

**MIK HOLDING JSC AND ITS
SUBSIDIARIES**
(Incorporated in Mongolia)

**Unaudited interim condensed
consolidated financial information**

31 March 2024

MIK HOLDING JSC AND ITS SUBSIDIARIES
FOR THE PERIOD ENDED 31 MARCH 2024
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STATEMENT BY EXECUTIVES

We, Gantulga Badamkhatan, being the Chief Executive Officer, and Sansar Ganbaatar, being the Chief Operating Officer, primarily responsible for the consolidated financial information of MIK Holding JSC and its subsidiaries (herein collectively referred to as the “Group”), do hereby state that, in our opinion, the accompanying interim condensed consolidated financial information present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024 and its financial performance and its cash flows for the three-months period ended in accordance with IAS 34 Interim Financial Reporting (IAS34).



Ulaanbaatar, Mongolia
Date: 15 May 2024

Sansar Ganbaatar
Chief Operating Officer

MIK HOLDING JSC AND ITS SUBSIDIARIES

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three-month period ended 31 March 2024

	Notes	Unaudited three months ended	
		31 March 2024 MNT'000	31 March 2023 MNT'000
Interest income	3	94,052,063	90,650,621
Interest expense	4	(82,578,214)	(73,073,743)
Net interest income		<u>11,473,849</u>	<u>17,576,878</u>
Fee and commission expense	5	(4,433,066)	(4,213,418)
Total operating income		<u>7,040,783</u>	<u>13,363,460</u>
Credit loss reversal/(expense)	6	1,074,563	(2,254,719)
Net gain on financial assets at fair value through profit or loss	16	96,683	179,756
Net gain/(loss) on change in fair value of derivative financial instruments	17	(8,256,576)	13,339,435
Net operating profit/(loss)		<u>(44,547)</u>	<u>24,627,932</u>
Operating expenses	7	(5,259,054)	(3,590,311)
Other expenses, net	8	(23,862,430)	(6,578,819)
Profit/(loss) before tax		<u>(29,166,031)</u>	<u>14,458,802</u>
Income tax expense	9	(71,493)	(3,227,845)
Profit/(loss) for the period, representing total comprehensive income/(loss)		<u><u>(29,237,524)</u></u>	<u><u>11,230,957</u></u>
Earnings/(loss) per share (MNT)			
Basic and diluted loss per share	10	<u>(1,917.61)</u>	<u>736.61</u>

MIK HOLDING JSC AND ITS SUBSIDIARIES**Interim Condensed Consolidated Statement of Financial Position**

As at 31 March 2024

	Notes	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
ASSETS			
Cash and bank balances	11	383,001,906	343,498,698
Debt instruments at amortised cost	12	142,630,538	131,545,865
Mortgage pool receivables with recourse	13	207,391,314	203,662,983
Loan receivables with recourse	14	36,001,379	23,905,581
Purchased mortgage pool receivables	15	3,984,322,979	4,082,796,161
Financial assets at fair value through profit or loss	16	137,050,519	137,673,182
Derivative financial instruments	17	-	152,847,243
Other assets	18	50,649,724	59,365,821
Property and equipment	19	34,354,048	34,800,079
Intangible assets	20	921,911	260,948
Income tax prepayments		173,886	190,620
Deferred tax assets		-	9,619,187
TOTAL ASSETS		4,976,498,204	5,180,166,368
LIABILITIES			
Other liabilities	21	23,815,118	18,241,664
Borrowed funds	22	29,835,337	9,577,148
Debt securities	23	699,007,502	760,736,859
Collateralised bonds	24	4,184,674,536	4,317,570,902
Derivative financial liability		7,417,133	-
Income tax payables		1,140,073	1,976,169
Deferred tax liabilities		21,582,237	33,799,834
TOTAL LIABILITIES		4,967,471,936	5,141,902,576
EQUITY			
Ordinary shares		20,709,320	20,709,320
Share premium		52,225,115	52,225,115
Treasury shares		(62,143,136)	(62,143,136)
Reserve		(1,765,031)	27,472,493
TOTAL EQUITY		9,026,268	38,263,792
TOTAL LIABILITIES AND EQUITY		4,976,498,204	5,180,166,368

MIK HOLDING JSC AND ITS SUBSIDIARIES**Interim Condensed Consolidated Statement of Changes in Equity****For the three-month period ended 31 March 2024**

	Ordinary shares	Share premium	Treasury shares	Retained earnings/ (Accumulated losses)*	Total equity
	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000
At 1 January 2023	20,709,320	52,225,115	(62,143,136)	(641,163)	10,150,136
Total comprehensive loss	–	–	–	28,113,656	28,113,656
At 31 December 2023 and 1 January 2024	20,709,320	52,225,115	(62,143,136)	27,472,493	38,263,792
Total comprehensive loss	–	–	–	(29,237,524)	(29,237,524)
At 31 March 2024	<u>20,709,320</u>	<u>52,225,115</u>	<u>(62,143,136)</u>	<u>(1,765,031)</u>	<u>9,026,268</u>

* Included in retained earnings as at 31 March 2024 are restricted retained earnings of MNT 190,318,186 thousand (31 March 2023: MNT 147,610,827 thousand) that are attributable to the Group's Special Purpose Companies ("SPCs"). The restriction relates to the issuance of Residential Mortgage-Backed Securities ("RMBS"), whereby the retained earnings of the SPCs that have issued RMBSs are restricted from distribution until their liquidation in accordance with their Articles of Charter and related Financial Regulatory Commission ("FRC") regulation.

MIK HOLDING JSC AND ITS SUBSIDIARIES

Interim Condensed Consolidated Statement of Cash Flows

For the three-month period ended 31 March 2024

		Unaudited three months ended	
		31 March 2024	31 March 2023
		MNT'000	MNT'000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(29,166,030)	14,458,802
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Interest on borrowed funds	4	720,175	870,046
Interest on debt securities	4	26,588,750	20,332,275
Loss/(gain) on repurchase of debt securities issued	8	27,284,776	(1,436,163)
Gain on disposal of property and equipment	8	(1,075)	(2,649)
Credit loss expense/(reversal)	6	(1,074,563)	2,254,719
Depreciation of property and equipment	7	459,954	475,562
Amortisation of intangible assets	7	87,443	62,249
Unrealised foreign exchange loss/(gain), net	8	(3,397,663)	10,965,874
Write-off of property and equipment	8	343	(283)
Gain on redemption of preference shares	8	(30,654)	–
Discount reversal on other assets	8	(33,403)	–
Net gain on financial assets at FVPL	16	(96,683)	(179,760)
Net loss/(gain) on derivative financial instruments	17	8,256,576	(13,339,435)
<i>Operating profit before working capital changes</i>		<u>29,597,946</u>	<u>34,461,237</u>
<i>Changes in working capital:</i>			
Due from banks – placement with original maturities of more than three months		–	–
Due from banks – placement with banks classified as Stage 3		38,415	654,520
Debt instruments at amortised cost		(5,313,932)	3,459,655
Mortgage pool receivables with recourse		(4,358,605)	165,669,415
Loan receivables with recourse		(12,559,125)	174,587
Purchased mortgage pool receivables		100,173,724	93,967,870
Other assets		8,749,506	(141,599,981)
Collateralised bonds		(132,896,365)	(60,910,859)
Other liabilities		<u>5,573,601</u>	<u>5,548,250</u>
Cash generated from/(used in) operations		<u>(10,994,835)</u>	<u>101,424,694</u>
Interest paid classified as operating activities		(31,637,628)	(38,996,647)
Income tax paid		(10,034,280)	3,294,612
Income tax withheld by others		<u>6,545,011</u>	<u>(4,507,165)</u>
Net cash flows generated from/(used in) operating activities		<u>(46,121,732)</u>	<u>61,215,494</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in debt instruments at amortised cost		(20,000,000)	(5,995,000)
Investment in financial assets at FVPL		–	(198,610)
Proceeds from repayment of debt instruments at amortised cost		12,000,000	9,505,000
Proceeds from disposal of financial assets at FVPL		750,000	1,250,000
Proceeds from disposal of property and equipment		1,075	–
Purchase of property and equipment		(14,265)	(24,030)
Purchase of intangible assets		<u>(748,407)</u>	<u>(1,901)</u>
Net cash flows generated from/(used in) investing activities		<u>(8,011,597)</u>	<u>4,535,459</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from borrowed funds		20,000,000	–
Net proceeds from issuance of debt securities		749,719,712	498,004
Net proceeds from maturity of derivative financial instruments		152,007,800	–
Repayment of borrowed funds		(122,447)	(5,110,163)
Repayment of debt securities issued		(723,102,127)	–
Repurchase of debt securities issued		<u>(102,741,506)</u>	<u>(19,080,449)</u>
Net cash flows generated from/(used in) financing activities		<u>95,761,432</u>	<u>(23,692,608)</u>

MIK HOLDING JSC AND ITS SUBSIDIARIES**Interim Condensed Consolidated Statement of Cash Flows****For the three-month period ended 31 March 2024**

	Unaudited three months ended	
	31 March 2023	31 March 2023
	MNT'000	MNT'000
Notes		
Net increase in cash and cash equivalents	41,628,103	42,058,345
Effect of exchange rate changes on cash and cash equivalents	(2,202,934)	(1,319,805)
Cash and cash equivalents at 1 January	343,529,460	117,297,737
Cash and cash equivalents at 31 March	11 <u>382,954,629</u>	<u>158,036,277</u>

HOLDING JSC AND ITS SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

1. Corporate and Group information

MIK Holding JSC (the “Company”) was incorporated on 23 April 2008 under the Company Law of Mongolia. The Company remained dormant since incorporation and reorganized to become a holding company on 14 December 2015, together with its subsidiaries (collectively referred to as the “Group”). The Group comprises of MIK Holding JSC, Mongolian Mortgage Corporation HFC LLC (“MIK HFC”), MIK Asset Special Purpose Companies (“SPCs”), MIK Real Estate LLC and MIK Protego First LLC.

The Group’s principal place of business and the registered address is Chingeltei district, 1st khoroo, Sukhbaatar Square street 11, Ulaanbaatar City, Mongolia.

The Group’s objective is to develop a secondary market for mortgage loans in Mongolia by acquiring them from the commercial banks and thus providing the banking sector with additional liquidity, which can be used for further growth of mortgage lending. Its principal activities include purchases of mortgage loans issued by Mongolian commercial banks and the issuance of bonds, which are collateralised by the cash flows from the repayment of the mortgage pools.

The registered share capital of MNT 20,709,320 thousand (2022: MNT 20,709,320 thousand) consists of 20,709,320 (2022: 20,709,320) common shares at par value of MNT 1,000 (2022: MNT 1,000) each.

The business activity of issuing asset backed securities became a licensed activity in Mongolia effective from 1 January 2011 in accordance with the Asset Backed Securities Law of Mongolia which was approved on 23 April 2010.

MIK HFC was incorporated on 4 September 2006 under the Company Law of Mongolia and is a wholly owned subsidiary of the Company. On 14 March 2012, MIK HFC was granted, by the FRC, a special license for the issuance of asset backed securities.

All SPCs are incorporated in Mongolia and the principal activities of the SPCs are purchase of mortgage loans, issuance of RMBS, investment activities in securities issued by the government, central bank and legal entity and placement of term deposits with qualifying banks as governed by the Articles of the Charter of each SPC and relevant FRC regulations.

The interim condensed consolidated financial information of the Group were authorized for issue in accordance with the resolution of Chief Executive Officer on 15 May 2024.

2. Significant accounting policies

2.1. Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2024 have been prepared in accordance with *IAS 34 Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2023.

2.2. New and amended standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial information for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. 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 information.

Other amendments and interpretations apply for the first time 2024, but do not have a material impact on the Group’s consolidated financial information. The other standards and amendments include the following:

- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*
- Amendments to IAS 1 *Non-current Liabilities with Covenants*
- Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangement*

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any impact on the Group’s financial information.

HOLDING JSC AND ITS SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

2. Significant accounting policies (cont'd.)

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

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability does not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

The amendments are not expected to have a material impact on the Group's consolidated financial information.

Non-current liabilities with Covenants – Amendments to IAS 1

In October 2022, the IASB issued the 2022 Amendments to IAS 1 to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision.

Supplier Finance Arrangement – Amendments to IAS 7 and IFRS 7

The IASB decided to amend IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

An entity applies the amendments to IAS 7 for annual reporting periods beginning on or after 1 January 2024 (with earlier application permitted) and the amendments to IFRS 7 when it applies the amendments to IAS 7.

The amendments are not expected to have a material impact on the Group's consolidated financial information.

3. Interest income and similar income

	Unaudited three months ended	
	31 March 2024	31 March 2023
	MNT'000	MNT'000
<i>Interest income calculated using the effective interest method</i>		
Purchased mortgage pool receivables (without recourse)	71,697,272	68,230,955
Mortgage pool receivables with recourse	6,288,906	6,643,603
Debt instruments at amortised cost	5,802,507	5,654,408
Bank balances	4,096,325	2,039,704
Loan receivables with recourse	1,233,373	3,129,883
	<u>89,118,383</u>	<u>85,698,553</u>
<i>Other interest income</i>		
Financial assets at FVPL	<u>4,933,680</u>	<u>4,952,068</u>
	<u>94,052,063</u>	<u>90,650,621</u>

HOLDING JSC AND ITS SUBSIDIARIES**Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024****4. Interest expense**

	Unaudited three months ended	
	31 March 2024	31 March 2023
	MNT'000	MNT'000
<i>Interest expense calculated using the effective interest method</i>		
Collateralised bonds	51,994,360	48,681,154
Debt securities issued	26,588,750	20,332,274
Borrowed funds	720,175	870,047
	<u>79,303,285</u>	<u>69,883,475</u>
<i>Other interest expense</i>		
Derivative financial instruments	3,274,929	3,190,268
	<u>82,578,214</u>	<u>73,073,743</u>

5. Fee and commission expense

	Unaudited three months ended	
	31 March 2024	31 March 2023
	MNT'000	MNT'000
Loan service fee	4,426,121	4,202,984
Bank service charge	6,945	10,434
	<u>4,433,066</u>	<u>4,213,418</u>

6. Credit loss expense/(reversal)

	Unaudited three months ended	
	31 March 2024	31 March 2023
	MNT'000	MNT'000
Debt instruments at amortised cost	1,293,214	(1,180,006)
Loan receivables with recourse	463,326	453,546
Cash and bank balances	(116,454)	(1,065)
Mortgage pool receivables with recourse	(1,014,100)	(1,197,647)
Purchased mortgage pool receivables (without recourse)	(1,700,549)	4,179,891
	<u>(1,074,563)</u>	<u>2,254,719</u>

7. Operating expenses

	Unaudited three months ended	
	31 March 2024	31 March 2023
	MNT'000	MNT'000
Personnel expenses	3,520,125	1,980,750
Depreciation expense	459,954	475,562
Business trip expense	331,976	343,403
Professional service fees	377,169	237,273
Amortisation of intangible assets	87,443	62,249
Advertisement expense	98,563	39,563
Property tax expense	53,994	53,994
Utility expense	18,727	18,867
Other operating expenses	311,103	378,650
	<u>5,259,054</u>	<u>3,590,311</u>

HOLDING JSC AND ITS SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

8. Other income/(expenses), net

	Unaudited three months ended	
	31 March 2024	31 March 2023
	MNT'000	MNT'000
Unrealised foreign exchange gain/(loss), net	3,397,663	(7,845,327)
Discount reversal on other receivables	33,403	-
Gain on redemption of preference shares	30,654	-
Gain on disposal of PPE	1,075	2,649
Write-off of property and equipment	(343)	(283)
Entertainment expense	(6,123)	(1,208)
Realised foreign exchange loss, net	(55,041)	(170,828)
Gain/(loss) on repurchase of debt securities issued	(27,284,776)	1,462,146
Others	21,058	(25,968)
	<u>(23,862,430)</u>	<u>(6,578,819)</u>

9. Income tax

The components of income tax expense for the three months period ended 31 March 2024 and 2023 are:

	Unaudited three months ended	
	31 March 2024	31 March 2023
Current tax		
Current income tax	2,669,904	2,407,768
Deferred tax		
Relating to origination of temporary differences	(2,598,411)	820,077
	<u>71,493</u>	<u>3,227,845</u>

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.

10. Earnings/(loss) per share

The following table shows the basic and diluted earnings/(loss) per share calculations:

	Unaudited three months ended	
	31 March 2024	31 March 2023
	MNT'000	MNT'000
Profit/(loss) for the year and total comprehensive income/(loss) for the year (net of tax) attributable to equity holder of the Parent	<u>(29,237,524)</u>	<u>11,230,957</u>
Weighted-average number of ordinary shares for basic and diluted earnings/(loss) per share*	<u>15,246,891</u>	<u>15,246,891</u>
Earnings/(loss) per share		
	MNT	MNT
Equity holders of the Parent for the year:		
Basic and diluted earnings/(loss) per share	<u>(1,917.61)</u>	<u>736.61</u>

* The weighted-average number of shares takes into account treasury shares held by the Group.

HOLDING JSC AND ITS SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

11. Cash and bank balances

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Cash on hand	73,736	89,815
Current accounts with banks	210,909,105	153,321,275
Term deposits with banks	149,473,516	153,211,701
Trust accounts with banks	18,530,544	23,249,873
Collection accounts with banks	4,369,520	14,097,003
Gross carrying amount	383,356,421	343,969,667
Allowance for impairment losses	(354,515)	(470,969)
Net carrying amount	383,001,906	343,498,698

All bank accounts are placed in commercial banks operating in Mongolia, and most of these commercial banks are shareholders of the Group. The trust accounts with banks represent current accounts where the collections made by commercial banks on behalf of the Group on the purchased mortgage pool receivables are accumulated and are deposited into the current accounts on monthly basis. The collection account is used for repayment of the RMBS. The carrying amount of cash and cash equivalents approximates fair value.

Additional cash flow information

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Cash and bank balances	383,356,421	343,969,667
Less: Cash and bank balances classified as Stage 3	(401,792)	(440,207)
Total cash and cash equivalents for the consolidated statement of cash flows	382,954,629	343,529,460

11.1. Impairment allowance for cash and bank balances

	Unaudited 31 March 2024 MNT'000
At 1 January	470,969
Credit loss reversal (Note 7)	(116,454)
At 31 March	354,515

12. Debt instruments at amortised cost

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Gross loan notes receivables	166,814,138	154,436,254
Allowance for impairment losses	(24,183,600)	(22,890,389)
Net debt instruments at amortised cost	142,630,538	131,545,865

Loan notes receivables

Included in the debt instruments at amortised cost are loan notes from Bodi International LLC (“Bodi”), QSC LLC and callable bonds from Globull Investment and Development PTE Ltd (“Globull”) amounting to MNT 20.5 billion, MNT 45.4 billion and MNT 93.1 billion, respectively (31 December 2023: MNT 144.7 billion). The notes are repayable from January 2024 to December 2026 (see Note 27).

As of 31 March 2024, the Group purchased loan notes from certain entities for a total consideration of MNT 20.0 billion and received MNT 12 billion from the principal repayment of the debt instruments at amortised cost.

HOLDING JSC AND ITS SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

12. Debt instruments at amortised cost (cont'd.)

Loan notes receivables (cont'd.)

12.1. Impairment allowance for debt instruments at amortised cost

	Unaudited 31 March 2024 MNT'000
At 1 January	22,890,386
Credit loss expense (Note 7)	1,293,214
At 31 March	<u>24,183,600</u>

13. Mortgage pool receivables with recourse

The Group acquires mortgage pool receivables with recourse from commercial banks, most of whom are shareholders of the Group. The Group has the right to request from the respective commercial bank, when any individual mortgage loan is overdue more than 90 days, either to replace the defaulted loan with another performing mortgage loan with similar terms or to pay immediately in cash an amount equal to the carrying amount of the defaulted loan plus accumulated interest. Thus, mortgage pool receivables with recourse represent, in substance, loans issued to commercial banks in Mongolia, which are collateralised by related mortgage loan receivables of those commercial banks, as well as by the related residential properties that are used as collateral, as additional guarantee.

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Mortgage pool receivables	203,106,757	194,882,673
Accrued interest receivables	4,621,749	10,131,602
Gross mortgage pool receivables with recourse	<u>207,728,506</u>	<u>205,014,275</u>
Allowance for impairment losses	(337,192)	(1,351,292)
Net mortgage pool receivables with recourse	<u>207,391,314</u>	<u>203,662,983</u>

13.1. Impairment allowance for mortgage pool receivables with recourse

	Unaudited 31 March 2024 MNT'000
At 1 January	1,351,292
Credit loss reversal (Note 7)	(1,014,100)
At 31 March	<u>337,192</u>

14. Loan receivables with recourse

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Gross loan receivables with recourse	36,474,456	23,915,332
Allowance for impairment losses	(473,077)	(9,751)
Net loan receivables with recourse	<u>36,001,379</u>	<u>23,905,581</u>

Loan receivables with recourse represent consumer loan receivables from individual borrowers and legal entities, purchased from financial institutions.

The Group has the right to request from the respective originator, when any individual loan is overdue more than 90 days, either to replace the defaulted loan with another performing consumer loan with similar terms or to pay immediately in cash an amount equal to the carrying amount of the defaulted loan plus accumulated interest. Thus, similar to mortgage pool receivables with recourse, loan receivables with recourse represent, in substance, loans issued to financial institutions in Mongolia, which are collateralised by the loan receivables of those institutions, as well as by the related assets that are used as collateral, as additional guarantee.

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Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

14. Loan receivables with recourse (cont'd.)

14.1. Impairment allowance for loan receivables with recourse

	Unaudited 31 March 2024 MNT'000
At 1 January	9,751
Credit loss expense (Note 7)	463,326
At 31 March	<u>473,077</u>

15. Purchased mortgage pool receivables

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Purchased mortgage pool receivables	3,973,227,657	4,073,236,651
Accrued interest receivables	16,949,624	17,114,361
Gross purchased mortgage pool receivables	<u>3,990,177,281</u>	<u>4,090,351,012</u>
Allowance for impairment losses	(5,854,302)	-7,554,851
Net purchased mortgage pool receivables	<u>3,984,322,979</u>	<u>4,082,796,161</u>

Purchased mortgage pool receivables represent mortgage loan receivables due from individual borrowers, purchased from Mongolian commercial banks, most of whom are shareholders of the Group. All significant risks and rewards related to these mortgage loans, including the rights to the related collateral, are fully transferred to the Group at acquisition of the mortgage pools.

15.1. Impairment allowance for purchased mortgage pool receivables

	Unaudited 31 March 2024 MNT'000
At 1 January	7,554,851
Credit loss reversal (Note 7)	(1,700,549)
At 31 March	<u>5,854,302</u>

16. Financial assets at fair value through profit or loss

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Fair value as at 1 January	137,673,182	137,419,577
Redeemed	(750,000)	(1,250,000)
Acquisitions	-	198,610
Net gain from change in fair value through profit or loss	96,683	1,245,099
Gain on redemption of financial assets	30,654	59,896
Fair value as at 31 March	<u>137,050,519</u>	<u>137,673,182</u>

Investment in preference shares

On 7 December 2020, the Group purchased 30,000 preference shares of TDB Capital LLC, a shareholder of TDB, with a par value of MNT 5 million per share for a total consideration of MNT 150 billion. The preference shares have an annual dividend rate of the BoM policy rate plus 1 percent.

In prior years, TDB Capital LLC repurchased 1,340 preference shares for MNT 6.7 billion.

In February 2024, it was agreed that TDB Capital LLC would repurchase all preference shares, along with the accrued dividend, in three instalments with principal amount of MNT 28.3 billion in December 2024, MNT 45 billion in December 2025 and MNT 70 billion in December 2026.

HOLDING JSC AND ITS SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

16. Financial assets at fair value through profit or loss (cont'd.)

Investment in preference shares (cont'd.)

On 27 March 2024, TDB Capital LLC repurchased 150 preference shares for MNT 0.75 billion, resulting in a gain of MNT 30,654 thousand (see note 8).

As at 31 March 2024, the outstanding units of the preference shares are 28,510 (2023: 28,660).

Management classified the investment in preference shares as a financial asset at FVPL.

Investment in quoted shares

On 6 January 2023, the Group purchased quoted shares of Mongolian Stock Exchange ("MSE"), with a par value of MNT 100 per share for a total consideration of MNT 198,610 thousand.

17. Derivative financial assets/(liabilities)

On 23 February 2024, the Group extended its cross-currency swap agreement entered with a commercial bank until 4 January 2027 to manage the risk of variability of cash flows denominated in USD from its Senior Notes issued on the international market in February 2024 (see Notes 23). With the amendment, the nominal amount was reduced from USD 196 million to USD 131 million, with interest payable quarterly on a net basis.

The table below shows the fair value of derivative financial instruments recorded as assets/(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.

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Fair value as at 1 January	152,847,243	160,885,601
Net loss on derivative financial instruments	(8,256,576)	(8,038,358)
Realized gain from maturity of derivative financial instruments	(152,007,800)	-
Fair value as at 31 March	<u>(7,417,133)</u>	<u>152,847,243</u>

18. Other assets

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Financial assets		
Other receivables	50,346,007	57,102,169
Less: Allowance for other receivables	(6,348,713)	(6,382,117)
	<u>43,997,294</u>	<u>50,720,052</u>
Non-financial assets		
Prepayments	3,027,197	5,104,381
Value-added tax receivables	3,052,354	3,045,601
Consumables and office supplies	371,680	361,610
Other assets	201,199	134,177
	<u>6,652,430</u>	<u>8,645,769</u>
	<u>50,649,724</u>	<u>59,365,821</u>

Included in other receivables as at 31 March 2024 is accrued interest on preference shares held in TDB Capital LLC of MNT 50,161,978 thousand (31 December 2023: MNT 45,490,879 thousand).

HOLDING JSC AND ITS SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

19. Property and equipment

As of 31 March 2024, property and equipment with a carrying amount of MNT 34,354,048 thousand (2022: MNT 34,800,079 thousand).

Acquisition and disposals

During the three months ended 31 March 2024, the Group sold computers with no carrying amount for a cash consideration of MNT 1,075 thousand, resulting in a gain of MNT 1,075 thousand (31 March 2023: net gain of MNT 2,649 thousand). The gains on these disposals were recognised as part of other income in the statement of profit or loss (see Note 8). Acquisitions for the three months ended 31 March 2024 included purchase of furniture and computers of MNT 14,265 thousand (31 March 2023: MNT 24,030 thousand).

Collateralised property

As at 31 March 2024, premises with carrying amount of MNT 32,678,565 thousand (31 December 2023: MNT 33,045,988 thousand) are collateralised for borrowed funds.

20. Intangible assets

The Group's intangible assets comprise of computer software with net carrying amount of MNT 921,911 thousand (31 December 2023: MNT 260,948 thousand). During the nine-month period, the Group recognised new accounting software for MNT 748,407 thousand (31 March 2023: MNT 1,901 thousand).

21. Other liabilities

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Financial liabilities		
Other payables	7,873,733	8,418,363
Interest payable on cross-currency swap	2,749,412	1,135,791
	<u>10,623,145</u>	<u>9,554,154</u>
Non-financial liabilities		
Withholding tax liability	6,120,464	2,098,855
VAT payable	429,042	52,337
Other payables	6,642,467	6,536,318
	<u>13,191,973</u>	<u>8,687,510</u>
	<u>23,815,118</u>	<u>18,241,664</u>

Included in other financial payables are loan service fee payables to the banks for the collection of the mortgage pool receivables. Loan service fees are normally settled to the banks with the next quarterly coupon payment of the RMBS. Included in other non-financial payables are income tax to be withheld by others.

22. Borrowed funds

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
TDB	9,453,638	9,577,148
Golomt Bank LLC ("Golomt")	20,381,699	-
	<u>29,835,337</u>	<u>9,577,148</u>

TDB:

On 17 May 2018, the Group entered into a loan agreement with TDB of MNT 11.4 billion. The loan bears an interest rate of 14.4% per annum and the loan principal is repayable monthly beginning from 17 May 2018 to 17 May 2033.

Golomt:

On 6 February 2024 and on 26 February 2024, the Group obtained total of MNT 20.0 billion loan from Golomt to finance its investing activities. The loans have an interest rate of 16.2% per annum with a maturity of 12 months.

HOLDING JSC AND ITS SUBSIDIARIES

Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

23. Debt securities

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Debt securities at amortised cost	<u>699,007,502</u>	<u>760,736,859</u>

International capital market

On 18 January 2024, the Group exchanged USD 170,431,000 of its 2024 Notes by issuing USD 172,485,000 of new senior notes. On the same day, the Group issued new senior notes (“2027 Notes”) with principal amount of USD 52,515,000 on the international capital market to refinance its 2024 Notes. The 2027 Notes have an annual coupon rate of 11.5% and are due to mature in 3 years. The total principal amount of the 2027 Notes issued by exchange offer and new issuance is USD 225,000,000. Qualifying transaction costs are capitalised and amortised over the life of the financial instruments using EIR.

On 8 February 2024, the Group fully repurchased the 2024 Notes in a principal amount of USD 41,820,000, fully settling the debt securities as scheduled.

On 1 March 2024, the Group purchased a portion of its 2027 Notes in principal amounts of USD 22.3 million.

The 2027 Notes had an outstanding balance of USD 202,688,000 (31 December 2023: 2024 Notes outstanding balance of USD 212,251,000) as at 31 March 2024.

OTC market

On 28 December 2021, the Group issued a USD 12 million bond on the local over-the-counter market. The debt securities bear an interest rate of 6.8% per annum, with interest payable semi-annually and principal payable upon maturity in three years. Qualifying transaction costs are capitalised and amortised over the life of the financial instruments using EIR.

In prior years, the Group repurchased a portion of its issued bond in a principal amount of USD 9,955,000, of which USD 1,480,300 were sold back to third parties.

On 22 March 2024, the Group sold back the portion of its issued bond in a principal amount of USD 77.3 thousand.

As of 31 March 2024, the outstanding balance of this bond is USD 3,602,600 (2023: USD 3,525,300).

On 15 February 2024, the Group issued second tranche of its OTC bond with principal amount of MNT 8.5 billion (“OTC Tranche-2 bond”). OTC Tranche-2 bond bears an interest rate of 18.0% per annum, with interest payable semi-annually and principal payable upon maturity in 12 months.

24. Collateralised bonds

	Interest rate	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Senior bonds	4.50%	1,511,618,267	1,598,774,154
Junior bonds	10.50%	531,648,303	536,545,951
Senior bonds II	4.50%	288,192,619	295,316,563
Senior bonds I	1.00%	903,656,124	921,549,870
Senior bonds II	9.00%	440,101,551	450,690,129
Senior bonds III	13.00%	64,079,402	65,737,633
Senior bonds	2.25%	246,318,739	249,375,537
Senior bonds	11.00%	31,018,046	31,402,867
Junior bonds	11.00%	31,403,917	31,403,775
Junior bonds	9.00%	136,637,568	136,774,423
		<u>4,184,674,536</u>	<u>4,317,570,902</u>

The senior and junior bonds as at 31 March 2024 and 31 December 2023 represent bonds issued by the SPCs upon their mortgage pool purchases under the RMBS program of the Government of Mongolia. Starting with the twenty-second issuance of RMBS, senior bonds were offered in three tranches: senior bonds I issued to the MoF, senior bonds II issued to the BoM, and senior bonds III issued to commercial banks, while prior to this change, all senior bonds were issued to the BoM and the MoF. Junior bonds are solely issued to commercial banks.

For the thirty-fourth issuance of RMBS, senior bonds with an interest rate of 2.25% per annum were issued to BoM while senior bonds with an interest rate of 11.0% per annum and junior bonds with an interest rate of 11.0% per annum were issued to commercial banks.

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Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

24. Collateralised bonds (cont'd.)

The bonds are collateralised by the purchased mortgage pool receivables (see Note 15).

The principal payments of the senior bonds are payable on a quarterly basis and are equal to the quarterly principal repayment received from the purchased mortgage pool receivables acquired under the RMBS program. The principal of the junior bonds will only be redeemed after the full redemption of the principal of the senior bonds and the payments to junior bond holders are subordinate in right of payment and priority to the senior bonds.

The bonds are not publicly traded on an active market (such as the stock exchange) but are sold directly to commercial banks.

25. Ordinary shares

There were 5,462,429 shares held as treasury shares as at 31 March 2024 (31 December 2023: 5,462,429 shares). Excluding these shares, the total number of issued shares as at 31 March 2024 was 15,246,891 shares (31 December 2023: 15,246,891 shares). All issued ordinary shares are fully paid. Each ordinary share carries one vote.

26. Contingent liabilities and commitments

Legal claims

Litigation is a common occurrence in the financial services industry due to the nature of the business. The Group has an established protocol for dealing with such legal claims. Once professional advice has been obtained and the amount of damages can be reasonably estimated, the Group makes adjustments to account for any adverse effects which the claim may have on its financial standing. At the year end, the Group had no significant outstanding litigation.

Assets pledged and restricted

RMBS issued by the Group are fully collateralised by the purchased mortgage pool receivables. See Note 15 for the gross amount of the mortgage pool receivables pledged as collateral for the RMBS and the related liabilities are disclosed in Note 24.

27. Related party disclosures

A number of transactions were entered into by the Group with related parties in the course of business. As all shareholders have the right to appoint a director, management considers them to be related parties.

Investment in preference shares from shareholder of related party

On 7 December 2020, the Group purchased 30,000 preference shares of TDB Capital LLC, a shareholder of TDB, with a par value of MNT 5 million per share for a total consideration of MNT 150 billion. The preference shares have an annual dividend rate of the BoM policy rate plus 1 percent.

On 27 March 2024, TDB Capital LLC repurchased 150 preference shares for MNT 0.75 billion, resulting in a gain of MNT 30,654 thousand (see note 8).

As at 31 March 2024, the outstanding units of the preference shares are 28,510 (2023: 28,660).

Accrued interest on preference shares held in TDB Capital LLC amounted to MNT 50,161,978 thousand (31 December 2023: MNT 45,490,879 thousand) as at 31 March 2024 (see Note 18).

Loans from/to shareholder of related party

On 6 February 2024 and on 26 February 2024, the Group obtained total of MNT 20.0 billion loan from Golomt to finance its investing activities. The loans have an interest rate of 16.2% per annum with a maturity of 12 months (see Note 22).

On 11 December 2018, the Group purchased through MIK HFC and its SPCs loan notes from Bodi International LLC ("Bodi"), a shareholder of Golomt, for MNT 25.0 billion and MNT 20.0 billion, respectively. During 2023 and 2024, total of MNT 35.0 billion and MNT 10 billion of principal payment has been made in accordance with the agreed repayment schedule.

On 6 February 2024 and on 26 February 2024, the Group purchased 20,000 loan notes from Bodi with par value of MNT 1,000,000 each for a consideration of MNT 20.0 billion. The loan notes bear an interest rate of 19.2% per annum and are due to mature in 12 months.

Golomt holds 4.94% shares of MIK as of 31 December 2023 (31 December 2022: 4.94%).

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Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

27. Related party disclosures (cont'd.)

Investments in related parties

QSC LLC

On 20 March 2020, the Group invested in MNT 45 billion loan notes bearing 13% interest per annum issued by QSC LLC, related party of a board member of the Group. On 28 June 2021, when the outstanding balance on the loan notes was MNT 35 billion, the initial contract maturity was extended, with an amended interest rate of the BoM policy rate plus 2% per annum. Per contract, principal and interest payments are to be made on the maturity date (see Note 12).

As of 31 March 2024, the Group has provided an allowance for expected credit losses for the loan notes from QSC LLC of MNT 19,444,067 thousand (2023: MNT 18,879,012 thousand).

Globull Investment and Development Pte Ltd

On 1 July 2022, the Group purchased 2,500 secured callable bonds from Globull Investment and Development PTE Ltd "Issuer", a parent company of the Group's shareholder, bearing an interest rate of 12% per annum with a par value of USD 10,000 each for a consideration of USD 25 million. The bonds are due to mature in 12 months, which was initially extended until March 2024. On 28 February 2024, the Group extended the maturity of loan notes of Globull until December 2026 and amended the interest rate per annum to 14.8%. Per contract, interest payment is to be made by semi-annually and principal payment is due on the maturity.

The bonds are secured by any encumbrances or other security created by the obligations of the Issuer, including but not limited to all the shares of the Issuer up to the value of the outstanding bond (see Note 12).

As of 31 March 2024, the total allowance for expected credit loss recognised for the bonds is MNT 1,349,677 thousand (2023: MNT 902,195 thousand).

Borrowed funds

On 17 May 2018, the Group entered into a loan agreement with TDB of MNT 11.4 billion with an interest rate of 14.4% per annum. The loan principal and interest are repayable monthly beginning from 17 May 2018 to 17 May 2033 (see Note 22).

Swap arrangement with related party

On 23 February 2024, the Group extended its cross-currency swap agreement entered with a commercial bank until 4 January 2027 to manage the risk of variability of cash flows denominated in USD from its Senior Notes issued on the international market in February 2024 (see Notes 23). With the amendment, the nominal amount was reduced from USD 196 million to USD 131 million, with interest payable quarterly on a net basis.

Other payables

Other payables include loan service fee payable to the banks for the collection of the purchased mortgage pool receivables as follows:

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
TDB	2,287,134	2,282,913
Khan Bank LLC	1,901,395	1,886,044
XacBank LLC	680,525	674,618
Golomt	1,748,896	1,731,788
Capitron Bank LLC	180,445	173,591
State Bank LLC	749,679	741,151
Total	7,548,074	7,490,105

Loan service fees are normally settled with the banks with the next quarterly coupon payment of the RMBS.

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Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

27. Related party disclosures (cont'd.)

Compensation to key management personnel

	Unaudited 31 March 2024 MNT'000	Audited 31 December 2023 MNT'000
Short-term employee benefits		
Salaries, incentives and allowances	1,466,804	1,811,282
Contribution to social and health fund	163,315	220,907
	<u>1,630,119</u>	<u>2,032,189</u>

As at 31 March 2024, the Group has the following balances and transactions with related parties:

	Bank deposits		Collateralised bonds			
	Outstanding balance MNT'000	Interest Income MNT'000	Issued during the year		Outstanding balance MNT'000	Interest expense MNT'000
			senior bonds MNT'000	junior bonds MNT'000		
As at 31 March 2024 (unaudited)						
TDB	270,564,801	1,938,228	-	-	354,587,988	8,088,614
Khan Bank JSC	6,336,887	86,766	-	-	304,028,624	7,049,308
Xac Bank JSC	1,331,463	61,269	-	-	110,042,200	2,544,387
Golomt	53,148,898	1,010,359	-	-	234,866,755	5,472,281
Capitron Bank LLC	15,879,638	354,343	-	-	47,181,821	1,109,639
State Bank JSC	22,353,887	313,506	-	-	148,302,212	3,243,650
Chinggis Khaan Bank LLC	401,602	-	-	-	3,911,020	91,384
	<u>370,017,176</u>	<u>3,764,471</u>	<u>-</u>	<u>-</u>	<u>1,202,920,620</u>	<u>27,599,263</u>
BoM	-	-	-	-	2,949,425,105	23,657,262
MoF	-	-	-	-	11,600,003	273,281
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,961,025,108</u>	<u>23,930,543</u>
Total	<u>370,017,176</u>	<u>3,764,471</u>	<u>-</u>	<u>-</u>	<u>4,163,945,728</u>	<u>51,529,806</u>
As at 31 December 2023 (audited)						
TDB	96,657,998	5,311,058	251,213,800	27,912,800	359,881,450	31,255,721
Khan Bank JSC	6,236,948	48,155	254,638,300	28,293,300	308,389,702	25,793,367
XacBank JSC	8,481,223	106,474	89,499,600	9,944,500	111,620,327	9,055,597
Golomt	58,558,128	2,207,800	182,299,400	20,255,700	237,841,632	19,560,667
Capitron Bank LLC	15,278,577	1,449,268	71,552,100	7,950,500	47,851,602	3,286,853
State Bank JSC	15,474,148	852,973	96,858,600	10,762,300	150,720,213	12,174,167
Chinggis Khaan Bank LLC	440,017	-	-	-	3,858,015	373,291
TDB Securities SC	132,079,595	-	-	-	-	-
	<u>333,206,634</u>	<u>9,975,728</u>	<u>946,061,800</u>	<u>105,119,100</u>	<u>1,220,162,941</u>	<u>101,499,663</u>
BoM	-	-	-	-	3,064,654,228	97,420,116
MoF	-	-	-	-	11,703,554	1,102,835
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,076,357,782</u>	<u>98,522,951</u>
Total	<u>333,206,634</u>	<u>9,975,728</u>	<u>946,061,800</u>	<u>105,119,100</u>	<u>4,296,520,723</u>	<u>200,022,614</u>

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Notes to the Interim Condensed Consolidated Financial Information - 31 March 2024

27. Related party disclosures (cont'd.)

	Mortgage pool portfolio						Loan service fee MNT'000
	Purchase of mortgage pool		Outstanding balance*		Interest income from mortgage pool*		
	with recourse MNT'000	without recourse** MNT'000	with recourse MNT'000	without recourse MNT'000	with recourse MNT'000	without recourse MNT'000	
As at 31 March 2024 (unaudited)							
TDB	-	-	-	1,152,592,275	-	20,931,800	1,271,328
Khan Bank JSC	-	-	-	976,217,002	-	17,462,393	1,086,561
XacBank JSC	-	-	-	361,153,230	-	6,413,227	394,689
Golomt	43,999,936	-	44,597,401	809,330,283	317,256	15,086,320	964,491
Capitron Bank LLC	-	-	-	153,021,214	103,492	2,487,522	121,322
State Bank JSC	-	-	148,927	473,704,540	6,227	8,182,449	460,767
TDB Leasing LLC	-	-	162,982,179	-	5,861,931	-	124,432
Total	43,999,936	-	207,728,507	3,926,018,544	6,288,906	70,563,711	4,423,590
As at 31 December 2023 (audited)							
TDB	-	279,126,790	-	1,182,128,749	238,694	82,901,504	5,194,335
Khan Bank JSC	-	282,931,729	-	1,001,248,839	-	71,031,795	4,330,261
XacBank JSC	-	99,444,275	-	370,290,619	-	24,372,107	1,507,275
Golomt	-	202,555,244	307,257	832,132,429	69,560	59,143,886	3,969,787
Capitron Bank LLC	-	79,502,654	6,927,072	155,112,529	1,404,955	7,236,052	373,296
State Bank JSC	-	107,620,948	162,383	483,607,487	32,440	31,392,309	1,775,451
TDB Leasing LLC	-	-	197,617,563	-	23,711,537	-	571,427
Total	-	1,051,181,640	205,014,275	4,024,520,652	25,457,186	276,077,653	17,721,832

Terms and conditions of transactions with related parties

The above-mentioned outstanding balances arose from the ordinary course of the Group's business. The interest charged to and by related parties are at normal commercial rates in relation to bank deposits, borrowings and mortgage pools and at the rates specified in the RMBS.

28. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and fulfil its obligations to the investors of the RMBS and the Senior Note holders by effectively managing the subsidiaries. In order to maintain or adjust the capital structure, the Group may issue new shares, obtain borrowings, invest in permitted investments or issue bonds.

Included in retained earnings as at 31 March 2024 are restricted retained earnings of MNT 190,318,186 thousand (31 March 2023: MNT 147,610,827 thousand) that are attributable to the Group's SPCs and are restricted from distribution until the liquidation of the respective SPCs in accordance with the Articles of Charter of each SPC and FRC regulation. MIK HFC is also restricted from distribution of dividends in accordance with covenants related to debt securities issued 2024.

The Group was not subject to any other externally imposed capital requirements throughout the three-month period/year of 2024 and 2023.

29. Subsequent events

Management is not aware of other events that occurred after the end of the three-month period ended 31 March 2024, which would have any impact on this financial information.