9	432.1	697.9

SCC'S DATA

/Тэрбум төгрөг/

Statistics	2022	2023	2024
Total assets	267.7	306.5	356.8
Current assets	263.6	302.4	345.1
Cash	40.0	75.6	74.1
Liability	15.8	17.2	17.3
Non–current Assets	4.1	4.0	11.7
Fixed assets /net/	3.9	3.9	4.5
Intangible assets /net/	0.2	0.1	0.8
Total loans	210.2	209.1	258.7
Normal loans	197.2	193.9	245.1
Overdue loans	5.9	8.5	7.5
Non–performing loans	7.0	6.7	6.1
Liabilities	207.9	237.0	274.0
Total savings	187.5	215.2	248.6
Short and long term liabilities	17.8	19.5	2.9
Own assets	59.8	69.5	82.7
Members' contributions	25.9	27.5	28.9
Property of cooperatives	33.7	41.8	53.4
Accumulated income /loss/	14.7	20.0	28.2
Total income	58.9	64.6	77.9
Interest income	55.9	61.2	74.1
Non–operating income	0.9	1.2	1.4
Other operating income	2.1	2.2	2.4
Total expenses	47.3	53.7	62.6
Interest expenses	30.2	34.2	40.8
Potential contingency fund costs	1.6	2.2	1.4
Operating costs	14.2	16.1	18.8
Non–operating expenses	0.1	0.1	0.1
Net income	11.6	10.9	15.3
Number of SCCs	196	191	178
Number of Ulaanbaatar SCCs	107	100	87
Number of local SCCs	89	91	91
Members	71,657	72,521	75,252

CREDIT GUARANTEE FUND

/Тэрбум төгрөг/

Statistics	2022	2023	2024
Total assets	258.6	295.6	305.2
Warranty balance	78.1	98.2	441.0
Of which: overdue	4.2	1.8	4.2
:non–performing	11.7	6.3	5.3
Guaranteed loan balance	153.5	195.8	768.7
Of which: overdue	7.4	2.1	3.0
:non–performing	24.6	19.3	18.1
Operating income	12.2	11.9	26.7
Operating expense	3.6	6.2	12.5
Operating result	8.6	5.8	14.2
Total guarantees	40	314	13,261
Amount of bail issued	13.7	49.6	371.0
of which: agriculture	0.3	0.5	3.0
manifacturing	5.4	19.0	12.0
wholesaling and retailing	3.1	19.2	23.3
services	4.9	10.9	332.7
Average period of guarantee issued /in months/	84.8	193.6	78.1
Number of requests submitted for bail	75	440	13,263
Of which: Number of approved requests	42	355	13,261

REBs DATA

Statistics	2022	2023	2024
REBs (including agencies)	305	308	312
Brokers	319	321	329
Agents	1,495	1,284	1,310
Area of real estate bought and sold (m^2)	1,971.5	1,622.9	1,797.3
Value of real estate bought and sold	1,705.3	2,287.5	2,850.1
Area of real estate rented and leased (m^2)	840.2	600.0	659.1
Value of real estate rented and leased	444.1	178.1	234.9

DPMS DATA

Statistics	2022	2023	2024
Entities (DPMS, and dealers in products made from them)	47	52	55
Individuals (DPMS, and dealers in products made from them)	70	86	136
Individuals (dealers in products made from precious metals and stones)	255	220	219
Individuals (DPMS)	140	122	118
Weight of bought precious metals (kilogram)	8,490.8	3,223.7	1,624.9
Value of purchased precious metals (MNT, billion)	700.1	433.8	323.3
Weight of sold precious metals (kilogram)	8,525.3	3,337.1	1,365.9
Value of sold precious metals (MNT, billion)	670.8	461.1	324.7
Total value of bought products (MNT, billion)	2.7	20.8	29.7
Total value of sold products (MNT, billion)	11.9	33.4	48.6

VASP DATA

/Тэрбум төгрөг/

Statistics	2023	2024
Number of VASP	12	12
Costumers	921,022	932,252
Of which: Actively trades	15,170	14,011
Confirmed	386,340	459,664
Number of domestic virtual assets	49	42
Valuation of domestic virtual assets market	241.9	258.3
Amount of domestic virtual asset trades performed on registered virtual asset service provider /increased amount/	136.6	61.6
Share capital	24.9	24.9
Total assets	55.7	77.9
Operating Profit/Loss	(10.9)	1.2