

Ard Financial Group

MSE: 

2024 Half Year Report



Zolboo B.
CEO

Dear Board members,

First of all, I would like to extend my warmest greetings to each of you as we celebrated the National Great Festival, Naadam. This year marks the 2233rd anniversary of the Foundation of the First Statehood in Mongolia, the 818th anniversary of the establishment of the Great Mongol Empire, and the 103rd anniversary of the People's Revolution of Mongolia. We enjoyed a week-long holiday from July 11 to July 15, following the successful Mongolia Economic Forum 2024, which took place on July 9 and 10.

This year's forum, titled "Go Mongolia," attracted over 4,100 participants who engaged in discussions on socioeconomic issues aligned with the Government's regional development plan. The MEF Youth and Central Asia Tech Summit, a part of the forum, involved 1,500 young people, numerous local and international start-ups, and investors. During the event, the new parliamentary cabinet was appointed, and the Prime Minister was re-elected, announcing a coalition government with the Mongolian People's Party, Democratic Party, and National Labor Party. The discussions were productive, offering valuable insights to the new government, more than half of whom are first-time parliament members.

As you might know, the parliamentary election concluded on June 28. This election was significant as it was the first to be held under the 2023 amendments to the Constitution of Mongolia, resulting in a 126-member Parliament. Of these, 48 were elected by proportional representation and 78 by majority representation.

A total of 1341 candidates from 19 political parties, 2 coalitions, and 40 independent candidates contested the election. The vote distribution was as follows: Mongolian People's Party 35 percent, Democratic Party 30.1 percent, HUN (National Labor) Party 10.4 percent, National Coalition 5.2 percent, and Civil Will-Green Party 5 percent.

The Mongolian economy exceeded expectations by achieving a 7.8 percent growth rate in the first quarter of 2024, surpassing the 7 percent year-end growth in 2023. This growth was still primarily driven by the mining sector, with coal exports reaching an all-time high of 40.6 million tons. Additionally, the non-mining sector saw a rise due to the expansion of domestic demand and increased household and government consumption. However, agricultural production continues to shrink due to worse-than-anticipated weather conditions.

While the global economic growth outlook has improved, fundamental risks related to geopolitical tensions and inter-state conflicts remain, potentially reducing GDP growth to the forecasted 4-5 percent as projected by the Central Bank and foreign institutions.

In May, the Central Bank reduced the policy interest rate by 1 percentage point to 11 percent, following a similar reduction in March 2024, due to continuously decreasing inflation. However, in July, the Central Bank decided to keep the policy rate unchanged to support stable economic growth in the medium term and ensure external and internal economic balance. This policy decision aligns with the goal of stabilizing inflation at the target level and ensuring macroeconomic stability. Additionally, the reserve requirement on foreign currency liabilities was decreased from 18 percent to 15 percent to address the high funding costs for banks due to high risk-free interest rates in international markets and the current high reserve requirement rate.

To mitigate the risks associated with increasing nominal wages and consumer loan amounts, the debt-to-income (DTI) limit for newly issued or restructured consumer loans by banks was lowered from 60 percent to 55 percent, resulting in excess demand for consumer loans. This regulation by the Bank of Mongolia may shift demand to the loan portfolios of non-bank financial institutions. The reduction in DTI from 60 percent to 55 percent created a situation where up to 1/12 of new consumer credit could go to the non-banking sector. In the past five months, the monthly average of new consumer loans was 790 billion MNT, with 66 billion MNT potentially moving to the non-banking sector. Given the bank's criteria, the portfolio's risk is considered to be relatively low.

Following the Central Bank's decision on the policy rate, Ard Credit and Ard Assets reduced their funding rates by 1-2 percent, depending on maturity, for the second time this year. Ard Pension significantly reduced its funding rate, decreasing ongoing agreements' rates by 2 percent to 14 percent, with new agreements set at 11 percent. Corporate bond coupon rates also decreased by 1 percent, aligning with OTC market rates.

Inflation continued to decrease slowly, reaching 5.1 percent at the end of the first half of the year. This was due to the tight monetary policy of the Bank of Mongolia, decreased inflation in trading partner countries, reduced transport costs, and a strengthened MNT exchange rate. The price increase for flour and bakery products, which had been high in 2023, moderated, and the diminishing increase in meat prices exceeded seasonal effects, reducing domestic food inflation. Inflation in non-food goods and services, which is less volatile, also continued to decline, dampening overall price growth. In addition to declining supply-side inflation, inflation is expected to slow down in the coming months due to seasonality. However, there is a risk of demand-side inflation triggered by increases in real wages, pensions, benefits, and elections. Although annual inflation has reached the desired interval of 6±2% set by the Central Bank, inflation calculated from the beginning of the year has already reached around 4 percent, indicating a risk of exceeding the target level by the end of the year. This explains the recent decision of the Central Bank to maintain the policy rate at 11 percent.

Money supply (M2) at the end of June 2024 reached MNT 41.4 trillion, according to preliminary data, marking an increase of MNT 10.0 trillion or 31.7 percent from the same period last year. This growth was primarily driven by a rise in MNT deposits by MNT 5.2 trillion or 36.2 percent, and MNT current accounts by MNT 3.3 trillion or 44.3 percent. However, dollarization remains high, with net foreign assets reaching MNT 9.9 trillion, increasing by 2.5 times year-on-year.

Credit growth has also been on the rise, with the total amount of loans granted to enterprises, organizations, and individuals amounting to MNT 33.5 trillion at the end of the first half, an increase of MNT 7.9 trillion or 30.9 percent from the same period last year. Of the total loan balance, 58.8 percent is for individuals, 39.4 percent for private organizations, 0.7 percent for government organizations, and 1.2 percent for financial institutions and others. The overall performance of loans issued has improved, with non-performing loans at 5.8 percent.

The USDMNT exchange rate has been declining for over nine months, averaging 3,381.11 in June 2024, a decrease of MNT 57.16 year-on-year. However, foreign reserves, which had been rising for the previous 16 months until March 2024, decreased from their all-time high of USD 5.2 billion to USD 4.8 billion in the last quarter.

In Q2, state revenue surged to MNT 14.9 trillion, up by 35.2 percent compared to last year. Expenditures and net loans hit MNT 12.9 trillion, leaving a surplus of MNT 1.3 trillion. The surplus was driven by boosted tax revenue, attributed to mineral exports and increased imports. Key increases included income tax by 67.2 percent or MNT 1.7 trillion, VAT by 27.3 percent or MNT 594.6 billion, and mining royalties by 21.7 percent or MNT 376.4 billion.

Stock market activity has been increasing, with MNT 797 billion worth of securities traded in the first half, compared to MNT 513 billion during the same period last year. The key product was municipal bonds, which amounted to MNT 500 billion. Importantly, secondary market trading of equities and corporate bonds increased from MNT 105 billion and MNT 11 billion to MNT 161 billion and MNT 45 billion, respectively, compared to the same period last year. Total market capitalization increased by MNT 288 billion, or 2.6 percent, in the first half, reaching MNT 11.3 trillion. The TOP-20 index fluctuated between a high of 45,024 and a low of 40,704, closing at 44,385, gaining 20 percent compared to the same period last year. AARD shares became the 9th most traded equity in the first half.

In the second quarter, the Group still focused on finalizing the restructuring and reorganization of our organization. Additionally, we organized the annual general meetings for our companies to present their operational and financial performance for 2023, as well as to introduce the newly approved OGSM and business plan, highlighting the restructuring and reorganization efforts.

At the end of April, we hosted a week-long shareholders meeting at our office, where about 1,200 shareholders and customers actively participated in various events and sessions to promote and sell our products and services while earning RDX bonus points, which can be converted into ArdCoins (ARDX) upon reaching 1,000 RDX.

Nomyn Hishig's court case has been a significant issue in the second quarter, resulting in the building being seized and forcing TenGer TV to relocate its office and studio. We have four ongoing appeals— both civil and criminal—against the other shareholder, who owns 80 percent of Nomyn Hishig. In the latest court decision, we won, increasing our chances of success in the other appeals. However, the counterparty has appealed the decision of the first instance court. Ultimately, we aim to fully acquire the company to compensate for the losses caused by the other shareholder.

- At the end of last year, non-financial companies such as GrapeCity Mongolia, Daats Investments (UBX's holding company), CryptoNation, and TenGerLeague Media Group were transferred to a listed shell company, Huvsgul JSC. The shareholders of UBX recently approved the registration for ownership changes, including debt-to-equity conversion and the clearinghouse system exchange from GrapeCity in return for new shares. As a result, Ard now holds a 48.5 percent stake on a fully diluted basis, combined with GrapeCity's 2.7 percent ownership, totaling 51.3 percent. In late April, Huvsgul JSC's annual general meeting approved the issuance of new shares to settle payables for purchasing the transferred companies, excluding Daats Investments, and the company's name change to AIG. Additionally, a new board of directors, comprising relevant individuals, was approved on a preliminary basis to streamline decision-making within the restructuring framework. In the second half of 2024, an extraordinary shareholders meeting will be convened to issue additional shares for the finalization of the Daats Investment transaction and to appoint the official board of directors, which will be discussed at our upcoming board meeting.
- Undurhaan JSC, an insurance and pension fund holding company, is undergoing restructuring. Ard Insurance is scheduled to be transferred in the second half of 2024, following board approval in June. We are finalizing the restructuring plan with the management of the insurance and pension funds for a leveraged management buyout, which will involve repaying MNT 15 billion in debt. Additionally, we are seeking strategic investors or existing insurance companies for a potential merger to establish a life insurance company, a process that has been stalled for the past few years.
- Ard Credit has requested the issuance of a public bond totaling MNT 13.5 billion, leveraging its recent follow-up public offering (FPO) that raised equity by MNT 8.9 billion. This offering increased the company's share base by 30 percent on a pre-FPO basis or 23 percent post-FPO. By the end of the second quarter, Ard Credit's total assets reached MNT 83.7 billion, achieving 91% of the budgeted amount. This represents an increase of MNT 11.7 billion or 16 percent year-to-date and MNT 20.7 billion or 33 percent year-on-year. The company has expanded its operations by opening two new branches in auto sales areas to finance hybrid and electric vehicles, in response to a new policy by the Financial Regulatory Commission (FRC) that raises NBFIs' funding ratio on trust from 80 percent to 100 percent of equity based on the proportion of green loans in the portfolio. Ard Credit's loan portfolio grew by MNT 4.9 billion or 10 percent in the first half of the year, reaching MNT 54.5 billion. The team has effectively improved portfolio quality, reducing the portfolio at risk (PAR) and non-performing loans (NPL) from 11.8 percent and 7.1 percent to 9.0 percent and 5.3 percent, respectively. The company's profit amounted to MNT 1.5 billion, surpassing the budgeted amount by 181 percent and increasing by 54 percent compared to the same period last year. The credit scoring model now includes customer loyalty, considering ARDX to offer lower interest rates and longer maturities.
- Ard Assets increased its total assets to MNT 50.8 billion, marking a 15.4 percent growth year-to-date and a 45.4 percent increase year-on-year. The loan portfolio expanded to MNT 41.6 billion, reflecting a 48.4 percent rise year-on-year, while deposits totaled MNT 38.8 billion. The company generated a net profit of MNT 333 million in the first half of the year. Management is collaborating with GrapeCity on a decentralized finance (DeFi) project, aimed at enabling customers to fully digitally save and borrow using blockchain technology.

- Ard Leasing's newly appointed CEO, Mr. Munh-Od, who has been with Ard Credit since its inception, has successfully advanced the Rising Car initiative. Under his leadership, the company sold MNT 1.5 billion worth of AARD shares and ARDX with 5-year deferred payments and a 5 percent prepayment option. We aim to issue a portfolio of MNT 2 billion each month, generating MNT 42.6 million in monthly repayments, in addition to prepayments. This initiative will positively impact both AARD and ARDX, as the company will need to purchase these shares and coins from the market to maintain its sales reserve. Additionally, we are leveraging Tumen Ard and rural branches of Mongol Post and Ard Insurance to scale up our sales efforts.
- In the second quarter, Ard Insurance's CEO, Mr. Tsogbadrah, resigned from his position as he and his family planned to move abroad. The board accepted his resignation and appointed Mr. Erdenetulga as the new CEO. Mr. Erdenetulga, who has been with Ard Insurance for the past 13 years and previously served as the sales director, will lead the company moving forward. Preliminary results show that the company generated gross premium income of MNT 21 billion, marking an increase of MNT 7.7 billion or 46.9 percent year-on-year. Claims amounted to MNT 10 billion, which is double the figure from the same period last year. Final financial results will be completed by the end of July due to delays in reports from brokers and agents during the holiday period. Additionally, the company issued its first sustainability report to enhance its visibility with global reinsurers.
- Ard Pension manages the pension savings of over 141,000 customers, including more than 2,300 employees from 120 companies. In the first half of the year, the company attracted pension savings totaling MNT 5.2 billion, achieving 101 percent of its budgeted target and marking a 10 percent increase compared to the same period last year. However, account closures amounted to MNT 623 million, exceeding the budget by 186 percent and representing a 77 percent increase year-on-year. As a result, the net inflow was MNT 4.1 billion, reaching 89 percent of the budgeted amount and remaining stable compared to last year. The total pension savings now stand at MNT 43 billion, while the investment portfolio has declined to MNT 41 billion due to unrealized losses in equity investments, though this is expected to recover. The company is actively increasing its fixed-income investments to stabilize the portfolio.
- Ard Securities has obtained a special license for commodities trading, enabling it to broker both the buy and supply sides of coal, iron ore, and copper sales. During the Mongolia Economic Forum, the company signed a memorandum of understanding with a Singaporean start-up to offer an AI-based wealth management solution, allowing Ard App users to purchase various securities on international exchanges based on their risk appetite and investment amount. This solution will also generate news and research on equities automatically. In the first half of the year, the company brokered MNT 31 billion worth of securities, with MNT 10 billion executed through the Ard App. The company also raised MNT 21 billion in corporate bonds during this period. Brokerage and fundraising activities have remained consistent compared to the same period last year. The team is actively seeking external deals while working on a few internal transactions.

- Ard Management's CEO, Ms. Handaa, who has been with Ard since its inception, resigned to pursue studies abroad. Mr. Davaasambu, who began his career with Ard Securities as a trader and has served as a fund manager for the past three years, has been appointed as the new CEO. Ard Management oversees two investment funds with assets under management totaling MNT 8.4 billion, which has remained stable compared to the same period last year. Although both funds' net asset values have slightly decreased due to declines in Ard-related shares, the fund manager has been reshuffling the portfolio, gaining profits on shares that have increased throughout the year, such as MSE, LEND, and TTL.
- Ard Properties manages the BS9 project, a tokenized office space on the 9th floor of Blue Sky Tower, distributing monthly rental income to token holders. Additionally, the company manages the 11th floor of Blue Sky Tower on behalf of its customer. The company is looking for other real-estate projects to expand its operation.
- We have continued developing Ard App Version 5, rolling out the newly redesigned Investments functionality. A key focus has been the 'Smart Investor' product, enabling users to automatically purchase stocks and fund units for themselves and their children's accounts on a subscription basis. This has led to 650 users enrolling in the Smart Investor product, and we plan to launch a heavy marketing campaign to reach 10,000 users. Developments for the Pick n Pay product, our Buy Now Pay Later offering, have also progressed, with improvements to the credit scoring model and user experience. Concurrently, we are updating our merchant ibank platform, introducing new functions such as merchant self-enrollment. Early in Q3, we will finalize Ard App Version 5 by launching the 'Card Inside' feature, allowing users to connect their bank cards to Ard App. The new Savings module will also be introduced, enabling users to create custom savings products. Additionally, a new customer segmentation feature will allow VIP users to automatically receive better rates on various products offered through the app. Our top priority now is to increase monthly active users from 30k to 100k users in the second half.
- The Tumen Ard program, launched at the end of last year, has enrolled 5,261 active Ard Brokers in the first half of this year. These brokers promote our app, products, and services while expanding their networks. The initiative rewards customers for cultivating good financial habits within our ecosystem through gamification. Brokers aim to collect 1,000 RDX monthly, which can be converted to 1,000 ARDX upon completion. Through Tumen Ard, sales of our products reached MNT 2.75 billion, with ArdCoins distributed totaling 3.4 percent of the sales.

In the second quarter, fundraising and sales of bonds and equities stagnated due to awaited election results. Most maturing bonds are being refinanced, with payments totaling MNT 9.8 billion for forward agreements on ArdCoins facilitated. The remaining amount on forward deals is MNT 9.1 billion, with MNT 3.8 billion to be paid in the second half. Forward deals were issued to stabilize ArdCoin and minimize customer losses on ARDX. Therefore, we plan to push equity sales and debt arrangements related to restructuring and reorganization to start decreasing the outstanding amount on corporate bonds in the second half.

Overall, the companies are expanding their operations and improving performance despite ongoing management changes. As we move forward, our focus will be on activating our previously inactive mass-enrolled user base, enhancing our product offerings, and leveraging new opportunities to solidify our market position. I look forward to your continued support as we navigate the challenges and opportunities ahead.

KEY FIGURES

	2020	2021	2022	2023	2024Q2	YTD
Number of companies	31	38	44	44	44	0.0%
Number of employees	223	335	276	264	262	(0.8%)
Number of shareholders	12,296	62,418	59,109	97,805	101,504	3.8%
Ard App users	637,000	990,071	1,055,828	1,104,180	1,128,465	2.2%
Ard Kids users	-	22,113	36,921	52,515	55,864	6.4%
ArdCoin holders	286,117	516,425	543,538	418,006	275,127	(34.2%)
Loan accounts (active)	19,942	23,385	15,700	20,750	20,625	(0.6%)
Insurance policy holders (active)	116,000	210,000	230,000	243,010	246,408	1.4%
Pension accounts	10,447	100,600	151,685	146,769	141,398	(3.7%)
Brokerage accounts	89,305	146,893	151,651	154,496	163,471	5.8%
Ard Assets members	1,062	2,678	2,819	4,053	4,797	18.4%
Special licences	37	43	44	46	46	0.0%

INVESTMENT PORTFOLIO

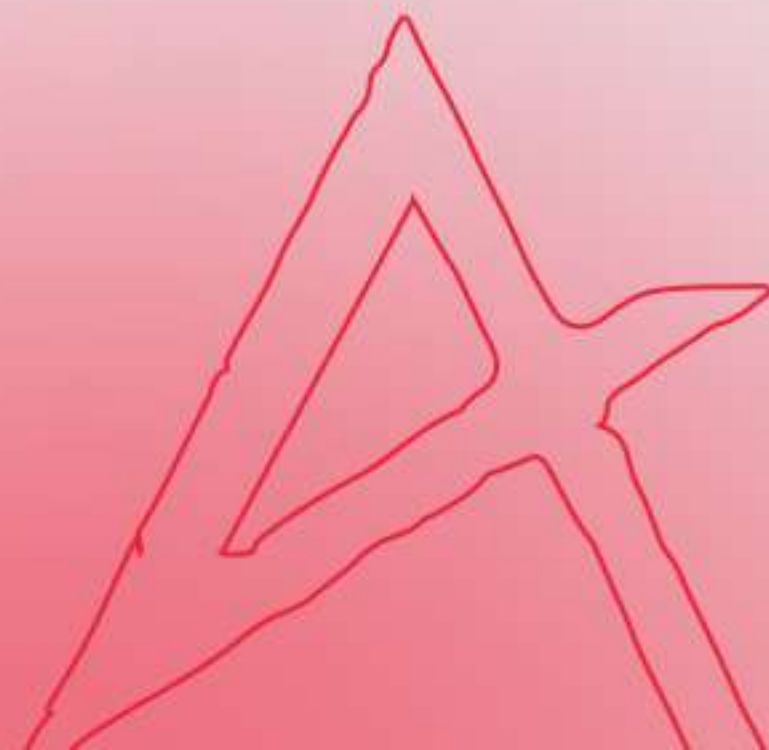
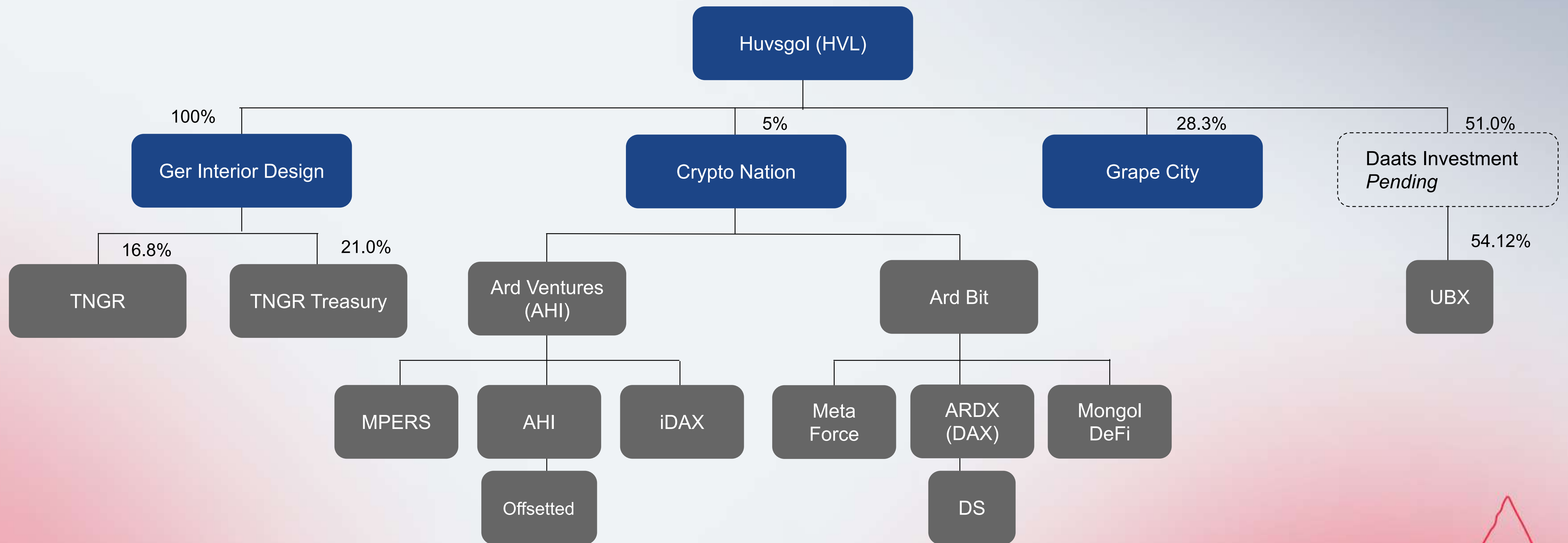
Ard Financial Group

Huvsgul (Ard Investment Group)

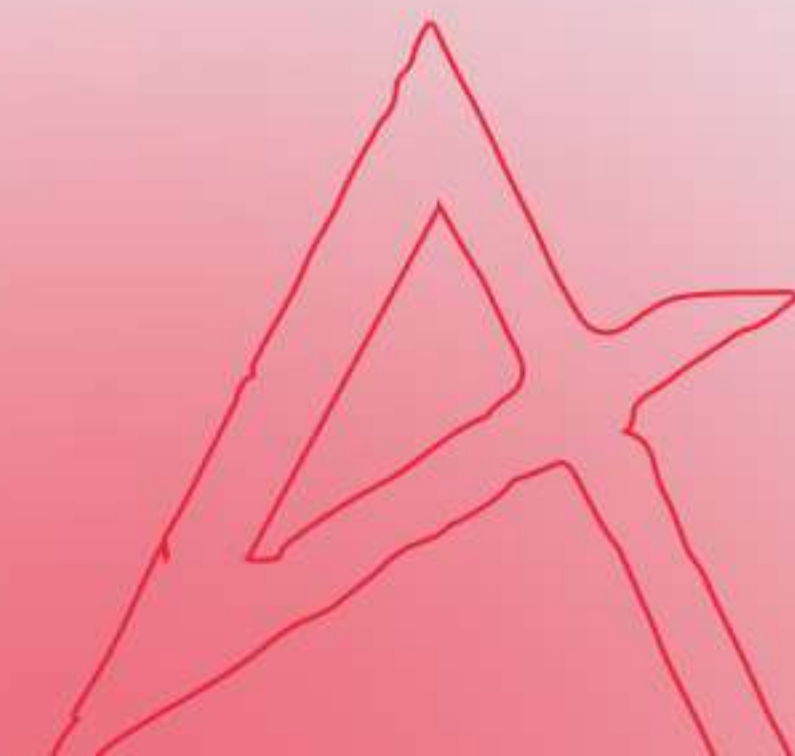
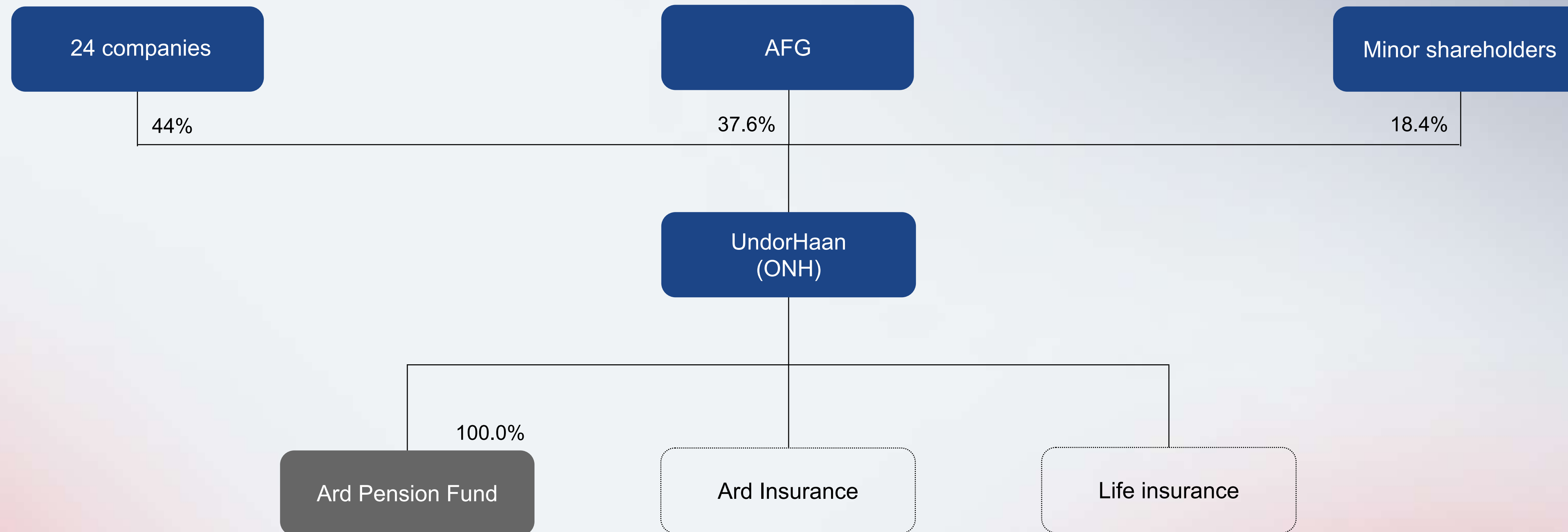
Cluster	Company	Ownership in percentage points June 27, 2024					2023 Total	YTD	Cluster	Company	Ownership in percentage points June 27, 2024					2023 Total	YTD	
		Holdings	Ard subsidiary	AIG	EIT	Total					Holdings	Ard subsidiary	AIG	EIT	Total			
Banking	Ard Credit	46.5	10.6	1.4	1.9	60.4	58.5	1.8	Blockchain (Crypto)	CryptoNation	0.1	36.0	18.3	8.5	62.9	63.1	(0.2)	
	Ard Assets	9.9	54.3	23.1	9.9	97.2	97.2	0.0		Ard Bit			100.0		100.0	100.0		
	Ard Leasing	100.0				100.0	100.0			Mongol DeFi			50.0		50.0	50.0		
	Ard Properties	100.0				100.0	100.0			ArdEx (DAX)			60.0		60.0	60.0		
Insurance	Ard Insurance	45.5	10.7	0.1	0.2	56.5	57.5	(1.1)		MetaForce			8.0		8.0	8.0		
	Undurhaan JSC	23.0	27.6	31.1	2.0	83.7	81.6	2.1		Diverse Solutions			51.0		51.0	51.0		
	Ard Pension			100.0		100.0	100.0			Ard Ventures (SPV)			100.0		100.0	100.0		
Investment banking	Ard Securities	90.0	0.0	0.0		90.0	90.0			idax			70.0		70.0	70.0		
	Ard Management	100.0				100.0	100.0			Diverse Solutions			51.0		51.0	51.0		
	National Privatization Fund	0.8	25.4	1.4		27.6	24.7	2.9		Ard Holdings Intl Pte			100.0		100.0	100.0		
	Investor Nation Fund	14.2	28.3	0.0		42.5	42.6	(0.1)		MPERS (Lotto)			50.0		50.0	50.0		
Infra- structure	Ard Support	100.0				100.0	100.0			Tech- nology	GrapeCity Mongolia			28.3	16.7	45.0	45.0	
	TenGer Systems	100.0				100.0	100.0				NSP		3.2	20.0		23.2	23.2	
	MEC Partners (Ard Shop)	94.7				94.7	94.7				ZASore			25.0		25.0	25.0	
	Mongol Post	9.5	16.2	0.1	0.0	25.8	25.7	0.1	Media	TenGerLeague Media Group	10.4	14.9	15.3	0.6	41.1	41.6	(0.4)	
	Huvsgul JSC	93.3				93.3	93.7	(0.4)		TenGer TV			100.0		100.0	100.0		
	MOST Fintech	3.3	32.8	6.7	10.7	53.5	49.0	4.5		Unread			66.0		66.0	66.0		
Platforms	MOST Call			40.0		40.0	40.0		ORI Studios			20.0		20.0	20.0			
	RESPO (Real-estate)			33.3		33.3	33.3		Mongol HD			20.0		20.0	20.0			
	SCOPA (Supply Chain)			100.0		100.0	100.0		ORI Media			100.0		100.0	100.0			
Others (SPV)	Ard Fintech Solution			100.0		100.0	100.0		Infra- structure	UBX - fully diluted basis		5.9	32.1		38.0	38.0	0.0	
	Mongolian National Equity Trust			100.0		100.0	100.0			Daats Investment (51% of UBX)			51.0		51.0	51.0		
										UBX		5.9			5.9	5.9	(0.0)	

Хүчтэй, Хамтдаа.


RESTRUCTURING PROJECT HUVSGOL



RESTRUCTURING PROJECT **UNDORHAAN**

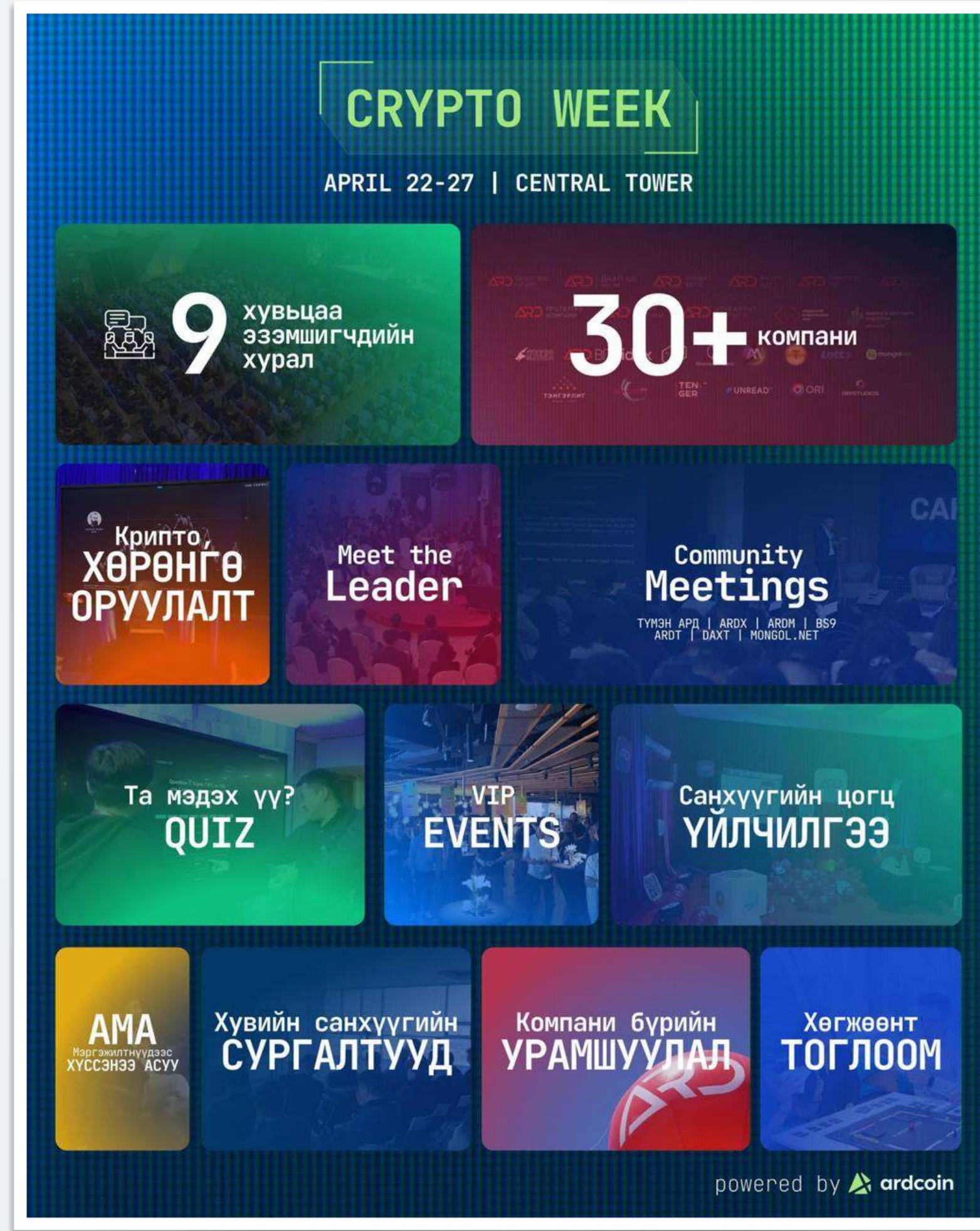


CRYPTO WEEK

powered by  ardcoin



Crypto Week was successfully held on April 22-27 at the Central Tower **Ard's Office**.



The number of customers registered throughout the registration QR

1,196

Total
AGM attendees
623

AGMs
9

Live
Stream
15

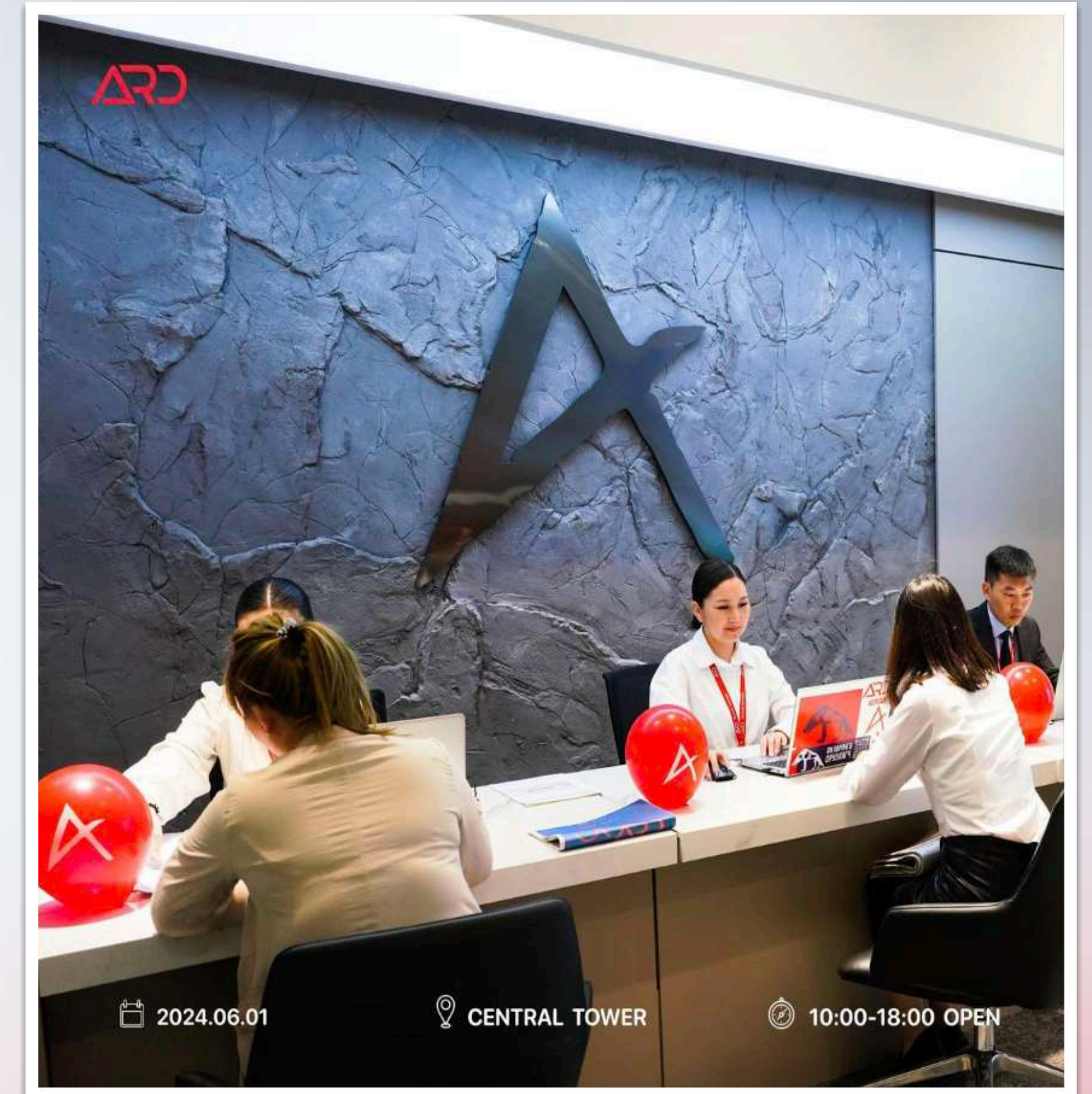
TV
interview
11



Operational Highlights



On June 3-7, we held meetings with our loyal Ard customers in **Huvsgul**, **Bulgan**, **Darhan**, and **Selenge** Erdenet.



A newly designed customer service center has opened its doors on the **1st** floor of **Central Tower**.

Operational Highlights

Sustainable development is not a destination - it is a Journey!



30 ARD ДААТГАЛ
ЖИЛ 1994 онд байгуулагдав

Тогтвортой хөгжлийн тайлан
Монголын ууган даатгалын байгууллага болох Ард Даатгал ХК нь үүсэн хөгжсөний 30 жилийн ойг тохиолдуулан даатгалын салбарт анх удаа тогтвортой хөгжлийн тайланг бэлтгэн танилцууллаа.
Уур амьсгалын өөрчлөлтийн үр нөлөөг багасгах зорилгыг дэмжих ажлын хүрээнд үерийн хохиролд ₮1 тэрбум, зуд, цасан шуурганы эсрэг хамгаалалтад ₮449 саяын нөхөн төлбөрийг тус тус олгожээ. Түүнчлэн тэд цахим даатгалыг эрчимжүүлж цаасны хэрэглээгээ 50%-иар бууруулж чаджээ.

Дэлгэрэнгүй тайлан: www.aic.mn

ARD КРЕДИТ ББСБ

Тогтвортой хөгжлийн тайлан
Ард Кредит ББСБ ХК нь 2020 оны Үнэт зүйлс, Алсын хараандаа "Нийгэм эдийн засаг, хүрээлэн буй орчны тогтвортой хөгжлийн зорилтуудыг үйл ажиллагаандаа нэвтрүүлэгч, улс орон, даян дэлхийн сайн сайхан байдлыг цогцлоход хувь нэмрээ оруулагч нийгмийн хариуцлагатай компани байна" гэж тунхагласан бөгөөд 2023 онд 23.1 тонн цаас буюу 8,470 мод, 74 жил буюу 648,240 цаг, 1,542,857 квт зэргийг тус тус хэмнэжээ.

Дэлгэрэнгүй тайлан: www.ardcredit.com

Ardcoin 5th Anniversary



Ard Insurance was the first company in the industry to issue a sustainable development report, while **Ard Credit** issued it for the second time.

Ardcoin has been rebranded on the occasion of its 5th anniversary. All merchants of Ard reward their customers with **ardcoins**.

Ard Naadam

ARD САНХҮҮГИЙН
НЭГДЭЛ

ARD | ДААТГАЛ
SINCE 1994

ARD КРЕДИТ
ББСБ

ARD АКТИВ
ХЗХ

ARD БИТ

ҮНДЭСНИЙ
ХУВЬЧЛАЛЫН
САН

ARD СЕКЮРИТИЗ
ҮЦК

ARD ТЭТГЭВРИЙН
САН

ARD МЕНЕЖМЕНТ
КОМПАНИ

ARD ЛИЗИНГ
КОМПАНИ

ХӨРӨНГӨ ОРУУЛАГЧ
ҮНДЭСТЭН
БАЯЛГИЙН САН

idax



By announcing the **Ard Naadam** incentive program, it opens an opportunity to collect Ardcoin and Ard Rights; moreover, on the occasion of the National Grand Holiday, Ard News published a special edition.

Ulaanbaatar Marathon 2024 x Children's days



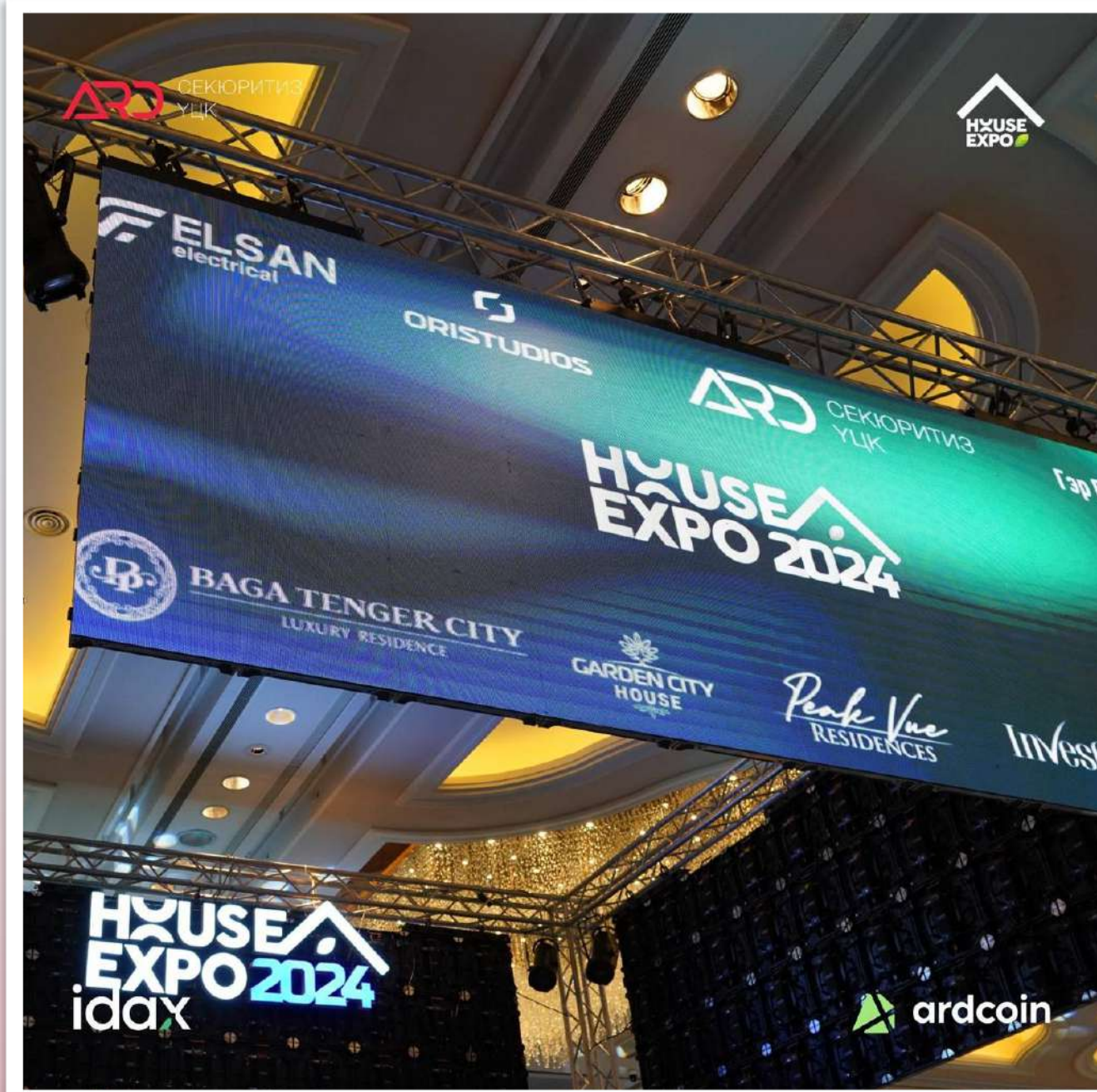
Distance	Ard Rights
5km	30
21km	210
42km	420

Registration	Reward
Register in ArdKids app	3 ADT vouchers, 1,000 Ard Rights, 180,000 HOUS vouchers
Open a free securities account	180,000 HOUS vouchers, 180,000 HOUS vouchers, 180,000 HOUS vouchers

On the occasion of the Ulaanbaatar Marathon 2024, the **Investment Marathon** campaign was organized for cross-sales, gifting Ard Rights for each kilometer ran, encouraging the public to invest in their health.

In addition to rewarding every child who registers in the ArdKids app, every child between the ages of 0 and 18 has opened a **free securities account**.

HOUSE EXPO - 2024



Worked as a **supporting organization** for the HOUSE EXPO - 2024 exhibition.



Started cooperation with Shine Ger Tunshlel LLC and signed a memorandum of understanding to raise funding on its real-estate development project that relocates slums.

Хүчтэй, Хамтдаа.

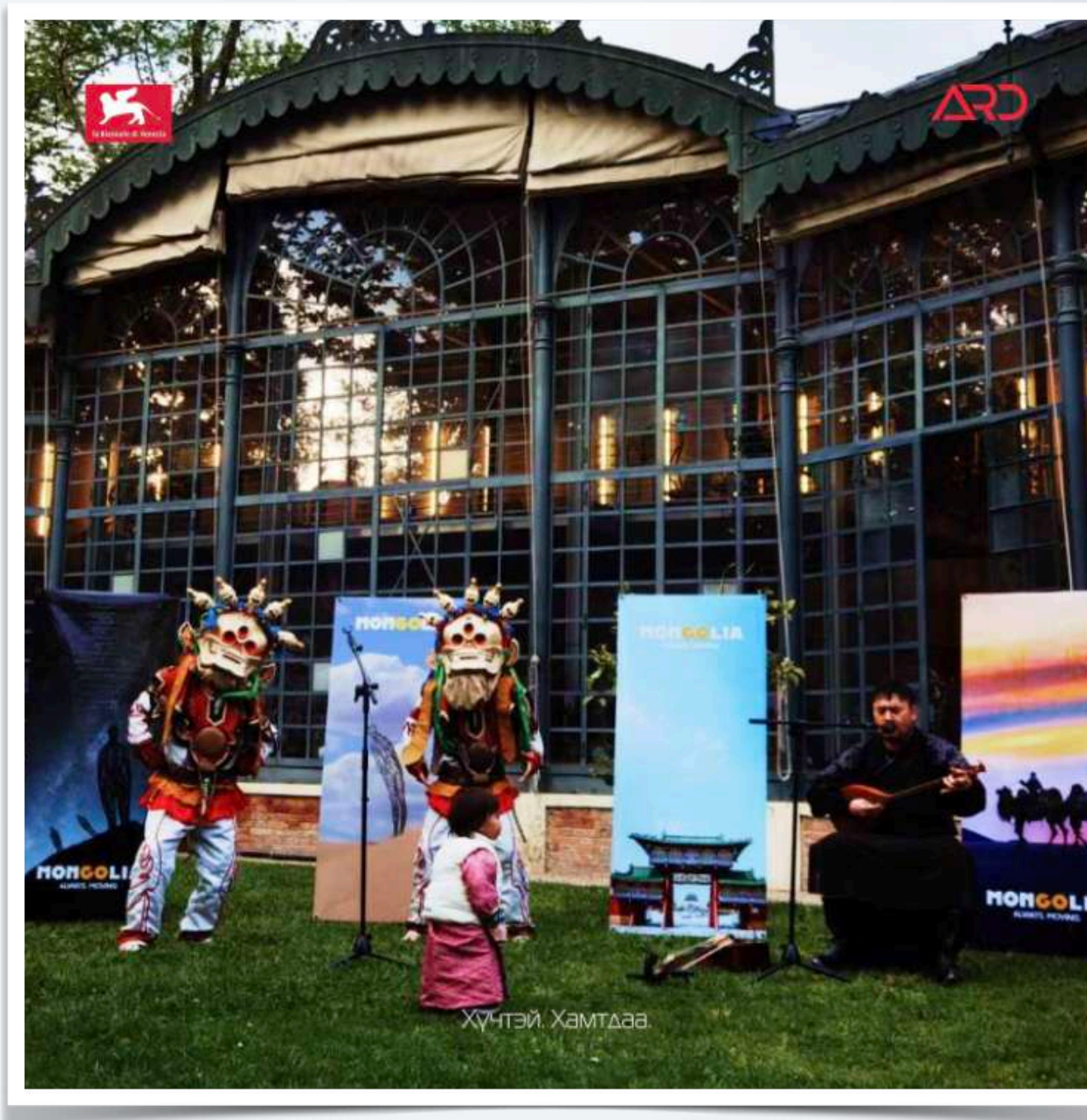


Expanded our cooperation with Ori Studios LLC and signed a memorandum of understanding to raise funding on its second phase.

Operational Highlights



Ganzorig Ch., chairman of the Board of Directors of Ard Credit and CEO of iDax, successfully participated in **the 46th Dakar Rally**, which brought the company and the country's fame to an international level.



Supported the representative artists of Mongolia at the **Venice International Biennale** (La Biennale di Venezia).



Together to overcome the risk of Zud (heavy snowfall) spread the call and handed over **MNT 300 million worth forage** for cattle donation to the National Emergency Management Agency to be delivered to the herdsmen of 21 provinces.

Ard App

Users

1.1 million

Total users

4.9% ▲

22.1 thousand

New users

72.0% ▲

55.8 thousand

ArdKids users

27.9% ▲

2.2 сая

Total number of TXNs

397.4% ▲

Services

18.0 billion MNT

Savings

227.3% ▲

44.5 billion MNT

Online loans

181.6% ▲

10.0 billion MNT

Stock trade

2.0% ▲

235.8 billion MNT

Total transaction amount

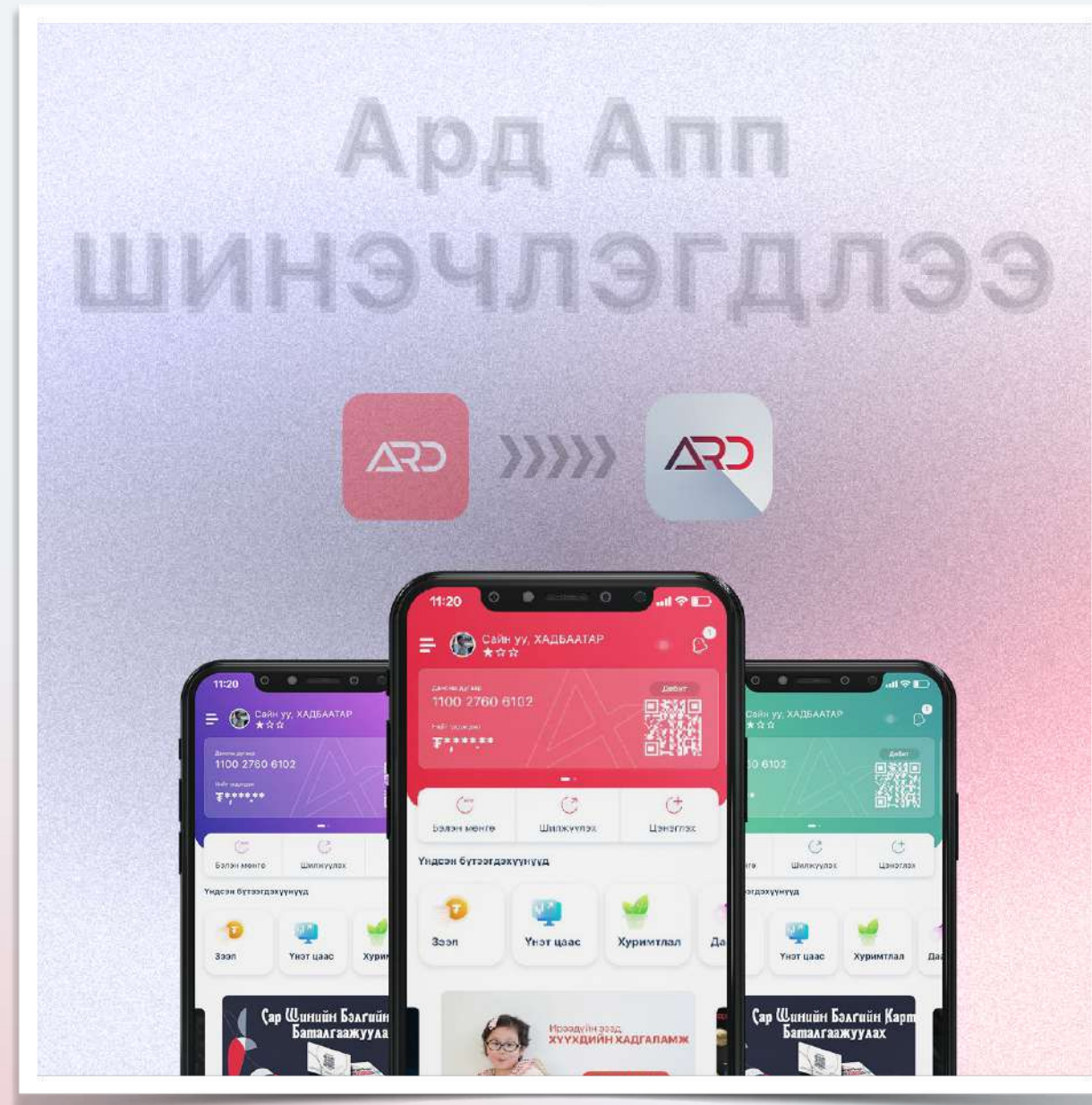
168.3% ▲



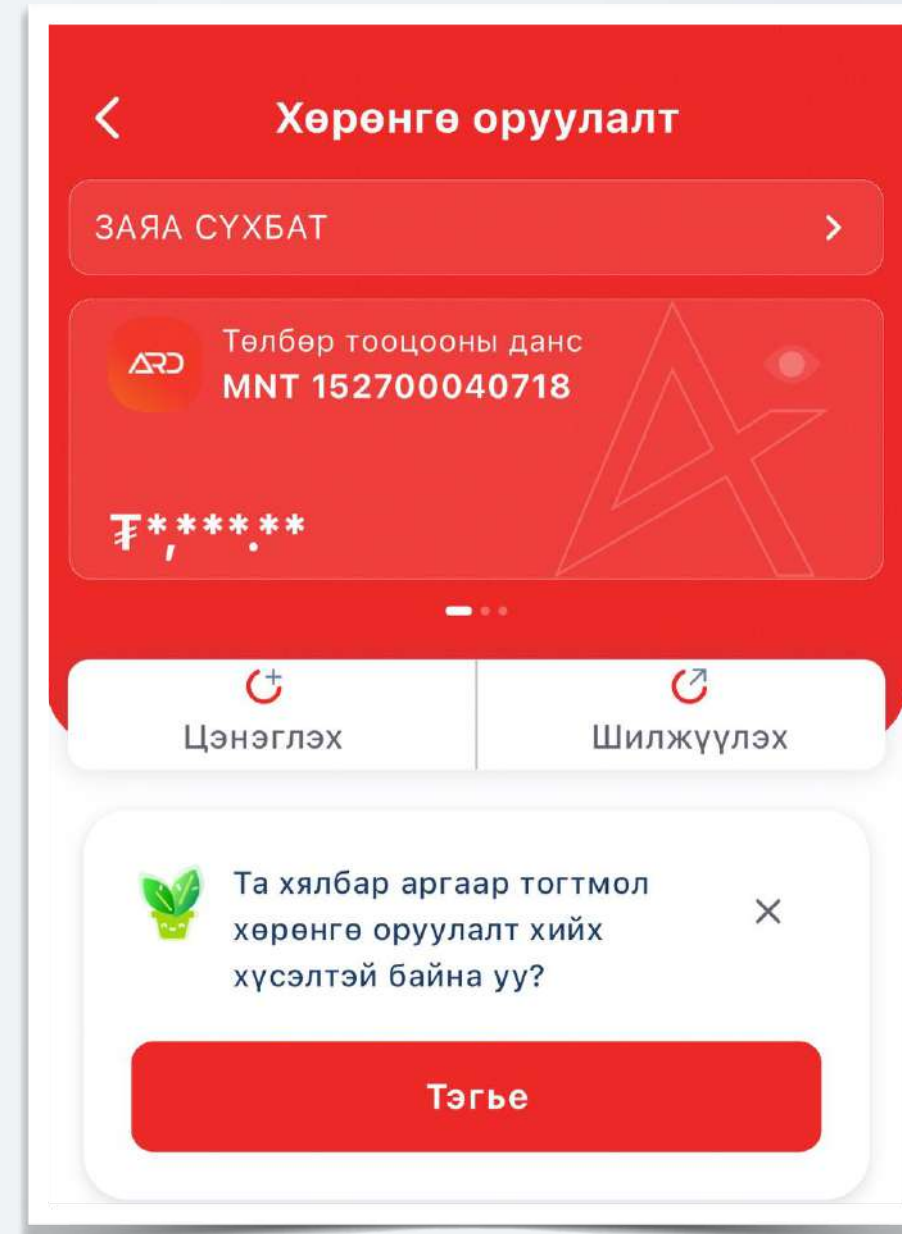
We saved 28.1 million sheets of paper, protecting 3,249 trees.

2024 оны 6 сарын 30-ны байдлаар, өмнөх оны мөн үеэс

ARD APP



Ard App has fully completed its 5th version.

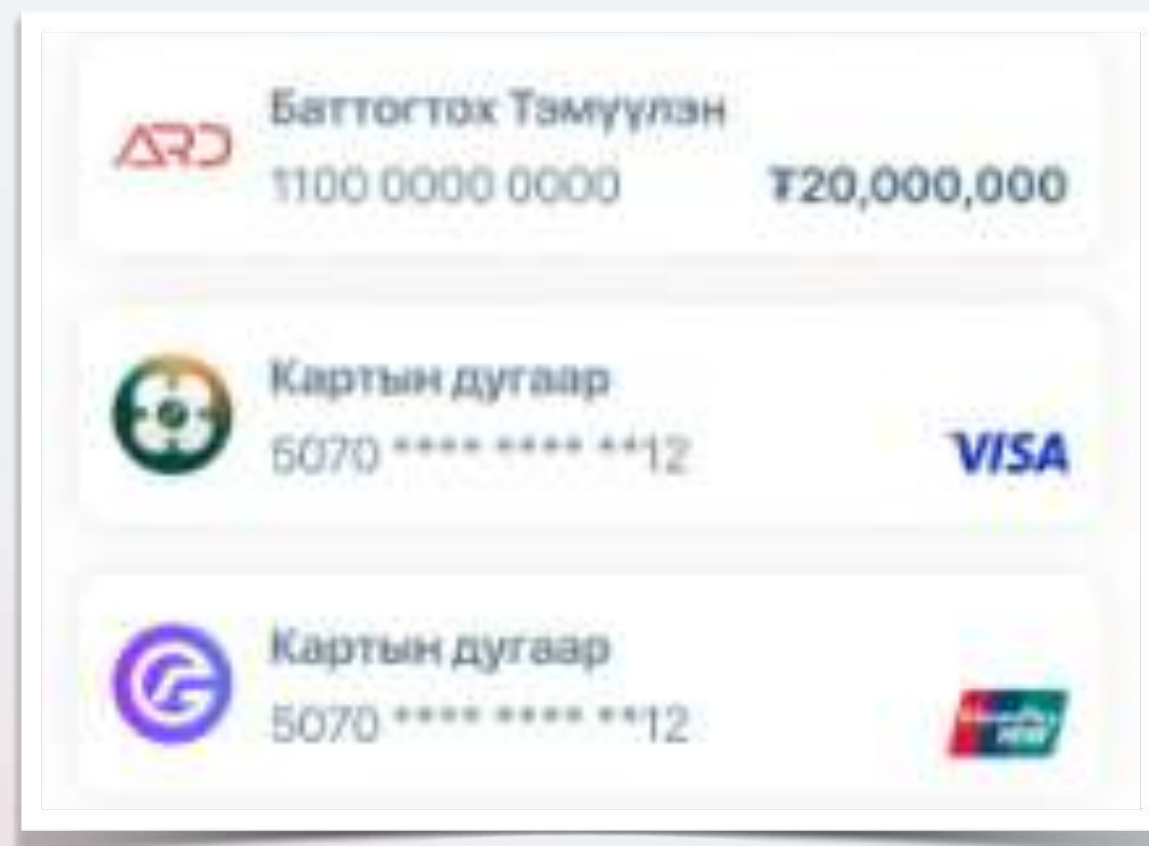


Ard App's Loan, and Investment sections have been renewed.



The Tumen Ard program to boost the use of the Ard App has reached 5,500 members since its inception.

ARD APP



Connecting **any bank card** to the App will be enabled. (August)

Ard's current account will have a **DEBIT CARD**. (September)

Financial services tailored to the needs of **each customer** will be offered. (August)



Changes in Management Team



Erdenetulga N., Chief Executive Officer
Aрд Insurance JSC



Suhbaatar G., Chief Executive Officer
Aрд Credit NBFILLC



Munkh-Od D., Chief Executive Officer
Aрд Leasing LLC



Taishir Ts., Chief Executive Officer
Aрд Pension LLC

Years worked at Ard

13 years

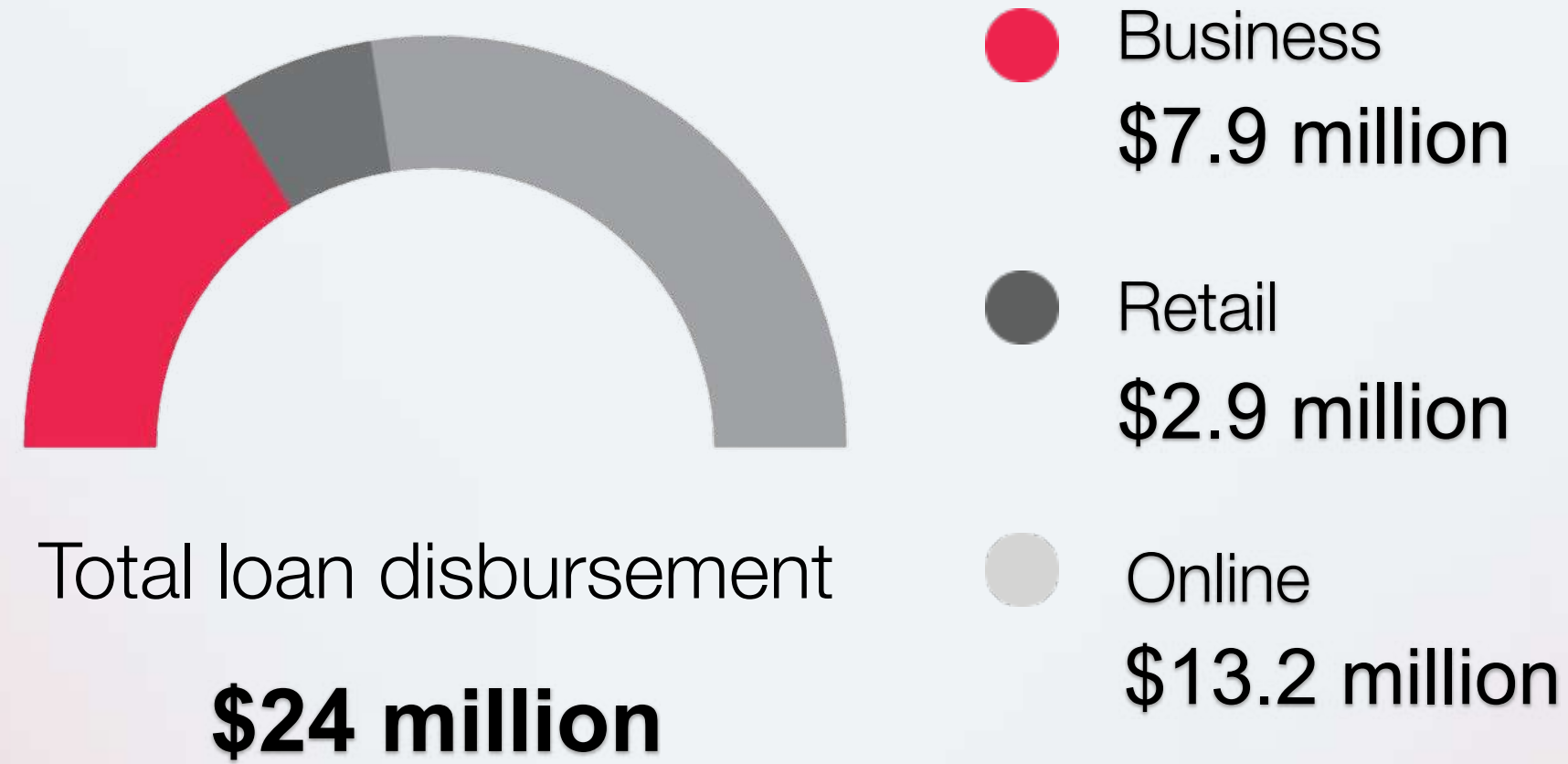
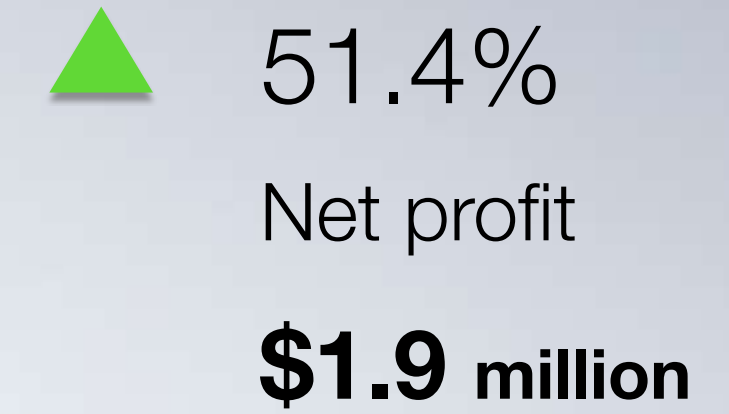
8 years

10 years

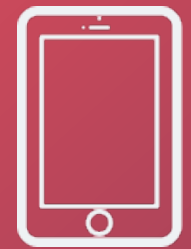
8 years



Banking cluster performance



Fully digital



Online loan
24/7



5 minutes
MNT 5 million



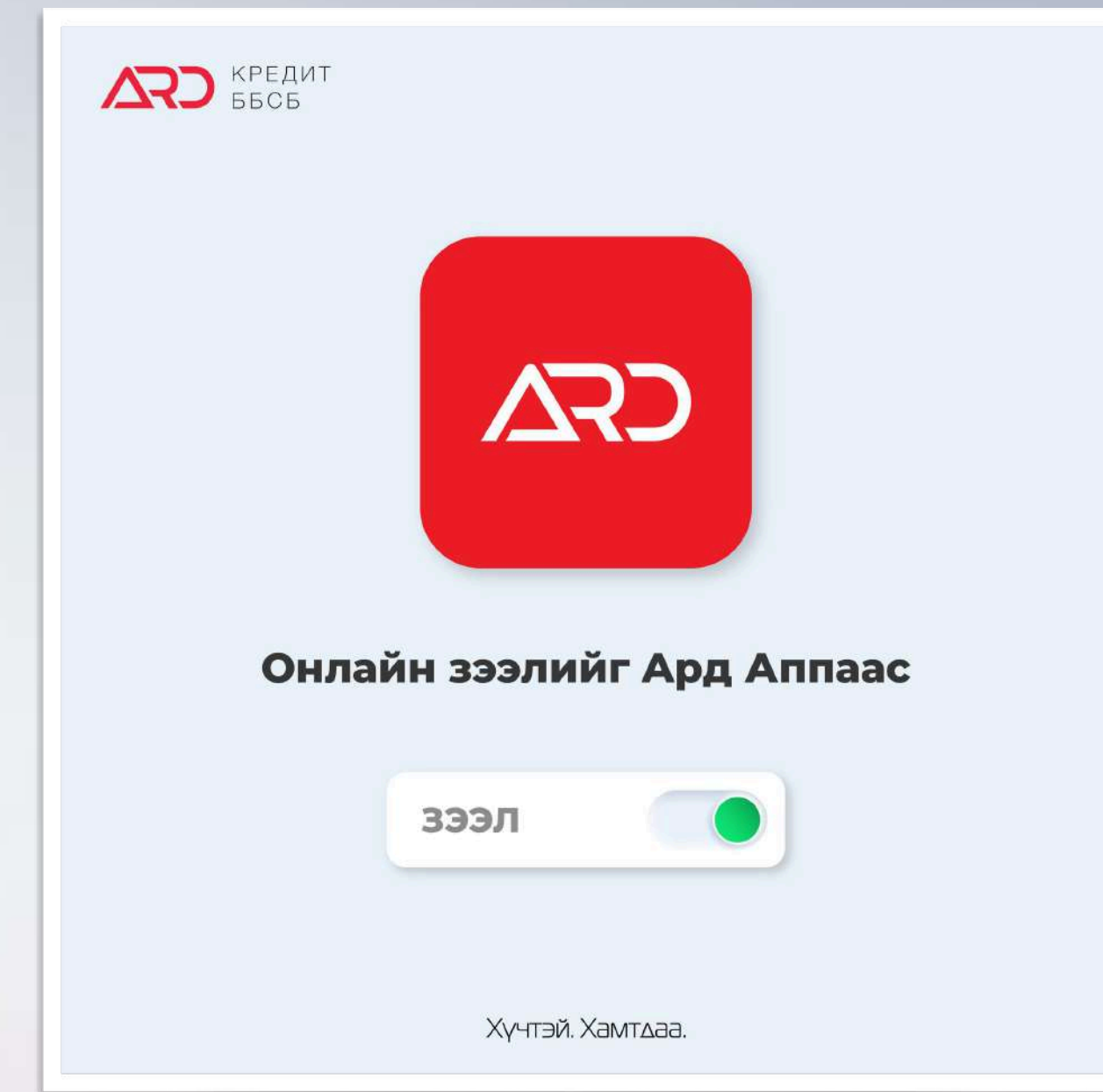
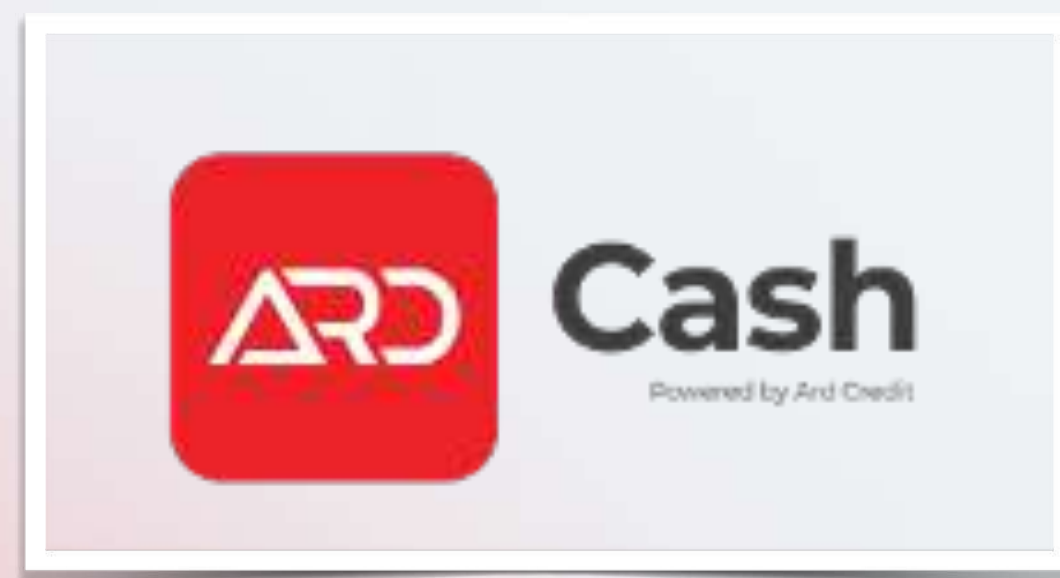
AI
Credit scoring



Save on every
Transaction

ХАРИУЛТАА ХАДГАЛ

Operational Highlights - Ard Credit

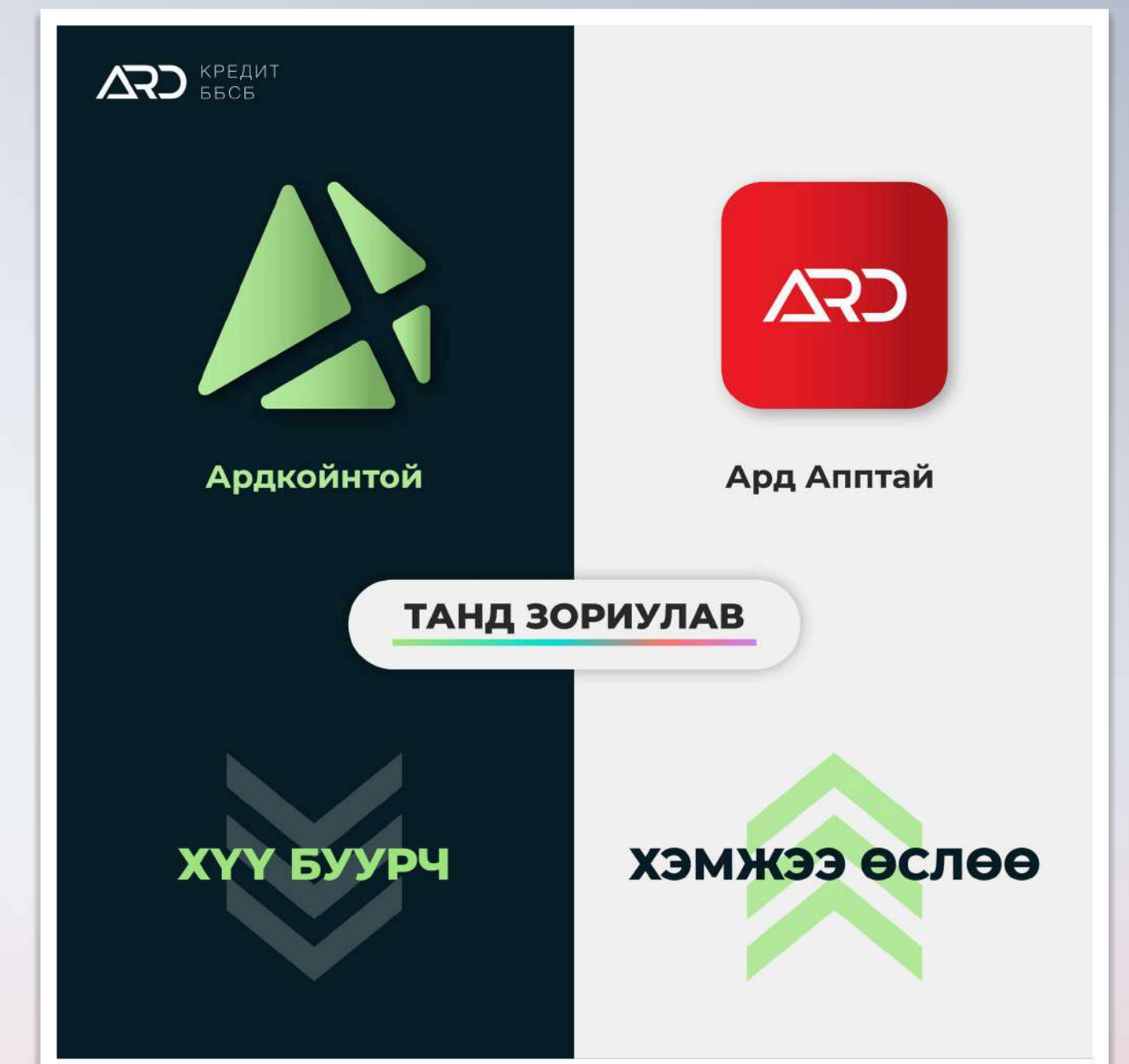
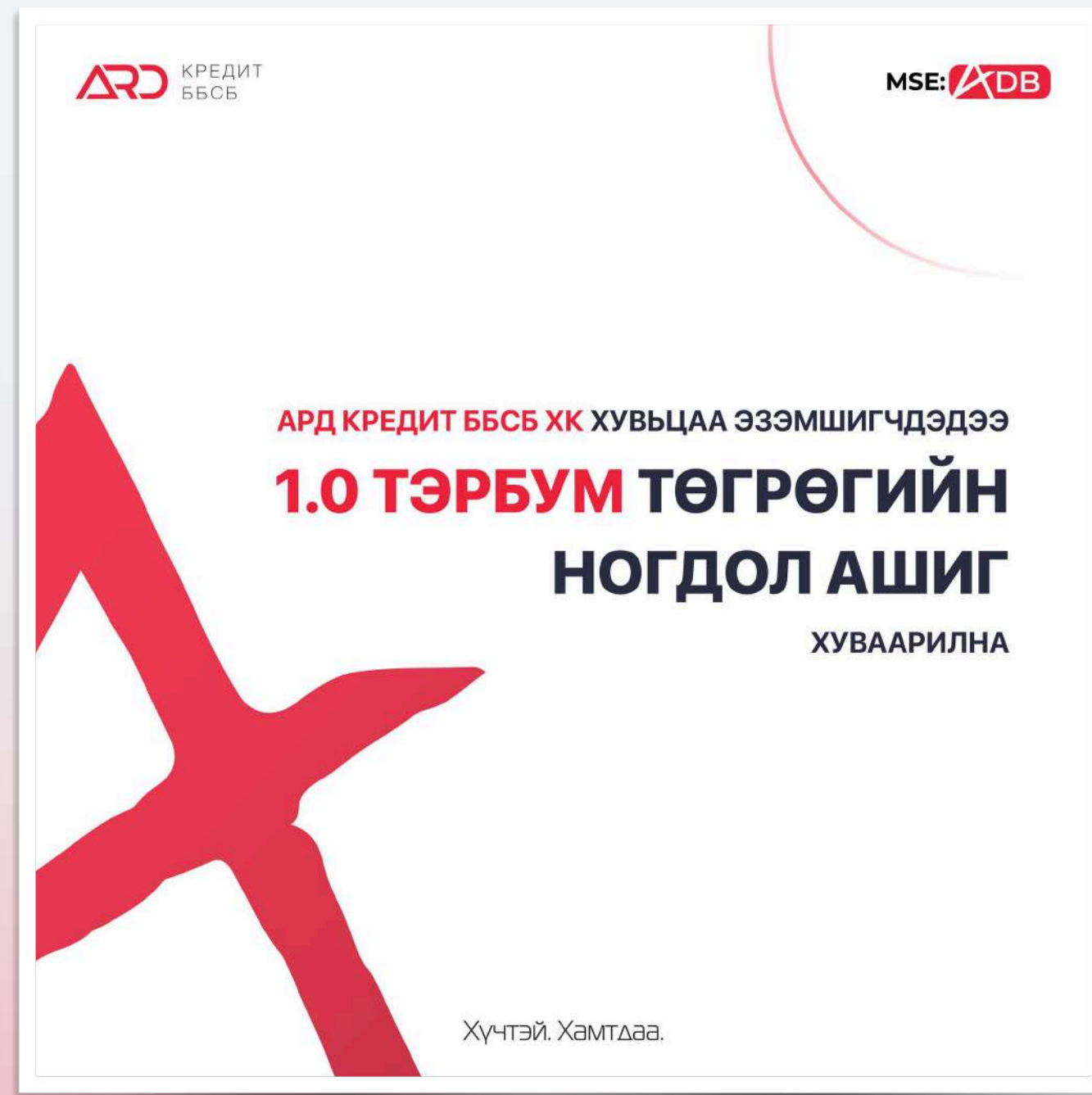


The Central Bank of Mongolia has issued a perpetual **Digital Money** license.

The repayment of **MNT 7.0 billion of the OTC bond** has been successfully paid in full.

Online loan services have been updated, and loan agreements can now be **confirmed via Ard App**.

Operational Highlights - Ard Credit

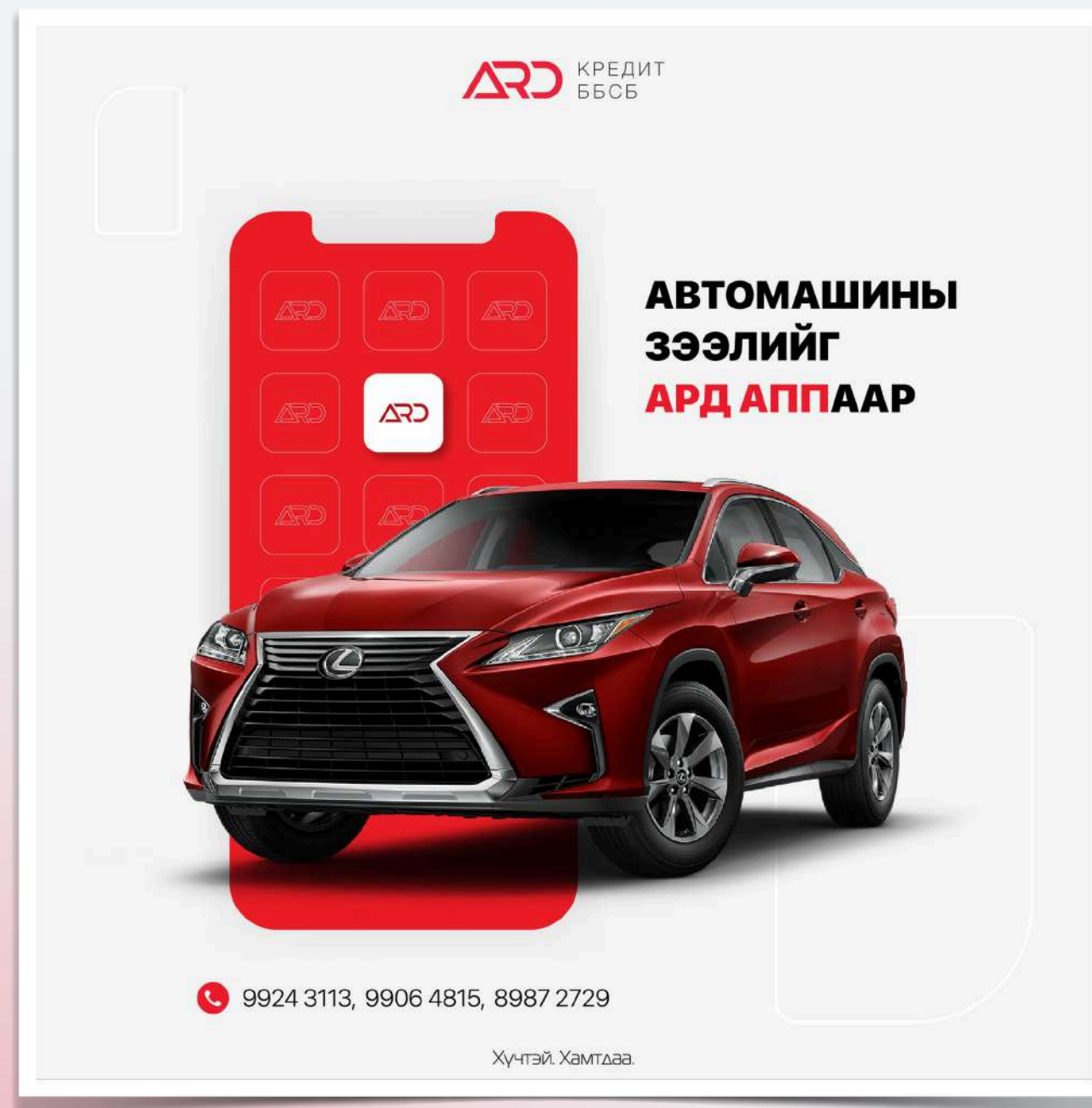


A dividend of **MNT 1.0 billion** was successfully distributed.

MNT 8.9 billion raised from the public through **FPO**.

Updated terms of **online loans** have been introduced allowing customer with ARDX to benefit.

Operational Highlights - Ard Credit



Car loan requests are now can be conducted by Ard App.

A PHYGITAL branch has been opened at Da Huree.

Received ISO27001 audit certification for information security.

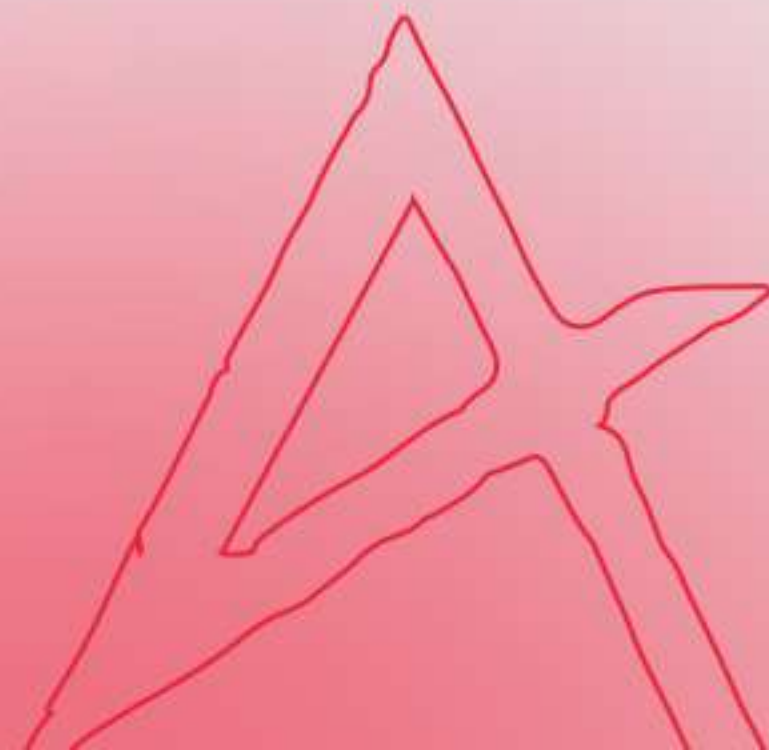
Operational Highlights - **Ard Credit**



Participated in the 26th
Microfinance Conference.



Got enlisted in the **TOP 20**
index for the 5th year in a
row.



Operational Highlights - **Ard Credit**

Pick n Pay ^{by ARD}

+500

Мерчант



Урамшуулал

BISHRELT
— BEAUTY —

GOBI
MONGOLIAN CASHMERE

technozone
FIRST TO DELIVER



shoppy баяр нэмнэ

FERRAGAMO

ISAIA
NAPOLI

QUINTO
CONCEPT STORE

ame
CONCEPT STORE

**MONT[®]
BLANC**



BOSS
HUGO BOSS

AIRMARKET



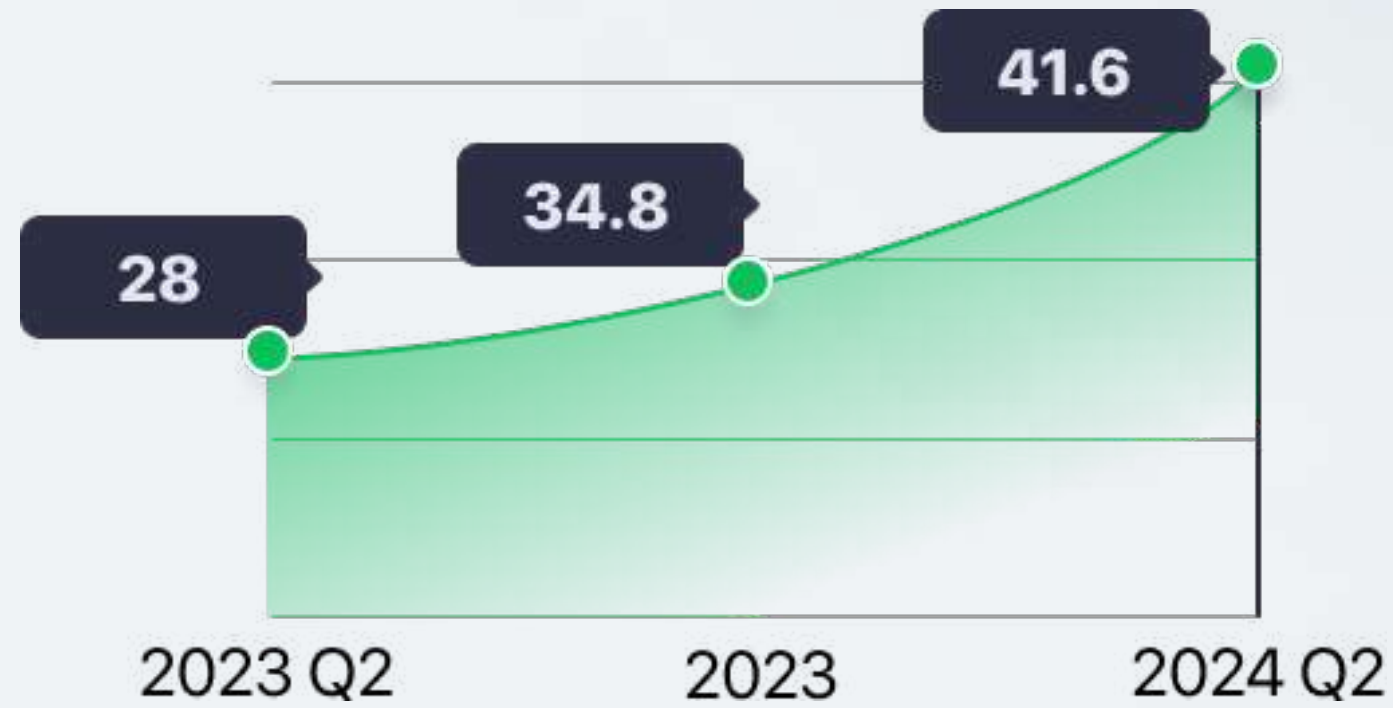
Operational Highlights - Ard Assets

Became one of the two leading Credit Unions in Mongolia.

▲ Total assets - 45%
 — Industry total assets - 32%



▲ Loan – 48%



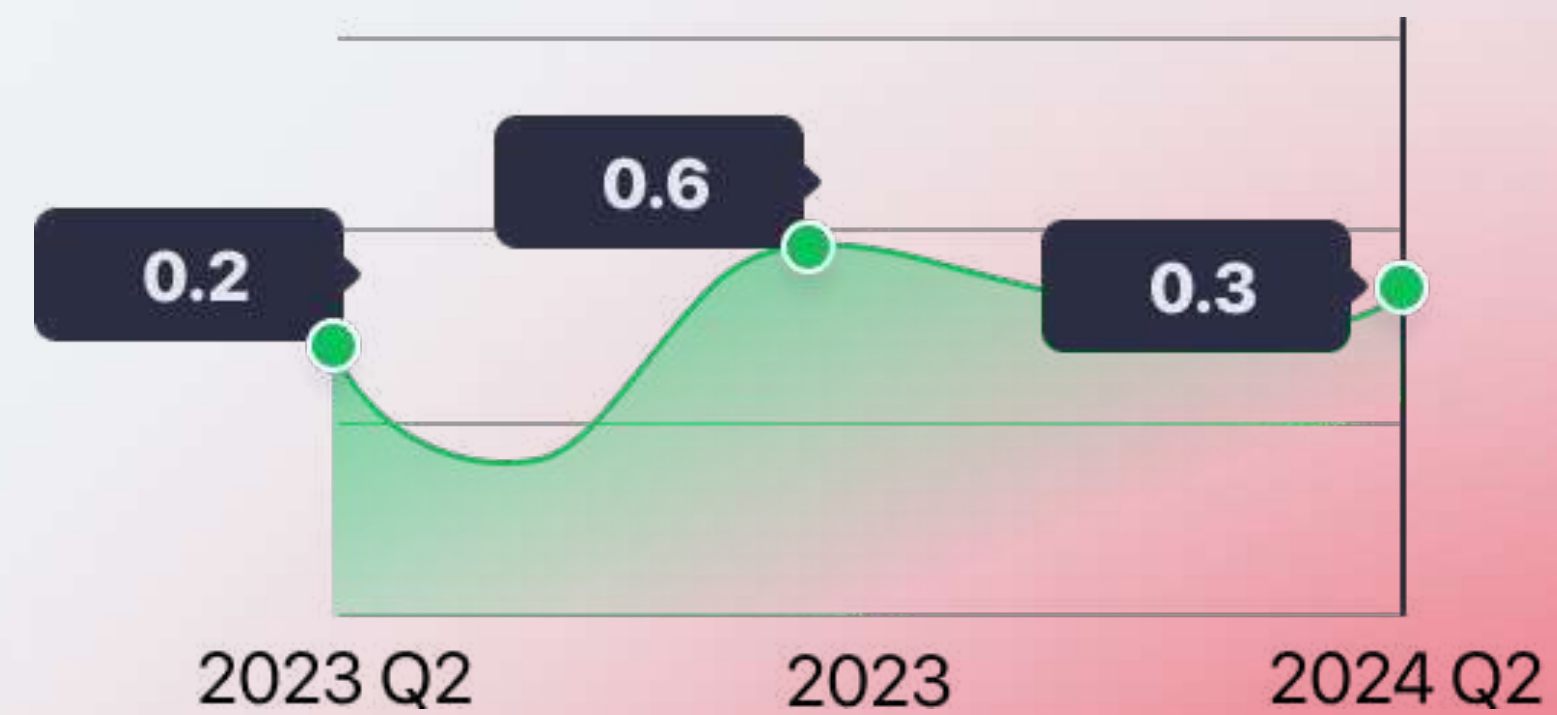
▲ Savings – 57%
 — Industry savings - 40%



▲ Equity

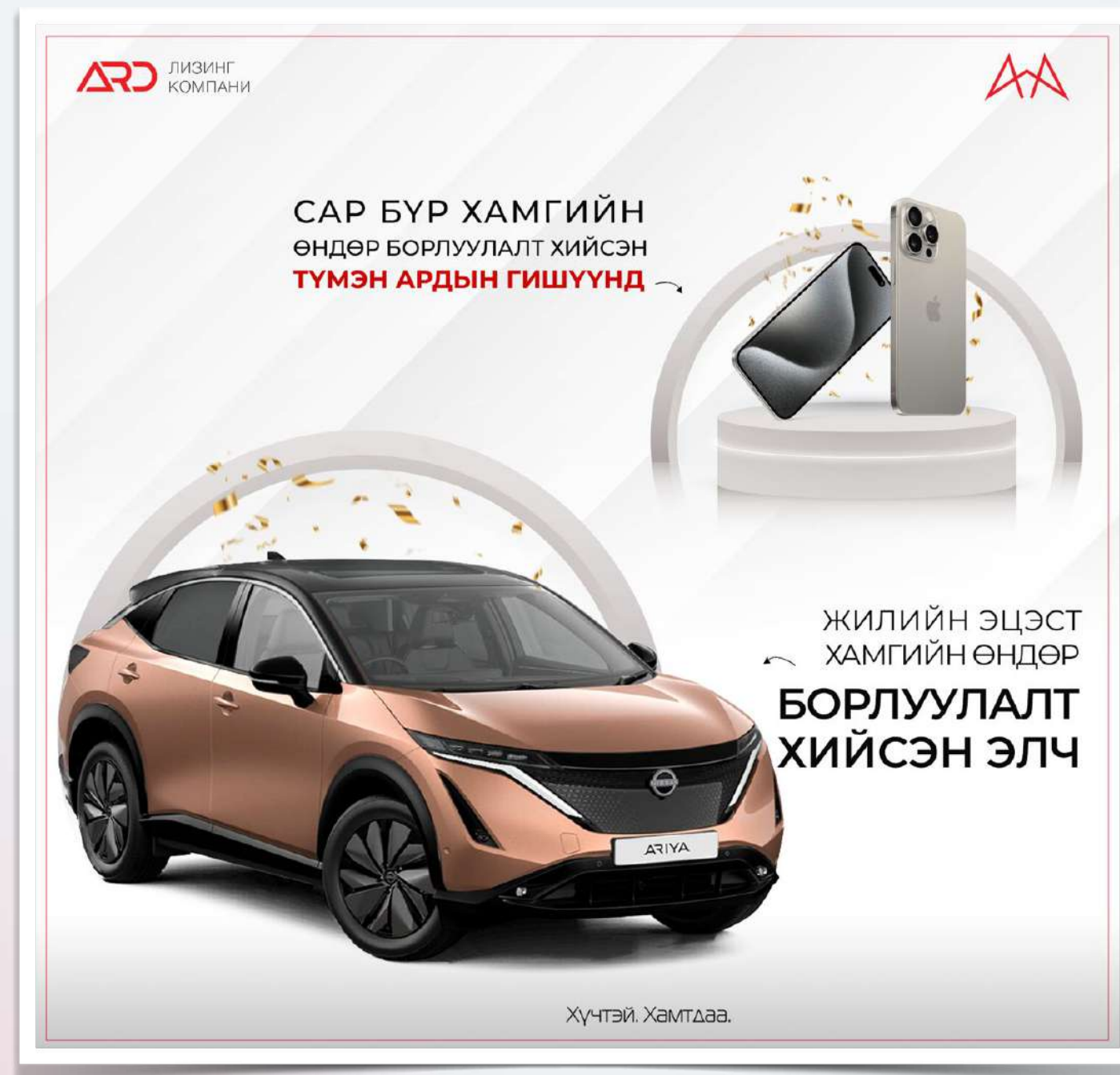


▲ Net profit – 32%



As of June 30, 2024, by YoY

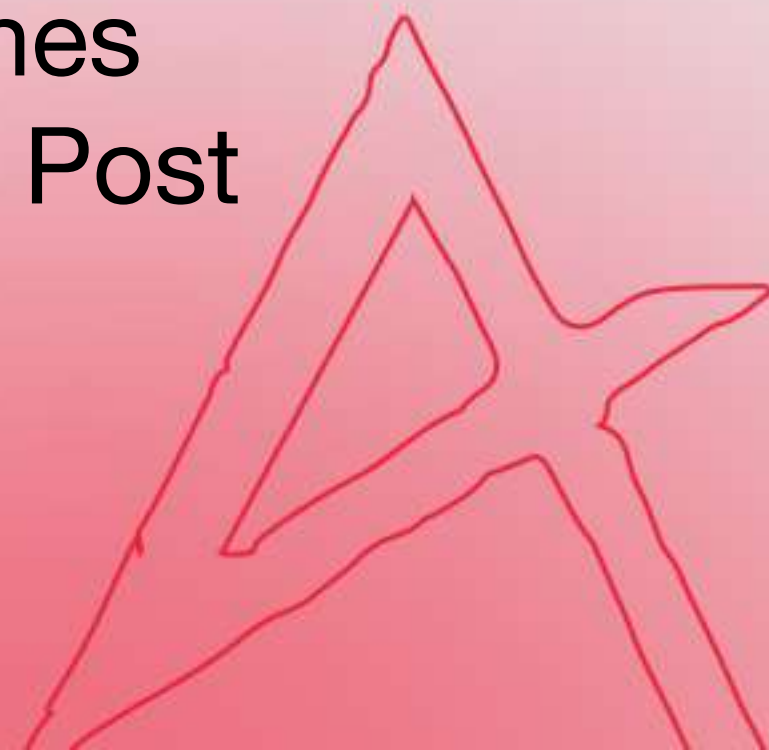
Operational Highlights - **Ard Leasing**



Sales incentives were rewarded to Tumen Ard's members.



Cooperation with rural branches of Ard Insurance and Mongol Post JSC.



Fully digital



Online insurance
24/7



Get insured in
5 minutes

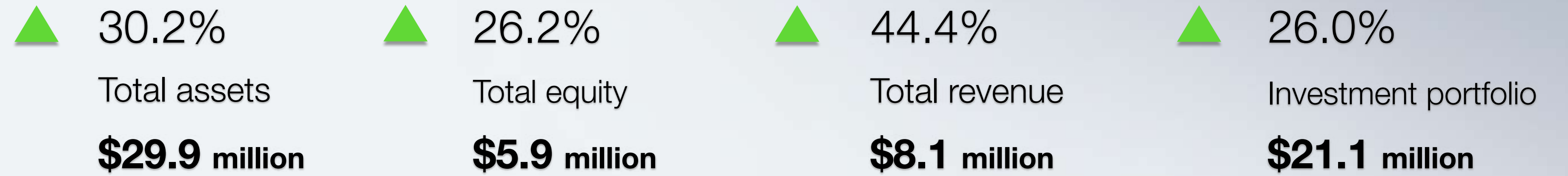


Simple
Claims



Auto
Pension savings

Insurance cluster performance



● Female
32%

● Male
68%

Insurance policy holders

246,408



● Female
58%

● Male
42%

Pension accounts

141,398

Operational Highlights - Ard Insurance



Conducted an asset risk assessment and training in cooperation with **international experts.**



The dividend of **MNT 750 million or 33.8%** of the net profit for 2023 was distributed.



New products were introduced.

Operational Highlights - Ard Pension

120+ Total partner organizations

120+ Total employees holding pension savings

Data on newly added organizations in the first half of the year

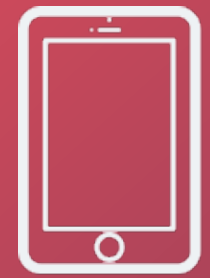
120+ Organizational trainings

120+ Total newly added partner organizations

120+ The total number of employees of newly added partner organizations



Fully digital



Online trading
24/7



Automated
Investing

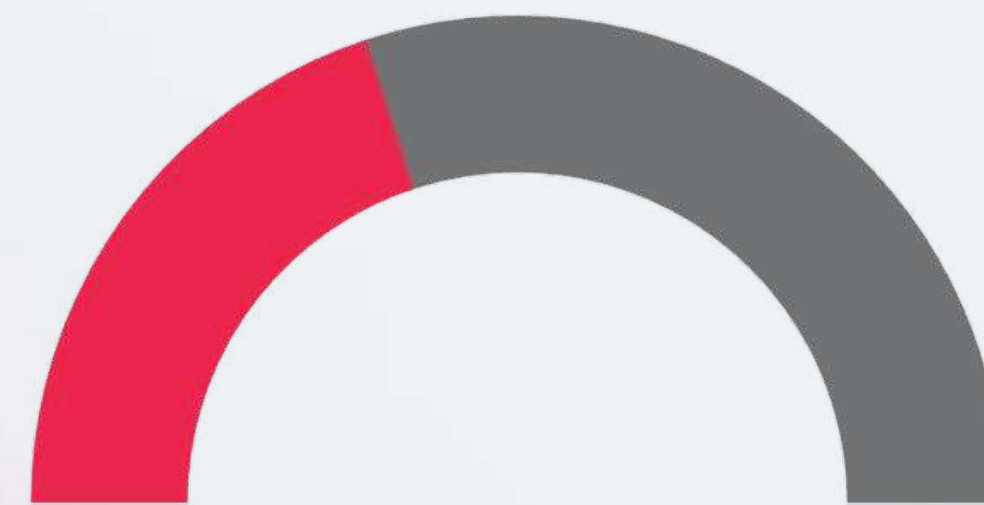
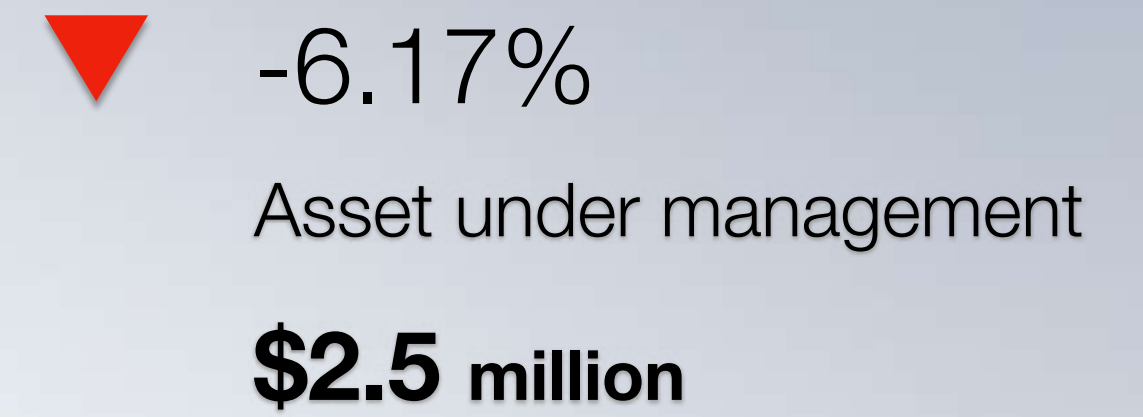
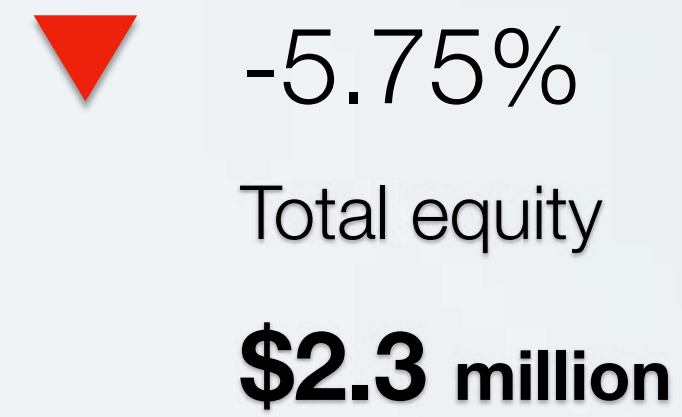


Portfolio
Diversification



Smart asset
Management

Investment banking



● Ard App
32%
● Broker
68%

Total trade
\$9.1 million



● Female
61%
● Male
39%

Brokerage accounts
171,157

Operational Highlights - **Ard Securities**



Signed a memorandum of understanding with AI-powered wealth management platform, **Investbanq**.



Obtained a special license for **mining exchange brokerage** trading and started operations.



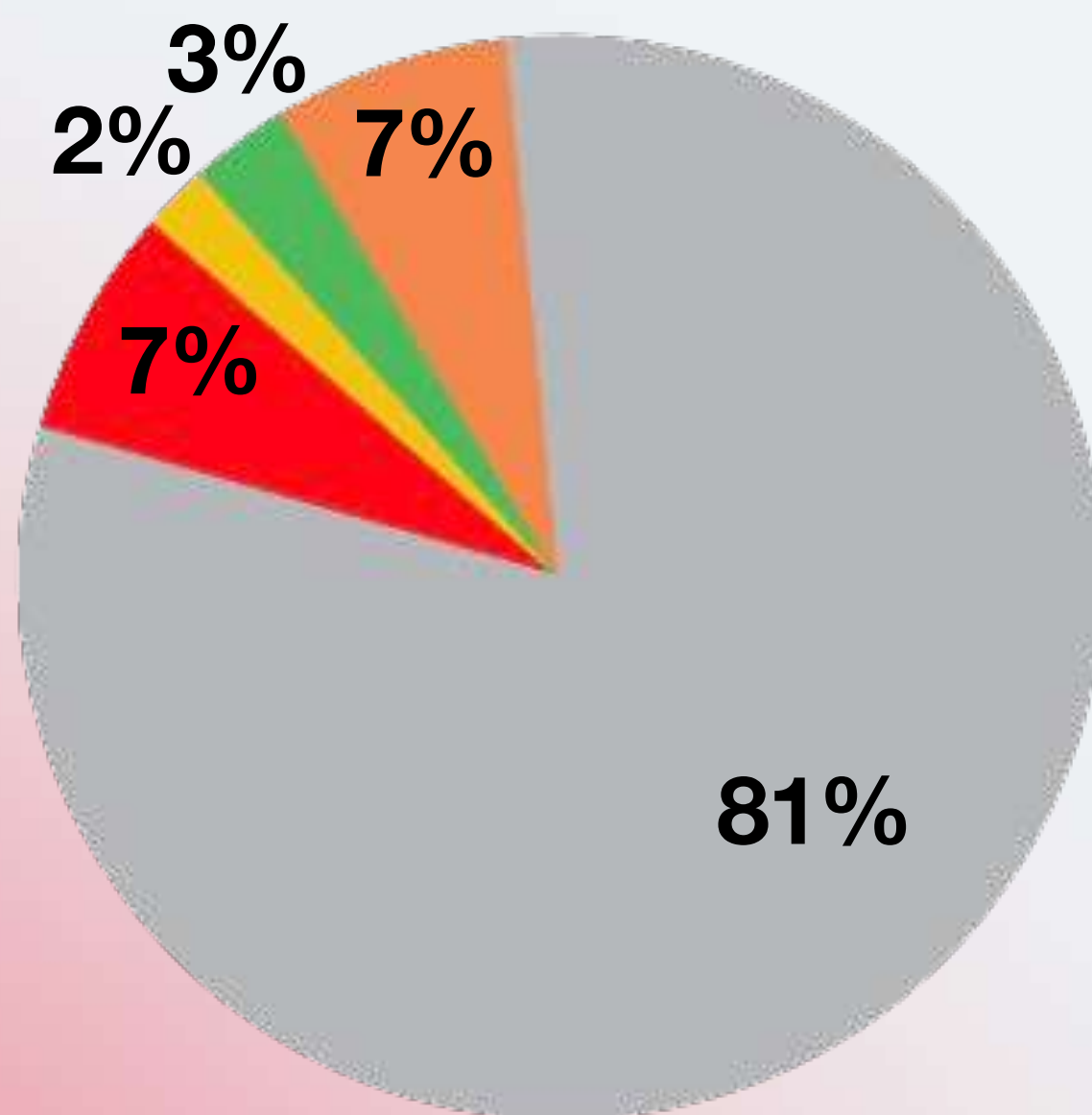
A **memorandum of understanding** was established with **Exponential Partners** to increase the participation of foreign investors.

Operational Highlights - Ard Management



National
Privatization
Fund

Investment portfolio



Domestic stock

26 stocks

Foreign stock

6 stocks

Fixed-income

Bond

Savings

Savings

Weight in portfolio

Average

High

3.2%

8.7%

0.9%

1.5%

2.1%

2.1%

3.1%

3.1%

Operational Highlights - Ard Management



National Privatization Fund

Stock portfolio

Technology

Mining

Common commodity

Finance

Uncommon commodity

Mongolian Stock Exchange



Tumen Shuvuut



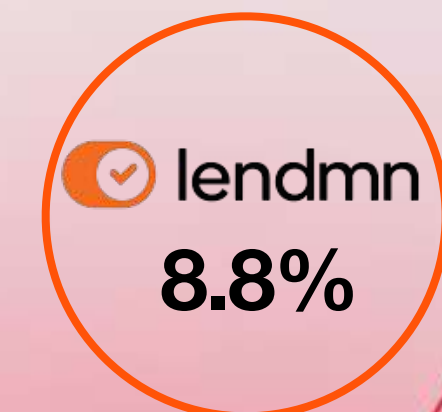
Ard Financial Group



Ard Credit



LendMN

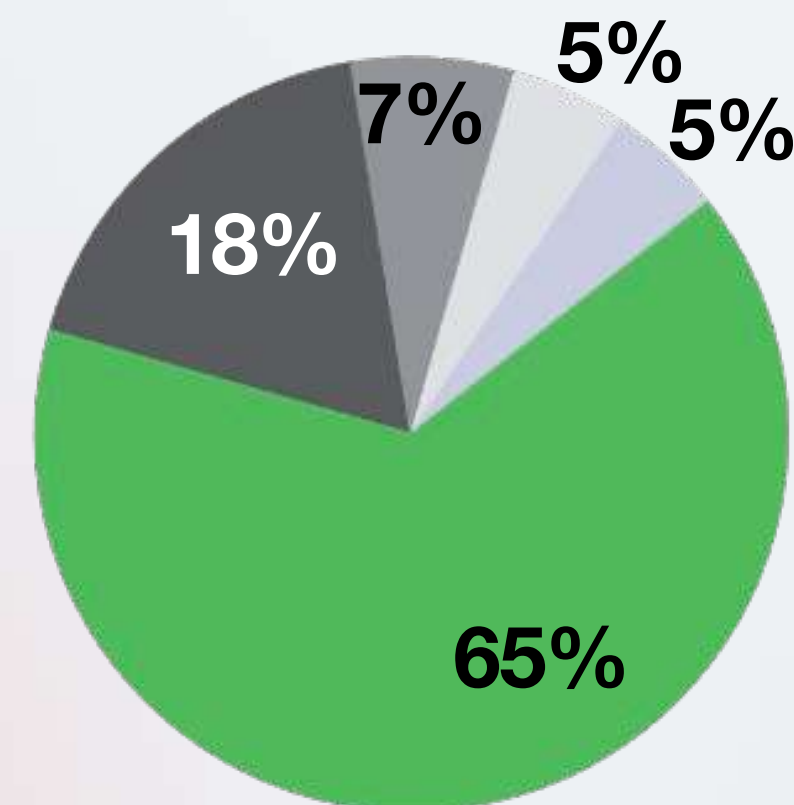
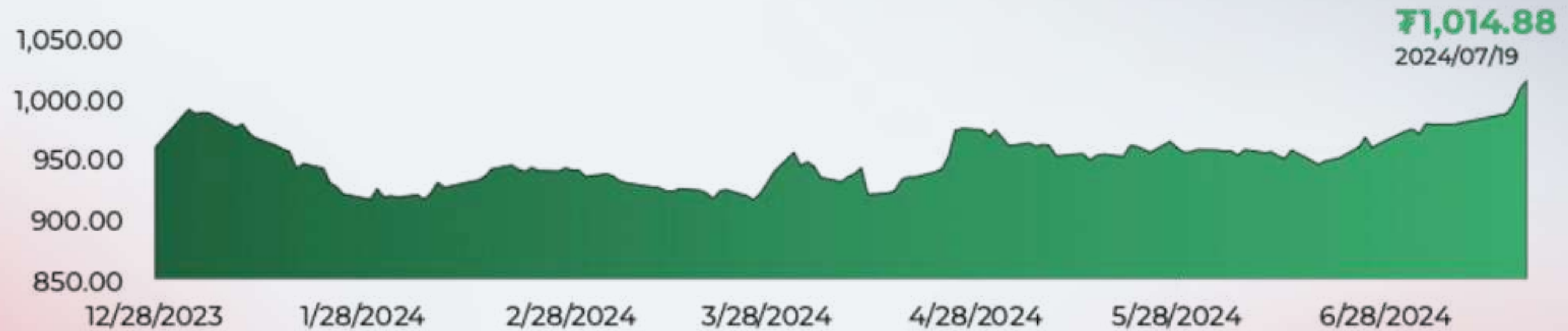




Operational Highlights - **Ard Management**

Investment performance

Net Asset Value (NAV)



16 stocks

4 ABSs

2 savings



Operational Highlights - Ard Management

Stock portfolio



LendMN NBFi



Хас Банк



Ard Credit NBFi



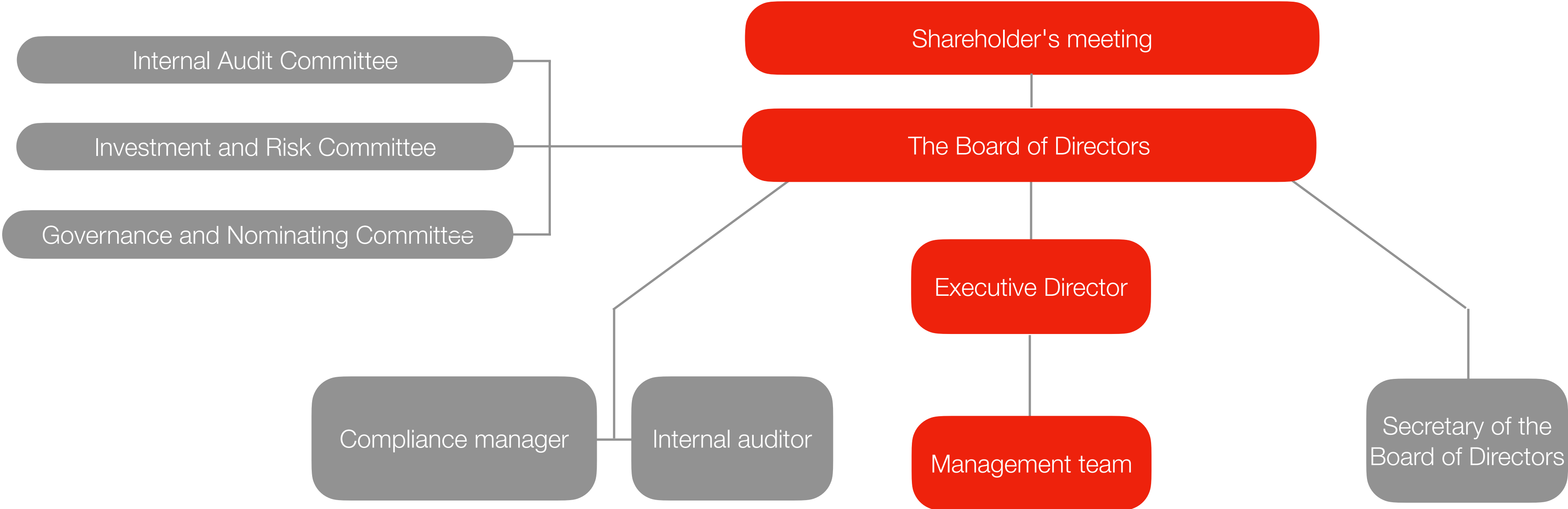
Tavan Tolgoi



Ard Financial Group



Corporate Governance



THREE LAYERS OF PROTECTION

Third layer	Internal auditor	Internal audit provides independent risk assessment and corporate governance, assurance and recommendations
Second layer	Supervising departments	Communicate financial management, information security, and risk management implementation to board members in a timely manner
First layer	All departments and employees	Implement internal control of day-to-day operations

Board of Directors

Chairman



Ganhuyag Chuluun
Executive Chairman,
Ard Financial Group

Ordinary members



Bruno Raschle
Vice Chairman,
Schroders Capital Holdings



Suhdorj Avir
Founder,
GrapeCity Mongolia



Odbayar Odonchimed
CEO,
Mon-International

Independent members



Arnaud Ventura
Founder,
Baobab Group



Munhbat Chuluun
Vice President,
South Gobi Resource
Limited



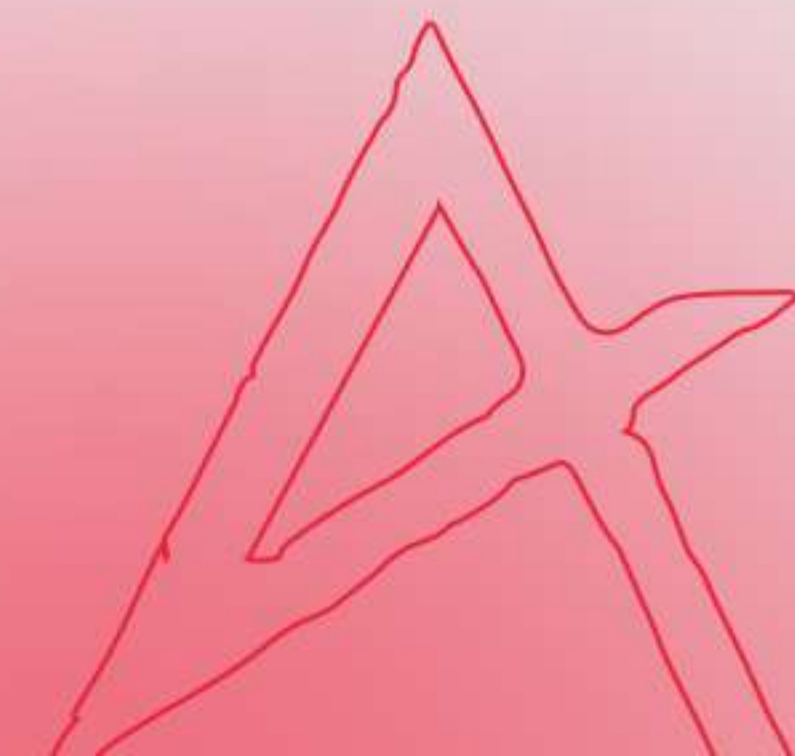
Mihail Zeldovich
Chairman of the
Supervisory Board,
Cocoon Capital



Sergelen Munh-Ochir
President,
IET



Roland Nash
Founding Partner,
VPE Capital



Management Team

Ard Financial Group



Zolboo Batbileg
CEO



Bilguun Hurelbaatar
Chief Financial Officer



Ganchimeg Batbayar
Chief Public Relations Officer



Nyamgerel Suhchuluun
Chief Legal Officer



Munh-Erdene Munhbat
Internal Auditor



Altan-Ulzii Chuluun
Chief Data Officer



Uyanga Buyandelger
Director of Human Resources



Suhbaatar Gurragchaa
Ard Credit



Dolgorsuren Gunreg
Ard Securities



Bilguun Ganhuyag
Ard Assets



Davaasambuу Chadraabal
Ard Management



Taishir Tserenjav
Ard Pension



Munh-Od Davaajav
Ard Leasing



Uyanga Galnyam
Ard Properties



Erdenetulga Namdaldagva
Ard Insurance



Solongo Tsend-Ayush
Ard Support



STAND-ALONE INCOME STATEMENT

(MNT million)	2023Q2	2023	2024Q2	2024Q2 (B)	YoY	YTD
Management income	2,002	1,886	1,682	1,614	(16%)	(11%)
Realized gain from sale of investments	0	5,969	4,233			(29%)
Dividend income	0	46	452	878		883%
Interest income	344	1,067	503	267	46%	(53%)
Total investment income	2,346	8,968	6,869	2,759	193%	(23%)
Other income	401	3,024	138		(66%)	(95%)
Total income	2,747	11,992	7,007	2,759	155%	(42%)
Sales and marketing expense	1,458	1,193	22	190	(98%)	(98%)
General and administrative expense	3,717	7,776	2,873	3,633	(23%)	(63%)
Finance expense	1,321	3,641	2,023	1,594	53%	(44%)
Other expense	218	396	351		61%	(11%)
Total expense	6,714	13,006	5,269	5,417	(22%)	(59%)
FX gain (loss)	5	102	(7)		34%	(107%)
Other gain (loss)		1,497	(2)			(100%)
Profit (loss) before tax	(3,962)	585	1,730	(2,658)	(56%)	196%
Income tax expense (receivable)	38	470	186		390%	(60%)
Profit (loss) after tax	(4,000)	115	1,544	(2,658)	(61%)	1,247%
Revaluation gain (loss)	(10,514)	(19,466)	(8,678)		(17%)	55%
Total comprehensive income	(14,514)	(19,351)	(7,134)	(2,658)	(51%)	63%

STAND-ALONE BALANCE SHEET

(MNT million)	2023 Q2	2023	2024 Q2	2024 Q2 (B)	YoY	YTD
Cash and CE	3	329	2	976	(39%)	(99%)
Receivables	23,214	53,461	49,821	21,670	115%	(7%)
Other financial assets	691	705	326	1,035	(53%)	(54%)
Inventory	104	104	114		9%	9%
Prepayments	4,410	10,939	3,707	5,674	(16%)	(66%)
Total current assets	28,423	65,539	53,970	29,355	90%	(18%)
Fixed assets	536	429	326	405	(39%)	(24%)
Virtual assets	11,072	88	178		(98%)	102%
Intangibles	180	262	2,291	151	1,173%	774%
Right-of-use assets	854	460	66		(92%)	(86%)
Long term investments	88,983	82,163	77,393	95,875	(13%)	(6%)
Total non-current assets	101,625	83,403	80,254	96,431	(21%)	(4%)
TOTAL ASSETS	130,048	148,942	134,224	125,787	3%	(10%)
Payables	14,060	21,835	27,525	17,592	96%	26%
Short term loans	2,619	6,853	3,154	4,473	20%	(54%)
Short term bond payables	1,020	370	370	370	(64%)	0%
Short term lease payables	451	608	140		(69%)	(77%)
Unearned revenue	11,552	19,408	9,768	11,266	(15%)	(50%)
Total short-term liabilities	29,702	49,074	40,957	33,701	38%	(17%)
Long term lease liabilities	608	0	0		(100%)	
Long term loan	5,621	12,193	13,585	12,964	142%	11%
Deferred tax	5,019	3,413	2,330	3,321	(54%)	(32%)
Total long-term liabilities	11,248	15,606	15,915	16,285	41%	2%
TOTAL LIABILITILES	40,950	64,680	56,872	49,986	39%	(12%)
Share capital	28,614	28,614	28,614	28,614	0%	0%
Paid-in capital	2,928	2,928	2,928	2,928	0%	0%
Revaluation reserves	42,279	28,362	19,684	27,000	(53%)	(31%)
Other equity	14	14	14	14	(1%)	0%
Retained earnings	15,264	24,344	26,112	17,245	71%	7%
Equity	89,099	84,262	77,352	75,801	(13%)	(8%)

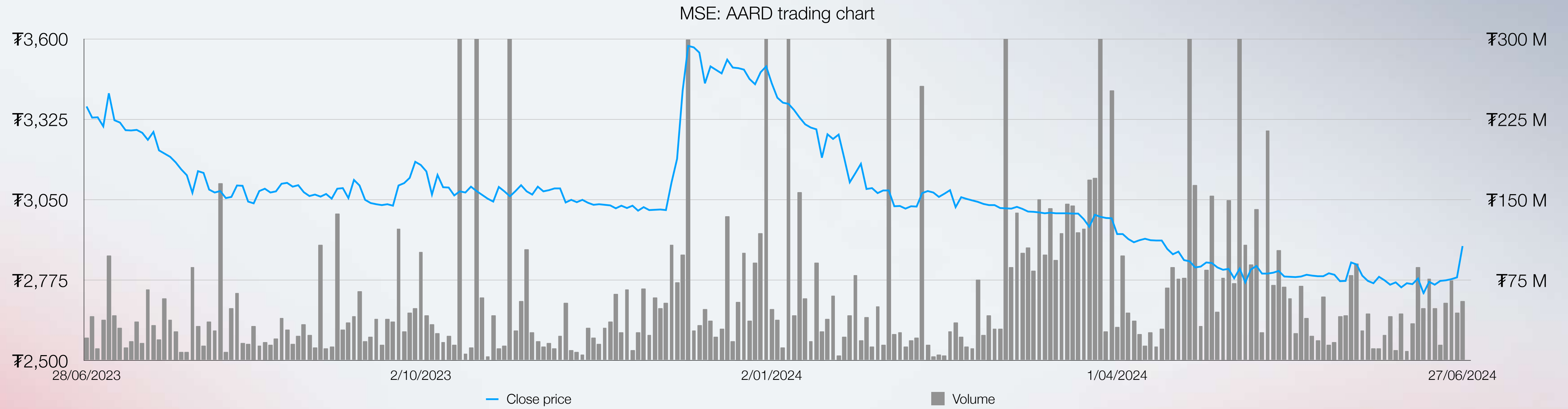
VALUATION

(MNT million)	Basis	2022	%	2023 (audited)	%	2024Q1	%	2024Q2	%	YTD
Strategic investments		91,698		76,749		72,908		70,992		(5.0%)
Ard Credit (MSE: ADB)	MV	14,630	41%	13,747	41%	17,725	47%	17,978	47%	28.9%
Ard Assets	BV	804	10%	877	10%	904	10%	913	10%	3.1%
Ard Leasing	Cost	1	100%	18,197	100%	18,197	100%	18,197	100%	0.0%
Ard Insurance (MSE: AIC)	MV	10,535	45%	9,950	45%	7,856	46%	8,192	46%	(21.0%)
Undurhaan	MV			620	23%	325	23%	322	23%	(47.6%)
Ard Pension	BV	0	0%	0	0%		0%		0%	
Ard Securities	BV	5,644	90%	5,849	90%	5,347	90%	5,354	90%	(8.6%)
Ard Management	BV	1,870	90%	2,807	100%	2,548	100%	2,248	100%	(9.2%)
Ard Properties	BV	4,788	100%	4,783	100%	4,812	100%	4,812	100%	0.6%
TenGer Systems	BV	1,076	100%	0	100%	0	100%	0	100%	
Mongol Post (MSE: MNP)	MV	16,008	20%	7,999	9%	6,523	9%	5,501	9%	(18.5%)
Huvsgul	MV			6	93%	7	93%	7	93%	18.1%
Ard Ventures	BV	0	0%	0	0%		0%		0%	
Ard Bit	BV	0	0%	0	0%		0%		0%	
DAX	DCF	0	0%	0	0%		0%		0%	
Daats Investment (54% of UBX)	Cost	4,096	51%	4,096	51%	4,096	51%	4,096	51%	0.0%
TenGerLeague Media Group	MV	22,737	38%	6,605	11%	3,769	11%	2,744	11%	(42.9%)
GrapeCity Mongolia	Cost									
Most Fintech (UBX: MOST)	MV			1,213	4%	799	3%	628	3%	(34.1%)
Tactical investments		1,069		6,120		6,085		6,729		(0.6%)
National Privatization Fund (MSE: XOC)	MV	26	0%	44	1%	43	1%	42	1%	(2.3%)
CNF	MV	589	6%	7	0%	7	0%	4	0%	(6.3%)
Other financial instruments		454		6,069		6,035		6,683		(0.6%)
Other		40,015		4,807		5,460		1,963		13.6%
Fixed assets and intangible assets		13,632		1,151		1,195		2,861		3.8%
Cash		4		329		56		2		(83.0%)
Other net assets		26,379		3,327		4,209		-900		26.5%
Total valuation		132,781		87,676		84,453		79,684		(3.7%)
Value per share		4,640		3,064		2,951		2,785		(3.7%)
Market value		4,880		3,506		2,987		2,892		(14.8%)
		5%		14%		1%		0		

MSE: AARD - SHAREHOLDERS' STRUCTURE

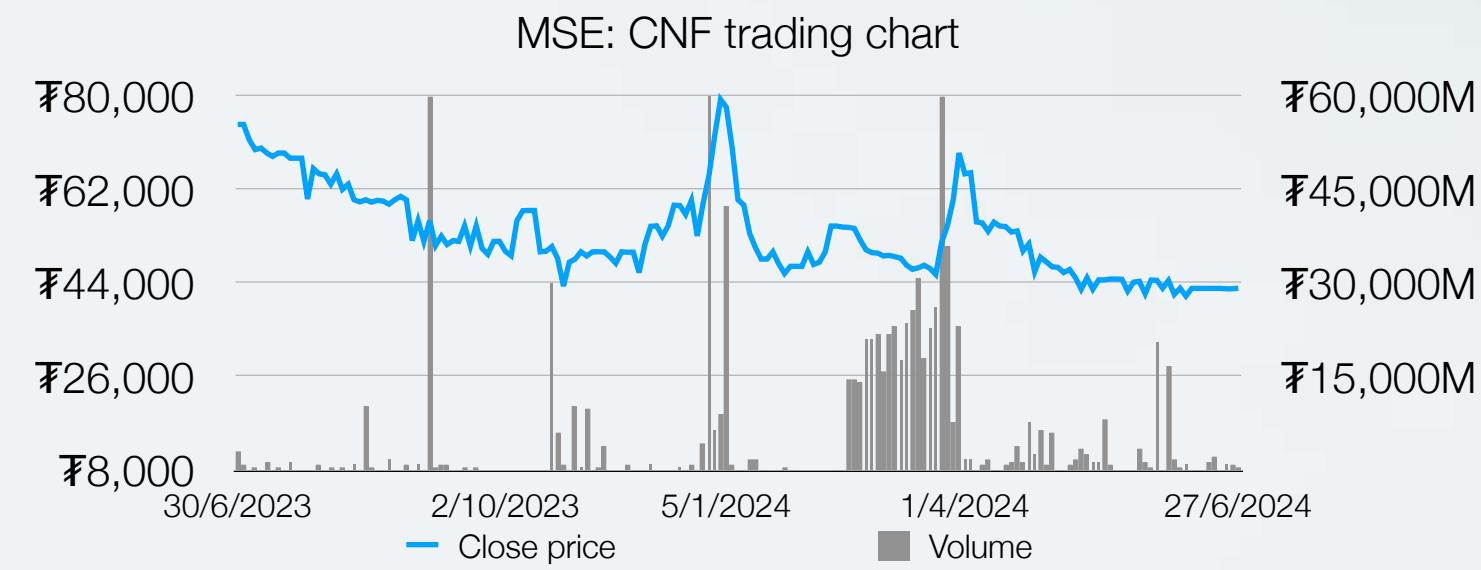
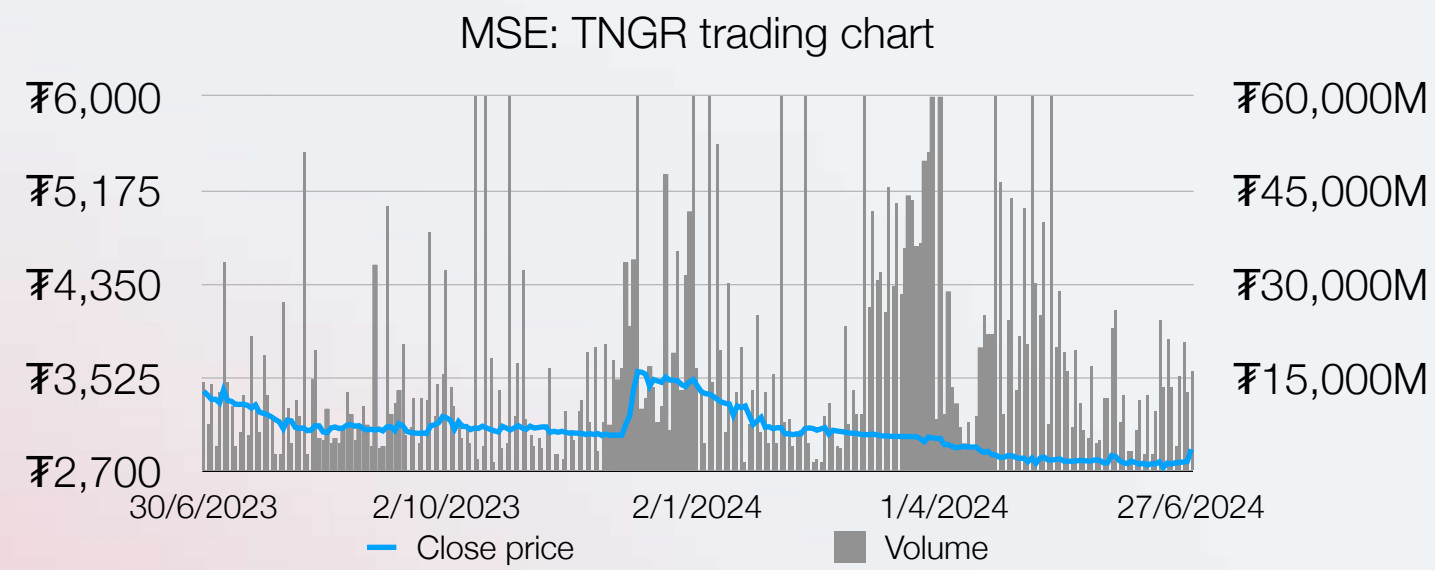
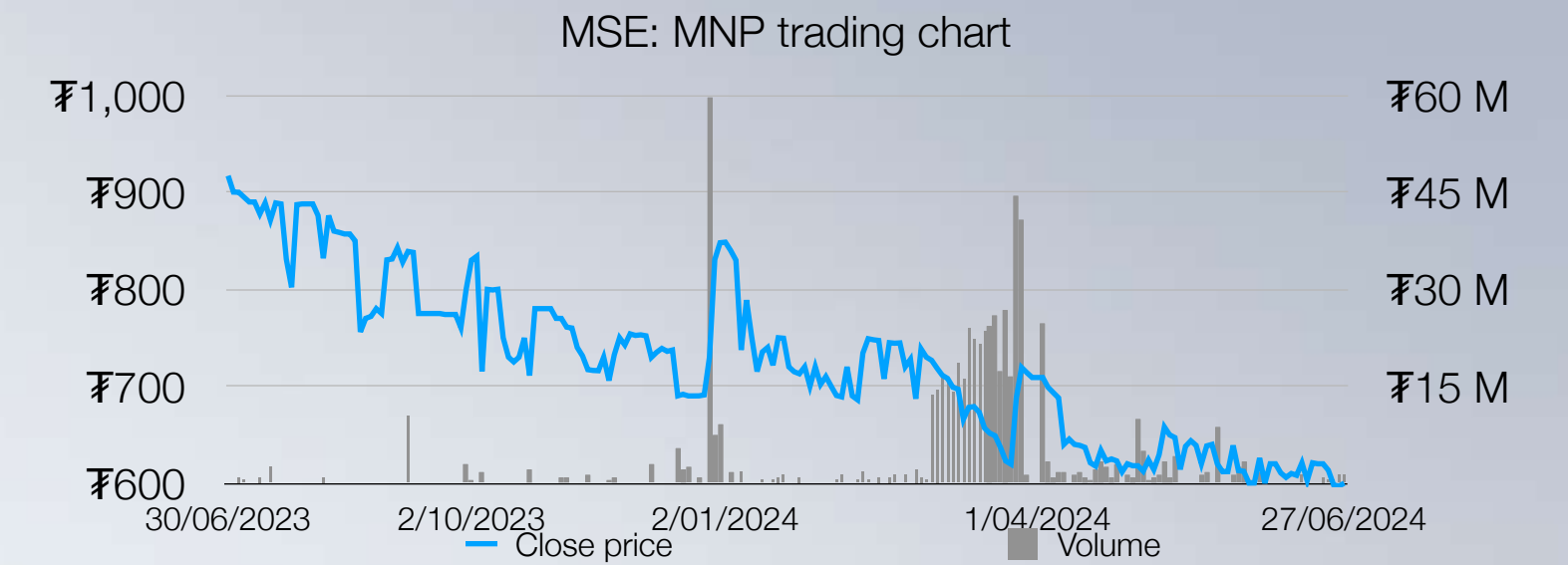
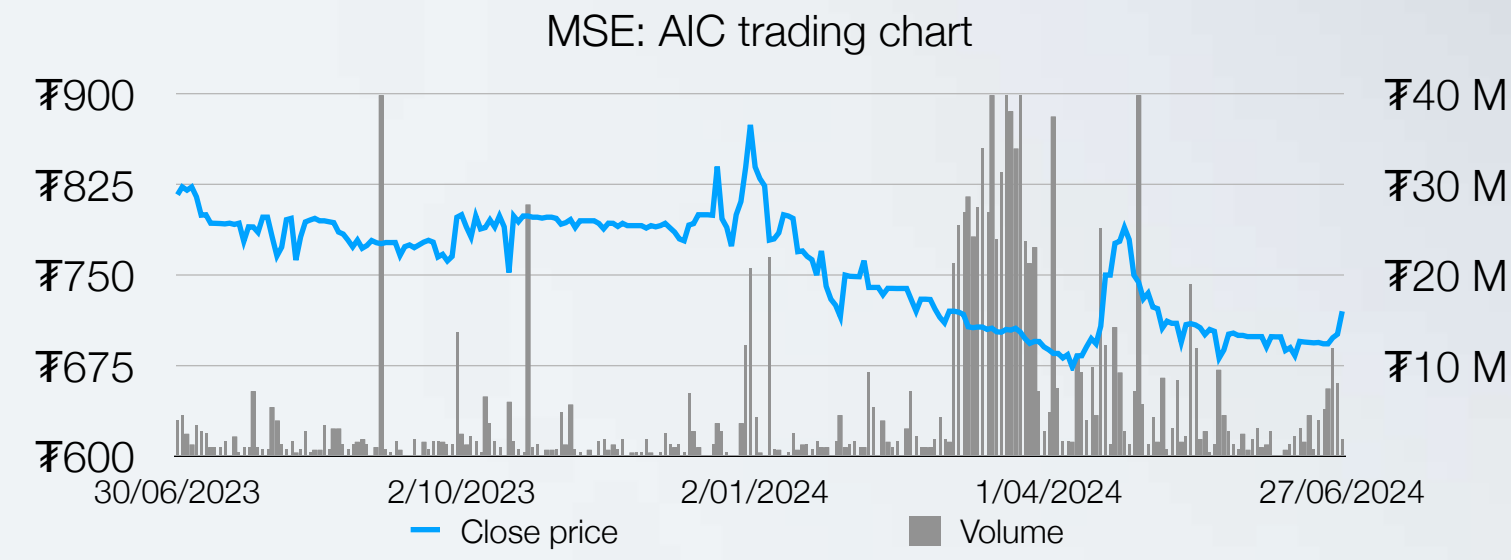
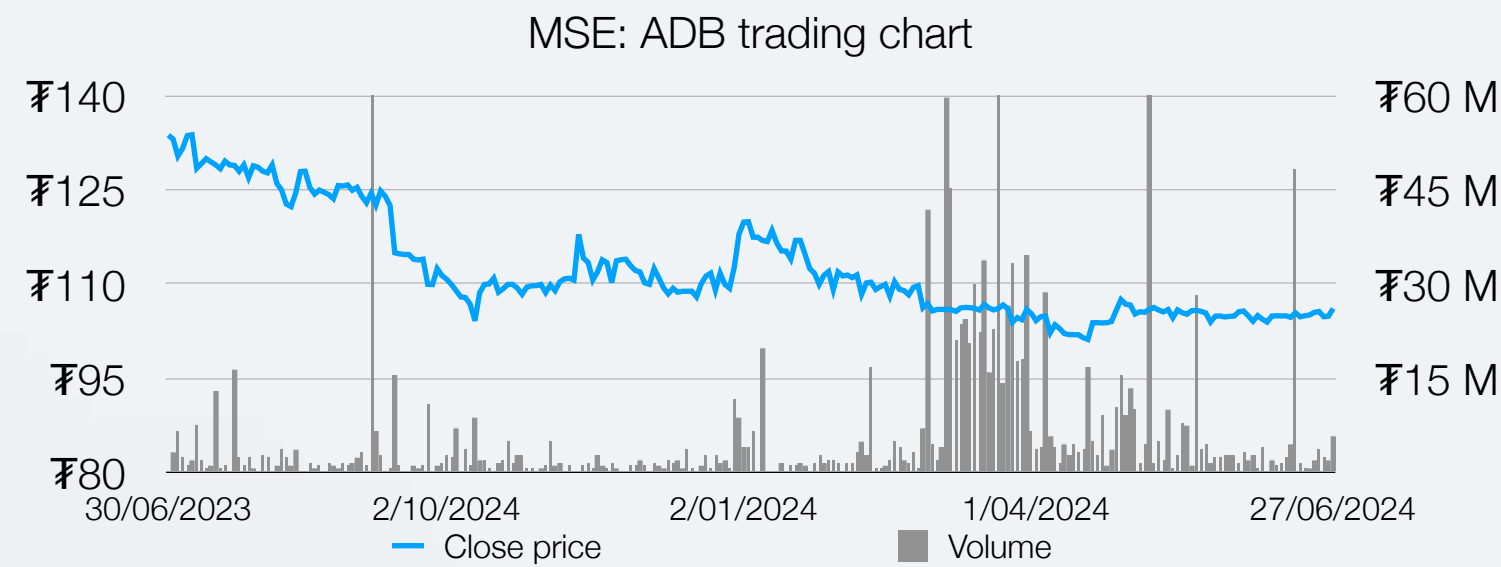
#	Shareholders	2023	%	2024Q2	%	YTD	Ownership change
1	EIT	2,775,406	9.70%	3,045,406	10.64%	270,000	0.94%
2	Ard Pension*	2,517,778	8.80%	2,771,433	9.69%	253,655	0.89%
3	BRUNO EDUARD	2,109,997	7.37%	2,109,997	7.37%	0	0.00%
4	Suhdorj A.	1,944,990	6.80%	1,944,990	6.80%	0	0.00%
5	Ganhuyag Ch.	1,590,466	5.56%	1,591,006	5.56%	540	0.00%
6	Uyanga G.	1,389,754	4.86%	1,390,470	4.86%	716	0.00%
7	Ard Ventures	1,429,244	4.99%	1,149,135	4.02%	(280,109)	(0.98%)
8	Golomt Custodian banking	900,000	3.15%	900,000	3.15%	0	0.00%
	<i>idax (ARDT)</i>	<i>900,000</i>	<i>3.15%</i>	<i>900,000</i>	<i>3.15%</i>	<i>0</i>	<i>0.00%</i>
9	Ard Leasing	680,976	2.38%	812,888	2.84%	131,912	0.46%
10	Gereltuya S.	455,935	1.59%	455,935	1.59%	0	0.00%
11	Ronoc Limited	443,816	1.55%	443,816	1.55%	0	0.00%
12	Orgil S.	390,937	1.37%	390,937	1.37%	0	0.00%
13	Ard Credit NBF1	525,489	1.84%	381,086	1.33%	(144,403)	(0.50%)
14	Ard Securities	400,988	1.40%	370,706	1.30%	(30,282)	(0.11%)
15	Bat-Erdene G.	351,268	1.23%	351,268	1.23%	0	0.00%
16	Munhnasan N.	344,311	1.20%	342,973	1.20%	(1,338)	(0.00%)
17	Masik Enterprises	321,078	1.12%	321,078	1.12%	0	0.00%
18	Bathishig H.	319,346	1.12%	319,346	1.12%	0	0.00%
19	Ard Insurance	253,265	0.89%	253,265	0.89%	0	0.00%
20	Otgonbayar D.	233,303	0.82%	233,303	0.82%	0	0.00%
Top 20		19,378,347	67.72%	19,579,038	68.42%	200,691	0.70%
Others		9,235,916	32.28%	9,035,225	31.58%	(200,691)	(0.70%)
Outstanding shares		28,614,263	100%	28,614,263	100%	0	0.00%
Treasury shares							
Shares issued		28,614,263					0.00%
# of shareholders		19,069		18,661		(408)	
# of ARDT shareholders		3,061		3,077		16	
# of ADT shareholders (kids)		55,166		58,431		3,265	

TRADING CHARTS: MSE: AARD



		(MNT billion)		
		2021	2022	2023
Opening price	₮2,789.00			
52-week	₮2,671 - ₮3,650	33.0%	13.0%	9.2%
Closing price (2024/06/30)	₮2,892.00	72.2	23.1	8.7
Market cap	₮86.47 billion			

TRADING CHARTS



Ticker	2024Q2 first half		52-week		2024 Q2 (first half)		52-week		As of Jun 30, 24'	
	High	Low	High	Low	Total volume	Floated %	Total volume	Floated %	Close	Market cap
AARD	3,448.0	2,731.0	3,576.0	2,731.0	2.53B	2.90%	8.47B	9.43%	2,987	85.47B
AIC	839.8	670.1	950.0	670.1	0.6B	3.38%	1.37B	7.16%	690.48	17.26B
ADB	122.0	101.0	139.0	97.0	0.89B	2.30%	2.59B	6.22%	104.23	37.94B
MNP	922.0	600.0	975.0	600.0	0.86B	1.06%	1.47B	1.79%	709	70.61B
TNGR	9,890.0	5,900.0	12,000.0	5,900.0	0.51B	1.21%	0.97B	2.08%	6,010	36.06B
CNF	77,800.0	42,080.0	80,000.0	42,080.0	0.52B	8.97%	1.4B	22.37%	69,000	7.81B
XOC	105.0	91.1	115.9	91.1	0.14B	2.96%	0.44B	8.78%	102.93	5.15B
MOST	54.0	40.0	55.7	40.0	0.93	4.87%	1.55	7.75%	48	23.33B



ХӨРӨНГӨ ОРУУЛАГЧ
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Thank you for **your attention**

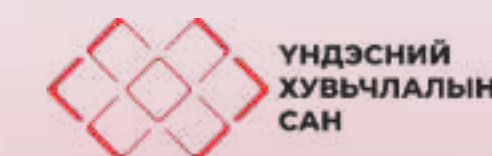
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САН

ARD МЕНЕЖМЕНТ
КОМПАНИ

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КОМПАНИ



ХӨРӨНГӨ ОРУУЛАГЧ
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Хүчтэй. Хамтдаа.

