



Хөрөнгө  
Оруулагч Үйлдвэр

ХҮЧТЭЙ. ХАМТДАА.

ARD

Investor Nation

Stronger. Together.



ARD

Investor Nation

ХҮЧТЭЙ. ХАМТДАА.

Stronger Together

FOX

ARD

ARD FINANCIAL  
GROUP

2015 ANNUAL REPORT



***INVESTOR NATION***

## Contents

**04** Joint Statement by the Chair and CEO

**06** History

**08** Board of Directors

**10** Mission and Vision

**11** Guiding Principles

**12** Strengths

**14** Investment Portfolio

**15** Shareholding Structure

## Joint Statement of the Chair and CEO

### Dear Shareholders,

We are happy to present you with the financial and operating performance highlights of Ard Holdings for 2015. All achievements in this report are a product of close collaboration between management, Board of Directors and our shareholders. The Company navigated in a difficult operating environment characterized by a stagnating economy and challenging political situation of the preelection year.

We thank our shareholders for supporting us and helping us make several important decisions during our the annual shareholders meeting. Given the mandat by our shareholders the Board made timely and bold decisions based on the review of the management proposals. Sometimes we had to go back to the shareholders and ask for their opinion on the matters of strategic importance. We would like to express our sincere gratitude for your appreciation of our hard work in this fast changing and difficult operating environment.

Representative of VenturesOne Mr. Anthony Hobrow, joined the Board at the beginning of the year, and Mr. Bruno Raschle, founder of Adveq, accepted our invitation to serve as a director in August. The Board met four times in 2015, discussed reports and made resolutions. Corporate governance is continuously upgraded and standing committees of the Board, namely Risk Management, Finance and Investment Committee, Audit Committee, and Governance, Nomination and Compensation Committees became fully operational. We made a decision to sell the remaining 4.26 percent stake in TenGer Financial Group and use the proceeds to repurchase the shares from some of our large shareholders. Also we acquired 84.6 percent of Jinst Uvs, a publicly traded company at the Mongolian Stock Exchange. Ard Holdings itself changed its legal status to a closed joint stock company registered with the central depository.

When the government announced a privatization of 34 percent of Mongol Post we did not hesitate – we executed this deal with the overwhelming support of our shareholders. As a result of perfect execution of this deal we ended up with 17.4 percent of Mongol Post, 95 year old state monopoly. We invested MNT3.3 billion, which is currently valued at above MNT5 billion valuation on the stock market. The internal valuation of Ard Holdings shares increased from MNT2,024 to MNT2,176 at the end of the year. We continued to do our homework to become a publicly traded company diligently. The Board performed its duty to provide guidance and oversight of management superbly - we instituted authority limits for the CEO, reviewed the employee stock ownership program and approved the 5 year business plan, and a budget for 2016. As you will notice there were significant changes in the equity holders structure of the Company due to intense trading amongst our shareholders – a total of MNT7.5 billion worth of share trading was facilitated. UBIG and Apollo Ventures, two of our largest shareholders

were bought out and this had the most impact on our numbers.

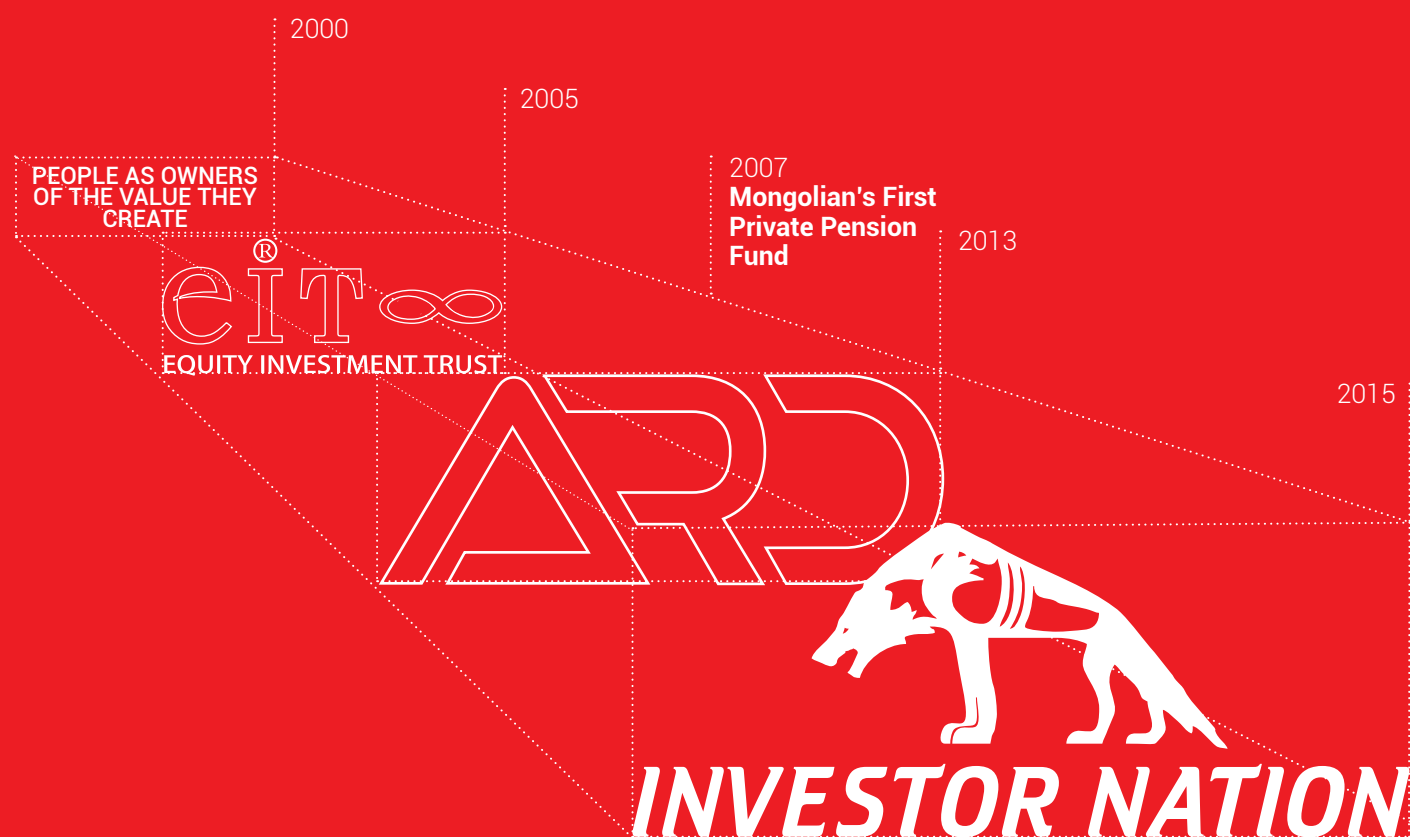
Our stockholders number was on the downward trend for the past ten years following the consolidation of the shares going down from over 700 to 300 shareholders by November of 2015. It reversed in December following Ganhuyag's Facebook crowdfunding initiative and we ended up with over shareholders at the end of year. Ard Management was finally licensed by FRC to conduct fund management operations at the beginning of 2016.

We are keenly aware of the need maintain the trust of investors who joined the Investor Nation initiative by the Company.

On behalf of the Board and management we thank you for entrusting us with managing your money. We will continue to work hard to protect the Company's value and grow its assets.

Oyungerel Janchiv  
and Ganhuyag Chuluun Hutagt





## History

**In 2000 the United Nations Development Program, and a US non-government organization Mercy Corps made a decision to donate MNT600 million to the employee investment trust fund of XacBank.**

Employees of XacBank exchanged their shares for the shares of XAC-GE, a parent company of XacBank, to unify their voice in the management of the Company.

XAC-GE then was then renamed TenGer Financial Group and expanded to become a group of companies that provide financial services.

Ard Financial Group was established at the initiative of XacBank's founder as "Employee Investment Trust" or EIT in September of 2005 and became the foundation of the first institutional investor in Mongolia.

EIT started with MNT1.2 million and 10 shareholders in 2005. By the end of 2015, the Company has MNT35.6 billion in assets and over 600 shareholders.

In 2013 we formulated our strategy and decided to operate under the Ard Financial Group name.

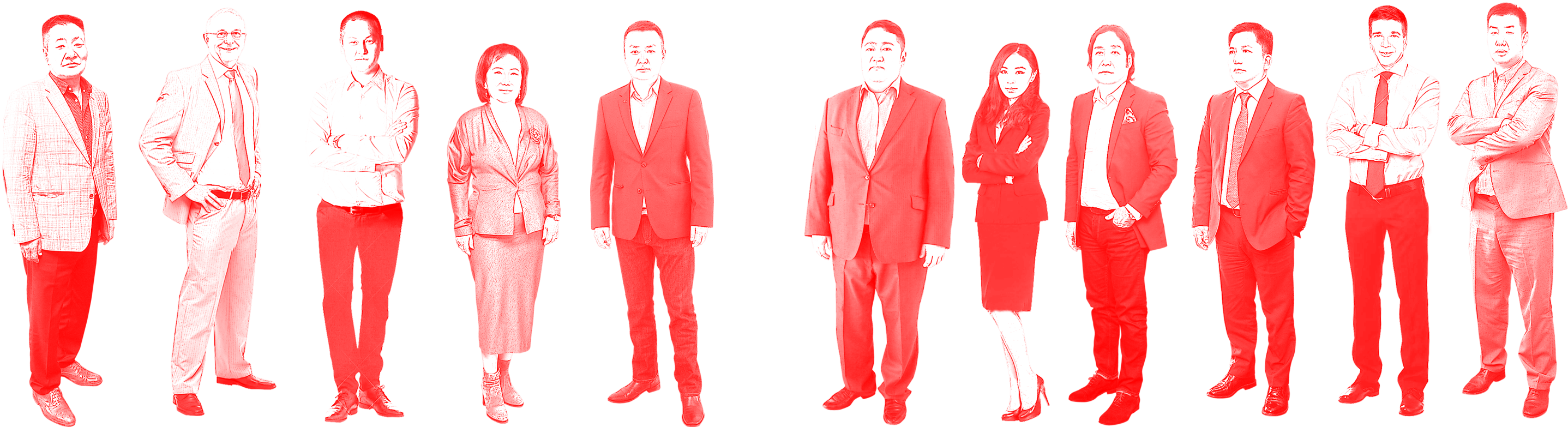
Following our new vision to build Ard Holdings we made investments in Ard Credit, Ard Insurance, consolidated operations of Ard Securities and established Ard Assets and Ard Management.

We believe that people should own the assets they help build. We believe that people should own their own banking systems. And as such Ard Financial Group tirelessly pursues a goal to trade publicly. We changed our legal status to a Closed Joint Stock Company by the end of 2015 in this quest.



Board of Directors

<b>NEMEHBAATAR</b> <b>Bayartogtoh</b> (Zag LLC) - Governance, Nomination and Remuneration Committee - <b>Number of shares:</b> 540,834	<b>BRUNO</b> <b>E.Raschle</b> (Adveq) - Governance, Nomination and Remuneration Committee - <b>Number of shares:</b> 461,016	<b>GANHUYAG</b> <b>Chuluun</b> (Ard Holdings) - Investment, Risk and Finance Committee - <b>Number of shares:</b> 1,290,000	<b>OYUNGEREL</b> <b>Janchiv</b> (Luna & Luna LLC) - Governance, Nomination and Remuneration Committee - <b>Number of shares:</b> 1,373,801	<b>TSOGBADRAH</b> <b>Galbadrah</b> (Independent) - Investment, Risk and Finance Committee, Audit Committee - <b>Number of shares:</b> 73,390	<b>BATBAYAR</b> <b>Purevjargal</b> (Independent) - Investment, Risk and Finance Committee - <b>Number of shares:</b> 9,000	<b>TSELMUUN</b> <b>Nyamtaishir</b> (MAK LLC) - Audit Committee - <b>Number of shares:</b> 873,000	<b>ODBAYAR</b> <b>Odonchimed</b> (Mon International LLC) - Audit Committee, Governance, Nomination and Remuneration Committee - <b>Number of shares:</b> 452,000	<b>SORONZONBOLD</b> <b>Lhagvasuren</b> (Independent) - Audit Committee - <b>Number of shares:</b> 405,210	<b>ANTHONY</b> <b>Hobrow</b> (VenturesOne) - Investment, Risk and Finance Committee - <b>Number of shares:</b> 1,304,043	<b>BAYARJARGAL</b> <b>Vandantseren</b> (Intergroup International) - Investment, Risk and Finance Committee - <b>Number of shares:</b> 1,871,276
--	---	--	---	--	--	--	--	--	---	---



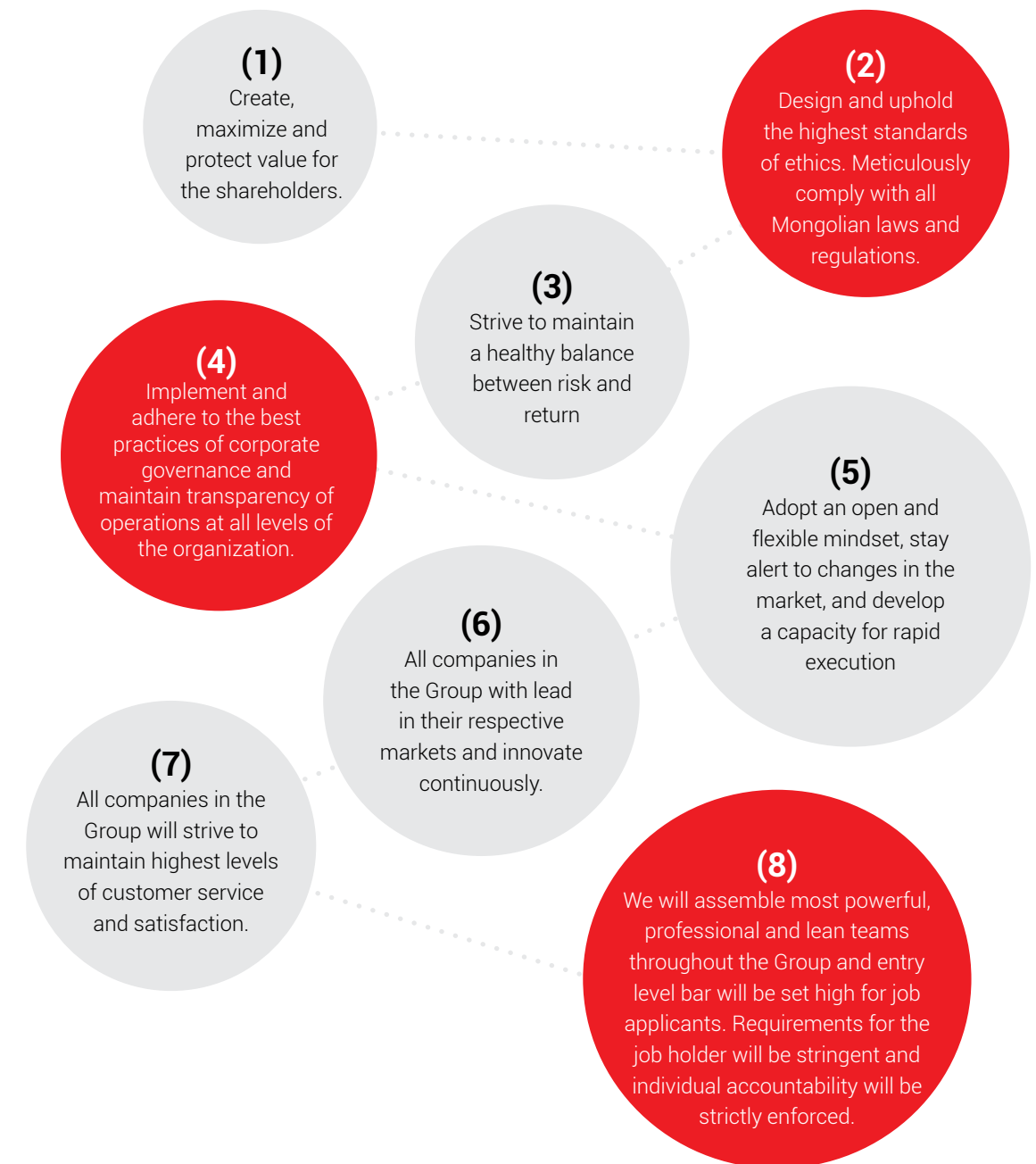
## Mission

Optimize investment returns by maintaining a balanced view on profits and risks.

## Vision

We will strive to become the strongest financial services group of the Nation delivering superior value to our Investors.

## Guiding Principles



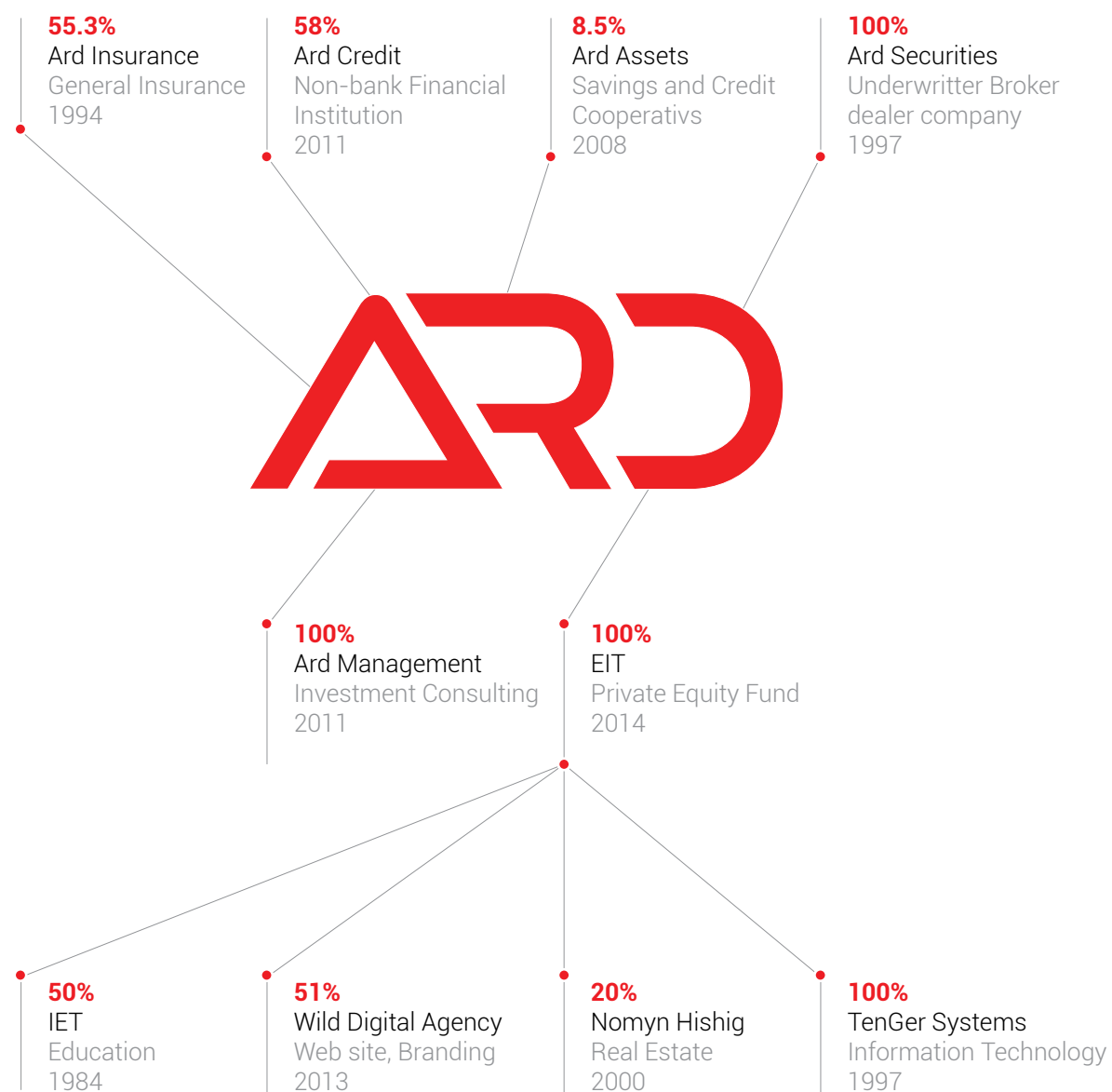


## Strengths

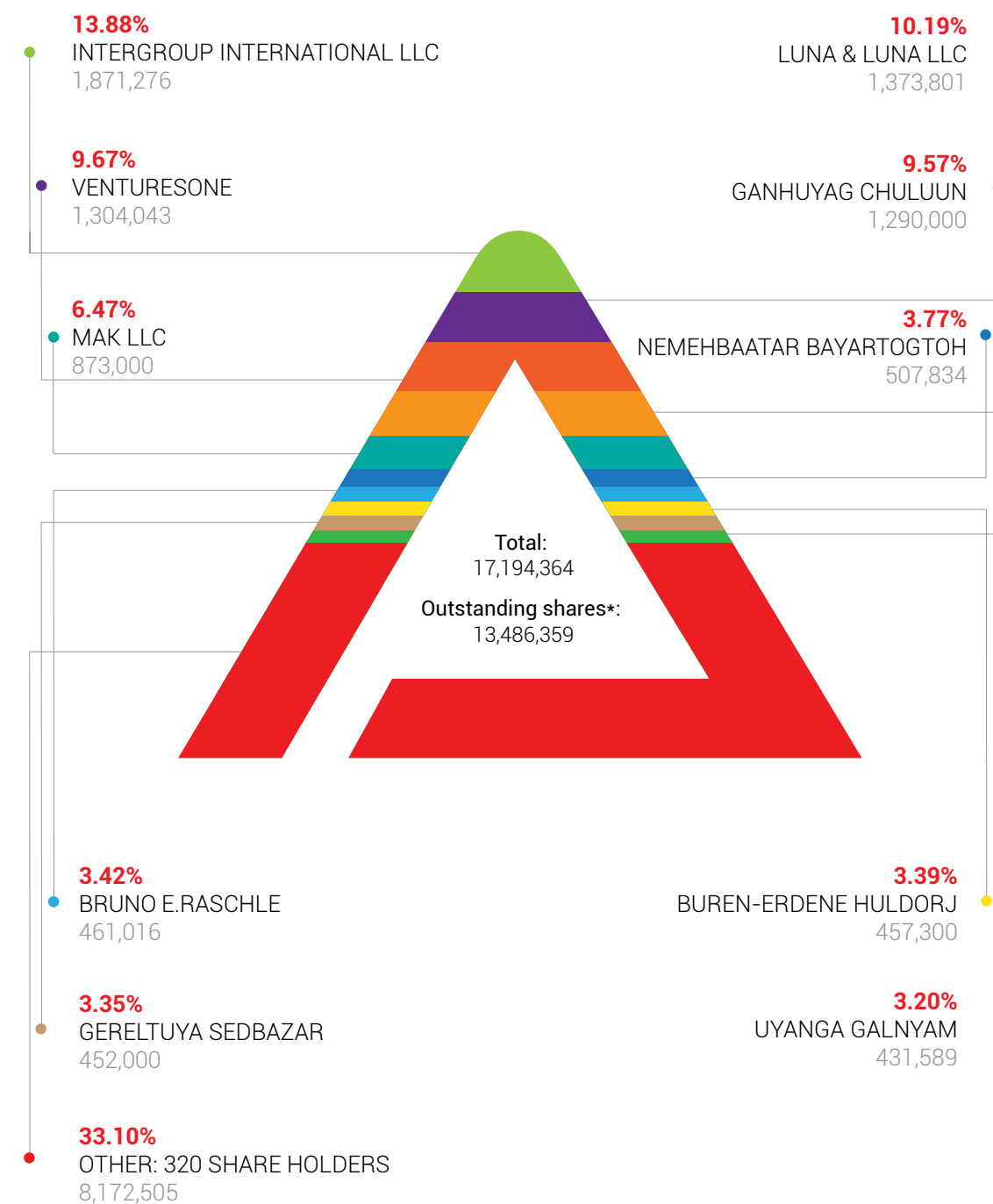




## Investment Portfolio



## Shareholding Structure



\*Ard Securities owns 3,708,005 shares of Ard Financial Group which do not have voting rights.



📍 Ard Holdings Building, 2nd floor,  
Amar's street, Suhbaatar district,  
Ulaanbaatar Mongolia 14200

☎ + (976) 7707 8080  
☎ + (976) 7707 8080  
✉ [info@ardholdings.com](mailto:info@ardholdings.com)  
🌐 [www.ardholdings.com](http://www.ardholdings.com)