



Vision

Mongolia's global benchmark bank

Mission

The genesis of prosperity

Strategy

Open bank

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Introduction

Total assets

15.6

MNT trillion

The bank's total assets surged by 34.1 percent from the previous year, reaching MNT 15.6 trillion. This substantial growth expanded the bank's market share to 21.6 percent, solidifying its position as the second-largest bank in the country in terms of total assets.

Golomt bank highlights and achievements 2024

The Banker

Bank of The Year of Mongolia 2024

Infosys

Maximizing Customer Engagement 2024

cfi.co

The Best Digital Bank in Mongolia 2024

Great Place To Work®

Great Place to Work 2024



Mongolia's TOP-100 Enterprises

Financial Highlights

Total assets

15,597
/MNT billion/

Total equity

1,430
/MNT billion/

Customer funds

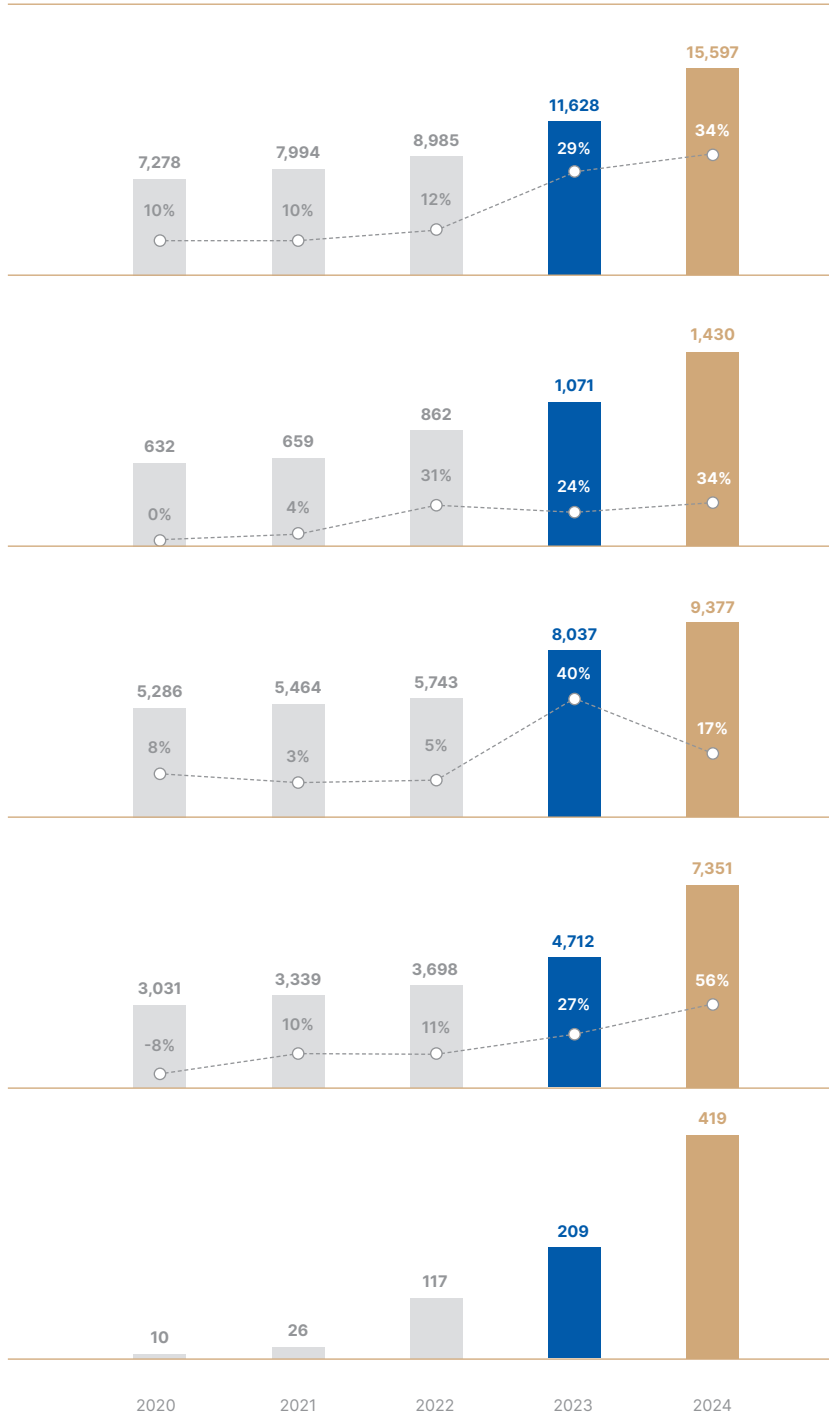
9,377
/MNT billion/

Net loans

7,351
/MNT billion/

Net profit

419
/MNT billion/



Chairperson's greetings



Dear Shareholders, Customers, Partners and Colleagues,

The reporting period was the highlight of three prosperous years that have passed since Golomt bank became a public company. The year has been marked by exceptional financial performance and strategic growth, reinforcing our position as a reliable and progressive company in not only Mongolia's financial sector, but also internationally. At Golomt bank, our commitment to excellence, good corporate governance and sustainable banking practices have been the driving force behind everything we do.

A major achievement this year was the successful completion of the first ever Mongolian Bank to issue a stand-alone bench-mark size international bond. This event has highlighted our strategy to diversify our funding sources and to mark our presence in the global capital markets. With recognition and support of two of the world's largest investment banks J.P. Morgan and Deutsche Bank as well as prominent law firms, Golomt bank is acknowledged for its good governance, exemplary financial management, and transparency in line with international standards.

Golomt bank bank has been on a steady trajectory of growth and 2024 was no exception. We over-delivered to our stakeholders on our forecasts made before IPO and the reporting period produced significant increase in ROE, rising by 33.6%, reflecting our financial strength and efficient capital utilization. Our total assets have grown by 34.1%, reinforcing our dedication to customer-centric expansion and ability to capture market opportunities, whereby strengthening our market position.

We are also pleased to report a substantial rise in total loans by 54.3% that is driven by the continued demand for both personal and business financing. This was achieved through strategic market expansion and operational efficiencies, underpinned by rigorous credit management, without compromising risk quality to ensure sustainable growth. Furthermore, Golomt bank is the only bank that reflects the Mongolian banking sector credit market, serving all major sectors, retail, mortgage, SME and corporate equally, whilst able to provide tailor-made lending solutions that support our clients in their pursuit for success and growth across various sectors.

In alignment with our commitment to sustainability, we are proud to share that our green loan portfolio has grown by 52.8% in the reporting year. These green loans underscore our dedication to positive environmental impact while delivering long-term values to stakeholders.

We have continued our support for women entrepreneurs in our efforts to promote gender equality by helping them distinguish their products and services, and boost women-owned businesses with our “Women Owned” trademark, introduced in 2023 with partnership with the National Chamber of Commerce and Industry of Mongolia. Golomt bank continues to recognize its impact and responsibilities to foster sustainability and equality.

The year 2025 marks the 30th year of continued successful operations of Golomt bank, solidifying our position as a leading bank in Mongolia, and re-iterates the significance of the Bank’s impact not only on the economy of our country, but on the society in general. We fully comprehend and embrace this position and hence continuously increase our efforts in social responsibility projects for lasting positive change in the community.

As we look ahead to 2025, our vision at Golomt bank is to lead with purpose—driving growth through innovation, sustainability, and financial resilience. We’re focused on

expanding our international presence to open up new opportunities for Mongolian businesses while continuing to support economic diversification by supporting SMEs and non-mining sectors. We believe a stronger, more balanced economy starts with improving access to financing and empowering the businesses that form its foundation.

Along with our steady strides in green finance by investing in projects that support Mongolia’s shift toward a low-carbon future as well as focusing on sustainability reporting, the bank continues to stay committed to further strengthening our corporate governance, investor relations and transparency by aligning with international best practices. By aiming for these strategies, we’re not only creating a stronger foundation for sustainable growth but also positioning Golomt bank as a trusted, well-governed financial institution—both at home and on the global stage.

On behalf of Golomt bank, we extend our sincerest gratitude to our customers, shareholders, colleagues, and employees for your continued trust and support.

Munkhtsetseg Chultem

Chairperson of the Board



Letter from the Chief Executive Officer



In 2024, Golomt bank further solidified its historic achievements and reaffirmed its leadership in the banking and financial system, setting the stage for continued success in the years ahead.

United under the noble mission of being a beacon for Mongolia's development, we at Golomt have diligently fulfilled our social responsibilities by supporting and financing projects that contribute to national growth and economic expansion. Together with our dedicated team of over 2,700 employees, we have overcome challenges and achieved remarkable success.

During the reporting period, Golomt bank's credit rating was upgraded by both Moody's to 'B2' and S&P Global to 'B+', creating a favorable economic environment that enhances investment from international markets and improves the conditions of the bank's products and services.

For the first time, we have successfully issued a three-year, \$300 million bond in the international market, marking the return of Mongolian commercial banks to global financing after more than a decade. Additionally, in December, we issued another \$100 million bond at an 8.5% yield, which was sold out immediately upon issuance. This historic achievement reflects the trust placed in Golomt bank by both Mongolian investors and leading global investment funds.

Golomt bank's policies and strategies have consistently prioritized sustainable growth, not only focusing on the present but also positioning the bank for a prosperous future. In 2024, the bank's total assets reached MNT 15.6 trillion, boosting the bank's market share to 21.6 percent, making us the second-largest bank in the system by financial metrics. The loan portfolio grew by 54.3 percent to MNT 7.5 trillion, accounting for 20.1 percent of the total loans in the banking system. Net profit after tax surged by 100.2 percent compared to the previous year, reaching MNT 418.8 billion. This growth is the result of the bank's effective strategies, innovative products and services, efficient management policies, and the dedicated efforts of our professional team.

For Golomt bank, 2024 marked a year of expanding international partnerships and broadening our scope. We signed an agreement with the International Finance Corporation (IFC) to enhance services for entrepreneurs and also launched our first collaboration with the European Bank for Reconstruction and Development (EBRD). This partnership will implement a \$20 million loan program to support young and female entrepreneurs. Specifically, we are focusing on providing financial support and creating a conducive business environment for women entrepreneurs. We believe that these collaborations with international financial institutions will play a pivotal role in supporting Mongolia's small and medium-sized business sector.

At Golomt bank, we aspire to be more than just a financial service provider; we aim to be a sustainable development partner for our clients and entrepreneurs, working together to create a long-term value. As the only domestic bank that measures greenhouse gas emissions from both our operations and loan portfolio, we are committed to this goal. According to the international PCAF methodology, in 2024, our direct and indirect operations emitted 2.7 million tons of greenhouse gases, while projects financed through our loans emitted 1.6 million tons. We are working towards reducing our greenhouse gas emissions by 30 percent by 2030.

This year, we focused on accelerating the development of digital banking, introducing innovations in payment systems and loan services, and increasing financial accessibility. We became the first organization in Mongolia to obtain the rights to introduce Apple Pay, one of the world's leading payment systems. By integrating advanced AI-

based technologies and fully implementing digital banking services, we have elevated our status as a customer-centric bank. This achievement, that was co-created by Golomt bank and the people of Mongolia, demonstrates our ability to compete globally in banking and financial services. It is a clear reflection of Golomt bank's vision to be a world-class bank in Mongolia.

In 2025, Golomt bank will celebrate its 30th anniversary, marking three decades of driving development and writing a new chapter in our history. We will continue to lead the banking and financial sector, contribute to major projects that accelerate Mongolia's development, support small and medium-sized businesses, and reduce greenhouse gas emissions from both our operations and loan portfolio. As we strive to be a world-class bank in Mongolia, we remain committed to fulfilling our responsibilities to our Customers, investors, partners, and colleagues, while laying a solid foundation for future success.

Yours sincerely,

Odonbaatar Amarzaya

Chief Executive Officer



Corporate governance

Number of minority shareholders

+21,000

The foundation for governance stakeholders to work together harmoniously is to establish and consistently improve a robust governance system that clearly defines governance principles and transparently incorporates them into policies and procedures.

Highlight of the year for the bank and governance perspective

Golomt bank has successfully issued its first bond in the international market in 2024, an event that validated the consistency of the Bank's governance system with international standards.

1

The world's largest investment banks, such as J.P. Morgan and Deutsche Bank, and their law firms concluded that good governance practices were in compliance with the external audit.

2

Based on an on-site inspection by an external audit firm, the financial records and reports were reaffirmed for the last three years, receiving a good statement.

3

Issuance under Reg S/144A, in which issuing open-ended bonds in the United States and other countries demonstrates that the bank's reporting and operations are in line with these global standards in terms of governance compliance.

4

The world's largest investment funds made their investment decisions based on reviewing Golomt bank's detailed financial and operational reports.

5

Golomt bank has improved Investor Relations activities to provide open and transparent financial statements to all bond investors.

This international bond issuance strengthens our commitment to adhering the highest global standards of transparency, accountability, and financial management. It allows us to align with established international financial practices, ensuring that our operations remain compliant with strict regulations and that our stakeholders, both local and global, have confidence in our operations. This enhanced credibility positions Golomt bank as a trusted and well-governed institution globally, reinforcing our ability to attract international investors and partners.

The bond issuance also reaffirmed our commitment to sustainable growth.

Moreover, this milestone provides an opportunity to expand our investor base and improve financial flexibility, paving the way for future growth and the continued development of innovative financial products. By securing international capital, we are better equipped to increase our lending capacity, support key projects, and further contribute to national economic progress.

Corporate governance framework



Governance

The core of good governance in any organization is the Board of Directors, a collective decision-making body composed of professional members, who have the primary responsibility for implementing good governance in the organization.

Board of directors

Our Board is a balanced and diverse group of leaders who are highly independent and well equipped to carry out its functions as a governing body on behalf of shareholders.



Munkhtsetseg Chultem

Chairperson of the Board of Directors

Mrs. Munkhtsetseg graduated from the 3rd Soviet High School in 1988, the Polytechnic University in 1993 with a Bachelor's degree in Mining Electromechanical Engineering, and the Johns Hopkins University in 2001 with a Master's degree in Business Administration. She graduated Oxford University of the United Kingdom in 2015 and Harvard University of the United States in 2016.

She started her career from the Mongolian Stock Exchange in 1996, and continued with consulting, managerial and executive roles at the World Bank, Asia Foundation and Nepko Publishing Company.

She founded Toim magazine in 2010.

At the Board level, Mrs. Munkhtsetseg has over 11 years of experience as a Board Member in organizations, such as International School and Mass Media Group, and was appointed as a Board Director of Golomt bank in December 2012, and as a Board Chairperson in December 2013, respectively.

Composition of the board



Unenbat Jigjid

Board Nominee Director

Mr. Unenbat holds a Bachelor's degree in Economics and Statistics from Moscow State University of Economics and Statistics in 1985, and a Master's degree in International Affairs from Columbia University, USA in 1994.

He started his career at the Bank of Mongolia in 1990 and has extensive experience in banking and finance sector, particularly in the field of monetary policy and research. He was the Executive Director of the Mongolian Bankers Association for 5 years each, in 2000 and 2015, respectively.

Mr. Unenbat also worked as the Executive Director of the Corporate Governance Development Center and the Head of the Finance Department at the University of Finance and Economics of Mongolia. He currently works as a Consultant for the Corporate Governance Development Center. Mr. Unenbat was appointed as an Independent Director of the Board of Golomt bank in 2010 and has been appointed as a Nominee Director of the Board in 2020.



Munkhtur Dagva

Board Nominee Director

Mr. Munkhtur holds a Bachelor's degree in Financial Management from National University of Mongolia – School of Economic studies in 1997, and a Master's degree in Business Administration from Oklahoma University, USA in 2009.

He joined Golomt bank in 1996 as an Assistant employee and was promoted to an Economist, Director of Credit Division, Director of Operations Division, and to a First Deputy Director since 2011 gaining an extensive experience. He currently serves as the Chief Executive Officer of Tsetsens Mining and Energy LLC.

Mr. D.Munkhtur became a shareholder within the Employee Stock Ownership Program and represents 149 minority shareholders of the Program, and was appointed as a Director of the Board in 2012.



Ganjooloo Ochirpurev

Board Nominee Director

Mr. Ganjooloo graduated from the Free University of Berlin in Germany with a Master's and PhD degrees in Economic Theory. He has a degree of a Certified accountant in the United Kingdom of Great Britain and Mongolia.

He has worked in Germany and Mongolia branches of PwC Audit Company, and previously worked as a CFO of Bodi International LLC.

He has held the position of CEO of Golomt Financial Group LLC from 2016 to 2023, and is currently working as the CFO at Tsetsens Mining and Energy LLC.

Mr. Ganjooloo was appointed as a Director of the Board in 2022.



James Bernard Dwyer

Board Independent Director

Mr. Dwyer holds a Bachelor's degree in Business Management from Notre Dame University, and a Master's degree in business administration from Columbia University, USA.

He has an extensive investment banking experience, as he worked as the Head of cross-border M&A for Union Bank of Switzerland since 1970, also worked at Wall Street based investment banks. He was a Lead investment banker for privatizations of Khan Bank, and Trade and Development Bank of Mongolia in 2001. He also served as the Director of Operations of North American Business Council, and in 2007 he founded the Business Council of Mongolia, and served as the Executive Director until 2017.

He is an Independent Board Member of Mandal Insurance JSC, Mongolia Growth Group and Mongolian Fintech Group as well as Sently JSC subsidiary. He is also a Partner and a Board member of a Mongolian Business Database.

He is also the Director of the Mongolian Education Foundation. Mr. Dwyer joined the bank's Board in 2018.



Alexander Picker

Board Independent Director

Mr. Alexander Picker holds a Master's and Doctoral degrees in Business and law from the University of Salzburg, Austria.

He started his career in 1989 with the current Austrian Bank. He has many years of management experience as Risk director, Chief Operating Officer and CEO at Die ERSTE bank, International Moscow Bank (IMB), Unicredit Bank, JSC ATF Bank Hypo Alpe-Adria Bank, HBI Bundesholding banks, respectively.

He was a Senior Advisor for big projects of World Bank and Chairman of the Supervisory Board of the Ipoteka Bank, Uzbekistan, and is currently the CEO of Moldindconbank of Moldova.

Mr. Alexander Picker has been appointed as an Independent Director of the Board since 2021.



Robert W. van Zwieten

Board Independent Director

Mr. Robert W. van Zwieten holds law degrees from both Leiden University in the Netherlands and Columbia University School of Law in the United States, and obtained his MBA degree from the University of Chicago Booth School of Business.

Mr. van Zwieten brings more than three decades of experience spanning both global financial markets and sustainable development. He is currently a Founding Partner of Route17, an independent firm advising on SDG-aligned institutional investment strategies, and CEO of The Serendra Group, an emerging markets advisory firm. He is a fellow of the Climate Policy Initiative, and serves as an Ambassador of the World Benchmarking Alliance, board member of several companies, and a Senior advisor to an Asian family office.

Prior to this, Mr. van Zwieten was the President and CEO of EMPEA (now renamed GPCA), the global industry association for private capital in emerging markets.

Mr. van Zwieten was appointed an Independent Director of the Board in 2023.

Composition of the board



Hans Holzacker

Board Independent Director

Mr. Hans Holzacker has been the Chief Economist at the CAREC Institute since January 2nd, 2020. In July 2017-June 2019, he was the Lead economist for Central Asia at the EBRD. Hans has over 30 years' experience as an economist focusing on the economies of Central and Eastern Europe and the CIS. Hans was also the Chief Economist at Golomt bank in Mongolia and at ATFBank in Kazakhstan, and Senior Scientific Advisor to the Narxoz University in Almaty. Before, he was a Vienna-based Senior economist focused on Russia and Ukraine for Bank Austria, a member of UniCredit group, and was also in charge of CEE country rating.

Hans was a Senior Economist covering the Czech Republic, Slovakia, Slovenia and Ukraine at the Institute of International Finance in Washington, DC from 1999-2001, Head of Country Risk/Research at GiroCredit Research, Investmentbank Austria, from 1993-1999, and Central European Economist at Nomura Research Institute from 1989-1993. He holds a Ph.D. in Sociology and a Master's degree in Economics from the University of Vienna, and completed a postgraduate scholarship in the Economics Department of the Institute for Advanced Studies in Vienna.

Mr. Hans Holzacker was appointed as an Independent Director of the Board in 2024.



Solongo Zalaa-Uul

Secretary of the Board of Directors

Mrs. Solongo holds a Bachelor's degree from Sardar Patel University in Gujarat, India, in 2003, and a Master's degree in Business Administration from the Institute of Finance and Economics in 2017. She participated in the Asia Regional Board Secretary's Master Program in Singapore organized by International Finance Corporation (IFC) in 2017.

Mrs. Solongo has been working for Golomt bank since 2007 at the level of Chief Executive Officer, Secretary, and Assistant.

She has been the General Secretary of the bank's Board of Directors since March 2015.



Tuya Altangerel

Director of Internal Audit Division

Ms. Tuya had been working as an Internal Auditor of Internal Audit Division between 2008-2017, as a Senior auditor of Information Technology, Performance Audit Department between 2017-2019 and as a Director of Remote Audit, Quality Assurance Department between 2019-2023. She was appointed as a Director of Internal Audit Division in 2023.

Board general function

Board of Directors' Meeting

In the year of 2024:

- 4 regular
- 21 irregular (total of 25)
- 66 matters discussed
- 49 resolutions (decisions) were approved.

The decisions are categorized as follows

Strategy, business plan and budget related:

A total of 12 decisions were made based on 11 Board and Committee meetings, with their implementations being monitored.

Investment related:

A total of 18 decisions were made based on 8 Board and Committee meetings, with their implementations being monitored.

Internal operations, structure improvement:

A total of 8 decisions made with their implementations being monitored.

Policy documents, rules and regulations, governance improvement:

A total of 13 policies and documents were improved and updated.

The board functions with the following 4 committees:

Risk Management
Committee

Audit
Committee

Nomination
Committee

Governance, Ethics,
and Remuneration
Committee

Board committees

Risk management committee

Membership

Committee Chair:

Alexander Picker Independent Member

Committee Members:

James B. Dwyer Independent Member

Robert W.van Zwieten Independent Member

Munkhtsetseg Chultem Member

Unenbat Jigjid Member

Majority 3 of 5 members are independent.

Committee meeting:

In 2024 the Risk Management Committee convened 29 times. A total of 94 matters were discussed with relevant recommendations and decisions made.

Matters discussed:

- 83% on loan decisions of the Credit Committee reviews on loan requests of group companies with 20 billion or more in loan;
- 12% on risk and compliance report and risk management policies, risk limits implementation monitoring;
- 5% on other relevant timely matters and information.

Audit committee

Membership

Committee Chair:

James B.Dwyer Independent Member

Committee Members:

Alexander Picker Independent Member

Hans Holz hacker Independent Member

Munkhtsetseg Chultem Member

Munkhtur Dagva Member

Majority 3 of 5 members are independent.

Secretary of Audit Committee

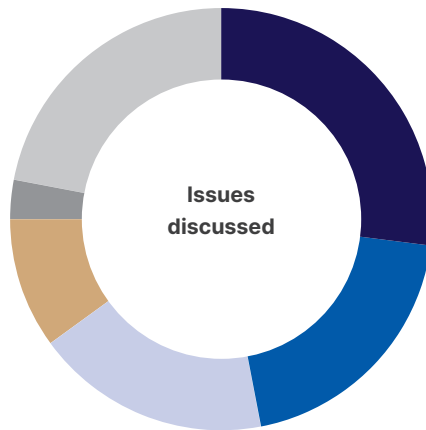
Tuya. A Director of Internal Audit Division

Audit Committee provides guidelines on issues related to the following:

- Financial statements and reports;
- Internal control system;
- Internal audit activities;
- External audit activities;
- Compliance;
- Reporting;
- Others

Committee meeting

In 2024, the Audit Committee held 10 regular and irregular meetings with an average attendance of 86% as well as discussed and resolved 40 issues.



27.5%

Banking activities /Business Plan, Financial Performance etc.,/

10%

External Audit results

20%

Internal Audit reports

2.5%

Bank of Mongolia inspection results

17.5%

Internal Audit activities

22.5%

Others

The Audit Committee, if necessary, is fully authorized to initiate and conduct inspections within its mandate, including reviewing confidential bank documents and requesting information from relevant personnel. Reports from internal and external audits, identified violations, and related recommendations are submitted directly to the Committee.

The Committee is responsible for reviewing the bank's monthly financial performance, and issuing directives and suggestions to the management team. Also, it evaluates external audit findings and the results of inspections by the Bank of Mongolia, then submits them to the Board of Directors for approval.

The Audit Committee receives information about changes in the accounting standards and amendments in legislation affecting financial reporting on a continuous basis.

The Committee reviews the Charter of the Internal Audit Division, its operational regulations, and risk-based internal audit plans, and submits relevant proposals to the Board of Directors. The Audit Committee assesses internal auditing, its compliance with the international standards and adoption of the best practices; and ensures the implementation of audit recommendations stated in the reports. The Committee makes recommendations related to appointment or dismissal of the Chief Audit Executive, presents the performance evaluation and proposal on remuneration of the Chief Audit Executive to the Board of Directors.

Nomination committee

Membership

Committee Chair:

Alexander Picker Independent Member

Committee Members:

Robert W.van Zwieten Independent Member

Munkhtsetseg Chultem Member

Majority 2 of 3 members are independent, one member is a Governance specialist.

Committee meeting:

In 2024, the Nomination Committee convened 3 times. A total of 6 matters were discussed with relevant recommendations and decisions made.

Matters discussed:

- Charter amendment;
- Board member nomination, recruitment;
- Human resource policy, planning, and budget.

Governance, ethics, and remuneration committee

Membership

Committee Chair:

James B. Dwyer Independent Member

Committee Members:

Alexander Picker Independent Member

Munkhtsetseg Chultem Member

Majority 2 of 3 members are independent, one member is a Governance specialist.

Committee meeting:

In 2024 the Governance, Ethics, and Remuneration Committee convened 3 times. A total of 4 matters were discussed with relevant recommendations and decisions made.

Matters discussed:

- Charter amendment, document implementation;
- Human resource policy, planning, and budget;
- Remuneration policy.

Governance principles

Establishing a strong governance system, its consistent improvement, implementation in our daily operations, clearly defining governance principles to be adhered, and to reflect them in our policies and charters transparently is an integral requirement for all stakeholders of governance to cooperate.

In this regard, Golomt bank adopts and implements fundamental governance principles, consistently improves them annually, introducing international standards in our field.

Governance code

The Code on Corporate Governance approved by the Board of Directors Resolution 00/08 dated March 28th, 2014, are a set of principles to ensure the long-term sustainability of the bank. It aims to enhance management accountability, performance, and supervision in realization with transparency and the social responsibility of the bank, as well as the principle to adhere to the laws, regulations, and ethics.

Each and every official, employee, and member of Golomt bank abides by this Code and the Board of Directors oversees the implementation of the document.

The Code on Corporate Governance consists of the following parts:

1 Participants to the Golomt bank's Corporate Governance

- Rights of the Shareholders
- Board of Directors
- Executive Management
- Auditing and Reporting

2 Other relevant policies

- Code of Ethics
- Anti-corruption Policy
- Conflicts of Interest Regulation Policy
- Fair Disclosure Policy
- Anti-fraud Policy
- Policy in making political contributions
- Whistleblowing Policy

Code of ethics

The Golomt bank Code of Ethics is an integral part of the Bank's policies and all directors and staff must adhere to its principle at all times. The document was approved as part of the Code on Corporate Governance with the following 21 principles:

1. A relationship of trust;
2. Protection of the bank and customers' assets and interest;
3. Adherence to the law;
4. Adherence to all Golomt bank policies and procedures;
5. Disclosure of Confidential information;
6. Our word is our bond;
7. Restriction on working elsewhere;
8. Dealing with the media;
9. Dealing with social media;
10. Avoidance of inducements;
11. Avoidance of conflict of interests;
12. Proper management of staff accounts Personal indebtedness;
13. Professional development;
14. Attention to personal matters;
15. Personal transactions;
16. Integrity in inter-personal relationship;
17. What we must not do in particular;
18. Personal conduct;
19. Personal Appearance;
20. Workplace free from sexual harassment;
21. Concluding Principles.

Code of conduct

The Board of Directors initiated and approved the Code of Conduct, an important governance and corporate cultural policy document to strengthen the organizational culture and positive internal atmosphere and to be followed by all employees in their activities. In the context of supporting new initiatives and studying international experiences, the Board of Directors approved the bank's Code of Conduct with 18 principles and an implementation plan, as an Appendix to the resolution 00/39, dated December 28th, 2023. Principles are as follows:

- Doing the right thing – Acting ethically;
- Respect for all – Diversity, equity, and inclusion;
- Decision making (tree);
- Responsibilities as a manager;
- Speaking up and raising concerns;
- Fair and free markets;
- Treating clients fairly and communicating with clients;
- Employee related activities;
- Sustainability and respecting human rights;
- Interaction with our regulators;
- Our commitment to non-retaliation;
- Keeping workplaces safe, secure, and healthy;
- Employment of relatives and other relationships that may cause a conflict of interest;
- Conflict of interest with customers and counterparties;
- Maintaining enterprise resilience;
- Consumption of distilled beverages;
- Gambling and betting;
- Harassment.

Bank policies

Golomt bank implements policies in all of our daily and long-term planned activities. The policies are regularly updated and approved by the Board of Directors to ensure smooth operation and efficient governance. The following policies are effective:

- Asset and Liability Management Policy
- Information Technology Policy
- Data Management Policy
- Human Resource Management Policy
- Marketing Policy
- Customer-Centric Banking Policy
- Business Process Management Policy
- Compliance Policy
- Risk Management Policy
- Credit Procedure Policy
- Information Security Policy

Remuneration policy

Golomt bank's Development Focus is our EMPLOYEES and our Human Resources policy and operations aim to be an employee-centered bank.

The Bank's Performance Management System is continuously implemented at the bank, unit and employee levels, including planning, implementation, evaluation and monitoring.

- Employee's salary and incentive package is competitive and the salary is updated annually in line with the inflation rate.
- The salary system varies based on the specifics of the job, the employee's skills and experience.
- The incentive system is not flat and is based on a team and individual performance.
- By implementing competency management, employees can receive high salaries regardless of their position, and measures are taken within the framework of the policy to retain highly qualified employees.

The following strategies are followed in the Remuneration Policy:

- Consistent with the bank's profits and revenues;
- Competitive with the salaries of competitors in the industry and the labor market;
- Salary increases based on employee competency assessment shall be differentiated;
- Differentiation based on job classification, rank, professional skills and other factors;

The following principles shall be adhered to in the remuneration system:

- Fairness;
- Uniformity;
- Confidentiality;
- Compliance with the law;
- Non-discrimination;

The Bank shall pay the employee's basic salary, annual leave pays, allowances, additional payments and discounts in cash and in national currency.

Board Remuneration

The remuneration budget of the Board of Directors is subject to approval by the Shareholders' Meeting (Annual General Meeting). This ensures transparency and alignment with shareholder interests, as the Shareholders' Meeting provides an opportunity for shareholders to review, discuss, and approve the compensation structure of the Board members.

The remuneration of Board Directors follows the below policy in principle:

- Base salary;
- Committee Membership addition;
- Committee Chairmanship addition.

Stakeholders

The primary responsibility for implementing good governance is subject to the Board of Directors, however, all parties involved in the governance system, including shareholders, the Board of Directors, executive management, employees, partner organizations, and customers are cognizant of each of their own responsibilities to participate in the system and adhere to the principle.

We create and implement a governance system where these roles and responsibilities are defined, clear, and transparent.

Shareholder structure

Out of Golomt bank's total shares, 11.6% or more than 93,000 shares are respectfully owned by the public.

Golomt Financial Group LLC

77.2%

Golomt Financial Group LLC was established in 2014, is the holding management company with 100 percent domestic investments, operating as a financial investment company. The group companies include financial sector companies, such as one of the biggest insurance companies in Mongolia, Mandal Insurance. Golomt Financial Group is wholly owned by Mr. D.Bayasgalan.

Swiss-Mo Investment AG

5.21%

Swiss-Mo Investment AG is a Swiss investment fund established in 2010. The Fund holds shares of several business sectors including currency exchange, airport, airline, and hotel industries. Swiss-Mo Investment AG has been a shareholder of Golomt bank since 2011. Swiss MO Investment AG 99% is owned by Mr. Urs Schwarzenbach.

Bodi International LLC

5.99%

Bodi International LLC directly owns 3.42% of Golomt bank. It was founded in 1993 with national investment and is one of the large group companies. Currently, it operates across a wide range of business sectors, such as real estate development, construction, energy, media and tourism. Bodi International LLC is 77% owned by Mr. D.Bayasgalan and 23% owned by Mrs. Ch.Munkhtsetseg.

Bodi International owns 2.57% of the Bank, indirectly through its 100% owned subsidiary Golomt Investment Limited, which was established in 2014 in the BVI jurisdiction.

Public

11.6%

Golomt bank offered its shares to the public through successful IPO in 2022, therefore the public owns more than 93,000 shares, which is 11.6% of total shares. Minority shareholders are steadily increasing in number, with around 21,000 individuals and companies owning the publicly traded shares as of the end of the year.

Majority shareholders

Majority shareholders are subject to regulatory oversight to ensure compliance with the requirements of relevant laws and regulations governing the bank's relations with majority shareholders.

Golomt bank is committed to transparency and accountability, submitting detailed regulatory reports to the Central Bank of Mongolia, Financial Regulatory Commission, and the Mongolian Stock Exchange on a yearly, half-yearly, quarterly, and monthly basis. These reports include related party transactions, independent directors' reports, and any other that of required by laws and regulations to ensure that the interests of shareholders and stakeholders are protected.

Minority shareholders

Golomt bank has more than 20,000 minority shareholders following the Initial Public Offering (IPO) in 2022. The legal rights of these many minority shareholders are protected by a sound governance system and they are fully provided with the opportunity to participate in the company's management at the Shareholders' Meeting.

In order to provide shareholders with the opportunity and conditions to exercise their rights to participate in the Annual Shareholders' Meeting, vote and inquire, the meeting is organized in a combined in-person and remote online format. An electronic system for taking advance votes was developed, through which shareholders can vote, review meeting materials, and obtain information. Any questions and suggestions related to the meeting are openly received and resolved via e-mail and telephone or in-person, through all our communication line.

As a public joint-stock company, we are focusing on transparency and clarity of information. In this regard, we have established an Investor Relations Unit and have updated the bank's operational structure. This has further diversified and improved the bank's transparent disclosure of financial, operational and governance reports, as well as other relevant information. Golomt bank is committed to treating all shareholders fairly, ensuring transparency in its operations, and protecting the rights of minority shareholders in full implementation, abiding by laws and regulations.

Stakeholder engagement

Golomt bank established a new Investor Relations Unit after its IPO in 2022 and its international bond issuance in 2024, and has made it its top priority to provide investors with updates by devising monthly reports for investors, presenting the bank's financial year, and half-yearly results and operations, and organizing reporting events and meetings. Subsequently, Golomt bank has developed an action plan to implement international good practices in investor relations in 2024 and has developed an investor relations policy with the aim of improving its operations in accordance with standards of international public companies.

Within the framework of this policy, the bank has drafted the following principles to implement its investor relations function:

- Establishing a relationship of trust with current and future investors and stakeholders, supporting investors in making sound investment decisions, and providing them with complete, and accurate information to realistically evaluate the bank's equity and/or fixed income securities' price;
- The Bank shall provide information to its investors and stakeholders on a non-discriminatory basis and provide equal information;
- The Bank shall only provide information and make decision crucial to the Bank's operations through designated representatives;
- The Bank shall ensure that the timing and means of delivery of information provided to investors and stakeholders is consistent with the Bank's scheduled investor relations calendar;
- The Bank shall avoid providing information that is unclear or ambiguous in its disclosures;

Within the framework of this policy, the bank has devised investor relations calendar to be implemented in 2025 in order to provide investors with transparent information at regular intervals. Management team believes that by sharing the calendar, timing of material information which is significant for the bank's share value, such as the Bank's financial results and outlook, will support investors to make sound investment decisions.

Bank customers and investors can view the investor relations calendar for 2025 by visiting the investor section of the bank's website.

Integrity and transparency

Golomt bank's governance framework includes principles of integrity and transparency, ensuring accountability in all its operations. The bank is committed to maintaining clear and open communication with all stakeholders, including regulatory bodies, investors, and the public. This commitment is reflected in its adherence to rigorous reporting and open disclosure practices, ensuring that financial and operational information is accurate, timely, and accessible.

Through a strong governance framework, Golomt bank strives to maintain trust and uphold the highest standards of ethical conduct at all levels of decision-making processes.

The following information, enshrined in the Corporate Law, Banking Law, Law on Securities Market, Bank of Mongolia's Procedure on nominating, appointing, and dismissing an Independent Board Director of a Bank, Financial Regulatory Commission's Regulation on monitoring and inspection of the implementation of bank's good governance principles, Regulation on securities registration, and all other relevant laws and regulations, is reported and updated regularly to the regulatory agencies, investors, and the public:

- Year-end financial report;
- Audited financial report;
- Operational report;
- Half-year financial report;
- Half-year operational report;
- Annual report;
- Report on utilization of IPO funds;
- Related party report;
- Governance report;
- Sustainable development report;
- Board Independent Director's report;
- Other timely reports.

Compliance and reporting

Compliance and anti-money laundering efforts

Golomt bank compliance operations are conducted pursuant to laws and regulations, international standards, and best practices. The Compliance Department directly reports to the Chief Risk Officer and regularly submits reports to and receives directives and guidance from the CEO and the Risk Management Committee of the Board of Directors.

The Board of Directors prioritizes the knowledge, skills, and professional expertise of compliance staff, allocating sufficient resources for training and development. As a result, the Compliance Department employs specialists who hold the Certified Anti-Money Laundering Specialist (CAMS) certification. Additionally, staff members join international organizations as members, attend professional training programs, seminars, and conferences, gaining expertise through knowledge exchange with global professionals.

The Risk Management Committee of the Board of Directors quarterly reviews the progress, risks, and performance of compliance and AML/CTF activities, ensuring necessary actions are taken and monitoring the implementation. The Board of Directors approves the bank's compliance policies, sets the risk appetite, and oversees regulatory inspections, external audits and their outcomes. In 2024, the Board of Directors updated the 2024-2026 Compliance Framework, integrating AML/CTF internal controls.

As part of its Compliance Policy, the bank promotes ethical culture by appointing Ethics Representatives in each business unit, making it 168 Ethics Representatives in total.

All employees are obligated to uphold ethical standards, and any observed or known violations must be reported in accordance with the Whistleblowing Policy outlined in the bank's Corporate Governance Code, approved by the Board of Directors. To support this, the bank has established whistleblowing guidelines and defined reporting channels while ensuring anonymity and employee protection.

Within the framework of its mandate on anti-money laundering and combating the financing of terrorism, the Compliance Department places strong emphasis on studying international standards and best practices and integrating them into its operations. In 2024, Golomt bank implemented the following key measures to strengthen its compliance operations:

-
- Revised and updated its internal Anti-Money Laundering (AML) and Counter -Financing of Terrorism (CTF) control program, which was approved by the Board of Directors.
 - In response to the global geopolitical situation, we have tightened the compliance screening on the bank's foreign relations and international payment operations and successfully implemented the U.S.-based "Kharon" screening system, which provides access to consolidated international sanctions databases.
 - Completed inspections conducted by major international banks and financial institutions.
 - Participated in the "Asia Pacific AML Conference" in Hong Kong, a special administrative region of China, where we engaged with international experts and professionals to exchange knowledge and insights.
 - As part of our initiative to promote a strong compliance culture within the bank, we organized an essay competition with the topic "The Impact of Ethics Ambassadors on a bank's culture" among our Ethics Ambassadors. The top three essays were selected, and the winning ambassadors were formally honored for their exemplary contributions.

As part of our compliance risk management efforts, we conducted risk assessments on high-risk activities, businesses, sectors, units, customer types, and products and services, implementing measures to mitigate these risks.

Employee knowledge is a critical component of the bank's internal compliance control program. Therefore, comprehensive training programs on compliance, particularly on the risks of money laundering and terrorism financing and preventive measures are conducted for employees at all levels. In 2024, over 2,000 employees participated in these training sessions, both in-person and online. To reinforce the knowledge gained from these trainings, an annual online compliance exam is conducted. In 2024, 97 percent of the bank's employees successfully passed this test.

ESG

Sustainable development policy

Golomt bank broadened the scope of the “Sustainable Development Policy” which outlines bank’s overall principles towards environment and society at all aspect of operations. Revised in 2024, it serves as a policy that defines the Bank’s core principles and standards for its operations, as well as environmental and social risk management in its lending activities.

Golomt bank’s Sustainable Development Policy aims to ensure that Golomt bank consistently adheres to the concept of sustainable development, working in an environmentally friendly and socially beneficial manner at all levels of its operations.

Policy Accord:

- Mongolia’s “Principles for Sustainable Finance”;
- Mongolia’s National Roadmap for Sustainable Finance;
- UNEP FI’s “Principles for Responsible Banking”;
- United Nations “Collective Commitment to Climate Action”;
- United Nations “Global Compact”;
- United Nations “17 Sustainable Development Goals”;
- United Nations Framework Convention on Climate Change (UNFCCC) Paris Agreement & Nationally Determined Contributions (NDCs);
- Sustainability Standards issued by the Sustainability Accounting Standards Board (SASB);
- “Vision 2050” Mongolia’s Long-Term Development Policy;
- Kunming-Montreal Global Biodiversity Framework;
- Mongolian Laws and Regulations.

The policy establishes the bank’s commitment to the following principles:

- Principles of being harmless to the environment & society;
- Principles of respecting human rights & promoting social prosperity;
- Principles of protecting cultural heritage;
- Principles of supporting green economy;
- Principles of prospering financial inclusion;
- Principles of supporting ethical financing & corporate governance;
- Principles of fostering transparency and accountability;
- Principle of leadership;
- Environmental and social principles in internal operations.

In addition, the following policies that reflect equality and equal opportunities for all employees, will be adhered to throughout the Bank:

- Human Resources Policy;
- Training & Development Policy;
- Marketing Policy;
- Environmental and social responsibility policy;
- Environmental & social credit policy;
- Principles to follow on the financing;
- Internal operations policy.

Gender equality policy

The Golomt bank has been implementing Gender Equality Policy since 2018 and the policy is reviewed every two years.

The purpose of this policy is to define and regulate the legal basis for creating conditions for ensuring gender equality in all Golomt bank activities, including marketing and procurement, product and service provision as well as workplace and labor relationships.

This policy is applicable to the employees of the Bank. It also applies to the Bank's partners.

Policy Accord:

- The United Nations Sustainable Development Goals on Gender Equality;
- The Mongolian Law on Gender Equality & related acts;
- If the Mongolian law provides otherwise than international treaty, the provisions of the international treaty shall apply;

Structure of the Policy:

- Fundamental principles of gender equality;
- Method to ensure gender equality;
- Provisions prohibiting gender discrimination;
- Structure and system for ensuring gender equality;

Fundamental principles for ensuring gender equality are reflected in the following:

- Principles of Gender Equality;
- Principle of Non-Discrimination;
- Bank Responsibility Principle;
- Principle of Gender Information Accessibility

Sustainable green standards

Sustainable, environmentally friendly long-term operations are one of the core principles of the bank's operations and are governed by the following standards:

- Sustainable green procurement standards;
- Sustainable green maintenance standards;
- Sustainable green cleaning standards;
- Smoke-free environment standards;
- Pest control standards.

Strategy planning and performance

Strategy planning framework

Golomt bank's strategy planning framework is a document that outlines how to improve and implement business operations, that is designed to align with the international standards, ensuring the bank's short, medium, and long-term objectives are achieved.

Once the strategic direction is determined by the Board of Directors, and with the lead of the CEO it is developed by the CFO, the Planning and Evaluation Department of the Financial Management Division, and the budget and business plan are reviewed and approved by the Board of Directors.

Performance and reporting principles

Golomt bank's financial performances, business plans, and budget performances are verified by the Internal Audit Division and are reported to the Audit Committee of the Board of Directors every month.

In the reporting year, the budget and business plan were formulated to leverage the strengths of the bank and address potential risks with focus on governance, risk management and compliance. The continuous progress is monitored through KPIs and periodic reviews, ensuring alignment with both internal and external objectives.

Risk management or internal control framework

One of the major responsibilities of the Board of Directors of Golomt bank is to create and foster a strong risk culture. In this regard, the Board approves and monitors the Bank's risk appetite, which is aligned with the Bank's strategic objectives, operating environment, and regulatory requirements. The Board carries out this function through the Risk Management Committee, which reviews the implementation of the approved risk appetite and risk limits on a monthly basis.

The Board of Directors is also responsible for ensuring that the Bank's internal control system is designed to provide adequate protection for shareholders and the Bank's assets. The internal control system consists of risk management policies and procedures related to internal controls, which take into account the Bank's business activities and the risks that the Bank currently faces and may face in the future.

All business units conduct self-assessments, which aim to assess the effectiveness of internal controls, procedures and guidelines. The Second Line units of the Risk Management System continuously monitor and control key activities and controls. The third line unit and the Internal Audit Division provides independent assurance.

In order to maintain a high ethical culture, the Bank follows the Code of Ethics and the Code of Conduct, which are documents that declare that the Bank will adhere to high ethical standards and act honestly and responsibly in all its activities. These documents include provisions, such as protecting employees who report violations and not retaliating against them.

Internal audit operations

Using robotic process automation, the foundation for real-time auditing was established, enabling continuous monitoring of business unit operations within defined metrics.

The internal audit activities of Golomt bank adhere to the International Professional Practices Framework (IPPF) established by the Institute of Internal Auditors. The primary objective is to enhance and add value to the bank, its units, and operations through risk-based, independent, and objective assurance and consulting services, thereby assisting the bank in achieving its strategic goals.

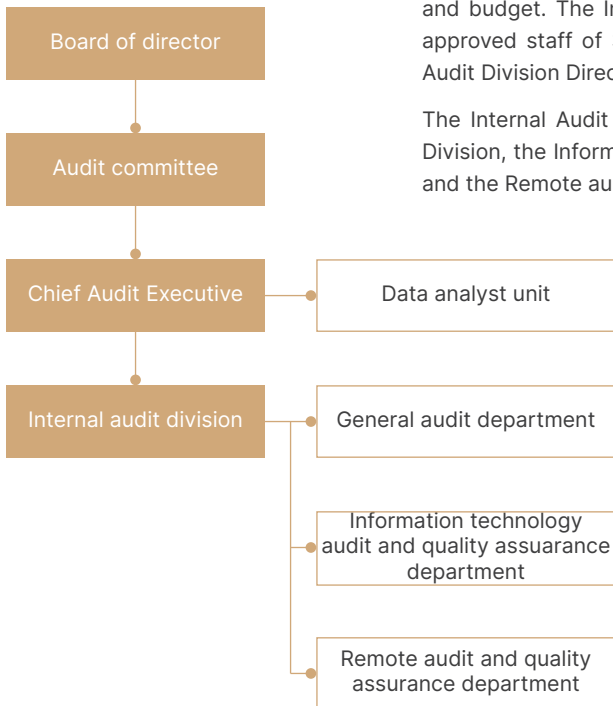
Structure, reporting

The Board of Directors of Golomt bank exercises its monitoring functions through the Audit Committee and the Risk Management Committee. While the bank's units are responsible for establishing and managing their risk management and internal control systems to oversee daily operations, the Audit Committee focuses on the effectiveness of the bank's internal control system, providing independent evaluations and assessments.

As part of the monitoring objective, the Audit Committee of the Board of Directors organizes the Internal Audit activities independently from the bank's executive management team. The Board of Directors appoints the Chief Audit Executive and approves the Internal Audit Charter, organizational structure, operational procedures, strategy, annual action plan, risk-based audit plan, and budget. The Internal Audit Division and the Data Analytics Unit, with an approved staff of 35 employees, operate under the authority of the Internal Audit Division Director to execute internal auditing procedures.

The Internal Audit Division executes its functions through the General Audit Division, the Information technology audit and quality assurance department, and the Remote audit and quality assurance department.

In 2021, Golomt bank's internal audit activities underwent an external quality assurance review by a reputable international organization. It became the first institution in Mongolia to receive an exemplary evaluation, fully complying with the International Professional Practices Framework (IPPF) established by the Institute of Internal Auditors. Additionally, the bank conducts annual internal quality assurance reviews to ensure ongoing compliance with the IPPF and to align its operations accordingly.



Audit Scope and Methodology

The internal audit operations utilize a risk-based methodology, conducting quarterly risk assessments of the bank's business plan, units, and operations. Based on the results, the audit plan and scope are determined.

The Internal Audit Division evaluates whether the bank's governance, risk management, and internal control systems are adequate and effective in helping the bank achieve its strategic objectives and operate within the defined risk appetite. By providing recommendations and consulting services aimed at improving operations, the Internal Audit Division adds value to the bank's activities.

Consulting services are provided at the request of the bank's management team. These services aim to improve governance, risk management, and internal control systems, offering advice to the bank's units and operations without expecting managerial or executive responsibilities.

Internal audit operations

- In 2024, audits focused on the implementation of good governance principles, the execution of the bank's strategic plan, cybersecurity, information security and new emerging risks.
- To streamline daily audit operations and improve the work document registration, and reporting operations, the "Audit Solution" system used in internal audit activities was updated and implemented. This update significantly contributed to aligning daily audit operations with the International Professional Practices Framework (IPPF) established by the Institute of Internal Auditors.
- Within the framework of the Digital Banking concept, the bank's internal digital transition was assessed and validated as a whole process, identifying internal operational automation, process complexity, and areas for further improvement, which provided significant support to the Golomt bank executive team in simplifying banking processes and identifying all issues.
- By utilizing robotic process automation, the foundation for real-time auditing has been established, enabling continuous monitoring of business units' operations within defined metrics.
- With the implementation of robotic process automation in the processes of data collection, information processing, and program registration required for risk assessment, 50% of the total operations are now performed without human intervention.
- Internal auditors have advanced their professional skills to the next level, with three auditors newly obtaining the CIA (Certified Internal Auditor) title from the International Institute of Internal Auditors, and one auditor receiving the CEH Master (Certified Ethical Hacker Master) certification. As a result, 20% of all auditors now hold international titles and certifications.

Executive management team



Odonbaatar A.
CEO



Ganbold G.
President



Sainbileg M.
Chief Information Officer



Munkhtuya S.
Director of Financial
Management Division



Narankhuu M.
Director of Credit Division



Otgon T.
Director of Risk
Management Division



Sodbolor B.
Director of Treasury
Management Division



Sugar-Erdene B.
Director of Corporate
Banking Division



Baigalmaa Ts.
Director of SME Banking
Division



Sugar Z.
Director of Retail Banking
Division



Battsengel O.
Director of Digital Banking
Division



Uyanga G.

Director of Human
Resource Management
Division



Ochirkhuyag N.

Director of Marketing and
Public Relations Division



Enkhzaya B.

Director of International
Banking Division



Enkhtuvshin B.

Director of Credit
Collection Division



Purevbat Yo.

Director of Operation
Division



Oyun J.

Director of Digital
Transformation Division



Purevdorj Kh.

Director of Administration
Division



Mandakh G.

Director of Customer
Registration Division



Nyamsuren A.

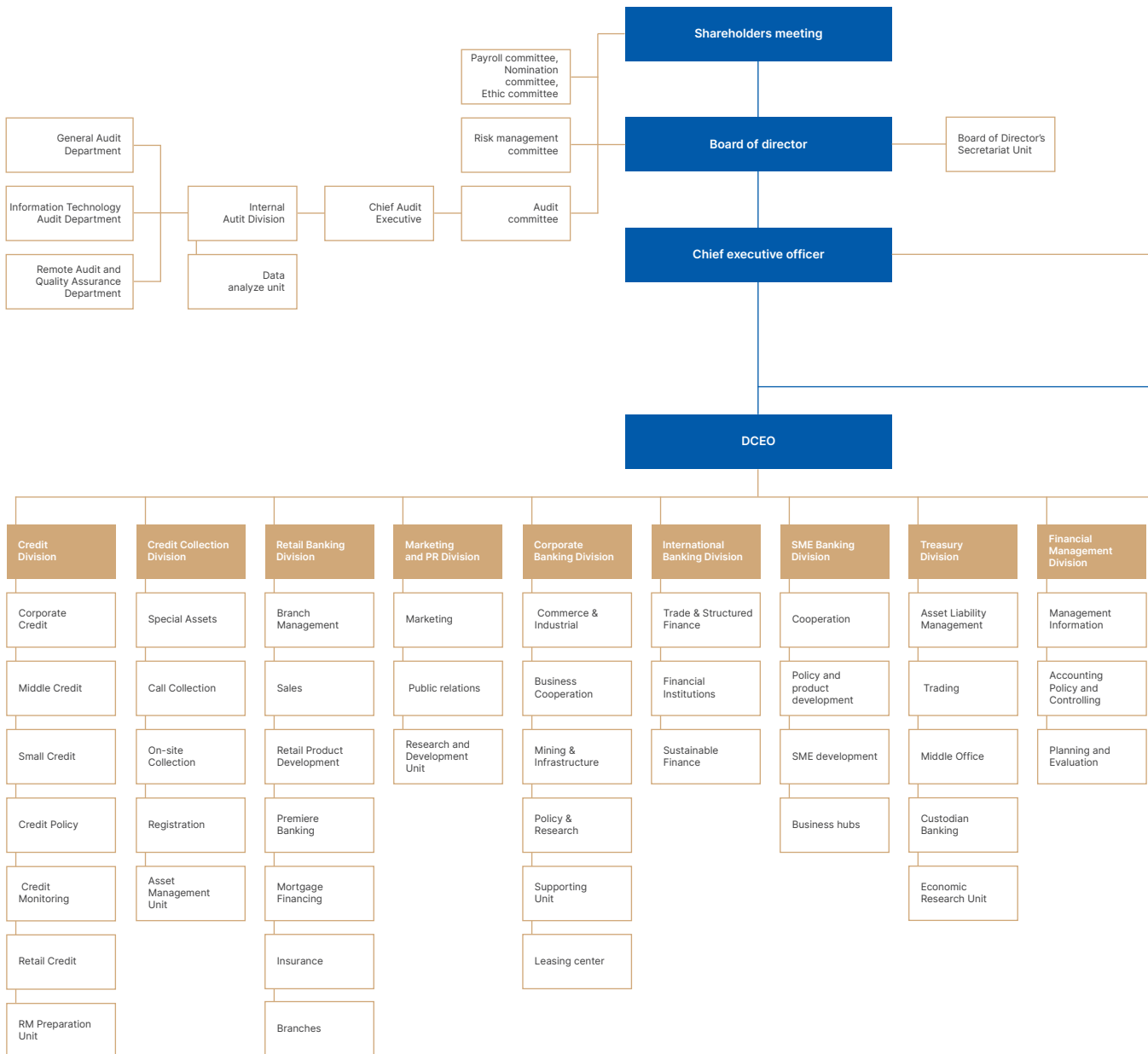
Director of Customer
Experience Division

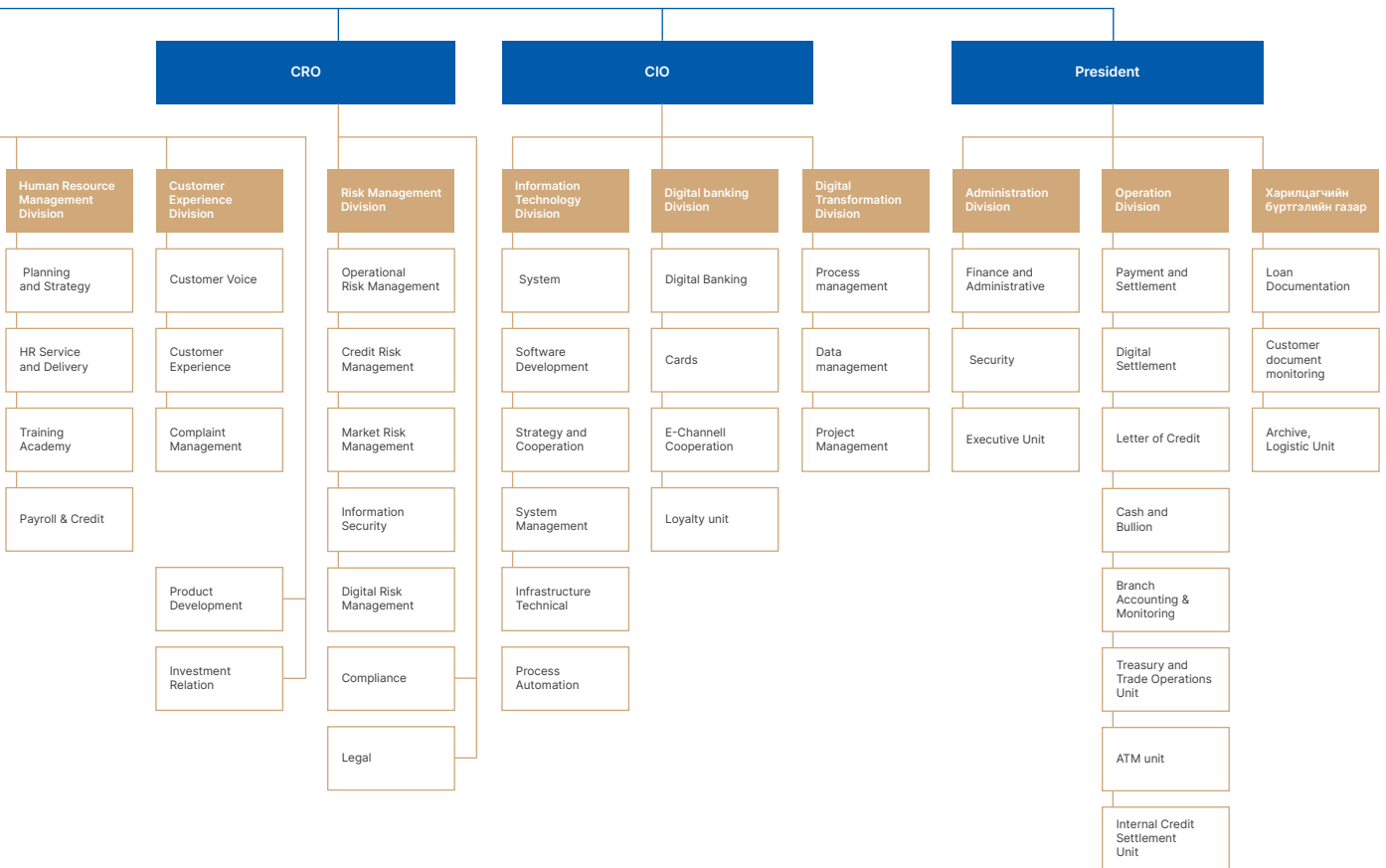
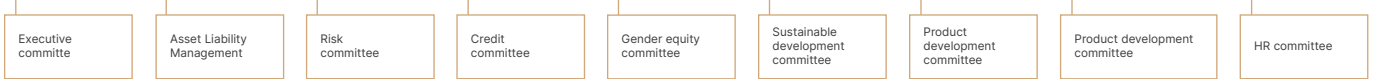


Bayarjargal D.

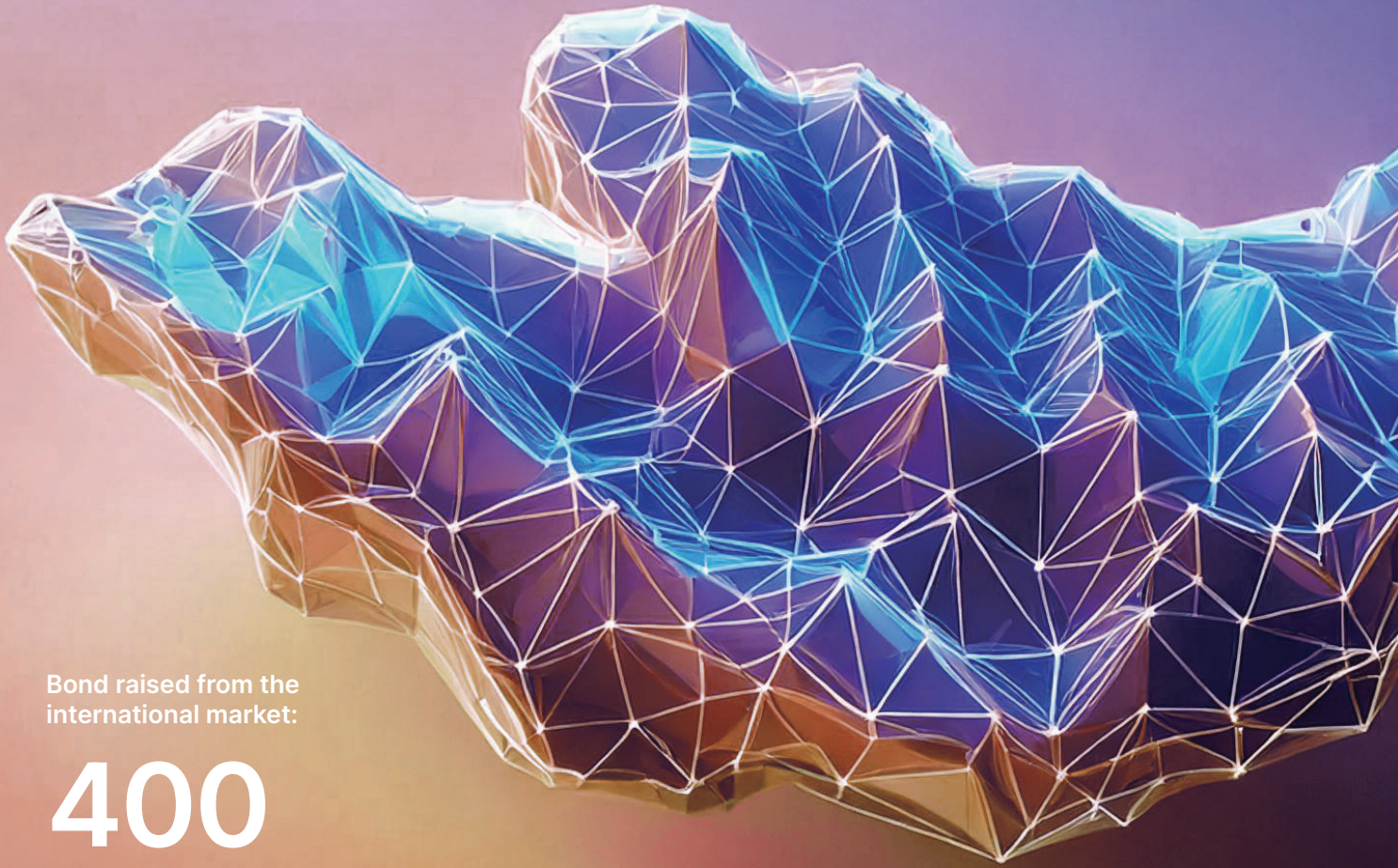
Director of Information
Technology Division

Organizational Structure





Economic and financial overview



Bond raised from the international market:

400

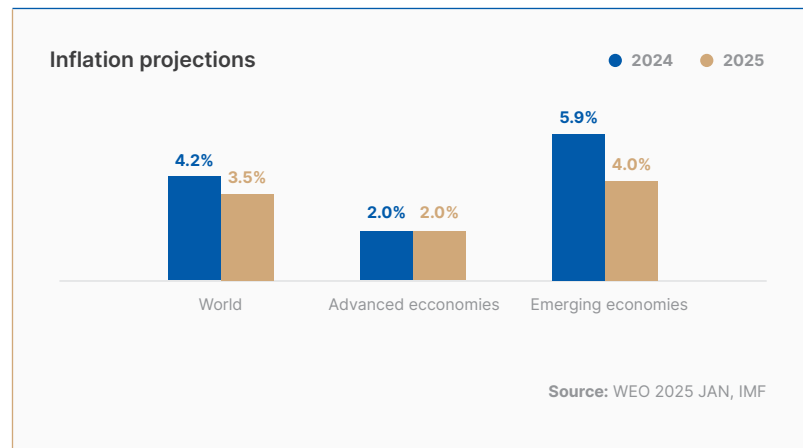
USD million

In 2024, the increase in imports has negatively impacted the current account deficit and foreign exchange reserves. Despite these challenges, international credit rating agencies Fitch, S&P, and Moody's have upgraded Mongolia's credit rating for the first time since 2014, elevating it to B+ and B2 levels. This has created opportunities to issue more bonds in the international market and to successfully attract financing.

Economic overview

Global economic outlook

For policymakers, 2024 was a challenging year, balancing multiple objectives—reducing inflation, keeping unemployment low, and sustaining economic growth. In 2023, many economies faced a policy dilemma: prioritize economic growth or focus on taming inflation. Most countries opted for the latter, implementing tight monetary policies for two consecutive years, which successfully brought inflation back to target levels.



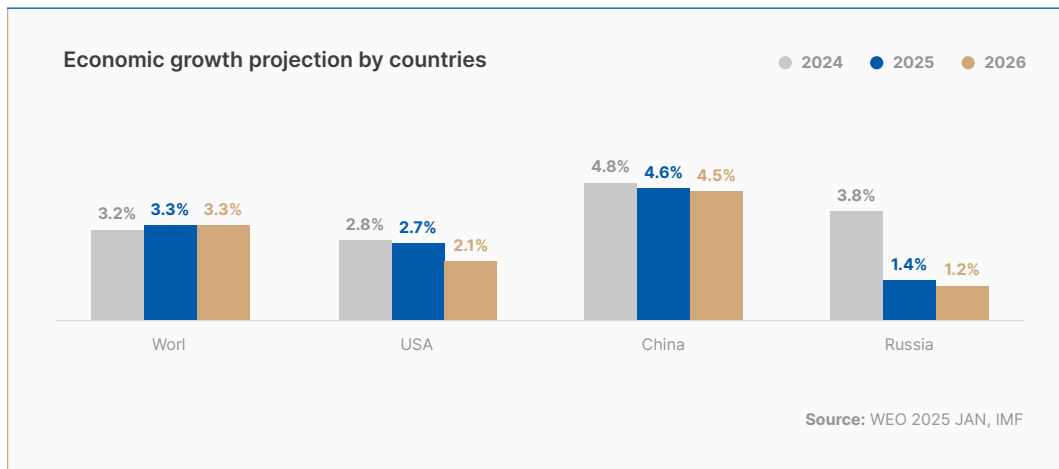
Beyond monetary tightening, the fading impact of post-Russia-Ukraine war commodity price spikes, particularly in energy markets, helped accelerate disinflation. As a result, global inflation declined from 6.8% at the end of 2023 to an expected 4.2% by the end of 2024, with projections to reach 3.5% in 2025. This anticipated 2025 level is even below the 20-year (2000-2019) global average of 3.6%, signaling a return to normal inflation dynamics.

However, the pace of global disinflation began slowing from mid-2024. One key factor was the delayed impact of rapid nominal wage growth in 2023-2024, which stemmed from the high inflationary period and has now started to limit further price declines.

Adding to concerns, geopolitical instability and Donald Trump's victory in the 2024 U.S. presidential election have heightened uncertainty in the global macroeconomic landscape. This creates potential upside risks to inflation in 2025, making central banks cautious about continuing monetary easing.

For instance, analysts previously expected the Federal Reserve to cut interest rates 3-4 times in 2025. However, with Trump's proposed policies—higher import tariffs and aggressive tax cuts—inflationary risks have risen. As a result, expectations have shifted, and now only 1-2 rate cuts are projected for 2025. (Sources: Forbes, CNBC, Fed, Bloomberg)

Moreover, the impact of U.S. trade policies will not be limited to domestic markets. Higher import tariffs could disrupt global trade flows, reduce exports for many countries, and fuel inflationary pressures worldwide.



With inflation easing across major economies, central banks have started to loosen their tight monetary policies, which had been in place for the past two years. This shift has contributed to a pickup in global economic activity in 2024.

For instance, U.S. inflation fell to 2.4% in September, prompting the Federal Reserve to cut interest rates three times since then, bringing the

benchmark rate down from 5.25-5.5% in September to 4.25-4.5% by December. Meanwhile, global economic growth is projected at 3.2% by the end of 2024, with an average 3.3% growth expected in the coming years. While this remains below the 2000-2019 average of 3.7%, it marks an improvement from 2023's 2.7% growth rate. (IMF, "World Economic Outlook," Jan 2025)

Country-Specific Economic Outlooks

China: The world's second-largest economy is expected to grow by 4.8% in 2024, falling short of the initial 5% target. Although exports are recovering, weak consumer confidence and the ongoing real estate crisis have weighed on economic momentum. Growth is expected to slow further to 4.6% in 2025 and 4.5% in 2026. (IMF, "World Economic Outlook," Jan 2025)

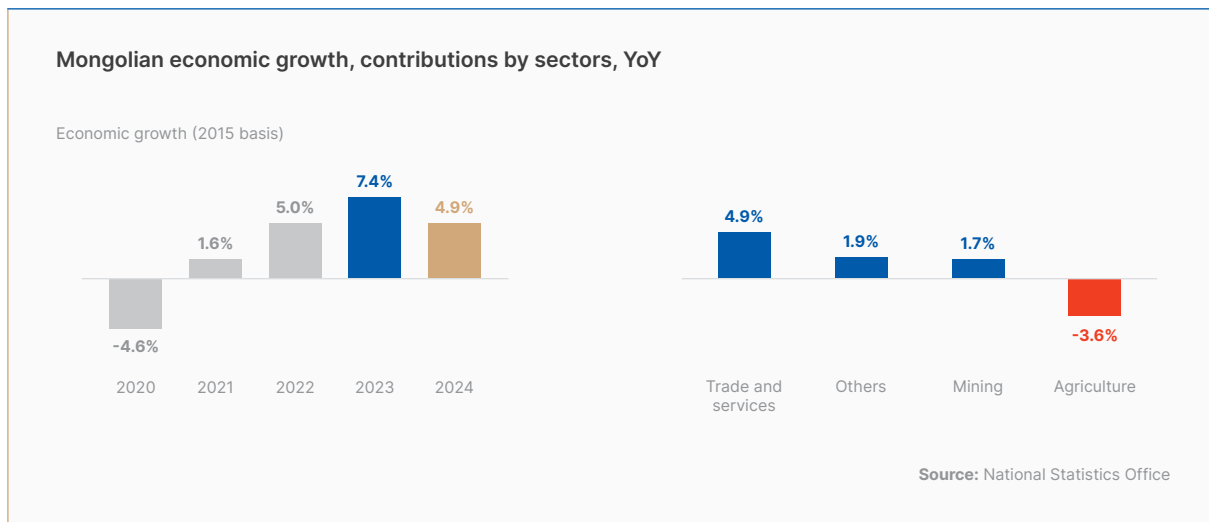
Additionally, Donald Trump's return to the U.S. presidency has heightened trade tensions. Trump has announced plans to impose a minimum 10% tariff on all imported goods, with even higher tariffs specifically targeting Chinese products. Studies indicate that if the U.S. raises tariffs on Chinese imports by 20%, pushing total tariffs to 30%, there is a 65% likelihood this would result in a 20% decline in Chinese exports to the U.S., reducing China's GDP growth by 0.6 percentage points. (The Economist Group, Feb 2025)

United States: In contrast, the U.S. economy has maintained steady growth, driven primarily by strong domestic consumption. GDP expanded 2.7% in Q3, and full-year 2024 growth is projected at 2.8%, with 2.7% expected in 2025. However, higher import tariffs and escalating trade tensions could negatively impact exports, posing a downside risk to future growth.

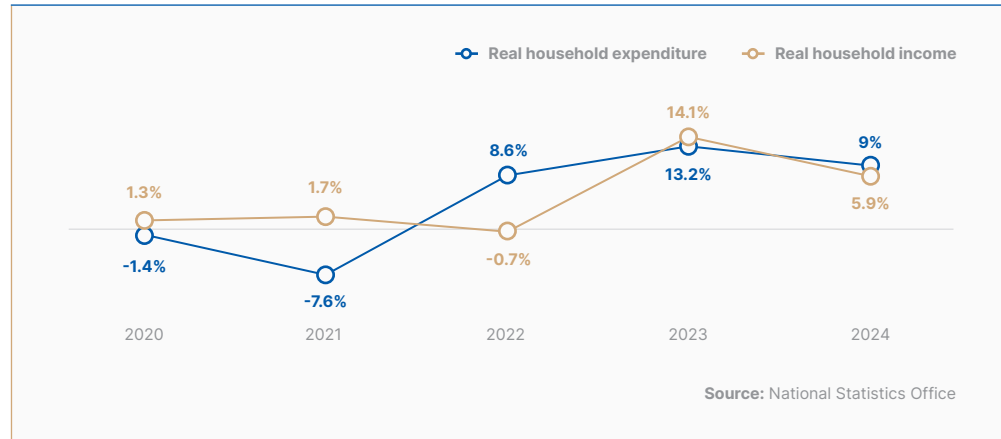
Russia: Russia's economy is expected to grow 3.8% in 2024, largely fueled by heavy military spending and expansionary fiscal policies amid the ongoing war. However, growth is projected to slow to an average of 1.2% in the coming years, as war-related expenditures decline and foreign investment inflows remain limited.

Mongolian economic outlook

The year 2024 was marked by a historic election, where for the first time, all 126 members of parliament were elected through a mixed electoral system, leading to the formation of a coalition government. As is typical during election years, government spending surged, initially projected to reach MNT 27.4 trillion—an increase of MNT 5 trillion. However, after a budget revision in August, spending rose by another MNT 3 trillion, pushing the total beyond MNT 30 trillion. This represents a threefold increase compared to pre-pandemic levels in 2019.



In April 2024, government spending priorities led to an increase in pensions and benefits by 100,000 MNT and a 10–20% rise in salaries for government employees.



Real household income

5.9%

Economic growth

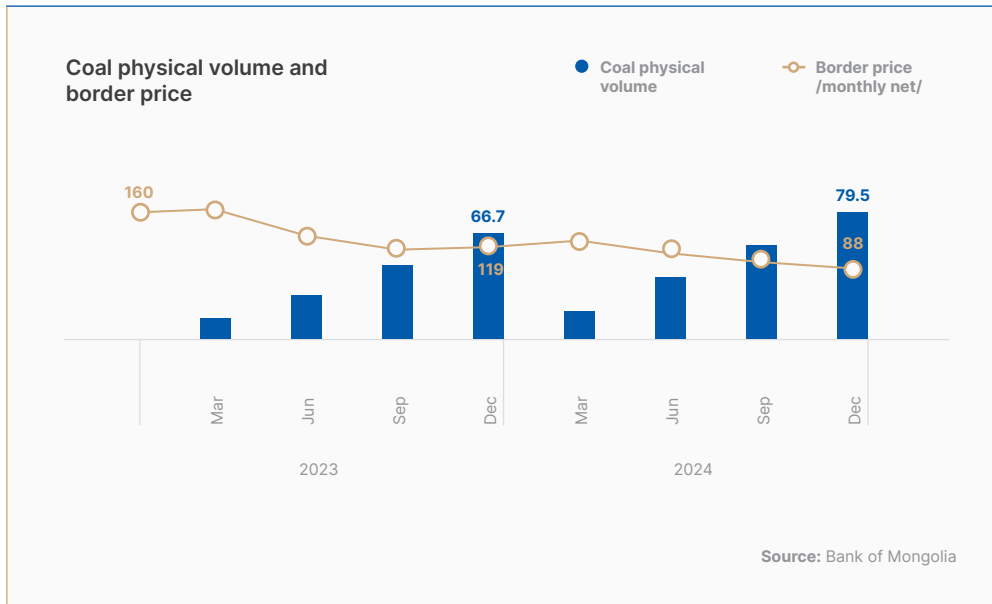
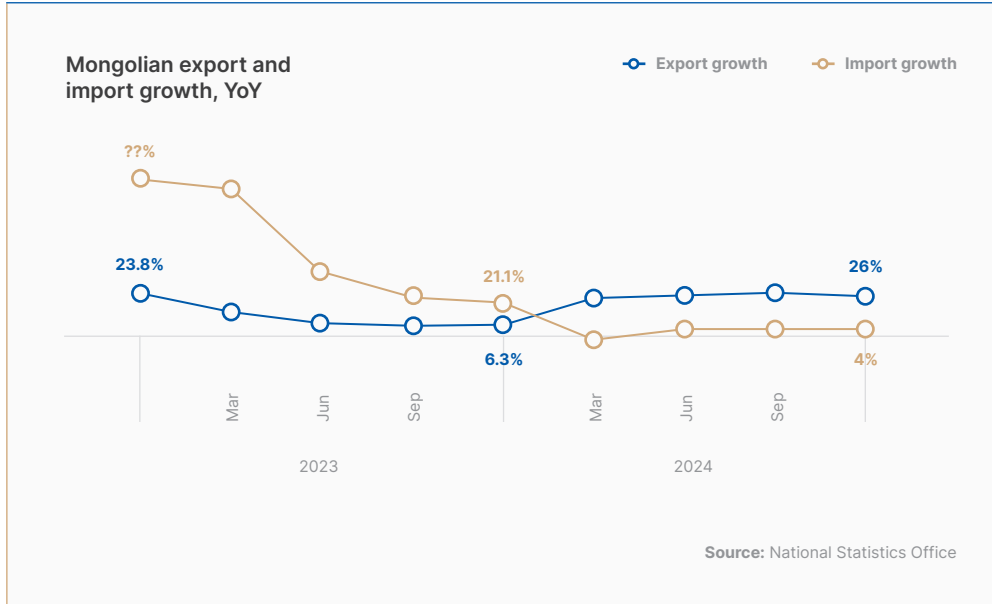
4.9%

These measures, combined with higher wages and fiscal stimulus, fueled a sharp rise in household real income, which—adjusted for inflation—grew 5.9% year-over-year in 2024. Higher household income, in turn, boosted consumer spending and corporate profitability, resulting in dividend payouts that further stimulated domestic demand. Consequently, GDP grew by 4.9% in 2024.

Breaking down economic growth by sector, trade and services contributed 4.6%, while the mining sector accounted for 1.4%. However, adverse weather conditions, including extreme cold and severe livestock losses, significantly impacted the agricultural sector, dragging overall economic growth down by 3.6%.

In 2024, livestock losses reached 9.4 million, marking a twofold increase from the same period in 2023 and a staggering 14-fold rise compared to 2022.

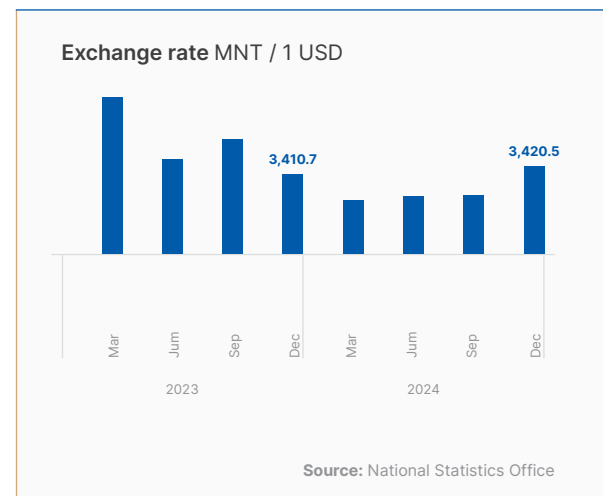
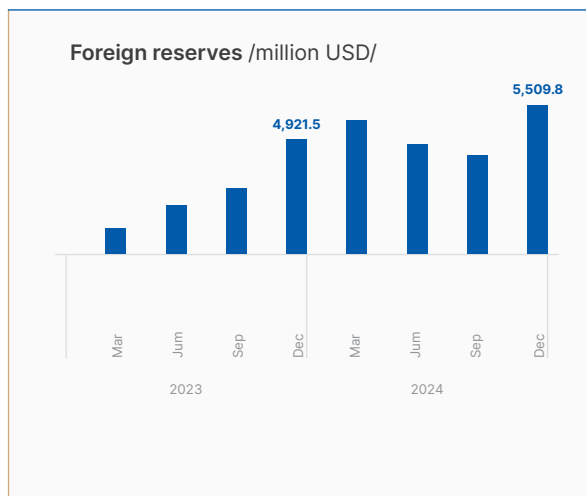
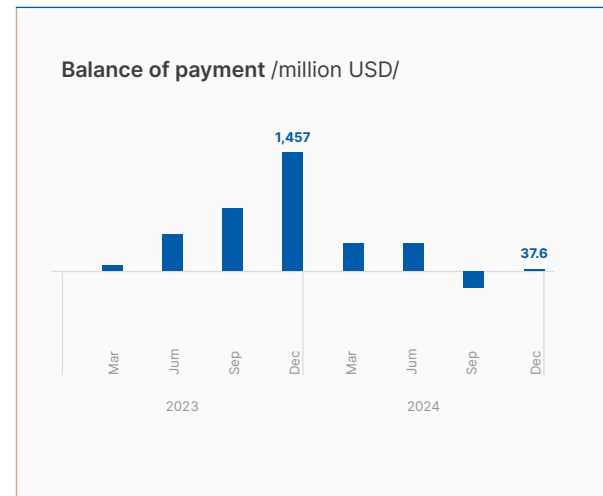
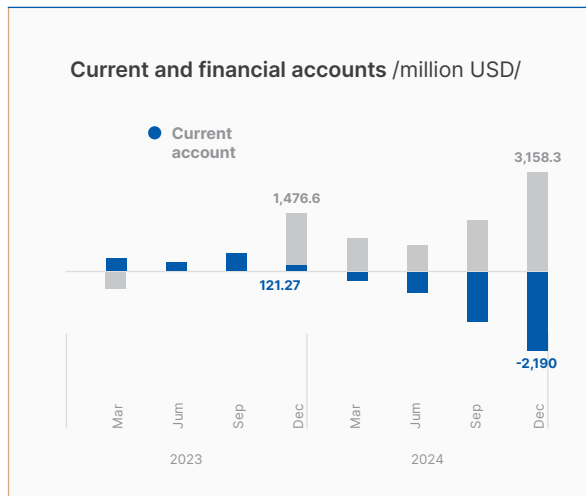
Although rising domestic demand has driven short-term economic activity, it has also fueled higher imports and inflation, negatively affecting key macroeconomic indicators.



For a non-manufacturing economy like Mongolia, increased domestic demand leads to higher imports, putting pressure on the trade balance. Additionally, falling coal prices on the international market have constrained export growth, further weighing on the trade balance. By the end of December 2024, Mongolia's coal exports reached 80 million tons, reflecting a 20% year-on-year increase in volume. However, the border price of coal declined by 26% compared to the previous year, falling to \$88 per ton, resulting in a 3% drop in total coal export revenue.

In 2024, imports surged to \$11.6 billion, marking a 26% increase from the previous year, while exports reached \$15.8 billion, growing by just 4% year-on-year. Consequently, the trade surplus stood at \$4.2 billion, a 30% decline compared to 2023.

Balance of payment, foreign reserves and exchange rate



By the end of 2023, Mongolia's current account balance had turned positive for the first time in over a decade. However, by 2024, it had swung back to a deficit of \$2.2 billion. This widening current account deficit led to a decline in foreign exchange reserves, causing exchange rate volatility. After remaining stable from March onwards, the MNT began depreciating in October, weakening to MNT 3,420 per U.S. dollar by the end of the year (compared to MNT 3,380 since March).

Mongolian historical credit rating

/2013-2024/

MOODY'S

2014.07.17	B1
2016.08.26	B3
2017.03.30	Caa1
2020.05.20	B3
2024.11.18	B2

FitchRatings

2014.12.11	B+
2017.11.17	B-
2018.07.09	B
2019.07.04	B
2024.09.18	B+

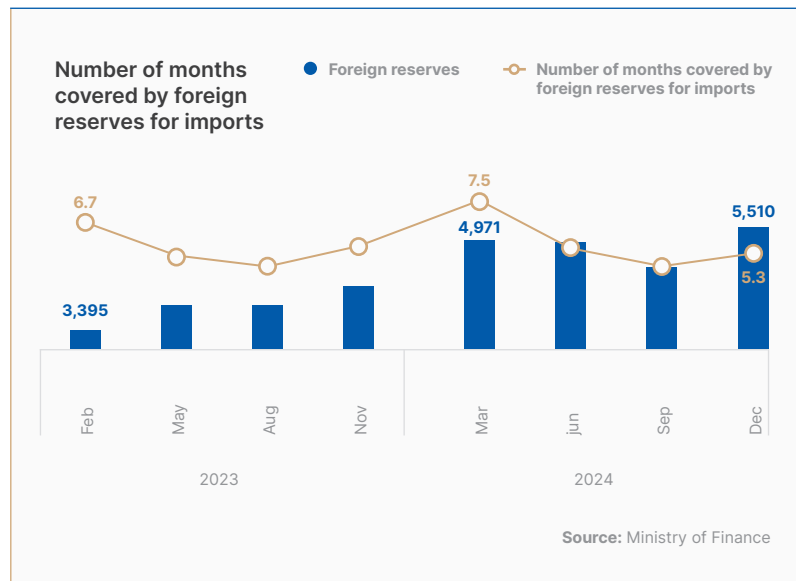
S&P Global

2014.04.29	B+
2015.11.03	B
2016.08.19	B-
2018.11.09	B
2024.10.04	B+

Source: Ministry of Mongolia

Despite the negative effects of rising imports on the current account and foreign reserves, international credit rating agencies-Fitch, S&P, and Moody's-upgraded Mongolia's sovereign rating for the first time since 2014, raising it to B Positive (B2). This upgrade facilitated Mongolia's ability to issue bonds on international markets, increasing access to external financing. As a result, foreign direct investment (FDI) inflows supported the financial account, with over \$2 billion flowing in during November, pushing the overall balance of payments into a surplus of \$40 million.

Further reinforcing this trend, in December, Trade and Development Bank successfully raised \$200 million in bonds, Golomt bank secured an additional \$100 million, and Ulaanbaatar City issued a \$500 million bond. These issuances are expected to help the balance of payments at the end of 2024 with a projected surplus of \$150 million. (Bank of Mongolia President B. Lkhagvasuren, 2025)

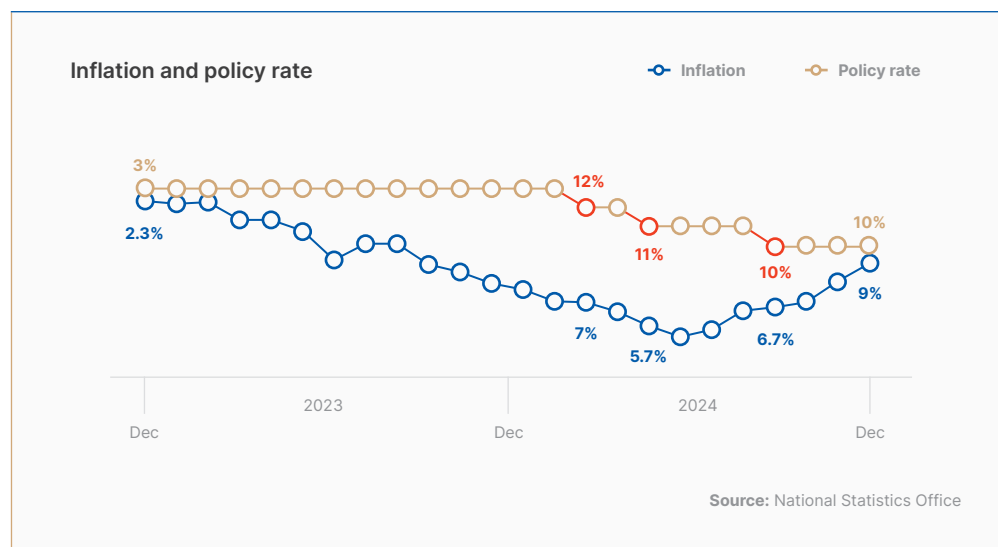


Foreign exchange reserves

\$5.5

billion

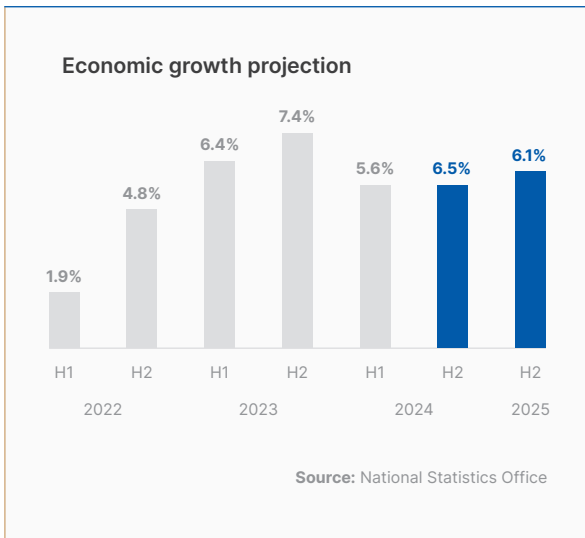
The successful bond issuance on international markets bolstered foreign exchange reserves, which reached a historic high of \$5.5 billion by the end of December. However, due to the rapid growth of imports, the import coverage ratio declined to 5.3 months by year-end. In early 2023, this figure stood at a relatively strong 7.5 months, despite reserves being significantly lower at \$3.4 billion at the time. Therefore, while the foreign exchange reserves have reached record levels, their real capacity to cover imports has weakened compared to 2023.



Domestic demand remained strong, and with the added impact of rising electricity prices in November, inflation accelerated to 9% in December. Until November, inflation had remained within the Central bank's target range, prompting the Bank of Mongolia to lower its policy rate three times since the beginning of the year, from 13% to 10%. However, during its December monetary policy meeting, the Central bank decided to keep the policy rate unchanged at 10%, as inflation had exceeded its target range of $6\% \pm 2\%$.

In addition, given the rapid growth of loan—particularly consumer loans—the Central bank implemented stricter policy measures to curb lending. It raised the reserve requirement ratio for both MNT and foreign currency deposits by 1 percentage point each, bringing them to 11% and 16%, respectively.

In 2023, the majority of the economic recovery was driven by the mining and transportation sectors, but in 2024, the domestic demand surge led to growth in the trade and services sectors, supporting overall economic growth.



Economic growth	Last updated	2025
Golomt bank	2024 Dec	5.0%
World Bank	2024 Nov	6.5%
ADB	2024 Sep	6.0%
IMF	2024 Oct	7.0%
S&P	2024 Oct	6.0%
Fitch	2024 Sep	6.0%
Moody's	2024 Aug	6.0%
Bank of Mongolia	2024 Dec	6.2%
Average		6.1%

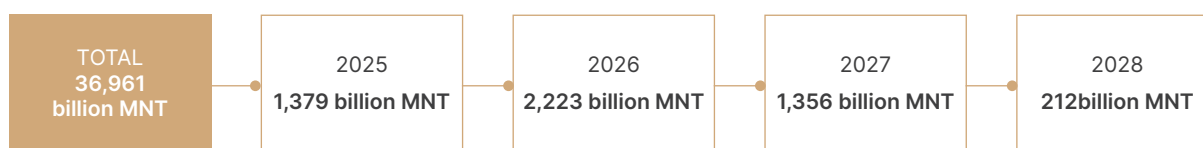
As a result, both international and domestic major institutions expect the economic growth to reach 5.6% by the end of 2024.

Major 14 mega projects and its detailed information

Nº	Projects to be implemented	Project description	Implement/ period	Required funding and financial source
1	Cross-border connection work at Gashuunsukhait-Gantsmod, Hangi-Mandal, and Shiveekhuren-Sekhee border crossings	Export capacity will increase to 40 million tons. Export revenues will also double, coal export capacity by rail will triple, and passenger and freight traffic will double.	2024-2028	Total-958 billion MNT State-owned company and private sector joint financing.
2	Tavan Tolgoi 450 MW thermal power plant	Generate 3,150 million kWh of electricity per year, providing domestic electricity for the mining industry in the eastern region.	2024-2028	Total-2,303 billion MNT State budget-691 billion MNT Private sector-1,600 billion MNT
3	Erdeneburen 90 MW hydroelectric power plant	It will produce 366 million kilowatt-hours of energy per year, meeting 100% of the electricity demand in the western region.	2021-2028	Total-856 billion MNT Financed through foreign loans.
4	310 MW hydroelectric power plant on the Egiin River	Savings of \$25 million in import fees, and it will reduce coal consumption by 439 thousand tons and greenhouse gas emissions by 709 thousand tons.	2024-2032	Total-3,700 billion MNT Co-financed by the government and private sector.
5	Renewable energy and distributed sources	Mongolia has an estimated 2,600 GW of renewable energy resources, which could be used to meet domestic electricity needs and diversify the economy.	2024-2028	Total-1,377 billion MNT Financed by the state budget and foreign loans.
6	Oil refining complex	Once fully operational, it will produce 1.3 million tons of products from 1.5 million tons of crude oil per year, meeting 55% of domestic oil consumption.	2016-2027	Total-4,179 billion MNT Financed through foreign loans.
7	National Satellite Network	Citizens will have equal access to information by connecting to the Internet, regardless of their location.	2024-2027	Total-829 billion MNT State budget-69 billion MNT Foreign loan-761 billion MNT
8	Steel factory	1 million tons of steel billets and products will be produced, fully meeting domestic reinforcement needs.	2025-2028	Total-1,446 billion MNT Financed by the private sector.
9	Mongolia-France joint uranium and nuclear power plant	It will mine and export 2,500 tons of uranium annually, generating \$1 billion in revenue and creating over 1,000 jobs.	2024-2028	Total-1,700 billion MNT Financed by the private sector.
10	Coal-Chemical and Coke-Chemical Complex	Technological solutions for recycling coal into hydrogen and washing coal will be developed, increasing export revenues and reducing overdependence on commodity prices.	Starting from 2025	Total-12,133 billion MNT Financed by the private sector.
11	Copper processing complex	The project will process 560,000 tons of copper concentrate per year, produce 125,000 copper cathodes, 72 kg of gold, 38.2 tons of silver bullion, and 182,000 tons of elemental sulfur, generating revenue of \$1.1 billion.	2024-2028	Total-2,580 billion MNT State-owned company and private sector joint financing.
12	Orkhon-Ongi, Kherlen-Toonot water pipeline	5-9% of the average annual flow of the Kherlen River will be diverted through a closed pipeline to fully meet the water needs of the population, livestock, industry, and mining in Khentii, Choir, Dornogovi, and Umnugovi aimags.	2024-2028	Total-4,900 billion MNT Co-financed by the government and private sector.

Source: Ministry of Finance

Estimated funding for 12 major mega projects and costs for the coming years



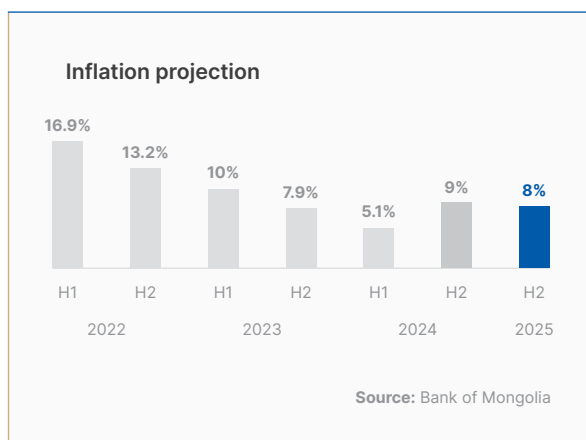
Source: Ministry of Finance

Thus, due to investments in mega projects, the large budget expenditures, and dividend distributions, economic growth is expected to accelerate, with a forecast of reaching 6.1% by the end of 2025.

Looking ahead to 2025, the government's 2024-2028 action plan includes 14 mega projects that are expected to have a significant impact. Seven of these projects are ready for implementation, and a budget of 1.3 trillion MNT is allocated for financing in 2025. The remaining seven are still in the preparatory stage.

Currently, an estimated 36.9 trillion MNT is required for investments in 12 of the mega projects. However, the investments for the Oyutolgoi-based gold refining plant and the vertical axis road from Ereentsav-Choybalsan-Baruun-Urt-Bichigt Port in the eastern region remain undefined. If these projects are successfully implemented, they could lay the foundation for a stable, long-term growth. A notable example is the Zuvch-Ovoo uranium project, which was approved on January 17, 2025, under the cooperation between France and Mongolia. This project will bring in 1.6 billion USD of investment from France, with expectations of a positive impact on the balance of payments in the coming years.

Moreover, 2025 is expected to be another year with a large budget. Due to the Veto of the President, the originally approved budget of 35.6 trillion MNT has been reduced to 33.5 trillion MNT. However, this revised budget represents a 3 trillion MNT increase compared to 2024. Over 90% of this increase is attributed to a rise in current expenditures, and from January 2025, the salaries, pensions, and salary for government employees will increase by 6%. Additionally, the dividend payouts from Erdenes Tavantolgoi are expected to be approximately 200,000 MNT in January and February 2025.



Inflation	Last updated	2025
Golomt bank	2024 12-p cap	7.8%
World Bank	2024 11-p cap	8.0%
ADB	2024 9-p cap	7.2%
IMF	2024 10-p cap	9.5%
Bank of Mongolia	2024 12-p cap	8.4%
Average		8.0%

Inflation will continue to pose a challenge in 2025, with a similar situation to 2024. For instance, the significant increase in budget expenditures, particularly current spending, the continuation of dividend payouts, and the anticipated rise in domestic activity will contribute to inflationary pressures. Additionally, the expected increase in energy costs in April could further escalate inflation risks. Moreover, climate conditions and livestock losses due to drought are likely to result in higher meat prices, which could drive inflation up to a high level. Economists have warned that inflation may reach double digits in April 2025.

As a result, there are no expectations of a reduction in the current 10% policy interest rate in 2025, with the Central Bank planning to implement various measures to limit credit growth. In January 2025, the Monetary Policy Committee raised the mandatory reserve requirements for the MNT and foreign currencies by 2 percentage points each, reaching 13% and 18%, respectively.

Therefore, according to the average expectations of international and domestic institutions, provided that there are no significant external shocks, inflation is expected to reach the upper target band of the Central Bank's goal at 8% by the end of 2025.

Banking sector

Bank activity and loan issuance increased in line with the economic activity. As of December 2024, the total outstanding loans in the banking sector reached 37 trillion MNT, a 35.5% increase compared to the same period last year. On average, loan growth has been around 30% per month since the beginning of the year, with the loan balance increasing by 9.7 trillion MNT within the year.

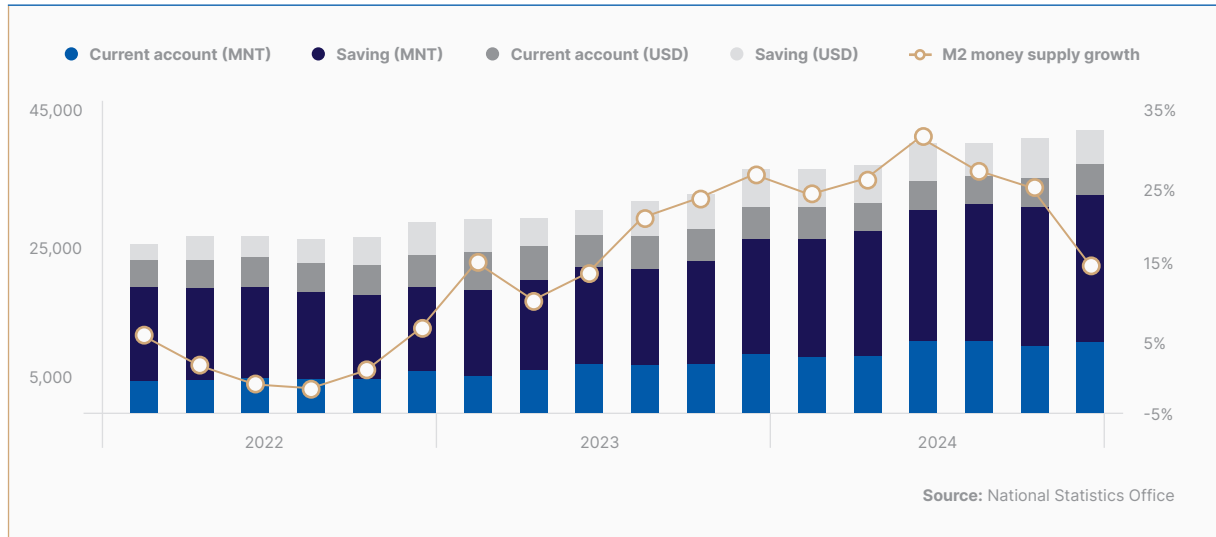
Indicators	Unit	2022	2023H1	2023	2024H1	2024	YoY Growth
Total assets	billion ₮	45,956	47,998	57,070	62,185	71,405	25.1%
Total loan balance	billion ₮	22,008	25,355	27,152	33,259	36,781	35.5%
Past due loans	billion ₮	1,123	1,317	1,264	1,227	1,271	0.5%
Non-performing loans	billion ₮	2,019	2,207	2,039	1,950	1,867	-8.5%
Non-performing loan ratio	%	9.2%	8.7%	7.5%	5.9%	5.1%	-32.4%
Retail loans, ₮	billion ₮	11,492	13,748	15,306	19,385	21,855	42.8%
Retail loans, \$	billion ₮	63	70	70	67	101	44.5%
PDL, Retail, ₮	billion ₮	269	295	264	331	485	83.9%
PDL, Retail, \$	billion ₮	1	0	2	2	2	26.9%
NPL, Retail, ₮	billion ₮	479	477	479	488	554	15.7%
NPL, Retail, \$	billion ₮	22	22	24	23	23	-4.0%
Non-performing loan ratio, Retail, ₮	%	4.2%	3.5%	3.1%	2.5%	2.5%	-19.0%
Non-performing loan ratio, Retail, \$	%	34.8%	31.3%	34.2%	34.8%	22.7%	-33.6%
Corporate loan, ₮	billion ₮	8,980	9,765	9,905	11,281	11,910	20.2%
Corporate loans, \$	billion ₮	1,156	1,440	1,560	1,900	1,855	18.9%
PDL, Corporate, ₮	billion ₮	690	686	618	554	563	-8.9%
PDL, Corporate, \$	billion ₮	163	334	379	338	220	-41.9%
NPL, Corporate, ₮	billion ₮	1,358	1,548	1,363	1,283	1,160	-14.9%
NPL, Corporate, \$	billion ₮	151	151	163	147	121	-26.0%
Non-performing loans ratio, Corporate, ₮	%	15.12%	15.86%	13.76%	11.37%	9.74%	-29.2%
Non-performing loans ratio, Corporate, \$	%	13.09%	10.45%	10.43%	7.75%	6.50%	-37.7%
Total deposits	billion ₮	27,599	29,288	34,907	37,800	39,563	13.3%
Current account, ₮	billion ₮	6,073	7,175	8,579	10,350	10,326	20.4%
Current account, \$	billion ₮	4,855	3,409	5,216	4,195	3,645	-30.1%
Saving account, ₮	billion ₮	12,033	13,750	16,346	18,841	20,955	28.2%
Saving account, \$	billion ₮	4,638	4,954	4,766	4,415	4,637	-2.7%
Equity	billion ₮	4,979	5,528	6,182	6,523	7,337	18.7%
Total liabilities	billion ₮	40,977	42,470	50,887	55,661	64,068	25.9%

Source: National Statistics Office

Total assets and loans

Annual growth rate of M2 money and its composition

Money supply grew by 15.2% year over year to 43.3 trillion at the end of 2024.



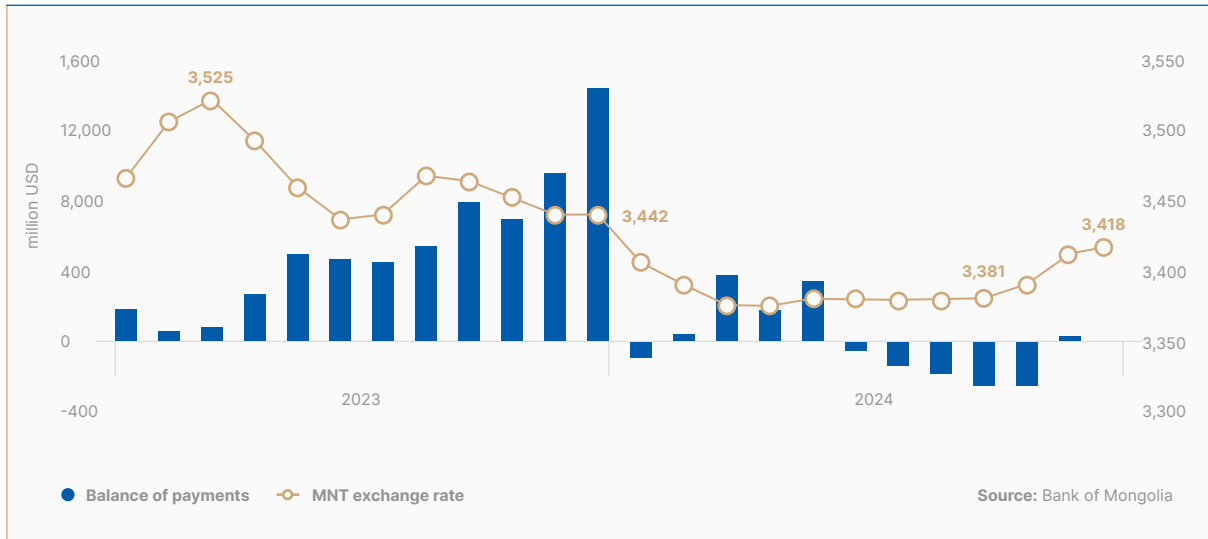
As of December 2024, the money supply has reached 43.3 trillion MNT, an increase of 5.7 trillion MNT from the previous year, with significant contributions from savings in MNT accounts, which grew by 4.9 trillion (28.8%), and MNT current accounts, which grew by 1.8 trillion (19.7%).

By the end of the year, MNT deposits reached 22.1 trillion MNT, showing a 4.7% increase from the previous month and a 28.8% increase compared to the same period last year. Retail deposits account for 86% of the total, while 14% is made up of corporate deposits. Meanwhile, foreign currency deposits decreased to 4.9 trillion MNT, which is a 2.9% drop, or 142.6 billion MNT, compared to the previous year.

The money supply in 2024 was high due to the election cycle and budget expansion. By mid-year, the annual growth rate had accelerated to 31.9%. However, in the last four months, the growth rate of the money supply slowed down to 15.2%, mainly due to a higher balance of payments deficit and a reduction in the growth of foreign assets. Despite this, credit growth continued to increase, leading to a rise in the money supply, which presents risks of depreciation in MNT exchange rate and rising inflation.

Another channel for increasing the money supply is foreign direct investment (FDI). As of November 2024, FDI into Mongolia reached 2.4 billion USD, or approximately 8.1 trillion MNT. This marks a 60% increase compared to the previous year, largely due to bonds issued by domestic banks and initial investments in mega-projects, thus contributing to the high money supply.

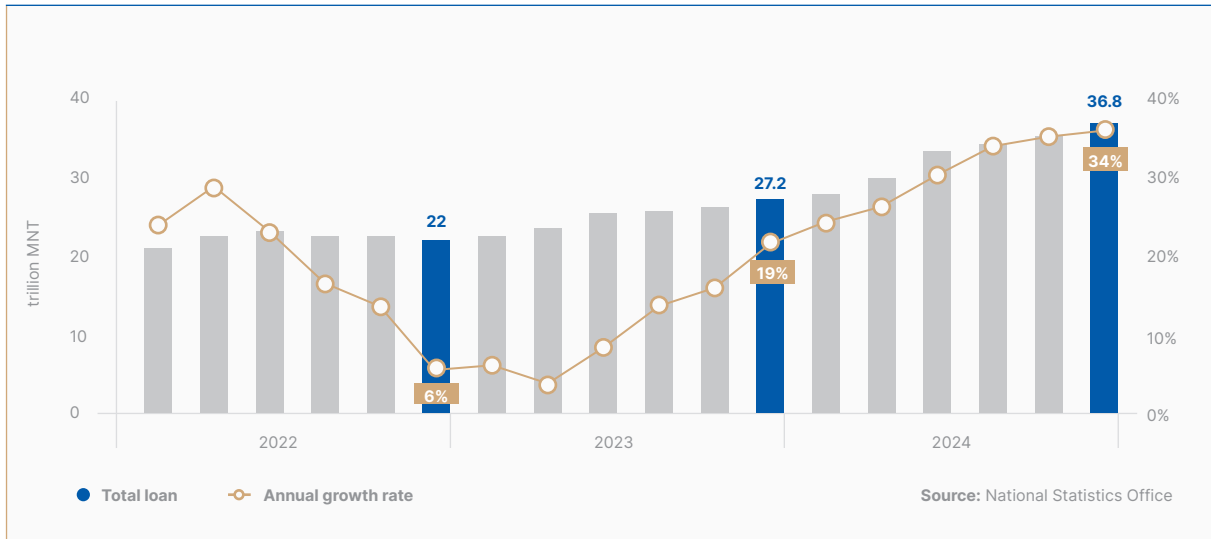
MNT/USD Exchange Rates and Balance of Payments



The average monthly exchange rate of the MNT/USD reached 3,418 MNT in December 2024. Foreign exchange reserves play a key role in exchange rate fluctuations, and by the end of the year, the foreign exchange reserve (FER) reached 5.5 billion USD, reflecting increased export earnings and higher foreign direct investments associated with government mega-projects.

As of August, the balance of payments deficit reached 186 million USD, posing a risk of reducing official reserves. However, over the following three months, a surplus in the financial account resulted in the balance of payments turning into a 38 million USD surplus by November. High foreign exchange reserves are crucial for stabilizing the exchange rate. The risk of depreciation remains if there is an increase in imports and a higher current account deficit in 2025.

Loan volume and annual growth rate /by segment/



Bank activity and loan issuance increased in line with economic activity. As of December 2024, the total outstanding loans in the banking sector reached 37 trillion MNT, a 35.5% increase compared to the same period last year. On average, loan growth has been around 30% per month since the beginning of the year, with the loan balance increasing by 9.7 trillion MNT within the year.

The rapid loan growth in 2024 was driven by budget expansion, which led to higher salaries and pensions, thereby boosting domestic demand. In April 2024, the government raised civil servant salaries by up to 40% and increased the average pension by 100,000 MNT, which contributed to increasing household income and spurring domestic consumption, thus accelerating the growth of consumer loans.

The total overdue loans at the end of December 2024 amounted to 1.3 trillion MNT, a 0.5% increase from the previous year, representing 3.5% of total loans. Non-performing loans (NPLs) decreased by 8.5% to 1.9 trillion MNT, representing 5.1% of total loans.

Starting in January 2025, the government has decided to increase civil servant salaries and pensions by 6% to keep pace with inflation. As a result, inflationary pressure is expected to rise, and despite the central bank's decision to maintain the policy rate at 10%, the reserve requirements for banks increased by 2 percentage points to limit excessive loan growth and mitigate financial sector risks.

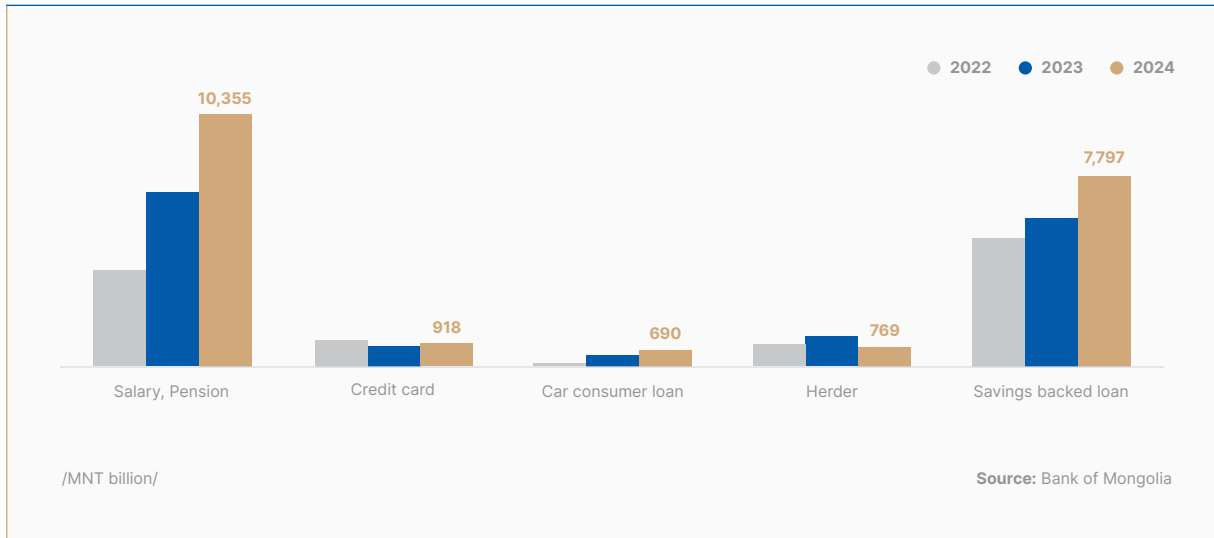


Regarding the composition of total loans, retail loans reached 22 trillion MNT, a 42.8% increase compared to the previous year, while corporate loans amounted to 13.8 trillion MNT, a 20.1% increase. The breakdown is 61% retail loans and 36.5% corporate loans. The demand for consumer loans, particularly for salaries, pensions, and collateralized deposits, remains high, while loans to herders have decreased.

In terms of retail loans, overdue loans increased by 83.5% to 487 billion MNT, and non-performing loans rose by 15% to 577 billion MNT. This indicates that, as household incomes increase, consumer loan growth is accelerating, but overdue and non-performing loans are also on the rise. Meanwhile, non-performing corporate loans decreased by 16% to 1.3 trillion MNT.

New loans granted to citizens /by category/

Retail loans reached 10.3 trillion MNT, a 45% increase compared to the previous year.

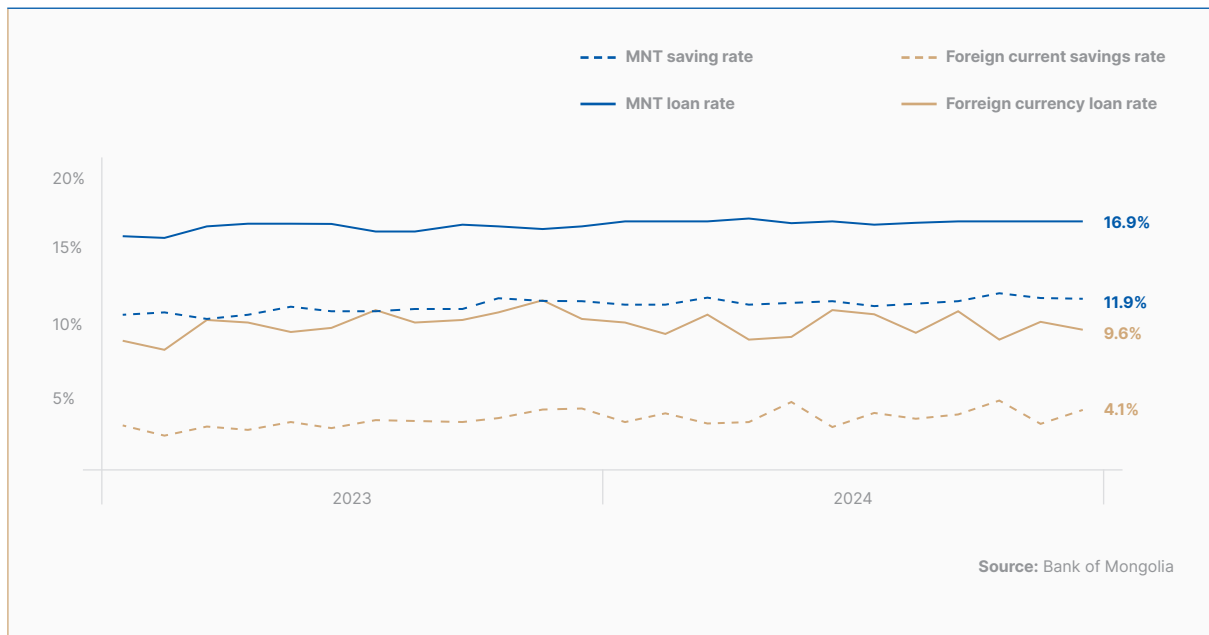


As of December 2024, new consumer loans to retails grew by 30% from the previous year to 20.5 trillion MNT. This figure reflects the total loans disbursed over the year without accounting for repayments.

Looking into the details, loans for salaries and pensions increased by 45%, reaching 10.3 trillion MNT, which is linked to increased pensions and salaries in 2024, improving the purchasing power of retail customers. Savings backed loans increased by 29%, reaching 7.8 trillion MNT, 1.5 times higher than the amount compared to 2022.

In the agricultural sector, the decline in livestock due to harsh conditions led to a 38% decrease in agricultural loans, totaling 768 billion MNT. However, automotive and household consumer loans, while accounting for a small share of total loans, grew by 45%, reaching 690 billion MNT compared to the previous year. Domestic demand and import growth suggest that automotive and household loans are likely to increase further next year.

Weighted average interest rate of banks



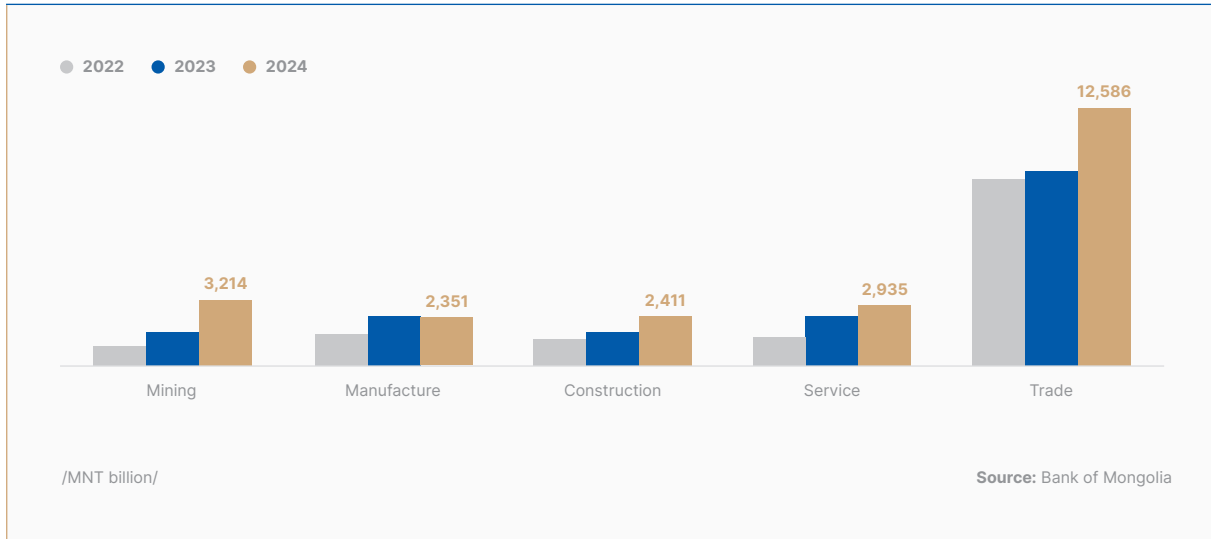
According to the Monetary Policy Committee's decision, the policy rate was reduced three times in 2024, each time by 1 percentage point falling to 10%. As of January 14, 2025, the policy rate remains at 10%, but the required reserves for both MNT and foreign currency deposits have been increased by 2 percentage points, bringing them to 13% and 18%, respectively.

The increase in required reserves is a response to the high loan growth in the banking sector, which is driving domestic demand and consumption, while also mitigating financial sector risks. As a result, there has been limited room for

interest rates on loans and deposits to decrease following the policy rate cuts. At the end of 2024, the difference between deposit and loan interest rates for MNT loans was 5%, a 0.1% increase compared to the same period last year. MNT deposit interest rates rose by 0.29% to 11.9%, while loan interest rates increased by 0.20% to 16.9%. Foreign currency deposit and loan rates both decreased compared to the end of 2023, with the spread between them standing at 5.5%. Foreign currency deposit rates decreased by 0.1% to 4.1%, and loan rates fell by 0.9% to 9.6%.

New loans granted to corporates /by sector/

When looking at the loan growth by sector, the mining and construction industries saw the highest growth rates.

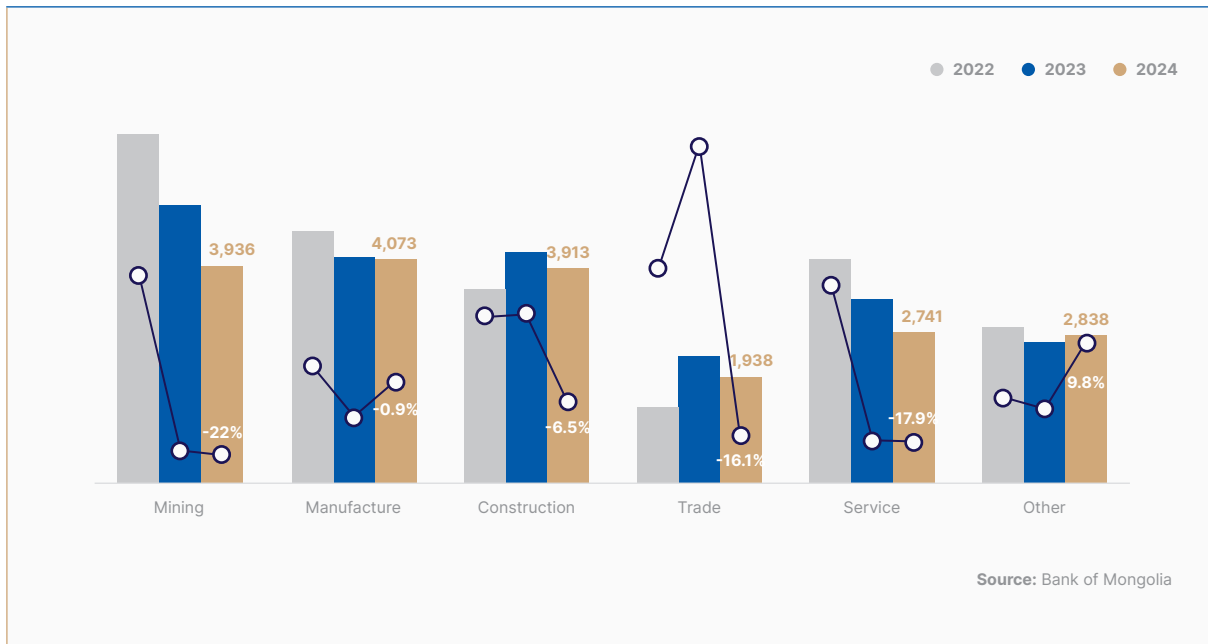


The total amount of new loans granted to corporates was 23.9 trillion MNT, with 53% of that going to the trade sector, 13% to the mining sector, and 10% to the manufacturing sector.

Loans to the mining sector grew by 89% compared to the previous year, reaching 3.2 trillion MNT, while loans to the service sector grew by 21% to 2.9 trillion MNT. The manufacturing sector, which had grown by 58% in the previous year, saw growth slow to 4%, reaching 2.4 trillion MNT in 2024. The trade sector accounted for the largest share of total loans, with a 33% increase, reaching 12.6 trillion MNT, while loans to the construction sector grew by 42% to 2.4 trillion MNT.

Loan growth by sector also reflects the impact of the harsh winter and increased livestock mortality in the agricultural sector, which led to a decline in agricultural loans. However, salary and pension increases boosted domestic demand, and rising imports further supported growth in trade and service loans.

Rate of change in non-performing loans



As of 2024, 5.1% of total bank sector loans, or 1.9 trillion MNT, are non-performing loans, and 5.9%, or 1.2 trillion MNT, are overdue loans. The non-performing loan balance has decreased by 8.5% compared to the previous year, which is linked to the decrease in non-performing loans across various economic sectors. For example, loans in the trade and services sectors decreased by 16% and 18%, respectively, while non-performing loans in the mining sector decreased by 22%. This decline is primarily attributed to the record-high export of mining products, with a total of 79.5 million tons of coal exported in 2024, significantly supporting economic growth.

In 2024, consumer loans, especially salary and pension loans, reached 10.3 trillion MNT, which is 2.6 times higher compared to 2022. Accordingly, the amount of non-performing consumer loans increased by 9.8% from the end of the previous year, reaching 2.8 trillion MNT.

Golomt bank's financial result

Golomt bank JSC successfully issued its three-year US\$300 million senior unsecured notes in the international capital market in May. In December 2024, the bank executed a tap issuance of US\$100 million, reviving the financing activities of Mongolian commercial banks in the international market, which had been interrupted for more than a decade.

Share of total assets
in the banking sector

21.6%

Total loans portfolio
market share

20.1%

Total deposits
market share

20.1%

Economic background in 2024

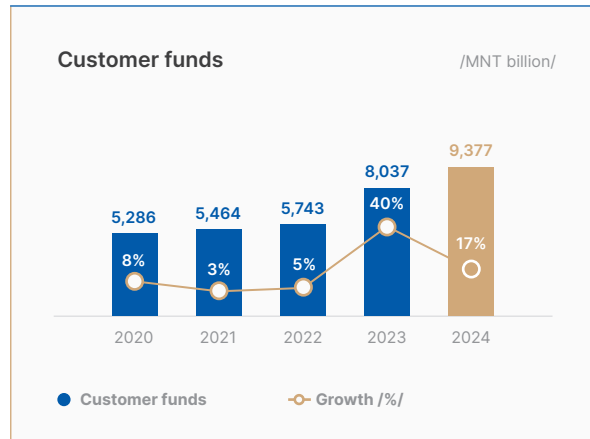
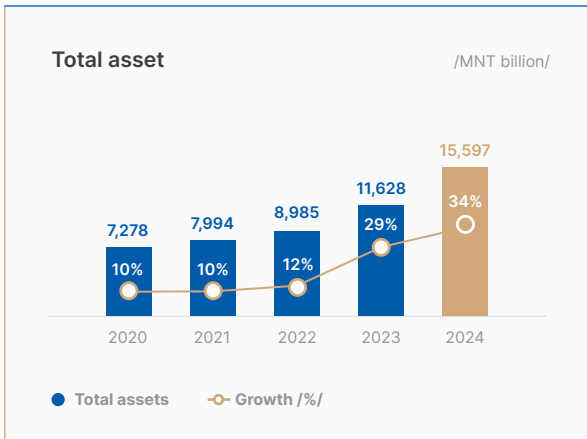
- Mongolia's GDP growth was 4.9 percent in 2024, primary attributed to the robust performance of the trade and service sectors.
- Foreign exchange reserves of Bank of Mongolia increased by 12 percent, reaching USD 5.5 billion; the exchange rate of the MNT against the US dollar reaching 3,420 MNT/USD.
- In 2024, the Monetary Policy Committee of the Bank of Mongolia reduced the policy rate by 3 percentage points to 10 percent. Furthermore, the reserve requirement in domestic currency was increased by 3 percentage points to 11 percent, while the reserve requirement in foreign currency was decreased by 2 percentage points to 16 percent.
- Moody's Ratings upgraded Mongolia's credit rating to "B2 with a stable outlook".

Key financial achievements in 2024

- Total assets increased by 4.0 trillion MNT, representing a 34.1 percent growth from the previous year, reaching 15.6 trillion MNT. The market share of total assets increased to 21.6 percent, according to the Bank of Mongolia's statistics.
- Total amounts of loans experienced a significant 54.3 percent increase, reaching 7.5 trillion MNT. Additionally, customer funds increased by 16.7 percent, reaching 9.4 trillion MNT. Consequently, the market share of total loans and customer funds each increased to 20.1 percentage.
- The successful implementation of asset quality management has led to reduction of 2.0 percent in the non-performing loan ratio down to 3.0 percent, lower than the banking system's ratio for non-performing loan.
- The net profit after tax in 2024 experienced remarkable 100.2 percent growth compared to the previous year, reaching 418.8 billion MNT. Furthermore, the return on equity improved to 33.6 percent.

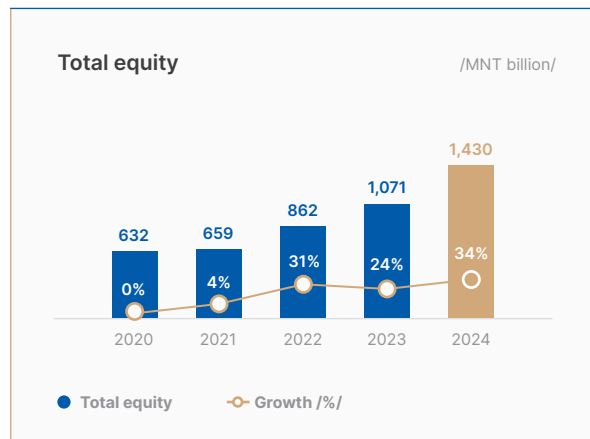
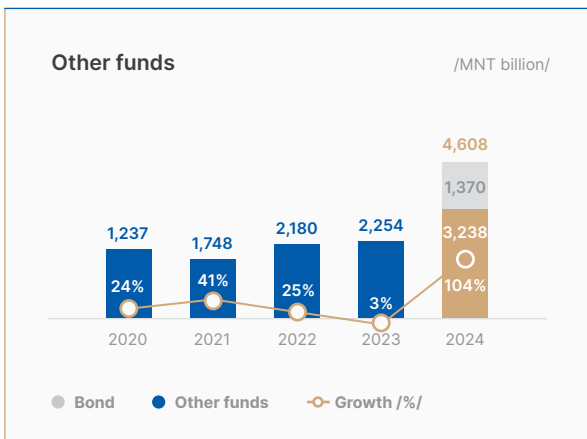
Balance sheet highlights

Total assets increased by 34.1 percent to 15.6 trillion MNT, and customer funds increased by 16.7 percent to 9.4 trillion MNT.

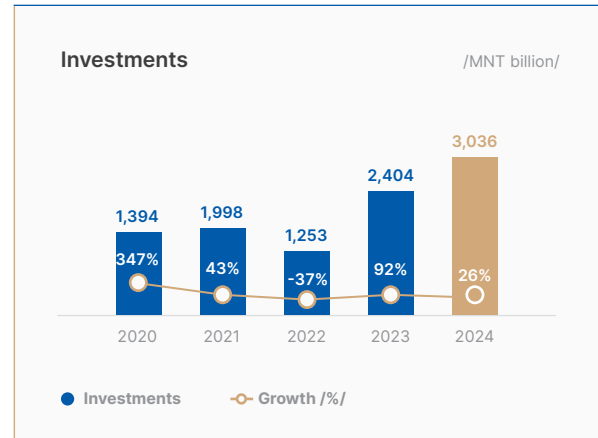
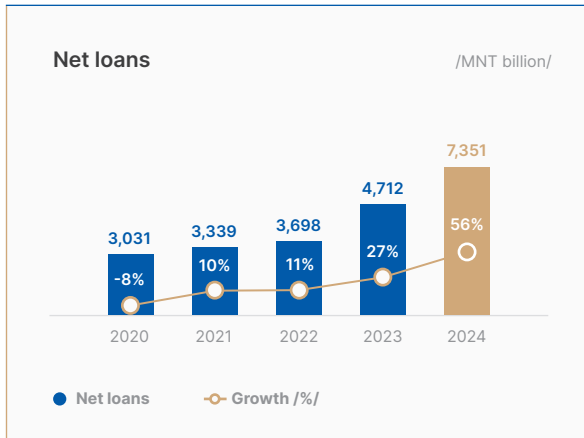


Golomt bank continues active collaboration with foreign banks and financial institutions, expanding its operations by securing funding of USD 89 million and issuing a bond of USD 400 million from the international market.

In 2024, the bank's equity increased by 33.5 percent to 1,430 billion MNT.

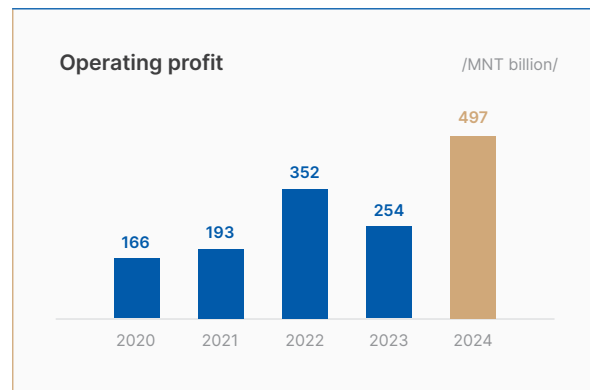
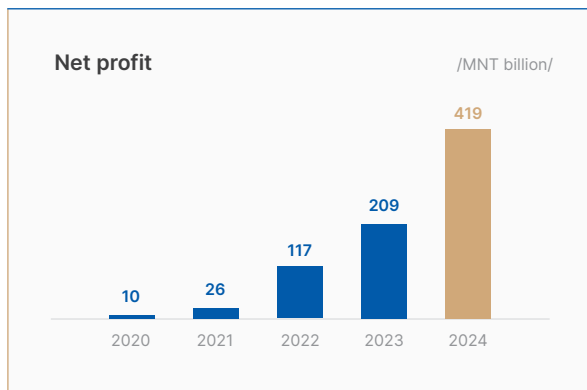


In 2024, the bank increased its net loan portfolio by 56.0 percent and improved the non-performing loan ratio to 3 percent through effective asset quality management. The investment portfolio surged by 26.3 percent and reached 3.0 trillion MNT.

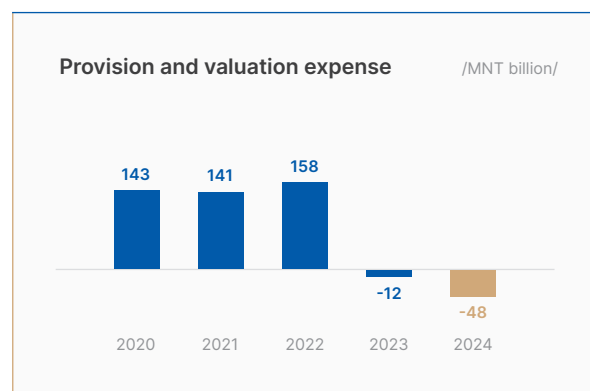
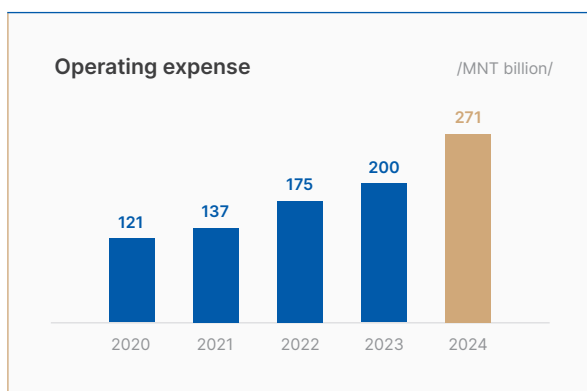


Profitability highlights

In 2024, Golomt bank achieved a profit of MNT 418.8 billion, with operating profit reaching MNT496.8 billion, reflecting a substantial increase of 95.9 percent. Interest income increased by 38.4 percent from the previous year, resulting in net interest income rising by 18.3 percent to MNT 564.6 billion. Notably, net non-interest income reached MNT 202.8 billion, driven by business growth and market conditions.

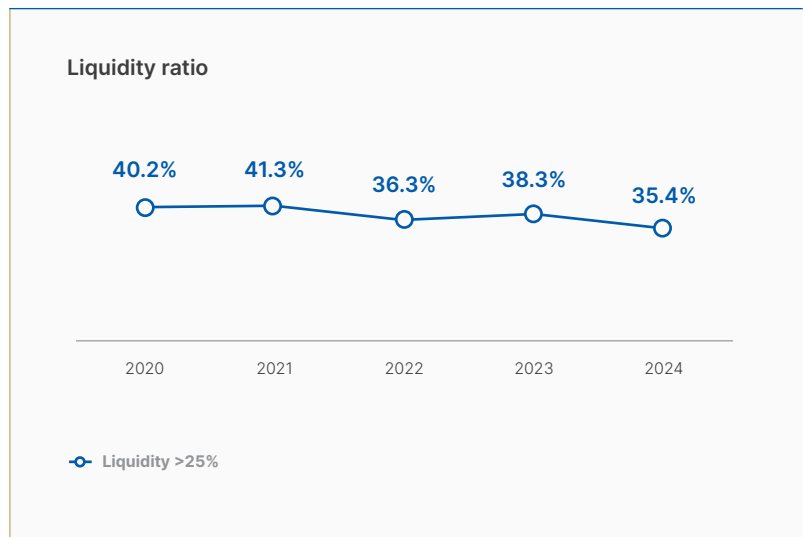
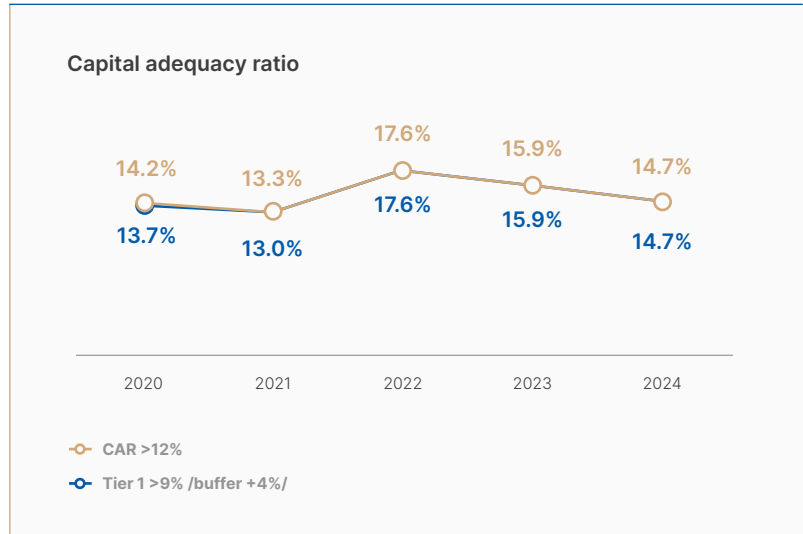


The operating expense rose by 35.2 percent to MNT 270.7 billion, while the provision and valuation expense decreased to a net recovery income of MNT 48 billion, positively impacting the growth of profit. The cost-income ratio improved by 35.3 percent.



Prudential ratios

Golomt bank has fully met all prudential ratios set by the Bank of Mongolia.



Golomt bank's five years financial result (1/2)

Financial indicators	2020	2021	2022	2023	2024
Balance Sheet Indicators (MNT billion)					
Total Assets	7,278	7,994	8,985	11,628	15,597
Customer funds	5,286	5,464	5,743	8,037	9,377
Bond fund					1,370
Other funds	1,237	1,748	2,180	2,254	3,238
Net Loans	3,031	3,339	3,698	4,712	7,351
Total Equity	632	659	862	1,071	1,430
Profitability Indicators (MNT billion)					
Interest Income	570	555	610	841	1,163
Interest Expense	(366)	(273)	(224)	(363)	(599)
Net Interest Income	204	282	386	477	565
Net Non-Interest Income	83	49	142	(24)	203
Operating Income	287	331	527	454	767
Operating Expense	(121)	(137)	(175)	(200)	(271)
Operating Profit	166	193	352	254	497
Provision expense	(143)	(141)	(158)	12	48
Profit before tax	22	53	194	266	545
Tax expense	(12)	(27)	(77)	(57)	(126)
Profit after tax	10	26	117	209	419

Golomt bank's five years financial result (2/2)

Financial indicators	2020	2021	2022	2023	2024
Balance Ratios					
Customer funds to Total asset (%)	72.6%	68.3%	63.9%	69.1%	60.1%
Other funds to Total asset (%)	17.0%	21.9%	24.3%	19.4%	20.8%
Net loan to Total asset (%)	41.7%	41.8%	41.2%	40.5%	47.1%
Non-performing loan ratio (%)*	8.4%	7.6%	6.9%	5.0%	3.0%
NPL coverage ratio (%)*	71.9%	72.5%	96.4%	106.2%	120.6%
Profitability Ratios					
ROAA (%)	0.2%	0.3%	1.4%	2.2%	3.5%
ROAE (%)	2.5%	5.1%	19.5%	24.1%	33.6%
NIM (%)	4.0%	4.6%	5.9%	6.5%	6.2%
CIR (%)	42.2%	41.5%	33.3%	44.1%	35.3%
Prudential Ratios*					
CAR > 12%	14.2%	13.3%	17.6%	15.9%	14.7%
Tier1 >9% (buffer +4%)	13.7%	13.0%	17.6%	15.9%	14.7%
Foreign currency risk:					
Total Currency < +/-30%	26.2%	15.1%	10.8%	8.0%	6.7%
Single Currency < +/-15%	13.2%	12.0%	8.0%	1.0%	2.1%
Single Borrower Exposure <20%	18.7%	16.1%	14.7%	12.4%	12.9%
Related Party Exposure<5%	4.6%	1.1%	3.9%	4.0%	2.3%
Related Party Exposure-Total <20%	16.3%	2.8%	8.6%	13.2%	6.6%
Liquidity Ratio > 25%	40.2%	41.3%	36.3%	38.3%	35.4%

* according to the report of the Bank of Mongolia

Business overview

Equity amount:

1.4

MNT trillion



Historically, Golomt bank focused primarily on the corporate market. However, with the implementation of the “Open Bank” strategy, the bank’s loan portfolio is now diversified, comprising of 33% in the corporate market, 44% in the retail market, and 23% in the small and medium-sized business market. This diversification ensures a more inclusive operation.

Corporate banking

Corporate loan portfolio
market share (SME)

23.7%

Corporate deposit
market share (SME)

25.4%

In line with its mission to be the core of Mongolia's development, Golomt bank has provided financing to strategically important large enterprises that drive the economy, as well as key representative organizations in the business sector. By offering specialized services tailored to their needs, strengthened cooperation significantly contributed to the country's development altogether.

Highlights

- Customer satisfaction has reached 91%, solidifying our recognition as “The Best Corporate Banking in Mongolia”.
- A new Leasing center has been established, creating a financial leasing portfolio worth MNT 123 billion.
- Independently constituted 45% of Mongolia's total physical gold reserves.
- Financed green and energy-efficient projects amounting to MNT 72 billion.

Products and services

The corporate bank provides over 30 diverse products and services tailored for corporate clients. It emphasizes the digitization of payments through internet banking services, including the automation of debit and credit transactions with "Corporate Gateway", the disbursement of employee salaries via "Payroll", the execution of payments with "Paybill", and the generation of invoices with "Billing".

Digitalization

Among our corporate clients, 95% use internet banking services. Of these, 24% utilize "Corporate Gateway", 19% use e-commerce, 17% use payroll, and 11% use SocialPay services.

Internet bank

95%

Corporate gateway

24%

E-commerce

19%

Payroll

17%

SocialPay

11%

Cooperation

- In collaboration with Golomt bank's Information Security Department, we developed and conducted a 30-hour training program titled "New Opportunities in Corporate Internet Banking and Information Security Training". This program was attended by approximately 200 finance and IT employees from 15 group companies. The training effectively supported strategically important client organizations by addressing the risks of phishing attacks and providing preventive measures.
- A total of 822 person-hours of training on "Personal Finance" was organized for corporate employees over a two-month period starting in May.
- To explore new technologies and opportunities, and to gain valuable experience, our employees participated in the 136th "Canton Fair" held in Guangzhou, China.

Projects and programs financed

Commerce, Manufacturing, and Service Sector

- Under the “Food and Agricultural Production Support Loan” program implemented by the Government of Mongolia, subsidized loans were provided to enterprises and organizations. Thus,
 - A new egg production facility, capable of replacing imports and supplying 50% of the domestic market, has become operational.
 - The food production market expanded by 2.7 times.
 - Supported the manufacture of clean juice from carrots and beets cultivated in Mongolian soil.
 - A domestic factory capable of meeting 15% of the demand for imported confectionery and 20% of cocoa and milk production has been commissioned.
- By partnering with major retail chains, 350 new jobs have been created.
- Within the framework of a Government of Mongolia program aimed at enhancing the competitiveness of national cashmere processors in the raw material market and supporting them with working capital, financing was provided. As a result, domestic production is increasing, and conditions are being created to reduce price fluctuations in raw cashmere.

Petroleum Sector

- To ensure the uninterrupted import of strategically important goods of Mongolia, such as fuel, 48% of the financing and 90% of the total payments have been independently provided.

Transportation and Logistics Sector

- Financing was provided for the implementation of Mongolia’s first 3PL (third-party logistics) warehouse project. This 3PL warehouse stands out by offering a comprehensive range of services, including receiving, storing, packing, transporting, terminal operations, customs brokerage, and supply chain management, all aimed at delivering goods from suppliers to consumers. Equipped with international standards, this warehouse plays a key role in reducing cost, expanding production, and enhancing the overall supply chain, offering a wide range of benefits.

Mining and Infrastructure Sector

- In 2024, Mongolia's economy grew by 4.9%, with the mining sector contributing 1.7% to this growth. Golomt bank provided the necessary financing to major enterprises implementing projects in primary and placer gold deposits, iron ore, copper, molybdenum, and coal, as well as to their suppliers and subcontractors. Golomt bank alone accounts for 25% of the total loans issued to the mining sector.



Energy Sector

- By collaborating with key stakeholders in the strategically important energy and infrastructure sectors, including state-owned and private enterprises involved in the production, distribution, and transmission of energy, we contributed to a 9% increase in Mongolia's energy sector production and ensured reliable and continuous operations.

Within the framework of the Sustainable Development Goals:

- The bank has provided financing and collaborated in the construction of a "World-Class Factory" to recycle 7,000 tons of lead-acid batteries annually using environmentally friendly, waste-free technology. This enables the complete recycling of all waste lead-acid batteries in Mongolia.



According to statistics, 14.3% of all deaths in Mongolia are due to pollution, with lead pollution accounting for a significant portion. Studies have shown that the lead exposure levels in young children are 5-6 times higher than the acceptable level set by the World Health Organization (WHO). Therefore, this project is a crucial step towards achieving the United Nations Sustainable Development Goal 3: Good Health and Well-being, and it holds strategic importance in reducing the harmful effects of lead.

Leasing center

In 2024, the Golomt Leasing Center was established and officially commenced its operations. The center partners with authorized dealers and suppliers of new cars, heavy-duty vehicles, and equipment, offering leasing and financial leasing products. By December 2024, a total of 22 agreements were signed with various organizations, enabling the center to provide timely financial leasing services to clients. Its goal is to strengthen its position and become a more prominent player in the market.



Events



500+

Financial Manager's Convention 2024

The “Financial Manager’s Convention 2024” under the slogan “Bridging to the Global Market” was successfully held for the sixth consecutive year, aimed at top financial professionals from leading businesses and sectors driving the economic development of Mongolia. The main goal of the event was to review the year’s economic and financial results, analyze the factors driving these outcomes, discuss the economic outlook for the coming years, and explore how to prepare for these changes, all while providing business owners with a platform to share their experiences.

This year, the event was organized in both main and breakout sessions. Golomt bank shared its experience in issuing bonds on the international market, while 14 presentations and research papers were introduced on topics such as “Macroeconomic Conditions” and “Enhancing Organizational Productivity through Generative AI”, covering a broader scope. Additionally, a new conference website was developed, featuring guides and research across seven different topics, which earned praise from participants.



300+

Embassy Friendly Football Tournament 2024

The annual friendly football tournament between embassies in Mongolia, organized by Golomt bank and the Ministry of Foreign Affairs, was held for the 12th consecutive year. The event, organized to promote cooperation and strengthen friendly relations among diplomatic representatives and officials, saw over 300 athletes from 12 teams representing embassies, consulates, and international organizations in Mongolia compete for the championship.

АЛТНЫ
ФОРУМ | 20
24

360+



Gold Forum 2024

To support responsible mining, the “Gold Forum” was held for the fifth consecutive year, bringing together enterprises from Mongolia’s gold sector. The forum featured leading gold mining companies, manufacturers, and suppliers of mining machinery and equipment, who discussed recent changes in the gold market and future prospects. Presentations covered essential topics for industry participants, including the current state of the global economy, the role of commercial banks in the mining sector, and trends in gold and oil fields.

As part of its social responsibility initiative, which has been in place for two years, Golomt bank also conducted charitable activities during the “Gold Forum”. This year, new pure gold medallions with a fineness of 999 and a weight of 1 ounce were auctioned, raising 96 million MNT. The full amount was donated to the “Heart Never Forgets” project, which provides free treatment for children with congenital heart defects in Mongolia, as well as to the “Children’s Development Center Based on Mongolian Ger” project, which creates play environments in ger districts to promote child development through play.

MINEPRO 2024
УУЛ УУРХАЙН ҮЗЭСГЭЛЭН - ЧУУЛГАН



Mining week & MinePro 2024

Golomt bank participated as a “Diamond Sponsor” in the largest conference of the mineral resources and mining sector, “Mining Week & MinePro 2024”. Now in its third year, since its inception in 2022, the event brought together experts and policymakers from the mining sector to discuss key policy issues and provided a platform for companies in the industry to showcase their activities. During the event, Golomt bank presented its “Tailor-made” financial services, which include banking products and professional advice specifically designed for the mining sector, offering the most favorable and flexible conditions for business operators. Additionally, Golomt bank contributed to the “Supply Chain Financing Opportunities” session and participated as a panelist in the discussion on “International Opportunities and Dynamics in Mining Financing,” representing commercial banks.

Small and medium enterprises banking

Loans distributed to SMEs

↑ **40%**

SME-sourced funding

↑ **20%**

Golomt bank has consistently supported small and medium enterprises (SMEs), which are the backbone of Mongolia's economy. In particular, we have been dedicated to support women entrepreneurs financially, who account for 37% of all entrepreneurs and 68% of SME entrepreneurs. We continuously offer products and services tailored to their unique business needs and provide tangible support to help enhance their operations.

Loans for Women Entrepreneurs

The loan portfolio for women entrepreneurs seeking to expand their business operations increased ninefold.

Products, services

Loan Secured by Digital POS (Point of Sale) income

Golomt bank successfully enhanced and expanded its loan portfolio by introducing an improved loan product secured by POS (Point of Sale) income for entrepreneurs. This digital loan is specifically designed for customers who receive their sales revenue through Golomt bank's standard and Easypay POS devices.



QPay merchant digital loan

A new digital loan product for QPay merchants has been introduced to the market. This online loan is specifically designed for customers who receive their QPay income through Golomt bank's current accounts.

Cooperation



SME- 360° assessment

To accurately assess the impact of small and medium-sized enterprises (SMEs) and the role of entrepreneurs, to improve and expand access to banking products, services, and programs tailored to their needs, Golomt bank has signed a cooperation agreement with the International Finance Corporation (IFC) to carry out a “360° Assessment of SMEs”. Under this agreement, a team of specialized consultants from the IFC will work closely with Golomt bank to conduct an on-site international assessment and provide expert consulting services.

MENTORSHIP PROGRAM



“Mentorship” program

The “Mentorship” program was successfully launched for the third consecutive year to support small and medium-sized enterprises (SMEs) in expanding their operations and advancing to the next stage of growth. Compared to 2023, the number of applicants increased tenfold, and 62 clients were selected to receive professional consulting and training.

Throughout the program, participants achieved significant progress: their sales revenue grew by 20%, they opened new branches and chain stores, expanded operations, introduced new products and services to the market, improved strategic planning and process mapping, and strengthened team alignment through shared goals and understanding.



“White Gold” National Program loan funding

On December 26, 2024, the Ministry of Finance, the Ministry of Food, Agriculture and Light Industry, the Bank of Mongolia, Golomt bank, and 10 other commercial banks signed a financing agreement for the “Working Capital and Investment Loans to Support the Wool, Cashmere, and Leather Processing Industry”. This marked the official launch of the national “White Gold” initiative, which aims to boost the production of value-added local products.



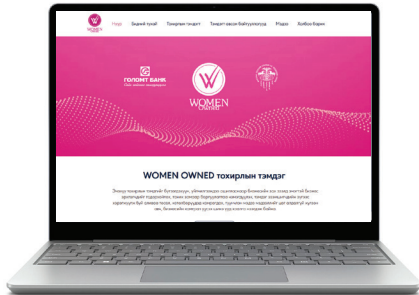
Procurement Policy Supporting Women Entrepreneurs

Golomt bank is developing an internal “Procurement Policy Supporting Women Entrepreneurs” to promote women-led businesses and help increase their market share. In 2024, the Bank’s procurement from women entrepreneurs—among its trusted buyers and suppliers—increased by 68% compared to 2023.



“Women Owned” Trademark

To promote the products and services of women entrepreneurs, to include them in various discount and incentive programs, and to verify their status as women-owned businesses, the “Women Owned” trademark was awarded to 50 organizations. Of these, 13 organizations successfully introduced their labeled products and services to the market.



www.womenowned.mn

A unified network of organizations holding the “Women Owned” trademark, along with women entrepreneurs, has been established to enhance collaboration. As part of this initiative, the official website, www.womenowned.mn, has been launched, offering comprehensive information about the trademark.



Comprehensive program to support women entrepreneurs

Golomt bank, the Mongolian National Chamber of Commerce and Industry (MNCCI), and Sky Hypermarket Company have signed a memorandum of understanding to support organizations bearing the “Women Owned” trademark and women entrepreneurs, assisting them in expanding their business operations. As part of this collaboration, joint projects and programs will be launched to support women entrepreneurs with the “Women Owned” trademark, particularly those who supply their products and services through Sky Hypermarket Company, also known as the “Emart” chain of stores.

Events



World Women Forum

The “World Women Forum,” attended by over 800 guests and representatives from 45 countries, was held in Ulaanbaatar on August 22-23, 2024. This event, aimed at promoting gender equality and exploring the role and participation of women in addressing global challenges, provided a platform for in-depth dialogue and experience-sharing. Golomt bank participated in the forum, introducing the “Women Owned” trademark. Additionally, Golomt bank contributed to the “Financial Accessibility for Women Entrepreneurs” breakout session, where effective solutions to the challenges faced by women entrepreneurs were discussed.

She Trades Summit 2024

Golomt bank participated in the “She Trades Summit 2024,” which focused on supporting women entrepreneurs in the international business market, promoting global trade growth and sustainability, and enhancing the contribution of women to the market. The event was attended by over 200 women entrepreneurs, along with representatives from major companies, corporations, and governments across 60 countries. Golomt bank showcased its products and services designed to support women entrepreneurs, as well as the “Women Owned” trademark.

She Leads 2024

The “She Leads 2024” event, held on December 5th, was organized to strengthen collaboration between women entrepreneurs and organizations holding the “Women Owned” trademark, while promoting their products and services.





450+

Business Conference 2024

A “Business Conference” was organized for the leaders of over 450 enterprises driving Mongolia’s economic development. Under the theme “Bridging to the Global Market,” the event aimed to explore opportunities for entering international markets collectively. The conference also highlighted key topics, such as the global economic outlook, business sector development trends, sustainable financing, and insightful research findings in economics, making it a highly productive event.



Digital SME 2024

Digital SME 2024

The “Digital SME 2024” event was organized in collaboration with the “Ulaanbaatar Support Center for Small and Medium Enterprises and Services” and the German International Cooperation Society’s “Supporting Economic Diversification” project. The event aimed to explore opportunities for introducing and developing innovative products within Ulaanbaatar’s small and medium enterprise (SME) and services sectors. Over 150 SMEs from the nine districts of the capital participated in this event.

Retail banking

Retail customer funds

↑ **27%**

Retail loan portfolio

↑ **49%**

Golomt bank is committed to providing comprehensive financial services that fully meet the needs and expectations of its customers. In 2024, we successfully delivered customer-centric banking products and services through our branches, service centers, and digital channels.

Retail customer funds market share

16.1%

Retail loan portfolio market share

17.7%

Mortgage loan portfolio market share

24.3%

- In 2024, we successfully maintained our market share in consumer loans by offering favorable conditions through both branches and digital channels. Our digital loan service, designed to meet customers' urgent financial needs quickly, has become a preferred choice, leading to significant growth in both the number of users and the loan portfolio.
- We expanded our payroll loan portfolio by providing attractive conditions to payroll client organizations and their employees.
- Actively participating in housing initiatives, we provided mortgage loans to a total of 4,433 clients in 2024, capturing 24.3% of the market share.
- By offering comprehensive financial services to our clients and borrowers, we have maintained our leadership in the bank insurance brokerage market for three consecutive years. Additionally, we increased insurance coverage and raised awareness of its importance, with over 90% of borrowers now insured.

Products, services

- We have introduced a new digital payroll loan product, offering flexible and convenient solutions to meet customers' financial needs quickly.
- As part of our social responsibility and sustainable development policy, we have begun financing environmentally and socially friendly products and services through "Green Consumer Loans." Additionally, we have provided loans for energy-efficient housing and private homes.



- To protect the traditional livestock sector from the adverse effects of climate change, reduce potential risks, and support herders' cooperative initiatives, we have introduced the "Cooperative Member Herder Loan" product.

Campaigns and promotions



“Travel with savings” campaign

Golomt bank conducts savings lottery campaigns throughout the year to support its customers to invest in their future and build financial resilience. In 2024, more than 220,000 customers participated in the “Savings Journey” campaign, increasing their savings in the process. As a result, five pairs of winners won tickets to the Paris Olympics, 20 pairs won trips to Hong Kong Disneyland, and 10 pairs won cruise tickets to the Middle East, including destinations like Qatar, Oman, and the UAE.



“New born” campaign

In collaboration with 22 maternity hospitals in Ulaanbaatar and rural areas, Golomt bank launched the “New born” campaign for the third consecutive year. As a result, deposits were opened for over 1,516 newborns.



“GenZ Loyalty” promotion

Golomt bank successfully implemented the “GenZ Loyalty” incentive program for the second year, designed to help children and young people develop sound financial habits, encourage smart consumption, provide financial education, and introduce innovative banking services. Over 217,000 customers aged 0-22 participated in the campaign, with 101 lottery winners selected. One lucky winner received the grand prize: a ticket to attend a 2NE1 concert in Hong Kong with a companion.



“Big Loyalty” promotion

In an effort to engage all of Golomt bank's customers and cultivate a larger base of loyal clients, the “Big Loyalty” incentive program was implemented for the third consecutive year. A total of 967,660 customers participated, accumulating loyalty points and earning various rewards. Over the 9-month duration of the campaign, winners of the “iPhone 15 Pro Max” were selected through eight separate draws.

“Border Guard Savings” program

During the reporting period, the “Border Guard Savings” campaign was launched to encourage more customers to receive their salaries through the General Authority for Border Protection “Border Guard Savings” program and to increase customer savings. As a result, 393 customers opened new savings accounts, and the number of border guard employees receiving their salaries through Golomt bank grew by 78%. The campaign also featured two separate draws, with a total of 20 winners selected.

Direct Sales Service

Golomt bank's direct sales team, which offers banking services directly at customers' premises, visited over 248 entities and companies in 2024, providing approximately 10,800 products and services.

Telephone Sales Service

In 2024, the telephone sales team, responsible for customer care and delivering banking services over the phone, successfully contacted 393,539 customers and provided a total of 50,229 products.

Cooperation

In order to expand our customer base through payroll institutions, we have signed a cooperation agreement with government agencies, offering special favorable terms to those with high-quality loan portfolios.



“One Billion Tree” national campaign

Golomt bank is actively supporting Mongolia's green recovery through the “One Billion Trees” national movement, which aims to plant and protect billions of trees across the country by 2023 to increase forest cover to 9%, and to combat climate change. In 2024, Golomt bank contributed MNT 2.3 billion to the fund established to support the “One Billion Trees” movement through interbank settlement operations.



Mongolian Mortgage Corporation

In order to prioritize housing mortgage loans for targeted customers and to establish an open and fair system, we collaborated with regulatory agencies to provide housing for 2,232 citizens. These mortgage loans were offered at a 6% interest rate, with a total funding of MNT 262 billion.

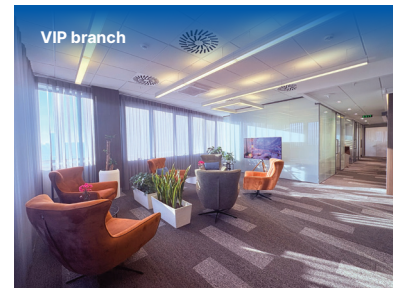
To expand our service channels, we opened a total of 8 branches, and 2 settlement centers in Ulaanbaatar and rural areas.



Tsengeldek branch, Go To Market branch, Akoya branch, Dragon branch



Khentii branch



G Center Private Bank branch, Tara Center Private Bank branch, Altan Joloo Private Bank branch



83rd cash settlement center / subordinate of Songinohairkhan branch, 5 Shar Orgil Center/



86th cash settlement center / subordinate of Solongo branch, 1st floor of Altan Joloo/

To transfer some services of high-traffic branches to digital platforms and to minimize customer wait times, new kiosk devices have been placed in the first 10 branches as part of the digital transition strategy.

Events

Golomt bank organizes various events and training sessions to enhance the skills of its management team and foster environments for experience sharing. Notably, the “Branch Manager’s Meeting,” attended by directors of business centers, branches, and settlement centers, was successfully held on February 2, 2024. During this event, the bank presented its 2023 performance, 2024 business objectives, strategies, policies, and new organizational structure.



Additionally, we have organized events and training sessions for local branch directors, facilitated discussions to exchange ideas on branch operations, and shared the latest industry trends.

At the event, branches that excelled in performance, efficiency, and quality during the reporting period were honored with the “Best Branch” and “Outstanding Achievement Branch” awards.



Digital bank

Total number of digital channel users

↑ **12.6%**

Total number of SocialPay users

↑ **35.1%**

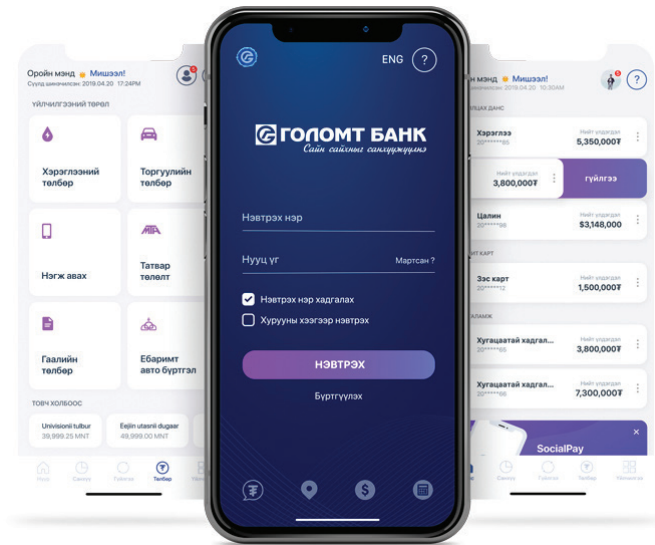
Number of transactions made through digital channels

↑ **26.8%**

Digital loan portfolio

↑ **3.2** times

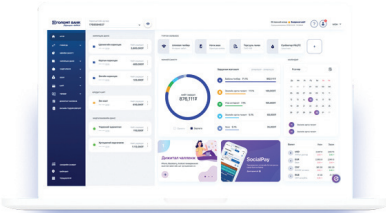
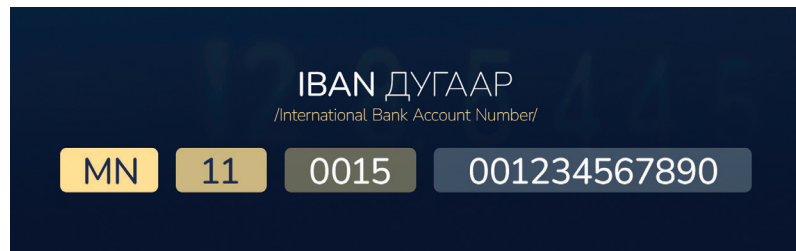
In 2024, Golomt bank launched significant projects supporting its strategic digital transformation, successfully introducing new services and developments aimed at creating customer-centric, user-friendly solutions.



Product, services and development

Internet banking, Smart banking

- Effective payments using IBAN numbers;
- Credit card renewals and transactions;
- Credit card replacements are now available;
- The number of organizations on the utility payment section has been increased.



Internet banking

- Simplified "ebarimt" registration process;
- Issuance of online account reference using IBAN number;
- Verification of account statement with digital signature;
- Automation on sending the customer's online account agreement to their registered email;
- Sending notifications to the customer when updating personal information and registering a standing order;
- Opening Internet banking services for children aged 7-17;
- Available to order The Color card for children aged 7-17;
- Credit card replacements, renewals, adjustments to daily transaction limits, and transfers to other accounts are now available.

- Digital signature verification was introduced.

Customers can now verify their account statements with a digital signature via Internet banking, allowing them to download a certified copy of the statement without needing to visit a bank branch.

- Enabled the opportunity to open a child allowance account.

It is now possible to open an account to receive the monthly “Child Allowance” provided by the Government of Mongolia through Golomt bank’s internet banking. Customers can open a current account for their children aged 0–16 to receive the allowance directly. Additionally, customers can update their receiving account information via www.ehalamj.mn and the E-Mongolia platform, with the option to notify their registered welfare officer and change their account number as needed.

- Possible to obtain a summarized account statement for a visa application in English.

Citizens applying for visas to certain countries are often required to submit a summarized bank account statement. For example, at the request of the Embassy of the Republic of Korea, Golomt bank provides this document in Mongolian. However, recognizing the need for translated documents for some Embassies, we now offer the option to receive the statement in English.



- Digital consumer loans are now available.

Golomt bank now offers 8 types of loans through digital channels. Using the Internet banking and smart banking application, customers can access digital consumer loans to purchase goods and products from merchants, who have signed a cooperation agreement with the bank. This loan process eliminates the need for branch visits, allowing customers to determine the loan amount and select the term online according to their needs. Additionally, these digital consumer loans come with discounted interest rates compared to other consumer loan types.



Smart bank

- Confirm all Smart Bank transactions with a password.
- Enter a confirmation password when opening an account.
- The ability to unblock a password directly through the mobile application.
- Fees for ordering, replacing, and renewing debit cards can now be deducted from MDW.
- It is now possible to copy the account details of current accounts, loans, and credit cards.



SocialPay

- Customers can send cash-backed greeting cards to each other through the application.
- Transactions can be processed by recognizing the account number on random images using the OCR system.
- The variety of game types and item purchasing options in the "GGames" section has been expanded.
- Installment payment service was introduced.

As part of this service, customers can pay for goods and services in 3 to 7 installments through the SocialPay application. The service allows interest-free and commission-free purchases, with repayment terms ranging from 30 to 90 days.



SocialPay Junior

- New family option is introduced.

The Family option allows children to receive tasks assigned by their parents, complete them, and request a reward by submitting an invoice. This feature promotes financial education for children and provides all family members with valuable, technology-based learning experiences.

- Self-registration to SocialPay Junior

Users aged 0–17 can now independently register using the SocialPay Junior app's registration menu, link a card to the app, send messages via chat, and change the theme, among other features.



Loyalty program

- Launched loyalty website

One of our largest incentive-based programs, the “Loyalty” program, has launched its own dedicated website, centralizing information about international and domestic discount network partners to make it more accessible for our customers.

- The Loyalty website and SocialPay application now offer customers the ability to create and use savings, card and cash coupons, additionally, customers can redeem points accumulated through the Big Loyalty and GenZ Loyalty campaigns directly on the Loyalty website.

- Savings Coupons

Through the Loyalty menu in the SocialPay application, users can add these coupons to your existing savings account or open a new one, thereby increasing your savings with the coupon amount.

- Card Coupons

Users can order a new card and link any account to it, benefiting from its use in campaigns, points programs, and other advantages. Additionally, clients have the option to increase their card balances with the coupon amount.

- Cash Coupons

Users can use the SocialPay and SocialPay Junior applications to scan QR codes and make purchases with your Golomt bank card, applying one of your available cash coupons for each transaction.

- The “Coupon Shop” section has been added to the Loyalty menu on the SocialPay app, featuring discount network organizations.

Through the SocialPay application and the Loyalty website, users can now access the “Coupon Store” service, where you can purchase coupons from partner organizations and Golomt bank at discounted prices.

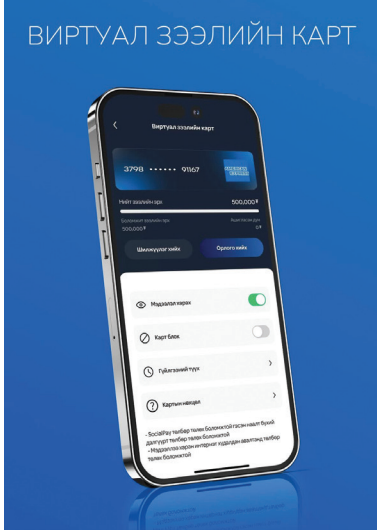
Card

Updated the “The Color Card”, product for Children and Youth

The Color Card, designed to help children and youth aged 7-22 improve their financial literacy and manage their finances, now features a more vibrant design with a notch at the bottom. Additionally, new customer-centric advanced solutions have been incorporated. Golomt bank customers can now order this upgraded version of the card for their children under 16 years of age through Internet banking, without the need to visit a branch.



ВИРТУАЛ ЗЭЭЛИЙН КАРТ



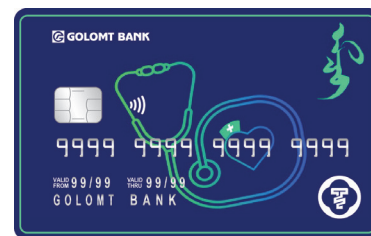
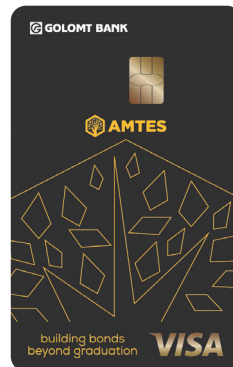
SocialPay virtual credit card has been newly introduced to the market

This virtual credit card can be activated from the wallet menu of the SocialPay application and it offers a credit limit of up to MNT 500,000.

All types of debit cards can be printed instantly.

To address urgent payment needs and save time, payment cards can now be printed on the spot within 1-2 minutes. Golomt bank customers can visit a branch to have international or domestic payment cards printed immediately when needed. This service will also be available during direct sales campaigns.

- Six types of co-branded debit cards were launched in the market through partnerships with various organizations.
- The number of channels for ordering credit cards has been expanded, allowing orders to be placed through the website www.cards.mn.
- Golomt bank credit card holders now have the opportunity to share their credit card limit with their family members by issuing sub-cards for them.



Notable products and services of the digital channel



Apple Pay project

On December 10, 2024, Golomt bank introduced the Apple Pay payment system to the Mongolian market for the first time. This digital payment solution, used by over 800 million people across approximately 90 countries, allows customers to make transactions that are faster, more secure, and more convenient.

With the implementation of the project:

- Golomt bank's physical and virtual MasterCards can now be linked to Apple Pay.
- Golomt bank customers can use their iPhone, iWatch, and other devices to make payments at POS terminals in various service organizations. For online purchases, payments can be made using smart devices such as iPhone, iWatch, iPad, iMac, and MacBook.
- With just two clicks, transactions are completed in seconds, enabling over 1.6 million iOS users in Mongolia to make global payments using their Apple Pay wallet.

The Apple Pay wallet offers a quick and convenient way to make payments using bank plastic and virtual cards through NFC technology on Apple devices.

Launching of new upgraded Kiosks, offering 29 different products and services.

To reduce branch traffic and provide quick, convenient service, upgraded kiosk devices were installed in our branches. These kiosks offer 29 types of services, including various transactions, current and savings products, as well as card and loan services, resulting in a 46% reduction in service time.



- Golomt bank customers can now make quick and easy payments by linking their UnionPay cards to the UnionPay app.
- In collaboration with Chimege Systems, an AI-based smart chatbot was successfully introduced. Unlike traditional rule-based chatbots, this AI-powered chatbot allows customers to ask any question and receive the information they need. It was trained on historical bank chatbot interactions using a "Large Language" model, creating a knowledge base that provides valuable insights for developing AI-based banking products and services.
- Agent banking services have been introduced, enabling third-party organizations to offer services such as customer registration, account opening, and card ordering.

Campaign and promotions

SocialPay promotion campaign

The SocialPay promotion campaign ran from May to August 2024, with the goal of activating the SocialPay 3.0 and SocialPay Junior apps in the market, increasing their visibility through a loyalty program, and encouraging more usage. During the campaign, users had the opportunity to earn points through the “Big Loyalty” and “GenZ Loyalty” programs, which could then be redeemed for coupons.

GenZ Loyalty Promotion campaign

A promotional campaign was held for customers under the age of 22, allowing them to earn points every time they used the SocialPay app, the SocialPay Junior app, the Loyalty website, or Golomt bank products and services. These points could be exchanged for lottery tickets, offering chances to win discount coupons, attend K-pop concerts, and more.

“Puujin Bayaraa” concert

The SocialPay app served as the main sponsor of Puujin Bayaraa's concert. As part of this sponsorship, 43,000 concert tickets were sold through the app's Additional Services menu, and customers were offered 20% cash refunds along with lottery programs.



A total of 22 loyalty programs were implemented with the goal of rewarding and encouraging customer loyalty.



Cash Back Campaign

Granting access to the "Link Lounge" using the VIP cards



Дээрх байгууллагуудаас The Color Card-аар хийсэн худалдан авалтад буцаан олголттой.

Cash Back Campaign

The Color card incentive program has been implemented.



дараах вэбсайтуудаас худалдан авалт бүрдээ

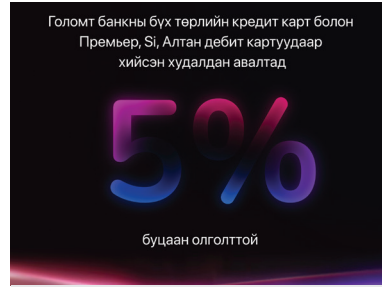
Cash Back Campaign

Incentive for online purchases.



Cash Back Campaign

Discount on services and purchases using an international card.



Голомт банкны бүх төрлийн кредит карт болон Премьер, Si, Алтан дебит картуудаар хийсэн худалдан авалтад

5%

буцаан олголттой

Cash Back Campaign

An international credit card incentive program.



VISA Mastercard UnionPay

3%

буцаан олголттой

www.golomtbank.com 1800-1646

Cash Back Campaign

International cash back rewards.



Lottery Campaign

Lottery winner was chosen from customers who made international transactions with their UnionPay cards.



Lottery Campaign

Lottery winner to watch the Paris 2024 Olympics was selected from Visa cardholders.



ГОЛОМТ БАНК

HELLO КАРТЫН УРАМШУУЛАЛТ ХӨТӨЛБӨР

Голомт банкны бүх төрлийн кредит картгаар сонгогдсон байгууллагуудас худалдан авалт хийгчид 10% - 25% ИЙН БУЦААН ОЛГОЛТ АВААРАЙ.

Ургамалч хугацаа: 2024.12.05 - 2024.12.31
© 1800-1646 www.golomtbank.com

25th anniversary of International Payment card

Golomt bank launched a promotional campaign to celebrate the 25th Anniversary of introducing Mongolia's first international payment card.

Promotional program for POS merchants and service providers

Golomt bank organized a lottery for POS merchants based on their transaction amounts. The grand prize was a car, while three winners received foreign travel vouchers, thirty won mobile phones, and twenty-eight were awarded savings coupons.

Events



25th anniversary of Payment Card

The reporting year marks the 25th anniversary of the introduction of international payment cards in Mongolia. In 1999, Golomt bank became an official member of the international organization MasterCard Worldwide and launched the first-ever Golomt-branded MasterCard in the market. A special event was organized to commemorate this milestone.



Open Future – Digital Aimag

Golomt bank organized the “Open Future” event across several provinces, including Darkhan, Erdenet, Khuvsgul, Dornod, Khovd, and Bayankhongor from 2022 to 2024. The event aimed to introduce new technological solutions and promote digital development within local communities, successfully engaging over 16,000 citizens.

In 2024, the “Open Future – Digital Umnugovi” event featured 22 organizations from various sectors that had incorporated technology and digital transformation into their products. Participants exchanged ideas and offered a range of digital services to the attendees.



SocialPay - "Singapore Fintech Festival"

SocialPay successfully participated in the "Singapore Fintech Festival," Asia's largest fintech exhibition and fair, held from November 6-8, 2024. The event attracted over 62,000 organizations from 134 countries, showcasing their leading technology solutions in the financial sector. Mongolia was represented by the Bank of Mongolia, One Billion Tree Fund, Mongolian Banking Association, Mongolian Fintech Association, Storpay LLC, Optimal N Max LLC, M Bank, and Golomt bank. This exhibition provided an opportunity for us to engage with global policymakers and experts, promoting the products and services in which we have successfully participated.

"Global Payments Trends" conference

Golomt bank organized the "Global Payments Trends" conference, which was attended by approximately 130 guests and representatives from 95 international and domestic organizations in the banking, finance, and information technology sectors. During the conference, representatives from world-leading companies, such as Visa, MasterCard, GRG Banking, UnionPay, and Cardzone discussed the development of modern payment instruments, new trends in banking services, related technologies, business requirements, and solutions. Key topics included the history of Mongolia's card payment system, the impact of international payments on the Mongolian market, technological challenges, new innovations, customer experience, and green investment.



"Discover Mongolia, Discover Magic 2024"

The "Discover Mongolia" event, now in its 20th year, brings together international vendors from the card payment and information technology sectors. Held at Lake Khangal in the Umnudelger micro-province of Khentii Province, the event gathered guests and representatives from 16 collaborating organizations. Its aim was to strengthen and expand business cooperation, introduce Mongolian customs, celebrate successes, and explore new business opportunities.

International business cooperation

Since 2011, Moody's and S&P Global has been providing comprehensive credit ratings and analysis for Golomt bank, evaluating factors, such as its financial performance, asset quality, risk management practices, and market position. In 2024, Golomt bank's credit rating has been upgraded by Moody's to "B2" and S&P to "B+". In a positive development for Mongolia's credit outlook, Moody's has upgraded the country's credit rating to "B2/Stable", S&P Global to "B+/Positive" and Fitch Rating to "B+/Stable".

Golomt bank's credit rating

MOODY'S

Category	Rating
Issuer Credit Rating	B2
Outlook	Stable
Baseline Credit Assessment	B3
Senior Unsecured	B2

S&P Global

Category	Rating
Issuer Credit Rating	B+/Stable/B
Outlook	Stable
Senior Unsecured	B
Transfer & Convertibility Assessment	B+

Mongolia's Credit Rating

Moody's	S&P Global	Fitch Ratings
Long term foreign currency issuer Default Ratings	Long term foreign currency issuer Default Ratings	Long term foreign currency issuer Default Ratings
B2/Stable	B+/Positive	B+/Stable

Golomt bank has secured funding from impact investment funds and financial institutions to support green and ESG-focused businesses, promote financial inclusion, empower women entrepreneurs, and strengthen domestic small and medium-sized enterprises. In addition to offering long-term and concessional financing, specialized advisory teams have provided technical assistance and capacity-building programs for both the bank and its clients.



Global Climate Partnership Fund (GCPF), managed by Switzerland-based responsAbility Investments AG, has provided funding for the second time to finance projects focused on reducing heat loss and promoting energy-efficient residential and industrial buildings.



Global Gender Smart Fund, also managed by responsAbility Investments AG, has extended long-term financing to support women entrepreneurs, enhance their economic participation, and contribute to the achievement of the UN Sustainable Development Goals (SDGs).



Saison Investment Management Private Limited, based in Singapore, has provided a second round of long-term green loan financing. This funding supports environmentally friendly projects and various green financing initiatives, including renewable energy and sustainable buildings, in line with Mongolia's Green Taxonomy.



Agents for Impact, a financial institution based in Germany, has partnered with Golomt bank to support micro, small, and medium-sized enterprises (MSMEs).

International Financial Institutions:

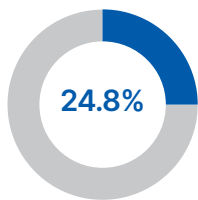


Golomt bank JSC has established an US dollar correspondent relationship with The Bank of New York Mellon (BNY), a leading global financial services company, headquartered in the United States. This partnership enables Golomt bank's customers to conduct cross-border US dollar transactions efficiently. As a result, Golomt bank now leads the market with the largest network of correspondent banking relationships, encompassing 52 correspondent bank accounts in 15 different foreign currencies.

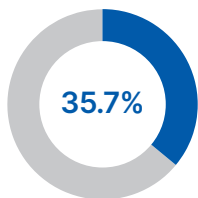


This expansion underscores Golomt bank's dedication to facilitating international payment transactions through its cross-border remittance operations.

Market Share of Outgoing Payments



By number of transactions



By value of transactions

Source: SWIFT Watch report

Golomt bank's market share in cross-border payments (via SWIFT)

According to the International SWIFT Watch report, Golomt bank processed 25% of the outgoing payment transactions of Mongolia's banking sector in 2024, highlighting its significant market share in cross-border payments.



Correspondent Banks

Trade finance

Trade finance portfolio and market share

To provide its customers with a seamless comprehensive range of trade finance services, Golomt bank in collaboration with over 300 international partner banks and financial institutions has been offering the most cost-effective financing solutions to its customers, while supporting them in increasing their import and export turnover and reducing potential payment and supply risks.

For instance, in 2024, Golomt bank's total trade finance portfolio has reached MNT 515.2 billion (outsanding amount), while the Bank's total trade finance turnover has reached MNT 1.8 trillion (issued amount) meaning goods, equipment, and projects for such amount were supported through trade finance services.

In 2024, a total of MNT 39.72 trillion worth of goods and equipment were imported into Mongolia, 21.7% of which were vehicles, electronic appliances and spare parts. Golomt bank financed a total of MNT 890 billion worth of goods and equipment purchase import in 2024.

Golomt bank has delivered prompt and efficient advising services for letters of credit and bank guarantees, facilitating the export of key Mongolian products, such as coal, wool, and cashmere, with a total value of MNT 510 billion. As a result, by the end of 2024, Golomt bank accounted for 53% of the total market share in export letters of credit and bank guarantees issued by foreign buyers to Mongolian manufacturers and suppliers. This underscores the bank's significant role in supporting Mongolia's export sector.

Digital import letter of credit service

In order to enhance the accessibility of our services to our customers and reduce paper consumption, Golomt bank has launched a new digital service for receiving requests to issue import letters of credit online. Customers from both urban and rural areas who wish to use this service can now conveniently submit their requests online through their Internet banking access, eliminating the need to visit the bank in person. This service also allows customers to track the status of their already issued letters of credit transactions in real-time.

Leading market position

According to the International SWIFT watch report, in 2024 Golomt bank maintains its leading position in the field of foreign guarantees and letter of credit issuance services, possessing 53.2 percent of the domestic market.

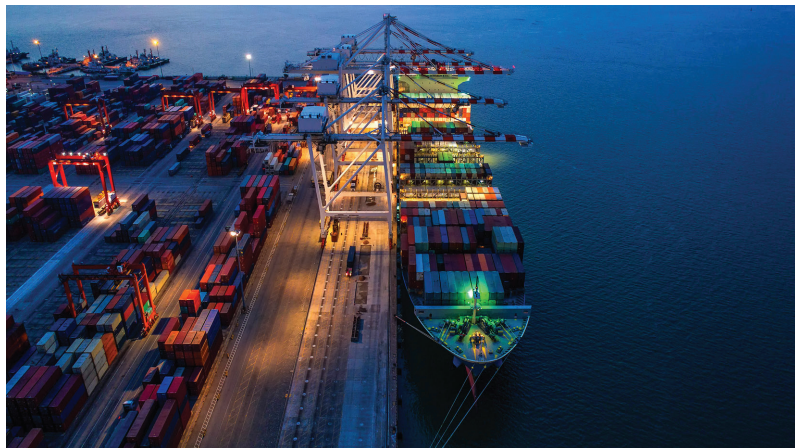


Global trade finance program

Golomt bank financed the import of goods and equipment worth MNT 74.5 billion, in cooperation with International Finance Corporation under the 'Global Trade Finance Program' and Asian Development Bank under the scope of 'Trade Finance Program'.

Golomt bank has actively supported various projects and programs aimed at enhancing Mongolia's export capabilities and infrastructure through trade finance.

- Golomt bank played a vital role in promoting the production and sales of Mongolia's key export commodities. In 2024, the Bank facilitated the issuance of import letter of credit totaling MNT 140.4 billion for import of mining equipment. Additionally, it supported Mongolia's export sector with export letters of credit amounting to MNT 71.4 billion for coal exports and MNT 4.3 billion for cashmere product exports. This highlights the bank's critical role in driving both domestic industry growth and international trade.



- Golomt bank in collaboration with Bank of China (BoC), Agricultural Bank of China (ABOC), China Construction Bank (CCB), Canada's Toronto Dominion Bank (TD), Korea's Kookmin bank as well as Japan's Mizuho Bank, issued bid, advance payment, performance and warranty guarantees for the construction works of major infrastructure and industry development projects being implemented throughout Mongolia.



- An advance payment guarantee was issued to the General Contractor on behalf of the Subcontractor for the "The Ulaanbaatar cable car project", which is financed by a concessional loan from the Republic of France.
- As part of the renewal of public transportation in Ulaanbaatar, Golomt bank has issued performance, advance payment and warranty guarantees in cooperation with the Bank of China for the purchase of large-capacity buses by the Governor's Office of the Capital City.
- Through its effective cooperation with Chinese banks, Golomt bank issued bid guarantees for the construction of new 40 km asphalt paved road for the section from Uliastai – Tsagaankhairkhan and 65 km road extension work in Ulaanbaatar – Darkhan section in favor of the Ministry of Road and Transport of Mongolia as well as other infrastructure works of enhancing transport connections and logistics in Mongolia.

Events

SocialPay is now working on a new project to enable QR barcode payment in China

A tripartite cooperation memorandum was signed among Golomt bank, China Construction Bank /CCB/, and NetsUnion Clearing Corporation /NUCC/ during the “Cross-Border Digital Payment Solution Cooperation Project of Chinese-Mongolian Financial Institutions” event held in Hohhot, China, on July 24, 2024.



Golomt bank signs a memorandum of understanding with “Bank of Inner Mongolia”

On August 4, 2024, the Bank of Inner Mongolia hosted “Effectively linking financial and investment discount policies, expanding the open policy towards Mongolia” meeting in Erlian City, Inner Mongolia. Golomt bank was cordially invited to this event and signed a “Memorandum of Strategic Cooperation” with Bank of Inner Mongolia, with mutual agreement to renew trade finance cooperation.



SIBOS 2024 – Golomt bank booth

The “Sibos-2024” (SWIFT International Banking Operations Seminar), which brought together the world’s leading and prestigious international banks and financial institutions, was held in Beijing, China, from October 21-24. Golomt bank, Khan Bank, and Trade and Development Bank, representing the Bank of Mongolia and Mongolian commercial banks, successfully participated in the exhibition.



Golomt bank signs Trade Advance and TNAS agreements with BNY

On October 21, 2024, Golomt bank JSC signed Trade Advance Agreement (TAA) and Trade Network Access Service Agreement (TNAS) with The Bank of New York Mellon (BNY).

Golomt bank signs MOU with Agricultural Bank of China

Golomt bank and Agricultural Bank of China (ABC) are pleased to announce the signing of a strategic Memorandum of Understanding with the aim to promote trade and investment between China and Mongolia. Under this MOU, the two banks will actively collaborate in providing cross-border financial services, including RMB settlement and participation in the China Interbank Bond Market (CIBM).



Sustainable development

Green loan portfolio

308

MNT billion

Golomt bank has established supporting sustainable development and green financing, and promoting environmentally friendly projects and programs as one of its strategic priorities. Since 2019, the bank has implemented its Sustainable Development Policy, aimed at facilitating and supporting its clients' transition to a low carbon economy.

Golomt bank successfully completed the Corporate Sustainability Assessment (CSA) conducted by the internationally recognized S&P Global. As of 31/12/2024, Golomt bank performed in the TOP THIRD in the Bank Industry in the S&P Global Corporate Sustainability Assessment.

Sustainable development

Medium and long-term targets to reduce negative impact on the climate and water

Greenhouse gas emissions

2030 ↓30%



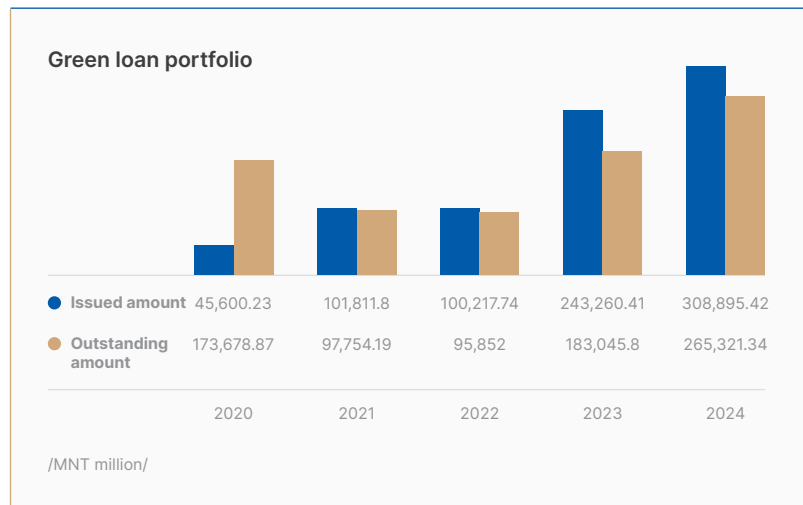
Availability of water

2030 ↓5%



Sustainable financing

Over the span of the past five years, we have committed a cumulative total of MNT 875 billion in sustainable financing transactions. In 2024, we committed a total of MNT 308 billion of sustainable and green financing in the forms of loans, with an outstanding portfolio as of 31 December 2024 at MNT 265 billion.



As of 2024Q4, the green loan portfolio accounts for 3.6% of Golomt bank's total loan portfolio and constitutes 19.6% percent of the green loan portfolio of the entire banking sector.

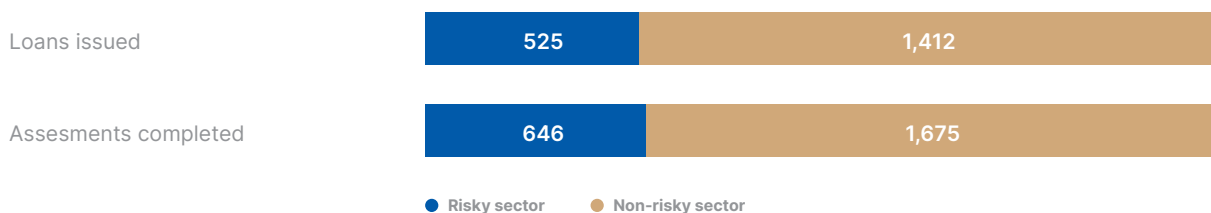
In addition, to ensuring the implementation of Mongolia's Green Taxonomy and creating a green portfolio through six types of discounted, sustainable and green loan products on the market. Bank has set a target to ensure that 10% of our total loan portfolio will consists of green, sustainable loans by 2030.

	Interest rate (monthly)	Up to	Term
Sustainable and Green business loan	1.2% - 1.4%	MNT 5-10 billion	30-84 months
Interest dividing green business loan	1.2% - 1.4%	Depends on product	84 months
Green Housing Loan	1.25%-1.4%	MNT 160-300 million	120-240 months
Eco Car Loan	1%-1.1%	Depends on product	30-96 months
Eco Consumer Loan	1.25%	Depends on product	30 months
Loans to support women entrepreneurs	1.2% - 1.4%	MNT 100 million	36 months

Environmental and social risk assessment

Golomt bank has enhanced the policies, systems and processes used for managing E&S risk, which cover risk identification, measurement, assessment, monitoring and reporting, control and mitigation, and reduced the risks that might arise from its business in accordance with the national plans to attain green and low-carbon economy, relevant environmental laws and regulations and industrial policies.

In 2024, a total of 2,321 environmental and social risk assessments were conducted. Out of the total assessments, 72% were from non-risky sectors with an 84% disbursement rate. The remaining 28% were identified as operating in risky or low, medium, and high impact sectors on the environment and society, with 81% of these resulting in loan disbursements.





With technical assistance from the Global Climate Partnership Fund, Pacific Risk Advisors (PRA) provided consultancy services by assessing environmental and social risk analysis and offering recommendations to improve the process of receiving and resolving customer and employee complaints. As a result, we updated and enhanced our policies and procedures in the second half of 2024 and implemented the necessary changes in compliance with these recommendations. Furthermore, Golomt bank's environmental and social risk assessment now fully aligns with the standards of the International Finance Corporation (IFC). Additionally, for loans funded through external sources, we have started integrating the 'Environmental and Social Action Plan' (ESAP) into customer contracts, ensuring continuous monitoring and implementation.

Events



FMC & Business Conference

At the Financial Managers Convention and Business Conference, which are held annually as a tradition by Golomt bank, the topic of sustainable financing was highlighted. The events featured discussions on key subjects such as 'Sustainable Water and Waste Management' and 'Mongolian Green Building Standards,' presented by industry representatives. Through these sessions, Golomt bank provided its clients with timely and relevant information on the transition to a green economy. Additionally, during the event, information on Golomt bank's green loan products, best practices in green financing, and opportunities for businesses to adopt sustainable practices were shared with participants through the sustainable financing booth.





Mongolian Sustainable Finance forum 2024

At the Mongolian Sustainable Finance Forum, held on November 27-29 under the theme “Mongolia-Financing Green Development”, Golomt bank’s CEO and executives shared valuable insights on sustainable financing, impact investment opportunities, and investor requirements.



Ulaanbaatar Dialogue 2024

Golomt bank supported the “Ulaanbaatar Dialogue” 9th International Conference on Northeast Asian Security was held in Ulaanbaatar. During the forum, Government representatives, experts and scholars participating in the conference discussed “Security Challenges and Opportunities in the Region”, “Multilateral Cooperation in Northeast Asia”, “Climate Change and Security Challenges in Northeast Asia”, “Secure and Affordable Energy Transition in Northeast Asia” and “Developing Sustainable and Resilient Value Chains for Critical Energy Transition Minerals”.



Programs



ЗАСГИЙН ГАЗРЫН
ХЭРЭГЖҮҮЛЭГЧ АГЕНТЛАГ
УСНЫ ГАЗАР

Collaboration

Golomt bank has signed a memorandum of understanding with the Water Agency of Mongolia. The memorandum of understanding ensures the implementation of following: the Law of Mongolia on Water, the Law of Mongolia on Water Pollution Payment, the 6th Sustainable Development Goal “Clean water and sanitation”, recycling and re-use of water by enterprises, improving integrated management of water resources, creating good practices, and publicizing these efforts.



SDG Finance taxonomy pilot

From November 2023 to April 2024, Golomt bank successfully implemented the “Sustainable Development Goals Financing Taxonomy Pilot Project” in collaboration with the Asian Development Bank and the UN Development Programme, focusing on sustainable development goals (SDGs). The current Green Taxonomy has eight categories, while the new taxonomy includes 12 categories, adding social sectors, such as education, health, and communications. This update makes the taxonomy more comprehensive. It is planned to be implemented in Mongolia from 2025 onwards. As a result of the project, as of the third quarter of 2023, 94 projects and programs worth MNT 1,140.25 billion were identified as potentially classifiable under the Sustainable and Green Loan category.

S&P Global



Sustainable 1

Corporate Sustainability Assessment

Golomt bank successfully completed the Corporate Sustainability Assessment (CSA) conducted by the internationally recognized S&P Global. This assessment emphasizes the company’s transparency and evaluates its performance in the areas of Environmental, Social, and Governance (ESG) practices. In total of 669 financial institutions globally have been assessed by S&P Global CSA, Golomt bank was the first bank from Mongolia to participate in this assessment. As of 31/12/2024, Golomt bank performed in the TOP THIRD in the Bank Industry in the S&P Global Corporate Sustainability Assessment.



Development Impact Assessment

Golomt bank released its inaugural “Development Impact Assessment” drafted in cooperation with J.P. Morgan Development Finance Institution (JPM DFI). Golomt bank’s financing towards sustainability has been assessed as HIGH in terms of positive impacts, mitigating negative impacts, impact on market development and the development intensity assessment. Golomt bank strives to fully integrate Sustainable Development Goals 2,4,5,6,7,8,12 and 13 into its business strategy. The Bank is committed to building a robust green finance system and reporting according to the indicators in the Sustainable Development Impact Assessment.



Sustainability Financing Framework

Golomt bank released “Sustainability Financing Framework” in cooperation with MUFG Bank. The framework’s credibility is reaffirmed by a second-party opinion from S&P Global Ratings, a renowned rating agency, confirming its alignment with international market practices, and Golomt bank’s existing sustainability criteria. This comprehensive guideline outlines the bank’s approach to classifying financial products and transactions as “sustainable”, incorporating rigorous environmental and social criteria.



Green building LEED O+M “GOLD” certificate

Golomt bank’s headquarters building has been awarded the LEED O+M “Gold” certification by the U.S. Green Building Council. This certification is an internationally recognized standard for green buildings, evaluating performance based on factors, such as building location, space layout, water and energy usage, materials and resources, and indoor environmental quality. Golomt bank ensures its operations adhere to sustainable and green standards, including purchases, maintenance, cleaning, smoke-free environment policies, and pest control measures.





UNGP Business and Human Rights

The bank respects human rights in all of its internal operations and business activities, and has committed to adhering to the UN Guiding Principles on Business and Human Rights, as well as other international and national human rights and labor standards and principles, as outlined in its Sustainable Development Policy.

Training

Golomt bank actively organizes training, events, and programs to enhance the sustainable development and ESG (Environmental, Social, and Governance) knowledge of its employees and clients, encouraging them to transition toward a greener future together. In 2024, the Bank's Green Champion-trainers has received training from the Green Climate Partnership Fund (GCPF). Furthermore, through Golomt bank's Green Champion-trainers, a total of 865 relationship managers from 79 branches received training to strengthen their capacity in sustainable financing.



FEATURED SUSTAINABLE FINANCE BANK OF 2024


The Mongolian Sustainable Finance Association (MSFA), the Bank of Mongolia, and the Financial Regulatory Commission have a tradition of annually recognizing organizations that lead in sustainable finance implementation. This year, Golomt bank was honored as the "Featured Sustainable Finance Bank of 2024" for its significant contributions to advancing sustainable finance practices.



BILLION TREE SUPPORTER

The "Billion Tree" national movement, initiated by the President of Mongolia, is being supported by the Bank of Mongolia and commercial banks, leading to the establishment of the "Billion Tree Fund" to contribute to reducing climate change, desertification, and land degradation. Based on Golomt bank's contribution to the activities of the Billion Tree Fund in 2024, the bank was recognized as the "Best Supporting Organization".

Social responsibility



Golomt bank awarded

+1,900

students full scholarship

Golomt bank has increased the scholarship amount for its "Student Scholarship Program" to MNT 2,000,000 for each student.

Social responsibility



ӨВ СОЁЛЫН ГОЛОМТ
ТҮҮХ АРХЕОЛОГИЙН ТӨСӨЛ

“Genesis of Heritage and Culture” project

Golomt bank launched the “Genesis of Heritage and Culture” historical and archaeological project in collaboration with the Institute of Archaeology of the Mongolian Academy of Sciences (MAS) in 2022. The main goal of the project is to support archaeological efforts focused on preserving and protecting Mongolia’s historical and cultural monuments, as well as conducting related research. Golomt bank became the first private sector investor in this field, making a significant contribution to the study of Mongolia’s history, religion, and culture. The project’s secondary activities, including archaeological excavations and research at the ‘Inget Tolgoi’ site, are progressing successfully and gaining recognition both nationally and internationally.



“OneSky” international child organization

OneSky, an organization with the motto “For All Children,” operates in countries, such as Vietnam, China, and Hong Kong. In 2018, it established its presence in Mongolia by opening the Family Center as a demonstration site. Through this center, children, families, and parents are enrolled, free of charge, in the internationally recognized, science-based “Family Skills” comprehensive curriculum. This curriculum covers various aspects of children’s development, including physical, cognitive, language, emotional growth, as well as nutrition and environmental safety, supporting early childhood development and broadening their learning opportunities. Since 2023, Golomt bank has partnered with OneSky to support and strengthen systems of care for young children living on the outskirts of Ulaanbaatar. This partnership reflects Golomt bank’s commitment to improving children’s health and education.



“Student scholarship” program

Golomt bank successfully launched the “Student Scholarship” program as part of its social responsibility initiatives, contributing to the sustainable development of youth education. Over the past year, more than 1,800 students across more than 50 universities in Mongolia have been awarded scholarships.

In 2024, over 1,500 upperclassmen students in Mongolia applied for the “Student Scholarship” program. To mark the 20th anniversary of the program, the scholarship amount was increased to MNT 2,000,000, with the added benefit of part-time and full-time work opportunities at Golomt bank. As recipients of this scholarship, students gain access to various personal development, professional training, and wellness programs at the Academy, along with the chance to work with professional mentors and receive coaching in leadership throughout their studies.

The “Student Scholarship” program is nationally recognized, and during the 2024-2025 school year, a total of MNT 200 million in scholarships was awarded to 100 students. This brings the total number of students who have benefited from the program to over 1,900, with the total amount of scholarships awarded reaching MNT 1.3 billion.



“Heart Never Forgets” Project

Golomt bank's Altantulkhuur Children's Foundation has supported and partnered with the “Heart Never Forgets” project for the fourth consecutive year. In 2022, the project team provided life-saving care to thousands of children in Mongolia, Kyrgyzstan, and Tuva by conducting examinations, diagnoses, and surgeries. Golomt bank not only provides financial support to the project each year but also offers other necessary assistance. As a result of this cooperation, 40,000 children have been examined and diagnosed, and more than 1,200 children have successfully undergone surgeries.

Initially, the project team had planned to operate on 44 children per year. However, with Golomt bank's continued support, both financial and logistical, the number of surgeries conducted annually has increased to 350-360.



Morin Khuur Ensemble of Mongolia

To preserve cultural heritage and promote traditional Mongolian art, Golomt bank has been supporting the Morin Khuur Ensemble for the past 14 years. During this period, the Ensemble's reputation has expanded beyond Mongolia, with over 40 concerts performed worldwide. High-quality works by the Morin Khuur Ensemble, such as "Playing Love" and "Novel Melody," have gained international recognition and received praise from thousands of people. Throughout the collaboration, both organizations have worked together to promote national art, both domestically and internationally, with a total of approximately 40 major performances.



"Revolution is Inclusion" project

In 2024, Golomt bank began collaborating with the Mongolian Special Olympic Committee and the Ulaanbaatar Rotary Club to support the "Revolution is Inclusion" project. More than 230 children with intellectual disabilities, along with their parents and guardians, participated in the event, which took place across six provinces in the Hangai region. The event included training sessions and medical examinations.

The "Revolution is Inclusion" project, led by the Mongolian Special Olympics Committee, aims to foster the development and participation of children with intellectual disabilities through sports. Golomt bank supported to organize sports days for children and expand the project's reach, benefiting more children, young people, and their families.

Operations management

Amount of Total loans is

7.5

MNT trillion



In 2024, Golomt bank prioritized loan quality, resulting in a decrease in non-performing loans to 3% and an increase in loan provisioning to 121%.

Human Resources Management

Adhered to the long-term and stable growth and development, Golomt bank adopted an employee-centered strategy, strengthened its ethical culture, and established an employee-friendly system that provides all employees with opportunities to learn, grow, and challenge themselves.



Driven by technological, economic, cultural, social, and pandemic-related factors, employers are being forced to adapt to the “new normal” in human resources. Despite these challenges, Golomt bank has remained a consistent leader in the banking and financial sector, largely due to the successful investments made in its employees. This success is reflected in the annual research and feedback collected from staff. As a result, Golomt bank became the first Mongolian institution to receive the “Great Place to Work” certification from the internationally recognized Great Place to Work Institute in 2022. This achievement was proudly reaffirmed in 2023 and 2024, marking three consecutive years of recognition.

Team engagement



Over the past four years, we have consistently enhanced our team engagement activities. The program is designed to support the functional, mental, physical, and financial well-being of our staff. It focuses on building infrastructure within the unit, training new employees in banking culture, fostering effective intergenerational communication, and boosting team productivity through 4,260 hours of training across six sessions. By creating an interactive and accessible workplace, we enable employees to continue their personal growth and learn from one another based on diverse experiences.

Employee wellbeing

In recent years, we have focused on enhancing our training programs and employee well-being initiatives. In 2024 alone, we delivered 2,142 hours of training through 39 sessions using diverse methods. These efforts have made a meaningful contribution to achieving our business goals and objectives.



Physical wellbeing

We initiate health pre-checks, primary check-ins, health services, health campaigns, and blood donations, as well as provide massage therapy, supplementary health insurance, and various types of healthcare activities. Moreover, we continue to implement training, counseling, and other measures aimed at employees' families each year as part of the Employees and Their Families Wellbeing Policy.



There are many projects and programs designed to enhance collaboration and communication, as well as focus on the physical health of employees. Notably, the traditional "Sports Trekking Tour" is now in its 25th year and has successfully traveled to nine destinations, including Khagiin Khar Lake, Khar Zurkhonii Khokh Nuur, Asralt Mountain, Tsetsee Gun, Gunjiin Temple, Zaan Terelj, Dugan Khad, Khuisiin Naiman Lake, and Aglag Buteeliin Temple. Over the past year, more than 1,000 employees have participated in the Sports Trekking Tour. From this tour, individuals have been trained and earned titles such as four Masters of Sports, five Sports Sub-Masters, and over 100 Travel Sports degrees. Additionally, Golomt bank organizes the bank's "Sports Festival" during the spring and fall seasons, annually engaging about 1,100 employees.



Mental wellbeing

Employee mental health is a priority as part of our comprehensive approach to well-being, and we are committed to educating and supporting our staff in this area.

According to the internationally recognized “Great Place to Work” survey in 2024, Golomt bank’s employee satisfaction rate was reported at 91 percent—placing us at the top of the list, on par with leading institutions in Asia. This outstanding result is attributed to several key factors, including strong business acumen, effective leadership, positive employee-management relationships, a supportive organizational culture, and excellent management practices.



Financial health

Financial health refers to the ability to develop and maintain habits related to spending and saving, plan for both short- and long-term expenses, and build emergency savings. We support our employees in achieving financial well-being by offering opportunities to build long-term savings through Golomt bank’s “First Pension Fund.” In addition, employees can seek guidance from professional advisors and participate in various programs and workshops designed to help them manage their finances effectively.



Continuous learning

Through our Golomt Academy training unit, we strive to enhance employee growth and learning opportunities. Specifically, we provide support for professional certifications and exam fees, as well as opportunities to learn from international best practices to develop the professional skills of our staff. This initiative is crucial for achieving the bank’s long-term strategic goals by training and retaining talent in line with internationally recognized standards. Additionally, for the 2024–2025 academic year, we are partnering with Mandakh University to enroll more than 40 of our employees in graduate programs.

Career development

Digital trainings

50%

Number of digital trainings,
contents

150

Participant Engagement

82,000

Supporting Employee Career Development

An important part of an organization's investment in its employees is providing them with new skills and supporting their career planning. At Golomt bank, we plan for each employee's career development through various bank activities, training programs, and events—starting from their first day of employment and continuing through to retirement.

In 2024, more than 880 new employees joined Golomt bank, 33% of whom were recent graduates. Over 80% of the total job vacancies were filled internally. The bank's new employee orientation program helps new hires adjust to their team environment, understand the banking culture, acquire essential skills, and advance their careers. We strive to be a workplace where employees take pride in their roles and are empowered to achieve both their personal and professional goals.

To promote a culture of continuous learning, development, and knowledge sharing among all employees, we launched a training initiative in 2024 under the slogans "The Center of Development is the Employee" and "Every Executive Manager Can Be a Trainer." We also introduced ESG tools into our training efforts, eliminating the use of paper and bottled water.

Through the Golomt Academy training platform, employees can access learning and development opportunities anytime, from anywhere.

Executives Development Program

The bank successfully implemented executive development programs to continuously prepare for the transition and to develop the managerial skills of the staff. These programs include:

- Executive Leadership Program
- Human Resource Management program for Executives
- Mentorship Program to guide new executives in adapting to the workplace smoothly
- Leadership Staff Training Program to prepare successors to executives roles

Cooperation

- In its 20th year, the “Student Scholarship” program was successfully organized, with Golomt bank awarding scholarships to the top 100 students. For the 2024–2025 academic year, the “Student with a Job and Scholarship” initiative was also introduced, offering scholarship recipients the opportunity to gain valuable experience by working part-time at Golomt bank.
- In honor of National Tree Planting Day, more than 200 trees were planted in Golomt Grove at the National Cultural and Recreation Park for the fifth consecutive year, bringing the total number of trees planted to 1,030.



- Since 2019, over 120 employees have donated blood annually, and by 2024, these donations have helped save more than 360 lives.
- We have successfully organized the annual “Let’s Share Our Love” campaign.

Treasury management

Furthermore, Golomt bank has maintained a sufficient equity-to-risk-weighted assets ratio, ensuring strong capital adequacy.

Asset and Liability Management

In terms of Asset and Liability Management, Golomt bank has successfully met all of the Bank of Mongolia's prudential ratios, effectively managing its risks at an appropriate level. The bank has also enhanced its profitability through efficient asset utilization and cost reduction.

Prudential ratios

In 2024, Golomt bank improved its asset and liability repayment gap calculation methodology, incorporating customer behavior analysis, and regularly managed its interest rate and liquidity risks.

The bank maintained a high level of liquidity, consistently keeping its liquidity ratio above 30%. Additionally, Golomt bank has been calculating the Basel Committee's liquidity ratios, including the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), both of which have consistently remained above the prudential ratio of 100%.

To further enhance its funding, the bank successfully raised \$400 million in bonds from the international market due to heightened competition for funding in the domestic market. This achievement marked a significant milestone for the Mongolian banking sector, boosting capital market participation in U.S. dollars and contributing to an increase in Mongolia's foreign currency reserves.

Profitability

In 2024, Golomt bank prioritized optimizing asset utilization by actively engaging in the bond market and contributing to the growth of the Mongolian capital market. Additionally, the bank expanded its loan portfolio and strategically diversified its investments.

Private Wealth management

In 2023, Golomt bank launched Private Wealth Management services in Mongolia for the first time, offering international-standard products to both domestic and foreign investors through the bank's "Investment Deposit Product".

The Private Wealth Management service provides personalized investment advisory and financial planning, tailored to each client's investment goals and risk tolerance. In addition to investment services, the bank offers a concierge service, which includes the opening of VIP offices in 2024 to provide clients with convenient and personalized support. The main objective of this service is to effectively manage clients' assets by constructing optimal portfolios. Golomt bank is committed to expanding the range of services offered and enhancing communication channels with its clients to better meet their needs.

Customer experience



Within the framework of its “Customer-Centric Banking Policy”, Golomt bank adheres to the Mongolian Banking Services Codex when delivering products and services across all service channels. Efforts are made to create a positive customer experience in each product and service channel, achieve a high level of satisfaction, improve quality, and protect the interests of clients.

Implementation of international customer experience standards

Golomt bank’s “Contact Center” and Complaint Resolution procedures have been certified with the Quality Management System ISO 9001:2015 standard by the French AFNOR Group, as well as the ISO 23592:2021 standard for Service Improvement by MonCert LLC, an international training and certification organization. With the introduction of these standards, Golomt bank aims to further strengthen customer trust, continuously enhance the quality of its remote channel services and complaint management systems, and deliver products and services that consistently exceed customer expectations. Moving forward, Golomt bank aspires to elevate its banking services to an international level.



Implementation of Artificial Intelligent BOT

An AI bot has been introduced into the “Contact Center” function and is continuously being developed to leverage artificial intelligence for providing detailed answers to clients’ questions. The AI bot can handle up to five interactions simultaneously. Currently, up to 85 percent of clients’ online inquiries are managed by this virtual agent.

Customer right

- As part of its efforts to protect customer rights, Golomt bank has openly posted information related to the “Customer-Centric Banking Policy” and the Mongolian Banking Services Codex on its website, aiming to enhance the customer experience.
- For the first time in Mongolia, Golomt bank, in collaboration with the Mongolian Banking Association and the Banking and Finance Academy, organized the “Protection of Customer Rights” Forum. This event, which involved all banks in Mongolia, took the lead in advocating for the protection of customer rights.



Scope of Remote Banking Service

- In 2024, the contact center handled a total of 1.4 million calls, achieving a 97% success rate in providing advice and information to customers, which contributed to increased satisfaction.
- As part of its “Customer-Centric Banking Policy” and commitment to supporting sustainable finance and the green transition, 32% of the services offered by branches and settlement centers are now provided through remote channels. This shift not only saves time but also enhances customer satisfaction.

Service quality

- Implemented a digital payment solution that significantly streamlined payment processes in the banking sector, reducing payment time for customers by 70% and saving over 1,000 reams of paper annually.
- Optimized the registration process for service providers, reducing registration time by 63%.
- Doubled the resolution rate of initial client complaints, positively impacting over 120,000 customers.
- In 2024, the bank's product service orientation and quality metrics achieved an average score of 98.5%. The knowledge level of staff at branches and settlement centers was rated at 98.2%, while the comfort standards of these locations were rated at 96.2%.
- Under the “Customer-Centric Banking Policy,” we organized 3,731 person-hours of training for 3,731 employees, continuously enhancing their professional skills.

Risk management

In 2024, by placing special emphasis on the quality of the loan portfolio, the bank's non-performing loan ratio reached 3%, while the coverage of the loan provisioning reached a historic high of 121%.

Bank has continuously improved the main components of risk management, including the risk appetite statement, traffic light assessment, and capital conservation buffer based on its risk governance, "Three lines model", risk capacity, and stress test.

In addition to that, Golomt bank implemented the control of capital adequacy by calculating "Internal Capital Adequacy Assessment Process", proposed by the Basel Committee on Banking Supervision, and using it to bank-wide stress test.

Risk Management Framework

Risk Management Framework, approved by the Board of Directors, includes "Three lines defense" model, in which the roles, plan, and assessment are defined as follows:

"The first line of defense" refers to the business units and their supporting units who are responsible for business risks within the Bank's policy, procedure and their roles.

"The second line of defense" refers to units who oversee the risk management of "first line of defense" and control and limit the Bank's risk bearing capacity.

"The third line of defense" refers to units whose activities are related to independent internal audit.

Golomt bank's credit risk management's objective is to monitor the risk arising from borrowers not fulfilling their contractual obligations, and to maintain the bank's profitability at an optimal level.

Credit risk management

The bank's loan portfolio quality improved

In 2024, the bank specifically focused on credit portfolio quality that non-performing loan ratio has reduced to 3.0 percent and the NPL coverage ratio hit a historically high level, 121 percent. Within the policy to reduce the concentration risk, the bank has continued to implement policies to reduce the dependency on sectors subject to economic cycles and to distribute the concentration of borrower segments, thereby maintaining an optimal loan portfolio structure. The bank will aim to maintain the policy to grow the loan portfolio by maintaining the loan portfolio quality.

The prompt loan granting process

Golomt bank has been aiming to speed up lending activities. Specifically, the bank facilitated methodologies for business loan research, which has increased the speed of the business loan assessment by 30 percent. Additionally, Golomt bank adopted RLOS in 2019 and K2 in 2023, and, in 2024, the bank improved the practice at branches leading to 8 times faster loan granting process duration and 45 percent reduced workload on consumer loan research. Furthermore, by implementing measurements aimed at improving the 22 methodologies for loan assessment, enhancing data quality, and improving the validation of scoring results, the efficiency and optimization of the loan operation process have improved. In 2025, the bank is planning to adopt a system, capable of executing the whole loan assessment process.

Credit collection procedures

Process automation

The Data Management, Process Management, and Credit Collection Departments at Golomt bank have fully automated the process for sending voice messages. This automation allows 4-5 employees to perform time-consuming tasks without human intervention, even on weekends, thereby increasing availability and reaching all types of consumer credit providers. Currently, an average of 60,000 voice messages are sent per month, with a 35% reach rate. Of these, 87.4% result in loan payments, and 79.7% are due to non-reached attempts.

Since May 2024, we have developed and implemented Robotic Process Automation (RPA) to automatically freeze all deposit accounts of overdue borrowers. This operation has reduced the risk of transactions through other accounts by 90% and increased payments by 5%. Previously, this task took 2 hours daily, but with automation, it now takes just 15 minutes, significantly saving time for our staff.

Calculating the ECL of loan and loan-equivalents, according to IFRS-9

In 2018, the bank has adopted "International Financial Reporting Standard 9" (IFRS-9) endorsed by "The International Accounting Standards Board" (IASB). Golomt bank has automated ECL calculation process with the assist of PWC auditing firm, and been reporting to the regulatory institutions on monthly basis.

Collateral policy

The bank requires collateral in accordance with its collateral policy for loans, other assets considered equivalent to loans, and guarantees to ensure the fulfillment of obligations from borrowers and third parties.

Depending on the type and characteristics of the collateral real estate, such as apartments, offices, retail spaces, parking lots, and single-family homes, standard prices for collateral properties are established for each type and are updated semi-annually. The collateral property valuation activities are compliant with the International Valuation Standards (IVS).

In 2024, to facilitate the collateral valuation process, the bank has improved the quality of collateral data, standardized the registration in the system, and developed a dashboard for monitoring asset valuation process, applying it to daily practice.

Market risk management

Market risk is the risk that changes in market factors will affect the value of financial instruments and future cash flows. Sources of market risk include changes in interest rates, exchange rates, the value of securities and assets.

During the reporting period, the financial market faced risks, such as exchange rates, stock and commodity price fluctuations, but the bank protected against potential losses by implementing an efficient market risk management policy and strengthening the risk management framework.

In 2024, Golomt bank fully complied with the Bank of Mongolia's requirements for open FX positions as well as the bank's own risk appetite statement. In addition, within the limits approved by the ALCO, the potential loss from exchange rate risk was calculated using the "Value-at-Risk" method and monitored daily.

Also, based on the customer's credit rating and financial ratios, we determine the limit for each customer and monitor it every day.

During the reporting period, the bank fully complied with the CAR limits set by the Bank of Mongolia and the bank's risk appetite statement. Also, in accordance with the Basel III standard, the internal capital adequacy assessment process (ICAAP) is used to identify potential risks and regularly perform stress tests to manage capital risk.

The bank determines the appropriate interest rate based on various factors, such as the policy interest rate and market competition. In this evolving market environment, the bank evaluates the short-term changes in net interest income (NII) and the long-term impact on the economic value of equity (Δ EVE) and identifies and manages any risks that may arise from the stress of interest rate changes.

Liquidity risk management

Liquidity risk refers to the potential difficulty an entity may face in meeting its short-term financial obligations due to an inability to convert assets into cash without incurring a substantial loss.

In 2024, the bank's liquidity was well above the regulatory and bank's RAS limits. In accordance with the standards set by the Basel Committee on Banking Supervision, the Bank regularly calculates and maintains the Liquidity Adequacy Ratio (LCR) to manage and monitor short-term liquidity risk and the Net Stable Funding Ratio (NSFR) to manage and monitor medium- and long-term liquidity risk.

In order to further improve the bank's liquidity risk management and protect against potential risks, the bank's internal policies, procedures, methods, and contingency plans have been developed and implemented in accordance with international standards.

Also, in accordance with the Basel III standard, liquidity risk is determined by the Internal Liquidity Adequacy Assessment Process (ILAAP), stress tests are regularly performed, and the results are used for decision-making.

Operational risk management

Operational risk is risk of inability to maintain the acceptable level of risk due to inadequate or failed internal processes, people, and systems or from external events.

The Bank's operational risk appetite was fully satisfied with effective risk management process and optimized decision making with the help of risk management system.

In order to increase operational risk management effectiveness and support optimized decision-making, the bank has utilized Risk management system with functionalities such as Risk dashboard, Risk register, Incident database, Key risk indicator and Risk recommendation register. As a result, operational risk appetite was fully satisfied.

In the reporting period, the bank revised the Key risk indicators throughout the bank in accordance with the Risk appetite statement approved by the Board of Directors.

Risk Culture Program

The Bank implements "Risk Culture Program" annually, and within the scope of this program, ethics, risk management, information security related trainings and events are organized to strengthen the knowledge.

In 2024, during "Risk culture program", in addition to disseminating knowledge through various trainings and infographics, various competitions and simulations involving all employees were also effective.

Additionally, "Risk culture survey" is conducted annually with inputs from all employees. As a result of the survey, units and activities that require special consideration are identified and tailor-made actions are planned and implemented.

Business Continuity

In 2024, the Bank became the first financial institution in Mongolia to be certified by ISO 22301:2019 Business continuity management system standard.

The introduction of the ISO 22301:2019 (Business Continuity Management System) standard is an important validation that Golomt bank can maintain its resilience in case of any risk and has the full capacity to continue its operations business as usual.

Information technology risk management

In order to prevent from IT-related risks, the Bank implements IT-related risk identification, analysis, evaluation, countermeasures, and reporting processes continuously.

During the reporting period, in order to reduce the risk caused by the IT supplier, the IT supply chain risk assessment methodology was improved and IT supplier control was implemented.

Information security risk

Golomt bank complies with globally recognized standards, including ISO 27001:2022 for Information Security Management, PCI-DSS 4.0, PCI-3DS for payment card security, and the General Data Protection Regulation (GDPR) for data privacy. We are actively implementing these standards across our operations to maintain the highest level of regulatory compliance.



Since 2017



Since 2018



Since 2018

In 2024, a range of information security prevention activities were successfully executed. Within these framework, the bank's information security policies, procedures, and guidelines were revised and comprehensive training sessions were conducted for all employees. External information security audit service providers/auditors regularly performed vulnerability penetration testing assessments on the banking system to ensure its integrity and security.

To safeguard against external cyber-attacks targeting the banking system, the Cyber Security Operations /Management Center (CSOC) was established, fully aligning with the Security Operations Maturity Model (SOMM) standard. The CSOC operates 24/7, offering real-time monitoring prevention, mitigation, and response utilizing a Security Orchestration, Automation, and Response (SOAR) solution. The bank's cybersecurity protection infrastructure and software are rigorously evaluated by international standard organizations, employing industry-leading security solutions.

Golomt bank consistently provides information security training, conducts attacks simulations and offers guidance to all employee to mitigate and manage the risk of data loss caused by human error. Access to the banking system is monitored in accordance with leading international practices including the implementation of a Zero Trust framework. Furthermore, the bank's information security departments regularly oversee the access privileges of employees to core systems, effectively preventing both internal and external fraudulent activities.

Vulnerability security testing for internet-accessible and internal systems is carried out by top international researchers, as well as domestic cybersecurity experts under contract. Additionally, Golomt bank participates in the "Open Bug Bounty" program, where ethical hackers identify vulnerabilities within the banking systems and are rewarded for their efforts. This proactive approach ensures that any attempts to exploit system vulnerabilities are swiftly detected and addressed.

Moreover, over 1,100 organizations worldwide have joined the "Paris Call for Trust and Security in Cyberspace", the foremost global initiative for cooperative cybersecurity efforts.

In 2024, machine learning techniques were successfully incorporated to enhance cybersecurity measures. Machine learning algorithms were employed to automate the detection, prevention, and response to cyber-attacks, significantly mitigating the risks associated with such attacks and elevating the overall level of information security.



International Financial Reporting Standards
Financial Statements and Independent Auditor's Report

31 December 2024



Management's responsibility statement

The Golomt Bank JSC (the "Bank")'s management is responsible for the preparation of the financial statements.

The financial statements of the Bank have been prepared to comply with IFRS Accounting Standards. The management is responsible for ensuring that these financial statements present fairly the state of affairs of the Bank as at 31 December 2024 and the financial performance and cash flows for the year then ended on that date.

The management has responsibility for ensuring that the Bank keeps proper accounting records which disclose with reasonable accuracy the financial position of the Bank and which enable them to ensure that the financial statements comply with the requirements set out in Note 2 to Note 6 thereto.

The management also has a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

The management considers that, in preparing the financial statements including explanatory notes, they have used appropriate policies, consistently applied and supported by reasonable and prudent judgement and estimates, and that all applicable accounting standards have been followed.

The financial statements of the Bank for the year ended 31 December 2024 were authorized for issuance by the Bank's management.

 <hr/> CH. MUNKHTSETSEG Chairwoman, Board of Directors		 <hr/> S. MUNKHTUYA Director of Financial Management Division
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Ulaanbaatar,
Mongolia

Date: 28 March 2025



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Independent Auditors' Report

To: The Shareholders and Board of Directors of Golomt bank Joint Stock Company

Opinion

We have audited the financial statements of Golomt bank JSC ("the Bank"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Mongolia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of Expected Credit Loss Allowance for Loans and Advances to Customers

The Bank's expected credit loss allowance on loans and advances to customers is MNT 172,192,723 thousand as of 31 December 2024. This allowance is determined by the Bank based on the Expected Credit Losses ("ECL") framework under IFRS 9 Financial Instruments.

Refer to Note 12 "Loans and Advances to Customers" to the financial statements and the accounting policies in Note 3.3 "Critical accounting estimates and judgments in applying accounting policies" and Note 4.9 "Loans and Advances customers".



Key Audit Matter, Continued

Area of focus	How our audit addressed the area of focus
<p>We identified the measurement of ECL allowance for the Bank's loans and advances to customers as a key audit matter due to significance of these assets to the Bank's financial statements and the significant judgement and estimation required in the measurement.</p> <p>Applying different judgments and assumptions can lead to significantly different results of the ECL, which may have a material effect on the Bank's financial results.</p> <p>As disclosed in Note 3.3 to the financial statements, significant management judgement and estimation required in the measurement of ECL includes assessing whether the credit risk of an asset has significantly increased, identifying stage classification, using appropriate models and assumptions, determining key inputs including probability of default (PD), loss given default (LGD), and applying forward looking information.</p>	<p>Our audit procedures over ECL included, among others:</p> <ul style="list-style-type: none"> • We evaluated the reasonableness of collective assessment of ECL method, and the significant assumptions and data used in the estimate, including whether the credit risk of an asset has significantly increased, PD, LGD, exposure at default and forward-looking information. • We evaluated the design and tested operating effectiveness of controls over the accuracy of effective interest rate and repayment data used in the ECL estimate. • We checked the accuracy of application of methods, assumptions and data. • On a sample basis, we tested the estimate of individual assessment of ECL by developing independent expectation with assistances of our own valuation specialists with specialized skills and knowledge and compared the result to the Bank's estimate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the jurisdiction.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Auditors' Responsibilities for the Audit of the Financial Statements, Continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Pyung-Sik Kong, and the General Director of the audit firm is Soyolmaa Gungaanyambuu.



KPMG Audit LLC
Ulaanbaatar, Mongolia
28 March 2025

Signed by:

Soyolmaa Gungaanyambuu
General Director

Approved by:

Pyung-Sik Kong
Partner

This report is effective as at 28 March 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any. Furthermore, this report is intended solely for the use of the shareholders of the Bank. To the fullest extent permitted by law, we do not assume responsibility towards or accept liability to any other party in relation to the contents of this report.

Statement of Financial Position

In thousands of Mongolian Tugriks	Note	31 December 2024	31 December 2023
Assets			
Cash and balances with the Bank of Mongolia	7	2,531,290,330	1,717,584,758
Mandatory cash balances with the Bank of Mongolia	8	566,906,794	468,929,955
Reverse sale and repurchase agreement	23	55,710,082	646,835,976
Due from other banks	9	1,077,952,931	1,403,654,333
Investments in debt securities	10	2,910,397,027	1,733,092,620
Investments in equity securities	11	69,814,870	24,082,823
Loans and advances to customers	12	7,351,381,161	4,712,108,705
Assets classified as held for sale	18	39,545,781	29,101,738
Investment properties	13	8,014,077	6,586,475
Other assets	14	502,590,169	489,826,692
Deferred income tax assets	31	-	6,916,322
Derivative financial assets	41	235,679,985	202,386,920
Intangible assets	15	22,685,885	18,878,648
Premises and equipment	16	200,103,976	151,082,991
Right of use assets	17	24,886,485	16,775,279
Total assets		15,596,959,553	11,627,844,235
Liabilities			
Due to other banks	19	443,274,660	130,991,856
Customer accounts	20	9,376,843,081	8,036,633,655
Other borrowed funds	21	1,253,875,383	1,410,928,722
Debt securities in issue	22	1,369,878,337	-
REPO arrangements	23	1,540,353,861	711,674,163
Current income tax liability	31	753,534	42,008,579
Deferred income tax liability	31	33,781,732	-
Derivative financial liabilities	41	904,691	2,890,938
Lease liabilities	35	25,396,842	17,390,429
Other liabilities	24	121,531,371	204,235,171
Total liabilities		14,166,593,492	10,556,753,513
Equity			
Share capital	25	202,164,327	202,164,327
Share premium	25	301,481,120	301,481,120
Retained earnings		798,606,421	460,718,070
Other reserves		128,114,193	106,727,205
Total equity		1,430,366,061	1,071,090,722
Total liabilities and equity		15,596,959,553	11,627,844,235

Statement of Profit or Loss and Other Comprehensive Income

In thousands of Mongolian Tugriks	Note	2024	2023
Interest income calculated using the effective interest method	26	1,099,230,795	792,710,179
Other similar income	26	63,958,255	48,022,376
Interest expense	26	(595,259,875)	(361,580,996)
Other similar expense	26	(3,308,598)	(1,859,443)
Net interest income		564,620,577	477,292,116
Reversal of expected credit loss	12	5,521,804	28,074,700
Net interest income after expected credit loss		570,142,381	505,366,816
Fee and commission income	27	125,421,703	102,170,890
Fee and commission expense	27	(79,605,159)	(60,190,417)
Gains less losses from financial assets at fair value through profit or loss		3,882,111	3,439,577
Losses less gains from disposal of financial assets at fair value through other comprehensive income		(1,979,704)	(641,141)
Gains less losses from financial derivatives	41	59,622,496	(133,811,366)
Gains less losses from trading in precious metals		18,680,471	9,362,739
Foreign exchange translation losses less gains		(40,253,561)	(8,254,552)
Gains less losses from trading in foreign currencies		102,497,920	62,258,414
Losses less gains from loans at fair value through profit or loss		(760,284)	(805,488)
Losses less gains from modification of financial assets measured at amortised cost, that did not lead to derecognition		(368,474)	1,321,865
Expected credit losses of debt securities at amortised cost	10	(11,894)	61,009
Expected credit losses for debt securities at fair value through other comprehensive income	10	(2,059,116)	(2,540,274)
Reversal of expected credit losses of due from banks		511,971	1,407,047
Losses on initial recognition of assets at rates below market		(466,282)	(2,206)
Reversal/(losses) of expected credit losses of other assets	14	363,153	(1,557,516)
Gains less losses from asset held for sale	18	43,182,070	(12,248,114)
Reversal/(charge) of provision for guarantees and letters of credit	40	976,454	(1,266,673)
Gains less losses on revaluation of investment properties	13	1,427,602	-
Dividend received		5,251,201	75,636
Other operating income	28	3,015,175	2,288,280
Administrative and other operating expenses	29	(270,665,825)	(200,159,282)
Other gains/(losses), net	30	6,277,044	(240,148)
Profit before tax		545,081,453	266,035,096
Income tax expense	31	(126,327,771)	(56,864,051)
Profit for the year		418,753,682	209,171,045
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Debt securities at fair value through other comprehensive income:			
- Gains less losses arising during the year	32	4,130,023	53,714,970
- Gains less losses reclassified to profit or loss upon disposal	32	1,979,705	641,141
Income tax recorded directly in other comprehensive income	31	(1,527,433)	(13,589,028)
Items that will not be reclassified to profit or loss:			
Gains less losses on investments in equity securities at fair value through other comprehensive income		14,872	-
Revaluation of premises and equipment	32	13,682,426	-
Income tax recorded directly in other comprehensive income	31	(3,424,324)	-
Other comprehensive income/loss		14,855,269	40,767,083
Total comprehensive income for the year		433,608,951	249,938,128
Basic earnings per share for profit attributable to the owners of the Bank	34	517.84	258.66
Diluted earnings per share for profit attributable to the owners of the Bank	34	517.84	258.61

Statement of Changes in Equity /31 December 2024/

In thousands of Mongolian Tugriks	Note	Ordinary share capital	Share premium	Revaluation reserve for securities at FVTOCI	Revaluation reserve for premises	Other reserves	Retained earnings	Total equity
Balance at 1 January 2023		202,164,327	301,481,120	(35,806,462)	6,994,662	103,651,295	283,420,821	861,905,763
Profit for the year		-	-	-	-	-	209,171,045	209,171,045
Other comprehensive income		-	-	40,767,083	-	-	-	40,767,083
Total comprehensive income for 2023		-	-	40,767,083	-	-	209,171,045	249,938,128
Dividends declared and paid	33	-	-	-	-	-	(40,432,865)	(40,432,865)
Transfer of revaluation surplus on premises		-	-	-	(328,399)	-	328,399	-
Transfer from regulatory reserve		-	-	-	-	(7,690,697)	7,690,697	-
Share based payments		-	-	-	-	(847,461)	847,461	-
Movement in operational risk		-	-	-	-	(12,816)	12,816	-
Other		-	-	-	-	-	(320,304)	(320,304)
Balance at 31 December 2023		202,164,327	301,481,120	4,960,621	6,666,263	95,100,321	460,718,070	1,071,090,722
Profit for the year		-	-	-	-	-	418,753,682	418,753,682
Other comprehensive income		-	-	4,593,450	10,261,819	-	-	14,855,269
Total comprehensive income for 2024		-	-	4,593,450	10,261,819	-	418,753,682	433,608,951
Dividends declared and paid	33	-	-	-	-	-	(72,779,158)	(72,779,158)
Transfer of revaluation surplus on premises		-	-	-	(479,780)	-	479,780	-
Transfer to regulatory reserve		-	-	-	-	8,211,349	(8,211,349)	-
Movement in operational risk		-	-	-	-	354,604	(354,604)	-
Use of operational risk reserve		-	-	-	-	(7,833)	-	(7,833)
Other		-	-	-	(1,546,621)	-	-	(1,546,621)
Balance at 31 December 2024		202,164,327	301,481,120	9,554,071	14,901,681	103,658,441	798,606,421	1,430,366,061

As of 31 December 2024, other reserves mainly consist of the regulatory reserves required by Bank of Mongolia (BOM). In accordance with the regulation of the BOM, it is required to recognize the excess difference of credit loss allowance and provision for repossessed collaterals determined in accordance with the regulations of BOM ("BOM impairment provision") in comparison to credit loss allowance and provision for repossessed collaterals determined under IFRS as a reserve in the statement of changes in equity. This reserve is created as appropriation of the Bank's retained earnings, as such treatment is in accordance with IFRS and the accounting regulations of the Bank of Mongolia and represents regulatory reserve.

Statement of Cash Flow

In thousands of Mongolian Tugriks	Note	2024	2023
Cash flows from operating activities			
Profit before tax		545,081,453	266,035,096
Adjustments for non-cash income and expenses:			
(Reversal)/charge of expected credit loss	12	(5,521,804)	(28,074,700)
Gains less losses from financial assets at fair value through profit or loss		(3,882,111)	(3,439,577)
Gains less losses from financial derivatives	41	(59,622,496)	230,906,300
Losses less gains from modification of financial assets measured at amortised cost, that did not lead to derecognition		368,474	(1,321,865)
Losses less gains of loans at fair value through profit or loss		760,284	805,488
Reversal of expected credit loss of due from other banks		(511,971)	(1,407,047)
Expected credit losses of debt securities at fair value through other comprehensive income		943,727	2,540,274
Expected credit losses of debt securities at amortised cost		11,894	(61,009)
Losses on initial recognition of assets at rates below market		466,282	2,206
Losses less gains on disposal of premises and equipment, assets held for sales and investment properties		1,770,256	240,148
Gains on revaluation of premises	30	(8,048,317)	-
Foreign exchange losses less gains		40,253,561	8,254,552
(Reversal)/losses of expected credit losses for other assets	14	(363,153)	1,557,516
(Reversal)/charges of expected credit losses for credit related commitment		(976,454)	1,266,673
Gains from revaluation of investment properties	13	(1,427,602)	-
Gains less losses from asset held for sale	18	(43,182,070)	12,248,114
Depreciation expense	16,17	34,755,717	29,020,908
Amortisation expense	15	8,824,542	6,368,834
Property and equipment written off	16	1,017	736
Interest income	26	(1,163,189,050)	(840,732,555)
Interest expense	26	598,568,473	363,440,439
Cash flows used in operating activities before changes in operating assets and liabilities		(54,919,348)	47,650,531
(Increase) / decrease in mandatory cash balances with the Bank of Mongolia		(97,976,840)	(111,709,640)
(Increase) / decrease in reverse sale and repurchase agreement		590,291,636	(645,986,460)
Decrease / (increase) in due from other banks		263,311,768	263,696,887
Decrease / (increase) in debt securities at fair value through profit or loss		(277,889,606)	32,063,466
(Increase) / decrease in equity securities at fair value through profit or loss		(45,401,611)	-
(Increase) / decrease in loans and advances		(2,817,708,847)	(1,222,173,621)
Decrease / (increase) in other assets		17,615,765	(31,936,918)
Decrease / (increase) in assets classified as held for sale		72,551,792	33,618,152
Increase / (decrease) in due to banks		311,909,221	78,475,246
Increase / (decrease) in customer account		1,289,197,748	2,250,056,998
Decrease / (increase) in derivative instruments		93,400,874	129,223,514
Increase / (decrease) in other liabilities		(81,727,346)	71,662,263

Statement of Cash Flow /Continued/

Net cash from / (used in) operating activities before tax and interest		(737,344,794)	894,640,418
Income tax paid		(133,383,140)	(87,065,505)
Interest income received on financial assets at amortised cost		1,110,671,119	812,291,342
Interest income received on investments at fair value through profit or loss		35,909,690	20,318,547
Interest paid		(519,991,167)	(323,631,444)
Net cash from / (used in) operating activities		(244,138,292)	1,316,553,358
Cash flows from investing activities			
Acquisition of debt securities at fair value through other comprehensive income		(209,067,934)	(843,094,384)
Proceeds from disposal of debt securities at fair value through other comprehensive income		512,775,689	390,779,306
Acquisition of equity securities at fair value through other comprehensive income		(683,342)	(36,317)
Proceeds from disposal of investment property		-	3,690,000
Acquisition of premises and equipment	16	(54,817,595)	(30,553,696)
Proceeds from disposal of premises and equipment	16	2,958,062	8,811,797
Acquisition of intangible assets	15	(13,304,763)	(4,299,094)
Prepayment for non-current assets	14	(30,016,089)	(176,045,161)
Net cash used in investing activities		207,844,028	(650,747,549)
Cash flows from financing activities			
Proceeds from repo arrangements	35	4,683,254,696	4,097,128,065
Repayment of repo arrangements	35	(3,853,776,334)	(3,586,092,454)
Proceeds from drawdown of other borrowed funds	35	1,276,322,604	460,432,436
Repayment of other borrowed funds	35	(1,323,379,686)	(836,817,398)
Payment of principal of lease liabilities	35	(13,016,781)	(10,247,841)
Issue of debt securities	35	1,337,438,060	-
Dividends paid	33	(72,779,158)	(40,432,865)
Net cash from financing activities		2,034,063,401	83,969,943
Effect of exchange rate changes on cash and cash equivalents		(25,571,211)	(40,552,969)
Net increase/(decrease) in cash and cash equivalent		1,972,197,926	709,222,783
Cash and cash equivalents at the beginning of the period	7	2,984,637,271	2,275,414,488
Cash and cash equivalents at the end of the period	7	4,956,835,197	2,984,637,271

Notes to the Financial Statement /31 December 2024/

7 Cash and Cash Equivalents

Cash and balances with the Bank of Mongolia (other than mandatory reserve)

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Cash on hand	111,054,353	92,126,135
Current account with the Bank of Mongolia (other than mandatory reserve)	2,420,235,977	1,625,458,623
Cash and cash balances with the Bank of Mongolia	2,531,290,330	1,717,584,758

Cash and balances with the Bank of Mongolia (other than mandatory reserve) are not collateralised. Credit quality of current account with the Bank of Mongolia based on credit risk grade is "stable" and had a B2 rating from Moody's as at 31 December 2024. Currency, interest rate and maturity analysis of Cash and balances with the Bank of Mongolia (other than mandatory reserve) are disclosed in Note 38.

Cash and cash equivalents for the purposes of the cash flow statement are presented below:

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Cash and balances with the Bank of Mongolia (Note 7)	2,531,290,330	1,717,584,758
Treasury bills of the Bank of Mongolia with original maturities of less than three months (Note 10)	1,735,200,101	596,669,278
Due from banks (Note 9)	693,671,475	672,637,313
Less: credit loss allowance	(3,326,709)	(2,254,078)
Total cash and cash equivalents	4,956,835,197	2,984,637,271

For the purpose of ECL measurement, cash and cash balances with the Bank of Mongolia are included in Stage 1 as of 31 December 2024 and 31 December 2023. The ECL for these balances represents an insignificant amount, therefore the Bank did not recognise any credit loss allowance for cash and cash equivalents with the Bank of Mongolia. However, credit loss allowance is mainly related to due from Russian banks in which is classified in Stage 3. See Note 38 for inputs, assumptions and estimation techniques used for ECL calculation.

8 Mandatory cash balances with the Bank of Mongolia

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Mandatory cash balances with the Bank of Mongolia	566,906,794	468,929,955
Mandatory cash balances with the Bank of Mongolia	566,906,794	468,929,955

Current accounts with the Bank of Mongolia are maintained in accordance with the regulations of the Bank of Mongolia. The mandatory cash balances maintained with the Bank of Mongolia are determined at not less than 11% in MNT and 16% in foreign currency (2023: not less than 8% in MNT and 18% in foreign currency) of customer deposits for a period of 2 weeks. According to the Bank of Mongolia resolution dated 29 March 2018, the Bank shall maintain 50% of the mandatory reserve balance as at the reporting date. Credit quality of current account with the Bank of Mongolia based on credit risk is "satisfactory" as of 31 December 2024 and 31 December 2023. For the purpose of ECL measurement, mandatory cash balances are included in Stage 1 as of 31 December 2024 and 31 December 2023.

The ECL for these balances represents an insignificant amount, therefore the Bank did not recognise any credit loss allowance for mandatory cash balances with the Bank of Mongolia.

Notes to the Financial Statement /31 December 2024/

9 Due from Other Banks

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Correspondent accounts with other banks		
Foreign	259,179,533	430,661,722
Domestic	5,316,913	28,849,257
Short-term placements with other banks		
Foreign	32,137,229	108,512,806
Domestic	395,194,964	102,359,450
Placements with other banks with original maturities of more than three months	386,124,292	733,271,098
Total due from other banks	1,077,952,931	1,403,654,333

Placements with other banks with original maturities of more than three months as of 31 December 2024 include current accounts with maturities ranging from 1 year to 5 years.

The following table contains an analysis of due from other banks balances by credit quality at 31 December 2024 and 31 December 2023 based on credit risk grades and discloses due from other banks balances by three stages for the purpose of ECL measurement. Refer to Note 38 for the description of credit risk grading system used by the Bank and the approach to ECL measurement, including the definition of default and SICR as applicable to due from other banks balances.

In thousands of Mongolian Tugriks	31 December 2024 Stage 1 (12-months ECL)	31 December 2023 Stage 1 (12-months ECL)
- Excellent	641,285,118	1,200,176,301
- Good	22,111,674	36,410,920
- Satisfactory	331,284,260	136,698,635
- Special monitoring	85,168,460	32,777,029
Gross carrying amount	1,079,849,512	1,406,062,885
Less: Credit loss allowance	(1,896,581)	(2,408,552)
Carrying amount	1,077,952,931	1,403,654,333

Currency, interest rate and maturity analysis of due from other banks are disclosed in Note 38.

10 Investments in Debt Securities

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Debt securities at FVTOCI	2,281,166,365	1,424,489,434
Debt securities at FVTPL	622,382,940	308,603,186
Debt securities at AC	6,847,722	-
Total investments in debt securities	2,910,397,027	1,733,092,620

The table below discloses investments in debt securities at 31 December 2024 by measurement categories and classes:

In thousands of Mongolian Tugriks	Debt securities at FVTOCI	Debt securities at FVTPL	Debt securities at AC	Total
Treasury bills of the Bank of Mongolia (a)	1,735,200,101	-	-	1,735,200,101
MIK bonds – Senior RMBS (b)	-	118,531,762	-	118,531,762
MIK bonds – Junior RMBS (b)	-	174,649,485	-	174,649,485
Government bonds (c)	535,358,518	130,538,848	-	665,897,366
SFC bonds – Senior (d)	-	815,884	-	815,884
SFC bonds – Junior (d)	-	7,922,296	-	7,922,296
Corporate bonds (e)	-	32,263,279	-	32,263,279
Other bonds	20,357,808	157,661,386	6,859,616	184,878,810
Total investments in debt securities at 31 December 2024 (gross carrying value)	2,290,916,427	622,382,940	6,859,616	2,920,158,983
Less: Credit loss allowance	(9,750,062)	-	(11,894)	(9,761,956)
Total investments in debt securities at 31 December 2024 (carrying value)	2,281,166,365	622,382,940	6,847,722	2,910,397,027

The table below discloses investments in debt securities at 31 December 2023 by measurement categories and classes:

In thousands of Mongolian Tugriks	Debt securities at FVTOCI	Debt securities at FVTPL	Debt securities at AC	Total
Treasury bills of the Bank of Mongolia (a)	978,034,840	-	-	978,034,840
MIK bonds – Senior RMBS (b)	-	77,955,061	-	77,955,061
MIK bonds – Junior RMBS (b)	-	160,031,491	-	160,031,491
Government bonds (c)	404,364,214	48,237,148	-	452,601,362
SFC bonds – Senior (d)	-	9,746,078	-	9,746,078
SFC bonds – Junior (d)	-	12,633,408	-	12,633,408
Corporate bonds (e)	49,781,326	-	-	49,781,326
Total investments in debt securities at 31 December 2023 (gross carrying value)	1,432,180,380	308,603,186	-	1,740,783,566
Less: Credit loss allowance	(7,690,946)	-	-	(7,690,946)
Total investments in debt securities at 31 December 2023 (carrying value)	1,424,489,434	308,603,186	-	1,733,092,620

Notes to the Financial Statement /31 December 2024/

10 Investments in Debt Securities (continued)

(a) Treasury bills of the Bank of Mongolia

Treasury bills of the Bank of Mongolia at FVTOCI represents investment securities held for satisfying the liquidity and business model in a "held to collect and sell".

Treasury bills of the Bank of Mongolia with original maturities of less than three months are MNT 1,733,716,229 thousands as at 31 December 2024 (31 December 2023: MNT 596,669,278 thousands) and included in cash and cash equivalents for the purposes of the cash flow statement (Note 7).

Treasury bills of the Bank of Mongolia with nominal amount of MNT 1,410,200,000 thousands (31 December 2023: MNT 522,400 thousands) and MNT 5,280,000 thousands (31 December 2023: MNT 20,700,000 thousands) with maturity of 28 days were collateralised by Repo arrangement (Note 23) and by Project on gold production-2 (Note 21) with Bank of Mongolia, respectively

(b) MIK bonds

The MIK bonds represent the bonds secured by the mortgage loans provided by commercial banks to the customers. The MIK bonds are classified as the same category of contractually linked instrument (mortgage loans) at FVTPL. The Bank had an intention to sell the mortgage loans from the initial recognition (refer to Note 3.3.12). The bond represents Junior and Senior residential mortgage-backed securities (RMBS) obtained from a MIK-HFC securitisation transaction as disclosed in Note 3.

As described in Note 3 the Junior RMBS will only be redeemed after the full redemption of the principal of the Senior RMBS and the payments to Junior RMBS holders are subordinate in right of payment and priority to the Senior RMBS. Any shortfall in the net assets of MIK-HFC would be borne by the Senior and Junior RMBS holders (proportionally in accordance with their seniority in the right of payment and priority).

(c) Government bonds

Debt securities classified at FVTOCI represents investment securities held for satisfying the liquidity and business model in a "held to collect and sell".

Debt securities at FVTPL represent securities held for trading and securities in a 'held to sell' business model as the Bank had an intention to realise a trading gain. On initial recognition, the Bank has designated government bonds at FVTPL.

Government bonds with nominal amount of MNT 218,283,775 thousands (31 December 2023: MNT 233,976,744 thousands) were collateralised by Repo arrangement. See Note 23.

(d) SFC bonds

The SFC bonds represent the bonds secured by the SME loans provided by commercial banks to the customers. The SFC bonds are classified as the same category of contractually linked instrument (SME loans) at FVTPL. The Bank had an intention to sell the SME loans from the initial recognition (refer to Note 3.3.13). The bond represents Junior and Senior asset backed securities obtained from a SFC securitisation transaction as disclosed in Note 3.

As described in Note 3 the Junior SFC bonds will only be redeemed after the full redemption of the principal of the Senior SFC bonds and the payments to Junior SFC bond holders are subordinate in right of payment and priority to the Senior SFC bonds. Any shortfall in the net assets of SFC would be borne by the Senior and Junior SFC bond holders (proportionally in accordance with their seniority in the right of payment and priority).

The SFC senior bonds classified at FVTPL with nominal amount of MNT 809,100 thousands (31 December 2023: 7,737,100 thousands) were collateralised by Repo arrangement. See Note 23.

10 Investments in Debt Securities (continued)

(e) Corporate bonds

Debt securities at FVTPL represent securities held for trading and securities in a 'held to sell' business model as the Bank had an intention to realise a trading gain. On initial recognition, the Bank has designated corporate bonds at FVTPL. The corporate bonds at FVTPL are carried at fair value, which also reflects any credit risk related write-downs and best represents Bank's maximum exposure to credit risk and are not collateralised.

Corporate bonds classified at FVTOCI represents investment securities held for satisfying the liquidity and business model in a "held to collect and sell".

The corporate bonds classified at FVTOCI are listed on the Mongolian Stock Exchange and issued by Mongolian Mortgage Corporation with annual interest rate of 8.85% and nominal amount of MNT 19,110,096 thousands were collateralised by Repo arrangement as of 31 December 2023. No collateral was made as of 31 December 2024. See Note 23.

(f) Other bonds

Debt securities at FVTPL represent securities held for trading and securities in a 'held to sell' business model as the Bank had an intention to realise a trading gain. On initial recognition, the Bank has designated other bonds at FVTPL. The other bonds at FVTPL are carried at fair value, which also reflects any credit risk related write-downs and best represents Bank's maximum exposure to credit risk and are not collateralised.

Other bonds classified at FVTOCI represents investment securities held for satisfying the liquidity and business model in a "held to collect and sell". The other bonds at FVTOCI are listed on the Mongolian Stock Exchange and issued by The Capital City of Mongolia with annual interest rate of 14%.

Other bonds classified at amortised cost represents investment securities held with business model in a "held to collect". The other bonds at AC are issued by Development Bank of Mongolia with annual interest rate of 8.5%.

Notes to the Financial Statement /31 December 2024/

10 Investments in Debt Securities (continued)

Investments in debt securities at FVTOCI

The following table discloses Treasury bills of the Bank of Mongolia measured at FVTOCI:

In thousands of Mongolian Tugriks	31 December 2024 Stage 1 (12-months ECL)	31 December 2023 Stage 1 (12-months ECL)
Treasury bills of the Bank of Mongolia		
- Excellent	1,735,200,101	978,034,840
Total gross carrying amount	1,735,200,101	978,034,840
Less: Credit loss allowance	(1,483,872)	(2,149,817)
Carrying value (fair value)	1,733,716,229	975,885,023

The following table discloses government bonds measured at FVTOCI:

In thousands of Mongolian Tugriks	31 December 2024 Stage 1 (12-months ECL)	31 December 2023 Stage 1 (12-months ECL)
Government bonds		
- Excellent	522,931,067	396,967,818
Total gross carrying amount	522,931,067	396,967,818
Less: Credit loss allowance	(7,969,752)	(5,461,749)
Add: Fair value adjustment from AC to FV	12,427,451	7,396,396
Carrying value (fair value)	527,388,766	398,902,465

10 Investments in Debt Securities (continued)

The following table discloses corporate bonds measured at FVTOCI:

In thousands of Mongolian Tugriks	31 December 2024 Stage 1 (12-months ECL)	31 December 2023 Stage 1 (12-months ECL)
Corporate bonds		
- Excellent	-	50,563,560
Total gross carrying amount	-	50,563,560
Less: Credit loss allowance	-	(79,380)
Less: Fair value adjustment from AC to FV	-	(782,234)
Carrying value (fair value)	-	49,701,946

The following table discloses other bonds measured at FVTOCI:

In thousands of Mongolian Tugriks	31 December 2024 Stage 1 (12-months ECL)	31 December 2023 Stage 1 (12-months ECL)
Other bonds		
- Excellent	20,061,370	-
Total gross carrying amount	20,061,370	-
Less: Credit loss allowance	(296,438)	-
Add: Fair value adjustment from AC to FV	296,438	-
Carrying value (fair value)	20,061,370	-

Notes to the Financial Statement /31 December 2024/

10 Investments in Debt Securities (continued)

For description of the credit risk grading used in the tables above, refer to Note 38. The following table discloses the changes in the credit loss allowance and gross carrying value of debt securities carried at fair value through other comprehensive income between the beginning and the end of the reporting period:

In thousands of Mongolian Tugriks	Credit loss allowance Stage 1 (12-months ECL)	Gross carrying value Stage 1 (12-months ECL)
Treasury bills of the Bank of Mongolia at FVTOCI		
At 1 January 2024	2,149,817	978,034,840
Movements with impact on credit loss allowance charge for the period:		
New originated or purchased	1,483,872	14,466,000,000
Derecognised during the period	(2,149,817)	(13,708,834,739)
At 31 December 2024	1,483,872	1,735,200,101
Government bonds at FVTOCI		
At 1 January 2024	5,461,749	404,364,214
Movements with impact on credit loss allowance charge for the period:		
New originated or purchased	3,168,143	189,082,056
Derecognised during the period	(660,140)	(65,531,603)
Total gross carrying value	7,969,752	527,914,667
Movements without impact on credit loss allowance charge for the period:		
FX and other movements	-	(4,983,600)
Fair value adjustment from AC to FV	-	12,427,451
At 31 December 2024	7,969,752	535,358,518
Corporate bonds at FVTOCI		
At 1 January 2024	79,380	49,781,326
Movements with impact on credit loss allowance charge for the period:		
New originated or purchased	-	2,705,216
Derecognised during the period	(79,380)	(51,618,081)
Total gross carrying value	-	868,461
Movements without impact on credit loss allowance charge for the period:		
FX and other movements	-	(868,461)
Fair value adjustment from AC to FV	-	-
At 31 December 2024	-	-

10 Investments in Debt Securities (continued)

In thousands of Mongolian Tugriks	Credit loss allowance Stage 1 (12-months ECL)	Gross carrying value Stage 1 (12-months ECL)
Other bonds at FVTOCI		
At 1 January 2024		
Movements with impact on credit loss allowance charge for the period:		
New originated or purchased	296,438	20,000,000
Derecognised during the period	-	-
At 31 December 2024	296,438	20,000,000
Movements without impact on credit loss allowance charge for the period:		
FX and other movements	-	61,370
Fair value adjustment from AC to FV	-	296,438
Total gross carrying value	296,438	20,357,808

Notes to the Financial Statement /31 December 2024/

10 Investments in Debt Securities (continued)

The following table discloses the changes in the credit loss allowance and gross carrying value of debt securities carried at fair value through other comprehensive income between the beginning and the end of the reporting period:

In thousands of Mongolian Tugriks	Credit loss allowance Stage 1 (12-months ECL)	Gross carrying value Stage 1 (12-months ECL)
Treasury bills of the Bank of Mongolia at FVTOCI		
At 1 January 2023	909,136	743,009,418
Movements with impact on credit loss allowance charge for the period:		
New originated or purchased	2,149,817	12,101,844,840
Derecognised during the period	(909,136)	(11,866,819,418)
At 31 December 2023	2,149,817	978,034,840
Government bonds at FVTOCI		
At 1 January 2023	3,208,263	209,007,375
Movements with impact on credit loss allowance charge for the period:		
New originated or purchased	2,844,108	359,520,833
Derecognised during the period	(590,622)	(161,117,877)
Total gross carrying value	5,461,749	407,410,331
Movements without impact on credit loss allowance charge for the period:		
FX and other movements	-	(3,046,117)
At 31 December 2023	5,461,749	404,364,214
Corporate bonds at FVTOCI		
At 1 January 2023	1,033,273	56,341,576
Movements with impact on credit loss allowance charge for the period:		
New originated or purchased	2,813	1,705,345
Derecognised during the period	(956,706)	(9,164,912)
Total gross carrying value	79,380	48,882,009
Movements without impact on credit loss allowance charge for the period:		
FX and other movements	-	899,317
At 31 December 2023	79,380	49,781,326

10 Investments in Debt Securities (continued)

Investments in debt securities at AC

The following table discloses investments in debt securities measured at AC:

In thousands of Mongolian Tugriks	31 December 2024 Stage 1 (12-months ECL)	31 December 2023 Stage 1 (12-months ECL)
Other bonds at AC		
-Excellent	6,859,616	-
Total investments in debt securities measured at AC (gross carrying amount)	6,859,616	-
Less: Credit loss allowance	(11,894)	-
Total investments in debt securities measured at AC (carrying amount)	6,847,722	-

For description of the credit risk grading used in the tables above, refer to Note 38.

The following table discloses the changes in the credit loss allowance for investments in debt securities carried at amortised cost between the beginning and the end of the reporting period:

In thousands of Mongolian Tugriks	Credit loss allowance Stage 1 (12-months ECL)	Gross carrying value Stage 1 (12-months ECL)
Other bonds at AC		
At 1 January 2024	-	-
Movements with impact on credit loss allowance charge for the period:		
New originated or purchased	11,894	6,840,500
Changes in accrued interest	-	19,116
Total movements with impact on credit loss allowance charge for the period	11,894	6,859,616
As at 31 December 2024	11,894	6,859,616

Notes to the Financial Statement /31 December 2024/

10 Investments in Debt Securities (continued)

In thousands of Mongolian Tugriks	Credit loss allowance Stage 1 (12-months ECL)	Gross carrying value Stage 1 (12-months ECL)
Government bonds at AC		
At 1 January 2023	61,009	4,759,631
Movements with impact on credit loss allowance charge for the period:		
Derecognised during the period	(61,009)	(4,662,110)
Changes in accrued interest	-	(97,521)
Total movements with impact on credit loss allowance charge for the period	(61,009)	(4,759,631)
As at 31 December 2023	-	-

The following table discloses reconciliation of movements in debt securities measured at FVTPL within Level 3 of the fair value hierarchy during the year:

In thousands of Mongolian Tugriks	MIK bonds	SFC bonds	Total
At 1 January 2024	237,986,552	22,379,486	260,366,038
New originated or purchased	179,452,300	-	179,452,300
Derecognised during the period	(124,257,605)	(13,641,306)	(137,898,911)
Total gross carrying value at 31 December 2024	293,181,247	8,738,180	301,919,427

In thousands of Mongolian Tugriks	MIK bonds	SFC bonds	Total
At 1 January 2023	172,050,362	46,909,821	218,960,183
New originated or purchased	202,555,100	9,880,200	212,435,300
Derecognised during the period	(136,618,910)	(34,410,535)	(171,029,445)
Total gross carrying value at 31 December 2023	237,986,552	22,379,486	260,366,038

11 Investments in Equity Securities

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Equity securities at FVTPL	68,671,684	23,634,110
Equity securities at FVTOCI	1,143,186	448,713
Total investments in equity securities	69,814,870	24,082,823

The following table discloses reconciliation of movements in equity securities measured at FVTOCI within Level 3 of the fair value hierarchy during the year:

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
At 1 January	448,713	409,968
New originated or purchased	-	36,317
Derecognised during the period	-	-
FX and other movements	(4,449)	2,428
Fair value adjustment	-	-
Total carrying value	444,264	448,713

(a) Investments in equity securities at FVTPL

Corporate shares at FVTPL represent securities held for trading and other quoted equity securities for which FVTOCI election was not made on initial recognition.

Corporate shares mainly consist from quoted shares of Mongolian Mortgage Corporation and APU JSC, both listed on Mongolian Stock Exchange, with fair value of MNT 15,458,029 thousands and MNT 53,095,482 thousands as of 31 December 2024 (2023: MNT 22,521,378 thousands and MNT 1,028,587 thousands) respectively.

(b) Investments in equity securities at FVTOCI

As of 31 December 2024, the Bank has invested in MNT 1,143,186 thousands of equity securities and investment unit of the fund at FVTOCI. The FVTOCI designation was made because the investments are expected to be held for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Notes to the Financial Statement /31 December 2024/

12 Loans and Advances to Customers

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Gross carrying amount of loans and advances to customers at AC	7,075,596,491	4,476,287,985
Less: Credit loss allowance	(172,192,723)	(165,191,588)
Total carrying amount of loans and advances to customers at AC	6,903,403,768	4,311,096,397
Loans and advances to customers at FVTPL / Mortgage/	439,372,589	381,628,167
Loans and advances to customers at FVTPL / SME/	5,461,570	5,460,766
Loans and advances to customers at FVTPL / Corporate/	3,143,234	13,923,375
Total loans and advances to customers	7,351,381,161	4,712,108,705

The Bank holds a MIK mortgage portfolio, Corporate and SME loan portfolio financed by long term REPO financing by the Bank of Mongolia with business model "hold to sell" under IFRS 9. As a result, these loans and advances were classified as at FVTPL from the date of initial recognition.

Loans and advances to customers at FVTPL are measured taking into account the credit risk. The carrying amount presented in the statement of financial position best represents the Bank's maximum exposure to credit risk arising from loans and advances to customers.

Gross carrying amount and credit loss allowance amount for loans and advances to customers at AC by classes at 31 December 2024 and 31 December 2023 are disclosed in the table below:

In thousands of Mongolian Tugriks	31 December 2024			31 December 2023		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Loans to corporate customers						
Loans to Corporate	2,468,713,485	(113,537,000)	2,355,176,485	1,392,020,561	(95,251,004)	1,296,769,557
Loans to SME	1,722,046,754	(25,081,494)	1,696,965,260	1,230,570,810	(29,308,467)	1,201,262,343
Loans to individuals						
Consumer loans	1,948,272,050	(30,587,363)	1,917,684,687	1,198,750,359	(36,497,865)	1,162,252,494
Mortgage loans	936,564,202	(2,986,866)	933,577,336	654,946,255	(4,134,252)	650,812,003
Total loans and advances to customers at AC	7,075,596,491	(172,192,723)	6,903,403,768	4,476,287,985	(165,191,588)	4,311,096,397

More detailed explanation of classes of loans to legal entities and individuals are provided below:

- Loans to Corporate customers – loans issued to large commercial entities under standard terms;
- Loans to SME – loans issued to small and medium-sized enterprises;
- Consumer loans;
- Mortgage loans.

As of 31 December 2024, loss on initial recognition of loans at rates below market in the amount of MNT 466,282 thousand (31 December 2023: MNT 2,206 thousand) has been recorded in profit or loss for the year.

12 Loans and Advances to Customers (continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting period:

In thousands of Mongolian Tugriks	Credit loss allowances				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Corporate								
At 1 January 2024	5,366,573	630	89,883,801	95,251,004	1,144,771,057	66,662,440	180,587,064	1,392,020,561
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- from Stage 2 and Stage 3 to Stage 1	4,556	-	(4,556)	-	4,973,607	-	(4,973,607)	-
- from Stage 1 and Stage 3 to Stage 2	(1,350,878)	2,647,431	(1,296,553)	-	(50,551,809)	63,549,287	(12,997,478)	-
- from Stage 1 and Stage 2 to Stage 3	(7,031,423)	(1,313,890)	8,345,313	-	(23,002,892)	(4,647,773)	27,650,665	-
New originated or purchased	3,249,434	3,834,575	8,617,725	15,701,734	1,589,169,500	56,786,232	15,381,767	1,661,337,499
Derecognised during the period	(1,069,154)	(630)	(3,893,430)	(4,963,214)	(539,495,884)	(47,000,885)	(17,987,649)	(604,484,418)
Write-offs	-	-	-	-	-	-	-	-
FX and other movements	5,096,105	2,479,901	(28,530)	7,547,476	34,654,728	(5,202,099)	(9,612,786)	19,839,843
At 31 December 2024	4,265,213	7,648,017	101,623,770	113,537,000	2,160,518,307	130,147,202	178,047,976	2,468,713,485

Notes to the Financial Statement /31 December 2024/

12 Loans and Advances to Customers (continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting period:

In thousands of Mongolian Tugriks	Credit loss allowances				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Corporate								
At 1 January 2023	2,769,000	5,943,212	95,194,025	103,906,237	875,097,660	129,978,866	158,593,412	1,163,669,938
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- from Stage 2 and Stage 3 to Stage 1	5,155	(5,155)	-	-	19,714,951	(19,714,951)	-	-
- from Stage 1 and Stage 3 to Stage 2	(630)	630	-	-	(6,848,005)	6,848,005	-	-
- from Stage 1 and Stage 2 to Stage 3	(4,111,596)	(17)	4,111,613	-	(24,254,451)	(7,585,592)	31,840,043	-
New originated or purchased	4,926,908	-	4,455,618	9,382,526	933,689,045	53,628,119	23,698,845	1,011,016,009
Derecognised during the period	(1,651,974)	(2,477,456)	(4,606,946)	(8,736,376)	(603,329,088)	(89,695,444)	(14,046,131)	(707,070,663)
Write-offs	-	-	(6,248,532)	(6,248,532)	-	-	(18,292,565)	(18,292,565)
FX and other movements	3,429,710	(3,460,584)	(3,021,977)	(3,052,851)	(49,299,055)	(6,796,563)	(1,206,540)	(57,302,158)
At 31 December 2023	5,366,573	630	89,883,801	95,251,004	1,144,771,057	66,662,440	180,587,064	1,392,020,561

12 Loans and Advances to Customers (continued)

In thousands of Mongolian Tugriks	Credit loss allowances				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
SME								
At 1 January 2024	1,067,134	330,671	27,910,662	29,308,467	1,101,685,726	24,369,243	104,515,841	1,230,570,810
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- from Stage 2 and Stage 3 to Stage 1	698	(1)	(697)	-	5,867,658	(3,598,764)	(2,268,894)	-
- from Stage 1 and Stage 3 to Stage 2	(4,384,672)	4,384,672	-	-	(17,163,445)	18,415,708	(1,252,263)	-
- from Stage 1 and Stage 2 to Stage 3	(229,126)	(486,386)	715,512	-	(2,972,885)	(4,426,643)	7,399,528	-
New originated or purchased	760,560	373,108	166,158	1,299,826	1,080,495,074	21,393,883	4,362,432	1,106,251,389
Derecognised during the period	(232,711)	(29,408)	(3,798,419)	(4,060,538)	(340,280,963)	(9,563,235)	(20,795,811)	(370,640,009)
Write-offs	-	-	(112,579)	(112,579)	-	-	(247,664)	(247,664)
FX and other movements	4,112,768	186,987	(5,653,437)	(1,353,682)	(223,375,286)	(4,478,655)	(16,033,831)	(243,887,772)
At 31 December 2024	1,094,651	4,759,643	19,227,200	25,081,494	1,604,255,879	42,111,537	75,679,338	1,722,046,754

Notes to the Financial Statement /31 December 2024/

12 Loans and Advances to Customers (continued)

In thousands of Mongolian Tugriks	Credit loss allowances				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
SME								
At 1 January 2023	1,065,322	91,951	35,424,039	36,581,312	791,059,713	41,056,905	117,279,217	949,395,836
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- from Stage 2 and Stage 3 to Stage 1	197	(197)	-	-	3,447,476	(3,321,296)	(126,180)	-
- from Stage 1 and Stage 3 to Stage 2	(19,741)	19,909	(168)	-	(15,173,497)	15,929,230	(755,733)	-
- from Stage 1 and Stage 2 to Stage 3	(854,947)	(1,156,036)	2,010,983	-	(8,295,153)	(6,824,899)	15,120,052	-
New originated or purchased	844,752	308,266	179,829	1,332,847	783,338,354	7,538,420	4,430,693	795,307,467
Derecognised during the period	(361,327)	(10,217)	(5,574,514)	(5,946,058)	(264,550,193)	(24,310,897)	(24,542,716)	(313,403,806)
Write-offs	-	-	(88,056)	(88,056)	-	-	(109,280)	(109,280)
FX and other movements	392,878	1,076,995	(4,041,451)	(2,571,578)	(188,140,975)	(5,698,220)	(6,780,212)	(200,619,407)
At 31 December 2023	1,067,134	330,671	27,910,662	29,308,467	1,101,685,726	24,369,243	104,515,841	1,230,570,810

12 Loans and Advances to Customers (continued)

In thousands of Mongolian Tugriks	Credit loss allowances				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Consumer								
At 1 January 2024	3,446,496	1,081,154	31,970,215	36,497,865	1,138,389,096	15,400,042	44,961,221	1,198,750,359
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- from Stage 2 and Stage 3 to Stage 1	14,499	(9,997)	(4,502)	-	2,940,346	(1,900,582)	(1,039,764)	-
- from Stage 1 and Stage 3 to Stage 2	(586,864)	589,825	(2,961)	-	(9,465,670)	9,528,143	(62,473)	-
- from Stage 1 and Stage 2 to Stage 3	(2,858,467)	(1,199,542)	4,058,009	-	(7,287,007)	(2,578,133)	9,865,140	-
New originated or purchased	3,178,503	1,851,632	3,052,756	8,082,891	1,189,133,085	26,192,622	9,055,565	1,224,381,272
Derecognised during the period	(872,728)	(282,347)	(8,175,344)	(9,330,419)	(382,168,809)	(4,812,600)	(12,505,515)	(399,486,924)
Write-offs	-	(14,476)	(5,359,872)	(5,374,348)	-	(14,874)	(6,776,364)	(6,791,238)
FX and other movements	2,885,873	476,802	(2,651,301)	711,374	(58,110,000)	(5,281,056)	(5,190,363)	(68,581,419)
At 31 December 2024	5,207,312	2,493,051	22,887,000	30,587,363	1,873,431,041	36,533,562	38,307,447	1,948,272,050

Notes to the Financial Statement /31 December 2024/

12 Loans and Advances to Customers (continued)

In thousands of Mongolian Tugriks	Credit loss allowances				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Consumer								
At 1 January 2023	3,617,123	1,189,627	49,019,603	53,826,353	818,074,029	13,464,780	55,853,444	887,392,253
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- from Stage 2 and Stage 3 to Stage 1	9,283	(8,124)	(1,159)	-	1,894,514	(1,564,334)	(330,180)	-
- from Stage 1 and Stage 3 to Stage 2	(378,842)	378,964	(122)	-	(5,321,057)	5,329,509	(8,452)	-
- from Stage 1 and Stage 2 to Stage 3	(2,556,102)	(1,667,921)	4,224,023	-	(6,004,159)	(3,399,614)	9,403,773	-
New originated or purchased	1,832,114	618,655	695,112	3,145,881	709,618,984	9,093,778	1,830,225	720,542,987
Derecognised during the period	(829,257)	(252,438)	(9,735,691)	(10,817,386)	(324,505,104)	(3,774,206)	(11,716,587)	(339,995,897)
Write-offs	-	-	(4,554,972)	(4,554,972)	-	-	(9,312,479)	(9,312,479)
FX and other movements	1,752,177	822,391	(7,676,579)	(5,102,011)	(55,368,111)	(3,749,871)	(758,523)	(59,876,505)
At 31 December 2023	3,446,496	1,081,154	31,970,215	36,497,865	1,138,389,096	15,400,042	44,961,221	1,198,750,359

12 Loans and Advances to Customers (continued)

In thousands of Mongolian Tugriks	Credit loss allowances				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Mortgage								
At 1 January 2024	360,915	74,731	3,698,606	4,134,252	618,686,448	7,877,177	28,382,630	654,946,255
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- from Stage 2 and Stage 3 to Stage 1	2,008	(467)	(1,541)	-	7,290,910	(2,104,843)	(5,186,067)	-
- from Stage 1 and Stage 3 to Stage 2	(14,608)	14,644	(36)	-	(7,681,420)	7,997,435	(316,015)	-
- from Stage 1 and Stage 2 to Stage 3	(210,539)	(85,837)	296,376	-	(2,647,644)	(2,208,957)	4,856,601	-
New originated or purchased	27,273	9,781	4,655	41,709	414,539,044	2,266,032	155,612	416,960,688
Derecognised during the period	(30,976)	(7,832)	(1,072,334)	(1,111,142)	(62,092,326)	(488,472)	(6,064,109)	(68,644,907)
Write-offs	-	-	(105,000)	(105,000)	-	-	(112,811)	(112,811)
FX and other movements	(27,058)	25,205	28,900	27,047	(63,996,229)	(495,187)	(2,093,607)	(66,585,023)
At 31 December 2024	107,015	30,225	2,849,626	2,986,866	904,098,783	12,843,185	19,622,234	936,564,202

Notes to the Financial Statement /31 December 2024/

12 Loans and Advances to Customers (continued)

In thousands of Mongolian Tugriks	Credit loss allowances				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Mortgage								
At 1 January 2023	317,039	145,318	4,374,100	4,836,457	418,404,283	8,012,000	32,209,046	458,625,329
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- from Stage 2 and Stage 3 to Stage 1	3,054	(2,776)	(278)	-	5,066,938	(3,271,683)	(1,795,255)	-
- from Stage 1 and Stage 3 to Stage 2	(34,418)	34,418	-	-	(5,515,363)	5,515,363	-	-
- from Stage 1 and Stage 2 to Stage 3	(500,921)	(7,736)	508,657	-	(2,381,454)	(1,932,824)	4,314,278	-
New originated or purchased	177,684	28,865	51,094	257,643	288,875,106	1,016,433	417,736	290,309,275
Derecognised during the period	(30,181)	(1,747)	(661,956)	(693,884)	(40,391,933)	(1,225,362)	(5,693,289)	(47,310,584)
Write-offs	-	-	(15,430)	(15,430)	-	-	(15,430)	(15,430)
FX and other movements	428,658	(121,611)	(557,581)	(250,534)	(45,371,129)	(236,750)	(1,054,456)	(46,662,335)
At 31 December 2023	360,915	74,731	3,698,606	4,134,252	618,686,448	7,877,177	28,382,630	654,946,255

12 Loans and Advances to Customers (continued)

The loans and advances to customers at FVTPL changes between the beginning and end of the reporting periods are as follows at 31 December 2024:

In thousands of Mongolian Tugriks	Mortgage	SME	Corporate	Total
At 1 January 2024	381,628,167	5,460,766	13,923,375	401,012,308
Movement between FVTPL and AC	12,424,599	-	-	12,424,599
New originated or purchased	240,282,281	1,883,159	-	242,165,440
Derecognised during the period	(190,741,075)	(1,489,898)	(775,556)	(193,006,529)
Repayment	(4,221,383)	(392,457)	(10,004,585)	(14,618,425)
At 31 December 2024	439,372,589	5,461,570	3,143,234	447,977,393

The loans and advances to customers at FVTPL changes between the beginning and end of the reporting periods are as follows at 31 December 2023:

In thousands of Mongolian Tugriks	Mortgage	SME	Corporate	Total
At 1 January 2023	394,529,263	17,260,939	25,910,146	437,700,348
Movement between FVTPL and AC	16,617,272	(80,837)	-	16,536,435
New originated or purchased	162,974,342	-	-	162,974,342
Derecognised during the period	(184,046,234)	(8,066,740)	(4,020,397)	(196,133,371)
Repayment	(8,446,476)	(3,652,596)	(7,966,374)	(20,065,446)
At 31 December 2023	381,628,167	5,460,766	13,923,375	401,012,308

Notes to the Financial Statement /31 December 2024/

12 Loans and Advances to Customers (continued)

Movements in the expected credit loss allowance for loans to legal entities and individuals during 2024 of are as follows:

In thousands of Mongolian Tugriks	Loans to Corporate	Loans to SME	Consumer loans	Mortgage loans	Total
Expected credit loss allowance at 1 January 2024	95,251,004	29,308,467	36,497,865	4,134,252	165,191,588
Credit loss allowance charge/(recovery) during the year	8,322,250	(8,163,902)	(4,637,766)	(1,042,386)	(5,521,804)
Recovered amounts from previously written off loans	11,249,005	4,057,680	4,200,635	-	19,507,320
Amounts written off during the year as uncollectible	-	(112,579)	(5,374,348)	(105,000)	(5,591,927)
Foreign exchange difference	(1,285,259)	(8,172)	(99,023)	-	(1,392,454)
Expected credit loss allowance at 31 December 2024	113,537,000	25,081,494	30,587,363	2,986,866	172,192,723

During 2024, the Bank has recovered MNT 19,507,320 thousand from previously written-off loans as circumstances and expectations have changed positively for certain borrowers.

Movements in the expected credit loss allowance for loans to legal entities and individuals during 2023 of are as follows:

In thousands of Mongolian Tugriks	Loans to Corporate	Loans to SME	Consumer loans	Mortgage loans	Total
Expected credit loss allowance at 1 January 2023	103,906,237	36,581,312	53,826,353	4,836,457	199,150,359
Credit loss allowance charge/(recovery) during the year	(6,624,443)	(7,258,274)	(13,505,207)	(686,776)	(28,074,700)
Amounts written off during the year as uncollectible	(6,248,534)	(88,056)	(4,554,972)	(15,429)	(10,906,991)
Foreign exchange difference	4,217,744	73,485	731,691	-	5,022,920
Expected credit loss allowance at 31 December 2023	95,251,004	29,308,467	36,497,865	4,134,252	165,191,588

The credit loss allowance for loans and advances to customers recognised in the period is impacted by a variety of factors, details of ECL measurement are provided in Note 38. Below main movements in the table are described:

- Transfers between Stage 1, 2 and 3 due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes to model assumptions, including changes in PDs, EADs and LGDs in the period, arising from update of inputs to ECL models;
- Unwinding of discount due to the passage of time because ECL is measured on a present value basis;
- Foreign exchange translations of assets denominated in foreign currencies and other movements; and
- Write-offs of allowances related to assets that were written off during the period.

12 Loans and Advances to Customers (continued)

The following table contains an analysis of the credit risk exposure of loans and advances to customers measured at AC and for which an ECL allowance is recognised. The carrying amount of loans and advances to customers below also represents the Bank's maximum exposure to credit risk on these loans.

The credit quality of loans to corporate and individual customers carried at amortised cost is as follows at 31 December 2024:

In thousands of Mongolian Tugriks	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Loans to Corporate				
- Excellent	2,160,518,307	-	-	2,160,518,307
- Good	-	130,147,202	-	130,147,202
- Satisfactory	-	-	21,003,499	21,003,499
- Special Monitoring	-	-	35,719,170	35,719,170
- Default	-	-	121,325,307	121,325,307
Gross carrying amount	2,160,518,307	130,147,202	178,047,976	2,468,713,485
Less: Credit loss allowance	(4,265,213)	(7,648,017)	(101,623,770)	(113,537,000)
Carrying amount	2,156,253,094	122,499,185	76,424,206	2,355,176,485
Loans to SME				
- Excellent	1,604,255,879	-	-	1,604,255,879
- Good	-	42,111,537	-	42,111,537
- Satisfactory	-	-	5,406,517	5,406,517
- Special monitoring	-	-	14,110,341	14,110,341
- Default	-	-	56,162,480	56,162,480
Gross carrying amount	1,604,255,879	42,111,537	75,679,338	1,722,046,754
Less: Credit loss allowance	(1,094,651)	(4,759,643)	(19,227,200)	(25,081,494)
Carrying amount	1,603,161,228	37,351,894	56,452,138	1,696,965,260
Consumer loans				
- Excellent	1,873,431,041	-	-	1,873,431,041
- Good	-	36,533,562	-	36,533,562
- Satisfactory	-	-	2,117,233	2,117,233
- Special monitoring	-	-	4,019,333	4,019,333
- Default	-	-	32,170,881	32,170,881
Gross carrying amount	1,873,431,041	36,533,562	38,307,447	1,948,272,050
Less: Credit loss allowance	(5,207,312)	(2,493,051)	(22,887,000)	(30,587,363)
Carrying amount	1,868,223,729	34,040,511	15,420,447	1,917,684,687

Notes to the Financial Statement /31 December 2024/

12 Loans and Advances to Customers (continued)

In thousands of Mongolian Tugriks	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Mortgage loans				
- Excellent	904,098,783	-	-	904,098,783
- Good	-	12,843,185	-	12,843,185
- Satisfactory	-	-	5,525,111	5,525,111
- Special monitoring	-	-	5,327,500	5,327,500
- Default	-	-	8,769,623	8,769,623
Gross carrying amount	904,098,783	12,843,185	19,622,234	936,564,202
Less: Credit loss allowance	(107,015)	(30,225)	(2,849,626)	(2,986,866)
Carrying amount	903,991,768	12,812,960	16,772,608	933,577,336

The credit quality of loans to corporate and individual customers carried at amortised cost is as fol-lows at 31 December 2023:

In thousands of Mongolian Tugriks	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Loans to Corporate				
- Excellent	1,144,771,057	-	-	1,144,771,057
- Good	-	66,662,440	-	66,662,440
- Satisfactory	-	-	59,550,995	59,550,995
- Special monitoring	-	-	7,494,349	7,494,349
- Default	-	-	113,541,720	113,541,720
Gross carrying amount	1,144,771,057	66,662,440	180,587,064	1,392,020,561
Less: Credit loss allowance	(5,366,573)	(630)	(89,883,801)	(95,251,004)
Carrying amount	1,139,404,484	66,661,810	90,703,263	1,296,769,557

12 Loans and Advances to Customers (continued)

In thousands of Mongolian Tugriks	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Loans to SME				
- Excellent	1,101,685,726	-	-	1,101,685,726
- Good	-	24,369,243	-	24,369,243
- Satisfactory	-	-	11,622,312	11,622,312
- Special monitoring	-	-	15,550,723	15,550,723
- Default	-	-	77,342,806	77,342,806
Gross carrying amount	1,101,685,726	24,369,243	104,515,841	1,230,570,810
Less: Credit loss allowance	(1,067,134)	(330,671)	(27,910,662)	(29,308,467)
Carrying amount	1,100,618,592	24,038,572	76,605,179	1,201,262,343
Consumer loans				
- Excellent	1,138,389,096	-	-	1,138,389,096
- Good	-	15,400,042	-	15,400,042
- Satisfactory	-	-	9,632,809	9,632,809
- Special monitoring	-	-	4,392,656	4,392,656
- Default	-	-	30,935,756	30,935,756
Gross carrying amount	1,138,389,096	15,400,042	44,961,221	1,198,750,359
Less: Credit loss allowance	(3,446,496)	(1,081,154)	(31,970,215)	(36,497,865)
Carrying amount	1,134,942,600	14,318,888	12,991,006	1,162,252,494
Mortgage loans				
- Excellent	618,686,448	-	-	618,686,448
- Good	-	7,877,177	-	7,877,177
- Satisfactory	-	-	11,440,266	11,440,266
- Special monitoring	-	-	5,735,921	5,735,921
- Default	-	-	11,206,443	11,206,443
Gross carrying amount	618,686,448	7,877,177	28,382,630	654,946,255
Less: Credit loss allowance	(360,915)	(74,731)	(3,698,606)	(4,134,252)
Carrying amount	618,325,533	7,802,446	24,684,024	650,812,003

For description of the credit risk grading used in the tables above, refer to Note 38.

Notes to the Financial Statement /31 December 2024/

12 Loans and Advances to Customers (continued)

Economic sector risk concentrations within the customer loan portfolio are as follows:

In thousands of Mongolian Tugriks	31 December 2024		31 December 2023	
	Amount	%	Amount	%
Trade – Whole & Retail	1,581,901,671	21.03%	1,273,782,445	26.12%
Mortgage & House maintenance	1,375,936,791	18.29%	1,036,574,420	21.25%
Individuals	1,434,297,921	19.06%	977,479,856	20.04%
Maintenance	266,548,295	3.54%	252,196,009	5.17%
Mining & Exploration	638,158,917	8.48%	195,460,267	4.01%
Manufacturing	276,763,325	3.68%	246,005,454	5.04%
Finance	247,436,649	3.29%	94,556,590	1.94%
Construction	362,477,558	4.82%	234,932,684	4.82%
Transport & Communication	158,017,021	2.10%	80,421,746	1.65%
Real estate	144,161,113	1.92%	40,849,324	0.84%
Home appliances	506,182,642	6.73%	207,398,409	4.25%
Agriculture	53,752,553	0.71%	22,091,777	0.45%
Electricity & Oil	231,279,020	3.07%	14,094,758	0.29%
Car	8,574,305	0.11%	13,610,877	0.28%
Hotel & Restaurant	43,369,828	0.58%	20,428,655	0.42%
Healthcare	70,020,058	0.93%	34,661,558	0.71%
Education	47,430,133	0.63%	31,191,730	0.64%
International organizations	61,235,608	0.81%	90,740,777	1.86%
Social services	2,634,428	0.04%	2,789,782	0.06%
Public service	4,471,253	0.06%	7,656,406	0.16%
Tourism	7,762,450	0.10%	376,769	0.01%
Entrepreneurship	1,162,345	0.02%	-	0.00%
Total gross carrying value	7,523,573,884	100%	4,877,300,293	100%

12 Loans and Advances to Customers (continued)

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period. Description of collateral and credit enhancements held for loans to corporate and individual customers carried at amortised cost is as follows at 31 December 2024:

In thousands of Mongolian Tugriks	Loans to Corporate	Loans to SME	Consumer loans	Mortgage loans	Total
Loans collateralised by:					
- residential real estate	154,340,192	473,973,633	36,262,717	823,318,557	1,487,895,099
- other real estate	976,702,034	867,304,134	7,633,551	51,791,166	1,903,430,885
- tradable securities	20,152,398	-	-	-	20,152,398
- cash deposits	230,839,801	69,141,823	143,765,548	-	443,747,172
- machinery and equipment	224,231,877	191,503,134	10,251,098	411,692	426,397,801
- credit enhancements	719,564,270	63,124,691	19,038,321	53,211,916	854,939,198
Total	2,325,830,572	1,665,047,415	216,951,235	928,733,331	5,136,562,553
Unsecured exposures	142,882,913	56,999,339	1,731,320,815	7,830,871	1,939,033,938
Total carrying value loans and advances to customers at AC (amount representing exposure to credit risk for each class of loans at AC)	2,468,713,485	1,722,046,754	1,948,272,050	936,564,202	7,075,596,491

Description of collateral held for loans to corporate and individual customers carried at amortised cost is as follows at 31 December 2023:

In thousands of Mongolian Tugriks	Loans to Corporate	Loans to SME	Consumer loans	Mortgage loans	Total
Loans collateralised by:					
- residential real estate	93,662,013	297,375,295	28,299,765	534,792,597	954,129,670
- other real estate	626,814,597	691,588,465	7,151,181	39,919,485	1,365,473,728
- tradable securities	80,709,704	1,437,859	-	-	82,147,563
- cash deposits	31,468,236	26,225,777	121,176,135	-	178,870,148
- machinery and equipment	117,749,664	132,405,971	13,256,540	2,004,979	265,417,154
- credit enhancements	275,251,988	59,583,052	19,093,369	59,340,261	413,268,670
Total	1,225,656,202	1,208,616,419	188,976,990	636,057,322	3,259,306,933
Unsecured exposures	166,364,359	21,954,391	1,009,773,369	18,888,933	1,216,981,052
Total carrying value loans and advances to customers at AC (amount representing exposure to credit risk for each class of loans at AC)	1,392,020,561	1,230,570,810	1,198,750,359	654,946,255	4,476,287,985

Notes to the Financial Statement /31 December 2024/

12 Loans and Advances to Customers (continued)

Credit enhancements consist of the receivables, future revenues, guarantees, inventories and other assets. The disclosure above represents the lower of the carrying value of the loan or collateral taken; the remaining part is disclosed within the unsecured exposures. The carrying value of loans was allocated based on liquidity of the assets taken as collateral.

The following table provides information on carrying value of loans, for which the Bank did not recognise any expected credit loss allowance because of significant excess of collateral value over the gross carrying value of these loans.

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Loans to corporate customers:		
Loans to Corporate	299,824,209	195,162,647
Loans to SME	607,474,892	380,175,266
Loans to individuals:		
Consumer loans	190,059,892	160,380,754
Mortgage loans	523,832,989	273,926,281
Total significantly over-collateralised loans and advances to customers carried at AC	1,621,191,982	1,009,644,948

The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at amortised cost that are credit impaired, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets"). The effect of collateral on credit-impaired assets at 31 December 2024 is as follows:

In thousands of Mongolian Tugriks	Over-collateralized assets		Under-collateralized assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Credit impaired assets:				
Loans carried at AC:				
Corporate	69,414,761	605,807,802	108,633,215	24,044,766
SME	37,930,151	73,322,090	37,749,187	24,683,307
Consumer	779,233	1,634,670	37,528,214	732,597
Mortgage	12,472,926	23,155,183	7,149,308	2,753,886
Total	120,597,071	703,919,745	191,059,924	52,214,556

12 Loans and Advances to Customers (continued)

The effect of collateral on credit-impaired assets at 31 December 2023 is as follows:

In thousands of Mongolian Tugriks	Over-collateralized assets		Under-collateralized assets	
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Credit impaired assets:				
Loans carried at AC:				
Corporate	91,642,807	631,434,644	88,944,256	30,383,267
SME	66,891,133	174,163,986	37,624,708	22,470,507
Consumer	2,821,789	6,780,264	42,139,432	1,166,157
Mortgage	17,302,390	32,816,992	11,080,242	6,964,739
Total	178,658,119	845,195,886	179,788,638	60,984,670

The Bank obtains collateral valuation at the time of granting loans and generally updates it every one to two years, depending on the significance of the loan exposure. The values of collateral considered in this disclosure are fair value of the collateral and the bank applies haircut of 0-100%, considering liquidity and quality of the pledged assets.

Description of collateral held for loans to corporate and individual customers carried at FVTPL is as follows at 31 December 2024 and 31 December 2023:

In thousands of Mongolian Tugriks	Mortgage		SME		Corporate	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Loans collateralised by:						
- residential real estate	438,343,939	380,601,098	664,540	246,833	-	-
- other real estate	785,484	867,455	4,490,480	4,112,821	3,143,234	12,660,716
- machinery and equipments	-	18,500	297,002	954,787	-	-
- inventories	-	-	-	146,325	-	487,103
- other assets	243,166	-	9,548	-	-	-
- guarantee	-	141,114	-	-	-	775,556
Total	439,372,589	381,628,167	5,461,570	5,460,766	3,143,234	13,923,375
Unsecured exposures	-	-	-	-	-	-
Total carrying value loans and advances to customers at FVTPL (amount representing exposure to credit risk for each class of loans at FVTPL)	439,372,589	381,628,167	5,461,570	5,460,766	3,143,234	13,923,375

Notes to the Financial Statement /31 December 2024/

12 Loans and Advances to Customers (continued)

Other assets mainly include land. The disclosure above represents the lower of the carrying value of the loan or collateral taken; the remaining part is disclosed within the unsecured exposures. The carry-ing value of loans was allocated based on liquidity of the assets taken as collateral.

The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at FVTPL, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets").

The effect of collateral on credit assets /FVTPL/ at 31 December 2024 and 31 December 2023 are as follows:

In thousands of Mongolian Tugriks	31 December 2024		31 December 2023	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
Over-collateralised asset	361,783,594	448,764,776	235,802,494	335,042,208
Under-collateralised asset	86,193,799	77,111,748	165,209,814	131,936,382
Total	447,977,393	525,876,524	401,012,308	466,978,590

The cumulative total outstanding contractual amounts of loans and advances to customers written off that are still subject to enforcement activity was as follows at 31 December 2024 and 31 December 2023:

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Loans to corporate customers:		
Loans to Corporates	50,529,337	69,859,870
Loans to SMEs	14,021,753	18,100,352
Loans to individuals:		
Consumer loans	27,044,303	26,509,456
Mortgage loans	105,000	-
Total	91,700,393	114,469,678

The Bank's policy is to complete legal enforcement steps that were initiated even though the loans were written off, as there is no reasonable expectation of recovery from normal collection processes.

Losses less gains recognised in the profit or loss on modifications of loans with lifetime ECL that did not lead to derecognition was MNT 409,794 thousands and amortised cost of modified loans was MNT 41,677,962 thousands for the year ended 31 December 2024 (31 December 2023: MNT 366,679 thousands, MNT 10,744,424 thousands respectively).

Refer to Note 42 for the estimated fair value of each class of loans and advances to customers. In-terest rate analysis of loans and advances to customers is disclosed in Note 38. Information on related party balances is disclosed in Note 44.

13 Investment Properties

Below is the information on changes in investment properties as follows at 31 December 2024 and 31 December 2023:

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Investment properties at fair value at 1 January	6,586,475	10,276,475
Disposals	-	(3,690,000)
Fair value gains	1,427,602	-
Investment properties at fair value at 31 December 2024	8,014,077	6,586,475

The Bank's intention is to keep the premises for the purposes of earning rental income, capital appreciation, or both, and not to occupy premises by the Bank.

As of 31 December 2024, rental income of MNT 507,194 thousands (31 December 2023: MNT 412,938 thousands) was generated from investment properties. Direct operating expenses arising from investment property that generated rental income during the period was nil (31 December 2023: nil).

Accounting policy for investment properties is disclosed in Note 4.15.

Notes to the Financial Statement /31 December 2024/

14 Other Assets

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Other financial assets at FV:		
Precious metals	13,154,667	26,922,637
Total other financial assets at FV	13,154,667	26,922,637
Other financial assets at AC:		
Receivables on cash and settlements services	5,734,890	21,742,284
Receivable from companies	9,347,187	8,287,581
Receivable from individuals	3,016,631	2,870,192
Other financial assets	2,739,041	2,207,247
Less: Credit loss allowance	(5,906,350)	(6,265,800)
Total other financial assets at AC	14,931,399	28,841,504
Total other financial assets	28,086,066	55,764,141
Other non-financial assets		
Prepayments for non-current assets	437,894,254	407,878,165
Prepayments for employees' benefits	13,974,105	7,337,146
Prepayments for rent	954,228	619,436
Other prepayments	13,196,119	12,073,534
Other non-financial assets	8,485,397	6,154,270
Total non-financial assets	474,504,103	434,062,551
Total other assets	502,590,169	489,826,692

Precious metals mainly consist of gold. For accounting policy of precious metals, refer to Note 4.

Receivables on cash and settlements services mainly consist of transaction settlement receivables.

Prepayments for non-current assets amount of MNT 437,894,254 thousands relate to new office buildings and other office order contracts.

14 Other Assets (continued)

Tables below contain an analysis of the credit risk exposure of other financial assets at AC at 31 December 2024.

In thousands of Mongolian Tugriks	Stage 1 (12-months ECL)	Stage 2 (12-months ECL)	Stage 3 (lifetime ECL for credit impaired)	Total
Receivables from companies				
- Excellent	5,362,296	-	-	5,362,296
- Good	-	149,054	-	149,054
- Satisfactory	-	-	134,915	134,915
- Special monitoring	-	-	30,994	30,994
- Default	-	-	3,669,928	3,669,928
Gross carrying amount	5,362,296	149,054	3,835,837	9,347,187
Less: Credit loss allowance	(5,729)	(2,226)	(3,445,121)	(3,453,076)
Carrying amount	5,356,567	146,828	390,716	5,894,111
Receivables from individuals				
- Excellent	575,533	-	-	575,533
- Good	-	22,956	-	22,956
- Satisfactory	-	-	8,758	8,758
- Special monitoring	-	-	7,799	7,799
- Default	-	-	2,401,585	2,401,585
Gross carrying amount	575,533	22,956	2,418,142	3,016,631
Less: Credit loss allowance	(946)	(292)	(2,445,543)	(2,446,781)
Carrying amount	574,587	22,664	(27,401)	569,850
Receivables on cash and settlements services				
- Excellent	5,728,472	-	-	5,728,472
- Good	-	-	-	-
- Satisfactory	-	-	-	-
- Special monitoring	-	-	-	-
- Default	-	-	6,418	6,418
Gross carrying amount	5,728,472	-	6,418	5,734,890
Less: Credit loss allowance	(75)	-	(6,418)	(6,493)
Carrying amount	5,728,397	-	-	5,728,397
Other financial asset				
- Excellent	2,739,041	-	-	2,739,041
Gross carrying amount	2,739,041	-	-	2,739,041
Less: Credit loss allowance	-	-	-	-
Carrying amount	2,739,041	-	-	2,739,041

Notes to the Financial Statement /31 December 2024/

14 Other Assets (continued)

Tables below contain an analysis of the credit risk exposure of other financial assets at AC at 31 December 2023.

In thousands of Mongolian Tugriks	Stage 1 (12-months ECL)	Stage 2 (12-months ECL)	Stage 3 (lifetime ECL for credit impaired)	Total
Receivables from companies				
- Excellent	3,815,503	-	-	3,815,503
- Good	-	123,713	-	123,713
- Satisfactory	-	-	3,397	3,397
- Special monitoring	-	-	124,071	124,071
- Default	-	-	4,220,897	4,220,897
Gross carrying amount	3,815,503	123,713	4,348,365	8,287,581
Less: Credit loss allowance	(1,263)	(1,514)	(3,999,246)	(4,002,023)
Carrying amount	3,814,240	122,199	349,119	4,285,558
Receivables from individuals				
- Excellent	448,494	-	-	448,494
- Good	-	31,634	-	31,634
- Satisfactory	-	-	24,234	24,234
- Special monitoring	-	-	41,579	41,579
- Default	-	-	2,324,251	2,324,251
Gross carrying amount	448,494	31,634	2,390,064	2,870,192
Less: Credit loss allowance	(681)	(506)	(2,259,664)	(2,260,851)
Carrying amount	447,813	31,128	130,400	609,341
Receivables on cash and settlements services				
- Excellent	21,708,894	-	-	21,708,894
- Good	-	29,524	-	29,524
- Satisfactory	-	-	2,415	2,415
- Special monitoring	-	-	1,252	1,252
- Default	-	-	199	199
Gross carrying amount	21,708,894	29,524	3,866	21,742,284
Less: Credit loss allowance	(21)	(1,476)	(1,429)	(2,926)
Carrying amount	21,708,873	28,048	2,437	21,739,358
Other financial asset				
- Excellent	2,207,247	-	-	2,207,247
Gross carrying amount	2,207,247	-	-	2,207,247
Less: Credit loss allowance	-	-	-	-
Carrying amount	2,207,247	-	-	2,207,247

14 Other Assets (continued)

Movements in the provision for asset impairment are as follows at 31 December 2024:

In thousands of Mongolian Tugriks	Receivable from companies	Receivable from individuals	Receivables on cash and settlement services	Total
Expected credit loss allowance of other assets at 1 January 2024	4,002,023	2,260,851	2,926	6,265,800
Credit loss allowance charge/(recovery) during the year	(553,330)	186,687	3,490	(363,153)
Exchange difference	4,413	(94)	77	4,396
Amounts written off during the year as uncollectible	(30)	(663)	-	(693)
Expected credit loss allowance of other assets at 31 December 2024	3,453,076	2,446,781	6,493	5,906,350

The receivables that are not expected to be fully paid are written off in accordance with the Board of Directors' resolution during 2024.

Movements in the provision for asset impairment during 2023 are as follows:

In thousands of Mongolian Tugriks	Receivable from companies	Receivable from individuals	Receivables on cash and settlement services	Total
Expected credit loss allowance of other assets at 1 January 2023	3,082,241	1,647,003	163	4,729,407
Credit loss allowance charge/(recovery) during the year	935,279	622,450	(213)	1,557,516
Exchange difference	(14,619)	(2,083)	2,976	(13,726)
Amounts written off during the year as uncollectible	(878)	(6,519)	-	(7,397)
Expected credit loss allowance of other assets at 31 December 2023	4,002,023	2,260,851	2,926	6,265,800

Notes to the Financial Statement /31 December 2024/

15 Intangible Assets

In thousands of Mongolian Tugriks	Computer software licences	Land use right	Total
Cost at 1 January 2023	52,087,582	693,313	52,780,895
Accumulated amortization	(31,832,507)	-	(31,832,507)
Carrying amount at 1 January 2023	20,255,075	693,313	20,948,388
Additions	4,299,094	-	4,299,094
Transfers	(5,404,096)	-	(5,404,096)
Amortisation	(6,362,155)	(6,679)	(6,368,834)
Transfers of accumulated amortization	5,404,096	-	5,404,096
Carrying amount at 31 December 2023	18,192,014	686,634	18,878,648
Cost at 1 January 2024	50,982,580	693,313	51,675,893
Accumulated amortization	(32,790,566)	(6,679)	(32,797,245)
Carrying amount at 1 January 2024	18,192,014	686,634	18,878,648
Additions	13,304,763	-	13,304,763
Transfer to premises and equipment	-	(672,984)	(672,984)
Amortisation	(8,817,863)	(6,679)	(8,824,542)
Carrying amount at 31 December 2024	22,678,914	6,971	22,685,885

16 Premises and Equipment

In thousands of Mongolian Tugriks	Premises	Motor vehicles	Office equipment and computers	Furniture	Leasehold improvement	Construction in progress	Total premises and equipment
Cost/valuation at 1 January 2023	117,118,937	3,915,940	105,832,403	9,323,585	11,868,981	650,454	248,710,300
Accumulated depreciation	(14,408,556)	(1,530,263)	(69,590,387)	(4,095,858)	(7,717,595)	-	(97,342,659)
Carrying amount at 1 January 2023	102,710,381	2,385,677	36,242,016	5,227,727	4,151,386	650,454	151,367,641
Additions	7,313,436	694,000	20,029,969	819,994	1,696,297	-	30,553,696
Transfers	-	-	15,865	(15,865)	-	-	-
Disposals	(7,894,821)	(199,426)	(3,819,344)	(129,331)	-	-	(12,042,922)
Write-offs	-	-	(2,130,604)	(154,192)	(5,484,645)	-	(7,769,441)
Depreciation	(3,760,495)	(433,340)	(15,533,137)	(537,671)	(1,865,801)	-	(22,130,444)
Transfers of accumulated depreciation	-	-	(11,369)	11,369	-	-	-
Disposals of accumulated depreciation	1,162,095	166,694	1,970,022	36,945	-	-	3,335,756
Write-offs of accumulated depreciation	-	-	2,130,604	153,437	5,484,664	-	7,768,705
Carrying amount at 31 December 2023	99,530,596	2,613,605	38,894,022	5,412,413	3,981,901	650,454	151,082,991
Cost/valuation at 1 January 2024	116,537,552	4,410,514	119,928,289	9,844,191	8,080,633	650,454	259,451,633
Accumulated depreciation	(17,006,956)	(1,796,909)	(81,034,267)	(4,431,778)	(4,098,732)	-	(108,368,642)
Carrying amount at 1 January 2024	99,530,596	2,613,605	38,894,022	5,412,413	3,981,901	650,454	151,082,991
Additions	11,620,809	1,306,872	26,967,373	2,054,751	4,867,790	8,000,000	54,817,595
Transfer from Intangible Assets	672,984	-	-	-	-	-	672,984
Transfers	650,454	-	(226,078)	226,078	-	(650,454)	-
Disposals	(449,756)	(161,800)	(3,246,388)	(94,462)	(300,000)	-	(4,252,406)
Write-offs	-	-	(5,068,622)	(437,363)	(1,680,547)	-	(7,186,532)
Depreciation	(3,943,990)	(542,043)	(18,224,008)	(638,605)	(2,240,608)	-	(25,589,254)
Transfers of accumulated depreciation	-	-	(3,926)	3,926	-	-	-
Disposals of accumulated depreciation	32,981	132,532	1,412,026	64,801	-	-	1,642,340
Write-offs of accumulated depreciation	-	-	5,068,596	436,372	1,680,547	-	7,185,515
Revaluation	21,730,743	-	-	-	-	-	21,730,743
Carrying amount at 31 December 2024	129,844,821	3,349,166	45,572,995	7,027,911	6,309,083	8,000,000	200,103,976

Notes to the Financial Statement /31 December 2024/

16 Premises and Equipment (continued)

At 31 December 2024, the carrying amount of premises would have been MNT 114,943,140 thousands (2023: MNT 92,864,333 thousands) had the assets been carried at cost less depreciation.

The amount reconciles to the carrying value of the premises as follows:

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Premises at revalued amount in the statement of financial position	129,844,821	99,530,596
Revaluation reserve presented in equity	(14,901,681)	(6,666,263)
Premises at cost less accumulated depreciation	114,943,140	92,864,333

Premises have been revalued at fair value as of 31 December 2024. The valuation was carried out by an independent firm of appraisers, Fine Estimate LLC and Gerege Estimate LLC, who hold a recognised and relevant professional qualification and who have recent experience in the valuation of assets in similar locations and in a similar category.

The basis used for the appraisal was market value of the similar premises located in the Ulaanbaatar. In 2024, the Bank recognised a revaluation gain of MNT 8,048,317 thousand through profit or loss account in relation to assets that were impaired in the previous period and recognized in fair value of premises of MNT 13,682,426 thousand through other comprehensive income.

Refer to Note 42 for the disclosure for inputs and model used to determine fair value and its sensitivity analysis.

17 Right of Use Assets

The Bank leases various offices and spaces for ATM, garages and warehouses. Rental contracts are typically made for fixed periods of 1 year to 10 years.

The right of use assets by class of underlying items is analysed as follows:

In thousands of Mongolian Tugriks	Buildings	Other	Total
Carrying amount at 1 January 2023	13,821,702	1,370,920	15,192,622
Additions	11,551,050	3,906	11,554,956
Disposals	(3,081,835)	-	(3,081,835)
Depreciation charge	(6,181,003)	(709,461)	(6,890,464)
Carrying amount at 31 December 2023	16,109,914	665,365	16,775,279
Additions	18,253,437	3,844	18,257,281
Disposals	(977,464)	(2,148)	(979,612)
Depreciation charge	(8,502,764)	(663,699)	(9,166,463)
Carrying amount at 31 December 2024	24,883,123	3,362	24,886,485

As of 31 December 2024, interest expense on lease liabilities was MNT 3,308,598 thousands (31 December 2023: MNT 1,859,443 thousands).

Expenses relating to short-term leases included in administrative and other operating expenses.

In thousands of Mongolian Tugriks	Note	31 December 2024	31 December 2023
Expense relating to short-term leases	29	1,296,672	1,428,551

The lease agreements do not impose any covenants other than the security interests in the leased as-sets that are held by the lessor. Leased assets may not be used as collateral for borrowings.

18 Assets Classified as Held for Sale

Assets classified as held for sale were previously classified as repossessed collateral, acquired by the Bank in settlement of overdue loans. Management approved a plan to sell assets on each transfer of asset. The Bank is actively marketing these assets and expects the sale to complete within 12 months. Further accounting policies of assets classified as held for sale is disclosed in Note 4.10.

Major classes classified as held for sale are as follows:

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Office and commercial spaces	19,462,024	14,483,918
Residential apartments or houses	11,634,001	12,809,144
Buildings	898,319	900,000
Other	7,551,437	908,676
Total assets held for sale	39,545,781	29,101,738

During 2024, the Bank sold offices, commercial spaces and residential apartments in amount of MNT 73,588,492 thousands (31 December 2023: 6,356,540 thousands).

During the year, MNT 42,204,231 thousands (2023: MNT 35,310,562 thousands) of assets were transferred from repossessed collateral to assets classified as Held for Sale.

The Bank recognised a net gain for assets classified as held for sale of MNT 43,182,070 thousands (2023: net loss of MNT 12,248,114 thousands).

19 Due to Other Banks

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Short-term placements of other banks	443,274,660	130,991,856
Total due to other banks	443,274,660	130,991,856

Amount due to other banks and financial institutions represent foreign currency and local currency accounts with Mongolian and foreign banks. Significant increase in due to inter banks related to MNT 395,707,992 thousand back-to-back deposits with domestic bank.

Refer to Note 42 for the disclosure of the fair value of each class of due to other banks. Currency, interest rate and maturity analysis of due to other banks are disclosed in Note 38.

Notes to the Financial Statement /31 December 2024/

20 Customer Accounts

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Individuals	4,401,002,994	3,512,056,303
- Current/demand accounts	780,135,672	619,272,411
- Demand deposits	620,995,475	516,937,911
- Term deposits	2,999,871,847	2,375,845,981
Legal entities	3,817,798,645	3,131,324,697
- Current/settlement accounts	2,896,837,462	2,166,380,896
- Demand deposits	-	-
- Term deposits	920,961,183	964,943,801
State and public organizations	1,072,529,966	1,309,557,722
- Current/settlement accounts	627,827,458	1,237,585,943
- Demand deposits	-	-
- Term deposits	444,702,508	71,971,779
Other	85,511,476	83,694,933
- Current/demand accounts	52,352,307	39,472,029
- Demand deposits	-	-
- Term deposits	33,159,169	44,222,904
Total customer accounts	9,376,843,081	8,036,633,655

According to the Mongolian Civil Code, the Bank is obliged to repay deposits to individual depositors at short notice. If a fixed-term deposit is withdrawn by the depositor ahead of term, interest is payable at the rate paid by the Bank on demand deposits unless otherwise specified by the contract.

At 31 December 2024, the aggregate amount of the top 30 biggest customers is MNT 3,017,895,899 thousands (31 December 2023: MNT 2,668,207,535 thousands) or 32% of total customer accounts (31 December 2023: 33%).

At 31 December 2024, the Bank collateralised deposits of MNT 50,761,476 thousands (31 December 2023: MNT 155,826,085 thousands) for irrevocable commitments under bank guarantee and letter of credit. Interest rate analysis of customer accounts is disclosed in Note 38. Information on related party balances is disclosed in Note 44.

21 Other Borrowed Funds

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
(a) Borrowed funds under projects		
Borrowed funds under Project /MNT/	384,637,262	358,586,882
Borrowed funds under Project /USD/	110,756	165,202
Total borrowed funds under projects	384,748,018	358,752,084
(b) Borrowings from foreign banks and financial institutions		
Borrowings from other foreign bank /USD/	733,903,539	955,190,880
(c) Trade finance from foreign banks and financial institutions		
Borrowings from foreign banks and financial institutions /USD/	129,171,672	94,221,889
Borrowings from foreign banks and financial institutions /EUR/	6,050,945	461,538
Borrowings from foreign banks and financial institutions /CNY/	-	2,302,331
Borrowings from foreign banks and financial institutions /KRW/	1,209	-
Total borrowings from foreign banks and financial institutions	869,127,365	1,052,176,638
Total	1,253,875,383	1,410,928,722

(a) Borrowed funds under projects

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Government price stabilization program		
Housing mortgage program	349,491,509	258,092,912
Fuel reserve program	4,628	54,930,001
Project on gold production 2	4,705,492	16,501,796
Project loan of KFW bank	104,267	312,800
Joint projects of Mongolian government and JICA		
Borrowings under SME industry support fund	7,452,707	7,431,219
Joint project of Credit guarantee fund and ADB		
Borrowings under SME industry support fund	7,521,687	2,849,449
Other government projects		
Borrowings under Agriculture and Rural Development Project	14,889,445	17,722,166
Other borrowing under project	110,755	165,202
Borrowings under SME industry support fund	465,228	743,560
Student development program	2,300	2,979
Total	384,748,018	358,752,084

Notes to the Financial Statement /31 December 2024/

21 Other Borrowed Funds (continued)

(a) Borrowed funds under projects (continued)

As disclosed in Note 3, most of these funds are obtained for specific purposes (issuing loans at advantageous rates to target customers), defined by the lenders or the Government of Mongolia, and therefore they are obtained at interest rates that may be lower than rates at which the Bank could source the funds from other lenders. Interest rates during 2024 on most of these borrowed funds range between 3% and 5% p.a., while interest rates on most of the loans issued from these sources range between 6% and 12.34% p.a. The management considered whether initial gain on recognition of these borrowings should be recognised and concluded that they meet the definition of a principal market and that no gains or losses should arise on initial recognition of related borrowings and loans to customers.

For management's judgments refer to Note 3. The major programs include funding from the Development Bank of Mongolia on funding specific sectors or types of projects that are related to key priorities for development of Mongolian economy (e.g., achieving diversification of economy) by the Government of Mongolia. These programs are briefly outlined below.

Under Housing Mortgage Program, the Bank received funds since 2014 from the Bank of Mongolia for a mortgage loan program implemented by the Government at an interest rate of 1%, 2% and 4% p.a. Newly issued loans or refinanced loans need to meet specific requirements (apartments with maximum area of 80 square meters, down payment of at least 30% apartment purchase price, good customer's credit history with respective bank and other Mongolian banks etc.) in order to qualify for this program.

As a result of such financing, the Bank is able to advance funds to target customers as determined by its lenders, at advantageous rates of 5%, 6% and 8% p.a. defined by the Bank of Mongolia i.e., the Bank has no discretionary rights in determining interest rates on issued loans. The Bank approves all loans disbursement or refinancing under 6% interest rate and bears the credit risk.

In 2023, the Bank participated in a program funded by UB-SME support center for financing SMEs to support stability of the entities. Under this program, the Bank obtained funding at zero cost with maturity date of 5 December 2026 and issued loans to the companies at advantageous interest rate of 3.0% p.a. The Bank bears the credit risk.

In 2021, the Bank participated in a program funded by the Bank of Mongolia is for financing fuel companies to increase the fuel reserves. Under this program, the Bank obtained funding at interest rates of 6-14% p.a. with maturity date of 28 December 2024 and issued loans to fuel companies at advantageous interest rate of 9-17% p.a.

In 2020, the Bank participated in a program funded by the Bank of Mongolia is for financing gold mining companies to increase the gold reserves and foreign exchange reserve of the Bank of Mongolia. Under this program, the Bank obtained funding at interest rates of 6-12% p.a. with maturity date of 25 November 2025 and issued loans to mining companies at advantageous interest rate of 9-15% p.a.

Since 2012, the Bank participates in the KFW program to support employment for providing small and medium sized loans to enterprises to create workplaces and manufacturing. The Bank received related funding from Bank of Mongolia at interest rate of 5% p.a., with maturity date of 25 June 2025. The Bank bears the credit risk in this arrangement.

In 2011, the Bank received fund from JICA at an interest rate of 3.0% p.a. The project purpose is to support SMEs and environmental protection projects. Under this program, the Bank obtained funding at interest rates of 3% p.a. with maturity date of 24 December 2034 and issued loans to SMEs at advantageous interest rate of 7% p.a. The project unit's board committee decides to change the loan and funding interest rate in every half year.

Since 2021, the Bank received fund from Asian Development Bank at an interest rate of 5% p.a. The joint project of Credit guarantee fund of Mongolia and ADB purpose is to support SMEs` in long term. The Bank can grant loans with the interest rate of 8.88-12.34% depending on the guarantee percentages. Both the Bank and CGF approves the loan disbursement and bears the credit risk separately.

In 2016, the Bank received fund from Asian Development Bank at an interest rate of 4.5% p.a. The project purpose is to support agriculture and rural development project. The program was extended until 2031. The Bank can grant loans with the interest rate of 8%. The Bank approves all loan disbursement or refinancing and bears the credit risk.

21 Other Borrowed Funds (continued)

(a) Borrowed funds under projects (continued)

The terms of the borrowing agreements with government organizations, central bank, and international financial institutions are provided in below table.

Category	Funding source	Name of Project	Currency	Disbursement date	Maturity date	Principle balance as of 31 December 2024 in thousands of original currencies	Principle balance as of 31 December 2024 in thousands of MNT
Government price stabilization program	Bank of Mongolia	Housing mortgage program	MNT	4/21/2016	7/1/2026	349,491,509	349,491,509
	Bank of Mongolia	Fuel reserve program	MNT	12/13/2021	12/28/2024	4,628	4,628
	Bank of Mongolia	Project on gold production 2	MNT	6/25/2020	11/25/2025	4,705,492	4,705,492
	Bank of Mongolia	Project loan of KFW bank	MNT	6/8/2012	6/25/2025	104,267	104,267
Joint projects of Mongolian government and JICA	JICA	Borrowings under SME industry support fund	MNT	12/19/2011	12/24/2034	7,452,707	7,452,707
Joint projects of Credit guarantee fund and ADB	ADB	Borrowings under SME industry support fund	MNT	3/22/2021	9/30/2033	7,521,687	7,521,687
Other government projects	Government	Borrowings under Agriculture and Rural Development Project	MNT	5/5/2016	8/1/2031	14,889,445	14,889,445
	Government	Other borrowing under project	USD	10/7/2014	5/1/2027	32	110,755
	Government	Borrowings under SME industry support fund	MNT	7/18/2023	7/17/2026	465,228	465,228
	Government	Student development program	MNT	11/30/2016	12/5/2026	2,300	2,300

Notes to the Financial Statement /31 December 2024/

21 Other Borrowed Funds (continued)

(a) Borrowed funds under projects (continued)

The terms of the borrowing agreements with government organizations, central bank, and international financial institutions are provided in below table.

Category	Funding source	Name of Project	Currency	Disbursement date	Maturity date	Principle balance as of 31 December 2023 in thousands of original currencies	Principle balance as of 31 December 2023 in thousands of MNT
Government price stabilization program	Bank of Mongolia	Housing mortgage program	MNT	4/21/2016	12/31/2024	258,092,912	258,092,912
	Bank of Mongolia	Fuel reserve program	MNT	12/13/2021	12/28/2024	54,930,001	54,930,001
	Bank of Mongolia	Project on gold production 2	MNT	6/25/2020	11/25/2025	16,501,796	16,501,796
	Bank of Mongolia	Project loan of KFW bank	MNT	6/8/2012	6/25/2025	312,800	312,800
Joint projects of Mongolian government and JICA	JICA	Borrowings under SME industry support fund	MNT	9/29/2006	10/10/2033	7,431,219	7,431,219
Joint projects of Credit guarantee fund and ADB	ADB	Borrowings under SME industry support fund	MNT	3/22/2021	6/20/2031	2,849,449	2,849,449
Other government projects	Government	Borrowings under Agriculture and Rural Development Project	MNT	5/5/2016	10/25/2029	17,722,166	17,722,166
	Government	Other borrowing under project	USD	10/7/2014	5/1/2027	48	165,202
	Government	Borrowings under SME industry support fund	MNT	7/18/2023	7/17/2026	743,560	743,560
	Government	Student development program	MNT	11/30/2016	12/5/2026	2,979	2,979

21 Other Borrowed Funds (continued)

(b) Borrowings from foreign banks and financial institutions

Borrowings from other foreign bank represent loans obtained from foreign banks and financial institutions in the amount between USD 1,666 thousands and USD 100,000 thousands with maturity range of 24 months to 60 months as of 31 December 2024 (2023: between USD 2,500 thousands and USD 100,000 thousands with maturity range of 12 months to 97 months).

USD 100,000 thousands of those borrowings are collateralized by the Bank's current account at the lending banks.

During 2024, several borrowings have been obtained with total amount of USD 64,000 thousands with original maturity range of 24 to 37 months.

(c) Trade finance from foreign banks and financial institutions

The Bank obtained uncommitted revolving trade credit lines from international banks and financial institutions to finance its' trade customers. During 2024, the Bank utilised MNT 247,234,399 thousands (31 December 2023: MNT 184,427,134 thousands) of respective credit lines and issued loans for the same amount with the purpose to finance transaction of its' customers. The term of such funding is up to 1 years and cash flows from customers and payment to foreign banks are matching in terms of the timing of interest and principal amount repayment. The Bank bears the credit risk in the case of non-payment by the customer.

As at 31 December 2024, the Bank has no breach on borrowings from foreign banks and financial institutions.

Refer to Note 42 for the disclosure of fair value of other borrowed funds. Currency, interest rate and maturity analysis of other borrowed funds are disclosed in Note 38.

22 Debt securities in issue

On 20 May 2024, the Bank issued USD 300,000 thousand senior notes on a standalone basis with a coupon rate of 11% and a three-year term in the international debt market.

On 11 December 2024, the Bank tap issued its existing bond by another USD100,000 thousand, resulting in a total of USD 400,000 thousand bond maturing on 20 May 2027. The issue yield was at 8.5%.

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Bond payable	1,369,878,337	-
Total debt securities in issue	1,369,878,337	-

23 REPO Arrangements

As of 31 December 2024, MNT 1,402,962,803 thousands (31 December 2023: MNT 547,659,994 thousands) of sale and repurchase agreements relate to placements from Bank of Mongolia and local bank bearing interest rate ranging from 7.0% to 12.0% p.a. (2023: from 7-14% p.a.), with original maturities of 2-1,095 days (2023: 5-1,095 days). These placements are fully collateralized by the Bank of Mongolia treasury bills and SFC Senior bonds disclosed in Note 10.

As of 31 December 2024, the Bank entered into MNT 137,391,058 thousands (31 December 2023: MNT 164,014,169 thousands) of sale and repurchase agreements to increase its USD reserves. These placements are fully collateralized by the Government bonds at FVTOCI bills disclosed in Note 10.

Reverse sale and repurchase agreement

As of 31 December 2024, MNT 55,710,082 thousands (31 December 2023: MNT 646,835,976 thousands) of the reverse sale and repurchase agreement relate to a short-term agreement with local bank, earning interest rate 10% p.a. (2023: 12% p.a) with original maturity 2 days (2023: 5 days). The reverse sale and repurchase agreement are fully collateralized by the Bank of Mongolia treasury bills which the Bank has the right, by contract to sell or re-pledge in the case of non-repayment.

Notes to the Financial Statement /31 December 2024/

24 Other Liabilities

Other liabilities comprise the following:

In thousands of Mongolian Tugriks	31 December 2024	31 December 2023
Other financial liabilities at AC:	85,250,923	183,426,999
Liabilities for settlements of transactions	69,737,684	163,115,308
Liabilities for loans sold to MIK with recourse	273,523	581,652
Provision for credit related commitments	1,873,767	2,848,492
Other	13,365,949	16,881,547
Other non-financial liabilities:	36,280,448	20,808,172
Tax payables other than on income	6,162,072	8,771,190
Payables to employees	21,973,893	10,220,723
Other	8,144,483	1,816,259
Total other liabilities	121,531,371	204,235,171

Liabilities for settlements of transactions were decreased because of settled on time due to the last day of the financial year was a business day. The increase in payables to employees is due to increase in salary.

Other financial liabilities are expected to be settled within twelve months after the year-end. All non-financial liabilities are of a short-term nature.

25 Share Capital

In thousands of Mongolian Tugriks except for number of shares	Number of outstanding shares	Ordinary shares	Share premium	Total
At 1 January 2023	808,657,306	202,164,327	301,481,120	503,645,447
New shares issued	-	-	-	-
Share retirement	-	-	-	-
At 31 December 2023	808,657,306	202,164,327	301,481,120	503,645,447
At 1 January 2024	808,657,306	202,164,327	301,481,120	503,645,447
New shares issued	-	-	-	-
Share retirement	-	-	-	-
At 31 December 2024	808,657,306	202,164,327	301,481,120	503,645,447

The nominal registered amount of the Bank's issued share capital is MNT 202,164,327 thousands (2023: MNT 202,164,327 thousands). Share premium represents the excess of contributions received over the nominal value of shares issued.

Ordinary shares:

The total authorised number of ordinary shares is 808,657,306 shares (31 December 2023: 808,657,306 shares), with a par value of MNT 250 per share (2023: MNT 250 per share).

During 2024, the Bank did not issue shares.

The shareholders of the Bank as of 31 December 2024 and 31 December 2023 and the percentages of ownership are as follows:

Shareholder	31 December 2024	31 December 2023
	Ownership (%)	Ownership (%)
Golomt Financial Group Co.,Ltd	77.20%	77.20%
Swiss-Mo Investment A.G	5.21%	5.21%
Bodi International Co.,Ltd	3.42%	3.42%
Golomt Investment Limited Co.,Ltd	2.57%	2.57%
Public shares	11.60%	11.60%
Total	100%	100%

Notes to the Financial Statement /31 December 2024/

26 Interest Income and Expense

In thousands of Mongolian Tugriks	2024	2023
Interest income calculated using the effective interest method		
Loans and advances to customers at AC	913,259,047	584,199,144
Debt securities FVTOCI	155,072,844	158,472,951
Due from other banks at AC	12,287,336	25,015,846
Cash deposited in the Bank of Mongolia	16,093,423	22,961,735
Debt securities at AC	364,875	512,622
Reverse repurchase agreements at AC	2,153,270	1,547,881
Total interest income calculated using the effective interest method	1,099,230,795	792,710,179
Other similar income		
Loans and advances to customers at FVTPL	28,172,705	24,155,651
Debt securities FVTPL	35,785,550	23,866,725
Total other similar income	63,958,255	48,022,376
Total interest income	1,163,189,050	840,732,555
Interest expense		
Customer accounts	(426,993,298)	(271,817,867)
Debt securities in issue	(79,491,665)	-
Other borrowed funds	(66,320,654)	(74,825,705)
Due to other banks	(3,668,666)	(1,398,358)
Repurchase agreements	(18,785,592)	(13,539,066)
Total interest expense	(595,259,875)	(361,580,996)
Other similar expense		
Interest expense related to lease liabilities	(3,308,598)	(1,859,443)
Total other similar expense	(3,308,598)	(1,859,443)
Total interest and other similar expense	(598,568,473)	(363,440,439)
Net interest income	564,620,577	477,292,116

Interest income from cash and balances with central bank includes of MNT 3,549,765 thousands (31 December 2023: MNT 11,582,823 thousands), which relates to interest income on placed mandatory reserves received from the Bank of Mongolia based on the resolution of the Bank of Mongolia applicable to all local banks, as the Bank maintained the required level of mandatory reserve during 2024. Due to the mandatory reserve incentive termination, interest income from cash deposited in the Bank of Mongolia decreased according to the Bank of Mongolia's resolution on 30 April 2024.

Increase in interest income from loans and advances related to the overall increase in the interest rates in relation to increase in loan disbursement.

Interest income includes approximately MNT 31,017,118 thousands (31 December 2023: MNT 41,382,837 thousands) of interest income, recognised on credit impaired loans to customers.

Management believes that related amounts are fully recoverable, given that impaired loans and advances to customers have high collateral coverage and that non-recoverable amount of interest income is not recognised in the profit or loss account for 2024 and 2023 in accordance with IFRS Accounting standards requirements.

27 Fee and Commission Income and Expense

In thousands of Mongolian Tugriks	2024	2023
Fee and commission income		
Commissions on operations with plastic cards	69,768,970	56,561,152
Remittance and other service fees	31,097,489	27,511,571
Commissions on documentary business and guarantees	9,779,967	12,620,813
Account service fee and commissions	5,429,434	5,142,056
Brokerage and other service fee	9,345,843	335,298
Total fee and commission income	125,421,703	102,170,890
Fee and commission expense		
Commissions on operations with plastic cards	(60,774,877)	(45,995,134)
Bank service expense	(15,621,754)	(12,233,629)
Online transaction expense	(2,627,662)	(1,883,763)
Brokerage and other service fee	(580,866)	(77,891)
Total fee and commission expense	(79,605,159)	(60,190,417)
Net fee and commission income	45,816,544	41,980,473

28 Other Operating Income

In thousands of Mongolian Tugriks	2024	2023
Rental income	2,961,359	2,186,925
Other income	53,816	101,355
Total other operating income	3,015,175	2,288,280

Notes to the Financial Statement /31 December 2024/

29 Administrative and Other Operating Expenses

In thousands of Mongolian Tugriks	Note	2024	2023
Staff costs		117,286,050	84,251,921
Information, consulting and other professional services		52,114,025	34,057,716
Depreciation of premises and equipment	16	25,589,254	22,130,444
Depreciation of right of use assets	17	9,166,463	6,890,464
Amortisation of software and other intangible assets	15	8,824,542	6,368,834
Customer engagement expenses		7,080,350	5,923,601
Advertising and marketing services		6,985,322	5,308,526
Stationery expense		4,376,104	4,192,751
Telecommunications expense		3,903,063	2,853,037
Loan collection expenses		3,408,274	2,288,019
Security expense		3,075,518	2,542,124
Office cleaning expense		2,875,180	2,183,427
Taxes (other than income tax)		2,401,236	3,183,713
Transportation		2,284,200	2,050,518
Entertainment		2,230,711	1,577,009
Utilities		2,188,458	1,870,073
Travelling expenses		2,099,649	1,566,130
Voluntary and mandatory insurance		1,392,516	1,230,455
Short term lease expense	17	1,296,672	1,428,551
Donations		1,154,952	891,429
Other		10,933,286	7,370,540
Total administrative and other operating expenses		270,665,825	200,159,282

In thousands of Mongolian Tugriks	2024	2023
Staff costs consist of:		
Salaries, wages and bonus	103,155,841	73,308,483
Contribution to social and health fund	11,335,116	8,845,970
Staff benefits	1,549,000	1,257,480
Pension fund	612,476	345,490
Staff training	633,617	494,498
Total staff costs	117,286,050	84,251,921

Significant increase in staff costs related to salary and bonus increases.

30 Other gains/(losses), net

In thousands of Mongolian Tugriks	2024	2023
Gains less losses on disposal of premises and equipment	346,979	104,631
Gains on revaluation of premises	8,048,317	-
Losses less gains on disposal of asset held for sale	(2,118,252)	(344,779)
Total other gains/(losses), net	6,277,044	(240,148)

Refer to Note 18 in relation to losses less gains on the disposal of assets held for sale.

31 Income Taxes

(a) Components of income tax expense / (benefit)

Income tax expense recorded in profit or loss for the year comprises the following:

In thousands of Mongolian Tugriks	2024	2023
Current tax	92,128,095	98,112,689
Deferred tax	34,199,676	(41,248,638)
Income tax expense for the year	126,327,771	56,864,051

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The Bank provides for income taxes on the basis of income for financial reporting purposes, adjusted for items which are not assessable or deductible for income tax purposes. The income tax rate for profits of the Bank is 10% for the first MNT 6 billion (2023: MNT 6 billion) of taxable income, and 25% (2023: 25%) on the excess of taxable income over MNT 6 billion (2023: MNT 6 billion) in accordance with Mongolian tax legislation.

In thousands of Mongolian Tugriks	2024	2023
Profit before tax	545,081,453	266,035,096
Theoretical tax charge at statutory rate (2024: 25%; 2023: 25%)	136,270,363	66,508,774
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Effect of income subject to lower rate	(900,000)	(900,000)
- Income which is exempt from taxation	(11,201,048)	(3,858,375)
- Income which is taxed at different rates	(646,097)	(851,227)
- Non-deductible expenses	3,448,440	964,879
Unrecognised deferred tax assets	-	(5,000,000)
Effect of tax credit	(643,887)	-
Income tax expense for the year	126,327,771	56,864,051

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS accounting standards and statutory taxation regulations in Mongolia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

Notes to the Financial Statement /31 December 2024/

31 Income Taxes (continued)

The tax effect of the movements in these temporary differences in 2024 is detailed below and is recorded at the rate of 25%:

In thousands of Mongolian Tugriks	1 January 2024	Charged/ (credited) to profit or loss	Charged directly to OCI	Charged directly to equity	31 December 2024
Tax effect of deductible / (taxable) temporary differences and tax loss carry forwards:					
Provision charge for repossessed collateral, gains less losses on revaluation of investment properties and provision for non-current asset held for sale	18,454,062	(12,885,692)	-	-	5,568,370
Impairment of buildings	7,744,337	(2,495,241)	-	-	5,249,096
Initial loss and modification loss related to loans and advances	(29,749)	(159,324)	-	-	(189,073)
Prepaid income – loan origination fee	5,172,966	2,130,636	-	-	7,303,602
Loan and advances to customers	5,933,101	2,983,326	-	-	8,916,427
Fair valuation of debt securities at FVTOCI	(1,653,541)	-	(1,527,433)	-	(3,180,974)
Fair valuation of equity securities at FVTOCI	-	-	(3,718)	-	(3,718)
Credit loss allowance of due from other banks	602,137	(127,993)	-	-	474,144
Credit loss allowance of securities at AC and FVTOCI	1,922,738	517,753	-	-	2,440,491
Fair value changes of derivative financial instruments and unrealised foreign exchange differences	(15,918,131)	(26,486,116)	-	-	(42,404,247)
Loans and advances to customers - interest income on loans overdue more than 90 days	(10,222,900)	2,156,402	-	-	(8,066,498)
Fair valuation of securities at FVTPL	(3,675,677)	269,285	-	-	(3,406,392)
Revaluation reserve for premises	-	-	(3,420,606)	(1,546,621)	(4,967,227)
Other	(1,413,021)	(102,712)	-	-	(1,515,733)
Net deferred tax asset/(liability)	6,916,322	(34,199,676)	(4,951,757)	(1,546,621)	(33,781,732)

31 Income Taxes (continued)

The tax effect of the movements in these temporary differences in 2023 is detailed below and is recorded at the rate of 25%:

In thousands of Mongolian Tugriks	1 January 2023	Charged/ (credited) to profit or loss	Charged directly to OCI	31 December 2023
Tax effect of deductible / (taxable) temporary differences and tax loss carry forwards:				
Provision charge for repossessed collateral, gains less losses on revaluation of investment properties and provision for non-current asset held for sale	41,189,015	(22,734,953)	-	18,454,062
Impairment of buildings	9,123,950	(1,379,613)	-	7,744,337
Initial loss and modification loss related to loans and advances	1,702,466	(1,732,215)	-	(29,749)
Prepaid income – loan origination fee	4,412,450	760,516	-	5,172,966
Loan and advances to customers	4,776,735	1,156,366	-	5,933,101
Fair valuation of securities at FVTOCI	11,935,487	-	(13,589,028)	(1,653,541)
Credit loss allowance of due from other banks	953,900	(351,763)	-	602,137
Credit loss allowance of securities at AC and FVTOCI	1,284,542	638,196	-	1,922,738
Allowance for deferred tax assets	(31,171,242)	31,171,242	-	-
Fair value changes of derivative financial instruments and unrealised foreign exchange differences	(50,744,204)	34,826,073	-	(15,918,131)
Loans and advances to customers - interest income on loans overdue more than 90 days	(9,370,561)	(852,339)	-	(10,222,900)
Fair valuation of securities at FVTPL	(3,467,719)	(207,958)	-	(3,675,677)
Other	(1,368,107)	(44,914)	-	(1,413,021)
Net deferred tax asset/(liability)	(20,743,288)	41,248,638	(13,589,028)	6,916,322

Notes to the Financial Statement /31 December 2024/

32 Other Comprehensive Income Recognised in Each Component of Equity

An analysis of other comprehensive income by item for each component of equity is as follows:

In thousands of Mongolian Tugriks	2024	2023
Change in value of:		
Items that will be reclassified to profit or loss:		
Debt securities at fair value through other comprehensive income:		
- Gains less losses arising during the year	4,130,023	53,714,970
- Gains less losses reclassified to profit or loss upon disposal	1,979,705	641,141
Income tax recorded directly in other comprehensive income	(1,527,433)	(13,589,028)
Items that will not be reclassified to profit or loss:		
Gains less losses on investments in equity securities at fair value through other comprehensive income	14,872	-
Revaluation of premises and equipment	13,682,426	-
Income tax recorded directly in other comprehensive income	(3,424,324)	-
Other comprehensive income	14,855,269	40,767,083

33 Dividends

In thousands of Mongolian Tugriks	2024		2023	
	Ordinary	Preference	Ordinary	Preference
Dividends payable at 1 January				
Dividends declared during the year	72,779,158	-	40,432,865	-
Dividends paid during the year	(72,779,158)	-	(40,432,865)	-
Dividends payable at 31 December	-	-	-	-
Dividend per share	36.0%	-	20%	-

34 Earnings per Share

Basic earnings per share are calculated by dividing the profit or loss by the weighted average number of ordinary shares in issue during the year, excluding treasury shares. Diluted earnings per share are resulted from share options and share appreciation for current employees. Basic and diluted earnings per share are calculated as follows:

In thousands of Mongolian Tugriks /except for earning per share/	2024	2023
Profit for the year attributable to the shareholders of the Bank	418,753,682	209,171,045
Less preference dividends declared	-	-
Profit for the year attributable to the ordinary shareholders of the Bank	418,753,682	209,171,045
Weighted average number of ordinary shares in issue (thousands)	808,657	808,657
Effect of dilution:		
Shares options and share appreciation	-	165
Weighted average number of ordinary shares adjusted for the effect of dilution (thousands)	808,657	808,822
Basic earnings per share	517.84	258.66
Diluted earnings per share	517.84	258.61

Independent Auditor

For the financial year ending December 31, 2024, the financial statements of Golomt bank JSC were subject to independent external audit by KPMG Audit LLC. The contract amount for audit and other professional services from KPMG Audit LLC is MNT 1,298,883 thousand.

