

Annual operational report /Form 1/	
<p>Article 20 of the Securities Market Law stipulates the ongoing obligations of the issuer, and the issuer is responsible for submitting annual operational report to the Financial Regulatory Commission and the exchange in accordance with the below form, and shall disclose to the public through its website.</p>	
<p><i>Reporting period /Example: January 1, 2020 to March 31, 2020/</i></p>	
<p><i>Reporting period /Example: January 1, 2020 to March 31, 2020/</i></p>	<p>From January 1, 2024 to December 31, 2024</p>
<p><i>Issuer's name, state registration certificate number, security code, phone number</i></p>	<p>Name: "LendMN NBFJ " JSC  National Identification Number: 000333641  Securities code: MN0LEND05453  Phone numbers: 77222949, 77070101</p>
<p><i>Name of listed exchange</i></p>	<p>"Mongolian Stock Exchange" JSC</p>
<p><i>Sector of business operation</i></p>	<p>Financial Sector – Non-Banking Financial Sector</p>
<p><i>Total number of shares issued by the issuer</i></p>	<p>800,000,000 common shares (739,301,683 shares per rotation)</p>
<p><i>Name of the specialist who prepared and reviewed the annual report</i></p>	<p>The annual report was prepared by:  Law and compliance specialist Ts. Khulan    The annual report was reviewed by:  Secretary of the Board of directors B. Oyunbold</p>

1.	<i>Financial statement for the reporting period /fill out the summary report indicators and attach the financial statement/</i>																																																																			
	<i>Balance sheet</i>	<p>Attached is the 2024 full year financial report.</p> <p><b>Financial statement /Consolidated/:</b></p> <table border="1" data-bbox="603 427 1500 786"> <thead> <tr> <th><b>Property</b> /billion MNT/</th> <th><b>2022</b> / audited/</th> <th><b>2023</b> audited/</th> <th><b>2024</b> / audited/</th> </tr> </thead> <tbody> <tr> <td>Cash and cash equivalents</td> <td>5.22</td> <td>7.89</td> <td>12.71</td> </tr> <tr> <td>Loan portfolio (net)</td> <td>69.59</td> <td>123.46</td> <td>231.73</td> </tr> <tr> <td>Other assets</td> <td>1.05</td> <td>0.51</td> <td>2.22</td> </tr> <tr> <td>Fixed assets</td> <td>0.59</td> <td>1.25</td> <td>4.94</td> </tr> <tr> <td>Intangible assets</td> <td>0.40</td> <td>0.36</td> <td>0.75</td> </tr> <tr> <td><b>Total assets</b></td> <td><b>76.85</b></td> <td><b>133.47</b></td> <td><b>252.35</b></td> </tr> </tbody> </table> <table border="1" data-bbox="603 824 1500 1261"> <thead> <tr> <th colspan="4"><b>Liabilities and Total equity</b> /billion MNT/</th> </tr> </thead> <tbody> <tr> <td>Total liabilities</td> <td><b>52.63</b></td> <td><b>90.74</b></td> <td><b>179.42</b></td> </tr> <tr> <td>Source</td> <td>45.96</td> <td>79.29</td> <td>167.09</td> </tr> <tr> <td>Secondary liabilities</td> <td>2.95</td> <td>2.95</td> <td>2.95</td> </tr> <tr> <td>Other liabilities</td> <td>3.72</td> <td>8.50</td> <td>9.38</td> </tr> <tr> <td>Total equity</td> <td><b>24.22</b></td> <td><b>42.73</b></td> <td><b>72.93</b></td> </tr> <tr> <td>Share capital</td> <td>8.48</td> <td>8.48</td> <td>8.48</td> </tr> <tr> <td>Retained earnings</td> <td>15.74</td> <td>34.25</td> <td>64.45</td> </tr> <tr> <td>Total liabilities and owners' equity</td> <td><b>76.85</b></td> <td><b>133.47</b></td> <td><b>252.35</b></td> </tr> </tbody> </table>			<b>Property</b> /billion MNT/	<b>2022</b> / audited/	<b>2023</b> audited/	<b>2024</b> / audited/	Cash and cash equivalents	5.22	7.89	12.71	Loan portfolio (net)	69.59	123.46	231.73	Other assets	1.05	0.51	2.22	Fixed assets	0.59	1.25	4.94	Intangible assets	0.40	0.36	0.75	<b>Total assets</b>	<b>76.85</b>	<b>133.47</b>	<b>252.35</b>	<b>Liabilities and Total equity</b> /billion MNT/				Total liabilities	<b>52.63</b>	<b>90.74</b>	<b>179.42</b>	Source	45.96	79.29	167.09	Secondary liabilities	2.95	2.95	2.95	Other liabilities	3.72	8.50	9.38	Total equity	<b>24.22</b>	<b>42.73</b>	<b>72.93</b>	Share capital	8.48	8.48	8.48	Retained earnings	15.74	34.25	64.45	Total liabilities and owners' equity	<b>76.85</b>	<b>133.47</b>	<b>252.35</b>
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		allowance for impairment					
		Administrative and operating expenses	(8.29)	(10.26)	(12.68)		
		Profit before income tax	<b>6.53</b>	<b>25.37</b>	<b>46.13</b>		
		Income tax expenses	(1.01)	(5.57)	(10.02)		
		Net profit for the year	<b>5.53</b>	<b>19.80</b>	<b>36.11</b>		
		Loss after Tax (Discontinued Operations)	-	-	-		
		Net profit for the year, representing total comprehensive income attributable to equity holders	<b>5.53</b>	<b>19.80</b>	<b>36.11</b>		
		<b>Statement of changes in Equity:</b>					
	<i>Statement of retained earnings</i>	Statement of changes in Equity /billion MNT/	Share Capital	Treasury share	Other reserve	Retained earnings	Total equity
		At 31 December 2022	10.76	(2.34)	0.06	15.74	24.22
		Net profit for year representing total comprehensive income for the year				19.80	19.80
		Dividends paid				(1.29)	(1.29)
		At 31 December 2023	10.76	(2.34)	0.06	34.25	42.73
		Net profit year representing total comprehensive				36.11	36.11

		income for the year					
		Dividends paid				(5.91)	(5.91)
		At 31 December 2024	10.76	(2.34)	0.06	64.45	72.93
		<b>Statement of Cash Flows /Consolidated/:</b>					
		<b>Statement of Cash Flows /billion MNT/</b>	<b>2022 /audited/</b>	<b>2023 /audited/</b>	<b>2024 /audited/</b>		
		Net cash flow used in operating activities	(28.48)	(13.10)	(64.03)		
		Net cash flow generated from (used in) investing activities	(0.28)	0.03	(2.13)		
		Net cash flow generated from financing activities	29.08	15.74	70.98		
		Net (decrease) /increase in cash and cash equivalents	0.32	2.67	4.82		
		Cash and cash equivalents at beginning of the year	4.90	5.22	7.89		
		Cash and cash equivalents at the end of the year	5.22	7.89	12.71		
1.1.	<i>Audit report on annual financial statements</i>						
	In the consolidated financial statements ended on December 31, 2024, "Shonkhor Unelgee Audit" LLC issued an external independent audit conclusion, which is attached.						

1.2.	<p><i>Audit opinion letter /the reference letter must be developed within the context of the content mentioned in this instruction/</i></p>
	<p>In the consolidated financial statements ended on December 31, 2024, "Shonkhor Unelgee Audit" LLC has attached an audit determination letter, indicating it conducted an external independent audit and issued a conclusion.</p>
2	<p><i>A brief description of factors affecting the issuer's financial condition and results of operations during the reporting period, as well as the management's assessment and the measures to be taken in the future.</i></p>
2.1.	<p><i>Operational performance /financial ratios/</i></p> <p>Comparison of financial indicators for 2024 with the same period of the previous 2 years:</p> <p>In 2024, loans totaling 2 million, amounting 1 trillion MNT, were granted to all customers through the LendMN application. The number of registered customers in 2024 reached 1,3 million, marking a 10% increase from the previous year, while the loan portfolio increased by 90%. This</p>

robust growth in LendMN's loan activity indicates its ability to meet the growing demand for customer services and innovative products.



### Credit portfolio quality indicators

In 2024, the proportion of non-performing loans escalated to 4.3%, while the reserve of the credit risk fund reached 13.2 billion MNT, or the adequacy of the credit risk fund reached 129%.



2.2. *Liquidity ratios and financial resources*

### Report of prudential ratios

"LendMN NBFJ" JSC assesses credit risk and calculates credit impairment in accordance with International Financial Reporting Standard-9 (IFRS-9). According to the "Procedures for classifying NBFC's assets, establishing and spending asset risk funds" approved by the Financial Regulatory Commission, a credit risk reserve fund of 5.9 billion MNT was mandated to be established by the end of 2024, but according to IFRS-9, A loan risk reserve fund of 13.2 billion MNT was established. Based on the Financial Regulatory Commission's regulations,

		<p>the credit risk reserve fund was established at a sufficient level, equal to 129% of the total non-performing loan portfolio.</p> <p>In 2024, see the table below to fully meet the appropriate ratio criteria set by the regulatory body.</p>																																								
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2.3.	<p><i>The external and internal factors affecting the operations of the issuer, its market share in the operating industry, changes or developments in the range of products and services, and measures planned to be taken by the issuer in response to changes in development</i></p>	<ul style="list-style-type: none"> <li>• Since introducing the Flexi Business Loan product to all customers in March 2024, for more than 10 months, a total of 123,000 business owners have assessed their loan eligibility through the LendMN application. During this time, the company has disbursed business loans amounting to 153 billion MNT through 35,000 loan issuances.</li> <li>• We have updated our "Plus" investment product with flexible terms based on the needs of our customers.</li> <li>• In the third quarter of 2024, by updating the LendMN application, we have improved customer privacy and security, while offering a broader range of fintech loan services through the LendMN 2.0 app.</li> </ul>																																								

2.4.	<i>Details of off-balance sheet transactions and information on accounting policies</i>	There will be no transactions or transactions recorded outside of the statement of financial position.												
2.5.	<i>Information on loan repayment which received during the reporting period, and loan pledges and guarantees</i>	<p>During the reporting period, a total of 142.9 billion MNT was raised, and 50.5 billion MNT repayments were made.</p> <p>Including 20 billion MNT closed bond, featuring an interest rate of 18%-18.5% and a maturity period of 18-24 months, secured by a credit rating evaluation, and 3.1 billion MNT of public bond repayments were successfully made.</p> <p>Also during the period, we secured a total of 57.5 billion MNT in funding from commercial banks and other institutions, while repaying loans amounting to 1.25 million USD (approximately 4.8 billion MNT), which were collateralized by a loan portfolio totaling 61.0 billion MNT.</p> <p>The funds raised through trust services in 2024 increased by 25.7 billion MNT compared to the previous year.</p>												
3.	<i>Information on conflict of interest and significant transactions conducted by the issuer during the reporting period, the importance and the purpose of the transaction, and information about the person with a conflict of interest /all conflicts of interest transactions made during the reporting period shall be included/</i>													
<p><b>3.1 Bulk Transactions</b> There were no large transactions during the reporting period.</p> <p><b>3.2 Transactions with Conflicts of Interest</b> In 2024, in order to meet the ever-growing demand for the Company's credit operations and to increase resources, the Board of Directors of LendMN has approved a total of 2 conflict of interest transactions related to receiving financing and guaranteeing from related parties in accordance with the procedures stipulated in the Company Law of Mongolia.</p> <table border="1" data-bbox="316 1529 1495 2029"> <thead> <tr> <th data-bbox="316 1529 379 1608">№</th> <th data-bbox="379 1529 643 1608">The other side of the agreement</th> <th data-bbox="643 1529 858 1608">Date of Permit</th> <th data-bbox="858 1529 1495 1608">Goals of the agreement</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1608 379 1727">1</td> <td data-bbox="379 1608 643 1727">“AND Systems” LLC (parent company)</td> <td data-bbox="643 1608 858 1727">2024.03.07</td> <td data-bbox="858 1608 1495 1727">In order to open a line of credit for the company to make additions and amendments in the "Financing Agreement" signed with "AND Systems" LLC</td> </tr> <tr> <td data-bbox="316 1727 379 2018">2</td> <td data-bbox="379 1727 643 2018">“ONDO” LLC</td> <td data-bbox="643 1727 858 2018">2024.08.12</td> <td data-bbox="858 1727 1495 2018">During the reporting period, the company diversified its "Flexi Business" loan product to support socially responsible and sustainable business activities in alignment with its Sustainable Development Policy /17 Sustainable Development Goals defined by the United Nations/, and for further strategic collaboration, a "Loan Agreement" was signed with "ONDO" LLC, following the Board of Directors'</td> </tr> </tbody> </table>			№	The other side of the agreement	Date of Permit	Goals of the agreement	1	“AND Systems” LLC (parent company)	2024.03.07	In order to open a line of credit for the company to make additions and amendments in the "Financing Agreement" signed with "AND Systems" LLC	2	“ONDO” LLC	2024.08.12	During the reporting period, the company diversified its "Flexi Business" loan product to support socially responsible and sustainable business activities in alignment with its Sustainable Development Policy /17 Sustainable Development Goals defined by the United Nations/, and for further strategic collaboration, a "Loan Agreement" was signed with "ONDO" LLC, following the Board of Directors'
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			approval to engage in a transaction involving a conflict of interest.																																																						
4.	<i>Information on Compensation (salary, bonus etc).</i>																																																								
	<p><b>Salary and incentive information of the Board of Directors:</b></p> <p>The salary and budget for the Company's Board of Directors of the year 2024 were approved by the Annual General Meeting of Shareholders held on March 30, 2024 (hereinafter referred to as "AGM"), and The Board of Directors operates within the framework of the approved budget, and no additional awards, compensations, or other incentives are provided.</p> <table border="1"> <thead> <tr> <th><b>№</b></th> <th><b>Item of expense</b></th> <th><b>Number of members</b></th> <th><b>Salary per month (MNT)</b></th> <th><b>Month</b></th> <th><b>Total budget (MNT)</b></th> </tr> </thead> <tbody> <tr> <td><b>1</b></td> <td>Salary bonus budget</td> <td><b>10</b></td> <td><b>13,780,000</b></td> <td><b>12</b></td> <td><b>186,030,000</b></td> </tr> <tr> <td>1.1</td> <td>Chairman</td> <td>1</td> <td>1,950,000</td> <td>12</td> <td>23,400,000</td> </tr> <tr> <td>1.2</td> <td>Chairman of the committee</td> <td>3</td> <td>1,560,000</td> <td>12</td> <td>56,160,000</td> </tr> <tr> <td>1.3</td> <td>Member</td> <td>5</td> <td>1,300,000</td> <td>12</td> <td>78,000,000</td> </tr> <tr> <td>1.4</td> <td>Secretary</td> <td>1</td> <td>650,000</td> <td>12</td> <td>7,800,000</td> </tr> <tr> <td>1.5</td> <td>Social insurance fee costs</td> <td></td> <td></td> <td></td> <td>20,670,000</td> </tr> <tr> <td><b>2</b></td> <td>Meetings and other expenses</td> <td></td> <td></td> <td></td> <td><b>10,000,000</b></td> </tr> <tr> <td></td> <td><b>Total budget</b></td> <td></td> <td></td> <td></td> <td><b>196,030,000</b></td> </tr> </tbody> </table> <p><b>CEO salary, prize and promotion information:</b></p> <p>The CEO operates within the framework of the agreement signed with the Board of Directors. The CEO's salary and bonuses are deliberated at the SALARY AND INCENTIVE COMMITTEE, in accordance with relevant laws and regulations of the Company's Board of Directors. The amount of bonuses is confirmed in the CEO's contract, which is based on performance evaluation criteria issued annually, considering both financial and non-financial indicators.</p> <p>After the conclusion of the financial year, the Nomination and Salary Incentives Committee will assess whether the CEO's performance during that period reaches the financial and non-financial indicators set out in the CEO's contract. Subsequently, the Committee will decide whether to grant rewards and incentives based on the company's annual performance situation. This decision-making process will occur during the meeting of the Board of Directors, where discussions will adhere to the policy of deliberation and resolution.</p> <p>According to the resolution No. 25/06 dated February 6, 2025, of the Board of Directors of the company, it has been decided to grant the CEO a bonus for the achievement of 2024.</p>			<b>№</b>	<b>Item of expense</b>	<b>Number of members</b>	<b>Salary per month (MNT)</b>	<b>Month</b>	<b>Total budget (MNT)</b>	<b>1</b>	Salary bonus budget	<b>10</b>	<b>13,780,000</b>	<b>12</b>	<b>186,030,000</b>	1.1	Chairman	1	1,950,000	12	23,400,000	1.2	Chairman of the committee	3	1,560,000	12	56,160,000	1.3	Member	5	1,300,000	12	78,000,000	1.4	Secretary	1	650,000	12	7,800,000	1.5	Social insurance fee costs				20,670,000	<b>2</b>	Meetings and other expenses				<b>10,000,000</b>		<b>Total budget</b>				<b>196,030,000</b>
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	<p>"LendMN NBFI" JSC, as an open joint-stock company registered under the laws of Mongolia and the Mongolian Stock Exchange in Class I, is following the relevant regulations, governance rules, and codes of the Financial Regulatory Commission, the Mongolian Stock Exchange, as well as the Bank of Mongolia.</p> <p>"LendMN NBFI" JSC pays special attention to strengthening the proper governance and governance system, ensuring openness and transparency of operations, thereby perfecting the complex relationship between the management team, board of directors, shareholders, and other stakeholders,</p>																																																								

and international recognition of governance. has always aimed to create sustainable value in the long term by applying accepted principles and good practices in its operations.

In order to protect the interests of investors, shareholders, and customers, establish effective communication with stakeholders, and deliver complete and accurate financial and non-financial information in a timely manner, the company adheres to the strategy of quarterly and half-yearly reporting on operational and financial performance. , a total of 3 reports have been made and delivered to the public.

Thus, the report for the first quarter of 2024 was released on April 15, 2023, the second quarter or semi-annual report was released on July 19, 2024, and the third quarter report was released on October 14, 2024. Investors, shareholders, customers and stakeholders were given the opportunity to receive information about the company's business, governance, financial indicators and prospects at any time, and cooperation with mutual trust and feedback was created.

In addition, the decisions of the Company's shareholders' meeting and the resolutions of the board of directors' meeting have been made available to the public every time.

### **SHAREHOLDER'S MEETING**

"LendMN NBFI" JSC, from the time of its establishment until today, has been an innovator and leader in the financial and capital market, and will continue to organize and organize the NEC without interrupting it by implementing good corporate governance.

In accordance with the Company Law of Mongolia, the Company will file the 2023 Annual General Meeting on March 30, 2024, at Soyombo Hall in Best Western Premier Tuushin Hotel. The meeting became effective with the participation of shareholders holding 81.7% of the voting shares or 603,983,333 shares, and the following matters were discussed and approved. It includes:

- Presenting the company's 2023 operational and financial audited report;
- Discussing and approving the opinion of the Board of Directors regarding the company's 2023 operational and financial statements;
- Presenting the 2023 activity report of the Company's Board of Directors;
- Select the members of the Company's Board of Directors;
- Approve the 2024 budget of the Company's Board of Directors;
- Amendments to the Company's Articles of Association.

### **THE MEETING OF THE BOARD OF DIRECTORS (hereinafter referred to as "the BOARD") AND ITS ACTIVITIES**

The Board of Directors provides the general management and supervision of the company and gives the necessary directions to the Executive Management to manage the company's activities efficiently and effectively to strengthen the company's operations, to manage it at an appropriate level, to implement internationally recognized governance principles and good practices, and to achieve its strategic goals.

The Board of Directors of the company is regularly operating with the composition of 6 regular and 3 independent members, and during the past year, it has held 5 regular meetings and 1 special meeting and passed a total of 43 resolutions.

All resolutions of the Board of Directors are reported to the public through the website of the Mongolian Stock Exchange in accordance with the relevant regulations. In order for the Board of Directors to fully exercise its rights and duties and carry out its activities effectively, there are operating 1/ Risk Management Committee, 2/ Audit Committee, 3/ Governance, Nomination Committee, and 4/ Salary and Incentive Committee.

## **FUNCTIONS OF THE EXECUTIVE COMMITTEES OF THE BOARD OF DIRECTORS**

### **Risk Management Committee** (hereinafter referred to as "Risk Management Committee")

The Risk Management Committee held a total of 4 meetings during the reporting year, determined the Company's business development, risk and resource policy, supported the optimal management of potential risks, and monitored the implementation of the situation.

**The composition of the risk management committee:** The chairman of the risk management committee is S. Nergui, a member of the board of directors, and the members are S. Enkh-Amgalan, Katsuhiko Madono, Ts. Uuganbayar, and B. Khos-Erdene.

### **Audit Committee**

The Audit Committee held a total of 4 meetings during the reporting year, monitored the implementation of the Company's internal control system, reviewed the internal auditor's activity report, and gave the necessary suggestions and recommendations to relevant officials and the Company's offices and departments. In addition, the Company made a conclusion on conflict of interest transactions, appointed an external audit organization to verify the Company's financial statements, and monitored whether the Company's operations were made open and transparent.

**The composition of the audit committee:** J. Jargalsuren, an independent member of the board, J. Jargalsuren, and Ts. Odmaa, S. Borgil, an independent member of the board, are the members of the audit committee.

### **Governance and Nomination Committee**

The Management Nomination and Remuneration Committee held a total of 1 meetings during the reporting year, discussed the issue of pre-election of the members of the Board of Directors and the election of new regular and independent members of the Board of Directors, and decided to present them to the regular meeting of the Company's shareholders and decide on the results of the Company's work. gave recommendations related to the implementation of the incentive system related to the salary to the relevant officials, made conclusions related to the appointment of the executive director and the executive director's bonus.

**The composition of the governance and nomination committee:** The chairman of the governance and nomination committee is S. Borgil, and O. Boldbaatar, J.Jargalsuren are the members of this committee.

### **Salary and Incentive Committee**

The Salary and Incentive Committee was established by the Board of Directors' Resolution No. 24/17 dated April 24, 2024. This committee is responsible for approving and overseeing the implementation of policies regarding the salaries and incentives of the company's Board members and Executive Director. Its duties include evaluating and selecting programs related to employee pension insurance and stock ownership.

**The composition of the salary and incentive committee:** The chairman of the salary and incentive committee is S. Nergui, Ts. Odmaa and S. Borgil are members of this committee.

**Information on attendance and tenure of members of the Board of Directors:**

No	Names of the members of the Board of Directors	Attendance at the 2023 Board of Directors Meeting	Length of time and experience on the Board of Directors	Whether you own shares in the company
1	O. Boldbaatar	100%	It is the 7th year that he has been elected every time by the regular meeting of shareholders.	57,097 shares or 0.0077% of the total shares of the Company.
2	S. Enkh-Amgalan	100%	It is the 7th year that he has been elected every time by the regular meeting of shareholders	None
3	Katsuhiko Madono	100%	It is the 1st year that he has been elected by the regular meeting of shareholders.	None
4	Ts.Odmaa	92.3%	It is the 1st year that he has been elected by the regular meeting of shareholders	None
5	B. Khos-Erdene	100%	It is the 3rd year that he has been elected every time by the regular meeting of shareholders	None
6	Ts.Uuganbayar	100%	It is the 3rd year that he has been elected every time by the regular meeting of shareholders	20,435 shares or 0.0028% of the Company's total shares
7	J. Jargalsuren	100%	It is the 7th year that he has been elected every time by the regular meeting of shareholders	None
8	S. Borgil	100%	It is the 7th year that he has been elected every time by the regular meeting of shareholders	7,076 shares or 0.0010% of the Company's total shares.
9	S. Nergui	100%	It is the 1st year that he has been elected every time by the regular meeting of shareholders	9,000 shares or 0.0012% of the Company's total shares.

The members of the Board of Directors of the Company exercise their powers as stipulated in the Company Law of Mongolia, the relevant regulations and codes of the Financial Regulatory Commission and the Mongolian Stock Exchange, as well as the Company's Charter and the Board of Directors' Operating Procedures, and make any decisions independently. Any decision of the Board of Directors is valid by a majority vote, and a member of the Board of Directors can vote "for", "against" or "abstain" on the discussed matter. It can be seen from the attendance of the Board of Directors meeting that the members of the Board of Directors fully implemented their duties and

worked diligently during the reporting period, and the necessary and important decisions for the normal operation of the Company were made without delay on the basis of perusing the relevant documents, studies and explanatory conclusions, became one of the main factors of the company's success in 2024.

#### **RESOLUTIONS, TYPES AND OTHER INFORMATION OF THE MEETING OF THE BOARD OF REPRESENTATIVES**

№	Date of decision	Attendance	Form of decision	Number of approved resolutions
1	January 17, 2024	100%	External voting	1
2	February 5, 2024	88.89%	Regular meeting	7
3	February 19, 2024	100%	External voting	1
4	March 4, 2024	100%	External voting	2
5	March 7, 2024	88.89%	External voting	3
6	April 24, 2024	88.89%	Regular meeting	9
7	May 17, 2024	88.89%	External voting	3
8	August 12, 2024	88.89%	Regular meeting	5
9	September 17, 2024	88.89%	External voting	2
10	October 25, 2024	77.78%	Regular meeting	3
11	December 04, 2024	100%	External voting	1
12	December 17, 2024	100%	External voting	2
13	December 20, 2024	88.89%	Regular meeting	4

Management organization	Finance	Grant of rights	Activity	Business strategy
8	7	13	10	5

#### **IMPLEMENTATION OF "COMPANY GOVERNANCE CODE" AND ITS EVALUATION**

The company followed the revised "Corporate Governance Code" approved by Resolution No. 145 of the Financial Regulatory Commission dated March 23, 2022, and as of October 2024, it was implemented with 93% completion rate. In addition, the "Corporate Governance Code" is continuously implemented and the assessment is updated every time depending on the specifics of the operation, so the Company will work hard to achieve 100% performance.

№	Basic principle	Total score	Control score	Rate of assessment
1	Structure and organization of the board of directors	12	10	83.3%
2	Committees under the Board of Directors and their functions	10	9	90%
3	Reporting, data transparency and status	6	5	83.3%
4	Audit and control system	6	6	100%
5	Risk management	8	8	100%
6	Salaries and bonuses of authorized officials	6	6	100%
7	Stakeholder interests	8	8	100%

8	Company culture	6	6	100%
9	Rights of Shareholders	10	9	90%
	Integrated sum	<b>72</b>	<b>67</b>	<b>93%</b>

## OTHER REPORTS AND INFORMATION

As of 2024, the following reports and information have been sent and communicated to the public in accordance with the relevant laws and regulations. It includes:

- 2023 annual financial and operational report;
- 2023 audited financial statements and audit opinion;
- Decisions and minutes of the 2024 Annual Meeting of Shareholders and related documents;
- Activity report for the first quarter of 2024;
- 2024 half-year report;
- Activity report for the third quarter of 2024;
- Resolutions issued by the board of directors in 2024;
- Current information related to the company's products and activities.

In addition, in order to ensure transparency of reporting and information, the Company's social channels and customer service center phone number 77070101 responded to the opinions, requests and questions of customers, shareholders and investors and exchanged information.

### 6. *Information on market risks*

"LendMN NBFI" JSC, as a public company registered in the Mongolian Stock Exchange, has been working with the trust of its shareholders, investors, customers and co-workers, working with business ethics in mind and forming an effective risk management system within the framework of good governance.

According to the Risk Management Policy approved by the Board of Directors, the risk management system defines the "Three Lines Model" as follows, coordinating the functions, plans, and performance evaluation of all units of the company.

<b>I line</b>	<b>II line</b>	<b>III line</b>
Business units responsible for the risks of their day-to-day business operations within the framework of the company's policies and procedures and their functions, and the units responsible for supporting them.	Units responsible for controlling the risk management of the units belonging to the "first line" and controlling and limiting the level of risk expected at the company level	Unit with independent internal audit functions

The risk control unit evaluated the risks arising depending on the method and form of delivery of Fintech credit products and services to customers, and the risks arising depending on the customer, and submitted recommendations to reduce them, developed action plans and implemented them in stages.

#### **"Credit Risk Management"**

Credit risk refers to the probability of a non-bank financial institution incurring a loss due to the borrower's failure to fulfill contractual obligations. "LendMN NBFI" JSC's credit risk management

focuses on maintaining the company's profitability and returns at the highest level by managing the impact of risk in accordance with the specific risk environment.

### "Compliance Risk"

Within the framework of compliance risk, the main task is to manage and control activities against money laundering and terrorist financing at the policy level and at the company level. As part of its obligations under the Law on Combating Money Laundering and Terrorist Financing, the Company regularly implemented measures to identify customers, assess risks, and monitor risks, and regularly took preventive measures. Every day, he made the relevant changes in accordance with his company's internal policies and procedures.

### The main risks of LendMN:

Main risks	Risk events, consequences and impacts	Implementation of risk management
Market risk	<ul style="list-style-type: none"> <li>- Suffering financial losses due to changes in foreign exchange rates.</li> <li>- Suffering financial losses from the difference in the interest rate of the source and the asset.</li> </ul>	<ul style="list-style-type: none"> <li>- Maintained the open position of foreign currency at an appropriate level.</li> <li>- Resource and asset management was implemented optimally.</li> <li>- Calculated the fluctuation of foreign currency and securities exchange rates.</li> </ul>
Financial risk	<ul style="list-style-type: none"> <li>- Loss of prudential ratios' indicators.</li> <li>- Loss of solvency or inability to repay the investor's funds as originally required.</li> <li>- Failure to meet credit demand and growth.</li> <li>- Loss of appropriate ratio of capital adequacy.</li> </ul>	<ul style="list-style-type: none"> <li>- Planning is sufficiently implemented.</li> <li>- Regular reports were made.</li> <li>- Implemented internal control.</li> <li>- Managed resource concentration.</li> <li>- Adhered to the policies aligned with the capital market situation.</li> </ul>
Credit risk	<ul style="list-style-type: none"> <li>- Decreasing the quality of the loan portfolio.</li> <li>- Increased probability of loan default (PD) and loan loss occurrence (LGD).</li> <li>- An increase in the amount of credit contingency fund.</li> </ul>	<ul style="list-style-type: none"> <li>- The company's internal policies, procedures, and product conditions have been updated.</li> <li>- The model and methodology of credit scoring and borrower evaluation have been updated again.</li> </ul>
Operational risk	<ul style="list-style-type: none"> <li>- Cost of physical property.</li> <li>- Business interruption.</li> <li>- Financial loss (money loss).</li> <li>- Non-monetary damages (reputation etc. that cannot be measured in monetary terms).</li> </ul>	<ul style="list-style-type: none"> <li>- Updated internal policies, procedures and instructions.</li> <li>- Worked to ensure the implementation of internal control.</li> <li>- Assessed external and internal risks affecting the company's operations, developed and implemented risk mitigation plans, and provided corresponding reports..</li> </ul>

	Information Security Risks	<ul style="list-style-type: none"> <li>- Loss of information and its misuse.</li> <li>- Damage or destruction of the information base.</li> <li>- Become unable to access information.</li> <li>- Exploit system vulnerabilities.</li> </ul>	<ul style="list-style-type: none"> <li>- Implemented ISO 27001:2013 information security management system standard for the 3rd year and successfully underwent certification by an international body.</li> <li>- Implemented the information security policy and updated the related procedures and instructions.</li> <li>- Conducted regular security tests to prevent risks such as system vulnerabilities and cyber attacks.</li> </ul>
	Environmental and social responsibility	<ul style="list-style-type: none"> <li>- Financing activities that are harmful to the environment.</li> <li>- Not considering social responsibility in decision making process.</li> </ul>	<ul style="list-style-type: none"> <li>- When launching new products and services, decisions are made taking into account whether there is a risk to society, law, regulation, or the environment.</li> <li>- We do not support activities that are harmful to the environment, as we provide loan services to individuals and commercial entities.</li> <li>- Within the scope of social responsibility, we are working to enhance the accessibility of financial services, among other collaborative projects.</li> </ul>

7. *Information of shareholders ownership /names of shareholders with ownership of 5 or more percentage of total shares, and number of total shareholders/*

№	Share holders	Number of shares held (shares)	Ownership percentage
1	"AND Systems" LLC	600,000,000	75%
2	The public	139,301,683	17.41%
3	Treasury shares	60,698,317	7.58%
Total		800,000,000	100%

In 2024:

Total traded units - 29.1 million units

Total traded value – 2,676.1 million MNT.

Number of shareholders: more than 8636.



During the reporting period, the company did not buy back treasury shares, and did not implement a share ownership or incentive program for employees. As of December 31, 2023, the company's treasury shares are 60,698,317.



8.	<p><i>If the issuer has issued shares to the public for the purpose of implementing a project, a report on the progress of project implementation and the use of funds raised during the period from the start of the project to its completion.</i></p>								
	<p>"LendMN NBFI" JSC did not issue shares to the public for the purpose of implementing the project.</p>								
9.	<p><i>Dividend information</i></p>								
	<p>In accordance with the Dividend Policy of "LendMN NBFI" JSC, according to Resolution No. 24/03 of the meeting of the Board of Directors dated February 5, 2023, 8 MNT per share, a total of 5,914,413,000 (Five billion nine hundred fourteen million four hundred thirteen thousand) MNT dividends were decided to be distributed. On April 5, 2024, LendMN transferred the dividend through "Securities Central Savings Center" LLC.</p> <p>Also, according to resolution No. 25/03 of the meeting of the board of directors dated February 6, 2025, 15 (Fifteen) MNT per share or a total of 11,089,525,245 (Eleven billion eighty nine million five hundred twenty five thousand two hundred forty five) MNT was decided to distribute.</p> <div data-bbox="654 840 1220 1243" data-label="Figure"> <table border="1"> <caption>Нэгж хувьцаанд зарлагдсан ногдол ашиг (Төг)</caption> <thead> <tr> <th>Year</th> <th>Dividend (MNT)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>₮ 1.50</td> </tr> <tr> <td>2023</td> <td>₮ 1.75</td> </tr> <tr> <td>2024</td> <td>₮ 8.0</td> </tr> </tbody> </table> <p>+357.1%</p> </div> <p>Dividends for 2024 will be deposited into the shareholders' accounts on April 4, 2025 through the "Securities Settlement Central Depository" State-owned Joint Stock Company.</p>	Year	Dividend (MNT)	2022	₮ 1.50	2023	₮ 1.75	2024	₮ 8.0
Year	Dividend (MNT)								
2022	₮ 1.50								
2023	₮ 1.75								
2024	₮ 8.0								
10	<p>Signature of the person who prepared the information, the person who confirmed the accuracy of the information and the date:</p>								
	<p>LendMN carried out the following activities within the scope of its social responsibility. It includes:</p> <ul style="list-style-type: none"> <li>• The company initiated the "Let's Ignite Our Heritage Together" campaign to encourage the preservation and transmission of Mongolia's rich cultural heritage—including language, traditions, knowledge, music, games, folk wisdom, and traditional technologies—to future generations.</li> <li>• Within the framework of the Project Management course at the University of Finance and Economics (UFE), we sponsored the following initiatives proposed and implemented by third and fourth-year students: <ul style="list-style-type: none"> <li>○ "Gegee" project: Furnished the children's sleeping rooms at the One-Stop Service Center under the Khan-Uul District Department of Child and Family Development and Protection. The project involved installing necessary furniture and lighting to create a comfortable and safe environment for the children, thereby providing suitable living conditions for approximately 50-60 children annually.</li> </ul> </li> </ul>								

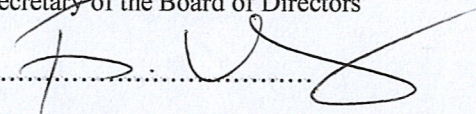
- "Baby Shark" project: Interior renovation of the AR room at the 10th Kindergarten-Sanatorium Nursery. This project involved refurbishing the leisure room for children with special needs, including the installation of bookshelves, tables and chairs, and lighting. As a result, the capability of the facility accommodates 140-160 children daily, providing suitable learning and play conditions for over 200 children annually.
- "Tovgorhon" project: Implemented a project to create Braille books for visually impaired children at the 116<sup>th</sup> School in Ulaanbaatar. As a result, new books were added to the school's library, improving the educational environment for 69 students with low vision and 60 students with visual disabilities.
- "Healthy Child-Healthy Future" project: Furnished a neonatal phototherapy room at the Sukhbaatar District Health Center and reactivated previously unused equipment, thereby enhancing the accessibility of neonatal jaundice diagnosis and treatment services. This improvement enables the treatment of approximately 300-350 newborns annually.
- **Support for the Mongolian Intellectual Academy's Athletes:** Provided financial assistance for airfare to top athletes Ts. Nomin-Erdene and Ts. Oyun-Erdene to participate in the "Memorial 2024" World Mind Sports Olympiad in Dubai, UAE. Both athletes achieved gold medals in "Flash Numbers" and "Auditory Numbers" categories.
- **"Improving Computer Resources for the Informatics Class" Project:** Donated 15 desktop computers and 5 laptops previously used by the company to the 42<sup>nd</sup> School in Tolgoit, Ulaanbaatar. As a result of this project, the learning environment for approximately 450-600 students participating in informatics classes annually.
- **Customer Service Center Achievements:** In 2024, the center handled a total of 276,913 calls and assisted 127,112 customers through social media channels and in-person services. Considering that obtaining a loan traditionally takes at least 3 hours, the company's prompt online loan services have saved customers approximately 667,000 hours, equivalent to 76 years. Additionally, by providing 2 million electronic services—each traditionally requiring about 15 pages of paper—the company conserved 77 tons of paper, saving approximately 1,817 trees.

Signature of the person who prepared the information, the person who confirmed the accuracy of the information and the date:

Surname and name: Ts. Uuganbayar  
 Position: CEO of "LendMN NBFI" JSC  
 Signature:   
 (Stamp/mark)  


~~This section was amended by Resolution No. 378 of 2022 of the Financial Regulatory Commission/~~

Signature and date of the person who prepared and submitted the information:

Surname and name: B. Oyunbold  
 Position: Secretary of the Board of Directors  
 Signature:   
 Date: March 27, 2025