

**DBM ASSET MANAGEMENT LLC**  
**(Incorporated in Mongolia)**

**Audited Financial Statements**  
**31 December 2025**

**DBM ASSET MANAGEMENT LLC**

**Audited financial statements**

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## DBM ASSET MANAGEMENT LLC

### General information

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Board of directors	Mr. Batjargal.G (Chairman) Ms. Purevsuren.S
Secretary of board of directors	Ms. Namkhai.T
Registered office	#2303, 23 <sup>rd</sup> floor, Building 59, Sukhbaatar District, 1 <sup>st</sup> khoroo, Ulaanbaatar, Mongolia
Auditors	Ernst & Young Mongolia Audit LLC Certified Public Accountants

DBM ASSET MANAGEMENT LLC

Statement by executives

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We, Temujin Lkhagvasuren, being the being the Chief Executive Officer of DBM Asset Management LLC (the "Company"), and Altantuya Samdansuren, being the Chief Accountant, primarily responsible for the financial statements of the Company, do hereby state that, in our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").



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Temujin Lkhagvasuren  
Chief Executive Officer

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Altantuya Samdansuren  
Chief Accountant

Ulaanbaatar, Mongolia

Date: 31 March 2026



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## INDEPENDENT AUDITOR'S REPORT

To the shareholders of DBM Asset Management LLC

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### Opinion

We have audited the financial statements of DBM Asset Management LLC (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance 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 Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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## INDEPENDENT AUDITOR'S REPORT (CONTD.)

To the shareholders of DBM Asset Management LLC (Contd.)

### Auditor's Responsibilities for the Audit of the Financial Statements (contd.)

- 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

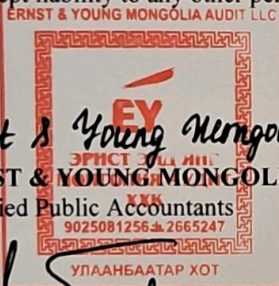
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

### Other Matter

The financial statements of the Company for the year ended 31 December 2024, were audited by another auditor, who expressed an unmodified opinion in accordance with IFRS Accounting Standards on those statements on 14 March 2025.

This report is made solely to the shareholders of the Company, as a body, in accordance 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

9025081256-2665247

УЛААНБААТАР ХОТ

*Mandakhbayar Dorjbat*  
MANDAKHBAYAR DORJBAT

Partner

Ulaanbaatar, Mongolia

Date: 31 March 2026

**DBM ASSET MANAGEMENT LLC**

**Statement of profit or loss and other comprehensive income**

**For the year ended 31 December 2025**

	Notes	2025 MNT'000	2024 MNT'000
Administrative and operating expenses	3	(977,823)	(437,421)
Other (expenses)/income	4	<u>(179,825)</u>	<u>350,448</u>
<b>Total operating loss</b>		<b>(1,157,648)</b>	<b>(86,973)</b>
Finance income	5	<u>1,300,231</u>	<u>895,266</u>
<b>Profit before tax</b>		<b>142,583</b>	<b>808,293</b>
Income tax expense	6	<u>(130,023)</u>	<u>(89,526)</u>
<b>Profit for the year, representing total comprehensive income</b>		<b><u>12,560</u></b>	<b><u>718,767</u></b>

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

**DBM ASSET MANAGEMENT LLC**

**Statement of financial position**

**At 31 December 2025**

	Notes	2025 MNT'000	2024 MNT'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	2,494,055	1,396,640
Bank deposits	7	7,282,764	9,071,738
Other assets	8	589,439	242,061
		<u>10,366,258</u>	<u>10,710,439</u>
<b>Non-current assets</b>			
Furniture and equipment	9	88,598	77,647
<b>TOTAL ASSETS</b>		<u><u>10,454,856</u></u>	<u><u>10,788,086</u></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other liabilities	10	437,602	783,392
<b>TOTAL LIABILITIES</b>		<u>437,602</u>	<u>783,392</u>
<b>EQUITY</b>			
Share capital	11	10,000,000	10,000,000
Retained earnings		17,254	4,694
<b>TOTAL EQUITY</b>		<u>10,017,254</u>	<u>10,004,694</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u>10,454,856</u></u>	<u><u>10,788,086</u></u>

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

**DBM ASSET MANAGEMENT LLC**

**Statement of changes in equity**

**For the year ended 31 December 2025**

	<b>Share capital MNT'000 (Note 11)</b>	<b>Retained earnings MNT'000</b>	<b>Total equity MNT'000</b>
<b>At 1 January 2024</b>	10,000,000	(714,073)	9,285,927
Profit for the year, representing total comprehensive income	–	718,767	718,767
<b>At 31 December 2024 and 1 January 2025</b>	<u><b>10,000,000</b></u>	<u><b>4,694</b></u>	<u><b>10,004,694</b></u>
Profit for the year, representing total comprehensive income	–	12,560	12,560
<b>At 31 December 2025</b>	<u><b>10,000,000</b></u>	<u><b>17,254</b></u>	<u><b>10,017,254</b></u>

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

DBM ASSET MANAGEMENT LLC

Statement of cash flows

For the year ended 31 December 2025

	Notes	2025 MNT'000	2024 MNT'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		142,583	808,293
<i>Adjustments for:</i>			
Reversal of provision	4	–	(355,340)
Depreciation of furniture and equipment	3	8,819	9,821
Finance income	5	(1,300,231)	(895,266)
Net foreign exchange difference	4	262	(2,060)
<b>Operating loss before working capital changes</b>		<b>(1,148,567)</b>	<b>(434,552)</b>
<i>Changes in working capital</i>			
Restricted cash balance	7	317,201	–
Other assets	8	(347,378)	941,348
Other liabilities	10	(345,790)	34,356
<b>Cash (used in)/generated from operations</b>		<b>(1,524,534)</b>	<b>541,152</b>
Income tax paid		(130,023)	(89,526)
Interest income received		1,332,865	1,082,305
<b>Net cash flows (used in)/generated from operating activities</b>		<b>(321,692)</b>	<b>1,533,931</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from matured term deposits		9,700,000	(8,900,000)
Placement of term deposits		(7,943,660)	7,460,000
Purchase of furniture and equipment	9	(19,770)	(1,798)
<b>Net cash flows generated from/(used in) investing activities</b>		<b>1,736,570</b>	<b>(1,441,798)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,414,878</b>	<b>92,133</b>
Cash and cash equivalents brought forward	7	659,625	567,492
<b>Cash and cash equivalents carried forward</b>	7	<b>2,074,503</b>	<b>659,625</b>

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

## 1. Corporate information

DBM Asset Management LLC was incorporated in Mongolia on 22 September 2017 with the purpose of providing long term financing for large scale projects that support economic growth. As of 31 December 2025, the Company had established two funds, for which they are identified as the Fund Manager:

- Eco-district and Affordable Housing Fund – the objective of Eco-district and Affordable Housing Fund is to pool international and local resources and facilitate the financing of the private investments planned to support the Ulaanbaatar Green Affordable Housing and Resilient Renewal Sector Project implemented by Asian Development Bank together with the Municipality of Ulaanbaatar.
- DBM Green Development Private Investment Fund - the objective of the DBM Green Development Private Investment Fund is to develop and implement a financing mechanism that facilitates the reduction of air and environmental pollution, promotes green development, and provides investment and financial support for projects focused on environmental protection and the deployment of clean technologies.

The Company is a Mongolian domiciled limited liability company incorporated in accordance with the Company Law of Mongolia and operates within the parameters set forth in the Securities Market Law of Mongolia, Investment Fund Law of Mongolia, Civil Code of Mongolia, and Law on Development Bank of Mongolia and other relevant laws and regulations. Its registered office is # 2303, 23<sup>rd</sup> floor, Building 59, Sukhbaatar District, 1<sup>st</sup> khoroo, Ulaanbaatar Mongolia.

The Company is wholly owned by Development Bank of Mongolia LLC, which is incorporated in Mongolia.

The financial statements for the year ended 31 December 2025 were authorised for issue on 31 March 2026 by the executive management of the Company.

## 2. Material accounting policies

### 2.1 Basis of preparation and statement of compliance

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

The financial statements of the Company have been prepared on a historical cost basis and 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.

The Company had prepared the financial statements on the basis that it will continue to operate as a going concern.

### 2.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- |                                   |   |
|-----------------------------------|---|
| • IFRS 18                         | <i>Presentation and Disclosure in Financial Statements<sup>1</sup></i>          |
| • IFRS 19                         | <i>Subsidiaries without Public Accountability: Disclosures<sup>1</sup></i>      |
| • Amendments to IFRS 9 and IFRS 7 | <i>Classification and Measurement of Financial Instruments<sup>2</sup></i>      |
| • Amendments to IFRS 9 and IFRS 7 | <i>Contracts Referencing Nature-dependent Electricity<sup>2</sup></i>           |
| • Annual Improvements to IFRS     | <i>Annual Improvements to IFRS Accounting Standards - Volume 11<sup>2</sup></i> |

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

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

### IFRS 18 *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, 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.

It also requires disclosure of newly defined management-defined performance measures, 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 (PFS) and the notes.

In addition, 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.

**2.2 Standards issued but not yet effective (contd.)****IFRS 18 Presentation and Disclosure in Financial Statements (contd.)**

IFRS 18, and the amendments to the other standards, is 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 Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

The Company does not expect that the other new standard and amendments will have a material impact on its financial statements.

**2.3 New and amended standards and interpretations**

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

Other amendments and interpretations apply for the first time in 2025, but do not have an impact on the Company's financial statements, these standards are summarised below:

- Amendments to IAS 21 *Lack of Exchangeability*

**2.4 Summary of material accounting policies****Foreign currency translation**

The financial statements are presented in Mongolian Togrog ("MNT"), which is also the Company's 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 profit or loss. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

**Furniture and equipment**

Furniture and equipment are initially recorded at cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent to initial recognition, items of furniture and equipment are also carried at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation of furniture 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 as follows:

<u>Type of Asset</u>	<u>Estimated Useful Life in Years</u>
Office furniture and equipment	10
Computer and accessories	2-3
Vehicle and others	9 – 10

Items of furniture and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of profit or loss when the asset is derecognised.

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.

**Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Short-term leases*

The Company applies the short-term lease recognition exemption to its lease of office space (i.e., lease that has a lease term of 12 months or less from the commencement date). Lease payments on short-term leases are recognised as expense in statement of profit or loss on a straight-line basis over the lease term.

## 2.4 Summary of material accounting policies (contd.)

### 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.

#### *Financial assets*

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company'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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### *Financial assets at amortised cost*

Financial assets at amortised cost are subsequently measured using the effective interest (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 Company's financial assets at amortised cost includes bank deposits and other receivables due from third parties.

##### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company 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 (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

##### *Impairment*

The Company assesses an allowance for expected credit losses (ECLs) for all debt instruments measured at amortised costs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

## 2.4 Summary of material accounting policies (contd.)

### Financial instruments – initial recognition and subsequent measurement (contd.)

#### *Impairment (contd.)*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For bank deposits and other receivables, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding restricted bank balances.

#### **Write-offs**

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

#### **Employee benefits**

##### *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 Company.

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.

##### *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 Company 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.

## 2.4 Summary of material accounting policies (contd.)

### Taxes

#### *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 statement of financial position date.

#### *Deferred tax*

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except for:

- 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 statement of financial position 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 statement of financial position 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 statement of financial position date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Equity

#### *Share capital*

Ordinary shares are classified as equity.

#### *Retained earnings*

Retained earnings represent accumulated profits or losses, reduced by dividend declarations. These may also include prior period adjustments and effects of changes in accounting policies.

### Transactions with related parties

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

A person or a close member of that person's family is related to a Bank if that person:

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

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

- The entity and the Company 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 Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- The entity is controlled or jointly controlled by a person who has control or joint control of the Company.

**2.4 Summary of material accounting policies (contd.)****Transactions with related parties (contd.)**

- A person who has control or joint control of the Company 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 Company or to the parent of the Company.

All material transactions and balances with the related parties are disclosed in the relevant notes to financial statements and the detail is presented in Note 14.

**3. Administrative and operating expenses**

	2025 MNT'000	2024 MNT'000
Salaries and wages	652,622	307,353
Rent expense	104,653	2,400
Social insurance fees	77,957	36,594
Professional and other service fees	24,900	48,146
Business trip expenses	50,792	10,799
Depreciation expense	8,819	9,821
Others	58,080	22,308
	<u>977,823</u>	<u>437,421</u>

**4. Other (expenses)/income**

	2025 MNT'000	2024 MNT'000
Foreign exchange realised loss, net	651	–
Foreign exchange unrealised loss, net	262	–
Others	178,912	4,892
Reversal of provision on other receivables	–	(355,340)
	<u>179,825</u>	<u>(350,448)</u>

**5. Finance income**

	2025 MNT'000	2024 MNT'000
Interest income from term deposits	1,294,060	302,890
Interest income from current accounts	6,171	6,529
Interest income from financial instruments	–	585,847
	<u>1,300,231</u>	<u>895,266</u>

**6. Income taxes****6.1 Income tax expense**

The income tax expense for the year ended 31 December 2025 is:

	2025 MNT'000	2024 MNT'000
<b>Income tax:</b>		
Current income tax	<u>130,023</u>	<u>89,526</u>
	<u>130,023</u>	<u>89,526</u>

The Company 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 rate for profits of the Company is 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).

DBM ASSET MANAGEMENT LLC

Notes to the financial statements - 31 December 2025

6. Income taxes (contd.)

6.1 Income tax expense (contd.)

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 Company for the years ended 31 December 2025 and 2024 is as follows:

	2025 MNT'000	2024 MNT'000
Profit before income tax	142,583	808,293
Tax at statutory rate of 10% (2024: 10%)	14,258	80,829
Effect of expenses not deductible for income tax purpose	22,788	489
Effect of unrecognised tax losses	92,977	8,208
Tax expense	<u>130,023</u>	<u>89,526</u>

The effective income tax rate for 2025 is 91.19% (2024: 11.08%).

6.2 Income tax liabilities

	2025 MNT'000	2024 MNT'000
Income tax liabilities as at 1 January	-	-
Income tax expense for the year	130,023	89,526
Withheld by third parties	(130,023)	(89,526)
<b>Income tax liabilities as at 31 December</b>	<u>-</u>	<u>-</u>

7. Cash and cash equivalents, Bank deposits

Cash and Cash equivalents

	2025 MNT'000	2024 MNT'000
<i>Cash and cash equivalents</i>		
Cash on hand	-	11
Cash at bank	2,494,055	1,396,629
	<u>2,494,055</u>	<u>1,396,640</u>

Cash at bank balances are current accounts held with commercial banks operating in Mongolia. Cash at bank balances are not collateralized and the carrying amount approximates its fair value.

Bank deposits

	2025 MNT'000	2024 MNT'000
<i>Bank deposits held with:</i>		
Golomt Bank	3,143,660	2,385,000
Trade and Development Bank	2,000,000	2,385,000
State Bank	2,000,000	1,574,000
Khan Bank	-	2,556,000
Accrued interests on bank deposits	139,104	171,738
	<u>7,282,764</u>	<u>9,071,738</u>

Bank deposits represent term deposits held with commercial banks with original maturity of twelve months with interest rates from 15.1% to 15.80% (from 14.00 to 15.40% and maturity of twelve months).

Management believes total placement with banks are placed with financial institutions of high credit quality and assessed that the expected credit loss is minimal.

DBM ASSET MANAGEMENT LLC

Notes to the financial statements - 31 December 2025

7. Cash and cash equivalents, Bank deposits (contd.)

Additional cashflow information

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2025 MNT'000	2024 MNT'000
Cash on hand	-	11
Cash at bank	2,494,055	1,396,629
Less: Restricted cash at bank balance	(419,552)	(737,015)
	<u>2,074,503</u>	<u>659,625</u>

Restricted cash at bank balance represents a balance kept by the Company on behalf of a "Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Sector Project" implemented by the Government of Mongolia with support from the Asian Development Bank. The Company acts as the project implementation unit and the respective balance held at a current account with State Treasury Department is a fund purposed to be used in the preparation of implementing the project.

8. Other assets

	2025 MNT'000	2024 MNT'000
Receivables due from third party	450,058	101,693
Receivables due from individuals	94,349	119,157
Consumables and other office supplies	20,351	-
Other tax receivables	17,530	17,502
Prepaid expenses	7,151	3,709
	<u>589,439</u>	<u>242,061</u>

9. Furniture and Equipment

	Office furniture and equipment MNT'000	Computer and accessories MNT'000	Vehicle and others MNT'000	Total MNT'000
<b>At 31 December 2025</b>				
<b>At cost</b>				
At 1 January 2025	93,064	71,240	125,683	289,987
Additions	6,970	12,800	-	19,770
At 31 December 2025	<u>100,034</u>	<u>84,040</u>	<u>125,683</u>	<u>309,757</u>
<b>Accumulated depreciation</b>				
At 1 January 2025	64,786	69,593	77,961	212,340
Charge for the year (Note 3)	7,841	634	344	8,819
At 31 December 2025	<u>72,627</u>	<u>70,227</u>	<u>78,305</u>	<u>221,159</u>
<b>Net carrying amount at 31 December 2025</b>	<u>27,407</u>	<u>13,813</u>	<u>47,378</u>	<u>88,598</u>

DBM ASSET MANAGEMENT LLC

Notes to the financial statements - 31 December 2025

9. Furniture and Equipment (contd.)

	Office furniture and equipment MNT'000	Computer and accessories MNT'000	Vehicle and others MNT'000	Vehicle and others MNT'000
<b>At 31 December 2024</b>				
<b>At cost</b>				
At 1 January 2024	93,064	69,442	125,683	288,189
Additions	–	1,798	–	1,798
At 31 December 2024	<u>93,064</u>	<u>71,240</u>	<u>125,683</u>	<u>289,987</u>
<b>Accumulated depreciation</b>				
At 1 January 2024	55,460	69,442	77,617	202,519
Charge for the year (Note 5)	9,326	151	344	9,821
At 31 December 2024	<u>64,786</u>	<u>69,593</u>	<u>77,961</u>	<u>212,340</u>
<b>Net carrying amount at 31 December 2024</b>	<u><u>28,278</u></u>	<u><u>1,647</u></u>	<u><u>47,722</u></u>	<u><u>77,647</u></u>

10. Other liabilities

	2025 MNT'000	2024 MNT'000
Payable due to third parties	419,780	737,670
Payable due to individuals	3,912	–
Tax payables other than corporate income tax	13,910	45,722
	<u><u>437,602</u></u>	<u><u>783,392</u></u>

Payable due to third parties include balance of MNT 419,552 thousand (2024: MNT 737,015 thousand) representing payable related to the “Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Sector Project” as described in Note 7.

11. Share capital

As at 31 December 2025 and 2024, the Company has 50,000 shares authorized and issued with par value of MNT 200,000 per share. All issued shares are fully paid.

The shareholders of the Company as of 31 December 2025 and 2024 and percentage of ownership are as follows:

	2025	2024
Development Bank of Mongolia LLC	100.00%	100.00%

12. Contingent liabilities and commitments

As of 31 December 2025 and 2024, the Company had no capital commitments.

**Guarantees**

Guarantees are irrevocable assurances that the Company will make payments in the event that another party cannot meet its obligations. The Company has not guaranteed any obligation as of 31 December 2025 and 2024.

**Legal claims**

The Company has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss can be reasonably estimated, the Company makes provision to account for any adverse effects on its financial statements. As at 31 December 2025 and 2024, there were no major litigation cases involving the Company.

## 12. Contingent liabilities and commitments (contd.)

### Tax legislation

Mongolian tax legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by tax authorities.

Mongolian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged by tax authorities. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Mongolian tax legislation does not provide definitive guidance in certain areas, specifically in areas such as VAT, withholding tax, corporate income tax, personal income tax and other areas. From time to time, the Company adopts interpretations of such uncertain areas that reduce the overall tax rate of the Company. As noted above, such tax positions may come under heightened scrutiny as a result of recent developments in administrative and court practices. The impact of any challenge by the tax authorities cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the entity.

Management performs regular re-assessment of tax risks and its position may change in the future as a result of the change in conditions that cannot be anticipated with sufficient certainty at present.

## 13. Risk management

The main risks inherent in the Company's operations are market risk, operational risk and investment risk. The risk management process of the Company consists of following stages:

- Risk identification (preliminary determination of potential risks)
- Risk assessment (evaluating the identified risks in accordance with the Company's detailed risk management procedures, risk assessment guidelines, methodologies, and other relevant documentation)
- Risk mitigation (implementing mitigation actions corresponding to the risks assessed)
- Monitoring (overseeing the implementation of decisions made and mitigation measures taken for all types of risks)
- Reporting (ensuring accurate, truthful, and timely delivery of relevant information to the Company's executive management and other relevant parties)

### Risk management framework

In accordance with the Company's risk management policy, the risk management framework consists of the following four levels of defence:

- First line of defence is the organizational culture forming the foundation for the risk management framework. It is an overall responsibility of the executive management and of all employees to create and collaborate in an environment that encourages appropriate workplace behaviour and ethical conduct.
- Second line of defence is the clear and official communication of the roles and responsibilities of all employees regarding identification, assessment and mitigation of potential risks related to their respective day-to-day roles.
- Third line of defence is an risk management committee operating under executive director's orders that (1) evaluates the effectiveness of the Company's risk management framework, (2) evaluates compliance with the company's policies, procedures, and regulations, (3) evaluates the mitigation actions taken by other units and (4) provides recommendations as appropriate.
- Fourth line of defence is the Internal audit function that will operate independently to evaluate the risk management framework and procedures of the Company and who will report directly to the Board of Directors.

These responsibilities for implementing the day-to-day operational risk management framework are distributed as follows:

### Board of Directors ("BoD")

The BoD is responsible for approving the Company's risk management policies, procedures, methodologies, and internal control framework. It also oversees financial operations of the Company including implementation of investment projects. The BoD is assisted in these functions by Internal Audit.

### Internal Audit

Internal Audit reviews and evaluates risk management framework, monitors and performs audits of the Company's operations and reports their findings to the BoD.

### 13. Risk management (contd.)

#### Executive Director

The Executive director ensures that the risk management framework is properly implemented and that operations comply with established rules and procedures. They make risk-related decisions, communicate them to employees, and ensures timely reports of key issues to the BoD.

#### Department Heads

Department heads supervise employees in identifying and managing daily operational risks. They ensure implementation of controls, provide training, and report significant risk issues to senior management. They are also responsible to implement any recommendations provided by the Risk Management Committee, and ensure timely reports of key matters to the Executive Director.

#### Risk Management Committee ("RMC")

RMC is responsible for implementation of the risk management policies and procedures, managing risks, providing recommendations to departments, forming a risk conclusion on Company's investment decisions, and implementation of compliance controls.

#### Employees

Employees are responsible for identifying potential risks arising from their daily activities and report them to their supervisors. They are responsible for following internal procedures, participating in risk mitigation measures, and supporting preventive actions.

#### Risk assessment

The Company's risks are measured based on the likelihood of occurrence and the potential magnitude of loss or damage. The assessment is done first quantitatively and shall be done qualitatively if previous method is not feasible.

Based on the assessment, risks will be rated and divided into following levels:

- High (10-20 points)
- Medium (5-9 points)
- Low (1-4 points)

#### (1) Market risk

Market risk is the risk that changes in political stances, legal environment, market prices, such as interest rates and foreign exchange rates will affect the Company's income or the sector they are invested in. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

#### (2) Operational risk

Operational risk is the risk that the Company's daily operations may be disrupted due to factors such as business reputation, human resources, technology, financial operations and compliance operations. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

### 14. Related party disclosures

The following are considered as related parties of the Company:

- Development Bank of Mongolia LLC – Parent entity
- DBM Leasing LLC – fellow subsidiary
- DBM Green Development Private Investment Fund LLC – The Company is the sole unit holder of this fund as of 31 December 2025
- State Bank JSC – entity under common control of Government of Mongolia
- Other government entities – entities under common control of Government of Mongolia

Significant transactions and balances with related parties as of 31 December 2025 and 2024 and for the years then ended were as follows:

## 14. Related party disclosures (contd.)

	2025	2024
	MNT'000	MNT'000
<b>Balances with related parties</b>		
<i>State Bank JSC</i>		
Current accounts	2,074,083	611,190
Term deposits	2,000,000	1,574,000
<i>Other government entities</i>		
Current accounts	419,552	750,996
Accounts and other receivables	4,154	2,099
<b>Transactions with related parties</b>		
<i>State Bank JSC</i>		
Interest income on current accounts	6,171	5,547
Interest income on term deposits	217,091	97,045
Other expenses	(22,440)	(12,730)
<i>Other government entities</i>		
Interest income from financial instruments	-	528,008
Other expenses	(4,635)	(64,355)

**Terms and conditions of transactions with related parties**

The above outstanding balances and transactions arose in the ordinary course of business. The interest charged to and by related parties are at normal commercial rates. Outstanding balances at the period-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables.

**Transactions with key management personnel**

The aggregate remuneration of the directors and member of the Board of Directors during the year, paid by the Company, were as follows:

	2025	2024
	MNT'000	MNT'000
<i>Short-term benefits:</i>		
Salaries and other allowances	410,757	267,429
Contribution to social and health fund	59,776	28,846
	<u>470,533</u>	<u>296,275</u>

## 15. Events after reporting date

Management is not aware of any events that occurred after the end of the reporting period, which would have any impact on these financial statements.

**16. Compararive information**

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

**Statement of Profit or Loss and Other Comprehensive Income:**

	Audited 2024 MNT'000	Reclassification adjustments MNT'000	Audited 2024 MNT'000
Finance income	895,266	(895,266)	-
Other income	355,340	(355,340)	-
Sales and marketing expenses	(35,974)	35,974	-
Other expenses	(4,892)	4,892	-
Administrative and operating expenses	(401,447)	(35,974)	(437,421)
Other (expenses)/income	-	350,448	350,448
<b>Total operating loss</b>	<b>808,293</b>	<b>(895,266)</b>	<b>(86,973)</b>
Finance income	-	895,266	895,266
<b>Profit before tax</b>	<b>808,293</b>	<b>-</b>	<b>808,293</b>
Income tax expense	(89,526)	-	(89,526)
<b>Profit for the year, representing total comprehensive income</b>	<b>718,767</b>	<b>-</b>	<b>718,767</b>

**Statement of Financial Position:**

	Audited 2024 MNT'000	Reclassification adjustments MNT'000	Audited 2024 MNT'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1,396,640	-	1,396,640
Tax and SHI receivables	17,502	(17,502)	-
Other receivables	392,588	(392,588)	-
Bank deposits	8,900,000	171,738	9,071,738
Prepaid expenses	3,709	(3,709)	-
Other assets	-	242,061	242,061
		-	
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other liabilities	737,670	45,722	783,392
Tax payables	28,544	(28,544)	-
SHI payables	4	(4)	-
		17,174	
<b>Non-current liabilities</b>			
Deferred tax payables	17,174	(17,174)	-
<b>TOTAL LIABILITIES</b>		<b>-</b>	

**17. 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.