MIK HOLDING JSC AND ITS SUBSIDIARIES
(Incorporated in Mongolia)

Audited consolidated financial statements
31 December 2025

MIK HOLDING JSC AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2025

CONTENTS

Corporate Information ... 1
Statement by Chairman and Executives ... 2
Independent Auditor's Report ... 3-6
Consolidated Statement of Profit or Loss and Other Comprehensive Income ... 7
Consolidated Statement of Financial Position ... 8
Consolidated Statement of Changes in Equity ... 9
Consolidated Statement of Cash Flows ... 10-11
Notes to the Consolidated Financial Statements ... 12-59

MIK HOLDING JSC AND ITS SUBSIDIARIES

Corporate Information

Registered Office	: Chingeltei district, 1st khoroo, Sukhbaatar Square street 11 P.O.Box – 15160 – 215 Ulaanbaatar City, Mongolia
Board of Directors	: Mr. Khashchuluun Ch. (Chairman) Mr. Davaajav T. Mr. Enkhjin A. Mr. Uurtsaikhbaatar B. Ms. Sergelen N. Mr. Shijir E. Mr. Munkhbaatar M. Mr. Anar A. Mr. Sainzaya B.
Corporate Secretary	: Ms. Saruul G.
Auditors	: Ernst & Young Mongolia Audit LLC Certified Public Accountants

STATEMENT BY CHAIRMAN AND EXECUTIVES

We, Khashchuluun Chuluundorj, being the Chairman of the Board of Directors of MIK Holding JSC, Gantulga Badamkhatan, being the Chief Executive Officer, and Zoljargal Munkhbileg, being the Chief Financial Officer, primarily responsible for the consolidated financial statements of MIK Holding JSC and its subsidiaries (herein collectively referred to as the "Group"), do hereby state that, in our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB").

Khashchuluun Chuluundorj Chairman of the Board of Directors	Gantulga Badamkhatan Chief Executive Officer	Zoljargal Munkhbileg Chief Financial Officer

Ulaanbaatar, Mongolia
Date: 2026 .03. 18

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MIK Holding JSC

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *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.

Key Audit Matters

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

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

Key audit matters	How our audit addressed the key audit matters
Impairment of financial assets	
The impairment of financial assets including debt instruments at amortised cost, mortgage pool receivables with recourse, loan receivables with recourse and purchased mortgage pool receivables is estimated by the management through the application of judgment and use of highly subjective assumptions. Due to the significance of financial assets including debt instruments at amortised cost, mortgage pool receivables with recourse, loan receivables with recourse and purchased mortgage pool receivables, representing about 91.1% of the Group's total assets as at 31 December 2025, and the related estimation uncertainty, this is considered a key audit matter. The impairment method is based on a forward-looking Expected Credit Loss ("ECL") approach. Elements of the ECL model require significant estimates and assumptions, including:	For assessment of impairment of balances including debt instruments at amortised cost, mortgage pool receivables with recourse, loans receivables with recourse and purchased mortgage pool receivables as of 31 December 2025, our audit procedures included evaluating the methodologies, inputs and assumptions used by the Group in its ECL model in the calculation of such impairment. In evaluating the methodologies, we obtained an understanding of the Group's ECL model and management's basis of the methodologies and assumptions applied and assessed the reasonableness of the model and the assumptions applied. Our evaluation included the assessment of the basis for classification of exposures into the 3 stages, the methodology of PD, LGD and EAD determination, the forward-looking macroeconomic variables incorporated into the calculations

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Key Audit Matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
• Staging of financial assets; • Development of ECL models and the choice of inputs, including Probability of Default ("PD") and Loss Given Default ("LGD"); • Determination of the Exposure at Default ("EAD"); • Determination of associations between macroeconomic scenario, economic inputs, and the effect on inputs to the ECL calculation; and • Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs of the ECL model. Relevant disclosures of the accounting policy and critical accounting judgements, estimates and assumptions are included in Notes 2.4 and 2.5, respectively. Other relevant disclosures of debt instruments at amortised cost, mortgage pool receivables with recourse, loan receivables with recourse, purchased mortgage pool receivables and related credit risk management are included in Notes 12, 13, 14, 15 and 30.2 to the consolidated financial statements, respectively.	and the overall design of the model given the trends and patterns of the industry. In testing the appropriateness of the stage classifications, we tested the completeness of the ageing report by agreeing the amounts in the ageing report to the financial records. We also tested the accuracy of the ageing information based on a random sample selection basis by verifying the information against other supporting documents. In addition, on a sample basis, we tested credit ratings assigned to counter parties at initial recognition and as at the reporting date. We compared the key inputs to the ECL model to the Group's internally available historical data and to externally available industry, financial and economic data. Our testing included the following: • Tested the historical PD and LGD applied to a sample of loans against internal and external data; • Checked the macroeconomic parameters to external data sources where available; • Checked completeness of the EAD. We considered the consistency of judgments applied in the key inputs to the ECL model. We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

Other information included in the Annual Report

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mandakhbayar Dorjbat.

Other Matter

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

Ernst & Young Mongolia Audit LLC

ERNST & YOUNG MONGOLIA AUDIT LLC
Certified Public Accountants

MANDAKHBAYAR DORJBAT
Partner

Ulaanbaatar, Mongolia
Date: 18 March 2026

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MIK HOLDING JSC AND ITS SUBSIDIARIES

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 MNT'000	2024 MNT'000
Interest and similar income	3	418,331,018	385,014,458
Interest expense	4	(366,086,490)	(333,987,188)
Net interest income		52,244,528	51,027,270
Fee income		538,832	–
Fees and commission expense	5	(19,485,568)	(19,290,395)
Total operating income		33,297,792	31,736,875
Credit loss expense	6	(7,839,180)	(2,615,084)
Liquidation-basis remeasurement loss on purchased mortgage pool receivables	15	(8,397,895)	–
Net gain/(loss) on financial assets at fair value through profit or loss	16	3,605,665	(1,928,346)
Net gain on change in fair value of derivative financial instruments	17	33,548,873	1,070,924
Net operating profit		54,215,255	28,264,369
Operating expenses	7	(20,550,452)	(19,666,830)
Other expenses, net	8	(4,228,143)	(38,611,293)
Share of profit of an associate	21	75,325	–
Profit/(loss) before tax		29,511,985	(30,013,754)
Income tax expense	9.1	(17,687,621)	(7,040,581)
Profit/(loss) for the year, representing total comprehensive income/(loss)		11,824,364	(37,054,335)
Earnings/(loss) per share (MNT)			
Basic and diluted earnings/(loss) per share	10	775.53	(2,430.29)

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

MIK HOLDING JSC AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 MNT'000	2024 MNT'000
ASSETS			
Cash and bank balances	11	323,459,966	212,851,957
Debt instrument at amortised cost	12	197,298,889	288,307,003
Mortgage pool receivables with recourse	13	173,776,075	228,500,361
Loan receivables with recourse	14	14,656,244	40,695,387
Purchased mortgage pool receivables	15	5,331,147,159	4,121,074,245
Financial assets at fair value through profit or loss	16	104,008,151	128,172,138
Derivative financial instruments	17	35,373,191	1,950,282
Other assets	18	57,642,436	51,461,130
Property and equipment	19	31,299,653	33,153,766
Intangible assets	20	831,618	904,474
Investment in associate	21	6,870,998	–
Income tax prepayments	9.2	282,811	230,790
Deferred tax asset	9.3	1,784,709	100,135
TOTAL ASSETS		6,278,431,900	5,107,401,668
LIABILITIES			
Other liabilities	22	25,712,914	23,551,682
Borrowed funds	23	21,644,977	24,382,523
Debt securities	24	685,040,689	726,128,478
Mortgage backed bond	25	5,501,516,010	4,308,848,566
Derivative financial liability	17	–	39,915
Income tax payables	9.2	962,212	1,849,203
Deferred tax liabilities	9.3	30,521,277	21,391,844
TOTAL LIABILITIES		6,265,398,079	5,106,192,211
EQUITY			
Ordinary shares	26	20,709,320	20,709,320
Share premium	26	52,225,115	52,225,115
Treasury shares	26	(62,143,136)	(62,143,136)
Reserve		2,242,522	(9,581,842)
TOTAL EQUITY		13,033,821	1,209,457
TOTAL LIABILITIES AND EQUITY		6,278,431,900	5,107,401,668

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

MIK HOLDING JSC AND ITS SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Ordinary shares (Note 26) MNT'000	Share premium (Note 26) MNT'000	Treasury shares MNT'000	Retained earnings/(Accumulated losses)* MNT'000	Total equity MNT'000
At 1 January 2024	20,709,320	52,225,115	(62,143,136)	27,472,493	38,263,792
Total comprehensive loss	–	–	–	(37,054,335)	(37,054,335)
At 31 December 2024 and 1 January 2025	20,709,320	52,225,115	(62,143,136)	(9,581,842)	1,209,457
Total comprehensive income	–	–	–	11,824,364	11,824,364
At 31 December 2025	20,709,320	52,225,115	(62,143,136)	2,242,522	13,033,821

* Included in retained earnings/(accumulated losses) as at 31 December 2025 are restricted retained earnings of MNT 269,343,108 thousand (2024: MNT 211,436,517 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.

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

MIK HOLDING JSC AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 MNT'000	2024 MNT'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		29,511,985	(30,013,754)
Adjustments to reconcile profit/(loss) before tax to net cash flows:			
Interest on borrowed funds	4	2,668,435	4,067,786
Interest on debt securities	4	94,513,913	96,015,464
Credit loss expense	6	7,839,180	2,615,084
Depreciation of property and equipment	7	1,854,642	1,907,478
Amortisation of intangible assets	7	350,981	374,917
Unrealised foreign exchange loss, net	8	16,845,744	1,001,350
Loss on repurchase of debt securities issued, net	8	1,931,503	600,752
Gain on disposal of property and equipment	8	–	(3,791)
Loss on debt securities exchange offer	8	–	28,416,627
Write-off of property and equipment	8	53,154	3,750
Gain on redemption of preference shares	8	(2,911,321)	(345,435)
Discount/(reversal of discount) on other receivables	8	(5,497,404)	9,755,057
Loss on liquidation-basis remeasurement	15	8,397,895	–
Net loss/(gain) on financial assets at fair value through profit or loss	16	(3,656,558)	1,928,345
Net gain on derivative financial instruments	17	(33,548,873)	(1,070,924)
Share of profit of associate	21	(75,325)	–
Operating profit before working capital changes		118,277,951	115,252,706
Changes in working capital:			
Due from banks – placement with banks classified as Stage 3		77,428	99,921
Debt instruments at amortised cost		(5,815,500)	(6,871,602)
Mortgage pool receivables with recourse		60,754,685	(24,309,327)
Loan receivables with recourse		26,220,974	(17,022,123)
Purchased mortgage pool receivables		463,549,195	470,705,325
Other assets		(541,302)	(1,846,575)
Mortgage backed bond		(488,654,056)	(515,069,136)
Other liabilities		2,161,246	5,310,001
Cash generated from operations		176,030,621	26,249,190
Interest paid classified as operating activities		(88,336,752)	(53,283,475)
Income tax paid	9.2	(4,667,871)	(3,756,694)
Income tax withheld by others	9.2	(6,513,903)	(6,339,961)
Net cash flows generated from/(used in) operating activities		76,512,095	(37,130,940)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in debt instruments at amortised cost	12	(118,279,863)	(174,070,750)
Repayment of debt instruments at amortised cost	12	208,277,819	20,181,250
Proceeds from disposal of financial assets at fair value through profit or loss	16	30,731,866	8,450,000
Investment in financial assets at FVTPL	16	–	(531,866)
Purchase of property and equipment	19	(196,283)	(264,915)
Purchase of intangible assets	20	(278,125)	(1,018,443)
Investment in an associate	21	(6,795,673)	–
Net cash flows generated from/(used in) investing activities		113,459,741	(147,254,724)

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

	Notes	2025 MNT'000	2024 MNT'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowed funds	23	13,000,000	20,000,000
Net proceeds from issuance of debt securities	24	–	781,366,714
Net proceeds from maturity of derivative financial instruments	17	86,049	152,007,800
Repayment of debt securities issued		(12,500,000)	(820,925,331)
Repurchase of debt securities issued		(64,538,034)	(73,193,028)
Repayment of borrowed funds		(15,592,350)	(5,509,762)
Net cash flows generated from/(used in) financing activities		(79,544,335)	53,746,393
Net increase/(decrease) in cash and cash equivalents		110,427,501	(130,639,271)
Effect of exchange rate changes on cash and cash equivalents		216,134	6,318
Cash and cash equivalents at 1 January		212,896,507	343,529,460
Cash and cash equivalents at 31 December	11	323,540,142	212,896,507
OPERATIONAL CASH FLOW FROM INTEREST			
Interest received		421,600,033	375,845,430
Interest paid		(386,204,533)	(354,726,372)
Non-cash transactions:			
Purchase of mortgage pool receivables (without recourse)		(1,681,322,632)	(506,347,386)
Issuance of Mortgage backed bond		1,681,321,500	506,346,800

The reconciliation of liabilities arising from financing activities is shown below:

	Borrowed funds		**Debt securities issued**	
	2025 MNT'000	**2024 MNT'000**	**2025 MNT'000**	**2024 MNT'000**
As at 1 January	24,382,523	9,577,148	726,128,478	760,736,859
Cash items:				
New disbursement/additions	13,000,000	20,000,000	–	781,366,714
Repurchase of debt	–	–	(64,538,034)	(73,193,028)
Repayment classified as financing activity	(15,592,350)	(5,509,762)	(12,500,000)	(820,925,331)
	(2,592,350)	14,490,238	(77,038,034)	(112,751,645)
Non-cash items:				
Loss on repurchase of debt	–	–	1,931,503	600,752
Loss on debt securities exchange offer	–	–	–	28,416,627
Movement in accrued interest	(145,196)	315,137	8,990,792	46,484,638
Foreign exchange movement	–	–	25,027,950	2,641,247
	(145,196)	315,137	35,950,245	78,143,264
As at 31 December	21,644,977	24,382,523	685,040,689	726,128,478

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

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 (2024: MNT 20,709,320 thousand) consists of 20,709,320 (2024: 20,709,320) common shares at par value of MNT 1,000 (2024: MNT 1,000) each.

The Company is a joint stock company listed on the Mongolian Stock Exchange ("MSE"), incorporated and domiciled in Mongolia. The shareholders of the Group for the year ended 31 December 2025 are set out in Note 26.

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.

In 2013, the Government of Mongolia together with the Bank of Mongolia ("BoM") initiated a price stabilisation program which included a subsidy scheme for mortgage financing to create a stable environment for mortgage financing. Under the program, the commercial banks in Mongolia have been granted soft loans to fund the issuance of subsidised interest rate mortgage loans or refinance their existing loans with the subsidised interest rate mortgage financing.

On 14 June 2013, MIK HFC, the BoM and 14 commercial banks signed an agreement to participate in this government program and on 30 October 2013, the Group established its first SPC, MIK Asset One SPC LLC, a wholly owned subsidiary, to purchase the subsidised interest rate mortgage loans bearing an interest rate of 8% (from 1 October 2021: 6%) from the commercial banks and in return to issue RMBS, which are collateralised by the cash flows and collaterals of these mortgage pools.

As of 31 December 2025, the Group had established thirty-nine SPCs (2024: thirty-seven), of which thirty-nine SPCs (2024: thirty-six) have purchased mortgage pools and issued RMBS. 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.

As at 31 December 2025, three SPCs (MIK Asset One LLC, MIK Asset Two LLC and MIK Asset Three LLC) have entered the wind-down phase of their RMBS programs. These SPCs are restricted from acquiring new mortgage pools and are therefore operating solely to collect remaining cash flows, realise their remaining assets, and settle their respective RMBS and other outstanding liabilities in accordance with the applicable waterfall structures. These entities continue to be consolidated as part of the Group; however, their purchased mortgage pool receivables are measured on a liquidation basis, as explained in Note 2.1 and in more detail in Note 15.

The consolidated financial statements of the Group were authorised for issue in accordance with the resolution of the Board of Directors on 17 March 2026.

2. Material accounting policies

2.1. Basis of preparation

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

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for derivative financial instruments and financial assets designated at fair value through profit or loss ("FVPL") all of which have been measured at fair value. These consolidated financial statements are presented in Mongolian Togrog, which is denoted by the symbol MNT, and all values are rounded to the nearest thousands, except when otherwise indicated.

2. Material accounting policies (cont'd.)

2.1. Basis of preparation (cont'd.)

The consolidated financial statements of the Group for the year ended 31 December 2025 have been prepared on a going concern basis. This basis assumes that the Group will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Liquidation basis for certain SPCs

The consolidated financial statements are prepared on a going concern basis. However, three Special Purpose Companies (MIK Asset One SPC LLC, MIK Asset Two SPC LLC, and MIK Asset Three SPC LLC) are in the wind-down phase of their RMBS programs. These SPCs operate with a predetermined lifespan tied to the life of their respective mortgage pools, which have reached or are expected to reach the contractual clean-up threshold within the next 12 months, at which point the remaining mortgage pools may be sold back to the originating banks. As a result, the related purchased mortgage pool receivables of these SPCs are measured on a liquidation basis using net realisable value instead of amortised cost. Further details of this measurement and its impact are disclosed in Note 15.

Presentation of financial statements

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 27.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the consolidated statement of profit or loss and other comprehensive income ("OCI") unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. A subsidiary is an entity (including structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive incomes are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. Material accounting policies (cont'd.)

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. The accounting policies are consistent with those of the previous financial year, except for the Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability that became effective for annual period beginning on or after 1 January 2025. The Group has assessed that these amendments do not have an impact on the consolidated financial statements of the Group.

2.3. Standards issued but not yet effective

The Standards and Interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- Amendments to IFRS 9 and IFRS 7 *Classification and Measurement of Financial Instruments*[1]
- Issuance of IFRS 18 *Presentation and Disclosure in Financial Statements* [2]

[1] *Effective for annual periods beginning on or after 1 January 2026*
[2] *Effective for annual periods beginning on or after 1 January 2027*

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

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

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

2.4. Summary of material accounting policies

Recognition of income and expense

The effective interest rate method

Interest income and interest expense are recorded using the effective interest rate ("EIR") method for all financial instruments measured at amortised cost. Interest income on interest bearing financial assets measured fair value through other comprehensive income ("FVOCI") is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income and interest expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial instruments are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the instrument in the statement of financial position with an increase or reduction in interest income and interest expense. The adjustment is subsequently amortised through Interest income or interest expense in the statement of profit or loss.

2. Material accounting policies (cont'd.)

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

Recognition of income and expense (cont'd.)

Interest income and interest expense

The Group calculates interest income or interest expense by applying the EIR to the gross carrying amount of financial instruments other than credit-impaired instruments.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVPL is recognised using the contractual interest rate in total operating income and net gains/(losses) on financial assets at fair value through profit or loss, respectively.

Fee and commission expense

Fee expense represents administration and fixed fee commission paid to the commercial banks. Fee expense is recognised when actual service has been provided.

Components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

The Group's financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVOCI and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

2. Material accounting policies (cont'd.)

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

Financial instruments – initial recognition and subsequent measurement (cont'd.)

i) Financial assets (cont'd.)

Business model assessment (cont'd.)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Group assesses the contractual terms of its financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Debt instruments at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order 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

Financial assets are assessed in their substance over their legal form.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes mortgage pool receivables with and without recourse, loan receivables with recourse, loan notes receivables and cash and bank balances.

Debt instruments at FVOCI

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group doesn't have any debt instruments at FVOCI as of 31 December 2025 and 31 December 2024.

Equity instruments at FVOCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

2. Material accounting policies (cont'd.)

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

Financial instruments – initial recognition and subsequent measurement (cont'd.)

i) Financial assets (cont'd.)

Equity instruments at FVOCI (cont'd.)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group doesn't have any equity instruments at FVOCI as of 31 December 2025 and 31 December 2024.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group's financial assets at FVPL comprised investments in quoted and preference shares of entities. Interest earned on the investments are recognised as interest income in the statement of profit or loss.

Financial assets at FVPL also include a derivative relating to a cross-currency swap transaction entered into by the Group with a commercial bank.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The derivative is recorded at fair value and carried as assets when its fair value is positive and as liabilities when its fair value is negative. The Group chose not to apply hedge accounting on the cross-currency swap. Therefore, changes in the fair value of the derivative are recognised in gains/losses from financial derivatives in profit or loss. The Group's financial assets designated at FVPL are explained in Notes 16 and 17.

Derecognition

i) Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be Purchased or Originated Credit-Impaired ("POCI") assets. When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded. The Group considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial asset of, or greater than, ten percent.

2. Material accounting policies (cont'd.)

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

Financial instruments – initial recognition and subsequent measurement (cont'd.)

i) Financial assets (cont'd.)

Derecognition (cont'd.)

(ii) Derecognition other than for substantial modification

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either:
  - the Group has transferred substantially all the risks and rewards of the asset, or
  - the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group records the allowance for expected credit losses for all financial assets not held at FVPL, together with financial guarantee contract.

Overview of ECL method. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Whether a financial instrument's credit risk has increased significantly since initial recognition is determined by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on that, the financial assets are grouped into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When financial assets are first recognised, an allowance is based on 12mECLs. Stage 1 financial assets also include facilities where the credit risk has improved, and the financial assets has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, an allowance is based on the LTECLs. Stage 2 financial assets also include facilities, where the credit risk has improved, and the financial assets has been reclassified from Stage 3.
- Stage 3: Financial assets considered credit-impaired. An allowance is based on the LTECLs.

The Calculation of ECLs. The Group calculates ECLs based on two or more probability-weighted scenarios to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios which are upside case, base case and a downside case for PD and LGD.

2. Material accounting policies (cont'd.)

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

Financial instruments – initial recognition and subsequent measurement (cont'd.)

i) Financial assets (cont'd.)

Impairment of financial assets (cont'd.)

The Calculation of ECLs. (cont'd.)

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Forward-looking information. In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- Percent change of G7 GDP rate
- Percent change of G7 Inflation rate
- Percent change of US Federal Funds rate
- Percent change of Housing Price Index
- Percent change of Unemployment rate
- Percent change of Mongolian GDP growth rate
- Percent change of Commodity prices (coal and copper)

Write-offs. Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account in profit or loss for the period.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, debt issued and other borrowed funds, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of debt issued and other borrowed funds and payables, net of directly attributable transaction costs.

The Group's financial liabilities include debt issued, collateralised bonds and other borrowed funds.

Subsequent measurement

Debt issued, collateralised bonds and other borrowed funds

This is the category most relevant to the Group. After recognition, debt issued, collateralised bonds and other borrowed funds are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account at discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as "interest expense" in the statement of profit or loss. This category generally applies to interest-bearing debt, collateralised bonds and other borrowed funds. For more information, refer to Notes 23, 24 and 25.

2. Material accounting policies (cont'd.)

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

Financial instruments – initial recognition and subsequent measurement (cont'd.)

ii) Financial liabilities (cont'd.)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in consolidated statement of profit or loss.

Modification of financial liabilities

When the modification of the terms of an existing financial liability is not judged to be substantial and, consequently, does not result in derecognition, the amortised cost of the financial liability is recalculated by computing the present value of estimated future contractual cash flows that are discounted at the financial liability's original EIR. Any resulting difference is recognised immediately in profit or loss.

For financial liabilities, the Group considers a modification to be substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent.

Determination of fair value

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 measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

An analysis of fair values of financial instruments and further details as how they are measured are provided in Note 31.

Collateral repossessed

Repossessed assets are initially recognised at the lower of their fair values less costs to sell and the amortised cost of the related outstanding loans on the date of the repossession, and the related loans and advances together with the related impairment allowances are derecognised from the statement of financial position. Subsequently, repossessed assets are measured at the lower of cost and fair value less costs to sell and are included in 'Other assets'.

2. Material accounting policies (cont'd.)

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

Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash on hand, current accounts, trust accounts, collection accounts and term deposits at banks, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents comprises cash on hand, non-restricted current accounts with banks and amounts due from banks or with an original maturity of three months or less.

Property and equipment

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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 any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of other property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Premises	25 years
Furniture and office equipment	10 years
Computers	2 years
Vehicles	10 years

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

Intangible assets

The Group's intangible assets include the value of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful life of two years.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

2. Material accounting policies (cont'd.)

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

Impairment of non-financial assets (cont'd.)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

Employee benefits

(i) Short term benefits

Wages, salaries and other salary related expenses are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences, such as paid annual leave, are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

(ii) Defined contribution plans

As required by law, companies in Mongolia make contributions to the government pension scheme, social and health fund. Such contributions are recognised as an expense in profit or loss as incurred.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI.

2. Material accounting policies (cont’d.)

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

Equity

(i) Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. When shares are sold at a premium, the excess over par value is credited to the share premium.

(ii) Treasury shares

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

(iii) Retained earnings

Retained earnings represent accumulated profits or losses, reduced by dividend declarations.

Retained earnings of the SPCs that have issued RMBSs are restricted from distribution until their liquidation in accordance with their Articles of Charter and FRC regulation.

Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Parent (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case net of tax, if any) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are regularly reviewed by the Group’s chief operating decision maker (“CODM”) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Transactions with related parties

A related party is a person or entity that is related to the Group:

A person or a close member of that person’s family is related to a Group if that person:

- has control or joint control of the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to a Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- The entity is controlled or jointly controlled by a person.
- A person who has control or joint control of the Group has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

All material transactions and balances with the related parties are disclosed in the relevant notes to consolidated financial statements and the detail is presented in Note 29.

2. Material accounting policies (cont'd.)

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

Foreign currency translation

The consolidated financial statements are presented in Mongolian Togrog ("MNT"), which is also the Company and the subsidiaries' functional currency. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the statement of financial position date. All differences arising from settlement or translation of monetary items are taken to the consolidated profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non–monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

2.5. Significant accounting judgments, estimates and assumptions

In the process of applying the Group's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the consolidated financial statements. The most significant uses of judgment and estimates are as follows:

Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as consumer price index and unemployment rate, and the effect on PDs, EADs and LGDs;
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models;
- Identification and assessment of significant increases in credit risk and impairment based on employment status and sector of employment of borrowers.

The impairment loss on financial assets under IFRS 9 is recorded in the consolidated statement of profit or loss and disclosed in more detail in Notes 11.1, 12.1, 13.1, 14.1 and 15.1.

Valuation of derivative financial instruments

As disclosed in Note 17, the Group entered into a cross-currency swap agreement with a commercial bank in order to hedge the risk of variability of cash flows denominated in USD from the long-term senior notes issued on the international capital market (see Note 24). In determining the fair value of the derivative financial instruments, management applied the discounted cash flow method in their valuation.

3. Interest and similar income

	2025 MNT'000	2024 MNT'000
Interest income calculated using the effective interest method		
Purchased mortgage pool receivables (without recourse)	313,908,504	287,067,087
Debt instruments at amortised cost	35,209,434	24,508,373
Mortgage pool receivables with recourse	30,531,389	30,411,011
Bank balances	18,799,275	17,201,950
Loan receivables with recourse	4,683,952	8,869,734
	403,132,554	368,058,155
Other interest income		
Financial assets at FVPL	15,198,464	16,956,303
	418,331,018	385,014,458

4. Interest expense

	2025 MNT'000	2024 MNT'000
Interest expense calculated using the effective interest method		
Collateralised bonds	232,567,866	209,895,696
Debt securities issued	94,513,913	96,015,464
Borrowed funds	2,668,435	4,067,786
	329,750,214	309,978,946
Other interest expense		
Derivative financial instruments (Note 17)	36,336,276	24,008,242
	366,086,490	333,987,188

5. Fee and commission expense

	2025 MNT'000	2024 MNT'000
Loan service fee	19,470,013	19,270,133
Bank service charge	15,555	20,262
	19,485,568	19,290,395

6. Credit loss expense/(reversal)

	2025 MNT'000	2024 MNT'000
Debt instruments at amortised cost (Note 12.1)	8,305,378	4,435,587
Mortgage pool receivables with recourse (Note 13.1)	455,939	669,922
Cash and bank balances (Note 11.1)	(41,802)	(86,133)
Loan receivables with recourse (Note 14.1)	(181,831)	232,317
Purchased mortgage pool receivables (without recourse) (Note 15.1)	(698,504)	(2,636,609)
	7,839,180	2,615,084

7. Operating expenses

	2025 MNT'000	2024 MNT'000
Personnel expenses	11,480,953	10,783,022
Depreciation expense (Note 19)	1,854,642	1,907,478
Professional service fees	3,631,625	2,287,324
Business trip expense	1,066,453	1,666,943
Amortisation of intangible assets (Note 20)	350,981	374,917
Property tax expense	215,977	215,977
Advertisement expense	170,279	689,144
Utility expense	71,162	60,490
Other operating expenses	1,708,380	1,681,535
	20,550,452	19,666,830
* Personnel expenses		
Salaries, wages and bonus	9,856,805	9,449,363
Contribution to social and health fund	1,187,181	1,135,040
Staff training	83,804	55,485
Others	353,163	143,134
	11,480,953	10,783,022

Included in professional service fees for the year ended 31 December 2025 are fees paid to auditors for audit and review services of MNT 953.5 million (2024: MNT 847.0 million).

8. Other income/(expenses), net

	2025 MNT'000	2024 MNT'000
Realised foreign exchange gain, net	6,913,210	965,061
Reversal of discount/(discount) on other receivables (Note 18)	5,497,404	(9,755,057)
Gain on redemption of preference shares	2,911,321	345,435
Dividend income	137,971	24,648
Loss on debt securities exchange offer (Note 23)	–	(28,416,627)
Gain on disposal of property and equipment, net (Note 19)	–	3,791
Write-off of property and equipment (Note 19)	(53,154)	(3,750)
Entertainment expense	(240,988)	(297,714)
Loss on repurchase of debt securities, net (Note 23)	(1,931,503)	(600,752)
Unrealised foreign exchange loss, net	(16,845,744)	(1,001,350)
Other expenses	(616,660)	125,022
	(4,228,143)	(38,611,293)

9. Income tax

9.1. Income tax expense

The components of income tax expense for the year ended 31 December 2025 are:

	2025 MNT'000	2024 MNT'000
Current tax		
Current income tax	9,619,701	9,929,519
Adjustments in respect of current income tax of previous year	623,061	–
Deferred tax		
Relating to origination of temporary differences (Note 9.3)	7,444,859	(2,888,938)
	17,687,621	7,040,581

The Group provides for income taxes on the basis of its income for financial reporting purposes, adjusted for items which are not assessable or deductible for income tax purposes. The income tax rates for profits of the Group are 10% (2024: 10%) for the first MNT 6 billion (2024: MNT 6 billion) of taxable income, and 25% (2024: 25%) on the excess of taxable income over MNT 6 billion (2024: MNT 6 billion). The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group for the years ended 31 December are as follows:

	2025 MNT'000	2024 MNT'000
Profit/(loss) before tax	29,511,985	(30,013,754)
Tax at statutory tax rate of 25% (2024: 10%)	7,377,996	(3,001,375)
Adjustments in respect of current income tax of previous year	(623,061)	–
Effect of expenses not deductible for tax purposes	3,756,221	4,773,350
Effect of income subject to lower tax rate	(11,311,707)	(1,232)
Effect of income not subject to tax	(402,951)	(597,295)
Deferred tax asset not recognised	13,100,464	3,235,220
Effect of withholding tax on future dividend distribution of SPCs (Note 9.2)	5,790,659	2,631,913
Tax expense for the year	17,687,621	7,040,581

9. Income tax (cont'd.)

9.1. Income tax expense (cont'd.)

The Group has tax losses of MNT 154,838,508 thousand pertaining to business operations of previous years that are available to offset against future taxable profits for the next three financial years, of which MNT 99,255,376 thousand, MNT 3,181,276 thousand and MNT 52,401,856 of tax losses will expire in 2026, 2027 and 2029, respectively. The Group has not recognised deferred tax assets arising from tax losses as the Group is uncertain whether there would be sufficient taxable profit in the next four years available against which the tax losses carried forward can be utilised.

Deferred tax assets have not been recognised in respect of remaining tax losses as they may not be used to offset taxable profits based upon the likely timing and the level of future taxable profits. The annual amount of tax loss deductible from taxable income is limited to 50% (2024: 50%) of the taxable income in a given year.

9.2. Income tax prepayments/(payables)

	2025 MNT'000	2024 MNT'000
At 1 January	(1,618,413)	(1,785,549)
Charge for the period (Note 9.1)	(10,242,762)	(9,929,519)
Income tax paid	4,667,871	3,756,694
Income tax withheld by others	6,513,903	6,339,961
At 31 December	(679,401)	(1,618,413)

	2025 MNT'000	2024 MNT'000
Income tax prepayment/(payable), net:		
- Income tax prepayment	282,811	230,790
- Income tax payable	(962,212)	(1,849,203)
	(679,401)	(1,618,413)

9.3. Deferred tax liabilities

	2025 MNT'000	2024 MNT'000
Deferred tax liabilities, net		
At 1 January	21,291,709	24,180,647
Recognised in profit or loss (Note 9.1)		
Future dividend distribution of the SPCs	5,790,659	2,631,913
Fair value change of derivative financial instruments	3,346,283	(15,089,696)
Share of profit of associate	7,533	–
Fair value change of financial assets at FVPL	(15,042)	49,793
Unrealised foreign exchange movement, net	(1,684,574)	9,519,052
	7,444,859	(2,888,938)
At 31 December	28,736,568	21,291,709

9. Income tax (cont'd.)

9.3. Deferred tax liabilities (cont'd.)

	2025		2024	
	Deferred tax assets MNT'000	**Deferred tax liabilities MNT'000**	**Deferred tax assets MNT'000**	**Deferred tax liabilities MNT'000**
Future dividend distribution of the SPCs	–	26,934,311	–	21,143,652
Fair value change of derivative financial instruments	–	3,541,312	–	195,029
Fair value change of financial assets at FVPL	–	38,121	–	53,163
Share of profit of associate	–	7,533	–	–
Unrealised foreign exchange loss, net	1,784,709	–	100,135	–
	1,784,709	30,521,277	100,135	21,391,844
		28,736,568		21,291,709

10. Earnings per share

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

	2025 MNT'000	2024 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	11,824,364	(37,054,335)
Weighted-average number of ordinary shares for basic and diluted earnings/(loss) per share* (Note 26)	15,246,891	15,246,891
Earnings per share		
	MNT	MNT
Equity holders of the Parent for the year:		
Basic and diluted earnings/(loss) per share	775.53	(2,430.29)

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

11. Cash and bank balances

	2025 MNT'000	2024 MNT'000
Cash on hand	6,304	23,715
Term deposits with banks	221,451,502	192,667,045
Current accounts with banks	85,236,838	6,394,456
Trust accounts with banks	15,556,076	12,667,359
Collection accounts with banks	1,552,280	1,484,218
Gross carrying amount	323,803,000	213,236,793
Allowance for impairment losses	(343,034)	(384,836)
Net carrying amount	323,459,966	212,851,957

All bank accounts are placed in commercial banks operating in Mongolia, and most of these commercial banks are shareholder 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. The Group earns interest income at a rate of 3.1% to 17.0% (2024: 8.5% to 12.5%) per annum on term deposits.

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

Additional cash flow information

	2025 MNT'000	2024 MNT'000
Cash and bank balances	323,803,000	213,236,793
Less: Cash and bank balances classified as Stage 3	(262,858)	(340,286)
Total cash and cash equivalents for the consolidated statement of cash flows	323,540,142	212,896,507

11.1. Impairment allowance for cash and bank balances

	2025 MNT'000	2024 MNT'000
At 1 January	384,836	470,969
Credit loss reversal (Note 6)	(41,802)	(86,133)
At 31 December	343,034	384,836

Details of the Group's stage classification and methodology for calculating ECL are explained in Note 30.2.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system and policies are set out in Note 30.2:

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
31 December 2025				
Internal rating grade				
B- to B+ rated	323,533,838	–	–	323,533,838
D rated	–	–	262,858	262,858
	323,533,838	–	262,858	323,796,696
31 December 2024				
B- to B+ rated	212,872,792	–	–	212,872,792
D rated	–	–	340,286	340,286
	212,872,792	–	340,286	213,213,078

The table below shows changes in the gross carrying amount and the corresponding ECLs:

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
31 December 2025				
Gross carrying amount as at 1 January	212,872,792	–	340,286	213,213,078
New assets originated or purchased	5,362,418,252	–	–	5,362,418,252
Assets derecognised or repaid	(5,251,301,057)	–	(77,428)	(5,251,378,485)
Foreign exchange movement	(456,149)	–	–	(456,149)
At 31 December	323,533,838	–	262,858	323,796,696
ECL allowance as at 1 January	113,458	–	271,378	384,836
New assets originated or purchased	2,481,634	–	–	2,481,634
Assets derecognised or repaid	(2,454,640)	–	(61,749)	(2,516,389)
Impact on ECL from changes to inputs	15,769	–	(22,816)	(7,047)
At 31 December	156,221	–	186,813	343,034

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

11.1. Impairment allowance for cash and bank balances (cont'd.)

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
31 December 2024				
Gross carrying amount as at 1 January	343,439,645	–	440,207	343,879,852
New assets originated or purchased	7,513,108,704	–	–	7,513,108,704
Assets derecognised or repaid	(7,643,681,875)	–	(99,921)	(7,643,781,796)
Foreign exchange movement	6,318	–	–	6,318
At 31 December	212,872,792	–	340,286	213,213,078
ECL allowance as at 1 January	112,641	–	358,328	470,969
New assets originated or purchased	2,569,110	–	–	2,569,110
Assets derecognised or repaid	(2,559,792)	–	(81,336)	(2,641,128)
Impact on ECL on transfers between stages and changes to inputs	(8,501)	–	(5,614)	(14,115)
At 31 December	113,458	–	271,378	384,836

12. Debt instruments at amortised cost

	2025 MNT'000	2024 MNT'000
Loan notes receivables	232,930,243	315,632,979
Allowance for impairment losses	(35,631,354)	(27,325,976)
Net debt instruments at amortised cost	197,298,889	288,307,003

Loan notes receivables

During the year, the Group purchased loan notes issued by a related party of TDB Capital LLC ("TDBC"), for a total consideration of MNT 49.2 billion.

As of 31 December 2025, debt instruments at amortised cost comprised loan notes issued by a related party, of MNT 51.9 billion (see Note 29), as well as bonds issued by related parties of TDBC, amounting to MNT 102.4 billion (2024: MNT 148.4 billion).

12.1. Impairment allowance for debt instruments at amortised cost

	2025 MNT'000	2024 MNT'000
At 1 January	27,325,976	22,890,389
Credit loss expense (Note 6)	8,305,378	4,435,587
At 31 December	35,631,354	27,325,976

The table below shows changes in the gross carrying amount and the corresponding ECLs. Details of the Group's stage classification and methodology for calculating ECL are explained in Note 30.2.

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

12.1. Impairment allowance for debt instruments at amortised cost (cont'd.)

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
31 December 2025				
Gross carrying amount as at 1 January	259,068,888	–	56,564,091	315,632,979
New assets originated or purchased	152,850,136	–	–	152,850,136
Assets derecognised or repaid	(233,954,487)	–	(1,598,385)	(235,552,872)
Transfer to Stage 3	(4,572,422)	–	4,572,422	–
At 31 December	173,392,115	–	59,538,128	232,930,243
ECL allowance as at 1 January	2,427,958	–	24,898,018	27,325,976
New assets originated or purchased	1,422,619	–	–	1,422,619
Assets derecognised or repaid	(2,193,561)	–	(698,791)	(2,892,352)
Transfer to Stage 3	(80,635)	–	–	(80,635)
Impact on ECL on transfers between stages and changes to inputs	406,648	–	9,449,098	9,855,746
At 31 December	1,983,029	–	33,648,325	35,631,354
31 December 2024				
Gross carrying amount as at 1 January	102,556,359	44,141,379	7,738,516	154,436,254
New assets originated or purchased	198,579,123	–	–	198,579,123
Assets derecognised or repaid	(36,850,416)	–	(531,982)	(37,382,398)
Transfer to Stage 3	(5,216,178)	(44,141,379)	49,357,557	–
At 31 December	259,068,888	–	56,564,091	315,632,979
ECL allowance as at 1 January	1,023,229	18,879,014	2,988,146	22,890,389
New assets originated or purchased	3,973,132	–	–	3,973,132
Assets derecognised or repaid	(566,470)	–	(205,419)	(771,889)
Transfer to Stage 3	(1,850,890)	(18,879,014)	23,141,655	2,411,751
Impact on ECL on transfers between stages and changes to inputs	(151,043)	–	(1,026,364)	(1,177,407)
At 31 December	2,427,958	–	24,898,018	27,325,976

The table below shows the credit quality and the maximum exposure to risk based on the Group's internal credit rating system and year-end stage classification. The amounts are represented gross of impairment allowances. Details of the Group's internal rating system are explained in Note 30.2.

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
31 December 2025				
Internal rating grade				
B- to B+ rated	173,392,115	–	–	173,392,115
C to CCC+ rated	–	–	59,538,128	59,538,128
	173,392,115	–	59,538,128	232,930,243
31 December 2024				
B- to B+ rated	259,068,888	–	–	259,068,888
C to CCC+ rated	–	–	56,564,091	56,564,091
	259,068,888	–	56,564,091	315,632,979

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.

As at 31 December 2025, mortgage pool receivables with recourse comprised receivables due from a related party of TDBC, amounting to MNT 176.0 billion. These receivables were previously due from TDB Leasing LLC, a related party, as at 31 December 2024 (see Note 29) and were transferred during the year.

	2025 MNT'000	2024 MNT'000
Commercial mortgage pool receivables	176,038,891	230,198,654
Residential mortgage pool receivables	214,337	322,921
Gross mortgage pool receivables with recourse	176,253,228	230,521,575
Allowance for impairment losses	(2,477,153)	(2,021,214)
Net mortgage pool receivables with recourse	173,776,075	228,500,361

13.1. Impairment allowance for mortgage pool receivables with recourse

	2025 MNT'000	2024 MNT'000
At 1 January	2,021,214	1,351,292
Credit loss expense (Note 6)	455,939	669,922
At 31 December	2,477,153	2,021,214

Details of calculation and policies about ECL allowances are explained in Note 30.2.

The table below shows the credit quality and the maximum exposure to risk based on the Group's internal credit rating system and year-end stage classification. The amounts are represented gross of impairment allowances. Details of the Group's internal rating system are explained in Note 30.2.

	2025 Total Stage 1 MNT'000	2024 Total Stage 1 MNT'000
Internal rating grade		
B- to B+ rated	176,253,228	230,521,575

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to mortgage pool receivables with recourse is as follows:

	2025 Stage 1 MNT'000	2024 Stage 1 MNT'000
Gross carrying amount as at 1 January	230,521,575	205,014,275
New assets originated or purchased	30,531,389	131,463,027
Assets derecognised or repaid	(84,799,736)	(105,955,727)
At 31 December	176,253,228	230,521,575
ECL allowance as at 1 January	2,021,214	1,351,292
New assets originated or purchased	267,699	866,500
Assets derecognised or repaid	(743,524)	(698,376)
Impact on ECL from changes to inputs	931,764	501,798
At 31 December	2,477,153	2,021,214

14. Loan receivables with recourse

	2025 MNT'000	2024 MNT'000
Gross loan receivables with recourse	14,716,481	40,937,455
Allowance for impairment losses	(60,237)	(242,068)
Net loan receivables with recourse	14,656,244	40,695,387

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.

As of 31 December 2025, most of the outstanding portfolios are scheduled to mature prior to the end of January 2027 to ensure sufficient liquidity to settle debt securities maturing at that time.

14.1. Impairment allowance for loan receivables with recourse

	2025 MNT'000	2024 MNT'000
At 1 January	242,068	9,751
Credit loss expense/(reversal) (Note 6)	(181,831)	232,317
At 31 December	60,237	242,068

Details of calculation and policies about ECL allowances are explained in Note 30.2.

The table below shows the credit quality and the maximum exposure to risk based on the Group’s internal credit rating system and year-end stage classification. The amounts are represented gross of impairment allowances. Details of the Group’s internal rating system are explained in Note 30.2.

	2025 Total Stage 1 MNT'000	2024 Total Stage 1 MNT'000
Internal rating grade		
B- to B+ rated	14,716,481	40,937,455

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loan pool receivables with recourse is as follows:

	2025 Stage 1 MNT'000	2024 Stage 1 MNT'000
Gross carrying amount as at 1 January	40,937,455	23,915,332
New assets originated or purchased	4,683,952	77,260,835
Assets derecognised or repaid	(30,904,926)	(60,238,712)
At 31 December	14,716,481	40,937,455
ECL allowance as at 1 January	242,068	9,751
New assets originated or purchased	27,697	31,502
Assets derecognised or repaid	(182,744)	(24,561)
Impact on ECL on changes to inputs	(26,784)	225,376
At 31 December	60,237	242,068

15. Purchased mortgage pool receivables

	2025 MNT'000	2024 MNT'000
Gross purchased mortgage pool receivables	5,343,764,792	4,125,992,487
Less: Allowance for impairment losses	(4,219,738)	(4,918,242)
Less: Liquidation-basis remeasurement loss	(8,397,895)	–
Net purchased mortgage pool receivables	5,331,147,159	4,121,074,245

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.

Measurement under liquidation basis

As described in Note 1 and Note 2.1, the mortgage pools held by MIK Asset One SPC LLC, MIK Asset Two SPC LLC and MIK Asset Three SPC LLC are measured on a liquidation basis because the purchased mortgage pools of these SPCs have reached or are expected to reach the contractual clean-up threshold within the next 12 months, at which point the remaining mortgage pools may be sold back to the originating banks. Upon completion of the clean-up sale, the SPCs will realise their remaining assets, settle their outstanding obligations and proceed with liquidation and deregistration in accordance with applicable laws.

Under the liquidation basis, the purchased mortgage pool receivables are measured at net realisable value (“NRV”), determined using a discounted cash flow approach that incorporates remaining expected collections, defaults, prepayment expectations, arrears-related timing delays and discount rates inferred from pricing information provided by the originating commercial banks. Transaction costs expected to be incurred to complete a portfolio sale were assessed as immaterial and therefore have not been deducted in determining the measurement. The difference between NRV and the previous amortised cost carrying amount resulted in a liquidation-basis remeasurement loss of MNT 8,397,895 thousand, presented separately in profit or loss for the year. Comparative figures continue to be presented on a going concern basis, as the change in measurement basis relates to updated facts and circumstances as at 31 December 2025 and does not represent a change in accounting policy.

The Group continues to perform a credit quality analysis of the individual mortgage loans on each mortgage pool acquired. For credit risk policies and disclosures, please refer to Note 30.2.

15.1. Impairment allowance for purchased mortgage pool receivables

	2025 MNT'000	2024 MNT'000
At 1 January	4,918,242	7,554,851
Credit loss reversal (Note 6)	(698,504)	(2,636,609)
At 31 December	4,219,738	4,918,242

15. Purchased mortgage pool receivables (cont'd.)

15.1. Impairment allowance for purchased mortgage pool receivables (cont'd.)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to purchased mortgage pool receivables is as follows:

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
31 December 2025				
Gross carrying amount as at 1 January	4,014,865,659	83,763,938	27,362,890	4,125,992,487
New assets originated or purchased	1,983,290,955	–	–	1,983,290,955
Assets derecognised or repaid	(749,292,861)	(10,586,807)	(5,638,982)	(765,518,650)
Transfer to Stage 1	39,581,463	(32,455,350)	(7,126,113)	–
Transfer to Stage 2	(68,490,863)	70,408,125	(1,917,262)	–
Transfer to Stage 3	(8,879,438)	(3,271,502)	12,150,940	–
At 31 December	5,211,074,915	107,858,404	24,831,473	5,343,764,792
ECL allowance as at 1 January	1,544,069	1,881,352	1,492,821	4,918,242
New assets originated or purchased	420,836	–	–	420,836
Assets derecognised or repaid	(280,296)	(205,358)	(302,914)	(788,568)
Transfer to Stage 1	1,134,263	(745,481)	(388,782)	–
Transfer to Stage 2	(26,111)	130,771	(104,660)	–
Transfer to Stage 3	(3,148)	(72,241)	75,389	–
Impact on ECL on transfers between stages and changes to inputs	(1,611,189)	875,770	404,647	(330,772)
At 31 December	1,178,424	1,864,813	1,176,501	4,219,738
31 December 2024				
Gross carrying amount as at 1 January	3,999,337,826	56,512,113	34,501,073	4,090,351,012
New assets originated or purchased	781,378,048	–	–	781,378,048
Assets derecognised or repaid	(730,899,099)	(8,348,596)	(6,488,878)	(745,736,573)
Transfer to Stage 1	51,776,112	(41,328,582)	(10,447,530)	–
Transfer to Stage 2	(76,167,022)	78,077,650	(1,910,628)	–
Transfer to Stage 3	(10,560,206)	(1,148,647)	11,708,853	–
At 31 December	4,014,865,659	83,763,938	27,362,890	4,125,992,487
ECL allowance as at 1 January	3,894,243	1,262,585	2,398,023	7,554,851
New assets originated or purchased	779,458	–	–	779,458
Assets derecognised or repaid	(697,475)	(166,436)	(413,469)	(1,277,380)
Transfer to stage 1	1,620,965	(978,949)	(642,016)	–
Transfer to stage 2	(72,381)	189,026	(116,645)	–
Transfer to stage 3	(9,970)	(25,891)	35,861	–
Impact on ECL on transfers between stages and changes to inputs	(3,970,771)	1,601,017	231,067	(2,138,687)
At 31 December	1,544,069	1,881,352	1,492,821	4,918,242

15. Purchased mortgage pool receivables (cont'd.)

15.1. Impairment allowance for purchased mortgage pool receivables (cont'd.)

The table below shows the credit quality and the maximum exposure to risk based on the Group's internal credit rating system and year-end stage classification. The amounts are represented gross of impairment allowances. Details of the Group's internal rating system are explained in Note 30.2.

	Stage 1 MNT'000	Stage 2 MNT'000	Stage 3 MNT'000	Total MNT'000
31 December 2025				
Internal rating grade				
Performing mortgages	5,196,015,230	97,542,238	–	5,293,557,468
Mortgages in arrears	15,059,685	10,316,166	–	25,375,851
Non-performing mortgages				
Substandard mortgages	–	–	7,702,229	7,702,229
Doubtful mortgages	–	–	5,932,956	5,932,956
Bad mortgages	–	–	11,196,288	11,196,288
	–	–	24,831,473	24,831,473
Total	5,211,074,915	107,858,404	24,831,473	5,343,764,792
31 December 2024				
Internal rating grade				
Performing mortgages	4,007,627,572	76,301,805	–	4,083,929,377
Mortgages in arrears	7,238,087	7,462,133	–	14,700,220
Non-performing mortgages				
Substandard mortgages	–	–	7,459,394	7,459,394
Doubtful mortgages	–	–	8,033,737	8,033,737
Bad mortgages	–	–	11,869,759	11,869,759
	–	–	27,362,890	27,362,890
Total	4,014,865,659	83,763,938	27,362,890	4,125,992,487

16. Financial assets at fair value through profit or loss

	2025 MNT'000	2024 MNT'000
Fair value as at 1 January	128,172,138	137,673,182
Purchased	–	531,866
Redeemed	(30,731,866)	(8,450,000)
Gain on redemption of preference shares (Note 8)	2,911,321	345,435
Net gain/(loss) from change in fair value through profit or loss	3,656,558	(1,928,345)
Fair value as at 31 December	104,008,151	128,172,138

Investment in preference shares

On 7 December 2020, the Group invested in 30,000 preference shares of TDBC, a shareholder of Trade and Development Bank of Mongolia ("TDB"), with a par value of MNT 5 million per share purchased 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 2025, TDBC repurchased 6,040 (2024: 1,690) preference shares for MNT 30.2 billion (2024: MNT 8.45 billion), resulting in a gain of MNT 2,911,321 thousand (2024: MNT 345,435 thousand).

As at 31 December 2025, the outstanding units of the preference shares are 20,930 (2024: 26,970).

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

Investments 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.

For the fair value disclosure of financial assets at FVPL, please refer to Note 32.

17. Derivative financial instruments

On 23 February 2024 and on 15 April 2024, the Group extended its cross-currency interest rate 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 January 2024 (see Note 24). With the amendment, the nominal amount was reduced from USD 196 million to USD 183.5 million, with interest payable quarterly on a net basis.

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.

For the fair value disclosure of derivative financial instruments, please refer to Note 31.

	Fair value of assets MNT'000	Fair value of liabilities MNT'000	Notional amount MNT'000
31 December 2025			
Derivative financial instruments			
Cross-currency interest rate swaps	35,373,191	–	620,993,151
31 December 2024			
Derivative financial instruments			
Cross-currency interest rate swaps	1,950,282	–	620,993,151
Forward contract	–	39,915	611,646
	1,950,282	39,915	621,604,797

	2025 MNT'000	2024 MNT'000
Fair value as at 1 January	1,910,367	152,847,243
Net gain on change in fair value of derivative financial instruments	33,548,873	1,070,924
Realized gain on derivative financial instruments	(86,049)	(152,007,800)
Fair value as at 31 December	35,373,191	1,910,367

Interest earned or incurred on derivative financial instruments is accrued in interest income or interest expense (disclosed at net, see Note 4), respectively, and received or paid at the net amount between the contractual rates every quarter from 23 February 2024 to 4 January 2027. The reconciliation of interest payable or interest receivable is as shown below:

	2025 MNT'000	2024 MNT'000
Interest payable at 1 January	4,165,860	1,135,791
Net interest accrued (Note 4)	36,336,276	24,008,242
Net interest paid	(34,369,653)	(20,978,173)
Interest payable at 31 December	6,132,483	4,165,860

18. Other assets

	2025 MNT'000	2024 MNT'000
Financial assets		
Other receivables	49,052,853	43,418,838
Non-financial assets		
Prepayments	4,646,942	4,620,029
Value-added tax receivables	3,015,762	3,038,795
Consumables and office supplies	416,879	383,468
Other assets	510,000	–
	8,589,583	8,042,292
	57,642,436	51,461,130

Included in other receivables as at 31 December 2025 is accrued interest on preference shares held in TDBC of MNT 59,317,914 thousand (2024: MNT 59,407,891 thousand) (see Note 29); these long-term receivables have been discounted to net present value for the effects of the time value of money resulting in a reversal of discount on other receivables of MNT 5,497,404 thousand (2024: discount on other receivable of MNT 9,755,057 thousand) (see Note 8). The recoverable amount of these receivables was assessed to be MNT 48,678,144 thousand (2024: MNT 43,270,717 thousand).

19. Property and equipment

	Premises MNT'000	Furniture and equipment MNT'000	Computers MNT'000	Vehicles MNT'000	Total MNT'000
31 December 2025					
At cost					
At 1 January	37,347,699	1,090,206	1,139,656	1,248,901	40,826,462
Additions	–	16,172	180,111	–	196,283
Write-off (Note 8)	–	(22,716)	(2,370)	(33,514)	(58,600)
Disposal	–	(14,283)	(210)	(244,486)	(258,979)
At 31 December	37,347,699	1,069,379	1,317,187	970,901	40,705,166
Accumulated depreciation					
At 1 January	5,502,680	425,474	1,043,830	700,712	7,672,696
Charge for the year (Note 7)	1,493,908	103,763	136,863	120,108	1,854,642
Write-off (Note 8)	–	(3,076)	(2,370)	–	(5,446)
Disposal	–	(14,283)	(210)	(101,886)	(116,379)
At 31 December	6,996,588	511,878	1,178,113	718,934	9,405,513
Net carrying amount	30,351,111	557,501	139,074	251,967	31,299,653

19. Property and equipment (cont'd.)

	Premises	Furniture and equipment	Computers	Vehicles	Total
	MNT'000	MNT'000	MNT'000	MNT'000	MNT'000
31 December 2024					
At cost					
At 1 January	37,347,699	1,073,913	1,112,090	1,129,500	40,663,202
Additions	–	20,198	125,316	119,401	264,915
Write-off (Note 8)	–	(3,905)	(55,097)	–	(59,002)
Disposal	–	–	(42,653)	–	(42,653)
At 31 December	37,347,699	1,090,206	1,139,656	1,248,901	40,826,462
Accumulated depreciation					
At 1 January	4,004,679	318,823	1,017,707	521,914	5,863,123
Charge for the year (Note 7)	1,498,001	106,847	123,832	178,798	1,907,478
Write-off (Note 8)	–	(196)	(55,056)	–	(55,252)
Disposal	–	–	(42,653)	–	(42,653)
At 31 December	5,502,680	425,474	1,043,830	700,712	7,672,696
Net carrying amount	31,845,019	664,732	95,826	548,189	33,153,766

In 2024, the Group sold fully depreciated computers for a cash consideration of MNT 3,791 thousand, resulting in a gain of MNT 3,791 thousand. The gains on these disposals were recognised as part of other income in the statement of profit or loss (see Note 8).

As at 31 December 2025, premises with carrying amount of MNT 30,094,489 thousand (2024: MNT 31,568,219 thousand) are collateralised for borrowed funds (see Note 23).

20. Intangible assets

	Computer software	
	2025	2024
	MNT'000	MNT'000
Cost		
At 1 January	1,758,855	950,033
Additions	278,125	1,018,443
Write-off	(402,569)	(209,621)
At 31 December	1,634,411	1,758,855
Accumulated amortisation		
At 1 January	854,381	689,085
Charge for the year (Note 7)	350,981	374,917
Write-off	(402,569)	(209,621)
At 31 December	802,793	854,381
Net carrying amount	831,618	904,474

21. Investment in associate

On 14 May 2025, the Group invested in CGF LLC ("CGF"), an entity established to support the development of Mongolia's green-finance ecosystem. CGF holds a wholly owned subsidiary, Mongolia Green Finance Corporation NBFI LLC ("MGFC"), which is mandated to implement and operationalize the national green-loan framework.

The Group's investment in CGF aligns with its strategic objective to promote sustainable financing mechanisms, enable capital mobilization for green technologies, and contribute to Mongolia's transition toward a low-carbon and climate-resilient economy.

As at 31 December 2025, the Group holds a 38.0% (2024: 0%) interest in CGF, management assessed CGF to be an associate due to its significant influence over the entity implied by this ownership.

21. Investment in associate (cont'd.)

The Group's interest in CGF is accounted for using the equity method based on CGF's consolidated financial information. The following table illustrates the summarised financial information of the Group's investment in CGF:

	MNT'000
Investment at acquisition	6,795,673
Share of profit/(loss) of associate for the period	(5,933)
Share of other movements in associate's equity	81,258
At 31 December 2025	6,870,998

	2025 MNT'000	**2024 MNT'000**
Current assets	18,275,573	1,380,132
Non-current assets	78	162
Current liabilities	(194,078)	135,802
Non-current liabilities	–	–
Equity	18,081,573	1,516,096
Group's share in equity - 38% (2024: 0%)	6,870,998	–
Group's carrying amount of the investment	6,870,998	–

	2025 MNT'000	**2024 MNT'000**
Interest income	228,842	119,555
Other income	7,249	25,215
Operating expense	(94,397)	(45,773)
Other expense	(157,306)	(2,597)
Profit/(loss) before tax	**(15,612)**	**96,400**
Income tax expense	–	(625)
Profit/(loss) for the year	**(15,612)**	**95,775**
Group's share of profit/(loss) for the year	(5,933)	–

22. Other liabilities

	2025 MNT'000	**2024 MNT'000**
Financial liabilities		
Other payables	8,903,445	8,131,755
Interest payable on cross-currency swap (Note 19)	6,132,483	4,165,860
	15,035,928	12,297,615
Non-financial liabilities		
Withholding tax payable	1,908,627	2,077,486
VAT payable	30,646	72,479
Other payables	8,737,713	9,104,102
	10,676,986	11,254,067
	25,712,914	23,551,682

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 (see Note 25). Included in other non-financial payables are income tax to be withheld by others.

23. Borrowed funds

	2025 MNT'000	2024 MNT'000
TDB	21,644,977	9,062,961
Golomt Bank JSC ("Golomt")	–	15,319,562
	21,644,977	24,382,523

TDB:

On 17 May 2018, the Group entered into a loan agreement with TDB for MNT 11.4 billion to finance the acquisition of its office building. The loan bears an interest rate of 14.4% per annum, with the principal repayable in monthly installments from 17 May 2018 to 17 May 2033.

On 21 May 2025 and 6 July 2025, the Group entered into a loan agreement with TDB for MNT 2.0 billion and MNT 11.0 billion, respectively. Both loans bear an interest rate of 18% per annum, with the principal repayable in monthly installments with a maturity of 36 months. (refer to Note 29).

Golomt:

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

24. Debt securities

	2025 MNT'000	2024 MNT'000
Debt securities at amortised cost	685,040,689	726,128,478

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, resulting in a loss of MNT 28,416,627 thousand (see Note 8). On the same day, the Group issued additional new senior notes (collectively "2027 Notes") with a principal amount of USD 52,515,000 in the international capital markets 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 way of the exchange offer and also 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 made a principal payment of USD 41,820,000 or MNT 142,184,654 thousand on its "2024 Notes", fully settling the debt securities as scheduled.

In 2025, the Group repurchased a portion of its 2027 Notes in principal amounts of USD 17,539,000 (2024: USD 22,312,000) resulting in a loss on repurchase of debt securities amounting to MNT 1,931,503 thousand (2024: MNT 600,752 thousand) (see Note 9).

The senior notes had an outstanding balance of USD 185,149,000 or MNT 685,512,042 thousand (2024: USD 202,688,000 or MNT 726,128,478 thousand) as at 31 December 2025.

OTC market

In 2024, the Group issued a second tranche and third tranche of its OTC bond with a principal amount of MNT 8.5 billion ("OTC Tranche-2 bond") and MNT 4.0 billion ("OTC Tranche-3 bond"). Both the OTC Tranche-2 bond and OTC Tranche-3 bond bear an interest rate of 18.0% per annum, with interest payable semi-annually and principal payable upon maturity in 12 months time. During 2025, the Group fully repaid both OTC Tranche-2 bond and OTC Tranche-3 bond.

25. Collateralised bonds

	Interest rate	2025 MNT'000	2024 MNT'000
Senior bonds	2.25%	1,803,816,978	511,284,710
Senior bonds	4.50%	1,020,331,210	1,277,786,124
Senior bonds I	1.00%	852,657,193	936,311,133
Senior bonds II	9.00%	415,627,869	457,388,868
Senior bonds II	4.50%	230,107,265	260,595,203
Senior bonds	11.00%	228,001,810	64,859,347
Senior bonds III	13.00%	51,465,428	57,856,122
Junior bonds	10.50%	510,022,096	523,579,073
Junior bonds	11.00%	237,428,805	67,057,766
Junior bonds	9.00%	152,057,356	152,130,220
		5,501,516,010	4,308,848,566

The senior and junior bonds as at 31 December 2025 and 31 December 2024 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 Bank of Mongolia ("BOM") and Ministry of Finance (MoF), senior bonds II issued to the BOM, MoF and commercial banks, and senior bonds III issued to commercial banks, Ministry of Food and Agriculture (MOFA). Prior to this change, all senior bonds were issued to the BOM, MOF and Junior bonds were solely issued to commercial banks.

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.

26. Ordinary shares

The Group is a joint stock company established under the Company Law of Mongolia and listed on the Mongolian Stock Exchange on 24 December 2015. The total authorised share capital of the Group represents 30,000,000 ordinary shares (2024: 30,000,000) with nominal value of MNT 1,000 per share.

The movement in number of shares and amount of share capital during the years ended 31 December 2025 and 31 December 2024 are as follows:

	Number of outstanding shares of MNT 1,000 each MNT'000	Issued ordinary shares MNT'000	Share premium MNT'000
At 1 January/31 December 2024 and 1 January/31 December 2025	20,709,320	20,709,320	52,225,115

There were 5,462,429 shares held as treasury shares as at 31 December 2025 (2024: 5,462,429 shares). Excluding these shares, the number of issued shares in circulation as at 31 December 2025 was 15,246,891 shares (2024: 15,246,891 shares). All issued ordinary shares are fully paid. Each ordinary share carries one vote.

There were no dividends declared to its shareholders during the years ended 31 December 2025 and 31 December 2024.

Financial and operating policy decisions, including strategic decisions, are made at the meetings of the Board of Directors ("BOD"). The members of the BOD are appointed at the Shareholders' Meeting. As of 31 December 2025 and 2024, each shareholder that has more than 1% of total shares of the Group, has the ability to nominate one member to the BOD, which consists of 9 members, including 3 independent members, one representative of the BoM and representatives of the commercial banks and state-owned banks. In addition, all bank shareholders have material transactions with the Group during 2025 and participated in the policy making procedures.

26. Ordinary shares (cont'd.)

The shareholders of the Group as of 31 December 2025 and 31 December 2024 and percentages of ownership are as follows:

	2025	2024
CNB Consulting LLC	12.59%	12.59%
Asia Diversified Real Estate Fund One Private Investment Fund	11.16%	11.16%
TDB	10.00%	10.00%
TDB Capital LLC /formerly United Banking Corporation LLC/	5.95%	5.95%
TDB Securities SC /formerly TDB Capital LLC/	5.30%	5.30%
Golomt	4.94%	4.94%
CEC Group	2.36%	2.36%
Khan Bank JSC	1.02%	1.02%
XacBank JSC	1.02%	1.02%
Capitron Bank Closed JSC	1.02%	1.02%
Nexus Finance Investment NBFI LLC	0.57%	0.57%
Chinggis Khaan Bank LLC	0.30%	0.30%
Others	0.16%	0.16%
Total private sector share	56.39%	56.39%
Development Bank of Mongolia	14.88%	14.88%
State Bank JSC	2.35%	2.35%
Total state shares	17.23%	17.23%
Treasury shares	26.38%	26.38%
Total	100.00%	100.00%

27. 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 25.

28. Maturity analysis of assets and liabilities

The table shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. See Note 30.3 'Liquidity risk' for the Group's contractual undiscounted repayment obligations.

	Less than 12 months MNT'000	More than 12 months MNT'000	Total MNT'000
At 31 December 2025			
Financial assets			
Cash and bank balances	323,459,966	–	323,459,966
Debt instrument at amortised cost	47,593,129	149,705,760	197,298,889
Mortgage pool receivables with recourse	173,566,156	209,919	173,776,075
Loan receivables with recourse	11,151,592	3,504,652	14,656,244
Purchased mortgage pool receivables	424,710,149	4,906,437,010	5,331,147,159
Financial investments at fair value through profit or loss	41,890,251	62,117,900	104,008,151
Derivative financial instruments	–	35,373,191	35,373,191
Other assets	21,387,376	27,665,477	49,052,853
	1,043,758,619	5,185,013,909	6,228,772,528
Non-financial assets			
Property and equipment	–	31,299,653	31,299,653
Intangible assets	–	831,618	831,618
Investment in associate	–	6,870,998	6,870,998
Income tax prepayment	282,811	–	282,811
Other assets	8,589,583	–	8,589,583
Deferred tax asset	–	1,784,709	1,784,709
	8,872,394	40,786,978	49,659,372
Total	1,052,631,013	5,225,800,887	6,278,431,900
Financial liabilities			
Borrowed funds	935,859	20,709,118	21,644,977
Debt securities issued	26,528,647	658,512,042	685,040,689
Collateralised bonds	492,251,530	5,009,264,480	5,501,516,010
Other liabilities	15,035,928	–	15,035,928
	534,751,964	5,688,485,640	6,223,237,604
Non-financial liabilities			
Other liabilities	10,676,986	–	10,676,986
Income tax payable	962,212	–	962,212
Deferred tax liability	–	30,521,277	30,521,277
	11,639,198	30,521,277	42,160,475
Total	546,391,162	5,719,006,917	6,265,398,079
Net	506,239,851	(493,206,030)	13,033,821

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

	Less than 12 months MNT'000	More than 12 months MNT'000	Total MNT'000
At 31 December 2024			
Financial assets			
Cash and bank balances	212,851,957	–	212,851,957
Debt instrument at amortised cost	79,725,466	208,581,537	288,307,003
Mortgage pool receivables with recourse	94,626	228,405,735	228,500,361
Loan receivables with recourse	18,182,447	22,512,940	40,695,387
Purchased mortgage pool receivables	231,233,053	3,889,841,192	4,121,074,245
Financial investments at fair value through profit or loss	60,006,759	68,165,379	128,172,138
Derivative financial instruments	–	1,950,282	1,950,282
Other assets	43,418,838	–	43,418,838
	645,513,146	4,419,457,065	5,064,970,211
Non-financial assets			
Property and equipment	–	33,153,766	33,153,766
Intangible assets	–	904,474	904,474
Income tax prepayment	230,790	–	230,790
Other assets	8,042,292	–	8,042,292
Deferred tax asset	–	100,135	100,135
	8,273,082	34,158,375	42,431,457
Total	653,786,228	4,453,615,440	5,107,401,668
Financial liabilities			
Borrowed funds	15,989,897	8,392,626	24,382,523
Debt securities issued	32,884,846	693,243,632	726,128,478
Collateralised bonds	317,070,366	3,991,778,200	4,308,848,566
Derivative financial liability	39,915	–	39,915
Other liabilities	12,297,615	–	12,297,615
	378,282,639	4,693,414,458	5,071,697,097
Non-financial liabilities			
Other liabilities	11,254,067	–	11,254,067
Income tax payable	1,849,203	–	1,849,203
Deferred tax liability	2,709	21,389,135	21,391,844
	13,105,979	21,389,135	34,495,114
Total	391,388,618	4,714,803,593	5,106,192,211
Net	262,397,610	(261,188,153)	1,209,457

29. 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.

As at 31 December 2025, the Company has the following gross balances and transactions with related parties:

	Bank deposits		Mortgage backed bond			
			Issued during the year			
	Outstanding balance MNT'000	Interest Income MNT'000	senior bonds MNT'000	junior bonds MNT'000	Outstanding balance MNT'000	Interest expense MNT'000
At 31 December 2025						
TDB	207,372,745	5,244,174	333,119,400	37,013,300	418,032,780	36,598,458
Khan Bank JSC	3,687,747	163,784	337,323,100	37,480,700	371,611,455	32,548,453
XacBank JSC	16,065,913	1,726,087	183,454,400	20,384,100	148,064,410	12,418,649
Golomt Bank JSC	29,382,612	5,708,484	316,647,200	35,183,300	351,020,683	29,327,044
Capitron Bank Closed JSC	22,301,284	2,197,740	82,975,300	9,219,700	70,269,865	6,262,847
State Bank JSC	16,922,282	1,445,598	207,880,900	23,098,000	216,036,493	16,761,722
Chinggis Khaan Bank LLC	262,668	–	–	–	3,821,344	351,477
TDB Securities SC	9	–	–	–	–	–
	295,995,260	16,485,867	1,461,400,300	162,379,100	1,578,857,030	134,268,650
BoM	–	–	–	–	3,880,118,699	94,692,182
MoF	–	–	–	–	11,117,338	1,102,578
	–	–	–	–	3,891,236,037	95,794,760
Total	295,995,260	16,485,867	1,461,400,300	162,379,100	5,470,093,067	230,063,410
At 31 December 2024						
TDB	98,358,342	6,001,035	95,942,400	10,660,400	362,430,448	33,340,110
Khan Bank JSC	3,274,039	239,648	85,185,300	9,465,200	312,179,154	29,070,988
XacBank JSC	10,442,333	1,176,246	25,754,600	2,861,700	112,524,732	10,415,492
Golomt Bank JSC	49,751,563	5,155,646	161,506,900	17,945,400	293,086,522	23,383,751
Capitron Bank Closed JSC	8,623,927	1,441,923	37,621,200	4,180,200	54,634,478	4,869,880
State Bank JSC	20,420,121	1,760,476	43,852,300	4,872,500	151,602,765	13,428,454
Chinggis Khaan Bank LLC	340,096	–	–	–	3,889,431	363,526
TDB Securities SC	324	–	–	–	–	–
	191,210,745	15,774,974	449,862,700	49,985,400	1,290,347,530	114,872,201
BoM	–	–	–	–	2,985,959,572	92,003,109
MoF	–	–	–	–	11,432,748	1,105,565
	–	–	–	–	2,997,392,320	93,108,674
Total	191,210,745	15,774,974	449,862,700	49,985,400	4,287,739,850	207,980,875

29. Related party disclosures (cont'd.)

	Mortgage pool portfolio						
	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	Loan service fee MNT'000
As at 31 December 2025							
TDB	–	370,132,866	–	1,402,370,275	5,215,255	86,880,810	5,260,101
Khan Bank JSC	–	374,803,874	–	1,236,041,818	–	72,952,837	4,780,839
XacBank JSC	–	203,838,557	–	518,229,682	–	27,326,670	1,689,166
Golomt Bank JSC	–	351,830,687	157,741	1,143,698,141	31,703	68,017,524	4,481,912
Capitron Bank Closed JSC	–	92,195,113	–	261,415,489	–	14,334,101	739,012
State Bank JSC	–	230,979,005	56,596	666,937,970	10,856	38,487,558	2,197,029
Total	–	1,623,780,102	214,337	5,228,693,375	5,257,814	307,999,500	19,148,059
As at 31 December 2024							
TDB	50,703,125	106,602,866	52,787,550	1,154,974,648	3,513,170	83,419,040	5,453,496
Khan Bank JSC	–	94,650,591	–	978,215,335	–	69,512,391	4,729,199
XacBank JSC	–	28,616,347	–	354,629,649	–	25,283,330	1,739,043
Golomt Bank JSC	43,999,936	179,452,388	248,996	903,106,678	1,976,977	60,382,774	4,222,321
Capitron Bank Closed JSC	–	41,801,515	–	184,446,745	103,491	10,833,862	582,527
State Bank JSC	–	48,724,888	73,925	485,346,039	17,250	33,113,072	2,002,680
Chinggis Khaan Bank LLC	–	–	–	–	–	–	12
TDB Leasing LLC	6,348,955	–	177,411,104	–	24,800,123	–	275,895
Total	101,052,016	499,848,595	230,521,575	4,060,719,094	30,411,011	282,544,469	19,005,173

	Financial assets			Borrowings		Derivatives	
	Invested during the period MNT'000	Outstanding balance MNT'000	Interest income MNT'000	Outstanding balance MNT'000	Interest expense MNT'000	Outstanding balance MNT'000	Interest expense MNT'000
At 31 December 2025							
TDB	–	–	–	21,644,977	2,436,975	35,373,191	36,336,276
Golomt Bank JSC	–	–	–	–	231,460	–	–
TDB Capital LLC	–	163,967,914	15,198,464	–	–	–	–
Globull Investment and Development Pte Ltd	–	–	7,191,645	–	–	–	–
QSC LLC	–	51,924,431	3,988,523	–	–	–	–
Bodi International LLC	–	–	256,701	–	–	–	–
Total	–	215,892,345	26,635,333	21,644,977	2,668,435	35,373,191	36,336,276
At 31 December 2024							
TDB	–	–	–	9,062,961	1,333,759	1,910,367	24,008,242
Golomt Bank JSC	–	–	–	15,319,562	2,734,027	–	–
TDB Capital LLC	–	194,257,890	16,956,303	–	–	–	–
Globull Investment and Development Pte Ltd	–	88,213,064	12,461,210	–	–	–	–
QSC LLC	–	48,334,761	4,669,315	–	–	–	–
Bodi International LLC	20,000,000	15,323,507	3,428,932	–	–	–	–
TDB Securities SC	5,000,000	5,129,589	31,562	–	–	–	–
Total	25,000,000	351,258,811	37,547,322	24,382,523	4,067,786	1,910,367	24,008,242

* Outstanding balance/interest income from mortgage pool with/without recourse represents the principal/interest income from individual borrowers that are passed through to the Group via the commercial banks.
** Difference between issuance of RMBS (senior and junior) and the purchased mortgage pool (without recourse) is the cash payment of the Group to the respective commercial banks amounting to MNT 1,132 thousand (2024: MNT 495 thousand).

29. Related party disclosures (cont'd.)

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.

Other payables

Other payables include loan service fee payable to the banks for the collection of the purchased mortgage pool receivables as follows (see Note 21):

	2025 MNT'000	2024 MNT'000
TDB	2,284,559	2,271,633
Khan Bank JSC	2,089,623	1,911,760
Golomt Bank JSC	2,058,272	683,940
State Bank JSC	949,153	1,801,640
XacBank JSC	760,447	261,271
Capitron Bank Closed JSC	314,444	826,802
Total	8,456,498	7,757,046

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

Loan receivables with recourse

	2025 MNT'000	2024 MNT'000
TDB Leasing LLC:		
Purchase of loan receivables with recourse	–	6,348,955
Outstanding balance	1,549,753	4,751,401
Interest income from other loan receivables	664,113	–

Compensation to key management personnel

	2025 MNT'000	2024 MNT'000
Short-term employee benefits		
Salaries, incentives and allowances	2,252,811	2,971,827
Contribution to social and health fund	236,924	313,280
	2,489,735	3,285,107

Compensation to key management personnel consists of compensation paid to the board of directors and management of the Group.

30. Risk management

30.1. Introduction

The Group's business activities expose it to the following major categories of financial risk:

- Credit risk. Credit risk is the potential for financial loss resulting from the failure of a borrower or institutional counterparty to honour its financial or contractual obligations, resulting in a potential loss of earnings or cash flows.
- Liquidity risk. Liquidity risk is the risk that the Group will not be able to meet its funding obligations in a timely manner.
- Market risk. Market risk is the exposure generated by adverse changes in the value of the Group's financial assets caused by a change in interest rates or foreign exchange rates.
- Operational risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, corporate governance, or from external events.

The Group seeks to manage those risks by using an established risk management framework that continues to evolve as the Group grows and expands its business. This risk management framework is intended to provide the basis of the principles that govern the Group's risk management activities.

30. Risk management (cont'd.)

30.1. Introduction (cont'd.)

Risk management structure

The Group has its dedicated BOD appointed by its shareholders. The BOD is responsible for the oversight of asset management and execution of responsibility through the board committee system, which includes the following standing committees: the Risk Committee ("RC") and the Finance and Audit Committee ("FAC"). In 2023, the Group established Sustainable Development Committee ("SDC") to develop the Group's sustainable development policies, strategies, and objectives, as well as continuous enhancement of performance, monitoring metrics, targets and reporting.

The RC oversees general risk–related policies, including review of the Group-level risk policies and limits, performance against these policies and limits, and the sufficiency of risk management capabilities. In addition to overseeing liquidity risk and market risk in association with the RC, the FAC reviews the Group's system of internal controls, and approves purchases of pools of mortgage loan receivables.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment.

30.2. Credit risk

Credit risk is the risk that the Group will incur a loss because its counterparties fail to discharge their contractual obligations. Credit risk is monitored by the Risk Management Department of the Group. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties.

The Group has established a credit quality review process, which assigns each counterparty a risk rating to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Risk ratings are subject to regular review. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The Group has considered the overall economic environment in their ECL model based on the available information. Further, the Group has adjusted their forward-looking factor with the latest available data as of reporting date and has considered several macroeconomic scenarios. With regards to mortgage pool receivables with recourse, loan receivables with recourse, debt instruments and cash and bank balances, management adjusted selection of macro-economic scenarios.

Cash and bank balances

The Group's cash and bank balances consist of current, trust, savings and collection accounts in eleven different commercial banks operating in Mongolia. Credit risk arising from cash and bank balances is the risk of the originating bank or financial organisation entering bankruptcy.

Debt instruments at amortised cost

The Group purchased debt instruments of counterparties operating in Mongolia. Credit risk arising from debt instruments lies on the probability of originating counterparties entering bankruptcy.

Mortgage loans without recourse

The Group purchases mortgage loans without recourse from the commercial banks of Mongolia. Credit risk for mortgage loan receivables lies on the probability of not receiving principal or interest on a timely basis due to the borrowers not making payments on time.

The mortgage pool portfolio purchase procedures include thorough due diligence to ensure that the commercial banks comply with the quality standards based on those established by the BoM and the use of an assessment model that utilises both qualitative and quantitative measurements related to the overall quality of mortgage loans to be purchased.

The Group has also developed eligibility criteria for the loan receivables that they can acquire. The criteria are set for the borrower, loan, collateral asset and loan documents based on Mongolian Law and the requirements set by the BoM. The loan files for every loan receivable to be purchased are checked for completeness for each borrower, and management has procedures and policy in place to ensure that the eligibility criteria are met.

After the pool of loan receivables are purchased, the Group receives daily settlement reports and reconciles the information, on a monthly basis. A consolidated quality report is obtained from the loan origination banks. These reports are used to closely monitor the performance of the loan origination banks in collecting loan payments on behalf of the Group. In addition, follow ups are made with the loan origination banks on any loans with slow repayment history. The policies and procedures for selecting loan receivables for purchase have been approved and are monitored by the Chief Executive Officer ("CEO").

30. Risk management (cont'd.)

30.2. Credit risk (cont'd.)

Mortgage loans with recourse

In addition to mortgage loans without recourse, the Group also purchases mortgage loans with recourse from commercial banks of Mongolia. The Group has the right to request from the respective commercial banks and non-bank financial institutions ("NBFIs"), 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. Therefore, the credit risk for mortgage loan receivables with recourse lies on the probability of the originating bank or financial organisation entering bankruptcy.

The mortgage loan purchase procedures are similar to those of mortgage pools without recourse for mortgage loans sourced by the Group's own funds.

For mortgage loans purchased with the Senior Note proceeds, the Group has developed eligibility criteria and loan purchase procedures that are different than those set for mortgage loans without recourse. Due diligence review procedures include obtaining loan details from the banks and checking them against the eligibility criteria, but do not include review of borrower loan files. The final composition and size of the portfolio to be purchased is approved by the Asset and Liability Committee ("ALCO") of the Group.

After the pool of loan receivables are purchased, the Group receives the settlement reports and reconciles the information on a monthly basis. The policies and procedures for selecting loan receivables for purchase have been approved and are monitored by the CEO.

Loan receivables with recourse

The consumer loan purchase procedures are similar to those of mortgage pools with recourse. The Group has the right to request from the respective financial institution, when any individual consumer loan is overdue more than 90 days, either to replace the defaulted loan with another performing loan with similar terms or to pay immediately in cash an amount equal to the carrying amount of the defaulted loan plus accumulated interest. Therefore, the credit risk for mortgage loan receivables with recourse lies on the probability of the originating financial organisation entering bankruptcy.

Same with mortgage pools with recourse, the Group has set eligibility criteria for loan receivables with recourse. Due diligence review procedures include obtaining loan details from the financial institutions and checking them against the eligibility criteria, but do not include review of borrower loan files. The final composition and size of the portfolio to be purchased is approved by ALCO of the Group.

After the pool of loan receivables are purchased, the Group receives the settlement reports and reconciles the information on a monthly basis. The policies and procedures for selecting loan receivables for purchase have been approved and are monitored by the CEO.

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Group considers cash and bank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay.

When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- significant financial difficulty of the counterparty or the borrower
- a breach of contract, such as a default or past due event
- it is becoming probable that the counterparty or the borrower will enter bankruptcy or other financial reorganisation

It is the Group's policy to consider financial assets as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present at the end of the reporting period. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

30. Risk management (cont'd.)

30.2. Credit risk (cont'd.)

The Group's internal rating and PD estimation process

The Group's Risk Management Department operates its internal rating models. For cash and bank balances, debt instruments at amortised cost, mortgage loan receivables with recourse and loan receivables with recourse, Risk Management Department analyses publicly available information such as financial information and other external data, e.g., the Moody's Rating Agency ratings.

For the mortgage loan receivables without recourse, the Risk Management Department first runs an A-score model for its key portfolios in which its customers are rated from 1 to 5 based on the borrower's application information. The Group then runs a B-score model which assigns a rating from 1 to 6 based on the borrower's payment behaviour. The models incorporate both qualitative and quantitative. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure.

Internal credit rating system

The Group classifies cash and bank balances, debt instruments at amortised cost, mortgage loans with recourse and loan receivables with recourse into internal rating grades based on the credit ratings of the counterparties. To determine the credit ratings of the counterparties, the Group analyses publicly available external information such as the ratings of international rating agencies or uses benchmarking approach and assigns the internal rating. The internal credit rating grades are as follows:

Internal rating	Internal rating description
A- to AAA rated	High credit quality
BB- to BBB+ rated	Good credit quality, upper medium grade
B- to B+ rated	Adequate credit quality, lower medium grade
C to CCC+ rated	Below average credit quality
D rated	Low credit quality

The Group's classifications of mortgage loans without recourse are generally determined based on the number of days that the relevant mortgage is overdue with qualitative factors (including general financial condition and solvency of the borrower, and risks associated with the collateral) also taken into account.

The classifications are as follows:

- Performing mortgages are mortgages under which sums are under or up to 30 days in arrears;
- Mortgages in arrears are mortgages under which sums are over 30 days but equal to or less than 90 days in arrears;
- Non-performing mortgages include:
  - *substandard mortgages:* mortgages under which sums are over 90 days but equal to or less than 180 days in arrears and the borrower's financial debt condition is in distress or the borrower is going to sell the collateral through non-court procedures;
  - *doubtful mortgages:* mortgages under which sums are over 180 days but equal to or less than 360 days in arrears and the originating commercial bank has transferred the mortgage to their Special Assets Unit or commenced enforcement action; and
  - *bad loans:* loans under which sums are equal over 360 days in arrears and a court decision has been made or the mortgage has been transferred for enforcement action.

The credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system are disclosed in Notes 11.1, 12.1, 13.1, 14.1 and 15.1.

Exposure at default

The exposure at default ("EAD") represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and Stage 3, the exposure at default is considered for events over the lifetime of the instruments. The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The PDs are then assigned to each economic scenario based on the outcome of Group's models.

30. Risk management (cont'd.)

30.2. Credit risk (cont'd.)

Loss given default

In order to calculate the LGD ratio for cash and bank balances, loan receivables with recourse, commercial mortgage pool receivables and debt instruments at amortised cost, the Group uses Thomson Reuters study where they determined the average LGD rate for global corporates based on their credit rating.

The Group uses the same LGD for both residential mortgage loan receivables with recourse and without recourse since both portfolios consist of identical loans. The Group considered the recoverability rate of defaulted loans from foreclosed collateral property and eventual sale of the property. The Group initially calculated the present value of future cash inflows for each category of loans – to be settled in court, to be settled outside court, closed in court, closed outside court – and calculated the LGD rate for each category and the weighted-average LGD ratio for all historically defaulted loans. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

Climate Risk Assessment and IFRS S2 Integration

In alignment with IFRS S2 guidance (to the extent applicable), the Group assessed climate related risks to evaluate their materiality and estimate potential impacts on the mortgage loan portfolio.

The assessment considered key climate risks, including wildfires, droughts and dzuds (severe winter conditions), and floods. Among these, flood risk was identified as a material factor affecting mortgage loans with and without recourse. This conclusion was based on the increasing frequency and severity of floods in collateral-concentrated areas, which pose a risk of asset depreciation and, consequently, higher LGD.

To integrate flood risk into the ECL model, the Company adjusted LGD estimates for flood-prone areas, incorporating projected collateral depreciation. These adjustments are based on both historical flood impact data and future climate projections under different climate scenarios.

For other climate risks:

- Wildfires were determined to have no material impact, as collaterals are predominantly in urban areas with low wildfire exposure.
- Droughts and dzuds were assessed as potential risks to herders' livelihoods; however, due to the limited number of herder-issued mortgage loans, their current impact on the portfolio is considered immaterial. A reassessment will be conducted in two years to evaluate any changes.

By integrating these findings, the Company ensures that its ECL estimates align with both IFRS 9 and IFRS S2, enhancing the accuracy of expected credit loss projections in response to climate-related risks.

Credit conversion factor

The Group only purchases mortgage pools from the commercial banks, hence there is no consideration of the credit conversion factor.

Significant increase in credit risk ("SICR")

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

The Group considers there is a SICR for the cash and bank balances and debt instruments when the PD rate of the asset as of the reporting date increased more than 15% compared to the PD rate when the asset was initially recognised or there is clear indication that the counterparty is facing financial difficulties. For loan receivables with recourse and mortgage pool receivables with recourse, the Group considers there is a SICR when the PD rate of the assets as of the reporting date increased more than 15% compared to the PD rate when the asset was initially recognised or over 30 days past due.

The Group makes an assessment if there is a SICR for the purchased mortgage pool receivables without recourse by comparing the application rating (A-score model) that was calculated for borrowers at their recognition date with the behavioural rating (B-score model) calculated at the reporting date. The Group considers a purchased mortgage pool receivable without recourse to have experienced a SICR when a borrower with an application rating of 1, 2, 3 has moved to the behavioural rating of 5 on the reporting date. Borrowers with application ratings of 4 and 5, are considered high credit risk borrowers when the Group initially purchased these loans from the banks. For these assets, the Group uses the 30-day backstop in assessing that there is a significant increase in credit risk since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

30. Risk management (cont'd.)

30.2. Credit risk (cont'd.)

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.4 Summary of material accounting policies and in Note 2.5 Significant accounting judgments, estimates and assumptions.

In its ECL models, the Group relied on a broad range of forward-looking information as economic inputs, such as:

- Percent change of G7 GDP rate
- Percent change of G7 inflation rate
- Percent change of US Federal Funds rate
- Percent change of Housing Price Index
- Percent change of Unemployment rate
- Percent change of Mongolian GDP growth rate
- Percent change of Commodity prices (coal and copper)

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Management has assessed the economic outlook of the country and the Group estimated the ECLs based on three scenarios, (2024: three scenarios) with probability weights of 10:30:60 for LGD for good case, base case and downside case (2024: 10:30:60).

Analysis of risk concentration

The Group's largest external customer has contributed MNT 105,195,997 thousand interest income (2024: MNT 41,756,426 thousand), representing 25.1% (2024: 10.9%), of the Group's total interest income for the year ended 31 December 2025.

Collateral and other credit enhancements

Purchased mortgage pool receivables are collateralised by residential properties pledged under the mortgage loan agreements between the originating financial institutions and the individual mortgage loan borrowers.

The fair value of the properties held as collateral by the Group as at 31 December 2025 was MNT 9,523,340,560 thousand (31 December 2024: MNT 7,806,288,384 thousand).

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group using internal credit ratings.

It is the Group's policy to maintain accurate and consistent risk grades across the credit portfolio. This facilitates the management of the applicable risks and the comparison of credit exposures across all financial assets. The grading system is supported by a variety of financial and statistical analytics, combined with processed portfolio and market information to provide the main inputs for the measurement of counterparty risk.

The credit quality of bank balances, mortgage pool receivables with recourse, loan receivables with recourse and purchased mortgage pool receivables is summarised based on S&P, Moody's or Fitch ratings or ratings benchmarked based on Moody's official bank rating methodology.

The credit quality of debt instruments at amortised cost was determined using Moody's methodology for rating financing and investment holding companies.

Disclosure of credit quality and the maximum exposure for credit risk as at 31 December 2025 and 2024 under IFRS 9 per categories based on the Group's internal credit rating system and year-end stage classification are further disclosed in Notes 11.1, 12.1, 13.1, 14.1 and 15.1.

The credit quality of the portfolio is primarily monitored based on ageing reports and is analysed through monitoring delays in payment (particularly over 90 days) in subsequent periods.

In accordance with the Group's credit risk procedures, the ratio between the carrying amount of purchased loans and the fair value of collateral at the time of purchase of the loan pools with and without recourse should not be greater than 100% and 70%, respectively, and the Group has the first claim over all assets used as collateral.

30.3. Liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For managing the Group's liquidity risk, certain methods outlined below have been implemented.

30. Risk management (cont'd.)

30.3. Liquidity risk (cont'd.)

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to current liabilities. However, the Group's repayment schedule of RMBS is directly related to the collection of the repayments from the purchased mortgage pools; the Group has assessed that its exposure to liquidity risk is insignificant because the Group has the right to request from the respective commercial banks to replace or return any mortgage loans included in the mortgage pools purchased with recourse that are overdue more than 90 days (see Notes 14 and 15).

Analysis of financial assets and financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and financial liabilities at 31 December 2025 based on contractual undiscounted repayment obligations.

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

	On demand MNT'000	Less than 3 months MNT'000	3 to 6 months MNT'000	6 months to 1 year MNT'000	1 to 5 years MNT'000	Over 5 years MNT'000	Total MNT'000
At 31 December 2025							
Cash and bank balances	102,351,504	222,913,371	–	–	–	–	325,264,875
Debt instruments at amortised cost	59,537,295	7,849,908	7,700,006	20,493,713	170,946,744	–	266,527,666
Mortgage pool receivables with recourse	–	10,761,497	5,348,517	184,403,122	147,930	–	200,661,066
Loan receivables with recourse	–	9,245,039	4,641,719	1,658,131	–	–	15,544,889
Purchased mortgage pool receivables	22,690,260	172,843,347	202,307,529	387,493,276	2,223,419,307	5,847,804,720	8,856,558,439
Financial assets at FVPL	–	–	–	42,154,016	62,275,049	–	104,429,065
Derivative financial instruments	–	–	–	–	35,373,191	–	35,373,191
Other assets	10,621,948	–	–	23,806,519	35,511,392	–	69,939,859
Total financial assets	195,201,007	423,613,162	219,997,771	660,008,777	2,527,673,613	5,847,804,720	9,874,299,050
Other liabilities	22,122,127	–	–	–	–	–	22,122,127
Borrowed funds	–	855,111	1,051,794	2,097,178	20,975,179	4,465,868	29,445,130
Debt securities issued	–	38,074,800	–	38,074,800	697,217,916	–	773,367,516
Collateralised bonds	–	211,607,028	181,454,325	350,186,918	1,940,883,486	5,976,924,695	8,661,056,452
Total financial liabilities	22,122,127	250,536,939	182,506,119	390,358,896	2,659,076,581	5,981,390,563	9,485,991,225
Net liquidity gap	173,078,880	173,076,223	37,491,652	269,649,881	(131,402,968)	(133,585,843)	388,307,825
Cumulative liquidity gap	–	346,155,103	383,646,755	653,296,636	521,893,668	388,307,825	
At 31 December 2024							
Cash and bank balances	20,569,738	194,105,682	–	–	–	–	214,675,420
Debt instruments at amortised cost	64,475,382	23,017,092	12,639,197	15,424,961	260,962,047	–	376,518,679
Mortgage pool receivables with recourse	12,232,841	12,814,951	7,988,127	74,714,147	210,359,474	1,660	318,111,200
Loan receivables with recourse	763,219	5,897,759	3,826,615	13,259,788	18,013,635	–	41,761,016
Purchased mortgage pool receivables	57,778,789	82,820,209	123,960,785	246,912,793	1,889,030,737	4,506,572,550	6,907,075,863
Financial assets at FVPL	707,750	–	–	24,532,146	152,293,900	–	177,533,796
Derivative financial instruments	–	–	–	–	1,950,282	–	1,950,282
Other assets	59,556,287	–	–	–	–	–	59,556,287
Total financial assets	216,084,006	318,655,693	148,414,724	374,843,835	2,532,610,075	4,506,574,210	8,097,182,543
Other liabilities	12,297,615	–	–	–	–	–	12,297,615
Derivative financial instruments	–	–	–	39,915	–	–	39,915
Borrowed funds	397,546	15,427,363	461,986	923,972	7,391,782	6,313,814	30,916,463
Debt securities issued	36,156,235	12,652,298	4,185,425	40,272,825	882,690,553	–	975,957,336
Collateralised bonds	116,167,798	258,322,910	123,668,258	242,399,046	1,777,369,917	4,325,038,573	6,842,966,502
Total financial liabilities	165,019,194	286,402,571	128,315,669	283,635,758	2,667,452,252	4,331,352,387	7,862,177,831
Net liquidity gap	51,064,812	32,253,122	20,099,055	91,208,077	(134,842,177)	175,221,823	235,004,712
Cumulative liquidity gap	–	83,317,934	103,416,989	194,625,066	59,782,889	235,004,712	

30. Risk management (cont'd.)

30.3. Liquidity risk (cont'd.)

Analysis of financial assets and financial liabilities by remaining contractual maturities (cont'd.)

The above tables show the Group's exposure to liquidity risk based on the contractual maturities of financial liabilities; however, for collateralised bonds, if prepayments are made by the individual borrowers, it shortens the contractual maturity. In this case, the contractual maturity of the RMBS is proportionally affected as the contractual principal repayment of the bond is equal to the principal repayment of mortgage pools and ultimately will not have a significant impact on the overall liquidity of the Group.

30.4. Market risk

As noted previously, market risk is the risk that changes in market conditions, such as changes in interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

Currency risk is the possibility of financial loss to the Group arising from adverse movements in foreign exchange rates. The Group's management sets limits on the level of exposure by currencies, which are monitored on a frequent basis. The Group entered into a cross-currency swap contract for the Senior Notes issued to eliminate the currency risk (see Note 17).

The table below summarizes the Group's exposure to foreign exchange risk as at 31 December 2025. Included in the table are the Group's financial assets and liabilities at carrying amounts, categorised by currencies. Debt securities are presented gross of transaction costs which were already paid for and are not subject to any currency risk.

	2025 USD MNT'000	2024 USD MNT'000
Assets		
Cash and balances	126,927,561	15,356,357
Debt instruments at amortised cost	102,442,984	236,572,396
Mortgage pool receivables with recourse	176,046,316	230,198,654
	405,416,861	482,127,407
Liabilities		
Debt securities	692,833,026	729,340,443
Other liabilities	1,591	3,429
	692,834,617	729,343,872
Derivatives (notional amount)	620,993,151	620,993,151

The table below indicates the currencies to which the Group had significant exposure at the end of the reported periods on its non–trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the MNT (all other variables being constant) on the income statement and equity. A negative amount in the table reflects a potential net reduction in the income statement or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the currencies below against the MNT would have resulted in an equivalent but opposite impact.

	2025		2024	
	Change in currency rate %	Effect on profit before tax MNT'000	Change in currency rate %	Effect on loss before tax MNT'000
Currency				
USD	+10	(28,601,629)	+10	(24,721,630)

Interest rate risk

Given that interest rates of the financial assets and liabilities are fixed due to the nature of the Group's operations, the Group's exposure to interest rate risk is limited.

As at 31 December 2025, the Group's interest-bearing assets (bank balances, debt instruments at amortised cost, mortgage pool receivables with recourse, loan receivables with recourse and purchased mortgage pool receivables without recourse) and interest-bearing liabilities (borrowed funds, collateralised bonds and debt securities issued) have fixed interest rates and are not subject to repricing until they mature.

30. Risk management (cont'd.)

30.4. Market risk (cont'd.)

The table presents the aggregated amounts of the Group's interest-bearing financial assets and liabilities at gross carrying amounts, which exclude any interest to be accrued over the life of the instrument and allowance of impairment recognised as at the year-end.

	Less than 3 months MNT'000	3 to 6 months MNT'000	6 months to 1 year MNT'000	1 to 5 years MNT'000	Over 5 years MNT'000	Total MNT'000
At 31 December 2025						
Interest-bearing financial assets	436,044,532	130,847,638	449,151,852	1,334,481,528	3,843,177,288	6,193,702,838
Interest-bearing financial liabilities	42,349,360	118,075,969	224,278,279	1,745,587,308	3,945,247,151	6,075,538,067
Net interest sensitivity gap	393,695,172	12,771,669	224,873,573	(411,105,780)	(102,069,863)	118,164,771
At 31 December 2024						
Interest-bearing financial assets	275,145,347	56,703,196	200,894,957	1,500,761,401	2,964,079,509	4,997,584,410
Interest-bearing financial liabilities	57,348,466	57,031,927	108,053,260	1,683,603,267	3,064,393,358	4,970,430,278
Net interest sensitivity gap	217,796,881	(328,731)	92,841,697	(182,841,866)	(100,313,849)	27,154,132

30.5. Operational risk

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

31. Segment reporting

During the years ended 31 December 2025 and 2024, the Group was engaged into three operating segments based on the Group's principal activities, as follows:

Purchases without recourse ("PWOR")

The Group's PWOR operating segment entails the purchase of subsidised interest rate residential mortgages issued without recourse from commercial banks and issue of RMBS securitised by the purchased mortgages back to the originating banks. RMBS principal payments are made on a pass-through basis, in line with actual principal payments received on mortgage loans.

Purchases with recourse ("PWR")

The Group's PWR operating segment involves the purchase of mortgages and other loans with recourse issued at market interest rate from originators, namely commercial banks and non-banking financial institutions. Mortgage loan portfolios with recourse have defined maturity terms and are sold back to the originators at an amount equal to the carrying amount of the loans plus accumulated interest at the maturity date.

Others

Included within others are management operations and investing in assets such as corporate debt securities and short-term placement of term deposits in commercial banks.

As the Group's operations are located in Mongolia, no further geographical segment information is provided.

The Group's largest external customer has contributed MNT 105,195,997 thousand interest income (2024: MNT 41,756,426 thousand), representing 25.1% (2024: 10.9%), of the Group's total interest income for the year ended 31 December 2025.

All operating segments' operating results are regularly reviewed by the Group's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

31. Segment reporting (cont'd.)

	PWOR MNT'000	PWR MNT'000	Others MNT'000	Eliminations MNT'000	Total MNT'000
At 31 December 2025					
Interest income	350,769,161	67,470,336	4,106,861	(4,015,340)	418,331,018
Interest expense	(232,567,866)	(133,518,624)	(4,015,340)	4,015,340	(366,086,490)
Net fees income/(expense)	(43,746,537)	23,964,846	759,040	75,915	(18,946,736)
Net other income/(expense)	8,453,417	(12,665,400)	1,225	(17,385)	(4,228,143)
Credit loss reversal/(expense) on financial assets	(15,976)	(7,823,217)	(10,307,144)	10,307,157	(7,839,180)
Net gain/(loss) on financial assets at fair value through profit or loss	4,232,593	1,612,668	–	(2,239,596)	3,605,665
Net gain on change in fair value of derivative financial instruments	125,964	33,422,909	–	–	33,548,873
Liquidation-basis remeasurement loss on purchased mortgage pool receivables	(8,397,895)	–	–	–	(8,397,895)
Share of profit of associate	–	75,325	–	–	75,325
Operating expenses	(2,072,849)	(17,332,600)	(1,086,473)	(58,530)	(20,550,452)
Profit/(loss) before tax	76,780,012	(44,793,757)	(10,541,831)	8,067,561	29,511,985
Income tax expense	(7,225,628)	(4,430,256)	(410,686)	(5,621,051)	(17,687,621)
Profit/(loss) for the year	69,554,384	(49,224,013)	(10,952,517)	2,446,510	11,824,364
Segment assets	**5,766,202,157**	**611,134,553**	**95,361,700**	**(194,266,510)**	**6,278,431,900**
Segment liabilities	**5,523,014,686**	**723,581,639**	**54,882,420**	**(36,080,666)**	**6,265,398,079**
Depreciation and amortisation	–	2,193,978	11,645	–	2,205,623
Capital expenditure*	–	186,056	10,227	–	196,283

	PWOR	PWR	Others	Eliminations	Total
At 31 December 2024					
Interest income	318,216,270	66,704,852	4,824,005	(4,730,669)	385,014,458
Interest expense	(209,895,696)	(124,314,924)	(4,730,669)	4,954,101	(333,987,188)
Net fees income/(expense)	(39,527,113)	19,459,353	1,000,797	(223,432)	(19,290,395)
Other operating income/(expense)	(9,409,621)	(29,194,309)	(7,363)	–	(38,611,293)
Credit loss expense on financial assets	2,706,822	(5,321,456)	(2,534,699)	2,534,249	(2,615,084)
Net gain/(loss) on financial assets at fair value through profit or loss	(9,597,412)	(21,991,924)	–	29,660,990	(1,928,346)
Net gain/(loss) on change in fair value of derivative financial instruments	(39,915)	1,110,839	–	–	1,070,924
Operating expenses	(1,938,306)	(16,470,504)	(1,258,020)	–	(19,666,830)
Loss before tax	50,515,029	(110,018,073)	(2,705,949)	32,195,239	(30,013,754)
Income tax benefit/(expense)	(6,706,184)	5,026,194	(482,401)	(4,878,190)	(7,040,581)
Profit/(loss) for the year	43,808,845	(104,991,879)	(3,188,350)	27,317,049	(37,054,335)
Segment assets	**4,504,108,620**	**697,411,164**	**102,211,557**	**(196,329,673)**	**5,107,401,668**
Segment liabilities	**4,328,711,343**	**762,400,427**	**50,779,760**	**(35,699,319)**	**5,106,192,211**
					–
Depreciation and amortisation	–	2,255,056	27,339	–	2,282,395
Capital expenditure*	–	264,915	–	–	264,915

*Segment capital expenditure is the total cost incurred during the period to acquire property and equipment and intangible assets (see Note 19 and 20).

32. Fair value of financial instruments

Fair value hierarchy

	Level 1 MNT'000	Level 2 MNT'000	Level 3 MNT'000	Total MNT'000
At 31 December 2025				
Financial assets:				
Financial assets measured at FVPL	619,744	–	103,388,407	104,008,151
Cross-currency interest rate swaps	–	35,373,191	–	35,373,191
	619,744	35,373,191	103,388,407	139,381,342
At 31 December 2024				
Financial assets:				
Financial assets measured at FVPL	1,302,028	–	126,870,110	128,172,138
Cross-currency interest rate swaps	–	1,950,282	–	1,950,282
	1,302,028	1,950,282	126,870,110	130,122,420
Financial liabilities:				
Forward contract	–	(39,915)	–	(39,915)

The description of valuation technique and description of inputs used in the fair value measurement for Level 2 measurements at 31 December 2025 is as shown below:

	Fair value (MNT'000) 31 December 2025	31 December 2024	Valuation technique	Inputs
Financial assets/(liabilities)				
Cross-currency interest rate swaps	35,373,191	1,950,282	Discounted Cash Flow method	USD – MNT foreign exchange rate, Central Bank policy rate, USD SOFR rate, adjusted forward rate
Forward contract	–	(39,915)	Discounted Cash Flow method	Risk-free rate, market share price, forward rate

Because active market prices are not available, the Group used the discounted cash flow method with unobservable inputs. Therefore, the fair value of unquoted investment in TDBC is categorised under level 3. The fair value assessments as of 31 December 2025 were performed by management’s specialist and prior year’s assessments were performed by an external valuer and the valuation methodology and inputs are consistent with valuation practice. A net gain of MNT 3,806,976 thousand (2024: net loss of MNT 2,466,194 thousand) was recognised in the statement of profit or loss for the period ended 31 December 2025 (see Notes 8 and 16).

The following table demonstrates the sensitivity of the unquoted investment in TDBC to a reasonably possible change in the unobservable input, with all other variables held constant.

	Fair value MNT’000	Significant unobservable inputs	Reasonable change	Sensitivity of the input to FV MNT’000	Valuation technique
At 31 December 2025					
Unquoted investment in TDBC	103,388,407	Discount rate	+2% -2%	(2,841,723) 2,982,886	Discounted Cash Flow method
At 31 December 2024					
Unquoted investment in TDBC	126,870,110	Discount rate	+2% -2%	(5,993,929) 6,456,484	Discounted Cash Flow method

32. Fair value of financial instruments (cont'd.)

Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities which are recorded at fair value.

	2025 MNT'000	2024 MNT'000
Unquoted investments		
Fair value as at 1 January	126,870,110	137,440,868
Redeemed	(30,200,000)	(8,450,000)
Gain on redemption of preference shares	2,911,321	345,435
Net gain/(loss) from change in fair value through profit or loss	3,806,976	(2,466,195)
Fair value as at 31 December	103,388,407	126,870,110

Transfers between level 1, 2 and 3

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

Financial instruments for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or have short term maturity (less than one year), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to bank balances. Based on fair value assessments performed by the management, the estimated fair values of instruments with maturity more than one year approximate their carrying amounts as shown in the statement of financial position. This is due principally to the fact that the current market rates offered for similar deposit products do not differ significantly from market rates at inception.

Fixed rate financial instruments

The carrying value of the Group's fixed rate financial assets and liabilities approximates the fair value by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments available in Mongolia.

33. 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 accumulated losses as at 31 December 2025 are restricted retained earnings of MNT 269,343,108 thousand (31 December 2024: MNT 211,436,517 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 in 2024.

The Group was not subject to any other externally imposed capital requirements throughout 2025 and 2024.

34. Subsequent events

From January through March 2026, the Group repurchased portions of the 2027 Notes in an aggregated principal amount of USD 33,915,000 across multiple transactions.

On 16 January 2026, the Group made investment in asset-backed securities issued by a third party for a total consideration of MNT 4.2 billion, with maturity term of 24 months and an annual interest rate of 19.5%.

During February and March 2026, the Group acquired mortgage loans with recourse totaling MNT 29.5 billion from nine non-bank financial institutions through multiple transactions. These loans bear an average interest rate of 22% per annum.

In 2026, the Group issued three tranches of its "MIK-2" bond in the local OTC market: MNT 15 billion on 23 January at 18% for 18 months, MNT 15 billion on 25 February at 18% for 12 months, and MNT 20 billion on 13 March at 18.5% for 24 months, with interest payable semi-annually and principal at maturity.

In 2026, the Group disposed of USD 9.3 million of its previously purchased bonds issued by related parties of TDBC.

35. Mongolian translation

These financial statements are also prepared in the Mongolian language. In the event of discrepancies or contradictions between the English version and the Mongolian version, the English version will prevail.