



IMPACT REPORT 2021

Stronger. Together.

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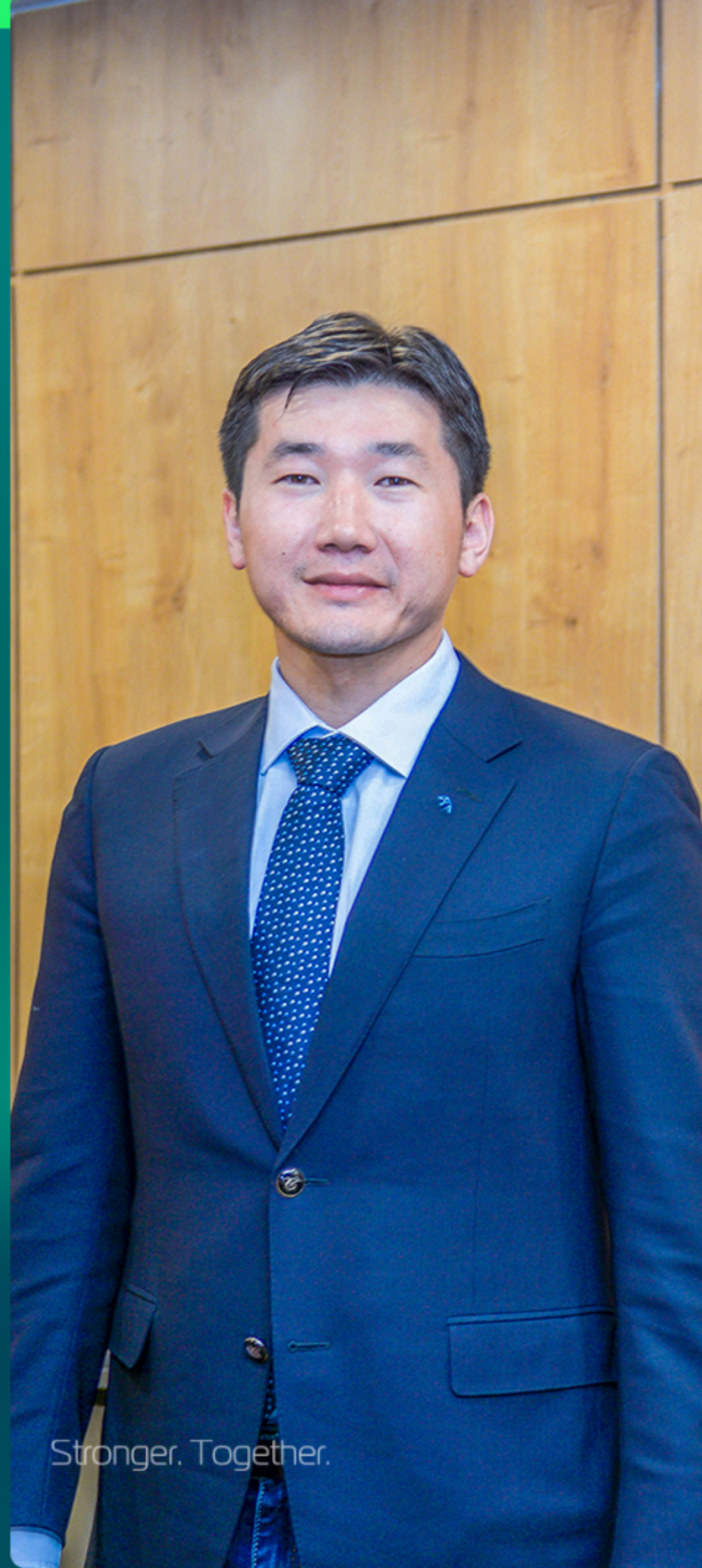
MESSAGE FROM THE CEO

Since our establishment in 2011, Ard Credit NBFI JSC has been working to reduce poverty through building the Investor Nation, fulfilling financial inclusion and gender equality, creating decent jobs, and supporting economic growth with environmental and social consciousness on behalf of thousands of shareholders.

Ard App, a masterpiece of Mongolian engineers, was introduced into the market as an All-in-One financial supermarket marking an innovative disruption in the financial industry while increasing the accessibility to our products and services.

Based on our three years of research and analysis, we introduced our social initiative for children's financial literacy, 'Ard Kids' app. It became the first comprehensive app in Mongolia for children's financial needs. We strongly believe financial literacy rests at the heart of economic development and poverty reduction.

CEO
TELMEN GERELT



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Mission

We will create higher productivity and accelerate sustainable development by leading the way with future skills and technological advances.



Vision

To creatively disrupt the sector development.



Core values

- Sharing Together
- Growing sustainably
- Serving beyond expectations
- Creating inclusive and equal participation

OUR APPROACH TO MAKING IMPACT

As a non-banking financial institution with the most significant number of shareholders and customers, listed on the main board and included in the TOP-20 Index of the Mongolian Stock Exchange, Ard Credit aims to raise the long-term value of all stakeholders while enforcing sound principles of sustainable development goals.

When Ard Credit revised its mission, vision, and values in 2020, the company and board defined and declared as follows, "We are a socially responsible company that considers the sustainable goals for social, economic, and environmental development in its activities, and contributes to the well-being of the country and the world."

The concept has derived from our years of experience, practice, and business approach of offering the Ard App service consistently and reliably 24/7 under the "branchless" policy, attracting over a million users living in Mongolia and abroad.

Regardless of time and space constraints, our customers receive the products and services online instead of wasting time in traffic jams, consuming gasoline to emit greenhouse gasses, or wasting money and time on paperwork. As the service provider, we offer low prices for our services and increase accessibility while saving electricity, water, paper and overhead costs, which allows us to carry out eco-friendly and sustainable operations.



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As the nation gradually shifted to a full lockdown over the Covid pandemic, Ard Credit continued to offer all of its services remotely through Ard App. Furthermore, we supported the State Emergency Committee in its efforts to execute extensive Covid-19 prevention measures, while giving financial support and assistance to 100 nurses who worked in the "red" or highly infectious zone.

As the world unites for green development, Ard Financial Group joined the "Billion Tree National Movement," which was initiated by President Hurelsuh Uhnua. Contribute to the noble act of reducing climate change, we are dedicated to planting one million trees and creating the Ard Grove.

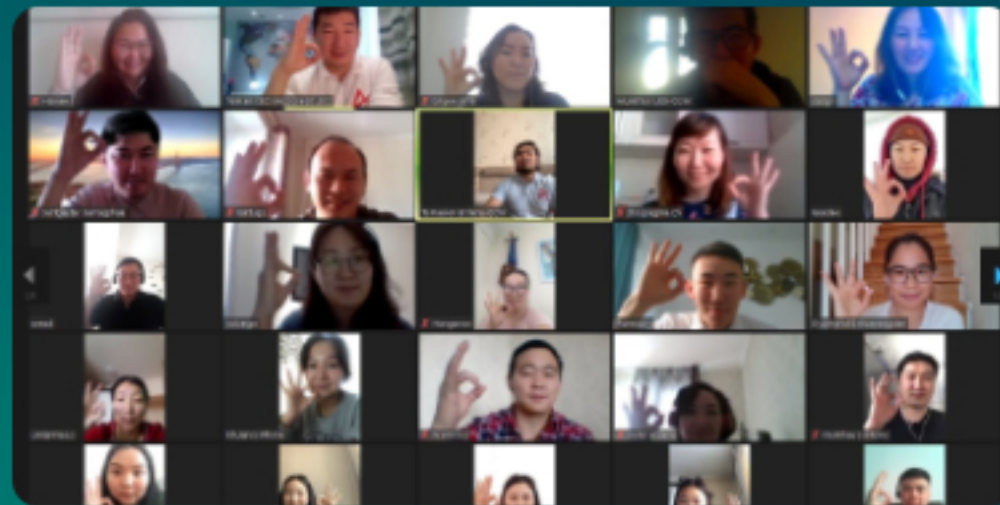
In the medium and long term, we aim to strategically advance the concept of green development by connecting all facets of the business' internal processes, human resources, products, services and technological advancements.



PEOPLE-FIRST APPROACH IN HUMAN RESOURCES

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In the challenging social and economic conditions such as the Russia-Ukraine war, while continuously providing our core services, we have been able to maintain the number of workplaces, prevent the infection of all employees and customers, and quickly implement regulations such as switching to remote working mode. In addition, we also updated Internal Labor Regulations and policy changes in line with the updated Company's Mission, Vision, and Values.



For example, the fourth of the company's five values states "We are a company with high professional skills, equal participation and ethics, free from any discrimination, giving fair opportunities to everyone, and respecting the opinion, knowledge and participation of each employee."



Additionally, the human resources policy underwent several changes. We put the policies into practice, including being considerate of human rights during employee selection process, abstaining from discrimination, offering flexible hours for working to mothers with young or nursing children or mothers who are the sole provider, and hiring pregnant women under special circumstances.



In addition to the above changes and updates, Ard Credit implemented an ESOP program and employee contribution plan incorporating health insurance. We believe that these programs ensure a safe future for employees, their families, and children.

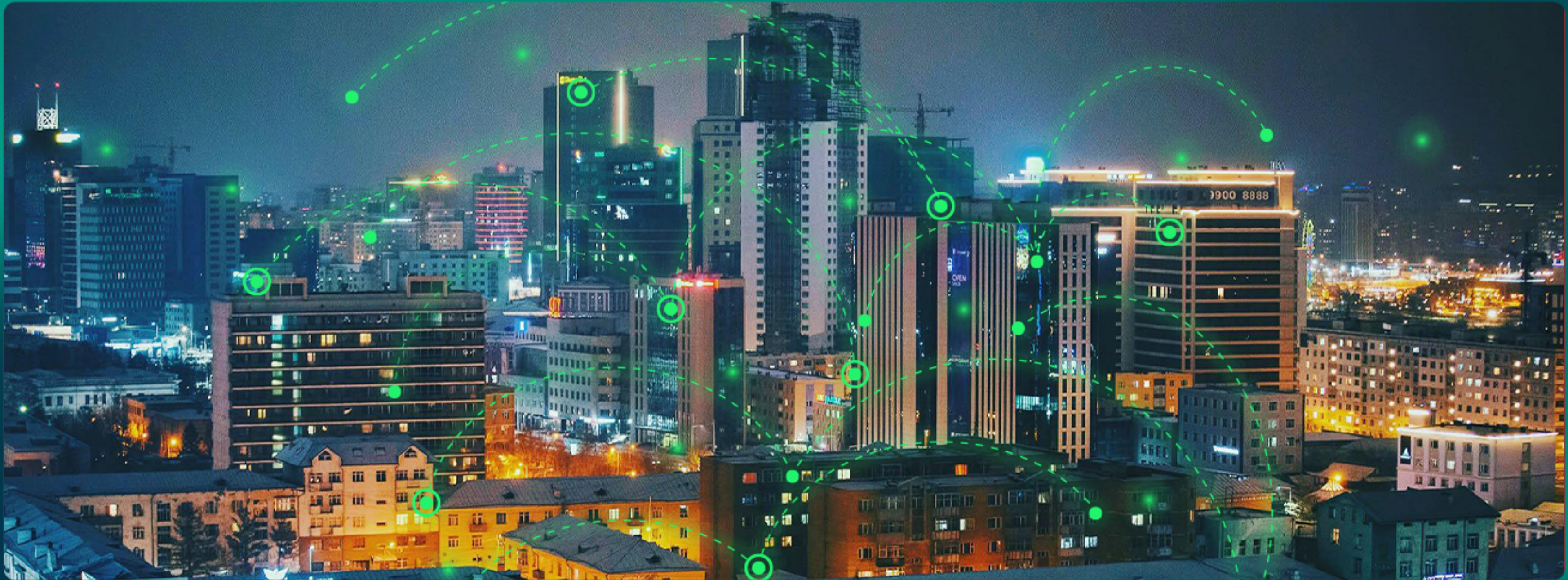


Ard Credit aims to work with a small and skilled team in conducting activities based on online products and services. Furthermore, to increase efficiency and effectiveness, employees of Mongol Post, the national postal service, act as agents of our products and services. Not only that, we implemented Ard Brokers initiative, which provides an opportunity for our customers and shareholders to earn based on their referral and sales of our products and services.



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ENVIRONMENTAL IMPACT AND THE CONTRIBUTION TO POVERTY REDUCTION OF OUR PLATFORMS



Ard Credit NBFI JSC has been using technological advances to increase the accessibility and diversification of products and services to support green development and digital transformation. We have the policy to restrain from providing financing to businesses that may harm human health, the environment, and society.

ARD APP



By providing financial services through the Ard App 24/7, we have contributed to the fight against **climate change** and **poverty eradication** by reducing energy, water, paper consumption, and greenhouse gas emissions.

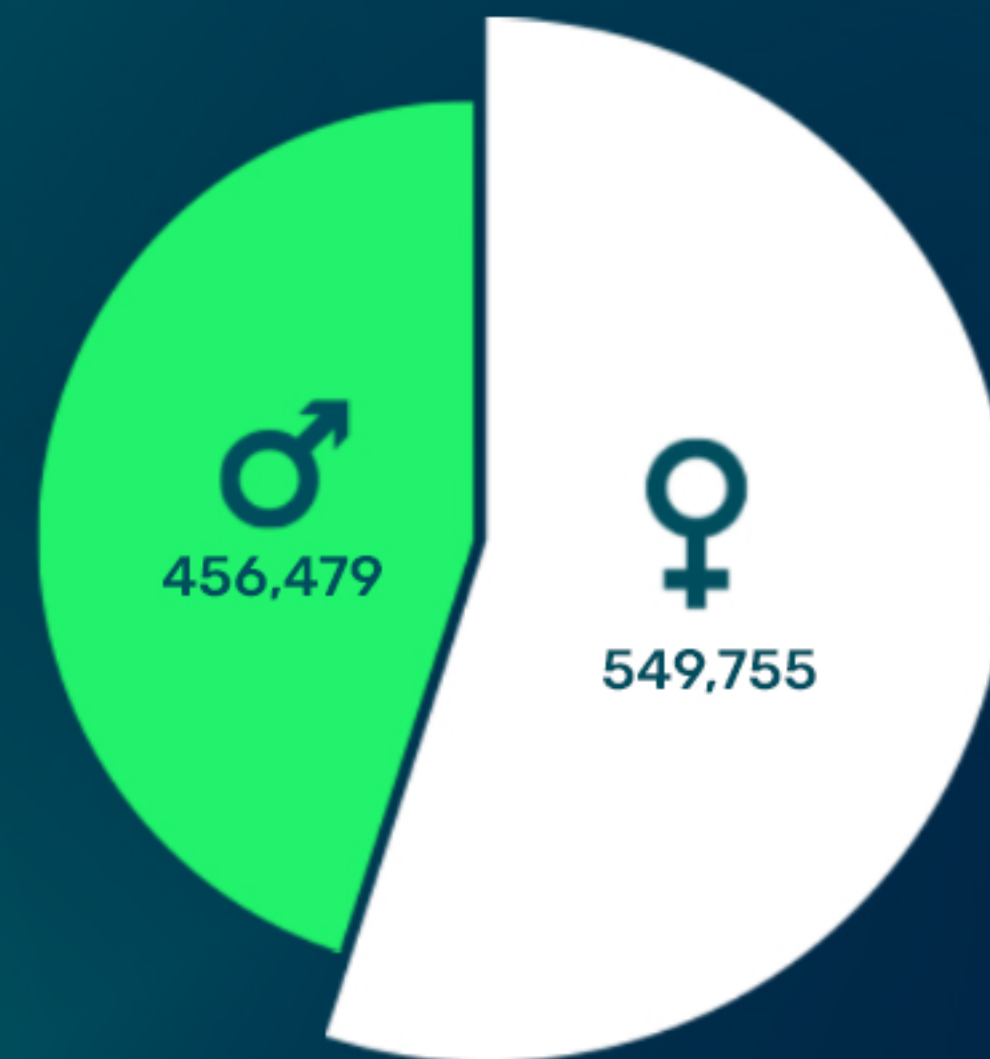
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ARD APP'S IMPACTS ON SOCIETY, ECONOMY, AND ENVIRONMENT (2022.II)

AGE GROUP



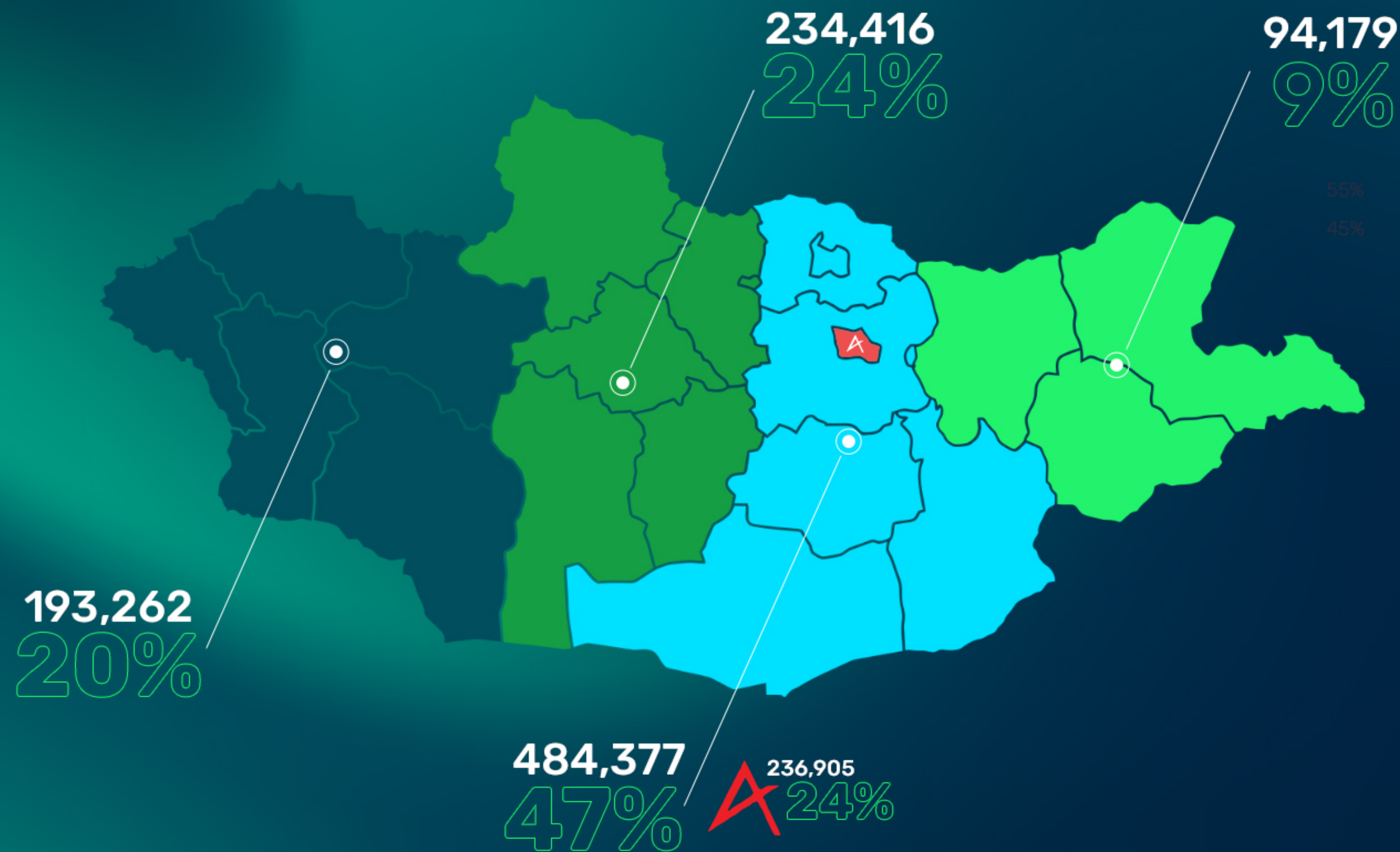
GENDER



TOTAL 1,006,234

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GEOGRAPHIC SEGMENTATION



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The average loan amount which granted to one borrower is

\$244.5



We saved 16.2 tons papers by providing online loan services

16.2 tons



We saved 5.6 tons papers related to KYC verification and saved

5,929 trees



13 CLIMATE ACTION



As we implemented the Branchless policy we have saved

1,080,000 kw energy
52 years or 455,520 hours



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ARD KIDS

In 2021, we launched the Ard Kids children's financial app to teach the importance of financial education from a young age in Mongolia for the first time.

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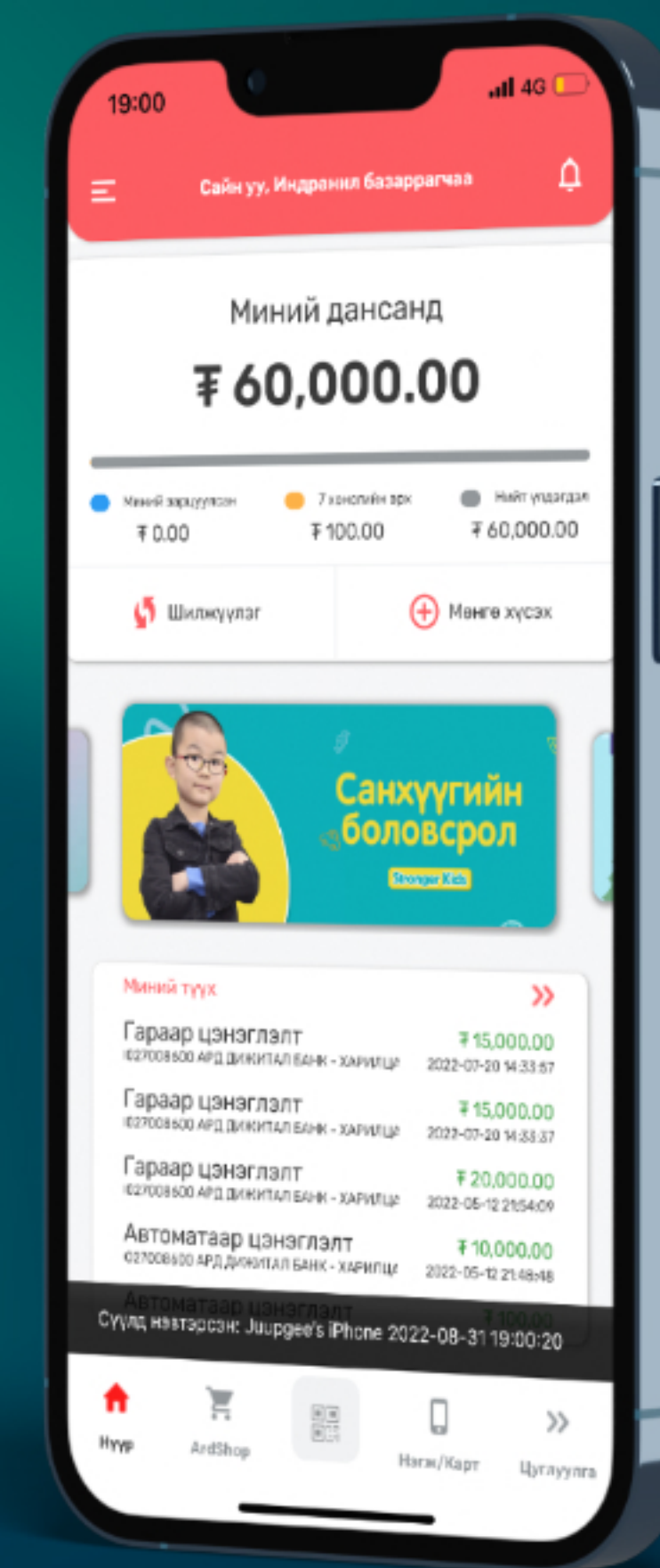
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Using the Ard Kids App, every child can systematically acquire financial education from a young age. We have built the app based on our belief that having a financial literacy and investor mindset from an early age will protect them from any financial risk in the future and help mitigate poverty.

Through the app, children can make daily payments, check statements, transfer money, buy movie tickets, purchase from ArdShop Kids, collect loyalty points, monitor their savings and investment information, and also be able to get discounts from our partners.

Since its launch, it has been continuously developing, and the number of users is increasing rapidly. Every child from all over the world can use our app regardless of time and space constraints.

From a business perspective, ArdKids app helps us to attract families as our customers and to prepare our future customers from a young age.



Users

+33,000



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ARDCOIN

Ard Financial group and its affiliated companies reward customers with blockchain-based loyalty points, ArdCoin. ArdCoin is a unique product created by our technology team based on their five years of research, business know-how, innovation, and tireless work. We wanted the loyalty points to be transparent, liquid and secure.

Through its launch, ArdCoin introduced the idea of blockchain and virtual assets to Mongolians, which marked a real economic and social impact of our rewards program.

ARDCOIN'S IMPACT

1.1 million people received loyalty coins and learned about virtual assets for the first time.

550 thousand people own 3 billion coins.

113.8 thousand people got retirement savings with ArdCoin for their future investment.

8,399 customers granted a total \$1.6 million coin backed loan.

1,895 customers paid off loans with collected ArdCoin.



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SINCE 2018

GOOD - SUPPLY CHAIN FINANCING PLATFORM



At the end of 2021, we initiated and co-implemented an open supply chain financing platform, Good, a shared platform by suppliers, producers, merchants, and financial institutions. The platform enabled a price reduction at the end-users hand, creating a mutually beneficial scheme for all parties involved in the supply chain.



The first project involved a rapeseed oil producer, where we provided funding at preferential interest rates at all stages, which allowed farmers to supply at a discounted price. When the farmer delivers its product to the producer, the loan is deemed as paid, and a new loan of an amount equivalent to the supplied material is recorded on the producer. The exact process is applied to the producer-to-merchant relationship. We also allowed merchants to take non-collateralized, cash-flow-based loans with up to a 45-days grace period at a discounted interest rate.

As Mongolia is facing a supply chain crisis on raw materials, which resulted in questionable food security due to the current geopolitical situations, introducing the Good platform and implementing the rapeseed project was a timely decision for us to overcome the challenges of cooking oil shortage. Moreover, thanks to the project, the producer could not only supply the domestic market but export as well.

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Financing on agricultural sector (black rapeseed)

\$5.3 million



Exported rapeseed oil

408.00 tonne



Registered merchants

1,234
462 in UB
772 in countryside



Credit accessibility

11 provinces, 72
sums, 142 herders,
192 merchants



Amount of herder's loan

\$56.7 thousand



A large wireframe globe is centered on the page, composed of white lines forming a spherical grid. A solid green horizontal bar is positioned at the top left corner. The background is a dark teal gradient.

IMPACT PROJECTS

"NO ONE LEFT BEHIND. TOGETHER"

According to the 8th and 10th Sustainable Development Goals of the United Nations, 'Decent work and economic growth' and 'Reduced inequality,' we implemented the policy of providing equal job opportunities to disabled people. Therefore, we are always keen on supporting disabled people and their financial and employment inclusivities. To raise awareness, we implemented 'NO ONE LEFT BEHIND. TOGETHER.' social project. As a result of that project, the following results were achieved:



- 1** For the first time, we interned disabled people who are blind and partially sighted youth for 14 days in our workplace.
- 2** As a result of the above internship, we hired two visually impaired people in our customer service center.
- 3** Prepared and delivered a handbook for employers and policymakers.
- 4** Improved the Ard App accessibilities to the blind and visually impaired people.
- 5** Organized our AGM 2021 with a sign interpreter for impaired people.
- 6** Organized financial courses for the National Association of the Blind members to improve their financial literacy.
- 7** Collaborated with the media to raise awareness.
- 8** Trained employees with understanding about disabled people's workplace environment.

ИЛГЭЭЛТИЙН
ЭЗЭД

Санхүүгийн боловсрол түгээх хөтөлбөр



АЙМГИЙН БҮСИЙН ШИЛДЭГ БАГ
₮50,000,000

Хүнтэй Хамтдаа

АЙМГИЙН БҮСИЙН ШИЛДЭГ БАГ
₮40,000,000

FINANCIAL EDUCATION DISSEMINATION PROJECT: STUDENT RURAL OUTREACH PROGRAM

In 2021, we kicked off the Student Rural Outreach Program to increase financial education accessible to all local communities around Mongolia, 21 provinces, 330 sums in collaboration with Ard Financial group and Mongol Post. The purpose was to support financial literacy in local communities all around Mongolia. During this summer program, students completed tasks, and conducted events to increase financial education awareness and financial literacy in their local communities.



Student Rural Outreach Program

Financial education dissemination project

- Project's Geographic segmentation: **21** provinces, **330** sums
- Reach: **29,952** people living the rural areas

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ARD BROKER PROJECT

Ard Financial Group and its subsidiaries have been envisioning building the Investor Nation to make Mongolians wealthier. So today, our employees, customers, and investors are standing together to build the Investor Nation.

Ard Broker project allows our employees, customers, and shareholders in all parts of Mongolia, to earn additional income by becoming a broker.



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ARD ACADEMY



In 2017, Ard Financial Group established Ard Financial Education NGO to improve people's financial literacy and it is now known as Ard Academy.

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Published articles

298

Hosted webinars

26

Published books

1

Total content

325

Number of readers */unique/*

501,135

Since its establishment, Ard Academy has continuously made intellectual investments in financial education through online articles, video content, and interviews.

Channels of Ard Academy:



PARTNERSHIPS FOR GROWTH



Ard Credit NBFI, a company that leading the market with the vision to pioneer innovative financial services in the industry, has continuously expanded domestic and international partnerships since our establishment.



In 2019, we started partnering with the Japanese Crowd Credit fund. As a result, in the first half of 2019-2020, we received a total amount of MNT12.8 billion from Crowd Credit to increase financial inclusion in Mongolia.

Our partnerships:



Together with our strategic partner Mongol Post, having the most extensive physical network in Mongolia, we provide the online loan, 'Fast cash', and Herder's loan for our local communities in 21 provinces and 330 sums throughout Mongolia.



We also work with EuroGiro International money remittance company located in more than 60 countries with 500,000 branches and is used by 4 billion people to provide money remittance services. As a result of our partnership with EuroGiro, we connect our customers with their friends and families living abroad through international money remittance offices like RIA, KoronaPay, Small world and PostalPay.



Through our partnering ties with Women's World Banking, we aim to provide financial inclusion for women and support employment for millions of women.



Women's World Banking

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FORWARD LOOKING STATEMENT



With the Fourth Industrial Revolution occurring rapidly and making our lives more exciting and ever-evolving, the goal of any business organization should be to solve the world's most pressing social and environmental challenges through harnessing technological innovations.

Ard Credit aims to bring a brighter future for the next generation with our partners by building an inclusive financial system, equal participation for all, and respecting human rights in Mongolia and worldwide.

At the time of writing this report, we are delighted to see the actual sustainable transition taking place in our operations, initiated projects, and business values. After 11 years of efforts, we are proud that the idea of sustainability and impactfulness is embedded into our corporate culture.

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2022