



2017 Q3 report

Stronger. Together.



Highlights

- Mr. Hurelsuh became the 30th PM and formed his cabinet in October.
- We increased our stake at Ard Insurance to 95 percent.
- Ard Insurance and Ard Credit USD150K in various cryptocurrencies in September.
- We are piloting a program to exchange Bitcoins with Xapo.com.
- Ard Academy published their second book: “Digital gold. Cryptocurrency, Bitcoin, Blockchain.”
- Ard shares started trading at MNT2,500.
- We have raised USD222,000 through USD bond from 32 individuals.
- We are organizing our second large-scale conference on December 1st, 2nd under the name “Rise of CryptoNation”.
- We are enhancing our collaboration with Mongol Post.
- Mongol Post opened their new branch. Their shares rallied in October and reached all time high of MNT854 last Friday before retreating to MNT765 at the end of trading.



Q3 Report

Ard Shangri-La branch



Stronger. Together.

Shangri-La Flagship store

- We continue to focus our salesforce in Shangri-La flagship branch. “Cross-selling Campaign” was initiated among the employees until December 25, 2017. “Nandin Erdene” children’s accident and health insurance campaign is ongoing.
- Ard Shangri-La branch had made sales of approximately MNT2.9 billion since inception.
- On World Savings Day, we organized marketing promotion that targeted people who opened accounts at one of our subsidiaries.
- Ard Financial Group is holding a lucky draw competition with grand prize of 1 Bitcoin, 3 Etheriums and 3 Bitcoin Cash amongst investors who bought 500 Ard shares or 1,000 Investor Nation shares starting from October 2017



Q3 Report

Ard Insurance



Stronger. Together.

Ard Insurance - Q3

The sales division of the central office signed insurance contracts with 2408 individuals and entities with premium income of MNT 6,790.8 million for 39 insurance kinds of 11 insurance product types.

The rural branches collected MNT 879.54 million of premium income from 39,520 individuals and entities selling 25 kinds of insurance of 7 product types. This is 42 percent increase from the last year.

This year the company works with 5 commercial banks under the insurance brokerage agreement and the premium income totaled MNT 860.9 million. It is a 3 times increase compared to the last year result.

We have closed all the branches in Ulaanbaatar city and moved the office to AH HQ. Sales are mostly being made through Shangri-La branch and brokerage companies.

We are constantly introducing new products into market.



ARD | ДААТГАЛ
SINCE 1994

ХҮЛЭГ 1

ДААТГАЛЫН ХУРААМЖ

30'000 ТӨГ

ДААТГАЛЫН ҮНЭЛГЭЭ

1 СЯЯ ТӨГ

ХҮЛЭГ 3

ДААТГАЛЫН ХУРААМЖ

90'000 ТӨГ

ДААТГАЛЫН ҮНЭЛГЭЭ

3 СЯЯ ТӨГ

ХҮЛЭГ 5

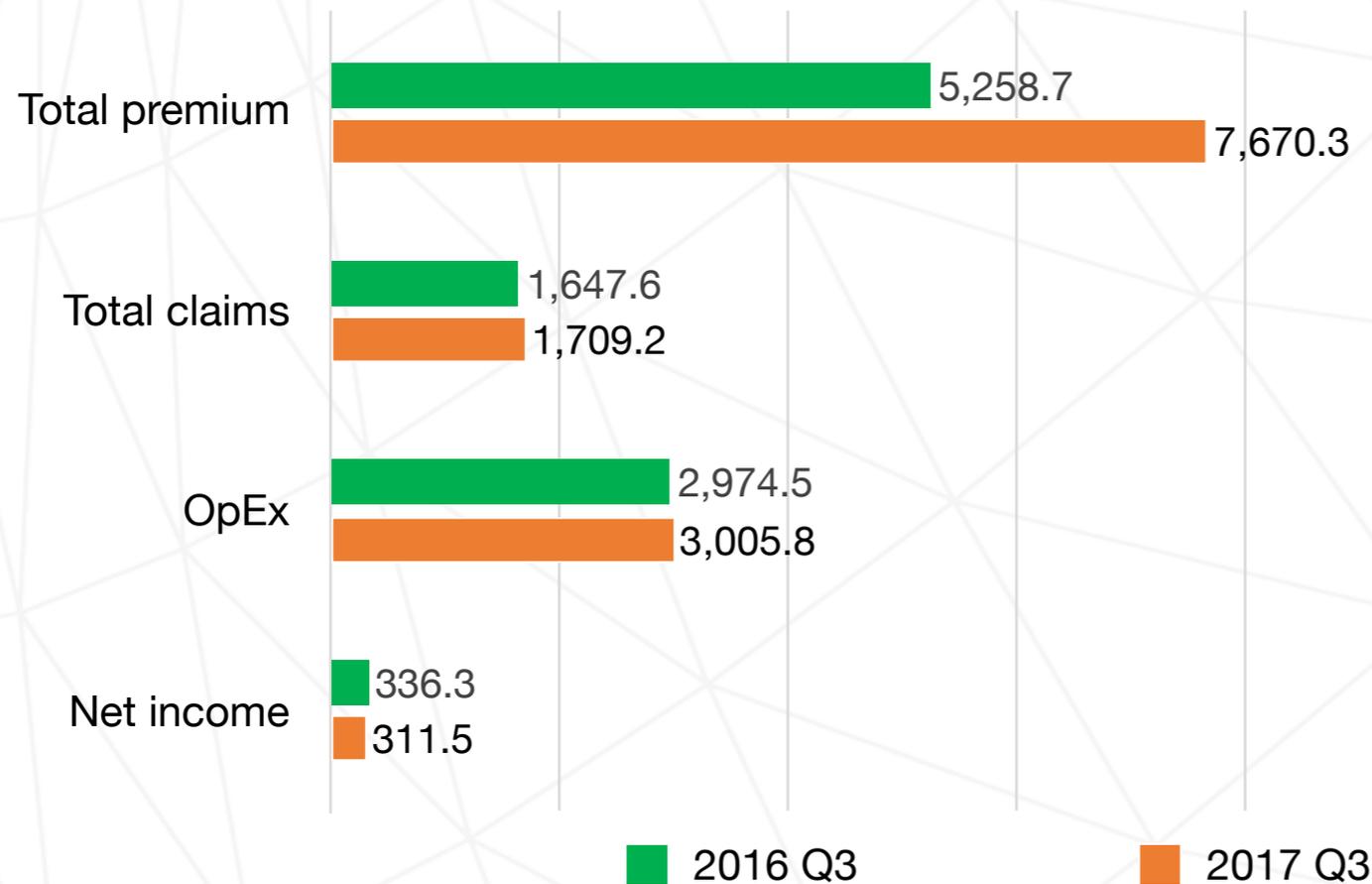
ДААТГАЛЫН ХУРААМЖ

125'000 ТӨГ

ДААТГАЛЫН ҮНЭЛГЭЭ

5 СЯЯ ТӨГ

Financials



- As of September 2017 the premium income reached MNT 7,670.31 million which is an increase by MNT 2,411.57 million or 46 percent. It is 86 percent performance compared to the budget.
- In September the company reimbursed MNT250.09 million in claims, and accumulated MNT1,647.60 million in total claims since the beginning of the year which is low by MNT61.61 million or 4 percent compared to the last year results and 36 percent low from the budget.

Shareholders

The current structure of shareholders

	Count	Par value	Total value	Share
Ard FG JSC	1,392,537	2,345.00	3,265,499,951	93.3%
Energy International Capital LLC	70,000	2,345.00	164,150,034.47	4.7%
IN JSC	30,000	2,345.00	70,350,014.79	2.0%
TOTAL	1,492,537		3,500,000,000.00	100.0000%

Q3 Report

Ard Credit

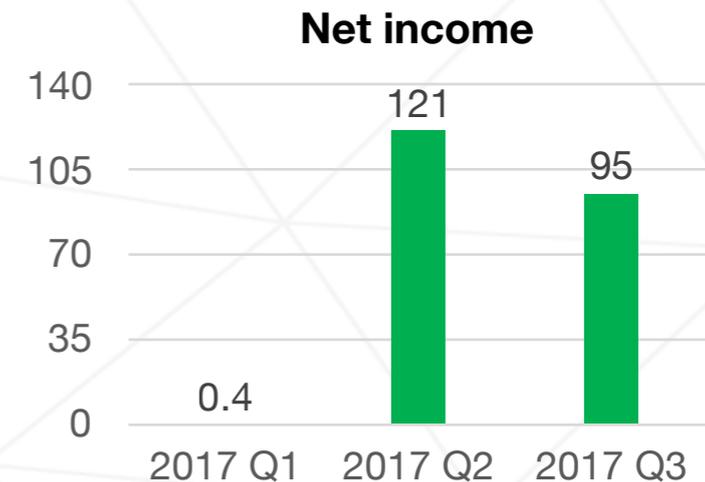
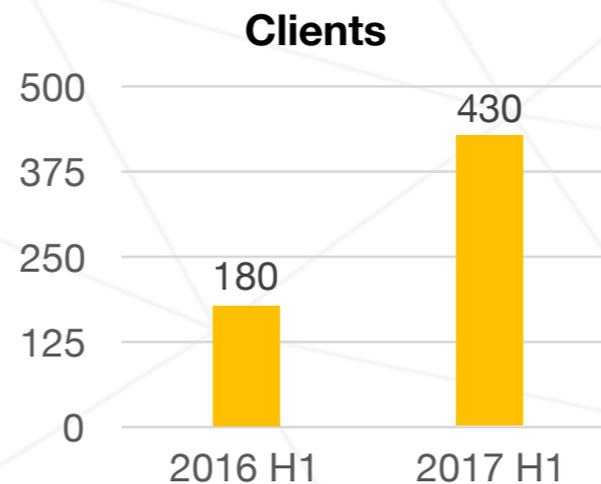
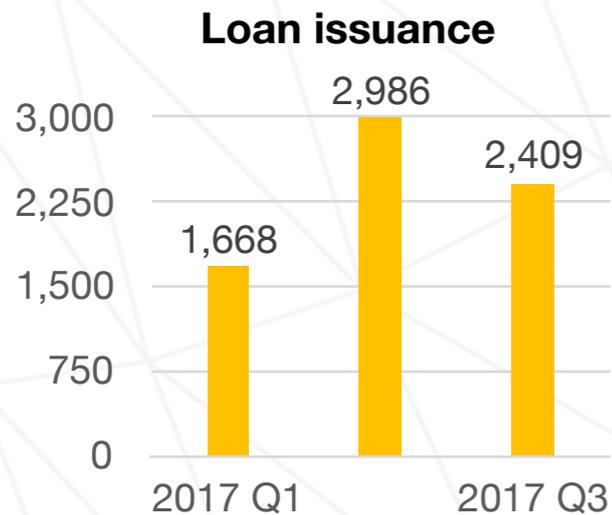
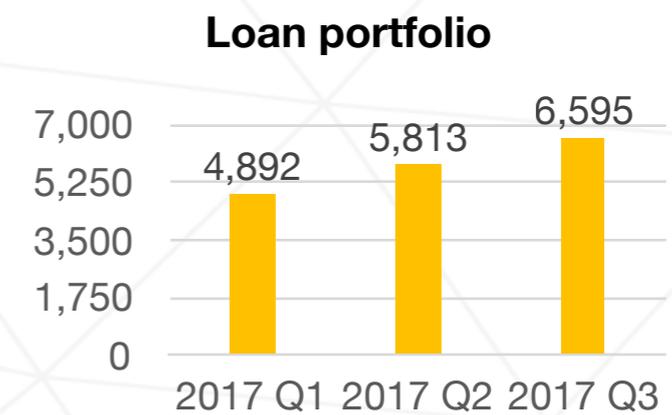
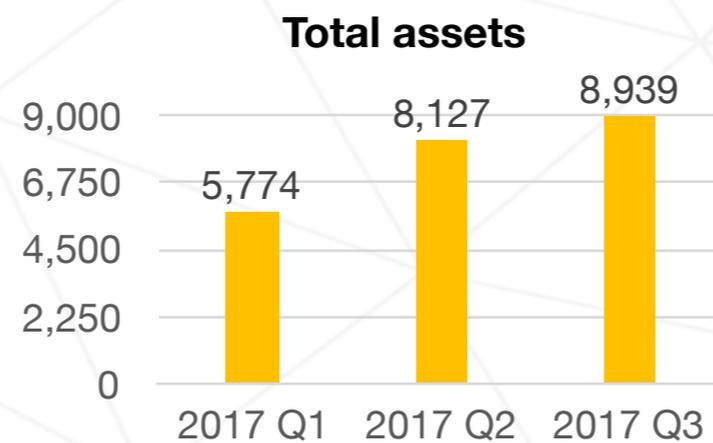
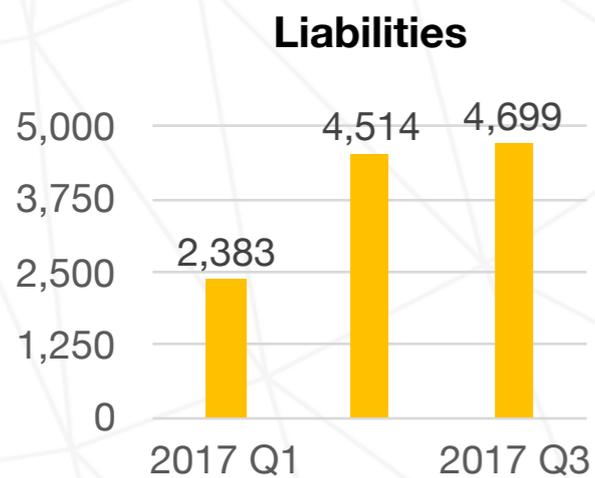


Stronger. Together.

This year we are projecting to hit our MNT10 billion target. In Q4, we are working on receiving funding from MDF and trust account customers.

Currently, outstanding written-off loan stands at MNT191 million. Net income after tax stands at MNT215 million.

Number credit card customers reached 303. Generated MNT52 million of interest income and MNT7.4 million of fee income through credit card.



Q3 Report

Ard Assets SLC



Stronger. Together.

Ard Assets - Highlights

New CEO was appointed

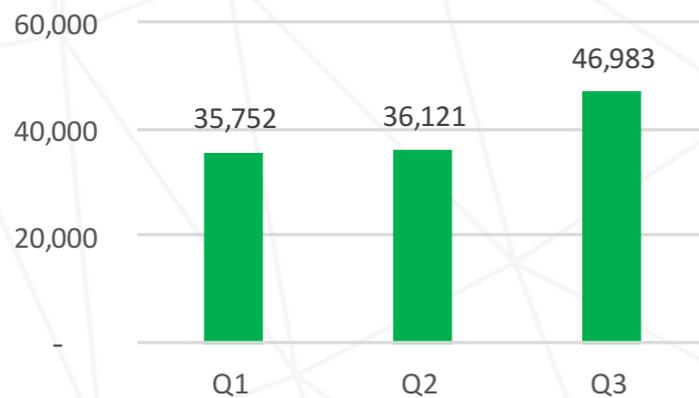
Decreased the savings rate (17% annual rate)

Tsolmon, loan manager left the job.

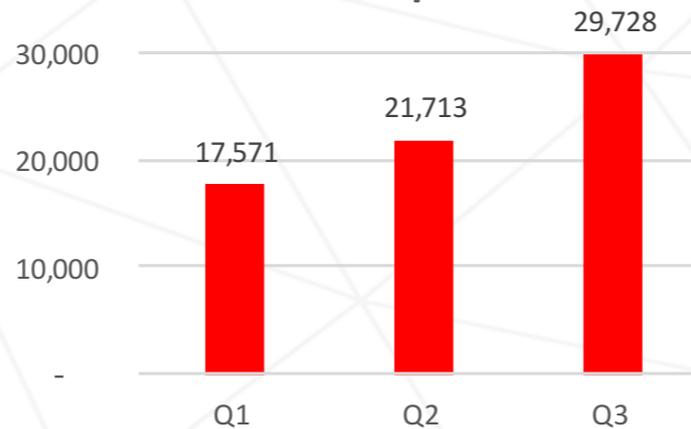
Introduced insured saving accounts.



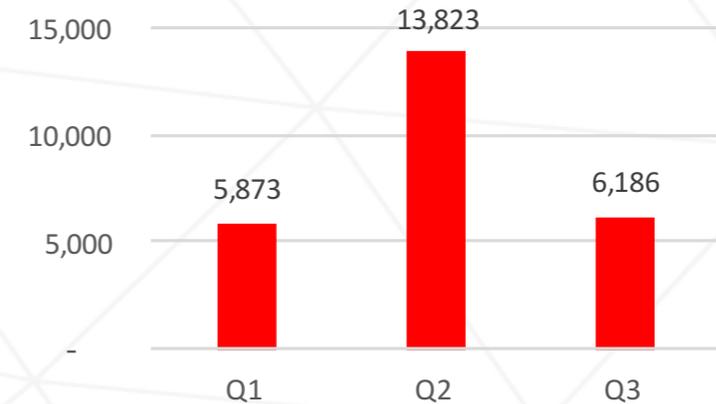
Interest income



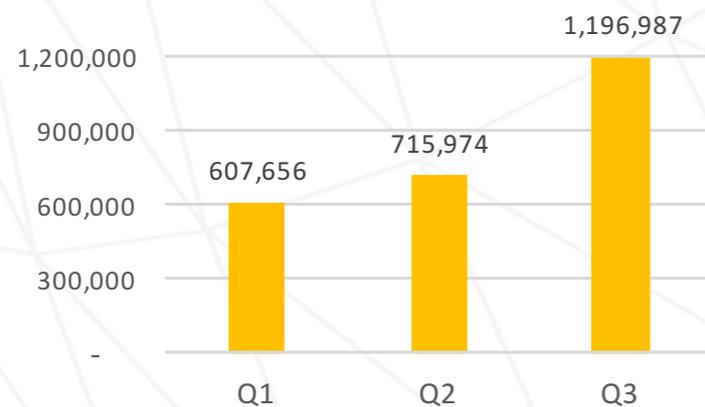
Interest expense



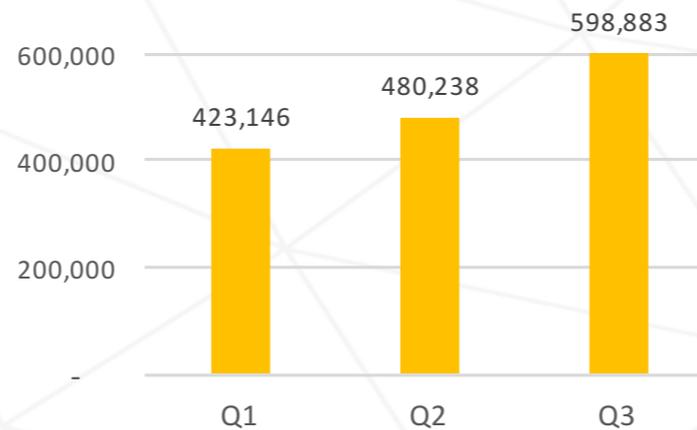
Operating expense



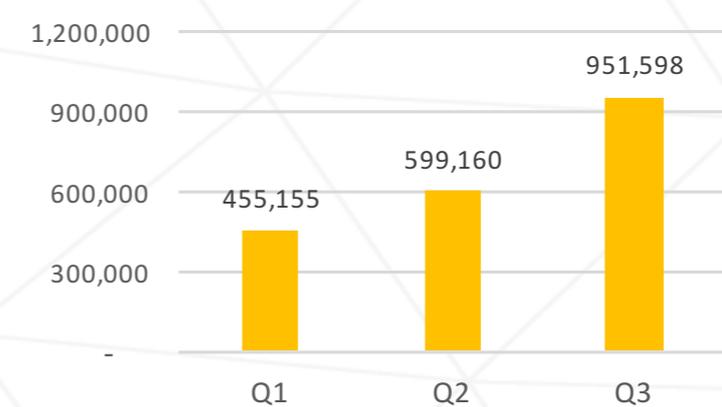
Total asset



Loan Portfolio



Savings portfolio



Stronger. Together.

Q3 Report

Ard Securities



Stronger. Together.

Key indicators		2016 Q3	2017 Q3
Number of employees		7	5
Total Income	MNT million	408.6	257.0
Total expenses	MNT million	298.3	446.4
Net profit	MNT million	108.9	(190.2)
Accounts opened	pieces	682	1,463
MSE trading	MNT billion	11.8	6.9
AFG shares (retail)	MNT million	Total: 7,973.6 Retail: 786.6	Total: 6,558.0 Retail: 345.2
Corporate bond trading		Hunnu: MNT600 million	Ard Holdings: MNT2.2 billion Ard Credit: MNT1.7 billion Ard Holdings: USD109 thousand

Investment banking:

- The private placement of USD1 million Ard Holdings bond is in progress.
- The documents to be merged between Investor Nation and Jinst Uvs were submitted to FRC.
- We have successfully closed underwriting of private bond placements for Ard Holdings and Ard Credit.

Broker:

- Launched financial trainings for rural areas and provided securities market information and the company introduction to 1,338 people of rural area. (Erdenet, Choir, Sainshand, Zamiin Uud, Khentii, Baganuur)
- Started Ard Broker, a brokerage program and currently 56 employees of Ard Insurance and Mongol Post have joined.

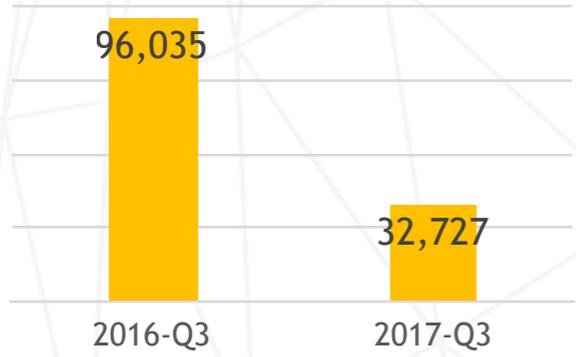
Q3 Report

Ard Life

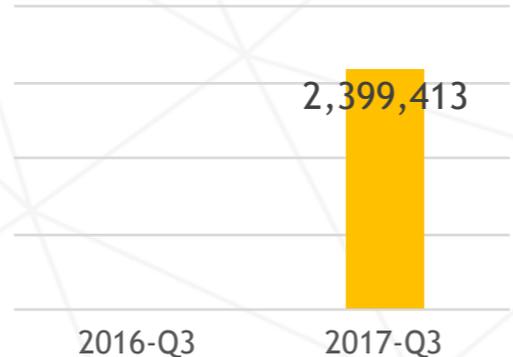


Stronger. Together.

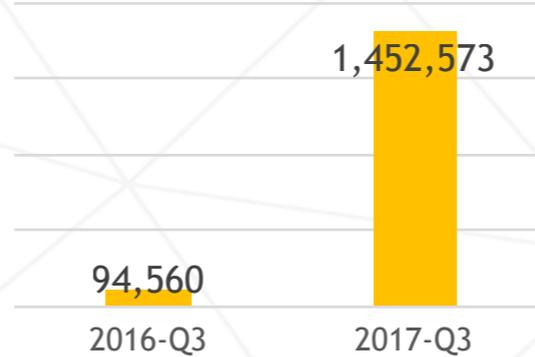
Cash and Cash equivalents



Short-term Investments



Long-term investments



Number of customers reached 800.

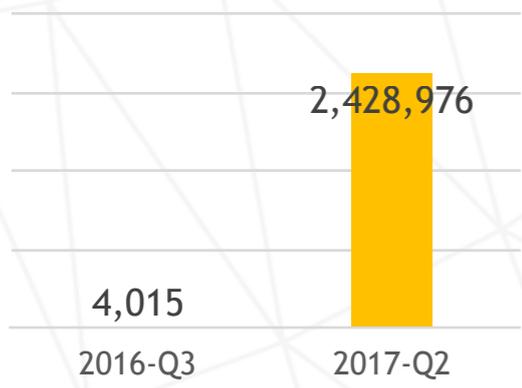
Collaboration with Mongol Post is moving slowly

The government supports several initiatives to pilot provision of private pension service

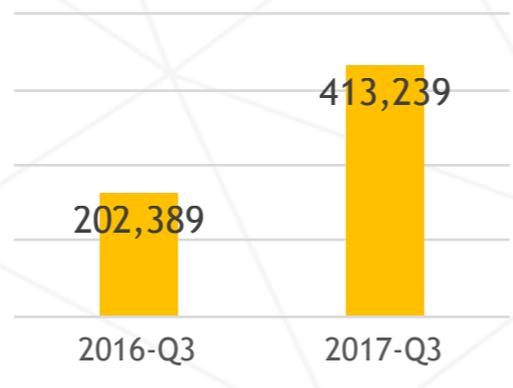
Niislel Guide, Zuv Zuurmag LLC, Ochir Press LLC, Ulz Gol LLC, Tes Petroleum employees

The company started to send monthly statements to clients

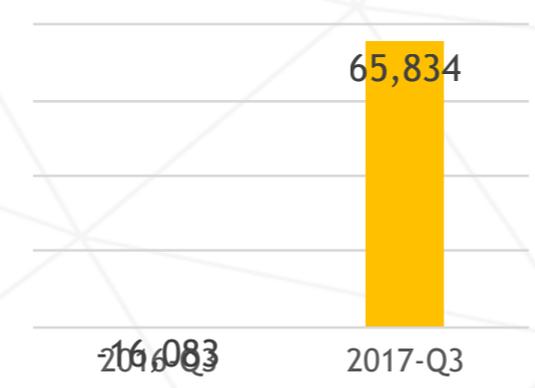
Accounts payable



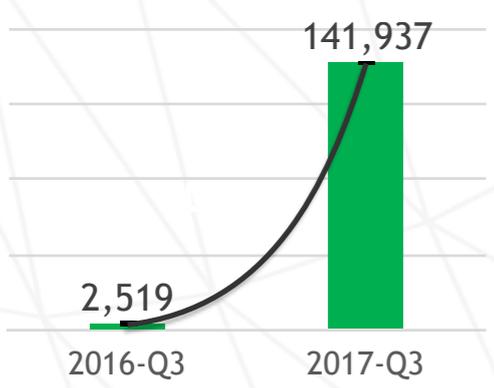
Pension Savings



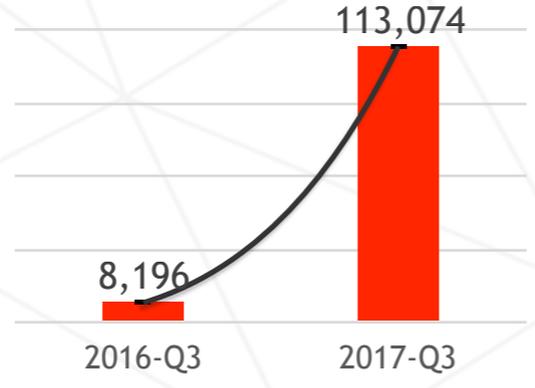
Retained Earning



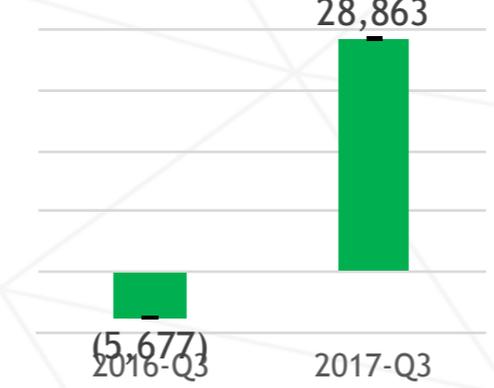
Total Revenue



Total Expenses



Net Income



Q3 Report

Ard Management



Stronger. Together.

Opening of a public fund is underway

Ard Bit was established. Ard Bit's main operation is to provide cryptocurrency exchange service to public, and manage investments in cryptocurrency market by the Group and its subsidiary companies.

CEO was appointed as the acting CIO of the Group

Balance Sheet

in MNT thousands	2016 Q4	2017 Q3	2017.10
Cash	33	242	21,324
Account receivables	99,058	189	7380
Short-term investment	420,000	457,355	412,132
Long-term investment	12,500	29,000	29,000
Total asset	531,591	486,785	469,835
Account payable	17,228	360,075	316,798
Tax payable	12,236	8,833	7,162
Total liabilities	29,464	368,908	323,960
Stockholder's equity	502,127	117,878	145,875
Total liabilities and SE	531,591	486,785	469,835

Income Statement

in MNT thousands	2016 Q4	2017 Q3	2017.10
Total revenue	-	6,954	52,759
G&A expenses	5,786	42,440	54,111
Other expenses	46	742	935
Total expenses	5,831	43,182	55,046
Net income	(5,831)	(36,228)	(2,289)

Q3 Report

Investor Nation



Stronger. Together.

FRC has approved the merger of IN and JU.

Ard Holdings' marketing initiatives



Stronger. Together.

Q3 Report

TenGer Systems

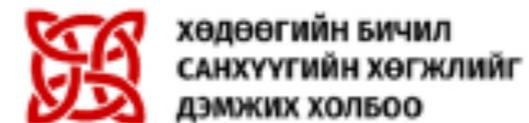


Stronger. Together.

TenGer Systems



Core banking software	Improved version of the Genius Banker was well received by the market and new core banking software Jupiter is being introduced at Ard Credit.
Website works	Group's website works
Design works	Group's design works
Facebook Chatbot	New product Chatbot was launched and implemented to our Group's companies FB accounts.
Operations	Namnandorj and Gerelt-Od, former CEOs, has left the company The company is looking at new opportunities in blockchain technology.



Q3 Report

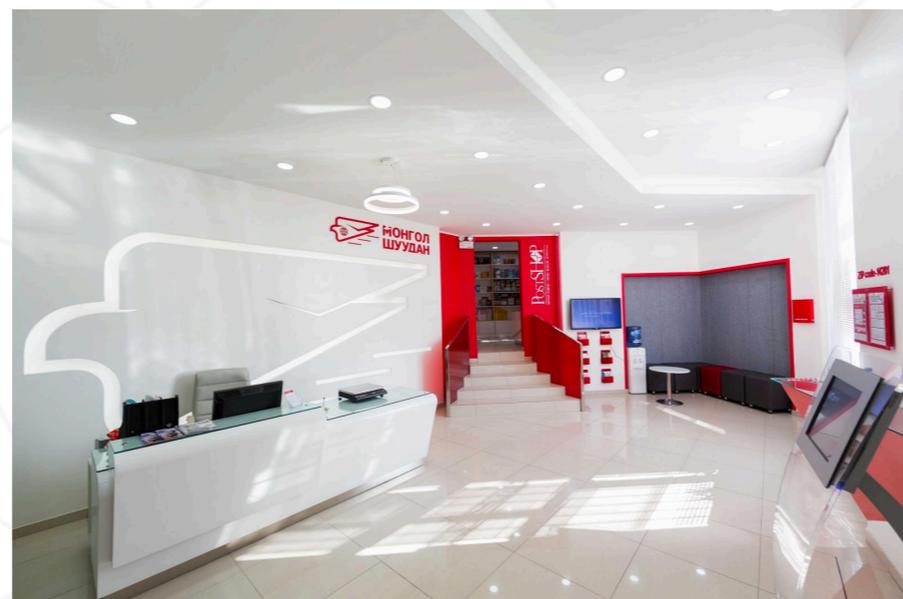
Mongol Post



Stronger. Together.

Mongol Post

- Shares were upgraded to the first trading board of the Mongolian Stock Exchange.
- Mongol Post shares rallied in October and reached a high of MNT854
- Company opened a brand new branch.



Stronger. Together.

Q3 Report

Ard Holdings stand-alone financials



Stronger. Together.

Balance sheet

<i>in MNT millions</i>	2016 Q4	2017 Q3	Change %
Cash and cash equivalents	166	111	-33
Inventories and receivables	3,760	818	-78
Other receivables	6,031	8,694	44
Prepaid expenses and prepayments	179	581	225
Property, plant and equipment	677	929	37
Investment held for sale	3,000	1,194	-60
Intangible assets	18	15	-17
Long-term investments	25,562	29,223	14
TOTAL ASSETS	39,392	41,564	6
Payables	668	465	-30
Interest bearing debts	841	2,497	197
Income tax payable	134	52	-61
Deferred tax	-	476	
Total Liability	1,644	3,491	112
Common shares	1,719	1,719	0
Paid-in-capital	9,929	9,929	0
Revaluation	9,236	10,048	9
Other capital accounts	14	14	0
Retained earnings	16,850	16,362	-3
Retained earnings	16,104	16,850	5
Net operating income	746	(488)	165
Total Shareholders Equity	37,749	38,073	1
TOTAL EQUITY AND LIABILITY	39,393	41,564	6

Q3 Report

Shareholders' structure



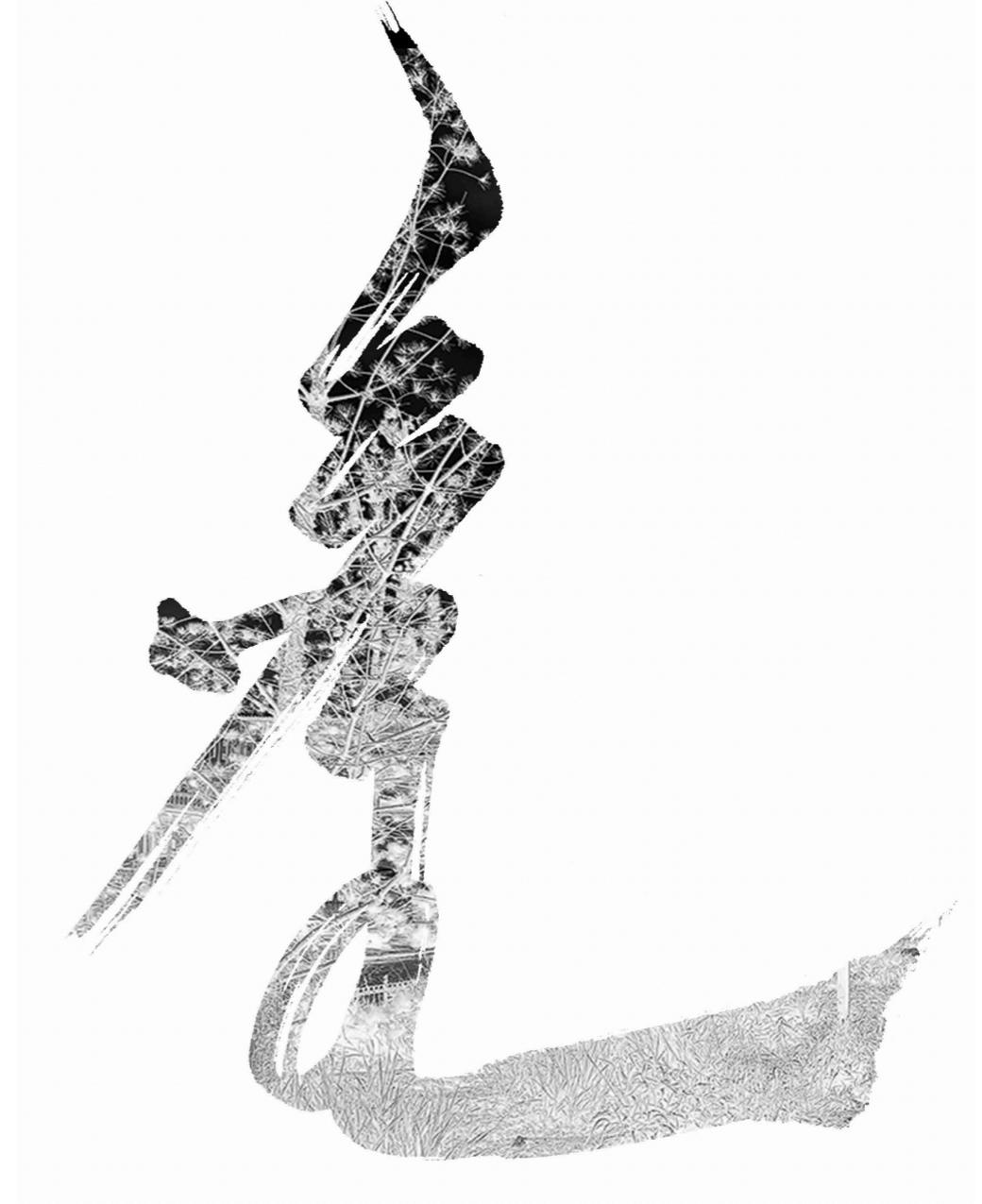
Stronger. Together.

Shareholders' structure

Shareholders	2017 Q2		2017 Q3	
	Shares	%	Shares	%
1 Bathishig Hishigdorj	1,689,415	10.7%	1,689,415	11.3%
2 Luna & Luna LLC	1,450,801	9.2%	1,333,154	8.9%
3 Bruno Raschle	1,317,337	8.4%	1,317,337	8.8%
4 VenturesOne BV	1,316,103	8.4%	1,316,103	8.8%
5 Ganhuyag Chuluun	1,145,400	7.3%	1,145,400	7.7%
6 Ard Securities LLC	931,975	5.9%	1,050,033	7.0%
7 Investor Nation	1,053,889	6.7%	1,021,823	6.8%
8 MAK LLC	873,000	5.5%	-	0.0%
9 Ard Life	507,475	3.2%	611,051	4.1%
10 Uyanga Galnyam	615,978	3.9%	597,047	4.0%
11 Altan Horomsog LLC	500,000	3.2%	471,400	3.2%
12 Gereltuya Sedbazar	452,000	2.9%	452,000	3.0%
13 Ronoc Limited	305,697	1.9%	305,697	2.0%
14 Soronzonbold Lhagvasuren	322,656	2.1%	272,656	1.8%
15 Zoljargal Myagmarsuren	248,945	1.6%	248,945	1.7%
16 Delgerjargal Bayanjargal	170,000	1.1%	170,000	1.1%
Total of 15 (16) shareholders	12,900,671	82.0%	12,002,061	80.2%
Other shareholders	2,833,985	18.0%	2,955,655	19.8%
Shares outstanding	15,734,656	100.0%	14,957,716	100.0%
Shares issued	17,194,364		17,194,364	
Non-voting shares	1,459,708		2,236,648	
Ard Life LLC	1,310,410		1,214,030	
Ard Securities LLC	-		873,000	
Ard Management LLC	149,298		149,618	

Q3 Report

Valuation



Stronger. Together.

Valuation

	2017 Q1	2017 Q2	2017 Q3	Ownership %	Valuation	Comment
Investments						
Mongol Post JSC	10,682	11,281	10,981	30.57	Market price (MSE listed)	Adding
Ard Insurance	7,689	7,689	8,711	93.30	Last transaction	Adding
Ard Credit	3,818	4,023	4,202	80.70	Last transaction	++ Upside
Ard Securities	2,126	2,126	2,126	100.00	Cash-flow	
Nomyn Hishig	1,780	1,780	1,780	20.00	Liquidation Value	
Other	859	1,598	1,616			
Short-term investments	8,855	7,926	7,520			
Total investments	35,808	36,423	36,935			
Fixed assets	724	1,048	964			
Cash	411	44	111			
Net receivable	-2,200	-1,028	-1,636			
Gain on disposal of assets			294			
Total other assets	-1,066	63	-267			
Total valuation	34,743	36,575	36,668			
Shares outstanding	14.90M	15.23M	14.96M			
Intrinsic value per share	2,332	2,401	2,451			
Book value per share	2,580	2,516	2,528			



**Thank you for your
attention**

Stronger. Together.