

**Annual Operational Report 2023 /form 1/**

*According to Article 20 of the Securities Market Law, issuers have a set of shared obligations. Among these, issuers are required to annually submit an operational report to both the Financial Regulatory Commission and the Mongolian Stock Exchange using the prescribed form. Additionally, they must disseminate information to the public via their website.*

Reporting period	From January 1, 2023 To December 31, 2023
Issuer's name, state registration certificate number, securities code, phone number	“Invescore NBF1” JSC 9010002004 MN00INV05533 77090077
Name of registered stock exchange	Mongolian Stock Exchange
Business sector	Financial Services
The audit firm's name and registration date with the FRC, which issued an audit opinion on the year-end financial statements	“BDO Audit” LLC
Total number of issued shares	75,744,281
Name of the officials who prepared and reviewed the annual operational report	<b>Prepared by:</b> Financial Management and Treasury Department , Financial manager Nomundari.G <b>Reviewed by:</b> Head of the Financial Management and Treasury Department, Tuvshinjargal.A Chief Investment Officer Tulga.S

1.	Financial report for the reporting year /fill in the indicators of the summary report and attach the financial report/		
Balance sheet	<b>000' MNT</b>	<b>(2023.12.31)</b>	<b>(2022.12.31)</b>
	<i>Assets</i>		
	Cash and equivalents	81,902,828	50,043,133
	Investments	7,587,265	6,922,715
	Loans to customer-net	484,418,215	282,331,254
	Total Loan portfolio	492,802,116	282,556,026
	Loan Provision Fund	19,970,333	8,179,393
	Accrued interest receivable	11,586,432	7,954,531
	Receivable	4,455,799	2,030,566
	Repossessed asset	1,025,379	561,450
	Other assets	2,306,322	8,934,238
	Tangible and intangible assets	18,929,977	7,687,545
	<b>Total assets</b>	<b>600,625,785</b>	<b>358,510,901</b>
	<i>Liabilities</i>		
	Trusts service liabilities	141,098,586	85,440,869
	Borrowings from banks and fin. institutions	202,778,982	69,458,371
	Bonds	67,443,386	44,170,514
	Other liabilities	33,595,298	36,187,806
	<b>Total Liabilities</b>	<b>444,916,252</b>	<b>235,257,560</b>
	<i>Total equity</i>		
	Shared capital	17,193,952	17,193,952
	Additional paid-in capital	29,820,733	29,820,733
	Subordinated debt	5,000,000	5,000,000
Other parts of equity	(1,663,183)	622,901	
Retained earning/(loss)	105,358,031	70,615,756	
<b>Total equity</b>	<b>155,709,533</b>	<b>123,253,342</b>	
<b>Total liabilities and equity</b>	<b>600,625,785</b>	<b>358,510,901</b>	
*audited			
Income statement	<b>000' MNT</b>	<b>(2023.12.31)</b>	<b>(2022.12.31)</b>
	<b>Interest and similar income</b>	<b>126,148,950</b>	<b>81,051,602</b>
	<b>Interest and similar expense</b>	<b>46,738,781</b>	<b>25,604,130</b>
	Other interest expenses	25,071,325	14,286,167
	Trust related expenses	21,667,456	11,317,963
	Loan impairment expenses	7,431,401	5,100,701
	<b>Net interest income</b>	<b>79,410,169</b>	<b>55,447,472</b>
	Fee and commission income	14,915,416	13,244,471
	FX valuation income (expense)	(159,573)	(35,824)
	Other non-interest income	182,600	-
	<b>Net-non interest income</b>	<b>14,938,443</b>	<b>13,208,647</b>
	<b>Total operating income</b>	<b>86,917,211</b>	<b>68,656,119</b>
	Employees related expense	13,864,945	8,858,395

		Other operating expenses	13,498,980	11,434,683
		<b>Total operating expenses</b>	<b>27,363,925</b>	<b>20,293,078</b>
		Non operating profit (loss)	865,506	(299,234)
		<b>Profit before tax</b>	<b>60,418,792</b>	<b>42,963,106</b>
		Income tax expenses	15,150,719	9,337,543
		<b>Net profit for the year</b>	<b>45,268,073</b>	<b>33,625,564</b>
		*audited		
1.1	Independent auditor's report			
	*To be updated			
1.2	Audit reference letter /the letter must be prepared within the scope of the content mentioned in this instruction/			
	*To be updated			
2.	A brief description of the issuer's financial situation and results of operations during the reporting period, as well as the management's assessment and the measures to be taken in the future.			
2.1	Operational results /Financial ratios/	<ul style="list-style-type: none"> <li>✓ Adequate ratio of loans granted to one borrower and related parties, other assets to be treated as loans, and payment guarantees (5.5% Satisfied)</li> <li>✓ Adequate ratio of the total amount of loans, other assets to be treated as loans, and payment guarantees to shareholders, directors, and executive directors of NBFC (3.6% Satisfied)</li> <li>✓ Adequate ratio of loans granted to shareholders, directors, executive directors and related parties of NBFC, other assets to be treated as loans, and payment guarantees (2.4% Satisfied)</li> <li>✓ Securities ownership to equity ratio (11.7% Satisfied)</li> <li>✓ Equity ratio of the company's shares (8.9% Satisfied)</li> <li>✓ Difference between foreign assets and liabilities equity ratio (-15.3% Satisfied)</li> <li>✓ Trust Service Payable Equity Ratio (96% Satisfied)</li> <li>✓ Appropriate ratio of debentures (47% Satisfied)</li> <li>✓ Capital adequacy ratio (1.3% Satisfied)</li> </ul> <p style="text-align: right;">* On a stand-alone basis</p>		
2.2	Liquidity ratio	<ul style="list-style-type: none"> <li>✓ Liquidity ratio (25.3%)</li> <li>✓ Risk adjusted Tier 1 Capital Adequacy Ratio (32.4%)</li> <li>✓ Risk adjusted Capital Adequacy Ratio (34.0%)</li> <li>✓ Tier 1 capital to total asset ratio (31.0%)</li> </ul> <p style="text-align: right;">* On a stand-alone basis</p>		
2.3	Details regarding the impacts of both external and internal	Comparing to the corresponding period last year, the total loan portfolio surged by 79% to 504 billion MNT, accompanied by a 27% rise in the customer base, reaching 231,000. As of the end of		

	<p>environments on the issuer's operations, its position within the industry, alterations in product/service offerings, and proposed strategies in response to developmental changes should be included.</p>	<p>2023, "InvesCore NBF1" accounted for 13.9% of the total loan portfolio, which stood at 7.1 trillion MNT across 529 NBFIs registered by the Financial Regulatory Commission for non-banking financial activities.</p> <p>The loan portfolio is segmented by product, with the following breakdown:</p> <p>Business loans: 59% Car loans: 12% Consumer loans: 6% Digital loans: 23%</p> <p>The company's strategy includes full automation of consumer loans and bolstering support for small and medium enterprises by prioritizing business loans.</p>				
2.4	<p>Details regarding operations and transactions not reflected in the statement of financial position, along with accounting policy specifics related to off-balance sheet items, should be provided. /off balance/</p>	<p>Off-balance sheet interest income and the collateral associated with loans:</p> <table border="1" data-bbox="708 936 1417 1048"> <tr> <td data-bbox="708 936 1050 994">Loan collateral</td> <td data-bbox="1050 936 1417 994">461,186,071,490</td> </tr> <tr> <td data-bbox="708 994 1050 1048">Loan and other assets</td> <td data-bbox="1050 994 1417 1048">6,054,322,096.39</td> </tr> </table>	Loan collateral	461,186,071,490	Loan and other assets	6,054,322,096.39
Loan collateral	461,186,071,490					
Loan and other assets	6,054,322,096.39					
2.5	<p>Information on repayment of loans received during the reporting period and loan pledges and guarantees;</p>	<p>During the reporting period, MNT 170.5 billion was disbursed and MNT 49.6 billion was repaid.</p>				
3.	<p>Information on conflict of interest and major transactions of the issuer during the reporting period, the importance of the purpose of the transaction, information about the parties with a conflict of interest /information about the total conflict of interest transactions conducted during the reporting period/</p>					
	<p>During the reporting period, 9 conflict of interest transactions were concluded. No major transactions were made in 2023.</p>					
4.	<p>Salary and remuneration</p>					
	<p>In 2023, a total of MNT 138 million was spent on salaries and bonuses of members of the Board of Directors and executive management. The budget for management expenses is approved by the resolution of the Shareholders' meeting.</p>					
5.	<p>Corporate governance</p>					
	<p>Board of directors The Board of Directors has 9 members, 3 of which are independent members.</p>					

The Audit, Nomination, Remuneration and Risk Management Committees regularly operate under the Board of Directors; each committee has 3 members.

In 2023, the average attendance of the Board of Directors meeting was 88%.

**Board committee**

● Audit Committee	Chairman:	Hashchuluun.Ch	Members:	Unurjargal.Ch, Purev.R
● Nomination committee	Chairman:	Hashchuluun.Ch	Members:	Enkhbold.G, Namakhi.D
● Remuneration committee	Chairman:	Enkhbat.D	Members:	Telmen.T, Hara, legal.Ch
● Risk management committee	Chairman:	Hara, legal.Ch	Members:	Ankhbold.B, Hashchuluun.Ch



**Ankhbold.B**  
Chairman of the board  
CEO, Invesco Capital LLC



**Bayasgalan.D**  
Board member, CEO  
CEO, Invesco NBFJ LLC



**Hashchuluun.Ch**  
Independent board member  
Professor  
Department of Economics,  
Faculty, University of Mongolia



**Purev.R**  
Board member  
CEO, Invesco NBFJ LLC



**Enkhbat.D**  
Independent board member  
Founder and CEO,  
Invesco Capital LLC



**Hirohito.N**  
Board member  
CEO, Invesco Japan LLC



**Unurjargal.Ch**  
Independent board member  
Senior Lecturer,  
Department of Accounting,  
University of Economics and Business



**Uyangakhishig.G**  
Board member  
Chairman of the board,  
Invesco Capital LLC



**Telmen.T**  
Board member  
Director,  
Business Development Department,  
Invesco Group LLC

**Internal audit**

Invesco NBFJ JSC implements a risk management system with three lines of defense model, and the Internal Audit Department provides independent assurance as a function of the third line of defense. Within the company's corporate structure, the internal audit department operates under the direct supervision of the Audit Committee.

Internal audit evaluates the organization's risk management, control system, governance and internal control processes with a rational and risk-based approach, and monitors whether the work and services provided by the company comply with relevant laws and regulations, identifies risks, makes

	recommendations to prevent risks, and implements value-adding functions by supporting operational improvements.												
6.	<p>Market Risk</p> <p>The Issuer is committed to taking the following steps to prevent loss of economic value and income due to large-scale changes in the market in which it operates, adverse changes and price fluctuation.</p> <ul style="list-style-type: none"> <li>✓ Opening new markets and financial exports to foreign countries;</li> <li>✓ Diversification of product and service types and customer segments;</li> <li>✓ Diversify capital resources;</li> <li>✓ Regularly observe the economic and political situation and provide objective evaluations;</li> <li>✓ Collaborate with regulatory bodies and professional associations to reduce market risk.</li> </ul>												
7.	<p>Ownership information of shareholders /names of shareholders owning 5 or more shares, ownership percentage, total number of shareholders/</p> <p>"Invescore NBFJ" JSC successfully issued 4,016,363 additional shares to the public in July 2022, increased the public ownership of the company to 19.51%.</p> <table border="1" data-bbox="389 994 1374 1144"> <thead> <tr> <th>Shareholder</th> <th>Holding percentage</th> <th>Holding stock quantity</th> </tr> </thead> <tbody> <tr> <td>SIEJ Capital LLC</td> <td>80.49%</td> <td>60,968,730</td> </tr> <tr> <td>Public</td> <td>19.51%</td> <td>14,775,551</td> </tr> <tr> <td>Total</td> <td>100%</td> <td>75,744,281</td> </tr> </tbody> </table> <p>As of December 31, 2023, there are a total of 1,758 shareholders.</p> <p>Subsidiary companies of the issuer</p> <ul style="list-style-type: none"> <li>✓ "Invescore CA MFC" OJSC-73.6%</li> <li>✓ "Pocket KG" LLC-100%</li> <li>✓ "Invescore wallet NBFJ" LLC-100%</li> <li>✓ "Invescore KZ" LLC-100%</li> <li>✓ "Invescore UE" LLC – 100%</li> </ul>	Shareholder	Holding percentage	Holding stock quantity	SIEJ Capital LLC	80.49%	60,968,730	Public	19.51%	14,775,551	Total	100%	75,744,281
Shareholder	Holding percentage	Holding stock quantity											
SIEJ Capital LLC	80.49%	60,968,730											
Public	19.51%	14,775,551											
Total	100%	75,744,281											
8.	<p>If the issuer issues shares to the public for the purpose of implementing a project, a report on the progress of project implementation and the use of funds collected during the period from the start of the project to its completion.</p> <p>Invescore NBFJ JSC raised MNT 16.7 billion by offering 4,016,363 additional shares to the public at MNT 4,155 each. It was planned to use 30% of the funds to expand operations in the foreign or Central Asian market, and the remaining 70% to finance the main business activities in Mongolia or the loan disbursement for clients.</p> <p>According to the plan, 70% of the funds collected were spent on loans in Mongolia, and 12.4% were spent on financing the loan disbursement of the subsidiary company in Kyrgyzstan.</p>												
9.	Dividend												

Pursuant to Resolution No. 09, dated February 16, 2024, the Board of Directors of "InvesCore NBFI" JSC resolved to distribute a total of 4,014,446,932 MNT, equivalent to 53 MNT per share, as dividends from the net profit of 2023.

The eligibility of shareholders to receive dividends was determined based on the registration date of the shareholders' annual meeting. Subsequently, on April 30, 2024, the dividends were credited to the securities accounts of shareholders.

10.

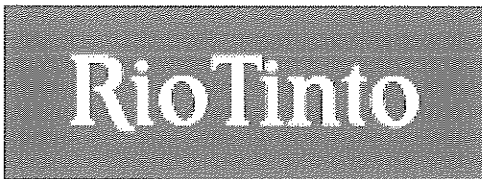
Information on the activities carried out by the issuer in the field of social responsibility during the reporting period

**Support program for Micro, Small, and Medium sized enterprises and Target groups**

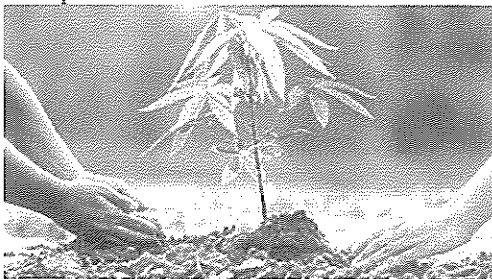


**United Nations**

"InvesCore NBFI" JSC has partnered with the "National Conference on Sustainable Development" under the international United Nations Organization. This collaboration aims to support small and medium-sized enterprises, particularly focusing on empowering single women and men within the target group, through the provision of discounted loans.



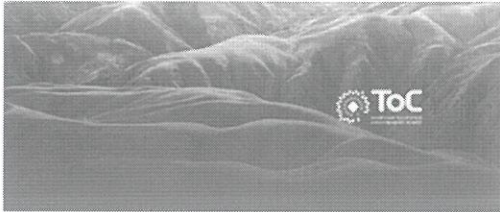
"Invescore NBFI" JSC has effectively executed a subsidized loan initiative aimed at fostering Mongolia's economic recuperation post the Covid-19 pandemic. In collaboration with Rio Tinto Mongolia JSC, the program has prioritized assistance to micro, small, and medium-sized enterprises (MSMEs). Notably, 77% of the loan portfolio has been allocated to support import substitution products, while 57% is directed towards women entrepreneurs. Additionally, 12% of the loans are earmarked for entrepreneurs with disabilities, single-parent businesses, and eco-friendly entrepreneurs.



**Billion Tree Project**

Invescore Financial Institution, in collaboration with the Mongolian Association of Non-Banking Financial Institutions and its member organizations, took part in a tree-planting initiative at the "National Park of Ulaanbaatar" within the premises of the "Beaver Breeding and Domestication Center." Together, they planted a total of 720 trees comprising four different species.

**Collaboration with the Mongolian Sustainable Finance Association**



"InvesCore NBFJ" JSC convened a regular meeting of the Professional Council under the Mongolia Sustainable Finance Association (MSFA), providing members with insights into the implementation of the Environmental and Social Policy alongside the Environmental and Social Risk Management System. Furthermore, the Board of Directors sanctioned the Credit Policy, which encompasses the "List of Activities Prohibited from Financing." This framework underscores InvesCore NBFJ JSC's commitment to abstaining from financing endeavors detrimental to the environment and society.

Moreover, the institution has endorsed and implemented the "Environmental and Social Risk Management Procedure" in its credit operations. This protocol serves to identify and mitigate the adverse impacts of clients on the environment and society.

Date, signature of officials issuing and confirming the accuracy of the information:

Name: Tulga.S  
Title: Chief Investment Officer

Signature:



Name: Tuvshinjargal.A  
Title: Head of the Financial Management and Treasury Department

Signature: .....

Date, signature of the officials who prepared and submitted the report:

Name: Nomundari.G  
Title: Financial manager

Signature: .....