

# Background information

<b>Name of Organization:</b>	Ard Credit NBFJ JSC	
<b>Founding Decision:</b>	The Ard Credit NBFJ JSC was incorporated on April 2011	
<b>Certificate and license</b>	The State Registration Certificate № 9010002003 was granted by the General Authority for State Registration of Mongolia. License №101/222 on "Non-banking financial activities" was issued in accordance with the Resolution №108 of the Financial Regulatory Commission of Mongolia on 21 April 2011.	
<b>Board</b>	<b>Chairman:</b>	Ch. Ganzorig
	<b>Members:</b>	O. Odbayar B. Ganbat G. Telmen B. Zolboo G. Uyanga
	<b>Independent members</b>	V. Ganzorig B. Solongo S. Enkhchimeg
<b>Management team:</b>	<b>Chief Executive Officer</b>	G. Telmen
	<b>Chief Financial Officer</b>	D. Lkhagva-Ochir
	<b>Chief Business Development Officer</b>	G. Sukhbaatar
	<b>Chief Digital Officer</b>	A. Dunim
	<b>Chief Product Officer</b>	G. Chimegsuren
	<b>Chief Accountant</b>	Kh. Tserennadmid
<b>Address:</b>	13 <sup>th</sup> floor, Central Tower, Chinggis Khaan Square, 8 <sup>th</sup> Khoroo, Sukhbaatar District, Ulaanbaatar, Mongolia	
<b>Registration number:</b>	5459567	
<b>Principal activities:</b>	<ul style="list-style-type: none"><li>•Trust services</li><li>•Lending</li><li>•Investing in short-term financial instruments</li><li>•Online transactions and remittance services</li><li>•Foreign currency exchange services</li><li>•Issuance of E-money and payment services</li></ul>	
<b>Number of employees:</b>	44	
<b>Auditor:</b>	Grant Thornton Audit LLC - A Certified firm of audit, accounting, financial advisory, training and appraisal	


# Management's statement of responsibility for financial reporting

The management has prepared the financial statements accurately and presented the NBF1's financial position as of 31 December 2023, and responsible for the proper presentation of results of operations, cash flows, and changes in equity in accordance with International Financial Reporting Standards and within the instructions and methods of accounting of Non-banking financial institutions approved by the Financial Regulatory Commission.


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

- Complied with all accounting standards through the selection of and consistent adherence to appropriate accounting policy, as well as reasonable and accurate calculation and assessment.
- Taken necessary actions to safeguard the NBF1's assets, to prevent any fraud and misconduct, and to identify such activities.
- The NBF1 has prepared the financial statements on a going concern basis.
- Obligated to constantly review matters that may cause legal and constructive obligations as a result of past events or that may result in future losses and disclose these legal and constructive obligations and contingencies.

We, Ch. Ganzorig, Board Chairman of the Ard Credit NBF1 JSC, and G. Telmen, Chief Executive Officer, and D. Lkhagva-Ochir, Chief Financial Officer, declare that the accompanying financial statements presented in page 10 to 42 of this report give a true and fair view of the financial position of the NBF1 as of 31 December 2023, and the results of operations and cash flow for the period on this date have been accurately and realistically expressed in accordance with International Financial Reporting Standards and within the instructions and procedures approved by the Financial Regulatory Commission.



Board Chairman  
Ch. Ganzorig

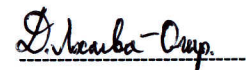


Date: 29 March 2024



Chief Executive Officer  
G. Telmen

Date: 29 March 2024




Chief Financial Officer  
D. Lkhagva-Ochir


Date: 29 March 2024


# Statement of financial position

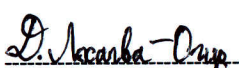
In thousand MNT	Note	Balance 31 December 2023	Balance 31 December 2022
<b>Assets</b>			
Cash and cash equivalents	7	7,223,162	5,027,668
Short-term investment	8	1,358,464	789,329
Loan	9	47,941,596	40,038,098
Other financial assets	10	3,327,068	2,855,132
Other current assets	11	8,549,712	7,736,922
Property and equipment	12	685,128	523,188
Intangible assets	13	2,737,697	652,707
Right-of-use assets	14	182,719	415,704
<b>Total assets</b>		<b>72,005,546</b>	<b>58,038,748</b>
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
Borrowings	15	15,133,326	11,211,776
Payables in bond	16	-	6,886,000
Other sources	17	24,161,193	13,641,277
Other liabilities	18	11,699,271	8,132,764
Deferred tax liabilities	19	106,847	117,509
<b>Total liabilities</b>		<b>51,100,637</b>	<b>39,989,326</b>
<b>Equity</b>			
Share capital	20	2,800,000	2,800,000
Treasury share	20	-	(58)
Additional paid-in capital	20	5,352,792	5,352,792
Other equities	21	(3,084,389)	(3,401,128)
Subordinated debt	22	5,000,000	5,000,000
Retained earnings		10,836,506	8,297,816
<b>Total equity</b>		<b>20,904,909</b>	<b>18,049,422</b>
<b>Total equity and liabilities</b>		<b>72,005,546</b>	<b>58,038,748</b>

The financial statements were approved on 29 March 2024 by:

  
Board Chairman  
Ch. Ganzorig



  
Chief Executive Officer  
G. Telmen

  
Chief Financial Officer  
D. Lkhagva-Ochir

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 42.



# Statement of comprehensive income

In thousand MNT	Note	2023	2022
Interest and similar income	23	13,019,411	11,339,294
Interest and similar expenses	24	(6,887,980)	(6,513,600)
<b>Net interest income</b>		<b>6,131,431</b>	<b>4,825,694</b>
Non-interest income	25	4,730,883	5,945,035
Non-interest expense	26	(7,672,701)	(6,335,565)
<b>Net non-interest expense</b>		<b>(2,941,818)</b>	<b>(390,530)</b>
Contingency risk expense	27	(2,840,634)	(2,530,969)
Non-operating income	28	2,639,593	575,759
Non-operating expenses	29	(37,201)	(45,389)
<b>Profit (loss) before tax</b>		<b>2,951,371</b>	<b>2,434,565</b>
Income tax expense	30	(432,710)	(375,341)
<b>Profit after tax</b>		<b>2,518,661</b>	<b>2,059,224</b>
<i>Other comprehensive income</i>		<i>308,643</i>	<i>(10,365,665)</i>
Other comprehensive income surplus		308,643	(10,365,665)
Realized gain		-	-
<b>Total comprehensive income</b>		<b>2,827,304</b>	<b>(8,306,441)</b>
<b>Earnings per share</b>		<b>0.009</b>	<b>0.007</b>

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 42.

# Statement of changes in equity

In thousand MNT	Equity	Treasury share	Additional paid-in capital	Other components of equity	Subordinated debt	Retained earnings	Total
<b>Balance 1 January 2022</b>	<b>2,800,000</b>	-	<b>5,342,623</b>	<b>7,053,406</b>	-	<b>7,409,236</b>	<b>22,605,265</b>
Net profit for the period	-	-	-	-	-	2,059,224	2,059,224
Other comprehensive income	-	-	-	(10,365,665)	-	-	(10,365,665)
Changes in equity	-	(58)	10,169	-	5,000,000	-	5,010,111
Dividends	-	-	-	-	-	(1,259,513)	(1,259,513)
Realized revaluation surplus	-	-	-	(88,869)	-	88,869	-
<b>Balance 31 December 2022</b>	<b>2,800,000</b>	<b>(58)</b>	<b>5,352,792</b>	<b>(3,401,128)</b>	<b>5,000,000</b>	<b>8,297,816</b>	<b>18,049,422</b>
Net profit for the period	-	-	-	-	-	2,518,661	2,518,661
Other comprehensive income	-	-	-	308,643	-	-	308,643
Changes in equity	-	58	-	28,125	-	-	28,183
Dividends	-	-	-	-	-	-	-
Realized revaluation surplus	-	-	-	(20,029)	-	20,029	-
<b>Balance 31 December 2023</b>	<b>2,800,000</b>	-	<b>5,352,792</b>	<b>(3,084,389)</b>	<b>5,000,000</b>	<b>10,836,506</b>	<b>20,904,909</b>

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 42.

# Statement of cash flows

In thousand MNT	2023	2022
<b>Cash flows from operating activities</b>		
<b>Total cash inflow</b>	<b>132,333,255</b>	<b>130,140,881</b>
Repayment of loans to customers /principal loan/	87,119,041	95,763,020
Trust, assets raised	25,792,243	13,683,046
Interest income	11,492,713	11,788,785
Fee and commissions income	3,163,771	2,763,557
Income from other services	4,765,487	6,142,473
<b>Total cash outflow</b>	<b>(116,429,304)</b>	<b>(131,436,190)</b>
Paid on loans to customers	(95,218,700)	(94,897,581)
Paid on trust and assets raised	(12,286,635)	(15,643,166)
Paid to expenses of interest on trust services	(1,203,257)	(2,647,225)
Paid to salary and bonuses	(1,056,398)	(795,651)
Paid to lease and management expenses	(1,053,769)	(14,001)
Paid to audit and professional advisory services	(202,579)	(1,134,554)
Paid to tax and insurance	(1,601,507)	(966,586)
Paid to expenses of interest on bond	(85,282)	(626,720)
Paid to regulatory services fee	(48,144)	(28,657)
Paid to social security premiums	(360,447)	(269,029)
Paid to fuel, communications, internet, and spare parts	(44,455)	(46,258)
Paid to expenses of interest on loans from banks and financial institutions	(2,496,910)	(2,052,080)
Paid to stationery expenses	(55,164)	(25,947)
Paid to business trips and training expenses	(215,804)	(38,894)
Compensation and benefits paid to employees	(6,728)	(4,487)
Paid for advertisement	(166,899)	(85,517)
Amounts incurred in connection with the settlement of loans and related receivables	(176,434)	(20,021)
Paid to other services	(150,192)	(12,139,816)
<b>Net cash flow from operating activities</b>	<b>15,903,951</b>	<b>(1,295,309)</b>
<b>Cash flow from investing activities</b>		
<b>Total cash inflow</b>	<b>507,084</b>	<b>572,317</b>
Current account, deposit interest income	47,450	-
Dividend income	4,634	25,103
Other cash inflow	455,000	547,214



# Statement of cash flows- continued

In thousand MNT	2023	2022
<b>Total cash outflow</b>	<b>(138,505)</b>	<b>(44,949)</b>
Paid to acquire assets	(103,649)	-
Paid for celebration and expenses of guests	(32,383)	(25,262)
Paid to other services	(2,473)	(19,687)
<b>Net cash flow from investing activities</b>	<b>368,579</b>	<b>527,368</b>
<b>Cash flow from financing activities</b>		
<b>Total cash inflow</b>	<b>28,018,251</b>	<b>14,336,252</b>
Received from bond issuance	-	6,886,000
Loans from banks and financial institutions	28,018,251	7,450,252
<b>Total cash outflow</b>	<b>(42,095,287)</b>	<b>(15,496,759)</b>
Paid for bank and financial loans	(34,128,579)	(13,537,518)
Bond payment	(6,886,000)	(561,000)
Dividends paid	-	(1,160,508)
Purchase of shares and securities	(1,080,708)	(237,733)
<b>Net cash flow from financing activities</b>	<b>(14,077,036)</b>	<b>(1,160,507)</b>
<b>Net total cash flow</b>	<b>2,195,494</b>	<b>(1,928,448)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>5,027,668</b>	<b>6,956,116</b>
<b>Cash and cash equivalents at the end of year</b>	<b>7,223,162</b>	<b>5,027,668</b>

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 10 to 42.