



# LOAN BUNDLE #2 PROSPECTUS

Debt instrument backed by NBFIL Loan portfolio

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# 1 | Macroeconomic situation

The conflict between Ukraine and Russia has disrupted world supply and trade flows, which contributes to a significant slowdown in global growth this year. Its effect is even more significant since the world is still recovering at a slow pace from the Pandemic crisis. The world economy feels the blow from conflicts between Russia and Ukraine through commodity markets, global trade and financial channels. It is slowing down economies, but the real danger is that the war is leading to higher inflation since fuel and food prices have increased rapidly, leading to a rare economic situation called “Stagflation”.

Stagflation is when a slow economy is combined with elevated inflation. When this happens, central banks need to make a difficult decision between boosting the economy, or lowering inflation.

The most common action against inflation is to raise interest rates, which makes borrowing more expensive, and as a result it decreases people’s demand to spend money and lowers prices. Therefore, it slows down economic activities and may lead to higher unemployment, but not enough to cause recession. However, It is a significant problem now because the global economy is already contracted enough due to years of long lockdowns and restrictions due to the pandemic.



The effects are especially prominent in mid- to low-income countries like Mongolia. For instance,

- Mongolian GDP growth was 1.9% in the 2nd quarter of 2022, compared to 6.3% in the 2nd quarter of 2021.
- By the end of August, the Consumer price index (inflation rate) in Mongolia increased by 14.4% over the same period last year.
- On average, 1 USD was equal to 3,257 MNT in September 2022, compared to 2,848 MNT a year ago. This means that MNT depreciated against USD by about 14% in one year. Recent months' depreciation rate is even higher than the monthly or yearly average.
- Mongol bank just raised the policy rate, which they lowered to 6% last year amidst the pandemic, to 12% to fight against the high level of inflation.

These unfavorable economic situations and unstable, tightening policies create uncertainty and consumers' appetite to spend cash, which in turn contracts the economy even more.

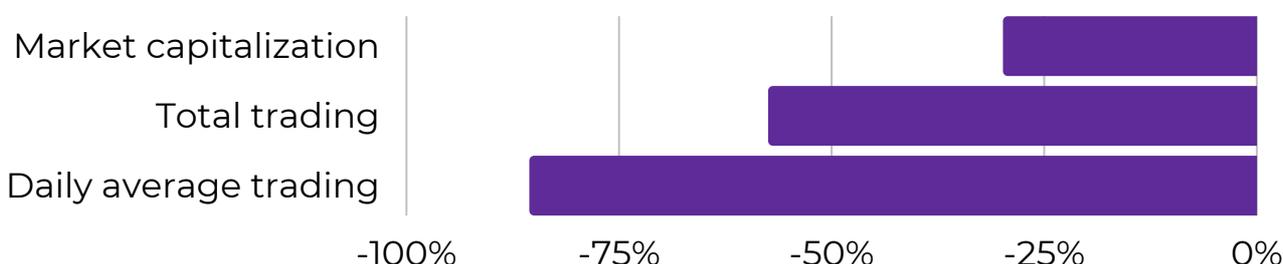
## 2 | Financial and investment sector

### a. Banking sector

In the first half of 2022, the credit balance of the banking sector reached 23.4 trillion MNT which increased 22.4 percent over the same period last year. As a result of the positive impact of the 10-billion dollar economic recovery program, banks' liquidity has increased, and investment in Central Bank securities has decreased which resulted in an increase in the banking system's loan portfolio in total assets. Due to this change, compared to the same period of the previous year, the banks' liquidity ratio slightly worsened, and the share of non-performing loans in the banking sector decreased.

## b. Stock market

In the first 9 months of 2022, the Market capitalization of Mongolian equity market shrank by about 30%, the total traded value decreased by 57% and daily average trades also decreased by 85%. As you can see, the equity market became inactive over the year and the appetite of investors to put their capital into riskier assets such as public equities decreased during market and economic uncertainty.



## c. Non-banking financial institutions (NBFI) market

Non-bank financial institutions (NBFIs) are commercial organizations, licensed by the Financial Regulatory Commission (FRC) to conduct foreign exchange trading, settlement and remittance activities, in addition to lending using their own funds, but without getting deposits from customers like banks.

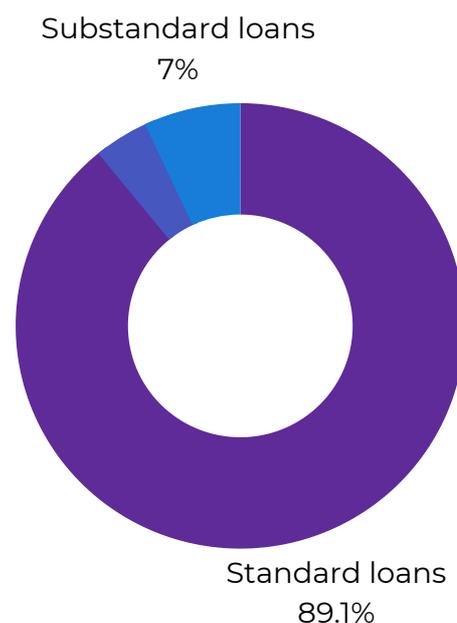
As of the 1st half of 2022, there are 527 NBFIs operating in Mongolia, of which 36 are online lending platforms. The total assets of NBFIs increased by 40.6%, mostly due to the increase in liabilities, which means their funding from other stakeholders through debt or bonds increased.



The total income of NBFIs increased by 78.1%, whereas net income increased by 76% from June 2021 to June 2022. During this period, the number of borrowers doubled to about 1.5 million, of which 80% borrowed from digital lending fintech platforms. This shows how much technology and innovation are changing the NBFi market and clients' appetite towards it.

As of the end of June, the total loan portfolio of NBFIs increased by 58.9% to MNT 2.5 trillion, over the same period last year. Of the total loans outstanding, almost 90% are standard loans, which means repayments of the loans are on time 90% of the time.

Overall, the NBFi market is expanding and the loans are in good health, despite them being mostly small digital loans collateralized by real assets.



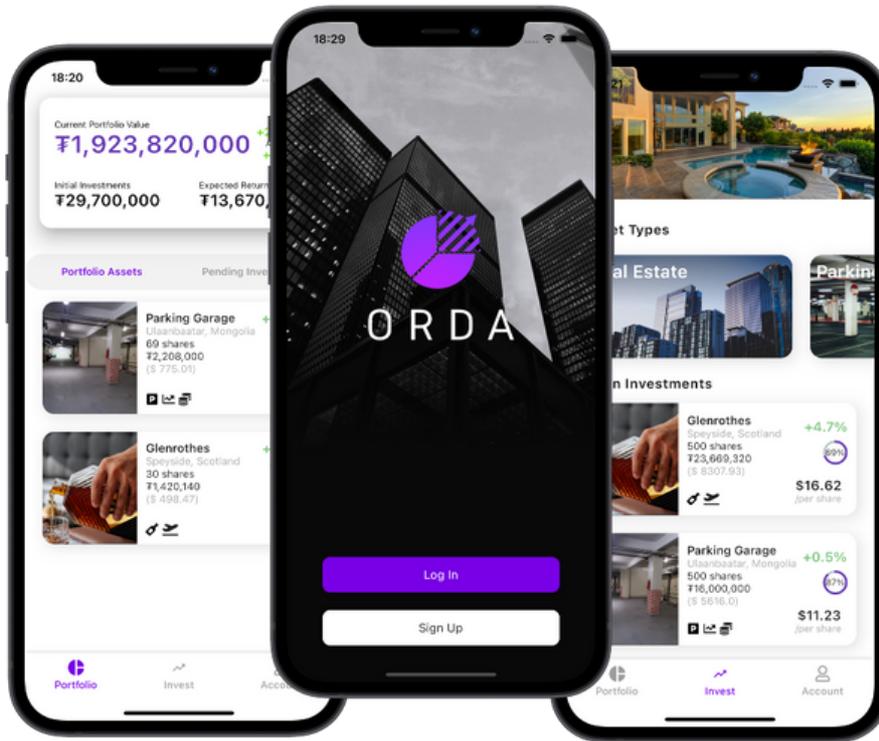
#### d. Conclusion

Global financial conditions have continued to get worse over the past year. This was mainly due to the decrease in equity prices on the capital market, the increase in interest rates in order to reduce inflation in developed and developing countries, and the increase in yields of government bonds.

If the central banks of developed countries continue to tighten their monetary policy stance, the yield on government bonds will rise, financial conditions will become tighter, and capital outflows from developing countries will expand, resulting in increased pressure on exchange rates to weaken. In particular, these stringent financial conditions in the global environment risks having a significant negative impact on the economies of developing countries.

However in Mongolia, trends show an increase in the number of new businesses from the same period of previous year by 8.1 percent. In line with this pattern, the amount and number of loans dedicated to business owners and SMEs with a higher interest rate increased due to the current situation. The rate of NPLs is continuously increasing which is caused by business owners' income flow slowing down. From the risk perspective of banks, banks tend to tighten their loan policy for new borrowers as well.

This limitation on business loans of banks leads to expansion in corporate bonds and asset backed securities (ABS) on the regulated market including MSE and OTC market. As of the second half of this year total loan asset backed funding reached 173.6 billion MNT. Therefore, based on macroeconomic and financial sector factors and in line with the recent trends we offer you this fixed income investment opportunity.



### 3 | About ORDA

ORDA is a wealth tech platform where retail investors can invest in real, alternative assets such as real estate, movable assets, fine arts, collectibles, and digital assets by utilizing asset fractionalization. Our platform breaks the barriers between institutional and retail investors, between traditional and alternative investments, and those of legal and tax borders of unfamiliar jurisdictions.

Our mission is to make investment more inclusive and democratized as the opportunities to invest in high yield real assets have been limited to a very small percentage of the population and mostly reserved for institutional investors. We believe that with technology and innovative business models we can make previously inaccessible opportunities available to anyone to start building their wealth on their own terms.

ORDA was acknowledged as one of the best startups in the region by Startup Worldcup and was also selected as one of the top teams in the K-StartUp Grand Challenge 2021 program for their innovativeness and disruptive ideas on capital markets.

We launched the beta version of our ORDA app in June, and have close to 700 users joining the platform in 4 months.

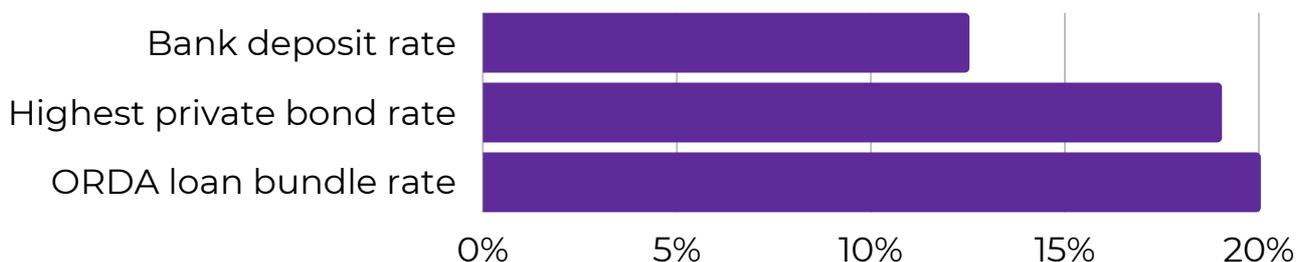
We have successfully offered 10 types of assets such as real estate, premium cask and bottled whiskies, artworks, and open ended funds consisting of NFTs and whiskies to our investors since March, 2021. Some of the assets have already seen GBP or EUR denominated annual yield of 14% - 30% , and some started paying out cash dividends to investors.

In this proposal, ORDA is offering a second private loan bundle investment issued by Steppe Finance LLC backed by ORDA Finance NBFIs loan portfolio.

## 4 | The loan bundle

Denomination	MNT - ₮
Annual interest rate	20.00%
Maturity	1 year
Total amount - Soft cap	MNT 100,000,000
Interest payment	Quarterly
Minimum investment	MNT 100,000

In our last loan bundle last year, we offered an annual interest rate of 17% for the MNT tranche, and 10.5% for the USD tranche. But since then, the Mongol bank policy rate was raised to 12%, which made borrowing more expensive than it was a year ago. Therefore, we are offering a higher interest rate of 20.0% annually. The following chart shows comparison of interest rates of traditional financial instruments with 1 year maturity:



Also, since the Mongolian tugrik is rapidly depreciating against the US dollar, we decided the currency risk is too high to borrow in USD. Therefore, we are only raising MNT funding this round. Our foreign investors can still invest, however we'll use spot rates to convert all the principal and interest payments from USD to MNT and vice versa. The following table shows a range of investments, its quarterly and total interest income for investors:

*In MNT Thousand*

Investment amount	₮100	₮500	₮1,000	₮5,000	₮10,000	₮10,000	₮50,000
Quarterly interest (before tax)	₮5	₮25	₮50	₮250	₮500	₮500	₮2,500
Quarterly interest (after tax)	₮5	₮23	₮45	₮225	₮450	₮450	₮2,250
Annual interest (before tax)	₮20	₮100	₮200	₮1,000	₮2,000	₮2,000	₮10,000
Annual interest (after tax)	₮18	₮90	₮180	₮900	₮1,800	₮1,800	₮9,000

## Our traction

In October 2021, We raised MNT 108 million (15% in USD) from 17 investors in a similar loan funding structure to Steppe finance LLC. All of the loan proceeds were spent to expand the NBFi loan portfolio. We have successfully paid all interest payments on time every quarter.

# 5 | About participant parties

## 1. About the issuer - Steppe Finance LLC

Steppe Finance works with companies or individuals to plan for their financial futures by offering information and guidance on topics that include taxes, investments and insurance decisions. Moreover, we help our clients to make sound short-, mid- and long-term financial decisions with a data-driven approach and in-depth analysis.

Steppe Finance has previous experience of successfully implementing our first Loan bundle offering in October, 2021.

1 Activity	Business consulting
2 Date of incorporation	13 December 2018
3 Company registration number	6379664
4 Address	605, Galaxy tower, 15th Khoroo, Khan-Uul District, Ulaanbaatar, Mongolia
5 Shareholder structure	Gerelmaa Batchuluun – 100%

## 2. About the guarantor - ORDA Finance NBFILLC

Orda Finance NBFILLC was founded in 2015 and has been granted a specialized license by the Financial Regulatory Commission of Mongolia (FRC). The entire ownership of the company transferred to Ms. Gerelmaa in 2020.

Orda Finance NBFILLC has planned to change its business model, combining the traditional lending service with a digital lending service. With the new digital lending service, Orda Finance NBFILLC aimed to not only satisfy its customers' financial needs faster, but also help to improve its customers' financial discipline and financial health.

In order to conduct fintech market research, collect data and determine the viability of a new lending product by testing directly with potential customers, Orda Finance NBFILLC is currently operating in the traditional lending sector.

The NBFILLC is planning to expand its lending operations into issuing credit line and credit card collateralized by investors' asset portfolio on the Orda platform, and digital loans collateralized by crypto and digital assets.

1	Licensed activity	Lending
2	License grant date	10 June, 2015
3	Amount of owner's equity	MNT 1.9 billion
4	Company registration number	5960711
5	Address	605, Galaxy tower, 15th Khoroo, Khan-Uul District, Ulaanbaatar, Mongolia
6	Shareholder structure	Gerelmaa Batchuluun – 100%
7	Number of employees	5

- Financial Position - As of 3Q2022

*In MNT Thousand*

Total assets	2,151,910.90
Liabilities	151,263.20
Owner's equity	2,006,890.80
Interest income	128,760.60
Net income	59,165.00
ROE	2.95%
ROA	2.75%

- Key Prudential Ratios set by FRC

Ratio	Requirement	Performance
Tier-1 capital to risk-weighted assets ratio	> 10%	93.70%
Liquidity ratio	> 8%	38.90%
Bond financing ratio	< 50%	0.00%

- Pledged asset - Loan portfolio

*In MNT Thousand*

<b>Loan portfolio value</b>	<b>1,653,859.94</b>
Loans granted to individuals	1,130,938.33
Personal loan	149,390.78
Business loan	910,464.60
Car loan	71,082.95
Loans granted to legal entities	522,921.61
Business loan	478,130.85
Car loan	44,790.76
Number of loan accounts	34

# 6 | Investment process

## Step 1

Download and register on the Orda App by scanning the QR code

## Step 2

Pass the KYC process on the App

## Step 3

On the App, go to Invest tab, click on "Loan bundle #2"

## Step 4

Click on the Invest button, and put the amount you wish to invest

## Step 5

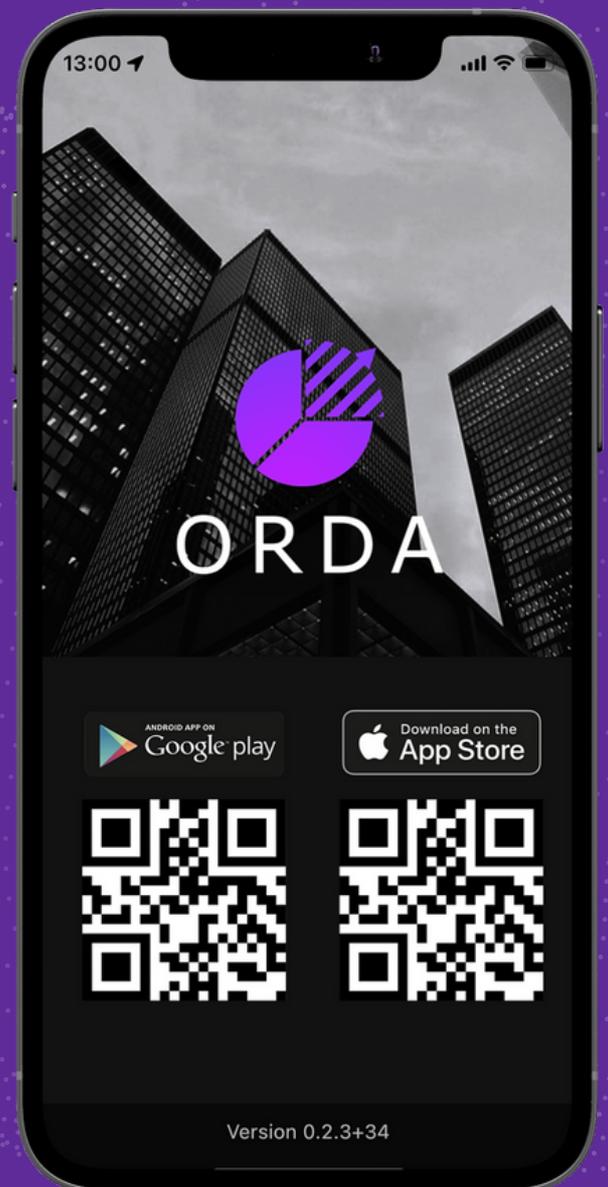
Confirm your order.

## Step 6

Make your investment payment as per the invoice sent to your registered email address.

## Step 7

Sign the Loan bundle agreement that is sent to your registered email address through DocuSign.



# 7

## Investment risks

### 1. Credit risk

The possibility that the issuer will be unable to make interest or principal payments when they are due. Investors must consider the possibility of default and factor this risk into their investment decision.

### 2. Inflation risk

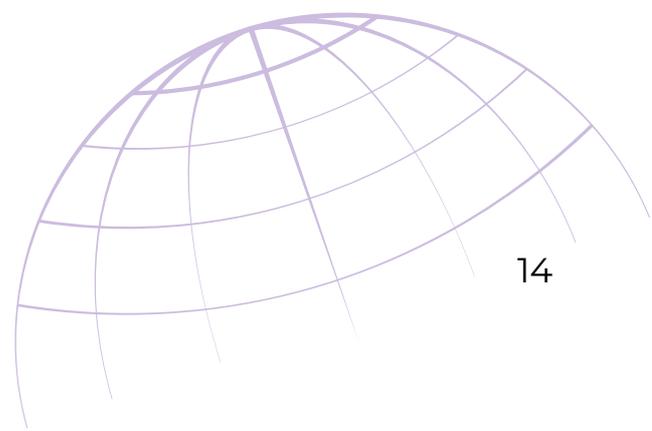
Inflation causes tomorrow's currency to be worth less than today's; in other words, it reduces the purchasing power of investor's future interest payments and principal.

### 3. Liquidity risk

The risk that investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value.

### 4. Other related risks

These risks include, without limitation (i) litigation risk, (ii) market risk, (iii) economic risk.



# 8 | Our team

## Co Founders



### Gerelmaa Batchuluun

CEO & Co-founder  
Policy, Technology, Business  
UVSQ, France M.S in Innovation  
KAIST B.S in Math



### Peter Choe

CTO & Co-Founder  
Fintech, CS, Startups  
UPenn CS Masters, NYU B.A.  
KAIST CS Ph.D. ABD

- 2021 **ADB and Bank of Mongolia** Advisor  
Restructuring Banking System, Digital Banking
- 2015- 2021 **Steppe Group** CEO  
Human-centered finance and technology company
- 2019-2021 **AmCham Mongolia** BoD  
Chairwoman at the ICT and Digital Economy Policy
- 2013-2014 **OECD** Policy Analyst  
Worked on major reform on Corporate Governance and Investment environment
- 2013-2014 **UVSQ** M.S in Innovation  
Worked on multi startups for sustainable innovation in energy
- 2008-2013 **KAIST** B.S  
Dual degree in Mathematical Science and Management Science

- 2016-2018 **UPMC** Sr. Software Engineer  
Worked on a high-traffic healthcare web application
- 2015-2016 **Seeds** CTO  
Applied to and attended **Barclays Techstars NYC startup accelerator**
- 2010-2012 **atDusk** CEO/Co-founder  
Enhanced in-person social networking with sensors based on my research
- 2004-2012 **KAIST** PhD ABD  
Published in major HCI conferences (UbiComp, CHI, Mobile HCI and ACM Multimedia)

## Finance Team



### Kherlenchimeg A.

CFO  
Finance, Policy  
Univ. of Gloucestershire, UK  
M.B.A.



### Buyandelger N.

Fund manager  
Finance, Investment  
Asia University, Taiwan  
Financial Management, B.A



### Purevdulam P.

Financial analyst  
Finance  
UFE, Mongolia  
Financial Management, B.A

## Tech Team



### Vipul Bansal

Software Engineer  
Punjab Technical Univ., India  
Information technology, MS



### Sodgerel M.

Software Engineer  
NYU  
BSc in Computer Science



### Saikhanbileg S.

Software Engineer  
KAIST, SK  
BSc in Computer Science

## Operations Team



**Solongo B.**  
COO  
Univ. of Louisiana, USA  
Business administration, B.A



**Uuriintuya J.**  
Junior Operations Manager  
National University of  
Mongolia Finance, B.A



**Ulzijargal J.**  
Content and Digital Marketing  
Intern  
Chung-Ang University  
Management and Operations, BA

## Legal Team



**Huslen B.**  
Head of legal  
Renmin University  
Master of Laws



**Bayasgalan B.**  
Paralegal  
University of Sydney  
Economics, Commercial law.,  
B.A

## International Advisory Board



**Len Ball**  
Digital Change Management,  
Canadian Banking, Startups  
Wilfrid Laurier University, BA, MA



**Sung Won Park**  
NY Lawyer  
Finance JP Morgan Chase Credit Suisse  
NYU Stern,  
Finance and information system



**Charles Latchoumane**  
Neuroscientist  
KAIST, M.A, Ph.D



**Hyukjae Jang**  
Software Engineer at Line Plus Co  
KAIST, Ph.D in Computer Science



**Benny Lau**  
Investment, Deutsche bank  
APAC Head of Secured Funding  
and Complex Prime



**Joshua Foo**  
Regional Director, Chainalysis  
GovTech Singapore

## 9 | Legal environment and risk management

### a. Legal and tax considerations

According to the current investment laws and regulations in Mongolia, we are offering a structure where investment activities will be executed and managed by “Steppe Finance” LLC.

#### a. Tax implication

Related purchase and investment returns will be subject to respective taxations under the Mongolian jurisdictions. Relevant detailed calculations may be seen in the respective part of this prospectus.

#### b. Investment disclaimer

- General

Any wealth content, asset listings, or content in the Orda Website and Orda application created by the Orda team is not a legally binding document and its content is for informational purposes for potential investors regarding investment opportunities only. Nothing contained in the website or the app should be construed as investment advice. Investors shall only proceed and make decisions on their behalf at their discretion.

Orda and its related parties will in no way be held liable for the damages or loss caused by any person’s decision based on the information provided herein. All investment strategies and investments involve the risk of loss. Even in a rising market, there will always be short or long-term volatility which means that there is no guarantee that the investors will get back all the money invested. Any reference to an investment’s past or potential performance is not, and should not be construed as, a recommendation or as a guarantee of any specific outcome or profit.

- **Foreign investors**

Any wealth content, asset listings or content in Orda Website and the Orda application created by the Orda team is only intended and suitable for accredited investors familiar with, and willing to accept the risks, known and unknown, associated with an offered investment. Orda, from time to time, may provide accredited investors the opportunity to invest but does not make any recommendations regarding the appropriateness of any specific opportunity for any specific investment. Use of these contents does not constitute an offer by Orda, to sell, solicit or make an offer to buy any investment interest or securities.

ORDA has no intention to offer or sell products and services in countries or jurisdictions where such offer or sale would be unlawful under the relevant domestic law or the jurisdiction which the investor may be subject to. Therefore foreign investors have responsibility to/at their sole discretion to conduct investment activities in accordance with their respective applicable laws which are in force in their country or jurisdiction. ORDA shall not be directly or indirectly held responsible/liable for Investors' decisions to invest in our products or services.

## Appendix - 1. 3rd quarter, 2022 Balance sheet of Orda Finance NBFİ

*In MNT Thousand*

Assets		3rd quarter 2022
<b>1. Current assets</b>		<b>2,151,910.90</b>
1.1	Cash and cash equivalents	58,905.50
1.2	Short-term investments	-
1.3	Loans	1,628,553.70
	Total loans	1,653,859.90
1.3.1	Total loans (Tugrug)	1,635,056.30
	Regular loan	1,270,451.20
	Pay attention	364,605.10
	Non-performing loans	-
	Abnormal	-
	Doubtful	-
	Bad	-
1.3.2	Total loans (in foreign currency)	18,803.60
	Regular loan	-
	Pay attention	-
	Non-performing loans	18,803.60
	Abnormal	18,803.60
	Doubtful	-
	Bad	-
	(Credit Risk Fund)	25,306.20
1.4	Other assets	464,451.70
	Accrued interest receivable	32,743.40
	Total receivables	16,368.30
	Other assets	415,340.00
<b>2. Non-Current assets</b>		<b>6,243.10</b>
2.1	Tangible and intangible assets (Net)	6,243.10
	Tangible and intangible assets	14,092.90
	(Accumulated Depreciation)	7,849.80
<b>Total assets</b>		<b>2,158,154.00</b>

In MNT Thousand

Liabilities and Equities		3rd quarter 2022
<b>1. Total Liabilities</b>		<b>151,263.20</b>
1.1	Borrowings	108,198.00
1.2	Other liabilities	43,065.20
1.3	Accrued interest liabilities	4,310.20
1.4	Derivative financial instrument liabilities	38,755.00
<b>2. Equity</b>		<b>2,006,890.80</b>
2.1	Share capital	1,900,000.00
2.2	Other reserve	-
2.3	Retained earnings	106,890.80
<b>Total liabilities and equity</b>		<b>2,158,154.00</b>

## Appendix - 2. Certificate of incorporation and special license of ORDA Finance NBFI

**МОНГОЛ УЛС**  
**ХУУЛИЙН ЭТГЭЭДИЙН**  
**УЛСЫН БҮРТГЭЛИЙН ГЭРЧИЛГЭЭ**  
000249067

2015.04.30 /Бүртгэсэн он,сар,өдөр /

9015003072 /Хувийн хэргийн дүвээр /

5960711 /Регистрийн дүвээр /

Орда финанс ББСБ Хязгаарлагдмал хариуцлагатай компани

Дүрэм /Үүсэн байгуулах баримт бичиг /

Шийдвэр 01 2015.04.29 /шийдвэрийн нэр / /дүвээр / /он, сар, өдөр /

6492 Зээл олгох үйл ажиллагаа /Код / /Үйл ажиллагааны чиглэл /

Хугацаагүй 1 1,900,000.00 /хугацаа / /гшиүүдийн тоо / /хөрөнгийн хэмжээ, мянган төгрөгөөр /

Улаанбаатар, Хан-Уул, 15-р хороо, махатма ганци, 28 байр 605 тоот, Утас1: 99112148, Утас2: 75779444, Факс: /хуулийн этгээдийн албан ёсны хаяг /

**ХУУЛИЙН ЭТГЭЭДИЙН УЛСЫН БҮРТГЭЛИЙН ГАЗАР**  
/Бүртгэсэн байгууллагын нэр /  
УЛСЫН БҮРТГЭГЧ /Тэмдэгт / Ш.ОЧИРСҮРЭН /тарым үсэг /

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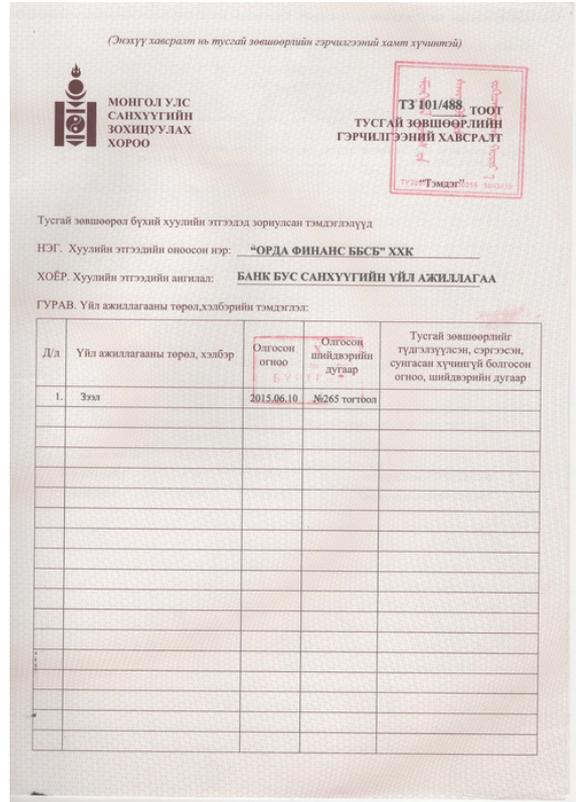
Хуулийн этгээдийн үүсгэн байгуулах баримт бичигт оруулсан нэмэлт өөрчлөлтийн бүртгэл

Д/д	Нэмэлт өөрчлөлтийн агуулга	Бүртгэсэн	
		Огноо	Ажилтан тэмдэг
1	Ранчин овогтой Гантөмөр-э Гуйцэтгэх захирал-р сонгосон(томилсон)-ыг бүртгэв.	2021.12.03	Н.Донгоржав
2	Дахин гэрчилгээ олгоов. Алтанкундага овогтой Хэрлэнчимээ-э Гуйцэтгэх захирал-р сонгосон(томилсон)-ыг бүртгэв.	2022.01.11	Ш.Очирсүрэн
3		2022.08.22	Ш.Очирсүрэн

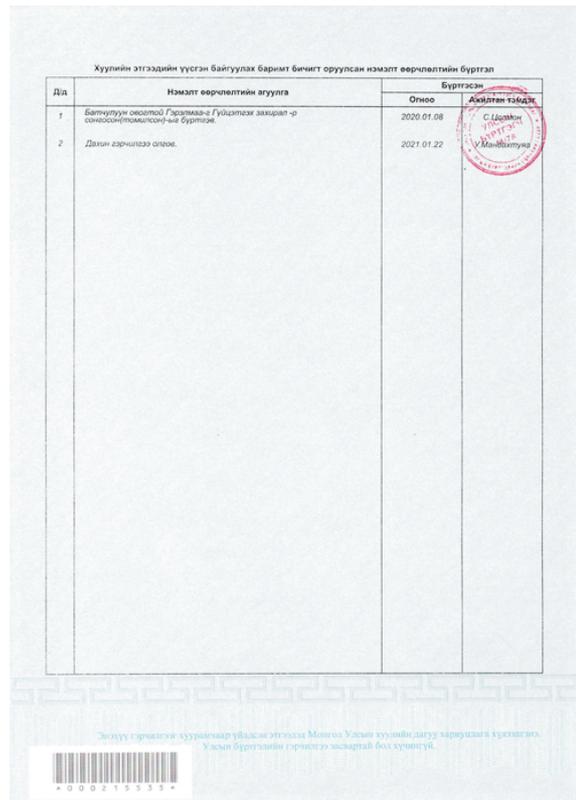
Энэхүү гэрчилгээг хуурамчаар үйлдсэн этгээдэд Монгол Улсын хуулийн дагуу хариуцлага хүлээлгэнэ. Улсын бүртгэлийн гэрчилгээ засвартай бол хүчингүй.

000249067

### Special licence (Lending)



### Appendix - 3. Certificate of incorporation of Steppe Finance LLC



## Appendix - 4. Method used for calculating interest

The formula for calculating interest is shown in the following table.

$$\text{Interest} = \text{Principal} * \text{Interest rate} * \text{Maturity}/365$$

$$I = P * R * T/365$$

I – Interest

P – Principal

R – Interest rate

T – Maturity (days)

Penalty interest rate is 10 percent of the interest rate. The formula for calculating penalty interest is shown in the following table.

Penalty interest = Unpaid principal on time\*Interest rate\*Penalty interest rate\*days of past due

$$Ii = Pod * R * Ri * Tod/365$$

Ii -Penalty interest

Pod-Unpaid principal on time

R – Interest rate

Ri -Penalty interest rate

Tod- days of past due

Contact us

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[www.orda.mn](http://www.orda.mn)