



# 2024 | SIBJ Capital Group Annual Report

# TABLE OF CONTENTS

<b>1</b>	<b>Terms Definitions (Page.02)</b>	<b>7</b>	<b>Audited Financial Statements (Page.46)</b>
<b>2</b>	<b>Glance the Year (Page.04)</b>	7.1	Statement of Management's responsibility
2.1	Financial Highlight in Numbers	7.2	Independent Auditor's Report
2.2	Key Highlight Events and Awards	7.3	Consolidated Financial Statements
<b>3</b>	<b>Chairman Letter to Shareholders (Page.08)</b>	7.4	Notes to the Consolidated Financial Statements
<b>4</b>	<b>Line of Business CEOs Letter to Shareholders (Page.10)</b>	<b>8</b>	<b>Corporate Governance (Page.120)</b>
4.1	Microfinance - The Core	8.1	Summary of the Board Report: InvesCore NBFi
4.2	Microfinance - Pocket Application	8.2	Summary of the Board Report: Pocket NBFi
4.3	Investment Banking (Supporting & Synergistic)	8.3	Summary of the Board Report: InvesCore Capital
<b>5</b>	<b>Group Executive Committee Introduction (Page.20)</b>	8.4	Summary of the Board Report: InvesCore Property
<b>6</b>	<b>Management Commentary (Page.22)</b>	8.5	Summary of the Board Report: AILAB
6.1	Our Operations and Functions	<b>9</b>	<b>ESG Report Summary (Page.132)</b>
6.2	CFO's Review of Financial Management and Operations	<b>10</b>	<b>Information to Investors and Shareholders (Page.138)</b>
6.2.1	Introduction		
6.2.3	Executive Summary		
6.2.4	Consolidated Results of Operations		
6.2.5	Consolidated Balance Sheets and Cash Flows Analysis		
6.2.6	Business Segments		
6.2.7	Cooperation between Group CFO and CIO of the Core Business		
6.2.8	Capital Actions		
6.2.9	Liquidity Risk Management		
6.3	CRO's Review of Group-Wide Risk Management		
6.3.1	Risk Culture		
6.3.2	Risk Appetite Framework		
6.3.3	Credit Risk Management		
6.4	Forward-Looking Statements		



# 01. Terms Definitions

## Terms Definitions

<b>ADB</b>	the Asian Development Bank
<b>Board</b>	the board of directors of the subsidiaries
<b>Chairman</b>	the chair of the Board
<b>EBRD</b>	the European Bank for Reconstruction and Development
<b>ESOP</b>	means the employee stock option scheme
<b>EY</b>	the Ersnt & Young Mongolia Audit LLC, being the Group's auditor
<b>Financial Regulatory Commission of Mongolia or FRC</b>	the Financial Regulatory Commission of Mongolia
<b>ICFG</b>	InvesCore Financial Group or SIBJ Capital Group
<b>IFRS</b>	International Financial Reporting Standards as issued by the International Accounting Standards Board
<b>InvesCore NBFi subgroup</b>	means InvesCore NBFi JSC and various entities (Pocket NBFi LLC, InvesCore CA MFC, InvesCore Finance KZ MFO, and Pocket KG LLC) that will form part of the ongoing business
<b>IPO</b>	initial public offering
<b>MSE</b>	the Mongolian Stock Exchange
<b>MSME</b>	micro small-medium enterprise
<b>NBFi</b>	non-bank financial institution
<b>SIBJ Capital Group</b>	means SIBJ Capital LLC and various entities (InvesCore NBFi subgroup, InvesCore Capital LLC, InvesCore Property LLC, and AILAB LLC) that will form part of the ongoing business
<b>Subsidiary</b>	has the meaning given to it in section 531 of the Companies Law and shall include overseas companies (and "Subsidiaries" shall be construed accordingly)
<b>USD or US\$</b>	the lawful currency of the United States
<b>₮ or MNT</b>	the lawful currency of Mongolia
<b>KGS</b>	the lawful currency of Kyrgyzstan
<b>KZT</b>	the lawful currency of Kazakhstan





## 02. Glance the Year

1. Financial Highlight in Numbers
2. Key Highlight Events and Awards

## Glance the Year

Financial Highlight in Numbers

### Financial Highlights

As of or for the year ended December 31,  
(in millions, except per share, ratio data and employees)

		2024	2023	2022
<b>Selected income statement data</b>				
Net interest income	₮	140,957	77,137	50,777
Net fee and commission income		27,203	17,354	16,750
Total noninterest revenue		19,822	25,466	13,400
Total operating income		187,982	119,957	80,927
Total noninterest expense		58,851	46,984	44,465
Pre-provision profit		129,131	72,974	36,463
Impairment losses on financial instruments		18,390	8,940	10,449
Net income		85,465	47,734	26,013
<b>Per common share data</b>				
Book value per share	₮	16,096	10,283	7,637
Number of common shares outstanding		16,868,266	16,868,266	16,524,596
<b>Selected ratios</b>				
Return on equity		38%	32%	25%
<b>Selected balance sheet data</b>				
Loans and advances to customers	₮	735,427	486,842	273,315
Total assets		955,633	633,763	390,905
Private placement of deposits		204,173	141,099	111,763
Total equity		271,518	173,458	126,201
<b>Employees</b>				
		608	531	453

\*Reporting currency of the Group for 2024 is MNT

SIBJ Capital Group, better known as InvesCore Financial Group, is a leading microfinance and financial services company based in Mongolia, with expanding operations across Central and Southeast Asia and total assets of MNT 956 billion. The Group is a leader in micro finance services for consumers and MSME businesses. Under InvesCore brand, the Group serves thousands of customers, predominantly in Mongolia.

Information about SIBJ Capital Group's capabilities can be found at [ic-fg.com](http://ic-fg.com), at [invescore.mn/en](http://invescore.mn/en), at [icapital.mn/?lang=en](http://icapital.mn/?lang=en), at [invescoreproperty.mn/about](http://invescoreproperty.mn/about) and at [ailab.mn](http://ailab.mn).

## Glance the Year

Financial Highlight in Numbers



**\$25.2m**

Net profit



**45%**

Net margin on  
operating income



**11%**

ROA



**38%**

ROE



**52%**

Total operating income  
CAGR (2022-24)



**81%**

Net profit  
CAGR (2022-24)



**64%**

Loans and advances to  
customers CAGR (2022-24)



**31%**

Cost-to-income



Microfinance business in  
Mongolia by asset size



Broker for Equity Primary  
Market Trade Execution  
in Mongolia



Digital loan provider  
in Mongolia



By market cap on the  
Mongolian Stock Exchange  
and #1 in the microfinance  
sector

# Glance the Year

Key Highlight Events and Awards



The Group officially expanded its core operations into Kazakhstan by obtaining the required special permit and establishing new branches



The Group’s core subsidiary was honored with Mongolia’s highly prestigious ‘Entrepreneur 2024’ award



The Group successfully raised MNT 50 billion through a single-tranche ABS issuance, the largest of its kind in Mongolia’s market



ХОЙМОР

IC TOWER

The Group provides comprehensive real estate management services across its portfolio of projects, setting industry-leading practices



Automation & API connections



AI based Credit scoring system



Blockchain, Crypto exchange Smart Contracts



AI-based talent matching platform

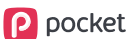


Crowdfunding Platform

Personal identification, authentication combined Smart Loan Originating



Digital Wallet App Core Banking System BNPL, Marketplace, Mini



Front & Back-office IPO system



Car, Real Estate & Equipment Leasing platform



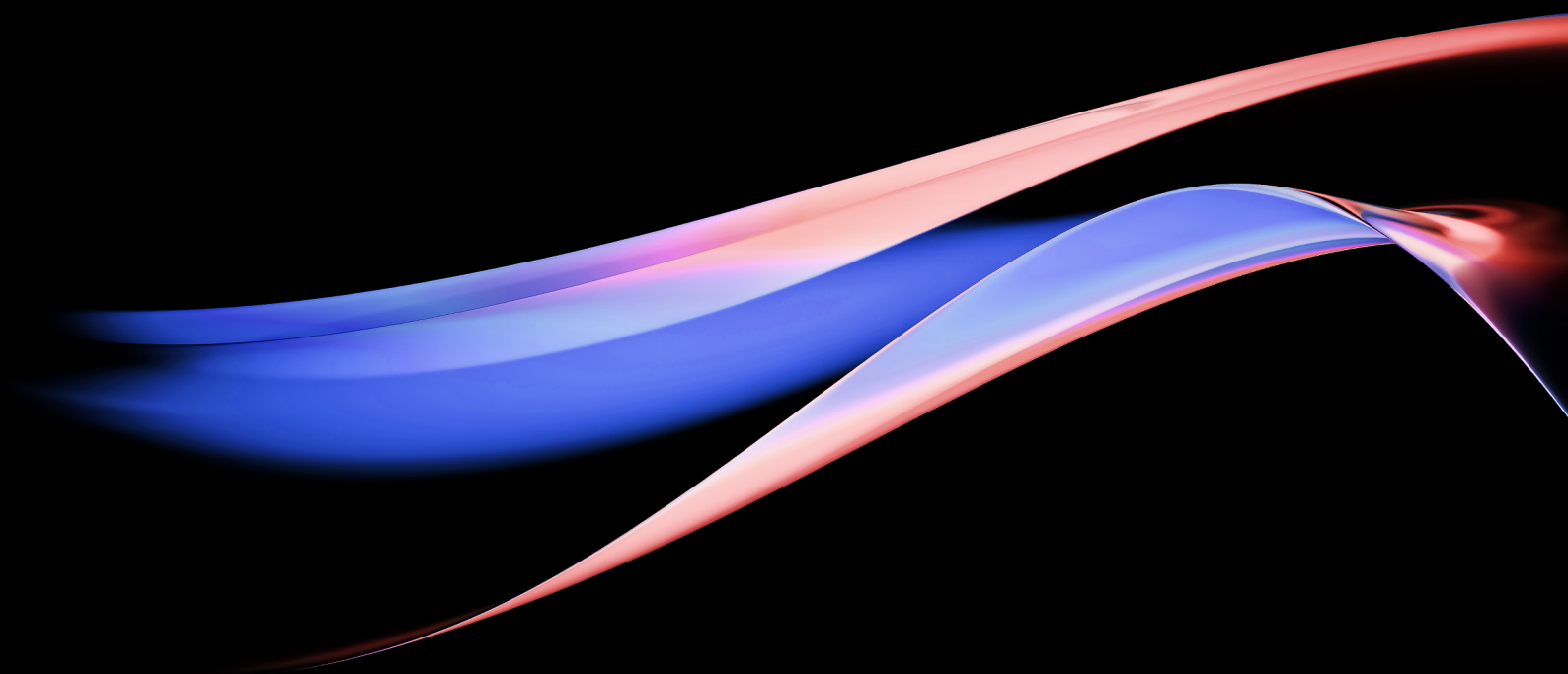
And many more...

The Group is actively expanding its portfolio of financial services IT solutions, encompassing both back-end and front-end software to drive digital innovation





## 03. Chairman Letter to Shareholders



## Chairman Letter to Shareholders

In emerging markets, the microfinance sector plays a vital role in supporting individual entrepreneurs, households, and MSMEs. Due to limited banking service penetration, many small business owners rely heavily on microfinance institutions. According to research by Spherical Insights & Consulting, the global microfinance market was valued at USD 215.7 billion in 2023 and is projected to reach USD 590.7 billion by 2033.

However, compared to the rapidly advancing banking industry, the microfinance sector still lacks strong management, advanced technology, and sufficient funding. To address these gaps, SIBJ Capital Group—better known as InvesCore Financial Group (ICFG)—is working to expand financial inclusion in emerging markets by transforming the traditional microfinance model. Since 2016, ICFG has led the industry in Mongolia by introducing a range of innovative products and services, fully leveraging new technologies and raising funds through the capital markets.

In 2024, ICFG continued its successful overseas expansion by launching microfinance operations in Kazakhstan, the largest market in Central Asia. In the Kyrgyz Republic, the company grew its assets by 60%, while in Mongolia—its home market—InvesCore further solidified its position as the leading microfinance institution, expanding its market share to 14% by asset size.

Among the many technological advancements, the Group upgraded its core systems to enhance scalability and risk assessment capabilities. It also launched the “Build Your Future” digital trust product, which provides customized savings solutions under a license from the Financial Regulatory Commission. On the customer-facing front, the Group successfully expanded its customer base by 24% from 2023 to 2024, growing from approximately 793,000 to 980,000 customers, and supported over 3,300 MSMEs as of the reporting date.

The global economy is facing unprecedented challenges and transformations heading into 2025. In particular, we anticipate that MSMEs will experience growing financial needs and receive increasing support from microfinance institutions. In this context, ICFG has revised its mid-term business plan under the ‘3030’ strategic framework.

The updated strategy focuses on: close collaboration with other financial institutions; a comprehensive support program for MSMEs; the development of a robust system and data platform for the financial sector; AI-driven technology advancement; the expansion of a secure and long-term funding structure; and, most importantly, the cultivation of globally competitive professional talent.

Leveraging the flexibility and agility that characterize microfinance institutions, ICFG will continue to adapt to changing environments and support MSMEs through a range of innovative services.

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### **Ankhbold Bayanmunkh**

Chairman and Chief Executive Officer



## 04. Line of Business CEOs Letter to Shareholders

1. Microfinance - The Core
2. Microfinance - Pocket Application
3. Investment Banking (Supporting & Synergistic)

## Line of Business CEOs - Letter to Shareholders

Microfinance - The Core

As we reflect on 2024, I am proud to share that it was a year of **exceptional growth, innovation, and regional expansion** for InvesCore NBFI subgroup – the core business segment of the Group. We remained steadfast in our mission to deliver impactful, inclusive financial services while positioning ourselves as a forward-looking institution, prepared to meet the challenges and opportunities of tomorrow.

Throughout the year, we focused on seven key priorities that shaped our performance:

1. Deepening relationships with MSME clients
2. Expanding our regional footprint and market presence
3. Outperforming peers in financial results
4. Strengthening funding sources and global partnerships
5. Leveraging technology and data to drive speed and value
6. Leading in sustainable finance
7. Maintaining robust risk management and operational integrity

### Empowering MSMEs and Expanding Access

At the heart of our business is our commitment to support micro, small, and medium-sized enterprises (MSMEs). In 2024, our **business lending portfolio reached MNT 270 billion**, representing a **33%** year-over-year growth and now comprises **37%** of our total loan book.

We undertook structural improvements across our operations, opening seven new business centers, including branches in underserved sub-regions. By decentralizing decision-making authority and automating key processes, we empowered our frontlines to serve clients faster and more effectively.

One of the most impactful efforts concluded this year was our three-year partnership with Rio Tinto to support post-pandemic recovery for micro-entrepreneurs. Since 2021, we disbursed MNT 2.8 billion to 183 entrepreneurs—preserving over 840 jobs, creating 45 new positions, and positively impacting over 3,700 individuals. With a 0% default rate, this initiative has been a model for socially responsible finance.





# Line of Business CEOs - Letter to Shareholders

Microfinance - The Core

## Regional Expansion and Market Presence

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2024 marked a major milestone with the launch of our **first branch in Almaty, Kazakhstan**, firmly establishing our presence in a second Central Asian market. Within months, the branch built a MNT 15 billion loan portfolio and onboarded a local team of 15 professionals.

Our **subsidiaries in Kazakhstan and Kyrgyzstan** are scaling steadily, with a combined portfolio exceeding **MNT 65 billion**. This cross-border growth underscores our ambition to become a **regional leader** in microfinance services.

## Financial Outperformance

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We delivered exceptional year-over-year results across all key metrics:

- Total assets grew by 54%
- Gross loan portfolio increased by 58%
- Operating income rose by 71%
- Profit for the year surged by 87%

These outcomes reflect not only our operational strength but also the growing demand for our solutions. In line with our commitment to shareholder value, on February 10, 2025, our Board of Directors declared an annual dividend of MNT 60 per share, payable on April 23, 2025, totaling MNT 4.5 billion.

## Strengthening Funding and Global Partnerships

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Our funding strategy remains one of our strongest competitive advantages. In 2024, we grew funding from foreign funds and institutions to 22% of total, up from 19% the previous year.

We secured USD 13 million from BlueOrchard, one of the world's largest impact investment managers, with 30% of proceeds allocated to women entrepreneurs and another 30% to rural clients. This is a tangible reflection of our commitment to inclusion and development impact.

Overall, **total funding grew by 60% to USD 192 million**, reinforcing our position as the largest microfinance company in Mongolia. Our enduring partnerships with global institutions such as ADB, EBRD, and ResponsAbility further strengthened our capital base.

On the local capital market, we made history by issuing a **MNT 50 billion Asset-Backed Security (ABS)** on the Mongolian Stock Exchange—the largest single ABS issuance in market history. This success builds on our pioneering MNT 4 billion ABS in 2021, further cementing our reputation for financial innovation.

# Line of Business CEOs - Letter to Shareholders

Microfinance - The Core

## Championing Sustainable Finance

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At InvesCore, we are committed to aligning financial growth with environmental and social responsibility. In 2024, we introduced green loan products designed to promote clean energy, eco-friendly transportation, and sustainable business practices. We aim to set new benchmarks in emerging markets by bridging the gap between global ESG standards and local market needs, ensuring that sustainability is embedded in every part of our value chain.

### Digital Innovation and Transformation

We continued to accelerate our digital transformation:

- Rolled out an enhanced CRM platform for smarter client engagement
- Launched AI-powered tools for chatbot support and predictive marketing
- Upgraded core systems to boost scalability and risk evaluation
- Introduced a smart sales platform to optimize team performance

Our **Pocket fintech app** now serves **240,000 users** with a **MNT 248 billion loan portfolio**. In May 2024, we launched the "Build Your Future" digital trust product, offering customized savings options under a license from the Financial Regulatory Commission. Four trust categories—Children's, Travel, Car, and General—are now available to promote financial discipline and long-term planning.

## Operational Integrity and Risk Management

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Risk discipline and governance continue to be central to our operations. In 2024, we once again reaffirmed our "A" international rating from MicroFinanza Rating SRL—recognition of our high standards in governance, financial health, and strategic direction. We also renewed our compliance with ISO/IEC 27001:2022 and ISO 9001:2015 for the third year in a row. These certifications reinforce our commitment to data security, service quality, and continuous improvement.

## Looking Ahead

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2024 was a landmark year—but we view it as a foundation, not a finish line. As we enter 2025, we will continue deepening our commitment to digital innovation, sustainable finance, regional expansion, and inclusive economic impact. On behalf of our leadership team, I extend sincere gratitude to our shareholders, clients, partners, and team members. Your continued trust is the driving force behind our growth, and we look forward to building the future—together.

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## Bayasgalan Dalaijamts

InvesCore NBFi subgroup Chief Executive Officer

# Line of Business CEOs - Letter to Shareholders

Microfinance - Pocket Application

Our team is pleased to report that we exceeded both our financial and operational targets in 2024, closing the year with strong and measurable success.

In a vast and sparsely populated country like Mongolia—where infrastructure remains under development—fintech services play a vital role in advancing financial inclusion. This is not only economically impactful but also closely aligned with evolving customer needs. For example, citizens living in remote areas as far as 1,500 kilometers from the capital can now conveniently access financial services through digital channels. Meanwhile, residents in Ulaanbaatar can avoid traffic congestion and access services anytime, anywhere via the Pocket application.

Through this platform, we believe we are actively delivering on our strategic objective of expanding financial inclusion throughout Mongolia.

Strategic Focus Areas in 2024: Pocket NBFI (Pocket Application), formerly known as InvesCore Wallet NBFI, concentrated its efforts on four key strategic pillars:

1. Ensuring sound governance
2. Developing new products and enhancing systems
3. Expanding and sharing the customer base
4. Digitization and automation

By executing initiatives under each of these pillars, we successfully reinforced our market leadership in Mongolia's fintech sector.

## 1. Sound Governance

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We strengthened our governance practices by continuing to implement comprehensive risk management, compliance, and legal frameworks aligned with international standards, national legislation, and the regulatory requirements of the Financial Regulatory Commission (FRC) of Mongolia.

We also formalized our Environmental, Social, and Governance (ESG) goals to support long-term sustainable development. In line with our commitment to transparency, both our Sustainability Report and Board of Directors' Report were publicly disclosed.

A key achievement in 2024 was the significant improvement in our governance rating: We advanced from 25th place in 2023 to 2nd place among all NBFIs, achieving a score of 97.2% under the FRC's governance code evaluation.

# Line of Business CEOs - Letter to Shareholders

Microfinance - Pocket Application

## 2. New Products and System Enhancements

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Since the launch of the Pocket application in 2020, we have consistently developed and executed detailed annual plans aimed at expanding our product and service offerings, while enhancing our systems in step with technological advancements. Notably, these plans have been implemented with 100% completion every year.

In 2023, we introduced innovative lending products such as Pocket Leasing and Long-term Digital Loans. Building on this momentum, in 2024, we launched new offerings tailored to customer needs, including Savings Accounts and Tuition Payment Loans.

To mark the 5th anniversary of the Pocket application, we undertook a full UI/UX redesign to enhance the user experience. On the back end, we began upgrading our core financial system, with the project now 50% complete laying the groundwork for greater scalability, efficiency, and security.

## 3. Expanding and Sharing the Customer Base

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As a leading fintech platform, Pocket embraces a collaborative growth strategy by empowering other financial institutions in the market. Operating under a “financial platform” model, Pocket enables other NBFIs to offer digital financial services directly to end-users—without the need to build their own applications, acquire customers, or invest heavily in marketing and distribution. This approach not only supports ecosystem-wide innovation but also strengthens our value proposition as a scalable, shared infrastructure provider.

In 2023, we served 200,000 contracted users. By the end of 2024, that number had increased by 20%, reaching 240,000 contracted users. Currently, 8 partner microfinance companies or NBFIs have joined the Pocket platform and are actively providing financial services to users in collaboration with us.

## 3. Automation and Process Efficiency

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While our goal has always been to deliver fully digital financial services, previous limitations in national legal and regulatory frameworks posed challenges. However, with the introduction of new legislation supporting digital services in 2023–2024, we were able to advance internal automation and system improvements significantly.

In 2023, we developed several internal subsystems to streamline operations, including a comprehensive Special Asset Management System and an Automated Loan Allocation System. Building on this progress, in 2024, we successfully transitioned the user onboarding agreement process to be 100% digital. Additionally, we fully digitized our document archiving system, enhancing efficiency, security, and accessibility across the organization.



## Line of Business CEOs - Letter to Shareholders

Microfinance - Pocket Application

### Looking Ahead to 2025 – Strategic Priorities

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Building on the successes of previous years, in 2025 we will focus on four key strategic directions:

1. Customer Care: Deliver exceptional service quality and strengthen our brand by enhancing customer support and overall satisfaction.
2. Sustaining Market Leadership in Mongolia: Diversify and expand our domestic customer segments while deepening collaboration with additional NBFIs to advance financial inclusion across the country.
3. Platform Enhancements: Continue developing innovative products that address evolving customer needs, alongside upgrading systems and streamlining processes to minimize manual intervention.
4. International Expansion: Leverage our extensive knowledge and experience gained in Mongolia to identify and pursue growth opportunities in select foreign markets.

Operating with agility and flexibility in response to evolving legal and market conditions remains one of our greatest strengths. Moving forward, we will continue to grow by attentively listening to customer needs, expanding our service portfolio, and broadening financial access—not only as a fintech innovator but also as a committed partner in Mongolia's wider financial development.

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### Orolmaa Dashnyam

Pocket NBFI Chief Executive Officer

# Line of Business CEOs - Letter to Shareholders

Investment Banking (Supporting & Synergistic)



InvesCore Capital Securities LLC – A Leading Player in Mongolia’s Capital Markets: Our company is among Mongolia’s premier brokerage and investment banking companies.

The company specializes in underwriting public and private offerings, structuring and localizing innovative financial instruments adapted from global markets, and providing expert advisory services in investments as well as mergers and acquisitions. InvesCore Capital was recognized as the "Best Brokerage House in Mongolia" for 2024 by the prestigious FinanceAsia Awards 2025, which honors top-performing financial institutions across the Asia-Pacific region. This accolade reflects the company’s sustained market leadership, innovation, and growing reputation in Mongolia’s capital markets.

As a trailblazer in financial innovation, InvesCore Capital has successfully introduced several market-first products in Mongolia, including:

- The country’s first Follow-on Public Offering (FPO)
- The first issuance of Asset-Backed Securities (ABS)
- The first REIT bond

In 2024, Mongolia’s capital market began transitioning from its foundational stage, supported by expanding institutional investment, modernization of digital infrastructure, and proactive government-backed regulatory initiatives.

## 1. Market Growth and Positive Trends

**Capital Market Growth:** Total market capitalization grew by 15–20% year-over-year, fueled by increased institutional participation, which significantly improved market liquidity. Initial Public Offering (IPO) activity and secondary market trading also gained momentum.

**Bond Market Expansion:** Issuances of both government and private bonds surged, actively supported by institutional investors. Reforms in bond classification and disclosure requirements have notably enhanced market confidence.

**Fintech and Digital Infrastructure Advances:** The rise of online brokerage platforms expanded retail investor participation. The introduction of T+0 settlement, eKYC, and online account opening has made the market more accessible and efficient.

**Strengthened Institutional Participation:** Pension funds, insurance companies, and investment funds increased trading activity, underpinning medium-to-long-term investment trends.

# Line of Business CEOs - Letter to Shareholders

Investment Banking (Supporting & Synergistic)

## 2. Challenges and Limitations

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**Limited Market Depth:** Market capitalization remains relatively low compared to GDP, at approximately 10–12%, indicating shallow market depth. Trading continues to be concentrated in a small number of highly active stocks.

**Legal and Infrastructure Gaps:** Regulatory frameworks governing investment funds and Real Estate Investment Trusts (REITs) remain underdeveloped. The legal environment lacks sufficient trust to attract significant foreign investment.

**Transparency and Reporting Standards:** Inconsistent adoption of IFRS and limited financial transparency among some issuers hinder informed investor decision-making.

**Currency and Inflation Risks:** Exchange rate volatility and inflationary pressures in 2024 discouraged capital inflows and added uncertainty.

## 3. Future Outlook and Growth Drivers

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1. Government-led reforms (2024–2026), including the National Financial Market Development Program and initiatives to list state-owned enterprises, are actively progressing.
2. ESG and green finance initiatives are gaining momentum, laying the groundwork for green bonds and financial products aligned with international standards.
3. Enhanced regional cooperation and planned upgrades to the secondary market infrastructure are expected to improve liquidity and attract foreign investors.

### 2024 performance highlights & market position

- **Mongolian Stock Exchange (Open Market):** Trading volume reached MNT 259 billion, representing 9.2% of open market activity.
- **Over-the-Counter (OTC) Market:** Recorded MNT 551 billion in trading volume, accounting for 20.3% of the closed market.
- **Underwriting Activity:** A total of MNT 65.3 billion was raised through the open market and MNT 63.8 billion through the closed market.
- **Public Market Activity:** Trading volume executed through the Mongolian Stock Exchange totaled MNT 259 billion, representing a 113% year-over-year (YoY) growth from 2023 and accounting for 9.2% of total public market turnover.
- **Private Market Activity (OTC Market):** Over-the-counter (OTC) transactions reached MNT 551 billion, reflecting an exceptional 540.4% YoY growth, and comprising 20.3% of total private market volume.
- **Total Transactions:** The aggregate transaction volume for 2024 stood at MNT 827.8 billion, marking a 282.9% increase compared to the previous year.
- **Client Base:** Serving a diverse portfolio of over 12,000 individual and institutional clients.
- **Underwriting Track Record:** Successfully executed over MNT 399 billion in underwriting mandates since inception, demonstrating deep expertise in capital market transactions

## Line of Business CEOs - Letter to Shareholders

Investment Banking (Supporting & Synergistic)

### Underwriting Track Record since inception

- Equity Offerings (IPOs & FPOs) - 6 issuances totaling MNT 199 billion

*InvesCore Capital successfully led both initial and follow-on public offerings for six companies. These landmark transactions — many of which were first-of-their-kind or record-setting within their respective sectors — underscore our leadership in equity capital markets and our commitment to driving client growth through innovative financing solutions.*

- Public Bond Issuance on the Mongolian Stock Exchange (MSE) - 1 issuance totaling MNT 20 billion

*Structured and executed a public bond issuance for InvesCore NBFI on the MSE, demonstrating our expertise in delivering long-term, cost-effective capital through regulated public markets.*

- Asset-Backed Securities (ABS) - 2 issuances totaling MNT 54 billion

*Launched structured ABS programs for InvesCore NBFI, leveraging high-quality receivables to raise capital and diversify funding sources through securitization.*

- Private Bond Issuances (OTC Market) - 21 issuances totaling MNT 126 billion

*Facilitated private bond placements for 21 corporate clients in the over-the-counter market. These transactions offered clients flexible and timely funding alternatives tailored to their specific needs.*

### Looking Ahead:

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In 2025, InvesCore Capital will launch a T+0 settlement product, marking a significant advancement in market efficiency and liquidity. Under this new framework, 95% of same-day trade proceeds will be credited to investors' nominal accounts on the same day, with only a 1% broker fee and 1% capital gains tax deferred for settlement on T+2. This innovation is expected to enhance cash flow for investors, boost market participation, and strengthen overall market liquidity.

In line with its mission to introduce globally recognized financial solutions to Mongolia, InvesCore Capital continues to act as a strategic bridge for international investment. The company will be actively expanding its network of partnerships with financial institutions in Kyrgyzstan, Kazakhstan, Uzbekistan, Japan, South Korea, Singapore, and several European countries.

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## Bat-Orgil Munkhgerel

InvesCore Capital Chief Executive Officer





## 05. Group Executive Committee Introduction

## Group Executive Committee Introduction



**Ankhbold  
Bayanmunkh**

Chairman and Group  
Chief Executive Officer



**Battsetseg  
Zolboot**

Group Chief Human  
Resource Officer



**Purev  
Ralgaa**

Group Chief Risk  
and Audit Officer



**Tserennadmid  
Ganbaatar**

Group Chief  
Financial Officer



**Temuulen  
Lkhagvasuren**

Group Chief  
Marketing Officer



**Zoljargal  
Munkhjargal**

Group Chief Information Officer  
and Chief Executive Officer,  
AILAB



**Bayasgalan  
Dalaijamts**

Chief Executive Officer,  
InvesCore NBFI subgroup



**Orolmaa  
Dashnyam**

Chief Executive Officer,  
Pocket NBFI



**Uyanga  
Otgonsukh**

Chief Executive Officer,  
InvesCore Property



**Bat-Orgil  
Munkhgerel**

Chief Executive Officer,  
InvesCore Capital



# 06. Management Commentary

1. Our Operations and Functions
2. CFO's Review of Financial Management and Operations
  - Introduction
  - Executive Summary
  - Consolidated Results of Operations
  - Consolidated Balance Sheets and Cash Flows Analysis
  - Business Segments
  - Cooperation between Group CFO and CIO of the Core Business
  - Capital Actions
  - Liquidity Risk Management
3. CRO's Review of Group-Wide Risk Management
  - Risk Culture
  - Risk Appetite Framework
  - Credit Risk Management
4. Forward-Looking Statements

## Management Commentary

### Our Operations and Functions

At ICFG, we are fortunate to be driving strong organic growth across our key business segments and markets. Organic growth — through the expansion of products, technology, client solutions, and regional presence — remains at the core of delivering sustained shareholder value.

On specific issues facing our Group: In 2024, we further strengthened our presence in Mongolia, Japan, Singapore, Kyrgyzstan, and Kazakhstan, while actively preparing for market entry into Uzbekistan. At the same time, competition is intensifying, particularly from fintech innovators and rapidly evolving financial ecosystems. To stay ahead, we have made significant investments in Group-wide CRM integration, launched a new data-driven loyalty program, and enhanced our digital marketing capabilities—all aimed at deepening client engagement and building future-ready platforms.

We are also operating in an increasingly complex environment marked by geopolitical risk, regulatory evolution, and digital threats. In response, we have strengthened scenario planning, risk management, and cybersecurity measures across the Group. Protecting customer data, maintaining operational resilience, and ensuring compliance with evolving regulations. To support these efforts, we have implemented a comprehensive brand alignment framework to project a unified, trusted identity across all markets while allowing for localized adaptability to meet regional needs and expectations.

On management learnings: ICFG's long-term success depends not only on external positioning but also on our internal capabilities. Talent development remains a strategic focus, with new initiatives launched to build a high performing, globally aligned marketing and sales organization. While macroeconomic volatility and shifting investor sentiment in emerging markets continue to pose challenges, we believe that our proactive approach, customer-centric mindset, and commitment to innovation position ICFG to drive the transformation of microfinance and broader financial services in emerging markets—delivering sustainable growth and long-term shareholder value in the years to come.

The year 2024 has reinforced the critical importance of brand consistency, strategic alignment, and local market sensitivity. As we expand into new geographies, it has become increasingly clear that a strong and unified brand presence is not just a communications asset, but a strategic tool for earning stakeholder trust. The rollout of our Group-wide brand alignment framework has been instrumental in maintaining this consistency, while also allowing for necessary local adaptations that reflect regional expectations and customer behavior.

We also continue to learn valuable lessons from our ongoing CRM and loyalty program initiatives. While still in progress, these projects have highlighted the complexity of harmonizing marketing operations and data across multiple markets. More importantly, they have surfaced the need for closer collaboration between commercial, digital, and product teams to build scalable, customer-centric systems. These learnings are shaping how we approach integration, governance, and execution across the Group.

Lastly, it has become evident that marketing leadership must evolve in tandem with organizational growth. Investing in regional marketing capabilities, aligning on shared goals, and creating a performance-driven, insights-led culture remain top priorities. By fostering cross-border knowledge sharing and empowering local teams within a clear Group structure, we are positioning ICFG to deliver long-term brand equity and sustainable market growth.

On corporate responsibility: At ICFG, corporate responsibility is not a side initiative — it is a guiding principle embedded across our business, brand, and customer experience. As the first Mongolian company to be listed on the Main Board of the London Stock Exchange, we are acutely aware of the responsibility and global visibility this brings. Our efforts in 2024 have focused on embedding sustainability, transparency, and inclusion into every layer of our business and communications.

## Management Commentary

Our Operations and Functions



During the year 2024, our core business segment, InvesCore NBFI, also known as InvesCore FI, successfully completed its first formal ESG report, laying the foundation for structured, long-term sustainability disclosures. We were also selected for financing by the Global Gender-Smart Fund, recognizing our efforts to expand gender-inclusive financial services in underserved markets. In parallel, we took steps to reduce our environmental footprint — the 2024 InvesCore FI shareholders' meeting was held entirely electronically, saving more than 300 hours of traffic time, 0.73 tons of CO<sub>2</sub> emissions, and 8,400 sheets of paper.



In addition, among our microfinance subsidiaries, InvesCore CA partnered in the Republican Olympiad on Financial Literacy and Security, a nationwide initiative that united top finance students to showcase and enhance their skills. Supporting this event reflects our ongoing commitment to financial education, talent development, and meaningful community engagement. Through initiatives like this, we continue to strengthen ICFG's brand as a responsible, forward-looking leader in financial services across emerging markets.

Looking ahead to 2025, we will build on these foundations. InvesCore Property, our supporting and synergistic business segment, will pursue the internationally recognized EDGE certification, affirming our commitment to sustainable construction practices. Meanwhile, InvesCore FI will work to obtain the Client Protection Certificate, reinforcing our dedication to fair and transparent treatment of clients. These achievements will form part of our broader strategy to align business growth with environmental, social, and governance (ESG) goals across all entities and geographies under the ICFG umbrella.

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## Temuulen Lkhagvasuren

Group Chief Marketing Officer

## Management Commentary

Our Operations and Functions

In my new capacity as Chief Information Officer in 2024, I had the responsibility and privilege of overseeing critical operations that form the foundation and engine enabling our employees to deliver excellence in financial services every day.

A Group-wide IT and Information Security Policy was formally defined and implemented across all subsidiaries, ensuring consistency, regulatory compliance, and alignment with our strategic objectives. An Information Technology Committee was established to oversee key technology initiatives, actively guiding decision-making, ensuring sound governance, and effective resource allocation. Information Security Procedures were developed, formalized, and signed across the organization, reinforcing our proactive approach to protecting digital assets.

Internal IT audits were conducted across subsidiaries to assess systems, compliance, and operational effectiveness. The insights gained are driving continuous improvements to our IT infrastructure and control environment. In line with legal requirements, three of our subsidiaries successfully achieved ISO/IEC 27001:2022 certification, reflecting our commitment to globally recognized standards in information security management.

We have expanded the reach of our digital products by offering them to other financial institutions, broadening our experience, gathering valuable feedback, and enhancing the scalability and competitiveness of our solutions. Our software engineering teams continue to deepen their expertise in fintech, using this specialized knowledge to develop more innovative, secure, and customer-focused digital solutions.

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### Zoljargal Munkhjargal

Group Chief Information Officer



## Management Commentary

Our Operations and Functions

As we reflect on 2024 and look ahead to 2025, our Group ended the year with a workforce of approximately 573 employees across 13 companies. Human Resources initiatives over the past year have laid a solid foundation for organizational growth, leadership development, and strengthening our Employer Brand.

Our continued focus is on enhancing leadership capabilities, standardizing HR processes, and fostering a resilient, values-driven workforce prepared to meet future challenges. In 2024, we successfully supported a range of HR programs, rolled out employee development initiatives, and improved employee benefits across the Group. However, we also faced external challenges: the market for skilled professionals remains highly competitive, complicating talent acquisition efforts, leadership capacity within the Group requires further development to meet evolving business needs, and our average turnover rate stood at approximately 30%, underscoring the urgency of improving employee retention, engagement, and career development opportunities. Despite these challenges, the progress made in strengthening our HR foundation positions us to pursue more targeted and effective strategies for long-term growth and continuous improvement in 2025 and beyond.

### 2024 Highlights

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- Provided consistent support to HR leaders through regular engagement, knowledge-sharing sessions, and the integration of payroll processes to strengthen information security.
- Delivered ongoing training programs, including leadership development, team-building activities, and broader employee development initiatives.
- Conducted pulse and cultural surveys to enhance employee engagement and identify key areas for organizational improvement.
- Improved employee benefits by expanding health coverage, offering loan facilities, and introducing mental health support through contracted psychologists.
- Approved and upheld transparent salary structures and benefits packages, reinforcing our commitment to fair, competitive, and equitable compensation.





# Management Commentary

Our Operations and Functions

## 2025 Strategic Objectives and Initiatives

Building on our achievements, the 2025 plan aims to deepen leadership development, standardize HR practices, and cultivate a cohesive organizational culture:

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### 1. Executive Management Skill Assessment

Conduct a comprehensive assessment of Group's executive management to identify skill gaps and tailor targeted learning & development programs.

### 2. Learning & Development

Implement leadership training programs aligned with assessment outcomes to bolster managerial effectiveness and strategic thinking.

### 3. Core Values and Culture Program

Launch a Group-wide cultural reinforcement program to embed core values, enhance organizational coherence, and promote a unified company identity.

### 4. HR Policies Implementation

Finalize and rollout comprehensive policies on Recruitment, Onboarding, Rewards, and Talent Management across all entities to ensure consistency and compliance.

### 5. Salary & Payroll Standardization

Establish a standardized salary and payroll process with accurate calculations, reporting, and audit mechanisms to ensure transparency and efficiency.

### 6. Executive Succession Planning

Develop and implement a Group talent and succession plan to ensure leadership continuity and enable strategic talent development.

### 7. Scholarship Program

Initiate a student scholarship scheme aimed at building future capabilities and strengthening the company's long-term talent pipeline.

Our collective efforts in 2024 have laid a strong foundation for sustained growth. As we move into 2025, our strategic focus will center on reinforcing leadership excellence, enhancing operational efficiency, and upholding a strong, values-based culture. Through these initiatives, we aim to cultivate a high-performing organization that remains aligned with our long-term vision.

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## Battsetseg Zolboot

Group Chief Human Resource Officer

# Management Commentary

CFO's Review of Financial Management and Operations  
Introduction

As Chief Financial Officer for the Group, I have the responsibility and privilege of looking after critical financial operations that function as the foundation to deliver excellence in financial services - specifically microfinance - around where we operate.

- SIBJ Capital Group or better known as InvesCore Financial Group, a financial holding company incorporated under Mongolian law in 2016, is a leading micro finance and other financial services company based in Mongolia, with operations expanding to Central Asia and Southeast Asia. The group had MNT 956 billion in assets and MNT 272 billion in equity as of December 31, 2024. The Group is a leader in micro finance services for consumers and MSME businesses. Under InvesCore brand, the Group serves thousands of customers, predominantly in Mongolia.
- Business segments: the Group has two reportable business segments for the purposes of the annual report – Microfinance (core) and Investment banking & others (supporting & synergistic).

CFO's Review of Financial Management and Operations  
Executive Summary

## Financial performance of SIBJ Capital Group

Year ended December 31, (in millions except ratios)	2024	2023	Change
<b>Selected income statement data</b>			
Net interest income ₮	140,957	77,137	83%
Net fee and commission income	27,203	17,354	57%
Total noninterest revenue	19,822	25,466	-22%
Total operating income	187,982	119,957	57%
Total noninterest expense	58,851	46,984	25%
Pre-provision profit	129,131	72,974	77%
Impairment losses on financial instruments	18,390	8,940	106%
Net income	85,465	47,734	79%
Return on equity	38%	32%	
Book value per share	16,096	10,283	

### Group-wide overview

Comparisons noted in the sections below are for the full year of 2024 versus the full year of 2023, unless otherwise specified.

- SIBJ Capital Group reported net income of MNT 85.5 billion for 2024, up 79%, ROE of 38%.
- Total operating income was MNT 188.0 billion, up 57%, reflecting:

## Management Commentary

CFO's Review of Financial Management and Operations  
Executive Summary

- Net interest income ("NII") of MNT 141.0 billion, up 83%, driven by the impact of balance sheet actions, entirely new and renewed loan issuances for MSMEs and consumers, including higher revolving, performing balances in car loans (approximately 50% performing portfolio growth year over year with 28% overall portfolio growth), contributing approximately 20% of overall YoY NII growth with insignificant impact from lending rate change; stable performing balances in business loans, with approximately 160bps increase in lending rate, contributing approximately 10% of overall YoY NII growth; significantly higher year-end balances in digital loans (approximately 120% portfolio growth year over year with 50% overall portfolio growth), contributing approximately 37% of overall YoY NII growth with insignificant impact from lending rate change; and a slight contribution from increased margin brought about by foreign currency-denominated borrowing across the microfinance business segment due to favorable currency rate movement
- Net fee and commission income ("NFCI") of MNT 27.2 billion, up 57%, driven by higher agency fees on facilitating loan and loan administration service due to higher revolving balances in digital loan portfolio, and higher over-the-counter debt underwriting fees.
- Total noninterest revenue ("TNIR") was MNT 19.8 billion, down 22%, predominantly driven by less total property space available for sale.
- Total noninterest expense ("TNIE") was MNT 58.8 billion, up 25%, driven by higher employee costs, including growth in compensation across the business and growth in the number of employees, as well as a higher professional service fees recognized across the business segments, which included the impact of a MNT 1.8 billion increase and a MNT 2.4 billion contribution to social projects recorded in the forth quarter of 2024 across the business segments in relation to Tax Credit updates in Tax code of Mongolia.
- Impairment losses on financial instruments was MNT 18.4 billion, primarily reflecting a net addition to the allowance for loans and advances to customers of MNT 14.7 billion and MNT 3.7 billion of net write-offs. Net write-offs decreased by MNT 0.9 billion, driven by higher recoveries. The net addition included a net addition of approximately MNT 1.0 billion in consumer, MNT 5.5 billion in digital, MNT 2.0 billion in car and MNT 6.2 billion in business loans. The provision in the prior year was MNT 8.9 billion, primarily reflecting a MNT 1.6 billion of net write-offs to the allowance for other financial assets and net addition to the allowance for loans and advances to customers of MNT 291 million.
- The total allowance for loans and advances to customers was MNT 31.8 billion at December 31, 2024. The Group had an allowance for loan losses to retained loans coverage ratio of 4.1%, compared with 3.5% in the prior year.
- The Group's nonperforming loans and advances totaled MNT 42.2 billion at December 31, 2024, up 106%, driven across all loan products, primarily due to downgrades in business loans following the decline in coal export prices—the country's main export—partially offset by a lower NPL ratio in digital loans compared to the prior year.
- Group-wide average loans of MNT 635.9 billion were up 61%, driven by higher loans across the microfinance business and loan products.
- As of December 31, 2024, the Group had total cash and bank balances of approximately MNT 138.5 billion and unencumbered marketable securities with a fair value of approximately MNT 25.8 billion, resulting in approximately MNT 164.3 billion of liquidity sources.

## Management Commentary

CFO's Review of Financial Management and Operations  
Executive Summary

### Loans and advances provided and capital raised

The Group continues to support MSMEs, consumers and communities in Mongolia and Central Asia. The Group provides new and renewed loans for MSMEs and consumers and raised capital for MSMEs and corporations during 2024, consisting of approximately:

<b>MNT 896.3</b>	<b>Total loans and advances provided to customers and capital raised</b>
MNT 368.4	Loans for MSME businesses
MNT 398.8	Loans for consumers
MNT 129.1	Capital for MSMEs and corporations

SIBJ Capital Group's full-year 2025 outlook should be considered in the context of Mongolia's and the global economic landscape, financial market conditions, geopolitical developments, competitive dynamics, customer activity levels, and regulatory and legislative changes in Mongolia and other Central Asian countries where the Group operates. These factors will continue to influence the Group's performance. The Group remains committed to adapting its businesses and operations in response to evolving economic, regulatory, and legal environments.

### Full-year 2025

- Management expects net interest income to be approximately MNT 205.8 billion and net fee and commission income to be approximately MNT 44.6 billion.
- Management expects total noninterest revenue to be approximately MNT 46.4 billion.
- Management expects total noninterest expense to be approximately MNT 93.1 billion.
- Management expects the NPL rate in microfinance segment to be approximately 5.3%.

## Management Commentary

CFO's Review of Financial Management and Operations  
Consolidated Results of Operations

### Revenue of SIBJ Capital Group

Year ended December 31, (in millions)		2024	2023	2022
Revenue from contracts with customers	₹	10,973	19,040	10,747
Rental income		2,924	2,223	1,633
Net trading income		674	773	68
Other operating income		5,250	3,430	953
Total noninterest revenue		19,822	25,466	13,400
Net interest income		140,957	77,137	50,777
Net fee and commission income		27,203	17,354	16,750
Total operating income		187,982	119,957	80,927

2024 compared with 2023 Revenue from contracts with customers decreased by MNT 7.4 billion entirely as a result of:

- less total property space available for sale, as the Group began selling its own developed property, IC Tower, starting at the end of 2022.

Rental income increased by MNT 0.7 billion driven by:

- higher occupancy rate in rental office space at the Group's self-developed property, IC Tower, full occupancy reached in parking area of IC Tower, and new leases for terrace area (F4) and common area (F5).

Net interest income increased by MNT 63.8 billion driven by the impact of balance sheet actions, entirely new and renewed loan issuances for MSMEs and consumers, including:

- higher revolving, performing balances in car loans (approximately 50% performing portfolio growth year over year with 28% overall portfolio growth), contributing approximately 20% of overall YoY NII growth with insignificant impact from lending rate change,
- stable performing balances in business loans, with approximately 160bps increase in lending rate, contributing approximately 10% of overall YoY NII growth, and
- significantly higher year-end balances in digital loans (approximately 120% portfolio growth year over year with 50% overall portfolio growth), contributing approximately 37% of overall YoY NII growth with insignificant impact from lending rate change.

The Group's average interest-earning assets reached MNT 650 billion, up MNT 254 billion year over year, while the weighted average lending rate increased by 63 basis points compared to the prior year.

## Management Commentary

CFO's Review of Financial Management and Operations  
Consolidated Results of Operations

Net fee and commission income increased by MNT 10 billion, reflecting in Investment banking subsidiary of the Group the benefit of favorable market conditions, which resulted in:

- higher agency fees on facilitating loan and loan administration service driven by higher revolving balances in digital loan portfolio, and
- higher over-the-counter debt underwriting fees predominantly driven by higher industry-wide issuances in high-yield bonds, higher equity underwriting fees in IPOs, and in follow-on.

### Noninterest expense of SIBJ Capital Group

Year ended December 31, (in millions)		2024	2023	Change
Employee costs	₮	29,295	19,991	14,058
<b>Other noninterest expense</b>				
Professional service fees		3,315	1,515	1,295
Advertisement and marketing expenses		2,812	2,364	2,067
IT and automation expense		2,473	2,410	826
Rental expenses		1,453	964	946
Entertainment and events expenses		1,280	980	625
Contribution to social projects		2,416		
Other expense		15,806	18,760	14,552
Total other noninterest expense		29,555	26,993	20,310
Total noninterest expense		58,851	46,984	34,369

2024 compared with 2023 Employee costs increased driven by:

- growth in compensation across the business segments: Microfinance and Investment banking & others and across all positions levels (contributing approximately 63% of total increase), primarily in mid-level positions (alone around 23% of total increase),
- growth in the number of employees across the business segments (contributing approximately 32% of total increase), primarily in mid-level front office and technology positions (alone around 29% of total increase), and
- the interaction impact of growth in level of compensation and number of employees (contributing approximately 5% of total increase).

## Management Commentary

CFO's Review of Financial Management and Operations  
Consolidated Results of Operations

Other noninterest expense increased as a result of:

- higher professional service fees recognized across the business segments, which included the impact of a MNT 1.8 billion increase,
- a MNT 2.4 billion contribution to social projects recorded in the forth quarter of 2024 across the business segments in relation to Tax Credit updates in Tax code of Mongolia, and
- higher investments in technology in the businesses, as well as marketing, predominantly in microfinance segment.
- higher real estate tax across the business segments, predominantly in the supporting segment (Property Management), related to the Group's own developed property, IC Tower.

### Income tax expense

Year ended December 31, (in millions except rate)		2024	2023	Change
Employee costs	₮	29,295	19,991	14,058
Profit before tax		110,741	64,034	36,109
Income tax expense		25,277	16,300	10,096
Effective tax rate		23%	25%	28%

2024 compared with 2023

The effective tax rate decreased predominantly driven by:

- the adoption of Tax Credit updates in Tax code of Mongolia effective from September, 2024, and
- a higher level of adjustment in respect of current income tax of prior years.



## Management Commentary

CFO's Review of Financial Management and Operations  
Consolidated Balance Sheets and Cash Flows Analysis

### Consolidated balance sheets analysis

The following is a discussion of the significant changes between December 31, 2024 and 2023. Refer to page 77 for a discussion of the Critical Accounting Estimates Used by the Group that affect the Consolidated Balance Sheets.

#### Selected Consolidated balance sheets data of SIBJ Capital Group

December 31, (in millions)		2024	2023	Change
<b>Assets</b>				
Cash and cash equivalents	₹	138,091	82,383	68%
Financial assets at FVTPL		3,927	3,020	30%
Financial assets at FVOCI		21,911	7,587	189%
Total loans and advances to customers		767,184	504,576	52%
Allowances for loans and advances to customers		(31,757)	(17,734)	79%
Loans and advances to customers		735,427	486,842	51%
Property, plant and equipment		20,181	19,637	3%
Intangible assets		4,286	5,053	-15%
Other financial assets		4,485	6,017	-25%
Other non-financial assets		4,448	2,560	74%
Other assets		22,877	20,663	11%
Total assets		955,633	633,763	51%

- Cash and due from banks and deposits with banks increased driven by timing impact of higher proceeds from long-term borrowing in CIO activities in microfinance subsidiary.
- Financial assets at FVTPL increased driven by Investment banking subsidiary, reflecting higher trading activities, predominantly due to higher levels of debt and equity instruments.
- Financial assets at FVOCI increased driven by CIO activities in microfinance subsidiary, reflecting net purchases, primarily non-government debt securities, partially offset by maturities and paydowns.

Refer to Notes 14, 16, 17 and 18 for additional information.

## Management Commentary

CFO's Review of Financial Management and Operations  
Consolidated Balance Sheets and Cash Flows Analysis

- Total loans and advances to customers increased, primarily driven by significantly higher outstanding balances across all product types—business, auto, consumer, and digital—due to growth in new customers and higher average revolving balances, reflecting increased customer demand and originations. partially offset by increase in paydowns.
- Allowances for loans and advances to customers for loan losses increased, reflecting a net addition to the allowance for loan losses of approximately MNT 14.7 billion, consisting of: MNT 1.0 billion in consumer, MNT 5.5 billion in digital, MNT 2.0 billion in car and MNT 6.2 billion in business loans, predominantly driven by loan growth, reflecting higher revolving balances and a larger share of nonperforming loans in the portfolio, partially offset by a net reduction of MNT 2.5 billion following updated loss assumptions on certain loan products, as well as a minor reduction from lower net write-offs, mainly due to improved recoveries.

Refer to Consolidated Results of Operations and Credit Risk Management on pages 31-33, Notes 14, 15, 16, 17 and 41 (a)) for Critical Accounting Estimates Used by the Group on page 77, and for additional information on loans advances to customers and the allowances for loans and advances to customers.

- Property, plant and equipment increased primarily as a result of the purchases of properties by the Group's microfinance business.

Refer to Notes 22 for additional information.

- Other financial assets decreased primarily due to lower receivables balance, partially offset by an increase in past-due interest receivables.
- Other non-financial assets increased primarily due to higher prepayments related to bond issuances and employee benefits within the microfinance segment.

Refer to Notes 17 and 18 for additional information.

### Selected Consolidated balance sheets data of SIBJ Capital Group (continued)

December 31, (in millions)		2024	2023	Change
<b>Liabilities</b>				
Borrowed funds	₹	324,440	215,913	50%
Bond payables		125,397	67,443	86%
Private placement of deposits		204,173	141,099	45%
Other financial liabilities		12,077	9,867	22%
Other non-financial liabilities		3,591	5,420	-34%
Other liabilities		14,438	20,563	-30%
Total liabilities		684,116	460,305	49%
Total equity		271,518	173,458	57%
Total equity and liabilities		955,633	633,763	51%

## Management Commentary

CFO's Review of Financial Management and Operations  
Consolidated Balance Sheets and Cash Flows Analysis

- Borrowed funds increased, reflecting: a significant rise in business credit line facilities with commercial banks, primarily due to net inflows in microfinance subsidiaries in Mongolia and higher balances in unsecured facilities with international DFIs, supported by growth in both new and existing relationships, stemming from higher-yielding private debt market primarily due to net inflows in microfinance subsidiaries in Mongolia as well.
- Private placement of deposits increased, driven by higher balances in new and existing client accounts, reflecting the impact of higher-yielding local currency products offered to individuals and MSMEs (including a few corporates), slightly offset by client migration to other tax-advantaged investments, with net inflows primarily recorded in microfinance subsidiaries in Mongolia.
- Bond payables increased, primarily due to larger tranche short-term issuances in the OTC market to both new and existing clients, reflecting demand for higher-yielding local currency products offered to individuals and MSMEs (including a few corporates) with net inflows primarily recorded in microfinance subsidiaries in Mongolia.
- Other financial liabilities increased primarily due to higher accrued payables balance, partially offset by a decrease in loan-related payables within the microfinance segment.
- Other non-financial liabilities decreased, primarily due to the timing of higher withholding tax payable settlements within the microfinance segment

Refer to Notes 28, 29, 30, 33 and 34 and to Liquidity Risk Management on pages 40-41 for additional information.

- Total equity increased, reflecting: net income, slightly offset by the impact of capital actions, including the declaration of common and preference share dividends.

Refer to Consolidated Statement of changes in equity on page 53, Capital Actions on page 39, and Note 37 for additional information.

### Consolidated cash flows analysis

The following is a discussion of cash flow activities during the years ended December 31, 2024 and 2023.

(in millions)		2024	2023	2022
<b>Net cash generated from/(used in)</b>				
Operating activities	₮	(159,162)	(145,467)	(77,670)
Investing activities		(14,413)	(15,775)	(18,495)
Financing activities		226,532	188,959	124,111
Exchange rate effect on cash and cash equivalents		(42)	(288)	(441)
Net increase/(decrease) in cash and cash equivalents		52,916	27,429	28,387

# Management Commentary

CFO's Review of Financial Management and Operations  
Consolidated Balance Sheets and Cash Flows Analysis

## Operating activities

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SIBJ Capital Group's operating assets and liabilities primarily support the Group's lending activities. These assets and liabilities can vary significantly in the normal course of business due to the amount and timing of cash flows, which are affected by client-driven and risk management activities and market conditions. The Group believes that cash flows from operations, available cash and other liquidity sources, and its capacity to generate cash through secured and unsecured sources, are sufficient to meet its operating liquidity needs.

- In 2024, cash used resulted from higher disbursement of loans and advances, higher other financial and non-financial assets and higher income taxes paid, partially offset by net income and higher impairment losses on financial instruments.
- In 2023, cash used resulted from higher disbursement of loans and advances and lower other non-financial liabilities, partially offset by net income and lower interest paid.

## Investing activities

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The Group's investing activities predominantly include investing in financial assets and purchases of property, plant and equipment and intangibles.

- In 2024, cash used resulted from net purchases of investment securities and property, plant and equipment, partially offset by proceeds from sales of repossessed assets.
- In 2023, cash used resulted from net purchases of property, plant and equipment and intangibles, partially offset by proceeds from sales of noncurrent asset held for sale and higher dividends received.

## Financing activities

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The Group's financing activities include acquiring customer private placement of deposits and issuing short-and mid-term bonds, borrowing on a short- and long-term basis and issuing preferred stock.

- In both 2024 and 2023, cash provided primarily reflected net proceeds from long- and short-term borrowings, private placement of deposits and short-and mid-term bonds slightly offset by dividends paid to NCI of common stock.

## Management Commentary

CFO's Review of Financial Management and Operations  
Business Segments

The Group's business segments are defined based on the nature of products and services offered or the type of customers served. These segments reflect how financial information is reviewed and assessed by the Group's Executive Committee, which collectively functions as the Group's chief operating decision maker.

The following table presents the Group's reportable business segments.

SIBJ Capital Group				
Core Business Segment		Supporting & Synergistic Businesses Segment		
Microfinance Institutions		Investment Banking	Real Estate Project	AI & ML
Comprehensive Financial Services  • MSME • Auto • Consumer	Innovative Fintech Solutions  • Consumer • Digital • Payment • BNPL	• Equity • Fixed Income	• Real estate portfolios • Buy-to-let	• Fintech solutions • LOS

### *Unsecured debt expense allocation*

As part of the FTP process, a portion of the credit spread component of outstanding unsecured short- and long-term debt is allocated to the reportable business segments through the management fee. The allocation methodology is aligned with relevant regulatory capital requirements and the specific funding needs of each subsidiary, where applicable. The allocated cost of unsecured long-term debt is reflected in the net interest income of both the parent company and the respective business segments.

## Management Commentary

CFO's Review of Financial Management and Operations  
Cooperation between Group CFO and CIO of the Core Business

The CIO of the microfinance segment holds primary responsibility for measuring, monitoring, reporting, and managing the Group's core business liquidity, funding, capital, structural interest rate, and foreign exchange risks. These risks, overseen by both the CIO and the Group CFO, arise from the activities of the Group's two reportable business segments, which generate both on- and off-balance sheet assets and liabilities in serving their respective client bases.

To meet the Group's asset-liability management (ALM) objectives, the Group CFO and CIO primarily invest in high-quality securities that are managed as part of the long-term investment securities portfolio. In addition, derivatives are utilized to support the Group's ALM strategies.

Each area of the Group that generates risk is expected to operate within the parameters set by the Risk Management function and adhere to the risk and control standards established by its respective management. The Internal Audit function is overseen by the Group Chief Risk and Audit Officer, who reports functionally to the Executive Committee and administratively to the Group CEO.

The Group Executive Committee is responsible for approving key risk policies and reviewing related frameworks, analyses, and reports prepared by management. Any breaches of risk appetite or limits, issues that could have a material adverse impact on the Group—including those related to capital or liquidity—and other significant risk matters are escalated to the Executive Committee as appropriate.

Capital risk refers to the risk that the Group may not maintain an adequate level or appropriate composition of capital to support its business activities and absorb associated risks under both normal and stressed economic conditions. A strong capital position is fundamental to the Group's business strategy and competitive strength. Maintaining a resilient balance sheet to navigate economic volatility is a strategic priority for the Executive Committee and the Group CEO. The Group's capital risk management strategy is centered on ensuring long-term financial stability, enabling continued investment in both high-potential value and growth businesses—even in highly stressed environments.

Stress testing evaluates the potential impact of various economic and business scenarios on the Group's earnings and capital. These scenarios, along with their underlying parameters, are defined centrally and applied consistently across all business segments. The scenarios encompass macroeconomic factors—key drivers of business performance — market shocks that cause short-term but severe trading losses, and idiosyncratic operational risk events. They are designed to identify and stress-test the Group's key vulnerabilities and unique risk exposures.

CFO's Review of Financial Management and Operations  
Capital Actions

### Common share dividends

The Group's common share dividends are planned as part of its capital management strategy, aligned with the Group's capital management objectives. On February 10, 2025, the Board of Directors of the Group's microfinance subsidiary declared an annual dividend of MNT 60 per share, payable on April 23, 2025. Dividends for the Group's businesses are subject to annual approval by their respective Boards of Directors.

The Board of Directors may authorize the repurchase of common shares, with execution at management's discretion. The common share repurchase program approved by the Board may or may not specify price targets or timelines. Management determines the amount and timing of repurchases based on various factors, including market conditions; legal and regulatory constraints; the Group's capital position; organic capital generation; current and anticipated future capital needs; and other investment opportunities. The volume of common shares repurchased in any period may differ significantly from prior estimates or actual repurchases. Management may suspend the repurchase program at any time, and repurchases may be conducted through open market transactions or privately negotiated deals.

## Management Commentary

CFO's Review of Financial Management and Operations  
Liquidity Risk Management

Liquidity risk refers to the risk that the Group may be unable to meet its cash or collateral obligations as they arise, or that it may not maintain an appropriate level, composition, or maturity profile of funding and liquidity to support its assets and liabilities.

The primary objectives of the Group's liquidity management are to:

- Ensure that the Group's core and supporting synergistic businesses can continue to operate effectively to meet client needs and fulfill contractual and contingent financial obligations under both normal economic conditions and periods of stress; and
- Manage an optimal funding mix and availability of liquidity sources.

The Group addresses these objectives through:

- Analyzing and understanding the liquidity characteristics of the assets and liabilities of the Group, as well as currencies, taking into account legal, regulatory, and operational restrictions;
- Setting funds transfer pricing (FTP) based on the underlying liquidity characteristics of balance sheet assets and liabilities, as well as certain off-balance sheet items.

As part of the Group's overall liquidity management strategy, the Group manages liquidity and funding using a centralized approach designed to:

- Optimize liquidity sources and uses
- Monitor exposures; and
- Identify constraints on the transfer of liquidity between the Group's entities.

### Funding

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#### Sources of funds

Management believes that the Group's secured and unsecured funding capacity is sufficient to meet its balance sheet obligations, including both short- and long-term cash requirements. The Group funds its balance sheet through a diversified mix of funding sources, including private placements of deposits, secured and unsecured capital market instruments, private market borrowings, and equity.

The microfinance business primarily relies on secured and unsecured borrowings in the private markets as its main funding source. In contrast, the Group's non-microfinance subsidiaries are mainly funded through short- and long-term secured borrowings.

Excess liquidity is managed by the CIO of the microfinance subsidiary and the Group CFO, who allocate funds to the Group's investment securities portfolio or to cash and other short-term liquid investments, depending on their interest rate and liquidity risk characteristics.

Private placement deposits are generally considered a key source of liquidity, as they are typically sourced from long-standing customer relationships. The Group believes that average deposit balances are a more reliable indicator of deposit trends than period-end figures. However, during periods of market disruption, these average balances may be affected.



## Management Commentary

CFO's Review of Financial Management and Operations  
Liquidity Risk Management

### Long-term funding

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Long-term funding provides an additional source of stable funding and liquidity for the Group. The Group's long-term funding plan is driven primarily by expected client activity, liquidity considerations and regulatory requirements. Long-term funding objectives include maintaining diversification, maximizing market access and optimizing funding costs. The Group evaluates various funding markets, tenors and currencies in creating its optimal long-term funding plan. The significant part of the Group's total outstanding long-term debt has been issued by the Parent Company to provide flexibility in support of the funding needs of both microfinance and non-microfinance subsidiaries.

### Credit ratings

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Credit ratings significantly influence the cost and availability of financing. A downgrade in these ratings could negatively impact the Group's access to liquidity, increase funding costs, trigger additional collateral or funding requirements, and reduce the number of investors and counterparties willing to lend to the Group—particularly in its core business segment, Microfinance.

The nature and extent of the impact from credit rating downgrades depend on various contractual and behavioral factors, which the Group considers in its liquidity risk assessments and stress testing frameworks. The Group believes it maintains adequate liquidity to withstand a potential reduction in funding capacity resulting from such downgrades.

Maintaining high credit ratings depends on several critical factors, including a stable and diversified earnings base, strong capital and liquidity positions, robust credit quality and risk management practices, and access to diverse funding sources. Rating agencies continuously assess a range of elements such as economic and geopolitical conditions, regulatory changes, future profitability, risk management frameworks, and legal matters, alongside their overarching rating methodologies. Any changes in these areas could result in adjustments to the Group's credit ratings.

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## Tserennadmid Ganbaatar

Group Chief Financial Officer

## Management Commentary

CRO's Review of Group-Wide Risk Management  
Risk Culture

To ensure the sustainable growth of ICFG's corporate value, every employee is expected to proactively assess whether their actions align not only with legal and regulatory requirements but also with the expectations of customers, the market, and other stakeholders. This mindset goes beyond mere compliance — it is about upholding integrity and responsibility at every level.

To guide this approach, ICFG has established the “InvesCore Way and Principles”, which serve as the foundation for all daily activities across the organization. Key initiatives to strengthen our risk culture include regular internal surveys to assess compliance awareness and risk sensitivity, ongoing dialogue between senior management and staff, and comprehensive internal training programs.

CRO's Review of Group-Wide Risk Management  
Risk Appetite Framework

SIBJ Capital Group has implemented a comprehensive Risk Appetite Framework to effectively manage risks across the group. This framework defines the types and levels of risk the organization is willing to accept or tolerate in pursuit of its business objectives and profit growth. Together with our business strategies, the Risk Appetite Framework forms one of the two foundational pillars of our management approach. It acts as a strategic tool for clearly communicating the external operating environment and internal risk landscape to senior leadership, enabling informed decision-making and responsible risk-taking across the Group.

Individual risk appetites are defined at the business unit level, aligned with the Group's overarching risk appetite. These are formulated in accordance with each unit's strategic objectives and are grounded in a comprehensive assessment of Top Risks—those that could materially impact the Group's performance—along with stress testing to evaluate potential consequences if such risks were to materialize. To support this framework, a risk register and Key Risk Events (KREs) are actively utilized. These tools form part of a systematic approach to assess risks in both new and existing business activities and to regularly validate the relevance of Top Risks, the suitability of risk appetite levels, and their alignment with business strategies.

Throughout the financial year, we continuously monitor the external operating environment, emerging risks, and risk appetite indicators. Adjustments to risk appetite levels and strategic direction are made as needed to ensure responsiveness to dynamic market conditions and effective risk governance.

# Management Commentary

Group-Wide Risk Management

## Three Lines of Defense

The Group has established a risk management framework based on the model of Three Lines of Defense, which is actively implemented in its activities. Each line of defense performs specific functions within the risk management and control systems in accordance with these principles.

Principal Organizations	Roles and Responsibilities
<b>First Line</b> Business Units	<p>The Business Units of each subsidiary shall be risk owners concerning their operations and shall be responsible for the following in accordance with the basic principles provided by Second Line.</p> <ul style="list-style-type: none"><li>• Identification and evaluation of risks encountered in the business activities</li><li>• Implementation of measures for minimizing and controlling risks</li><li>• Monitoring of risks and reporting within First Line and to Second Line</li><li>• Creation and fostering of a sound risk culture</li></ul>
<b>Second Line</b> Risk Management and Compliance Departments	<p>The Risk Management and Compliance Departments shall assume the following functions and responsibilities in order to manage the risk management and compliance systems.</p> <ul style="list-style-type: none"><li>• Drafting and development of basic principles and frameworks concerning risk management and compliance</li><li>• Oversight, monitoring, and development of training programs for the First Line</li></ul>
<b>Third Line</b> Audit Department	<p>Independently of the First and Second Lines, the Audit Department shall assess and verify the effectiveness and appropriateness of risk management and compliance systems managed and operated by the First and Second Lines, and reports these results to the Audit Committee and the Management Committee. The Department shall provide recommendations on identified issues / problems.</p>

## Management Commentary

CRO's Review of Group-Wide Risk Management  
Credit Risk Management

All Group companies operate under the fundamental credit risk management principles established by SIBJ Capital Group. These principles ensure a unified, accurate, and comprehensive approach to credit risk measurement and control across the Group.

Each Group company is responsible for managing credit risk in a manner aligned with the nature and scale of its operations. Credit risk is quantified and monitored at both the individual loan and portfolio levels, using consistent Group-wide standards. As credit risk represents the most significant risk exposure across the Group, its effective management is essential to ensuring operational stability and long-term profitability.

The key objectives of our credit risk management are:

- To maintain credit risk exposure within acceptable levels relative to capital,
- To preserve asset quality and sustainability across all business units,
- and to generate returns that are commensurate with the level of risk assumed.

This disciplined approach to credit oversight supports the development of a resilient, high-performing loan portfolio with strong returns on capital and assets.

### Group Credit Policy

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The Group's credit policy sets out clearly defined principles, operating standards, and controls that govern all credit-related activities. These are designed to align with our overarching business mission and ethical code of conduct. To ensure consistency and sound credit decisions, all employees and managers are expected to understand and strictly adhere to the credit policy. By fostering a culture of responsible risk-taking and delivering high-value financial services, the Group seeks not only to enhance shareholder value, but also to contribute meaningfully to community development.

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### Purev Ralgaa

Group Chief Risk and Audit Officer

## Management Commentary

### Forward-Looking Statements

From time to time, SIBJ Capital Group makes forward-looking statements, which can be identified by the fact that they do not relate strictly to historical or current facts. These statements often include terms such as “anticipate,” “target,” “expect,” “estimate,” “intend,” “plan,” “goal,” “believe,” and other similar expressions.

Forward-looking statements reflect the Group’s current expectations or forecasts regarding future events, conditions, results, or aspirations. Such statements may also appear in documents filed or submitted by the Group to the Financial Regulatory Commission (FRC) or other regulatory authorities. Additionally, senior management may make forward-looking statements in discussions with investors, analysts, media representatives, or other stakeholders.

By their nature, forward-looking statements are subject to risks and uncertainties, many of which are beyond the Group’s control. As a result, actual future outcomes may differ materially from those projected in these statements. While not exhaustive, the following are some key factors that could cause actual results to differ from the expectations expressed in forward-looking statements:

- Local, regional, and global business, economic, and political conditions, including geopolitical events, tensions, and hostilities;
- Changes in laws, regulations, and regulatory requirements—particularly those related to capital and liquidity—that affect the Group’s operations, as well as the Group’s ability to comply with such requirements;
- Fluctuations in inflation levels;
- Amendments to income tax laws, rules, and regulations;
- Volatility and liquidity shifts in securities and capital markets;
- Changes in investor sentiment or consumer behavior, including spending and saving patterns;
- The Group’s ability to manage its capital and liquidity effectively;
- Changes in credit ratings assigned to the Group or its subsidiaries;
- Reputational harm that may adversely impact the Group’s business;
- The Group’s ability to address social, environmental, and sustainability issues arising from its operations;
- Technological changes implemented by the Group, its counterparties, or competitors;
- Market acceptance of the Group’s existing and new products and services, and the Group’s ability to innovate and grow its market share;
- The Group’s capacity to attract, develop, and retain qualified personnel;
- The Group’s effectiveness in controlling operational and administrative expenses;
- Competitive pressures within the industry;
- Deterioration in the credit quality of the Group’s clients, customers, or counterparties;
- The adequacy and effectiveness of the Group’s risk management framework, internal controls, and disclosure procedures

Any forward-looking statements made by or on behalf of the Group speak only as of the date on which they are made. The Group does not undertake any obligation to update or revise such statements, whether as a result of new information, future events, or otherwise. Readers are advised to refer to any subsequent disclosures of a forward-looking nature that may be included in the Group’s future Annual Reports, Semi-annual Reports, or other official communications.



## 07. Audited Financial Statements

1. Statement of Management's Responsibility
2. Independent Auditor's Report
3. Consolidated Financial Statements
4. Notes to the Consolidated Financial Statements

# Audited Financial Statements

## Statement of Management's Responsibility

### SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

#### Statement of Management's responsibility

We, Ankhbold Bayanmunkh, being the Chief Executive Officer of SIBJ Capital LLC and its subsidiaries (the "Group"), and Tserennadmid Ganbaatar, being the Chief Financial Officer, primarily responsible for the financial statements of the Group, do hereby state that, in our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

  
**Ankhbold Bayanmunkh**  
Chief Executive Officer  
**Tserennadmid Ganbaatar**  
Chief Financial Officer

Ulaanbaatar, Mongolia  
Date: 11 April 2025



## GLOSSARY OF ABBREVIATION

AC	Amortised cost
ECL	Expected credit loss
EIR	Effective interest rate
FVOCI	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
IF	Investment fund
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

# Audited Financial Statements

Independent Auditor's Report



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Ulaanbaatar 14252  
Mongolia

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of SIBJ Capital LLC and its subsidiaries

### Opinion

We have audited the consolidated financial statements of SIBJ Capital LLC and its subsidiaries (collectively referred as the "Group") which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

### Basis for Opinion

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

### 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 IFRSs, 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

# Audited Financial Statements

Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT (CONT'D.)

To the Shareholder of SIBJ Capital LLC and its subsidiaries (cont'd.)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

### Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 June 2024.

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

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

Signed by:

  
MANDAKHBAYAR DORJBAT  
Partner

Ulaanbaatar, Mongolia  
Date: 11 April 2025

Approved by:

  
ADRIAN CHU  
Partner

# Audited Financial Statements

Consolidated Financial Statements

## SIBJ CAPITAL JSC AND ITS SUBSIDIARIES

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Note	2024 MNT'000	2023 MNT'000
Interest income calculated using the EIR	4	225,066,885	125,860,362
Interest and similar expense	4	(84,109,778)	(48,722,868)
<b>Net interest income</b>		<b>140,957,107</b>	<b>77,137,494</b>
Fee and commission income	5	28,645,353	18,365,706
Fee and commission expense	5	(1,442,225)	(1,011,959)
<b>Net fee and commission income</b>		<b>27,203,128</b>	<b>17,353,747</b>
Revenue from contracts with customers	6	10,972,810	19,040,307
Rental income	7	2,924,391	2,222,726
<b>Total revenue from contracts with customers</b>		<b>13,897,201</b>	<b>21,263,033</b>
Net trading income	8	674,215	773,136
Impairment losses on financial instruments	9	(18,389,844)	(8,940,040)
Other operating income	10	5,250,184	3,430,047
<b>Net operating income</b>		<b>169,591,991</b>	<b>111,017,417</b>
Employee costs	11	(29,295,295)	(19,990,656)
Other operating expenses	12	(20,279,089)	(15,178,957)
Cost of inventory property sold	19	(4,868,218)	(6,853,288)
Depreciation of property and equipment	22	(2,299,426)	(1,512,715)
Amortisation of right of use assets	25	(1,433,450)	(2,349,733)
Amortisation of intangible assets	23	(675,123)	(518,161)
Sub contractor works		–	(294,019)
Raw materials consumed		–	(286,364)
<b>Profit before tax</b>		<b>110,741,390</b>	<b>64,033,524</b>
Income tax expense	13	(25,276,608)	(16,299,903)
<b>Profit for the year</b>		<b>85,464,782</b>	<b>47,733,621</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent company		68,612,483	38,931,801
Non-controlling interests	27	16,852,299	8,801,820
<b>Other comprehensive income:</b>			
<i>Items that will not be classified to profit or loss (net of tax):</i>			
-Net change in Fair value of equity investments at FVOCI	38	1,636,635	(693,487)
<i>Items that will or may be classified in profit or loss (net of tax):</i>			
-Exchange loss arising from translation of foreign operations	38	(77,973)	(285,901)
<b>Other comprehensive income/(loss) for the year, net of taxes</b>		<b>1,558,662</b>	<b>(979,388)</b>
<b>Other comprehensive income/(loss) for the year attributable to:</b>			
Owners of the parent company		1,210,662	(729,545)
Non-controlling interests	27	348,000	(249,843)
<b>Total comprehensive income for the year, net of taxes</b>		<b>87,023,444</b>	<b>46,754,233</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent company		69,823,145	38,202,256
Non-controlling interests	27	17,200,299	8,551,977

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

# Audited Financial Statements

Consolidated Financial Statements

## SIBJ CAPITAL JSC AND ITS SUBSIDIARIES

### Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 MNT'000	2023 MNT'000
<b>Assets</b>			
Cash and bank balances	14	138,091,411	82,382,850
Bank balances held on behalf of customers	32	400,739	1,150,123
Loans and advances to customers	15	735,426,740	486,841,963
Financial assets at fair value through profit or loss	16	3,927,033	3,020,442
Financial assets at fair values through other comprehensive income	16	21,910,646	7,587,265
Other financial assets	17	4,485,307	6,016,788
Other non-financial assets	18	4,447,735	2,560,243
Inventories	19	11,617,148	14,411,910
Foreclosed properties	20	2,366,355	1,025,379
Assets held for sale	21	3,309,939	—
Property and equipment	22	20,180,913	19,637,114
Intangible assets	23	4,286,386	5,053,191
Right-of-use assets	25	3,585,928	3,783,357
Deferred tax assets	13	1,304,155	—
Goodwill	24	292,627	292,627
<b>Total assets</b>		<b>955,633,062</b>	<b>633,763,252</b>
<b>Liabilities</b>			
Borrowed funds	28	324,440,345	215,912,996
Bond payables	29	125,396,838	67,443,386
Private placement of deposits	30	204,172,784	141,098,586
Derivative financial instruments	31	601,379	282,556
Financial liability at fair value through profit or loss	35	—	5,999,986
Due to customers	32	1,546,633	1,150,123
Other financial liabilities	33	12,076,791	9,867,271
Contract liabilities		455,728	616,752
Other non-financial liabilities	34	3,590,913	5,420,247
Lease liabilities	36	3,752,539	3,961,156
Current tax liabilities	13	8,081,597	8,305,808
Deferred tax liabilities	13	—	246,580
<b>Total liabilities</b>		<b>684,115,547</b>	<b>460,305,447</b>
<b>Equity</b>			
Share capital	37	16,868,266	16,868,266
Other reserves	38	4,466,955	(454,374)
Retained earnings		168,879,455	103,977,639
<b>Total equity attributable to the owners of the parent</b>		<b>190,214,676</b>	<b>120,391,531</b>
Non-controlling interests	27	81,302,839	53,066,274
<b>Total equity</b>		<b>271,517,515</b>	<b>173,457,805</b>
<b>Total liabilities and equity</b>		<b>955,633,062</b>	<b>633,763,252</b>

# Audited Financial Statements

Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Consolidated Statement of changes in equity

For the year ended 31 December 2024

	Share capital	Other reserves	Retained earnings	Total equity attributable to owners of the parent	Non controlling interest	Total equity
	MNT'000 (Note 37)	MNT'000 (Note 38)	MNT'000	MNT'000	MNT'000 (Note 27)	MNT'000
<b>At 1 January 2023</b>	<b>16,524,596</b>	<b>275,171</b>	<b>65,045,838</b>	<b>81,845,605</b>	<b>44,355,384</b>	<b>126,200,989</b>
Profit for the year	—	—	38,931,801	38,931,801	8,801,820	47,733,621
Other comprehensive loss	—	(729,545)	—	(729,545)	(249,843)	(979,388)
<b>Total comprehensive income</b>	<b>—</b>	<b>(729,545)</b>	<b>38,931,801</b>	<b>38,202,256</b>	<b>8,551,977</b>	<b>46,754,233</b>
Issued share capital	343,670	—	—	343,670	—	343,670
Addition	—	—	—	—	1,317,086	1,317,086
Dividend	—	—	—	—	(1,158,173)	(1,158,173)
<b>At 31 December 2023</b>	<b>16,868,266</b>	<b>(454,374)</b>	<b>103,977,639</b>	<b>120,391,531</b>	<b>53,066,274</b>	<b>173,457,805</b>
Profit for the year	—	—	68,612,483	68,612,483	16,852,299	85,464,782
Other comprehensive income	—	1,210,662	—	1,210,662	348,000	1,558,662
<b>Total comprehensive income</b>	<b>—</b>	<b>1,210,662</b>	<b>68,612,483</b>	<b>69,823,145</b>	<b>17,200,299</b>	<b>87,023,444</b>
Issued share capital	—	—	—	—	263,476	263,476
Addition	—	—	—	—	11,831,009	11,831,009
Movement on regulatory reserve	—	3,848,808	(3,848,808)	—	—	—
Realised revaluation reserve	—	(138,141)	138,141	—	—	—
Dividend paid	—	—	—	—	(1,058,219)	(1,058,219)
<b>At 31 December 2024</b>	<b>16,868,266</b>	<b>4,466,955</b>	<b>168,879,455</b>	<b>190,214,676</b>	<b>81,302,839</b>	<b>271,517,515</b>

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

# Audited Financial Statements

Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 MNT'000	2023 MNT'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>110,741,390</b>	<b>64,033,524</b>
<i>Adjustments:</i>			
Depreciation of property and equipment	22	2,299,426	1,512,715
Amortisation of intangibles	23	675,123	518,161
Amortisation of right-of-use assets	25	1,433,450	2,349,733
Gain on sales of property and equipment	10	(15,430)	(7,987)
Loss on write-off of intangible assets	12	131,347	—
Loss on write-off of property and equipment	12	67,662	91,764
Loss/(gain) on disposal of foreclosed properties	12	118,112	(4,102)
Impairment reversal on foreclosed properties	10	(628,021)	(66,849)
Loss on disposal of non-current asset held for sale	12	—	442,663
Impairment loss on asset held for sale	12	160,560	—
Unrealised loss from foreign exchange rate differences		329,868	252,117
Interest expense	4	84,109,778	48,722,868
Dividend income	10	(261,069)	(944,411)
Fair value change of financial instruments at FVTPL	8	112,747	196,098
Gain on securities trading, net	8	(230,693)	(832,648)
Loss on write-off of foreclosed properties	12	—	9,787
Impairment losses on financial instruments	9	18,389,844	8,940,040
<b>Operating cash flow before changes in working capital</b>		<b>217,434,094</b>	<b>125,213,473</b>
<i>Changes in operating assets and liabilities:</i>			
Due from banks with original maturities more than 3 months		(2,804,357)	270,000
Bank balances held on behalf of customers		749,384	(1,150,123)
Loans and advances to customers		(266,531,957)	(222,150,001)
Other financial assets		(4,203,705)	1,234,242
Other non-financial assets		(3,186,088)	3,574,574
Due to customers		396,510	1,150,123
Inventories		2,194,392	6,311,819
Liability at FVTPL	35	(5,999,986)	(6,895,194)
Other financial liabilities		2,465,490	(4,000,877)
Contract liabilities		(161,024)	(952,617)
Other non-financial liabilities		999,644	4,146,315
<b>Cash used in operations</b>		<b>(58,647,603)</b>	<b>(93,248,266)</b>
Income taxes paid	13	(27,379,017)	(11,396,520)
Interest portion of lease liabilities paid		(816,974)	(624,115)
Interest paid		(72,318,543)	(40,198,142)
<b>Net cash flows used in operating activities</b>		<b>(159,162,137)</b>	<b>(145,467,043)</b>

# Audited Financial Statements

Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Consolidated Statement of Cash Flows (cont'd.)

For the year ended 31 December 2024

	Note	2024 MNT'000	2023 MNT'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property and equipment		(2,437,436)	(19,110,145)
Sales of property and equipment		139,981	497,145
Purchases of intangible asset		(40,031)	(1,607,613)
Sales of non-current asset held for sale		—	3,726,186
Purchases of investments		(44,732,262)	(21,591,520)
Proceeds from sale of investments		31,677,631	21,366,294
Sales of repossessed assets		718,491	—
Dividends received		261,069	944,411
<b>Net cash flows used in investing activities</b>		<b>(14,412,557)</b>	<b>(15,775,242)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issued share capital		—	343,670
Change in non-controlling interests		263,476	—
Dividend paid to non-controlling interest		(1,058,219)	(545,949)
Proceeds from drawdown of borrowings		687,624,112	268,167,445
Repayment of principal of borrowings		(572,224,498)	(123,412,405)
Proceeds from private placement of deposit		304,178,578	36,145,022
Repayment of private placement of deposit		(246,019,328)	(11,668,996)
Proceeds from issued bonds		123,014,487	68,666,445
Repayment of issued bonds		(66,289,992)	(46,095,996)
Principal lease payment		(2,956,149)	(2,639,870)
<b>Net cash generated from financing activities</b>		<b>226,532,467</b>	<b>188,959,366</b>
<b>Net increase in cash and cash equivalents</b>		<b>52,957,773</b>	<b>27,717,081</b>
<b>Cash and cash equivalents brought forward</b>	14	81,165,386	53,735,957
Exchange loss on cash and cash equivalents		(42,140)	(287,652)
<b>Cash and cash equivalents carried forward</b>	14	134,081,019	81,165,386



# Audited Financial Statements

Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Consolidated Statement of Cash Flows (cont'd.)

For the year ended 31 December 2024

#### Reconciliation changes in liabilities arising from financing activities:

	Borrowed funds		Bonds payable	
	2024	2023	2024	2023
	MNT'000	MNT'000	MNT'000	MNT'000
As at 1 January	215,912,996	69,450,389	67,443,386	44,120,662
New disbursement/additions	687,624,112	268,167,445	123,014,487	68,666,445
Interest accrued	33,003,531	14,545,655	18,042,635	9,282,288
Interest paid	(28,424,611)	(12,266,047)	(16,966,536)	(8,521,552)
Repayment of principal	(572,224,498)	(123,412,405)	(66,289,992)	(46,095,996)
Transfer to equity	(12,065,545)	—	—	—
Foreign exchange movement	614,360	(572,041)	152,858	(8,461)
As at 31 December	<u>324,440,345</u>	<u>215,912,996</u>	<u>125,396,838</u>	<u>67,443,386</u>

	Private placement of deposits		Lease liabilities	
	2024	2023	2024	2023
	MNT'000	MNT'000	MNT'000	MNT'000
As at 1 January	141,098,586	111,763,273	3,961,156	2,515,356
New disbursement/additions	304,178,578	36,145,022	2,794,587	4,202,132
Lease modification	—	—	12,615	(95,584)
Lease termination	—	—	(69,604)	—
Interest accrued	29,769,734	21,640,320	816,974	624,115
Interest paid	(24,450,492)	(16,780,053)	(816,974)	(624,115)
Repayment of principal	(246,019,328)	(11,668,996)	(2,956,149)	(2,639,870)
Foreign exchange movement	(404,294)	(980)	9,934	(20,878)
As at 31 December	<u>204,172,784</u>	<u>141,098,586</u>	<u>3,752,539</u>	<u>3,961,156</u>

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

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 1. Corporate information

SIBJ Capital LLC (the “Company”) was incorporated as a Limited Liability Company in accordance with the resolution issued by the founder dated 21 March 2016.

The Company initially was established as a Limited Liability Company in accordance with the laws of Mongolia and restructured into a Foreign-Invested Limited Liability Company on 30 March 2023 through an investment from ICFG Pte Ltd, incorporated in Singapore.

SIBJ Capital LLC and its subsidiaries (the “Group”) consists of four main subsidiaries. Additionally, one of these subsidiaries, InvesCore NBFI JSC, also holds subsidiaries in various jurisdictions. The subsidiaries hold special permits or licenses allowing them to operate in regulated financial markets. The subsidiaries are as follows:

1. On 8 June 2018, InvesCore Capital LLC, a fully owned subsidiary of the Company, was incorporated and registered with the General Registration Office of Mongolia under business registration number 6317839 and Certificate No. 9011741137. InvesCore Capital LLC offers comprehensive investment banking services primarily to local companies, institutional, and individual investors. These services include underwriting, brokerage, financial advisory, and market making.
2. On 29 November 2017, InvesCore Property LLC, a fully owned subsidiary of the Company, was incorporated and registered with the General Registration Office of Mongolia under business registration number 6253288 and Certificate No. 9011716012. InvesCore Property LLC provides comprehensive real estate development project management services to both local and international real estate investors, along with other related property management services. Additionally, on 31 October 2023, InvesCore Property LLC acquired 100% of the common shares of Core Development and Engineering LLC.
3. On 18 August 2018, AI Lab LLC, a subsidiary owned 60% by the Company, was incorporated and registered with the General Registration Office of Mongolia under business registration number 6339247 and Certificate No. 9011758119. AI Lab LLC specializes in fintech services focused on micro-finance. They develop and offer support for advanced technologies including Artificial Intelligence (AI) and Machine Learning (ML) based credit scoring systems, robotic automation, and other innovative solutions.
4. The Company holds 80.49% in InvesCore NBFI JSC, a subsidiary was initially incorporated as a Limited Liability Company in accordance with a resolution issued by the founder on 29 March 2016 and subsequently restructured into a joint-stock company on 22 May 2019, through the offering of 19.51% of its common shares to the public on the Mongolian Stock Exchange.

InvesCore NBFI JSC was officially registered with the State Registration Office of Mongolia and received State Registration Certificate No. 9010002004 (Registration No. 6060854) on 30 March 2016. Subsequently, on 17 May 2016, it was granted Special License No. 1/554 for non-banking financial activities, in accordance with Resolution No. 159 issued by the Financial Regulatory Commission of Mongolia. This license permits the NBFI to engage in lending, factoring, investment in short-term financial instruments, attracting private placement of trust deposits, and the issuance of payment guarantees.

InvesCore NBFI JSC maintains a presence in six Central Asian nations through a network of subsidiaries. These subsidiaries are strategically located in Mongolia (Pocket NBFI LLC (formerly known as “InvesCore Wallet NBFI LLC”), Kyrgyzstan (InvesCore CA MFC and Pocket KG LLC), Kazakhstan (InvesCore KZ LLC and InvesCore Finance MFO LLP), and Uzbekistan (InvesCore UE LLC). They operate as both fintech and financial services providers, effectively serving InvesCore NBFI JSC's expansion strategy and facilitating the Group's growth within the region.

The Group's principal business activities include:

- Management Consultancy Service
- Project Implementation
- Business Advisory Service
- Lending Operations
- Financial Factoring
- Attracting Trust Deposit

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 1. Corporate information (cont'd.)

The Group's principal business activities include (cont'd.):

- Investment in Short-term Financial Instruments
- Payment Guarantee Service
- Electronic Payment and Settlement
- Investment Banking Services: Securities Broker, Dealer and Underwriting
- Real Estate Brokerage service
- Software Services and IT Services

The Group holds the following special permits or licenses:

1. On 17 May 2016, pursuant to Resolution No. 159 issued by the Financial Regulatory Commission of Mongolia, InvesCore NBFI JSC was granted a license (Certificate No. 1/554) to engage in non-banking financial activities.
2. On 25 November 2019, pursuant to Resolution No. 327 issued by the Financial Regulatory Commission of Mongolia, Pocket NBFI LLC (formerly known as "InvesCore Wallet NBFI LLC") was granted a license (Certificate No. 101/657) to conduct non-banking financial activities. Additionally, on 8 December 2020, InvesCore Wallet NBFI LLC was granted authorization to issue electronic money and conduct payment services by order A-436 from the President of the Bank of Mongolia.
3. On 26 November 2008, pursuant to Resolution No. 173-7/5568 issued by the National Bank of Kyrgyz Republic, InvesCore CA MFC (formerly Zolotoi Standard LLC) was granted a license to operate as a microfinance institution.
4. On 26 September 2018, pursuant to Resolution No. 315 issued by the Financial Regulatory Commission of Mongolia, InvesCore Capital LLC was granted a license to function as a securities broker, dealer, and underwriter.
5. On 21 October 2020, pursuant to Resolution No. 939 issued by the Financial Regulatory Commission of Mongolia, InvesCore Property LLC was granted a license to function as a real estate intermediary and brokerage.
6. On 27 April 2022, pursuant to a resolution issued by the National Bank of the Kyrgyz Republic, Pocket KG LLC was granted licenses No. 3032270422 and No. 2030270422 to operate as a payment institution.

In accordance with the Articles of Association of the Company, revised on 30 March 2023, the shareholder composition and share capital structure as of 31 December 2024, are set out in Note 37.

Pursuant to Resolution No. 18 adopted by the shareholders' meeting of the Group on 10 January 2023, the entirety of the 16,868,266 ordinary shares of SIBJ Capital LLC were transferred to ICFG Pte Ltd, a company incorporated in Singapore. Consequently, ICFG Pte Ltd became the ultimate controlling shareholder and parent company of the Group.

As of 31 December 2024, the Group has 608 employees (2023: 531).

The consolidated financial statements for the year ended 31 December 2024 were authorised for issue in accordance with the resolution of the Board of Directors on 11 April 2025.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies

##### 3. 2.1. Basis of preparation

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

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in Note 2.5 *Summary of material accounting policies*. The policies have been consistently applied to all the years presented, unless otherwise stated.

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 43.

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

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

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

##### *Basis of measurement*

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

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

The Group also has prepared the consolidated financial statements on the basis that it will continue as a going concern.

##### 2.2 New and amended standards and interpretations

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

Other amendments and interpretations that were applied for the first time in 2024 are summarised below:

- |                                  |   |
|----------------------------------|---|
| • Amendments to IAS 1            | <i>Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants</i> |
| • Amendments to IFRS 16          | <i>Lease Liability in a Sale and Leaseback</i>  |
| • Amendments to IAS 7 and IFRS 7 | <i>Disclosures: Supplier Finance Arrangements</i>   |

These amendments had no material impact on the consolidated financial statements of the Group during the period.

##### 2.3 Standards issued but not yet effective

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

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

- |                                 |  |
|---------------------------------|--|
| Amendments to IAS 21            | <i>Lack of Exchangeability<sup>1</sup></i>   |
| Amendments to IFRS 9 and IFRS 7 | <i>Amendments to the Classification and Measurement of Financial Instruments<sup>2</sup></i> |
| IFRS 18                         | <i>Presentation and Disclosure in Financial Statement<sup>3</sup></i>                        |
| IFRS 19                         | <i>Subsidiaries without Public Accountability: Disclosures<sup>3</sup></i>                   |

<sup>1</sup>Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup>Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup>Effective for annual periods beginning on or after 1 January 2027

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the consolidated financial statements of the Group.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

##### 2.4. Basis of consolidation

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

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

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

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

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

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.

##### 2.5. Summary of material accounting policies

###### a) Goodwill

###### *Accounting for goodwill*

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition. Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of a cash-generating unit (CGU), including goodwill, with the present value of the CGU's free cash flows, discounted at a rate of required equity return that reflects inherent risks.

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

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.

###### *Critical accounting estimates and judgements*

Testing goodwill for impairment involves a significant amount of judgement. Calculating the recoverable value involves a high degree of uncertainty, particularly in estimating future cash flows and the discount rates applied. Key judgements include determining the carrying value of the CGU, as well as the cash flows and discount rates used in the calculation.

- The cash flow forecasts used by management involve judgement and are based on their view of the business prospects and market conditions at the time of the assessment. The estimation of cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding long-term sustainable cash flows.
- The discount rates applied to future cash flows also involve judgment, as they can significantly impact the valuation. These rates are compared to those used by market participants where applicable to ensure they are appropriate and based on the estimated cost of equity for each CGU, while also being subject to readily available market data.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

#### 2.5. Summary of material accounting policies (cont'd.)

##### (a) Goodwill (cont'd.)

- The choice of a terminal growth rate used to determine the present value of the future cash flows of the CGUs is also a judgement that can impact the outcome of the assessment. The terminal growth rate and discount rates used may vary due to external market rates and economic conditions beyond management's control.

##### *Determining the carrying value of CGUs*

The carrying value for each CGU is the sum of the tangible equity and goodwill balances associated with that CGU. The tangible equity is derived from the capital required to be deployed in the CGU, reflecting the level of capital that management believes a market participant would need to hold and retain to support business growth.

##### *Cash flows*

The five-year cash flows used in the calculation are based on medium-term plans approved by the Board. These plans incorporate macroeconomic assumptions that management considers reasonable and supportable, reflecting agreed-upon business initiatives for the forecast period. The macroeconomic assumptions supporting the medium-term plan were established in 2024, and management has assessed whether any subsequent significant changes in these assumptions would adversely affect the results of the impairment review. Given the business nature, cash flow generation, and reinvestment characteristics of the CGUs, free cash flows to equity (FCFE) are utilized in the VIU calculations.

##### *Discount rates*

IAS 36 requires that the discount rate used in a recoverable value calculation reflects the pre-tax rate an investor would require if they were to choose an investment that would generate similar cash flows to those expected from the asset. In determining the discount rate, management identified the required return of equity associated with market participants that closely resemble the Group's CGUs through the bond yield plus risk premium approach, as the local equity market is considered inefficient for obtaining reliable data for other approaches.

The required return on equity rate has been used as the discount rate in the impairment assessment and applied to FCFEs of the CGU. The discount rate used for all CGUs in this year's calculation remains unchanged to reflect the relatively stable volatility in the bond yield, which is observable since the CGUs have readily available data on their publicly traded bonds. The risk premium, which is part of the discount rate determination, is solely judged by management to be 5% to 6% (2023: 5% to 6%). This judgment is based on the sector's generally high-yielding characteristics, as evidenced by Return on Equity (ROE) and other profitability measures.

The range of equivalent pre-tax discount rates applicable across the CGUs range from 23% to 25% (2023: 23% to 25%).

##### *Terminal growth rate*

The terminal growth rate is used to estimate the effect of projecting cash flows to the end of an asset's useful economic life. Management judges that the cash flows associated with the CGUs will grow in line with the economies in which the Group operates. Inflation rates (set by the Bank of Mongolia's lower bound target for inflation) are used as an approximation of future growth rates and serve as the basis for the terminal growth rates applied.

The terminal growth rate used is 4.0% (2023: 4.0%).

##### *Impairment test*

The Group assesses impairment tests on goodwill every year.

##### *Sensitivity of key assumptions*

The CGUs are sensitive to possible adverse changes in the key assumptions that support the recoverable amount:

**Discount rate:** Management have identified discount rates for comparable businesses through the bond yield plus risk premium approach and consider these to be a reasonable estimate of a suitable market rate for the profile of the CGUs. The risk associated with the appropriateness of these discount rates is quantified below, illustrating the impact of a 200bps change.

**Terminal growth rate:** The terminal growth rate is utilized to estimate cash flows into perpetuity based on the expected longevity of the CGU's businesses. This rate is sensitive to uncertainties in the macroeconomic environment. The risk associated with using inflation data for its determination is quantified below, illustrating the impact of a 200bps change.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

#### 2.5. Summary of material accounting policies (cont'd.)

##### b) Foreign currency

###### (i) Foreign currency transactions

Transactions in foreign currencies are translated to MNT at exchange rates at the dates of the transactions.

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

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

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

###### (ii) Foreign Operations

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

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

##### c) Financial assets and financial liabilities

###### (i) Recognition and initial measurement

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

#### Financial assets

###### (ii) Classification

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

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

##### 2.5. Summary of material accounting policies (cont'd.)

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

##### Financial assets (cont'd.)

##### *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.

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

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

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

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

##### *Reclassifications*

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

##### **Financial liabilities**

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

The Group classifies assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of portfolio of financial instruments that are managed together, for which there is evidence of recent pattern of short-term profit taking. Held for trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.



## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

#### 2.5. Summary of material accounting policies (cont'd.)

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

##### **Financial liabilities (cont'd.)**

##### *Due to customers*

This includes cash received from customers for the brokerage services and debt instruments due to customers. After initial measurement, cash received from customers are subsequently measured at amortised cost. After initial measurement, debt instruments due to customers are subsequently measured at FVTPL (see Note 32)

##### **Derivative instruments**

The Group enters derivative financial instruments which are held to manage its exposure to foreign exchange rate risk. Derivative held include foreign exchange forward contracts and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 31.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or 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.

##### (iii) *Derecognition*

##### **Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and 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.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

#### 2.5. Summary of material accounting policies (cont'd.)

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

##### (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, the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

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

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

##### **Financial liabilities**

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the derecognised financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes any 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, 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) Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations, without any deduction for transaction costs.

For all instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include comparison to similar instruments for which market observable prices exist, discounted cash flow method and other relevant valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 41.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

##### 2.5. Summary of material accounting policies (cont'd.)

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

###### (vi) Offsetting

Financial assets and financial liabilities are offset, and the net amount is presented in the consolidated 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 realize 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.

###### (vii) 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.

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 Group 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

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

#### 2.5. Summary of material accounting policies (cont'd.)

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

##### (vii) Impairment (cont'd.)

#### 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.

#### 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 considered "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 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 consolidated 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-off

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.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

##### 2.5. Summary of material accounting policies (cont'd.)

###### d) 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 balances equivalents are carried at amortised cost in the consolidated statement of financial position.

###### e) Bank balance held on behalf of customers

The Group has classified the customers' monies as bank balances held on behalf of customers in the consolidated statement of financial position and recognised a corresponding payable to respective clients on grounds that is liable for any loss or misappropriation of customers' monies.

The Group maintains segregated trust accounts with licensed banks to hold customers' monies. The Group is allowed to retain all of the interest on the customers' monies. The Group is not allowed to use the customers' monies to settle its own obligations.

###### 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 investment securities measured at FVOCI;
- debt investment securities measured at FVTPL;
- equity investment

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 financial assets measured at amortised 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. This election is made on an instrument-by-instrument basis upon 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) Inventory

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property. Inventory property is reported at the lower of cost and net realizable value.

The cost of inventory is based on the weighted average principle and includes the cost of purchasing the inventory and all costs incurred in bringing it to its current location and condition, amount paid to contractor for development, planning and design cost, professional and legal fees, development overhead and other related costs. Net realizable value is calculated from the selling price of the inventory in the normal course of business minus the costs necessary to make the sale.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

##### 2.5. Summary of material accounting policies (cont'd.)

##### *h) Property and equipment*

##### **Recognition and measurement**

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

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

##### **Subsequent costs**

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

##### **Depreciation**

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

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

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

	Useful life
Building	25
Equipment	10
Furniture and fixtures	10
Vehicles	10
Leasehold improvements	5
Computers and others	2-10

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.

##### **Borrowing costs**

Borrowing costs, net of interest received on cash drawn down yet to be expended, are capitalized when they are directly attributable to the acquisition, contribution, or production of property and equipment that requires a substantial period to get ready for its intended use or sale.

##### *i) Intangible assets*

Software acquired by the Group is measured at cost less accumulated Amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in of 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. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

#### 2.5. Summary of material accounting policies (cont'd.)

##### j) *Reposessed collateral*

Reposessed collateral refers to non-financial assets obtained by the Group to settle overdue loans, which can include both real estate and movable property. These assets are initially recorded at their acquisition cost and booked in the consolidated statement of financial position.

The Group's policy is to determine whether a reposessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their foreclosed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the foreclosure date in, line with the Group's policy.

##### k) *Debt issued and other borrowed funds*

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

When establishing the accounting treatment of these non-derivative instruments the Group first establishes whether the instrument is a compound instrument and classifies such instruments or components separately as financial liabilities, financial assets, or equity instruments in accordance with IAS 32. The Group separately recognises the components of a financial instrument that: (a) creates a financial liability for the Group; and (b) grants an option to the holder of the instrument to convert it into an equity instrument of the entity. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercise of the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to its equity and liability components, the equity component is assigned the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion options) is included in the liability component. Once the Group has determined the split between equity and liability, it further evaluates if the liability component has embedded derivatives which would require separation.

##### l) *Private placement of deposits*

Private placement from customers include deposit placed by the customers under trust agreements (Note 30). After initial measurement, private placement deposits from customers are subsequently measured at amortised cost using the EIR.

##### m) *Share capital*

###### i) *Share capital and equity preference share*

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

###### ii) *Share premium*

The excess of contributions over the par value of shares is accounted for as "Share Premium." Share premiums can also arise from additional capital contributions made by shareholders.

###### iii) *Regulators reserves*

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

###### (iv) *Fair value reserves*

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

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

#### 2.5. Summary of material accounting policies (cont'd.)

##### n) Employee benefits

##### i) Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

##### ii) Social and health insurance

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

##### o) Revenue from property sales

Per IFRS15 Revenue from contracts with customers, if an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised asset and the entity satisfies a performance obligation, the entity shall consider the requirements for control and indicators of the transfer of control such as:

- The entity has a present right to payment for the asset
- The customer has legal title to the asset
- The entity has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

When recognizing revenue, the Group follows the standards set forth in IFRS15, which govern revenue recognition from contracts with customers.

Performance obligations and timing of revenue recognition: The Group's revenue derived from selling properties are recognised at a point in time when control of the properties has transferred to the customer. The Group establishes the transfer of controls upon completing a handover agreement with customers.

Determining the transaction price: The Group's revenue comes from fixed-price contracts, thus the revenue earned from each contract is determined based on these fixed prices.

Allocating amounts to performance obligations: for most contracts, assigning a fixed unit price for each property sold or service rendered.

##### p) Revenue from property management service

Revenue is recognized when Group satisfied performance obligation.

The Group provides property management services, recognizing revenue from contracts with customers when the contract is identified upon customer agreement to the terms.

Revenue is recognised either at a point in time or over time as the Group fulfills performance obligations, which include rent collection, maintenance, and tenant relations. Revenue from rent collection recognised over time and maintenance services recognised at a point in time.

When revenue related to unfulfilled obligations is received, it is recognised as a contract liability and presented as other liabilities in the statement of financial position. Similarly, when an agreed obligation is fulfilled before the payments are received, it is recorded in the statement of financial position as a contract asset or receivable.



## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

##### 2.5. Summary of material accounting policies (cont'd.)

###### q) *Rental income*

Rental income is generated from leasing activities, including amounts received by the lessor for transferring the right to use an asset to the lessee for a specified period and payment.

###### r) *Fee from brokerage services*

Fee from brokerage services is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Brokerage income is recognised at a point in time based on the timing when the Group fulfills its performance obligation. The Group assessed that there is a single performance obligation related to the brokerage service.

Brokerage income is recognised:

- a. For primary market subscription, revenue is recognised on allotment of shares to the client.
- b. For secondary market, income is recognised upon completion of brokerage services to the customer

###### s) *Fees from underwriting services*

These fees are received for underwriting of securities for customers that want to raise capital through public offerings of their securities. The Group's performance obligation is to provide all necessary activities to support the customer that is raising capital. The underwriting service, which is performed on a 'firm commitment' basis is satisfied on the trade date (i.e., the date the underwriter purchases the securities from the issuer). The Group recognises revenue from the price difference (i.e., the gross underwriting spread) between the price it pays the issuer of the securities and the public offering price. The underwriting spread is known at the trade date, when revenue is recognised.

These fees are variable consideration and are recognised at a point in time.

The Group estimates the amount to which it will be entitled but constrains that amount until it is highly probable that including the estimated fee in the transaction price will not result in a significant revenue reversal, which generally occurs upon satisfaction of the performance obligation, on the trade date.

The Group's contracts with customers also includes fees that are not contingent upon the outcomes of the securities issuance. The Group assessed that the performance obligation is satisfied over time, as the customers simultaneously receives and consumes the benefits provided by the Group's performance, as the Group performs. These services typically includes activities such as performing risk assessment and due diligence.

These fees are recognised over time.

Where the underwriting service is provided by a syndicate, each member of the underwriting syndicate will need to evaluate the transaction price that it expects to receive for providing the services. In particular, the lead underwriter will also need to evaluate whether it is acting as principal to provide underwriting services for the overall issuance (i.e., with the participating underwriters providing services to the lead underwriter, rather than to the issuer).

###### *Practical Exemptions*

The Group has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

###### t) *IT service and maintenance*

The Group develops software and provides management, design, implementation, and support services under fixed-price and variable-price contracts. Revenue from these services is recognised in the reporting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided, since the customer receives and uses the benefits simultaneously. This is determined based on the actual labor hours spent relative to the total expected labor hours.

Cost of Goods Sold (COGS) is recognised using the input method, where both incurred and estimated costs to be incurred are recognised at the point when revenue is recognised.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

#### 2.5. Summary of material accounting policies (cont'd.)

##### u) Interest income and expense

##### *Effective interest rate*

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

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

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

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

##### *Amortised cost and gross carrying amount*

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

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

##### *Calculation of interest income and expense*

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

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the 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.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

#### 2.5. Summary of material accounting policies (cont'd.)

##### u) Interest income and expense (cont'd.)

##### *Fees and commissions*

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

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

##### v) Net income from other financial instruments measured at FVTPL

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.

##### w) Dividend income

Dividends received on equity instruments are recognised in the consolidated statement of profit and loss when the right to receive payment is established.

##### x) 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.

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 analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

##### 2.5. Summary of material accounting policies (cont'd.)

###### x) Leases (cont'd.)

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, a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if there is a change in the Group's 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 consolidated statement of financial position.

###### *Short-term leases and leases of low-value assets*

The Group has elected not to recognize 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 are recognised as an expense on a straight-line basis over the lease term.

###### ii) *Group acting as a lessor or sublease*

The Group holds contracts with both the head lease and sub-lessees to provide rental arrangement services, thereby generating revenue.

Leases entered by the Group as lessor, where substantially all the risks and rewards of ownership are transferred to the lessee, are classified as finance leases. In such cases, the leased asset is not included on the Group's balance sheet. Instead, a finance lease is recognised, representing the minimum lease payments receivable under the lease terms, discounted at the rate of interest implicit in the lease. Interest income is recognised in interest receivable, allocated across accounting periods to reflect a constant periodic rate of return.

Properties that are subleased, where ownership risks and rewards are not substantially transferred, are categorized as operating leases. In such cases, the lessee makes monthly rental payments. Income derived from operating leases, where the Group acts as the lessor, is recognised on a straight-line basis over the lease term. The properties that are leased and subsequently subleased are governed by tenancy agreements structured as operating leases, requiring monthly rental payments. Income derived from operating leases, in which the Group serves as the lessor, is recognised on a straight-line basis over the entire lease term.

###### y) *Income taxes*

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

###### (i) *Current tax*

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

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

##### 2.5. Summary of material accounting policies (cont'd.)

###### y) Income taxes (cont'd.)

###### (ii) Deferred tax

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

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

###### z) 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 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.

###### aa) 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.

###### bb) Related parties

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

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is a member of key management personnel of the Group or the Group's parent, or, a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individual;

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 2. Accounting policies (cont'd.)

#### 2.5. Summary of material accounting policies (cont'd.)

##### bb) Related parties (cont'd.)

- (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.
- Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

#### 3. Critical accounting estimates and judgments

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year 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 2.5 c (v), 15 and 41 (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 (note 2.5 c (ii)).

##### *Estimates and assumptions*

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

- Impairment of financial assets – (notes 14, 15, 16, 17 and 41 (a))

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 4. Net interest income

	2024 MNT'000	2023 MNT'000
<i>Interest income calculated using the EIR:</i>		
Loans and advances to customers	222,509,757	124,424,836
Financial investments	1,298,931	612,493
Term deposit at bank	890,590	631,937
Current accounts at bank	367,607	191,096
<b>Total interest income</b>	<b>225,066,885</b>	<b>125,860,362</b>
<i>Interest and similar expense calculated using the EIR:</i>		
Private placement of deposits	(29,769,734)	(21,640,321)
Borrowings	(33,003,531)	(14,545,654)
Issued bond	(18,042,635)	(9,282,288)
Interest expense on long term liabilities	(545,586)	(1,993,697)
Accretion of interest on lease liabilities (Note 36)	(816,974)	(624,116)
	<b>(82,178,460)</b>	<b>(48,086,076)</b>
<i>Other interest and similar expenses</i>		
Derivative financial instruments	(1,931,318)	(636,792)
<b>Total interest expense</b>	<b>(84,109,778)</b>	<b>(48,722,868)</b>
<b>Net interest income</b>	<b>140,957,107</b>	<b>77,137,494</b>

### 5. Net fee and commission income

	2024 MNT'000	2023 MNT'000
<i>Fees and commission income from providing financial services at a point in time:</i>		
Agency fees on facilitating loan and loan administration service	23,003,163	14,175,638
Loan related fees	1,821,137	1,799,524
Underwriting fee income	1,484,807	700,235
Fees income	815,359	747,529
Brokerage fee income	1,158,498	431,360
Credit card fees	62,389	37,634
<i>Fee and commission income earned from services that are provided over time</i>		
Underwriting fee income	300,000	473,786
<b>Total fee income</b>	<b>28,645,353</b>	<b>18,365,706</b>
<i>Fees and commission expenses</i>		
Bank service fees	(349,287)	(690,312)
Exchange and depository charges	(498,575)	(261,994)
Other fees and commissions	(139,296)	(10,468)
Commission expenses	(455,067)	(49,185)
	<b>(1,442,225)</b>	<b>(1,011,959)</b>
<b>Net fees and commission income</b>	<b>27,203,128</b>	<b>17,353,747</b>

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 6. Revenue from contracts with customers

	2024 MNT'000	2023 MNT'000
<b>Revenue from contracts with customers:</b>		
<i>By service and product types:</i>		
Sale of inventory property	10,409,388	17,838,312
Software services	563,422	737,166
Supply of hardware	–	464,829
	<u>10,972,810</u>	<u>19,040,307</u>
<i>By timing of transfer of services</i>		
Point in time	<u>10,972,810</u>	<u>19,040,307</u>

#### 7. Rental income

	2024 MNT'000	2023 MNT'000
Sub-lease rental income	2,612,682	2,042,461
Rental income from developed property	311,709	180,265
	<u>2,924,391</u>	<u>2,222,726</u>

#### 8. Net trading income

	2024 MNT'000	2023 MNT'000
Fair value gain/(loss) on financial investments at FVTPL	(112,747)	(196,098)
Gain on securities trading, net	230,693	832,648
Agency service income	383,480	88,978
Dividend income	172,789	47,608
	<u>674,215</u>	<u>773,136</u>

#### 9. Credit loss expense

	2024 MNT'000	2023 MNT'000
Loans and advances to customers (Note 15)	17,697,740	8,622,781
Other financial assets (Note 17)	680,674	385,319
Cash and bank balance (Note 14)	11,430	(68,060)
	<u>18,389,844</u>	<u>8,940,040</u>



# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 10. Other operating income

	2024 MNT'000	2023 MNT'000
Dividend income	261,069	944,411
Reversal of impairment of foreclosed properties (Note 20)	628,021	66,849
Repayment of written-off loans	1,114,040	970,603
Gain on sales of property and equipment	15,430	7,987
Property management income	1,052,608	852,505
Cleaning and maintenance services income	560,543	496,306
Other income	1,618,473	91,386
	<u>5,250,184</u>	<u>3,430,047</u>

### 11. Employee costs

	2024 MNT'000	2023 MNT'000
Salaries and bonuses	26,018,832	17,837,049
Employer contribution to social and health insurance	3,276,463	2,153,607
	<u>29,295,295</u>	<u>19,990,656</u>

### 12. Other operating expenses

	2024 MNT'000	2023 MNT'000
Professional service fees	3,314,713	1,515,210
Advertisement and marketing expenses	2,812,424	2,364,365
IT and automation expense	2,473,109	2,409,504
Rental expenses	1,452,628	964,102
Entertainment and events expenses	1,280,363	979,658
Repair and maintenance	957,321	813,354
Business trips	821,824	772,812
Utility expenses	811,791	706,936
Realised loss from foreign exchange rate difference	673,447	(88,762)
Telecommunication and internet service expenses	653,205	692,316
Stationery and supply material expenses	514,767	443,921
Business meeting expenses	377,091	312,590
Unrealised foreign exchange loss	329,868	252,117
Insurance expenses	297,527	285,923
Other expense	394,234	1,897,876
Impairment loss on asset held for sale	160,560	–
Work safety related expenses	149,590	183,612
Loss on write off of intangible asset	131,347	–
Loss/(gain) on disposal of foreclosed properties	118,112	(4,102)
Loss on write-off of property and equipment	67,662	91,764
Training expenses	65,756	133,311
Donation	6,110	–
Loss on disposal of non-current asset held for sale	–	442,663
Loss on write-off of foreclosed properties	–	9,787
Contribution to social projects	2,415,640	–
	<u>20,279,089</u>	<u>15,178,957</u>

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 13. Income tax

##### 13.1. Income tax expense

The income tax expense for the year ended as follows:

	2024 MNT'000	2023 MNT'000
<b>Income tax expense:</b>		
Current income tax	27,702,457	16,296,255
Adjustment in respect of current income tax of prior years	(547,419)	–
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(1,878,430)	3,648
	<b>25,276,608</b>	<b>16,299,903</b>

The Group provides for income taxes on the basis of its income for financial reporting purposes, adjusted for items which are not assessable or deductible for income tax purposes. The income tax rates for profits of the Group are 10% (2023: 10%) for the first MNT 6 billion (2023: MNT 6 billion) of taxable income, and 25% (2023: 25%) on the excess of taxable income over MNT 6 billion (2023: MNT 6 billion). The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

The effective income tax rate for 2024 is 22.82% (2023: 25.46%).

A reconciliation of income tax expense applicable to profit before tax for the year ended 31 December 2024 and 2023 are as follows:

	2024 MNT'000	2023 MNT'000
Profit before income tax	<b>110,741,390</b>	<b>64,033,524</b>
Tax at statutory rate of 25% (2023: 25%)	27,685,348	16,008,389
Effect of lower tax rate	(3,024,306)	(2,193,405)
Adjustment in respect of current income tax of prior years	(547,419)	–
Effect on expenses that are non-deductible	3,896,913	2,662,829
Tax reduction and incentives	(2,596,099)	–
Effect of movement in unrecognized DTA	87,269	–
Different tax rate applied in overseas jurisdiction	(212,963)	(195,345)
Effect on income not taxable	(12,135)	17,435
Tax expense	<b>25,276,608</b>	<b>16,299,903</b>

\*Deferred tax assets arising from tax losses are not recognised as the Group is uncertain whether there would be sufficient taxable profit available against which the tax losses carried forward can be utilised before they expire.

##### 13.2. Income tax payables

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

	2024 MNT'000	2023 MNT'000
<b>Balance at 1 January</b>	8,305,808	3,406,073
Income tax expense for the year	27,702,457	16,296,255
Adjustment in respect of current income tax of previous year	(547,419)	–
Income taxes paid	(27,379,017)	(11,396,520)
Foreign exchange movements	(232)	–
<b>Balance at 31 December</b>	<b>8,081,597</b>	<b>8,305,808</b>

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 13. Income tax (cont'd.)

##### 13.3 Deferred tax liabilities, net

#### As at 31 December 2024

	As at 1 January 2024 MNT'000	Recognised in profit or loss MNT'000	Recognised in other comprehensive income MNT'000	As at 31 December 2024 MNT'000
<b>Deferred tax (assets)/liabilities</b>				
Revaluation of financial investments measured at FVOCI	81,824	(33,989)	(327,695)	(279,860)
Gain on FVTPL	–	(1,533)	–	(1,533)
Timing difference from interest on loan	479,930	166,228	–	646,158
Lease liabilities and ROU	9,702	(3,741)	–	5,961
Cash and cash equivalents	6,126	–	–	6,126
Fair value changes in derivatives	–	110,370	–	110,370
Deferral of loan origination fee	–	111,879	–	111,879
Interest on loan received from subsidiaries	–	(94,475)	–	(94,475)
Accrued payables	–	688,020	–	688,020
Unrealised FX on trade payable	–	83,140	–	83,140
Amortisation of intangible assets	(855,340)	855,340	–	–
Right of use assets	–	5,713	–	5,713
Property and equipment	–	(5,257)	–	(5,257)
Related to interest income received from a subsidiary	31,178	(3,265)	–	27,913
<b>Net deferred tax assets/(liabilities)</b>	<b>(246,580)</b>	<b>1,878,430</b>	<b>(327,695)</b>	<b>1,304,155</b>

#### As at 31 December 2023

	As at 1 January 2023 MNT'000	Recognised in profit or loss MNT'000	Recognised in other comprehensive income MNT'000	As at 31 December 2023 MNT'000
<b>Deferred tax (assets)/liabilities</b>				
Revaluation of financial investments measured at FVOCI	4,773	–	77,051	81,824
Timing difference from Interest on loan	34,672	445,258	–	479,930
Lease liabilities	–	9,702	–	9,702
Cash and bank balances	8,475	(2,349)	–	6,126
Other financial assets	(23,093)	23,093	–	–
Unrealised FX on trade payable	1,005	(1,005)	–	–
Amortisation of intangible assets	(349,651)	(505,689)	–	(855,340)
Interest on loan received from subsidiaries	3,836	27,342	–	31,178
<b>Net deferred tax (assets)/liabilities</b>	<b>(319,983)</b>	<b>(3,648)</b>	<b>77,051</b>	<b>(246,580)</b>

The aggregate amount of temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognised are amounted to MNT 19,499,455 thousand (2023: MNT 11,633,748 thousand). The Group has determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 14. Cash and bank balances

	2024 MNT'000	2023 MNT'000
Cash in hand	65,704	13,356
Current accounts at bank	133,710,455	73,178,978
Demand deposits	670,010	10,010
Term deposits	4,034,357	10,231,000
Accumulated interest receivable	35,589	112,165
<b>Gross carrying amount</b>	<b>138,516,115</b>	<b>83,545,509</b>
Less: Allowance for impairment losses	(23,965)	(12,536)
Less: Cash received from customers for pending allocation of securities (Note 32)	(400,739)	(1,150,123)
<b>Net cash and bank balances</b>	<b>138,091,411</b>	<b>82,382,850</b>
<b>Additional cash flow information:</b>	<b>MNT'000</b>	<b>MNT'000</b>
Total cash and bank balance	138,516,115	83,545,509
Less: Cash received from customers for pending allocation of securities (Note 32)	(400,739)	(1,150,123)
Less: Deposit with original maturity more than three months	(4,034,357)	(1,230,000)
<b>Total cash and cash equivalents</b>	<b>134,081,019</b>	<b>81,165,386</b>

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

	2024 MNT'000	2023 MNT'000
Current accounts at bank	(23,352)	(10,844)
Deposits at bank	(613)	(1,692)
	<b>(23,965)</b>	<b>(12,536)</b>

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

	2024 MNT'000	2023 MNT'000
<b>Balance at 1 January</b>	<b>12,535</b>	<b>80,596</b>
Net charge/(reversal) for the year (Note 9)	11,430	(68,060)
<b>Balance at 31 December</b>	<b>23,965</b>	<b>12,536</b>

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 15. Loan and advances to customers

Balance of loans and advances – by product type:

	2024 MNT'000	2023 MNT'000
Consumer loans	56,561,816	45,701,869
Digital	248,242,371	91,003,423
Business loan	250,867,770	281,218,680
Vehicle loan	186,785,229	84,548,034
Credit card loan	580,971	957,000
Due from related parties	27,544,186	3,383,290
Less: Deferred loan origination fees	(3,398,552)	(2,236,587)
<b>Total loans and advances to customers</b>	<b>767,183,791</b>	<b>504,575,709</b>
Allowance for impairment losses	(31,757,051)	(17,733,746)
<b>Net loans and advances to customers</b>	<b>735,426,740</b>	<b>486,841,963</b>

Balance of loans and advances – by stage:

	2024 MNT'000	2023 MNT'000
<b>Gross carrying amount</b>		
Stage 1	698,060,508	470,626,803
Stage 2	26,946,177	13,506,536
Stage 3	42,177,106	20,442,370
	<b>767,183,791</b>	<b>504,575,709</b>
Less: Allowance for impairment losses		
Stage 1	(8,465,443)	(5,359,735)
Stage 2	(1,672,875)	(1,309,599)
Stage 3	(21,618,733)	(11,064,412)
	<b>(31,757,051)</b>	<b>(17,733,746)</b>
<b>Net loans and advances to customers</b>	<b>735,426,740</b>	<b>486,841,963</b>

Movement in the impairment allowance of loan receivables is as follows:

	2024 MNT'000	2023 MNT'000
<b>At January</b>	<b>17,733,746</b>	<b>13,752,037</b>
Increased during the year (Note 9)	17,697,740	8,622,781
Written off	(3,737,553)	(4,622,430)
Foreign exchange movements	63,118	(18,642)
<b>At 31 December</b>	<b>31,757,051</b>	<b>17,733,746</b>

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 15. Loans and advances to customers (cont'd.)

Movement between stages of loan receivables is as follows:

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
<b>Gross carrying amount as at 1 January 2024</b>	470,626,803	13,506,536	20,442,370	504,575,709
New assets originated or purchased	1,030,067,558	–	–	1,030,067,558
Assets derecognised or repaid	(753,658,708)	(9,437,162)	(8,631,684)	(771,727,554)
Transfer to/(from) Stage 1	2,403,944	(1,833,110)	(570,834)	–
Transfer to/(from) Stage 2	(27,245,934)	27,479,340	(233,406)	–
Transfer to/(from) Stage 3	(28,532,124)	(3,625,923)	32,158,047	–
Write-offs	–	–	(3,737,553)	(3,737,553)
Net movement on accrued interest	5,294,714	867,853	2,805,318	8,967,885
Fee deferral change	(1,027,368)	(32,445)	(102,152)	(1,161,965)
Foreign exchange adjustments	131,623	21,088	47,000	199,711
<b>At 31 December 2024</b>	<b>698,060,508</b>	<b>26,946,177</b>	<b>42,177,106</b>	<b>767,183,791</b>
<b>ECL allowance as at 1 January 2024</b>	(5,359,735)	(1,309,599)	(11,064,412)	(17,733,746)
New assets originated or purchased	(15,096,025)	–	–	(15,096,025)
Assets derecognised or repaid	4,494,357	469,984	7,380,947	12,345,288
Transfer to/(from) Stage 1	(318,822)	86,624	232,198	–
Transfer to/(from) Stage 2	276,465	(372,731)	96,266	–
Transfer to/(from) Stage 3	1,437,076	563,210	(2,000,286)	–
Impact on ECL from stage transfer and input changes	6,140,874	(1,031,160)	(17,937,453)	(12,827,739)
Net movement on accrued interest	(27,404)	–	(2,032,198)	(2,119,264)
Foreign exchange adjustments	(12,229)	(19,541)	(31,348)	(63,118)
Write-offs	–	–	3,737,553	3,737,553
<b>At 31 December 2024</b>	<b>(8,465,443)</b>	<b>(1,672,875)</b>	<b>(21,618,733)</b>	<b>(31,757,051)</b>
<b>Net loan at 31 December 2024</b>	<b>689,595,065</b>	<b>25,273,302</b>	<b>20,558,373</b>	<b>735,426,740</b>
<b>Gross carrying amount as at 1 January 2023</b>	265,662,550	7,601,710	13,830,576	287,094,836
New assets originated or purchased	711,095,203	–	–	711,095,203
Assets derecognised or repaid	(483,587,438)	(2,743,379)	(6,234,086)	(492,564,903)
Transfer to/(from) Stage 1	1,029,815	(872,711)	(157,104)	–
Transfer to/(from) Stage 2	(13,364,654)	13,364,725	(71)	–
Transfer to/(from) Stage 3	(12,004,387)	(2,927,222)	14,931,609	–
Write-offs	–	–	(4,622,430)	(4,622,430)
Net movement on accrued interest	4,377,384	(848,420)	2,512,149	6,041,113
Fee deferral change	(1,806,991)	(39,157)	211,691	(1,634,457)
Foreign exchange adjustments	(774,679)	(29,010)	(29,964)	(833,653)
<b>At 31 December 2023</b>	<b>470,626,803</b>	<b>13,506,536</b>	<b>20,442,370</b>	<b>504,575,709</b>
<b>ECL allowance as at 1 January 2023</b>	(4,858,266)	(495,765)	(8,398,006)	(13,752,037)
New assets originated or purchased	(7,355,709)	–	–	(7,355,709)
Assets derecognised or repaid	3,833,984	238,136	1,563,934	5,636,054
Transfer to/(from) Stage 1	(185,419)	86,814	98,605	–
Transfer to/(from) Stage 2	339,203	(339,254)	51	–
Transfer to/(from) Stage 3	578,041	210,319	(788,360)	–
Impact on ECL from stage transfer and input changes	2,257,256	(986,381)	(10,178,996)	(8,908,121)
Net movement on accrued interest	30,469	(25,015)	1,999,541	2,004,995
Foreign exchange adjustments	706	1,547	16,389	18,642
Write-offs	–	–	4,622,430	4,622,430
<b>At 31 December 2023</b>	<b>(5,359,735)</b>	<b>(1,309,599)</b>	<b>(11,064,412)</b>	<b>(17,733,746)</b>
<b>Net loan at 31 December 2023</b>	<b>465,267,068</b>	<b>12,196,937</b>	<b>9,377,958</b>	<b>486,841,963</b>

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 16. Financial investments

Debt instruments measured at FVOCI:	2024 MNT'000	2023 MNT'000
<b>Debt securities (a)</b>		
MIK USD bond	–	3,818,532
Golomt Bond	18,260,381	–
<b>Equity Securities (b)</b>		
<b>Listed</b>		
Golomt bank	2,417,444	1,760,413
Xac bank	1,172,292	922,431
Khan bank	60,529	59,459
<b>Unlisted</b>		
Ochun	–	1,026,430
	<b>21,910,646</b>	<b>7,587,265</b>

The Group has recorded the fair value change in the other comprehensive income.

- (a) Quoted corporate bonds represent investments in Mongolian Mortgage Corporation's ("MIK") bond listed on domestic market and Golomt bank's USD bond listed on foreign market.
- (b) Quoted equity securities represent investment made in banks listed in the Mongolian Stock Exchange.

Equity instruments designated at fair value through other comprehensive income include investments in equity shares of non-listed company. This investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature. In 2024, the Group sold its equity interest in Ochun investment fund, as this investment no longer coincides with the Group's investment strategy (see Note 42).

	2024 MNT'000	2023 MNT'000
<b>Financial assets at FVTPL</b>		
Quoted equity securities	1,512,627	1,671,776
Quoted debt instruments at custodians (Note 32)	1,087,963	–
Quoted debt instruments	142,600	366,801
Unquoted equity instruments	444,255	404,255
Unquoted debt instruments	685,400	577,610
Interest accrued on quoted debt instruments at custodians	54,188	–
	<b>3,927,033</b>	<b>3,020,442</b>

Included in the quoted debt instruments at custodians are debt instruments that are held at custodian banks on behalf of the Group's customers.

### 17. Other financial assets

For the fair value disclosure of financial assets at FVTPL, please refer to Note 42.

	2024 MNT'000	2023 MNT'000
Due from borrowers*	2,353,699	2,097,616
Due from related parties (Note 39)	692,485	1,694,608
Due from employees	742,259	300,740
Receivables related to underwriting services	–	101,484
Other receivables	1,861,355	2,524,788
<b>Total other financial assets</b>	<b>5,649,798</b>	<b>6,719,236</b>
Less: Allowance for impairment losses	(1,164,491)	(702,448)
<b>Net other financial assets</b>	<b>4,485,307</b>	<b>6,016,788</b>

\* Receivables from borrowers include direct expenses related to collateral repossession such as legal fees and taxes.

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 17. Other financial assets (cont'd.)

Movement in the impairment allowance for these receivables is as follows:

	2024 MNT'000	2023 MNT'000
As at 1 January	702,450	519,279
Impairment loss for the year (Note 9)	680,674	385,319
Write-off during the year	(218,633)	(202,150)
As at 31 December	<u>1,164,491</u>	<u>702,450</u>

### 18. Other non-financial assets

	2024 MNT'000	2023 MNT'000
Prepayments and advances	3,135,562	954,857
Prepayments and deposits from related parties	286,767	38,876
Other tax receivables	959,593	1,531,902
Security deposits	30,226	22,391
Other non-financial assets	35,587	12,217
Total other non-financial assets	<u>4,447,735</u>	<u>2,560,243</u>

### 19. Inventories

	2024 MNT'000	2023 MNT'000
Inventory property	10,391,431	12,933,512
Raw materials	116,066	293,948
Supply and other inventories	1,109,651	1,184,450
Total inventories	<u>11,617,148</u>	<u>14,411,910</u>

Movement of inventory property:

	2024 MNT'000	2023 MNT'000
As at 1 January	12,933,512	19,786,800
Sub-contractor works	2,926,507	294,017
Raw materials consumed	–	286,364
Employee costs	–	331,078
Depreciation of PPE	–	6,293
Amortisation of intangible assets	–	1,266
Finance cost	–	34,950
Transfer from/(to) property and equipment (Note 22)	(600,370)	628,964
Cost of inventory property sold	(4,868,218)	(8,436,220)
As at 31 December	<u>10,391,431</u>	<u>12,933,512</u>



# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 20. Foreclosed properties

	2024 MNT'000	2023 MNT'000
Balance at 1 January	1,921,042	2,498,600
Addition	4,923,106	1,721,220
Transfer from asset held for sales (Note 21)	(3,470,499)	–
Disposal	(836,603)	(2,298,779)
	<u>2,537,046</u>	<u>1,921,041</u>
Less: Allowance for impairment losses	(170,691)	(895,662)
	<u><b>2,366,355</b></u>	<u><b>1,025,379</b></u>

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

Movement in the impairment allowance for repossessed collateral is as follows:

	2024 MNT'000	2023 MNT'000
As at 1 January	(895,662)	(972,298)
Impairment reversal for the year (Note 10)	628,021	66,849
Write-off during the year	–	9,787
Foreign exchange movement	96,950	–
As at 31 December	<u><b>(170,691)</b></u>	<u><b>(895,662)</b></u>

#### 21. Assets held for sale

	2024 MNT'000	2023 MNT'000
As at 1 January	–	–
Transfer from foreclosed properties	3,470,499	–
Impairment loss for the year	(160,560)	–
As at 31 December	<u><b>3,309,939</b></u>	<u><b>–</b></u>

The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification. A potential buyer has been identified and negotiations as at reporting date are at an advanced stage.

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 22. Property and equipment

	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
<i>(i) Cost</i>							
<b>At 01 January 2023</b>	<b>25,663</b>	<b>2,140,647</b>	<b>587,627</b>	<b>1,173,631</b>	<b>1,135,091</b>	<b>207,628</b>	<b>5,270,287</b>
Acquisitions	14,042,154	891,021	852,237	1,358,638	1,808,881	157,214	19,110,145
Disposals	–	(25,373)	(304,298)	(53,939)	–	(10,489)	(394,099)
Sales	–	(5,043)	(153,230)	(23,481)	–	(5,418)	(187,172)
Write-off	–	(4,054)	–	(4,548)	(1,027,610)	–	(1,036,212)
Foreign exchange movement	–	(9,481)	(3,838)	(1,364)	–	(3,860)	(18,543)
<b>At 31 December 2023</b>	<b>14,067,817</b>	<b>2,987,717</b>	<b>978,498</b>	<b>2,448,937</b>	<b>1,916,362</b>	<b>345,075</b>	<b>22,744,406</b>
Acquisitions	680,245	736,273	395,959	904,850	(515,066)	238,175	2,437,436
Transfer from Inventories (Note19)	600,370	–	–	–	–	–	600,370
Disposals	–	(85,836)	(30,540)	(67,683)	(13,652)	(71,400)	(269,111)
Reclassification	(7,172)	(173,635)	(68,684)	290,211	64,380	(105,100)	–
Write-off	–	(120,906)	–	(86,675)	(35,832)	(6,241)	(249,654)
Foreign exchange movement	–	102	1,053	(1,313)	1,956	–	1,798
<b>At 31 December 2024</b>	<b>15,341,260</b>	<b>3,340,715</b>	<b>1,276,286</b>	<b>3,488,327</b>	<b>1,418,148</b>	<b>400,509</b>	<b>25,265,245</b>
<i>(ii) Accumulated depreciation</i>							
<b>At 01 January 2023</b>	<b>(3,344)</b>	<b>(1,398,038)</b>	<b>(58,672)</b>	<b>(306,672)</b>	<b>(843,904)</b>	<b>(27,106)</b>	<b>(2,637,736)</b>
Depreciation	(72,748)	(703,357)	(102,079)	(211,849)	(387,194)	(35,488)	(1,512,715)
Disposals	–	21,003	23,985	21,216	–	5,401	71,605
Sales	–	4,084	11,138	4,817	–	469	20,508
Write-off	–	1,528	–	28,720	914,200	–	944,448
Foreign exchange movement	–	3,859	1,224	539	–	976	6,598
<b>At 31 December 2023</b>	<b>(76,092)</b>	<b>(2,070,921)</b>	<b>(124,404)</b>	<b>(463,229)</b>	<b>(316,898)</b>	<b>(55,748)</b>	<b>(3,107,292)</b>
Depreciation	(576,902)	(691,742)	(120,693)	(314,870)	(557,408)	(37,811)	(2,299,426)
Disposals	–	80,624	16,680	25,497	13,653	8,106	144,560
Reclassification	–	138,759	24,170	(172,945)	(14,429)	24,445	–
Sales	–	–	–	–	–	–	–
Write-off	–	120,378	–	60,276	–	1,338	181,992
Foreign exchange movement	–	(2,170)	(125)	(1,318)	(553)	–	(4,166)
<b>At 31 December 2024</b>	<b>(652,994)</b>	<b>(2,425,072)</b>	<b>(204,372)</b>	<b>(866,589)</b>	<b>(875,635)</b>	<b>(59,670)</b>	<b>(5,084,332)</b>
<i>(iii) Net book value</i>							
<b>At 31 December 2023</b>	<b>13,991,725</b>	<b>916,796</b>	<b>854,094</b>	<b>1,985,708</b>	<b>1,599,464</b>	<b>289,327</b>	<b>19,637,114</b>
<b>At 31 December 2024</b>	<b>14,688,266</b>	<b>915,643</b>	<b>1,071,914</b>	<b>2,621,738</b>	<b>542,513</b>	<b>340,839</b>	<b>20,180,913</b>

44

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 23. Intangible assets

	Computer software	
	2024	2023
	MNT'000	MNT'000
<i>(i) Cost</i>		
At 01 January	6,272,566	4,669,865
Acquisitions	40,031	1,607,613
Disposals	(8,186)	(1,875)
Write-off	(131,347)	–
Foreign exchange movement	424	(3,037)
At 31 December	6,173,488	6,272,566
<i>(ii) Accumulated depreciation</i>		
At 01 January	(1,219,375)	(704,091)
Amortisation	(675,123)	(518,161)
Disposals	8,186	1,875
Foreign exchange movement	(790)	1,002
At 31 December	(1,887,102)	(1,219,375)
<i>(iii) Net book value</i>		
At 31 December	4,286,386	5,053,191

### 24. Goodwill and impairment

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

	2024	2023
	MNT'000	MNT'000
InvesCore NBFJ JSC	282,336	282,336
InvesCore CA MFC	10,291	10,291
<b>Total</b>	<b>292,627</b>	<b>292,627</b>

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

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 25. Right of use assets

The Group leases several properties for use as office premises in their operations. The lease agreements stipulate fixed payments over the lease term.

The Group also leases properties for providing property management services, and these leases are accounted for in accordance with IFRS 16.

	Office MNT'000	Other MNT'000	Total MNT'000
<b>Balance at 1 January 2023</b>	2,918,818	–	2,918,818
Additions	3,647,484	40,215	3,687,699
Terminations	(120,084)	–	(120,084)
Lease modification	(315,865)	–	(315,865)
Amortisation	(2,348,070)	(1,663)	(2,349,733)
Foreign exchange movement	(37,478)	–	(37,478)
<b>Balance at 31 December 2023</b>	<b>3,744,805</b>	<b>38,552</b>	<b>3,783,357</b>
Additions	1,936,960	7,928	1,944,888
Termination of lease	(172,495)	–	(172,495)
Lease modification	(473,797)	–	(473,797)
Amortisation	(1,422,091)	(11,359)	(1,433,450)
Foreign exchange movement	(62,575)	–	(62,575)
<b>Balance at 31 December 2024</b>	<b>3,550,807</b>	<b>35,121</b>	<b>3,585,928</b>
<b>Additional note:</b>		<b>2024 MNT'000</b>	<b>2023 MNT'000</b>
Short-term leases (Note 10)		1,295,725	763,014
Low value leases (Note 10)		156,903	201,088

#### 26. Investment in subsidiaries

The principal subsidiaries of the Group, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December		Non-Controlling interests Ownership/voting interest at 31 December	
		2024	2023	2024	2023
InvesCore NBFJ JSC	Mongolia	80.82%	80.71%	19.18%	19.29%
InvesCore Capital LLC	Mongolia	100%	100%	–	–
InvesCore Property LLC	Mongolia	100%	100%	–	–
AI Lab LLC	Mongolia	60%	60%	40%	40%
InvesCore Wallet NBFJ LLC	Mongolia	80.82%	80.71%	19.18%	19.29%
Pocket KG LLC	Kyrgyz Republic	80.82%	80.71%	19.18%	19.29%
Invescore CA MFC	Kyrgyz Republic	65.46%	59.39%	34.54%	40.61%
Invescore UE LLC	Uzbekistan	80.82%	80.71%	19.18%	19.29%
Invescore KZ LLC	Kazakhstan	80.82%	80.71%	19.18%	19.29%
Invescore Finance MFO	Kazakhstan	80.82%	80.71%	19.18%	19.29%
Core Development and Engineering LLC	Mongolia	100%	100%	–	–

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 26. Investment in subsidiaries (cont'd.)

One of the principal subsidiaries, InvesCore NBFI JSC, has invested in six subsidiaries: InvesCore Wallet NBFI LLC, InvesCore CA MFC, Pocket KG LLC, InvesCore KZ LLC (founded in 2023), InvesCore Finance MFO LLP (founded in 2023), and InvesCore UE LLC (founded in 2023). SIBJ Capital LLC holds an ownership interest of 80.82% in Invescore NBFI JSC. The ownership interests in Invescore NBFI JSC as of 31 December 2024 and 31 December 2023 are detailed in the table above for the Group. In 2023, Invescore Property, another principal subsidiary, acquired a wholly owned subsidiary - Core Development and Engineering LLC.

#### 27. Non-controlling interest

InvesCore NBFI JSC, a subsidiary 80.71% owned by the Group, and AI Lab LLC, a subsidiary 60% owned by the Group, have significant non-controlling interests (NCI).

Summarised below is financial information for InvesCore NBFI JSC and AI Lab LLC, before intra-group eliminations, is presented below along with the amounts attributable to NCI:

For the period ended 31 December	2024 MNT'000	2023 MNT'000
<b>Statement of Profit or loss and other comprehensive income:</b>		
Interest income calculated using the EIR	224,570,779	125,738,254
Interest and similar expense	(83,637,151)	(46,881,268)
<b>Net interest income</b>	<b>140,933,628</b>	<b>78,856,986</b>
Fee and commission income	24,886,689	16,012,796
Fee and commission expense	(448,765)	(684,437)
<b>Net fee and commission income</b>	<b>24,437,924</b>	<b>15,328,359</b>
Revenue from contracts with customers	4,883,800	3,057,954
Net trading income	(318,823)	(282,556)
Impairment losses on financial instruments	(18,340,445)	(7,589,856)
Other operating income	2,405,868	348,340
	<b>154,001,952</b>	<b>89,719,227</b>
Employee costs	(22,710,395)	(15,883,051)
Depreciation of property and equipment	(1,664,502)	(1,319,694)
Amortisation of right-of-use asset	(1,278,507)	(1,416,019)
Amortisation of intangibles	(681,070)	(508,296)
Other operating expenses	(19,063,529)	(11,014,020)
<b>Profit before tax</b>	<b>108,603,949</b>	<b>59,578,147</b>
Tax expense	(23,979,546)	(15,181,213)
<b>Profit for the year</b>	<b>84,624,403</b>	<b>44,396,934</b>
Profit allocated to NCI	16,852,299	8,801,820
Other comprehensive income/(loss) allocated to NCI	348,000	(249,843)
<b>Total comprehensive income allocated to NCI</b>	<b>17,200,299</b>	<b>8,551,977</b>
Dividends paid to NCI	(1,058,219)	(1,158,173)
<b>Statement of Cash flows:</b>		
Cash flows from operating activities	(157,153,994)	(145,866,099)
Cash flows from investing activities	(18,332,754)	(7,679,834)
Cash flows from financing activities	226,820,476	185,266,612
<b>Net cash inflow</b>	<b>51,333,728</b>	<b>31,720,679</b>

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 27. Non-controlling interest (cont'd.)

	2024 MNT'000	2023 MNT'000
<b>Statement of Financial position:</b>		
Cash and cash equivalents	136,550,286	81,944,234
Loans and advances to customers	733,278,874	484,888,960
Other financial assets	4,311,027	5,207,583
Other non-financial assets	2,895,780	2,035,085
Reposessed collateral	5,676,294	1,025,379
Property, plant and equipment	13,957,926	12,125,705
Intangible assets	5,909,055	4,805,377
Right-of-use assets	3,621,173	2,768,119
Deferred tax assets	222,569	38,867
Borrowed funds	323,502,283	214,787,475
Bond payables	124,581,919	67,443,386
Private placement of deposits	207,389,691	141,098,586
Current tax liabilities	6,862,426	7,404,529
Other financial liabilities	6,326,151	7,347,371
Contract liabilities	60,800	78,982
Other non-financial liabilities	4,393,980	3,762,908
Lease liabilities	3,817,259	2,820,505
Accumulated non-controlling interests	81,302,839	53,066,274

#### 28. Borrowed funds

	2024		2023	
	Book value MNT'000	Fair value MNT'000	Book value MNT'000	Fair value MNT'000
From banks				
- Secured	147,918,003	147,791,755	36,577,765	36,703,107
- Unsecured	46,656,620	38,738,054	34,168,354	34,220,048
From financial institutions				
- Secured	—	—	10,836,111	10,860,005
- Unsecured	119,390,621	129,776,179	103,797,326	104,765,641
From individuals - unsecured	65,546	71,833	25,975,052	26,005,474
From corporates- unsecured	4,584,028	4,448,028	2,279,282	2,282,747
Accrued interest payable	7,156,538	7,220,194	3,037,007	3,348,634
Less: Deferred fee	(1,295,011)	(1,295,011)	(757,901)	(757,901)
<b>Total borrowed fund, net</b>	<b>324,440,345</b>	<b>326,751,032</b>	<b>215,912,996</b>	<b>217,427,755</b>

The Group did not have any defaults on principal or interest payments with regards to all liabilities as at 31 December 2024 and 2023. As of 31 December 2024, 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%.

#### 29. Bonds payable

	2024		2023	
	Book value MNT'000	Fair value MNT'000	Book value MNT'000	Fair value MNT'000
Listed bonds	—	—	30,000,000	30,000,000
Non-listed bonds	123,579,813	123,579,813	36,897,984	36,897,984
Accrued interest payable	2,749,987	2,749,987	1,590,040	1,590,040
Less: Deferred fee expense	(932,962)	(932,962)	(1,044,638)	(1,044,638)
<b>Total bonds payable</b>	<b>125,396,838</b>	<b>125,396,838</b>	<b>67,443,386</b>	<b>67,443,386</b>

All bonds carry a fixed interest rate of interest and range between 18% per annum and are unsecured.

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 30. Private placement of deposits

	2024		2023	
	Book value MNT'000	Fair value MNT'000	Book value MNT'000	Fair value MNT'000
Individuals	146,008,480	146,009,845	105,008,364	105,076,008
Corporates	45,537,445	45,537,445	28,781,255	28,781,255
Accrued interest payables	12,626,859	12,621,258	7,308,967	7,308,967
<b>Total</b>	<b>204,172,784</b>	<b>204,168,548</b>	<b>141,098,586</b>	<b>141,166,230</b>

### 31. Derivative financial instruments

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

	Notional amount MNT'000	Fair value	
		Assets MNT'000	Liabilities MNT'000
<b>At 31 December 2024</b>			
<b>Derivatives</b>			
Cross currency swap contracts*	13,680,360	122,657	(230,164)
Foreign currency forward contracts**	8,191,260	–	(493,872)
	21,871,620	122,657	(724,036)
<b>At 31 December 2023</b>			
<b>Derivatives</b>			
Cross currency swap contracts*	13,642,760	–	(282,556)

\* The Group enters into cross-currency interest rate swap agreements with Xac Bank. At initiation, the Group has paid USD funds to Xac Bank and received MNT funds at the spot rate. During the term of the agreement with Xac Bank, the Group receives interest on USD funds at SOFR plus certain margin and pays interest on MNT funds at the central bank repo rate. At the end of the term of agreements, the parties shall exchange the principal payments at the exchange rate of the initial transaction.

\*\* In the December 2024, the Company made short term forward currency exchange agreement with Xac Bank with one month term. Under the agreement, the Company sold JPY funds at a forward rate.

Disclosures of the fair value of derivatives are provided in Note 42.

### 32. Due to customers

	2024 MNT'000	2023 MNT'000
Due to customers	1,087,963	–
Cash received from customers for the brokerage services	400,739	1,150,123
Interest payable to customers	57,931	–
<b>Total</b>	<b>1,546,633</b>	<b>1,150,123</b>

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 33. Other financial liabilities

	2024 MNT'000	2023 MNT'000
<b>Other financial liabilities</b>		
Loan related payables*	3,955,440	4,893,338
Accrued payables	4,014,845	364,782
Property management payable	1,053,830	1,164,933
Security deposits payable	799,446	876,402
Due to related parties (Note 39)	343,644	1,591,682
Unallocated loan repayments	42,432	41,527
Other financial liabilities	1,867,154	934,607
<b>Total</b>	<b>12,076,791</b>	<b>9,867,271</b>

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

### 34. Other non-financial liabilities

	2024 MNT'000	2023 MNT'000
<b>Other non- financial liabilities</b>		
Withholding tax payable	954,601	1,029,785
Provision for tax on capitalization of common shares*	–	774,303
Other tax and social health insurance payables	2,266,820	3,313,159
Deferred revenue	4,128	–
Other non-financial liabilities	365,364	303,000
<b>Total</b>	<b>3,590,913</b>	<b>5,420,247</b>

\*\* This provision for tax on capitalisation of ordinary shares represents the amount of tax arising from the changes in nominal value of shares, which is fully paid in 2024.

### 35. Financial liability at FVTPL

	2024 MNT'000	2023 MNT'000
Financial liability at FVTPL	–	5,999,986

Financial liability at FVTPL was fully paid settled and closed in 2024. This liability was related to amounts owed to UB Building LLC for the purchase of the IC Tower.

### 36. Lease liabilities

Movement in lease liability relating to the right-of-use asset disclosed in Note 24 for the year is as follows:

	2024 MNT'000	2023 MNT'000
<b>At 1 January</b>	<b>3,961,156</b>	<b>2,515,356</b>
Additions	2,794,587	4,202,130
Lease modification	12,615	–
Termination of lease	(69,604)	–
Accretion of interest (Note 4)	816,974	624,116
Lease payment	(3,773,123)	(3,263,985)
Foreign exchange movement	9,934	(20,877)
Variable lease payment adjustment	–	(95,584)
<b>At 31 December</b>	<b>3,752,539</b>	<b>3,961,156</b>

The lease liabilities are measured at their discounted present value using the Group's incremental borrowing rates. These rates represent the interest rates that would be paid on the same loan from an independent lender, under identical terms and conditions. The discount rates used range from 16.3-21.2% in 2024 (2023: between 15.9% to 21.6%).



# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 37. Share capital

The Group's share capital as of 31 December 2024 consists of 16,868,266 common shares with a par value of MNT 1,000 each. (2023: 16,868,266 common shares with par value of MNT 1,000 each).

Details about the Group's shareholders are provided below:

Name of shareholder	At 31 December 2024		At 31 December 2023	
	Ownership %	Share capital MNT'000	Ownership %	Share capital MNT'000
ICFG Pte Ltd.	100%	16,868,266	100%	16,868,266

Each share carries one voting right. The distribution of dividend is subject to approval by the Board of Directors.

	2024		2023	
	Number of shares	Share capital MNT'000	Number of shares	Share capital MNT'000
At 31 January	16,868,266	16,868,266	16,524,596	16,524,596
Issued during the year	–	–	343,670	343,670
At 31 December	<u>16,868,266</u>	<u>16,868,266</u>	<u>16,868,266</u>	<u>16,868,266</u>

#### 38. Other reserves

	Fair value reserves MNT'000	Regulatory reserves MNT'000	Translation reserve MNT'000	Total MNT'000
At 1 January 2023	(13,520)	–	288,691	275,171
Net gain on FVOCI instruments	(636,763)	–	(169,833)	(806,596)
Deferred tax liability (Note 13.3)	77,051	–	–	77,051
At 31 December 2023	<u>(573,232)</u>	<u>–</u>	<u>118,858</u>	<u>(454,374)</u>
Net gain on FVOCI instruments	1,650,392	–	(112,035)	1,538,357
Movement of regulatory reserve	–	3,848,808	–	3,848,808
Deferred tax movement (Note 13.3)	(327,695)	–	–	(327,695)
Transfer of revaluation reserve due to disposal	(138,141)	–	–	(138,141)
At 31 December 2024	<u>611,324</u>	<u>3,848,808</u>	<u>6,823</u>	<u>4,466,955</u>

#### 39. Related party transactions

##### i) Identifying related parties

A list of the Group's principal subsidiaries consolidated is provided in Note 26. Transactions and outstanding balances between fully consolidated entities are eliminated. Transactions between SIBJ Capital LLC and its subsidiaries are fully disclosed in SIBJ Capital LLC's stand-alone financial statements.

The Group has an ultimate parent company and whose financial statements are not consolidated. Transactions between ICFG and the Group meet the definition of related party transactions. They are disclosed separately in the Group's consolidated financial statements.

Related party	Country of incorporation	Relationship	Type of main transactions
ICFG Pte. Ltd	Singapore	Parent company	Management advisory service

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 39. Related party transactions (cont'd.)

#### (i) Identifying related parties (cont'd.)

Related parties of the Group that are not its subsidiaries as follows:

- Associates (entities that are under the significant influence of the Group; however, there were no associates in both 2023 and 2024);
- Joint ventures (entities in which SIBJ Capital LLC shares control with another party; however, there were no joint ventures in both 2023 and 2024);
- Key management personnel and directors; and
- Entities over which key management personnel and directors or their close family members have solely or jointly a direct or indirect significant influence (collectively referred to as other related parties).

Key management personnel and directors are those people who have authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Board of Directors (the BoD) and C-suites of the parent and its subsidiaries to be key management personnel and directors for the purposes of IAS 24.

Other related parties of the Group are identified as follows, irrespective of whether transactions and balances occurred during the reporting period:

Related party	Country of incorporation	Relationship	Transactions
iCore Partners LLC	Mongolia	Key management personnel has joint control over	Loans and advances
Invescore Leasing LLC	Mongolia		Sales and purchases of goods and services
Abico LLC	Mongolia		
Invescore Asset Management LLC	Mongolia		
Mongolia Talent Network LLC	Mongolia		
Invescore Japan Co., Ltd	Japan		
IC Reit LLC	Mongolia		Transfers of intangible assets
Finberry LLC	Mongolia		
Amar Daatgal LLC	Mongolia	Key management personnel has control over	Sales and purchases of goods and services
Business Media LLC	Mongolia		
Datacom LLC	Mongolia		
Mongolia Investment Rating Agency LLC	Mongolia		
Corex LLC	Mongolia	Key management personnel is a member of key personnel	Sales and purchases of goods and services
Blockchain Solution LLC	Mongolia		

The Group receives management advisory services from its parent, with the associated considerations paid, as disclosed below.

	2024 MNT'000	2023 MNT'000
<b>Transactions with the parent</b>		
Management fees paid	179,268	139,278

Additionally, the Group provides non-banking services to its subsidiaries, key management personnel and directors, and other related parties, including the provision of loans, accepting trust deposits and purchase of fixed-income securities. Allowances for impairment were recognised in respect of loans to other related parties.

Group companies also provide investment banking services, facility management services, property leasing services, and IT automation services on an intra-group basis and to other related parties. All these transactions are conducted under prevailing market terms, similar to third-party transactions.

#### ii) Transactions with related parties

As the transactions are not individually material, the amounts included in the Group's consolidated financial statements, aggregated by category or nature of transactions, for the years ended 31 December 2024 and 31 December 2023 are as follows:

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 39 Related party transactions (cont'd.)

#### ii) Transactions with related parties (cont'd.)

	Sales to related parties		Purchases from related parties	
	2024 MNT'000	2023 MNT'000	2024 MNT'000	2023 MNT'000
<b>Entity with significant influence</b>				
ICFG Pte.Ltd	–	–	179,268	139,278
<b>Other related parties:</b>				
iCore Partners LLC	8,440	–	–	–
Invescore Leasing LLC	35,672	12,572	–	–
Invescore Asset Management LLC	48,175	10,000	–	–
Mongolia Talent Network LLC	149,715	78,302	158,071	66,443
IC Reit LLC	–	884,940	–	4,340,407
Mongolia Investment Rating	–	274	–	–
Finberry LLC	–	20,073	–	–
AliCore LLC	–	–	3,305	–
Datacom LLC	–	–	569	1,099
Corex LLC	29,207	25,487	–	–
Blockchain Solution LLC	150,202	13,661	–	–
Land and House LLC	1,250,122	–	–	–
Colo Thinking Design LLC	–	1,886	–	60,785
MGL Aqua JSC	714,560	–	–	–
Business media LLC	–	–	–	10,000
Abico Foods LLC	–	–	3,230	–
Members of the BoD and key management personnel of the	–	17,745	49,286	52,567
<b>Total</b>	<b>2,386,093</b>	<b>1,064,940</b>	<b>393,729</b>	<b>4,670,579</b>

#### iii) Outstanding balances of transactions with other related parties

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

	Amount due to related parties		Amount due from related parties	
	2024 MNT'000	2023 MNT'000	2024 MNT'000	2023 MNT'000
<b>Entity with significant influence</b>				
ICFG Pte.Ltd	136,205	93,270	–	–
<b>Other related parties:</b>				
Invescore Leasing LLC	5,743	5,743	2,842	18,253
IC Reit LLC	–	300,000	–	748,855
Mongolia Talent Network LLC	7,102	7,006	28,617	205,833
Invescore Japan Co., Ltd	–	173,906	–	–
Corex LLC	1,943	373	2,172	372
Blockchain Solution LLC	97,148	13,117	9,909	764
Invescore Asset Management LLC	4,506	–	–	10,000
iCore Partners LLC	–	–	12,980	–
Land and House LLC	–	–	424,403	–
Finberry LLC	–	–	33,194	32,109
Colo Thinking LLC	–	–	1,785	1,785
Mongolia Investment Rating Agency	–	–	–	1,490
Members of the Board of Directors	3,758	3,323	192,922	–
<b>Total</b>	<b>256,405</b>	<b>596,738</b>	<b>708,824</b>	<b>1,019,461</b>

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 39. Related party transactions (cont'd.)

##### ii) Transactions with related parties

The transactions with related parties for the year ended 31 December 2024 and 2023 were as follows:

	Interest income/(expense)		Amounts due from/(to)	
	2024 MNT'000	2023 MNT'000	2024 MNT'000	2023 MNT'000
Borrowings from and Private placement replaced to related parties				
<b>Other related parties:</b>				
InvesCore Leasing LLC	549,796	295,062	3,288,809	3,379,766
IC REIT LLC	542,621	54,867	2,573,798	1,956,528
Amar Daatgal LLC	(17,000)	–	–	(100,000)
Mongolia Investment Rating Agency LLC	–	(319,533)	–	(7,315,818)
Abico Foods LLC	(41,030)	–	(841,030)	–
Corex LLC	(74,511)	–	–	–
Members of the BoD and key management personnel of the Group	(265,444)	343,223	(10,248,956)	–

Total remuneration awarded to key management personnel and directors, as shown below, represents salaries, bonuses, and employer contributions to social and health insurance received during the year, as well as awards made as part of the latest remuneration decisions related to the year. The Group did not award any other long-term benefits or share-based payments.

Figures are provided for the period that individuals met the definition of key management personnel and directors (2024: 36) and (2023: 38), as outlined below:

	2024 MNT'000	2023 MNT'000
<i>Short-term benefit:</i>		
- Salaries and incentives	3,559,769	2,643,579
- Social and Health Insurance	412,859	354,314
	<u>3,972,628</u>	<u>2,997,893</u>

#### 40. Contingent liabilities and commitments

Occasionally, as part of normal business operations, the Group may receive claims. Based on its own estimates, management believes that no significant losses will be incurred beyond the provisions recorded in these consolidated financial statements to address such claims.

##### Compliance with covenants

The Group is subject to specific covenants stipulated in the agreements entered into with respect to borrowed funds, and there have been no breaches of these covenants.

##### Obligation and guarantee of loans to customers

To meet the financial needs of its customers, the Group issues lines of credit, thereby entering into contractual obligations to provide these facilities. The Group had not provided any financial guarantees. For undrawn credit limits by its customers, no provisions have been made as they are immaterial. The outstanding credit commitment as of the current and previous reporting dates are as follows:

	2024 MNT'000	2023 MNT'000
Credit commitment undrawn by customer	<u>24,248,881</u>	<u>9,084,595</u>

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 41. Financial instruments – Risk management

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

- a) Credit risk
- b) Market risk
  - i) Interest rate risk,
  - ii) Foreign exchange risk,
  - iii) 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 procedures 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 procedures 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
- Borrowed funds
- Private placement of deposit
- Other financial liabilities
- Lease liabilities

##### *(ii) Financial instruments not measured at fair value*

Financial instruments not measured at fair value include cash and cash equivalents, loans and advances to customers, other financial assets, borrowings, bonds payable, trust deposits, and other financial liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, other financial assets, and other payables approximates their fair value.

#### **General objectives, policies and procedures**

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 credit committee.

The management receives monthly reports from the Group Chief Financial Officer through which it reviews the effectiveness of the procedures 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 much 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 defined as 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 primarily exposed to credit risk due to customers potentially being unable to fulfill their obligations under loan agreements, impairment of collateral, and the inability to meet obligations with the collateral.

The Credit Committee manages the Group's credit risk in an integrated manner by regularly discussing and resolving issues. If necessary, these issues are escalated and discussed at Board meetings.

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 41. Financial instruments – Risk management (cont'd.)

##### a) Credit risk (cont'd.)

The Group follows the “Risk Management Policy” issued for the Credit Committee in its loan activities. According to the policy, the risk management process consists of five 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. Monitoring and review

The main purpose of credit risk management is to optimize the level of risks and expected returns of loan activities. The Group adheres to the following principles in their credit risk management activities:

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

To manage the level of credit risk, the Group sets limits on the amount of risk it is willing to accept for individual borrowers or groups of borrowers. The level of exposure to credit risk is managed through ongoing analysis of borrowers' and potential borrowers' ability to meet interest and principal repayment obligations. Credit limits are adjusted as needed to mitigate risk. Furthermore, exposure to credit risk is managed by securing collateral and obtaining corporate or personal guarantees.

The maximum exposure to credit risk, excluding collateral and other credit enhancements, is as follows:

	2024 MNT'000	2023 MNT'000
Cash and bank balance	138,562,748	83,545,509
Bank balances held on behalf of customers	400,739	1,150,123
Loans and advances to customers	767,183,791	504,575,709
Debt instruments at FVOCI	18,260,381	3,818,532
Other financial assets	5,649,798	6,719,236
<b>Total on balance sheet</b>	<b>930,057,457</b>	<b>599,809,109</b>
Commitments	24,248,881	9,084,595
<b>Total credit risk exposure</b>	<b>954,306,338</b>	<b>608,893,704</b>

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure, but they do not reflect the maximum risk exposure that could arise in the future due to changes in their values.

% of exposure that is subject to collateral requirements	2024	2023	Principal type of collateral held
<b>Loans and advances to corporate customers</b>			
Consuming	81%	69%	Car, home appliances, land, parking lot
Construction	59%	90%	Car, apartment, building
Financial and insurance activities	65%	0%	Car, apartment, machinery, apartment
Wholesale and retail	58%	74%	Car, industrial building, inventory, apartment, home appliances
Real estate	65%	66%	Car, apartment
Others	56%	81%	Car, electronics, land, parking space, machine mechanism, share

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 41. Financial instruments – Risk management (cont'd.)

#### a) Credit risk (cont'd.)

##### Credit quality analysis

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

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 2.5 (c).

	PD range	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
<b>At 31 December 2024</b>					
Performing	0%-4.8%	862,335,405	–	–	862,335,405
Past due	3%-71.3%	–	27,428,633	–	27,428,633
Substandard	100%	–	–	13,041,311	13,041,311
Doubtful	100%	–	–	18,344,711	18,344,711
Loss	100%	–	–	12,305,950	12,305,950
Deferred fee		(3,140,774)	(107,409)	(150,370)	(3,398,553)
<b>Gross amount</b>		<b>859,194,631</b>	<b>27,321,224</b>	<b>43,541,602</b>	<b>930,057,457</b>
<b>At 31 December 2023</b>					
Performing	0%-3.7%	567,315,671	–	–	567,315,671
Past due	3%-70.4%	–	13,791,533	–	13,791,533
Substandard	100%	–	–	5,311,430	5,311,430
Doubtful	100%	–	–	7,340,578	7,340,578
Loss	100%	–	–	8,286,484	8,286,484
Deferred fee		(2,150,691)	(65,228)	(20,668)	(2,236,587)
<b>Gross amount</b>		<b>565,164,980</b>	<b>13,726,305</b>	<b>20,917,824</b>	<b>599,809,109</b>

##### Collateral and other credit enhancements

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

##### Amounts arising from ECL

To mitigate the credit risk associated with financial assets, the Group requires collateral primarily for business and consumer loans. The type of collateral varies depending on the loan product. For business loans, collateral includes both movable and immovable assets. For consumer loans, the underlying assets financed by the loan proceeds are typically used as collateral. For digital loans disbursed through the Pocket platform, the Group relies on the borrower's credit scoring model and does not require collateral.

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

##### Inputs, assumptions and methodology used for estimating impairment

##### Significant increase in credit risk

When assessing whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers relevant and readily available information without undue cost or effort. This includes both quantitative and qualitative analysis, drawing on the Group's historical experience, expert credit assessments, and forward-looking information.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 41. Financial instruments – Risk management (cont'd.)

##### a) Credit risk (cont'd.)

#### *Inputs, assumptions and methodology used for estimating impairment (cont'd.)*

##### *Significant increase in credit risk (cont'd.)*

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

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- a backstop indicator: If a financial asset is more than 30 days past due, or has been restructured, and if both internal and external ratings have decreased by two or more grades, it is assigned to Stage 2. If a financial asset is more than 90 days past due and therefore considered defaulted, it 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 the 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 exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data to determine the impairment of financial asset: the borrower's financial condition, credit usage, contract restructuring, repayment history, income stability, economic trends, and references from law enforcement agencies. Sources of data include:

- Internally collected data on customer behavior, such as credit card facilities;
- External data from credit reference agencies;
- Internally collected payment records, detailing overdue status and payment ratios;
- Utilisation of the granted limit
- Request for amendment of contract terms
- Existing and forecast changes in business, financial and economic conditions

##### *Determining whether credit risk has increased significantly*

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

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management procedures, which may not be fully captured in the quantitative analysis in a timely manner. Such qualitative factors are based on the Group's expert judgment and relevant historical experience and are applied to the exposures that meet certain heightened risk criteria, such as placement on a watch list.

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 from 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 increased credit risk, such as delinquency or forbearance, may suggest a heightened risk of default that continues even after the indicator itself has ceased to exist. For instance, when the contractual terms of a loan have been modified, evidence that the criteria for recognizing lifetime ECL are no longer met includes a history of up-to-date payment performance in accordance with the modified contractual terms.

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

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



## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 41. Financial instruments – Risk management (cont'd.)

##### a) Credit risk (cont'd.)

#### *Inputs, assumptions and methodology used for estimating impairment (cont'd.)*

##### *Definition of default*

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

- Insolvency: The borrower is considered insolvent for the following reasons:
  - o Significant financial deterioration
  - o Having difficulty pay interest or principal payment
  - o Likelihood of bankruptcy or other financial restructuring
- Past due more than 90 days.

In assessing whether a borrower is in default, the Group considers indicators based on data developed internally and obtained from external sources:

- Qualitative: e.g., breaches of covenant
- Quantitative: e.g., overdue status and non-payment on another obligation 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 drivers for credit risk include GDP growth, unemployment rates, and interest rates. Due to the short average life of the Group's loan portfolio, the sensitivity to these key drivers is insignificant.

##### *Modified financial assets*

The contractual terms of a loan may be modified for various reasons, such as changing market conditions, customer retention efforts, and other factors unrelated to the current or potential credit deterioration of the customer. Exposures with no past due amounts and no restructuring are classified as Stage 1 exposures. Exposures that are past due within 90 days or loans that have been restructured are classified as Stage 2 exposures. Exposures that are past due more than 90 days or that have defaulted are classified as Stage 3 exposures.

##### *Measurement of ECL*

The key inputs into the measurement of Expected Credit Losses (ECL) are based on 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 represents the expected loss magnitude in the event of default. LGD models take into consideration the structure of the financial asset, any collateral involved, the seniority of the claim, the industry of the counterparty, and the recovery cost associated with collateral integral to the asset. LGD estimates are adjusted for various economic scenarios and are calculated using a discounted cash flow approach, with the effective interest rate serving as the discount factor.

EAD represents the anticipated exposure in the event of a default. The Group determines EAD based on the current exposure to the counterparty, considering potential changes allowed under the contract and arising from Amortisation. For a financial asset, EAD is the gross carrying amount at the time of default. For lending commitments, EAD encompasses potential future amounts that may be drawn under the contract, estimated using historical data and forward-looking forecasts. In the case of financial guarantees, EAD equals the exposure under the guarantee at the point when it 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 by considering the risk of default over the maximum contractual period, which includes any borrower's extension options, over which it is exposed to credit risk. This measurement applies 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 demand repayment of an advance or terminate a loan commitment or guarantee.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 41. Financial instruments – Risk management (cont'd.)

##### *b) Market risk*

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

##### *i) Interest rate risk*

The Group defines interest rate risk as potential loss due to a negative impact from adverse changes in interest rates and their implied volatility. The Group's lending, funding and investment activities give rise to interest rate risk. The immediate impact of variation in interest rate is on the Group's net interest income, while a long-term impact is on the Group's net worth as 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 presents the sensitivity analysis demonstrating the potential impact of a reasonable change in interest rates, while holding all other variables constant, on the Group's statement of comprehensive income. The sensitivity analysis measures the effect of assumed changes in interest rates on net interest income for one year, based on the floating rate of financial assets and financial liabilities held as of 31 December 2024 and 31 December 2023.

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

	Change in basis point	Currency	Sensitivity of net interest expense	
			2024	2023
			MNT'000	MNT'000
Borrowed funds	+120	MNT	910,050	267,500
	+120	USD	971,011	176,453

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 41. Financial instruments – Risk management (cont'd.)

#### b) Market risk (cont'd.)

##### ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of financial instruments fluctuates 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 2024, and 31 December 2023, the Group's net exposure to foreign exchange risk is as follows:

As at 31 December	USD		JPY		Other*		Total	
	2024 MNT'000	2023 MNT'000	2024 MNT'000	2023 MNT'000	2024 MNT'000	2023 MNT'000	2024 MNT'000	2023 MNT'000
<b>Financial assets</b>								
Cash and bank balances	48,039,105	1,981,875	3,358,825	15,153,422	4,731,119	2,434,895	56,129,049	19,570,192
Bank balances held on behalf of customers	63,076	230	–	–	–	–	63,076	230
Loans and advances to customers	2,618,154	14,635,756	803,748	–	59,693,525	31,842,092	63,115,427	46,477,848
Financial assets at FVOCI	18,260,381	3,818,532	–	–	–	–	18,260,381	3,818,532
Financial assets at FVTPL	1,145,783	–	–	–	–	14,996	1,145,783	14,996
Derivative financial assets	16,497,242	13,241,400	8,603,280	–	–	–	25,100,522	13,241,400
Other financial assets	119,308	–	–	–	52,614	954,329	171,922	954,329
<b>Total financial assets</b>	<b>86,743,049</b>	<b>33,677,793</b>	<b>12,765,853</b>	<b>15,153,422</b>	<b>64,477,258</b>	<b>35,246,312</b>	<b>163,986,160</b>	<b>84,077,527</b>
<b>Financial liability</b>								
Borrowed funds	124,360,400	60,540,580	–	2,911,100	20,689,053	14,850,603	145,049,453	78,302,283
Bonds payable	–	–	–	–	7,107,069	613,888	7,107,069	613,888
Private placement of deposits	3,482,329	2,874,606	6,994,911	–	–	530,312	10,477,240	3,404,918
Lease liabilities	–	–	–	–	263,599	448,015	263,599	448,015
Other financial liabilities	1,087,963	–	127,559	72,068	136,205	–	1,351,727	72,068
<b>Total financial liabilities</b>	<b>128,930,692</b>	<b>63,415,186</b>	<b>7,122,470</b>	<b>2,983,168</b>	<b>28,195,926</b>	<b>16,442,818</b>	<b>164,249,088</b>	<b>82,841,172</b>
<b>Net exposure</b>	<b>(42,187,643)</b>	<b>(29,737,393)</b>	<b>5,643,383</b>	<b>12,170,254</b>	<b>36,281,332</b>	<b>18,803,494</b>	<b>(262,928)</b>	<b>1,236,355</b>

\* In 2023, "Other currencies" comprised the Euro and the Hong Kong Dollar, with HKD 14,996 classified as Financial Assets at FVTPL and the remainder in Euros. In 2024, "Other currencies" included the Euro and the Singapore Dollar, with SGD 136,205 classified as Other financial liabilities, and the remainder in Euros.

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 41. Financial instruments – Risk management (cont'd.)

#### b) Market risk (cont'd.)

##### ii) Foreign currency risk

The following table presents sensitivities of profit or loss to reasonable possible changes in exchange rates applied as of 31 December 2024 against the functional currency of the Group, with all other variables held constant:

	Impact on profit before tax Increase/(decrease)	
	2024 MNT'000	2023 MNT'000
USD strengthening by 20% (2023: 20%)	(8,437,529)	(5,947,479)
USD weakening by 20% (2023: 20%)	8,437,529	5,947,479
JPY strengthening by 20% (2023: 20%)	1,128,677	2,434,051
JPY weakening by 20% (2023: 20%)	(1,128,677)	(2,434,051)
Other strengthening by 20% (2023: 20%)	7,256,266	3,760,699
Other weakening by 20% (2023: 20%)	(7,256,266)	(3,760,699)

#### c) Liquidity risk

Liquidity risk refers to the risk that the Group may be unable to fulfill its short-term financial obligations as they come due.

The Group's policy is designed to ensure it always has adequate cash on hand to meet its liabilities promptly. To achieve this objective, the Group maintains cash reserves and utilizes agreed-upon facilities, such as overdraft facilities with multiple financial institutions, to cover anticipated needs.

The Group prepares its annual budget by assessing its cash flow requirements. Additionally, the Group conducts monthly liquidity risk assessments, which are presented to the Board of Directors for review and decision-making on further actions to maintain financial stability.

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 41. Financial instruments – Risk management (cont'd.)

##### c) Liquidity risk (cont'd.)

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

At 31 December 2024	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	Over 5 years MNT'000	Total MNT'000
<b>Financial assets</b>						
Cash and bank balance	134,081,019	4,034,357	–	–	–	138,115,376
Bank balances held on behalf of customers	447,372	–	–	–	–	447,372
Loans and advances to customers	177,997,738	283,076,872	402,217,113	269,977,393	18,602,699	1,151,871,815
Financial assets at FVOCI	4,718,820	17,980,474	–	–	–	22,699,294
Financial assets at FVTPL	3,171,092	755,941	–	–	–	3,927,033
Other financial assets	5,247,293	87,572	–	–	–	5,334,865
<b>Total financial assets</b>	<b>325,663,334</b>	<b>305,935,216</b>	<b>402,217,113</b>	<b>269,977,393</b>	<b>18,602,699</b>	<b>1,322,395,755</b>
<b>Financial liabilities</b>						
Borrowed funds	81,684,627	167,636,150	103,336,195	46,268,521	–	398,925,493
Bonds payable	13,460,263	97,052,311	28,698,141	7,199,812	–	146,410,527
Private placement of deposits	60,875,233	160,883,500	753,600	–	–	222,512,333
Due to customers	1,546,633	–	–	–	–	1,546,633
Other financial liabilities	10,287,084	1,672,937	116,768	–	–	12,076,789
Derivative financial liabilities	15,031,760	2,280,167	4,560,333	–	–	21,872,260
Lease liabilities	355,011	1,160,137	1,328,022	1,558,429	–	4,401,599
<b>Total financial liabilities</b>	<b>183,240,611</b>	<b>430,685,202</b>	<b>138,793,059</b>	<b>55,026,762</b>	<b>–</b>	<b>807,745,634</b>
<b>Net liquidity gap</b>	<b>142,422,723</b>	<b>(124,749,986)</b>	<b>263,424,054</b>	<b>214,950,631</b>	<b>18,602,699</b>	<b>514,650,121</b>
<b>At 31 December 2023</b>	<b>Up to 3 months MNT'000</b>	<b>Between 3 and 12 months MNT'000</b>	<b>Between 1 and 2 years MNT'000</b>	<b>Between 2 and 5 years MNT'000</b>	<b>Over 5 years MNT'000</b>	<b>Total MNT'000</b>
<b>Financial assets</b>						
Cash and bank balance	72,041,778	10,870,133	–	–	–	82,911,911
Bank balances held on behalf of customers	1,150,123	–	–	–	–	1,150,123
Loans and advances to customers	121,544,064	201,210,238	227,965,07	194,426,904	112,446	745,258,722
Financial assets at FVOCI	3,768,733	4,079,482	–	–	–	7,848,215
Financial assets at FVTPL	577,696	2,442,746	–	–	–	3,020,442
Other financial assets	6,272,910	–	–	–	–	6,272,910
<b>Total financial assets</b>	<b>205,355,304</b>	<b>218,602,599</b>	<b>227,965,070</b>	<b>194,426,904</b>	<b>112,446</b>	<b>846,462,323</b>
<b>Financial liabilities</b>						
Borrowed funds	81,946,513	89,389,005	59,856,267	13,955,123	–	245,146,908
Bonds payable	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
Due to customers	1,150,123	–	–	–	–	1,150,123
Other financial liabilities	7,787,537	2,433,355	187,508	–	–	10,408,400
Derivative financial liabilities	171,222	517,429	509,899	168,084	–	1,366,634
Liabilities at FVTPL	5,999,986	–	–	–	–	5,999,986
Lease liabilities	325,209	1,037,509	1,263,193	2,127,514	–	4,753,425
<b>Total financial liabilities</b>	<b>126,612,383</b>	<b>281,124,127</b>	<b>65,990,343</b>	<b>16,250,721</b>	<b>–</b>	<b>489,977,574</b>
<b>Net liquidity gap</b>	<b>78,742,921</b>	<b>(62,521,528)</b>	<b>161,974,727</b>	<b>178,176,183</b>	<b>112,446</b>	<b>356,484,749</b>

## SIBJ CAPITAL LLC and its subsidiaries

### Notes to the consolidated financial statements – 31 December 2024

#### 41. Financial instruments – Risk management (cont'd.)

##### *d) 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 determines the amount of capital it needs relative to its risk exposure. It actively manages its capital structure and adjusts it in response to changes in economic conditions and the risk profile of its underlying assets. To maintain or modify its capital structure, the Group may adjust dividend payments, conduct share buybacks, issue new shares, or sell assets to reduce debt. These actions are taken to optimize the Group's financial position and align its capital with its risk tolerance and business strategy.

##### *e) Operational risk management*

In the operational risk management framework of the Group, operational risk is defined as the potential for loss arising from inadequate or failed internal processes, human errors, system failures, or external events.

All employees are accountable for preventing situations that could lead to operational risk incidents and for promptly reporting any significant operational risk incidents. Roles and responsibilities are allocated based on the Three Lines of Defense as outlined below:

The First Line of Defense, comprising Business Units and supporting units, is responsible for several key tasks within the operational risk management framework: ensuring the implementation and execution of robust, effective, and efficient controls; reporting on the effectiveness of operational risk controls; accepting operational risk based on the approved risk acceptance matrix; and implementing follow-up measures commensurate with the level of operational risk identified.

The Second Line of Defense, represented by the Risk Management Department, holds several responsibilities within the operational risk management framework: reviewing and challenging all process assessments and follow-up measures; monitoring the performance of operational risk metrics; and escalating operational risk matters to the Risk Management Committee for appropriate attention and action.

The Third Line of Defense, Internal Audit, is tasked with providing assurance on the effectiveness of governance, risk management, and internal controls. This includes assessing how the first and second lines of defense fulfill their risk management and control objectives. The risk appetite statement is reviewed and approved annually by the Board of Directors. Monitoring of risk appetite occurs on a monthly basis, with reports provided to the monthly Risk Management Committee and quarterly to the Board Risk Management Committee.

##### *i) Fraud Risk*

Fraud risk is managed through a comprehensive Anti-Fraud Policy and Whistleblowing Policy, forming the cornerstone of a robust framework where the intolerance for fraud is clearly outlined. These policies ensure that all employees grasp the significance of identifying and reporting any fraudulent incidents. By cultivating a culture of vigilance and accountability, every employee is empowered to actively engage in detecting and reporting potential fraud, thereby strengthening the Group's dedication to mitigating fraud risk and upholding the integrity of its operations.

##### *ii) Health and Safety*

The Group addresses Occupational Health and Safety (OHS) risks through a comprehensive framework, incorporating established OHS procedures and designating an OHS officer to oversee compliance and safety measures. Regular OHS annual training and awareness programs ensure that all employees are well-versed in safety protocols and best practices. To oversee and mitigate risks, the Group tracks OHS incident metrics monthly, presenting detailed reports to the Risk Management Committee for review and action. Furthermore, the presence of an OHS incident response team ensures prompt and effective responses to any safety incidents, thereby reducing potential risks and fostering a safe working environment.

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 41. Financial instruments – Risk management (cont'd.)

##### e) Operational risk management (cont'd.)

###### iii) Product or Service Malfunction and/or Deficiency

The Group effectively manages product and service errors or deficiencies within an operational risk framework, employing a robust system that commences with thorough product development procedures. These procedures require risk assessments prior to product launch to proactively identify and mitigate potential risks. The Group upholds a stringent control environment to ensure continuous oversight and compliance with regulatory standards. Regular risk reporting facilitates timely identification and documentation of any emerging issues, allowing for swift resolution. Moreover, a well-defined customer complaint resolution procedure ensures swift investigation and resolution of any reported deficiencies. Certified by ISO 9001, the Group adheres to international quality management standards, reinforcing its commitment to excellence and continuous improvement. This certification underscores the Group's dedication to maintaining high standards of quality and reliability, thereby safeguarding its reputation and ensuring customer satisfaction.

###### iv) Business Disruption

The management of business disruptions is facilitated through the implementation of a Business Continuity Plan (BCP), which assures resilience and prompt recovery in unforeseen circumstances. This plan incorporates well-defined risk tolerances related to business disruptions, such as core system uptime ratios and internet service availability, to sustain vital operations. It delineates comprehensive protocols for addressing diverse disruption scenarios, ensuring the uninterrupted continuity of essential functions with minimal disruptions. Routine testing and revisions of the BCP are conducted to ensure its ongoing effectiveness and applicability. Through imposing rigorous standards for system uptime and service reliability, the Group emphasizes the significance of operational continuity.

###### v) Legal and Compliance risk

The Group effectively mitigates legal and compliance risks through the collaborative efforts of its Legal Unit and Risk and Compliance units, dedicated to proactively prevent such risks. The Group employs thorough legal assessments and compliance protocols, with the legal team meticulously scrutinizing all operations to ensure conformity with pertinent legal standards. Additionally, the legal team offers timely recommendations to address any identified instances of non-compliance. The Group reinforces compliance with Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) regulations through robust policies and procedures, complemented by mandatory annual training for all staff. Through the integration of these strategies, the Group fortifies its defenses against legal and compliance risks, thereby safeguarding its operations and reputation.

###### vi) Information technology

The Group manages IT risk through a multifaceted approach anchored by adherence to the ISO 27001 standard, renowned for its stringent framework in information security management. An integral part of this strategy involves a dedicated IT team responsible for implementing and upholding these standards, ensuring the establishment of robust security measures for safeguarding sensitive data and systems. This team conducts regular risk assessments, oversees IT infrastructure, and promptly addresses any identified vulnerabilities. Furthermore, the Group enforces stringent access controls, employs data encryption measures, and maintains continuous monitoring to counter cyber threats effectively. Through the utilization of the IT team's expertise and compliance with internationally recognised standards, the Group effectively mitigates IT risks, thereby ensuring the security and integrity of its technological assets.

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 42. Fair value disclosures

##### *Financial instruments measured at fair value*

##### *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 31)
- Financial investments (Note 16)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

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

	Level 1 MNT'000	Level 2 MNT'000	Level 3 MNT'000	Total MNT'000
<b>At 31 December 2024</b>				
<b>Financial assets</b>				
Financial assets at FVOCI	21,910,646	–	–	21,910,646
Financial assets at FVTPL	2,797,378	1,129,655	–	3,927,033
<b>Financial liabilities</b>				
Derivative financial liabilities	–	601,379	–	601,379
Due to customers	1,087,963	–	–	1,087,963
<b>At 31 December 2023</b>				
<b>Financial assets</b>				
Financial assets at FVOCI	2,742,303	3,818,532	1,026,430	7,587,265
Financial assets at FVTPL	1,671,776	1,348,666	–	3,020,442
<b>Financial liabilities</b>				
Derivative financial liabilities	–	282,556	–	282,556
Financial liability at FVTPL	–	5,999,986	–	5,999,986



# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 42. Fair value disclosures (cont'd.)

Description of valuation techniques and inputs used in fair value measurement for Level 2 and Level 3:

Financial instruments	Fair value hierarchy	Valuation technique	Inputs	Sensitivity to changes in significant unobservable inputs
Financial Liabilities	Level 2	Interest rate parity analysis	Policy rate, bond yield of similar credit	Increase in the JPY bond yield rate and decrease in the MNT interest rate will increase/decrease the fair value and vice-versa
Derivative financial instruments	Level 2	Interest rate parity analysis	Policy rate, Government bond yield, Z-spread, SOFR rates, and SHIBOR rates	Increase in USD interest rate and decrease in the MNT interest rate will increase/decrease the fair value and vice-versa
Equity instruments	Level 3	Net assets value	Share price and transaction price	Increase in the net assets value will increase the fair value and vice versa

There were no changes in the valuation approach used during the years ended 31 December 2023 and 31 December 2024. Additionally, there were no transfers between Levels 2 and 3 of the fair value hierarchy for assets recorded at fair value.

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

	2024	2023
	MNT'000	MNT'000
Unquoted equity		
At 1 January	1,026,430	–
Addition	–	1,000,756
Disposed	(1,183,933)	–
Net gain from change in fair value	157,503	25,674
At 31 December	<u>–</u>	<u>1,026,430</u>

The Group discloses fair values for financial instruments at amortised cost based on the following methodologies and assumptions:

- Loans and advances to customers are valued by first categorizing them into portfolios with similar characteristics. The fair value determination involves adjusting contractual cash flows for ECLs and expectations of customer behavior, which are informed by observed historic data. These adjusted cash flows are then discounted at a weighted average lending rate that is appropriate for each portfolio, resulting in an estimate of their fair value.
- Trust deposits are valued using a replacement cost method, which assumes that if the deposits were to be replaced, it would be done in the most advantageous market available. The fair value calculation involves discounting contractual cash flows using a funding interest rate profile that incorporates credit spreads reflecting the maturity profile of each deposit.
- Debt securities in issue are valued based on quoted market prices where available. When quoted prices are not available, the fair value is determined using a discounted cash flow model. This model uses current market rates applicable to instruments with similar terms and maturity to estimate the present value of future cash flows.

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 43. Maturity analysis of assets and liabilities

At 31 December 2024	Less than 12 months MNT'000	More than 12 months MNT'000	Total MNT'000
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and bank balances	138,091,411	–	138,091,411
Bank balances held on behalf of customers	400,739	–	400,739
Loans and advances to customers	209,737,254	525,689,486	735,426,740
Financial assets at FVTPL	3,927,033	–	3,927,033
Financial assets at FVOCI	4,718,820	17,191,826	21,910,646
Other financial assets	4,397,735	87,572	4,485,307
<b>Non-Financial Assets</b>			
Other non-financial assets	4,447,735	–	4,447,735
Inventories	11,617,148	–	11,617,148
Assets held for sale	3,309,939	–	3,309,939
Foreclosed properties	–	2,366,355	2,366,355
Property and equipment	–	20,180,913	20,180,913
Intangible assets	–	4,286,386	4,286,386
Right-of-use assets	–	3,585,928	3,585,928
Deferred tax assets	–	1,304,155	1,304,155
Goodwill	–	292,627	292,627
<b>Total assets</b>	<b>380,647,814</b>	<b>574,985,248</b>	<b>955,633,062</b>
<b>Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowed funds	158,700,858	165,739,487	324,440,345
Bonds payable	93,645,027	31,751,811	125,396,838
Private placement of deposits	203,534,989	637,795	204,172,784
Derivative financial liabilities	–	601,379	601,379
Due to customers	1,546,633	–	1,546,633
Other financial liabilities	11,960,022	116,769	12,076,791
Contract liabilities	455,728	–	455,728
Lease liabilities	298,510	3,454,029	3,752,539
<b>Non-Financial Liabilities</b>			
Other non-financial liabilities	3,590,913	–	3,590,913
Current tax liabilities	8,081,597	–	8,081,597
<b>Total liabilities</b>	<b>481,814,277</b>	<b>202,301,270</b>	<b>684,115,547</b>
<b>Net position</b>	<b>(101,166,463)</b>	<b>372,683,978</b>	<b>271,517,515</b>

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

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

At 31 December 2023	Less than 12 months MNT'000	More than 12 months MNT'000	Total MNT'000
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and bank balances	82,382,850	–	82,382,850
Bank balances held on behalf of customers	1,150,123	–	1,150,123
Loans and advances to customers	99,571,989	387,269,974	486,841,963
Financial assets at FVTPL	981,951	2,038,491	3,020,442
Financial assets at FVOCI	3,801,076	3,786,189	7,587,265
Other financial assets	4,237,656	1,779,132	6,016,788
<b>Non-Financial Assets</b>			
Other non-financial assets	2,497,629	62,614	2,560,243
Inventories	14,411,910	–	14,411,910
Foreclosed properties	–	1,025,379	1,025,379
Property and equipment	–	19,637,114	19,637,114
Intangible assets	–	5,053,191	5,053,191
Right-of-use assets	–	3,783,357	3,783,357
Goodwill	–	292,627	292,627
<b>Total assets</b>	<b>209,035,184</b>	<b>424,728,068</b>	<b>633,763,252</b>
<b>Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowed funds	67,408,579	148,504,417	215,912,996
Bonds payable	65,255,377	2,188,009	67,443,386
Private placement of deposits	130,458,805	10,639,781	141,098,586
Derivative financial liabilities	–	282,556	282,556
Financial liability at FVTPL	5,999,986	–	5,999,986
Due to customers	1,150,123	–	1,150,123
Other financial liabilities	9,867,271	–	9,867,271
Contract liabilities	616,752	–	616,752
Lease liabilities	1,250,814	2,710,342	3,961,156
<b>Non-Financial Liabilities</b>			
Other non-financial liabilities	5,420,247	–	5,420,247
Current tax liabilities	8,305,808	–	8,305,808
Deferred tax liabilities	–	246,580	246,580
<b>Total liabilities</b>	<b>295,733,762</b>	<b>164,571,685</b>	<b>460,305,447</b>
<b>Net position</b>	<b>(86,698,578)</b>	<b>260,156,383</b>	<b>173,457,805</b>

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 44. Segment reportings

#### a) *Segment reporting by business line*

The Group comprises multiple strategic business units which offer differing products and services, being non-banking financial services, Investment banking services and Real estate trading and services. The Group therefore assesses the performance of all activities within these individual strategic business units.

	Non-banking financial activities MNT'000	Investment banking MNT'000	Trading of real estates MNT'000	Other MNT'000	Total MNT'000
<b>2024</b>					
<b>Segment result</b>					
Interest income	224,281,789	156,393	619,098	9,605	225,066,885
Interest and similar expense	(82,517,420)	(464,058)	(1,128,300)	–	(84,109,778)
<b>Net interest income/(expense)</b>	<b>141,764,369</b>	<b>(307,665)</b>	<b>(509,202)</b>	<b>9,605</b>	<b>140,957,107</b>
Fee and commission income	24,886,689	2,877,611	881,053	–	28,645,353
Fee and commission expense	(393,455)	(1,048,770)	–	–	(1,442,225)
<b>Net fee and commission income</b>	<b>24,493,234</b>	<b>1,828,841</b>	<b>881,053</b>	<b>–</b>	<b>27,203,128</b>
Revenue from contracts with customers	–	–	10,409,388	563,422	10,972,810
Rental income	–	–	2,746,296	178,095	2,924,391
<b>Total revenue from contracts with customers</b>	<b>–</b>	<b>–</b>	<b>13,155,684</b>	<b>741,517</b>	<b>13,897,201</b>
Net trading income/(expense)	(318,823)	937,709	15,329	40,000	674,215
Credit loss (expense)/reversal	(18,461,795)	(36,039)	(9,614)	117,604	(18,389,844)
Other operating income/(expense)	2,398,870	(36,999)	2,746,154	142,159	5,250,184
<b>Total operating income</b>	<b>149,875,855</b>	<b>2,385,847</b>	<b>16,279,404</b>	<b>1,050,885</b>	<b>169,591,991</b>
Employee costs	(20,069,008)	(1,811,641)	(3,639,129)	(3,775,517)	(29,295,295)
Depreciation of property and equipment	(1,521,073)	(190,605)	(179,137)	(408,611)	(2,299,426)
Amortisation of right of use	(1,145,670)	–	(287,780)	–	(1,433,450)
Amortisation of intangible assets	(590,003)	(40,575)	(11,651)	(32,894)	(675,123)
Other operating expenses	(12,604,342)	(1,080,145)	(4,734,415)	(1,860,187)	(20,279,089)
Cost of inventory property sold	–	–	(4,868,218)	–	(4,868,218)
<b>Profit/(loss) before tax</b>	<b>113,945,759</b>	<b>(737,119)</b>	<b>2,559,074</b>	<b>(5,026,324)</b>	<b>110,741,390</b>
Income tax expense	(23,852,551)	(29,798)	(547,943)	(846,316)	(25,276,608)
<b>Profit/(loss) for the year</b>	<b>90,093,208</b>	<b>(766,917)</b>	<b>2,011,131</b>	<b>(5,872,640)</b>	<b>85,464,782</b>
Segment assets	919,158,911	5,289,975	19,813,153	10,621,038	955,633,062
Segment liabilities	671,196,476	2,801,707	8,347,651	1,718,992	684,115,547

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 44. Segment reporting (cont'd.)

#### a) Segment reporting by business line (cont'd.)

	Non-banking financial activities MNT'000	Investment banking MNT'000	Trading of real estates MNT'000	Other MNT'000	Total MNT'000
<b>2023</b>					
<b>Segment result</b>					
Interest income	125,479,844	34,766	189,643	156,109	125,860,362
Interest and similar expense	(46,281,956)	(146,701)	(2,151,424)	(142,787)	(48,722,868)
<b>Net interest income/(expense)</b>	<b>79,197,888</b>	<b>(111,935)</b>	<b>(1,961,781)</b>	<b>13,322</b>	<b>77,137,494</b>
Fee and commission income	16,012,796	1,606,276	746,634	–	18,365,706
Fee and commission expense	(684,437)	(327,522)	–	–	(1,011,959)
<b>Net fee and commission income</b>	<b>15,328,359</b>	<b>1,278,754</b>	<b>746,634</b>	<b>–</b>	<b>17,353,747</b>
Revenue from contracts with customers	–	–	17,838,312	1,201,995	19,040,307
Rental income	–	–	2,222,726	–	2,222,726
<b>Total revenue from contracts with customers</b>	<b>–</b>	<b>–</b>	<b>20,061,038</b>	<b>1,201,995</b>	<b>21,263,033</b>
Net trading income/(expense)	(282,556)	1,168,786	(173,360)	60,266	773,136
Credit loss expense	(8,393,672)	(38,243)	(325,240)	(182,885)	(8,940,040)
Other operating income/(expense)	1,308,954	(6,506)	1,324,148	803,451	3,430,047
<b>Total operating income</b>	<b>87,158,973</b>	<b>2,290,856</b>	<b>19,671,439</b>	<b>1,896,149</b>	<b>111,017,417</b>
Employee costs	(13,864,945)	(1,488,392)	(2,465,239)	(2,172,080)	(19,990,656)
Depreciation of property and equipment	(1,173,010)	(129,435)	(94,896)	(115,374)	(1,512,715)
Amortisation of right of use	(1,261,841)	(125,605)	(808,110)	(154,177)	(2,349,733)
Amortisation of intangible assets	(447,956)	(25,756)	(12,692)	(31,757)	(518,161)
Other operating expenses	(8,883,899)	(671,415)	(3,695,724)	(1,927,919)	(15,178,957)
Sub-contractor works	–	–	(294,019)	–	(294,019)
Raw materials consumed	–	–	(286,364)	–	(286,364)
Cost of inventory property sold	–	–	(6,853,288)	–	(6,853,288)
<b>Profit/(loss) before tax</b>	<b>61,527,322</b>	<b>(149,747)</b>	<b>5,161,107</b>	<b>(2,505,158)</b>	<b>64,033,524</b>
Income tax expense	(15,163,778)	(9,472)	(691,508)	(435,145)	(16,299,903)
<b>Profit/(loss) for the year</b>	<b>46,363,544</b>	<b>(159,219)</b>	<b>4,469,599</b>	<b>(2,940,303)</b>	<b>47,733,621</b>
Segment assets	596,928,329	5,760,266	20,672,762	10,401,895	633,763,252
Segment liabilities	443,065,486	3,021,029	11,704,385	2,514,547	460,305,447

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 44. Segment reporting (cont'd.)

#### b) Segment reporting by geography – Non-banking financial activities

Non-banking financial services within the Group is made up of the core Mongolian market operations and operations in other Central Asian countries and, is largely represented by the Kyrgyz Republic. The below segmental information shows the performance and assets of the non-banking financial services strategic business unit within these two key geographical jurisdictions.

2024	Mongolia MNT'000	Other Asian countries MNT'000	Total MNT'000
<b>Segment result</b>			
Interest income calculated using the EIR	211,068,263	13,998,622	225,066,885
Interest and similar expense	(79,836,427)	(4,273,351)	(84,109,778)
<b>Net interest income</b>	<b>131,231,836</b>	<b>9,725,271</b>	<b>140,957,107</b>
Fee and commission income	28,576,994	68,359	28,645,353
Fee and commission expense	(1,282,119)	(160,106)	(1,442,225)
<b>Net fee and commission expense</b>	<b>27,294,875</b>	<b>(91,747)</b>	<b>27,203,128</b>
Revenue from contracts with customers	10,972,810	–	10,972,810
Rental income	2,924,391	–	2,924,391
<b>Total revenue from contracts with customers</b>	<b>13,897,201</b>	<b>–</b>	<b>13,897,201</b>
Net trading income	551,558	122,657	674,215
Credit loss expense	(17,468,875)	(920,969)	(18,389,844)
Other operating income	5,069,200	180,984	5,250,184
<b>Total operating income</b>	<b>160,575,795</b>	<b>9,016,196</b>	<b>169,591,991</b>
Employee costs	(26,587,697)	(2,707,598)	(29,295,295)
Other operating expenses	(18,773,631)	(1,505,458)	(20,279,089)
Cost of inventory property sold	(4,868,218)	–	(4,868,218)
Depreciation of property and equipment	(2,183,469)	(115,957)	(2,299,426)
Amortisation of right of use	(1,216,281)	(217,169)	(1,433,450)
Amortisation of intangible assets	(642,019)	(33,104)	(675,123)
<b>Profit before tax</b>	<b>106,304,480</b>	<b>4,436,910</b>	<b>110,741,390</b>
Income tax expense	(24,954,942)	(321,666)	(25,276,608)
<b>Profit for the year</b>	<b>81,349,538</b>	<b>4,115,244</b>	<b>85,464,782</b>
Segment assets	893,303,695	62,329,367	955,633,062
Segment liabilities	656,995,324	27,120,223	684,115,547

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements – 31 December 2024

### 44. Segment reporting (cont'd.)

#### b) Segment reporting by geography – Non-banking financial activities (cont'd.)

2023	Mongolia MNT'000	Other Asian countries MNT'000	Total MNT'000
<b>Segment result</b>			
Interest income calculated using the EIR	117,977,165	7,883,197	125,860,362
Interest and similar expense	(46,127,321)	(2,595,547)	(48,722,868)
<b>Net interest income</b>	<b>71,849,844</b>	<b>5,287,650</b>	<b>77,137,494</b>
	-	-	-
Fee and commission income	18,365,664	42	18,365,706
Fee and commission expense	(996,008)	(15,951)	(1,011,959)
<b>Net fee and commission expense</b>	<b>17,369,656</b>	<b>(15,909)</b>	<b>17,353,747</b>
	-	-	-
Revenue from contracts with customers	19,040,307	-	19,040,307
Rental income	2,222,726	-	2,222,726
<b>Total revenue from contracts with customers</b>	<b>21,263,033</b>	<b>-</b>	<b>21,263,033</b>
Net trading income	773,136	-	773,136
Credit loss expense	(8,524,242)	(415,798)	(8,940,040)
Other operating income	3,395,198	34,849	3,430,047
<b>Total operating income</b>	<b>106,126,625</b>	<b>4,890,792</b>	<b>111,017,417</b>
			-
Employee costs	(18,293,144)	(1,697,512)	(19,990,656)
Other operating expenses	(14,541,912)	(637,045)	(15,178,957)
Cost of inventory property sold	(6,853,288)	-	(6,853,288)
Depreciation of property and equipment	(1,438,007)	(74,708)	(1,512,715)
Amortisation of right of use	(2,311,740)	(37,993)	(2,349,733)
Amortisation of intangible assets	(499,353)	(18,808)	(518,161)
Sub-contractor works	(294,019)	-	(294,019)
Raw materials consumed	(286,364)	-	(286,364)
<b>Profit before tax</b>	<b>61,608,798</b>	<b>2,424,726</b>	<b>64,033,524</b>
Income tax expense	(16,170,700)	(129,203)	(16,299,903)
<b>Profit for the year</b>	<b>45,438,098</b>	<b>2,295,523</b>	<b>47,733,621</b>
Segment assets	598,438,048	35,325,204	633,763,252
Segment liabilities	444,458,562	15,846,885	460,305,447

# Audited Financial Statements

Notes to the Consolidated Financial Statements

## SIBJ CAPITAL LLC AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements – 31 December 2024

#### 45. Subsequent events

In February 2025, the parent of the Group was listed on the London Stock Exchange after successfully completing a reverse takeover by Fintech Asia Limited, and has been subsequently renamed as “ICFG Limited” becoming the ultimate parent of the Group.

In March 2025, SIBJ Capital LLC entered into an agreement to acquire a 51% stake in Insur LLC as part of its strategy to diversify and expand its investment portfolio within the financial sector.

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

#### 46. Mongolian Translation

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

#### 47. Comparative information

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

	2023 Audited MNT'000	Reclassification MNT'000	2023 Audited - reclassified MNT'000
<b>Extract from Statement of financial position</b>			
Loans and advances to customers	486,371,219	470,744	486,841,963
Other financial assets	6,487,532	(470,744)	6,016,788
Other non-financial assets	2,573,925	(13,682)	2,560,243
Current tax liabilities	8,319,490	(13,682)	8,305,808
Deferred tax assets	29,165	(29,165)	–
Deferred tax liabilities	275,745	(29,165)	246,580
Borrowed funds	203,904,504	12,008,492	215,912,996
Due to customers	–	1,150,123	1,150,123
Other liabilities	23,025,886	(13,158,615)	9,867,271
<b>Extract from Statement of profit or loss</b>			
Depreciation of property and equipment	(1,620,311)	107,596	(1,512,715)
Amortisation of right of use assets	(2,236,143)	(113,590)	(2,349,733)
Amortisation of intangible assets	(524,155)	5,994	(518,161)
Interest income calculated using the EIR	126,273,306	(412,944)	125,860,362
Interest expense calculated using the EIR	(48,722,868)	636,792	(48,086,076)
Fee and commission income	17,841,190	524,516	18,365,706
Fee and commission expense	(762,457)	(249,502)	(1,011,959)
Net trading income	581,450	191,686	773,136
Impairment losses on financial instruments	(7,969,438)	(970,602)	(8,940,040)
Other operating income	2,582,773	847,274	3,430,047
Other operating expenses	(15,261,587)	82,630	(15,178,957)
Income tax expense	(16,286,844)	(13,059)	(16,299,903)
<b>Extract from Statement of cash flow</b>			
Net cash flows used in operating activities	(148,225,048)	2,758,005	(145,467,043)
Net cash flows generated from investing activities	(12,454,818)	(3,320,424)	(15,775,242)
Net cash flows generated from financing activities	189,162,639	(203,273)	188,959,366





## 08. Corporate Governance

1. Summary of the Board Report: InvesCore NBFI
2. Summary of the Board Report: Pocket NBFI
3. Summary of the Board Report: InvesCore Capital
4. Summary of the Board Report: InvesCore Property
5. Summary of the Board Report: AILAB

## Corporate Governance

As part of its commitment to corporate governance—respecting shareholders’ rights and ensuring responsible, transparent, and open operations—the Group regularly holds the Annual General Meeting (AGM) of shareholders for InvesCore NBFJ JSC, the parent company of the subgroup and the core business segment. The Group also convenes Board of Directors (BoD) meetings for all other supporting and synergistic subsidiaries, where it is the sole shareholder. Strategic decisions of significant importance are made with the participation of shareholders or Board members.

The AGM for InvesCore NBFJ JSC is scheduled for April 28, 2025, with the following agenda items:

- Presentation of the Board of Directors’ conclusions on the 2024 operations and audited financial statements
- Election of the Board of Directors
- Approval of the 2025 operating budget
- Amendments to Resolution A/04 from the meeting held on April 14, 2023

Within the framework of corporate governance, during the reporting period, the Company’s Board of Directors operated in accordance with applicable laws, regulations, and internal policies to ensure transparency and accountability in its operations. Members of the Board committees for all Group subsidiaries were appointed in compliance with the Company Law and the Corporate Governance Code.

### Executive Compensation and Incentive Performance Criteria

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The performance of the Chief Executive Officer (CEO) of all Group subsidiaries is assessed based on the achievement of targets set out in the Balanced Scorecard system, as outlined in the business plan. Compensation, including salary and additional incentives, is determined by the extent to which these objectives are met.

The performance criteria are organized into four key categories:

- Achievement of financial performance targets
- Achievement of market, product and service, and customer service objectives
- Achievement of internal process improvements and business development goals
- Achievement of human resources and productivity-related objectives

All Group subsidiaries are committed to implementing corporate governance practices that are transparent, accountable, and aligned with international best standards. Subsidiaries operate with a Board of Directors (BoD) that includes a balanced representation of both independent and executive members. The BoD regularly reviews and improves policies and procedures to maintain effective oversight, ensure robust risk management, adhere to ethical standards, and foster transparency. Furthermore, All Group subsidiaries are dedicated to safeguarding the interests of its shareholders, clients, employees, and other stakeholders to ensure sustainable long-term growth.

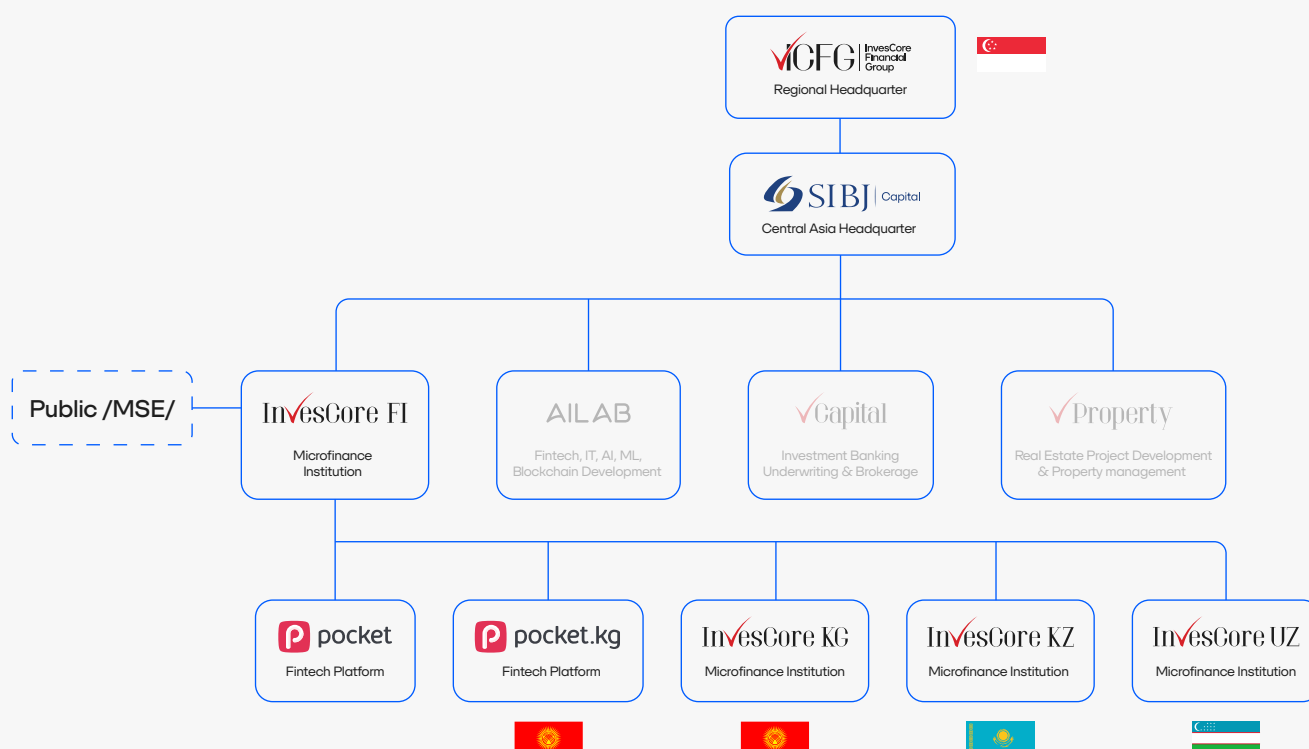
Each subsidiary reports its annual Board activities to the Group, and a summary of those reports is provided below.

# Corporate Governance

Summary of the Board Report: InvesCore NBFI

## Shareholding Structure

Invescore NBFI is a publicly listed company on the Mongolian Stock Exchange, where its shares are openly traded. The company's shareholding structure is transparent, with a well-established management system. Its shareholders include both domestic and international investors, strategic partners, and minority shareholders.



# Corporate Governance

Summary of the Board Report: InvesCore NBFI

## Board of Directors



**Ankhbold Bayanmunkh**

Chairman of the Board of Directors



**Enkhbat Dangaasuren**

Independent Member of the Board of Directors



**Unurjargal Chimedgochoo**

Independent Member of the Board of Directors



**Khashchuluun Chuluundorj**

Independent Member of the Board of Directors



**Bayasgalan Dalaijamts**

Member of the Board of Directors



**Hirohito Namiki**

Member of the Board of Directors



**Purev Ralgaa**

Member of the Board of Directors



**Telmen Tunsag**

Member of the Board of Directors

## Board Committees



# Corporate Governance

Summary of the Board Report: InvesCore NBFI

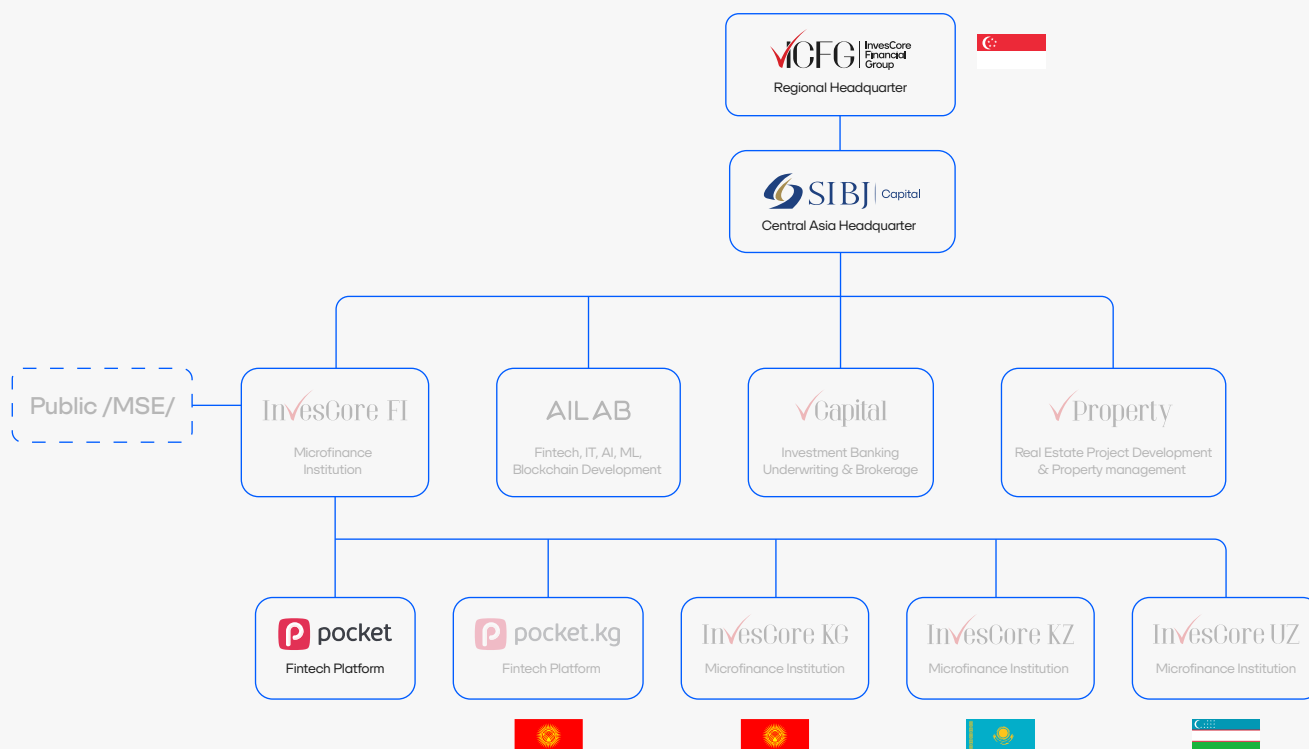
## Board Committees

	Composition	Meetings	Areas
Board	<b>Chairman: Ankhbold Bayanmunkh</b> Independent Directors: 3 Dependent Directors: 4	<b>Total meetings: 36</b> E-voting – 26 Online meeting – 8 In-person meeting- 2	Approval of business plan and budget Operational, financial reports, and management team performance External and international funds Transactions with conflicts of interest
Audit Committee	<b>Chairman: Khashchuluun Chuluundorj</b> Members: Unurjargal Chimedgochoo, Purev Ralga	<b>Total meetings: 16</b> E-voting – 5 Online meeting – 10 In-person meeting- 1	Internal control, internal audit Selection and oversight of external audits Monitoring and assessing transactions with conflicts of interest
Risk Management Committee	<b>Chairman: Unurjargal Chimedgochoo</b> Members: Khashchuluun Chuluundorj, Ankhbold Bayanmunkh	<b>Total meetings: 8</b> E-voting – 2 Online meeting – 6 In-person meeting- 0	Risk policy, risk appetite Risk report Loan approval within the authority granted by the Board
Sustainability Committee	<b>Chairman: Khashchuluun Chuluundorj</b> Members: Bayasgalan Dalajamts, Ankhbold Bayanmunkh	<b>Total meetings: 3</b> E-voting – 0 Online meeting – 2 In-person meeting- 1	ESG report Green financing policy Investments in ESG-related areas
Remuneration Committee	<b>Chairman: Enkhbat Dangaasuren</b> Members: Telmen Tunsag, Unurjargal Chimedgochoo	<b>Total meetings: 1</b> E-voting – 0 Online meeting – 1 In-person meeting- 0	Management team compensation and bonuses Organizational compensation policy and system

# Corporate Governance

Summary of the Board Report: Pocket NBFI

## Shareholding Structure



## Board of Directors



**Bayasgalan Dalaijamts**

Chairman of the Board of Directors



**Dorjpurev Polooj**

Independent Member of the Board of Directors



**Orolmaa Dashnyam**

Member of the Board of Directors



**Tengis Sukhee**

Independent Member of the Board of Directors



**Tuguldur Ochkhoo**

Member of the Board of Directors

# Corporate Governance

Summary of the Board Report: Pocket NBFI

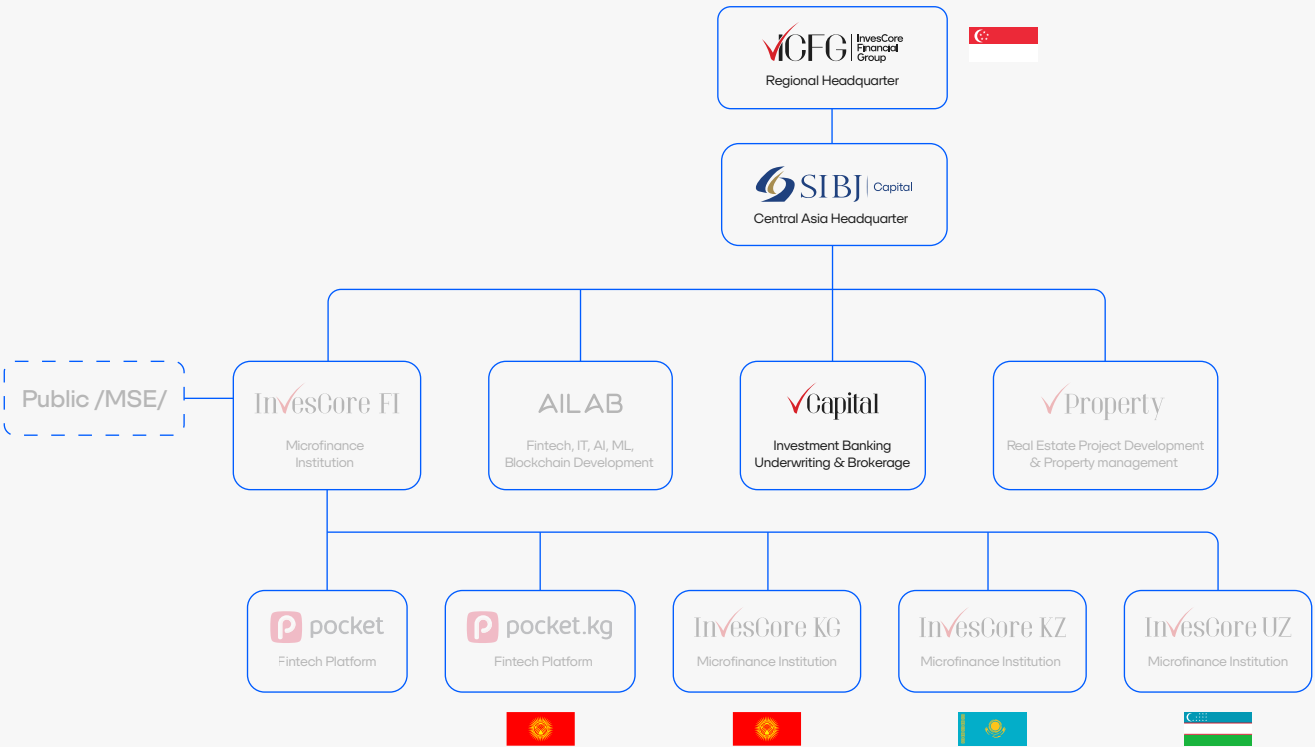
## Board Committees

	Composition	Meetings	Areas
<b>Board</b>	<b>Chairman: Bayasgalan Dalaijamts</b> Independent Directors: 2 Dependent Directors: 3	<b>Total meetings: 21</b> E-voting – 15 Online meeting – 0 In-person meeting- 6	Approval of business plan and budget Operational, financial reports, and management team performance Transactions with conflicts of interest Approval of governance documents
<b>Audit Committee</b>	<b>Chairman: Dorjpurev Polooj</b> Independent Directors: 2 Dependent Directors: 1	<b>Total meetings: 3</b> E-voting – 3 Online meeting – 0 In-person meeting- 0	Internal control, internal audit Selection and oversight of external audits Monitoring and assessing transactions with conflicts of interest
<b>Risk Management Committee</b>	<b>Chairman: Dorjpurev Polooj</b> Independent Directors: 2 Dependent Directors: 1	<b>Total meetings: 1</b> E-voting – 1 Online meeting – 0 In-person meeting- 0	Risk policy, risk appetite Risk report Loan approval within the authority granted by the Board
<b>Nomination Committee</b>	<b>Chairman: Tengis Sukhee</b> Independent Directors: 2 Dependent Directors: 1	<b>Total meetings: 1</b> E-voting – 1 Online meeting – 0 In-person meeting- 0	Selecting candidates for Members of the BoD Defining the Requirements for BoD and the Executive Director
<b>Remuneration Committee</b>	<b>Chairman: Tengis Sukhee</b> Independent Directors: 2 Dependent Directors: 1	<b>Total meetings: 1</b> E-voting – 1 Online meeting – 0 In-person meeting- 0	Management team compensation and bonuses Organizational compensation policy and system

# Corporate Governance

Summary of the Board Report: InvesCore Capital

## Shareholding Structure





## Corporate Governance

Summary of the Board Report: InvesCore Capital

### Board of Directors

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**Ankhbold  
Bayanmunkh**

Chairman of the  
Board of Directors



**Bayasgalan  
Dalaijamts**

Member of the  
Board of Directors

The Board of Directors of InvesCore Capital LLC was elected pursuant to the shareholders' resolution of 2022. The Board was composed of Chairwoman Uyangakhishig G., and members Ankhbold B. and Bayasgalan D.

In 2024, Chairwoman Uyangakhishig was elected as a Member of the State Great Khural (Parliament) of Mongolia. Following her formal request to resign from both the position of Chairwoman and Board Member, she was released from her duties. Subsequently, Board Member Ankhbold was appointed as the new Chairman of the Board of Directors.

The Chairman and Members of the Board of Directors act within the full powers and responsibilities as defined by the Company Law of Mongolia, relevant regulations and codes issued by the Financial Regulatory Commission, the company's charter, and the Board's internal rules of procedure. All decisions are made independently and impartially.

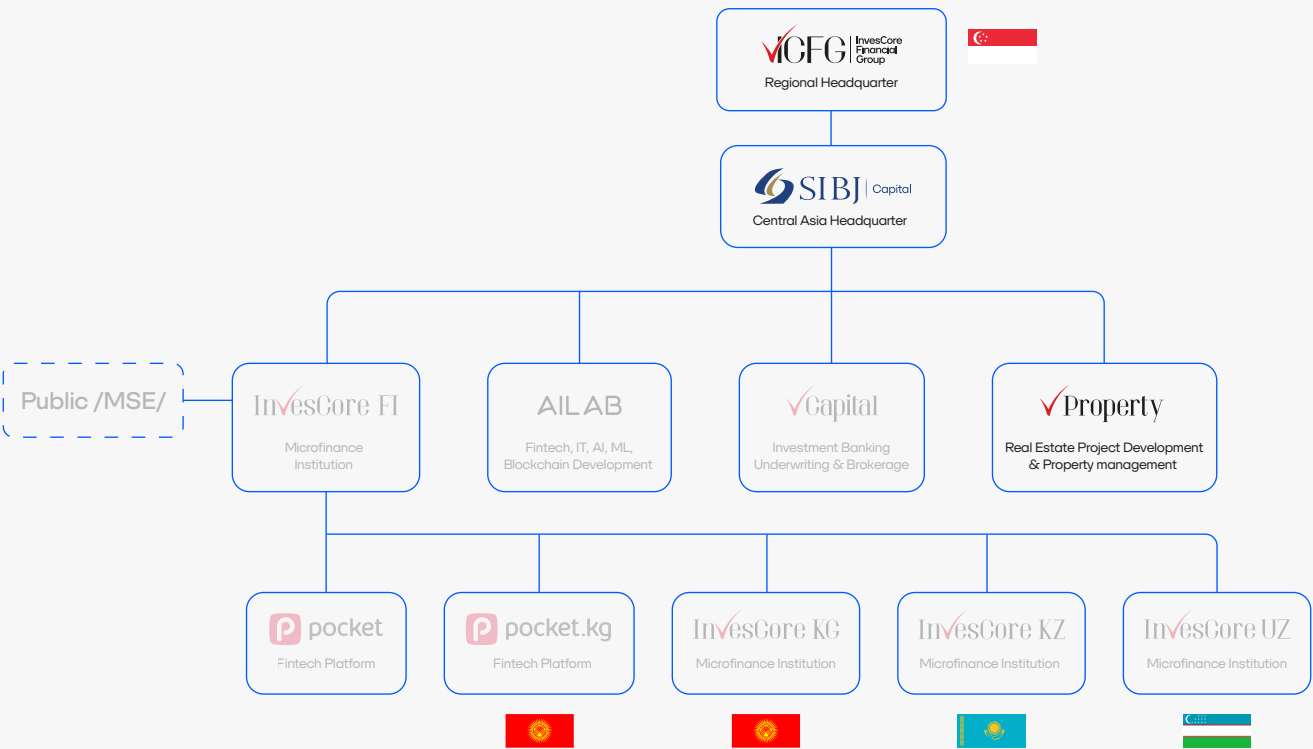
In 2024, the Board held 8 regular and ad hoc meetings and conducted 8 e-voting sessions, passing a total of 30 resolutions. These included:

- Appointment of an external audit firm and approval of contractual terms;
- Decision not to distribute dividends;
- Approval of transactions involving conflicts of interest;
- Approval of internal operational procedures and establishment of a branch office;
- Increase in the CEO's base salary and amendment to the employment contract under special terms;
- Granting authorization to obtain financing;
- Issuance of conclusions on the company's 2023 financial statements;
- Change of the Chairman of the Board of Directors;
- Approval of an underwriting service agreement;

# Corporate Governance

Summary of the Board Report: InvesCore Property

## Shareholding Structure



# Corporate Governance

Summary of the Board Report: InvesCore Property

## Board of Directors



**Ankhbold Bayanmunkh**

Chairman of the Board of Directors



**Baasansuren Boris**

Independent Member of the Board of Directors



**Erdenebileg Sharavkhorol**

Member of the Board of Directors

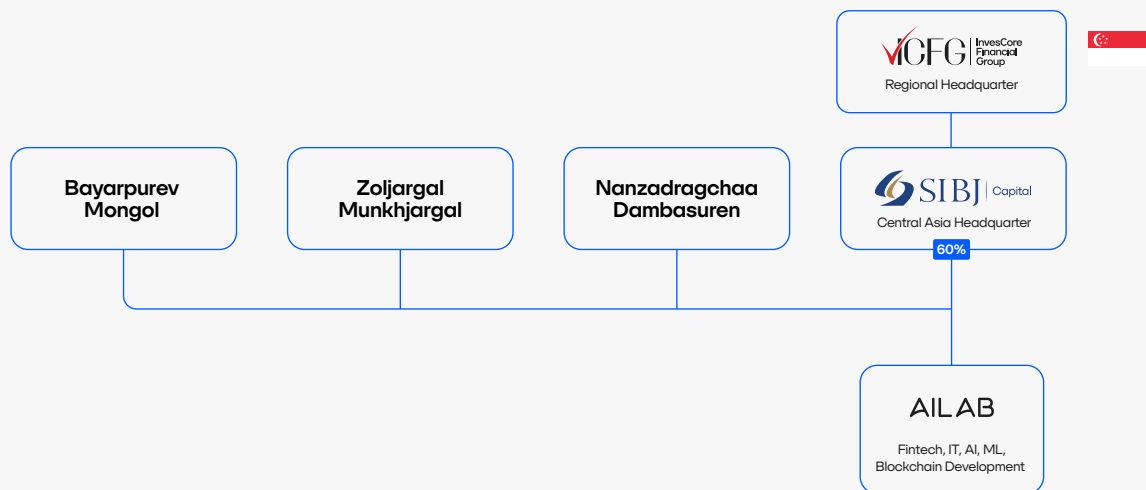
The Board of Directors of InvesCore Property LLC, which includes independent member representation, has been registered with the State Register since November 7, 2024.

	Composition	Meetings	Areas
Board	<b>Chairman: Ankhbold Bayanmunkh</b> Independent Directors: 1 Dependent Directors: 1	<b>Total meetings: 2</b> E-voting – 0 Online meeting – 0 In-person meeting- 2	Approval of operating procedures Selection and oversight of external auditors Approval of business plans and budgets Dividend distribution Review and approval of transactions involving conflicts of interest Granting permissions for related-party transactions

## Corporate Governance

Summary of the Board Report: AILAB

### Shareholding Structure



### Board of Directors



**Ankhbold Bayanmunkh**

Chairman of the Board of Directors



**Orolmaa Dashnyam**

Member of the Board of Directors



**Zoljargal Munkhjargal**

Member of the Board of Directors

The Board of Directors was established in 2022 pursuant to Shareholder Resolution No. A/03, dated November 23, 2022. Since its formation, the Board has actively overseen key areas of corporate governance, including the regular review and enhancement of policies on data privacy, internal operations, and information technology security. It has also convened to evaluate and approve third-party cooperation agreements, ensuring that external partnerships and service contracts align with the company's strategic objectives, compliance requirements, and risk management standards.



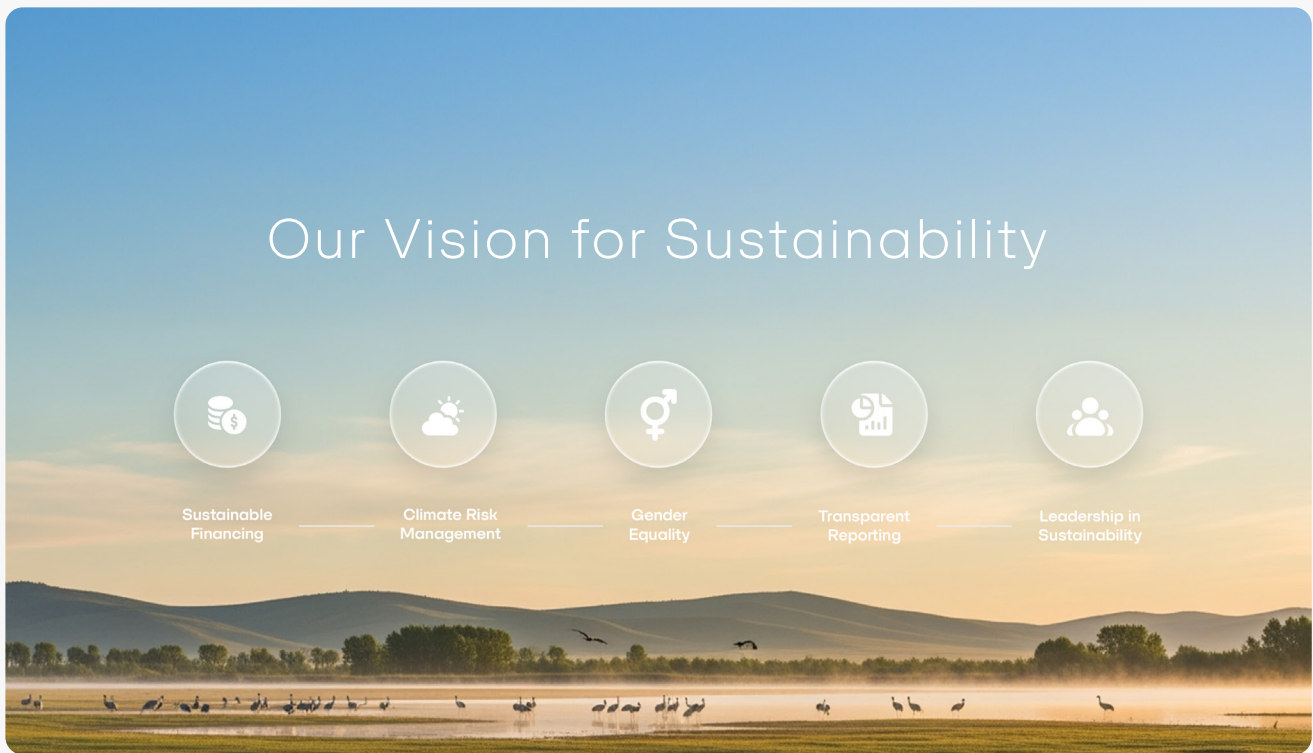
## 09. ESG Report Summary


# ESG Report Summary

While the Group intends to formalize ESG risk management by bringing it under the oversight of the Group Risk and Audit Officer in the future, the core business segment has already implemented ESG governance and risk frameworks out of necessity. Our other subsidiaries, Pocket NBFI and InvesCore Property, have begun implementing certain sustainability initiatives. Accordingly, this section presents the ESG report of InvesCore NBFI, along with selected highlights from the two subsidiaries.

Refer to <https://gateway.invescore.mn/fs-dev/file/get-file?filename=1753266638673SustainabilityReport2024.pdf> and <https://cdn.pocket.mn/ESG-2024.pdf> for the full reports of both InvesCore NBFI and Pocket NBFI for more information.


## InvesCore NBFI





**Policy**

- To serve as a bridge for sustainable finance
- To be a leading financial institution in Environmental and Social Governance

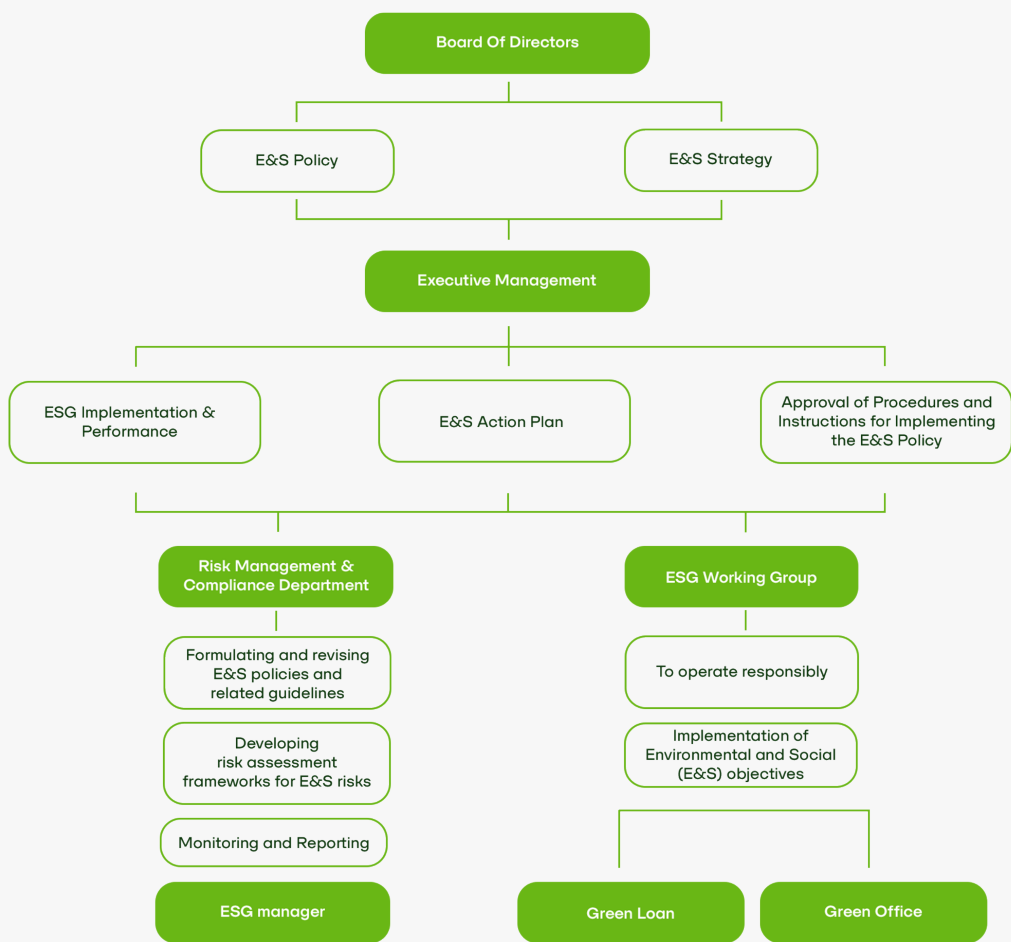


**Strategy**

- Supporting sustainable finance
- To be a responsible financier

# ESG Report Summary

InvesCore NBFJ JSC aims to be a leading financial institution in environmental and social governance (ESG) by serving as a bridge for sustainable finance in the microfinance sector and promoting responsible financing in line with its Environmental and Social Policy.



## Open grievance mechanism and preventive measures against adverse impacts in Environmental and Social Governance

InvesCore NBFJ JSC is committed to responsibly managing and effectively mitigating environmental and social risks arising from the business activities it finances through an appropriate management system.

In this regard, we have implemented an open grievance mechanism via our official website to transparently receive and address complaints related to environmental and social risks and adverse impacts.

For each complaint received, we provide a professional response and promptly take necessary actions. This system forms an integral part of our Environmental and Social Policy as well as our Quality Management System.



**Environmental and Social (E&S) Professional Council**

In 2024, InvesCore NBFI served as the chair of the Professional Council of Non-Bank Financial Institutions under the Mongolian Sustainable Finance Association

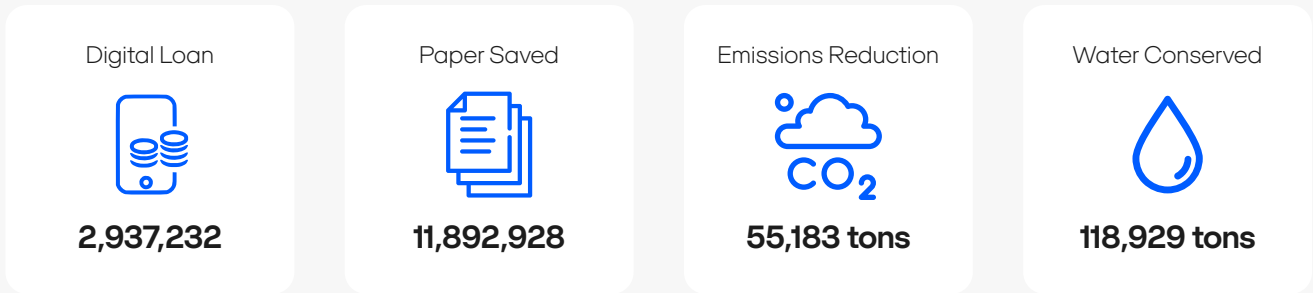
**Client training on Sustainable Finance**

With the vision of building a sustainable and green future together with its clients, InvesCore NBFI organized a dedicated training for business clients to raise awareness about sustainable finance opportunities, how entrepreneurs can contribute to the Sustainable Development Goals (SDGs), and how to align their operations with sustainable finance requirements.



# ESG Report Summary

## Pocket NBF



In 2024, Pocket NBF LLC facilitated 2,937,232 digital loan disbursements, eliminating the need for 11,892,928 sheets of paper. As a result, the company achieved an estimated reduction of 55,183 tons of CO<sub>2</sub>-equivalent emissions and conserved approximately 118,929 tons of water, underscoring its commitment to environmental sustainability.



Raising Awareness on Sustainable Development: During the three-day “Cyber Expo,” which attracted 22,000–25,000 visitors, Pocket set up an ESG information booth. The booth showcased the company’s sustainability initiatives and results, while also raising public awareness on the meaning and importance of sustainable development.



Financial Literacy for Customers: Through its official social media page and mobile application, the company published 104 financial tips and advisory content to help customers better manage their personal finances. In addition, it promoted the adoption of digital contracts to reduce paper usage, reaching a total of 2,566,277 individuals via its digital channels.

# ESG Report Summary

## InvesCore Property



IC Tower Office, the company's first project developed for office and service use, was designed to meet the EDGE Advanced international green building standards and began its journey in 2024 to become Mongolia's first office tower to achieve this certification, which is expected to be awarded in 2025. Key sustainability features implemented to meet these requirements include:

Energy consumption reduced by 41% through:

- Efficient heating systems
- Optimized window-to-facade ratio

Clean water consumption reduced by 35% through:

- Low-pressure taps in restrooms
- Low-pressure kitchen taps
- Water-saving restroom fixtures

Greenhouse gas emissions reduced by 29% through:

- Aluminum window frames with triple-glazed windows
- Structural reinforcement designed to minimize carbon emissions

Since 2024, the company has introduced modern waste management principles and solutions across the facility management projects, including the Khoimor Office, IC Tower Office, and Ambassador Residence. In that year alone, the company delivered a total of 248 kg of plastic waste to recycling facilities.

To support effective implementation, waste separation points have been installed on every floor of the projects, and tenants and residents are provided with clear guidance. The Facility Management Department also delivers regular awareness campaigns, instructions, and training materials to encourage active participation in waste reduction and recycling.



# 10. Information to Investors and Shareholders

## Information to Investors and Shareholders

### Registered and Head Office:

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15th floor, IC Tower, Paris Street, Sukhbaatar District, Ulaanbaatar

### Telephone Number:

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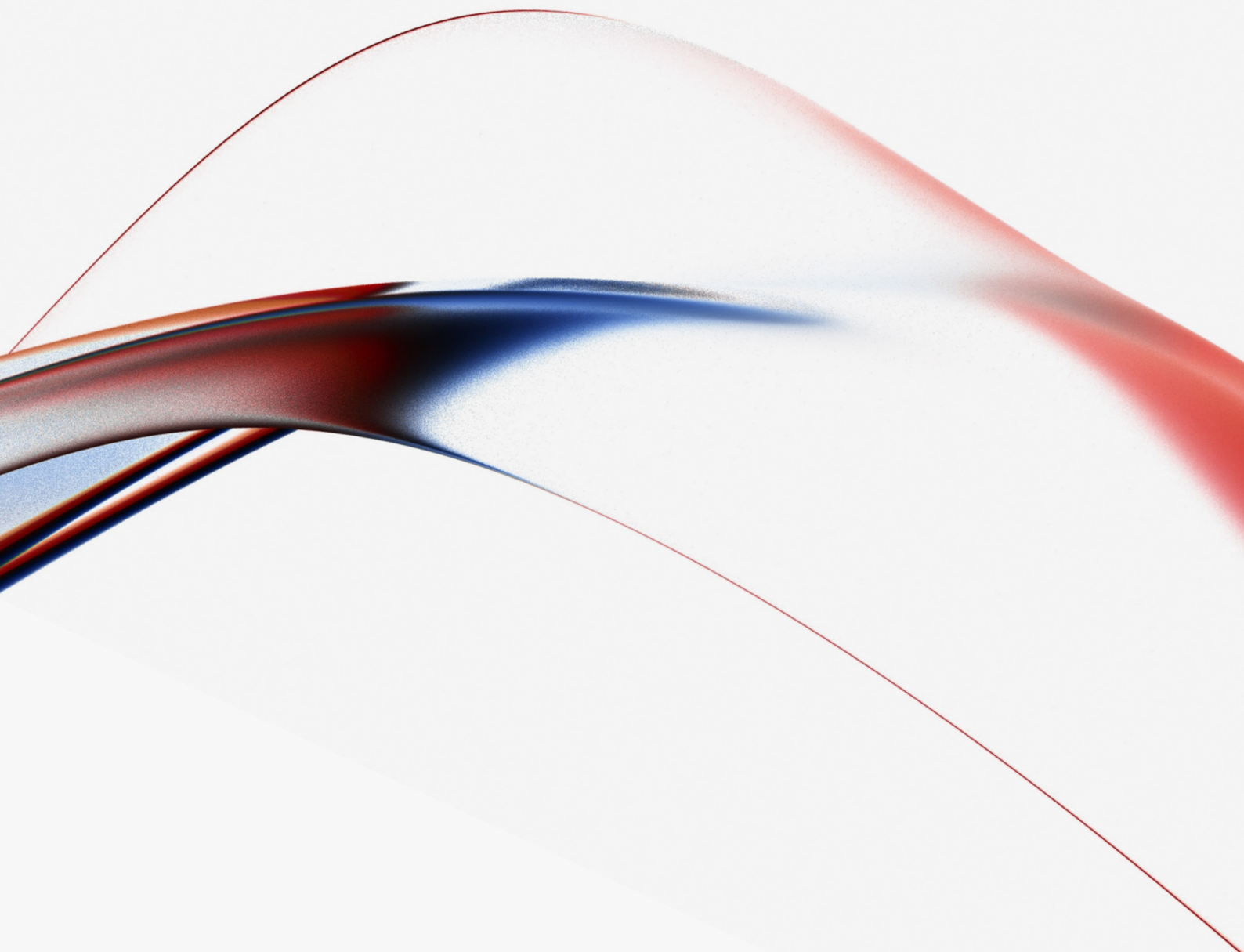
7889-4561, 7894-1223

### Auditor

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Ernst & Young Mongolia Audit LLC



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