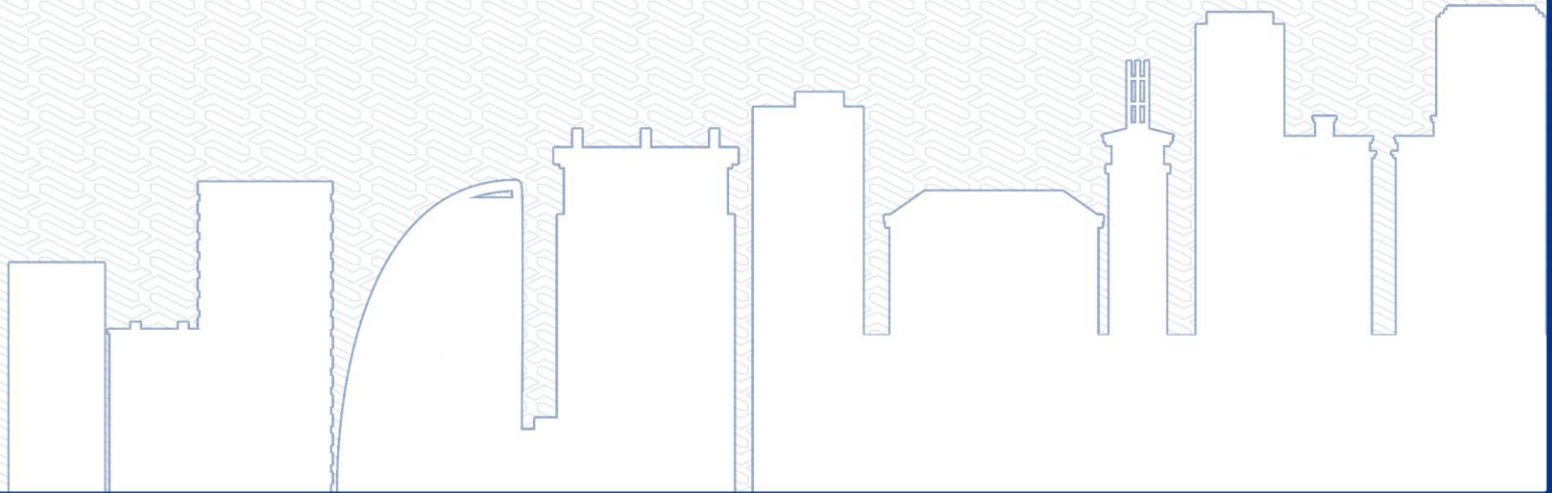


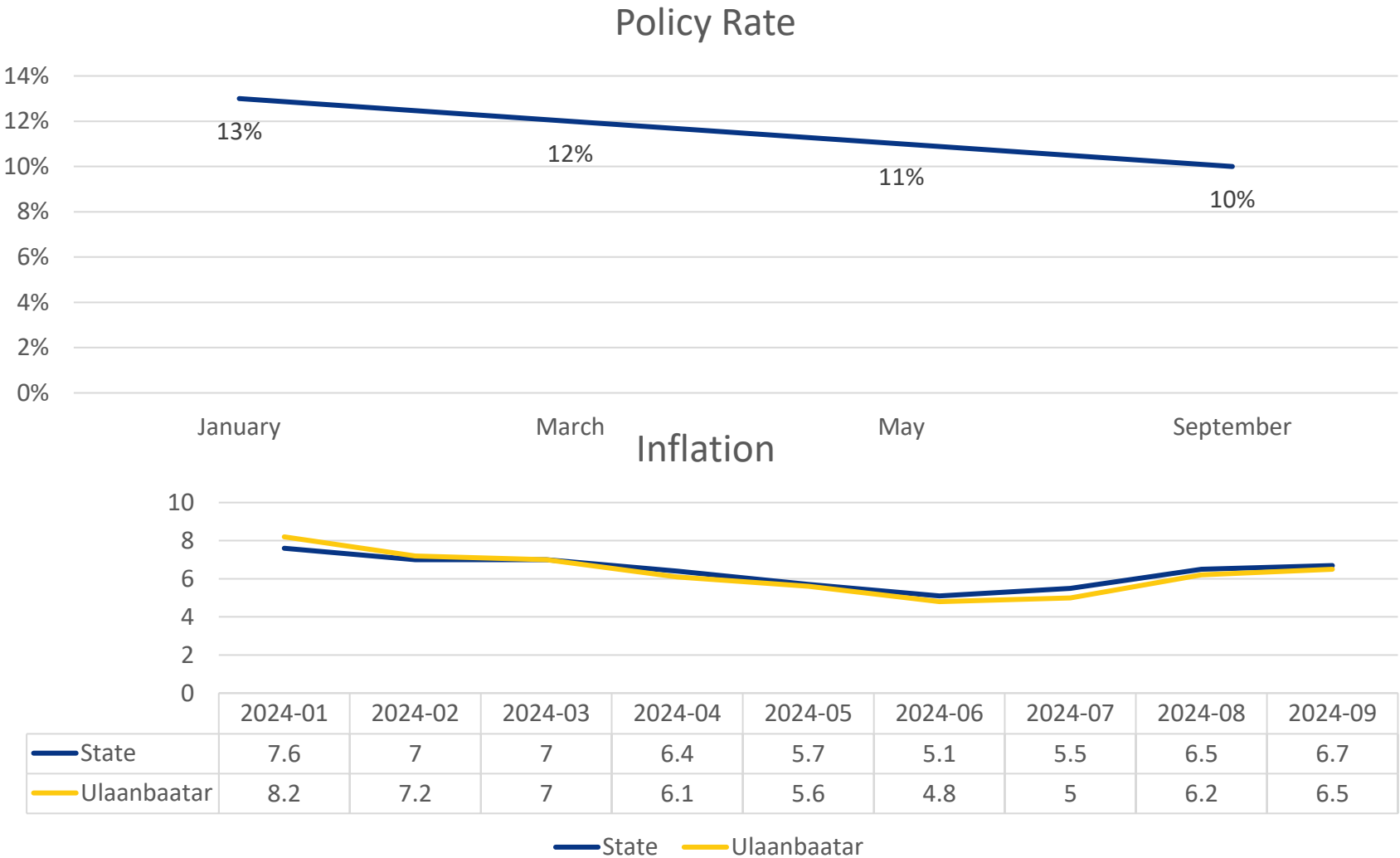


MIK Recent Updates

1. Country Updates



Policy rate, inflation update of 2024



Policy Rate

The Bank of Mongolia has updated the policy rate a total of **4 times** in 2024, lowering the policy rate from the initial **13% down to 10%** between January and September.

Inflation

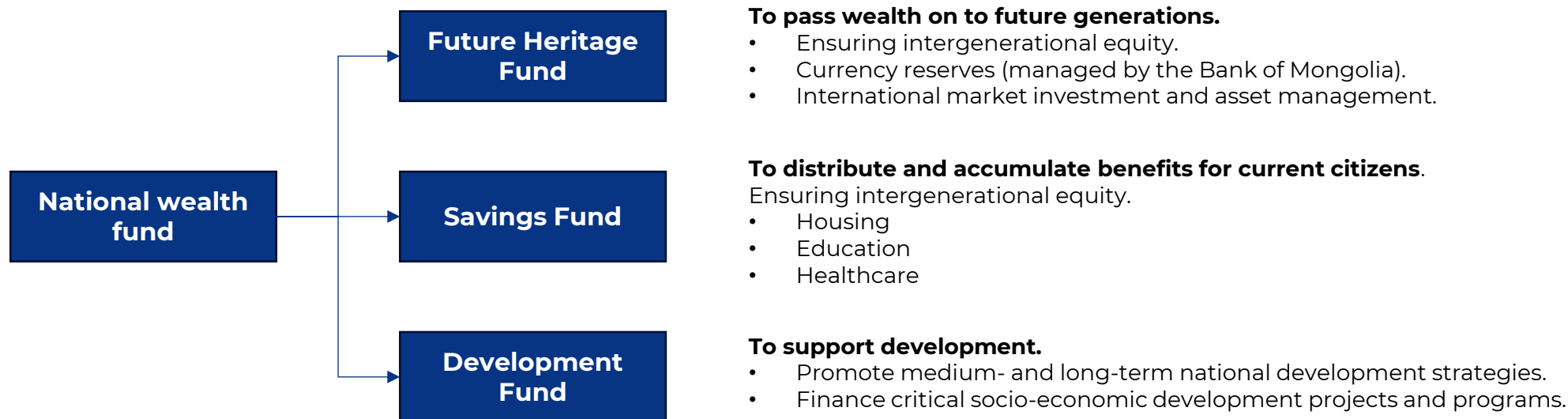
Both the State and Ulaanbaatar city had an **average inflation rate of 6.2-6.3%** throughout the first 3Q of 2024.

The inflation rate is now in line with the **Bank of Mongolia's target rate of 6% ±2.**



AFFORDABLE HOUSING FINANCING PROGRAM

LAW ON THE NATIONAL WEALTH FUND



- The "Law on the National Wealth Fund," approved on April 19, 2024, defines the "National Wealth Fund" as a system comprising specialized funds designed to centralize the benefits of underground resources, make efficient investments, and ensure equitable and fair distribution to all current and future generations. These specialized funds include the Future Heritage Fund, the Savings Fund, and the Development Fund.



- Following this, on May 1, 2024, the government allocated MNT 499.5 billion to the Savings Fund, designating its use for housing mortgage programs through the Bank of Mongolia. To implement this, the Ministry of Finance and the Bank of Mongolia signed an agreement to manage and grow the fund's assets, emphasizing support for healthcare, education, and housing initiatives.

AFFORDABLE HOUSING FINANCING PROGRAM

AHFP MORTGAGES ISSUANCE, FINANCING

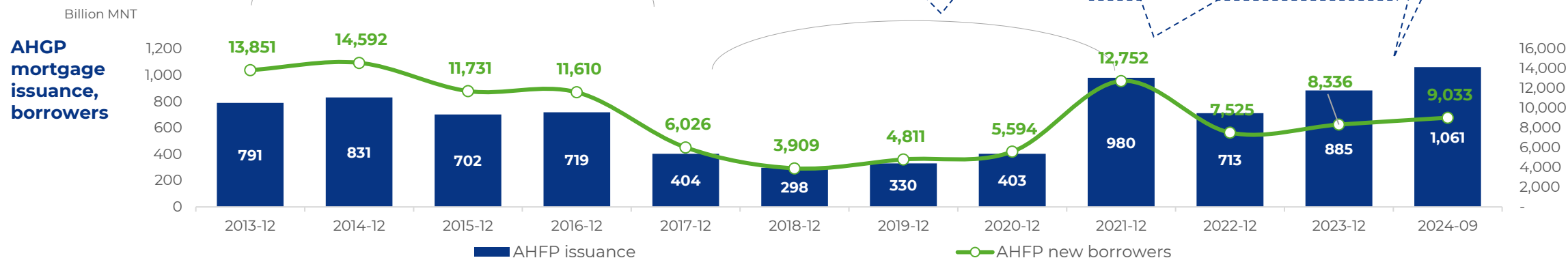
Financing

- Until 2017, BoM and commercial banks financed mortgages.
- In 2024-2026, the AHFP additional funding slowed down.
- Started to finance the program by the senior bond repayment.

- The AHFP additional funding halted.
- The Government started to fund the program
- Since 2017, the program has funded from 2 sources so that the BoM finances mortgage issuances with the principal payment of the senior RMBS and the amount equivalent to the coupon payment to be financed by the Government budget.

- In 2021, the BoM and banks are working to issue total of 700 billion MNT in preferential mortgage loans in a year within the framework of "10 trillion program to revive the economy and protect our people's health".
- The Bank of Mongolia to provide a source of mortgage loan from the income of its own RMBS until 2024"

- AHFP is to transfer to GoM starting from 2023.



Source :Bank of Mongolia

Mortgage loan terms

The terms will be determined according to the rules of mortgage financing for housing (Bank of Mongolia, Government).

- Interest rate 8%
- Loan tenor 240 month (2013.06.14)

- Senior and Junior tranche RMBS (2014.01.16)
- Herders residential mortgage loan (2014.01.20)

- Interest rate 5%, 8%
- Loan tenor 360 month
- Ger district, redevelopment zone (2016.03.11)
- 1 borrower 1 loan (2016.10.25)

- GoM's resolution number 369 "Affordable housing finance mortgage loan procedure" (2018.12.05)

- For loans issued after 2020 Oct 1. Interest rate 6% (2020.10.01)

- Loan guarantee fund
- Maximum loan amount in Ulaanbaatar-150 million MNT, in local areas 100 million MNT (2022.09.27)

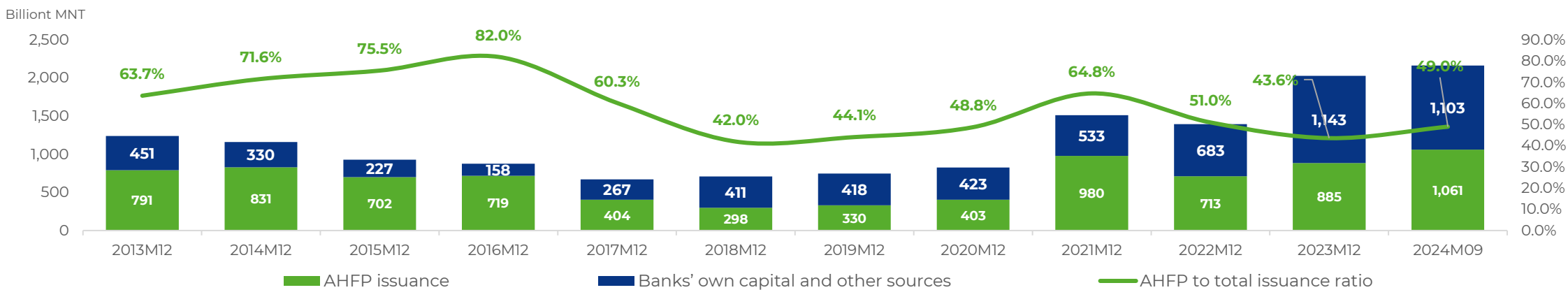
- The maximum loan amount is 150 million in the rural area
- Insurer can guarantee (2023.10.02)



MORTGAGE MARKET

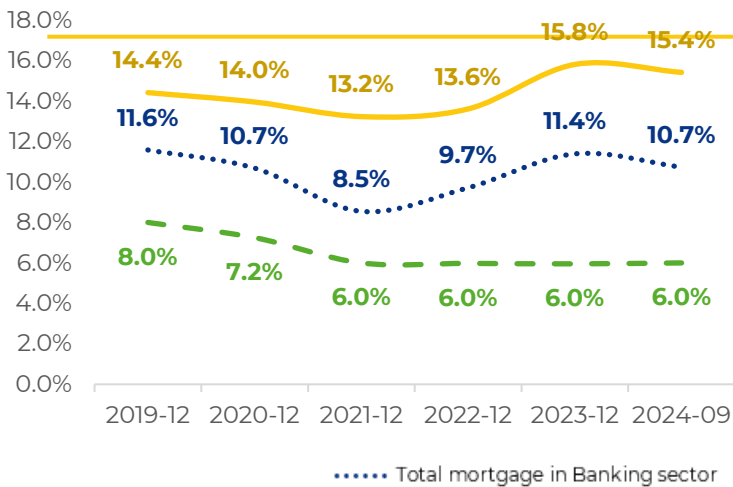
AHFP AND MARKET RATED MORTGAGE ISSUANCE

Mortgage loan issuance, by funding resources

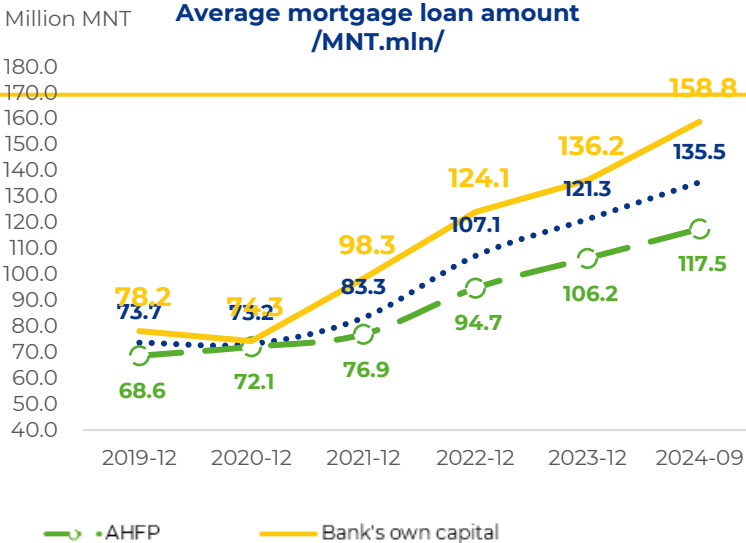


Source: Bank of Mongolia

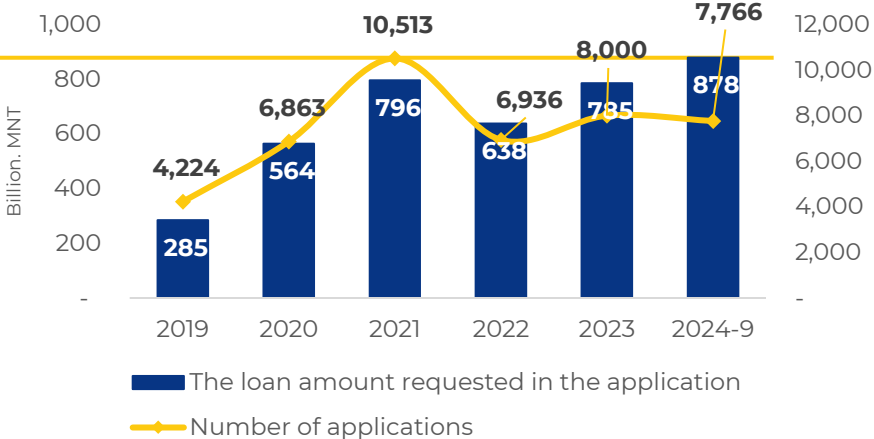
Weighted average interest rate of mortgage loans



Average mortgage loan amount /MNT.mln/



Mortgage applications under AHFP



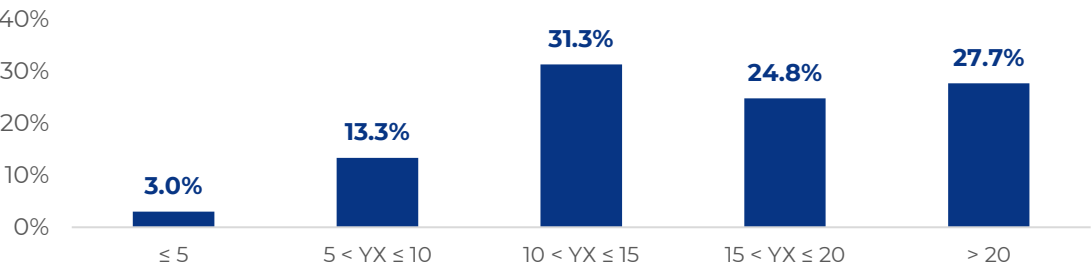
Source: Bank of Mongolia

AGGREGATE PORTFOLIO CHARACTERISTICS

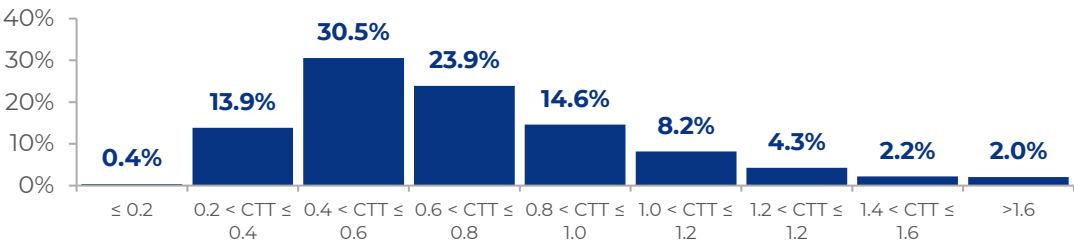
PWOR PORTFOLIO - RMBS

PWOR Portfolio Characteristics /2024.09.30/	Performance
Loan portfolio amount:	4,054.4 Billion ₮
Number of loans:	71,612
Average loan amount:	56.62 Million ₮
W.A.Interest rate (%):	7.03%
W.A Remaining life to maturity:	16.43 years
W.A.Loan-to-Value Ratio:	65.38%
W.A.Loan seasoning:	5.57 years
Average monthly instalment:	580,379 ₮
W.A. Debt-to-Income Ratio:	33.26%
Location of collateral properties:	71,612
- Ulaanbaatar:	54,614 (76.3%)
- Rural area:	16,998 (23.7%)
NPL (more than 91 days past due)	0.33%

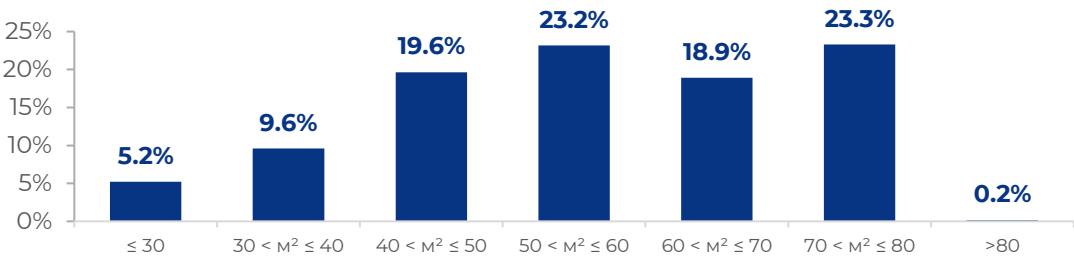
Distribution of PWOR portfolio mortgage loans by remaining maturity, (years)



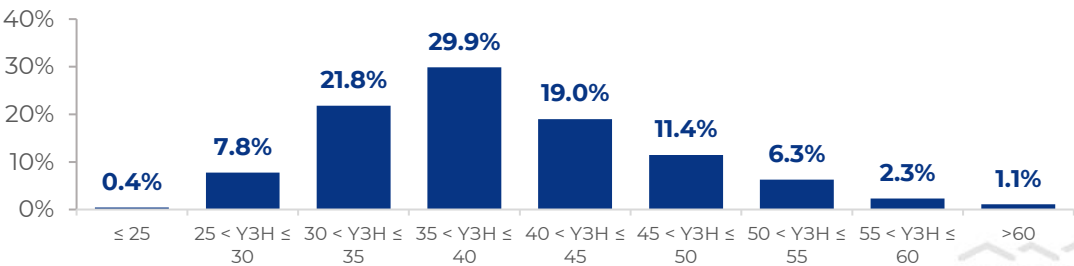
Distribution of portfolio mortgage loans by monthly instalment (MNT.mln)



Distribution of portfolio mortgage loans by estimated inside area of collateral (sq.m)



Distribution of portfolio mortgage loans by obligor's age



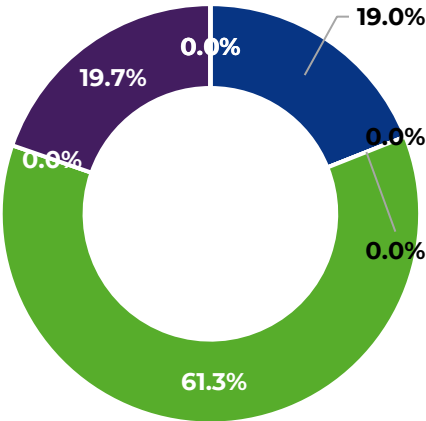
AGGREGATE PORTFOLIO CHARACTERISTICS

PWR PORTFOLIO

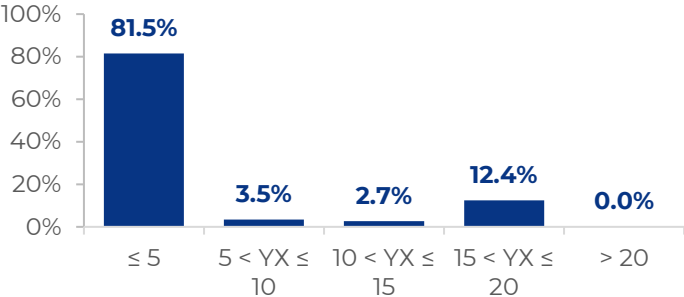
PWR portfolio characteristics (2024.09.30)	MIK funding	USD bond funding	MIK bond funding	Total
Loan portfolio amount (MNT.blm):	0.35	259.54	8.90	268.79
Number of loans:	11	3,105	676	3,792
Average loan amount (MNT.mlm):	31.43	83.59	13.16	70.88
W.A.Interest rate (%):	17.22%	17.29%	35.77%	17.90%
W.A Remaining life to maturity (years):	3.60	2.94	1.79	2.91
W.A.Loan-to-Value Ratio:	58.59%	84.87%	66.26%	84.22%

Loan types in PWR portfolio

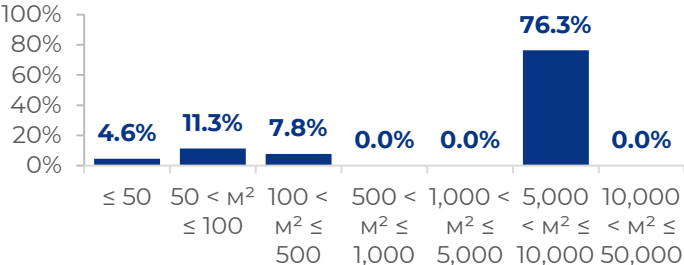
Apartment	19.00%
GDHOG	0.00%
House	0.00%
Commercial	61.30%
Land	0.00%
Car	19.70%
Parking	0.00%
Office	0.00%



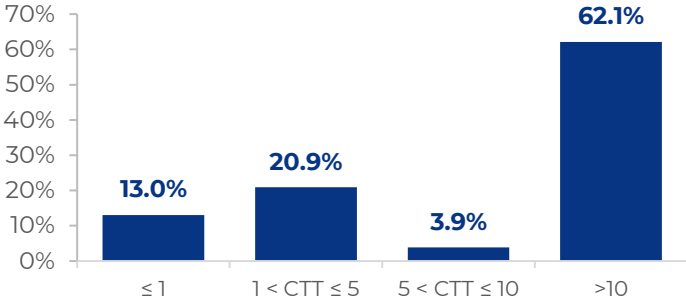
Distribution of PWR portfolio Mortgage Loans by Remaining Maturity (years)



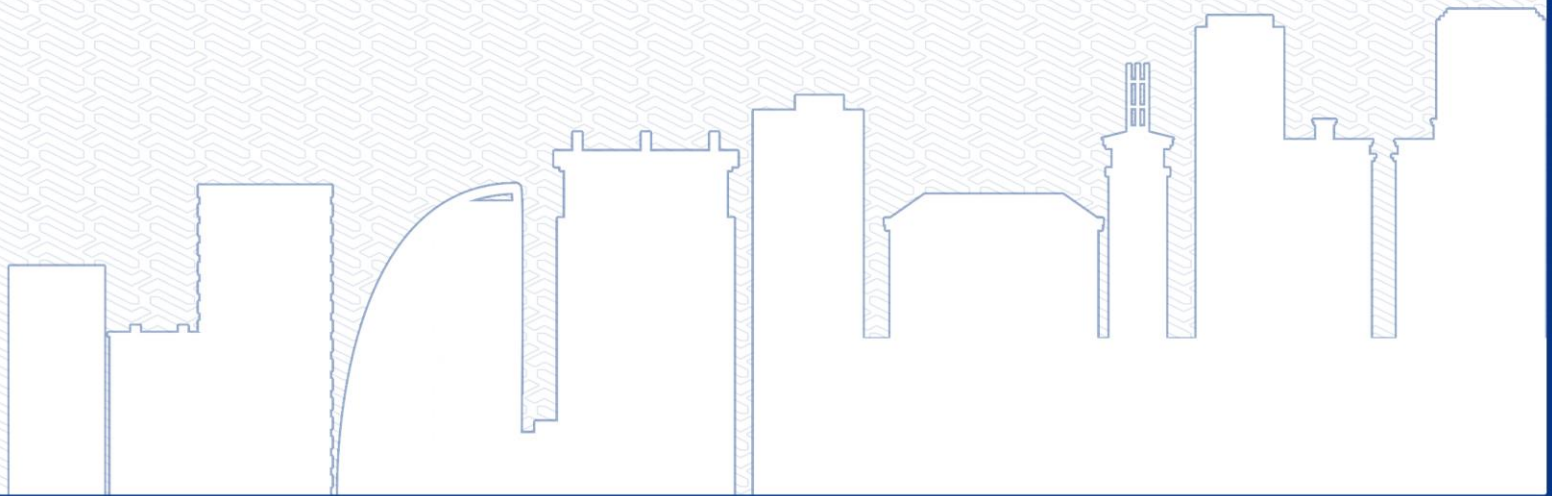
Distribution of PWR portfolio mortgage loans by estimated inside area of collateral



Distribution of PWR portfolio mortgage loans by monthly instalment (MNT.mlm)

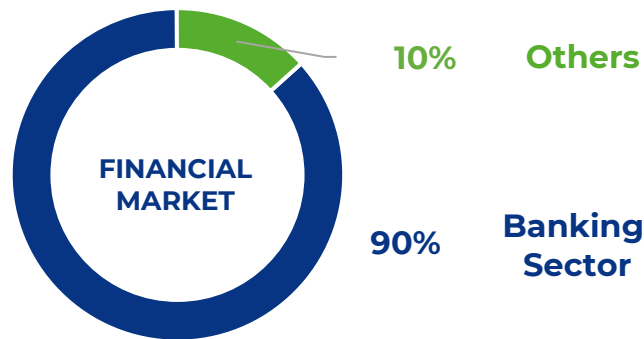


2. Company Overview

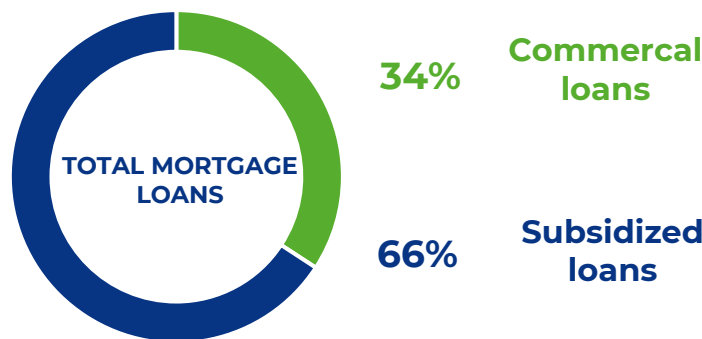


MORTGAGE LOAN, HOUSING MARKET

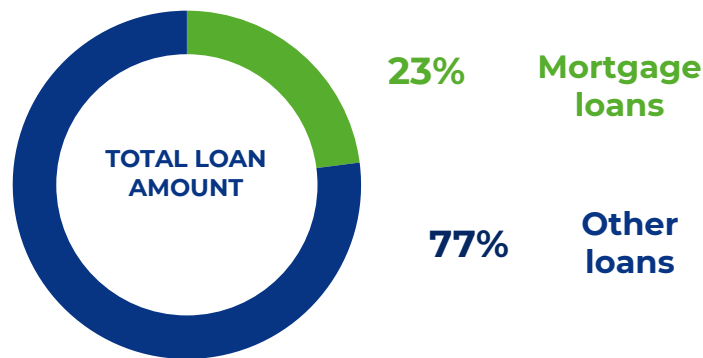
As of 2nd quarter of 2024, banking sector accounted for **90%** of the financial market.



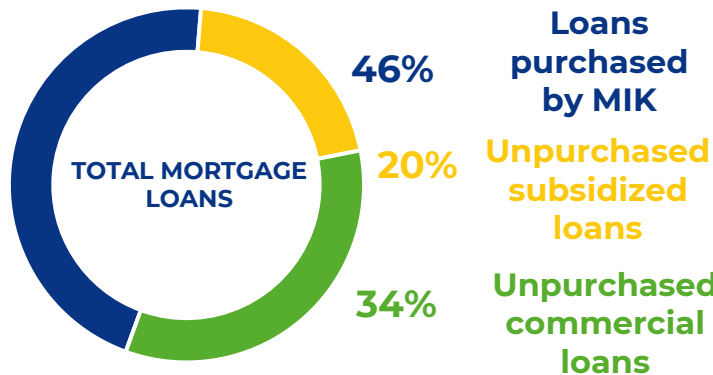
As of 2024 3rd quarter, subsidized loans funded by the Bank of Mongolia (BoM) accounted for **66%** of the total outstanding mortgage loans in the banking sector.



Total outstanding loan amount of banking sector in 2024Q3 was MNT 39.0 tln, of which **23%** was mortgage loans

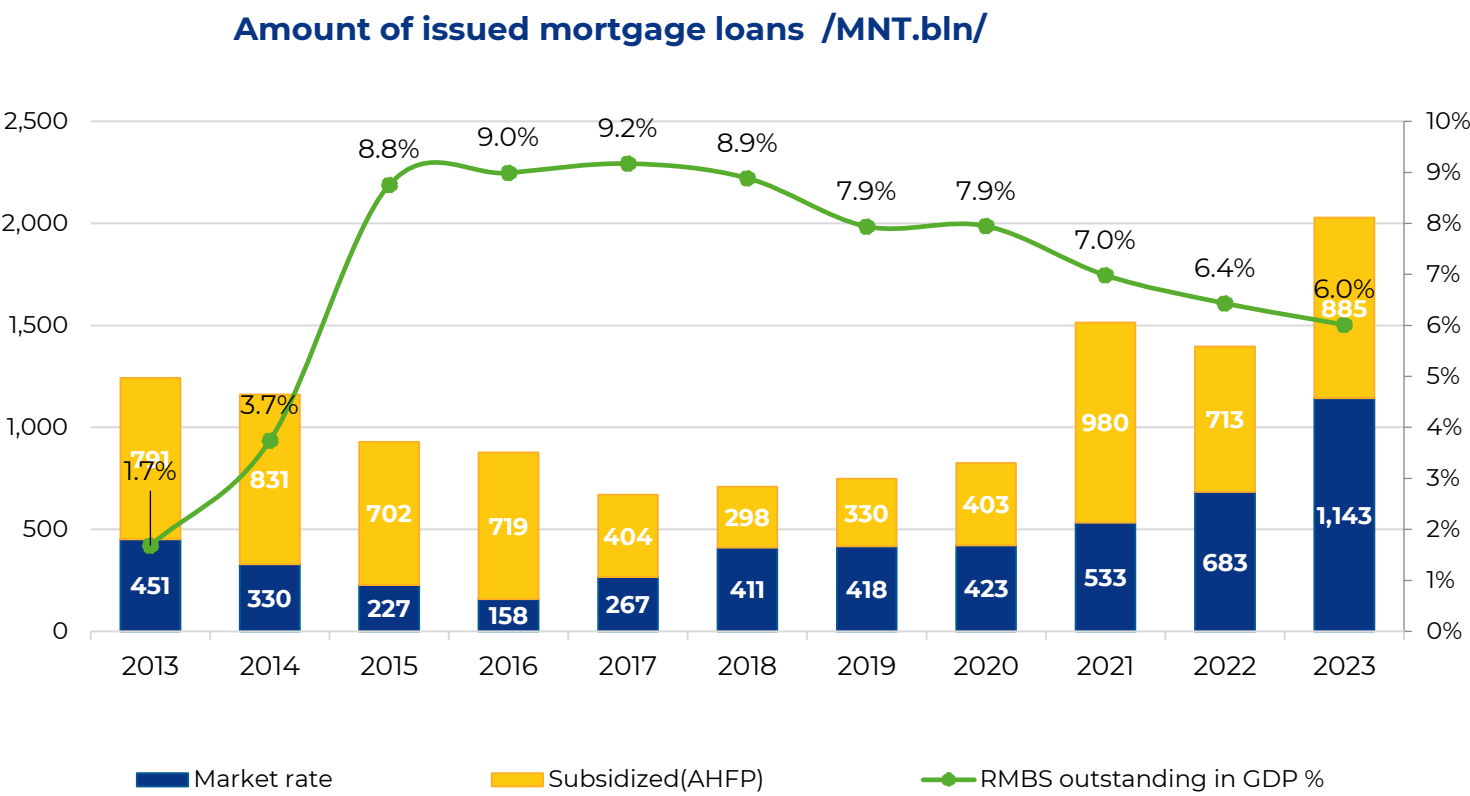


As of 2024 3rd quarter, MIK currently owns **46%** of the total mortgage loans in the mortgage market.



MORTGAGE MARKET TREND

Outstanding mortgage to GDP



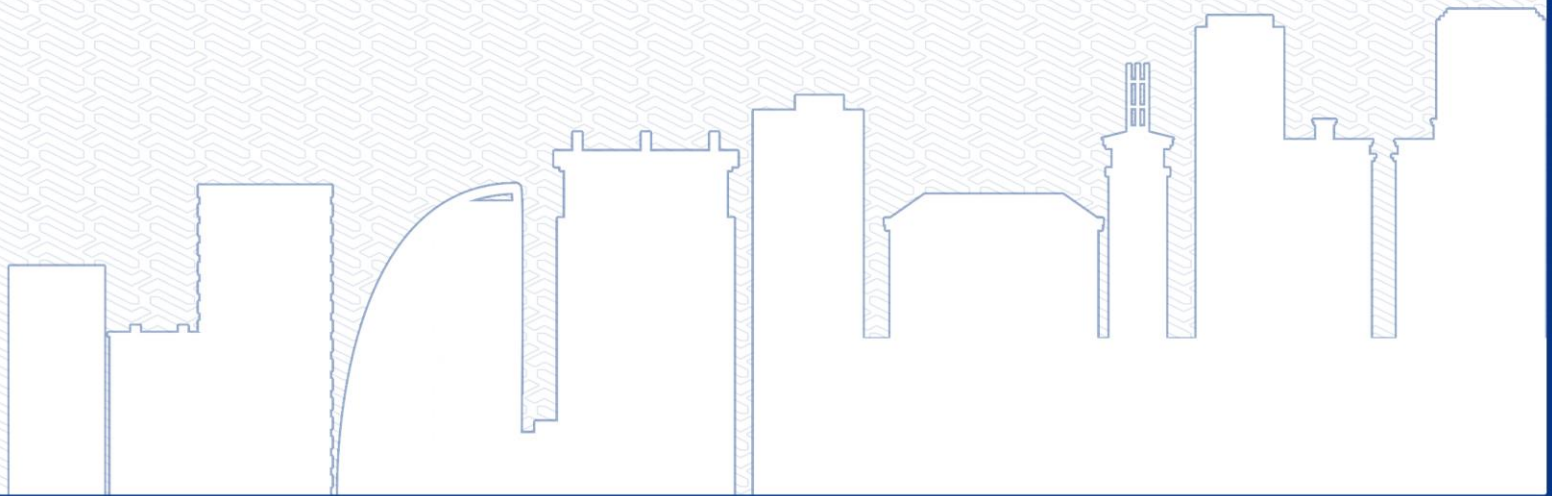
Age demographic

Age category	Percentage
0-24	45.4%
25-34	15.8%
35-44	14.9%
45-59	15.7%
60+	8.1%

*as of December 2022



3. Sustainable Development



SUSTAINABLE DEVELOPMENT

Sustainability Mission Statement

- "We believe that by directing our activities towards fostering positive environmental impacts, promoting social equity, and upholding high ethical decision-making principles in our governance practices, we responsibly contribute to shaping a sustainable future for our interconnected world."
- MIK Holding JSC established **Sustainable Development Committee** under the Board of Directors on November 16th, 2023.
- MIK HFC LLC restructured External Relations Department to **Sustainable Development and External Relations Department**.
- **Sustainable Development Policy** approved on



SUSTAINABLE DEVELOPMENT POLICY

Policy objectives

- To address urgent global challenges such as **climate change, social inequality, and business ethics** within our interconnected world;
- To advance the **United Nations Sustainable Development Goals (SDGs)**;
- To integrate **Environmental, Social, and Governance (ESG)** principles.




Scope: Business activities

MIK Holding is committed to implementing the following principles to enhance access to mortgage loans while ensuring the sustainability of housing financing:

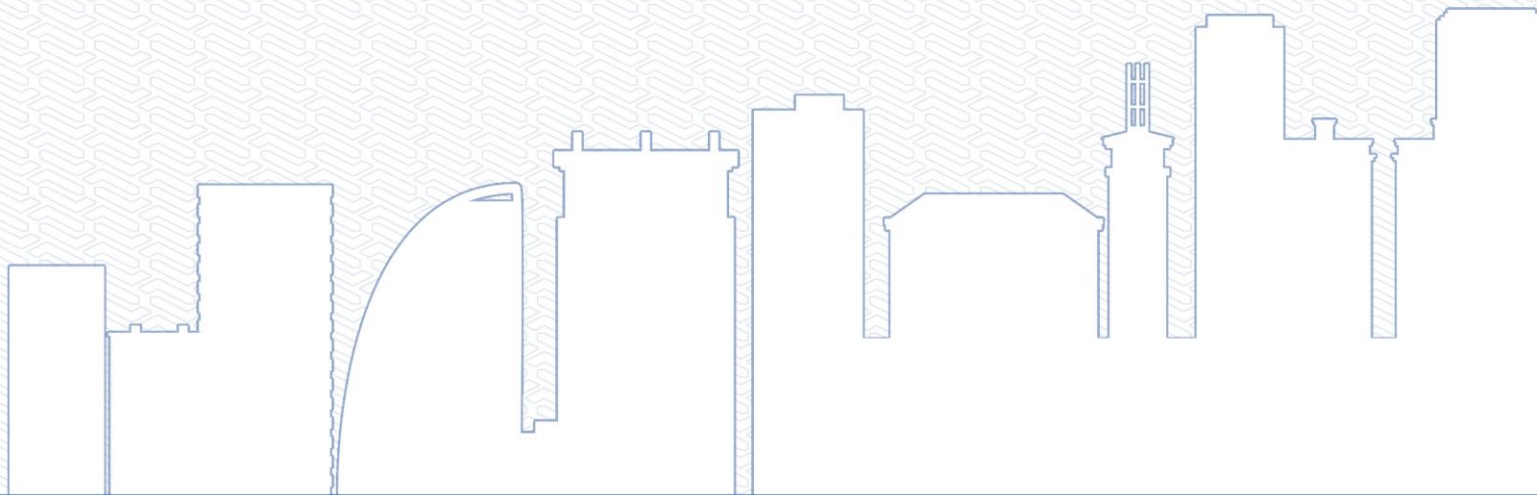
-  Prioritizing environmentally friendly activities
(3 principles)
-  Fostering equitable social access
(3 principles)
-  Embedding sustainability principles into decision-making
(2 principles)

Scope: Operations/daily activities

MIK Holding will implement the following principles at all stages of other activities:

-  Prioritizing environmental protection
(2 principles)
-  Fostering social equity
(2 principles)
-  Embedding sustainability principles into decision-making
(1 principles)

4. USD Bond Issuance



SENIOR NOTES DUE 2027

- In January 2024, MIK issued a USD bond on the international market totaling **USD 225 million**, at 11.5% coupon rate, maturing in 2027.
 - USD 172.5 million exchanged;
 - USD 52.5 million new money issued.
- Funds from the USD bond will be used towards funding the **PWR business**.

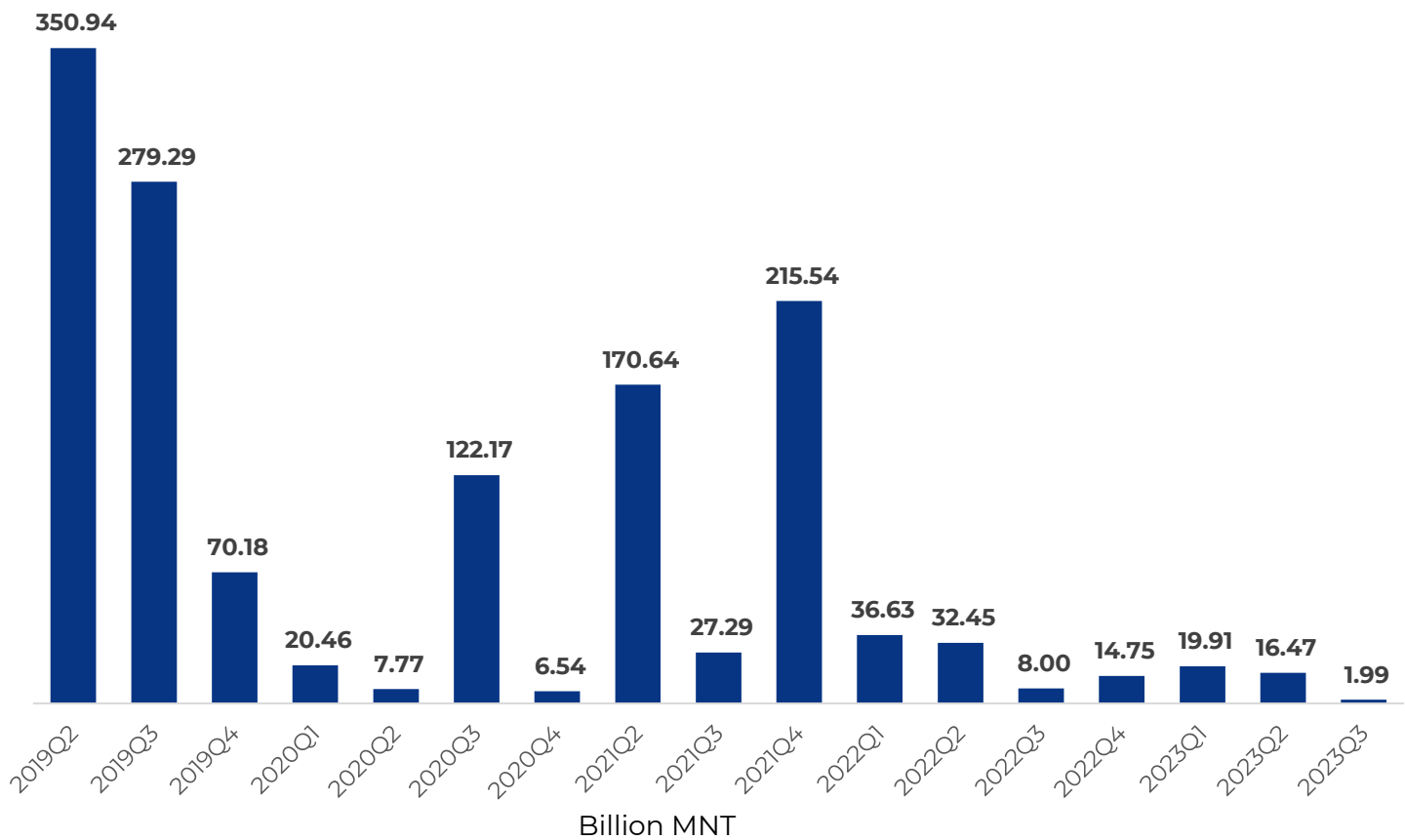


US\$225,000,000

11.5% Senior Notes due 2027



PREVIOUS ISSUES

Utilization of USD bond proceeds



Bond issuance

Previously, MIK has issued **USD 300 million and USD 250 million** bonds on the international capital market in **2019 and 2021**, respectively.

 <div>MONGOLIAN MORTGAGE CORPORATION HFC <small>LIMITED LIABILITY COMPANY</small></div>	 <div>MONGOLIAN MORTGAGE CORPORATION HFC <small>LIMITED LIABILITY COMPANY</small></div>
US\$300,000,000	US\$250,000,000
9.75% Senior Notes due 2022	8.85% Senior Notes due 2024

Performance

As of December 31, 2023, MIK HFC performed **31 transactions** (excluding purchase from NBFI) for the total amount of **MNT 1,072.95 bn** with the disbursement of the USD bond net proceeds.

MIK HFC performed **12 transactions** in the amount of **MNT 39.37 bn** since January 1, 2023.

Note*: Transactions utilized for general corporate purposes to purchase Commercial real estate/Automobile loan under PWR terms