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2022

ANNUAL REPORT



MESSAGE FROM THE CEO



Mongolia's economy grown by 4.7% in 2022. Inflation rose to 13.2% due to the impact of the Bank of Mongolia's strict monetary policy, even foreign trade made a surplus of 3.8 billion US dollars. The exchange rate of US dollar increased by 22.14% from last year and reached MNT 3431.29.

The negative effects of the Covid-19 epidemic and the tension between Russia and Ukraine have increased the pressure of exchange rate depreciation and inflation through the increase of fuel and food prices on the world market, transportation and logistics bottlenecks, reduction of coal export income, balance of payments difficulties.

Despite The Bank of Mongolia's prime rate increased by 7% and reached 13%, the inflation rate was hypertized to 13.2 percent. MNT was depreciated against USD by 21% and reached 3444 tugrug.

During the reporting year, our total assets increased by 4 percent to 20.6 billion, total loans decreased by 8 percent to 11.3 billion, non-performing loans decreased by 20 percent to 185.1 million, and net profit increased by 123% to 223.8 million. MIK TOSC LLC pledged a certain part of the loan portfolio and collected resources of 2.4 billion MNT to provide additional financing to our customers.

Finally, I would like to thank our shareholders, partners, customers, trust holders and our staff for the confidence and hard work and loyalty.

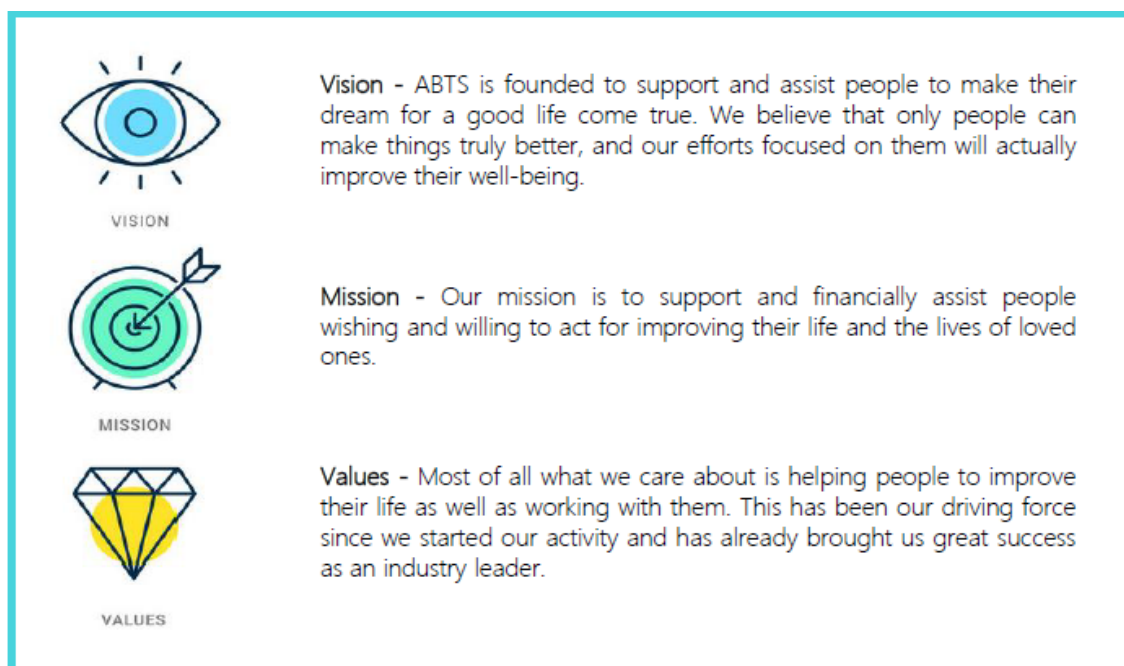
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ABOUT THE “ABTS” NBFI

ABTS NBFI was established on 4 October 2001 as one of the pioneer micro finance institutions in Mongolia. ABTS NBFI makes its contribution into the Mongolia's socio-economic development through its financial support aimed at employment generation and improvement of sustainable livelihood. ABTS NBFI's micro finance services, directed at individuals and entities that have limited access to banks services, deepen the financial intermediation in our country. We strive to be the "right partner" for our customers, continuously improving our financial products and services in line with their rising demand and various needs.

ABTS NBFI will work to achieve its goals and implement initiatives aimed at prosperity of people and sustainable development of SMEs through enabling access to financial support. We will keep pace with the developments in the financial sector introducing new products and services, international standards and the best practices. We will continue to increase the transparency and adopt corporate governance



The main goal of our activity is to provide financial assistance to everyone who has a specific goal, who has a sincere desire to achieve that goal, and is willing to work hard.

"ABTS NBFI" LLC total assets increased 224 times, total loans increased 171 times, and equity increased 142.5 times in 2020 compared to the end of 2001 when it was established.

Today, ABTS NBFI has become a well-known and reliable financial intermediary. Our skilled staff, proper management, support of shareholders, efforts and hard work of our team with common interests and specific goals are the basis of this success and we are confident that it will lead to further success.

MONGOLIAN ECONOMY TODAY

By the end of 2022, the gross domestic product has reached 53.5 trillion MNT, an increase of 4.7 percent from last year. At the end of the year, export exceeded import by 3,836.0 million US dollars, export trade reached 12.5 billion US dollars, an increase of 35.7 percent or 3.3 billion US dollars from the last year, and import reached 8.7 billion US dollars, an increase of 27.2 percent or 1.8 billion US dollars. Also foreign trade surplus increased by 60.1 percent.

Despite The Bank of Mongolia's prime rate increased by 7% and reached 13%, the inflation rate was hypertized to 13.2 percent. MNT was depreciated against USD by 21% and reached 3444 tugrug.

Moody's International Agency has classified Mongolia as B3 (stable), while S&P has also classified it as B (stable).

Mongolia's economy grew by 4.7 percent in 2022, and it is expected to grow by 5.2 percent in 2023 as the mining industry's production and exports supposed to expand, and the service sector will continue to recover after the pandemic.

MACROECONOMIC INDICATORS

Chart 1. Economic growth (by percent)

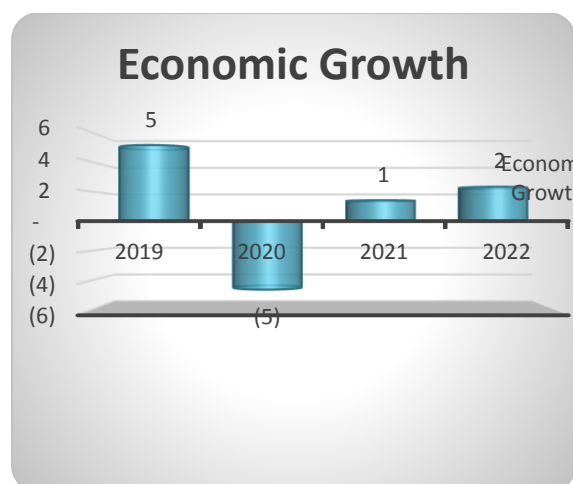


Chart 2. Gross domestic product (by billion Tugrug)

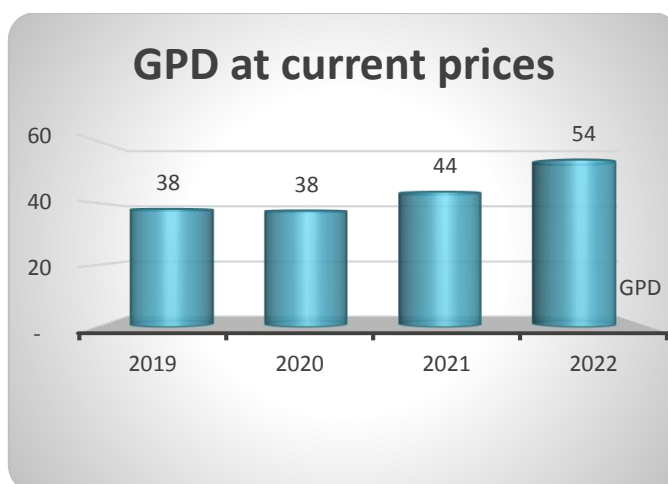
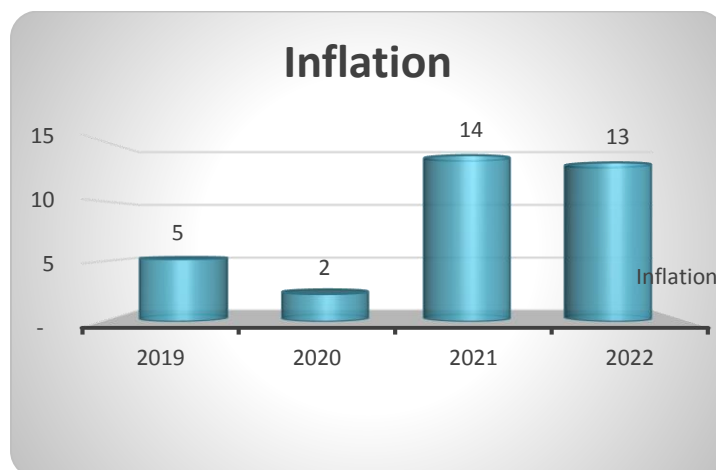


Chart 3. Inflation (by percent)



Main indicators of NBFIs

	2020	2020	2022
<i>NBFIs</i>			
Number	532	534	513
Total Assets	2,006.9	2709.9	3,527
Loans	1,327	2,012.2	2,722.6
NPL	136.4	140.2	207
NPL/Total loans %	10.3%	6.96%	7.6%

/by billion MNT/

Source: FRC

PERFORMANCE

Since the end of the last year, our total assets have increased by 4% and equity by 4%. A non-performing loans declined by 20% in 2022 that indicates a gradual recovery from the effects of the covid-19 pandemic.

Currently, ABTS NBFI has a total asset of 20.6 billion of MNT and total loan 11.3 billion of MNT. The non-performing loans is 185 million MNT.

Chart 5. Total assets (blue) and loans (pink million MNT)

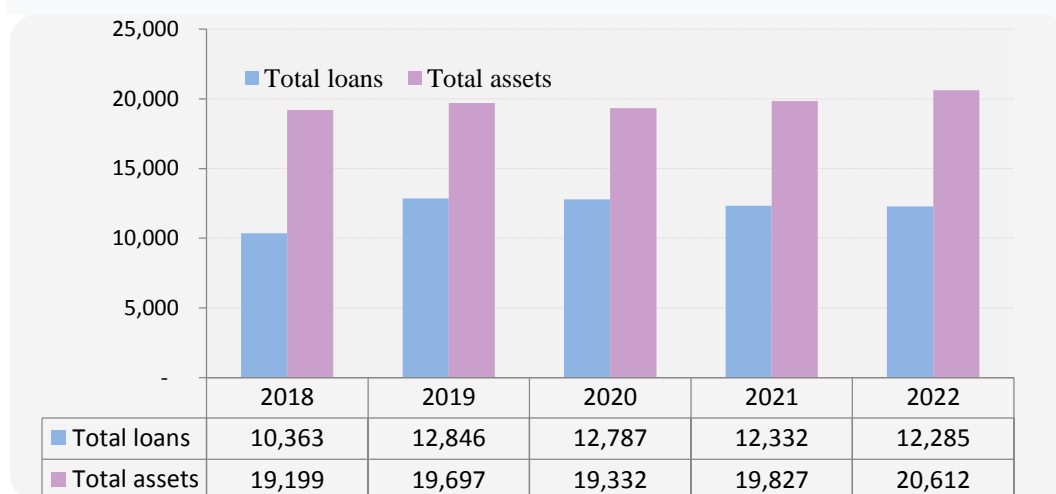
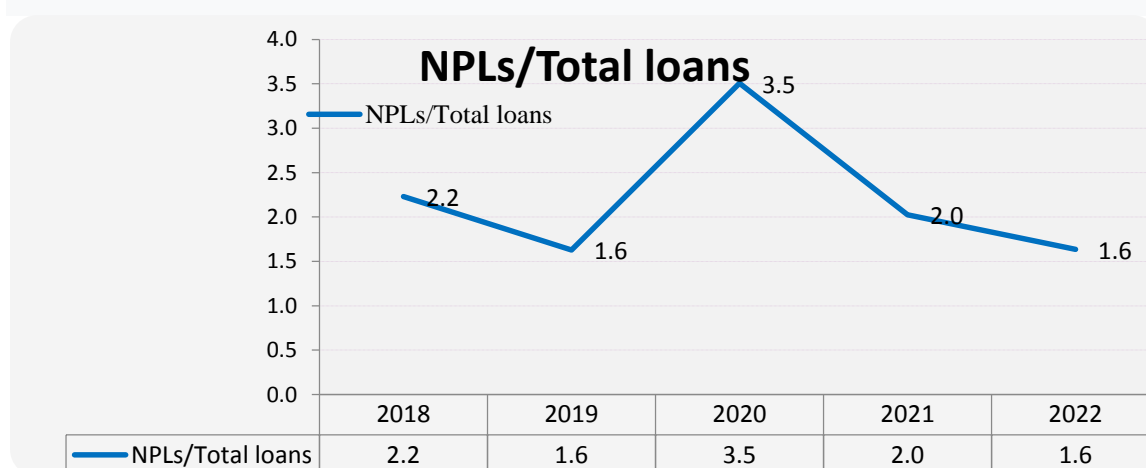


Chart 5. Ratio of non-performing loans to total loans



The capital adequacy ratio of our organization will be 27.6 percent as of 2021 and the ratio of equity capital to total assets determined by the Financial Regulatory Commission will be at least 20 percent.

Chart 6. Total assets (orange) and equity (blue million MNT)

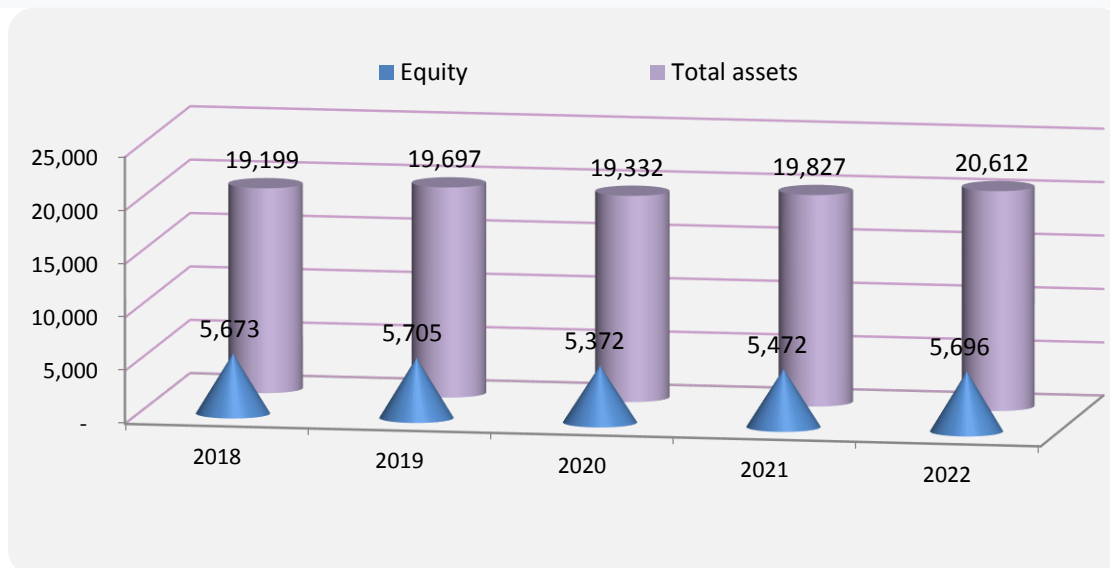


Chart 7. Borrowers type

Chart 7.1 Group of borrowers by type

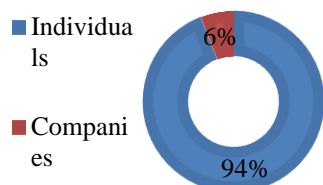


Chart 7.2: Group of borrowers by age

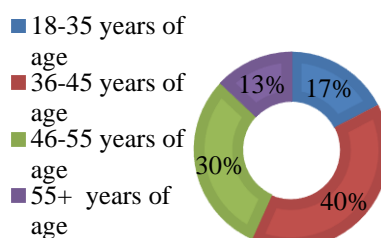
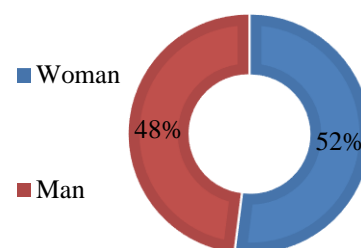


Chart 7.3: Group of borrowers by sex



LOAN PRODUCT AND SERVICES

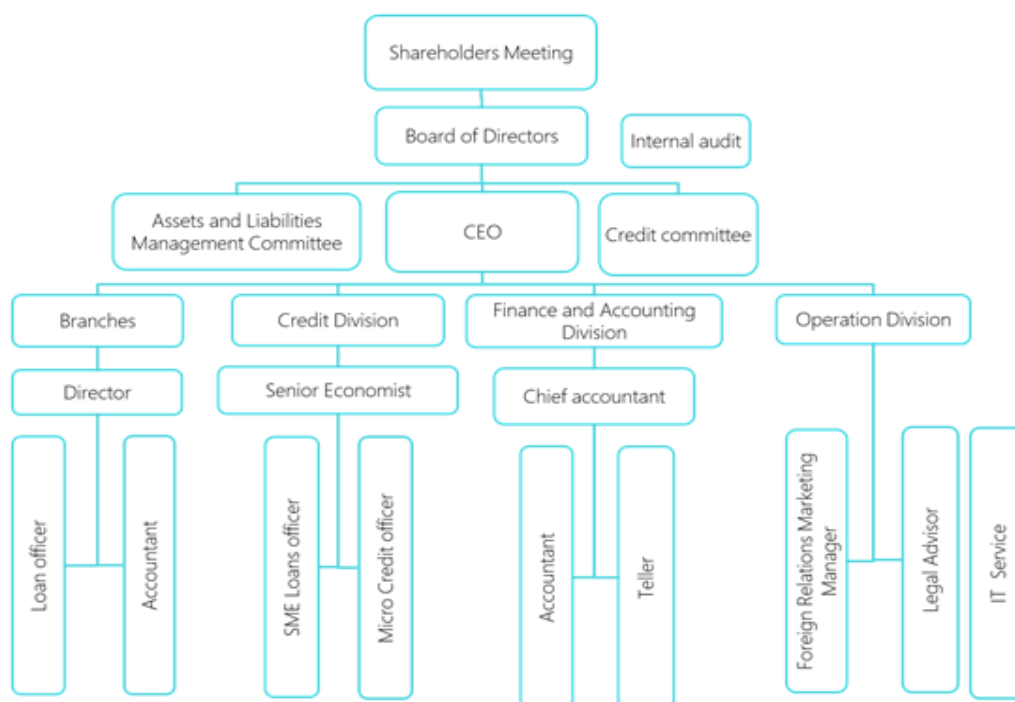
"ABTS NBFi" LLC currently provides business loans, consumer loans, housing loans, loans for buying and repairing houses, salary loans, etc., a total of 22 types of loan products and services for citizens, enterprises. It's recommended, depending on the characteristics of the loan product and its term, the monthly loan interest varies between 0.7% and 3.0%.

Types of Loans:

- Real estate loans (in local currency and foreign currency)
- Agricultural loans
- Transportation and logistics loans
- Trade loans
- Small-scale industry loans
- Mortgage loans
- Housing improvement loans
- small business line of credit (in local currency and foreign currency)
- Operational loans
- Consumer loans

STRUCTURE AND ORGANIZATION OF “ABTS NBFI” LLC

Organizational structure



IMPLEMENTED PROJECTS AND PROGRAMS



We have successfully implemented and currently implementing various projects targeted at vulnerable households, individuals, and SMEs. Particularly, ABTS NBFI has implemented Project on Supporting Households in Remote Rural Areas through its branch in Umnugovi province, Project on Improving Living Conditions in Ger Residential Area, Project on Supplying Enhanced Stoves to reduce air pollution, and Employment Generation Project. Presently, we continue implementation of Micro Finance Development Project (Sustainable Livelihood II Project).

"Sustainable livelihood" project,
Microfinance Development Fund
project. Our organization has granted 351 loans worth MNT 3.5 billion to the poor and low-income people of Chingeltei, Bayanzurkh, Sukhbaatar,

Khan-Uul, and Songinokhairkhan districts as part of the "Sustainable Livelihood" project implemented by the Government of Mongolia and the World Bank and the Microfinance Development Fund project. 1.7 billion MNT loans are allocated to citizens. As a result, 593 people benefited directly and 693 people benefited indirectly.

Project Schultz Global Mongolia. In April of 2014, funding of USD 2 million was acquired with the purpose of supporting SMEs and employment generation. As of year-end 2016, the acquired funding positively impacted our financials and loan portfolio. For instance, we provided loans of total MNT 21.4 billion to 681 customers (duplicated number of borrowers) resulting in the growth

of our loan portfolio by 2.2 times. As a result of the project, 300 jobs were created in the labor market and the acquired funding was fully repaid in February of 2016.

"Business Partners Company" We are expanding the scope of our business and continue to have a positive impact on the society, economy, work and life of our people. Collected loan resources from the Japan's "Business Partners company" in 2016, and granted 22.2 billion MNT loan financing to 637 customers in duplicate within the framework of this financing. More than 200 new jobs have been created and the standard of living of households has improved as a result of the project. Our company has been cooperating with citizens and enterprises that have taken loans and expanded their personal and business activities with this loan financing of the project until now.

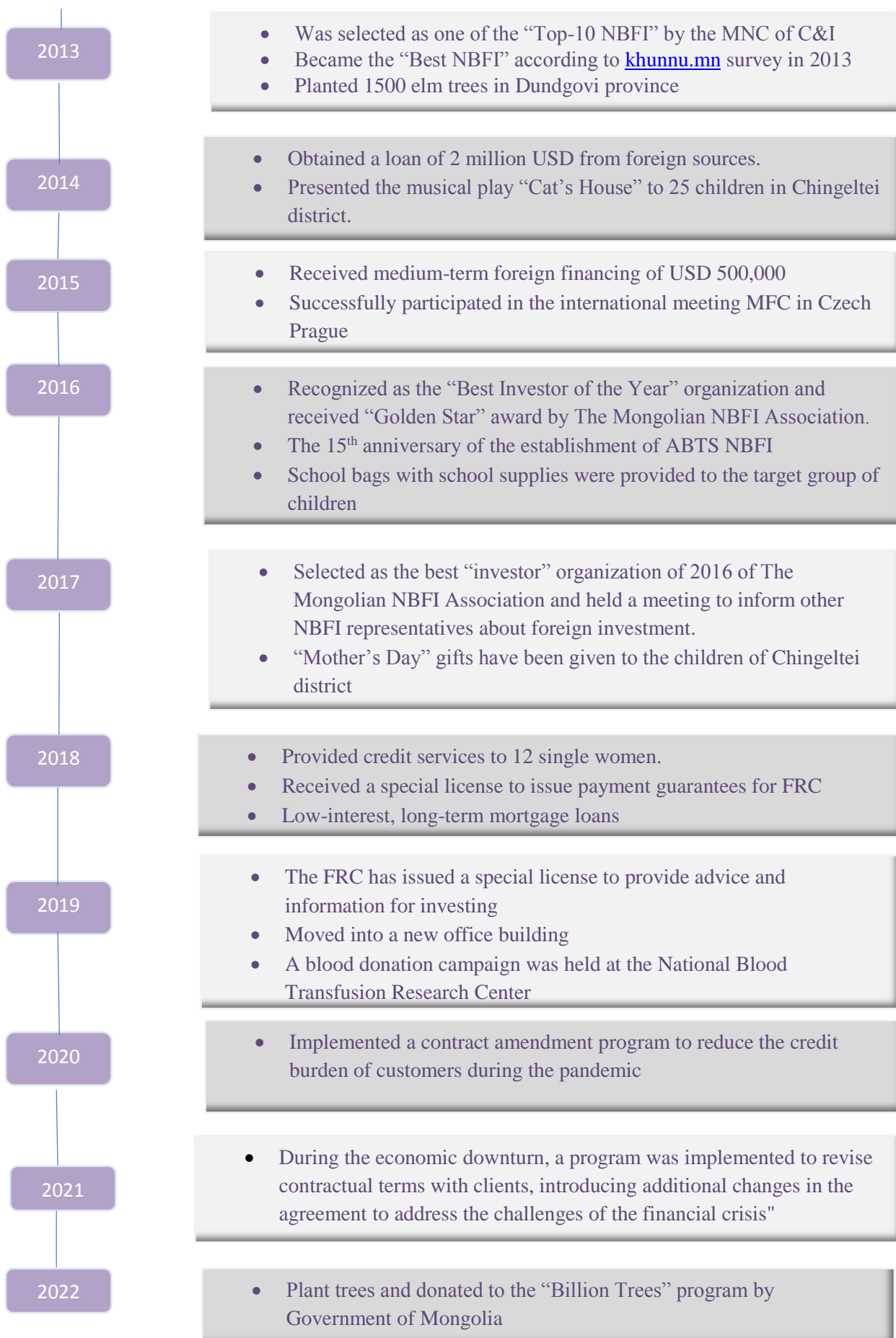
Project on Supporting Households in Remote Rural Areas. ABTS NBFI implemented the Project on Supporting Households in Remote Area through its branch in Dalanzadgad Soum, Umnugovi province in 2003-2004. ABTS NBFI achieved the project objectives, providing micro finance service to low income households in remote rural areas and enhancing their access to financial services. We granted 210 loans of MNT 128.6 million in total. Loans to residents in remote areas accounted to MNT 33.3 million, poor and low income individuals MNT 117 million and herders MNT 37.3 million, respectively.

Project on Improving Living Conditions in Ger Residential Area (JFPR MON-9015). The Government of Mongolia in collaboration with the Asian Development Bank implemented the Project on Improving Living Conditions in Ger Residential Area during 4.5 years starting September 2005. ABTS NBFI granted 3-year loans up to MNT 1 million to residents in Bayanzurkh District of Ulaanbaatar city. The loans with monthly interest rate of 0.5 percent were provided to households in order to support them in construction, repair and extension of their homes. About 155 individuals benefited from the project support of MNT 145 million, of which 13 persons purchased ger, 57 built premises, and 85 repaired or extended the living spaces.

Project on Supplying Enhanced Stoves. The World Bank provided financing for renovation of TT-03 stoves, used within the framework of the Asian Development Bank project to reduce the air pollution in Ulaanbaatar city and rationalize use of fuel for heating purposes. ABTS NBFI took part in distribution of these renovated stoves to households in ger area through providing financial intermediary services.

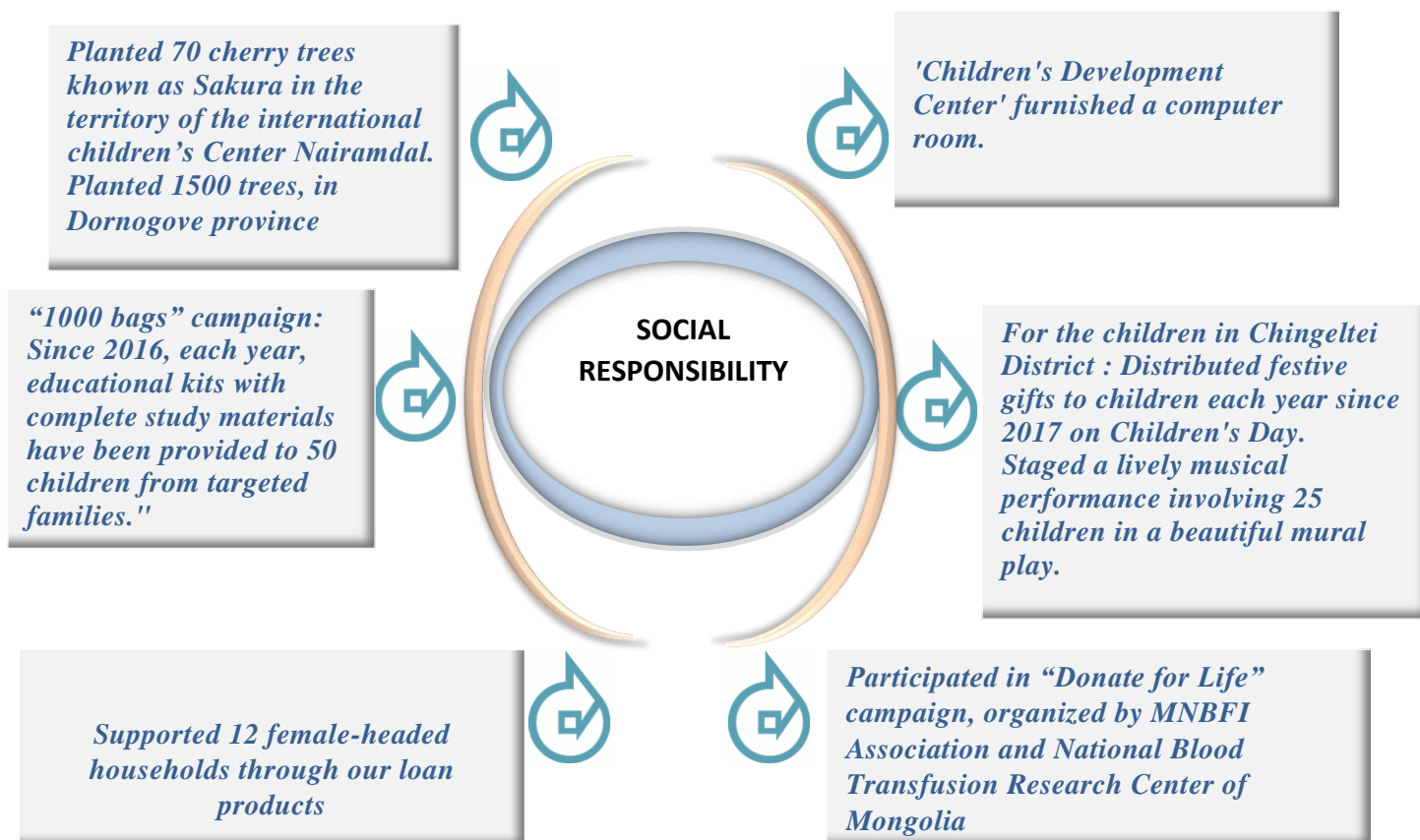
HISTORICAL BUREAU

2001	<ul style="list-style-type: none"> Obtained loan service license and was registered as the 25th non-bank financial institution in Mongolia.
2002	<ul style="list-style-type: none"> Implemented job increase project of the Ministry of Labor and Social Protection of Mongolia Received the permission to trade foreign currency
2003	<ul style="list-style-type: none"> Opened 1st branch in Bayandelger sum of Sukhbaatar province Opened 2nd branch in Dalanzadgad, Umnugobi province Implemented “Household livelihood program” of the Government
2004	<ul style="list-style-type: none"> Awarded as the “Best Non-Banking Financial Institution Supporting Private Entrepreneurs” in Chingeltei district.
2005	<ul style="list-style-type: none"> Project to reduce poverty “Financial Well” the government of Japan Implemented the project to improve the conditions of GER district by Asian Development Bank
2006	<ul style="list-style-type: none"> Implemented job increase project of the Ministry of Labor and Social Protection of Mongolia Financial Accounting “SPINEL” program was introduced
2007	<ul style="list-style-type: none"> Implemented the JFPR MON-9015 home stove project by World bank Received the title of “leading organization supporting social development” Received permission to provide financial leasing and trust services.
2008	<ul style="list-style-type: none"> Job increase project of the Ministry of Labor and Social Security
2009	<ul style="list-style-type: none"> Was selected as one of the “Top-10 NBFI” by the MNC of C&I
2010	<ul style="list-style-type: none"> Was selected as one of the “Top-10 NBFI” by the MNC of C&I Became a “Platinum” member of the MNC of C&I Participated in the meeting of MFC in Astana, Kazakhstan Scholarship were awarded to 4 students of the Zohiomj University 70 sakura groves were planted in the International Friendship Camp
2011	<ul style="list-style-type: none"> Was selected as one of the “Top-10 NBFI” by the MNC of C&I Received funding from Japan and became a foreign-invested company The project was implemented of the microfinance development fund
2012	<ul style="list-style-type: none"> Was selected as one of the “Top-10 NBFI” by the MNC of C&I Participated in the meeting Tbilisi Microfinance Institution, Georgia Honored as the “Outstanding Organization” of the Mongolian NBF sector by the Mongolian NBFI association in 2012



SOCIAL RESPONSIBILITY

ABTS NBFi has been working to finance social welfare as its main responsibility since its establishment and example: participated in the implementation of the project to restore the melted grove in Dornogovi province, planted 1,500 trees in cooperation with Ikh Ust Tuul NGO and grove with 70 Sakura trees brought from Japan at the International Friendship Camp. Scholarships for annual tuition fees were awarded to 4 students of Zohiomj University. A postcard and greeting photo competition on the theme "My Imagined Mongolian Future" was organized among secondary school students in cooperation with the Mongolian Art Gallery. Participated in the "Smart Youth Future of Mongolia" donation campaign supported the furnishing of a computer room in order to create an environment for the education and self-development of orphans and semi-orphans, organized by the Mongolian NBFi Association and the "Living Skills Center for Children" NGO. As part of the 1,000 bags campaign, complete school supplies and Mother's Day gifts to the target group of Chingeltei district children continue to be provided every year as a traditional event.



OUR ACHIEVMENT

The Government of Mongolia, MNC "TOP-10 NBFCs" 2009-2013. Association of non-banking financial institutions of Mongolia "2012 outstanding institution of the sector". 2013 "The best non-banking financial institution of the year" according to public polls. In 2016, the Association of Non-Banking Financial Institutions of Mongolia honored it as the "Best Investor of the Year" and received the Golden Star Award.



GOALS

Our future goal is to support women entrepreneurs working in different sectors of the economy and to expand our activities by implementing green loan programs that have a positive impact on the environment, including green groves and eco-car loan programs and working with future plans.

“ABTS NBFI” LLC

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Phone: 11-318-133

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Web site: www.abts.mn



“NIISLEL AUDIT” LLC

Certified audit, appraisal and accounting consultancy company

Date: ... 01.03.2023

INDEPENDENT AUDITOR'S REPORT

TO SHAREHOLDERS OF “ABTS NBFI” LLC

Unqualified opinion

We have audited the financial statements of “ABTS NBFI” LLC, which comprise the statement of financial position as at December 31, 2022, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements express true and fair view in all material aspects the financial position as at December 31, 2022 of “ABTS NBFI” LLC, and financial performance and cash flows for the year then ended in compliance with International Financial Reporting Standards and in accordance with resolutions, ordinances and guidance approved by the Financial Regulatory Commission.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance of these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the audit of the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

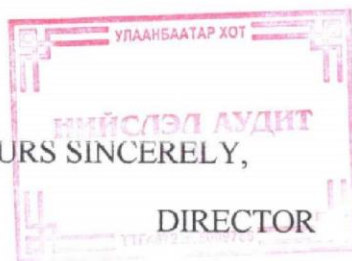
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users.

YOURS SINCERELY,



DIRECTOR

Niislel audit LLC

SUGARSUREN.T

AUDITED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

(in thousand MNT)

INDICATORS	31-Dec-21	31-Dec-22
A. Assets		
Cash and cash equivalents	550,627.0	507,705.9
Loans /net/	12,209,864.8	11,270,336.3
Accrued interest	5,479,259.9	6,420,793.9
Other receipts	12,494.9	12,046.9
Other assets	143,689.7	979,353.0
Total Current assets	18,395,936.3	19,190,236.1
B. Non-current assets		
Fixed assets	1,428,283.2	1,419,714.1
Buildings	1,476,975.7	1,508,675.7
Accumulated depreciation	-60,270.1	-97,778.9
Furniture and fixtures	20,006.5	20,006.5
Accumulated depreciation	-13,844.3	-158,241.2
Technical facilities	19,685.7	19,685.7
Accumulated depreciation	-14,270.3	-15,633.7
Unfinished goods		
Intangible assets	2,846.8	2,381.6
Total Non-current assets	1,431,130.0	1,422,095.7
TOTAL ASSETS	19,827,066.3	20,612,331.8
Short-term liabilities		
Bank short-term loans	1,350,000.0	1,050,000.0
Trust service payables	4,373,993.4	4,055,981.3
Interest accruals	349,213.1	312,458.8
Income tax payables	536.2	536.2
Dividends payable		
Other	531,244.4	604,973.2
Total Short-term liabilities	6,604,987.2	6,023,413.3
Long-term liabilities		
Project financing	7,749,750.0	8,892,743.8
Total Long-term liabilities	7,749,750.0	8,892,743.8
Total liabilities	14,354,737.2	14,916,157.1
Equity		
Share capital	4,689,480.0	4,689,480.0
Additional paid-in capital	679,074.0	679,074.0
Retained earnings/loss	103,417.0	327,620.7
Benefice	358.0	358.0
Total Owner's Equity	5,472,329.1	5,696,174.7
TOTAL LIABILITIES AND EQUITY	19,827,066.3	20,612,331.8

The accompanying notes are an integral part of the financial statements

AUDITED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2022

(in thousand
MNT)

INDICATORS	31-Dec-21	31-Dec-22
Interest income	1,741,494.20	1,635,648.50
Interest expense	1,194,027.10	1,258,406.50
Net interest income	547,467.20	377,242.00
Foreign exchange net income	18,186.30	12,110.10
Currency exchange and retranslation income	82,756.80	989,451.20
Service Fee premium revenue	199,501.40	28,033.10
Total non-interest income	300,444.50	1,029,594.40
Net operating income	847,911.70	1,406,836.40
Difference in currency exchange and retranslation	100,575.70	273,152.10
Operating expenses	940,715.60	962,469.70
Total Operating expenses	1,041,291.30	1,235,621.80
Profit/Loss before loan provisions	-193,379.60	171,214.60
Contingent risk expense	0	0
Operating Profit/Loss	-193,379.50	171,214.60
Non-operating income	295,458.40	57,861.70
Income from off-balance sheet accounts	0	3,777.70
Other income		54,084.00
Non-operating expenses	1,500.00	5,230.70
Non-operational profit (loss)	293,957.40	52,631.00
Net profit (loss) before tax	100,578.90	223,845.60
Income tax		
Net profit (loss) for reporting period	100,578.90	223,845.60

The accompanying notes are an integral part of the financial statements.

AUDITED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended December 31, 2022

(in thousand
MNT)

INDICATORS	Share capital	Paid-in capital	Retained earnings	Total amount
Balance as at January 01, 2021	4,689,480.0	679,074.0	3,941.1	5,372,495.1
Changes in accounting policies				
Adjusted balance	4,689,480.0	679,074.0	3,941.1	5,372,495.1
Revaluation reserve				
Investment revaluation reserves				
Unrecognized loss/profit in income statement				
Net profit for the reporting period			-745.0	-745.0
Dividends			100,578.9	100,578.9
Share capital				
Balance as at December 31, 2021	4,689,480.0	679,074.0	103,775.1	5,472,329.1
Changes in accounting policies				
Adjusted balance	4,689,480.0	679,074.0	103,775.1	5,472,329.1
Revaluation reserve				
Investment revaluation reserves				
Unrecognized loss/profit in income statement				
Net profit for the reporting period				
Dividends			223,845.6	223,845.6
Share capital				
Balance as at December 31, 2022	4,689,480.0	679,074.0	327,620.7	5,696,174.7

The accompanying notes are an integral part of the financial statements

AUDITED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

(in thousand MNT)

Row No	INDICATORS	31-Dec-21	31-Dec-22
1	Cash flows from operating activities	(139,747.1)	-99,192.1
1.1	Cash inflows from operating activities (+)	6,838,825.9	6,077,291.8
	Loan interest income	1,473,478.2	643,044.7
	Deposits interest income	322.8	0.00
	Commission and fees income	2,104.6	4,074.7
	Savings interest income at Bank	764.4	7,258.8
	Foreign currency exchange income	14,024.2	193.0
	Proceeds from trust services	1,349,210.4	376,291.6
	foreign exchange rate difference	0.00	29,153.6
	Other cash inflows	3,998,921.3	5,017,275.4
1.2	Cash outflows from operating activities (-)	6,978,573.0	6,176,483.9
	Payments to employees	106,917.9	101,556.1
	Payment of social insurance benefits		
	Payment to Social Insurance	28,198.0	29,031.3
	Payment to Issued loans	4,939.4	20,724.1
	Payment for utilities	4,026.2	6,496.8
	Payment for fuel, transportation, and spare parts	3,998.4	4,886.9
	Payment of interest on borrowed funds	1,068,614.3	1,138,263.3
	Trust service payments/interest expenses	1,176,974.6	1,916,163.7
	Tax paid	102,324.3	156,290.1
	Dividends paid	0	
	Paid for the suppliers	3,493,514.8	2,231,191.5
	Other cash payments	989,065.1	565,383.3
2	Cash flows from non-operating activities	212,073.3	56,271.1
2.1	Cash inflows from non-operating activities	213,573.3	57,861.7
	Penalties, fines		
	Income from sale of fixed assets		
	Other	213,573.3	57,861.7
2.2	Cash outflows from non-operating activities	1,500.0	1,590.7
	Celebration expense	0	
	Other	1,500.0	1,590.7
	The cost of fines	0	
3	NET CASH FLOWS	72,326.2	-42,921.1
4.1	Cash and cash equivalents at the beginning of the year	478,300.8	550,627.0
4.2	Cash and cash equivalents at the end of the year	550,627.0	507,705.9

The accompanying notes are an integral part of the financial statements.