



# 2024 THIRD QUARTER REPORT

Stronger. Together.



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## CEO Statement

I am pleased to present the third quarter report for 2024, which reflects our companies' growing performance amid a dynamic and evolving economic landscape. Mongolia's economy has exceeded expectations, growing by 5.6 percent in the first half of the year, with growth primarily driven by the mining, transportation, and services sectors. Despite extreme weather conditions causing significant losses in the agricultural sector—8.1 million heads of livestock by September, double the losses from the same period last year—other sectors have offset this contraction.

Both the European Bank for Reconstruction and Development and the Asian Development Bank have revised their 2024 growth forecasts upward, projecting Mongolia's GDP to grow by 5 percent and 5.5 percent, respectively. Looking ahead, 2025 is expected to bring even stronger growth, potentially reaching 8 percent, as mining expansion and a recovery in agriculture take hold.

Throughout the third quarter, the Ard Financial Group companies each advanced their individual successes, while Ard App's development accelerated. This included the introduction of new features such as linking bank cards, launching targeted savings products, and readying the much-anticipated Ard debit card for customer use. Development efforts have also introduced customer segmentation, which enables us to create favorable discounts and incentives based on product and service usage. Going forward, we are focused on expanding the Merchant ecosystem within Ard App to drive daily purchasing activities and broadening access to the Pick n Pay installment service.

In the third quarter, the Group focused on optimizing its cost centers, such as TenGer Systems, which manages IT vendor relationships and Ard App development, and Ard Support, our call center, in line with the ongoing restructuring and reorganization efforts. These initiatives are part of structural transformation and reform efforts aimed at enhancing operational efficiency. In collaboration with the Universal Postal Union and MongolPost JSC, we launched a major project to increase financial access in over 150 rural communities. Leveraging the postal infrastructure and advanced technology, we introduced smart POS devices, completing the testing phase successfully in Q3. The next project phase is planned for Q4.

In line with our Group's commitment to social responsibility, we are honored to have supported our Paralympic team, who have proudly represented our nation and raised our state flag as a symbol of peace at the Olympic Games.

Our Investor Nation Forum, now in its eighth year, will take place on November 23, 2024, at the Blue Sky Tower. We extend our appreciation to Unread Media and the Ard team for co-organizing the event, and we warmly invite our customers, shareholders, and investors to join us.

Sincerely yours,  
**Zolboo Batbileg**



## Mission

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- To build the Investor Nation

## Vision

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- Pioneering fintech group driving creative disruption on a global scale

## Goals

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- Disrupt and innovate
- Create digital marketplace
- Be sustainable

## Our values

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- A cohesive team with a same objective and unwavering dedication
- Our culture, "Ice Breaker," values creativity and problem-solving
- Our principle is commitment, accomplishing what we say and finishing what we start
- Our advantage comes from a highly professional, constantly learning staff that leads the industry
- Our motto is "Stronger. Together." emphasizes reaching farther together, rather than speed alone

## Guiding principles

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- Maintaining the highest ethical standards and full legal compliance, with an emphasis on gender balance
- Maintaining excellence in customer service as a central policy
- Taking up social duty and achieving constructive change in society
- Proactively initiating adjustments to support the legal, regulatory, and business environment
- Implementing the highest standards for environmental protection and sustainability

## Distinctive strengths

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- A competitive cooperation approach that combines efficiency and modern technology
- Proven investment success and accountable governance
- An internationally known team for innovation and project implementation
- Sustainable investment returns
- Experience in converting market possibilities into valuable assets
- Recognized brand as an Investor Nation
- Comprehensive national infrastructure
- Entrepreneurial culture

# Symbolism of the Wolf

Descendants of Börte Chino and Gua Maral, Mongolians marked with the blue spot, embody strength, vitality, and honor. The wolf, known for its deep loyalty to its family and its lifelong dedication to protecting its pack, serves as a powerful symbol of the courage and resilience of the Mongolian man.



## Mother Wolf

The image of the mother wolf clinging to the leader of the pack signifies her loyalty and dependence, capturing the essence of her devotion within the pack.



## Offspring

Depicted as nestled close to their parents' hearts, the young pups represent the fierce protective spirit that all animals have toward their offspring, symbolizing the profound love and commitment of parenthood.



## Father Wolf

The lead father wolf is shown carrying his mate on his back and holding his young ones close to his heart, symbolizing his role as the protector and nurturer of his family.



# Operational highlights



Signed a Memorandum of Understanding with Singapore-based AI-driven wealth management platform Investbanq.



Ard Credit issued a PUBLIC BOND valued at MNT 13.5 billion.



Ard Pension Account LLC successfully implemented the ISO 27001:2022 international standard for information security.



ARD Debit Card is now ready for distribution to customers.



Ard Insurance, Ard Securities, and Ard Pension Account participated in Mining Week 2024, Mongolia's largest mining forum.



Launched Mongolia's first CoinBack rewards system for Ard App users and partner organizations.



Welcomed ÜNDI, the friendly young wolf mascot, symbolizing growth and progress.



Celebrated the National Naadam Festival with a special rewards package for Ard App users.

# Social responsibility



Ard supported the Mongolia Economic Forum | YOUTH 2024, demonstrating their commitment to youth empowerment.



Proud sponsor of the 35th anniversary concert of Haranga, Mongolia's iconic rock band.



Supported the Tenuun Cup 2024 Tennis Tournament.



Supported the Mongolian team competing in the 2024 Paralympic Games in Paris.



Released a special edition of Ard News for the Naadam Festival.



In honor of its 30th anniversary, Ard Insurance, the oldest insurance provider in Mongolia, published the first Sustainable Development Report in the sector.



From June 3 to 8, we served clients in Khuvsgul, Bulgan, Erdenet, Darkhan, and Selenge provinces.



Participated in UPDATE 2024, a gathering of young innovators, to present Ard App and ArdKids services.

# Ard App



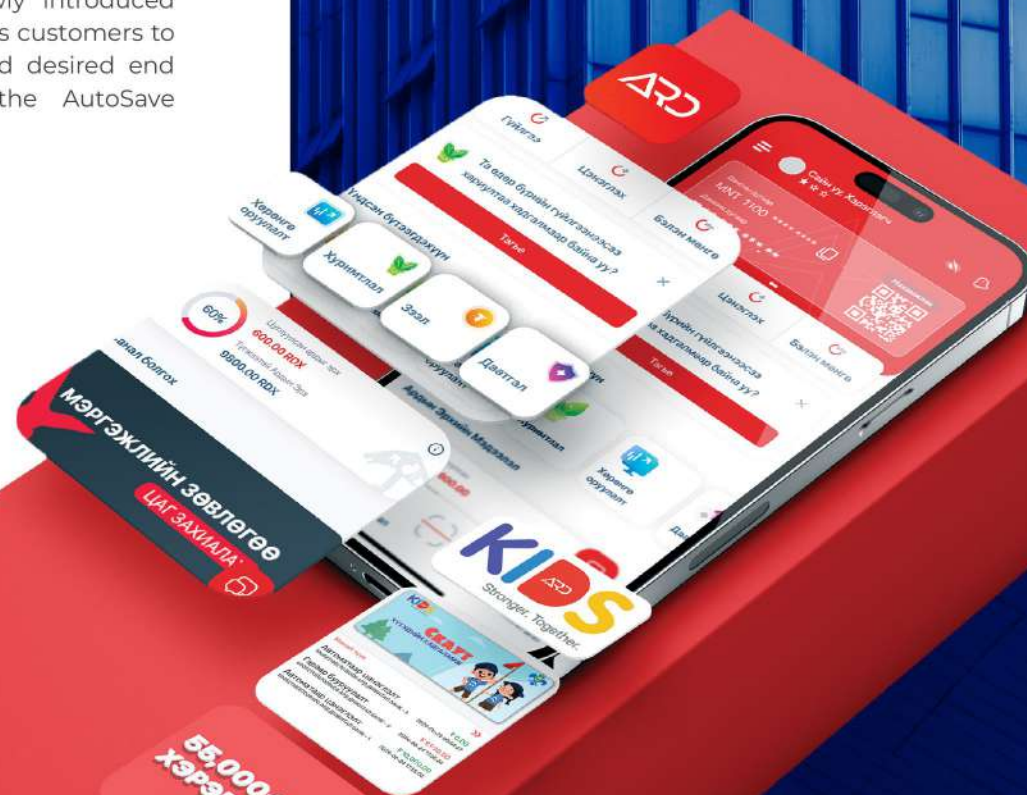
**Link Bank Card** - Allows customers to link their bank cards to Ard App.



**Targeted Savings** – A newly introduced savings products that enables customers to specify a target amount and desired end date, complemented by the AutoSave feature.



Introduced the **Alpha and Alpha+** online loan services, offering the lowest interest rates based on ArdCoin. As ArdCoin holdings increase, loan amounts grow, and interest rates decrease, creating a more accessible and cost-effective borrowing option.





# Ard App

	2023.Q3	2023.Q4	2024.Q3	YoY
Ard App Total Users	1,055,099	1,063,799	1,095,422	3.8%
Ard App New Users	12,898	27,077	31,623	145.2%
Ard App New Users	47,924	49,666	53,887	12.4%
Total transactions	1,905,236	2,832,755	2,655,203	39.4%
Savings attracted (MNT billion)	17.3	24.77	27.09	56.6%
Online Loans Disbursed (MNT billion)	54.16	74.04	79.83	47.4%
Stock trading (MNT billion)	7.8	10.4	12.6	61.5%
Total Transfer (MNT billion)	288.45	401.07	392.15	36.0%

## Corporate Governance

In accordance with Article 75, Section 4 of the Company Law, a joint-stock company must have nine or more members on its Board of Directors (hereafter referred to as the “Board”), with at least one-third being independent members. Ard Financial Group JSC currently operates with a board consisting of nine members, five of whom are independent directors. All Board members are experienced professionals with over 15 years of work experience in the banking and financial sectors. Additionally, there are also three committees that operate under the Board and have complete jurisdiction.

As of Q3 2024, the Board of Ard Financial Group JSC held one regular meeting and conducted three voting ballots, approving a total of five resolutions related to the strategic restructuring of the group and the new composition of the subsidiary boards. The company commits to transparently disclosing decisions made by the Board in accordance with relevant regulations.

## Corporate Governance Code

In Q3 of this year, Ard Financial Group JSC accepted the self-assessment verification of the implementation of the Corporate Governance Code provided by the Financial Regulatory Commission. The company aims to update and approve certain internal rules, regulations, and policies while ensuring compliance and enhancing the evaluation of the Corporate Governance Code's implementation.



**GANHUYAG Chuluun**

Executive Chairman,  
Ard Financial Group



**BRUNO Raschle**

Non-Executive Vice Chairman,  
Schroder Adveq



**ARNAUD Ventura**

Managing Partner,  
Gojo & Company



**SUHDORJ Avir**

Founder,  
GrapeCity Mongolia



**SERGELEN Munh-Ochir**

Director, Mongol Kose  
College of Technology



**ODBAYAR Odonchimed**

Chairman of the Board,  
Ard Insurance JSC



**MUNHBAT Chuluun**

President,  
SouthGobi Sands



**MIKHAIL Zeldovich**

Chairman of Supervisory  
Board, Cocoon Capital



**Roland Nash**

Founding partner,  
VPE Capital

- non-independent member

- independent member

## THE BOARD OF DIRECTORS

**AUDIT  
COMMITTEE**

**GOVERNANCE,  
NOMINATION, SALARY AND  
BONUS COMMITTEE**

**INVESTMENT AND  
RISK COMMITTEE**

## Investment portfolio - Ard Financial Group



## HUVSGOL

### HUVSGOL JSC



- Publicly listed on the MSE
- Ard Financial Group ownership
- Affiliated entities ownership

## KEY PERFORMANCE INDICATORS

### Banking Cluster

Ard Credit has secured the rights to issue a public bond valued at MNT 13.5 billion and has successfully raised MNT 10 billion to date.

Ard Assets has seen a 35.1% increase in total assets compared to the same period last year, surpassing MNT 53.5 billion.

Ard Leasing aims to achieve total sales of MNT 7 billion by the end of the year.

### Insurance Cluster

Ard Insurance has reported a 45.2% increase in premium income, reaching MNT 33.1 billion compared to the same period last year.

The investment portfolio managed by Ard Pension Account has grown by 29% year-over-year, reaching MNT 40 billion.

### Investment Banking Cluster

Ard Securities has experienced a 39.5% increase in total revenue, reaching MNT 2.5 billion compared to the same period last year.

Ard Properties has seen a 41.0% increase in total assets compared to the same period last year, reaching MNT 26.8 billion.

Total assets  
**MNT 193 billion**  
▲ 38.5%

Loan portfolio  
**MNT 105 billion**  
▲ 26.4%

Funding  
**MNT 151 billion**  
▲ 31.4%

Total assets  
**MNT 97 billion**  
▲ 22.9%

Investment  
portfolio  
**MNT 72 billion**  
▲ 20.0%

Shareholders'  
equity  
**MNT 18 billion**  
▲ 36.6%

Total assets  
**MNT 39 billion**  
▲ 38.5%

Investment  
portfolio  
**MNT 8 billion**  
▲ 5.0%

Capital sourcing  
**MNT 49 billion**  
▲ 39.5%

## KEY PERFORMANCE INDICATORS

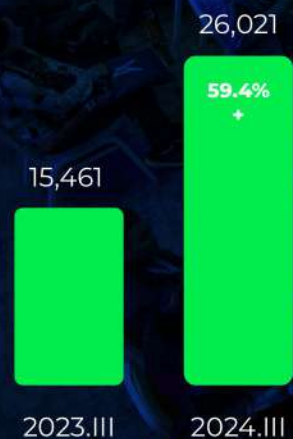
**Total assets**  
(MNT million)



**Investment income**  
(MNT million)



**Retained earnings**  
(MNT million)



**Long-term investment**  
(MNT million)



Income statement (MNT million)	2023.Q3	2024.Q3
<b>Total income</b>	<b>5,049</b>	<b>8,448</b>
Management and operating expenses	5,310	4,225
Financial expenses	2,302	2,745
Other expenses	2,038	284
<b>Total expenses</b>	<b>9,650</b>	<b>7,254</b>
Profit before tax	-4,612	1,291
Tax expenses	38	-30
<b>Net profit</b>	<b>-4,650</b>	<b>1,321</b>

Statement of Financial position (MNT million)	2023.Q3	2024.Q3
Account receivables	35,755	48,123
Long-term investments	79,412	75,704
Other assets	20,401	8,223
<b>Total assets</b>	<b>135,745</b>	<b>134,335</b>
Account payables	19,864	27,384
Short-term loans	3,709	2,154
Unearned revenue	11,587	9,783
Long-term loans	17,299	12,493
<b>Total liability</b>	<b>57,585</b>	<b>59,034</b>
Share capital	28,614	28,614
Retained earnings	14,635	26,021
<b>Shareholders' earnings</b>	<b>78,160</b>	<b>75,301</b>



# INVESTOR NATION 2024

