CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

INVESCORE NBFI JSC
and its subsidiaries

INVESCORE NBFI JSC
Corporate Information

Incorporate Decision	InvesCore NBFI JSC (The "Company") was incorporated as a Limited Liability Company in accordance with the resolution issued by the founder dated 29 March 2016. The Company initially was established as a Limited Liability Company in accordance with the laws of Mongolia and restructured into a joint stock company on 22 May 2019 by initial public offering of 15% of its shares on the Mongolian Stock Exchange.
Certificate	The Company was duly registered with the State Registration Office of Mongolia and issued the State Registration Certificate No. 9010002004 (Registration No. 6060854) on 30 March 2016.
Special License	The Special License No.1/554 on "Non-banking financial activities" was issued in accordance with the resolution No.159 of the Financial Regulatory Commission of Mongolia on 17 May 2016. The license authorizes the NBFI to engage in lending, factoring, investment into short term financial instruments, private placement of deposits and issuance of payment guarantees.
Operating activities	The Company's principal business activities are lending, factoring, investment into short term financial instruments, private placement of deposits and issuance of payment guarantees.

Major Shareholders

	Number of Shares	Ownership
SIBJ Capital LLC	60,968,730	80.5%
Public	14,775,551	19.5%

Executive Management

Chief Executive Officer	Bayasgalan D.
Deputy Chief Executive Officer	Arslanbaatar N.
Chief Digital Officer	Tuguldur O.
Chief Human Resources Officer	Battsetseg Z.

Board of Directors

Chairman of the Board of Directors	Ankhbold B.
Member of Board of Directors	Bayasgalan D.
Member of Board of Directors	Purev R.
Member of Board of Directors	Uyangakhishig G.
Member of Board of Directors	Telmen T.
Member of Board of Directors	Namiki Hirohito
Independent member of Board of Directors	Enkhbat D.
Independent member of Board of Directors	Unurjargal Ch.
Independent member of Board of Directors	Khashchuluun Ch.
Secretary of Board of Directors	Bud B.

Permenant Address

Invescore NBFI JSC
Level 14, IC Tower building,
Paris street, 1st khoroo, Sukhbaatar district,
Ulaanbaatar, Mongolia

Auditor

BDO Audit LLC
Room 1502, Level 15,
Union Building-B, Paris Street,
Narnii Zam-62, 1st khoroo, Sukhbaatar district,
Ulaanbaatar, Mongolia

Statement of Management's Responsibility for the preparation and approval of consolidated financial statements for the year ended 31 December 2023

The following statement, which should be read in conjunction with the independent auditor's responsibilities stated in the independent auditor's report set out on pages 3-6, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Invescore NBFI JSC and its subsidiaries for the year ended 31 December 2023.

The management is responsible for the preparation of the financial statements that present fairly, the financial position of the Group at 31 December 2023, financial performance, changes in equity and cash flows for the year then ended, in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the Accounting Law of Mongolia, and in consistence with the accounting rules and regulations for company set by authorized institutions.

The consolidated financial statements of the Group for the year ended 31 December 2023 were authorized for issuance by the Group's management.

"ИНВЕСКОР ББСБ" ХК

Invescore

BAYASGALAN DALAIJAMTS
Chief Executive Officer

ARSLANBAATAR NATSAGDORJ
Deputy CEO

Date: 2024. 05. 14
Ulaanbaatar, Mongolia

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INDEPENDENT AUDITOR'S REPORT

To the shareholder of Invescore NBFI JSC

Opinion

We have audited the consolidated financial statements of Invescore NBFI JSC and its subsidiaries (the Group), which comprise of:

- The consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended; and
- consolidated notes to the financial statements, including a material accounting information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its cash flows for the year then ended in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Key Audit Matter

Key audit matter are those matter 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 matter.

KEY AUDIT MATTER	AUDIT RESPONSE
Allowance for Loan Losses Since impairment assessment of loans and advances to customers at amortised cost involves many judgements and assumptions, and in view of the significance of the amount (as at 31 December 2023, loans and advances at amortised cost amounted to MNT 484,418 million, representing 81% of total assets,	Our audit procedures to the impairment assessment of loans and advances at amortised cost included the following: • Evaluating and testing the effectiveness of design and implementation of key controls related to the credit approval process, recording and monitoring of ECL and loan impairment assessment, including relevant data quality and information systems;

INDEPENDENT AUDITOR'S REPORT (continued)

KEY AUDIT MATTER	AUDIT RESPONSE
and impairment allowance for loans and advances at amortised cost amounted to MNT 17,734 million), impairment assessment of loans and advances at amortised cost is considered key audit matter. Refer to the accounting policies in note 4b(vi), note 14 to the consolidated financial statements.	• Assessing the debtors' repayment capacity and evaluating the Group's grading for loans and advances at amortised cost, and collateral realisation and other available information which we adopted a risk-based sampling approach in our review procedure for loans and advances at amortised cost; • Evaluating and testing the important parameters of the expected credit loss model, management's major judgements and related assumptions and we mainly focusing on the following aspects: Expected credit loss model: • Assessing the rationality of the expected credit loss model methodology and related parameters, including probability of default, loss given default, risk exposure, and significant increases in credit risk; • Assessing forward-looking information that management used to determine expected credit losses, including the forecasts of macroeconomic variables and the assumption of multiple macroeconomic Scenarios.

Other matters

The consolidated Financial statements of the Group for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 2 March 2023.

Other Information

Management is responsible for the other information. The other information comprises the other sections of the Annual report but does not include the consolidated financial statements and our auditor's report thereon ('the Other Sections'), which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Other Sections of the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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INDEPENDENT AUDITOR'S REPORT (continued)

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 Responsibilities 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 judgment and maintain professional skepticism 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

БДО АУДИТ ХХК
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УЛААНБААТАР ХОТ
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Date: 2024 .05. 14

GLOSSARY OF ABBREVIATION

AC	Amortised cost
ABS	Asset backed securities
ECL	Expected credit loss
EIR	Effective interest rate
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
GDP	Gross domestic product
IFRS	International Financial Reporting Standards
IFRS 7	IFRS 7 Financial Instruments: Disclosures
IFRS 9	IFRS 9 Financial Instruments
IFRS 13	IFRS 13 Fair Value Measurement
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
LGD	Loss given default
OCI	Other comprehensive income
PD	Probability of default
SPPI	Solely payments of principal and interest on the principal amount outstanding
MIK	Mongolian Mortgage Corporation
EPS	Earnings per share

Consolidated Statement of Profit or loss and other comprehensive income for the year ended 31 December 2023

	Note	2023 MNT'000	2022 MNT'000 Restated *
Interest income calculated using the effective interest rate	5	126,148,950	77,312,990
Interest and similar expense	5	(46,738,481)	(25,409,234)
Net interest income		**79,410,469**	**51,903,756**
Fee and commission income	6	15,599,853	15,585,375
Fee and commission expense	6	(684,437)	(873,868)
Net fee and commission expense		**14,915,416**	**14,711,507**
Net gain/(losses) from other financial instruments at FVTPL	7	(282,556)	-
Impairment losses on financial assets	8	(7,423,069)	(8,779,858)
Other operating income	9	348,295	362,838
Net Operating Income		**86,968,555**	**58,198,243**
Employee costs	10	(13,864,945)	(8,983,180)
Depreciation of property, plant and equipment		(1,333,452)	(863,265)
Amortisation of right of use		(1,148,251)	(676,859)
Amortisation of intangible assets		(507,706)	(441,998)
Other operating expenses	11	(10,385,263)	(8,614,589)
Profit before tax		**59,728,938**	**38,618,352**
Income tax expense	12	(15,150,719)	(9,216,059)
Profit for the year		**44,578,219**	**29,402,293**

The notes set out on pages 14-86 form an integral part of these financial statements.

Consolidated Statement of Profit or loss and other comprehensive income for the year ended 31 December 2023 (continued)

	Note	2023 MNT'000	2022 MNT'000 Restated *
Profit for the year attributable to:			
Owners of the parent		44,280,422	29,282,493
Non-controlling interest		297,797	119,800
Earning per share			
Basic earning per share in MNT	34	585	387
Diluted earnings per Share in MNT	34	585	387
Other comprehensive income:			
Items that will not to be classified to profit or loss (net of tax):			
- Net change in Fair value of equity investment reserve		(693,487)	(16,638)
Items that will or may be classified to profit or loss (net of tax):			
- Exchange gain arising on tranlation of foreign operations		(285,901)	536,480
Other comprehensive income for the year, net of taxes		**(979,388)**	**519,842**
Other comprehensive income for the year attributable to:			
Owners of the parent		(903,911)	519,842
Non-controlling interest		(75,478)	-
Total comprehensive income for the year		**43,598,831**	**29,922,135**
Total comprehensive income attributable to:			
Owners of the parent		43,376,511	29,802,334
Non-controlling interest		222,319	119,800

** Comparatives have been restated due to correction of prior period errors - refer note 2 (c)*

The notes set out on pages 14-87 form an integral part of these financial statements.

Consolidated Statement of Financial Position
as at 31 December 2023

	Note	31 December 2023 MNT'000	31 December 2022 MNT'000 (restated) (Note 2)	01 January 2022 MNT'000 (restated) (Note 2)
Assets				
Cash and bank balance	13	81,902,828	50,113,733	24,659,299
Loans and advances to customers	14	484,418,215	274,264,743	172,631,694
Financial assets at FVOCI	15	7,587,265	7,125,417	-
Derivative financial assets	28	-	508,931	183,579
Other financial assets	16	4,455,799	2,970,295	3,970,563
Other non-financial assets	17	2,306,322	7,417,908	1,975,594
Repossessed collateral	18	1,025,379	1,526,302	783,569
Property, plant and equipment	19	11,674,362	2,069,648	1,823,435
Intangible assets	20	4,785,379	3,746,598	2,609,703
Right-of-use assets	21	2,148,444	1,210,569	1,127,035
Deferred tax assets	12	29,165	2,720	729
Goodwill		292,627	292,627	292,627
Total assets		**600,625,785**	**351,249,491**	**210,057,827**
Liabilities				
Borrowed funds	24	202,778,982	69,450,389	32,083,091
Bonds payable	25	67,443,386	44,170,514	27,620,908
Private placement of deposits	26	141,098,586	111,873,636	56,477,728
Convertible debt	27	1,818,929	2,242,798	2,598,990
Derivative financial liabilities	28	282,556	-	-
Current tax liabilities	12	7,396,351	2,840,451	1,905,688
Deferred tax liabilities	12	291,574	308,196	314,335
Other financial liabilities	29	19,319,072	2,509,422	15,178,251
Other non-financial liabilities	30	2,339,320	2,125,144	1,824,076
Lease liabilities	31	2,147,496	1,350,371	1,159,836
Total liabilities		**444,916,252**	**236,870,921**	**139,162,903**
Equity				
Share capital	32	17,193,952	17,193,952	16,282,238
Share premium	32	29,820,733	29,820,733	15,377,738
Fair value reserve	35	(710,125)	(16,638)	-
Convertible debt reserve	27	2,401,010	2,401,010	2,401,010
Retained earnings		105,760,518	64,358,379	36,869,084
Translation reserve		153,256	363,679	(172,801)
Total issued capital and reserves attributable to owners of the parent		**154,619,344**	**114,121,115**	**70,757,269**
Non-controlling interest	23	1,090,189	257,455	137,655
Total equity		**155,709,533**	**114,378,570**	**70,894,924**
Total liabilities and equity		**600,625,785**	**351,249,491**	**210,057,827**

The notes set out on pages 14-87 form an integral part of these financial statements.

Consolidated Statement of changes in equity for the year ended 31 December 2023

	Share capital MNT'000	Share premium MNT'000	Fair value reserve MNT'000	Convertible debt reserve MNT'000	Translation reserve MNT'000	Retained earnings MNT'000	Total equity attributable tc owners of the parent MNT'000	Non-controlling interest MNT'000	Total Equity
Balance at 31 December 2022	17,193,952	29,820,733	(16,638)	2,401,010	363,679	64,358,379	114,121,115	257,455	113,858,728
Profit for the year	-	-	-	-	-	44,280,422	44,280,422	297,797	44,578,219
Other comprehensive income	-	-	(693,487)	-	(210,423)	-	(903,910)	(75,478)	(979,388)
Total comprehensive income	-	-	(693,487)	-	(210,423)	44,280,422	43,376,512	222,319	43,598,831
Issued share capital	-	-	-	-	-	-	-	1,222,639	1,222,639
Dividends paid	-	-	-	-	-	(2,878,283)	(2,878,283)	(612,224)	(3,490,507)
Balance at 31 December 2023	17,193,952	29,820,733	(710,125)	2,401,010	153,256	105,760,518	154,619,344	1,090,189	155,189,691

The notes set out on pages 14-87 form an integral part of these financial statements.

Consolidated Statement of changes in equity
for the year ended 31 December 2023 (continued)

	Share capital MNT'000	Share premium MNT'000	Fair value reserve MNT'000	Convertible debt reserve MNT'000	Translation reserve MNT'000	Retained earnings MNT'000	Total equity attributable to owners of the parent MNT'000	Non-controlling interest MNT'000	Total Equity
As at 31 December 2021	**16,282,238**	**15,377,738**	-	**5,000,000**	**(172,801)**	**38,868,337**	**75,355,512**	**137,655**	**75,493,167**
Prior period errors (note 2)	-	-	-	(2,598,990)	-	(1,999,253)	**(4,598,243)**	-	**(4,598,243)**
Balance at 1 January 2022 (restated)	**16,282,238**	**15,377,738**	-	**2,401,010**	**(172,801)**	**36,869,084**	**70,757,269**	**137,655**	**70,894,924**
Profit for the year	-	-	-	-		29,282,493	**29,282,493**	119,800	**29,402,293**
Other comprehensive income	-	-	(16,638)	-	536,480		**519,842**	-	
Total comprehensive income	-	-	**(16,638)**	-	**536,480**	**29,282,493**	**29,802,335**	**119,800**	**29,402,293**
Issued share capital	911,714	14,442,995	-	-	-	-	**15,354,709**	-	**15,354,709**
Dividends paid	-	-	-	-	-	(1,793,198)	**(1,793,198)**	-	**(1,793,198)**
Balance at 31 December 2022	**17,193,952**	**29,820,733**	**(16,638)**	**2,401,010**	**363,679**	**64,358,379**	**114,121,115**	**257,455**	**113,858,728**

The notes set out on pages 14-87 form an integral part of these financial statements.

Consolidated Statement of cash flows
for the year ended 31 December 2023

	Note	2023 MNT'000	2022 MNT'000
Cash flows from operating activities			
Profit for the year		**44,578,219**	**29,402,293**
Adjustments:			
Depreciation of property, plant and equipment		1,333,452	863,265
Amortisation of right-of-use assets		1,148,251	676,859
Amortisation of intangibles		507,706	441,998
Gain on sales of property, plant and equipment, net	9	(5,090)	(5,384)
Loss on write-off of property, plant and equipment, net	11	2,310	-
Loss on disposal of property, plant and equipment, net	11	5,542	(612,552)
Gain on sales of repossessed collateral	9	(4,102)	-
Impairment loss/(reversal) on repossessed collateral	9/11	(56,892)	185,387
Unrealised loss from foreign exchange rate differences	9/11	112,391	(12,957)
Interest income	5	(126,148,950)	(77,312,990)
Interest Expense	5	46,738,481	25,409,234
Dividend income	9	(175,652)	-
Other non-cash item		610,415	-
Fair value change of financial instruments at FVTPL	7	282,556	-
Impairment losses on financial instruments	8	7,423,069	8,779,858
Income tax expense	12	15,150,719	9,216,059
		(8,497,575)	**(2,968,930)**
Changes in operating assets and liabilities:			
Loans and advances to customers		(206,942,768)	(105,271,078)
Derivative financial assets		508,931	-
Other financial assets		(1,327,059)	4,449,392
Other non-financial assets		(1,281,066)	2,322,829
Repossessed collateral		743	(14,501,160)
Other financial liabilities		4,597,885	(3,968,274)
Other non-financial liabilities		99,906	287,116
Cash generated from operations		**(212,841,003)**	**(119,650,105)**
Income taxes paid	12	(10,561,730)	(8,283,785)
Interest received		114,917,689	77,035,642
Interest paid		(38,658,176)	(29,824,059)
Net cash flows used in operating activities		**(147,143,220)**	**(80,722,307)**
Cash flows from investing activities			
Purchases of property, plant and equipment		(4,876,876)	(6,392,652)
Sales of property, plant and equipment		316,650	178,305
Purchases of intangibles		(1,548,522)	(1,748,616)
Sales of repossessed assets		561,174	1,260,750
Purchases of investments		(3,693,480)	(13,744,126)
Proceeds from sale of investments		2,322,764	300,000
Investment in term deposit		300,000	5,150,000
Dividends received		175,652	-
Net cash flows used in investing activities		**(6,442,638)**	**(14,996,339)**

Consolidated Statement of cash flows
for the year ended 31 December 2023 (continued)

	Note	2023 MNT'000	2022 MNT'000
Cash flows from financing activities			
Issued share capital	32	-	15,354,709
Dividends paid	33	(2,878,283)	(1,793,198)
Proceeds from drawdown of borrowings	42	244,040,374	124,764,786
Repayment of principal of borrowings	42	(112,390,308)	(89,384,966)
Proceeds from private placement of deposit	42	37,088,273	83,078,317
Repayment of private placement of deposit	42	(12,722,611)	(28,047,147)
Proceeds from issued bonds	42	68,666,445	26,260,000
Repayment of issued bonds	42	(46,101,096)	(8,994,410)
Repayment of principle of convertible debt	42	(423,868)	(356,192)
Financing received		12,211,765	-
Principal lease payment	31	(1,899,450)	(1,620,200)
Net cash from financing activities		**185,591,241**	**119,261,699**
Net decrease in cash and cash equivalents		**32,005,383**	**23,543,053**
Cash and cash equivalents at beginning of year	13	**48,613,733**	**24,659,299**
Exchange loss on cash and cash equivalents		83,712	411,381
Cash and cash equivalents at end of year	13	**80,702,828**	**48,613,733**

Notes to the statement of cash flows are set out in Note 42.

CONTENTS

1. Reporting entity

Invescore NBFI 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 initially was established as a Limited Liability Company in accordance with the laws of Mongolia and restructured into a joint stock company on 22 May 2019 by 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 the resolution No.159 of the Financial Regulatory Commission of Mongolia on 17 May 2016.

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 had 350 employees on 31 December 2023 (2022: 307).

The consolidated financial statements for the year ended 31 December 2023 were authorised for issue in accordance with the resolution of the board of directors on 28 April 2024 and management has authorised for issue on 14 May 2024.

2. Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in Note 4, *Accounting policies*. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in Mongolian Tugrug ("MNT"), which is also the Company's functional and reporting currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

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

The preparation of 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, *Accounting policies.*

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
- Repossessed Collateral which is carried at historical or fair value less cost of sales which ever is lower.

2. Basis of preparation (continued)

Changes in accounting policies

(a) New standards, interpretations and amendments adopted from 1 January 2023

The following amendments are effective for the period beginning 1 January 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

The adoption of the above amendments did not have material impact on the Group.

(b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- *Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);*
- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);*
- *Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and*
- *Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).*

The following amendments are effective for the period beginning 1 January 2025:

- *Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)*

Group is currently assessing the impact of these new accounting standards and amendments.

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. Basis of preparation (continued)

c) Restatement of prior year balances

In preparing the consolidated financial statements for the year ended 31 December 2023, accounting errors identified in prior year have been estimated and corrected by the Group and adjustments were made in the financial statemets to rectify the accounting errors retrospectively, detail of which is as follows:

i. For financial assets -adjustment were made to the impairment losses carried at amoritised cost, interest income calculated using EIR and classification
ii. Adjustments were made for the property, plant and equipment
iii. Adjustment were made for the lease accounting for the Group as lessee
iv. Reclassified the liability portion of convertible debt

The implications of restatements are provided below:

		Before restatement 2022 MNT'000	After restatement 2022 MNT'000
Interest income calculated using the effective interest rate	i	78,659,098	77,312,990
Interest and similar expense	iii, iv	(25,470,418)	(25,409,234)
Net interest income		**53,188,680**	**51,903,756**
Fee and commission income		15,585,375	15,585,375
Fee and commission expense		(875,742)	(873,868)
Net fee and commission expense		**14,709,633**	**14,711,507**
Impairment losses on financial instruments	i	(5,349,251)	(8,779,858)
Other operating income		449,026	362,838
Total operating income		**62,998,088**	**58,198,243**
Employee costs		(8,983,180)	(8,983,180)
Depreciation of property, plant and equipment		(863,265)	(863,265)
Amortisation of right of use		(676,859)	(676,859)
Amortisation of intangible assets		(441,998)	(441,998)
Other operating expenses	ii, iii	(9,119,304)	(8,614,589)
Profit before tax		**42,913,482**	**38,618,352**
Income tax expense	i-iv	(9,367,490)	(9,216,059)
Profit for the year		**33,545,992**	**29,402,293**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
- Net change in fair value of equity instruments at FVOCI		(16,638)	(16,638)
Total comprehensive income for the year		**33,529,354**	**29,385,655**

2. Basis of preparation (continued)

Restatement of prior year balances (continued)

Statement of financial position as at 31 December 2022 and 1 January 2022

		Before restatement		After restatement	
		31 December 2022 MNT'000	01 January 2022 MNT'000	31 December 2022 MNT'000	01 January 2022 MNT'000
Assets					
Cash and bank balance		50,114,778	24,659,299	50,113,733	24,659,299
Loans and advances to customers	i	280,897,400	174,649,701	274,264,743	172,631,694
Financial assets at FVOCI		7,125,417	-	7,125,417	-
Derivative financial assets		511,785	183,579	508,931	183,579
Other financial assets		2,970,295	3,970,563	2,970,295	3,970,563
Other non-financial assets		7,417,908	1,975,594	7,417,908	1,975,594
Repossessed collateral		1,526,302	783,569	1,526,302	783,569
Property, plant and equipment	ii	1,778,461	1,555,213	2,069,648	1,823,435
Intangible assets		3,746,598	2,609,703	3,746,598	2,609,703
Right-of-use assets	iii	1,869,815	1,395,257	1,210,569	1,127,035
Deferred tax assets		629	729	2,720	729
Goodwill		292,627	292,627	292,627	292,627
Total assets		**358,252,015**	**212,075,834**	**351,249,491**	**210,057,827**
Liabilities					
Borrowed funds		69,453,243	32,083,091	69,450,389	32,083,091
Bonds payable		44,170,514	27,620,908	44,170,514	27,620,908
Private placement of deposits		85,440,869	56,477,728	111,873,636	56,477,728
Convertible debt	iv	-	-	2,242,798	2,598,990
Current tax liabilities		2,839,969	1,905,688	2,840,451	1,905,688
Deferred tax liabilities	i-iv	458,729	333,090	308,196	314,335
Other financial liabilities		28,986,412	15,178,251	2,509,422	15,178,251
Other non-financial liabilities		2,080,919	1,824,075	2,125,144	1,824,076
Lease liabilities	iii	1,675,252	1,159,836	1,350,371	1,159,836
Total liabilities		**235,105,907**	**136,582,667**	**236,870,921**	**139,162,903**
Equity					
Share capital		17,193,952	16,282,238	17,193,952	16,282,238
Share premium		29,820,733	15,377,738	29,820,733	15,377,738
Reserves		(16,638)	-	(16,638)	-
Convertible debt reserve	iv	5,000,000	5,000,000	2,401,010	2,401,010
Retained earnings	i-iv	70,518,673	38,868,337	64,358,379	36,869,084
Non-controlling interest		257,455	137,655	257,455	137,655
Translation reserve	i	371,933	(172,801)	363,679	(172,801)
Total equity		**123,146,108**	**75,493,167**	**114,378,570**	**70,894,924**
Total liabilities and equity		**358,252,015**	**212,075,834**	**351,249,491**	**210,057,827**

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 (note 4(vi), 14 and 38 (a)).
- Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding (4 b (ii)).
- lease term: whether the Group is reasonably certain to exercise extension options (4 l1(n)).

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 - (Note 13, 14, 15, 16 and 39 a)

- *Fair value measurement*

  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 recognizes 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 27)
  - Financial investments (note 15)

4. Accounting policies

(a) *Basis of consolidation*

Where the company has control over an investee, it is classified as a subsidiary. The company 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 company 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.

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 represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

(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.

4. Accounting policies (continued)

(c) Foreign currency transactions (continued)

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.

(d) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Group initially recognizes 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.

4. Accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Financial assets (continued)

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
- 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.

4. Accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(ii) Classification (continued)

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 amortized cost.

Derivative instruments

The Group enters into derivative financial instruments which are 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 28.

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.

4. Accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(iii) Derecognition

Financial assets

The Group derecognizes 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.

4. Accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(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.

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.

4. Accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

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

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.

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.

4. Accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(vi) Impairment (continued)

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. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired) and 'Stage 3' financial instruments (if the financial instruments are credit-impaired).

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; and

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. 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.

4. Accounting policies (continued)

(b) Financial assets and financial liabilities (continued)

(vi) Impairment (continued)

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;
- 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.

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.

4. Accounting policies (continued)

(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 amortized cost in the 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.

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 amortized cost:

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

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, plant and equipment*

Recognition and measurement

Property, plant 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.

4. Accounting policies (continued)

(e) Property and equipment (continues)

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 (loss).

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

	Useful lives (years)
Building	25
Furniture and fixtures	10
Vehicles	10
Computers and others	2-4

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 amortization and any accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.
Software is amortized 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. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4. Accounting policies (continued)

(i) *Equity capital*

(i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(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.

(j) *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 recognizes 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.

(k) *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.

4. Accounting policies (continued)

(l) Interest (continued)

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 amortised cost of the financial asset. 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;

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.

4. Accounting policies (continued)

(l) ***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 recognized 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 recognized 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 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.

(m) ***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.

(n) ***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.

4. Accounting policies (continued)

(p) Leases (continued)

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.

4. Accounting policies (continued)

(o) ***<u>Income taxes</u>***

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.

(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 utilized.

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 utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized 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.

4. Accounting policies (continued)

(p) 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.

(q) 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 recognizes a loss allowance.

Liabilities arising from financial guarantees and loan commitments are included within provisions.

(r) Related parties

For the purposes of these 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.

5. Net interest income

	2023 MNT'000	2022 MNT'000
Interest income calculated using the EIR:		
Loans and advances to customers	124,847,832	76,713,635
Financial investments	525,259	321,871
Term deposit at bank	601,766	201,495
Current accounts at bank	174,093	75,989
Total interest income	**126,148,950**	**77,312,990**
Interest and similar expense:		
Private placement of deposits	(21,667,456)	(11,258,305)
Borrowings	(14,469,068)	(8,428,677)
Issued bond	(9,285,547)	(4,463,588)
Convertible debt	(426,131)	(493,808)
Accretion of interest on lease liabilities	(253,487)	(100,666)
Derivative financial instruments	(636,792)	(664,190)
Total interest expense	**(46,738,481)**	**(25,409,234)**
Net interest income	**79,410,469**	**51,903,756**

6. Net fee and commission expense

	2023 MNT'000	2022 MNT'000
Fee and commission income from providing financial services at a point in time:		
Agency fees on facilitating loan and loan administration service	13,762,696	13,484,385
Loan related fees	1,799,524	2,015,825
Credit card fees	37,633	85,165
Total fee and commission income	**15,599,853**	**15,585,375**
Fee and commission expense:		
Bank service fees	(684,437)	(873,868)
Total fee and commission expense	**(684,437)**	**(873,868)**
Net fee and commission income	**14,915,416**	**14,711,507**

7. Net gain/(losses) from financial instruments at FVTPL

This amount represents fair value changes on derivatives.

8. Impairment losses on financial assets

	2023 MNT'000	2022 MNT'000
Loans and advances to customers	(8,622,781)	(8,330,962)
Repayment of written-off loans	970,603	3,322
Other financial assets	161,047	(371,622)
Cash and bank balance	68,062	(80,596)
Total	**(7,423,069)**	**(8,779,858)**

9. Other operating income

	2023 MNT'000	2022 MNT'000
Dividend income	175,652	-
Reversal of impairment of repossessed collateral	56,892	-
Gain on sales of property, plant and equipment, net	5,090	5,384
Gain on sales of repossessed collateral	4,102	-
Other income	106,559	357,454
Total other operating income	**348,295**	**362,838**

10. Employees costs

	2023 MNT'000	2022 MNT'000
Salary, wages and bonuses	(12,424,068)	(7,965,733)
Employer contribution to social and health insurance	(1,440,877)	(1,017,447)
Total employee costs	**(13,864,945)**	**(8,983,180)**

11. Other operating expenses

	2023 MNT'000	2022 MNT'000
IT and automation expense	(2,963,347)	(1,833,693)
Advertisement and marketing expenses	(2,002,292)	(1,605,750)
Professional service fees	(1,098,809)	(1,452,717)
Entertainment and events expenses	(661,964)	(425,925)
Telecommunication and internet service expenses	(590,799)	(536,796)
Business trips	(564,326)	(367,349)
Rental expenses	(432,218)	(303,839)
Utility expenses	(292,551)	(154,913)
Business meeting expenses	(222,028)	(159,781)
Stationery and supply material expenses	(219,268)	(218,520)
Insurance expenses	(160,000)	(395,507)
Net foreign exchange loss	(159,573)	(20,087)
Repair and maintenance	(124,943)	(47,188)
Work safety related expenses	(117,016)	(159,436)
Loss on disposal of property, plant and equipment, net	(5,542)	(612,552)
Loss on write-off of property, plant and equipment, net	(2,310)	-
Impairment loss on repossessed collateral	-	(185,387)
Other expense	(768,277)	(135,149)
Total operating expenses	**(10,385,263)**	**(8,614,589)**

12. Income tax

The income tax expense for the year ended 31 December 2023 is:

Income tax expense	2023 MNT'000	2022 MNT'000
Current tax expense		
Current tax on profits for the year	15,117,630	9,218,548
Deferred tax expense		
Origination and reversal of temporary differences	33,089	(2,489)
Total income tax	**15,150,719**	**9,216,059**

A reconciliation of income tax expense applicable to profit before tax for the year ended 31 December 2023 is as follows:

	2023 MNT'000	2022 MNT'000
Profit before tax	60,418,791	38,618,351
Income tax expenses at statutory rate of 25% based on net profit before taxation	15,467,054	9,744,716
Effect of lower tax rate on profit below MNT 6 billion	(900,000)	(900,000)
Effect on expenses that are non-deductible	2,129,071	1,404,592
Different tax rate applied in overseas jurisdiction	(195,345)	(40,217)
Effect on income not taxable	(901,027)	(969,401)
Effect on income subject to flat 5% and 10%	(449,034)	(23,631)
Tax expense	15,150,719	9,216,059

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

	2023 MNT'000	2022 MNT'000
Balance at 1 January	**2,840,451**	**1,905,688**
Current tax expense for the year	15,117,630	9,218,548
Income taxes paid	(10,561,730)	(8,283,785)
Balance at 31 December	**7,396,351**	**2,840,451**

In 2023, According to Corporate Income Tax Law of Mongolia, the Group has an obligation to pay the Corporate Income Tax at the rate of 10% of the portion of taxable profits up to MNT 6 billion (2022: 6 billion) and 25% of the portion of taxable profits above MNT 6 billion (2022: 6 billion).

12. Income tax (continued)

	As at 1 January 2023 MNT'000	Benefit/(Charge) recognised in profit or loss MNT'000	Benefit/(charge) Recognised in other comprehensive income MNT'000	As at 31 December 2023 MNT'000
Deferred tax (assets)/liabilities				
Revaluation of financial investments measured at FVOCI	4,773	-	77,051	81,824
Timing difference from Interest on loan	34,671	445,258	-	479,929
Lease liabilities	18,214	(2,249)	-	15,965
Cash and cash equivalents	101	22,723	-	22,824
Amortisation of intangible assets	(349,651)	(505,686)	-	(855,338)
Right of use assets	(10,965)	3,945	-	(7,020)
Property, plant and equipment	(2,937)	2,683	-	(255)
Translation difference	320	237	-	(339)
Gross deferred tax assets	2,720			29,165
Gross deferred tax liabilities	(308,196)			(291,574)
Net deferred tax liabilities	(305,476)	(33,089)	77,051	(262,409)

	As at 1 January 2022 MNT'000	Benefit/(Charge) recognised in profit or loss MNT'000	Benefit/(charge) Recognised in other comprehensive income MNT'000	As at 31 December 2022 MNT'000
Deferred tax (assets)/liabilities				
Amortisation of intangible assets	(259,137)	(90,514)	-	(349,651)
Timing difference from Interest on loan	(53,199)	87,870	-	34,671
Revaluation of financial investments measured at FVOCI	-	-	4,773	4,773
Cash and cash equivalents	101	-	-	101
Lease liabilities	20,200	(1,986)	-	18,214
Property, plant and equipment	(1,512)	(1,425)	-	(2,937)
Right of use assets	(19,509)	8,544	-	(10,965)
Translation difference	(549)	-	-	320
Gross deferred tax assets	729			2,720
Gross deferred tax liabilities	(314,335)			(308,196)
Net deferred tax liabilities	(313,606)	2,489	4,773	(305,476)

13. Cash and bank balance

	31 December 2023 MNT'000	31 December 2022 MNT'000
Cash in hand	54	115,715
Current accounts at bank	71,604,236	25,717,911
Demand deposits	-	7,968
Term deposits	10,201,000	24,288,235
Accumulated interest receivable	110,074	64,500
Total cash and bank balance	**81,915,364**	**50,194,329**
Less: Allowance for impairment losses	(12,536)	(80,596)
Net cash and bank balance	**81,902,828**	**50,113,733**
Less: Deposit with original maturity more than three months	(1,200,000)	(1,500,000)
Cash and cash equivalent	80,702,828	48,613,733

A summary of the allowance for impairment losses on cash and balances with other banks is as follows:

	31 December 2023 MNT'000	31 December 2022 MNT'000
Current accounts at bank	(10,844)	(48,908)
Deposits at bank	(1,692)	(31,688)
Total allowance for impairment losses	**(12,536)**	**(80,596)**

Movement of provision for impairment of other receivables is as follows:

	2023 MNT'000	2022 MNT'000
Balance at 01 January	**(80,596)**	-
Net charge/(reversal) for the year	68,060	(80,596)
Balance at 31 December	(12,536)	(80,596)

13. Cash and bank balance (continued)

As at 31 December, Group's cash and bank balances denominated in original currency are as follows:

	31 December 2023 MNT'000	31 December 2022 MNT'000
MNT	62,386,457	43,287,146
JPY	15,142,491	939,654
USD	1,951,521	5,401,389
KGS	993,493	563,073
KZT	835,971	-
UZK	605,357	-
EUR	74	3,067
Total	**81,915,364**	**50,194,329**

14. Loans and advances to customers

Balance of loans and advances - by product type:

	31 December 2023 MNT'000	31 December 2022 Restated MNT'000
Consumer loans	45,701,869	22,997,250
Digital	90,532,678	62,761,835
Business loan	282,648,967	162,952,414
Vehicle loan	84,548,034	39,808,658
Credit card loan	957,000	98,753
Total loans and advances to customers	**504,388,548**	**288,618,910**
Less: Deferred loan origination fees	(2,236,587)	(602,130)
Less: Allowances for loans and advances to customers	(17,733,746)	(13,752,037)
Net loans and advances to customers	**484,418,215**	**274,264,743**

14. Loans and advances to customers (continued)

Balance of loans and advances - by stage:

	31 December 2023 MNT'000	31 December 2022 Restated MNT'000
Gross carrying amount		
Stage 1	468,203,055	266,530,019
Stage 2	13,506,535	7,601,710
Stage 3	20,442,371	13,830,576
	502,151,961	**287,962,305**
Less: Allowance for impairment losses		
Stage 1	(5,359,735)	(4,858,267)
Stage 2	(1,309,599)	(495,766)
Stage 3	(11,064,412)	(8,398,004)
	(17,733,746)	(13,752,037)

Provision for impairment of loan receivables

The Group applies the IFRS 9 general three 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 and aging.

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

	31 December 2023 MNT'000	31 December 2022 MNT'000
At 1 January	**(13,752,037)**	**(5,408,714)**
	-	-
Increased during the year	(8,622,781)	(8,330,962)
Written off	4,622,430	23,381
Foreign exchange movements	18,642	(35,742)
	-	-
At 31 December	(17,733,746)	(13,752,037)

14. Loans and advances to customers (continued)

Movement between stages of loan receivables is as follows:

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
At 1 January 2022	**156,931,702**	**2,752,552**	**9,195,578**	**168,879,832**
Issued during the year	255,410,604	393,709	153,836	255,958,149
Repaid during the year	(135,277,058)	(717,689)	(7,442,950)	(143,437,697)
Movement to Stage 1	3,726,067	(2,397,800)	(1,328,267)	-
Movement to Stage 2	(7,621,622)	7,367,942	253,680	-
Movement to Stage 3	(12,021,298)	(269,639)	12,290,937	-
Foreign exchange movements	1,293,878	34,897	25,761	1,354,536
	262,442,273	**7,163,972**	**13,148,575**	**282,754,820**
Change in interest receivables	4,431,448	463,809	914,359	5,809,616
Fee deferral	(343,699)	(26,071)	(232,359)	(602,129)
Impairment allowance	(4,858,267)	(495,766)	(8,398,004)	(13,752,037)
At 31 December 2022	**261,671,755**	**7,105,944**	**5,432,571**	**274,210,270**
Issued during the year	706,100,013	245,304	307,816	706,653,133
Repaid during the year	(480,993,213)	(4,274,272)	(10,805,750)	(496,073,235)
Movement to Stage 1	601,343	(872,711)	271,368	-
Movement to Stage 2	(13,119,350)	13,119,421	(71)	-
Movement to Stage 3	(11,575,915)	(2,927,222)	14,503,137	-
Foreign exchange movements	(371,664)	(29,012)	(29,964)	(430,640)
	463,083,486	**12,425,480**	**17,395,111**	**492,904,077**
Change in interest receivables	7,270,260	1,146,283	3,067,928	11,484,471
Fee deferral	(2,150,691)	(65,228)	(20,668)	(2,236,587)
Impairment allowance	(5,359,735)	(1,309,599)	(11,064,412)	(17,733,746)
At 31 December 2023	**462,843,320**	**12,196,936**	**9,377,959**	**484,418,215**

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 and aging. Expected credit loss is estimated by using seven years of historical data and current year data. Historical probability of default is calculated by taking into account of actual and forward looking macro-economic factors. The Group considered GDP growth, coal and copper price changes and policy rate of Bank of Mongolia to be macro-economic factors that are affecting expected credit loss mainly.

The carrying value of the loans and advances approximates to their fair value.

15. Financial investments

	31 December 2023 MNT'000	31 December 2022 MNT'000
Financial assets at FVOCI		
Debt securities		
MIK Bond	3,818,532	3,409,391
Active Garden Bond	-	557,274
Khan Altai Bond	-	428,931
IC REIT	-	250,092
Equity Securities		
Listed		
Golomt bank	1,760,413	2,479,729
Xac bank	922,431	-
Khan bank	59,459	-
Unlisted		
Ochun	1,026,430	-
Total	**7,587,265**	**7,125,417**

The Group has recorded the fair value change in the Other Comprehensive Income.

16. Other financial assets

	31 December 2023 MNT'000	31 December 2022 MNT'000
Due from borrowers*	2,097,615	2,637,874
Due from related parties	829,040	774,303
Due from employees	258,259	70,212
ABS receivables	-	(123,870)
Other receivables	1,509,973	119,889
Total other financial assets	**4,694,887**	**3,478,408**
Less: Allowance for impairment losses	(239,088)	(508,113)
Net other financial assets	**4,455,799**	**2,970,295**

*Receivables from borrowers include direct expenses incurred during the time when the collateral asset transfers to the Group according to the fiduciary contract, such as legal expense, and taxes related to collateral assets

16. Other financial assets (continued)

Movements in the impairment allowance for these receivables are as follows:

	2023 MNT'000	2022 MNT'000
As at 1 January	(508,113)	(136,491)
Impairment (loss)/reversal for the year	161,047	(371,622)
Write-off during the year	107,978	-
As at 31 December	**(239,088)**	**(508,113)**

17. Other non-financial assets

	31 December 2023 MNT'000	31 December 2022 MNT'000
Prepayments and advances	1,910,936	7,166,085
Supply materials	327,561	163,051
Other tax receivables	55,607	80,347
Other non-financial assets	12,218	8,425
Total	**2,306,322**	**7,417,908**
Current	1,226,691	773,433
Non-current	684,245	6,392,652

18. Repossessed collateral

	31 December 2023 MNT'000	31 December 2022 MNT'000
Real estate	1,440,846	1,825,931
Vehicle	480,195	672,669
Total repossessed collateral	**1,921,041**	**2,498,600**
Less: Allowance for impairment losses	(895,662)	(972,298)
Net repossessed collateral	**1,025,379**	**1,526,302**

Movements in the impairment allowance for repossessed collateral are as follows:

	2023 MNT'000	2022 MNT'000
As at 1 January	**(972,298)**	**(773,032)**
Impairment (loss)/reversal for the year	66,849	(185,387)
Write-off during the year	9,787	-
Foreign exchange movements	-	(13,879)
As at 31 December	**(895,662)**	**(972,298)**

19. Property, plant and equipment

	Buildings MNT'000	Computers and its accessories MNT'000	Vehicles MNT'000	Furniture and fixtures MNT'000	Leasehold improvement MNT'000 (restated) (Note 2)	Other assets MNT'000	Total MNT'000
(i) Cost							
At 01 January 2022	219,303	1,273,202	125,022	780,563	887,394	18,830	3,304,314
Acquisitions	-	727,329	375,475	302,677	446,976	19,902	1,872,359
Disposals	-	(292,572)	(23,100)	(104,342)	(199,278)	-	(619,292)
Sales	(194,379)	-	-	-	-	-	(194,379)
Foreign exchange movements	739	4,506	-	3,084	-	22,820	31,149
At 31 December 2022	**25,663**	**1,712,465**	**477,397**	**981,982**	**1,135,092**	**61,552**	**4,394,151**
Acquisitions	8.138,284	720,446	649,695	832,689	877,867	50,547	11,269,528
Disposals	-	(154,397)	(552)	(59,716)	(847,130)	(3,139)	(1,064,934)
Sales	-	(2,195)	(303,746)	(48,746)	-	-	(354,687)
Write-off	-	-	-	(2,893)	-	-	(2,893)
Foreign exchange movements	-	(9,481)	(3,837)	(1,364)	-	(3,860)	(18,542)
At 31 December 2023	**8,163,947**	**2,266,838**	**818,957**	**1,701,952**	**1,165,829**	**105,100**	**14,222,623**

The Group's property, plant and equipments are not pledged as collateral.

19. Property, plant and equipment (continued)

	Buildings MNT'000	Computers and its accessories MNT'000	Vehicles MNT'000	Furniture and fixtures MNT'000	Leasehold improvement MNT'000	Other assets MNT'000	Total MNT'000
(ii) Accumulated depreciation							
At 01 January 2022	(20,953)	(669,057)	(17,280)	(151,442)	(619,172)	(2,975)	(1,480,879)
Depreciation	(3,850)	(458,931)	(38,585)	(129,213)	(224,733)	(7,953)	(863,265)
Disposals	-	-	-	6,740	-	-	6,740
Sales	21,459	-	-	-	-	-	21,458
Foreign exchange movements	-	(6,492)	-	(902)	-	(1,163)	(8,557)
At 31 December 2022	**(3,344)**	**(1,134,480)**	**(55,865)**	**(274,817)**	**(843,905)**	**(12,091)**	**(2,324,503)**
Depreciation	(121,495)	(694,675)	(85,730)	(193,139)	(222,860)	(15,553)	(1,333,452)
Disposals	-	150,115	203	59,716	847,130	2,229	1,059,393
Sales	-	1,651	23,784	17,692	-	-	43,127
Write-off	-	-	-	583	-	-	583
Foreign exchange movements	-	3,858	1,225	538	-	970	6,591
At 31 December 2023	**(124,839)**	**(1,673,531)**	**(116,383)**	**(389,427)**	**(219,635)**	**(24,445)**	**(2,548,261)**
(iii) Net book value							
At 01 January 2022	**198,350**	**604,145**	**107,742**	**629,121**	**268,222**	**15,855**	**1,823,435**
At 31 December 2022	**22,319**	**577,985**	**421,532**	**707,165**	**291,187**	**49,461**	**2,069,648**
At 31 December 2023	**8,039,108**	**593,307**	**702,574**	**1,312,525**	**946,194**	**80,655**	**11,674,362**

20. Intangible assets

	Software MNT'000	Total MNT'000
(i) Cost		
At 01 January 2022	**3,020,549**	**3,020,549**
Acquisitions	1,748,616	1,748,616
Disposals	(280,497)	(280,497)
Foreign exchange movements	3,194	3,194
At 31 December 2022	**4,491,863**	**4,491,863**
Acquisitions	1,548,522	1,548,522
Disposals	(1,875)	(1,875)
Foreign exchange movements	(3,037)	(3,037)
At 31 December 2023	**6,035,472**	**6,035,472**
(ii) Accumulated depreciation		
At 01 January 2022	**(410,846)**	**(410,846)**
Amortisation	(441,998)	(441,998)
Disposals	108,098	108,098
Foreign exchange movements	(520)	(520)
At 31 December 2022	**(745,265)**	**(745,265)**
Amortisation	(507,706)	(507,706)
Disposals	1,875	1,875
Foreign exchange movements	1,002	1,002
At 31 December 2023	**(1,250,093)**	**(1,250,093)**
(iii) Net book value		
At 01 January 2022	**2,609,703**	**2,609,703**
At 31 December 2022	**3,746,598**	**3,746,598**
At 31 December 2023	**4,785,379**	**4,785,379**

21. Right of use assets

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

	Office MNT'000	Other MNT'000	Total MNT'000
Balance at 01 January 2022	**1,127,035**	-	**1,127,035**
Additions	2,946,116	-	**2,946,116**
Disposals/Terminations	(1,694,216)	-	**(1,694,216)**
Effect of modification to lease terms	(303,951)	-	**(303,951)**
Variable lease payment adjustment	(324,881)	-	**(324,881)**
Amortisation	(676,859)	-	**(676,859)**
Foreign exchange movements	137,325	-	**137,325**
Balance at 31 December 2022	**1,210,569**	-	**1,210,569**
Additions	2,517,920	41,630	**2,559,550**
Effect of modification to lease terms	(21,063)	-	**(21,063)**
Variable lease payment adjustment	(414,884)	-	**(414,883)**
Amortisation	(1,143,765)	(4,486)	**(1,148,251)**
Foreign exchange movements	(37,478)	-	**(37,478)**
Balance at 31 December 2023	**2,111,299**	**37,144**	**2,148,444**

Additional note:	2023 MNT'000	2022 MNT'000
Short-term leases	165,574	108,736
Low value leases	266,644	195,103
Total	432,218	303,839

22. Investment in subsidiaries

Name of investee	Main activity	Country of incorporation and principal place of business	31 December 2023 Ownership			31 December 2022 Ownership		
			Ownership	Number of shares issued	Total investment	Ownership	Number of shares	Total investment
			%		MNT'000	%		MNT'000
Invescore Wallet NBFI LLC	Non-banking financial institution	Mongolia	100%	2,500,000	2,500,000	100%	2,500,000	2,500,000
Invescore CA MFC		Kyrgyzstan	73.6%	170,074	3,326,318	100%	100,000	2,892,900
InvesCore KZ LLC		Kazakhstan	100%	21,440	1,838,866	-	-	-
InvesCore UE LLC		Uzbekistan	100%	1,000,000	625,327	-	-	-
Pocket KG LLC	Electronic payment activities	Kyrgyzstan	100%	10,000,000	363,580	100%	10,000,000	363,580
Invescore Active SPE LLC	Special purpose company for issuance of bonds	Mongolia	-	-	-	75%	62,500	46,875
Total investment in subsidiaries					**8,654,091**			**5,803,355**

23. Non-controlling interest

InvesCore CA MFC, a 73.6% owned subsidiary of the Group, has material non-controlling interests (NCI).

Summarised financial information in relation to InvesCore CA MFC, before intra-group eliminations, is presented below together with amounts attributable to NCI:

For the period ended 31 December	**2023 MNT'000**	**2022 MNT'000**
Statement of Profit or loss and other comprehensive income:		
Interest income calculated using the EIR	7,883,197	3,466,370
Interest and similar expense	(4,264,187)	(1,978,306)
Net interest income	**3,619,010**	**1,488,064**
Fee and commission income	-	-
Fee and commission expense	(12,323)	(3)
Net fee and commission expense	**(12,323)**	**(3)**
Impairment losses on financial instruments	(424,130)	(163,609)
Other operating income	(1,225)	7,152
Total operating income	**3,181,332**	**1,331,604**
Employee costs	(1,342,973)	(755,515)
Depreciation of property, plant and equipment	(56,242)	(40,317)
Amortisation of intangible assets	(13,293)	(6,859)
Other operating expenses	(516,611)	(260,801)
Profit before tax	**1,252,213**	**268,112**
Tax expense	(124,194)	(37,180)
Profit for the year	**1,128,019**	**230,932**
Profit allocated to NCI	**297,797**	-
Other comprehensive income allocated to NCI	-	-
Total comprehensive income allocated to NCI	**297,797**	-
Dividends paid to NCI	**(612,224)**	-
Statement of cash flows:		
Cash flows from operating activities	(21,607,238)	(10,098,291)
Cash flows from investing activities	(36,255)	(72,810)
Cash flows from financing activities	22,232,758	10,411,865
Net cash inflows	**589,265**	**240,764**

23. Non-controlling interest (continued)

	At 31 December 2023 MNT'000	At 31 December 2022 MNT'000	At 01 January 2022 MNT'000
Statement of financial position:			
Assets:			
Cash and bank balance	959,219	414,345	133,461
Loans and advances to customers	31,013,241	17,137,078	6,819,944
Other financial assets	43,969	12,785	997
Other non-financial assets	89,664	84,513	27,758
Repossessed collateral	106,850	86,728	-
Property, plant and equipment	196,272	162,189	100,732
Intangible assets	34,075	34,438	2,924
Right-of-use assets	92,714	137,427	581,061
Deferred tax assets	29,165	2,720	729
Liabilities:			
Borrowed funds	26,477,030	14,642,788	4,414,211
Bond payables	613,888	-	-
Current tax liabilities	54,840	24,022	-
Other financial liabilities	148,178	23,480	53,905
Other non-financial liabilities	164,760	139,293	29,820
Lease liabilities	188,195	220,419	603,338
Accumulated non-controlling interests	1,165,667	-	-

24. Borrowed funds

	At 31 December 2023		At 31 December 2022	
	Book value MNT'000	Fair value MNT'000	Book value MNT'000	Fair value MNT'000
From bank				
- Secured	36,577,765	36,703,107	4,023,587	4,023,588
- Unsecured	34,061,565	34,113,259	4,500,000	4,500,000
From financial institutions				
- Secured	9,836,111	9,860,005	7,372,824	7,372,824
- Unsecured	103,542,755	104,765,641	52,451,937	52,480,104
From individuals - unsecured	13,909,506	13,939,928	-	-
From companies- unsecured	2,279,281	2,282,747	-	-
Accumulated interest payable	3,329,901	3,329,901	1,156,516	1,156,516
	203,536,884	**204,994,588**	**69,504,864**	**69,533,032**
Less: Deferred fee expense	(757,902)	(757,902)	-	-
Total borrowings, net	**202,778,982**	**204,236,686**	**69,504,864**	**69,533,032**

24. Borrowed funds (continued)

The currency profile of the Group's borrowed funds is as follows:

	31 December 2023 MNT'000	31 December 2022 MNT'000
MNT	124,476,699	48,456,205
USD	60,540,580	14,667,625
KGS	14,296,493	5,754,802
JPY	2,911,100	626,232
EUR	554,110	-
Total	**202,778,982**	**69,504,864**

		31 December 2023 MNT'000	31 December 2022 MNT'000
Golomt Bank	(i)	10,957,000	1,500,000
Capitron Bank	(ii)	21,000,000	-
Bogd Bank	(iii)	15,000,000	-
Trade and Development Bank	(iv)	-	98,753
Khas Bank	(v)	18,104,565	1,500,000
Tavanbogd Finance NBFI LLC	(vi)	1,400,000	-
Shiidel Finance NBFI LLC	(vii)	400,000	-
CEC Investment NBFI LLC	(viii)	700,000	-
Ochir Undraa OMZ NBFI LLC	(ix)	500,000	-
Khuvsgul Geology JSC	(x)	2,279,281	-
Individual Ts	(xi)	500,000	-
Individual E	(xii)	10,500,000	-
Individual A	(xiii)	2,909,505	-
Rio Tinto Mongolia LLC	(xiv)	2,731,258	2,622,920
MIK	(xv)	17,957,225	39,083,004
Bridge Japan LLC	(xvi)	1,773,559	4,089,639
European Bank for Reconstruction and Development/ EBRD/	(xvii)	7,181,250	-
Asian Development Bank	(xviii)	34,164,140	-
EMF Microfinance Fund Agmuk	(xix)	17,053,450	7,233,660
Hands on B.V	(xx)	4,244,535	3,693,669
Microfinance Enhancement Facility SA, SICAV-SIF	(xxi)	17,053,450	-
M bank	(xxii)	-	3,000,000
Enabling Qapital	(xxiii)	3,412,019	-
Frontiers Microcredit Company LLC	(xxiv)	5,062,552	3,283,185
Bank of Asia CJSC	(xxv)	2,016,085	1,206,092
FinanceCreditBank OJSC	(xxvi)	3,561,677	1,218,756
Accumulated interest payable		3,075,333	975,186
Total borrowings		**203,536,884**	**69,504,864**
Less: Deferred fee expense		(757,902)	-
Total borrowings, net		**202,778,982**	**69,504,864**

24. Borrowed funds (continued)

The Group did not have any defaults on principal or interest payments with regard to all liabilities as at 31 December 2023 and 2022. As of 31 December 2023, the Group is fully compliant with contractual debt covenants imposed by lenders.

Fixed rate of interest range from 5% to 20.5% and floating rate of interest range from 10.4% to 23%.

	Lender name	Currency	Disbursed Amount MNT'000	Outstanding amount MNT'000	Interest type	Secured / Unsecured	Payment
(i)	Golomt Bank	MNT	1,500,000	10,000,000	Fixed	Secured	Interest and principals are payable on monthly basis.
(ii)	Capitron Bank	MNT	4,000,000	957,000	Fixed	Unsecured	Interest and principals are payable on monthly basis.
(iii)	Bogd Bank	MNT	21,000,000	21,000,000	Fixed	Secured	Interest and principals are payable on monthly basis.
(iv)	Trade and Development Bank	MNT	15,000,000	15,000,000	Fixed	Unsecured	Interest and principals are payable on monthly basis.
(v)	Khas Bank	MNT	2,000,000	-	Fixed	Unsecured	Interest and principals are payable on monthly basis.
(vi)	Tavanbogd Finance NBFI LLC	MNT	29,982,160	18,104,565	Fixed	Unsecured	Interest and principals are payable on monthly basis.
(vii)	Shidel Finance NBFI LLC	MNT	1,400,000	1,400,000	Fixed	Secured	The next payment is due on 18 Jan 2024.
(viii)	CEC Investment NBFI LLC	MNT	400,000	400,000	Fixed	Secured	The next payment is due on 18 Jan 2024.
(ix)	Ochir Undraa OMZ NBFI LLC	MNT	700,000	700,000	Fixed	Secured	The next payment is due on 18 Jan 2024.
(x)	Khuvsgul Geology JSC	MNT	500,000	500,000	Fixed	Secured	The next payment is due on 18 Jan 2024.
(xi)	Individual Ts	MNT	2,200,000	2,279,281	Fixed	Unsecured	The next payment is due on 28 Oct 2024.
(xii)	Individual E	MNT	500,000	500,000	Fixed	Unsecured	The next payment is due on 28 Dec 2024.
(xiii)	Individual A	MNT	10,000,000	10,500,000	Fixed	Unsecured	The next payment is due on 26 Dec 2024.
(xiv)	Rio Tinto Mongolia LLC	JPY	2,900,000	2,909,505	Fixed	Unsecured	The next payment is due on 27 Dec 2024.
(xv)	M.K	MNT	-	2,731,258	-	Secured	The next payment is due on 25 Nov 2024.
(xvi)	Bridge Japan LLC	MNT	67,193,139	17,957,224	Fixed	Unsecured	Principal payment 4 times a year, interest is paid monthly. "The last payment is 2024/1/10
(xvii)	European Bank for Reconstruction and Development Bank	USD	1,773,559	1,773,559	Fixed	Unsecured	Interest is due annually, the principal amount is paid at the end of term.
(xviii)	Asian Development Bank	MNT	8,617,500	7,181,250	Fixed	Unsecured	Repay in 6 installments (equal to 1/6 of outstanding amount)
(xix)	EMF Microfinance Fund Agmuk	MNT, USD	-	34,164,140	Floating	Unsecured	Repay in 6 installments (equal to 1/6 of outstanding amount)
(xx)	Hands on B.V	USD	17,000,000	17,053,450	Fixed	Unsecured	Principal- 2022/10/29; 2023/4/29 Interest-2022/4/29; 2023/4/29

24. Borrowed funds (continued)

	Lender name	Currency	Disbursed Amount MNT'000	Outstanding amount MNT'000	Interest type	Secured / Unsecured	Payment
(xxi)	Microfinance Enhancement Facility SA, SICAV-SIF	MNT, USD, EUR	-	4,244,535	Fixed	Unsecured	The next payment is due on 1 Nov 2025.
(xxii)	M bank	USD	17,102,950	17,053,450	Fixed	Unsecured	Interest amount shall be payable to the lender semiannually in arrears on June 30 and 31 December of each year, beginning on 30 June 2024.
(xxiii)	Enabling Qapital	KGS	3,412,019	3,412,019	Fixed	Unsecured	Interest and principals are payable on monthly basis.
(xxiv)	Frontiers Microcredit Company LLC	KGS	5,062,552	5,062,552	Fixed	Unsecured	Interest and principals are payable on monthly basis.
(xxv)	Bank of Asia CJSC	KGS	2,297,139	2,016,085	Fixed	Unsecured	Interest and principals are payable on monthly basis.
(xxvi)	FinanceCreditBank OJSC	KGS	4,563,651	3,561,677	Fixed	Unsecured	Interest and principals are payable on monthly basis.

25. Bonds payable

	At 31 December 2023		At 31 December 2022	
	Book value MNT'000	Fair value MNT'000	Book value MNT'000	Fair value MNT'000
Unsecured				
Listed bonds	30,000,000	29,950,000	38,064,800	37,785,510
Non-listed bonds	36,897,984	36,897,984	5,800,000	5,800,000
Accumulated interest payable	1,590,040	1,590,040	874,057	874,057
	68,488,024	**68,438,024**	**44,738,857**	**44,459,567**
Less: Deferred fee expense	(1,044,638)	(1,044,638)	(568,343)	(568,343)
Total bonds payable	**67,443,386**	**67,393,386**	**44,170,514**	**43,891,224**

The currency profile of the Group's bonds payable is as follows:

	31 December 2023 MNT'000	31 December 2022 MNT'000
MNT	66,829,499	44,170,514
KGS	613,887	-
Total	67,443,386	44,170,514

		31 December 2023 MNT'000	31 December 2022 MNT'000
Listed bond issued by InvesCore NBFI JSC	(i)	30,000,000	20,000,000
Non-listed bond issued by InvesCore NBFI JSC	(ii)	36,300,000	-
Non-listed bond issued by InvesCore CA MFC	(iii)	597,984	-
Invescore Bond Tranche-1	(iv)	-	23,864,800
Accumulated interest payable		1,590,040	874,057
		68,488,024	**44,738,857**
Less: Deferred fee expense		(1,044,638)	(568,343)
Total bonds payable		**67,443,386**	**44,170,514**

№	Bond name	Currency	Nominal value MNT'000	Quantity	Period	Outstanding balance MNT'000
(i)	Bond 2.0	MNT	500,000	460,000	12 months	30,000,000
(ii)	Bond 2.1	MNT	7,000,000	36,300	12 months	36,300,000
(iii)	Non-listed bond issued by InvesCore CA MFC	KGS	1,000	75	36 months	597,984
(iv)	Invescore Bond Tranche-1	MNT	500,000	210,000	12 months	-

All Bonds carries fixed rate of interest - 18% and 19% annually and are unsecured.

26. Private placement of deposit

	At 31 December 2023		At 31 December 2022	
	Book value MNT'000	Fair value MNT'000	Book value MNT'000	Fair value MNT'000
Individuals	105,008,364	105,076,007	102,333,874	102,333,874
Corporate	28,781,255	28,781,255	7,088,071	7,088,071
Accumulated interest payables	7,308,967	7,308,967	2,451,691	2,451,691
Total bond payables	**141,098,586**	**141,166,229**	**111,873,636**	**111,873,636**

The currency profile of the Group's private placements is as follows:

	Interest rate	31 December 2023 MNT'000	31 December 2022 MNT'000
MNT	13%-38.8%	137,693,668	93,950,533
USD	3%-6.5%	2,874,606	17,844,604
JPY	5%	530,312	78,499
Total		**141,098,586**	**111,873,636**

27. Convertible debt

On 26 Oct 2021 the Group has issued convertible debt of MNT 5,000,000 thousand, interest is payable at 17% per annum. Interest is payable in cash annually in arrears. The principal amount of the loan to be converted to equity shares of 500,000 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.

As the conversion feature results in the 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%.

Movements in the convertible debt are as follows:

	2023 MNT'000	2022 MNT'000
Balance at 01 January	**2,242,798**	**2,598,990**
Interest expense	426,131	493,808
Less: Payment	(850,000)	(850,000)
Balance at 31 December	**1,818,929**	**2,242,798**

28. Derivatives

Dervative finacial assets and liabilities carried at FVTPL include:

As at 31 December 2023	Notional amount Asset MNT'000	Notional amount Liability MNT'000	Book value Asset MNT'000	Book value Liability MNT'000
Currency swaps	13,642,760	(13,891,120)	-	(282,556)
	13,642,760	**(13,891,120)**	**-**	**(282,556)**

As at 31 December 2022	Notional amount Asset MNT'000	Notional amount Liability MNT'000	Book Value Asset MNT'000	Book Value Liability MNT'000
Currency swaps	3,444,600	-	508,931	-
	3,444,600	**-**	**508,931**	**-**

29. Other financial liabilities

	31 December 2023 MNT'000	31 December 2022 MNT'000
Advance received towards preference shares*	12,211,765	-
Loan related payables**	4,893,338	1,191,512
Due to related parties	1,187,467	696,197
Unallocated loan repayments	41,527	33,313
ABS payables	-	35,651
Other financial liabilities	984,975	552,749
Total	**19,319,072**	**2,509,422**

*The Company has received MNT 12,211,765 as advance toward the issue of preference shares from one individual citizen of Japan. 6,000,000 number of Preference shares to be issued of face value MNT 5,000 each. The dividend rate is BoM policy rate + 5% markup. The preference shares is redeemable after five years and non-cumulative.

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

30. Other non-financial liabilities

	31 December 2023 MNT'000	31 December 2022 MNT'000
Withholding tax payable	891,060	807,827
Provision for tax on capitalization of ordinary shares*	774,303	774,303
Accrued salary payable	241,316	189,445
Other tax and social health insurance payables	129,962	71,422
Other non-financial liabilities	302,679	282,147
Total	**2,339,320**	**2,125,144**

*This provision for tax on capitalization of ordinary shares represents the amount of tax risk arising from changes in the nominal value of shares referred in Note 30. In accordance with the Shareholders' decision No. A/01 of 31 January 2019, the nominal value of share price increased by MNT 127 per share and capitalised from retained earnings. As a result of this transaction, the nominal value of total shares held by SIBJ Capital LLC was increased, however, no related taxes were withheld and reported. Under the law that was effective during the transaction, the amount of increase in value of shares would be taxed at rate of dividend income, therefore, the amount is recognized and reported as a contingent liability due to the risk of tax on dividends.

31. Lease liabilities

Movements in lease liability relating to the right-of-use asset disclosed in Note 21 for the year are as follows:

	Office MNT'000	Other MNT'000	Total MNT'000
Balance at 01 January 2022	**1,159,836**	-	**1,159,836**
Additions	1,916,808	11,767	1,928,575
Lease payment	(1,618,685)	(1,515)	(1,620,200)
Interest expense	100,666	-	100,666
Variable lease payment adjustment	(324,881)	-	(324,881)
Foreign exchange movements	106,375	-	106,375
Balance at 31 December 2022	**1,340,119**	**10,252**	**1,350,371**
Additions	2,517,920	41,630	2,559,550
Lease payment	(1,879,577)	(19,873)	(1,899,450)
Interest expense	250,372	3,115	253,487
Variable lease payment adjustment	(95,584)	-	(95,584)
Foreign exchange movements	(20,878)	-	(20,878)
Balance at 31 December 2023	**2,112,372**	**35,124**	**2,147,496**

The lease liabilities are measured at 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 are ranging from 15.9-21.6%.

32. Share capital

The Group's share capital as at 31 December 2023 comprises of 75,744,281 ordinary shares with par value of MNT 227 each. (2022: 75,744,281 ordinary shares with par value of MNT 227 each).

Information on the Group's shareholder is shown below:

Name of shareholder	At 31 December 2023 Ownership %	At 31 December 2023 Share capital MNT'000	At 31 December 2022 Ownership %	At 31 December 2022 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**

33. Dividend

On 17 February 2023, the Group declared a dividend of MNT 2,878,283 thousand to its shareholders in proportion to their ownership.

34. Earnings per share

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

	2023 MNT'000	2022 MNT'000
Numerator		
Profit for the year and earnings used in basic EPS	44,280,422	29,282,492
Earnings used in basic and diluted EPS	**44,280,422**	**29,282,492**
Denominator		
Weighted average number of shares used in basic EPS	75,744	75,744
Earnings Per Share		
Basic and diluted earnings per share in MNT	585	387

The convertible debt number of shares 500,000 shares (2022: 500,000) at maturity have been excluded from the diluted weighted average number of shares calculation because their effects would have been anti-dilutive.

35. Fair value reserve

	Reserves MNT'000
At 1 January 2022	**-**
Net loss on financial instruments at FVOCI	21,411
Deferred tax liability (Note 12)	(4,773)
At 31 December 2022	**16,638**
Net loss on financial instruments FVOCI	770,538
Deferred tax liability (Note 12)	(77,051)
At 31 December 2023	**710,125**

36. Segment reporting

The Group has one business segment micro finance and hence not separately disclosed here. The details of the geographical segment is given below.

2023	Mongolia	Other Asian countries	Total
	MNT'000	MNT'000	MNT'000
Segment results			
External revenue			
Interest income	118,267,368	7,881,582	126,148,950
Interest expense	(42,400,070)	(4,338,411)	(46,738,481)
Fee and commission income	15,599,811	42	15,599,853
Fee and commission expense	(668,486)	(15,951)	(684,437)
Inter segment revenue/(expense)	1,742,864	(1,742,864)	-
Net interest income	**92,541,487**	**1,784,398**	**94,325,885**
Net gain/(losses) from other financial instruments at FVTPL	(282,556)	-	(282,556)
Impairment losses on financial assets	(6,998,939)	(424,130)	(7,423,069)
Other operating income	310,509	54,450	364,959
Net Operating Income	**85,570,501**	**1,414,718**	**86,985,219**
Employee costs	(12,167,433)	(1,697,512)	(13,864,945)
Depreciation of property, plant and equipment	(1,258,744)	(74,708)	(1,333,452)
Amortisation of right of use	(1,110,258)	(37,993)	(1,148,251)
Amortisation of intangible assets	(488,898)	(18,808)	(507,706)
Other operating expenses	(9,753,612)	(648,315)	(10,401,927)
Profit before tax	**60,791,556**	**(1,062,618)**	**59,728,938**
Income tax expense	(15,021,516)	(129,203)	(15,150,719)
Profit for the year	**45,770,040**	**(1,191,821)**	**44,578,219**
Segment assets	564,664,740	35,961,045	600,625,785
Segment liabilities	416,052,456	28,863,796	444,916,252
Addition to non-current asset	12,627,006	191,044	12,818,050

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

36. Segment reporting (continued)

2022	Mongolia	Other Asian countries	Total
	MNT'000	MNT'000	MNT'000
Segment results			
External revenue			
Interest income	73,846,623	3,466,367	77,312,990
Interest expense	(23,383,660)	(2,025,574)	(25,409,234)
Fee and commission income	15,584,414	961	15,585,375
Fee and commission expense	(873,608)	(260)	(873,868)
Inter segment revenue/(expense)	664,330	(664,330)	-
Net interest income	**65,838,099**	**777,164**	**66,615,263**
Impairment losses on financial assets	(8,616,249)	(163,609)	(8,779,858)
Other operating income	344,061	18,777	362,838
Net Operating Income	**57,565,911**	**632,332**	**58,198,243**
Employee costs	(7,999,087)	(984,093)	(8,983,180)
Depreciation of property, plant and equipment	(812,231)	(51,034)	(863,265)
Amortisation of right of use	(631,687)	(45,172)	(676,859)
Amortisation of intangible assets	(432,092)	(9,906)	(441,998)
Other operating expenses	(8,315,516)	(299,073)	(8,614,589)
Profit before tax	**39,375,298**	**(756,946)**	**38,618,352**
Income tax expense	(9,178,879)	(37,180)	(9,216,059)
Profit for the year	**30,196,419**	**(794,126)**	**29,402,293**
Segment assets	332,364,983	18,884,508	351,249,491
Segment liabilities	221,215,093	15,655,828	236,870,921
Addition to non-current asset	3,482,415	138,559	3,620,974

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

37. Related party transactions

(i) Identifying related parties

A party is related to the another party if a Party, directly or indirectly, has a significant influence to the decision making for the financial and operating activities of the another party or controls over the financial and operating activities of the another party, and a Party is related to another party if the Group is under control of a party or the conditions above mentioned are reverse.

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
InvesCore Financial Group LLC	Singapore	Ultimate Parent, holding company	none
SIBJ Capital LLC	Mongolia	Parent company	Borrowings, management service
Ankhbold.B.	Mongolia	Shareholder, Chairman of the Board	Borrowings
Kawazoe T.	Japan	Shareholder	Borrowings
InvesCore Capital SC LLC	Mongolia	Fellow subsidiary	Underwriting service
InvesCore Property LLC	Mongolia	Fellow subsidiary	Asset management service
AI Lab LLC	Mongolia	Fellow subsidiary	System development
InvesCore Leasing LLC	Mongolia	owned by Chairman of the BOD	Lending
Colo Thinking LLC	Mongolia	owned by Chairman of the BOD	Design development
IC REIT LLC	Mongolia	owned by Chairman of the BOD	Intercompany transactions
Mongolian Talent Network LLC	Mongolia	owned by Chairman of the BOD	Intercompany transactions
Finberry LLC	Mongolia	owned by Chairman of the BOD	Intercompany transactions
Zoljargal M.	Mongolia	Management of affiliate	Borrowings
Nanzadragchaa D.	Mongolia	Management of affiliate	Borrowings
Mongolian Investment Rating Agency LLC	Mongolia	owned by member of the BOD	Investment

37. Related party transactions (continued)

(ii) Transactions with related parties

The transactions with related parties for the year ended 31 December 2023 and 2022 were as follows:

	2023 MNT'000	2022 MNT'000
Transactions with the shareholder		
Management fees	360,000	360,000
Dividend paid	2,316,812	152,422
Purchase of PPE	271,939	-
Proceeds from private placements	945,564	-
Interest expenses and payments of private placements	27,136	-
Repayment of borrowings	-	3,937,771
Interest expense on borrowings	-	162,940
Payment of interest of borrowings	-	480,745
Interest income of loan disbursed	-	-
Payments made to related parties	631,939	-
Payment of convertible debt	850,000	850,000
Other monetary payments	-	-
Transactions with other related parties		
IT and automation expense	978,499	960,458
Asset management expenses	118,815	-
Underwriter service expense	65,000	93,900
Other expenses	4,674	1,240
Purchase of intangibles	1,335,521	982,288
Purchase of PPE	7,526,630	-
Sale of PPE	6,764	-
Proceeds from private placements	17,527,847	-
Repayment of private placements	10,611,112	-
Interest of expense on private placements	320,642	-
Payment of interest of private placements	34,616	-
Proceeds from borrowings	2,909,505	-
Interest expense on borrowings	1,594	-
Loans disbursed	13,295,210	1,342,424
Repayment of loan	15,402,803	89,462
Interest income of loan disbursed	896,042	732,397
Payment of loan interest	953,158	710,917
Other monetary payments received	7,294	4,299
Other monetary payments made	4,879,657	931,093
Payments made on behalf of a related party	73,016	72,675
Payments made by a related party	51,390	-

37. Related party transactions (continued)

Key management personnel compensation:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Chief Executive Officer, Deputy Chief Executive Officer, and Deputy Chief Financial Officer listed on Page 1.

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

	2023 MNT'000	2022 MNT'000
Short-term benefit:		
- Salary wages and bonuses	1,679,558	1,332,898
- Employer contribution to social and health insurance	228,310	185,429
	1,907,867	1,518,327

(iii) Outstanding balances of transactions with related parties

At 31 December, the outstanding balances of transactions with related parties are follows:

	Notes	31 December 2023 MNT'000	31 December 2022 MNT'000
Amount due to related parties			
AI Lab LLC		843,411	322,682
InvesCore Holding LLC		140,827	140,827
SIBJ Holding LLC		121,100	121,100
InvesCore Capital LLC		65,000	111,512
InvesCore Property LLC		12,455	76
SIBJ Capital LLC		4,674	-
Total amount due to related parties	29	1,187,467	696,197

	Notes	31 December 2023 MNT'000	31 December 2022 MNT'000
Amount due from related parties			
SIBJ Capital LLC		774,302	774,303
Mongolia Talent Network LLC		39,928	-
Finberry LLC		10,029	-
Colo Thinking LLC		1,785	-
InvesCore Property LLC		2,996	-
Total receivables due from related parties	16	829,040	774,303

38. Contingent liabilities and commitments

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 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 do not have any financial guarantees. For unutilised credit limit, no provision has been made as it is immaterial. The outstanding credit lines as of current and previous reporting date are as follows:

	31 December 2023 MNT'000	**31 December 2022 MNT'000**
Unutilised credit limit	9,163,387	3,132,223

39. 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

39. Financial instruments - risk management (continued)

(ii) Financial instruments by category

	Fair value through profit or loss		Amortised cost		Fair value through other comprehensive income	
	31 December 2023 MNT'000	31 December 2022 MNT'000	31 December 2023 MNT'000	31 December 2022 MNT'000	31 December 2023 MNT'000	31 December 2022 MNT'000
Financial assets						
Cash and bark balance	-	-	81,902,828	50,113,733	-	-
Loans and advances to customers	-	-	484,418,215	274,210,268	-	-
Financial assets at FVOCI	-	-	-	-	7,587,265	7,125,417
Derivative financial assets	-	508,931	-	-	-	-
Other financial assets	-	-	4,455,799	3,024,770	-	-
Total financial assets	-	508,931	570,776,842	327,348,771	7,587,265	7,125,417
Financial liabilities						
Borrowed funds	-	-	(202,778,982)	(69,450,389)	-	-
Bond payables	-	-	(67,443,386)	(44,170,514)	-	-
Private placement of deposits	-	-	(141,098,586)	(111,873,636)	-	-
Convertible debt	-	-	(1,818,929)	(2,242,798)	-	-
Derivatives	(282,556)	-	-	-	-	-
Other financial liabilities	-	-	(19,319,072)	(2,509,422)	-	-
Total financial liabilities	(282,556)	-	(432,458,955)	(230,246,759)	-	-
Net financial assets/(liabilities)	(282,556)	508,931	138,317,887	97,102,012	7,587,265	7,125,417

39. Financial instruments - risk management (continued)

(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, Bonds, convertible debt, trust service liabilities, 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 Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The management receives monthly reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.
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:

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 Credit Committee implements credit risk management of the Group in an integrated manner by regularly discussing and resolving and, if necessary, the issue is discussed in the Board meeting.

The Group follows the "Risk Management Policy" issued by the Credit Committee for its loan activities. 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 the credit risk management is to optimize the level of risks and expected returns of loan activities.

39. Financial instruments - risk management (continued)

a) Credit risk (continued)

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

1. Accountability
2. Independence
3. To operate within the framework of policies and procedures
4. Providing complete loan documentation
5. Consistency
6. Adherence to the set limits and scattering the loan portfolio

To structure the level of credit risk, the Group undertakes by placing limits on the amount of risk acceptable to one individual borrower or a Group of borrowers. Exposure to credit risk is managed through regular analysis of the ability of the borrowers and potential borrowers to meet interest and principal repayment obligations. Credit limit is modified when necessary. 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

(In thousands of MNT)	31 December 2023 Gross maximum exposure	31 December 2022 Gross maximum exposure
Due from banks	81,902,828	50,113,733
Loans and advances to customers	484,418,215	274,264,743
Debt Financial assets at FVTOCI	3,818,532	4,645,688
Other financial assets	4,455,799	2,970,295
Total on balance sheet	**574,595,374**	**331,994,459**
Commitments	9,163,387	3,132,223
Total off-balance sheet	**9,163,387**	**3,132,223**
Total credit risk exposure	**583,758,761**	**335,126,682**

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

(In thousands of MNT)	% of exposure that is subject to collateral requirements 31 Dec 2023	31 Dec 2022	Principal type of collateral held
Loans and advances to corporate customers			
Consumer loans	98%	93%	Car, factory, land, office building, apartment, stocks, electronics, phone number, parking lots, machinery
Business loan	93%	88%	Car, factory, land, office building, apartment, stocks, electronics, phone number, parking lots, machinery
Vehicle loan	100%	100%	Car

39. Financial instruments - risk management (continued)

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 4 (b)(vi).

		2023			
(In thousands of MNT)	PD range	Stage 1	Stage 2	Stage 3	Total
Performing	0-3.7%	471,294,741	-	-	**471,294,742**
Past due	3%-70.4%	-	12,760,190	-	**12,760,190**
Substandard	100%	-	-	5,012,479	**5,012,479**
Doubtful	100%	-	-	7,257,636	**7,257,636**
Loss	100%	-	-	8,063,502	**8,063,502**
Gross amount		**471,294,741**	**12,760,190**	**20,333,617**	**504,388,548**
Fee deferral		(2,150,691)	(65,228)	(20,668)	**(2,236,587)**
Loss allowance		(5,359,735)	(1,309,599)	(11,064,412)	**(17,733,746)**
Net amount		**463,784,315**	**11,385,363**	**9,248,537**	**484,418,215**

		2022			
(In thousands of MNT)	PD range	Stage 1	Stage 2	Stage 3	Total
Performing	0.02-5%	268,527,703	-	-	**268,527,703**
Past due	0%-71.31%	-	7,624,374	-	**7,624,374**
Substandard	100%	-	-	4,325,383	**4,325,383**
Doubtful	100%	-	-	4,193,975	**4,193,975**
Loss	100%	-	-	3,947,475	**3,947,475**
Gross amount		**268,527,703**	**7,624,374**	**12,466,833**	**288,618,910**
Fee deferral		(343,699)	(26,071)	(232,359)	**(602,129)**
Loss allowance		(4,858,267)	(495,766)	(8,398,004)	**(13,752,037)**
Net amount		**263,325,737**	**7,102,537**	**3,836,470**	**274,264,744**

39. Financial instruments - risk management (continued)

a) *Credit risk (continued)*

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 financials assets.

Amounts arising from ECL

To reduce the credit risk of financial assets, the Group requires collateral mainly non-retail and consumer loans from borrowers. 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.

Effect of collaterals of loans provided to the customers by the Group:

	Over-collateralized assets		**Under-collateralized assets**	
	Carrying value of the assets	**Fair value of collateral**	**Carrying value of the assets**	**Fair value of collateral**
At 31 December 2022				
Business loan	243,273,731	602,673,717	6,011,064	17,715,317
Consumer loan	27,500,100	79,146,280	161,970	1,002,768
Vehicle loan	59,599,408	116,053,634	61,313	163,343
Total	**330,373,239**	**797,873,631**	**6,234,347**	**18,881,428**

	Over-collateralized assets		**Under-collateralized assets**	
	Carrying value of the assets	**Fair value of collateral**	**Carrying value of the assets**	**Fair value of collateral**
At 31 December 2023				
Business loan	128,553,993	304,951,526	4,385,659	15,533,760
Consumer loan	19,555,677	58,207,969	368,255	1,647,769
Vehicle loan	29,363,247	66,762,571	131,136	387,305
Total	**177,472,917**	**429,922,066**	**4,885,050**	**17,568,834**

The loan collateral must be sufficient to repay the principal, principal interest and penalty interest on the high-risk loans. The collateral shall be valued by determining its market value and following the benchmark valuation. Management monitors the value of collateral.

39. Financial instruments - risk management (continued)

a) *Credit risk (continued)*

Inputs, assumptions and techniques used for estimating impairment

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.

39. Financial instruments - risk management (continued)

a) Credit risk (continued)

Amounts arising from ECL (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

- 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
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions

Generating the term structure of PD

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.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than 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.

39. Financial instruments - risk management (continued)

a) Credit risk (continued)

Amounts arising from ECL (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Determining whether credit risk has increased significantly (continued)

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 defaul t appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-im paired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL (sta ge 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
  - Obligator 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. The key driver for credit risk are: GDP growth, unemployment rates and interest rates. Since the Group loan portfolio average life is short, the sensitivity to these key drivers are insignificant.

39. Financial instruments - risk management (continued)

a) Credit risk (continued)

Amounts arising from ECL (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

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.

Measurement of ECL

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

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

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.

LGD is magnitude of the likely loss if there is a default. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery cost of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD is potential future amounts that may be drawn under the contract, which are estimated based on the historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the guarantee exposure when the financial guarantee becomes payable.

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.

39. Financial instruments - risk management (continued)

a) 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 Function periodically monitors the compliance against its risk appetite on the Group's interest rate position.
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 2023 and 31 December 2022.

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

	Change in basis point	**Currency**	**Sensitivity of net interest expense MNT'000**
Borrowed funds	+120	MNT	177,821
	+120	USD	176,453

39. Financial instruments - risk management (continued)

b) Market risk (continued)

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:

	USD		JPY		EUR		Total	
As at 31 December	2023 MNT'000	2022 MNT'000	2023 MNT'000	2022 MNT'000	2023 MNT'000	2022 MNT'000	2023 MNT'000	2022 MNT'000
Financial assets								
Cash and bank balance	1,951,521	5,401,389	15,142,491	939,654	74	3,067	17,094,086	6,344,110
Loans and advances to customers	15,464,606	-	-	-	-	-	15,464,606	-
Financial assets at FVOCI	3,818,532	3,409,391	-	-	-	-	3,818,532	3,409,391
Derivative financial assets	13,241,400							
Other financial assets	15,944	-	-	-	-	-	15,944	-
Total financial assets	34,492,003	8,810,780	15,142,491	939,654	74	3,067	36,393,168	9,753,501
Financial liability								
Borrowed funds	(60,540,580)	(14,667,513)	(2,911,100)	(626,232)	(554,110)	-	(64,005,790)	(15,293,745)
Private placement of deposits	(2,874,606)	(17,844,604)	-	-	-	-	(2,874,606)	(17,844,604)
Other financial liabilities	(85,504)	(19,418)	-	-	-	-	(85,504)	(19,418)
Total financial liabilities	(63,500,690)	(32,531,535)	(2,911,100)	(626,232)	(554,110)	-	(66,965,900)	(33,157,767)
Net exposure to foreign currency	(29,008,687)	(23,720,755)	12,231,391	313,422	(554,036)	3,067	(30,572,732)	(23,404,266)

39. Financial instruments - risk management (continued)

b) Market risk (continued)

ii) Foreign currency risk

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 or loss	
	2023	2022
	MNT'000	MNT'000
USD strengthening by 20% (2022: 20%)	(6,379,896)	(3,558,113)
USD weakening by 20% (2022: 20%)	6,379,896	3,558,113
JPY strengthening by 20% (2022: 20%)	1,834,709	47,013
JPY weakening by 20% (2022: 20%)	(1,834,709)	(47,013)
EUR strengthening by 20% (2022: 20%)	(83,105)	460
EUR weakening by 20% (2022: 20%)	83,105	(460)

c) Liquidity risk

Liquidity 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, submits them to the Board of Directors, and plans further actions.

39. Financial instruments - risk management (continued)

c) *Liquidity risk (continued)*

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

As at 31 December 2023	Up to 3 months MNT'000	Between 3 and 12 months MNT'000	Between 1 and 2 Years MNT'000	Between 2 and 5 Years MNT'000	Total MNT'000
Financial liabilities					
Borrowed funds	81,886,677	88,119,905	59,856,267	13,955,123	243,817,972
Bond payables	5,067,951	68,590,261	944	-	73,659,156
Private placement of deposits	24,163,842	119,156,568	4,172,532	-	147,492,942
Derivative financial liabilities	171,222	517,429	509,899	168,084	1,366,634
Other financial liabilities	19,319,072	-	-	-	19,319,072
Lease liabilities	192,827	568,466	741,166	1,262,304	2,764,763
Total financial liabilities	**130,801,591**	**276,952,629**	**65,280,808**	**15,385,511**	**488,420,539**
As at 31 December 2022					
Financial liabilities					
Borrowed funds	680,388	64,450,136	3,956,825	2,148,572	71,235,921
Bond payables	3,027,616	46,072,844	-	-	49,100,460
Private placement of deposits	21,909,370	96,480,346	345,323	24,660	118,759,699
Other financial liabilities	2,509,422	-	-	-	2,509,422
Lease liabilities	129,938	578,602	758,876	1,931,044	3,398,460
Total financial liabilities	**28,256,734**	**207,581,928**	**5,061,024**	**4,104,276**	**245,003,962**

39. Financial instruments - risk management (continued)

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.

Consistent with others in the industry, the Group monitors capital on the basis of the debt to adjusted capital ratio. This ratio is calculated as net debt adjusted capital as defined above. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents.

Due to recent market uncertainty, the Group's strategy is to preserve a strong cash base and achieve a debt-to-adjusted-capital. Objective of this strategy is to secure access to finance at reasonable cost by maintaining a high credit rating. The debt-to-adjusted-capital ratios at 31 December 2022 and at 31 December 2023 were as follows:

	2023 MNT'000	2022 MNT'000
Total liabilities	444,916,252	236,870,921
Less: Cash and cash equivalents	(81,902,828)	(50,113,733)
Net liabilities	**363,013,424**	**186,757,188**
Total equity	154,192,066	114,105,490
Gearing ratio (%)	**235%**	**164%**

40. Fair value disclosures

Financial instruments measured at fair value

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

(In thousands of MNT)	Level 1	Level 2	Level 3	Total
At 31 December 2023				
Financial assets				
Financial assets at FVTOCI	2,742,303	3,818,532	1,026,430	**7,587,265**
Financial liabilities				
Derivative financial liabilities	-	(282,556)	-	**(282,556)**
	2,742,303	**3,535,976**	**1,026,430**	**7,304,709**

(In thousands of MNT)	Level 1	Level 2	Level 3	Total
At 31 December 2022				
Financial assets				
Financial assets at FVTOCI	2,479,729	4,645,688	-	**7,125,417**
Financial liabilities				
Derivative financial assets	-	508,931	-	**508,931**
	2,479,729	**5,154,619**	**-**	**7,634,348**

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 hierarchy	Valuation technique	Inputs	Sensitivity changes in significant unobservable inputs
Derivative financial instruments	Level 2	Interest rate parity analysis	Policy rate, Government bond yield, Z-spread, SOFR rates, SHIBOR rates	Increase in the USD interest rate and decrease in the MNT interest rate will increase/decrease the fair value and vice-versa
Debt instruments	Level 3	Market value approach	Rating migration rates of Moody's, historical data from external sources, future cash flows	Increase in default rate and market rate of interest will decrease the fair value and vice versa
Equity instruments	Level 3	Net assets value	Share price, transaction price	Inrease in the net assets value will increase the fair value and vice versa

There were no change in valuation approach during the years ended 31 December 2022 and 2023.

40. Fair value disclosures (continued)

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 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, depsoits and Borrowings the 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 fari value is determined by discounting the instruments to the market value of interest

41. Maturity analysis of assets and liabilities

At 31 December 2023	Less than 12 months MNT'000	More than 12 months MNT'000	Total MNT'000
Assets			
Financial Assets			
Cash and bank balance	81,902,828	-	**81,902,828**
Loans and advances to customers	97,618,984	386,799,231	**484,418,215**
Financial assets at FVOCI	3,801,076	3,786,189	**7,587,265**
Other financial assets	4,455,799	-	**4,455,799**
Non-Financial Assets			
Other non-financial assets	1,622,077	684,245	**2,306,322**
Repossessed collateral	-	1,025,379	**1,025,379**
Property, plant and equipment	-	11,674,362	**11,674,362**
Intangible assets	-	4,785,379	**4,785,379**
Right-of-use assets	-	2,148,444	**2,148,444**
Deferred tax assets	-	29,165	**29,165**
Goodwill	-	292,627	**292,627**
Total assets	**189,400,764**	**411,225,021**	**600,625,785**
Liabilities			
Financial Liabilities			
Borrowed funds	(54,274,564)	(148,504,418)	**(202,778,982)**
Bond payables	(65,255,377)	(2,188,009)	**(67,443,386)**
Private placement of deposits	(130,458,805)	(10,639,781)	**(141,098,586)**
Convertible liability	(504,403)	(1,314,526)	**(1,818,929)**
Derivative financial liabilities	-	(282,556)	**(282,556)**
Other financial liabilities	(19,319,072)	-	**(19,319,072)**
Lease liabilities	(412,150)	(1,735,346)	**(2,147,496)**
Non-Financial Liabilities			
Current tax liabilities	(7,396,351)	-	**(7,396,351)**
Deferred tax liabilities	-	(291,574)	**(291,574)**
Other non-financial liabilities	(2,339,320)	-	**(2,339,320)**
Total liabilities	**(279,960,042)**	**(164,956,210)**	**(444,916,252)**
Net position	**(90,559,278)**	**246,268,811**	**155,709,533**

41. Maturity analysis of assets and liabilities (continued)

At 31 December 2022	Less than 12 months MNT'000	More than 12 months MNT'000	Total MNT'000
Assets			
Financial Assets			
Cash and bank balance	50,113,733	-	50,113,733
Loans and advances to customers	66,042,425	208,222,318	274,264,743
Financial assets at FVOCI	-	7,125,417	7,125,417
Derivative financial assets	508,931	-	508,931
Other financial assets	2,970,295	-	2,970,295
Non-Financial Assets			
Other non-financial assets	1,025,256	6,392,652	7,417,908
Repossessed collateral	-	1,526,302	1,526,302
Property, plant and equipment	-	2,069,648	2,069,648
Intangible assets	-	3,746,598	3,746,598
Right-of-use assets	-	1,210,569	1,210,569
Deferred tax assets	-	2,720	2,720
Goodwill	-	292,627	292,627
Total assets	120,660,640	230,588,851	351,249,491
Liabilities			
Financial Liabilities			
Borrowed funds	(6,061,459)	(63,388,930)	(69,450,389)
Bond payables	(43,296,457)	(874,057)	(44,170,514)
Private placement of deposits	(88,196,043)	(23,677,593)	(111,873,636)
Convertible liability	(423,868)	(1,818,930)	(2,242,798)
Other financial liabilities	(2,509,422)	-	(2,509,422)
Lease liabilities	(347,814)	(1,002,557)	(1,350,371)
Non-Financial Liabilities			
Current tax liabilities	(2,840,451)	-	(2,840,451)
Deferred tax liabilities	-	(308,196)	(308,196)
Other non-financial liabilities	(2,125,144)	-	(2,125,144)
Total liabilities	(145,800,658)	(91,070,263)	(236,870,921)
Net position	(25,140,017)	139,518,587	114,378,570

42. Notes supporting cash flow

Reconciliation of financing liabilites with financing activities.

	Borrowed Funds	Bonds Payable	Private placement of deposit	Convertible debts
	MNT'000	MNT'000	MNT'000	MNT'000
As at 31 Dec 2022	**69,450,389**	**44,170,514**	**111,873,636**	**2,242,798**
Proceeds	244,040,374	68,666,445	37,088,273	-
Repayment of principal	(112,390,308)	(46,101,096)	(12,722,611)	(423,869)
Interest accrued	14,469,068	9,285,547	21,667,456	426,131
Interest paid	(12,218,500)	(8,569,563)	(16,807,189)	(426,131)
Foreign exchange	(572,041)	(8,461)	(979)	-
As at 31 Dec 2023	**202,778,982**	**67,443,386**	**141,098,586**	**1,818,929**

	Borrowed Funds	Bonds Payable	Private placement of deposit	Convertible debts
	MNT'000	MNT'000	MNT'000	MNT'000
As at 31 Dec 2021	**32,083,091**	**27,620,908**	**56,477,728**	**2,598,990**
Proceeds	124,764,786	26,260,000	83,078,317	-
Repayment of principal	(89,384,966)	(8,994,410)	(28,047,147)	(356,192)
Interest accrued	8,428,677	4,463,588	11,258,305	493,808
Interest paid	(10,602,062)	(5,179,572)	(13,548,617)	(493,808)
Foreign exchange	4,160,863	-	2,655,050	-
As at 31 Dec 2022	**69,450,389**	**44,170,514**	**111,873,636**	**2,242,798**

43. Subsequent events

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.

44. Translation

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