

Compliance Report - 2025



The second half of 2024

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In the second half of 2024, the Company, as part of its compliance framework, monitored the implementation of compliance obligations, ensured adherence to relevant laws and regulations, provided recommendations to mitigate compliance risks, and progressively promoted the importance of strengthening a culture of compliance. In addition, the Company operated in accordance with legal and internal requirements related to Anti-Money Laundering and Combating the Financing of Terrorism activities.

Compliance Obligations

Requirements: During the reporting period, 19 types of reports were submitted and reported to the Financial Regulatory Commission, the Bank of Mongolia, the Mongolian Stock Exchange, the General Tax Administration and other authorized state regulatory agencies 71 times in accordance with the laws, rules and regulations applicable to the company's operations. As a result, the Company achieved full compliance with the timely submission of its reporting obligations, in line with the requirements set by the respective regulatory agencies.

Commitments: The implementation of the Company's commitments is regularly monitored through its internal system and frequently reported to the top management's committees. In the event of potential compliance risks, the Company collaborates with relevant departments and units to develop appropriate proposals and

recommendations for the compliance risk mitigation.

- The Khulan Bond issued in the international market: During the reporting period, there were no delayed payments and no repurchases of the total outstanding Khulan bond. In accordance with bond schedule, coupon payment was paid to investors on time. In accordance with the contractual obligations, the Operational Report and other information were delivered to the Investors on a timely basis.
- The Mortgage-backed securities (MBS): During the reporting period, payments related to MBS were made on time. The Company fulfilled its obligations as the transaction administrator and trustee for the MBS, and relevant reports were regularly delivered to investors.

ISO standard

The requirements of the following international ISO standards are met and certified by an external audit organization in accordance with its operations:

- ISO/IEC 27001:2013 Information Security Management;
- ISO 31000:2015 Risk Management;
- ISO 37301:2021 Compliance Management

Compliance risk

There were no changes in the compliance risk assessment during the reporting period. Also, no complaints were received from customers that could pose any financial, operational or reputational risks.

The Company adheres to business ethics in all its activities and there have been no cases of ethical violations by its employees.

Continuous improvement of Compliance

Training and development: During the reporting period, we provided quarterly e-training and information sessions to new employees, and monthly e-training to all employees, to foster a culture of compliance and mitigate potential compliance risks. Additionally, we presented a report on the implementation process, milestones, and significance of the ISO 37301 standard at the joint “International Compliance Standards” presentation event.

The Reporting: The Compliance Unit regularly monitors the implementation of compliance obligations and reports the results to the Management Committee on a monthly basis. Additionally, a compliance operations report including recommendations for improving company operations and mitigating risks is submitted

to the Risk Management Committee under the Board of Directors on a semi-annual basis.

Implementation of Anti-Money Laundering And Combating Terrorism Financing Law

In compliance with Mongolia's Law on Anti-Money Laundering And Combating Terrorism Financing Activities, as well as international agreements and sanctions, the company collaborated with banking and financial institutions to effectively carry out Know Your Customer procedures and manage customer identification risks. This process is subject to regular monitoring.

Compliance department

