



FINANCIAL
REGULATORY
COMMISSION

FINANCIAL MARKET REVIEW

THIRD QUARTER OF 2023



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IX. VIRTUAL ASSET SERVICE PROVIDERS MARKET

Financial market
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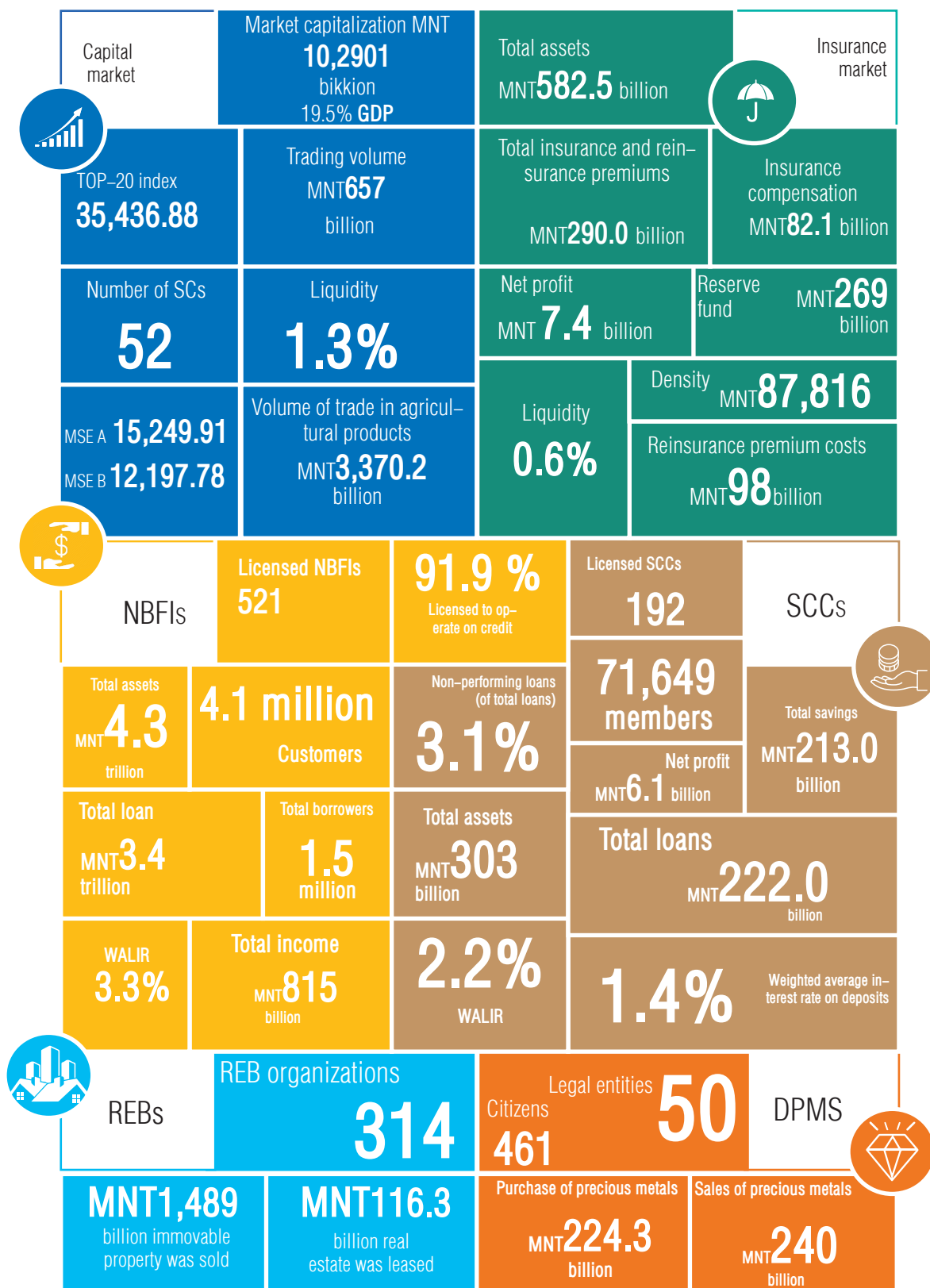
120

Regulatory
environment

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ABBREVIATIONS and ACRONYMS

USA	United States of America	ATM	Automated teller machine
ADB	Asian Development Bank	ESG	Environmental, Social, Governance
NBFI	Non-bank financial institution	JICA	Japan International Cooperation Agency
PRC	People's Republic of China	IAIS	International Association of Insurance Supervisors
ROK	Republic of Korea	IPO	Initial public offering
GDP	Gross domestic product	FPO	Follow up on public offering
GS	Government securities	UNEP FI	United Nations Environment Program Financing Initiative
WALIR	Weighted average loan interest rate		
MV	Market valuation		
MMC	Mongolian Mortgage Corporation		
NASCCM	National Association of Savings and Credit Cooperatives of Mongolia		
MSE	"Mongolian Stock Exchange		
MSX	Mongolian Securities Exchange		
UN	United Nations		
NFAT	Net profit after tax		
SPC	Special purpose company		
IFC	International finance corporation		
REB	Real estate brokers		
SC	Securities company		
SCC	Saving and credit cooperative		
SFC	Securities Finance Corporation		
SPC	Special purpose company		
RMBS	Residential mortgage backed securities		
ROA	Return on assets		
ROE	Return on equity		
MAPIX	Mongolian agricultural commodity price index ¹		
AFI	Alliance for Financial Inclusion		





Capital market

Market valuation

MNT10,290.8
billion



Financial market status

Accounts

2,554,238



Accessibility

Total trading

MNT654.6 billion



Products and services

Profitability



Assets of SCs
MNT219.1
billion

Tax collected from
the state budget,
social insurance
contributions

MNT5.0
billion

Stability



Market valuation
41% Top-10 JSCs

Regulatory Environment



FINANCIAL MARKET STATUS



There were 610 regulated entities and JSCs operating in the securities market

Private Investment Funds (Law on Investment funds; Paragraph 5.3

36

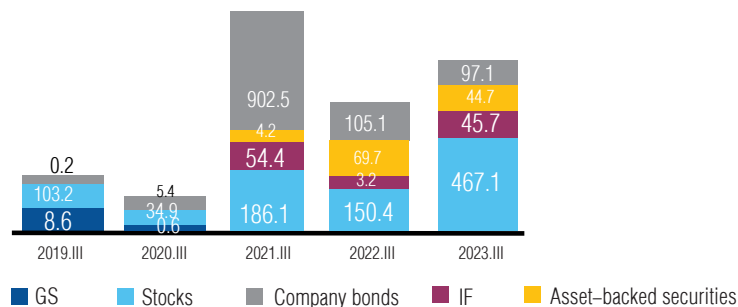
Stock exchanges 3	Central deposit and securities trading payments 1	Accounts Payable Asset Portfolio Controller 1
IMCs 37	Settlements 2 /1 duplicate/	Custodian banks 3
Underwriting banks 2	Asset management 8	JSCs 322
Securities firms* 52	Agricultural commodity exchanges 1	Agricultural commodity brokers 10
Auditing firms 48 /6 duplicate/	Securities valuation firms 24 /duplicate/	Legal consultancies 41
Asset-backed securities issuer 56 /3K/	Mutual investment fund 5	Self regulatory 2 /1 duplicate/
Mining products exchange organization 1 /duplicate/	Financial rating agency 1	

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

SECURITIES TRADING

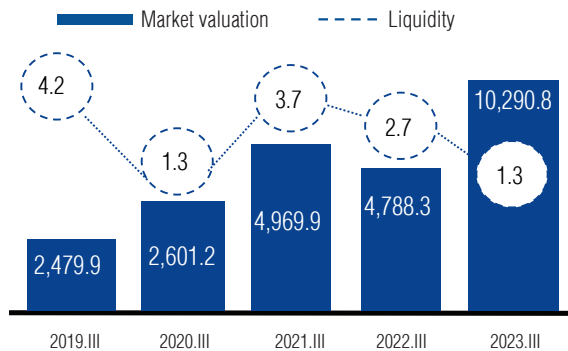
- In the third quarter of 2023, securities trading amounted to a total of MNT 654.6 billion, marking a substantial two-fold increase compared to the corresponding period of the previous year and a noteworthy 5.9-fold increase from the same period in 2019.
- 71.4% of all trades were shares, 7.0 % were investment fund units, 14.8 % were corporate bonds, and 6.8 % were asset-backed securities.

Securities trading (MNT, billions)



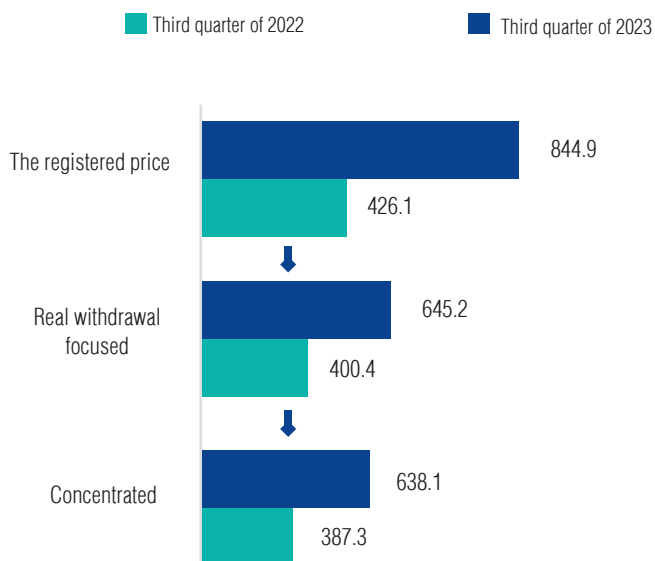
Market capitalization and liquidity

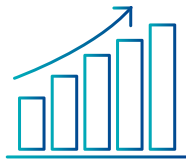
- o Market capitalization increased by 2.2% (to MNT10,290.8 billion) compared to the previous year.



OTC MARKET

- o In the over-the-counter market, a total of 128 tranche debt instruments from 49 issuers were registered, amounting to MNT844.9 billion. Additionally, MNT638.1 billion was collected, reflecting a notable increase of 64.7% compared to the same period last year.





TOP 20 35,436.88

MSE A 15,249.91

MSE B 12,197.78

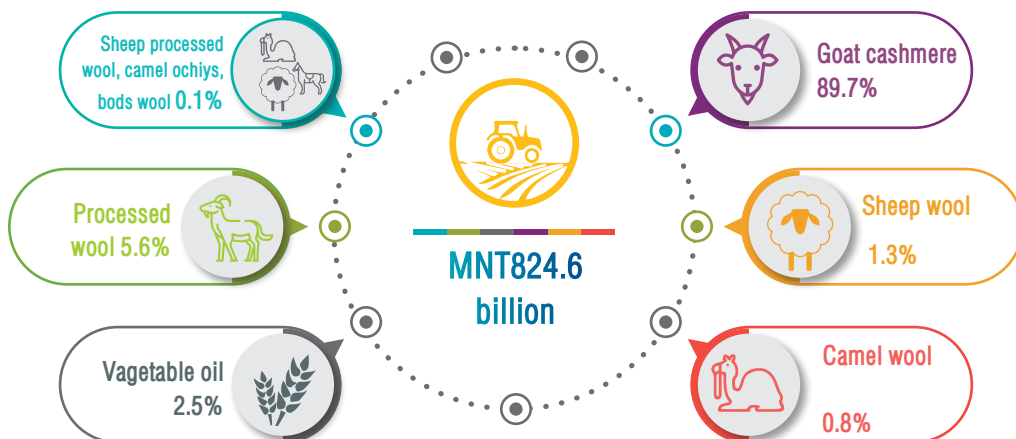
The Securities market index compared to the same period of the previous year

- TOP-20 Index increased by 1,412.62(4.2%) points.
- MSE A Index increased by 3,151.37(26.1%) points.
- MSE B Index increased by 225.63(1.9%) points.

AGRICULTURAL AND RAW PRODUCTS MARKET



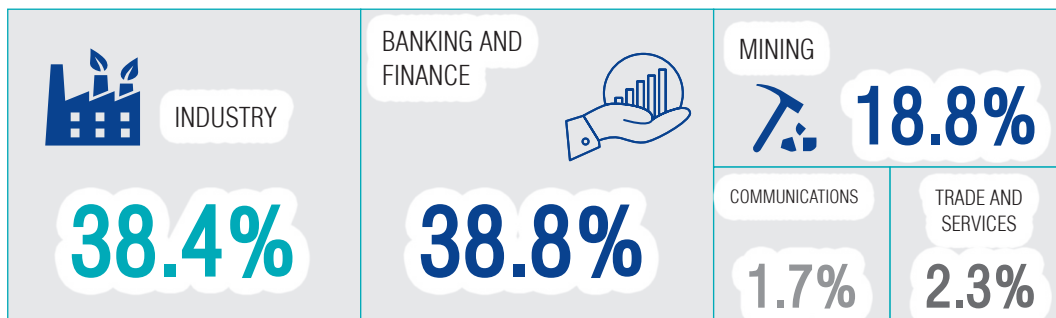
A total of 10 types of goods worth MNT 824.6 billion were traded on the Agricultural Exchange, a decrease of MNT 209.6 billion (20.3%) from the same period of the previous year.



Among the products that collected 0.1 percent of the total trade of the Agricultural Exchange; Sheep wool MNT 81.4 million, camel wool MNT 8.4 million, camel hair MNT 18.9 million, wool MNT 168.5 million, and raw cowhide MNT 6.6 million.

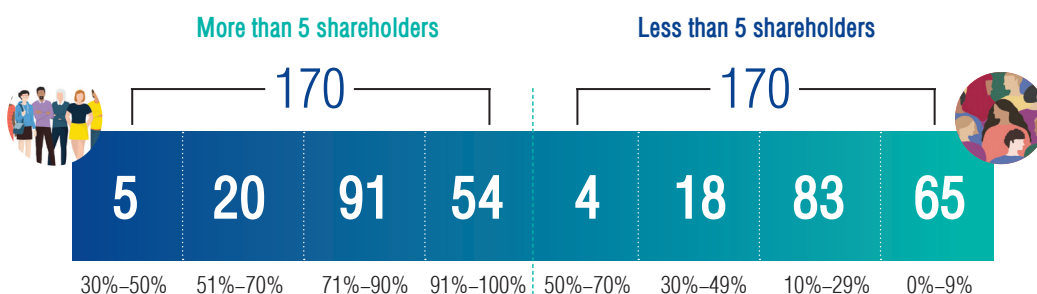
ACCESSIBILITY

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



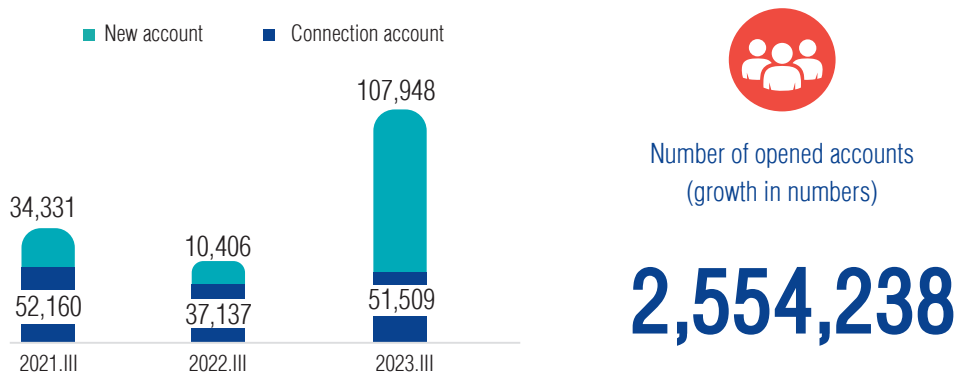
STOCK CONCENTRATION

The table below shows the concentration of 170 JSCs that are actively traded on the stock exchange, calculated as the percentage of shareholders who, own more than 5% or less.



NUMBER OF OPENED ACCOUNTS

- 107,948 accounts were created; bringing the total number of accounts to 2,554,238. Another 51,509 new escrow accounts were created; to provide a total of 582,264

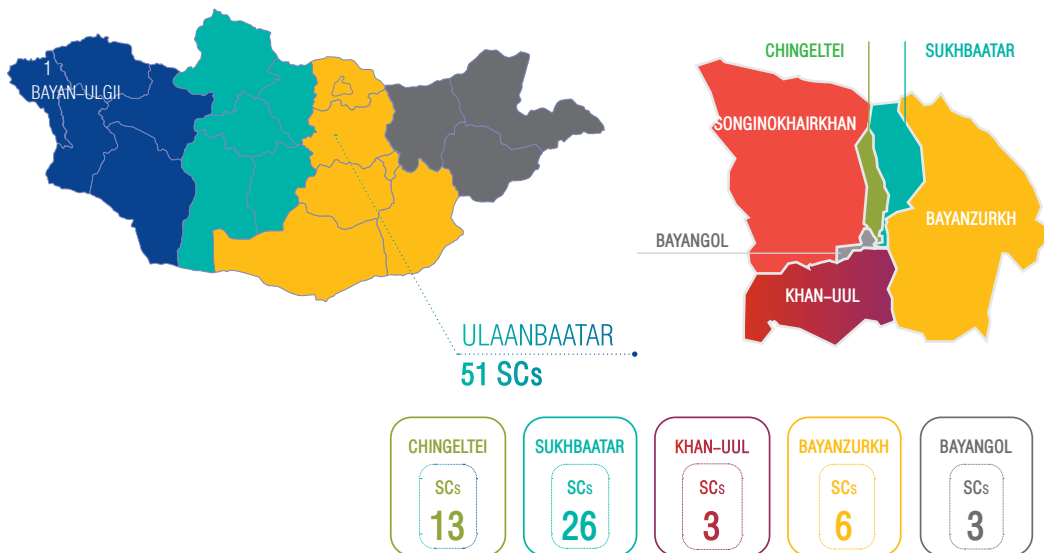


SECURITIES LISTED IN THE MCSD

Shares listed on the MSE 24,994,751,216	Bonds listed on the MSE and the MSX 6,034,439	Shares registered (private) 74,065,217,023
Shares listed on the MSX 78,070,758	Bonds registered (private) 21,497,391,407	Total 120,641,464,843

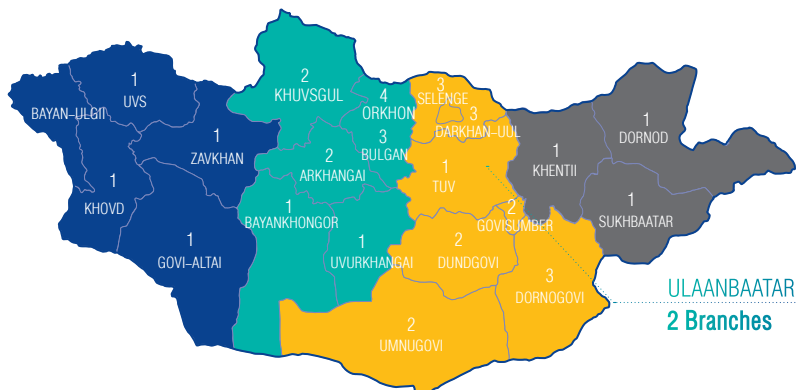
LOCATION OF THE SECURITIES COMPANY

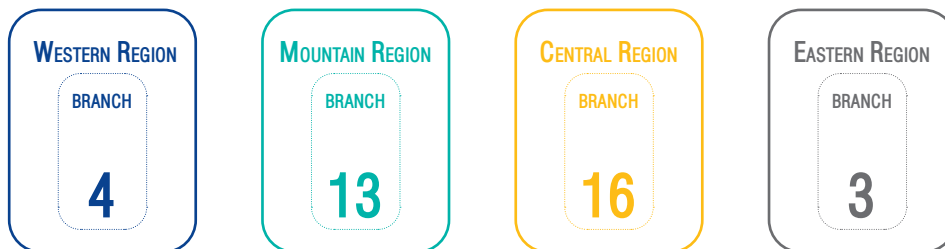
- o A total of 52 operational securities companies, of which 51 are located in Ulaanbaatar and 1 was in Bayan-Ulgii



LOCATION OF BRANCH REPRESENTATIVE OF SECURITIES COMPANY

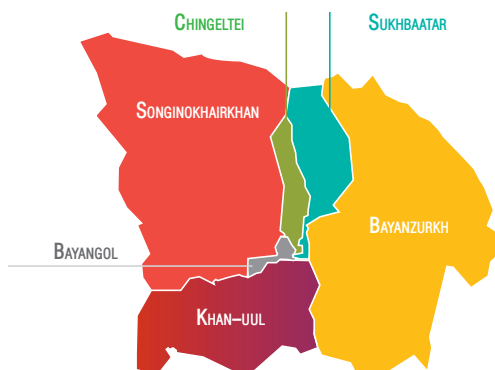
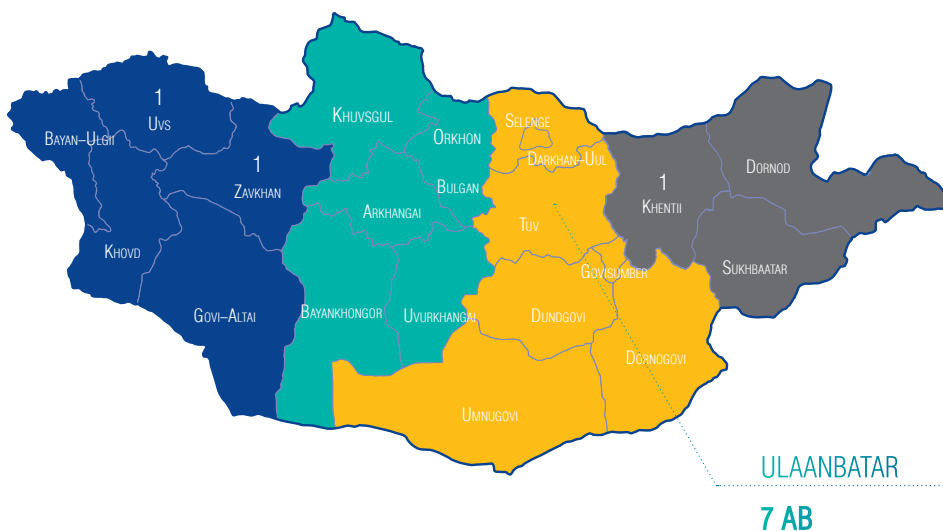
- o There are 38 branch representatives of SCs, 36 of them are in provinces and 2 are in Ulaanbaatar.





LOCATION OF SCs AND AGRICULTURAL BROKERAGES

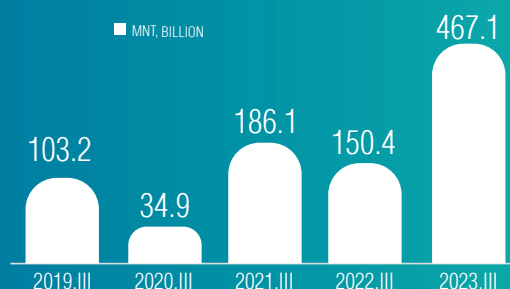
- 10 agricultural brokers are operating, 7 of them are in Ulaanbaatar and 3 are in the provinces



NEW PRODUCTS AND SERVICES

STOCK TRADING

- o Stock trading reached MNT 467.1 billion, which increased by 4.5-fold compared to the same period of 2019 and increased by 3.1-fold compared to the same period of the previous year.

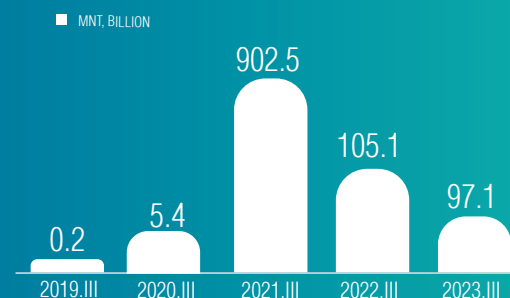


NEW SHARES /IPO/

COMPANY	Date of registration	Withdrawal amount
"Monlogistics Holding" LLC	2023.06.13	MNT11.0 billion

DEBT INSTRUMENTS OF THE COMPANY

- o Corporate bond trading reached MNT97.1 billion; a decrease of 7.6% compared to the previous year

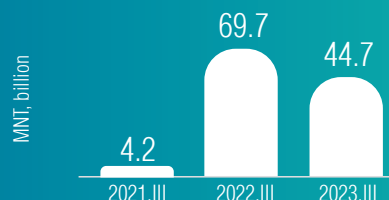


ШИНЭЭР ГАРГАСАН КОМПАНИЙН ӨРИЙН ХЭРЭГСЛИЙН АРИЛЖАА

COMPANY	Date of registration	Withdrawal amount
"LendMN NBFI" JSC	2023.08.11	MNT9.0 billion
"Invescor NBFI" JSC	2023.08.25	MNT30.0 billion

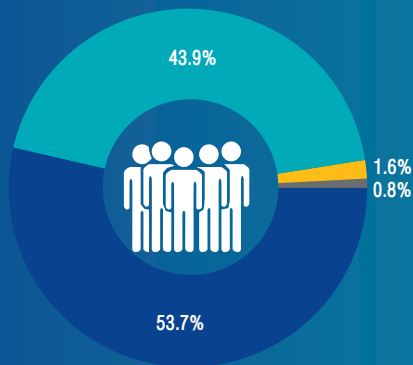
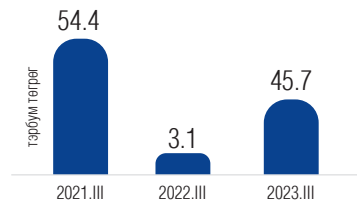
ASSET-BACKED SECURITIES TRADING

- o Asset-backed securities trading reached MNT 7.3 billion which is an increase of 37.7% compared to the same period the previous year.



INVESTMENT FUND TRADING

The trading volume of investment funds reached MNT 45.7 billion, representing a remarkable 14.7-fold increase compared to the same period the previous year.

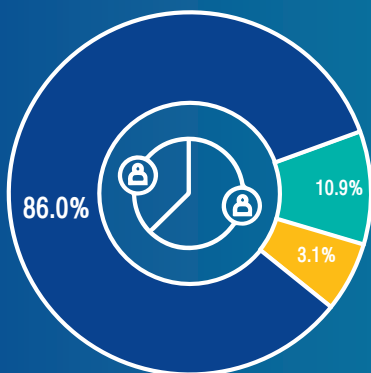


- Domestic enterprises
- Domestic citizens

TRADING STRUCTURE, BY INVESTOR

- Domestic individual trades constituted 53.7%, domestic enterprises accounted for 43.9%, while foreign enterprises' trade transactions made up 1.6%, and transactions by foreign individuals accounted for 0.8% of the trading participants.

- Foreign enterprises
- Foreign citizens



- Privately owned
- State – owned

STOCKS, BY EQUITY STRUCTURE

- There were 322 JSCs in the FRC's securities register; 86.0% were private, 10.9% were state-owned, and 3.1% were state-owned (Parliament) and locally owned.

- State-owned (by Parliament)

УУЛ УУРХАЙН БҮТЭЭГДЭХҮҮНИЙ АРИЛЖАА

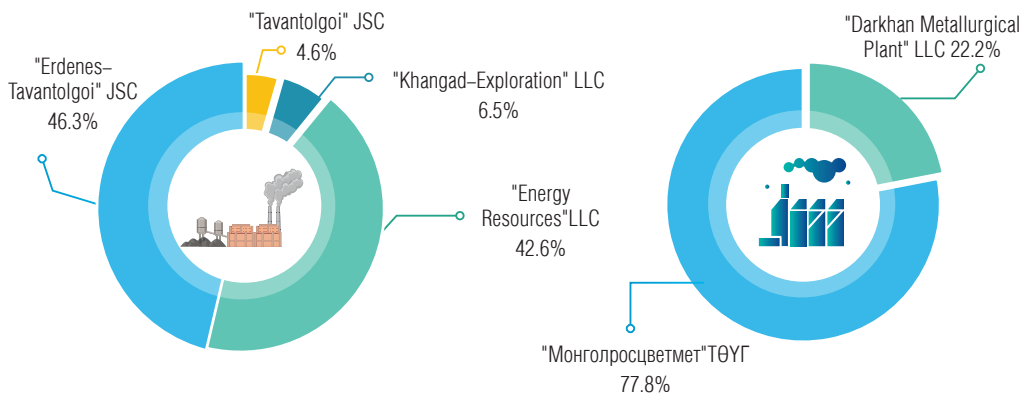
The 117 trades of MNT3,370.2 billion were purchased by coal auction. Including;



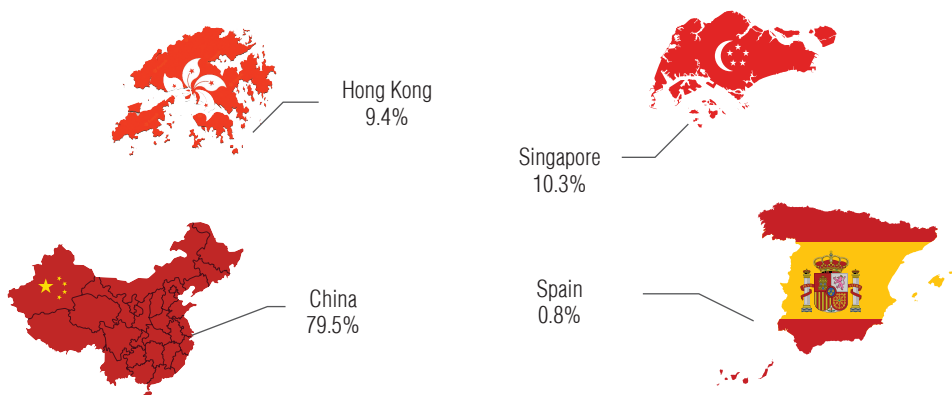
NOTES

Prior to the enactment of the Law on Mining Products Exchange, 3.1 million tons of coal were traded for MNT 1.3 trillion in 54 trial trades. Since the implementation of the law, there have been 54 trades involving 4.45 million tons of coal, totaling MNT 2.02 trillion. Additionally, 100,600 tons of iron concentrate were traded for MNT 33.6 billion in 9 trades, resulting in a total trade value of MNT 3.8 trillion across 117 trades.

SELLING SIDE OF MINING PRODUCTS /NUMBER OF TRANSACTIONS/



COUNTRIES PURCHASING MINING PRODUCTS /NUMBER OF TRANSACTIONS/



COAL TRADE

Concentrated coking
coal

98 package
627,200 tons
MNT379.5 billion

Concentrated weak
coking coal

14 package
89,600 tons
MNT39.6 billion

1/3 coking coal



413 package
2,643,200 tons
MNT947.7 billion

Medium volatiles, coking
coal

512 package
3,276,800 tons
MNT1,691.4 billion

Power coal



83 package
531,200 tons
MNT121.0 billion

Hard coking
coal

35 package
224,000 tons
MNT141.1 billion

Semi-solid coking coal with
concentrated medium ash

12 package
76,800 tons
MNT16.3 billion

ТӨМРИЙН БАЯЖМАЛЫН АРИЛЖАА

Fe-58% iron concentrate with content



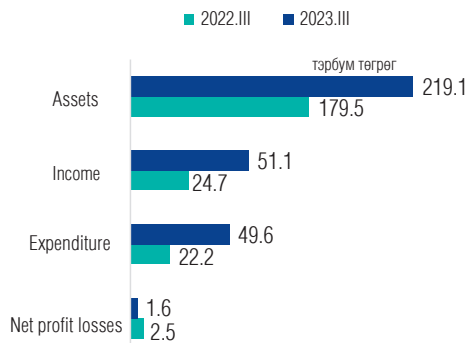
4 package
13,600 tons
MNT3.4 billion

Fe-65% iron concentrate with content



29 package
87,000 tons
MNT30.2 billion

PROFITABILITY



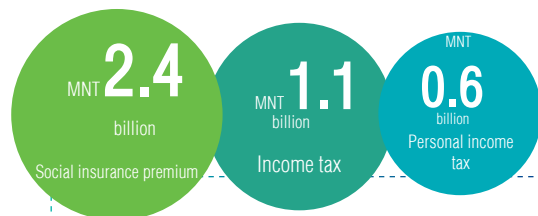
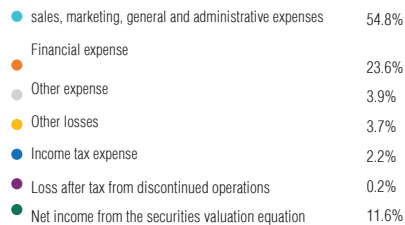
PROFITABILITY OF SECURITIES COMPANIES

- The total asset of securities companies was 219.1 billion, an increase of 22.1 % compared to the same period of 2022.
- Compared to the same period of 2022, income was increased by MNT26.4 billion and expense was increased by MNT27.4 billion. Net profit was MNT1.6 billion.

INCOME STRUCTURE OF SCs

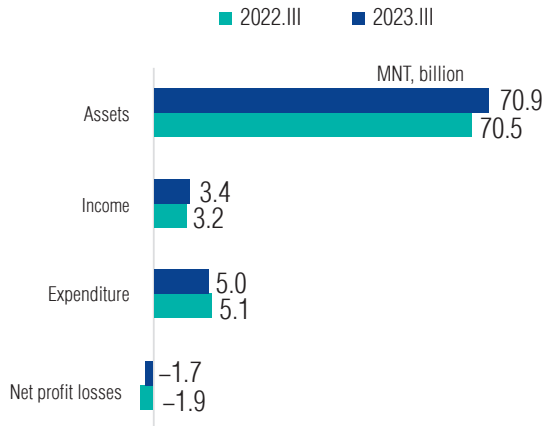


SC'S EXPENDITURE STRUCTURE



- Securities companies paid MNT2.4 billion for social insurance contributions, MNT0.6 billion for personal income tax, and MNT1.1 billion for entity income tax. In total, MNT4.1 billion was paid by securities companies to the state budget

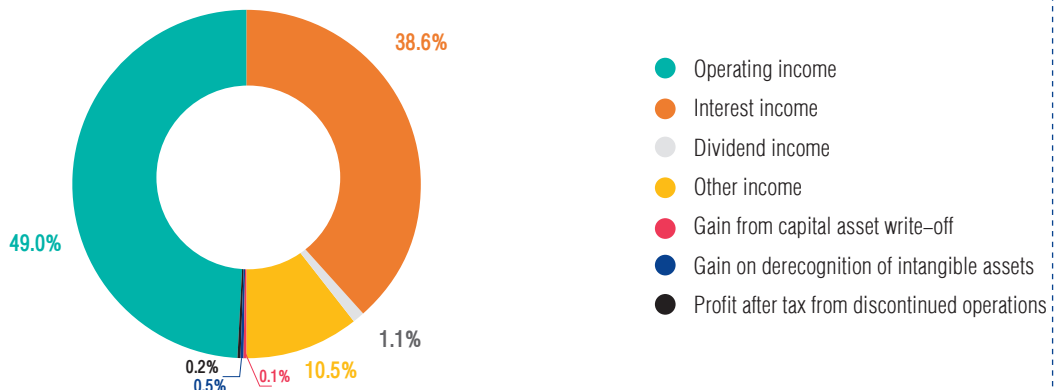
PROFITABILITY OF INVESTMENT MANAGEMENT COMPANIES



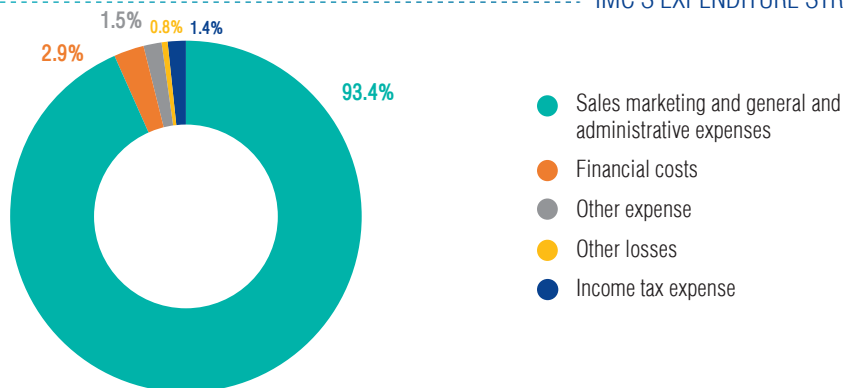
PROFITABILITY OF IMCS

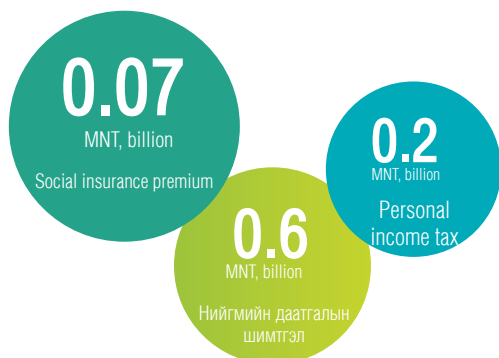
- The total assets of investment management companies were MNT70.9 billion, an increase of 0.6% compared to the same period of 2022.
- Compared to the same period of 2022, income was increased by MNT0.2 billion and expense was decreased by MNT0.1 billion. The loss was MNT1.7 billion.

IMC'S REVENUE STRUCTURE



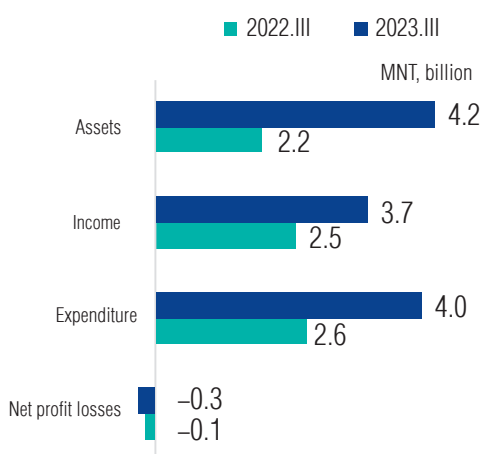
IMC'S EXPENDITURE STRUCTURE





- Investment management companies paid MNT0.6 billion for social insurance contributions, MNT0.2 billion for personal income tax, and MNT0.07 billion for entity income tax. In total, MNT0.9 billion was paid by investment management companies to the state budget

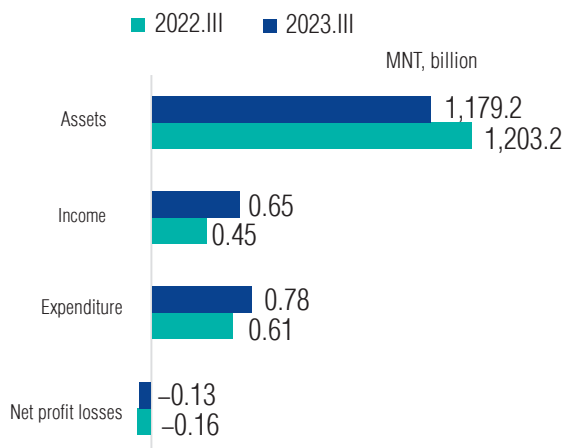
PROFITABILITY OF AGRICULTURAL COMMODITY



PROFITABILITY OF MCE

- The total asset of agricultural commodity exchanges was MNT4.2 billion, an increase of 90.9 % compared to the same period of 2022.
- Compared to the same period of 2022, income was increased by MNT1.2 billion and expense was increased by MNT0.3 billion. The profit was MNT0.3 billion.

FINANCIAL STATEMENT INDICATORS OF CUSTODIANS

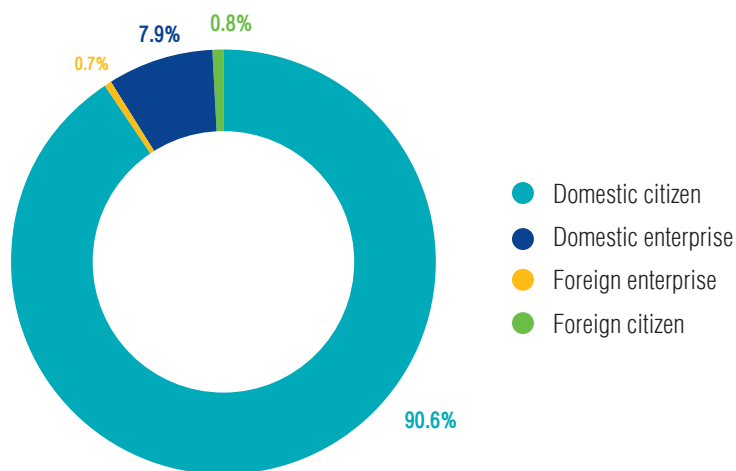


PROFITABILITY OF CUSTODIAN

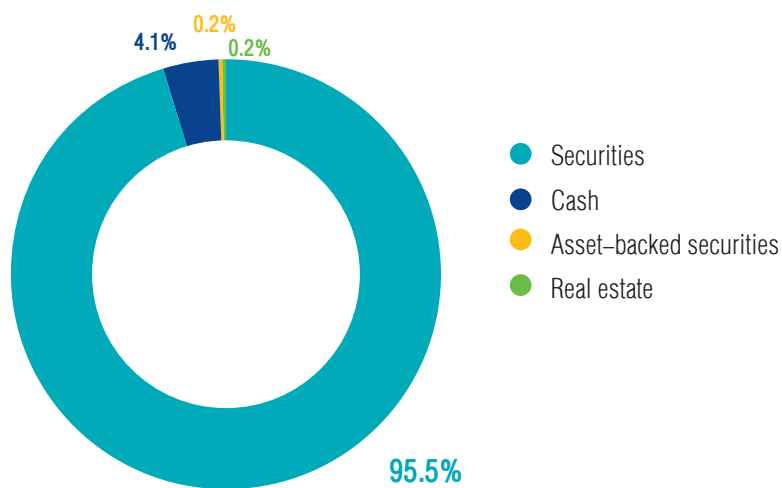
- The total assets of custodian banks was MNT1,179.2 billion, a decrease of 2.0% compared to the same period of 2022.
- Compared to the same period in 2022, income was increased by MNT0.2 billion and expense was increased by MNT0.17 billion. The loss was MNT0.11 billion.

CUSTOMER STRUCTURE OF CUSTODIAN BANKS

- Most (90.6%) customers were domestic citizens, 7.9% were domestic enterprises, 0.8% were foreign citizens, and 0.7% were foreign enterprises.

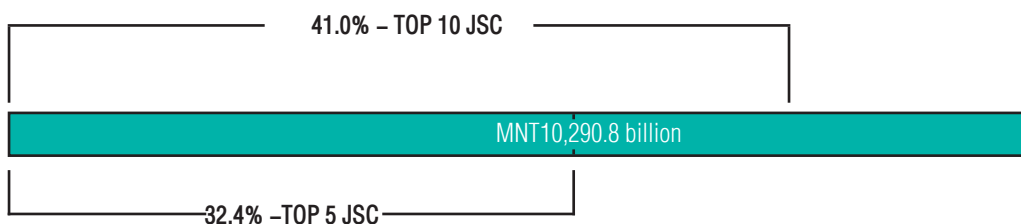


- According to the classification of the assets deposited in the custodian banks, 95.5% were securities, 4.1% were cash, 0.2% were asset-backed securities, and 0.2% were derivatives (contracts).



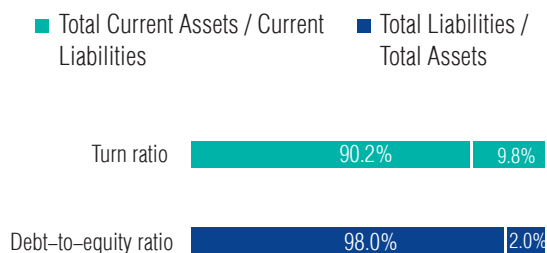
STABILITY

The 10 companies with the highest market capitalization accounted for 41.4% of the total market



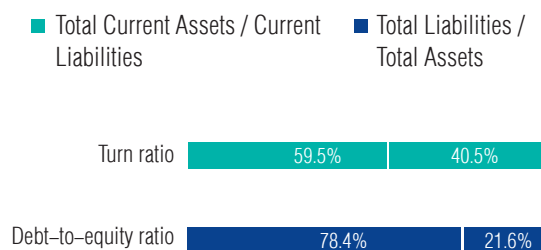
SOLVENCY ASSESSMENT OF SECURITIES COMPANIES

- Out of 51 securities companies, the current ratio of 46 (90.2%) companies was above 1, while 5 (9.8%) was below 1.
- The debt ratio of 50 (98.0%) companies was below 1, while one (2.0%) company was above 1.



SOLVENCY ASSESSMENT OF INVESTMENT MANAGEMENT COMPANIES

- Out of 37 investment management companies, the current ratio of 22 (59.5%) companies was above 1, while 15 (40.5%) were below 1.
- The debt ratio of 29 (78.4%) companies was below 1, while 8 (21.6%) companies were above 1.



REGULATORY ENVIRONMENT



POLICY AND LEGISLATION

- o By Order No. 52 issued on April 5, 2021, the Minister of Finance established a Working Group tasked with amending relevant legislations in the capital market. The working group, having developed a concept paper, received approval from both the Minister of Finance and the Minister of Justice and Internal Affairs. Subsequently, the working group drafted amendments to the Law on Securities Market, along with complementary legislation, including the Law on the Investment Fund, Law on Company, and Law on Business Entity Income Tax. These drafts were then deliberated at the Government's Session. Currently, the working group is in the process of preparing the proposed legislation for submission to the Parliament's Autumn Session. The amendment to the Law on Securities Market holds significant importance, as it aims to introduce new products and services, attract long-term investments, and enhance cash flow within the financial market.
- o In January 2023, the Parliament approved the Law on Investment Bank. Subsequently, the Governor of the Bank of Mongolia (BOM) and the Chairman of the Financial Regulatory Commission (FRC) jointly issued Order No. A-164/386 and A-165/385 on August 29, 2023, approving regulations related to the implementation of the law. These regulations include 'Regulations for determining the types and amounts of securities and financial instruments for sale and purchase of investment banks, and conducting transactions,' 'Regulations for establishing appropriate indicators and restrictions for the activities of investment banks, and for monitoring them,' and 'Regulations for monitoring the activities of investment banking.' Additionally, requirements to be followed for loans and credit activities of investment banks were specified. The approval of these regulations allows for the determination of the type, size, and appropriateness criteria of securities and financial instruments traded in the securities market and money market of the investment bank. Moreover, it establishes restrictions, requirements, and inspection protocols to govern the activities of specialized investment banks, providing detailed arrangements for their operations.



COOPERATION

- o On May 22, 2023, in collaboration with the Mongolian National Chamber of Commerce and Industry, the Financial Regulatory Commission (FRC) approved the 'Action Plan for increasing the participation of TOP-100 enterprises in the capital market' to enhance their opportunities to raise funding from the capital market. Under this action plan, several regulations aimed at facilitating the issuance of securities will be included and revised, including the 'Regulation of Securities Registration,' 'Company Debt Instrument Registration Regulation,' and 'Regulation on OTC market activities.' Notably, the TOP-100 enterprises intending to issue Initial Public Offerings (IPOs) in the stock market will experience reduced conditions, requirements, time, and costs associated with issuing corporate bonds. Furthermore, capital appraisals will not be required for IPOs, and collateral or guarantees will not be necessary for bond issuances in the open or closed range. The FRC also plans to organize training sessions and events to provide comprehensive understanding and information about the relevant rules and regulations related to IPOs and corporate bond issuance for TOP-100 enterprises.
- o The action plan holds significant importance as it enables TOP-100 enterprises to transform into open joint-stock companies through IPOs, participate in the stock market by issuing corporate bonds, expand their business activities, increase profits and income, enhance their company's reputation, and attract sources of long-term and low-cost financing. Additionally, it contributes to improving corporate governance and information transparency.



MINING PRODUCTS EXCHANGE

- o In December of the previous year, the State Parliament approved the Law on Mining Products Exchange. In accordance with Articles 17, 17.2, and 17.3 of this Law, along with Articles 19 and 19.3 of the Securities Market Law, the Financial Regulatory Commission (FRC) is mandated to develop relevant regulations. Subsequently, the FRC approved a set of draft regulations through Resolutions 186, 187, and 189 on June 2, 2023. These include 'Procedures for issuing special licenses for mining products exchanges and brokers and their supervision,' 'General Procedures for Trading Payments and Calculations of Mining Products Exchange,' and 'Conditions, Requirements, and Criteria for Issuers of Derivative Financial Instruments and Standards for Derivative Financial Instruments and Procedures for Trading them.'
- o Furthermore, in alignment with Order No. 318 issued on June 12, 2023, by the Financial Regulatory Commission and joint Order No. A/231 with the Ministry of Mining and Heavy Industry, the 'Procedures for creating, using, and disseminating information to the general database of trading and exchange rates of mining products' were approved. Finally, in accordance with Resolution No. 385 of the FRC in 2023, a license for the activities of the mining products exchange was granted to 'Mongolian Stock Exchange' JSC (MSE).
- o The types and categories of products to be traded on the mining products exchange were approved by Government Resolution No. 223 (2023). Mining products included the trade of raw coal, concentrated coal, iron, and fluorspar ores and concentrates.
- o Mongolian Stock Exchange" JSC, functioning as a mining product exchange, has formulated regulations pertaining to the standardization of commercial contracts for iron and fluorspar ores and concentrates. The authorization to implement these regulations was granted through FRC Resolution Nos. 458 and 465 in 2023. Since the introduction of trading mining products through the stock exchange, numerous opportunities have emerged for public trading, fostering fairness and transparency, enabling transactions with higher-priced products, and establishing a unified export policy.



INSURANCE MARKET

Total assets

MNT582.5 billion

Capital growth **29.6%**



Financial market status

Insurance density

87,816 MNT

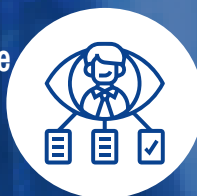
Density increase/growth
19.5%



Accessibility

Total fees for brokered
insurance and reinsurance

MNT75.3 billion



Products and services

Profitability



Net profit

MNT **7.4**
billion

Stability



Reinsurance
premium cost

34.5%

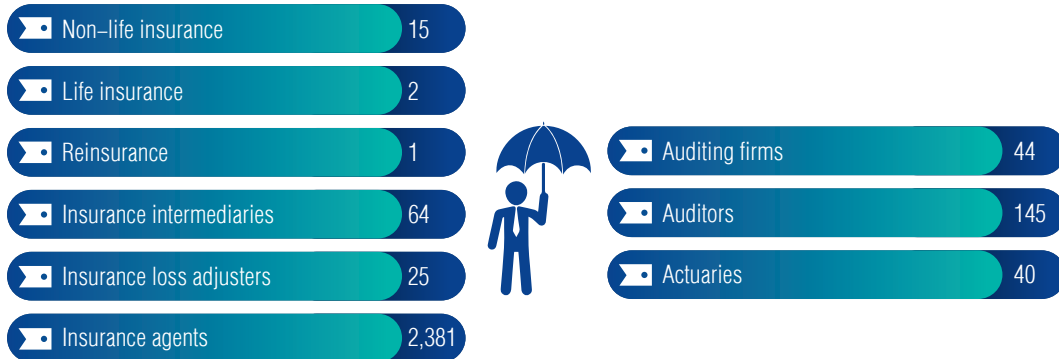
Regulatory environment



FINANCIAL MARKET STATUS

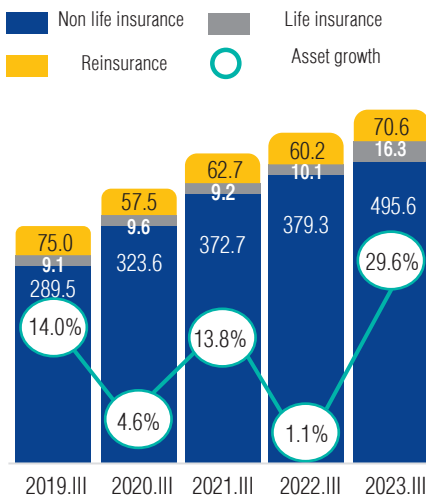
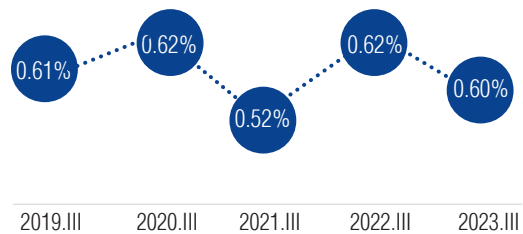
INSURANCE SECTOR STRUCTURE

A total of 336 insurance companies, brokers, loss assessors, audit companies, actuaries and auditors are operating, based on licenses permits and rights granted by the Financial Regulatory Commission along with 2,381 insurance agents.



INSURANCE DENSITY

- In the third quarter of 2023, insurance depth reached 0.6%, marking a 0.02 percentage point decrease compared to the same period in the previous year

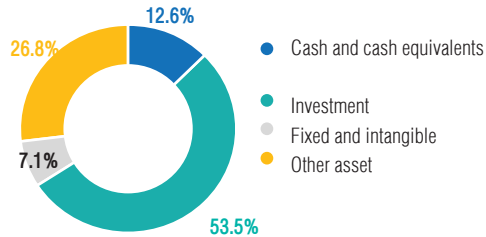


TOTAL ASSETS OF INSURANCE COMPANIES

- Total assets increased by 29.6% to MNT582.5 billion compared to the same period in the previous year and showed an increase of 55.9% compared to the same period in 2019.
- The total assets of non-life insurance companies increased by 30.7% compared to the previous year, reaching MNT 495.6 billion, accounting for 85.1% of the sector's total assets.
- Reinsurance companies saw a 17.3% increase in total assets compared to the previous year, reaching MNT70.6 billion and accounting for 12.1% of the sector's total assets.
- Total assets for life insurance companies increased by 60.2% from the previous year, totaling MNT16.3 billion and representing 2.8% of the sector

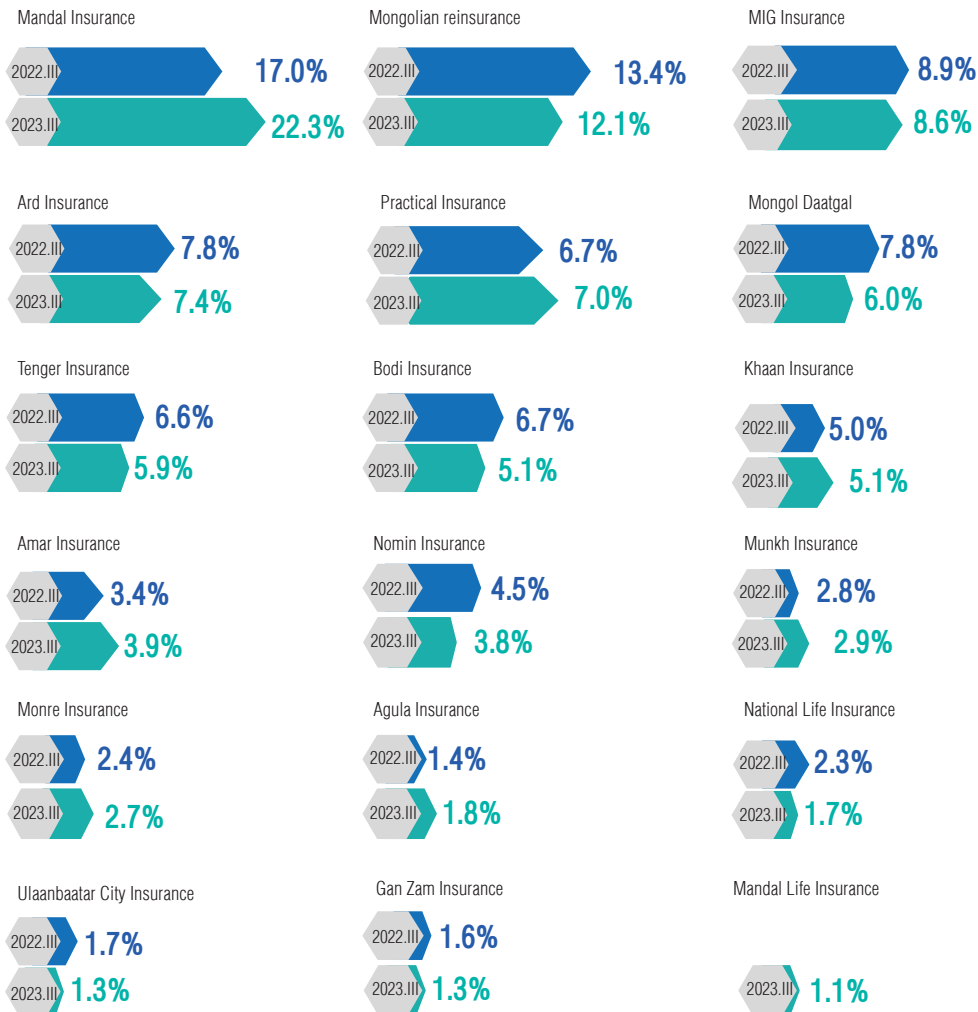
ASSET STRUCTURE AND MARKET SHARE (BY TOTAL ASSETS)

Within the total assets structure of insurance companies, MNT73.6 billion (12.6%) constituted money and cash equivalents, MNT311.4 billion (53.5%) comprised investments, MNT41.5 billion (7.1%) represented fixed and intangible assets (net amount), and MNT156.0 billion (26.8%) constituted other types of assets.



In terms of the percentage of the total assets, two companies each had more than 9%, three each had 6–9%, six each had 3–6%, and seven had less than 3%.

Percentage share of total assets of insurance and reinsurance companies



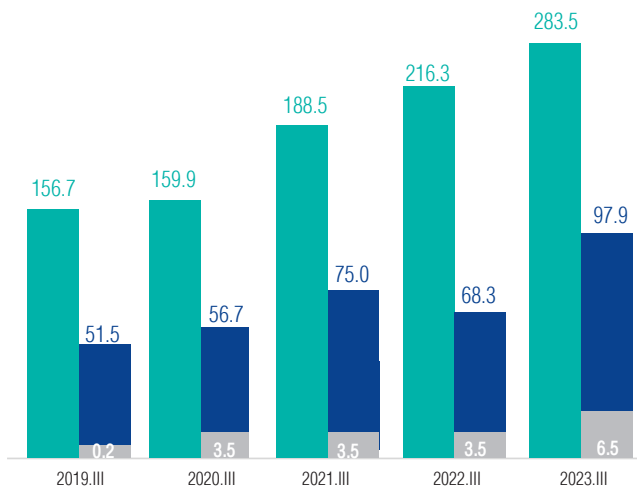
ASSETS GROWTH DISTRIBUTION OF INSURANCE COMPANIES

The average assets growth of all insurance companies was 5.5% in the third quarter of 2022 and surged to 24.9% in the reporting quarter. When grouped by capital growth, seven companies with an increase of up to 30%, two with an increase of 20–30%, two with an increase of 10–20%, three with an increase of less than 10%, and three companies with a decrease in total assets.

2021.III–2022.III / 2022.III–2023.III



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

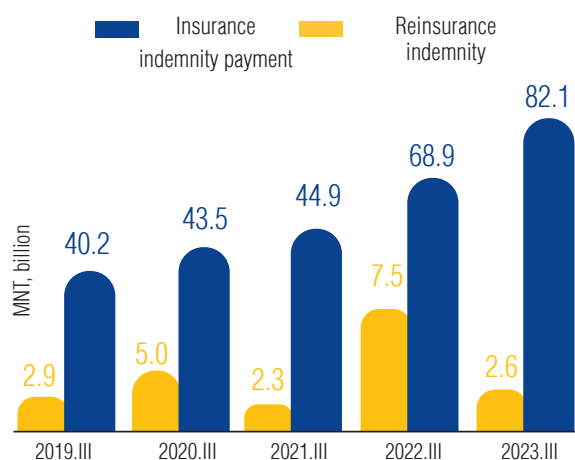


TOTAL PREMIUMS

- Non-life and life insurance companies collected a total of MNT 283.5 billion in premiums, with non-life insurance companies accounting for MNT280.6 billion (99.0%), and life insurance companies for MNT2.9 billion (1.0%).
- A total of MNT 97.9 billion was spent on reinsurance premiums, of which MNT 6.5 billion (6.7%) was paid to domestic reinsurers.
- The total premiums of non-life and life insurance increased by 31.1% compared to the same period of the previous year and increased by 80.9% compared to the same period in 2019.

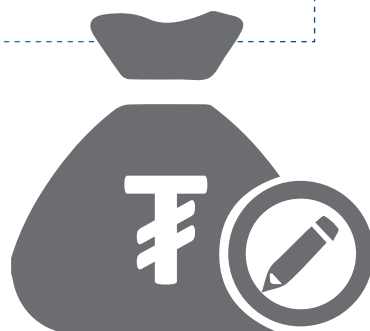
INSURANCE AND REINSURANCE INDEMNITY PAYMENT/REIMBURSEMENT

- o The total compensation expenditures of insurance companies reached MNT82.1 billion, an increase of 19.2% compared to the same period of the previous year. Compared to 2019, the increase was 104.2%. Of this, MNT 80.5 billion (98%) was accounted for by compensation of non-life insurance companies.
- o The amount of reinsurer's compensation decreased by 65.3% to MNT2.6 billion.



RESERVES FUND

- o The total reserve fund of the insurance market increased by 28.5% in the same period from the previous year reached MNT268.6 billion.
- o The total reserve of non-life insurance companies increased (from the previous year) by 32.1% to MNT230.9 billion. During the same period, life insurance companies' reserves decreased by 3.8% to MNT3.0 billion, and reinsurance companies' reserves increased by 11.6% to MNT34.7 billion.



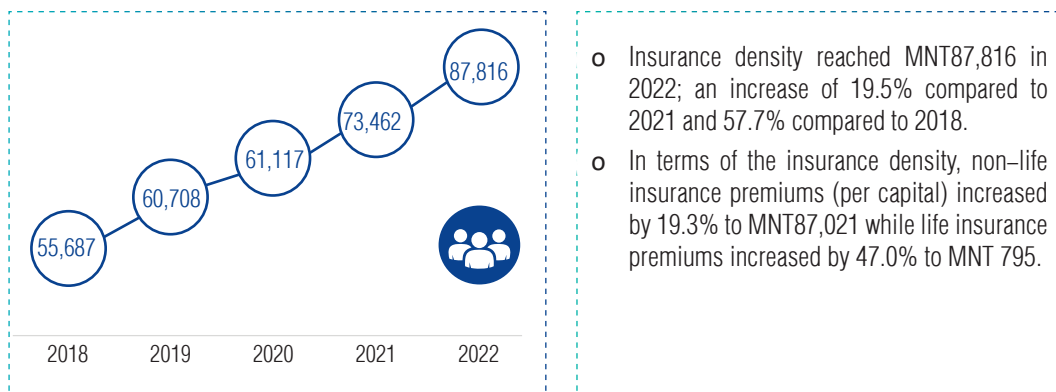
MNT **268.6**
billion
2023.III

209.0
MNT billion
2022.III

ACCESSIBILITY

INSURANCE DENSITY

The insurance density indicator (the ratio of premium income per capital) reflects the availability and demand of the market. Since the number of the population is calculated once a year, insurance density is not calculated quarterly.



- Insurance density reached MNT87,816 in 2022; an increase of 19.5% compared to 2021 and 57.7% compared to 2018.
- In terms of the insurance density, non-life insurance premiums (per capital) increased by 19.3% to MNT87,021 while life insurance premiums increased by 47.0% to MNT 795.

Source: <https://countrymeters.info/en/Mongolia>

INSURANCE CONTRACT

In the reporting quarter, a total of 1,217,936 insurance contracts were concluded. Out of these, 1,025,856 contracts (84.2%) were concluded with individuals, while 192,080 contracts (15.8%) were concluded with legal entities.

Individuals **1,025,856**

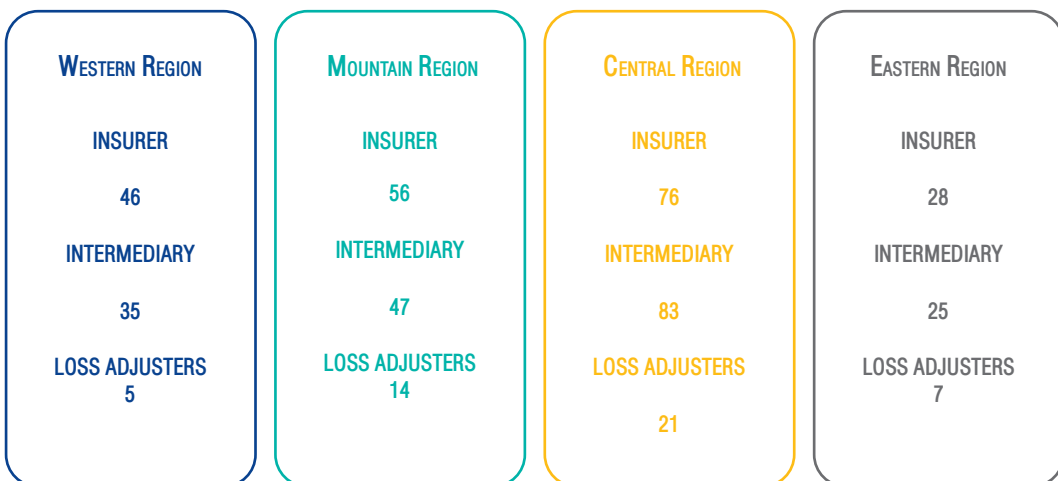
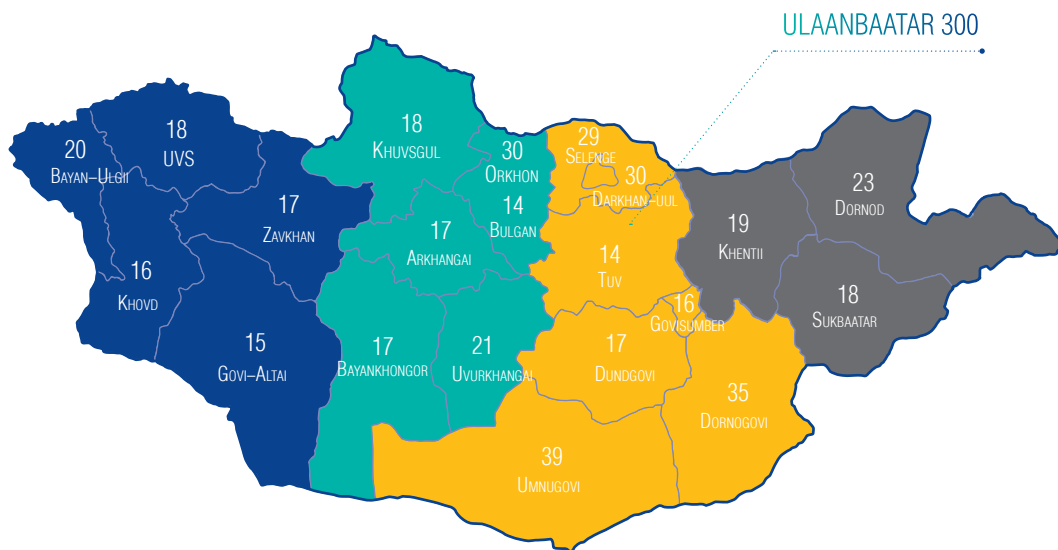
Legal entities **192,080**



BRANCH REPRESENTATIVE

Another measure of the availability of insurance services is the pretense of insurance company branches and intermediaries. In total, there are 1,780 representatives and 443 branches operating across insurance companies, intermediaries, and loss assessment companies.

LOCATION OF INSURANCE



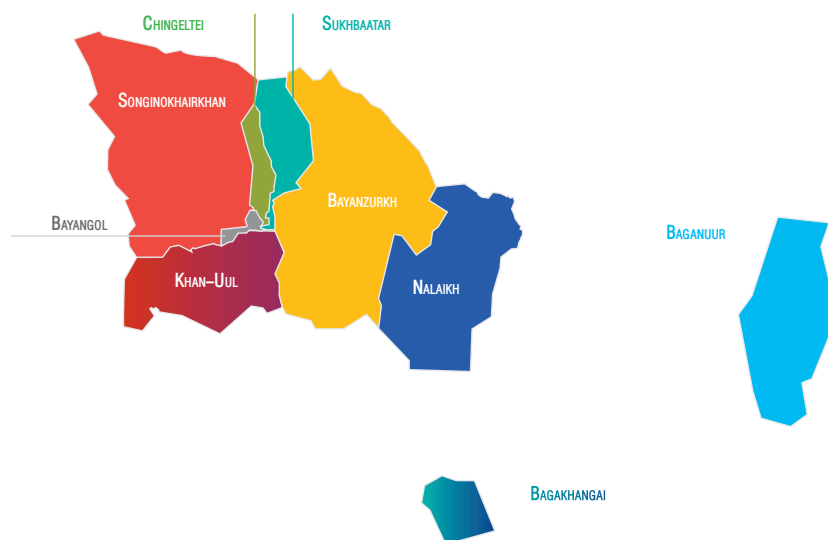
REPRESENTATIVES



BRANCH REPRESENTATIVE

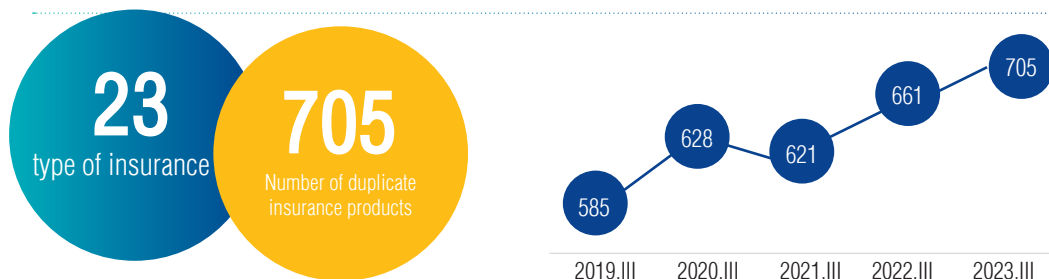
Улаанбаатар хот

- o A total of 300 representative offices were registered in Ulaanbaatar, comprising 43 branches of insurance companies, 214 branches of insurance brokers, and 43 branches of loss adjusters. Among these, 92.7% of the branches were located in the six central districts of the capital.
- o The total number of representative offices in Ulaanbaatar amounted to 601.
- o Additionally, there were 11 representative offices of insurance companies registered with the Financial Regulatory Commission, one of which was located in China.



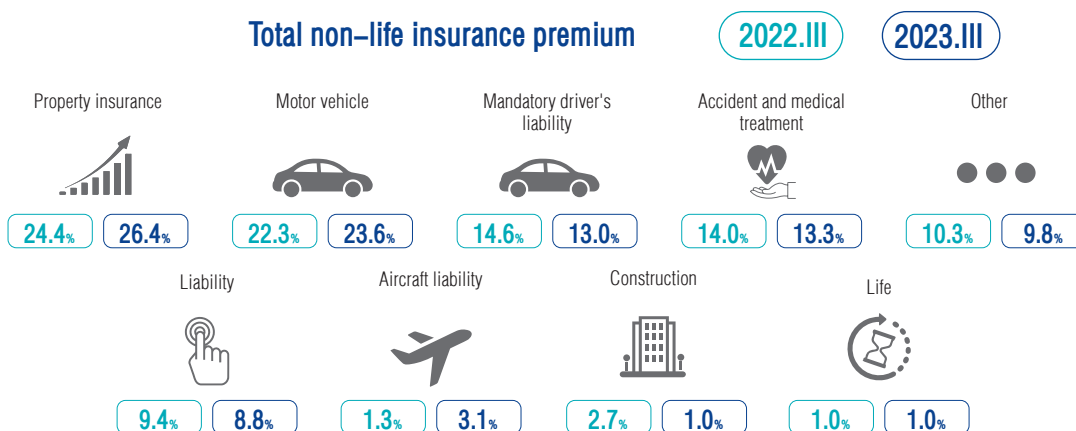
	SONGINOKHAIRKHAN	CHINGELTEI	SUKHBAATAR	BAYANZURKH
INSURANCE	4	5	11	5
BROKER	17	39	48	38
LOSS ADJUSTER	9	5	8	9
	KHAN-UUL	BAYANGOL	NALAIKH	BAGANUUR
INSURANCE	3	4	3	8
BROKER	34	28	6	4
LOSS ADJUSTER	3	8	0	1
	BAGAKHANGAI			
INSURANCE	1			
BROKER	0			
LOSS ADJUSTER	0			

PRODUCTS AND SERVICES

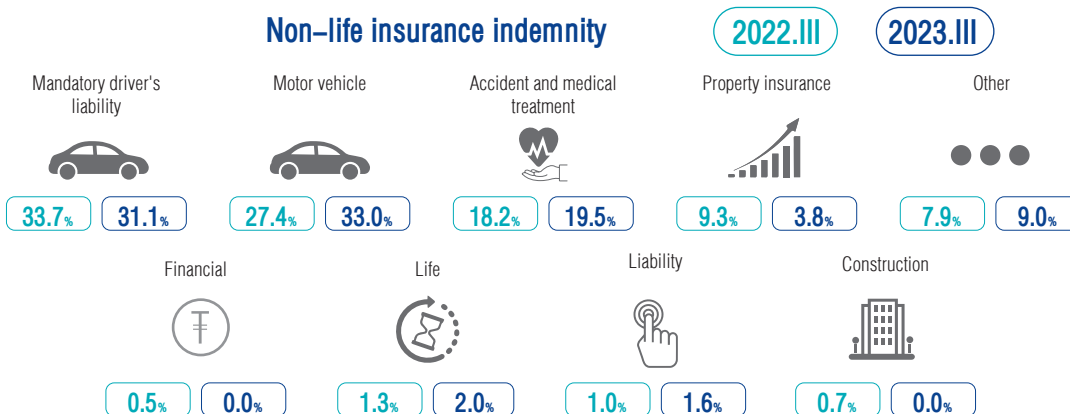


- o Out of the 23 forms of non-life and life insurance, all are voluntary; except for the Compulsory Driver's Liability Insurance.
- o The number of reinsurance products reached 705, marking a growth of 44 compared to the third quarter of 2022 and an increase of 120 compared to the third quarter of 2019.

Total non-life insurance premium

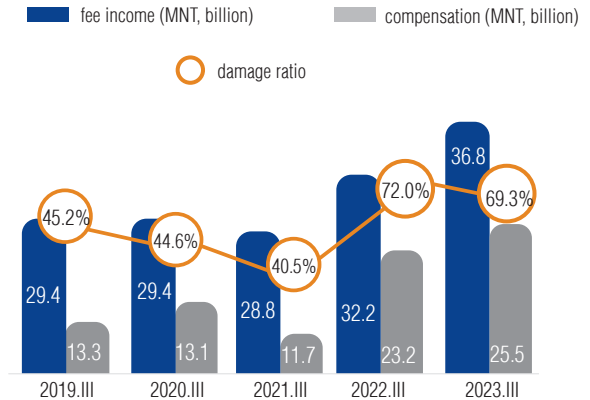


Non-life insurance indemnity



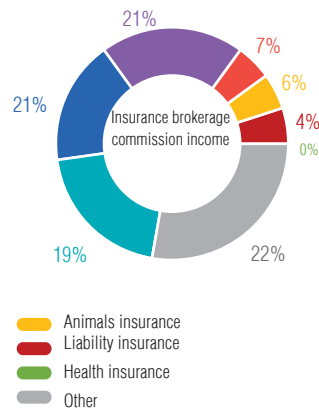
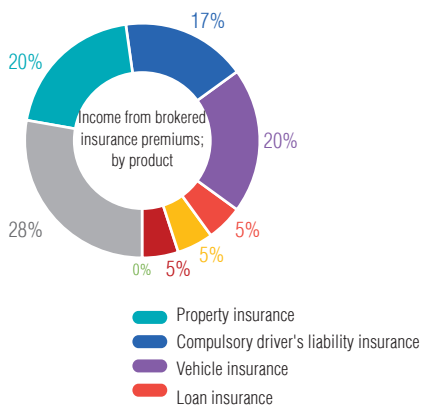
COMPULSORY INSURANCE

- o The total premiums for Compulsory Driver's Liability Insurance reached MNT36.8 billion – an increase of 14.3% compared to the same period of the previous year – and accounted for 13.0% of total insurance premium income.
- o In comparison to the same period of the previous year, reimbursements increased by 9.9%. During the reporting quarter, MNT 25.5 billion was disbursed as compensation representing 31.1% of the total compensation costs within the sector.



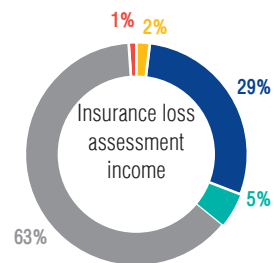
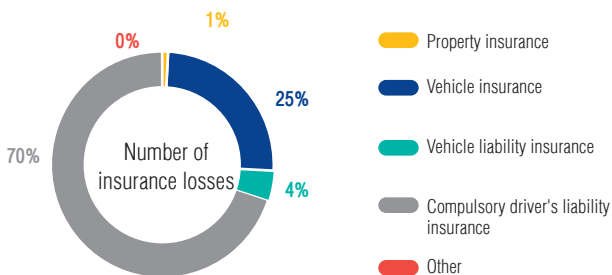
INSURANCE INTERMEDIARIES

- o The insurance and reinsurance premiums collected by insurance brokers totaled MNT 75.3 billion. Notably, the premium income of insurance intermediaries increased by 28.1% in the reporting quarter, reaching MNT 14.5 billion compared to MNT 11.3 billion in the same period of the previous year.



INSURANCE DAMAGE ASSESSOR

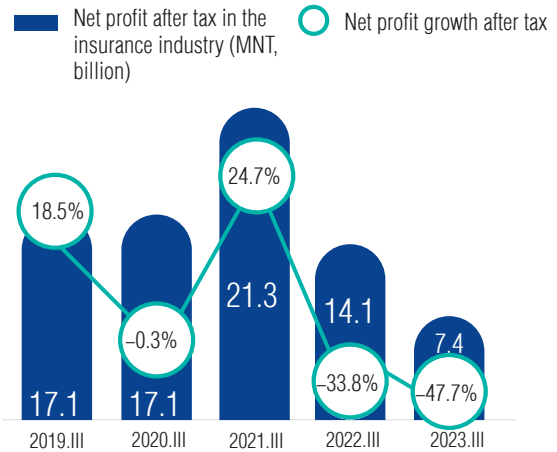
- o Insurance loss assessment companies evaluated a total of 31,227 losses, amounting to MNT 56.5 billion in value. The total income from insurance loss assessment increased by 57.0% compared to the same period of the previous year, reaching MNT 3.0 billion.



PROFITABILITY

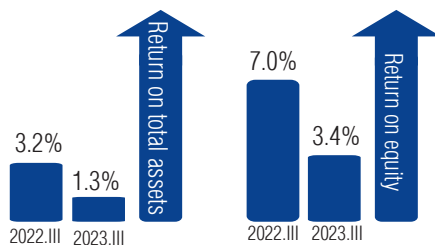
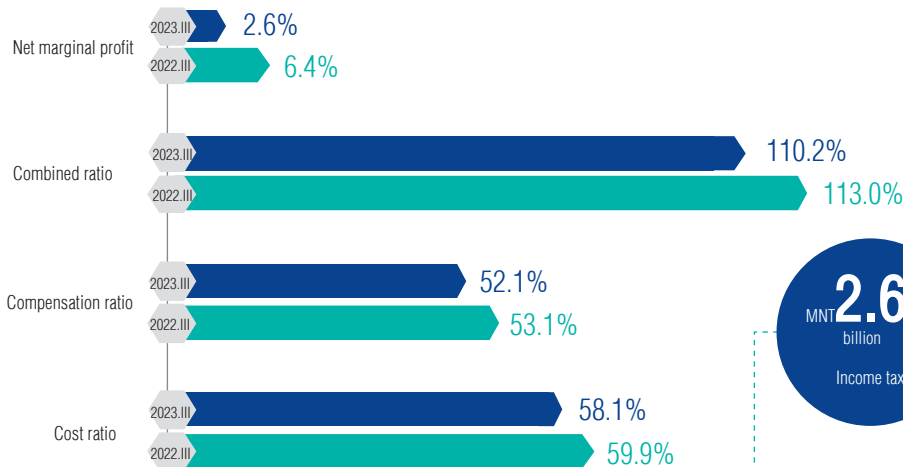
NET PROFIT INDICATOR OF INSURANCE COMPANIES

- o The net profit of insurance companies decreased by 47.7% (compared to the third quarter of 2022) and reached MNT7.4 billion; a decrease of 56.8% (compared to the same period of 2019).
- o In terms of net profit after tax, nine companies exhibited decreases, four had increases up to 50%, three had increases between 50 and 100%, and one insurance company had increases of more than 100%.



KEY RATIOS

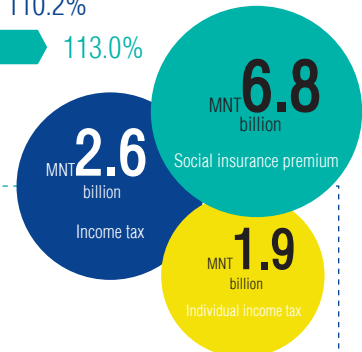
- o The compensation ratio decreased by 1 percentage point compared to the third quarter of 2022.
- o The expenditure ratio decreased by 1.8 percentage points to 58.1%.
- o The net profit margin of the insurance sector decreased by 3.9 percentage points, to 2.6%.



PROFITABILITY COEFFICIENT

- o Return on assets in the market decreased by 1.9 percentage points to 1.3%. Return on equity decreased by 3.6 percentage points to 3.4%.

- o Insurance companies made the following payments: MNT6.8 billion for social insurance premiums, MNT1.9 billion for personal income tax, and MNT2.6 billion for corporate income tax. In total, MNT11.2 billion was collected and contributed to the state budget.



STABILITY

MARKET RISK

- Currency exchange rate risk remains a significant challenge in the Mongolian insurance market.
- A majority of insurance companies engaged in double insurance abroad transferred an average of over MNT70 billion annually to other countries during the previous three years.
- Reinsurance premiums collected by insurance companies abroad accounted for 34.5% of the total insurance premiums in the reporting quarter.

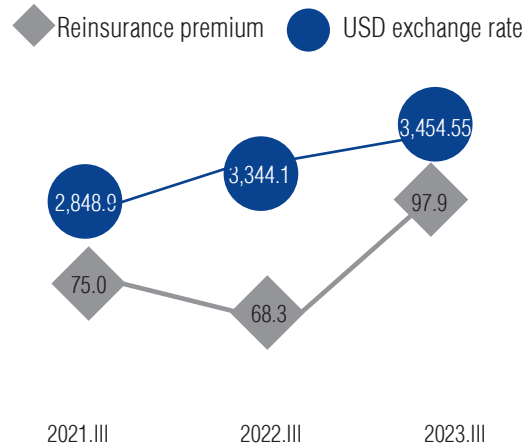
34.5%

Total reinsurance premiums percentage

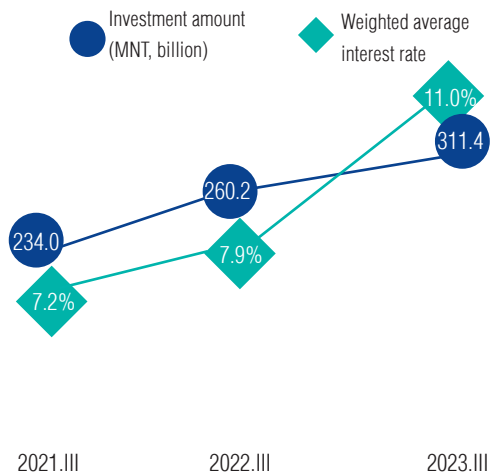
- Investments accounted for 53.5% of the total assets of insurance companies, with deposits, in the form of investment certificates of deposit representing 69.9% of these investments.
- In the third quarter of 2023, insurance companies generated a total of MNT22.8 billion in interest income from deposits, certificates of deposit, and investments in securities.

Investment fund

53.5%



Weighted average interest rate on total insurance investment and savings



POLICY AND LEGISLATION



INTERNATIONAL COOPERATION

- As part of the "Insuring SMEs using blockchain" project implemented by the German Corporation for International Cooperation /GIZ/, support was provided for organizing training sessions aimed at enhancing the skills of actuaries in the insurance sector.
- Participants of the Financial Regulatory Commission and the insurance sector took part in a training session on Risk-Based Assets and the Insurer's Risk and Solvency Calculation Methodology. The training was organized by the Insurance Association of Mongolia in collaboration with the "Am Best Rating" company.
- Working to establish a Memorandum of Understanding with the International Association of Insurance Supervisors (IAIS).
- Representatives from the Alliance for Financial Inclusion (AFI) and the Central Bank of the Federal Democratic Republic of Nepal made a presentation and exchanged views on the current situation of the insurance sector and green insurance.
- On 27th July 2023, a meeting was held with George Kesselman, president of the InsurTech Asia Association. At the meeting, the two sides exchanged views on the current situation of the insurance sector and future collaboration.



LEGISLATION

- Appendix 2 of the Insurance Package Rule "Insurer's Solvency Criteria and Monitoring" regulation is being updated.
- The revised drafts of the Law on Tourism and Civil Aviation fully reflect the regulation of mandatory insurance provided for in the Law on Insurance.
- In the context of the finalization of the draft law on Personal Supplementary Pensions, Financial Regulatory Commission is working as part of the sub-working group established by the Standing Committee on Social Policy of the State Great Khural of Mongolia.
- The working group was approved by the Minister of Health by Order No. A/96 of 2023; a proposal was developed to supplement the Law on Health regarding the regulation of liability insurance for health institutions, doctors, and medical professionals. It has also been presented to the Minister of Health.
- The Financial Regulatory Commission (FRC) is working in the sub-working group for the implementation of the Law on Livestock Indexed Insurance established by the Standing Committee on Environment, Food and Agriculture of the State Great Khural of Mongolia.
- The Financial Regulatory Commission (FRC) is working to make amendments to the regulation on "Mortgage Insurance Activities".



LEGISLATION

- o Within the framework of the basic principles of insurance approved by the International Association of Insurance Supervisors (IAIS), amendments are being made to the relevant appendixes of the insurance package rule.
- o The amount of funds to be collected by the Insurer in the Driver's Insurance Fund in 2023 was determined by the joint order No. 416/A/187 of the Chairman of the Financial Regulatory Commission and the Minister of Finance.
- o Improving the tax legal environment in the insurance sector has been developed and proposals have been submitted to authorized institutions and officials.



MEETINGS

- On 11 September 2023, discussion was held on "Challenges of mortgage insurance" among all participants in the insurance sector.
- According to order No. 187, No. 188 of 2023 of the Chairman of the Financial Regulatory Commission; 2 working groups with representatives of the FRC and insurance sector participants were established in the direction of improving public insurance education. Meetings are regularly organized to exchange ideas with the association and companies and to implement work aimed at the public.
- A discussion was organized with the participation of the insurance sector and the insurance intermediary bank on the implementation of the Law on Livestock Indexed Insurance.
- Regular meetings and discussions are being organized in cooperation with the Ministry of Finance to finalize the draft Law on Insurance, Insurance Brokerage and Driver's Insurance.
- In the framework to improve the draft of Appendix 2 of the Insurance Package Rule "Insurer's Solvency Criteria and Monitoring" regulation, relevant meetings were held in June and September 2023 to take votes from insurance sector participants.
- Meetings with representatives of the Ministry of Finance and insurance companies and other related meetings have been organized regularly according to the request submitted by the Joint Management Council of Insurance Companies.



NBFIs

Total assets

MNT **4.3**
trillion

Capital growth

25.2%



Financial market status

Customers **4.1** million

Average loan amount
MNT **2.3** million



Accessibility

Credit NBFIs
91.9%

Foreign currency exchange NBFIs

7.7%



Products and services

Profitability



Total income

MNT **814.7**
billion

Tax collected by the
state,

MNT **69.9**
billion

Stability



Z index

22.4

Percentage of non-
performing loans

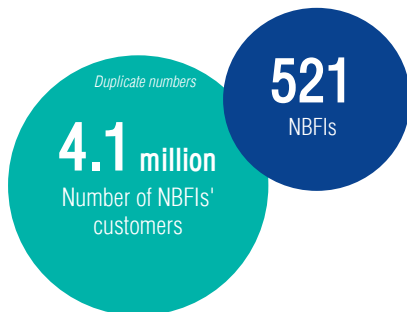
7.5%

Regulatory environment



NON-BANKING FINANCIAL INSTITUTION

521 NBFIs licensed by the Financial Regulatory Commission in the third quarter of 2023; a decrease of 0.2% from the same period of the previous year and a decrease of 3.3% from the same period of 2019.

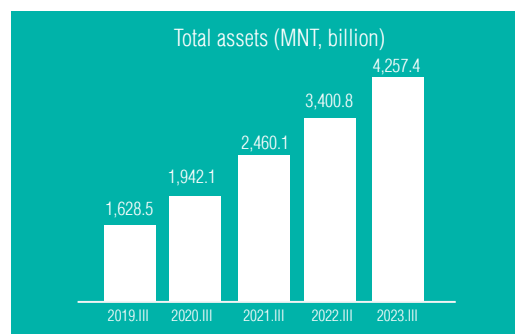
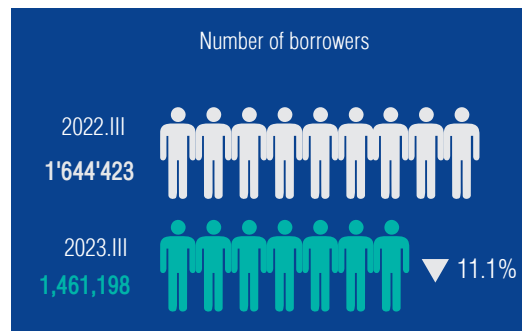
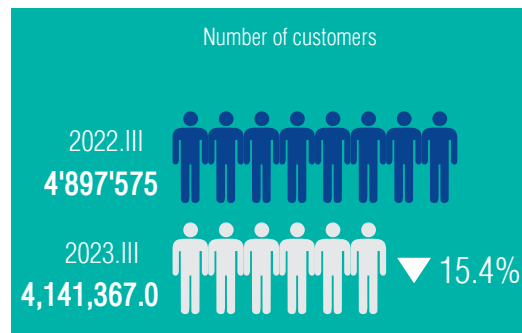
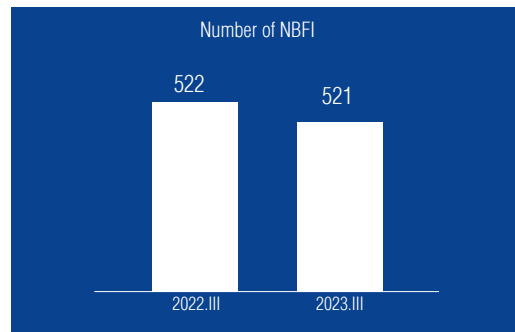
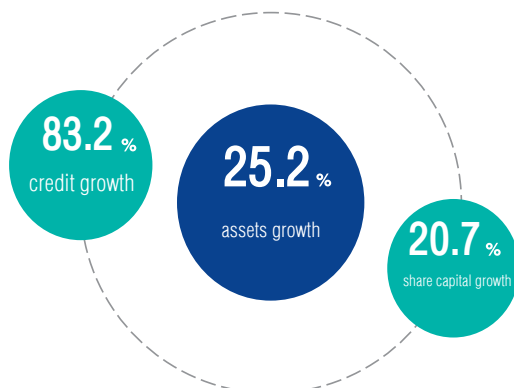


25 (4.8%) of NBFIs have international investments and 496 (95.2%) have domestic investments.



ASSETS OF NBFIS

In the third quarter of 2023, the total assets of NBFIs reached MNT4.3 trillion; an increase of MNT856.6 billion (25.2%) from the same of the previous year, and an increase of MNT2.6 trillion to 2.6 – fold from the third quarter of 2019.



Assets structure of NBFIs (MNT, billions)

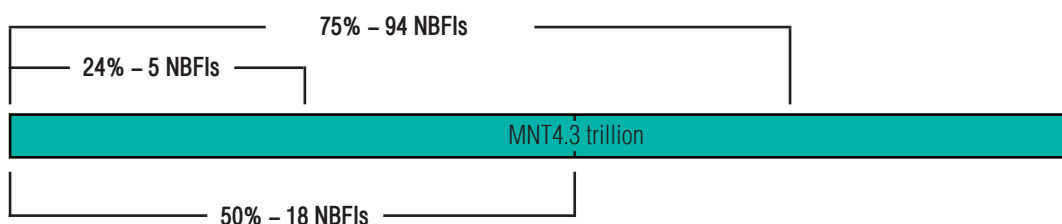
Total assets	4,257.4	100.0%	
Current assets	4,122.0	96.8%	
Cash	529.3	12.4%	
Credit (net)	3,189.6	75.0%	
Short-term investment (net)	41.7	1.0%	
Factoring settlement receivables (net)	15.2	0.4%	
Other property ownership and other ownership (net)	21.5	0.5%	
Other assets	319.4	7.5%	
Non-current assets	135.4	3.2%	

Liability structure of NBFIs (MNT, billions)

Total liabilities	4,257.4	100.0%	
Liabilities	1,667.7	39.2%	
Financial resources	519.3	12.2%	
Liabilities to domestic and foreign banks, and financial institutions	470.6	11.1%	
Other resources	54.0	1.3%	
Bonds issues by NBFIs	263.5	6.2%	
TProject loans financing	28.2	0.6%	
Other liabilities	332.1	7.8%	
Owner's property	2,589.7	60.8%	
Share capital	1,453.1	34.1%	
Other property	64.5	1.5%	
Funds	1.3	0.0%	
Retained earnings/losses	994.8	23.4%	
Secondary payable	76.0	1.8%	

Market share, in terms of total assets of the sector, were:

- The four largest NBFIs accounted for 24% of total assets,
- 18 NBFIs accounted for 50%, and
- 94 NBFIs accounted for 75%.



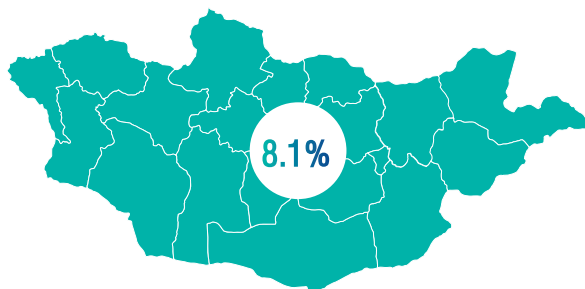
	Number of NBFIs		Total assets		Total loans		Percentage of non-performing loans in loan portfolio	Customers	
	No.	%	Amount (MNT, billions)	%	Amount (MNT, billions)	%		No.	%
Top 24 %	4	0.8%	1,016.7	23.9%	828.5	24.5%	1.4%	221,332	5.3%
Top 50 %	18	3.5%	2,131.4	50.1%	1,803.6	53.4%	3.0%	3,590,988	86.7%
Top 75 %	94	18.0%	3,192.3	75.0%	2,630.7	77.9%	5.0%	3,983,356	96.2%
TOTAL OF SECTOR	521	100.0%	4,257.4	100.0%	3,378.5	100.0%	7.5%	4,141,367	100.0%

Loans of NBFIs – those which constituted 24%, 50% and 75% of the total assets of the non-bank financial sector – accounted for 24.5%, 53.4% and 77.9% of the total outstanding loans, respectively. While the proportions of total assets and total loans were comparable, the percentage of non-performing loans (among all loans) stood at 1.4%, 3.0% and 5.0%, respectively.

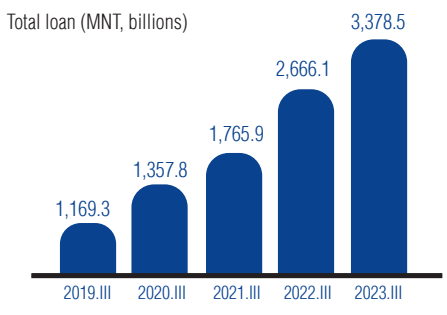
Some of the 18 NBFIs, representing 50% of the sector's total assets, utilized technology to offer inclusive services. The majority of customers (86.7%) were served by these NBFIs.

	Number of NBFIs	Total assets		Total loans		Customers	
		Amount (MNT, billions)	%	Amount (MNT, billions)	%	No.	%
With domestic investment	496	3,624.9	85.1%	2,846.5	84.3%	4,141,367	97.6%
With foreign investment	25	632.5	14.9%	532.0	15.7%	98,981	2.4%

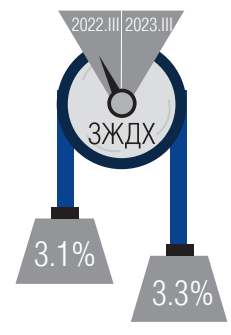
NBFIs with foreign investments included: 10 (40.0%) from Japan, eight (32.0%) from South Korea, two (8.0%) from the US, and the remaining from Russia, Malaysia, Hong Kong, the UK, Canada and China. Foreign-invested NBFIs accounted for 14.9% of the total sector assets and provided services to 2.4% of all customers.



In the third quarter of 2023, the total assets of NBFIs amounted to 8.1% of Mongolia's GDP.



Loan interest rate: In the third quarter of 2023, the weighted average monthly interest rate on loans issued by NBFIs reached 3.3%, an increase of

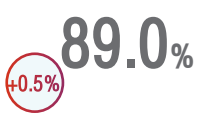


TOTAL LOANS
The total value of loans in the non-bank financial sector increased by MNT712.4 billion (26.7%) from the same period of the previous year; an increase of MNT2.2 trillion to 2.9-fold from the third quarter of 2019.

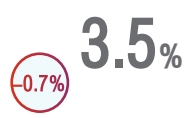
In the third quarter of 2023, the majority of loans, specifically 97.2% of them were disbursed in the local currency (MNT), The remaining 2.8% of loans were disbursed in foreign exchange.



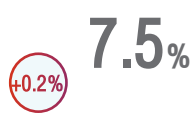
NORMAL



OVERDUE



NON-PERFORMING



MNT4,685.4 billion | Issued loan

Paid loan | MNT4,020.4 trillion

Wholesale and retail



Construction



Mining



Cars and motorcycles repair services



Accommodation and catering



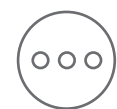
Processing factories



Agricultural



Other





87.9%

91.3%

91.4%

LOAN BALANCE

LOANS ISSUED

PAID LOAN

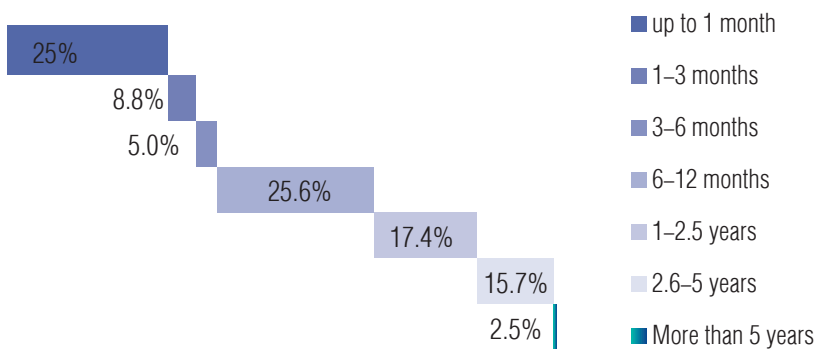
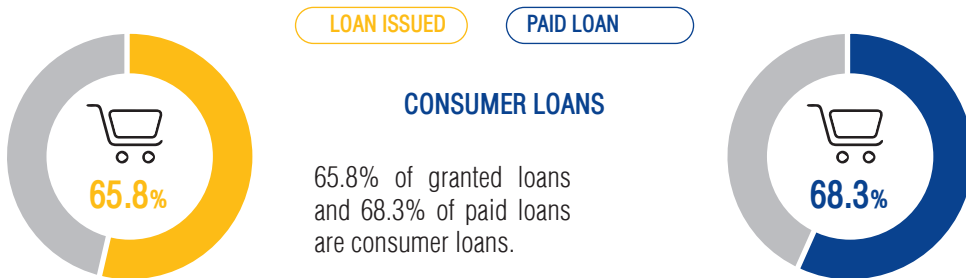


12.1%

8.7%

8.6%

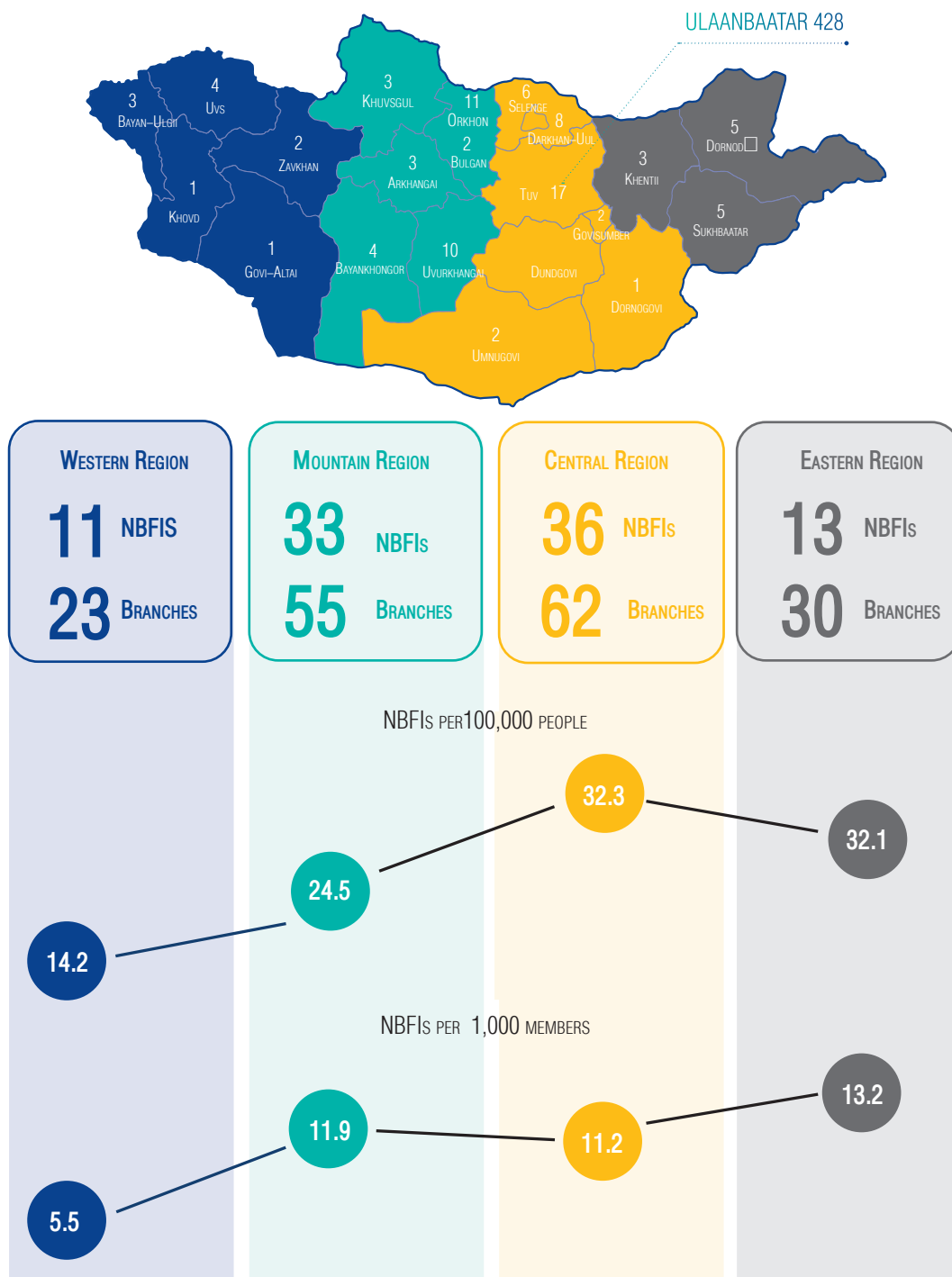
In the third quarter of 2023, approximately 87.9% of outstanding loans were provided to individuals, and 12.1% were to legal entities.



According to the terms of loans issued by the NBF sector: 25.6% (6–12 months), 25.0% (up to 1 month) and 17.4% (1–2.5 years).

ACCESSIBILITY

Nationwide, there were 521 licensed NBFIs, with a total of 453 branches, and the majority (82.1%) were located in Ulaanbaatar.

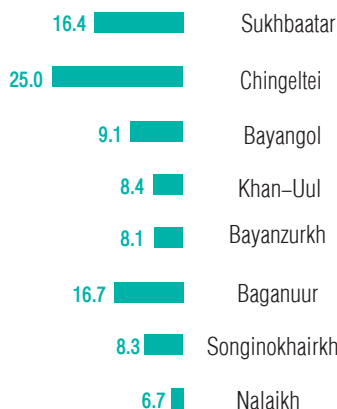




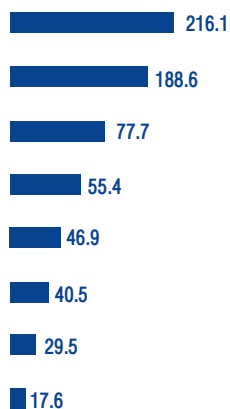
Sector accessibility is calculated using the key indicators for assessing financial inclusion in countries as developed by the International Alliance for Financial Inclusion (AFI):

13 (61.9%) of the country's 21 provinces had three or more NBFIs.

Per 1,000 enterprises



Per 100,000 population



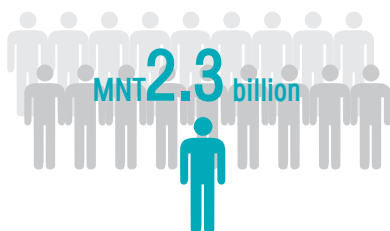
Of the 428 NBFIs operating in Ulaanbaatar, 32.7% were in Sukhbaatar district, 28.0% in Chingeltei, 16.6% in Bayangol, 10.8% in Bayanzurkh, 9.6% in Khan Uul, 2.1% in Songinokhairkhan, and 0.2% in Baganuur district.

BY ACCESSIBILITY AND GEOGRAPHICAL LOCATION OF NBFIS

- There was an average of 50 NBFIs per 100,000 people aged 18–64 years and 11 NBFIs per 1,000 businesses throughout Mongolia.
- Locally, these ratios were 25, 10 in the regions generally. The Central Region NBFIs of 32 NBFIs per 100,000 people, and the Eastern Region led in terms of access to 13 per 1,000 enterprises.
- In Ulaanbaatar, there were 76 NBFIs per 100,000 people and 11 per 1,000 businesses; indicating good access, compared to the situation in rural areas.

50 NBFIs per
100,000
people nationwide

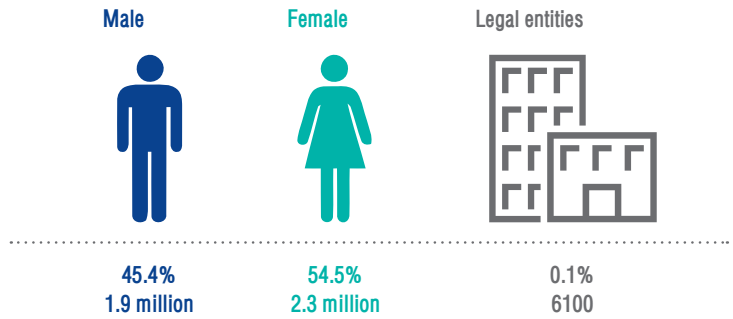
11 NBFIs per
1,000 enterprises



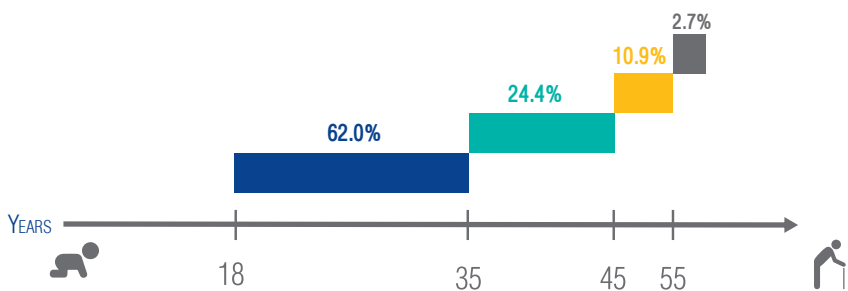
AVERAGE LOAN

- In the third quarter of 2023, the average NBFi borrower had a loan of MNT2,312.1 thousand; ranging from MNT2,403.1 thousand in rural areas to MNT2,310.4 in Ulaanbaatar.
- This compares to MNT690.8 thousand nationwide in the same period of the previous year, since the average loan amount per borrower from NBFIs increased by 42.6%.
- The total number of borrowers was 1.5 million, and 74 out of every 100 people of working age (18–64 years) had loans from NBFIs.

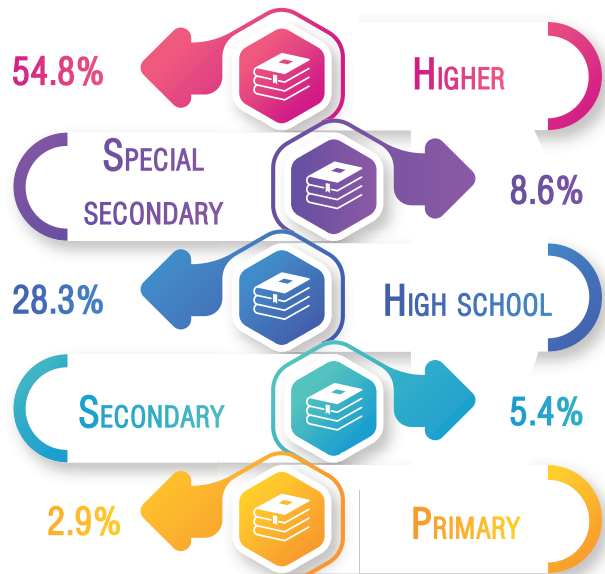
Customers of NBFIs



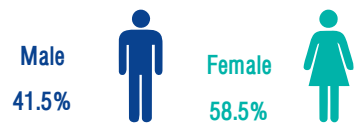
Borrowers of NBFIs (by age)



Borrowers of NBFIs (by level of education)

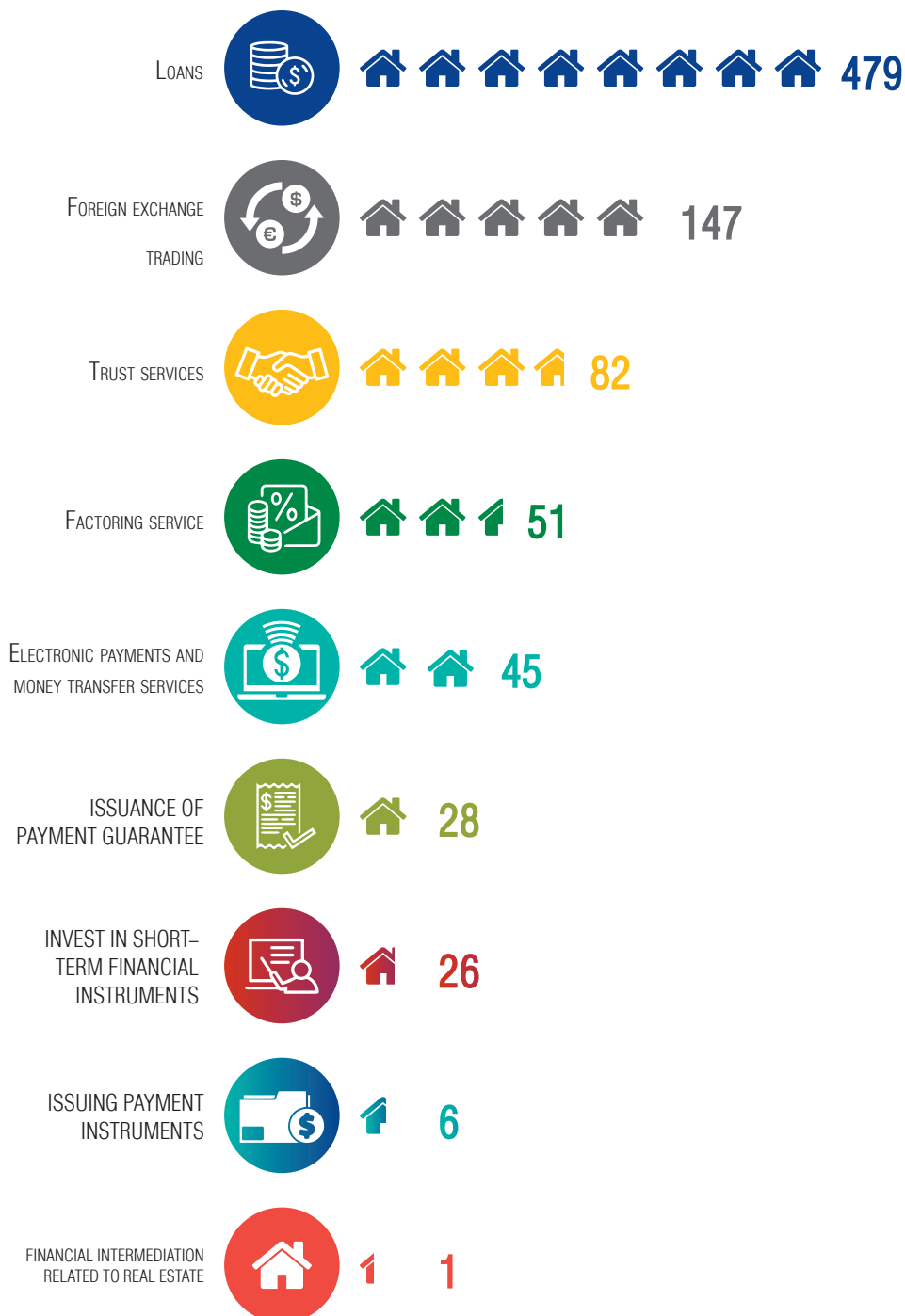


NBFI employees



PRODUCTS AND SERVICES

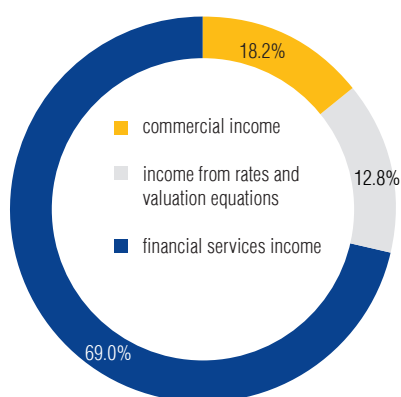
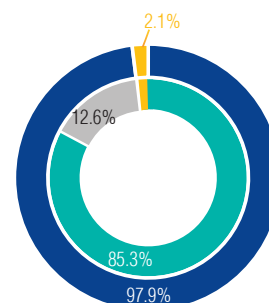
NUMBER OF NBFIS AND TYPES OF SERVICES (WITH DOUBLE COUNTING)



REVENUE FROM PRODUCTS AND SERVICES

- o In the third quarter of 2023, the total income of NBFIs reached MNT814.7 billion.
- o Most (97.9%) of total revenue was operating income, interest, and non-interest income. Of this, 85.3% (MNT694.3 billion) of the total revenue, was interest income and 12.6% (MNT102.7 billion) was non-interest income.

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



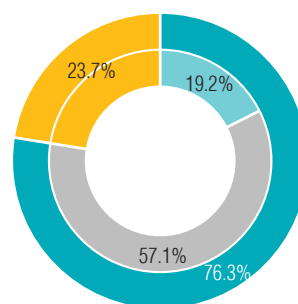
BREAKDOWN OF NON-INTEREST INCOME

- o Non-interest income was generated by: financial services income (69.0%), foreign exchange rate and valuation equations (12.8%), and trading (18.2%).

COSTS OF PRODUCTS AND SERVICES

- o The total cost of NBFIs has reached MNT 512.3 billion. 76.3% were operating expenses, MNT 292.7 billion (57.1%) were non-interest expenses, and MNT 98.3 billion (19.2%) were interest expenses.

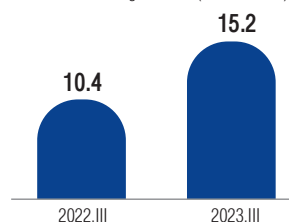
- interest
- non-interest income
- non-operating income
- operating income



Expenditures related to product and service risks (or potential risks) amounted to a total of MNT69.2 billion, of which 93.7% were credit risk expenses, 1.7% were other real estate risk expenses, and 4.5% were expenses of receivables risk, 0.1% were factoring service risk expenses.

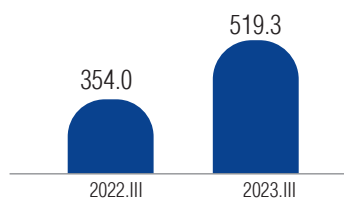
- o In the third quarter of 2023, a total of MNT15.2 billion of net factoring receivables was registered in the sector.

Net receivables for factoring services (MNT billions)

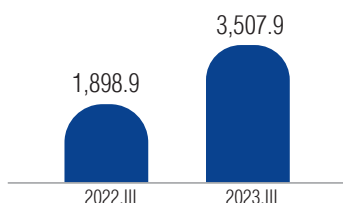


- o A total of 82 NBFIs provided trust services in the sector.
- o Total liabilities for trust services amounted to MNT519.3 billion; an increase of 46.7% from the same period of the previous year.

Trust service payable (MNT, billions)



Remittance service income (MNT, billions)



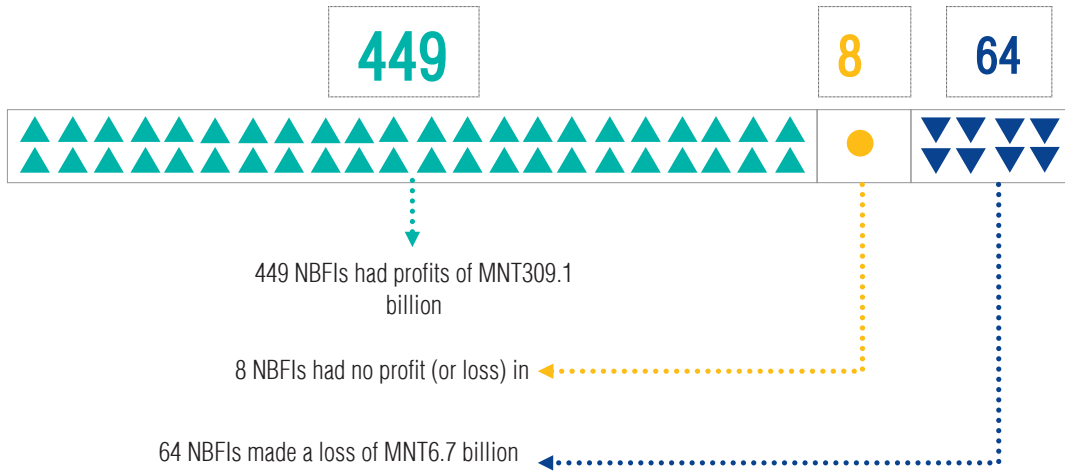
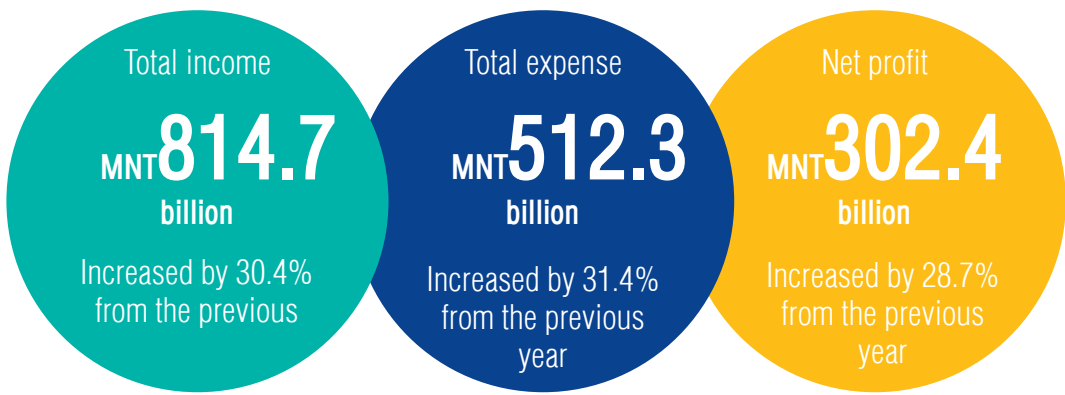
- o As of the third quarter of 2023, NBFIs earned MNT 3.5 billion in revenue from remittance services. This was an increase of MNT 1.6 billion from the same period of the previous year.
- o As of the third quarter of 2023, 45 NBFIs are licensed to provide remittance services and have earned of which NBFIs 13.

CURRENCY TRADING NEWS

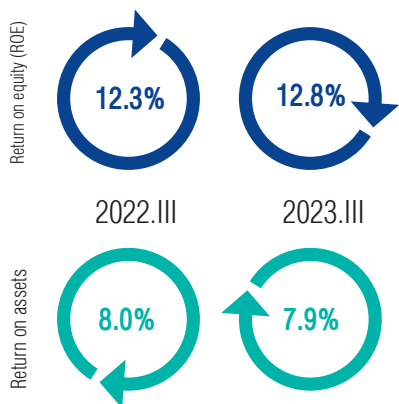
In the third quarter of 2023, NBFIs purchased a total of MNT3,336.1 billion worth of currency and sold MNT3,262.0 billion worth. The Yuan accounted for 42.8% of the currency purchased and 44.5% of the currency sold.

CURRENCY NAME	Bought	Sold
	Result (MNT, billions)	Result (MNT, billions)
CHINESE YUAN	1,429.3	1,451.9
US DOLLARS	1,377.8	1,290.2
JAPAN YEN	196.4	189.2
EURO	164.9	162.0
RUSSIAN RUBLE	107.2	107.1
KOREAN WON	49.4	50.0
OTHER	11.1	11.6

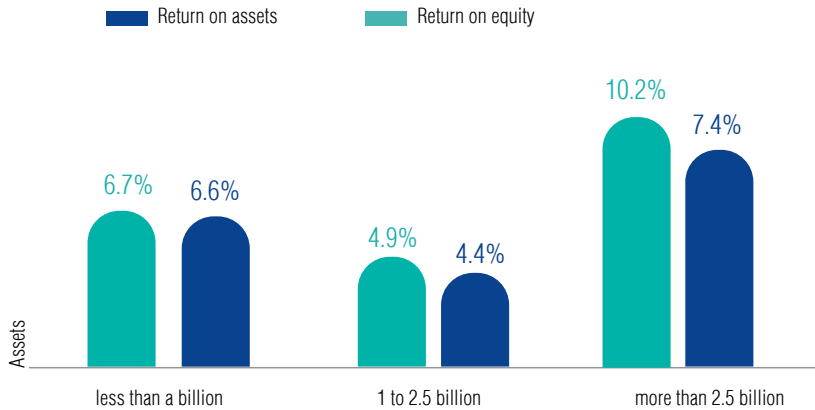
PROFITABILITY



	<1%	<5%	<10%	>10%
Return on equity (ROE)	23.4%*	20.9%	21.5%	34.2%
Return on assets	23.8%	23.4%	24.0%	28.8%



Number of NBFI in the corresponding intervals of ROE and ROA
 (*) For example: 23.4% of all NBFI had no ROE of less than 1%

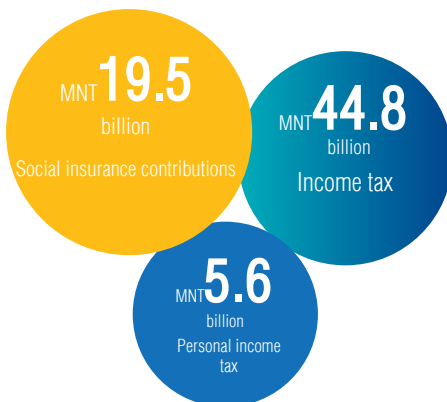


RETURN ON ASSETS AND RETURN ON EQUITY RATIO (BY ASSET CLASSIFICATION)

In terms of the ROA (return on asset) and the ROE (return on equity) of NBFIs (by share capital), half of NBFIs with equity of less than MNT1.0 billion had a ROA of less than 6.6%. Half of NBFIs with a share capital of MNT1.0 to 2.5 billion had a ROA of less than 4.4% and half of NBFIs with equity of more than MNT2.5 billion had a ROA of less than 7.4%. In terms of ROE, the relevant values were 6.7%, 4.9% and 10.2% (in the three categories of assets, by size).

COST, REVENUE RATIO

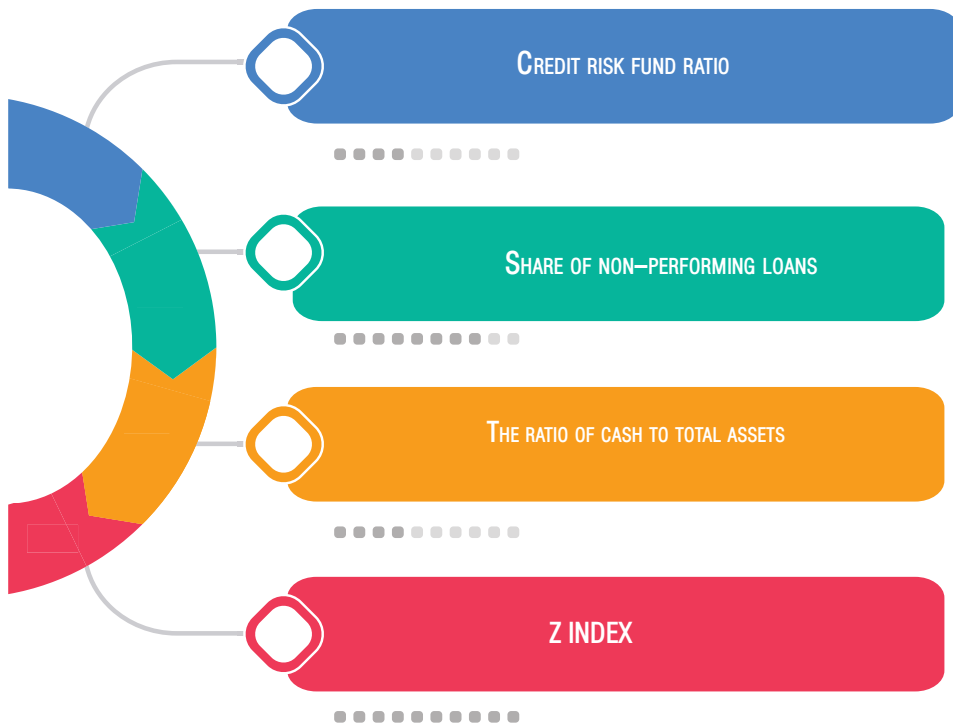
The ratio of expenses to income was 62.9% in the reporting quarter, which is an increase of 14.3 percentage points from the same period of the previous year.



- o In the third quarter of 2023, all NBFIs paid MNT19.5 billion to the social insurance premium, MNT5.6 billion individual revenue tax, MNT44.8 billion corporate revenue tax, and MNT69.9 billion collected to the state budget.

STABILITY

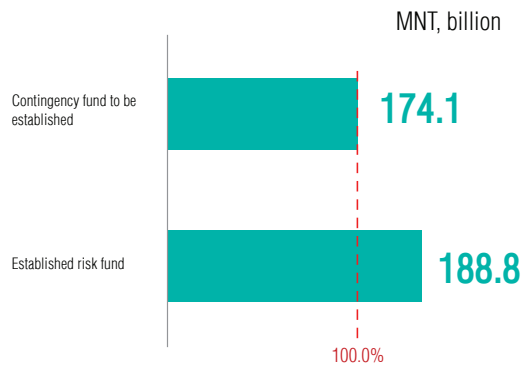
- o The following four indicators of NBFIs were calculated in accordance with AFI's guidelines; to determine financial access and financial stability.



CREDIT RISK FUND RATIO

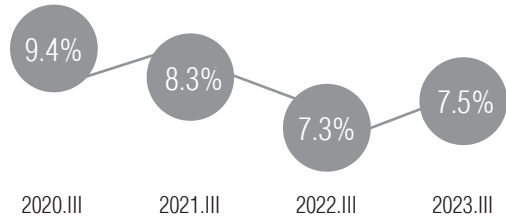
- o In the third quarter of 2023, the ratio was 108.4%, accomplished by the creation of a contingency fund.
- o This was an increase of 2.4 percentage points from the same period of the previous year.

108.4%



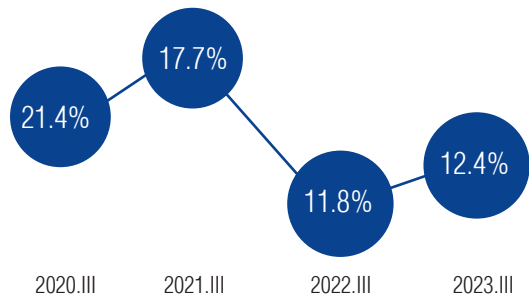
NON-PERFORMING LOANS

In the reporting quarter, non-performing loans reached MNT251.9 billion, and the amount of non-performing loans (among total loans) reached 7.5%. An increase of 0.2 percentage



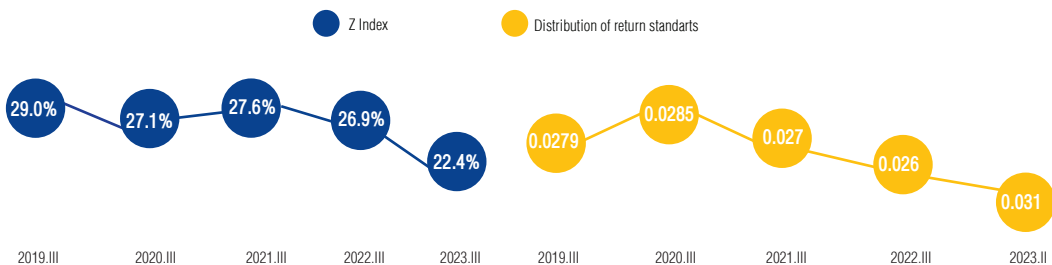
TOTAL CASH ASSETS COMPARATIVE RATIO

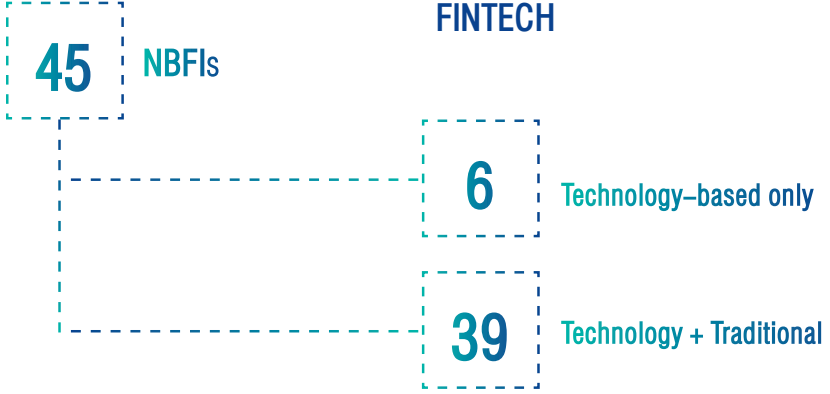
- o The ratio of cash assets to total assets increased by 0.6 percentage points to 12.4% in the reporting year.



Z INDEX

The Z index – showing the probability of an NBFIs going bankrupt – is calculated by the sum of the ROA and the ROE to the volatility of the ROA. The value of the Z index is higher when profitability and equity leverage are high, and lower when income uncertainty is high. That is, a high value of the index indicates low risk and stability. In the third quarter of 2023, the Z index of the non-bank financial sector decreased by 4.5 percentage points to 22.4 from the same period of the previous year.





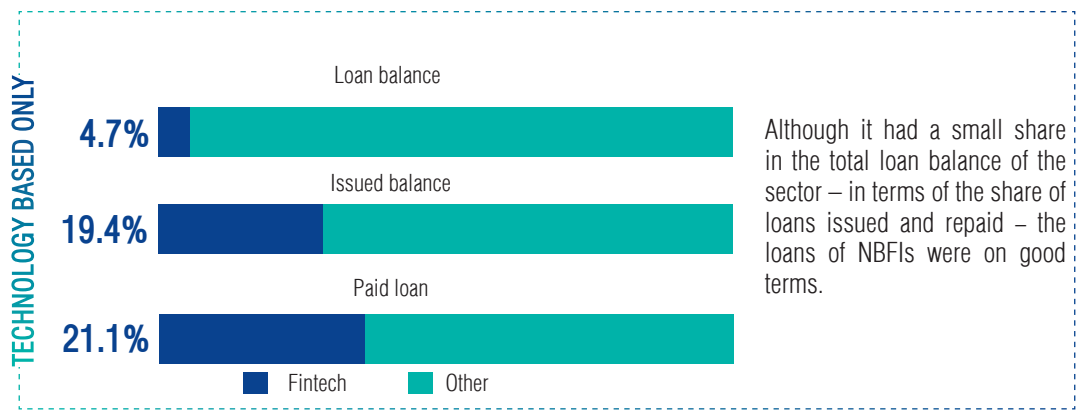
93.6%
Fintech borrowers

- Most of all customers in the sector (93.6) and 77.9% of borrowers are customers of these NBFI or technology-based loan service recipients.
- 16.9% of all borrowers are taking loans only through mobile.
- In the third quarter of 2023, 89.8% of outstanding loans of NBFI (using technological advances in financial services) were normal loans, 3.5% were overdue loans, and 6.7% were non-performing loans.

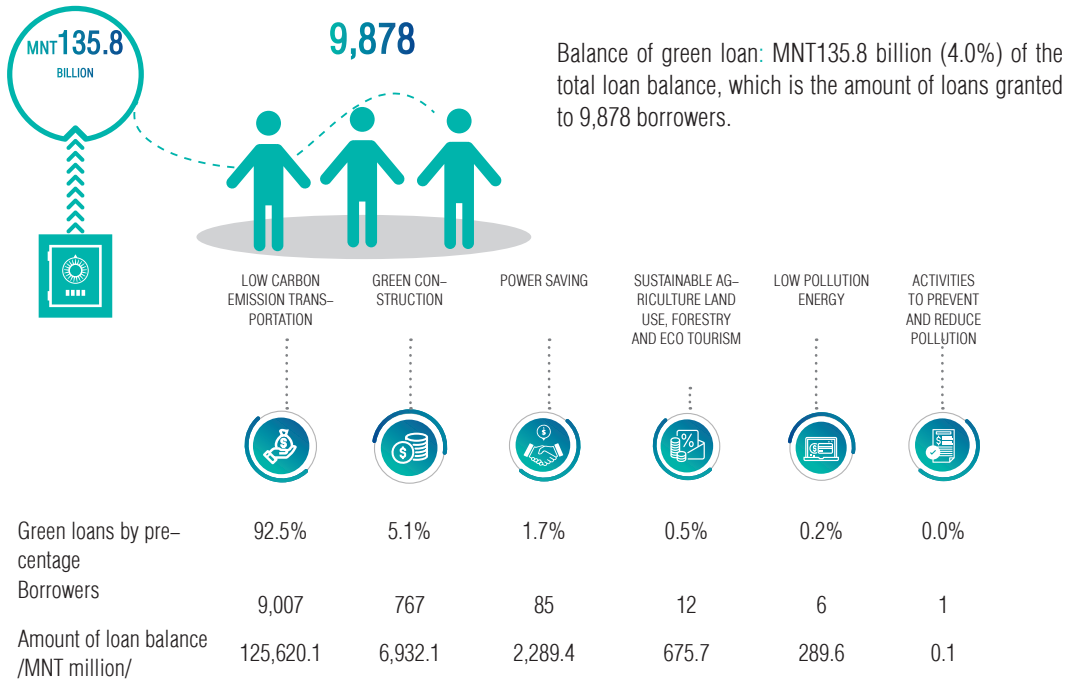


89.8% normal
3.5% overdue loans
6.7% poor quality

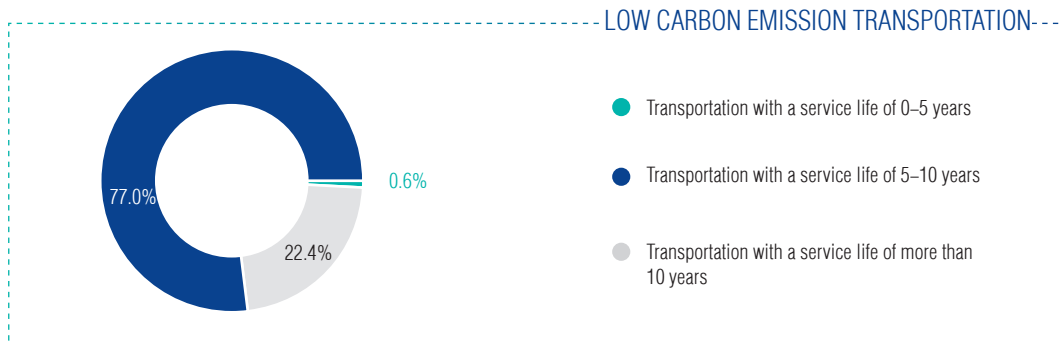
	Total loans		Borrowers		Average loan amount per borrower (MNT, thousands)
	Amount (MNT, billions)	%	Number	%	
Fintech	569.7	16.9%	1,138.4	77.9%	500.4
Traditional	2,808.8	83.1%	322.8	22.1%	8,702.2
TOTAL	3,378.5	100.0%	1,461.2	100.0%	2,312.1



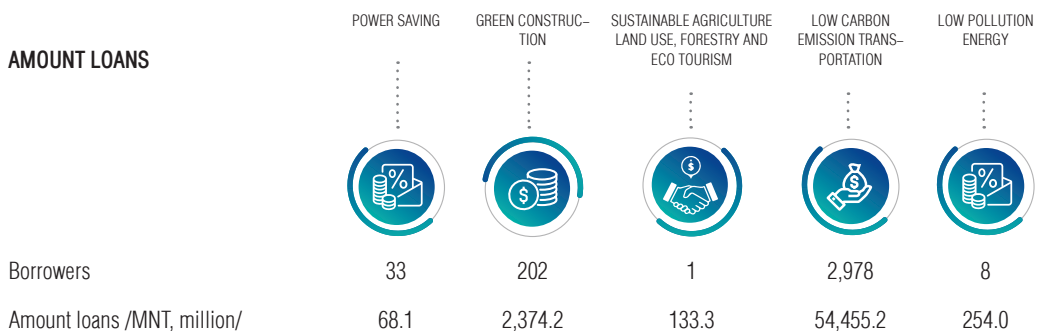
GREEN LOAN



Loans issued during the reporting quarter: A total of 31 NBFCs issued 5 types of green loan products worth MNT57.3 billion.



AMOUNT LOANS



REGULATORY ENVIRONMENT



INTERNATIONAL COOPERATION

- In the Republic of the Philippines, representatives from the Financial Regulatory Commission participated in the World Policy Forum "For Sustainable and Inclusive Financial Prosperity-2023" organized by the Alliance for Financial Inclusion (AFI) from 12th to 15th September 2023. The forum included discussions on policy measures implemented for the development of an accessible and green financial sector, addressing challenges faced by MSMEs in obtaining green finance. Solutions, experience, and further development were presented. Participants and member institutions expressed a commitment to future cooperation within this framework.

MEETINGS

- From 13 to 16, June 2023, a series of events "Sustainable Finance Week 2023" were organized in collaboration with the Sustainable Finance Association, the Office of the President of Mongolia, and various domestic and foreign partner organizations. During the subsequent branch meeting, employees of the Financial Regulatory Commission actively participated, engaging in discussions on policy implementation, challenges, and good practices.
 - A training in 'Climate Risk Management and Calculation of Greenhouse Gas',
 - 'Green Finance Leadership Program',
 - The main part of the event 'Mongolian Green Finance Forum 2023',
 - Branch meeting of the 'Sustainable entity financing',
 - 'Energy-efficient building financing'
- Training session titled "Empowerment of Non-Banking Financial Institutions in the Western Region" being arranged in Ulaangom Soum of Uvs Province for the executive officials of 33 branches of NBFI operating in the Western Provinces.
- From August 25th to 30th, 2023, the Financial Regulatory Commission (FRC), the International Finance Corporation (IFC), and the Mongolian Sustainable Finance Association (MSFA) collaborated to conduct a training session on "Introduction of Environmental, Social, and Governance (ESG) Risk Assessment and Management System for Non-Banking Financial Institutions (NBFIs) activities.



POLICY AND LEGISLATION

- On May 23, 2023, the President of the Bank of Mongolia and the Chairman of the Financial Regulatory Commission jointly issued Order No. A-106/298. This order, titled 'Methodology for banks and authorized legal entities to calculate the amount of interest on deposits and loans, and to ensure transparency of information,' was officially approved. Subsequently, it was duly registered in the State Unified Fund of Administrative Norms under Act No. 6258, dated June 20, 2023.
- On June 23, 2023, the Financial Regulatory Commission issued Resolution No. 220, approving amendments to the "Regulations for regulating and controlling foreign currency trading activities of non-banking financial institutions.
- On April 6, 2022, the Financial Regulatory Commission issued Resolution No. 160, approving the "Regulation of non-bank financial loans activities." As per clause 3 of this regulation, it was stipulated that non-bank financial institutions involved in fintech loan services must register with the Financial Regulatory Commission by June 30, 2023. Subsequently, the E-Council convened four times, receiving and processing 28 requests. Out of these, 24 fintech loan products from 23 Non-Banking Financial Institutions (NBFIs) that complied with regulatory requirements were successfully registered and made accessible on the Financial Regulatory Commission's website.
- On June 30, 2023, the Financial Regulatory Commission issued Resolution No. 380, approving amendments to the "Regulation for risk-based supervision of non-banking financial institutions."
- Additionally, on the same date, Resolution No. 381 was issued, approving amendments to the "Regulations for increasing, reducing, issuing, selling, and transferring the share capital of non-banking f The "Regulation on Trust Service" received approval through Resolution No. 434 from the Financial Regulatory Commission on September 1, 2023. It was subsequently registered in the State Unified Fund for Administrative Norms under Act No. 434, dated September 26, 2023. This regulation is in line with the implementation of Article 15 of the Law on "Non-Banking Financial Activities."inancial institutions."
- In 2022, 461 Non-Banking Financial Institutions (NBFIs), constituting 91.1%, fulfilled the obligation of verifying their financial statements through external audit. Additionally, 429 NBFIs, accounting for 84.8%, adhered to the obligation of public disclosure by the end of the same year.
- The implementation of the Law on "Loan Information" mandates that Non-Banking Financial

Institutions (NBFIs) are obligated to engage in the provision, receipt, and exchange of information. This is to be accomplished through the formalization of contracts with licensed loan information service providers authorized by the Bank of Mongolia

- All 479 Non-Banking Financial Institutions (NBFIs) involved in lending activities are required to enter into an agreement with either "Buren Skor" LLC, "Titan CRA" LLC, or the Bank of Mongolia.
- Implementation of the Law on Combating Money Laundering and Anti-Terrorism Financing
- In accordance with Article 7.1 of the Law on Combating Money Laundering and Anti-Terrorism Financing; MNT 1,294.2 million for 116 named NBFIs (in 3,980 cases), Article 7.2 MNT 2,809.1 million for 4 named NBFIs (in 32 cases) was reported to the financial information office of Bank of Mongolia and the obligations under the law were implemented.
- Implementation of the "Regulation for setting and centralizing fees for regulatory services".
- A total of 471 Non-Banking Financial Institutions (NBFIs) have collected the regulatory service fee, amounting to MNT 1,179.3 million. This sum has been deposited into the relevant account of the Financial Regulatory Commission.



SCCs

Total assets

MNT302.7 billion

Capital growth **13.5%**



Financial market status

Total branches **61**

Total members

45.4%



Accessibility

Total savings

213.0

MNT, billion



Products and services

Profitability



Net profit

MNT **6.1** billion

Tax collected
by the state,

MNT **1.5**
billion

Stability



Percentage of non-performing
loans (on total loans)

3.1%

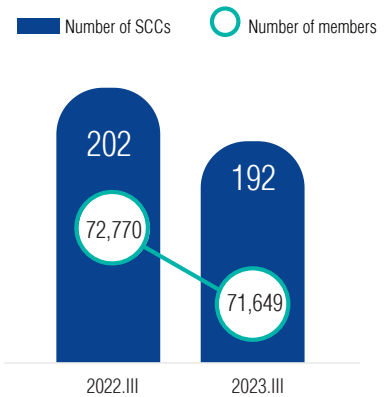
Regulatory environment



FINANCIAL MARKET STATUS

NUMBER AND MEMBERS OF SCCS

- The 192 licensed SCCs; decreased by 5 (10%) compared to the same period of the previous year.
- The number of SCC members had decreased by 1,5% to 71,649, compared to the same period of the previous year when there were 72,770.
- The number of SCCs decreased by 29.2% in the reporting year, compared to the third quarter of 2019. The number of SCC members increased by 2.2%.



EMPLOYEES

674

Total workers 69.9% female workers which decreased by 4.1% from the same period.

TOTAL MEMBERS

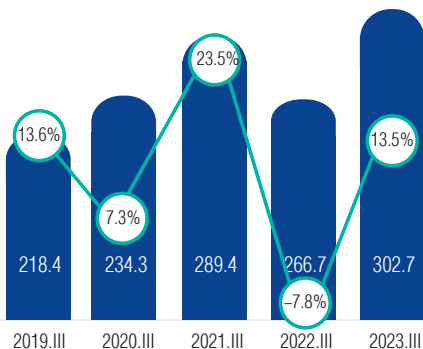
31,228

Borrowers

42,631

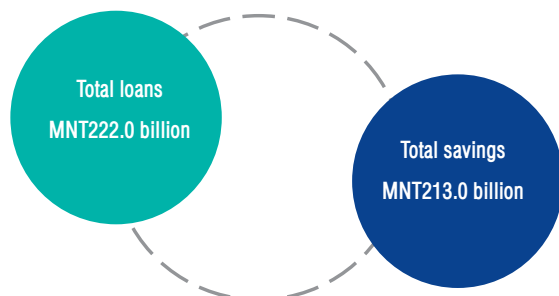
Depositors

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



TOTAL ASSETS AND THEIR GROWTH

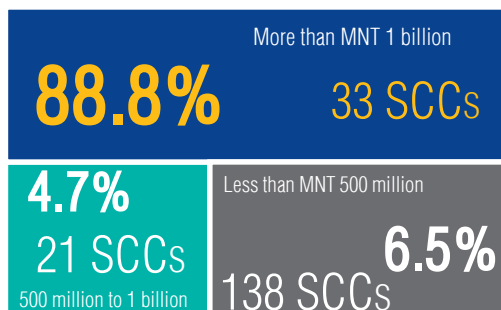
- Net worth increased by 13.5 % to MNT302.7 5 billion compared to the same period of the previous year.
- The total net worth of SCCs increased by MNT84.3 billion (38.6 %) – compared to the same period of 2019.



TOTAL MARKET SHARE

Total assets of the sector;

- o 33 SCCs with net capital greater than MNT1 billion each comprised 88.8% of the market.
- o 21 SCCs with net capital of MNT500 million to 1 billion each, comprised 4.7% of the market.
- o 138 SCCs with net capital of less than MNT500 million each, comprised 6.5% of the market.



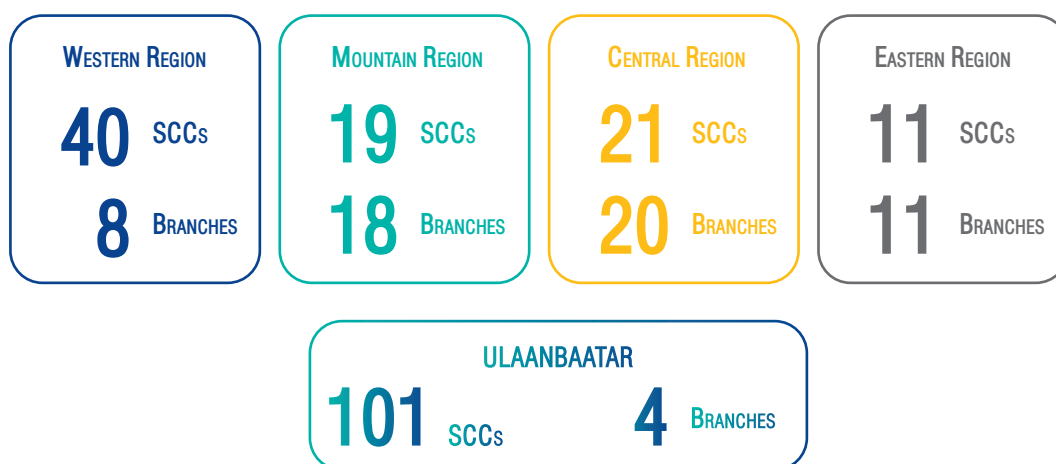
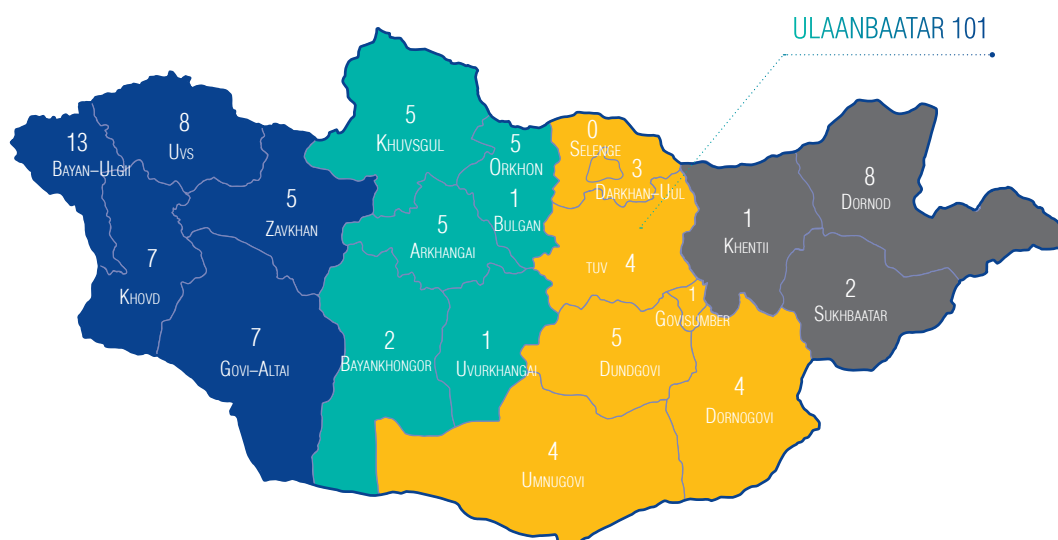
Assets and Liability structure of SCCs (MNT, billions)

Total assets	302.7	100.0%
Currents assets	298.5	98.6%
Cash	54.7	18.1%
Short term investment	0.7	0.2%
Loan /Net/	217.1	71.7%
Receivables	18.7	6.2%
Other current assets	6.2	2.1%
Other assets /net/	1.0	0.3%
Non-current asset	4.1	1.4%
Fixed assets	4.0	1.3%
Intangible assets	0.1	0.1%
Investment and others	0.0	0.0%
Total liabilities and equity	302.7	100.0%
Liabilities	238.0	78.6%
Savings	213.0	70.4%
Short-term loan	2.5	0.8%
Other short-term debt/current liabilities	17.3	5.7%
Long term debt	5.1	1.7%
Own assets	64.7	21.4%
Member contribution	27.2	9.0%
Re-evaluation surcharge	0.2	0.1%
Cooperative property	37.3	12.3%

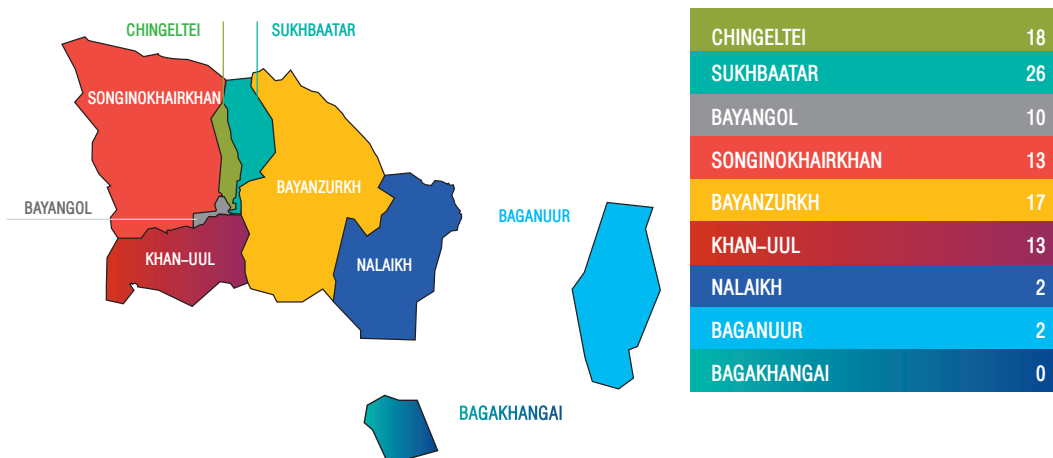


- o Current assets were 98.56 and non-current assets were 1.4% of the total assets.
- o Cash assets were 18.1% of net capital, 71.7 % of loans balance; and the balance of receivables was 5.6% and 2.4% others, 0.3% of other assets owned, and 0.2% of short-term investment of net capital.
- o Net fixed assets were 1.3% of the non-current assets in total assets and 0.1 percent are net intangible assets.
- o Liabilities were 78.6% – and own assets 21.4% – of net capital.

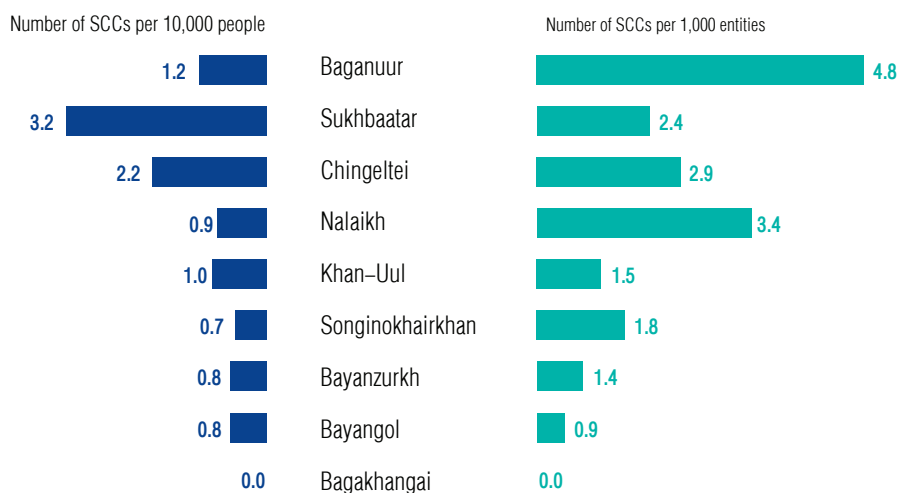
ACCESSIBILITY



- o 101 SCCs were in Ulaanbaatar, and 91 SCCs were in rural areas.
- o Of all SCCs in rural areas, 44.0% were in the Western Region, 12.1% in the Eastern Region, 20.8% in the Mountain Region, and 23.1% in the Central Region.
- o Of all 101 SCCs in Ulaanbaatar, 96.0% were in the central six districts, and 4.0% were in the three remote districts.

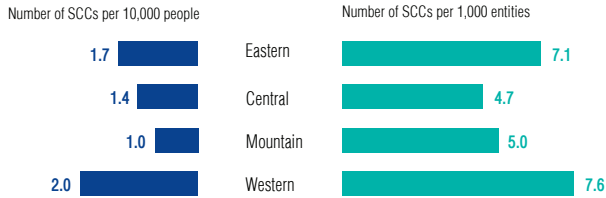


The financial inclusion indicators, as released by the AFI Data Working Group in 2013, encompass metrics such as the number of Savings and Credit Cooperatives (SCCs) per 10,000 people (aged 18 to 64 years) and the number of SCCs per 1,000 entities



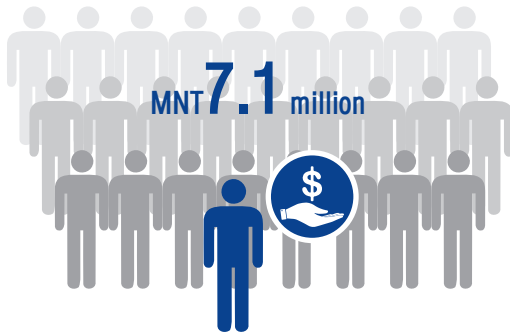
- o For the number of SCCs per 1,000 entities, Nalaikh district had 3.4, Baganuur district 4.8 and Bayangol district had 0.9 (the least).
- o For the number of SCCs per 10,000 people, Sukhbaatar, Chingeltei, and Baganuur districts lead with 3.1, 2.2, and 1.2 respectively.

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



Western Region had the most SCCs, per 1,000 entities and per 10,000 people.

Average loan per member



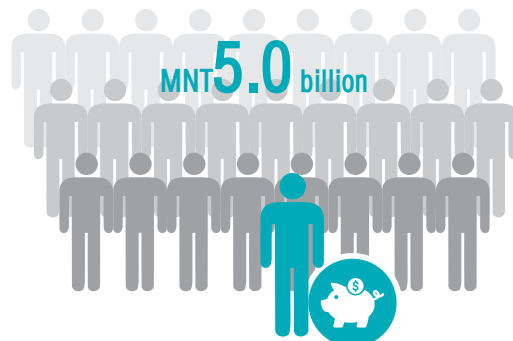
ACCESS TO LOANS

- o Nationally, one in 63 of all 18 to 64-year-olds was a member of an SCC, and in receipt of a loan.
- o One in 62 people in rural areas, and one in 64 in Ulaanbaatar, were members of SCCs, and in receipt of loans.
- o The average individual loan among all members who received loans was MNT7.1 million nationally.
- o The average loan (per member) was MNT11.6 million in Ulaanbaatar and MNT3.2 million in rural areas.

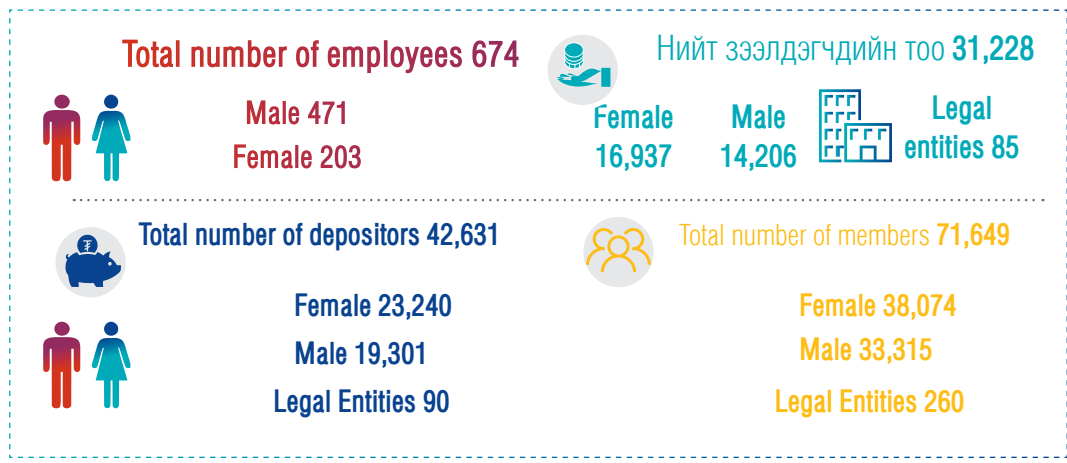
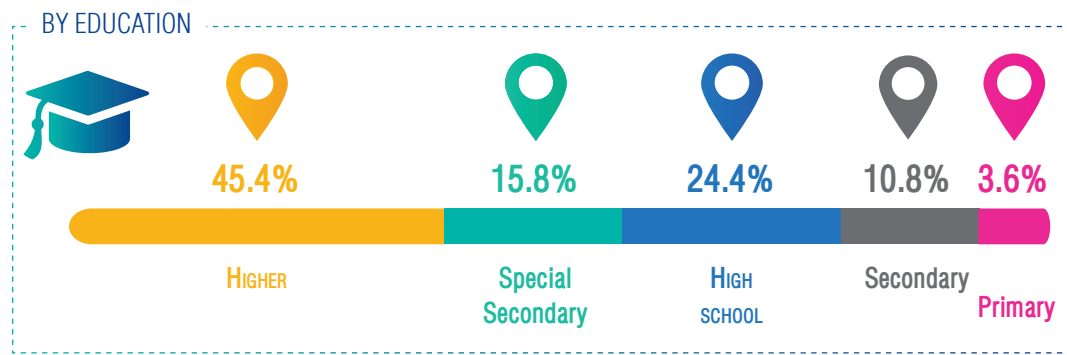
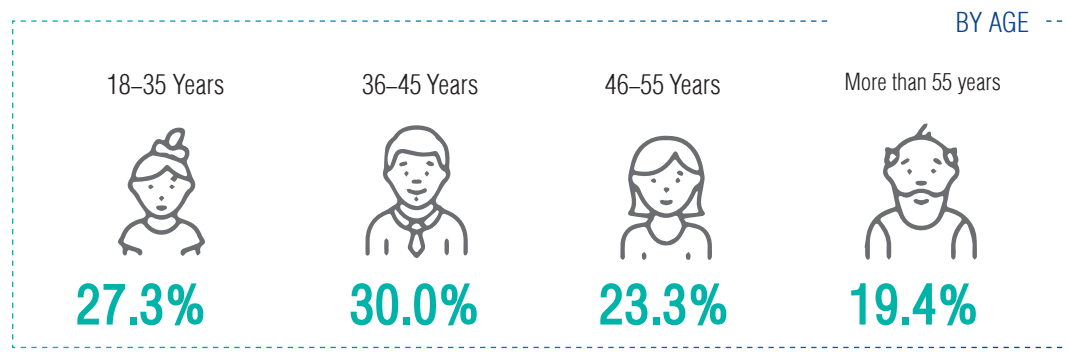
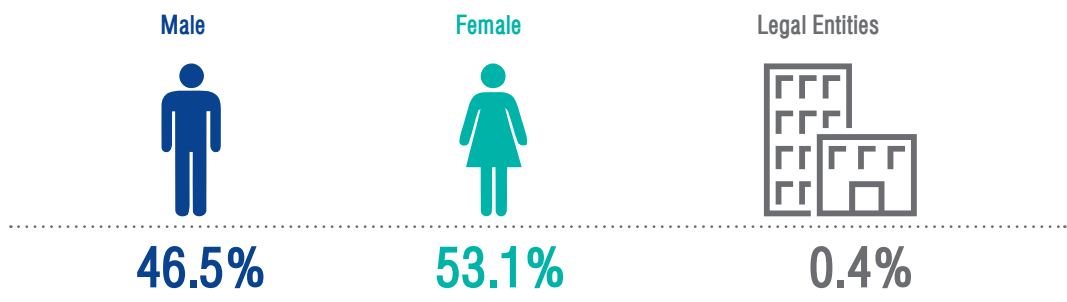
ACCESS TO SAVINGS

- o Nationally, one in 46 was engaged in saving an SCC.
- o One in 52 people in rural areas, and one in 41 in Ulaanbaatar was a member of an SCC and engaged in saving.
- o The average individual savings among all members holding saving accounts was MNT5.0 million.
- o The average savings per member was MNT7.6 million in Ulaanbaatar and MNT2.1 million in rural areas.

Average amount of savings per member



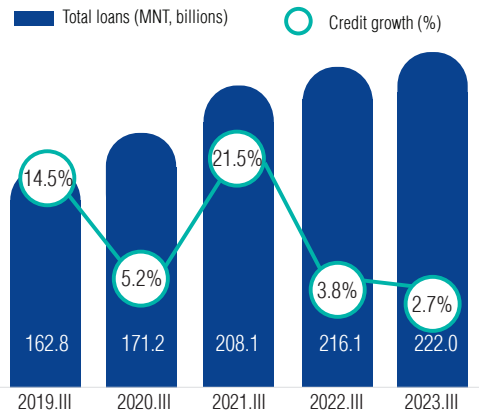
MEMBERS OF SCCs



PRODUCTS AND SERVICES

LOANS FROM SCCS

- o The loans totaled MNT222.0 billion; an increase of 36.4% (59.2 billion) compared to the same period of 2019, and an increase of 2.7% (5.9 billion) compared to the same period the previous year.
- o Net loans increased by 3.2% – to MNT217.1 billion – compared to the same period the previous year, and the credit risk fund decreased by 14.5% to MNT4.9 billion.



NORMAL

93.0%



OVERDUE

3.9%



NON-PERFORMING

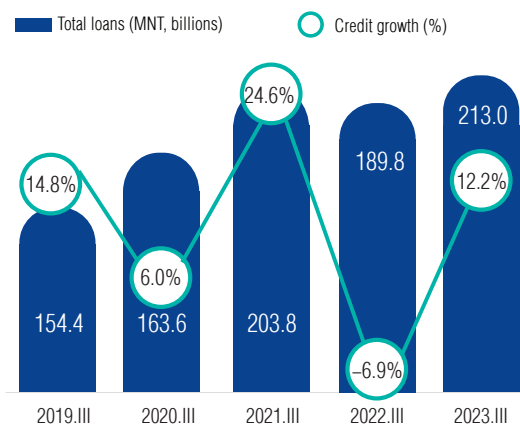
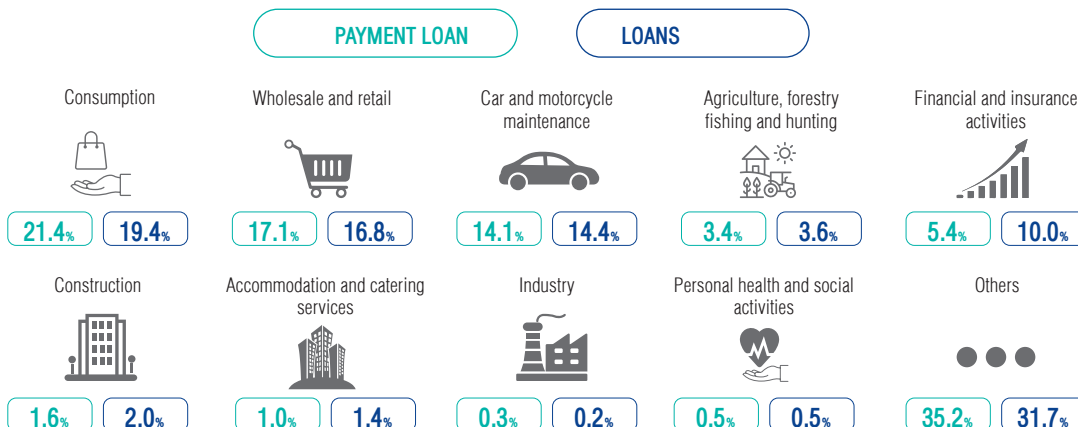
3.1%

LOAN QUALITY OF SCCS

- o The normal loans decreased by 2.7% reaching MNT206.4 billion from the same period the previous year.
- o Normal loans accounted for 93.0% of total loans.
- o Overdue loans increased to MNT8.7 billion; up 65.9% from the same period the previous year.
- o Non-performing loans increased to MNT6.9 billion; up 11.9% from the same period the previous year.
- o SCCs' non-performing loans increased by MNT0.7 billion (11.7%) compared to the third quarter of 2019.

PURPOSE OF SCC LOANS

- o Most (19.4%) of loans were issued for general consumption, 3.5% for the wholesale and retail sectors, and 14.4% for maintenance of cars and motorcycles.
- o Of the total repaid loans, 21.4% were from general consumption, 17.1% from wholesale and retail trade, and 14.1% from maintenance of cars and motorcycles.



SCCs SAVINGS

- o Total savings in SCCs increased by 12.2% to MNT213.0 billion compared to the same period the previous year.
- o The total savings in SCCs increased by MNT58.6 billion (37.9 %) to MNT189.4 billion compared to the same period of 2019.

TOTAL SAVINGS

- o Term savings accounted for 97.8%, and non-term savings accounted for 2.2 %.



97.8%

ХУГАЦААТАЙ



2.2%

ХУГАЦААГҮЙ



Deposits attracted

189 SCCs



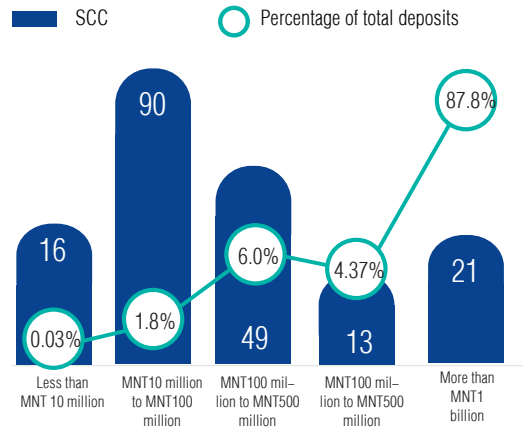
No deposits

3 SCCs

- o 189 SCCs (98.4%) had total savings of MNT213.0 billion.
- o The remaining 3 SCCs (1.6%) had no deposits at all.

PERCENTAGE OF TOTAL SAVINGS

- o 21 SCCs with savings of more than MNT1 billion each, accounted for MNT187.0 billion (87.8%) of total deposits in the sector.
- o 152 SCCs with savings of MNT10 million to billion each, accounted for MNT25.9 billion (12.2%) of total deposits in the sector.
- o 16 SCCs with savings of less than MNT10 million each, accounted for MNT0.07 billion (0.03%) of total deposits in the sector.
- o 3 SCCs with not collected savings for all



1.4%

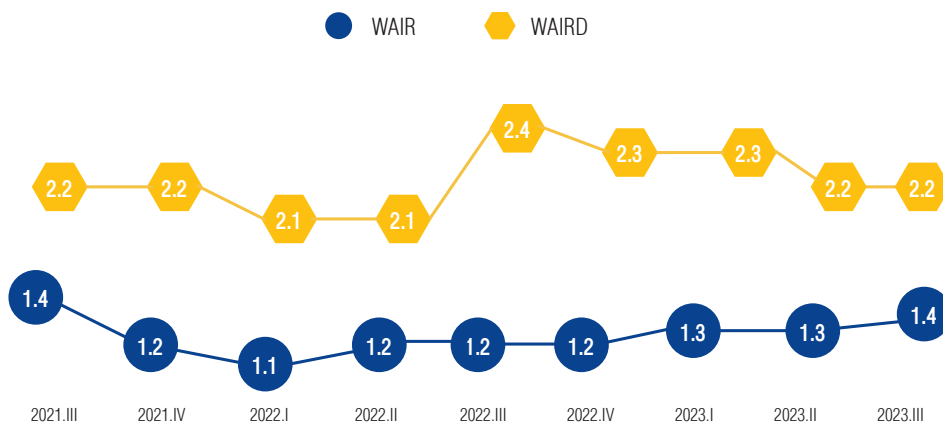
Weighted average monthly interest rate on deposits



2.2%

Weighted average monthly interest rate

	2021.III	2021.IV	2022.I	2022.II	2022.III	2022.IV	2023.I	2023.II	2023.III
WAIR	2.2	2.2	2.1	2.1	2.4	2.3	2.3	2.2	2.2
WAIRD	1.4	1.2	1.1	1.2	1.2	1.2	1.3	1.3	1.4



INCOME

Total interest income of SCCs increased by 5.2%, to MNT44.4 billion, compared to the same period of 2022.

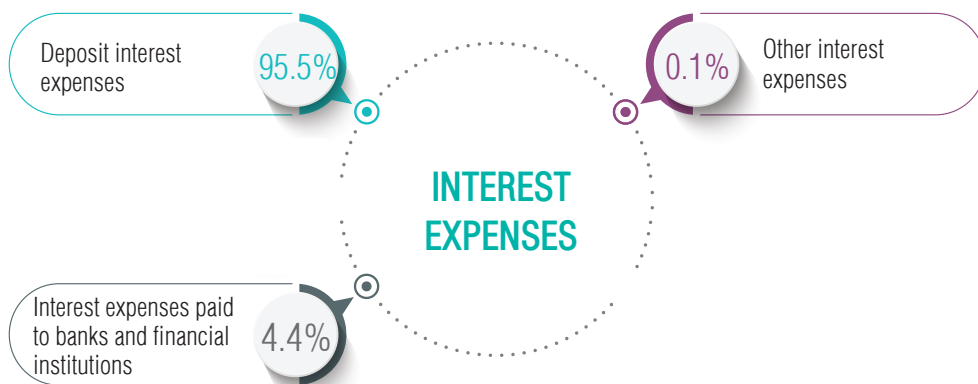
- o The largest portion of the total interest income 41.0 billion (92.2%) was loan interest income.
- o Interest income from banks and financial institutions accounted for 3.1 billion (7.1%).
- o Increased interest income from loans accounted for 303.0 million (0.68%).
- o The loan interest income from securities accounted for 8.1 million (0.02%).



EXPENSES

Total interest expenses of SCCs increased by 9.6 % and reached MNT25.9 billion, compared to the same quarter of 2022.

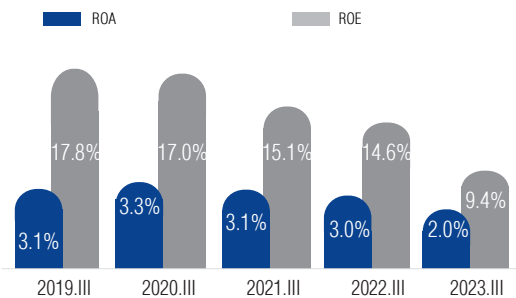
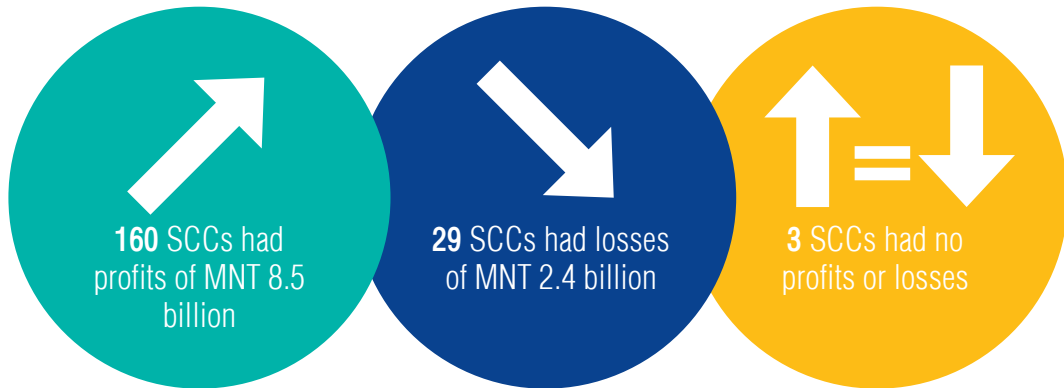
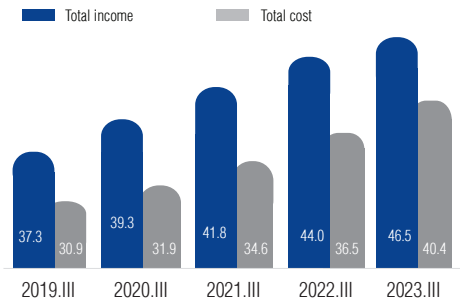
- o Deposit interest rate was MNT24.8 billion (95.5 %) of total interest expenses.
- o Interest paid to banks and financial institutions, which accounted for MNT1.1 billion. (4.4%) of interest expenses.
- o Other interest expenses were MNT35.2 million (0.1%).



PROFITABILITY

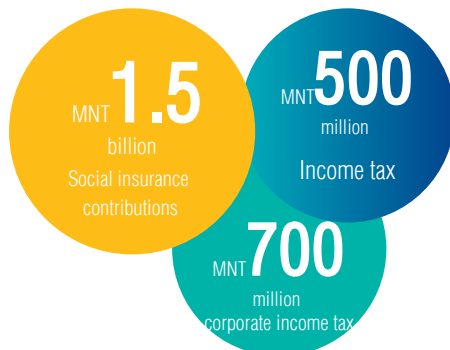
INCOME AND EXPENSES OF SCCs

- o SCCs earned MNT46.5 billion in revenue, spent MNT40.4 billion in expenses, and earned MNT6.1 billion in profit.
- o The share of net profits from total revenue decreased by 4 percentage points from the same quarter of 2022 and reached 13.1 %.



TOTAL RETURN ON EQUITY

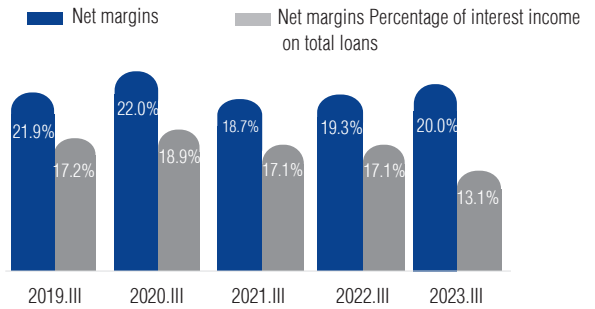
- o The return on equity of SCCs decreased by 5.2 percentage points to 9.4% compared to the same quarter of the previous year.
- o Return on equity decreased by 1.0 percentage points to 2.0%.



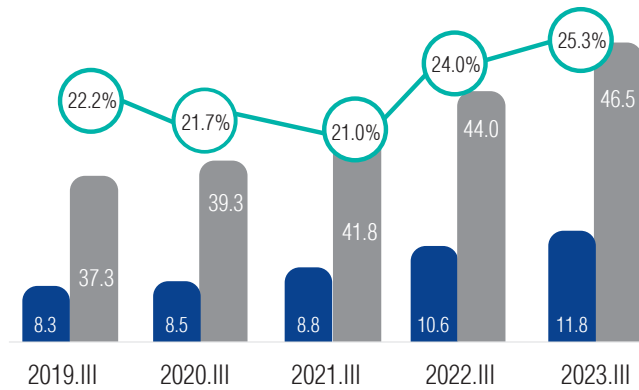
- o SCCs spent MNT1.5 billion on social security and health insurance, MNT0.7 billion in Corporate Income Tax, and 0.5 billion in personal income tax.

KEY RATIOS

- o The share of interest income in total loans increased by 0.7 percentage points from the same period in 2022 and reached 20.0%.
- o The ratio of net income to total income decreased by 4.0 percentage points compared to the same period in 2022 and reached 13.1%.



Operating expenses Total income Expenses/Income



COST REVENUE RATIO

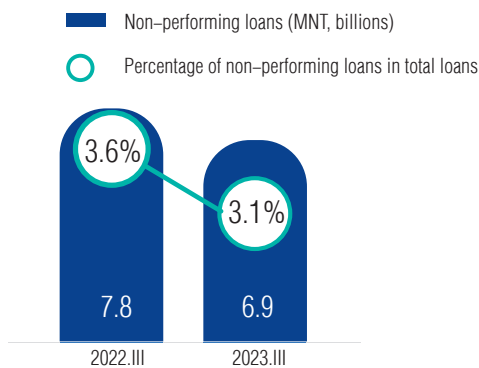
- o SCCs spent an average of MNT25.3 to earn MNT100.



STABILITY

SCCs assess the potential risks of their operations in accordance with the following four key indicators (PEARLS) methodology. Including: :

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

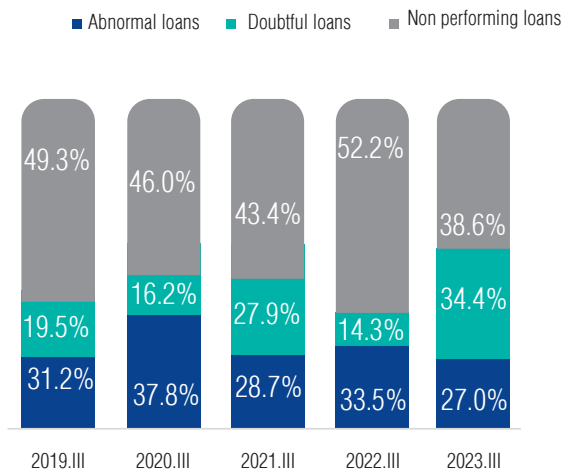


NON-PERFORMING LOANS OF SCCS

- The total amount of non-performing loans decreased by MNT0.9 billion compared to the same period in 2022 and reached MNT6.9 billion.
- The share of non-performing loans on total loans decreased by 0.5 percentage points to 3.1%. According to prudential ratio standards of SCCs, this indicator should be less than 5.0%.

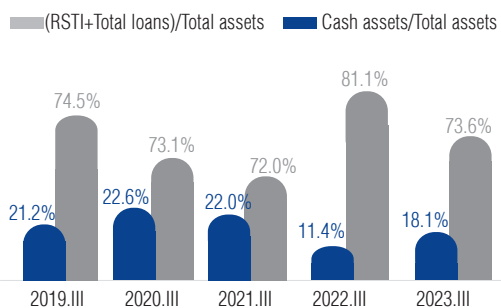
CLASSIFICATION OF NON-PERFORMING LOANS

- The share of abnormal loans in the nonperforming loans category decreased by 6.5 percentage points – compared to the same period in 2022 – to 27.0 %.
- Doubtful loans increased by 20.1 percentage points to 34.4 %, while the share of bad debts in non-performing loans was 38.6% and decreased by 13.6% compared to the same period in 2022.

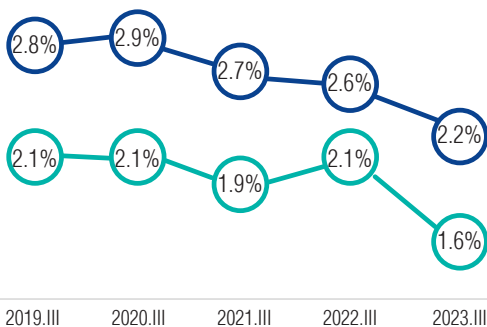


LIQUIDITY OF SCCS

- In the reporting period, the ratio of monetary assets to total assets was equal to 18.1 %.
- The ratio of short-term investments and total loans to total assets was equal to 73.6 %.



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



CREDIT RISK FUND

- In the first quarter of 2023, the share of the credit risk fund in total loans was 2.2%, and the share of the credit risk fund in total assets amounted to 1.6%.

Ratio	Adequate level	Reporting period
Loans received from others/Total loans	<20%	3.5%
Total savings/Total assets	20%–80%	70.4%
Net loans/Total assets	60%–85%	71.7%
Equity of cooperatives/Total assets	>5%	12.3%
Reserve fund/Equity of cooperatives	>3%	33.9%
Savings protection fund/Equity of cooperatives	>5%	7.7%
Stabilization fund/Equity of cooperatives	>5%	7.6%
Operating expenses/Total assets	<15%	3.9%

REGULATORY ENVIRONMENT



INTERNATIONAL COOPERATION

- Representatives from the Financial Regulatory Commission (FRC) attended the 2023 Annual Conference of the International Credit Union Regulator's Network (ICURN) held on 17–19 July 2023 in Washington, USA. During the conference, they offered insights into the current state of the savings and credit cooperative industry in Mongolia, provided updates on industry regulations, and engaged in valuable exchanges of opinions. Participants from other countries expressed their commitment to collaborating in this direction in the future.



POLICY AND LEGISLATION

- The revision of the "Conditions and Requirements for the Operation of Savings and Credit Cooperatives" approved by Resolution No. 384 of 2023 of the FRC was registered by the Ministry of Justice and Internal Affairs on July 21, 2023, in the State Consolidated Fund of the act on administrative regulations. The revised conditions have entered into force as of the registration date.
- A representative from the Financial Regulatory Commission (FRC) actively participated in the working group tasked with revising the 'Regulations of Savings and Credit Cooperatives,' established by Order No. A/156 of 2022 by the State Secretary of the Ministry of Finance. The revised draft, including the consolidated list, financial statement form, and method of preparation of disclosures, was diligently prepared and submitted to the Accounting Office of the Ministry of Finance on March 29, 2023. Subsequently, on September 22, 2023, members of the working group engaged in a meeting with the Head of the accounting department and a senior expert of the Ministry of Finance. During this session, they collaborated on refining the draft regulations and exchanged valuable opinions.



MEETINGS AND SEMINARS

- o Pursuant to clause 2.1.16 of the 'Conditions and Requirements for the Operation of Savings and Credit Cooperatives,' as approved by Resolution No. 384 of 2023 by the FRC, a training course on 'Credit Operations' was jointly organized by the FRC and the Mongolian National Association of Savings and Credit Cooperatives. Certificates were issued to 33 participants upon the completion of the training, which took place on September 25, 2023.
- o The Alliance for Financial Inclusion's (AFI's) Global Policy Forum, held under the theme 'Stability, Sustainability, and Inclusivity for Shared Prosperity,' took place from September 12 to 15, 2023, in Manila, Philippines. Representatives from the Financial Regulatory Commission (FRC) actively participated in the 21st meeting of the World Policy Forum and SME Financing Working Group during this event. At the meeting, each member country shared insights into the implementation of policies aimed at increasing financial inclusion, discussed challenges, and exchanged information on good practices



CREDIT GUARENTEE FUND

Total assets
MNT257.6
billion



Financial market status

Average amount of
one guarantee
MNT 201.3
million



Accessibility

Number of
requests submitted 202

Number of requests
approved 155



Products and services

Profitability



Total income

MNT **9.5** billion

Total profit

MNT **4.2** billion

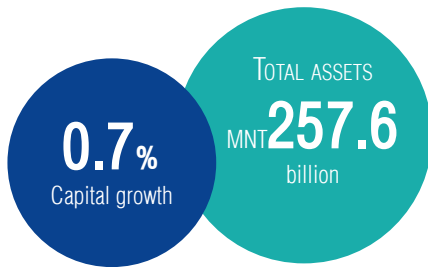
Stability



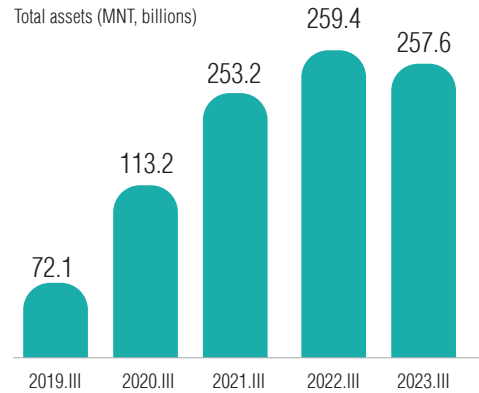
Percentage of non-performing
guarantees

8.4%

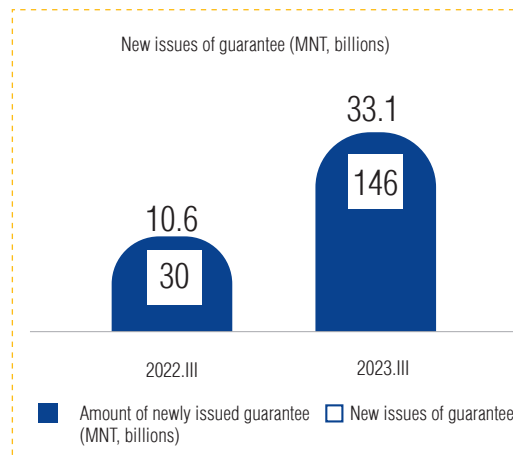
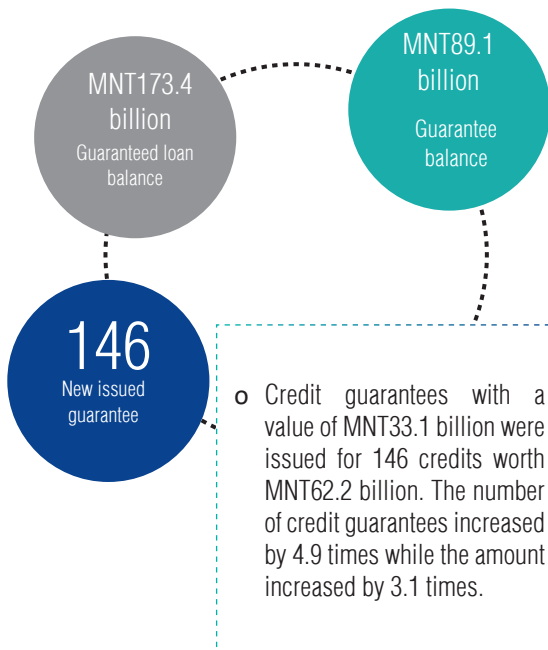
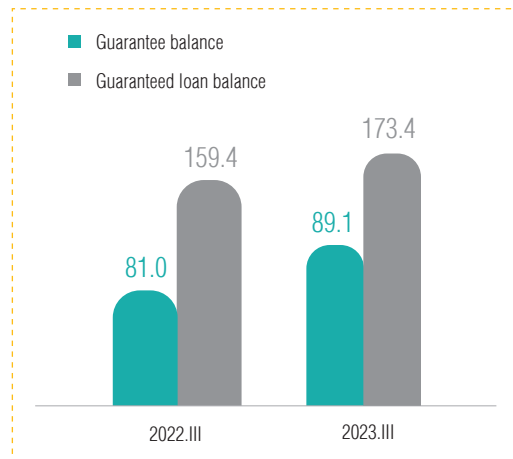
FINANCIAL MARKET STATUS



Total assets of the Fund decreased by MNT1.8 billion (0.7%) to reach MNT257.6 billion.

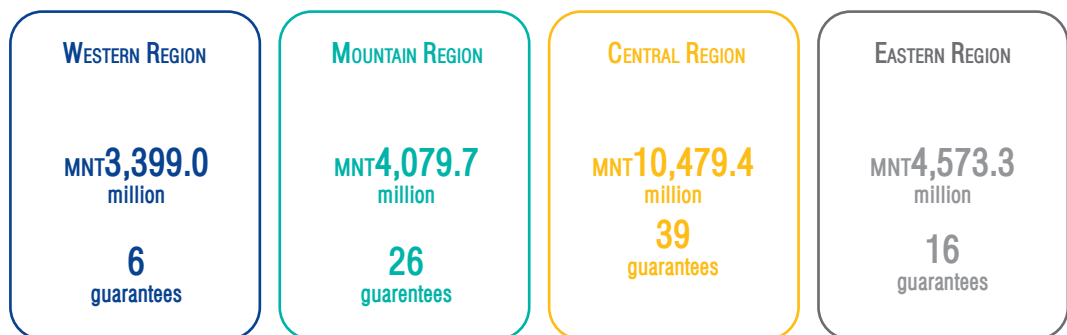
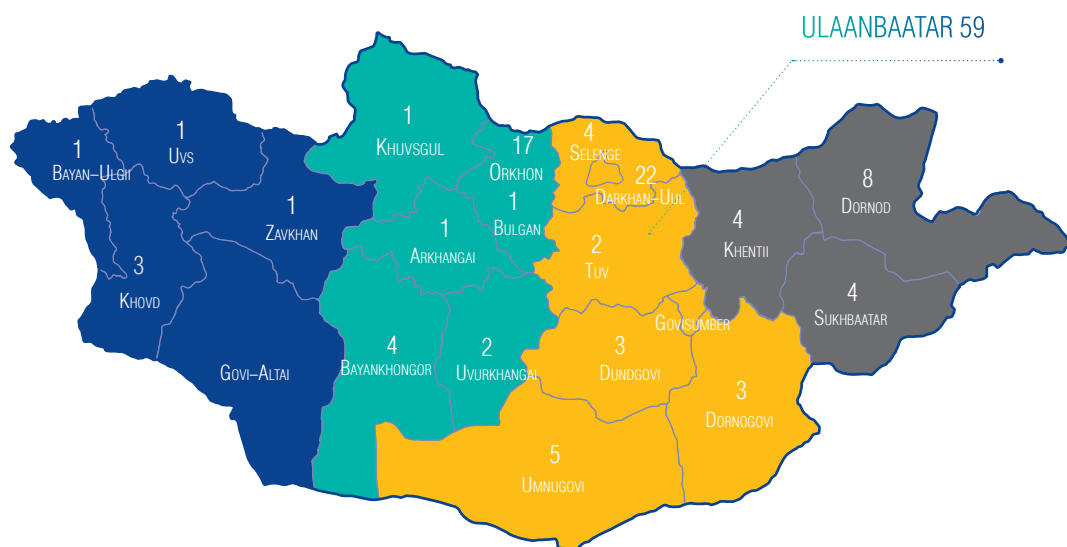


- o The Fund's guarantee balance reached MNT89.1 billion, an increase of MNT8.1 billion (10.0%).
- o The guaranteed outstanding balance increased by MNT14.0 billion (8.8%) to reach MNT173.4 billion.

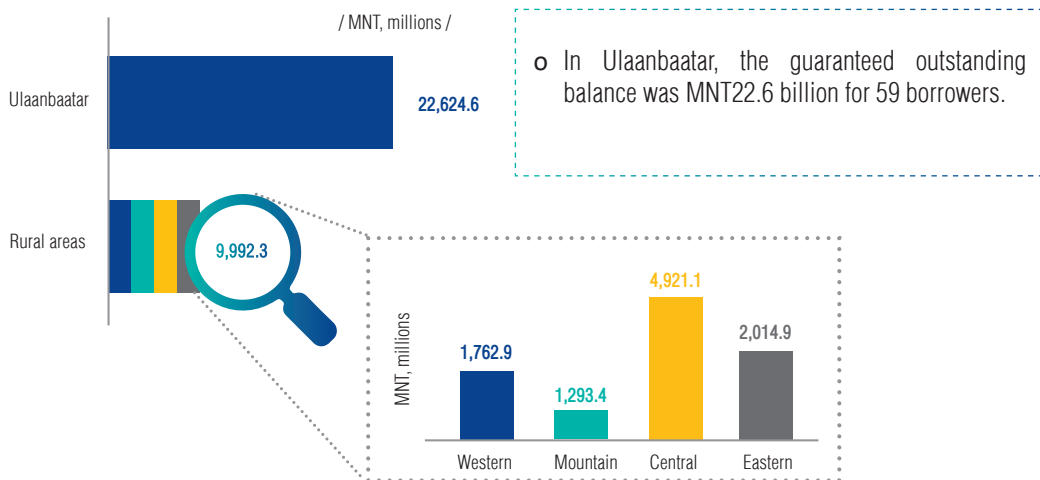


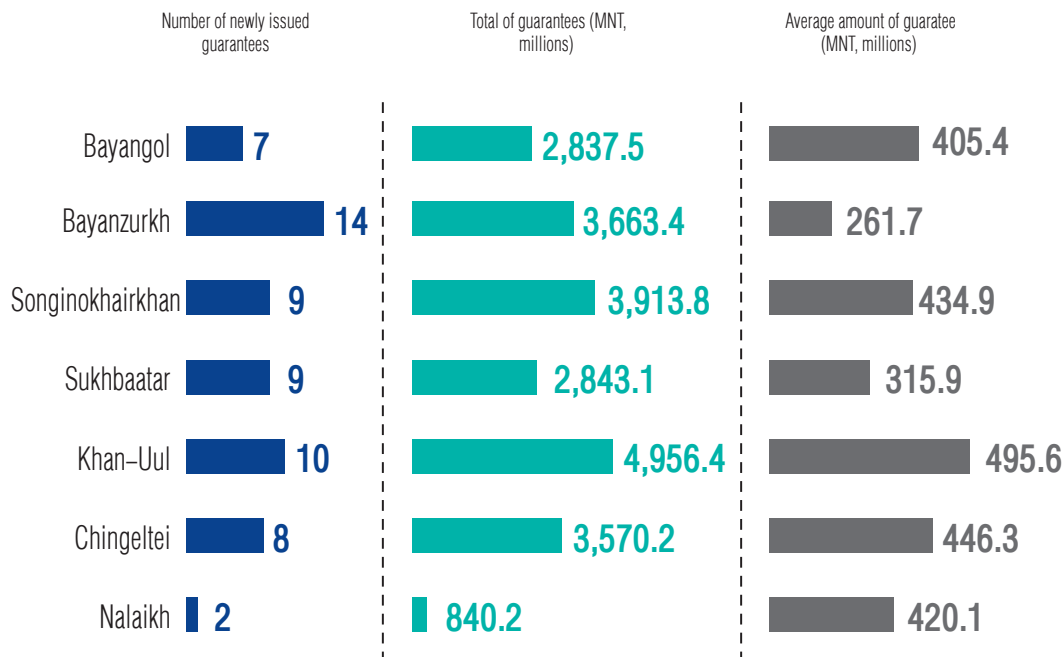
ACCESSIBILITY

Availability of 2023 credit guarantee



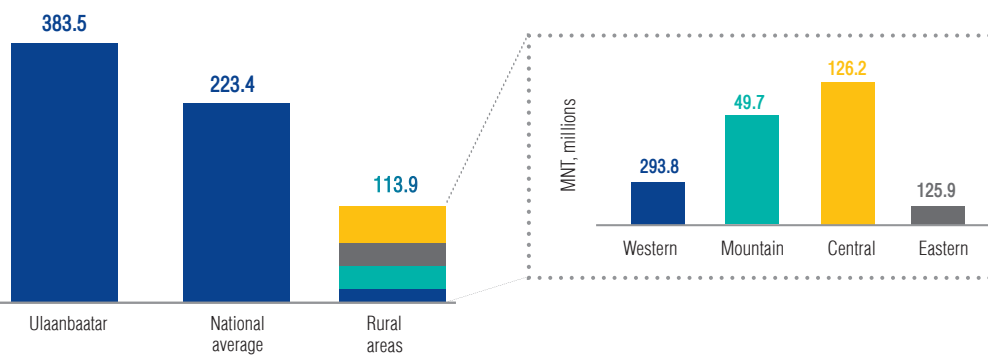
AVERAGE AMOUNT OF GUARANTEE





AVERAGE AMOUNT OF GUARANTEE

- o The average guarantee amount in Ulaanbaatar stood at MNT383.5 million, significantly higher than the provincial average of MNT113.9 million. The national average guarantee amount was MNT223.4 million.
- o Notably, in the western region, the loan outstanding reached the highest figure, amounting to MNT293.8 million.



PRODUCTS AND SERVICES

	Number of applications for a guarantee	Number of applications approved	Percentage
2020.III	100	53	53.0%
2021.III	319	236	74.0%
2022.III	56	31	55.4%
2023.III	202	155	76.7%

A total of 202 applications for guarantees were received. Of which 155 were approved, and 146 guarantees were issued. The number of submitted applications increased by 3.6 times, and approved guarantees increased by 5 times. The percentage of approved requests was 76.7; a increase of 21.3 percentage points.

2023.I

Production



43.9%

wholesale and retail activities



38.1%

Other

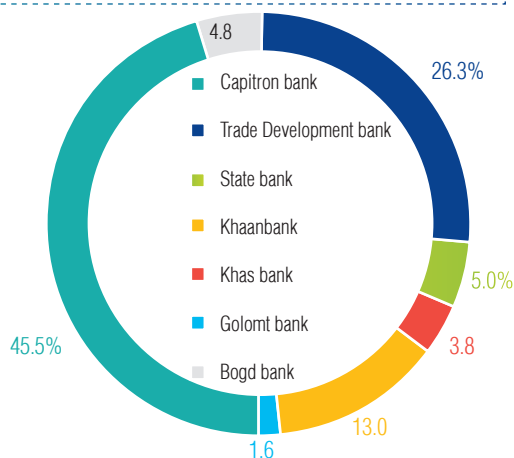


18.0%

43.9% of guarantees were issued for wholesale and retail, 38.1% for manufacturing, and 18.0% for other sectors.

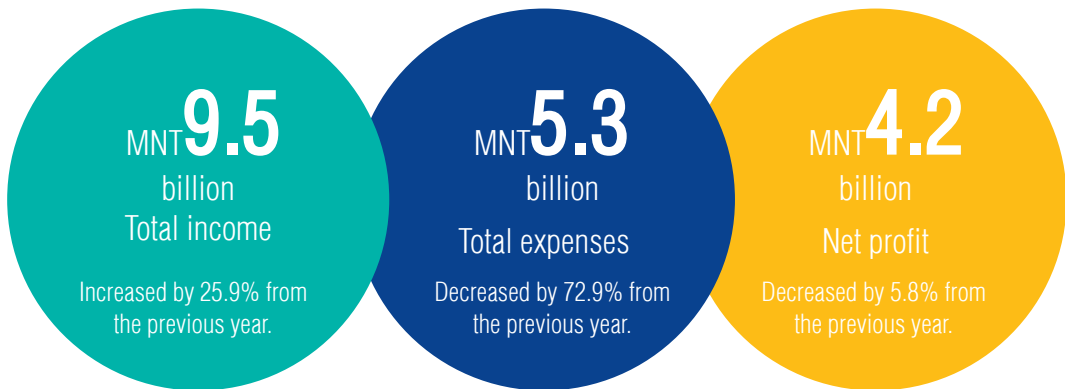
- o The average term of the issued guarantees was 164.1 months (13.7 years).
- o This was an increase of 75.2 months (6.3 years) compared to the same period of the previous year.

164.1
MONTHS

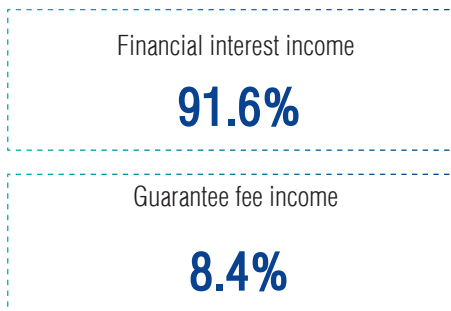


45.5% of the guarantees were issued by Capitron Bank, 26.3% by the Trade Development Bank, 13.0% by Khan Bank, 5.0% by State Bank, 4.8% by Bogd Bank, 3.8% by Xac Bank, and 1.6% by Golomt Bank.

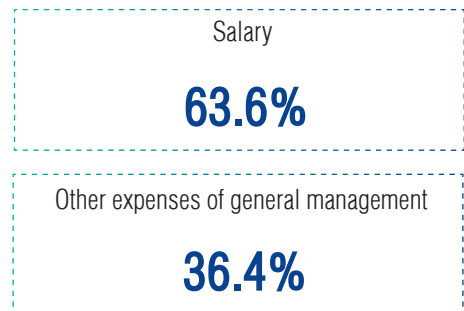
PROFITABILITY



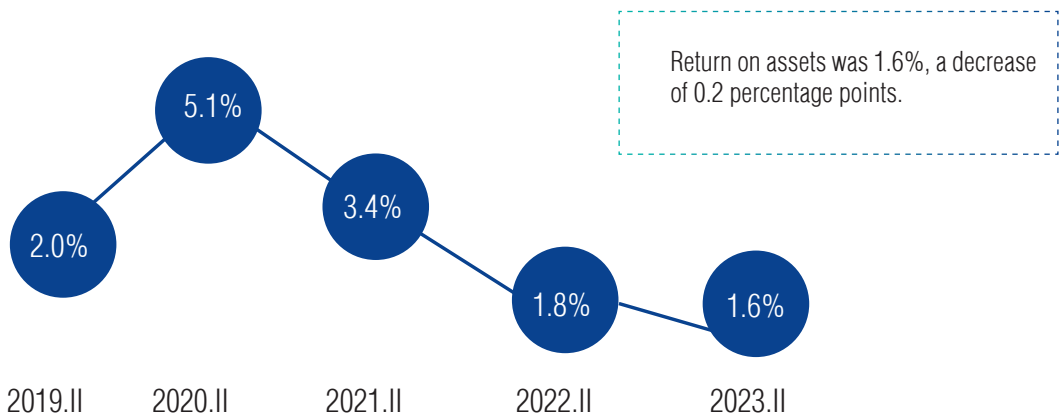
Income structure



Cost structure



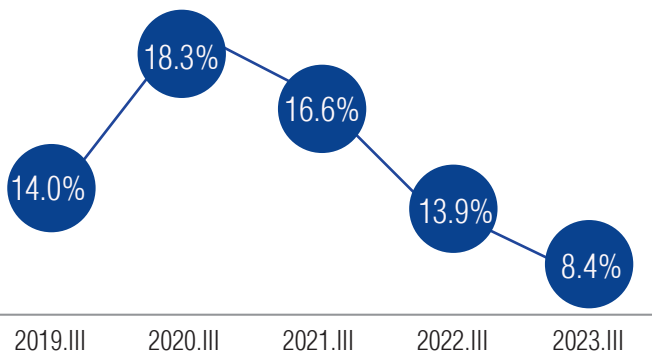
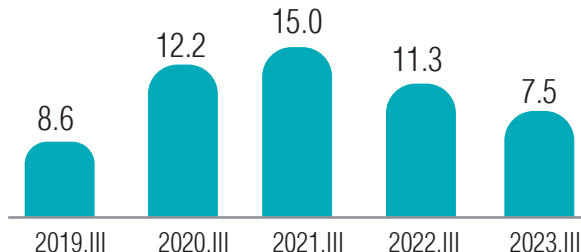
Return on total assets



STABILITY

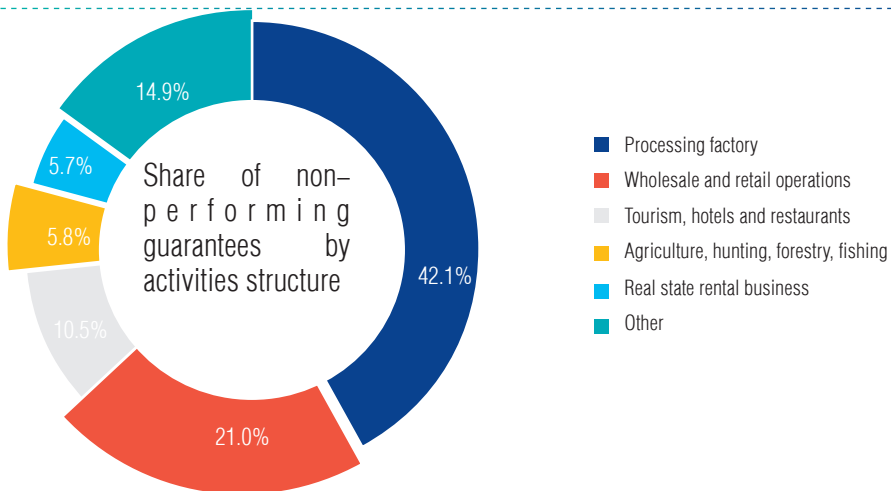
The balance of non-performing guarantees was MNT7.5 billion.

Balance of non-performing guarantees (MNT, billions)



The share of non-performing guarantees in the total outstanding balance decreased by 5.5 percentage points to 8.4% from the same period of the previous year.

o Among non-performing loans, 42.1% were in the manufacturing sector, 21.0% in the wholesale and retail, 10.5% in the tourism sector, 5.8% in the agriculture sector, 5.7% in the real estate sector, and 14.9% in other sectors.





REAL ESTATE BROKERS (and AGENTS)

Regulated entities

314



Market outlook

Real estate was bought and transferred.

MNT 1,488.9
billion



Product and service

Accessibility



98.7% of entities
operated in Ulaanbaatar

Regulated environment



MARKET OUTLOOK



314 licensed real state entities operated; an increase of 19 compared to the same period of 2022.



Licensed REBs:

Brokers **328**

Agents **1,287**



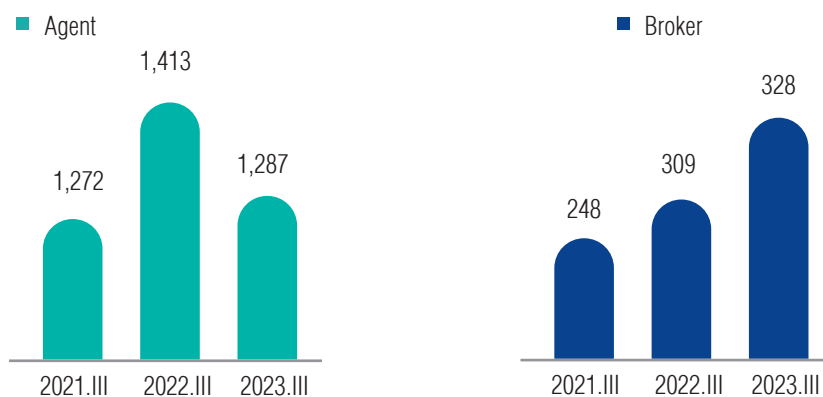
On average, entities had one broker, and four agents. The highest number of agents per entity was 77

SHARE CAPITAL

The share capital of 472 shareholders was MNT6.8 billion.



The number of brokers was 328; an increase of 19 (6.1%). The number of agents was 1,287; a decrease of 126 (8.9%).



TOTAL ASSETS

Total assets were MNT212.3 billion. MNT189.7 billion or (89.4%) of the total assets were current assets, and the remaining 10.6% (MNT22.6 billion) were non-current assets. MNT183.4 billion (86.4%) of total assets were debt, and MNT28.9 billion (13.6%) was owners' capital.

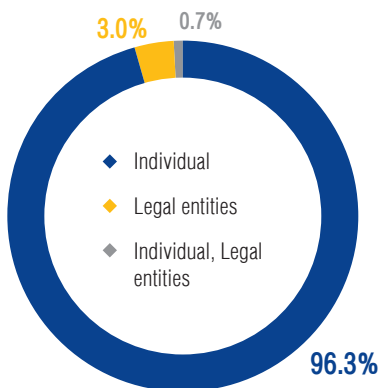
Classification of assets and resources	Amount / MNT, billion/	Proportion of assets and resources
Current assets	189.7	89.4%
Non-current Assets	22.6	10.6%
Liabilities	183.4	86.4%
Owner's property	28.9	13.6%

MARKET SHARE

Considering the market share in terms of total assets, 10 companies accounted for 80.1% of the market, and 57 companies accounted for 95%.

Considering the market share in terms of total assets, 92 companies with more than MNT90 million worth of assets accounted for 97.2%, 64 companies with MNT60 million to MNT90 million worth of assets accounted for 1.7%, and 158 companies with up to MNT60 million worth of assets accounted for 1.7%.

Amount of assets	Number of companies	Market share
Up to MNT15million	101	0.6%
Up to MNT30 million	57	0.5%
Up to MNT60 million	37	0.7%
Up to MNT90 million	27	1.0%
More than MNT90 million	92	97.2%

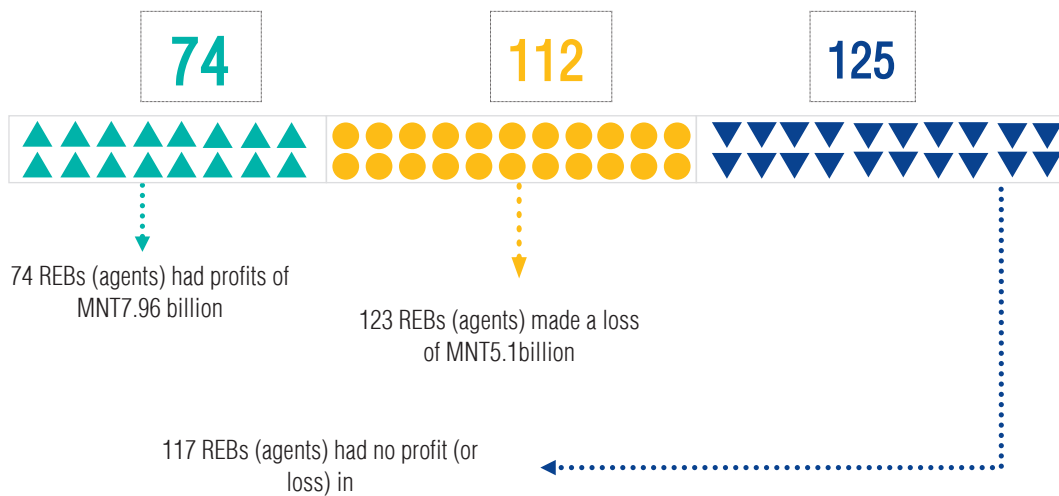
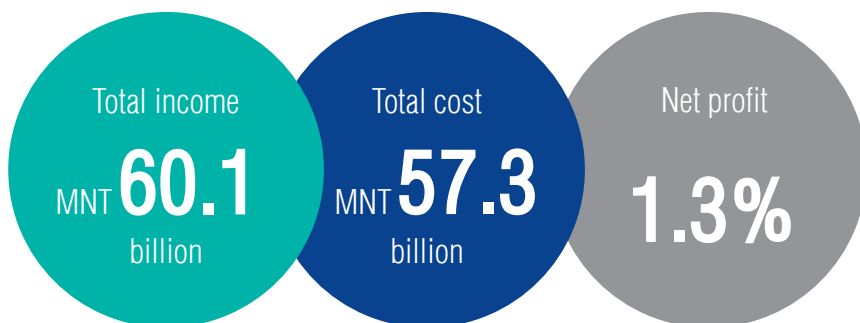


SHARE CAPITAL

The share capital of 472 shareholders was MNT6.8 billion.

Most (96.3%) of shareholders were individuals, 3.0% were legal entities, and 0.7% were a combination of both individuals and entities.

PROFITABILITY



	<1%	<5%	<10%	>10%
/ROE/	243	12	13	46
/ROA/	189	10	5	110

2023.III

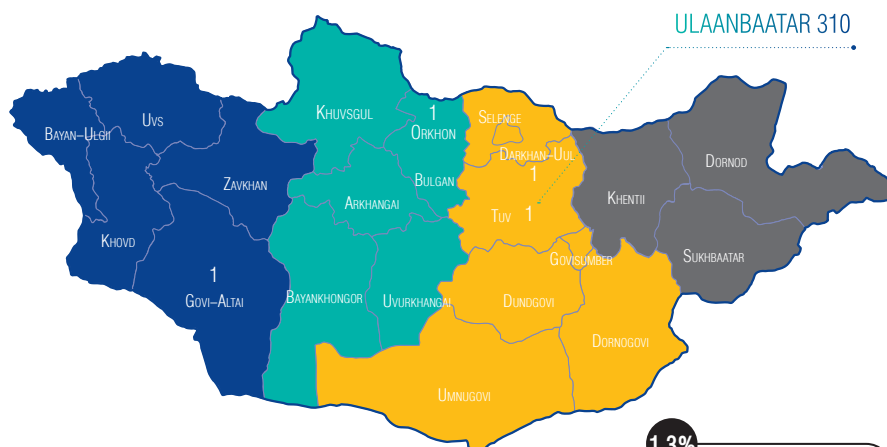
1.3%

9.8%

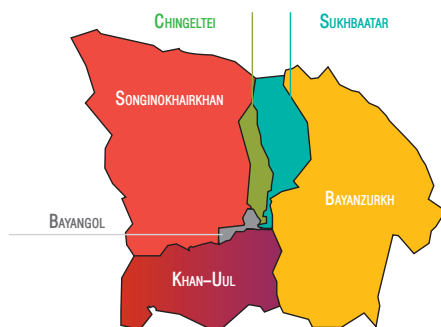
ROE болон ROA-ийн харгалзах интервал дахь ҮХЭХЗ-ын байгууллагын тоо

ACCESSIBILITY

LOCATION OF ENTITIES WITH LICENSES



1.3%
RURAL AREAS **3**



31.8%
SUKHBAATAR **100**

26.1%
KHAN-UUL **82**

11.1%
CHINGELTEI **35**

11.2%
BAYANGOL **35**

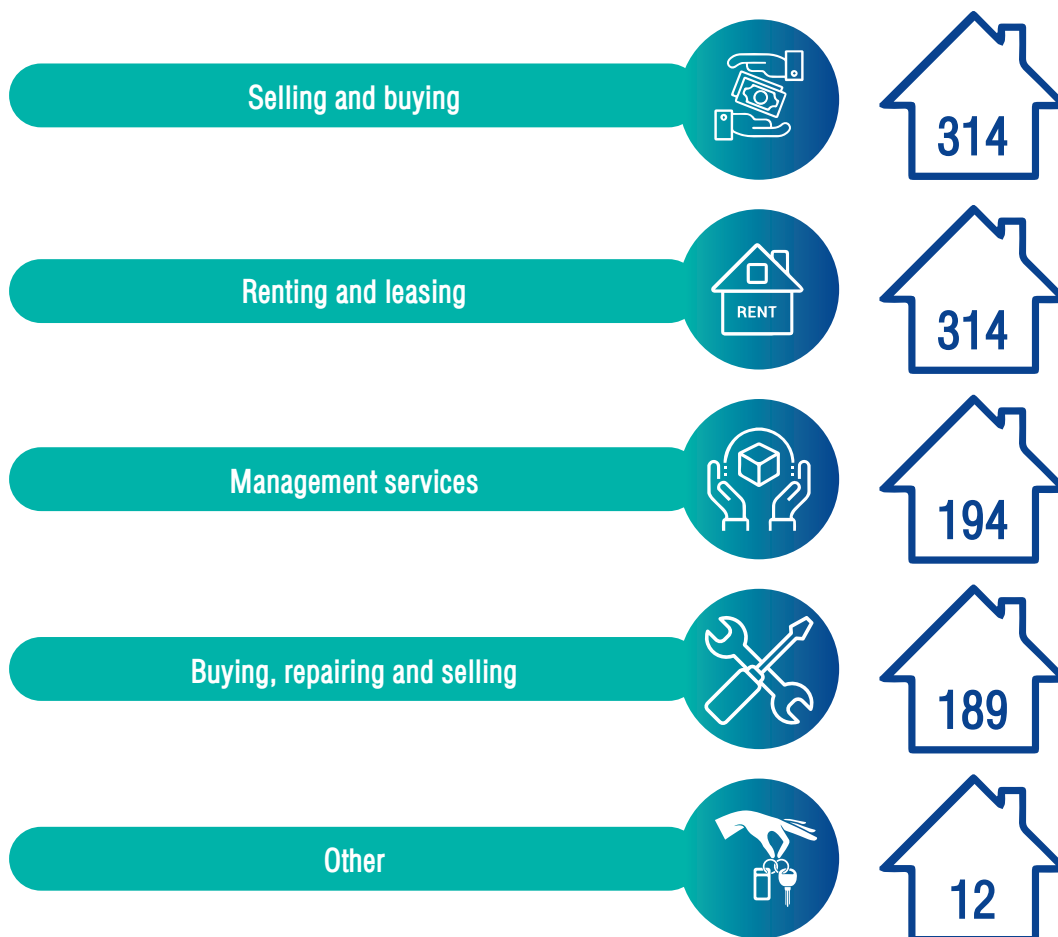
16.9%
BAYANZURKH **53**

1.6%
SONGINOKHAIRKHAN **5**

Among licensed entities, 31.8% were in Sukhbaatar district, 26.1% in Khan Uul, 16.9% in Bayanzurkh, 11.2% in Bayangol, 11.1% in Chingeltei, and 1.6% in Songinokhairkhan district. Four entities (1.3%) were in rural areas.

PRODUCTS AND SERVICES

NUMBER OF REB AND AGENTS, AND TYPES OF SERVICES (WITH DOUBLE-COUNTING)



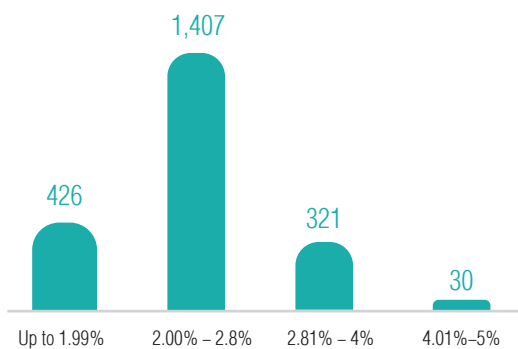
NOTE

In September 2023, the average price of 1 square meter of an old apartment in the districts was MNT3.44 million. Notably, the Chingeltei district recorded the highest price at MNT4.21 million, while the Songinokhairkhan district had the lowest at MNT2.57 million. For new apartments in the districts, the average price per square meter was MNT3.85 million. In the Khan-Uul district, the price reached the highest at MNT4.12 million, while the Songinokhairkhan district had the lowest at MNT2.78 million

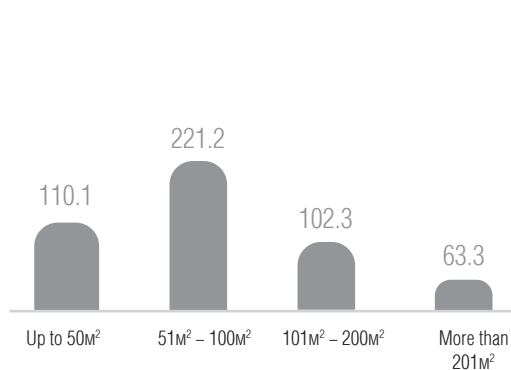
SELLING AND BUYING BROKERAGE (BY TYPE OF REAL ESTATE)

A total of 6,912 real estate deals, encompassing a combined area of 1,164,600 square meters and valued at MNT1,488.9 billion, were conducted.

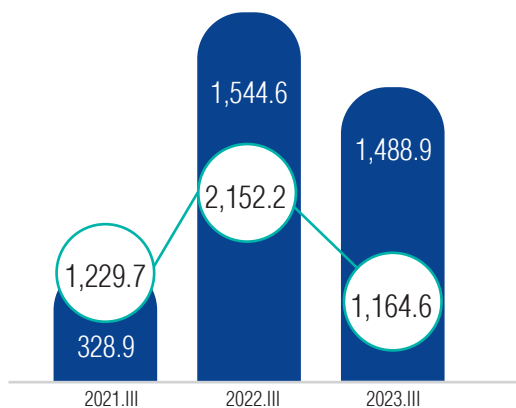
Percentage of fee



Size/area



Real estate sales



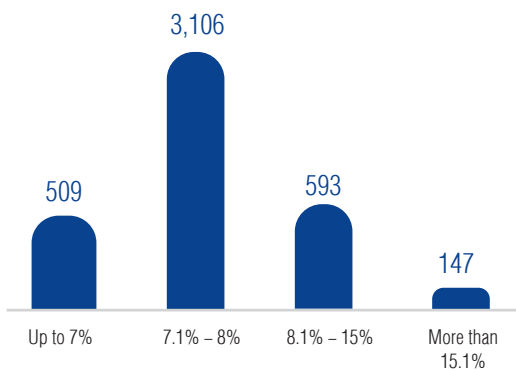
■ Size/area
■ Amount /MNT, billion/

Notably, there was a 3.7% decrease in the total amount of sold real estate services, accompanied by an 84.8% reduction in the total area.

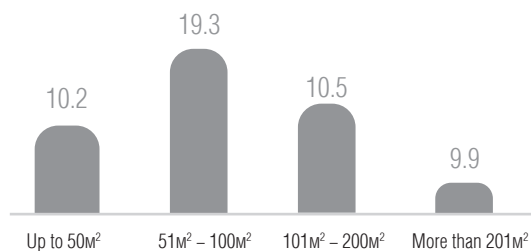
RENTING AND LEASING

Real estate with a total area of 397,400 m² and a value of MNT116.3 billion was rented or leased through 4,917 deals.

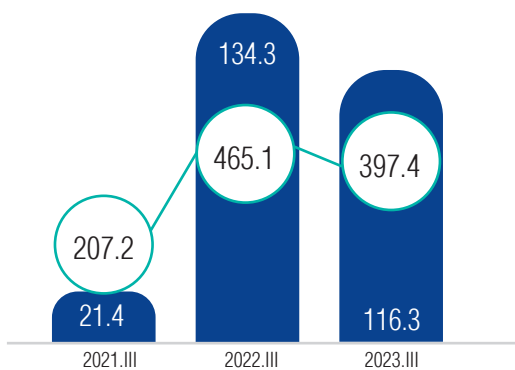
Contribution amount



Size/area



Real Estate Lease



- Size/area
- Amount /MNT, billion/

The amount of rented real estate services decreased by 15.5% while the total area decreased by 17.0%.

REGULATORY ENVIRONMENT



POLICY AND LEGISLATION

- Following the amendment to the 'Regulation for remote and on-site inspection of the activities of REAs/ REBs' through the FRC's Resolution No. 235 on June 23, 2023, the master file for financial reports and brokerage information from brokers has been updated.



MEETINGS AND SEMINARS

- "The 'Voice of Realtors-2023 Forum' took place, featuring the participation of Mr. D. Bayarsaikhan, FRC Chairman, who is also the Global Coordinator of the National Association of Realtors for Asia/Pacific, Global Ambassador for Mongolia and Japan, and CEO of Washington Realtors. The forum provided a platform for exchanging views on global trends, challenges, and possibilities in the real estate industry.
- In the third quarter of 2023, a total of 16 certified training sessions, granting permission, were organized, engaging 1,031 real estate brokers and agents.
- Furthermore, a project on the Housing Database, conducted in collaboration with the Ministry of Construction and Urban Development, is currently undergoing testing.





DEALERS IN PRECIOUS METALS AND STONES

Number of dealers

50

Legal entities

461

Individuals



Market outlook

Precious metals sold
and bought

MNT224.3
billion



Products and services

Accessibility



79.4%

Operated in Ulaanbaatar

Regulatory environment



MARKET OUTLOOK

NUMBER OF ENTITIES WITH LICENSES

50 licensed entities and 461 individuals were operating after the first license was issued by the FRC on 6 May 2020.

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

50



72

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

Individuals (dealers in precious metals and stones)

139



250

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

SHARE CAPITAL

The amount of share capital of 82 shareholders in 50 regulated entities was MNT9.6 billion

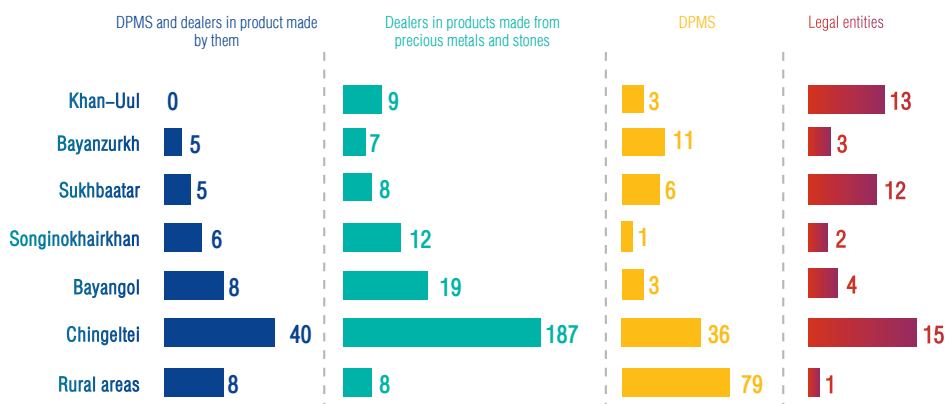
79.4% (366) of licensed dealers operated in Ulaanbaatar, and 20.6% (95) in rural areas.

In Ulaanbaatar

79.4%

ACCESSIBILITY

LOCATION OF DPMS



- The majority of dealers in precious metals and stones were located in the provinces, while the majority of dealers in products made from precious metals and stones were concentrated in Ulaanbaatar. Specifically, among dealers in precious metals and stones, 56.8% were situated in the provinces, while 43.2% were based in Ulaanbaatar.

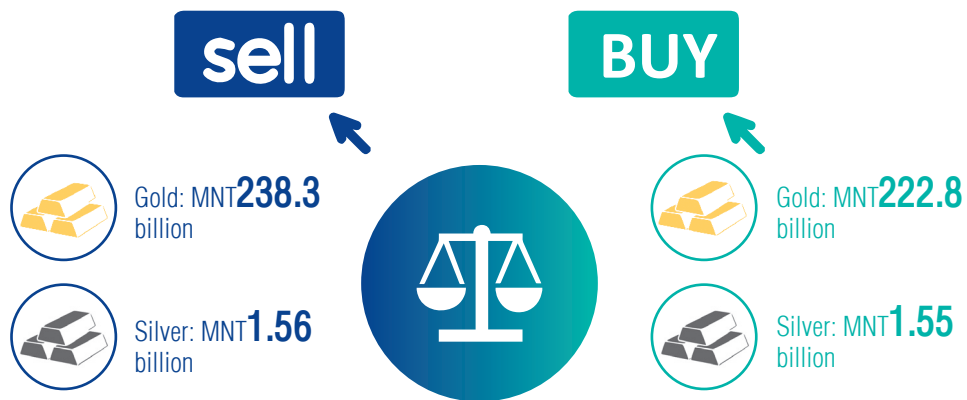
<p>DPMS and dealers in products made from precious metals and stones</p> <p>Umnugovi 2 Darkhan-uul 2 Govi-Altai 2 Khentii 1</p>	<p>Dealers in products made from precious metals and stones</p> <p>Khovd 2 Darkhan-Uul 5 Bayankhongor 1</p>	<p>DPMS</p> <p>Bayankhongor 15 Selenge 22 Tuv 14 Darkhan-Uul 11 Govi-Altai 3 Umnugovi 5 Uvs 2 Dornogovi 1 Uvurkhangai 1 Khovd 4 Dornod 1</p>
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PRODUCTS AND SERVICES

METALS BOUGHT AND SOLD

In cumulative terms, a total of 1,793.3 kilograms of metals, valued at MNT224.3 billion, were purchased, while 2,298.5 kilograms of metals, valued at MNT239.9 billion, were sold. The volume of metals bought increased by 3.6 times, and the volume of metals sold increased by 12.5 times.

TRADE BETWEEN DEALERS IN PRECIOUS METALS, INDIVIDUALS AND ENTITIES



AMOUNT OF JEWELRY BOUGHT AND SOLD

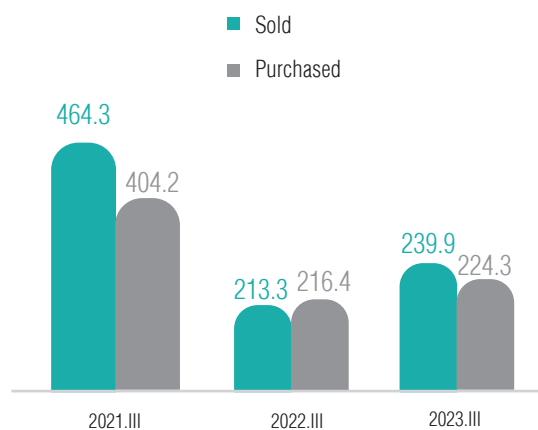


**AMOUNT OF
PURCHASED
PRICE**
13.5 MNT

**SOLD PRICE
AMOUNT**
MNT20.4 billion

The amount purchased: Jewelry with a value of MNT13.5 billion was bought, and MNT20.4 billion was sold.

PRECIOUS METAL SALES AMOUNT /MNT, BILLION/



REGULATORY ENVIRONMENT



MEETINGS AND SEMINARS

- On the occasion of the 100th anniversary of the development of the standardization and metrology industry in Mongolia and the 60th anniversary of the Assaying Department, the "Open Day" event was organized on September 28, 2023, to increase public awareness and make cooperation among government organizations tight. The FRC participated and provided information to the public.



SANDBOX

Number of requests **19**



Market outlook

Tested product **4**



845

by agreement



Repo brokerage services

MNT **149.3**
billion tradin



P2P loan service



3,699

Customers

MNT **962.9**
million loan funding

Mutual Funding Services



291
Investors

14
Projects

MNT **42.4**
million funding

Insurtech services



287
Insurer

15
insurance service

TESTED PRODUCT

By type of request, product or service submitted to Sandbox

We received 19 requests to test products and services in the sandbox environment. Out of these, 6 were discussed at the Sandbox Council meeting. Subsequently, 5 were added to the Sandbox environment, while one underwent testing for a year before exiting the program.



Insurtech services



The insurtech service entered the Sandbox environment on 30 December 2022. This service allows users to select and use insurance products that meet their needs and risks without any intermediaries, develop risk-based roadmaps and assess insurance risks.



1,501

Registered customer

287 the insured

5 form

15 type



The number of customers registered in the Insurtech service platform reached 1501, The platform has provided services in five categories (including smart devices, driver's liability, health, and accidents) offering a total of 15 types of insurance services to 287 insured individuals. The cumulative value of these insurance products is MNT 935 million. Notably, 0.7% of the total premium was collected from smart device insurance, 5.7% from driver's liability insurance, 91.9% from health insurance, and 1.7% from car insurance."

Smart device insurance



0.7%

Car insurance



1.7%

Driver Liability Insurance



5.7%

Health Insurance



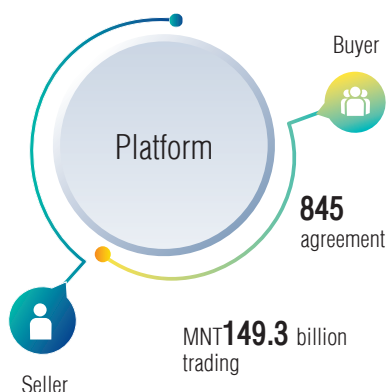
91.9%

Repo brokerage services



Money Market Fund LLC commenced operations in the Sandbox environment on 17 December 2021. Subsequently, a request to extend the testing period was submitted in 2022. Following the recommendation No.05 dated 12 December 2022 and the FRC Chairman's Order No.550, the testing period was extended, and the repo is currently undergoing testing for its second year.

A total of 31 lenders and 26 borrowers participated in the repurchase agreement, resulting in trading with a value of MNT149.3 billion through 845 agreements.



In the third quarter of 2023, the repo agreement saw an excess supply of MNT19.1 billion in 39 installments, while the demand exceeded by MNT3.8 million in 21 installments. The average term of repo loans is 34 days, with an average interest rate of 18.5%.



Average tenure of repo loans

34 days



Average interest rate on repo

loans **18.5%**

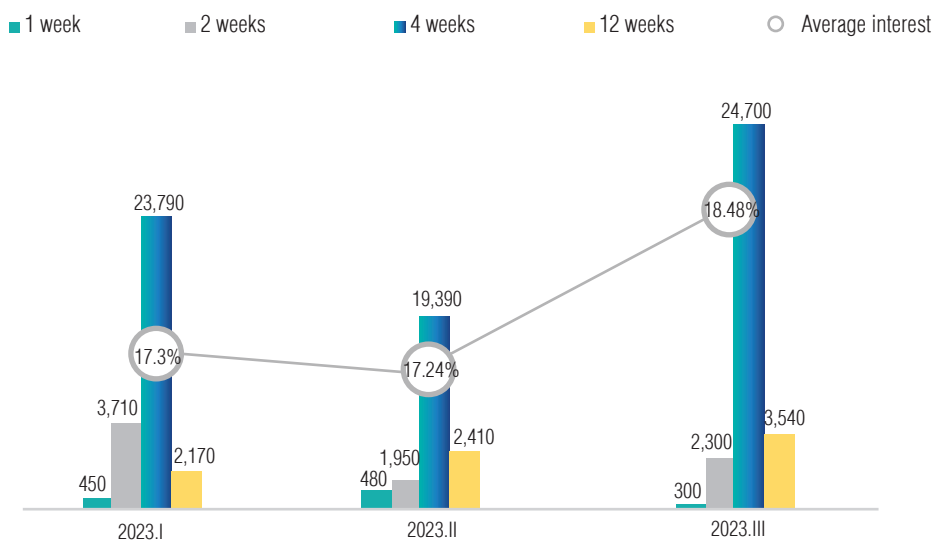
The overall outlook of the money market is shown in the below table.

General indicators of the money market

Time	Number of creditors	Number of borrowers	Number of trades	Trade amount	Average interest	Average loan term
1 months	7	8	30	6,960,000,000	16.83	27
2 months	16	13	63	12,330,000,000	17.42	39
3 months	12	14	56	10,830,000,000	17.27	28
4 months	11	10	31	5,860,000,000	16.76	25
5 months	10	11	37	7,430,000,000	16.73	35
6 months	13	14	49	10,960,000,000	17.84	33
7 months	9	11	39	9,610,000,000	18.6	34
8 months	10	16	57	14,220,000,000	18.2	38
9 months	12	14	44	7,010,000,000	18.87	32
Total	-	-	406	85,210,000,000	18.48	32

Interest rates and trading amounts are shown in the figure. In terms of products, repo agreements with one week were made rarely. The most demanding products are 4-week repo loans. 80% of repo agreements were 4-week repo loans, 7.5% were 2-week repo loans, 11.5% were 12-week repo loans, and 1% were 1-week repo loans.

Money market interest rate and trading amount, repo loan term



Although repo loans have been decreasing from the third quarter of 2022 to the second quarter of 2023, the average loan interest rate has increased to 18.5% as of the third quarter of 2023.

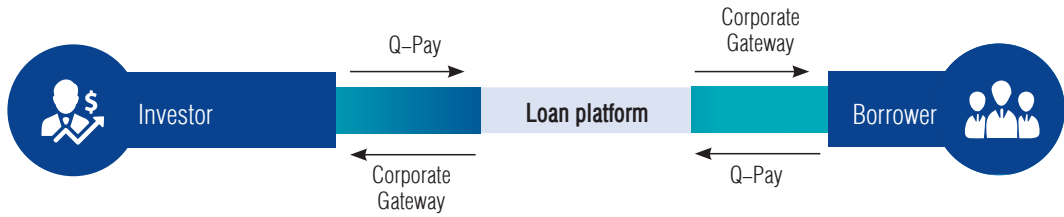
Upper and lower limits of the money market interest rate

Types of repo loans	2023.I	2023.II	2023.III	2023.IV	2023.V	2023.VI	2023.VII	2023.VIII	2023.IX
1 week	17.10%	17.10%	17.30%	15.20%	15.20%	15.43%	15.43%	15.43%	17.00%
2 weeks	16.80%	17.05%	17.45%	17.53%	15.84%	16.61%	18.57%	17.01%	18.50%
4 weeks	17.27%	17.28%	17.23%	16.72%	16.50%	17.97%	18.56%	18.10%	18.97%
12 weeks	17.76%	18.40%	17.88%	17.88%	17.82%	19.01%	18.94%	19.10%	19.86%

P2P loan service

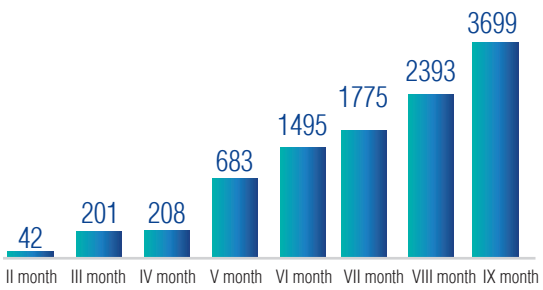


P2P lending entered the Sandbox Environment on 30 December 2022. It is a service that directly connects investors and borrowers using artificial intelligence and blockchain technology for credit assessment and registration.



Total number of P2P lending service customers

98.8% borrower **1.2%** investors



P2P officially entered the market in February 2023, and during the third quarter of the same year 3,699 customers availed themselves of P2P loan services through this platform. Among them, 1.2% were investors and 98.8% were borrowers.

A total of MNT962.9 million in loans were granted through the platform, MNT512.5 million repaid, leaving an outstanding loan amount of MNT450.4 million.

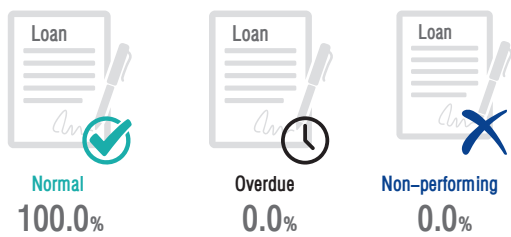
The monthly weighted average interest rate stands at 2.0% within the loan portfolio through the platform, 87.3% of the loans had a duration of less than 3-months, 10.9% were in the with 3-6 months range, and 1.8% had a duration of 6-9 months. Within the investment portfolio through the platform, 45.4% represents a one-year investment, while 54.6% constitutes investments with a duration of less than one year.

3-9 month

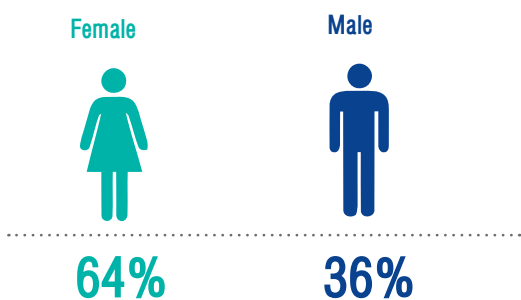
Loan amount granted **MNT962.9 million**

MNT450.4 million Loan balance

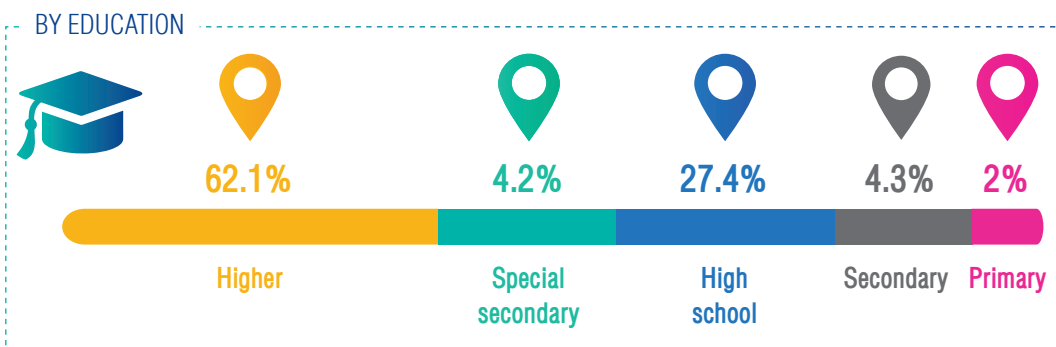
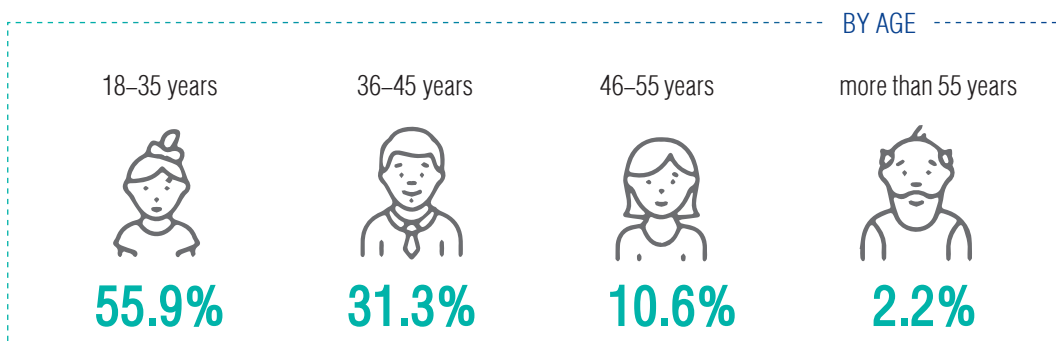
Weighted average interest rate on loans 2.0%



All loans in the total loan balance provided through the P2P platform are categorized as normal loans.



Among P2P customers, 64.2% are women, and 35.8% are men. In terms of age demographics, 55.9% fall within the 18–35 age group, 31.3% are aged 36–45, 10.6% are aged 46–55, and 2.2% are over 55 years old. Education-wise, 62.1% of customers have higher education, 4.2% have special secondary education, 27.4% have completed high school, 4.3% have secondary education, and 2% have primary education.



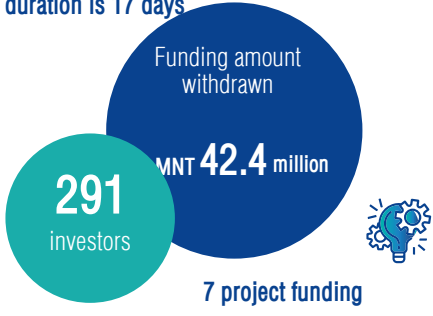
Crowdfunding Services



Crowdfunding services entered the Sandbox environment on 30 December 2022, where incentive-based and donation-based crowdfunding services are currently undergoing tested. Concurrently, efforts are underway to introduce a loan-based crowdfunding service to the market.

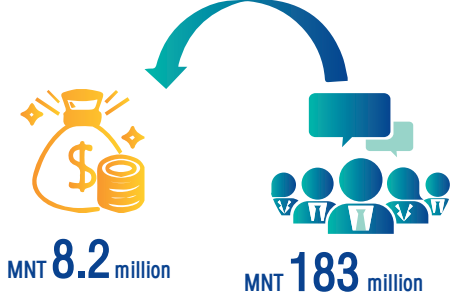


The average project duration is 17 days

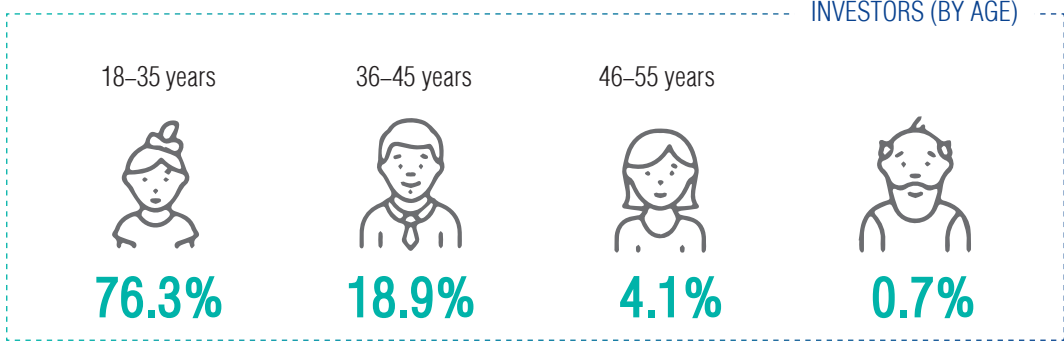


The mentioned services were introduced to the market in February 2023. In the 3rd quarter of the same year, incentive-based crowdfunding successfully raised MNT42.4 million from 291 investors across seven projects. Notably, six of these projects utilized the crowdfunding platform, completing their campaigns in less than one month. The average duration of these projects was 17 days.

Incentive-based crowdfunding was raised through the platform with an average completion rate of 58.3%. The average duration for the campaigns was 12 days.

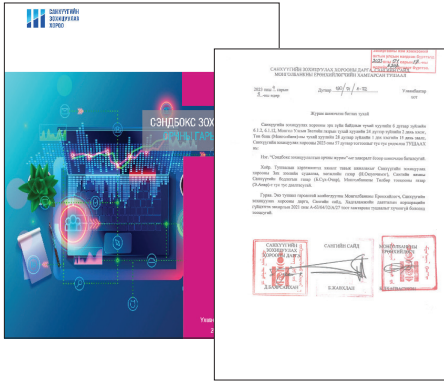


Seven projects were posted on this platform, resulting in the successful raising of MNT8.2 million from 183 contributors. Among the investors, 76.3% are aged 18–35 years, 18.9% are in the 36–45 age range, and 4.1% are aged 46–55, and 0.7% are over 55 years old.



REGULATORY ENVIRONMENT

POLICY AND LEGISLATION



The trading service of NBF trust services is currently undergoing testing in the Sandbox environment. Accordingly, feedback and comments on Revision of Regulation on Trust Service have been provided to the NBF department.

A baseline survey of establishing the Fintech Innovation Hub, aimed at accelerating the development of the fintech-based financial market, has been conducted. With the technical assistance of the ADB, we are actively working on developing the Fintech Ecosystem.

Meeting and seminars

22 meetings were held with 12 companies that wanted to test their products and services in the Sandbox environment.



Based on the reports submitted from the participants, regular off-site supervision is conducted, and on-site supervision is actively carried out.



Report forms were developed for each of 4 products that are being tested in the Sandbox. Accordingly, digital database was created by collecting weekly, monthly and quarterly reports.



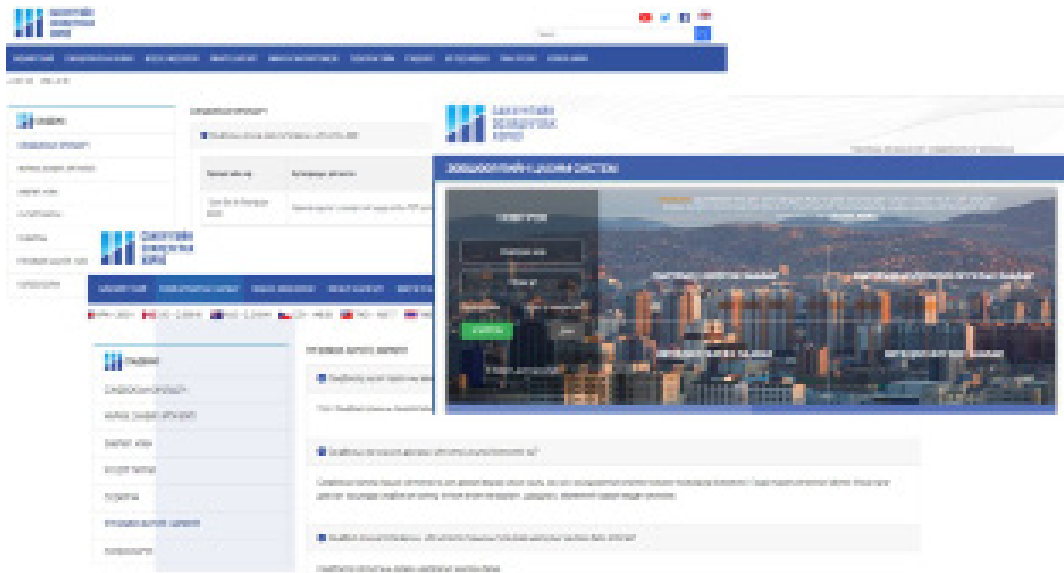
Regular studies of the international development and regulatory environment of products and services in the Sandbox are conducted.



We actively participate in both online and in-person training sessions and meetings focused on fintech development and the regulatory environment.



Increasing public awareness on sandbox environment



The sandbox section in the FRC website was renewed, and information related to the Sandbox participants and their operation and frequently asked questions and answers were placed.



VIRTUAL ASSET SERVICES

Registered platform

12



Market outlook

The amount of
capital withdrawn
from the primary

MNT**287.8** billion



Products and services

Accessibility



Number of contacts

917,928

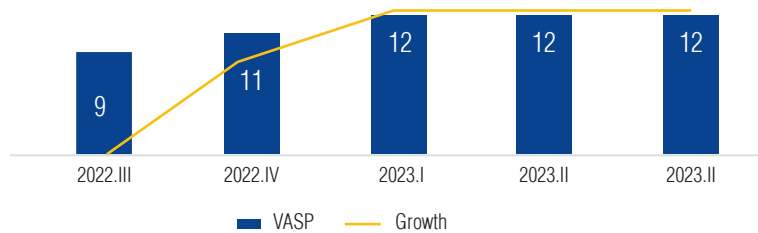
Regulatory environment



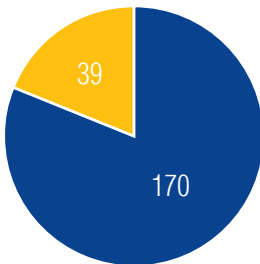
MARKET OUTLOOK

10 virtual asset service providers (VASPs) were registered to provide 5 services that were stipulated in Paragraph 6.1 of the Law on VASPs, and 2 were registered to provide services that were stipulated in Section 6.1.1, 6.1.3, 6.1.4 of the Law on VASPs.

The number and growth of VASPs



The number of VASPs was not changed compared to the previous 2 quarters.



- Foreign virtual assets
- Domestic virtual assets

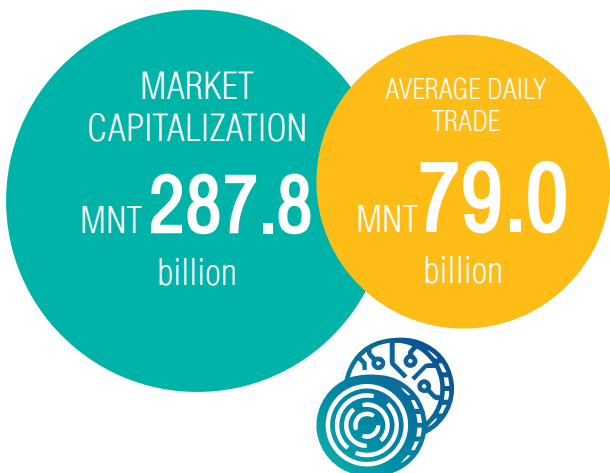
209 virtual assets (VAs) are being traded on VASPs; of which, 170 were foreign VAs.

The number of domestic VAs was 39; a decrease of 4.9%.

The trading amount decreased by MNT15.1 billion and reached MNT110.3 billion (cumulated).

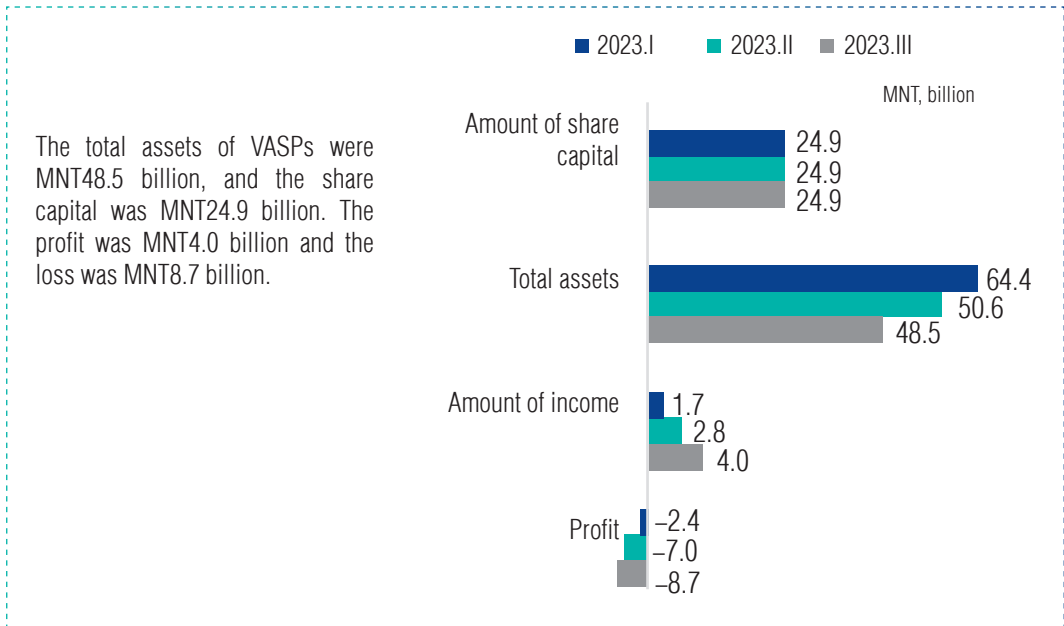
MNT **110.3**
billion



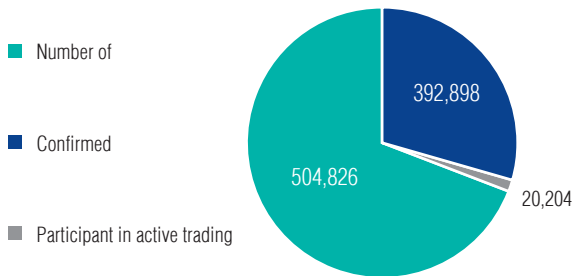


The market capitalization of VAs increased by MNT23.9 billion and reached MNT287.8 billion.

The average trading amount was MNT79.0 million.



The number of customers was 917,928 (cumulated). 42.8% of them verified their registration, and 2.2% were active in trading.



REGULATORY ENVIRONMENT



POLICY AND LEGISLATION

- o The amendments to the Virtual Asset Service Provider Registration Regulation, approved by FRC Resolution No.174 in 2022, were drafted by incorporating feedback and comments from VASPs registered with the FRC through the Association of Exchanges, in accordance with Paragraph 62.2 of the General Administrative Law. The draft regulation was posted on the FRC website on 19 May 2023, as stipulated by Paragraph 62.1 of General Administrative Law.
- o Amendments to the Virtual Asset Service Provider Registration Regulation were approved by FRC Resolution No.253 in 2023. Pursuant to Paragraph 64.4 of General Administrative Law, it was registered with the Ministry of Justice and Internal Affairs and posted on the FRC website. The regulation governs matters related to the registration and refusal of registering of VASPs.



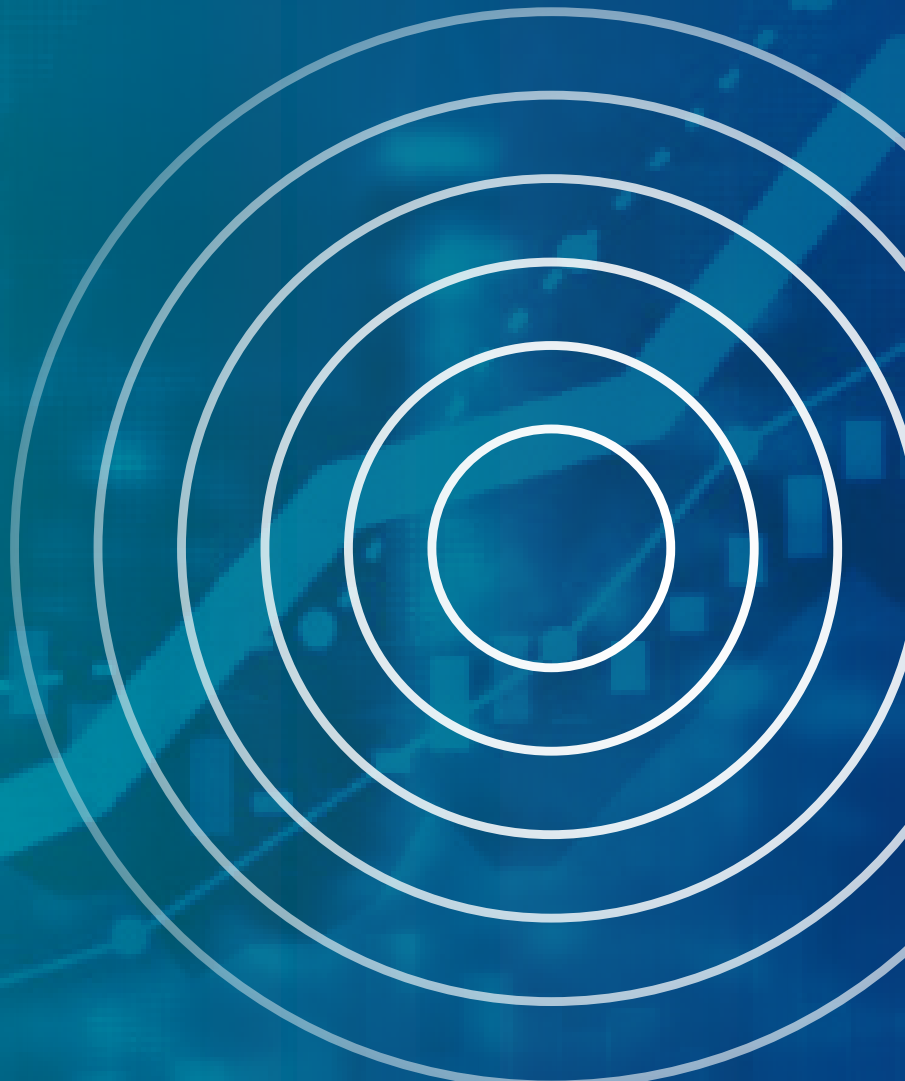
MEETING AND SEMINARS

- o A meeting was convened with the Association of Exchanges and VASPs registered with the FRC. The purpose of the meeting was to discuss the reduction of potential risks and challenges associated with the establishment of a new legal framework and the refinement of regulatory policies for greater precision.





APPENDIX



CAPITAL MARKET DATA

Statistic	2021.III	2022.III	2023.III
Total assets (MNT, billions)	4,969.9	4,788.3	10,290.8
MV/GDP	13.4%	11.1%	19.5%
Liquidity	3.7%	2.7%	1.3%
Stock trading (MNT, billions)	186.1	150.4	467.1
Dept instrument trading (MNT, billions)	902.5	105.1	97.1
GS's trading (MNT, billions)	4.2	69.7	44.7
Investment fund (MNT, billions)	54.4	3.2	45.7
TOP-20 index	42,937.26	34,024.26	35,436.88
MSE A index	13,972.46	12,098.54	15,249.91
MSE B index	12,270.50	11,972.15	12,197.78
Number of JSCs	312	314	322
Number of SCs	53	53	52

INSURANCE MARKET DATA

Statistic	2021.III	2022.III	2023.III
Total assets (MNT, billions)	444.6	449.6	582.5
Total insurance and reinsurance premiums (MNT, billions)	192.0	219.8	290.0
Total compensation (MNT, billions)	44.9	68.9	82.1
Reserve fund (MNT, billions)	204.8	209.0	268.6
Reinsurance fee (MNT, billions)	75.0	68.3	97.9
Net profit (MNT, billions)	21.3	14.1	7.4
Мэргэжлийн оролцогчид:			
Non-life insurance	15	15	15
Life insurance	1	1	2
Reinsurance	1	1	1
Insurance agent	2,388	2,298	2,381
Insurance broker	56	62	64
Damage assessor	25	25	25
Actuary	36	40	40
Auditor	144	137	145
Auditor's company	43	40	44

NBFi DATA

	/MNT, billion/		
Statistic	2021.III	2022.III	2023.III
Total assets	2460.1	3400.8	4,257.4
Current assets	2369.2	3294.2	4,121.9
Cash	435.9	402.0	529.3
Short-term investments	19.1	16.0	41.7
Total loans	1765.9	2666.1	3,378.5
Normal loans	1568.7	2360.3	3,007.0
Overdue loans	50.3	111.0	119.6
Non-performing loans	146.9	194.7	251.9
Credit risk fund	117.0	142.1	188.8
Other real estate to be owned and other property to be owned (net)	12.4	19.7	21.5
Non-current assets	90.9	106.6	135.4
Total liabilities	778.0	1276.1	1,667.7
Trust service payable	216.5	354.0	519.3
Payables to domestic and foreign banks and financial institutions	219.1	407.2	470.6
Project loan financing	15.2	19.4	28.2
Owner's property	1682.1	2124.7	2,589.7
Secondary charity	45.3	70.5	76.0
Share capital	1078.4	1275.0	1,453.1
Accumulated profit	504.1	714.9	994.8
Number of NBFIs	531	522	521
Ulaanbaatar	451	431	428
Provinces	80	91	93
Customers	4,530,126	4,897,575	4,141,367
Total income	354.2	624.8	814.7
Interest income	282.5	500.6	694.3
Non-interest income	63.4	110.0	102.7
Non-operating income	8.2	13.9	17.4
Total cost	206.4	389.8	512.3
Interest expenses	30.3	68.6	98.3
Non-interest expenses	129.0	234.9	292.7
Potential risk costs	29.3	51.9	69.2
Non-core operating expenses	2.9	4.9	7.2
Net profit	147.8	235.0	302.4

SCC'S DATA

/MNT, billion/

Statistic	2021.III	2022.III	2023.III
Total assets	289.4	266.7	302.7
Current assets	278.0	262.5	298.5
Cash	63.8	30.5	54.7
Liability	9.8	19.3	18.7
Эргэлтийн бус хөрөнгө	11.4	4.1	4.1
Үндсэн хөрөнгө /цэврээр/	4.0	4.0	4.0
Биет бус хөрөнгө	7.4	0.2	0.1
Хөрөнгө оруулалт ба бусад эргэлтийн бус хөрөнгө	0.0	0.0	0.0
Total loans	208.1	216.1	222.0
Normal loans	194.5	203.0	206.4
Overdue loans	5.6	5.2	8.7
Non-performing loans	8.0	7.8	6.9
Liabilities	228.6	210.6	238.0
Savings	203.8	189.8	213.0
Short term loan	2.9	2.6	2.5
Long-term liabilities	6.0	3.7	5.1
Other	15.9	14.6	17.3
Own assets	60.8	56.1	64.7
Members' contributions	25.7	26.1	27.0
Property of cooperatives	34.8	29.9	37.3
Accumulated income /loss/	17.5	10.6	15.1
Total income	41.8	44.0	46.5
Total income	38.9	41.7	44.4
Other operating income	0.9	0.7	0.7
Non-operating income	1.9	1.6	1.4
Total expenses	34.6	36.5	40.4
Interest expenses	23.7	23.7	26.0
Potential contingency fund costs	1.5	1.4	1.9
Operating costs	8.8	10.6	11.8
Non-operating expenses	0.1	0.1	0.1
Net income	7.1	7.5	6.1
Number of SCCs	225	202	192
Number of Ulaanbaatar SCCs	127	110	101
Number of local SCCs	98	92	91

CREDIT GUARANTEE FUND

Statistic	2021.III	2022.III	2023.III
Total assets	253.2	259.4	257.6
Warranty balance	90.1	81.0	89.1
Of which: overdue	1.6	7.3	2.9
:non-performing	15.0	11.3	7.5
Guaranteed loan balance	176.5	159.4	173.4
Of which: overdue	2.4	7.0	5.4
:non-performing	28.0	24.0	15.9
Operating income	7.3	7.5	9.5
Operating expense	1.1	3.0	5.3
Operating result	6.2	4.5	4.2
Total guarantees	231	30	146
Of which: citizens	0	0	63
enterprise	231	30	83
Олгосон батлан даалтын дүн	32.4	10.6	33.1
Of which: citizens	0	0.0	0.9
enterprise	32.4	10.6	32.2
of which: agriculture	0.6	0.3	0.5
manufacturing	5.9	3.0	12.5
wholesaling and retailing	19.2	3.0	14.6
services	3.5	3.6	2.0
Other	3.2	0.7	3.5
Average period of guarantee issued /in months/	43.2	88.9	164.1
Number of requests submitted for bail	319	56	202
Of which: Number of approved requests	236	31	155

REBs DATA

Statistic	2022.III	2023.III
REBs (including agencies)	295	314
Brokers	309	328
Agents	1,413	1,287
Area of real estate bought and sold (m ²)	2,152.2	1,164.6
Value of real estate bought and sold	1,544.6	1,488.9
Area of real estate rented and leased (m ²)	465.1	397.4
Value of real estate rented and leased	134.3	116.3

DPMS DATA

Statistic	2022.III	2023.III
Entities (DPMS, and dealers in products made from them)	45	50
Individuals (DPMS, and dealers in products made from them)	69	72
Individuals (dealers in products made from precious metals and stones)	251	250
Individuals (DPMS)	136	139
Weight of bought precious metals (kilogram)	1,269.8	1,793.3
Value of purchased precious metals (MNT, billion)	216.4	224.3
Weight of sold precious metals (kilogram)	1,485.4	2,298.5
Value of sold precious metals (MNT, billion)	213.3	239.9
Total value of bought products (MNT, billion)	1.9	13.5
Total value of sold products (MNT, billion)	5.1	20.4

