



ASMMA Annual Meeting

NEWSWORTHY EVENTS IN MONGOLIA

**MONETARY POLICY
RATE INCREASED
FROM 9.0% TO
10.0%**



The Monetary Policy Committee (MPC) of the Bank of Mongolia held scheduled meetings on June 20 and 22, 2022. Taking into consideration the current state of the economy and financial markets as well as outlook and risks to the domestic and foreign economic environment, the MPC decided to raise the policy rate by 1.0 percentage points to 10.0 percent.

**THE BOM WILL
TRANSFER AFHP BY
2023**



In the Government's monetary policy for 2022, approved on the 18th of November, 2021, the Bank of Mongolia states that it will fully transfer the Affordable Housing Finance Program to the Government by 2023. In the meantime, the BoM will continue to finance mortgage loans.

COVID-19 Impacts

- The State Great Khural passed the Law on Prevention, Combat, and Mitigation of Social and Economic Impacts of COVID-19 in **April of 2020**.
 - Principal payment of AHFP **deferred** without accumulating interest
 - MNT 10 trillion Plan for Health Protection and Economic Recovery passed
 - Social insurance tax, income tax and utility bills covered by the Government
- COVID-19 law has been extended **5 times** in total, until the end of **2022**.
- Strict lockdown measurements taken **5 times** for a total of **3 months period**.

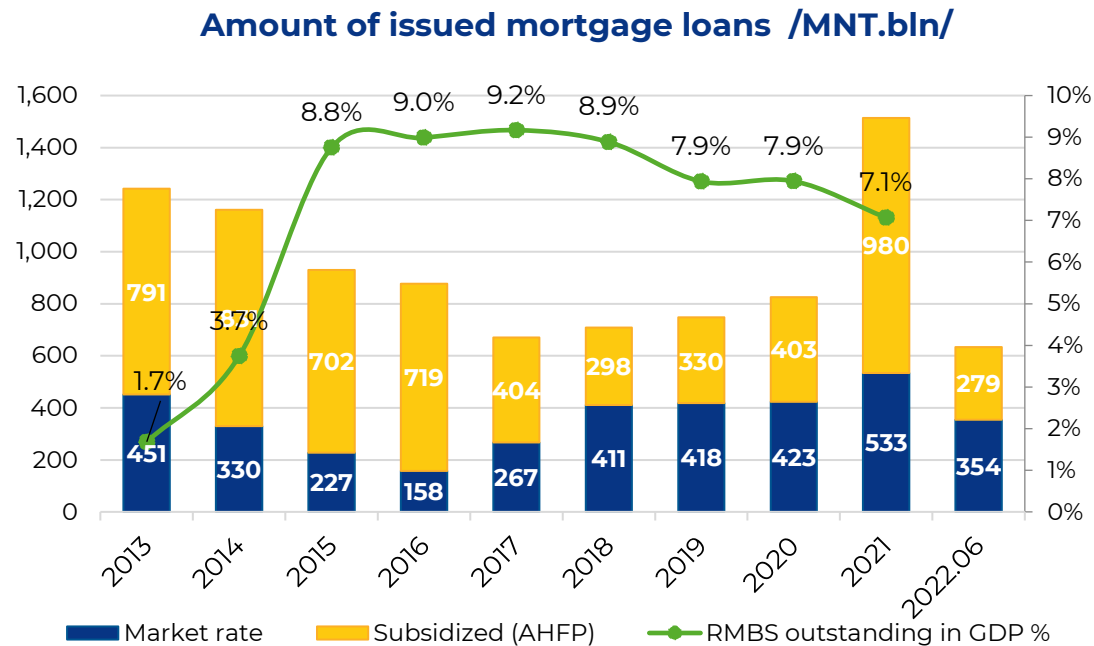
MIK's experience during COVID-19

- The deferral process was completed by MIK through servicer banks
- **94%** of MIK's PWOR portfolio applied for the deferral program.
- **90%** of the cash-flow was cut off with no assistance from the Government.
- Decision to pay **coupon payments** to RMBS holders from the **reserve fund of SPCs** were made through a **special resolution of Bondholders**
- Coupon payments to senior and junior bondholders of RMBS were made from the **reserve fund of SPCs** in the amount of **MNT 234 billion or USD 71 million.**
- 2022 coupon payment to senior bondholders were waived due to **SPC's reserve fund being depleted.**



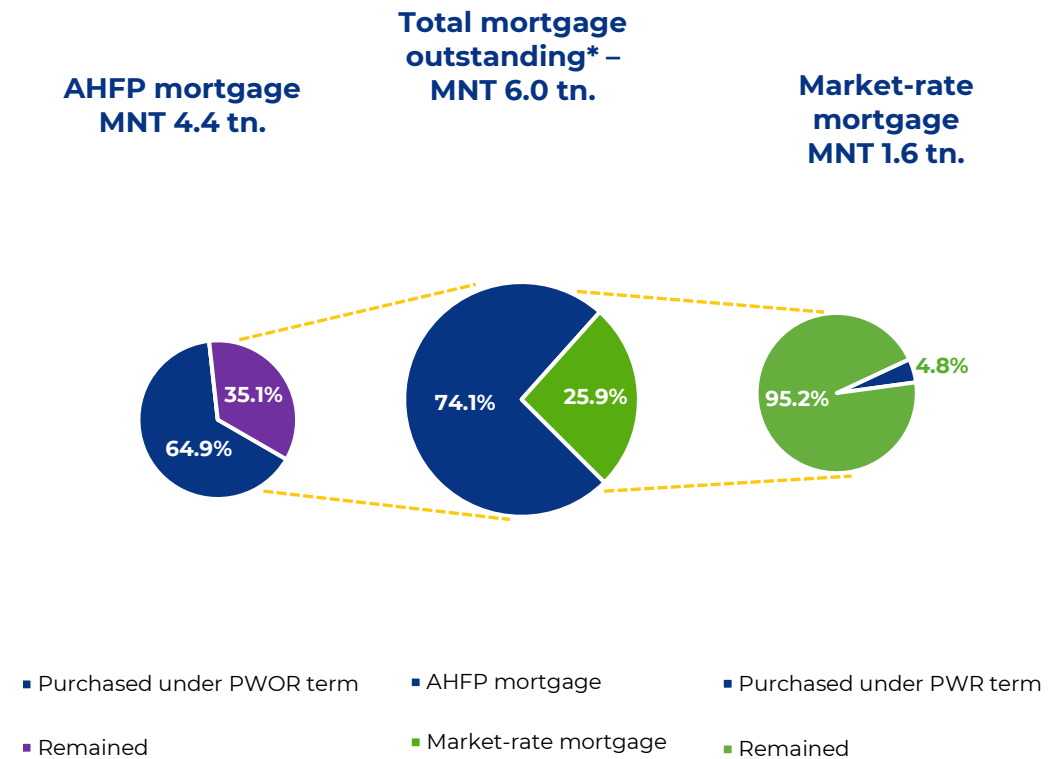
Mortgage market in Mongolia

Outstanding mortgage to GDP



- **1 in 4** loans in the banking sector is **mortgage loan**
- **45%** of the population being **under the age of 24** indicates the steady **growth of mortgage market** in Mongolia

MIK Portfolio



Company highlights

Business model	2021-2022Q3	Outcome
PWOR Securitization	Purchased mortgage loans in the amount of MNT 1.26 trillion or USD 393 million under PWOR portfolio	To fund AHFP the company established 5 new SPCs with the amount of MNT 872 billion or USD 273 million AHFP funding: BOM+CB (60%+40%)
PWR Liquidity	USD 250 million due Feb 2024	Debt management framework: 1. Reduce borrowing cost: 9.75% - 8.85% 2. Extend maturity: Jan 2022 - Feb 2024 Purchased mortgage loans in the amount of MNT 425 billion under PWR portfolio
	USD 12 million due Dec 2024	Purchased mortgage loans in the amount of MNT 16.8 billion under PWR term



Road ahead

Business model	2022Q3-2024Q4	Outcome
PWOR Securitization	Establish 3 new SPCs in 2022 with an amount of MNT 800 billion . In 2023 and 2024 , the company plans to establish 6 new SPCs with the total amount of MNT 2 trillion .	To fund AHFP the company will establish 9 new SPCs within the end of 2024 with the amount of MNT 2.8 trillion or USD 875 million AHFP will transfer from the BoM to the Ministry of Finance of Mongolia
PWR Liquidity	Issue USD bond on the International Market in the second half of 2023	Refinance the previous USD bond -Extend maturity, lower the cost of borrowing Increase portfolio market exposure /95% available/
	USD 38 million on the Domestic Market (OTC)	Support local investors by issuing USD bond - Fx concern - High inflation



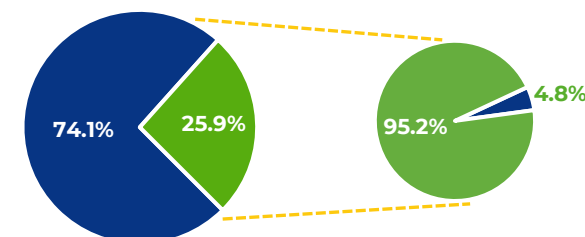
USD bond

Mongolian Mortgage Corporation HFC LLC
Guarantor: MIK Holding JSC
Letter of Support Providers: Ministry of Finance and The Bank of Mongolia
Issuer ratings: B3 Stable (Moody's) / B Stable (S&P)
Issue ratings: B3 (Moody's) / B (S&P)
Instrument: Senior unsecured fixed rate notes
Format: 144A/ Reg S, Registered Form
Tenor: 3 years
Issue size: USD250.0 million
Coupon: 8.85% s/a, 30/360
Yield: 8.85%
Settlement Date: 8 February 2021
Maturity Date: 8 February 2024
Purpose: The Issuer plans to use the net proceeds from this offering, together with cash on hand, to pay the tender price of the 2022 Notes tendered in connection with the Tender Offer, plus all related fees and expenses. The Issuer intends to use any remaining net proceeds for purchasing mortgages with recourse, repayment of any remaining outstanding 2022 Notes at maturity, and general corporate purposes.

Performance

Total mortgage outstanding – MNT 6.0 tn.

Market-rate mortgage MNT 1.6 tn.



- AHFP mortgage
- Purchased under PWR term
- Market-rate mortgage
- Remained



Company future

Within the SDG framework



By 2030, ensure access for all to adequate **safe and affordable housing** and basic services and **upgrade slums**

By 2030, reduce the adverse per capita environmental impact of cities, including by **paying special attention to air quality** and municipal and other waste management

By 2030, provide universal **access to safe, inclusive and accessible, green and public spaces**, for women and children, older persons and persons with disabilities

Sustainable financing



Promote **green housing in Mongolia** by issuing **green bond** in the future

Purchase **green mortgage** loans and issue **green RMBS**

Continue main operations to reduce **externality cost**



Our challenges and aspiration

Our challenges:

- Tapering of subsidized mortgage program
- Challenges of capital market development/MSE
 - *regulatory capacity, accountability, transparency, and liquidity to effect proper capital formation and portfolio investments*
- Country credit rating (*below investment grade*) and
- Macroeconomy is vulnerable from Post Covid 19

Our aspiration:

- Securitization of market rate mortgages
- Diversification of underlying assets
- Shareholder diversification, #IFIs
- Active regional/bilateral cooperation (knowledge sharing)
- Continue raise funding from external market (social, green)



Thank you