

INVESCORE NBFI JSC AND ITS SUBSIDIARIES
(Incorporated in Mongolia)

Audited Consolidated Financial Statements
31 December 2025

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Table of contents – 31 December 2025

Contents	Page
General information	1
Statement of Management's responsibility	2
Independent Auditor's report	3 – 7
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11 – 13
Notes to the consolidated financial statements	14 – 70

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

General information

Executive Management	Chief Executive Officer (appointed as of 12 February 2026) Chief Executive Officer (former) Chief Financial Officer Chief Business Officer Chief Digital Officer Chief Human Resources Officer	Orolmaa D. Bayasgalan D. Tserennadmid G. Oyunchimeg Sh. Tuguldur O. Battsetseg Z.
Board of Directors	Chairman of the Board of Directors (appointed as of 12 February 2026) Member of the Board of Directors (former Chairman of the Board of Directors) Member of Board of Directors Member of Board of Directors Member of Board of Directors Member of Board of Directors Independent member of Board of Directors Independent member of Board of Directors Independent member of Board of Directors Secretary of Board of Directors	Bayasgalan D. Ankbold B. Purev R. Enkhmaral B. Namiki Hirohito Erdenebat Sh. Enkhat D. Unurjargal Ch. Khashchuluun Ch. Bud B.
Permanent Address	Invescore NBFJ JSC Level 14, IC Tower building, Paris street, 1 st khoroo, Sukhbaatar district, Ulaanbaatar, Mongolia	
Auditor	Ernst & Young Mongolia Audit LLC 15th Floor, Altan Joloo Tower, Seoul Street 13/A, 3rd Khoroo, Sukhbaatar district, Ulaanbaatar, Mongolia	

INVESCORE NBFJ JSC and its subsidiaries

Statement by chairman and executive directors

We, Bayasgalan Dalaijamts, being the Chairman of the Board of Directors of Invescore NBFJ JSC, Orolmaa Dashnyam, being the Chief Executive Officer and Tserennadmid Ganbaatar, being the Chief Financial Officer, primarily responsible for the consolidated financial statements of Invescore NBFJ JSC and its subsidiaries (herein collectively referred to as the “Group”), do hereby state that, in our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).



Bayasgalan Dalaijamts
Chairman of Board of Directors



Tserennadmid Ganbaatar
Chief Financial Officer

Ulaanbaatar, Mongolia
Date: 29 April 2026

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Invescore NBFJ JSC and its subsidiaries

Opinion

We have audited the consolidated financial statements of Invescore NBFJ JSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with 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 Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
KAM 1: Allowance for loan losses	
<p>The measurement of impairment of loans and advances to customers at amortised cost is estimated by the Group's management through the application of judgement and use of highly subjective assumptions.</p> <p>Due to significance of loans and advances to customers at amortised cost, representing around 77.4% of the Group's total assets as at 31 December 2025, and the related estimation uncertainty, we considered the impairment of loans and advances to customers as a key audit matter.</p>	<p>For the assessment of the impairment allowance of loans and advances to customers as of 31 December 2025, our audit procedures included the assessment of design and operating effectiveness of controls over the approval, recording and monitoring of ECL, and evaluating the methodologies, inputs and assumptions used by the Group in its ECL model in calculation of impairment of loans and advances to customers.</p> <p>In evaluating the methodologies, we obtained an understanding of the Group's ECL model and management's basis for methodologies and assumptions applied and assessed the reasonableness of the model.</p>



Shape the future
with confidence

INDEPENDENT AUDITOR’S REPORT (CONT’D.)

To the Shareholders of Invescore NBFI JSC and its subsidiaries (Cont’d.)

Key Audit Matters (Cont’d.)

Key audit matter	How our audit addressed the key audit matter
<i>KAM 1: Allowance for loan losses (cont’d.)</i>	
<p>The impairment method is based on a forward-looking Expected Credit Loss (“ECL”) approach. Significant judgements and estimates were required in assessing the ECLs of loans and advances to customers, including:</p> <ul style="list-style-type: none"> • Staging of financial assets; • Development of ECL models and the choice of inputs, including probability of default (“PD”) and loss given default (“LGD”); • Determination of the Exposure at Default (“EAD”), including the credit conversion factor for the undrawn loan commitments; and • Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model. <p>Relevant disclosures of the accounting policy and critical accounting estimates and judgements are included in Note 3 to the consolidated financial statements.</p> <p>Other relevant disclosures of loans and advances to the customers and related credit risk management are included in Notes 2.4, 7, 13 and 31 to the consolidated financial statements, respectively.</p>	<p>We also considered the reasonableness of the assumptions applied, including the basis for staging classification, the appropriateness of determination of PD, LGD and EAD, and the forward-looking macroeconomic variables incorporated in the model.</p> <p>We tested the accuracy of the stage classifications by testing loan overdue information as at the reporting date and compared the key inputs to the ECL model to the Group’s internal available historical data and externally available industry, financial and economic data. Our testing included the following:</p> <ul style="list-style-type: none"> • On a sample basis, compared the PD and LGD applied against internal and external data; • On a sample basis, assessed the appropriateness of the EAD applied, including the assumptions of the credit conversion factors; and • Checked the macroeconomic parameters to external data sources where available. <p>We also considered the consistency of the judgements applied in the ECL model by comparing to prior period inputs.</p> <p>We assessed the adequacy of the related disclosure in the notes to the consolidated financial statements.</p>
<i>KAM 2: Liquidity management in response to covenant compliances</i>	
<p>As disclosed in Note 21 to the consolidated financial statements, as at 31 December 2025, the Group has breached certain loan covenants relating to its borrowed funds from financial institutions which provides the lenders the right to demand for repayment, together with the impact arising from the cross-default clauses with the other lenders, borrowed funds with a carrying amount of MNT 255.5 billion were classified as current liabilities as at 31 December 2025 and as a result, the Group had net liabilities of MNT 38.2 billion as at 31 December 2025 as disclosed in Note 33 of the consolidated financial statements.</p>	<p>Our audit procedures in relation to the covenant compliance, among others, included:</p> <ul style="list-style-type: none"> • Obtained the Group’s covenant compliance assessment as at 31 December 2025, obtained an understanding of any breaches, the impact and actions taken by Group. • Read the relevant loan agreements in evaluating the Group’s assessment on the relevant covenant clauses, including obtaining and reviewing any external legal’s opinion on the interpretation of the clauses, if necessary, and reviewed the relevant correspondence with lenders.



Shape the future
with confidence

INDEPENDENT AUDITOR’S REPORT (CONT’D.)

To the Shareholders of Invescore NBFI JSC and its subsidiaries (Cont’d.)

Key Audit Matters (Cont’d.)

Key audit matter	How our audit addressed the key audit matter
<p><i>KAM 2: Liquidity management in response to covenant compliances (cont’d.)</i></p>	
<p>Additionally, as disclosed in Note 2.1, the Group evaluated its ability to settle its liabilities as and when they fall due, supported by action plans, cash flow forecasts and available liquidity, for a period of no less than twelve months from the reporting date.</p> <p>These analyses involved significant judgement, including assumptions regarding the timing of future cash inflows.</p> <p>Given the magnitude of the balances affected, the degree of judgement involved in management’s liquidity management assumptions, and the importance of the related disclosures, we considered the Group’s liquidity management in response to the covenant compliances to be a Key Audit Matter.</p>	<ul style="list-style-type: none"> • Assessed the accounting impact and tested the accuracy of the classification recorded by the Group. <p>In relation to the Group’s liquidity management, we have:</p> <ul style="list-style-type: none"> • Obtained the Group’s liquidity assessment as at 31 December 2025 and obtained an understanding of the Group’s cash flow forecast, including the basis and the key assumptions applied. We have considered the reasonableness of the assumptions applied and tested the mathematical accuracy of the cash flow forecast. • We have obtained an understanding of the Group’s plan in managing its liquidity and reviewed any supporting documents, if necessary, in assessing the reasonableness of the Group’s liquidity management plan, including available and potential funding options. <p>We have also evaluated the adequacy of disclosures in Notes 2.1, 21, 31(c) and 33 to the consolidated financial statements relating to the covenant breaches, liquidity risk and going concern.</p>

Other Information included in the Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. Management is responsible for the other information. The Group’s Annual Report is expected to be made available to us after the date of this auditor’s report.

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

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



Shape the future
with confidence

INDEPENDENT AUDITOR'S REPORT (CONT'D.)

To the Shareholders of Invescore NBFI JSC and its subsidiaries (Cont'd.)

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



Shape the future
with confidence

INDEPENDENT AUDITOR'S REPORT (CONT'D.)

To the Shareholders of Invescore NBFJ JSC and its subsidiaries (Cont'd.)

Auditor's Responsibility for the Audit of the Consolidated Financial Statements (cont'd.)

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 to 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report is Mandakhbayar Dorjbat.

Other Matter

This report is made solely to the shareholders of the Group, as a body, in connection with the audit requested by the shareholders in accordance with Article 94 of the Company Law of Mongolia and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Ernst & Young Mongolia Audit LLC
ERNST & YOUNG MONGOLIA AUDIT LLC
Certified Public Accountants



MANDAKHIBAYAR DORJBAT
Partner

Ulaanbaatar, Mongolia
Date: 29 April 2026

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2025

	Notes	2025 MNT'000	2024 MNT'000
Interest income calculated using the EIR	4	310,822,287	224,532,959
Interest expense calculated using the EIR and similar expense, net	4	<u>(116,879,140)</u>	<u>(83,534,145)</u>
Net interest income		193,943,147	140,998,814
Fees and commission income	5	40,377,125	24,886,689
Fees and commission expense	5	<u>(583,483)</u>	<u>(448,765)</u>
Net fees and commission income		39,793,642	24,437,924
Other operating income, net	6	6,502,454	2,087,001
Allowance for expected credit loss	7	<u>(59,391,707)</u>	<u>(18,461,799)</u>
Net operating income		180,847,536	149,061,940
Employee costs	8	(26,735,442)	(20,069,009)
Depreciation and amortisation expense	18, 19	(4,472,072)	(3,385,444)
Administrative expenses	9	<u>(22,667,731)</u>	<u>(18,316,282)</u>
Profit before tax		126,972,291	107,291,205
Income tax expense	10.1	<u>(26,388,496)</u>	<u>(23,852,551)</u>
Profit for the year		100,583,795	83,438,654
Attributable to:			
Owners of the parent		100,154,064	82,977,180
Non-controlling interest		<u>429,731</u>	<u>461,474</u>
		100,583,795	83,438,654
Earnings per share (MNT)			
Basic earnings per share	11	1,299	1,095
Diluted earnings per share	11	1,283	1,073
Other comprehensive income for the year, net:			
<i>Items that will not to be classified to profit or loss (net of tax):</i>			
Net change in fair value of equity investment reserve		38,429	1,636,635
<i>Items that will or may be classified to profit or loss (net of tax):</i>			
Exchange gain/(loss) arising on translation of foreign operations		<u>724,082</u>	<u>(77,972)</u>
Other comprehensive income for the year, net of taxes		762,511	1,558,663
Total comprehensive income for the year		101,346,306	84,997,317
Total comprehensive income attributable to:			
Owners of the parent		100,847,608	84,475,187
Non-controlling interest		498,698	522,130

The accompanying notes form an integral part of the consolidated financial statements.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Consolidated statement of financial position

As at 31 December 2025

	Notes	2025 MNT'000	2024 MNT'000
Assets			
Cash and bank balances	12	182,148,826	135,263,686
Loans and advances to customers	13	882,628,025	732,977,470
Financial assets	14	22,535,126	21,910,646
Prepayments and other receivables	15	13,098,054	6,267,145
Derivative financial assets	16	367,324	122,657
Repossessed collateral and assets held for sale	17	13,884,917	5,676,294
Property, equipment and right-of-use assets	18	18,368,365	16,763,528
Intangible assets	19	6,506,408	5,891,772
Goodwill	20	292,627	292,627
Deferred tax assets	10.3	1,091,559	1,208,394
Total Assets		1,140,921,231	926,374,219
Liabilities			
Borrowed funds	21	439,774,354	323,502,282
Bonds payable	22	115,798,370	124,581,919
Private placement of deposits	23	220,332,921	207,389,691
Other financial liabilities	24	19,199,817	13,372,175
Other non-financial liabilities	24	7,828,214	919,504
Derivative financial liabilities	16	355,666	724,036
Income tax liabilities	10.2	1,098,856	7,361,200
Total liabilities		804,388,198	677,850,807
Equity			
Share capital	25	17,193,952	17,193,952
Share premium	25	29,820,733	29,820,733
Preference shares	25	11,831,009	11,831,009
Treasury shares	25	(5,865,387)	–
Other reserves	26	9,169,293	7,005,398
Retained earnings		273,333,404	181,045,373
Translation reserve		669,743	14,628
Equity attributable to equity holders of the parent		336,152,747	246,911,093
Non-controlling interest	27	380,286	1,612,319
Total equity		336,533,033	248,523,412
Total liabilities and equity		1,140,921,231	926,374,219

The accompanying notes form an integral part of the consolidated financial statements.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Share capital	Share premium	Treasury shares	Preference shares	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
	MNT'000 (Note 25)	MNT'000 (Note 25)	MNT'000 (Note 25)	MNT'000 (Note 25)	MNT'000 (Note 26)	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000
At 1 January 2024	17,193,952	29,820,733	–	–	1,690,885	153,256	105,760,518	154,619,344	1,090,189	155,709,533
Profit for the year	–	–	–	–	–	–	82,977,180	82,977,180	461,474	83,438,654
Other comprehensive income	–	–	–	–	1,636,635	(138,628)	–	1,498,007	60,656	1,558,663
Total comprehensive income	–	–	–	–	1,636,635	(138,628)	82,977,180	84,475,187	522,130	84,997,317
Issued share capital	–	–	–	12,000,000	–	–	–	12,000,000	282,114	12,282,114
Transaction costs related to issuance of new shares	–	–	–	(168,991)	–	–	–	(168,991)	–	(168,991)
Realised revaluation reserve	–	–	–	–	(170,929)	–	170,929	–	–	–
Dividend paid	–	–	–	–	–	–	(4,014,447)	(4,014,447)	(282,114)	(4,296,561)
Movement on regulatory reserve*	–	–	–	–	3,848,807	–	(3,848,807)	–	–	–
At 31 December 2024 and 1 January 2025	17,193,952	29,820,733	–	11,831,009	7,005,398	14,628	181,045,373	246,911,093	1,612,319	248,523,412
Profit for the year	–	–	–	–	–	–	100,154,064	100,154,064	429,731	100,583,795
Other comprehensive income	–	–	–	–	38,429	655,115	–	693,544	68,967	762,511
Total comprehensive income	–	–	–	–	38,429	655,115	100,154,064	100,847,608	498,698	101,346,306
Issued share capital	–	–	–	–	–	–	–	–	461,488	461,488
Treasury shares	–	–	(5,865,387)	–	–	–	–	(5,865,387)	–	(5,865,387)
Realised revaluation reserve	–	–	–	–	(196,564)	–	256,094	59,530	–	59,530
Share based payment reserve	–	–	–	–	192,579	–	–	192,579	–	192,579
Dividend paid**	–	–	–	–	–	–	(6,344,657)	(6,344,657)	(461,488)	(6,806,145)
Changes in NCI	–	–	–	–	–	–	351,981	351,981	(1,730,731)	(1,378,750)
Movement on regulatory reserve*	–	–	–	–	2,129,451	–	(2,129,451)	–	–	–
At 31 December 2025	17,193,952	29,820,733	(5,865,387)	11,831,009	9,169,293	669,743	273,333,404	336,152,747	380,286	336,533,033

*Reserves include the regulatory reserve that is set up in compliance with Financial Regulatory Commission (“FRC”) requirements (Note 26).

** During the year, the Group declared a dividend of MNT 6,344,657 thousand (2024: MNT 4,014,447 thousand) to its shareholders from the retained earnings as at 31 December 2025.

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Consolidated statement of cash flows

For the year ended 31 December 2025

	Notes	2025 MNT'000	2024 MNT'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		126,972,291	107,291,205
<i>Adjustments for:</i>			
Interest expense	4	116,879,140	83,534,145
Dividend income	6	(205,428)	(268,068)
Fair value change of derivative	6	(443,111)	318,823
(Gain)/loss on disposal of repossessed collateral	6, 9	(103,653)	118,112
Impairment reversal on repossessed collateral	6	(174,716)	(814,438)
Gain on disposal of property and equipment	6	(4,605)	(14,323)
Impairment losses on asset held for sale	9	132,021	160,560
Impairment losses on financial instruments	7	59,391,707	18,461,799
Depreciation and amortisation expense	18, 19	4,472,072	3,385,444
Unrealised gain from foreign exchange rate differences		(1,115,669)	(335,875)
Write-off of property, equipment and intangible assets, net	9	147,215	61,108
Operating profit before changes in working capital		305,947,264	211,898,492
<i>Changes in operating assets and liabilities:</i>			
Loans and advances to customers		(205,669,293)	(266,035,696)
Other assets		(38,103,455)	(9,746,224)
Other liabilities		12,606,036	2,716,606
Cash generated from/(used in) operations		74,780,552	(61,166,822)
Income tax paid	10.2	(32,489,432)	(25,685,968)
Interest portion of lease liabilities paid		(774,847)	(758,704)
Interest paid		(104,491,215)	(71,466,025)
Net cash flows used in operating activities		(62,974,942)	(159,077,519)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, equipment and intangible assets		(4,366,337)	(5,304,228)
Proceeds from sale of property, equipment, intangible assets and repossessed collateral		4,639,428	(675,732)
Purchase of financial investments		(1,500,000)	(19,990,320)
Proceeds from disposal of financial investments		1,257,413	7,938,978
Proceeds from dividend received		205,428	268,068
Net cash flows generated from/(used in) investing activities		235,932	(17,763,234)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from drawdown of borrowed funds		901,717,933	687,546,412
Repayment of borrowed funds		(797,815,123)	(572,403,349)
Proceeds from issued bonds		82,637,351	122,199,567
Repayment of issued bonds		(91,700,000)	(66,300,000)
Proceeds from private placement of deposits		377,502,435	307,028,578
Repayment of private placement of deposits		(366,095,384)	(246,019,328)
Dividend paid		(6,344,657)	(4,014,447)
Payment of principal portion of lease liabilities		(1,257,950)	(1,109,697)
Purchase of treasury shares		(5,865,387)	–
Net cash flows generated from financing activities		92,779,218	226,927,736

The accompanying notes form an integral part of these consolidated financial statements.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Consolidated statement of cash flows (Cont'd.)

For the year ended 31 December 2025

	Notes	2025 MNT'000	2024 MNT'000
Net increase in cash and cash equivalents		30,040,208	50,086,983
Cash and cash equivalents brought forward		131,286,651	80,715,363
Effect of exchange rate changes on cash and cash equivalents		312,415	484,305
Cash and cash equivalents carried forward	12	<u>161,639,274</u>	<u>131,286,651</u>
OPERATIONAL CASH FLOWS FROM INTEREST			
Interest received		296,307,561	204,970,982
Interest paid		(105,266,062)	(72,224,729)

Reconciliation changes in liabilities arising from financing activities:

	Borrowed funds		Bonds payable	
	2025 MNT'000	2024 MNT'000	2025 MNT'000	2024 MNT'000
As at 1 January	323,502,282	214,787,474	124,581,919	67,443,385
New disbursement/additions	901,717,933	687,546,412	82,637,351	122,199,567
Interest accrued	55,639,576	32,309,242	25,107,930	18,052,643
Interest paid	(45,201,303)	(27,286,308)	(25,076,997)	(16,966,536)
Repayment of principal	(797,815,123)	(572,403,349)	(91,700,000)	(66,300,000)
Transfer to equity	-	(12,000,000)	-	-
Foreign exchange movement	1,930,989	548,811	248,167	152,860
As at 31 December	<u>439,774,354</u>	<u>323,502,282</u>	<u>115,798,370</u>	<u>124,581,919</u>
	Private placement of deposits		Convertible bond	
	2025 MNT'000	2024 MNT'000	2025 MNT'000	2024 MNT'000
As at 1 January	207,389,691	141,098,586	1,333,156	1,818,929
New disbursement/additions	377,502,435	307,028,578	-	-
Interest accrued	33,788,523	30,136,641	226,819	345,597
Interest paid	(32,644,651)	(24,450,493)	(767,096)	(831,370)
Repayment of principal	(366,095,384)	(246,019,328)	-	-
Foreign exchange movement	392,307	(404,293)	-	-
As at 31 December	<u>220,332,921</u>	<u>207,389,691</u>	<u>792,879</u>	<u>1,333,156</u>

The accompanying notes form an integral part of the consolidated financial statements.

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Consolidated statement of cash flows (Cont'd.)

For the year ended 31 December 2025

Reconciliation changes in liabilities arising from financing activities (Cont'd.):

	Lease liabilities	
	2025	2024
	MNT'000	MNT'000
As at 1 January	3,340,561	2,147,496
Non-cash additions	2,494,402	2,358,510
Lease modification	39,429	127,717
Lease terminations	(284,517)	(193,402)
Interest expense during the year	774,847	758,704
Interest portion of the lease liabilities paid	(774,847)	(758,704)
Principal portion of the lease liabilities paid	(1,257,950)	(1,109,697)
Foreign exchange movement	46,893	9,937
As at 31 December	<u>4,378,818</u>	<u>3,340,561</u>

The accompanying notes form an integral part of the consolidated financial statements.

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

1. Corporate information

Invescore NBFJ JSC (the “Company”) was incorporated as a Limited Liability Company by its founders’ decision dated 29 March 2016, in accordance with the laws and regulations that are effective in Mongolia. The Company was granted the State Registration Certificate No.9010002004 (Registration No. 6060854) on 30 March 2016. The Company has six subsidiaries (herein collectively referred to as the “Group”), which are primarily engaged in non-banking activities.

The principal activities of the Group are lending, factoring, investment into short term financial instruments, trust deposit services, issuance of payment guarantees, money remittance, issuance of payment instruments, digital payment solutions and micro finance services.

The Group became a joint stock company on 22 May 2019 after the initial public offering of 15% of its shares on the Mongolian Stock Exchange.

The Special License No.1/554 on “Non-banking financial activities” was issued in accordance with resolution No.159 by the Financial Regulatory Commission of Mongolia on 17 May 2016.

The Group had 447 employees as of 31 December 2025 (2024: 372).

The Group is a subsidiary of SIBJ Capital LLC (“SIBJ” or “the Immediate Parent”). The ultimate controlling shareholder of the Group is ICFG Limited (“ICFG” or “the Ultimate Parent”).

In February 2025, following a successful reverse takeover by Fintech Asia Limited, the listed entity on the London Stock Exchange was renamed “ICFG Limited,” which thereafter became the Group’s ultimate parent.

The consolidated financial statements for the year ended 31 December 2025 were authorised for issue in accordance with the resolution of the Board of Directors on 29 April 2026.

2. Material accounting policies

2.1. Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in Note 2.4, *Material accounting policies*. The policies have been consistently applied to all the years presented, unless otherwise stated.

Presentation of financial statements

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 33.

The consolidated financial statements are presented in Mongolian Tugrug (“MNT”), which is also the Group’s primary functional and reporting currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of consolidated financial statements in compliance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Group’s management to exercise judgment in applying the Group’s accounting policies. The critical accounting estimates, judgments and its impact in preparation of consolidated financial statements are set out in Note 3.

The Group’s ability to continue as a going concern

As disclosed in Note 21 to the consolidated financial statements, as at 31 December 2025, the Group has breached certain loan covenants relating to its borrowed funds from foreign development banks and financial institutions which provides the lenders the right to demand for repayment, together with the impact arising from the cross-default clauses with the other lenders, borrowed funds with a carrying amount of MNT 255.5 billion were classified as current liabilities as at 31 December 2025 and as a result, the Group had net liabilities of MNT 38.2 billion as at 31 December 2025 as disclosed in Note 33 of the consolidated financial statements.

In preparing the consolidated financial statements, the directors of the Group (the “Directors”) have given careful consideration to the future liquidity of the Group. The Directors have reviewed the Group’s cash flow projection covering a period of at least 12 months from 31 December 2025.

2. Material accounting policies (cont'd.)

2.1. Basis of preparation (cont'd.)

The Group's ability to continue as a going concern (cont'd.)

These cash flow projections have been determined using the estimation of future cash flows to be generated from the Group's operating activities and its working capital needs, including payments of its financial obligations.

Management prepared detailed liquidity gap, cash flow forecast and on-demand financing analyses, which, for assessment purposes, assume that borrowings affected by covenant breaches and related contractual provisions could become repayable on an accelerated basis.

These analyses incorporate the Group's existing cash and bank balances, expected cash inflows from existing loan portfolios, the expected rollover behaviour of trust deposits based on historical experience, committed credit facilities, and management's planned liquidity management actions, including subsequent financing transactions that are committed or highly probable. Management has also considered the sensitivity of these projections to reasonably possible changes in key assumptions as part of its assessment.

In view of the breaches, the Directors have also taken a number of actions in actively managing the situation including:

- establishing a dedicated NPL task force to intensify recovery and restructuring efforts;
- creating a centralised Asset Quality Department in 2025 to enhance early risk identification, collections strategies and collateral realisation;
- tightening underwriting standards and enhancing monitoring of new disbursements, particularly in higher risk segments; and
- improving coordination between digital and traditional lending teams to strengthen portfolio oversight.

The Group has continued to meet its contractual principal and interest payment obligations as they fell due during the year and up to the date of approval of the consolidated financial statements. No lender has exercised any contractual right to accelerate repayment as at the reporting date or subsequently, and management remains actively engaged with lenders.

Based on this assessment, the Directors concluded that the Group will be able to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following item (refer to individual accounting policies for details):

- Financial instruments – fair value through profit or loss
- Financial instruments – fair value through other comprehensive income
- Derivative financial instruments – fair value through profit or loss
- Foreclosed properties which is carried at historical or fair value less cost of sales which ever is lower.

2.2. New standards and amendments to IFRS Accounting Standards that are mandatorily effective for the current year

Other amendments and interpretations that were applied for the first time in 2025 are summarised below:

- Amendments to IAS 21 *Lack of Exchangeability*

2.3. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below.

The Group intends to adopt these standards, if applicable, when they become effective.

The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these consolidated financial statements.

2. Material accounting policies (cont'd.)

2.3. Standards issued but not yet effective (cont'd.)

IFRS 18 Presentation and Disclosure in Financial Statements

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statement²</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>

¹Effective for annual periods beginning on or after 1 January 2026

²Effective for annual periods beginning on or after 1 January 2027

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The management is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

The Group does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

2.4. Summary of material accounting policies

(a) Basis of consolidation

Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Group and its subsidiaries (the Group) as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss.

The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(b) Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and all of the liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to MNT at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- Equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI;

(ii) Foreign operations

On consolidation, the results of overseas operations are translated into MNT at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(d) *Financial assets and financial liabilities*

(i) *Recognition and initial measurement*

The Group initially recognises loans and advances, deposits and debt securities issued on the date on which they are originated.

All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade, which is the date on which the Group becomes a party to contractual provisions of the instruments.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

(ii) *Classification*

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(d) Financial assets and financial liabilities (cont'd.)

(ii) Classification (cont'd.)

Financial assets (cont'd.)

Business model assessment (cont'd.)

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

Derivative instruments

The Group enters into derivative financial instruments which are held to manage its exposure to foreign exchange rate risk. Derivative held include foreign exchange forward contracts and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 16.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in profit or loss. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(d) Financial assets and financial liabilities (cont'd.)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale and repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The derecognition criteria are also applied to the transfer of part of an asset, rather than the asset as a whole, or to a Group of similar financial assets in their entirety, when applicable.

If transferring a part of an asset, such part must be a specifically identified cash flow, a fully proportionate share of the asset, or a fully proportionate share of a specifically-identified cash flow.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iv) Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different (referred to as “substantial modification”), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms.

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(d) Financial assets and financial liabilities (cont'd.)

(iv) Modification of financial assets and financial liabilities (cont'd.)

Financial assets (cont'd.)

If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a Group of similar transactions such as in the Group's trading activity.

(vi) Impairment

Financial assets

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- net investments in finance leases;
- financial guarantee contracts issued; and
- loan commitments issued

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(d) Financial assets and financial liabilities (cont'd.)

(vi) Impairment (cont'd.)

Financial assets (cont'd.)

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than net investments in finance leases) on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”. The Group does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

Staging

Stage 1 - Financial instruments for which there has been no significant increase in credit risk since initial recognition. For these assets, a loss allowance equal to 12-month ECL is recognised.

Stage 2 - Financial instruments for which there has been a significant increase in credit risk since initial recognition but which are not credit-impaired. For these assets, a loss allowance equal to lifetime ECL is recognised.

Stage 3 - Financial instruments that are credit-impaired at the reporting date. For these assets, a loss allowance equal to lifetime ECL is recognised, with probability of default assumed to be 100%.

Financial instruments may move between stages over time to reflect changes in credit risk. Where credit risk improves sufficiently, instruments may be reclassified from Stage 2 to Stage 1, or from Stage 3 to Stage 2, in accordance with the Group’s credit risk policies.

Significant Increase in Credit Risk

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by considering changes in the risk of default occurring over the remaining life of the instrument. This assessment incorporates both quantitative and qualitative factors and is performed on an individual or collective basis, depending on the nature of the asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and net investments in finance leases are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(d) Financial assets and financial liabilities (cont'd.)

(vi) Impairment (cont'd.)

Financial assets (cont'd.)

Credit-impaired financial assets (cont'd.)

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments*: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive;

ECL Methodology

The Group calculates ECL using a probability-weighted approach that considers multiple forward-looking macroeconomic scenarios. Expected credit losses are estimated by projecting the following components over the expected life of the financial instrument:

- Probability of Default (PD): the likelihood that a borrower will default over a given time horizon;
- Exposure at Default (EAD): the expected exposure at the time of default, including expected drawdowns, repayments and accrued interest; and
- Loss Given Default (LGD): the proportion of exposure expected to be lost in the event of default, after taking account of recoveries, collateral and credit enhancements.

For lifetime ECL, PDs are estimated over the remaining life of the instrument. For 12-month ECL, PDs reflect default events possible within 12 months after the reporting date.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(vi) Impairment (cont'd.)

Financial assets (cont'd.)

Restructured financial assets (cont'd.)

- This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *loan commitments*: generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component*, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component:
- the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(e) *Cash and cash equivalents*

Cash and cash equivalents include notes on hand, unrestricted balances held with Banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

(f) *Investment securities*

The investment securities include:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt securities measured at FVOCI
- equity investments.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- Foreign exchange gains and losses.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(f) Investment securities (cont'd.)

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(g) Property and equipment

Recognition and measurement

Property and equipment is initially measured at cost and after initial recognition, is carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

Subsequent costs are recognised in the carrying amount of property and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing are recognised in profit or loss as incurred.

Depreciation

Property and equipment is depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed. A component that is significant compared to the total cost of property and equipment is depreciated over its separate useful life.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised as other non-operating income or loss.

The estimated economic useful life for the current and comparative years of significant items of property and equipment is as follows:

	Useful life (years)
Building	25 years
Furniture and fixtures	10 years
Vehicles	10 years
Computer and its accessories	2 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

(h) Intangible assets

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(h) Intangible assets (cont'd.)

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current period is 10 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Debt issued and other borrowed funds

After initial measurement, debt issued, bonds payable and other borrowed funds are subsequently measured at amortised cost using the EIR methodology. Amortised cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

When establishing the accounting treatment of these non-derivative instruments the Group first establishes whether the instrument is a compound instrument and classifies such instruments or components separately as financial liabilities, financial assets, or equity instruments in accordance with IAS 32.

The Group separately recognises the components of a financial instrument that: (a) creates a financial liability for the Group; and (b) grants an option to the holder of the instrument to convert it into an equity instrument of the entity.

Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercise of the option may appear to have become economically advantageous to some holders.

When allocating the initial carrying amount of a compound financial instrument to its equity and liability components, the equity component is assigned the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion options) is included in the liability component. Once the Group has determined the split between equity and liability, it further evaluates if the liability component has embedded derivatives which would require separation.

(j) Private placement of deposits

Private placement from customers include deposit placed by the customers under trust agreements (Note 23). After initial measurement, private placement deposits from customers are subsequently measured at amortised cost using the EIR.

(k) Share capital

(i) Share capital and preference shares

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary and preference shares and share options are recognised as a deduction from equity, net of any tax effects. Ordinary shares and preferred shares without redemption, repurchase, or call options are classified as equity. Additional costs directly associated with the issuance of new shares are reduced by the tax deducted from the proceeds of the share proceed and are reflected in equity. The portion of the income from the proceed of shares that exceeds the nominal value of the stock is considered share premium and is included in the equity.

(ii) Share premium

The amount of contribution in excess of par value is accounted for as Share premium. Share premium also arises from additional capital contribution from stockholders.

(iii) Regulatory reserves

Regulatory reserve mainly represents the difference between the impairment provision determined for foreclosed assets in accordance with the regulations of FRC and the impairment provision determined under IFRS and other reserves set up in compliance with FRC requirements.

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(k) Share capital (cont'd.)

(iv) Fair value reserves

The fair value reserves comprise of the cumulative net change in the fair value of the debt instruments classified at FVOCI, less the allowance for ECL, and the cumulative net change in fair value of equity instruments at FVOCI.

(v) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

(l) Share based payments

Senior executives and key employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments of the Group (equity-settled transactions). These awards are granted under the Group's Employee Share Ownership Program ("ESOP"), which provides eligible employees with restricted shares that vest over a three-year service and performance period. The ESOP is designed to align employee incentives with the long-term performance of the Group. Further details are given in Note 26.1.

The cost of equity-settled share-based payment transactions is measured at the fair value of the equity instruments at the grant date, determined by using the quoted market price of the Group's shares on that date. The fair value of the awards is recognised as employee benefits expense over the vesting period, together with a corresponding increase in equity within the share-based payment reserve.

The cumulative expense recognised at each reporting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that are expected to ultimately vest. The amount recognised in profit or loss for the period therefore represents the movement in cumulative expense between the beginning and end of the period.

Service and non-market performance conditions are not included in the measurement of fair value at the grant date. However, expectations regarding the satisfaction of these conditions are reflected in the estimate of the number of equity instruments expected to vest. Estimates are reviewed at each reporting date, and the impact of any revision is recognised prospectively in profit or loss over the remaining vesting period.

Where an employee does not meet the service or performance vesting conditions, the unvested portion of the award is forfeited. In such cases, the cumulative share-based payment expense previously recognised is reversed, as the award will not ultimately vest. Under the terms of the ESOP, employees are required to reimburse the Group for the unvested portion of the shares at the prevailing market price on the forfeiture date.

A receivable is recognised for the recoverable amount and is measured at amortised cost in accordance with IFRS 9, subject to expected credit loss assessment. The receivable is derecognised when settlement is received.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service.

When an employee has rendered service to the Group during an accounting period, the Group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

(ii) Social and health insurance

As required by law, companies in Mongolia make social security and health contributions to the Social and Health Insurance scheme and such contributions are recognised as an expense in the comprehensive income statement as incurred.

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(m) Employee benefits (cont'd.)

(iii) Mid-term incentive

The mid-term incentive plan covers a three-year period, under which eligible employees receive the benefit at the end of the service period. The related expense is recognised annually over the three-year programme as employees render the corresponding service, with the total benefit payable upon completion of the plan period.

(n) Interest

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the gross carrying amount of the asset, and multiplied by the historic recovery rate. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- interest on financial assets measured at amortised cost;
- interest on debt instruments measured at FVOCI;

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(n) Interest (cont'd.)

Presentation (cont'd.)

Interest expense presented in the statement of profit or loss and other comprehensive income includes:

- financial liabilities measured at amortised cost;
- interest expense on lease liabilities.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

(o) Fees and commissions

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Fees and commission income, such as account servicing fees, investment management fees, sales commission, placement fees, and syndication fees, are recognised as the related services are performed. In cases where a loan commitment is not anticipated to lead to the draw-down of a loan, the associated loan commitment fees are recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's consolidated financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(p) Dividend income

Dividend income is recognised in the statement of profit and loss when the right to receive the dividend is established.

(q) Net income from other financial instruments at fair value through profit and loss

Net income from other financial instruments at fair value through profit and loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships, financial assets and financial liabilities designated at FVTPL and, also non-trading assets mandatorily measured at FVTPL. The line item includes fair value changes, interest, dividends and foreign exchange differences.

(r) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branch and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(r) Leases (cont'd.)

(i) Group acting as a lessee (cont'd.)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(s) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(s) Income taxes (cont'd.)

(ii) Deferred tax

Deferred tax is recognised, using the asset-liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which they can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and the carrying amount reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis.

If there is any additional income tax expense incurred in accordance with dividend payments, such income tax expense is recognised when liabilities relating to the dividend payments are recognised.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(u) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value.

Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. For loan commitments the Group recognises a loss allowance. Liabilities arising from financial guarantees and loan commitments are included within provisions.

2. Material accounting policies (cont'd.)

2.4. Summary of material accounting policies (cont'd.)

(v) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is a member of key management personnel of the Group or the Group's parent, or, a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individual;
- (iv) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (v) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.
- (vi) Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. Critical accounting estimates and judgments

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL (Notes 2.4d (vi), 7, 13 and 31 (a)).

Estimates and assumptions

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Impairment of financial assets – (Notes 2.4d (vi), 7, 12, 13, 14, 15 and 31 (a))

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

4. Net interest income

	2025	2024
	MNT'000	MNT'000
<i>Interest income calculated using the effective interest rate</i>		
Loans and advances to customers	306,992,939	222,149,196
Financial assets	2,148,080	1,483,820
Current accounts and term deposit at bank	1,681,268	899,943
	<u>310,822,287</u>	<u>224,532,959</u>
<i>Interest expense calculated using the EIR and similar expense, net</i>		
Borrowed funds	(55,639,576)	(32,309,242)
Private placement of deposits	(33,788,523)	(30,136,641)
Issued bond	(25,107,930)	(18,052,643)
Derivative financial instruments	(1,341,445)	(1,931,318)
Interest expense on long term liabilities	(1,001,666)	(1,104,301)
	<u>(116,879,140)</u>	<u>(83,534,145)</u>
Net interest income	<u>193,943,147</u>	<u>140,998,814</u>

5. Net fees and commission income

	2025	2024
	MNT'000	MNT'000
<i>Fees and commission income from providing financial services at a point in time:</i>		
Agency fees on facilitating loans and loan administration services	36,557,134	23,003,163
Loan related fees	3,168,623	1,821,137
Other fees income	651,368	62,389
Total fees and commission income	<u>40,377,125</u>	<u>24,886,689</u>
<i>Fees and commission expense:</i>		
Bank service fees	(542,536)	(339,378)
Other fees expense	(40,947)	(109,387)
Total fees and commission expense	<u>(583,483)</u>	<u>(448,765)</u>
Net fees and commission income	<u>39,793,642</u>	<u>24,437,924</u>

6. Other operating income, net

	2025	2024
	MNT'000	MNT'000
Repayment of written-off loans	4,309,444	1,114,040
Gain on disposal of financial assets	476,039	–
Fair value changes of derivatives	443,111	(318,823)
Dividend income	205,428	268,068
Reversal of impairment of repossessed collateral	174,716	814,438
Gain on sales of assets held for sale	103,653	–
Gain on disposal of property and equipment	4,605	14,323
Other income	785,458	194,955
Total other operating income	<u>6,502,454</u>	<u>2,087,001</u>

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

7. Allowance for expected credit loss

	2025	2024
	MNT'000	MNT'000
Loans and advances to customers (Note 13)	57,443,564	17,697,744
Other financial assets (Note 15)	931,550	752,625
Financial assets (Note 14)	474,591	–
Cash and bank balance (Note 12)	334,757	11,430
Credit commitment (Note 30)	207,245	–
Total allowance for expected credit loss	<u>59,391,707</u>	<u>18,461,799</u>

8. Employee cost

	2025	2024
	MNT'000	MNT'000
Salary, wages and bonuses	21,191,154	17,831,475
Contribution to social and health insurance	2,833,163	2,237,534
Share-based payment expense (Note 26.1)	192,579	–
Other	2,518,546	–
Total employee costs	<u>26,735,442</u>	<u>20,069,009</u>

9. Administrative expenses

	2025	2024
	MNT'000	MNT'000
Professional service fees*	5,095,678	2,622,241
IT and automation expenses	5,026,670	4,292,784
Advertisement and marketing expenses	3,332,034	2,386,336
Donations and social projects**	3,005,000	2,476,748
Entertainment and events expenses	1,137,663	775,697
Travel and meeting expense	983,708	860,673
Telecommunication and internet service expenses	727,889	542,518
Utility expenses	630,091	218,582
Rental expenses (Note 18)	282,476	279,359
Repair and maintenance	155,550	311,428
Write-off of property, equipment and intangibles	147,215	6,110
Impairment of assets held for sale	132,021	160,560
Loss on sale of loan portfolio	131,726	–
Loss on disposal of repossessed collateral	39,817	–
Loss on disposal of property and equipment, net	4,309	–
Loss on disposal of foreclosed properties, net	–	118,112
Foreign exchange (gain)/loss	(289,449)	980,750
Other expense	2,125,333	2,284,384
Total administrative expenses	<u>22,667,731</u>	<u>18,316,282</u>

*Professional service fee includes fee charged by the auditors, amounting to MNT 712,592 thousand (2024: MNT 901,253 thousand).

**Contribution to social projects represents financial contribution made to social projects as part of the Group's social responsibility related activities.

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

10. Income tax

10.1. Income tax expense

The income tax expense for the year ended 31 December 2025 and 2024 is:

	2025 MNT'000	2024 MNT'000
Income tax:		
Current income tax	26,195,668	26,203,692
Adjustment in respect of current income tax of prior years	–	(552,643)
Deferred tax:		
Relating to temporary differences (Note 10.3)	192,828	(1,798,498)
Total income tax	26,388,496	23,852,551

The Group provides for income taxes on the basis of its income for financial reporting purposes, adjusted for items which are not assessable or deductible for income tax purposes. The income tax rates for profits of the Group are 10% (2024: 10%) for the first MNT 6 billion (2024: MNT 6 billion) of taxable income, and 25% (2024: 25%) on the excess of taxable income over MNT 6 billion (2024: MNT 6 billion).

A reconciliation of income tax expense applicable to profit before tax for the year ended 31 December 2025 and 2024 is as follows:

	2025 MNT'000	2024 MNT'000
Profit before tax	126,972,291	107,291,205
Tax at statutory rate of 25% (2024: 25%)	32,696,416	26,822,801
Adjustment in respect of current income tax of prior years	–	(552,643)
Effect of lower tax rate	(4,865,609)	(2,847,653)
Effect of expenses not deductible for income tax purpose	2,183,377	3,053,009
Different tax rate applied in overseas jurisdiction	(584,250)	(212,963)
Income tax reduction*	(3,041,438)	(2,410,000)
Tax expense	26,388,496	23,852,551

The effective income tax rate for the Group for the year ended 31 December 2025 is 20.78% (2024: 22.23%).

*In accordance with the new provisions of the tax law that were added in 2024, certain non-deductible expenses meets the criteria for tax reduction and the Group is entitled to a tax reduction of MNT 3.0 billion (2024: MNT 2.4 billion) for the current year.

10.2. Income tax liabilities

Movements in the income tax payable for the year is as follows:

	2025 MNT'000	2024 MNT'000
Balance at 1 January	7,361,200	7,396,351
Income tax expense for the year	26,195,668	26,203,692
Adjustment in respect of current income tax of previous year	–	(552,643)
Foreign exchange movements	31,420	(232)
Income taxes paid	(32,489,432)	(25,685,968)
Balance at 31 December	1,098,856	7,361,200

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

10. Income tax (cont'd.)

10.3. Deferred tax assets, net

	Opening balance	Recognised in other comprehensive income	Recognised in profit or loss	Closing balance
	MNT'000	MNT'000	MNT'000	MNT'000
As at 31 December 2025				
Deferred tax assets, net				
Revaluation of financial investments measured at FVOCI	(245,871)	75,993	–	(169,878)
Timing difference from deferral on loan and bond	758,036	–	(668,285)	89,751
Depreciation of property, equipment and right-of-use assets	–	–	20,456	20,456
Impairment of assets held-for-sale	–	–	27,007	27,007
Accrued payables	568,632	–	562,997	1,131,629
Unrealised foreign exchange	83,789	–	(24,076)	59,713
Fair value changes in derivatives	110,370	–	(45,982)	64,388
Interest on loan received from subsidiaries	(94,475)	–	(53,856)	(148,331)
Others	27,913	–	(11,089)	16,824
Net deferred tax assets	1,208,394	75,993	(192,828)	1,091,559
As at 31 December 2024				
Deferred tax assets/(liabilities), net				
Revaluation of financial investments measured at FVOCI	81,824	(327,695)	–	(245,871)
Timing difference from deferral on loan and bond	479,929	–	278,107	758,036
Amortisation of intangible assets	(855,340)	–	855,340	–
Accrued payables	–	–	568,632	568,632
Unrealised foreign exchange	–	–	83,789	83,789
Fair value changes in derivatives	–	–	110,370	110,370
Interest on loan received from subsidiaries	–	–	(94,475)	(94,475)
Others	31,178	–	(3,265)	27,913
Net deferred tax assets	(262,409)	(327,695)	1,798,498	1,208,394

The aggregate amount of temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognised amounted to MNT 390,033 thousand (2024: MNT 650,773 thousand). The Group did not recognise a deferred tax liability as the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

11. Earnings per share

The following table shows the income and share data used in the basic and diluted earnings per share calculations:

	2025 MNT'000	2024 MNT'000
Profit attributable to ordinary equity holders - basic	98,354,064	82,977,180
Dividend on preference shares	1,800,000	–
Interest on convertible liability	204,137	345,597
Profit attributable to ordinary equity holders - adjusted for the effect of dilution	100,358,201	83,322,777
Weighted average number of shares for basic EPS	75,688,529	75,744,281
Effect of dilution from:		
Convertible preference shares	2,035,400	1,413,739
Convertible liability	500,000	500,000
Weighted average number of shares adjusted for the effect of dilution	78,223,929	77,658,020

Earnings Per Share

	2025 MNT	2024 MNT
Equity holders of the Group for the period:		
Basic earnings per share	1,299	1,095
Diluted earnings per share	1,283	1,073

In the current year, convertible preference shares were assessed as dilutive and were included in the calculation of diluted earnings per share, as the assumed conversion resulted in a decrease in earnings per share. This reflects the dividend on preference shares of MNT 1,800,000 declared for the year ended 31 December 2025 (2024: nil).

Basic earnings per share are calculated by dividing the net profit by the weighted average number of ordinary outstanding shares during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements which would require the restatement of earnings per share.

12. Cash and bank balances

	2025 MNT'000	2024 MNT'000
Current accounts at bank	159,331,341	130,517,418
Term and demand deposits	19,770,350	4,670,999
Cash in transit	3,000,000	–
Cash in hand	24,641	65,704
Accumulated interest receivable	381,411	33,530
Total cash and bank balances	182,507,743	135,287,651
Less: Allowance for impairment losses	(358,917)	(23,965)
Net cash and bank balances	182,148,826	135,263,686
Additional cash flow information	MNT'000	MNT'000
Cash and bank balances	182,507,743	135,287,651
Less: Deposits with original maturity more than three months	(19,770,350)	(4,001,000)
Less: Restricted cash for deposit	(1,098,119)	–
Cash and cash equivalents	161,639,274	131,286,651

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

12. Cash and bank balances (cont'd.)

Movement of provision for impairment of cash and bank balances is as follows:

	2025 MNT'000	2024 MNT'000
Balance at 1 January	23,965	12,535
Net charge for the year (Note 7)	334,757	11,430
Foreign exchange movements	195	–
Balance at 31 December	358,917	23,965

13. Loans and advances to customers

Balance of loans and advances – by product

	2025 MNT'000	2024 MNT'000
Business loan	297,473,571	202,094,597
Car loan	231,821,931	264,280,208
Pocket	371,685,879	248,242,370
Consumer loan	26,062,047	21,615,923
Rapid loan	12,691,587	28,405,138
Related party (Note 29)	8,836,144	3,494,842
Less: Loan issuance deferred fees	(4,453,944)	(3,398,553)
Total loans and advances to customers	944,117,215	764,734,525
Less: Expected credit loss for loans and advances to customers	(61,489,190)	(31,757,055)
Net loans and advances to customers	882,628,025	732,977,470

Balance of loans and advances - by stage:

	2025 MNT'000	2024 MNT'000
Gross carrying amount		
Stage 1	769,760,438	695,561,425
Stage 2	72,300,340	26,968,446
Stage 3	102,056,437	42,204,654
	944,117,215	764,734,525
Less: Allowance for impairment losses		
Stage 1	8,698,520	8,465,391
Stage 2	3,635,601	1,672,705
Stage 3	49,155,069	21,618,959
	61,489,190	31,757,055

Provision for impairment of loan receivables

Movements in the impairment allowance of loan receivables are shown below:

	2025 MNT'000	2024 MNT'000
At 1 January	31,757,055	17,733,746
Charge for the year (Note 7)	57,443,564	17,697,744
Write-off	(27,790,028)	(3,737,553)
Foreign exchange movements	78,599	63,118
At 31 December	61,489,190	31,757,055

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES
Notes to the consolidated financial statements – 31 December 2025
13. Loans and advances to customers (cont'd.)

Movement between stages of loan receivables is as follows:

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
Gross carrying amount as at 1 January 2025	695,561,425	26,968,446	42,204,654	764,734,525
New assets originated or purchased	1,279,758,497	–	–	1,279,758,497
Assets derecognised or repaid	(1,062,727,576)	(23,832,224)	(2,877,430)	(1,089,437,230)
Net movement on accrued interest	4,243,316	1,243,825	9,270,514	14,757,655
Transfer to/(from) Stage 1	2,983,985	(1,957,006)	(1,026,979)	–
Transfer to/(from) Stage 2	(77,440,679)	77,632,353	(191,674)	–
Transfer to/(from) Stage 3	(74,055,298)	(8,097,366)	82,152,664	–
Write-offs	–	–	(27,919,450)	(27,919,450)
Fee deferral change	(1,542,507)	240,721	317,418	(984,368)
Foreign exchange movements	2,979,275	101,591	126,720	3,207,586
At 31 December 2025	769,760,438	72,300,340	102,056,437	944,117,215
ECL allowance as at 1 January 2025	(8,465,391)	(1,672,705)	(21,618,959)	(31,757,055)
New assets originated or purchased	(21,481,738)	–	–	(21,481,738)
Assets derecognised or repaid	5,075,133	1,259,553	3,938,432	10,273,118
Net movement on accrued interest	(15,286)	(135,438)	(5,034,235)	(5,184,959)
Transfer to/(from) Stage 1	(702,157)	158,521	543,636	–
Transfer to/(from) Stage 2	2,220,500	(2,311,778)	91,278	–
Transfer to/(from) Stage 3	13,080,164	287,648	(13,367,812)	–
Write-offs	–	–	27,790,028	27,790,028
Foreign exchange movements	(38,739)	(5,728)	(34,132)	(78,599)
Impact on ECL from stage transfer and input changes	1,628,994	(1,215,674)	(41,463,305)	(41,049,985)
At 31 December 2025	(8,698,520)	(3,635,601)	(49,155,069)	(61,489,190)
Net Loan at 31 December 2025	761,061,918	68,664,739	52,901,368	882,628,025
Gross carrying amount as at 1 January 2024	468,673,800	13,506,534	20,442,370	502,622,704
New assets originated or purchased	1,028,502,966	–	–	1,028,502,966
Assets derecognised or repaid	(752,100,648)	(9,414,891)	(8,604,136)	(770,119,675)
Net movement on accrued interest	4,755,166	867,853	2,805,318	8,428,337
Transfer to/(from) Stage 1	2,403,944	(1,833,110)	(570,834)	–
Transfer to/(from) Stage 2	(27,245,934)	27,479,340	(233,406)	–
Transfer to/(from) Stage 3	(28,532,124)	(3,625,923)	32,158,047	–
Write-offs	–	–	(3,737,553)	(3,737,553)
Fee deferral change	(1,027,368)	(32,445)	(102,152)	(1,161,965)
Foreign exchange movements	131,623	21,088	47,000	199,711
At 31 December 2024	695,561,425	26,968,446	42,204,654	764,734,525
ECL allowance as at 1 January 2024	(5,359,735)	(1,309,599)	(11,064,412)	(17,733,746)
New assets originated or purchased	(15,096,029)	–	–	(15,096,029)
Assets derecognised or repaid	4,494,357	469,984	7,380,947	12,345,288
Net movement on accrued interest	(27,404)	(59,662)	(2,032,198)	(2,119,264)
Transfer to/(from) Stage 1	(318,822)	86,624	232,198	–
Transfer to/(from) Stage 2	276,465	(372,731)	96,266	–
Transfer to/(from) Stage 3	1,437,076	563,210	(2,000,286)	–
Write-offs	–	–	3,737,553	3,737,553
Foreign exchange movements	(11,918)	(19,541)	(31,659)	(63,118)
Impact on ECL from stage transfer and input changes	6,140,619	(1,030,990)	(17,937,368)	(12,827,739)
At 31 December 2024	(8,465,391)	(1,672,705)	(21,618,959)	(31,757,055)
Net Loan at 31 December 2024	687,096,034	25,295,741	20,585,695	732,977,470

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

14. Financial assets

	2025	2024
	MNT'000	MNT'000
Financial assets at FVOCI*		
Debt securities at FVOCI	18,917,096	18,260,381
Equity Securities at FVOCI	2,592,621	3,650,265
	<u>21,509,717</u>	<u>21,910,646</u>
Less: Allowance for impairment loss	(474,591)	–
	<u>21,035,126</u>	<u>21,910,646</u>
Financial assets at FVTPL**	<u>1,500,000</u>	–
Total financial assets	<u>22,535,126</u>	<u>21,910,646</u>

*Financial assets measured at FVOCI consist of quoted debt securities and quoted equity securities held for long-term strategic purposes. Quoted debt securities represent investments in USD bond listed on a foreign market. Quoted equity securities represent investments made in banks listed on the Mongolian Stock Exchange. These investments irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

**Financial assets measured at FVTPL comprise debt securities acquired from the OTC market and designated at fair value due to their short-term or performance-oriented investment objectives, and all subsequent fair value changes relating to these instruments were recognised in profit or loss in accordance with their classification as financial assets at FVTPL.

Movements in the impairment allowance for financial assets are as follows:

	2025	2024
	MNT'000	MNT'000
As at 1 January	–	–
Impairment loss for the year (Note 7)	474,591	–
As at 31 December	<u>474,591</u>	–

15. Prepayments and other receivables

	2025	2024
	MNT'000	MNT'000
Prepayments and advances	4,823,729	2,633,375
Due from borrowers*	4,208,191	2,392,965
Derivative financial instrument related collateral **	1,778,330	–
Due from related parties	1,773,479	809,785
Prepayments related to related parties	756,058	8,813
Other receivables	657,318	781,173
Other inventories	321,715	268,946
Other tax receivables	319,318	193,607
Other non-financial assets	47,887	35,586
Total	<u>14,686,025</u>	<u>7,124,250</u>
Less: Allowance for impairment losses	(1,587,971)	(857,105)
Total prepayments and other receivables	<u>13,098,054</u>	<u>6,267,145</u>

*Due from borrowers include receivables arising from the loan balance transferred to court for the purpose of enforcing obligations through collateral and direct expenses for collection of collateral assets according to the fiduciary contract, such as legal expense and related tax.

In 2025, MNT 2,491 million of receivables relates to fee receivables from principal lenders arising from loan origination during the current year (2024: MNT 1,721 million).

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

15. Prepayments and other receivables (cont'd.)

*** Derivative financial instrument related collateral represents cash collateral amounting to USD 400 thousand or MNT 1,778,330 thousand placed with MFX Solutions LLC as at 31 December 2025 in relation to the CCIRS agreements disclosed in Note 16.

Movements in the impairment allowance for other financial assets are as follows:

	2025 MNT'000	2024 MNT'000
As at 1 January	857,105	239,088
Impairment loss for the year (Note 7)	931,550	752,625
Write-off during the year	(200,684)	(134,608)
As at 31 December	1,587,971	857,105

16. Derivative financial assets and liabilities

The table below shows the fair value of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

	Notional amount MNT'000	Fair value	
		Assets MNT'000	Liabilities MNT'000
At 31 December 2025			
Derivatives			
Cross currency swap contracts*	9,801,885	367,324	–
Cross currency interest rate swap**	17,904,700	–	(355,666)
	27,706,585	367,324	(355,666)
	Notional amount MNT'000	Fair value	
		Assets MNT'000	Liabilities MNT'000
At 31 December 2024			
Derivatives			
Cross currency swap contracts*	13,680,360	122,657	(230,164)
Foreign currency forward contracts**	8,191,260	–	(493,872)
	21,871,620	122,657	(724,036)

* The Group entered into cross-currency interest rate swap agreements with the Bank. At initiation, the Group has paid USD funds to the Bank and received MNT funds at the spot rate. During the term of the agreement with the Bank, the Group receives interest on the USD funds at SOFR plus certain margin and pays interest on the MNT funds at the central bank repo rate. At the end of the term of agreements, the parties shall exchange the principal payments at the exchange rate of the initial transaction. The Group has cross currency swap agreements with foreign financial institution consists of multiple transactions executed between July 2024 and May 2025, to exchange USD for KGS at the agreed spot exchange rate.

** In 30 June 2025, the Group entered into cross-currency interest rate swap (CCIRS) agreement to hedge its foreign currency exposure arising from a USD 5 million loan obtained from foreign financial institution. Under the terms of the CCIRS agreements, the Group pays a fixed interest rate of 17.47% on the MNT denominated leg and receives a fixed interest rate of 8.8% on the USD denominated leg. The swap agreements have contractual maturity ending in 15 June 2028. In accordance with the Credit Support Annex to the CCIRS agreements, the Group placed cash collateral (Note 15).

The Group's exposure under derivative agreements is closely monitored as part of the overall management of its market risk. Risk management strategy and how it is applied to manage risks are disclosed in Note 31.

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

17. Repossessed collateral and assets held for sale

	2025	2024
	MNT'000	MNT'000
Assets held for sale (Note 17.1)	9,819,808	3,309,939
Repossessed collateral (Note 17.2)	4,065,109	2,537,046
	13,884,917	5,846,985
Less: Allowance for impairment losses	–	(170,691)
At 31 December	13,884,917	5,676,294

17.1. Assets held for sale

	2025	2024
	MNT'000	MNT'000
At 1 January	3,309,939	–
Transfer from repossessed collateral (Note 17.2)	17,219,806	3,470,499
Transfer to property and equipment (Note 18)	(441,000)	–
Disposal	(10,136,916)	–
Impairment loss for the year (Note 9)	(132,021)	(160,560)
At 31 December	9,819,808	3,309,939

The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification.

17.2. Repossessed collateral

	2025	2024
	MNT'000	MNT'000
At 1 January	2,537,046	1,921,042
Addition	23,019,056	4,923,106
Transfer to asset held for sale (Note 17.1)	(17,219,806)	(3,470,499)
Transfer from property and equipment (Note 18)	224,536	–
Disposal	(4,514,319)	(836,603)
Translation difference	18,596	–
	4,065,109	2,537,046
Less: Allowance for impairment losses	–	(170,691)
At 31 December	4,065,109	2,366,355

Repossessed collateral represent real estate assets acquired by the Group in settlement of overdue loans. The Group expects to dispose of these assets in the foreseeable future.

Movements in the impairment allowance for foreclosed properties are as follows:

	2025	2024
	MNT'000	MNT'000
At 1 January	170,691	895,663
Impairment reversal for the year (Note 6)	(174,716)	(628,021)
Foreign exchange movement	4,025	(96,951)
At 31 December	–	170,691

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

18. Property, equipment and right-of-use assets

	Buildings	Computers and accessories	Vehicles	Furniture and fixtures	Leasehold improvement	Right of use asset	Total
	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000
<i>(i) Cost</i>							
At 1 January 2025	9,596,550	2,350,580	901,991	2,541,981	1,989,519	5,187,144	22,567,765
Additions	198,800	678,703	213,225	669,992	1,117,405	2,494,402	5,372,527
Disposals	–	(95,944)	(74,851)	(78,481)	–	(371,095)	(620,371)
Transfer from assets held for sale	–	–	441,000	–	–	–	441,000
Transfer to repossessed collateral	–	–	(312,450)	–	–	–	(312,450)
Lease modification	–	–	–	–	–	39,429	39,429
Write-off	–	(284,567)	–	(142,780)	(87,118)	–	(514,465)
Foreign exchange movements	–	10,086	3,953	14,783	(3,014)	57,199	83,007
At 31 December 2025	9,795,350	2,658,858	1,172,868	3,005,495	3,016,792	7,407,079	27,056,442
<i>(ii) Accumulated depreciation</i>							
At 1 January 2025	(465,587)	(1,847,604)	(163,264)	(711,724)	(652,298)	(1,963,760)	(5,804,237)
Depreciation	(389,199)	(471,273)	(107,179)	(290,933)	(929,524)	(1,450,541)	(3,638,649)
Disposals	–	76,788	3,920	32,275	–	145,948	258,931
Transfer to repossessed collateral	–	–	87,914	–	–	–	87,914
Write-off	–	283,257	17,242	71,423	54,417	–	426,339
Foreign exchange movements	–	(5,491)	(504)	(3,922)	5,059	(13,517)	(18,375)
At 31 December 2025	(854,786)	(1,964,323)	(161,871)	(902,881)	(1,522,346)	(3,281,870)	(8,688,077)
<i>(iii) Net book value</i>							
At 31 December 2025	8,940,564	694,535	1,010,997	2,102,614	1,494,446	4,125,209	18,368,365

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

18. Property, equipment and right-of-use assets (cont'd.)

	Buildings	Computers and accessories	Vehicles	Furniture and fixtures	Other assets	Leasehold improvement	Right of use asset	Total
	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000
<i>(i) Cost</i>								
At 1 January 2024	8,163,947	2,266,838	818,958	1,701,950	105,100	1,165,829	2,966,535	17,189,157
Additions	1,439,775	437,144	181,204	666,774	–	806,838	2,327,964	5,859,699
Disposals	–	(80,789)	(30,540)	(30,806)	–	(13,652)	(172,495)	(328,282)
Reclass	(7,172)	(173,635)	(68,684)	290,211	(105,100)	64,380	–	–
Lease modification	–	–	–	–	–	–	127,717	127,717
Write-off	–	(99,080)	–	(84,835)	–	(35,832)	–	(219,747)
Foreign exchange movements	–	102	1,053	(1,313)	–	1,956	(62,577)	(60,779)
At 31 December 2024	9,596,550	2,350,580	901,991	2,541,981	–	1,989,519	5,187,144	22,567,765
<i>(ii) Accumulated depreciation</i>								
At 1 January 2024	(124,839)	(1,673,919)	(116,385)	(389,428)	(24,445)	(219,244)	(818,091)	(3,366,351)
Depreciation	(340,748)	(484,915)	(87,604)	(229,050)	–	(431,724)	(1,145,669)	(2,719,710)
Disposals	–	75,561	16,680	21,458	–	13,652	–	127,351
Reclass	–	138,759	24,170	(172,945)	24,445	(14,429)	–	–
Write-off	–	99,080	–	59,559	–	–	–	158,639
Foreign exchange movements	–	(2,170)	(125)	(1,318)	–	(553)	–	(4,166)
At 31 December 2024	(465,587)	(1,847,604)	(163,264)	(711,724)	–	(652,298)	(1,963,760)	(5,804,237)
<i>(iii) Net book value</i>								
At 31 December 2024	9,130,963	502,976	738,727	1,830,257	–	1,337,221	3,223,384	16,763,528

The Group leases a number of properties in Ulaanbaatar city and the provinces of Mongolia and Republic of Kyrgyzstan, Kazakhstan as their office premises for the use in their branch operations. The lease agreements provide for fixed payments over the lease term.

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

18. Property, equipment and right-of-use assets (cont'd.)

	2025 MNT'000	2024 MNT'000
Short-term leases	167,456	125,250
Low value leases	115,020	154,109
	<u>282,476</u>	<u>279,359</u>

19. Intangible assets

	Computer software	
	2025 MNT'000	2024 MNT'000
<i>(i) Cost</i>		
At 1 January	7,794,209	6,029,478
Acquisitions	1,488,212	1,772,493
Disposals	–	(8,186)
Write-off	(82,306)	–
Foreign exchange movements	(906)	424
At 31 December	<u>9,199,209</u>	<u>7,794,209</u>
<i>(ii) Accumulated depreciation</i>		
At 1 January	(1,902,437)	(1,244,099)
Amortisation	(833,423)	(665,734)
Disposals	–	8,186
Write-off	39,006	–
Foreign exchange movements	4,053	(790)
At 31 December	<u>(2,692,801)</u>	<u>(1,902,437)</u>
<i>(iii) Net book value</i>		
At 31 December	<u>6,506,408</u>	<u>5,891,772</u>

20. Goodwill

Certain subsidiaries of the Group, reasonably expected to benefit from the synergies of the acquisition that generated the goodwill, are considered CGUs for the purpose of the test. The goodwill of different CGUs are as below:

	2025 MNT'000	2024 MNT'000
Invescore NBFJ JSC	282,336	282,336
Invescore CA MFC	10,291	10,291
Total	<u>292,627</u>	<u>292,627</u>

No impairment of goodwill has been identified and recognised for the year, as the value in use exceeds the carrying value with sufficient headroom available.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

21. Borrowed funds

	At 31 December 2025		At 31 December 2024	
	Book value MNT'000	Fair value MNT'000	Book value MNT'000	Fair value MNT'000
From bank				
- Secured	132,082,597	133,048,695	145,200,403	147,791,755
- Unsecured	44,414,275	47,608,541	45,689,731	37,771,165
From financial institutions				
- Secured	6,959,593	7,726,243	–	–
- Unsecured	230,745,211	233,928,806	119,390,621	129,776,179
From individuals - unsecured	8,499,546	8,628,601	65,546	71,833
From companies- unsecured	8,375,898	6,648,624	7,048,028	6,948,028
Accrued interest payable	11,013,709	11,133,404	7,402,964	7,466,620
	442,090,829	448,722,914	324,797,293	329,825,580
Less: Deferred fee	(2,316,475)	(2,316,475)	(1,295,011)	(1,295,011)
Total borrowings, net	439,774,354	446,406,439	323,502,282	328,530,569

Fixed rate of interest range from 5.5% to 21.5% and floating rate of interest range from 8.95% to 16.65%.

Covenant breaches and cross-covenant implications

As at 31 December 2025, the Group was not in compliance with certain financial covenants relating primarily to the non-performing loan (NPL) ratio under borrowing agreements with lenders. As a result, borrowings with a carrying amount of MNT 180.1 billion (2024: nil) were in breach of covenant requirements, for which the waivers had not been obtained as at the reporting date.

In addition, certain of the Group's borrowing agreements contain cross covenant provisions, whereby a covenant breach under one facility may constitute a default under other borrowing arrangements. As a result of the application of such cross-covenant provisions, borrowings with a carrying amount of MNT 75.4 billion were also classified as current liabilities and cash of MNT 1.1 billion was restricted as at the reporting date (see Note 12).

Based on management's assessment of these contractual provisions, the Group classified the affected borrowings as current liabilities as at 31 December 2025 in accordance with IAS 1 Presentation of Financial Statements.

As of the date of this report, no lenders have exercised their rights to demand early repayment. The Group was not in default of any principal or interest payments in respect of its borrowings as at 31 December 2025 and 31 December 2024.

Management is implementing remediation actions and expects the Group to meet its covenant requirements by the end of 2026.

22. Bonds payable

	2025 MNT'000	2024 MNT'000
Listed bond	7,120,017	6,879,813
Non-listed bond	107,010,000	116,700,000
Accumulated interest payable	2,787,717	2,749,988
	116,917,734	126,329,801
Less: Deferred fee expense	(1,119,364)	(1,747,882)
Total bonds payable	115,798,370	124,581,919

All bonds carry fixed rate of interest of 17.0%-20.0% (2024: 17.0%-19.0%) annually and are unsecured.

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

23. Private placement of deposits

	At 31 December 2025		At 31 December 2024	
	Book value	Fair value	Book value	Fair value
	MNT'000	MNT'000	MNT'000	MNT'000
Individuals	141,605,934	141,578,386	146,008,480	146,009,372
Corporate	64,586,467	69,558,039	48,387,445	48,387,445
Accrued interest payable	14,140,520	14,140,520	12,993,766	12,993,766
Total	220,332,921	225,276,945	207,389,691	207,390,583

The trust financing arrangements bear annual interest rates ranging from 3.0% to 25.0% (2024: 5.0% to 22.0%) and mature between 1 January 2026 and 31 December 2027.

24. Other liabilities

	2025	2024
	MNT'000	MNT'000
Financial Liabilities		
Loan related payables*	5,258,485	3,955,440
Accrued payables	4,326,261	2,581,063
Lease liability**	4,378,818	3,340,561
Other financial liabilities	3,346,926	1,256,338
Convertible liability (Note 24.1)	792,879	1,333,156
Due to related parties	803,896	863,184
Provision on off-balance sheet commitments (Note 30)	207,245	–
Unallocated loan repayments	85,307	42,433
	19,199,817	13,372,175
Non-financial liabilities		
Withholding tax payable	6,605,192	319,041
Other tax and social health insurance payables	472,993	233,403
Other non-financial liabilities	750,029	367,060
	7,828,214	919,504
Total other liabilities	27,028,031	14,291,679

*Loan related payables include prepayments and overpayments of loans from borrowers and prepayment and advance receipt under an arrangement from retail loan distributor channel partner.

**Lease liabilities are measured at their discounted present value using the Group's incremental borrowing rates. The incremental borrowing rate of the Group are interest rate to be paid on the same loan from an independent lender on the same terms and conditions. The weighted average rate used ranges from 17.75%-21.22% in 2025 (2024: between 19.5%-21.6%). Movements in lease liabilities are disclosed within the reconciliation of changes in liabilities arising from financing activities in the consolidated statement of cash flows.

24.1. Convertible liability

	2025	2024
	MNT'000	MNT'000
Balance at 1 January	1,333,156	1,818,929
Interest expense (Note 4)	226,819	345,597
Interest payment	(767,096)	(831,370)
Balance at 31 December	792,879	1,333,156

On 22 December 2021, the Group issued convertible debt of MNT 5,000,000 thousand, interest is payable at 17.0% per annum. Interest is payable in cash semi-annually in arrears. The principal amount of the loan is to be converted into 500,000 common equity shares of the Group at the end of the 5 years from the issue date. Accrued, but unpaid interest must be settled in cash at the time of conversion.

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

24. Other liabilities (cont'd.)

24.1. Convertible liability (cont'd.)

As the conversion feature results in a mandatory conversion of a fixed amount of stated principal into a fixed number of shares, it satisfies the “fixed for fixed” criterion and, therefore, it is classified as an equity instrument.

The value of the liability component and the equity conversion component were determined at the date the instrument was issued.

The fair value of the liability component, included in non-current borrowings, at inception was calculated using a market interest rate for an equivalent instrument without conversion option. The discount rate applied was 19%.

25. Share capital

The Group is a joint stock company listed on the MSE. The total issued share capital of the Group represents 75,744,281 ordinary shares (2024: 75,744,281) with nominal value of MNT 227 per share (2024: MNT 227 per share). All issued ordinary shares are fully paid.

Information on the Group’s shareholder is shown below:

Name of shareholder	At 31 December 2025		At 31 December 2024	
	Ownership %	Share capital MNT'000	Ownership %	Share capital MNT'000
SIBJ Capital LLC	80.49%	13,839,412	80.49%	13,839,412
Public	19.51%	3,354,540	19.51%	3,354,540
Total	100%	17,193,952	100%	17,193,952

According to the decision No.197 of the Financial Regulatory Commission dated 29 April 2024, and the resolution No. A/04 of the Group's shareholder’s meeting held on 14 April 2023, the Group issued 2,400,000 preferred shares with a nominal value of MNT 5,000 each within a closed framework on 9 May 2024.

Each share carries one voting right and distribution of dividend is discretion of the Group which is subject to approval by the Board of Directors.

Preference share has a conversion option into common shares of the Group after 5 years from the date of successful trade of preferred shares to initial investor. The Group has an option to reacquire these preference shares from the investor but has no obligation to do so as of 31 December 2025.

	Ordinary shares		Share premium	
	2025 MNT'000	2024 MNT'000	2025 MNT'000	2024 MNT'000
At 1 January and 31 December	17,193,952	17,193,952	29,820,733	29,820,733

	Preference shares		Treasury shares	
	2025 MNT'000	2024 MNT'000	2025 MNT'000	2024 MNT'000
At 1 January	11,831,009	–	–	–
Issued during the year	–	12,000,000	–	–
Transaction cost	–	(168,991)	–	–
Purchase of treasury shares	–	–	(5,865,387)	–
At 31 December	11,831,009	11,831,009	(5,865,387)	–

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

26. Other reserves

	Fair value reserve	Regulatory reserve	Convertible debt option reserve	Share based payments reserve	Total
	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000
At 1 January 2024	(710,125)	–	2,401,010	–	1,690,885
Net gain on FVOCI instruments	1,964,330	–	–	–	1,964,330
Deferred tax movement	(327,695)	–	–	–	(327,695)
Transfer of revaluation reserve due to disposal	(170,929)	–	–	–	(170,929)
Movement on regulatory reserve	–	3,848,807	–	–	3,848,807
At 31 December 2024 and 1 January 2025	755,581	3,848,807	2,401,010	–	7,005,398
Net gain on FVOCI instruments	(37,564)	–	–	–	(37,564)
Deferred tax movement	75,993	–	–	–	75,993
Transfer of revaluation reserve due to disposal	(196,564)	–	–	–	(196,564)
Movement on regulatory reserve	–	2,129,451	–	–	2,129,451
Share-based payment reserve (Note 26.1)	–	–	–	192,579	192,579
At 31 December 2025	597,446	5,978,258	2,401,010	192,579	9,169,293

26.1. Share based payments

Employee Share Ownership Program (“ESOP”)

Under the ESOP, the Group, in accordance with its approved remuneration framework, grants ordinary shares of the to senior executives and key employees. Shares are purchased on the open market at the prevailing market price and transferred into the employee’s brokerage account, where they remain restricted until they vest.

Vesting of the awards is dependent on the employee’s continued service with the Group and the achievement of specified non-market performance conditions linked to the Group’s internal metrics, the profitability of the Group, and the profitability of the Group and its subsidiaries ("the Group"). Employees must remain in employment for a total vesting period of three years from the date of grant, with the awards vesting on a graded basis of 20% after Year 1, 20% after Year 2, and 60% after Year 3.

Participants obtain beneficial ownership of the shares at the date of grant, including dividend rights and voting rights, but access to the shares is restricted until the vesting conditions are satisfied. If vesting conditions are not met or employment terminates before completion of the vesting period, the unvested portion of the award must be returned, with the employee reimbursing the Group for the unvested shares at the prevailing market price on the forfeiture date.

During the year, the Group granted 84,602 shares to employees under its equity-settled share-based payment plan, with a total grant-date fair value of MNT 741,922 thousand. As the awards represent direct share grants with no option features, fair value was determined solely based on the market price at the grant date in accordance with IFRS 2, and non-market performance conditions were excluded from the fair value measurement but were considered in estimating the number of awards expected to vest. The market price of the shares at the grant dates ranged from MNT 8,320 to MNT 9,110 per share.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

26. Other reserves (cont'd.)

26.1. Share based payments (cont'd.)

The expense recognised for employee services received during the year is shown in the following table:

	2025 MNT'000	2024 MNT'000
Expenses arising from equity-settled share based payment transactions (Note 8)	192,579	–

The outstanding balances recognised in the balance sheet in relation to ESOP are shown in the table below:

	2025 MNT'000	2024 MNT'000
Prepayments related to the unvested awards*	513,544	–
Other receivables due to non-vesting*	132,527	–
Unrealised gain on FV of related other receivable	(4,141)	–
	641,930	–
Reclassified to receivables due termination of contract	99,992	–
Total ESOP funding initially recognised as prepayments	741,922	–

As at 31 December 2025, the Group assessed the performance outcomes for the first year of the plan and determined that the performance conditions applicable to the initial vesting tranche will not be met. As a result, no shares are expected to vest in Year 1, as these awards are not expected to vest, the corresponding portion of the initial funding has been reclassified from prepayments to receivables, representing amounts contractually recoverable from employees. The contractual vesting structure of the plan remains unchanged, with future tranches eligible for vesting in Years 2 and 3 subject to continued employment and the achievement of the required performance conditions.

*These amounts are included in 'Prepayments and advances' and 'Other receivables', as presented in Note 15 to the consolidated financial statements.

27. Non-controlling interests

InvesCore CA MFC, a 92.8% (2024: 81.0%) owned subsidiary of the Group, has material non-controlling interests (NCI).

The table below shows details of Groups that has non-controlling interests:

Name of subsidiary	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit and other comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025 MNT'000	2024 MNT'000	2025 MNT'000	2024 MNT'000
Invescore CA MFC	Kyrgyzstan	92.8%	81.0%	498,698	522,130	380,286	1,612,319

Non-controlling interest

	2025 MNT'000	2024 MNT'000
Balance at beginning of the year	1,612,319	1,090,189
Issuance of share capital	461,488	282,114
Profit for the year	429,731	461,474
Other comprehensive income for the period/year	68,967	60,656
Dividend paid to non-controlling interest	(461,488)	(282,114)
Purchase of share capital	(1,730,731)	–
Balance at end of the year	380,286	1,612,319

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

28. Segment reporting

The Group's operating activities involve the provision of lending and related financial services. Operating results are reviewed by the Group's Chief Executive Officer, who is the Group's Chief Operating Decision Maker for the purposes of IFRS 8. Performance is assessed based on profit for the year, which is consistent with the amounts reported in the consolidated financial statements.

The Group's revenues are primarily derived from interest income, fee and commission income and other income from financing activities. The Group operates predominantly within Mongolia, with additional activities in other Asian countries. Non-current assets are located in the jurisdictions in which the Group operates.

The Group does not have any customers that individually account for 10% or more of total revenue. The details of the geographical segment is given below.

At 31 December 2025	Mongolia	Other Asian countries	Total
	MNT'000	MNT'000	MNT'000
Segment results			
External revenue			
Interest income	285,933,982	24,888,305	310,822,287
Interest expense	(110,259,173)	(6,619,967)	(116,879,140)
Fees and commission income	39,732,812	644,313	40,377,125
Fees and commission expense	(436,540)	(146,943)	(583,483)
Total segment revenue	214,971,081	18,765,708	233,736,789
Allowance for expected credit loss	(58,479,340)	(912,367)	(59,391,707)
Other operating income, net	5,809,805	692,649	6,502,454
Total operating income	162,301,546	18,545,990	180,847,536
Employee costs	(22,407,568)	(4,327,874)	(26,735,442)
Depreciation and amortisation expense	(3,860,687)	(611,385)	(4,472,072)
Administrative expenses	(21,147,867)	(1,519,864)	(22,667,731)
Profit before tax	114,885,424	12,086,867	126,972,291
Income tax expense	(25,987,542)	(400,954)	(26,388,496)
Profit for the year	88,897,882	11,685,913	100,583,795
Segment assets	1,038,871,996	102,049,235	1,140,921,231
Segment liabilities	759,863,280	44,524,918	804,388,198
Depreciation and amortisation	3,860,686	611,386	4,472,072
Capital expenditure*	3,970,835	395,502	4,366,337

*Segment capital expenditure is the total cost incurred during the period to acquire property, equipment and intangible assets.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

28. Segment reporting (cont'd.)

At 31 December 2024	Mongolia	Other Asian countries	Total
	MNT'000	MNT'000	MNT'000
Segment results			
External revenue			
Interest income	210,534,337	13,998,622	224,532,959
Interest expense	(76,290,212)	(7,243,933)	(83,534,145)
Fees and commission income	24,818,330	68,359	24,886,689
Fees and commission expense	(273,990)	(174,775)	(448,765)
Net interest income	158,788,465	6,648,273	165,436,738
Allowance for expected credit loss	(17,354,412)	(1,107,387)	(18,461,799)
Other operating income, net	1,783,360	303,641	2,087,001
Net operating Income	143,217,413	5,844,527	149,061,940
Employee costs	(17,361,410)	(2,707,599)	(20,069,009)
Depreciation and amortisation expense	(3,019,215)	(366,229)	(3,385,444)
Administrative expenses	(16,810,824)	(1,505,458)	(18,316,282)
Profit before tax	106,025,964	1,265,241	107,291,205
Income tax expense	(23,530,885)	(321,666)	(23,852,551)
Profit for the year	82,495,079	943,575	83,438,654
Segment assets	861,509,017	64,865,202	926,374,219
Segment liabilities	626,532,910	51,317,897	677,850,807
Depreciation and amortisation	3,019,215	366,229	3,385,444
Capital expenditure*	4,964,379	339,849	5,304,228

*Segment capital expenditure is the total cost incurred during the period to acquire property, equipment and intangible assets.

External revenue reported above are both by location of customer and location of assets.

29. Related party transactions

The Group's related parties are individuals and other entities. The Group has a related party relationship with the following entities and individuals:

Name of related parties	Country of incorporation	Relationship	Type of main transactions
ICFG Limited	Guernsey	Ultimate parent, holding company	Borrowings
ICFG Pte. Ltd.	Singapore	Parent company	None
SIBJ Capital LLC	Mongolia	Immediate parent company	Borrowings, intercompany transactions
Ankbold B.	Mongolia	Shareholder, Member of the Board of Directors	Private placements
Kawazoe T.	Japan	Shareholder of parent company	None
Invescore Capital SC LLC	Mongolia		Borrowing, underwriting service
Invescore Property LLC	Mongolia	Fellow subsidiary	Intercompany transactions
AI Lab LLC	Mongolia		Borrowings, Private placements, system development

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

29. Related party transactions (cont'd.)

Transactions with related parties

The transactions with related parties for the year ended 31 December 2025 and 2024 were as follows:

	Sales to related parties		Purchases from related parties		Prepayment paid		Dividend paid	
	2025	2024	2025	2024	2025	2024	2025	2024
	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000
Entity with significant influence over the Group								
SIBJ Capital LLC	–	–	1,960,454	565,248	5,391	6,417	3,658,124	3,231,343
Fellow subsidiaries:								
Invescore Property LLC	34,768	11,360	556,567	1,628,830	18,993	700	–	6,999
Invescore Capital SC LLC	–	–	154,408	94	996,937	1,696	12,956	–
AI Lab LLC	–	–	3,763,219	850,150	9,167	–	–	–
Other related parties	–	–	3,005,230	1,808,119	–	–	–	–
Members of the Board of Directors and key management personnel of the Group	–	–	–	–	326,148	–	–	–
Total	34,768	11,360	9,439,878	4,852,441	1,356,636	8,813	3,671,080	3,238,342
	Interest income		Amounts due from		Interest expense		Amounts due to	
	2025	2024	2025	2024	2025	2024	2025	2024
	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000
Entity with significant influence over the Group								
ICFG Limited	161,078	–	1,925,016	–	–	–	–	–
SIBJ Capital LLC	–	–	774,303	774,303	363,703	590,470	3,193,890	6,479,040
Fellow subsidiaries:								
Invescore Property LLC	–	26,067	5,195	–	437,367	336,222	5,649,663	2,713,220
Invescore Capital SC LLC	211,557	209,892	82	131,723	–	–	–	–
AI Lab LLC	–	–	–	–	99,230	–	1,200,897	58,701
Other related parties	696,847	549,796	7,573,124	3,309,020	416,259	17,000	1,781,656	–
Members of the Board of Directors and key management personnel of the Group	52,763	20,364	331,903	89,581	480,065	144,902	1,771,005	1,335,933
Total	1,122,245	806,119	10,609,623	4,304,627	1,796,624	1,088,594	13,597,111	10,586,894

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

29. Related party transactions (cont'd.)

Key management personnel compensation:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Group and its employees.

Salaries, incentives and benefits of key management personnel is presented below:

	2025 MNT'000	2024 MNT'000
<i>Short-term benefit:</i>		
- Salaries and incentives	2,946,783	1,837,563
- Social and Health Insurance	381,599	183,760
	<u>3,328,382</u>	<u>2,021,323</u>

30. Contingent liabilities and commitments

Legal claims

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

Obligation and guarantee of loans to customers

In order to meet the financial needs and requirements of its customers, the Group issues line of credits. This means that the Group has a contractual obligation to open a line of credit. The Group does not have any financial guarantees. The outstanding credit lines as of current and previous reporting date are as follows:

	2025 MNT'000	2024 MNT'000
Unutilised credit limit	<u>16,092,840</u>	<u>24,248,881</u>

An analysis of changes in the outstanding exposures and the corresponding ECL allowance as at 31 December 2025 (2024: ECL allowance of nil) is (Note 24), as follows:

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
Outstanding exposures as at 1 January 2025	23,342,658	519	905,704	24,248,881
New exposure	53,072,504	–	–	53,072,504
Exposures derecognised or matured	(60,327,182)	4,248	(905,611)	(61,228,545)
Transfer to/(from) Stage 2	(1,523,507)	1,523,507	–	–
Transfer to/(from) Stage 3	(61,401)	–	61,401	–
At 31 December 2025	<u>14,503,072</u>	<u>1,528,274</u>	<u>61,494</u>	<u>16,092,840</u>
ECL allowance as at 1 January 2025	–	–	–	–
New exposure	(207,245)	–	–	(207,245)
Transfer to/(from) Stage 2	34,050	(34,050)	–	–
Transfer to/(from) Stage 3	18,165	–	(18,165)	–
At 31 December 2025	<u>(155,030)</u>	<u>(34,050)</u>	<u>(18,165)</u>	<u>(207,245)</u>

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

31. Financial instruments – Risk management

The Group is exposed through its operations to the following financial risks:

- a) Credit risk,
- b) Market risk
 - (1) Interest rate risk,
 - (2) Foreign exchange risk,
 - (3) Other market price risk
- c) Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Loans provided to customers
- Cash and cash equivalents
- Other financial assets
- Private placement of deposit
- Other financial liabilities

(ii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, loans to customers, other financial assets, borrowings, bond payables, convertible liability, private placement of deposits, and other financial liabilities. Due to their short-term nature, the carrying value of cash and cash equivalents, other financial assets, and other payables approximates their fair value.

General objectives, policies and processes

The Group's risk management framework is designed to support the achievement of its strategic objectives while maintaining prudent risk levels and ensuring compliance with regulatory requirements. The Board of Directors has overall responsibility for setting the Group's risk management objectives, policies, and risk appetite, and for overseeing the effectiveness of the risk management framework.

The Group applies a structured risk governance approach based on the Three Lines of Defence model. Business and operational units (First Line) own the day-to-day risk management procedures and processes within their respective areas and are responsible for identifying, assessing, managing, and reporting risks arising from their activities. The Risk and Compliance function (Second Line) establishes risk management policies, procedures, and limits, monitors risk exposures, and provides oversight and guidance. The Internal Audit function (Third Line) independently reviews the effectiveness of risk management processes, internal controls, and governance arrangements, reporting its findings to the Audit Committee and the Board.

The Board exercises oversight over the financial reporting and accounting process through its governance structure, including the Audit Committee. The Audit Committee reviews the integrity of financial statements, the effectiveness of internal controls over financial reporting, key accounting judgments and estimates, and the work of external and internal auditors. Management provides regular financial and risk reports to the Board and its committees, enabling effective monitoring of financial performance, compliance with accounting standards, and adherence to approved policies.

Risk management processes include regular monitoring of key risk exposures, periodic risk reporting to management and the Board, and ongoing review of risk policies to ensure they remain appropriate to the Group's operations and external environment. These processes are designed to ensure risks are identified, assessed, managed, and reported in a timely manner to support informed decision-making and effective corporate governance.

The overall objective of the management is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

31. Financial instruments – Risk management (cont'd.)

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from the customers not being able to fulfill its obligations under the loan agreement, impairment of the collateral, and not being able to fulfill its obligations with the collateral.

The Group implements credit risk management in a unified manner, with joint authority of professional units and regular discussions and decisions made through the Credit committee. High-value and high-risk loans are discussed at the meetings of the risk management committee, which is under the Board of Directors.

The Group follows the 'Risk Management Policy' approved by the Board of Directors and the 'Credit Risk Management Procedures' approved by the credit risk committee in its loan operations. According to the policy, the risk management process consists of 5 interrelated stages.

1. Risk identification
2. Risk analysis and measurement
3. Risk assessment—Quantitative and qualitative approaches appropriate to the nature of the risk
4. Risk treatment
5. Monitor and review

The main purpose of credit risk management is to adhere to the level of credit risk acceptance standards used in managing credit risk, and to maintain the risk and expected return from loan activities at the most optimal level.

The Group adheres to the following principles in their credit risk management activities:

1. Have a credit risk management system in place.
2. Have a control system to prevent credit risks in advance
3. Implement post-loan monitoring and prevent potential risks
4. Consider environmental and social risks in credit activities
5. Protect the confidentiality of information.
6. No conflicts of interest.

The Group determines the level of credit risk by setting permissible risk limits and thresholds for individuals and legal entities. The Group manages situations where the credit risk acceptance criteria may be violated by analyzing the borrower's ability to meet their loan interest payments and repayment responsibilities. Exposure to credit risk is also managed by obtaining collateral and corporate or personal guarantees.

Maximum exposure to credit risk without taking account of collateral and other credit enhancements.

Gross maximum exposure	Note	2025 MNT'000	2024 MNT'000
Cash and bank balances	12	182,507,743	135,287,651
Loans and advances to customers	13	944,117,215	764,734,525
Debt securities at FVOCI		18,917,096	18,260,381
Other financial assets		8,311,851	3,983,923
Total on balance sheet		1,153,853,905	922,266,480
Unutilised credit limit	30	16,092,840	24,248,881
Total commitments		16,092,840	24,248,881
Total credit risk exposure		1,169,946,745	946,515,361

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

31. Financial instruments – Risk management (cont'd.)

a) Credit risk (cont'd.)

Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost based on the Group's internal credit grading. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 2.4. (d)(vi).

	PD range	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
31 December 2025					
Performing	0.01 - 7.6%	981,182,719	–	–	981,182,719
Past due	5 - 49.9%	–	72,808,386	–	72,808,386
Substandard	25 -100%	–	–	46,854,629	46,854,629
Doubtful	50 -100%	–	–	40,383,664	40,383,664
Loss	100%	–	–	17,078,451	17,078,451
Deferred fee		(4,097,061)	(205,726)	(151,157)	(4,453,944)
Gross amount		977,085,658	72,602,660	104,165,587	1,153,853,905
Less: Loss allowance		(9,564,096)	(3,658,271)	(50,688,302)	(63,910,669)
Net amount		967,521,562	68,944,389	53,477,285	1,089,943,236
31 December 2024					
Performing	0.02-4.8%	854,544,428	–	–	854,544,428
Past due	3-71.3%	–	27,428,633	–	27,428,633
Substandard	100%	–	–	13,041,311	13,041,311
Doubtful	100%	–	–	18,344,711	18,344,711
Loss	100%	–	–	12,305,950	12,305,950
Deferred fee		(3,140,774)	(107,409)	(150,370)	(3,398,553)
Gross amount		851,403,654	27,321,224	43,541,602	922,266,480
Less: Loss allowance		(8,489,356)	(1,678,545)	(22,470,224)	(32,638,125)
Net amount		842,914,298	25,642,679	21,071,378	889,628,355

Amounts arising from ECL

To reduce the credit risk of financial assets, the Group requires collateral from borrowers. The standards, requirements, and acceptable types of collateral are specified in the collateral policy. Depending on the characteristics of the loan product, the collateral varies according to the loan product, for example, movable and immovable assets for business loans. As for consumer loans, usually the underlying appliances or assets are collateralised.

Regarding digital loan disbursed through Pocket platform, the Group relies on credit scoring model of the borrower and doesn't require a collateral.

Collateral and other credit enhancements

The Group maintains collateral coverage in order to mitigate credit risk. The following table sets out the principal types of collateral held against different types of financial assets.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

31. Financial instruments – Risk management (cont'd.)

a) Credit risk (cont'd.)

Collateral and other credit enhancements (cont'd.)

	Fair value of collateral and credit enhancements held									Net Exposure	% of exposure subject to collateral arrangements	Associated ECL
	Maximum exposure to credit risk	Property	Goods in turnover	Vehicles	Cash Deposits	Other financial instruments	Equipment	Other	Grand Total			
31-Dec-25	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000
Loans and advances to customers												
Business loan	304,819,093	298,646,741	3,636,698	338,181,543	5,000,000	27,749,698	138,731,097	247,000	812,192,777	–	100%	24,507,873
Car loan	230,850,616	1,075,417	–	732,062,499	–	–	413,000	–	733,550,916	–	100%	5,182,422
Consumer loan	26,063,996	42,098,873	3,582,645	7,481,341	1,626,856	11,300	524,968	–	55,325,983	–	100%	2,276,537
Rapid loan	12,706,985	23,376,909	–	17,874,695	–	2,596,505	70,000	487,000	44,405,109	–	100%	1,730,618
Pocket	369,676,525	–	–	–	–	–	–	–	–	369,676,525	0%	27,791,740
Total	944,117,215	365,197,940	7,219,343	1,095,600,078	6,626,856	30,357,503	139,739,065	734,000	1,645,474,785	369,676,525		61,489,190
31-Dec-24												
Loans and advances to customers												
Business loan	204,734,681	311,002,231	2,388,516	121,286,692	–	52,832,573	168,036,857	382,000	655,928,869	–	100%	12,114,754
Car loan	262,924,449	5,339,639	–	780,445,816	–	144,673	990,892	–	786,921,020	–	100%	5,399,236
Consumer loan	21,512,837	20,162,222	8,917,914	3,191,550	3,583,549	1,094,061	130,000	–	37,079,296	–	100%	1,349,581
Rapid loan	28,242,270	175,563,287	–	38,155,903	–	1,132,088	120,000	1,112,000	216,083,278	–	100%	1,072,793
Pocket	247,320,288	–	–	–	–	–	–	–	–	247,320,287	0%	11,820,691
Total	764,734,525	512,067,379	11,306,430	943,079,961	3,583,549	55,203,395	169,277,749	1,494,000	1,696,012,463	247,320,287		31,757,055

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

31. Financial instruments – Risk management (cont'd.)

a) Credit risk (cont'd.)

The collateral for the loan should be sufficient to cover not only the principal payment and interest accrued on the principal but also any penalties or fines incurred on risky loans. The collateral is valued based on methods such as the standard valuation method, market comparison approach, and income-cost approach, and its market value is determined and appraised accordingly. The management monitors the value of collateral.

Inputs, assumptions and techniques used for estimating impairment

The Group applies the IFRS 9 general 3-stage approach to measure expected credit losses. To measure expected credit losses on a collective basis, loan receivables are grouped based on similar credit risk characteristics and aging. Expected credit loss is estimated by using seven years of historical data and current year data. Probability of default is calculated by taking into account of actual and forward looking macro-economic factors.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- backstop indicator: if more than 30 days past due, or restructured and internal and external ratings decreased by two or more grades, financial asset is assigned to Stage 2; if more than 90 days past due and thus defaulted, financial asset is allocated to Stage 3.

Credit risk grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Borrower's financial condition, use of credit, restructuring of contract, repayment history, stability of income, economic movement, reference from law enforcement agencies are considered in order to determine the impairment of financial asset.

- Internally collected data on customer behaviour – e.g. utilisation of credit card facilities
- External data from credit reference agencies,
- Payment record – this includes overdue status as well as a range of variables about payment ratios
- Utilisation of the granted limit
- Request for amendment of contract terms
- Existing and forecast changes in business, financial and economic conditions

Determining whether credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting period. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experience.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

31. Financial instruments – Risk management (cont'd.)

a) Credit risk (cont'd.)

Inputs, assumptions and techniques used for estimating impairment (cont'd.)

Determining whether credit risk has increased significantly (cont'd.)

As a backstop, the Group considers that a significant increase in credit risk occurs when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

Due dates are determined without considering any grace period that might be available to the borrower. If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on a financial instrument return to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency of forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL (stage 1) and lifetime ECL measurements (stage 2).

Definition of default

The Group considers a financial asset to be in default when:

- Insolvency: The borrower is considered insolvent for the following reasons:
 - Significant financial deterioration
 - Having difficulty pay interest or principal payment
 - Obligor is likely to go bankrupt or other financial restructuring
- Past due more than 90 days.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. A regression-based model links changes in non-performing loan (NPL) ratios to macroeconomic variables such as credit growth, GDP growth, inflation, unemployment rate, and exchange rate movements. Scenario-based adjustments (baseline, optimistic, and pessimistic) are applied using probability-weighted multipliers derived from historical distributions and external forecasts.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. Exposures with no past due and no restructuring are graded as stage 1 exposure. Exposures past due within 90 days and restructured loans are be graded as stage 2 exposures. Exposures past due more than 90 days or defaulted are be graded as stage 3 exposure.

31. Financial instruments – Risk management (cont'd.)

a) Credit risk (cont'd.)

Inputs, assumptions and techniques used for estimating impairment (cont'd.)

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD)- expressing probability of occurrence of default event in given time period (month)
- loss given default (LGD) - expected percentage loss of EAD assuming the default event occurred
- exposure at default (EAD) - expected exposure at the time of default event

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

PD is estimated using a transition matrix approach based on historical migration of exposures across delinquency buckets. Monthly transition matrices are constructed using days-past-due (DPD) states and include default and prepayment as absorbing states. Lifetime PD term structures are derived by iterating the transition matrices and converting cumulative probabilities into marginal PDs. The model incorporates the impact of prepayments as competing risks, reducing observed default probabilities.

LGD is estimated based on historical recovery data and reflects the proportion of exposure not expected to be recovered following default. The model incorporates cure rates and recovery rates, both estimated using survival analysis techniques (Kaplan-Meier method) to account for incomplete recovery observations. A loan is considered cured once the borrower has made 3 consecutive payments which are no more than 30 days overdue.

LGD is modelled as a function of months-in-default (MID), capturing the declining likelihood of cure and increasing loss severity over time. For Stage 1 and Stage 2 exposures, LGD is based on long-term average recovery rates. For Stage 3 exposures, LGD is adjusted dynamically based on time spent in default. LGD is estimated on a portfolio basis without explicit separation of secured and unsecured components.

The EAD represents the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD of a financial asset represents its gross carrying amount subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments.

For on-balance exposures, EAD is calculated as the present value of contractual cash flows. For revolving facilities, a credit conversion factor (CCF) of 100% is applied, which reflects observed high utilisation prior to default and mitigates instability in historical CCF estimates. This results in full recognition of both drawn and undrawn commitments in EAD.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

The final ECL for the financial asset is the weighted average of ECLs over all scenarios with corresponding weights. The weights should be determined so that the resulting ECL fairly represents the probability weighted average loss over the range of possible outcomes.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

31. Financial instruments – Risk management (cont'd.)

b) Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rate (currency risk) or other market factors (other market price risk).

i) Interest rate risk

The Group defines interest rate risk as potential loss due to a negative impact from adverse changes in interest rates and their implied volatility. The Group's lending, funding and investment activities give rise to interest rate risk. The immediate impact of variation in interest rate is on Group's net interest income, while a long term impact is on the Group's net worth since the economic value of the Group's assets, liabilities and off-balance sheet exposures will be affected. The Group's risk management department regularly monitors how changes in the interest rate level align with the Group's accepted risk tolerance criteria for interest rate levels.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's statement of comprehensive income. The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate of financial assets and financial liabilities held at 31 December 2025 and 2024.

Amount of interest bearing receivables and liabilities, and related interest rates are shown below:

	Change in basis point	Currency	Sensitivity of net interest expense	
			2025	2024
			MNT'000	MNT'000
Borrowed funds	+/-100	USD	+/- 177,010	+/-1,048,877
Borrowed funds	+/-100	MNT	+/- 1,178,270	–

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

31. Financial instruments – Risk management (cont'd.)

b) Market risk (cont'd.)

ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in foreign currency rates. This risk arises from foreign currency transactions and recognised assets and liabilities denominated in the foreign currencies. As of 31 December the Group's net exposure to foreign exchange risk was as follows:

As at 31 December	USD		JPY		EUR		Other		Total	
	2025 MNT'000	2024 MNT'000	2025 MNT'000	2024 MNT'000	2025 MNT'000	2024 MNT'000	2025 MNT'000	2024 MNT'000	2025 MNT'000	2024 MNT'000
Financial assets										
Cash and bank balances	17,757,317	47,897,624	799,100	3,335,564	374	1,394,165	4,974,827	3,336,954	23,531,618	55,964,307
Loans and advances to customers	4,816,032	2,618,154	1,261,534	803,748	–	–	96,844,719	59,693,525	102,922,285	63,115,427
Financial assets	18,442,505	18,260,381	–	–	–	–	–	–	18,442,505	18,260,381
Derivative financial assets	27,706,585	16,497,242	–	8,603,280	–	–	–	–	27,706,585	25,100,522
Other financial assets	1,786,084	–	–	–	–	–	166,542	52,614	1,952,626	52,614
Total financial assets	70,508,523	85,273,401	2,060,634	12,742,592	374	1,394,165	101,986,088	63,083,093	174,555,619	162,493,251
Financial liability										
Borrowed funds	94,175,759	124,360,400	–	–	1,224,236	1,837,069	34,368,396	18,851,984	129,768,391	145,049,453
Bond payables	–	–	–	–	–	–	7,365,879	7,107,069	7,365,879	7,107,069
Private placement of deposits	6,449,406	3,482,329	–	6,994,911	–	–	–	–	6,449,406	10,477,240
Other financial liabilities	113,264	–	–	–	–	–	319,965	–	433,229	–
Lease liabilities	166,935	–	–	–	–	–	1,540,198	263,599	1,707,133	263,599
Total financial liabilities	100,905,364	127,842,729	–	6,994,911	1,224,236	1,837,069	43,594,438	26,222,652	145,724,038	162,897,361
Total net exposure	(30,396,841)	(42,569,328)	2,060,634	5,747,681	(1,223,862)	(442,904)	58,391,650	36,860,441	28,831,581	(404,110)

31. Financial instruments – Risk management (cont'd.)

b) Market risk (cont'd.)

ii) Foreign currency risk (cont'd.)

The following table presents sensitivities of profit or loss, and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Group, with all other variables held constant:

	Impact on profit before tax	
	2025	2024
	MNT'000	MNT'000
USD strengthening by 20% (2024: 20%)	(6,079,368)	(8,513,866)
USD weakening by 20% (2024: 20%)	6,079,368	8,513,866
JPY strengthening by 20% (2024: 20%)	412,127	1,149,536
JPY weakening by 20% (2024: 20%)	(412,127)	(1,149,536)
EUR strengthening by 20% (2024: 20%)	(244,772)	(88,581)
EUR weakening by 20% (2024: 20%)	244,772	88,581
Others strengthening by 20% (2024: 20%)	11,678,330	7,372,088
Others weakening by 20% (2024: 20%)	(11,678,330)	(7,372,088)

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they become due. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements.

Liquidity risk arises from the Group's ability to manage its cash flows. The Group prepares its annual budget based on an assessment of its cash flow needs. The Group conducts monthly solvency risk assessments, quarterly submits them to the Board of Directors, and plans further actions.

Financial assets and financial liabilities at 31 December 2025 are presented based on undiscounted contractual cash flows, which include any interest to be accrued over the life of the financial instrument. Statutory income tax balances are excluded from the analysis below.

At 31 December 2025	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000
Financial assets						
Cash and bank balances	167,960,497	16,242,351	–	–	–	184,202,848
Loans and advances to customers	228,081,414	274,069,291	462,392,427	387,299,672	44,268,899	1,396,111,703
Financial assets	4,092,621	–	21,439,520	–	–	25,532,141
Other financial assets	4,866,662	774,303	889,165	889,165	–	7,419,295
Derivative financial assets	25,464	225,237	–	–	–	250,701
Total financial assets	405,026,658	291,311,182	484,721,112	388,188,837	44,268,899	1,613,516,688
Financial liabilities						
Borrowed funds	247,965,489	27,579,314	204,080,689	7,963,791	130,786	487,720,069
Bond payables	47,014,295	56,412,958	20,511,396	–	–	123,938,649
Private placement of deposits	34,356,544	191,924,773	4,865,447	–	–	231,146,764
Other financial liabilities	15,006,515	2,556,958	1,855,309	1,397,540	–	20,816,322
Derivative financial liabilities	–	1,563,021	1,231,897	452,527	–	3,247,445
Total financial liabilities	344,342,843	280,037,024	232,544,738	9,813,858	130,786	866,869,249
Net liquidity gap	60,683,815	11,274,158	252,176,374	378,374,979	44,138,113	746,647,439

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

31. Financial instruments – Risk management (cont'd.)

c) Liquidity risk (cont'd.)

At 31 December 2024	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000
Financial assets						
Cash and bank balance	131,286,651	4,001,000	–	–	–	135,287,651
Loans and advances to customers	177,997,738	286,336,868	402,217,113	269,977,393	18,602,699	1,155,131,811
Financial assets at FVOCI	4,718,820	17,980,474	–	–	–	22,699,294
Other financial assets	3,896,351	87,573	–	–	–	3,983,924
Total financial assets	317,899,560	308,405,915	402,217,113	269,977,393	18,602,699	1,317,102,680
Financial liabilities						
Borrowed funds	81,171,198	167,300,359	102,617,153	42,268,521	–	393,357,231
Bond payables	12,645,344	97,052,311	28,698,141	7,199,812	–	145,595,608
Private placement of deposits	60,875,233	164,100,407	753,600	–	–	225,729,240
Derivative financial liabilities	15,031,760	2,280,167	4,560,333	–	–	21,872,260
Other financial liabilities	8,698,458	–	–	–	–	8,698,458
Lease liabilities	315,595	1,785,984	2,005,174	1,477,646	–	5,584,399
Total financial liabilities	178,737,588	432,519,228	138,634,401	50,945,979	–	800,837,196
Net liquidity gap	139,161,972	(124,113,313)	263,582,712	219,031,414	18,602,699	516,265,484

d) Operational risk

Operational risk is the probability of loss arising from system failure, human errors, fraud, or external events. When controls fail to perform, operational disabilities can cause damage to reputation, have legal or regulatory implications, and lead to financial loss. The Group cannot eliminate all operational risk, but through a dual control framework, segregation of duties between front-office and back-office functions, controlled access to systems, authorisation and reconciliation procedures, staff education and assessment processes, the Group seeks to manage operational risk and reduce it.

Disclosure of capital

The Group controls 'adjusted capital', which consists of all components of the equity other than cash flow hedge reserves (e.g. share capital, additional paid-in capital, non-controlling interest, retained earnings and revaluation surplus). The primary objectives of the Group's capital management are:

- Safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for the other stakeholders; and
- Giving shareholders an appropriate benefit by setting prices for products and services based on the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

32. Fair value disclosures

Financial instruments measured at fair value

The Group aims to use the best available observable inputs in the market when measuring fair values of assets or liabilities. Fair values are classified within the fair value hierarchy based on inputs used in valuation method, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If various inputs used to measure the fair value of assets or liabilities are transferred between levels of the fair value hierarchy, the Group classifies the assets and liabilities at the lowest level of inputs among the fair value hierarchy which is significant to the entire measured value and recognises transfers between levels at the end of the reporting period of which such transfers occurred.

The Group measures the following financial instruments at fair value.

- Derivative (Note 16)
- Financial assets (Note 14)

The fair value hierarchy of financial instruments measured at fair value is provided below.

	Level 1	Level 2	Level 3	Total
	MNT'000	MNT'000	MNT'000	MNT'000
At 31 December 2025				
Financial assets				
Financial assets	21,035,126	1,500,000	–	22,535,126
Derivative financial assets	–	367,324	–	367,324
Financial liabilities				
Derivative financial liabilities	–	355,666	–	355,666
At 31 December 2024				
Financial assets				
Financial assets	21,910,646	–	–	21,910,646
Derivative financial assets	–	122,657	–	122,657
Financial liabilities				
Derivative financial liabilities	–	724,036	–	724,036

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

32. Fair value disclosures (cont'd.)

The description of valuation technique and description of inputs used in fair value measurement for level 2 and level 3 measurements as follow:

Financial instruments	Fair value as at 31/12/2025 MNT'000	Fair value as at 31/12/2024 MNT'000	Fair value hierarchy	Valuation technique(s)	Key inputs	Sensitivity changes in significant unobservable inputs
Interest rate swap	(355,666)	–	Level 2	Market value	SOFR rate, policy rate and spot exchange rate	Increase in the USD interest rate and decrease in the MNT interest rate will increase/decrease the fair value and vice-versa
Cross currency swap contracts	367,324	(107,507)	Level 2	Market value	SOFR rate, policy rate and spot exchange rate	Increase in the USD interest rate and decrease in the MNT/KGS interest rate will increase/decrease the fair value and vice-versa
Foreign currency forward contracts	–	(493,872)	Level 2	Market value approach, Interest rate parity	Repo rate and spot exchange rate	Increase in the JPY interest rate and decrease in the MNT interest rate will increase/decrease the fair value and vice-versa
Debt instrument	1,500,000	–	Level 2	Market value	Bond price, transaction price	Increase in the transaction price will increase the fair value and vice versa

There were no change in valuation approach during the years ended 31 December 2025 and 2024.

Movements in fair value measurements within Level 3 are as follows:

	2025	2024
	MNT'000	MNT'000
Unquoted equity		
At 1 January	–	1,026,430
Addition	–	–
Disposed	–	(1,183,933)
Net gain from change in fair value	–	157,503
At 31 December	–	–

Transfers between levels 1, 2 and 3

There were no transfers between levels 1, 2 and 3 of the fair value hierarchy for the assets which are recorded at fair value.

Impact on fair value of level 3 assets and liabilities measured at fair value of changes to key assumptions

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the consolidated financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having short term maturity (less than one year), it is assumed that the carrying amounts approximate to their fair value.

For the loans and advances and deposits, where these are variable rate of financial instruments, the carrying value approximates to the fair value. The above assumption applies to loans and advances, borrowings, bonds and deposits.

For the financial instruments that have fixed rate, the fair value is determined by discounting the instruments to the market value of interest.

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

33. Maturity analysis of assets and liabilities

At 31 December 2025	Less than 12 months MNT'000	More than 12 months MNT'000	Total MNT'000
Assets			
Financial Assets			
Cash and bank balances	182,148,826	–	182,148,826
Loans and advances to customers	363,943,423	518,684,602	882,628,025
Financial assets	4,092,621	18,442,505	22,535,126
Other financial assets	4,945,550	1,778,330	6,723,880
Derivative financial assets	367,324	–	367,324
Non-financial Assets			
Other non-financial assets	5,860,630	513,544	6,374,174
Repossessed collateral and assets held for sale	9,951,829	3,933,088	13,884,917
Property, equipment and right-of-use assets	–	18,368,365	18,368,365
Intangible assets	–	6,506,408	6,506,408
Deferred tax assets	–	1,091,559	1,091,559
Goodwill	–	292,627	292,627
Total assets	571,310,203	569,611,028	1,140,921,231
Liabilities			
Financial Liabilities			
Borrowed funds	270,687,329	169,087,025	439,774,354
Bond payables	99,015,493	16,782,877	115,798,370
Private placement of deposits	216,469,375	3,863,546	220,332,921
Other financial liabilities	14,459,932	4,739,885	19,199,817
Derivative financial liabilities	–	355,666	355,666
Non-financial Liabilities			
Other non-financial liabilities	7,828,214	–	7,828,214
Income tax liabilities	1,098,856	–	1,098,856
Total liabilities	609,559,199	194,828,999	804,388,198
Total net exposure	(38,248,996)	374,782,029	336,533,033

INVESCORE NBFJ JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

33. Maturity analysis of assets and liabilities (cont'd.)

At 31 December 2024	Less than 12 months MNT'000	More than 12 months MNT'000	Total MNT'000
Assets			
Financial Assets			
Cash and bank balances	135,263,686	–	135,263,686
Loans and advances to customers	207,287,984	525,689,486	732,977,470
Financial assets	4,718,820	17,191,826	21,910,646
Other financial assets	3,039,246	87,572	3,126,818
Derivative financial assets	–	122,657	122,657
Non-financial Assets			
Other non-financial assets	3,140,327	–	3,140,327
Repossessed collateral and assets held for sale	3,309,939	2,366,355	5,676,294
Property, equipment and right-of-use assets	–	16,763,528	16,763,528
Intangible assets	–	5,891,772	5,891,772
Deferred tax assets	–	1,208,394	1,208,394
Goodwill	–	292,627	292,627
Total assets	356,760,002	569,614,217	926,374,219
Financial Liabilities			
Borrowed funds	160,590,396	162,911,886	323,502,282
Bond payables	92,830,108	31,751,811	124,581,919
Private placement of deposits	206,751,895	637,796	207,389,691
Other financial liabilities	10,223,685	3,148,490	13,372,175
Derivative financial liabilities	–	724,036	724,036
Non-financial Liabilities			
Other non-financial liabilities	919,504	–	919,504
Current tax liabilities	7,361,200	–	7,361,200
Total liabilities	478,676,788	199,174,019	677,850,807
Net position	(121,916,786)	370,440,198	248,523,412

INVESCORE NBFI JSC AND ITS SUBSIDIARIES

Notes to the consolidated financial statements – 31 December 2025

34. Subsequent events

According to the Board of Directors' Decisions No. 26/08 and No. 26/09 dated 13 February 2026, the Group approved to declare dividends from the retained earnings as at 31 December 2025, amounting to MNT 8,701,403 thousand to the ordinary shareholders and MNT 2,040,000 thousand to the preferred shareholders of the Group; however, pursuant to the Board of Directors' Resolution No. 26/21 dated 17 April 2026, the dividend payment date was amended and postponed by three months, with dividends to be paid no later than 31 July 2026.

Pursuant to Resolution No. 26/13 of the Board of Directors, the Group approved a ten-for-one share split, under which each of the Group's 82,000 thousand authorised shares—of which 75,744 thousand were issued and outstanding ordinary shares with a nominal value of MNT 227 per share—will be subdivided into ten ordinary shares. As a result, the total number of authorised ordinary shares will increase to 820,000 thousand, of which 757,442 thousand will be issued and outstanding, with a revised nominal value of MNT 22.7 per share.

Management is not aware of any other events that occurred after the end of the reporting period until the date the financial statements were approved for release, which would have any impact on these financial statements.

35. Translation

These consolidated financial statements have been prepared in both English and Mongolian. In case of differences between the versions, the report in English will prevail.