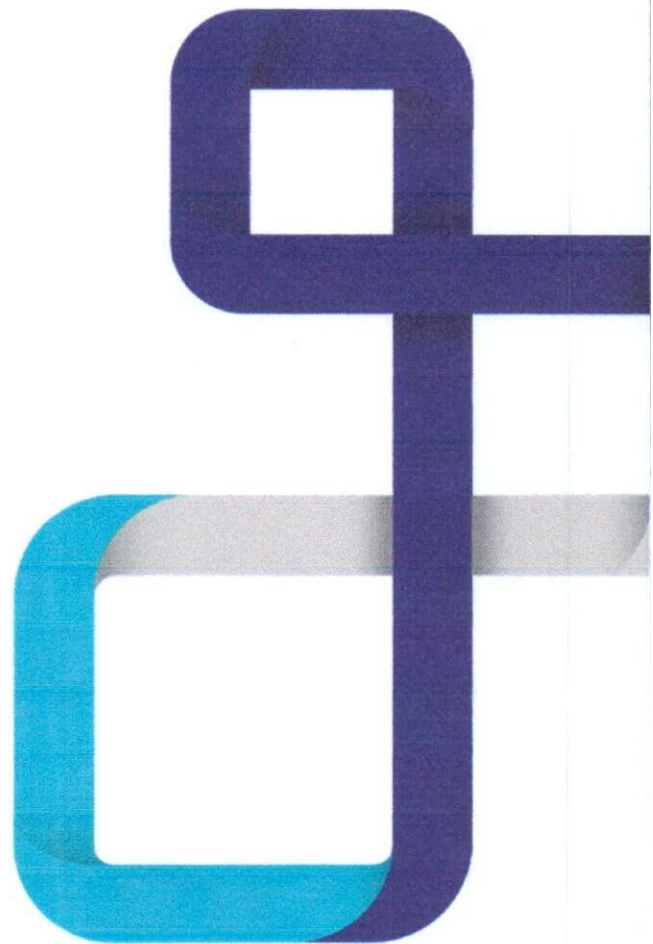


Financial Statements and Independent Auditor's Report

Ard Credit NBFI JSC

31 December 2021



Background information about the organization

Name of Organization:	Ard Credit NBFI JSC	
Founding decision:	The Ard Credit NBFI JSC was incorporated in April 2011.	
Certificate and license	Registered at the General Authority for State Registration of Mongolia and obtained the State Registration Certificate №9010002003. The License №101/222 to conduct non-bank financial activities was issued by the Financial Regulatory Commission under the Resolution №108 on 21 April 2011.	
Board:	Chairman	Ch. Gankhuyag
	Members	O. Odbayar Ch. Ganzorig G. Telmen Kh. Batkhishig B. Ganbat
	Independent members	V. Ganzorig B. Solongo Ch. Chinzorig
Management team:	Chief Executive Officer	G. Telmen
	Chief Financial Officer	Kh. Bilguun
	Credit Director	B. Battugs
	Operations Director	M. Nomin-Erdene
	General Accountant	Kh. Tserennadmid
Address:	The 13th floor, the Central Tower, Chinggis Khaan Square, the 8th Khoroo, Sukhbaatar district, Ulaanbaatar city, Mongolia	
Registration number:	5459567	
Principal activities:	<ul style="list-style-type: none"> • Trust services • Lending activities • Investment in short-term financial instruments • Online transactions and remittance services • Investment and financial advisory services • Foreign currency trading • Issuance of closed-end bonds • Issuance of e-money and payment services 	
Number of employees:	38	
Auditor:	Grant Thornton Audit LLC - A Certified firm of audit, accounting, financial advisory, training and appraisal	

Management's statement of responsibility for financial reporting

Management is responsible for fair presentation of the Company's financial statements for the year ended 31 December 2021, and of its financial performance, cash flows and changes in equity for the period in accordance with respective accounting rules and regulations of non-bank financial institutions approved by the Financial Regulatory Commission in compliance with the International Financial Reporting Standards.

Management has fulfilled the following responsibilities in preparing the financial statements:

- Complied all accounting standards through selection of and consistent adherence to appropriate accounting policy, as well as reasonable and accurate calculation and assessment.
- Taken necessary actions to safeguard the company's assets, to prevent any fraud and misconduct, and to identify such activities.
- The Company has prepared the financial statements on a going concern basis.
- Obligated to constantly review matters that are legitimately or derivative accountabilities as a result of past events or that may result in future losses, and it has clarified the legitimate and derivative responsibilities and contingencies.

Ch. Gankhuyag, the Board Chairman of the Ard Credit NBFJ JSC, and G. Telmen, the Chief Executive Officer, and Kh. Bilguun, the General Accountant, declare that the accompanying financial statements presented in page 10 to 43 of this report give a true and fair view of the financial position of the Company as of 31 December 2021, and of its financial performance and its cash flows for the period, in accordance with respective accounting rules and regulations of non-bank financial institutions approved by the Financial Regulatory Commission in compliance with the International Financial Reporting Standards.

5459567 ▲ CBA2511

ARD КРЕДИТ
ББСБ ҮК
Board Chairman
Ch. Gankhuyag
1119281372
УЛААНБААТАР ХОТ
Date: 30 March 2022

5459567 ▲ CBA2511

ARD КРЕДИТ
ББСБ ҮК
Chief Executive Officer
G. Telmen
1119281372
УЛААНБААТАР ХОТ
Date: 30 March 2022

5459567 ▲ CBA2511

ARD КРЕДИТ
ББСБ ҮК
Chief Financial Officer
Kh. Bilguun
1119281372
УЛААНБААТАР ХОТ
Date: 30 March 2022

Statement of financial position

In thousand MNT	Note	Balance 31 December 2021	Balance 31 December 2020
Assets			
Cash and cash equivalents	7	6,956,116	3,249,682
Short-term investment	8	2,997,377	89,000
Loan	9	34,177,792	18,949,256
Other financial assets	10	4,838,475	1,793,317
Other current assets	11	22,604,862	3,285,543
Property and equipment	12	541,511	259,291
Intangible assets	13	625,738	2,028,939
Right-of-use assets	14	645,880	-
Total assets		73,387,751	29,655,028
Equity and liabilities			
Liabilities			
Loans taken from others	15	19,983,388	3,532,377
Bond payables	16	561,000	3,661,000
Other sources	17	18,189,153	7,845,836
Other liabilities	18	11,224,826	3,228,326
Deferred tax liabilities	19	824,119	134,219
Total liabilities		50,782,486	18,401,758
Equity attributable to owners			
Share capital	20	8,142,623	6,429,896
Other equity	21	7,053,406	976,953
Retained earnings	20.2	7,409,236	3,846,421
Total equity		22,605,265	11,253,270
Total equity and liabilities		73,387,751	29,655,028

The financial statements were approved on 30 March 2022 by:


Board Chairman
Ch. Gankhuyag
Date: 30 March 2022


Chief Executive Officer
G. Telmen
Date: 30 March 2022


Chief Financial Officer
Kh. Bilguun
Date: 30 March 2022

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 43.

Statement of comprehensive income

In thousand MNT	Note	2021	2020
Interest and similar income	22	7,768,611	6,306,995
Interest and similar expenses	23	(3,913,870)	(2,122,526)
Net interest income		3,854,741	4,184,469
Non-interest income	24	7,588,882	2,075,579
Non-interest expenses	25	(5,136,329)	(3,369,727)
Net non-interest income		2,452,553	(1,294,148)
Contingency risk expenses	26	(2,145,842)	(1,326,564)
Non-operating income	27	678,569	155,944
Non-operating expenses	28	(292,033)	(292,586)
Profit (loss) before tax		4,547,988	1,427,115
Income tax expenses	29	(623,171)	(186,340)
Profit (loss) after tax		3,924,817	1,240,775
<i>Other comprehensive income</i>		6,700,921	830,637
Other comprehensive income surplus		6,076,453	736,222
Realized gain		624,468	94,415
Total comprehensive income		10,625,738	2,071,412
Basic earnings per share		0.014	0.004

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 43.

Statement of changes in equity

In thousand MNT	Equity	Treasury share	Share premium	Other components of equity	Retained earnings	Total
Balance 1 January 2020	2,800,000	-	4,048,467	-	3,843,962	10,692,429
Changes in accounting policies and corrections of errors	-	-	-	240,731	(240,731)	-
Adjusted balance	2,800,000	-	4,048,467	240,731	3,603,231	10,692,429
Net profit (loss) for the year	-	-	-	-	1,240,775	1,240,775
Other comprehensive income	-	-	-	830,637	-	830,637
Change in equity	-	(64,396)	(354,175)	-	-	(418,571)
Dividends	-	-	-	-	(1,092,000)	(1,092,000)
Realized revaluation surplus	-	-	-	(94,415)	94,415	-
Balance 31 December 2020	2,800,000	(64,396)	3,694,292	976,953	3,846,421	11,253,270
Net profit for the year	-	-	-	-	3,924,817	3,924,817
Other comprehensive income	-	-	-	7,053,406	-	7,053,406
Change in equity	-	64,396	1,648,331	-	-	1,712,727
Dividends	-	-	-	-	(986,472)	(986,472)
Realized revaluation surplus	-	-	-	(976,953)	624,470	(352,483)
Balance 31 December 2021	2,800,000	-	5,342,623	7,053,406	7,409,236	22,605,265

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 43.

Statement of cash flows

In thousand MNT	2021	2020
Cash flows from operating activities		
Total cash inflow	124,274,280	55,347,645
Repayment of loan issued to customers /principal loan/	68,006,439	39,048,119
Trusts and assets raised	44,428,924	9,017,906
Loan interest income	7,986,407	5,175,231
Proceeds from service fees and commissions	2,924,745	1,550,763
Other cash inflow	927,765	555,626
Total cash outflow	(129,432,407)	(53,720,621)
Paid for loans issued to customers	(84,990,850)	(42,113,672)
Payment of trust funds	(36,210,940)	(6,933,486)
Paid for interest on trust services	(1,671,947)	(1,136,933)
Paid for basic and additional salary	(759,903)	(754,937)
Paid for lease and management expenses	(790,679)	(321,050)
Audit fee and professional consulting services	(29,125)	(294,280)
Paid for taxes and insurance	(1,125,260)	(280,767)
Paid interest expense on bond	(465,501)	(265,301)
Paid for regulatory services	(21,940)	(109,744)
Paid social security contributions	(236,552)	(105,460)
Paid for fuel, communications, internet and spare parts	(37,969)	(76,947)
Paid for interest expense on loans from banks and financial institutions	(508,101)	(18,985)
Paid for stationery and sanitary expenses	(32,122)	(18,417)
Paid for business trips and training	(28,545)	(9,894)
Compensation and benefits paid to employees	(2,799)	(3,605)
Other cash outflow	(2,520,174)	(1,277,143)
Net cash flow from operating activities	(5,158,127)	1,627,024
Cash flow from investing activities		

Statement of cash flows - continued

In thousand MNT	2021	2020
Total cash inflow	15,183	54,834
Current and deposit interest income	18	39,455
Proceeds from dividends	15,165	15,379
Total cash outflow	(75,704)	(363,840)
Acquisition of property and equipment	(75,704)	(363,840)
Net cash flow from investing activities	(60,521)	(309,006)
Cash flow from financing activities		
Total cash inflow	19,115,413	5,452,513
Received from issuance of bond		2,538,000
Loans taken from bank and financial institutions	19,115,413	2,914,513
Total cash outflow	(10,190,331)	(5,394,274)
Paid for loans from bank and financial institutions	(5,564,414)	(1,840,636)
Paid for bond payment	(3,100,000)	(1,461,198)
Paid for dividends	(904,655)	(1,092,000)
Paid for acquiring securities	(621,262)	(1,000,440)
Net cash flow from financing activities	8,925,082	58,239
Net total cash flow	3,706,434	1,376,257
Balance cash and cash equivalents at the beginning of year	3,249,682	1,873,425
Balance cash and cash equivalents at the end of year	6,956,116	3,249,682

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 43.